



TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2021 (not audited), December 31, 2020 and September 30, 2020 (not audited)

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

INDEX

	Page No.
✦ Interim consolidated Statements of Financial Position.....	3
✦ Interim consolidated Statements of Comprehensive Income	5
✦ Interim consolidated Statements of Changes in Shareholders' Equity.....	7
✦ Interin consolidated Statements of Cash Flows	8

Notes to the Interim Consolidated Financial Statements

1. Corporate information	9
2. Significant accounting principles	9
3. Changes in accounting policy and disclosures.....	32
4. Financial information by segment.....	33
5. Cash and cash equivalents.....	37
6. Other current and non-current financial assets	38
7. Other current and non-current non-financial assets.....	39
8. Current trade and other accounts receivable	40
9. Receivables from and payable to related companies.....	46
10. Inventory	51
11. Income taxes	52
12. Non-current trade and other accounts receivable.....	59
13. Intangible assets other than goodwill	60
14. Goodwill.....	62
15. Property, plant and equipment	63
16. Investment properties	66
17. Right of use assets	67
18. Current assets or disposal groups classified as held for sale	68
19. Investments accounted for using the equity method	68
20. Other current and other non-current financial liabilities	70
21. Current and non-current lease liabilities.....	80
22. Trade and other payables.....	80
23. Financial instruments	83
24. Other currents provisions.....	91
25. Employee benefits accrual	92
26. Other current and non-current non-financial liabilities	94
27. Equity.....	96
28. Earnings per share	100
29. Income	100
30. Expenses	101
31. Financial income and costs.....	102
32. Leases	103
33. Local and foreign currency	104
34. Contingencies and restrictions	106
35. Environment	109
36. Risk management	110
37. Subsequent events	123

ThCh\$: Thousands of Chilean Pesos

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2021 (not audited) and December 31, 2020



	Notes	09.30.2021	12.31.2020
		ThCh\$	ThCh\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	227,924,458	465,809,329
Other current financial assets	(6)	51,609,751	10,487,114
Other current non-financial assets	(7)	93,915,941	71,616,996
Current trade and other accounts receivable	(8a)	318,775,096	234,486,698
Current receivables from related companies	(9a)	34,832,014	9,099,951
Inventory	(10a)	92,909,467	67,436,585
Current tax assets	(11b)	10,326,911	14,137,836
Current assets or disposal groups classified as held for sale	(18)	5,393,616	6,823,255
TOTAL CURRENT ASSETS		835,687,254	879,897,764
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	243,756,500	165,091,624
Other non-current non-financial assets	(7)	118,440,139	57,495,188
Non-current trade and other accounts receivable	(12a)	41,667,981	23,323,922
Cuentas por cobrar a entidades relacionadas, no corrientes	(9b)	80,379,829	-
Inversiones contabilizadas utilizando el método de la participación	(19)	67,697,928	-
Intangible assets other than goodwill, net	(13a)	265,651,207	142,413,233
Goodwill	(14)	504,774,872	504,774,872
Property, plant and equipment, net	(15a)	954,513,888	1,153,562,933
Investment properties	(16)	3,933,169	4,098,412
Right of-use assets	(17)	177,653,028	187,317,843
Deferred tax assets	(11c)	100,488,598	117,547,492
TOTAL NON-CURRENT ASSETS		2,558,957,139	2,355,625,519
TOTAL ASSETS		3,394,644,393	3,235,523,283

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

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2021 (not audited) and December 31, 2020



	Notes	09.30.2021	12.31.2020
		ThCh\$	ThCh\$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(20)	13,648,590	256,848,790
Current leases liabilities	(21)	50,234,175	61,503,041
Trade and other payables	(22a)	395,631,742	353,691,526
Current payables to related companies	(9b)	71,699,815	59,548,404
Other current provisions	(24a)	7,936,916	5,494,711
Current tax liabilities	(11f)	96,466,692	7,660,502
Current employee benefits accrual	(25a)	3,373,934	3,342,973
Other current non-financial liabilities	(26)	42,875,942	50,016,178
TOTAL CURRENT LIABILITIES		681,867,806	798,106,125
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(20)	1,033,052,391	755,603,039
Non-current leases liabilities	(21)	145,704,097	98,438,384
Trade and other payables non-current	(22a)	429,795	1,160,617
Current payables to related companies non-current	(9c)	1,613,273	40,801,985
Other non-current provisions	(24b)	17,738,190	17,265,245
Deferred tax liabilities	(11c)	94,553,345	95,702,933
Non-current employee benefits accrual	(25a)	29,325,708	33,147,540
Other non-current non-financial liabilities	(26)	83,049,070	5,652,851
TOTAL NON-CURRENT LIABILITIES		1,405,465,869	1,047,772,594
TOTAL LIABILITIES		2,087,333,675	1,845,878,719
NET SHAREHOLDERS' EQUITY			
Issued capital	(27a)	1,364,872,285	1,364,872,285
Retained earnings		373,974,918	494,586,414
Other reserves	(27d)	(439,050,856)	(475,474,018)
Shareholders' equity attributable to owners of the Parent company		1,300,966,336	1,383,984,681
Non-controlling interest	(27e)	6,344,382	5,659,883
TOTAL NET SHAREHOLDERS' EQUITY		1,307,310,718	1,389,644,564
TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY		3,394,644,393	3,235,523,283

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of September 30, 2021 and 2020 (not audited)



	Notes	For the period from July 1 to September 30, 2021 ThCh\$	For the nine-month period ended September 30, 2021 ThCh\$	For the period from July 1 to September 30, 2020 ThCh\$	For the nine-month period ended September 30, 2020 ThCh\$
STATEMENTS OF COMPREHENSIVE INCOME					
Income from ordinary operations	(29a)	403,675,567	1,154,726,335	362,326,407	1,040,570,629
Other income	(29b)	362,181,084	378,730,822	2,849,532	10,989,028
Employee benefits expenses	(25d)	(31,538,552)	(100,007,869)	(32,643,799)	(97,079,440)
Depreciation and amortization expense	(13b) (15b) (16) (17)	(71,877,534)	(218,669,452)	(80,637,271)	(246,281,807)
Impairment losses (reversal of impairment losses)	(30a)	(11,790,797)	(36,608,758)	(15,880,919)	(49,557,005)
Other expenses, by nature	(30b)	(262,438,356)	(717,067,136)	(207,395,779)	(597,514,738)
Profit from operating activities		388,211,412	461,103,942	28,618,171	61,126,667
Interest income	(31a)	1,566,350	2,814,380	1,325,940	3,098,829
Interest expense	(31a)	(11,555,864)	(32,504,001)	(10,685,123)	(37,524,505)
Foreign exchange differences	(31b)	(95,695)	(95,695)	-	-
Income from indexation units	(31b)	(476.293)	(1.906.243)	(1.670.331)	(1.306.621)
Profits before tax from continuing operations		89,618	852,089	65,645	204,813
<i>Income tax expense</i>	(11e)	377,739,528	430,264,472	17,654,302	25,599,183
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(99,883,006)	(110,037,875)	(6,508,193)	(4,493,907)
		277,856,522	320,226,597	11,146,109	21,105,276
Profit attributable to holders of equity instruments of the controller and minority interest:					
Profit attributable to owners of the parent	(28)	275,429,587	317,631,624	11,158,388	11,158,388
Profit attributable to non-controlling interest	(27e)	2,426,935	2,594,973	(12,279)	(41,309)
PROFIT (LOSS)		277,856,522	320,226,597	11,146,109	21,105,276
EARNINGS PER SHARE					
Earnings per basic share					
Earnings per basic share for continuing operations	(28)	0.287	0.331	0.018	0.022
Earnings per basic share for discontinuing operations					
Earnings per basic share		0.287	0.331	0.018	0.022
Diluted earnings per share					
Diluted earnings per share from continuing operations		0.287	0.331	0.018	0.022
Diluted earnings per share from discontinuing operations					
Diluted earnings per share		0.287	0.331	0.018	0.022

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of September 30, 2021 and 2020 (not audited)



	For the period from July 1 to September 30,	For the nine-month period ended September 30,	For the period from July 1 to September 30,	For the nine-month period ended September 30,
	2021	2021	2020	2020
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
STATEMENTS OF OTHER COMPREHENSIVE INCOME				
PROFIT (LOSS)	277,856,522	320,226,597	11,146,109	21,105,276
OTHER COMPREHENSIVE INCOME				
Components of other comprehensive income that will not be reclassified to income for the period				
Other comprehensive income, before taxes. profits (losses) on new measurements of defined benefits plans	764,047	2,890,335	74,186	(1,155,729)
Other comprehensive income, before taxes. profits (losses) from investment in equity instruments	229,739	178	(576,846)	(2,066,413)
Total other comprehensive income that will not be reclassified to income for the period				
Components of other comprehensive income that will be reclassified to income for the period	993,786	2,890,513	(502,660)	(3,222,142)
Profit (loss) on cash flow hedges	20,797,343	47,116,762	(7,874,463)	1,622,178
Total Components of other comprehensive income that will be reclassified to income for the period	20,797,343	47,116,762	(7,874,463)	1,622,178
Total other components of other comprehensive income. before taxes	21,791,129	50,007,275	(8,377,123)	(1,599,964)
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period				
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	(206,269)	(777,867)	(20,030)	312,047
Total income taxes associated to components of other comprehensive income which will not be reclassified to income for the period	(206,269)	(777,867)	(20,030)	312,047
Income taxes associated to components of other comprehensive income which will be reclassified to income for the period				
Income tax related to hedging cash flows from other comprehensive income	(5,615,283)	(12,693,616)	2,126,111	(437,983)
Total income taxes associated to components of other comprehensive income	(5,821,552)	(13,471,483)	2,106,081	(125,936)
TOTAL OTHER COMPREHENSIVE INCOME	15,969,577	36,535,792	(6,271,042)	(1,725,900)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	293,826,099	356,762,389	4,875,067	19,379,376
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Comprehensive income attributable to owners of the parent	291,338,417	354,054,786	3,409,358	17,940,788
Comprehensive income attributable to non-controlling interest	2,487,682	2,707,603	1,465,709	1,438,588
TOTAL COMPREHENSIVE INCOME	293,826,099	356,762,389	4,875,067	19,379,376

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
As of September 30, 2021 and 2020 (not audited)



	Changes in capital (Note 27 a)	Changes in the other reserves (Note 27 d)				Retained earnings	Equity attributable to parent owners	Non controlling interests (Note 27 e)	Total Equity	
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves	Total other reserves				
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Balance at the beginning of the period	1,364,872,285	(14,505,535)	(10,127,702)	293,416	(451,134,197)	(475,474,018)	494,586,414	1,383,984,681	5,659,883	1,389,644,564
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	317,631,624	317,631,624	2,594,973	320,226,597
Other comprehensive income	-	34,319,774	2,103,211	177	-	36,423,162	-	36,423,162	112,630	36,535,792
Comprehensive income	-	34,319,774	2,103,211	177	-	36,423,162	317,631,624	354,054,786	2,707,603	356,762,389
Reversal of interim dividends	-	-	-	-	-	-	9,971,466	9,971,466	-	9,971,466
Dividends	-	-	-	-	-	-	(447,044,597)	(447,044,597)	(2,023,104)	(449,067,701)
Total changes in shareholders' equity	-	34,319,774	2,103,211	177	-	36,423,162	(119,441,507)	(83,018,345)	684,499	(82,333,846)
Ending balance as of 09.30.2021	1,364,872,285	19,814,239	(8,024,491)	177	(451,134,197)	(439,050,856)	375,144,907	1,300,966,336	6,344,382	1,307,310,718
Balance at the beginning of the period	1,329,872,285	1,099,249	(9,945,809)	2,155,257	(451,134,197)	(457,825,500)	472,507,995	1,344,554,780	5,859,874	1,350,414,654
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	21,146,585	21,146,585	(41,309)	21,105,276
Other comprehensive income	-	1,181,063	(839,983)	(2,048,654)	-	(1,707,574)	-	(1,707,574)	(18,326)	(1,725,900)
Comprehensive income	-	1,181,063	(839,983)	(2,048,654)	-	(1,707,574)	21,146,585	19,439,011	(59,635)	19,379,376
Dividends	-	-	-	-	-	-	75,080	75,080	(80,317)	(5,237)
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Total changes in shareholders' equity	35,000,000	1,181,063	(839,983)	(2,048,654)	-	(1,707,574)	21,221,665	54,514,091	(139,952)	54,374,139
Ending balance as of 09.30.2020	1,364,872,285	2,280,312	(10,785,792)	106,603	(451,134,197)	(459,533,074)	493,729,660	1,399,068,871	5,719,922	1,404,788,793

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
As of September 30, 2021 and 2020 (not audited)



For periods ended September 30,

	Notes	2021 ThCh\$	2020 ThCh\$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Types of operating activity charges			
Proceeds from sale of assets and services rendered		1,326,043,773	1,217,139,131
Proceeds from sales and services		1,318,116,346	1,205,002,421
Proceeds from related entities		7,927,427	12,136,710
Types of payments		(1,246,899,310)	(1,021,824,023)
Payments to suppliers for supplying goods and services		(827,756,015)	(617,897,096)
Payments to and on account of employees		(56,650,643)	(66,209,246)
Payments from related entities		(115,077,603)	(102,731,069)
Other operating activities payments (1)		(247,415,049)	(234,986,612)
Net cash flows provided by (used in) operating activities		79,144,463	195,315,108
Income taxes paid		(13,626,778)	(9,933,664)
Cash flows provided by (used in) operating activities		65,517,685	185,381,444
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES			
Amounts from sales of property, plant and equipment		38,581,402	13,294,214
Pérdida de control de subsidiarias u otros negocios		493,229,554	-
Additions to property, plant and equipment		(301,935,929)	(201,619,182)
Pagos a entidades relacionadas		(10,048,990)	-
Interest received		1,347,185	1,992,080
Dividendos recibidos		171,037	239,221
Other cash inputs (outputs)		(7,197,825)	1,000
Net cash flows provided by (used in) investment activities		214,146,434	(186,092,667)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
(Payments) collections loans to related entities		(646,681)	482,080
Proceeds from loans		239,687,064	119,999,216
Reimbursement of loans, classified as financing activities (1)		(219,697,500)	(124,335,600)
Proceeds from shares issued		-	35,000,000
Lease obligation payments in accordance with IFRS 16		(65,414,419)	(60,384,791)
Interest paid		(22,038,894)	(22,373,499)
(Payments) dividends		(448,670,663)	(81,249)
Other cash inputs (outputs) (2)		(767,897)	3,294,387
Net cash flows provided by (used in) financing activities		(517,548,990)	(48,399,456)
Increase (decrease) in cash and cash equivalents, before the effects of changes in he exchange rate		(237,884,871)	(49,110,679)
		(237,884,871)	(49,110,679)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(note 5)	465,809,329	234,466,421
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(note 5)	227,924,458	185,355,742

(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 37 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)	
			09.30.2021 %	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 Statement of Financial Position, ended as of September 30, 2021 and Annual Consolidated Statements of Financial Position ended as of December 31, 2020; Interim Consolidated Statements of Changes in Shareholders’ Equity, Interim Consolidated Statements of Comprehensive Income and Interim Consolidated Statement of Cash Flows for the nine-month periods ended as of September 30, 2021 and 2020.

b) Basis of presentation

The interim consolidated financial statements for September 30, 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 25a) in the 2020 financial statements, for a better comparison with the financial statements as of September 30, 2021.

c) Basis of preparation

The consolidated financial statements as of September 30, 2021, and the Interim Consolidated Comprehensive Income Statements, Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the six-month periods ended as of September 30, 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 27e).

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

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

The financial statements of the consolidated companies cover the 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
				09.30.2021			
				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

(1) On June 23, 2021, Telefónica Chile S.A sold 100% of its stake in the subsidiary InfraCo SpA to HoldCo InfraCo SpA.

Notes to the interim consolidated financial statements
As of September 30, 2021 (not audited) and December 31, 2020



3. Significant accounting principles, continued

e) Basis of consolidation, continued

The summarized financial information at September 30, 2021 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation (*)	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100,0000000	4,304,997	398,108	4,703,105	3,016,127	2,505	3,018,632	1,684,473	676,221	42,288
78.703.410-1	Telefónica Empresas Chile S.A.	99,9999973	228,860,919	97,204,918	326,065,837	219,451,661	6,706,357	226,158,018	99,907,819	231,846,796	(643,733)
90.635.000-9	Telefónica Chile S.A.	99,1405597	450,979,732	1,330,235,619	1,781,215,351	368,172,752	670,453,124	1,038,625,876	742,589,475	354,741,903	302,538,565
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100,0000000	111,024,273	47,696,745	158,721,018	53,944,087	32,567,371	86,511,458	72,209,560	138,893,315	4,895,333

(*) 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) (2)	100,0000000	1,000	-	1,000	-	-	-	1,000	-	-

(*) Direct and indirect participation.

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

(2) On June 23, 2021, Telefónica Chile S.A sold 100% of its stake in the subsidiary InfraCo SpA to HoldCo InfraCo SpA.

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
09.30.2021	811.90	939.48	148.77	30,088.37
12.31.2020	710.95	873.30	137.33	29,070.33
09.30.2020	788.15	923.11	140.04	28,707.85

f) Financial assets and liabilities

1. Financial assets other than derivatives

Classification and presentation

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

i) Amortized cost

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

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

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

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

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

ii. Financial assets at fair value through other comprehensive income

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

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

iii) Financial assets at fair value through profit or loss

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

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

2. Financial liabilities

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

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

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

i) Financial liabilities at amortized cost

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

ii) Financial liabilities at fair value through profit or loss

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

This classification includes derivatives designated as effective hedging instruments (see note 23,2).

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

3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 23.2) to manage its risks associated to changes in interest rate and exchange rate. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying hedged transactions.

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

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

The fair value of the derivatives portfolio reflects estimates based on calculations made from observable market data, using specific assessment 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.

1) Initial recognition

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

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

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 September 30, 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 2021, 2022 and 2023, forecasting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial projections, historical behavior of the business and future expectations.
- ii) Cash flow projections are made at a terminal value, covering a 5-year period, with the last period being the terminal value.
- iii) The rate used to discount future cash flows considers the time value of money and the individual risks of the assets under analysis.
- iv) The valuation is determined using the value in use (VU) mechanism, which requires that the VU be determined using the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGU). Telefónica Chile S.A. and its subsidiary Telefónica Empresas Chile S.A. have been considered to be a CGU and provide fixed broadband, television, fixed telephone and technology services for companies.

m) Investment properties

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

If the elements can be disaggregated for rental, they receive a separate accounting treatment.

They are recognized as an asset when it is probable that they will generate future benefits that will flow to the Company and their cost can be reliably measured.

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

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

2. Significant accounting principles, continued

n) Intangibles

i) Administrative concessions

Concession licenses correspond to the cost incurred to obtain mobile cellular telephone public services concessions. They are registered at their acquisition cost less accumulated amortization and less any impairment loss, should there be any. The Company amortizes these licenses over the concession period (30 years from the date of publication of the Decree that accredits the respective license in the Official Gazette, 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 8.7% and 10.12% at September 30, 2021 and 2020, respectively.

2. Significant accounting principles, continued

o) Depreciation of property, plant and equipment, continued

Estimated useful lives are summarized as follows:

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

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

p) Investments in associates

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

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

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

q) Provisions

i) Post-employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using a nominal annual discount rate of 5.441% and 3.65% at September 30, 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.

2. Significant accounting principles, continued

q) Provisions, continued

iii) Provision for dismantling expenses

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

iv) Other provisions

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

r) Income and expenses

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

The Company's income comes mainly from the provision of the following services:

i) Telecommunications

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

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

In the case of revenues generated only by traffic, they are recorded as they are consumed.

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

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

2. Significant accounting principles, continued

r) Income and expenses, continued

i) Telecommunications, continued

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

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

In the case of prepayment, the amount corresponding to the paid traffic pending generates a deferred income which is recorded within liabilities. Electronic top-ups usually have an expiry period of up to 180 days, and any unused prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since from that moment the Company has no remaining obligations to provide the service.

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

In accordance with IFRS 15, income from commercial package offers that combine different goods and services for fixed telephone service, data, Internet and television, the Company determines whether it is necessary to separate the different elements identified, applying the appropriate revenue recognition criterion for each case. Total revenue for the package is allocated to its identified elements on the basis of their respective fair values (i.e. the fair value of each individual component, in relation to the total fair value of the package). To the extent that packages are commercialized with an equipment discount, the application of the new criteria will involve an increase in the recognition of income from sale of equipment, which will generally be recognized coinciding with the time of delivery to the customer, at the expense of periodic income from providing services in subsequent periods.

Likewise, due to IFRS 15 the Company will recognize an asset for the cost of obtaining contracts as long as these are incremental, it is estimated that they will be recovered, they can be allocated to a contract and it is estimated that they will be amortized over more than one year. In addition, the Company will recognize an asset for contract compliance costs as long as these are directly identified with a specific contract, generate or improve the Company's resources that will be used to satisfy or continue to satisfy compliance obligations in the future and the Company expects to recover those costs over time. For both cases, the amortization period is determined based on the transfer to the customer of the goods or services related to those assets (see note 7).

2. Significant accounting principles, continued

r) Income and expenses, continued

i) Telecommunications, continued

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

ii) Customer loyalty program

The Company has a customer loyalty program called “Club Movistar” which provides multiple benefits to its customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points from the program are exchanged for products. As of September 30, 2021 and 2020, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

iii) Government subsidies

Parent Company and the subsidiary Telefónica Chile S.A. participate in tenders for Government projects associated to the Telecommunications Development Fund, for the purpose of receiving resources to install operating assets for the operation and exploitation of public services. These resources, called “Government subsidies”, in the case to be obtained from January 1, 2018, must be presented in the statement of financial position recognizing them as deductions from the book value of the associated assets.

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

s) Use estimates

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

i) Impairment of trade accounts receivable

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

2. Significant accounting principles, continued

s) Use estimates, continued

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

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

ii) Property, plant and equipment and intangibles

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

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

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

iii) Right of use:

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

iv) Deferred taxes

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

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

2. Significant accounting principles, continued

s) Use estimates, continued

iv) Deferred taxes, continued

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

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 25a).

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

s) 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).

t) Methods of consolidation

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

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

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

The value of the participation of minority shareholders in the equity and results of companies subsidiaries consolidated by the global integration method is presented in the items “non-controlling interests” and “profit attributable to non-controlling interests”, respectively.

