

# Oi Group

## Annex 2.6 - Economic-Financial Report

Rio de Janeiro, April 18, 2024



## Index

1.	General Considerations .....	2
2.	Limitations.....	4
3.	Updates to the Economic-Financial Report .....	6
4.	Contextualization.....	7
4.1	Oi Group History .....	7
4.2	Judicial Reorganization .....	10
4.2.1	Description of the Companies under Reorganization .....	10
4.3	Reasons for the Economic and Financial Crisis .....	12
5.	Market Analysis .....	13
5.1	Brazilian Market.....	13
5.1.1	Broadband.....	13
5.1.2	Information and Communication Technology .....	16
6.	Restructuring of Oi Group.....	18
6.1	Financial Restructuring.....	18
6.1.1	Debt Restructuring.....	18
6.2	Disposal of Assets .....	29
6.2.1	UPI ClientCo .....	30
6.2.2	UPI V.tal .....	30
6.2.3	UPI Real Estate and Selected Towers .....	31
7.	Economic-Financial Projections .....	32
7.1	Macroeconomic Data.....	34
7.2	Regulatory Framework.....	35
7.3	Operational Projections .....	37
7.4	Consolidated Income Statement .....	45
7.5	Cash Flow of Oi Group .....	47
7.5.1	Cash Flow from Operating Activities.....	47
7.5.2	Cash Flow from Investing Activities .....	48
7.5.3	Cash Flow from Financing Activities .....	49
7.5.4	Projection of the Creditors Plan.....	52
7.5.5	Consolidated Cash Flow .....	54
8.	Report Conclusion .....	56

## 1. General Considerations

This Economic-Financial Report ("Report") aims to assess the economic and financial feasibility, in the context of the Consolidated Judicial Reorganization Plan ("Plan" or "PRJ") of the companies: **OI S.A. - Under Judicial Reorganization** ("Oi" or "Company"), a publicly held corporation, registered with the National Register of Legal Entities of the Ministry of Finance (CNPJ/MF) under no. 76.535.764/0001-43, with headquarters and principal place of business at Rua do Lavradio no. 71, Centro, in the City and State of Rio de Janeiro, ZIP: 20230-070; **PORTUGAL TELECOM INTERNATIONAL FINANCE B.V. - Under Judicial Reorganization** ("PTIF"), a private limited company organized according to the Laws of the Netherlands, with headquarters in Amsterdam, Delflandlaan 1 (Queens Tower), Office 806, 1062 EA, and principal place of business in the city of Rio de Janeiro; **OI BRASIL HOLDINGS COÖPERATIEF U.A. - Under Judicial Reorganization** ("Oi Coop"), a private limited company organized according to the Laws of the Netherlands, with headquarters in Amsterdam, Delflandlaan 1 (Queens Tower), Office 806, 1062 EA, and principal place of business in the city of Rio de Janeiro (with Oi, PTIF e Oi Coop hereinafter jointly referred to as "Oi Group", "Debtors" or "Companies under Reorganization").

This is a free translation from the original Appendix of the Consolidated Judicial Reorganization Plan of Oi Group. In case of divergence between this version and the original version of this Report, in Portuguese language, the latter shall prevail.

This Report was prepared by Ernst & Young Assessoria Empresarial Ltda ("EY"), solely and exclusively to serve as a support document to the development of the Debtors' PRJ, and should not overlap, modify or be confused with the terms of the PRJ and should not be partitioned, divided or used partially by the Debtors and its representatives, by creditors or any other interested parties. This Report may not be used for any purpose not expressly mentioned herein.

With the purpose of achieving this work's objective, procedures were applied based on the analysis of historical facts, socioeconomic and market information, as well as data and assumptions provided by Oi Group, its employees, managers, advisors and further service providers ("Data and Information").

EY does not take any responsibility on future results differing from the projections presented on this Report and does not offer any guarantees regarding the aforementioned results. With this perspective, the conclusions here presented are the results of the Data and Information analysis, along with macroeconomic and market forecast, as well as on performance and results of future events, and are subject to the following considerations:

- ▶ This Report involves matters of objective and subjective judgements, given the complexity of the analysis of the Data and Information and the various sources of consulted information;
- ▶ None of EY's partners or professionals involved in this work detain financial interest in Oi Group;
- ▶ The fees established for the execution of this work were not based on reported results and have no connection with them;
- ▶ The development of this Report was based on public information known by the market and information provided by Oi Group. Such information was considered true, as it is not part of EY's scope of work any type of independent investigation and/or audit procedures. Thus, EY does not assume future responsibility for the accuracy of the Data, Information and Assumptions used in this Report;
- ▶ This Report was prepared with the purpose of evaluating the feasibility of the Debtors in the context of the PRJ, EY has no responsibility towards any third party for any act or fact derived from its use for any purpose other than stated herein;

Annex 2.6  
April 18, 2024

- ▶ This Report was developed at the request of Oi and should not be interpreted by any third party as a decision-making tool for investments or opinions regarding the PRJ;
- ▶ EY will not be responsible for updating this Report in regard of events or circumstances that may take place after its date of reference;
- ▶ Some of the considerations outlined in this report are based on future and uncertain events representing expectations of Oi Group, its management, advisors and further service providers, at the date of the analysis. Thus, the results presented in this Report are merely estimates, reason why they may differ from future figures; and
- ▶ The forecasts consider the current macroeconomic scenario together with the perspectives of the sector in which the Debtors operate. However, the scenario presented may not materialize, in view of external factors, in addition to changes in the macroeconomic scenario, monetary and fiscal policies, default risks and market factors.

Among the Data and Information used for the development of this Report, there are public information and information provided by Oi Group, aimed at delivering the necessary details of its operations, investments, capital structure and cash generation capacity. This Report, subject to the assumptions stated herein, intends to provide a view of the financial capacity of the Debtors in the context of the PRJ, to allow the assessment of their sustainability and the feasibility of their going concern.

## 2. Limitations

According to the law 11,101 of February 9, 2005, which regulates the judicial and extrajudicial reorganization and the bankruptcy of the entrepreneur and of the business company, this Report evaluates the economic-financial feasibility of the Debtors in the context of the PRJ, with certain limitation clauses.

Therefore, this Report and its conclusions, should not be interpreted or used without considering these clauses.

This Report, as well as the opinions and conclusions included, are of Oi's use in the context of the PRJ. It should be noted that this report is constituted of 59 pages and cannot, in any case, be handled separately, in which case no liability can be attributed to EY.

Any user and/or recipient of this document should be aware of the conditions and assumptions that guided this work, Brazil's market and economic conditions, as well as the market niche in which Oi Group operates.

The factors that may result in differences between the content of this Report and the content of the documents that have the same object of this work are exclusively due to the use of different sources of information and the application of different methodologies when processing data. EY has no responsibility for such differences.

EY services for the development of this Report do not represent an audit, a review, or any other type of attestation, in the way these expressions are identified by the Brazilian Accounting Council (CFC - Conselho Federal de Contabilidade). Therefore, we do not express any form of guarantee on accounting matters, financial statements, financial information, nor on internal controls of Oi Group.

We have not issued a professional opinion on the application of the accounting principles in accordance with the International Standard on Related Services (ISRS 4410), nor its subsequent changes or interpretations. This Report does not constitute a legal opinion or advice.

EY's services did not include any type of tax review. The estimates of tax impacts for Oi Group, as a result of the PRJ, were provided by Oi and incorporated into the financial projections.

EY's services did not include a review or an independent investigation with the objective of identifying illegal acts or frauds.

EY has no responsibility, and cannot be held responsible, for the study, analysis and presentation of projected costs and investments projected in the judicial reorganization scenario of the Debtors.

The independent evaluation or review of the terms and conditions of the issuance of shares for the restructuring of Credits held by Class III Unsecured Creditors as proposed in the PRJ was not part of EY's services. EY considered the assumptions provided by the Company regarding the amounts attributed to the shares for tax calculation purposes.

Until the conclusion of this Report, certain assumptions provided by Oi regarding the creation, valuation and disposal of certain assets (through UPIs or not), notably the creation of UPIs V.tal and ClientCo, were in initial phase of market sounding to evaluate strategic alternatives and pricing of these assets. At the time of preparation of the Report, as well as the disclosure of the PRJ by Oi, the information available about these monetization events was limited and may suffer significant impacts until its completion. In addition, negotiations regarding the end of the concession period and the arbitration initiated by Oi with the regulators are also ongoing and their outcome may present results significantly different from those estimated by Oi and indicated by the Company as assumptions for the preparation of this Report.

The studies carried out do not include the feasibility analysis of the Debtors from the perspective of corporate, tax and legal aspects. In addition, it was not part of the scope of this Report the analysis of the legal feasibility of the strategy of creation and sale of the UPIs provided for in the PRJ.

This work does not include the evaluation of the operating costs or potential improvement of Group processes which may generate potential cost savings, as well as operational and administrative optimizations.

The forecasts are largely dependent on Oi's ability to implement the actions described in this Report, as well as to minimize the effects of possible synergy losses resulting from the implementation of its strategy.

The operational and financial assumptions and further conditions of the strategic plan were provided by Oi Group and its managers, advisors and other service providers hired for this purpose. Such assumptions and conditions have not been the subject of an independent investigation by EY. The studies implemented by EY take into account the operational, financial and further conditions of the strategic plan provided by Oi Group, so that EY does not guarantee that all these assumptions and conditions will be effectively materialized, since it relies on the success of Oi Group itself in achieving the goals established by it and the prevailing market conditions at the time of the implementation.

It is not part of EY's scope of work to review or investigate the assumptions used to determine the sale prices of UPIs ClientCo and V.taI. Thus, EY does not assume any responsibility for any differences in values used in this Report and those that may materialize in future negotiations. In addition, EY has not carried out any type of diligence regarding the assumption adopted by the Company in the settlement of negotiations with the regulator without financial impact for Oi. EY is not responsible for any settlement that may present a financial impact different from that presented in this Report.

The considerations presented in this Report are common practices in studies of this nature, which we believe we have, and are publicly recognized as having, meaningful knowledge and experience. The provided services are limited to such knowledge and experiences and do not represent an audit, advisory or tax related services, which can be provided by EY. Notwithstanding these limitations, the conclusion of this Report was not intended or written by EY to be used, and should not be used, by the recipient or any third party for the purpose of avoiding sanctions that may be imposed by the Brazilian tax law.

### 3. Updates to the Economic-Financial Report

This document is presented as an Attachment to the PRJ and replaces the Report issued by EY on March 25, 2024, reflecting the most recent conditions of the PRJ presented by the Company on April 18, 2024.

Regarding the Report presented on March 25, 2024, the main changes to this Annex are:

- ▶ Incorporation of new terms and conditions proposed in the updated PRJ; and
- ▶ Update of Cash Flow projections, reflecting the new payment conditions to creditors and update of the source of funds for repayment, notably the sale of real estate properties, formation of UPI Real Estate and Selected Towers and update of UPI structures.

## 4. Contextualization

Oi is a concessionaire of the Switched Fixed-line Telephony Services (STFC) in Regions I and II of the General Concession Plan (PGO), according to Decree No. 6,654, which corresponds to 26 of the country's 27 federative units. Oi Group also hold authorizations to provide data transmission (Multimedia Communication Services - SCM) and pay TV (Conditional Access Services - SeAC), throughout the country.

Oi Group's activities began through providing fixed-line services and, over time, the services of mobile telephony<sup>1</sup>, internet, pay TV, among others, were incorporated into the group's portfolio.

The chart below shows how the revenues of each service are distributed within the group, taking the year of 2023 as a reference.

**Breakdown of Oi Group's Revenues - 2023**

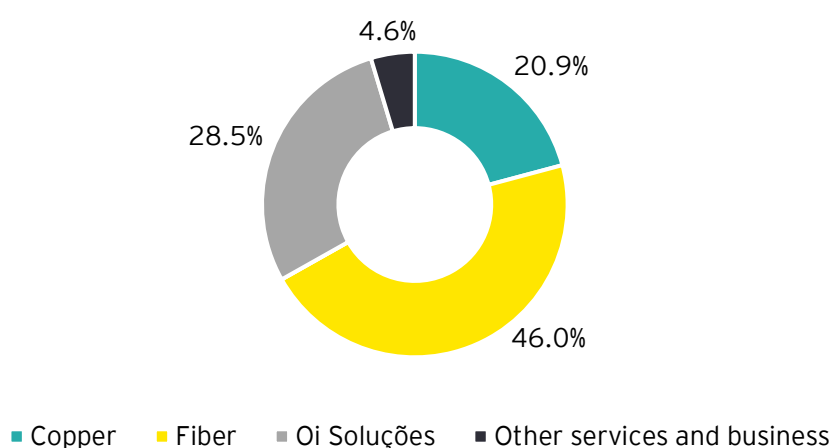


Chart 1. Source: Oi. (Quarterly Earnings Report 4Q2023)

### 4.1 Oi Group History<sup>2</sup>

The Company emerged from the privatization of the companies of the Telebrás system, initially providing intra-regional long-distance fixed telephone services in Region II. Oi Móvel's operations began in September 2004. Also in the early 2000s, and in line with the expansion of the range of services provided, the Company acquired a system of submarine fiber optic cables, an Internet Protocol (IP) services company and other services focused on the corporate market in Brazil, as well as a provider of free internet services, operating in the dial-up and broadband markets. In the late 2000s, the Company began operating in the call center segment. Over the subsequent years, Oi carried out several acquisitions, mergers and corporate restructurings, with the aim of simplifying its corporate structure.

In June 2016, Oi, along with some of its subsidiaries, filed for judicial reorganization before the Capital District of the State of Rio de Janeiro for the restructuring of its debts with approximately 55 thousand creditors. The total of these debts, according to the list of creditors, amounted to approximately BRL 64 billion. According to the Company, the request for judicial reorganization was a consequence of a period of growth in its debts at the same time that it suffered a contraction in its operating performance, reflected in its revenues and operating margins. According to management,

<sup>1</sup> Service discontinued with the sale of UPI Ativos Móveis, completed in April 2022.

<sup>2</sup> Information obtained through the Reference Form of 2023 and Relevant Facts disclosed by Oi.

the increase in Oi Group's debt could be explained mainly by three events: (i) financing of the anticipation goals plan (regarding the universalization of telecommunications services); (ii) acquisition of Brasil Telecom and subsequent identification of certain relevant liabilities; and (iii) merger and incorporation of Portugal Telecom's debt.

The PRJ dated December 12, 2017 was presented at the General Meeting of Creditors ("GMC"), held on December 19 and 20, 2017, and approved with some modifications. Finally, on January 8, 2018, the PRJ was approved by the 7th Business Court of Rio de Janeiro (JR Court), granting the Judicial Reorganization to the Debtors and, on July 31, 2018, Oi Group communicated to the market the conclusion of the process of novation of its debts.

In February 2020, Oi Group presented a proposal for an Amendment to the Judicial Reorganization Plan, aiming, among other things, to change the payment conditions of creditors and enable the execution of its strategic plan, indicating, as reasons for a new restructuring, frustration of certain expectations and premises in the legal, regulatory and market scopes. In March of the same year, Oi communicated to the market that the JR Court issued a decision granting the holding of a new GMC to deliberate on the Amendment to the PRJ. This amendment provided for the formation and disposal of five UPIs, namely: UPI Ativos Móveis, UPI Data Center, UPI Towers, UPI InfraCo and UPI TVCo.

In March 2021, the UPI Data Center and UPI Towers disposals were completed. UPI Data Center was sold for BRL 325 million, with a cash payment of BRL 250 million, with the remaining balance paid in installments. UPI Towers was sold for BRL 1.1 billion, with BRL 860 million paid in cash and the remainder in June 2021, after assessments and adjustments provided for in the contract. Oi Group has also performed a legal transaction for the sale of Lemvig RJ Infraestrutura e Redes de Telecomunicações S.A., holder of part of Oi's reversible and non-reversible tower infrastructure, to NK 108 Empreendimentos e Participações S.A., the winning bidder in a competitive process conducted within the context of Oi Group's first judicial reorganization. Torres II Operation was released to the market through a Material Fact on July 12, 2023.

In April 2022, the sale process of UPI Ativos Móveis was completed, resulting in a total transaction value of BRL 15.9 billion. Of this amount, BRL 14.5 billion was received by the Company, while the amount of BRL 1.4 billion was retained for possible compensation due to Post-Closing Adjustments and other indemnity obligations. In addition, according to the agreement signed with the buyers, Oi could receive an additional amount in case of reaching certain migration targets, and also signed a contract to provide transition services for the operation for a period of up to 12 months. With the conclusion of the operation, the credit of the National Bank for Economic and Social Development ("BNDES") with the Company, in the amount of BRL 4.6 billion, and the debentures of the 2<sup>nd</sup> issuance of Oi Móvel, in the amount of BRL 2.4 billion, in addition to the repurchase of senior notes due in 2026, in the amount of BRL 4.6 billion. On October 4, 2023, the Company disclosed via Material Fact that after the Post-Closing Adjustment, it was defined that the total amount owed to Oi for the acquisition of UPI Ativos Móveis would be BRL 15.2 billion, being entitled, on that date, to the release of the updated amount of BRL 821 million from the withheld amount. Thus, all disputes and pending issues between Oi and the buyers were settled, as disclosed.

