



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

**REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2021 (not audited), December 31, 2020 and March 31, 2020 (not audited)

(Translation of Financial Statements originally issued in Spanish – See Note 2c)

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ThCh\$ : Thousands of Chilean Pesos

MCh\$ : Millions of Chilean Pesos

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As of March 31, 2021 (not audited) and December 31, 2020



	Notes	03.31.2021	12.31.2020
		ThCh\$	ThCh\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	(5)	249,768,321	465,809,329
Other current financial assets	(6)	14,854,621	10,487,114
Other current non-financial assets	(7)	77,584,177	71,616,996
Current trade and other accounts receivable	(8a)	280,456,581	234,486,698
Current receivables from related companies	(9a)	9,625,192	9,099,951
Inventory	(10a)	80,348,235	67,436,585
Current tax assets	(11b)	13,373,027	14,137,836
Current assets or disposal groups classified as held for sale	(18)	149,702,341	6,823,255
<b>TOTAL CURRENT ASSETS</b>		<b>875,712,495</b>	<b>879,897,764</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	(6)	167,331,938	165,091,624
Other non-current non-financial assets	(7)	75,054,223	57,495,188
Non-current trade and other accounts receivable	(12a)	33,749,771	23,323,922
Intangible assets other than goodwill, net	(13a)	263,627,596	142,413,233
Goodwill	(14)	504,774,872	504,774,872
Property, plant and equipment, net	(15a)	1,006,592,473	1,153,562,933
Investment properties	(16)	4,042,293	4,098,412
Right of-use assets	(17)	174,850,740	187,317,843
Deferred tax assets	(11c)	116,371,452	117,547,492
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,346,395,358</b>	<b>2,355,625,519</b>
<b>TOTAL ASSETS</b>		<b>3,222,107,853</b>	<b>3,235,523,283</b>

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As of March 31, 2021 (not audited) and December 31, 2020



	Notes	03.31.2021	12.31.2020
		ThCh\$	ThCh\$
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other current financial liabilities	(19)	240,082,812	256,848,790
Current leases liabilities	(20)	57,809,298	61,503,041
Trade and other payables	(21a)	309,216,392	353,691,526
Current payables to related companies	(9b)	63,954,256	59,548,404
Other current provisions	(23a)	7,622,788	5,494,711
Current tax liabilities	(11f)	675,058	7,660,502
Current employee benefits accrual	(24a)	3,631,992	3,342,973
Other current non-financial liabilities	(25)	34,054,647	50,016,178
<b>TOTAL CURRENT LIABILITIES</b>		<b>717,047,243</b>	<b>798,106,125</b>
<b>NON-CURRENT LIABILITIES</b>			
Other non-current financial liabilities	(19)	901,369,727	755,603,039
Non current leases liabilities	(20)	92,634,917	98,438,384
Trade and other payables non-current	(21a)	888,402	1,160,617
Current payables to related companies non-current	(9c)	41,739,723	40,801,985
Other non-current provisions	(23b)	17,461,064	17,265,245
Deferred tax liabilities	(11c)	99,615,858	95,702,933
Non-current employee benefits accrual	(24a)	31,972,250	33,147,540
Other non-current non-financial liabilities	(25)	5,243,056	5,652,851
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1.190.924.997</b>	<b>1,047,772,594</b>
<b>TOTAL LIABILITIES</b>		<b>1,907,972,240</b>	<b>1,845,878,719</b>
<b>NET SHAREHOLDERS' EQUITY</b>			
Issued capital	(26a)	1,364,872,285	1,364,872,285
Retained earnings		410,616,490	494,586,414
Other reserves	(26d)	(467,100,812)	(475,474,018)
Shareholders' equity attributable to owners of the parent		1.308.387.963	1.383.984.681
Non-controlling interest	(26e)	5.747.650	5.659.883
<b>TOTAL NET SHAREHOLDERS' EQUITY</b>		<b>1,389,644,564</b>	<b>1,389,644,564</b>
<b>TOTAL NET LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>3,222,107,853</b>	<b>3,235,523,283</b>

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

As of March 31, 2021 and 2020 (not audited)



For periods ended March 31,

STATEMENTS OF COMPREHENSIVE INCOME	Notes	2021	2020
		ThCh\$	ThCh\$
Income from ordinary operations	(28a)	369,553,754	345,910,498
Other income	(28b)	11,285,072	4,000,769
Employee benefits expenses	(24d)	(32,782,475)	(31,408,791)
Depreciation and amortization expense	(13b) (15b) (17b)	(73,434,019)	(81,880,085)
Impairment losses (reversal of impairment losses)	(29a)	(12,568,933)	(16,594,118)
Other expenses, by nature	(29b)	(225,017,718)	(205,702,291)
<b>Profit from operating activities</b>		<b>37,035,681</b>	<b>14,325,982</b>
Interest income	(30a)	644,602	870,628
Interest expense	(30a)	(10,174,781)	(12,898,469)
Foreign exchange differences	(30b)	(1,283,447)	624,070
Income from indexation units	(30b)	(80,223)	(248,323)
<b>Profits before tax from continuing operations</b>		<b>26,141,832</b>	<b>2,673,888</b>
Income tax expense	(11e)	(4,924,207)	1,424,056
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>21,217,625</b>	<b>4,097,944</b>
<b>Profit attributable to holders of equity instruments of the controller and minority interest:</b>			
Profit attributable to parent owners	(27)	21,154,076	4,107,916
Profit attributable to non-controlling interest	(26e)	63,549	(9,972)
<b>PROFIT (LOSS)</b>		<b>21,217,625</b>	<b>4,097,944</b>
<b>EARNINGS PER SHARE</b>			
<b>Earnings per basic share</b>			
Earnings per basic share for continuing operations	(27)	0.022	0.004
Earnings per basic share for discontinuing operations			
Earnings per basic share		0.022	0.004
<b>Diluted earnings per share</b>			
Diluted earnings per share from continuing operations		0.022	0.004
Diluted earnings per share from discontinuing operations			
Diluted earnings per share		0.022	0.004

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

As of March 31, 2021 and 2020 (not audited)



For periods ended March 31

	<u>2021</u>	<u>2020</u>
	ThCh\$	ThCh\$
<b>STATEMENTS OF OTHER COMPREHENSIVE INCOME</b>		
<b>PROFIT (LOSS)</b>	<b>21,217,625</b>	<b>4,097,944</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Components of other comprehensive income that will not be reclassified to income for the period</b>		
Other comprehensive income, before taxes, profits (losses) on new measurements of defined benefits plans	1,153,701	323,316
Other comprehensive income, before taxes, profits (losses) from investment in equity instruments	(701,439)	(975,590)
<b>Total other comprehensive income that will not be reclassified to income for the period</b>	<b>452,262</b>	<b>(652,274)</b>
<b>Components of other comprehensive income that will be reclassified to income for the period</b>		
Profit (loss) on cash flow hedges	11,304,767	5,529,531
<b>Total Components of other comprehensive income that will be reclassified to income for the period</b>	<b>11,304,767</b>	<b>5,529,531</b>
<b>Total other components of other comprehensive income, before taxes</b>	<b>11,757,029</b>	<b>4,877,257</b>
<b>Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period</b>		
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	(311,499)	(87,295)
<b>Total income taxes associated to components of other comprehensive income which will not be reclassified to income for the period</b>	<b>(311,499)</b>	<b>(87,295)</b>
<b>Income taxes associated to components of other comprehensive income which will be reclassified to income for the period</b>		
Income tax related to hedging cash flows from other comprehensive income	(3,052,287)	(805,242)
<b>Total income taxes associated to components of other comprehensive income</b>	<b>(3,363,786)</b>	<b>(892,537)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>8,393,243</b>	<b>3,984,720</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>29,610,868</b>	<b>8,082,664</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Comprehensive income attributable to parent owners	29,527,282	8,065,829
Comprehensive income attributable to non-controlling interest	83,586	16,835
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>29,610,868</b>	<b>8,082,664</b>

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of March 31, 2021 and 2020 (not audited)



	Changes in capital (Note 26 a)	Changes in the other reserves (Note 26 d)				Retained earnings	Equity attributable to parent owners	Non controlling interests (Note 26 e)	Total Equity	
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves					Total other reserves
<b>Balance at the beginning of the period</b>	1,364,872,285	(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
<b>Changes in equity</b>										
<b>Comprehensive income</b>										
Profit	-	-	-	-	-	-	21,154,076	21,154,076	63,549	21,217,625
Other comprehensive income	-	8,230,104	838,511	(695,409)	-	8,373,206	-	8,373,206	20,037	8,393,243
<b>Comprehensive income</b>	-	8,230,104	838,511	(695,409)	-	8,373,206	21,154,076	29,527,282	83,586	29,610,868
Dividends	-	-	-	-	-	-	(105,124,000)	(105,124,000)	4,181	(105,119,819)
<b>Total changes in shareholders' equity</b>	-	8,230,104	838,511	(695,409)	-	8,373,206	(83,969,924)	(75,596,718)	87,767	(75,508,951)
<b>Ending balance as of 03.31.2021</b>	1,364,872,285	(6,275,431)	(9,289,191)	(401,993)	(451,134,197)	(467,100,812)	410,616,490	1,308,387,963	5,747,650	1,314,135,613
<b>Balance at the beginning of the period</b>	1,329,872,285	1,099,249	(9,945,809)	2,155,257	(451,134,197)	(457,825,500)	472,507,995	1,344,554,780	5,859,874	1,350,414,654
<b>Changes in equity</b>										
<b>Comprehensive income</b>										
Profit	-	-	-	-	-	-	4,107,916	4,107,916	(9,972)	4,097,944
Other comprehensive income	-	4,690,132	234,987	(967,206)	-	3,957,913	-	3,957,913	26,807	3,984,720
<b>Comprehensive income</b>	-	4,690,132	234,987	(967,206)	-	3,957,913	4,107,916	8,065,829	16,835	8,082,664
Dividends	-	-	-	-	-	-	-	-	-	-
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
<b>Total changes in shareholders' equity</b>	35,000,000	4,690,132	234,987	(967,206)	-	3,957,913	4,107,916	43,065,829	16,835	43,082,664
<b>Ending balance as of 03.31.2020</b>	1,364,872,285	5,789,381	(9,710,822)	1,188,051	(451,134,197)	(453,867,587)	476,615,911	1,387,620,609	5,876,709	1,393,497,318

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

As of March 31, 2021 and 2020 (not audited)



For periods ended March 31,

	Notes	2021	2020
		ThCh\$	ThCh\$
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
<b>Types of operating activity charges</b>			
<b>Proceeds from sale of assets and services rendered</b>			
Proceeds from sales and services		438,402,819	410,414,141
Proceeds from related entities		435,978,858	402,045,738
		2,423,961	8,368,403
<b>Types of payments</b>			
Payments to suppliers for supplying goods and services		<b>(494,157,267)</b>	<b>(421,109,143)</b>
Payments to and on account of employees		(315,615,365)	(229,234,581)
Payments from related entities		(11,932,781)	(25,611,313)
Other operating activities payments (1)		(48,472,530)	(43,719,244)
		(118,136,591)	(122,544,005)
<b>Net cash flows provided by (used in) operating activities</b>		<b>(55,754,448)</b>	<b>(10,695,002)</b>
Income taxes paid		(9,135,667)	(4,008,469)
<b>Cash flows provided by (used in) operating activities</b>		<b>(64,890,115)</b>	<b>(14,703,471)</b>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>			
Amounts from sales of property, plant and equipment		25,306,703	1,828,703
Additions to property, plant and equipment		(178,881,219)	(82,217,276)
Interest received		323,053	651,435
<b>Net cash flows provided by (used in) investment activities</b>		<b>(153,251,463)</b>	<b>(79,737,138)</b>
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>			
(Payments) collections loans to related entities		(400,000)	(300,000)
Proceeds from loans		148,893,000	-
Reimbursement of loans, classified as financing activities (1)		(9,600,000)	-
Proceeds from shares issued		-	35,000,000
Lease obligation payments in accordance with IFRS 16		(17,567,393)	(22,226,599)
Interest paid		(6,134,396)	(5,153,721)
(Payments) dividends		(104,839,834)	-
Other cash inputs (outputs) (2)		(8,250,807)	(3,594,763)
<b>Net cash flows provided by (used in) financing activities</b>		<b>2,100,570</b>	<b>3,724,917</b>
<b>Increase (decrease) in cash and cash equivalents, before the effects of changes in the exchange rate</b>		<b>(216,041,008)</b>	<b>(90,715,692)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(216,041,008)</b>	<b>(90,715,692)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	(note 5)	<b>465,809,329</b>	<b>234,466,421</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	(note 5)	<b>249,768,321</b>	<b>143,750,729</b>

(1) Corresponds to payment of the "T" Bond principal installment made in January 2021 (see Note 19).

(2) Corresponds to net factoring transactions, "sales of trade accounts receivable".

The accompanying notes 1 to 36 form an integral part of these interim 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)	
			03.31.2021 %	12.31.2020 %
Telefónica Chile S.A.	90.635.000-9	009	99.1405597	99.140.5597

## 2. Significant accounting principles:

### a) Accounting period

The interim consolidated financial statements (hereinafter, the “financial statements”) cover the following periods: Interim Consolidated Statements of Financial Position, ended as of March 31, 2021 and December 31, 2020; Interim Consolidated Comprehensive Income Statements for the three and three-month periods ended as of March 31, 2021 and 2020 and the corresponding Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the three-month periods ended as of March 31, 2021 and 2020.

### b) Basis of presentation

The interim consolidated financial statements for March 31, 2021 and December 31, 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 24a) in the 2020 financial statements, for a better comparison with the financial statements as of March 31, 2021.

### c) Basis of preparation

The consolidated financial statements as of March 31, 2021, and the Interim Consolidated Comprehensive Income Statements, Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the three-month periods ended as of March 31, 2021 and 2020 have been prepared in accordance with International Accounting Standard 34 (IAS 34) “Interim Financial Reporting”, incorporated in International Financial Reporting Standards.

## 2. Significant accounting principles, continued

### c) Basis of preparation, continued

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.

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 26e).

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

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

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

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

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation			12.31.2020 Total
				Direct	Indirect	Total	
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	Chile	CLP	100.0000000	-	100.0000000	100.0000000
90.635.000-9	Telefónica Chile S.A.	Chile	CLP	99.1405597	-	99.1405597	99.1405597
76.703.410-1	Telefónica Empresas Chile S.A.	Chile	CLP	-	99.9999973	99.9999973	99.9999973
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.0000000	51.0000000	100.0000000	100.0000000
77.122.635-3	InfraCo SpA (1)	Chile	CLP	-	100.0000000	100.0000000	-

(1) On January 31, 2020, company InfraCo SpA was established, in which Telefónica Chile S.A. subscribed all of its shares, obtaining 100% interest in this company.



### 3. Significant accounting principles, continued

#### e) Basis of consolidation, continued

The summarized financial information at March 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	100,000000	3,411,109	391,860	3,802,969	2,140,831	2.868	2,143,699	1,659,270	292,027	17,300
78.703.410-1	Telefónica Empresas Chile S.A.	99,9999973	198,717,089	83,413,058	282,130,147	183,549,557	3.353.762	186,903,319	95,226,828	75,842,385	(12,969)
90.635.000-9	Telefónica Chile S.A.	99,1405597	406,838,876	1,122,201,890	1,529,040,766	192,074,506	664.191.932	856,266,438	672,774,328	106,568,862	8,098,898
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100,0000000	100,975,064	49,239,362	150,214,426	47,641,538	34.750.505	82,392,043	67,822,383	44,142,954	1,778,211
77.122.635-3	InfraCo SpA (1)	100,0000000	1,637,288	-	1,637,288	1,636,288	-	1,636,288	1,000	-	-

(\*) 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. 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 period. Foreign currency translation differences arising from the application of this standard are recognized in income for the period through the “Foreign currency translation differences account and differences resulting from valuation of the UF are recognize in income for the period in the “income from indexation units” account.

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

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

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

DATE	USD	EURO	REAL	UF
03.31.2021	721.82	847.60	127.32	29,394.77
12.31.2020	710.95	873.30	137.33	29,070.33
03.31.2020	852.03	934.55	163.85	28,597.46

### 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 22,2).

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 21.2) 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 period, being 27% as of March 31, 2021 and December 31, 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 2020, 2021 and 2022, 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, which began in December 2003).

#### 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 period.

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 period as finance cost.

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, may be capitalized. Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale.

At the end of the 2021 and 2020, periods 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 9.2% and 9.54% at March 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) 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 4.30% and 3.65% at March 31, 2021 and December 31, 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.

#### 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.

## 2. Significant accounting principles, continued

### q) 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.

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.

## 2. Significant accounting principles, continued

### q) Income and expenses, continued

#### i) Telecommunications, continued

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.

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 March 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.



## 2. Significant accounting principles, continued

### q) Income and expenses, continued

#### iii) Government subsidies, continued

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 25a).

Subsidiary Telefónica Investigación y Desarrollo Chile SpA participates in tenders for Government projects associated to the Chile Innova Committee, in order to carry out Research and Development, technology transfer and marketing activities in the area of Information and Communication technologies. In the case of obtaining a project, these resources, called Government subsidies, are initially recorded as deferred revenue under "other non-financial liabilities", and recoded in income as the projects progress in their development (Note 25).

### r) 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.

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.

## 2. Significant accounting principles, continued

### r) Use estimates, continued

#### 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.

Variable rent contracts are considered to be the new tower land contracts where, according to the contract the price can increase or decrease due to the number of operators that are “co-located” in a tower. This rental is not totally considered completely under IFRS 16, the Company applies the criterion that 50% of this rent is accounted for in income for the contracts that have a sole operator.

#### 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.

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.

## 2. Significant accounting principles, continued

### r) Use estimates, continued

#### iv) Deferred taxes, continued

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

#### 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 24a).

#### vii) Other remunerations

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

## 2. Significant accounting principles, continued

### r) Use estimates, continued

#### viii) 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.

#### ix) Inventory

The inventory obsolescence estimate is described in Note 2g.

### s) 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

### t) 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:

	<b>New Standard</b>	<b>Mandatory application date</b>
NIIF 1	First-time adoption of International Financial Reporting Standards	January 1, 2022
NIIF 16	Leases	January 1, 2022
NIIF 19	Financial Instruments	January 1, 2022
NIC 41	Agriculture	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2021

#### **NIIF 1 “First-time adoption of International Financial Reporting Standards”**

Allows entities that have measured their assets and liabilities at the book value recorded in the books of its parent company to also measure cumulative foreign currency differences using the amounts reported by the parent company. This amendment will also be applied to associates and joint ventures that have opted for the same IFRS 1 exemption.

#### **NIIF 16 “Leases”**

Amendment of illustrative example 13 to eliminate the illustration of payments made by the lessee related to leasehold improvements, to eliminate any confusion regarding the treatment of lease incentives.

#### **NIIF 19 “Financial Instruments”**

Clarifies which fees must be included in the 10% test for derecognition of financial liabilities in accounting accounts.

#### **NIC 41 “Agriculture”**

Removes the requirement for entities to exclude taxation cash flows when measuring fair value according to IAS 41. The purpose of this amendment is to be in line with the requirement of the standard to discount after-tax cash flows.

#### **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.

## 2. Significant accounting principles, continued

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

#### ii. Publication of standards modifications

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

#### 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, 2023. 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.

#### 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 arising during the interest rate benchmark reform, including replacement of a reference rate for an alternative.