2. Significant accounting principles, continued

u) New IFRS and Interpretations of the IFRS Interpretations Committee

i. Publication of new standards

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

	New Standard	Mandatory application date
NIIF 1	First-time adoption of International Financial Reporting Standards	January 1, 2022
NIIF 9	Financial Instruments	January 1, 2022
NIIF 16	Leases	January 1, 2022
NIC 41	Agriculture	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023

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 9 Financial Instruments

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

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.

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

u) New IFRS and Interpretations of the IFRS Interpretations Committee

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

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

Amendment to IAS 1 “Presentation of Financial Statements”

The classification is not affected by the entity’s expectation of events after the reporting date (for example, reception of a resignation or breach of covenant). The amendment also clarifies the meaning of IAS 1 when it refers to the "settlement" of a liability. The amendment must be applied retrospectively in accordance with IAS 8. The effective date of initial application is January 1, 2022, however, that date was deferred to January 1, 2023.

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

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

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

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

Amendment to IAS 16, "Property, Plant and Equipment "

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

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

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

Amendment to IFRS 3, “Business Combinations”

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

2. Significant accounting principles, continued

u) New IFRS and Interpretations of the IFRS Interpretations Committee

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

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

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

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.

iii) Standards, interpretations and amendments mandatory for the first time for financial years beginning on January 1, 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark (IBOR) Reform – Phase 2”. Published in August 2020. It addresses the problems arising during the interest rate benchmark reform, including replacement of one benchmark with an alternative one.

Amendment to IFRS 16 “Rent Concessions” published in March 2021. This amendment extends the application of the practical expedient of IFRS 16 Leases (contained in the amendment to that standard published in May 2020) for one year, for the purpose of helping lessees account for rent 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 whose issuance has not been authorized as of May 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

v) Statement of cash flows

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

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

3. Changes in Accounting Policy and Disclosures

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

4. Financial information by segment

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

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

The operating segments reported internally are as follows:

a) Mobile Telecommunications

Mobile Telecommunications services mainly include revenues from the provision of mobile telecommunications services, sale of electronic prepaid top-ups and the sale of handsets. Revenues are recognized as these services are provided.

b) Fixed Telecommunications

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

c) Corporate Communications and Data

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

d) Television Services

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

e) Others

“Other” includes logistics, personnel and management services.

4. Financial information by segment, continued

Relevant information regarding Telefónica Móviles Chile S.A. and its subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to September 30, 2021, December 31, 2020 and September 30, 2020 is detailed as follows:

For the exercise ended as of september 30, 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	660,694,297	270,586,408	127,958,397	95,487,233	-	-	1,154,726,335
Income from ordinary activities arising from transactions with other operating segments of the same entity	5,066,531	84,155,495	8,401,166	-	138,893,315	(236,516,507)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	665,760,828	354,741,903	136,359,563	95,487,233	138,893,315	(236,516,507)	1,154,726,335
Cost of sales	255,995,882	75,954,430	118,116,245	58,740,080	-	(120,440,131)	388,366,506
Impairment losses (reversal of impairment losses)	31,194,933	4,499,660	684,560	229,605	-	-	36,608,758
Administrative expenses	215,321,803	147,231,672	25,727,082	23,633,021	18,723,615	(101,936,563)	328,700,630
Employee benefits expenses	784,555	-	-	-	112,156,350	(12,933,036)	100,007,869
Cost of interest	23,360,790	17,055,522	506,586	493,394	1,085,980	(9,998,271)	32,504,001
Interest income	3,271,062	8,740,574	648,781	-	152,235	(9,998,272)	2,814,380
Depreciation and amortization	118,032,219	90,143,612	7,032,029	2,306,071	1,522,159	(366,638)	218,669,452
Participation in profit of associated companies accounted for using the equity method	302,337,140	1,693,553	63,639	-	-	(304,190,027)	(95,695)
Income tax expense	17,366,891	91,506,655	342,053	172,190	650,086	-	110,037,875
Other significant non-cash items	9,155,151	363,754,086	5,489,361	(709,393)	(12,027)	(510)	377,676,668
Profits(loss) before tax	335,833,999	394,045,220	(9,505,158)	9,375,669	5,545,419	(305,030,677)	430,264,472
Profit (loss) for the period from continuing operations	318,467,108	302,538,565	(9,847,211)	9,203,479	4,895,333	(305,030,677)	320,226,597
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	318,467,108	302,538,565	(9,847,211)	9,203,479	4,895,333	(305,030,677)	320,226,597
Assets	2,421,116,523	1,781,215,351	192,378,844	133,686,993	158,721,018	(1,292,474,336)	3,394,644,393
Investments in associates accounted for using the equity method	771,590,044	203,493,897	938,725	-	-	(908,324,738)	67,697,928
Increases in non-current assets	41,009,631	53,423,979	5,140,121	-	-	-	99,573,731
Liabilities	1,110,176,428	1,038,625,876	133,433,231	92,724,787	86,511,458	(374,138,105)	2,087,333,675
Shareholders' equity	1,310,940,095	742,589,475	58,945,613	40,962,206	72,209,560	(918,336,231)	1,307,310,718
Liabilities & Shareholders' equity	2,421,116,523	1,781,215,351	192,378,844	133,686,993	158,721,018	(1,292,474,336)	3,394,644,393
Cash flows provided by (used in) operating activities	13,728,676	53,203,138	(50,176,929)	(35,136,928)	(524,841)	84,424,569	65,517,685
Cash flows provided by (used in) investment activities	82,978,335	367,836,287	3,928,518	2,750,986	-	(243,347,692)	214,146,434
Cash flows provided by (used in) financing activities	(386,280,457)	(501,909,665)	47,125,912	33,000,421	160,000	290,354,799	(517,548,990)

Notes to the interim consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



4. Financial information by segment, continued

For the exercise ended as of december 31, 2020	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	830,285,705	307,199,084	177,136,639	115,562,154	-	-	1,430,183,582
Income from ordinary activities arising from transactions with other operating segments of the same entity	6,664,082	114,365,397	12,060,258	-	176,973,250	(310,062,987)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	836,949,787	421,564,481	189,196,897	115,562,154	176,973,250	(310,062,987)	1,430,183,582
Cost of sales	298,585,958	41,734,573	153,325,575	71,116,112	-	(145,120,363)	419,641,855
Impairment losses (reversal of impairment losses)	42,005,059	17,150,524	3,741,935	587,890	-	-	63,485,408
Administrative expenses	266,509,873	194,384,510	41,969,840	31,502,640	17,641,249	(141,843,089)	410,165,023
Employee benefits expenses	1,492,419	211,456	29,704	-	149,205,503	(19,550,653)	131,388,429
Cost of interest	36,829,907	24,194,747	280,799	627,109	1,474,073	(12,378,451)	51,028,184
Interest income	4,167,021	10,535,631	1,443,845	-	189,752	(12,378,451)	3,957,798
Depreciation and amortization	158,672,505	153,229,958	13,099,912	3,688,987	2,059,380	(2,278,098)	328,472,644
Participation in profit of associated companies accounted for using the equity method	931,195	(5,830,416)	70,933	-	-	4,828,288	-
Income tax expense	15,481,413	3,996,092	(9,907,770)	6,027,542	1,415,233	-	17,012,510
Other significant non-cash items	10,767,345	6,874,641	1,179,332	94,891	88,790	(7)	19,004,992
Profits(loss) before tax	48,719,627	2,238,569	(20,556,758)	8,134,307	6,871,587	3,557,497	48,964,829
Profit (loss) for the period from continuing operations	33,238,214	(1,757,523)	(10,648,988)	2,106,765	5,456,354	3,557,497	31,952,319
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	33,238,214	(1,757,523)	(10,648,988)	2,106,765	5,456,354	3,557,497	31,952,319
Assets	2,514,424,499	1,564,835,180	136,365,110	173,555,594	161,237,011	(1,315,011,182)	3,235,406,212
Investments in associates accounted for using the equity method	688,600,626	126,159,606	847,629	-	-	(815,607,861)	-
Increases in non-current assets	43,270,386	87,243,696	10,402,904	-	-	-	140,916,986
Liabilities	1,121,301,544	902,491,183	121,053,850	95,113,740	96,034,808	(490,233,477)	1,845,761,648
Shareholders' equity	1,393,122,957	662,343,997	15,311,260	78,441,854	65,202,203	(824,777,707)	1,389,644,564
Liabilities & Shareholders' equity	2,514,424,501	1,564,835,180	136,365,110	173,555,594	161,237,011	(1,315,011,184)	3,235,406,212
Cash flows provided by (used in) operating activities	234,946,785	87,572,862	(1,302,780)	(1,569,310)	6,154,991	101,942,289	427,744,837
Cash flows provided by (used in) investment activities	(41,960,933)	(164,407,197)	(524,425)	(932,310)	-	(9,290,316)	(217,115,181)
Cash flows provided by (used in) financing activities	(28,971,314)	41,896,294	2,483,795	3,035,749	(7,051,925)	9,320,653	20,713,252

4. Financial information by segment, continued

For the exercise ended as of September 30, 2020	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	604,824,385	226,114,862	123,578,755	86,052,627	-	-	1,040,570,629
Income from ordinary activities arising from transactions with other operating segments of the same entity	5,092,844	89,953,228	8,850,909	-	131,756,280	(235,653,261)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	609,917,229	316,068,090	132,429,664	86,052,627	131,756,280	(235,653,261)	1,040,570,629
Cost of sales	213,958,673	29,486,184	90,098,622	70,169,835	-	(107,897,947)	295,815,367
Impairment losses (reversal of impairment losses)	32,140,785	14,235,598	2,648,924	531,698	-	-	49,557,005
Administrative expenses	196,634,923	146,855,151	36,486,811	18,021,874	13,744,736	(110,044,124)	301,699,371
Employee benefits expenses	1,075,262	258,321	29,704	-	110,466,233	(14,750,080)	97,079,440
Cost of interest	27,002,972	18,044,410	152,908	234,530	1,104,296	(9,014,611)	37,524,505
Interest income	2,781,550	8,074,288	1,087,040	-	170,562	(9,014,611)	3,098,829
Depreciation and amortization	117,081,524	116,603,030	10,176,520	2,874,346	1,549,872	(2,003,485)	246,281,807
Participation in profit of associated companies accounted for using the equity method	(2,191,899)	(6,709,814)	51,221	-	-	8,850,492	-
Income tax expense	4,882,649	1,967,821	(751,210)	(2,740,194)	1,134,840	(1)	4,493,905
Other significant non-cash items	4,369,674	5,859,670	(449,115)	94,891	13,227	(1,127)	9,887,220
Profits(loss) before tax	26,982,415	(2,190,460)	(6,474,679)	(5,684,765)	5,074,932	7,891,740	25,599,183
Profit (loss) for the period from continuing operations	22,099,766	(4,158,281)	(5,723,469)	(2,944,571)	3,940,092	7,891,741	21,105,278
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	22,099,766	(4,158,281)	(5,723,469)	(2,944,571)	3,940,092	7,891,741	21,105,278
Assets	2,420,726,457	1,568,591,574	129,722,590	165,101,478	150,692,116	(1,293,145,442)	3,141,688,773
Investments in associates accounted for using the equity method	694,142,724	129,992,907	819,324	-	-	(824,954,955)	-
Increases in non-current assets	37,203,660	62,316,148	8,162,731	-	-	-	107,682,539
Liabilities	1,012,829,531	899,581,326	109,847,109	86,308,442	87,667,180	(459,333,607)	1,736,899,981
Shareholders' equity	1,407,896,924	669,010,248	19,875,481	78,793,036	63,024,936	(833,811,832)	1,404,788,793
Liabilities & Shareholders' equity	2,420,726,455	1,568,591,574	129,722,590	165,101,478	150,692,116	(1,293,145,439)	3,141,688,774
Cash flows provided by (used in) operating activities	112,000,214	(369,832)	(5,894,889)	(7,100,898)	(555,661)	86,720,090	184,799,024
Cash flows provided by (used in) investment activities	(46,153,634)	(126,308,415)	(1,554,093)	(2,762,832)	-	(9,313,694)	(186,092,668)
Cash flows provided by (used in) financing activities	(111,372,576)	37,726,802	7,443,654	9,097,800	(608,925)	9,313,694	(48,399,551)

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	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Cash (a)		425,402	690,363
	CLP	424,650	689,665
	EUR	752	698
Banks (b)		132,494,692	125,114,499
	CLP	129,796,759	123,169,727
	USD	2,159,279	1,786,501
	EUR	483,211	86,385
	Other currencies	55,443	71,886
Time deposits (c)		95,004,364	340,004,467
	CLP	95,004,364	340,004,467
Total cash and cash equivalents		227,924,458	465,809,329
Sub-total by currency	CLP	225,225,773	463,863,859
	USD	2,159,279	1,786,501
	EUR	483,963	87,083
	Other currencies	55,443	71,886

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

a) Cash

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

b) Banks

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

5. Cash and cash equivalents, continued

c) Time deposits

Time deposits, maturing in less than 90 days, are recorded at fair value and, of September 30, 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\$	09.30.2021 ThCh\$
Time deposits	CLP	95,000,000	0.57%	13	95,000,000	4,364	95,004,364
Total					95,000,000	4,364	95,004,364

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh\$	Accrued interest in local currency ThCh\$	12.31.2020 ThCh\$
Time deposits	CLP	340,000,000	0.24%	10	340,000,000	4,467	340,004,467
Total					340,000,000	4,467	340,004,467

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

6. Other current and non-current financial assets

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

Concepts		09.30.2021		12.31.2020	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Hedging instruments	(See Note 23,2)	22,019,196	217,260,655	10,167,161	159,119,588
Other non-trade accounts receivable	(a)	18,956,205	20,523,631	-	-
Other investments	(b)(c)	10,048,990	5,972,214	-	5,972,036
Guarantees established	(d)	585,360	-	319,953	-
Total		51,609,751	243,756,500	10,487,114	165,091,624

a) Corresponds to the concept of earn out agreed in the optic fiber business sales transaction (see note 19).

b) Financial Instruments are detailed as follows.

Type of investment	Currency	Capital in original currency (thousands)	Effective rate	Average days to maturity	Capital in local currency ThCh\$	Accrued interest ThCh\$	09.30.2021 ThCh\$
Financial instruments	USD	12,800	0.3%	35	10,048,384	606	10.048.990
Total		12,800			10,048,384	606	10.048.990

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

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

Participation	Country	Investment currency	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Telefónica Brasil (1) (2)	Brazil	REAL	5,972,096	5,971,918
Other participation (3)	Chile	CLP	118	118
Total			5,972,214	5,972,036

- (1) This investment is valued at market value through the trading of its shares, information obtained in the Sao Paulo Stock Exchange (Bovespa), and variations in their value are recorded when they occur, directly in equity under Other reserves.
- (2) As of September 30, 2021 and December 31, 2020, dividends in the amount of ThCh\$196,801 and ThCh\$239,081, respectively, that have been recognized as finance income (see note 31a).
- (3) Corresponds to the participation in the companies Pegaso México and Telefónica Argentina.

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

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

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

Concepts	09.30.2021		12.31.2020	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Contract compliance costs (1)	44,299,941	79,734,360	32,386,274	41,861,530
Costs of obtaining contracts (2)	23,226,234	38,356,578	11,703,978	15,219,092
Support and repair services (3)	8,554,722	7,422	2,728,256	14,843
Deferred cost of handsets insurance	4,879,061	-	9,407,689	-
insurance	3,026,118	-	1,418,266	-
Advance leases (4)	2,459,731	287,816	2,805,765	319,043
Amortizable expenses	1,881,787	53,963	1,498,949	80,680
Other Taxes (5)	5,588,347	-	9,667,819	-
Total	93,915,941	118,440,139	71,616,996	57,495,188

- (1) As of september 30, 2021 this item includes capitalization of compliance costs associated with television equipment, broadband equipment and project management in the amount to ThCh\$19,459,607, ThCh\$23,904,516 and ThCh\$935,914 in current, and ThCh\$25,796,831 ThCh\$53,818,873 and ThCh\$618,559 in non-current. As of December 31, 2020 this item included capitalization of compliance costs associated to television equipment, broadband equipment and project management in the amount of ThCh\$18,175,635, ThCh\$13,388,820 and ThCh\$821,819 in current, and ThCh\$12,077,857, ThCh\$28,963,469 and ThCh\$820,204 in non-current. In the first quarter of 2020 the broadband service contractual conditions changed, which caused the capitalization of associated compliance costs. Quarterly, the Company reviews the behavior of the average life of the client to calculate the amortizable expense.
- (2) Corresponds mainly to capitalization of commissions for customers acquisition. 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 acquisition costs (average lifetime of the customer) for customers with indefinite contracts. The company checks the customer's average lifetime behavior to calculate the amortizable expense.
- (3) Includes amortizable expenses from services, maintenance and software licenses.
- (4) This item includes operating leases outside the IFRS 16 standard.
- (5) 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	09.30.2021			12.31.2020		
	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$
Receivables on current loan transactions	491,674,662	(191,717,476)	299,957,186	425,524,730	(215,793,759)	209,730,971
Invoiced services (1)	284,323,718	(189,032,259)	95,291,459	282,568,700	(213,516,018)	69,052,682
Services provided and not invoiced	192,586,050	(2,343,052)	190,242,998	125,198,716	(1,303,780)	123,894,936
Contractual asset (2)	14,764,894	(342,165)	14,422,729	17,757,314	(973,961)	16,783,353
Miscellaneous receivables (3)	18,817,910	-	18,817,910	24,755,727	-	24,755,727
Total	510,492,572	(191,717,476)	318,775,096	450,280,457	(215,793,759)	234,486,698

(1) As of september , 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\$36,116,219 and MCh\$122,898,754, respectively, The Company has become the collection agent for masive 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 september 2021 and December 2020 reporting dates, this item mainly includes loans and advances to employees in the amount of ThCh\$6,998,609 and ThCh\$7,676,369, advances to suppliers in the amount of ThCh\$2,172,874 and ThCh\$4,567,559, miscellaneous receivables from disposal of property, plant and equipment in the amount of ThCh\$3,433,869 and ThCh\$2,267,225 and Voissnet contingency (See Note 34a) i), respectively.

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

Concepts	09.30.2021					12.31.2020				
	Less than 3 months	3 to 6 months	6 to 12 months	Older than 12 months	Total	Less than 3 months	3 to 6 months	6 to 12 months	Older than 12 months	Total
Miscellaneous receivables	29,580,980	10,750,454	1,047,301	-	41,378,735	28,729,637	9,033,283	1,713,058	-	39,475,978
Total	29,580,980	10,750,454	1,047,301	-	41,378,735	28,729,637	9,033,283	1,713,058	-	39,475,978

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

Movements	09.30.2021	12.31.2020
	ThCh\$	ThCh\$
Beginning balance	218,699,345	226,399,971
Increases	37,022,668	63,732,465
Eliminations/ Additions (1)	(59,754,052)	(71,433,091)
Movements, subtotal	(22,731,384)	(7,700,626)
Ending balance	195,967,961	218,699,345

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

8. Current trade and other accounts receivable, continued

The Company has evaluated the impairment of trade accounts receivable as of September 30, 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 September 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 September 2021 there is no evidence of significant deviances in the collectability rate.

In addition, there are certain gaps in customer payments of large business segments that the Company believes will not generate additional expected losses in excess of those already calculated, but they do have an impact on the portfolio value increase.

- d) Provision for impairment movements according to the composition of the portfolio as of September 30, 2021 and December 31, 2020 are detailed as follows:

Provisions and write-offs	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Provision for non renegotiated portfolio	37,793,017	64,269,058
Provision for renegotiated portfolio	(770,349)	(536,593)
Write-offs for the period	(59,754,052)	(71,433,091)
Total	(22,731,384)	(7,700,626)

- e) As of September 30, 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 09.30.2021	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 interim consolidated financial statements, continued
As of September 30, 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 September 30, 2021 is detailed as follows:

Stratification of portfolio by segment As of September 30, 2021	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	567,218	218,508	42,879	38,496	34,944	30,460	30,216	28,777	32,190	3,021,951	4,045,639
Net portfolio w/o renegotiation	37,881,297	6,004,503	576,587	719,513	991,468	535,751	8,772	-	-	-	46,717,891
Debt	39,513,725	8,006,622	1,924,406	3,780,146	2,531,085	2,073,372	1,166,443	1,352,058	1,750,077	75,321,389	137,419,323
Accrual	(1,632,428)	(2,002,119)	(1,347,819)	(3,060,633)	(1,539,617)	(1,537,621)	(1,157,671)	(1,352,058)	(1,750,077)	(75,321,389)	(90,701,432)
Number of clients w/renegotiation	4,641	1,708	327	161	72	34	29	29	35	90,501	97,537
Net renegotiated portfolio	18,132	79	1	-	-	-	-	-	-	-	18,212
Debt	72,797	22,076	4,789	2,716	1,582	900	564	913	709	830,838	937,884
Accrual	(54,665)	(21,997)	(4,788)	(2,716)	(1,582)	(900)	(564)	(913)	(709)	(830,838)	(919,672)
Total number of clients	571,859	220,216	43,206	38,657	35,016	30,494	30,245	28,806	32,225	3,112,452	4,143,176
Total Fixed Telephone Portfolio	37,899,429	6,004,582	576,588	719,513	991,468	535,751	8,772	-	-	-	46,736,103
Debt	39,586,522	8,028,698	1,929,195	3,782,862	2,532,667	2,074,272	1,167,007	1,352,971	1,750,786	76,152,227	138,357,207
Accrual	(1,687,093)	(2,024,116)	(1,352,607)	(3,063,349)	(1,541,199)	(1,538,521)	(1,158,235)	(1,352,971)	(1,750,786)	(76,152,227)	(91,621,104)
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,245	1,116	36	739	619	581	509	475	551	4,846	11,717
Net portfolio w/o renegotiation	53,750,782	5,580,113	251,404	1,769,759	1,350,831	674,120	365,502	251,725	398,011	397,565	64,789,812
Debt	54,217,743	6,067,977	293,251	2,278,561	1,959,998	1,111,307	713,174	580,947	1,097,053	10,891,950	79,211,961
Accrual	(466,961)	(487,864)	(41,847)	(508,802)	(609,167)	(437,187)	(347,672)	(329,222)	(699,042)	(10,494,385)	(14,422,149)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	2,245	1,116	36	739	619	581	509	475	551	4,846	11,717
Total Corporate Communication and Data Portfolio	53,750,782	5,580,113	251,404	1,769,759	1,350,831	674,120	365,502	251,725	398,011	397,565	64,789,812
Debt	54,217,743	6,067,977	293,251	2,278,561	1,959,998	1,111,307	713,174	580,947	1,097,053	10,891,950	79,211,961
Accrual	(466,961)	(487,864)	(41,847)	(508,802)	(609,167)	(437,187)	(347,672)	(329,222)	(699,042)	(10,494,385)	(14,422,149)
Television											
Number of clients w/o renegotiation (1)	257,947	87,152	13,107	11,395	9,971	9,701	10,059	9,922	10,951	197,115	617,320
Net portfolio w/o renegotiation	15,599,493	1,612,872	45,769	11,330	3,779	1,519	1,298	-	-	-	17,276,060
Debt	15,609,698	1,964,707	259,983	125,753	194,789	211,957	216,855	203,965	196,989	5,450,439	24,435,135
Accrual	(10,205)	(351,835)	(214,214)	(114,423)	(191,010)	(210,438)	(215,557)	(203,965)	(196,989)	(5,450,439)	(7,159,075)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	257,947	87,152	13,107	11,395	9,971	9,701	10,059	9,922	10,951	197,115	617,320
Total Television Portfolio	15,599,493	1,612,872	45,769	11,330	3,779	1,519	1,298	-	-	-	17,276,060
Debt	15,609,698	1,964,707	259,983	125,753	194,789	211,957	216,855	203,965	196,989	5,450,439	24,435,135
Accrual	(10,205)	(351,835)	(214,214)	(114,423)	(191,010)	(210,438)	(215,557)	(203,965)	(196,989)	(5,450,439)	(7,159,075)

