Telefónica vivo

Management Report

2024

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Dear Shareholders,

Telefônica Brasil S.A. (B3: VIVT3, NYSE: VIV) submits for appreciation the Management Report and the corresponding Financial Statements, accompanied by the audit report issued by the independent auditors, concerning the fiscal year ended December 31, 2024, presented in accordance with the International Financial Reporting Standards (IFRS) and the pronouncements, interpretations and guidelines issued by the Brazilian Accounting Pronouncements Committee.

Message from Management

2024 was marked by significant results, with growth in key financial and operational indicators. We maintained revenues and profit at high levels and ensured robust remuneration to our shareholders, with initiatives guided by important ESG criteria. We advanced with our customer base while evolving the ecosystem with solutions that digitize our customers' lives, whether in health, education, or financial management, in addition to offering more efficiency and productivity to companies. Our brand remains the first choice for consumers, consolidated by relevant assets such as service, portfolio, and coverage.

We ended the year achieving the goal of 29 million households covered with fiber in 444 cities, with seven million connected customers. In the mobile segment, we reached 504 municipalities with 5G, covering 61.3% of the Brazilian population and market share in accesses of 40.2%. Leadership in both markets strengthens loyalty through an offer that combines fiber and mobile: Vivo Total, which has 2.4 million subscribers, representing more than a third of our fiber access base. In terms of revenue, this service grew more than 90%, reflecting our customers' demand for convergent solutions. Vivo Total accounted for about 90% of fiber sales in stores in 2024, and its performance positions it once again as the main commercial strategy for 2025.

In the period, we also registered a historically low churn rate in postpaid, ending the year at 0.98%, excluding machine-to-machine (M2M), ensuring Vivo the continued leadership in this segment, with a 41.3% market share – eight percentage points ahead of the second place. We also consolidated our leadership in the total mobile market, with 38.8% market share.

Vivo's powerful infrastructure enables the access of the population to the benefits of digitization, creating opportunities for people and businesses. In our customer base, we have over 57 million CPFs and 1.8 million CNPJs, served by the main connectivity network in the country, allowing us to expand our presence to various other sectors. In 2024, new B2C and B2B businesses combined represented 10.2% of our total revenue, with an increase of 1.2 p.p. compared to the previous year.

In financial services, we structured our products under the Vivo Pay brand, available on the Vivo App. Last year, in the personal loans business, we launched the financing of Pix installments and the early access to FGTS. We also received approval from the Central Bank to operate Vivo Pay SCD (Vivo Pay Sociedade de Crédito Direto), enabling the offer of different products and services.

In Health and Wellness, we have Vale Saúde, a monthly subscription service that provides access to discounts on medical consultations, exams, and medications. In education, VivaE, a result of the joint venture with Ânima Educação, offers courses focused on professional training in a constantly evolving market. We also remain a reference when it comes to transforming our customers' homes into smart homes, with connectivity solutions, digital devices, and consulting, making daily tasks simpler and more efficient. In addition, we are the main commercial partner of the major music and video entertainment players in the industry, ending the year with three million streaming service subscriptions made through our platforms.

Our digital ecosystem extends to companies that have Vivo as an ally in their digitization processes. In 2024, we advanced in the corporate market by introducing solutions based on cloud services, cybersecurity, IoT, big data, private networks, as well as acquiring and forming new companies. We acquired IPNET, specialized in cloud computing and the main integrator of Google cloud services in Brazil. In partnership with Auren Energia, we announced the start of operations of GUD, created to capture opportunities generated by the opening of the free energy market.

Through Vivo Ventures, our Corporate Venture Capital fund, we invest in startups focused on innovative solutions that can accelerate our growth with significant financial returns as they advance and become increasingly relevant. Highlights include Agrolend, a fintech that provides credit to small and medium-sized farmers in Brazil; CRMBonus, a technology and rewards solutions company integrated into our benefits portfolio through Vale Bonus – a digital currency that allows customers to get discounts on products and services from different brands; and Klubi, the only fintech authorized by the Central Bank to operate in the consortia market, which received its second investment from the fund in 2024.

Other assets reinforce Vivo as the main choice for our customers. We are one of the largest retailers in Brazil, with about 1,800 stores nationwide, providing a differentiated omnichannel experience. The Vivo app has over 26 million unique users, enabling personalized service. In B2B, there are more than five thousand sales representatives. Our artificial intelligence, Aura, interacts with four million unique users per month, generating more than 25 million interactions. In 2021, we began exploring the Generative AI model and now have different internal use cases with excellent performance indicators. For the best customer experience, we created a digital copilot to support the call center and have already reduced service time by 9% for end consumers and 4% for companies. All these fronts reflect an excellent NPS (Net Promoter Score), a metric that measures customer satisfaction and loyalty, in 2024, which saw a significant increase compared to the previous period.

There is no doubt about the benefits of artificial intelligence and its unprecedented potential to foster the economic and social growth of nations. But there are also its own challenges: misuse, ethical issues, and a new wave of regulation. In Brazil, we are moving forward with AI regulation, approved by the Senate and under review in the House of Representatives, with highlights for fronts such as protecting the rights of content creators and artistic works (copyright), and the identification of synthetic content like texts, images, videos, and audios. The proposal should consolidate as the Legal Framework for the theme and provides, for example, instruments to promote development and digital literacy. In our view, a balanced text should delineate uses of AI that present excessive risks and, above all, create an environment that fosters innovation and the responsible adoption of technology from its equitable development.

When we look at Brazil, with its continental dimensions, it is essential to go beyond offering the best connectivity and important digital services to expand the benefits of digitalization. Access to devices is crucial, but it is necessary to make it more economically accessible. In addition, many Brazilians do not possess essential technological skills, even with the intensive use of social networks. Therefore, we live in a digital paradox. This is why advancing digital literacy is urgent to empower the population, making our society more technological and facilitating their entry or progression in the job market.

Fundação Telefônica Vivo, a non-profit organization focused on developing digital skills for educators and students in public schools, faces the challenge of training teachers and engaging students in the intentional use of technology. Last year, Fundação celebrated 25 years of operation in the country, and we have progressed with the “Pense Grande” Tech program, aimed at training and employability for high school students in data science. This program is already underway in Mato Grosso do Sul, Espírito Santo, Goiás, Minas Gerais, São Paulo, Santa Catarina, and Ceará. Additionally, the digital literacy program for educators is present in Mato Grosso, Maranhão, and Pernambuco.

In addition, it is important that we act in a coordinated way. We participate in the Technology, Innovation, and Digital Transformation Commission of the Economic, Social, and Sustainable Development Council (CDESS – Conselhão), which proposed to the Federal Government the creation of the Interministerial Committee for Digital Transformation (CITDigital), responsible for defining guidelines and evaluating policies in this area. Another advancement is the “Plano Brasil Digital 2030+”, an initiative of the Brazilian Association of Information and Communication Technology Companies (TIC) and Digital Technologies (Brasscom), of which we are members, to structure a long-term national strategy.

All of this makes Vivo a company of the present and the future, committed to society through a solid ESG program. Last year, we announced new measures to drive the climate and diversity agenda. In terms of climate, we brought forward our goal by five years to achieve net-zero emissions (NetZero) by 2035. By the end of 2024, we had reached 87% of suppliers working towards decarbonization, increasing this representation by 27 percentage points compared to the previous year.

In circular economy, in 2024 alone, Vivo Recicle collected 37 tons of electronic waste from consumers, a growth of over 200% compared to the previous year, as a result of campaigns with customers, employees, and students from schools benefited by initiatives of the Telefônica Vivo Foundation. This is significant progress towards the challenge set by the company, which is to go from 150 tons collected through the program, accumulated between 2006 and 2023, to 375 tons by 2035.

In terms of diversity, we will achieve 40% of women in top leadership positions compared to the current 33.3%; we will have 45% of women in leadership roles compared to 38.3% in 2024; we will increase the representation of Black individuals in leadership positions from 33.9% to 40%; and we will reach 45% of Black employees in the overall workforce, up from 43% today. It is important to highlight that, in the 2025 internship program, 50% of the more than 400 positions are allocated to Black talents; in the trainee program, the representation reaches 56%.

Fundação Telefônica Vivo was also our support arm for the population of Rio Grande do Sul, affected by floods. On that occasion, we conducted an internal match-funding campaign, raising more than R$ 400,000 for the purchase of essential items, benefiting 3,200 people. Beyond these emergency actions, in partnership with important companies and foundations in the country, we participated in the Movimento Brasil Competitivo (MBC), of which I am a board member, to support the State Department of Education in the processes of returning to school, school renovations, and pedagogical support. In the latest edition of Vivo Volunteers Day, the Foundation brought together more than 10,000 employees and family members in 55 projects across Brazil, impacting 40,000 people.

The commitment to excellence and value generation for all our stakeholders remains one of the pillars of our strategy. To our shareholders, I reiterate the intention to distribute resources with a value equal to or greater than 100% of the net profit of each fiscal year until 2026, consolidating Vivo as a reference also in investor remuneration. This policy reflects not only the financial solidity of our company but also the confidence in sustainable growth and the ability to deliver consistent results. Furthermore, we have accumulated awards that solidify and legitimize our responsible performance and governance.

We started 2024 in first place and remained among the top three positions in the ISE B3, the Brazilian Stock Exchange's Corporate Sustainability Index. Additionally, we ended the year with the news that Vivo has become part of the Dow Jones Best-in-Class World Index portfolio, considered the most important sustainability index in the world. We are the only Brazilian company in the sector listed among the 47 globally eligible companies, reaching the 6th best performance in the world. We are also in the sector's Top 10 for the third consecutive year and the leader in the Americas, according to S&P Global's Corporate Sustainability Assessment (CSA). Added to these, other recognitions include being in the Top 3 in the GPTW ranking, and our 5G being recognized by Open Signal, a consultancy that evaluates global connectivity experience, as the leader in download speed in Brazil and worldwide.

The year 2024 will also be remembered for historical milestones. Telefónica, the parent company of Telefônica Brasil (Vivo), celebrated its centenary in all the countries where it operates, concluding the international celebrations in Brazil, after events in Spain, Belgium, Germany, and the United States. Over these 100 years, Telefónica has become a sector benchmark and, since 1998, the largest European investor in Brazil. Over R$ 560 billion has been invested over these years, allowing Vivo to build the best and most efficient connectivity infrastructure in the country, with technologies such as fiber, 4G, 4.5G, and 5G.

We also highlight the approval of the migration from the concession model to the authorization model, a decisive factor that will benefit consumers. With this decision, resources previously allocated to the maintenance of legacy networks, such as copper and disused telephone exchanges, can be redirected to further develop fiber infrastructure and expand the mobile network in underserved areas, thereby fostering new regional operators.

For 2025, we will remain steadfast in our purpose of "Digitalize to Bring Closer," with pillars that guide our business and relationships with all our stakeholders to sustain our commitment to digitalization and social inclusion in Brazil. Finally, I would like to thank the dedication and commitment of our 33,000 employees, as well as the trust of all our shareholders, customers, and partners.

Christian Mauad Gebara

Presidente da Telefônica Brasil

MACROECONOMIC CONTEXT

In 2024, the Brazilian economy continued to grow steadily, driven by fiscal and monetary stimuli. According to market expectations, the Brazilian GDP grew by about 3.5% in 2024, compared to 3.4% in 2023. The services sector continued to expand, and the unemployment rate decreased to historically low levels.

The external accounts also showed favorable performance, with a highlight being the trade balance surplus of USD 74.6 billion in 2024, the second largest in the historical series, behind only 2023, when USD 98.9 billion was recorded, favored by the record harvest that year.

Consumer inflation rose to 4.83% in 2024, compared to 4.62% in 2023, remaining above the target of 3.0%, influenced by a combination of climatic events and currency depreciation amid a heated economic activity. As a result, the Central Bank resumed interest rate hikes in the second half of the year, raising the Selic rate to 12.25% at the end of 2024, from 11.75% at the end of 2023.

Fiscal policy was a major focus of attention in the financial market. The shift in fiscal targets towards a slower fiscal adjustment, along with increased spending levels and interest rates, raised concerns among agents regarding the sustainability of the public debt trajectory, which rose to 76.1% of GDP, compared to 74.4% of GDP in 2023.

Additionally, the less favorable global context, amid high uncertainties and higher than initially expected interest rates, also contributed to the perception of increased domestic risks. In this context, the exchange rate depreciated throughout 2024, moving from R$4.84/USD at the end of 2023 to R$6.19/USD at the end of 2024.

Finally, the rating agency Moody's upgraded Brazil's long-term ratings to "Ba1" from "Ba2" in October 2024, one level below investment grade, justified by robust economic growth and economic and fiscal reforms. On the other hand, the S&P agency maintained Brazil's rating at "BB," two levels below investment grade.

BUSINESS PERFORMANCE

In 2024, we reached the **largest customer base** in history, with 116.1 million accesses in December 2024, (+2.7% YoY). In the mobile business, we ended the year with 102.3 million accesses (+3.3% YoY) and 504 cities covered with 5G (+2.9x YoY). In the postpaid ex-M2M[1] and ex-dongles[2], we added +3.4 million accesses during the year, totaling 47.5 million accesses, of which 33.8% use 5G technology.

[1] M2M: *Machine-to-machine*, chip that enables communication between machines through data transfer without human interaction and without wires

[2] Dongles: a device that allows communication between a computer or another device, usually via USB port, used for Wi-Fi connections, streaming, etc.

During the year, the Company's **Net Revenue** grew 7.2% YoY and reached R$ 55,845.0 million (R$ 52,100.2 million in 2023), driven by the growth of mobile postpaid revenue, followed by FTTH[1] services, Corporate Data, ICT, and Digital Services.

Mobile Business

Mobile Net Revenue growth of 8.4% YoY in 2024 was boosted by **Mobile Service Revenue**, which grew 8.4% YoY, and Electronics Revenue (8.0% YoY). Postpaid Revenue, which includes M2M, dongles, wholesale, and others, represents 83.5% of mobile service revenue and grew 10.1% YoY due to the increase in the customer base (7.6% YoY), which totaled 66.5 million in the year, driven by migrations from prepaid and the addition of new customers, as well as annual price adjustments, that contributed to the 3.9% YoY increase in ARPU for postpaid ex-M2M and ex-dongles, to R$ 52.0.

Prepaid Revenue rose by +0.7% YoY, mainly due to a +4.5% increase in ARPU and a -0.6 p.p. decrease in churn in the annual comparison.

Handset and Electronics Revenue increased 8.0% compared to 2023, as a result of the broader offer of electronics, from smartphones to connected home devices. In 2024, more than 89% of the smartphones sold in our stores were compatible with 5G.

Fixed Business

Fixed Net Revenue expanded 4.3% YoY, driven by the accelerated growth of FTTH (+14.5% YoY), which accounts for 44.1% (+3.9 p.p. YoY) of fixed net revenue, and Corporate Data, ICT, and Digital Services (+9.9% YoY).

During 2024, we expanded our fiber network to 2.9 million new homes, reaching 29.1 million homes passed in 444 municipalities. Throughout the year, we connected 784 thousand new customers with an FTTH ARPU of R$ 90.3.

Vivo Total, our convergent postpaid and fiber offer, represented 84.5% (+5.6 p.p. YoY) of fiber gross adds in our own-stores and already has 2.4 million subscribers (+84.9% YoY), representing 34.3% of our total FTTH customer base (+13.4 p.p. YoY).

Corporate Data, ICT and Digital Services Revenue grew 9.9% YoY in 2024, a result of the company's complete portfolio of products and services, which includes, in addition to connectivity, cloud solutions, IT, equipment, and cybersecurity, among others. During the year, digital services for businesses represented 7.3% of total revenues (+20.6% YoY).

[1] FTTH: *Fiber-to-the-home*, a solution that uses fiber optics to provide high-speed internet access.

B2B digital revenue was boosted by the acquisition of IPNET, that is specialized implementing Google solutions, contributing with R$64 million in revenues in 4Q24, and by the acceleration in sales of Vivo Vita solutions

Digital Ecosystem

We continue to advance in the development of an ecosystem with relevant partners to fuel our consolidation as a digital services hub.

B2C

B2C Products

Over the last year, considering all B2C products and services, the average monthly revenue per B2C RGU reached R$62.3, reinforcing our positioning as a one-stop-shop for our customers.

Financial Services

Revenues from financial services totaled R$ 460.6 million in 2024 (R$ 402.1 million in 2023), a growth of +14.5% YoY. Being a 100% digital platform, Vivo Pay centralizes Vivo's financial solutions, such as personal loans, insurance, early access to FGTS, PIX installments, among others.

In September 2024, the Central Bank of Brazil approved the request for authorization to operate as Vivo Pay Sociedade de Crédito S.A. With this approval, we will be able to lend resources directly to our customers, without the need for intermediation by a traditional financial institution, which will allow for an increase in the efficiency of our financial services.

Entertainment

As one of the initiatives to expand our portfolio for our customers, Vivo offers its customers the best video and music OTTs[1] in the market. This service represented R$725 million in revenues over the last 12 months (+29.8% YoY) and we ended the quarter with 3.0 million (+14.0% YoY) content platforms subscriptions.

[1] OTT: Over-the-Top, streaming services for video, audio, or communication that are delivered directly to users via the Internet.

Health and Wellness

Our healthcare services marketplace, Vale Saúde Sempre, connects customers to clinics and laboratories across the country, through a monthly subscription. Since the beginning of operations, we reached over 390k subscriptions, an increase of 103% YoY, in addition to 64k medical consultations, exams, and procedures carried out, and 1.4 million discounted items bought in pharmacies in 2024. Health and Wellness total revenues, in the past 12 months, was R$ 59 million, an increase of 3.7x compared to the previous year.

Vivo Ventures

Vivo Ventures (VV), a Corporate Venture Capital fund created together with Telefónica Open Innovation, aims to invest in startups focused on innovative solutions that can accelerate the growth of the Company's B2C ecosystem.

VV has already made significant investment commitments in fintechs such as Klavi, focused on Open Finance solutions, and Klubi, a consortium manager; Digibee, a low-code iPaaS (Integration Platform as a Service) that enables simplified and more efficient system integration; and Conexa Health LLC, an independent Telemedicine platform and digital health ecosystem, connecting patients, professionals, companies, and operators, with the goal of democratizing access to quality healthcare.

During the year 2024, the fund made strategic investments in various Brazilian startups, acquiring minority stakes in CRMBonus, a platform that uses artificial intelligence to enhance relationships between companies and clients, promoting the concept of cashback, and in AGL Holding, the controlling entity of Agrolend Credit Company, an agricultural fintech that provides credit to rural producers. We also made an additional investment in Klubi, further strengthening our presence in the financial solutions sector.

All these investments represent opportunities to expand the services offered by the company and strengthen its presence in the Brazilian financial market.

B2B

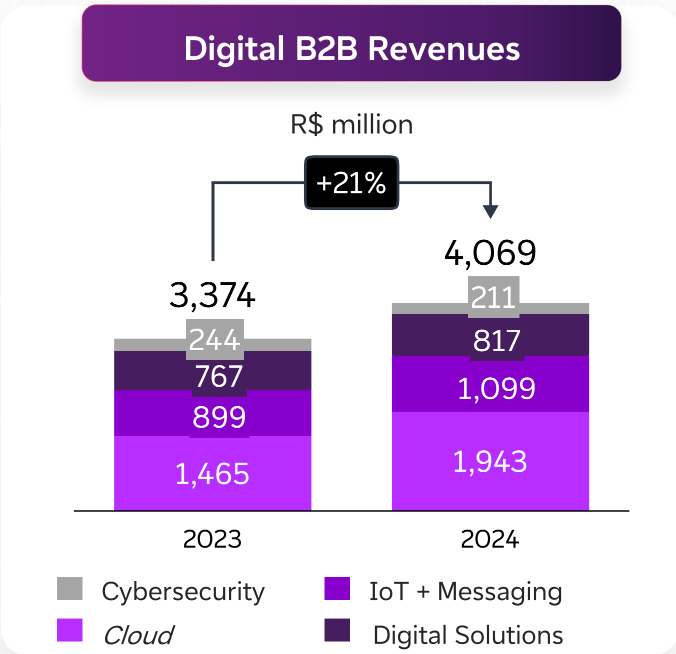
The Company has been continuously investing in initiatives to become a one-stop-shop. In 2024, B2B digital services generated R$ 4,069 million in revenue (20.6% year-over-year), representing 7.3% (0.8 percentage points year-over-year) of Vivo's total revenue for the period.

We acquired IPNET last year, a cloud services provider, adding Google solutions to the portfolio that already offered Azure and AWS. This positively impacted our results, contributing R$ 64 million in revenue during this period.

In 2023, we announced the creation of a joint venture (JV) focused on marketing customized renewable energy solutions throughout Brazil. This new company, GUD Energia, combines Auren Energia's expertise in energy generation and commercialization with Telefônica Brasil's scale, digital penetration, and distribution capacity to position itself in Brazil's free energy market.

The potential market for JV's operations was estimated at over 72,000 large companies, including factories, offices, and commercial establishments. In the future, the Company plans to expand into low voltage and residential segments.

The transaction was concluded in March 2024, and GUD Energia began operating that year with the goal of serving business customers connected to the high voltage network with a demand below 500 kW. By December 31, 2024, GUD Energia had sold more than 600 GWh of energy.



Costs

Operational costs and expenses, excluding depreciation and amortization, reached R$ 32,964.9 million for the year, an increase of 7.1% compared to 2023 (R$ 30,782.0 million). This increase reflects the strong commercial activity during the period, with an acceleration in revenues from B2B digital solutions and the sale of handsets and electronics.

There was also an impact from increased personnel expenses, mainly due to the annual salary readjustment and other benefits, and expenses related to network infrastructure and systems. The Provision for Bad Debt also registered an increase; however, the relation between the provision and Gross Revenue stood at 2.0% (+0.1 p.p. YoY, flat compared to 2023). The control of the provision demonstrates that our customers continue to prioritize paying for their connectivity services on time, as well as the execution of credit and collection actions by the Company, mainly through the acceleration of digitalization initiatives.

EBITDA

The strong growth in Postpaid revenues (+10.1% YoY) and FTTH (+14.5% YoY), combined with cost control (+7.1% YoY), resulted in an EBITDA of R$ 22,880.1 million for the year, an increase of 7.3% YoY (R$ 21,318.1 million in 2023). The EBITDA Margin reached 41.0% in 2024 an increase of 0.1 p.p. compared to 2023 (40.9%).

Consolidated - in R$ millions	2024	2023
Operating profit before financial income and expenses and equity method	8,677.8	7,928.5
Depreciation and amortization expenses		
In costs of services	11,713.1	10,997.7
In service selling expenses	1,671.2	1,541.5
In general and administrative expenses	818.0	850.4
EBITDA	**22,880.1**	21,318.1
EBITDA Margin		
a) EBITDA	22,880.1	21,318.1
b) Net operating revenue	55,845.0	52,100.1
a) / b)	41.0%	40.9%

Financial Results

The Net Income[1] for 2024 reached R$ 5,547.9 million (R$ 5,029.4 million in 2023), an increase of 10.3% YoY, and Telefônica Brasil's net margin in 2024 was 9.9% (9.7% in 2023), reflecting the Company's solid operational performance, with EBIT growing by 9.5% YoY, combined with continued cost control during the period and a reduction in net financial expenses (-18.5% YoY). Earnings per share (EPS)[2] increased by 11.3% during the period, as a result of the growth in net income and the cancellation of 21,944,664 treasury shares in December 2024.

Consolidated - in R$ millions	2024	2023
a) Net income for the year	5,547.9	5,029.4
b) Net Operating Revenue	55,845.0	52,100.1
a) / b)	9.9%	9.7%

1 Considers the net income attributed to Telefônica Brasil.

[2] Earnings per share (EPS) calculated based on net income attributed to Telefônica Brasil divided by the weighted average number of outstanding shares for the period, more details in the note 24.i) of the Financial Statements from December 31st, 2024.

Capex

The company invested R$ 9,166.5 million in 2024, an increase of 2.3% YoY compared to the amount invested in 2023 (R$ 8,959.8 million), representing 16.4% of Net Operating Revenue for the year, a decrease of 0.8 p.p. YoY, demonstrating our ability to increase revenue while reducing capital intensity. In 2024, we continued to expand the company's fiber network at an accelerated pace, reaching 444 cities in Brazil and 29.1 million homes passed (+11.2% YoY).

The expansion of 5G coverage was also a focus of our investments which is already present in 504 cities (+2.9x YoY), covering 61.3% of the Brazilian population. As recognition of our initiatives, according to the OpenSignal 5G Global Mobile Network Experience Awards 2024, our 5G achieved the highest download speed in the world in the wide coverage category, reaching 365.6 Mbps.

FTTH coverage in 444 cities, with 29.1 million homes passed

CONSOLIDATED - in R$ million	2024	2023	Δ% a/a
Network	7,801.6	7,588.3	2.8
Technology, Information Systems and Others	1,364.9	1,371.4	(0.5)
Investments ex-IFRS 16	**9,166.5**	**8,959.8**	2.3
IFRS 16 | Leases	4,774.4	4,401.8	8.5
Total | IFRS 16	**13,940.8**	**4.3**	4.3

The Company's investments in controlled and associated companies, as well as the changes that occurred during the year are reflected in the in the Financial Statements notes for the fiscal year of 2024.

Shareholder Remuneration

Telefônica Brasil is constantly reaffirming its commitment to maximize shareholder returns. Therefore, for the fiscal years 2024, 2025, and 2026, the Company has committed to distribute resources to its shareholders through dividends, interest on capital, capital reductions, and the share buybacks, in an amount equal to or greater than 100% of the net income to be determined in each of the respective fiscal years mentioned.

In 2024, we distributed to our shareholders the amount of R$ 5,845 million, 5.3% higher than the net income for the period, achieving our guidance, of which R$ 3,045 million was in interest on capital, R$ 1,500 million in capital reduction, and R$ 1,300 million in share buybacks.

ANATEL consented in September 2023 for the company to reduce its share capital by up to R$ 5 billion. The first proposal for the capital reduction, in the amount of R$ 1.5 billion, was paid on July 10th, 2024. The second proposal for the reduction, in the amount of R$ 2.0 billion, was approved by the company's Extraordinary General Meeting held on December 18th, 2024. Shareholders on record with the company at the end of the day on February 27th, 2025, will receive the funds to be paid in a single installment by July 31st, 2025.

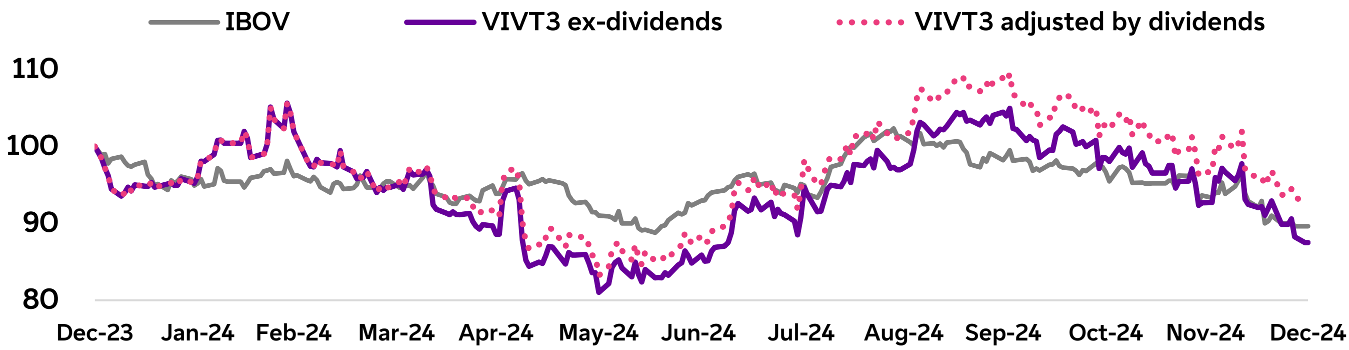
Payout of 105.3% on net income in 2024

Capital Markets

The company's stock (VIVT3) ended the year 2024 priced at R$46.77, a decrease of 12.5% over 12 months, while the IBOV also recorded a decline, depreciating by 10.4% over the year.

Share Performance

(Base 100 as of 12/31/2023)



Reverse Split and Split

On January 29th, 2025, the Board of Directors approved the proposal for reverse split (40:1), and subsequently split (1:80), of all common shares issued by the Company. This proposal will be submitted for approval at the Extraordinary Shareholders' Meeting to be held on March 13th, 2025.

The operation aims to provide greater liquidity to the shares issued by the Company and improve the process of forming its price by increasing the quantity of outstanding shares effectively negotiated and adjusting its price.

Information about the operation, as Informational Material (only in Portuguese), FAQ and Material Fact, are available on Investor Relations Website of the Company: https://ri.telefonica.com.br/en

ESG – ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

In 2024, Telefônica Brasil's purpose, "Digitalize to Bring Closer," was unfolded into new strategic pillars, including "Vivo Future," focused on driving digital transformation with sustainability. To ensure this commitment, the company has an ESG strategy comprised of 6 pillars, with over 100 indicators monitored in a consolidated manner by the Board of Directors, through the Quality and Sustainability Committee, integrated into the Responsible Business Plan (RBP), a document composed of goals (2024 - 2026) that promote responsible growth and contribute to the Sustainable Development Goals (SDGs).

This ESG strategy enabled Telefônica Brasil to be included for the first time in the Dow Jones Best-in-Class World Index portfolio, debuting as the only Brazilian telecom, leading in the Americas and ranking 6th in sector performance globally. The company is also one of the leaders in the Corporate Sustainability Index - ISE B3 (Top 3) and in The Sustainability Yearbook 2025 (Top 10%).

Since 2019, 20% of the short-term variable compensation for executives and employees has been linked to ESG goals. Since 2022, the Long-Term Incentive Plan for executives includes Telefônica Brasil shares with cash settlement, with Clawback guidelines, and 10% of the compensation associated with ESG goals. Regarding the composition of the Board of Directors, 83% of the members are independent and 33% are women.

In 2024, new public ESG commitments were announced. In terms of climate, the target year to achieve net-zero emissions was brought forward by 5 years, from 2040 to 2035. In Circular Economy, the goal is to collect 225 tons of electronic waste from 2024 to 2035. In Diversity, the company aims to achieve 40% women in senior leadership positions, 45% women in leadership positions, 40% black people in leadership positions, and 45% black employees by 2035.

Since 2023, the company has maintained a 90% reduction in Scope 1 and 2 emissions (vs. 2015). Through the Carbon in the Supply Chain Program, 87% of carbon-intensive suppliers have made voluntary climate commitments. In terms of energy, in addition to consuming 100% renewable electricity, the Company has a distributed generation project that reached 71 plants using renewable sources. For customers, solutions that promote energy and climate efficiency and contribute to limiting the temperature increase to 1.5°C generated R$ 2,385 million in revenues in 2024. The complete climate strategy is detailed in the Climate Action Plan, approved by the Board of Directors.

Through Vivo Recicle, more than 37 tons of electronic waste were sent for recycling, with about 23 tons collected in partnership with the Fundação Telefônica Vivo through actions in public schools and institutions. In the fixed network, more than 1.1 million modems and decoders were reused, and more than 380,000 were recycled in the year. The goal in the circular economy is to achieve zero waste in operations by 2030, prioritizing reuse, repair, recycling, and reduction in waste generation.

In digitalization, besides strengthening its mobile and fiber networks, Telefônica Brasil offers solutions in areas such as health (Vale Saúde Sempre), education (Vivae), banking and access to credit (Vivo Pay), and renewable energy (GUD Energia). These fronts are strengthened through Corporate Venture Capital (CVC) funds, Wayra Brazil, which ended 2024 with 25 startups, and Vivo Ventures, which has invested around R$ 150.8 million in 7 companies since its inception in 2022.

In 2024, Fundação Telefônica Vivo benefited around 2 million people, invested around R$ 50 million, and celebrated 25 years of activity, reinforcing its commitment to developing digital skills of educators and students in public schools. In terms of diversity, 50% of internship, trainee, and young apprentice positions are allocated to black individuals, and through the Mulheres de Fibra program, the Company has reached more than 500 women working in technical areas.

The commitment to ethics, integrity, and transparency is strengthened through the Compliance Program (#VivodeAcordo) and the Privacy and Data Protection Governance Program (#VivoCuidandodaPrivacidade). The digital security strategy is monitored through a dedicated management structure, the Executive Risk Committee, and periodic reviews by a Board of Directors member.

The company adheres to important standards and certifications: ISO 26000 (Social Responsibility); ISO 27001 (Information Security) for the following processes within the digital security program (Vivo Segura): Vulnerability Management (GVUL), Managed Detection and Response (MDR), Application Security (AppSec), and Data Protection Monitoring; DSC 10000 (Compliance); ISO 14001 (Environmental); ISO 45001 (Occupational Health and Safety); and ISO 50001 (Energy).

Other ESG evaluations in which the company is present: (1) among the 100 most sustainable companies in the world, by Corporate Knights; (2) Top 3 Best Companies to Work For in Brazil 2024, in the national ranking by GPTW – Great Place To Work (Super Large Companies); (3) Pró-Ética Seal 2022-2023, an initiative by the Office of the Comptroller General (CGU) for commitment to the voluntary adoption of integrity measures. The company is also included in the ESG indexes of S&P, FTSE4Good, and MSCI.

* * *

Telefônica Brasil S.A.

CONSOLIDATED BALANCE SHEETS

On December 31, 2024 and 2023

(In thousands of Reais)

CONSOLIDATED BALANCE SHEETS

ASSETS	Note	12.31.2024	12.31.2023
Current assets		**22,814,327**	**19,244,962**
Cash and cash equivalents	3.b.	6,691,098	4,358,276
Financial investments	4.b.	—	1,148
Trade accounts receivable	5.c.	9,471,592	9,318,077
Inventories	6.b.	1,097,238	822,814
Prepaid expenses	7	1,868,954	1,434,042
Income and social contribution taxes recoverable	8.c.	852,694	752,593
Taxes, charges and contributions recoverable	9	2,306,093	1,937,770
Judicial deposits and garnishments	10	150,993	72,516
Dividends and interest on equity		—	51
Derivative financial instruments	32.c.	15,524	8,336
Other assets	11	360,141	539,339
Non-current assets		**102,126,346**	**101,493,018**
Financial investments	4.b.	42,619	36,169
Trade accounts receivable	5.c.	370,149	351,036
Prepaid expenses	7	2,085,201	1,472,615
Deferred taxes	8.e.	158,215	177,245
Taxes, charges and contributions recoverable	9	606,345	675,305
Judicial deposits and garnishments	10	2,852,730	2,839,413
Derivative financial instruments	32.c.	1,840	76,952
Other assets	11	368,835	144,291
Investments	**12.c.**	**566,384**	**438,870**
Property and equipment	**13.c**	**46,812,381**	**46,318,147**
Intangible assets	**14.c**	**48,261,647**	**48,962,975**
TOTAL ASSETS		**124,940,673**	**120,737,980**

Telefônica Brasil S.A.

CONSOLIDATED BALANCE SHEETS

On December 31, 2024 and 2023

(In thousands of Reais)

LIABILITIES AND EQUITY	Note	12.31.2024	12.31.2023
Current liabilities		**24,257,939**	**20,084,184**
Personnel, social charges and benefits	16.b.	1,238,452	1,204,183
Trade accounts payable	17.b.	9,230,624	8,169,945
Income and social contribution taxes payable	8.d.	9,898	3,515
Taxes, charges and contributions payable	18	1,585,936	1,605,505
Dividends and interest on equity	19.c.	2,237,090	2,247,884
Provision and contingencies	20.c.	1,770,997	900,971
Loans and financing, debentures, leases and other creditors	21.c.	6,447,958	4,475,660
Deferred income	22	1,019,134	960,078
Derivative financial instruments	32.c	866	6,948
Other liabilities	23	716,984	509,495
Non-current liabilities		**30,883,239**	**31,026,476**
Personnel, social charges and benefits	16.b	75,461	81,151
Income and social contribution taxes payable	8.d	215,355	197,155
Taxes, charges and contributions payable	18	5,128,584	3,895,732
Deferred taxes	8.e	4,015,677	3,418,740
Provision and contingencies	20.c	5,368,788	7,081,666
Loans and financing, debentures, leases and other creditors	21.c	14,298,572	14,261,567
Deferred income	22	126,912	126,525
Derivative financial instruments	32.c	10,403	87,755
Other liabilities	23	1,643,487	1,876,185
TOTAL LIABILITIES		**55,141,178**	**51,110,660**
Equity		**69,729,582**	**69,566,795**
Capital	24.a	62,071,416	63,571,416
Capital reserves	24.c	63,095	63,095
Income reserves	24.d	7,523,216	5,885,575
Equity valuation adjustment	24.f	71,855	46,709
Non-controlling shareholders	**24.g**	**69,913**	**60,525**
TOTAL EQUITY		**69,799,495**	**69,627,320**
TOTAL LIABILITIES AND EQUITY		**124,940,673**	**120,737,980**

Telefônica Brasil S.A.