##### Amendment to IAS 16, “Rent concessions”

Published in March 2021. This amendment extends for one year the application of the practical expedient of IFRS 16 Leases (contained in the amendment of that standard published in May 2020), for the purpose of helping lessees to account for rental concessions related to Covid-19-. The amendment is effective for annual periods beginning as of April 1, 2021; however, early adoption is allowed even for financial statements that have not been authorized for issuance as of March 31, 2021.

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

### u) 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.

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

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

For the exercise ended as of march 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	218,044,411	78,609,989	42,203,338	30,696,016	-	-	369,553,754
Income from ordinary activities arising from transactions with other operating segments of the same entity	1,568,169	27,958,873	2,943,031	-	44,142,954	(76,613,027)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>219,612,580</b>	<b>106,568,862</b>	<b>45,146,369</b>	<b>30,696,016</b>	<b>44,142,954</b>	<b>(76,613,027)</b>	<b>369,553,754</b>
Cost of sales	86,657,068	11,328,075	39,852,977	19,444,538	-	(37,885,176)	119,397,482
Impairment losses (reversal of impairment losses)	11,207,851	1,036,499	275,647	48,936	-	-	12,568,933
Administrative expenses	69,509,903	48,190,996	10,439,427	6,596,109	4,397,417	(33,513,616)	105,620,236
Employee benefits expenses	348,751	-	-	-	37,210,798	(4,777,074)	32,782,475
Cost of interest	7,093,408	5,659,605	30,687	293,339	351,403	(3,253,661)	10,174,781
Interest income	1,360,308	2,272,784	265,015	-	155	(3,253,660)	644,602
Depreciation and amortization	37,869,955	32,221,849	2,213,824	789,216	461,644	(122,469)	73,434,019
Participation in profit of associated companies accounted for using the equity method	8,900,616	870,802	23,117	-	-	(9,794,535)	-
Income tax expense	1,347,657	3,539,557	(1,891,951)	1,910,828	18,116	-	4,924,207
Other significant non-cash items	5,623,801	363,031	3,860,092	-	74,480	(2)	9,921,402
<b>Profits(loss) before tax</b>	<b>22,810,369</b>	<b>11,638,455</b>	<b>(3,517,969)</b>	<b>3,523,878</b>	<b>1,796,327</b>	<b>(10,109,228)</b>	<b>26,141,832</b>
<b>Profit (loss) for the period from continuing operations</b>	<b>21,462,712</b>	<b>8,098,898</b>	<b>(1,626,018)</b>	<b>1,613,050</b>	<b>1,778,211</b>	<b>(10,109,228)</b>	<b>21,217,625</b>
<b>Profit (loss) for the period from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the period</b>	<b>21,462,712</b>	<b>8,098,898</b>	<b>(1,626,018)</b>	<b>1,613,050</b>	<b>1,778,211</b>	<b>(10,109,228)</b>	<b>21,217,625</b>
Assets	2,511,488,606	1,529,040,766	124,137,265	157,992,882	151,851,714	(1,252,403,380)	3,222,107,853
Investments in associates accounted for using the equity method	700,225,203	128,935,550	881,691	-	-	(830,042,444)	-
Increases in non-current assets	12,715,040	21,923,680	1,559,878	-	-	-	36,198,598
Liabilities	1,193,653,730	856,266,438	104,665,859	82,237,460	84,028,331	(412,879,578)	1,907,972,240
Shareholders' equity	1,317,834,876	672,774,328	19,471,406	75,755,422	67,823,383	(839,523,802)	1,314,135,613
Liabilities & Shareholders' equity	2,511,488,606	1,529,040,766	124,137,265	157,992,882	151,851,714	(1,252,403,380)	3,222,107,853
Cash flows provided by (used in) operating activities	(14,730,016)	(45,860,761)	(34,626,660)	(23,543,433)	(33,053,185)	86,923,940	(64,890,115)
Cash flows provided by (used in) investment activities	(120,795,689)	(54,793,309)	4,353,895	2,960,309	-	15,023,331	(153,251,463)
Cash flows provided by (used in) financing activities	(17,753,390)	(81,036,933)	29,931,942	20,351,390	33,760,000	16,847,561	2,100,570

#### 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)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>836,949,787</b>	<b>421,564,481</b>	<b>189,196,897</b>	<b>115,562,154</b>	<b>176,973,250</b>	<b>(310,062,987)</b>	<b>1,430,183,582</b>
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
<b>Profits(loss) before tax</b>	<b>48,719,627</b>	<b>2,238,569</b>	<b>(20,556,758)</b>	<b>8,134,307</b>	<b>6,871,587</b>	<b>3,557,497</b>	<b>48,964,829</b>
<b>Profit (loss) for the period from continuing operations</b>	<b>33,238,214</b>	<b>(1,757,523)</b>	<b>(10,648,988)</b>	<b>2,106,765</b>	<b>5,456,354</b>	<b>3,557,497</b>	<b>31,952,319</b>
<b>Profit (loss) for the period from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the period</b>	<b>33,238,214</b>	<b>(1,757,523)</b>	<b>(10,648,988)</b>	<b>2,106,765</b>	<b>5,456,354</b>	<b>3,557,497</b>	<b>31,952,319</b>
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

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

For the exercise ended as of march 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	197,696,492	75,985,305	40,488,852	31,739,849	-	-	345,910,498
Income from ordinary activities arising from transactions with other operating segments of the same entity	2,074,355	31,628,604	3,216,893	-	43,752,706	(80,672,558)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>199,770,847</b>	<b>107,613,909</b>	<b>43,705,745</b>	<b>31,739,849</b>	<b>43,752,706</b>	<b>(80,672,558)</b>	<b>345,910,498</b>
Cost of sales	67,521,749	9,029,388	34,750,642	19,513,278	-	(34,781,316)	96,033,741
Impairment losses (reversal of impairment losses)	10,524,574	5,479,829	589,715	-	-	-	16,594,118
Administrative expenses	72,783,527	53,033,292	10,929,409	7,596,110	5,045,756	(39,719,544)	109,668,550
Employee benefits expenses	328,074	69,192	-	-	36,200,611	(5,189,086)	31,408,791
Cost of interest	8,849,054	6,532,721	4,889	12,357	368,331	(2,868,883)	12,898,469
Interest income	852,161	2,414,053	375,292	-	98,007	(2,868,885)	870,628
Depreciation and amortization	38,211,026	39,314,186	3,340,429	1,103,814	556,416	(645,786)	81,880,085
Participation in profit of associated companies accounted for using the equity method	(249,397)	(1,087,052)	17,947	-	-	1,318,502	-
Income tax expense	(112,500)	(509,250)	(113,565)	(998,255)	309,513	1	(1,424,056)
Other significant non-cash items	2,175,151	3,074,509	(883,188)	-	10,448	(404)	4,376,516
<b>Profits(loss) before tax</b>	<b>4,330,758</b>	<b>(1,443,189)</b>	<b>(6,399,288)</b>	<b>3,514,289</b>	<b>1,690,047</b>	<b>981,271</b>	<b>2,673,888</b>
<b>Profit (loss) for the period from continuing operations</b>	<b>4,443,258</b>	<b>(933,939)</b>	<b>(6,285,723)</b>	<b>4,512,544</b>	<b>1,380,534</b>	<b>981,270</b>	<b>4,097,944</b>
<b>Profit (loss) for the period from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the period</b>	<b>4,443,258</b>	<b>(933,939)</b>	<b>(6,285,723)</b>	<b>4,512,544</b>	<b>1,380,534</b>	<b>981,270</b>	<b>4,097,944</b>
Assets	2,400,651,067	1,706,032,542	138,101,771	175,765,890	137,742,423	(1,365,326,989)	3,192,966,704
Investments in associates accounted for using the equity method	711,118,144	147,020,093	800,087	-	-	(858,938,324)	-
Increases in non-current assets	25,185,766	38,519,856	4,097,721	-	-	-	67,803,343
Liabilities	1,004,820,240	1,027,903,080	112,221,809	88,174,279	76,197,270	(509,847,292)	1,799,469,386
Shareholders' equity	1,395,830,823	678,129,462	25,879,962	87,591,611	61,545,153	(855,479,693)	1,393,497,318
Liabilities & Shareholders' equity	2,400,651,063	1,706,032,542	138,101,771	175,765,890	137,742,423	(1,365,326,985)	3,192,966,704
Cash flows provided by (used in) operating activities	(38,202,900)	40,948,021	(5,585,316)	(6,727,991)	(23,912,873)	18,777,588	(14,703,471)
Cash flows provided by (used in) investment activities	(19,911,768)	(58,129,292)	(610,588)	(1,085,490)	-	-	(79,737,138)
Cash flows provided by (used in) financing activities	(52,798,493)	20,329,566	5,494,218	6,715,155	23,984,471	-	3,724,917

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	03.31.2021 ThCh\$	12.31.2020 ThCh\$
<b>Cash (a)</b>		<b>553,745</b>	<b>690,363</b>
	CLP	553,068	689,665
	EUR	677	698
<b>Banks (b)</b>		<b>179,214,576</b>	<b>125,114,499</b>
	CLP	175,134,153	123,169,727
	USD	3,953,077	1,786,501
	EUR	76,810	86,385
	Others currencies	50,536	71,886
<b>Time deposits (c)</b>		<b>70,000,000</b>	<b>340,004,467</b>
	CLP	70,000,000	340,000,467
<b>Total cash and cash equivalents</b>		<b>249,768,321</b>	<b>465,809,329</b>
<b>Sub-total by currency</b>	<b>CLP</b>	<b>245,687,221</b>	<b>463,863,859</b>
	<b>USD</b>	<b>3,953,077</b>	<b>1,786,501</b>
	<b>EUR</b>	<b>77,487</b>	<b>87,083</b>
	<b>Other currencies</b>	<b>50,536</b>	<b>71,886</b>

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

### a) Cash

The cash balance is made up of funds to be rendered destined to minor expenses and 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 March 31, 2021 and December 31, 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\$	03.31.2021 ThCh\$
Time deposits	CLP	70.000.000	0,36%	4	70,000,000	-	70,000,000
<b>Total</b>					<b>70,000,000</b>	<b>-</b>	<b>70,000,000</b>

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh\$	Accrued interest in local currency ThCh\$	12.31.2020 ThCh\$
Time deposits	CLP	340,000,000	0,24%	10	340,000,000	4,467	340,004,467
<b>Total</b>					<b>340,000,000</b>	<b>4,467</b>	<b>340,004,467</b>

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		03.31.2021		12.31.2020	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Hedging instruments	(See Note 22,2)	14,613,197	162,061,342	10,167,161	159,119,588
Other investments	(a)	-	5,270,596	-	5,972,036
Guarantees established	(c)	241,424	-	319,953	-
<b>Total</b>		<b>14,854,621</b>	<b>167,331,938</b>	<b>10,487,114</b>	<b>165,091,624</b>

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

Participation	Country	Investment currency	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Telefónica Brasil (1) (2)	Brazil	REAL	5,270,478	5,971,918
Other participation	Chile	CLP	118	118
<b>Total</b>			<b>5,270,596</b>	<b>5,972,036</b>

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

(2) As of March 31, 2021 and December 31, 2020, dividends in the amount of ThCh\$9,501 and ThCh\$683,795, respectively, that have been recognized as finance income (see note 30a).

b) 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	03.31.2021		12.31.2020	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Contract compliance costs (1)	35,230,511	52,135,588	32,386,274	41,861,530
Costs of obtaining contracts (2)	16,082,743	22,524,274	11,703,978	15,219,092
Deferred cost of handsets	7,199,128	-	9,407,689	-
Advance leases (3)	3,036,751	305,542	2,805,765	14,603
Support and repair services (4)	5,587,015	12,369	2,728,256	17,317
Insurance	164,669	-	1,418,266	-
Amortizable expenses	2,971,640	76,450	1,498,949	382,646
Other Taxes (5)	7,311,720	-	9,667,819	-
<b>Total</b>	<b>77,584,177</b>	<b>75,054,223</b>	<b>71,616,996</b>	<b>57,495,188</b>

- (1) As of March 2021, this item includes capitalization of compliance costs associated to television equipment, broadband equipment and project management. Contractual conditions of the broadband service changed in the first quarter of 2020 which caused capitalization of the related compliance costs. On quarterly basis, the company reviews the behavior of the average life of the customer 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) This item includes operating leases outside the IFRS 16 standard.
- (4) Corresponds to debt structuring fees in the amount of MCh\$1,334,957, software manager, console and Cisco common calls ThCh\$962,281, commercial patents ThCh\$396.012, radio spectrum fee ThCh\$ 99,088 and contents ThCh\$72,782.
- (5) This item includes remaining VAT credit and recoverable taxes.

## 8. Current trade and other accounts receivable

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

Concepts	03.31.2021			12.31.2020		
	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$
<b>Receivables on current loan transactions</b>	<b>479,470,780</b>	<b>(222,156,392)</b>	<b>257,314,388</b>	<b>425,524,730</b>	<b>(215,793,759)</b>	<b>209,730,971</b>
Invoiced services (1)	321,938,481	(219,764,744)	102,173,737	282,568,700	(213,516,018)	69,052,682
Services provided and not invoiced	140,393,334	(1,379,727)	139,013,607	125,198,716	(1,303,780)	123,894,936
Contractual asset (2)	17,138,965	(1,011,921)	16,127,044	17,757,314	(973,961)	16,783,353
<b>Miscellaneous receivables (3)</b>	<b>23,142,193</b>	<b>-</b>	<b>23,142,193</b>	<b>24,755,727</b>	<b>-</b>	<b>24,755,727</b>
<b>Total</b>	<b>502,612,973</b>	<b>(222,156,392)</b>	<b>280,456,581</b>	<b>450,280,457</b>	<b>(215,793,759)</b>	<b>234,486,698</b>

- (1) As of March 31, 2021 and December 31, 2020 closing dates, large company portfolio sales were carried out, massive services and mobile handset installments for a total amount of MCh\$31,421,436 and MCh\$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 March 2021 and December 2020 reporting dates, this item mainly includes loans and advances to employees in the amount of ThCh\$7,765,221 and ThCh\$7,676,369, advances to suppliers in the amount of ThCh\$3,015,031 and ThCh\$4,567,559, miscellaneous receivables from disposal of property, plant and equipment in the amount of ThCh\$3,051,969 and ThCh\$2,267,225 and Voissnet contingency (See Note 33a) i), respectively.

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

- 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	03.31.2021				Total	12.31.2020				Total
	Less than 3 months	3 to 6 months	6 to 12 months	Older than 12 months		Less than 3 months	3 to 6 months	6 to 12 months	Older than 12 months	
Miscellaneous receivables	22,859,280	5,493,546	865,962	-	29,218,788	28,729,637	9,033,283	1,713,058	-	39,475,978
<b>Total</b>	<b>22,859,280</b>	<b>5,493,546</b>	<b>865,962</b>	<b>-</b>	<b>29,218,788</b>	<b>28,729,637</b>	<b>9,033,283</b>	<b>1,713,058</b>	<b>-</b>	<b>39,475,978</b>

- 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	03.31.2021	12.31.2020
	ThCh\$	ThCh\$
<b>Beginning balance</b>	<b>218,699,345</b>	<b>226,399,971</b>
Increases	12,558,233	63,732,465
Eliminations/ Additions (1)	(5,265,509)	(71,433,091)
<b>Movements, subtotal</b>	<b>7,292,724</b>	<b>(7,700,626)</b>
<b>Ending balance</b>	<b>225,992,069</b>	<b>218,699,345</b>

(1) Includes additional write-off for shutdown of the commercial system

The Company has evaluated the impairment of trade accounts receivable as of March 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 March 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 March 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.

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

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

Provisions and write-offs	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Provision for non renegotiated portfolio	12,554,462	64,269,058
Provision for renegotiated portfolio	3,771	(536,593)
Write-offs for the period	(5,265,509)	(71,433,091)
<b>Total</b>	<b>7,292,724</b>	<b>(7,700,626)</b>

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

Portfolio of returned documents and judicial collection as of 03.31.2021	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	1,412	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	1,761,444	-	-	-

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 March 31, 2021 (not audited) and December 31, 2020



8. Current trade and other accounts receivable, continued

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

Stratification of portfolio by segment As of March 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\$
<b>Fixed Telecommunications</b>											
Number of clients w/o renegotiation (1)	468.856	195.795	42.209	29.432	37.007	34.262	29.631	27.196	31.470	3.198.147	4.094.005
Net portfolio w/o renegotiation	39,482,288	5,016,503	503,519	1,548,749	524,671	1,595,793	489,759	-	-	-	49,161,282
Debt	41,174,088	6,834,001	1,629,653	6,208,188	1,588,781	3,004,517	1,309,349	1,064,670	1,039,258	89,276,344	153,128,849
Accrual	(1,691,800)	(1,817,498)	(1,126,134)	(4,659,439)	(1,064,110)	(1,408,724)	(819,590)	(1,064,670)	(1,039,258)	(89,276,344)	(103,967,567)
Number of clients w/renegotiation	11.651	1.976	402	195	127	93	94	108	98	90.336	105.080
Net renegotiated portfolio	35,981	818	-	-	-	-	-	-	-	-	36,799
Debt	166,951	34,414	4,935	2,420	1,606	1,244	1,064	1,148	986	828,149	1,042,917
Accrual	(130,970)	(33,596)	(4,935)	(2,420)	(1,606)	(1,244)	(1,064)	(1,148)	(986)	(828,149)	(1,006,118)
<b>Total number of clients</b>	<b>480.507</b>	<b>197.771</b>	<b>42.611</b>	<b>29.627</b>	<b>37.134</b>	<b>34.355</b>	<b>29.725</b>	<b>27.304</b>	<b>31.568</b>	<b>3.288.483</b>	<b>4.199.085</b>
<b>Total Fixed Telephone Portfolio</b>	<b>39,518,269</b>	<b>5,017,321</b>	<b>503,519</b>	<b>1,548,749</b>	<b>524,671</b>	<b>1,595,793</b>	<b>489,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,198,081</b>
Debt	41,341,039	6,868,415	1,634,588	6,210,608	1,590,387	3,005,761	1,310,413	1,065,818	1,040,244	90,104,493	154,171,766
Accrual	(1,822,770)	(1,851,094)	(1,131,069)	(4,661,859)	(1,065,716)	(1,409,968)	(820,654)	(1,065,818)	(1,040,244)	(90,104,493)	(104,973,685)
<b>Corporate Communication and Data</b>											
Number of clients w/o renegotiation (1)	2.071	1.125	870	686	633	24	503	483	558	4.708	11.661
Net portfolio w/o renegotiation	52,596,376	4,213,205	2,432,364	2,442,087	1,032,246	58,741	472,756	339,184	418,560	45,597	64,051,116
Debt	52,868,864	4,497,815	2,766,508	2,764,420	1,319,144	95,538	1,019,974	783,698	1,425,427	10,083,651	77,625,039
Accrual	(272,488)	(284,610)	(334,144)	(322,333)	(286,898)	(36,797)	(547,218)	(444,514)	(1,006,867)	(10,038,054)	(13,573,923)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>2.071</b>	<b>1.125</b>	<b>870</b>	<b>686</b>	<b>633</b>	<b>24</b>	<b>503</b>	<b>483</b>	<b>558</b>	<b>4.708</b>	<b>11.661</b>
<b>Total Corporate Communication and Data Portfolio</b>	<b>52,596,376</b>	<b>4,213,205</b>	<b>2,432,364</b>	<b>2,442,087</b>	<b>1,032,246</b>	<b>58,741</b>	<b>472,756</b>	<b>339,184</b>	<b>418,560</b>	<b>45,597</b>	<b>64,051,116</b>
Debt	52,868,864	4,497,815	2,766,508	2,764,420	1,319,144	95,538	1,019,974	783,698	1,425,427	10,083,651	77,625,039
Accrual	(272,488)	(284,610)	(334,144)	(322,333)	(286,898)	(36,797)	(547,218)	(444,514)	(1,006,867)	(10,038,054)	(13,573,923)
<b>Television</b>											
Number of clients w/o renegotiation (1)	206.739	74.414	12.362	8.313	11.141	10.314	8.817	8.101	10.452	268.891	619.544
Net portfolio w/o renegotiation	17,456,640	1,354,775	32,165	8,128	4,322	2,500	1,992	-	-	-	18,860,522
Debt	17,653,201	1,762,156	247,543	63,573	121,042	211,107	178,908	154,305	219,037	9,762,959	30,373,831
Accrual	(196,561)	(407,381)	(215,378)	(55,445)	(116,720)	(208,607)	(176,916)	(154,305)	(219,037)	(9,762,959)	(11,513,309)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>206.739</b>	<b>74.414</b>	<b>12.362</b>	<b>8.313</b>	<b>11.141</b>	<b>10.314</b>	<b>8.817</b>	<b>8.101</b>	<b>10.452</b>	<b>268.891</b>	<b>619.544</b>
<b>Total Television Portfolio</b>	<b>17,456,640</b>	<b>1,354,775</b>	<b>32,165</b>	<b>8,128</b>	<b>4,322</b>	<b>2,500</b>	<b>1,992</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,860,522</b>
Debt	17,653,201	1,762,156	247,543	63,573	121,042	211,107	178,908	154,305	219,037	9,762,959	30,373,831
Accrual	(196,561)	(407,381)	(215,378)	(55,445)	(116,720)	(208,607)	(176,916)	(154,305)	(219,037)	(9,762,959)	(11,513,309)