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

Notes to the interim consolidated financial statements, continued
As of September 30, 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 September 30, 2021 is detailed as follows, continued

Stratification of portfolio by segment As of September 30, 2021	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Mobile Business											
Number of clients w/o renegotiation (1)	946,400	317,147	46,035	39,545	24,695	30,346	29,112	41,115	30,433	1,601,345	3,106,173
Net portfolio w/o renegotiation	136,290,821	3,065,359	2,627,948	7,315,743	402,517	2,646,398	3,768,499	-	-	63,158	156,180,443
Debt	137,085,532	5,982,454	4,781,640	10,147,657	2,833,132	5,390,608	6,119,591	2,510,696	2,866,657	55,936,120	233,654,087
Accrual	(794,711)	(2,917,095)	(2,153,692)	(2,831,914)	(2,430,615)	(2,744,210)	(2,351,092)	(2,510,696)	(2,866,657)	(55,872,962)	(77,473,644)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	8,757	8,757
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	(63,158)	(63,158)
Debt	-	-	-	-	-	9	9	9	9	636,145	636,181
Accrual	-	-	-	-	-	(9)	(9)	(9)	(9)	(699,303)	(699,339)
Total number of clients	946,400	317,147	46,035	39,545	24,695	30,346	29,112	41,115	30,433	1,601,345	3,114,930
Total Other Portfolio	136,290,821	3,065,359	2,627,948	7,315,743	402,517	2,646,398	3,768,499	-	-	-	156,117,285
Debt	137,085,532	5,982,454	4,781,640	10,147,657	2,833,132	5,390,617	6,119,600	2,510,705	2,866,666	56,572,265	234,290,268
Accrual	(794,711)	(2,917,095)	(2,153,692)	(2,831,914)	(2,430,615)	(2,744,219)	(2,351,101)	(2,510,705)	(2,866,666)	(56,572,265)	(78,172,983)
Contractual Asset and Others											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	33,855,836	-	-	-	-	-	-	-	-	-	33,855,836
Debt	34,198,001	-	-	-	-	-	-	-	-	-	34,198,001
Accrual	(342,165)	-	-	-	-	-	-	-	-	-	(342,165)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	33,855,836	-	-	-	-	-	-	-	-	-	33,855,836
Total Other Portfolio	34,198,001	-	-	-	-	-	-	-	-	-	34,198,001
Debt	34,198,001	-	-	-	-	-	-	-	-	-	34,198,001
Accrual	(342,165)	-	-	-	-	-	-	-	-	-	(342,165)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,773,810	623,923	102,057	90,175	70,229	71,088	69,896	80,289	74,125	4,825,257	7,780,849
Net portfolio w/o renegotiation	277,378,229	16,262,847	3,501,708	9,816,345	2,748,595	3,857,788	4,144,071	251,725	398,011	460,723	318,820,042
Debt	280,624,699	22,021,760	7,259,280	16,332,117	7,519,004	8,787,244	8,216,063	4,647,666	5,910,776	147,599,898	508,918,507
Accrual	(3,246,470)	(5,758,913)	(3,757,572)	(6,515,772)	(4,770,409)	(4,929,456)	(4,071,992)	(4,395,941)	(5,512,765)	(147,139,175)	(190,098,465)
Number of clients w/renegotiation	4,641	1,708	327	161	72	34	29	29	35	99,258	106,294
Net renegotiated portfolio	18,132	79	1	-	-	-	-	-	-	(63,158)	(44,946)
Debt	72,797	22,076	4,789	2,716	1,582	909	573	922	718	1,466,983	1,574,065
Accrual	(54,665)	(21,997)	(4,788)	(2,716)	(1,582)	(909)	(573)	(922)	(718)	(1,530,141)	(1,619,011)
Total number of clients	1,778,451	625,631	102,384	90,336	70,301	71,122	69,925	80,318	74,160	4,924,515	7,887,143
Total Consolidated Portfolio	277,396,361	16,262,926	3,501,709	9,816,345	2,748,595	3,857,788	4,144,071	251,725	398,011	397,565	318,775,096
Debt	280,697,496	22,043,836	7,264,069	16,334,833	7,520,586	8,788,153	8,216,636	4,648,588	5,911,494	149,066,881	510,492,572
Accrual	(3,301,135)	(5,780,910)	(3,762,360)	(6,518,488)	(4,771,991)	(4,930,365)	(4,072,565)	(4,396,863)	(5,513,483)	(148,669,316)	(191,717,476)

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

Notes to the interim consolidated financial statements, continued
As of September 30, 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\$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	495.107	213.336	47.237	35.897	31.208	30.271	34.643	41.431	53.908	3.202.452	4.185.490
Net portfolio w/o renegotiation	18.113.101	5.115.450	85.380	589.380	280.505	1.140.416	289.141	-	-	-	25.613.373
Debt	19.822.734	6.952.105	1.223.384	5.297.932	1.355.831	2.563.989	1.117.370	1.075.892	1.050.212	90.217.356	130.676.805
Accrual	(1.709.633)	(1.836.655)	(1.138.004)	(4.708.552)	(1.075.326)	(1.423.573)	(828.229)	(1.075.892)	(1.050.212)	(90.217.356)	(105.063.432)
Number of clients w/renegotiation	10.577	3.722	794	373	234	131	119	107	94	90.133	106.284
Net renegotiated portfolio	29.844	123	1	-	-	-	-	-	-	-	29.968
Debt	150.416	36.513	8.380	4.007	2.470	1.360	1.206	953	823	826.187	1.032.315
Accrual	(120.572)	(36.390)	(8.379)	(4.007)	(2.470)	(1.360)	(1.206)	(953)	(823)	(826.187)	(1.002.347)
Total number of clients	505.684	217.058	48.031	36.270	31.442	30.402	34.762	41.538	54.002	3.292.585	4.291.774
Total Fixed Telephone Portfolio	18.142.945	5.115.573	85.381	589.380	280.505	1.140.416	289.141	-	-	-	25.643.341
Debt	19.973.150	6.988.618	1.231.764	5.301.939	1.358.301	2.565.349	1.118.576	1.076.845	1.051.035	91.043.543	131.709.120
	(1.830.205)	(1.873.045)	(1.146.383)	(4.712.559)	(1.077.796)	(1.424.933)	(829.435)	(1.076.845)	(1.051.035)	(91.043.543)	(106.065.779)
Accrual											
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,436	1,287	40	740	641	624	522	478	538	4,654	11,960
Net portfolio w/o renegotiation	49,520,680	6,181,584	345,137	2,133,405	981,939	824,075	615,965	567,896	413,883	731,279	62,315,843
Debt	49,692,916	6,451,896	415,277	2,799,009	1,421,039	1,408,674	1,192,344	1,299,829	1,406,135	9,056,166	75,143,285
Accrual	(172,236)	(270,312)	(70,140)	(665,604)	(439,100)	(584,599)	(576,379)	(731,933)	(992,252)	(8,324,887)	(12,827,442)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	2,436	1,287	40	740	641	624	522	478	538	4,654	11,960
Total Corporate Communication and Data Portfolio	49,520,680	6,181,584	345,137	2,133,405	981,939	824,075	615,965	567,896	413,883	731,279	62,315,843
Debt	49,692,916	6,451,896	415,277	2,799,009	1,421,039	1,408,674	1,192,344	1,299,829	1,406,135	9,056,166	75,143,285
Accrual	(172,236)	(270,312)	(70,140)	(665,604)	(439,100)	(584,599)	(576,379)	(731,933)	(992,252)	(8,324,887)	(12,827,442)
Television											
Number of clients w/o renegotiation (1)	212,536	77,338	12,820	10,069	8,915	9,511	11,572	15,483	22,120	273,126	653,490
Net portfolio w/o renegotiation	12,080,722	198,221	36,416	11,260	5,237	3,499	2,395	-	-	-	12,337,750
Debt	12,090,461	246,195	259,952	202,862	170,803	183,962	114,531	249,478	560,902	10,029,578	24,108,724
Accrual	(9,739)	(47,974)	(223,536)	(191,602)	(165,566)	(180,463)	(112,136)	(249,478)	(560,902)	(10,029,578)	(11,770,974)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	212,536	77,338	12,820	10,069	8,915	9,511	11,572	15,483	22,120	273,126	653,490
Total Television Portfolio	12,080,722	198,221	36,416	11,260	5,237	3,499	2,395	-	-	-	12,337,750
Debt	12,090,461	246,195	259,952	202,862	170,803	183,962	114,531	249,478	560,902	10,029,578	24,108,724
Accrual	(9,739)	(47,974)	(223,536)	(191,602)	(165,566)	(180,463)	(112,136)	(249,478)	(560,902)	(10,029,578)	(11,770,974)

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

Notes to the interim consolidated financial statements, continued
As of September 30, 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\$
Mobile Business											
Number of clients w/o renegotiation (1)	866,171	262,064	43,091	33,866	22,153	27,585	28,911	31,958	41,457	1,886,649	3,243,905
Net portfolio w/o renegotiation	73,727,293	7,065,881	2,933,274	4,034,125	1,374,246	2,002,831	1,513,034	-	-	-	92,650,684
Debt	78,865,019	8,140,435	4,397,200	4,955,376	4,655,727	6,300,620	3,954,351	3,339,949	3,090,069	57,720,528	175,419,274
Accrual	(5,137,726)	(1,074,554)	(1,463,926)	(921,251)	(3,281,481)	(4,297,789)	(2,441,317)	(3,339,949)	(3,090,069)	(57,720,528)	(82,768,590)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	10,556	10,556
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	62	26	26	26	26	9	26	26	44	1,386,742	1,387,013
Accrual	(62)	(26)	(26)	(26)	(26)	(9)	(26)	(26)	(44)	(1,386,742)	(1,387,013)
Total number of clients	866,171	262,064	43,091	33,866	22,153	27,585	28,911	31,958	41,457	1,897,205	3,254,461
Total Other Portfolio	73,727,293	7,065,881	2,933,274	4,034,125	1,374,246	2,002,831	1,513,034	-	-	-	92,650,684
Debt	78,865,081	8,140,461	4,397,226	4,955,402	4,655,753	6,300,629	3,954,377	3,339,975	3,090,113	59,107,270	176,806,287
Accrual	(5,137,788)	(1,074,580)	(1,463,952)	(921,277)	(3,281,507)	(4,297,798)	(2,441,343)	(3,339,975)	(3,090,113)	(59,107,270)	(84,155,603)
Contractual Asset and Others											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	41,539,080	-	-	-	-	-	-	-	-	-	41,539,080
Debt	42,513,041	-	-	-	-	-	-	-	-	-	42,513,041
Accrual	(973,961)	-	-	-	-	-	-	-	-	-	(973,961)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Other Portfolio	41,539,080	-	-	-	-	-	-	-	-	-	41,539,080
Debt	42,513,041	-	-	-	-	-	-	-	-	-	42,513,041
Accrual	(973,961)	-	-	-	-	-	-	-	-	-	(973,961)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,576,250	554,025	103,188	80,572	62,917	67,991	75,648	89,350	118,023	5,366,881	8,094,845
Net portfolio w/o renegotiation	194,980,876	18,561,136	3,400,207	6,768,170	2,641,927	3,970,821	2,420,535	567,896	413,883	731,279	234,456,730
Debt	202,984,171	21,790,631	6,295,813	13,255,179	7,603,400	10,457,245	6,378,596	5,965,148	6,107,318	167,023,628	447,861,129
Accrual	(8,003,295)	(3,229,495)	(2,895,606)	(6,487,009)	(4,961,473)	(6,486,424)	(3,958,061)	(5,397,252)	(5,693,435)	(166,292,349)	(213,404,399)
Number of clients w/renegotiation	10,577	3,722	794	373	234	131	119	107	94	100,689	116,840
Net renegotiated portfolio	29,844	123	1	-	-	-	-	-	-	-	29,968
Debt	150,478	36,539	8,406	4,033	2,496	1,369	1,232	979	867	2,212,929	2,419,328
Accrual	(120,634)	(36,416)	(8,405)	(4,033)	(2,496)	(1,369)	(1,232)	(979)	(867)	(2,212,929)	(2,389,360)
Total number of clients	1,586,827	557,747	103,982	80,945	63,151	68,122	75,767	89,457	118,117	5,467,570	8,211,685
Total Consolidated Portfolio	195,010,720	18,561,259	3,400,208	6,768,170	2,641,927	3,970,821	2,420,535	567,896	413,883	731,279	234,486,698
Debt	203,134,649	21,827,170	6,304,219	13,259,212	7,605,896	10,458,614	6,379,828	5,966,127	6,108,185	169,236,557	450,280,457
Accrual	(8,123,929)	(3,265,911)	(2,904,011)	(6,491,042)	(4,963,969)	(6,487,793)	(3,959,293)	(5,398,231)	(5,694,302)	(168,505,278)	(215,793,759)

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

Notes to the interim consolidated financial statements, continued
As of September 30, 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	09.30.2021	12.31.2020
							ThCh\$	ThCh\$
Infraco SpA (1)	77,122,635-3	Chile	Associate	Subtotal	CLP		25,869,089	-
				Deployment services	CLP	60 days	19,534,832	-
				Wholesale and other services	CLP	60 days	5,654,724	-
				Mandate	CLP	60 days	679,533	-
Telefónica Cybersecurity & Cloud Tech Chile SpA (2)	77,145,256-6	Chile	Common end controller	Serv, Provided	CLP	60 days	2,518,720	244,547
Telefónica Global Solutions Chile, S.p.A.	76,540,944-6	Chile	Common end controller	Serv, Provided	CLP	60 days	1,506,981	1,025,297
Telxius Cable Chile	96,910,730-9	Chile	Common end controller	Serv, Provided	CLP	60 days	1,521,054	1,023,689
Telefónica Global Solutions	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	1,075,958	1,511,463
Telefónica Ingeniería de Seguridad S.A.	59,083,900-0	Chile	Common end controller	Serv, Provided	CLP	60 days	485,236	394,084
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	90 days	401,045	245,864
Telefónica S.A.	Foreign	Spain	End controller	Serv, Provided	EUR	90 days	382,719	299,768
Telefónica de Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	90 days	200,832	-
Terra Network Mexico Holding	Foreign	México	Common end controller	Serv, Provided	USD	60 days	187,000	-
Telefónica Digital España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	184,634	276,787
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	90 days	151,286	183,970
Telefónica Venezolana C.A.	Foreign	Venezuela	Common end controller	Serv, Provided	USD	90 days	100,638	96,299
Telefónica IoT & Big Data Tech Chile SpA	76,338,291-5	Chile	Common end controller	Serv, Provided	CLP	60 days	96,761	1,045
Terra Networks Chile S.A.	96,834,230-4	Chile	Common end controller	Serv, Provided	CLP	60 days	54,580	17,855
Pegaso PCS, S.A. de C.V.	Foreign	México	Common end controller	Serv, Provided	USD	90 days	45,193	42,967
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	Reino Unido	Common end controller	Serv, Provided	EUR	90 days	22,257	21,158
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv, Provided	USD	60 days	11,227	18,587
Telefónica Móviles España	Foreign	Spain	Common end controller	Serv, Provided	EUR	90 days	7,097	48,606
Inversiones Telefónica Internacional Holding SpA	77,363,730-K	Chile	Common end controller	Serv, Provided	CLP	60 days	5,262	5,262
Telefónica Móviles del Uruguay	Foreign	Uruguay	Common end controller	Serv, Provided	USD	90 days	2,531	16,173
Wayra Chile Tecnología e Innovación Ltda.	96,672,150-2	Chile	Common end controller	Serv, Provided	CLP	60 days	1,312	7.325
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv, Provided	USD	90 days	602	596
Telxius Torres Chile, S.A.	76,558,575-9	Chile	Common end controller	Serv, Provided	CLP	60 days	-	3.506.043
Telefónica Factoring Chile S.A	76,096,189-2	Chile	Common end controller	Serv, Provided	CLP	60 days	-	107.418
Terra Networks Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	90 days	-	5.148
Total							34,832,014	9,099,951

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

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

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

Notes to the interim consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



9. Receivables from and payable to related companies, continued

b) Non-current receivables from related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2021 ThCh\$	12.31.2020 ThCh\$
HoldCo Infraco SpA (1)	77,374,961-2	Chile	Associate	Sale of Fiber Optic business.	CLP	-	80,379,829	-
Total							80,379,829	-

c) Current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Infraco SpA (1)	77,122,635-3	Chile	Associate	Serv. Provided	CLP	60 days	24.296.704	-
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	60 days	8.048.897	10.387.758
Telefónica S.A.	Foreign	Spain	End controller	Subtotal			6.130.323	8.286.825
				Brand Fee	EUR/CLP	60 days	5.596.166	7.841.891
				Others	EUR	60 days	534.157	444.934
Telefónica Cybersecurity & Cloud Tech chile SpA (2)	77,145,256-6	Chile	Common end controller	Serv. Provided	CLP	60 days	11.127.995	2.787.013
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	5.817.848	6.097.011
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile S.A.)	96,910,730-9	Chile	Common end controller	Subtotal			4.814.611	2.234.522
				Ip voice traffic	CLP	60 days	3.779.503	1.148.643
				Data and links	CLP	60 days	946.388	997.511
				Mandate	CLP	60 days	88.720	88.368
Telefónica Global Solutions	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	2.696.580	2.079.681
Telefónica Global Solutions Chile, S.p.A.	76,540,944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	1.733.969	1.806.721
Telefónica Hispanoamérica, S.L (antes LACH)	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1.405.902	103.827
Telefónica Global Technology S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1.220.822	522.721
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1.166.676	779.941
Telefonica Iot & Big Data Tech	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	783.154	-
Telefónica Ingeniería de Seguridad	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	688.542	-

Notes to the interim consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



9. Receivables from and payable to related companies, continued

c) Current payables to related companies, continued

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency a	Term	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Telefónica Cybersecurity & Cloud Tech España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	333.410	-
Telefónica IoT & Big Data Tech Chile SpA	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	314.323	59.952
Telefónica Global Roaming GmbH	Foreign	Germany	Common end controller	Serv. Provided	EUR	60 days	298.079	183.867
Telefónica del Perú S.A.	Foreign	Perú	Common end controller	Serv. Provided	USD	60 days	242.917	510.725
Terra México	Foreign	México	Common end controller	Serv. Provided	USD	60 days	180.758	-
Telefónica O2 Germany GmbH & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	EUR	60 days	118.519	106.834
Media Networks Perú	Foreign	Perú	Common end controller	Satellite space	USD	60 days	63.141	1.401.556
Telefonica Venezolana C.A.	Foreign	Venezuela	Common end controller	Serv. Provided	USD	60 days	63.276	-
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	54.494	22.814
Telefónica Learning Services	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	20.445	-
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	15.878	18.151
Telefónica Global Technology Chile	59.165.120-k	Chile	Common end controller	Computer Services	CLP	60 days	16.105	16.105
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	14.412	-
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	60 days	13.437	33.389
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	60 days	9.397	5.291
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	60 days	6.360	-
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	2.841	1.421
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	Serv. Provided	CLP	60 days	-	9.867.639
Telefónica Latam Holding	Foreign	Spain	Common end controller	Management Fee	EUR	60 days	-	1.792.803
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	-	1.565.664
Terra Networks México Holding S.A.	Foreign	México	Common end controller	Serv. Provided	USD	60 days	-	254.870
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	-	64.352
Telefónica Global Services GmbH (antes O2 GMBH)	Foreign	Alemania	Common end controller	Serv. Provided	EUR	60 days	-	67.000
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	60 days	-	47.275
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Subtotal			-	8.442.676
				Spaces lease	CLP	60 days	-	5.795.443
				Co-localization lease	CLP	60 days	-	2.560.600
				Serv. Provided	CLP	60 days	-	86.633
Total							71.699.815	59.548.404

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

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

There are no guarantees related to amounts included in outstanding balances.