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2024, 2023 and 2022
(In thousands of Reais, except earnings per share)

CONSOLIDATED STATEMENTS OF INCOME

	Note	2024	2023	2022
Net operating revenue	25.b	**55,845,048**	**52,100,151**	**48,041,162**
Cost of sales	**26**	**(31,352,158)**	**(29,415,400)**	**(27,431,680)**
Gross profit		**24,492,890**	**22,684,751**	**20,609,482**
Operating (expenses) income		**(15,819,378)**	**(14,766,926)**	**(14,011,571)**
Selling expenses	26	(12,953,799)	(12,439,240)	(11,839,126)
General and administrative expenses	26	(3,205,014)	(2,957,296)	(2,737,600)
Other operating income, net	27	343,786	640,320	588,897
Share of results in investees – equity method	12.c.	(4,351)	(10,710)	(23,742)
Operating income		**8,673,512**	**7,917,825**	**6,597,911**
Financial expenses, net	28.b	(1,909,703)	(2,343,909)	(1,766,320)
Income before taxes		**6,763,809**	**5,573,916**	**4,831,591**
Income and social contribution taxes	**8.f**	(1,206,477)	(533,939)	(773,689)
Net income for the year		**5,557,332**	**5,039,977**	**4,057,902**
Attributable to:				
Controlling shareholders		5,547,948	5,029,389	4,085,013
Non-controlling shareholders	24.h	9,384	10,588	(27,111)
Basic and diluted earnings per common share (in R$)	24.i	3.38	3.03	2.44

Telefônica Brasil S.A.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

Years ended December 31, 2024, 2023 and 2022
(In thousands of Reais)

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Note	2024	2023	2022
Net income for the year		**5,557,332**	**5,039,977**	**4,057,902**
Other comprehensive income that may be reclassified into income in subsequent years		**25,159**	**(5,414)**	**(15,834)**
Gains (losses) on derivative financial instruments	24.f.	898	(922)	642
Taxes	8.e.	(305)	314	(218)
Cumulative Translation Adjustments (CTA) on transactions in foreign currency	12.c.	24,566	(4,806)	(16,258)
Other comprehensive income (losses) not to be reclassified into income (losses) in subsequent years		**367,275**	**(99,017)**	**(51,729)**
Unrealized losses on financial assets at fair value through other comprehensive income	24.f.	(21)	(90)	(212)
Taxes	8.e.	8	30	72
Actuarial gains (losses) and limitation effect of the assets of surplus plan	31.c.	555,441	(147,882)	(77,924)
Taxes	8.e.	(188,153)	48,925	26,335
Other comprehensive income (losses)		**392,434**	**(104,431)**	**(67,563)**
Total comprehensive income for the year		**5,949,766**	**4,935,546**	**3,990,339**
Attributable to:				
Controlling shareholders		5,940,393	4,924,755	4,017,653
Non-controlling shareholders		9,373	10,791	(27,314)

Telefônica Brasil S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2024, 2023 and 2022
(In thousands of Reais)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

			Capital reserves			Income reserves								
	Note	Capital	Special goodwill reserve	Treasury shares	Other capital reserves	Legal reserve	Treasury shares	Tax incentive reserve	Reserve for remuneration to shareholders and investments	Retained earnings	Proposed additional dividends	Equity valuation adjustment	Non-controlling shareholders	Consolidated equity
Balance on December 31, 2021		**63,571,416**	**63,074**	**(606,536)**	**1,297,905**	**3,385,302**	**—**	**119,354**	**—**	**—**	**2,028,524**	**68,157**	**79,000**	**70,006,196**
Payment of additional dividend for 2021	24.e	—	—	—	—	—	—	—	—	—	(2,028,524)	—	—	**(2,028,524)**
Unclaimed dividends and interest on equity	24.e	—	—	—	—	—	—	—	—	167,449	—	—	—	**167,449**
Adjustment – Tax incentives	24.d	—	—	—	—	—	—	95,095	—	(95,095)	—	—	—	**—**
Cancellation of the Company's common shares	24.a	—	—	606,536	(606,536)	—	—	—	—	—	—	—	—	**—**
Repurchase of the Company's common shares	24.a	—	—	(607,429)	—	—	—	—	—	—	—	—	—	**(607,429)**
Right of Withdrawal – approval of the acquisition of Garliava	24.a	—	—	(14)	—	—	—	—	—	—	—	—	—	**(14)**
Equity transactions	12.c	—	—	—	2,409	—	—	—	—	—	—	—	—	**2,409**
Effects of non-controlling shareholders on investments in Vivo Ventures	12.c	—	—	—	—	—	—	—	—	—	—	—	421	**421**
Other comprehensive income	24.f / 31.c	—	—	—	—	—	—	—	—	(51,386)	—	(15,974)	(203)	**(67,563)**
Net income for the year		—	—	—	—	—	—	—	—	4,085,013	—	—	(27,111)	**4,057,902**
Allocation of income:														
Legal reserve	24.d	—	—	—	—	204,250	—	—	—	(204,250)	—	—	—	**—**
Interim interest on equity	24.e	—	—	—	—	—	—	—	—	(2,075,000)	—	—	—	**(2,075,000)**
Interim dividends	24.e	—	—	—	—	—	—	—	—	(1,000,000)	—	—	—	**(1,000,000)**
Additional proposed dividends	24.e	—	—	—	—	—	—	—	—	(826,731)	826,731	—	—	**—**
Balance on December 31, 2022		**63,571,416**	**63,074**	**(607,443)**	**693,778**	**3,589,552**	**—**	**214,449**	**—**	**—**	**826,731**	**52,183**	**52,107**	**68,455,847**
Payment of additional dividend for 2022	24.e.	—	—	—	—	—	—	—	—	—	(826,731)	—	—	**(826,731)**
Unclaimed dividends and interest on equity	24.e.	—	—	—	—	—	—	—	—	139,766	—	—	—	**139,766**
Adjustment – Tax incentives	24.d.	—	—	—	—	—	—	99,132	—	(99,132)	—	—	—	**—**
Cancellation of the Company's common shares	24.a.	—	—	693,586	(693,586)	—	—	—	—	—	—	—	—	**—**
Repurchase of the Company's common shares	24.a.	—	—	(86,337)	—	—	(402,421)	—	—	—	—	—	—	**(488,758)**
Equity transactions	12.c.	—	—	—	23	—	—	—	—	—	—	—	—	**23**
Effects of non-controlling shareholders on investments in Vivo Ventures	12.c.	—	—	—	—	—	—	—	—	—	—	—	511	**511**
Other comprehensive income	24.f. / 31.c.	—	—	—	—	—	—	—	—	(99,160)	—	(5,474)	203	**(104,431)**
Net income for the year		—	—	—	—	—	—	—	—	5,029,389	—	—	10,588	**5,039,977**
Allocation of income:														
Legal reserve	24.d.	—	—	—	—	251,470	—	—	—	(251,470)	—	—	—	**—**
Interim interest on equity (Company) and mandatory minimum dividends (subsidiary)	24.e.	—	—	—	—	—	—	—	—	(2,586,000)	—	(2,586,000)	(2,884)	**(2,588,884)**
Share cancellation - share buyback program	24.a.	—	—	—	—	—	402,421	—	—	(402,421)	—	—	—	**—**
Reserve for remuneration to shareholders and investments	24.d.	—	—	—	—	—	—	—	1,730,972	(1,730,972)	—	—	—	**—**
Balance on December 31, 2023		**63,571,416**	**63,074**	**(194)**	**215**	**3,841,022**	**—**	**313,581**	**1,730,972**	**—**	**—**	**46,709**	**60,525**	**69,627,320**

Telefônica Brasil S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2024, 2023 and 2022
(In thousands of Reais)

			Capital reserves			Income reserves								
	Note	Capital	Special goodwill reserve	Treasury shares	Other capital reserves	Legal reserve	Treasury shares	Tax incentive reserve	Reserve for remuneration to shareholders and investments	Retained earnings	Proposed additional dividends	Equity valuation adjustment	Non-controlling shareholders	Consolidated equity
Return of share capital - EGM 01/24/24	24.a.	(1,500,000)	—	—	—	—	—	—	—	—	—	—	—	(1,500,000)
Unclaimed dividends and interest on equity	24.e.	—	—	—	—	—	—	—	—	126,977	—	—	—	126,977
Adjustment – Tax incentives	24.d.	—	—	—	—	—	—	113,352	—	(113,352)	—	—	—	—
Repurchase of the Company's common shares	24.a.	—	—	—	—	—	(1,299,583)	—	—	—	—	—	—	(1,299,583)
Effects of non-controlling shareholders on investments in Vivo Ventures	12.c	—	—	—	—	—	—	—	—	—	—	—	1,990	1,990
Other comprehensive income	24.f. / 31.c.	—	—	—	—	—	—	—	—	367,299	—	25,146	(11)	392,434
Net income for the year		—	—	—	—	—	—	—	—	5,547,948	—	—	9,384	5,557,332
Allocation of income:														
Legal reserve	24.d.	—	—	—	—	277,397	—	—	—	(277,397)	—	—		—
Interim interest on equity (Company) and mandatory minimum dividends (subsidiary)	24.e.	—	—	—	—	—	—	—	—	(3,105,000)	—	—	(1,975)	(3,106,975)
Share cancellation - share buyback program	24.a.	—	—	—	—	—	1,099,584	—	—	(1,099,584)	—	—		—
Reserve for remuneration to shareholders and investments	24.d.	—	—	—	—	—	—	—	1,446,891	(1,446,891)	—	—	—	—
Balance on December 31, 2024		**62,071,416**	**63,074**	**(194)**	**215**	**4,118,419**	**(199,999)**	**426,933**	**3,177,863**	**—**	**—**	**71,855**	**69,913**	**69,799,495**

Telefônica Brasil S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2024, 2023 and 2022

(In thousands of Reais, unless otherwise stated)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2024	2023	2022
Cash flows from operating activities				
Income before taxes		**6,763,809**	**5,573,916**	**4,831,591**
Adjustment for:				
Depreciation and amortization	26	14,202,285	13,389,573	12,659,873
Foreign exchange accruals on loans, financing and derivative instruments		(66,345)	57,836	199,625
Interest and indexation accruals on assets and liabilities		(61,273)	583,912	761,128
Share of results in investees – equity method	12.c.	4,351	10,710	23,742
Gains on write-off/sale of assets		(405,088)	(403,335)	(708,475)
Allowance for losses trade accounts receivable	26	1,523,263	1,362,678	1,315,614
Change in liability provision		93,049	24,320	251,116
Allowance for inventory impairment		41,896	67,748	34,672
Pension plans and other post-retirement benefits	31.c.	84,351	66,734	33,775
Provision for lawsuits	20.c.	321,936	661,743	653,686
Interest expenses (loans, financing, leases and derivative transactions)	21.c.	2,141,361	2,092,184	1,850,286
Dispute settlement agreement - Acquisition of Oi's mobile UPI	27	—	(244,229)	—
Reversal of provisions for fines for cancellation of lease and dismantling contracts	20.c.	(15,881)	(340,034)	(9,811)
Other		1,204	(38,890)	377
Changes in assets and liabilities				
Trade accounts receivable		(1,661,763)	(1,943,089)	(854,322)
Inventories		(311,237)	(100,838)	(179,613)
Taxes recoverable		(444,717)	(376,330)	(631,528)
Prepaid expenses		(1,052,392)	(473,260)	(483,711)
Other assets		160,656	61,646	139,213
Personnel, social charges and benefits		24,494	169,537	184,741
Trade accounts payable		1,097,113	800,249	231,890
Taxes, charges and contributions		888,489	2,421,640	2,136,829
Provisions for legal claims, amounts to be refunded to customers and provision for fines for cancellation of lease contracts	20.c.	(861,325)	(1,742,676)	(1,144,779)
Other liabilities		348,417	60,147	291,406
		16,052,844	**16,167,976**	**16,755,734**
Cash generated from operations		**22,816,653**	**21,741,892**	**21,587,325**
Interest paid on loans, financing, debentures and leases	21.c.	(2,078,021)	(2,054,278)	(1,531,511)
Income and social contribution taxes paid		(862,064)	(901,688)	(1,113,889)
Net cash generated by operating activities		**19,876,568**	**18,785,926**	**18,941,925**
Cash flows from investing activities				
Additions to property and equipment, intangible assets and others		(9,324,123)	(8,811,346)	(9,894,116)
Proceeds from sale of property and equipment		376,591	434,446	777,996
Payments for acquisition of investments and capital contributions to invested companies, net of cash and cash equivalents for acquisition of companies	12.c.	(168,534)	(63,799)	(4,907,282)
Cash proceeds from sale of investments		161,057	196,057	232,057
Receipts net of judicial deposits		45,454	393,649	(411,682)
Net payments of receipts of financial investments		(5,302)	—	—
Receipt of dividends and interest on equity	19.b.	51	—	—
Cash and cash equivalents due to the acquisition (sale) of companies	1.c.2	13	—	—
Net cash used in investing activities		**(8,914,793)**	**(7,850,993)**	**(14,203,027)**
Cash flows from financing activities				
Additions from loans and debentures	21.c.	83,084	30,025	4,500,000
Payments of principal on loans and financing, debentures, leases and other creditors	21.c.	(3,495,039)	(4,451,943)	(6,986,220)
Receipts – derivative financial instruments	32.c.	105,240	27,484	55,617
Payments – derivative financial instruments	32.c.	(50,910)	(135,198)	(166,659)
Payments for repurchases of common shares - share repurchase program	24.b.	(1,299,583)	(488,758)	(607,443)
Payments of dividends and interest on equity	19.c.	(2,532,399)	(3,832,612)	(5,709,263)
Capital subscriptions made by non-controlling shareholders in subsidiaries		21,933	511	421
Payments to shareholders for reduction of share capital		(1,461,279)	—	—
Net cash used in financing activities		**(8,628,953)**	**(8,850,491)**	**(8,913,547)**
Increase (decrease) in cash and cash equivalents		**2,332,822**	**2,084,442**	**(4,174,649)**
Cash and cash equivalents at beginning of the year	3.b.	**4,358,276**	**2,273,834**	**6,448,483**
Cash and cash equivalents at end of the year	3.b.	**6,691,098**	**4,358,276**	**2,273,834**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS

1.a. Background information

Telefônica Brasil S.A. (the "Company" or "Telefônica Brasil") is a publicly-held corporation whose main corporate purpose is operating telecommunications services; the development of activities necessary or complementary to the execution of such services in accordance with the concessions, authorizations and permissions granted; rendering value-added services; offering integrated solutions, management and provision of services related to: (i) data centers, including hosting and co-location; (ii) storage, processing and management of data, information, texts, images, videos, applications and information systems and similar; (iii) information technology; (iv) information and communication security; and (v) electronic security systems; licensing and sublicensing of software of any nature, among other activities.

The Company's principal offices are located at 1376, Engenheiro Luis Carlos Berrini Avenue, in the city and State of São Paulo, Brazil. It is a member of the Telefónica Group ("Group"), based in Spain which operates in several countries across Europe and Latin America.

On December 31, 2024, Telefónica S.A. ("Telefónica"), the Group holding company, held a total direct and indirect interest in the Company of 76.30% (75.29% on December 31, 2023) Note 24.a.

The Company is registered with the Brazilian Securities Commission ("CVM") and its shares are traded on the B3. It is also registered with the U.S. Securities and Exchange Commission ("SEC") and its American Depositary Shares ("ADSs"), backed by its common shares, are traded on the New York Stock Exchange ("New York Stock Exchange"–"NYSE").

1.b. Operations

The Company renders the following services: (i) Fixed Switched Telephone Service Concession Arrangement ("STFC"); (ii) Multimedia Communication Service ("SCM", data communication, including broadband internet); (iii) Personal Mobile Service ("SMP"); and (iv) Conditioned Access Service ("SEAC" – Pay TV); (v) Private Limited Service ("SLP") and (vi) Global Mobile Satellite Service ("SMGS"), throughout Brazil, through concessions and authorizations, in addition to other activities.

Service concessions and authorizations are granted by Brazil's Telecommunications Regulatory Agency ("ANATEL"), the agency responsible for the regulation of the Brazilian telecommunications sector under the terms of Law No. 9472 of July 16, 1997 – General Telecommunications Law ("***Lei Geral das Telecomunicações***" – LGT).

Personal Mobile Service - SMP

Before Law no. 13.879 / 2019 came into effect, authorizations for the use of radio frequencies were commonly granted for 15 years and could be extended only once, for the same term. Following the normative changes in the aforementioned Law, successive extensions of authorization grants were allowed, though the current terms were only clarified by Decree no. 10.402/2020 which detailed the requirements related to the new successive extension regime; the current authorizations are also covered by the new regime.

The Decree defined ANATEL's parameters for evaluating the scope of extension requests, such as ensuring the efficient use of radio frequencies, competitive aspects, meeting the public interest and fulfilling obligations already assumed with ANATEL.

It is worth noting that, according to the interpretation of the Federal Audit Court ("TCU"), requests for extension must be assessed from the perspective that a new spectrum bidding is the rule and that, if ANATEL intends to approve the extension requested by the provider, it must prove compliance with the conditions set forth in the aforementioned Decree.

For radio frequency usage authorizations acquired prior to the 5G auction held in 2021, every two years, after the first extension, the Company must pay a fee equivalent to 2% of the revenue earned through the provision of the SMP in the year prior to the payment, net of applicable taxes and social contributions (Note 23), and, for certain terms, in the 15th year the Company must pay the equivalent of 1% of its revenue in the previous year. The calculation will consider the net revenue resulting from the application of the Basic and Alternative Service Plans. In authorizations issued in the 700MHz, 2100MHz, 2500MHz sub-bands and in part of the 900/1800MHz authorizations, the calculation of the fee also applies to the remuneration for network use (interconnection).

In July 2018, ANATEL published Resolution No. 695 with a new regulation on public spectrum pricing. This Resolution established new criteria for the costs of extending licenses. The formula takes into account factors such as the length of the authorization, revenue earned in the region, and the amount of spectrum used by the provider. In addition, part of the payment may be converted into investment commitments. However, the applicability of the calculation methodology contained in the aforementioned Resolution in specific cases of authorization extensions depends on ANATEL's assessment. In this sense, it is important to clarify that ANATEL has recently adopted different calculation methods for valuing authorization extensions. Still within this context, ANATEL submitted for public consultation, in November 2023, the revision of the Spectrum Usage Regulation ("RUE"), approved by Resolution No. 671, of November 3, 2016. The draft submitted by ANATEL revokes Resolution No. 695/2018 and directly consolidates in the RUE the rules associated with the valuation of authorizations for the use of the radio frequency spectrum, also establishing as the standard methodology for this purpose the discounted cash flow method at net present value ("VPL").

(In thousands of Reais, unless otherwise stated)

In the table below, we present, in summary form, information on the authorizations for each sub-range held by the Company for use in the SMP, as well as the events that occurred in 2024 related to their respective extensions (when applicable).

Subband-Radio Frequency	Geographic coverage	Comments	Expiration of authorizations
700 MHz	National	—	2029
850 MHz(1)	National (except AL, CE, PB, PE, PI e RN)	GO (sector 24 of PGO); MS (sector 21 of the PGO); MG (PGO sector 2); RS (sector 29 of the PGO) and SP (except sector 33 of the PGO)	2028
900 MHz	MG, AM, RR, AP, PA, MA, BA, SE and SP (except area 11)	Authorizations arising from the acquisition of part of Oi's Mobile Assets UPI in 2022	2031-2032
1.800 MHz	National (except MG)	—	2032
	National (except area 43 - PR)	Authorizations arising from the acquisition of part of Oi's Mobile Assets UPI in 2022	2031-2032
900 MHz / 1.800 MHz	MG (sector 3 PGO)	—	2035
	MG (sector 2 PGO)	—	2032
2.100 MHz(2)	National	—	2038
	ES, MG, AM, AP, PA, MA, RR, AL, CE, PB, PE, PI, RN, AC, RO, MT, MS, TO, GO, DF, SP (except sector 33 of PGO), RS , PR and SC	Authorizations arising from the acquisition of part of Oi's Mobile Assets UPI in 2022	2038
2.300 MHz	RJ, SP, ES, MG, AM, AC, AP, RR, RO, TO, PA, MT, MS, GO and DF	SP (except sector 33 PGO); MG (sector 2 PGO); MS (sector 21 PGO) and GO (sector 24 PGO)	2041
2.500 MHz	National	—	2027-2031
3.500 MHz	National		2041
26 GHz	National		2041

(1) Extension of authorizations in 850 MHz: In accordance with the provisions of Ruling No. 618, of November 26, 2020, ANATEL extended, until November 29, 2028, the terms of authorization for use of the 850 MHz sub-bands held by the Company in the states of São Paulo, Mato Grosso, Acre, Rondônia and Mato Grosso do Sul (except sector 22), whose terms ended, respectively, in January, March, July, July and September 2024. As for the other authorizations in 850 MHz, ANATEL determined that the amount due for the extension should be calculated based on net present value ("NPV") parameters, in order to reflect, according to ANATEL, the real economic value (market value) of the sub-bands.

(2) 2,100 MHz Authorizations renewal: In April 2023, ANATEL decided to renew our current authorizations for the use of 2,100 MHz radio frequencies until April 2038 and submitted its decision to TCU review. As these were first-time renewal requests provided for in the contracts and bidding processes that originally granted these authorizations, TCU's technical division did not identify evidence of nonrational or inappropriate use of these bands by the Company that would justify denying the extensions. However, they highlighted the need to adapt Article 31 of Resolution No. 757/2022 to align with the new proposed maximum validity terms. On February 3, 2025, Resolution No. 757/2022 was revoked by Resolution No. 773/2025, which approved new Regulation for Radio Frequencies Conditions of Use. On February 5, 2025, TCU approved the renewal of 2,100 MHz authorizations, as originally proposed by ANATEL. This approval was formalized through Ruling No. 224/2025 ("Acórdão nº 224/2025 – TCU – Plenário").

Switched Fixed Telephone Service (STFC)

The STFC concession model, adopted in 1998 with the signing of contracts resulting from the privatization of the telecommunications sector, brought about a true revolution in the provision of telecommunications services in Brazil. Over the course of more than 20 years, concessionaires promoted the expansion and universalization of fixed-line telephone service, which, before privatization, was expensive, elitist and left consumers waiting in long queues, lasting months or years.

In accordance with the STFC service concession agreement, every two years, over the life of the agreement's 20-year term ending on December 31, 2025, the Company will pay a fee equivalent to 2% of its prior-year STFC revenue, net of applicable taxes and social contribution taxes (Note 23).

During this period, the concession contracts underwent changes due to several events that occurred throughout their term, which still have repercussions on the financial equation originally contracted, causing a reduction in revenues and increases in planned costs. Given this scenario and with the end of the term of the concession contracts approaching, it is natural to seek a consensus with the regulatory body on the events related to the change in the economic and financial balance of the contracts.

In this sense, we exhausted discussions in all administrative channels and, given the lack of consensus, we entered into an arbitration agreement with ANATEL on July 1, 2021. On July 10, 2021, the Company submitted a request to the International Chamber of Commerce to initiate arbitration against ANATEL, as provided for in the concession contract and under the terms of Law 9,307/1996, as well as the General Telecommunications Law itself.

On the other hand, on October 4, 2019, Law 13.879/2019 (resulting from PLC 79/2016) was published, introducing changes to the telecommunications regulatory framework by allowing fixed-line telephone concessionaires to migrate from a concession regime to an authorization regime subject to lower regulatory burdens, including those associated with the continuity and universalization of STFC in the concession area, as well as possible restrictions on the assets associated with its provision.

The methodology, developed by ANATEL, with an estimate of the economic value associated with the adaptation of the concession instrument to authorization, was approved by the TCU on March 22, 2023, but with a determination that ANATEL ensure the adoption of values close to market values for the assessment of the reversible assets considered most relevant. The value of the balance, resubmitted by Anatel on July 24, 2023, should be assessed by the Company within 120 (one hundred and twenty) days.

At the same time, the parties began discussions on the possibility of a potential consensual solution to the matters raised in the arbitration, with the TCU. Accordingly, the Company filed a request to suspend the arbitration proceedings, which was corroborated by ANATEL and accepted by the TCU, and ANATEL granted the suspension of the assessment period for the balance of the adaptation.

The proposal for the Terms and conditions of the Self-Composition Agreement for Adaptation of the STFC Concession Contracts (“Agreement”) for the authorization instrument was approved by the TCU Plenary on November 27, 2024 and signed on December 16, 2024. The Terms include, among others: (i) the realization of investments by the Company, in the manner, conditions and terms established in this Agreement, in exchange for the adaptation; (ii) the maintenance of the provision of the STFC, in locations without adequate competition contained in the provision area of the STFC concession contracts that will be terminated, until December 31, 2028; (iii) termination of administrative and judicial proceedings directly related to the STFC concession (Note 20); and (iv) withdrawal by the Company from the arbitration proceedings (above mentioned).

The execution of projects related to items (i) and (ii) totals a NPV of R$4.5 billion.

After the approval of the Self-Composition Term with ANATEL, TCU and the Federal Union, through the Ministry of Communications, and in view of the Company's decision to carry out the migration from the concession regime to the authorization regime, the signing and issuance of the Single Term by ANATEL will take place, scheduled to occur by the end of the first quarter of 2025, at which time the Company's assets used in the STFC will no longer be considered reversible assets.

Risks Relating to the Brazilian Telecommunications Industry and the Company

The Company's business is subject to extensive regulation, including any regulatory changes that may occur during the terms of the concession agreements and the Company's authorizations to provide telecommunication services in Brazil. ANATEL, oversees, among other matters: industry policies and regulations; licensing (including licensing of spectrum and bidding processes); fees and tariffs; competition, incentives and competitive aspects (including the Company's ability to grow by acquiring other telecommunications businesses); service, technical and quality standards; consumer rights; penalties and other sanctions related to interconnection and agreements; in addition to related obligations to the universalization of services.

The Brazilian telecommunications regulatory framework is continuously evolving. The interpretation and enforcement of regulations, the assessment of compliance with regulations and the flexibility of regulatory authorities are all marked by uncertainty. The Company operates under authorizations and a concession from the Brazilian government, and the ability to maintain these authorizations and concession is a precondition to the Company's success. However, because of the changing nature of the Brazilian regulatory framework, the Company cannot guarantee that ANATEL will not adversely modify the terms of the Company's authorizations and/or licenses. Accordingly, the Company's operating authorizations and licenses, must meet specific requirements and maintain minimum quality, coverage and service standards. Any failure to comply with these requirements may result in the imposition of fines, penalties and/or other regulatory responses, including the termination of the Company's operating authorizations and concession. Any partial or total termination of any of the Company's operating authorizations and licenses or the Company's concession would have a material adverse effect on the Company's business, financial condition, revenues, results of operations and prospects.

In recent years, ANATEL has been reviewing and introducing regulatory changes, especially with regard to asymmetric competition measures and interconnection fees charged between local telecommunications service providers. Asymmetric competition measures may include regulations aimed at rebalancing markets where one or more participants hold significantly different market power over other competitors.

Under ANATEL's regulatory agenda for the 2023-2024 biennium, the revision of the General Competition Targets Plan (“PGMC”), approved by the Resolution no. 600, of November 8, 2012 and updated by Resolution no. 694, of July 17, 2018, which concentrates, in a single normative instrument, a set of specific measures aims at promoting competition and establishes the milestones for future reassessments of the performance of sectoral competition. This review, which takes place every four years and began with the publication of public consultation no. 64, of November 6, 2023, is dedicated to the reassessment of relevant markets in the sector, asymmetric regulatory measures and power holders of Significant Market (“PMS”), previously established by the regulation itself.

The expectation, signaled at ANATEL for the 2025-2026 biennium (discussed in Public Consultation No. 46, dated September 11, 2024, and approved by ANATEL Internal Resolution No. 399/2024, dated December 30, 2024), is that the new PGMC will be published in the second half of 2025. As previously pointed out, also in November 2023, ANATEL submitted for public consultation the revision of the Spectrum Use Regulation (“RUE”), approved by Resolution No. 671, dated November 3, 2016. The new wording proposed by ANATEL includes, among other changes, new rules for granting authorizations for the use of spectrum on a secondary basis, in addition to changes in the procedures for evaluating the efficient use of spectrum by ANATEL. The expectation, signaled at ANATEL for the 2025-2026 biennium, is that the new RUE will also be published in the second half of 2025.

Complementing the PGMC review, UPI's recent acquisition of the mobile assets of OI Móvel S.A. by the three largest operators in the Brazilian SMP market (Vivo, Claro and TIM), raised competition concerns by ANATEL and CADE, which imposed regulatory remedies in order to promote competitive conditions in the markets, among which: (i) Reference Offer in the Relevant National Roaming Market; (ii) Reference Offer for developing Personal Mobile Service – SMP through Virtual Network MVNO – ("ORPA de MVNO"); (iii) Offer of Temporary and Onerous Assignment of Radio Frequency Use Rights; and (iv) Industrial Network Exploration Offer.

Regarding the Reference Offer, of Wholesale National Roaming Products ("National Roaming ORPA"), the regulatory remedy uses as a basis the reference values approved and calculated by ANATEL, based on a new methodology to study the roaming market cost model (LRIC + bottom-up model – Act No. 8822/2022). As a result of the change in the methodology used, the new reference values show a significant reduction when compared to the reference values previously in force (FAC-HCA top-down model – Act No. 9157/2018).

As to the Offers, as mentioned above, specifically the MVNO ORPA and the National Roaming ORPA ("ORPAs"), these were being debated within the scope of ANATEL for the following concepts: (i) Requirement of Exclusivity of Contracting Companies: ANATEL decided, for MVNO LTRO, that the exclusivity requirement violates Res. 550/2010 and therefore cannot be maintained as a condition. For the Roaming LTRO, exclusivity may only be required in cases of contracting (a) National Roaming under an Industrial Exploration regime and (b) conventional National Roaming (transitional use) only on the 5GSA network; and (ii) Collection of Minimum Monthly Deductible: ANATEL decided that in both LTROs the minimum monthly deductible cannot be charged for a period of five years.

The Company currently has contracts signed with the possibility of charging the minimum monthly franchise both in the National Roaming market and in the MVNO market, so that current contracts, depending on the contracting companies, can be migrated to the new updated offers.

Generally, the adoption of disproportionately asymmetric measures and the prospect of adoption, by ANATEL, of concepts, prices and remuneration models may impact on remuneration and costs, causing considerable harm to the business, financial condition, revenues, results operations and prospects of the Company.

As to the interconnection fees, an important part of the Company's revenue and cost bases, these are charged among telecommunications service providers in order to allow and remunerate the interconnected use of their networks. To the extent that changes to the rules governing interconnection fees reduce the fees of the Company or its ability to collect such fees, the Company's businesses, financial condition, revenues, results of operations and prospects could be adversely affected.

In addition, the Company is also subject to changes in rules and regulations aimed at preserving the rights of consumers of telecommunications services. In this regard, it should be added that ANATEL published, in November 2023, the new General Regulation on Consumer Rights ("RGC"), through Resolution No. 765/2023, which will replace Resolution No. 632/2014. This new Regulation seeks to change some provisions in a more relevant way, such as the way in which telecommunications services are offered, in addition to updating/modernizing some rules regarding customer service. Due to several discussions about the new RGC, including culminating in the cancellation of some of its provisions, ANATEL decided to extend the start of its validity, which will begin in September 2025.

Therefore, the Company's business, results of operations, revenues and financial conditions could be negatively affected by the actions of the Brazilian authorities, including, in particular, the following: the introduction of new or less flexible operational and/or service requirements; the granting of operating licenses in the Company's areas; limitations on interconnection fees the Company can charge to other telecommunications service providers; imposition of significant sanctions or penalties for failure to comply with regulatory obligations; delays in the granting of, or the failure to grant, approvals for rate increases; and antitrust limitations imposed by ANATEL and CADE.

Finally, there is also the risk that the Company will not be successful in future tenders to be carried out by ANATEL regarding the acquisition of new authorizations for the use of radio frequencies. The Board of Directors of ANATEL, through Ruling No. 148/2024, determined that ANATEL's Superintendencies adopt the necessary measures for the publication, by December 31, 2025, of a new Notice for the bidding procedure regarding to the 700 MHz subband. A draft of the Bidding Notice was submitted for debate through Public Consultation No. 59/2024, which will be open to contributions until the end of January 2025. There is therefore an expectation that a new bidding process will be held for this sub-range in 2025. Therefore, there is an expectation that a new tender will be held for this subband in 2025. As indicated by ANATEL through Resolution No. 757/2022, it is expected that ANATEL will hold new auctions by 2028, for the 850 MHz sub-band, and before 2032, for the 900 MHz and 1800 MHz sub-bands.

1.c. Corporate events in 2024

1.c.1. Establishment of the joint venture with Auren

On December 18, 2023, the Company signed an investment agreement with Auren Energia S.A., through its subsidiary Auren Comercializadora de Energia Ltda. (together, “Auren”), for the creation of a joint venture, in which each shareholder holds a 50% equity interest. The entity is engaged in the commercialization of customized renewable energy solutions throughout Brazil (“Operation”).

On January 5, 2024 and February 7, 2024, the Operation was authorized to operate by the General Superintendence of the Administrative Council for Economic Defense (“CADE”) and the European antitrust body, respectively. Accordingly, on March 15, 2024, the Company and Auren made capital contributions of R$10,319 each in the joint venture, named Gud Comercializadora de Energia S.A. (“GUD”) and, On April 11, 2024, the process to obtain the necessary regulatory licenses and authorizations for the development of GUD's business began.

The joint venture leverages the experience of Auren, a market reference in renewable energy generation in the country and of the Vivo (the Company's brand) a reference digital platform in technology and connectivity, with growing presence in B2C and B2B digital ecosystems. By associating Auren's performance in the generation and commercialization of energy with the Company, with its digital penetration and distribution capacity, GUD intends to position itself in the free energy market in Brazil, which has been opening gradually from January 2024 to business sector customers served by high voltage networks with demand below 500kW. The Operation, reinforces the Company's market positioning, improving customer experience through value propositions emphasizing its commitment to the Environmental, Social and Corporate Governance (“ESG”) pillars.

1.c.2. Constitution of Vivo Pay Holding Financeira Ltda. (“Vivo Pay”)

On February 2, 2024, the Company formed a single-person limited liability company Vivo Pay Holding Financeira Ltda. ("Vivo Pay Holding"), whose exclusive purpose is to hold equity interests in institutions authorized to operate by the Central Bank of Brazil ("BACEN"), as a partner or shareholder. The Company made a capital contribution of R$15,000 to Vivo Pay, through the issuance of 15,000,000 shares with a nominal value of R$1.00 (one Real) each.

On September 2, 2024, the approval by the BACEN of the application for authorization to operate Vivo Pay Sociedade de Crédito Direto S.A. ("Vivo Pay SCD"), a company controlled by Vivo Pay Holding, was published in the Official Gazette of the Union ("DOU").

1.c.3. Acquisition of IPNET Cloud Services and Systems Development Ltda. ("IPNET") and IPNET USA, LLC ("IPNET USA") by Telefônica Cloud e Tecnologia do Brasil S.A. ("CloudCo") (Business Combination)

On July 22, 2024, CloudCo Brasil, a direct subsidiary of the Company, entered into a quota purchase and sale agreement and other agreements, to acquire all of the quotas issued by IPNET Serviços em Nuvem e Desenvolvimento de Sistemas Ltda. ("IPNET") and IPNET USA, LLC ("IPNET USA") ("Transaction"), for the amount of R$223,799, subject to the achievement of certain operational and financial metrics. This amount includes a non-compete agreement which was recognized separately from the business combination at a fair value of R$27,136. The remaining purchase price (R$196,663) was allocated to the net assets acquired, excluding the non-compete agreement, which was recognized as an intangible.

The IPNET Group explores, among other activities, the resale of software and systems, as well as the provision of professional and managed services for adaptation, migration and related support. Having been in the market for 20 years, the group has participated in the digital transformation of companies.

The Transaction documents contain terms and provisions common to this type of transaction, and their completion was subject to compliance with certain conditions precedent, including obtaining authorization from CADE and implementing a corporate reorganization involving the incorporation of the companies Metarj Soluções em Geotecnologia e Desenvolvimento de Sistemas Ltda. ("Metarj") and XL Solutions Ltda. ("XL") by IPNET.

These conditions precedent were met, namely: (i) the final decision of CADE, dated September 3, 2024, which approved the Transaction, without restrictions, through Concentration Act No. 08700.005417/2024-69; and (ii) corporate reorganization with the incorporation of Metarj and XL by IPNET.

With the completion of the acquisition, as of October 1, 2024, CloudCo Brasil became the direct controller of IPNET.

The Transaction will broaden CloudCo's Brasil product portfolio and strengthen its professional and managed services, promoting accelerated growth. The investment also strengthens the Company's digital ecosystem in the B2B segment, by advancing innovative solutions.

In accordance with IFRS 3, business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated by adding the fair values of the transferred assets, the liabilities assumed on the acquisition date with the former controlling shareholders of the acquired company and the equity interests issued in exchange for control of the acquired company.

As of the date of these consolidated financial statements of the Company, CloudCo is in the process of finalizing the purchase price allocation report (Purchase Price Allocation - PPA), by analyzing the determination of the fair value of the identifiable assets acquired and liabilities assumed from IPNET. It is estimated that this final analysis will be completed as soon as Management has all relevant information on the facts, not exceeding the maximum period of 12 months from the acquisition date. As of December 31, 2024, the Company's consolidated financial statements include the preliminary allocations of the PPA.

The premises, critical judgments, methods and hypotheses used by CloudCo Brasil to determine these fair values were as follows:

Brand

To evaluate the brand, the profitability approach ("Income approach") was used using the avoided royalties method ("Relief from royalties"). This method assumes that the intangible asset has a fair value based on royalty income and represents the savings of the asset owner – the owner does not need to pay royalties to a third party for the license to use the intangible asset. Management's intention at the time of acquiring the stake was to use the acquiree's know-how and its ability to implement the new business model.

The main assumptions used in the evaluation of the brands were: (i) Revenue: Evaluation of the intangible asset was based on net revenue projections supported by the entity's historical growth, without the synergy of the acquisition of IPNET; (ii) Royalty rate: According to research carried out at the time, we observed that in the telecommunications market, approximately 1% average royalty rate was used on net revenue; (iii) Brand costs and expenses: A percentage of 10% of net revenue was considered with royalties for brand maintenance, such as marketing expenses and others; (iv) Tax rate: 34%, in accordance with Brazilian tax legislation; and (v) Discount rate (“WACC”) after taxes: 18.23%.

As a result of the calculation described, the fair value of the brand was R$10,099, with an amortization period of 5 years.

Customer portfolio

The customer portfolio was evaluated using the MMSE method (“Multi-period Excess Earnings Method”), this method for evaluating the customer portfolio was used due to the possibility of attributing the cash flow generated directly to the identified asset.

The main assumptions used in evaluating the customer portfolio were: (i) Revenue: for portfolio projection purposes, we consider the net recurring revenue for the year 2024. The average customer retention rate in the database was calculated, as well as the evolution of average revenue per customer in the periods. The portfolio decline (“churn”) was estimated at 20%; (ii) Deductions and Expenses: Deductions on gross revenue were designed in accordance with historical practice, substantially taxes on sales or services. Expense costs were projected by comparing historical data and forecasting improvements in gross margin through actions to contain fixed costs over time. (iii) Tax rate: 34%, in accordance with Brazilian tax legislation; (iv) Discount rate (“WACC”) after taxes: 18.23%.

As a result of the calculation described, the fair value of the customer portfolio was R$28,749, with an amortization period of 5 years.

Contingent Liabilities

In accordance with IFRS 3, the acquirer must recognize, on the acquisition date, contingent liabilities assumed in a business combination even if it is not probable that outflows of resources will be required to settle the obligation, as long as it is a present obligation that arises from past events and its fair value can be measured reliably. In compliance with the previous requirements, contingent liabilities at fair value of R$8,964 were recognized in this acquisition, which were determined based on the estimated cash outflow for settlement on the acquisition date.

(In thousands of Reais, unless otherwise stated)

Composition of the fair value of net assets acquired

Below is a preliminary summary of the composition of the fair value of the net assets acquired in the amount of R$22,224, as well as the goodwill generated on the acquisition date, still subject to adjustments upon completion of the work:

Current assets	**33,720**	**Current liabilities**	**36,722**
Cash and cash equivalents	13	Loans - financial institutions	3,063
Accounts receivable	27,177	Other liabilities	33,659
Other assets	6,530	**Non-current liabilities**	**110,321**
		Loans - financial institutions	2,500
Non-current assets	**135,547**	Deferred income tax and social contribution	12,187
Indemnification assets(1)	**95,634**	Provision(3)	95,634
Property and equipment	1,065		
Intangible assets(2)	**38,848**	**Fair value of liabilities assumed**	**147,043**
		Fair value of net assets acquired	**22,224**
		Goodwill(4)	**174,439**
Fair value of assets acquired	**169,267**	**Total consideration**	**196,663**

(1) Refers to the allocation of R$95,634 of the fair value attributed to the Indemnification asset related to the contingent liability, which is being updated by SELIC.

(2) Refers to the allocation of fair value attributed to intangibles of R$38,848, being: (i) brand (R$10,099);and (ii) customer portfolio (R$28,749).

(3) Refers to the allocation of the fair value attributed to the contingent liability, accruing by SELIC interest.

(4) Refers to the value of the goodwill calculated on the acquisition of IPNET with the expectation of future synergies from the combination of the acquiree's businesses, which may be used for tax purposes.

Non-compete agreement

For the non-compete agreement recognized separately from the business combination the income approach was used, based on the “with and without” contract (“with/without” method). This method consists of projecting the expected cash flows for two scenarios: one with the non-compete agreement and the other without the non-compete agreement. Cash flow without the non-compete agreement considers a revenue loss rate and a potential competitor's probability of effectively competing with the Company. The difference between the cash flows of the two scenarios, which corresponds to the loss avoided by the non-compete agreement, is brought to present value by the specific rate of return for this asset and compared with the present value of the original cash flow (without loss revenue).

Two variables were considered to adjust the revenue that would be impacted by competition with sellers: (i) Capacity for reduction; It is; (ii) Likelihood of competition.

The main assumptions used in the evaluation of the Non-Compete Agreement: (i) Reduction capacity: measures the impact on the reduction of gross revenue if the salespeople were not present in the acquired business seeking to increase this revenue, as well as if they were competing with the business that was sold. Initially, a greater impact of 25% was estimated, which will reduce year by year to 10% in the last year of the agreement; (ii) Probability of Competition: measures the probability of salespeople leaving the business, giving up the earn-out benefits in each period. The probability of competition decreases each year, starting at 50% and ending at 30%; (iii) Revenue Loss: represents the multiplication of the revenue reduction capacity by the probability of competition. The probability of loss also decreases each year, starting at 12.5% and ending at 3.0%; (iv) Projection: for the other projection factors, we kept them constant as in the original projection; (v) Working Capital: We used the same working capital metrics (days outstanding) to assess the impact of changes in working capital; (vi) After-tax discount rate (“WACC”): 18.23%.

As a result of the calculation described, the fair value of the non-compete was R$27,136, with an amortization period of 6 years.

The total consideration was R$196,663, with payment as follows: R$32,871, paid in cash upon completion of the Transaction and the balance of R$163,792 will be paid in accordance with contractual clauses, updated by the variation of the IPCA / SELIC rate.

Transaction costs incurred until the closing of the transaction on October 1, 2024, are R$3,291. These costs are not considered components of the consideration transferred, and were recognized as expenses in the periods in which the costs were incurred.

The fair value of acquired accounts receivable is R$27,177. The gross contractual amount for trade receivables due is R$31,714, with a loss allowance of R$4,537 recognized on acquisition.

From the date of acquisition (October 1, 2024) until December 31, 2024, IPNET contributed R$63,658 in net operating revenue and a loss of R$2,876 to the Company's results.

1.d. Tax Reform on consumption

On December 20, 2023, Constitutional Amendment (“EC”) No. 132 was enacted, establishing the Tax Reform (“Reform”) on consumption. To begin the process of regulating the constitutional amendment, Complementary Law No. 214/2025 (“LC”) was sanctioned by the President of the Republic on January 16, 2025. In parallel, Complementary Bill No. 108/2024, which, among other topics, regulates tax litigation and rules for administering new taxes, is still being processed in the National Congress.