In June 2022, Oi concluded the sale of UPI InfraCo ("V.tal") to Globenet Cabos Submarinos S.A. The operation totaled BRL 12.9 billion, with the Company receiving BRL 4.3 billion in cash, referring to the first installment of the secondary component. In addition, at the close of negotiations, it was agreed that the second and third installments of the secondary component, in the amount of BRL 3.7 billion, would be used to pay the Long-Term Lease Agreement for use of the transmission capacity of telecommunication signals of the submarine cables signed with Globenet. The primary component of the transaction totaled BRL 3.4 billion, while the contribution from the merger of Globenet totaled BRL 1.5 billion. On the other hand, Oi received BRL 2.7 billion in dividends from Telemar. On October

Annex 2.6  
**April 18, 2024**

27, 2023, Oi released a Material Fact announcing the agreement for the Onerous Transfer of Scrap with V.tal, and the corresponding compensation and/or reduction of up to 72% of the Company's take-or-pay obligations in accordance with the Long-Term Lease Agreement. Currently, the Company holds a direct stake of 31.2% in V.tal.

According to a Material Fact published on December 15, 2022, the Company informed that, on December 14, 2022, the Judgment of the 7<sup>th</sup> Business Court of the Judicial District of the Capital of the State of Rio de Janeiro declared the conclusion of the Judicial Reorganization process, being declared as fulfilled the obligations assumed in the approved plan and amendment of the First Judicial Reorganization.

## 4.2 Judicial Reorganization

In February 2023, Oi had approved its request for an urgent precautionary measure to suspend the enforceability of certain obligations assumed by the Company, aiming at protecting its cash and, consequently, the continuity of negotiations with its creditors. According to the Company, a partial anticipation of the effects of the decision to process a new judicial reorganization was sought, since it had not been possible to reach an agreement with its main financial creditors to readjust its capital structure before the deadline for payment of debts due in early February 2023.

On March 1, 2023, Oi filed, together with its subsidiaries PTIF and Oi Coop, detailed below, a request for judicial reorganization with the 7<sup>th</sup> Corporate Court of the Judicial District of the Capital of the State of Rio de Janeiro for the restructuring of its debts with approximately 165 thousand creditors<sup>3</sup>. The total of these debts, according to the list of creditors, amounts to approximately BRL 45 billion. The request was approved by the RJ Court on March 15.

After the request, the Judicial Reorganization Plan was initially presented on May 19, 2023, being later replaced by the PRJs presented on February 6, 2024, March 25, 2024 and by the current PRJ, presented on April 18, 2024.

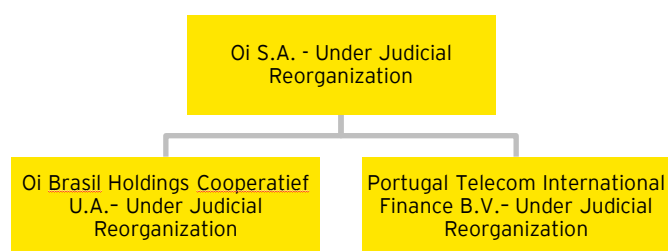


Figure 1. Source: Oi.

### 4.2.1 Description of the Companies under Reorganization

The table below presents a brief description of the Companies under Reorganization:

Company	Category	Main Activities
Oi S.A. - Under Judicial Reorganization	Operating Parent Company	Operating Parent Company that offers telecommunication services in several fields and related activities.
Portugal Telecom International Finance B.V. - Under Judicial Reorganization	Financial Vehicle	Debt issuance in international markets.
Oi Brasil Holdings Coöperatief U.A. - Under Judicial Reorganization	Financial Vehicle	Debt issuance in international markets.

Table 1. Source: Oi - Reference Form 2022 - V3.

<sup>3</sup> List of Creditors of the Companies under Reorganization as informed by Oi.

The detailed descriptions of the companies categorized above are presented ahead.

**Oi S.A. - Under Judicial Reorganization**

A publicly traded company, it is one of the main providers of integrated telecommunications services in Brazil, operating throughout the national territory. Oi S.A. offers a variety of services, which include fixed telephony, interconnection, data transmission (including broadband), pay TV, internet services and other telecommunications services. It has been operating since 1998 in Regions I and II, as defined in the General Grant Plan (PGO) and brings together approximately 13 million Revenue Generating Units ("UGR"), among residential customers, companies and government agencies.

According to the company's 2023 results presentation, Oi has about 4 million HCs<sup>4</sup>. According to ANATEL data from December 2023, the Company holds approximately 26% of the fixed-line telephony market.

**Portugal Telecom International Finance B.V. - Under Judicial Reorganization ("PTIF")**

A wholly-owned subsidiary of the Company, PTIF is headquartered in the Netherlands and its corporate purpose is to participate in the share capital of other companies; incorporate, manage and supervise other companies and businesses; provide guarantee in favor of controlling, affiliated and/or controlled companies; provide services and finance businesses and partnerships; grant loans; acquire, dispose of, manage and undertake real estate and properties in general; engage in and commercialize patents, trademarks, licenses, know-how and intellectual property rights; to carry out any type of industrial, financial and commercial activity, as well as carrying out any related activities.

**Oi Brasil Holdings Coöperatief U.A. - Under Judicial Reorganization ("Oi Coop")**

Oi Coop is a cooperative constituted under the laws of the Netherlands and headquartered in that country, with the Company as its sole member. Its corporate purpose is to participate in the share capital of other companies; incorporate, manage and supervise other companies and businesses; provide guarantee in favor of controlling, affiliated and/or controlled companies; finance businesses and partnerships; obtain and extend loans, raise funds and issue debt securities; trade currency, securities and assets in general; to carry out any type of industrial, financial and commercial activity, as well as carrying out any related activities.

.

---

<sup>4</sup> "Homes connected", means the number of houses effectively connected to Oi Group's fiber optic services.

### 4.3 Reasons for the Economic and Financial Crisis

According to the PRJ, several factors contributed to the new crisis of Oi Group, among the reasons presented for the new Judicial Reorganization request, the following stand out:

1. The delay in closing UPIs sales;
2. The non-receipt of part of the divestment transaction of UPI Ativos Móveis, in the approximate amount of BRL1.4 billion, in 2022, which, after judicial and arbitration litigation, Oi Group and the UPI acquirers entered into an agreement, resulting in the late receipt of BRL 821 million;
3. The COVID-19 pandemic;
4. The instability of economic indicators (e.g. significant increases in domestic interest rates and worsening credit environment);
5. The oscillation of the exchange rate of the US currency, which adjusts the obligations held, with impact on interest payments;
6. The accelerated decline in revenues from the Company's fixed-line telephone concession services, due to the rapid change in the technological environment;
7. The continuity of contract costs with a minimum obligation ("Take or Pay") that do not bring economic benefit to the Company due to the low consumption of services;
8. The maintenance of the burden of obligations in the regulatory environment, related to the fixed-line telephony concession, and the term for resolution of regulatory issues in arbitral proceedings;
9. The pressure faced by the fiber market, resulting from macroeconomic challenges, including increased debt costs, increased price competition, increased default and churn of the user base, which hampered the growth of the homes connected base predicted by Oi and a reduction in the average revenue per user foreseen in its investment plan; and
10. The frustration of the transaction involving Oi's pay-TV customer base.

Still according to the Company, all the reasons mentioned above affected and restricted the available resources of Oi Group, making it necessary to implement a new stage of restructuring.

## 5. Market Analysis

### 5.1 Brazilian Market

The Brazilian telecommunications market has undergone transformations in recent years, following technological advances and the new consumption patterns of the population. As shown in the graph below, the market share reduction in the fixed telephony segment stands out, being replaced, for the most part, by the growth in fixed and mobile broadband.

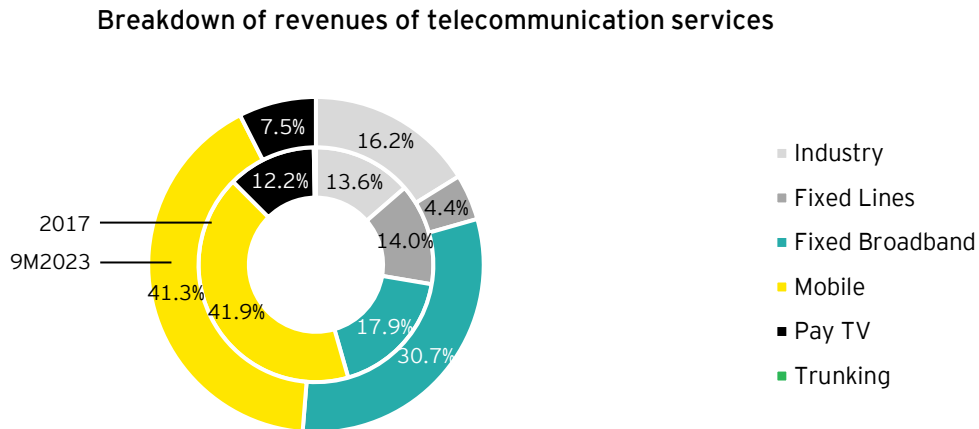


Chart 2. Conexis Brasil Digital - O Desempenho do Setor de Telecomunicações no Brasil - 3Q23.

Although investment in telecommunications infrastructure is a constant process, atypical factors contributed to an increase in the level of investments between 2013 and 2015, with emphasis on sporting events hosted in the country between 2014 and 2016. Investment resurfaced stronger in 2018 with preparations to 5G, with investments in 4G and fiber infrastructure, and maintained itself in the following years, even during the pandemic in 2020, reaching its peak in 2022.<sup>5</sup>

The graph below shows the evolution of investments in the sector.

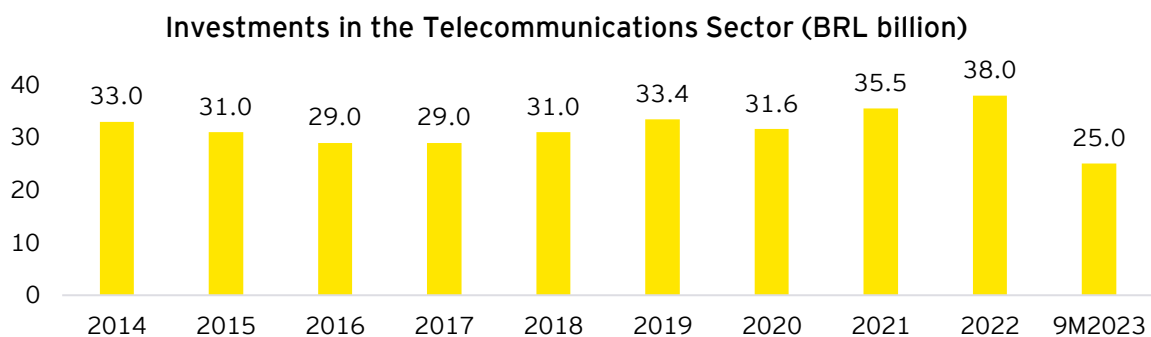


Chart 3. Source: Conexis Brasil Digital - O Desempenho do Setor de Telecomunicações no Brasil - 3T23.

#### 5.1.1 Broadband

Fixed broadband is the second largest telecommunications subsector in the country, accounting for 30.5% of the sector's revenue in 2022, against 17.9% in 2017. Its growth is due to the expansion of the subscriber base and the constant migration for higher speed plans. The growing use of internet

<sup>5</sup> Buddecomm - Brazil - Telecoms, Mobile and Broadband - Statistics and Analysis 2021.

reflects an accelerated change in household consumption habits. Activities such as streaming consumption, online gaming, and remote work and study continue to become more popular. This trend favors the adoption of high-capacity fixed broadband.

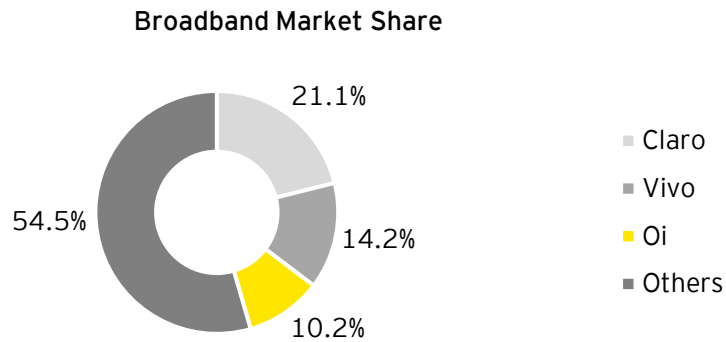


Chart 4. Source: ANATEL - Painéis de Dados - Nov/23.

The presence of small providers stands out, more representative in this segment when compared to the other subsectors of the Brazilian telecommunication market, guaranteeing themselves in markets where there is no presence of large providers, increasing their fiber networks and contributing to the growth of digital inclusion.

There is a growing demand for higher speed and quality internet services, in parallel with an intensification of competition in the market. The number of accesses with ultra-fast broadband plans (i.e., those with Internet connections of more than 34 Mbps) has increased by an average of 60% per year since 2015, reaching an 86% share of the subscriber base.<sup>6</sup>

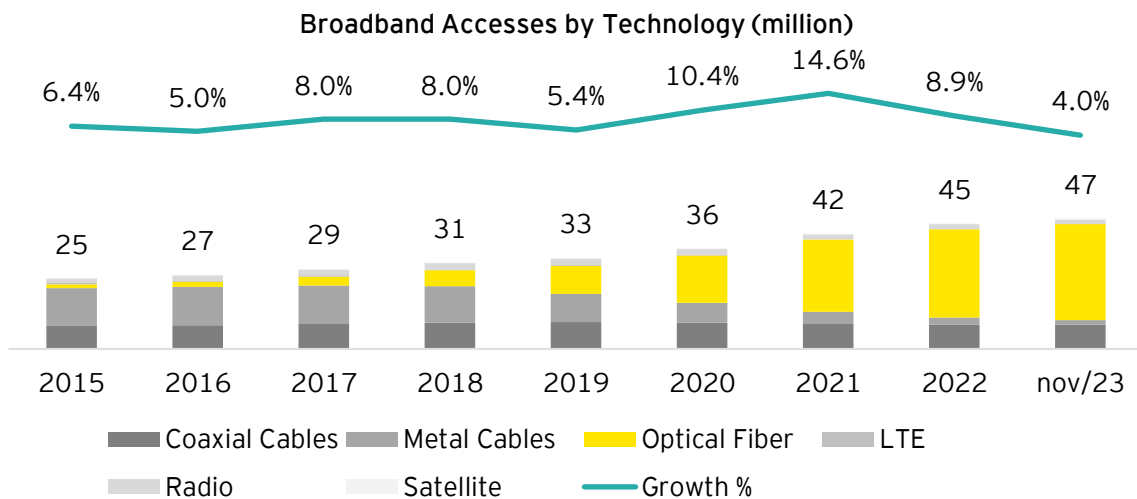


Chart 5. Source: ANATEL - Painéis de Dados - nov/23.

The number of fixed broadband subscribers using optical fiber technology grew at an annual average of 56% between 2015 and 2023 and, as shown in the graph above, the technology comprised around 74% of the broadband market in 2023, indicating a trend of migration from other technologies to fiber.

<sup>6</sup> Conexis Brasil Digital - The Performance of the Telecommunications Sector in Brazil - 4Q22.

### 5.1.1.1 Optic Fiber

As observed in the general data on broadband, the competitive landscape for fiber is marked by the presence of small-sized providers, or “Competitives”, which are responsible for almost half of the market, as shown in the graph below.

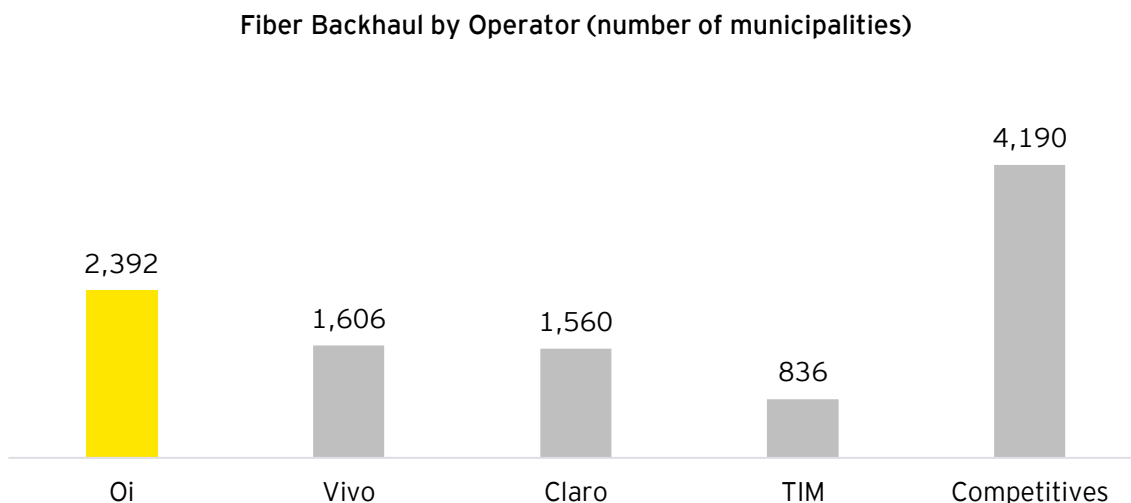


Chart 6. Source: Teleco - Market Share de Banda Larga Fixa no Brasil - accessed on January 29, 2024.