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

Notes to the interim consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



9. Receivables from and payable to related companies, continued

d) Non-current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Telefónica S.A.	Foreign	Spain	End controller	HR obligation	CLP	1,613,273	1,354,947
Telxius Torres Chile S.A.	76,558,575-9	Chile	Common end controller	Co-localization lease	CLP	-	39,447,038
Total						1,613,273	40,801,985

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

Company	Taxpayer No.	Country of origin	Nature of the relationship	Description of the transaction	Currency	Amount ThCh\$	Effect on income (Charge)/Credit	Amount ThCh\$	Effect on income (Charge)/Credit
Infraco SpA (1)	77.122.635-3	Chile	Associate	Serv. Provided	CLP	22.786.001	22.786.001	-	-
				Sale of Fixed Assets	CLP	358.254.175	358.254.175	-	-
				Costs	CLP	21.598.159	(21.598.159)	-	-
Telefónica Cybersecurity & Cloud Tech Chile SpA (2)	77.145.256-6	Chile	Common end controller	Costs	CLP	31.679.007	(31.679.007)	-	-
Telefonica S.A.	Foreign	Spain	End controller	Brand Fee	EUR	23.464.486	(23.464.486)	17.753.715	(17.753.715)
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile S.A.)	96.910.730-9	Chile	Common end controller	Costs	CLP	11.580.147	(11.580.147)	6.843.478	(6.843.478)
Telefónica Digital España	Foreign	Spain	Common end controller	Costs	CLP	9.224.513	(9.224.513)	4.497.181	(4.497.181)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Costs	CLP	4.119.072	(4.119.072)	5.415.022	(5.415.022)
Telefónica Global Solutions Chile, S.p.A.	76.540.944-6	Chile	Common end controller	Enlace	CLP	1.690.400	(1.690.400)	1.673.470	1.673.470
				Costs	CLP	4.039.772	4.039.772	6.439.737	(6.439.737)
Telefónica Global Technology S.A.U.	Foreign	Spain	Common end controller	Costs	CLP	5.039.855	(5.039.855)	4.115.321	(4.115.321)
Telefónica IoT & Big Data Tech Chile, SpA	76.338.291-5	Chile	Common end controller	Venta IOT Big Data	CLP	3.986.763	3.986.763	-	-
			Common end controller	Costs	CLP	1.202.968	(1.202.968)	-	-
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Media Rental	CLP	4.111.989	(4.111.989)	4.427.427	(4.427.427)
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Lease	CLP	2.510.497	(2.510.497)	2.138.117	(2.138.117)
Telefonica lot & Big Data Tech	Foreign	Spain	Common end controller	Costs	CLP	2.290.245	(2.290.245)	-	-
Media Network Perú S.A.C.	Foreign	Perú	Common end controller	Media Rental	CLP	2.206.173	(2.206.173)	4.766.828	(4.766.828)
Telefónica Compras Electrónicas S.L.	Foreign	Spain	Common end controller	Serv. Provided	EUR	2.206.066	(2.206.066)	-	-
Telefónica Hispanoamerica	Foreign	Spain	Common end controller	Management Fee	EUR	1.942.760	(1.942.760)	1.084.037	(1.084.037)
Telefónica Global Solutions	Foreign	Spain	Common end controller	Serv. Provided	CLP	1.888.064	1.888.064	1.391.553	1.391.553
				Costs	CLP	2.668.469	(2.668.469)	2.300.608	(2.300.608)
				interest and eadjustments,					
HoldCo InfraCo SpA	77.374.961-2	Chile	Associate	subordinated debt	CLP	1.516.764	1.516.764	-	-

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

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

As of September 30, 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 September 30, 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 currents, accruing interest at a variable interest rate that adjusts to market conditions.

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

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

The Company is managed by a Board of Directors composed of 5 members and its key employees are 65 and 62 executives for September 30, 2021 and 2020, respectively.

Concepts	07.01.2021 al	09.30.2021	07.01.2020 al	09.30.2020
	09.30.2021		09.30.2020	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Salaries	2,194,141	9,618,355	2,261,140	8,826,000
Post employment benefits	441,866	1,043,932	67,328	3,215,648
Total	2,636,007	10,662,287	2,328,468	12,041,648

10. Inventory

a) The detail of inventory is as follows:

Concepts	09.30.2021		Net value	12.31.2020		Net value
	Gross value	Allowance for obsolescence		Gross value	Allowance for obsolescence	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mobile equipment	40.004.607	(146.123)	39.858.484	36,673,626	(78,158)	36,595,468
Modems and Router (1)	23.040.264	(812.093)	22.228.171	20,352,861	(952,595)	19,400,266
Fibra óptica (1)	12.384.227	(1.220)	12.383.007	-	-	-
IP Solutions Projects (2)	7.452.438	-	7.452.438	4,534,625	-	4,534,625
Decoders and antennas	3.315.770	(314.995)	3.000.775	3,638,292	(455,822)	3,182,470
Basic telephony, public telephony and switchboard ("centralitas") components	6.128.621	(98.805)	6.029.816	3,549,579	(346,472)	3,203,107
Mobile accessory	1.891.332	(82.676)	1.808.656	438,231	(38,491)	399,740
Other	163.312	(15.192)	148.120	134,385	(13,476)	120,909
Total	94.380.571	(1.471.104)	92.909.467	69,321,599	(1,885,014)	67,436,585

(1) Corresponds to new purchases of the period

(2) As of September 30, 2021 includes balances of IP Solutions Projects corresponding mainly to Metro in the amount of ThCh\$2,490,360, Obrascon in the amount of ThCh\$1,826,996, Infraestructura S.A. in the amount of ThCh\$768,386, Mayor State in the amount of ThCh\$420,472 Celulosa Arauco in the amount of ThCh\$317,832 and Estudios P. Valdivia in the amount of ThCh\$222,312.

As of September 30, 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 September 30, 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 September 30, 2021.

b) The movement of inventory is as follows:

Movements	09.30.2021	12.31.2020
	ThCh\$	ThCh\$
Beginning balance	67,436,585	59,288,009
Purchases	329,985,845	336,590,478
Sales	(304,926,873)	(326,914,096)
Allowance for obsolescence	413,910	247,057
Transfer to assets available for sale (see Note 18)	-	(1,774,863)
Movement, subtotal	25,472,882	8,148,576
Ending balance	92,909,467	67,436,585

11. Income Taxes

a) Income Taxes:

As of September 30, 2021, the parent company, Telefónica Móviles Chile S.A. and subsidiary Telefónica Chile S.A, have established a first category income tax provision, since it determined a positive tax base in the amount of ThCh\$25,912,156 and ThCh\$364,726,343, respectively. The rest of the companies of the Group present tax losses.

As of September 30, 2020, Telefónica Móviles Chile S.A. and subsidiary Telefónica Chile S.A., have established a first category income tax provision, determining a positive taxable base of ThCh\$28,690,355 and ThCh\$540,387, respectively.

The following are first category tax losses as of September 30, 2021 and 2020, as applicable:

- Telefónica Empresas S.A. ThCh\$64,062,112 and ThCh\$51,549,088 at September 30, 2021 and 2020, respectively.
- Telefónica Chile Servicios Corporativos Ltda. ThCh\$2,191,196 y ThChM\$101,550 at September 30, 2021 and 2020, respectively.
- Telefónica Investigación y Desarrollo SpA. ThCh\$1,192,619 y ThChM\$1,157,340 at September 30, 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.

11. Income Taxes, continued

a) Income Taxes, continued

As of September 30, 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%)			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	Total available credit against final taxes (art 41 A & 41 C of ITL)		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Telefónica Móviles Chile S.A.	-	-	-	-	6,683,636	-	-	52,882,163	233,375,093
Telefónica Chile S.A.	-	-	-	-	98,406,384	-	-	125,656,769	554,537,832
Telefónica Empresas Chile S.A.	3,051,247	-	-	3,051,247	(292,875)	-	-	-	-
Telefónica Chile Servicios Corporativos Ltda.	90,371,897	90,371,897	-	-	15,951,342	-	-	18,383,644	68,466,460
Telefónica Investigación y Desarrollo SPA	1,385,535	1,385,535	-	-	727,470	-	-	-	-
Total	94,808,679	91,757,432	-	3,051,247	121,475,957	-	-	196,922,576	856,379,385

b) Current tax assets

As of September 30, 2021 and December 31, 2020, current income tax assets are detailed as follows:

Concepts	09.30.2021	12.31.2020
	ThCh\$	ThCh\$
Monthly prepaid tax installments (1)	2,102,387	7,557,251
Taxes for recovering previous years (2)	4,967,549	3,861,856
Provisional payment on absorbed profits (3)	2,718,729	2,718,729
Sence and others	538,246	-
Total	10,326,911	14,137,836

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

(2) Telefónica Chile S.A. in the amount of ThCh\$44,486 (Income Tax Return TY 2019) and ThCh\$2,360,911 (Income Tax Return TY2021), Telefónica Chile Servicios Corporativos Ltda. in the amount of ThCh\$2,199,685 (Income Tax Return TY2020 and previous years), and Telefónica Móviles in the amount of ThCh\$362,467 (Income Tax Return TY2021).

(3) Tax refunds from Telefónica Móviles Chile S.A. in the amount of ThCh\$1,974,329 for the 2021 tax year and for Inversiones Telefónica Móviles Holding S.A. in the amount of ThCh\$ 2,718,729 for the 2015 and 2016 tax years.

Notes to the interim consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



11. Income Taxes, continued

c) Deferred tax assets and liabilities

As of September 30, 2021, December 31, 2020 and September 30, 2020, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$5,935,253, ThCh\$21,844,559 and ThCh\$30,072,378 respectively and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits September 30, 2021	Provision for impairment	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right of use and leasing obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	28,695,900	319,792	28,060,932	70,175,519	5,142,005	-	15,741,927	12,475,584	18,210,400	10,345,872	(4,096,830)	(84,582,503)	100,488,598	100,488,598
Deferred tax liabilities	-	-	5,626,850	-	-	11,001,947	10,979,149	133,930,648	-	7,065,060	10,532,194	(84,582,503)	94,553,345	94,553,345
Deferred tax liabilities (assets)	(28,695,900)	(319,792)	(22,434,082)	(70,175,519)	(5,142,005)	11,001,947	(4,762,778)	121,455,064	(18,210,400)	(3,280,812)	14,629,024	-	(5,935,253)	(5,935,253)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(28,695,900)	(319,792)	(22,434,082)	(70,175,519)	(5,142,005)	-	(4,762,778)	-	(18,210,400)	(3,280,812)	-	-	(153,021,288)	(153,021,288)
Deferred tax liabilities, net	-	-	-	-	-	11,001,947	-	121,455,064	-	-	14,629,024	-	147,086,035	147,086,035
Deferred tax expense (benefit)														
Deferred tax expense (benefit)	7,240,716	111,757	(25,411,210)	18,151,112	(122,154)	3,570,225	1,087,967	(14,387,079)	4,674,719	(2,965,384)	21,981,785	-	13,932,454	13,932,454
Deferred tax expense (benefit) recognized in income	7,240,716	111,757	(25,411,210)	18,151,112	(122,154)	3,570,225	1,087,967	(14,387,079)	4,674,719	(2,965,384)	21,981,785	-	13,932,454	13,932,454
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2020	(35,936,616)	(431,549)	2,977,128	(88,326,631)	(5,019,851)	7,431,722	(6,632,068)	135,842,143	(24,080,648)	(315,428)	(7,352,761)	-	(21,844,559)	(21,844,559)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	7,240,716	111,757	(25,411,210)	18,151,112	(122,154)	3,570,225	1,087,967	(14,387,079)	4,674,719	(2,965,384)	21,981,785	-	13,932,454	13,932,454
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	1,195,529	-	-	-	1,195,529	1,195,529
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	781,323	-	-	-	-	-	781,323	1,195,529
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	7,240,716	111,757	(25,411,210)	18,151,112	(122,154)	3,570,225	1,869,290	(14,387,079)	5,870,248	(2,965,384)	21,981,785	-	15,909,306	15,909,306
Deferred tax liabilities (assets)	(28,695,900)	(319,792)	(22,434,082)	(70,175,519)	(5,142,005)	11,001,947	(4,762,778)	121,455,064	(18,210,400)	(3,280,812)	14,629,024	-	(5,935,253)	(5,935,253)

Notes to the interim consolidated financial statements, continued
As of September 30, 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
Deferred tax assets and liabilities														
Deferred tax assets	35,936,616	431,549	3,627,492	88,326,631	5,019,851	-	17,788,044	9,836,021	24,080,648	9,461,264	5,124,675	(82,085,299)	117,547,492	117,547,492
Deferred tax liabilities	-	-	6,604,620	-	-	7,431,722	11,155,976	145,678,164	-	9,145,836	(2,228,086)	(82,085,299)	95,702,933	95,702,933
Deferred tax liabilities (assets)	(35,936,616)	(431,549)	2,977,128	(88,326,631)	(5,019,851)	7,431,722	(6,632,068)	135,842,143	(24,080,648)	(315,428)	(7,352,761)	-	(21,844,559)	(21,844,559)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(35,936,616)	(431,549)	-	(88,326,631)	(5,019,851)	-	(6,632,068)	-	(24,080,648)	(315,428)	(7,352,761)	-	(168,095,552)	(168,095,552)
Deferred tax liabilities, net	-	-	2,977,128	-	-	7,431,722	-	135,842,143	-	-	-	-	146,250,993	146,250,993
Deferred tax expense (benefit)														
Deferred tax expense (benefit)	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Deferred tax expense (benefit) recognized in income	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2019	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)	-	(22,466,891)	(22,466,891)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	(3,405,172)	-	-	-	(3,405,172)	(3,405,172)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(67,733)	-	-	-	-	-	(67,733)	(67,733)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	375,557	66,704	478,233	8,553,726	37,363	3,769,784	(48,055)	4,347,556	(13,409,164)	(1,287,642)	(2,261,730)	-	622,332	622,332
Deferred tax liabilities (assets)	(35,936,616)	(431,549)	2,977,128	(88,326,631)	(5,019,851)	7,431,722	(6,632,068)	135,842,143	(24,080,648)	(315,428)	(7,352,761)	-	(21,844,559)	(21,844,559)

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

Notes to the interim consolidated financial statements, continued
As of September 30, 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 September 30, 2020	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right of use and leasing obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	42,421,221	452,386	6,011,673	89,444,629	4,995,127	-	16,653,236	8,599,335	14,258,317	9,487,816	5,125,239	(72,573,722)	124,875,257	124,875,257
Deferred tax liabilities	-	-	5,224,536	-	-	5,184,161	11,032,707	139,913,045	-	9,179,110	(3,156,958)	(72,573,722)	94,802,879	94,802,879
Deferred tax liabilities (assets)	(42,421,221)	(452,386)	(787,137)	(89,444,629)	(4,995,127)	5,184,161	(5,620,529)	131,313,710	(14,258,317)	(308,706)	(8,282,197)		(30,072,378)	(30,072,378)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(42,421,221)	(452,386)	(787,137)	(89,444,629)	(4,995,127)	-	(5,620,529)	-	(14,258,317)	(308,706)	(8,282,197)	-	(166,570,249)	(166,570,249)
Deferred tax liabilities, net	-	-	-	-	-	5,184,161	-	131,313,710	-	-	-	-	136,497,871	136,497,871
Deferred tax expense (benefit)														
Deferred tax expense (benefit)	(6,109,048)	45,867	(3,286,032)	7,435,728	62,087	1,522,223	1,275,533	(180,877)	(3,745,379)	(1,280,920)	(3,191,166)	-	(7,451,984)	(7,451,984)
Deferred tax expense (benefit) recognized in income	(6,109,048)	45,867	(3,286,032)	7,435,728	62,087	1,522,223	1,275,533	(180,877)	(3,745,379)	(1,280,920)	(3,191,166)	-	(7,451,984)	(7,451,984)
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2019	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)	-	(22,466,891)	(22,466,891)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	(6,109,048)	45,867	(3,286,032)	7,435,728	62,087	1,522,223	1,275,533	(180,877)	(3,745,379)	(1,280,920)	(3,191,166)	-	(7,451,984)	(7,451,984)
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	158,546	-	-	-	158,546	158,546
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(312,049)	-	-	-	-	-	(312,049)	(312,049)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	(6,109,048)	45,867	(3,286,032)	7,435,728	62,087	1,522,223	963,484	(180,877)	(3,586,833)	(1,280,920)	(3,191,166)	-	(7,605,487)	(7,605,487)
Deferred tax liabilities (assets)	(42,421,221)	(452,386)	(787,137)	(89,444,629)	(4,995,127)	5,184,161	(5,620,529)	131,313,710	(14,258,317)	(308,706)	(8,282,197)	-	(30,072,378)	(30,072,378)

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

11. Income Taxes, continued

d) Taxable Income

As of September 30, 2021 and 2020 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh\$390,638,501 and ThCh\$39,230,742, respectively for period, detailed as follows:

Concepts	Taxable Net Income			
	07.01.21 al 09.30.21 ThCh\$	09.30.2021 ThCh\$	07.01.20 al 09.30.20 ThCh\$	09.30.2020 ThCh\$
Finance income	277,856,522	320,226,597	11,146,109	21,105,276
Recorded tax expense	99,883,006	110,037,875	6,508,193	4,493,907
Additions	650,229,642	1,000,234,147	111,719,469	392,409,400
Deductions	(672,432,023)	(1,039,860,118)	(130,977,583)	(378,777,841)
Taxable net income	355,537,147	390,638,501	(1,603,812)	39,230,742
First category tax rate 27%	95,995,029	105,472,395	(433,029)	10,592,300
Art. 21 rejected expenses tax base	(7,545)	655,235	1,160,283	3,123,314
First category tax rate 40%	(3,019)	262,094	464,114	1,249,326
Total tax provision	95,992,010	105,734,489	31,085	11,841,626
Provision contingencies (1)	5,864,145	(644,205)	2,463	8,094
Provision for hedging instruments to equity (2)	(3,911,684)	(7,825,778)	2,169,255	(633,196)
Provisional payment on absorbed profits	1,974,329	5,860,221	-	-
Settlement of derivatives of previous years(3)	(776,147)	(3,710,543)	24,492	353,752
(Excess) Déficit previous period	(143)	(3,308,763)	(8,700)	375,614
Total first category taxes	99,142,510	96,105,421	2,218,595	11,945,890

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

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

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

Notes to the interim consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation for September 30, 2021 and 2020 is detailed as follows:

Conceptos	07.01.21 al 09.30.21		09.30.2021		07.01.20 al 09.30.20		09.30.2020	
	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$
Based on accounting income before taxes:								
Finance income	277,856,522		320,226,597		11,146,109		21,105,276	
Recorded tax expense	99,883,006		110,037,875		6,508,193		4,493,907	
Income before taxes	377,739,528	101,989,673	430,264,472	116,171,407	17,654,302	4,766,662	25,599,183	6,911,779
Permanent differences	(7,802,469)	(2,106,667)	(22,716,787)	(6,133,532)	6,450,112	1,741,531	(8,955,082)	(2,417,872)
Price-level restatement of taxable equity	(18,975,390)	(5,123,355)	(68,450,562)	(18,481,652)	(2,265,944)	(611,805)	(33,561,123)	(9,061,503)
Price-level restatement of taxable value of investments in related companies	15,338,304	4,141,342	41,843,427	11,297,725	499,244	134,796	17,361,138	4,687,507
Income from investment in related parties	(53,211,728)	(14,367,167)	(52,637,079)	(14,212,011)	297,262	80,261	958,758	258,865
Contingency provision	21,719,056	5,864,145	19,318,578	5,216,016	9,122	2,463	29,978	8,094
Adjustment of initial deferred tax balances	21,343,007	5,762,612	39,608,150	10,694,201	239,804	64,747	(5,868,749)	(1,584,562)
(Excess) Déficit previous period	-	-	(12,254,163)	(3,308,624)	(32,222)	(8,700)	1,391,163	375,614
Art. 21 non-deductible expenses	(11,181)	(3,019)	970,719	262,094	1,718,940	464,114	4,627,133	1,249,326
IFRS16 adjustment	(3,780,346)	(1,020,693)	(3,042,823)	(821,562)	3,328,176	898,608	396,369	107,020
Adjustment for BAF and DECOS components	1,994,798	538,595	9,978,999	2,694,330	3,024,899	816,723	4,256,427	1,149,235
Price-level restatement of non-monetary assets associated to merger intangibles	1,313,394	354,616	3,843,310	1,037,694	107,104	28,918	1,606,568	433,773
Others (1)	6,467,617	1,746,257	(1,895,343)	(511,743)	(476,273)	(128,594)	(152,744)	(41,241)
Total corporate tax expense	369,937,059	99,883,006	407,547,685	110,037,875	24,104,414	6,508,193	16,644,101	4,493,907
Based on taxable net income and deferred taxes calculated on the basis of temporary differences								
27% income tax		92,083,345		97,646,617		1,736,226		9,959,104
40% income tax		(3,019)		262,094		464,114		1,249,326
Contingency provision		5,864,145		5,216,016		2,463		8,094
Provisional payment on absorbed profits		1,974,329		-		-		-
Settlement of derivatives of previous periods		(776,147)		(3,710,543)		24,492		353,752
(Excess) Déficit previous period		(143)		(3,308,763)		(8,700)		375,614
Income tax expense		99,142,510		96,105,421		2,218,595		11,945,890
Total deferred tax expense (income)		740,496		13,932,454		4,289,598		(7,451,983)
Total corporate tax expense (income)		99,883,006		110,037,875		6,508,193		4,493,907
Effective income tax rate (2)		26,44%		25,57%		36,86%		17,55%

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

(2) Effective rate determined considering the tax expense accounted for in result with respect to the financial result before tax amounts to 25.57%.

11. Income Taxes, continued

f) Current income tax liabilities

As of September 30, 2021 and December 31, 2020, current income tax liabilities are detailed as follows:

Concepts	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Income tax accrual (1)	95,891,034	119,330
Unic income tax	260,785	844,834
Contingency provision	187,945	6,569,411
Others	126,928	126,927
Total	96,466,692	7,660,502

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh\$9,582,531 and ThCh\$3,957,604, respectively.

12. Non-current trade and other accounts receivable

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

Concepts	09.30.2021			12.31.2020		
	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$
Receivables on non-current loan transactions	35,981,909	(4,250,485)	31,731,424	15,628,533	(2,905,586)	12,722,947
Trade receivables	34,513,186	(4,218,248)	30,294,938	13,530,862	(2,801,321)	10,729,541
Contractual asset (1)	1,468,723	(32,237)	1,436,486	2,097,671	(104,265)	1,993,406
Miscellaneous receivables (2)	9,936,557	-	9,936,557	10,600,975	-	10,600,975
Total	45,918,466	(4,250,485)	41,667,981	26,229,508	(2,905,586)	23,323,922

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

(2) Mainly includes loans related to employees.

b) Non-current trade and other accounts receivable by due date, as of September 30, 2021 and as of December 31, 2020, are detailed as follows:

Concepts	As of September 30, 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	35,765,647	216,262	-	35,981,909	(4,245,924)	(4,561)	-	(4,250,485)	31,731,424
Miscellaneous receivables	226,154	992,056	8,718,347	9,936,557	-	-	-	-	9,936,557
Total	35,991,801	1,208,318	8,718,347	45,918,466	(4,245,924)	(4,561)	-	(4,250,485)	41,667,981

Concepts	As of December 31, 2020								Net Total
	Gross Portfolio value in ThCh\$				Provision for impairment ThCh\$				
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	
Trade receivables	13,608,496	1,424,241	595,796	15,628,533	(2,895,757)	(9,829)	-	(2,905,586)	12,722,947
Miscellaneous receivables	240,611	1,058,459	9,301,905	10,600,975	-	-	-	-	10,600,975
Total	13,849,107	2,482,700	9,897,701	26,229,508	(2,895,757)	(9,829)	-	(2,905,586)	23,323,922

13. Intangible Assets other than goodwill

- a) Intangible assets other than goodwill as of September 30, 2021 and as of December 31, 2020 are detailed as follows:

Concepts	09.30.2021			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)	609,816,416	(515,713,280)	94,103,136	693,467,896	(600,393,470)	93,074,426
Administratives grantings (2)	96,164,309	(78,724,753)	17,439,556	96,164,309	(77,696,724)	18,467,585
Intangible assets in development (3)	154,108,515	-	154,108,515	30,728,545	-	30,728,545
Other intangible assets (4)	21,689,823	(21,689,823)	-	21,689,823	(21,547,146)	142,677
Total	881,779,063	(616,127,856)	265,651,207	842,050,573	(699,637,340)	142,413,233

- (1) Corresponds to others Software Administrative and corporate for ThCh\$40,024,541, "Believe" project ThCh \$19,144,746 and Transmission and network for ThCh \$4,598,359.
(2) This item records licenses for right of use of spectrum
(3) Corresponds to 5G spectrum in the amount of ThCh\$117,479,632, platforms and services in the amount of ThCh\$26,295,448, operational continuity in the amount of ThCh\$6,106,629, mobile network in the amount of ThCh\$3,937,621, core transportation and optimization in the amount of ThCh\$192,875 and fiber optics in the amount of ThCh\$96,310.
(4) Corresponds to submarine cable usage rights.