The Reform model is based on a dual VAT divided into two jurisdictions, one federal (Contribution on Goods and Services - CBS) and one sub-national (Tax on Goods and Services - IBS), which will replace the PIS, COFINS, ICMS and ISS taxes.

A Selective Tax (“IS”) under federal jurisdiction, which will be levied on the production, extraction, marketing or import of goods and services that are harmful to health and the environment, under the terms of the LC, and there is an express provision that the IS will not apply to telecommunications services. There will be a transition period from 2026 to 2032, during which the two tax systems (old and new) will coexist.

The impacts of the Reform on the calculation of the aforementioned taxes and on the fulfillment of accessory obligations, from the beginning of the transition period, will only be fully known after the other stages of legal and infra-legal regulation, which may include the enactment of new ordinary laws (federal, state and municipal), decrees, normative instructions and technical notes.

Since the changes will be applied prospectively, has not effect of the Reform on the financial statements as of December 31, 2024.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.a. Statement of compliance

The consolidated financial statements were prepared and are being presented in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

2.b. Basis of preparation and presentation

The financial statements were prepared on a historical cost basis (except where different criteria are required) and adjusted to reflect the valuation of assets and liabilities measured at fair value or considering the mark-to-market valuation when such valuations are required by IFRS Accounting Standards.

The Company prepared the consolidated financial statements based on the assumption of operational continuity.

An asset is classified as current when it meets any of the following criteria: (a) it is expected to be realized, or is intended to be sold or consumed, in the normal course of the entity's operating cycle; (b) it is held primarily for the purpose of being traded; (c) it is expected to be realized within twelve months after the balance sheet date; or (d) it is cash or a cash equivalent, unless its exchange or use to settle a liability is prohibited for at least twelve months after the balance sheet date.

A liability is classified as current when it meets any of the following criteria: (a) it is expected to be settled during the entity's normal operating cycle; (b) it is held primarily for the purpose of being traded; (c) it is expected to be settled within twelve months after the balance sheet date; or (d) the entity does not have the right, at the balance sheet date, to defer settlement of the liability for at least twelve months after that date.

The only exception relates to the balances of deferred tax assets and liabilities, which are classified and fully shown as non-current.

The Statements of Cash Flows were prepared in accordance with IAS 7 and reflect the changes in cash that occurred in the years presented, using the indirect method.

The Board of Directors authorized the issuance of this consolidated financial statements at the meeting held on February 20, 2025.

2.c. Functional and reporting currency

The Company's financial statements for the years ended December 31, 2024, 2023 and 2022 are presented in thousands of Brazilian Real/Reais (R$) (unless otherwise mentioned). The Company's functional and presentation currency is the Real (R$).

Transactions in foreign currency are converted into the Real as follows: (i) assets, liabilities and equity (except share capital and capital reserves) are converted at the closing exchange rate on the balance sheet date; (ii) expenses and revenues are converted at the average exchange rate, except for specific operations that are converted at the rate on the date of the transaction; and (iii) share capital and capital reserves are converted at the rate on the date of the transaction.

Gains and losses resulting from the conversion of investments abroad are recognized in the statement of comprehensive income. Gains and losses resulting from the conversion of monetary assets and liabilities between the exchange rate in force on the date of the transaction and the end of the years (except the conversion of investments abroad) are recognized in the statement of income.

2.d. Basis of consolidation

In the consolidated financial statements, investments and all asset and liability balances, revenues and expenses arising from transactions and equity interest in subsidiaries are eliminated entirely. Investments in jointly controlled companies are accounted are accounted for under the equity method in the consolidated financial statements.

Significant information on the investees is presented in Note 12.b.

2.e. Segment reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated on a regular basis by the chief operating decision maker in determining how to allocate resources to an individual segment and in evaluating the segment's performance. Considering that: (i) all decisions are made based on consolidated reports; (ii) the mission of the Company and its subsidiaries is to provide its customers with quality telecommunications services; and (iii) all decisions relating to strategic, financial planning, purchasing, investments and application of resources are made on a consolidated basis Management's conclusion is that the Company and its subsidiaries operate in a single operational segment providing services telecommunications.

2.f. Material accounting practices

Material accounting policies for the understanding of the basis of recognition and measurement applied in the preparation of the Company's financial statements are included in the respective notes to which they refer.

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended December 31, 2024 are consistent with those used in the preparation of the consolidated annual financial statements for the year ended December 31, 2023 except for the changes required by the new pronouncements, interpretations and amendments, approved by the International Accounting Standards Board (IASB), which are effective from January 1, 2024, as follows:

- Amendments to IFRS 16 – Lease liability in a sale and leaseback: In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a lessee uses in measuring the lease liability arising from a sale and leaseback transaction, to ensure that the lessee does not recognize any amount of gain or loss related to the right of use that it retains. The changes must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.
- Amendments to IAS 1: Classification of liabilities as current or non-current: In January 2020, the IASB issued changes to IAS 1, in order to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: (i) what a right to postpone settlement means; (ii) that the right to postpone must exist on the reporting date; (iii) that this classification is not affected by the likelihood of an entity exercising its right of postponement; and (iv) that only if a derivative embedded in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification. Furthermore, a requirement has been introduced to require disclosure when a liability arising under a loan agreement is classified as non-current and the entity's right to defer settlement depends on compliance with future commitments within twelve months. Changes must be applied retrospectively.

- Supplier financing agreements - Amendments to IAS 7 and IFRS 7: In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments, being: Disclosures to clarify the characteristics of financing agreements of suppliers and require additional disclosure of such agreements. The disclosure requirements in the amendments are intended to assist users of financial information in understanding the effects of supplier financing arrangements on an entity's liabilities, cash flows, and exposure to liquidity risk. The Company and/or its subsidiaries do not have financing agreements with suppliers.

The adoption of these amendments did not have any impact on the consolidated financial statements in the initial period of adoption (January 1, 2024).

New IFRS pronouncements, issues, amendments and interpretations of the IASB

The new and amended standards and interpretations issued, but not yet effective up to the date of issue of the Company's financial statements, are described below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7: On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments: (i) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (ii) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (iii) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (iv) update the disclosures for equity instruments designated at fair value through other comprehensive income. Effective for annual periods beginning on or after 1 January 2026.
- IFRS 18: Presentation and Disclosure in Financial Statements: In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 introduces new requirements for presentation within the income statement, including specified totals and subtotals. In addition, entities are required to classify all income and expenses within the income statement into one of five categories: operating, investing, financing, income taxes and discontinued operations, of which the first three are new.

  The standard also requires disclosure of management-defined performance measures, subtotals of income and expenses, and includes new requirements for the aggregation and disaggregation of financial information based on the identified "functions" of the primary financial statements (PFS) and the notes.

  In addition, narrow-scope changes have been made to IAS 7 (equivalent to IFRS 18: Presentation and Disclosure in Financial Statements), which include changing the starting point for determining cash flows from operations using the indirect method, from "profit or loss for the period" to "operating profit or loss" and removing the optionality for classifying cash flows from dividends and interest.

  IFRS 18 and the amendments to the other standards will come into effect for reporting periods beginning on or after January 1, 2027, with early application permitted and required to be disclosed, although in Brazil early adoption is not permitted. IFRS 18 will be applied retrospectively. The Company is currently working to identify all the impacts that the amendments will have on the primary financial statements and explanatory notes to the financial statements.

IFRS 19: Subsidiaries without Public Accountability: Disclosures: In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, must not have a public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, that comply with IFRS accounting standards.The Company is currently working to identify all impacts that the changes will have on the financial statements and explanatory notes to the financial statements of its subsidiaries that meet the requirements of the standard.

IFRS 19 will be effective for reporting periods beginning on or after 1 January 2027, with early application permitted and required to be disclosed, although in Brazil early adoption is not permitted.

- Amendments to IAS 21 - Lack of Exchangeability: In August 2023, the IASB amended IAS 21 - Effects of Changes in Exchange Rates and Translation of Financial Statements, adding new requirements aimed at helping entities determine whether a currency is convertible into another currency and, when it is not, the spot exchange rate to be used. Prior to these amendments, IAS 21 only established the exchange rate to be used when the lack of convertibility was temporary. This amendment is effective as of January 1, 2025. The Company does not expect these amendments to have a material impact on its operations or financial statements.

The Company estimates that the adoption of these standards and amendments will not have a significant impact on the consolidated financial statements in the initial period of adoption.

The Company did not early adopt any new accounting statements or interpretations, the application of which is not mandatory.

2.g. Significant accounting judgments estimates and assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates and the exercise of judgment by the Company's Management in applying its accounting policies. These estimates are based on experience, best knowledge, information available at the year end date and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Actual results involving these estimates could differ in values from those recorded in the financial statements due to the criteria inherent in the estimation process. The Company reviews its estimates at least annually.

The significant and relevant estimates and judgments applied by the Company in the preparation of these financial statements are presented in the following notes: corporate events in 2024 (Business Combinations), trade accounts receivable; income and social contribution taxes; property and equipment; intangible assets; provision and contingencies; loans and financing, debentures, leases and other creditors; pension plans and other post-employment benefits; and financial instruments and risk and capital management.

3. CASH AND CASH EQUIVALENTS

3.a. Accounting policy

These are financial assets, measured at amortized cost, maintained in order to meet short-term cash commitments and not for investment or other purposes. The Company and its subsidiaries consider cash equivalents a short-term investment readily convertible into a known amount of cash and subject to insignificant risk of change in value and when redeemable within 90 days.

(In thousands of Reais, unless otherwise stated)

3.b. Breakdown

	12.31.2024	12.31.2023
Short-term investments[1]	6,542,862	4,289,932
Cash and banks[2]	148,236	68,344
Total	**6,691,098**	**4,358,276**

(1) Highly liquid short-term investments basically comprise Bank Deposit Certificates ("CDB") and Repurchase Agreements held by top tier rated financial institutions, indexed to the Interbank Deposit Certificate ("CDI") rate, with original maturities of up to three months, and with immaterial risk of change in value. Income from these investments are recorded as financial income. On December 31, 2024, the average remuneration of these short-term investments corresponded to 99.66% of the CDI (101.50% on December 31, 2023).

(2) On December 31, 2024 and 2023, the Consolidated balances included R$18,308 and R$19,474, respectively, related to the Financial Clearing House, with a Telefónica Group member company (Note 29).

4. FINANCIAL INVESTMENTS

4.a. Accounting policy

They are financial assets, measured at amortized cost, subject to a significant risk of change in value, not classified as cash and cash equivalents.

4.b. Breakdown

	12.31.2024	12.31.2023
Guarantee for legal proceedings[1]	42,619	36,169
Investment fund – FDIC	—	1,148
Total	**42,619**	**37,317**
Current	—	1,148
Non-current	42,619	36,169

(1) Refer to financial investments held as guarantees for lawsuits (Notes 20 and 34.b).

5. TRADE ACCOUNTS RECEIVABLE

5.a. Accounting policy

These are financial assets measured initially at fair value and subsequently, at amortized cost and are evaluated by the value of the services provided and goods sold in accordance with the contracted conditions, net of estimated impairment losses. These include the services provided to customers, which were still not billed at the balance sheet date, as well as other trade accounts receivable related to the sale of cell phones, SIM cards, accessories, advertising and rent of IT equipment ("Vivo Tech" product) and credit rights of the Vivo Money FIDC.

The Company measures the provision for estimated impairment losses in an amount equal to the loss of credit expected for a lifetime.

(In thousands of Reais, unless otherwise stated)

5.b. Critical estimates and judgments

In determining whether the credit risk of a financial asset has increased significantly since the initial recognition and in estimating the expected credit losses, the Company considers reasonable and bearable information that is relevant and available. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, customer profiles, business models, risk perception, guarantees and economic conditions in credit assessment and considering prospective information. Although the Company believes that the assumptions used are reasonable, the results of the estimates may be different.

5.c. Breakdown

	12.31.2024	12.31.2023
Services and goods[1]	11,001,308	10,996,158
Interconnection amounts[1][2]	632,033	683,876
Vivo Money FIDC	360,411	358,000
Amounts from related parties (Note 29)[1]	63,240	68,924
Gross accounts receivable	**12,056,992**	**12,106,958**
Estimated impairment losses	(2,215,251)	(2,437,845)
Net accounts receivable	**9,841,741**	**9,669,113**
Current	9,471,592	9,318,077
Non-current	370,149	351,036

(1) The consolidated include R$2,752,975 and R$2,551,270 to be billed to customers on December 31, 2024 and 2023, respectively. It also includes the amounts of contractual assets (Note 25.a.), shown in item d), of this Note.

(2) Refer to billed amounts from other telecommunications operators.

On December 31, 2024 and 2023, the consolidated non-current balances of accounts receivable refer to the present value of: (i) installments of resale of goods (B2B), up to 24 months; (ii) Vivo Tech products, up to 60 months; and (iii) right to Vivo Money FIDC credits, up to 36 months. These may be reduced for their estimated losses to recoverable value.

On December 31, 2024, and 2023, no customer represented more than 10% of trade accounts receivable, net.

The following are amounts receivable, by maturity:

	12.31.2024	12.31.2023
Falling due	7,951,826	7,887,693
Overdue – 1 to 30 days	1,134,436	1,134,381
Overdue – 31 to 60 days	261,861	270,926
Overdue – 61 to 90 days	212,887	140,426
Overdue – 91 to 120 days	147,320	138,234
Overdue – over 120 days	133,411	97,453
Total	**9,841,741**	**9,669,113**

(In thousands of Reais, unless otherwise stated)

5.d. Changes in contractual assets

	Contract assets, gross	Provision for losses	Contract assets, net
Balance on December 31, 2022	**131,243**	**(26,551)**	**104,692**
Additions	254,379	—	254,379
Write-offs	(267,826)	1,861	(265,965)
Balance on December 31, 2023	**117,796**	**(24,690)**	**93,106**
Additions	342,286	(4,787)	337,499
Write-offs	(311,114)	—	(311,114)
Balance on December 31, 2024	**148,968**	**(29,477)**	**119,491**

5.e. Changes in estimated losses for impairment

Balance on December 31, 2022	**(2,396,382)**
Supplement to estimated losses, net of reversal (Note 26.)	(1,362,678)
Write-off	1,321,215
Balance on December 31, 2023	**(2,437,845)**
Supplement to estimated losses, net of reversal (Note 26.)	(1,523,263)
Write-off	1,750,394
Business combination - IPNET (Note 1.c.2.)	(4,537)
Balance on December 31, 2024	**(2,215,251)**

6. INVENTORIES

6.a. Accounting policy

These are evaluated and presented at the lower of average acquisition cost and net realizable value, whichever is lower. These include resale materials such as cellphones, SIM cards, accessories, consumption materials and maintenance. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell.

Estimated impairment losses are set up for materials and devices considered obsolete or whose carrying amounts are in excess of those usually sold within a reasonable period. Additions and reversals of estimated impairment losses and inventory obsolescence are included in cost of goods sold (Note 26.).

6.b. Breakdown

	12.31.2024	12.31.2023
Materials for resale	1,137,262	836,799
Materials for consumption	27,538	38,422
Other inventories	32,036	39,263
Gross inventories	**1,196,836**	**914,484**
Estimated losses from impairment or obsolescence	(99,598)	(91,670)
Net total	**1,097,238**	**822,814**

(In thousands of Reais, unless otherwise stated)

7. PREPAID EXPENSES

	12.31.2024	12.31.2023
Incremental costs in obtaining contracts with customers [1]	2,842,824	1,986,764
Software licenses and network maintenance	610,902	397,931
Advertising and publicity	203,884	197,315
Personal	112,421	120,138
Financial charges	122,325	101,743
Rental, insurance and other	61,799	102,766
Total	**3,954,155**	**2,906,657**
Current	1,868,954	1,434,042
Non-current	2,085,201	1,472,615

(1) Incremental costs for contracts with customers are mostly sales commissions paid to partners to obtain customer contracts, deferred as income under IFRS 15 in accordance with the term of the contract and/or economic benefit to be generated, usually two to six years. In 2024, such costs also include sales commissions paid to partners of new plans.

Below, we present the movement of incremental costs in obtaining contracts with customers:

Balance on December 31, 2022	**1,433,893**
Additions	1,255,877
Write-offs (amortizations)	(703,006)
Balance on December 31, 2023	**1,986,764**
Additions	1,812,437
Write-offs (amortizations)	(956,377)
Balance on December 31, 2024	**2,842,824**

8. INCOME AND SOCIAL CONTRIBUTION TAXES

8.a. Accounting policy

8.a.1. Current taxes

Current tax assets and liabilities are measured at the estimated amount recoverable from, or payable to, the tax authorities. The tax rates and laws used in calculating the amounts referred to above are those in effect, or substantially in effect, at year-end. In the balance sheet, current taxes are presented net of prepayments over the year.

Current income and social contribution taxes, related to items directly recognized in equity, are also recognized in equity. Management regularly assesses the tax position in circumstances in which tax regulation requires interpretation and sets up provision therefore when appropriate.

8.a.2. Deferred taxes

Deferred tax is generated by temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and losses, to the extent that taxable profit is likely to be available for realization of deductible temporary differences and unused tax credits and losses are likely to be used, except: (i) when the deferred tax asset related to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination and does not impact, at the transaction date, the book profit, income or loss for tax purposes and does not give rise to equally taxable and deductible temporary differences; or (ii) on deductible temporary differences related to investments in subsidiaries that deferred tax assets are recognized only to the extent that it is probable that temporary differences will be reversed in the near future and taxable profit is likely be available so that temporary differences can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit shall be available to allow all or part of the deferred tax asset to be used. Derecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized on all temporary tax differences, except: (i) when the deferred tax liability arises from initial recognition of goodwill, or an asset or liability in a transaction other than a business combination, and does not affect book profit or taxable profit or tax losses on the transaction date and does not give rise to equally taxable and deductible temporary differences; or (ii) on temporary tax differences related to investments in subsidiaries, in which the temporary difference reversal period can be controlled and temporary differences are not likely to be reversed in the near future.

Deferred tax assets and liabilities are measured at the tax rate expected to be applicable for the year the asset will be realized, or the liability will be settled, based on the rates provided in tax legislation and that were published as at year-end.

Deferred tax assets and liabilities are not discounted to present value and are classified in the balance sheet as non-current, irrespective of their expected realization.

The tax effects of items recorded directly in equity are also recognized in equity. Deferred tax items are recognized based on the transaction which gave rise to that deferred tax, in comprehensive income or directly in equity.

Deferred tax assets and liabilities are presented net when there is a legal or constructive right to offset a tax asset against a tax liability and deferred taxes relate to the same taxpaying entity and are subject to the same tax authority.

8.a.3. New calculation rule ("Pillar II") - OECD

On December 27, 2024 Law 15,079/24 was enacted, establishing the additional Social Contribution on Net Income (“CSLL”) in the process of adapting Brazilian legislation to the Global Rules Against Base Erosion, OECD model (“Pillar II”). Under this law, whenever the Company, adopting the calculation criteria provided for therein, determines an effective combined rate of Income Tax and Social Contribution on Net Income of less than 15%, it must make an additional payment until reaching this minimum percentage. This rule is effective as of January 2025 and, if an additional payment is necessary, the amount will be collected in the following year. The Company does not expect a significant impact from this rule on its collections, as it already meets the established limits.

(In thousands of Reais, unless otherwise stated)

8.b. Critical estimates and judgments

There are uncertainties regarding the interpretation of complex tax regulations and the amount and timing of future taxable profits. The Company and its subsidiaries set up provision, based on estimates, for possible consequences of different interpretation by the tax authorities. The amount of this provision is based on various factors, such as previous tax audit experience and different interpretations of tax regulations by the taxable entity and by the relevant tax authority. Such differences in interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company or those of its subsidiaries.

The Company and its subsidiaries evaluate the recoverability of deferred tax assets based on estimates of future profits. This recoverability ultimately depends on the ability to generate taxable profits over the period in which the deferred tax asset is deductible. The analysis considers the reversal period of deferred tax liabilities, as well as estimates of taxable profits, based on updated internal projections reflecting the latest trends.

Determining the proper classification of the tax items depends on several factors, including an estimate of the period and the realization of the deferred tax asset and the expected date of payments of these taxes. The actual flow of receipt and payment of income tax could differ from estimates made by the Company and its subsidiaries, as a result of changes in tax laws or of unexpected future transactions that may have an impact on tax balances.

8.c. Income and social contribution taxes recoverable

	12.31.2024	12.31.2023
Income taxes recoverable	711,237	649,400
Social contribution taxes recoverable	141,457	103,193
Total	**852,694**	**752,593**

8.d. Income and social contribution taxes payable

	12.31.2024	12.31.2023
Income taxes payable	170,125	149,763
Social contribution taxes payable	55,128	50,907
Total	**225,253**	**200,670**
Current	9,898	3,515
Non-current	215,355	197,155

The amounts on December 31, 2024 and 2023, include R$216,497 and R$198,205, respectively, referring to taxes covered by IFRIC 23 (Note 8.g.).

(In thousands of Reais, unless otherwise stated)

8.e. Deferred taxes

8.e.1. Breakdown and changes

Below, we present the composition and movement of the main components of deferred income tax ("IR") and social contribution ("CS").

	Balance on 12.31.2022	Income statement	Comprehensive income	Balance on 12.31.2023	Income statement	Comprehensive income	IPNET Business Combination (Note 1.c.6)	Balance on 12.31.2024
Deferred tax assets (liabilities)								
Income and social contribution taxes on tax losses[(1)]	**2,366,710**	**(268,979)**	**—**	**2,097,731**	**(376,950)**	**—**	**—**	**1,720,781**
Income and social contribution taxes on temporary differences[(2)]	**(5,819,338)**	**400,539**	**79,573**	**(5,339,226)**	**(77,430)**	**(149,400)**	**(12,187)**	**(5,578,243)**
Provision for legal, labor, tax civil and regulatory contingencies	2,455,389	(65,121)	—	2,390,268	(321,522)	—	19,604	2,088,350
Trade accounts payable and other provision	1,505,360	390,283	—	1,895,643	465,563	—	—	2,361,206
Customer portfolio and trademarks	(210,441)	32,283	—	(178,158)	33,959	—	—	(144,199)
Estimated losses on impairment of accounts receivable	666,399	(44,353)	—	622,046	(623)	—	(1,542)	619,881
Estimated losses from modems and other P&E items	181,821	(71,836)	—	109,985	4,794	—	—	114,779
Pension plans and other post-employment benefits	258,308	26,798	79,229	364,335	30,067	(149,103)	—	245,299
Profit sharing	189,748	33,672	—	223,420	(13,590)	—	—	209,830
Licenses	(2,453,258)	86,856	—	(2,366,402)	157,762	—	—	(2,208,640)
Goodwill from incorporated companies (Spanish and Navytree, Vivo Part., GVTPart., Garliava and Vita IT)	(7,240,590)	(203,217)	—	(7,443,807)	(234,417)	—	—	(7,678,224)
Property and equipment of small value	(1,029,338)	(161,340)	—	(1,190,678)	(56,360)	—	—	(1,247,038)
Technological Innovation Law	(9,774)	2,616	—	(7,158)	1,440	—	—	(5,718)
On other temporary differences	(132,962)	373,898	344	241,280	(144,503)	(297)	(30,249)	66,231
Total deferred tax (Liabilities), non-current	**(3,452,628)**	**131,560**	**79,573**	**(3,241,495)**	**(454,380)**	**(149,400)**	**(12,187)**	**(3,857,462)**
Deferred tax assets	**8,674,222**			**9,177,084**				**8,947,536**
Deferred tax liabilities	**(12,126,850)**			**(12,418,579)**				**(12,804,998)**
Deferred tax liabilities, net	**(3,452,628)**			**(3,241,495)**				**(3,857,462)**
Represented in the balance sheet as follows:								
Deferred tax assets of subsidiaries	**379,093**			**177,245**				**158,215**
Deferred tax (Liabilities)	**(3,831,721)**			**(3,418,740)**				**(4,015,677)**

(1) Under Brazilian tax legislation these may be offset up to 30% of the annual taxable income but otherwise have no expiry date.

(2) Amounts that will be realized upon payment of provision, occurrence of impairment losses for trade accounts receivable, or realization of inventories, as well as upon reversal of other provision.

8.e.2. Unrecognized tax credits

On December 31, 2024 and 2023, there were unrecognized deferred tax assets for to income tax and social contribution carryforward losses of the Company's subsidiaries (POP, Recicla V, TGLog, CloudCo, and Vivo Pay), of R$12,602 and R$24,199 on December 31, 2024 and 2023, respectively, as offset against future taxable profits is not assured.

(In thousands of Reais, unless otherwise stated)

8.e.3. Expected realization

Below, we present the expected periods for the realization of net deferred taxes, based on projections that may change in the future.

Year	
2025	3,001,336
2026	785,851
2027	747,577
2028	118,077
2029	(153,879)
2030 onwards	(8,356,424)
Total	**(3,857,462)**

8.f. Reconciliation of income tax and social contribution expense

The Company and its subsidiaries recognize income and social contribution taxes on an accrual basis, and pay taxes based on estimates, recorded in a tax auxiliary ledger. Taxes calculated on profits at the balance sheet date are recorded in liabilities or assets, as applicable.

The statutory tax rate is 34% (income tax of 25% and social contribution tax of 9%) for the years ended December 31, 2024, 2023 and 2022.

	2024	2023	2022
Income before taxes	6,763,809	5,573,916	4,831,591
Income and social contribution tax expenses, at the tax rate of 34%	(2,299,695)	(1,895,131)	(1,642,741)
Permanent differences			
Tax benefit related to interest on equity allocated	1,055,700	881,202	705,500
IR and CS on interest SELIC update of undue debts	—	89,254	277,424
Non-deductible expenses, gifts, incentives	(128,670)	(95,677)	(84,844)
Exploration profit	85,369	90,258	76,174
Equity pickup	(1,479)	(4,623)	(8,072)
Unclaimed interest on equity	(19,182)	(19,253)	(56,933)
Deferred taxes on tax losses, negative basis and temporary differences recognized in subsidiaries	—	84,274	—
Other (additions) exclusions, net(1)	101,480	335,757	(40,197)
Tax debits	**(1,206,477)**	**(533,939)**	**(773,689)**
Effective rate	17.8 %	9.6 %	16.0 %
Current income and social contribution taxes	(752,097)	(665,499)	(1,126,498)
Deferred income and social contribution taxes	(454,380)	131,560	352,809

(1) In 2023, it includes R$320,700 related to deductible temporary differences arising from the acquisition of Garliava whose corresponding deferred income tax asset was not recognized upon acquisition and realized during the year 2023.

(In thousands of Reais, unless otherwise stated)

8.g. Uncertainties about Income tax treatments

The Company and its subsidiaries are contesting several assessments filed by the Brazilian Federal Tax Authority (“RFB“) for allegedly incorrect deductions of expenses, mainly related to the amortization of goodwill, at various administrative and judicial levels, of R$36,939,312 and R$30,577,416 on December 31, 2024 and 2023, respectively. The amount as of March 31, 2024, includes R$4,018,445, relating to a new similar infraction notice against the Company by the RFB on April 24, 2024. Management, supported by the position of its legal advisors, believes that a large part of these deductions will likely be accepted once examined by the higher courts of last resort (acceptance probability greater than 50%). These amounts are monetarily updated using SELIC.

When the Company and its subsidiaries believe that the probability of loss is greater than 50%, a non-current tax and social contribution liability is recognized. The amount recognized was R$216,497 and R$198,205 on December 31, 2024 and 2023, respectively. These claims involve compensation for overpayment of income tax and social contribution not approved by the RFB.

9. TAXES, CHARGES AND CONTRIBUTIONS RECOVERABLE

	12.31.2024	12.31.2023
State VAT (ICMS)(1)	1,980,977	2,062,276
PIS and COFINS	517,616	261,261
Withholding taxes and contributions(2)	326,802	191,475
Other taxes	87,043	98,063
Total	**2,912,438**	**2,613,075**
Current	2,306,093	1,937,770
Non-current	606,345	675,305

(1) Includes ICMS credits from the acquisition of property and equipment (available to offset in 48 months); requests for refund of ICMS paid on invoices that were subsequently cancelled; for the rendering of services; tax substitution; and tax rate difference; among others. Non-current consolidated amounts include credits arising from the acquisition of property and equipment of R$563,895 and R$635,800 on December 31, 2024 and 2023 , respectively.

(2) Withholding income tax ("IRRF") credits on short-term investments, interest on equity and others, which are used as deduction in operations for the period and social contribution tax withheld at source on services provided to public agencies.

(In thousands of Reais, unless otherwise stated)

10. JUDICIAL DEPOSITS AND GARNISHMENTS

Judicial deposits are made, and restrictions placed on bank accounts to ensure the continuity of legal processes through the courts or to suspend the enforceability of a tax notice.

Judicial deposits are recorded at historical cost-plus legal indexation/interest accruals.

	12.31.2024	12.31.2023
Judicial deposits		
Tax	1,697,070	1,628,645
Civil	891,872	860,248
Regulatory	325,810	312,520
Labor	67,859	88,986
Total	**2,982,611**	**2,890,399**
Garnishments	21,112	21,530
Total	**3,003,723**	**2,911,929**
Current	150,993	72,516
Non-current	2,852,730	2,839,413

The table below presents the classified balances on December 31, 2024 and 2023 of the tax judicial deposits (classified by tax).

Tax	**12.31.2024**	**12.31.2023**
Universal Telecommunication Services Fund (FUST)(1)	622,820	596,356
State Value-Added Tax (ICMS)(2)	432,253	406,397
Social Contribution Tax for Intervention in the Economic Order (CIDE)(3)	338,694	325,423
Corporate Income Tax (IRPJ) and Social Contribution Tax (CSLL)	61,935	60,462
Telecommunications Inspection Fund (FISTEL)	55,801	53,360
Contribution tax on gross revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)	29,425	35,770
Withholding Income Tax (IRRF)	45,360	43,396
Social Security, work accident insurance (SAT) and funds to third parties (INSS)	27,503	25,905
Other taxes, charges and contributions	83,279	81,576
Total	**1,697,070**	**1,628,645**

(1) The Company and/or its subsidiaries filed an injunction in order to represent its right not to include expenses with interconnection and industrial use of dedicated line in the FUST tax base, according to Abridgment No. 7, of December 15, 2005, as it does not comply with the provisions contained in the sole paragraph of article 6 of Law No. 9998/00. The amounts related to these expenses are deposited.

(2) The Company is party to legal proceedings related to: (i) ICMS on operations with payment based on estimates; (ii) ICMS FECP; (iii) right to ICMS credit on the acquisition of property and equipment and electricity; (iv) ICMS on amounts given as discounts and (v) consignment in payment of ICMS amounts referring to part of pay TV operations.

(3) The Company is party to legal proceedings for the exemption of CIDE levied on offshore remittances of funds arising from agreements for the transfer of technology, brand and software licensing etc.

(In thousands of Reais, unless otherwise stated)

11. OTHER ASSETS

	12.31.2024	12.31.2023
Related-party receivables (Note 29.)	115,400	268,246
Sale of real estate and other receivables	255,317	157,352
Advances to employees and suppliers	60,811	133,615
Surplus from post-employment benefit plans (Note 31)(1)	157,046	74,048
Indemnification assets (IPNET and VSS acquisitions)	100,664	3,157
Subletting of assets and other amounts to be realized	39,738	47,212
Total	**728,976**	**683,630**
Current	360,141	539,339
Non-current	368,835	144,291

(1) On December 31, 2024 and 2023, it includes the amounts of R$153,714 and R$69,015, respectively, referring to the distribution of the PBS-A surplus.

12. INVESTMENTS

12.a. Accounting policy

The Company and its subsidiaries hold investments in subsidiaries and jointly controlled companies.

12.a.1. Subsidiary

The consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ends when the Company ceases to exercise said control. Assets, liabilities and results of a subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Company obtains control until the date on which the Company ceases to exercise control over the subsidiary.

Specifically, the Company controls an investee if, and only if, it has: (i) power over the investee (that is, existing rights that guarantee it the current ability to direct the relevant activities of the investee); (ii) exposure or right to variable returns arising from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the value of its returns.

There is usually a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting rights of an investee, the Company considers all relevant facts and circumstances when assessing whether it has power over an investee, including: (i) the contractual agreement between the investor and other holders of voting rights; (ii) rights arising from other contractual agreements; and (iii) the Company's voting rights and potential voting rights. The Company assesses whether it exercises control over an investee if facts and circumstances indicate that there are changes in one or more of the three aforementioned control elements.

The financial statements of investees are prepared for the same reporting period of the Company. Whenever necessary, adjustments are made so that the accounting policies are in accordance with those adopted by the Company.

12.a.2. Joint control

Joint control is the contractually agreed sharing of a control, only existing when decisions about relevant activities call for unanimous agreement by the parties sharing control.

Based on the equity method, investments are recorded in balance sheets at cost plus changes after the acquisition of the equity interest. The statement of income reflects the portion of the results of operations of the investees.

Foreign exchange variations in Aliança's equity (jointly controlled entity) are recognized in the Company's equity in other comprehensive income ("Effects on conversion of investments abroad", Note 24.f.). The functional and presentation currency of Aliança, the Company's investee headquartered in the Netherlands, is the Euro.

When changes are directly recognized in the investees' equity, the Company will recognize its portion in variations occurred, and record these variations in the statements of changes in equity and in the statements of comprehensive income, where applicable.

The financial statements of investees are prepared for the same reporting period of the Company. Whenever necessary, adjustments are made so that the accounting policies are in accordance with those adopted by the Company.

After the equity method is applied, the Company determines whether there is any need to recognize additional impairment of its investment in investees. At each closing date, the Company determines whether there is objective evidence of impairment of investment in the affiliate. If so, the Company calculates the recoverable amount as the difference between the recoverable value of the investees and their carrying amount and recognizes the amount in the statement of incomes.

When there is loss of significant influence over the investees, the Company evaluates and recognizes the investment, at that moment, at fair value. Any difference between the investees' carrying amount by the time it loses significant influence and the fair value of the remaining investment and revenue from sale is recognized in the statement of incomes.

12.a.3. Business combination

Pursuant to IFRS 3, business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of assets acquired and liabilities assumed on the acquisition date from the acquiree's former controlling shareholders and any interests issued in exchange for control of the acquiree. Costs directly attributable to the acquisition are expensed as incurred.

Any contingent consideration to be transferred by the acquirer shall be recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration considered as an asset or liability shall be recognized in accordance with IFRS 9 in the statement income .

Goodwill is initially measured as the excess of the consideration transferred over the net assets acquired (identifiable assets acquired, net and liabilities assumed). If the consideration is less than the fair value of the net assets acquired, the difference shall be recognized as a gain in the income statement.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are attributed to those units.

When goodwill is part of a cash-generating unit and a portion of that unit is disposed of, the goodwill associated with the portion disposed of shall be included in the cost of the transaction when determining the gain or loss on disposal. Goodwill disposed of in such circumstances is determined based on the proportionate amounts of the portion disposed of in relation to the cash-generating unit retained.

(In thousands of Reais, unless otherwise stated)

In the parent company, the difference between the amount paid and the equity value of the acquired entities is recognized in investments. For the consolidated information, the amounts of fair values and goodwill are allocated according to their nature.

12.b. Information on investees

On December 31, 2024 and 2023, the Company held direct equity interests in subsidiaries and jointly controlled companies, as follows:

Investees	Type of investment	Equity interests 31.12.2024	Equity interests 31.12.2023	Country (Headquarters)	Core activity
Terra Networks Brasil Ltda ("Terra Networks") - wholly and directly controlling shareholder of TIS and TLF01	Controlled	100.00%	100.00%	Brasil	Portals, content providers and other information services on the internet
Telefônica Transportes e Logística Ltda ("TGLog")	Controlled	100.00%	100.00%	Brasil	Transports and logistics
POP Internet Ltda ("POP") - wholly and directly controlling company of Recicla V and Vale Saúde Sempre	Controlled	100.00%	100.00%	Brasil	Internet
Vivo Money Fundo de Investimento em Direitos Creditórios ("Vivo Money I")	Controlled	100.00%	100.00%	Brasil	Credit Rights Investment Fund
Vivo Money Fundo de Investimento em Direitos Creditórios III ("Vivo Money III")	Controlled	100.00%	—%	Brasil	Credit Rights Investment Fund
Vivo Pay Holding Financeira Ltda ("Vivo Pay")	Controlled	100.00%	—%	Brasil	Equity participation in institutions authorized to operate by BACEN
Vivo Ventures Fundo de Investimento em Participações Multiestratégia ("Vivo Ventures")	Controlled	98.00%	98.00%	Brasil	Investment funds
Telefônica Cloud e Tecnologia do Brasil S.A. ("CloudCo Brasil")	Controlled	50.01%	50.01%	Brasil	Consulting in information technology
Telefônica IoT, Big Data e Tecnologia do Brasil S.A. ("IoTCo Brasil")	Controlled	50.01%	50.01%	Brasil	Consulting in information technology
Aliança Atlântica Holding B.V. ("Aliança")	Joint control	50.00%	50.00%	Holanda	Telecommunications sector holdings
Companhia AIX de Participações ("AIX")	Joint control	50.00%	50.00%	Brasil	Operation of underground telecommunications networks
Companhia ACT de Participações ("ACT")	Joint control	50.00%	50.00%	Brasil	Operation of underground telecommunications networks
VivaE Educação Digital S.A. ("VIVAE")	Joint control	50.00%	50.00%	Brasil	Training in professional and managerial development
GUD Comercializadora de Energia S.A. ("GUD")	Joint control	50.00%	—%	Brasil	Generation and commercialization of customized solutions in renewable energy
FiBrasil Infraestrutura e Fibra Ótica S.A. ("FiBrasil")	Joint control	25.01%	25.01%	Brasil	Technical advice on telecommunications networks

Investments made by Vivo Ventures in 2024

- On May 14, 2024, VV acquired R$25,013 of shares in Conexa Health LLC, the owner of Conexa Saúde Serviços Médicos S.A. ("Conexa"). Conexa is the leading independent telemedicine platform in Latin America and a digital health ecosystem, connecting, through technology, patients, professionals, companies and operators, democratizing access to quality healthcare. Prior to this acquisition by VV, Conexa had announced a merger with Zenklub, a digital services company for emotional health, still pending approval by competition authorities. The objective of the investment is to strengthen the Company's presence as a digital services hub, including the health and well-being business.
- On July 4, 2024, VV committed to acquiring a minority shareholding position of US$5 million (R$27,651) in CRMBonus Holding, a company that operates in Brazil through its subsidiaries ("CRMBonus"). CRMBonus is a platform that uses artificial intelligence to maximize company-customer relationships, popularizing the gift back concept in Brazil market. From the beginning of this year, one of the solutions offered by CRMBonus, the Vale Bonus, is part of the benefits offered by the Company to its customers, who receive digital money when topping-up credits or paying their bills in time, contributing to a higher customer retention. The objective of the investment is to strengthen the Company's presence as a digital services hub, by advancing innovative solutions.

(In thousands of Reais, unless otherwise stated)

- On November 1, 2024, VV acquired a minority equity interest in AGL Holding, the owner of Agrolend Sociedade de Crédito, Financiamento e Investimentos S.A. (“Agrolend”), equivalent to 0.9% of Agrolend’s total share capital (on a fully diluted basis), through a contribution of US$1.5 million (R$8,950) The acquisition value, therefore, is not considered material to VV or the Company. The Transaction is not subject to price adjustments, nor to the satisfaction of conditions precedent for its consummation. Agrolend is an agricultural fintech that provides credit to small and medium-sized rural producers in Brazil, to finance the development of agricultural production and encourage investment in inputs, equipment and technology that increase the productivity and profitability of producers. The fintech provides millions of Reais in credit to farmers annually and has the potential to boost the Company's product offering to this market, providing connectivity and solutions for better field management. The investment in Agrolend reinforces the Company's presence as a hub for digital services, by advancing innovative solutions.
- On December 10, 2024, VV converted 10,000 debentures issued by Klubi and held by it into Class C-1 preferred shares. In addition, a new contribution of R$15,000 was made, intended for the subscription of registered Class C-1 preferred shares and registered Class C-2 preferred shares with no par value.
- On December 23, 2024, VV entered into a new Simple Agreement for future equity (“SAFE”) with Lend Holding Ltd. (“Lend Holginds”) for US$3 million (R$18,226). Lend Holdings owns 100% interest in Lend do Brasil Participações Ltda. (“Lend do Brasil”) Lend do Brasil has developed a platform that allows any company to use its customers’ credit and debit card receivables as payment collateral.

