

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

For the transition period from _____ to _____

Commission file number: 001-14475

TELEFÔNICA BRASIL S.A.

(Exact name of Registrant as specified in its charter)

TELEFÔNICA BRAZIL S.A.

(Translation of the Registrant's name into English)

Federative Republic of Brazil

(Jurisdiction of incorporation or organization)

**Avenida Engenheiro Luis Carlos Berrini, 1,376, 32° floor
São Paulo, State of São Paulo, Brazil, Zip Code 04571-936**

(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	VIVT3	New York Stock Exchange*
American Depositary Shares (as evidenced by American Depositary Receipts), each representing one Common Share	VIV	New York Stock Exchange

***Not for trading purposes, but only in connection with the registration on the New York Stock Exchange of American Depositary Shares representing those Common Shares.**

Securities registered or to be registered pursuant to Section 12 (g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15 (d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding shares of each class (excluding treasury shares) as of December 31, 2024 was:

Title of Class	Number of Shares Outstanding (excluding treasury shares)
Common Shares	1,626,682,604

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒

No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934.

Yes ☐

No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒

No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒

No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13 (a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report

Yes ☒

No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued by
the International Accounting Standards Board ☒

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ☐

Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐

No ☒

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INTRODUCTION

References in this annual report to “Telefônica Brasil,” “Telefônica,” “we,” “our,” “us” and “the Company” are to Telefônica Brasil S.A. are to Telefônica Brasil S.A. and its consolidated subsidiaries (unless the context otherwise requires). All references in this annual report to:

- “ADRs” are to the American Depositary Receipts evidencing our ADSs;
- “ADSs” are to our American Depositary Shares, each representing one of our common shares;
- “ANATEL” are to *Agência Nacional de Telecomunicações*, the Brazilian telecommunications regulatory agency;
- “B3” are to *B3 S.A. – Brasil, Bolsa, Balcão*, the São Paulo stock exchange and a Brazil-based financial market infrastructure provider;
- “BNDES” are to the *Banco Nacional de Desenvolvimento Econômico e Social*, the Brazilian Development Bank;
- “Brazil” are to the Federative Republic of Brazil;
- “Brazilian Corporate Law” are to Law No. 6,404 of December 15, 1976, as amended;
- “CADE” are to the *Conselho Administrativo de Defesa Econômica*, the Brazilian antitrust and competition authority;
- “CDI rate” are to *Certificado de Depósito Interbancário*, the Certificate for Interbank Deposits;
- “Central Bank” are to the *Banco Central do Brasil*, the Brazilian Central Bank;
- “Claro” are to *Claro S.A.* and its affiliates, a telecommunications service provider in Brazil and our competitor;
- “CMN” are to the *Conselho Monetário Nacional*, the Brazilian Monetary Council;
- “Common shares” are to the common shares of Telefônica Brasil;
- “COPOM” are to the Monetary Policy Committee of the Central Bank (*Comitê de Política Monetária do Banco Central do Brasil*);
- “CTBC Telecom” are to *Companhia de Telecomunicações do Brasil Central*;
- “CVM” are to the *Comissão de Valores Mobiliários*, the Brazilian Securities Commission;
- “Federal District” are to *Distrito Federal*, the federal district where Brasília, the capital of Brazil, is located;
- “FGV” are to the *Fundação Getúlio Vargas*, a private higher education institution;
- “General Telecommunications Law” are to Law No. 9,472/1997, or *Lei Geral de Telecomunicações*, as amended, the law that regulates the telecommunications industry in Brazil;
- “GVT” are to Operating GVT and GVTPar, collectively, formerly wholly-owned subsidiaries of Telefônica Brasil prior to our 2016 corporate restructuring;
- “GVTPar” are to GVT Participações S.A., a formerly wholly-owned subsidiary of Telefônica Brasil prior to our 2016 corporate restructuring;
- “IASB” are to International Accounting Standards Board;
- “IBGE” are to *Instituto Brasileiro de Geografia e Estatística*, the Brazilian Institute of Geography and Statistics;
- “IFRS Accounting Standards” are to International Financial Reporting Standards, as issued by the IASB;

- “IGP-DI” are to the *Índice Geral de Preços – Disponibilidade Interna*, an inflation index developed by the FGV;
- “IGP-M” are to the *Índice Geral de Preços ao Mercado*, an inflation index developed by the FGV;
- “IOF Tax” are to *Imposto sobre Operações de Crédito, Câmbio e Seguros*, a tax on credit, exchange and insurance transactions;
- “IPCA” are to *Índice Nacional de Preços ao Consumidor Amplo*, the consumer price index, published by the IBGE;
- “New General Telecommunications Law” are to Law No. 13,879/2019, which amended and reformed the General Telecommunications Law;
- “NYSE” are to the New York Stock Exchange;
- “Oi” or the “Oi Group” are to *Oi Móvel S.A. – Em Recuperação Judicial*, *Oi S.A. – Em Recuperação Judicial* and *Oi S.A. – Em Recuperação Judicial* and their affiliates, a telecommunications service provider in Brazil and our competitor;
- “Oi Agreement” means that certain share purchase agreement dated January 28, 2021, by and among *Oi Móvel S.A. – Em Recuperação Judicial*, as seller, and the Company, TIM and Claro, as Buyers, and *Oi S.A. – Em Recuperação Judicial* and *Telemar Norte Leste S.A. – Em Recuperação Judicial*, as intervening parties and guarantors of the seller’s obligations.
- “Operating GVT” are to Global Village Telecom S.A., a formerly wholly-owned subsidiary of Telefônica Brasil prior to our 2016 corporate restructuring;
- “Preferred shares” or “preferred stock” are to the shares of non-voting preferred stock of Telefônica Brasil, which were all converted into common shares of Telefônica Brasil effective as of after market close on November 20, 2020. Our preferred shares ceased to trade on November 23, 2020;
- “Real,” “reais” or R\$ are to the Brazilian *real*, the official currency of Brazil;
- “SEC” are to the U.S. Securities and Exchange Commission;
- “SELIC rate” are to Brazil’s benchmark interest rate (*Sistema Especial de Liquidação e de Custódia*), as set by the COPOM;
- “SP Telecom” are to *SP Telecomunicações Participações Ltda.*;
- “STF” are to the Brazilian Federal Supreme Court (*Supremo Tribunal Federal*);
- “TCU” are to the Brazilian Federal Court of Accounts (*Tribunal de Contas da União*);
- “TData” are to *Telefônica Data S.A.*, a formerly wholly-owned subsidiary of Telefônica Brasil prior to our 2018 corporate restructuring;
- “Telecom Italia” are to Telecom Italia S.p.A.;
- “Telefónica” are to *Telefónica S.A.*, our parent company;
- “Telefónica LATAM” are to *Telefónica Latinoamérica Holding, S.L.*;
- “Terra” are to *Terra Networks Brasil Ltda.* (formerly known as *Terra Networks Brasil S.A.* prior to the change in its corporate form as of September 30, 2020), a wholly-owned subsidiary of Telefônica Brasil; Terra provides digital and advertising services;
- “TIM” are to *TIM S.A.*, *TIM Participações S.A.*, and their affiliates, a telecommunications service provider in Brazil and our competitor;
- “TJLP” are to *Taxa de Juros de Longo Prazo*, or long-term interest rate;

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- “U.S. dollar,” “U.S. dollars” or “US\$” are to U.S. dollars, the official currency of the United States;
- “Vivo” are to *Vivo S.A.*, a formerly wholly-owned subsidiary of Telefônica Brasil, which conducted cellular operations including SMP (as defined in the Glossary of Telecommunication Terms), nationwide;
- “*Vivo Participações*” are to Vivo Participações S.A. (formerly TELESP Celular Participações S.A.) and its consolidated subsidiaries (unless the context otherwise requires); and
- “WHO” means the World Health Organization.

Unless otherwise specified, data relating to the Brazilian telecommunications industry included in this annual report was obtained from ANATEL.

The “Glossary of Telecommunications Terms” that begins on the following page defines certain technical terms used in this annual report.

GLOSSARY OF TELECOMMUNICATION TERMS

The following explanations are not intended as technical definitions, but to assist the reader in understanding certain terms as used in this annual report.

5G standalone: The standard technology defined by the 3rd Generation Partnership Project (3GPP) to deliver 5G services. 5G standalone core architecture is completely independent from prior technologies (2G, 3G and 4G) and was conceived to support the streaming of ultra-low latency broadband.

Analog: A mode of transmission or switching that is not digital, e.g., the representation of voice, video or other modulated electrical audio signals, which are not in digital form.

Digital: A mode of representing a physical variable such as speech using digits 0 and 1 only. The digits are transmitted in binary form as a series of pulses. Digital networks allow for higher capacity and higher flexibility through the use of computer-related technology for the transmission and manipulation of telephone calls. Digital systems offer lower noise interference and can incorporate encryption as protection from external interference.

DTH: A special type of service that uses satellites for the direct distribution of television and audio signs for subscribers (“direct to home”).

EILD: *Exploração Industrial de Linha Dedicada*, or the industrial exploration of dedicated service lines, which are regulated by ANATEL.

FISTEL: The Fund for Telecommunication Regulation (*Fundo de Fiscalização das Telecomunicações*).

FTTC: Internet access through Fiber Optic (“Fiber to the Curb”).

FTTH: Internet access through Fiber Optic (“Fiber to the Home”).

FUNTTEL: The Fund for Telecommunication Technological Development (*Fundo para o Desenvolvimento Tecnológico das Telecomunicações*).

FUST: The Fund for Universal Access to Telecommunication Services (*Fundo de Universalização dos Serviços de Telecomunicações*).

GSM: Global System for Mobile Communications, a service rendered by concession from ANATEL for a specific frequency range.

IMS: IP Multimedia Core Network Subsystem, an architectural framework that standardizes alternative methods of delivering VoIP or other multimedia services to mobile phones across the industry.

Interconnection fee: Amount paid per minute charged by network operators for the use of their network by other network operators.

Internet: A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks from around the globe. These networks all use the IP (Internet Protocol) communications protocol.

IoT: Internet of things, a term that describes physical objects embedded with sensors, processing ability, software, and other technologies that connect and exchange data with other devices and systems over the Internet or other communications network.

IP (internet protocol): An interconnection protocol for sub-networks, in particular for those with different physical characteristics used by the Internet.

IPTV: Pay TV with video broadcasting offered through the use of the IPs.

IST: *Índice de Serviços de Telecomunicações*, or the inflation index of the telecommunications sector.

LTE: Long Term Evolution, a standard for wireless broadband communication for mobile devices and data terminals.

M2M: Machine-to-machine communications.

Measured services: all calls that originate and terminate within the same area code within our concession region.

MTR: *Tarifa de Terminação Móvel*, an interconnection fee for the use of our mobile services network.

MVNO (Mobile Virtual Network Operator): Wireless communications services provider that does not own the wireless network infrastructure over which the MVNO provides services to its customers.

Network: An interconnected collection of elements. In a telephone network, these consist of switches connected to each other and to customer equipment. The transmission equipment may be based on fiber optic or metallic cable or point-to-point radio connections.

NR: New Radio, a new radio access technology for the 5G mobile network.

OTT: An over-the-top service, which offers media service offered directly to viewers via the Internet and bypasses cable, broadcast, and satellite television platforms.

PGMC: *Plano Geral de Metas de Competição*, or the General Competition Targets Plan, as amended.

PGO: *Plano Geral de Outorgas*, or the General Plan of Grants.

PGMU: *Plano Geral de Metas de Universalização*, or the General Universal Service Targets Plan.

PMS: A telecom service provider with significant market power (*poder de mercado significativo*) under ANATEL regulations.

RAN: Radio Access Network, the part of a telecommunications system that connects individual devices to other parts of a network through radio connections.

RQUAL: *Regulamento de Qualidade dos Serviços de Telecomunicações*, or the ANATEL service quality regulations.

SBC: Session border controller, a network element deployed to protect SIP-based VoIP networks.

SCM: *Serviço de Comunicação Multimídia* or multimedia communication services.

SeAC: *Serviço de Acesso Condicionado* or Conditional Access Service, a service rendered pursuant to an authorization granted by ANATEL to provide Pay TV service throughout all regions of Brazil.

SIP: a VoIP-based signaling protocol used for initiating, maintaining, and terminating real-time sessions that include voice, video and messaging applications.

SMP or “mobile” services: *Serviço Móvel Pessoal* or Personal Mobile Service, a service rendered pursuant to an authorization granted by ANATEL to provide mobile service in a specific frequency range.

SMS: Text messaging services for wireless devices, which allow customers to send and receive alphanumeric messages.

STFC, “fixed” or “fixed-line” services: *Serviço de Telefonia Fixo Comutado*, or the transmission of voice and other signals between determined fixed points.

Switch: Devices used to set up and route telephone calls either to the number called or to the next switch along the path. They may also record information for billing and control purposes.

TDD: Time-division duplex, one of the two mobile data transmission technologies of the technology standard.

TU-RIU: The Tarifa de Uso de Rede Interurbana, an interconnection fee for the use of our long-distance, fixed-line service network.

TU-RL: The *Tarifa de Uso de Rede Local*, an interconnection fee for the use of our local, fixed-line service network.

Universal service: The obligation to supply basic service to all users throughout a national territory at reasonable prices.

VoIP: Voice over Internet Protocol, a technology for transmitting voice using the Internet.

VoD: Video-on-demand systems allow users to select and watch/listen to video or audio content on demand.

WCDMA: Wide-Band Code-Division Multiple Access, a technology for wideband digital radio communications of Internet, multimedia, video and other bandwidth-demanding applications.

Wireless devices: wireless appliances that we sell, including cellular handsets, wireless handheld devices and wireless broadband cards.

xDSL: A technology that allows high-speed transmission of text, audio and video, generally over standard telephone lines (“Digital Subscriber Line”).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this Annual Report can be identified, in some instances, by the use of words such as “will,” “expect,” “aim,” “hope,” “anticipate,” “intend,” “believe” and similar language or the negative thereof or by the forward-looking nature of discussions of strategy, plans or intentions. These statements appear in a number of places in this Annual Report including, without limitation, certain statements made in “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company,” “Item 5. Operating and Financial Review and Prospects” and “Item 11. Quantitative and Qualitative Disclosures about Market Risk” and include statements regarding our intent, belief or current expectations with respect to, among other things:

- general economic, political, demographic and business conditions in Brazil and in the world (including any impact resulting from the ongoing war between Russia and Ukraine) and the cyclicity affecting the prices of our services, including, for example, inflation, interest rates, levels of employment, population growth, consumer confidence and liquidity in the credit, financial and capital markets;
- the size and growth rate of the Brazilian telecommunications market;
- our ability to successfully execute our strategic initiatives and capital expenditure plans and to accurately estimate demand forecasts;
- our ability to secure and maintain telecommunications spectrum and infrastructure licenses, rights-of-way and other regulatory approvals;
- our ability to comply with the terms of our concession agreements and our authorizations;
- decisions by applicable regulatory authorities to terminate, modify or renew our concession agreements and our authorizations or the terms thereof;
- new telecommunications regulations or changes to existing regulations;
- technological advancements in our industry and our ability to successfully implement them in a timely manner;
- network completion and product development schedules;
- the possible requirement to record impairment charges relating to goodwill and long-lived assets;
- increased competition in the Brazilian telecommunications sector and the relative success of competing networks, products and services;
- the cost and availability of financing;
- uncertainties relating to political and economic conditions in Brazil as well as those of other emerging markets;
- inflation and government measures to fight inflation;
- interest rate and exchange rate risks;
- the Brazilian government’s policies regarding the telecommunications industry and regulatory and legal developments affecting the telecommunications industry in Brazil;
- the Brazilian government’s tax policy, including government intervention resulting in changes to the economy, taxes and tariffs, including the effects of a possible tax reform in Brazil;

- cyberattacks or data breaches with the ability to disrupt operations, compromise customer data and damage our reputation;
- extreme weather or climate-related events, which may disrupt infrastructure, increase costs or impact operations;
- adverse decisions in ongoing litigation; and
- other risk factors discussed under “Item 3. Key Information—D. Risk Factors.”

We undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise. Because of these risks and uncertainties, the forward-looking information, events and circumstances discussed in this annual report might not occur. Our actual results and performance could differ substantially from those anticipated in our forward-looking statements.

PRESENTATION OF FINANCIAL INFORMATION

We maintain our books and records in reais. Our consolidated financial statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 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”). Our financial consolidated financial statements have also been filed with the CVM, the local securities regulator in Brazil, and made publicly available.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies.

The significant and relevant estimates and judgments applied by the Company in the preparation of these financial statements are presented in the following notes to our audited consolidated financial statements included elsewhere in this annual report: 1.c.2) corporate events in 2024; 5.b) trade accounts receivable; 8.b) income and social contribution taxes; 13.b) property and equipment; 14.b) intangible assets; 20.b) provision and contingencies; 21.b) Loans and financing, debentures, leases and other creditors; 31.b) pension plans and other post-employment benefits; and 32.b) financial instruments and risk and capital management.

We have made rounding adjustments to reach some of the figures included in this annual report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved.]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

This section is intended to be a summary of more detailed discussions contained elsewhere in this annual report. You should carefully read and consider the following risks, along with the other information included in this annual report. The risks described below are not the only ones we face. Additional risks that we do not presently consider material, or of which we are not currently aware, may also affect us. Our business, results of operations or financial condition could be impacted if any of these risks materialize and, as a result, the market price of our common shares and our ADSs could be affected. The risks described below are organized by risk category and these categories are not presented in order of importance. However, within each category, the risk factors are presented in descending order of importance, as determined by us as of the date of this annual report. We may change our vision about their relative importance at any time, especially if new internal or external events arise.

Summary of Risk Factors

Summary of Risks Relating to Financial Matters

- The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect us and the trading price of our common shares and ADSs.
- Political instability may materially adversely affect the Brazilian economy, our business, and the market price of our common shares and ADSs.
- Inflation and government efforts to curb inflation may contribute to economic uncertainty in Brazil, adversely affecting our business and results of operations.
- Political, economic and social developments and the perception of risk in other developed and emerging countries may adversely affect the Brazilian economy, our business, and the market price of Brazilian securities, including our common shares and ADSs.

- Any downgrading of Brazil's credit rating could reduce the trading price of our common shares and ADSs.
- Potential global or national events related to health, including contagious disease outbreaks, epidemics or pandemics, may significantly affect our operations.
- Changes in taxes and other assessments or changes in the interpretation of tax laws or regulations may adversely affect us and our shareholders.
- The ongoing war between Russia and Ukraine and the war in the Middle East may have a material adverse effect on the global and Brazilian economies as well as on us.
- Fluctuations in exchange rates may adversely affect our ability to meet liabilities denominated or linked to foreign currencies or reduce our income in foreign currency, and may have a material adverse effect on the market value of our common shares and ADSs.
- Some of our debt agreements may contain covenants, key performance indicators and targets; as such, any default or failure to reach such targets under such debt agreements may have a material adverse effect on our financial condition and cash flows.

Summary of Risks Relating to Operational Matters

- Information technology is key to our business and we could be subject to cybersecurity risks.
- Companies operating in the telecommunication industry, including us, may be harmed by restrictions regarding the deployment and maintenance of network infrastructure.
- Man-made or natural disasters, including extreme weather conditions due to climate change (high temperatures, floods, thunderstorms) or other unexpected events could adversely affect networks, systems, infrastructure and service continuity.
- We are subject to environmental laws and regulations. Failure to comply with governmental laws and regulations could subject us to penalties that could have an adverse effect on our business and reputation.

Summary of Risks Relating to Our Business and Industry

- We are dependent on key personnel and the ability to hire and retain additional personnel.
- We are subject to liabilities relating to third-party contractors, which may have a material adverse effect on our business and results of operations.
- We make investments based on demand forecasts that may become inaccurate due to economic volatility and may result in revenues that are lower than expected.
- Consolidation in the telecommunications market may increase competition in the near future and may change Brazilian market dynamics.
- We face significant competition in the Brazilian market.
- Extensive government regulation of the telecommunications industry and our concession agreements may limit, in some cases, our flexibility in responding to market conditions, competition and changes in our cost structure or impact our fees.
- Our concession agreements may be revised by the Brazilian government under certain circumstances.
- A review of our concession agreements and/or the implementation of a new regulatory framework in Brazil could have a material adverse effect on our operations.

- Our current radiofrequency licenses may not be renewed for additional periods.
- We depend on key suppliers to obtain the necessary equipment and services for our business.
- Our results of operations may be negatively affected by changes to STFC or SMP rules.
- ANATEL has the authority to issue new regulations affecting many of our areas of operations.
- The industry in which we conduct our business is continually changing and evolving technologically, which demands adequate changes in the regulatory environment.
- We are subject to certain risks related to conditions and obligations imposed by ANATEL for the use of the spectrum needed for the 4G and 5G services we offer.
- Our sales could be suspended as a result of issues with the quality of our services.
- We are subject to the risk of noncompliance with data privacy and protection laws, which may lead to sanctions, including financial penalties.
- Our expansion into new business sectors may expose us to operational and regulatory risks.

Summary of Risks Relating to Legal and Compliance Matters

- We face risks associated with litigation.
- We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs.
- Internet regulation in Brazil is still limited and several legal issues related to the Internet are uncertain.

Summary of Risks Relating to the Common Shares and the ADSs

- Holders of our ADSs may face difficulties in serving process on or enforcing judgments against us and other persons.
- Holders of our ADSs are not entitled to directly attend shareholders' meetings and may only vote through the depositary.
- Holders of our ADSs or common shares might be unable to exercise preemptive rights with respect to the common shares unless there is a current registration statement in effect which covers those rights or unless an exemption from registration applies.
- An exchange of ADSs for common shares risks the loss of certain foreign currency remittance and Brazilian tax advantages.
- Holders of our common shares will be subject to, and holders of our ADSs could be subject to, Brazilian income tax on capital gains from sales of common shares or ADSs.
- Our controlling shareholder has power over the direction of our business.

Risks Relating to Financial Matters

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect us and the trading price of our common shares and ADSs.

The Brazilian federal government frequently exercises significant influence over the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, changes in tax policies, wage and price controls, foreign exchange controls, currency devaluations, capital controls and limits on imports. Our financial condition, as well as our business and results of operations and the market price of our common shares and ADSs, may be adversely affected by changes in government policies, especially those related to our sector, such as changes in telephony fees and competitive conditions, as well as general economic factors, including:

- exchange rates and currency fluctuations;
- inflation;
- energy policy;
- interest rates and monetary policies;
- liquidity of domestic capital and lending markets;
- fiscal policies and changes in tax laws;
- labor and social security policies, laws and regulations;
- exchange controls and restrictions on remittances abroad (including with regards to the payment of dividends); and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian federal government will implement changes to the policies, regulations or standards affecting these or other factors in the future may affect economic performance, which may have an adverse effect on us and the trading price of our common shares and ADSs. Past economic and political instability has led to a negative perception of the Brazilian economy and higher volatility in the Brazilian securities markets, which has adversely affected us and the trading price of our common shares and ADSs.

These issues may be exacerbated by the results of Brazilian elections and the natural uncertainties as to which policies will be adopted by any new government. We cannot assure the maintenance of policies designed to promote macroeconomic stability, fiscal discipline and domestic and foreign investments, and failure to do so may adversely impact Brazil's economy, the prices of securities issued by Brazilian issuers such as us and ultimately our business, financial condition and results of operations.

Political instability may materially adversely affect the Brazilian economy, our business, and the market price of our common shares and ADSs.

Brazil's political environment has historically influenced and continues to influence the performance of Brazil's economy, as well as investor and general public confidence, resulting in economic slowdowns and an increase in the volatility of securities issued by Brazilian companies.

Governing bodies have the power to determine policies and issue government measures relating to the Brazilian economy and, as a result, affect the operations and financial performance of companies, including us. We cannot predict what policies will be established or whether such policies or changes in existing policies will have an adverse effect on the Brazilian economy or our business, results of operations, financial condition and the market price of our common shares and ADSs.

In addition, any difficulties that the Brazilian government may face in establishing a majority in Congress could result in a government impasse and/or political unrest, that could materially adversely affect our operations. Uncertainties about the implementation of changes in monetary, tax and social security laws and policies, may contribute to economic instability. These uncertainties and any new measures may increase volatility in the Brazilian securities market.

Inflation and government efforts to curb inflation may contribute to economic uncertainty in Brazil, adversely affecting our business and results of operations.

In the past, Brazil has recorded high inflation rates, which, combined with measures taken to fight inflation, has materially adversely affected the Brazilian economy. The COPOM often adjusts interest rates in Brazil in order to achieve the inflation targets established by the National Monetary Council (CMN). The measures taken to curb inflation, such as the increase of interest rates, as well as expectations of any future measures, may have adverse effects on the Brazilian economy, contributing to higher economic uncertainty, reduced economic growth and volatility in the Brazilian capital markets and may adversely affect our business and results of operations.

Periods of higher inflation coupled with higher interest rates and other measures to combat inflation may lead to reduced demand for our products. Inflation is also likely to increase some of our costs and expenses, which we may not be able to fully pass on to customers and could adversely affect our operating margins and operating income. In addition, inflation affects our financial liquidity and financial capital resources primarily by exposing us to variations in our floating-rate loans. Rising interest rates may also impact the costs of our fundraising and indebtedness, increasing our financial expenses. Such an increase could adversely affect our ability to pay our obligations to the extent it reduces cash on hand.

According to the IPCA index, Brazil's inflation rates stood at 4.6%, 5.8% and 10.1% in the years ended on December 31, 2023, 2022, and 2021, respectively. In the year ended on December 31, 2024, inflation, as measured by the IPCA, stood at 4.8%, above the target of 3%. Inflation has been driven by factors such as exchange rate depreciation and adverse climate conditions, amid a robust economic activity. These elements underscore the persistent challenges in managing price stability in the Brazilian economy.

In response to inflationary pressures and macroeconomic volatility, the Central Bank of Brazil has historically implemented monetary policies characterized by elevated interest rates. The Central Bank of Brazil sets the SELIC rate, guiding the broader banking system based on its scenario for inflation, economic growth and other key indicators. In August 2023, the Central Bank started cutting the SELIC rate as a result of a slowdown in inflation and the SELIC rate was set to 10.50% as of May 2024. Nevertheless, renewed inflationary pressures prompted the Central Bank to reverse course and resume hiking rates in September 2024, with the SELIC rate reaching 12.25% by December 2024. In its December 2024 meeting statement, COPOM members unanimously indicated expectations of further rate hikes, projecting increases of one percentage point in the first two meetings of 2025. Nevertheless, the COPOM also stated that future monetary policy decisions will depend on a comprehensive analysis of inflation dynamics, long-term projections, the output gap, and the balance of economic risks. As of the date of this annual report, the SELIC rate stands at 13.25% per annum.

Moreover, fixed broadband and mobile service providers, including us, use the IGP-DI to adjust their prices and television and cable service providers use the IGP-M. The IGP-DI and IGP-M are inflation indexes developed by the FGV, a private organization. Since 2006, telephone fees for fixed-line services have been indexed to the IST, as adjusted by a productivity factor, or X Factor, which is defined by ANATEL Resolution No. 507/2008.

The IST is an index composed of other domestic price indexes (including the IPCA, IGP-DI and IGP-M, among others) that is intended to reflect the telecommunications industry's operating costs. As a result, this index serves to reduce potential discrepancies between our industry's revenue and costs, and thus reduce the apparent adverse effects of inflation on our operations. The productivity factor, pursuant to which ANATEL is authorized to adjust fee rates, is calculated based on a compensation index established by ANATEL to incentivize operational efficiency and to share related gains in earnings from fixed-line services with customers through fee rate adjustments. The IST is calculated based on a 12-month period average. This may cause increases in our revenues above or below our costs (including salaries), with potentially adverse impacts on our profitability.

Political, economic and social developments and the perception of risk in other developed and emerging countries may adversely affect the Brazilian economy, our business, and the market price of Brazilian securities, including our common shares and ADSs.

The market for securities issued by Brazilian companies may be influenced, to varying degrees, by economic conditions in both developing and developed economies. The reaction of investors to developments in other countries may have an adverse impact on the market value of securities of Brazilian companies. The prices of shares traded on the B3, for example, have historically been sensitive to fluctuations in interest rates in the United States, as well as variations of the main U.S. stock exchanges. Additionally, crises in other emerging countries or the economic policies of other countries may reduce investor demand for securities of Brazilian companies, including our common shares and ADSs. Any of the foregoing developments may adversely affect the market value of our common shares and ADSs and hinder our ability to access the capital markets and finance our operations in the future on acceptable terms and costs, or at all.

To the extent that economic problems in emerging market countries or elsewhere adversely affect Brazil, our business and the market value of our common shares and ADSs could be adversely affected. Furthermore, we cannot assure you that, in the event of adverse developments in emerging market economies, the international capital markets will remain open to Brazilian companies or that the resulting interest rates in such markets will be advantageous to us. Decreased foreign investment in Brazil may negatively affect growth and liquidity in the Brazilian economy, which in turn may have a negative impact on our business. Disruption or volatility in the global financial markets could further increase negative effects on the financial and economic environment in Brazil, which could have a material adverse effect on us.

Any downgrading of Brazil's credit rating could reduce the trading price of our common shares and ADSs.

We may be harmed by investors' perceptions of risks related to Brazil's sovereign debt credit rating. Brazil's sovereign credit rating affects the cost and other terms upon which we are able to obtain funding. Rating agencies regularly evaluate Brazil and its sovereign ratings, which are based on a number of factors including macroeconomic trends, fiscal and budgetary conditions, indebtedness metrics and the perspective of changes in any of these factors.

Brazil was downgraded to non-investment grade status by S&P in September 2015, by Fitch Ratings in December 2015, and by Moody's in February 2016. Brazil was further downgraded by S&P in February 2016 and January 2018 and by Fitch in May 2016 and February 2018. As of the date of this annual report, Brazil's sovereign rating is currently rated by the three major risk rating agencies as follows: BB by S&P and Fitch Ratings and Ba1 by Moody's—ratings which remain below investment grade. Consequently, the prices of securities issued by Brazilian companies are negatively affected. A possible deceleration of growth rates of the Brazilian economy, among other factors, could lead to ratings downgrades. Any further downgrade of Brazil's sovereign credit ratings could heighten investors' perception of risk and, as a result, cause the market price of our common shares and ADSs to decline.

Potential global or national events related to health, including contagious disease outbreaks, epidemics or pandemics, may significantly affect our operations.

Potential global or national events related to health, including contagious disease outbreaks, epidemics or pandemics, may significantly affect our operations. Such events may cause, among other things, supply chain delays due to issues with factories or logistics; impacts on employees or third-party contractors due to quarantine periods or infection; as well as effects on global economic growth and, therefore, the growth of the national economy, which could have a variety of adverse impacts on supply (paralysis of integrated production chains, freezing of productive resources) and demand (deterioration of confidence and expectations, negative effects on income and wealth) caused by a substantial deterioration in financial markets, unprecedented drops in commodity prices, strong slowdown in business activity or severe transportation restrictions.

Changes in taxes and other assessments or changes in the interpretation of tax laws or regulations may adversely affect us and our shareholders

The legislatures and tax authorities in the tax jurisdictions in which we operate regularly enact reforms to the tax and other assessment regimes to which we and our customers are subject. Such reforms include changes in tax rates and, occasionally, enactment of temporary taxes. In addition, the interpretation of tax laws by courts and taxation authorities is constantly evolving. In Brazil, the tax system is highly complex and tax laws and regulations are commonly subject to controversial interpretation by tax authorities. In the event that tax authorities interpret tax laws in a manner that is inconsistent with our interpretations, we may be adversely affected. The effects of these changes and any other changes that result from the enactment of additional tax reforms or changes to the manner in which current tax laws are applied cannot be quantified and there can be no assurance that any such reforms or changes would not have an adverse effect upon our business.

For more information, see “Item 4. Information on the Company—B. Business Overview—Significant changes in tax legislation.”

The ongoing war between Russia and Ukraine and the war in the Middle East may have a material adverse effect on the global and Brazilian economies as well as on us.

The ongoing war between Russia and Ukraine and the war in the Middle East have provoked strong reactions from the United States, the UK, the EU and various other countries around the world. While the precise effect of these wars and sanctions on the Russian and global economies remains uncertain, they have already resulted in significant volatility in financial markets and an increase in energy and commodity prices globally. The potential consequences of these wars for us include, without limitation:

- The U.S. dollar may appreciate sharply, which could increase the price of goods and services on which we depend for which we are required to pay in U.S. dollars, as well as increase the pressure on our margins and prices generally.
- Inflation originating from these war makes it more difficult for us to conduct our financial planning, and increases the capital needed to fund our activities and our credit risk exposure. Measures by the Brazilian government and the Central Bank to contain inflation, such as raising the basic interest rate, could materially impact the cost of debt and third-party capital for our financing and investing activities.
- A recession of the Brazilian and/or global economies as a result of the aforementioned developments could also have a material adverse effect on our business.

While as of the date of this annual report there have not been any material impacts from these wars on our business, we are continuously monitoring the developments to assess any potential future impacts that may arise as a result of the ongoing war. Nonetheless, the adverse effects —global or localized— of these wars, and their adverse effects on the wider global economy and market conditions could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in exchange rates may adversely affect our ability to meet liabilities denominated or linked to foreign currencies or reduce our income in foreign currency, and may have a material adverse effect on the market value of our common shares and ADSs.

The Brazilian currency has been historically volatile and has been devalued frequently over the past three decades. Throughout this period, the Brazilian government has implemented various economic plans and used various exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange rate markets and a floating exchange rate system. Although long-term depreciation of the real is generally linked to the rate of inflation in Brazil, depreciation of the real occurring over shorter periods has resulted in significant variations in the exchange rate between the real, the U.S. dollar and other currencies. The exchange rate between the U.S. dollar and the Brazilian real has experienced significant fluctuations in recent years. From 2017 to 2021 the real depreciated by a total of 71.2% against the U.S. dollar during the period, whereas the real appreciated by 10.3% against the U.S. dollar from 2022 to 2023. The real/U.S. dollar exchange rate reported by the Central Bank was R\$6.192 per US\$1.00 as of December 31, 2024, which reflected a 27.9% depreciation in the real against the U.S. dollar during 2024. As of February 26, 2025, the real/U.S. dollar exchange rate reported by the Central Bank was R\$5.813 per US\$1.00. There can be no assurance that the real will not again depreciate against the U.S. dollar or other currencies in the future.

As of December 31, 2024, 99.8% of our total indebtedness, which includes current and non-current loans and financing, debentures, leases and other creditors of R\$20.7 billion was denominated in Brazilian reais. In the year ended December 31, 2024, approximately 11.1% of our operating costs and expenses were payable or linked to payment by us in U.S. dollars or Euros. Additionally, in the same year, 99.8% of our revenue was generated in reais, except income derived from hedging transactions, international long-distance interconnection fees and services to customers outside of Brazil. To the extent that the value of the real decreases relative to the U.S. dollar or the Euro, our commitments payable or linked to payment by us in foreign currencies become more expensive. Although our accounts receivable denominated in foreign currencies would also appreciate, the net effect could adversely affect our revenue and expenses. In addition, the IST inflation index does not adequately reflect the true effect of exchange rate fluctuations. Thus, our revenue, when translated to U.S. dollars, does not adequately reflect the true effect of exchange rate fluctuations, which may affect our results of operations.

We use derivative instruments to limit our exposure to exchange rate risk. Since September 1999, we have hedged all of our foreign currency-denominated bank debt using swaps and other derivative instruments. Since May 2010, the company began using net balance coverage, which is the hedging of net positions in foreign exchange exposures, or assets (issued invoices) minus liabilities (received invoices) for foreign exchange exposures, substantially reducing our risk to fluctuations in exchange rates. We could still continue to face exchange rate exposure with respect to our planned capital expenditures however, as a small part of our planned capital expenditures are denominated or indexed in foreign currencies (mostly U.S. dollars). We systematically monitor the amounts and time of exposure to exchange rate fluctuations and may hedge positions when deemed appropriate.

Some of our debt agreements may contain covenants, key performance indicators and targets; as such, any default or failure to reach such targets under such debt agreements may have a material adverse effect on our financial condition and cash flows.

The agreements governing most of our outstanding loans and financing may contain certain standard restrictive covenants, including financial covenants. These agreements can provide an acceleration of the full balance of our obligations in the event of default. In general, such agreements are subject to the acceleration of maturity over: (i) the inclusion in the agreement of our shareholders, bylaws or articles of incorporation or of the companies that control us of conditions that lead to restrictions or loss of ability to pay financial obligations arising from these agreements; or (ii) liquidation, dissolution, insolvency; bankruptcy, judicial or extrajudicial recovery to any creditor or class of creditors. Failure to comply with or fulfill any of these restrictions, covenants, financial metrics or financial tests could result in a default under these agreements, which would have a material adverse effect on our financial condition.

Risks Relating to Operational Matters

Information technology is key to our business and we could be subject to cybersecurity risks.

The risks derived from cybersecurity are among our most relevant risks. Despite advances in the modernization of the network and the replacement of legacy systems, we operate in an environment increasingly prone to cyber-threats. Therefore, it is necessary to continue to identify and remedy any technical vulnerabilities and weaknesses in our operating processes, as well as to strengthen our capabilities to detect and react to incidents. This includes the need to strengthen security controls in the supply chain (for example, by focusing on the security measures adopted by our partners and other third parties), as well as to ensure the security of the services in the cloud.

Telecommunications companies worldwide face continuously increasing cybersecurity threats as businesses have become increasingly more digital and dependent on telecommunications and computer networks and cloud computing technologies.

Cybersecurity threats may include gaining unauthorized access to our systems or propagating computer viruses or malicious software to misappropriate sensitive information like customer data, corrupt our data or disrupt our operations. Unauthorized access may also be gained through traditional means such as the theft of laptop computers, data devices and mobile phones. Further, our employees or other persons may have unauthorized or authorized access to our systems and leak data and/or take actions that affect our networks or otherwise adversely affect us or our ability to adequately process internal information.

We manage these risks through a number of technical and organizational measures, which are part of our digital security strategy, including, access control measures, backup systems, log review of critical systems, vulnerabilities checks, network segregation measures and protective systems such as firewalls, intrusion prevention systems, virus scanners and other physical and logical security measures. However, the application of these measures cannot guarantee the mitigation of all risks due to the complexity of the environment and the constant increase of capabilities of threats that now rely on artificial intelligence to improve their processes.

For more information, see “Item 4. Information on the Company—B. Business Overview—Technology—Network Security.”

Companies operating in the telecommunication industry, including us, may be harmed by restrictions regarding the deployment and maintenance of network infrastructure.

Currently, hundreds of municipal laws in Brazil limit the installation of new antennas for mobile service. This scenario has been a barrier to the expansion of mobile networks. Those laws are meant to regulate issues related to zoning and the alleged effects of the radiation and radio frequencies of the antennas. Despite the existence of a federal law enacted in 2015 that addresses this issue by establishing new guidelines to create a consolidated plan for the installation of antennas, as long as the municipal laws remain unchanged, the risk of noncompliance with regulations and of having services of limited quality in certain areas continues to exist.

Additional antenna installation is also limited because of concerns that radio frequency emissions from base stations may cause health problems and other environmental impacts. These concerns could have an adverse effect on the wireless communications industry and, possibly, expose wireless providers, including us, to litigation. Based on information from the WHO we are not aware of any evidence in the latest medical research that conclusively establishes any relationship between radio frequency emissions of base stations and health concerns. Perceived risks may, however, delay the expansion of our network if we experience problems in finding new sites, which in turn may delay expansion and affect the quality of our services. For instance, in May 2009, Law No. 11,934/2009 was enacted, which limits the exposure for fields with frequencies of up to 300 GHz. The new law uses the exposure limits determined by the International Commission on Non-Ionizing Radiation Protection and recommended by the WHO and restricts the installation of new antennas.

New laws and regulations may also create additional restrictions on our transmission infrastructure, which in turn, could have an adverse effect on our business. In this sense, a new regulation regarding the use of electricity poles infrastructure by telecommunication companies is expected to be published by ANATEL and ANEEL (the national Brazilian electricity regulatory agency) by the end of 2025. The new regulation can set forth changes in pricing and other conditions related to the access and maintenance of telecommunication equipment in light poles that may affect our ability to make use of such infrastructure, deemed vital to our current and future operations.

Additionally, health concerns regarding the effects of radio frequency emissions may also discourage the use of mobile telephones and may result in the adoption of new measures by governments or any other regulatory interventions, any of which could materially and adversely affect our business, results of operations and financial condition.

Man-made or natural disasters, including extreme weather conditions due to climate change (high temperatures, floods, thunderstorms) or other unexpected events could adversely affect networks, systems, infrastructure and service continuity.

Our operations may be suspended or interrupted for an indeterminate period in case of adverse events that are likely to damage our transmission bases. These events include natural disasters, storms, cyclones, climate change or other impacts, environmental events and man-made disasters, including fires, explosions, and geopolitical disruptions, to civil unrest or health crises (such as the COVID-19 pandemic), or any other unexpected events.

Climate change represents systemic risks that, when realized, can result in socioeconomic, financial and environmental impacts potentially affecting the fulfillment of Telefônica Brasil's business strategy and objectives. Climate change related risks can be categorized as physical risks (chronic and acute) and transition risks.

When examining physical risks, the increasing frequency of extreme weather events such as storms, cyclones, heatwaves, and wildfires can lead to significant damage to our infrastructure causing failures in our wired and mobile networks.

For example, even with no material impact, in April and May 2024, Telefônica Brasil's operations suffered with a flooding event in the state of Rio Grande do Sul, which damaged towers, resulted in the interruption of telephone and internet services and overloaded networks.

The growing likelihood of damage to our infrastructure due to extreme weather events could have a material adverse impact on our operations. Rising mean temperatures could increase our operating costs due mostly to the increase in refrigeration needs of network equipment. High temperatures also can affect the telecommunication equipment producing failures, write-offs and early retirement and therefore increase the risk of severe disruption; therefore, cooling is essential.

When considering transition risks, an increased cost of energy (electricity operating expenses) stands out for having the most substantial financial impact. This is largely due to our high consumption of electricity (an average of 1,800 GWh per year) and the significant dependence of the Brazilian electricity matrix on hydroelectric power, where prolonged periods of drought can adversely impact energy prices.

Moreover, the Telecom sector is not especially dependent on fossil fuels but is very dependent on electricity consumption for its networks, so an increase in electricity prices due to a shortage of natural resources could have a significant impact on our energy related operating expenses. If we are unable to mitigate or prevent any such damage in the event of a natural or man-made disaster and any other unexpected events, the suspension or interruption of our operations could have an adverse effect on the continuity of our operations, our financial results and compliance with applicable regulations.

We are subject to environmental laws and regulations. Failure to comply with governmental laws and regulations could subject us to penalties that could have an adverse effect on our business and reputation.

Our operations and properties are subject to a variety of environmental laws and regulations governing, among other subjects, environmental licensing and registries, protection of flora and fauna, air emissions, waste management and remediation of contaminated areas. Failure by us or by our business partners to comply with present and future requirements, or to identify and manage new or existing environmental liabilities, could cause us to incur substantial costs, including investigation and remediation costs, indemnification, compensation, conduct adjustments, fines, suspension of activities and other penalties, investments to upgrade our facilities or changes our processes, as well as damages to the company's reputation. The identification of presently unidentified environmental issues, change in evaluation criteria by regulatory agencies, enactment of more restrictive laws and regulations or other unanticipated events may arise in the future and result in material environmental liabilities and related costs. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations, assets and financial condition.

Risks Relating to Our Business and Industry

We are dependent on key personnel and the ability to hire and retain additional personnel.

We believe that our success will depend on the continued services of our senior management team and other key personnel. Our management team is comprised of highly qualified professionals, with extensive experience in the telecommunications industry. The loss of the services of any of our senior management team or other key employees could adversely affect our business, financial condition and results of operations. We also depend on the ability of our senior management and key personnel to work effectively as a team.

Our future success also depends on our ability to identify, attract, hire, train, retain and motivate highly skilled technical, managerial, sales and marketing personnel. Competition for such personnel is intense, and we cannot guarantee that we will successfully attract, assimilate or retain a sufficient number of qualified personnel. Failure to retain and attract the necessary technical, managerial, sales and marketing and administrative personnel could adversely affect our business, financial condition and results of operations.

We are subject to liabilities relating to third-party contractors, which may have a material adverse effect on our business and results of operations.

We are exposed to contingent liabilities resulting from our contracting structure, which includes third-party service providers. Such potential liabilities may involve labor claims by third-party providers that are treated as direct employees as well as joint liability claims relating to wage or overtime pay complaints and workplace injury claims. If a significant portion of these contingent liabilities is decided against us and for which we have not made adequate provisions, our financial condition and results of operation may be adversely affected.

Furthermore, if the contracting of third-party services is considered to involve the main activities of the company, it may be characterized as direct employment, which would significantly increase our costs and, as a result, we may be subject to administrative proceedings by the relevant labor regulators and may be required to pay fines to the third-party service providers.

We make investments based on demand forecasts that may become inaccurate due to economic volatility and may result in revenues that are lower than expected.

We make certain investments, such as the procurement of materials and the development of physical sites, based on our forecasts of the amount of demand that customers will have for our services at a later date (generally several months later). However, any major changes in the Brazilian economic scenario may affect this demand and therefore our forecasts may turn out to be inaccurate. For example, economic crises may restrict credit to the population, and uncertainties related to employment may result in a delay in the decision to acquire new products or services (such as broadband or Pay TV). As a result, it is possible that we may make larger investments based on demand forecasts that were necessary given actual demand at the relevant time, which may directly affect our cash flow.

Furthermore, improvements in economic conditions may have the opposite effect. For example, an increase in demand not accompanied by our investment in improved infrastructure may result in a possible loss of opportunity to increase our revenue or result in the degradation of the quality of our services.

Consolidation in the telecommunications market may increase competition in the near future and may change Brazilian market dynamics.

Mergers and acquisitions may change market dynamics, create competitive pressures, force small competitors to find partners and impact our financial condition; and may require us to adjust our operations, marketing strategies (including promotions), and product portfolio.

The entry of a new market participant with significant financial resources or potential changes in strategy by existing telecommunications service providers can change the competitive environment in the Brazilian market. We may be unable to keep pace with these changes, which could affect our ability to compete effectively and have a material adverse effect on our business, financial condition and results of operations.

Additional joint ventures, mergers and acquisitions among telecommunications service providers are possible in the future. If such consolidation occurs, it may result in increased competition within our market. We may be unable to adequately respond to pricing pressures resulting from consolidation in our market, adversely affecting our business, financial condition and results of operations. We may also consider engaging in merger or acquisition activity in response to changes in the competitive environment, which could divert resources away from other aspects of our business.

We face significant competition in the Brazilian market.

Telecommunications operators continued to focus on improving their base of accesses by attracting customers to higher-value products. On the mobile side of the business, market participants mostly sought to sell hybrid plans (*planos controle*) and pure postpaid plans to consumers to increase overall ARPU and profitability. On the fixed-line side of the business, we have seen competition both from large and small players to capture customers for fiber connectivity or upgrades for higher internet speeds, mostly driven by increased demand and the increased supply of high-quality broadband given the expansion in the rollout of fiber optic networks. In addition, customers are demanding higher quality services and greater mobile data availability, which require higher investments in the development, modernization, expansion and continuous improvement of the quality of our services and the experience of our customers.

As a result, we continue to face significant competition, mainly driven by the following factors: (1) commercial and pricing pressures from new portfolios launched by competitors; (2) increased 4G, 4.5G, 5G and fiber optic network coverage and improved service quality by our competitors; (3) low-cost alternative services, such as voice and text services provided over IPs, and IPTV/VoD services; and (4) favorable market conditions for MVNO operators, which may affect our competitive position in the market. We continuously monitor market conditions to anticipate future competitive challenges and opportunities and analyze how to address them. Nevertheless, our operational results, market position, competitiveness in the market and margins may be adversely affected if we are unable to keep the same pace as our competitors.

Extensive government regulation of the telecommunications industry and our concession agreements may limit, in some cases, our flexibility in responding to market conditions, competition and changes in our cost structure or impact our fees.

Our business is subject to extensive regulation, including any regulatory changes that may occur during the terms of our concession agreements and our authorizations to provide telecommunication services in Brazil. ANATEL, the Brazilian telecommunications industry regulator, regulates, among other things:

- industry policies and regulations;
- licensing (including licensing of spectrum and bidding processes);
- fees and tariffs;
- competition incentives and restrictions (including our ability to grow by acquiring other telecommunications businesses);
- service, technical and quality standards;
- consumer rights;
- penalties and other sanctions;
- interconnection and settlement arrangements; and
- universal service obligations.

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. We operate under authorizations and a concession from the Brazilian government, and our ability to maintain these authorizations and concession is a precondition to our success. However, because of the changing nature of our regulatory framework, we cannot provide assurances that ANATEL will not adversely modify the terms of our authorizations and/or licenses. According to our operating authorizations and licenses, we must meet specific requirements and maintain minimum quality, coverage and service standards. Our failure to comply with such requirements may result in the imposition of fines, penalties and/or other regulatory responses, including the termination of our operating authorizations and concession. Any partial or total termination of any of our operating authorizations and licenses or our concession would have a material adverse effect on our business, financial condition, revenues, results of operations and prospects.

In recent years, ANATEL has been reviewing and introducing regulatory changes, especially regarding asymmetric competition measures and interconnection fees charged among local providers of telecommunications services. Asymmetric competition measures can include regulations intended to rebalance markets in which a market participant has distinct market power over other competitors. The adoption of disproportionately asymmetric measures could have a material adverse effect on our business, financial condition, revenues, results of operations and prospects.

With respect to interconnection fees, these are an important part of our revenue and cost bases. Such fees are charged by telecommunications service providers to each other in order to allow interconnected use of each other's networks. To the extent that changes to the rules governing interconnection fees reduce the amount of fees we can receive, or our ability to collect such fees, our businesses, financial conditions, revenues, results of operations and prospects could be materially adversely affected.

Therefore, our 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 stricter operational and/or service requirements;
- the granting of operating licenses in our areas;
- limitations on interconnection fees that we may charge from other telecommunications service providers;
- imposition of significant fines or penalties regarding failures 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.

Our concession agreements may be revised by the Brazilian government under certain circumstances.

As of the date of this annual report, we operate our fixed-line business in the state of São Paulo under a concession granted by the Brazilian government. On December 16, 2024, we signed, alongside the National Telecommunications Agency (ANATEL), the Federal Court of Accounts (TCU), and the Federal Government through the Ministry of Communications, a Term of Self-Composition for the Adaptation of the Concession Contracts for STFC services to an Authorization Instrument, or the Self-Composition Agreement. The Self-Composition Agreement includes, among other points: (i) the carrying out of investments by Telefônica, in the form, conditions and terms established in the Agreement, in return for the Adaptation; and (ii) the maintenance of STFC services until December 31, 2028, in locations without adequate competition contained in the service area of the STFC Concession Contracts that will be extinguished. With the signing of the Self-Composition Agreement, the transition from the STFC Concession regime to the Authorization regime can be finalized. This will be formally established through the signing of the Unified Authorization Term to be issued by ANATEL.

We expect to continue to operate under such concession until the transactions envisioned by the Self-Composition Agreement are concluded and such concession is converted into an authorization. According to the terms of this concession, we are obligated to meet certain universal service requirements and maintain minimum quality and service standards. For example, ANATEL requires that we satisfy certain conditions with respect to, among other things, the expansion of our network to: (i) provide public pay-phone services under specific conditions, despite significant reductions in requirements by Decree No. 9,619/2018 (maintained in Decree No. 10,610/2021); (ii) provide private individual telephony service for locations with a population of over 300 persons, upon request by any consumer; and (iii) meet certain service quality targets (as reviewed by Resolution No. 717/2019, which remains under implementation). Our ability to satisfy these terms and conditions may be affected by factors beyond our control, and our failure to comply with the requirements of this concession may result in the imposition of fines of up to R\$50 million per incident and/or other government sanctions, including the imposition of a preemptive ban on marketing our services or the termination of our concession. The partial or total termination of our concession or other authorizations would have a material adverse effect on our financial condition and results of operations.

Once the transactions envisioned by the Self-Composition Agreement are concluded, Telefônica will operate under the authorization regime and the assets currently used by Telefônica to provide STFC under the concession model in São Paulo will no longer be considered reversible assets. As a result, even if the TCU reviews the RCON, this discussion will no longer impact us. The effective adaptation of the concession model to the authorization model, through the Unified Authorization Term, investments will be made in the form, conditions, and deadlines established in the LGT and in the Self-Composition Agreement.

Nonetheless, any additional changes in laws, rules, or regulations or additional changes in the current regulatory framework may imply the imposition of new requirements, including obligations to make specific investments and/or capital expenditures. Our authorizations contain certain obligations, and our failure to comply with these obligations may result in fines and penalties imposed on us by ANATEL.

A review of our concession agreements and/or the new telecommunications regulatory framework in Brazil could have a material adverse effect on our operations.

The expiration date of our fixed-line concession agreements pursuant to the terms of the original concession in São Paulo is December 31, 2025. These agreements contain a provision permitting ANATEL to review the concession agreements every five years and include revisions to terms and conditions that relate to network expansion, modernization and quality of service targets in response to changes in technology, competition in the marketplace and domestic and international economic conditions.

On June 24, 2014, ANATEL opened a public review and comment period for the revision of the terms of fixed-line concession agreements with respect to the 2016-2020 period. However, when the agency released the new version of the agreements in June 2017, operators disagreed with the inclusion by ANATEL of certain provisions and decided against executing new agreements with the agency. As a result, the agreements with respect to the 2011-2015 period remain in force. In January 2021, although new concession contracts had not yet been signed, the Brazilian government published Decree No. 10,610/2021, or PGMU V, which approves the revision of PGMU targets. PGMU V establishes that the remaining balance of the previous PGMUs must be used in the construction of backbone networks with optic fiber technology. These targets have been criticized by several of the local operators.

In addition, on October 4, 2019, the New General Telecommunications Law was enacted. This law revises the telecommunications regulatory framework by amending the General Telecommunication Law and significantly impacts this industry. The law permits fixed-line concession operators to migrate from a concession regime (in which the underlying assets must be reverted to the government at the end of the concession) to an authorization regime. ANATEL will be responsible for estimating the gains obtained by operators as a result of migrating from one regime to the other. According to the New General Telecommunications Law, on July 5, 2022, ANATEL presented to the TCU a methodology with an estimate of the economic value associated with the adaptation of the concession instrument for authorization.

In a session held on March 22, 2023, the methodology applied by ANATEL was approved by TCU, conditioned on the Agency guaranteeing the adoption of values that approximate market values for the evaluation of the more significant reversible assets. The process was forwarded to ANATEL, which evaluated and approved on July 24, 2023, the balance of service adequacy (from concession to authorization) based on the determinations presented by the TCU, presenting a new estimate of economic value. The Company should have calculated the balance within 120 (one hundred and twenty) days; however, with the possibility of an agreement between ANATEL and the concessionaires involving arbitration and migration to be taken within the scope of a consensual solution with the TCU, ANATEL granted the suspension of the aforementioned deadline.

Until such time as the transactions envisioned by the Self-Composition Agreement are concluded and such concession is converted into an authorization (see “—Our authorizations contain certain obligations, and our failure to comply with these obligations may result in various fines and penalties being imposed on us by ANATEL”), any additional changes to laws, rules or regulations governing our concession could have a material adverse effect on our operations and financial condition. In particular, changes to our concession agreements or further changes to the current regulatory framework may entail the imposition of new requirements, including obligations to make specific investments and/or capital expenditures. ANATEL may also impose new service targets on us with values that we are not able to predict.

Our current radiofrequency licenses may not be renewed for additional periods.

Generally, current spectrum authorizations are valid for 15 years. Although the New General Telecommunications Law admits successive spectrum renewals, we cannot guarantee that our existing licenses will be renewed. According to the New General Telecommunications Law and Decree No. 10,402/2020, ANATEL may set specific conditions for such renewals, such as mandatory “refarming” processes in certain spectrum bands or refuse renewal requests altogether. A refarming process can reduce the amount of spectrum available to each operator, depending on the configuration of the new blocks.

In November 2020, ANATEL decided to renew our current authorizations for the use of radio frequencies in bands A and B (850 MHz) on a primary basis until November 29, 2028. However, the specific conditions for renewal, including those related to economic valuation criteria and associated obligations, were challenged by the affected service providers, including us. Following ANATEL’s rejection of these complaints, the final determination regarding these specific conditions remains pending and will require a decision by the TCU.

In April 2023, ANATEL determined that our authorizations in the 900 MHz band would not be extended—except in the state of Minas Gerais, as explained below—on the grounds that efficient use of this spectrum had not been properly demonstrated given the low capacity associated with this band (2.5 + 2.5 MHz), which imposes limitations on its effective use. However, the non-renewal of these 900 MHz licenses does not affect the services currently provided by the Company. Also in April 2023, ANATEL decided to renew our 1,800 MHz licenses until 2032. In August 2023, ANATEL further renewed our 900 MHz and 1,800 MHz licenses in part of the state of Minas Gerais (PGO sector 2) until 2032. It is worth noting that our licenses in the remaining parts of the state of Minas Gerais (PGO sector 3) had already been renewed by ANATEL in April 2020 and are set to expire in 2035.

Furthermore, in the same month, ANATEL decided to renew our current license authorizations for the use of 2,100 MHz radio frequencies until April 2038.

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 non-rational 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”). If the licenses mentioned above are not renewed, we may be required to compete for new licenses in a spectrum auction. The loss or non-renewal of spectrum licenses could significantly impact the coverage of our mobile services, potentially rendering our services unavailable in certain regions. This would be particularly problematic in areas where we fail to renew or secure licenses for ongoing operations. Any of these circumstances could materially and adversely affect our business, financial condition, revenues, results of operations, and future prospects.

We depend on key suppliers to obtain the necessary equipment and services for our business.

We depend on certain key suppliers of equipment and services, especially telecommunications network equipment and handsets, for the execution and development of our business. These suppliers may delay delivery, alter prices and limit supply as a result of problems related to their own businesses, over which we have no control. If these suppliers are not able to deliver equipment and services regularly, we may face problems with the continuity of our business activities, which may have an adverse effect on our business and results of operations.

Our results of operations may be negatively affected by changes to STFC or SMP rules.

We receive payments for the interconnection of calls in our fixed-line and mobile networks. Interconnection fees were set by ANATEL in December 2018 and February 2020 for STFC and SMP networks, respectively. See “Item 4. Information on the Company—B. Business Overview—Rates, Taxes and Billing—Interconnection fees.” However, we cannot assure that new mobile service plans will not be suspended by ANATEL, that current fixed-line or mobile interconnection fees remain the same, or that future negotiations on fixed-line or mobile interconnection rates will result in favorable terms or rates. If current fixed-line or mobile interconnection fees are canceled, or if fixed-line or mobile interconnection fees in the future are changed, our business, financial condition, revenues, results of operations and prospects may be adversely affected.

ANATEL has the authority to issue new regulations affecting many of our areas of operations.

ANATEL has the authority to issue new regulations affecting many of our areas of operations. Such new regulations could have an adverse effect on our operating results because: (1) ANATEL could significantly reduce the interconnection fees we are able to charge, thereby reducing our revenues (see “—Our results of operations may be negatively affected by changes to STFC or SMP rules”); (2) ANATEL may allow more favorable conditions for economic groups without significant market power; (3) the granting of new licenses may increase competition in our area from other operators, which could adversely affect our prices and/or market share, thereby reducing our revenues; (4) ANATEL may require that revenue received for the usage of the SMP network must be included in the calculation of renewing licenses costs; and (5) ANATEL’s general plan of updating the regulations targets several areas of vital importance for our business (including both our fixed-line telephony and mobile businesses), which may cause either an increase in operating costs, an increase in competitive pressure, or a decrease in our revenues, among other adverse effects.

For a detailed description of the regulations issued by ANATEL and their impact on our business, see “Item 4. Information on the Company—B. Business Overview—Regulation of the Brazilian Telecommunications Industry.”

The industry in which we conduct our business is continually changing and evolving technologically, which demands adequate changes in the regulatory environment.

The telecommunications industry is subject to rapid and significant technological changes. Our future success depends on our ability to anticipate and adapt in a timely manner to technological changes. We expect that new products and technologies will emerge and that existing products and technologies will be further developed.

The advent of new products and technologies could have a variety of consequences. These new products and technologies may reduce the price of our services by providing lower-cost alternatives and the creation of new digital services, such as the example of over-the-top (OTT) service providers that provide voice and messaging services over IP. Also, new products and technologies may become superior to, and render obsolete, the products and services we offer and the technologies we use, thus requiring our constant investment in new technology and innovation.

Such new technologies will demand changes in the regulatory environment, challenging both governmental agencies and telecommunication companies. Companies that provide OTT services, which have characteristics similar to telecommunications services, are currently not subject to the same rules as the telecommunications operators. This gap can bring additional challenges to the telecommunications industry, as current developments in the regulatory framework for OTTs are inconsistent and still unclear.

We are subject to certain risks related to conditions and obligations imposed by ANATEL for the use of the spectrum needed for the 4G and 5G services we offer.

In 2012, we acquired 40MHz on the 2.5GHz to 2.69GHz frequencies for the amount of R\$1.05 billion. In order to meet the coverage requirements, we had the obligation of implementing 4G coverage in 1,094 cities by December 31, 2017. The remaining coverage commitments in cities with less than 30,000 inhabitants could be fulfilled with other frequency bands until December 31, 2019. After completing the associated inspection process, ANATEL confirmed our full compliance with these commitments.

Regarding the 700MHz spectrum, ANATEL has allocated the band for the provision of fixed-line, mobile and broadband services. On September 30, 2014, we acquired 20 MHz (10+10 MHz) with nationwide coverage, for R\$1.92 billion, at the minimum price, plus R\$904 million for the band cleaning (migration of broadcasters that currently occupy the band) and interference management. According to the auction rules, the winning bidders were responsible for financing and managing the band cleaning process (Analog TV switch off) which was implemented through a legal entity specifically incorporated for this purpose, as set forth in the bidding process and applicable regulations (EAD). Since June 2019, all Brazilian municipalities are ready to activate LTE coverage in the 700 MHz band.

In November 2021, ANATEL held the largest spectrum auction in its history, which included 4G and, for the first time, 5G blocks, with 700MHz, 2.3GHz, 3.5GHz and 26GHz lots. On that occasion, we acquired 3.5GHz and 26GHz national licenses (100MHz and 600MHz bandwidths, respectively). We also won regional 2.3GHz licenses, with 50MHz bandwidth in the southeast region of Brazil (except São Paulo state and PGO Sector 3) and 40MHz bandwidth in São Paulo state and in the north and mid-west regions of Brazil (except PGO Sectors 22 and 25). These acquired licenses, which we purchased for a total of R\$4.45 billion, of which R\$0.9 billion is related to licenses and the remaining amount is related to the obligation described below. The licenses ensure we have the required spectrum to provide 5G services, and are valid for 20 years (renewable under the then-existing legal conditions at the expiration of this term).

ANATEL also set forth obligations to be fulfilled by the winners of the 5G spectrum auction. For the 2.3GHz and 3.5GHz spectrum bands, these obligations include coverage commitments, the deployment of fiber optic backbone networks in locations with little or no connectivity infrastructure, the implementation of the Integrated and Sustainable Amazon Program (Plano Amazônia de Integração e Sustentabilidade), and devising a project for a private communications network reserved for the Brazilian federal government, as well as the funding activities related to the migration of satellite TV services from the C-band to the Ku-band. Winners of the 26GHz spectrum bands, in turn, will have to invest in connectivity projects aimed at selected public schools throughout Brazil.

The ambitious targets established by ANATEL for the rapid implementation of networks pose several risks to our ability to comply. These include: (1) potential delays in obtaining licenses for the construction of new sites, which could impede our ability to meet coverage deadlines; (2) challenges with our suppliers' capacity to deliver the necessary equipment at the required scale and speed, which could also lead to increased equipment costs; and (3) a potential shortage of qualified personnel needed to support the accelerated pace of network implementation.

In this context, ANATEL announced in December 2024 that the cleaning of the 3.5GHz band in all 5,570 Brazilian municipalities had been completed, enabling these bands to receive 5G standalone technology 14 months ahead of the original schedule outlined in the obligations from the 5G auction notice. Failure to meet the targets and obligations set forth in the bid documents could result in significant consequences. ANATEL may execute our bank guarantees, impose fines, or even revoke our licenses to operate the frequencies. Additionally, inefficient use of any frequency could lead to the loss of the corresponding usage license. Furthermore, ANATEL may impose new or unforeseen targets, conditions, or obligations on us, which could further strain our resources or impact our operations. Any of these factors, whether delays in meeting targets, financial penalties, loss of licenses, or new regulatory obligations, could have a material adverse effect on our operations, financial condition, and business performance.

Our sales could be suspended as a result of issues with the quality of our services.

ANATEL and other judicial and administrative agencies have the authority to suspend our sales in an attempt to improve the overall quality of telecommunications services. Sales suspensions are generally applied to the services for which there have been complaints by consumers and the consumer protection agencies. When applied, the suspension is temporary and usually lifted once the company presents an action plan for improvement. In July 2012, ANATEL suspended mobile service sales by our competitors, Oi, Claro and TIM, as a result of a considerable increase in consumer complaints. The suspensions lasted about 20 days and ANATEL requested that all telecommunications companies, including us, present an action and investment plan to improve the mobile network. Although our action plan was approved by ANATEL in September 2012, if a similar increase in customer complaints occurs in the future we may face suspension of one or more of our services until a new plan can be presented to and approved by ANATEL, which may materially affect our business and results of operations.

We are subject to the risk of noncompliance with data privacy and protection laws, which may lead to sanctions, including financial penalties.

Law No. 13,709/2018, known as the General Personal Data Protection Law (*Lei Geral de Proteção de Dados*), came into force on September 18, 2020. This comprehensive data protection law establishes general principles and obligations applicable across all economic sectors and contractual relationships. To oversee and enforce its application, the National Data Protection Authority (*Autoridade Nacional de Proteção de Dados*), or the ANPD, was created and, since 2023, has operated under the administration of the Ministry of Justice. Certain aspects of the LGPD are subject to further regulation by the ANPD, as outlined in Ordinances No. 11/2021, No. 35/2022, and Resolution No. 23/2024, in accordance with its biennial regulatory schedule.