- b) As of September 30, 2021 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net	Licenses and franchises, net	Administratives Grantings Net	Other intangible assets, Net	Intangible, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2021	30,728,545	93,074,426	18,467,585	142,677	142,413,233
Additions (1)	146,235,963	-	-	-	146,235,963
Transfer from costs of developing to service	(22,796,403)	22,526,780	-	-	(269,623)
Cancellations	(59,590)	(125,114,086)	-	-	(125,173,676)
Amortization of cancellations	-	125,114,086	-	-	125,114,086
Amortization	-	(43,022,682)	(1,028,029)	(142,677)	(44,193,388)
Transfer from work in progress (Note 15b)	-	24,048,472	-	-	24,048,472
Transfer of gross value to assets available for sale (see Note 18)	-	(4,699,514)	-	-	(4,699,514)
Transfer of amortization to assets available for sale (see Note 18)	-	2,175,654	-	-	2,175,654
Movement, subtotal	123,379,970	1,028,710	(1,028,029)	(142,677)	123,237,974
Ending balance as of 09.30.2021	154,108,515	94,103,136	17,439,556	-	265,651,207
Remaining average useful life	-	1.64 years	12,72 years	-	-

- (1) Considers an allowance for variable income contracts that become subject to IFRS16 in the amount of MCh\$21,455,128.

13. Intangible Assets other than goodwill, continued

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

Movements	Intangible assets in development, net	Licenses and franchises, net	Administratives Grantings Net	Other intangible assets, Net	Intangible, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2020	31,563,423	101,315,038	25,748,004	713,383	159,339,848
Additions	46,977,157	-	-	-	46,977,157
Transfer from costs of developing to service	(52,558,310)	52,558,310	-	-	-
Cancellations	-	(180,296)	(31,318,658)	-	(31,498,954)
Amortization of cancellations	-	180,296	31,318,658	-	31,498,954
Amortization	-	(61,155,094)	(4,594,187)	(570,706)	(66,319,987)
Transfer from work in progress (Note 15b)	5,133,091	-	-	-	5,133,091
Transfer of gross value to assets available for sale (see Note 18)	-	(180,821)	(34,004,889)	-	(34,185,710)
Transfer of amortization to assets available for sale (see Note 18)	-	150,177	31,318,657	-	31,468,834
Movement, subtotal	(834,878)	(8,240,612)	(7,280,419)	(570,706)	(16,926,615)
Ending balance as of 12.31.2020	30,728,545	93,074,426	18,467,585	142,677	142,413,233
Remaining average useful life	-	1.52 years	13 years	0.25 years	

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

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

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

As of September 30, 2021, impairment testing did not result in loss of value of intangible assets.

The Company has evaluated the possible impairment of intangible assets as of September 30, 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 September 30, 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\$404,740,022 and ThCh\$492,568,088, as of September 30, 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 September 30, 2021 and as of December 31, 2020, the value recorded as of that date remains the same.

Goodwill movement as of September 30, 2021 and as of December 31, 2020, is as follows:

Taxpayer No.	Company	01.01.2021 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	09.30.2021 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.	555,251	-	-	555,251
Total		504.774.872	-	-	504,774,872

Taxpayer No.	Company	01.01.2020 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	12.31.2020 ThCh\$
76.124.890-1	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A.	555,251	-	-	555,251
Total		504.774.872	-	-	504,774,872

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

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

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

As of September 30, 2021, there are no indications of potential loss of value and the macroeconomic effects generated by the health emergency (Covid-19), have not generated any effect on this item.

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 2021, 2022 and 2023, 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.
- 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).

14. Goodwill, continued

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 telephony and technology services for companies.

15. Property, plant and equipment

- a) The detail of Property, plant and equipment items for the periods as of September 30, 2021 and as of December 31, 2020 and their corresponding accumulated depreciation, is as follows:

Concepts	09.30.2021			12.31.2020		
	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$	Property, plant & equipment, Net ThCh\$	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$	Property, plant & equipment, Net ThCh\$
Land	21,853,539	-	21,853,539	23,448,557	-	23,448,557
Buildings	910,792,266	(654,651,231)	256,141,035	916,316,041	(647,690,000)	268,626,041
Supplies and accessories	33,815,673	(32,903,272)	912,401	33,761,988	(32,543,037)	1,218,951
Office equipment	3,809,975	(3,116,381)	693,594	3,809,975	(2,971,541)	838,434
Construction in progress	139,292,247	-	139,292,247	156,941,673	-	156,941,673
Information equipment	62,583,154	(54,410,451)	8,172,703	68,663,830	(57,743,283)	10,920,547
Network and communication Equipment	3,248,861,107	(2,737,819,594)	511,041,513	3,364,297,728	(2,704,264,138)	660,033,590
Other property, plant & equipment (1)	345,730,165	(329,323,309)	16,406,856	347,418,394	(315,883,254)	31,535,140
Total	4,766,738,126	(3,812,224,238)	954,513,888	4,914,658,186	(3,761,095,253)	1,153,562,933

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

15. Property, plant and equipment, continued

b) As of September 30, 2021 the movements in Property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2021	23,448,557	268,626,041	1,218,951	838,434	156,941,673	10,920,547	660,033,590	31,535,140	1,153,562,933
Additions (1)	-	-	-	-	99,573,731	-	-	-	99,573,731
Withdrawals	(399,289)	(37,695)	-	-	(6,817)	(7,686,912)	(435,487)	(7,263,729)	(15,829,929)
Withdrawals depreciation	-	26,562	-	-	-	6,329,951	268,950	6,989,570	13,615,033
Depreciation expense	-	(15,958,293)	(360,235)	(143,673)	-	(2,997,119)	(78,255,551)	(20,429,625)	(118,144,496)
Transfer of gross value to investment property (2)	(1,246,178)	(34,433,783)	-	-	(7,810,930)	-	(176,099,629)	-	(219,590,520)
Transfer of depreciation to investment property (2)	-	13,246,491	-	-	-	-	36,866,226	-	50,112,717
Other Increase (decrease) (3)	50,449	24,671,712	53,685	(1,167)	(109,405,410)	1,606,236	68,663,414	5,575,500	(8,785,581)
Movements, subtotal	(1,595,018)	(12,485,006)	(306,550)	(144,840)	(17,649,426)	(2,747,844)	(148,992,077)	(15,128,284)	(199,049,045)
Ending balance as of 09.30.2021	21,853,539	256,141,035	912,401	693,594	139,292,247	8,172,703	511,041,513	16,406,856	954,513,888

(1) Additions in 2021 correspond mainly to new investments, in corporate customer equipment in the amount of ThCh\$ 150,264, operational continuity in the amount of ThCh\$ 1,036,319, core, transportation and optimization in the amount of ThCh\$ 22,382,683, Civil works by ThCh\$ 914,886 platforms and services ThCh\$ 5,769,048, and mobile network in the amount of ThCh\$ 69,320,531.

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

(3) Corresponds to the movement of net transfers from intangible assets to Property, plant and equipment in the amount of ThCh\$ 24,048,472 (Note 13 b).

As of September 30, 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\$
Fully depreciated assets still in use	-	295,595,912	29,549,082	2,239,476	-	51,682,457	2,191,705,192	-	324,864,018	2,895,636,137

The Company has evaluated the possible impairment of Property, plant and equipment as of September 30, 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.

15. Property, plant and equipment, continued

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

Movements	Land	Buildings, net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2020	23,677,584	307,635,902	1,662,335	885,613	156,074,976	18,223,076	680,365,033	38,302,946	1,226,827,465
Additions (1)	-	-	-	-	140,916,986	-	-	-	140,916,986
Withdrawals	(250,382)	(16,913,942)	(3,579)	-	(2,521,836)	(3,149,622)	(284,489,993)	(13,431,160)	(320,760,514)
Withdrawals depreciation	-	16,331,243	3,579	-	-	2,353,538	283,494,253	11,846,708	314,029,321
Depreciation expense	-	(51,644,269)	(495,532)	(224,711)	-	(7,785,513)	(114,914,622)	(20,849,840)	(195,914,487)
Other Increase (decrease) (2)	21,355	17,296,316	52,148	183,108	(136,953,090)	2,574,456	95,592,546	16,127,250	(5,105,911)
Transfer of gross value to investment property (3)	(8,989,442)	-	(15,557)	-	-	(1,617,025)	(2,944)	(10,624,968)	(8,989,442)
Transfer of depreciation to investment property (3)	-	4,910,233	-	9,981	-	-	1,603,398	2,944	6,526,556
Transfer of gross value to assets available for sale (4)	-	-	-	-	(575,363)	(5,608,521)	-	(1,097,966)	(7,281,850)
Transfer of depreciation to assets available for sale (4)	-	-	-	-	-	4,313,133	-	637,202	4,950,335
Movements, subtotal	(229,027)	(39,009,861)	(443,384)	(47,179)	866,697	(7,302,529)	(20,331,443)	(6,767,806)	(73,264,532)
Ending balance as of 12.31.2020	23,448,557	268,626,041	1,218,951	838,434	156,941,673	10,920,547	660,033,590	31,535,140	1,153,562,933

(1) Additions in 2020 correspond mainly to new investments, in operational continuity in the amount of ThCh\$29,267,538, access to fiber optics ThCh\$21,758,870, platforms and services in the amount of ThCh\$13,603,163, corporate customer equipment in the amount of ThCh\$6,963,403, core, transportation and optimization in the amount of ThCh\$41,222,622, and mobile network in the amount of ThCh\$23,355,117.

(2) Corresponds to the movement of net transfers from intangible assets to Property, plant and equipment in the amount of ThCh\$ 4.746.275 (Note 13 b).

(3) Corresponds to transfer of the net value from Property, plant and equipment to Investment properties (Note 16).

(4) Transfer to assets available for sale (Note 18).

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

	Land	Buildings, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	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\$
Fully depreciated assets still in use	-	288,322,002	29,414,722	2,172,871	-	55,205,712	2,159,537,035	-	281,556,372	2,816,208,714

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	09.30.2021			12.31.2020		
	Gross value ThCh\$	Accumulated amortization ThCh\$	Net value ThCh\$	Gross value ThCh\$	Accumulated amortization ThCh\$	Net value ThCh\$
Buildings	8,989,442	(5,072,446)	3,916,996	8,989,442	(4,910,233)	4,079,209
Network and communications equipment	1,617,025	(1,605,261)	11,764	1,617,025	(1,603,398)	13,627
Office equipment	15,557	(11,148)	4,409	15,557	(9,981)	5,576
Plant and equipment	2,944	(2,944)	-	2,944	(2,944)	-
Total	10,624,968	(6,691,799)	3,933,169	10,624,968	(6,526,556)	4,098,412

As of March 2020, the Company has recognized rentals from investment properties in operating income. As of September 30, 2021, and as of December 31, 2020 this concept amounts to ThCh\$716,115 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 September 30, 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\$
Beginning balance as of 01.01.21	4,079,209	13,627	5,576	4,098,412
Depreciation expense	(162,213)	(1,863)	(1,167)	(165,243)
Movements, subtotal	(162,213)	(1,863)	(1,167)	(165,243)
Ending balance as of 09.30.21	3,916,996	11,764	4,409	3,933,169

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

17. Right of use assets

a) As of September 30, 2021 and December 31, 2020, the items that compose this account and their corresponding accumulated depreciation are detailed as follows:

Concepts	09.30.2021		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	81,494,005	(55,809,233)	25,684,772	72,881,183	(39,313,703)	33,567,480
Constructions	210,165,351	(106,328,342)	103,837,009	198,779,645	(75,214,028)	123,565,617
Plant and machinery	9,876,978	(5,027,156)	4,849,822	10,121,817	(3,701,511)	6,420,306
Other Rights of use (1)	56,287,621	(13,006,196)	43,281,425	29,782,510	(6,018,070)	23,764,440
Total	357,823,955	(180,170,927)	177,653,028	311,565,155	(124,247,312)	187,317,843

(1) Considers an allowance for variable income contracts that become subject to IFRS16 in the amount of MCh\$21,455,128.

b) As of September 30, 2021 the movements of right of use assets items are as follows:

Movements	Rights of use on land and natural properties, net ThCh\$	Rights of use on buildings, net ThCh\$	Rights of use on plant and machinery, net ThCh\$	Other rights of use, net ThCh\$	Rights of use, net ThCh\$
Beginning balance as of 01.01.21	33,567,480	123,565,617	6,420,306	23,764,440	187,317,843
Additions (1)	7,813,982	10,954,088	-	25,340,321	44,108,391
Withdrawals	(306,534)	27,192	-	-	(279,342)
Depreciation withdrawals	242,710	-	-	-	242,710
Depreciation expense	(16,738,240)	(31,114,314)	(1,325,645)	(6,988,126)	(56,166,325)
Other increases (decreases)	1,105,374	404,426	(244,839)	1,164,790	2,429,751
Movements, subtotal	(7,882,708)	(19,728,608)	(1,570,484)	19,516,985	(9,664,815)
Ending balance as of 09.30.21	25,684,772	103,837,009	4,849,822	43,281,425	177,653,028

(1) Considers an allowance for variable income contracts that become subject to IFRS16 in the amount of ThCh\$21,456,128, addition of contracts for branches that become subject to IFRS16 due to extension of the term to more than one year and modification of contracts due to rent, currency and ending 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\$
Beginning balance as of 01.01.20	47,322,970	148,521,581	19,237,278	5,941,020	221,022,849
Additions (1)	8,403,536	12,119,713	-	10,403,838	30,927,087
Withdrawals	(2,237,672)	(98,935)	-	-	(2,336,607)
Depreciation withdrawals	969,639	76,814	-	-	1,046,453
Depreciation expense	(21,001,811)	(39,159,576)	(1,729,525)	(4,347,259)	(66,238,171)
Other increases (decreases)	110,818	2,106,020	(11,087,447)	11,766,841	2,896,232
Movements, subtotal	(13,755,490)	(24,955,964)	(12,816,972)	17,823,420	(33,705,006)
Ending balance as of 12.31.20	33,567,480	123,565,617	6,420,306	23,764,440	187,317,843

(1) Considers lease back provision to Telxius in the amount of ThCh\$880,033 (DAS and land), lease back provision to ATP in the amount of ThCh\$1,376,454 (DAS and land) and others pending additions provision in the amount of ThCh\$1,750,002 (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 September 30, 2021, this account includes assets of the optic fiber business and the data center, detailed as follows:

Concepts	09.30.2021		Net value ThCh\$	Valor bruto M\$	12.31.2020	
	Gross value ThCh\$	Accumulated amortization ThCh\$			Amortización acumulada M\$	Valor neto M\$
Land (1)	1,246,178	-	1,246,178	-	-	-
Buildings (1)	8,321,416	(6,564,174)	1,757,242	-	-	-
Network and communication Equipment (1)	14,895,697	(12,505,501)	2,390,196	-	-	-
Administrative concessions (2)	-	-	-	34,004,890	(31,318,657)	2,686,233
Computer equipment (2)	-	-	-	5,608,521	(4,313,133)	1,295,388
Licenses and franchises (2)	-	-	-	180,821	(150,177)	30,644
Other assets for sale (2)	-	-	-	3,448,192	(637,202)	2,810,990
Total	24,463,291	(19,069,675)	5,393,616	43,242,424	(36,419,169)	6,823,255

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

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

The assets that were recorded as of December 31, 2020, associated to the Cloud business, were sold in February 2021 as planned. On July 1, 2021, the assets related to the optic fiber network transferred from property, plant and equipment and intangible assets were sold in the amount of ThCh\$166,608,047, as were other assets for sale in the amount of ThCh\$6,340,109.

19. Investments accounted for using the equity method

- a) As of September 30, 2021, investments in associates, as well as a summary of their information are detailed as follows:

Tax No.	Company name	Ownership %	Current assets ThCh\$	Non-current assets ThCh\$	Total assets ThCh\$	Current liabilities ThCh\$	Non-current liabilities ThCh\$	Total liabilities ThCh\$	Equity ThCh\$	Net profit ThCh\$
77.374.961-2	HoldCo InfraCo SpA	40%	426,614	238,601,695	239,028,309	1,580,046	200,949,571	202,529,617	36,498,692	1,161,978

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

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

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

19. Investments accounted for using the equity method, continued

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

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

b) The movements of investments in associates as of September 30, 2021 are detailed as follows:

Company	Ownership %	Investment as of 07.31.2021 ThCh\$	Additions or derecognitions ThCh\$	Share in income for the period ThCh\$	Other movements (1) ThCh\$	Investment as of 09.30.2021 ThCh\$
HoldCo InfraCo SpA	40%	67,793,623	-	464,791	(560,486)	67,697,928

(1) Corresponds to amortization of the PPA (Purchase Price Allocation).

20. Other current and other non-current financial liabilities

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

Concepts		09.30.2021		12.31.2020	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Bank loans	(a)	538,314	345,514,075	107,005,217	177,503,803
Unguaranteed obligations (Bonds) (1)	(b)	9,740,127	687,538,316	119,223,234	553,244,197
Hedge instruments	(see Note 23,2)	1,921,963	-	28,697,814	24,855,039
Other financial debts (2)		1,448,186	-	1,922,525	-
Total		13,648,590	1,033,052,391	256,848,790	755,603,039

(1) Includes mark-to-market of loans subject to fair value hedging, As of September 2021, the amount corresponds to ThCh\$11,343,288 in non-current.

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

The Company has evaluated its financial liabilities as of September 30, 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 September 30, 2021 (not audited) and December 31, 2020



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

a) As of September 30, 2021, the detail of bank loans is as follows:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,018,000-1	Bank Scotiabank	Chile	USD	At maturity	1.39%	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	1.99%	3.05%	US\$ 140,19 mm	09-29-2023
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	2.15%	1.90%	CLP 30,000 mm	10-06-2024
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,023,000-9	Banco Itaú	Chile	CLP	At maturity	3.62%	3.35%	CLP 17,911 mm	09-19-2025
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,036,000-k	Banco Santander	Chile	CLP	At maturity	3.53%	3.22%	CLP 50,000 mm	03-26-2025
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,030,000-7	Banco Estado	Chile	CLP	At maturity	1.59%	1.30%	CLP 50,000 mm	03-29-2024
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,006,000-6	Banco BCI	Chile	CLP	At maturity	3.22%	2.94%	CLP 30,000 mm	03-30-2025

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)								Total nominal amounts in local currency ThCh\$	
					To Maturity									
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$		5 years and over ThCh\$
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank Scotiabank	-	-	-	47,022,556	47,022,556	-	-	-	-	47.022.556
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Nova Scotia	-	-	-	119,080,998	119,080,998	-	-	-	-	119.080.998
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	-	-	-	-	-	30,000,000	-	30,000,000	-	30.000.000
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Itaú	-	-	-	-	-	-	17,911,000	17,911,000	-	17.911.000
Bilateral Loan (5)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	-	-	-	-	-	50,000,000	-	50,000,000	-	50.000.000
Bilateral Loan (6)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Estado	-	-	-	50,000,000	50,000,000	-	-	-	-	50.000.000
Bilateral Loan (7)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco BCI	-	-	-	-	-	30,000,000	-	30,000,000	-	30.000.000
Total					-	-	-	216,103,554	216,103,554	110,000,000	17,911,000	127,911,000	-	344,014,554

Notes to the consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



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

a) As of September 30, 2021, the detail of bank loans is as follows

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 09.30.2021 ThCh\$	
					To Maturity		Total current as of 09.30.2021 ThCh\$	To Maturity					Total 3 to 5 years ThCh\$		5 years and over ThCh\$
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$			
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank Scotiabank	83,489	-	83,489	-	55,412,577	55,412,577	-	-	-	-	55,412,577
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Nova Scotia	-	-	-	-	113,217,570	113,217,570	-	-	-	-	113,217,570
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	220,644	-	220,644	-	-	-	29,877,271	-	29,877,271	-	29,877,271
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Itaú	-	15,000	15,000	-	-	-	17,783,812	-	17,783,812	-	17,783,812
Bilateral Loan (5)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	13,417	-	13,417	-	-	-	49,637,189	-	49,637,189	-	49,637,189
Bilateral Loan (6)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Estado	-	205,765	205,765	-	49,800,644	49,800,644	-	-	-	-	49,800,644
Bilateral Loan (7)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco BCI	-	-	-	-	-	-	29,785,012	-	29,785,012	-	29,785,012
Total					317,550	220,765	538,315	-	218,430,791	218,430,791	127,083,284	-	127,083,284	-	345,514,075

1) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68,6 million (Ch\$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet, maturing on November 13, 2023.

2) On April 17, 2020, a loan was obtained from Bank of Nova Scotia in the amount of US\$140,19 million (Ch\$119,080 million) with an interest rate of Libor (6M) + 1.9%, maturing on April 20, 2021. On September 30, 2020, the due date was extended to September 29, 2023 with an interest rate of Libor (6M) + 1.53%.

3) On October 6, 2020, a local loan was taken with the Banco de Chile for ThCh \$ 30,000,000 with an annual interest rate of 1.9%, maturing on October 6, 2024.

4) On March 23, 2021, a local loan was taken with the Banco Itaú for ThCh \$ 17,911,000 with an annual interest rate of 3.35%, maturing on September 19, 2025.

5) On March 26, 2021, a local loan was taken with the Banco Santander for ThCh \$ 50,000,000 with an annual interest rate of 3.22%, maturing on March 26, 2025.

6) On March 29, 2021, a local loan was taken with the Banco Estado for ThCh \$ 50,000,000 with an annual interest rate of 1.30%, maturing on March 29, 2024.

7) On March 30, 2021, a local loan was taken with the Banco BCI for ThCh \$ 30,000,000 with an annual interest rate of 2.94%, maturing on March 30, 2025.