Summarized information on the jointly controlled subsidiaries of the Company

	12.31.2024				
Investees	Assets	Liabilities	Equity	Net operating revenue	Net profit (loss)
Aliança	297,309	2,917	294,392	–	6,968
AIX	49,834	32,105	17,729	67,521	(1,648)
ACT	46	4	42	96	–
GUD	23,460	7,664	15,796	–	(4,842)
VIVAE	21,070	3,957	17,113	6,152	(5,307)
FiBrasil	2,025,664	1,157,880	867,784	391,831	(7,745)

	12.31.2023				
Investees	Assets	Liabilities	Equity	Net operating revenue	Net profit (loss)
Aliança	240,018	1,727	238,291	—	5,556
AIX	50,097	30,720	19,377	69,083	246
ACT	46	4	42	95	2
VIVAE	18,096	2,410	15,686	73	(7,697)
FiBrasil	2,019,278	1,143,749	875,529	289,097	(39,057)

(In thousands of Reais, unless otherwise stated)

12.c. Changes in investments

	Joint control	Other investments	Total investments
Balance on December 31, 2022	**352,101**	**348**	**368,195**
Equity income by results	(10,710)	—	(10,710)
Dividends (AIX and ACT) (Note 19.b.)	(51)	—	(51)
Capital contribution - cash and cash equivalents (VivaE)	3,117	—	3,117
Investments by subsidiary Vivo Ventures	—	26,191	26,191
Capital transactions	23	—	23
Bonus subscription exercise (FiBrasil)	57,001	—	57,001
Other comprehensive income	(4,806)	(90)	(4,896)
Balance on December 31, 2023	**396,675**	**26,449**	**438,870**
Equity income by results	(4,351)	—	(4,351)
Capital contribution - cash and cash equivalents (VivaE and GUD)	13,687	—	13,687
Investments by subsidiary Vivo Ventures	—	93,633	93,633
Other comprehensive income	24,566	(21)	24,545
Balance on December 31, 2024	**430,577**	**120,061**	**566,384**

13. PROPERTY AND EQUIPMENT

13.a. Accounting policy

It is measured at acquisition and/or construction cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the borrowing costs for long-term construction projects if the recognition criteria are met and is stated net of ICMS (State VAT) credits (Note 9.), which were recorded as recoverable taxes. The Company does not have loans that meet the criteria for recognition of cost capitalization.

Asset costs are capitalized until the asset becomes operational. Costs incurred after the asset becomes operational and that do not improve the functionality or extend the useful life of the asset are immediately recognized on an accrual basis. When significant parts of fixed assets are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, expenses that represent asset improvement (expanded installed capacity or useful life) are capitalized. All the other repair and maintenance costs are recognized in the statement of income as incurred.

The present value of the expected cost for the decommissioning of property and equipment items (towers and equipment on leased property) is capitalized at the cost of the respective asset matched against the provision for dismantling obligations (Note 20.) and depreciated over the useful lives of the related assets, which do not exceed the lease term.

Depreciation is calculated by the straight-line method over the useful lives of assets at rates that take into account the estimated useful lives of assets based on technical analyses.

The assets' residual values, useful lives and methods of depreciation are reviewed on a yearly basis, adjusted prospectively, if appropriate.

Property and equipment items are written off when sold or when no future economic benefit is expected from their use or sale. Any gains or losses arising from write-off (measured as the difference between the net disposal proceeds and the carrying amount) are recognized in the statement of income in the year in which the asset is written off.

Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets, as permitted by IFRS 16. They recognize lease liabilities to make lease payments and assets rights of use representing the right of use of the underlying assets.

The Company recognizes the right-of-use assets on the lease start date (that is, on the date the asset is available for use). The rights of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any new remeasurement of lease liabilities.

The Company acts as a lessee in a significant number of lease agreements on different assets, such as structures (towers and rooftops) and the respective land where they are located; sites built in the Built to Suit (“BTS”) modality for installing antennas and other equipment and means of transmission; computer equipment; offices, shops and commercial properties.

13.b. Critical estimates and judgments

The accounting treatment of investment in fixed assets includes estimating the useful life period for depreciation purposes, particularly for assets acquired in business combinations.

Useful life determination requires estimates regarding the expected technological developments and alternative uses of assets. The hypotheses related to the technological aspect and its future development imply a significant level of analysis, considering the difficulties in forecasting the time and nature of future technological changes.

Information on the recoverability of fixed assets is presented in Note 15.

13.c. Description, Breakdown and changes

We present a brief description of the main items that make up fixed assets.

- Switching and transmission media equipment: Includes switching and control centers, gateway, platforms, base radio station, microcells, minicells, repeaters, antennas, radios, access networks, concentrators, cables, TV equipment and other switching and transmission media equipment.
- Infrastructure: This includes buildings, elevators, central air conditioning equipment, towers, posts, containers, energy equipment, land piping, support and protectors, leasehold improvements, etc.
- Lending equipment: Includes cellphones and modems in the lending modality.
- Terminal equipment: Includes private telephone switching centers, public telephones and other terminal equipment.
- Other fixed asset items: These include vehicles, repair and construction tools and instruments, telesupervision equipment, IT equipment, testing and measurement equipment, fixtures and other goods for general use.

(In thousands of Reais, unless otherwise stated)

	Switching and transmission equipment	Infrastructure	Lending equipment	Terminal equipment	Land	Other P&E	Assets and facilities under construction	Total
Balance on December 31, 2022	**22,314,978**	**14,282,867**	**5,149,038**	**677,218**	**252,085**	**632,082**	**2,589,917**	**45,898,185**
Additions[(1)]	166,766	4,540,935	102,262	6,406	—	75,836	5,609,550	10,501,755
Write-offs, net[(2)]	(2,914)	(346,320)	(133)	(81)	(2,549)	(6,214)	(11,694)	(369,905)
Net transfers[(3)]	4,163,467	278,710	1,993,228	75,793	—	5,530	(6,651,218)	(134,490)
Subletting	—	(36,800)	—	—	—	—	—	(36,800)
Business combination – VSS	—	—	—	—	—	34	—	34
Depreciation (Note 26.)	(3,375,429)	(3,790,213)	(1,842,701)	(337,951)	—	(194,338)	—	(9,540,632)
Balance on December 31, 2023	**23,266,868**	**14,929,179**	**5,401,694**	**421,385**	**249,536**	**512,930**	**1,536,555**	**46,318,147**
Additions[(1)]	162,171	4,707,950	85,285	32	—	117,026	6,002,568	11,075,032
Write-offs, net[(2)]	(10,653)	(111,421)	(469)	(536)	(10,271)	—	(8,182)	(141,532)
Net transfers[(3)]	3,266,774	358,091	2,185,708	36,752	—	12,947	(5,895,330)	(35,058)
Subletting	—	(65,290)	—	—	—	—	—	(65,290)
Business combination – IPNET (Note 1.c.2.)	—	533	—	—	—	532	—	1,065
Depreciation (Note 26.)	(3,914,354)	(3,829,001)	(2,162,005)	(245,147)	—	(189,476)	—	(10,339,983)
Balance on December 31, 2024	**22,770,806**	**15,990,041**	**5,510,213**	**212,486**	**239,265**	**453,959**	**1,635,611**	**46,812,381**
Balance on December 31, 2023								
Cost	88,601,631	42,700,577	29,511,295	6,571,924	249,536	5,836,449	1,536,555	175,007,967
Accumulated depreciation	(65,334,763)	(27,771,398)	(24,109,601)	(6,150,539)	—	(5,323,519)	—	(128,689,820)
Total	**23,266,868**	**14,929,179**	**5,401,694**	**421,385**	**249,536**	**512,930**	**1,536,555**	**46,318,147**
Balance on December 31, 2024								
Cost	91,758,158	47,318,029	31,701,975	6,582,403	239,265	5,945,185	1,635,611	185,180,626
Accumulated depreciation	(68,987,352)	(31,327,988)	(26,191,762)	(6,369,917)	—	(5,491,226)	—	(138,368,245)
Total	**22,770,806**	**15,990,041**	**5,510,213**	**212,486**	**239,265**	**453,959**	**1,635,611**	**46,812,381**

(1) Additions from property and equipment mainly refers to: (i) in 2024: Investments were mainly directed towards accelerating the 5G mobile network, in addition to strengthening the transmission backhaul, backbone and network, and FTTH customers. These were some of the initiatives that drove our commercial growth this year, reinforcing our commitment to the quality of our services and ensuring healthy and consistent growth; (ii) in 2023: investments mainly concentrated in networks, which included 4G and 5G mobile access, transmission backhaul, backbone and network and FTTH customers. The investments helped sustain our commercial and revenue growth, whilst maintaining the quality of services provided and were also designed to prepare us for medium-term growth.

(2) In infrastructure, includes the amounts of R$74,258 and R$335,351 in 2024 and 2023, respectively, referring to the cancellation of lease agreements.

(3) Total balances refer to transfers between classes of fixed and intangible assets (Note 14.c.).

13.d. Depreciation rates

In the years ended December 31, 2024 and 2023, the Company performed assessments of the useful lives of property and equipment using the direct comparative method of market data.

This study indicated the need for changes in the useful life and annual depreciation rates of some asset items. These changes in the accounting estimate increased depreciation expense in 2024 by R$432,091 and reduced depreciation expense by R$88,292 in 2023.

Below, we present the annual depreciation rates for the years ended December 31, 2024 and 2023, except for lease assets, which are presented in Note 13.e..

(In thousands of Reais, unless otherwise stated)

Description	12.31.2024			12.31.2023		
Switching and transmission equipment and media	2.50%	to	66.67%	2.50%	to	19.67%
Infrastructure	2.50%	to	50.00%	2.50%	to	20.00%
Lending equipment	20.00%	to	50.00%	20.00%	to	50.00%
Terminal equipment	10.00%	to	50.00%	10.00%	to	50.00%
Other P&E assets	10.00%	to	25.00%	10.00%	to	25.00%

13.e. Additional information on leases

13.e.1. Breakdown and changes

Below, we present the movement of leases, already included in the tables for the movement of fixed assets (Note 13.c.).

	Infrastructure	Switching and transmission equipment	Other	Total
Balance on December 31, 2022	**11,082,417**	**245,216**	**81,008**	**11,408,641**
Additions	4,442,927	20,134	(61,223)	4,401,838
Subletting (Note 13.c.)	(36,800)	—	—	(36,800)
Depreciation	(3,290,201)	(61,831)	(1,312)	(3,353,344)
Cancellation of contracts	(335,351)	—	(4,867)	(340,218)
Balance on December 31, 2023	**11,862,992**	**203,519**	**13,606**	**12,080,117**
Additions	4,634,552	139,125	702	4,774,379
Subletting (Note 1.c.3.)	(65,290)	—	—	(65,290)
Depreciation	(3,364,821)	(79,390)	(9,028)	(3,453,239)
Cancellation of contracts	(74,258)	(10,123)	(21)	(84,402)
Other changes	(3,947)	—	—	(3,947)
Balance on December 31, 2024	**12,989,228**	**253,131**	**5,259**	**13,247,618**
Balance on December 31, 2023				
Cost	25,166,150	395,901	133,432	25,695,483
Accumulated depreciation	(13,303,158)	(192,382)	(119,826)	(13,615,366)
Total	**11,862,992**	**203,519**	**13,606**	**12,080,117**
Balance on December 31, 2024				
Cost	29,418,847	520,634	130,315	30,069,796
Accumulated depreciation	(16,429,619)	(267,503)	(125,056)	(16,822,178)
Total	**12,989,228**	**253,131**	**5,259**	**13,247,618**

(In thousands of Reais, unless otherwise stated)

13.e.2. Depreciation rates

Below, we present the annual depreciation rates for the years ended December 31, 2024 and 2023.

Description	12.31.2024			12.31.2023		
Infrastructure	2.36%	to	92.31%	2.36%	to	92.31%
Switching and transmission equipment and media	10.00%	to	66.67%	10.00%	to	66.67%
Other P&E assets	26.09%	to	40.00%	26.09%	to	40.00%

13.f. Property and equipment items pledged in guarantee

On December 31, 2024, the consolidated values of property and equipment given as collateral in legal proceedings were R$29,414 (R$101,220 on December 31, 2023).

14. INTANGIBLE ASSETS

14.a. Accounting policy

Intangible assets acquired separately are measured at acquisition / formation cost upon their initial recognition. The cost of an intangible asset are capitalized until the asset becomes operational. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

After initial recognition, intangible assets are stated at acquisition and/or buildup cost, net of amortization and accumulated provision for impairment, where applicable. Intangible assets generated internally, excluding capitalized development costs, are not capitalized, and the expense is reflected in the statement of income for the year in which it is incurred.

The useful lives of intangible assets are considered finite or indefinite.

- Intangible assets with finite useful lives are amortized over their economic useful lives under the straight-line method and are tested for impairment whenever there is any indication of impairment loss. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed on an annual basis.

  Changes in the estimated useful life or the expected pattern of consumption of future economic benefits embodied in an asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the cost/expense category consistent with the function of the intangible assets.

- Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be justifiable. Otherwise, changes in useful life – from indefinite to finite - are carried out prospectively. Goodwill generated upon investment acquisition is treated as an intangible asset with indefinite useful lives.

  When goodwill has been allocated to a CGU and part of the operation within that CGU is disposed that, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is allocated based on the relative fair values of the disposed operation and the portion of the CGU retained.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in the statement of income on disposal.

14.b. Critical estimates and judgments

The accounting treatment of the investment in intangible assets includes making estimates to determine the useful life for amortization purposes, particularly for assets acquired in business combinations.

The determination of the useful lives requires estimates in relation to the expected technological evolution and the alternative use of the assets. Hypotheses related to the technological aspect and its future development imply a significant degree of analysis, since the timing and nature of future technological changes are difficult to predict.

Information on the recoverability of fixed assets is presented in Note 15.

14.c. Breakdown and changes

A brief description of the key intangible asset items with finite useful lives, is as follows:

- Licenses: These include concession and authorization licenses, acquired from ANATEL for provision of telecommunication services. These also include licenses from business combinations.
- Software: This includes licenses for software used in the Company's operating, commercial and administrative activities.
- Trademarks and customer portfolio: This includes intangible assets acquired through business combination. Other intangibles include non-compete agreements and relationships with suppliers and service providers.

(In thousands of Reais, unless otherwise stated)

	Indefinite useful life	Finite useful life						
	Goodwill[1]	Licenses	Software	Trademarks	Customer portfolio	Other intangible assets	Software under development	Total
Balance on December 31, 2022	**26,361,829**	**16,291,751**	**5,348,538**	**656,551**	**333,790**	**36,430**	**696,361**	**49,725,250**
Additions[2]	—	63,132	182,161	—	—	—	2,677,678	2,922,971
Write-offs, net	—	—	(969)	—	—	—	—	(969)
Net transfers[3]	—	—	2,706,031	—	—	—	(2,571,541)	134,490
Merger – Vita IT	(22,770)	—	—	(451)	(18,122)	12,324	—	(29,019)
Business combination – Vale Saúde Sempre	51,637	—	—	774	607	6,175	—	59,193
Amortization (Note 26.)	—	(1,467,824)	(2,178,762)	(84,972)	(110,475)	(6,908)	—	(3,848,941)
Balance on December 31, 2023	**26,390,696**	**14,887,059**	**6,056,999**	**571,902**	**205,800**	**48,021**	**802,498**	**48,962,975**
Additions[2]	—	23,919	—	—	—	—	2,865,816	2,889,735
Write-offs, net	—	—	(3,592)	—	—	—	(650)	(4,242)
Net transfers[3]	—	—	2,874,907	—	—	—	(2,839,849)	35,058
Business combination – IPNET (Note 1.c.2.)	174,439	—	—	10,099	28,749	27,136	—	240,423
Amortization (Note 26.)	—	(1,315,724)	(2,341,474)	(85,829)	(112,423)	(6,852)	—	(3,862,302)
Balance on December 31, 2024	**26,565,135**	**13,595,254**	**6,586,840**	**496,172**	**122,126**	**68,305**	**827,815**	**48,261,647**
Balance on December 31, 2023								
Cost	26,390,696	29,748,956	27,908,360	1,663,747	4,548,942	288,112	802,498	91,351,311
Accumulated amortization	—	(14,861,897)	(21,851,361)	(1,091,845)	(4,343,142)	(240,091)	—	(42,388,336)
Total	**26,390,696**	**14,887,059**	**6,056,999**	**571,902**	**205,800**	**48,021**	**802,498**	**48,962,975**
Balance on December 31, 2024								
Cost	26,565,135	29,772,875	30,772,551	1,673,846	4,577,691	315,248	827,815	94,505,161
Accumulated amortization	—	(16,177,621)	(24,185,711)	(1,177,674)	(4,455,565)	(246,943)	—	(46,243,514)
Total	**26,565,135**	**13,595,254**	**6,586,840**	**496,172**	**122,126**	**68,305**	**827,815**	**48,261,647**

(1) Refer to the operations of Santo Genovese Participações (2004); Spanish and Figueira (2006); Telefônica Televisão Participações (2008); Vivo Participações (2011); GVT Participações (2015); Garliava and Vita IT (2022), VSS (2023) and IPNET (2024)..

(2) Licenses refer to the acquisition of 5G licenses (in 2021) and extensions of authorizations for the right to use radio frequencies for SMP exploration.

(3) Total balances refer to transfers between classes of property and equipment and intangible assets (Note 13.c.).

14.d. Amortization rates

Below, we present the annual amortization rates for the years ended December 31, 2024 and 2023.

Description	12.31.2024			12.31.2023		
Licenses	3.60%	to	24.00%	3.60%	to	20.34%
Softwares			20.00%			20.00%
Trademarks	5.13%	to	23.50%	5.13%	to	23.50%
Customer portfolio	9.52%	to	20.70%	9.52%	to	20.70%
Other intangible assets	6.67%	to	20.00%	6.67%	to	20.00%

15. IMPAIRMENT OF NON-FINANCIAL ASSETS

15.a. Accounting policy

The Company annually reviews the net carrying amount of assets in order to evaluate events or changes in economic, operating or technological circumstances that may indicate impairment losses. When such evidence is found, and net carrying amount exceeds recoverable amount, a provision for impairment is recorded so as to adjust the net carrying amount to the recoverable amount. The recoverable amount of an asset or a Cash-Generating Unit ("CGU") is defined as the higher of value in use and net sales value.

Considering the convergence of product and service offerings, in addition, the Company's main operating asset is a single, broadly integrated network, which is used to provide all telecommunications services to its customers, the Company defines your business as a single CGU.

Upon estimation of the value in use of an asset or cash-generating unit, estimated future cash flows are discounted at present value using a discount rate Weighted Average Cost of Capital "WACC" which reflects the weighted rate between (i) the cost of capital (including specific risks) based on the Capital Asset Pricing Model; and (ii) the debt these components being applicable to the asset or CGU before taxes.

The net fair value of sales is determined, whenever possible, based on recent market transactions between knowledgeable and interested parties with similar assets. In the absence of observable transactions in this regard, an appropriate valuation methodology is used. The calculations provided in this model are corroborated by available fair value indicators, such as prices quoted for listed entities, among other available indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If the indication exists, the Company estimates the recoverable amount of the asset or the CGU.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine an asset's or CGU recoverable amount since the last impairment loss was recognized. Any reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

The following assets have specific characteristics for impairment testing:

- <u>Goodwill:</u> Goodwill is tested for impairment annually at the reporting date or earlier when circumstances indicate that the carrying amount may be impaired. Where the recoverable amount is lower than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.
- <u>Intangible assets:</u> Intangible assets with indefinite useful lives are tested for impairment annually at the reporting date either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying amount may be impaired.
- <u>Determination of value in use of property and equipment, goodwill and intangibles:</u> The key assumptions used to estimate value in use through the discounted cash flow methodology are: (i) revenues (projected considering the growth in customer base, growth in market revenue against GDP and the Company's share of this market); (ii) variable costs and expenses (projected in accordance with the dynamics of the customer base, and fixed costs are projected in line with the historical performance of the Company, as well as with revenue growth); and (iii) capital investments (estimated considering the technological infrastructure necessary to enable the provision of services).

15.b. Critical estimates and judgments

An impairment loss exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the greater of fair value net of selling expenses and value in use. The calculation of fair value net of selling expenses is based on information available from transactions for the sale of similar assets or market prices less selling expenses. The value in use calculation is based on the discounted cash flow model. Cash flows derive from the budget for the next five years and do not include reorganization activities to which the Company and its subsidiaries have not yet committed or significant future investments that will improve the asset base of the CGU, which is the object of testing. The recoverable amount is sensitive to critical estimates of the discount rate used in the discounted cash flow method, as well as revenue growth.

15.c. Assumptions used in the calculation of value in use:

The value in use is mainly impacted by the following assumptions:

- Revenue growth: based on the observation of the historical behavior of each revenue line, as well as trends based on market analysis. Revenue projections differ greatly between product and service lines with a tendency for greater growth in broadband services, and with stable IPTV and Voice making the highest value customers profitable. Mobile revenues were projected taking into account a new product mix focused on migrations from prepaid to postpaid and control, price convergence and growth in M2M.
- Discount rate: represents the assessment of risks in the current market. The calculation of the discount rate is based on the Company's specific circumstances and being calculated based on the WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Company investors. The cost of debt is based on loans with interest income that the Company is obliged to honor. The specific risk business is incorporated by applying individual notably Beta factors.
- Growth rate in perpetuity: reflects the Company's ability to generate cash flow beyond the period covered by Management's forecasts or budgets. This rate reflects the expectation of long-term growth in the Company's normalized cash flow, considering results and investments with stable growth over the projected period.

15.d. Goodwill impairment testing

Annually, the Company assesses the recovery of the carrying value of goodwill using the concept of value in use.

The process of determining value in use involves the use of assumptions, judgments and estimates about cash flows, such as revenue growth rates, costs and expenses, estimates of future investments and working capital and discount rates. The assumptions regarding growth and cash flow projections are based on Management estimates, market studies and macroeconomic projections. Future cash flows are discounted based on the WACC.

Consistent with the economic analysis techniques, the assessment of value in use is made for a period of five years, and thereafter, considering the perpetuity of the assumptions based on the capacity of business continuity for an indefinite time. Management considered that the period of five years is adequate, based on its past experience in preparing cash flow projections.

The estimated future cash flows were discounted at a discount rate of 11.4% and 12.0%, which before taxes are 13.25% and 14.04% in 2024 and 2023, respectively, also in nominal values.

The nominal growth rate used to extrapolate projections beyond the 5 years period was 4.0% p.a. in 2024 and 2023.

The inflation rate for the period analyzed in the projected cash flows was 3.0% p.a. in 2024 and 2023.

(In thousands of Reais, unless otherwise stated)

Key assumptions were based on the Company's historical performance and reasonable macroeconomic assumptions grounded on financial market projections, documented and approved by the Company's management.

Based on annual impairment testing of the Company's assets, prepared using projections considering the financial statements on December 31, 2024 and 2023, growth projections and operating results for the year ended December 31, 2024 and 2023, no impairment losses or evidence of losses were identified, since the value was in use is higher than the net carrying amount as at the assessment date.

15.e. Sensitivity to changes in key assumptions:

The recoverable amount of the CGU represented a surplus in relation to the carrying amount, on December 31, 2024 and 2023, respectively. To ensure efficient control, the Company uses a sensitivity analysis in the recoverability test, taking into account possible variations in the main assumptions adopted in the test, individually, in order to assess their impact on the value in use.

In the simulations, the variations indicated below are calculated for each of the main premises:

Premises	Variation (p.p)	Impact on value in use (%)
Discount rate	+/- 0,5 p.p.	Between -10% and +10%
Growth rate in perpetuity	+/- 0,5 p.p.	Between -5% and +10%
Revenue margin	+/- 0,5 p.p.	Between -5% and +5%

The sensitivity analysis used for the year ended December 31, 2024 indicates that possible changes in the variables used in the model do not produce adverse effects on the conclusion regarding the recoverable value of the CGU.

In summary, based on the detailed sensitivity analyzes mentioned above, the Company confirmed that there was no recognition of losses in the carrying value for the years ended December 31, 2024 and 2023.

16. PERSONNEL, SOCIAL CHARGES AND BENEFITS

16.a. Accounting policy

Salaries, remunerations and profit sharing are negotiated in collective bargaining agreements, with the corresponding social charges and contributions added by the accrual basis. The profit-sharing program for employees is based on the Company's operating and financial goals, and a provision is recognized when the assumptions for its accounting are satisfied.

Personnel costs and expenses, social charges and benefits are recorded as cost of services provided, commercial expenses or general and administrative expenses (Note 26).

(In thousands of Reais, unless otherwise stated)

16.b. Breakdown

	12.31.2024	12.31.2023
Social charges and benefits	614,595	564,001
Profit sharing	514,902	513,862
Share-based payment plans (Note 30.)	126,019	154,689
Salaries and wages	46,747	31,897
Other	11,650	20,885
Total	**1,313,913**	**1,285,334**
Current	1,238,452	1,204,183
Non-current	75,461	81,151

17. TRADE ACCOUNTS PAYABLE

17.a. Accounting policy

These are obligations to pay for goods, services or goods that were acquired in the normal course of business. They are initially recognized at fair value and subsequently measured at amortized cost using the effective tax rate method, if applicable.

The Company and/or its subsidiaries do not have financing agreements with suppliers.

17.b. Breakdown

	12.31.2024	12.31.2023
Sundry suppliers (Opex, Capex, Services e Material)	8,194,196	7,213,698
Related parties (Note 29.)	546,069	509,836
Amounts payable (operators, cobilling)	246,659	221,777
Interconnection / interlink	243,700	224,634
Total	**9,230,624**	**8,169,945**

(In thousands of Reais, unless otherwise stated)

18. TAXES, CHARGES AND CONTRIBUTIONS PAYABLE

	12.31.2024	12.31.2023
Fistel[(1)]	4,713,786	3,502,492
ICMS	1,328,010	1,360,800
PIS and COFINS	370,312	371,126
Fust and Funttel	102,773	99,710
Other taxes	199,639	167,109
Total	**6,714,520**	**5,501,237**
Current	1,585,936	1,605,505
Non-current	5,128,584	3,895,732

(1) Refers to the remaining balances from 2020 to 2024 which, according to the decisions of the Federal Regional Court of the First Region, the liability is suspended. The amount is classified as a non-current liability, being corrected by SELIC.

19. DIVIDENDS AND INTEREST ON EQUITY ("IOE")

19.a. Accounting policy

19.a.1. Dividends

Minimum mandatory dividends are stated in the balance sheet as legal obligations (provision in current liabilities). Dividends in excess of such minimum amount, not yet approved in the Shareholders' Meeting, are recorded in equity as proposed additional dividends. After approval at the Shareholders' Meeting, the dividends in excess of the mandatory minimum are transferred to current liabilities and classified as legal obligations.

19.a.2. Interest on equity

Brazilian legislation allows companies to pay interest on equity, which is similar to payment of dividends; however, this is deductible for income tax calculation purposes. In order to comply with Brazilian tax legislation, the Company and its subsidiaries provision, in its accounting records, the amount due to match against the financial expenses account in the statement of income for the year. For the presentation of these financial statements, that expense is reversed against a direct charge to equity, resulting in the same accounting treatment adopted for dividends. The distribution of interest on equity to shareholders is subject to withholding income tax at a 15% rate.

19.a.3. Unclaimed dividends and interest on equity

The rights to receive unclaimed interest on equity and dividends prescribe after three years from the initial date available for payment. When dividends and interest on equity expire, these amounts are reversed to retained earnings.

(In thousands of Reais, unless otherwise stated)

19.b. Dividends and interest on equity payable

19.b.1. Breakdown

	12.31.2024	12.31.2023
Telefónica	742,819	713,232
Telefónica Latinoamérica Holding	712,945	684,570
Telefónica Chile	1,096	1,053
Telefónica IoT & Big Data Tech	1,975	2,453
Non-controlling interest	778,255	846,576
Total	**2,237,090**	**2,247,884**

The amount payable to Telefónica IoT & Big Data Tech refers to the interest on intermediary equity, decided by IoT Co.

19.b.2. Changes

	12.31.2024	12.31.2023
Balance at the beginning of the fiscal year	**2,247,884**	**3,187,417**
Supplementary dividends from the previous year	—	826,731
Interim dividends and interest on equity (net of IRRF)	2,641,225	2,200,553
Unclaimed dividends and interest on equity	(126,977)	(139,766)
Payment of dividends and interest on equity	(2,532,399)	(3,832,612)
IRRF on shareholders exempt/immune from interest on equity	7,357	5,561
Balance at the end of the year	**2,237,090**	**2,247,884**

For purposes of the cash flow statement, interest on equity and dividends paid to shareholders are recognized in "Financing Activities".

20. Provision and Contingencies

20.a. Accounting policy

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that economic benefits are required to settle the obligation and a reliable estimate of the value of the obligation can be made. Provision is restated at the balance sheet date considering the likely amount of loss and the nature of each provision.

Provision amounts for contingencies are presented at their gross amount, less the corresponding judicial deposits, and are classified as provision for labor, tax, civil, and regulatory contingencies.

Judicial deposits are classified as assets given that the conditions required for their net presentation with provision do not exist.

The Company also discloses the contingencies in circumstances where management concludes (i) no loss is probable or reasonably estimable, but it is reasonably possible that a loss may be incurred; or (ii) in case of income tax pending litigations, it is probable that the taxation authority will accept the uncertain tax treatment.

20.b. Critical estimates and judgments

The obligation arising from the provisions can be legal or constructive, derived from, among other factors, regulations, contracts, customary practices or public commitments that expose third parties to a valid expectation that the Company or its subsidiaries will assume certain responsibilities. The determination of the provision is based on the best estimate of the disbursement required to settle the corresponding obligation, considering the information available as at the closing date, including the opinion of independent experts, such as legal advisors.

20.c. Information and changes of provisions and contingencies

Information on the composition and movement of provision, the unfavorable outcome of which is considered probable, in addition to contingent liabilities, provision for dismantling, amounts to be refunded to customers and provision for fines for cancellation of lease contracts, is presented below.

Provision for legal demands: The Company and its subsidiaries are party to administrative; labor, tax, civil and regulatory claims; accounting provision are recorded in respect of claims when the likelihood of loss is classified as probable. The assessment of the likelihood of loss includes an analysis of available evidence, the hierarchy of laws, available case law, the latest court decisions law and their relevance in the legal system, as well as the advice of outside legal counsel. Provisions are reviewed and adjusted for changes in circumstances, such as the applicable statute of limitations, tax audit conclusions, or additional exposures identified based on new matters or court decisions.

Contingent consideration (PPA): Refers to contingent liabilities arising from the PPA generated in the acquisition of control of VivoPart. in 2011, GVTPart. in 2015, Garliava and Vita IT in 2022), VSS (2023) and IPNET (2024), related to civil, labor and tax lawsuits at their fair value in the business combination.

Provision for fines for canceling lease agreements: Refers to the provision for fines for canceling lease agreements arising from Garliava (company acquired by the Company in 2022), resulting from the sale or shutdown of sites.

Provision for decommissioning of assets: Refers to costs to be incurred due to returning sites to owners (locations intended for tower and equipment installation on leased property) to the same condition as the date of execution of the initial lease agreement. These costs are provisioned and discounted to present value for the amounts expected to settle the obligation using estimated cash flows and they are recognized as part of the cost of the corresponding asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to decommissioning of assets. The financial effect of the discount is recorded as incurred and recognized in the statement of income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to, or deducted from, the cost of the asset.

Amounts to be refunded to customers): On July 23, 2022, Complementary Law No. 194, was enacted, addressing taxes on various sectors considered by the respective Law as essential and indispensable goods and services, leading to a reduction in the tax rate ICMS on communications services and the respective refund of these amounts to customers.The refunds to customers were recorded in the second half of 2022, as discounts granted and returns of gross operating revenue.

(In thousands of Reais, unless otherwise stated)

	Provision for contingencies								
	Tax(1)	Regulatory(1)	Civil	Labor	Contingent liabilities (PPA)	Provision for fines for canceling lease agreements[2]	Provision for asset decommissioning	Amounts to be refunded to customers	Total
Balance on December 31, 2022	**2,483,427**	**1,869,035**	**1,192,900**	**540,190**	**978,072**	**482,620**	**462,705**	**601,882**	**8,610,831**
Additions (reversal), net (Note 27.)	83,825	(64,452)	302,700	366,856	(27,186)	(260,198)	(79,836)	—	321,709
Other additions (reversal)	—	—	(690)	—	—	—	8,971	—	8,281
Write-offs due to payment	(18,770)	(166,229)	(493,828)	(377,139)	—	(181,429)	—	(505,281)	(1,742,676)
Merger – Vita IT	—	—	—	—	(18,227)	—	—	—	(18,227)
Business combination – Vale Saúde Sempre	1,063	—	—	936	887	—	—	—	2,886
Interest accruals (Note 28.)	203,778	122,512	225,913	162,869	69,355	—	15,406	—	799,833
Balance on December 31, 2023	**2,753,323**	**1,760,866**	**1,226,995**	**693,712**	**1,002,901**	**40,993**	**407,246**	**96,601**	**7,982,637**
Additions (reversal), net (Note 27)	40,063	(377,510)	251,429	420,471	(12,517)	(10,798)	(5,083)	—	306,055
Other additions (reversal)	(489,082)	—	—	—	(410)	14,929	9,642	—	(464,921)
Write-offs due to payment	(70,922)	(16,299)	(340,327)	(423,720)	—	(4,119)	—	(5,938)	(861,325)
Business combination – IPNET (Note 1.c.2.)	55,001	—	—	31,669	8,964	—	—	—	95,634
Net interest accruals (Note 28.)	(265,396)	(215,962)	273,044	213,409	76,201	—	409	—	81,705
Balance on December 31, 2024	**2,022,987**	**1,151,095**	**1,411,141**	**935,541**	**1,075,139**	**41,005**	**412,214**	**90,663**	**7,139,785**
Balance on December 31, 2023									
Current	15,034	32,363	334,152	381,606	—	40,993	222	96,601	900,971
Non-current	2,738,289	1,728,503	892,843	312,106	1,002,901	—	407,024	—	7,081,666
Total	**2,753,323**	**1,760,866**	**1,226,995**	**693,712**	**1,002,901**	**40,993**	**407,246**	**96,601**	**7,982,637**
Balance on December 31, 2024									
Current	160,947	195,063	573,679	701,300	5,075	41,005	3,265	90,663	1,770,997
Non-current	1,862,040	956,032	837,462	234,241	1,070,064	—	408,949	—	5,368,788
Total	**2,022,987**	**1,151,095**	**1,411,141**	**935,541**	**1,075,139**	**41,005**	**412,214**	**90,663**	**7,139,785**

(1) In 2024, relevant events occurred in the movements of provisions, being: (i) Tax: write-off of R$885,471 due to the Company's adherence to tax amnesty programs in the States of SP and PR, with gains from the reversal of operating expenses of provision for contingencies of R$26,546 (Note 27), gains from the reversal of financial expenses of monetary update of provisions for contingencies of R$374,271 (Note 28) and assumption of debt of R$484,654 (Note 21); and (ii) Regulatory: write-off of R$792,378 due to the Commitment Agreement Associated with the Self-Composition Negotiations for Adapting the STFC Concession Contracts to Authorization Instruments (Note 1.b.), with gains from the reversal of operating expenses of provision for contingencies of R$386,392 (Note 27.) and gains from the reversal of financial expenses of monetary restatement of provisions for contingencies of R$405,986 (Note 28.).

(2) In 2023, net inflows (reversals) refer to the net gain from negotiations with TowerCo, resulting from lease agreements arising from the acquisition of Garliava in 2022.

20.c.1. Tax provision and contingencies

Tax Amnesty Programs

State of São Paulo Amnesty Program – Law 17,843/2023

The Government of the State of São Paulo established, through Law 17,843/2023, a debt settlement and installment program to encourage the regularization of debts by offering discounts (“Amnesty and Refinancing Program”).

Based on the Law, the State Attorney General's Office (“PGE”) published notice no. 01/2024 enabling the transaction of ICMS debts, subject to late payment interest charges, higher than the SELIC, as long as in the courts with title executive (registration in Active State Debt).

The current discounts were 100% for late payment interest and 50% of the remaining balance, limited to the principal amount of the debt. Fees were charged to PGE on the total amount.

(In thousands of Reais, unless otherwise stated)

On April 22, 2024, the Company's Management, based on the opinion of its legal advisors, joined the Amnesty and Refinancing Program, for ICMS disputes, for the provisioned amount of R$727,821, which under according to the rules of the Program was reduced to R$371,052, which will be paid in up to 60 installments adjusted by the SELIC interest rate (Note 21).

State of Paraná Amnesty Program – Law 20,946/2021

The Government of the State of Paraná, through Law No. 20,946/2021, offered a debt settlement and installment program to taxpayers to encourage the regularization of debts with discounts (“Amnesty and Refinancing Program”).

Based on the Law, Decree No. 5,471/2024 was issued, allowing payment with a 70% reduction in fines and interest. Fees were levied on the total reduced amount for the PGE.

On September 20, 2024, the Company's Management, based as advised by its legal counsel, joined the Amnesty and Refinancing and Refinancing Program ICMS disputes, based on the provisioned amount of R$157,650, which under the Program, was reduced to R$113,602, which will be paid in up to 60 installments adjusted by the SELIC interest rate (Note 21).

Nature/Degree of Risk	12.31.2024	12.31.2023
Provisions	**2,022,987**	**2,753,323**
Federal	809,765	796,996
State	466,590	1,329,319
Municipal	136,995	48,917
FUST	609,637	578,091
Possible losses	**40,850,071**	**36,963,009**
Federal	4,419,439	3,534,240
State	25,760,365	23,130,420
Municipal	682,468	633,097
FUST, FUNTTEL and FISTEL	9,987,799	9,665,252

20.c.1.1. Tax provisions

Management, under advice of legal counsel, believes that the following losses present a probable risk of loss for the federal, state, municipal and regulatory (FUST) tax proceedings:

Federal taxes

The Company and/or its subsidiaries are party to administrative and legal proceedings at the Federal level relating to: (i) claims for the non-ratification of compensation and refund requests formulated; (ii) IRRF and CIDE on remittances abroad related to technical and administrative assistance and similar services, as well as royalties; (iii) Social Investment Fund (***Finsocial***) offset amounts; (iv) additional charges to the PIS and COFINS tax base, as well as additional charges to COFINS required by Law No. 9,718/1998; and (v) ex-tariff, cancellation of the benefits under CAMEX Resolution No. 6, increase in the import duty from 4% to 28%.

State taxes

The Company and/or its subsidiaries are party to administrative and judicial proceedings at the State level for ICMS, regarding: (i) disallowance credits; (ii) non-taxation of alleged telecommunications services; (iii) tax credit for challenges/ disputes over telecommunication services not provided or wrongly charged (Agreement 39/01); (iv) rate differential; (v) leasing of infrastructure for internet services (data); (vi) outflows of goods with prices lower than those of acquisition; (vii) non-taxation discounts to customers; (viii) unmeasured services; (ix) CIAP credit; (x) monthly subscription, not covered by the modulation of the effects resulting from the judgment of the STF; and (xi) fine for non-compliance with an accessory obligation.

Municipal taxes

The Company and/or its subsidiaries are party to Municipal tax proceedings, at the judicial level, relating to: (i) Property tax ("IPTU"); (ii) Services tax ("ISS") on equipment leasing services, non-core activities and supplementary activities and withholding of ISS on contractors' services.

FUST

The Company and/or its subsidiaries have judicial proceedings related to the non-inclusion of interconnection expenses and industrial exploitation of a dedicated line in the calculation basis of FUST.

20.c.1.2. Possible losses – tax contingencies

Management, under advice of legal counsel, believes that the risk of loss for the following federal, state, municipal and regulatory (FUST, FUNTTEL and FISTEL) is possible:

Federal taxes

The Company and/or its subsidiaries are party to administrative and judicial proceedings, at the Federal level, which are awaiting decision at different court levels.

The more significant proceedings are: (i) contested non approval of requests for compensation submitted by the Company; (ii) INSS (a) SAT, social security amounts owed to third parties (INCRA and SEBRAE); (b) meals for employees, withholding of 11% (assignment of workforce); and (c) Stock Options – requirement of social security contributions on amounts paid to employees under the stock option plan; (iii) deduction of COFINS on swap operation losses; (iv) PIS and COFINS: (a) accrual basis versus cash basis; (b) levies on value-added services; and (c) monthly subscription services; (v) IPI levied on shipment of fixed access units from the Company's establishment; (vi) Financial transaction tax (IOF) – on loan transactions, intercompany loans and credit transactions; (vii) IRRF on capital gain on the sale of the GVT Group to the Company; and (viii) exclusion of ICMS from the PIS and COFINS calculation base.