The LGPD sets forth detailed requirements for the collection, use, processing, and storage of personal data across all economic sectors, regardless of whether the data is collected in digital or physical environments. Many of our services and processes rely on the use of personal data, and we are required to ensure compliance with the LGPD in how we collect, store, and manage such data. The administrative sanctions provided under the LGPD (articles 52, 53, and 54) became enforceable on August 1, 2021, pursuant to Law No. 14,010/2020. Additionally, the ANPD has issued 10 regulations to date, including key rules such as the Administrative Sanctions and Dosimetry Regulation (Resolution No. 4/2023), the Security Incident Communication Regulation (Resolution No. 15/2024), and the International Data Transfer and Standard Contractual Clauses Regulation (Resolution No. 19/2024).

Given that the ANPD continues to publish resolutions and guidelines throughout the year, there may be potential impacts or a need to adjust our internal data privacy governance workflows and processes. In addition to oversight by the ANPD, other administrative bodies, such as Brazilian National Consumer Secretariat (*Secretaria Nacional do Consumidor*), or the SENACON, the various state consumer defense and protection departments (*órgãos de proteção e defesa do consumidor*), or the PROCONs, or the various state and federal public prosecutor's offices (*Ministério Público*), may invoke the LGPD in their inquiries. In some cases, these administrative bodies are authorized to apply sanctions. Furthermore, data subjects themselves can initiate individual or collective legal actions alleging noncompliance with the law.

In the event of a violation of the LGPD, we may be subject to (1) legal notices and the required adoption of corrective measures, (2) fines of up to 2% of our or our economic group's revenues up to a limit of R\$50.0 million per infraction (which can be cumulative), (3) publication of the infraction following confirmation of its occurrence, (4) the blocking and erasing of personal data involved in the infraction, (5) partial or complete suspension of the infringing processing activities for up to one year and (6) partial or complete prohibition to engage in processing activities.

We may be held liable for material, punitive, individual or collective damages to the data subjects due to the processing of their personal data and could be held individually or jointly liable for material, punitive, individual or collective damages caused by us, our subsidiaries, service providers that may process personal data on our behalf or our affiliates due to non-compliance with the obligations set forth by the LGPD and other laws and regulations in force that address data protection, which may adversely affect our reputation and results and, consequently, the value of our shares.

Failure or insufficiency to adopt efficient measures to protect personal data or failure to maintain compliance with the LGPD may lead to the application of fines, obligation to disclose relevant incidents to the market, obligation to eliminate personal data from relevant databases and suspension of access to our databases and prohibition of our activities related to the processing of compromised data. We also may be subject to sanctions not related to the supervision of the ANPD, since consumer protection authorities and the Public Prosecutor's Office have already been active in pursuing data privacy violations even before the LGPD became effective. Accordingly, failure to protect personal data processed by us, or any failure to implement adequate data protection measures in response to applicable legislation, may subject us to additional costs such as the payment of fines and indemnities, implementation of adjustment measures, and loss of business, in addition of civil sanctions, which may adversely affect our reputation and results.

In addition, the application of administrative sanctions under other laws dealing with privacy and data protection issues might be possible, such as the Consumer Protection Code and the Brazilian Civil Rights Framework for the Internet. These administrative sanctions may be imposed by other public authorities, such as the Public Prosecutors' Offices, the National Consumer Secretariat and consumer protection agencies. We may also be subject to liability in the civil sphere for violation of these laws. Sanctions imposed against us by these authorities may also adversely affect our reputation and results and, consequently, the value of our ADSs and common shares.

Our expansion into new business sectors may expose us to operational and regulatory risks.

As part of our strategy to diversify our business, we have entered and may continue to enter into new business segments such as energy, education, and financial services, each of which is subject to distinct regulatory frameworks and competitive dynamics. See "Item 4. Information on the Company—B. Business Overview." Entering these markets exposes us to regulatory uncertainties, operational challenges, and potential difficulties in achieving profitability. We may encounter well-established competitors with significant market share, brand recognition, and financial resources, which could make it difficult for us to establish a competitive position or achieve the expected returns on our investments in these new ventures.

Additionally, our expansion into regulated industries, such as banking and financial services, introduces new legal and compliance obligations. With our recently obtained banking license, we must comply with the regulations and resolutions imposed by the Central Bank of Brazil including capital adequacy requirements, operational risk management, and consumer protection rules. Failure to meet these obligations could result in regulatory sanctions, financial penalties, reputational damage, or, in extreme cases, the revocation of our banking license.

Furthermore, regulatory and tax regimes in these new business segments may change over time, potentially increasing compliance costs or imposing additional operational restrictions. Any adverse regulatory developments could impact our ability to operate efficiently, limit our growth prospects, or require us to make significant adjustments to our business strategy. If we are unable to successfully navigate these regulatory and competitive challenges, our financial performance and long-term growth could be negatively affected.

Risks Relating to Legal and Compliance Matters

We face risks associated with litigation.

We are party to a number of lawsuits and other proceedings. An adverse outcome in, or any settlement of, these or other lawsuits could result in significant costs to us. In addition, our senior management may be required to devote substantial time to these lawsuits, which they could otherwise devote to our business. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings.”

We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs.

We are required to comply with anti-corruption laws and regulations in Brazil and in jurisdictions where our securities are traded. In particular, we are subject, in Brazil, to Law No. 12,846/2013, and in the United States, to the U.S. Foreign Corrupt Practices Act of 1977. Additionally, our operations may be subject to, or otherwise affected by, economic sanctions programs and other forms of trade restrictions (hereinafter referred to as sanctions), including those administered by the United States, including the U.S. Treasury Department’s Office of Foreign Assets Control.

Although we have internal policies and procedures designed to ensure compliance with such anti-corruption laws and sanctions regulations (to the extent applicable), there can be no assurance that such policies and procedures will be sufficient or that our employees, directors, officers, partners, agents and service providers will not take individual actions in violation of our policies and procedures (or otherwise in violation of the relevant anti-corruption and sanctions laws and regulations) for which we, our subsidiaries or such employees, directors, officers, partners, agents and service providers may be ultimately responsible. Violations of such laws and regulations could lead to sanctions, reputational harm, or other legal consequences that could have a material adverse effect on our business, results of operations and financial condition.

Internet regulation in Brazil is still limited and several legal issues related to the Internet are uncertain.

In 2014, Brazil enacted a law, which we refer to as the Brazilian Civil Rights Framework for the Internet (Marco Civil da Internet), setting forth principles, guarantees, rights and duties for the use of the Internet in Brazil, including provisions about internet service provider liability, internet user privacy and internet neutrality. In May 2016, further regulations were passed in connection with the referred law. The administrative penalties imposed by the Brazilian Civil Rights Framework for the Internet include notification, fines (up to 10% of the revenues in Brazil of the relevant entity’s economic group in the preceding fiscal year) and suspension or prohibition from engaging in data processing activities. The Brazilian Civil Rights Framework for the Internet also determines joint and several liability between foreign parent companies and local Brazilian subsidiaries for the payment of fines that may be imposed for breach of its provisions. Administrative penalties may be applied cumulatively. Daily fines may be imposed in judicial proceedings, as a way to compel compliance with a Brazilian court order. If for any reason a company fails to comply with the court order, the fine can reach significant amounts. We may be subject to liability under these laws and regulations should we fail to adequately comply with the Brazilian Civil Rights Framework.

However, unlike in the United States, little case law exists around the Brazilian Civil Rights Framework for the internet and existing jurisprudence has not been consistent. Legal uncertainty arising from the limited guidance provided by current laws in force allows for different judges or courts to decide very similar claims in different ways and establish contradictory jurisprudence. This legal uncertainty allows for rulings against us and could set adverse precedents, which individually or in the aggregate could seriously harm our business, results of operations and financial condition. In addition, legal uncertainty may harm our customers’ perception and use of our service.

Risks Relating to the Common Shares and the ADSs

Holders of our ADSs may face difficulties in serving process on or enforcing judgments against us and other persons.

We are organized under the laws of Brazil, and all of our executive officers and our independent public accountants reside or are based in Brazil. Also, four of our 12 board members reside or are based in Brazil. Substantially all of our assets are located in Brazil. As a result, it may not be possible for holders of the ADSs to effect service of process upon us or these other persons within the United States or other jurisdictions outside Brazil or to enforce any judgments obtained in the United States or other jurisdictions outside Brazil against us or such other persons. Because judgments of U.S. courts for civil liabilities based upon the U.S. federal securities laws may only be enforced in Brazil if certain conditions are met, holders may face greater difficulties in protecting their interests due to actions by us, our board members or executive officers than would shareholders of a U.S. corporation.

Holders of our ADSs are not entitled to directly attend shareholders' meetings and may only vote through the depositary.

Under Brazilian law, only shareholders registered as such in our corporate books may attend shareholders' meetings. All common shares underlying our ADSs are registered in the name of the depositary. A holder of ADSs, accordingly, is not entitled to directly attend shareholders' meetings. Holders of our ADSs may exercise their limited voting rights with respect to our common shares represented by the ADSs indirectly, and only in accordance with the deposit agreement relating to the ADSs. There are practical limitations on the ability of ADS holders to exercise their voting rights due to the additional steps involved in communicating with ADS holders. For example, we are required to publish a notice of our shareholders' meetings in a Brazilian newspaper published in the same city as our headquarters, and the same newspaper's website must provide digital certification for all the documents kept on such website. Holders of our shares can exercise their right to vote at a shareholders' meeting by attending the meeting in person or voting by proxy and/or remote voting. By contrast, holders of our ADSs will receive notice of a shareholders' meeting by mail from the ADR depositary following our notice to the ADR depositary requesting the ADR depositary to do so. To exercise their voting rights, ADS holders must instruct the ADR depositary on a timely basis. This voting process will take longer for ADS holders than for direct holders of our shares.

We cannot assure you that holders will receive the voting materials in time to ensure that such holders can instruct the depositary to vote the shares underlying their respective ADSs. In addition, the depositary and its agents are not responsible for failing to carry out holder's voting instructions or for the manner of carrying out your voting instructions. This means that holders may not be able to exercise their right to vote and may have no recourse if our shares held by such holders are not voted as requested.

Holders of our ADSs or common shares might be unable to exercise preemptive rights with respect to the common shares unless there is a current registration statement in effect which covers those rights or unless an exemption from registration applies.

Under Brazilian law, if we issue new shares for cash as part of a capital increase, we must grant our shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentage. Rights to purchase shares in these circumstances are known as preemptive rights. Holders of our ADSs or common shares in the United States will not be able to exercise any preemptive rights unless a registration statement under the U.S. Securities Act of 1933, as amended, or the Securities Act, is effective with respect to that future issuance of shares, or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement. Unless we file a registration statement or an exemption from registration applies, holders of our ADSs may receive only the net proceeds from the sale of their preemptive rights by the depositary, or if the preemptive rights cannot be sold, they will lapse and they will not receive any value for them. For more information on the exercise of these rights, see "Item 10. Additional Information—B. Memorandum and Articles of Association—Description of our Bylaws—Preemptive Rights."

An exchange of ADSs for common shares risks the loss of certain foreign currency remittance and Brazilian tax advantages.

The different forms of foreign portfolio investments in Brazil, including investments via depositary receipts, are regulated by (i) Joint Resolution No. 13/2024, or Resolution No. 13, enacted by the CVM and the Central Bank—which, effective January 1, 2025, revoked the rule that had been in effect for the preceding 10 years (i.e., CMN Resolution No. 4,373/2014)—, and (ii) by Law No. 14,286/2021, which, effective December 31, 2022, significantly amended the prior legislation on the matter (i.e., Law No. 4,131/1962).

Resolution No 13/2024 regulates the issuance of depositary receipts in foreign markets in respect of shares of Brazilian issuers. Pursuant to this regulation, the ADSs benefit from a certificate of foreign capital registration, which permits Citibank N.A., as depositary, to convert dividends and other distributions with respect to common shares into foreign currency and to remit these proceeds abroad. Holders of ADSs who exchange their ADSs for common shares will then be entitled to rely on the depositary’s certificate of foreign capital registration for five business days from the date of exchange. Thereafter, if acting as an individual investor, they will not be able to remit non-Brazilian currency abroad unless they obtain their own certificate of foreign capital registration, constituting a Brazilian financial institution as representative, or unless they qualify under the applicable CMN rules, which entitles certain investors to buy and sell shares on Brazilian stock exchanges without obtaining separate certificates of registration. Further rules may be issued by CVM and by the Central Bank to regulate foreign investments in ADSs, including with regard to the exchange of ADSs for common shares and the remittance of funds arising from the sale of these common shares.

If holders of ADSs do not qualify under the applicable CMN rules, they will generally be subject to less favorable tax treatment with respect to our common shares. There can be no assurance that the depositary’s certificate of registration or any certificate of foreign capital registration obtained by holders of ADSs will not be affected by future legislative or regulatory changes, or that additional Brazilian law restrictions applicable to their investment in the ADSs may not be imposed in the future.

Holders of our common shares will be subject to, and holders of our ADSs could be subject to, Brazilian income tax on capital gains from sales of common shares or ADSs.

Law No. 10,833/2003, or Law No. 10,833, provides that gains on the disposition of assets located in Brazil by nonresidents of Brazil, whether to other nonresidents or to Brazilian residents, will be subject to Brazilian taxation. The common shares are expected to be treated as assets located in Brazil for purposes of the law, and gains on the disposition of common shares, even by nonresidents of Brazil, are expected to be subject to Brazilian taxation.

Based on the fact that the ADSs are issued and registered abroad, we believe that gains on the disposition of ADSs made outside of Brazil by nonresidents of Brazil to another non-Brazilian resident would not be subject to Brazilian taxation, since they would not fall within the definition of assets located in Brazil for purposes of Law No. 10,833. However, considering the generic and unclear scope of Law No. 10,833 and the absence of judicial/administrative court rulings in respect thereto, we cannot be assured that such an interpretation of this law will prevail in the courts of Brazil.

In case of any assessment by the Brazilian tax authorities, the gains arising from the disposal of ADSs made are subject to capital gain tax in Brazil at (i) progressive rates ranging from 15% to 22.5%, or (ii) 25%, if the non-Brazilian holder is located in a tax haven jurisdiction. See “Item 10. Additional Information—E. Taxation—Brazilian Tax Considerations.”

Our controlling shareholder has the power to control and direct our business.

As of December 31, 2024, Telefónica S.A., our controlling shareholder, together with its affiliates owned, directly and indirectly, approximately 76.3% of our total capital stock. See “Item 7.A. Major Shareholders”. As a result of their share ownership, Telefónica and its affiliates have the power to control us and our controlled subsidiaries and will be able to cast a majority of the votes in our general shareholders meetings.

Item 4. Information on the Company

A. History and Development of the Company

General

We were incorporated on May 22, 1998, as a corporation (*sociedade anônima*) organized under the laws of the Federative Republic of Brazil, as a result of the restructuring and privatization of Telecomunicações Brasileiras S.A. and its operating subsidiaries, or Telebrás, which monopolized the provision of public telecommunications services in virtually all areas of Brazil prior to 1998. We were incorporated under the name Telesp Participações S.A. and after subsequent reorganizations, we were named Telecomunicações de São Paulo S.A. – TELESP. After our merger with Vivo Participações in October 2011, we changed our corporate name to Telefônica Brasil S.A.

On September 18, 2014, we entered into a stock purchase agreement with Vivendi S.A. to acquire all of the shares of GVT Participações S.A., or GVT, the controlling shareholder of Global Village Telecom S.A., or Operating GVT, which was approved by our board of directors on the same date. Pursuant to Brazilian law, the transaction required approval by both ANATEL and CADE. On December 22, 2014, ANATEL approved the transaction and imposed certain obligations, that included (1) the maintenance of current GVT services and plans within the same geographic scope in which GVT previously operated, requiring, in addition, that the successor company expand its operations to at least ten new municipalities within three years beginning on January 26, 2015; and (2) the waiver of the STFC license held by GVT within 18 months of ANATEL's decisions, since the same economic group cannot hold more than one STFC license in the same geographic area. Telefônica has satisfied both obligations. On March 25, 2015, CADE provisionally approved the GVT acquisition, subject to a series of obligations imposed to prevent any undesired concentration effects of the merger. Such obligations require that we:

- Maintain, for at least three years, the current geographical coverage for STFC, SCM and SeAC services;
- Maintain, for at least three years, the current average broadband speed for GVT's customers on a nationwide basis. The reference as of December 2014 was 15.1 Mbps;
- Maintain, for at least three years, the current average broadband speed for GVT's customers in São Paulo. The reference as of December 2014 was 18.25 Mbps; and
- Do not exchange, directly or indirectly, classified information, strategic or competitively sensitive information with any other company or between management and representative responsible for subsidiaries of Vivendi group, the Telefônica group and the Telecom Italia group related to its operations in the Brazilian market.

In November 2015, ANATEL consented to our corporate reorganization involving Telefônica Brasil S.A., GVT Participações S.A. and its subsidiaries. The approval was subject to certain conditions such as the end of overlap licenses of STFC, SCM and SeAC within 18 months and the obligation to present a list of all assets from the companies incorporated in our STFC (Sector 31, Region III) concession area, confirming the absence of reversible assets burdened judicially (by means of a negative certificate), or in case of attachment, present the appropriate requests for replacement. On March 14, 2016, the corporate reorganization was approved by our board of directors and was completed on April 1, 2016, after the approval by an extraordinary shareholders' meeting of the relevant companies.

On July 3, 2017, Telefônica Data S.A., or TData, a wholly-owned subsidiary of the Company, acquired all the shares of capital stock of Terra Networks Brasil S.A., or Terra, from SP Telecom, one of the controlling shareholders of the Company. The purpose of the Terra Networks Transaction was to expand and integrate our offering of digital services, in order to provide additional value to our customer base and TData's. Effective as from December 1, 2018, TData was merged into the Company as part of a corporate restructuring. See “—Historical Background—Restructuring Involving TData” for more information.

In March 2020, the Company expressed interest in acquiring, jointly with TIM S.A. and Claro S.A., part of the UPI mobile assets of Oi S.A., an acquisition that would reach its closing on April 20, 2022. On that date, all the shares of Garliava RJ Infraestrutura e Redes de Telecomunicações S.A. were acquired by the Company.

We are registered with the CVM as a publicly held company and our stock is traded on the B3 under the ticker “VIVT3”. We are also registered with the SEC in the United States and our ADSs are traded on the NYSE under the ticker “VIV” (formerly “TSP”). Our telephone number is 55-11-3430-3687 and our headquarters are located at Avenida Engenheiro Luis Carlos Berrini, 1376, 04571-936, São Paulo, SP, Brazil. Our website is <https://ri.telefonica.com.br/>. The information on our website is not a part of this annual report on Form 20-F.

As of December 31, 2024, we had 1,626,682,604 outstanding common shares (excluding treasury shares), with no par value per share. As of December 31, 2024, our shareholders’ equity amounted to R\$69.8 billion as presented in our audited consolidated financial statements included elsewhere in this annual report.

Historical Background

Corporate Restructuring Involving the Company and Vivo Participações

On July 28, 2010, our parent company, Telefônica, reached an initial agreement with Portugal Telecom for the acquisition of 50% of the share capital of Brasilcel, N.V., or Brasilcel. As a result of this transaction, Telefônica held 100% of Brasilcel’s share capital. At the time, Brasilcel held approximately 60% of Vivo Participações’ share capital. On December 21, 2010, Brasilcel was incorporated into Telefônica.

Due to the acquisition of control of Vivo Participações, on February 16, 2011, Telefônica, through its subsidiary SP Telecom, launched a public offer for the common shares of Vivo Participações (its only voting shares) held by minority shareholders. As a result of the public offer, on March 18, 2011, SP Telecom acquired 10,634,722 common shares of Vivo Participações, representing 2.66% of its shares, resulting in the Telefônica group’s participation of 62.1% of Vivo Participações.

On December 27, 2010, the boards of Directors of Vivo Participações and Telefônica Brasil approved the terms and conditions of a corporate restructuring, which provided for the merger of the shares issued by Vivo Participações in Telefônica Brasil. The corporate restructuring was approved by ANATEL on March 24, 2011, and on April 27, 2011, the shareholders of Vivo Participações and Telefônica Brasil approved the merger of the shares issued by Vivo Participações in Telefônica. On June 14, 2011, the board of directors of both companies approved a second corporate restructuring, in which Vivo Participações became our wholly-owned subsidiary. The terms and conditions of the second corporate restructuring were unanimously approved by the shareholders of both companies on October 3, 2011. Vivo Participações was incorporated into us, and the holders of Vivo Participações’ merged shares received new shares of the company.

Due to the merger of Vivo Participações into us, our capital was increased by R\$31.2 billion, reflecting the economic value of the shares issued as a result of the merger. The merger did not change the identity of the controlling shareholders of the companies.

In addition, as a result of this merger, on July 6, 2011, Vivo Participações submitted a statement to the SEC to cancel the registration of its American Depositary Shares, or ADS, program, since all its ADSs were converted into ADSs of Telefônica Brasil. The SEC approved the deregistration on July 7, 2011.

A third stage of the corporate restructuring was approved by ANATEL on August 16, 2011. On October 3, 2011, our shareholders approved the merger of Vivo Participações in the USA and Telefônica Brasil absorbed the assets of Vivo Participações, extinguishing Vivo Participações, which simplified and further rationalized our cost structures. On the same date, we changed our telecommunications name from Telecomunicações de São Paulo S.A. – TELESP to Telefônica Brasil S.A., to reflect our national operations. On October 18, 2011, ANATEL approved the transfer of the authorization for the provision of SMP services in the state of Minas Gerais from Vivo Participações to Vivo.

As a result of this name change, the ticker symbols for our shares were also changed from October 6, 2011 (including), from TLPP3, for common shares, and TLPP4, for preferred shares, to VIVT3 and VIVT4, respectively, with the subsequent change of our trading name to TELEF BRASIL. Our ticker symbol for ADRs on the NYSE was changed to VIV, from TSP.

Acquisition of GVT

On September 18, 2014, we signed a share purchase agreement with Vivendi and some of its subsidiaries, or collectively, Vivendi, and with GVTPar, Telefônica, S.A. and GVT Operacional, under which we agreed to buy all shares of GVTPar, the controlling shareholder of GVT. This acquisition was approved by our board of directors on September 18, 2014.

As consideration for the acquisition, we agreed to pay a portion of the price in cash, and a portion in the form of our common and preferred shares, as follows: (1) €4,663,000,000 to be paid in cash on the closing date, as adjusted under the terms of the share purchase agreement, and (2) our common and preferred shares in the amount of 12% of our total capital after the capital increase contemplated in the share purchase agreement and the merger of GVTPar shares in us. The full consideration was paid upon completion of (A) a capital increase, the proceeds of which were used to pay the cash consideration described in (1) above, and (B) the merger of GVTPar shares in us.

On December 22, 2014, ANATEL approved the transaction and imposed certain obligations, which we believe did not compromise the terms of the acquisition of GVT or its value. On March 25, 2015, CADE's administrative court approved the transaction on the basis of certain confidential commitments offered by us and Vivendi S.A. Commitments include the execution of two merger control agreements: the first between CADE and the second between CADE and Vivendi S.A.

On March 25, 2015, our board of directors approved the public offering of shares, including shares in the form of ADSs, in accordance with a capital increase of R\$15,812,000,038.03, by issuing 121,711,240 common shares, at the price of R\$38.47 and 236,803,588 preferred shares, at the price of R\$47.00, as well as 6,282,660 preferred shares according to the exercise of the excessive allotment option. On May 28, 2015, our shareholders approved the ratification of the Share Purchase Agreement and Other Agreements, signed by the Company, as Buyer, and Vivendi S.A. and its subsidiaries, Société d'Investissements et de Gestion 108 SAS and Société d'Investissements et de Gestion 72 S.A., as Sellers, for which all shares issued by GVTPar, a shareholder of Global Village Telecom S.A., were acquired by us.

Therefore, as provided for in the share purchase agreement, we paid a portion of GVT's spot acquisition price with cash, receiving shares of GVTPar and GVT Operator, and another portion in shares, to FrHolding108 as a result of the merger of GVTPar's shares in us, representing 12% of our share capital after the merger.

On June 24, 2015, the transaction for the exchange of shares between Telefônica and Société d'Investissements et de Gestion 108 SAS, a company controlled by Vivendi S.A. was completed, through which FrHolding108 transferred to Telefônica 76,656,559 shares representing 4.5% of our share capital, including 68,597,306 common shares representing 12% of this class of shares and 8,059,253 preferred shares representing 0.72% of this class of shares, in exchange for 1,110,000,000 shares representing 8.2% of the common shares of Telecom Italia, S.p.A., previously held by Telco TE, S.p.A., a subsidiary of Telefônica.

On July 29, 2015, Vivendi S.A. sold 67.9 million preferred shares, representing 4% of our share capital. On the same day, Telefônica S.A. announced that it had signed an agreement with Vivendi's subsidiary, Société d'Investissements et de Gestion 108 SAS, through which Telefônica undertook to deliver 46.0 million of its treasury shares, representing 0.95% of its share capital, in exchange for 58.4 million preferred shares of Telefônica Brasil S.A., (received by Société d'Investissements et de Gestion 108 SAS. in the context of the acquisition of GVT Participações, S.A.). On September 16, 2015, the stock exchange was completed. Consequently, Telefônica S.A.'s interest in the Company increased 5.2% in relation to the total preferred shares of the Company and 3.5% in relation to the company's total capital. On the other hand, SIG108's shareholding in the Company was reduced by the same proportion. Therefore, as of that date, SIG108 has no interest in the Company.

On March 14, 2016, our board of directors approved a corporate restructuring to simplify our organizational structure. In the previous corporate structure, GVT Participações S.A. ("GVTPart") was 100% owned by Telefônica Brasil. On the date of the merger, GVT was divided and its net assets were transferred in part to GVTPart and partly to POP. GVT's share of equity related to assets, rights and obligations related to telecommunications activities was transferred to GVTPart and other installments, related to assets, rights and obligations related to other non-telecommunications activities, were transferred to POP. GVTPart was later merged into Telefônica Brasil. The corporate restructuring did not result in an increase in capital or a change in the company's shareholders' participation and was ratified by an extraordinary general meeting on April 1, 2016.

Acquisition of Telefônica Transporte e Logística Ltda. by TData

On October 28, 2015, TData, as a buyer, and Telefônica Gestão de Serviços Compartidos Espanha S.A., as a seller, signed a Share Purchase agreement that resulted in the acquisition of Telefônica Transporte e Logística Ltda., a Brazilian-based company that provides logistics services.

Acquisition of Terra by TData

On July 3, 2017, we announced that our wholly-owned subsidiary, TData, acquired all shares in the share capital of Terra Networks Brasil S.A. ("Terra") from SP Telecom, one of our controlling shareholders (the "Transaction"). Terra is a provider of digital services (own and third-party services of value added ("VAS") and carrier billing, as well as mobile channels for sales and relationships) and advertising. The goal of the Transaction was to expand and integrate our digital services offering in order to provide additional value to our customer base and TData's, as well as to provide TData's service offering to Terra's customer base and subscribers. In addition, the Transaction aimed to expand TData's advertising business as a result of Terra's national operations and expertise. The total price paid by TData as a counterpart for the acquisition of shares issued by Terra was R\$ 250 million, paid in a single installment using TData's cash in hand, without the need for financing. The Transaction was not subject to any regulatory authorizations or approvals by us and was completed on July 3, 2017.

Restructuring Involving TData

On October 30, 2018, our board of directors approved the terms and conditions of the merger in the Company of its wholly-owned subsidiary TData, as well as the proposal to convene the Company's extraordinary general meeting for November 30, 2018, to resolve the merger. The merger aimed to standardize the provision of services, as well as simplify the company's organizational and corporate structure, being approved by the Company's Extraordinary Shareholders' Meeting on November 30, 2018, not resulting in an increase in capital or change in the Company's shareholders' equity. The merger was completed with operational effect as of December 1, 2018.

Restructuring involving Terra and Telefônica Infraestrutura e Segurança Ltda.

On September 26, 2019, we announced that our wholly-owned subsidiary, Terra Networks Brasil S.A., or Terra, acquired all shares of Telefônica Infraestrutura e Segurança Ltda., or TIS, Telefônica Ingeniería de Seguridad S.A. and Telefónica Digital España S.L.U. (the “TIS Transaction”). TIS is dedicated to the exploration and provision of services and technology of information security systems, technical support and other services related to infrastructure, technology and information.

The objective of the TIS Transaction was to enable Terra, which carries out, among other activities, the development of computer systems, with the objective of expanding consulting and operational assistance, maximizing the commercialization of systems, licenses and applications, enabling the expansion of the portfolio of professional and managed services and the integration of commercial offerings from TIS and Terra, unlocking the generation of added value for the Company’s portfolio of clients such as information technology, security, IoT (Internet of Things) and connectivity activities, all to be provided under common management.

The total amount paid for the acquisition of the shares issued by TIS was R\$70.84 million, in a single installment, without any financing, using the cash available from Terra. This value was calculated based on the economic value of TIS as of June 30, 2019, according to the cash flow criterion, supported by an evaluation report commissioned by us.

The TIS Transaction did not alter our ownership structure or cause any dilution to our shareholders.

Launch of Vivo Money Credit Rights Investment Funds (FIDCs)

In August 2020, in relation to the launch of our Vivo Money service, we structured a credit rights investment fund, Vivo Money Fundo de Investimento em Direitos Creditórios (the “FIDC”), which was created in the form of a closed company for an indefinite period. FIDC’s objective is to provide its quotaholders with a return on equity on their quotas by investing in the acquisition of (i) eligible credit rights, with supporting documents that meet the eligibility criteria and the conditions of assignment, and (ii) financial assets, observing all the composition and diversification indices of the fund’s portfolio. Eligible credit rights to be acquired by FIDC originate from credit transactions conducted electronically by our customers exclusively through our Vivo Money electronic platform. FIDC began operations on September 14, 2020, issuing 2,000 junior subordinated quotas with an initial unit value of R\$1,000. On December 1, 2020, we made a new contribution to FIDC in the amount of R\$2 million, with the issuance of over 2,000 junior subordinated quotas with an initial unit value of R\$1,000. In 2021 we made a total of nine contributions to the FIDC that totaled R\$30 million, totaling 26,009.82 junior subordinated quotas with an initial unit nominal value of R\$1,260 which will not have a defined remuneration parameter and are subordinated to senior quotas and subordinated quotas, in this order of priority, for the purpose of amortization and redemption. Residual returns from this FIDC, if any, are paid to us as subordinated shareholders. In 2022 we made 11 contributions to the Vivo Money FIDC, in the total amount of R\$137 million, representing 126,340.74 junior subordinated quotas with an initial unit nominal value of R\$1,435.

On July 31, 2023, we signed an investment commitment in Vivo Money FIDC with Polígono Capital (“Polígono”), which may reach up to R\$250 million over a maximum term of 24 months. Polígono is an independent asset manager founded in February 2023 as a partnership between BTG Pactual Asset Management and Prisma Capital to operate in Brazil’s credit-as-a-service market. Its activities range from contract management and credit policy implementation to portfolio management and debt collection. In 2023, Polígono contributed a total of R\$30.0 million to the Vivo Money product. These contributions to Vivo Money’s existing funds (“FIDC I” and “FIDC II”) were recognized as financial liabilities. In the same year, Telefônica Brasil S.A. contributed R\$42.0 million. For the year ended December 31, 2024, Polígono’s total contributions to Vivo Money amounted to R\$38.1 million, while Telefônica Brasil contributed R\$0.8 million. For more information, see note 21.c.3.5 to our audited consolidated financial statements included elsewhere in this annual report.

On October 11, 2024, FIDC II ceased to exist as it was merged into FIDC I. Subsequently, on April 29, 2024, “FIDC III” was created to operate the “Parcela Pix” product, with a single investment from Telefônica Brasil of up to R\$10.0 million.

Conversion of Our Preferred Shares into Common Shares

At an extraordinary shareholders' meeting held on October 1, 2020, our shareholders approved, effective as of such date, among other things: (1) the conversion of all of our preferred shares into common shares, at a ratio of one common share for each preferred share, or the "Conversion"; and (2) certain amendments to our by-laws. At a special meeting of holders of our preferred shares, held on that same date, our preferred shareholders ratified the Conversion. After the Conversion, which formally occurred after the market closed on November 20, 2020, our ADRs backed by preferred shares were exchanged for ADRs backed by common shares, and our subscribed and fully-paid share capital was R\$63,571,415,865.09 divided into 1,690,984,923 common shares, all with no par value. All of our common shares continued to trade under the ticker symbol "VIVT3" on the B3 (while our ticker symbol "VIVT4," under which our preferred shares traded on the B3, was suspended on November 23, 2020), and our ADRs backed by common shares began trading on the NYSE under the ticker symbol "VIV."

Restructuring involving the sale of shares of Telefônica Cibersegurança e Tecnologia do Brasil Ltda. to Telefônica Cybersecurity Tech, S.L.

On November 1, 2020, our board of directors approved the execution of a quotas purchase and sale agreement, or the "CyberCo Transaction," pursuant to which we sold a 100% equity interest in our subsidiary Telefônica Cibersegurança e Tecnologia do Brasil Ltda., or CyberCo Brasil, to Telefônica Cybersecurity Tech, S.L., or TTech, an indirect subsidiary of Telefônica, for the total amount of R\$116.4 million, supported by an appraisal report commissioned by us.

As a preliminary step to the implementation of the CyberCo Transaction, certain assets, contracts, and employees were transferred to CyberCo Brasil, all strictly related to cybersecurity activities. The transaction allows us, as an exclusive distributor of CyberCo Brasil, to be positioned in the cybersecurity market by expanding our portfolio of products and services. In addition, we benefit from greater competitiveness due to the global scale of our cybersecurity partner.

The transaction did not alter our shareholding structure, nor cause any dilution to our shareholders. The CyberCo Transaction was not subject to any regulatory authorizations or other approvals in addition to those obtained from our governance bodies on October 30, 2020 and November 1, 2020.

Investment by Telefônica Infra, S.L.U. and Caisse de Dépôt et Placement du Québec in FiBrasil Infraestrutura e Fibra Ótica S.A.

On July 2, 2021, we executed certain agreements, or the "FiBrasil Transaction," with Caisse de Dépôt et Placement du Québec, or "CDPQ," a global investment group, and Telefônica Infra, S.L.U., or "TEF Infra," a wholly-owned Spanish subsidiary of Telefônica, for the construction, development and operation of a neutral and independent optical fiber wholesale network in the Brazilian market, through FiBrasil Infraestrutura e Fibra Ótica S.A., or "FiBrasil". The operation represented a total investment by CDPQ of up to R\$1.8 billion (including payments to us and contributions to FiBrasil) in exchange for a 50% equity interest in FiBrasil's share capital. TEF Infra acquired a 25% equity interest for the same price, while we hold the remaining 25% interest. CDPQ has committed to make additional contributions of approximately R\$750 million, of which R\$205 million were paid on closing of the FiBrasil Transaction. These contributions, as well as debt that has been raised (such as FiBrasil's R\$550 million debentures issuance on September 25, 2021) or that may potentially be raised by FiBrasil, are expected to finance the totality of its business plan.

FiBrasil is a leading company in the fiber wholesale market in Brazil. It began its operations with approximately 1.6 million FTTH homes passed, and a plan to reach around 5.5 million homes in four years, focusing on mid-sized cities outside the State of São Paulo.

Sale of shares of Telefônica Cloud e Tecnologia do Brasil S/A to Telefônica Cybersecurity & Cloud Tech, S.L.

On August 2, 2021, our board of directors approved the execution of a share purchase and investment agreement, or the "TC&T Transaction," whereby: (i) we sold 20% of our stake in our subsidiary Telefônica Cloud e Tecnologia do Brasil S.A., or CloudCo Brasil, to Telefônica Cybersecurity & Cloud Tech, S.L., or TC&CT, a company indirectly controlled by Telefônica, for R\$22.0 million; and (ii) TC&CT acquired 190,000 common shares, without par value, issued by CloudCo Brasil, for a total issuance price of R\$76.0 million, of which R\$25.0 million was paid on August 2, 2021, and R\$51.0 million paid in two installments in January 2022 and 2023. These prices were based on an appraisal report prepared by a specialized, independent appraiser. As a result of the TC&T Transaction, we now own 50.01% of CloudCo Brasil's share capital, while TC&CT holds the remaining 49.99% interest. Our relationship with TC&CT with respect to the management of CloudCo Brasil is governed by a shareholders' agreement, which was also executed on August 2, 2021. Both the share purchase agreement and the shareholders' agreement have terms and conditions that are common to this type of transaction.

As a preliminary step in the implementation of the TC&T Transaction, certain assets, contracts and employees have been transferred from us and TIS to CloudCo Brasil, all strictly related to cloud computing activities. The TC&T Transaction enabled us, in partnership with TC&CT, to develop a Brazilian company dedicated to cloud computing solutions and services for the B2B segment, improving our market position and product offerings and enabling us to capture significant growth opportunities in this sector. The TC&T Transaction was not subject to any regulatory authorizations or additional approvals, other than those already obtained from our governing bodies, and it did not change our capital structure, nor cause any dilution to our shareholders.

Launch of VivaE Joint Venture

Following our strategy of expanding our consumer digital services portfolio, we signed in October 2021 a non-binding memorandum of understanding with Ânima Holding S.A. ("Ânima Educação"), to set up a joint venture ("JV" or "VivaE") in education services. In February 2022, we and Ânima Educação signed an investment agreement for the constitution of the aforementioned JV. Ânima Educação is one of the largest and most innovative ecosystems of private education in Brazil, with an 18-year track record. The JV is currently investing in an online education platform, which will provide professional learning courses and connect students with potential employers, initially in the areas of Technology, Management, Business, and Tourism. As of December 31, 2022, Telefônica Brasil and Ânima Educação collectively invested an aggregate amount of R\$20 million in VivaE. In compliance with the investment targets under the JV, in March 2023, we and Ânima Educação each invested R\$3 million in VivaE, totaling a cumulative aggregate investment in VivaE of R\$26 million since the JV was formed up to December 31, 2023.

In line with the forecast for achieving investment targets, a new contribution of R\$3.3 million was made by each shareholder (the Company and Ânima Educação) in December 2024, bringing the total aggregate investment in VivaE to R\$33 million.

Sale of shares of Telefônica IoT, Big Data e Tecnologia do Brasil S/A to Telefônica IoT & Big Data Tech, S.A.

On November 1, 2021, our board of directors approved the execution of a share purchase and investment agreement, or the "TI&BDT Transaction," whereby: (i) we sold a 0.02% equity interest in our subsidiary Telefônica IoT, Big Data e Tecnologia do Brasil S.A., or "IoTCo Brasil," to Telefônica IoT & Big Data Tech, S.A., or "TI&BDT," a company indirectly controlled by Telefônica, for R\$19 million; and (ii) TI&BDT acquired 499,800 common shares, without value, of IoTCo Brasil, for a total issuance price of R\$94.9 million. These prices were based on an appraisal report prepared by a specialized, independent appraiser. As a result of the TI&BDT Transaction, we own 50.01% of IoTCo Brasil's share capital, while TI&BDT owns the remaining 49.99% interest. Our relationship with TI&BDT with respect to the management of IoTCo Brasil is governed by a shareholders' agreement, which was also executed on November 1, 2021.

As a preliminary step to the implementation of the TI&BDT Transaction, certain assets, contracts, and employees were transferred from us and TIS to IoTCo Brasil, all of which are strictly related to IoT and big data activities. The TI&BDT Transaction enabled us, in partnership with TI&BDT, to develop a Brazilian company dedicated to IoT and big data services and B2B solutions, improving our market position and product offerings and enabling us to capture significant growth opportunities in this sector. Additionally, the TI&BDT Transaction also ensures that we continue to manage relationships with end customers, as we have also entered into an agreement whereby we will act as IoTCo Brasil's exclusive sales channel.

The TI&BDT Transaction was not subject to any regulatory authorizations or additional approvals, other than those already obtained from our governing bodies, and it did not change our capital structure, nor cause any dilution to our shareholders.

Launch of Corporate Venture Capital Fund

As approved by the Company's Board of Directors, on April 11, 2022, the Corporate Venture Capital fund was constituted, together with Telefonica Open Innovation, S.L., as Vivo Ventures Fundo de Investimento em Participações Multiestratégia or "Vivo Ventures" or "FIP". Through Vivo Ventures, we intend to foster the expansion of our digital ecosystem with the creation of meaningful partnerships with startups, contributing to complementing the value proposition offered to our customers through innovative services and products, leveraging our extensive distribution chain and the potential of the Vivo brand.

Vivo Ventures has a total committed capital of R\$320 million, which will be deployed in 5 years, as investments in startups in the segments of healthcare, financial services, education, entertainment, smart homes, marketplace, among others. We hold 98% of the subscribed capital of Vivo Ventures and Telefônica Open Innovation holds 2%.

Vivo Ventures made its first investment in August 2022, investing the amount of US\$3 million in Credit Vista Technologies Limited, the holding company of Credit Vista Tecnologia para Finanças Pessoais EIRELI ("Klavi"). Klavi is a fintech that offers Open Finance solutions through a SaaS platform (Software as a Service), using data intelligence that enables customers to develop financial products and services more quickly and accurately.

In December 2022, the FIP carried out its second operation, committing to invest R\$10 million in Klubi Participações S.A. ("Klubi"). Klubi is a fintech authorized by the Central Bank to operate as a consortium administrator in Brazil, which currently offers car consortium products and services.

In May 2023, the FIP signed its third investment contract in the amount of US\$3 million with DGB USA Inc., or Digibee, to acquire a stake in such company. Digibee is a company that provides a low-code iPaaS (Integration Platform as a service) enabling simplified and efficient integration between legacy technological systems and new technologies, aligned with the Company's interest in accelerating the time-to-market of its technological development.

In May 2024, the FIP closed the acquisition of a shareholding position in the amount of R\$25 million worth of stock in Conexa Health LLC, the controlling company of Conexa Saúde Serviços Médicos S.A.. Conexa is the largest independent telemedicine platform in Latin America and a digital health ecosystem that connects patients, professionals, businesses, and insurers, using up-to-date technology, with the goal of levelling access to quality health care. Prior to the investment, Conexa announced a merger with Zenklub, a digital service company for emotional health and wellness.

In 2024, out of the total committed capital of R\$320 million, the FIP received a new share subscription of R\$100 million, with 98% subscribed by Telefônica Brasil S.A. and 2% by Telefonica Open Innovation, S.L. The subscribed amount will be disbursed as capital calls are made for new investments in start-ups.

In July 2024, FIP committed to acquiring a minority equity stake in CRMBonus Holding in the amount of R\$27.8 million. CRMBonus operates a platform that leverages artificial intelligence to enhance relationships between companies and their customers, promoting the concept of “giftback” in the Brazilian market. Since the beginning of this year, one of CRMBonus’ solutions, Vale Bonus, has been part of the benefits offered by the Company, rewarding customers with digital currency when they recharge or pay their bills on time, thereby contributing to increased customer retention.

In November 2024, the FIP acquired a minority stake in AGL Holding, the parent company of Agrolend Credit Company in the amount of R\$9.0 million. Agrolend is an agricultural fintech that provides credit to small- and medium-sized rural producers in Brazil, financing the development of agricultural production and promoting investment in inputs, equipment, and technology to boost productivity and profitability. The fintech grants millions of Brazilian Reais in credit to farmers annually and has the potential to enhance the company’s offerings for this audience by providing connectivity and solutions for better farm management.

In December 2024, Vivo Ventures made a follow-on investment of R\$15 million in Klubi, a fintech authorized by the Central Bank of Brazil to operate as a consortium administrator. Klubi specializes in consortia for cars, cell phones, and electronic equipment. This additional investment strengthens Vivo’s presence in the financial solutions sector, complementing its existing services through Vivo Money. Vivo collaborated with Klubi to launch the *Compra Programada* product, a cell phone consortium offering tailored to meet customer needs. Vivo Ventures initially invested R\$10 million in Klubi in December 2022.

In December 2024, Vivo Ventures entered into an agreement to consummate an investment via a simple agreement for future equity contract in Lend Holding Ltd., or Lend Tech, in the amount of R\$18.2 million. Lend Tech is a financial services company that offers technology solutions for debt collection and uses credit and debit card receivables to execute collections. Closing of the transaction is expected in the first half of 2025 and is subject to customary closing conditions.

At the end of 2024, Vivo Ventures had capitalized R\$137 million of the total of R\$200 million in subscribed share capital, with R\$53.9 million yet to be capitalized and R\$120 million yet to be subscribed.

Acquisition of part of Oi UPI Mobile Assets (Business combination)

On April 20, 2022, the closing of the transaction related to the Purchase Agreement for Acquisition of Oi Group's mobile business operations (the “UPI Mobile Assets”) took place, and Telefônica Brasil acquired, on such date, all the shares of Garliava RJ Infraestrutura e Redes de Telecomunicações S.A. (“Garliava”), a special purpose company, to which the mobile assets of Oi Group assigned to Telefônica Brasil had been contributed, in accordance with the segregation plan stated in the Oi Agreement.

Thus, Telefônica Brasil acquired Garliava’s shares for the amount of R\$5,373.0 million having paid, on such day, the amount of R\$4,884.6 million. The remaining amount, equivalent to 10% of the payment made on that date, was withheld and its release was subject to certain ongoing discussions regarding price adjustments, as provided for in the Oi Agreement.

Likewise, on such date, Telefônica Brasil: (i) committed to an additional payment of R\$110.2 million, subject to the fulfillment of certain targets by Oi, a contingent that was part of the total consideration; (ii) made a payment of termination costs in the amount of R\$8.3 million, which was also part of the total consideration. Therefore, the total consideration at the closing date was R\$5,491.6 million. The Company also entered into other complementary payment commitments with Oi, as follows: (i) made a payment of R\$147.6 million for certain transition services provided by Oi to Garliava; and (ii) entered into a take-or-pay data transmission capacity agreement, with a net present value of R\$179.0 million, to be paid monthly during a period of 10 years.

In the context of this acquisition, the Company's share of UPI Mobile Assets was:

- Clients: approximately 12.5 million clients, or approximately 30% of UPI Mobile Assets’ total customer base as of February 2022, for which the allocation sought to enhance competition among the Brazilian telecom market operators;

- Spectrum: 43 MHz as a national weighted average based on population, or approximately 46% of the UPI Mobile Assets' radio frequencies, with the allocation in strict conformity to the spectrum limits set by ANATEL; and
- Infrastructure: agreements for the use of approximately 2,700 mobile access sites, or approximately 19% of the UPI Mobile Assets' total sites.

All commitments assumed were duly submitted to ANATEL and CADE during 2022.

Post-Closing Price Adjustment

On October 3, 2022, we commenced arbitration proceedings against Oi due to the manifest breach by Oi of certain terms of the Oi Agreement. These proceedings and related disputes between us and Oi were settled upon the execution of an agreement regarding the Post-Closing Price Adjustment (as defined in the Oi Agreement). This settlement was approved by the Market Arbitration Chamber on October 4, 2023. Pursuant to its terms, the final price for the UPI Mobile Assets assigned to us, taking into account the Post-Closing Price Adjustment, was of R\$5,128.8 million, of which R\$4,884.6 million was paid by us on April 20, 2022. The remaining amount was paid upon completion of the assessment to Oi of half of the Telefônica Retained Value, and we have withdrawn the other half of the Telefônica Retained Value that was deposited with the Market Arbitration Chamber, equal to R\$244.2 million as of the closing date, plus interest and/or monetary correction. For more information, please refer to Note 1.C.3 to our consolidated financial statements.

Post-closing price adjustments occurred during the second half of 2023, after the PPA measurement period. Therefore, the impacts generated by post-closing price adjustments were recorded in the income statement, without changes to goodwill. For more information, please refer to note 27 to our audited consolidated financial statements included elsewhere in this annual report.

Merger of Garliava With and Into Telefônica Brasil

On February 1, 2023, our shareholders approved Garliava's merger into Telefônica Brasil, subject to certain conditions. Fulfillment of these conditions was confirmed by our board of directors on February 28, 2023, from when the merger became effective and Garliava was declared extinct.

Acquisition of the Vita IT Company through TIS

On October 3, 2022, our indirect subsidiary, Telefônica Infraestrutura e Segurança Ltda. ("TIS"), completed the transaction for the acquisition of all shares representing the capital stock of Vita IT Comércio e Serviços de Soluções em TI Ltda. ("Vita IT"), as already approved by CADE. The adjusted total purchase consideration transfer was R\$110.2 million, of which: R\$42.0 million, paid in cash at the time of completion of the Transaction; R\$9.0 million paid in 2023 and the balance of R\$59.2 million will be paid according to contractual clauses, updated by the IPCA. The referred price was also supported by an appraisal report prepared by an independent company.

The transaction's documents contain terms and provisions common to this type of transaction, such as representations and warranties, indemnification, and others. It was preceded by financial, administrative, legal, fiscal and operations diligence in relation to Vita IT.

The transaction is part of our strategy to strengthen our operations and positioning in the Networking market, with the supply of network equipment (e.g., switches, routers, and Wi-Fi access points) and implementation, management and technical support for the corporate network companies. Vita IT acts as a solution integrator for companies of different sizes, providing professional and managed Networking services, as well as reselling hardware and software in the same segment.

The combination of resources and capacities of TIS and Vita IT will generate added value for our client portfolio, thanks to the performance of both companies under the same management in Information Technology and Networking activities. The transaction will also enable new businesses to be leveraged on a larger scale and in a sustainable manner, in addition to enabling revenue growth and improving business margins. The integration plan between Vita IT, TIS and us was designed to preserve its value and give continuity to Vita IT's business.

Merger of Vita IT Within and Into TIS

On November 30, 2023, our wholly-owned subsidiary TIS completed the merger of Vita It, its wholly-owned subsidiary, with and into TIS. The "Vivo Vita" brand will continue to exist and be used by TIS without affecting the activities previously performed by Vita It. This merger strengthens the Company's position in the networking market and allows for greater operational efficiency, increased business scale, and standardization in providing certain information technology services.

Acquisition of the Vale Saúde Sempre Company through POP

On March 3, 2023, POP Internet Ltda. ("POP Internet"), a wholly-owned subsidiary of the Company, concluded the acquisition of all shares issued by Vale Saúde Administradora de Cartões Ltda. (f/k/a Vale Saúde Administradora de Cartões S.A.) ("Vale Saúde Sempre") pursuant to the "Agreement for the Purchase and Sale of Shares and Other Covenants" ("Acquisition of Vale Saúde"). The total consideration transferred was R\$62.0 million, with the payment as follows: R\$37.0 million, paid in cash upon conclusion of the Transaction, R\$3.0 million paid in 2023 and the balance of R\$22.0 million will be paid according to contractual clauses, restated by the DI rate variation.

The consummation of the deal was not subject to prior approval by the CADE and was also preceded by a financial, administrative, legal, fiscal, operational and technological diligence in relation to Vale Saúde.

Vale Saúde Sempre is a start-up that acts as a healthcare services marketplace, connecting its customers to a wide medical-hospital network with national coverage, upon payment of a monthly subscription. Its accredited network has a full range of health service providers, and the customer can book medical consults (face-to-face and telemedicine), laboratory tests and surgeries at competitive prices, paid on demand directly to the partners.

The Acquisition of Vale Saúde strengthens the Company's positioning as a digital ecosystem, promoting services that are relevant and complementary to its business model. The differentiated assets of the Company, such as its brand, extensive customer base with high payment recurrence, and capillarity of on-site and digital distribution channels, will enable the sustainable scaling of Vale Saúde Sempre's business in a sustainable manner, expanding the Company's portfolio to new digital services in the healthcare value chain.

GUD Comercializadora de Energia S.A. - Joint Venture with Auren Comercializadora de Energia Ltda.

On December 18, 2023, the Company and Auren Energia S.A., through its subsidiary Auren Comercializadora de Energia Ltda. (together, "Auren"), entered into an investment contract for the incorporation of a joint venture, of which each shareholder will hold 50%, (the "Auren Joint Venture").

By combining Auren's know-how in energy generation and commercialization with the Company's scale, digital penetration and distribution capacity, the future joint venture intends to position itself in the free energy market in Brazil, that is gradually being implemented, and, starting in January 2024, will be accessible to business customers connected to the high-voltage grid with demand below 500kW. The potential market for the joint venture is estimated to be over 72 thousand large companies including factories, offices and commercial establishments, in addition to, preparing future operations in the low-voltage and residential segments, in the event of the complete opening of the Brazilian electricity market.

The transaction closed on March 15, 2024, with a contribution of R\$10.3 million to establish the Auren Joint Venture. By December 2024, the Auren Joint Venture had obtained all necessary licenses and authorizations from the applicable regulatory agencies to develop its business.

Acquisition of IPNET Serviços em Nuvem e Desenvolvimento de Sistemas Ltda. and IPNET USA, LLC through Telefônica Cloud e Tecnologia do Brasil S.A.

On July 22, 2024, Telefônica Cloud e Tecnologia do Brasil S.A. ("TCloud"), a subsidiary of the Company, entered into a purchase and sale agreement for quotas and other covenants to acquire all quotas issued by IPNET Serviços em Nuvem e Desenvolvimento de Sistemas Ltda. ("IPNET") and IPNET USA, LLC ("IPNET USA"), for up to R\$223,799, subject to the achievement of 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 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. IPNET specializes in the reselling of software and systems, as well as providing professional and managed services for adaptation, migration, and related support. With 20 years of experience in the market, the group has played a key role in the digital transformation of businesses.

On October 1, 2024, TCloud signed the closing agreement, completing the acquisition of all quotas issued by IPNET and IPNET USA. This transaction will expand TCloud's product portfolio and strengthen its professional and managed services, accelerating its growth. The investment also reinforces the Company's digital ecosystem in the B2B segment, advancing its portfolio of innovative solutions.

Authorization for the operation of Vivo Pay SCD

On September 2, 2024, the Central Bank of Brazil granted the authorization for the operation of Vivo Pay Sociedade de Crédito Direto S.A. ("Vivo Pay SCD"), an entity indirectly controlled by the Company, as a Direct Credit Company, further enhancing Vivo's Financial Services. This new license will enable end-to-end control of our operations, and enhances our ability to integrate financial services with Vivo's existing channels, delivering an improved and cohesive user experience. The first new product to be launched under this license is our digital banking account, a cornerstone of our financial strategy.

Reverse Split and Split

On January 29, 2025, the Company announced that our board of directors approved the convening of an extraordinary shareholders' meeting, to be held on March 13, 2025, to decide on a proposal to reverse split all of our common shares at a 40:1 ratio, and subsequently split each of our common shares at a 1:80 ratio, without any change to the Company's capital stock value, but solely to our total number of outstanding shares, with a resulting amendment to our by-laws. This transaction would not result in a change to our total amount of outstanding ADSs.

This transaction aims to provide greater liquidity to the shares issued by the Company and, consequently, improving the pricing formation process by increasing the volume of outstanding shares effectively negotiated and adjusting its price. In addition, the purposes of this transaction includes the following: (i) reduce operational and administrative costs resulting from the current configuration of our 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 proposal, to be submitted to our shareholders for a vote, assumed that the transaction: (i) will be applicable to all Company shareholders; (ii) will not result in a change to 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 result in a change to the number of common shares underlying our ADSs to two shares underlying each ADS. Consummation of the transaction is subject to customary conditions, including the approval of our shareholders, which we expect to receive over the coming months.

Capital Expenditures

The following table sets forth our capital expenditures for each year in the three years ended December 31, 2024.

	Year ended December 31,		
	2024	2023	2022
	(in millions of reais)		
Network	7,801.6	7,588.3	7,972.4
Technology / Information Systems	1,055.1	1,015.4	1,216.5
Others ⁽¹⁾	333.6	419.1	531.2
Total capital expenditures	9,190.4	9,022.9	9,720.0

(1) Consists primarily of: (i) handset sales made to corporate customers for the length of their contracts; (ii) furniture and fixtures, office equipment and store layouts; and (iii) spectrum licensing costs relative to the renewal of our 850 / 900 / 1800 MHz frequency.

Year Ended December 31, 2024

In 2024, we invested R\$9,190.4 million, a 1.9% increase over the amount we invested in 2023 (R\$9,022.9 million), primarily due to an increase of our investments in our 5G network. Investments excluding licenses (related to licenses renewal) and leases (IFRS 16) added up to R\$9,166.5 million in 2024 (compared to R\$8,959.8 million in 2023).

Investments were strongly focused on network projects (which accounted for 85% of investments in 2024), including 4G and 5G mobile access, backhaul transmission, backbone and FTTH expansion. These investments helped sustain our commercial and revenue growth while maintaining the quality of the services provided and preparing us for medium-term growth.

To meet the needs of an increasingly data-driven and connected society, significant investments were made to support the strong growth of data usage in our fiber and mobile network, and 5G coverage in order to meet the legal obligations of the auction, and provide our clients with a better user experience. We continue to invest in expanding our national data transmission backbone to meet the increase in data traffic throughout Brazil.

Year Ended December 31, 2023

In 2023, we invested R\$9,022.9 million, a 7% decrease over the amount we invested in 2022 (R\$9,720.0 million), primarily due to the decrease on investments in the 4G network. Investments excluding licenses (related to licenses renewal) and leases (IFRS16) added up to R\$8,959.8 million in 2023 (compared to R\$9,530.0 million in 2022), in line with the Company's Capex guidance, excluding licenses and leases (IFRS 16), of up to R\$9 billion in 2023.

Investments were strongly focused on network projects (which accounted 84% of investments in 2023), including 4G and 5G mobile access, backhaul transmission, backbone and FTTH expansion. The investments helped sustain our commercial and revenue growth, while maintaining the quality of the services provided and preparing us for medium-term growth.

To meet the needs of an increasingly data-driven and connected society, significant investments were made to support the strong growth of data usage in our fiber and mobile network, and 4G and 5G coverage in order to meet the legal obligations of the auction, and provide our clients with a better user experience. We continue to invest in expanding our national data transmission backbone to meet the increase in data traffic throughout Brazil.

Year Ended December 31, 2022

In 2022, we invested R\$9,720.0 million, a 26% decrease over the amount we invested in 2021 (R\$13,180.9 million), primarily due to the cost of licenses, given the acquisition of 5G spectrum made in 2021 (R\$4,496.3 million).

Investments were strongly focused on network projects (which accounted 82% of investments in 2022), including 4G and 5G mobile access, backhaul transmission, backbone and FTTH expansion. The investments helped sustain our commercial and revenue growth, while maintaining the quality of the services provided and preparing us for medium-term growth.

To meet the needs of an increasingly data-driven and connected society, significant investments were made to support the strong growth of data usage in our fiber and mobile network, and 4G and 5G coverage in order to meet the legal obligations of the auction, and provide our clients with a better user experience. We continue to invest in expanding our national data transmission backbone to meet the increase in data traffic throughout Brazil.

B. Business Overview

We are the leading mobile telecommunications company in Brazil (with a 38.8% market share as of December 31, 2024, based on accesses), with a particularly strong position in postpaid mobile services (41.3% market share as of December 31, 2024, based on accesses). As of December 31, 2024, we reached 17.6% of total market share in FTTH (fiber-to-the-home) accesses in Brazil.

Our Vivo brand, under which we market our services, is among the most recognized brands in Brazil. The quality of our services and the strength of our brand recognition enable us to sustain this market leadership. We offer our clients a complete portfolio of products, including mobile and fixed-line voice, mobile data, fixed broadband, ultra-fast broadband, or UBB (based on our FTTH and FTTC infrastructure), Pay TV, information technology and digital services (such as entertainment, cloud, security and financial services). We also have one of the most extensive distribution networks in the sector, where our clients can obtain certain services, such as purchasing credit for prepaid phones.

We seek to continue to increase our operating margins by focusing on developing and growing our product offerings so that they comprise an integrated portfolio that allows us to extend our customers' lifetime value.

Our Operations and Services

Our operations consist of:

- local and long distance fixed-line telephone services;
- mobile services, including value-added services;
- data services, including broadband services and mobile data services;
- Pay TV services mainly through IPTV;
- network services, including rental of facilities, as well as other services;
- wholesale services, including interconnection;
- digital services;
- services designed specifically for corporate customers; and
- the sale of wireless devices, accessories and consumer electronics.

Fixed-line voice services

Our portfolio of fixed-line telephone services, or STFC services, includes local, domestic long-distance and international long-distance calls provided both on the public and private regime.

Local services

Fixed-line local services include activation, monthly subscription, public telephones and measured services. Measured services include all calls that originate and terminate within the same area code within our concession region, which we refer to as local calls.

Intraregional, interregional and international long-distance services

Intraregional long-distance fixed-line services consist of all calls that originate in one local area or municipality and terminate in another local area or municipality within our concession region. Interregional long-distance services consist of state-to-state calls within Brazil and international long-distance services consist of calls between a phone line in Brazil and a phone line outside Brazil. We were the first telecommunications company to be granted the authorization to develop local, intraregional, interregional and international services throughout Brazil, including outside our concession area.

Mobile services

According to data regarding market share published by ANATEL in December 2024, we are the leading provider of mobile telecommunications services in Brazil in terms of accesses.

Our mobile portfolio includes voice and broadband internet access through 3G, 4G, 4.5G and 5G, as well as value-added services (such as *Atma*, *VivaE*, *Vale Saúde*, *Vivo HomeFix*, *Vivo BTFIT*, *Go Read*, *Ubook*, *Hube Jornais*, *NBA*, *McAfee*, *Forbes Brasil*, *Casa do Saber*, *Super Comics*, *Skeelo*, *Babbel*, and *Vivo Pay*), prepaid plans with data sharing features, family plans, voice mail, caller identification, voice minutes in unlimited bundles to mobile and fixed-line phones, and digital services such as multi-media backup, cloud-based services to save texts, entertainment and music apps, advertising platforms, among others.

We also offer wireless roaming services through agreements with local mobile service providers throughout Brazil and other countries, allowing our subscribers to make and receive calls while outside of our concession areas. We provide reciprocal roaming rights to the customers of the mobile service providers with which we have such agreements.

Data services

We provide fixed broadband through fiber (i.e., FTTH and FTTC) and xDSL technologies, with download speeds reaching up to 1 Gbps.

In 2024, we continued to cover 100% of the municipalities in our concession area in the state of São Paulo and hundreds of others throughout Brazil, reaching approximately 7.0 million fixed broadband customers in total, and we expanded our national fiber network to reach approximately 31.5 million homes, of which 29.1 million consisted of FTTH technology.

In mobile broadband, we use a variety of technologies to provide wireless internet services to our customers. As of December 31, 2024, we covered 5,060 municipalities with our 3G network, reaching 97.9% of Brazil's population. We also offer 4G LTE technology, which, by the end of 2024, was available in 4,814 municipalities, reaching 96.6% of Brazil's population, 4.5G LTE through carrier aggregation in 3,873 municipalities, reaching 91.6% of the Brazilian population, and also 5G technology, present in 504 municipalities, equivalent of 61.3% of the Brazilian population.

In November 2021, ANATEL held the largest spectrum auction in its history, which included 4G and, for the first time, 5G blocks, with 700 MHz, 2.3 GHz, 3.5 GHz and 26 GHz lots. On that occasion, we acquired 3.5 GHz and 26 GHz national licenses (100 MHz and 600 MHz bandwidths, respectively). We also won regional 2.3 GHz licenses, with 50 MHz bandwidth in the southeast region of Brazil (except for the state of São Paulo and PGO Sector 3) and 40 MHz bandwidth in São Paulo state and in the north and mid-west regions of Brazil (except for PGO Sectors 22 and 25). These acquired licenses, which we purchased for a total of R\$4.45 billion, of which R\$0.93 billion is related to licenses and the remaining amount is related to the obligations ANATEL established. The licenses ensure we have the required spectrum to provide 5G services, and are valid for 20 years (renewable under the then-existing legal conditions at the expiration of this term).

Pay TV services

We began offering subscription-based television services, or Pay TV services, via DTH (“direct to home,” a special type of service that uses satellites for the direct distribution of television and audio signals to subscribers) on August 12, 2007. By the end of 2022, we discontinued the DTH operations, disconnecting all customers. From 2023 onwards, we only provide Pay TV services by means of IPTV (a type of service that offers video broadcast through the IPs) technology. As of December 31, 2024, we had approximately 785 thousand Pay TV customers.

Network services

Our network management technology ensures comprehensive management and supervision of all our network processes and network performance for our clients. Our network management center monitors the critical network operational parameters of the countrywide transmission backbone, IP networks, mobile and fixed packet/circuit core networks, value-added services/multimedia platform and global services, radio access network, infrastructure and online services performance, as well fixed access network across the country, broadband networks, network interconnection, portability and IPTV/DTH. The center is able to identify abnormalities in both our network (fixed and mobile) and in third-party networks including networks of other operators and other corporate clients, using failure, signaling, quality and service monitoring systems. Our network management center is integrated with maintenance and operations teams that maintain and operate mobile and fixed network elements, as well as infrastructure and transmission, in addition to the radio network elements and computing bases, service platforms and communications backbones.

Our network provides for continuity of service to our customers in the event of network interruptions. We have developed contingency plans for potential catastrophes in our switchboard centers, power supply interruptions and security breaches.

We continually strive to enhance our network and expand its offerings to deliver exceptional service to our customers and meet their expectations. We are consistently improving and refining our primary observability processes to achieve more effective incident correlation, faster fault recovery, and proactive incident management. These objectives are supported by self-monitoring capabilities through the development of a customized Telefônica Event Management System (TEMS), as well as self-healing capabilities enabled by integrated system enablers (PUR) and advancements in Robotic Process Automation (RPA). These improvements provide our team with greater efficiency and speed in detecting and resolving network issues.

Some of the improvements we have made in recent years include advancements in the migration of time-division multiplex switches to next-generation network switches, which offer new digital services to our clients and reduce our maintenance costs, including improvements in levels of security, power supply, battery and air conditioning infrastructure. The most significant implementation of fixed network technology has been a project to exchange optical cabinets, used for offering voice and data services for Multi-Service Access Nodes, which allows us to offer broadband service to many clients who did not previously have this service.

In addition, we are extensively implementing advanced virtualization solutions, such as network functions virtualization (NFV), to support the launch of the new fifth-generation mobile network (5G-NSA/SA). This network is fully operational and designed to meet future market and customer expectations by enabling massive device connectivity, ultra-high-density deployments through IoT technology, ultra-low latency applications, and higher data transfer rates.

Network and facilities

We provide services referred to as the industrial exploration of dedicated line (*Exploração Industrial de Linha Dedicada*), or EILD, pursuant to our concession agreement and our authorizations. The EILD consists of the rental of dedicated circuits and clear channel protocols for the provision of services to third parties.

In addition, we are able to offer a complete portfolio of wholesale products, including L2L, IP, Ethernet and MPLS. All of these products are used to meet the demands of other network operators and regional internet providers. The circuits are requested with different service level agreements, and we are required to provide the facilities with contingency routes, sites and equipment to improve the service against points of failure.