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

Notes to the consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



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

a) As of December 31, 2020 the detail of bank loans is as follows:

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Tokyo	Tokyo	USD	At maturity	0.36%	1.23%	US\$ 150 mm	04-15-2021
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At maturity	1.49%	3.62%	US\$ 68,6 mm	11-13-2023
Bilateral Loan (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Nova Scotia	Chile	USD	At maturity	2.07%	3.05%	US\$ 140,19 mm	09-29-2023
Bilateral Loan (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At maturity	2.15%	1.90%	CLP 30.000 mm	10-06-2024

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)									Total nominal amounts in local currency ThCh\$	
					To Maturity										
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$		
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	99,057,000	-	-	-	-	-	-	-	-	99,057,000
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	47,022,556	47,022,556	-	-	-	-	-	47,022,556
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Nova Scotia	-	-	-	119,080,998	119,080,998	-	-	-	-	-	119,080,998
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	-	-	-	-	30,000,000	-	30,000,000	-	-	30,000,000
Total					-	99,057,000	-	166,103,554	166,103,554	30,000,000	-	30,000,000	-	-	295,160,554

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 12.31.2020 ThCh\$		
					To Maturity		Total current as of 12.31.2020 ThCh\$	To Maturity								
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$		5 years and over ThCh\$	
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	44,794	106,578,247	106,623,040	-	-	-	-	-	-	-	-	-
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	79,464	-	79,464	-	48,434,807	48,434,807	-	-	-	-	-	48,434,807
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Nova Scotia	224,379	-	224,379	-	99,236,991	99,236,991	-	-	-	-	-	99,236,991
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	78,334	78,334	-	-	-	29,832,005	-	29,832,005	-	29,832,005	
Total					348,636	106,656,581	107,005,217	-	147,671,798	147,671,798	29,832,005	-	29,832,005	-	177,503,803	

- 1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with an monthly interest rate of Libor + 0,8% for 5 years bullet, maturing on April 11, 2021.
- 2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68,6 million (Ch\$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet, maturing on November 13, 2023.
- 3) On April 17, 2020, a loan was obtained from Bank of Nova Scotia in the amount of US\$140,19 million (Ch\$119,080 million) with an interest rate of Libor (6M) + 1,9%, maturing on April 20, 2021. On September 30, 2020, the due date was extended to September 29, 2023 with an interest rate of Libor (6M) + 1,53%.
- 4) On October 6, 2020, a local loan was taken with the Banco de Chile for ThCh \$ 30,000,000 with an annual interest rate of 1.9%, maturing on October 6, 2024.

Notes to the consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



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

b) As of September 30, 2021, the detail of unguaranteed obligations (Bonds) is as follows:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A (1)	90,635,000-9	Telefónica Chile S,A,	Chile	0-E	The Bank of New York Mellon	EE,UU,	USD	At maturity	4.06%	3.88%	US\$ 500 mm	10-12-2022
Bond series F (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,036,000-K	Banco Santander	Chile	U,F,	At maturity	3.82%	3.60%	UF 3 mm	10-04-2023
Bond series T (3)	90,635,000-9	Telefónica Chile S,A,	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	4.72%	4.90%	MM\$ 48,000	07-05-2023
Bono Serie O (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	3.36%	3.50%	MM\$ 70,000	12-01-2025
Bono Serie Q (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	3.36%	3.60%	MM\$90,000	03-01-2026

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 F (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	-	-	-	66,928,680	66,928,680	-	-	-	-	-	66,928,680
Bono Serie T (3)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco de Chile	-	-	19,200,000	-	19,200,000	-	-	-	-	-	19,200,000
Bono Serie O (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	-	-	-	-	-	-	70,000,000	70,000,000	-	-	70,000,000
Bono Serie Q (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	-	-	-	90,000,000	90,000,000	-	-	90,000,000
Total					-	-	255,600,000	66,928,680	322,528,680	-	160,000,000	160,000,000	-	-	482,528,680

Notes to the consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



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

b) As of September 30, 2021 the detail of unguaranteed obligations (Bonds) is as follows, continued:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current							
					To Maturity		Total current as of 09.30.2021 ThCh\$	To Maturity					Total Non-current as of 09.30.2021 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\$
Bono 144A (1)	90,635,000-9	Telefónica Chile S,A,	Chile	The Bank of New York Mellon	6,762,247	-	6,762,247	413,396,645	-	413,396,645	-	-	-	-	413,396,645
Bono Serie F (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	1,394,989	-	1,394,989	-	93,953,106	93,953,106	-	-	-	-	93,953,106
Bono Serie T (3) (5) (6)(8)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Chile	-	252,055	252,055	19,217,078	-	19,217,078	-	-	-	-	19,217,078
Bono Serie O(4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	888,465	-	888,465	-	-	-	-	70,290,268	70,290,268	-	70,290,268
Bono Serie Q(7)	76.124.890-1	Telefónica Móviles Chile S.A,	Chile	Banco Santander	-	442,371	442,371	-	-	-	-	90,681,219	90,681,219	-	90,681,219
Total					9,045,701	694,426	9,740,127	432,613,723	93,953,106	526,566,829	-	160,971,487	160,971,487	-	687,538,316

- (1) On October 12, 2012, Telefónica Chile S,A, issued a 10-year 144A Reg S bullet Bond in the American Capital Market for an amount of US\$ 500,000,000 (equivalent to ThCh\$236,400,000 historical), with an effective annual interest rate of 3.887% in US dollars and 10-year bullet, maturing on October 12, 2022, The placement banks were Banco Bilbao Vizcaya Argentaria, S,A,, Citigroup Global Markets Inc, and J,P, Morgan Securities LLC, The funds resulting from the issuance were used for refinancing liabilities and other corporate purposes.
- (2) On October 15, 2013, there was a 10-year bullet placement in the local market for an amount of UF 3,000,000, maturing on October 4, 2023.
- (3) On January 5, 2017, Telefónica Chile S,A, placed a 6,5-year bullet Bond Series T in the local market with a nominal annual interest rate of 4.9%, maturing on July 5, 2023, The amount collected on this transaction amounted to ThCh\$48,795,000
- (4) On December 21, 2020, there was a 5-year bullet placement in the local market for an amount of ThCh \$ 70,000,000, maturing December 1, 2025.
- (5) On July 3, 2020, Telefónica Chile S.A. paid the first principal instalment of the T Bond in the amount of ThCh\$9,600,000 and ThCh\$1,161,936 in interest.
- (6) On January 5, 2021, Telefónica Chile S.A. paid the second instalment of the T Bond in the amount of ThCh\$9,600,000 and ThCh\$929,549 in interest.
- (7) On April 13, 2021, a placement was made in the local market for an amount of ThCh\$90,000,000 for a term of 5 bullet years, maturing March 1, 2026
- (8) On July 2, 2021, Telefónica Chile S.A. paid the third installment of the capital of the T bond for ThCh\$9,600,000 and ThCh\$697,162 of interest.

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

Notes to the consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



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

b) As of December 31, 2020 the detail of unguaranteed obligations (Bonds) is as follows:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A (1)	90,635,000-9	Telefónica Chile S,A,	Chile	0-E	The Bank of New York Mellon	EE,UU,	USD	At maturity	4.06%	3.88%	US\$ 500 mm	10-12-2022
Bond series K (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,036,000-K	Banco Santander	Chile	CLP	At maturity	4.91%	4.90%	MM\$ 94,410	09-13-2021
Bond series F (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,036,000-K	Banco Santander	Chile	U,F,	At maturity	3.82%	3.60%	UF 3 mm	10-04-2023
Bond series T (4)	90,635,000-9	Telefónica Chile S,A,	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	4.72%	4.90%	MM\$ 48,000	07-05-2023
Bono Serie O (5)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturityexpiry	3.36%	3.50%	MM\$ 70,000	12-01-2025

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)										
					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\$	Total nominal amounts in local currency ThCh\$	
Bono 144A (1)	90,635,000-9	Telefónica Chile S,A,	Chile	The Bank of New York Mellon	-	-	236,400,000	-	236,400,000	-	-	-	-	-	236,400,000
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	-	94,410,000	-	-	-	-	-	-	-	-	94,410,000
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	-	-	-	66,928,680	66,928,680	-	-	-	-	-	66,928,680
Bono Serie T (4)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco de Chile	9,600,000	9,600,000	-	19,200,000	19,200,000	-	-	-	-	-	38,400,000
Bono Serie O (5)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	-	-	-	-	-	-	70,000,000	70,000,000	-	-	70,000,000
Total					9,600,000	104,010,000	236,400,000	86,128,680	322,528,680	-	70,000,000	70,000,000	-	-	506,138,680

Notes to the consolidated financial statements, continued
As of September 30, 2021 (not audited) and December 31, 2020



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

b) As of December 31, 2020, the detail of unguaranteed obligations (Bonds) is as follows, continued:

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Current			Non-current					Total Non-current as of 12.31.2020 ThCh\$			
					To Maturity		Total current as of 12.31.2020 ThCh\$	To Maturity								
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$		Total 3 to 5 years ThCh\$	5 years and Over ThCh\$	
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	2,528,210	2,528,210	366,355,594	-	-	366,355,594	-	-	-	-	366,355,594
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	1,363,654	94,404,420	95,768,074	-	-	-	-	-	-	-	-	-
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	582,242	582,242	-	97,207,595	97,207,595	-	-	-	-	-	97,207,595
Bono Serie T (4)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	10,524,294	9,620,005	20,144,299	-	19,241,482	19,241,482	-	-	-	-	-	19,241,482
Bono Serie O (5)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	200,409	200,409	-	-	-	-	70,439,526	70,439,526	-	-	70,439,526
Total					11,887,948	107,335,286	119,223,234	366,355,594	116,449,077	482,804,671	-	70,439,526	70,439,526	-	-	553,244,197

- (1) On October 12, 2012, Telefónica Chile S.A. issued 144A Reg S bullet Bonds in the American Capital Market for an amount of US\$ 500,000,000 (equivalent to ThCh\$236,400,000 historical), at an annual effective interest rate of 3.887% and 10-year bullet, maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A, Citigroup Global Markets Inc, and J.P, Morgan Securities LLC. The funds resulting from the issuance were used for refinancing liabilities and other corporate purposes.
- (2) On 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 Series T, 6.5-year bullet bond in the local market, for MCh\$ 48,000, with a nominal rate of 4.9% annually, maturing on July 5, 2023. The amount collected by this operation was ThCh\$48,795,000.
- (5) On July 3, 2020, Telefónica Chile S.A. paid the first principal instalment of the T Bond in the amount of ThCh\$9,600,000 and ThCh\$1,161,936 in interest.
- (6) On 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,

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

c) As of September 30, 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			09.30.2021
	12.31.2020	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	323,826,778	5,222,977	(313,065,290)	(32,554,317)	23,681,608	40,830,744	15,940,265	63,882,765
Banks loans (1)	107,005,217	-	(105,948,161)	(7,621,092)	4,602,483	-	2,499,867	538,314
Unguaranteed obligations (Bonds) (1)	119,223,234	-	(131,347,272)	(117,857)	21,407,933	-	574,089	9,740,127
Hedge instruments (2)	28,697,814	5,222,977	(4,659,459)	(22,859,615)	(4,322,667)	-	(157,087)	1,921,963
Leases (3)	66,977,988	-	(65,414,419)	(1,955,753)	1,993,859	40,830,744	7,801,756	50,234,175
Other financial debts (4)	1,922,525	-	(5,695,979)	-	-	-	5,221,640	1,448,186
Related companies commercial mandate (5)	88,368	707,608	(1,354,289)	-	-	-	(32,501)	(590,813)
Related companies leases (3)	2,560,600	-	-	-	-	(2,560,600)	-	-
Dividends pending of payment (6)	9,971,466	-	(448,670,663)	-	-	-	438,699,197	-
Total	336,447,212	5,930,585	(763,166,639)	(32,554,317)	23,681,608	38,270,144	454,683,358	63,291,952

(*) Others

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

Conciliation of financing activities, Non-current	Cash flows				Items other than cash flows			09.30.2021
	12.31.2020	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	854,041,423	239,687,064	-	52,760,137	-	1,176,894	31,090,970	1,178,756,488
Banks loans (1)	177,503,803	147,911,000	-	21,010,648	-	-	(911,376)	345,514,075
Unguaranteed obligations (Bonds) (2)	553,244,197	91,776,064	-	53,444,476	-	-	(10,926,421)	687,538,316
Hedge instruments (3)	24,855,039	-	-	(21,694,987)	-	-	(3,160,052)	-
Leases (4)	98,438,384	-	-	-	-	1,176,894	46,088,819	145,704,097
Related companies leases (4)	39,447,038	-	-	-	-	(39,447,038)	-	-
Total	893,488,461	239,687,064	-	52,760,137	-	(38,270,144)	31,090,970	1,178,756,488

(*) 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\$(10,250,126) and amortized cost in the amount of ThCh\$676,295
- (3) Corresponds to recognition of the fair value of rate insurance,
- (4) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16,

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

c) As of September 30, 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			09.30.2020 ThCh\$
	12.31.2019	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	204,817,950	126,263,080	(206,176,549)	7,016,197	21,682,950	142,345,400	16,878,046	312,827,074
Banks loans (1)	204,520	119,999,216	(4,027,552)	19,186,829	3,781,137	(20,023,998)	(888,482)	118,231,670
Unguaranteed obligations (Bonds) (1)	119,507,903	-	(129,117,843)	(12,748,751)	20,854,885	123,210,000	509,708	122,215,902
Hedge instruments (2)	3,538,527	5,774,361	(6,152,283)	766,491	(5,155,429)	-	6,708,231	5,479,898
Leases (3)	78,739,697	-	(56,497,973)	(188,372)	2,202,357	39,159,398	1,224,860	64,639,967
Other financial debts (4)	2,827,303	489,503	(10,380,898)	-	-	-	9,323,729	2,259,637
Related companies commercial mandate (5)	87,574	1,002,080	(520,000)	-	-	-	(481,503)	88,151
Related companies leases (3)	12,087,801	-	(3,886,818)	(17,846)	449,534	1,708,141	3,179,455	13,520,267
Issued capital	1,329,872,285	35,000,000	-	-	-	-	-	1,364,872,285
Dividends pending of payment (6)	75,721	-	(81,249)	-	-	-	5,528	-
Total	1,546,941,331	162,265,160	(210,664,616)	6,998,351	22,132,484	144,053,541	19,581,526	1,691,307,777

(*) Others

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

Reconciliation of non-current financing activities	Cash flows				Otras partidas distintas al flujo de efectivo			09.30.2020 ThCh\$
	12.31.2019	Charges	Payments	Foreign currency translation	Accrued interest	Reclassification current / non-current	Other (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	905,710,265	-	-	7,422,042	-	(139,488,012)	21,669,617	795,541,328
Bank loans (1)	163,025,228	-	-	(19,188,838)	-	20,023,998	(733,759)	163,354,044
Unguaranteed obligations (Bonds) (2)	614,538,045	-	-	20,986,825	-	(123,210,000)	7,438,601	519,753,471
Hedging instruments (3)	5,599,137	-	-	-	-	-	8,021,258	13,620,395
Lease obligations (4)	122,547,855	-	-	5,624,055	-	(36,302,010)	6,943,518	98,813,418
Related companies leases (4)	37,396,656	-	-	-	-	(4,565,529)	4,911,402	37,742,529
Total	943,106,921	-	-	7,422,042	-	(144,053,541)	26,581,019	833,283,857

(*) Others

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

21. Current and non-current lease liabilities

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

Concepts	09.30.2021		12.31.2020	
	Current M\$	Non-current M\$	Current M\$	Non-current M\$
Lease obligations (1)	50,234,175	145,704,097	61,503,041	98,438,384
Total	50,234,175	145,704,097	61,503,041	98,438,384

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

b) The detail of the expirations of the current and non-current financial liabilities for leases as of September 30, 2021 and as of December 31, 2020 is as follows:

Up to 90 days ThCh\$	Due date		Total current 09.30.2021 ThCh\$	1 to 3 years ThCh\$	Due dates 3 to 5 years ThCh\$	Over 5 years ThCh\$	Total non-current as of 09.30.2021 ThCh\$
	91 days to 1 year ThCh\$						
27,601,707	22,632,468		50,234,175	85,285,245	26,559,730	33,859,122	145,704,097

Up to 90 days ThCh\$	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\$
	91 days to 1 year ThCh\$						
29,537,743	31,965,298		61,503,041	55,268,820	26,224,368	16,945,196	98,438,384

22. Trade and other payables

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

Description	09.30.2021		12.31.2020	
	Current ThCh\$	No-current ThCh\$	Current ThCh\$	No-current ThCh\$
Debts due to purchases or services provided, invoiced (1)	149,109,641	-	160,043,934	-
Debts due to purchases or services provided, provisioned (1) (2)	165,668,553	429,795	108,343,256	1,160,617
Real property providers, invoiced	43,815,790	-	47,804,868	-
Real property providers, provisioned	8,712,471	-	5,335,893	-
Payables to employees	28,259,628	-	32,097,916	-
Dividends pending of payment	65,659	-	65,659	-
Total	395,631,742	429,795	353,691,526	1,160,617

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the periods ended as of September 30, 2021 and as of December 31, 2020 are detailed as follows:

Debts due to purchases or services provided	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Domestic	262,379,538	240,181,598
Foreign	52,398,656	28,205,592
Total	314,778,194	268,387,190

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

22. Trade and other payables, continued

b) Accounts payable payment terms

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

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

As of September 30, 2021, the main suppliers, considering a minimum margin of 4% of the total accounts payable correspond to: Samsung Electronics Chile Ltda. with 6.9%, Huawei Chile S.A. with 6.0%, Comercial Multiwireless Ltda. with 4.6%, and for December 31, 2020, the main providers considering a minimum margin of 4% of the total accounts payable of the mobile operation 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 September 30, 2021 and as of December 31, 2020 are detailed as follows:

Suppliers with up to date payments As of 09.30.2021	Goods (Immobilized) ThCh\$	Services and Purchases ThCh\$	Total ThCh\$
Trade accounts to date			
Up to 30 days	18,672,323	73,363,874	92,036,197
From 31 to 60 days	18,815,286	39,660,801	58,476,087
From 61 to 90 days	874,433	4,819,285	5,693,718
From 91 to 120 days	1,598,979	2,473,877	4,072,856
From 121 to 180 days	173,671	227,473	401,144
More than 180 days	59,238	28,727	87,965
Total	40,193,930	120,574,037	160,767,967
Average period of payment of up to date accounts	69	59	

Suppliers with up to date payments As of 12.31.2020	Goods (Immobilized) ThCh\$	Services and ShoppingPurchases ThCh\$	Total ThCh\$
Trade accounts to date			
Up to 30 days	29,670,694	95,128,442	124,799,136
From 31 to 60 days	13,587,224	44,335,237	57,922,461
From 61 to 90 days	155,540	3,637,929	3,793,469
From 91 to 120 days	479,791	235,581	715,372
From 121 to 180 days	846,390	64,709	911,099
More than 180 days	428,891	425,307	854,198
Total	45,168,530	143,827,205	188,995,735
Average period of payment of up to date accounts	113	76	

22. Trade and other payables, continued

b) Payment terms of accounts payable, continued

The terms of accounts payable to suppliers with overdue payments as of September 30, 2021 and as of December 31, 2020 are detailed as follows:

Overdue suppliers by term As of 09.30.2021	Goods (Immobilized) ThCh\$	Services and Purchases ThCh\$	Total ThCh\$
Overdue trade accounts payable by term			
Up to 30 days	2,623,746	22,791,162	25,414,908
From 31 to 60 days	852,885	1,078,726	1,931,611
From 61 to 90 days	8,294	934,059	942,353
From 91 to 120 days	159	223,615	223,774
From 121 to 180 days	0	278,265	278,265
More than 180 days	136,776	3,229,777	3,366,553
Total	3,621,860	28,535,604	32,157,464
Average payment period of overdue accounts	61	42	

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

23. Financial instruments

1. Classification of financial instruments by nature and category

a) Details of financial instruments of assets classified by nature and category as of September 30, 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\$		
Other participations (net)	6-a	-	-	-	-	-	5,972,096	-	5,972,096	5,972,096	118	-	5,972,214	5,972,214	
Other participations		-	-	-	-	-	5,972,096	-	5,972,096	5,972,096	118	-	5,972,214	5,972,214	
Derivative instrument assets		-	-	-	-	-	-	217,260,655	217,260,655	-	217,260,655	-	217,260,655	217,260,655	
Derivative instrument assets	22-2	-	-	-	-	-	-	217,260,655	217,260,655	-	217,260,655	-	217,260,655	217,260,655	
Non-current trade and other accounts receivable		122,047,810	122,047,810	-	-	-	-	-	-	-	-	-	122,047,810	122,047,810	
Non-current trade and other accounts receivable	12	41,667,981	41,667,981	-	-	-	-	-	-	-	-	-	41,667,981	41,667,981	
Account receivable from relate entities	9-b	80,379,829	80,379,829	-	-	-	-	-	-	-	-	-	80,379,829	80,379,829	
Other non-trade accounts receivable	6-a	20,523,631	20,523,631	-	-	-	-	-	-	-	-	-	20,523,631	20,523,631	
Non-current financial assets		142,571,441	142,571,441	-	-	-	5,972,096	217,260,655	223,232,751	5,972,096	217,260,773	-	365,804,310	365,804,310	
Current trade accounts receivable		353,607,110	353,607,110	-	-	-	-	-	-	-	-	-	353,607,110	353,607,110	
Current trade and other accounts receivable	8-a	318,775,096	318,775,096	-	-	-	-	-	-	-	-	-	318,775,096	318,775,096	
Account receivable from relate entities	9-a	34,832,014	34,832,014	-	-	-	-	-	-	-	-	-	34,832,014	34,832,014	
Other non-trade accounts receivable	6-a	18,956,205	18,956,205	-	-	-	-	-	-	-	-	-	18,956,205	18,956,205	
Current deposits and pledges		10,634,350	10,634,350	-	-	-	-	-	-	-	-	-	10,634,350	10,634,350	
Current pledges and deposits	6-b/6-d	10,634,350	10,634,350	-	-	-	-	-	-	-	-	-	10,634,350	10,634,350	
Derivative instrument of assets		-	-	-	-	-	-	22,019,196	22,019,196	-	22,019,196	-	22,019,196	22,019,196	
Derivative instrument of assets	23-2	-	-	-	-	-	-	22,019,196	22,019,196	-	22,019,196	-	22,019,196	22,019,196	
Cash and cash equivalents		227,924,458	227,924,458	-	-	-	-	-	-	-	-	-	227,924,458	227,924,458	
Cash and cash equivalents	5	227,924,458	227,924,458	-	-	-	-	-	-	-	-	-	227,924,458	227,924,458	
Current financial assets		611,122,123	611,122,123	-	-	-	-	22,019,196	22,019,196	-	22,019,196	-	633,141,319	633,141,319	
Total financial assets		753,693,566	753,693,566	-	-	-	5,972,096	239,279,851	245,251,947	5,972,096	239,279,969	-	998,945,629	998,945,629	