(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 March 31, 2021 (not audited) and December 31, 2020



8. Current trade and other accounts receivable, continued

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

Stratification of portfolio by segment As of March 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\$
<b>Mobile Business</b>											
Number of clients w/o renegotiation (1)	891.299	276.899	41.296	34.864	32.353	32.983	30.196	20.753	33.416	1.885.879	3.279.938
Net portfolio w/o renegotiation	102,397,271	4,230,011	656,263	420,693	988,863	244,374	77,529	32,909	29,712	-	109,077,625
Debt	104,701,330	8,246,497	3,210,171	2,166,391	3,245,843	2,075,647	2,260,122	1,998,810	1,990,328	68,879,027	198,774,166
Accrual	(2,304,059)	(4,016,486)	(2,553,908)	(1,745,698)	(2,256,980)	(1,831,273)	(2,182,593)	(1,965,901)	(1,960,616)	(68,879,027)	(89,696,541)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	10.556.000	10.556.000
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	18	9	9	26	26	26	26	26	26	1,386,821	1,387,013
Accrual	(18)	(9)	(9)	(26)	(26)	(26)	(26)	(26)	(26)	(1,386,821)	(1,387,013)
<b>Total number of clients</b>	<b>891.299</b>	<b>276.899</b>	<b>41.296</b>	<b>34.864</b>	<b>32.353</b>	<b>32.983</b>	<b>30.196</b>	<b>20.753</b>	<b>33.416</b>	<b>12.441.879</b>	<b>13.835.938</b>
<b>Total Other Portfolio</b>	<b>102,397,271</b>	<b>4,230,011</b>	<b>656,263</b>	<b>420,693</b>	<b>988,863</b>	<b>244,374</b>	<b>77,529</b>	<b>32,909</b>	<b>29,712</b>	<b>-</b>	<b>109,077,625</b>
Debt	104,701,348	8,246,506	3,210,180	2,166,417	3,245,869	2,075,673	2,260,148	1,998,836	1,990,354	70,265,848	200,161,179
Accrual	(2,304,077)	(4,016,495)	(2,553,917)	(1,745,724)	(2,257,006)	(1,831,299)	(2,182,619)	(1,965,927)	(1,960,642)	(70,265,848)	(91,083,554)
<b>Contractual Asset and Others</b>											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	39,269,237	-	-	-	-	-	-	-	-	-	39,269,237
Debt	40,281,158	-	-	-	-	-	-	-	-	-	40,281,158
Accrual	(1,011,921)	-	-	-	-	-	-	-	-	-	(1,011,921)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Portfolio</b>	<b>39,269,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,269,237</b>
Debt	40,281,158	-	-	-	-	-	-	-	-	-	40,281,158
Accrual	(1,011,921)	-	-	-	-	-	-	-	-	-	(1,011,921)
<b>Consolidated Portfolio</b>											
Number of clients w/o renegotiation (1)	1.568.965	548.233	96.737	73.295	81.134	77.583	69.147	56.533	75.896	5.357.625	8.005.148
Net portfolio w/o renegotiation	251,201,812	14,814,494	3,624,311	4,419,657	2,550,102	1,901,408	1,042,036	372,093	448,272	45,597	280,419,782
Debt	256,678,641	21,340,469	7,853,875	11,202,572	6,274,810	5,386,809	4,768,353	4,001,483	4,674,050	178,001,981	500,183,043
Accrual	(5,476,829)	(6,525,975)	(4,229,564)	(6,782,915)	(3,724,708)	(3,485,401)	(3,726,317)	(3,629,390)	(4,225,778)	(177,956,384)	(219,763,261)
Number of clients w/renegotiation	11.651	1.976	402	195	127	93	94	108	98	10.646.336	10.661.080
Net renegotiated portfolio	35,981	818	-	-	-	-	-	-	-	-	36,799
Debt	166,969	34,423	4,944	2,446	1,632	1,270	1,090	1,174	1,012	2,214,970	2,429,930
Accrual	(130,988)	(33,605)	(4,944)	(2,446)	(1,632)	(1,270)	(1,090)	(1,174)	(1,012)	(2,214,970)	(2,393,131)
<b>Total number of clients</b>	<b>1.580.616</b>	<b>550.209</b>	<b>97.139</b>	<b>73.490</b>	<b>81.261</b>	<b>77.676</b>	<b>69.241</b>	<b>56.641</b>	<b>75.994</b>	<b>16.003.961</b>	<b>18.666.228</b>
<b>Total Consolidated Portfolio</b>	<b>251,237,793</b>	<b>14,815,312</b>	<b>3,624,311</b>	<b>4,419,657</b>	<b>2,550,102</b>	<b>1,901,408</b>	<b>1,042,036</b>	<b>372,093</b>	<b>448,272</b>	<b>45,597</b>	<b>280,456,581</b>
Debt	256,845,610	21,374,892	7,858,819	11,205,018	6,276,442	5,388,079	4,769,443	4,002,657	4,675,062	180,216,951	502,612,973
Accrual	(5,607,817)	(6,559,580)	(4,234,508)	(6,785,361)	(3,726,340)	(3,486,671)	(3,727,407)	(3,630,564)	(4,226,790)	(180,171,354)	(222,156,392)

(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 March 31, 2021 (not audited) and December 31, 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\$
<b>Fixed Telecommunications</b>											
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)
<b>Total number of clients</b>	<b>505.684</b>	<b>217.058</b>	<b>48.031</b>	<b>36.270</b>	<b>31.442</b>	<b>30.402</b>	<b>34.762</b>	<b>41.538</b>	<b>54.002</b>	<b>3.292.585</b>	<b>4.291.774</b>
<b>Total Fixed Telephone Portfolio</b>	<b>18.142.945</b>	<b>5.115.573</b>	<b>85.381</b>	<b>589.380</b>	<b>280.505</b>	<b>1.140.416</b>	<b>289.141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25.643.341</b>
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)
<b>Accrual</b>											
<b>Corporate Communication and Data</b>											
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	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>2,436</b>	<b>1,287</b>	<b>40</b>	<b>740</b>	<b>641</b>	<b>624</b>	<b>522</b>	<b>478</b>	<b>538</b>	<b>4,654</b>	<b>11,960</b>
<b>Total Corporate Communication and Data Portfolio</b>	<b>49,520,680</b>	<b>6,181,584</b>	<b>345,137</b>	<b>2,133,405</b>	<b>981,939</b>	<b>824,075</b>	<b>615,965</b>	<b>567,896</b>	<b>413,883</b>	<b>731,279</b>	<b>62,315,843</b>
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)
<b>Television</b>											
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	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>212,536</b>	<b>77,338</b>	<b>12,820</b>	<b>10,069</b>	<b>8,915</b>	<b>9,511</b>	<b>11,572</b>	<b>15,483</b>	<b>22,120</b>	<b>273,126</b>	<b>653,490</b>
<b>Total Television Portfolio</b>	<b>12,080,722</b>	<b>198,221</b>	<b>36,416</b>	<b>11,260</b>	<b>5,237</b>	<b>3,499</b>	<b>2,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,337,750</b>
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 March 31, 2021 (not audited) and December 31, 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\$
<b>Mobile Business</b>											
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)
<b>Total number of clients</b>	<b>866,171</b>	<b>262,064</b>	<b>43,091</b>	<b>33,866</b>	<b>22,153</b>	<b>27,585</b>	<b>28,911</b>	<b>31,958</b>	<b>41,457</b>	<b>1,897,205</b>	<b>3,254,461</b>
<b>Total Other Portfolio</b>	<b>73,727,293</b>	<b>7,065,881</b>	<b>2,933,274</b>	<b>4,034,125</b>	<b>1,374,246</b>	<b>2,002,831</b>	<b>1,513,034</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,650,684</b>
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)
<b>Contractual Asset and Others</b>											
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	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Portfolio</b>	<b>41,539,080</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,539,080</b>
Debt	42,513,041	-	-	-	-	-	-	-	-	-	42,513,041
Accrual	(973,961)	-	-	-	-	-	-	-	-	-	(973,961)
<b>Consolidated Portfolio</b>											
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)
<b>Total number of clients</b>	<b>1,586,827</b>	<b>557,747</b>	<b>103,982</b>	<b>80,945</b>	<b>63,151</b>	<b>68,122</b>	<b>75,767</b>	<b>89,457</b>	<b>118,117</b>	<b>5,467,570</b>	<b>8,211,685</b>
<b>Total Consolidated Portfolio</b>	<b>195,010,720</b>	<b>18,561,259</b>	<b>3,400,208</b>	<b>6,768,170</b>	<b>2,641,927</b>	<b>3,970,821</b>	<b>2,420,535</b>	<b>567,896</b>	<b>413,883</b>	<b>731,279</b>	<b>234,486,698</b>
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 March 31, 2021 (not audited) and December 31, 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	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Telxius Torres Chile, S.A.	76.558.575-9	Chile	Common end controller	Prest. de Serv	CLP	60 days	2,226,870	3,506,043
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Prest. de Serv	EUR	90 days	1,791,982	1,511,463
Telefónica Cybersecurity Tech SpA	77.145.256-6	Chile	Common end controller	Prest. de Serv	CLP	60 days	1,711,851	244,547
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	1,022,653	1,025,297
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Serv. Provided	CLP	60 days	974,909	1,023,689
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	469,779	394,084
Telefónica S.A.	Foreign	Spain	End controller	Serv. Provided	EUR	90 days	311,866	299,768
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	226,255	276,787
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	261,017	245,864
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	196,560	17,855
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	172,497	183,970
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	94,296	96,299
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	59,181	7,325
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	Reino Unido	Common end controller	Serv. Provided	EUR	90 days	22,880	21,158
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	21,872	48,606
Pegaso PCS, S.A. de C.V.	Foreign	México	Common end controller	Serv. Provided	USD	90 days	20,446	42,967
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	14,663	18,587
Telefónica Factoring Chile, S.A.	76.096.189-2	Chile	Common end controller	Prest. de Serv	CLP	60 days	8,367	107,418
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	Prest. de Serv	CLP	60 days	6,084	1,045
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	Serv. Provided	CLP	60 days	5,262	5,262
Terra Networks Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	5,148	5,148
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	754	596
Telefónica Móviles del Uruguay	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	-	16,173
<b>Total</b>							<b>9,625,192</b>	<b>9,099,951</b>

(1) 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 allowances for doubtful accounts or guarantees related to amounts included in outstanding balances. For amounts in excess of 5% of their total heading, the origin of the service rendered is specified.

Notes to the consolidated financial statements, continued

As of March 31, 2021 (not audited) and December 31, 2020



9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Telefónica S.A.	Foreign	Spain	End controller	<b>Subtotal</b>			<b>5,178,138</b>	<b>8,286,825</b>
				Brand Fee	EUR / CLP	60 days	4,610,860	7,841,891
				Others	EUR	60 days	567,278	444,934
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	<b>Subtotal</b>			<b>8,031,989</b>	<b>8,442,676</b>
				Spaces lease	CLP	60 days	5,296,524	5,795,443
				Co-localization lease	CLP	60 days	2,710,088	2,560,600
				Serv, Provided	CLP	60 days	25,377	86,633
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	60 days	11,259,481	10,387,758
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	Serv, Provided	CLP	60 days	9,971,466	9,867,639
Telefónica Digital España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	4,593,387	6,097,011
Telefónica Cybersecurity Tech SpA	77.145.256-6	Chile	Common end controller	Serv, Provided	CLP	60 days	7,842,741	2,787,013
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	513,226	2,079,681
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	96.910.730-9	Chile	Common end controller	<b>Subtotal</b>			<b>3,129,887</b>	<b>2,234,522</b>
				Ip voice traffic	CLP	60 days	2,074,054	1,148,643
				Data and links	CLP	60 days	967,396	997,511
				Commercial Mandate	CLP	60 days	88,437	88,368
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv, Provided	CLP	60 days	2,378,163	1,806,721
Telefónica Latam Holding	Foreign	Spain	Common end controller	Management Fee	EUR	60 days	2,185,757	1,792,803
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv, Provided	CLP	60 days	1,443,413	1,565,664
Media Networks Perú	Foreign	Perú	Common end controller	Satellite Space	USD	60 days	1,992,278	1,401,556
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	1,130,525	779,941
Telefónica Global Technology S.A.U.	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	3,052,562	522,721
Telefónica del Perú S.A.	Foreign	Perú	Common end controller	Serv, Provided	USD	60 days	370,062	510,725
Terra Networks México Holding S.A.	Foreign	México	Common end controller	Serv, Provided	USD	60 days	42,939	254,870
Telefónica Global Roaming Gmbh	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	391,919	183,867
Telefónica Hispanoamérica, S.L (antes LACH)	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	-	103,827
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	107,928	106,834
Telefónica Global Services GmbH (antes O2 GMBH)	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	67,000	67,000
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv, Provided	USD	60 days	37,983	64,352
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Serv, Provided	CLP	60 days	41,253	59,952
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	60 days	47,337	47,275
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	60 days	16,776	33,389
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	53,167	22,814
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	46,825	18,151

Notes to the consolidated financial statements, continued

As of March 31, 2021 (not audited) and December 31, 2020



9. Receivables from and payable to related companies, continued

b) Current payables to related companies, continued

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2021	12.31.2020
							ThCh\$	ThCh\$
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	4,049	5,291
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv, Provided.	EUR	60 days	1,831	1,421
Telecel Venezuela	Foreign	Venezuela	Common end controller	Serv, Provided.	USD	60 days	269	-
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv, Provided.	USD	60 days	5,800	-
<b>Total</b>							<b>63,954,256</b>	<b>59,548,404</b>

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.

c) Non-current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	03.31.2021	12.31.2020
						ThCh\$	ThCh\$
Telxius Torres Chile S.A.	76,558,575-9	Chile	Common end controller	Co-localization lease	CLP	40,268,967	39,447,038
Telefónica S.A.	Foreign	Spain	End controller	HR obligation	CLP	1,470,756	1,354,947
<b>Total</b>						<b>41,739,723</b>	<b>40,801,985</b>



9. Receivables from and payable to related companies, continued

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

Sociedad	RUT	País origen	Naturaleza de la relación	Descripción de la transacción	Moneda	03.31.2021		03.31.2020	
						Monto M\$	Efecto en resultados (Cargo)/Abono ThCh\$	Monto M\$	Efecto en resultados (Cargo)/Abono ThCh\$
Telefónica S.A.	Foreign	Spain	End controller	Brand Fee	EUR	4,582,145	(4,582,145)	6,868,271	(6,868,271)
Telefónica Global Technology	Foreign	Spain	Common end controller	Costs	EUR	1,120,286	(1,120,286)	1,070,687	(1,070,687)
Telefónica Cybersecurity Tech SpA	77.145.256-6	Chile	Common end controller	Costs	CLP	4,055,232	(4,055,232)	-	-

(1) 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 March 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 March 31, 2021 and December 31, 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 current, 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 11 members and its key employees are 67 executives for March 31, 2021 and 2020, respectively.

Concepts	03.31.2021	03.31.2020
	ThCh\$	ThCh\$
Salaries	4,890,496	4,304,079
Post employment benefits	602,066	851,474
<b>Total</b>	<b>5,492,562</b>	<b>5,155,553</b>

## 10. Inventory

a) The detail of inventory is as follows:

Concepts	03.31.2021			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	46,850,808	(211,468)	46,639,340	36,673,626	(78,158)	36,595,468
Modems and Router (1)	19,766,826	(827,277)	18,939,549	20,352,861	(952,595)	19,400,266
IP Solutions Projects (2)	7,137,331	-	7,137,331	4,534,625	-	4,534,625
Decoders and antennas	3,593,591	(434,497)	3,159,094	3,638,292	(455,822)	3,182,470
Basic telephony, public telephony and switchboard ("centralitas") components	3,916,848	(357,284)	3,559,564	3,549,579	(346,472)	3,203,107
Mobile accessory	829,264	(49,643)	779,621	438,231	(38,491)	399,740
Other	149,281	(15,545)	133,736	134,385	(13,476)	120,909
<b>Total</b>	<b>82,243,949</b>	<b>(1,895,714)</b>	<b>80,348,235</b>	<b>69,321,599</b>	<b>(1,885,014)</b>	<b>67,436,585</b>

(1) The increase corresponds to higher handset purchases in the first quarter by Telefónica Móviles Chile S.A.

(2) Mainly due to higher investments, Metro ThCh\$2,600,333, Obrascon ThCh\$1,801,371, Plaza ThCh\$941,080 and Dirección de Inteligencia ThCh\$890,013.

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

The Company has assessed the possible impairment of inventory as of March 31, 2021 due to the macroeconomic effects generated by the health emergency (Covid 19). The analysis has considered: commercial dynamics, analysis of obsolescence and net realizable value, business decisions and stock planning.

Based on the previous analysis, it was determined that there is no obsolescence effect to record as a result of the contingency, as of March 31, 2021.

b) The movement of inventory is as follows:

Movements	03.31.2021 ThCh\$	12.31.2020 ThCh\$
<b>Beginning balance</b>	<b>67,436,585</b>	<b>59,288,009</b>
Purchases	112,412,832	336,590,478
Sales	(97,734,317)	(326,914,096)
Allowance for obsolescence	(10,700)	247,057
Transfer to assets available for sale (see Note 18)	(1,756,165)	(1,774,863)
<b>Movement, subtotal</b>	<b>12,911,650</b>	<b>8,148,576</b>
<b>Ending balance</b>	<b>80,348,235</b>	<b>67,436,585</b>

## 11. Income Taxes

### a) Income Taxes:

As of March 31, 2021, the parent company, Telefónica Móviles Chile S.A., have established a first category income tax provision, since it determined a positive tax base in the amount of ThCh\$14.078.401. The rest of the companies of the Group present tax losses.