The growth in fiber-based broadband meets the demands for greater speed, capacity and connection stability. Fiber plays a role in the development of 5G, providing the backhaul resources and infrastructure necessary for its implementation. The graph below shows the evolution of fiber penetration in Brazilian municipalities.

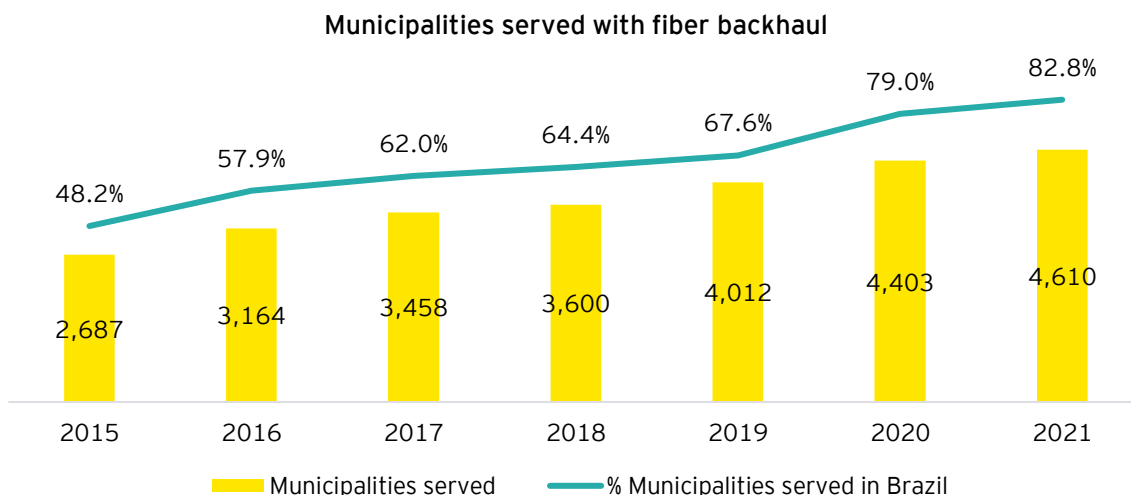


Chart 7. Source: Teleco - Market Share de Banda Larga Fixa no Brasil - accessed on January 29, 2024.

Given the role of fiber and its adoption and demand in the country, the technology grew at a high rate in its early years. However, this growth has slowed down in recent years. The net addition of 4.9 million new accesses in the first 3 quarters of 2023 was far from the addition numbers in same period in 2022 - when 6.2 million accesses were added (+26.5%).

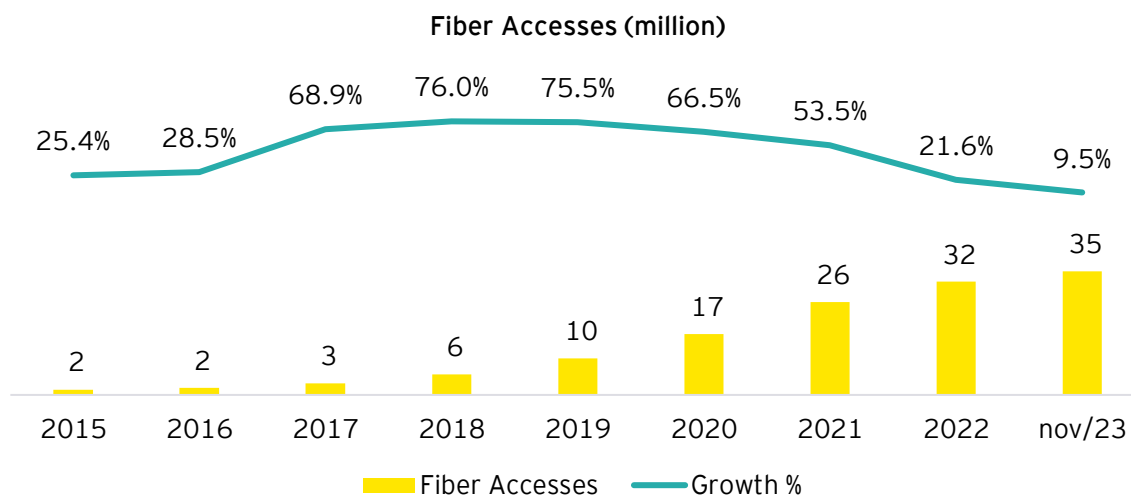


Chart 8. Source: ANATEL - Painéis de Dados - Nov/23.

Even so, according to EMIS Insights, optical fiber technology remains an opportunity in the sector, as it is the preferred tool for telecom companies to offer fixed broadband services at competitive prices, as well as allowing providers to supply affordable digital fixed telephony packages as well as IPTV services.<sup>7</sup>

### 5.1.2 Information and Communication Technology

The COVID-19 pandemic intensified the consumption of telecommunications services, however, not all segments had an increase in their demand, as is the case of fixed telephony, since Brazilian consumers are replacing these technologies with services such as those of internet and information and communication technology, which have greater added value for telecommunications companies.<sup>8</sup> Driven by this factor, the IT Industry has grown at an average rate of 12% p.a. since 2018.

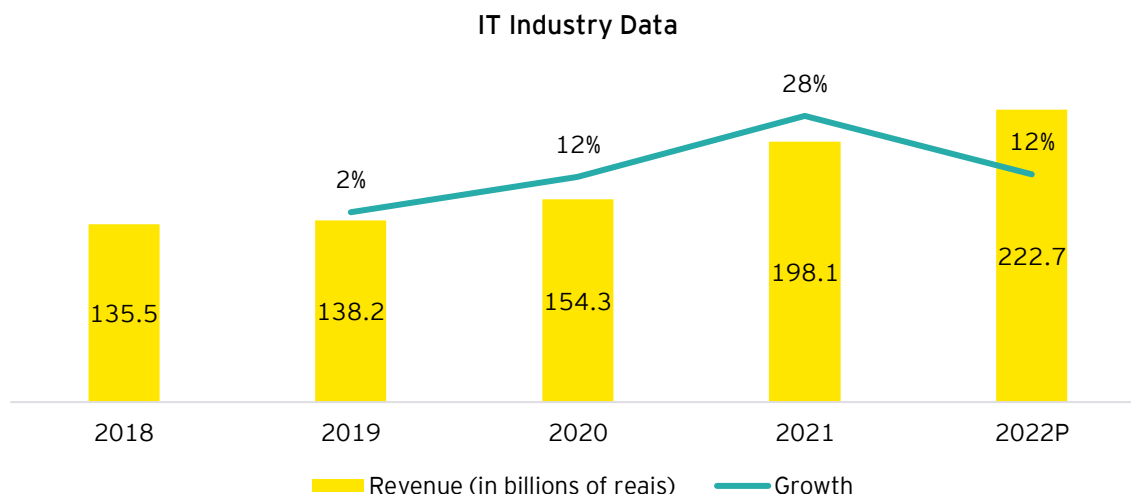


Chart 9. Source: Lafis: Panorama Setorial - Tecnologia da Informação.

<sup>7</sup> EMIS Insights - Brazil ICT Sector Report 2023-2024.

<sup>8</sup> EMIS Insights - Brazil ICT Sector Report 2022-2023.

The IT market in Brazil is estimated to outpace GDP growth in the medium term due to the strength of post-pandemic<sup>9</sup> digitization and digital transformation trends. According to EMIS Insights, there will be a growing demand for high value-added technology solutions<sup>10</sup>. The main challenge for telecommunications companies will be to go beyond connectivity and provide solutions and service packages to their current customers, replacing efforts to attract new consumers.

---

<sup>9</sup> Fitch Solutions - Brazil Information Technology Report | Q1 2022.

<sup>10</sup> EMIS Insights - Brazil ICT Sector Report 2023-2024.

## 6. Restructuring of Oi Group

### 6.1 Financial Restructuring

As described therein, the Judicial Reorganization Plan presented on April 18, 2024 aims to restructure the Company's financial debt, reducing its value and extending its maturity dates, providing an injection of new money into the Company, aiming to continue fulfilling its obligations, make the necessary investments and seek more liquidity until several conditions set out in the plan are executed, such as the sale of some of its assets and the migration process with ANATEL is completely concluded, resulting in the final agreement expected by Oi, for the necessary adjustments to the concession of fixed telephony services and their obligations.

In line with the reorganization plan, Oi communicated to the market on December 20, 2023, an amendment to the fundraising in the form of the "Debtor-in-Possession" modality (Original Updated Emergency DIP), in the amount of up to USD 400 million, to meet the Company's short-term cash needs. According to the Material Fact released on January 8, 2024, the Court of the 7th Business Court of the District of the Capital of the State of Rio de Janeiro, authorized the contracting of the Updated Original Emergency DIP in accordance with the documentation filed in court, and approved the resignation proposed by Banco BTG Pactual S.A. regarding the refinancing of the Original Emergency DIP, as well as the right to request payment of the termination fee stipulated in the refinancing contract. The disbursement of amounts relating to additional liquidity to the Company was made on January 26, 2024. The conditions of the Original Updated Emergency DIP are:

- ▶ Interest of 12.5% per year, consisting of 7% per year in cash, 5.5% per year capitalized; and
- ▶ Fiduciary Sale of 95% of V.tal shares held by Oi as collateral.

#### 6.1.1 Debt Restructuring

This item presents, in a summarized manner, the main conditions of the Plan for Payment to Creditors of Oi Group, including certain information on the financial conditions present in the Judicial Reorganization Plan presented by the Company on April 18, 2024.

For further details of the determined payment conditions, refer to the PRJ of April 18, 2024. In case of any discrepancies between the summary below and the PRJ, the PRJ shall always prevail. This Report was prepared considering the financial and operational assumptions arising from the assertive execution of the PRJ. The projections contained in this Report assume the implementation of the PRJ proposed by the Companies under Reorganization.

##### Class I

Labor Credits (Class I), according to the values indicated in the List of Creditors of the Judicial Administrator, including Labor Credits held by Labor Creditors Judicial Deposit and Fundação Atlântico Labor Credit, will not be affected, and restructured under the terms of the PRJ.

##### Class III

The payment proposal for Class III is presented below, according to the limits established in the PRJ:

## Proposal

Each Unsecured Creditor may choose, except as otherwise provided in the PRJ, to have all of its Unsecured Claims paid or restructured in the following options.

### **Linear Payment of Class III Credits:**

Creditors of this class who hold credits worth up to BRL 5,000 may opt to receive in full the amount of the respective Class III Credit, within 30 days from the date of Approval Date, (a) primarily upon withdrawal of the amount of the Judicial Deposit in the respective Proceeding against the Oi Group; or (b) in a single installment through a deposit to be made by the Companies under Reorganization.

Creditors of this class with credits worth more than BRL 5,000 may choose to receive payment in a single installment, as long as they agree to receive only the amount of BRL 5,000 as full payment of their respective credit and related costs and automatically waive the right to receive payment for the amount of its Class III Credit that exceeds BRL 5,000.

### **Restructuring Option I:**

Unsecured Creditors who agree to participate in the New Financing may opt for Restructuring Option I, through which they will receive payment of their respective remaining credits under the following terms and conditions.

Oi will issue a debt in the total amount of BRL 6.75 billion ("Total Roll-Up Debt Amount") in two tranches, the first in the amount of BRL 4.5 billion and the second in the amount of BRL 2.25 billion, to pay part of the Restructuring Option I Credits.

Subject to the provisions above, Oi will issue Roll-Up Debentures and/or Roll-Up Notes in the total amount of BRL 4.5 billion ("Total Amount of Tranche 1 Roll-Up Debt") in accordance with the following terms and conditions:

- ▶ The debt will be issued by July 15, 2024, and may be extended by mutual agreement between Oi and the Restructuring Option I Creditors, and must be issued on the same date as the New Financing, Participatory Debt and A&E Reinstated Debt;
- ▶ Each Restructuring Option I Creditor will be entitled to a percentage of the Value of Roll-Up Debt Tranche 1 proportional to the amount effectively disbursed by such creditor in the context of the New Financing - Restructuring Option I Creditors and will receive an equivalent amount of Roll-Up Debentures and/or Roll-Up Notes issued in Tranche 1;
- ▶ The principal amount will be amortized in one installment (bullet) on the last business day of December 2028;
- ▶ For credits in Dollars, interest will be charged at 8.5% per year, to be capitalized every six months to the principal amount;
- ▶ For credits in Reais, interest will be charged corresponding to an annual rate in Reais that is equivalent to the interest rate in Dollars, as defined in the PRJ; and
- ▶ Oi may redeem or amortize, at any time and at its sole discretion, all or, on a pro rata basis, part of the Roll-Up Debentures and Notes issued in Tranche 1 and in circulation, provided that the Bridge Loan (if made), the New Financing and the Unsecured ToP Debt 2024/2025 Reinstated - Option I have been previously and fully paid off.

Subject to the provisions above, Oi will issue the Roll-Up Tranche 2 Notes, with a total value of BRL 2.25 billion ("Total Tranche 2 Roll-Up Debt Amount") in accordance with the following terms and conditions:

- ▶ The debt will be issued by July 15, 2024, and may be extended by mutual agreement between Oi and the Restructuring Option I Creditors, and must be issued on the same date as the New Financing, Participatory Debt and A&E Reinstated Debt;
- ▶ Each Restructuring Option I Creditor will be entitled to a percentage of the Value of Roll-Up Debt Tranche 2 proportional to the amount effectively disbursed by such creditor in the context of the New Financing - Restructuring Option I Creditors and will receive an equivalent amount of Roll-Up Notes issued in Tranche 2;
- ▶ The principal amount will be amortized in one installment (bullet) on the last business day of December 2028, extendable until the last business day of December 2030;
- ▶ For credits in Dollars, interest will be charged at 8.5% per year, to be capitalized every six months to the principal amount;
- ▶ For credits in Reais, interest will be charged corresponding to an annual rate in Reais that is equivalent to the interest rate in Dollars, as defined in the PRJ;
- ▶ Oi shall redeem or amortize, after December 31, 2028, all or, on a pro rata basis, part of the Tranche 2 Roll-Up Notes in circulation, provided that the Bridge Loan (if made), the New Financing, the Unsecured ToP Debt 2024/2025 Reinstated - Option I and the Tranche 1 Roll-Up Debt have been previously and fully paid off;
- ▶ Oi may redeem or amortize, at any time and at its sole discretion, all or, on a pro rata basis, part of the Roll-Up Notes issued in Tranche 2 and in circulation, provided that the Bridge Loan (if made), the New Financing, Unsecured ToP Debt 2024/2025 Reinstated - Option I and the Tranche 1 Roll-Up Debt have been previously and fully paid off; and
- ▶ The other conditions applicable to the Tranche 2 Roll-Up Notes will be described in the Roll-Up Debt Instrument, including the provision that as of June 30, 2027, Oi may resolve to extend the Tranche 2 Roll-Up Debt Maturity Date until December 31, 2030.

Part of the remaining balance of Class III Credits will be capitalized as a capital increase in the Company. In return for the capitalization of their credits, Creditors who opt for Restructuring Option I will receive new shares in the Company, which will jointly represent up to 80% of the total share capital. The implementation of the capital increase will be subject to prior approval by ANATEL and CADE.

#### **Restructuring Option II:**

Unsecured Creditors who do not participate in the New Financing may opt for the Restructuring Option II, through which they will receive payment of their respective remaining credits under the following terms and conditions:

Debt instrument ("A&E Reinstated Debt") for restructuring the equivalent of 8% of the total value of credits that choose this option.

- ▶ The debt will be issued by July 15, 2024, and may be extended by mutual agreement between Oi and the Restructuring Option II Creditors, and must be issued on the same date as the New Financing, Roll-Up Debt and Participatory Debt;
- ▶ The principal amount will be amortized in one installment (bullet) on the last business day of December 2044;
- ▶ For credits in Reais, the annual interest rate of 50% of the CDI will apply, capitalized and paid together with the principal amount; and

- ▶ For credits in Dollars, there will be no interest on the principal amount.

Debt instrument (“Participatory Debt”) for restructuring the equivalent of 92% of the total value of credits that choose this option.

- ▶ The debt will be issued by July 15, 2024, and may be extended by mutual agreement between Oi and the Restructuring Option II Creditors, and must be issued on the same date as the New Financing, Roll-Up Debt and A&E Reinstated Debt;
- ▶ The principal amount will be amortized, (i) in just one installment (bullet) on the last business day of December 2050, or (ii) in advance, in part, through the allocation of 50% of Oi's Net Income (as per defined by the PRJ), on a pro rata basis, among the holders of the Participating Debt, provided that the New Financing, the Bridge Loan, if applicable, the Roll-Up Debt, the Unsecured ToP Debt 2024/2025 Reinstated - Option I and the Secured ToP Debt 2024/January 2025 Reinstated have been paid in full;
- ▶ For credits in Reais, interest of 0.5% per year will be applied, to be capitalized to the principal value and paid only on the due date;
- ▶ For credits in Dollars, there will be no interest on the principal amount; and
- ▶ Oi will have the option, at its sole discretion, at any time, to pay off the amounts in advance, on a pro rata basis, through the payment of 10% of the principal amount and capitalized interest incurred up to the date of exercise of the option, provided that the Bridge Loan (if made), the New Financing, the Unsecured ToP Debt 2024/2025 Reinstated - Option I and the ToP Secured Debt 2024/January 2025 Reinstated and the Roll-Up Debt have been previously and fully repaid.