State taxes

The Company and/or its subsidiaries are party to administrative and judicial proceedings, at the State level, related to ICMS, which are awaiting decision at different court levels: (i) rental of movable property; (ii) reversal of previously unused credits; (iii) service provided outside the State of São Paulo paid to the State of São Paulo; (iv) co-billing; (v) tax substitution with a fictitious tax base (tax guideline); (vi) use of credits on acquisition of electric power; (vii) secondary activities, value added and supplementary services; (viii) tax credits related to claims/challenges regarding telecommunications services not provided or mistakenly charged (Agreement 39/01); (ix) deferred collection of interconnection ("DETRAF" – Traffic and Service Provision Document); (x) credits derived from tax benefits granted by other states; (xi) disallowance of tax incentives related to cultural projects; (xii) transfers of assets among business units owned by the Company; (xiii) communications service tax credits used in provision of services of the same nature; (xiv) card donation for prepaid service activation; (xv) reversal of credit from return and free lease in connection with assignment of networks (used by the Company itself and exemption of public bodies); (xvi) CDR/DETRAF fine; (xvii) own consumption; (xviii) exemption of public bodies; (xix) discounts granted; (xx) monthly subscription with discussion about minutes allowance; and (xxi) fine for non-compliance with an accessory obligation.

Municipal taxes

The Company and/or its subsidiaries are party to administrative and judicial proceedings, at the Municipal level, which are awaiting decision at different court levels.

The more significant proceedings are: (i) ISS on: (a) non-core activity, value-added and supplementary services; (b) withholding at source; (c) call identification and mobile phone licensing services; (d) full-time services, provision, returns and cancelled tax receipts; (e) data processing and antivirus; (f) charge for use of mobile network and lease of infrastructure; (g) advertising services; and (h) services provided by third parties; (ii) IPTU; (iii) land use tax; and (iv) various municipal charges.

FUST, FUNTTEL and FISTEL

Universal Telecommunications Services Fund ("FUST")

Writs of mandamus were filed seeking the right to exclude revenues from interconnection and Industrial Use of Dedicated Line ("EILD") in the FUST tax base, according to Abridgment No. 7 of December 15, 2005, as it does not comply with the provisions contained in the sole paragraph of Article 6 of Law No. 9,998/2000, which are awaiting a decision from Higher Courts.

Various administrative and judicial charges by ANATEL in administrative scope for the constitution of the tax credit related to interconnection, EILD and other revenues that do not originate from the provision of telecommunication services.

On December 31, 2024, the consolidated amount totaled R$5,813,657 (R$5,575,026 on December 31, 2023).

Fund for Technological Development of Telecommunications ("FUNTTEL")

Proceedings have been filed for the right not to include interconnection revenues and any others arising from the use of resources that are party of the networks in the FUNTTEL calculation basis, as determined by Law 10,052/2000 and Decree No. 3,737/2001, thus avoiding improper application of Article 4, paragraph 5, of Resolution 95/2013.

There are several notifications of charges from the Ministry of Communications in administrative actions for constitution of the tax credit related to the interconnection, network resources and other revenues that do not originate from the provision of telecommunication services.

(In thousands of Reais, unless otherwise stated)

On December 31, 2024, the consolidated amount totaled R$2,085,332 (R$1,828,910 on December 31, 2023).

Telecommunications Inspection Fund (“FISTEL”)

There are judicial actions for the collection of TFI on: (i) extensions of the term of validity of the licenses for use of telephone exchanges associated with the operation of the fixed switched telephone service; and (ii) extensions of the period of validity of the right to use radiofrequency associated with the operation of the telephone service personal mobile service.

On December 31, 2024, the consolidated amount totaled R$2,088,810 (R$2,261,316 on December 31, 2023).

20.c.2. Regulatory provision and contingencies

Regulatory Amnesty - Approval by the Attorney General's Office ("AGU")

The Federal Attorney General's Office ("PGF") published Notice of Transaction by Adhesion No. 1/2024/PGF/AGU, supported by Law No. 14,973, of September 16, 2024, and by Normative Ordinance PGF No. 150, disclosing the possibility of extraordinary transaction of active debts with federal public agencies and foundations, which includes Regulatory Agencies.

On December 30, 2024, the Company's Management, based on the opinion of its legal advisors, submitted a request to adhere to the extraordinary transaction, the discount for which was approximately 55%. The total amount was subject to fees for the PGF.

The Company's application for membership was granted on February 12, 2025, and the transaction will be completed upon payment of the corresponding Federal Collection Guides.

Nature/Degree of Risk	12.31.2024	12.31.2023
Provisions	1,151,095	1,760,866
Possible losses	3,066,637	6,765,178

The variation in amounts between the comparative periods is mainly due to the write-offs of provisions resulting from the Commitment Term Related to the Self-Composition Negotiations for Adapting the STFC Concession Contracts to Authorization Instruments (Note 1.b.).

20.c.2.1. Regulatory provisions

Management, under advice of legal counsel, believes the likelihood of loss of the following regulatory proceedings is probable, described below:

The Company is a party to administrative proceedings initiated mainly by ANATEL, which were initiated on the grounds of alleged non-compliance with obligations established in sectoral regulations, as well as in legal proceedings that discuss, in the vast majority, sanctions applied by ANATEL at the administrative level. The main themes of these processes are:

- Burden: Specifically in relation to the payment of burden applied to the Personal Mobile Service - SMP (SMP burden), there is a dispute that discusses which revenues should be considered in the payment of amounts due for the renewal of radio frequencies. On this subject, the Company, together with its legal advisors, assesses that there is a prognosis of probable loss in the SMP burden regarding data revenue, due to the existence of unfavorable decisions both at ANATEL in 2021 and in court, with an unlikely prospect of review, as well as the fact that the Company decided to prospectively collect such amounts in favor of ANATEL, starting in 2022.

- General User Rights ("DGU"): The Company and/or its subsidiaries maintain administrative and judicial discussions regarding the rights of users of telecommunications services, with regard to matters related to the General Regulation of Consumer Rights of Telecommunications Services ("RGC"), approved by Resolution No. 632/2014, especially regarding the provision of services, collection of amounts, disputes, reimbursement, among others.
- Quality: The Company and/or its subsidiaries maintain administrative and judicial discussions regarding telecommunications services arising from STFC, SMP, SeAC and SCM concessions, regarding compliance with the indicators that measure the quality of these services nationwide, based on the Telecommunications Services Quality Regulation ("RQUAL"), approved by Resolution No. 717/2019.
- Relationship between Providers: The Company and/or its subsidiaries maintain administrative and legal discussions affecting the regulatory relationship with other telecommunications service providers regarding interconnection, EILD, and the supply of other wholesale products.

The amounts consolidated in the topics highlighted above totaled R$953,080 and R$1,457,859 on December 31, 2024 and 2023, respectively.

Other cases:

- The Company and/or its subsidiaries are involved in administrative and legal discussions regarding other matters, such as service interruptions, various regulatory obligations, technical irregularities, payment of public prices for the acquisition of radio frequencies, compensation for the vacancy of frequency bands previously granted to the MMDS, Public Civil Actions, among others.
- On October 1, 2024, the Company became aware of the establishment of a Monitoring and Control Procedure ("PAC") for Reimbursement to monitor compliance with the obligation to repair consumers identified in a Procedure for Determining Non-Compliance with Obligations ("PADO") that is in progress. As the original PADO has not yet had its final decision, a request was made to suspend the PAC, which was accepted by ANATEL through a Decision.

The amounts consolidated in the topics highlighted above totaled R$198,015 and R$303,007 on December 31, 2024 and 2023, respectively.

20.c.2.2. Possible losses – regulatory contingencies

Management, under advice of legal counsel, believes the likelihood of loss of the following regulatory proceedings is possible, these being some of the relevant cases in this portfolio:

- Dispute regarding revenues that should be included in the calculation of the amount of the burden due due to the extension of radio frequencies associated with SMP (except for SMP data revenues, as reported in item c.1 of this note). In ANATEL's view, the calculation of the burden should consider the application of the percentage of 2% on all economic profits resulting from the provision of the SMP service. In the Company's view, however, revenues that are not part of the SMP service plans, such as interconnection, revenues earned in the 15th year of the licenses' validity and others, should not be considered in the calculation of the burden. As a result of this divergence of understanding, the Company filed administrative claims and lawsuits to challenge ANATEL's burden charges. In July 2024, ANATEL's Board of Directors ruled on the PAC regarding the calculation of the burden for the 2016 biennium, related to the extension of the radio frequency associated with the SMP, the result of which was favorable to the Company, as it decided to include the terms with lesser scope in the calculation methodology, resulting in a reduction in amounts. Other proceedings may be impacted by this decision, with pending recalculation by ANATEL. It is estimated that with a possible loss prognosis of the SMP burden, the amounts will be approximately R$1,024,955 and R$907,905 on December 31, 2024 and 2023, respectively.

  Regarding the processes that discussed the collection of contractual charges due for the extension of the STFC concession contracts, it is important to highlight that such processes were part of the Commitment Term Associated with the Self-Composition Negotiations for Adapting the STFC Concession Contracts to Authorization Instruments, the current risk of which is remote.

- The PADO for alleged violations of the fixed telephony regulation with a fine applied by ANATEL totaling R$199,075 as the principal amount and an updated amount (plus interest and monetary correction) of R$586,512 on December 31, 2023, was part of the Commitment Term Associated with the Self-Composition Negotiations for Adapting the STFC Concession Contracts to Authorization Instruments, whose current risk is remote.

- Legal proceeding filed by the Company to nullify a decision by CADE, which found that the operators (Claro, Oi Móvel and the Company) engaged in anticompetitive conduct by forming the Rede Correios Consortium to compete in electronic auction No. 144/2015, held by the Brazilian Post and Telegraph Company; and that there was alleged price discrimination by the Company in relation to services offered to the company BT Brasil Serviços de Telecomunicações Ltda (“BT”), imposing a fine of R$28,394, the amount updated on December 31, 2024 was R$38,109. The purpose of this action is to seek the nullification of the aforementioned sanction, based especially on (i) the absence of illegality in the formation of a consortium to participate in a public bidding process; (ii) the lack of typicality and the impossibility of sanctioning by analogy; and (iii) the absence of clear criteria for calculating the sanction and the lack of reasonableness. The case is in the first instance awaiting a ruling.

- The process instituted by ANATEL to investigate possible measures regarding the possible transfer of gains resulting from a decision by the STF, which excluded ICMS from the PIS/COFINS calculation basis between 2002 and 2017 in the concession plans, the amount of which on December 31, 2023 was R$1,408,746, was part of the Commitment Term Related to the Self-Composition Negotiations for Adapting STFC Concession Contracts to Authorization Instruments, the current risk of which is remote.

(In thousands of Reais, unless otherwise stated)

- The PADO that deals with coverage targets for which the fine applied was R$127,741, the amount of which was updated on December 31, 2024, and was R$167,658, could be converted into an obligation to do so, which consists of an alternative means of complying with the fine, for investment in the installation of a 4G radio base station in 188 locations without this technology, the installation of which must occur in 2 and a half years, with maintenance costs equivalent to the period of 1 year. The installation cannot result from range sharing, swap, network rental, industrial exploration contracts, or other contractual means. After adherence and confirmation of consent by ANATEL, compliance within the determined period will be subject to monitoring.
- On October 1, 2024, the Company became aware of the establishment of a Monitoring and Control Procedure ("PAC") for Reimbursement to monitor compliance with the obligation to provide compensation in the amount of R$35,968 to consumers identified in a Procedure for Determining Non-Compliance with Obligations ("PADO") that is in progress. As the original PADO has not yet had its final decision, a request was made to suspend the PAC, which was accepted by ANATEL through a Decision.

The amounts consolidated in the topics highlighted above totaled R$1,266,690 and R$3,059,298 on December 31, 2024 and 2023, respectively.

In addition to the specific cases above, the Company maintains administrative proceedings instituted mainly by ANATEL (other agents, including other operators, also have claims against the Company) based on alleged non-compliance with obligations established in the sectoral regulations, as well as ordinary legal proceedings and writs of mandamus that discuss, mainly, sanctions applied by ANATEL in the administrative sphere, mainly in relation to the same topics described in note 20.c.2.1, namely: General User Rights ("DGU"); Quality and Relationship between Providers. The consolidated amounts involved totaled R$1,398,084 and R$2,773,803 on December 31, 2024 and 2023, respectively.

Other cases:

- The Company and/or its subsidiaries are involved in administrative and legal discussions regarding other matters, such as coverage targets, service interruptions, various regulatory obligations, technical irregularities, payment of public prices for the acquisition of radio frequencies, compensation for the vacancy of frequency bands previously granted to the MMDS, Public Civil Actions, among others.
- The Company is a party to legal proceedings that discuss the nullity of contractual clauses and obligations to do and not to do linked to the suspension of services, non-increase of tariffs, repairs and maintenance of poles, and which do not involve a specific financial value, considering that, at the current procedural stage in which they are found, they are inestimable. These proceedings are still awaiting judgment in the respective courts.

The amounts consolidated in the matters highlighted above totaled R$401,863 and R$932,077 on December 31, 2024 and 2023, respectively.

20.c.3. Civil provision and contingencies

Nature/Degree of Risk	12.31.2024	12.31.2023
Provisions	1,411,141	1,226,995
Possible losses	2,000,926	2,126,718

20.c.3.1. Civil provisions

Management, under advice of legal counsel, believes that the following civil proceedings will result in probable losses:

- The Company is a party to proceedings involving rights to the supplementary amounts from shares calculated on community telephony plants and network expansion plans since 1996 (supplement of share proceedings). These proceedings are at different stages: lower courts, court of justice and high court of justice. On December 31, 2024 and 2023, the provision was R$152,109 and R$157,960, respectively.
- The Company and/or its subsidiaries are party to various civil proceedings of an to individual consumer level, relating to the non-provision of services and/or products sold. On December 31, 2024 and 2023, the provision was R$293,571 and R$304,454, respectively.
- The Company and/or its subsidiaries are party to various civil proceedings of a collective consumerist and non-consumer nature at administrative and judicial levels, all arising in the ordinary course of business. On December 31, 2024 and 2023, the provision was R$965,461 and R$764,581, respectively.

20.c.3.2. Possible losses – civil contingencies

Management, under advice of legal counsel, believes that the risk of losses is possible for the following civil proceedings:

- The Company and its subsidiaries are party to other civil claims, at several levels, related to service rendering rights. Such claims have been filed by individual consumers, civil associations representing consumer rights of consumers or by the Consumer Protection ("PROCON"), as well as by the Federal and State Public Prosecutor's Office. The Company is also party to other claims of several types related to the ordinary course of business.
- Intellectual Property: Lune Projetos Especiais Telecomunicação Comércio e Ind. Ltda. ("Lune"), a Brazilian company, filed lawsuits on November 20, 2001, against 23 wireless carriers claiming to own the patent for "Bina", a caller ID. The purpose of the lawsuit was to interrupt provision of such service by carriers and to seek indemnification equivalent to the amount paid by consumers for using the service.

  An unfavorable decision was handed down determining that the Company should refrain from selling mobile phones with the Bina ID service, subject to a daily fine of R$10,000.00 (Ten thousand Reais) in the event of non-compliance. Furthermore, according to that decision, the Company must pay indemnification for royalties, to be calculated on settlement. Motions for Clarification were proposed by all parties and Lune's motions for clarification were accepted since an injunctive relief in this stage of the proceedings was deemed applicable. A bill of review appeal was filed in view of the current decision which granted a stay of execution suspending the unfavorable decision until final judgment. A bill of review was filed in view of the sentence handed down on June 30, 2016, by the 4th Chamber of the Court of Justice of the Federal District, in order to annul the lower court sentence and remit the proceedings back to the lower court for a new examination. The expertise was carried out and then the claims were dismissed. The parties filed an appeal. On February 1, 2023, the Court of Justice of the Federal District and Territories ("TJDFT") judged the appeals filed and, unanimously, dismissed them, upholding the sentence of inadmissibility. Subsequently, a Special Appeal was filed by Lune, which was not heard by the Superior Court of Justice. An internal appeal was filed by Lune, which has not yet been judged. Management is unable to reasonably estimate a liability with respect to this claim currently.

(In thousands of Reais, unless otherwise stated)

- The Company, together with other operators that provide telecommunications services, is a defendant in discussions that contest the practice that operators adopt of imposing a limited period for the use of prepaid minutes. That is, the plaintiff alleges that the minutes of the prepaid package must not expire after the end of a specific period, and that they can be used at any time by the consumer. The request of the Federal Public Ministry was not accepted, and the processes are awaiting judgment of appeal by the Federal Regional Court ("TRF") of the 1st Region. With the creation of the TRF of the 6th Region, the public civil action that was originally processed in Uberlândia/MG, was sent to the new TRF, which denied the necessary referral, maintaining the inadmissibility of the requests made by the MPF, with the decision of the TRF of the 6th region having already become final.

20.c.4. Labor provisions and contingencies

Nature/Degree of Risk	12.31.2024	12.31.2023
Provision	935,541	693,712
Possible losses	1,346,257	1,587,544

The labor provision and contingencies involve several labor claims of former employees and former outsourced employees (those claiming subsidiary obligor or joint liability), which claim, among others: differences in overtime pay, variable remuneration, salary parity, additional unhealthy or dangerous practices.

21. LOANS AND FINANCING, DEBENTURES, LEASES AND OTHER CREDITORS

21.a. Accounting policy

These are financial liabilities measured initially and recognized by fair value, net of costs incurred to obtain them and subsequently measured by amortized cost (plus pro-rata charges and interest), considering the effective interest rate of each operation, or by fair value through profit or loss.

Borrowing costs directly related to the acquisition, construction or production of an asset that necessarily requires more than 18 months to be completed for use or sale purposes are capitalized as part of the cost of the corresponding asset. The Company did not capitalize borrowing and financing costs and debentures due to the absence of qualifying assets.

Leases

On the lease start date, the Company and its subsidiaries recognize lease liabilities measured at the present value of lease payments to be made during the lease term. Lease payments substantially include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its subsidiaries and payments of fines for termination of the lease, for termination of the lease agreement.

When calculating the present value of lease payments, the Company and its subsidiaries use its incremental borrowing rate on the start date because the interest rate implicit in the lease is not easily determinable. After the commencement date, the amount of the lease liability is increased to reflect accrued interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (for example, changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the valuation of an option to call the underlying asset.

(In thousands of Reais, unless otherwise stated)

The present value of lease agreements is measured by discounting future fixed payment flows, which do not include projected inflation, at market interest rates, estimated using the Company's intrinsic risk spread.

The discount yield curves used are constructed based on observable data. Market interest rates were extracted from B3, and the Company's risk spread is estimated from debt securities issued by companies with comparable risk. The final discount curve reflects the Company's incremental loan interest rate.

21.b. Critical estimates and judgments – Leases

Determining the lease term of contracts that have renewal or termination option clauses. The Company and its subsidiaries determine the lease term as the non-cancellable contractual term, together with the periods included in a possible renewal option to the extent that such renewal is assessed as reasonably certain and with periods covered by an option to terminate the contract at to the extent that it is also assessed as reasonably certain. The Company and its subsidiaries have several lease agreements that include renewal and termination options.

The Company and its subsidiaries apply judgment when assessing whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. In this assessment, it considers all relevant factors that create an economic incentive to exercise renewal or termination. After the initial measurement, the Company and its subsidiaries reassess the lease term if there is a significant event or change in circumstances that is within their control and will affect their ability to exercise or not exercise the option to renew or terminate (for example, carrying out significant improvements or customizations to the leased asset).

The Company and its subsidiaries are not able to readily determine the interest rate implicit in the lease. Accordingly, this assessment requires Management to consider estimates when observable rates are not available or when they need to be adjusted to reflect the terms and conditions of a lease. The Company and its subsidiaries estimate the incremental rate using observable data (such as market interest rates), when available, and considers in this estimate aspects that are specific to the Company and its subsidiaries.

21.c. Breakdown

	12.31.2024			12.31.2023		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Leases (c.1)	**4,520,626**	**10,725,980**	**15,246,606**	**3,877,090**	**9,718,949**	**13,596,039**
Debentures – 7th issue (c.2)	**1,695,214**	**2,000,000**	**3,695,214**	**221,589**	**3,500,000**	**3,721,589**
Loans and financing (c.3)	**232,118**	**1,572,592**	**1,804,710**	**376,981**	**1,042,618**	**1,419,599**
5G Licences (c.3.1)	62,811	942,159	1,004,970	351,291	949,395	1,300,686
Liabilities for the acquisition of a company (c.3.2)	26,182	207,167	233,349	25,690	63,198	88,888
Tax Refinancing and Amnesty Program (c.3.3)	130,563	313,799	444,362	—	—	—
Financial institutions (c.3.4)	2,386	2,500	4,886	—	—	—
Other creditors (c.3.5)	10,176	106,967	117,143	—	30,025	30,025
Total	**6,447,958**	**14,298,572**	**20,746,530**	**4,475,660**	**14,261,567**	**18,737,227**

All liabilities shown in the table above were contracted in national currency (R$), except for the loan agreement entered into on September 26, 2024, between the Company's subsidiary - CloudCo Brasil and Telefónica Cybersecurity & Cloud Tech (a Telefónica Group company), which was contracted in foreign currency (euros).

(In thousands of Reais, unless otherwise stated)

21.c.1. Leases

The Company and its subsidiaries have contracts classified as leases, referring to: (i) rental of structures (towers and rooftops), resulting from sale and leaseback operations; (ii) rental of sites built in the Built to Suit ("BTS") for the installation of antennas and other equipment and for transmission; (iii) rental of computer equipment; and (iv) rental of infrastructure and transmission means; offices, shops and commercial properties.

The weighted annual interest rate on lease contracts on December 31, 2024, is 12.17%, with an average maturity of 5.12 years (12.79% and 5.38 years on December 31, 2023, respectively).

The balances of the lease payables are as follows:

	12.31.2024	12.31.2023
Nominal value payable	20,401,868	18,075,084
Unrealized financial expenses	(5,155,262)	(4,479,045)
Present value payable	**15,246,606**	**13,596,039**
Current	4,520,626	3,877,090
Non-current	10,725,980	9,718,949

21.c.2. Debentures

On July 14, 2022, the Company completed the payment of the 7th issue of simple debentures, not convertible into shares, unsecured, in two series. A total of 3,500,000 debentures were issued with a nominal unit value of R$1,000.00 (one thousand Reais), with a total nominal value of R$3,500,000, the settlement of the respective public offering was concluded with restricted efforts, being: (i) 1st series, with a nominal value of R$1,500,000, pays CDI + 1.12% p.a. Interest will be paid in semi-annual installments from January 12, 2023 and the principal will be paid upon maturity on July 12, 2025; and (ii) 2nd series, with a nominal value of R$2,000,000, pays CDI + 1.35% p.a. Interest will be paid in semi-annual installments from January 12, 2023 and the principal will be paid on July 12, 2027.

The debentures have a sustainability component (Debentures linked to Environmental, Social and Corporate Governance ("ESG") performance), which allows them to be classified as "Sustainability-linked", under the terms required by the International Capital Market Association in the Sustainability-Linked Bond Principles, June 2020 version.

The debentures are subject to early maturity events, standard for this type of offer, as set out in clause 6.30 of "Early Maturity" of the Deed of Issuance ("Deed"), automatically or not, such as: (i) non-compliance , by the Company, of any pecuniary or non-pecuniary obligation relating to the debentures and/or provided for in the Deed, not resolved within the deadlines provided for in the Deed; (ii) liquidation, dissolution or extinction of the Company in the manner provided for in the Deed; (iii) spin-off, merger, incorporation, incorporation of shares or any form of corporate reorganization involving the Company, as provided for in the Deed; (iv) early maturity of any debts and/or financial obligations of the Company within the scope of the financial market and capital market operations, local or international, under the terms set out in the Deed; (v) make the distribution and/or payment of dividends, interest on equity or make any other payments to its shareholders, if the Company is in default with any of its pecuniary obligations relating to the debentures; (vi) transfer, by the Company, by any means, assignment or promise of assignment to third parties, of the rights and obligations acquired or assumed in the documents relating to the debentures; (vii) reduction of the Company's share capital, as provided for in article 174, paragraph 3, of the Brazilian Corporation Law, except if for (a) absorption of losses or (b) distribution of resources to the Company's shareholders, up to the limit of 15% of the Company's share capital, individually or in aggregate, on the date of execution of the Deed of Issue; and (viii) disposal of, or creation of liens or encumbrances on, relevant operating assets of the Company, provided that they represent, individually or in aggregate, 15% or more of the Company's total assets, based on the Periodic Financial Statements immediately prior to the date of the event.

Failure to comply with any of the above covenants could result in default under the debenture indenture, which would have a material adverse effect on the Company's financial condition. These clauses are strictly monitored by the Company, aiming to ensure compliance with contractual obligations and guarantee the continuity of the debenture and maintenance of the Company's financial situation.

On December 31, 2024 and 2023, all applicable covenants had been complied with by the Company.

21.c.3. Loans and financing

21.c.3.1. 5G licenses

On December 3, 2021, Term authorizations were signed with ANATEL from its auctions for the implementation of 5G technology, the Company having presented successful bids. These authorizations are valid for 20 years associated with authorizations for the provision of SMP, renewable successively, for consideration, under the terms of Law No. 9,472/1997.

These amounts are being updated by the reference rate of the Special Settlement and Custody System ("SELIC") (10.88% and 13.03% in 2024 and 2023, respectively).

These Terms are guaranteed by insurance contracts.

21.c.3.2. Liabilities for the acquisition of a company

Refer to liabilities arising from the acquisitions of Vita IT, Vale Saúde Sempre and IPNET, described below, whose balances were R$233,349 and R$88,888 on December 31, 2024 and 2023, respectively.

Acquisition of Vita IT by TIS

The total consideration transferred for the acquisition in 2022 of Vita IT by TIS, an indirect subsidiary of the Company, was R$110,220, adjusted by the IPCA from the transaction date until the actual payment. Of this amount, R$42,000 was paid in cash upon completion of the transaction and the remainder will be paid in accordance with contractual clauses. The balances on December 31, 2024 and 2023 were R$63,579 and R$63,605, respectively.

Acquisition of Vale Saúde Sempre by POP

The total consideration transferred for the acquisition of Vale Saúde Sempre by POP, including the price adjustments agreed between the parties, was R$62,033, adjusted by the variation in the DI rate that occurred between the transaction date and the respective payment. Of this amount, R$37,029 was paid in cash upon completion of the transaction and the remainder will be paid, in accordance with contractual clauses. The balances on December 31, 2024 and 2023 were R$3,578 and R$25,283, respectively.

Acquisition of IPNET by CloudCo

The total consideration transferred for the acquisition of IPNET by CloudCo Brasil in 2024, including the price adjustments agreed between the parties, was R$223,799, updated by the variation in the IPCA/SELIC rate that occurred between the date of the transaction and the respective payment. Of this amount, R$60,007 was paid in cash upon completion of the transaction and the remainder will be paid in accordance with contractual clauses. The balance on December 31, 2024 was R$166,192.

21.c.3.3. Tax amnesty program

As described in Note 20.c), in 2024 Management, under the advice of its legal counsel, joined the Amnesty and Refinancing Programs for ICMS in the States of São Paulo and Paraná. As a result, the remaining balance of R$484,654 was classified as financing, which will be partially settled by offsetting a judicial deposit (for the State of São Paulo) and the remainder will be paid in up to 60 installments adjusted by the SELIC interest rate.

21.c.3.4. Financial institutions

IPNET, a company acquired by CloudCo Brasil in 2024, has a bank loan with Caixa Econômica Federal, with a remuneration of CDI + 2.92% per year. Interest and principal are paid in monthly installments, with the final installment due on July 17, 2026.

21.c.3.5. Other creditors

They include information on transactions for the subscription of senior shares in the Vivo Money FIDCs and the loan agreement of the subsidiary CloudCo Brasil, described below, whose balances on December 31, 2024 and 2023 were R$117,143 and R$30,025, respectively.

Subscriptions for senior shares in Vivo Money

In 2023 and 2024, Polígono made contributions to Vivo Money and Vivo Money II, through the subscription of senior shares, being: (i) in 2023: contributions of R$30,000 to Vivo Money; and R$25 on Vivo Money II; (ii) in 2024: contributions of R$37,289 to Vivo Money and R$804 to Vivo Money II.

These contributions mature on July 31, 2028, remuneration of 100% of the CDI, year 252 days, spread of 3.75% p.a. and amortization of the principal from August 31, 2025.

The balances on December 31, 2024 and 2023 were R$68,118 and R$30,025, respectively.

Loan agreement between CloudCo Brasil and Telefónica Cybersecurity & Cloud Tech (“TCCT”)

On September 26, 2024, the Company's subsidiary - CloudCo Brasil and TCCT (a Telefónica Group member company), entered into a loan agreement in the amount of €7,394 thousand (equivalent to R$44,991, principal amount), providing CloudCo Brasil with the financial capacity to meet its obligations for the acquisition of IPNET.

(In thousands of Reais, unless otherwise stated)

The principal amount will be adjusted daily, until the date of effective settlement, by the Euribor 6M rate + 240 bps per year, from the date the principal is made available until the date of its effective payment (“interest”). Interest will be paid semi-annually starting on March 27, 2025 and the principal will be paid on September 27, 2027.

To mitigate risk exposure, a swap was contracted exchanging the exchange rate risk and fixed interest for CDI + 1.795% p.a.

The balance on December 31, 2024 was R$49,025.

			Loans and financing					
Year	**Leases**	**Debentures**	**5G Licences**	**Liabilities for the acquisition of a company**	**Refinancing and Amnesty Program**	**Financial institutions**	**Other creditors**	**Total**
2026	3,481,994	—	62,811	37,321	91,817	2,500	22,707	3,699,150
2027	2,520,201	2,000,000	62,811	45,550	91,817	—	71,016	4,791,395
2028	1,896,077	—	62,811	29,829	91,817	—	13,244	2,093,778
2029	1,335,348	—	62,811	94,467	38,348	—	—	1,530,974
2030 onwards	1,492,360	—	690,915	—	—	—	—	2,183,275
Total	**10,725,980**	**2,000,000**	**942,159**	**207,167**	**313,799**	**2,500**	**106,967**	**14,298,572**

(In thousands of Reais, unless otherwise stated)

21.e. Changes

			Loans and financing					
	Leases	Debentures	5G Licences	Financial institutions	Liabilities for the acquisition of a company	Refinancing and Amnesty Program	Other creditors	Total
Balance on December 31, 2022	**12,032,603**	**3,736,833**	**1,843,971**	**1,073,090**	**615,299**	**—**	**—**	**19,301,796**
Additions[1]	4,738,994	—	—	—	—	—	30,025	4,769,019
Exchange variation (Note 28.)	—	—	—	(52,254)	—	—	—	(52,254)
Financial charges (Note 28.)	1,392,570	486,521	105,563	68,517	38,070	—	943	2,092,184
Business combination – Vale Saúde Sempre	—	—	—	—	25,815	—	—	25,815
Dispute settlement agreement - Acquisition of Oi mobile UPI – Reversion to results for the period (Notes 27. and 28.)	—	—	—	—	(277,507)	—	—	(277,507)
Dispute settlement agreement - Acquisition of Oi mobile UPI – Compensation with judicial deposits	—	—	—	—	(277,507)	—	—	(277,507)
Write-offs (cancellation of contracts)	(331,827)	—	—	—	(6,271)	—	—	(338,098)
Write-offs (payments), principal	(2,754,909)	—	(616,936)	(1,056,060)	(24,038)	—	—	(4,451,943)
Write-offs (payments), financial charges	(1,481,392)	(501,765)	(31,912)	(33,293)	(4,973)	—	(943)	(2,054,278)
Balance on December 31, 2023	**13,596,039**	**3,721,589**	**1,300,686**	**—**	**88,888**	**—**	**30,025**	**18,737,227**
Additions[1]	4,774,379	—	—	—	—	484,654	83,084	5,342,117
Exchange variation (Note 28.)	—	—	—	—	—	—	2,598	2,598
Financial charges (Note 28.)	1,630,993	417,048	54,587	73	7,458	21,443	9,759	2,141,361
Business combination – IPNET (Note 1.c.2.)	—	—	—	5,563	163,792	—	—	169,355
Write-offs (cancellation of contracts)	(69,121)	—	—	—	—	—	—	(69,121)
Write-offs (payments), principal	(3,081,545)	—	(331,687)	(750)	(22,927)	(58,130)	—	(3,495,039)
Write-offs (payments), financial charges	(1,600,192)	(443,423)	(18,616)	—	(3,862)	(3,605)	(8,323)	(2,078,021)
Other changes	(3,947)	—	—	—	—	—	—	(3,947)
Balance on December 31, 2024	**15,246,606**	**3,695,214**	**1,004,970**	**4,886**	**233,349**	**444,362**	**117,143**	**20,746,530**

(1) The amounts of income from leases and Tax Amnesty Programs have no effect on resources (cash).

22. DEFERRED INCOME

	12.31.2024	12.31.2023
Contractual Liabilities (customers contracts)[1]	1,016,935	963,407
Sale of goods and fixed assets[2]	61,919	68,699
Government grants	6,714	17,124
Other(3)	60,478	37,373
Total	**1,146,046**	**1,086,603**
Current	1,019,134	960,078
Non-current	126,912	126,525

(1) Refers to the balance of contractual liabilities of customers, deferred to match performance obligations over time.

(2) Includes the net balances of the residual values from sale of non-strategic towers and rooftops, transferred to income as the conditions for recognition are met..

(3) The consolidated amounts include the resale of software licenses from the indirect subsidiary TIS.

(In thousands of Reais, unless otherwise stated)

Below, we present the changes in contractual liabilities (contracts with customers), mainly represented by the sale of prepaid credits.

	12.31.2024	12.31.2023
Balance at the beginning of the fiscal year	**963,407**	**865,407**
Additions	9,482,545	8,051,367
Write-offs, net	(9,429,017)	(7,953,367)
Balance at the end of the year	**1,016,935**	**963,407**

Below, we present the expected terms for the realization of contractual, non-current liabilities.

Year	
2025	953,756
2026	42,365
2027	4,192
2028	3,688
2029	3,481
2030 onwards	9,453
Total	**1,016,935**

23. OTHER LIABILITIES

	12.31.2024	12.31.2023
Reduction of the Company's capital	38,721	—
Surplus from post-employment benefit plans (Note 31.)	728,559	1,077,083
Liabilities with ANATEL(1)	1,039,492	929,520
Third-party withholdings(2)	218,244	205,315
Liabilities with related parties (Note 29.)	133,928	5,671
Obligations to customers – refund	126,867	124,533
Other liabilities	74,660	43,558
Total	**2,360,471**	**2,385,680**
Current	716,984	509,495
Non-current	1,643,487	1,876,185

(1) Includes the cost of renewing STFC and SMP licenses and SMP licenses and the extension of the authorization to use radio frequencies for the exploitation of SMP (Note 14.e.).

(2) This refers to payroll withholdings and taxes withheld from pay-outs of interest on equity and on provision of services.

24. EQUITY

24.a. Capital

Pursuant to its Articles of Incorporation, the Company is authorized to increase its share capital up to 1,850,000,000 common shares without requiring it first to adjust its bylaws. The Board of Directors is authorized to deliberate any increase and consequent issue of new shares within this limit.

Brazilian Corporation Law No. 6,404, of December 15, 1976 ("Corporation Law"), Article 166, item IV, establishes that capital may be increased by an Extraordinary Shareholders' Meeting Resolution by modifying the Articles of Incorporation, if the authorized capital increase limit has been reached.

The shareholders will have preemptive rights to subscribe for a capital increase, in proportion to their number of shares. By resolution of the Board of Directors, the preemptive right in the issuance of shares, convertible debentures and subscription bonus, whose placement may be made through sale on the Stock Exchange or public subscription, exchange for shares in a public offer for acquisition may be excluded control, under the terms of articles 257 and 253 of the Corporation Law, as well as enjoy tax incentives, under the terms of special legislation, as provided for in article 172 of the Corporation Law.

Company's Capital Reduction

The Company, in accordance with and for the purposes of the provisions of article 157, paragraph 4, of Corporation Law, as amended, and the provisions of CVM Resolution No. 44, of August 23, 2021, reported on February 15, 2023 that its Board of Directors approved the submission, by the Company, of a request for prior consent to ANATEL to be able to reduce its share capital.

At a meeting of ANATEL's Board of Directors, held on September 15, 2023, the request for prior consent for the Company to make one or more reductions of share capital (R$63,571,416) was unanimously approved, subject to Management's assessment of opportunity and convenience, in a maximum total amount of up to R$5 billion (five billion reais).

Subject to compliance with the conditions imposed by ANATEL, the decision of the Company's Management on opportunity and convenience, as well as obtaining the necessary corporate approvals, the granting of said consent gives the Company flexibility to carry out or not the reductions, which, when carried out, will occur through the return of resources to its shareholders in proportion to their equity interest on the respective base dates.

1st Capital Reduction

On November 8, 2023, the Company, in accordance with and for the purposes of the provisions of article 157, paragraph 4, of Corporation Law, and the provisions of CVM Resolution No. 44/2021, informed its shareholders and the market in general that its Board of Directors approved: (i) a proposal, to be assessed and deliberated by the Company's shareholders at an EGM, of an operation to reduce the company's share capital Company in the amount of R$1.5 billion, without the cancellation of shares issued by the Company and through the refund of resources to shareholders, in national currency, to be paid in a single installment until July 31, 2024, in date to be determined by the Company's Board of Directors, and: (ii) the EGM to deliberate on the aforementioned capital reduction proposal and the consequent amendment to the Company's Bylaws.

On January 24, 2024, the Company's EGM approved the return ("Reduction") of R$1,500,000 of share capital, falling from R$63,571,416 to R$62,071,416, without canceling shares. The number of shares are unaltered and the percentage of shareholder participation in the Company's share capital is unchanged ("Reduction").

After all applicable legal requirements were met, the Reduction became fully effective and on July 10, 2024, the Company made the payment for the reduction of its share capital (Note 23.a) in the amount of R$1,442,860 (net of IRRF of R$18,419), in Brazilian Reais, equivalent to R$0.90766944153 for each common share issued by the Company, to the shareholders held of record at the close of business on April 10, 2024.

In cases where it was not possible to make payments to shareholders, totaling R$38,721 on July 10, 2024, these amounts will remain available to these shareholders for the prescriptive period, Note 23.

2nd Capital Reduction

In the Material Fact disclosed by the Company on November 5, 2024, the Company's Board of Directors approved (i) a proposal, subject to deliberation at an EGM, for a capital reduction operation of the Company in the amount of R$2.0 billion, without the cancellation of shares issued by the Company and through the return of funds to shareholders, in national currency; and (ii) the convening of an extraordinary general meeting to deliberate on said capital reduction proposal and the consequent amendment to the Company's Bylaws.

On December 18, 2024, the Company's EGM approved the reduction of its capital, under the terms mentioned in the Material Fact of November 5, 2024, and, after all applicable legal requirements have been met, said reduction will become fully effective, and the funds arising therefrom will be paid in a single installment by July 31, 2025, on a date to be determined in due course by the Company's Board of Directors.

This new capital reduction will be implemented by refunding to shareholders, in national currency (R$/Reais), the amount of R$1.22651176012 per common share issued by the Company, considering a total of 1,652,588,360 common shares into which its share capital is divided, excluding 21,947,656 common shares held in treasury on October 31, 2024. The amount per common share was calculated based on the shareholding position on October 31, 2024, and, due to the Company's Share Buyback Program, said amount may change considering the shareholding base to be verified on February 27, 2025. Therefore, the shareholding position to be considered for the receipt of funds arising from this capital reduction will be that recorded in the Company's records on February 27, 2025, and after this date, the shares issued by the Company Company will be considered ex-restitution rights.

The purpose of this capital reduction operation is to improve the Company's capital structure, which allows for more flexible allocation of its capital, generating a balance between its need for resources and the generation of value for its shareholders. Given its approval at the EGM, the implementation of the capital reduction is now subject to the expiration of a period of 60 days from the publication of the respective minutes, as provided for in article 174 of the Brazilian Corporation Law.