Notes to the consolidated financial statements, continued
As of September 30, 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\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Other participations (net)	6-a	-	-	-	-	-	5,972,036	-	5,972,036	5,971,918	118	-	5,972,036	5,972,036	
Other participations		-	-	-	-	-	5,972,036	-	5,972,036	5,971,918	118	-	5,972,036	5,972,036	
Derivative instrument assets		-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588	
Derivative instrument assets	23-2	-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588	
Non-current Deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-	-	
Deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-current trade and other accounts receivable		23,323,922	23,323,922	-	-	-	-	-	-	-	-	-	23,323,922	23,323,922	
Non-current trade and other accounts receivable	12	23,323,922	23,323,922	-	-	-	-	-	-	-	-	-	23,323,922	23,323,922	
Non-current financial assets		23,323,922	23,323,922	-	-	-	5,972,036	159,119,588	165,091,624	5,971,918	159,119,706	-	188,415,546	188,415,546	
Current trade accounts receivable		243,586,649	243,586,649	-	-	-	-	-	-	-	-	-	243,586,649	243,586,649	
Current trade and other accounts receivable	8-a	234,486,698	234,486,698	-	-	-	-	-	-	-	-	-	234,486,698	234,486,698	
Account receivable from relate entities	9-a	9,099,951	9,099,951	-	-	-	-	-	-	-	-	-	9,099,951	9,099,951	
Current deposits and pledges		319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953	
Current pledges and deposits	6-b	319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953	
Derivative instrument of assets		-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161	
Derivative instrument of assets	23-2	-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161	
Cash and cash equivalents		465,809,329	465,809,329	-	-	-	-	-	-	-	-	-	465,809,329	465,809,329	
Cash and cash equivalents	5	465,809,329	465,809,329	-	-	-	-	-	-	-	-	-	465,809,329	465,809,329	
Current financial assets		709,715,931	709,715,931	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	719,883,092	719,883,092	
Total financial assets		733,039,853	733,039,853	-	-	-	5,972,036	169,286,749	175,258,785	5,971,918	169,286,867	-	908,298,638	908,298,638	

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 September 30, 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\$	
Issuance of obligations and other non-current marketable securities	20-b	687.538.316	684.701.491	-	-	-	-	-	-	-	687.538.316	684.701.491
Non-current debts with loan entities	20-a	345.514.075	345.514.075	-	-	-	-	-	-	-	345.514.075	345.514.075
Trade and other accounts payable	22-a	429.795	429.795	-	-	-	-	-	-	-	429.795	429.795
Accounts payable to related entities	9-d	1.613.273	1.613.273	-	-	-	-	-	-	-	1.613.273	1.613.273
Other non-current financial debts	21	145.704.097	145.704.097	-	-	-	-	-	-	-	145.704.097	145.704.097
Non-current financial liabilities		1.180.799.556	1.177.962.731	-	-	-	-	-	-	-	1.180.799.556	1.177.962.731
Issuance of short-term obligations and other marketable securities	20-b	9,740,127	9,835,677	-	-	-	-	-	-	-	9,740,127	9,835,677
Short-term debts with credit entities	20-a	538,314	538,314	-	-	-	-	-	-	-	538,314	538,314
Short-term derivative instrument of liabilities	23-2	-	-	-	-	1,921,963	1,921,963	-	1,921,963	-	1,921,963	1,921,963
Trade and other accounts payable	22-a	395,631,742	395,631,742	-	-	-	-	-	-	-	395,631,742	395,631,742
Accounts payable to related entities	9-c	71,699,815	71,699,815	-	-	-	-	-	-	-	71,699,815	71,699,815
Other non-current financial debts (1)	20-21	51,682,361	51,682,361	-	-	-	-	-	-	-	51,682,361	51,682,361
Current financial liabilities		529,292,359	529,387,909	-	-	1,921,963	1,921,963	-	1,921,963	-	531,214,322	531,309,872
Total financial liabilities		1,710,091,915	1,707,350,640	-	-	1,921,963	1,921,963	-	1,921,963	-	1,712,013,878	1,709,272,603

(1) Includes sale of portfolio to Banco Santander (See Note 20 Other financial debts).

23. Financial instruments, continued

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

b) Details of financial instruments of liabilities classified by nature and category as of December 31, 2020 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value						Total financial liabilities		
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	With changes in the income statement		Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Fair value measurement hierarchy			Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
				Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL			Level 1 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Issuance of obligations and other non-current marketable securities	20-b	553,244,197	586,245,617	-	-	-	-	-	-	-	553,244,197	586,245,617
Non-current debts with loan entities	20-a	177,503,803	177,503,803	-	-	-	-	-	-	-	177,503,803	177,503,803
Long-term hedge derivative instrument of liabilities	23-2	-	-	-	-	24,855,039	24,855,039	-	24,855,039	-	24,855,039	24,855,039
Trade and other accounts payable	22-a	1,160,617	1,160,617	-	-	-	-	-	-	-	1,160,617	1,160,617
Accounts payable to related entities	9-d	40,801,985	40,801,985	-	-	-	-	-	-	-	40,801,985	40,801,985
Other long-term financial debts	21	98,438,384	98,438,384	-	-	-	-	-	-	-	98,438,384	98,438,384
Non-current financial liabilities		871,148,986	904,150,406	-	-	24,855,039	24,855,039	-	24,855,039	-	896,004,025	929,005,445
Issuance of short-term obligations and other marketable securities	20-b	119,223,234	123,017,030	-	-	-	-	-	-	-	119,223,234	123,017,030
Short-term debts with credit entities	20-a	107,005,217	107,005,217	-	-	-	-	-	-	-	107,005,217	107,005,217
Short-term derivative instrument of liabilities	23-2	-	-	-	-	28,697,814	28,697,814	-	28,697,814	-	28,697,814	28,697,814
Trade and other accounts payable	22-a	353,691,526	353,691,526	-	-	-	-	-	-	-	353,691,526	353,691,526
Accounts payable to related entities	9-c	59,548,404	59,548,404	-	-	-	-	-	-	-	59,548,404	59,548,404
Other long-term financial debts (1)	21	63,425,566	63,425,566	-	-	-	-	-	-	-	63,425,566	63,425,566
Current financial liabilities		702,893,947	706,687,743	-	-	28,697,814	28,697,814	-	28,697,814	-	731,591,761	735,385,557
Total financial liabilities		1,574,042,933	1,610,838,149	-	-	53,552,853	53,552,853	-	53,552,853	-	1,627,595,786	1,664,391,002

(1) Includes sale of portfolio to Banco Santander (See Note 20 Other financial debts).

23. Financial instruments, continued

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

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

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

Financial instruments recorded under other current and non-current financial liabilities which correspond to interest bearing loans, are generally recorded for the cash received, net of costs incurred in the transaction. These obligations are valued at amortized cost, using the effective interest rate method, and mainly include bank loans and unguaranteed obligations (bonds) (see note 20).

23. Financial instruments, continued

2. Hedging instruments

As of September 30, 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	11.345,200	2,507,027	(150,658)	(29,491)	219,916	-	-	-
Exchange rate hedge – fair value (2)	Suppliers Debt	2.678,790	-	(1,444,509)	-	-	-	-	-
Interest rate hedge – cash flow (3)	Financial Debt	5.488,180	-	(297,305)	-	6,397,478	9,230,334	-	-
Exchange rate and interest rate hedge – fair value (4)	Financial Debt	-	-	-	-	-	201,412,927	-	-
Total		19,512,170	2,507,027	(1,892,472)	(29,491)	6,617,394	210,643,261	-	-

As of September 30, 2021, hedging instruments have generated an effect on period result of ThCh\$80,599,800, and an accumulated effect on equity, net of taxes, of ThCh\$(19,814,237) (see note 27d).

As of December 31, 2020, hedging instruments are detailed as follows:

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilities		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh\$	90 days to 1 year ThCh\$	Up to 90 days ThCh\$	90 days to 1 year ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$
Exchange rate hedge – cash flow (1)	Suppliers Debt	132,308	46,637	(8,040,984)	(15,621,964)	-	-	(1,411,828)	-
Exchange rate hedge – fair value (2)	Suppliers Debt	302,015	6,619,837	(1,620,762)	-	-	-	(21,808,182)	-
Interest rate hedge – cash flows (3)	Financial Debt	2,667,757	-	(3,414,104)	-	-	11,688,395	(1,635,029)	-
Exchange rate and interest rate hedge – fair value (4)	Financial Debt	398,607	-	-	-	-	147,431,188	-	-
Total		3,500,687	6,666,474	(13,075,850)	(15,621,964)	-	159,119,588	(24,855,039)	-

Hedge instruments have generated an effect on result of ThCh\$36,254,603, as of December 31, 2020 and the accumulated effect on equity, net of taxes, is ThCh\$14,505,537 (see note 27d).

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 in order to hedge existing commercial debt.
3. Interest rate hedge – cash flows: This category includes, derivative instruments entered into in order 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 in order to hedge foreign currency risk on capital of debt instrument.

23. Financial instruments, continued

3. Valuation of hedging instruments

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

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

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

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

4. Hierarchy of financial instruments fair value

Financial instruments recognized at fair value in the Statement of financial position are classified according to the following hierarchies (note 23.1):

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

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

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

24. Other currents provisions

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

Concepts	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Civil and regulatory provisions	7,936,916	5,494,711
Total	7,936,916	5,494,711

Based on the progress of the proceedings, the Company's Management considers that the provisions recorded in the Financial statements adequately cover the litigation risks described in Note 34a, therefore they do not foresee that they will result in liabilities other than those recorded.

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

As of September 30, 2021 and December 31, 2020, the movements in provisions are as follows:

Movements	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Beginning balance	5,494,711	1,601,625
Increase in existing provisions	7,350,301	5,296,788
Provision application	(4,908,096)	(1,403,702)
Movements, subtotal	2,442,205	3,893,086
Ending balance	7,936,916	5,494,711

b) Other non-currents provisions:

As of September 30, 2021 and December 31, 2020, the balance of other non-current provisions are detailed as follows:

Concepts	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Dismantling provision (1)	17,627,773	17,175,350
Non-currents provisions others (2)	110,417	89,895
Total	17,738,190	17,265,245

(1) Movements of the dismantling provision as of September 30, 2021 and December 31, 2020 are detailed as follows:

Movements	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Beginning balance	17,175,350	18,730,421
Financial update	105,108	141,182
Upward	403,365	114,318
Reverse of dismantling provision	(56,050)	(1,810,571)
Movement subtotal	452,423	(1,555,071)
Ending balance	17,627,773	17,175,350

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

25. Employee benefits accrual

a) Post-employment benefits

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

As of September 30, 2021 and December 31, 2020 current and non-current employee benefits accrual are as follows:

Concepts	09.30.2021	12.31.2020
	ThCh\$	ThCh\$
Current amount of liability recognized for termination benefits	3,373,934	3,342,973
Non-current amount of liability recognized for termination benefits	29,325,708	33,147,540
Total	32,699,642	36,490,513

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

As of September 30, 2021 and December 31, 2020 the movements for current employee benefits provisions are detailed as follows:

Movements	09.30.2021	12.31.2020
	ThCh\$	ThCh\$
Beginning balance	36,490,513	36,121,497
Service costs	185,086	95,680
Interest costs (see note 25 d)	999,748	1,295,678
Actuarial profits, net due to experience	(2,893,790)	250,267
Benefits paid	(2,118,914)	(921,887)
Others	36,999	(350,722)
Movements, subtotal	(3,790,871)	369,016
Ending balance	32,699,642	36,490,513

25. Employee benefits accrual, continued

a) Post-employment benefits, continued

Actuarial hypotheses

The hypotheses used for the actuarial calculation of employee benefits obligations are reviewed once a year and correspond to the following detail, as of September 30, 2021 and December 31, 2020:

- **Discount rate:** An annual nominal rate of 5.441% and 3.65% is used as of September 30, 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 September 30, 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%
Quota 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 September 30, 2021, the sensitivity of the main assumptions has been reviewed, determining the following possible effects on Equity:

Description	Base	Plus 1% ThCh\$	Less 1% ThCh\$
Discount rate	5.441%	(2,037,565)	2,275,304

25. 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	6,086,922

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	07.01.2021 to 09.30.2021	09.30.2021	07.01.2020 to 09.30.2020	09.30.2020
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Wages and salaries	31,484,883	99,822,783	32,556,218	96,807,927
Post employment benefit obligations expense	53,669	185,086	87,581	271,513
Total	31,538,552	100,007,869	32,643,799	97,079,440

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

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

Concepts	09.30.2021		12.31.2020	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Contractual liabilities	13,854,618	1,915,312	18,599,189	2,250,291
Handsets sold and not activated	5,180,540	-	9,429,162	-
Services charged and not rendered	5,576,644	-	5,034,677	-
IRUS rights of use	443,100	1,915,312	422,250	2,250,291
Others contractual liabilities (1)	2,654,334	-	3,713,100	-
Deferred income	12,351,589	79,070,084	4,357,500	1,069,070
Corporate projects to be undertaken (2)	1,152,370	224,359	1,978,284	435,723
Sale of telecommunications infrastructure	461,855	353,504	1,097,554	419,712
Optical fiber business sale exclusivity (3)	8,969,110	78,479,713	-	-
Other Deferred income (4)	1,768,254	12,508	1,281,662	213,635
Subsidies	359,756	2,063,674	359,756	2,333,490
Extreme zones	118,942	268,474	118,942	357,680
Subsidy for Tierra del Fuego base stations	70,355	650,787	70,355	703,554
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	311,353	52,623	350,820
Connectivity for service networks and telecentre	90,380	183,267	90,380	251,052
Juan Fernandez Island Satellite links	27,456	649,793	27,456	670,384
Taxes	16,309,979	-	26,699,733	-
VAT (5)	14,613,871	-	24,681,683	-
Other taxes (6)	1,696,108	-	2,008,050	-
Others non-financial liabilities	42,875,942	83,049,070	50,016,178	5,652,851

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

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

(3) Corresponds to the deferral due to exclusivity in the sale of the fiber optic business (see note 19)

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

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

(6) Includes withholding tax and other taxes.

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

Movements of contractual liabilities, deferred income and subsidies as of September 30, 2021 and December 31, 2020 are as follows:

Movements	09.30.2021					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	18,599,190	2,250,291	4,357,500	1,069,070	359,756	2,333,490
Endowments	175,195,972	-	10,746,956	80,721,991	-	-
Reduction/applications	(180,275,523)	-	(3,874,549)	(1,549,556)	(269,816)	-
Transfers	334,979	(334,979)	1,121,682	(1,171,421)	269,816	(269,816)
Movement subtotal	(4,744,572)	(334,979)	7,994,089	78,001,014	-	(269,816)
Ending balance	13,854,618	1,915,312	12,351,589	79,070,084	359,756	2,063,674

Movements	12.31.2020					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	14,259,915	2,673,550	3,880,359	1,709,923	523,355	3,272,663
Endowments	254,905,765	-	5,448,246	386,300	-	-
Write downs/applications	(250,989,749)	-	(5,673,335)	(324,923)	(1,102,772)	-
Transfers	423,259	(423,259)	702,230	(702,230)	939,173	(939,173)
Movements, subtotal	4,339,275	(423,259)	477,141	(640,853)	(163,599)	(939,173)
Ending balance	18,599,190	2,250,291	4,357,500	1,069,070	359,756	2,333,490

b) The detail of the expirations of the current non-financial liabilities as of September 30, 2021 and December 31, 2020 is as follows:

Expirations		Total Current to 09.30.2021 ThCh\$	Expirations				Total non-current to 09.30.2021 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$		1 to 3 years ThCh\$	3 to 5 years ThCh\$	5 years and more ThCh\$		
38,317,160	4,558,782	42,875,942	20,327,758	18,641,186	44,080,126	83,049,070	

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

27. Equity

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

No changes were introduced in the objectives, policies or processes during the periods ended as of September 30, 2021 and December 31, 2020.

a) Capital

As of September 30, 2021 and December 31, 2020, the Company's paid-in capital is composed as follows:

Number of shares

Series	09.30.2021			12.31.2020		
	No. of shares subscribed	No. of shares paid	No. of shares with voting rights	No. of shares subscribed	No. of shares paid	No. of shares with voting rights
Unique	960,392,966,349	960,392,966,349	960,392,966,349	960,392,966,349	960,392,966,349	960,392,966,349
Total	960,392,966,349	960,392,966,349	960,392,966,349	960,392,966,349	960,392,966,349	960,392,966,349

Capital

Series	09.30.2021		12.31.2020	
	Subscribed capital ThCh\$	Paid-in capital ThCh\$	Subscribed capital ThCh\$	Paid-in capital ThCh\$
Unique	1,364,872,285	1,364,872,285	1,364,872,285	1,364,872,285
Total	1,364,872,285	1,364,872,285	1,364,872,285	1,364,872,285

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

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

27. Equity, continued

Based on the above, as of September 30, 2021, the Company's shareholder structure is detailed as follows:

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

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

b) Distribution of shareholders

As established in Circular No. 792 issued by the Financial Market Commission (CMF) (ex-Superintendency of Securities and Insurance) of Chile, the distribution of shareholders, based on their participation in the Company as of September 30, 2021, is as follows:

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

c) Dividends:

i) Dividend 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. This amount was reversed in April 2021.

As of September 30, 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	Previs exercises	02.02.21
07.26.21	Interim	243,447,842	0.25349	Previs exercises	07.27.21
08.11.21	Interim	98,472,747	0.10253	Previs exercises	12.08.21

27. 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 09.30.2021 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)	2,103,211	(8,024,491)
Foreign currency translation difference reserve (v)	(58,310)	-	(58,310)
Cash flow hedges reserve (vi)	(14,505,535)	34,319,774	19,814,239
Reserve for financial assets (vii)	293,418	177	293,593
Total	(475,474,018)	36,423,162	(439,050,856)

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, Telefónica Móviles Chile S.A. increased its interest in subsidiary Telefónica Chile S.A. from 97.92% to 99.0281653%, which generated an increase of ThCh\$1,083,569 in the aforementioned effect.

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

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

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

27. Equity, continued

d) Other reserves, continued

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 September 30, 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 %	09.30.2021 ThCh\$	12.31.2020 ThCh\$
Telefonica Chile S.A.	0.8594402	0.8594402	6,344,382	5,659,883
Total			6,344,382	5,659,883

As of September 30, 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 %	09.30.2021 ThCh\$	09.30.2020 ThCh\$
Telefonica Chile S.A.	0.8594402	0.8594402	2,594,973	(41,309)
Total			2,594,973	(41,309)

28. Earnings per Share

The detail of Earnings per share is as follows:

Basic earnings per share	09.30.2021 ThCh\$	09.30.2020 ThCh\$
Earnings attributable to parent owners	317,631,624	21,146,585
Resultado disponible para accionistas	317,631,624	21,146,585
Weighted average number of shares	960,392,966,349	956,355,073,464
Basic earnings per share in Ch\$	0.33073	0.01780

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.

29. Incomes

a) The detail of incomes from ordinary operations, as of September 30, 2021 and 2020, is as follows:

Ordinary incomes	07.01.2021 to 09.30.2021 ThCh\$	09.30.2021 ThCh\$	07.01.2020 to 09.30.2020 ThCh\$	09.30.2020 ThCh\$
Mobile Telecommunications	219,875,568	660,694,297	215,359,001	604,824,385
Fixed Telecommunications	108,407,773	270,586,408	75,700,544	226,114,862
Data services and technology solutions companies	42,177,954	127,958,397	44,340,162	123,578,755
Television services and equipment	33,214,272	95,487,233	26,926,700	86,052,627
Total	403,675,567	1,154,726,335	362,326,407	1,040,570,629

b) The detail of Other operating incomes, as of September 30, 2021 and 2020, is as follows:

Other incomes	07.01.2021 to 09.30.2021 ThCh\$	09.30.2021 ThCh\$	07.01.2020 to 09.30.2020 ThCh\$	09.30.2020 ThCh\$
Profits from sale of fixed assets and other (1)(2)	358,018,321	372,534,396	1,715,420	1,727,025
Surcharges due to default	671,513	2,314,089	226,133	1,362,270
Incomes from indemnities, complaints and others (3)	3,401,311	3,612,520	818,041	6,886,900
Subsidies	89,939	269,817	89,938	1,012,833
Total	362,181,084	378,730,822	2,849,532	10,989,028

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

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

(3) Corresponds mainly to the deferral of quota due to exclusivity in the sale of the fiber optic business.

30. Expenses

a) Impairment loss, net:

Provision for impairment	07.01.2021 to 09.30.2021 ThCh\$	09.30.2021 ThCh\$	07.01.2020 to 09.30.2020 ThCh\$	09.30.2020 ThCh\$
Trade accounts receivable (see note 8b)	11,882,692	37,022,668	15,736,737	49,726,882
Inventories (see note 10)	(91,895)	(413,910)	(117,528)	(169,877)
Total	11,790,797	36,608,758	15,880,919	49,557,005

b) The detail of Other expenses, by nature, as of September 30, 2021 and 2020, is as follows:

Other expenses	07.01.2021 to 09.30.2021 ThCh\$	09.30.2021 ThCh\$	07.01.2020 to 09.30.2020 ThCh\$	09.30.2020 ThCh\$
Sale cost of inventory and commissions (1)	107,815,840	306,732,372	95,905,766	256,975,598
Media rental and other exterior services (2)	103,161,729	294,245,602	86,625,036	261,935,780
Customer service	10,382,531	33,368,149	11,254,593	34,860,696
Fiber optic network connectivity (3)	21,598,159	21,598,159	-	-
Interconnections and roaming (4)	7,705,079	22,478,572	5,824,058	18,462,974
Others (5)	11,775,018	38,644,282	7,878,159	25,109,813
Total	262,438,356	717,067,136	207,487,612	597,344,861

- (1) The variation corresponds mainly to an increase in the cost of sale of handsets for ThCh\$ 39,659,929 due to higher equipment sales, an increase due to the net of a higher amortized amount of compliance costs for fixed broadband and television equipments for ThCh \$ 4,226,216, increase due to cost of sales per turnkey deployment project to Infraco SPA for ThCh \$ 13,919,933 and lower expense from capitalization of customer acquisition commissions for ThCh \$ 8,599,545 (see note 7).
- (2) This item includes media rental, external services, maintenance, information services, energy supply, TV content and real estate expenses. The variation is mainly explained by the implementation of the new Cybersecurity & Cloud business for ThCh\$7,774,819, higher amortized amount of Fixed Broadband and TV services labor compliance costs for ThCh\$5,643,686, higher expense for TV content for ThCh\$6,136,470 associated with an increase in the commercial activity of the IPTV business, an increase in maintenance expenses for the plant and technical installations of ThCh\$6,067,219, increase from consultancies for ThCh\$2,113,453 and increase in storage services for ThCh\$3,043,146.
- (3) The increase corresponds mainly to the connectivity service over fiber optic network provided by InfraCo SPA since July 1, 2021.
- (4) The increase corresponds mainly to the connectivity service over the fiber optic network provided by Infraco SPA since July 1, 2021, for a ThCh\$21,598,159 and increased roaming costs of ThCh\$4,673,644 due to increased activity.
- (5) This item includes transportation expenses, insurance, consulting, events, security and surveillance, and advertising, among others. The variation is mainly explained by a higher provision for restructuring and by the net effect of payment of severance indemnities to clients for unavailability of service and National Consumer Service ("SERNAC") demand in TV business.