Our network consists of an access layer that connects our clients through our copper or optical networks, which are connected to voice and data centers. These centers are interconnected locally or remotely through transmission equipment connected predominantly with fiber optics and occasionally through a microwave network, which together form a network layer that enables connectivity between the various platforms as well as interconnection with other carriers. Our network strategy is based on the expansion of the fiber optic access network to allow greater coverage and broadband services for our customers, as well as to develop an integrated multiservice network and multimedia applications. As a telecommunication service provider, we do not manufacture equipment for the construction of our networks and facilities. We buy the equipment from qualified suppliers in Brazil and abroad and through such equipment, we implement our networks and facilities through which we supply our services.

Wholesale services (including interconnection)

We have continuously adapted and expanded our network topology aiming to develop new business opportunities throughout Brazil by offering services to other telecommunications companies. The result has been a significant increase in the number of providers that use our wholesale services.

As part of our wholesale services, we provide interconnection services to users of other network providers. We earn revenue from any call that originates from another mobile or fixed-line service provider network connecting to one of our customers. We charge the service provider from whose network the call originates an interconnection fee for every minute that our network is used in connection with the call. See “—Operating Agreements—Interconnection Agreements.”

As of December 31, 2024, we had 830 local and long-distance interconnection agreements with Telefônica Brasil (fixed-line and mobile operation) and 251 agreements for the provision of local and long-distance traffic.

An interconnection is a link between compatible telecommunications networks that enables a fixed-line or mobile service user of one network can adequately communicate with the users of a network from another provider.

All providers of telecommunication services (fixed or mobile) are required to provide interconnection upon request to any other telecommunication collective service provider. The conditions for interconnection agreements may be freely negotiated among the parties. The agreements are required to be formalized by contract, whose effectiveness depends on ANATEL's approval. If any given agreement is contrary to the principles of free competition or conflicts with other regulations, ANATEL may reject it. If the parties cannot reach an agreement on the terms of interconnection, including the interconnection fee, ANATEL may determine those terms and conditions by arbitration.

Digital services (including value-added services)

Overview

The sale of digital services has become a key growth strategy for Vivo, driving differentiation and customer retention. To enhance its value proposition, Vivo continuously invests in value-added services, offered either as bundled solutions with mobile and fiber products or as standalone add-ons, ultimately increasing the average revenue per user (ARPU).

Beyond revenue generation, digital services play a crucial role in enhancing customer experience and loyalty. Today's consumers expect more than just connectivity; by providing access to the leading streaming applications in the market, Vivo strengthens customer relationships, reduces churn, and improves overall satisfaction.

In 2024, Vivo further expanded its offerings by introducing exclusive promotional periods for its customers. A key highlight was its partnership with Amazon, enabling Vivo customers to enjoy exclusive Amazon Prime benefits. Depending on their plan, eligible customers could receive up to one year of complimentary Amazon Prime membership.

Consistent with previous years, Vivo continued to refine its segmented communication strategies and promotional campaigns, driving a significant increase in add-on sales.

By the end of the year, Vivo had over 3.0 million active streaming service subscriptions.

Financial services

Financial services are a highly strategic focus for Vivo, strengthening our position as a digital service hub and offering customers much more than just telecommunications solutions. This year, we completed a comprehensive rebranding initiative, establishing the Vivo Pay brand as the umbrella for all of Vivo's financial services. Our journey began in October 2020 with the introduction of Vivo Money, a personal credit service designed for our customers. After two years of testing, 2022 marked the consolidation of Vivo Money as a significant business line. Currently, our Personal Loan (formerly called Vivo Money) provides credit ranging from R\$500 to R\$50,000, payable in up to 36 installments, tailored to each customer's credit profile.

Continuing our strategy of portfolio expansion, we launched two new credit products in 2024, further enriching the financial services available to Vivo customers:

- **FGTS Birthday Withdrawal Anticipation**—This product targets customers with an available balance in their account with the Brazilian Severance Guarantee Fund (*Fundo de Garantia por Tempo de Serviço*), or the FGTS, who opt for the birthday withdrawal. Customers can advance their withdrawals for up to 10 years at a highly competitive interest rate starting at 1.29% per month. This type of credit carries a lower risk of default, as payments are guaranteed through the FGTS balance, with installments deducted automatically; and
- **Pix in Installments (*Parcela Pix*)**—Fully integrated into the Vivo app within the new Vivo Pay section, this digital credit product allows customers to make payments via PIX in installments. Available 24/7, this service prioritizes convenience and accessibility, enabling customers to access credit products seamlessly online.

Our financial services portfolio extends beyond credit solutions, offering a range of products designed to meet our customers' needs. In addition to these new launches, 2024 was a milestone year for Vivo Pay, as it received authorization from the Central Bank of Brazil to operate as a Direct Credit Society (SCD). This new license enables end-to-end control of our operations and enhances our ability to integrate financial services with Vivo's existing channels, delivering an improved and cohesive user experience. The first product launched under this license is our digital banking account, a cornerstone of our financial strategy.

Insurance Services

Another key component of our financial services portfolio is insurance. Vivo Seguro Celular, our mobile insurance product in partnership with Zurich, offers customers a simple and effective way to protect their smartphones through a fully digital and seamless process. Building on this successful partnership, we expanded our collaboration with Zurich by introducing new insurance plans for electronic devices, including laptops, smartwatches, headphones and tablets. These developments highlight the strength of our partnership and its potential to enhance services for all our customers.

In 2024, we broadened our insurance offerings by enabling customers to purchase and manage policies directly through the Vivo Pay section of the app. Additionally, we introduced a simplified insurance plan with a coverage of R\$2,000, priced at a highly competitive R\$14.90 per month. These enhancements led to a significant increase in insurance sales, which grew by more than 50% in the year ended December 31, 2024 as compared to sales in the year ended December 31, 2023.

Corporate innovation

In recent years, we have not only established new business ventures that have accelerated our digital transformation but also increased the contribution of these services to our overall revenue. These services accounted for 10.2% of our total revenue in the year ended December 31, 2024. We continue to invest in research and development to create innovative services that enhance our customers' experience and provide greater convenience in their daily lives:

- In the healthcare ecosystem, in 2023, we acquired 100% of the shares of Vale Saúde Sempre, a startup operating as a healthcare services marketplace. The platform offers affordable access to consultations (in-person and telemedicine), exams, and surgical procedures through a monthly subscription. It boasts an accredited network of thousands of laboratories and medical clinics throughout Brazil. In 2024, we leveraged this acquisition to expand our operations in the B2C segment, utilizing Vivo's extensive sales force, increasing our B2B customer base, adding new partners to the accredited network, and introducing dental services. As a result, Vale Saúde Sempre served over 400,000 users in the year ended December 31, 2024 and has seen its net revenue multiply by approximately three times in the year ended December 31, 2024.
- In education, we advanced our joint venture with Ânima Educacional, VivaE, launched in 2022. This EdTech focuses on open courses aimed at preparing individuals for emerging digital market professions. With its proprietary teaching methodology, VivaE now offers over 50 courses and surpassed 100,000 users as of December 31, 2024. Additionally, it began exploring the B2B market and participated in Telefônica's internship selection process, where candidates took courses, and the top performers advanced. In 2025, VivaE will begin selling courses directly to companies.
- Additionally, we repositioned our Smart Home value proposition by focusing on key customer journey pillars such as consultancy, installation, device configuration, and specialized support. Initially offering on-site installation and automation services in São Paulo, we expanded to every city where Vivo broadband is available. In addition, Vivo launched a home monitoring service that provides cameras for a monthly fee, highly valued by customers with pets, children, and elderly relatives. This service offers options for live feed or recording, accessible via the Vivo Smart Home app. The app now includes a dedicated Smart Home section to educate customers about devices and functionalities, showcase purchasable products, and integrate connectivity and smart home features.
- With respect to renewable energy, towards the end of 2023, Vivo signed a contract to create a joint venture with Auren Energia, focusing on renewable energy solutions across Brazil. Initially targeting business customers connected to the high-voltage network with demand under 500 kW, the new company, GUD Energia, became operational in March 2024. By December 31, 2024, GUD Energia had sold over 600 GWh of energy.

- Moreover, our corporate open innovation program, Vivo Discover, launched in 2019, continues to foster innovation through mindset transformation and new business development. The flagship program, Vivo Shapers, completed its sixth cohort in 2024 with 30 executives. This six-month program covers key methodologies for innovation processes, startup culture, and strategies for developing new businesses in collaboration with startups.

In addition, Vivo Ventures, our corporate venture capital fund, made four strategic investments in 2024 (for more information, see “Item 4. Information on the Company—A. History and Development of the Company—Historical Background—Launch of Corporate Venture Capital Fund”), as follows:

- CRM Bonus—The fund announced a US\$5 million (R\$27 million) investment in CRM Bonus, a platform leveraging artificial intelligence to optimize company-customer relationships and popularize the “gift back” concept in the Brazilian market. Since the start of the year, CRM Bonus’s “Vale Bonus” solution has been included in the benefits offered by Vivo, allowing customers to receive digital money when topping up credits or paying bills on time. This initiative has contributed to improved customer retention.
- Agrolend—Vivo Ventures acquired a minority stake worth US\$1.55 million (R\$9 million) in Agrolend, an agricultural fintech providing credit to small- and medium-sized rural producers in Brazil. This financing supports the development of agricultural production and promotes investment in inputs, equipment, and technologies that enhance productivity and profitability. The investment aligns with Vivo’s strategy of establishing itself as a hub for digital services and innovative solutions.
- Lend Tech—The fund invested US\$3 million (R\$18 million) in Lend Tech, a prominent fintech specializing in digital collection solutions for large corporations and small businesses. This investment reinforces Vivo’s commitment to expanding its footprint in the financial solutions ecosystem.
- Klubi (Follow-on Investment)—Vivo Ventures made a follow-on investment of R\$15 million in Klubi, a fintech authorized by the Central Bank of Brazil to operate as a consortium administrator. Klubi specializes in consortia for cars, cell phones, and electronic equipment. This additional investment strengthens Vivo’s presence in the financial services sector, complementing its Vivo Money offerings. As part of the collaboration, Vivo and Klubi launched the “Compra Programada” product, a cell phone consortium designed to meet customers’ needs. Vivo’s initial investment of R\$10 million in Klubi was made in December 2022.

Finally, in recognition of our efforts in developing a robust digital ecosystem, Vivo received several prestigious awards in 2024:

- 100 Open Corps—Ranked TOP 1 in Telecom and 4th overall in the general ranking.
- MIT Innovative Workplaces Brazil—Acknowledged for workplace innovation.
- Valor Inovação Brasil—Achieved 2nd place in the Telecom category.
- EY Brasil, Sling Hub, and Alya Ventures—Ranked 3rd among companies with the highest number of startup investments.
- Cubo—Awarded the Golden Seal for excellence in business development.

Corporate services

We offer our corporate clients comprehensive telecommunications solutions and IT support designed to address specific needs and requirements of companies operating in all types of industries (retail, manufacturing, services, financial institutions, government, etc.).

Our clients are assisted by our highly qualified professionals who are capable of meeting the specific needs of each company with voice, data, broadband, computer services solutions, including hardware and software, and digital solutions, such as cloud, cybersecurity and IoT. We work to consistently achieve greater quality and efficiency in our services and increase our level of competitiveness in the market.

Sale of smartphones, devices and accessories

We sell 5G NR and LTE devices such as smartphones, broadband USB modems and devices that are certified to be compatible with our network and service, including eSIM devices. We also sell a range of connected and non-connected gadgets offering our customers quality and technological products such as tablets, notebooks, gaming consoles, wearables, speakers, e-health devices, smart home devices, TVs, etc.

We have special offers on smartphones and other data devices for customers of bundled packages.

Our current device suppliers are Samsung, Apple, Motorola, Intelbras, Flex (Mitrastar), Blucastle, Tellescom (Askey) and ZTE and our gadgets suppliers are Samsung, Apple, Harman (JBL and Kardon), Lenovo, Timbro (Amazon), Intelbras, Positivo (Positivo and Vaio), Steck, Allied (Logitech, TPLink and XBox), Alfacomex (Geonav), Customic, i2Go, Aya Pitaya, Glowshine, Simerx, Multi (DJI and Multi), DPC (Motorola, Renpho), Proparts (Garmin), Flex (Mitrastar), Tellescom (Askey), Blucastle, RCELL (Nintendo), Sony Entertainment (Playstation), WAP (WAAW) and ZAFF.

Smartphone and other electronics sales continued a positive trajectory in 2024 with important growth results, aligned with our strategy to gain profitability and become an important player in the electronics segment. This was the result of our strategy of portfolio expansion, enhanced distribution, and communication initiatives emphasizing that Vivo can provide everything customers need, as well as through our sales channels attracting high-value customers to our physical and online stores. We also had important achievements with our own accessories brand, Ovvi, launching new products focused on design excellence and quality, making relevant partnerships and sponsorships, and adding even more market value to our business.

We will continue to seek to provide everything customers need, leveraging our sales channels, which are focused on attracting high-value customers to our physical and online stores.

Rates, Taxes and Billing

Rates

We generate revenue from (i) activation and monthly subscription charges, (ii) usage charges, which include measured service charges, (iii) interconnection fees that we charge to other telecommunications service providers, and (iv) other additional services. Rates for all telecommunications services are subject to extensive regulation by ANATEL. We set forth below the different methods used for calculating our rates.

Local rates

Our concession agreement sets forth three mandatory plans for local fixed-line service and allows us to design alternative pricing plans. Customers have a choice between the three plans that we are required to offer, or any other alternative plan that we may choose to offer. ANATEL must be notified of the offering and implementation of any alternative plans. The three mandatory plans are:

- Local Basic Plan (*Plano Básico Local*): for clients that mostly make short-duration calls (up to three minutes) during regular hours;
- Mandatory Alternative Service Plan (*Plano Alternativo de Serviços de Oferta Obrigatória*): for clients that mostly make long-duration calls (over three minutes) during regular hours and/or that use dial-up service to access the internet; and
- Special Class Individual Access (*Acesso Individual Classe Especial*): a plan created specifically for families enrolled in governmental assistance programs.

The following table outlines the basic billing requirements and gross rates for the Local Basic Plan and the Mandatory Alternative Service Plan as of the date of this annual report:

Characteristics of Plan	Local Basic Plan		Mandatory Alternative Service Plan	
Monthly Basic Assignment				
Residential Allowance (minutes included in the residential assignment)	200 minutes		400 minutes	
Commercial Assignment Allowance (minutes included in the commercial assignment)	150 minutes		360 minutes	
Local Call Charges				
Regular Hours				
Completing the call (minutes deducted from the allotment)	—		4 minutes	
Completing the call (after the Sector 31 terms of allotment)	—		R\$	0.24615
Local minutes (charges in excess of the Sector 31 allotment)	R\$	0.12093	R\$	0.04904
Minimum time billing	30 seconds		30 seconds	
Reduced Hours				
Charge per answered call (minutes deducted from allotment)	2 minutes		2 minutes	
Charge per answered call (after the allotted Sector 31 duration)	R\$	0.24615	R\$	0.24615

As of the date of this annual report, the subscription to the Special Class Individual Access plan costs R\$11.34 per month for 90 minutes of local, fixed-line calls per month. Any additional fixed-line or mobile calls may be made only if the customer purchases prepaid credits. The prices of mobile and long-distance calls are determined pursuant to a standard plan.

Our concession agreement also sets forth criteria for annual fee adjustments for all of our plans for local fixed-line service. We derive a substantial portion of our revenues from services subject to these price adjustments. Prices are adjusted by an annual price readjustment index applied by ANATEL to our local and long-distance fees that reflects the inflation index for the period and a productivity factor, which is calculated based on a compensation index set by ANATEL to share earnings from fixed-line services with their users. Currently, the inflation index used by ANATEL is the IST, which reflects variations in the costs and expenses of telecom companies. ANATEL has consistently complied with the fee range set by our concession agreements.

Long-distance rates

Rates for domestic, long-distance calls are based on the time of day, the day of the week, and the duration and distance of the call, and may also vary depending on whether special services, including operator assistance, are used. We have several options for domestic, long-distance calling plans for consumers using our carrier dial code (15). Customers of any local or long-distance operator may use dial code 15 when dialing long-distance to benefit from our rates. In March 2020, ANATEL approved Resolution No. 724, which established a standard for the implementation and monitoring of tariff freedom in the STFC, for use by the general public in the national, long-distance mode. Since then, we have been free to set domestic long-distance fees at market rates.

We also offer international long-distance rates, that are also available to all users using dial code 15. International, long-distance calling charges are based on the time of day, the day of the week, the duration and the destination of the call, and may also vary depending on whether special services are used, including operator assistance. Our rates for international services are not subject to regulation and are not required to follow the annual rate adjustments described above for other services. We are free to negotiate our fees for international calls based on the international telecommunications market, in which our main competitor is Claro (through its Embratel business).

With respect to long-distance calls, we have developed alternative rate plans for residential and corporate customers.

Mobile services rates

Rates for our Local Basic Plan and certain roaming charges incurred in connection with alternative service plans are subject to annual adjustments pursuant to our authorizations. Current rates, which are revised annually, can be readjusted for the following year at most by the rate of inflation as measured by the IGP-DI index. The maximum rate applies to all service plans, but mobile operators are allowed to freely set the maximum rates for alternative service plans (other than with respect to certain roaming charges).

The initial price cap we agreed upon with ANATEL in our authorizations was based on previously existing or bidding prices, and has been adjusted annually based on a formula contained in our authorizations. As of the date of this annual report, the most recent adjustment was approved in February 2024, which set fees at R\$0.21872 for regular hours and R\$0.15310 for reduced hours (net of taxes).

Interconnection fees

We are paid interconnection fees by any fixed-line or mobile service provider that either originates or terminates a call within our network. We also pay interconnection fees to other service providers when we use their network to place or receive a call. The interconnection fee is a flat fee charged per minute of use that directly affects fixed-line and mobile services rates. Since 2005, interconnection agreements are freely negotiated among the service providers, subject to a price cap and to compliance with the regulations established by ANATEL, which include not only the interconnection basic costs including commercial, technical and legal aspects, but also the traffic capacity and interconnection infrastructure that must be made available to requesting parties. If a service provider offers to any party an interconnection fee below the price cap, it must offer the same fee to any other requesting party on a non-discriminatory basis. If the parties cannot reach an agreement on the terms of interconnection, including the interconnection fee, ANATEL can establish the terms of the interconnection.

For additional information about interconnection fees, see “—Regulation of the Brazilian Telecommunications Industry—Interconnection fees.”

Data services rates

We receive revenue from charges for data transmission, which includes our fixed broadband, dedicated analog and digital lines for privately leased circuits to corporations and other services. Data transmission rates are not regulated by ANATEL, except for EILD (wholesale links up to 34 Mbps) and High Capacity Data Transport (wholesale links above 34 Mbps). Multimedia services operators can freely set the rates for alternative service plans.

TV rates

Pay TV rates are not regulated. Service providers are allowed to freely set the rates for alternative service plans.

Taxes

The cost of telecommunication services to each customer includes a variety of taxes. The main tax is a state value-added tax, the Imposto sobre Circulação de Mercadorias e Serviços, or ICMS, which the Brazilian states impose at rates ranging from 4% to 24% (except for the state of Amapá, which maintains a 29% ICMS rate to Telecommunications Services) on certain revenues from the sale of goods and services, including telecommunication services,

Telecommunication services have recently been classified as essential by Supplementary Law No. 194/2022. As such, the ICMS rates on telecommunication services cannot exceed the general ICMS rates foreseen by each State's local regulations. Other taxes include: (1) Federal Social Contributions (Contribuição para o Programa de Integração Social), or PIS, and Social Security Financing Contributions (Contribuição para o Financiamento da Seguridade Social), or COFINS; (2) FUST contributions; (3) FUNTTEL contributions; and (4) FISTEL contributions.

Significant changes in tax legislation

Constitutional consumption taxes reform

On December 20, 2023, Constitutional Amendment No. 132 was enacted, introducing a new model of taxation on consumption in Brazil. Complementary Law No. 214/2025, published on January 16, 2025, regulates the tax reform. In summary, this reform replaces federal taxes PIS and COFINS with a Contribution on Goods and Services (CBS), while state tax ICMS and municipal tax ISS will be replaced by a Tax on Goods and Services (IBS). Taxation will be exclusively destination-based and fully noncumulative, meaning that the CBS and IBS taxes applied at each stage will be credited and deducted from the taxable base by taxpayers in their calculations, except for acquisitions intended for personal use and consumption. The CBS and the IBS will be calculated “outside” the taxable base, whereas the current ICMS and ISS taxes are calculated “inside” and included in the taxable base itself.

A transition period from 2026 to 2032 will gradually phase out the existing taxes in favor of the IBS and CBS. During this transition, operational complexity is expected due to the coexistence of two consumption taxation models. However, taxation is anticipated to be effectively simplified beginning in 2033. The reform also introduces a federal selective tax on the production, extraction, commercialization, or import of goods and services harmful to health or the environment. Notably, a constitutional provision exempts telecommunications services from this tax.

Complementary Law Project No. 108/2024, which mainly addresses tax auditing and litigation in connection with this reform, is still under review in the Brazilian Congress. As such, we expect that these new taxes will require further regulation through additional laws and norms

Changes in the ICMS tax rate for 2024

In June 2022, Complementary Law No. 194 was enacted, prohibiting higher tax rates for telecommunications services compared to generally applicable rates, in compliance with an STF ruling. As a result, telecommunications services, which had historically been subject to higher ICMS rates than other products and services, are now taxed at the same rates as general goods under this law.

Towards the end of 2023, 11 states—including Bahia, Ceará, Distrito Federal, Goiás, Maranhão, Paraíba, Pernambuco, Paraná, Rio de Janeiro, Rondônia, and Rio Grande do Norte—adjusted their general ICMS tax rates, effective in 2024. On average, these changes resulted in a 2% increase in the ICMS rate.

In 2025, three additional states (Piauí, Maranhão, and Rio Grande do Norte) implemented further increases to their general ICMS tax rates, ranging from 1% to 2%. Telefônica Brasil is actively working to ensure accurate ICMS tax calculations within the deadlines specified by each state. These changes may potentially affect the prices charged to our customers.

Changes in the deductibility rules for interest on shareholders' equity

On December 29, 2023 Law No. 14,789 was enacted into law and set forth new rules for calculating interest on shareholders' equity. The rule mainly focuses on adjustments to equity through the exclusion of transactions with related parties, as well as some accounts such as tax incentive reserves. We do not expect that these new rules will have a significant impact on the calculation of interest on shareholders' equity for Telefônica Brasil.

Changes in investment grants rules

New regulations for calculating tax incentives associated with investment subsidies were introduced through Law 14,789, dated December 29, 2023. These regulations bring about a new framework in which a legal entity, taxed on actual profits, that receives a grant from the Union, states, the Federal District, or municipalities for the implementation or expansion of an economic enterprise may compute an investment subsidy tax credit. The legal entity is required to formally submit a request to the Brazilian Federal Revenue Service, providing all relevant details of the enterprise, to obtain prior approval for the granted tax credit. If there is no response from the Brazilian Federal Revenue Service within 30 days, qualification becomes automatic.

The previous system led to substantial disputes involving billions of dollars between taxpayers and the Brazilian Federal Revenue Service. Consequently, the new law establishes a mechanism for companies to resolve their debts, with reductions in the disputed amounts if the taxpayer opts for settlement. Telefônica Brasil is not anticipated to be significantly impacted by the new rules and does not currently have a tax dispute related to this matter.

Changes in taxation rules on investments in investment funds

On December 12, 2023, Law 14,754/23 was enacted, introducing several normative changes exclusively applicable to individuals domiciled in Brazil. Among these changes, a new rule concerning withholding tax on income earned by corporate investors in investments in Brazilian investment funds was implemented. The law stipulates periodic withholding in May and November of each year, with a rate of 15% (general rule) or 20% (specific rule applicable to investment funds with a portfolio of securities having an average term equal to or less than 365 days).

However, the new rule for periodic withholding of IRRF (Income Tax on Financial Transactions), in principle, is not expected to have significant effects on Telefônica Brasil concerning the income generated by the our equity investment fund, Vivo Ventures and our credit rights fund, Vivo Money Credit Rights Investment Fund. This is due to a specific rule excluding them from this regulatory scope as they are qualified as investment entities and comply with other requirements expressed in the legislation. As the matter is still controversial and requires clarification from the Brazilian Federal Revenue Service, we are closely monitoring the topic to ascertain if this scenario changes.

Introduction of OECD-inspired minimum income taxation rules

Law No. 15,079/2024 amended Brazilian tax law to introduce a minimum income taxation rule. This new rule is inspired by the OECD Pillar II directives, particularly the Qualified Minimum Domestic Complementary Tax (QDMTT). The rule mandates a minimum income tax rate of 15% for certain taxpayers. Taxpayers within the scope of the rule who fail to meet this requirement will be obligated to pay a supplementary CSL amount to ensure their effective tax rate equals 15%. However, we do not anticipate significant effects resulting from the application of this law, as our current tax rate exceeds the minimum 15% required by the legislation.

Billing

For postpaid customers, we send each contract customer a monthly bill covering all of the services provided during the previous monthly period. Pursuant to Brazilian law, telephone service providers are required to offer their customers the choice of at least six different monthly payment dates. For prepaid customers, billing is available online.

We have a billing and collection system with respect to local, national and international long-distance voice, subscriptions, broadband, data, IT services, outsourcing, television and third-party services. For invoice payments, we have agreements with various banks. These agreements include options for customers to select their preferred payment type: direct debit, PIX, payment to a bank, Internet and other collection agencies (including lottery-playing facilities, drugstores and supermarkets). We aim to avoid losses in the implementation of new processes and the roll-out of new products through the monitoring of billing, collection and recovery controls.

These practices are closely monitored by our revenue assurance team, which measures every risk of revenue loss detected along the billing and collection chain. These risks are managed to minimize revenue losses.

Co-billing

In accordance with Brazilian telecommunications regulations, we use a billing method called “co-billing” for both fixed-line and mobile services. This method allows billing from other phone service providers to be included within our own invoice. Our customers can receive and subsequently pay all of their bills (including the fees for the use of services of another telephone service provider) on our invoice. To allow for this method of billing, we provide billing and collection services to other phone service companies. We have co-billing agreements with national and international long-distance phone service providers. Similarly, we use the same method of co-billing to bill our services to customers of other fixed-line and mobile providers. This service is charged to the long-distance operator, by means of a call record described in the invoice.

Value-added services

Value-added services such as entertainment, information and online interactivity services are available to mobile prepaid, postpaid and fixed-line customers through agreements with content suppliers. These agreements are based on a revenue-sharing model.

Third-party services

We incorporate third-party services in our billing, collection and transfer process. These services are later passed on to the third-party contractor.

Collection

Our collection policies with respect to customers in default follow ANATEL regulations, as well as those of Serviços de Telecomunicações, or RACO, and the Foundation for Consumer Protection and Defense (*Fundação de Proteção e Defesa do Consumidor*), or PROCON. For mobile, fixed-line and Pay TV customers, as a general rule, if payment is more than 15 days overdue, service can be partially suspended by blocking out-going calls that generate costs to the customer. If payment is more than 30 days overdue after this partial suspension, the service can be fully suspended, disabling all services (outgoing and incoming calls), until payment is received. We offer an installment payment plan for clients with overdue balances. However, if accounts are not paid after 30 days following the total suspension, the contract can be canceled and reported to credit protection agencies.

The collection process for customers in default involves several steps, from an internal interactive voice response, SMS contact, email contact, followed by a late payment notice, and finally reporting customer information to an external credit bureau. Concurrently with our internal process, delinquent customers are also contacted by collection agencies. Customer risk profile, overdue debt and other quality issues are used to increase strategy efficiency and maximize debt recovery efforts. As of January 2018, bad debt provisions were adjusted due to changes brought by IFRS 9, including new criteria that follow an expected credit loss model, adopting a percentage of risk for each debt payment profile until the moment of effective loss (100%). The percentages were calculated according to the historical behavior of delinquency for each segment. In accordance with Brazilian regulations, bad debt write-offs are permitted for late payments of zero to R\$5,000 if they are over 180 days late or R\$5,001 to R\$30,000 if they are over 365 days late. Late payments of over R\$30,001 that are open for more than 365 days require a lawsuit to be initiated. This rule is applied for outstanding debt through October 8, 2014; after this period, the amount ranges for bad debt write-offs change as follows: zero to R\$15,000 if they are over 180 days late or R\$15,001 to R\$100,000 if they are over 365 days late. Lawsuits are required for debts over R\$100,000 open for more than 365 days.

Provisions for doubtful accounts in the year ended December 31, 2024 were 2.0% of the total gross revenue.

Our Markets of Operation

Our concession agreement—which is in the process of being migrated to authorizations—enable us to operate fixed-line telephone services in the state of São Paulo, except for a small region (Sector 33) that is still subject to an earlier concession. In addition, we offer fixed-line telephone services, data and Pay TV services elsewhere in Brazil, pursuant to licenses and authorization. We operate mobile voice and broadband services throughout Brazil, under the mobile service (SMP) authorization. We also offer a variety of value-added services, some of them through commercial partnerships.

The following table sets forth population, gross domestic product (GDP), and per capita GDP statistics for each state in our service regions according to 2021 IBGE data:

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Area	Pop. (million)	Percent of Brazil's pop.	GDP (R\$ million)	Percent of Brazil's GDP	Per capita GDP (reais)
São Paulo State	46.6	21.9%	2,719,751	30.2%	58,302
Minas Gerais State	21.4	10.0%	857,593	9.5%	40,052
Rio de Janeiro State	17.5	8.2%	949,301	10.5%	54,360
Bahia State	15.0	7.0%	352,618	3.9%	23,531
Paraná State	11.6	5.4%	549,973	6.1%	47,422
Rio Grande do Sul State	11.5	5.4%	581,284	6.5%	50,694
Pernambuco State	9.7	4.5%	220,814	2.5%	22,824
Ceará State	9.2	4.3%	194,885	2.2%	21,090
Pará State	8.8	4.1%	262,905	2.9%	29,953
Santa Catarina State	7.3	3.4%	428,571	4.8%	58,401
Goiás State	7.2	3.4%	124,981	1.4%	17,343
Maranhão State	7.2	3.4%	269,628	3.0%	37,693
Amazonas State	4.3	2.0%	131,531	1.5%	30,804
Espírito Santo State	4.1	1.9%	186,337	2.1%	45,354
Paraíba State	4.1	1.9%	77,470	0.9%	19,082
Mato Grosso State	3.6	1.7%	80,181	0.9%	22,662
Rio Grande do Norte State	3.6	1.7%	233,390	2.6%	65,542
Alagoas State	3.4	1.6%	76,266	0.8%	22,662
Piauí State	3.3	1.5%	64,028	0.7%	19,466
Federal District	3.1	1.5%	286,944	3.2%	92,732
Mato Grosso do Sul State	2.8	1.3%	142,204	1.6%	50,086
Sergipe State	2.3	1.1%	51,861	0.6%	22,177
Rondônia State	1.8	0.9%	58,170	0.6%	32,045
Tocantins State	1.6	0.8%	51,781	0.6%	32,215
Acre State	0.9	0.4%	21,374	0.2%	23,569
Amapá State	0.9	0.4%	20,100	0.2%	22,903
Roraima State	0.7	0.3%	18,203	0.2%	27,888
Total	213.3	100.0%	9,012,144	100.0%	42,248

(1) According to IBGE data (2021) collected at <https://www.ibge.gov.br/> – subject to revision.

(2) Average per capita GDP for Brazil, weighted by the percentage of the population represented by each state.

Seasonality

Our business and results of operations are not materially affected by seasonal fluctuations in the consumption of our services.

Marketing and Sales

Overview

Our commercial distribution network (marketed under the Vivo brand), as of December 31, 2024, consisted of 260 own sales outlets throughout Brazil. In addition, we also have approximately 10,180 sales outlets run by authorized dealers (including exclusive dealers and retail channels), maintaining a solid capillarity strategy that contributed to our leadership position in the Brazilian telecommunications market.

As of December 31, 2024, we had approximately 282,000 points of sale where prepaid mobile service customers could purchase credits using Distribution or Online channels. Prepaid phones can be credited remotely or by purchasing cards containing credits.

We bring our solutions to our customers through the following physical sales channels:

- **Vivo stores:** maintaining our pioneering spirit and leading role in the market, we began the transformation of the PoS (Point of Sale) into a Tech Retail Experience Point, with the inauguration of Casa Vivo, a unique and innovative project, that materializes our new positioning, with a focus on offering technology products and services. We consolidated this transformational strategy in the second half of 2023, with the deployment of this new concept in six stores in strategic shopping malls, that prioritize products exhibition and experimentation, adding value of our entire portfolio through experiencing the services and Smart Home areas, in an amplified format. This direction defines how we will build the foundations for the formats of all of Vivo's physical sales channels in the future.
- **Exclusive dealers:** this channel is made up of companies selected and certified to supply our complete portfolio of products. These resellers make up an extensive distribution network across the country. Although the channel offers the entire product portfolio, its focus is on postpaid and Fiber products. We are also constantly updating and improving these stores to provide a better customer shopping experience, to ensure that it is consistent across all of our flagship stores. Focusing on business sustainability for both Vivo and its dealers, we optimized our points of sale while maintaining a presence across Brazil with 1,523 stores as of December 31, 2024. This move reinforces our commitment to agile and sustainable management, aimed at creating value and strengthening our foundation for future expansion.
- **Retail channel:** our retail channel sells prepaid and top-up products that are sold by our partners' own sales teams. In 2024, we invested in price-led SIM cards in an attempt to reestablish commercial relationships with the retail companies and started to review the operating model with the aim of resuming the channel's growth.
- **Distribution and digital channel:** the broadest and most complex sales channel in our markets, allows our prepaid customers to purchase data and voice credits. To be as close as possible to potential and current customers, this channel is made up of accredited agents, lottery outlets, post offices, bank branches and small retailers, such as pharmacies, newsstands, bookstores, stationery stores, bakeries, gas stations, bars and restaurants. In digital, we have banks, fintechs and digital distribution partners. In 2024, this channel was responsible for the majority of our prepaid sales (96%) and top-up revenue (88%). In 2024, we maintained the market leadership in terms of prepaid market share, that was achieved in 2020. We increased our position in micromanagement, including specific payments to the sales force with granularity at the POS level, and launched several projects searching for portfolio diversification in our channels.
- **Door-to-door sales:** this channel continues to strengthen with the growth of the fiber network across the country, consolidating the sales force, focusing on quality and now seeking to totalize our customers with fixed-mobile convergent offers. This is a strategic channel that offers convenience to customers and is suitable for selling telecom services to B2C and B2B customers. The fiber market requires important local knowledge for greater sales penetration and that is why a hunter channel such as door-to-door sales is so important for this segment.

- Outbound telesales: characterized by the lack of geographical limitations, our outbound telesales channel can reach existing and potential customers across the country, offering possibilities of migration from prepaid to postpaid services in addition to FTTH. This channel focuses on increasing the customer base, identifying new customers and offering suitable plans to our existing customers according to their consumption profile.

Customer experience

In 2024, Vivo remained steadfast in its purpose of “Digitalize to bring closer” to create a better world filled with opportunities and development. The company reinforced its focus on ensuring that all customer experiences across its business lines—including connectivity, financial services, health, education, and consumer electronics—were aligned with its value proposition: “Vivo is technological and excellent in quality,” “Vivo is close and solves problems,” and “Vivo makes me feel special.”

To strengthen its commitment to this value proposition, Vivo established an executive directory dedicated entirely to Customer Experience (CX). This initiative is guided by six strategic drivers: a standardized and unique view of the customer; online monitoring; an omnichannel experience; problem-solving capabilities; expectation management; and a fully digital approach.

The Company’s efforts have been widely recognized in the market, earning several prestigious awards. At the 2024 Experience Awards, Vivo received the award for the highest NPS (Net Promoter Score) in Brazil for mobile and broadband services. Additionally, Open Signal recognized Vivo as the provider of the fastest 5G network in the world, highlighting the success of its technology investment strategy.

Technology

Voice and data networks

To offer a greater variety of integrated services, we have incorporated several new technologies into our voice and data networks. In 2024, we advanced our network virtualization program toward cloudification, enabling us to provide services based on 5G Standalone and other emerging technologies. Additionally, we completed our first Proof of Concept (PoC) using services based on slice technology, incorporating closed-loop control.

For mobile voice services, we continue to strengthen our voice digitalization program using VoLTE (Voice over LTE) and are increasingly investing in this technology. As a result, we have surpassed 65 million subscribers using VoLTE, a key driver for phasing out legacy technologies such as 3G and 2G. We also completed our first PoC with VoNR (Voice over New Radio) service, paving the way to offer voice services over the NR Access Network in the near future.

For the fixed-line voice network, we provide services such as VoFTTH (Voice over FTTH), SIP trunking, Unified Communications, and SIP interconnections. We continue to expand our fiber network by launching it in cities already served by copper-based voice services. These efforts are complemented by initiatives focused on energy efficiency, site demobilization, voice digitization, and creating synergies between fixed-line and mobile networks.

To support VoIP growth, we have consolidated our Unified IMS Core and are deploying Session Border Controllers (SBCs) at our access and peering edges. These initiatives have resulted in significant savings in energy consumption, labor, and maintenance costs. For the Data Core, we have concluded that 5G offers similar functionalities to legacy networks. In this context, our Capillarity User Plane leverages synergies with the fixed network by reusing CDN and cache solutions to expand into new capital cities in Brazil. This approach improves latency and reduces transmission data volumes in our transport network.

For the Control Plane, synergies with infrastructure and the mobile network contribute to power savings, resilience, and enhanced security through our private cloud initiatives. For IoT and Private Networks, we have begun expansion and updates to fully support 5G.

The IP Backbone is a strategic asset to meet customer demands and support the development of a large number of services, such as:

- Expansion of our 5G services,
- IoT development,
- Development of cloud and VoD services,
- Expansion of fiber optics to customer homes,
- Migration of voice and television services to IP,

For all of this, the IP Backbone must be robust, providing high availability, performance, cost-effectiveness, and high bandwidth at the same time. However, as more bandwidth is offered to customers, the need to bridge the gap between revenues and investment to cope with greater traffic becomes increasingly clear. To achieve this goal and increase revenues, the following actions have been implemented over the last few years::

- Modernization and Simplification of the Network—This initiative began in 2018 through the replacement of existing routers with new routers with higher capacity, which enabled the consolidation of specialized routers, thereby reducing network layers and transforming our backbone into a multi service network. This new design accommodates service evolution, as voice, messages, and circuits become data packets, reducing the need for incremental capacity increases.
- Bringing services and content nearer to customer—We believe that in the coming years, layer simplification could allow us to bring content even further to the edge, improving costs and quality at the same time. The foregoing actions are expected to optimize investment in an aggressive traffic increase context and lay the groundwork to deliver the next step in data services quality. Even though bandwidth has been the main technical advantage for several years, latency will take over as the main broadband selling point. To reduce network latency means delivering more responsive services and obtaining higher customer satisfaction. To achieve this result, we believe service should be decentralized and delivered closer to the edge of the network and to customers, which we have taken steps toward by expanding the use of caching solutions throughout the network, making content locally available to our customers, and reducing traffic costs while strongly improving the user experience without increasing access investments.
- Use of high-speed interfaces in the core (100G, 400G) – this allows to optimize the resources and reducing costs by Mbps in the IP Backbone Core.
- Evolution to SDN (Software Defined Network) – gradual implementation during the next years to search more flexibility, agility, and reliability to the network.

We further optimized costs by sharing access networks with other Brazilian operators, in which IP backbones played a key role in connecting and transporting traffic among different operator's networks, reducing the need for mobile sites expansion.

As the Internet address numbers in Brazil were exhausted in 2014 and our own resources are reaching critical levels, we have seen strong growth in the next version of the IP protocol, the IPv6. Vivo has completed IPv6 project in 2017, which is important to guarantee full connectivity to our clients and support sales to keep expanding our customer base.

Finally, we have a solid Carrier Grade Nat solution (CGNAT) already developed for the mobile services, which will be extended to fixed-line services along the next years as an additional solution.

In our Telecom Data Centers, the Local Area Network (LAN) structure provides connectivity for platforms and servers on both the Fixed and Mobile networks. The local network is the access point for all services and provides connectivity to the IP BackBone.

In 2024, we began the evolution of the TRILL model to the Spine & Leaf model. We have moved from a 3-layer architecture model (Core-Aggregation-Access) to a 2-layer model (Spine & Leaf). The new model is a technological evolution that provides even greater resilience in the local network than TRILL. In addition to greater resilience, we can leave the architecture with one less layer, which means simplifying the network and reducing implementation costs. With the new Spine & Leaf architecture, we maintain the concept of decentralization in Telecom Data Centers. Just like TRILL, Spine & Leaf also uses Top of Rack (TOR) and End-of-Row (EOR) switches, allowing cost savings on structured cabling, reduction of energy, space and cooling. In 2024, we expanded the ports and took the opportunity to change the technology from TRILL to Spine & Leaf Technology in 4 existing sites

In 2024, we maintained the strategy of structuring our CDN (Content Delivery Network) to improve the customer experience with our services, using the cache solution to reduce bandwidth consumption on the IP backbone, storing content locally from our main partners. In addition to these existing partners, we are always looking for new partners to further improve network quality by reducing latency and saving resources on our IP BackBone. This allows us to optimize network resources and improve service quality. For this network structure, we use stand-alone switches. In 2024, we will increase capacity at nine existing sites due to the increase in data traffic.

Network Security

In today's digital world, where telecommunication networks are increasingly complex, network security has become a critical factor for the success of our customers and their businesses. At Vivo, the governance, risk management, and compliance of our network align with the group's business objectives and are based on the CIS Controls framework.

In 2024, we strengthened the protection of our network by consolidating existing tools and introducing new solutions to enhance Threat Intelligence, Vulnerability Management, and Data Protection. We expanded our team of highly skilled professionals to support the implementation of security by design, thereby reducing the likelihood of service compromise.

To proactively identify vulnerabilities before attackers can exploit them, we conducted cyber war games and tabletop simulations with our blue, purple, and red teams in 2024. These exercises aimed to bolster our cyber resilience and defense capabilities. The simulations replicated a cyberattack scenario: the red team focused on identifying and exploiting system breaches, the blue team was responsible for defending the systems, and the purple team set the rules and controlled the environmental conditions of the game.

TV services

We offer IPTV services through our FTTH network using an open platform designed to revolutionize the delivery of IPTV services. Our open platform includes Pay TV with video broadcasting delivered via IP. Several global partners have developed modules in collaboration with us to integrate with our existing global video platform. Our local team customized the middleware for set-top boxes (STBs) to create a standardized version, enabling faster time-to-market for new developments and product releases, as well as future convergence between IPTV and OTT platforms. To enhance the IPTV ecosystem, we integrated several components such as instant channel changes, retransmission, and applications to improve the user experience. Additional services, including pay-per-view and VoD (Video on Demand), are also available.

Our IPTV interface was redesigned to improve the customer experience by introducing personalization features and thematic areas (e.g., sports events). In 2024, we launched a new STB with a small form factor (HDMI stick), supporting 4K video, targeted at customers seeking flexibility and affordability. The Vivo Play App, based on OTT streaming, offers over 80 linear channels and full access to our VoD catalog. The app underwent several software updates in 2024, introducing new features and enhancing the user experience.

5G acquisition

In December 2021, we acquired the following radio frequency sub-bands through auction: 2,300 MHz to 2,390 MHz, 3,300 MHz to 3,700 MHz, and 24.3 GHz to 27.5 GHz. These acquisitions will allow us to expand network capacity in high-density urban areas. With these frequencies, we ensure the provision of 5G services, significantly reducing latency, enhancing connectivity, and enabling download and upload speeds up to 10 times faster than 4G. These 5G capabilities have facilitated the development and enhancement of services such as IoT, gaming, autonomous vehicles, virtual reality (VR), industrial automation, and agribusiness.

Acquisition of part of Oi's UPI Mobile assets

We acquired part of Oi's UPI mobile assets, including approximately 12.5 million customers, 43 MHz of spectrum in the 1,800 MHz, 2,100 MHz, and 900 MHz bands with nationwide coverage, and contracts for the use of 2,700 mobile access sites. These assets are located in the Southeast (São Paulo), South (Paraná), Northeast (Pernambuco, Alagoas, Paraíba, Rio Grande do Norte, Ceará, and Piauí), and North (Maranhão) regions, strengthening our network's capacity and coverage.

Mobile coverage

In 2024, we continued to expand the capacity and coverage of our mobile networks to absorb continuous growth in voice and data traffic. We seek to set ourselves apart from our competitors by significantly growing our 4G and 5G coverage. As of December 31, 2024, our mobile network covered 5,060 municipalities in Brazil using different technologies such as 5G, LTE Advanced Pro, LTE, WCDMA and GSM/EDGE digital technologies, or 90.84% of the total municipalities in Brazil and 97.99% of the Brazilian population. We have the biggest LTE Advanced Pro (commercially known as 4.5G) coverage in Brazil (with 3,873 municipalities and 91.6% population covered). In the same period, we have covered 504 municipalities of Brazil with 5G Standalone and non-Standalone, which cities together accounted for 61.3% of the Brazilian population.

Since 2015, we started to develop network sharing in 4G 2,600 MHz coverage with Oi and TIM. As of December 31, 2024, after the sale of Oi and project review, we covered 126 Brazilian cities using shared radio base stations and 222 cities using TIM's network through RAN sharing. In 2017, we also began to develop 3G network sharing with Claro and, as of December 31, 2024, we covered 232 Brazilian cities using shared radio base stations and 137 cities using Claro's network through RAN Sharing. In 2018, we further began to develop 3G network sharing with TIM, and, as of December 31, 2024, we covered 17 Brazilian cities with shared radio base stations and 27 cities using TIM's network through RAN sharing. In 2019, we began to develop network sharing in 4G 700 MHz with TIM (as a proof of concept), and, as of December 31, 2024, we covered 10 Brazilian cities with shared radio base stations and 9 cities using TIM's infrastructure through RAN sharing. In 2019, we entered into a network sharing agreement with TIM for 2G, 3G and 4G technologies, which sought to expand our network and create synergies. As of December 31, 2024, we covered 363 Brazilian cities with shared 3G/4G radio base stations and 353 cities using TIM's infrastructure through RAN sharing. From 2021 until December 2024, 3G/4G Single Grid was deployed in the urban area of 180 cities by Vivo and 200 cities by TIM. Also in 2024, 2G Single Grid was deployed in 1,063 cities by Vivo and 785 cities by TIM aiming to accelerate the switch-off of legacy networks. RAN network sharing allows us to fulfill the ANATEL obligations that were imposed on us as part of our spectrum acquisitions and reduces network deployment and maintenance costs to provide additional coverage at lower costs.

Fraud detection and prevention

During the year 2024, we continued our efforts to combat fraud, focusing on the two main types as follows:

- Subscription fraud: This type of fraud occurs when one or more services are granted without the consent of the true "owner," with the primary objective of acquiring products and services, causing financial loss. In 2024, we recorded an 81% increase in losses related to fraud, going from R\$47.7 million in 2023 to R\$86.5 million in 2024. The main causes of this increase were the identification of new fraud scenarios through investments in layers of security and intelligence rules against fraud, which allowed us to detect larger volumes of fraud (through biometrics, behavioral analysis of the device, fraud detection and prevention tools, machine learning rules, among others), as well as the constant improvement of existing rules and the continuous review of prevention and detection processes.
- SIM Swap fraud: this type of fraud is characterized by the alteration of the CHIP (ICCID) without the authorization or knowledge of the line owner. Its objective is to use the line to generate irregular traffic with national, international, roaming calls, as well as to criminally access customers' personal information, which is often valuable in extortion, thefts, and online scams. We had a 77% reduction in cases in 2024, going from 1,511 in 2023 to 345 in 2024. This reduction was related to greater predictability of possible systemic vulnerabilities and access by unauthorized profiles, whose mitigating actions, such as mandatory biometrics and process improvements, were addressed and prioritized. Awareness actions were carried out, constant parameter and rule updates were made, and the root cause was identified for better detection, prevention, and direction in fraud treatment.

Operating Agreements

Interconnection agreements

The terms of our interconnection agreements include provisions with respect to the number of connection and signaling points. See “—Regulation of the Brazilian Telecommunications Industry—Interconnection Fees” and “Item 4. Information on the Company—B. Business Overview—Rates, Taxes and Billing—Interconnection fees.” We believe that we have adequate interconnection agreements with fixed-line operators necessary to provide our services and that we have all the necessary interconnection agreements with long-distance carriers.

Roaming agreements

We provide international GSM roaming in over 200 destinations worldwide by means of over 500 roaming agreements with local service providers.

We have a roaming agreement with MTN Irancell, or Irancell. During 2024, we recorded US\$3.00 in roaming revenues and zero expenses payable to Irancell under this agreement. See “—C. Organizational Structure—Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act” for further information.

Network sharing agreement

In December 2019, Telefônica Brasil and TIM entered into two network sharing agreements regarding electronic equipment and mobile sites on 2G, 3G and 4G networks, in order to (i) decommission outdated technology; (ii) 4G coverage expansion; and (iii) gain spectrum and cost-efficiency. Both agreements were approved by ANATEL and CADE.

In December 2020, Telefônica Brasil and Claro S.A entered into a network sharing agreement in which the parties had agreed to share 81 of our mobile sites with Claro. The agreement was approved by ANATEL and CADE.

The approval of the aforementioned agreements, however, does not exempt the providers from fulfilling their obligations, nor from the coverage of the entire area. In the case such agreements are terminated before the expected deadline, each provider must meet its coverage commitments with its own network, under the penalty of extinction of the use of radio frequencies' authorizations.

See also “—Mobile coverage” above for further information on our network sharing.

Competition

Competition in the fixed and mobile markets continued to be intense in 2024. Faced with the high demand for connectivity, Brazilian telecoms have focused on modernization and innovation as levers to remain competitive in the market. The leading companies have been directing efforts and investments toward the digital transformation of business operations, aiming to improve the balance between customer growth and loyalty, revenue growth and margins. For these reasons, the major operators accelerated the 5G coverage, rolled out fiber and continued to include value-added services in the offers in order to differentiate their mobile and fixed portfolios. In addition, telecommunication companies began to leverage their customer base, billing and other key assets to engage in other revenue streams, alone or in partnerships with companies from other sectors. The initiatives remain in their initial steps and range from financial services, to healthcare, education and B2B solutions.

The Brazilian consumer market is increasingly knowledgeable and demanding, expecting not only the best service delivery, as well as the best cost-benefit. Therefore, operators have prioritized the expansion and digitalization of company-customer interactions.

In the mobile market, we continued to lead in market share, with a 38.8% share according to information from ANATEL as of December 31, 2024. This year, the competition remained intense in 4.5G and 5G network coverage expansion and subscriber growth.

We lead the mobile market in 12 states: Amapá, Amazonas, Bahia, Espírito Santo, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Pará, Rio Grande do Sul, Roraima, São Paulo and Sergipe. Claro Brasil or Claro is a mobile operator controlled by the Mexican company America Móvil Group, and leads mobile service in eleven states: Acre, Distrito Federal, Ceará, Goiás, Maranhão, Piauí, Rio de Janeiro, Rondônia and Tocantins. TIM, a Brazilian telephone company and a subsidiary of Telecom Italia, leads the mobile market in four states: Paraná, Paraíba, Rio Grande do Norte and Santa Catarina (according to ANATEL as of December 2024).

On the fixed-line services front, the wireline and pay-TV services reported net disconnections, according to ANATEL. In broadband, the market continued to expand mainly in ultra-broadband, fiber accesses. Our main competitors in fixed telecommunications services are Claro (which includes its Claro and Embratel services) and Oi, which is stronger in the fixed-line services outside the State of São Paulo. TIM (a subsidiary of Telecom Italia) also offers fixed broadband services, while SKY, which is currently controlled by the Argentine conglomerate Wertheim, has pay TV and broadband services (4G LTE TDD). In addition, we have competition from thousands of regional service providers throughout Brazil.

Environment, Social and Governance

By promoting digitalization, we bring people, businesses and society together, contributing to transforming lives and companies. This objective is translated through our purpose ‘Digitalize to Bring Closer’, which in 2024 was broken down into new strategic pillars, among them ‘Futuro Vivo’ (Vivo Future), reinforcing actions aimed at driving digital transformation with sustainability, promoting positive impacts for society and the planet through digitalization. To track this commitment, our ESG strategy contains six pillars of action, with more than 100 indicators monitored and reported in a consolidated manner to the Board of Directors through the Quality and Sustainability Committee, included in the Responsible Business Plan (PNR). This Plan contains targets for 2024 to 2026 that promote the Company’s responsible growth and contribute to the Sustainable Development Goals (SDGs).

This strategy is deployed through internal structures that guarantee its dissemination across the organization, such as specific committees for ESG agendas with senior management: (a) Quality and Sustainability Committee (local and global) with the participation of independent members of the Board of Directors and (b) Sustainability Committee, with direct reporting to the CEO and the Executive Directors. In terms of governance, our Board of Directors was comprised of 83% independent members and 33% women as of December 31, 2024.

To further strengthen the theme in the organization, ESG commitments are included in variable compensation. Since 2019, 20% of short-term executive and employee compensation are linked to ESG targets, currently associated with customer perception (NPS), gender equality (women in leadership) and climate change (GHG emissions). Since 2022, executives’ long-term Performance Plan includes shares of Telefônica Brasil (VIVT3) with cash settlement. The incentive has clawback rules and 10% of compensation linked to ESG targets, currently associated with climate change and gender equality.

In 2024, new public commitments to accelerate the ESG agenda were announced. In terms of climate, the target of achieving net zero emissions has been brought forward by 5 years (from 2040 to 2035). In Circular Economy, the goal is to collect 225 tons of electronic waste between 2024 and 2035, increasing by 150% the volume already collected since the beginning of the Vivo Recicle program (2006), reaching 375 tons. In Diversity, the commitment is to achieve 40% of women in senior leadership positions, 45% of women in leadership positions, 40% of black people in leadership positions, and 45% of black individuals in the company by 2035.

Our Climate Strategy is presented in the Climate Action Plan – a document approved by the Board of Directors and overseen by the Quality and Sustainability Committee. The implemented actions on the topic involve:

- **Mitigate impact:** since 2023, we have maintained a 90% reduction in our greenhouse gas (GHG) emissions (scope 1 and 2), in line with the objective established in our Net Zero plan. For this, we have strategies on several fronts such as: the reduction of fuel consumption; adoption of renewable fuels in our fleet; investment in electric vehicles; modernization of air conditioning systems; implementation of leak controls and replacement of some refrigerant gases; low-carbon purchasing; and 100% of the electricity supply from renewable sources. Telefônica Brasil has a Renewable Energy Plan and an Energy Efficiency Program to fight climate change, with highlights for the Distributed Power Generation program, which includes the gradual installation of solar, hydro and biogas power plants across Brazil. Since 2019, we offset 100% of our operational emissions with carbon credits that prevent deforestation or restore Brazilian forests. In the value chain, through the Carbon in the Supply Chain Program, our carbon intensive suppliers are engaged and encouraged to manage their emissions and set targets.
- **Leverage Opportunities:** digital solutions have the potential to decarbonize various value chains. In the B2B segment, through GUD Energia, we facilitate access to renewable energy sources such as hydroelectric, wind and solar, generating financial and environmental benefits for companies seeking to optimize their costs and meet sustainability challenges. We also offer products and services with the Eco Smart seal, verified by a third party, which allows companies to know the environmental benefits that the solution can generate.

- **Adapt to Risks:** climate risks are included in our overall risk assessment. Periodically, a qualitative and quantitative evaluation is performed, considering the physical and transition risks. We also have a Global Crisis Management System to handle higher-impact threats, with a comprehensive evaluation of 100% of nationwide critical operations.

Since 2006, collection points for the correct disposal of electronic waste have been offered through the Vivo Recicle Program, which has already collected 5.28 million items. In 2024, in partnership with Fundação Telefônica Vivo, a game between students was held in public schools and institutions, collecting about 23 tons of electronic waste and involving 21,000 children, young people, and teachers. Through the Vivo Renova Program, customers receive discounts for exchanging their cell phones upon delivery of the used device, which can either be resold (extending its useful lifecycle) or disposed of properly. In the fixed-line business (broadband, voice, and TV), customers can schedule home collection or return their used modems or decoders at our stores, where they are refurbished and reused or recycled. As part of our circular economy strategy, the target is to achieve zero waste from operations by 2030, prioritizing the reuse, repair, recycling and reduction of waste material.

Digitalization promotes social inclusion and efficiency in the use of environmental resources. To boost these benefits, we invest in strengthening our mobile network and expanding our fiber network. A range of solutions are offered in areas such as health (Vale Saúde Sempre), education (Vivae), banking and access to credit (Vivo Pay) and renewable energy (GUD Energia). These areas are also encouraged through Corporate Venture Capital (CVC) funds: Wayra (focused on early-stage startups) and Vivo Venture (focused on growth startups). Digitalization is also part of the Fundação Telefônica Vivo purpose, which celebrated 25 years in 2024 and has a focus on contributing to digital inclusion and the development of digital skills for educators and students in Brazilian public schools.

We have actions to attract and retain talent and invest in employee training, including technical certifications and subsidies for professional specialization. Processes for performance evaluation, talent mapping and identification of successors are also implemented. Our diversity program focuses on four groups: Gender, Race, LGBTI+ Community and People with Disabilities, as well as other topics covered in our Global Diversity and Human Rights Policy. We are committed to setting goals to these groups with actions such as: affinity groups, mentoring, development programs, recruitment practices and literacy initiatives. 50% of trainee, internship and young apprentices positions are allocated to black candidates. Another highlight is Women in Fiber (Mulheres de Fibra) program, which selects women to work in technical areas that were previously dominated by men.

In addition, the Telefônica Responsible Business Principles set the basic values applicable to all employees, suppliers and other parties. Human Rights aspects are tracked through biannual risk assessments, in accordance with the Telefônica Group's Enterprise Risk Management process. For suppliers, Parceiro Plural program was launched, which aims to develop and ensure that suppliers share the same values as the company in relation to ESG issues.

The commitment to ethics, integrity and transparency is strengthened through the Compliance Program (#VivodeAcordo) and the Privacy and Data Protection Governance Program (#VivoCuidandodaPrivacidade). Customers can access more information about the exercise of rights and our personal data management practices through the Privacy Center website and the Local Privacy Policy.

The digital security strategy is monitored by senior management through: (a) a dedicated management structure with a Chief Security Officer (CSO) and a Chief Information Security Officer (CISO), (b) a Digital Security Risks Executive Committee, and (c) the periodic review of the digital security strategy by a Board of Directors' independent director. Several cyber risk management actions are applied, such as annual cyber war games and training initiatives.

Committed to best practices, we have implemented significant standards and certifications: ISO 26000 (Social Responsibility); ISO 27001 (Information Security) for digital security program (Vivo Segura) processes: Vulnerability Management (GVUL), Managed Detection and Response (MDR), Application Security (AppSec) and Data Protection Monitoring; DSC 10000 (Compliance); ISO 14001 (Environmental Management); ISO 45001 (Occupational Health and Safety) and ISO 50001 (Energy Management).

For the first time, we are part of the Dow Jones Best-in-Class World Index, making our debut as the only Brazilian telecom company, leader in the Americas and 6th with the best performance in the sector in the world. We are also one of the leaders in the Corporate Sustainability Index of the Brazilian Stock Exchange - ISE B3 (Top 3) and in The Sustainability Yearbook 2025 (Top 10%).

We are present in other relevant assessments, such as: (1) B3 ESG indices: ICO2 (Carbon Efficient Index), IGPTW (People Management) and S&P/B3 ESG Brazil; (2) Among the 100 most sustainable corporations in the world by Corporate Knights; (3) Top 3 Best Companies to Work for in Brazil 2024, in Super Large category (over 10,000 employees), in the national GPTW (Great Place To Work) ranking; (4) Pro-Ethics Seal 2022-2023, for our commitment to voluntarily adopting integrity measures aimed at preventing, detecting and remediating acts of fraud and corruption; (5) Best in the Telecommunications, Technology, and Media category in the Best ESG 2024 by Exame magazine; (6) Listed on FTSE Global Diversity & Inclusion Index; (7) Best Compliance Department in 2024, in the Telecom and Technology category by the Leaders League Compliance Summit & Awards Brazil. In addition, the company is part of ESG indices of S&P, FTSE4Good and MSCI.

Our ESG strategy and actions can be found in our Annual Sustainability Report. This and other ESG reports are available on: <https://ri.telefonica.com.br/en/esg/sustainability-reports>. The information on our website is not a part of this annual report on Form 20-F.

Regulation of the Brazilian Telecommunications Industry

Our business, including the services we provide and the rates we charge, is materially affected by comprehensive regulation under the General Telecommunications Law and various administrative rules thereunder. We operate under authorization agreements for voice, mobile, data and Pay TV services in all Brazilian states, —except, as of the date of this annual report, for voice services in São Paulo state, where we operate under a concession agreement that enables us to provide specified services and subjects us to certain obligations, according to the PGMU and the RCON. Such concession agreement is in the process of being migrated to an authorization. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our authorizations contain certain obligations, and our failure to comply with these obligations may result in various fines and penalties being imposed on us by ANATEL.”

ANATEL is the regulatory agency established by the General Telecommunications Law and is administratively and financially independent from the Brazilian government. Any proposed regulation by ANATEL is subject to a period of public comment and, occasionally, public hearings, and its decisions may be challenged in Brazilian courts.

Concessions and authorizations

In accordance with the General Telecommunications Law, concessions are licenses to provide telecommunications services granted under the public regime, while authorizations are licenses to provide telecommunications services granted under the private regime.

Both concessions and authorizations licenses are subject to several obligations regarding, for instance, quality of service, as well as network expansion and modernization. Nonetheless, companies that provide services under the public regime, known as the concessionaires, are subject to additional obligations as to continuity and universality of service.

A concession may only be granted pursuant to a public bidding process. As a result, regulatory provisions are included in the relevant concession agreements and the concessionaire is subject to public service principles of continuity, changeability and equal treatment of customers. In addition, ANATEL is authorized to direct and control the provision of services, to apply penalties and to declare the expiration of the concession and the return of the possession of the reversible assets from the concessionaire to the government authority upon termination of the concession. Another distinctive feature of public concessions is the right of the concessionaire to maintain economic and financial standards, which are calculated based on the rules set forth in our concession agreement and was designed based on a price cap model.

On October 4, 2019, the New General Telecommunications Law was enacted. This law revises the telecommunications regulatory framework and represents a significant impact on this industry. For more information about the New General Telecommunications Law, see “—Other regulatory matters—Updated regulatory framework.”

The companies that operate concessions under the public regime are Telefônica Brasil, Algar, Sercomtel and Claro (Claro for domestic and international long-distance service). These companies provide fixed-line telephone services in Brazil that include local and long-distance services (domestic and international). All other telecommunications service providers, including the other companies authorized to provide fixed-line services in our concession region, operate pursuant to authorizations under the private regime. Companies that provide services under the private regime, known as authorized companies, are not subject to the same requirements regarding continuity or universality of service. However, they may be subject to certain network expansion and quality of service requirements that are obligations set forth in their authorizations. Authorizations are granted for an indeterminate period. Under an authorization, the government does not provide a guarantee to the authorized company of a financial-economic equilibrium (*equilíbrio econômico-financeiro*), as is the case under concessions. Fixed-line voice authorization license holders are entitled to freely compete with the concessionaires in their respective areas without any limitation.

An authorization is a license granted by ANATEL under the private regime, which may or may not be granted pursuant to a public bidding process, to the extent that the authorized company complies with the objective and subjective conditions deemed necessary for the rendering of the relevant type of telecommunication service in the private regime.

The General Telecommunications Law delegates to ANATEL the power to authorize private regime companies to provide local and intraregional long-distance services in each of the three fixed-line regions and to provide intraregional, interregional and international long-distance services throughout Brazil. ANATEL has already granted authorizations for companies to operate in Region III, our concession region. ANATEL has also granted other authorizations for companies to operate in other fixed-line regions and authorizations to provide intraregional, interregional and international long-distance services throughout Brazil competing with Claro, which operates under a long-distance fixed-line concession.

Concessionaires, including us, can also offer other telecommunications services in the private regime, which primarily include broadband, data transmission services, mobile services and Pay TV. Our concession agreement for fixed-line services in the State of São Paulo is in the process of being migrated to an authorization. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our authorizations contain certain obligations, and our failure to comply with these obligations may result in various fines and penalties being imposed on us by ANATEL.”

Obligations of telecommunications companies

Under the concessions and authorizations framework, we and other telecommunications providers must comply with obligations related to service quality, network expansion, and modernization. In addition, telecommunication concessionaires face specific restrictions on the services they can offer, as detailed in the PGO, as well as particular requirements for network expansion and modernization set forth in the PGMU.

In January 2017, ANATEL conducted a public consultation on proposed updates to the PGO. These updates included a dedicated chapter evaluating the migration of fixed-line concessions to authorizations, in line with the legal framework under discussion in Congress at the time. However, the amendments to the General Telecommunication Law were not enacted until October 2019. Despite ANATEL's initial efforts in 2017, a range of new regulations still need to be drafted and revised to implement the changes outlined in the updated Law.

Failure to comply with telecommunications regulations or any obligations established under concessions and authorizations may result in fines of up to R\$50 million per infraction.

As of the date of this annual report, our operations are regulated as follows:

- Local and long-distance fixed-line voice services (or STFC services), which, as of the date of this annual report, is provide under concession agreements in the state of São Paulo and by authorization in the rest of the Brazilian territory. The concession was granted in 1998 by the Brazilian government and renewed in December 2005 for an additional period of 20 years. Such agreement authorizes us to provide fixed-line telephone services in the state of São Paulo, except for in a small area (Sector 33), and to place and manage public telephones in our concession area. We also provide fixed-line wireless services throughout our concession area, for which the authorization was granted in 2001 by the Brazilian government for the whole Brazilian territory. Such concession agreement is in the process of being migrated to an authorization. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our authorizations contain certain obligations, and our failure to comply with these obligations may result in various fines and penalties being imposed on us by ANATEL”;
- Mobile voice and mobile broadband services, in all 26 states and the Federal District, under the personal mobile service (*Serviço Móvel Pessoal – SMP*) authorizations;
- Fixed broadband and Multimedia communication services, such as audio, data, voice and other sounds, images, texts and other information throughout Brazil. We operate under a nationwide SCM authorization, valid for an indefinite term;
- Pay TV services, throughout all regions of Brazil under the conditioned public service (*Serviço de Acesso Condicionado*), or SeAC authorization. We operate a SeAC authorization, which is valid for an indefinite term;
- Private Limited Services – SLP, which accounts for the provision of telecommunication services in the private regime, intended for network building and specific groups of users defined by the provider and which covers multiple applications, including data, video, audio, voice and text communication; and
- Wholesale services, such as interconnection, governed by the interconnection agreements discussed under “—Operating Agreements—Interconnection Agreements,” EILD, which are regulated by ANATEL Resolution No. 590, dated May 15, 2012, and MVNO agreements, which are described under “—Operating Agreements—MVNO Agreements” (most wholesale services are also regulated by the PGMC).