(In thousands of Reais, unless otherwise stated)

The subscribed and paid-in share capital was R$62,071,416 and R$63,571,416 on December 31, 2024 and 2023, respectively, represented by shares, all common, book-entry and with no par value, distributed as follows:

	12.31.2024		12.31.2023	
Shareholders	**Number**	**%**	**Number**	**%**
Controlling Group	**1,244,240,476**	**76.30%**	**1,244,240,476**	**75.29%**
Telefónica	634,398,912	38.90%	634,398,912	38.38%
Telefónica Latinoamérica Holding, S.L.	608,905,051	37.34%	608,905,051	36.85%
Telefónica Chile	936,513	0.06%	936,513	0.06%
Other shareholders	**382,442,128**	**23.46%**	**408,343,528**	**24.71%**
Treasury Shares	**3,961,092**	**0.24%**	**4,356**	**—%**
Total shares	**1,630,643,696**	**100.00%**	**1,652,588,360**	**100.00%**
Treasury Shares	(3,961,092)		(4,356)	
Total shares outstanding	**1,626,682,604**		**1,652,584,004**	

Book value per outstanding share:		
On 12.31.2024	R$	42.87
On 12.31.2023	R$	42.10

24.b. Company's share buyback program

On March 4, 2024, the Company's Board of Directors, in accordance with article no. 15, item XV of the Company's Bylaws and CVM Resolution no. 77/2022, approved a new share buyback program issued by the Company ("Program"), which aims to acquire common shares issued by the Company for maintenance in treasury, subsequent cancellation or sale, without reducing share capital, with the purpose of increasing value for shareholders through the efficient application of available cash resources, optimizing the allocation of the Company's capital.

On August 30, 2024, the Company's Board of Directors approved an amendment to the Program, increasing the maximum amount of funds that may be used to repurchase shares from R$1 billion to R$1.5 billion, maintaining all other terms and conditions of the Program, as announced on March 5, 2024, except for the number of shares (i) in circulation, (ii) held in treasury and (iii) that may be acquired, which were updated due to the time lapse since the approval of the Program. The repurchase of shares will be carried out using funds available in the statutory profit reserve, and the result recorded in the current year may also be used, pursuant to article 8, § 1, items I and II of CVM Resolution No. 77/2022.

Considering the base date of July 31, 2024, the maximum number of common shares that can be acquired, in accordance with the legal limit, is 30,332,692 common shares, already discounted from the 10,499,456 common shares held in treasury, as disclosed in the Material Fact of August 30, 2024.

This program is effective from March 5, 2024 and ends on March 4, 2025.

(In thousands of Reais, unless otherwise stated)

Below, we present the movements of treasury shares, described in items c) and d) of this Note.

	Number of shares			Values		
	Capital reserves	Income reserves	Total	Capital reserves	Income reserves	Total
Equity on December 31, 2022	**13,381,540**	**—**	**13,381,540**	**(607,443)**	**—**	**(607,443)**
Share buybacks	3,648,542	7,324,185	10,972,727	(86,337)	(402,421)	(488,758)
Share cancellations	(17,025,726)	(7,324,185)	(24,349,911)	693,586	402,421	1,096,007
Equity on December 31, 2023	**4,356**	**—**	**4,356**	**(194)**	**—**	**(194)**
Share buybacks	—	25,901,400	25,901,400	—	1,299,583	1,299,583
Share cancellations	—	(21,944,664)	(21,944,664)	—	(1,099,584)	(1,099,584)
Equity on December 31, 2024	**4,356**	**3,956,736**	**3,961,092**	**(194)**	**199,999**	**199,805**

24.c. Capital reserves

The balance on December 31, 2024 was R$63,095 on December 31, 2024 and 2023, comprises:

- Special goodwill reserve: Refers to the tax benefit generated by the merger of Telefônica Data do Brasil Ltda. which will be capitalized in favor of the controlling shareholder (Telefónica and TLH) after the realization of the tax credit. The balance was R$63,074 on December 31, 2024 and 2023.
- Treasury shares: Refers to the repurchase of ordinary shares, using capital reserves.The balance was R$194 on December 31, 2024 and 2023.
- Other capital reserves: Refers to the effects of capital transactions occurring in the acquisition, disposal and merger of companies by the Company and/or its subsidiaries. The balance was R$215 on December 31, 2024 and 2023.

24.d. Income reserves

The balance on December 31, 2024 was R$7,523,216 (R$5,885,575 on December 31, 2023), subdivided into:

- Legal reserve: A statutory reserve, under corporate law, formed by appropriating 5% of the net profit for the year, until it reaches 20% of the paid-in share capital. The legal reserve may only be used to increase share capital and to offset accumulated losses.. The balance of this item on December 31, 2024 was R$4,118,419 (R$3,841,022 December 31, 2023).
- Treasury shares: Refers to the balance of 3,956,736 common shares resulting from the repurchases and cancellation that occurred in 2024, through the use of part of the result of the fiscal year 2024. The balance of this item was R$199,999 on December 31, 2024.
- Tax incentives: The Company has tax benefits related to: (i) ICMS in the States of Minas Gerais and Espírito Santo, referring to credits granted with the competent bodies linked to investments in the installation of SMP support equipment, fully functioning and operational, in accordance with current regulations, which ensure that the locations listed in the notice are included in the SMP coverage area; and (ii) 75% reduction in the IRPJ levied on profit earned in the states in the North and Northeast regions of the country (SUDAM and SUDENE areas). Until the fiscal year ending December 31, 2023, the portion of these tax benefits was excluded from the calculation of dividends, and could only be used in cases of capital increase or loss absorption. With the entry into force of Law No. 14,789/23, as of the fiscal year 2024, the portion of these tax benefits, whose amount was R$16,136, is no longer excluded from the calculation of dividends.

(In thousands of Reais, unless otherwise stated)

The balances were R$426,933 and R$313,581 on December 31, 2024 and 2023, respectively.

- Reserve for remuneration to shareholders and investments: Statutory reserve created by the Company under the terms of article 194 of the Brazilian Corporation Law, allowing upon Management's proposal for, up to 50% of the net profit for the year to be appropriated, provided that the balance of the reserve does not exceed, in total, the corresponding 20% of the Company's share capital, in order to preserve resources for: (i) repurchase, redemption, reimbursement or amortization of shares issued by the Company itself; (ii) distribution of dividends to shareholders, including interim or interim dividends or in the form of interest on equity; and (iii) investments related to the Company's activities. On April 11, 2024, the Company's EGM approved the creation of this statutory reserve, and, at the Annual General Meeting ("AGM") immediately following this EGM, the allocation of R$1,730,972 of the net profit for the year ended December 31, 2023 to the aforementioned reserve. Regarding the remaining amount of net profit available for distribution for the fiscal year ended December 31, 2024, in the amount of R$1,446,891,000, it was proposed to allocate it to this reserve, to be deliberated at the Company's EGM to be held on April 25, 2025. The balance of this item was R$3,177,863 and R$1,730,972 on December 31, 2024 and 2023.

24.e. Dividend and interest on equity

24.e.1. Allocation of dividends and interest on equity for the 2024 and 2023

The amounts of IOE are calculated and presented net of Withholding Income Tax ("IRRF"). Exempt shareholders received the full IOE amount, without withholding income tax at source.

In 2024

At meetings of the Company's Board of Directors, interest on equity was declared, in accordance with article 26 of the Company's Bylaws, article 9 of Law No. 9,249/1995 and CVM Resolution No. 143/2022. As provided for in article 26 of the Company's Bylaws, such interest will be attributed to the mandatory dividend for the year ending on December 31, 2024, ad referendum of the Shareholders' AGM to be held in 2025, as follows:

	Dates				
Deliberation	**Credit**	**Payment date**	**Gross Amount**	**Net Value**	**Amount per Share, Net**
03.14.2024	03.28.2024	12.17.2024	300,000	255,000	0.15430380506
04.16.2024	04.29.2024	12.17.2024	380,000	323,000	0.19558005970
06.14.2024	06.26.2024	12.17.2024	175,000	148,750	0.09029252997
07.15.2024	07.26.2024	04.30.2025	650,000	552,500	0.33628052957
08.14.2024	08.26.2024	04.30.2025	400,000	340,000	0.20753991232
12.12.2024	12.26.2024	04.30.2025	1,200,000	1,020,000	0.62704303685
	Total		**3,105,000**	**2,639,250**	

In 2023

At the AGM held on April 11, 2024, the accounts were approved, and the Management Report and Financial Statements were examined, discussed and voted on, as accompanied by the Independent Auditors' Report, the Opinion of the Audit and Control Committee and the Opinion of the Fiscal Council, referring to the year ending on December 31, 2023, as well as the proposal for the allocation of the 2023 results.

(In thousands of Reais, unless otherwise stated)

During the 2023 financial year, the Company allocated intermediate dividends and interest on equity, which were allocated to the minimum mandatory dividends and proposed additional dividends, as follows:

Dates					
Deliberation	**Credit**	**Payment date**	**Gross Amount**	**Net Value**	**Amount per Share, Net**
02.15.2023	02.28.2023	10.18.2023	106,000	90,100	0.05420598981
03.15.2023	03.31.2023	10.18.2023	290,000	246,500	0.14834705593
05.15.2023	05.31.2023	04.23.2024	320,000	272,000	0.16386448053
07.17.2023	07.31.2023	04.23.2024	405,000	344,250	0.20761977781
08.15.2023	08.31.2023	04.23.2024	265,000	225,250	0.13597484254
09.11.2023	09.22.2023	04.23.2024	200,000	170,000	0.10262252267
10.10.2023	10.23.2023	04.23.2024	150,000	127,500	0.07698872139
12.14.2023	12.26.2023	04.23.2024	850,000	722,500	0.43719411434
	Total		**2,586,000**	**2,198,100**	

24.e.2. Unclaimed dividends and interest on equity

Pursuant to Article 287, paragraph II, item “a” of Law No. 6404, of December 15, 1976, the dividends and interest on equity unclaimed by shareholders are subject to the statute of limitation three years, as from the initial payment date. The Company reverses the amounts of unclaimed dividends and IOE to equity once the statute of limitation occurred.

For the years ended December 31, 2024 and 2023, the Company reversed unclaimed dividends and interest on equity amounting to R$126,977 and R$139,766, respectively, which were included in calculations for decisions on Company dividends.

24.e.3. Remuneration to shareholders

The dividends are calculated in accordance with the Company Articles of Incorporation and the Corporation Law.

(In thousands of Reais, unless otherwise stated)

The table below shows the calculation of dividends and interest on equity for 2024 and 2023:

	2024	2023
Net income for the year	5,547,948	5,029,389
(-) Allocation to legal reserve	(277,397)	(251,470)
(-) Tax incentives – not distributable	(113,352)	(99,132)
Adjusted net income	**5,157,199**	**4,678,787**
IOE allocated for the year (gross)	**(3,105,000)**	**(2,586,000)**
Unallocated net profit balance	**2,052,199**	**2,092,787**
(+) Unclaimed dividends and interest on equity	126,977	139,766
(+-) Actuarial gains (losses) recognized and effect of limitation of surplus plan assets, net of taxes and other changes	367,299	(99,160)
(-) Share buyback and cancellation - share buyback programs	(1,099,584)	(402,421)
Income available for allocation	**1,446,891**	**1,730,972**
Proposal for allocation:		
Reserve for shareholder remuneration and investments	1,446,891	1,730,972
Total	**1,446,891**	**1,730,972**
Mandatory minimum dividend – 25% of adjusted net income	**1,289,300**	**1,169,697**

The proposal to management of the 2024 financial year that is presented above will be submitted to the annual general meeting to be held in 2025.

24.f. Equity valuation adjustment

Currency translation effects for foreign investments: This refers to currency translation differences arising from the translation of financial statements of Aliança (joint venture).

Financial assets at fair value through other comprehensive income: Refers to changes in the fair value of equity instruments (shares).

Derivative financial instruments: These refer to the effective part of cash flow hedges up to the balance sheet date.

(In thousands of Reais, unless otherwise stated)

The changes in equity valuation adjustments, net of gains or losses and of taxes, when applicable, were as follows:

	Currency translation effects – foreign investments	Financial assets at fair value through other comprehensive income	Derivative transactions	Total
Balance on December 31, 2022	**61,382**	**(9,214)**	**15**	**52,183**
Translation losses	(4,806)	—	—	(4,806)
Losses from derivatives	—	—	(608)	(608)
Losses on financial assets at fair value through other comprehensive income	—	(60)	—	(60)
Balance on December 31, 2023	**56,576**	**(9,274)**	**(593)**	**46,709**
Translation gains	24,566		—	24,566
Gains from derivatives	—	—	593	593
Losses on financial assets at fair value through other comprehensive income	—	(13)	—	(13)
Balance on December 31, 2024	**81,142**	**(9,287)**	**—**	**71,855**

(In thousands of Reais, unless otherwise stated)

24.g. Non-controlling shareholders

	IoTCo Brasil	Vivo Ventures	CloudCo Brasil	Total
Equity on December 31, 2022	**81,838**	**20,525**	**21,575**	**123,938**
Company	40,927	20,115	10,789	71,831
Non-controlling shareholders	40,911	410	10,786	52,107
Company	**7,386**	**22,080**	**586**	**30,052**
Capital contributions in investees	—	25,066	—	25,066
Movements in equity	(2,737)	—	55	(2,682)
Movements in the statements of income	10,123	(2,986)	531	7,668
Non-controlling shareholders	**7,383**	**450**	**585**	**8,418**
Capital contributions in investees	—	511	—	511
Movements in equity	(2,736)	—	55	(2,681)
Movements in the statements of income	10,119	(61)	530	10,588
Equity on December 31, 2023	**96,607**	**43,055**	**22,746**	**162,408**
Company	48,313	42,195	11,375	101,883
Non-controlling shareholders	48,294	860	11,371	60,525
Company	**6,316**	**92,651**	**1,184**	**100,151**
Capital contributions in investees	—	97,449	—	97,449
Movements in equity	(2,001)	—	15	(1,986)
Movements in result	8,317	(4,798)	1,169	4,688
Non-controlling shareholders	**6,313**	**1,892**	**1,183**	**9,388**
Capital contributions in investees	—	1,990	—	1,990
Movements in equity	(2,000)	—	14	(1,986)
Movements in result	8,313	(98)	1,169	9,384
Equity on December 31, 2024	**109,236**	**137,598**	**25,113**	**271,947**
Company	54,629	134,846	12,559	202,034
Non-controlling shareholders	54,607	2,752	12,554	69,913

(In thousands of Reais, unless otherwise stated)

24.h. Earnings per share

Basic and diluted earnings per share were calculated by dividing profit attributed to the Company's shareholders by the weighted average number of outstanding common and preferred shares.

Below, we present the earnings per share calculations for the years ended December 31, 2024, 2023 and 2022.

	2024	2023	2022
Net profit for the year attributed to shareholders holding shares	5,547,948	5,029,389	4,085,013
Weighted average number of outstanding common shares for the year (thousands)	1,643,132	1,658,604	1,670,851
Basic and diluted results per common share (R$)	3.38	3.03	2.44

25. NET OPERATING REVENUE

25.a. Accounting policy

Revenues correspond substantially to the provision of telecommunication services, communications, sales of goods, advertising and other revenues, and are presented net of taxes, discounts and returns (in the case of sale of goods), levied on them.

Total revenues from packages that combine several products or services (fixed, mobile, data, internet or television) are allocated to each performance obligation based on their independent selling prices in relation to the total consideration for the package and recognized when (or as soon as) the obligation is satisfied. When packages promote some discount on equipment or services, an accounting adjustment is made to allocate the sale price between them based on their fair price, constituting a contractual asset or liability, which is appropriated to income over subsequent periods.

Revenues from sales of prepaid cellular recharge credits, as well as the respective taxes due, are deferred and recognized in income as the services are effectively provided.

Revenues from equipment leasing contracts, classified as leasing (Vivo TECH product), are recognized when the equipment is installed, when the effective transfer of control. Revenues are recognized at the present value of future minimum contract payments.

Revenue from the sale of handsets to dealers is accounted for upon delivery, when all risks and benefits are transferred to accredited agents.

The Company's revenue recognition process is complex, due to the large volume of transactions and wide range of goods/services that can be sold/provided separately or in aggregate, under different commercial conditions. Besides, there is the complexity of the process used by management for estimating recognized revenue rendered and not yet billed, given the diversity of data sources, revenue streams and the number of systems involved.

Revenues from services and goods are basically subject to the following indirect taxes: ICMS or ISS, as the case may be, PIS and COFINS.

(In thousands of Reais, unless otherwise stated)

25.b. Breakdown

	2024	2023	2022
Gross operating revenue	**76,772,414**	**71,229,553**	**67,761,022**
Services[1]	68,930,886	63,727,415	60,845,159
Sale of goods[2]	7,841,528	7,502,138	6,915,863
Deductions from gross operating revenue	**(20,927,366)**	**(19,129,402)**	**(19,719,860)**
Taxes	**(11,011,448)**	**(10,654,728)**	**(11,460,021)**
Services	(9,585,332)	(9,078,822)	(10,080,992)
Sale of goods	(1,426,116)	(1,575,906)	(1,379,029)
Discounts granted and return of goods	**(9,915,918)**	**(8,474,674)**	**(8,259,839)**
Services[3]	(7,594,079)	(6,373,301)	(6,199,625)
Sale of goods	(2,321,839)	(2,101,373)	(2,060,214)
Net operating revenue	**55,845,048**	**52,100,151**	**48,041,162**
Services	**51,751,475**	**48,275,292**	**44,564,542**
Sale of goods	**4,093,573**	**3,824,859**	**3,476,620**

(1) These include telephone services, use of interconnection network, data and SVA services, cable TV and other services.

(2) These include sale of goods (handsets, SIM cards and accessories) and equipment of “Vivo Tech”.

(3) The consolidated balances in the December 31, 2022 include R$615,750, to be refunded to customers as a result of Complementary Law No. 194 of July 23, 2022, which addresses taxes levied in sectors deemed to be essential and indispensable for goods and services, resulting in the reduction of ICMS rate on communications services. The balance was recorded as a contra entry to provisions and contingencies (Note 20.).

No single customer contributed more than 10% of gross operating revenue for the years ended December 31, 2024, 2023 and 2022.

26. OPERATING COSTS AND EXPENSES

	2024			
	Cost of sales and services	**Selling expenses**	**General and administrative expenses**	**Total**
Third-party services[1]	(10,294,946)	(5,994,001)	(1,170,535)	(17,459,482)
Depreciation and amortization[2]	(11,713,054)	(1,671,280)	(817,951)	(14,202,285)
Personnel[3]	(1,366,540)	(3,532,543)	(1,083,338)	(5,982,421)
Cost of goods sold	(4,468,045)	—	—	(4,468,045)
Taxes, charges and contributions[4]	(2,029,196)	(39,086)	(42,710)	(2,110,992)
Estimated impairment losses on accounts receivable (Note 5)	—	(1,523,263)	—	(1,523,263)
Rental, insurance, condominium and connection means[5]	(1,383,815)	(73,696)	(50,490)	(1,508,001)
Materials and other operating costs and expenses	(96,562)	(119,930)	(39,990)	(256,482)
Total	**(31,352,158)**	**(12,953,799)**	**(3,205,014)**	**(47,510,971)**

(In thousands of Reais, unless otherwise stated)

	2023			
	Cost of sales and services	Selling expenses	General and administrative expenses	Total
Third-party services[(1)]	(9,419,794)	(5,889,946)	(1,070,918)	(16,380,658)
Depreciation and amortization[(2)]	(10,997,645)	(1,541,485)	(850,443)	(13,389,573)
Personnel[(3)]	(1,302,479)	(3,415,532)	(895,751)	(5,613,762)
Cost of goods sold	(4,301,092)	—	—	(4,301,092)
Taxes, charges and contributions[(4)]	(2,060,261)	(29,492)	(40,364)	(2,130,117)
Estimated impairment losses on accounts receivable (Note 5)	—	(1,362,678)	—	(1,362,678)
Rental, insurance, condominium and connection means[(5)]	(1,241,597)	(72,742)	(49,765)	(1,364,104)
Materials and other operating costs and expenses	(92,532)	(127,365)	(50,055)	(269,952)
Total	**(29,415,400)**	**(12,439,240)**	**(2,957,296)**	**(44,811,936)**

	2022			
	Cost of sales and services	Selling expenses	General and administrative expenses	Total
Third-party services[(1)]	(8,865,064)	(5,730,219)	(1,063,572)	(15,658,855)
Depreciation and amortization[(2)]	(10,309,553)	(1,521,709)	(828,611)	(12,659,873)
Personnel[(3)]	(1,109,109)	(3,059,974)	(719,017)	(4,888,100)
Cost of goods sold	(3,841,064)	—	—	(3,841,064)
Taxes, charges and contributions[(4)]	(1,905,558)	(33,255)	(53,395)	(1,992,208)
Estimated impairment losses on accounts receivable (Note 5)	(1,307,950)	(66,148)	(48,182)	(1,422,280)
Rental, insurance, condominium and connection means[(5)]	—	(1,315,614)	—	(1,315,614)
Materials and other operating costs and expenses	(93,382)	(112,207)	(24,823)	(230,412)
Total	**(27,431,680)**	**(11,839,126)**	**(2,737,600)**	**(42,008,406)**

(1) Includes costs and expenses for interconnection and use of networks, advertising and publicity, plant maintenance, electricity, security, cleaning, TV content purchase, commercial brokerage and intermediation, partnerships, call center, back office, logistics and storage, preparation and posting of telephone bills, banking services, among others.

(2) Includes the consolidated amounts of R$3,453,239 and R$3,353,344 and R$3,049,570 in the years ended December 31, 2024, 2023 and 2022, respectively, related to the leases depreciation (Note 13.e.). Includes the effects of changes in useful life and annual depreciation rates, being an increase of R$432,091 and a reductions of R$88,292 and R$295,464 in 2024, 2023 and 2022, respectively.

(3) Includes costs and expenses with fees, salaries, social charges and benefits, profit sharing, stock-based compensation plans, pension plans and other post-employment benefits, training, transportation, health and nutrition.

(4) Includes costs and expenses with FISTEL, FUST, FUNTTEL, liens for renewal of licenses and other taxes, fees and contributions.

(5) Includes costs and expenses of infrastructure, real estate, equipment, vehicles, insurance and means of connection..Includes low-value lease amounts of R$7,066, R$10,858 and R$12,425 in 2024, 2023 and 2022, respectively.

(In thousands of Reais, unless otherwise stated)

27. OTHER OPERATING INCOME, NET

	2024	2023	2022
Recovered expenses and fines(1)	606,088	1,097,797	960,851
Provisions for legal claims and contingent liabilities(2)	(321,936)	(661,743)	(653,686)
Other operating income, net(3)	59,634	204,266	281,732
Total	**343,786**	**640,320**	**588,897**
Other income	665,722	1,302,063	1,242,583
Other expenses	(321,936)	(661,743)	(653,686)
Other operating income, net	**343,786**	**640,320**	**588,897**

(1) For the years ended December 31, 2023 and 2022, includes tax credits, in the amounts of R$276,726 and R$396,723, respectively, arising from decisions on lawsuits, in favor of the Company, which recognized tax credits of PIS and COFINS. The remaining balance refers to contractual fines and other tax credits. In 2023, R$260,198, referring to the net gain from negotiations with TowerCo, resulting from lease contracts arising from the acquisition of Garliava in 2022 (Note 20).

(2) In 2024, includes: (i) R$386,392 referring to the reversal of regulatory provisions due to the Commitment Term Related to the Self-Composition Negotiations for Adaptation of STFC Concession Contracts to Authorization Instruments (Notes 1.b. and 20.); and (ii) R$26,546, referring to the reversal of expenses of provisions for legal claims due to the adhesion to tax amnesty programs in the States of SP and PR (Note 20).

(3) In 2023, includes R$244,229 related to the reversal of part of the remaining 50% resulting from the agreement regarding the Post-Closing Adjustment between the Company and Oi. S.A. – In Judicial Recovery. It also includes the amounts of net gains on the sale of assets (real estate, scrap, etc.) and expenses with taxes on other operating income.

28. FINANCIAL EXPENSES, NET

28.a. Accounting policy

These include interest, monetary and exchange variations arising from short-term investments, derivative transactions, loans, financing, debentures, present value adjustments of transactions that generate monetary assets and liabilities and other financial transactions. These are recognized on an accrual basis when earned or incurred by the Company.

For all financial instruments measured at amortized cost and interest-yielding financial assets classified as financial assets at fair value through other comprehensive income, interest income or expense is recognized using the effective interest method, which discounts estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

(In thousands of Reais, unless otherwise stated)

28.b. Breakdown

	2024	2023	2022
Financial Income			
Other income with foreign exchange and monetary variation (judicial deposits, taxes and others)(1)	227,961	531,227	1,040,811
Interest income	642,278	536,420	571,784
Gain on derivative transactions	327,315	512,698	390,146
Interest receivable (customers, taxes and other)	223,797	165,212	154,263
Exchange rate variations on loans and financing, debentures, leases and other creditors (Note 21.e)	—	52,254	—
Other financial income	122,922	244,357	59,194
Total	**1,544,273**	**2,042,168**	**2,216,198**
Financial Expenses			
Charges and fair value on loans, financing, debentures, leases and other creditor (Note 21.e)(2)	(2,141,361)	(2,092,184)	(1,850,286)
Expenses with monetary variations of provision for contingencies (Note 20.c)(3)	(81,296)	(784,427)	(893,963)
Loss on derivative transactions	(258,307)	(622,787)	(495,668)
Interest payable (financial institutions, trade accounts payable, taxes and other)	(577,229)	(560,195)	(345,424)
Foreign exchange variation on loans and financing (Note 21.e.)	(2,598)	—	(108,310)
Other expenses with exchange and monetary variations (suppliers, taxes and others)	(234,608)	(162,544)	(86,276)
Other financial expenses	(158,577)	(163,940)	(202,591)
Total	**(3,453,976)**	**(4,386,077)**	**(3,982,518)**
Financial income (expenses), net	**(1,909,703)**	**(2,343,909)**	**(1,766,320)**

(1) For the years ended December 31, 2023 and 2022, includes tax credits, in the amounts of R$245,491 and R$816,038, respectively, arising from decisions on lawsuits, in favor of the Company, which recognized PIS tax credits and COFINS.

(2) Includes the consolidated amounts of R$1,630,993 e R$1,392,570 and R$1,292,376 in the years ended December 31, 2024, 2023 and 2022, respectively, related to leases charges.

(3) In 2024, includes: (i) R$405,986 referring to the reversal of the monetary update of regulatory provisions due to the Commitment Term Related to the Self-Composition Negotiations for Adaptation of STFC Concession Contracts to Authorization Instruments (Notes 1.b. and 20.); and (ii) R$372,271, referring to the reversal of expenses for monetary update of provisions for legal claims due to adherence to tax amnesty programs in the States of SP and PR (Note 20.).

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

29.a. Balances and transactions with related parties

The main balances of assets and liabilities with related parties arise from transactions with companies related to the controlling group, which were carried out at prices and other commercial conditions as agreed in a contract between the parties and refer to:

a) Fixed and mobile telephone services, provided to Telefónica Group companies.

b) Fiber optic network construction consultancy service.

c) Values referring to installments receivable as a result of the sale of equity interests and capital contributions, as well as the updating of these values.

d) Shared services, passed on at the cost actually incurred.

e) Right to use certain software licenses and contracted maintenance and support services.

f) International transmission infrastructure for various contracted data circuits and connection services.

g) Adquira Sourcing Platform, an online solution for negotiating the purchase and sale of various types of goods and services.

h) Cost Sharing Agreement, reimbursement of expenses related to the digital business.

i) Financial Clearing House Roaming, inflows of funds for payments and receipts arising from the roaming operation.

j) Data communication services and integrated solutions.

k) Long-distance calling and international roaming services

l) Disposal of assets

m) Brand Fee, for the assignment of use of brand rights.

n) Rental of buildings, data circuit or infrastructure.

o) Factoring operations, financing line for services provided by Telefónica Group suppliers.

p) Contracts for the assignment of rights to use the pipeline network, duct rental services for fiber optics and right-of-way occupation contracts with various highway concessionaires.

The Company and its subsidiaries sponsor pension plans and other post-employment benefits for its employees with Visão Prev and Sistel (Note 31.).

Telefônica Corretora de Seguros (“TCS”) acts as an intermediary in transactions between insurance companies and the Company and its subsidiaries in the acquisition of insurance for cell phones, operational risks, general liability, guarantee insurance, among others. There are no balances arising from insurance intermediation between TCS and the Company and its subsidiaries.

(In thousands of Reais, unless otherwise stated)

The following table summarizes the consolidated balances with related parties:

		Balance Sheet – Assets					
		12.31.2024			12.31.2023		
Companies	**Type of transaction**	**Cash and cash equivalents**	**Accounts receivable**	**Other assets**	**Cash and cash equivalents**	**Accounts receivable**	**Other assets**
Parent Companies							
Telefónica Móveis Chile	k)	—	1,415	—	—	1,425	—
Telefónica Latinoamerica Holding	d)	—	—	2,389	—	—	26,959
Telefónica	d)	—	—	66	—	—	252
		—	**1,415**	**2,455**	**—**	**1,425**	**27,211**
Other Group companies							
Telefonica Global Solutions Participações	a) / d) / f) / j) / n)	—	3,331	317	—	5,128	136
Telefónica Venezolana	d) / k)	—	11,857	5,821	—	9,270	3,238
Telefônica Factoring do Brasil	a) / d) / o)	—	2,217	85	—	1,560	40
Telefónica Global Solutions	e) / f) / k)	—	25,626	—	—	15,746	—
Telefónica Innovación Digital	d)	—	—	3,581	—	86	—
Telefónica Moviles Argentina	k)	—	6,183	—	—	5,886	—
Telfisa Global BV	i)	18,308	—	—	19,474	—	—
Telxius Cable Brasil	a) / d) / f) / l)	—	6,644	411	—	17,545	240
Telefonica Ciberseguranca e Tecnologia do Brasil	a) / d) / e) / n)	—	131	18,270	—	496	10,164
Telefônica Infra	c)	—	—	—	—	—	156,775
FiBrasil Infraestrutura e Fibra Ótica	a) / d) / e) / j) / n) / p)	—	958	74,991	—	6,691	39,188
Telefónica IoT & Big Data Tech	c) / d)	—	—	1,292	—	—	20,012
Other		—	4,878	8,177	—	5,091	11,242
		18,308	**61,825**	**112,945**	**19,474**	**67,499**	**241,035**
Total		**18,308**	**63,240**	**115,400**	**19,474**	**68,924**	**268,246**
Current assets							
Cash and cash equivalents (Note 2.)		18,308	—	—	19,474	—	—
Trade accounts receivable (Note 5.)		—	63,240	—	—	68,924	—
Other assets (Note 11.)		—	—	72,641	—	—	259,426
Non-current assets							
Other assets (Note 11.)		—	—	42,759	—	—	8,820

(In thousands of Reais, unless otherwise stated)

		Balance Sheet – Liabilities			
		12.31.2024		12.31.2023	
Companies	Type of transaction	Trade accounts payable	Other liabilities and leases	Trade accounts payable	Other liabilities and leases
Parent Companies					
Telefónica Móveis Chile	k)	979	—	451	—
Telefónica Latinoamerica Holding	d)	—	1,199	—	997
Telefónica	d) / e) / m)	8,585	128,304	100,886	110
		9,564	**129,503**	**101,337**	**1,107**
Other Group companies					
Telefonica Global Solutions Participações	d) / e) / f) / k) / n)	31,843	318	31,475	318
Telefónica Compras Electrónica	g)	29,952	—	25,924	—
Telefónica Innovación Digital	h)	40,613	—	76,682	—
Telefónica Global Technology	e)	5,931	—	16,765	—
Telefónica Global Solutions	e) / f) / j) / k)	55,623	—	45,468	—
Telxius Cable Brasil	d) / f) / n)	50,965	1,572	37,211	1,572
Companhia AIX Participações	p)	2,691	80,549	2,779	31,134
Telefónica IoT & Big Data Tech	h)	31,315	—	27,041	—
Telefonica Ciberseguranca e Tecnologia Do Brasil	d) / e)	111,819	—	66,478	164
FiBrasil Infraestrutura e Fibra Ótica	d) / f)	121,887	13	38,922	487
Other		53,866	2,522	39,754	2,023
		536,505	**84,974**	**408,499**	**35,698**
Total		**546,069**	**214,477**	**509,836**	**36,805**
Current liabilities					
Trade accounts payable and other payables (Note 17.)		546,069	—	509,836	—
Leases (Note 21.)		—	24,335	—	31,134
Other liabilities (Note 23.)		—	133,290	—	5,103
Non-current liabilities					
Leases (Note 21.)		—	56,214	—	—
Other liabilities (Note 23.)		—	638	—	568

(In thousands of Reais, unless otherwise stated)

		Income statement								
		2024			2023			2022		
Companies	Type of transaction	Operating revenues	Operating revenues (cost and other expenses)	Financial income (expenses)	Operating revenues	Operating revenues (cost and other expenses)	Financial income (expenses)	Operating revenues	Operating revenues (cost and other expenses)	Financial income (expenses)
Parent Companies										
Telefónica Móveis Chile	k)	2,852	(3,549)	(11)	2,446	(2,444)	26	—	10,839	2,630
Telefónica Latinoamerica Holding	d)	—	1,099	(38)	—	4,534	(775)	—	16,280	(428)
Telefónica	d) / e) / m)	—	(532,139)	(47,364)	—	(486,147)	7,572	—	(449,933)	12,113
		2,852	**(534,589)**	**(47,413)**	**2,446**	**(484,057)**	**6,823**	**—**	**(422,814)**	**14,315**
Other Group companies										
Telefonica Global Solutions Participações	a) / d) / e) / f) / k) / j) / n)	6,047	(87,976)	(21)	11,242	(95,885)	—	13,928	(110,417)	—
Telefónica Moviles Argentina	k)	3,204	(7,260)	(1,167)	2,304	(6,194)	132	1,148	(4,848)	(225)
Telefónica Innovación Digital	d) / h)	—	(222,662)	(23,180)	—	(209,100)	10,724	—	(177,107)	5,390
Telefónica Global Technology	e)	—	(77,779)	(5,847)	—	(64,435)	2,555	—	(74,512)	17
Telefónica Global Solutions	e) / f) / j) / k)	41,586	(100,807)	2,213	40,095	(78,611)	(2,547)	50,969	(67,157)	1,055
Telxius Cable Brasil	a) / d) / e) / f) / l)	9,350	(250,233)	(9,884)	8,257	(215,062)	4,579	12,542	(236,318)	1,688
Telefonica Ciberseguranca E Tecnologia do Brasil	a) / d) / e) / n)	351	(278,898)	—	817	(200,290)	—	1,713	(152,374)	—
Telefónica IoT & Big Data Tech	c) / d) / h)	—	(121,052)	(5,732)	—	(114,302)	6,307	—	(101,757)	5,482
FiBrasil Infraestrutura e Fibra Ótica	a) / d) / e) / f) / j) / n) / p) / l)	11,331	(385,680)	12,727	8,658	(215,377)	5,238	7,639	(49,704)	973
Others		8,011	(105,660)	(5,038)	8,596	(94,112)	3,721	8,480	(55,894)	2,520
		79,880	**(1,638,007)**	**(35,929)**	**79,969**	**(1,293,368)**	**30,709**	**96,419**	**(1,030,088)**	**16,900**
Total		**82,732**	**(2,172,596)**	**(83,342)**	**82,415**	**(1,777,425)**	**37,532**	**96,419**	**(1,452,902)**	**31,215**

29.b. Management compensation

Consolidated key management compensation paid by the Company to its Board of Directors and Statutory Officers for the years ended December 31, 2024, and 2023 totaled R$67,496 and R$58,266, respectively. Of this amount, R$36,179 (R$31,473 on December 31, 2023) for salaries, benefits and social charges and R$31,317 (R$26,793 on December 31, 2023) for variable compensation.

These were recorded as personnel expenses in General and administrative expenses.

For the years ended December 31, 2024, 2023 and 2022, the Directors and Officers received no pension, retirement or similar benefits.

30. SHARE-BASED PAYMENT PLANS

Plan liabilities are recognized at the fair value of the cash-settled transaction. Fair value is measured initially and at each year-end date up to and including the settlement date, with the change in fair value recognized as employee benefit expense (Note 26) in the statement of income. Fair value is recognized as an expense over the period to the acquisition date, with a corresponding liability recognized.

The Company's parent company, Telefónica, maintains different compensation plans based on the quoted value of its shares (Talent for the Future Share Plan ("TFSP") and Performance Share Plan ("PSP"), which were also offered to directors and employees of its subsidiaries, including the Company and its subsidiaries.

The Company approved an incentive plan (Performance Share Plan ("PSP VIVO") via performance units, with cash settlement ("Plan"). Participants in the Plan will be entitled to the grant of a certain number of units representing 01 (one) share issued by the Company (VIVT3) ("Unit" and "Share"). Each Unit represents the expectation of the right to receive the full value of 01 (one) Share, which will serve as a basis, taking into account the number of Units received, to determine the value of the incentive to be paid by the Company in cash to participants.

Delivery of shares and/or incentives is subject to: (i) maintaining an active employment relationship with the Telefónica Group on the consolidation date of the cycle; and (ii) the achievement of results that represent the fulfillment of the objectives established for the plan.

The level of success is based on comparing the evolution of shareholder remuneration, considering price and dividends (Total Shareholder Return - TSR) of the share of Telefónica or the Company, in relation to the evolution of the TSRs of the companies in the pre-defined Comparison Group, the achievement of the FCF (Free Cash Flow) of the Telefónica Group or the Company the neutralization or compensation of CO2 emissions (from the 2021 Cycle) and gender equality – presence of women in management positions (from the 2024 Cycle).

On December 31, 2024, the quoted value of Telefónica's shares was 3.9370 euros.

The main plans in effect as of December 31, 2024 were:

- Talent for the Future Share Plan ("TFSP"), for your Senior Managers, Managers and Specialists at a global level:

  Cycle 2022-2024 (January 1, 2022 to December 31, 2024): with 109 active executives, with the potential right to receive 232,000 Telefónica shares.

  Cycle 2023-2025 (January 1, 2023 to December 31, 2025): with 152 active executives, with the potential right to receive 304,000 Telefónica shares.

  Cycle 2024-2026 (January 1, 2024 to December 31, 2025): with 145 active executives, with the potential right to receive 268,000 Telefónica shares.

- Performance Share Plan ("PSP"), for its Vice Presidents and Directors globally:

  Cycle 2022-2024 (January 1, 2022 to December 31, 2024): with 86 active executives (including 5 executives appointed under the Bylaws) of the Company, having the potential right to receive 747,069 Telefónica shares.

  Cycle 2023-2025 (January 1, 2023 to December 31, 2025): with 103 active executives (including 5 executives appointed under the Bylaws) of the Company, having the potential right to receive 964,390 Telefónica shares.

  Cycle 2024-2026 (January 1, 2024 to December 31, 2026): with 119 active executives (including 5 executives appointed under the Bylaws) of the Company, having the potential right to receive 1,062,336 Telefónica shares

- Performance Share Plan ("PSP VIVO"), for its Vice Presidents and Directors at the local level:

  Cycle 2022-2024: (January 1, 2022 to December 31, 2024): with 86 active executives (including 5 executives appointed under the Bylaws) of the Company, having the potential right to receive the value corresponding to 380,150 shares of the Company.

  Cycle 2023-2025: (January 1, 2023 to December 31, 2025): with 101 active executives (including 5 executives appointed under the Bylaws) of the Company, having the potential right to receive the amount corresponding to 446,890 shares of the Company.

  Cycle 2024-2026: (January 1, 2024 to December 31, 2026): with 118 active executives (including 5 executives appointed under the Bylaws) of the Company, having the potential right to receive the amount corresponding to 420,827 shares of the Company.

The expenses of the Company and its subsidiaries with the share-based compensation plans described above, when applicable, are recorded as personnel expenses, segregated in the Cost of Services Rendered, Selling Expenses and General and Administrative Expenses groups (Note 26), in the amounts of R$41,843 and R$57,359. For the years ended December 31, 2024 and 2023, respectively.

On December 31, 2024 and 2023, the consolidated liability balances of the share compensation plans were R$126,019 and R$154,689, respectively, including taxes.

31. PENSIONS PLANS AND OTHER POST-EMPLOYMENT BENEFITS

31.a. Accounting policy

The Company and its subsidiaries individually sponsor pension funds of post-retirement benefits for active and retired employees, in addition to a multisponsor supplementary retirement plan and health care plan for former employees. Contributions are determined on an actuarial basis and recorded on an accrual basis. Liabilities relating to defined benefit plans are determined based on actuarial evaluations at each year-end, in order to ensure that sufficient reserves have been set up for both current and future commitments.