31. Financial incomes and expenses

a) The detail of net financial incomes and expenses, as of September 30, 2021 and 2020, is as follows:

Financial expenses, net	07.01.2021 al 09.30.2021 M\$	09.30.2021 M\$	07.01.2020 al 09.30.2020 M\$	09.30.2020 M\$
Financial incomes				
Interest earned on deposits and investments	1,328,572	1,933,951	645,347	1,905,820
Interest earned on projects	195,498	641,348	216,792	690,753
Dividends received and accrued	42,280	239,081	463,801	502,256
Total financial incomes	1,566,350	2,814,380	1,325,940	3,098,829
Financial expenses				
Interest on obligations (bonds) (1)	4,764,636	13,820,877	3,655,475	15,101,432
Interest on loans from bank institutions (1)	2,372,106	7,097,237	1,938,056	5,568,302
Financial expenses Portfolio sale / Factoring	1,741,141	5,266,595	2,600,376	9,822,089
Leasing costs	995,809	2,315,191	1,122,474	2,773,537
Interest on update of employee termination benefits	333,241	999,740	323,920	971,759
Interest on projects	244,105	733,044	289,368	852,123
Cost of remittances abroad	190,624	531,525	253,192	681,913
Other financial expenses	914,202	1,739,792	502,262	1,753,350
Total financial expenses	11,555,864	32,504,001	10,685,123	37,524,505
Total financial incomes and expenses, net	(9,989,514)	(29,689,621)	(9,359,183)	(34,425,676)

(1) This item is presented net of interest rate hedge for M\$6,917,023.

b) The detail of the differences and units of currency exchange readjustments as of September 30, 2021 and 2020 is as follows:

Differences exchange	07.01.21 al 09.30.2021 M\$	09.30.2021 M\$	07.01.2020 al 09.30.2020 M\$	09.30.2020 M\$
Cash and cash equivalents	304.623	318.264	84.393	732.278
Current accounts receivable from related entities	989.821	1.126.780	(246.069)	(731.216)
Current trade and other accounts receivable	(193.567)	(233.280)	501.693	282.672
Trade and other accounts payable	(4.950.954)	(4.481.882)	(801.871)	(4.266.325)
Current accounts payable to related entities	(2.124.842)	(3.730.192)	29.168	(897.281)
Hedge instruments	87.658.734	75.851.268	(29.541.978)	23.165.905
Financial debt	(82.160.108)	(70.757.201)	28.304.333	(19.592.654)
Total	(476.293)	(1.906.243)	(1.670.331)	(1.306.621)

Units readjustments	07.01.2021 al 09.30.2021 M\$	09.30.2021 M\$	07.01.2020 al 09.30.2020 M\$	09.30.2020 M\$
Hedge instruments	3,588,370	1,669,870	(31,089)	2,689,571
Trade and other payables	284,116	1,038,042	107,350	102,578
Current trade and other accounts receivable	40,527	40,999	189	28,422
Cash and cash equivalents	-	45	(43,401)	(50,418)
Current accounts receivable from related entities	1,130,622	1,128,022	-	105,873
Current accounts payable to related entities	13,513	13,513	1,286	9,757
Financial debt	(4,967,530)	(3,038,402)	31,310	(2,680,970)
Total	89,618	852,089	65,645	204,813

32. Leases

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

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

As of September 30, 2021, lease expenses amount to ThCh\$ 4,848,189.

Future lease obligations, as of September 30, 2021 and 2020 are detailed as follows:

Concepto	09.30.2021			Total ThCh\$
	Up to one year ThCh\$	From one to five years ThCh\$	More than five years ThCh\$	
Minimum operating lease payments payable	9,059,703	-	-	9,059,703

Concepto	09.30.2020			Total ThCh\$
	Up to one year ThCh\$	From one to five years ThCh\$	More than five years ThCh\$	
Minimum operating lease payments payable	4,367,650	8,694,224	6,072,255	19,134,129

33. Local and Foreign Currency

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

Currents assets	09.30.2021	12.31.2020
	ThCh\$	ThCh\$
Cash and cash equivalents	227,924,458	465,809,329
Chilean Pesos	225,225,773	463,863,858
US Dollars	2,159,279	1,786,501
Euros	483,963	87,083
Other currencies	55,443	71,887
Other current financial assets	51,609,751	10,487,114
Chilean Pesos	30,449,237	232,106
US Dollars	20,886,614	1,383,278
Euros	273,900	-
U.F.	-	8,871,730
Current trade and other accounts receivable	318,775,096	234,486,698
Chilean Pesos	317,987,340	233,698,688
U.F.	748,484	752,514
Euros	39,272	35,496
Current receivables from related companies	34,832,014	9,099,951
Chilean Pesos	32,909,704	7,340,242
US Dollars	1,378,603	1,506,614
Other currencies	543,707	253,095
Other current assets (1)	202,545,935	160,014,672
Chilean Pesos	202,545,935	160,014,672
Total current assets	835,687,254	879,897,764
Chilean Pesos	809,117,989	865,149,566
US Dollars	24,424,496	4,676,393
Euros	797,135	122,579
U.F.	748,484	9,624,244
Other currencies	599,150	324,982

(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	09.30.2021	12.31.2020
	ThCh\$	ThCh\$
Other non-current financial assets	243,756,500	165,091,624
US Dollars	176,883,322	119,303,018
Chilean Pesos	42,123,654	11,688,397
U.F.	24,749,524	28,128,170
Other currencies	-	5,972,039
Right of use	177,653,028	187,317,843
Chilean Pesos	155,268,664	187,065,017
U.F.	22,384,364	252,826
Other non-current assets (2)	2,137,547,611	2,003,216,052
Chilean Pesos	2,137,547,611	2,003,216,052
Total non-current assets	2,558,957,139	2,355,625,519
Chilean Pesos	2,334,939,929	2,201,969,466
US Dollars	176,883,322	119,303,018
U.F.	47,133,888	28,380,996
Other currencies	-	5,972,039

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

33. Local and Foreign Currency, continued

Currency breakdown of current liabilities is as follows:

Currents liabilities	Up to 90 days		From 91 days to 1 year	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
	ThCh\$		ThCh\$	
Other current financial liabilities	12,703,908	26,910,998	944,682	229,937,792
US Dollars	7,139,253	9,993,996	29,491	124,728,420
Chilean Pesos	3,207,752	16,900,623	915,191	104,627,130
U.F.	1,394,989	-	-	582,242
Euros	961,914	16,379	-	-
Finance leases	27,601,707	29,537,742	22,632,468	31,965,299
U.F.	19,319,074	20,911,937	15,527,531	23,807,799
Chilean Pesos	8,095,865	8,450,252	6,918,169	7,981,948
US Dollars	186,768	175,553	186,768	175,552
Trade and other payables	395,631,742	353,691,526	-	-
Chilean Pesos	325,568,872	306,875,803	-	-
US Dollars	55,018,602	27,627,085	-	-
U.F.	9,886,041	15,216,241	-	-
Euros	5,140,721	3,955,256	-	-
Other currencies	17,506	17,141	-	-
Current payables to related companies	71,699,815	59,548,404	-	-
Chilean Pesos	43,974,265	20,971,344	-	-
US Dollars	23,081,202	28,663,012	-	-
Euros	4,373,431	2,664,985	-	-
U.F.	270,917	7,249,063	-	-
Other current liabilities (1)	146,094,702	63,639,368	4,558,782	2,874,996
Chilean Pesos	146,094,702	63,639,368	4,558,782	2,874,996
Total current liabilities	653,731,874	533,328,038	28,135,932	264,778,087
Chilean Pesos	526,941,456	416,837,390	12,392,142	115,484,074
US Dollars	85,425,825	66,459,646	216,259	124,903,972
U.F.	30,871,021	43,377,241	15,527,531	24,390,041
Euros	10,476,066	6,636,620	-	-
Other currencies	17,506	17,141	-	-

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

33. Local and Foreign Currency, continued

Currency breakdown of non-current liabilities is as follows:

Non-current liabilities	1 to 3 years		3 to 5 years		5 years and over	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020	09.30.2021	12.31.2020
	ThCh\$		ThCh\$		ThCh\$	
Other non-current financial liabilities	744,997,620	655,331,507	288,054,771	100,271,532	-	-
US Dollars	582,026,792	537,247,402	288,054,771	100,271,532	-	-
U.F.	93,953,106	97,207,595	-	-	-	-
Chilean Pesos	69,017,722	20,876,510	-	-	-	-
Finance leases	98,427,513	55,268,820	20,651,759	26,224,368	26,624,825	16,945,196
U.F.	78,907,941	39,298,351	10,650,603	18,507,015	11,812,141	6,943,046
Chilean Pesos	19,412,266	15,543,815	10,001,156	7,717,353	14,812,684	10,002,150
US Dollars	107,306	426,654	-	-	-	-
Non-current accounts payable to related companies	1,613,273	40,801,985	-	-	-	-
Chilean Pesos	1,613,273	34,480,215	-	-	-	-
U.F.	-	6,321,770	-	-	-	-
Other non-current liabilities (1)	47,382,694	26,578,308	46,089,303	73,752,268	131,624,111	52,598,610
Chilean Pesos	47,382,694	26,578,308	46,089,303	73,752,268	131,624,111	52,598,610
Total Non-current liabilities	892,421,101	777,980,620	354,795,833	200,248,168	158,248,936	69,543,806
US Dollars	582,134,098	537,674,056	288,054,771	100,271,532	-	-
U.F.	172,861,047	142,827,716	10,650,603	18,507,015	11,812,141	6,943,046
Chilean Pesos	137,425,955	97,478,848	56,090,459	81,469,621	146,436,795	62,600,760

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

34. Contingencies and restrictions

a) Legal proceedings

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

Notwithstanding, there are certain processes in which, due to the aforementioned considerations, it has been considered that there is a probable risk of loss. This has led to the provisions at a parent company level, for the amount of the estimated loss as of September 30, 2021, which altogether amounts to ThCh\$ 7,936,916, of which ThCh\$ 6,721,573 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\$ 680,000 on its part, during the fourth quarter of 2021 and the rest during the first quarter of 2022.

34. Contingencies and restrictions, continued

a) Legal proceedings, continued

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh\$ 8,999,864 in the Parent company and the amount of ThCh\$ 5,459,850 in the subsidiaries.

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

i) Voissnet Proceeding

On March 31, 2016, the 4th Civil Court of Santiago dictated final sentence in the legal proceeding “Voissnet S.A. vs Telefónica Chile S.A.”, case No. 26.086-2014, completely rejecting the complaint. On June 19, 2018, the Court of Appeals of Santiago, after hearing the appeal filed by the plaintiff, revoked that sentence and condemned subsidiary Telefónica Chile S.A. to pay the amount of Ch\$5,526,164,936. 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 September 30, 2021, the Company has no financial restrictions.

c) Insurances:

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

From the beginning of the massive social demonstrations unrest on October 18, 2019, Telefónica in Chile has suffered damages that have been notified to the insurance company Orion. As of December 31, 2020, a total amount of ThCh\$5,056,608 has been recognized in the income statement for the settlement associated to coverage of the damages to commercial offices, to the headquarters and telephone exchanges, among others, whose recovered amounts are in accordance with the settlement previously received from the insurance company.

34. Contingencies and restrictions, continued

d) Guarantee deposits:

The detail of guaranteed deposits is as follows:

Guarantee creditor	Debtor		Type of guarantee	Current guaranteed deposits ThCh\$	Liberated guarantees		
	Name	Relationship			2021	2022	2023 and more
					ThCh\$	ThCh\$	ThCh\$
Public and Private Organisms				1,045,360	392,069	609,022	44,269
Public Organisms - Undersecretaries and Ministries	TCH	Subsidiary	Deposit	645,429	136,784	475,064	33,581
Public Organisms - Others	TCH	Subsidiary	Deposit	113,706	5,716	103,222	4,768
Public Organisms - Municipalities	TCH	Subsidiary	Deposit	185,501	182,901	2,600	-
Private Organisms - Others	TCH	Subsidiary	Deposit	100,724	66,668	28,136	5,920
Public and Private Organisms				24,736,571	4,672,272	7,891,819	12,172,480
Private Organisms - Others	TEM	Subsidiary	Deposit	7,939,286	1,684,146	3,742,586	2,512,554
Public Organisms - Undersecretaries and Ministries	TEM	Subsidiary	Deposit	7,724,952	885,090	541,883	6,297,979
Public Organisms - Others	TEM	Subsidiary	Deposit	5,729,771	1,342,083	2,018,408	2,369,280
Banks	TEM	Subsidiary	Deposit	1,952,185	368,982	1,158,568	424,635
Public Organisms - Municipalities	TEM	Subsidiary	Deposit	1,120,711	266,888	333,613	520,210
Universities	TEM	Subsidiary	Deposit	269,666	125,083	96,761	47,822
Public and Private Organisms				54,244,427	826,612	37,950,869	15,466,946
Public Organisms - Undersecretaries and Ministries	TMCH	Parent	Deposit	50,571,424	82,152	36,228,969	14,260,303
Private Organisms - Others	TMCH	Parent	Deposit	2,386,707	434,820	1,335,367	616,520
Public Organisms - Municipalities	TMCH	Parent	Deposit	632,496	164,985	247,606	219,905
Public Organisms - Others	TMCH	Parent	Deposit	493,111	25,189	132,512	335,410
Banks	TMCH	Parent	Deposit	146,973	118,466	-	28,507
Universities	TMCH	Parent	Deposit	13,716	1,000	6,415	6,301
Total				80,026,358	5,890,953	46,451,710	27,683,695

TMCH: Telefónica Móviles Chile S.A.
TCH: Telefónica Chile S.A.
TEM: Telefónica Empresas Chile S.A.

35. Environment

Law No. 20,599 was published on June 11, 2012 regulating the installation of emitting and transmitting antennas of telecommunication services. The provisions adopted include: i) restrictions and new regulations for the installation of new sites based on the height of the tower, its location and its closeness to sensitive entities and to other previously installed towers; new and stricter approval conditions are imposed for these new sites; ii) there is retroactive regulation of the height of towers installed before the law was enacted, which are close to the sensitive places determined by the Telecommunications Undersecretary (schools, hospitals, playschools, preschool, old age homes and others); and iii) also in a retroactive manner, there is regulation of tower concentration in denominated "Saturated Zones", for which solutions are based on reducing the number of structures or, failing that, compensations related to tasks for improving the community, which must be agreed by the Neighborhood Groups and the Municipal Council, and that correspond to a 20% of the total cost of the tower in case that some type of camouflage be used in the structure and to 50% in case that no camouflage is used.

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

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

The 2020-2024 environmental investment plan was activated nationwide, for comprehensive management of dangerous residues generated from production processes involving the implementation and operation of Telefónica's technical sites. This plan addresses from the generation of residues to their segregation, transitory storage, transportation and final disposal, with adequate infrastructure and with the corresponding environmental authorizations. Additionally, the regularization of fuel tanks at critical operating sites began in 2021.

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

35. Environment, continued

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

The Company, through a successful Audit process, was informed during the month of May that the certification of the International standard ISO 14001: 2015 is renewed until the year 2024, in conformity with the implementation of an Environmental Management System at Telefónica Chile. This is a full-scope certification, which provides us with coverage from the design, deployment and maintenance of the mobile network, plus commercialization of telecommunications services to our end customers, we continue progressing in the deployment plan for the environmental management system nationwide, complemented with the environmental mitigation plan which allows Telefónica to evaluate and address environmental risks in all its technical facilities.

In addition, the company is in the first phase of the External Audit process to obtain 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.

36. Risk management

a) Characterization of the market and competition

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

b) Tariff system for mobile telephones:

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

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

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

36. Risk management, continued

c) Radio electric spectrum assignation:

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

c.1) Divestiture of Spectrum

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

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

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

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

c.2) Spectrum caps

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

- A structure of 5 macro bands was defined: Low (less than 1 GHz); Medium Low (from 1 to 3 GHz); Medium (from 3 to 6 GHz); Medium High (from 6 to 24 GHz) and High (greater than 24 GHz).
- For low bands, a spectrum ownership cap was established at 35% by operator.

36. Risk management, continued

c) Radio electric spectrum assignation, continued

c.2) Spectrum caps, continued

- For medium low bands, a cap of 30% was established.
- For medium bands, which include 3.500 MHz, short, medium and long-term measures are established. In the short-term, Subtel 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.

36. 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, 2020, Subtel published in the Official Gazette the tenders for “Granting Telecommunication Service Concessions that Operate High Speed Wireless Networks”. The project considers four public tenders:

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

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

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

On September 27, 2021, Subtel notified Telefónica Móviles Chile S.A. of the license granted by the concession, for a 30-year term as of its publication in the Official Gazette, which occurred on October 2, 2021.

36. 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 on two occasions and the consultation continues its course in the Court, which established a deadline until December 23 for the interested parties to provide information on the case. Eleven interested parties provided information, mostly questioning the consultation made by Telefónica, except for the Conadecus Consumers Organization, who shared, in general terms, that the bidding rules have anti-competitive aspects. The pleadings hearing was scheduled for March 24, 2021, but it was rescheduled to July. Subsequently, TMCH withdrew the Consultation, which was endorsed by Resolution of the Court on June 29, 2021.

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.

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

e) Law on removal of unused cable

After concluding its legislative process, the Bill, that obligates concessionaries and holders of telecommunications services to take responsibility for the adequate installation, identification, modification, maintenance, order and transfer of all aerial and underground cables associated to telecommunications services, was published as the new Law No. 21,172, in the Official Gazette, on August 20, 2019.

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

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

36. Risk management, continued

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).

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

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

Subtel must dictate a Regulation in a period of 90 days from the date of publication of the new law and the obligations will begin to be in force in a period of 60 days from the date of publication of that Regulation. On January 13, 2021, Subtel sent to the Comptroller General of the Republic the Regulation No. 138, dated October 13, 2020, for acknowledgement of legality and constitutionality (“toma de razón”), but subsequently it was withdrawn from the Comptroller on April 6, 2021. After incorporating some minor modifications, Subtel once again submitted the mentioned Regulation to the Comptroller’s Office on April 23. TMCH submitted its illegality complaints on June 9, 2021. On September 15, the Comptroller notified Telefónica Móviles Chile S.A. that the decree in process had been withdrawn by Subtel. Consequently, the acknowledgement process has been suspended until Subtel resubmits the regulation.

However, in the case of locations, routes or zones that are isolated, or with low density, benefitting from FDT or with the presence of a single operator, the agreement between the parties and the beginning of the service must not exceed a period of 60 days from the date of publication of the new Law, deadline that expires on October 9, 2020.

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

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

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

36. Risk management, continued

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

Regarding the case of Brazil, at the end of September 2021, the Congress of that country approved the new free trade agreement with Chile, which also establishes international roaming at local price between both nations. This new Treaty, which in Chile was approved by Congress in August 2020, must be ratified by the Governments of both countries, and once this has happened, international roaming at local price begins to take effect after a 1-year period.

h) Bill declaring Internet as a Public Service

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

Mainly, the purpose of the proposal is to modify the General Telecommunications Law to include access to Internet as a public service and force companies to provide all the services that are defined as “public” in the law to be provided within a maximum period of 6 months, since the time the request has been submitted by a user. Additionally, on September 20, the Executive presented new indications.

i) Bill that creates the Superintendency of Telecommunications

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

j) Infraco SpA Authorizations

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

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

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

36. Risk management, continued

k) Bill that creates a registry of Prepaid users

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

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

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

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

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

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

m) 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.

36. Risk management, continued

m) Level of Chilean economic activity, continued

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.

n) Financial risk management objectives and policies

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

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

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

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.

36. Risk management, continued

n) Financial risk management objectives and policies, continued

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 September 30, 2021 the Company had 72% of its short and long-term financial debt bearing a fixed interest rate and 28% with exposure to a variable rate.

The Company believes it is reasonable to measure the risk associated to the interest rate of the financial debt as the sensitivity of the monthly finance cost of accrual in case of a change in 25 basis points in the debt's benchmark interest rate, which, as of September 30, 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\$49,423; whereas a drop in the TCPN would mean a reduction of ThCh\$49,423 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.

36. Risk management, continued

n) Financial risk management objectives and policies, continued

Interest rate risk, continued

As of September 30, 2021, the Company had loans and derivatives associated to the LIBOR benchmark rate. Changes will be made in loans and derivatives simultaneously, in order not to alter the hedging. To date, no substantial change in finance costs is expected due to the change in the variable rate in USD.

As of December 31, 2021 the LIBOR rate will no longer be used, which means that there will be no more debt issuances or financial products with that rate. The LIBOR rate will continue to be reported until mid-2023. The rate that is believed to succeed the LIBOR rate is the SOFR rate, which is an index that has been reported for more than one year.

Foreign currency risk

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

Credit risk

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

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.

36. Risk management, continued

n) Financial risk management objectives and policies, continued

Liquidity risk

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

Capital management

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

The Company's main objective in respect to capital management is to ensure that it has a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholders' value. Equity return on investment (income/equity), as of December 31, 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 27).

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 September 30, 2021 and 2020.

37. Subsequent events

The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the period ended as of September 30, 2021, were approved and authorized for issuance at the Board of Directors Meeting held on October 28, 2021.

On October 2, 2021, the Official Gazette published Decree 77, which grant Telefónica Móviles Chile S.A., a 30-year concession for public telecommunications services for the purpose of being installed, operated and exploited in the 3.35 – 3.40 GHz frequencies.

In the period from October 1 to October 28, 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