We set forth below details of the concession, authorizations, licenses and regulations that regulate our operations.

Quality regulations in Brazil

In December 2019, ANATEL approved RQUAL, which changes the way the agency monitors the performance of telecommunications operators. In addition to promoting quality indicators increasingly associated with consumer experience and the widespread dissemination of results, the concept of responsive regulation was introduced, encouraging advanced corrective actions to address problems rather than solely imposing fines when goals are not met.

Annual “seals” from “A” to “E” in each municipality, state, and Brazil will be awarded with quality measurements based on three indices: technical quality of service, perceived quality, and user complaints. If a provider experiences a deterioration in a municipality, resulting in a seal of “D” or “E” compared to the previous year, customers may terminate their contracts without paying loyalty penalties.

An independent entity, the ESAQ, inspected by ANATEL and funded by the providers, measures the quality of services. All measurements are based on a document called the DVR (Reference Values Document), which is issued following RQUAL and reviewed every two years. The first DVR was published in December 2021 but was suspended in November 2023 by ANATEL, which identified the need for adjustments, resulting in no seals being issued to date. A new DVR was published on December 27, 2024, and will be applied to measurements starting in 2025. The publication of seals is estimated to occur during the second semester of 2025.

Fixed-line services

Our concession agreement

We are authorized to provide fixed-line services to render local and domestic long distance calls originating in Region III, which comprises the state of São Paulo, except for Sector 33, established in the PGO. The current concession agreement that is valid until December 31, 2025 was reviewed in 2006 and 2011. Despite review attempts in 2017 and 2020, the Company and ANATEL didn’t reach a consensus to sign the revised Contracts, therefore our 2011 Concession Contracts remain valid.

Other regulations have been adopted to revise certain aspects of our concession. On June 30, 2011, ANATEL determined the new basis for calculation of the biannual concession fees. Every two years, during the new 20-year period of our concession, we are required to pay a renewal fee, which amounts to 2% of the total revenue in the previous year, calculated based on the revenues and social contribution of fixed-line basic and alternative plans. See Note 1 to our Consolidated Financial Statements.

In addition, the Brazilian government published Decree No. 7,512/2011 which enacted PGMU III. It set forth new targets for public pay phones (Telefone de Uso Público) availability in rural and low-income areas and targets related to low-income fixed-line services (Acesso Individual Classe Especial – AICE).

On June 27, 2014, ANATEL held a public consultation for the PGMU. Since there was no mutual agreement between ANATEL and operators for the signature of the 2015 concession agreement contracts, the new version of the PGMU was also delayed. In December 2018, although the new concession contracts have not yet been signed, the Brazilian government published Decree No. 9,619/2018, which approves the revision of the PGMU targets. The new plan replaces some obligations, mainly related to public telephony, for obligations related to the 4G mobile network. These targets have been criticized by several local operators.

In addition, in December 2018, ANATEL began a notice and comment period on the last PGMU revision for the period between 2021 and 2025 (PGMU V). The public consultation was concluded and ANATEL’s board of directors approved the new revision on November 26, 2020. The main change in comparison to PGMU IV concerns the goals that must be met to replace the reduction in the number of payphones required. ANATEL proposed to replace 4G targets, established in the previous plan, with the construction of a backhaul in municipalities that do not have an optical fiber connection yet. These targets were approved by the Brazilian Ministry of Communications (Ministério das Comunicações) in January 2021 through Decree No. 10,610/2021. Additionally, ANATEL published Resolution No. 754/2022, containing the revised PGMU Regulation.

Our concession agreements provide that all assets owned by us, and which are indispensable to the provision of the services described in such agreements, are considered “reversible assets” (*bens reversíveis*) and are deemed to be part of the concession assets, subject to reimbursement or amortization as compensation for these assets. In 2021, with the publication of Resolution No. 744, ANATEL established that, upon the end of an STFC concession contract, reversible assets used for several services, including our public regime STFC services, would be subject to a right-of-use assignment, under fair and reasonable economic conditions, by us and the new service provider or the Brazilian government. In turn, the possession of reversible assets that are effectively and exclusively used to ensure the continuity of public regime STFC would be reverted to the granting governmental authority if the service continues to be provided (either by the Brazilian government or by the new concessionaire service provider). As such, at the end of our concession contract on December 31, 2025, our concession-related assets will not be transferred to the Brazilian government, but will be subject to specific network and infrastructure sharing agreements as provided in the operational manual for the Continuity Regulation, which itself was approved by Decision No. 269/2021/COUN/SCO. Nevertheless, it is important to emphasize that in the scope of administrative proceeding TC nº. 003.342/2022-0, in progress at the Federal Court of Accounts, a technical report stated that the RCON should be reviewed, such understanding shall still be submitted to the court’s ruling. The process is currently suspended.

On December 16, 2024, we, alongside ANATEL, the TCU, and the Brazilian government, through the Ministry of Communications, entered into a term of self-composition for the adaptation of concession agreements for fixed-line telephone services to an authorization instrument, or the Self-Composition Agreement, which outlines the terms for migrating from the concession regime to an authorization regime. The agreement includes several key conditions: (i) we are required to make specific investments in the form, conditions, and terms established under the agreement; (ii) we must maintain the provision of fixed-line telephone services in certain locations without adequate competition within the concession area until December 31, 2028; (iii) all pending administrative and judicial proceedings related to the concession at ANATEL or in the courts must be resolved, and we are required to withdraw any cases filed against the regulator; and (iv) we must commit to fulfilling public interest pledges for up to ten years as part of the adaptation process. Completion of the migration to the authorization regime is conditioned upon the signing of a unified authorization term with ANATEL, which is expected to occur in the first quarter of 2025. The execution of projects related to items (i) and (ii) totals a NPV of R\$ 4.5 billion.

For information about regulations affecting rates we can charge under our concession agreements, see “—Rates, Taxes and Billing.”

Obligations on concessionaires to provide fixed-line service under the public regime

We and the other concessionaires are subject to the PGMU, which requires that concessionaires undertake certain network expansion activities with respect to fixed-line services. The timing for network expansion is revised by ANATEL from time to time. If any given concessionaire does not fulfill its obligations under the PGMU, ANATEL may impose various monetary penalties and such concessionaire may lose its license if ANATEL determines that it will be unable to provide basic services under the Plan.

Fixed line service under the private regime

In 2002, we began providing local and interregional services in Regions I and II and Sector 33 of Region III, and international long-distance services in Regions I, II and III, which constitute regions in Brazil that are outside of our public regime concession area.

Mobile services

In October 2016, ANATEL approved new spectrum use regulations, which facilitate access to radio frequencies and generates efficiency in its use, due to the simplification of procedures and necessary documentation. The regulation also alters spectrum pricing (for non-bidding grants), rules for extending use authorization and new rules for frequency use on a secondary basis prior to primary use.

In July 2018, ANATEL approved Resolution No. 695, which establishes new spectrum pricing regulations, with calculation methods and conditions for spectrum reserve prices and renewal costs. This new regulation took effect in May 2019. A new regulation aimed at replacing Resolution No. 695 was under public consultation and is expected to be published by the end of 2025.

In November 2018, ANATEL approved Resolution No. 703, which establishes new spectrum cap regulation. There are two groups of bands with specific limits for a given area:

- Frequencies up to 1 GHz: each operator may hold up to 35% of the bands;
- Frequencies between 1 GHz and 3 GHz: each operator may hold up to 30% of the bands.

These limits can be extended by up to 40%, through competitive constraints that may be imposed by ANATEL. For frequencies above 3.0 GHz, the limits were determined in the specific auction terms as follows:

- 3.5 GHz frequency (between 3.3 and 3.7 GHz): each operator may hold up to 100 MHz of the band;
- 26 GHz frequency (between 24.3 GHz and 27.5 GHz): each operator may hold up to 1 GHz of the band.

Mobile service licenses (SMP)

Previously, spectrum authorizations were valid for 15 years and could only be renewed once. Although the recently approved New General Telecommunications Law permits successive spectrum renewals, we cannot guarantee that our existing licenses will be renewed.

According to the New General Telecommunications Law and to Decree No. 10,402/2020, ANATEL may set specific conditions for the renewal of our existing licenses on the grounds of efficient spectrum use, competition issues or public interest. For example, ANATEL can impose a mandatory “refarming” processes in certain spectrum bands or refuse renewal requests altogether. A refarming process can reduce the amount of spectrum available for each operator, depending on the configuration of the new blocks.

Our current 850 MHz authorizations will expire in 2028. In November 2020, ANATEL has decided to renew our current authorizations for the use of radiofrequencies in A and B bands, on a primary basis, until November 29, 2028. However, the specific conditions for renewal, including those related to economic valuation criteria and related obligations, were challenged by the affected service providers, including us. After ANATEL rejected complaints presented by the providers, a final disposition of the matter is still pending and will require a decision by the TCU.

In April 2023, ANATEL determined that our authorizations in the 900 MHz band should not be extended (except in the state of Minas Gerais), claiming that the efficient use of this spectrum had not been properly demonstrated, since the low capacity associated this band (2.5 + 2.5 MHz) imposes limitations on its effective use. The non-renewal of these 900 MHz licenses, however, does not affect the services currently provided by the Company. Also in April 2023, ANATEL decided to renew our 1,800 MHz licenses until 2032.

In addition, on December 8, 2022, ANATEL revoked our 450 MHz spectrum authorization (451-458 MHz and 461-468 MHz) covering the states of Alagoas, Ceará, Minas Gerais, Paraíba, Pernambuco Piauí, Rio Grande do Norte, Sergipe and part of São Paulo. The decision was motivated by the fact that we could not provide evidence of service activation in the 450 MHz band as a result of the unavailability of 450 MHz devices ecosystem and of the waiver clause contained in the tender notice, interpreted by ANATEL as meaning that the waiver would operate automatically in case of non-activation of the frequency within the contractual term. Previously, in September 2022, ANATEL revoked authorizations held by other providers.

For authorizations acquired prior to the 5G auction that took place in 2021, their first renewal requires payment of 2% of net operating revenues earned in the region included in the authorization, every two years for the duration of the extension period. For some licenses, we must also pay 1% of the aforementioned amount in the 15th year.

For subsequent periods and all other authorizations, ANATEL determined that the amount due for the extension must be calculated based on net present value (“NPV”) parameters, in order to reflect, according to the Agency, the real economic value (market value) of the sub-bands. In addition, part of the payment should be converted into investment commitments.

It should be noted that, according to the TCU's interpretation of Law No. 13,879/2019, 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 Decree No. 10,402/2020. In this context, ANATEL admitted the second extension of the 900/1800 MHz (in Minas Gerais) and 850 MHz (several states) bands, currently under evaluation by the TCU.

Our SMP authorizations include the right to provide mobile services for an unlimited period but restrict the right to use the spectrum according to the schedules listed in the respective radiofrequency authorizations. The table below sets forth our current SMP authorizations, their locations, band and spectrums, date of issuance or renewal and date of expiration:

Region	Frequency	Bandwidth (MHz)	Notes	Year of Exp. Date	Notes
Brazil ⁽¹⁾	700 MHz	20		2029	
Brazil ⁽¹⁾	850 MHz	25	(2)	2028	(3)
Brazil ⁽¹⁾	900 MHz	5-10	(4)	2032–2035	(5)
Brazil ⁽¹⁾	1.8 GHz	20-80	(6)	2032–2035	(5)
Brazil ⁽¹⁾	2.1 GHz	30-60	(6)	2038	
Brazil ⁽¹⁾	2.3 GHz	40–50	(7)	2041	
Brazil ⁽¹⁾	2.5 GHz	40	(8)	2027–2031	(9)
Brazil ⁽¹⁾	3.5 GHz	100		2041	
Brazil ⁽¹⁾	26 GHz	600		2041	

(1) Telefonica Brazil uses high and low frequencies spectrum in all regions of Brazil.

(2) States of Acre, Amazonas, Amapá, Bahia, Distrito Federal, Espírito Santo, Goiás, Maranhão, Minas Gerais, Mato Grosso do Sul, Mato Grosso, Pará, Paraná, Rio de Janeiro, Rondônia, Roraima, Rio Grande do Sul, Santa Catarina, Sergipe, São Paulo, and Tocantins (except for PGO Sectors 3, 22, 25, 30 and 33).

(3) Current licenses expire in 2028. ANATEL decided to limit their renewal up to 2028, due to a future mandatory refarming process.

(4) 10 MHz in the State of Minas Gerais; 5 MHz in the States of Amazonas, Roraima, Amapá, Pará, Maranhão, Bahia, Sergipe, and São Paulo (except municipalities within area code 11).

(5) Regional licenses: expiration and renewal dates depend on the region.

(6) Bandwidth varies by region.

(7) 50 MHz in the southeast region of Brazil (except for the state of São Paulo and PGO Sector 3); 40 MHz in the state of São Paulo (except for PGO Sector 33); and in the north and mid-west regions of Brazil (except for PGO Sectors 22 and 25).

(8) 40 MHz is the most common bandwidth, but such bandwidth can rise up to 60 MHz in some regions.

(9) Band X will expire in 2027 and Band P will expire in 2031.

In 2013, we changed the terms of our authorizations regarding Band “L” (1.9 GHz) in certain locations, adapting their blocks of frequencies to 2.1 GHz and aligning them with the Band “J” (3G), which enables more efficient use of the spectrum. In 2018, this alignment process was completed at the national level with respect to the following areas: Northeast region, with the exception of Bahia and Sergipe; Pelotas, Morro Redondo, Capão do Leão and Turuçu, in Rio Grande do Sul; Buriti Alegre, Cachoeira Dourada, Inaciolândia, Itumbiara, Paranaiguara and São Simão, in Goiás; Altinópolis, Aramina, Batatais, Brodowski, Buritizal, Cajuru, Cássia dos Coqueiros, Colômbia, Franca, Guaiá, Guará, Ipuã, Ituverava, Jardinópolis, Miguelópolis, Morro Agudo, Nuporanga, Orlândia, Ribeirão Corrente, Sales de Oliveira, Santa Cruz da Esperança, Santo Antônio da Alegria and São Joaquim da Barra in São Paulo; and Paranaíba in Mato Grosso do Sul. This change is foreseen in the bidding document No 001/2007. We do not have Band “L” in the states of Amazonas, Roraima, Amapá, Pará and Maranhão and in the cities of Londrina and Tamarana, Paraná.

In 2012, Telefônica acquired 40MHz on the 2.5GHz to 2.69GHz frequencies for the amount of R\$ 1.05 billion. In order to meet the coverage requirements imposed by ANATEL, we had the obligation of implementing 4G coverage in 1,094 cities by December 31, 2017. The remaining coverage commitments in cities with less than 30,000 inhabitants could be fulfilled with other frequency bands until December 31, 2019. After completing the associated inspection process, ANATEL confirmed our full compliance with such commitments.

Currently, we have made 4G services available in 5,199 municipalities. Telefônica has deployed and continues to deploy 4G coverage by serving its customers through the use of its own network or by established agreements of RAN-sharing approved by ANATEL.

We also have the obligation to meet voice and data demand in remote rural areas, defined in the bidding process of the 2.6 GHz band. As a commitment, we are required to provide infrastructure and service operating in any frequency band in rural areas in the states of Alagoas, Ceará, Minas Gerais, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, Sergipe, and countryside of São Paulo, for a total of 2,556 municipalities. In these areas, we are also required to provide free broadband to schools located in rural areas.

Regarding the 700MHz spectrum, ANATEL has allocated the band for the provision of fixed-line, mobile and broadband services. On September 30, 2014, we acquired 20 MHz (10+10 MHz) with nationwide coverage, for R\$1.92 billion, at the minimum price, plus R\$904 million for the band cleaning (migration of broadcasters that currently occupy the band and interference management). According to the auction rules, the winning bidders are responsible for financing and managing the band cleaning process (Analog TV switch off) which was implemented through a legal entity specifically incorporated for this purpose, as set forth in the bidding process and applicable regulations (EAD).

Since June 2019, all Brazilian municipalities are ready to activate LTE coverage in the 700 MHz band. In November 2020, ANATEL attested that 9 out of 17 obligations have been fulfilled by the operators. According to the Agency, the other obligations would either be concluded in 2020 or were linked to activities that still need to be carried out, however, this situation does not imply any type of noncompliance on the part of the operators in relation to what should have been done.

In December 2015, ANATEL auctioned the remaining spectrum lots in the 1,800 MHz, 1,900 MHz and 2,500 MHz bands, from which Telefônica acquired seven lots of 2.5 GHz frequency band offering a total of R\$ 185.4 million. These lots are associated with six different States, in the capital cities of the States of São Paulo, Rio de Janeiro, Porto Alegre, Florianópolis, and Palmas, and one countryside city of the State of Mato Grosso do Sul. Such frequencies are already being used for the provision of mobile broadband service on 4G.

In November 2021, ANATEL held the largest spectrum auction in its history, which included 4G and, for the first time, 5G blocks, with 700 MHz, 2.3 GHz, 3.5 GHz and 26 GHz lots. On that occasion, we acquired 3.5 GHz and 26 GHz national licenses (100 MHz and 600 MHz bandwidths, respectively). We also won regional 2.3 GHz licenses, with 50 MHz bandwidth in the southeast region of Brazil (except for the state of São Paulo and PGO Sector 3) and 40 MHz bandwidth in São Paulo state and in the north and mid-west regions of Brazil (except for PGO Sectors 22 and 25). These acquired licenses, which we purchased for a total of R\$4.45 billion, of which R\$0.93 billion is related to licenses and the remaining amount is related to the obligations ANATEL established. The licenses ensure we have the required spectrum to provide 5G services, and are valid for 20 years (renewable under the then-existing legal conditions at the expiration of this term).

In 2022, as widely reported, the Company acquired part of Oi's mobile assets, resulting in additional spectrum authorizations in the 900, 1,800, and 2,100 MHz bands. These assets were grouped into a special-purpose entity called Garliava RJ Infraestrutura e Redes de Telecomunicações S.A., which was fully merged with and into the Company in 2023.

Multimedia communication service

Our multimedia services include broadband in several technologies, including fiber services.

We have assumed in the past the obligation to provide free Internet access to public schools in the area comprising in our concession area during the term of our concession agreements. The number of schools for which we should provide broadband is determined by the school census provided by the National Education Ministry, which is published on a yearly basis or sometimes in longer intervals. Our obligation targets are adjusted according to the latest census released.

Pay TV services

We are authorized to provide Pay TV Services (*Serviço de Acesso Condicionado*), or SeAC, throughout Brazil by means of different technologies (Fiber, DTH and coaxial).

Law No. 12,485/2011 established the most important aspects of this service, including the imposition of minimum national content requirements, carrier obligations and rights and cross-ownership restrictions.

Since 2019, the Brazilian Congress has been discussing bills amending SeAC law. Among the proposals is the review of limitations to cross-control between telecom providers and content producing and programming companies. Regulatory asymmetries between SeAC and OTT services are also under debate.

Interconnection fees

In accordance with ANATEL regulations, we must charge fees to the other telecommunications service providers based on the following:

- a fee for the use of our local, fixed-line service network (the TU-RL): we charge local service providers an interconnection fee for every minute used in connection with a call that either originates or terminates within our local network, with the exception of calls between other providers of local, fixed-line service, for which a fee is not charged;
- a fee for the use of our long-distance, fixed-line service network (the TU-RIU): we charge long-distance service providers an interconnection fee on a per-minute basis only when the interconnection access to our long-distance network is in use;
- a fee for the use of the mobile network (the MTR): we charge mobile service providers an interconnection fee on a per-minute basis only when the interconnection access to our mobile network is in use; and

- a fee for the use of leased lines by another service provider (EILD): we also lease transmission lines, certain infrastructure and other equipment to other providers of telecommunications services.

For more information, see “Item 3. Key Information—D. Risk Factors—Risks Relating to the Brazilian Telecommunications Industry and Us—Our results of operations may be negatively affected by changes to STFC or SMP rules.”

Fixed-line services

In July 2005, ANATEL published new rules on interconnection. The main changes are: (i) an obligation to have a public offering of interconnection for all services, in addition to interconnection fees between providers of fixed-line and mobile telephone services; (ii) an obligation by internet backbone providers to publicly offer interconnections; (iii) the establishment of criteria for the treatment of fraudulent calls; and (iv) a reduction of service times for interconnection requests.

In 2006, we completed the implementation of interconnection with mobile service providers in regions with heavier traffic, ensuring proper billing for such calls. This reduced interconnection costs.

In 2007, ANATEL published a new version of its fixed-line network compensation regulation, which changed the rules used to calculate interconnection fees. Local and long-distance fees, which were hitherto fixed, became variable fees according to the rules for public service fees. A 20% increase was applied to fees for mobile service operators without significant market power in their regions.

On May 7, 2012, ANATEL Resolution No. 588/2012 was published, which set forth the following:

- a maximum of two minutes of interconnection should be paid for the use of the local network on reduced hours;
- a reduction of interconnection fees from domestic and international long-distance calls by 30% of the TU-RL, and a reduction of 25% (until 2012) and 20% (as of 2013) of the TU-RIU;
- The remuneration between networks will not occur until this traffic imbalance is greater than 75% compared to 25%; and
- The partial Bill & Keep by December 31, 2013 and full Bill & Keep by December 31, 2014.

On July 1, 2014, ANATEL decided to gradually decrease the TU-RL, and the TU-RIU based on a bottom-up cost model by setting maximum rates for fixed-line interconnection fees for the years 2016 through 2019. In December 2018, ANATEL set the fixed-line interconnection fees ranging for the years 2020 through 2023. Further, in March 2023, ANATEL set the new fixed-line interconnection fees ranging for the years 2024 through 2027, as shown in the table below for our STFC sector (Sector 31) in reais):

Year	Interconnection fees for Sector 31		
	TU-RL	TU-RIU1	TU-RIU2
2024	0.00598	0.00725	0.00655
2025	0.00604	0.00732	0.00663
2026	0.00610	0.00741	0.00671
2027	0.00617	0.00749	0.00680

In December 2016, ANATEL held a public consultation to discuss a new interconnection regulation (*Regulamento Geral de Interconexão*). These rules were eventually enacted in July 2018 through Resolution No. 693. The new rules seek to resolve a large number of disputes in agreements for voice and data traffic among telecom companies. In the case of a default, interconnection services can be cut without ANATEL’s prior authorization. In addition, the rule sets forth a list of prohibited practices in interconnection relationships and makes interconnections technology-neutral.

Mobile service

In November 2009, ANATEL unified the licenses of all mobile operators, resulting in the consolidation of interconnection fees and reducing the number of fees for the use of the mobile network from two to one. On July 1, 2014, ANATEL decided to gradually decrease the MTR, based on a cost model for the years 2016, 2017, 2018 and 2019. In December 2018, ANATEL established the reference values for the MTR for the years ranging from 2020 until 2023. Further, in March 2023, ANATEL established the reference values for the MTR for the years ranging from 2024 until 2027, as shown below per region in the General Authorization Plan (Plano Geral de Autorizações), or PGA, in reais:

Year	PGA Region I	PGA Region II	PGA Region III
2024	0.01472	0.01599	0.01738
2025	0.01503	0.01650	0.01779
2026	0.01499	0.01686	0.01779
2027	0.01497	0.01632	0.01804

In addition, on December 2, 2013, Act No. 7,272 was published, which set the MTR reference values for PMS providers and became effective on February 24, 2014. On August 28, 2014, Act No. 7,310 replaced the reference values previously set out in Act No. 7,272. In addition, the PGMC determined that in the relationship among PMS and non-PMS providers in the mobile network, the interconnection fee should be paid only when the traffic out of a network in a given direction is greater than 80% of the total traffic exchanged until February 23, 2015; and 60% of the total traffic exchanged from February 24, 2015 to February 23, 2016. Since February 24, 2016, the MTR is owed to the mobile service provider when its network is used to originate or terminate calls (full billing). These conditions were further modified by ANATEL in February 2015, after public notice and comment. In July 2018, ANATEL amended the PGMC and modified the rules on interconnection fees to be paid for outbound traffic, as follows:

- From January 1, 2013 to February 23, 2015: 80% / 20%;
- From February 24, 2015 to February 23, 2016: 75% / 25%;
- From February 24, 2016 to February 23, 2017: 65% / 35%;
- From February 24, 2017 to February 23, 2018: 55% / 45%; and
- From February 24, 2018 onwards: 50% / 50%.

EILD

On May 18, 2014, ANATEL approved the proposed standard for setting maximum values of Industrial Dedicated Line (EILD), based on Cost Models. Values for EILD were published through Act No. 6212, which contains a single reference table that is valid from 2016 until 2019. In addition, the general competition plan requires companies with significant market power to present a public offer every six months informing standard commercial conditions, which is subject to approval by ANATEL.

On December 17, 2018, ANATEL approved through Act No. 9,920 a revision of the EILD reference table, valid for 2020 onwards.

On March 28, 2023, ANATEL approved through Act No. 3.248 a new revision of the EILD reference table, valid from February 25, 2024 until 2027.

Mobile Virtual Network Operator (MVNO)

In 2001, ANATEL approved rules for companies to be licensed as MVNOs. In 2016, ANATEL authorized MVNO companies to be affiliates of other certain network operators, and for that reason, we have signed agreements with companies authorized to operate as an MVNO in Brazil. Brazilian MVNO regulations allow two operating models: “authorized” (in which MVNO holds its own SMP authorization but operates under an MNO’s network) and “accredited” (in which the company doesn’t hold an SMP authorization and acts as an MNO’s representative and offers services jointly). In August 2019, ANATEL held a public consultation about regulatory barriers to IoT expansion and proposed changes in MVNO regulations. Furthermore, in November 2020, ANATEL Resolution No. 735/2020 reduced regulatory restrictions on the “accredited” model, and permitted the representation of multiple MNOs and gave more autonomy in the use of network agreements.

In November 2023, ANATEL published a public consultation dedicated to updating the PGMCM in which the MVNO, as a wholesale product, is considered a relevant market. As of the end of the public consultation, the updated PGMCM is scheduled to be published during the second semester of 2025.

Internet and related services in Brazil

In Brazil, internet service providers, or ISPs, are deemed to be suppliers of value-added services and not telecommunications service providers. ANATEL requires SCM operators to act as carriers of third-party internet service providers.

Civil rights framework for the Internet

On April 23, 2014, at the opening of NetMundial, Brazil's former President approved the Civil Rights Framework for the Internet (*Marco Civil da Internet*), which was enacted as Law No. 12,965/2014. The act adopts strict Net Neutrality rules that guarantee equality of treatment for data traffic in the network and preserves the business model of Brazilian broadband offered in packages with different speeds. After three public consultations released by CGI.br (the Brazilian Internet Steering Committee), the Ministry of Justice and ANATEL, the Brazilian government published Decree No. 8,711/2016, which regulates the law. It establishes the regulation for Net Neutrality and mechanisms to protect the data stored by service and application providers, as well as determining the circumstances in which data can be obtained by the public administration. We believe these measures offer our clients greater protection with respect to how their personal information is used and shared and creates opportunities for new services that make use of aggregated information.

Brazilian General Data Protection Law (LGPD)

Law No. 13.709/2018, or the LGPD, came into force on September 18, 2020. It is a comprehensive data protection law establishing general principles and obligations that apply across all economic sectors and contractual relationships. To regulate and supervise the application of the law, the ANPD was created and has been under the administration of the Ministry of Justice since 2023. Certain aspects of the LGPD will be subject to further regulation by the ANPD, in accordance with ANPD’s Ordinances No. 11/2021, 35/2022, and Resolution No. 23/2024, following its regulatory schedule published every two years.

The LGPD establishes detailed rules for the collection, use, processing and storage of personal data in all economic sectors, regardless of whether data is collected in a digital or physical environment. In general, our services and processes depend on personal data. The way in which we collect, store and manage this data must comply with the provisions of the LGPD. In addition, the administrative sanctions provided for in the LGPD (Articles 52, 53, and 54) came into force on August 1, 2021, pursuant to Law No. 14.010/2020, and additional rules were established with the publication of 10 additional regulations so far. Some of the main regulations, include the Administrative Sanctions and Dosimetry Regulation (Resolution No. 4/2023), the Security Incident Communication Regulation (Resolution No. 15/2024), and the International Data Transfer and Standard Contractual Clauses Regulation (Resolution No. 19/2024).

As of the date of this annual report, the ANPD has signed a number of technical cooperation agreements with administrative bodies and agencies, including the SENACON, the Brazilian Office of the Controller General (Controladoria Geral da União), or CGU, the National Supplementary Health Agency (Agência Nacional de Saúde Suplementar), and the Latin America Development Bank. The ANPD has also signed a memorandum of understanding with the Spanish Data Protection Authority and with the Office of the Privacy Commissioner of Canada to promote cooperation mechanisms, including the exchange of knowledge, experiences, and practices in the field of privacy and personal data protection.

For additional information on our practices regarding the LGPD and our Privacy and Data Protection Governance Program, see “Item 16g. Corporate Governance—Corporate Governance Practices—Data Protection and Privacy Initiatives.”

Resolutions published

A series of new regulations, published by ANATEL as well as other regulatory bodies in Brazil, became effective in 2024. The most relevant among these regulations were:

- ANATEL Resolution No. 767: Amends the Regulation for Cybersecurity Applied to the Telecommunications Sector;
- ANATEL Resolution No. 768: Revokes and amends Resolutions issued by ANATEL, approves the Regulation for Universalization of the Switched Fixed Telephone Service Provided in the Public Regime, and the Model of Concession Contract for the Switched Fixed Telephone Service in the Local modality and the Regulation for Pricing of the Switched Fixed Telephone Service Provided for General Public Use – STFC;
- ANATEL Resolution No. 769: Revokes and amends Resolutions issued by the Agency (Regulatory Guillotine 2023-2024); and
- ANATEL Normative Act No. 14,430: Approves the restriction of equipment operating only with 3G or lower.

Public consultations published

In 2024, ANATEL announced a series of public consultations. The most relevant among these public consultations were:

- ANATEL Public Consultation No. 5: Reassessment of rules related to the operation of STFC in the public regime;
- ANATEL Public Consultation No. 10: Update of the attributions and destinations of frequencies do Brasil (2023-2024);
- ANATEL Public Consultation No. 12: Telecommunications Network Structural Plan;
- ANATEL Public Consultation No. 15: Revokes and amends Resolutions issued by the Agency (Regulatory Guillotine 2023-2024);
- ANATEL Public Consultation No. 24: Revision of the Account Separation and Allocation Regulation and the Cost Model Standard;
- ANATEL Public Consultation No. 29: Updated Certification Requirements for Access Points in the 5,925-7,125 MHz range;
- ANATEL Public Consultation No. 36: Restriction on the approval of equipment operating only with 3G or lower;
- ANATEL Public Consultation No. 39: STFC Annual Review of Tariff and Local Treatment Areas (Year 2024);
- ANATEL Public Consultation No. 40: Revision of the Bidding Regulation, approved by Resolution No. 65, of 1998
- ANATEL Public Consultation No. 46: ANATEL's Regulatory Agenda Proposal for the 2025-2026 biennium;
- ANATEL Public Consultation No. 53: Revision proposal - Regulation for the Application of Administrative Sanctions – RASA;

- ANATEL Public Consultation No.59: Bidding Notice for the 708 MHz-718 MHz and 763 MHz-773 MHz bands;
- ANATEL Subsidy Taking No. 2: Demand evaluation for radio frequency spectrum in Brazil;
- ANATEL Subsidy Taking No. 5: Collection of inputs about the role of connectivity in the development of AI;
- ANATEL Subsidy Taking No. 6: Reevaluation of the General Accessibility Regulation – RGA;
- ANATEL Subsidy Taking No. 9: Initiatives from the 2023/2027 Strategic Plan to the 2025/2026 Strategic Portfolio; and
- ANATEL Subsidy Taking No. 12: Measures to promote the sustainable use of orbit resources.

Other regulatory matters

Regulation for competition

In December 2016, ANATEL launched a public consultation for a regulation that set price references for wholesale products. The proposal would set the ANATEL cost model as the only source for the valuation of these products. In July 2018, ANATEL approved amendments to the PGMCM through Resolution No. 694/2018. The rule creates a new relevant market (high-capacity data transfer) and introduces the concept of retail competitiveness levels for each municipality (ranging from category one, fully competitive, to category four, non-competitive areas where public policies are necessary to enable services). For each relevant market, asymmetric measures may vary according to the competition category assigned to each municipality. In addition, the new PGMCM defines small-scale providers (*prestadora de pequeno porte*), or PPP, which ANATEL factors when creating asymmetric rules (in the context of PGMCM and possibly in other regulations). Under the definition set by ANATEL, PPP designation applies to any company that does not account for more than 5% of the retail market share in which it operates.

In November 2023, ANATEL published a public consultation dedicated to updating the PGMCM which was scheduled to end in April 2024. As of the end of the public consultation, the updated PGMCM is scheduled to be published during the second semester of 2025.

Productivity factor

The X Factor is a regulatory instrument used to incentivize operational efficiency gains in the telecommunications sector, so that related gains in earnings are shared with the consumer through annual tariff readjustments. The X Factor's calculation mechanism, including the inputs and products relating to our applicable operations that are included in the calculation, are set by ANATEL. In October 2017, ANATEL approved a new methodology to calculate the X Factor for fixed-line telephone services. The new regulation uses a cost-based model to segregate revenues and costs for services. Under the new formula, although gains for retail broadband services were excluded, the methodology continues to consider the productivity gains of services rendered under the fixed voice authorization. Although this standard represents an evolution in the calculation methodology with the exclusion of gains in retail broadband services, there is still what we regard as an undue inconsistency when factoring in the productivity gains of the fixed voice authorization because the calculation does not distinguish between fixed voice services provided under the public and the private regime. We have voiced our opposition to the method for calculating the X Factor on a number of occasions. Although we have not initiated any formal proceedings with respect to this issue before ANATEL, we have expressed our criticism of this issue during the public consultation phase that preceded formal adoption of the standard, and annually each time we deliver our data to ANATEL for its calculation of our X Factor.

Updated regulatory framework

On October 4, 2019, the New General Telecommunications Law was published. This law revises the General Telecommunications Law and significantly impacts the industry. The New General Telecommunications Law permits fixed-line concessions operators to migrate from a concession regime (in which the underlying assets must be reverted to the government at the end of the concession) to an authorization regime. ANATEL will be responsible for estimating the gains obtained by operators as a result of migrating from one regime to the other. According to the Law, on July 5, 2022, ANATEL presented a methodology with an estimate of the economic value associated with the adaptation of the concession instrument for authorization, also validated by the Federal Court of Accounts, ANATEL forwarded the calculation methodology and values for the migration from the concession regime to authorization for validation by the TCU (federal court of accounts), which determined some adjustments in the calculation, the main one being the use of market value for the most relevant reversible assets.

In parallel, we entered into an arbitrage process with ANATEL, seeking a financial indemnity for events that impacted the financial equation of the concession contract, such as: (i) events over time that unbalanced the original contract; and (ii) unsustainability of the contract (structural changes in the industry. However, we requested the suspension of the arbitration procedure given the possibility of an amicable solution between ANATEL and the concessionaires, mediated by the TCU (through its “Consensual Solution” procedure). On October 5, 2023, ANATEL submitted a request to the TCU to open a Consensual Solution procedure, which was approved by the Court on January 23, 2024, resulting in the creation of the Negotiation Committee.

On May 23, 2024, the Negotiation Committee reached an understanding on the proposed terms and conditions of the Self-Composition Agreement. The proposed terms and conditions of said Agreement were approved by the TCU in a meeting held on November 27, 2024, with the inclusion of conditions that were ratified by the Company, by ANATEL and by the Ministry of Communications. The Self-Composition Agreement was executed on December 16, 2024. The Self-Composition Agreement has as its purpose, among others: (i) the realization of investments by Telefônica, in the form, conditions and terms established in this Agreement, in exchange for the adaptation; and (ii) the maintenance of the provision of STFC, in locations without adequate competition, contained in the provision area of the STFC Concession Agreements that will be terminated, until December 31, 2028. It is expected that the single agreement will be issued by ANATEL by the end of the first quarter of 2025.

Furthermore, the New General Telecommunications Law also permits the successive renewal of an authorization to explore a spectrum, so long as ANATEL’s requirements and stipulations are met. Under the previous model, each authorization could be renewed only once. In addition, New General Telecommunications Law permitted the creation of a secondary spectrum trading market among authorized operators, where trades can be placed directly between them. Similarly, companies holding the rights to explore Brazilian satellite positions can have their permits renewed on an unlimited basis. However, these aspects of the law are still subject to implementation through regulations, which have yet to be passed.

Finally, under the New General Telecommunications Law, the FUST law was revised to clarify that radio and video broadcasting services are not subject to taxation under the FUST.

Telecommunications Self-Regulation System

In March 2020, we and the main telecommunications service providers in Brazil launched a joint initiative aimed at establishing the sector’s first comprehensive self-regulation program. The Telecommunications Self-Regulation System (*Sistema de Autorregulação das Telecomunicações*), or the SART, sets common rules and procedures that must be followed by all participating companies in relation to the most relevant topics regarding the relationship between providers and customers, such as telemarketing, offers, billing and customer care.

Although the initiative is still restricted to large operators, the SART will be open to any telecommunications company that wants to participate and commits itself to the principles defined by the program. The main benefit for participating companies are the defined procedures and rules towards improving services, resulting in greater consumer satisfaction and promoting an environment that stimulates a more principle-oriented approach to regulatory issues.

The first self-regulatory norm established by SART was the Telemarketing Code of Conduct, which brings self-regulation rules for the relationship between consumers and telecommunication operators, setting forth basic principles that must be followed by the companies, such as the duration and number of calls. Additionally, the Do not Disturb Platform was also created, which has already blocked more than 7 million telephones for telemarketing calls at the customer's request, according to the Telecommunications Providers Association, or CONEXIS.

SART also created the Customer Service Regulation, which sets out rules for meeting consumer demands related to telecommunications products and services, in the various relationship channels available. The Billing Regulation, another initiative coordinated by SART, guides collection actions and establishes commitments on payment methods, debt negotiation, contestation, return of amounts and contractual termination. Finally, the Product Offers Regulation, in turn, bring rules on contracting products and services and their presentation, using simple, direct and easy-to-understand language, focusing on bringing more transparency to information disclosure for consumers. Together, these initiatives emphasize the values of respecting consumer rights, promoting fair competition and encouraging correct, efficient and transparent communication with society in general.

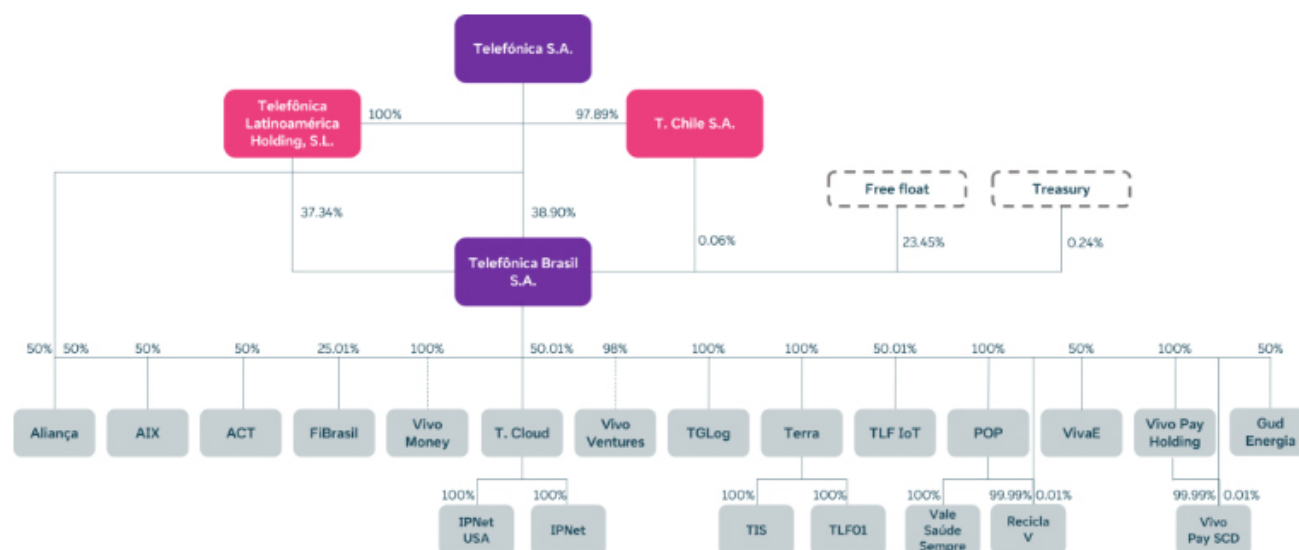
Telecommunications Consumers Rights

The new General Consumer Rights Regulation (RGC) published by ANATEL in November 2023, and approved by Resolution No. 765/2023, introduces changes in certain provisions related to telecommunications service offerings, including rules around blocking due to payment default. This regulation also updates and modernizes customer relationship obligations. The new RGC will come into effect in September 2025, replacing the previous Resolution No.632/2014.

C. Organizational Structure

As of December 31, 2024, 76.30% of our voting shares were controlled by the three main controlling shareholders: Telefónica S.A., with 38.90%, Telefónica Latinoamérica Holding, S.L., with 37.34%, and Telefónica Chile S.A., with 0.06%. Telefónica Latinoamérica and Telefónica Chile S.A. are a wholly owned subsidiary of Telefónica S.A. See “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.”

Our current general corporate and shareholder structure is as follows:



Significant Subsidiaries

Our subsidiaries are Terra Networks Brasil Ltda. (formerly known as Terra Networks Brasil S.A.), or Terra, POP Internet Ltda., or POP, and Telefonica Transporte e Logística Ltda, or TGLog, Fundo de Investimento em Direitos Creditórios Vivo Money, or Vivo Money, and Vivo Pay Holding, all of which we own and are based in Brazil.

On September 30, 2020, Terra Networks Brasil S.A., a wholly owned subsidiary of Telefônica Brasil, resolved in favor of changing its corporate form from a corporation to a limited liability company in the process of changing its name to Terra Networks Brasil Ltda. The resolution was carried out through an extraordinary shareholders’ meeting.

Associated Companies

Aliança Atlântica Holding BV (Aliança): Headquartered in Amsterdam, Netherlands, the entity is 50.00% owned by Telefônica Brasil and holds funds generated by the sale of its shares of Portugal Telecom in June 2010. For more information, see “Item 4. Information on the Company—A. History and Development of the Company—History—Corporate Restructuring Involving the Company and Vivo Participações.”

Companhia AIX de Participações (AIX): Headquartered in Brazil, the entity is 50.00% owned by Telefônica Brasil and holds a 93.00% stake in the Refibra consortium, formed to finalize a network of underground fiber pipelines in Brazil, in order to make them commercially viable.

Companhia ACT de Participações (ACT): Headquartered in Brazil, the entity is 50.00% owned by Telefônica Brasil and holds a 2.00% stake in the Refibra consortium.

Vivo Ventures Fundo de Investimento em Participações Multiestratégia (Vivo Ventures): Headquartered in Brazil, the fund is 98.00% owned by Telefônica Brasil and 2.00% by Telefônica Open Innovation SL.

Telefônica Cloud e Tecnologia do Brasil S/A (T. Cloud): Headquartered in Brazil, the entity is 50.01% owned by Telefônica Brasil and 49.99% by Telefônica Cybersecurity & Cloud Tech, SL.

Telefônica IoT, Big Data e Tecnologia do Brasil S/A (TLF IoT): Headquartered in Brazil, the entity is 50.01% owned by Telefônica Brasil and 49.99% by Telefônica IoT & Big Data Tech S.A. (TI&BDT)

Recicla V Comércio e Reciclagem de Sucatas e Metais Ltda. (Recicla V): Headquartered in Brazil, the entity is directly owned 0.01% by Telefônica Brasil and indirectly held 99.99% by POP.

VivaE Educação Digital SA (VivaE): Headquartered in Brazil, the entity is 50.00% owned by Telefônica Brasil and 50.00% by Ânima Holding SA.

FiBrasil: Headquartered in Brazil, the company is 25.01% controlled by Telefônica Brasil and 24.99% by Telefônica Infra, SLU (“TEF Infra”), a company headquartered in Spain, fully controlled by Telefônica SA and CDPQ, a global investment group, owning the remaining 50% of the share capital, after purchasing shares of FiBrasil.

GUD Energia: Headquartered in Brazil, the entity is 50.00% owned by Telefônica Brasil and 50.00% by Auren Comercializadora de Energia Ltda.

Vivo Pay SCD: Headquartered in Brazil, the entity is directly owned 0.01% by Telefônica Brasil and indirectly held 99.99% by Vivo Pay Holding.

Indirect shareholdings

Telefônica Brasil S.A. holds indirect interests in the following companies: Telefônica Infraestrutura e Segurança Ltda. (“TIS”), TLF01, Vale Saúde Sempre (VSS), IPNET and IPNET USA.

Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act. Section 13(r) requires an issuer to disclose in its annual or quarterly reports filed with the SEC whether the issuer or any of its affiliates has knowingly engaged in certain activities, transactions or dealings with the Government of Iran, relating to Iran or with designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction during the period covered by the annual or quarterly report. Disclosure is required even when the activities were conducted outside the United States by non-U.S. entities and even when such activities were conducted in compliance with applicable law.

The following information is disclosed pursuant to Section 13(r). None of these activities involved U.S. affiliates of Telefônica or the Company.

Roaming Agreements with Iranian Operators

Some subsidiaries of our controlling shareholder, Telefônica, including us, have entered into roaming agreements with Iranian telecommunication companies. Pursuant to such roaming agreements these subsidiaries’ customers are able to roam in the particular Iranian network (outbound roaming) and customers of such Iranian operators are able to roam in the network of Telefônica’s relevant subsidiary (inbound roaming). For outbound roaming, these subsidiaries pay the relevant Iranian operator roaming fees for use of its network by Telefônica group customers, and for inbound roaming, the Iranian operator pays the relevant subsidiary roaming fees for use of the respective network by its customers.

Regarding Iran, we have a roaming agreement with Irancell. During 2024, we recorded US\$3.00 in roaming revenues and zero expenses payable to Irancell under this agreement.

Telefónica's subsidiaries and Telefónica's former subsidiary Telefónica UK Ltd., other than our Company (which arrangements are described above), were party to the following roaming agreements with Iranian telecommunication companies in 2024:

- (1) *Telefónica Móviles España S.A.*, or TME, Telefónica's Spanish directly wholly-owned subsidiary, has respective roaming agreements with (i) Mobile Telecommunication Company of Iran, or MTCI, (ii) Taliya Mobile, or Taliya, and (iii) Telecommunication Kish Co., or TKC. During 2024 TME recorded the following revenues related to these roaming agreements: (i) €474,806 from MCI, (ii) no revenues from Taliya and (iii) no revenues from TKC.
- (2) *Telefónica Germany GmbH & Co. OHG*, or TG, Telefónica's 96.85% indirectly-owned subsidiary (as of December 31, 2024), has respective roaming agreements with MTCI and Irancell. During 2024 TG recorded the following revenues related to these roaming agreements: (i) no revenues from MCI and (ii) 7,467 euros from Irancell.
- (3) *Telefónica UK Ltd, or TUK*, Telefónica's former English directly wholly-owned subsidiary, has a roaming agreement with Taliya. TUK ceased to be Telefónica's subsidiary upon the establishment of JV VMED O2 UK on June 1, 2021, following which establishment TUK has been owned by VMO2. During 2024, TUK recorded no revenues from Taliya.
- (4) *Pegaso PCS S.A. de C.V.*, or PCS, Telefónica's Mexican directly wholly-owned subsidiary, has a roaming agreement with Irancell. During 2024, PCS recorded US\$146 in roaming revenues from Irancell under this agreement.

The net profit recorded by Telefónica's subsidiaries and TUK pursuant to these agreements and arrangements did not exceed the related revenues recorded thereunder.

The purpose of all of these agreements is to provide the Telefónica group's customers with coverage in areas where the group does not own networks. For this purpose, Telefónica's subsidiaries intend to continue maintaining those agreements, which are still outstanding.

The Telefónica group does not currently have any plans to enter into new roaming arrangements with Iranian telecommunication companies. However, the Telefónica group may consider entering into such arrangements in the future.

During 2024, Telefónica Hispam ("TH") had one retail mobile phone contract with one customer identified in the list administered by OFAC as sanctioned pursuant to Executive Order 13382. During 2024, TH recorded revenues totaling 67.28 U.S. dollars related to this customer. The termination of such contract is being considered. The provision of the relevant services by TH was in compliance with applicable laws.

During 2024, TG had retail mobile phone contracts with two customers in Germany identified in the lists administered by OFAC as sanctioned pursuant to Executive Order 13224 and Executive Order 13382. During 2024, TG recorded revenues totaling 1,833.87 euros related to these customers. The termination of such contracts is being considered. The provision of the relevant services by TG was in compliance with applicable laws.

In 2023, TG had retail mobile phone and internet contracts with four additional customers in Germany identified in the lists administered by OFAC as sanctioned pursuant to Executive Order 13224 and Executive Order 13382. Certain of these contracts have been terminated. TG did not record any revenue in 2024 related to these customers. The provision of the relevant services by TG was in compliance with applicable laws.

D. Property, Plant and Equipment

As of December 31, 2024, we had fixed and mobile operations in 2,660 properties, 1,387 of which we own, of which 102 are administrative buildings. Besides that, we have entered into standard leasing agreements to rent the remaining properties, under which 124 administrative areas, eight kiosks and 292 retail stores are leased.

Our main physical properties for providing fixed-line telephone services involve the segments of switching (public switching telephone network, or PSTN), transmission (optic and wireless systems), data communication (multiplex devices, IP network), infrastructure (energy systems and air conditioning) and external network (fiber optic and metallic cables), which are distributed in many buildings throughout the state of São Paulo and in the main cities outside the state of São Paulo. Some of these buildings are also used for administrative and commercial operations.

Our main physical property for mobile services consists of transmission equipment, switching equipment, base stations, and other communication devices, such as voicemail, prepaid service, short message service, home location registers, signaling transfer point, packet data switching network and gateways. All switches, cellular sites, administrative buildings, administrative facilities, warehouses and stores are insured against damages for operational risks.

Pursuant to Brazilian legal proceedings, liens have been attached to several properties pending the outcome of various legal proceedings to which we are a party. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings.” In addition, certain of our properties are still pending the applicable licenses and approvals from the local fire departments.

We are constantly making improvements to our facilities and network to meet customer demand and to improve the level of services we offer our clients.

Environmental matters

Brazilian federal, state, and municipal legislation comprehensively regulate environmental protection, the responsible use of natural resources, the preservation of fauna and flora, the mitigation and adaptation of climate change, as well as the prevention and control of pollution. Within the framework of these laws, specific environmental licenses are required before undertaking the construction, installation, expansion, or operation of facilities. According to the enforceability defined by the federal or sub-national environmental agencies, this obligation is extended to telecom infrastructure and equipment, such as radio/cell base stations, antennas, transmission backhaul, and backbone networks. In addition to environmental licensing, our operations are subject to a range of additional environmental regulations such as, among other matters, regulations related to air emissions, soil and water pollutants, take-back systems, recycling and waste management, interference with areas of cultural and historical relevance, environmental protected areas and contamination.

In Brazil, non-compliance with environmental rules or regulations may result in civil, administrative, or criminal liability. With respect to civil liability, Brazilian environmental laws adopt a standard of strict, unlimited, and joint liability in determining the obligation to remediate impacts caused to the environment. Furthermore, Brazilian courts may pierce the corporate veil when and if it poses an obstacle to the full recovery of environmental damages. Within the administrative sphere, companies may face penalties of up to R\$50 million, operation suspension, exclusion from specific government contracts, be required to repair or provide indemnification in respect of any caused environmental liability, lose tax benefits and incentives and be at a competitive disadvantage to match the criteria assessed by sustainability indexes such as the Dow Jones Best-in-Class World Index and the B3’s Corporate Sustainability Index (ISE B3), among others.

We have a series of procedures in place to protect our networks, our reputation and operations from environmental impacts that goes from operation controls to specific insurance coverage relating to civil and environmental matters. In order to maintain and enhance environmental performance, we have implemented the Solid Waste Management System (Gretel) that allows us to manage the flow of generation, transportation and destination of hazardous and non-hazardous waste, promoting supply chain traceability and circular economy actions.

The Company has an Environmental Management System (EMS) that follows the international standard ISO 14001, with third-party certification covering the main capitals and metropolitan regions since 2016. These certifications are periodically audited on a sample basis to assess the EMS's effectiveness. Observations identified during these audit processes are addressed through the implementation of action plans, always aiming to continuously improve our processes and implement best environmental practices. Several engineering measures are proposed and implemented to mitigate potential risks, such as reducing the visual impact of facilities, modernizing equipment to lower noise emissions, and adapting structures to contain potential leakages.

Energy consumption is a critical resource for our network infrastructures, which require substantial power. To address this demand, we have implemented a Renewable Energy Plan that enabled us to achieve 100% renewable electricity usage since November 2018—12 years ahead of our initial target. To achieve this milestone, we adopted a combination of solutions, including distributed generation, free-market (FM) energy purchases, and the acquisition of renewable energy certificates with guarantees of origin.

In 2024, we reached 71 Distributed Generation plants with 72.2 MWm of installed power in operation across various regions of Brazil. At the end of the project, power generation from this modality will meet 90% of our low-voltage energy consumption, with a total installed power of 80.9 MWm from renewable sources (solar, hydro, and biogas). In 2024, we also began operating energy self-generation with four solar plants located in Janaúba, state of Minas Gerais. These plants will supply part of our medium-voltage units for a period of 15 years.

Climate change is one of the pillars of our sustainability strategy, supported by short-, medium-, and long-term objectives consolidated in our Climate Action Plan approved by the Board of Directors. Our main goal is to achieve net zero emissions by 2035 for the entire value chain. Significant progress has been made, including achieving the first objective of our Net Zero plan by reducing our greenhouse gas (GHG) emissions (Scope 1 and 2) by 90% compared to our 2015 baseline. This achievement was made possible through renewable energy purchases, which resulted in zero Scope 2 emissions on a market-based approach; the use of biofuel in our fleet; the implementation of more efficient processes through operational improvements in air conditioning equipment; and compensating for residual GHG emissions.

In 2019, we became the first telco in Latin America to announce the compensation of 100% of emissions related to our own operations using high-integrity carbon credits. These credits were selected to generate social and environmental positive impacts, including preventing deforestation in parts of the Amazon Forest and supporting forest restoration projects in Mato Grosso do Sul.

In addition to efforts related to operational emissions (Scope 1 and 2), which are linked to 5% of all our employees' Results Participation Program (PPR) calculation, we are also working to reduce our impact beyond our borders. Considering the importance and weight of the value chain on our emissions, we structured our Carbon in the Supply Chain Program. We invited our carbon-intensive suppliers to participate and held a series of meetings and webinars to discuss climate change. The program's objective is to encourage suppliers to measure and manage their emissions, seek alternatives to reduce them, and make a voluntary climate commitment, thus contributing to our Scope 3 reduction target.

As a result of our decarbonization achievements in Scope 1 and 2, coupled with our commitment to involving our value chain in reducing emissions, we were honored by the American Chamber of Commerce for Brazil (AMCHAM) with two awards for the cases: "Vivo Expands Climate Action for the Value Chain" and "Vivo's Decarbonization Strategy." Additionally, our CEO was recognized for his ESG leadership.

Environmental transparency is a crucial step toward a net-zero and positive future for nature. In 2024, we launched the second edition of our Climate Action Plan for public consultation and investor feedback, consolidating our strategy for transitioning to a low-carbon economy. Over the past years, we have been among the Brazilian companies recognized in a leadership position by CDP Climate Change, demonstrating the strength of our environmental management. Furthermore, in 2024, we were listed for the first time in the Dow Jones Best-in-Class World Index. We are also one of the leaders in the Corporate Sustainability Index of the B3 (ISE B3, Top 3).

In 2006—long before Brazil enacted the National Policy on Solid Waste (Law No. 12,305/2010) and Decree No. 10,240/2020, which regulates the mandatory reverse logistics of electronic products—we launched a pioneering initiative in the sector: the Vivo Recicle Program. This program promotes a more circular economy, fostering environmental awareness about the appropriate disposal of electronic waste across Brazil. It offers around 1,800 collection points for receiving used devices such as cell phones, tablets, headphones, chargers, and batteries.

Since its implementation, 5.28 million e-waste items have been collected, resulting in the recycling of approximately 187 tons of materials. Over the past year, the results of the Vivo Recicle Program increased more than 200%, growing from 12 tons collected and recycled in 2023 to more than 37 tons in 2024.

In 2024, we announced a new circular economy commitment: to collect 225 tons of electronic waste between 2024 and 2035, increasing by 150% the volume collected since the beginning of the Vivo Recicle Program (2006) until 2023.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

A. Operating Results

The following discussion should be read in conjunction with our consolidated financial statements and accompanying notes and other information appearing elsewhere in this annual report. We prepared our consolidated financial statements included in this annual report in accordance with IFRS Accounting Standards.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events may differ materially from those expressed or implied in such forward-looking statements as a result of various factors, including those set forth in “Cautionary Statement Regarding Forward-Looking Statements” and “Item 3. Key Information—D. Risk Factors.”

Significant Factors Affecting Our Results of Operations

We believe that our results of operations and financial performance are driven by the following factors:

Brazilian economic environment

The Brazilian economic environment has historically been characterized by significant variations in economic growth, inflation and currency exchange rates. As a Brazilian company, our results of operations and financial condition are significantly influenced by these factors and the effect that these factors have on employment rates, the availability of credit and average wages in Brazil. While the Brazilian GDP is expected to have increased in 2024, driven by fiscal and monetary stimuli, historically low unemployment levels and a strong performance in certain economic sectors, we cannot assure that this trend will continue in the future.

Despite the approval of a new fiscal framework and some measures to increase tax revenues, higher interest rates, prospects for public expenditures growth over time and for the economy to slowdown into the future has raised uncertainty regarding Brazil's public debt sustainability. This has contributed to higher volatility in financial asset prices and Brazil's risk premium, and a limitation in the room for the Brazilian real to strengthen.

Regarding economic growth, in 2023, fiscal incentives and a record harvest of grains were key for the Brazilian GDP to have increased 3.2% in the period. In 2024, fiscal and monetary stimuli, historically low unemployment levels and a strong performance in certain economic sectors have driven GDP, which is estimated, according to market consensus, to have grown 3.5%. The macroeconomic outlook for 2025 is clouded by high inflation, elevated interest rates and high uncertainty on global economic and geopolitical environments. The market consensus anticipates that Brazil's GDP growth in 2025 will be lower than in 2024. Any slowdown in Brazil's economic growth, changes in interest rates, unemployment levels, or general price stability could adversely affect our business, financial condition, and results of operations.

Brazil registered a trade balance surplus of US\$ 74.6 billion in 2024, surpassing the positive result of US\$ 98.9 billion in 2023. Exports decreased by 8.1%, reaching US\$ 312.3 billion, while imports increased by 9.0%, totaling US\$ 262.5 billion. Foreign direct investment inflows into Brazil amounted to US\$ 71.1 billion in the 12 months accumulated in December 2024, compared to US\$ 62.4 billion during the same period in 2023. International reserves as of December 31, 2024, stood at US\$ 329.7 billion, reflecting a change from US\$ 355 billion as of December 29, 2023.

The primary fiscal result posted a deficit of 0.4% of the GDP in the year ended December 31, 2024, compared to a deficit of 2.3% of the GDP in the year ended December 31, 2023, according to the central bank of Brazil. Gross public debt rose to 76.1% of the GDP as of December 31, 2024 compared to 73.8% as of December 31, 2023, according to the central bank of Brazil, underscoring challenges in managing public finances. These fiscal pressures can indirectly affect businesses through higher borrowing costs, reduced consumer purchasing power, and potential currency volatility, all of which could impact operational costs and demand for services. For companies in capital-intensive industries, such as telecommunications, the fiscal environment remains a key factor influencing strategic planning and results of operations.

Inflation and governmental measures to curb inflation

In recent years, inflation has oscillated around its target, set annually by the CMN. However, recent inflationary shocks have pushed Brazil's inflation rate above the target in the past few years. From 2005 to 2018, the target level was 4.5%, with a tolerance interval of 2.0 percentage points until 2016, when the tolerance band was narrowed to 1.5 percentage points. The CMN subsequently lowered the target to 4.25% in 2019, with 0.25 percentage point decreases implemented annually until it reaches 3.00%. In June 2023, the CMN made the 3.00% inflation target permanent for subsequent years.

In 2019, as a result of temporary price shocks affecting edible items, inflation ended the year slightly above the targeted level, at 4.3%. In 2020, inflation increased to 4.5%. In 2021, inflation continued to accelerate and reached 10.1% at the end of the year, as a result of several shocks that ranged from problems in global supply chains – which increased prices at the wholesale level – to climate setbacks – which hit energy and foodstuff prices –, as well as continued depreciation of the Brazilian real. In 2022, inflationary pressures escalated in Brazil, including as a result of the ongoing war between Ukraine and Russia, supply chain issues, the continued COVID-19 pandemic (particularly in China) and increases in energy prices. As a result, inflation peaked in 2022 at multiple-year highs of 12.1% in Brazil in April 2022 (as measured by the IPCA in year-over-year terms) the highest levels since 2003 in Brazil. Accumulated inflation by the end of 2022, was 5.8% in Brazil. Accumulated inflation by the end of 2023, was 4.6% in Brazil, although it remained above the targeted level of 3.25% set by the CMN. In early 2024, inflation initially followed a downward trend and reached as low as 3.7% in April 2024. However, inflation increased again during 2024 as a result of droughts which disrupted food supplies, increases in energy prices, and the depreciation of the real. As a result, inflation reached 4.8% by the end of 2024, above the 3.00% target.

Before 2006, the fees we charged our customers were periodically adjusted by ANATEL based on the inflation rates measured by the IGP-DI. Starting in 2006, telephone fees were indexed to the IST, which is a basket of Brazilian indexes that reflect the telecommunications sector's operating costs. Such indexing reduced inconsistencies between revenue and costs in our industry and therefore reduced the adverse effects of inflation on our business. The IST for the year ended December 31, 2024 was 4.64% according to the most recent ANATEL data.

The table below shows the Brazilian general price inflation (according to the IGP-DI, IPCA and the IST) for 2020 through 2024:

	Inflation (%) as Measured by the IGP-DI	Inflation (%) as Measured by the IPCA	Inflation (%) as Measured by the IST
December 31, 2020	23.1	4.5	9.3
December 31, 2021	17.7	10.1	17.3
December 31, 2022	5.0	5.8	6.9
December 31, 2023	(3.3)	4.6	2.1
December 31, 2024	6.9	4.8	4.6

Source: FGV, IBGE and ANATEL.

In 2021, the Central Bank began a monetary tightening cycle in response to rising inflation, the depreciation of the real, and a perception of recovery in certain economic activities following the easing of COVID-19-related restrictions. The SELIC rate increased from 9.25% as of December 31, 2021, to 13.75% as of December 31, 2022 (the highest level since the end of 2016). In 2023, the Central Bank initiated an easing cycle as inflationary pressures subsided, reducing the SELIC rate to 11.75% as of December 31, 2023. The easing continued into the first half of 2024, with the SELIC rate reaching 10.50% in May 2024. However, inflationary pressures resurfaced in mid-2024, driven by adverse climatic conditions affecting food and energy prices and a depreciation of the real. In response, the Central Bank resumed tightening monetary policy, increasing the SELIC rate to 11.25% in September 2024 and to 12.25% in December 2024. These adjustments reflect the Central Bank's efforts to balance inflation control with economic stability. As of the date of this annual report, the SELIC rate is 13.25%.

Periods of higher inflation coupled with higher interest rates and other measures to combat inflation may lead to reduced demand for our products. Inflation is also likely to increase some of our costs and expenses, which we may not be able to fully pass on to customers and could adversely affect our operating margins and operating income. In addition, inflation affects our financial liquidity and financial capital resources primarily by exposing us to variations in our floating-rate loans. Higher interest rates may also impact the costs of our fundraising and indebtedness, increasing our financial expenses. Such an increase could adversely affect our ability to pay our obligations to the extent it reduces cash on hand. On the other hand, we have generally been able to pass through price increases, mostly in line with inflation, to our customer base, partially offsetting the negative effects.

Although we are not able at this time to predict the extent to which these events may have a material, or any, effect on our financial or operational results in future periods, we could be negatively impacted if economic conditions decline further and remain volatile.

Geopolitical developments

The conflict between Russia and Ukraine led to disruptions in the global markets for various commodities, particularly fuel, certain crop commodities and fertilizers. Many Western countries have adopted sanctions on a number of Russian and/or Belarussian companies and individuals, including persons affiliated with Russian and/or Belarussian government leadership, and have also restricted trade in various commodities, including fertilizers, causing changes in global trade flows as both manufacturers and customers react to the changing regulatory landscape. The conflict between Israel and Hamas has also stoked fears about a broader war in the Middle East and the impact this could have on the global economy generally and oil markets in particular.

While the precise effect of the ongoing war and these sanctions on the Russian and global economies remains uncertain, they have already resulted in significant volatility in financial markets, depreciation of the Russian ruble and the Ukrainian hryvnia against the U.S. dollar and other major currencies, as well as an increase in energy and commodity prices globally. Should the conflict continue to increase, markets may face continued volatility as well as economic and security consequences including, but not limited to, supply shortages of different kinds, further increases in prices of commodities, including piped natural gas, oil and agricultural goods, among others.

While, as of the date of this annual report, there have not been any material impacts from the ongoing war between Russia and Ukraine on our business, we are continuously monitoring the developments to assess any potential future impacts that may arise as a result of the ongoing war. The adverse effects—global or localized—of the ongoing war between Russia and Ukraine, and/or economic sanctions and import and/or export controls to be imposed by the United States, the UK, the EU or others, and their adverse effects on the wider global economy and market conditions could have a material adverse effect on our business, financial condition and results of operations.