As of March 31, 2021, 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\$1,018,308 and ThCh\$23,174,208, respectively.

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

- Telefónica Chile S.A. ThCh\$32,822,577 at March 31, 2021.
- Telefónica Empresas S.A. ThCh\$63,479,747 and ThCh\$40,779,801 at March 31, 2021 and 2020, respectively.
- Telefónica Chile Servicios Corporativos Ltda. ThCh\$15,452,348 y ThChM\$14,532,550 at March 31, 2021 and 2020, respectively.
- Telefónica Investigación y Desarrollo SpA. ThCh\$1,169,777 y ThChM\$456,778 at March 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 March 31, 2021 (not audited) and December 31, 2020



11. Income Taxes, continued

a) Income Taxes, continued

As of March 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\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Telefónica Móviles Chile S.A.	-	-	-	-	16,312,863	-	-	1,069,828	4,742,482	
Telefónica Chile S.A.	-	-	-	-	230,601	-	-	173,372,995	774,561,597	
Telefónica Empresas Chile S.A.	2,983,441	-	-	2,983,441	(1,239,243)	-	-	-	-	
Telefónica Chile Servicios Corporativos Ltda.	76,598,762	76,598,762	-	-	15,604,854	-	-	17,761,975	66,944,983	
Telefónica Investigación y Desarrollo SPA	1,350,974	1,350,974	-	-	692,604	-	-	-	-	
<b>Total</b>	<b>80,933,177</b>	<b>77,949,736</b>	<b>-</b>	<b>2,983,441</b>	<b>31,601,679</b>	<b>-</b>	<b>-</b>	<b>192,204,798</b>	<b>846,249,062</b>	

b) Current tax assets

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

Concepts	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Monthly prepaid tax installments (1)	7,395,968	7,557,251
Taxes for recovering previous years (2)	2,984,063	3,861,856
Provisional payment on absorbed profits (3)	2,718,729	2,718,729
Sence and others	274,267	-
<b>Total</b>	<b>13,373,027</b>	<b>14,137,836</b>

(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 March 31, 2021 (not audited) and December 31, 2020



11. Income Taxes, continued

c) Deferred tax assets and liabilities

As of March 31, 2021, December 31, 2020 and March 31, 2020, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$16,755,594 and ThCh\$21,844,559 and ThCh\$30,039,073 respectively and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits March 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
<b>Deferred tax assets and liabilities</b>														
Deferred tax assets	37,905,652	434,436	1,743,425	87,326,608	5,072,050	-	13,370,717	9,644,897	30,444,817	9,647,057	4,628,436	(83,846,643)	116,371,452	116,371,452
Deferred tax liabilities	-	-	6,378,298	-	-	8,708,885	11,237,706	148,331,345	-	9,587,032	(780,765)	(83,846,643)	99,615,858	99,615,858
<b>Deferred tax liabilities (assets)</b>	<b>(37,905,652)</b>	<b>(434,436)</b>	<b>4,634,873</b>	<b>(87,326,608)</b>	<b>(5,072,050)</b>	<b>8,708,885</b>	<b>(2,133,011)</b>	<b>138,686,448</b>	<b>(30,444,817)</b>	<b>(60,025)</b>	<b>(5,409,201)</b>		<b>(16,755,594)</b>	<b>(16,755,594)</b>
<b>Deferred tax assets and liabilities, net</b>														
Deferred tax assets, net	(37,905,652)	(434,436)	-	(87,326,608)	(5,072,050)	-	(2,133,011)	-	(30,444,817)	(60,025)	(5,409,201)	-	(168,785,800)	(168,785,800)
Deferred tax liabilities, net	-	-	4,634,873	-	-	8,708,885	-	138,686,448	-	-	-	-	152,030,206	152,030,206
<b>Deferred tax expense (benefit)</b>														
Deferred tax expense (benefit)	(1,969,036)	(2,887)	1,657,745	1,000,023	(52,199)	1,277,163	4,187,729	2,844,305	(6,410,530)	255,403	1,943,560	-	4,731,276	4,731,276
Deferred tax expense (benefit) recognized in income	(1,969,036)	(2,887)	1,657,745	1,000,023	(52,199)	1,277,163	4,187,729	2,844,305	(6,410,530)	255,403	1,943,560	-	4,731,276	4,731,276
<b>Changes in deferred tax liabilities (assets)</b>														
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)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax expense (benefit) recognized in income	(1,969,036)	(2,887)	1,657,745	1,000,023	(52,199)	1,277,163	4,187,729	2,844,305	(6,410,530)	255,403	1,943,560	-	4,731,276	4,731,276
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	46,361	-	-	-	46,361	46,361
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	311,328	-	-	-	-	-	311,328	311,328
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax (assets) liabilities</b>	<b>(1,969,036)</b>	<b>(2,887)</b>	<b>1,657,745</b>	<b>1,000,023</b>	<b>(52,199)</b>	<b>1,277,163</b>	<b>4,499,057</b>	<b>2,844,305</b>	<b>(6,364,169)</b>	<b>255,403</b>	<b>1,943,560</b>	<b>-</b>	<b>5,088,965</b>	<b>5,088,965</b>
<b>Deferred tax liabilities (assets)</b>	<b>(37,905,652)</b>	<b>(434,436)</b>	<b>4,634,873</b>	<b>(87,326,608)</b>	<b>(5,072,050)</b>	<b>8,708,885</b>	<b>(2,133,011)</b>	<b>138,686,448</b>	<b>(30,444,817)</b>	<b>(60,025)</b>	<b>(5,409,201)</b>	<b>-</b>	<b>(16,755,594)</b>	<b>(16,755,594)</b>

Notes to the consolidated financial statements, continued  
As of March 31, 2021 (not audited) and December 31, 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
<b>Deferred tax assets and liabilities</b>														
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
<b>Deferred tax liabilities (assets)</b>	<b>(35,936,616)</b>	<b>(431,549)</b>	<b>2,977,128</b>	<b>(88,326,631)</b>	<b>(5,019,851)</b>	<b>7,431,722</b>	<b>(6,632,068)</b>	<b>135,842,143</b>	<b>(24,080,648)</b>	<b>(315,428)</b>	<b>(7,352,761)</b>	-	<b>(21,844,559)</b>	<b>(21,844,559)</b>
<b>Deferred tax assets and liabilities, net</b>														
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
<b>Deferred tax expense (benefit)</b>														
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
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax liabilities (assets) – Beginning balance Dec, 2019	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)	-	(22,466,891)	(22,466,891)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax expense (benefit) recognized in income	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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax (assets) liabilities</b>	<b>375,557</b>	<b>66,704</b>	<b>478,233</b>	<b>8,553,726</b>	<b>37,363</b>	<b>3,769,784</b>	<b>(48,055)</b>	<b>4,347,556</b>	<b>(13,409,164)</b>	<b>(1,287,642)</b>	<b>(2,261,730)</b>	-	<b>622,332</b>	<b>622,332</b>
<b>Deferred tax liabilities (assets)</b>	<b>(35,936,616)</b>	<b>(431,549)</b>	<b>2,977,128</b>	<b>(88,326,631)</b>	<b>(5,019,851)</b>	<b>7,431,722</b>	<b>(6,632,068)</b>	<b>135,842,143</b>	<b>(24,080,648)</b>	<b>(315,428)</b>	<b>(7,352,761)</b>	-	<b>(21,844,559)</b>	<b>(21,844,559)</b>

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

Notes to the consolidated financial statements, continued  
As of March 31, 2021 (not audited) and December 31, 2020



11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits March 31, 2020	Other temporary differences	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Equity adjustment due to termination benefits and hedging insurance	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
<b>Deferred tax assets and liabilities</b>														
Deferred tax assets	38,719,264	488,938	4,555,382	94,147,709	5,067,418	-	12,950,279	9,173,227	15,057,665	9,667,330	5,256,983	(77,187,137)	117,897,058	117,897,058
Deferred tax liabilities	-	-	6,618,801	-	-	4,846,843	10,850,851	137,469,512	-	10,619,054	(5,359,939)	(77,187,137)	87,857,985	87,857,985
<b>Deferred tax liabilities (assets)</b>	<b>(38,719,264)</b>	<b>(488,938)</b>	<b>2,063,419</b>	<b>(94,147,709)</b>	<b>(5,067,418)</b>	<b>4,846,843</b>	<b>(2,099,428)</b>	<b>128,296,285</b>	<b>(15,057,665)</b>	<b>951,724</b>	<b>(10,616,922)</b>		<b>(30,039,073)</b>	<b>(30,039,073)</b>
<b>Deferred tax assets and liabilities, net</b>														
Deferred tax assets, net	(38,719,264)	(488,938)	-	(94,147,709)	(5,067,418)	-	(2,099,428)	-	(15,057,665)	-	(10,616,922)	-	(166,197,344)	(166,197,344)
Deferred tax liabilities, net	-	-	2,063,419	-	-	4,846,843	-	128,296,285	-	951,724	-	-	136,158,271	136,158,271
<b>Deferred tax expense (benefit)</b>														
Deferred tax expense (benefit)	(2,407,091)	9,315	(435,476)	2,732,648	(10,204)	1,184,905	4,397,291	(3,198,302)	(4,905,018)	(20,490)	(5,525,891)	-	(8,178,313)	(8,178,313)
Deferred tax expense (benefit) recognized in income	(2,407,091)	9,315	(435,476)	2,732,648	(10,204)	1,184,905	4,397,291	(3,198,302)	(4,905,018)	(20,490)	(5,525,891)	-	(8,178,313)	(8,178,313)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax liabilities (assets) – Beginning balance Dec, 2018	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)	-	(22,466,891)	(22,466,891)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax expense (benefit) recognized in income	(2,407,091)	9,315	(435,476)	2,732,648	(10,204)	1,184,905	4,397,291	(3,198,302)	(4,905,018)	(20,490)	(5,525,891)	-	(8,178,313)	(8,178,313)
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	518,837	-	-	-	518,837	518,837
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	87,294	-	-	-	-	-	87,294	87,294
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax (assets) liabilities</b>	<b>(2,407,091)</b>	<b>9,315</b>	<b>(435,476)</b>	<b>2,732,648</b>	<b>(10,204)</b>	<b>1,184,905</b>	<b>4,484,585</b>	<b>(3,198,302)</b>	<b>(4,386,181)</b>	<b>(20,490)</b>	<b>(5,525,891)</b>	<b>-</b>	<b>(7,572,182)</b>	<b>(7,572,182)</b>
<b>Deferred tax liabilities (assets)</b>	<b>(38,719,264)</b>	<b>(488,938)</b>	<b>2,063,419</b>	<b>(94,147,709)</b>	<b>(5,067,418)</b>	<b>4,846,843</b>	<b>(2,099,428)</b>	<b>128,296,285</b>	<b>(15,057,665)</b>	<b>951,724</b>	<b>(10,616,922)</b>		<b>(30,039,073)</b>	<b>(30,039,073)</b>

## 11. Income Taxes, continued

## d) Taxable Income

As of March 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\$14,078,401 and ThCh\$24,192,517, respectively for period, detailed as follows:

Concepts	Taxable Net Income	
	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Finance income	21,217,625	4,097,944
Recorded tax expense	4,924,207	(1,424,056)
Additions	271,120,532	163,003,073
Deductions	(283,183,963)	(141,484,444)
Taxable net income	14,078,401	24,192,517
<b>First category tax rate 27%</b>	3,801,168	6,531,980
Art, 21 rejected expenses tax base	123,893	1,264,320
<b>First category tax rate 40%</b>	49,558	505,728
<b>Total tax provision</b>	<b>3,850,726</b>	<b>7,037,708</b>
Provision contingencies (1)	(651,696)	2,955
Provision for hedging instruments to equity (2)	(1,603,262)	(505,802)
Settlement of derivatives of previous yerars(3)	(1,402,837)	219,396
<b>Total first category taxes</b>	<b>192,931</b>	<b>6,754,257</b>

(1) Corresponds to interest and readjustments of the contingencies provision of the parent company (see Note 33 a).

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

(3) Corresponds to the tax expense (benefit) calculated on 2019 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 period.



## 11. Income Taxes, continued

### e) Income tax reconciliation

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

Conceptos	03.31.2021		03.31.2020	
	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$
<b>Based on accounting income before taxes:</b>				
Finance income	21,217,625		4,097,944	
Recorded tax expense	4,924,207		(1,424,056)	
<b>Income before taxes</b>	<b>26,141,832</b>	<b>7,058,295</b>	<b>2,673,888</b>	<b>721,950</b>
<b>Permanent differences</b>	<b>(7,904,031)</b>	<b>(2,134,088)</b>	<b>(7,948,168)</b>	<b>(2,146,006)</b>
Price-level restatement of taxable equity	(27,089,227)	(7,314,091)	(24,436,740)	(6,597,920)
Price-level restatement of taxable value of investments in related companies	13,867,447	3,744,211	14,102,662	3,807,719
Income from investment in related parties	317,298	85,670	337,291	91,068
Contingency provision	(2,413,689)	(651,696)	10,944	2,955
Art. 21 non-deductible expenses	183,548	49,558	1,873,063	505,728
Hedging instrument	(5,195,678)	(1,402,833)	812,574	219,395
IFRS16 adjustment	1,606,181	433,669	373,962	100,970
Others (1)	10,820,089	2,921,424	(1,021,924)	(275,921)
<b>Permanent differences</b>				
<b>Total corporate tax expense</b>	<b>18,237,801</b>	<b>4,924,207</b>	<b>(5,274,280)</b>	<b>(1,424,056)</b>
<b>Based on taxable net income and deferred taxes calculated on the basis of temporary differences</b>				
27% income tax		3,801,168		6,531,980
40% income tax		49,558		505,728
Contingency provision		(651,696)		2,955
Settlement of derivatives of previous periods		(3,006,099)		(286,406)
<b>Income tax expense</b>		<b>192,931</b>		<b>6,754,257</b>
<b>Total deferred tax expense (income)</b>		<b>4,731,276</b>		<b>(8,178,313)</b>
<b>Total corporate tax expense (income)</b>		<b>4,924,207</b>		<b>(1,424,056)</b>
<b>Effective income tax rate (2)</b>		<b>18.84%</b>		<b>(53.26) %</b>

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

(2) Effective rate determined considering the tax expense accounted for in result with respect to the financial result before tax amounts to 18.84%.

## 11. Income Taxes, continued

### f) Current income tax liabilities

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

Concepts	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Income tax accrual (1)	98,602	119,330
Unic income tax	269,075	844,834
Contingency provision	180,454	6,569,411
Others	126,927	126,927
<b>Total</b>	<b>675,058</b>	<b>7,660,502</b>

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh\$7,311,971 and ThCh\$14,103,697, respectively.

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

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

Concepts	03.31.2021			12.31.2020		
	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$
<b>Receivables on non-current loan transactions</b>	<b>26,984,752</b>	<b>(3,835,677)</b>	<b>23,149,075</b>	<b>15,628,533</b>	<b>(2,905,586)</b>	<b>12,722,947</b>
Trade receivables	25,106,961	(3,742,129)	21,364,832	13,530,862	(2,801,321)	10,729,541
Contractual asset (1)	1,877,791	(93,548)	1,784,243	2,097,671	(104,265)	1,993,406
<b>Miscellaneous receivables (2)</b>	<b>10,600,696</b>	<b>-</b>	<b>10,600,696</b>	<b>10,600,975</b>	<b>-</b>	<b>10,600,975</b>
<b>Total</b>	<b>37,585,448</b>	<b>(3,835,677)</b>	<b>33,749,771</b>	<b>26,229,508</b>	<b>(2,905,586)</b>	<b>23,323,922</b>

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

(2) Mainly includes loans related to employees.

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

Concepts	As of March 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	24,218,268	2,093,172	673,312	26,984,752	(3,817,294)	(18,382)	-	(3,835,677)	23,149,075
Miscellaneous receivables	240,605	1,058,431	9,301,660	10,600,696	-	-	-	-	10,600,696
<b>Total</b>	<b>24,458,873</b>	<b>3,151,603</b>	<b>9,974,972</b>	<b>37,585,448</b>	<b>(3,817,294)</b>	<b>(18,382)</b>	<b>-</b>	<b>(3,835,677)</b>	<b>33,749,771</b>

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
<b>Total</b>	<b>13,849,107</b>	<b>2,482,700</b>	<b>9,897,701</b>	<b>26,229,508</b>	<b>(2,895,757)</b>	<b>(9,829)</b>	<b>-</b>	<b>(2,905,586)</b>	<b>23,323,922</b>

### 13. Intangible Assets other than goodwill

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

Concepts	03.31.2021			12.31.2020		
	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$
Licenses and franchises (1)	570,046,649	(486,888,730)	83,157,919	693,467,896	(600,780,286)	92,687,610
Administratives grantings (2)	96,164,309	(78,039,401)	18,124,908	96,164,309	(77,696,724)	18,467,585
Intangible assets in development (3)	162,344,766	-	162,344,766	31,115,361	-	31,115,361
Other intangible assets (4)	21,689,823	(21,689,823)	-	21,689,823	(21,547,146)	142,677
<b>Total</b>	<b>850,245,547</b>	<b>(586,617,954)</b>	<b>263,627,596</b>	<b>842,437,389</b>	<b>(700,024,156)</b>	<b>142,413,233</b>

(1) Mainly corresponds to IBM and Microsoft Licenses for ThCh \$ 11,566,084, FTH Software, Switching and Administrative for ThCh\$ 50,683,084, "Believe" project ThCh \$ 14,399,069 and Other Licenses and Franchises for ThCh \$ 6,509,713.

(2) This item records licenses for right of use of spectrum

(3) Mainly corresponds to: evolutionary developments for ThCh \$23,610,779, licenses for ThCh \$125,211,689 (includes 5G spectrum in the amount of ThCh\$117,479,632) and operational continuity for ThCh\$13.522.297.

(4) Corresponds to submarine cable usage rights.

b) As of March 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\$
<b>Beginning balance as of 01.01.2021</b>	<b>30,728,545</b>	<b>93,074,466</b>	<b>18,467,585</b>	<b>142,677</b>	<b>142,413,273</b>
Additions	135,738,964	-	-	-	135,738,964
Transfer from costs of developing to service	(7,058,285)	7,058,285	-	-	-
Cancellations	-	(125,382,089)	-	-	(125,382,089)
Amortization of cancellations	-	125,382,089	-	-	125,382,089
Amortization	-	(14,303,329)	(342,677)	(142,677)	(14,788,683)
Transfer from work in progress (Note 15b)	2,935,545	30,603	-	-	2,966,148
Transfer of gross value to assets available for sale (see Note 18)	-	(5,128,087)	-	-	(5,128,087)
Transfer of amortization to assets available for sale (see Note 18)	-	2,425,981	-	-	2,425,981
<b>Movement, subtotal</b>	<b>131,616,224</b>	<b>(9,916,547)</b>	<b>(342,677)</b>	<b>(142,677)</b>	<b>121,214,323</b>
<b>Ending balance as of 03.31.2021</b>	<b>162,344,769</b>	<b>83,157,919</b>	<b>18,124,908</b>	<b>-</b>	<b>263,627,596</b>
<b>Remaining average useful life</b>	-	<b>1.45 years</b>	<b>13,22 years</b>	-	-

**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\$
<b>Beginning balance as of 01.01.2020</b>	<b>31,563,423</b>	<b>101,315,038</b>	<b>25,748,004</b>	<b>713,383</b>	<b>159,339,848</b>
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
<b>Movement, subtotal</b>	<b>(448,062)</b>	<b>(8,627,428)</b>	<b>(7,280,419)</b>	<b>(570,706)</b>	<b>(16,926,615)</b>
<b>Ending balance as of 12.31.2020</b>	<b>31,115,361</b>	<b>92,687,610</b>	<b>18,467,585</b>	<b>142,677</b>	<b>142,413,233</b>
<b>Remaining average useful life</b>	-	<b>1.52 years</b>	<b>13 years</b>	<b>0.25 years</b>	

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

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 March 31, 2021, there were no signs of loss of value of assets, therefore no impairment testing was carried out.