#### **Bankruptcy Credits Regulatory Agencies**

Bankruptcy Credits Regulatory Agencies will not be affected or restructured under the terms of the PRJ.

In the event of supervenience of legal rule, agreement or administrative, judicial or arbitral decision that allows or determines an alternative way to settle or guarantee the Bankruptcy Credits Regulatory Agencies, the Companies under Reorganization will take all measures to adhere to such alternatives.

#### **Credits from Supplier Creditors**

Suppliers, including Partner Supplier Creditors, who had their respective Unsecured Credits novated under the terms of the First Judicial Reorganization Plan will not be affected and their respective Unsecured Credits will not be restructured under the terms of the Plan.

#### **New Supply Credits**

Supplier Creditors holding Supply Credits that have not been novated under the terms of the First Judicial Reorganization Plan and that do not choose to receive payment for such Supply Credits in accordance with the other applicable payment options will receive payment of their credits in the manner described below:

- ▶ Grace period for principal repayment until the last business day of December 2045;
- ▶ Amortization of the principal in 5 annual, equal and successive installments, the first being due on the first business day after the grace period;
- ▶ For credits in Reais, the principal value will be adjusted by the TR index per year, with the total amount paid only and together with the last installment of the amortization;

- ▶ For credits in Dollars or Euros, there will be no interest on the principal amount; and
- ▶ Oi will have the option, at its sole discretion, to pay off in advance the amounts of the New Supply Credits through the payment of 15% of the principal amount and capitalized interest until the date of exercise of the option, provided that the Bridge Loan (if made), the New Financing, Unsecured ToP Debt Reinstated - Option I, Unsecured ToP Debt - Option II, the Secured ToP Debt Reinstated, Roll-Up Debt and the Reinstated A&E Debt have been previously and fully repaid.

#### **Credits from Partner Supplier Creditors**

Suppliers of goods, content, rights and/or services that maintained terms and conditions prior to the date of filing of the Judicial Reorganization request will be paid in the manner described below:

- (a). Partner Supplier Creditors who have credit of up to BRL 100 thousand (inclusive) (or the equivalent in Dollars or Euros), will receive their credits in a single installment, within 45 calendar days after the end of the period for choosing the payment option, without interest or monetary correction;
- (b). Partner Supplier Creditors who have credit exceeding BRL 100 thousand and up to the limit of BRL 1 million (inclusive) (or the equivalent in Dollars or Euros), will have their payment made in 12 monthly installments, equal and successive, due first installment on the 25th day of (i) the month following the full disbursement of the New Financing or (ii) the month of October 2024, whichever comes first, without interest or monetary correction;
- (c). Partner Supplier Creditors who have credit exceeding BRL 1 million and up to the limit of BRL 10 million (inclusive) (or the equivalent in Dollars or Euros), will have their payment made with a 10% discount in 6 quarterly installments, equal and successive installments, with the first installment falling due (i) on the 15th day of the 12th month following the full disbursement of the New Financing or (ii) on September 15, 2025, whichever occurs first, without interest or monetary correction; and
- (d). Partner Supplier Creditors who have credit exceeding BRL 10 million (or the equivalent in Dollars or Euros), will have their payment made with a 10% discount in 6 equal and successive semiannual installments, with the first installment being due (i) on 28th day of the 18th month following full disbursement of the New Financing or (ii) March 28, 2026, whichever comes first, without interest or monetary correction.

Partner Supplier Creditors who hold Class III Credits worth more than BRL 100 thousand and less than BRL 1 million (or the equivalent in Dollars or Euros) may choose to receive the entire remaining balance of their respective Credits in a single installment with a 25% discount, within 60 days after (i) the full disbursement of the New Financing or (ii) November 1, 2024, whichever comes first.

#### **Transacted Credits from Suppliers**

The Transactiond Supplier Credits held by the Transactiond Supplier Creditors will be paid under the terms, conditions and deadlines currently existing and originally negotiated and agreed with the Oi Group in the respective transaction instruments, without the application of any fine or penalty to the Oi Group.

Any installments of payments owed by the Oi Group to Supplier Creditors that are not Transacted Credits will be paid in accordance with the terms of the clause that regulates Partner Supplier Credits and its sub-clauses, according to the option to be made by the respective Supplier Creditor under the terms of the PRJ.

#### **Credits from Secured Take or Pay Creditors**

Secured Take or Pay Credits held by Creditors will be restructured and paid as follows:

Between January 1, 2024 and February 15, 2025:

- ▶ 60% discount on Secured Take or Pay Credits from the month of PRJ Approval;
- ▶ 30% will be paid under current conditions; and
- ▶ 10% will be restructured under the terms set out below (“Secured ToP Debt 2024/January 2025 Reinstated”):
  - The principal amount will be repaid in one installment (bullet) on July 31, 2027;
  - The principal value of the Secured ToP Debt 2024/January 2025 Reinstated will be corrected by the IPCA from January 1, 2027, to be capitalized monthly to the principal value; and
  - The Company may use the amount equivalent to 70% of all Credits paid in the period between January 1, 2024 and January 31, 2024 for the purpose of paying amounts due through compensation, until such amount is fully compensated.

Between February 16, 2025 and July 31, 2027:

- ▶ Discount of 62% and the remaining balance will be paid in monthly, equal and successive installments from the Approval Date until July 2027 (“Secured ToP Debt February 2025/ July 2027 Reinstated” and, together with the Secured ToP Debt 2024/January 2025 Reinstated, “Secured ToP Debt Reinstated”); and
- ▶ In return for the restructuring of the Credits held by the Secured Take or Pay Creditors, Oi may transfer to the Secured Take or Pay Creditors the assets of the pay TV operation, SeaC, the satellite TV subscriber base and associated terminal equipment and other assets, rights and obligations related to the pay TV operation, as UPIs or not.

#### **Credits of Unsecured Take or Pay Creditors - Option I**

Unsecured Take or Pay Credits - Option I held by Supplier Creditors who choose this option will be restructured and paid as follows:

Until the Order Date:

- ▶ Unsecured Take or Pay Credits - Option I due up to the Order Date will be paid under the terms and conditions set out in the Credits from Partner Supplier Creditors - Supply Credits above BRL 10 million.

Between Order Date and December 31, 2023:

- ▶ Unsecured Take or Pay Credits - Option I due between the Order Date and December 31, 2023 will be paid under the original conditions provided for in the respective contracts within 90 days from the end of the Payment Option Choice Term, whichever occurs earlier.

Between January 1, 2024 and December 31, 2025:

- ▶ 20% discount on Unsecured Take or Pay Credits from the month of approval of the PRJ;
- ▶ 20% will be paid under current conditions; and
- ▶ 60% will be restructured under the terms set out below (“Unsecured ToP Debt 2024/2025 Reinstated - Option I”):
  - The principal amount will be repaid in one installment (bullet) on June 30, 2027;

- The principal value of the Unsecured ToP Debt 2024/2025 Reinstated - Option I will be adjusted by the IPCA as of January 1, 2024. There will be no interest accrual; and
- In the event of the sale of any Properties, the amounts obtained by the Debtors will be deposited in the Escrow Account and distributed in accordance with the terms and conditions set out in the Net Revenue from the Sale of Real Estate, including for the amortization of the Unsecured ToP Debt 2024/ 2025 Reinstated - Option I.

Between January 1, 2026 and June 30, 2027:

- ▶ 35% discount and the remaining balance will be paid under conditions identical to those provided for in the respective contracts.

From July 1, 2027:

- ▶ The supply contracts between Oi and the Unsecured Take or Pay Creditors who choose to restructure all of their Unsecured Take or Pay Credits under the terms of this Clause will be automatically terminated on July 1, 2027, without any compensation, penalty or cost to be incurred by either party.

In return for the restructuring of its debts, Oi must transfer to creditors, for payment of Unsecured Take or Pay Credits, in the form of one or more UPIs or in another permitted form, and subject to the necessary regulatory and third-party authorizations, if applicable, (i) the ownership of any Towers owned by Oi in relation to which it holds the right to use ("Selected Towers Collection") and, (ii) the ownership/possession of the properties, limited to the value of BRL 40 million ("Selected Real Estate Collection"), as described in the PRJ.

#### **Unsecured Supplier Take or Pay Credits - Option II**

Unsecured Take or Pay Credits held by Supplier Creditors who choose this option will be restructured and paid as follows:

Between February 1, 2024 and December 31, 2025:

- ▶ 60% discount and the remaining balance will be paid under conditions identical to those currently existing and applicable to such Unsecured Take or Pay Credits.

From 2026 on:

- ▶ A 100% discount will be applied, without any compensation, penalty or cost to be incurred by Debtors or Creditors holding Unsecured Take or Pay Credits.

#### **Non-Qualified Ex-Bondholders Credits**

Considering the nature and profile of the Non-Qualified Ex-Bondholders, Oi will pay the Non-Qualified Ex-Bondholder Credits as follows:

- (a). Non-Qualified Ex-Bondholders Creditors who have credit of up to USD 10 thousand may choose to receive their credits in a single installment, without discount and without interest or correction until December 31, 2024;
- (b). Non-Qualified Ex-Bondholder Creditors who have credit exceeding USD 10 thousand and up to the limit of USD 20 thousand may choose to receive their credits in a single installment, without discount, without interest or correction until December 31, 2026;
- (c). Non-Qualified Ex-Bondholder Creditors who have credit exceeding USD 20 thousand may choose to receive their credits according to Restructuring I or II options; and

- (d). If a certain Non-Qualified Ex-Bondholder does not express his option and/or does not comply with the requirements for receiving payment of his respective credit, such creditor will have the entirety of his credit allocated for payment under the General Payment Method.

#### **General Payment Method**

Unsecured Credits novated by the First Judicial Reorganization Plan will not be affected and will not be restructured under the terms of the PRJ.

This offer will be applied to creditors who do not meet the conditions of previous offers or if the offers reach their limits and the creditor still has a balance to be received. In addition to creditors who do not express themselves regarding other options.

- ▶ The principal will be paid from the last business day of 2048, in 5 annual, equal and successive installments;
- ▶ Interest/monetary adjustment: TR per year, if the holder chooses to receive payment of their credits in Reais, incident from the Judicial Approval of the Plan, and the total amount of interest and monetary adjustment accumulated in the period will be paid only, and together, with the last installment of the principal. No interest accrued if the holder chooses to receive their credits in North American Dollars or Euros; and
- ▶ Oi will have the option, at its sole discretion, to pay off in advance the amounts of the General Payment Method through the payment of 15% of the principal amount and capitalized interest until the date of exercise of the option, provided that the the Bridge Loan (if made), the New Financing, the Unsecured ToP Debt Reinstated - Option I, the Unsecured ToP Debt Reinstated- Option II, the Secured ToP Debt Reinstated, the Roll-Up Debt and the Reinstated A&E Debt and any Additional Financing have been previously and fully repaid.

#### **Guarantees**

The PRJ establishes certain guarantees, subject to the necessary regulatory and third-party authorizations, for the various restructuring options. The Intercreditor Agreement establishes the coverage rates for each modality, as well as its payment order and description of the respective guarantees.

#### **Class IV**

ME/EPP Credits (Class IV), according to the amounts indicated in the List of Creditors of the Judicial Administrator, will not be affected and restructured under the terms of the PRJ.

#### **Intercompany Credits**

Credits referring to loans made between the companies of Oi Group, loans made with resources arising from operations carried out in the international market by the Debtors, will be paid as described below:

- ▶ The principal will be paid from the 25th year after the General Payment Modality credits have been paid off. Payment of the principal will be made linearly, in 5 annual installments;
- ▶ Interest/monetary adjustment: TR per year for debts in Reais, arising from the Judicial Approval of the Plan, and the total amount of interest and monetary adjustment accumulated in the period will be paid only, and together, with the last installment of principal. There is no interest accrued for debts in US Dollars or Euros;

- ▶ Debtors may, within 18 months of the Homologation Date, agree on an alternative form of extinguishment of Intercompany Credits in Reais under their originally contracted terms and conditions, including, but not limited to, payment in kind, corporate restructuring operations, increases and capital reductions and meeting of accounts in accordance with the Law, and as long as it does not involve cash disbursement by Companies under Reorganization.

#### **Generation of Cash Surplus (Cash Sweep)**

After full payment of the Updated Original Emergency DIP, Grupo Oi will allocate the Net Revenue from the Sale of UPI V.tal, the Net Revenue from the Sale of UPI ClientCo, the Net Revenue from the Sale of Assets and the Net Revenue from the Sale of Real Estate ("Sales Revenue") as follows:

#### **Net Revenue from the Sale of UPI V.tal**

The Company will allocate:

- (i) The equivalent of 100% of the amount of Net Revenue from the Sale of UPI V.tal to amortize the remaining balance of the New Financing and, if applicable, the Bridge Loan, on a pro rata basis;
- (ii) The amount equivalent to 100% of the remaining value for the full amortization of the Unsecured ToP 2024/2025 Debt Reinstated - Option I on a pro rata basis;
- (iii) The amount equivalent to USD 100 million of any remaining balance will be used to amortize the Additional Permitted Indebtedness, if applicable; and
- (iv) The amount equivalent to (a) 60% of the remaining amount for redemption or amortization of all or part of the outstanding securities issued in the context of the Roll-Up Debt and the amount equivalent to (b) 40% of such remaining amount may be used by Oi for investments in its own activities, as long as the Oi Liquidity Limit, described below, is always followed.

#### **Net Revenue from the Sale of UPI ClientCo**

Oi will allocate:

- (i) Subject to the deliberation of the Board of Directors of Oi, the Restructuring Option I Creditors and the Unsecured ToP Debt Creditors 2024/2025 Reinstated - Option I, the total amount of up to BRL 1.5 billion ("Total Retention Amount") for investments in their own activities;
- (ii) The amount equivalent to 100% of the remaining balance of the Net Revenue from the Sale of UPI ClientCo to prepay the remaining balance of the New Financing and, if applicable, the Bridge Loan, on a pro rata basis;
- (iii) The amount equivalent to 100% of the remaining balance for full amortization of the Unsecured ToP Debt 2024/2025 Reinstated - Option I; and
- (iv) After such allocations, (a) 60% of the remaining value will be used for redemption or early amortization of all, or on a pro rata basis, part of the outstanding securities issued in the context of the Roll-Up Debt and (b) 40% of the value remaining amount may be used by Oi for investments in its own activities, provided that, until full amortization of the Roll-Up Debt, the resources arising from the sale of assets, including the Retention Value, must comply with the total aggregate limit of BRL 5.5 billion ("Oi Liquidity Limit").

In its projection, the Company indicates that the sale of UPI ClientCo, in 2025, will occur before the sale of the first installment of UPI V.tal. If there is a reversal in the order of disposals indicated above, the Company's Cash Flow projection may be impacted..

#### **Net Revenue from the Sale of Assets**

The Company will allocate:

- (i) The equivalent of 100% of the amount of Net Revenue from the Sale of UPI V.tal to amortize the remaining balance of the New Financing and, if applicable, the Bridge Loan, on a pro rata basis;
- (ii) The amount equivalent to 100% of the remaining value for the full amortization of the Unsecured ToP 2024/2025 Debt Reinstated - Option I on a pro rata basis;
- (iii) The amount equivalent to (a) 60% of the remaining amount for redemption or amortization of all or part of the outstanding securities issued in the context of the Roll-Up Debt and the amount equivalent to (b) 40% of such remaining amount may be used by Oi for investments in its own activities, as long as the Oi Liquidity Limit, described above, is always followed.

#### **Net Revenue from the Sale of Real Estate**

Oi will allocate the amounts of Net Revenue from the Sale of Real Estate as follows:

The accumulated Net Revenue from the Sale of Real Estate received by Oi in the 12 months following the Approval Date, limited to BRL 100 million, will be allocated to investments in its own activities.

The accumulated Net Revenue from the Sale of Real Estate received by Oi (a) in the amount that exceeds BRL 100 million or (b) in the 12 months following the Approval Date, in any case limited to BRL 400 million, will be allocated as follows:

- (1) 70% deposited in the Real Estate Escrow Account and allocated:
  - a. The equivalent of 100% of the amount to fully amortize the Unsecured ToP Debt 2024/2025 Reinstated - Option I;
  - b. 100% of any remaining balance to fully amortize the Additional Permitted Indebtedness, if applicable;
  - c. 100% of any remaining balance to fully repay the New Financing, and if applicable, the Bridge Loan; and
  - d. 100% of any remaining balance to fully amortize the Roll-Up Debt, on a pro rata basis.
- (2) 30% used by Oi for investments in its own activities, as long as the Oi Liquidity Limit, described above, is always observed.