Foreign exchange rates

The Brazilian currency has, during the last decades, experienced frequent and substantial variations in relation to the U.S. dollar and other foreign currencies. In 2022, there was significant volatility in the R\$/US\$ exchange rate, which fluctuated within a wide band that ranged from R\$4.6175 to R\$5.7042 per US\$1.00 as a result of ongoing economic and political uncertainty both globally and within Brazil. As of December 31, 2022 the exchange rate was R\$5.2177 per US\$1.00. In 2023, the R\$/US\$ exchange rate experienced another year of significant volatility as it fluctuated between R\$4.7202 to R\$5.4459 per US\$ 1.00. As of December 31, 2023 the exchange rate was R\$4.8413 per US\$1.00. The exchange rate experienced another period of high volatility in 2024 driven by international factors (such as the conduct of monetary policies in developed economies and the geopolitical tensions) and domestic issues, which caused the exchange rate to fluctuate between R\$4.8543 to R\$6.1923 per US\$1.00. In 2025, through the date of this annual report, the real appreciated against the U.S. dollar. As of February 26, 2025, the exchange rate was R\$5.813 per US\$1.00.

Depreciation of the real relative to the U.S. dollar has created additional inflationary pressures in Brazil, which has led to increases in interest rates and limited Brazilian companies' access to foreign financial markets. In 2023, as inflationary pressures of 2022 decreased, the Central Bank began to reduce the SELIC rate from 13.75% (the highest level seen since the end of 2016) to 10.50% in May 2024. Depreciation of the real due to international and domestic issues combined with inflationary pressures due to the effect of adverse climate events on food and energy supplies led the Central Bank to resume a monetary tightening cycle in September 2024, which pushed the SELIC rate up to 12.25% by the end of 2024. Depreciation of the real may also, in the context of an economic slowdown, lead to decreased consumer spending, deflationary pressures and reduced growth of the Brazilian economy as a whole, and thereby harm our asset base, financial condition and results of operations. Conversely, appreciation of the real relative to the U.S. dollar and other foreign currencies could lead to a deterioration of the Brazilian foreign exchange currency balance of payments, as well as dampen export driven growth. Depending on the circumstances, either depreciation or appreciation of the real could materially and adversely affect the growth of the Brazilian economy and our business, financial condition and results of operations, as volatility of the Brazilian real against the U.S. dollar may in any case affect the purchasing power of Brazilian consumers and cause a negative impact on the ability of our customers to pay for our telecommunications services.

Sources of Revenue

The breakdown of our gross operating revenue is presented net of discounts. In addition, we categorize our revenue according to the following groups:

- Exploitation of telecommunications services;
- Development of activities necessary or useful to the execution of these services, in conformity with the concessions, authorizations and permissions granted thereto;
- exploitation of value added services, including the provision, without definitive assignment, of audio, video, image and text, applications and similar contents;
- Exploitation of integrated solutions, management and provision of services related to: (i) data center, including hosting and colocation; (ii) storage, processing and management of data, information, texts, images, videos, applications and information systems and similar activities; (iii) information technology; (iv) information and communications security; (v) telecommunications; and (vi) electronic security systems related to theft, intrusion, fire and others; and
- Licensing and sub-licensing of software of any nature.

Results of Operations

The following table sets forth certain components of our net income for each year ended December 31, 2024, 2023 and 2022, as well as the percentage change of each component.

	Year ended December 31,			Percent change	
	2024	2023	2022	2024-2023	2023-2022
	(in millions of reais)				
Net operating revenue	55,845.0	52,100.1	48,041.2	7.2%	8.4%
Cost of sales	(31,352.1)	(29,415.4)	(27,431.7)	6.6%	7.2%
Gross profit	24,492.9	22,684.7	20,609.5	8.0%	10.1%
Operating (expenses) income	(15,819.4)	(14,766.9)	(14,011.6)	7.1%	5.4%
Selling expenses	(12,953.8)	(12,439.2)	(11,839.1)	4.1%	5.1%
General and administrative expenses	(3,205.0)	(2,957.3)	(2,737.6)	8.4%	8.0%
Other net operating income, net	343.8	640.3	588.9	(46.3%)	8.7%
Share of net profit of joint ventures accounted for using the equity method	(4.4)	(10.7)	(23.7)	(58.9%)	(54.9%)
Operating income	8,673.5	7,917.8	6,597.9	9.5%	20.0%
Financial expenses, net	(1,909.7)	(2,343.9)	(1,766.3)	(18.5%)	32.7%
Income before taxes	6,763.8	5,573.9	4,831.6	21.3%	15.4%
Income and social contribution taxes	(1,206.5)	(533.9)	(773.7)	126.0%	(31.0%)
Net income for the year	5,557.3	5,040.0	4,057.9	10.3%	24.2%
Net income attributable to:					
Controlling shareholding	5,547.9	5,029.4	4,085.0	10.3%	23.1%
Non-controlling shareholders	9.4	10.6	(27.1)	(11.3%)	(139.1%)

Results of Operations for the Year Ended December 31, 2024 Compared to the Year Ended December 31, 2023

Gross operating revenue

Our gross operating revenue increased by R\$5,542.9 million, or 7.8%, to R\$76,772.4 million in 2024 from R\$71,229.5 million in 2023. Our gross services revenues increased by R\$5,203.5 million, or 8.2%, to R\$68,930.9 million in 2024 from R\$63,727.4 million in 2023, mainly driven by the growth of revenues related to mobile services, FTTH and Corporate Data, ICT, and Digital Services. In turn, our gross sale of goods revenue increased by 4.5% to R\$7,841.5 million in 2024 from R\$7,502.1 million in 2023, boosted by the sale of a broad range of electronics, 5G smartphones and accessories.

The table and descriptions below set forth explanations for these variations:

	Year ended December 31,		Percent change
	2024	2023	%
	(in millions of reais)		2024-2023
Gross operating revenue	76,772.4	71,229.5	7.8%
Services ⁽¹⁾	68,930.9	63,727.4	8.2%
Sale of goods ⁽²⁾	7,841.5	7,502.1	4.5%
Deductions from gross operating revenue	(20,927.4)	(19,129.4)	9.4%
Taxes	(11,011.5)	(10,654.7)	3.3%
Services	(9,585.4)	(9,078.8)	5.6%
Sale of goods	(1,426.1)	(1,575.9)	(9.5)%
Discounts granted and return of goods	(9,915.9)	(8,474.7)	17.0%
Services	(7,594.1)	(6,373.3)	19.2%
Sale of goods	(2,321.8)	(2,101.4)	10.5%
Net operating revenues	55,845.0	52,100.1	7.2%
Services	51,751.4	48,275.3	7.2%
Sale of goods	4,093.6	3,824.8	7.0%

(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 Vivo Tech equipment.

Net operating revenue

Net operating revenue increased by R\$3,744.9 million, or 7.2%, to R\$55,845.0 million in 2024 from R\$52,100.1 million in 2023, as both our revenues from services and sale of goods grew above the inflation rates registered in the period (IPCA of 4.8% in 2024) at rates of 7.2% and 7.0%, respectively, when compared to 2023, respectively. Our services revenue, which increased from R\$48,275.3 million in 2023 to R\$51,751.4 million in 2024, was benefited by the strong performance of the mobile business, mainly in postpaid services, due to the growth in our customer base, reduction in churn and annual price adjustments. In addition, our fixed revenues (FTTH, Corporate Data, ICT and Digital Service, and other fixed revenues) grew 4.3%, from R\$15,431.6 million in 2023 to R\$16,093.0 million in 2024, primarily due to the continued evolution of revenues coming from the sale of FTTH broadband and ICT & Digital Services to companies. As for revenues from the sale of goods, which grew from R\$3,824.8 million in 2023 to R\$4,093.6 million in 2024, such performance was mainly impacted by the increased demand for 5G smartphones and accessories, combined with the broad range of electronics that composes our portfolio.

Cost of sales

Cost of sales increased by R\$1,936.7 million, or 6.6%, to R\$31,352.1 million in 2024 from R\$29,415.4 million in 2023. The table and descriptions below set forth explanations for these variations:

	Year ended December 31,		Percent change
	2024	2023	2024-2023
	(in millions of reais)		
Cost of goods sold	(4,468.0)	(4,301.1)	3.9%
Depreciation and amortization	(11,713.1)	(10,997.7)	6.5%
Third-party services and other	(10,391.6)	(9,512.3)	9.2%
Rental, insurance, condominium and connection means	(1,383.8)	(1,241.6)	11.5%
Personnel	(1,366.5)	(1,302.5)	4.9%
Taxes, charges and contributions	(2,029.1)	(2,060.2)	(1.5%)
Cost of sales	(31,352.1)	(29,415.4)	6.6%

Cost of Goods Sold: Cost of goods sold increased by R\$166.9 million, or 3.9%, to R\$4,468.0 million in 2024 from R\$4,301.1 million in 2023, mainly due to the increased sale of handsets and ICT equipment, combined with the broad range of electronics that composes our portfolio, corresponding to an increase in the sale of goods revenue line.

Depreciation and Amortization: Costs related to depreciation and amortization increased by R\$715.4 million, or 6.5%, to R\$11,713.1 million in 2024 from R\$10,997.7 million in 2023, resulting from the review of useful life of legacy technologies equipment.

Third-Party Services and Other: Costs related to outside services and other increased by R\$879.3 million, or 9.2%, to R\$10,391.6 million in 2024 from R\$9,512.3 million in 2023, primarily due to costs related to third-party services, associated with the expansion of our Corporate Data & ICT revenue.

Rental, Insurance, Condominium and Connection Means: Costs related to rent, insurance, condominium and connection means increased by R\$142.2 million, or 11.5%, to R\$1,383.8 million in 2024 from R\$1,241.6 million in 2023, due to higher costs associated with network expansion.

Personnel: Personnel expenses increased by R\$64.0 million, or 4.9%, to R\$1,366.5 million in 2024 from R\$1,302.5 million in 2023, driven by annual wage and benefits readjustments.

Taxes, Charges and Contributions: Taxes, charges and contributions remained relatively stable, decreasing R\$31.1 million, or 1.5%, to R\$2,029.1 million in 2024 from R\$2,060.2 million in 2023, primarily due to lower regulatory fees.

Operating (expenses) income

Operating (expenses) income increased by R\$1,058.8 million, or 7.2%, to R\$15,815.0 million in 2024 from R\$14,756.2 million in 2023. The table and descriptions below set forth explanations for these variations:

	Year ended December 31,		Percent change
	2024	2023	2024-2023
	(in millions of reais)		
Selling expenses	(12,953.8)	(12,439.2)	4.1%
General and administrative expenses	(3,205.0)	(2,957.3)	8.4%
Other operating income (expenses), net	343.8	640.3	(46.3%)
Total	(15,815.0)	(14,756.2)	7.2%

Selling Expenses: Our selling expenses increased by R\$514.6 million, or 4.1%, to R\$12,953.8 million in 2024 from R\$12,439.2 million in 2023, mainly due to costs with third-party services related to the increased commercial activity as well as personnel-related expenditures resulting from annual wage and benefits readjustments and higher costs with variable compensation.

General and Administrative Expenses: Our general and administrative expenses increased by R\$247.7 million, or 8.4%, to R\$3,205.0 million in 2024 from R\$2,957.3 million in 2023, mainly due to greater expenses with systems development, licenses and software, and consultancy firms as well as increased personnel-related expenditures.

Other Operating Income (Expenses), Net: Other operating income, net decreased by R\$296.5 million, or 46.3%, to an income of R\$343.8 million in 2024 from an income of R\$640.3 million in 2023, due to the positive effects recorded in 2023 that did not repeat in 2024: (i) R\$244.2 million of income related to the post-acquisition price adjustment from the acquisition of Oi assets; and (ii) R\$260.2 related to the net gain from the negotiation of rental tower contracts. These effects were partially offset by the reversal of regulatory contingencies resulting from the migration process of our fixed voice concession to authorization, which had a positive impact of R\$386.4 million on the operating result in 2024.

Financial income (expenses), net

In 2024, our financial expense, net amounted to R\$1,909.7 million, a decrease of R\$434.2 million, or 18.5%, from an expense of R\$2,343.9 million in 2023, mainly due to the reversal of monetary updates on provisions related to the migration of fixed-line voice concession to an authorization regime in 2024, as well as lower level of revenue from monetary update in 2023.

Income and social contribution taxes

We recorded an expense from income and social contribution taxes in the amount of R\$1,206.5 million in 2024, compared to an expense of R\$533.9 million in 2023 — an increase of R\$672.6 million, or 126.0%. This was primarily due to (i) the recognition, in 2023, of R\$320.7 million relating to deductible temporary differences arising from the Garliava acquisition, and (ii) a lower benefit from SELIC-based adjustments to undue tax debts compared to the previous year. As a result, in 2024, our effective rate of income and social contribution taxes amounted to 17.8%, an increase of 8.2 p.p. as compared to 9.6% in 2023.

Results of Operations for the Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

For a discussion of our results of operations for the year ended December 31, 2023 compared to the year ended December 31, 2022, please see “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operations for the Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022” of our annual report on Form 20-F for the year ended December 31, 2023.

B. Liquidity and Capital Resources

General

We fund our operations and capital expenditures primarily from operating cash flows, loans obtained from financial institutions or development banks, and debentures. As of December 31, 2024, we had R\$6.7 billion in cash and cash equivalents. We do not have any material unused sources of liquidity. Our principal cash requirements include:

- the servicing of our indebtedness;
- capital expenditures; and
- the payment of dividends.

Our management believes that our sources of liquidity and capital resources, including working capital, are adequate for our present requirements.

Sources of Funds

Our cash flow from operations was R\$19.9 billion in 2024, an increase of R\$1.1 billion, or 5.8%, compared to R\$18.8 billion in 2023. In addition to stronger business performance driving cash flow growth, operating cash flow also benefited from a reduction in accounts receivable and an increase in accounts payable, reflecting improved performance and better management of payment terms.

For a discussion of our sources of funds for the year ended December 31, 2023 compared to the year ended December 31, 2022, please see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Sources of Funds” of our annual report on Form 20-F for the year ended December 31, 2023.

Uses of Funds

Our cash flow used in investing activities was R\$8.9 billion in 2024, an increase of R\$1.1 billion, or 13.5%, compared to R\$7.9 billion in 2023. This increase was primarily driven by higher investments related to the expansion of our 5G network.

Our cash flow used in financing activities recorded an outflow of R\$8.6 billion in 2024, a decrease of R\$0.2 billion, or 2.5%, compared to R\$8.8 billion in 2023. This reduction was mainly due to lower debt repayments, partially offset by higher lease payments under IFRS 16, as well as share buybacks and capital reductions.

For a discussion of our uses of funds for the year ended December 31, 2023 compared to the year ended December 31, 2022, please see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Uses of Funds” of our annual report on Form 20-F for the year ended December 31, 2022.

Indebtedness

As of December 31, 2024, our total debt was as follows:

Debt	Currency	Annual interest rate payable	Maturity	Total amount outstanding (in millions of reais)
Finance leases (1)	BRL	—	2056	15,246.6
Debentures 5th issue - First Series	BRL	CDI rate + 1.12% p.a.	2025	1,695.2
Debentures 5th issue - Second Series	BRL	CDI rate + 1.35% p.a.	2027	2,000.0
5G License	BRL	SELIC rate / IGP-DI	2040	1,005.0
Acquisition - M&A VSS	BRL	SELIC rate	2029	3.6
Acquisition - M&A VITA IT	BRL	IPCA	2027	63.6
Acquisition - M&A IPNET	BRL	SELIC rate/IPCA	2029	166.2
Tax amnesty programs (2)	BRL	SELIC rate	2029	444.4
Financial institutions	BRL	CDI rate + 2.92% p.a.	2026	4.9
Other creditors (3)	BRL	CDI rate + 3.75% p.a.	2025	68.1
Intercompany loan (4)	EUR	Six-month EURIBOR + 2.4% p.a.	2027	49.0
Total debt				20,746.5
Current				6,448.0
Noncurrent				14,298.6

(1) Our finance leases are related to towers and rooftops, IT equipment leases, infrastructure rent and other means of transmission.

(2) Refers to (i) the State of São Paulo Amnesty Program (Law No. 17,843/2023), which allows for the settlement of ICMS debts with reductions in interest and principal for eligible taxpayers, and (ii) the State of Paraná Amnesty Program (Law No. 20,946/2021), which provides similar debt settlement benefits, including reductions in fines and interest. For more information, please see note 20.c.1 to our audited consolidated financial statements included elsewhere in this annual report.

(3) Refers to the investments made by Polígono in Vivo Money in 2023. See “Item 4. Information on the Company—A. History and Development of the Company—Historical Background—Launch of Vivo Money Credit Rights Investment Funds (FIDCs).”

(4) On September 26, 2024, the Company's subsidiary, CloudCo Brasil, entered into a loan agreement with TCCT, a Telefônica Group company, for an amount of €7.4 million (equivalent to R\$45.0 million). This loan provides CloudCo Brasil with the financial capacity to fulfill its obligations related to the acquisition of IPNET. The principal amount will be adjusted daily until full repayment, based on the six-month Euro Interbank Offered rate, or the EURIBOR rate, plus 240 basis points per year, from the date the funds are made available until the date of repayment. Interest payments will be made semi-annually, beginning on March 27, 2025, while the principal will be repaid on September 27, 2027. To mitigate risk exposure, a swap contract was executed to hedge against exchange rate fluctuations and convert the fixed interest into CDI rate + 1.795% per year. As of December 31, 2024, the outstanding loan balance was R\$49.0 million.

Interest and principal payments on our indebtedness as of December 31, 2024 due in 2025 totaled R\$6,448 million, in comparison to R\$4,475.7 million as of December 31, 2023.

As of December 31, 2024, our debentures have a sustainability component (Debentures linked to Environmental, Social and Corporate Governance - ESG) performance, classifying them as “sustainability-linked”, under the terms of the International Capital Market Association in the Sustainability-Linked Bond Principles, June 2020 release.

These agreements contain certain standard restrictive clauses. These agreements can provide an acceleration of the full balance of our obligations in the event of default. In general, such agreements are subject to the acceleration of maturity over: (i) the inclusion in the agreement of our shareholders, bylaws or articles of incorporation or of the companies that control us of conditions that lead to restrictions or loss of ability to pay financial obligations arising from these agreements; or (ii) liquidation, dissolution, insolvency; bankruptcy, judicial or extrajudicial recovery to any creditor or class of creditors. As of December 31, 2024, we were not in default of any of our obligations and therefore none of our liabilities were subject to acceleration.

Foreign exchange and interest rate exposure

We face foreign exchange risk due to our foreign currency-denominated accounts payable (including our capital expenditures, particularly equipment) and receivables in foreign currency. A devaluation of the real may increase our cost of debt and certain commitments in a foreign currency. Our revenue is earned in reais, and we have no material foreign currency-denominated assets, except income from hedging transactions, interconnection of international long-distance services and services rendered to customers outside Brazil. Equity investments in foreign companies also suffer effects with variations in the exchange rate.

We use derivative instruments to limit our exposure to exchange rate risk. Since September 1999, we have hedged all of our foreign currency-denominated bank debt using swaps and other derivative instruments. Since May 2010, the company began using net balance coverage, which is the hedging of net positions in foreign exchange exposures, or assets (issued invoices) minus liabilities (received invoices) for foreign exchange exposures, substantially reducing our risk to fluctuations in exchange rates. We could continue to face exchange rate exposure with respect to our planned capital expenditures, however, as a small part of our planned capital expenditures are denominated or indexed in foreign currencies (mostly U.S. dollars). We systematically monitor the amounts and time of exposure to exchange rate fluctuations and may hedge positions when deemed appropriate.

The largest part of our reais-denominated debt originally pays interest as a percentage of the CDI rate or has been swapped to do so. The CDI rate is indexed to the average rate of operations transacted among the banks within Brazil. With the CDI rate being a floating rate, we remain exposed to market risk. This exposure to the CDI rate is also present in long derivatives positions and financial investments, which are indexed to percentages of the CDI rate.

For more information, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk.”

Tabular Disclosures of Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments as of December 31, 2024 were as follows:

	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
(in millions of reais, as of December 31, 2024)					
Contractual obligations:					
Loans, financing and leases (1)	15,251.5	4,523.0	6,004.7	3,231.4	1,492.4
Debentures	3,695.2	1,695.2	2,000.0	—	—
Derivatives	98.2	0.9	—	—	97.3
5G License and cash obligations	1,005.0	62.8	125.6	125.6	690.9
Other creditors (2)	68.1	9.5	45.4	13.2	—
Acquisition - M&A VSS	3.6	—	—	3.6	—
Acquisition - M&A VITA IT	63.6	22.3	41.3	—	—
Acquisition - M&A IPNET	166.2	3.9	41.6	120.7	—
Tax amnesty programs (2)	444.4	130.6	183.6	130.2	—
Intercompany loan (2)	49.0	0.7	48.3	—	—
Pension and other post-retirement benefits	728.6	31.2	9.2	9.7	678.5
Total contractual obligations	21,573.3	6,480.0	8,499.7	3,634.5	2,959.1
Trade accounts payable	9,230.6	9,230.6	—	—	—
Total trade payables	9,230.6	9,230.6	—	—	—

(1) Includes the present value of minimum lease payments on operating leases of rental of equipment, facilities and stores, administrative buildings, and cell sites. See note 21 of our audited consolidated financial statements included elsewhere in this annual report.

(2) For more information, see “—Indebtedness” above.

Long-Term Debt – Loans, financing, leases and debentures

	Amount (in millions of reais, as of December 31, 2024)
Year ending December 31	
2026	3,484.5
2027	4,520.2
2028	1,896.1
2029	1,335.3
2030 onwards	1,492.4
Total	12,728.5

Our contractual commitments as of December 31, 2024 were as follows:

	Amount (in millions of reais, as of December 31, 2024)
2025	1,028,612
2026	725,975
2027	377,729
2028	311,759
2029	282,834
2030 onwards	370,706
Total⁽¹⁾⁽²⁾	3,097,615

- (1) Includes R\$154.4 million, referring to contracts for the provision of security services with Telefônica Cybersecurity Tech, S.L.U. ("CyberCo") and its subsidiaries, companies of the Telefônica Group.
- (2) Unrecognized contractual commitments arising from the purchase of goods and services. The amount presented above represents the total consolidated nominal values equivalent to the full contract period. See note 34(a) to our audited consolidated financial statements included elsewhere in this annual report.

Our guarantees as of December 31, 2024 were as follows:

	Amount (in millions of reais, as of December 31, 2024)
Insurance of guarantee ⁽¹⁾	29,357.3
Letters of guarantee	5,982.0
Judicial deposits and garnishments	3,003.7
Property and equipment	29.4
Financial investments in guarantee of lawsuits	42.6
Total⁽²⁾	38,415.0

- (1) These refer to insurance amounts contracted to ensure the continuity of legal proceedings. For more information, see note 20 to our audited consolidated financial statements included elsewhere in this annual report.
- (2) Guarantees for several commitments with ANATEL, suppliers and legal proceedings. For more information, see notes 4, 10, 13.f and 34(b) to our audited consolidated financial statements included elsewhere in this annual report.

For more information, see notes 21 and 34 to our audited consolidated financial statements included elsewhere in this annual report.

Capital Expenditures and Payment of Dividends

Our principal capital requirements are for capital expenditures and payments of dividends to shareholders. Capital expenditures consisted of additions to property, plant and equipment, additions to intangible assets, including licenses and excluding leases (IFRS 16) which totaled R\$9.2 billion, R\$9.0 billion and R\$9.7 billion for the years ended December 31, 2024, 2023 and 2022, respectively. These expenditures relate primarily to the expansion of our network.

We may seek financing for part of our capital expenditures and cash management assistance from the Brazilian government, in particular from BNDES, which is the main government financing agent in Brazil, as well as from the local or foreign capital markets or from local and foreign financial institutions. See “Item 4. Information on the Company—A. History and Development of the Company—Capital Expenditures.”

Pursuant to our bylaws and Brazilian Corporate Law, we are required to distribute a mandatory minimum dividend of 25% of our “adjusted net income” (as defined below) in respect of each fiscal year to the extent earnings are available for distribution.

Adjusted net income, as determined by Brazilian Corporate Law, is an amount equal to our net income adjusted to reflect allocations to or from (i) legal reserve, (ii) bylaw reserve and (iii) a contingency reserve for anticipated losses, if any.

We may also make additional distributions in the case that we have profits and reserves available to distribute. All of the above distributions may be made as dividends or as tax-deductible interest on shareholders’ equity. Interest on shareholders’ equity is tax-deductible payments pursuant to Brazilian Corporate law, that a company may make, in addition to dividends, which the company may treat as financial expenses for tax and social contribution purposes. For more information on the payment of interests on shareholders’ equity, see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Distribution Policy—Dividends and Interest on Shareholders’ Equity.” We deliberated in favor of the distribution of dividends and interest on shareholders’ equity of R\$3.1 billion, R\$3.4 billion and R\$5.1 billion in 2024, 2023 and 2022, respectively.

Our management expects to meet 2025 capital requirements primarily from cash provided from our operations. Net cash provided by operations was R\$19.9 billion, R\$18.8 billion and R\$18.9 billion in 2024, 2023 and 2022, respectively.

Adjustments to net income for purposes of calculating the basis for dividends include allocations to various reserves that effectively reduce the amount available for the payment of dividends. The proposal to pay dividends will be approved at the shareholders’ meeting that will approve the 2024 annual report. See “Item 3. Key Information—D. Risk Factors—Risks Relating to the Common Shares and the ADSs— Holders of our ADSs are not entitled to attend shareholders’ meetings and may only vote through the depositary.” and “Item 10. Additional Information—B. Memorandum and Articles of Association—Description of Our Bylaws—Voting Rights.”

Accounting Pronouncements

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.

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. The Company does not anticipate the early adoption for the year ended December 31, 2024 of any pronouncement, interpretation or amendment that has been issued before application is mandatory.

- 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 the impacts that the amendments will have on the primary financial statements and explanatory notes to the financial statements.

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.

C. Research and Development, Patents and Licenses

Research and Development

We operate in a fast-paced, dynamic and convergent industry, which demands that our products and services be continuously revamped to keep up with growth expectations. The evolution of products and services now includes features to offer new services such as health care, fintech and connected home .

The table below presents our investments in the research and development, including investments in the updating and modernization of systems to support the launch of new products and services, for each of the periods indicated:

	For the Year Ended December 31,		
	2024	2023	2022
	(in millions of reais)		
Development and Innovation (business incubator and tests)	25.8	57.9	59.4

Patents and Licenses

Our principal intellectual property assets include:

- permission to use the trademark name “Telefônica” and all names derived from “Telefônica”;
- our commercial brands in Brazil, “Vivo”, and sub-brands such as “Vivo Fibra”, “Vivo Total”, “Vivo Pós”, “Vivo 5G”, “Vivo Controle”, “Vivo Pré”, “Vivo Play”, “Vivo Easy”, “Vivo Pay”, “Vivo Empresas”, “Vivo Agro”, “Vivo Ventures”, “Vivo Casa Inteligente” and “Velvet”;
- the figurative trademark “Vivinho”;
- the trademark “Aura”, which is Vivo’s Artificial Intelligence;
- permission to use the trademark “Terra”, which provides media and digital services;
- “Atma”, Vivo's brand for a meditation app;
- “Ovvi” Vivo's brand for accessories;
- “Vale Saúde Sempre”, Telefônica's brand, which, through a monthly subscription, offers various health services to consumers in a cheap and accessible way;
- “Vivae”, a brand of the joint venture between Telefônica/Vivo and the Educational Group Ânima that offers professional courses; and
- “Gud Energia”, a brand of the joint venture between Telefônica/Vivo and Auren Energia for energy commercialization for the B2B market.

In September 2016 and December 2024, the Brazilian Trademark Office recognized the “Vivo” trademark and the “Vivinho” figurative trademark, respectively, as “high reputation” trademarks and therefore protected in all branches of activities within Brazilian territory.

In 2024, Telefônica’s commercial brand, Vivo, ranked tenth among the most valuable brands in Brazil, according to the Interbrand ranking, accumulating a brand value of R\$3 billion.

D. Trend Information

Reliable and ever-expanding high-speed connectivity will continue to gain relevance as consumers’ digital habits evolve and organizations progress in their digitalization journeys. Beyond technical excellence, customer experience will remain a major differentiator, with increasing adoption of artificial intelligence in customer services. Additionally, we believe Brazilian consumers will become more selective with their brand choices, challenging corporations to adopt an ESG-conscious agenda.

The demand for ultra-broadband connectivity will continue to increase, notably driven by fiber in small cities. On the other hand, a more mature fiber market with higher penetration and fewer underserved areas will increase market competitiveness, likely accelerating consolidation in the medium term. Furthermore, the high cost of capital should continue to slow the growth pace of regional ISPs, especially those supported by private equity funds, leading these players to seek different strategic approaches to sustain growth.

Brazil’s main operators have launched 5G in all state capitals and major cities, with 5G coverage already reaching half of Brazil’s population. 5G adoption should continue to grow as device availability and affordability improve. 5G also marks the entry of new regional players into the mobile market in Brazil, which began launching their operations in early 2024. Vivo will continue expanding its 5G coverage, delivering the best speed and quality mix across the country, while also ensuring 4G and 4.5G availability to all its customers. This will lay the groundwork for future legacy network switch-offs, always focusing on enhancing Vivo’s unmatched user experience.

As consumers become more sophisticated in their digital habits, services beyond connectivity will gain relevance. Companies will leverage digitalization to broaden their service portfolios and offer more solutions, focusing on strengthening customer relationships and ultimately increasing revenue per user. Vivo will continue investing in digital services and innovative value propositions as a growth strategy, developing its digital platforms in education, healthcare, financial services, consumer electronics, and smart homes. Additionally, Vivo will leverage new partnerships and open innovation initiatives through Wayra and Vivo Ventures, entering promising new verticals like energy and strengthening its path to creating the leading B2C digital ecosystem in Brazil.

In the B2B segment, digitization efforts will remain a top priority for CEOs, driving demand for better connectivity services and creating more opportunities for Professional & Managed Services in Cloud, Cybersecurity, IoT, and Big Data. Operators now have the technical capabilities to monetize their networks as open platforms. In line with this trend, Vivo has partnered with Brazilian operators to launch the Open Gateway initiative, transforming networks into developer-ready platforms, simplifying the development of cross-operator solutions, and boosting the offset of a new generation of digital services.

Customer experience will continue to play a fundamental role in differentiating operators, with generative AI opening a new competitive playing field. Vivo is committed to providing its customers with the best experiences in the market by leveraging the potential of generative AI to create more engaging and seamless experiences in the Vivo App.

On the ESG front, companies are expected to adopt more conscious agendas to foster trust among critical stakeholders, such as customers and investors. Vivo will remain positioned as an intersectoral reference in Brazil, operating in line with the United Nations' Sustainable Development Goals and advancing towards becoming a Net Zero company by 2035, five years earlier than initially planned. To foster innovation and sustainable business growth, we will continue our journey of attracting and retaining the best talent in the market in an inclusive and diverse environment, always supported by a contemporary brand connected to key social themes.

In this context, we believe we are well-positioned to strengthen our leadership. Our strategic pillars, guided by Telefonica Group's key drivers—Growth, Profitability, and Sustainability—will enable us to achieve our purpose of advancing digitalization to bring people together (“Digitalizar para Aproximar”).

E. Critical Accounting Estimates

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 the Company's accounting policies. These estimates are based on experience, better knowledge, information available at the end of the fiscal year, and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Settlement of transactions involving these estimates may result in values that are different 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 to our audited consolidated financial statements included elsewhere in this annual report: 1.c) corporate events in 2024; 5.b) trade accounts receivable; 8.b) income and social contribution taxes; 13.b) property and equipment; 14.b) intangible assets; 20.b) provision and contingencies; 21.b) Loans and financing, debentures, leases and other creditors; 31.b) pension plans and other post-employment benefits; and 32.b) financial instruments and risk and capital management.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

We are managed by a Board of Directors (*Conselho de Administração*) and a board of executive officers (*Diretoria*).

Board of Directors

According to our bylaws, our Board of Directors may comprise a minimum of five and a maximum of 17 members, who are elected and dismissed by our shareholders' at a shareholders' meeting, and serve for a term of three years with the possibility of re-election.

The following is a list of the current members of our Board of Directors, their respective positions and dates of their election. Their term will last until the annual shareholders' meeting scheduled to take place in April 2025.

The following are the current members of the Board of Directors:

Name	Position	Date of Appointment
Eduardo Navarro de Carvalho	Chairman	April 26, 2022
Alfredo Arahuetes García	Director	April 26, 2022
Ana Theresa Masetti Borsari	Director	April 26, 2022
Andrea Capelo Pinheiro	Director	April 26, 2022
Christian Mauad Gebara	Director	April 26, 2022
Denise Soares dos Santos	Director	January 31, 2023
Francisco Javier de Paz Mancho	Director	April 26, 2022
Ignacio Moreno Martínez	Director	April 26, 2022
Jordi Gual Solé	Director	April 26, 2022
José Maria Del Rey Osorio	Director	April 26, 2022
Juan Carlos Ros Brugueras	Director	April 26, 2022
Solange Sobral Targa	Director	April 26, 2022

Below are brief biographies of our directors:

Eduardo Navarro de Carvalho is 62 years old and serves as Chairman of our Board of Directors, Chairman of our Nominations, Compensation and Corporate Governance Committee and member of our Quality and Sustainability Committee. He is also Chief of Corporate Affairs and Sustainability Officer of Telefónica (since September/2021); member of the Executive Committee of Telefónica (since September/2021) and Patrono Nato of Fundación Telefónica (since September/2012). Mr. Navarro was Chief of Strategy and Corporate Affairs Officer of Telefónica (February/2020 – September/2021) and Communications, Corporate Business, Trademark and Sustainability Officer of Telefónica (January/2019 – February/2020). He graduated in Metallurgical Engineering from the Federal University of Minas Gerais, Brazil.

Alfredo Arahuetes García is 69 years old and serves as a member of our Board of Directors and member of our Control and Audit Committee. He is also a Full Professor of Economics at the Business and Tech School of the Alfonso X El Sabio University of Madrid (since September/2022) and member of the Academic Council of the Water Economy Forum – Universidade de Alcalá de Henares e Universidade de Granada (Spain), educational sector (since February/2016). Mr. Arahuetes García was also a Full Professor of Applied Economics at the Department of Economics, Faculdade de Ciências Econômicas e Empresariais (ICADE) – Universidade Pontificia Comillas (Madrid, Spain) (January/2019 – August/2022); Deputy Director of the Latin America Chair of Faculdade de Ciências Econômicas e Empresariais (ICADE) – Universidade Pontificia Comillas (Madrid, Spain) (February/2020 - August/2022); Senior researcher of Real Instituto Elcano (Madrid, Spain) (January/2012 – June/2022); and member of the Scientific Council on the Real Instituto Elcano (Madrid, Spain), education and research sector (January/2012 – February/2020). Mr. Arahuetes García holds a degree in Law from the University of Deusto/Bilbao, España; and a degree in Business and Economic Sciences from the Universidade Pontificia Comillas of Madrid, España; a postgraduate degree (masters) in General Planning and Economic Politics, Economic Commission for Latin America and the Caribbean – Instituto Latinoamericano de Planificación Económica y Social (CEPALILPES)/Santiago de Chile, Chile; postgraduate in Economy from Universidade Estadual de Campinas, Unicamp/São Paulo, Brasil; doctorate in Business and Economic Sciences from Universidade Pontificia Comillas/Madrid, España.

Ana Theresa Masetti Borsari is 53 years old and serves as a member of our Board of Directors and a member of our Nominations, Compensation and Corporate Governance Committee. She oversees the European Pre-owned Sales & Operations for the Stellantis Group (Peugeot, Citroen, Fiat, Jeep, RAM) (since Feb/2024). She was also General Manager of Peugeot Citroen Automóveis do Brasil (Peugeot, Citroën e DS – Groupe PSA) (October 2015 – April 2021). She holds a Law degree and a Masters' degree from Universidade de São Paulo.

Andrea Capelo Pinheiro is 58 years old and serves as a member of our Board of Directors and Chairman of our Quality and Sustainability Committee. She is also an ambassador of Endeavor (since September/2019); a founding member of the Fundo Dona de Mim (since September/2021) and officer of Fundação Bienal de São Paulo (since January/2019). Mrs. Pinheiro was (i) Risk Director at BR Partners (September 2013 to April 2021); (ii) founder and COO of BR Partners (January/2010 – April/2021); and (iii) Advisor of Associação Brasileira de Bancos (ABBC) (May/2019 – April/2021). She holds a degree in Business Management from Fundação Armando Alvares Penteado (FAAP) and MBA in Business Management, focusing in Finances from Stern School of Business, University of New York (USA).

Christian Mauad Gebara is 52 years old and serves as our Chief Executive Officer and member of our Board of Directors. He is also CEO of Recicla V Comércio e Reciclagem de Sucatas e Metais Ltda. (since January/2019), Pop Internet Ltda. (since January/2019), Terra Networks Brasil Ltda. (since January/2019), and Telefônica Infraestrutura e Segurança Ltda. (since September/2019). He is Chairman of the Board of Trustees of Fundação Telefônica (since November/2022), member of the Investment Committee of Vivo Ventures Fundo de Investimento em Participações Multiestratégia (since July/2022) and 1st Vice President of the Board of Executive Officer of Conexis, formerly known as SindiTelebrasil (since July/2019). He was President of SP Telecomunicações Participações Ltda. (January/2019 – October/2022); Chairman of the Board of Directors of Telefônica Factoring Ltda. (March/2019 – September/2022) and CEO of Garliava RJ Infraestrutura e Redes de Telecomunicações S.A. (until February/2023, when it was extinct due to its merge into the Company). He graduated in management from the Fundação Getúlio Vargas in São Paulo and has an MBA from the Graduate School of Business at Stanford University.

Denise Santos is 56 years old and serves as a member of our Board of Directors. Mrs. Santos is CEO of Hospital Beneficência Portuguesa de São Paulo (since April/2013) and member of the Pro-bono Advisory Board of GK Ventures (since March/2021). She was (i) General Manager of the Transmission Networks Division at Siemens (October/2000 to October/2002); (ii) General Manager of Operations for Mobile Networks at Siemens (October/2002 to October/2004); (iii) General Director of the Mobile Telephony Division at Siemens (May/2004 to December/2005); and (iv) CEO of BenQ (formerly Siemens Mobile) (January/2006 to January/2008). Mrs. Santos holds a degree in Electrical Engineering from Faculdade de Engenharia Industrial de São Paulo – FEI and Business Administration from Fundação Getúlio Vargas – FGV and an MBA from São Paulo Business School / University of Toronto and an Executive Learning Program from Babson University.

Francisco Javier de Paz Mancho is 66 years old and serves as a member of our Board of Directors and member of our Nominations, Compensation and Corporate Governance Committee. Mr. de Paz is also a member of the Board of Directors of Telefónica S.A. (since December/2007), Telefónica Audiovisual Digital, S.L.U. (since May/2021), and member of the Advisory Board of Telefónica de España (since May/2021) and Telefónica Hispanoamérica (since May/2021). He was Chairman of the Board of Directors of Telefónica Ingeniería de Seguridad S.A. (July/2016 – December/2021), member of the Board of Directors of Telefónica Móviles Argentina S.A. (April/2018 – April/2021), Pegaso PCS, S.A. of C.V. (September/2020 – May/2021) and Telefónica Móviles México, S.A. (September/2016 – August/2020). Mr. de Paz holds degrees in Information and Publicity and a Senior Business Management Program (PADE) from IESE (Universidad de Navarra).

Ignácio Moreno Martínez is 67 years old and serves as a member of our Board of Directors. He is also a member of Consejo Asesor Telefónica de España (since 2022); Chairman of the Board of Directors (since October/2012) and member of the Compensation, Nominations and Sustainability Committee (since January 2018) of Metrovacesa S.A.; Member of the Board of Alquiler de Maquinaria S.A. (since September/2019); member of the Board of Directors of Roadis Transportation Holdings SLU (since November/2018); and Senior consultant of PJT Partner for Spain (Banca de Inversión) (since May/2019). Mr. Martínez holds a degree in Economics and Business Studies from University of Bilbao and a MBA from INSEAD.

Jordi Gual Solé is 67 years old and serves as a member of our Board of Directors. He is the chairman of the Board of Directors of VidaCaixa (since April/2021); consultant/researcher in telecommunications and information technology as Professor of Economics of IESE Business School (since April/1987); member of the Advisory Board of Telefónica España (since March/2022); member of the Patronage of CEDE Foundation (since September/2016); member of the Patronage of Institución Cultural del CIC (since 2014); Research Fellow at the Centre for Economic Policy Research (CEPR), London (since March 1989); “SUERF Fellow” of The European Money and Finance Forum (since September/2021); member of the Advisory Board of Instituto Español de Analistas Financieros (since January/2022) and Telecommunications Consultant associated with OXERA Consulting LLP, Londres (since March/2022). He was a member of the Board of Directors of Telefónica S.A. (January/2018 – December/2021); of Erste Group Bank (May/2017 – December/2021); chairman of the Board of Directors of CaixaBank (June/2016 – March/2021); chairman of the Patronage FEDEA (June/2016 – June/2021); member of the Executive Committee of CEPR, London (June/2006 to June/2016). He holds a degree in Economics and Business Sciences from Universidad de Barcelona (1979) and a PhD in Economics from University of California at Berkeley (1987).

José María Del Rey Osorio is 73 years old and serves as a member of our Board of Directors and member of our Control and Audit Committee. He is also a member of the Comisión de Auditoría y Control and del Directorio of Telefónica del Perú (since April/2018 and March/2018, respectively). He holds a degree in Economy and Business Administration from the Universidad Autónoma de Madrid.

Juan Carlos Ros Brugueras is 63 years old and serves as a member of our Board of Directors and Chairman of our Control and Audit Committee. He is also a partner at the Spanish Law Firm Brugueras & García-Bragado (since 2013) and a member of the Advisory Board of Telefónica Hispam (since June/2021). He holds a degree in Law from the University of Barcelona and is a member of the Barcelona Bar since 1985.

Solange Sobral Targa is 52 years old and serves as a member of our Board of Directors, member of our Quality and Sustainability Committee and representative of Digital Security subjects in our Board of Directors. Mrs. Targa is also member of the Board of Directors and member of the Sustainability and Regulation Committee of Telefônica S.A. (since December/2023); Executive Vice President Partner at CI&T (since June/2018); co-leader of CI&T's ESG Committee (since December/2020); member of the Advisory Board of WCD Brasil – Women Corporate Directors (since March/2022); columnist for Meio&Mensagem (since September/2020); member of the Advisory Board with Brazilian Chambers in the UK (since September/2023) and member of the Board of Directors of Bienal de São Paulo (since December/2023). She was an independent member of the Board of Directors of Unidas (February 2021 – June 2022); member of Itaú's Diversity Advisory Committee (May/2021 – November/2023) and member of the Advisory Board of the Regional Chapter (Campinas) of Conscious Capitalism Brazil (May/2021 – December/2023). Mrs. Targa graduated in Computer Science from UFSCAR – Universidade Federal de São Carlos and has a Master's in Computer Science from UNICAMP – Universidade de Campinas.

There is no family relationship between any of the directors named above. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any director referred to above was selected as such.

Board of Executive Officers

According to our Bylaws, the Board of Executive Officers consists of at least three and no more than 15 members, who may or may not be our shareholders, must be resident in the country, are appointed by our Board of Directors for a period of three years, may be reelected, and who may remain in office until reappointed or replaced. Our Board of Executive Officers is responsible for our day-to-day management and for representing us in our business with third parties. Any of our Executive Officers may be removed at any time by a decision of the Board of Directors.

The following are the current members of the Board of Executive Officers, their respective positions, and the date of their appointment.

Name	Position	Date of Appointment
Christian Mauad Gebara	Chief Executive Officer	April 29, 2022
Breno Rodrigo Pacheco de Oliveira	General Secretary and Legal Officer	April 29, 2022
David Melcon Sanchez-Friera	Chief Financial and Investor Relations Officer	April 29, 2022
Alex Martins Salgado	Business Officer	March 15, 2023
Ricardo Guillermo Hobbs	Strategy Officer	March 15, 2023

Below are brief biographies of our executive officers:

For the biography of Mr. Christian Mauad Gebara, see “—Board of Directors” above.

Breno Rodrigo Pacheco de Oliveira is 49 years old and serves as our General Secretary and Legal Officer and Corporate Secretary of our Board of Directors. He is also the General Secretary and Legal Officer of Recicla V Comércio e Reciclagem de Sucatas e Metais Ltda. (since June/2015), POP Internet Ltda. (since June/2015), Terra Networks Brasil Ltda. (since April/2018) and Telefônica Infraestrutura e Segurança Ltda. (since September/2019). Mr. Oliveira is also Legal Officer of Telefônica IoT Big Data e Tecnologia do Brasil S.A. (since November/2021) and of Telefônica Cloud e Tecnologia do Brasil S.A. (since August/2021); Officer of TLF 01 Empreendimentos e Participações Ltda. (since May/2020); Vale Saúde Administradora de Cartões Ltda. (since March/2023); Vivo Pay Holding Financeira Ltda. (since February/2024); Vivo Pay Sociedade de Crédito Direto S.A. (since March/2023) and IPNet Serviços em Nuvem e Desenvolvimento de Sistemas Ltda. (since October/2024); Member and Chairman of the Deliberative Council of Visão Prev Sociedade de Previdência Complementar (since March/2023); Corporate Secretary and member of the Board of Directors of Telefônica Corretora de Seguros Ltda. (since August/2021); Chairman of the Board of Directors of Companhia ACT de Participações (since June/2022), Companhia AIX de Participações (since June/2022) and Telefônica Factoring do Brasil Ltda. (since February/2023) and Vice President of the Deliberative Board of Fundação Sistel (since April/2024). Mr. Oliveira was the Officer of SP Telecomunicações Participações Ltda. (August/2011 – October/2022); member of the Board of Trustees of Fundação Telefônica (December/2019 – July/2022); Officer of FiBrasil Infraestrutura e Fibra Ótica S.A. (June/2020 – July/2021); General Secretary and Legal Officer of Garliava RJ Infraestrutura e Redes de Telecomunicações S.A. (until February/2023, when it was extinct due to its merger into the Company) and Vita IT Comércio e Serviços de Soluções em TI Ltda. (until November/2023, when it was extinct due to its merger into Telefônica Infraestrutura e Segurança Ltda.). He holds a law degree from Universidade do Vale do Rio dos Sinos – UNISINOS, Brazil.

David Melcon Sanchez Frieria is 54 years old and serves as our Chief Financial and Investor Relations Officer. He is also the Chief Financial Officer of POP Internet Ltda. (since October/2016), Terra Networks Brasil Ltda. (since April/2018), Telefônica Infraestrutura e Segurança Ltda. (since December/2019), Recicla V Comércio e Reciclagem de Sucatas e Metais Ltda. (since October/2016), member of the Board of Directors of Telefônica Cloud e Tecnologia do Brasil S.A. (since April/2024) and of FiBrasil Infraestrutura e Fibra Ótica S.A. (since May/2023); Vice Chairman of the Board of Directors of Telefônica Corretora de Seguros Ltda. (since August/2024) and Telefônica Factoring do Brasil Ltda. (since February/2023). He was also officer of SP Telecomunicações Participações Ltda. (October/2016 – October/2022), member of the Board of Trustees of Fundação Telefônica (April/2016 – July/2022), and Chief Financial Officer of Garliava RJ Infraestrutura e Redes de Telecomunicações S.A. (until February/2023, when it was extinct due to its incorporation by the Company). Mr. Melcon has more than 25 years of global experience in the Telecommunications industry in Latin America and Europe. Mr. Melcon holds a degree in Economics and Business Administration from the University of Zaragoza (Spain), and a Masters’ in Audit and Business Analysis from University Complutense – Madrid (Spain).

Alex Martins Salgado is 46 years old and serves as our Business Officer. He is also the Chairman of the Board of Directors and Chief Executive Officer of Telefônica Cloud e Tecnologia do Brasil S.A. (since April/2024 and May/2024, respectively) and Telefônica IoT, Big Data e Tecnologia do Brasil S.A. (since April/2024); member of the Board of Directors of Gud Comercializadora de Energia S.A. (since February/2024); Chief Executive Officer of IPNet Serviços em Nuvem e Desenvolvimento de Sistemas Ltda. (since October/2024); Officer of IPNet USA, LLC (since October/2024). Mr. Salgado was the Company’s B2B and Wholesale Vice-President (July/2019 - February/2023) and Officer of Vita IT Comércio e Serviços de Soluções em TI Ltda. (until November/2023, when it was extinct due to its merger into Telefônica Infraestrutura e Segurança Ltda.). Mr. Salgado holds degrees in Electric Engineering from Instituto Mauá de Tecnologia and Business Administration from IBMEC.

Ricardo Guillermo Hobbs is 48 years old and serves as our Strategy Officer. He is also Officer of Vale Saúde Administradora de Cartões Ltda. (since March/2023); Vice-President of the Board of Directors of FiBrasil Infraestrutura e Fibra Ótica S.A. (since July/2022); Chairman of the Board of Directors of Gud Comercializadora de Energia S.A. (since February/2024); member of the Board of Directors of VivaE Educação Digital S.A. (since April/2024); member of the Investment Committee of Vivo Ventures Fundo de Investimento em Participações Multiestratégia (since February/2023); Officer of Vivo Pay Holding Financeira Ltda. (since February/2024) and Executive Officer of Vivo Pay Sociedade de Crédito Direto S.A. (since March/2023). Mr. Hobbs was the Company's Strategy, New Businesses and Artificial Intelligence Vice-President (July/2018 – March/2023); Marketing and General Officer of VivaE Educação Digital S.A. (April/2022 – August/2022); Chairman of the Board of Directors of FiBrasil Infraestrutura e Fibra Ótica S.A. (July/2021 – July/2022); Officer of Garliava RJ Infraestrutura e Redes de Telecomunicações S.A. (April/2022 – July/2022); and Officer of VivaE Educação Digital S.A. (February/2022 – April/2022). Mr. Hobbs holds a degree in Business Administration from Fundação Getúlio Vargas (FGV) and a Masters' from London Business School.

There is no family relationship between any of the executive officers named above. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any executive officer referred to above was selected as such.

B. Compensation

For the year ended on December 31, 2024, the aggregate amount of compensation paid to all our directors and executive officers was approximately R\$67.5 million, of which R\$36.2 million corresponded to salaries and R\$31.3 million corresponded to bonuses.

For the year ended on December 31, 2024, our directors and officers did not receive any pension, retirement or similar benefits. For a description of our pension plan, see “—D. Employees—Pension Plans.”

For further information, see notes 29.b and 30 to our audited consolidated financial statements included elsewhere in this annual report.

C. Board Practices

Board of Directors

Our Board of Directors typically meets once every three months and the Chairman may call special meetings. The decisions are taken by majority vote, provided that the majority of its members are present. The Chairman has, in addition to his or her regular vote, the casting vote in the event of a tie. The specific responsibilities of the Chairman include representing the Board in the General Shareholders' Meetings, selecting the Secretary from among those present, and calling and chairing meetings of the Board.

Our Board of Directors is responsible, among other things, for:

- establishing general guidelines for the Company's business;
- approving the Company's budget and annual business plan;
- convening annual shareholders' meetings;
- approving the financial statements, management reports, proposals for allocation of the Company's results and the submission of such documents to the annual shareholders' meeting;
- appointing or dismissing, at any time, the members of our Board of Executive Officers, establishing their duties, in compliance with the applicable law and bylaw provisions;

- approving the establishment of technical and advisory committees to advise it on matters of interest to the Company, appointing the members of such committees and approving their internal charters, which shall contain specific rules concerning their composition, duties, purview, compensation and activities;
- supervising the management of the Company's officers, examining, at any time, our corporate books, requesting information regarding the execution or the process of execution of any agreements and other acts;
- approving the organizational structure of the Company; with the possibility of setting limits to the members of the Board of Executive Officers for the exercise of such authority, in compliance and subject to legal and bylaw provisions;
- approving and amending its internal charter;
- deliberating on the issuance of new shares by increasing the Company's corporate capital within the limits of the authorized capital determined by the bylaws, therein defining the terms and conditions of such issuance;
- deliberating as to the issuance of subscription warrants;
- deliberating, by delegation of the shareholders' meeting, about the following aspects related to the issuance of debentures by the Company: (i) timing of the issuance, (ii) time and conditions of maturity, amortization or redemption, (iii) time and conditions of the payment of interest, of the participation in the profits and premiums repayment, if any, (iv) method of subscription or placement, and (v) the type of debentures;
- authorizing the offering of common, nonconvertible and unsecured debentures;
- approving the issuance of commercial papers for public distribution and depositary receipts;
- authorizing the purchase of shares issued by the Company to be canceled or kept in treasury for subsequent disposal;
- authorizing the sale of assets directly related to public telecommunications services;
- authorizing the sale of real estate, the creation of in rem guarantees and the provision of guarantees on behalf of third-party obligations, and setting limits on the practice of such acts by the Board of Executive Officers;
- establishing, as an internal regulation, the limits for the Board of Executive Officers to authorize the sale or encumbrance of permanent assets, including those related to public telecommunications services which are disabled or inoperable;
- approving the Company's participation in consortia in general, and the terms of such participation; the Board of Directors may delegate such powers to the Board of Executive Officers and establish limits, as it seeks to develop activities in line with the Company's purpose;
- setting the limits for the Board of Executive Officers to authorize the practice of reasonable gratuitous acts for the benefit of employees or the community of which the Company is a part of, including the donation of unserviceable assets to the Company;
- approving the creation and dissolution of subsidiaries of the Company, in Brazil or abroad;
- approving the assumption of any obligation not provided for in the Company's budget, in an amount exceeding R\$250 million;
- authorizing the execution of contracts, not provided for in the Company's budget, in an amount exceeding R\$250 million;
- approving investments and the acquisition of assets, not provided for in the Company's budget, in an amount exceeding R\$250 million;
- authorizing the acquisition of equity interest in other companies on a definitive basis and the creation of a lien on or sale of equity interests;

- approving the distribution of interim dividends;
- appointing and dismissing independent auditors;
- appointing and dismissing the leader of the internal audit, who shall report to the Board of Directors through the Audit and Control Committee, when in operation, as well as the leader of the Wholesale Office, who shall be solely responsible for all processes of service, marketing and sale, and delivery of products related to the Reference Offers of the Products in the Wholesale Market; and
- approving employment and compensation plans, incentive and professional development policies, the Company's regulations and staff, as well as the terms and conditions of collective bargaining agreements to be entered into with the labor unions representing various categories of the Company's employees and adhesion or disassociation from complementary retirement funds, all with respect to the employees of the Company; and the Board of Directors may, at its own discretion, assign to the company's Board of Executive Officers limits to deliberate on these matters.

Fiscal Board

Brazilian Corporate Law and our bylaws each require that we maintain a Fiscal Board (*Conselho Fiscal*). Our permanent, Fiscal Board, which is a separate and distinct entity from our outside auditors, is primarily charged with certain advisory, reporting, oversight and review functions with respect to the Company's financial statements. Our Fiscal Board is also responsible for rendering opinions on management's annual report and management proposals, including financial statements, to be submitted at shareholders' meetings relating to a change in the Company's capital composition, investment plans, capital budget, debenture issuances or subscription bonuses, distribution of dividends and consolidations, mergers and spin-offs. However, the Fiscal Board, as required by Brazilian Corporate Law and our bylaws, has only an advisory role and does not participate in the management of the Company. Decisions of the Fiscal Board are not binding on the Company under Brazilian Corporate Law.

In accordance with Brazilian Corporate Law and our bylaws, the Fiscal Board consists of a minimum of three and a maximum of five active members and an equal number of alternates. The members of the Fiscal Board are elected for a period of one year and may be reelected.

The following are the current members of the Fiscal Board:

Members	Alternates	Date Appointed
Gabriela Soares Pedercini ⁽¹⁾	Leticia Pedercini Issa ⁽¹⁾	April 11, 2024
Stael Prata Silva Filho	Cremêncio Medola Netto	April 11, 2024
Luciana Doria Wilson	Charles Edwards Allen	April 11, 2024

(1) Mrs. Gabriela Soares Pedercini and Ms. Leticia Pedercini Issa were elected by minority shareholders on a separate vote, with no participation of the controlling shareholder.

Committees

Brazilian Corporate Law does not require a corporation to maintain committees responsible for ethics, corporate governance or compensation. Nevertheless, our Board of Directors has created the following committees:

- Control and Audit Committee;
- Nominations, Compensation and Corporate Governance Committee; and
- Quality and Sustainability Committee.

Control and Audit Committee

Our Control and Audit Committee was created by our Board of Directors in December 2002 and is comprised of a minimum of three and a maximum of five members, appointed by the Board of Directors, to serve for the duration of their respective terms as members of the Board of Directors. The Committee has its own charter, which was approved by the Board of Directors. The Committee provides support to the Board of Directors.

According to its charter, the Control and Audit Committee shall meet four times per year or whenever extraordinarily convened by its chair. The chair of each committee shall report the relevant matters discussed at the respective meetings to the Board of Directors.

The Control and Audit Committee, among other responsibilities that may be required by the Board of Directors, is responsible for, and charged with, informing and providing recommendations to the Board of Directors regarding the following:

- Submitting to the Board of Directors the appointment of the independent auditor as well as the replacement of such independent auditors; the Control and Audit Committee shall also: (a) recommend the compensation to be paid to the Company's independent auditors; (b) issue opinion on the hiring of the independent auditor to render any other service to the Company; and (c) supervise the independent auditor's activities in order to assess their independence, the quality and the adequacy of the services considering the Company's necessities;
- Examining the Company's management report and financial statements, including capital budgets, making the necessary recommendations to the Board of Directors;
- Examining the financial information prepared and disclosed regularly by the Company;
- Examining the report of the related parties' transactions as established by our Related Party Transactions Policy (*Política para Transacciones con Partes Relacionadas*);
- Assessing the effectiveness and sufficiency of the Company's internal controls as well as the internal and independent audit procedures, making recommendations deemed necessary to the improvement of policies, practices and procedures; the Control and Audit Committee shall also: (a) supervise the activities of the Company's internal control departments; (b) supervise the Company's activities related to internal audit and compliance, including complaints received by the Company's hotline related to the scope of its activities, opining on or due referring the complaints; and (c) assess the effectiveness and sufficiency of the risk and contingency control and management systems;
- Examining the management bodies' proposals regarding modification of the share capital, issuance of debentures convertible into shares or subscription bonus, the transformation of our corporate form, merger or spin-off, making the recommendations it deems necessary to the Board of Directors;
- Assessing the compliance, by the Company's Board of Executive Officers, of the recommendations made by the external and internal independent auditors, as well as informing the Board of Directors regarding possible conflicts between internal audit, external audit and/or the Company's Board of Executive Officers; and
- Drafting an annual opinion to be disclosed with the Company's financial statements, in accordance with applicable law.

The following are the current members of the Control and Audit Committee:

Members	Date Appointed
Juan Carlos Ros Brugueras (Chairman)	April 29, 2022
Alfredo Arahetes García	April 29, 2022
José María Del Rey Osorio	April 29, 2022

Nominations, Compensation and Corporate Governance Committee

Our Nominations, Compensation and Corporate Governance Committee was established in November 1998, being restructured in October 2004, and consists of three to five members appointed by the Board of Directors to serve for the duration of their respective terms as members of the Board of Directors. The Committee shall meet two times per year and whenever extraordinarily called by its chairperson. The Nominations, Compensation and Corporate Governance Committee, among other responsibilities that may be assigned by the Board of Directors, is charged with:

- Making recommendations on proposals to amend the Company's bylaws;
- Examining proposals for the appointment of members of the other Committees, to be further submitted to the Board of Directors;
- Opining on proposals for the appointment and withdrawal of the members of the Board of Executive Officers, to be further submitted to the Board of Directors;
- Annually assessing the management's overall compensation, including benefits of any kind and representation fees, taking into consideration their responsibilities, time spent on duties, professional capability and reputation, and the value of their services at the market;
- Deciding on the annual adjustment of the employees' compensation at management level (annual program, premises and budget) and at non-management level (program, premises and budget), including collective bargaining agreements to be entered with the unions representing the employees of the Company in each category, as well as examining and approving the Company's programs regarding the share of profits whenever any rule is changed therein; and
- Examining corporate governance matters submitted to it by the Board of Executive Officers, making recommendations to the Board of Directors whenever required.

The following individuals are the current members of the Nominations, Compensation and Corporate Governance Committee:

Members	Date Appointed
Eduardo Navarro de Carvalho (Chairman)	April 29, 2022
Ana Theresa Masetti Borsari	April 29, 2022
Francisco Javier de Paz Mancho	April 29, 2022

Quality and Sustainability Committee

The Quality and Sustainability Committee, formerly known as Service Quality and Marketing Committee, until April 15, 2020, was created on December 16, 2004 and provides assistance to our Board of Directors. The Committee consists of at least three and at most five members of our Board of Directors selected periodically to serve for the duration of their respective terms as members of the Board of Directors. The Committee shall meet two times per year and whenever extraordinarily called by its chairperson. The Committee is responsible for the review and analysis of quality indices measuring our principal services and to ensure that the requisite degree of commercial assistance is furnished to our clients as well as to monitor the Company's performance in matters related to the sustainability of our business. The Quality and Sustainability Committee, among other responsibilities that may be assigned by the Board of Directors, is charged with:

- Assessing and monitoring the adequacy of the Company's customers service as well as suggesting improvements whenever any opportunity appears;

- Examining, analyzing and following-up periodically the Telefônica Responsible Business Principles, as well as its sustainability indexes, recommending possible actions whenever any opportunity appears
- Examining, analyzing and following-up periodically as to the scores for the satisfaction and quality indexes of the main services rendered by the Company and the quality levels of the Company's customer services, making recommendations on possible actions whenever any opportunity appears; and
- Examining, analyzing and following-up periodically on the Company's quality plans and actions.

The following individuals are the current members of the Quality and Sustainability Committee:

Members	Date Appointed
Andrea Capelo Pinheiro (Chairman)	April 29, 2022
Eduardo Navarro de Carvalho	April 29, 2022
Solange Sobral Targa	April 29, 2022

D. Employees

As of December 31, 2024, we had 35,986 employees, distributed between full-time and part-time employees. Our part-time employees work primarily at our stores and call centers. Our employees are divided into the following categories: 37.5% in production and operations; 39.2% in sales; 15.6% in customer care; and 7.7% in support.

As of December 31, 2023, we had 35,039 employees, distributed between full-time and part-time employees. Our part-time employees work primarily at our stores and call centers. Our employees are divided into the following categories: 36.9% in production and operations; 39.1% in sales; 16.2% in customer care; and 7.8% in support.

As of December 31, 2022, we had 34,486 employees, distributed between full-time and part-time employees. Our part-time employees work primarily at our stores and call centers. Our employees were divided into the following categories: 37.3% in production and operations; 38.8% in sales; 16.8% in customer care; and 7.1% in support.

Approximately 15% of our employees are union members, represented by three Federations and 27 unions, of which 12 are associated with the National Federation of Telecommunications Workers – FENATTEL, 8 are associated with the Interstate Federation of Workers and Researchers in Telecommunications – FITRATELP and 7 are associated with the Federation of Telecom Workers – LIVRE.

Our management considers relations with our workforce to be very good and we have never experienced a work stoppage for a significant period or that had a material effect on our operations.

Private Pension Plans

We have offered pension plans to our employees since before the privatization, which took place in 1998. In this period, the modality adopted was of plans of defined benefit, which were offered to employees until the year 2000, when we started offering defined contribution plans. These plans were administered exclusively by Fundação Sistel de Seguridade Social until 2005.

In 2005, we created a closed social security entity, called Visão Prev Sociedade de Previdência Complementar, to manage the pension plans of the Telefônica group in Brazil. From 2005 to 2010, management of all plans was transferred from Fundação Sistel to Visão Prev, except for PBS-A Plan (Plano de Benefício Sistel), intended for plan retirees, which continues to be managed by SISTEL.

On September 2013, we began offering the Visão Multi defined contribution plan to our employees. This plan was launched in order to standardize the benefit following the corporate restructuring process of the subsidiaries in Brazil. This is the plan available for new enrollments. In this plan, participants can make basic contributions of 1-2% on their participating salary and an additional 0-5% on the installment of the participating salary that exceeds the maximum (which, as of December 31, 2024, was R\$4,837.68) and we contribute a percentage between 50% to 125%, depending on the employees' length of service.

Considering our total workforce, 32% of our employees were participants in our private pension plans as of December 31, 2024.

E. Share Ownership

None of our directors or executive officers owns, on an individual basis, 1% or more of our common shares (including ADSs representing common shares) or of our total equity share capital.

Performance Share Plan ("PSP") and Talent for the Future Share Plan ("TFSP")

The annual Telefónica S.A. shareholders' meeting (our indirect controlling shareholder), held on April 11–12, 2024, approved new long-term incentive plans: the Performance Share Plan ("PSP") and the Future Talent Share Plan ("TFSP") for executives of Telefónica S.A. and other entities within the Telefónica group, including us.

The Plans provide the opportunity for executives within the Telefónica group who are invited to participate to receive a certain number of Telefónica shares after a period of three years. This is achieved through the prior allocation of a certain number of shares or theoretical units ("Units"), which serve as the basis for determining the number of ordinary shares in Telefónica's share capital ("Shares") that may be delivered under the Plan as variable compensation, depending on the fulfillment of the objectives established for each cycle of the Plan. The Plans have a total duration of five years and are divided into three independent cycles (the "Cycles"), each with a measurement period of three years, according to the following schedule:

- First cycle: January 1, 2024, to December 31, 2026
- Second cycle: January 1, 2025, to December 31, 2027
- Third cycle: January 1, 2026, to December 31, 2028

At the end of each cycle, an evaluation will determine whether the minimum performance conditions have been met, based on metrics such as total shareholder return ("TSR") for Telefónica compared to a peer group, free cash flow targets ("FCF"), neutralization/compensation of CO2 emissions, and gender equality, specifically the presence of women in leadership positions.

TSR is the metric used to measure value generation for our shareholders in the medium and long term. It assesses return on investment by considering the accumulated variation in the value of Telefónica shares, as well as dividends and other similar items received by shareholders during each cycle. The corresponding weight for this objective is 50% of the total number of shares to be delivered to PSP participants.

FCF is the metric used to encourage commitment to the sustainable achievement of long-term strategic objectives. This objective is established and approved annually by our Board of Directors. Forty percent (40%) of the number of shares to be delivered under the plan will be determined based on the level of FCF generated by the company each year, compared to the values established in the budgets approved by our Board of Directors. Partial achievement of this objective will be calculated annually, and the final FCF will be an average of the annual partial achievements.