The Company has evaluated the possible impairment of intangible assets as of March 31, 2021 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in loss of value of intangible assets.

The main additions to intangible assets, other than goodwill, as of March 31, 2021 and as of December 31, 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\$ 381,743,125 and ThCh\$ 492,568,088, as of March 31, 2021 and as of December 31, 2020 respectively.

## 14. Goodwill

Current goodwill as of this period was generated before the date of transition to and adoption of International Financial Reporting Standards and, as of March 31, 2021 and as of December 31, 2020, the value recorded as of that date remains the same.

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

Taxpayer No.	Company	01.01.2021 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	03.31.2021 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
<b>Total</b>		<b>504.774.872</b>	-	-	<b>504,774,872</b>

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
<b>Total</b>		<b>504.774.872</b>	-	-	<b>504,774,872</b>

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

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

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

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

The Company has evaluated the possible impairment of goodwill as of March 31, 2021 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in a loss of goodwill value, the recoverable value was higher than its book value.

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

Impairment testing was determined taking into consideration the following estimated variables:

- i) Projected revenue and operating costs are based on the Strategic Plan for 2020, 2021 and 2022, projecting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial projections, historical behavior of the business and future expectations.
- ii) Cash flow projections are calculated at terminal value, covering a 5-year period, with the last period being the terminal value.
- iii) The rate used to discount future cash flows takes into consideration the time value of money and the individual risks of the assets analyzed.

**14. Goodwill, continued**

iv) The valuation is determined using the Value in Use (VU) mechanism, which requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGUs). Two CGUs have been defined:

- Telefónica Móviles Chile S.A., which mainly provides broadband and mobile telephone services.
- Telefónica Chile S.A. and its subsidiary, Telefónica Empresas Chile S.A., which provide fixed broadband, television, fixed telephone and technology services for companies.

As of March 31, 2021, there are no indications of potential loss of value.

**15. Property, plant and equipment**

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

Concepts	03.31.2021		Property, plant & equipment, Net ThCh\$	Property, plant & equipment, Gross ThCh\$	12.31.2020		Property, plant & equipment, Net ThCh\$
	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$			Accumulated depreciation ThCh\$	Property, plant & equipment, Gross ThCh\$	
Land	21,803,090	-	21,803,090	23,448,557	-	23,448,557	
Buildings	903,592,076	(644,169,159)	259,422,917	916,316,041	(647,690,000)	268,626,041	
Supplies and accessories	33,815,672	(32,663,174)	1,152,498	33,761,988	(32,543,037)	1,218,951	
Office equipment	3,809,975	(3,020,291)	789,684	3,809,975	(2,971,541)	838,434	
Construction in progress	132,586,242	-	132,586,242	156,941,673	-	156,941,673	
Information equipment	67,595,441	(57,607,963)	9,987,478	68,663,830	(57,743,283)	10,920,547	
Network and communication Equipment	3,248,577,912	(2,692,719,360)	555,858,552	3,364,297,728	(2,704,264,138)	660,033,590	
Other property, plant & equipment (1)	347,530,793	(322,538,781)	24,992,012	347,418,394	(315,883,254)	31,535,140	
<b>Total</b>	<b>4,759,311,201</b>	<b>(3,752,718,728)</b>	<b>1,006,592,473</b>	<b>4,914,658,186</b>	<b>(3,761,095,253)</b>	<b>1,153,562,933</b>	

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

Notes to the consolidated financial statements, continued

As of March 31, 2021 (not audited) and December 31, 2020



15. Property, plant and equipment, continued

b) As of March 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\$
<b>Beginning balance as of 01.01.2021</b>	<b>23,448,557</b>	<b>268,626,041</b>	<b>1,218,951</b>	<b>838,434</b>	<b>156,941,673</b>	<b>10,920,547</b>	<b>660,033,590</b>	<b>31,535,140</b>	<b>1,153,562,933</b>
Additions (1)	-	-	-	-	36,198,598	-	-	-	36,198,598
Withdrawals	(399,289)	474,846	-	-	-	(2,488,702)	(1,341,694)	(1,826,966)	(5,581,805)
Withdrawals depreciation	-	6,938	-	-	-	2,488,702	1,234,362	1,552,808	5,282,810
Depreciation expense	-	(5,381,230)	(120,137)	(49,140)	-	(996,420)	(25,963,911)	(8,208,335)	(40,719,173)
Transfer of gross value to investment property (2)	(1,246,178)	(22,685,115)	-	-	(20,002,230)	-	(140,287,946)	-	(184,221,469)
Transfer of depreciation to investment property (2)	-	8,951,642	-	-	-	-	36,274,327	-	45,225,969
Other Increase (decrease) (3)	-	9,429,795	53,684	390	(40,551,799)	63,351	25,909,824	1,939,365	(3,155,390)
<b>Movements, subtotal</b>	<b>(1,645,467)</b>	<b>(9,203,124)</b>	<b>(66,453)</b>	<b>(48,750)</b>	<b>(24,355,431)</b>	<b>(933,069)</b>	<b>(104,175,038)</b>	<b>(6,543,128)</b>	<b>(146,970,460)</b>
<b>Ending balance as of 03.31.2021</b>	<b>21,803,090</b>	<b>259,422,917</b>	<b>1,152,498</b>	<b>789,684</b>	<b>132,586,242</b>	<b>9,987,478</b>	<b>555,858,552</b>	<b>24,992,012</b>	<b>1,006,592,473</b>

- (1) Additions in 2021 correspond mainly to new investments, in corporate customer equipment in the amount of ThCh\$ 1,211,705, operational continuity in the amount of ThCh\$ 916,596, core, transportation and optimization in the amount of ThCh\$ 9,097,718, access to fiber optics ThCh\$ 11,388,377, Other investment materials ThCh\$ 6,007, Civil works by ThCh\$ 570,373 platforms and services ThCh\$ 4,218,482, and mobile network in the amount of ThCh\$ 8,789,338).
- (2) Corresponds to transfer of the net value from Property, plant and equipment to Investment properties (Note 18).
- (3) Corresponds to the movement of net transfers from intangible assets to Property, plant and equipment in the amount of ThCh\$ 2,966,148 (Note 13 b).

As of March 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\$
<b>Fully depreciated assets still in use</b>	-	289,568,100	29,415,032	2,176,725	-	51,504,972	2,168,204,687	-	295,350,534	2,836,220,050

The Company has evaluated the possible impairment of Property, plant and equipment as of March 31, 2021 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.

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 March 31, 2021 (not audited) and December 31, 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\$
<b>Beginning balance as of 01.01.2020</b>	<b>23,677,584</b>	<b>307,635,902</b>	<b>1,662,335</b>	<b>885,613</b>	<b>156,074,976</b>	<b>18,223,076</b>	<b>680,365,033</b>	<b>38,302,946</b>	<b>1,226,827,465</b>
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
<b>Movements, subtotal</b>	<b>(229,027)</b>	<b>(39,009,861)</b>	<b>(443,384)</b>	<b>(47,179)</b>	<b>866,697</b>	<b>(7,302,529)</b>	<b>(20,331,443)</b>	<b>(6,767,806)</b>	<b>(73,264,532)</b>
<b>Ending balance as of 12.31.2020</b>	<b>23,448,557</b>	<b>268,626,041</b>	<b>1,218,951</b>	<b>838,434</b>	<b>156,941,673</b>	<b>10,920,547</b>	<b>660,033,590</b>	<b>31,535,140</b>	<b>1,153,562,933</b>

(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\$
<b>Fully depreciated assets still in use</b>	<b>-</b>	<b>288,322,002</b>	<b>29,414,722</b>	<b>2,172,871</b>	<b>-</b>	<b>55,205,712</b>	<b>2,159,537,035</b>	<b>-</b>	<b>281,556,372</b>

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	31.03.2021			31.12.2020		
	Gross value ThCh\$	Accumulated amortization ThCh\$	Net value ThCh\$	Gross value ThCh\$	Accumulated amortization ThCh\$	Net value ThCh\$
Buildings	8.989.442	(4.965.342)	4.024.100	8.989.442	(4.910.233)	4.079.209
Network and communications equipment	1.617.025	(1.604.019)	13.006	1.617.025	(1.603.398)	13.627
Office equipment	15.557	(10.370)	5.187	15.557	(9.981)	5.576
Plant and equipment	2.944	(2.944)	-	2.944	(2.944)	-
<b>Total</b>	<b>10.624.968</b>	<b>(6.582.675)</b>	<b>4.042.293</b>	<b>10.624.968</b>	<b>(6.526.556)</b>	<b>4.098.412</b>

As of March 2020, the Company has recognized rentals from investment properties in operating income. As of March 31, 2021, and as of December 31, 2020 this concept amounts to ThCh\$227,879 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 March 31, 2021 and December 31, 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\$
<b>Beginning balance as of 01.01.21</b>	<b>4,079,209</b>	<b>13,627</b>	<b>5,576</b>	<b>4,098,412</b>
Depreciation expense	(55,109)	(621)	(389)	(56,119)
<b>Movements, subtotal</b>	<b>(55,109)</b>	<b>(621)</b>	<b>(389)</b>	<b>(56,119)</b>
<b>Ending balance as of 03.31.21</b>	<b>4,024,100</b>	<b>13,006</b>	<b>5,187</b>	<b>4,042,293</b>

Movements	Buildings, net	Network and communications equipment, net	Office equipment, net	Investment properties, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Beginning balance as of 04.01.20</b>	<b>4,249,401</b>	<b>15,557</b>	<b>6,741</b>	<b>4,271,699</b>
Depreciation expense	(170,192)	(1,166)	(1,929)	(173,287)
<b>Movements, subtotal</b>	<b>(170,192)</b>	<b>(1,166)</b>	<b>(1,929)</b>	<b>(173,287)</b>
<b>Ending balance as of 12.31.20</b>	<b>4,079,209</b>	<b>14,391</b>	<b>4,812</b>	<b>4,098,412</b>

## 17. Right of use assets

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

Concepts	03.31.2021		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	73,993,970	(44,621,672)	29,372,298	72,881,183	(39,313,703)	33,567,480
Constructions	203,170,864	(85,609,952)	117,560,912	198,779,645	(75,214,028)	123,565,617
Plant and machinery	9,876,978	(4,131,970)	5,745,008	10,121,817	(3,701,511)	6,420,306
Other Rights of use	29,840,818	(7,668,296)	22,172,522	29,782,510	(6,018,070)	23,764,440
<b>Total</b>	<b>316,882,630</b>	<b>(142,031,890)</b>	<b>174,850,740</b>	<b>311,565,155</b>	<b>(124,247,312)</b>	<b>187,317,843</b>

b) As of March 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\$
<b>Beginning balance as of 01.01.21</b>	<b>33,567,480</b>	<b>123,565,617</b>	<b>6,420,306</b>	<b>23,764,440</b>	<b>187,317,843</b>
Additions (1)	827,707	4,233,161	-	-	5,060,868
Withdrawals	(116,665)	-	-	-	(116,665)
Depreciation withdrawals	85,467	-	-	-	85,467
Depreciation expense	(5,393,436)	(10,395,924)	(430,459)	(1,650,226)	(17,870,044)
Other increases (decreases)	401,745	158,058	(244,839)	58,308	373,271
<b>Movements, subtotal</b>	<b>(4,195,182)</b>	<b>(6,004,705)</b>	<b>(675,298)</b>	<b>(1,591,918)</b>	<b>(12,467,103)</b>
<b>Ending balance as of 03.31.21</b>	<b>29,372,298</b>	<b>117,560,912</b>	<b>5,745,008</b>	<b>22,172,522</b>	<b>174,850,740</b>

(1) Considers addition of branch contracts that come under IFRS16 due to extension of the term to more than one year and modification of contracts due to rent, currency, and termination date changes, among other things.

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\$
<b>Beginning balance as of 01.01.20</b>	<b>47,322,970</b>	<b>148,521,581</b>	<b>19,237,278</b>	<b>5,941,020</b>	<b>221,022,849</b>
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
<b>Movements, subtotal</b>	<b>(13,755,490)</b>	<b>(24,955,964)</b>	<b>(12,816,972)</b>	<b>17,823,420</b>	<b>(33,705,006)</b>
<b>Ending balance as of 12.31.20</b>	<b>33,567,480</b>	<b>123,565,617</b>	<b>6,420,306</b>	<b>23,764,440</b>	<b>187,317,843</b>

(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 (Control 13 Sox).

## 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 March 31, 2021, this account includes assets of the optic fiber business and the data center, detailed as follows:

Concepts	03.31.2021		Net value ThCh\$	Valor bruto M\$	12.31.2020	
	Gross value ThCh\$	Accumulated amortization ThCh\$			Amortización acumulada M\$	Valor neto M\$
Land	1,246,178	-	1,246,178	-	-	-
Buildings	22,685,115	(8,951,642)	13,733,473	-	-	-
Network and communication Equipment	140,287,946	(36,274,327)	104,013,619	-	-	-
Administrative concessions	-	-	-	34,004,890	(31,318,657)	2,686,233
Constructions in process	26,250,800	-	26,250,800	575,363	-	575,363
Other property, plant and equipment	-	-	-	1,097,966	(637,202)	460,764
Computer equipment	-	-	-	5,608,521	(4,313,133)	1,295,388
Licenses and franchises	5,128,087	(2,425,981)	2,702,106	180,821	(150,177)	30,644
Existence for sale	1,756,165	-	1,756,165	1,774,863	-	1,774,863
<b>Total</b>	<b>197,354,291</b>	<b>(47,651,950)</b>	<b>149,702,341</b>	<b>43,242,424</b>	<b>(36,419,169)</b>	<b>6,823,255</b>

On February 22, 2021, the Board of Directors of the Company agreed to sign a share sales agreement with KKR Alameda Aggregator L.P. for the sale of 60% of the shares of its subsidiary InfraCo SpA (InfraCo). As part of the transaction, Telefónica Chile S.A. will sell to InfraCo SpA, all the real estate units with optic fiber it has as of that date, and will sign a series of service agreements. As of March 31, 2021, this account includes the net carrying amounts of the assets related to the sale in the amount of ThCh\$144,308,725. Closing of the transaction is subject to the corresponding approvals by the competent authorities in Chile (the National Economic Prosecutor's Office), and abroad (Commission to Promote Competition in Costa Rica ("Comisión para Promover la Competencia en Costa Rica")) and the European Commission in the European Union. It is estimated that this should occur within this year.

In addition, as of March 31, 2021, this asset includes the assets associated to the Data Center business whose net carrying amounts reach ThCh\$5,393,616.

The assets that were registered as of March 31, 2021, associated to the Cloud business, were sold in February 2021 as planned.

## 19. 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		03,31,2021		12,31,2020	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Bank loans	(a)	108,643,298	326,337,280	107,005,217	177,503,803
Unguaranteed obligations (Bonds) (1)	(b)	111,402,546	554,778,801	119,223,234	553,244,197
Hedge instruments	(see Note 22,2)	17,630,106	20,253,646	28,697,814	24,855,039
Other financial debts (2)		2,406,862	-	1,922,525	-
<b>Total</b>		<b>240,082,812</b>	<b>901,369,727</b>	<b>256,848,790</b>	<b>755,603,039</b>

(1) Includes mark-to-market of loans subject to fair value hedging, As of March 2021, the amount corresponds to ThCh\$ 16,757,700 in non-current.

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

The Company has evaluated its financial liabilities as of March 31, 2021 due to the macroeconomic effects generated by the health emergency (Covid-19) and has determined that the obligations continue to be true and there are no additional changes in their valuation.

Notes to the consolidated financial statements, continued

As of March 31, 2021 (not audited) and December 31, 2020



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

a) As of March 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	Foreign	Bank of Tokyo	Tokyo	USD	At maturity	1,17%	1,23%	US\$ 150 mm	04-15-2021
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,018,000-1	Bank Scotiabank	Chile	USD	At maturity	1,46%	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	2,03%	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	3,67%	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 (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
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
<b>Total</b>					<b>99.057.000</b>	<b>-</b>	<b>-</b>	<b>216.103.554</b>	<b>216.103.554</b>	<b>110.000.000</b>	<b>17.911.000</b>	<b>127.911.000</b>	<b>-</b>	<b>-</b>	<b>443.071.554</b>

Notes to the consolidated financial statements, continued  
As of March 31, 2021 (not audited) and December 31, 2020



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

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

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current							
					To Maturity		Total current as of 03.31.2021 ThCh\$	To Maturity					Total Non-current as of 03.31.2021 ThCh\$		
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$		Total 3 to 5 years ThCh\$	5 years and over ThCh\$
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Tokyo	108.304.695	-	108.304.695	-	-	-	-	-	-	-	-
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank Scotiabank	70.302	-	70.302	-	49.202.892	49.202.892	-	-	-	-	49.202.892
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Nova Scotia	-	4.975	4.975	-	100.557.833	100.557.833	-	-	-	-	100.557.833
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	221.519	-	221.519	-	-	-	29.846.153	-	29.846.153	-	29.846.153
Bilateral Loan (5)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Itaú	-	13.334	13.334	-	-	-	-	17.768.431	17.768.431	-	17.768.431
Bilateral Loan (6)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	22.361	-	22.361	-	-	-	49.601.105	-	49.601.105	-	49.601.105
Bilateral Loan (7)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Estado	-	3.661	3.661	-	49.600.732	49.600.732	-	-	-	-	49.600.732
Bilateral Loan (8)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco BCI	-	2.450	2.451	-	-	-	29.760.134	-	29.760.134	-	29.760.134
<b>Total</b>					<b>108.618.877</b>	<b>24.420</b>	<b>108.643.298</b>	<b>-</b>	<b>199.361.457</b>	<b>199.361.457</b>	<b>109.207.392</b>	<b>-</b>	<b>126.975.823</b>	<b>-</b>	<b>326.337.280</b>

- 1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with an monthly interest rate of Libor + 0,8% for 5 years bullet, maturing on April 11, 2021.
- 2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68,6 million (Ch\$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet, 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.
- 5) 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.
- 6) 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.
- 7) 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.
- 8) 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.