The accumulated Net Revenue from the Sale of Real Estate received by Oi above BRL 400 million will be 100% deposited into the Real Estate Escrow Account as follows:

- (1) The equivalent of 100% of the amount to fully amortize the Unsecured ToP Debt 2024/2025 Reinstated - Option I;
- (2) 100% of any remaining balance to fully amortize the Additional Permitted Indebtedness, if applicable;
- (3) 100% of any remaining balance to fully repay the New Financing, and if applicable, the Bridge Loan; and
- (4) 100% of any remaining balance to fully amortize the Roll-Up Debt, on a pro rata basis

In the event of the sale of any Property before the closing date of the sale of UPI ClientCo, the Debtors must deposit the amounts relating to the respective Net Revenue from the Sale of Real Estate in a linked account ("Real Estate Escrow Account"). The amounts deposited will be distributed bimonthly by the Companies under Reorganization.

#### **New Financing**

To enable the payment of the Debtors' post petition debts, as well as part of the Debtors' debts immediately after the Judicial Approval of the Plan and/or to maintain activities during the PRJ implementation period, Oi will contract new resources in the total amount of up to USD 655 million or the equivalent in Reais ("New Financing"), being:

- ▶ The amount of USD 505 million or the equivalent in Reais (“New Financing - Restructuring Option I Creditors”) to be granted by the Restructuring Option I Creditors (“Creditors of the New Financing”);
- ▶ The amount of USD 150 million or the equivalent in Reais (“New Financing - Third Parties”) to be granted by anyone other than the Restructuring Option I Creditors (“Third Parties New Financing”); and
- ▶ The New Financing will be considered priority post-petition financing and will have absolute priority over all other payment obligations owed by Companies under Reorganization.

The PRJ provides that the Creditors of the Updated Original Emergency DIP sign with the Company a Commitment to Support the New Financing - Restructuring Option I Creditors, through which they will be able to (i) convert their post-petition credits arising from the Updated Original Emergency DIP into a portion of the New Financing - Creditors Restructuring Option I, in the proportion of BRL 1.00 to BRL 1.00; and/or (ii) disburse the remaining amount, in cash, of the total New Financing - Restructuring Option I Creditors, if the converted amount is not sufficient to reach the amount. In return, such Creditors will be entitled to receive the Conversion Fee, a remuneration provided for in the New Financing instruments, in the amount proportional to the amount of post-petition credits converted.

The PRJ also provides that the Third Parties New Financing committed to supporting the New Financing - Third Parties, through which they will be obliged to disburse the value of the New Financing - Third Parties, through conversion of all of their post-petition credits arising from (i) Bridge Loan, if applicable, in the proportion of BRL 1.00 to BRL 1.00, and (ii) cash disbursement of the remaining amount of the total if the converted amount is not sufficient. In return, such Creditors will be entitled to receive the Support Fee, a remuneration provided for in the New Financing instruments, in the amount proportional to the amount of post-petition credits converted.

The instrument to be signed for contracting the Bridge Loan must provide that the Bridge Loan Creditor will be obliged to convert the amount of the Bridge Loan granted to Oi into a portion of the New Financing, in the proportion of BRL 1.00 to BRL 1, 00. In this case, each Bridge Loan Creditor will be entitled to receive the Conversion Fee.

Once the New Financing has been obtained, Oi will allocate 100% of the amount primarily to amortize in advance the balance of the Updated Original Emergency DIP, if it has not yet been fully paid, after the conversion of post-petition credits arising from the Updated Original Emergency DIP into a portion of the New Financing, and the remainder, if any, for the payment of other credits of the Debtors.

The contracting of New Financing resources must comply with the following terms and conditions:

- ▶ The debt will be issued by July 15, 2024, and the extension of this period may be negotiated between Oi and the New Financing Creditors, by mutual agreement;
- ▶ The principal amount will be repaid in one installment (bullet) on June 30, 2027;
- ▶ For credits in Dollars, Debtors may choose between interest of 10% per year to be paid quarterly, or 13.5% per year, with 7.5% paid quarterly in cash and 6% capitalized quarterly to the principal value;
- ▶ For credits in Reais, Debtors may choose between interest of 15.99% per year to be paid quarterly, or 20.06% per year, with 13.04% paid quarterly in cash and 7.02% capitalized quarterly into the principal value; and
- ▶ Oi will offer certain goods and assets provided for in the Intercreditor Agreement as collateral.

#### **Bridge Loan**

As described in the PRJ, the Debtors may, at their sole discretion, (i) immediately after the Approval Date or (ii) after the Approval of the Plan, provided that it is previously approved by the Judicial Reorganization Court, raise new resources in the total amount of up to USD 135.8 million, through the Bridge Loan to be contracted under market conditions. The Bridge Loan, when converted into the New Financing, will have the same terms as this one and will be granted preferentially by the Creditors of the Original Updated DIP Financing.

#### **Permitted Additional Indebtedness**

If Oi is unable to retain the total amount of BRL 1.5 billion of the Net Revenue from the Sale of UPI ClientCo, the Company will be authorized to seek financing alternatives in the market to raise an amount equivalent to the difference between the Total Retention Value and the amount that it has effectively managed to retain for investments in its own activities or those of its Affiliates.

#### **Resolution Condition**

The resolute conditions of the PRJ are (a) the Company's non-receipt of the total and full amount of the New Financing by July 15, 2024, except if any extension is negotiated by mutual agreement between Oi and the Creditors of the New Financing and the Third Parties New Financing, and the Bridge Loan within 8 business days from the date of sending the request notice provided for in the Bridge Loan instruments; (b) the non-verification of the the conditions precedent of effectiveness, unless eventually waived, within the scope of the Consensual Solution Procedure; (c) the resolution of the self-composition term signed within the scope of the Consensual Solution Procedure; (d) the execution of a self-composition term within the scope of the Consensual Solution Procedure in terms materially inconsistent with the main conditions set out in Annex 3.1.6; and (e) non-completion of the Bidding Procedure for the sale of UPI ClientCo by the closing date of the Second Round of Sale of UPI ClientCo, including if extended. Once any Resolution Condition is verified, the Plan and its stipulations will be automatically terminated, with the consequent maintenance and/or reconstitution of the Creditors' rights and guarantees under the conditions originally contracted, as if the Plan had not been approved.

## **6.2 Disposal of Assets**

According to the PRJ, the Company shall dispose of assets that are part of its permanent assets, in addition to other goods, movable or immovable, in the form of UPIs or not, subject to the terms and conditions of the PRJ and any requirements, authorizations or regulatory limitations or provided for in the Bylaws of Oi or the other Debtors, as applicable.

Thus, the PRJ foresees the formation of UPI ClientCo, to be incorporated into one (or more) new company(s), with assets related to fiber retail operations and whose perimeter is being defined by Oi - and may undergo adjustments in negotiations with potential buyers -, as well as the possibility of its total sale. Additionally, the PRJ also provides for the creation of UPI V.tal which may be sold in up to the entire shareholding position held by Oi in V.tal, and the UPIs Real Estate and Selected Towers, composed of the Selected Real Estate and Tower Collections.

Oi foresees additional dilution in 2025, resulting in a remaining 17% stake in V.tal, of which, for the purposes of this Report, the Company estimates a sale of 100% of its stake in 2026, for BRL 8 billion. Additionally, the Company projected the sale, in 2025, of 100% of UPI ClientCo, with a minimum sale price of BRL 7.3 billion.

UPI ClientCo	UPI V.tal	UPIs Real Estate and Selected Towers
<ul style="list-style-type: none"><li>▸ Disposal: 100%</li><li>▸ Min. Price: BRL 7.3 billions</li></ul>	<ul style="list-style-type: none"><li>▸ Disposal: 100% of shares owned by Oi</li><li>▸ Min. Price: BRL 8.0 billions</li></ul>	<ul style="list-style-type: none"><li>▸ Disposal: 100%</li></ul>

Figure 2. Source: Oi.

Other details about the constitution of UPIs, such as method of disposal, purpose of resources, means of payment, description of assets and others are described in the PRJ.

To comply with the objectives of this Report, certain assumptions were adopted by Oi in relation to the deadlines for completing transactions, amounts transacted and transaction structures adopted. Such assumptions were based on the best expectations of Oi Group on the date of completion of this study. It is important to mention that Oi's estimate, in relation to the value of ClientCo, considers contractual renegotiations with V.tal to review the costs of utilizing the neutral network infrastructure, and these negotiations may impact the sales conditions.

However, and observing any limitations described in the PRJ, these premises carry some subjectivities related to transactions, and it is not possible to guarantee the accuracy of certain deadlines, values and structures considered here, whose actual sales values and conditions may differ from the premises adopted here.

It was not part of the scope of this Report the pricing or any value judgment regarding the valuation used in the PRJ as reference for the minimum prices established therein for the sale of UPIs. The correction of the figures and valuations indicated in the PRJ was considered as an assumption for the development of the studies carried out in this Report, these values were considered as the values for an eventual sale of the UPIs. EY did not review these valuations and minimum price estimates, nor did it reconcile this value with the Company's current market capitalization, so these conditions are not part of the purpose of this analysis carried out by EY, which considered the values reported by Oi.

### 6.2.1 UPI ClientCo

As described in the PRJ, the UPI ClientCo (or the UPIs ClientCo) will be sold in accordance with the rules defined in the PRJ and in the respective sale notice, in the form of closed proposals, noting the minimum aggregate price of BRL 7.3 billion for the entire the ClientCo Collection (whether contributed to one or more UPIs).

Payment of the acquisition price of each UPI ClientCo by the respective acquirer must be made only in cash or, if the UPI(s) ClientCo are not sold in the first round, the PRJ provides that the disposal may be carried out by (i) payment in cash; (ii) by offsetting any post-petition credits, including those arising from the New Financing; and/or (iii) upon payment of ClientCo Permitted Assets.

The PRJ establishes certain approval conditions for the sale of the UPI(s) ClientCo, if the proposals received are, when added together, lower than the Minimum Price.

For the purposes of this report, in the financial flow projections, the disbursement of ClientCo's sale for the minimum price of BRL 7.3 billion in cash was considered as a base scenario. Any scenario other than receiving 100% of the disbursement in cash may impact the projections of this Report.

### 6.2.2 UPI V.tal

As described in the PRJ, UPI V.tal will be made up of 100% of V.tal shares held by Oi, subject to the minimum price of BRL 8.0 billion. The UPI V.tal Minimum Price takes into account the V.tal Collection as it exists on the date of this Plan, and may be proportionally increased to reflect any increase in the

V.tal Collection. Payment of the acquisition price of UPI V.tal by the respective acquirer must be made only in cash, unless otherwise approved by the Restructuring Option I Creditors.

The PRJ establishes certain approval conditions for the sale of UPI V.tal, if the proposal received is lower than the Minimum Price.

It is worth mentioning that for the purposes of this Report, although the PRJ does not foresee the sale of the UPI as mandatory, the projected scenario considers the successful sale of the UPI V.tal at the minimum price established in the PRJ, as well as its fully receipt in cash, any scenario other than this could impact the projections in this Report.

### 6.2.3 UPI Real Estate and Selected Towers

As described in the PRJ, the UPIs Real Estate and Selected Tower will be composed of the Selected Towers Collection and the Selected Real Estate Collection and will be sold directly to Unsecured Take or Pay Creditors- Option I, due to the particularity of the assets that constitute each UPI Real Estate and Selected Towers.

The acquisition price of each SPE that is part of the UPI Real Estate and Selected Towers will be paid by the respective Unsecured Take or Pay - Option I Creditor through payment of part of its credits in an amount equivalent to the value of the Selected Towers Collection and the Selected Real Estate Collection.

## 7. Economic-Financial Projections

This chapter presents the most recent economic and financial projections of Oi Group, which consider the operational and financial assumptions estimated by the Company within the scope of the financial and operational restructuring. The assumptions were provided by Oi to EY through reports and studies prepared by Oi and its external advisors, interviews with management and its advisors, memorandums and legal opinions. In this sense, the projections presented here reflect the assumptions adopted by the Company.

The expected cash flows for the business after the approval of the PRJ will still be subject to possible changes. In addition to the natural uncertainties inherent in these projections, there are other factors that may compromise the future cash flow of the business, such as: structuring of operations, accounting practices to be adopted and consequent tax impacts arising from the tax treatment given to the underlying transactions, regulatory understandings, legal interpretations, the non-completion of transactions under the foreseen terms and conditions, in addition to the market's appetite for transactions to take place within the planned terms.

All assumptions made in this Report were based on scenarios expected and designed exclusively by the Company and its managers, advisors and other service providers hired to prepare the PRJ and were not subject to independent investigation by EY, which was not part of the scope of contracted work, propose or judge any aspects related to such events. The Company opted not to adopt the IFRS 16 / CPC 06 (R2) standard in its projections and, for comparability purposes, the historical financial information is also presented without the effect of the adoption of IFRS 16 / CPC 06 (R2). Thus, EY's conclusions contained in this Report assume, therefore, the basic premise that, when designing these scenarios, the Company observed all applicable legal, regulatory and tax aspects, including those related to the treatment given to the disposals of UPIs and other shareholdings envisaged in the PRJ. It is important to point out that such understandings of the Company when designing such scenarios may be different from those of its creditors, tax authorities, legal authorities and regulatory agencies.

Given that the companies of Oi Group have significant economic and operational interconnections, the projections were presented on a consolidated basis, including the assumptions and values of the Companies under Reorganization, as well as the other subsidiaries of Oi.

As described in the PRJ, the changes occurring in the Telecommunications sector, in relation to the change in the consumption pattern for mobile voice and data services, combined with the Company's disputes with ANATEL, motivated Oi Group to adopt as a premise massive discontinuity, in the year 2025, of services linked to copper in Oi companies. In this way, Oi will have as a base scenario the migration of services provided to the authorization model, with obligation to maintain services in areas without telephony alternatives following the adaptation.

Based on the strategic plan, the PRJ and other documents provided by the Company, described in the "General Considerations" section, all of which contain, in aggregate, the Company's operating assumptions. EY analyzed the operating assumptions and future results projected by Oi Group.

For this purpose, the following activities were carried out:

1. Discussions with the Company to understand the projections;
2. Identification, based on the spreadsheets provided by Oi, of the most relevant and necessary assumptions for the projections; and
3. Comparison between historical and projected results.

Annex 2.6  
April 18, 2024

In discussions with Oi, EY was informed that there are ongoing negotiations relevant to the Company. However, given that these negotiations have not yet taken place and that, at the time of issuing this Report, the information is not public and is confidential, the assumptions resulting from these negotiations were not used in the projections.

The projections of Oi's financial modeling in nominal terms are detailed below (inflation already considered in the projections).

## 7.1 Macroeconomic Data

The following tables present the macroeconomic assumptions that served as support for the financial projections.

Description	Unit	Source	Data	2023	2024	2025	2026	2027	2028
IPCA	% p.a.	BCB	dec/23	4.47%	3.87%	3.57%	3.53%	3.53%	3.53%
CPI	% p.a.	Oxford Economics	dec/23	4.16%	2.61%	2.00%	2.07%	2.04%	2.01%
EURO (year average)	BRL	Oxford Economics	dec/23	5.40	5.42	5.67	5.92	6.17	6.41
USD (year average)	BRL	BCB	dec/23	5.00	5.00	5.03	5.10	5.12	5.20
EURO (end of period)	BRL	Oxford Economics	dec/23	5.35	5.57	5.79	6.04	6.28	6.53
USD (end of period)	BRL	BCB	dec/23	4.92	4.96	5.01	5.05	5.07	4.88
TR <sup>11</sup>	% p.a.		dec/23	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Selic	% p.a.	BCB	dec/23	11.75%	9.00%	8.50%	8.50%	8.50%	8.50%
TJLP	% p.a.	BCB	dec/23	6.55%	6.55%	6.55%	6.55%	6.55%	6.55%
Description	Unit	Source	Data	2029	2030	2031	2032	2033	2034
IPCA	% p.a.	BCB	dec/23	3.53%	3.53%	3.53%	3.53%	3.53%	3.53%
CPI	% p.a.	Oxford Economics	dec/23	2.01%	2.01%	2.01%	2.02%	2.02%	2.02%
EURO (year average)	BRL	Oxford Economics	dec/23	6.64	6.83	6.94	7.02	7.09	7.16
USD (year average)	BRL	BCB	dec/23	5.27	5.35	5.43	5.51	5.59	5.68
EURO (end of period)	BRL	Oxford Economics	dec/23	6.74	6.89	6.99	7.06	7.13	7.20
USD (end of period)	BRL	BCB	dec/23	4.96	5.03	5.11	5.18	5.26	5.34
TR	% p.a.		dec/23	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Selic	% p.a.	BCB	dec/23	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
TJLP	% p.a.	BCB	dec/23	6.55%	6.55%	6.55%	6.55%	6.55%	6.55%

Table 2.

<sup>11</sup> Estimate provided by Oi Group.

## 7.2 Regulatory Framework

From the regulatory point of view, the end of the fixed-term Switched Fixed-line Telephony Services (STFC) concession is expected to happen in 2025.

Alternatively to the end of the fixed-term Concession Agreement, there is a legal provision for adapting the concession instrument to an authorization, in which the declining service would be provided in a reduced form only in areas where there is no competition, reducing the regulatory obligations and expenses of the operators. Moreover, according to Oi, the authorization model is more aligned to the current sector situation in the country, given the declining attractiveness of the Switched Fixed-line Telephony Services granted. The adaptation of the concession to authorization is optional to the Concessionaire, not mandatory.