- **CO2 Emissions Neutralization:** Five percent of the number of shares to be delivered under the Plan will be determined based on the level of neutralization/compensation of CO2 emissions achieved by the Telefónica Group at the end of each Plan cycle. This requires a minimum level of scope 1 and 2 emissions reduction (“Emission Reduction”) in line with the Paris Agreement’s 1.5°C target (SBTi), with the goal of achieving net-zero emissions by 2040 in its main markets.
- **Gender Equality:** Five percent of the number of shares to be delivered under the Plan will be determined based on gender equality, specifically the presence of women in leadership positions. Compliance with this objective will be assessed by measuring the percentage of women occupying leadership positions compared to the total number of leadership positions within the Telefónica Group.

At the start of each cycle, the Board of Directors of Telefónica S.A. will determine the percentage of the objective and an achievement scale, which will include a minimum 90% achievement threshold for incentive payment and a maximum achievement and payment limit.

To receive shares under this plan, participants must meet the following requirements for each cycle:

- Maintain an active relationship with the company or any of its subsidiaries for at least 12 months of the cycle and, on the start date of each cycle, participate in the plan and comply with the General Conditions (“Subsidiary” or “Participating Company”).
- Maintain an active relationship with a participating company on the delivery date.
- Exceed the minimum levels of plan objective achievement.
- In cases of termination with proportional delivery, this will only occur if the termination takes place 12 months after the start date and in compliance with the plan rules.

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

- *Performance Share Plan (“PSP”), for its Vice Presidents and Directors at the global level—Cycle 2024-2026:* with 119 active executives (including 5 executives appointed under the Telefónica Brasil Bylaws) having the potential right to receive 1,062,336 shares of Telefónica S.A.;
- *Talent for the Future Share Plan (“TFSP”), for its Senior Managers, Managers and Specialists at the global level—Cycle 2024-2026:* with 145 active executives having the potential right to receive 268,000 shares of Telefónica S.A.

Performance Share Plan VIVO (“PSP VIVO”)

We have approved an incentive plan, the Performance Share Plan VIVO (“PSP VIVO”), based on performance units with cash settlement (“Plan”). Participants in the Plan will be entitled to receive a certain number of representative units of a share issued by us (VIVT3) (“Unit” and “Share”). Each Unit represents the expected right to receive the full value of a Share. The number of Units received will serve as the basis for determining the value of the incentive to be paid in cash to participants by the Company.

The reward delivery is contingent upon:

- maintaining an active work relationship within the Telefônica group on the date of cycle consolidation, and
- achieving results that fulfill the objectives established for the Plan.

The level of success is determined by comparing the evolution of shareholder remuneration—considering the share price and dividends (Total Shareholder Return - TSR) of our stock—with the TSR evolution of companies in the predefined Comparison Group. It also depends on the achievement of our Free Cash Flow (FCF) targets, the neutralization or compensation of CO2 emissions, and gender equality, measured by the presence of women in leadership positions.

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

- *Cycle 2022-2024*—with 86 active executives (including five executives appointed under the Telefônica Brasil Bylaws) having the potential right to receive the value equivalent to 380,150 shares of Telefônica Brasil S.A.;
- *Cycle 2023-2025*—with 101 active executives (including five executives appointed under the Telefônica Brasil Bylaws) having the potential right to receive the value equivalent to 446,890 shares of Telefônica Brasil S.A.;
- *Cycle 2024-2026*—with 118 active executives (including five executives appointed under the Telefônica Brasil Bylaws) having the potential right to receive the value equivalent to 420,827 shares of Telefônica Brasil S.A.

Global Telefônica Incentive Stock Purchase Plan: Plan 100

The Global Telefônica Incentive Stock Purchase Plan: Plan 100 allowed eligible employees to acquire Telefônica shares through monthly payroll deductions ranging from €25 to €150 (or the equivalent in local currency), subject to a maximum contribution of €1,800 over a twelve-month purchase period. Following the purchase period, a six-month retention period applied, during which employees were required to hold the acquired shares. At the end of this retention period, employees received one additional share for each share purchased, at no additional cost. The plan cycle ran from September 1, 2022, to March 31, 2024.

In addition, to commemorate the 100th anniversary of Telefônica on April 19, 2024, each eligible participant could receive 100 Telefônica Commemoration Shares at no cost. The delivery of these shares was conditioned to some terms and on March 31, 2024, the cycle of the Global Telefônica Stock Purchase Plan - Plan 100 was finalized, with the delivery of shares on April 19, 2024, to employees who met the conditions established by the plan.

F. Disclosure of a registrant's action to recover erroneously awarded compensation.

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

In accordance with our bylaws, we have one class of capital stock authorized and outstanding: common shares (*ações ordinárias*), which have full voting rights.

As of December 31, 2024, Telefónica owned 38.90% of our common shares, Telefónica LATAM owned 37.34% of our common shares and Telefónica Chile owned 0.06% of our common shares. Since Telefónica LATAM is a wholly-owned subsidiary of Telefónica, Telefónica has effective control over 76.30% of our outstanding common shares. Accordingly, Telefónica can control the election of our board of directors and to determine the direction of our strategic and corporate policies. None of Telefónica or Telefónica LATAM has any special voting rights beyond those ordinarily accompanying the ownership of our common shares.

SP Telecom, a former controlling shareholder of ours, was liquidated and extinguished on October 31, 2022. The shares issued by the Company and held by SP Telecom were delivered to its partners Telefónica and Telefónica LATAM, in the proportion of their respective participation in the social capital of the Society, within the scope of the sharing of shareholders' equity. Therefore, Telefónica received 131,069,752 shares, and Telefónica LATAM received 201,625,838 shares, in each case issued by Telefónica Brasil.

Telefónica's shares are traded on the stock exchanges in Madrid, New York and Lima.

Telefónica is one of the largest telecommunications companies in the world in terms of market capitalization and number of customers. With its strong mobile, fixed and broadband networks and its innovative portfolio of digital solutions, Telefónica is a company that will be even better placed to meet the needs of its customers and capture new revenue growth.

The following tables set forth information relating to the ownership of common shares by Telefónica, Telefónica LATAM, any other shareholders known to us to beneficially own more than 5% of our common shares and our officers and directors, based on 1,626,682,604 common shares outstanding as of December 31, 2024 (excluding treasury shares). We are not aware of any other shareholder that beneficially owns more than 5% of our common shares.

Shareholder's Name	Number of common shares owned	Percentage of outstanding common shares
Telefónica S.A.	634,398,912	38.9%
Telefónica LATAM	608,905,051	37.3%
Telefonica Chile S/A	936,513	6.0%
All directors and executive officers as a group	26,400	—

As of December 31, 2024, there were a total of 125 ADR holders of record and 90,125,970 ADSs outstanding, representing 90,125,970 common shares or 5.5% of outstanding common shares. Since some of these ADRs are held by nominees, the number of record holders may not be representative of the number of beneficial holders.

B. Related Party Transactions

Transactions with related parties are submitted to review by our related parties committee and, when necessary, approval by our board of directors and shareholders, in compliance with our bylaws. We believe that all related party transactions are carried out according to guidelines, criteria and market rules in order to provide sufficient transparency to contracts between related parties.

Note 29 to our consolidated financial statements presents, in tabular format, more detailed financial information with respect to transactions and balances with related parties. We provide below a summary description of our material transactions with related parties to which we are a part or have been a party in the last fiscal year.

Telefónica S.A.

In 2024, there were transactions between companies with expenses that totaled R\$532.1 million, mainly related to the Brand Fee agreement, for the assignment of use of brand rights.

Telxius Cable Brasil Ltda

In 2024, there were transactions between companies with expenses that totaled R\$250.2 million, mainly related to IP transit services and international transmission infrastructure for various data circuits and connection services contracted.

Telefónica Global Solutions S.L.

In 2024, there were transactions between companies with expenses that totaled R\$100.8 million, mainly related to Infrastructure services for international transmission for various data circuits, connection services contracted, services that deal with the right to use certain software licenses and contracted maintenance and support services.

Telefónica Global Solutions Participações Ltda

In 2024, there were transactions between companies with expenses that totaled R\$88.0 million, mainly related to international transmission infrastructure to various data circuits and connection services and services that deal with the right to use certain software licenses and contracted maintenance and support services.

Telefónica Global Technology S.A.

In 2024, there were transactions between companies with expenses that totaled R\$77.8 million, mainly related to services that deal with the right to use certain software licenses and contracted maintenance and support services.

Telefónica Innovación Digital, S.L.

In 2024, there were transactions between companies with expenses that totaled R\$222.7 million, mainly related to Cost Sharing Agreement services, expenses refund related to digital products developed by a global platform.

Telefônica Cibersegurança e Tecnologia do Brasil Ltda.

In 2024, there were transactions between companies with expenses that totaled R\$278.9 million, mainly related to services that deal with the right to use certain software licenses and contracted maintenance and support services.

Telefónica IOT & Big Data Tech, S.L.

In 2024, there were transactions between companies with expenses that totaled R\$121.1 million, mainly related to Cost Sharing Agreement services, expenses refund related to digital products developed by a global platform.

Fibrasil Infraestrutura E Fibra Ótica S.A.

In 2024, there were transactions between companies with expenses that totaled R\$385.7 million, mainly related to network infrastructure services.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See Note 20 as well as Notes 8 and 9 of our consolidated financial statements.

Legal Proceedings

We are party to legal proceedings incidental to the normal course of our business. The main categories of such proceedings include:

- administrative and judicial litigation with the Brazilian Institute of Social Security (*Instituto Nacional da Seguridade Social*), or the INSS;
- administrative and judicial proceedings relating to tax payments;
- lawsuits brought by employees, former employees and trade unions relating to non-compliance with the labor legislation;
- civil judicial proceedings regarding consumer rights; and
- other civil suits, including litigation arising out of the breakup of Telebrás, and events preceding the breakup.

Our policy with respect to provisioning for contingencies classifies the various legal proceedings to which we are party as “probable”, “possible” and “remote”. We and our subsidiaries are parties to labor, tax, civil and regulatory claims and set up a provision for contingencies for which the likelihood of loss was estimated as probable. Our senior management classifies each legal proceeding into one of these three categories (probable, possible and remote) based upon the advice of internal and external counsel and specialized technical advisors in charge of each matter. Due to the level of provisioning and based on its analysis of the individual cases, our management believes that no additional liabilities related to any legal proceedings will have a material effect on our financial condition or results of operations, other than as described below.

There are no material proceedings in which any of our directors, any members of our senior management, or any of our affiliates is either a party adverse to us or to our subsidiaries or has a material interest adverse to us or to our subsidiaries.

Tax Matters — Probable Loss

The following tax proceedings were pending as of December 31, 2024, and, in the opinion of our management and our legal advisors, the chance of loss in these cases is probable.

Federal Taxes

On December 31, 2024, we were a party to federal administrative and judicial proceedings relating to: (i) claims resulting from the denial of our tax offset and refund claims; (ii) corporate withholding tax (*imposto de renda retido na fonte*), or IRRF, and economic domains contributions (*Contribuição para a Intervenção no domínio econômico*), or CIDE, levied on the remittance of funds abroad relating to technical services, administrative assistance, similar services, and royalties; (iii) social investment fund contribution (Finsocial) offset amounts; (iv) additional PIS/COFINS charges on our taxable base, as well as additional charges to COFINS required by Law No. 9,718/1998; (v) the removal of certain benefits under CAMEX Resolution No. 6, which increased import tariffs from 4% to 28%; and (vi) INSS on constitutional right to a third-salary payment vacation.

In the opinion of our management, our chance of loss in the foregoing federal administrative and judicial proceedings is probable. As of December 31, 2024, total provisions for these state-level administrative and judicial proceedings amounted to R\$809.8 million.

State Taxes

In December 2024, we were a party to administrative and judicial proceedings referring to: (i) ICMS credits that were not granted; (ii) ICMS on telecommunication services; (iii) rejection of ICMS credits referring to a certain tax covenant; (iv) ICMS tax rates; (v) ICMS tax on internet (data) infrastructure lease payments; (vi) sales of goods at prices below their cost of acquisition; (vii) taxation of amounts granted to clients as discounts; (viii) unmeasured services; (vix) CIAP credit; (x) monthly subscription, not covered by the modulation of the effects resulting from the judgment by the STF; and (xi) fines for noncompliance with accessory obligations.

As of December 31, 2024, total provisions for these state-level administrative and judicial proceedings amounted to R\$466.6 million.

Municipal Taxes

On December 31, 2024, we were a party to tax claims at the municipal level, both in the administrative and judicial sphere, which, based on the opinion of our legal advisors, are classified as having a probable risk of loss. These claims related to: (i) real estate property tax (*Imposto Predial Territorial e Urbano*), or IPTU; (ii) municipal services tax (*Imposto Sobre Serviços*), or ISS, on the lease of movable assets for supplementary or intermediary activities; and (iii) ISS withholding on fixed-duration service contracts. As of December 31, 2024, total provisions for these state-level administrative and judicial proceedings amounted to R\$137.0 million.

FUST

On December 31, 2024, we were a party to federal judicial proceedings relating to the non-inclusion of interconnection and EILD expenses in the FUST. As of December 31, 2024, total provisions for these state-level administrative and judicial proceedings amounted to R\$609.6 million.

Tax Matters — Possible Loss

The following tax proceedings were pending as of December 31, 2024, and, in the opinion of our management and our legal advisors, the chance of loss in these cases is possible.

Federal Taxes

On December 31, 2024, we were a party to various federal administrative and judicial proceedings, which are waiting to be tried at various court levels. As of December 31, 2024, the total amount under discussion in these proceedings was R\$4,419.4 million. Key proceedings refer to: (i) tax offset requests made by the Company; (ii) social security contribution, including: (a) INSS contributions, workplace accident insurance (SAT), and other contributions (e.g., INCRA and SEBRAE); (b) 11% withholding (labor assignment); (c) stock options, payment requirement for social security contributions on amounts paid by group companies to employees on behalf of the share purchasing plan; (iii) the deduction of COFINS from losses in swap transactions; (iv) PIS/COFINS on: (a) accrual basis versus cash basis; (b) value-added services; and (c) monthly flat fees (*serviço de assinatura mensal*); (v) industrialization tax (*Imposto Sobre Produtos Industrializados*) on the dispatch from Company premises of fixed-line access unit equipment to clients on a lending agreement; (vi) financial operations tax (*Imposto sobre Operações Financeiras*), payment requirements for intercompany and credit operations; (vii) capital gains tax from the purchase of GVT; and (viii) exclusion of ICMS from the Calculation Basis of PIS and COFINS. In the opinion of our management, our chance of loss in these proceedings is possible. As a result, we have not made any provisions in connection with these proceedings.

State Taxes

On December 31, 2024, we were a party to various state administrative and judicial proceedings, which are ongoing at various court levels. As of December 31, 2024 the total amount under discussion in these proceedings was R\$25,760.4 million. Key proceedings refer to: (i) equipment rentals; (ii) reversal of extemporaneous credits; (iii) ICMS taxation of services rendered outside the state of São Paulo; (iv) co-billing, (v) tax substitution with a fictitious tax base (tax guidelines); (vi) use of credits related to the acquisition of electric power; (vii) secondary activities, value-added and supplementary services; (viii) tax credits related to opposition/challenges referring to telecommunications services not provided or mistakenly charged; (ix) deferred ICMS charges; (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 credits from returns and free leases in connection with the assignment of networks (used by the Company itself and exemptions from governmental bodies); (xvi) ICMS on amounts received under agreements with other service providers for the shared use of their networks; (xvii) ICMS on our own consumption; (xviii) ICMS on exemptions of governmental bodies; (xix) unconditional discounts excluded from the ICMS tax basis; (xx) monthly fee and the minutes included in the franchise; and (xxi) fines for noncompliance with accessory obligations. The risk of loss in the foregoing state administrative and judicial proceedings is deemed possible, and, consequently, we have not made any provisions in connection with these proceedings.

Municipal Taxes

On December 31, 2024, we were a party to various administrative and judicial proceedings at the municipal level, which are ongoing at various court levels. As of December 31, 2024, the total amount under discussion in these proceedings was R\$682.5 million. Key proceedings refer to: (i) ISS on secondary activities and value-added and supplementary services, ISS withholding, ISS on caller ID services and on cell phone activation, ISS on continuous services contracts, provisions, reversals and canceled invoices, ISS on data processing and antivirus programs, ISS on fees for the use of our mobile network (*tarifa de uso da rede móvel*) and infrastructure leases, ISS on advertising services, and ISS on third-party services; (ii) IPTU rules; (iii) land use fees; and (iv) other municipal fees; In the opinion of our management, the chance of loss in the foregoing state administrative and judicial proceedings is possible and, consequently, we have not made any provisions in connection with these proceedings.

FUST, FUNTTEL and FISTEL Litigation

FUST Litigation

Fixed-line and mobile operators filed suit seeking a writ of mandamus to recognize their right to include interconnection revenue in the FUST base for mobile services. We have challenged such charges and the proceedings are waiting to be tried in the court of appeals. As a result, ANATEL charges us with various infractions to collect tax credits and other revenues that were not obtained from the provision of telecommunication services, on which ANATEL believes FUST is due. As of December 31, 2024, the total amount under discussion in these proceedings was R\$5,813.7 million. In the opinion of our management and our legal advisors, our chance of loss in the foregoing proceedings is possible, and, consequently, we have not made any provisions in connection with these proceedings.

FUNTTEL Litigation

On December 31, 2024, we were a party to administrative and judicial proceedings, which are waiting to be tried at the lower administrative court and the court of appeals. Such proceedings concern the collection of contributions to FUNTTEL on other revenues (not related to telecom services), as well as on income and expenses transferred to other operators (interconnection). As of December 31, 2024 the total amount under discussion in these proceedings was R\$2,085.3 million. In the opinion of our management and our legal advisors, the chance of loss in the foregoing proceeding is possible, but not probable and, consequently, we have not made any provisions in connection with this proceeding.

FISTEL Litigation

Due to the extension of the effective license period to use telephone switches in connection with the use of landline phone carriers, and the extension of the right to use radiofrequency in connection with wireless service (wireless carriers), ANATEL charges us with an installation inspection fee (*taxa de fiscalização e inspeção*), or the TFI. This collection is based on ANATEL's understanding that such extension would represent a taxable event for the TFI. We understand that such collection is inappropriate, and challenged this fee in court. As of December 31, 2024, the total amount under discussion in these proceedings was R\$2,088.8 million, without the respective deposit in full. In the opinion of our management and our legal advisors, the chance of loss in the foregoing proceeding is possible and, consequently, we have not made any provisions in connection with this proceeding.

Labor Litigation

We are a defendant in several lawsuits filed by former employees and outsourced employees (subsidiary or solidary responsibility), which claim, among others: overtime payments, variable compensation, salary parity, and unhealthy or risk work premiums. As of December 31, 2024, we had recorded R\$935.5 million in provisions for these proceedings where the risk of loss is deemed probable. We were also defendants in certain other labor claims for which the chance of loss is deemed possible, which totaled an aggregate amount of approximately R\$1,346.3 million as of December 31, 2024, and for which we have not recorded provisions.

Civil Claims

We are the defendants in multiple civil claims. We had recorded R\$1,411.1 million in provisions in connection with these proceedings as of December 31, 2024 where the risk of loss was deemed probable, including the civil proceedings described below:

- We are defendants in proceedings related to the possible right of individuals who purchased our shares in connection with our network expansion plan after 1996 to receive additional shares from us. These claims are in course through the various levels of the court system and the success rate in each proceeding is classified on a case-by-case basis according to the facts presented in each proceeding. For proceedings in which our chance of loss has been estimated as probable, we recorded provisions in the amount of R\$152.1 million as of December 31, 2024.
- We and/or our subsidiaries are defendants in various civil proceedings related to individual consumers' claims in judicial courts, especially relating to our failure to perform our services. As of December 31, 2024, provisioned amounts in connection with these proceedings totaled R\$293.6 million.
- We and/or our subsidiaries are parties to various civil, non-consumer and consumer proceedings in administrative and judicial courts arising out of the ordinary course of business. As of December 31, 2024, provisioned amounts in connection with these proceedings totaled R\$965.5 million.

Other several civil claims against us for which the chance of loss is deemed possible totaled approximately R\$2,000.9 million as of December 31, 2024 and for which we have not recorded provisions, including:

- We are a party to various other civil claims related to our services. Such claims were filed by individual consumers, civil associations representing consumer rights, or by PROCON, as well as by federal and state public prosecutor offices. We are also party to various other claims in the ordinary course of our business.

Ownership of Caller ID

Lune Projetos Especiais Telecomunicação Comércio e Ind. Ltda., or Lune, filed on November 20, 2001 lawsuits against 23 wireless telecommunications operators, including TELESP Celular Participações and its subsidiaries. The lawsuits allege that those operators violated patent No. 9202624-9, related to *Equipamento Controlador de Chamadas Entrantes e do Terminal do Usuário*, or Caller ID, granted to Lune by the Brazilian Institute of Industrial Property (*Instituto Nacional da Propriedade Industrial*) on September 30, 1997. An unfavorable decision was handed down determining that the Company should refrain from selling mobile phones with Caller ID service, subject to a daily fine of R\$10,000 in case of noncompliance. Furthermore, according to that decision, the Company must pay indemnification for royalties, to be calculated at settlement. Motions for clarification were opposed by all parties and Lune's motions for clarification were accepted, since an injunctive relief in this stage of the proceedings was deemed applicable. An appeal was filed against a decision that granted a stay of execution until final judgment of an appeal on the merits. This latter appeal was successful and granted the Company the right to a new trial by the lower court. In the second trial, the lawsuit was ruled in our favor. Lune has filed an appeal. In February 2023, the Court of Justice judged the appeals lodged and, unanimously, dismissed them, upholding the ruling as unfounded. Lune then filed motions for clarification, which were also dismissed. Subsequently, an appeal was filed with the Superior Court of Justice by Lune, which is still pending judgment. Our outside counsel's opinion is that the chance of an unfavorable outcome is possible. We are unable to determine at this time the extent of any potential liabilities with respect to this claim.

Expiration of Prepaid Plan Minutes

We, together with other Brazilian wireless telecommunications operators, are defendants in lawsuits brought by public prosecutor offices and consumer protection associations challenging the imposition of a deadline for the use of purchased prepaid minutes. The plaintiffs allege that purchased prepaid minutes should not expire after any specified deadline. Conflicting decisions have been issued by the courts about this matter. Although we believe that our criteria for imposing the deadline are in compliance with ANATEL's rules, we believe, based on the opinion of outside counsel, that the likelihood of an unfavorable outcome with respect to these claims is possible.

Regulatory and Antitrust Litigation

We are involved in several regulatory and antitrust administrative and legal proceedings. As of December 31, 2024, proceedings with a possible risk of loss amounted to R\$3.1 billion.

On October 5, 2023, ANATEL submitted a request to the TCU to open a consensual solution procedure, which was approved by the TCU on January 23, 2024, resulting in the creation of a negotiation committee. On May 23, 2024, the negotiation committee reached an understanding on the proposed terms and conditions of the Self-Composition Agreement. The proposed terms and conditions of such agreement were approved by the TCU in a meeting held on November 27, 2024, with the inclusion of conditions that were confirmed by the Company, by ANATEL and by the Ministry of Communications. The Self-Composition Agreement was executed on December 16, 2024. The Self-Composition Agreement has as its purpose, among other things: (i) the realization of investments by Telefônica, in the form, conditions and terms established in such agreement, in exchange for the conversion of the concession into an authorization; and (ii) the maintenance of the provision of STFC services in locations without adequate competition, corresponding to the area of the STFC concession agreements that will be terminated, until December 31, 2028. It is expected that the unified term formalizing this conversion will be issued by ANATEL by the end of the first quarter of 2025. Accordingly, proceedings relating to ANATEL were classified to as having a remote risk of loss.

Our material regulatory and antitrust administrative and legal proceedings for which the chance of loss is deemed probable include the following:

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

- *Onerous fee:* The obligation to pay the onerous fee for the renewal of radio frequencies (i.e., the payment, due every two years, relating to the right to use of radio frequencies). A dispute arose on which revenues should be considered in the payment of amounts due for the renewal of radio frequencies in relation to the payment of SMP charges. We, together with our legal advisors, concluded that there is a probable loss of approximately R\$699.9 million on the payment of the SMP burden in relation to data revenue, due to the existence of unfavorable decisions at ANATEL and in the courts with an unlikely chance of review. Moreover, we decided to begin collecting such amounts in favor of ANATEL.
- *General user rights (Direitos Gerais do Usuário):* 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 RGC, which was approved by Resolution No. 632/2014, especially regarding the provision of services, collection of amounts, disputes and reimbursement, among others.
- *Quality:* The Company and/or its subsidiaries are engaged in administrative and legal discussions regarding telecommunications services originating from STFC, SMP, SeAC and SCM concessions, regarding compliance with the indicators that measure the quality of these services nationwide, based on the RQUAL, which was approved by Resolution No. 717/2019.
- *Relationship between Providers:* The Company and/or its subsidiaries are engaged in administrative and legal discussions regarding the regulatory relationship with other telecommunications service providers regarding the EILD and the supply of other wholesale products.
- *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 multichannel multipoint distribution system, and 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 provide compensation 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 order.

Our material regulatory and antitrust administrative and legal proceedings for which the chance of loss is deemed possible or remote include the following:

- Administrative and legal proceedings disputing how ANATEL should calculate a payment due every two years for the extension of the right to use SMP-related radio frequencies. ANATEL asserts that a 2% charge should be calculated on all of our SMP revenue. However, we believe that revenues not included in the SMP service plans, as defined by regulation at the time of signing the authorization agreements, should be excluded from the fee calculation. Due to this disagreement, we have filed administrative and legal proceedings challenging ANATEL's charges. Proceedings related to the collection of contractual charges for the extension of STFC concession contracts were encompassed by the Self-Composition Agreement and have therefore been reclassified as having a remote risk of loss.

- A lawsuit seeking to invalidate ANATEL's March 2018 decision in an administrative proceeding in which we were charged with violations of fixed-line telephone regulations. Specifically, we were accused of breaching rules regarding the prior notice required before terminating service for users in default and related refunds. ANATEL imposed a fine of approximately R\$199.1 million, which, as of December 31, 2024, had increased to approximately R\$623.6 million after interest and monetary adjustments. We have not paid this fine but have secured its payment through litigation insurance. The lawsuit is currently in the first instance and pending judgment, following the submission of an expert report supporting the Company's arguments for reducing the fine. These proceedings were encompassed by the Self-Composition Agreement and have therefore been reclassified as having a remote risk of loss.
- An investigation by CADE in connection with a joint bid we submitted with Claro and Oi, through a consortium, for certain services to be rendered to the Empresa Brasileira de Correios e Telégrafos, the Brazilian state postal service. We have presented our defense, in which we allege our joint bid was lawful under the applicable laws. The CADE's general body decided that the operators engaged in anti-competitive conduct. After the decision, Telefonica filed a motion for clarification, which was partially accepted, resulting in a fine of R\$38.1 million. The Company decided to file a lawsuit seeking the annulment of the fine, arguing it was not unlawful to form a consortium to participate in public bidding, and arguing there was a lack of clear criteria and reasonableness for calculating the fine. This action is pending judgment.
- Administrative proceeding initiated by ANATEL to assess potential measures regarding the transfer of economic gains resulting from the Brazilian Supreme Court (STF) decision that excluded ICMS from the PIS/COFINS calculation base between 2002 and 2017 in fixed-line telephone concession plans. In this case, ANATEL's superintendence, in line with the Prosecutor's legal opinion, determined that these gains were not due to business efficiency but rather a change in tax regulations. ANATEL proposed that the reimbursement be made through a tariff review for basic fixed-line telephone plans and the construction of high-capacity backhaul infrastructure for alternative plans, totaling approximately R\$1 billion, which we currently assess as a possible loss risk. The case was reviewed by ANATEL's Board of Directors, which set the reimbursement amount at R\$1.4 billion, requiring the Company to construct 20,000 kilometers of high-capacity backhaul infrastructure. This amount is part of the ongoing concession negotiations (Process No. 036.366/2023-4 at the TCU before the Secretariat for External Control of Consensual Resolution and Conflict Prevention – SecexConsenso, and Process No. 53500.013207/2023-74). If negotiations do not reach a favorable outcome, the case may be contested through arbitration. These proceedings were encompassed by the Self-Composition Agreement and have therefore been reclassified as having a remote risk of loss.
- Administrative Proceeding started by ANATEL, which dealt with mobile coverage goals, whose fine of R\$127 million could be converted into an alternative obligation, which consists of an alternative means of complying with a fine, by investing in the installation of 4G base transceiver stations (estações rádio base) in 188 locations, whose installation must take place in two and a half years, with maintenance costs equivalent to the period of one year. Installation cannot result from RAN Sharing, Swap, network rental, industrial exploitation contracts, or other contractual means. The deployment of such obligation within the established period will be monitored.
- 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 the note, namely: General User Rights ("DGU"); Quality, and Relationship between Providers.

For more information, see note 20.c.2.1 to our audited consolidated financial statements included elsewhere in this annual report.

Dividends and Dividend Distribution Policy

Priority and Amount of Dividends

The Brazilian Corporate Law determines that the shareholders of a company have the right to receive, in each fiscal year, a percentage of the profits (mandatory dividends) comprising dividends and/or interest on shareholders' equity, or distributable amount, of the corporation for each fiscal year. If such amount is not determined in the bylaws of the company, Brazilian Corporate Law specifies the criteria to determine the amount of the dividend. See "Item 10. Additional Information—B. Memorandum and Articles of Association."

According to our bylaws, we are required to distribute as mandatory dividends of each fiscal year ending on December 31, to the extent amounts are available, an aggregate amount equal to at least 25% of adjusted net income, as a minimum amount of dividends.

As per our bylaws, our Board of Directors may declare interim dividends based on (i) the accrued profits recorded in our semiannual financial statements; (ii) the accrued profits recorded in our quarterly financial statements or in our financial statements of shorter periods, provided that the total amounts of dividends paid up every six months does not exceed the total amount within the capital reserve determined per article 182 of Brazilian Corporate Law; and (iii) the amount recorded on the profit account or profit reserve account on our last annual or semiannual financial statements.

Under the Brazilian Corporate Law, a company is allowed to withhold payment of the mandatory dividend in respect of common shares (and also ADSs) if:

- management and the fiscal board report at the shareholders meeting that the distribution would be incompatible with the financial circumstances of the company; and
- the shareholders ratify this decision at the shareholder's meeting.

If that is the case:

- management must forward to the CVM, within five days of the shareholders meeting, an explanation justifying the decision at the shareholders meeting; and
- the profits that were not distributed are to be recorded as a special reserve and, if not absorbed by losses in subsequent fiscal years, are to be paid as dividends as soon as the company's financial situation allows.

For the purposes of the Brazilian Corporate Law, net profits are defined as net income after income tax and social contribution for the fiscal year, net of any accumulated losses from prior fiscal years and any amounts allocated to beneficiary parties', employees' and management's participation in a company's profits and subscription bonuses.

Under Brazilian Corporate Law, adjusted net income is an amount equal to our net income adjusted to reflect allocations to or from (i) legal reserves, and (ii) contingency reserves for anticipated losses, if any.

At each annual shareholders meeting, the board of directors is required to suggest the allocation of net profits obtained during the preceding fiscal year. Under Brazilian Corporate Law, we are required to maintain a legal reserve, to which 5% of our net profits must be allocated for each fiscal year, which may not exceed 20% of our paid-in capital. Net losses, if any, shall be deducted from accumulated profits, profit reserves and legal reserve, in this order. We may refrain from allocating resources to the legal reserve during any fiscal year in which the balance of such reserve, taken together with the amount of the capital reserve exceeds 30% of the share capital of the Company.

Brazilian Corporate Law also provides for an additional allocation of net profits to special accounts, also to be recommended by management and subject to approval by shareholders at the annual shareholders meeting, including the amount of net profits that may be allocated to the contingency reserve for anticipated losses that are deemed probable in future years. Any amount so allocated in a previous year must be either:

- reversed in the fiscal year in which the loss was anticipated, if the loss does not in fact occur; or
- written-off if the anticipated loss occurs.

Net profits may also be allocated to the unrealized income reserve in case the total amount of mandatory dividends exceeds the amount of realized net profits. Such allocation should also be suggested by management and subject to approval by shareholders at the shareholders' meeting. For such purpose, realized income is the balance of net profits exceeding the sum of:

- the positive net result of equity adjustment; and
- earnings, revenues or net profits from transactions or the accounting of assets and liabilities at market value, whose financial realization term occurs after the end of the next fiscal year.

The amounts available for distribution are determined on the basis of financial statements prepared in accordance with the accounting practices adopted in Brazil.

Payment of Dividends

We are required by law and our bylaws to hold an annual shareholders meeting until April 30 of each year to approve, among other issues, the allocation of net profits earned during the preceding fiscal year and the declaration of dividends by a decision of common shareholders, acting on the recommendation of the executive officers, as approved by the board of directors. The payment of annual dividends is based on the financial statements prepared for each fiscal year ending on December 31.

A shareholder has a three-year period from the dividend payment date to claim dividends in respect of its shares, after which any unclaimed dividend distributions legally revert to the Company. Because our shares are issued in book-entry form, dividends with respect to any share are credited to the account holding the share and no action is required on part of the shareholder. We are not required to adjust the amount of paid-in capital for inflation.

Time Limits for Claiming Dividends

Our shareholders have three years to claim dividend distributions made with respect to their shares, as from the date that we distribute the dividends to our shareholders, after which any unclaimed dividend distributions legally revert to us. We are not required to adjust the amount of any distributions for inflation that occurs during the period from the date of declaration to the payment date.

If a shareholder is not a resident of Brazil, he or she must register with the Central Bank to be eligible to receive dividends, sales proceeds or other amounts with respect to his or her shares outside of Brazil. Our common shares underlying ADSs are held in Brazil by a Brazilian custodian, Citibank DTVM S.A., as the agent for the depositary Citibank N.A., which is the registered owner of our shares.

Payments of cash dividends and distributions, if any, will be made in Brazilian currency to the custodian on behalf of the depositary, which will then convert those proceeds into U.S. dollars and will provide for U.S. dollars to be delivered to the depositary for distribution to holders of ADSs. If the custodian is unable to immediately convert the Brazilian currency received as dividends into U.S. dollars, the amount of U.S. dollars payable to holders of ADSs may be adversely affected by devaluations of the Brazilian currency that occur before dividends are converted and remitted. Dividends in respect of the common shares paid to resident and nonresident shareholders, including holders of ADSs are not currently subject to Brazilian withholding tax.

Additional Payments on Shareholders' Equity

Law No. 9,249, as amended December 26, 1995, provides for the distribution to shareholders of interest on shareholders' equity, which may be computed with the amount of dividends to be distributed to shareholders. A company can treat these payments as financial expenses for income tax and social contribution purposes. Currently, this interest is limited to the daily pro rata variation of the TJLP, a long-term nominal interest rate determined by the federal government that includes an inflation factor and cannot exceed the greater of:

- 50% of net income (before deducting income tax and interest on equity) for the period in which the payment is made, or
- 50% of the sum of retained earnings and profit reserves.

Currently, any payment of interest in respect to common shares to shareholders (including the holders of ADSs) is subject to Brazilian withholding tax at a rate of 15%, or 25% in the case of a shareholder domiciled in a tax haven, and these payments may be included, at their net value, as part of any mandatory dividend. If payment of interest on shareholders' equity is made for a beneficiary located outside of Brazil, the IOF tax triggers at a rate of zero. See "Item 10. Additional Information—E. Taxation—Brazilian Tax Considerations—Distributions of Interest on Capital."

We declare and pay dividends and/or interest on shareholders' equity as required by Brazilian Corporate Law and our bylaws. The declaration of annual dividends, including dividends in excess of the mandatory distribution, requires approval by the vote of a majority of the holders of common shares, and depends on many factors. These factors include our results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by shareholders. Our shareholders have historically acted on these matters based on recommendations by the board of directors.

The following table sets forth the dividends or interest on shareholders' equity paid to holders of our common and preferred shares in the three years ended December 31, 2024:

Year	Description (Dividends or Interest on Shareholders' Equity) ⁽¹⁾	Common stock	Preferred Shares ⁽²⁾
		(per share/in R\$)	
2024	Div/Int	1.564441	—
2023	Div/Int	2.357910	—
2022	Div/Int	3.488877	—

(1) Interest on shareholders' equity is net of withheld taxes.

(2) All of our outstanding preferred shares were converted into common shares after the market closed on November 20, 2020. See "Item 10. Additional information—B. Memorandum and Articles of Association—Description of our bylaws—History of Share Capital—Conversion of our Preferred Shares into Common Shares."

Dividends and Interest on Shareholders' Equity

Year ended December 31, 2024

On March 14, 2024, the board of directors approved, subject to shareholder approval, the payment of interest on equity for the common shares in the amount of R\$300 million. The record date for such distribution was March 28, 2024 and such amount was paid on December 17, 2024.

On April 16, 2024, the board of directors approved, subject to shareholder approval, the payment of interest on equity for the common shares in the amount of R\$380 million. The record date for such distribution was March 31, 2024 and such amount as paid on December 17, 2024.

On June 14, 2024, the board of directors approved, subject to shareholder approval, the payment of interest on equity for the common shares in the amount of R\$175 million. The record date for such distribution was May 31, 2024 and such amount as paid on December 17, 2024.

On July 15, 2024, the board of directors approved, subject to shareholder approval, the payment of interest on equity for the common shares in the amount of R\$650 million. The record date for such distribution was June 30, 2024 and such amount will be paid until April 30, 2025.

On August 14, 2024, the board of directors approved, subject to shareholder approval, the payment of interest on equity for the common shares in the amount of R\$400 million. The record date for such distribution was July 31, 2024 and such amount will be paid until April 30, 2025.

On December 12, 2024, the board of directors approved, subject to shareholder approval, the payment of interest on equity for the common shares in the amount of R\$1,200 million. The record date for such distribution was November 29, 2024 and such amount will be paid until April 30, 2025.

Year ended December 31, 2023

On February 15, 2023, the board of directors approved, subject to shareholder approval, the payment of interest on equity for the common shares in the amount of R\$106 million. The record date for such distribution was February 28, 2023 and such amount was paid on October 18, 2023.

On March 15, 2023, the board of directors approved, the payment of interest on equity for the common shares in the amount of R\$290 million. The record date for such distribution was March 31, 2023 and such amount was paid on October 18, 2023.

On May 15, 2023, the board of directors approved, the payment of interest on equity for the common shares in the amount of R\$320 million. The record date for such distribution was May 31, 2023 and such amount was paid on April 23, 2024.

On July 17, 2023, the board of directors approved, the payment of interest on equity for the common shares in the amount of R\$405 million. The record date for such distribution was July 31, 2023 and such amount was paid on April 23, 2024.

On August 15, 2023, the board of directors approved the payment of interest on equity for the common shares in the amount of R\$265 million. The record date for such distribution was August 31, 2023 and such amount was paid on April 23, 2024.

On September 11, 2023, the board of directors approved the payment of interest on equity for the common shares in the amount of R\$200 million. The record date for such distribution was September 22, 2023 and such amount was paid on April 23, 2024.

On October 10, 2023, the board of directors approved, the payment of interest on equity for the common shares in the amount of R\$150 million. The record date for such distribution was October 23, 2023 and such amount was paid on April 23, 2024.

On December 14, 2023, the board of directors approved the payment of interest on equity for the common shares in the amount of R\$850 million. The record date for such distribution was December 26, 2023 and such amount was paid on April 23, 2024.

Year ended December 31, 2022

On February 16, 2022, the board of directors approved, subject to shareholder approval, the payment of interest on equity for common shares in the amount of R\$180 million. The record date for such distribution was February 25, 2022 and such amount was paid on April 18, 2023.

On March 17, 2022, the board of directors approved the payment of interest on equity for common shares in the amount of R\$250 million. The record date for such distribution was March 31, 2022 and such amount was paid on April 18, 2023.

On April 13, 2022, the Shareholders' General Meeting approved the payment of interest on equity for common shares in the amount of R\$150 million. The record date for such distribution was April 29, 2022 and such amount was paid on April 18, 2023.

On June 14, 2022, the board of directors approved the payment of interest on equity for common shares in the amount of R\$480 million. The record date for such distribution was June 30, 2022 and such amount was paid on April 18, 2023.

On August 19, 2022, the board of directors approved the payment of interest on equity for the common shares in the amount of R\$300 million. The record date for such distribution was August 31, 2022 and such amount was paid on April 18, 2023.

On December 9, 2022, the board of directors approved, the payment of interest on equity for common shares in the amount of R\$715 million and the payment of to common and preferred shares in the total amount of R\$1,000 million. The record date for such distributions was December 29, 2022. Interest on equity was paid on April 18, 2023 and dividends were paid on July 18, 2023.

Dividends and interest on shareholders' equity declared based on Telefonica Brasil's net income in 2022 totaled R\$3.0 billion. The remaining R\$827 million were classified as proposed additional dividends and were be submitted for approval by our general shareholders meeting in 2023. Such amounts was paid on July 18, 2023.

B. Significant Changes

Cancellation of common shares held in treasury

At a meeting held on December 20, 2024, the Company's Board of Directors approved the cancellation of 21,944,664 common, book-entry shares with no par value issued by the Company and held in treasury. This cancellation, which does not reduce the Company's share capital, represents 1.33% of the share capital. The shares were acquired throughout 2024 under the context of the Share Buyback Program issued by the Company. For more information, see "Item 16e. Purchases of Equity Securities by the Issuer and Affiliated Purchasers,"

Reduction of the Company's Capital – Request for Consent to ANATEL

The Company, pursuant to the provisions of Article 157, paragraph 4, of the Brazilian Corporate Law, and the provisions of CVM Resolution No. 44, of August 23, 2021, informed on February 15, 2023, that its Board of Directors had approved the submission of a request for prior consent with ANATEL to reduce its capital stock.

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 in its then-current share capital (R\$63,571,416 thousand) was unanimously approved, subject to the Administration's assessment of opportunity and convenience, in a maximum total value of up to R\$5 billion.

On September 18, 2023, as part of the administrative process with ANATEL, a ruling was issued in which ANATEL granted the aforementioned prior consent, subject to the decision of the Company's Management regarding opportunity and convenience, as well as obtaining the appropriate corporate approvals. The granting of said consent provides the Company with flexibility to carry out or not the Reductions, which, when carried out, will occur through the refund of resources to its shareholders in proportion to their shareholding on the respective base dates.

On November 8, 2023, the Company, in accordance with and for the purposes of the provisions of article 157, paragraph 4, of the Brazilian Corporate 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 extraordinary shareholders' meeting, 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 extraordinary shareholders' meeting to deliberate on the aforementioned capital reduction proposal and the consequent amendment to the Company's Bylaws.

On January 24, 2024, the Company's extraordinary shareholders' meeting approved the Reduction of R\$1,500,000 of share capital and the consequent amendment to our bylaws. The resources resulting from the Reduction were paid in a single installment on July 10th, 2024. For more information, please see note 35.b to our audited consolidated financial statements included elsewhere in this report).

On November 5, 2024, the Company, in accordance with and for the purposes of the provisions of article 157, paragraph 4, of the Brazilian Corporate 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 extraordinary shareholders' meeting, of an operation to reduce the company's share capital Company in the amount of R\$2.0 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, 2025, in date to be determined by the Company's Board of Directors, and: (ii) the extraordinary shareholders' meeting to deliberate on the aforementioned capital reduction proposal and the consequent amendment to the Company's Bylaws.

The extraordinary shareholders' meeting to deliberate on the aforementioned capital reduction proposal and the consequent amendment to our bylaws was held on December 18, 2024. For more information, please see note 35.b to our audited consolidated financial statements included elsewhere in this report).

Item 9. The Offer and Listing

A. Offer and Listing Details

The trading market for our common shares is the B3.

Our common shares began trading on the B3 on September 22, 1998 and are traded on the B3 under the symbol "VIVT3" (formerly TLPP3)." As of December 31, 2024, we had 1,626,682,604 outstanding common shares held by more than one million shareholders.

In the United States, the common shares trade in the form of ADRs, each representing one common share, issued by Citibank N.A., as depositary, pursuant to a deposit agreement, among us, the depositary and the registered holders and beneficial owners from time to time of ADRs. The ADRs representing preferred shares commenced trading on the NYSE on November 16, 1998 and upon the Conversion of all our preferred shares into common shares effective as of market close on November 20, 2020, trading in ADRs representing preferred shares was suspended as of November 23, 2020, and trading in ADRs representing common shares recommenced on the same date, and are traded on NYSE under the symbol "VIV" (formerly TSP).

B. Plan of Distribution

Not applicable.

C. Markets

Regulation of Brazilian Securities Markets

The Brazilian securities market is regulated and supervised by the CMN (which has general authority over the stock exchanges and securities markets), as provided for by the Brazilian Securities Exchange Act and Brazilian Corporate Law. The CMN is responsible for supervising the CVM's activities, granting licenses to brokerage firms to govern their incorporation and operation, and regulating foreign investment and exchange transactions, as provided for by the Brazilian Securities Exchange Act and Law No. 4,595 of December 31, 1964, as amended. These laws and regulations provide for, among other things, disclosure requirements to issuers of securities listed on stock exchanges, criminal sanctions for insider trading and price manipulation, protection of minority shareholders, the procedures for licensing and supervising brokerage firms and the governance of Brazilian stock exchanges.

Under Brazilian Corporate Law, a company is either publicly held and listed, *companhia aberta*, or privately held and unlisted, *companhia fechada*. All listed companies are registered with the CVM and are subject to reporting requirements to periodically disclose information and material facts. A company registered with the CVM is authorized to trade its securities either on the Brazilian exchange markets, including the B3, or in the Brazilian over-the-counter market. Shares of companies listed on the B3 may not simultaneously trade on the Brazilian over-the-counter markets. The over-the-counter market consists of direct trades between persons in which a financial institution registered with the CVM serves as an intermediary. No special application, other than registration with the CVM (and, in case of organized over-the-counter markets, with the relevant over-the-counter market), is necessary for securities of a publicly held company to be traded in this market. To be listed on the B3, a company must apply for registration both with the B3 and the CVM.

Trading securities on the B3 may be suspended under a request from a company in anticipation of a material announcement. Trading the securities of a particular company may also be suspended under the initiative of the B3 or the CVM, among other reasons, due to the belief that the company has provided inadequate information regarding a material event or has provided inadequate responses to inquiries by the CVM or the B3.

Trading on the B3

B3 is a Brazilian publicly held company established in March 2017 when the securities, commodities and futures exchanges activities of BM&FBOVESPA were combined with the activities of CETIP, a provider of financial services for the organized OTC market. B3 is one of the world's largest financial market infrastructure providers by market value. The services it offers range from exchange trading, clearing and other post-trade services to registration of over-the-counter (OTC) transactions and of vehicle and real estate loans.

Trading on the exchange is conducted by authorized members. Trading sessions take place every business day, from 10:00 a.m. to 5:00 p.m., during daylight saving time in the United States, or from 10:00 a.m. to 6:00 p.m., on an electronic trading system called PUMA. Trading is also conducted between 5:30 p.m. and 6:00 p.m., in the period when the trading sessions close at 5:00 p.m., in an after-market system connected to both traditional brokerage firms and brokerage firms operating on the Internet. This after-market trading is subject to regulatory limits on price volatility of securities traded by investors operating on the Internet.

To better control the excess of volatility in market conditions, B3 has adopted a "circuit breaker" system pursuant to which trading sessions may be suspended for a period of 30 minutes or one hour whenever the indices of these stock exchanges fall below the limits of 10% and 15%, respectively, compared to the index at the close of trading of the previous trading day. In the event the stock exchange index falls below the limit of 20% in comparison to the previous trading day, B3 may determine the suspension of trading sessions for a certain period to be defined at its sole discretion.

Although all the outstanding shares of an exchange-listed company may trade on a Brazilian stock exchange, in most cases, less than half of the listed shares are actually available for trading by the public, the remainder being held by small groups of controlling entities or persons that rarely trade their shares. For this reason, data showing the total market capitalization of Brazilian stock exchanges tends to overstate the liquidity of the Brazilian equity securities market.

Corporate Governance Practices

We are a corporation (*sociedade anônima*), organized under the laws of Brazil, and are subject to the corporate governance provisions set forth in the Brazilian Corporate Law. We comply with the regulatory requirements of the Brazilian Corporate Law regarding the independence of our board of directors, the establishment and composition of certain board committees, and the adoption and disclosure of corporate governance guidelines.

We comply with various requirements under Brazilian and international laws to promote strong corporate governance and enhance disclosure of material and other information.

We have implemented several measures designed to improve our corporate governance practices. We believe that these measures will benefit our current and future shareholders and investors, as well as the market in general. Among the measures we have implemented are:

- adopted a policy for disclosure of material facts or corporate actions and trading of our securities (*Política de Divulgação de Ato ou Fato Relevante e de Negociação de Valores Mobiliários*);
- adopted a policy for internal controls related to the Communication, Recording and Control of Financial and Accounting Information (*Normativa sobre Registro, Comunicação e Controle de Informação Financeiro-Contábil*);
- established the Quality and Sustainability Committee;
- established the Control and Audit Committee;
- established the Nominations, Compensation and Corporate Governance Committee;
- adopted a policy for transactions with related parties of the Company (*Política para Transações com Partes Relacionadas*);
- enacted a procedure to receive and deal with reports of accounting and auditing fraud within the company (*Canal de Denúncias*);
- enacted a policy for prior approval of contracting audit services (*Política de Contratação de Auditores Independentes*);
- enacted a code of business conduct and ethics (*Princípios de Negócio Responsável*);
- enacted a code of conduct for members of our finance team regulating the conduct of our managers in connection with the registration and control of financial and accounting information and their access to privileged and nonpublic information and data (*Política de Ética e Conduta para Financeiros*);
- enacted a policy regarding communication of information to the securities market (*Normativa sobre Comunicação de Informação aos Mercados*); and
- enacted a policy regarding the prevention and fight against corruption (*Diretrizes de Prevenção e Combate à Corrupção and Política Anticorrupção*).

As determined by the Brazilian Corporate Law, the annual cap for the aggregate compensation of the board of directors and board of executive officers is approved by our shareholders at a shareholders' meeting. The Nominations, Compensation and Corporate Governance Committee provides information and recommendations to the board of directors regarding the criterion for compensation.

Our policy relating to insider trading currently in effect is determined pursuant to our Rule for Disclosing Information to the Market (*Política de Divulgação de Ato ou Fato Relevante e de Negociação de Valores Mobiliários*), which is adopted in accordance with the CVM Resolution No. 44/2021. This document establishes practices for disclosing, using and preserving the confidentiality of relevant acts and/or facts of the Company, and establishes obligations and mechanisms for the disclosure of said facts to the market. The Company, controlling shareholders, senior management, members of our board of directors, fiscal board and any other employee exposed to sensitive information are subject to the restrictions imposed by such rules. In addition to the prohibition on the trading of our shares by such individuals when in possession of insider information, the rules establish blackout trading periods for those periods when insider information is available. The prohibitions on trading of shares provided for in our policy do not apply to the Company, to the Controlling Shareholders, or to the senior management and members of the Board of Directors when carrying out the transactions in compliance with an investment or disinvestment Plan approved under the terms of the CVM Resolution No. 44/2021. In addition, the charter sets forth instructions for dealing with conflicts of interest and mandates disclosure of any such situation.

Codes of Business Conduct and Ethics; Telefônica Responsible Business Principles

We have implemented a code of ethics and conduct policy applicable to our principal executives and senior management. In addition, we have adopted the Telefônica Responsible Business Principles, which guides the conduct of all company employees, including members of the Board of Directors. For more information, see "Item 16b. Code of Ethics."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following information describes our common shares and provisions set forth by our bylaws and of the Brazilian Corporate Law. This description is only a summary. You should read and refer to our amended and restated bylaws (*estatuto social*) incorporated by reference herein as Exhibit 1.1 hereto.

Description of Our Bylaws

The following is a summary of the material provisions of our amended and restated bylaws and of the Brazilian Corporate Law. In Brazil, a company's bylaws (*estatuto social*) are the principal governing document of a corporation (*sociedade por ações*).

General

We are registered with the Board of Trade of São Paulo (*Junta Comercial de São Paulo*), or JUCESP, under No. 35.3.001588-14. We have been duly registered with the CVM under No. 17671 since August 19, 1998. Our headquarters are located in the city of São Paulo, state of São Paulo, Brazil. Our company has an undetermined period of existence.

At an extraordinary shareholders' meeting held on October 1, 2020, our shareholders approved, effective as from such date, among other things: (1) the conversion of all of our preferred shares into common shares, at a ratio of one common share for each preferred share; and (2) amendments to our by-laws. At a special meeting of holders of our preferred shares, held on that same date, our preferred shareholders ratified the conversion of all of our preferred shares into common shares. After the conversion of the preferred shares into common shares, which formally occurred after the market closed on November 20, 2020, as approved by our shareholders on October 1, 2020, our subscribed and fully-paid share capital was R\$63,571,415,865.09 divided into 1,690,984,923 common shares, all with no par value (including 2,291,147 treasury shares).

On January 24, 2024, the Extraordinary General Meeting of Telefônica Brasil approved the reduction of its share capital in the amount of R\$1.5 billion, without the cancellation of the Company's issued shares, and through the reimbursement of funds to shareholders in *reais*. After all applicable legal requirements were met, the aforementioned reduction became fully effective, and the resulting funds were paid in a single installment on July 10, 2024.

On December 18, 2024, the Company approved a capital reduction in the amount of R\$2.0 billion, without any change to the outstanding number of shares or each shareholder's interest in the Company. The Reduction became effective after 60 (sixty) days from the publication of the minutes of the EGM, as provided for in article 174 of the Corporation Law. Therefore, as of December 31, 2024, we had an outstanding share capital of R\$62,071,415,865.09, comprised of 1,626,682,604 common shares. After the Capital Reduction mentioned in this paragraph, the outstanding share capital is R\$60,071,415,865.09. All of our outstanding share capital is fully paid.

All of our shares are without par value. In addition, our board of directors may increase our share capital up to 1,850,000,000 common shares without amendment to our bylaws. Any increase of our share capital above that limit must be approved by a general extraordinary shareholders meeting.

As of December 31, 2024, 3,961,092 common shares were held by us (treasury shares) at a book value per share of R\$42.87. As of the date of this annual report, there are no persons to whom any capital of the Company or any of our subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

History of Share Capital

Public Offering for the Primary Distribution of Common and Preferred Shares

At a meeting held on March 25, 2015, our board of directors approved unanimously the realization of a public offering for the primary distribution of common and preferred shares issued by the Company, all registered shares, without par value, free and clear of any liens or encumbrances, including in the form of ADSs, represented by ADRs, held simultaneously in Brazil and abroad, through a capital increase of the Company. The capital increase was approved by the board of directors' meeting held on April 27, 2015, amounting to R\$15.8 billion, increasing the Company's share capital from R\$37.8 billion to R\$53.6 billion through the issuance of 121,711,240 common shares, at an issue price of R\$38.47 per unit, and 236,803,588 preferred shares, at an issue price of R\$47.00 per unit. Common shares, preferred shares and ADSs issued as a result of this capital increase confer to their holders, as of April 28, 2015, the date of disclosure of the global offering announcement of commencement, the same rights assigned respectively to the holders of common shares, preferred shares and ADSs, currently outstanding, under the Company's bylaws and the Brazilian Corporate Law, fully participating in dividends and other distributions declared from the date of publication of the global offering announcement of commencement. The issue price of R\$47.00 per preferred share was determined after the completion of the bookbuilding process, in accordance with article 23, paragraph 1, and article 44 of CVM Instruction No. 400/2003, as amended, or Instruction No. 400, and in accordance with the provisions of article 170, paragraph 1, item III, of the Brazilian Corporate Law. The issue price of R\$38.47 per common share was determined based on the price per preferred share determined after the completion of the bookbuilding process, applying a discount of 18.14%, which represents the average price discount trading of the common shares issued by the Company in relation to the trading price of the preferred shares issued by the Company in the three months prior to March 26, 2015.

Public Offering for the Primary Distribution of Shares

At a meeting held on April 30, 2015, our board of directors approved a second capital increase in connection with the public offering for the primary distribution of shares, due to the exercise, by the Bank of America Merrill Lynch Banco Múltiplo S.A., of the option of over-allotment of shares that was granted by the Company, in accordance with article 24 of Instruction No. 400, to meet the excess demand verified during the Offering. The Company's share capital was increased in the amount of R\$295.3 million, through the issuance of 6,282,660 preferred shares at the issue price of R\$ 47.00 per unit, increasing the share capital of the Company to R\$53.9 billion, represented by 503,046,911 common shares and 985,019,821 preferred shares.

GVTPar Merger and Increase in the Company's Share Capital

On May 28, 2015, our shareholders approved the merger of shares issued by GVTPar by the Company and its implementation, with the conversion of GVTPar in a wholly owned subsidiary of the Company and the resulting increase in the Company's capital in the amount of R\$9.7 billion through the issue of 68,597,306 common shares and 134,320,885 preferred shares, all without par value, increasing the share capital of the Company to R\$63.6 billion.

Conversion of Our Preferred Shares into Common Shares

As mentioned above, on October 1, 2020, our shareholders approved, and our preferred shareholders ratified, the conversion of all the preferred shares issued by the Company into common shares, in the proportion of one common share for each one preferred share and its implementation by the Company's officers as well as the relevant changes to the Company's bylaws to reflect the Conversion.

After the concession and the expiration of the term for shareholders to exercise withdrawal rights, we proceeded with the Conversion, and the last trading session for our preferred shares on the B3 and for our ADSs backed by preferred shares on the NYSE was on November 20, 2020. Therefore, as of November 23, 2020, “VIVT3” represents the only ticker symbol for trading of the Company’s common shares on the B3, and ADSs backed by our common shares began trading on the NYSE under the ticker symbol “VIV.”

The Conversion was undertaken as part of certain improvements to our Corporate Governance Practices, in order to maximize the generation of value to all our shareholders, conferring to them rights set forth under Brazilian Corporate Law, such as the right to vote and the right to tag along, among others.

Capital Reduction

On February 15, 2023, the Board of Directors approved the Company's submission of a request to ANATEL to approve a potential capital reduction in one or more corporate events. The purpose of the request was to provide the Company with the flexibility to implement a reduction in its capital stock, with a maximum limit of R\$5.0 billion. This decision was based on the Company's financial assessment and the prevailing macroeconomic conditions. The operation was intended to enhance the Company's capital structure, enabling greater flexibility in capital allocation and achieving a balance between resource needs and value creation for shareholders. In September 2023, ANATEL granted authorization for the Company to reduce its capital stock. The Board of Directors approved the proposal for the initial installment of the capital stock reduction, amounting to R\$1.5 billion, on November 8, 2023.

On January 24, 2024, the Company's capital reduction of R\$1.5 billion was approved by our shareholders. This reduction does not involve the cancellation of shares, thereby maintaining the existing number of shares and the percentage of each shareholder's interest in the Company's share capital. Consequently, the Company's share capital was adjusted from R\$63.6 billion to R\$62.1 billion. The capital reduction was executed by reimbursing shareholders an amount of R\$0.90766944153 per common share issued by the Company. This calculation considers the number of common shares issued by the Company in circulation on January 24, 2024, after factoring the cancellation of shares held in treasury on December 22, 2023. The record date for this reduction was April 10, 2024. Funds were disbursed in a single installment on July 10th, 2024.

On December 18, 2024, the Company approved a capital reduction of R\$2.0 billion while maintaining the number of shares and the percentage of shareholders' participation in the Company's share capital was unchanged. The reduction was subject to a 60-day opposition period by creditors, beginning from the publication date of the minutes of the Extraordinary Shareholders' Meeting. Consequently, the Company's share capital was reduced from R\$62.1 billion to R\$60.1 billion. The reduction will proceed with the restitution to shareholders, in local currency, of R\$1.22651176012 per common share issued by the Company. This calculation is based on a total of 1,652,588,360 ordinary shares into which the share capital is divided, excluding 21,947,656 shares held in treasury as of October 31, 2024. The record date for this reduction is February 27, 2025. Funds will be disbursed in a single installment on July 15, 2025.

On January 29th, 2025, 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 resolve on the proposal of a reverse split all the common shares issued by the Company, in the proportion of 40 (forty) shares to 1 (one) share, and subsequently split, so that 1 (one) grouped share corresponds to 80 (eighty) shares, without any change to the Company's capital stock amount, but solely to its total number of shares (“Transaction”), with the consequent amendment to the Company's Bylaws. The proposed Transaction does not imply in any change to the total number of securities of the Company traded on the American stock market (American Depositary Receipt - “ADR”).

Corporate Purposes

Under article 2 of our bylaws, our corporate purposes are:

- the operation of telecommunications services;
- the development of activities necessary or useful for the performance of these services, in accordance with the concessions, authorizations, and permissions granted to us;
- the operation of value-added services, including, making available without definitive assignment, audio, video, image, and text content, applications and the like;
- the operation of integrated solutions, management, and provision of services related to: (i) data centers, including hosting and colocation; (ii) storage, processing, and management of data, information, texts, images, videos, applications, and information systems and the like; (iii) information technology; (iv) information and communication security; (v) telecommunications; and (vi) electronic security systems related to theft, intrusion, fire, and others; and
- licensing and sub-licensing of software of any nature.

In the pursuit of its corporate purpose, the Company may incorporate assets and rights of third parties into its assets, as well as:

- participate in the capital of other companies, including in order to comply with the national telecommunications policy;
- create companies and/or subsidiaries for the execution of activities within its purpose and that are preferably decentralized;
- promote the importation of goods and services necessary for the execution of activities within its purpose;
- provide technical assistance services to companies in the telecommunications sector, carrying out activities of common interest;
- manage and provide maintenance, assistance and technical support in information technology and equipment related to the Company's activities;
- provide consulting services related to the Company's activities;
- prepare, implement, and install projects related to the Company's activities;
- manage and render engineering services and carry out civil construction and related works, necessary for the execution of projects related to the Company's activities;
- provide monitoring services related to the Company's activities;
- provide business intermediation services in general;
- market, sell and lease equipment and materials necessary or useful for the exploration of its activities, including precision, measurement and electronic sensor equipment;
- carry out studies and research activities, aiming at the development of the telecommunications sector;
- enter into contracts and agreements with other companies that explore telecommunications services or with any persons or entities, with the purpose of ensuring the operation of the services, without prejudice to its duties and responsibilities; and
- carry out other similar or related activities assigned to it by the National Telecommunications Agency – ANATEL.

Board of Directors

Under our bylaws, any matters subject to the approval of our Board of Directors can be approved only by the majority of votes of the present members. In addition, under our bylaws, our Board of Directors may only deliberate if a majority of its members currently in office are present at a duly convened meeting and in the event of a tie, the Chairman of the Board of Directors shall be the tiebreaker.

Election of Directors

The members of our Board of Directors are elected at shareholders' meetings for three-year terms. The tenure of the members of the Board of Directors and of the Board of Executive Officers will be conditioned on such members signing the respective instrument of investiture and complying with applicable legal requirements.

Qualification of Executive Officers and Directors

Changes to the Brazilian Corporate Law have removed the requirement that executive officers must be residents of Brazil. Now, our executive officers and the members of our Board of Directors are not required to be residents of Brazil; however, their tenure is conditioned on the appointment of a representative who resides in Brazil with powers to, for at least three years after the termination of the term of office, to (i) receive service of process in proceedings initiated against such member based on the corporate legislation; and (ii) receive service of process and subpoenas in administrative proceedings initiated by the CVM when holding a management position in a publicly-held company. Despite the exception made by Brazilian Corporate Law, our Bylaws still require our Executive Officers to be residents of Brazil.

Fiduciary Duties and Conflicts of Interest

All members of our board of directors owe fiduciary duties to us and all of our shareholders.

Under the Brazilian Corporate Law and the board of directors' internal rules, if one of our directors has a conflict of interest with our Company in connection with any proposed transaction, such director may not vote on any decision of our board of directors regarding such transaction and must disclose the nature and extent of his conflicting interest for inclusion in the minutes of the applicable meeting. The same rules on conflict of interest rules are applicable to executive officers.

Any transaction in which one of our Directors or Executive Officers may have an interest can only be approved on reasonable and fair terms and conditions that are no more favorable than the terms and conditions prevailing in the market or offered by third parties. If any such transaction does not meet this requirement, then the Brazilian Corporate Law provides that the transaction may be held null and void and the interested director or executive officer must return to us any benefits or other advantages that he obtained from, or as result of, such transaction. Under the Brazilian Corporate Law and upon the request of a shareholder who owns at least 1% (as reduced by CVM Resolution No. 70/2022) of our total share capital, our Directors and Executive Officers must disclose to our shareholders at the Annual Shareholders' Meeting certain transactions and circumstances that may give rise to a conflict of interest. In addition, our Company (through the approval of the majority of our share capital) or shareholders who own 1% (as reduced by CVM Resolution No. 70/2022) or more of our share capital may bring an action for civil liability against any Director and/or Executive Officers for any losses caused to us as a result of a conflict of interest.

Compensation

Under our bylaws, our common shareholders approve the annual cap for aggregate compensation payable to our Directors, Executive Officers and members of our Fiscal Board. Subject to this approval, our Board of Directors establishes the distribution of such compensation of its members and of our executive officers.

As per Brazilian Corporate Law, the compensation payable to the members of the fiscal board shall not be less than 10% of the average compensation paid to each executive officer, not including benefits, allowances and shares in profits.

Mandatory Retirement

Neither the Brazilian Corporate Law nor our bylaws establish a mandatory retirement age for our Directors or Executive Officers.

Share Capital

Each of our common shares entitles its holder to one vote at our annual and extraordinary shareholders' meetings. Holders of our common shares are not entitled to any preference in respect of our dividends or other distributions or otherwise in case of our liquidation.

Shareholders' Meetings

Under the Brazilian Corporate Law, we must hold an annual shareholders' meeting within the first four months after the closing of the fiscal year in order to:

- approve or reject the financial statements approved by our board of directors, including any recommendation by our Board of Directors for the allocation of net profit and distribution of dividends;
- elect members of our Board of Directors (upon expiration of their three-year terms) and members of our Fiscal Board (every year), subject to the right of minority common shareholders to elect members of our board of directors and our fiscal board; and
- approve the monetary adjustment to the share capital.

In addition to the annual shareholders' meetings, holders of our common shares have the power to determine any matters related to changes in our corporate purposes and to pass any resolutions they deem necessary to protect and enhance our development whenever our interests so require, by means of extraordinary shareholders' meetings.