Notes to the consolidated financial statements, continued  
As of March 31, 2021 (not audited) and December 31, 2020



19. 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)										
					To Maturity										Total nominal amounts in local currency ThCh\$
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$		
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	99,057,000	-	-	-	-	-	-	-	-	99,057,000
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
<b>Total</b>					-	<b>99,057,000</b>	-	<b>166,103,554</b>	<b>166,103,554</b>	<b>30,000,000</b>	-	<b>30,000,000</b>	-	-	<b>265,160,554</b>

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Current			Non-current								
					To Maturity		Total current as of 12.31.2020 ThCh\$	To Maturity							Total Non-current as of 12.31.2020 ThCh\$	
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$		
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	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	
<b>Total</b>					<b>348,636</b>	<b>106,656,581</b>	<b>107,005,217</b>	-	<b>147,671,798</b>	<b>147,671,798</b>	<b>29,832,005</b>	-	<b>29,832,005</b>	-	<b>177,503,803</b>	

- 1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with a monthly interest rate of Libor + 0,8% for 5 years bullet, maturing on April 11, 2021.
- 2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68,6 million (Ch\$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet, 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 March 31, 2021 (not audited) and December 31, 2020



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

b) As of March 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 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	9,600,000	19,200,000	-	-	-	-	28.800.000
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
<b>Total</b>					-	<b>104.010.000</b>	<b>246,000,000</b>	<b>76,528,680</b>	<b>322,528,680</b>	-	<b>70,000,000</b>	<b>70,000,000</b>	-	<b>496,538,680</b>

Notes to the consolidated financial statements, continued

As of March 31, 2021 (not audited) and December 31, 2020



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

b) As of March 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 12.31.2020 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	6.019.761	-	6.019.761	368.759.936	-	-	368.759.936	-	-	-	-	368.759.936
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	-	94.618.672	94.618.672	-	-	-	-	-	-	-	-	-
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	-	-	-	-	96.366.360	96.366.360	-	-	-	-	-	96.366.360
Bono Serie T (4) (6) (7)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Chile	-	9.963.391	9.963.391	9.616.733	9.616.733	19.233.466	-	-	-	-	-	19.233.466
Bono Serie O (5)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	800.722	-	800.722	-	-	-	-	70.419.039	70.419.039	-	-	70.419.039
<b>Total</b>					<b>6.820.483</b>	<b>104.582.063</b>	<b>111.402.546</b>	<b>378.376.669</b>	<b>105.983.093</b>	<b>484.359.762</b>	<b>-</b>	<b>70.419.039</b>	<b>70.419.039</b>	<b>-</b>	<b>-</b>	<b>554.778.801</b>

- (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 September 13, 2016, there was a 5-year bullet placement in the local market for an amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses.
- (3) On October 15, 2013, there was a 10-year bullet placement in the local market for an amount of UF 3,000,000, maturing on October 4, 2023.
- (4) On 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
- (5) 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.
- (6) 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.
- (7) 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.



Notes to the consolidated financial statements, continued

As of March 31, 2021 (not audited) and December 31, 2020



19. 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
<b>Total</b>					<b>9,600,000</b>	<b>104,010,000</b>	<b>236,400,000</b>	<b>86,128,680</b>	<b>322,528,680</b>	<b>-</b>	<b>70,000,000</b>	<b>70,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>506,138,680</b>

Notes to the consolidated financial statements, continued

As of March 31, 2021 (not audited) and December 31, 2020



19. 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	-	2,665,112	2,665,112	-	378,096,842	378,096,842	-	-	-	-	378,096,842
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	1,348,498	-	1,348,498	94,404,420	-	94,404,420	-	-	-	-	94,404,420
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	570,317	570,317	-	-	-	93,955,291	-	93,955,291	-	93,955,291
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	57,016,652	57,016,652	-	-	-	-	-	-	-	-
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	56,705,915	56,705,915	-	-	-	-	-	-	-	-
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,201,409	-	1,201,409	28,856,596	-	28,856,596	19,224,896	-	19,224,896	-	48,081,492
<b>Total</b>					<b>2,549,907</b>	<b>116,957,996</b>	<b>119,507,903</b>	<b>123,261,016</b>	<b>378,096,842</b>	<b>501,357,858</b>	<b>113,180,187</b>	-	<b>113,180,187</b>	-	<b>614,538,045</b>

- (1) On October 12, 2012, Telefónica Chile S,A, issued 144A Reg S bullet Bonds in the American 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 March 31, 2021 (not audited) and December 31, 2020



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

c) As of March 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			03.31.2021
	12.31.2020	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Financial liabilities</b>	<b>323,826,778</b>	<b>1,291,341</b>	<b>(39,624,860)</b>	<b>(10,429,797)</b>	<b>8,486,065</b>	<b>6,900,222</b>	<b>7,442,360</b>	<b>297,892,110</b>
Banks loans (1)	107,005,217	-	(3,099,895)	1,604,644	1,063,607	169,955	1,899,770	108,643,298
Unguaranteed obligations (Bonds) (1)	119,223,234	-	(14,389,168)	(6,228)	6,412,896	34,502	127,310	111,402,546
Hedge instruments (2)	28,697,814	309,341	(2,932,509)	(9,224,779)	545,376	-	234,862	17,630,106
Leases (3)	66,977,988	-	(15,330,317)	(2,803,434)	464,186	6,695,765	1,805,110	57,809,298
Other financial debts (4)	1,922,525	982,000	(3,872,971)	-	-	-	3,375,308	2,406,862
<b>Related companies commercial mandate (5)</b>	<b>88,368</b>	<b>-</b>	<b>(400,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,069</b>	<b>88,437</b>
<b>Related companies leases (3)</b>	<b>2,560,600</b>	<b>-</b>	<b>(2,237,076)</b>	<b>-</b>	<b>-</b>	<b>5,869,731</b>	<b>(3,483,167)</b>	<b>2,710,088</b>
<b>Dividends pending of payment (6)</b>	<b>9,971,466</b>	<b>-</b>	<b>(104,839,834)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,839,834</b>	<b>9,971,466</b>
<b>Total</b>	<b>336,447,212</b>	<b>1,291,341</b>	<b>(147,101,770)</b>	<b>(10,429,797)</b>	<b>8,486,065</b>	<b>12,769,953</b>	<b>109,199,096</b>	<b>310,662,101</b>

(\*) 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 February 2021,

Conciliation of financing activities, Non-current	Cash flows				Items other than cash flows			03.31.2021
	12.31.2020	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Financial liabilities</b>	<b>854,041,423</b>	<b>147,911,000</b>	<b>-</b>	<b>6,227,508</b>	<b>-</b>	<b>(12,769,953)</b>	<b>(1,405,334)</b>	<b>994,004,644</b>
Banks loans (1)	177,503,803	147,911,000	-	2,214,338	-	(169,955)	(1,121,906)	326,337,280
Unguaranteed obligations (Bonds) (2)	553,244,197	-	-	6,403,277	-	(34,502)	(4,834,171)	554,778,801
Hedge instruments (3)	24,855,039	-	-	(2,390,107)	-	-	(2,211,286)	20,253,646
Leases (4)	98,438,384	-	-	-	-	(12,565,496)	6,762,029	92,634,917
<b>Related companies leases (4)</b>	<b>39,447,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>821,929</b>	<b>40,268,967</b>
<b>Total</b>	<b>893,488,461</b>	<b>147,911,000</b>	<b>-</b>	<b>6,227,508</b>	<b>-</b>	<b>(12,769,953)</b>	<b>(583,405)</b>	<b>1,034,273,611</b>

(\*) 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\$(4,835,714) and amortized cost in the amount of ThCh\$1,543.
- (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,

Notes to the consolidated financial statements, continued

As of March 31, 2021 (not audited) and December 31, 2020



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

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

Conciliation of financing activities, current	Cash flows				Items other than cash flows			03.31.2020
	12.31.2019	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Financial liabilities</b>	<b>204,817,950</b>	<b>1,920,134</b>	<b>(31,680,120)</b>	<b>722,481</b>	<b>14,536,003</b>	<b>9,120,316</b>	<b>(661,051)</b>	<b>198,775,713</b>
Banks loans (1)	204,520	-	(1,155,743)	(18,063)	1,124,321	-	(1,366)	153,669
Unguaranteed obligations (Bonds) (1)	119,507,903	-	(3,997,978)	1,218,347	7,618,847	-	(171,122)	124,175,997
Hedge instruments (2)	3,538,527	85,134	(2,124,760)	(479,599)	5,108,696	-	(4,597,027)	1,530,971
Leases (3)	78,739,697	-	(21,011,502)	1,796	684,139	9,120,316	1,611,965	69,146,411
Other financial debts (4)	2,827,303	1,835,000	(3,390,137)	-	-	-	2,496,499	3,768,665
<b>Related companies commercial mandate (5)</b>	<b>87,574</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>87,574</b>
<b>Related companies leases (3)</b>	<b>5,533,854</b>	<b>-</b>	<b>(1,215,097)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,968,518)</b>	<b>2,350,239</b>
<b>Issued capita (6)</b>	<b>1,329,872,285</b>	<b>35,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,364,872,285</b>
<b>Total</b>	<b>1,540,311,663</b>	<b>36,920,134</b>	<b>(33,195,217)</b>	<b>722,481</b>	<b>14,536,003</b>	<b>9,120,316</b>	<b>(2,329,569)</b>	<b>1,566,085,811</b>

(\*) 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 the capital increase,

Reconciliation of non-current financing activities	Cash flows				Otras partidas distintas al flujo de efectivo			03.31.2020
	12.31.2019	Charges	Payments	Foreign currency translation	Accrued interest	Reclassification current / non-current	Other (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Financial liabilities</b>	<b>905,710,265</b>	<b>-</b>	<b>-</b>	<b>75,010,763</b>	<b>-</b>	<b>(9,120,316)</b>	<b>11,921,029</b>	<b>992,642,058</b>
Bank loans (1)	163,025,228	-	-	22,523,142	-	-	71,029	185,619,399
Unguaranteed obligations (Bonds) (2)	614,538,045	-	-	52,355,690	-	-	19,861,012	686,754,747
Hedging instruments (3)	5,599,137	-	-	9,173	-	-	(1,028,052)	4,580,258
Lease obligations (4)	122,547,855	-	-	122,758	-	(9,120,316)	(6,982,959)	115,687,654
<b>Total</b>	<b>905,710,265</b>	<b>-</b>	<b>-</b>	<b>75,010,763</b>	<b>-</b>	<b>(9,120,316)</b>	<b>11,921,029</b>	<b>992,642,058</b>

(\*) 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\$19,670,222 and amortized cost in the amount of ThCh\$190,790.
- (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. 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	03.31.2021		12.31.2020	
	Current M\$	Non-current M\$	Current M\$	Non-current M\$
Lease obligations (1)	57,809,298	92,634,917	61,503,041	98,438,384
<b>Total</b>	<b>57,809,298</b>	<b>92,634,917</b>	<b>61,503,041</b>	<b>98,438,384</b>

(1) Corresponds to the recognition of the liability for the lease contracts that qualify under IFRS 16.

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

Due date	Total current 03.31.2021 ThCh\$	1 to 3 years ThCh\$	Due dates 3 to 5 years ThCh\$	Over 5 years ThCh\$	Total non-current as of 03.31.2021 ThCh\$
	57,809,298	53,404,482	24,247,014	14,983,421	92,634,917

Due date	Total current 12.31.2020 ThCh\$	1 to 3 years ThCh\$	Due dates 3 to 5 years ThCh\$	Over 5 years ThCh\$	Total non-current as of 12.31.2020 ThCh\$
	61,503,041	55,268,820	26,224,368	16,945,196	98,438,384

## 21. Trade and other payables

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

Description	03.31.2021		12.31.2020	
	Current ThCh\$	No-current ThCh\$	Current ThCh\$	No-current ThCh\$
Debts due to purchases or services provided, invoiced (1)	125,324,312	-	160,043,934	-
Debts due to purchases or services provided, provisioned (1) (2)	120,570,407	888,402	108,343,256	1,160,617
Real property providers, invoiced	39,918,957	-	47,804,868	-
Real property providers, provisioned	5,846,978	-	5,335,893	-
Payables to employees	17,490,079	-	32,097,916	-
Dividends pending of payment	65,659	-	65,659	-
<b>Total</b>	<b>309,216,392</b>	<b>888,402</b>	<b>353,691,526</b>	<b>1,160,617</b>

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

Debts due to purchases or services provided	03.31.2021	12.31.2020
	ThCh\$	ThCh\$
Domestic	208,826,024	240,181,598
Foreign	37,068,696	28,205,592
<b>Total</b>	<b>245,894,720</b>	<b>268,387,190</b>

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

**21. 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 March 31, 2021, the main suppliers in mobile operations are Samsung Electronics Chile Ltda. With 17,7%, Apple Chile Comercial Ltda. With 13,1%, Comercial Multiwireless Ltda. With 9,6%, Nokia Solutions and Networks Chile with 5,2% y Falabella Retail S.A. con 4,7%, 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 March 31, 2021 and as of December 31, 2020 are detailed as follows:

Suppliers with up to date payments As of 03.31.2021	Goods (Immobilized) ThCh\$	Services and Purchases ThCh\$	Total ThCh\$
<b>Trade accounts to date</b>			
Up to 30 days	13,989,519	78,680,518	92,670,037
From 31 to 60 days	17,801,121	35,680,880	53,482,001
From 61 to 90 days	369,935	2,080,304	2,450,239
From 91 to 120 days	2,451,064	927,686	3,378,750
From 121 to 180 days	1,217,609	292,344	1,509,953
More than 180 days	590,967	346,338	937,305
<b>Total</b>	<b>36,420,215</b>	<b>118,008,070</b>	<b>154,428,285</b>
<b>Average period of payment of up to date accounts</b>	<b>76</b>	<b>58</b>	

Suppliers with up to date payments As of 12.31.2020	Goods (Immobilized) ThCh\$	Services and Shopping Purchases ThCh\$	Total ThCh\$
<b>Trade accounts to date</b>			
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	846,390	64,709	911,099
More than 180 days	428,891	425,307	854,198
<b>Total</b>	<b>45,168,530</b>	<b>143,827,205</b>	<b>188,995,735</b>
<b>Average period of payment of up to date accounts</b>	<b>113</b>	<b>76</b>	

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

## b) Payment terms of accounts payable, continued

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

Overdue suppliers by term As of 03.31.2021	Goods (Immobilized) ThCh\$	Services and Purchases ThCh\$	Total ThCh\$
<b>Overdue trade accounts payable by term</b>			
Up to 30 days	2,799,740	2,148,346	4,948,086
From 31 to 60 days	359,117	948,043	1,307,160
From 61 to 90 days	32,827	1,231,993	1,264,820
From 91 to 120 days	27,457	874,842	902,299
From 121 to 180 days	234,454	966,820	1,201,274
More than 180 days	45,146	1,146,200	1,191,346
<b>Total</b>	<b>3,498,741</b>	<b>7,316,244</b>	<b>10,814,985</b>
<b>Average payment period of overdue accounts</b>	<b>59</b>	<b>13</b>	

Overdue suppliers by term As of 12.31.2020	Goods (In ThCh\$	Services and Purchases ThCh\$	Total ThCh\$
<b>Overdue trade accounts payable by term</b>			
Up to 30 days	2,285,025	10,045,370	12,330,395
From 31 to 60 days	39,024	2,193,933	2,232,957
From 61 to 90 days	233,822	588,885	822,707
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
<b>Total</b>	<b>2,636,338</b>	<b>16,216,729</b>	<b>18,853,067</b>
<b>Average payment period of overdue accounts</b>	<b>57</b>	<b>36</b>	

## 22. 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 March 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\$		
<b>Other participations (net)</b>	6-a	-	-	-	-	-	5,270,596	-	5,270,596	5,270,596	-	-	5,270,596	5,270,596	
Other participations		-	-	-	-	-	5,270,596	-	5,270,596	5,270,596	-	-	5,270,596	5,270,596	
<b>Derivative instrument assets</b>		-	-	-	-	-	-	162,061,342	162,061,342	-	162,061,342	-	162,061,342	162,061,342	
Derivative instrument assets	22-2	-	-	-	-	-	-	162,061,342	162,061,342	-	162,061,342	-	162,061,342	162,061,342	
<b>Non-current trade and other accounts receivable</b>		33,749,771	33,749,771	-	-	-	-	-	-	-	-	-	33,749,771	33,749,771	
Non-current trade and other accounts receivable	12	33,749,771	33,749,771	-	-	-	-	-	-	-	-	-	33,749,771	33,749,771	
<b>Non-current financial assets</b>		33,749,771	33,749,771	-	-	-	5,270,596	162,061,342	167,331,938	5,270,596	162,061,342	-	201,081,709	201,081,709	
<b>Current trade accounts receivable</b>		290,081,773	290,081,773	-	-	-	-	-	-	-	-	-	290,081,773	290,081,773	
Current trade and other accounts receivable	8-a	280,456,581	280,456,581	-	-	-	-	-	-	-	-	-	280,456,581	280,456,581	
Account receivable from relate entities	9-a	9,625,192	9,625,192	-	-	-	-	-	-	-	-	-	9,625,192	9,625,192	
<b>Current deposits and pledges</b>		241,424	241,424	-	-	-	-	-	-	-	-	-	241,424	241,424	
Current pledges and deposits	6-b	241,424	241,424	-	-	-	-	-	-	-	-	-	241,424	241,424	
<b>Derivative instrument of assets</b>		-	-	-	-	-	-	14,613,197	14,613,197	-	14,613,197	-	14,613,197	14,613,197	
Derivative instrument of assets	22-2	-	-	-	-	-	-	14,613,197	14,613,197	-	14,613,197	-	14,613,197	14,613,197	
<b>Cash and cash equivalents</b>		249,768,321	249,768,321	-	-	-	-	-	-	-	-	-	249,768,321	249,768,321	
Cash and cash equivalents	5	249,768,321	249,768,321	-	-	-	-	-	-	-	-	-	249,768,321	249,768,321	
<b>Current financial assets</b>		540,091,518	540,091,518	-	-	-	-	14,613,197	14,613,197	-	14,613,197	-	554,704,715	554,704,715	
<b>Total financial assets</b>		573,841,289	573,841,289	-	-	-	5,270,596	176,674,539	181,945,135	5,270,596	176,674,539	-	755,786,424	755,786,424	



Notes to the consolidated financial statements, continued  
As of March 31, 2021 (not audited) and December 31, 2020



22. 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\$		
<b>Other participations (net)</b>	6-a	-	-	-	-	-	5,972,036	-	5,972,036	5,972,036	-	-	5,972,036	5,972,036	
Other participations		-	-	-	-	-	5,972,036	-	5,972,036	5,972,036	-	-	5,972,036	5,972,036	
<b>Derivative instrument assets</b>		-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588	
Derivative instrument assets	22-2	-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588	
<b>Non-current Deposits and pledges</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	
Deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Non-current trade and other accounts receivable</b>		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	
<b>Non-current financial assets</b>		23,323,922	23,323,922	-	-	-	5,972,036	159,119,588	165,091,624	5,972,036	159,119,588	-	188,415,546	188,415,546	
<b>Current trade accounts receivable</b>		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	
<b>Current deposits and pledges</b>		319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953	
Current pledges and deposits	6-c	319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953	
<b>Derivative instrument of assets</b>		-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161	
Derivative instrument of assets	22-2	-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161	
<b>Cash and cash equivalents</b>		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	
<b>Current financial assets</b>		709,715,931	709,715,931	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	719,883,092	719,883,092	
<b>Total financial assets</b>		733,039,853	733,039,853	-	-	-	5,972,036	169,286,749	175,258,785	5,972,036	169,286,749	-	908,298,638	908,298,638	