In a decision issued on July 24, 2023, the Regulatory Agency estimated that adapting the model will cost Oi approximately BRL 20 billion - considering the value attributed to reversible assets, obligations related to PGMUs and other topics related to the concession contract. In addition to this amount, the Company also has a renegotiation with the Regulator, carried out within the scope of the First Judicial Reorganization, regarding non-tax debts, including fines, charges and late payment interest, the outstanding balance of which is in the amount of BRL 8.4 billion.

On the other hand, Oi reported the existence of an arbitration procedure initiated at the International Chamber of Commerce. In this procedure, Oi used, in its initial protocol, a reference value of BRL 16 billion, which, according to the Company, is a provisional and not updated value, which will still be subject to settlement. Still according to information from Oi, this updated value already exceeds BRL 60 billion. The subject matter of the Arbitration deals with the economic and financial imbalance of the contract and its unsustainability.

In the agreement reached in the context of the First Judicial Reorganization, Oi was granted a discount of 54.99% on the total value of the credit held by the Regulatory Agency, with the payment starting through the withdrawal of judicial deposits and the remaining balance to be paid in 126 non-linear installments until 2033. On December 29, 2023, Oi communicated the temporary and partial suspension of payments, in light of the negotiations related to the context of the PRJ and potential consensual solution. According to the Company, the temporary suspension of payments is supported by the contract.

As described in the PRJ, since August 2023, negotiations between Oi and ANATEL have been subjected to a consensual solution procedure constituted by the Consensual Solution Committee ("CSC"), which includes members of the TCU, ANATEL, the Ministry of Communications and Oi participate. Currently, the CSC is discussing a proposal that, in a friendly manner, allows for the termination of fixed-line telephone concession contracts with transition to an authorization model with reduced scope and defined deadline.

The PRJ informs that the Bankruptcy Credits Regulatory Agencies will not be affected and restructured under the terms of the Plan. However, the document provides that in the event of the supervening of a legal rule or administrative, judicial or arbitration decision that establishes an alternative method for the settlement of Net or Illiquid Regulatory Agency Credits, Debtors may adhere to the new regime. In this context, in its Judicial Reorganization Plan, the Company indicates that there is an expectation that the resolution of the consensual resolution procedure involving the migration to a concession will be completed in 2024.

The economic and financial projections provided by Oi Group consider a balanced outcome in the negotiation of the termination of the concession and in the arbitration proceedings and, therefore, the operating and financial assumptions adopted by Oi reflect this scenario. The projections also consider disbursements related to the Oi Group's operational obligations with ANATEL in 2024. In

case of any other future commitment of this nature, the Company's proposal, adopted in this Report, provides financial guarantees on existing judicial deposits, which will not impact the cash flow.

However, the consensual solution procedure will still require ratification from higher courts and the conclusion of the arbitration procedure is not yet known. The final amounts and timing for completion of these proceedings may differ from the assumptions adopted by Oi and could have an impact on its analysis of its financial performance. As the assumptions were provided by Oi to EY through reports and studies prepared by Oi and its external advisors, these assumptions were assumed to be true, given that it is not within EY's scope of work to conduct any type of independent investigation or review of these assumptions.

## 7.3 Operational Projections

The values and charts presented comprise forecasted information only and the company's audited data until December 2023.

### Net Revenue

The consolidated revenue of Oi Group was divided between Legacy, Oi Fibra, Oi Soluções and its Subsidiaries. The taxes applied on Gross Revenue established in the Brazilian legislation are PIS, COFINS, ICMS and ISS.

As described in the PRJ, the Company is undergoing an operational and strategic transformation process, reflected in some variations over the projected period, with emphasis on the termination of Legacy revenues, in line with the end of the concession, in addition to the cease of revenue from the pay-TV operation as a result of the possible discontinuance of this service according to the Company's assumptions and the sale of UPI ClientCo in its entirety in 2025.

The projections of Oi Group's revenue lines are presented below.

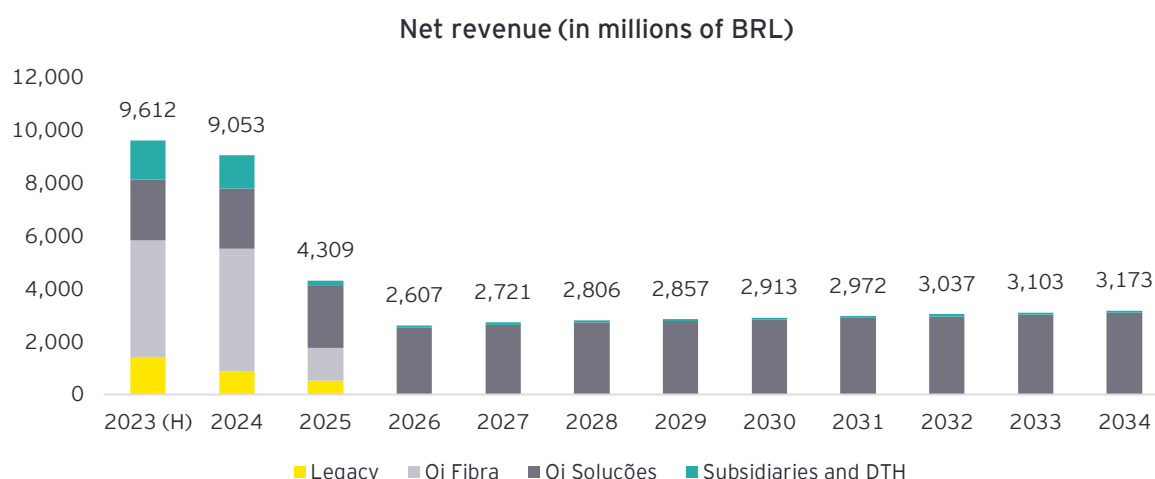


Chart 1. Source: Oi.

The projections shown above were made available by the Company and reflect the strategic planning and expectations regarding the evolution of market dynamics and user consumption patterns for copper (Legacy), fiber (Oi Fibra) and B2B (Oi Soluções) services. Further details of Oi Group's expectations regarding the behavior of these revenue streams are described below.

### Legacy

Legacy revenues are comprised of local and long-distance fixed-line services, pursuant to authorizations and concessions issued by ANATEL, for retail, wholesale and business customers (small and medium-sized companies).

The following chart shows the projected unfolding of Legacy's net revenue:

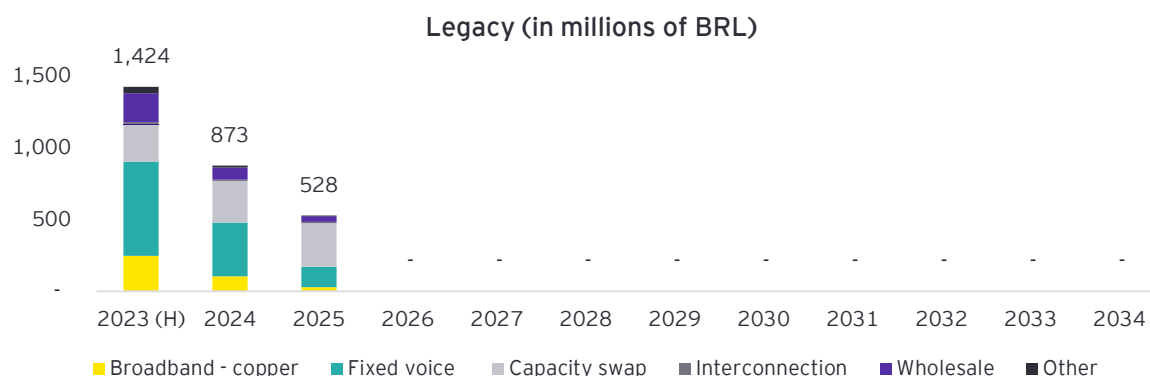


Chart 2. Source: Oi.

According to Oi, the drop in Legacy revenues between 2023 and 2025 stems from two main factors, namely (i) a market trend of falling demand for voice services, and (ii) the Company's planning to reduce its focus on copper, through the shutdown of commercial activities in locations with low expected return and reduction of expenses in order to compensate for the drop in revenue.

Despite the possibility of adapting the concession model to the authorization model, the Company does not forecast any results from Legacy services after 2025, upon the concession ending. In this sense, the projections do not include possible revenues and expenses related to authorization after migration.

Oi Fibra

Oi Fibra revenues considers the provision of broadband, fixed telephony, IPTV and OTT services to retail and business customers through Fiber to the Home (FTTH) technology, including other revenues, mainly composed of the provision of digital services.

The graph below shows the unfolding of Oi Fibra's net revenue, projected by Oi:

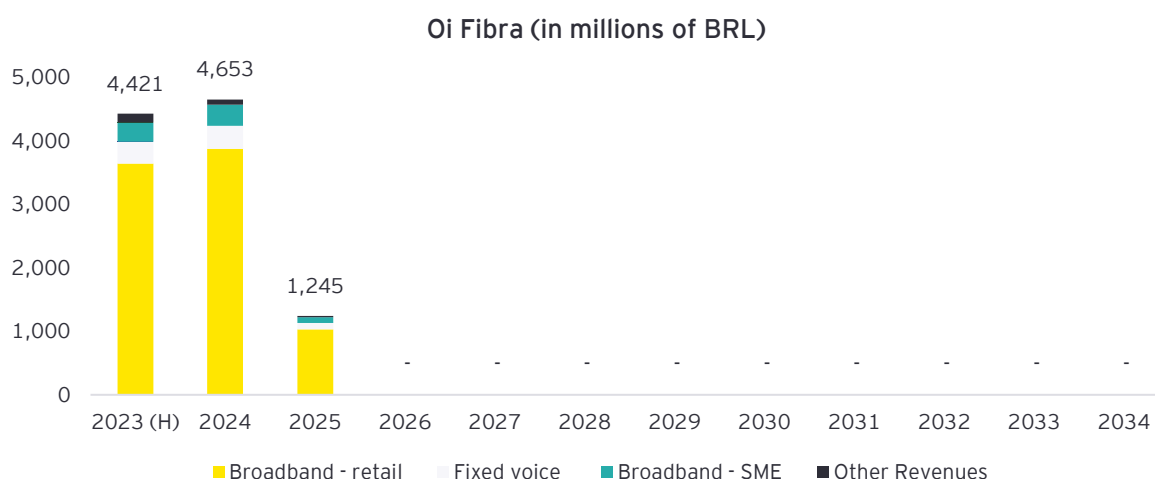


Chart 3. Source: Oi.

In the Fiber operation, the main revenue line is broadband for retail customers, its growth is justified by the increase in ARPU and the customer base, which grows to 4.75 million homes connected by 2025, as a consequence of the expansion of around 6 million homes passed by V.talin the period.

The projections were made considering the sale of 100% of UPI ClientCo, in March 2025, reason why the Company's projection goes only until that period.

Oi Soluções

Oi Soluções' revenue considers the supply of fixed telephony, data, broadband and IT services to corporate clients using fiber structure. Until 2025, fixed telephony, data and broadband services that use the copper structure are also considered. With the end of the concession, it is expected that all customers who use copper services will migrate to fiber.

The graph below shows the evolution of Oi Soluções' net revenue, projected by Oi:

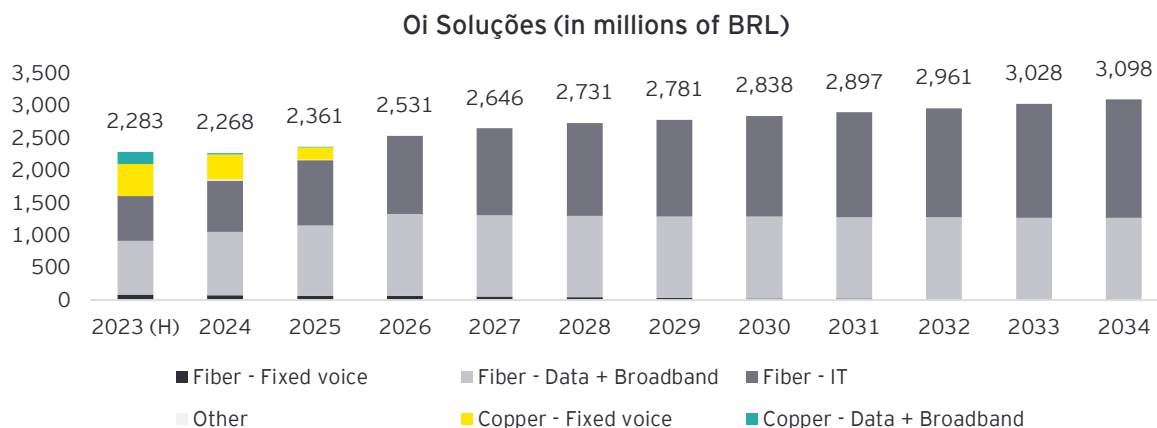


Chart 4. Source: Oi.

As shown in the chart above, the main focus of the B2B segment will be services related to data and broadband and information technology, which reflects a market trend in the Company's view. Following this movement, the Company expects to strengthen its presence in the IT market, consequently, this service line will represent 50% of Oi Soluções' revenue in 2027. This increase is based on the growth of SDWAN, Cybersecurity and Cloud solutions.

Considering the focus on the IT segment, the Company projected a stabilization of Data + Broadband revenue from 2027 onwards.

Subsidiaries and DTH

This line considers the additional revenues from the subsidiaries of Oi Tahto, Serede and the DTH operation:

- ▶ Tahto: revenue comes from the supply of customer service centers and telemarketing;
- ▶ Serede: revenue comes from the supply of installation, maintenance, operation and construction services for networks. The Company considers the sale of Serede; and
- ▶ DTH (*Direct to home*): pay-television operation. The discontinuation of DTH is considered from 2025 onwards.

The graph below shows the unfolding of other revenues, projected by Oi:

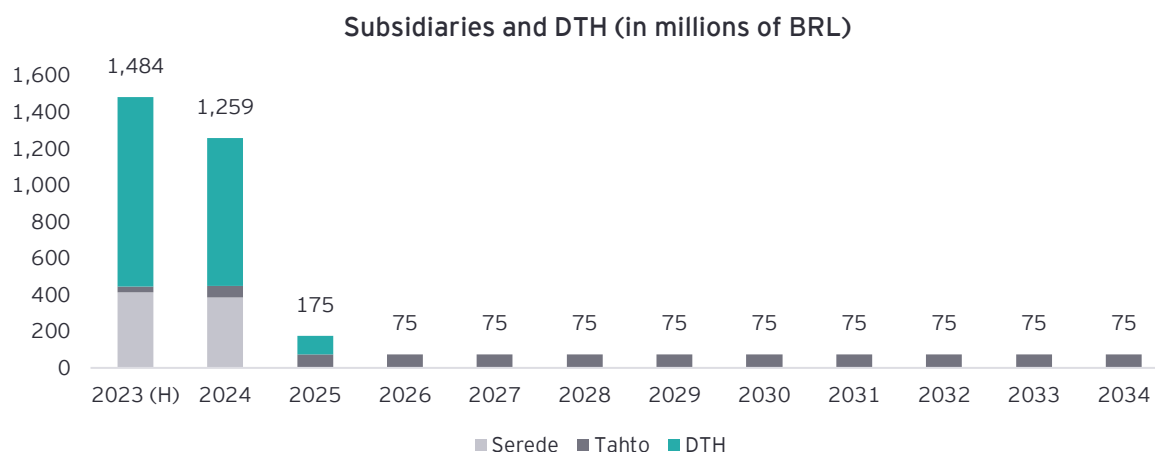


Chart 5. Source: Oi.

**Costs and Expenses**

Costs and expenses were projected by Oi with the following breakdown: revenue-related expenses, plant-related expenses, selling expenses, general and administrative expenses and other expenses.

**Expenses Related to Revenue**

Expenses related to revenue include interconnection expenses, BDP expenses, ANATEL fees, content acquisition and value-added service (VAS), as shown in the chart below.

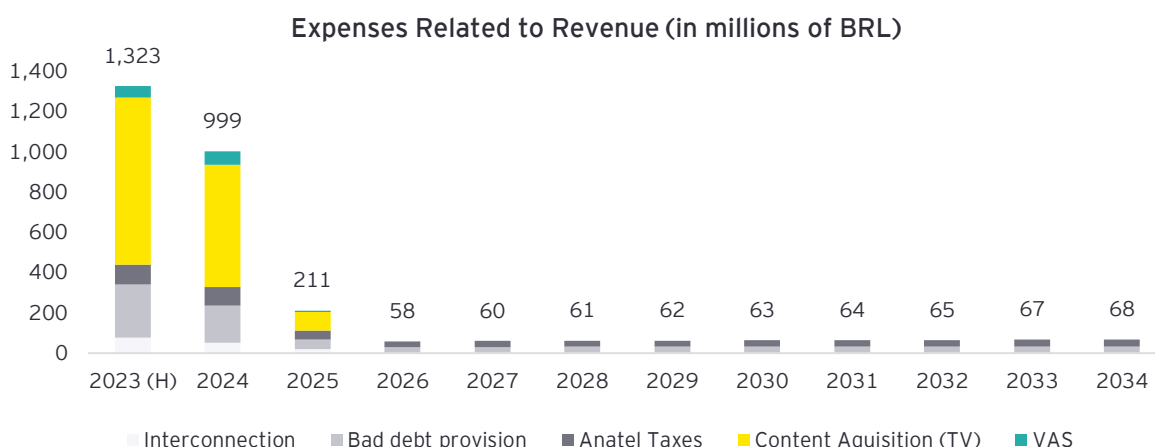


Chart 6. Source: Oi.