Actuarial liabilities related to defined benefit plans were calculated using the projected unit credit method. Actuarial gains and losses are recognized immediately in equity (in other comprehensive income).

For plans with defined contribution characteristics, the obligation is limited to the contributions payable, which are recognized in the P&L in the respective accrual periods.

The asset or liability related to defined benefit plan to be recognized in the financial statements corresponds to the present value of the obligation for the defined benefit (using a discount rate based on long-term National Treasury Notes – "NTNs"), less the fair value of plan assets that will be used to settle the obligations. Plan assets are assets held by a privately held supplementary pension plan entity. Plan assets are not available to the Company's creditors or those of its subsidiaries and cannot be paid directly to the Company or its subsidiaries. The fair value is based on information on market prices and, in the case of securities quoted, on the purchase price disclosed. The value of any defined benefit asset then recognized is limited to the present value of any economic benefits available as a reduction in future plan contribution from the Company.

Actuarial costs recognized in the statement of income are limited to the service cost and cost of interest on the defined benefit plan obligation. Any changes in the measurement of plan assets and obligations are initially recognized in other comprehensive income, and immediately reclassified to retained earnings in P&L.

The Company and its subsidiaries manage and individually sponsors a health care plan for retired employees and former employees with fixed contributions to the plan, in accordance with Law No. 9656/1998 (which provides for private health care and health insurance plans). As provided for in Articles 30 and 31 of said law, participants shall have the right to the health care plan in which they participated while they were active employees.

31.b. Critical estimates and judgments

The cost of pension plans with defined benefits and other post-employment health care benefits and the present value of the pension obligation are determined using actuarial valuation methods. Actuarial valuation involves use of assumptions about discount rates, future salary increases, mortality rates and future increases in pension and annuity benefits. The obligation for defined benefits is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis.

The mortality rate is based on publicly available mortality tables in the country. Future salary increases, and pension increases are based on expected future inflation rates for the country.

31.c. Information on pension plans and other post-employment benefits

The plans sponsored by the Company and its subsidiaries and the related benefit types are as follows:

Plan	Type	Entity	Sponsor
PBS-A	Defined benefit (DB)	Sistel	Telefônica Brasil, jointly with other telecoms resulting from privatization of the Sistema Telebrás
PAMA / PCE	Defined benefit (DB)	Sistel	Telefônica Brasil, jointly with other telecoms resulting from privatization of the Sistema Telebrás
Healthcare – Law No. 9656/98	Defined benefit (DB)	Telefônica Brasil	Telefônica Brasil, Terra Networks, TGLog, TIS, IoTCo Brasil and CloudCo Brasil
CTB	Defined benefit (DB)	Telefônica Brasil	Telefônica Brasil
Telefônica BD	Defined benefit (DB)	VisãoPrev	Telefônica Brasil
VISÃO	Defined contribution (DC) / Hybrid	VisãoPrev	Telefônica Brasil, Terra Networks, TGLog, TIS, IoTCo Brasil and CloudCo Brasil

The Company has participation in the decisions that directly affect the governance of the plans, with members nominated for both the Deliberative Council and the Fiscal Council of the administrators Visão Prev Sociedade de Previdência Complementar ("Visão Prev") and Fundação Sistel de Seguridade Social ("Sistel").

The defined benefit obligation is made up of different components, according to the pension characteristic of each plan, and may include the actuarial liabilities of supplementary pension liabilities, health care benefits to retirees and dependents or compensation for death or disability of members. This liability is exposed to economic and demographic risks, such as: (i) increases in medical costs that could impact the cost of health care plans; (ii) salary growth; (iii) long-term inflation rate; (iv) nominal discount rate; and (v) life expectancy of members and pensioners.

The fair value of plan assets is primarily comprised of fixed income investments (NTN's, LFT's, LTN's, repurchase agreements, CDBs, debentures, letters of guarantee and FIDC shares) and equity investments (highly liquid, well regarded, large company shares and investments in market indices).

Due to the concentration of fixed income and floating rate investments plan assets are mainly exposed to the risks inherent in the financial market and economic environment such as: (i) market risk in the economic sectors where variable income investments are concentrated; (ii) risk events that impact the economic environment and market indices where variable income investments are concentrated; and (iii) the long-term inflation rate that may erode the profitability of fixed income investments at fixed rates.

The companies that administer post-employment benefits plans sponsored by the Company (Visão Prev and Sistel) seek to meet the flows of assets and liabilities through the acquisition of fixed income securities and other long-term assets.

With the exception of the Companhia Telefônica Brasileira ("CTB") and the healthcare plan under Law No. 9656/98, generally all benefit plans that have funds constituted present a surplus position. The economic benefit recorded in the Company's assets or that of its subsidiaries does not reflect the total surplus determined in these plans, as it only considers only the portion of the surplus which presents a real possibility of recovery. The means of plan surplus recovery is solely through reductions in future contributions and given that not all plans currently receive enough contributions for full recovery of surpluses, the economic benefit recorded under assets is limited to the total possible recovery amount in accordance with projected future contributions.

The position of plan assets is on December 31, 2024 and 2023, respectively, and plan assets were apportioned based on the Company's actuarial liabilities in relation to the total actuarial liabilities of the plan.

The actuarial gains and losses generated in each year are immediately recognized in equity (in other comprehensive income).

The following is a summary of the pension plans and other post-employment benefits:

31.c.1. Post-Employment Health Benefits Plans

The actuarial valuation made for the PAMA health plan used the registration of the participants with a base date of August 31, 2024, while the actuarial valuation made for the health plan Law No. 9,656/98 used the registration of the participants with a base date of September 30, 2024, both plans projected for December 31, 2024.

For comparative exercises, the actuarial valuation made for the PAMA health plan used the registration of the participants with a base date of July 31, 2023, while the actuarial valuation made for the health plan Law No. 9,656/98 used the registration of the participants with a base date of July 31, 2023, both plans projected for December 31, 2023.

31.c.1.1. Healthcare Plan to Retirees and Special Coverage Program (PAMA and PAMA-PCE)

The Company, together with other companies of the former Telebrás System, at shared cost, sponsor health care plans (PAMA and PAMA-PCE) to retirees. These plans are managed by Fundação Sistel and are closed plans, not admitting new members.

Contributions to the plans are determined based on actuarial valuations prepared by independent actuaries, in accordance with the rules in force in Brazil. The funding procedure is the capitalization method and the sponsor's contribution are at the fixed percentage of payroll of employees covered by the Telefônica BD plan.

31.c.1.2. Health care plan – Law No. 9656/1998

The Company manages and together with its subsidiaries sponsors a health care plan to retired employees and former employees with fixed contributions to the plan, in accordance with Law No. 9656/98.

As provided for in Articles 30 and 31 of said law, participants shall have the right to the health care plan in which they participated while they were active employees. Benefitted participants are classified as (i) retirees and their dependents; and (ii) dismissed employees and their dependents.

Retirees and dismissed employees, in order to keep their right to the benefits, must make contributions to the plan in accordance with the contribution tables by age bracket established by carriers and/or insurance companies.

31.c.2. Post-employment Social Security Plans

Post-employment pension plans include: PBS Assistidos ("PBS-A"), CTB, Telefônica BD and Visão.

The actuarial assessment carried out for the CTB, PBS-A, Telefônica BD and Plano Visão pension plans used the participant registry with a base date of July 31, 2024, projected to December 31, 2024, and the participant registry with a base date of July 31, 2023, projected to December 31, 2023.

31.c.2.1. PBS Assisted Plan (PBS-A)

The PBS-A plan is a defined benefit private pension plan managed by Sistel and sponsored by the Company jointly with the other telecommunications companies originating in the privatization of the Telebrás System. The plan is subject to funding by sponsors in the case of any asset insufficiency to ensure pension supplementation of participants in the future.

The PBS-A plan comprises assisted participants of the Sistel Benefit Plan who were already retirees on January 31, 2000, from all the participating sponsors, with joint liability of all sponsors to the plan and Sistel.

According to PREVIC Ordinances No. 249/23 and No. 926/24, dated March 14, 2023 and November 8, 2024, and published in the Official Gazette on April 13, 2023 and November 14, 2024, respectively, Sistel approved distributions of part of its surplus, in the form of a special PBS-A reserve, with reversion of amounts to sponsors and improvement of benefits, in the form of temporary income, to beneficiaries. The Company's share in the distribution of this reserve was calculated at R$89,130 for the distribution approved in 2023 and R$114,852 for the distribution approved in 2024, with distributions expected in the form of 36 monthly payments, adjusted by the plan's income (Note 11).

Even considering the distribution of the reserve approved by PREVIC, PBS-A still has assets in excess of actuarial obligations as of December 31, 2024 and 2023. These surpluses were not recognized due to the lack of legal provision for their reimbursement and, as they are not a contributory plan, no deduction is possible in future contributions.

31.c.2.2. CTB Plan

Contributions to the CTB plan are determined based on actuarial valuations prepared by independent actuaries, in accordance with the rules in force in Brazil. The funding procedure is the capitalization method and the sponsor's contribution are a fixed percentage of payroll of employees covered by the plan.

The Company also individually manages and sponsors the CTB plan, originally provided to former employees of CTB who were in the Company in 1977, with whom an individual retirement concession agreement was executed to encourage their resignation. This is an informal pension supplementation benefit paid to former employees directly by the Company. These plans are closed, and no other members are admitted.

31.c.2.3. Telefônica DB Plan

The Company individually sponsors the defined benefit retirement, Telefônica DB plan.

(In thousands of Reais, unless otherwise stated)

In order to improve allocation of Telefônica DB plan assets and analyze the coverage ratio of plan obligations in future years, a stochastic ***Application Lifecycle Management ("ALM")*** study was prepared by Visão Prev and Willis Towers Watson. This ALM study aimed at projecting the ratio between coverage of liabilities (solvency ratio) and the risk of mismatching measured by the standard deviation of the solvency ratio. The study concluded that the plan presents sustainable projection of their coverage ratio with the current investments' portfolio.

At the time of the concession, a benefit is calculated which will be paid in a lifelong form and updated by inflation. This plan is not open to new accessions.

The contributions are defined according to the costing plan, which is calculated considering financial, demographic and economic hypotheses in order to accumulate enough resources to pay the benefits to the participants who are already receiving them, and to the new pensions.

31.c.2.4. VISÃO Plans

The Visão Telefônica and Visão Multi plans, due to their similarity, are now shown together under the name Visão.

The Company and its subsidiaries sponsor defined contribution plans with defined benefit components (hybrid plans) and pension benefits, the Visão plans, managed by Visão Prev. The contribution is attributed to each subsidiary in the economic and demographic proportion of its respective obligation to the plan.

The contributions made by the Company and subsidiaries related to defined contribution plans totaled R$60,106 on December 31, 2024 (R$51,328 on December 31, 2023).

The contributions to the Visão Telefônica and Visão Multi plans are: (i) basic and additional contribution, with contributions made by the participant and sponsor; and (ii) additional, sporadic and specific contribution, with contributions made only by the participant.

In addition, the participant has the possibility to choose one of five investment profiles to apply to their balance, and they are: Super Conservative, Conservative, Moderate, Aggressive and Aggressive Fixed Income Long-Term.

31.c.3. Consolidated information on pension plans and other post-employment benefits

31.c.3.1. Reconciliation of net liabilities (assets)

	12.31.2024			12.31.2023		
	Post-retirement pension plans	**Post-retirement health plans**	**Total**	**Post-retirement pension plans**	**Post-retirement health plans**	**Total**
Present value of DB plan obligations	1,954,418	1,548,742	**3,503,160**	2,167,726	1,917,650	**4,085,376**
Fair value of plan assets	3,158,617	885,337	**4,043,954**	3,233,947	920,586	**4,154,533**
Net liabilities (assets)	**(1,204,199)**	**663,405**	**(540,794)**	**(1,066,221)**	**997,064**	**(69,157)**
Asset limitation	1,112,307	—	**1,112,307**	1,072,192	—	**1,072,192**
Current assets	(73,314)	—	**(73,314)**	(30,673)	—	**(30,673)**
Non-current assets	(83,732)	—	**(83,732)**	(43,375)	—	**(43,375)**
Current liabilities	8,678	22,349	**31,027**	8,683	22,905	**31,588**
Non-current liabilities	56,476	641,056	**697,532**	71,336	974,159	**1,045,495**

(In thousands of Reais, unless otherwise stated)

31.c.3.2. Total expenses recognized in the statement of income

	2024			2023			2022		
	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total
Current service cost	2,037	15,806	**17,843**	1,747	9,378	**11,125**	1,857	13,667	**15,524**
Net interest on net actuarial assets/liabilities	71	91,769	**91,840**	5,903	68,825	**74,728**	(2,466)	51,628	**49,162**
Total	**2,108**	**107,575**	**109,683**	**7,650**	**78,203**	**85,853**	**(609)**	**65,295**	**64,686**

31.c.3.3. Amounts recognized in other comprehensive income (loss)

	2024			2023			2022		
	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total
Actuarial losses (gains)	(73,304)	(425,490)	**(498,794)**	352,011	352,974	**704,985**	(46,511)	6,843	**(39,668)**
Asset limitation effect	(56,647)	—	**(56,647)**	(431,071)	(126,032)	**(557,103)**	46,240	71,149	**117,389**
Total	**(129,951)**	**(425,490)**	**(555,441)**	**(79,060)**	**226,942**	**147,882**	**(271)**	**77,992**	**77,721**

Income tax and social contribution levied on the total amounts recognized in other comprehensive income were: (i) in 2024: R$188,153, of which R$149,103 was deferred income tax and social contribution and R$39,050 was current income tax and social contribution; (ii) in 2023: (R$48,925), of which (R$79,229) was deferred income tax and social contribution and R$30,304 was current income tax and social contribution; and (ii) in 2022: R$26,335, was deferred income tax and social contribution.

31.c.3.4. Changes in amount net of liability (asset) of defined benefit, net

	12.31.2024			12.31.2023		
	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total
Net defined benefit liability (asset) at the beginning of the year	**5,971**	**997,064**	**1,003,035**	**64,725**	**700,930**	**765,655**
Expenses	2,108	107,575	**109,683**	7,650	78,203	**85,853**
Sponsor contributions	(9,588)	(15,744)	**(25,332)**	(10,108)	(9,011)	**(19,119)**
Amounts recognized in OCI	(129,951)	(425,490)	**(555,441)**	(79,060)	226,942	**147,882**
Distribution of reserves	39,568	—	**39,568**	22,764	—	**22,764**
Net defined benefit liability (asset) at the end of the year	**(91,892)**	**663,405**	**571,513**	**5,971**	**997,064**	**1,003,035**
Actuarial assets per balance sheet	(157,046)	—	**(157,046)**	(74,048)	—	**(74,048)**
Actuarial liabilities per balance sheet	65,154	663,405	**728,559**	80,019	997,064	**1,077,083**

(In thousands of Reais, unless otherwise stated)

31.c.3.5. Changes in defined benefit liability

	12.31.2024			12.31.2023		
	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total
Defined benefit liability at the beginning of the year	**2,167,726**	**1,917,650**	**4,085,376**	**1,969,220**	**1,495,397**	**3,464,617**
Current service costs	2,037	15,806	**17,843**	1,747	9,378	**11,125**
Interest on actuarial liabilities	186,004	172,297	**358,301**	183,161	143,981	**327,142**
Benefits paid	(196,336)	(82,107)	**(278,443)**	(192,759)	(69,670)	**(262,429)**
Member contributions paid	182	—	**182**	231	—	**231**
Actuarial losses (gains) adjusted by experience	94,337	(67,734)	**26,603**	89,991	156,879	**246,870**
Actuarial losses (gains) adjusted by financial assumptions	(299,532)	(407,170)	**(706,702)**	115,649	155,209	**270,858**
Actuarial losses (gains) adjusted by demographic assumptions	—	—	**—**	486	26,476	**26,962**
Defined benefit liability at the end of the year	**1,954,418**	**1,548,742**	**3,503,160**	**2,167,726**	**1,917,650**	**4,085,376**

31.c.3.6. Changes in the fair value of plan assets

	12.31.2024			12.31.2023		
	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total
Fair value of plan assets at the beginning of the year	**3,233,947**	**920,586**	**4,154,533**	**3,273,309**	**909,271**	**4,182,580**
Benefits paid	(188,315)	(66,412)	**(254,727)**	(184,151)	(60,705)	**(244,856)**
Participants contributions paid	182	—	**182**	231	—	**231**
Sponsor contributions paid	1,566	49	**1,615**	1,500	46	**1,546**
Interest income on plan assets	282,696	80,528	**363,224**	311,706	86,385	**398,091**
Return on plan assets excluding interest income	(131,891)	(49,414)	**(181,305)**	(145,884)	(14,411)	**(160,295)**
Distribution of reserves	(39,568)	—	**(39,568)**	(22,764)	—	**(22,764)**
Fair value of plan assets at the end of the year	**3,158,617**	**885,337**	**4,043,954**	**3,233,947**	**920,586**	**4,154,533**

31.c.3.7. Changes in asset limitation

	12.31.2024			12.31.2023		
	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total
Asset Limitation at the beginning of the year	**1,072,192**	**—**	**1,072,192**	**1,368,814**	**114,804**	**1,483,618**
Interest on the asset limitation	96,762	—	**96,762**	134,449	11,228	**145,677**
Changes in the assets limitation, except interest	(56,647)	—	**(56,647)**	(431,071)	(126,032)	**(557,103)**
Asset Limitation at the end of the year	**1,112,307**	**—**	**1,112,307**	**1,072,192**	**—**	**1,072,192**

(In thousands of Reais, unless otherwise stated)

31.c.3.8. Results projected for 2025

	Post-retirement pension plans	Post-retirement health plans	Total
Current service cost	1,781	8,381	**10,162**
Net interest on net defined benefit liability/asset	23,900	73,915	**97,815**
Total	**25,681**	**82,296**	**107,977**

31.c.3.9. Sponsoring company contributions projected for 2025

	Post-retirement pension plans	Post-retirement health plans	Total
Sponsor contributions	1,645	52	**1,697**
Benefits paid directly by the sponsor	8,678	22,486	**31,164**
Total	**10,323**	**22,538**	**32,861**

31.c.3.10. Average weighted duration of defined benefit liability

	Post-retirement pension plans	Post-retirement health plans
In 2024	6.9 years	11.8 years
In 2023	8.0 years	13.8 years

(In thousands of Reais, unless otherwise stated)

31.c.3.11. Actuarial assumptions

12.31.2024	Post-retirement pension plans	Post-retirement health plans
Discount rate to present value of defined benefit liability	11.07% to 11.67%	11.07% to 11.20%
Future salary growth rate	4.57% to 6.60%	N/A
Medical expense growth rate	N/A	6.61%
Nominal annual adjustment rate of pension benefits	3.50%	N/A
Medical service eligibility age	N/A	59 to 63 years
Estimated retirement age	57 to 60 years	59 to 63 years
Mortality table for nondisabled individuals	AT-2000 Basic segregated by gender, down-rated by 10% and 50%	AT-2000 Basic segregated by gender, down-rated by 10%
Mortality table for disabled individuals	RP-2000 Disabled Male, down-rated by 60%	RP-2000 Disabled Male, down-rated by 60%
Disability table	Light-Forte, Álvaro Vindas (down-rated by 50%) and Light-Fraca, down rated by 50%	Light-Forte
Turnover	Turnover experience in VISÃO plans (2018 to 2022)	Turnover experience in VISÃO plans (2020 to 2022)

12.31.2023	Post-retirement pension plans	Post-retirement health plans
Discount rate to present value of defined benefit liability	8.90% to 9.07%	9.07% to 9.18%
Future salary growth rate	4.57% to 6.60%	N/A
Medical expense growth rate	N/A	6.61%
Nominal annual adjustment rate of pension benefits	3.50%	N/A
Medical service eligibility age	N/A	59 to 63 years
Estimated retirement age	57 to 60 years	59 to 63 years
Mortality table for nondisabled individuals	AT-2000 Basic segregated by gender, down-rated by 10% and 50%	AT-2000 Basic segregated by gender, down-rated by 10%
Mortality table for disabled individuals	RP-2000 Disabled Male, down-rated by 60%	RP-2000 Disabled Male, down-rated by 60%
Disability table	Light-Forte, Álvaro Vindas (down-rated by 50%) and Light-Fraca, down rated by 50%	Light-Forte
Turnover	Turnover experience in VISÃO plans (2018 to 2022)	Turnover experience in VISÃO plans (2020 to 2022)

In addition to the assumptions presented in the tables above, for 2024 and 2023 other assumptions common to all plans were adopted, as follows: (i) long-term inflation rate: 3.50% in 2024 and 2023; and (ii) annual increase in the use of medical services according to age: 4.0% in 2024 and 2023.

31.c.3.12. Changes in actuarial assumptions in relation to the prior year

In order to adjust some actuarial assumptions to the economic and demographic reality, a study was conducted for the plans administered by Visão Prev and Sistel, which adopted the definition of the assumptions in their Deliberative Councils.

The main economic and financial assumptions that have changed in relation to the previous fiscal year and that interfere with the defined benefit liability are: (i) rates for discount to present value of the defined benefit liability; (ii) long-term inflation rate; (iii) rate of future wage growth; (iv) rate of growth of medical costs; and (v) annual nominal index of adjustment of social security benefits.

(In thousands of Reais, unless otherwise stated)

The impacts on the plans' defined benefit liabilities due to the new definition of the actuarial assumptions are as follows:

	Post-retirement pension plans	Post-retirement health plans	Total
Defined benefit liability, based on current actuarial assumptions	1,954,418	1,548,742	3,503,160
Defined benefit liability, based on prior-year actuarial assumptions	2,253,950	1,955,912	4,209,862
Difference from change in actuarial assumptions	**(299,532)**	**(407,170)**	**(706,702)**

31.c.3.13. Sensitivity analysis for actuarial assumptions

The Company believes that the significant actuarial assumptions with reasonable likelihood of variation due to financial and economic scenarios, which could significantly change the amount of the defined benefit obligation, are the discount rate used to adjust the defined benefit liability to present value and the rate of growth of medical costs.

Below, we present a sensitivity analysis on the defined benefit obligation for scenarios of a 0.5% increase and a 0.5% reduction in the discount rate used to adjust the defined benefit liability to present value.

	Post-retirement pension plans	Post-retirement health plans	Total
Defined benefit liability, projected by the current medical cost growth rate	1,954,418	1,548,742	3,503,160
Considering a rate increased by 1%	1,954,418	1,730,907	3,685,325
Considering a rate decreased by 1%	1,954,418	1,395,519	3,349,937
Defined benefit liability, discounted to present value at current rate	1,954,418	1,548,742	3,503,160
Considering a rate increased by 0.5%	1,900,202	1,469,618	3,369,820
Considering a rate decreased by 0.5%	2,012,028	1,635,539	3,647,567

31.c.3.14. Allocation of plan assets

	Consolidado					
	12.31.2024			12.31.2023		
	Post-retirement pension plans	Post-retirement health plans	Total	Post-retirement pension plans	Post-retirement health plans	Total
Investments with market value quoted in active market:						
Fixed income investments						
National Treasury Note (NTN)	2,417,123	850,897	3,268,020	2,571,155	867,468	3,438,623
Treasury Financial Letter	605,490	12,041	617,531	398,452	53,118	451,570
Repurchase operations	14,203	—	14,203	139,788	—	139,788
Debentures	14,148	—	14,148	17,840	—	17,840
Financial Letter	1,309	—	1,309	805	—	805
FIDC shares / Others	3,370	—	3,370	2,821	—	2,821
National Treasury Notes (LTN)	4,629	22,399	27,028	—	—	—
Variable income investments						
Investments linked to funds and market indexes	4,509	—	4,509	4,917	—	4,917
Real estate investments	75,862	—	75,862	79,423	—	79,423
Loans to participants	15,654	—	15,654	16,669	—	16,669
Structured and overseas investments	2,320	—	2,320	2,077	—	2,077
Total	3,158,617	885,337	4,043,954	3,233,947	920,586	4,154,533

32. FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT

32.a. Accounting policy

32.a.1. Financial assets

32.a.1.1. Initial recognition and measurement

On initial recognition, a financial asset is classified in the following measurement categories: (i) at fair value through profit or loss; (ii) at amortized cost; or (iii) at fair value through other comprehensive income, depending on the situation.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the business model for the management of these assets.

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, it needs to generate cash flows that are "exclusively payments of principal and interest" on the principal amount outstanding. This assessment is carried out at the level of each financial instrument.

Financial assets with cash flows that are not exclusively payments of interest principal are classified and measured at fair value through profit or loss, regardless of the business model adopted.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets or both. Financial assets classified and measured at amortized cost are maintained in a business plan with the objective of maintaining financial assets in order to obtain contractual cash flows while financial assets classified and measured at fair value against other comprehensive income are maintained in a business model. with the objective of obtaining contractual cash flows and for the purpose of sale.

The Company's consolidated financial assets include cash and cash equivalents, accounts receivable, financial investments, derivative financial instruments, amounts receivable from the sale of properties and others and credits with related parties.

32.a.1.2. Subsequent measurement

The subsequent measurement of financial assets depends on their classification, which may be as follows: (i) financial assets at fair value through profit or loss: are subsequently measured at fair value. Net income, including interest, is recognized directly in profit or loss; (ii) financial assets at amortized cost: are subsequently measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired; and (iii) financial assets at fair value through other comprehensive income: are subsequently measured at fair value. Interest income, foreign exchange and impairment losses or reversals are recognized in the statement of income and calculated in the same manner as for financial assets measured at amortized cost. Remaining changes in fair value are recognized in other comprehensive income. At the time of derecognition, the cumulative change in fair value recognized in other comprehensive income is reclassified to profit or loss.

32.a.1.3. Derecognition

A financial asset (or, whenever the case, a part of a financial asset, or a part of a group of similar financial assets) is derecognized when: (i) the rights to receive the cash flows from the asset have expired; or (ii) the Company has transferred its rights to receive cash flows from it has assumed obligation to pay the received cash flows in full without material delay to a third part under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

32.a.1.4. Impairment of financial assets

The Company and its subsidiaries apply an impairment model for financial assets based on expected credit losses, using a simplified method for certain short and long-term assets (commercial receivables, lease receivables and contractual assets).

Under this simplified approach, credit impairment is recognized by reference to expected credit losses over the life of the asset. For this purpose, the Company and its subsidiaries use matrices based on historical bad debt experience by geographical area on a portfolio segmented by customer category according to credit pattern. The matrix for each category has a defined time horizon divided into intervals in accordance with the collection management policy and is fed with historical data that covers at least 24 collection cycles. This data is updated on a regular basis. Based on the information observable at each close, the Company and its subsidiaries assess the need to adjust the rates resulting from these matrices, considering current conditions and future economic forecasts.

32.a.2. Financial liabilities

32.a.2.1. Initial recognition and measurement

Upon initial recognition, a financial liability is classified into the following measurement categories: (i) at fair value through profit or loss; (ii) at amortized cost; or (iii) derivatives designated as hedge instruments in an effective hedge, as appropriate.

Financial liabilities are initially recognized at fair value plus, in the case of loans and financing, transaction cost directly attributable thereto.

The Company's consolidated financial liabilities include accounts payable to suppliers, loans, financing, debentures, leases and other creditors, derivative financial instruments, obligations with ANATEL, amounts to be refunded to customers and obligations with related parties.

32.a.2.2. Subsequent measurement

Measurement of financial liabilities depends on their classification, as follows: (i) Financial liabilities at fair value through profit or loss: financial liabilities are designated at initial recognition at fair value through profit or loss. This category also includes derivative financial instruments contracted, except those designated as derivative financial instruments of cash flow hedge. Interest, monetary and exchange variations and changes arising from the valuation at fair value, when applicable, are recognized in the statement of income when incurred; and (ii) Financial liabilities at amortized cost: after initial recognition, loans and financing subject to interest are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income at the time of write-off of liabilities, as well as during the amortization process using the effective interest rate method.

Amortized cost is calculated taking into account any discount or goodwill on acquisition and fees or costs that are an integral part of the effective interest rate method. Amortization using the effective interest rate method is included as a financial expense in the income statement.

32.a.2.3. Derecognition

A financial liability is derecognized when the obligation has been revoked, cancelled or expired. When an existing financial liability is replaced by another of the same lender, and the terms of the instruments are substantially different, or when the terms of an existing debt instrument are substantially modified, this replacement or modification is treated as derecognition of the original liability and recognition of a new liability, and the difference in the corresponding carrying amounts is recognized in the statement of income.

32.a.3. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability will take place (i) in the principal market for the asset or liability; and (ii) in the absence of a principal market, in the most advantageous market for that asset or liability. The Company and or its subsidiaries must have access to the principal (or most advantageous) market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing an asset or liability, assuming that market participants act in their best economic interests.

Fair value measurement of a non-financial asset takes into consideration the capacity of a market participant to generate economic benefits through the best use of the asset or selling it to another market participant that would also make the best use of the asset.

The Company and its subsidiaries use adequate valuation techniques in the circumstances and for which there is sufficient data to measure the fair value, which maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The fair values of all assets and liabilities are classified within the fair value hierarchy described below, based on the lowest level of information that is significant to the fair value measurement as a whole: (i) Level 1: quoted market prices (unadjusted) in active markets for identical assets or liabilities; (ii) Level 2: valuation techniques for which there is a significantly lower level of information to measure the fair value directly or indirectly observable; and (iii) Level 3: valuation techniques for which the lowest and significant level of information to measure the fair value is not available.

For assets and liabilities recognized in the financial statements on a recurring basis, the Company and its subsidiaries determine whether transfers have occurred between levels of the hierarchy, reassessing the categorization (based on information at the lowest and most significant level for measuring the fair value as a whole) to each year end.

The Company and its subsidiaries assessed their financial assets and liabilities in relation to market values using available information and appropriate valuation methodologies. Both the interpretation of market data and the selection of valuation methods require considerable judgment and reasonable estimates to produce the most adequate realization value. As a result, the estimates shown do not necessarily indicate amounts that could be realized in the current market. The use of different assumptions for the market and/or methodologies may have a material effect on estimated realization values.

In the years ended December 31, 2024 and 2023, there were no transfers of fair value assessments between the aforementioned levels.

32.a.4. Financial instruments – net

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current enforceable legal right to offset the amounts recognized and if there is an intention to offset or realize the asset or settle the liability simultaneously.

32.a.5. Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as currency and interest rate swaps and currency forward contracts to provide protection against the risk of changes in exchange rates.

For hedge accounting purposes, they can be classified as: cash flow hedges and fair value hedges. The Company's contracts are classified as cash flow hedges when they provide protection against changes in cash flows that are attributable to a particular risk associated with a recognized liability that may affect the result, and fair value hedges when they provide protection against exposure to changes in the fair value of an identified portion of certain liabilities that are attributable to a particular risk (exchange rate variation) and may affect the result.

At the beginning of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the objective and risk management strategy for carrying out the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company assesses whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of sources of hedge ineffectiveness and how to determine the hedge ratio). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: (i) there is an economic relationship between the hedged item and the hedging instrument; (ii) the effect of credit risk does not influence the changes in value that result from that economic relationship; and (iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity effectively hedges and the quantity of the hedging instrument that the Company effectively uses to hedge that quantity of the hedged item.

Any gains or losses resulting from changes in the fair value of derivative financial instruments during the period are recognized directly in the statement of income, except for the effective portion of cash flow hedges, which is recognized directly in equity in other comprehensive income and subsequently reclassified to profit or loss when the hedged item affects profit or loss.

32.a.5.1. Cash flow hedges

Cash flow hedges meeting the recording criteria are accounted for as follows: (i) the portion of gain or loss from the hedge instrument determined as an effective hedge shall be recognized directly in equity (other comprehensive income), and (ii) the ineffective portion of gain or loss from the hedge instrument shall be recognized in the statement of income.

When the Company's documented risk management strategy for any given hedge relationship excludes from the hedge effectiveness evaluation any particular component of gain or loss or the corresponding cash flows from the hedge instrument, that gains or loss component is recognized in financial income (expenses).

Amounts recorded in other comprehensive income are immediately transferred to the statement of income when the hedged transaction affects P&L. When a hedged item is the cost of a non-financial asset or liability, amounts recorded in equity are transferred at the initial carrying amount of the non-financial assets and liabilities.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge fails to meet the hedge accounting criteria, any cumulative gain or loss previously recognized in other comprehensive income remains separately in equity until the forecast transaction occurs or the firm commitment is fulfilled.

32.a.5.2. Fair value hedges

Fair value hedges meeting the accounting criteria are accounted for as follows: (i) gain or loss from changes in fair value of a hedge instrument shall be recognized in the statement of income as finance costs; and (ii) gain or loss from a hedged item attributable to the hedged risk shall adjust the recorded amount of the hedged item to be recognized in the statement of income, as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustments to carrying value are amortised through profit or loss over the remaining term of the hedge using the effective interest method. Amortisation of the effective interest rate may begin as soon as an adjustment occurs and, at the latest, when the hedged item ceases to be adjusted by changes in its fair value attributable to the hedged risk.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of income.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

32.a.5.3. Classification between current and non-current

Derivative financial instruments are classified as current and non-current or segregated into short and long-term portions based on an evaluation of the contractual cash flows.

When the Company maintains a derivative as an economic hedge (and does not apply hedge accounting), for a period exceeding 12 months after the balance sheet date, the derivative is classified as non-current (or segregated into current and non-current portions), in line with the classification of the corresponding item.

The derivative instrument is segregated into current and non-current portions only when amounts can be reliably allocated.

Derivative instruments that are designated as effective hedging instruments are classified consistently with the classification of the underlying hedged item.

32.b. Critical estimates and judgments

When the fair value of financial assets and liabilities stated in the balance sheet cannot be obtained in active markets, it will be determined using valuation techniques, including the discounted cash flow method. Data for these methods is based on those adopted in the market, whenever possible. However, when this is not feasible, a certain level of judgment is required for fair value determination. Judgment includes consideration of the inputs used, such as liquidity risk, credit risk and volatility. Changes in the assumptions about these factors could affect the reported fair value of financial instruments.

32.c. Derivative transactions

The Company's contracting of derivative financial instruments is mainly intended to protect against the risk of inflation variation in leases indexed to the IPCA, in addition to protecting against exchange rate risk arising from liabilities in foreign currency. There are no derivative financial instruments for speculation purposes and possible effects from exchange rate risks are hedged.

Management believes that the Company's internal controls for its derivatives are adequate to control risks associated with each strategy for the market. Gains/losses obtained or sustained by the Company in relation to its derivatives show that its risk management has been appropriate.

Whilst these derivative contracts qualify for hedge accounting, the hedged item is adjusted to fair value, offsetting the result of the derivatives, pursuant to the rules of hedge accounting. This hedge accounting applies both to financial liabilities and probable cash flows in foreign currency.

Derivatives contracts include specific penalties for breach of contract. Breach of contract provided for in agreements made with financial institutions leads to the anticipated liquidation of the contract.

The Company does not apply hedge accounting to its current portfolio.

On December 31, 2024 and 2023, the Company held no embedded derivatives contracts.

32.c.1. Fair value of derivative financial instruments

The valuation method used to calculate the fair value of financial liabilities (if applicable) and derivative financial instruments was the discounted cash flow method, based on expected settlements or realization of liabilities and assets at market rates prevailing at the balance sheet date.

The fair values of the positions in ***Reais*** are calculated by projecting future inflows from transactions using B3 yield curves and discounting these flows to present value using market DI rates for swaps announced by B3.

The market values of foreign exchange derivatives were obtained using the market exchange rates in effect at the balance sheet date and projected market rates obtained from the currency's coupon-rate yield curves. The linear convention of 360 calendar days was used to determine coupon rates of positions indexed in foreign currencies, while the exponential convention of 252 business days was used to determine coupon rates for positions indexed to CDI rates.

(In thousands of Reais, unless otherwise stated)

Consolidated derivatives financial instruments shown below are registered with B3 and classified as swaps, usually, that do not require margin deposits.

	Consolidated			
			Accumulated effects from fair value	
	Notional Value		Amount receivable (payable)	
Description	**12.31.2024**	**12.31.2023**	**12.31.2024**	**12.31.2023**
Swap contracts				
Assets position	**899,522**	**820,298**	**104,300**	**85,288**
Foreign Currency	594,886	609,794	7,782	256
US$[1]	493,087	369,544	6,526	27
EUR[1]	101,799	125,848	1,256	229
NDF US$[3]	—	114,402	—	—
Floating rate	259,259	172,471	2,938	1,952
CDI[1]	214,268	172,471	1,098	1,952
Euribor[4]	44,991	—	1,840	—
Inflation rates	45,377	38,033	93,580	83,080
IPCA[2]	45,377	38,033	93,580	83,080
Liabilities position	**(899,522)**	**(820,298)**	**(98,205)**	**(94,703)**
Floating rate	(685,254)	(533,425)	(97,353)	(93,805)
CDI[1][2]	(685,254)	(533,425)	(97,353)	(93,805)
Fixed rate	—	(114,402)	—	(898)
NDF US$[3]	—	(114,402)	—	(898)
Foreign Currency	(214,268)	(172,471)	(852)	—
US$[1]	(214,268)	(169,247)	(852)	—
EUR[1]	—	(3,224)	—	—
	Long position		**17,364**	**85,288**
	Current		15,524	8,336
	Non-current		1,840	76,952
	Short position		**(11,269)**	**(94,703)**
	Current		(866)	(6,948)
	Non-current		(10,403)	(87,755)
	Amounts receivable (payable), net		**6,095**	**(9,415)**

(1) Foreign currency swap (euro and CDI x euro) (R$101,799) and (dollar and CDI x dollar) (R$278,819) – swap transactions contracted with maturities up to February 24, 2025, with the objective of protecting against exchange rate variation risks of net amounts payable (book value of R$1,241 payable and R$6,711 payable, respectively).

(2) IPCA x CDI Swap (R$45,377) – swap transactions contracted with maturities in 2033 with the objective of protecting against the risk of variation of the IPCA (book value of R$3,758 payable).

(3) Forward operations contracted (NDF dollar x R$), closed on June 11, 2024, had the objective of protecting against exchange rate variation risks of service contracts.

(4) Swap Euribor x CDI (R$44,991) – swap transactions contracted with maturities in 2027 with the objective of protecting against the risk of Euribor variation (accounting value of R$1,840 to be received).

(In thousands of Reais, unless otherwise stated)

32.c.2. Net changes of derivative financial instruments

	12.31.2024	12.31.2023
Balance at the beginning of the fiscal year	**(9,415)**	**(6,118)**
Payments	34,285	142,637
Receipts	(92,079)	(27,484)
Effects on the financial result of fair value adjustments	68,944	(110,089)
Effects on equity of fair value adjustments	4,360	(8,361)
Balance at the end of the year	**6,095**	**(9,415)**

32.c.3. Aging of derivative financial instruments (net)

	Maturing in						
Swap contract	**2025**	**2026**	**2027**	**2028**	**2029**	**2030 onwards**	**Amount receivable (payable) on 12.31.2024**
IPCA x CDI	6,645	4,957	4,245	4,515	4,518	(28,638)	(3,758)
Euribor x CDI	—	—	1,840	—	—	—	1,840
Foreign currency x CDI	7,767	—	—	—	—	—	7,767
CDI x Foreign Currency	246	—	—	—	—	—	246
Total	**14,658**	**4,957**	**6,085**	**4,515**	**4,518**	**(28,638)**	**6,095**

For the purposes of preparing its financial statements, the Company adopted the fair value hedge accounting methodology for its foreign currency swaps x CDI and IPCA x CDI for hedging or financial debt. Under this arrangement, both derivatives and hedged risk are recognized at fair value.

On December 31, 2024, and 2023, the derivatives financial instruments generated net results consolidated of positive R$69,008 and negative R$110,089, respectively (Note 28.).

32.c.4. Sensitivity analysis of the Company's risk variables

Publicly-held companies must disclose a sensitivity analysis table for each type of market risk considered relevant by Management, arising from financial instruments, to which the entity is exposed at the closing date of each period, including all operations with derivative financial instruments.

Each financial instrument derivative transaction was assessed, and assumptions included a probable base scenario and a further two stressed scenarios that could adversely impact the Company.

For the probable base scenario, at the maturity dates for each of the transactions, the market rates sourced from B3 yield curves (currencies and interest rates) were used plus data from the IBGE, Central Bank, FGV, among others. In the probable scenario, there is no impact on the fair value of the above-mentioned derivatives. For scenarios II and III, as per the CVM rule, risk variables were stressed by 25% and 50%, respectively.