## 22. 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.

## 22. 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 March 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	19-b	554,778,801	587,025,172	-	-	-	-	-	-	-	554,778,801	587,025,172
Non-current debts with loan entities	19-a	326,337,280	326,337,280	-	-	-	-	-	-	-	326,337,280	326,337,280
Long-term hedge derivative instrument of liabilities	22-2	-	-	-	-	20,253,646	20,253,646	-	20,253,646	-	20,253,646	20,253,646
Trade and other accounts payable	21-a	888,402	888,402	-	-	-	-	-	-	-	888,402	888,402
Accounts payable to related entities	9-c	41,739,723	41,739,723	-	-	-	-	-	-	-	41,739,723	41,739,723
Other non-current financial debts	19	92,634,917	92,634,917	-	-	-	-	-	-	-	92,634,917	92,634,917
<b>Non-current financial liabilities</b>		<b>1,016,379,123</b>	<b>1,048,625,494</b>	-	-	<b>20,253,646</b>	<b>20,253,646</b>	-	<b>20,253,646</b>	-	<b>1,036,632,769</b>	<b>1,036,632,769</b>
Issuance of short-term obligations and other marketable securities	19-b	111,402,546	113,991,646	-	-	-	-	-	-	-	111,402,546	113,991,646
Short-term debts with credit entities	19-a	108,643,298	108,643,298	-	-	-	-	-	-	-	108,643,298	108,643,298
Short-term derivative instrument of liabilities	22-2	-	-	-	-	20,036,968	20,036,968	-	20,036,968	-	20,036,968	20,036,968
Trade and other accounts payable	21-a	309,216,392	309,216,392	-	-	-	-	-	-	-	309,216,392	309,216,392
Accounts payable to related entities	9-b	63,954,256	63,954,256	-	-	-	-	-	-	-	63,954,256	63,954,256
Other non-current financial debts (1)	19	57,809,298	57,809,298	-	-	-	-	-	-	-	57,809,298	57,809,298
<b>Current financial liabilities</b>		<b>651,025,790</b>	<b>653,614,890</b>	-	-	<b>20,036,968</b>	<b>20,036,968</b>	-	<b>20,036,968</b>	-	<b>671,062,758</b>	<b>673,651,858</b>
<b>Total financial liabilities</b>		<b>1,667,404,913</b>	<b>1,702,240,384</b>	-	-	<b>40,290,614</b>	<b>40,290,614</b>	-	<b>40,290,614</b>	-	<b>1,707,695,527</b>	<b>1,742,530,998</b>

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

## 22. 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	19-b	553,244,197	586,245,617	-	-	-	-	-	-	-	553,244,197	586,245,617
Non-current debts with loan entities	19-a	177,503,803	177,503,803	-	-	-	-	-	-	-	177,503,803	177,503,803
Long-term hedge derivative instrument of liabilities	22-2	-	-	-	-	24,855,039	24,855,039	-	24,855,039	-	24,855,039	24,855,039
Trade and other accounts payable	21-a	1,160,617	1,160,617	-	-	-	-	-	-	-	1,160,617	1,160,617
Accounts payable to related entities	9-c	40,801,985	40,801,985	-	-	-	-	-	-	-	40,801,985	40,801,985
Other long-term financial debts	20	98,438,384	98,438,384	-	-	-	-	-	-	-	98,438,384	98,438,384
<b>Non-current financial liabilities</b>		<b>871,148,986</b>	<b>904,150,406</b>	<b>-</b>	<b>-</b>	<b>24,855,039</b>	<b>24,855,039</b>	<b>-</b>	<b>24,855,039</b>	<b>-</b>	<b>896,004,025</b>	<b>929,005,445</b>
Issuance of short-term obligations and other marketable securities	19-b	119,223,234	123,017,030	-	-	-	-	-	-	-	119,223,234	123,017,030
Short-term debts with credit entities	19-a	107,005,217	107,005,217	-	-	-	-	-	-	-	107,005,217	107,005,217
Short-term derivative instrument of liabilities	22-2	-	-	-	-	28,697,814	28,697,814	-	28,697,814	-	28,697,814	28,697,814
Trade and other accounts payable	21-a	353,691,526	353,691,526	-	-	-	-	-	-	-	353,691,526	353,691,526
Accounts payable to related entities	9-b	59,548,404	59,548,404	-	-	-	-	-	-	-	59,548,404	59,548,404
Other long-term financial debts (1)	20	63,425,566	63,425,566	-	-	-	-	-	-	-	63,425,566	63,425,566
<b>Current financial liabilities</b>		<b>702,893,947</b>	<b>706,687,743</b>	<b>-</b>	<b>-</b>	<b>28,697,814</b>	<b>28,697,814</b>	<b>-</b>	<b>28,697,814</b>	<b>-</b>	<b>731,591,761</b>	<b>735,385,557</b>
<b>Total financial liabilities</b>		<b>1,574,042,933</b>	<b>1,610,838,149</b>	<b>-</b>	<b>-</b>	<b>53,552,853</b>	<b>53,552,853</b>	<b>-</b>	<b>53,552,853</b>	<b>-</b>	<b>1,627,595,786</b>	<b>1,664,391,002</b>

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

## 22. 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 19).



## 22. Financial instruments, continued

### 2. Hedging instruments

As of March 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	149,192	496,257	(6,960,287)	(8,044,929)	50,398	-	(498,915)	-
Exchange rate hedge – fair value (2)	Suppliers Debt	8,725,587	-	(1,341,896)	(24,058)	-	-	(19,005,627)	-
Interest rate hedge – cash flow (3)	Financial Debt	5,094,460	-	(1,258,936)	-	1,203,033	10,066,762	(749,104)	-
Exchange rate and interest rate hedge – fair value (4)	Financial Debt	147,701	-	-	-	-	150,741,149	-	-
<b>Total</b>		<b>14,116,940</b>	<b>496,257</b>	<b>(9,561,119)</b>	<b>(8,068,987)</b>	<b>1,253,431</b>	<b>160,807,911</b>	<b>(20,253,646)</b>	<b>-</b>

As of March 31, 2021, Hedging instruments have generated an effect on period result of ThCh\$3,717,194, and an accumulated effect on equity, net of taxes, of ThCh\$6,275,432 (see note 26d).

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	-	-
<b>Total</b>		<b>3,500,687</b>	<b>6,666,474</b>	<b>(13,075,850)</b>	<b>(15,621,964)</b>	<b>-</b>	<b>159,119,588</b>	<b>(24,855,039)</b>	<b>-</b>

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:

1. Exchange rate hedge – cash flow: This category includes derivative instruments used to hedge highly probable future cash flows of trade debt.
2. Exchange rate hedge – fair value: This category includes derivative instruments entered into to hedge existing commercial debt.
3. 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.
4. 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.

## 22. 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 22.1):

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.

### 23. Other currents provisions

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

Concepts	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Civil and regulatory provisions	7,622,788	5,494,711
<b>Total</b>	<b>7,622,788</b>	<b>5,494,711</b>

Based on the progress of the proceedings, the Company's Management considers that the provisions recorded in the Financial statements adequately cover the litigation risks described in Note 33a, 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 March 31, 2021 and December 31, 2020, the movements in provisions are as follows:

Movements	12.31.2021 ThCh\$	12.31.2020 ThCh\$
<b>Beginning balance</b>	<b>5,494,711</b>	<b>1,601,625</b>
Increase in existing provisions	2,765,841	5,296,788
Provision application	(637,764)	(1,403,702)
<b>Movements subtotal</b>	<b>2,128,077</b>	<b>3,893,086</b>
<b>Ending balance</b>	<b>7,622,788</b>	<b>5,494,711</b>

b) Other non-currents provisions:

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

Concepts	03.31.2021 ThCh\$	12.31.2020 ThCh\$
Dismantling provision (1)	17,368,679	17,175,350
Non-currents provisions others (2)	92,385	89,895
<b>Total</b>	<b>17,461,064</b>	<b>17,265,245</b>

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

Movements	03.31.2021 ThCh\$	12.31.2020 ThCh\$
<b>Beginning balance</b>	<b>17,175,350</b>	<b>18,730,421</b>
Financial update	35,036	141,182
Upward	158,293	114,318
Reverse of dismantling provision	-	(1,810,571)
<b>Movement subtotal</b>	<b>193,329</b>	<b>(1,555,071)</b>
<b>Ending balance</b>	<b>17,368,679</b>	<b>17,175,350</b>

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



## 24. 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 March 31, 2021 and December 31, 2020 current and non-current employee benefits accrual are as follows:

Concepts	03.31.2021	12.31.2020
	ThCh\$	ThCh\$
Current amount of liability recognized for termination benefits	3,631,992	3,342,973
Non-current amount of liability recognized for termination benefits	31,972,250	33,147,540
<b>Total</b>	<b>35,604,242</b>	<b>36,490,513</b>

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

Movements	03.31.2021	12.31.2020
	ThCh\$	ThCh\$
<b>Beginning balance</b>	<b>36,490,513</b>	<b>36,121,497</b>
Service costs	68,842	95,680
Interest costs (see note 24 d)	333,249	1,295,678
Actuarial profits, net due to experience	(1,153,700)	250,267
Benefits paid	-	(921,887)
Others	(134,662)	(350,722)
<b>Movement subtotal</b>	<b>(886,271)</b>	<b>369,016</b>
<b>Ending balance</b>	<b>35,604,242</b>	<b>36,490,513</b>

## 24. 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 March 31, 2021 and December 31, 2020:

- **Discount rate:** An annual nominal rate of 4.30% and 3.65% is used as of March 31, 2021 and December 31, 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 March 31, 2021 and December 31, 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 periods are as follows:

Benefit group	Turnover rate for resignation	Turnover rate for dismissal
Frozen Compensation	0.09%	1.72%
Post-frozen Compensation	3.17%	7.23%
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 March 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	4.30%	(2,021,111)	2,258,085

## 24. Employee benefits accrual, continued

### c) Expected cash flows

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

Description	1st year ThCh\$
Future payment cash flows	6,228,136

### 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	03.31.2021 ThCh\$	03.31.2020 ThCh\$
Wages and salaries	32,713,633	31,320,184
Post employment benefit obligations expense	68,842	88,607
<b>Total</b>	<b>32,782,475</b>	<b>31,408,791</b>

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

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

Concepts	03.31.2021		12.31.2020	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
<b>Contractual liabilities (1)</b>	<b>16,148,811</b>	<b>2,140,420</b>	<b>18,599,189</b>	<b>2,250,291</b>
Handsets sold and not activated	7,473,713	-	9,429,162	-
Services charged and not rendered	5,128,871	-	5,034,677	-
IRUS rights of use	429,095	2,140,420	422,250	2,250,291
Others contractual liabilities (2)	3,117,132	-	3,713,100	-
<b>Deferred income</b>	<b>4,343,910</b>	<b>859,085</b>	<b>4,357,500</b>	<b>1,069,070</b>
Corporate projects to be undertaken (3)	1,879,877	351,319	1,978,284	435,723
Sale of telecommunications infrastructure	1,141,658	391,340	1,097,554	419,712
Other Deferred income (4)	1,322,375	116,426	1,281,662	213,635
<b>Subsidies</b>	<b>359,756</b>	<b>2,243,551</b>	<b>359,756</b>	<b>2,333,490</b>
Extreme zones	118,942	327,944	118,942	357,680
Subsidy for Tierra del Fuego base stations	70,355	685,965	70,355	703,554
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	337,665	52,623	350,820
Connectivity for service networks and telecentre	90,380	228,457	90,380	251,052
Juan Fernandez Island Satellite links	27,456	663,520	27,456	670,384
<b>Taxes</b>	<b>13,202,170</b>	<b>-</b>	<b>26,699,733</b>	<b>-</b>
VAT (5)	11,180,988	-	24,681,683	-
Other taxes (6)	2,021,182	-	2,008,050	-
<b>Others non-financial liabilities</b>	<b>34,054,647</b>	<b>5,243,056</b>	<b>50,016,178</b>	<b>5,652,851</b>

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

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

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

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

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

(6) Includes withholding tax and other taxes.

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

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

Movements	03.31.2021					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
<b>Beginning balance</b>	<b>18,599,190</b>	<b>2,250,291</b>	<b>4,357,500</b>	<b>1,069,070</b>	<b>359,756</b>	<b>2,333,490</b>
Endowments	58,974,456	-	1,188,036	-	-	-
Reduction/applications	(61,534,706)	-	(1,411,611)	-	(89,939)	-
Transfers	109,871	(109,871)	209,985	(209,985)	89,939	(89,939)
<b>Movement subtotal</b>	<b>(2,450,379)</b>	<b>(109,871)</b>	<b>(13,590)</b>	<b>(209,985)</b>	<b>-</b>	<b>(89,939)</b>
<b>Ending balance</b>	<b>16,148,811</b>	<b>2,140,420</b>	<b>4,343,910</b>	<b>859,085</b>	<b>359,756</b>	<b>2,243,551</b>

Movements	12.31.2020					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
<b>Beginning balance</b>	<b>14,259,915</b>	<b>2,673,550</b>	<b>3,880,359</b>	<b>1,709,923</b>	<b>523,355</b>	<b>3,272,663</b>
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)
<b>Movements, subtotal</b>	<b>4,339,275</b>	<b>(423,259)</b>	<b>477,141</b>	<b>(640,853)</b>	<b>(163,599)</b>	<b>(939,173)</b>
<b>Ending balance</b>	<b>18,599,190</b>	<b>2,250,291</b>	<b>4,357,500</b>	<b>1,069,070</b>	<b>359,756</b>	<b>2,333,490</b>

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

Expirations		Total Current to 03.31.2021 ThCh\$	1 to 3 years ThCh\$	Expirations		Total non-current to 03.31.2021 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$			3 to 5 years ThCh\$	5 years and more ThCh\$	
31,036,181	3,018,466	<b>34,054,647</b>	2,874,297	643,533	1,725,226	<b>5,243,056</b>

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

## 26. 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 periods ended as of March 31, 2021 and December 31, 2020.

### a) Capital

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

#### Number of shares

Series	03.31.2021			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
<b>Total</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>

#### Capital

Series	03.31.2021		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
<b>Total</b>	<b>1,364,872,285</b>	<b>1,364,872,285</b>	<b>1,364,872,285</b>	<b>1,364,872,285</b>

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.

**26. Equity, continued**

Based on the above, as of March 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
<b>Total</b>	<b>960,392,966,349</b>

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 March 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	-	-
<b>Total</b>	<b>100.0000</b>	<b>2</b>
Parent Company	98.9588%	1

**c) Dividends:****i) Dividends policy:**

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

As of December 31, 2020, the Company has provisioned 30% of the profit for fiscal year 2020 as an interim dividend of ThCh\$ 9,971,466.

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

Date	Dividend	Distributed amount ThCh\$	Value per share ThCh\$	Charge to utilities	Payment date
01.28.21	Interim	105,124,000	0.1094	Previous exercises	02.02.21

**26. Equity, continued****d) Other reserves:**

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

Concepts	Balance as of 12.31.2020 ThCh\$	Net movement ThCh\$	Balance as of 03.31.2021 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)	-	(122,214,004)
Employee benefits reserve (iv)	(10,127,704)	838,511	(9,289,191)
Foreign currency translation difference reserve (v)	(58,310)	-	(58,310)
Cash flow hedges reserve (vi)	(14,505,535)	8,230,104	(6,275,431)
Reserve for financial assets (vii)	293,418	(695,409)	(401,993)
<b>Total</b>	<b>(475,474,018)</b>	<b>8,373,206</b>	<b>(467,100,812)</b>

**i) Capital revaluation**

In accordance with Law No. 18,046, second paragraph of Article 10 and in accordance with Official Circular No. 456 issued by the 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.

**26. Equity, continued****d) Other reserves, continued****iv) Employee benefits reserve**

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

**v) Foreign currency translation difference reserve**

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

**vi) 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.

**vii) Reserves for financial assets**

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

**e) Non-controlling interest**

As of March 31, 2021 and December 31, 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	03.31.2021	12.31.2020
	%	%	ThCh\$	ThCh\$
Telefonica Chile S.A.	0.8594402	0.8594402	5,747,650	5,659,883
<b>Total</b>			<b>5,747,650</b>	<b>5,659,883</b>

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

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest in result Profit (loss)	
	2021	2020	03.31.2021	03.31.2020
	%	%	ThCh\$	ThCh\$
Telefonica Chile S.A.	0.8594402	0.8594402	63,549	(9,972)
<b>Total</b>			<b>63,549</b>	<b>(9,972)</b>



## 27. Earnings per Share

The detail of Earnings per share is as follows:

Basic earnings per share	03.31.2021 ThCh\$	03.31.2020 ThCh\$
Earnings attributable to parent owners	21,154,076	4,107,916
<b>Resultado disponible para accionistas</b>	<b>21,154,076</b>	<b>4,107,916</b>
Weighted average number of shares	960,392,966,349	952,317,180,579
<b>Basic earnings per share in Ch\$</b>	<b>0.022</b>	<b>0.004</b>

Earnings per share have been calculated dividing 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.

## 28. Incomes

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

Ordinary incomes	03.31.2021 ThCh\$	03.31.2020 ThCh\$
Mobile Telecommunications	218,044,411	197,696,492
Fixed Telecommunications	78,609,989	75,985,305
Data services and technology solutions companies	42,203,338	40,488,852
Television services and equipment	30,696,016	31,739,849
<b>Total</b>	<b>369,553,754</b>	<b>345,910,498</b>

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

Other incomes	03.31.2021 ThCh\$	03.31.2020 ThCh\$
Profits from sale of fixed assets and other (1)	5,370,627	-
Profit on disposal of assets (2)	4,831,874	-
Surcharges due to default	780,837	838,594
Incomes from indemnities, complaints and others	211,795	2,329,219
Subsidies	89,939	832,956
<b>Total</b>	<b>11,285,072</b>	<b>4,000,769</b>

(1) Corresponds mainly to the sale of the spectrum to Claro Chile S.A.

(2) On February 2021, the Cloud business was sold to the related company Telefónica Cybersecurity & Cloud Tech Chile SpA.

## 29. Expenses

### a) Impairment loss, net:

Provision for impairment	03.31.2021 M\$	03.31.2020 M\$
Trade accounts receivable (see note 8c)	12,558,233	16,628,617
Inventories	10,700	(34,499)
<b>Total</b>	<b>12,568,933</b>	<b>16,594,118</b>

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

Other expenses	03.31.2021 ThCh\$	03.31.2020 ThCh\$
Media rental and other exterior services (1)	95,240,197	91,483,976
Sale cost of inventory and commissions (2)	97,945,767	83,851,262
Customer service	11,697,630	13,188,128
Interconnections and roaming (3)	7,727,784	5,873,335
Expenses for compensation, lawsuits and others	3,064,684	873,710
Others (4)	9,341,656	10,431,880
<b>Total</b>	<b>225,017,718</b>	<b>205,702,291</b>

- (1) This item includes media rental, external services, maintenance, computer services, energy supply and real estate expenses. The variation is mainly explained by the implementation of the new Cybersecurity & Cloud business, increased dynamics and external plant maintenance.
- (2) Increase mainly associated with higher amortized amount of compliance costs for fixed broadband and television equipment derived from the change in estimate and increase in the IPTV park for ThCh\$2,226,933, higher activation of prepaid equipment and equipment sold postpaid and full prime for ThCh\$18,229,901 and a lower cost of fundraising fees of ThCh\$6,221,767 due to a change in estimate as of July 2020 (see note 7).
- (3) Increase in roaming due to agreements with national operators, in addition to higher interconnection transactions in 2021 derived from the effects of the pandemic in the previous year.
- (4) This item includes expenses for transportation, insurance, consulting, events, fines, sanctions, security and surveillance and advertising, among others. The variation is mainly explained by the decrease due to the net effect of lower media exposure, as well as slowdown of expenses associated with advertising, lower provision for contingencies and recognition of restructuring provision.