In line with the discontinuation of DTH, the termination of the concession and the sale of ClientCo in 2025, expenses related to revenue, more specifically Content Acquisition, Interconnection and VAS, show a reduction in the first couple periods. In addition to the BDP line, which reduces from 2.7% of net revenue in 2023 to 1.1% in 2025, and after such changes, Oi expects this expense line to stabilize.

Network Expenses

Network expenses involve plant maintenance, transmission infrastructure, telecommunications infrastructure, infrastructure rental revenue, customer relationship, billing, payment support and electricity, as shown below:

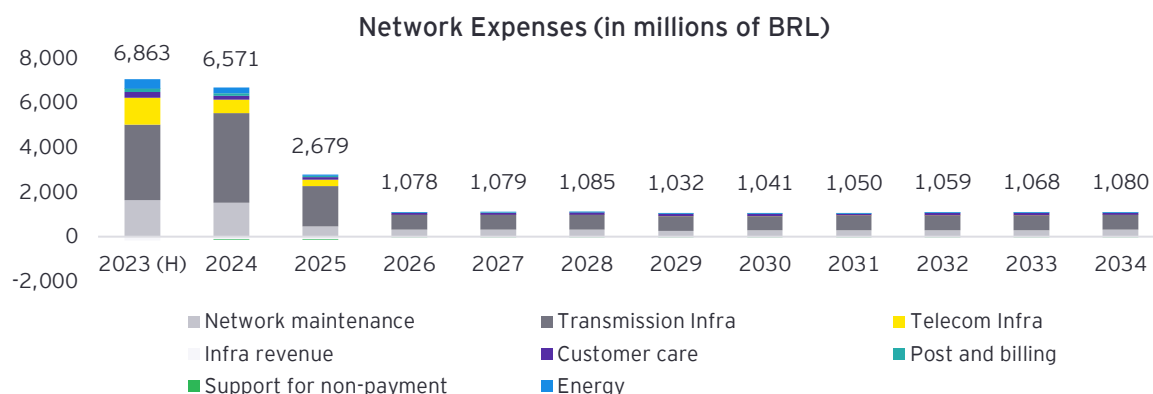


Chart 7. Source: Oi.

With the termination of the concession and sale of ClientCo, expenses with plant maintenance, telecommunications infrastructure and electricity suffer, together, a reduction of 90%, between 2023 and 2026.

Expenses with transmission infrastructure are the most representative of network expenses and presents a variation of -82% between 2023 and 2026, this expense considers the connection expenses between Oi Fibra and V.tal and the satellite, EILD and Oi Soluções connectivity contracts. Between 2023 and 2024, this expense line shows growth due to the increase in homes served by Oi Fibra, in line with the adaptation of the business model with the rental of V.tal's fiber network. From 2025 onwards, the expense will be mainly made up of V.tal's connectivity contract with Oi Soluções.

The main expenses impacted by the end of Legacy are plant maintenance, telecommunications infrastructure and electricity. Additionally, the Company estimates a reduction in expenses in 2024 and 2025 to reflect possible savings due to the anticipation of the migration to the authorization model. These savings combined total an amount of BRL 1.1 billion, expenses that will be incurred in migrating to the authorization model have already been deducted. The savings related to the Towers Take or Pay contract and the satellites contract are linked to the conditions established by the Plan.

Commercial Expenses

The commercial expenses, projected by Oi, include advertising, sales, inventory management and cost of goods sold:

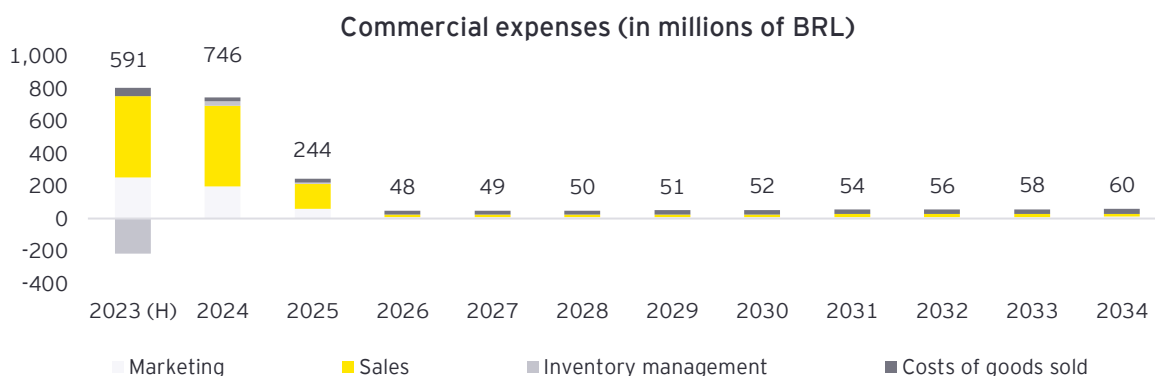


Chart 8. Source: Oi.

Sales expenses are made up of customer acquisition expenses and customer retention expenses, these expenses are mostly related to Oi Fibra and are projected based on the volume and gross additions of homes connected. The projection foresees a significant reduction in such expenses after the sale of UPI ClientCo, maintaining only the costs for the operation of Oi Soluções and subsidiaries, reducing from 6% of net revenue to 1%. The positive value of inventory management in 2023 refers to the sale of copper scrap.

G&A Expenses

General and administrative expenses, projected by Oi, are segregated between personnel, information technology, general expenses and specialized services.

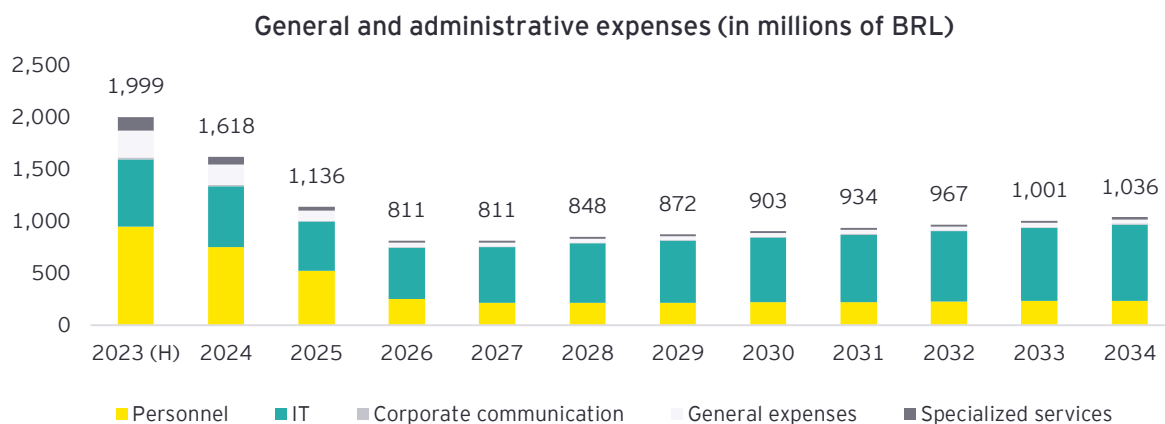


Chart 9. Source: Oi.

With the end of the concession, the discontinuation of DTH and the disposal of UPI ClientCo, there is a reduction in the Company's headcount and, consequently, a reduction in personnel expenses. For other general and administrative expenses, the projection considers inflation-aligned adjustments.

Other Expenses

Other expenses refer to contingencies, legal and tax obligations, as shown in the chart below:

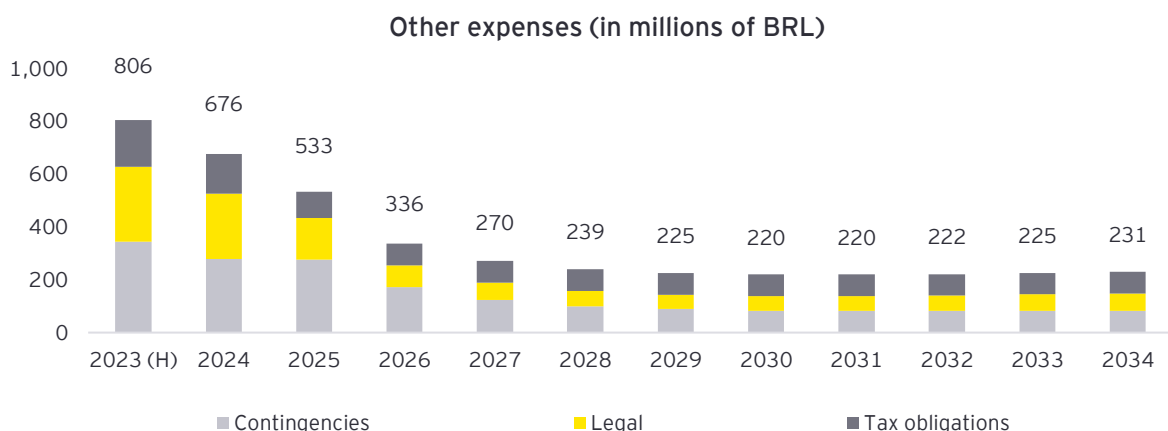


Chart 10. Source: Oi.

The gradual reduction in other expenses is mainly due to the reduction in the size of the company's operations, resulting in a reduction in costs linked to contingencies in the medium and long term. Tax obligations are mainly represented by taxes on other operating income (PIS/COFINS/ISS) and fines.

EBITDA and EBITDA Margin

Considering the accounts above, the chart below shows the evolution of EBITDA for the current projection.

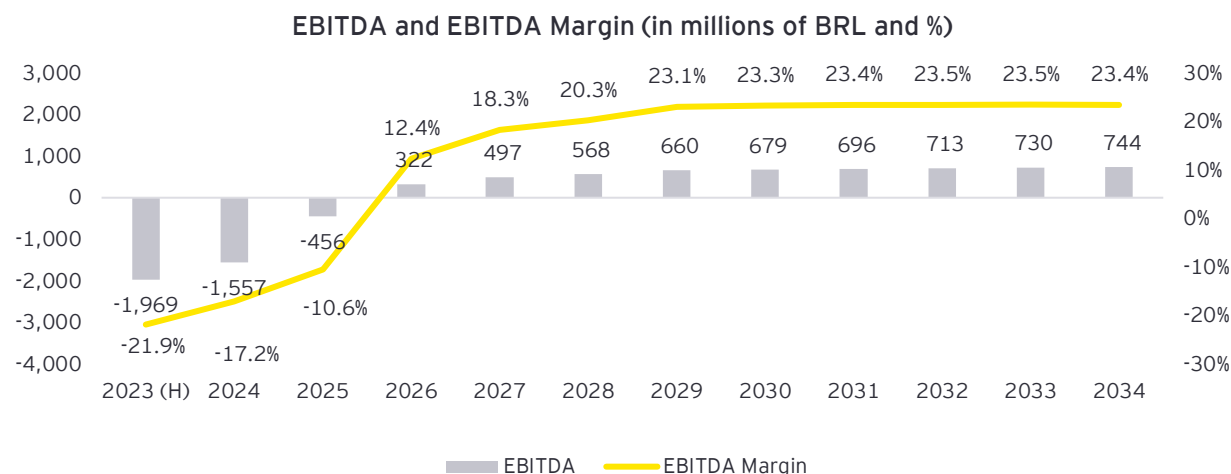


Chart 11. Source: Oi.

The Company estimates EBITDA margins higher than current levels and its recent history. It is important to highlight that EBITDA until 2025 is negatively impacted by Legacy, Serede and Oi Fibra operations.

According to the Company, its planning includes:

- ▶ The sale of 100% of UPI ClientCo, one of its main assets, in 2025. The fiber unit negatively impacts EBITDA in 2023 and 2024, by around BRL 600 million per year, and in 2025 until its sale;
- ▶ The optimization of Oi Soluções operation, with the end of the Legacy and resulting savings in expenses associated with B2B copper customers and in line with the expectation of greater demand for technology and information services, resulting in a margin gain throughout the projected period; and
- ▶ The discontinuation in 2025 of a substantial portion of Legacy, whose operation negatively impacts EBITDA by around BRL 1.1 billion per year. In addition to including costs for subsequent maintenance of operations to serve locations where Oi is the only provider.

The consolidated EBITDA margin projected by Oi reaches 18.3% in 2027, which represents a gain of 40.2 p.p. during the projection. Furthermore, the Company foresees stable growth, with an average margin of approximately 23% between 2028 and 2033.

Depreciation, Amortization and Capital Expenditure

Below are the expenses with depreciation and amortization projected by Oi. The depreciation rate considered by Oi for new investments was 10%. For other assets, it was considered the depreciation projected by the Company.

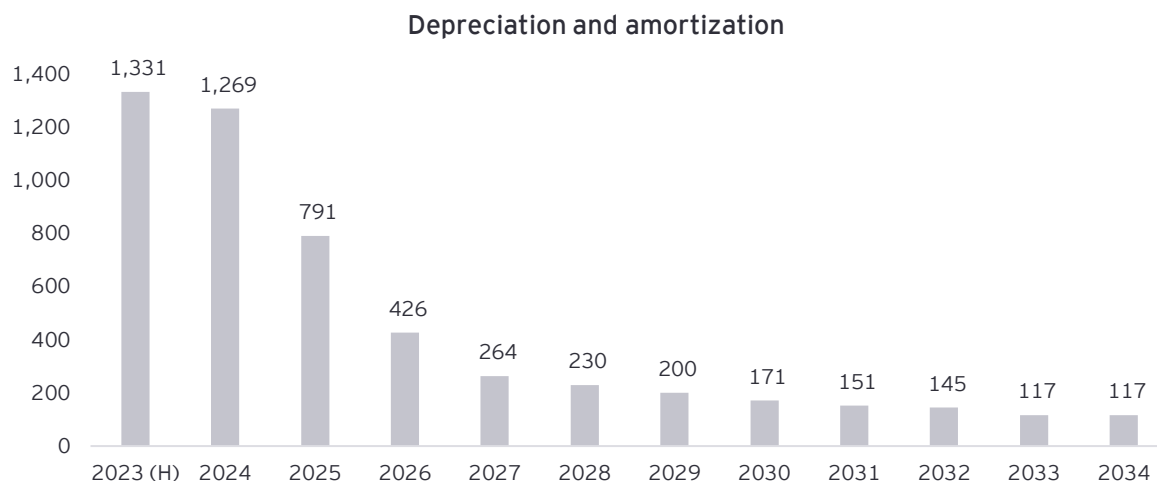


Chart 12. Source: Oi.

According to the Company's assumptions, the reduction in depreciation and amortization in the projected period is due to the change in the mix of assets and reduction in investments necessary for the maintenance of its activities, focused on an asset light model of technology services, as can be seen in the graph below.

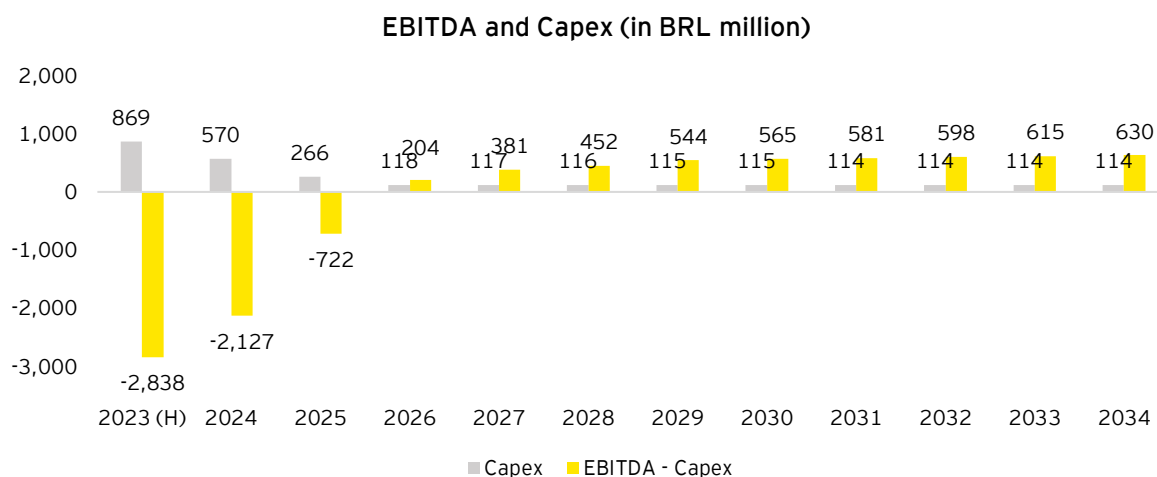


Chart 13. Source: Oi.

## 7.4 Consolidated Income Statement

The table below shows the forecasted consolidated income statement of Oi Group.