(In thousands of Reais, unless otherwise stated)

Since the Company only holds derivatives to hedge its foreign currency assets and liabilities, other scenarios are not applicable. For these transactions, the Company reported the consolidated net exposure in each of the above-mentioned three scenarios on December 31, 2024.

		Company / Consolidated		
Transaction	**Risk**	**Probable**	**25% depreciation**	**50% depreciation**
Hedge (assets position)	Derivatives (depreciation risk EUR)	103,360	129,200	155,040
Payables in EUR	Debt (appreciation risk EUR)	(104,619)	(130,774)	(156,929)
Receivables in EUR	Debt (depreciation risk EUR)	1,259	1,574	1,889
	Net Exposure	—	—	—
Hedge (assets position)	Derivatives (depreciation risk US$)	286,704	358,381	430,057
Payables in US$	Debt (appreciation risk US$)	(444,721)	(555,901)	(667,081)
Receivables in US$	Debt (depreciation risk US$)	155,479	194,348	233,218
	Net Exposure	**(2,538)**	**(3,172)**	**(3,806)**
Hedge (assets position)	Derivatives (risk of decrease in IPCA)	36,086	21,414	8,116
Debt in IPCA	Debt (risk of increase in IPCA)	(36,086)	(21,414)	(8,116)
	Net Exposure	—	—	—
Hedge (active position)	Derivatives (Risk of Euribor drop)	1,840	2,300	3,450
Debt in Euribor	Debts (Risk of Euribor increase)	(1,840)	(2,300)	(3,450)
	Net Exposure	—	—	—
Hedge (CDI position)				
Hedge US$ and EUR (liabilities position)	Derivatives (risk of decrease in CDI)	852	897	908
Hedge IPCA (liabilities position)	Derivatives (risk of increase in CDI)	(39,844)	(49,805)	(59,765)
	Net Exposure	**(38,992)**	**(48,908)**	**(58,857)**
Total net exposure in each scenario		**(41,530)**	**(52,080)**	**(62,663)**
Net effect on changes in current fair value		**—**	**(10,550)**	**(21,133)**

The fair values shown in the table above are based on the portfolio position on December 31, 2024, but do not contemplate other changes to market variables which are constantly monitored by the Company. The use of different assumptions could significantly affect the estimates.

For calculation of the net exposure for the sensitivity analysis, all derivatives were considered at market value and hedged items designated for hedges for accounting purposes were also considered at fair value.

(In thousands of Reais, unless otherwise stated)

The assumptions used by the Company for the sensitivity analysis on December 31, 2024, were as follows:

Risk Variable	Probable	25% depreciation	50% depreciation
US$	6.1900	7.7400	9.2900
EUR	6.4400	8.0500	9.6500
IPCA	5.17%	6.50%	7.85%
IGPM	6.54%	8.24%	9.97%
CDI	12.15%	13.48%	16.39%
Euribor	2.72%	3.41%	4.10%

32.d. Classification of financial assets and liabilities by category and fair value hierarchy

For the purposes of disclosing fair value, the Company and its subsidiaries determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Below, we present the composition and classification of financial assets and liabilities as of December 31, 2024 and 2023.

	Classification by category	Fair value hierarchy	Book value		Fair value	
			12.31.2024	12.31.2023	12.31.2024	12.31.2023
Financial Assets						
Current						
Cash and cash equivalents (Note 3.)	1		6,691,098	4,358,276	6,691,098	4,358,276
Financial investments (Note 4.)	1		—	1,148	—	1,148
Trade accounts receivable (Note 5.)	1		9,471,592	9,318,077	9,471,592	9,318,077
Derivative transactions (Note 32.)	2	Level 2	15,524	8,336	15,524	8,336
Sale of real estate and other receivables (Note 11.)	1		134,963	106,223	134,963	106,223
Related-party receivables (Note 11.)	1		72,641	259,426	72,641	259,426
Non-current						
Financial investments (Note 4.)	1		42,619	36,169	42,619	36,169
Trade accounts receivable (Note 5.)	1		370,149	351,036	370,149	351,036
Derivative transactions (Note 32.)	2	Level 2	1,840	76,952	1,840	76,952
Sale of real estate and other receivables (Note 11.)	1		120,354	51,129	120,354	51,129
Related-party receivables (Note 11.)	1		42,759	8,820	42,759	8,820
Total financial assets			**16,963,539**	**14,575,592**	**16,963,539**	**14,575,592**
Financial Liabilities						
Current						
Trade accounts payable, net (Note 17.)	1		9,230,624	8,169,945	9,230,624	8,169,945
Financial institutions(Note 21.)	1		2,386	—	2,386	—
Leases (Note 21.)	2	Level 2	4,520,626	3,877,090	4,520,626	3,877,090
Debentures (Note 21.)	1		1,695,214	221,589	1,695,214	221,589
5G Licenses (Note 21.)	1		62,811	351,291	62,811	351,291
Liabilities for the acquisition of a company (Note 21.)	1		26,182	25,690	26,182	25,690
Other creditors (Note 21.)	1		10,176	—	10,176	—
Tax Amnesty and Refinancing Program (Note 16.b)	1		130,563	—	130,563	—

(In thousands of Reais, unless otherwise stated)

Derivative transactions (Note 32.)	2	Level 2	866	6,050	866	6,050
Derivative transactions (Note 32.)	3	Level 2	—	898	—	898
Liabilities with ANATEL (Note 23.)	1		146,844	99,884	146,844	99,884
Reduction of capital of the Company (Note 22)	1		38,721	—	38,721	—
Amounts to be refunded to customers (Note 23.)	1		126,867	124,533	126,867	124,533
Liabilities with related parties (Note 23.)	1		133,290	5,103	133,290	5,103
Non-current						
Financial institutions (Note 21.)	1		2,500	—	2,500	—
Leases (Note 21.)	2	Level 2	10,725,980	9,718,949	10,725,980	9,718,949
Debentures (Note 21.)	1		2,000,000	3,500,000	2,000,000	3,500,000
5G Licenses (Note 21.)	1		942,159	949,395	942,159	949,395
Liabilities for the acquisition of a company (Note 21.)	1		207,167	63,198	207,167	63,198
Tax Amnesty and Refinancing Program (Note 19.b.2)	1		313,799	—	313,799	—
Other creditors (Note 21.)	1		106,967	30,025	106,967	30,025
Derivative transactions (Note 32.)	2	Level 2	10,403	87,755	10,403	87,755
Liabilities with ANATEL (Note 23.)	1		892,648	829,636	892,648	829,636
Liabilities with related parties (Note 23.)	1		638	568	638	568
Total financial liabilities			**31,327,431**	**28,061,599**	**31,327,431**	**28,061,599**

Classification by category

(1) Amortized cost
(2) Measured at fair value through profit or loss
(3) Measured at fair value through OCI

32.e. Capital management

The purpose of the Company's capital management is to ensure maintenance of a high credit rating and an optimal capital ratio to support the Company's business and maximize shareholder value.

The Company manages its capital structure by making adjustments and adapting to current economic conditions. In seeking such equilibrium, the Company may pay dividends, obtain new loans, issue debentures and contract derivatives. For the year ended December 31, 2024, there were no changes in capital structure objectives, policies or processes.

The Company includes in the net debt structure the balances of loans, financing, debentures, leases, 5G licenses, contractual retention and contingent liabilities arising from the acquisition of Companies, tax amnesty programs, other creditors and derivative financial instruments, less cash and equivalents cash, judicial deposit related to the tax amnesty program of the State of SP and accounts receivable from credit rights (FIDC Vivo Money).

(In thousands of Reais, unless otherwise stated)

The Company’s ratio of consolidated debt to shareholders’ equity consists of the following:

	12.31.2024	12.31.2023
Cash and cash equivalents	6,691,098	4,358,276
Financial investments	—	1,148
Accounts receivable – FIDC Vivo Money (net of estimated losses)	205,832	208,194
Loans and financing, debentures, leases and other creditors, net of judicial deposits	(20,705,984)	(18,737,227)
Derivative transactions, net	6,095	(9,415)
Net debt	**(13,802,959)**	**(14,179,024)**
Net equity	69,799,495	69,627,320
Net debt-to-equity ratio	**19.8%**	**20.4%**

32.f. Risk management policy

The Company and its subsidiaries are exposed to several market risks as a result of its commercial operations, debts contracted to finance its activities and debt-related financial instruments.

32.f.1. Currency Risk

The Company is exposed to the foreign exchange risk for financial assets and liabilities denominated in foreign currencies, which may reduce receivables or increase payables depending on the exchange rate in the period.

Hedging transactions were executed to minimize the risks associated with exchange rate changes on financial assets and liabilities in foreign currencies. This balance is subject to daily changes due to the dynamics of the business. However, the Company intends to cover the net balance of these assets and obligations (US$40,295 thousand, €15,988 thousand and £71 thousand paid by December 31, 2024, and US$33,796 thousand, €18,409 thousand and £66 thousand paid by December 31, 2023) to mitigate its foreign exchange risks.

32.f.2. Interest and Inflation Risk

This risk may arise from an unfavorable change in the domestic interest rate, which may adversely affect financial expenses from the portion of debentures referenced to the CDI and liability positions in derivatives (currency hedge and IPCA) pegged to floating interest rates (CDI).

To reduce exposure to the floating interest rate (CDI), the Company and its subsidiaries invested cash equivalents of R$6,542,862 and R$4,289,932 on December 31, 2024, and 2023, respectively, mostly in short-term CDI-based financial investments (CDBs). The carrying amounts of these instruments approximate their fair values, as they may be redeemed in the short term.

32.f.3. Liquidity Risk

Liquidity risk consists of the possibility that the Company might not have sufficient funds to meet its commitments due to the different timing and settlement terms of its rights and obligations.

The Company structures the maturities of financial instruments so as not to affect their liquidity.

The Company's cash flow and liquidity are managed on a daily basis by the operating departments to ensure that cash flows and contracted funding, when necessary, are sufficient to meet scheduled commitments in to mitigate liquidity risk.

The maturity profile of consolidated financial liabilities includes future principal and interest amounts up to the maturity date. For fixed rate liabilities, interest was calculated based on the indices established in each contract. For floating rate liabilities, interest was calculated based on the market forecast for each period.

In order to minimize liquidity risk and ensure compliance with obligations, the Company's cash investment policy prioritizes instruments indexed to the CDI (post-fixed rate), with daily liquidity and counterparties whose credit rating and/or balance scorecard indicate low credit risk. In addition, the investment policy establishes diversification limits for counterparties, which provides greater confidence in the Company's ability to honor its payment commitments.

32.f.4. Credit Risk

The credit risk arises from the possibility that the Company may incur losses resulting from the difficulty in receiving billed amounts related to the provision of services and the sale of handsets and equipment to its B2C and B2B customers, in addition to the sale of handsets and pre-activated prepaid cards to the distributor network.

Credit risk with accounts receivable is diversified and minimized through strict control of the customer base and constant risk analysis. The Company constantly monitors the level of accounts receivable and limits the risk of overdue accounts by cutting off access to the telephone line if the invoice is past due. For the prepaid mobile customer base, which requires advance loading, there is no credit risk. Exceptions are made for emergency services that must be maintained for reasons of national security or defense.

Credit risk on sales of pre-activated prepaid handsets and cards is managed through a prudent policy for granting credit, using modern credit scoring methods, analyzing financial statements and consultations to commercial databases, in addition to requesting guarantees.

The Company and its subsidiaries are also subject to credit risk arising from their investments, letters of guarantee received as collateral for certain transactions and receivables from derivative transactions. The Company and its subsidiaries control the credit limits granted to each counterpart and diversify this exposure across first-tier financial institutions as per current credit ratings of financial counterparties.

32.f.5. Insurance Coverage

The policy of the Company and its subsidiaries, as well as the Telefónica Group, is to contract insurance coverage for all significant assets and liabilities of high-risk based on Management's judgment and following Telefónica corporate program guidelines.

On December 31, 2024, the maximum limits of claims (established pursuant to the agreements of each entity consolidated by the Company) for significant assets, liabilities or interests covered by insurance and their respective total R$900,000 for operational risks (including business interruption) and R$75,000 for general civil liability.

The Company's Management considers the insurance coverage to be sufficient to cover any possible claims.

(In thousands of Reais, unless otherwise stated)

33. Additional Information on Cash Flows

The following is a reconciliation of the consolidated cash flow financing activities for the year ended December 31, 2024, and 2023.

		Cash flows from financing activities		Cash flows from operating activities	Financing activities not involving cash and cash equivalents				
	Balance on 12.31.2023	**Additions**	**Write-offs (payments)**	**Write-offs (payments)**	**Financial charges, fair value, monetary and exchange rate updates, write-offs and reversals**	**Additions (cancellations) of leases contracts**	**Business combination**	**Interim and unclaimed dividends and interest on equity**	**Balance on 12.31.2024**
Interim dividends and interest on equity	2,247,884	—	(2,532,399)	—	—	—	—	2,521,605	2,237,090
Financing - Other creditors	30,025	83,084	—	(8,323)	12,357	—	—	—	117,143
Leases	13,596,039	—	(3,081,545)	(1,600,192)	1,630,993	4,701,311	—	—	15,246,606
Debentures	3,721,589	—	—	(443,423)	417,048	—	—	—	3,695,214
Financing - Liabilities for the acquisition of a company	88,888	—	(22,927)	(3,862)	7,458	—	163,792	—	233,349
Financing - 5G Licences	1,300,686	—	(331,687)	(18,616)	54,587	—	—	—	1,004,970
Financing - Tax Refinancing and Amnesty Program	—	—	(58,130)	(3,605)	21,443	484,654	—	—	444,362
Financing - Financial institutions	—	—	(750)	—	73	—	5,563	—	4,886
Derivative financial instruments	9,415	—	54,331	3,463	(73,304)	—	—	—	(6,095)
Total	**20,994,526**	**83,084**	**(5,973,107)**	**(2,074,558)**	**2,070,655**	**5,185,965**	**169,355**	**2,521,605**	**22,977,525**

		Cash flows from financing activities		Cash flows from operating activities	Financing activities not involving cash and cash equivalents				
	Balance on 12.31.2022	**Additions**	**Write-offs (payments)**	**Write-offs (payments)**	**Financial charges, foreign exchange variation**	**Additions (cancellations) of leases contracts and supplier financing**	**Business combination**	**Interim and unclaimed dividends and interest on equity**	**Balance on 12.31.2023**
Interim dividends and interest on equity	3,187,417	—	(3,832,612)	—	—	—	—	2,893,079	2,247,884
Loans and financing / Other creditors	1,073,090	30,025	(1,056,060)	(34,236)	17,206	—	—	—	30,025
Leases	12,032,603	—	(2,754,909)	(1,481,392)	1,392,570	4,407,167	—	—	13,596,039
Debentures	3,736,833	—	—	(501,765)	486,521	—	—	—	3,721,589
Financing - Liabilities for the acquisition of a company	615,299	—	(24,038)	(4,973)	38,070	(561,285)	25,815	—	88,888
Financing - 5G Licences	1,843,971	—	(616,936)	(31,912)	105,563	—	—	—	1,300,686
Derivative financial instruments	6,118	—	(107,714)	(7,439)	118,450	—	—	—	9,415
Total	**22,495,331**	**30,025**	**(8,392,269)**	**(2,061,717)**	**2,158,380**	**3,845,882**	**25,815**	**2,893,079**	**20,994,526**

34. Contractual Commitments

34.a. Contractual Commitments

The Company has unrecognized contractual commitments arising from the purchase of goods and services, which mature on several dates, with monthly payments.

(In thousands of Reais, unless otherwise stated)

On December 31, 2024, the total consolidated nominal values equivalent to the full contract period were:

Year	
2025	1,028,612
2026	725,975
2027	377,729
2028	311,759
2029	282,834
2030 onwards	370,706
Total[(1)]	**3,097,615**

(1) Includes R$446 millions, referring to contracts for the provision of security services with Telefónica Cybersecurity Tech, S.L.U. ("CyberCo") and its subsidiaries, companies of the Telefónica Group.

34.b. Guarantees

On December 31, 2024, the Company had guarantees for several commitments with ANATEL, suppliers and legal proceedings:

Insurance of guarantee(1)	29,357,294
Letters of guarantee	5,981,953
Judicial deposits and garnishments (Note 10.)	3,003,723
Property and equipment (Note 13.f.)	29,414
Financial investments in guarantee of lawsuits (Note 4.)	42,619
Total	**38,415,003**

(1) These refer to insurance amounts contracted to ensure the continuity of legal proceedings (Note 20.).

35. Other matters

35.a. Environmental Risks

The Company's operations and properties are subject to various environmental laws and regulations that govern environmental licenses and registrations, protection of fauna and flora, atmospheric emissions, waste management and remediation of contaminated areas, among others. If the Company or its business partners are unable to comply with current and future legal requirements, or identify and manage new or existing environmental liabilities, it will have to incur significant costs, which include investigation and remediation costs, indemnities, compensation, adjustment of conduct, fines, suspension of activities and other penalties, investments to improve facilities or change operations, in addition to damage to the Company's reputation in the market.

The identification of new relevant environmental issues, changes in assessment criteria by regulatory agencies, entry into force of more restrictive laws and regulations or other unforeseen events may result in significant environmental liabilities and their respective costs. The occurrence of any of these factors could have a material adverse effect on the Company's business, results of operations and financial condition. According to article 75 of Law No. 9,605/1998, the maximum fine for non-compliance with the environmental law is R$50,000 plus losses related to embargoes or administrative sanctions, in addition to indemnities and repairs for damages caused to the environment.

Climate change poses a number of potential systemic risks (environmental, financial and socioeconomic) to telecommunications operators, such as the Company, from both a regulatory and physical perspective. Increased intensity and frequency of extreme events, such as precipitation, cyclones, floods, fires and heat waves, may damage, suspend or interrupt the Company’s transmission operations for an indefinite period. Should a succession of extreme weather events occur, the Company may not have sufficient resources to repair its infrastructure in a timely and cost-effective manner.

In a quantitative analysis, it is noted that the increase in temperature directly affects the operating conditions of the Company's network equipment, which can cause failures, accelerated wear and loss of assets and, therefore, increase the probability of service interruptions, generating reputational and financial risks. For this reason, cooling the equipment is essential to ensure the proper operation of the Company. In more serious cases, the risk of fires can also increase. As a result, global warming can increase our demands for cooling and energy use, increasing our operating costs.

The telecommunications sector is not particularly dependent on fossil fuels, but it is dependent on electricity consumption for its networks, so variations in electricity prices are sensitive to the sector and can have a significant impact on the Company's operating expenses related to energy. The estimated economic impact of this risk classifies it as substantive, on the horizon of 2030.

To manage climate risks, the Company performs diagnostics on physical and transition risks, promotes energy efficiency programs and renewable energy and distributed energy generation plans, in addition to having a dedicated business continuity area, guided by the Global Business Continuity Regulation (“GBC”), which prescribes preventive risk management, ensuring the resilience of its operations before any possible interruption.

35.b. Compliance

The Company is subject to compliance with Brazilian legislation related to combating corruption, in particular Law No. 12,846/2013 and Decree No. 11,129/2022, as well as foreign legislation in the jurisdictions in which it operates as a securities issuer and securities, more specifically the US Foreign Corrupt Practice Act – FCPA of 1977.

Violations of legislation aimed at combating corruption may result in financial penalties, damage to reputation and other legal consequences that may negatively affect the Company's activities, the results of its operations or its financial condition.

The Company has internal policies and procedures designed to prevent, detect and remedy non-compliance with these laws by the Company's directors, officers, partners, executives, representatives and service providers and develops and implements initiatives to ensure continuous improvement of its Compliance Program, through a robust organizational and governance structure that guarantees operations based on ethics, transparency and respect for applicable laws and regulations.

As a result of its commitment to maintaining a robust Compliance Program, since 2020 the Company has obtained the DSC 10,000 certification annually, currently valid until December 12, 2025. In 2024, the Company was also recognized at the first edition of the Leaders League Compliance Summit & Awards Brazil for having the best Compliance department in Telecom and Technology and, in 2023, it was recognized as a Pro-Ética company, an initiative of the Comptroller General of the Union (“CGU”) and the Ethos Institute to encourage the voluntary adoption of integrity measures by companies and, thus, recognize those that are committed to implementing actions aimed at preventing, detecting and remediating acts of corruption and fraud.

36. Subsequent Events

36.a. Reverse Split and Split of the Company's shares

On January 29, 2025, the Company, pursuant to and for the purposes of Article 157, paragraph 4, of Corporate Law and CVM Resolution No. 44/2021, hereby informed its shareholders and the market in general that, at a meeting held on this date, the Company’s Board of Directors approved the convening of an Extraordinary Shareholders’ Meeting to be held, on first call, on March 13th, 2025 (“ESM”), to deliberate on the proposal to reverse split all the common shares issued by the Company, in the proportion of 40 shares to 1 share, and subsequently split, so that 1 grouped share corresponds to 80 shares, without any change to the Company’s capital stock value, but solely to its total number of shares (“Operation”), with the consequent amendment to the Company’s Bylaws. The proposed Operation does not imply a change in the total amount of securities of the Company traded on the American stock market (American Depositary Receipt - “ADR”).

The Operation aims to provide greater liquidity to the shares issued by the Company and, consequently, improve the process of forming its price by increasing the quantity of outstanding shares effectively negotiated and adjusting its price. In addition, the Operation aims to: (i) reduce operational and administrative costs resulting from the current configuration of the Company's shareholder base; (ii) provide greater efficiency in managing its shareholder base; (iii) improve the efficiency of book-entry share registration and custody systems, (iv) enhance the provision of information and communication, improving the service to shareholders, and (v) provide greater efficiency in distributing proceeds to the Company's shareholders.

The proposed Operation considers the implementation according to the following procedures: (i) the authorization for the Company’s Executive Board to define the date to start the procedures to implement the Operation, which should be within a period of 6 months from the date of the ESM; (ii) once the Executive Board defines the date to start the procedures to implement the Operation, a period of not less than 30 days will be determined for the shareholders holding common shares of the Company to, if necessary, aggregate their shares into whole lots in multiples of 40, at their own discretion ("Position Adjustment Period"); and (iii) after the end of the Position Adjustment Period, any fractional shares held by shareholders who have not adjusted their position in multiples of 40 shares will be grouped into whole numbers and sold at an auction, to be held at B3 on behalf of the holders of the fractions. The net proceeds from the sale of these shares will be proportionally distributed among all holders of the fractional shares, on a date and in a manner to be informed in due course by the Company, with amounts belonging to unidentified holders being held at the Company for the legal period, for collection by the respective holder upon providing full registration information.

The proposal, to be submitted to the ESM, considers that the Operation: (i) will be applied to all Company shareholders; (ii) will not result in a change in the value of Company's share capital, (iii) will not modify the rights conferred by the Company's issued shares to its holders; and (iv) will imply in the change alongside the execution of the Operation, of the number of shares composing each ADR, with 1 ADR then representing 2 common shares issued by the Company, not changing the total number of outstanding ADRs.

The company will promptly disclose further details regarding the procedures to be adopted for the implementation of the Operation, including information about the Position Adjustment Period and the procedures relating to the Auction.

36.b. Declaration of Interest on Equity

At a meeting held on February 13, 2025, the Company's Board of Directors approved the declaration of interest on equity (“IOE”), in accordance with article 26 of the Company's Bylaws, article 9 of Law no. 9,249/1995 and CVM Resolution No. 143/2022, in the gross amount of R$180,000, equivalent to R$0.11093237960 per common share, net of income tax at source corresponding to R$153,000, equivalent to R$0.09429252266 per common share, calculated based on the balance sheet as of January 31, 2025.

As provided for in article 26 of the Company's Bylaws, such interest will be treated as an advance towards the mandatory dividend for the fiscal year on December 31, 2025, ad referendum of the Ordinary General Meeting of Shareholders to be held in 2026.

Payment of these proceeds will be made by April 30, 2026, on a date to be defined by the Company's Board of Directors, and will be credited individually to each shareholder, subject to the shareholding position recorded in the Company's records at the end of February 24, 2025.

The interest on equity per share may be modified depending on the Company's shareholding base on February 24, 2025 due to possible acquisitions of shares within the Company's current Share Buyback Program.

36.c. Company Capital Reduction

On February 18, 2025, the Company, in the form and for the purposes of the provisions of article 157, paragraph 4, of the Brazilian Corporations Law and the provisions of CVM Resolution No. 44, of August 23, 2021, informed its shareholders and the market in general that, in continuity to the Material Facts disclosed on November 5 th, 2024, and December 18th, 2024, February 17th, 2025, the deadline as provided for in Article 174 of the Corporations Law for the capital reduction of the Company, as approved at Extraordinary Shareholders' Meeting held on December 18th , 2024, has expired, making the referred reduction fully effective (Note 24.a - 2nd Capital Reduction).

Therefore, the Company informed that it will proceed with the restitution to the shareholders, in local currency, in the amount of R$1.226511760121 (amount calculated based on the number of outstanding shares on October 31, 2024) per common share issued by the Company. Given the Company's Share Buyback Program in place, said amount per common share may change considering the Company's shareholding base to be verified on February 27th, 2025.

Thus, the shareholders listed on the Company's records at the end of February 27th, 2025 (including) ("Record Date") will be entitled to receive the capital reimbursement, and after this date, the shares issued by the Company will be considered ex-reimbursement rights.

According to the resolution of the Company's Statutory Board, the resources resulting from the Reduction will be paid in a single installment on July 15th, 2025, individually to each shareholder and in proportion to their respective participation in the Company's share capital.

To the Board of Directors and Shareholders of

Telefônica Brasil S.A.

São Paulo - SP

Opinions on the Individual and Consolidated Financial Statements

We audited the individual and consolidated financial statements of Telefônica Brasil S.A. ("Company"), identified as parent company and consolidated, respectively, comprising the balance sheet on December 31, 2024 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including a summary of the main policies accounting and other significant information.

In our opinion, the individual and consolidated financial statements referred to above present adequately, in all material respects, the individual and consolidated equity and financial position of the Company on December 31, 2024, the individual and consolidated performance of its operations and their respective individual and consolidated cash flows for the year ended in that date, in accordance with accounting practices adopted in Brazil and international reporting standards (IFRS) issued by the International Accountant Standards Board (IASB).

Basis for Opinions

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditors' Responsibilities for Auditing the Individual and Consolidated Financial Statements". We are independent from the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Code of Professional Ethics for Accountants and in the standards professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities under these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters ("PAA")

Key audit matters are those that, in our professional judgment, were the most significant in our audit of the current year. These issues were addressed in the context of our audit of the individual and consolidated financial statements taken as a whole, and in forming of our opinion on these individual and consolidated financial statements and, therefore, do not we express a separate opinion on these matters.

Revenue recognition

As described in note 25 to the individual and consolidated financial statements, the net operating revenue recognized by the Company and its subsidiaries on December 31, 2024 was R$53,731,794 thousand (parent company) and R$55,845,048 thousand (consolidated), mainly due to telecommunications services provided and products sold. The revenue recognition process of the Company and its subsidiaries is complex, due to the large volume of transactions and wide range of services and goods, which may be provided and sold separately or in aggregate, considering different commercial conditions. In addition, there is significant dependence on the information and technological structure, which includes a large number of applications and systems. Additionally, the revenue recognition process at the end of each period considers certain calculations for measurement of revenue incurred and not yet billed at the end of the period. Possible distortion in the referred calculations may materially impact the Company's financial statements. For these reasons we consider this area to be significant to our audit.

How our audit addressed this matter:

Our audit procedures included, among others: (a) Updating the understanding and testing the relevant internal controls related to the revenue process, including the relevant Information Technology systems ("IT"), execution of tests related to information security, privileged access management and segregation of functions with impact on the financial statements; (b) Execution of tests related to information security, privileged access management, and segregation of duties impacting the financial statements; (c) Documentation exams of revenue transactions from sales of services and goods, on a sample basis; (d) Understanding of the criteria adopted by the Management of the Company and its subsidiaries to measure revenue incurred and not yet billed at the end of the year; (e) Recalculation of the estimate of revenue incurred and not yet billed at the end of the year, as well as the comparison of this estimate with the revenue actually billed in the subsequent month after the closing of the balance sheet; and (f) Review of the adequacy of the disclosures presented in the explanatory note.

Based on the evidence that was obtained, through the main procedures of audit described above, we consider that the internal controls maintained by the Company and its subsidiaries, the estimates used by Management, as well as the disclosures made, provided a reasonable basis for revenue recognition.

Provision for tax and regulatory contingencies

The Company and its subsidiaries are parties to several judicial and administrative proceedings related to matters in the tax, regulatory, civil and labor areas, which arise in the normal course of its business, as disclosed in explanatory notes 8(g) and 20. On December 31, 2024, the Company and its subsidiaries had matters under discussion in various spheres, in relation to the tax and regulatory areas, in the amounts of R$79,812,370 thousand and R$4,217,732 thousand, respectively, of which R$2,239,484 thousand and R$1,151,095 thousand, respectively, were provisioned due to presenting a prognosis of probable loss, as assessed by Management based on the position of their legal advisors.

For forecasts where the expected losses have been assessed as possible, the amounts involved are not recognized. However, they are disclosed in the explanatory notes to the individual and consolidated financial statements. The determination of the provision and disclosed values depends on critical judgments made by management, based on the analysis of legal proceedings and their corresponding forecasts for final resolution by legal advisors. Considering the complexity of the tax and regulatory environment and the relevance of the values involved, any change in forecast and/or judgment may have a significant impact on the individual and consolidated financial statements of the Company. For these reasons, we consider this matter as material to our audit.

How our audit addressed this matter:

Our audit procedures included, among others: (a) Understanding and evaluating the relevant internal controls related to the process of identifying, measuring, recording and disclosing contingencies; (b) For tax positions related to income taxes, we met with the Management to understand and evaluate internal controls related to identification and monitoring uncertain tax treatments, measurement and recognition of the obligation, when applicable; (c) Obtaining confirmation from the Company's legal advisors for tax proceedings and regulations in progress, as well as the respective assessment by Management of the amounts and loss probabilities; (d) Selection, on a sample basis, of relevant tax and regulatory processes, for the evaluation of our specialists regarding the reasonableness of the loss forecasts, arguments and/or defense theses; (e) Meeting with Management and those charged with governance to discuss and evaluate, when applicable, the conclusions obtained by the Company for the most relevant; and (f) Review of the adequacy of the disclosures presented in the explanatory note.

Based on the evidence that was obtained, through the main procedures of audit described above, we consider that the criteria and assumptions adopted by Management for the determination and recording of provisions, as well as for the disclosures made, are consistent with the positions of legal counsel and reasonably represented.

Goodwill impairment test

As described in note 14 and note 15 to the financial statements, the Company and its subsidiaries has recorded in its intangible assets, goodwill in the amount of R$26,565,135 thousand (consolidated) on December 31, 2024, based on expected future profitability, resulting from combinations of deals that have taken place over the years. Management performs at least once a year the test of recovery of goodwill associated with the only Cash Generating Unit ("CGU") of the Company that provides all telecommunications services through a tightly integrated network.

Management determined the recoverable amount of its single CGU using the value-in-use approach, calculated based on the discounted cash flow methodology. Cash projections include data and assumptions that involve significant judgments by Management, such as growth revenue, discount rate and perpetuity growth rate. This matter was considered one of the main ones in our audit in view of the relevance of the goodwill balance, as well as the fact that variations in the main assumptions used can significantly impact cash flows projected and the recoverable value of the goodwill, with the consequent impact on the financial statements.

How our audit addressed this matter:

Our audit procedures included, among others: (a) Update of our understanding and testing relevant internal controls related to the process of measuring the recoverable value of the UGC, including goodwill; (b) With the support of our asset valuation experts, we reviewed the reasonableness the calculation model used by Management to prepare the projections and the main assumptions used, such as revenue growth, discount rate and perpetuity growth rate, comparing them, when available, with market data; (c) We tested the logical coherence and arithmetic consistency of the model prepared by the Company, as well as confronting the main assumptions of the cash projections with budgets approved by the Company's Board of Directors; (d) Sensitivity analysis of the main assumptions to assess situations in which variations would result in the event of the need to record impairment; and, (e) Review of adequacy of disclosures presented in an explanatory note.

Based on the evidence that was obtained, through the main procedures of audit described above, we consider that the criteria and assumptions adopted by the Management of the Company in assessing the recoverable value for the purposes of goodwill impairment testing are reasonable.

Other matters

Added value statements

The individual and consolidated statement of added value ("DVA") for the year ended December 31, 2024, prepared under the responsibility of the Company's Management and presented as supplementary information for IFRS purposes, has been subject to audit procedures performed together with the audit of the Company's financial statements. For the formation of our opinion, we assess whether this statement is reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Demonstration of Added Value". In our opinion, this added value statement has been adequately prepared, in all material respects, according to the criteria defined in this Technical Pronouncement and is consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditors' report

The Company's Management is responsible for these other information that comprise the Management Report. Our opinion on the individual and consolidated financial statements does not cover the Management Report and, therefore, we do not express any form of audit conclusion on this report.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or, otherwise, appears to be materially misstated. If, based on the work carried out, we conclude that there is a material mistake in the Management Report, we are required to communicate this fact. We have nothing to report in this regard.

Management and governance responsibilities for individual and consolidated financial statements

The Company's Management is responsible for preparing and properly presenting the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), and for internal controls that it has determined necessary to enable the preparation of financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the individual and consolidated financial statements, the Management is responsible for assessing the Company's capacity to continue operating, disclosing, when applicable, the matters related to its operational continuity and the use of this accounting base in the preparation of the financial statements, unless the Management intends to liquidate the Company and its subsidiaries or cease operations, or has no realistic alternative to avoid the closure of operations.

Those responsible for the governance of the Company and its subsidiaries are those with responsibility for supervising the process of preparing the individual and consolidated financial statements.

Responsibilities of auditors for auditing the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance that the individual and consolidated statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit performed in accordance with the Brazilian and international auditing standards always detect any material existing distortions. Misstatements can arise from fraud or error and are considered material when, individually or jointly, could reasonably be expected to influence users' economic decisions based on said financial statements.

As part of the audit carried out in accordance with Brazilian and international auditing standards, we exercised professional judgment and maintained professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, we plan and execute audit procedures in response to such risks, as well as obtaining audit evidence appropriate and sufficient to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, as fraud may involve circumventing internal controls, collusion, forgery, omission or intentional misrepresentation;

- We obtained an understanding of the internal controls relevant to the audit in order to plan audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and its subsidiaries;

- We evaluated the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by Management;

- We conclude on the adequateness of the use, by Management, of the accounting basis of operational continuity and, based on the audit evidence obtained, whether there is material uncertainty regarding events or conditions that could cast significant doubt on the ability to operational continuity of the Company and its subsidiaries. If we conclude that there is material uncertainty, we must draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or modify our opinion, if the disclosures are inappropriate. Our conclusions are based on evidence from audit data obtained up to the date of our report. However, future events or conditions may lead to the Company and its subsidiaries no longer remaining in operational continuity;

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures and whether the individual and consolidated financial statements represent the corresponding transactions and events in a manner consistent with the purpose of proper presentation;

- We have obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the audit opinion.

We communicated with those charged with governance regarding, among other things, the scope planned, the timing of the audit, and significant audit findings, including any significant deficiencies in internal controls that we identified during our work.

We also provided those charged for the governance with a statement that we have complied with the relevant ethics requirements, including applicable independence requirements, and communicated any relationships or matters that could materially affect our independence, including, when applicable, the respective safeguards.

Of the matters that were the object of communication with those responsible for governance, we determined those that were considered to be most significant in the audit of the financial statements of the current financial year and which, accordingly, constitute the main audit matters. We described these matters in our audit report, unless law or regulation prohibits public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter must not be communicated in our report because the adverse consequences of such communication may, within a reasonable perspective, outweigh the benefits of communication to the public interest.

São Paulo, February 20, 2025.

Baker Tilly 4Partners Auditores Independentes S.S.

CRC 2SP-031.269/O-1

Nelson Varandas dos Santos

Accountant CRC 1SP-197.110/O-3

DIRECTOR'S STATEMENT ON THE INDEPENDENT AUDITORS' REPORT

In compliance with the provisions of article 27, paragraph 1, item V, of CVM Resolution No. 80 of 29 March 2022, the CFO and Investor Relations Officer of Telefônica Brasil S.A. ("Company") undersigned declares that it has reviewed, discussed and agrees with the opinions expressed in the draft report of independent auditors Baker Tilly 4Partners Auditores Independentes S.S. on the Company's Financial Statements for the fiscal year ended on December 31, 2024, without reservations, which will be signed, without changes, after the approval of the Financial Statements by the Board of Directors, on this date.

São Paulo, February 20, 2025.

David Melcon Sanchez-Friera
CFO and Investor Relations Officer

DIRECTOR'S STATEMENT ON THE FINANCIAL STATEMENTS

In compliance with the provisions of article 27, paragraph 1, item V, of CVM Resolution No. 80 of 29 March 2022, the CFO and Investor Relations Officer of Telefônica Brasil S.A. (“Company”) undersigned declares that it has reviewed, discussed and agrees with the Company's Financial Statements for the fiscal year ended on December 31, 2024.

São Paulo, February 20, 2025.

David Melcon Sanchez-Friera
CFO and Investor Relations Officer

OPINION OF THE FISCAL COUNCIL

The members of the Fiscal Council of Telefônica Brasil S.A. ("Company" or "Telefônica Brasil"), in the exercise of their legal duties and responsibilities as provided for in Article 163 of Law No. 6.404, dated December 15, 1976 ("Corporate Law"), and in compliance with the provisions of Article 27, paragraph 1, item III, of CVM Resolution No. 80, dated March 29, 2022, examined and analyzed (i) the Company's Financial Statements and the Annual Management Report, both related to the fiscal year ended December 31, 2024 ("2024 Financial Statements"), accompanied by the respective Independent Auditors' Report, as well as (ii) the Results Allocation Proposal for the fiscal year 2024 ("Results Allocation Proposal"), and, considering the information provided by the Management of Telefônica Brasil and by Baker Tilly 4Partners Auditores Independentes Ltda., the Company's independent auditors, unanimously express a favorable opinion regarding the 2024 Financial Statements and the Results Destination Proposal, and recommend the submission to the Ordinary Shareholders' Meeting of Telefônica Brasil, in accordance with the Corporate Law.

São Paulo, February 20th, 2025.

Gabriela Soares Pedercini	**Luciana Doria Wilson**	**Stael Prata Silva Filho**
Fiscal Council (effective)	Fiscal Council (effective)	Fiscal Council (effective)

OPINION OF THE BOARD OF DIRECTORS

The members of the Board of Directors of Telefônica Brasil S.A. ("Company" or "Telefônica Brasil"), in the exercise of their legal duties and responsibilities, as provided for in Law No. 6,404, of December 15th, 1976 ("Corporations Law"), and of its Bylaws, examined and analyzed the (i) Company's Financial Statements and Annual Management Report, both in relation to the fiscal year ended on December 31st, 2024, ("2024 Financial Statements"), accompanied by the Independent Auditors' Report, as well as the (ii) Results Allocation Proposal for the fiscal year ended on December 31st, 2024 ("Results Allocation Proposal"), and, considering the information presented by the Management of Telefônica Brasil, by Baker Tilly 4Partners Auditores Independentes Ltda., and the favorable opinion of the Fiscal Council and Audit and Control Committee, unanimously express a favorable opinion regarding the 2024 Financial Statements and the Results Allocation Proposal, and determine their submission for appraisal at the General Shareholders' Meeting of Telefônica Brasil, pursuant to the Corporations Law.

São Paulo, February 20th,2025.

Eduardo Navarro de Carvalho
Chairman of the Board of Directors

Alfredo Arahuetes García
Member

Ana Theresa Masetti Borsari
Member

Andrea Capelo Pinheiro
Member

Christian Mauad Gebara
Member

Denise Soares dos Santos
Member

Ignácio Moreno Martínez
Member

Francisco Javier de Paz Mancho
Member

José María Del Rey Osorio
Member

Jordi Gual Solé
Member

Solange Sobral Targa
Member

Juan Carlos Ros Brugueras
Member

MANAGEMENT COMPOSITION

Christian Mauad Gebara
Chief of Executive Officer

David Melcon Sanchez-Friera
CFO and Investor Relations Officer

Breno Rodrigo Pacheco de Oliveira
General Secretary and Legal Officer

Ricardo Guillermo Hobbs
Strategy Officer

Alex Martins Salgado
Businesses Officer

Carlos Cesar Mazur
Accountant – CRC – 1PR-028067