We convene our shareholders' meetings, including our annual shareholders' meeting, by publishing a notice in a Brazilian major newspaper published in the same city as our headquarters, and the same newspaper's website must provide digital certification for all the documents kept on such website. On the first call of a shareholders' meeting, the notice must be published no fewer than three times, beginning, the first notice, at least 21 calendar days prior to the scheduled meeting date. On the second call of a shareholders' meeting, the notice must be published no fewer than three times, beginning at least eight calendar days prior to the scheduled meeting date. In accordance with our bylaws, for meetings involving deliberations described under article 136 of the Brazilian Corporate Law, the notice must be published at least thirty calendar days prior to the scheduled meeting date and on the second call at least ten calendar days prior to the scheduled meeting date. As recommended by the CVM, for annual and extraordinary shareholders' meetings, we convene our shareholders' meeting at least 30 calendar days prior to the scheduled meeting date. The notice must contain the meeting's place, date, time, agenda and, in the case of a proposed amendment to our bylaws, a description of the subject matter of the proposed amendment.

Our Board of Directors may convene shareholders' meetings. Under the Brazilian Corporate Law, shareholders' meetings also may be convened by our shareholders as follows:

- by any of our shareholders if, under certain circumstances set forth in the Brazilian Corporate Law, our Directors do not convene a shareholders' meeting required by law within 60 days; and

- by shareholders holding at least 1% (as reduced by CVM Resolution No. 70/2022) of our total share capital if, after a period of eight days, our Directors fail to call a shareholders' meeting that has been requested by such shareholders by means of a duly reasoned request that indicates the subject matter.

In addition, our Fiscal Board may convene an ordinary shareholders' meeting if our Board of Directors does not convene an annual shareholders' meeting within 30 days or an extraordinary shareholders' meeting at any other time to consider any urgent and serious matters.

Each shareholders' meeting is presided over by the president of the Board of Directors, who is responsible for choosing a secretary of the meeting among those present at the meeting. In case of absence of the president of the Board of Directors at the shareholders' meeting, the shareholders may choose, among those present, the president and the secretary of the meeting. A shareholder may be represented at a shareholders' meeting by an attorney-in-fact appointed by the shareholder less than one year before the meeting. The attorney-in-fact must be a shareholder, a member of our Board of Directors, a member of our Board of Executive Officers, a lawyer or a financial institution, and the representation of the condominium members shall be made by the manager of the investment fund. The power of attorney appointing the attorney-in-fact must comply with certain formalities set forth under Brazilian law. To be admitted to a shareholders' meeting, a person must present valid power of attorney (if the shareholder is to be represented by an attorney-in-fact), together with any other requirement provided for in the call notice.

In order to convene a shareholders' meeting, shareholders representing at least 25% (except when the agenda sets forth a matter that requires a higher quorum) of our issued voting share capital must be present on the first call. However, shareholders representing at least two-thirds of our issued voting share capital must be present at a shareholders' meeting called to amend our bylaws. If a quorum is not met, our Board of Directors may issue a second call by publishing a notice as described above at least eight calendar days prior to the scheduled meeting. Except as otherwise provided by law, the quorum requirements do not apply to a meeting held on the second call, and the shareholders' meetings may be convened with the presence of shareholders representing any number of shares (subject to the voting requirements for certain matters described below).

Remote Voting

Pursuant to the CVM Resolution No. 81/2022, the system of Remote Voting is required to be adopted by Brazilian companies for all ordinary and extraordinary general shareholders' meetings, due to the requirements set forth in article 26, paragraph 1, of CVM Resolution No. 81/2022. This system aims to facilitate the participation of the Company's shareholders in its meetings. This resolution provides for the following:

- the creation of a Remote Voting Ballot (*Boletim de Voto a Distância*) through which the shareholders may exercise their right to vote prior to the date in which the shareholders' meeting is held;
- the possibility to include in the Remote Voting Ballot a list of candidates and submit minority shareholders' proposals, for deliberation at the shareholders' meeting, upon satisfaction of certain criteria;
- the deadlines, procedures and means of transmitting the Remote Voting Ballot; and
- the possibility of holding shareholders' meeting by fully digital means (in which case shareholders may only participate virtually) or partially digital means (in which case shareholders may either participate virtually or attend the meeting in person at the Company's headquarters).

In addition, listed companies are required to adopt certain measures regarding the voting process, including:

- informing the market of the adoption of the cumulative voting process in shareholders' meetings immediately upon receipt of the first valid requirement; and
- disclosing voting maps, as well as any voting statement presented by a shareholder at a meeting.

In accordance with the provisions of applicable laws and regulations, the Company has adopted the Remote Voting System since its Annual Shareholders' Meeting held on April 26, 2017.

If shareholders choose to remotely exercise their voting rights, pursuant to CVM Resolution No. 81/2022, they may send a remote voting ballot through: (i) their respective custody agent, if it provides this type of service; (ii) the Company's bookkeeping institution (Banco Bradesco S.A.); (iii) the Company's central depository in which the common shares are deposited; or (iv) directly to the Company, observing the deadlines and timeframes set forth in the applicable regulations. We may, at our sole discretion, put in place an electronic system for those shareholders who choose to send the remote voting ballot directly to the Company so that the documents may be remitted to us in a digital format instead of sending hard copies to the Company's address. The availability of said system is set forth in the relevant documents disclosed by the Company for each shareholders' meeting. Specific instructions regarding remote voting in shareholders' meetings, will be disclosed in the relevant shareholders' meeting manual, in addition to other channels that we may deem appropriate.

Voting Rights

Under the Brazilian Corporate Law and our bylaws, each of our common shares entitles its holder to one vote at our shareholders' meetings. There are no limitations under the Brazilian Corporate Law or our bylaws on the right of non-Brazilian residents or nationals to own shares or vote according to those shares, other than the restrictions applicable to all shareholders.

Voting Rights of Common Shares

Except as otherwise provided by law, resolutions of a shareholders' meeting are passed by a simple majority vote of the holders of our common shares present or represented at the meeting, without taking abstentions into account. Under the Brazilian Corporate Law, the approval of shareholders representing at least half of our voting shares, if a higher quorum is not required by our bylaws, is required for the types of action described below:

- creating preferred shares or disproportionately increasing an existing class of our preferred shares relative to the other classes of our preferred shares, other than to the extent permitted by our bylaws;
- changing a preference, privilege and condition of redemption or amortization of any class of the company's preferred shares or creating a new class of shares that is more privileged;
- reducing the mandatory dividend;
- merging or consolidating the company with another company;
- participating in a centralized group of companies (*grupo de sociedades*) as defined under the Brazilian Corporate Law and subject to the conditions set forth in the Brazilian Corporate Law;
- acquisition of all the company's shares by another company, known as an "*incorporação de ações*" under the Brazilian Corporate Law;
- changing the company's corporate purpose;
- canceling any ongoing liquidation of the company;
- creation of participation certificates;
- spinning-off of all or any part of the company; and
- dissolution of the company.

As per Brazilian Corporate Law, the decisions on the transformation of the company into another form of business entity require the unanimous approval of our shareholders, unless provided for in the company by-laws.

Our Company is required to give effect to shareholders agreements that contain provisions regarding the purchase or sale of our shares, preemptive rights to acquire our shares, the exercise of the right to vote or the power to control our Company, if these agreements are filed with our headquarters. Brazilian Corporate Law requires the president of any Shareholders' or Board of Directors meeting to disregard any vote taken by any of the parties to said agreement that have been duly filed with our Company in violation of the provisions of any such agreement. In the event that a shareholder that is party to a shareholders agreement (or a director appointed by such shareholder) is absent from any shareholders' or Board of Directors' meeting or abstains from voting, the other party or parties to that shareholders agreement have the right to vote the shares of the absent or abstaining shareholder (or on behalf of the absent director) in compliance with that shareholders agreement.

For the effective implementation of the Conversion, a voting agreement was executed on October 1, 2020 by and among the shareholders Telefónica S.A., Telefónica LATAM, SP Telecom, and, as intervening and consenting party, the Company, in order to comply with the provisions of ANATEL regulations. This voting agreement was filed and made available at our Company headquarters, as determined under article 118 of Brazilian Corporate Law (the "Voting Agreement"). However, on October 31, 2022, the Company informed the market and its shareholders that the Voting Agreement lost its purpose and effectiveness as a result of the liquidation and extinction of SP Telecom that took place on that date, given that its purpose consisted of maintaining the exercise of direct control power of the Company by SP Telecom. The shares issued by the Company and held by SP Telecom were delivered to its partners Telefónica S.A. and Telefónica LATAM, in the proportion of their respective participation in the social capital of SP Telecom, within the scope of the sharing of shareholders' equity. The Company informed the market that the liquidation of SP Telecom, the consequent termination of the Voting Agreement and the aforementioned delivery of SP Telecom's shares did not result in a change in the composition of the Company's control (which was already indirectly held jointly by Telefónica S.A., Telefónica LATAM and SP Telecom, all companies under common control with Telefónica S.A.), its administrative structure or its regular operation.

Under the Brazilian Corporate Law, neither our bylaws nor actions taken at a shareholders' meeting may deprive any of our shareholders of certain specific rights, including:

- the right to participate in the distribution of our profits;
- the right to participate in any remaining residual assets in the event of our liquidation;
- the right to supervise the management of our corporate business subject to the conditions set forth in the Brazilian Corporate Law;
- preemptive rights in the event of an issuance of our shares, debentures convertible into our shares or subscription bonuses, except with respect to a public offering of our securities; and
- the right to withdraw from our Company subject to the conditions set forth in the Brazilian Corporate Law.

Voting Rights of Minority Shareholders

Shareholders holding shares representing not less than 5% of our voting shares at our shareholders' meeting have the right to request that we adopt, even if not foreseen in our bylaws, a cumulative voting procedure to elect the members of the Board of Directors. This procedure must be requested by the required number of shareholders at least 48 hours prior to a shareholders' meeting.

Under the Brazilian Corporate Law, shareholders that are not controlling shareholders, but that together hold common shares representing at least 15% of our voting capital have the right to appoint one member and their alternate to our Board of Directors at our shareholders' meeting. However, CVM has already issued several decisions determining that, in cases where the company has issued only shares with voting rights, such as the Company, the percentage to be considered for the appointment of the member of the Board of Directors by the non-controlling shareholders shall be reduced to 10% of the total of common shares.

In the event that minority holders of common shares elect a director and the cumulative voting procedures described above is also used, our controlling shareholders always retain the right to elect at least one member more than the number of members elected by the other shareholders, regardless of the total number of members of our Board of Directors.

The shareholders seeking to exercise these minority rights (except for the cumulative voting procedure) must prove that they have held their shares for no less than three months preceding the shareholders' meeting at which the director will be appointed. Brazilian Corporate Law provides that any directors appointed by the non-controlling shareholders have the right to veto for cause the selection of our independent registered public accounting firm.

In accordance with the Brazilian Corporate Law, minority shareholders are entitled to elect one member and an alternate to our Fiscal Board in a separate election as long as they jointly represent 10% or more of the voting shares. The other shareholders with the right to vote may elect the remaining members and alternates, who, in any event, must outnumber the directors and alternates elected by minority common shareholders.

Under the Brazilian Corporate Law, the following actions require the previous approval of or the ratification by the majority of issued and outstanding shares of the affected class within one year from the shareholders' meeting at which the common shareholders approve the action:

- the creation of preferred shares or a disproportionate increase of an existing class of preferred shares relative to the other classes of preferred shares, other than to the extent permitted by our bylaws;
- a change of a priority, preference, right, privilege or condition of redemption or amortization of any class of preferred shares; or
- the creation of a new class of preferred shares that has a priority, preference, right, condition or redemption or amortization superior to an existing class of preferred shares.

This meeting would be called by publication of a notice in two Brazilian newspapers for three days, at least 30 days before the meeting, in accordance with our bylaws.

Liquidation

We may be liquidated in accordance with the provisions of Brazilian law. In the event of our extrajudicial liquidation, a shareholders' meeting will determine the manner of our liquidation, appoint our liquidator and our Fiscal Board that will function during the liquidation period.

Preemptive Rights

Under Brazilian Corporate Law, each shareholder has a general preemptive right to subscribe for shares of the same class in any capital increase, in an amount sufficient to keep the same proportional participation of such shareholder in the total capital of the corporation. A minimum period of thirty (30) days following the publication of the capital increase notice shall be observed by the corporation for the exercise of the preemptive right by the shareholder. The right of participation in capital increases is assignable. In the event of a capital increase that would maintain or increase the proportion of capital represented by common shares, holders of shares, would have the preemptive right to subscribe only to our newly issued common shares. In the event of a capital increase that would reduce the proportion of capital represented by common shares, holders of common shares, would have the preemptive right to subscribe to our newly issued common shares in proportion to their shareholdings and to our newly issued common shares only to the extent necessary to prevent dilution of their interest.

Holders of ADSs, which represent common shares, may have the preemptive right to subscribe to newly issued common shares in certain circumstances under the deposit agreement. However, the ability of ADS holders to exercise their preemptive rights is subject to certain conditions, including the requirement that a registration statement under the Securities Act must be effective with respect to those rights, or that an exemption from the registration requirements of the Securities Act must be available. The Company is not obligated to file a registration statement for the shares related to these preemptive rights or to take other actions to make preemptive rights available to ADS holders. As a result, holders of ADSs may be unable to exercise their preemptive rights if no such registration statement is filed or an exemption is unavailable.

In addition, a publicly held company whose bylaws allow for capital increases may provide for the issuance of stock, debentures convertible into stock or subscription bonuses without granting any preemptive rights to prior shareholders or by decreasing the term for the shareholders to exercise their preemptive rights, as long as the placement of such securities is made:

- upon a sale on a stock exchange or public subscription;
- through an exchange of shares in a public offering, with the purpose of acquiring control of another company as specified in the Brazilian Corporate Law; or
- for the use of certain tax incentives but only when such placement is made without granting preemptive rights.

Redemption, Amortization, Tender Offers and Rights of Withdrawal

Our bylaws or our shareholders at a shareholders' meeting may authorize us to use our profits or reserves to redeem or amortize our shares in accordance with conditions and procedures established for such redemption or amortization. The Brazilian Corporate Law defines "redemption" (*resgate de ações*) as the payment of the value of the shares in order to permanently remove such shares from circulation, with or without a corresponding reduction of our share capital. However, if the same share capital is maintained, the Company shall attribute a new par value for the remaining shares. The Brazilian Corporate Law defines "amortization" (*amortização*) as the distribution to the shareholders, without a corresponding capital reduction, of amounts that they would otherwise receive if we were liquidated. If an amortization distribution has been paid prior to our liquidation, then upon our liquidation, the shareholders who did not receive an amortization distribution will have a preference equal to the amount of the amortization distribution in the distribution of our capital.

The Brazilian Corporate Law authorizes us to redeem shares not held by our controlling shareholders, if, after a tender offer effected as a consequence of a delisting of the Company before the CVM, less than 5% of our outstanding shares remains publicly-held. The redemption price in such case would be the same price paid for our shares in such tender offer.

The Brazilian Corporate Law also require the acquirer of control (in case of a change of control) or the controller (in case of delisting or a substantial reduction in liquidity of our shares) to make a tender offer for the acquisition of the shares held by minority shareholders under certain circumstances described below under "—Mandatory Tender Offers." The shareholder can also withdraw its capital from our Company under certain circumstances described below under "—Rights of Withdrawal."

Mandatory Tender Offers

The Brazilian Corporate Law requires the launching of a tender offer at a purchase price equal to the fair value for all outstanding shares in order to cancel (or to convert) the registration of the Company as a publicly held company or in case of a substantial reduction in the liquidity of our shares as a result of purchases by our controlling shareholders. If our controlling shareholders enter into a transaction which results in a change of control of the Company, the controlling shareholders must include in the documentation of the transaction an obligation of the acquirer to launch a tender offer for the purchase of all our common shares for, at least, 80% of the price per share paid to the controlling shareholders. The tender offer must be submitted to the CVM within 30 days from the date of execution of the definitive documents of sale of the shares.

Rights of Withdrawal

The Brazilian Corporate Law provides that, in certain limited circumstances, a dissenting shareholder may withdraw its equity interest from the Company and be reimbursed by us for the value of our common shares that it then holds.

This right of withdrawal may be exercised by dissenting shareholders in the event that the holders of shares with voting rights authorize:

- (i) creating preferred shares or disproportionately increasing any existing class of preferred shares relative to the other classes of preferred shares, other than to the extent permitted by our bylaws;
- (ii) changing a priority, preference, right and condition of redemption or amortization of one or more classes of preferred shares, or the creation of a new class of shares that is more privileged;
- (iii) reducing the mandatory dividend;
- (iv) a change in our corporate purpose;
- (v) merging or consolidating our Company, with another company;
- (vi) the acquisition of all of our shares by another company, known as an “*incorporação de ações*” under the Brazilian Corporate Law;
- (vii) participating in a centralized group of companies (*grupo de sociedades*) as defined under the Brazilian Corporate Law and subject to the conditions set forth in the Brazilian Corporate Law;
- (viii) spinning-off of all or any part of our Company; and
- (ix) the inclusion of an arbitration clause in our bylaws.

In addition, we note that:

- in items (i) and (ii), only the holders of shares of the affected type or class will be entitled to redemption;
- in items (v) to (vii), the holders of shares of a type or class with liquidity and dispersion (as defined in CVM Resolution 78/2022) in the market will not have the right to redemption considering the conditions set forth in the Brazilian Corporate Law; and
- in item (viii), the dissenting shareholders shall only have a right of redemption if the spinning off implies in: (1) a change in the corporate purpose (except if the spun-off assets revert to a company whose main purpose is the same as ours), (2) a reduction of the mandatory dividend, or (3) participation in a group of companies.

Dissenting shareholders are also entitled to withdraw in the event that the entity resulting from a merger or spin-off does not have its shares listed in an exchange or traded in the secondary market within one hundred and twenty (120) days from the shareholders’ meeting that approved the relevant merger or spin-off.

Notwithstanding the above, in the event that we are consolidated or merged with another company, become part of a centralized group of companies, or acquire the control of another company for a price in excess of certain limits imposed by the Brazilian Corporate Law, holders of our shares or the shares of the resulting entity that have minimal market liquidity and are dispersed among a sufficient number of shareholders will not have the right to withdraw. For this purpose, shares that are part of a general index representative of portfolios of securities traded in Brazil (as defined by CVM Resolution 78/2022) or abroad are considered liquid, and sufficient dispersion will exist if the controlling shareholder, the parent company or other companies under its control hold less than half of the total number of outstanding shares of that type or class.

Only shareholders who own shares on the date of publication of the first notice convening the relevant shareholders' meeting or the press release concerning the relevant transaction is published, whichever is earlier, will be entitled to withdrawal rights.

The redemption of shares arising out of the exercise of any withdrawal rights would be made at the book value per share, determined on the basis of our most recent audited balance sheet approved by our shareholders. If the shareholders' meeting approving the action that gave rise to withdrawal rights occurred more than sixty (60) days after the date of the most recent approved audited balance sheet, a shareholder may demand that its shares be valued on the basis of a balance sheet prepared specifically for this purpose. In this case the company shall pay immediately 80% of the redemption value calculated based on the last balance sheet and, having drawn up the necessary balance sheet, will pay the remaining amount within one hundred and twenty (120) days from the date of the resolution of the shareholders' meeting.

The right of withdrawal lapses thirty (30) days after the date of publication of the minutes of the shareholders' meeting that approved the action that gave rise to withdrawal rights. Within ten days following the expiration of the term to exercise the withdrawal rights mentioned above, the company may call a Shareholders' Meeting to confirm or reconsider any resolution giving rise to withdrawal if we believe that the withdrawal of shares of dissenting shareholders would jeopardize its financial stability.

Liability of Our Shareholders for Further Capital Calls

Neither Brazilian law nor our bylaws require any capital calls. Our shareholders' liability for capital calls is limited to the payment of the issue price of any shares subscribed or acquired.

Inspection of Corporate Records

Shareholders that own 1% (as reduced by CVM Resolution 70/2022) or more of our outstanding share capital have the right to inspect our corporate records, including shareholders' lists, corporate minutes, financial records and other documents of the Company, if (1) any acts contrary to Brazilian law or the company's bylaws have been committed, or (2) there are grounds to suspect that there are material irregularities in the Company. However, in either case, the shareholder that desires to inspect our corporate records must obtain a court order authorizing the inspection.

Disclosures of Share Ownership

Brazilian regulations require that (1) each of our controlling shareholders, directly or indirectly, (2) shareholders who have elected members of our Board of Directors or Fiscal Board, and (3) any person or group of persons representing a person that has directly or indirectly acquired or sold a material interest in our shares of any type and class disclose its or their share ownership or divestment to us, and we are responsible for transmitting such information to the CVM and the market. In addition, if a share acquisition results in, or is made with the intention of, change of control or company's management structure, as well as acquisitions that cause the obligation of performing a tender offer, the persons acquiring such number of shares are required to publish a statement containing certain required information about such acquisition in the same channels the Company typically uses.

CVM defines a "material interest" deal as any increase or decrease in share *ownership* of any class resulting in a change in the ownership levels of our shareholders. The ownership levels are set in 5% increments (for example, an acquisition where the total ownership of a shareholder jumps from 9% to 11% should be reported since it made the ownership surpass the 10% level). Ownership levels are calculated adding direct and indirect ownership and derivatives based upon our shares.

Our controlling shareholders, shareholders that appoint members of our Board of Directors or Fiscal Board and members of our Board of Directors, Board of Executive Officers or Fiscal Board must file a statement reporting any change in their holdings of our shares, or of any family member or person included as dependent in their income tax return, or of our controlling shareholders (only if they are considered public companies), with the CVM and the Brazilian stock exchanges on which our securities are traded.

Form and Transfer

Our common shares are in book-entry form, registered in the name of each shareholder or its nominee. The transfer of our shares is governed by article 35 of the Brazilian Corporate Law, which provides that a transfer of shares is effected by our transfer agent by an entry made by the transfer agent in its books, upon presentation of valid written share transfer instructions to us by a transferor or its representative. When common shares are acquired or sold on a Brazilian stock exchange, their transfer is effected on the records of our transfer agent by a representative of a brokerage firm or the stock exchange's clearing system. The transfer agent also performs all the services of safe-keeping of our shares. Transfers of our shares by a non-Brazilian investor are made in the same manner and are executed on the investor's behalf by the investor's local agent. If the original investment was registered with the Central Bank pursuant to foreign investment regulations, the non-Brazilian investor is also required to amend, if necessary, through its local agent, the electronic certificate of registration to reflect the new ownership.

The B3 operates a central clearing system. A holder of our shares may choose, at its discretion, to participate in this system, and all shares that such shareholder elects to be put into the clearing system are deposited in custody with the clearing and settlement chamber of the B3 (through a Brazilian institution that is duly authorized to operate by the Central Bank and maintains a clearing account with the clearing and settlement chamber of the B3). Shares subject to the custody of the clearing and settlement chamber of the B3 are noted as such in our registry of shareholders. Each participating shareholder will, in turn, be registered in the register of the clearing and settlement chamber of the B3 and will be treated in the same manner as shareholders registered in our books.

Dividends

Brazilian Corporate Law also states that declared dividends must be paid until the end of the fiscal year in which it was declared. Under article 9 of Law 9,249/95 and our bylaws, we also may pay interest attributable to shareholders' equity as an alternative form of dividends upon approval of our board of directors.

Payment of Dividends and Interest on Shareholders' Equity

We may pay the mandatory distributable amount as dividends or as interest attributable to shareholders' equity, which is similar to a dividend but is deductible in calculating our income tax obligations.

The common shares underlying our ADSs are held in Brazil by the depositary, which has registered with the Central Bank as the registered owner of our common shares. Payments of cash dividends and distributions, if any, will be made in Brazilian currency to the depositary. The depositary will then convert such proceeds into U.S. dollars and will cause such U.S. dollars to be distributed to holders of our ADSs. As with other types of remittances from Brazil, the Brazilian government may impose temporary restrictions on remittances to foreign investors of the proceeds of their investments in Brazil, as it did for approximately six months in 1989 and early 1999, and on the conversion of Brazilian currency into foreign currencies, which could hinder or prevent the depositary from converting dividends into U.S. dollars and remitting these U.S. dollars abroad.

In addition, remittances are subject to a Brazilian financial transactions tax, which as of the date of this annual report is zero, but may be subject to change.

For information about taxation on profits, dividends and interest on shareholders' equity, see "Item 10. Additional Information—E. Taxation—Brazilian Tax Considerations—Taxation of Dividends" of this Form 20-F.

Dividends

We are required by the Brazilian Corporate Law and by our bylaws to hold an annual shareholders' meeting until April 30 of each year. At our annual shareholders' meeting, our common shareholders may vote to declare an annual dividend. Our payment of annual dividends is based on our audited financial statements prepared for our preceding fiscal year.

Any holder of record of shares at the time that a dividend is declared is entitled to receive dividends. Under the Brazilian Corporate Law, we are generally required to pay dividends within 60 days after declaring them, unless the shareholders' resolution establishes another payment date, which, in any case, must occur prior to the end of the fiscal year in which the dividends were declared.

Our Board of Directors may declare interim dividends based on (i) the accrued profits recorded in our semiannual financial statements; (ii) the accrued profits recorded in our quarterly financial statements or in our financial statements for shorter periods, provided that the total amount of dividends paid up every six months does not exceed the total amount within the capital reserve determined pursuant to article 182 of the Brazilian Corporate Law; and (iii) the amount recorded in the profit and loss account or profit reserve account in our last annual or semiannual financial statements.

All the interim dividends that are distributed shall be considered as part of the mandatory dividends that shall be paid by us.

Interest on Shareholders' Equity

According to Law No. 9,249/1995, or Law No. 9,249, Brazilian corporations may make payments to shareholders characterized as interest on shareholders' equity as an alternative form of making dividend distributions. Amounts paid as interest on shareholders' equity (net of applicable withholding tax, as described below) may be deducted from the minimum dividends we are obligated to distribute to our shareholders in accordance with our bylaws and Brazilian Corporate Law. The rate of interest may not be higher than the TJLP, as determined by the Central Bank from time to time applied over specific net equity accounts. The total amount distributed as interest on shareholders' equity may not exceed the greater of (i) 50% of net income (before taking the distribution and any deductions for income taxes into account) for the year with respect to which the payment is made and (ii) 50% of retained earnings for the year before that in which the payment is made. Payments of interest on shareholders' equity are decided by the shareholders on the basis of recommendations of our Board of Directors.

Distributions of interest on shareholders' equity paid to Brazilian and non-Brazilian holders of common shares, including payments to the depositary in respect of common shares underlying ADSs, are deductible by us for Brazilian corporate income tax purposes. These payments to U.S. holders or other non-Brazilian holders are subject to Brazilian withholding tax at the rate of 15%. If the recipient of the payment is domiciled in a Tax Haven Jurisdiction, as defined by Brazilian law, the rate will be 25%.

As of January 2024, some of the rules regarding interest on shareholders' equity foreseen by Law No. 9,249 were altered by Law No. 14,789/2023, or Law No. 14,789. Alterations are mainly aimed at how the interest on shareholders' equity payable by legal entities has to be calculated. There were no alterations regarding shareholder taxation. For more information, see "Item 4. Information on the Company—B. Business Overview—Significant changes in tax legislation—Changes in the deductibility rules for interest on shareholders' equity."

Time Limits for Claiming Dividends

Our shareholders have three years to claim dividend distributions made with respect to their shares, as from the date that we distribute the dividends to our shareholders, after which any unclaimed dividend distributions legally revert to us. We are not required to adjust the amount of any distributions for inflation that occurs during the period from the date of declaration to the payment date.

C. Material Contracts

STFC Concession Agreements

On June 30, 2011, ANATEL renewed our STFC concession agreements and consolidated them into two new contracts (each filed as an Exhibit to this annual report). One of these contracts authorizes the Company to provide local telephone service (to the cities in Sector 31) and the other contract authorizes the Company to provide long-distance telephone service (to and from Sector 31). These concession contracts will expire on December 31, 2025.

Self-Composition Agreement

On December 16, 2024, we, alongside ANATEL, the TCU, and the Brazilian government, through the Ministry of Communications, entered into a term of self-composition for the adaptation of concession agreements for fixed-line telephone services to an authorization instrument, or the Self-Composition Agreement, which outlines the terms for migrating from the concession regime to an authorization regime. The agreement includes several key conditions: (i) we are required to make specific investments in the form, conditions, and terms established under the agreement; (ii) we must maintain the provision of fixed-line telephone services in certain locations without adequate competition within the concession area until December 31, 2028; (iii) all pending administrative and judicial proceedings related to the concession at ANATEL or in the courts must be resolved, and we are required to withdraw any cases filed against the regulator; and (iv) we must commit to fulfilling public interest pledges for up to ten years as part of the adaptation process. Completion of the migration to the authorization regime is conditioned upon the signing of a unified authorization term with ANATEL, which is expected to occur in the first quarter of 2025. The execution of projects related to items (i) and (ii) totals a NPV of R\$ 4.5 billion.

Authorizations

We have an authorization to provide local and long-distance telephone services under the private system (all sectors, except Sector 31, which is the area of concession), granted in 2002, for an unlimited term. We also hold multimedia communication service authorization terms, which are also material contracts. Based on these authorization terms, we may provide broadband services in the state of São Paulo and all over Brazilian territory. The terms were signed on April 17, 2003 and March 19, 2004 for an unlimited term and are still in effect. We also have conditioned access service authorization terms for the provision of Pay TV services. The authorization terms were transferred back to us in 2013, as a result of a corporate restructuring.

As regards mobile services, the PGA divided the country into three regions:

- Region I—States of Rio de Janeiro, Espírito Santo, Minas Gerais, Amazonas, Roraima, Amapá, Pará, Maranhão, Bahia, Sergipe, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas,
- Region II—States of Paraná, Santa Catarina, Rio Grande do Sul, Goiás, Tocantins, Mato Grosso do Sul, Mato Grosso, Rondônia, Acre and Federal District; and
- Region III—State of São Paulo.

We received authorization terms for the provision of SMP services with national coverage, in all three regions. Licenses for SMP services grant the right to provide mobile services for an unlimited term. However, the use of radiofrequency spectrum is restricted in accordance with specific license conditions, as follows:

- Rio Grande do Sul, excluding Sector 30 (“A” band) until 2028 (renewed in 2022);
- Rio de Janeiro (“A” band) until 2028 (renewed in 2020);
- Espírito Santo (“A” band) until 2028 (renewed in 2022);

- Bahia (“A” band) and Sergipe (“A” band) until 2028 (renewed in 2022);
- São Paulo (“A” band), excluding sector 33 until 2028 (renewed in 2022);
- Paraná and Santa Catarina (“B” band) until 2028 (renewed in 2013);
- Distrito Federal (“A” band) until 2028 (renewed in 2021);
- Acre, Rondônia, Mato Grosso, and Mato Grosso do Sul, excluding sector 22 (“A” band) until 2028 (renewed in 2022);
- Tocantins and Goiás, excluding sector 25 (“A” band) until 2028 (renewed in 2022);
- Amazonas, Roraima, Amapá, Pará and Maranhão (“B” band) until 2028 (renewed in 2014);
- Minas Gerais, except sector 3 (“A” band) until 2028 (renewed in 2022); and
- For the cities in Sector 3, state of Minas Gerais, (“E” band) until 2035 (renewed in 2020).

License renewals for “A” and “B” bands must be requested within 30 months from the expiry date. Currently, according to Decree No. 10,402/2020, which regulates the New General Telecommunications Law, it is possible to renew licenses for successive periods. In November 2020, ANATEL decided to renew our authorizations in the “A” and “B” bands until November 29, 2028. However, the specific conditions for renewal, including those related to economic valuation criteria and related obligations, were challenged by the affected service providers, including us. After ANATEL rejected complaints presented by the providers, a final disposition over such specific conditions is still pending and will require a decision by the TCU.

License renewals for the “E” band must be requested between 36 and 48 months in advance of the expiry date.

In December 2007, ANATEL auctioned off nationally 15 blocks in the 1,900 MHz band (“L” band). We won 13 of them throughout Brazil, except in the northern region and the towns of Londrina and Tamarana in the state of Paraná. Nevertheless, the bidding terms set forth the possibility of realigning the “L” band with the “J” band, maintaining the same conditions (including costs and expiry date) of the “J” band. In 2012, Telefônica requested and on August 27, 2013, ANATEL granted the “L” band realignment for the following states:

- Rio Grande do Sul, excluding Sector 30;
- Rio de Janeiro;
- Espírito Santo;
- Bahia and Sergipe;
- Telefônica-São Paulo, excluding the cities of Altinópolis, Aramina, Batatais, Brodosqui, Buritizal, Cajuru, Cássia dos Coqueiros, Colômbia, Franca, Guairá, Guará, Ipuã, Ituverava, Jardinópolis, Miguelópolis, Morro Agudo, Nuporanga, Orlandia, Ribeirão Corrente, Sales de Oliveira, Santa Cruz da Esperança, Santo Antônio da Alegria e São Joaquim da Barra;
- Paraná (excluding Sector 20) and Santa Catarina;
- Federal District;
- Minas Gerais;
- Acre, Rondônia, Mato Grosso and Mato Grosso do Sul, except Sector 22; and
- Tocantins and Goiás, excluding Sector 25.

The complete realignment (including the Sectors excluded above and the States of Alagoas, Ceará, Paraíba, Piauí, Pernambuco and Rio Grande do Norte) was signed on November 30, 2018.

In April 2008, ANATEL auctioned off 36 blocks for authorizations in the 2,100 MHz band (3G licenses) until 2023. We obtained nine in the “J” band throughout Brazil, enabling it to provide nationwide coverage in 3G. The spectrum licenses, along with the related renewal dates, are:

- Rio Grande do Sul (including Sector 30 (“J” band) until 2038 (renewed in 2023);
- Rio de Janeiro (“J” band) until 2038 (renewed in 2023);
- Espírito Santo (“J” band) until 2038 (renewed in 2023);
- Bahia and Sergipe (“J” band) until 2038 (renewed in 2023);
- São Paulo (including the Sectors 32 and 33) (“J” band) until 2038 (in 2023);
- Paraná (including Sector 20) and Santa Catarina (“J” band) until 2038 (renewed in 2023);
- Federal District (“J” band) until 2038 (in 2023);
- Acre, Rondônia, Mato Grosso and Mato Grosso do Sul (including Sector 22) (“J” band) until 2038 (renewed in 2023);
- Goiás (including Sector 25) and Tocantins (“J” band) until 2038 (renewed in 2023);
- Alagoas, Ceará, Paraíba, Piauí, Pernambuco and Rio Grande do Norte (“J” band) until 2038 (renewed in 2023);
- Amazonas, Roraima, Amapá, Pará and Maranhão (“J” band) until 2038 (renewed in 2023); and
- Minas Gerais (including Sector 3) (“J” band) until 2038 (renewed in 2023).

License renewals for the “J” band and “realigned L” band were requested between 36 and 48 months in advance of the expiry date. Currently, according to Decree 10,402/2020, which regulates Law 13,879/2019, it is possible to renew licenses for successive periods. In 2023, ANATEL renewed our authorizations for an additional period of 15 years. As these were first-extension requests provided for in the contract and bidding process that granted the original authorizations for the use of these radio frequencies, TCU's technical department did not identify any evidence of irrational or inappropriate use of these bands by Vivo that would justify rejecting the extension. However, they recognized the need to amend Article 31 of Resolution No. 757/2022 to align with the newly proposed maximum validity periods. 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”).

In December 2010, ANATEL auctioned off 169 licenses in the 900 MHz, 1,800 MHz and 2,100 MHz frequencies. We acquired 23 blocks, 14 in 1,800 MHz frequency bands “D,” “E,” “M” and extension bands, and nine in the 900 MHz extension bands. As a result, we have nationwide coverage in the 1,800 MHz frequency band. The 23 blocks are:

- “M” Band (1,800 MHz) in the Federal District and the States of Paraná, Santa Catarina, Rio Grande do Sul, Goiás, Tocantins, Mato Grosso do Sul, Mato Grosso, Rondônia and Acre;
- Extension of the 1,800 MHz band throughout the state of São Paulo;
- “D” Band (1,800 MHz) in sector 30, the state of Rio Grande do Sul;
- “E” Band (1,800 MHz) in the States of Alagoas, Ceará, Paraíba, Piauí, Pernambuco and Rio Grande do Norte;
- Extension of the 900 MHz band in the State of Rio de Janeiro;

- Extension of the 900 MHz band in the State of Espírito Santo;
- Extension of the 900 MHz band in the States of Goiás, Tocantins, Mato Grosso do Sul, Mato Grosso, Rondônia and Acre and the Federal District, with the exception of Sector 22 (in the state of Mato Grosso do Sul) and Sector 25 in the State of Goiás);
- Extension of the 900 MHz band in the State of Rio Grande do Sul, with the exception Sector 30;
- Extension of the 900 MHz band for the cities with area code 43 in the state of Paraná with the exception of Sector 20;
- Extension of the 900 MHz band in the States of Paraná and Santa Catarina with the exception of the cities of registry area number 43 in the State of Paraná and Sector 20;
- Extension of the 900 MHz band in the State of Bahia;
- Extension of the 900 MHz band in the State of Sergipe;
- Extension of the 900 MHz band in the States of Amazonas, Amapá, Maranhão Pará and Roraima;
- Extension of the 1,800 MHz band in the State of São Paulo, with the exception of Sector 33;
- Extension of the 1,800 MHz band in the States of Amazonas, Amapá, Maranhão Pará and Roraima;
- Extension of the 1,800 MHz band in Sector 22, in the State of Mato Grosso do Sul;
- Extension of the 1,800 MHz band in Sector 25, in the State of Goiás;
- Another extension of the 1,800 MHz band in Sector 25, in the State of Goiás;
- Extension of the 1,800 MHz band in the States of Rio do Janeiro, Espírito Santo, Bahia and Sergipe;
- Extension of the 1,800 MHz band in the States of Amazonas, Amapá, Maranhão Pará and Roraima;
- Extension of the 1,800 MHz band in the States of Alagoas, Ceará, Paraíba, Piauí, Pernambuco and Rio Grande do Norte;
- Extension of the 1,800 MHz band Sector 22 in the state of Mato Grosso do Sul, and Sector 25,, in the State of Goiás; and
- Extension of the 1,800 MHz band in Sector 20 in the state of Paraná.

In April 2023, ANATEL determined that our authorization terms in the 900 MHz band would not be extended, except in the state of Minas Gerais, claiming that the efficient use of this spectrum has not been properly demonstrated, since the low capacity associated with this band (2.5 + 2.5 MHz) imposes limitations on its effective use. The non-renewal of these 900 MHz licenses, however, does not affect the services currently provided by the Company. Also, in April 2023, ANATEL decided to extend our authorizations in the 1,800 MHz band until 2032.

In April 2012, ANATEL auctioned off 273 licenses in the 450 MHz, and 2,500 MHz frequencies. We secured one block in 2,500 MHz frequency band “X” (20 + 20 MHz) nationwide, together with the right and obligation to use the 450 MHz frequency band in the States of Alagoas (AL), Ceará (CE), Minas Gerais (MG), Paraíba (PB), Pernambuco (PE), Piauí (PI), Rio Grande do Norte (RN) and Sergipe (SE), as well as the areas identified by the area codes 13, 14, 15, 16, 17, 18 and 19, in the State of São Paulo (SP). Nonetheless, the commitment to use the 450 MHz band could also be fulfilled by the use of any other frequency range Telefônica already holds. See below the relevant expiration and renewal dates:

- Brazil (“X” Band – 2,500 MHz) until 2027 (associated with SMP service) (a renewal request for an additional 15 years was made in 2024);

- Alagoas, Ceará, Minas Gerais, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, Sergipe (450 MHz). ANATEL declared the extinction, by resignation, of Telefônica Brasil's concession in the 450 MHz band, according to Analysis No. 114/2022/VA and Judgement No. 391, of 12/21/2022. We have not yet opened a formal notification;
- Telefônica in the areas identified by the National Codes 13, 14, 15, 16, 17, 18 and 19, in the state of São Paulo (SP), until 2027 (associated to SMP, SCM and STFC services) ANATEL declared the extinction, by resignation, of Telefônica Brasil's concession in the 450 MHz band, according to Analysis No. 114/2022/VA and Judgement No. 391, of 12/21/2022. We have not yet opened a formal notification; and
- In September 2014, ANATEL auctioned off six blocks in the 700 MHz frequency. We acquired three blocks resulting in nationwide coverage in the 700 MHz frequency band. The spectrum licenses may be renewed in 2029.

In December 2015, ANATEL auctioned off the remaining spectrum lots in the 1,800 MHz, 1,900 MHz, 2,500 MHz and 3,500 MHz bands, Telefônica acquired seven lots of the 2,500 MHz frequency band. These lots are associated to six different States, five of them the capital cities of the States of São Paulo, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, and Tocantins and one city in the State of Mato Grosso do Sul. Such frequencies are used for the provision of 4G mobile services. The spectrum license may be renewed in 2030.

The licenses above may be renewed successively; (ii) for an additional term of 15 years; and (iii) upon payment of 2% of our net revenues from usage charges in the applicable region in the previous year. The payment is also due every two years during the extension period.

In November 2021, ANATEL held the largest spectrum auction in its history, which included 4G and, for the first time, 5G blocks, with 700 MHz, 2.3 GHz, 3.5 GHz and 26 GHz lots. On that occasion, we acquired 3.5 GHz and 26 GHz national licenses (100 MHz and 600 MHz bandwidths, respectively). We also won regional 2.3 GHz licenses, with 50 MHz bandwidth in the southeast region of Brazil (except for the São Paulo and PGO Sector 3) and 40 MHz bandwidth in São Paulo state and in the north and mid-west regions of Brazil (except for PGO Sectors 22 and 25). These acquired licenses, which we purchased for a total of R\$4.45 billion, of which R\$0.93 billion is related to licenses and the remaining amount is related to the obligations ANATEL established. The licenses ensure we have the required spectrum to provide 5G services, and are valid for 20 years (renewable under the then-existing legal conditions at the expiration of such terms).

Acquisition of UPI Mobile Assets of the Oi Group

For information on the acquisition of UPI Mobile Assets of the Oi Group by the Company and the related Oi Agreement, see "Item 4. Information on the Company—A. History and Development of the Company—Historical Background—Acquisition of UPI Mobile Assets of the Oi Group."

D. Exchange Controls

There are no restrictions on ownership of common shares by individuals or legal entities domiciled outside of Brazil, provided that they comply with the registration requirements set forth in the applicable regulation enacted by the Central Bank, CMN and the CVM.

The right to convert dividend or interest payments and proceeds from the sale of shares into foreign currency and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally requires, among other things, the documentary evidence that provides the validity and properly backs the economic grounds of the foreign exchange transaction and that the relevant investment be registered with the Central Bank and the CVM, as applicable. The restrictions on the remittance of foreign capital abroad may hinder or prevent the custodian for the common shares represented by ADSs or holders of common shares from converting dividends, distributions or the proceeds from any sale of these common shares into U.S. dollars and remitting the U.S. dollars abroad if the ADS holder or holder of common shares does not obtain adequate registration, or enough documentation to back the legality of the intended foreign exchange transaction. Holders of ADSs could be adversely affected by delays in, or refusal to grant any, required government approval to convert Brazilian currency payments on the common shares underlying the ADSs and to remit the proceeds abroad. Additionally, considering that the criteria of how much information is needed to back the legality of a foreign exchange transaction is defined by the financial institution liquidating the remittance of funds abroad, holders of ADSs can experience the need to provide different levels of detail and varied information depending on the policies of the chosen financial institution.

As from March 30, 2015, the different forms of foreign portfolio investments in Brazil, including investments via depositary receipts, were regulated by Resolution No. 4,373, and by Law No. 4,131/1962. Law No. 4,131/1962 was recently significantly amended by Law No. 14,286/2021, which came into effect on December 29, 2022 and is regulated by (i) Central Bank of Brazil Resolutions No. 277, 278, 279 and 280, all of which were published on December 31, 2022, and which set forth rules on, among other things, foreign capital in Brazil, Brazilian capital in foreign countries and the definition of resident and non-resident for purposes of Law No. 14,286/2022, and (ii) by Central Bank Resolution No. 281, which was also published on December 31, 2022. Central Bank Resolutions No. 278 and 281 were amended by Resolution No. 348, published on October 17, 2023, which, among other things, extended the transition period of for Resolution No. 281, initially set to expire on October 31, 2023, extending the period for compliance with articles 2, 4, 5 and 6 and items I, III and V of article 3 of the referred resolution to October 1, 2024. As from 2024, Resolution No. 4,373 has also been replaced by Resolution No. 13/2024.

Resolution No. 13/2024 provides for the issuance of Depositary Receipts in foreign markets in respect of shares of Brazilian issuers. The Depositary Receipts program shall be approved by the Central Bank and CVM before the issuance of the Depositary Receipts. Accordingly, the proceeds from the sale of the Depositary Receipts by holders outside Brazil are free of Brazilian foreign investment controls, and holders of the Depositary Receipts may be entitled to favorable tax treatment. See “—E. Taxation—Brazilian Tax Considerations.” Under Resolution No. 13/2024, foreign investors registered with the CVM may buy and sell Brazilian securities, including the common shares, on Brazilian stock exchanges without obtaining separate certificates of registration for each transaction. The registered foreign investors may also be entitled to favorable tax treatment. See “—E. Taxation—Brazilian Tax Considerations.”

Pursuant to Resolution No. 13/2024, an investor residing outside Brazil that is willing to invest pursuant to the mechanism described in the previous paragraph must: (i) appoint at least one financial institution or an institution authorized to operate by the Central Bank as representative in Brazil that will be responsible for complying with the registration and reporting requirements and reporting procedures of the Central Bank and the CVM; (ii) register as a foreign investor with the CVM; (iii) appoint one or more custodians authorized by CVM; (iv) register the foreign investment with the Central Bank; (v) appoint a tax representative in Brazil; and (vi) obtain a taxpayer identification number from the Brazilian federal tax authorities. The securities and other financial assets held by a foreign investor pursuant to Resolution No. 13/2024 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or by the CVM. In addition, the trading of securities is in general restricted to transactions carried out on the Brazilian stock exchanges or over-the-counter markets licensed by the CVM.

CVM Resolution No. 13/20, as amended by CVM Resolution No. 64/22, regulates in the Brazilian securities regulation the obligation of the representatives of investors residing outside Brazil to inform CVM of the movements and application of funds of the investors participating in collective accounts and holders of own accounts represented by them. Also, in the case of non-resident legal entity investors, Resolution No. 13/20, as amended, provides the obligation to obtain registration with CVM prior to start operating as an investor in Brazil, provided that the information necessary to obtain this registration will be submitted to CVM by the representative of the non-resident investor and the registration will be granted automatically after the application for registration duly made by the representative

Registered Capital

Amounts invested in common shares by a non-Brazilian holder who qualifies under CMN rules and obtains registration with the CVM, or by the depositary representing an ADS holder, are eligible for registration with the Central Bank. Pursuant to CVM Resolution No. 13/20, natural persons investing individually are exempted from registering as foreign investors before CVM, and their representatives must submit the information electronically required by CVM on their behalf before commencing any sort of investment, therefore, in case the natural person ADS holder exchanges the ADS for common shares, they must constitute a representative who will include the information on their behalf before remitting the funds from the conversion abroad.

Such registration (the amount so registered is referred to as registered capital) allows remittances of funds outside Brazil converted into foreign currency at the commercial market rate, acquired with the proceeds of distributions on, and amounts realized through, dispositions of such common shares. The registered capital per common share purchased in the form of ADS, or purchased in Brazil and deposited with the depositary in exchange for ADS, will be equal to its purchase price (stated in U.S. dollars). The registered capital per common share withdrawn upon cancellation of an ADS will be the U.S. dollar equivalent of (i) the average price of a common share on the Brazilian stock exchange on which the most common shares were traded on the day of withdrawal or (ii) if no common shares were traded on that day, the average price on the Brazilian stock exchange on which the most common shares were traded in the 15 trading sessions immediately preceding such withdrawal. The U.S. dollar equivalent will be determined on the basis of the average commercial market rates (buy/sell) quoted by the Central Bank on such date or dates.

An electronic registration has been issued in the name of the depositary with respect to the ADSs and is maintained by the custodian on behalf of the depositary. Pursuant to the registration, the custodian and the depositary are able to convert dividends and other distributions with respect to the common shares represented by ADSs into foreign currency and remit the proceeds outside Brazil. If a holder of ADSs exchanges such ADSs for common shares, such holder will be entitled to continue to rely on the depositary's registration for five business days after such exchange, following which such holder must seek to obtain its own electronic registration with the Central Bank, constituting a Brazilian financial institution as their representative for such purposes. Thereafter, any holder of common shares may not be able to convert into foreign currency and remit outside Brazil the proceeds from the disposition of, or distributions with respect to, such common shares, unless such holder is a duly qualified investor under CMN rules and obtains its own electronic registration.

If the holder does not qualify under the applicable CMN rules by registering with the CVM and the Central Bank and appoints a representative in Brazil to act directly in the Brazilian market to acquire common shares, the holder will be subject to a less favorable Brazilian tax treatment than a holder of ADSs. Regardless of registration under the applicable CMN rules, residents of tax havens are subject to less favorable tax treatment than other foreign investors. See “—E. Taxation—Brazilian Tax Considerations.”

Under current Brazilian legislation, CMN may delegate to the Central Bank the monopoly of all foreign exchange transactions, with the possibility of imposing temporary restrictions on remittances of foreign capital abroad in the event of a serious imbalance or an anticipated serious imbalance of Brazil's balance of payments. For approximately six months in 1989 and early 1990, the federal government froze all dividend and capital repatriations held by the Central Bank that were owed to foreign equity investors, to conserve Brazil's foreign currency reserves. These amounts were subsequently released in accordance with federal government directives. There can be no assurance that the federal government will not impose similar restrictions on foreign repatriations in the future.

E. Taxation

The following discussion contains a description of the material Brazilian and U.S. federal income tax consequences arising from the acquisition, ownership and disposition of common shares or ADSs by certain holders or beneficial owners, as described below. This summary is based upon the tax laws and regulations of Brazil and the United States as of the date of this annual report, which are subject to change, possibly with retroactive effect, and to differing interpretations. You should consult your own tax advisers as to the Brazilian, U.S. federal or other tax consequences of the acquisition, ownership and disposition of common shares or ADSs, including, in particular, the effect of any state, local or non-U.S., non-Brazilian tax laws.

Although there is presently no income tax treaty entered into between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. No assurance can be given, however, as to whether or when a treaty will enter into force or how it will affect the U.S. holders of common shares or ADSs. Brazil and the United States have, however, entered into a Tax Treaty Information Exchange Agreement, in order to establish an effective exchange of tax-related information between the two countries.

Brazilian Tax Considerations

The following discussion summarizes the main Brazilian tax consequences applicable to the purchase, ownership and disposal of common shares or ADSs by a holder that is not domiciled in Brazil for purposes of Brazilian taxation, or a Non-Resident Holder, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to these matters based upon the particular circumstances of a holder. Each Non-Resident Holder should consult his or her own tax adviser concerning the Brazilian tax consequences of an investment in common shares or ADSs. This summary is based upon federal tax laws of Brazil in effect as of the date hereof, which are subject to change and differing interpretations.

Although there is presently no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. No assurance can be given, however, as to whether or when a tax treaty will enter into force or how such a treaty would affect a U.S. holder of common shares or ADSs. The tax considerations described below do not take into account tax treaties entered into by Brazil and other countries.

Taxation of Dividends

Dividends paid by a Brazilian corporation, such as the Company, to an ADS Holder that is a Non-Resident Holder are currently not subject to withholding income tax, or WHT, in Brazil to the extent that such amounts are related to profits generated on or after January 1, 1996. Dividends paid from profits generated before January 1, 1996 may be subject to WHT at variable rates, according to the tax legislation applicable to each corresponding year.

Law No. 11,638/2007, or Law No. 11,638, significantly changed the Brazilian Corporate Law in order to align Brazilian generally accepted accounting principles with IFRS Accounting Standards as issued by the IASB, or IFRS Accounting Standards.

Profits determined pursuant to Law No. 11,638, or IFRS Accounting Standards Profits, may differ from the profits calculated pursuant to the accounting methods and criteria as effective on December 31, 2007, or 2007 Profits.

While it was the general market practice to distribute exempted dividends with reference to the IFRS Accounting Standards Profits, Rule No. 1,397, issued by the Brazilian tax authorities on September 16, 2013, established that legal entities should observe the 2007 Profits in order to determine the amount of profits that could be distributed as exempted income to their beneficiaries.

Any profits paid in excess of said 2007 Profits, or Excess Dividends, should, in the tax authorities' view and in the specific case of non-resident beneficiaries, be subject to the following rules of taxation: (1) 15.0% WHT, in case of beneficiaries domiciled abroad, but not in a Low or Nil Tax Jurisdiction, and (2) 25.0% WHT, in the case of beneficiaries domiciled in a Low or Nil Tax Jurisdiction.

In order to mitigate potential disputes on the subject, Law No. 12,973, dated May 13, 2014, or Law No. 12,973, in addition to revoking the RTT, introduced a new set of tax rules (the "New Brazilian Tax Regime"), including new provisions with respect to Excess Dividends. Under these new provisions: (1) Excess Dividends related to profits assessed from 2008 to 2013 are exempt; (2) potential disputes remain concerning the Excess Dividends related to 2014 profits, since Law No. 12,973 has not expressly excluded those amounts from taxation and Rule No. 1,492, issued by the Brazilian tax authorities on September 17, 2014, established they are subject to taxation when distributed by companies which have not elected to apply the New Brazilian Tax Regime in 2014; and (3) as of 2015, as the New Brazilian Tax Regime is mandatory and has completely replaced the RTT, dividends calculated based on IFRS Accounting Standards Profits should be considered fully exempt.

Finally, there is currently legislation pending before the Brazilian Congress discussing the taxation of dividends. It is not possible to predict if the taxation of dividends will be effectively approved by the Brazilian Congress and how such taxation would be implemented.

Distribution of Interest on Shareholders' Equity

Law No. 9,249, dated December 26, 1995, as amended, allows a Brazilian corporation, such as the Company, to make payments to shareholders of interest on shareholders' equity as an alternative to carrying out dividend distributions and treat those payments as a deductible expense for the purposes of calculating Brazilian corporate income tax and social contribution on net income.

For tax purposes, this interest is limited to the daily variation of the pro rata variation of the TJLP, as determined by the Central Bank from time to time applied to certain equity accounts, and the amount of the distribution may not exceed the greater of:

- 50% of net income (after the deduction of the social contribution on net income and before taking into account the provision for corporate income tax and the amounts attributable to shareholders as interest on shareholders' equity) for the period in respect of which the payment is made; or
- 50% of the sum of retained profits and profits reserves for the year prior to the year in respect of which the payment is made.

Payments of interest on shareholders' equity to a Non-Resident Holder are subject to WHT at the rate of 15.0%, or 25.0% if the Non-Resident Holder is domiciled in a Low or Nil Tax Jurisdiction.

These payments may be included, at their net value, as part of any mandatory dividend. To the extent that such payments are accounted for as part of the mandatory dividend, under current Brazilian law, we are obliged to distribute to shareholders an additional amount sufficient to ensure that the net amount received by the shareholders, after payment by us of applicable WHT, plus the amount of declared dividends, is at least equal to the mandatory dividend. The distribution of interest on shareholders' equity must be proposed by our board of directors and is subject to subsequent ratification by the shareholders at the shareholders' meeting.

As of January 2024, some of the rules regarding interest on shareholders' equity foreseen by Law No. 9,249 were altered by Law No. 14,789/2023, or Law No. 14,789. Alterations are mainly aimed at how the interest on shareholders' equity payable by legal entities has to be calculated. There were no alterations regarding shareholder taxation.

Capital Gains

Sale of ADSs

According to Law No. 10,833, capital gains earned on the disposal of assets located in Brazil by a Non-Resident Holder, whether to another non-Brazilian resident or to a Brazilian resident are subject to taxation in Brazil.

Our understanding is that ADSs do not qualify as assets located in Brazil for the purposes of Law No. 10,833 because they represent securities issued and renegotiated in an offshore exchange market and, therefore, should not be subject to the Brazilian WHT. However, considering the lack of any judicial court ruling in respect thereto, we cannot assure you of how tax authorities and Brazilian courts would interpret the definition of assets located in Brazil in connection with the taxation of gains realized by a Non-Resident Holder on the disposal of ADSs to another non-Brazilian resident. If the ADSs are deemed to be assets located in Brazil, gains recognized by a Non-Resident Holder from the sale or other disposition to either a non-resident or a resident in Brazil may be subject to income tax in Brazil as further described below.

Conversion of ADSs into Common Shares

Although there is no clear regulatory guidance, the exchange of ADSs for common shares should not be subject to Brazilian tax. Non-Resident Holders may exchange ADSs for the underlying common shares, sell the common shares on a Brazilian stock exchange and remit abroad the proceeds of the sale, according to the regulations of the Central Bank.

Upon receipt of the underlying common shares in exchange for ADSs, Non-Resident Holders may also elect to register with the Central Bank the U.S. dollar value of such common shares as a foreign portfolio investment under Resolution No. 4,373, which will entitle them to the tax treatment described above.

Alternatively, a Non-Resident Holder is also entitled to register with the Central Bank the U.S. dollar value of such common shares as a foreign direct investment under Law No. 4,131/62, in which case the respective sale would be subject to the tax treatment applicable to transactions carried out of by a Non-Resident Holder that is not registered before the Central Bank and the CVM in accordance with Resolution No. 4,373.

Sale of Common Shares

Capital gains assessed on a Non-Resident Holder on the disposition of common shares carried out on a Brazilian stock exchange (which may include transactions carried out on the organized over-the-counter market, or OTC) are:

- exempt from income tax when realized by a Non-Resident Holder that (1) has registered its investment in Brazil with the Central Bank under the CMN rules, and (2) is not resident or domiciled in a Low or Nil Tax Jurisdiction;

- subject to income tax at a rate of 15.0% in the case of gains realized by (1) a Non-Resident Holder that (A) does not comply with CMN rules and (B) is not resident or domiciled in a Low or Nil Tax Jurisdiction; or (2) a Non-Resident Holder that (A) does not comply with CMN rules, and (B) is resident or domiciled in a Low or Nil Tax Jurisdiction. In this case, a withholding income tax of 0.005% of the sale value shall be applicable and withheld by the intermediary institution (i.e., a broker) that receives the order directly from the Non-Resident Holder, which can be later offset against any income tax due on the capital gain earned by the Non-Resident Holder; or
- subject to income tax at a rate of up to 25.0% in the case of gains realized by a Non-Resident Holder that (1) does not comply with CMN rules, and (2) is resident or domiciled in a Low or Nil Tax Jurisdiction. In this case, a withholding income tax of 0.005% of the sale value shall be applicable and withheld by the intermediary institution (i.e., a broker) that receives the order directly from the Non-Resident Holder, which can be later offset against any income tax due on the capital gain earned by the Non-Resident Holder.

Any other gains assessed on a sale or disposition of common shares that is not carried out on a Brazilian stock exchange are subject to (1) income tax at a rate ranging from 15.0% up to 22.5% when realized by a Non-Resident Holder that is not resident or domiciled in a Low Tax Jurisdiction; and (2) income tax at a rate of 25.0% when realized by a Non-Resident Holder that is domiciled or resident in a Low Tax Jurisdiction. If these gains are related to transactions conducted on the Brazilian non-organized over-the-counter market with intermediation, a WHT of 0.005% on the sale value will also apply and can be used to offset the income tax due on the capital gain.

Any exercise of preemptive rights relating to common shares or ADSs will not be subject to Brazilian withholding income tax. Any gain on the sale or assignment of preemptive rights relating to common shares by the depositary on behalf of holders of ADSs will be subject to Brazilian income taxation according to the same rules applicable to the sale or disposal of common shares.

In the case of a redemption of common shares or a capital reduction by a Brazilian corporation, such as the Company, the positive difference between the amount received by a Non-Resident Holder and the acquisition cost of the common shares redeemed, including these underlying ADSs, is treated as a capital gain derived from the sale or exchange of shares not carried out on a Brazilian stock exchange market, and is therefore subject to income tax at the progressive rate from 15% to 22.5%, and 25% for residents in a Low or Nil Taxation Jurisdiction.

As a general rule, the gains realized as a result of the disposal of common shares, including these underlying ADSs, is the positive difference between the amount realized on the sale or exchange of the common shares and their acquisition cost.

There is no assurance that the current preferential treatment for a Non-Resident Holder of ADSs or common shares that complies with the applicable CMN rules will continue or that it will not change in the future.

Gains on the exchange of common shares for ADSs

The deposit of common shares in exchange for ADSs may be subject to Brazilian income tax on capital gains if the amount previously registered with the Central Bank as a foreign investment in common shares or, in the case of other market investors under the applicable CMN rules, the acquisition cost of the common shares, as the case may be, is lower than:

- the average price per common share on the Brazilian stock exchange on which the greatest number of such common shares were sold on the day of deposit; or
- if no common shares were sold on that day, the average price on the Brazilian stock exchange on which the greatest number of common shares were sold during the 15 preceding trading sessions.

The difference between the amount previously registered, or the acquisition cost, as the case may be, and the average price of the common shares, calculated as set forth above, is considered a capital gain.

Discussion on Low or Nil Taxation Jurisdictions

On June 4, 2010, the Brazilian tax authorities enacted Normative Ruling No. 1,037 listing (1) the countries and jurisdictions considered as Low or Nil Taxation Jurisdictions or where the local legislation does not allow access to information related to the shareholding composition of legal entities, to their ownership or to the identity of the effective beneficiary of the income attributed to non-residents, and (2) the privileged tax regimes, which definition is provided by Law No. 11,727, of June 23, 2008, or Law No. 11,727.

A Low or Nil Taxation Jurisdiction is a country or location that (1) does not impose taxation on income, (2) imposes income tax at a maximum rate lower than 20.0%, or (3) imposes restrictions on the disclosure of shareholding composition or the ownership of the investment. A regulation issued by the Brazilian tax authorities on November 28, 2014 (Ordinance No. 488, of 2014) decreased, from 20.0% to 17.0%, the minimum threshold for certain specific cases. The reduced 17.0% threshold applies only to countries and regimes aligned with international standards of fiscal transparency in accordance with rules to be established by the Brazilian tax authorities. Although Ordinance No. 488 has lowered the threshold rate, Normative Ruling No. 1,037, which identifies the countries considered to be Low or Nil Tax Jurisdictions and the locations considered as privileged tax regimes, has not been amended yet to reflect such threshold modification.

Law No. 11,727 created the concept of “privileged tax regimes,” which encompasses the countries and jurisdictions that (1) do not tax income or tax it at a maximum rate lower than 20.0%; (2) grant tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or jurisdiction, or (b) conditioned to the non-exercise of a substantial economic activity in the country or jurisdiction; (3) do not tax or tax proceeds generated abroad at a maximum rate lower than 20.0%; or (4) restrict the ownership disclosure of assets and ownership right or restrict disclosure about economic transactions carried out. Although we believe that the best interpretation of the current tax legislation is that the above mentioned “privileged tax regime” concept should apply solely for purposes of Brazilian transfer pricing and thin capitalization rules, among other rules that make express reference to the concepts, we can provide no assurance that tax authorities will not interpret the rules as applicable also to a Non-Resident Holder on payments of interest on shareholders’ equity.

Currently, the understanding of the Brazilian tax authorities is that the rate of 15.0% of WHT applies to payments made to beneficiaries resident in privileged tax regimes (Answer to Advance Tax Ruling Request COSIT No. 575, of December 20, 2017). In any case, if Brazilian tax authorities determine that payments made to a Non-Resident Holder under a privileged tax regime are subject to the same rules applicable to payments made to Non-Resident Holders located in a Low or Nil Tax Jurisdictions, the withholding income tax applicable to such payments could be assessed at a rate up to 25.0%.

We recommend investors to consult their own tax advisors from time to time to verify any possible tax consequence arising from Normative Ruling No. 1,037 and Law No. 11,727. If the Brazilian tax authorities determine that payments made to a Non-Resident Holder are considered to be made under a “privileged tax regime,” the WHT applicable to such payments could be assessed at a rate of up to 25.0%.

Other Brazilian Taxes

There are no Brazilian federal inheritance, gift or succession taxes applicable to the ownership, transfer or disposal of common shares or ADSs by a Non-Resident Holder. Gift and inheritance taxes, however, may be levied by some states on gifts made to or inheritances bestowed by the Non-Resident Holder on individuals or entities resident or domiciled within such states in Brazil. There is no Brazilian stamp, issue, registration or similar taxes or duties payable by a Non-Resident Holder of common shares or ADSs.

Taxation of Foreign Exchange Transactions (IOF/Exchange)

Pursuant to Decree No. 6,306/07, the conversion into foreign currency or the conversion into Brazilian currency of the proceeds received or remitted by a Brazilian entity from a foreign investment in the Brazilian securities market, including those in connection with the investment by a Non-Resident Holder in the common shares and ADSs, may be subject to the Tax on Foreign Exchange Transactions, or IOF/Exchange. Currently, the applicable rate for almost all foreign currency exchange transactions is 0.38%. Currently, foreign currency exchange transactions carried out for the inflow of funds in Brazil for investment in the Brazilian financial and capital market made by a foreign investor (including a Non-Resident Holder, as applicable) are subject to IOF/Exchange at a 0% rate. The IOF/Exchange rate will also be 0% for the outflow of resources from Brazil related to these types of investments, including payments of dividends and interest on shareholders' equity and the repatriation of funds invested in the Brazilian market. Furthermore, the IOF/Exchange is currently levied at a 0% rate for the conversion of ADSs into common shares held by foreign investors under the 4,373 Holders regime. In any case, the Brazilian government is permitted to increase the rate to a maximum of 25% at any time, with respect to future transactions. Any increase in the rate would not apply retroactively.

Tax on Bonds and Securities Transactions (IOF/Bonds)

Pursuant to Decree 6,306/07, the Tax on Bonds and Securities Transactions, or IOF/Bonds, may be imposed on any transaction involving bonds and securities even if the transactions are performed on a Brazilian stock exchange. The rate of this tax for transactions involving common shares is currently 0%, but the Brazilian government may increase such rate up to 1.5% per day, with respect to future transactions. Currently, the issuance of depositary receipts traded outside of Brazil which underlying shares are issued by a Brazilian company and listed on a Brazilian stock exchange are also subject to IOF/Bonds at the 0% rate. Any increase in the rate would not apply retroactively.