### 30. Financial incomes and expenses

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

Financial expenses, net	03.31.2021 ThCh\$	03.31.2020 ThCh\$
<b>Financial incomes</b>		
Interest earned on deposits and investments	275,910	596,737
Interest earned on projects	234,765	243,855
Other financial incomes	133,927	30,036
<b>Total financial incomes</b>	<b>644,602</b>	<b>870,628</b>
<b>Financial expenses</b>		
Interest on obligations (bonds) (1)	2,235,075	1,037,277
Interest on loans from bank institutions (1)	4,092,857	6,106,848
Financial expenses Portfolio sale / Factoring	2,167,811	3,367,258
Leasing costs	691,830	798,378
Interest on update of employee termination benefits	333,249	323,919
Cost of remittances abroad	169,784	211,564
Interest on projects	278,565	293,955
Other financial expenses	205,610	759,270
<b>Total financial expenses</b>	<b>10,174,781</b>	<b>12,898,469</b>
<b>Total financial incomes and expenses, net</b>	<b>(9,530,179)</b>	<b>(12,027,841)</b>

(1) This item is presented net of interest rate hedge for M\$9,137,703..

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

Differences exchange	03.31.2021 ThCh\$	03.31.2020 ThCh\$
Cash and cash equivalents	38,010	86,011
Current trade and other accounts receivable	(20,018)	127,385
Current accounts receivable from related entities	43,492	897,280
Trade and other accounts payable	122,457	(3,227,433)
Current accounts payable to related entities	(844,008)	(1,454,951)
Financial debt	(9,299,931)	(73,930,089)
Hedge instruments	8,676,551	78,125,867
<b>Total</b>	<b>(1,283,447)</b>	<b>624,070</b>

Units readjustments	03.31.2021 ThCh\$	03.31.2020 ThCh\$
Current trade and other accounts receivable	(226,944)	(272,395)
Cash and cash equivalents	1,098	87,537
Current accounts receivable from related entities	-	621,989
Trade and other payables	161,468	(407,653)
Current accounts payable to related entities	(21,707)	(189,568)
Financial debt	(967,458)	(2,012,757)
Hedge instruments	973,320	1,924,524
<b>Total</b>	<b>(80,223)</b>	<b>(248,323)</b>

### 31. 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 March 31, 2021, lease expenses amount to ThCh\$ 1,613,060.

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

Concepto	03.31.2021			Total ThCh\$
	Up to one year ThCh\$	From one to five years ThCh\$	More than 5 years ThCh\$	
Minimum operating lease payments payable	19,087,518	9,495,822	6,827,693	35,411,033

Concepto	03.31.2020			Total ThCh\$
	Up to one year ThCh\$	From one to five years ThCh\$	More than 5 years ThCh\$	
Minimum operating lease payments payable	4,177,303	7,719,596	3,783,138	15,680,036

### 32. Local and Foreign Currency

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

Currents assets	03.31.2021	12.31.2020
	ThCh\$	ThCh\$
<b>Cash and cash equivalents</b>	<b>249,768,321</b>	<b>465,809,329</b>
Chilean Pesos	245,687,221	463,863,858
US Dollars	3,953,077	1,786,501
Euros	77,487	87,083
Other currencies	50,536	71,887
<b>Other current financial assets</b>	<b>14,854,621</b>	<b>10,487,114</b>
U.F.	8,666,709	8,871,730
US Dollars	4,884,923	1,383,278
Chilean Pesos	1,302,989	232,106
Euros		
<b>Current trade and other accounts receivable</b>	<b>280,456,581</b>	<b>234,486,698</b>
Chilean Pesos	279,665,715	233,698,688
U.F.	757,021	752,514
Euros	33,845	35,496
<b>Current receivables from related companies</b>	<b>9,625,192</b>	<b>9,099,951</b>
Chilean Pesos	7,594,805	7,340,242
US Dollars	1,787,131	1,506,614
Other currencies	243,256	253,095
<b>Other current assets (1)</b>	<b>321,007,780</b>	<b>160,014,672</b>
Chilean Pesos	321,007,780	160,014,672
<b>Total current assets</b>	<b>875,712,495</b>	<b>879,897,764</b>
<b>Chilean Pesos</b>	<b>855,258,510</b>	<b>865,149,566</b>
<b>US Dollars</b>	<b>10,625,131</b>	<b>4,676,393</b>
<b>U.F.</b>	<b>9,423,730</b>	<b>9,624,244</b>
<b>Other currencies</b>	<b>293,792</b>	<b>324,982</b>
<b>Euros</b>	<b>111,332</b>	<b>122,579</b>

(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	03.31.2021	12.31.2020
	ThCh\$	ThCh\$
<b>Other non-current financial assets</b>	<b>167,331,938</b>	<b>165,091,624</b>
US Dollars	123,373,295	119,303,018
U.F.	27,418,252	28,128,170
Chilean Pesos	11,269,795	11,688,397
Other currencies	5,270,596	5,972,039
<b>Right of use</b>	<b>174,850,740</b>	<b>187,317,843</b>
Chilean Pesos	174,545,147	187,065,017
U.F.	305,593	252,826
<b>Other non-current assets (2)</b>	<b>2,004,212,680</b>	<b>2,003,216,052</b>
Chilean Pesos	2,004,212,680	2,003,216,052
<b>Total non-current assets</b>	<b>2,346,395,358</b>	<b>2,355,625,519</b>
<b>Chilean Pesos</b>	<b>2,190,027,622</b>	<b>2,201,969,466</b>
<b>US Dollars</b>	<b>123,373,295</b>	<b>119,303,018</b>
<b>U.F.</b>	<b>27,723,845</b>	<b>28,380,996</b>
<b>Other currencies</b>	<b>5,270,596</b>	<b>5,972,039</b>

(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.

## 32. 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	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
	ThCh\$		ThCh\$	
<b>Other current financial liabilities</b>	<b>126,705,870</b>	<b>26,910,998</b>	<b>113,376,942</b>	<b>229,937,792</b>
US Dollars	122,617,790	9,993,996	8,073,962	124,728,420
Chilean Pesos	4,008,930	16,900,623	105,302,980	104,627,130
Euros	79,150	16,379	-	-
U.F.	-	-	-	582,242
<b>Finance leases</b>	<b>20,597,436</b>	<b>29,537,742</b>	<b>37,211,862</b>	<b>31,965,299</b>
U.F.	14,640,306	20,911,937	25,757,770	23,807,799
Chilean Pesos	5,832,289	8,450,252	11,207,498	7,981,948
US Dollars	124,841	175,553	246,594	175,552
<b>Trade and other payables</b>	<b>309,216,392</b>	<b>353,691,526</b>	-	-
Chilean Pesos	250,697,263	306,875,803	-	-
US Dollars	37,906,068	27,627,085	-	-
U.F.	14,395,401	15,216,241	-	-
Euros	6,200,486	3,955,256	-	-
Other currencies	17,174	17,141	-	-
<b>Current receivables from related companies</b>	<b>63,954,256</b>	<b>59,548,404</b>	-	-
Chilean Pesos	25,908,605	20,971,344	-	-
US Dollars	24,300,077	28,663,012	-	-
U.F.	8,241,781	7,249,063	-	-
Euros	5,503,793	2,664,985	-	-
<b>Other current liabilities (1)</b>	<b>42,966,019</b>	<b>63,639,368</b>	<b>3,018,466</b>	<b>2,874,996</b>
Chilean Pesos	42,966,019	63,639,368	3,018,466	2,874,996
<b>Total current liabilities</b>	<b>563,439,973</b>	<b>533,328,038</b>	<b>153,607,270</b>	<b>264,778,087</b>
<b>Chilean Pesos</b>	<b>329,413,106</b>	<b>416,837,390</b>	<b>119,528,944</b>	<b>115,484,074</b>
<b>US Dollars</b>	<b>184,948,776</b>	<b>66,459,646</b>	<b>8,320,556</b>	<b>124,903,972</b>
<b>U.F.</b>	<b>37,277,488</b>	<b>43,377,241</b>	<b>25,757,770</b>	<b>24,390,041</b>
<b>Euros</b>	<b>11,783,429</b>	<b>6,636,620</b>	-	-
<b>Other currencies</b>	<b>17,174,00</b>	<b>17,141</b>	-	-

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

## 32. 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	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020	03.31.2021	12.31.2020
	ThCh\$		ThCh\$		ThCh\$	
<b>Other non-current financial liabilities</b>	<b>703,974,865</b>	<b>655,331,507</b>	<b>197,394,862</b>	<b>100,271,532</b>	-	-
US Dollars	538,026,381	537,247,402	-	100,271,532	-	-
U.F.	96,366,360	97,207,595	-	-	-	-
Chilean Pesos	69,582,124	20,876,510	197,394,862	-	-	-
<b>Finance leases</b>	<b>53,404,483</b>	<b>55,268,820</b>	<b>24,247,014</b>	<b>26,224,368</b>	<b>14,983,420</b>	<b>16,945,196</b>
U.F.	37,917,757	39,298,351	13,998,792	18,507,015	6,102,593	6,943,046
Chilean Pesos	15,206,528	15,543,815	10,248,222	7,717,353	8,880,827	10,002,150
US Dollars	280,198	426,654	-	-	-	-
<b>Non-current accounts payable to related companies</b>	<b>41,739,723</b>	<b>40,801,985</b>	-	-	-	-
Chilean Pesos	33,379,296	34,480,215	-	-	-	-
U.F.	8,360,427	6,321,770	-	-	-	-
<b>Other non-current liabilities (1)</b>	<b>26,651,918</b>	<b>26,578,308</b>	<b>31,893,908</b>	<b>73,752,268</b>	<b>96,634,804</b>	<b>52,598,610</b>
Chilean Pesos	26,651,918	26,578,308	31,893,908	73,752,268	96,634,804	52,598,610
<b>Total Non-current liabilities</b>	<b>825,770,989</b>	<b>777,980,620</b>	<b>253,535,784</b>	<b>200,248,168</b>	<b>111,618,224</b>	<b>69,543,806</b>
US Dollars	538,306,579	537,674,056	-	100,271,532	-	-
U.F.	142,644,544	142,827,716	13,998,792	18,507,015	6,102,593	6,943,046
Chilean Pesos	144,819,866	97,478,848	239,536,992	81,469,621	105,515,631	62,600,760

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

## 33. Contingencies and restrictions

### a) Legal proceedings

In the normal development of its line of business, Telefónica Chile S.A. is part of certain proceedings, involving civil, labor, special and penal matters, for different concepts and amounts. In general, Management and its legal counsel, both internal and external, periodically monitor the evolution of those lawsuits and contingencies affecting 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 March 31, 2021, which altogether amounts to ThCh\$7,622,788, of which ThCh\$6,289,622 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\$509,472 on its part, during the second quarter of 2021 and the rest during the second semester of 2021.

### 33. 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\$8,426,800 in the Parent company and the amount of ThCh\$2,867,714 in the subsidiaries.

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

##### i) Voissnet Proceeding

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

#### b) Financial restrictions:

As of March 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, disturbances 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.



## 33. Contingencies and restrictions, continued

## d) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor		Type of guarantee	Current guarantee deposits ThCh\$	Liberated guarantees		
	Name	Relationship			2021	2022	2023 and more
					ThCh\$	ThCh\$	ThCh\$
<b>Public and Private Organisms</b>				<b>983,397</b>	<b>516,030</b>	<b>431,355</b>	<b>36,012</b>
Public Organisms - Undersecretaries and Ministries	TCH	Subsidiary	Deposit	454,892	8,836	420,560	25,496
Public Organisms - Others	TCH	Subsidiary	Deposit	210,318	210,318	-	-
Public Organisms - Municipalities	TCH	Subsidiary	Deposit	174,527	172,327	2,200	-
Private Organisms - Others	TCH	Subsidiary	Deposit	143,660	124,549	8,595	10,516
<b>Public and Private Organisms</b>				<b>20,701,096</b>	<b>9,545,818</b>	<b>5,473,985</b>	<b>5,681,293</b>
Private Organisms - Others	TEM	Subsidiary	Deposit	8,042,268	2,970,174	3,410,670	1,661,424
Public Organisms - Others	TEM	Subsidiary	Deposit	7,253,822	3,617,242	984,729	2,651,851
Public Organisms - Municipalities	TEM	Subsidiary	Deposit	2,316,179	1,444,222	282,156	589,801
Banks	TEM	Subsidiary	Deposit	1,414,802	583,237	519,027	312,538
Public Organisms - Undersecretaries and Ministries	TEM	Subsidiary	Deposit	1,414,649	770,217	190,557	453,875
Universities	TEM	Subsidiary	Deposit	259,376	160,726	86,846	11,804
<b>Public and Private Organisms</b>				<b>18,653,121</b>	<b>2,395,123</b>	<b>1,524,617</b>	<b>14,733,381</b>
Private Organisms - Others	TMCH	Parent	Deposit	15,467,541	550,144	1,207,826	13,709,571
Public Organisms - Municipalities	TMCH	Parent	Deposit	1,400,373	1,054,876	174,391	171,106
Public Organisms - Undersecretaries and Ministries	TMCH	Parent	Deposit	1,110,104	485,530	42,690	581,884
Public Organisms - Others	TMCH	Parent	Deposit	534,725	173,544	94,638	266,543
Banks	TMCH	Parent	Deposit	109,367	109,367	-	-
Universities	TMCH	Parent	Deposit	31,011	21,662	5,072	4,277
<b>Total</b>				<b>40,337,614</b>	<b>12,456,971</b>	<b>7,429,957</b>	<b>20,450,686</b>

TMCH: Telefónica Móviles Chile S.A.

TCH: Telefónica Chile S.A.

TEM: Telefónica Empresas Chile S.A.

### 34. 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.

### 34. 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 for each facility in October 2021.

The Company is currently in the process of planning to deal with the ISO 14001:2015 International Recertification Audit, which is scheduled to be carried out the first week of April, 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 May, we will have the response on the certification renewal, which will be valid until 2024.

In addition, at the end of 2021, the Company began to work on the process of obtaining certification under the ISO 50001:2018, which will certify 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 activity, that is, from the delivery of our services to the operation of our infrastructure. In addition, it challenges us to activate a plan with measures to minimize the energy consumption of our facilities. The certification considers a 12-month period (December 2020-December 2021), where the Company must go through different stages: 1) Gap analysis; 2) Establish an energy baseline; 3) Create a plan for improvement, training and communications; 4) Implementation and operation; 5) Evaluation of performance; and 6) Certification.

### 35. 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 fixed by the Ministry of Economy and the Ministry of Transportation and Telecommunications.

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

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

### 35. 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 for Defense of Free Competition or “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, as follows:
  - Sale of tender documents: September 25 – November 9
  - Tender consultation: October 9 – November 9
  - Consultation response: November 23
  - Delivery of offers: December 7

On December 7, WOM S.A. and Claro Chile S.A. submitted offers for the tender. On December 15, those offers were opened and, on December 21, 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 only thing pending is that the awardee to publish the decree that authorizes the amendment of the concession by the change of owner, with which the transfer of the concession title to its new owner would be complete.

##### 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.

### 35. 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 can not 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.

### 35. Risk management, continued

#### c) Radio electric spectrum assignation, 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 for all interested parties to issue opinions. Subsequently, on August 1 and 17, 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. 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, Telefónica submitted all its information and its technical project to participate in the tender for the 3.5 GHz band. Subsequently, on November 19, 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, 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, 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. Subsequently, on March 30, 2021, the State was paid the amount stated in the bid tender.

## 35. Risk management, continued

### c) Radio electric spectrum assignation, continued

#### c.4) 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 before the Supreme Court.

#### c.5) 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 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. Pending the establishment of a new date for allegations by the “TDLC”.

### 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.

### 35. Risk management, continued

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

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 country, 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.

Through the ISP Representative Committee, a joint work has been performed on the preparation of the Tender Documents for the bidding process 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, and the bidding process is underway.

#### 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.

#### 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).



**35. 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.

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**

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 National Economic Prosecutor's Office to claim eventual illegalities in the procedure used by Subtel to dictate the regulation and another before Subtel itself, in order to get it to clarify the correct sense and scope of the concept of “local rate” roaming. None of these appeals have been resolved yet and, in any case, none of them suspends the entry into force of the regulations.

**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 proposal is to modify the General Telecommunications Law to include access to Internet as a public service and obligate to companies, in a maximum period of 6 months from when the request is presented by the user, to provide all services defined as “public” in the law. A set of indications for the project were presented, which are being analyzed in the Senate Commission.

### 35. Risk management, continued

#### 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. Subtel still has to authorize the technical project in certain Regions of the country.

#### k) 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.

### 35. Risk management, continued

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

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

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

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

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

##### **Market Risk**

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

##### **Interest rate risk**

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

The Company manages its interest rate risk maintaining a balanced portfolio of loans and debts at variable and fixed interest rates. The Company has interest rate swaps in which it agrees to 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 March 31, 2021, the Company had 72% of its current and non-current financial debt accruing interest at a fixed rate and 28% at variable rate.

### 35. Risk management, continued

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

##### Interest rate risk, continued

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 March 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\$48,382; whereas a drop in the TCPN would mean a reduction of ThCh\$48,382 in the accrual monthly financial cost for 2021.

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.

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

##### 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.

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

## 35. Risk management, continued

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

#### 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.

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.

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

#### 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.

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

#### Capital management

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

### 35. Risk management, continued

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

##### Capital management, continued

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, 2020, is 2.30%, a 3.80 p.p. of decrease in comparison to December 2019, when it reached 6.10%. This is mainly due to the decrease in income for the period and the capital increase of 2.9% (see Note 26).

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 March 31, 2021 and 2020.

### 36. Subsequent events

The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the period ended as of March 31, 2021, were approved and authorized for issuance at the Board of Directors Meeting held on April 29, 2021.

- At a Board of Directors Meeting held on March 31, 2021, the Directors approved the proposal to establish a subsidiary of the Company, to be named "HoldCo InfraCo SpA". The purpose of this company will be to invest money and/or securities in intangible movable property and in all types of instruments or securities, in companies in the line of business of operating and commercializing intermediate telecommunication services. The establishment of that subsidiary must materialize within thirty days from the aforementioned Meeting.
- On April 6, Telefónica Móviles Chile submitted to Subtel its proposal for an Effective and Efficient Use of Spectrum Plan, in accordance with the requirement contemplated in the tender documents for the 3.5 GHz tender and the sentence of the Supreme Court of July 13, 2020.
- On April 13, 2021, Series Q Bonds were placed in the local market in the amount of ThCh\$ 90,000,000 for a 5-year bullet term, maturing on March 1, 2026.
- On April 15, 2021, the Company voluntarily notified the National Economic Prosecutor's Office ("FNE" or "Fiscalía Nacional Económica") regarding the concentration in the transaction between Telefónica and the KKR investment fund, which will be 40% and 60% controllers of Infraco, respectively. The "FNE" has a period of 30 business days to pronounce on that transaction. The investigation can be extended in 90 additional business days.
- On April 15, 2021, Telefónica Móviles Chile S.A. paid the Tokyo loan of Banco MUFG BANK, LTD for a total principal amount of US\$ 150,000,000 and US\$ 113,266.25 and interest equivalent to ThCh\$ 106,087,500 and ThCh\$ 80,108, respectively.

**36. Subsequent events, continued**

In the period from January 1 to April 30, 2021, 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