U.S. Federal Income Tax Considerations

The following are the material U.S. federal income tax consequences to U.S. Holders (as defined below) of owning and disposing of common shares or ADSs, but this is not a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold such securities. The discussion applies only to U.S. Holders that hold common shares or ADSs as capital assets for U.S. federal income tax purposes, and it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Internal Revenue Code of 1986, or the Code, known as the Medicare contribution tax, the effects of any state, local or non-U.S. tax laws and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding common shares or ADSs as part of a hedge, "straddle," integrated transaction or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships or other pass-through entities for U.S. federal income tax purposes;
- tax-exempt organizations;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- persons that own or are deemed to own 10% or more of our stock by vote or value;

- persons required for U.S. federal income tax purposes to conform the timing of income accruals to their financial statements under Section 451 of the Code;
- persons who acquired our common shares or ADSs pursuant to the exercise of any employee stock option or otherwise as compensation; or
- persons holding common shares or ADSs in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds common shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding common shares or ADSs and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of the common shares or ADSs.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury regulations, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. This discussion is also based in part on representations by the depositary and assumes that each obligation under the Deposit Agreement and any related agreement will be performed in accordance with its terms.

You are a “U.S. Holder” if, for U.S. federal income tax purposes, you are a beneficial owner of common shares or ADSs and you are:

- an individual citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS INTENDED FOR GENERAL INFORMATION PURPOSES ONLY. U.S. HOLDERS OF COMMON SHARES OR ADSs ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISERS WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING OR DISPOSING OF COMMON SHARES OR ADSs, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS.

In general, if you own ADSs, you will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if you exchange ADSs for the underlying shares represented by those ADSs.

This discussion assumes that we are not, and will not become, a passive foreign investment company, as described below.

Taxation of Distributions

Distributions paid on common shares or ADSs (including distributions to shareholders that are treated as interest on shareholders’ equity for Brazilian tax purposes) will generally be treated as dividends to the extent paid out of current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations that may vary depending upon your circumstances, dividends paid by “qualified foreign corporations” to certain non-corporate U.S. Holders are taxable at the rates applicable to long-term capital gains. A foreign corporation is treated as a “qualified foreign corporation” with respect to dividends paid on stock that is readily tradable on a securities market in the United States, such as the NYSE, where our ADSs are traded. You should consult your tax adviser regarding the availability of the reduced tax rate on dividends in your particular circumstances.

The amount of a dividend will include any amounts withheld in respect of Brazilian taxes. The amount of the dividend will be treated as foreign-source dividend income to you and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations under the Code. Dividends will be included in your income on the date of your, or in the case of ADSs, the depository's, receipt of the dividend. The amount of any dividend income paid in reais will be a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of such receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, you should not be required to recognize foreign currency gain or loss in respect of the dividend income. If the dividend is not converted into U.S. dollars on the date of receipt, you will have a basis in reais equal to the U.S. dollar value on the date of receipt. You may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Subject to applicable limitations that may vary depending upon your circumstances, Brazilian income taxes withheld from dividends on common shares or ADSs might be creditable against your U.S. federal income tax liability. The rules governing foreign tax credits are complex, and, therefore, you should consult your tax adviser regarding the availability of foreign tax credits in your particular circumstances. In particular, you may use foreign tax credits to offset only the portion of your U.S. tax liability that is attributable to foreign-source income. This limitation on foreign taxes eligible for credit is calculated separately with regard to specific classes of income. In addition, you must satisfy minimum holding period requirements in order to be eligible to claim a foreign tax credit for foreign taxes withheld on dividends. Certain treasury regulations, which apply to foreign taxes paid or accrued in taxable years beginning on or after December 28, 2021 (the "Final Treasury Regulations"), impose significant additional requirements on the foreign taxes (including withholding taxes) for which a foreign tax credit can be claimed. However, the IRS has released guidance in the form of notices which provide temporary relief from the requirements of the Final Treasury Regulations for taxable years, ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). We have not determined whether the new requirements of the Final Treasury Regulations have been met with respect to any withholding tax imposed on dividends on common shares or ADSs and, therefore, you should consult your tax advisers regarding the availability of foreign tax credits for any amounts withheld with respect to dividends on common shares or ADSs to which the Final Treasury Regulations may apply.

Instead of claiming a credit, you may, at your election, deduct otherwise creditable Brazilian taxes in computing your taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all taxes paid or accrued in the taxable year to foreign countries and possessions of the United States.

Sale or Other Disposition of Common Shares or ADSs

For U.S. federal income tax purposes, gain or loss you realize on the sale or other disposition of common shares or ADSs will generally be capital gain or loss, and will generally be long-term capital gain or loss if you held the common shares or ADSs for more than one year. The amount of your gain or loss will equal the difference between your tax basis in the common shares or ADSs disposed of and the amount realized on the disposition, in each case, as determined in U.S. dollars. If a Brazilian tax on gains is withheld on the sale or disposition of common shares or ADSs, a U.S. Holder's amount realized will include the gross amount of the proceeds of such sale or disposition before deduction of the Brazilian tax. See “—Brazilian Tax Considerations—Capital Gains” for a description of when a disposition may be subject to taxation by Brazil. Such gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The limitations of the Final Treasury Regulations may generally preclude you from claiming a credit for all or a portion of any Brazilian taxes imposed on any such U.S.-source gains. In addition, for any foreign taxes paid or accrued in taxable year beginning on or after December 28, 2021, the Final Treasury Regulations generally would preclude you from claiming a foreign tax credit with respect to any tax imposed on gains from the disposition of shares by a jurisdiction, such as Brazil, that does not have an applicable income tax treaty with the United States, although such taxes may be applied to reduce the amount realized by you on the disposition. However, certain issued guidance provides temporary relief from certain of the new requirements of the Final Treasury Regulations, as discussed above. You may also, at your election, deduct otherwise creditable Brazilian income taxes in computing taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. You should consult your tax adviser as to whether the Brazilian tax on gains may be creditable against your U.S. federal income tax on foreign-source income from other sources.

Other Brazilian Taxes

You should note that any Brazilian IOF/Exchange tax (as discussed above under “—Brazilian Tax Considerations”) will not be a creditable foreign tax for U.S. federal income tax purposes, although you may be entitled to deduct such tax, subject to applicable limitations under U.S. law. You should consult your tax adviser regarding the U.S. federal income tax consequences of the payment of Brazilian IOF/Exchange tax, including whether you may claim a deduction for such tax or should instead include the amount of tax paid in your initial basis in the common shares or ADSs.

Passive Foreign Investment Company Rules

We believe that we were not a “passive foreign investment company,” or a PFIC, for U.S. federal income tax purposes for our 2024 taxable year. However, because PFIC status depends on the composition of a company's income and assets and the market value of its assets from time to time, there can be no assurance that we will not be a PFIC for any taxable year. If we were a PFIC for any taxable year during which a U.S. Holder held common shares or ADSs, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of the common shares or ADSs would be allocated ratably over the U.S. Holder's holding period for the common shares or ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for such taxable year, and an interest charge would be imposed on the resulting tax liability. Further, to the extent that any distribution received by a U.S. Holder on its common shares or ADSs exceeded 125% of the average of the annual distributions on common shares or ADSs received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the common shares or ADSs. U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances. If we are a PFIC for any taxable year during which a U.S. Holder owns our common shares or ADSs, the U.S. Holder will generally be required to file Internal Revenue Service (“IRS”) Form 8621 with its annual U.S. federal income tax return, subject to certain exceptions.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and may be subject to backup withholding, unless (i) you are a U.S. corporation or other exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals or closely-held entities may be required to report information on IRS Form 8938 relating to their ownership of securities of a non-U.S. person, subject to certain exceptions (including an exception for securities held in certain accounts maintained by financial institutions, in which case the accounts may be reportable if maintained by a non-U.S. financial institution). U.S. Holders are urged to consult their tax advisers regarding the effect, if any, of these rules on their ownership and disposition of common shares or ADSs.

U.S. HOLDERS OF OUR COMMON SHARES OR ADSs SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE BRAZILIAN, U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR COMMON SHARES OR ADSs BASED UPON THEIR PARTICULAR CIRCUMSTANCES.

F. Dividends and Paying Agents

Not applicable.

G. Statement of Experts

Not applicable.

H. Documents on Display

We are subject to the information requirements of the Exchange Act, except that as a foreign issuer, we are not subject to the proxy rules or the short-swing profit disclosure rules of the Exchange Act. In accordance with these statutory requirements, we file or furnish reports and other information with the SEC. Reports and other information filed or furnished by us with the SEC may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street NE, Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Section of the SEC, 100 F Street NE, Washington, D.C. 20549, at prescribed rates. You may also inspect these reports and other information at the offices of the NYSE, 11 Wall Street, New York, New York 10005, on which our ADSs are listed.

In addition, the SEC maintains a website that contains information filed electronically, which can be accessed over the Internet at <http://www.sec.gov>.

We also file financial statements and other periodic reports with the CVM. Copies of our annual report on Form 20-F and documents referred to in this annual report and our bylaws will be available for inspection upon request at our offices at Avenida Engenheiro Luis Carlos Berrini, 1376 – 32nd floor, 04571-936, São Paulo, SP, Brasil.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks as a result of our trading operations, debts obtained to finance our financial derivative activities and instruments, including exchange rate risk, interest rate risk, debt acceleration risk and credit risk. To help us manage our risks, we conduct an assessment of our financial assets and liabilities against market values based on available information and appropriate valuation methodologies. However, the interpretation of market information, as well as the selection of methodologies, requires considerable judgment and reasonable estimates to produce adequate values of achievement. As a result, our valuation estimates do not necessarily indicate the values, which will be realized in the current market. The use of different market approaches and/or methodologies for estimates can have a significant effect on the estimated values of achievement.

We also enter into derivative instruments to manage the risks to which we are exposed in accordance with our risk management policy. We do not have derivative instruments for speculative purposes.

To further assist our risk management, we perform fair value analyses of our derivative financial instruments, as well as sensitivity analyses of our risk variables and our risk of net exposure. For more details on the results of our valuation analysis, risk management strategies and sensitivity analysis of our derivative financial instruments, see note 33 to our audited consolidated financial statements included elsewhere in this annual report.

Item 12. Description of Securities Other Than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

The depositary, Citibank N.A., collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs or from intermediaries acting for them. The depositary also collects fees for making distributions to holders of ADSs by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid. See Exhibit 2.2 to this annual report for a description of the rights of holders of the ADSs.

The holder of an ADS may have to pay the following fees and charges related to services in connection with the ownership of the ADS up to the amounts set forth in the table below.

Persons depositing or withdrawing shares, receiving distributions or holding ADSs on the applicable record date, as applicable, must pay:	For:
Up to US\$5.00 per 100 ADSs (or fraction thereof) issued	• Issuance of ADSs upon deposit of Shares, excluding issuances as a result of distributions
Up to US\$5.00 per 100 ADSs (or fraction thereof) surrendered	• Delivery of deposited securities against surrender of ADSs
Up to US\$5.00 per 100 ADSs (or fraction thereof) held	• Distribution of cash dividends or other cash distributions (i.e., sale of rights and other entitlements) • Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs • Distribution of securities other than ADSs or rights to purchase additional ADSs (i.e., spin-off shares) • Depositary services
Registration or transfer fees	• Registration of shares or other deposited securities on the share register and applicable to transfers of shares or other deposited securities to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively
Expenses and charges of the depositary	• Cable, telex and facsimile transmissions and delivery expenses as are expressly provided in the deposit agreement • Conversion of foreign currency
Taxes (including applicable interest and penalties) and other governmental charges	• As necessary
Any reasonable and customary out-of-pocket expenses incurred in the conversion of foreign currency and/or on your behalf in complying with exchange control or other governmental requirements	• As necessary
Fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program	• As necessary

On November 23, 2020, we entered into a deposit agreement with Citibank N.A., pursuant to which Citibank N.A. became our depositary.

Citibank N.A. has agreed to reimburse us for expenses related to the establishment and maintenance expenses of the ADS program. The depositary has agreed to reimburse us for our continuing annual stock exchange listing fees. The depositary has also agreed to pay the standard out-of-pocket maintenance costs for the ADRs, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls. It has also agreed to reimburse us annually for certain investor relations programs or special investor relations promotional activities. In certain instances, the depositary has agreed to provide additional payments to us based on any applicable performance indicators relating to the ADR facility. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors. During 2024, we received from Citibank N.A., our depositary, approximately US\$2.4 million, for the services described above.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

As of December 31, 2024, we were not in default under any of our obligations and there were no dividend arrearages or delinquencies.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

On October 1, 2020, the Extraordinary General Meeting of the Company approved, and the Special General Meeting of the Company's Preferred Shareholders ratified, the Conversion of all the preferred shares issued by the Company into common shares, in the proportion of one common share for each one preferred share and its implementation by the Company's officers as well as the relevant changes to our Bylaws to reflect the Conversion.

After the concession and the expiration of the term for shareholders to exercise withdrawal rights, we proceeded with the Conversion, and the last trading session for our preferred shares on the B3 and for our ADSs backed by preferred shares on the NYSE was on November 20, 2020. Therefore, as of November 23, 2020, "VIVT3" represents the only ticker symbol for trading of the Company's common shares on the B3, and ADSs backed by our common shares began trading on the NYSE under the ticker symbol "VIV," with each ADS representing one common share. Each of our common shares entitles its holder to one vote at our annual and extraordinary shareholders' meetings, whereas prior to the Conversion, holders of our preferred shares were generally not entitled to vote, except under limited circumstances.

For a description of the rights of holders of our common shares and ADSs represented by common shares, see "Item 10. Additional Information—B. Memorandum and Articles of Association—Description of our Bylaws" and Exhibit 2.2 to this annual report.

Item 15. Controls and Procedures

Management's Evaluation over Disclosure Controls and Procedures

Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Form 20-F, have concluded that, as of such date, our disclosure controls and procedures were effective.

There are, as described below, inherent limitations to the effectiveness of any internal control system, including disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance as to the reliability of financial reporting and the preparation of consolidated financial statements for external purposes, in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards")

Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Telefônica Brasil are being made only in accordance with authorizations of management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Telefônica Brasil's assets that could have a material effect on the consolidated financial statements.

Any internal control system, no matter how well designed, has inherent limitations, including the possibility of human error and the circumvention or overriding of controls and procedures, which may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of internal control over financial reporting as of December 31, 2024. In making this assessment, it used the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on the assessment performed and those criteria, Telefônica Brasil's management concluded that as of December 31, 2024, Telefônica Brasil's internal control over financial reporting was effective.

Report of Independent Registered Public Accounting Firm

PricewaterhouseCoopers Auditores Independentes Ltda., an independent registered public accounting firm (PCAOB ID 1351), has audited the effectiveness of our internal control over financial reporting, as stated in their report as of December 31, 2024, which is included herein. The report is included on page F-2.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Exchange Act that occurred during the period covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16a. Audit Committee Financial Expert

Our Control and Audit Committee is comprised of a minimum of three and a maximum of five non-executive directors. See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Committees—Control and Audit Committee.” Our Board of Directors has designated José Maria Del Rey Osorio, an independent member of our Board of Directors in accordance with the rules of CVM Resolution No. 80/2022 and a member of our Control and Audit Committee, as the Company's “audit committee financial expert”, as such term is defined by the SEC. There are some similar functions between the Control and Audit Committee and our Fiscal Board (*Conselho Fiscal*), the latter of which meets the requirements of the general exemption from the listing standards for audit committees set forth in Exchange Act Rule 10A-3(c)(3). See “Item 16d. Exemptions from the Listing Standards for Audit Committees Procedures”.

Item 16b. Code of Ethics

Responsible Business Principles

We have implemented a code of business conduct and ethics called the Telefônica Responsible Business Principles. These principles guide the conduct of all company employees, including members of the Board of Directors. These principles were modified in 2022 in order to include and/or update our commitments. Currently, the principles mainly involve ethical and responsible management, corporate governance, human rights and digital rights, commitment to the environment, innovation and responsible use of technology, responsible communication, commitment to the customer, employees and societies in which we operate and responsible supply chain management. No waivers were granted in 2024. A copy of the Telefônica Responsible Business Principles is available at <https://www.telefonica.com.br/a-telefonica/vivosustentavel/principios-de-negocio-responsavel>.

The Responsible Business Principles are reviewed periodically and approved by the board. Its global guidelines define the way we do business with all stakeholders and generate long term value. In addition, the Responsible Business Principles set forth mechanisms for decision making when facing ethical dilemmas and situations that eventually can be considered not in accordance with the law. We promote periodical training to our employees aiming to reinforce our code of ethics concepts and principles reaching 98.28% of our personnel.

The mission of the Compliance and DPO Department is to ensure the applicability of laws, anti-corruption compliance, and corporate ethics, thereby generating value for stakeholders, protecting the company and its employees, reducing risks of noncompliance, and strengthening our culture of integrity. The Compliance and DPO Department collaborates with other areas of the company to uphold best ethical business practices and provides updates on the compliance program to the Board of Directors through the Audit and Control Committee.

At Telefônica Brasil, the compliance program, called #VivoDeAcordo, applies to all employees of the company, including members of the Board of Directors, representatives and service providers of the Company and has important pillars for its solid implementation: i. full commitment of senior management; ii. regular analysis and assessment of business risks; iii. code of ethics and conduct; iv. internal policies and standards addressing various subjects (available on our intranet policy portal), such as prevention of corruption, conflicts of interest, gifts and hospitality; v. periodic training and communications on ethical and anti-corruption issues to all employees; vi. communication channels to clarify doubts about the entire program; vii. integrity due diligence; viii. monitoring and auditing; and ix. reporting channel.

As part of its commitment to maintaining a robust Compliance Program, the Company has received the DSC 10,000 certification annually since 2020, which is 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. Additionally, in 2023, it was recognized as a Pro-Ethics company, an initiative by the Comptroller General of the Union (CGU) and the Ethos Institute, which highlights companies voluntarily adopting integrity measures to prevent, detect, and remediate acts of corruption and fraud.

These certifications and recognitions underscore that Telefônica Brasil's Compliance Program has significantly evolved in recent years. The program's robust mechanisms for preventing and combating corruption have enhanced the perception of ethics and integrity among employees, customers, and partners, solidifying Telefônica Brasil's reputation as a company committed to ethical practices.

The Company is aware of the importance of its supply chain for its international presence, the impact and involved values in its business transactions volume. For this reason, the Company promotes, establishes and maintains high level of responsible behavior with respect of its suppliers, promoting among them not only compliance quality/service standards, but also ethical, social, environmental and privacy standards in any relationship with our supply chain.

Stimulating sustainability throughout the supply chain is an important challenge for the telecommunications sector. At the Company, this business relationship, guided by ethics and transparency, is based on the guidelines of the Sustainability Policy for the Supply Chain, implemented since 2016 and revised in 2024. This policy, approved by the board, establishes the Principles and Minimum Criteria for Responsible Business that suppliers must follow.

As one of the pillars of our code of ethics, the respect and commitment to human rights guide the regular and periodic evaluation of the impacts in our value chain. Since 2010, we have been signatories to the Global Compact, a UN initiative to encourage companies to follow corporate social responsibility and sustainability policies through the adoption of ten principles related to human rights, labor, environment and corruption.

Corporate social responsibility has always been present in our agenda, and, in 2020, we adopted the ISO 26000 (Guidance on Social Responsibility) management model. Through the ISO 26000 guidelines, we improve our organizational culture, minimizing the risks of our business, and ensuring an increasingly sustainable performance through ethical and transparent behavior.

Code of Ethics and Conduct Policy - Rules of Conduct for the Financial Executives

In addition to our Responsible Business Principles, we have adopted a code of ethics and conduct policy applicable to the chairperson, chief executive officer and vice presidents of the Company and its subsidiaries, and to any executives of the Company or its subsidiaries that work in the areas of finance, capital markets, treasury, financing, investor relations, accounting and accounting consolidation. A copy of such policy is included as Exhibit 11.1 to this annual report. Since its effective date, we have not waived compliance with our code of ethics and conduct policy.

Item 16c. Principal Accountant Fees and Services

In the chart below we have detailed the expenses accrued in respect of the fees for services rendered by PricewaterhouseCoopers Auditores Independentes, our independent auditor for the fiscal years ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024	2023
	(in millions of reais)	
Audit Fees	17, 4	15.7
Audit-Related Fees	0, 2	0.2
Total	17, 6	15.8

Audit Fees

Services included under this heading are mainly the audit of the annual and reviews of interim financial statements, work to comply with the requirements of the Sarbanes-Oxley Act (Section 404) and the review of the 20-F report to be filed with US Securities and Exchange Commission (SEC).

Audit-Related Fees

This heading mainly includes services related to the review of the information required by regulatory authorities and the review of corporate responsibility reports.

Item 16d. Exemptions From the Listing Standards for Audit Committees Procedures

Brazilian Corporate Law requires that we have a statutory Fiscal Board (*Conselho Fiscal*) composed of three to five members and alternates who are elected by the general shareholders' meeting. The statutory Fiscal Board operates independently from management and from a company's external auditors, and the members of our statutory Fiscal Board are all financially literate. Its main function is to monitor the activities of management, examine the financial statements of each fiscal year and provide a formal report to our shareholders. We are relying on the general exemption from the listing standards relating to audit committees contained in Rule 10A-3(c)(3) under the Exchange Act because our statutory Fiscal Board meets the requirements of the general exemption set forth in Exchange Act Rule 10A-3(c)(3). See "Item 6. Directors, Senior Management and Employees—C. Board Practices—Fiscal Board." Our statutory Fiscal Board is primarily charged with certain advisory, oversight and review functions with respect to the company's financial statements; however, the statutory Fiscal Board, as required by Brazilian Corporate Law, has only an advisory role and does not participate in the management of the company. Indeed, decisions of the statutory Fiscal Board are not binding on the company under Brazilian Corporate Law. Our Board of Directors, under Brazilian Corporate Law, is the only entity with the legal capacity to appoint and retain any independent registered public accounting firm and decide the budget appropriation with respect to such auditors.

Since Brazilian Corporate Law does not specifically grant our statutory Fiscal Board the power to establish receipt, retention and complaint procedures regarding accounting, internal control and audit matters, or create policies for the confidential, anonymous treatment of employee concerns regarding accounting or auditing matters, we have established a Control and Audit Committee as a best corporate governance practice to address these various issues. See "Item 6. Directors, Senior Management and Employees—C. Board Practices—Committees—Control and Audit Committee."

The Fiscal Board is not the equivalent of, or wholly comparable to, a U.S. audit committee. Among other differences, it is not required to meet the standards of "independence" established in Rule 10A-3 and is not fully empowered to act on matters that are required by Rule 10A-3 to be within the scope of an audit committee's authority. Nonetheless, we believe that our use of a fiscal board in accordance with Brazilian Corporate Law in combination with our Control and Audit Committee, as opposed to the provisions set forth in Exchange Act Rule 10A-3(b), does not materially adversely affect the ability of the Fiscal Board to act independently, satisfy the other applicable requirements of Exchange Act Rule 10A-3 (to the extent permitted by Brazilian Corporate Law) or to fulfill its fiduciary and other obligations under Brazilian law.

Item 16e. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company made the following repurchases under the Program in the year ended December 31, 2024:

Period of Fiscal Year	Year ended December 31, 2024			
	Total Number of Shares Purchased	Average Price Paid per Share (RS)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
Mar. 1, 2024 to Mar. 31, 2024	—	—	—	408,343,528
Apr. 1, 2024 to Apr. 30, 2024	1,086,400	48.75	1,086,400	407,257,128
May 1, 2024 to May 31, 2024	652,000	43.63	1,738,400	406,605,128
Jun. 1, 2024 to Jun. 30, 2024	3,905,200	44.97	5,643,600	402,699,928
Jul. 1, 2024 to Jul. 31, 2024	4,851,500	47.99	10,495,100	397,848,428
Aug. 1, 2024 to Aug. 31, 2024	4,928,700	51.29	15,423,800	392,919,728
Sep. 1, 2024 to Sep. 30, 2024	4,543,700	54.89	19,967,500	388,376,028
Oct. 1, 2024 to Oct. 31, 2024	1,975,800	54.43	21,943,300	386,400,228
Nov. 1, 2024 to Nov. 30, 2024	—	—	21,943,300	386,400,228
Dec. 1, 2024 to Dec. 31, 2024	3,958,100	50.53	25,901,400	382,442,128

(1) No purchases made in January or February 2024.

(2) For a more detailed description of our plan, see the information above under the heading “—Plan for the Purchase of Shares Issued by the Company” and note 24(b) to our audited consolidated financial statements included elsewhere in this annual report.

On August 30, 2024, our board of directors approved an amendment to our Share Buyback Program. This program, referred to as the Legacy Program, enabled the acquisition of shares issued by the Company for subsequent cancellation, sale, or holding in treasury. The purpose of the Legacy Program was to acquire common shares issued by the Company for subsequent cancellation, sale, or holding in treasury, with no reduction in capital, in order to enhance shareholder value through the efficient application of available cash and to optimize the Company’s capital allocation. Share buybacks utilized resources available in our statutory profit reserve and the results obtained in fiscal year 2024, up to a maximum amount of R\$1.5 billion. The Legacy Program began on March 5, 2024, and was scheduled to end on the earlier of March 4, 2025, or the date on which the maximum amount was reached. Acquisitions were conducted on the B3 at market prices. The Company’s management was responsible for determining the timing and number of shares to be acquired, in accordance with the limits established by the Legacy Program and applicable regulations. The Legacy Program succeeded our previous share buyback plan, which was approved by our board of directors on August 30, 2023, and expired on March 5, 2024, under which we repurchased 25.9 million shares.

Item 16f. Change in Registrant’s Certifying Accountant

Not applicable.

Item 16g. Corporate Governance

Principal Differences Between U.S. and Brazilian Corporate Governance Practices

Pursuant to NYSE rules, foreign private issuers that are listed on the NYSE, such as our Company, must disclose any significant ways in which their corporate governance practices differ from those followed by U.S. companies under the listing rules of the NYSE.

The significant differences between our corporate governance practices and the NYSE corporate governance standards are as follows:

Independence of Directors and Independence Tests

The NYSE standards require a majority of the membership of listed company boards to be composed of independent directors and set for the criteria for determining independence. However, controlled companies (whether or not they are foreign private issuers) are not required to have a majority of the members of their board of directors be independent. Therefore, we would be exempt from this NYSE requirement even if we were a U.S. company.

The Brazilian Corporate Law and our bylaws require that our directors be elected by our shareholders at a general shareholders meeting. All our directors were appointed by our common shareholders and 10 of such directors are independent in line with the parameters set by CVM Resolution No. 80/2022.

Both the Brazilian Corporate Law and the CVM establish rules in relation to certain qualification requirements and restrictions, investiture, compensation, duties and responsibilities of companies' executives and directors. We believe these rules provide adequate assurances that our independent directors are independent, although such rules allow us to have directors that would not otherwise pass the independence tests established by the NYSE.

Executive Sessions

The NYSE standards require non-management directors of listed companies to meet at regularly scheduled executive sessions without management. In addition, our board of directors' internal rules set forth that the secretary of the board of directors shall summon regular meetings or sessions without the attendance of members of the Company's Board of Executive Officers even if they are a member of the board of directors.

According to the Brazilian Corporate Law, up to one-third of the members of our Board of Directors can be elected to executive positions (Executive Officers). The remaining non-management directors are not expressly empowered to serve as a check on management, and there is no requirement that those directors meet regularly without management. Notwithstanding, our Board of Directors consists of eleven non-management directors. Brazilian Corporate Law also determines that it is prohibited, in publicly held companies, for the Chairman of the Board of Directors to hold the role of the CEO or main executive of the company.

Nominating/Corporate Governance Committee Requirements

The NYSE standards require that listed companies have a nominating/corporate governance committee composed entirely of independent directors, and such committee must have a written charter that addresses the committee's purposes and responsibilities (including certain required purposes and responsibilities) as well as the annual performance evaluation of the committee. However, controlled companies (whether or not they are foreign private issuers) are exempt from this requirement. Therefore, we would be exempt from this NYSE requirement even if we were a U.S. company.

Brazilian Corporate Law does not require us to maintain a committee responsible for nominations or corporate governance. Nevertheless, our board of directors has created our Nominations, Compensation and Corporate Governance Committee, which consists of three to five directors appointed by the Board of Directors to serve for the duration of their respective terms as members of our Board of Directors, two of which are independent in line with the parameters set by CVM Regulation No. 80/2022. Our Nominations, Compensation and Corporate Governance Committee has a written charter, which sets forth its responsibilities, including examining proposals for nominations to our management team and assessing compensation limits for our management, establishing employment agreements for our management and examining corporate governance matters. Unlike the nominating/corporate governance committees of U.S. companies listed on the NYSE (other than controlled companies), our Nominations, Compensation and Corporate Governance Committee is not necessarily responsible for identifying individuals to become board members or overseeing the evaluation of the board and management. See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Committees—Nominations, Compensation and Corporate Governance Committee” for a description of the responsibilities of our Nominations, Compensation and Corporate Governance Committee.

Compensation Committee Requirements

The NYSE standards require listed companies to have a compensation committee composed entirely of independent directors, and such members must meet the additional independence requirements specific to compensation committee membership set forth in the rules. In addition, NYSE standards require the compensation committee to have a written charter that addresses the committee’s purposes and responsibilities (including certain required purposes and responsibilities). Said charter must specify the rights and responsibilities of the compensation committee regarding the authority to retain advisors and provide funding for such advisors. Certain specified factors must be considered regarding such advisers’ independence from management. However, controlled companies (whether or not they are foreign private issuers) are exempt from this requirement. Therefore, we would be exempt from this NYSE requirement even if we were a U.S. company.

As noted above, while Brazilian Corporate Law does not require us to have a compensation committee, our Board of Directors has created our Nominations, Compensation and Corporate Governance Committee. As determined by the Brazilian Corporate Law, the compensation of management is approved by our shareholders at our shareholders’ meeting. Subject to this approval, our Board of Directors establishes the compensation of its members and of our executive officers. The Nominations, Compensation and Corporate Governance Committee provides information and recommendations to the Board of Directors regarding the compensation of our executive officers and managers (see “Item 6. Directors, Senior Management and Employees—C. Board Practices—Committees—Nominations, Compensation and Corporate Governance Committee”). Our Nominations, Compensation and Corporate Governance Committee is not required to perform certain functions that are required of U.S. companies listed on the NYSE (other than controlled companies), such as directly reviewing and approving corporate goals and objectives relating to CEO compensation, evaluating the CEO’s performance in light of those goals and objectives and, either as a committee or together with the other independent Directors, determining and approving the CEO’s compensation level based on this evaluation.

Our Nominations, Compensation and Corporate Governance Committee is not required by the Brazilian Corporate Law or its charter to take into consideration any factors relevant to independence from management when retaining the advice of a compensation consultant, legal counsel or other advisers.

Audit Committee Requirements

The NYSE standards require listed companies (including foreign private issuers) to have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act. However, Rule 10A-3 provides an exemption for companies, such as our Company, that have a board of auditors or statutory auditors, established and selected pursuant to home country legal provisions expressly requiring or permitting such a board or similar body, provided that certain criteria are satisfied. The NYSE standards also set forth additional requirements for the audit committees of listed companies, including that the audit committee must have a minimum of three members, all members of the audit committee must be independent, the audit committee must have a written charter that addresses certain topics, and each listed company must have an internal audit function. As a foreign private issuer, we are exempt from these additional requirements.

Brazilian Corporate Law and our bylaws each require that we have a statutory Fiscal Board (*Conselho Fiscal*). See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Fiscal Board.” Our statutory Fiscal Board meets the requirements of the general exemption from the listing standards for audit committees set forth in Exchange Act Rule 10A-3(c)(3). See “Item 16d. Exemptions from the Listing Standards for Audit Committees Procedures.” Our statutory Fiscal Board is primarily charged with certain advisory, oversight and review functions with respect to the company’s financial statements. However, the statutory Fiscal Board, as required by Brazilian Corporate Law, has only an advisory role and does not participate in the management of the company. Indeed, the decisions of the statutory Fiscal Board are not binding on the company under Brazilian Corporate Law. See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Fiscal Board.”

In addition to our statutory Fiscal Board, we have established a Control and Audit Committee as a best corporate governance practice to comply with the requirements of the Sarbanes-Oxley Act as described in “Item 6. Directors, Senior Management and Employees—C. Board Practices—Committees—Control and Audit Committee.” Our Control and Audit Committee comprises a minimum of three and a maximum of five directors, who are not members of our Board of Executive Officers, and who are appointed by our Board of Directors to serve as members of the Control and Audit Committee for the duration of their respective terms as members of the Board of Directors. All members of our Control and Audit Committee are considered independent. The Committee has its own charter, which was approved by the board of directors.

Shareholder Approval of Equity Compensation Plans

NYSE rules require that shareholders be given the opportunity to vote on all equity compensation plans and material revisions thereto, with limited exceptions.

Corporate Governance Guidelines

NYSE rules require that listed companies adopt and disclose corporate governance guidelines.

We are subject to the corporate governance provisions of the Brazilian Corporate Law and of CVM Resolution 80/2022, as amended, which requires us to disclose certain corporate governance guidelines. Under CVM Resolution 80/2022, we must disclose information regarding our adoption of the governance practices set forth in the Brazilian Corporate Governance Code – Public Companies (the “Governance Code”). Thus, we are required to disclose a report named “Report on the Brazilian Corporate Governance Code – Public Companies” within seven months from the closing date of each fiscal year. Notwithstanding, since the governance practices set forth in the Governance Code are imposed only on a “comply or explain” basis, adherence to the recommendations described therein is not mandatory, however, an explanation must be disclosed with respect to any recommendations set forth therein that we do not adopt.

In addition, we have our corporate governance guidelines, which we disclose to the public on an annual basis.

Corporate Governance Practices

We are a corporation, a corporation organized under the laws of Brazil, and are subject to the corporate governance provisions set forth in the Brazilian Corporate Law. We comply with the regulatory requirements of the Brazilian Corporate Law regarding the independence of our board of directors, the establishment and composition of certain board committees, and the adoption and disclosure of corporate governance guidelines.

We comply with various requirements under Brazilian and international laws to promote strong corporate governance and enhance disclosure of material and other information.

We have implemented several measures to improve our corporate governance practices. We believe that these measures will benefit our current and future shareholders and investors, as well as the market in general. Among the measures we have implemented are:

- we have adopted a policy for the disclosure of material facts or corporate actions and trading of our securities (*Política de Divulgação de Ato ou Fato Relevante e de Negociação de Valores Mobiliários*);
- adopted a policy for internal controls related to the Communication, Recording and Control of Financial and Accounting Information (*Normativa sobre Registro, Comunicação e Controle de Informação Financeiro-Contábil*);
- created the Quality and Sustainability Committee;
- created the Control and Audit Committee;
- established the Nominations, Compensation and Corporate Governance Committee;
- adopted a policy for transactions with the Company's related parties (*Política para Transações com Partes Relacionadas*);
- enacted a procedure for receiving and handling reports of accounting and auditing fraud in the company (Canal de Denúncias);
- enacted a policy of prior approval for the hiring of audit services (*Normativa sobre Aprovação Prévia de Serviços a serem Prestados pelo Auditor Externo*);
- enacted a code of business conduct and ethics (*Princípios de Negócio Responsável*);
- enacted a code of conduct for members of our financial team regulating the conduct of our managers in relation to the recording and control of financial and accounting information and their access to privileged and non-public information and data (*Normas de Conduta para Financeiros*);
- enacted a policy on communicating information to the securities market (*Normativa sobre Comunicação de Informação aos Mercados*); and
- enacted a policy on preventing and combating corruption (*Diretrizes de Prevenção e Combate à Corrupção and Política Anticorrupção*).

As determined by the Brazilian Corporate Law, the annual cap for the aggregate compensation of the board of directors and board of executive officers is approved by our shareholders at a shareholders' meeting. The Nominations, Compensation and Corporate Governance Committee provides information and recommendations to the board of directors regarding the criterion for compensation.

Our policy relating to insider trading currently in effect is determined pursuant to our *Política de Divulgação de Ato ou Fato Relevante e de Negociação de Valores Mobiliários* in accordance with corporate law. This document establishes practices for disclosing, using and preserving the confidentiality of relevant acts and/or facts of the Company, and establishes obligations and mechanisms for the disclosure of said facts to the market. The Company, controlling Shareholders, senior management, members of our Board of Directors, Fiscal Board and any other employee exposed to sensitive information are subject to the restrictions imposed by such rules. In addition to the prohibition on the trading of our shares by such individuals when in possession of insider information, the rules establish blackout trading periods for those periods when insider information is available. In addition, the charter sets forth instructions for dealing with conflicts of interest and mandates disclosure of any such situation.

Data Protection and Privacy Initiatives

Our approach to data protection and privacy aligns with the core principles of information security—confidentiality, integrity, and availability—as well as the obligations established by the LGPD and other applicable laws and regulations. To uphold our commitment and ensure compliance, we have implemented a Privacy and Data Protection Governance Program supported by three key areas:

- *Data Protection Office:* This dedicated team, led by an appointed Data Protection Officer, is responsible for managing the privacy program. Its main functions include monitoring laws and regulations, enhancing transparency with data subjects, raising awareness, and providing employee training on privacy and personal data protection.
- *Information Security:* The Information Security team centralizes all aspects of information security and data protection management. This includes digital security, identity and access management, risk governance, business-centric security, offensive security, cyber defense, cyber threat monitoring and incident response, fraud prevention, and enterprise physical security.
- *Legal:* The Legal team supports the program by analyzing contracts, amendments, and other legal matters related to privacy and data protection.

Since the LGPD came into effect, our privacy program has been evolving to maintain the best privacy and data protection practices and to address the constantly evolving regulatory landscape. We have implemented several measures over the years, which include:

- actively participating in every public consultation by the ANPD;
- actively engaging in discussions on data protection and privacy in Brazil with representative business groups, other companies in the Telecom industry, and independent stakeholders;
- published our Global Employee Privacy Notice in our corporate intranet;
- redesigned and improved our Privacy and Transparency Center to create a unified information and communication channel for data subjects;
- under the organization of Conexis Brazil and together with other Telecom companies, established the Code of Best Practices on Data Protection, outlining compliance protocols for the LGPD to the sector;
- improved our data subject rights request process by introducing a new digital form with enhanced identity authentication through Brazilian government digital signing platform;
- improved our internal personal data mapping process, including a process revision initiative to update every process mapped so far;
- established privacy adequacy programs to be applied to new companies within the group under specific conditions;

- established new internal regulations and work instructions on privacy governance activities; and
- initiated an adequacy process to fulfill the obligations of the International Data Transfer and Standard Contractual Clauses Regulation.

Item 16h. Mine Safety Disclosure

Not applicable.

Item 16i. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16j. Insider Trading Policies

We have adopted a Rule for Disclosing Information to the Market (*Política de Divulgação de Ato ou Fato Relevante e de Negociação de Valores Mobiliários*), which governs the trading in our securities by our directors, officers and certain other covered persons, and which is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to the Company. A copy of such policy is included as Exhibit 11.2 to this annual report. Since its effective date, we have not waived compliance with our statement of trading policies.

Item 16k. Cybersecurity

Overview

The digital ecosystem has facilitated the access of companies and users to a large amount of information, multiplying the ease and speed at which this information can be transmitted between different networks, companies, and countries. This volume of data implies an important advancement opportunity for society, but also a significant responsibility for companies that, like Telefônica Brasil, manage considerable amounts of personal, anonymous, or aggregate information.

In addition to threats to the integrity and privacy of data, Telefônica Brasil may face network interruptions which could affect the quality of, or cause interruption to, the provision of its services. In the current and digital context, information security is crucial to our business, given the cybersecurity risks we face, including potential information leakage and infrastructure compromise. Cybersecurity risks are considered to be one of the main risks, as a destructive attack can directly impact our operations and data leaks can impact directly our brand and customer relations. Despite efforts to modernize the network, infrastructure and replace legacy systems, we operate in an environment increasingly susceptible to cyber threats due to its complexity. Therefore, it is imperative to consistently identify and address technical vulnerabilities, operational process weaknesses, enhance employee awareness, and reinforce our capabilities to detect and respond to incidents. This requires increasing our security controls not only within our infrastructure but also across the supply chain and with partners. For instance, focusing on industry-adopted security measures as best practices, such as ISO (International Organization for Standardization), NIST (National Institute of Standards and Technology CSF Cybersecurity Framework) and CIS (Center for Internet Security and ensuring the security of cloud services is crucial.

Global technology companies face escalating cybersecurity threats as businesses become more digital and dependent on telecommunications, computer networks, and cloud computing. These threats may involve unauthorized access to our systems, the spread of computer viruses or malicious software to illicitly obtain confidential information (such as customer data), corrupt our data, or disrupt our operations. Unauthorized access can also occur through traditional means, like the theft of laptops, data devices, and cell phones, with the intent of leaking data or taking actions that negatively impact our networks or our ability to process internal information appropriately.

At Telefônica Brasil, to address these risks, we have a strategic plan in place to guide our Corporate Security area that periodically assesses such risks and define specific mitigation plans. We manage these risks through a series of technical and organizational measures embedded in our digital security strategy. These measures include access controls, backup systems, critical system record reviews, vulnerability checks, network segregation measures, and protection systems such as firewalls, intrusion prevention systems, virus scanners, and other physical and logical security measures.

However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced an undetected cybersecurity incident. For more information about these risks, please see “Item 3. Key Information—Risk Factors—Risks Relating to the Brazilian Telecommunications Industry and Us—Information technology is key to our business and we could be subject to cybersecurity risks,” “—We are subject to the risk of noncompliance with data privacy and protection laws, which may lead to sanctions, including financial penalties” and “—Man-made or natural disasters, including extreme weather conditions due to climate change (high temperatures, floods, thunderstorms) or other unexpected events could adversely affect networks, systems, infrastructure and service continuity.”

Enterprise Risk Management

As set out in our Responsible Business Principles, we establish appropriate controls to assess and manage all risks relevant to us and the Company has the responsibility to contribute to the identification and management of risks.

Our board of directors has overall oversight responsibility for our risk management, including cybersecurity risks, and, per the internal regulation of the board of directors and its technical and consulting committee, delegates risk management oversight to our control and audit committee of the board of directors. Our control and audit committee is charged with supporting our board of directors by evaluating the effectiveness and sufficiency of control systems and risk and contingency management processes. To support the monitoring of these activities by our control and audit committee, an independent Enterprise Risk Management area within internal audit has been established. This area is responsible for the supervision of our enterprise risk management processes, and its objective is to drive, support, coordinate and enforce the rules set forth in our enterprise risk management policy, which was approved by our board of directors in April 2024.

Our enterprise risk management model is based on the Committee of Sponsoring Organizations of the Treadway Commission methodology, or the COSO ERM Framework - Such methodology seeks to align risk management with our overall strategy and enable us to prioritize and develop coordinated sets of actions against risks that we may identify.

Internal Audit regularly informs the control and audit committee of the status of our main enterprise risks, including cybersecurity risks.

Cybersecurity Risk Management

Our corporate security department is responsible for identifying, considering and assessing material cybersecurity risks on an ongoing basis, establishing processes to ensure that such potential cybersecurity risk exposures are monitored, putting in place appropriate mitigation measures and maintaining cybersecurity programs.

Thus, a security department, led by our CSO and our CISO, has been established and counts on around 400 professionals dedicated to the function. Our CSO is responsible for our regulatory security framework, the strategic oversight of our information security management processes, such as the security of our assets, business continuity management, and, most importantly, the protection of our data and customer and employee, thereby providing greater reliability to our business. Our CISO is primarily responsible for matters relating to information security and cybersecurity, including oversight of the processes by which the relevant persons or committees are informed about and monitor the prevention, detection, mitigation, and remediation of cybersecurity incidents. The Chief Information Security Officer (CISO) has extensive experience in critical sectors and highly regulated environments, with over 20 years of expertise in financial services, risk and compliance management, information security, retail and wholesale, and cybersecurity. Her career includes leading strategic initiatives for risk mitigation, implementing governance and compliance frameworks, and driving robust security programs aligned with industry best practices and regulatory requirements.

In addition, a member of our board of directors has been designated for reviewing the digital security strategy. This director meets periodically with our digital security department, including our chief security officer, or CSO, and our chief information security officer, or CISO.

Other Cybersecurity Committees

To further address and give visibility to our risks, our informational security risk management area promotes and participates in several of our executive committees, including a risk and digital security forums, a monthly cybersecurity risk executive committee and our operational committees. These forums are used to notify our main executives and stakeholders of any material risks that have been identified.

In addition, as part of fostering a risk management culture and avoiding adverse cybersecurity events, we carry out training and provide additional guidance to our employees annually in order to encourage their active participation in identifying and responding to risks. Security training addresses the main topics of internal regulations and also best market practices and, additionally, aims to increase employee awareness. For example, we have specific training on how to identify phishing attacks, spam and social engineering attacks, among other cybersecurity risks.

Cybersecurity Risk Management Model

For cybersecurity risks, we employ a structured risk assessment methodology using a scenario-based technique, which facilitates the identification of our most relevant risks through risk arguments developed in light of the various factors that outline the context and potential effects on our business and the mitigation of any such risks to which we may be exposed.

Our model enables our cybersecurity risk management sector to better understand the scenarios and factors that affect our baseline risks and what treatment should be given to each such scenario or factor according to our existing service catalog.

Risks identified and classified as high or critical are reported to management by the respective risks area. All such risks are also reported to, and some are discussed by, our cyber risk executive committee, which holds meetings on a monthly basis. This committee is staffed by our management personnel (including our executive officer, directors, senior managers, managers and specialists) and promotes awareness and decision-making with respect to any risks that are reported.

All risks that reach the threshold defined in our policy are inputted into our Enterprise Risk Management Report and presented to our Control and Audit Committee and Board of Directors in accordance with our governance rules. This flow enables us to monitor, identify and report risks on an ongoing basis and ensure visibility of any such risks by all levels of management, including our board of directors and/or our vice presidencies.

Third-Party Service Providers

Our cybersecurity risk management department collaborates with third parties to develop the maturity of our security systems. This collaboration occurs in both a consultative capacity, where processes and workflows are developed, and an operational capacity, where assessments are conducted, and registered risk factors are monitored. This management area also serves in a consultative role with our partners, such as product and service resellers. The goal is to support them and ensure that identified high and critical risks are promptly reported to executives through imminent risk notifications.

Our cybersecurity department follows a structured approach and seeks to engage in a process of follow-ups with responsible parties for identified risks. This process aims to enhance understanding of risks and processes reported by various areas, facilitating more assertive and efficient treatment. Identified risks are analyzed based on their degree of criticality and directed to the executive responsible for implementing mitigation actions. Critical risks should be reported to the director overseeing the subject, high risks to the senior manager, and moderate risks to the manager.

Finally, we maintain an insurance policy to mitigate the impact of a potential incident. This insurance policy is subject to loss limits, deductions and exclusions and we can provide no assurance that all losses related to a cybersecurity incident will be covered under our policies.

Cybersecurity Incidents

In the year ended December 31, 2024, all identified security incidents were managed pursuant to our existing protocols for responding to incidents, and with the appropriate communication to regulatory bodies. We did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition.

PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

See our audited consolidated financial statements beginning at page F-1.

Item 19. Exhibits

Exhibit Number	Description
1.1	Bylaws of Telefônica Brasil S.A., as amended (unofficial English translation). (Incorporated by reference to our Form 6-K furnished to the SEC on February 20, 2025)
2.1	Form of Deposit Agreement, by and among Telefônica Brasil S.A., Citibank, N.A., as Depositary, and Holders and Beneficial Owners of American Depositary Shares issued thereunder. (Incorporated by reference to Exhibit (a)(i) to the Registration Statement of American Depositary Shares on Form F-6 (No. 333-249516), filed with the SEC on October 16, 2020)
2.2	Description of Securities registered under Section 12 of the Exchange Act
4.1	Grant Contract for Fixed Commuted Telephone Service in Local Modality (Sector 31) between Agência Nacional De Telecomunicações and Telecomunicações De São Paulo S.A. – TELESP dated June 30, 2011 (unofficial English translation). (Incorporated by reference to Exhibit 4(B).1 to our Annual Report on Form 20-F for the year ended December 31, 2011, filed with the SEC on April 20, 2012)
4.2	Grant Contract for Fixed Commuted Telephone Service in Long-Distance Modality (Sector 31) between Agência Nacional De Telecomunicações and Telecomunicações De São Paulo S.A. – TELESP dated June 30, 2011 (unofficial English translation). (Incorporated by reference to Exhibit 4(B).2 to our Annual Report on Form 20-F for the year ended December 31, 2011, filed with the SEC on April 20, 2012)
4.3	Certificate of Authorization to Provide Multimedia Communication Service between Agência Nacional de Telecomunicações – ANATEL and Global Telecom S.A. dated March 19, 2004 (English language summary). (Incorporated by reference to Exhibit 4(B).1 to our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the SEC on March 20, 2013)
4.4	Authorization Agreement of the Personal Mobile Service (Region II) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated January 18, 2010 (English language summary). (Incorporated by reference to Exhibit 4.3 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.5	Authorization Agreement of the Personal Mobile Service (Region III) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated January 18, 2010 (English language summary). (Incorporated by reference to Exhibit 4.4 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.6	Authorization Agreement to Provide Commuted Fixed Telephone Service in Local Modality (Regions I and II) between Agência Nacional De Telecomunicações and Telefônica Brasil S.A. dated September 5, 2011 (English language summary). (Incorporated by reference to Exhibit 4.5 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.7	Certificate of Authorization to Provide Commuted Fixed Telephone Service in National Long-Distance Modality (Regions I and II) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated September 5, 2011 (English language summary). (Incorporated by reference to Exhibit 4.6 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.8	Certificate of Authorization to Provide Commuted Fixed Telephone Service in International Long-Distance Modality (Regions I and II) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated September 5, 2011 (English language summary). (Incorporated by reference to Exhibit 4.7 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.9	Authorization Agreement of the Personal Mobile Service (Region I) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated February 7, 2012 (English language summary). (Incorporated by reference to Exhibit 4.8 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)

Exhibit Number	Description
4.10	Authorization Agreement for Spectrum Blocks Associated with Personal Mobile Service (Region III) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated October 16, 2012 (English language summary). (Incorporated by reference to Exhibit 4.9 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.11	Authorization Agreement for Spectrum Blocks Associated with Personal Mobile Service (Region II) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated October 16, 2012 (English language summary). (Incorporated by reference to Exhibit 4.10 to our Annual Report on Form 20-F for the year ended December 31, 2013 filed with the SEC on March 19, 2014)
4.12	Authorization Agreement for Spectrum Blocks Associated with Personal Mobile Service (Region III) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated October 16, 2012 (English language summary). (Incorporated by reference to Exhibit 4.11 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.13	Authorization Agreement for Spectrum Blocks Associated with Personal Mobile Service and Multimedia Communication (Areas identified by the National Codes 13, 14, 15, 16, 17, 18 and 19, in the state of São Paulo) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated October 16, 2012 (English language summary). (Incorporated by reference to Exhibit 4.12 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.14	Authorization Agreement for Spectrum Blocks Associated with Personal Mobile Service and Multimedia Communication (States of Alagoas, Ceará, Minas Gerais, Paraíba, Pernambuco, Piauí, Rio Grande do Norte and Sergipe) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated October 16, 2012 (English language summary). (Incorporated by reference to Exhibit 4.13 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.15	Authorization Agreement for Conditional Access Service in the entire Brazilian territory between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated March 18, 2013. (Incorporated by reference to Exhibit 4.14 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.16	Authorization Agreement for Conditional Access Service in the entire Brazilian territory between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated March 18, 2013. (Incorporated by reference to Exhibit 4.15 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.17	Authorization Agreement for Conditional Access Service in the entire Brazilian territory between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated March 18, 2013. (Incorporated by reference to Exhibit 4.16 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.18	Authorization Agreement for Conditional Access Service in the entire Brazilian territory between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated March 18, 2013. (Incorporated by reference to Exhibit 4.17 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.19	Authorization Agreement for Conditional Access Service in the entire Brazilian territory between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated March 18, 2013. (Incorporated by reference to Exhibit 4.18 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.20	Authorization Agreement for Conditional Access Service in the entire Brazilian territory between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated March 18, 2013. (Incorporated by reference to Exhibit 4.19 to our Annual Report on Form 20-F for the year ended December 31, 2013, filed with the SEC on March 19, 2014)
4.21	Authorization Agreement for Radiofrequency Blocks Associated with Personal Mobile Service (States of Rio de Janeiro, Minas Gerais, Espírito Santo, Bahia, Sergipe, Alagoas, Pernambuco, Paraíba, Rio Grande do Norte, Ceará and Piauí) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated December 2, 2014. (Incorporated by reference to Exhibit 4.22 to our Annual Report on Form 20-F for the year ended December 31, 2014, filed with the SEC on February 27, 2015)
4.22	Authorization Agreement for Radiofrequency Blocks Associated with Personal Mobile Service (Federal District of Brasília and the States of Rio Grande do Sul, Santa Catarina, Paraná, Mato Grosso do Sul, Mato Grosso, Goiás, Tocantins and Rondônia.) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated December 2, 2014. (Incorporated by reference to Exhibit 4.23 to our Annual Report on Form 20-F for the year ended December 31, 2014, filed with the SEC on February 27, 2015)
4.23	Authorization Agreement for Radiofrequency Blocks Associated with Personal Mobile Service (State of São Paulo) between Agência Nacional de Telecomunicações – ANATEL and Telefônica Brasil S.A. dated December 2, 2014. (Incorporated by reference to Exhibit 4.24 to our Annual Report on Form 20-F for the year ended December 31, 2014, filed with the SEC on February 27, 2015)
4.24	Purchase and Sale Agreement of Shares and Other Covenants, dated as of January 28, 2021, by and among Oi Móvel SA - In Judicial Recovery, as seller, Telefônica Brasil S.A., Tim S.A. and Claro S.A., as buyers, and Oi S.A. - In Judicial Recovery and Telemar Norte Leste S.A. - In Judicial Recovery, as intervening parties and guarantors of the seller's obligations. (English free translation). (Incorporated by reference to Exhibit 4.26 to our Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on February 25, 2021)

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Exhibit Number	Description
8.1	List of Subsidiaries
11.1	Copy of our Ethics and Conduct Policy – Rules of Conduct for the Financial Executives of Telefônica Brasil, as adopted on September 18, 2017.
11.2	Copy of our Rule for Disclosing Information to the Market, as adopted in October 2011 (free translation)
12.1	Section 302 Certification of the Chief Executive Officer
12.2	Section 302 Certification of the Chief Financial Officer
13.1	Section 906 Certification of the Chief Executive Officer
13.2	Section 906 Certification of the Chief Financial Officer
97.1	Telefônica Brasil S.A. Executive Officer Compensation Recoupment Policy, dated November 29, 2023 (incorporated by reference to Exhibit 97.1 to our Annual Report on Form 20-F for the year ended December 31, 2023, filed with the SEC on February 22, 2024)
101	INS XBRL Instance Document — the instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File — the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
† Confidential information in portions of this exhibit, marked by brackets, has been omitted pursuant to Instruction 4(a) to Exhibits to Form 20-F because it is both (i) not material and (ii) includes information of the type that we treat as private or confidential. Such confidential information has been filed separately with the Securities and Exchange Commission and confidential treatment has been requested with respect to this omitted information.	

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

TELEFÔNICA BRASIL S.A.

By: /s/ Christian Mauad Gebara

Name: Christian Mauad Gebara

Title: Chief Executive Officer

By: /s/ David Melcon Sanchez-Friera

Name: David Melcon Sanchez-Friera

Title: Chief Financial Officer

Date: February 27, 2025

Telefônica Brasil S.A.

CONSOLIDATED FINANCIAL STATEMENTS

**As of December 31, 2024 and 2023 and for the years ended
December 31, 2024, 2023 and 2022.**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Telefônica Brasil S.A

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Telefônica Brasil S.A. and its subsidiaries (the "Company") as of December 31, 2024 and December 31, 2023, and the related consolidated statements of income, other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 31, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

- ***Provision for tax litigations and regulatory contingencies***

As described in Notes 8(g) and 20 to the consolidated financial statements, as of December 31, 2024, the Company has (i) recorded provision for tax of R\$ 2,239,484 thousand (Income tax R\$ 216,497 thousand, Note 8(g), and Other taxes R\$ 2,022,987 thousand, Note 20) and regulatory contingencies of R\$ 1,151,095 thousand, and (ii) disclosed contingencies related to tax and regulatory litigation in the amount of R\$ 40,850,071 thousand and R\$ 3,066,637 thousand respectively, and related to uncertain income tax position under discussion with tax authorities in the amount of R\$ 36,939,312 thousand. The Company recognizes provision in the consolidated financial statements for the pending litigation when the Company has a present obligation as a result of a past event, management determined that a loss is probable, and the amount of the loss can be reasonably estimated. No provision for tax litigation is recognized in the consolidated financial statements for unfavorable outcomes when, after assessing the information available, (i) management concludes that it is not probable that a loss has been incurred in any of the pending litigation; or (ii) management is unable to estimate the loss of the pending matters. In the case of income tax pending litigations, management determines whether it is probable or not that the taxation authority will accept the uncertain income tax treatment. If the Company concludes it is not probable that taxation authority will accept the uncertain tax treatment, a provision for income tax is recognized. The Company also discloses the tax and regulatory 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.

The principal considerations for our determination that performing procedures relating to tax and regulatory provisions and contingencies (pending litigations) is a critical audit matter are (i) the significant judgment by management when assessing the likelihood of a loss being incurred and when determining whether a reasonable estimate of the loss and possible outcomes for each claim can be made, (ii) a high degree of auditor judgment, effort, and subjectivity in evaluating management's assessment of the loss contingencies associated with litigations claims and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's evaluation of pending litigation, including controls over determining whether a loss is probable and whether the amount of loss can be reasonably estimated or whether it is probable the taxation authority will accept the income tax pending litigations, as well as financial statement disclosures. These procedures also included among others, (i) obtaining and evaluating the letters of audit inquiry with internal and external legal counsel, (ii) evaluating the reasonableness of management's assessment regarding favorable and unfavorable outcomes, including the amounts involved and (iii) evaluating the sufficiency of the Company's disclosures. Professionals with specialized skill and knowledge were used to assist in the evaluation of Company's assessment regarding unfavorable outcomes.

- ***Revenue recognition - unbilled***

As described in Notes 5 and 25 to the consolidated financial statements, of the total revenue recognized by the Company for the year ended December 31, 2024, R\$2,752,975 thousand are related to amounts to be billed to customers (note 5c). When the revenue billing cycle does not align with the account closing date, management estimates the amount to be recognized for services rendered and not yet billed at the month-end. These estimates are based on different cycles of information, on data obtained from different sources and processed by a large number of applications and systems.

The principal considerations for our determination that performing procedures relating to unbilled revenue is a critical audit matter are (i) 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, and (ii) a high degree of audit subjectivity and effort in designing and performing audit procedures to evaluate whether the unbilled revenue estimates are recognized properly.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to revenue recognition, including controls over the determination of estimated unbilled revenue and IT general controls over the main systems involved in the process. These procedures also included, among others, (i) assessing the reasonableness of the criteria employed by management to estimate revenue rendered and not yet billed including the accuracy and completeness of the underlying data, (ii) testing billings completed following the month-end for consistency with the estimates made and (iii) recalculate the unbilled revenue estimated by the Company.

- ***Goodwill impairment assessment***

As described in Note 14 to the consolidated financial statements, the Company's consolidated goodwill balance was R\$26,565,135 thousand as of December 31, 2024, associated with a single Cash-Generating Unit (CGU) that provides telecommunications services through a broadly integrated network. As described in Note 15, management conducts impairment tests for goodwill at least annually or more frequently, if events or circumstances indicate the carrying amount may not be fully recoverable. Potential impairment is identified by comparing the value in use of the CGU to its carrying value, including goodwill. Value in use is estimated by management using a discounted cash flow model. Management's cash flows projections for the CGU included significant judgements and assumptions relating to revenue growth and discount rate.

The principal considerations for our determination that performing procedures relating to goodwill impairment assessment is a critical audit matter are (i) the significant judgments made by management when developing the value in use measurement of the CGU; (ii) a high degree of auditor judgement, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to revenue growth and discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the CGU. These procedures also included, among others, (i) testing management's process for developing the value in use estimate; (ii) evaluating the appropriateness of the discounted cash flow model; (iii) testing the completeness and accuracy of underlying data used in the model; and (iv) evaluating the reasonableness of the significant assumptions used by management related to revenue growth and discount rate. Evaluating management's assumption related to revenue growth involved evaluating whether the assumption used by management was reasonable includes considering (i) the current and past performance of the CGU, (ii) the consistency with external market and industry data, (iii) whether this assumption was consistent with evidence obtained in other areas of the audit and, (iv) evaluating the sufficiency of the Company's disclosures. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and the discount rate.

/s/ PricewaterhouseCoopers Auditores Independentes Ltda.
São Paulo, Brazil
February 27, 2025

We have served as the Company's auditor since 2017.

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

	Note	Capital reserves				Income reserves				Retained earnings	Proposed additional dividends	Equity valuation adjustment	Non-controlling shareholders	Consolidated equity
		Capital	Special goodwill reserve	Treasury shares	Other capital reserves	Legal reserve	Treasury shares	Tax incentive reserve	Reserve for remuneration to shareholders and investments					
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)

	Note	Capital	Capital reserves			Income reserves				Retained earnings	Proposed additional dividends	Equity valuation adjustment	Non-controlling shareholders	Consolidated equity
			Special goodwill reserve	Treasury shares	Other capital reserves	Legal reserve	Treasury shares	Tax incentive reserve	Reserve for remuneration to shareholders and investments					
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

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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

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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.

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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").

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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 the 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
	National (except MG)	—	2032
1.800 MHz	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
	National	—	2038
2.100 MHz(2)	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.

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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.

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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.

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Complementing the PGMCM 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.

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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.

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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.

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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.

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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.

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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.

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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.

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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 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.

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- 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.

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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.

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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 Telefônica 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.

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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

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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

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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.

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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 to 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.

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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.).

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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.

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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.

<u>Year</u>	
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)
<u>Permanent differences</u>			
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.

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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.

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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 FECF; (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.

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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.

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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.

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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		Country (Headquarters)	Core activity
		31.12.2024	31.12.2023		
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 ("TLog")	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.

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- 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 Holdings") 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

Investees	12.31.2024			Net operating revenue	Net profit (loss)
	Assets	Liabilities	Equity		
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)

Investees	12.31.2023			Net operating revenue	Net profit (loss)
	Assets	Liabilities	Equity		
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)

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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.

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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.

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	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..

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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 13.c.)	(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

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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.

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- 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.

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	Indefinite useful life	Finite useful life					Software under development	Total
	Goodwill ⁽¹⁾	Licenses	Software	Trademarks	Customer portfolio	Other intangible assets		
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%

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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:

- Goodwill: 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.
- Intangible assets: 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.
- Determination of value in use of property and equipment, goodwill and intangibles: 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).

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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.

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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 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).

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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

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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.

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19.b. Dividends and interest on equity payable

19.b.1. Breakdown

	12.31.2024	12.31.2023
Telefônica	742,819	713,232
Telefônica Latinoamérica Holding	712,945	684,570
Telefônica Chile	1,096	1,053
Telefônica 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 Telefônica 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.

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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.

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	Provision for contingencies				Contingent liabilities (PPA)	Provision for fines for canceling lease agreements ⁽¹⁾	Provision for asset decommissioning	Amounts to be refunded to customers	Total
	Tax(1)	Regulatory(1)	Civil	Labor					
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.

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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%.

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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.

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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.

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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.

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- 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.

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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.

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- 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

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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.

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- 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.

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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 Telefônica Cybersecurity & Cloud Tech (a Telefônica Group company), which was contracted in foreign currency (euros).

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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.

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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.

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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 Telefônica Cybersecurity & Cloud Tech ("TCCT")

On September 26, 2024, the Company's subsidiary - CloudCo Brasil and TCCT (a Telefônica 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.

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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.

Year	Leases	Debentures	Loans and financing					Total
			5G Licences	Liabilities for the acquisition of a company	Refinancing and Amnesty Program	Financial institutions	Other creditors	
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

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21.e. Changes

	Loans and financing							Total
	Leases	Debentures	5G Licences	Financial institutions	Liabilities for the acquisition of a company	Refinancing and Amnesty Program	Other creditors	
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.

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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.

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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").

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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.

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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:

Shareholders	12.31.2024		12.31.2023	
	Number	%	Number	%
Controlling Group	1,244,240,476	76.30%	1,244,240,476	75.29%
Telefônica	634,398,912	38.90%	634,398,912	38.38%
Telefônica Latinoamérica Holding, S.L.	608,905,051	37.34%	608,905,051	36.85%
Telefônica 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.

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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 (Telefônica 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.

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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.

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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			Gross Amount	Net Value	Amount per Share, Net
Deliberation	Credit	Payment date			
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.

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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.

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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

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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

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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.

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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)

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	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.

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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.

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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:

- Fixed and mobile telephone services, provided to Telefônica Group companies.
- Fiber optic network construction consultancy service.
- 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.
- Shared services, passed on at the cost actually incurred.
- Right to use certain software licenses and contracted maintenance and support services.

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- 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 Telefônica 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.

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The following table summarizes the consolidated balances with related parties:

Companies		Balance Sheet – Assets					
		12.31.2024			12.31.2023		
		Cash and cash equivalents	Accounts receivable	Other assets	Cash and cash equivalents	Accounts receivable	Other assets
Type of transaction							
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							
Telefónica 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
Telefónica 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
Telefónica Cibersegurança 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

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		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

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Companies	Type of transaction	Income statement								
		2024			2023			2022		
		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										
Telefónica Global Solutions Participações	a) / d) / e) / f) / k) / j) / n)	6,047	(87,976)	(21)	11,242	(95,885)	—	13,928	(110,417)	—
Telefónica Mviles 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.

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The Company's parent company, Telefônica, 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 Telefônica 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 Telefônica 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 Telefônica 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 Telefônica'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 Telefônica shares.

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

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

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- 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.

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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).

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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.

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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.

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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

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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

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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

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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

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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.

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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

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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.

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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.

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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.

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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.

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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.

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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.

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

Description	Consolidated			
	Notional Value		Accumulated effects from fair value	
			Amount receivable (payable)	
	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).

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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)

Swap contract	Maturing in						Amount receivable (payable) on 12.31.2024
	2025	2026	2027	2028	2029	2030 onwards	
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.

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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.

Transaction	Risk	Company / Consolidated		
		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.

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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	

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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).

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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.

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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 Telefônica Group, is to contract insurance coverage for all significant assets and liabilities of high-risk based on Management's judgment and following Telefônica 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.

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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.

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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 Telefônica Cybersecurity Tech, S.L.U. ("CyberCo") and its subsidiaries, companies of the Telefônica 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.

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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.

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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.

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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.