Consolidated Income Statement (BRL million)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Net revenue	9,053	4,309	2,607	2,721	2,806	2,857	2,913	2,972	3,037	3,103	3,173
Cost and expenses	(10,610)	(4,765)	(2,285)	(2,224)	(2,238)	(2,197)	(2,234)	(2,276)	(2,324)	(2,374)	(2,429)
Revenue-related expenses	(999)	(211)	(58)	(60)	(61)	(62)	(63)	(64)	(65)	(67)	(68)
Network expenses	(6,571)	(2,641)	(1,032)	(1,034)	(1,040)	(987)	(996)	(1,005)	(1,014)	(1,023)	(1,035)
Commercial expenses	(746)	(244)	(48)	(49)	(50)	(51)	(52)	(54)	(56)	(58)	(60)
General and administrative expenses	(1,618)	(1,136)	(811)	(811)	(848)	(872)	(903)	(934)	(967)	(1,001)	(1,036)
Other expenses	(676)	(533)	(336)	(270)	(239)	(225)	(220)	(220)	(222)	(225)	(231)
<b>EBITDA<sup>12</sup></b>	<b>(1,557)</b>	<b>(456)</b>	<b>322</b>	<b>497</b>	<b>568</b>	<b>660</b>	<b>679</b>	<b>696</b>	<b>713</b>	<b>730</b>	<b>744</b>
EBITDA margin	-17.2%	-10.6%	12.4%	18.3%	20.3%	23.1%	23.3%	23.4%	23.5%	23.5%	23.4%
Depreciation and amortization	(1,269)	(791)	(426)	(264)	(230)	(200)	(171)	(151)	(145)	(117)	(117)
Other Revenues (Expenses)	796	6,109	4,419	2,070	250	250	250	300	300	300	300
<b>EBIT</b>	<b>(2,030)</b>	<b>4,862</b>	<b>4,315</b>	<b>2,303</b>	<b>588</b>	<b>709</b>	<b>759</b>	<b>844</b>	<b>868</b>	<b>912</b>	<b>928</b>
Financial Result <sup>13</sup>	12,018	(2,267)	(1,458)	(966)	(295)	(716)	(931)	(673)	(644)	(621)	(595)
<b>EBT</b>	<b>9,989</b>	<b>2,595</b>	<b>2,857</b>	<b>1,337</b>	<b>293</b>	<b>(7)</b>	<b>(172)</b>	<b>171</b>	<b>224</b>	<b>291</b>	<b>333</b>
Income tax and social contribution	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(31)	(46)	(77)	(83)
<b>Net income</b>	<b>9,988</b>	<b>2,594</b>	<b>2,855</b>	<b>1,336</b>	<b>292</b>	<b>(8)</b>	<b>(174)</b>	<b>140</b>	<b>178</b>	<b>214</b>	<b>250</b>

Table 3.

The line "Other Income (and Expenses)" is comprised of capital gains relating to the sale of assets such as the East Timor operation, Real Estate assets, UPI ClientCo, UPI V.tal and fiscal credits. It is also comprised of deferred tower revenues and provisions for tax obligations.

<sup>12</sup> Normalized EBITDA.

<sup>13</sup> This line includes, among others, capital gains resulting from the conversion of part of the debt of creditors opting for Restructuring Option I into 80% of the Company's capital and the impact of the potential result relating to credits owed to Regulatory Agencies.

Annex 2.6  
April 18, 2024

It is worth noting that the results for 2024, 2025 and 2026 are positively impacted by the capital gains resulting from the restructuring of debts and the disposals of the UPIs ClientCo (sale of 100%) and V.tal (sale of 100% of the stake).

## 7.5 Cash Flow of Oi Group

The Company's consolidated cash flow was calculated based on EBITDA including the change in working capital, taxes, investments, debts, payment plan to creditors and other expenditures that have a cash effect on the projection, detailed below.

### 7.5.1 Cash Flow from Operating Activities

The operating cash flow is presented below:

<b>Cash Flow from Operating Activities (BRL million)</b>											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
= EBITDA	(1,557)	(456)	322	497	568	660	679	696	713	730	744
(-) Income tax and social contribution	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(29)	(42)
(+/-) Changes in working capital - others	236	(591)	(808)	1,169	(226)	(190)	(169)	(151)	(140)	(128)	(105)
(-) Tax refinancing	(116)	(72)	(81)	(90)	(70)	(48)	(38)	(42)	(48)	-	-
<b>(=) Cash flow from operating activities</b>	<b>(1,438)</b>	<b>(1,121)</b>	<b>(568)</b>	<b>1,575</b>	<b>271</b>	<b>420</b>	<b>471</b>	<b>501</b>	<b>524</b>	<b>573</b>	<b>596</b>

Table 4.

#### EBITDA

EBITDA in 2024 and 2025 is impacted by the loss-making operations of Oi Fibra and Legacy, due to the sale of UPI ClientCo and the change to the authorization model, by 2026 EBITDA becomes positive through the operation of Oi Soluções.

A change in the UPI ClientCo sales schedule, as well as in the approval of the Plan, could mean an additional impact on the operational result for the year 2025, affecting the Company's financial capacity.

#### Income Tax and Social Contribution

This line includes Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), in addition to Income Tax withheld in favor of third parties relating to financial transactions.

The rate of the income tax is equivalent to 15% of the earnings before tax (EBT) on the Actual Profit tax system (Lucro Real), plus an additional 10% on the amount above BRL 240 thousand (annual). The social contribution rate was projected at 9% of the taxable income.

For the calculation of IRPJ and CSLL, the NOL carryforward as of December 2023 was considered, as informed by the Company. Additionally, once accumulated losses are verified through the projection, these balances are deducted from the Income Tax and Social Contribution on Net Income calculation basis by up to 30.0%, limited to the remaining balance of accumulated losses.

According to Oi, the taxable gains generated (i) by the renegotiation with its creditors, (ii) by the sale of UPIs and (iii) sale of other assets, will be fully absorbed, according to article 6<sup>th</sup>-B of Law 11.101/2005, which provides for the compensation of 100% of the gains for current and accumulated tax losses of the Debtors.

#### Working Capital Needs

Working capital needs were projected by Oi, the Company calculates working capital profiles for each of the companies, including Oi S.A. (composed of the operations of Oi Fibra, Oi Soluções, Legacy and DTH), Serede and Tahto, and estimates average receivables and payables turnover cycles shorter than

current terms. With the sale of UPI ClientCo, an increase in the average receiving period is expected, in order to reflect the profile of the remaining customer portfolio.

Additionally, included in the projection of the Company's working capital needs, are the tax compensations, the impacts of court deposits and the obligations assumed with V.tal, associated to mobile operation contracts. In addition to these topics, the costs related to the IT and engineering segregation projects provided for in the contract within the scope of V.tal's carve-out, the advance payment of the surplus distribution of the National Supplementary Pension Superintendence administered by Sistel and the agreement with suppliers also are included.

In 2027, Oi estimates a cash inflow of BRL 1.6 billion from the sale of fiscal credits resulting from ongoing legal discussions. It is important to note that the aforementioned credits are currently in the judicial process for recognition. The projected value includes a discount of 70% on the total value of the credits, as expected by the Company.

We emphasize that the values referring to the Suppliers included in the Receiver's Creditor List were, within the limit of their credits pending, disregarded in the projection of operating cash flow, since the payment schedule is reflected in the payment flow to creditors, below.

#### Tax Refinancing

According to Oi, the installments of the Company's tax debts include the installments of Law No 11,941/2009, Law 12,865/2013 and Law 13,946/2017, already negotiated.

## 7.5.2 Cash Flow from Investing Activities

The projection below includes the investment activities of Oi Group.

<b>Cash Flow from Investing Activities (BRL million)</b>											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
(-) Capex	(570)	(266)	(118)	(117)	(116)	(115)	(115)	(114)	(114)	(114)	(114)
(+/-) Disposals and non-recurring operations	343	125	140	100	100	100	100	150	150	150	150
(+/-) ClientCo sale	-	7,300	-	-	-	-	-	-	-	-	-
(+/-) V.tal sale	-	-	8,000	-	-	-	-	-	-	-	-
<b>(=) Cash flow from investing activities</b>	<b>(227)</b>	<b>7,159</b>	<b>8,022</b>	<b>(17)</b>	<b>(16)</b>	<b>(15)</b>	<b>(15)</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>

Table 5.

Currently, Oi directs its investments mainly to the maintenance of fiber operations, with the connection of homes to Oi Group's fiber optic services. With the sale of UPI ClientCo, the Company estimates that it will have a less capital-intensive operation, focused on the services provided by Oi Soluções, and investments will fall from 6% of net revenue in 2024 to 5% in 2026, with this level being maintained for the remainder of the projection.

#### Disposals and non-recurring operations

Receipts related to the disposal of East Timor operations and Real Estate assets.

The PRJ provides for the establishment of a series of guarantees involving the Company's real estate assets, aiming, through its monetization, to meet obligations with creditors. For the purposes of this Report, the Oi Group projected a constant annual sale of a substantial part of this collection.

UPI V.tal Sale

Presents the amounts estimated by the Company to be received from the sale of its share in V.tal. This projection considers a possible significant dilution expected for 2025, according to the SPA signed at the time of the sale of UPI InfraCo. For the purposes of this Report, the sale is considered in 2026, for a total value of BRL 8.0 billion, according to the minimum price described in the PRJ, paid in cash.

UPI ClientCo Sale

The UPI ClientCo transaction was considered for a minimum price of BRL 7.3 billion, paid entirely in cash.

The PRJ predicts that the equivalent of BRL 1.5 billion from the sale of UPI ClientCo will be allocated to the company's cash flow for its activities, an amount that may be modified by Oi's Board of Directors, Third Parties New Financing, Restructuring Option I Creditors and by Creditors of Unsecured ToP Debt 2024/2025 Reinstated - Option I upon sale of UPI. For the purposes of this Report, the full retention of BRL 1.5 billion was considered.

The values referring to the sales amounts of the UPIs V.tal and ClientCo were based on the minimum prices defined in the PRJ.

The Oi Group estimates that, until the Roll-Up is fully amortized, the Oi Liquidity Limit will not be reached. With this, the cash surplus foreseen in the Net Revenue from the Sale of UPI V.tal will be realized.

Any variations in these values, on the dates foreseen by Oi for the execution of the disposals, as well as the failure to receive full cash of BRL 15.3 billion (referring to the sales of UPIs ClientCo and V.tal), of the retention of BRL 1.5 billion from the sale of UPI ClientCo and other surpluses directed to the Company's cash flow, may affect the projections analyzed in this Report and even give rise to a possible additional need for resources to continue operations and comply with the payment plan to creditors.

### 7.5.3 Cash Flow from Financing Activities

The projection below contemplates the financing activities of Oi Group.

	Cash Flow from Financing Activities (BRL million)										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
(+/-) DIP Cash Flow	(1,287)	-	-	-	-	-	-	-	-	-	-
(+/-) New Financing Cash Flow	3,250	(4,233)	(0)	-	-	-	-	-	-	-	-
(+/-) Other Post-petition debt	(45)	(384)	(468)	(366)	(408)	-	-	-	-	-	-
(-) ANATEL Current Payments Schedule	(820)	(839)	(909)	(986)	(1,069)	(1,702)	(1,846)	(2,002)	(2,171)	(764)	-
(+) Compensation from ANATEL Arbitration	820	839	909	986	1,069	1,702	1,846	2,002	2,171	764	-
(+/-) Other financial incomes (expenses)	(244)	(298)	(125)	(74)	(93)	(139)	(159)	(166)	(165)	(165)	(165)

Annex 2.6  
April 18, 2024

(+/-) Other financing needs	-	-	-	-	-	-	2,178	(128)	(168)	(240)	(295)
(-) Financial expenses - Other financing needs	-	-	-	-	-	-	(125)	(243)	(226)	(203)	(172)
(=) Cash flow from financing activities	1,674	(4,915)	(593)	(440)	(501)	(139)	1,894	(536)	(559)	(608)	(632)

Table 6.

In addition to the forms of financing detailed in the PRJ, Oi Group considered additional funding, in order to meet the projected cash needs, through the "Other Financing" line, its conditions are described below.

Updated Original Emergency DIP Cash Flows

Refers to DIP Financing, raised in two tranches by the Company, with (i) BRL 1 billion disbursed in June 2023 and (ii) BRL 625 million disbursed in January 2024.

New Financing Cash Flow

This line includes the New Financing and the Bridge Loan, which will be converted into the New Financing. The Company plans to raise the Bridge Loan in a total amount equivalent to USD 125 million, after the Approval of the Plan, and the New Financing in the amount of USD 650 million.

Additionally, adherence to Backstop was also considered as a guarantee for the New Financing, generating a payment as a commission equivalent to 19% of the total value of the New Financing.

The Company adopted as a premise for preparing this Report the receipt of New Financing of USD 650 million, considering the New Financing - Restructuring Option I Creditors and the New Financing - Third Parties, considering the dollarized debt, in addition to the option of paying interest of 13.5% per year, 7.5% in cash and 6% capitalized.

Other Post-petition debt

This line covers the future obligations that Oi has with Globenet, already considering the 72% discount offered by V.tal in the context of the agreement to acquire copper scrap.

In addition to the obligations mentioned above, there are also post-petition amounts owed to Banco de Brasília (BRB), remaining balances of senior notes issued in July 2021, which will mature in 2026, and obligations with Hughes.

ANATEL Current Payments Schedule

This line includes the installment payments to ANATEL, in line with the agreement entered into with the regulatory agency based on Laws no. 13,988/2020 and no. 14,112/2020. Although the agreement provides for a remaining balance to be paid by 2033, Oi communicated the temporary and partial suspension of payments in December 2023, as described in the PRJ and in the Annex 3.1.6, in which Oi describes the payment of part of the amounts due in 2024 with resources from judicial deposits, therefore not impacting the Company's cash flow.

Compensation from ANATEL Arbitration

Oi estimates that the resolution of the arbitration with ANATEL will have a balanced outcome. Therefore, the Company estimates that, as of 2024, receipts due to the future receipt of arbitration or agreement will be sufficient to cover potential costs with the end of the concession and the payments of obligations with ANATEL mentioned in the previous topic (ANATEL Current Payments Schedule), as described in the PRJ, neutralizing the effect on the Company's cash flow.

As previously highlighted, the procedures with regulatory bodies are in progress and are not necessarily connected and subordinated, meaning that the result might be different from that projected by the Company for this Report, with possible effects on Oi's future cash balance. Therefore, there is no definition or evidence to support Oi's premise as of the completion date of this Report.

Other financing needs

To maintain a minimum cash balance of BRL 1 billion, Oi forecasts other financing with an interest rate equivalent to CDI + 3% per year.

In 2030, the Company projects that, in order to meet the maturity of the second tranche of the Roll-Up, it will be necessary to refinance BRL 2.2 billion, provided for in the Debt Roll-Up instrument (Annex 4.2.2.2.1(B)). For the purposes of this Report, Oi projects this amount as a post-petition corporate debt. Any change in the value or conditions thereof may alter the projections described here.

Financial expenses - Other financing needs

This line includes cash inflows from the Company's available funds, insurance expenses, bank expenses, guarantee commissions and interest on overdue payments from customers.

## 7.5.4 Projection of the Creditors Plan

The payment flow to creditors is presented below, in accordance with the Judicial Reorganization Plan.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Class I	(241)	(201)	(193)	(188)	(186)	-	-	-	-	-	-
Class II	-	-	-	-	-	-	-	-	-	-	-
Class III	(292)	(1,533)	(5,739)	(590)	(396)	(589)	(2,515)	-	-	-	-
Class IV	(14)	-	-	-	-	-	-	-	-	-	-
<b>Payment Flow</b>	<b>(547)</b>	<b>(1,734)</b>	<b>(5,932)</b>	<b>(778)</b>	<b>(582)</b>	<b>(589)</b>	<b>(2,515)</b>	-	-	-	-
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Class I	-	-	-	-	-	-	-	-	-	-	-
Class II	-	-	-	-	-	-	-	-	-	-	-
Class III	-	-	-	(1,392)	-	-	-	-	-	(2,525)	-
Class IV	-	-	-	(13)	-	-	-	-	-	-	-
<b>Payment Flow</b>	-	-	-	<b>(1,405)</b>	-	-	-	-	-	<b>(2,525)</b>	-

Table 7.

The table above does not show the expected payment of Participatory Debt in 2050.

### Class I

Class I creditors will not have their debts restructured and their payments will remain on schedule.

### Class III

For the purposes of this Report, it was considered an assumption of adhesion to Restructuring Option I of the creditors whose credits total BRL 13.1 billion and, therefore, BRL 15.9 billion to Restructuring Option II. This premise reflects the Company's best expectations at the date of this Report, based on its ongoing discussions with creditors, given that Restructuring Option I is intended for resource providers through New Financing.

It is important to note that creditors' choices regarding payment options will take place after the approval of the PRJ and, therefore, are unknown at this time. Additionally, since Restructuring Option I provides for (i) a debt instrument limited to the principal amount of BRL 6.75 billion for the credits restructured by this option and (ii) that any excess credits will be restructured through the issuance of shares of the Company, any change in the distribution of credits between the options may have an adverse effect on the projections, as it will result in a lower capitalization of credits and a greater allocation of unsecured credits in the options that translate into obligations with a cash effect for the Company. Financial creditors who choose not to participate in the New Financing will be able to choose Restructuring Option II, or, if they do not choose, the General Payment Method. For the purposes of

this Report, Oi considered that everyone opts for Restructuring Option II, however, this may not materialize as described since creditors may have different understandings and not explicitly opt for Option II.

Payments in 2025 and 2026 arise from the Cash Sweep deriving from the sale of the UPIs ClientCo and V.tal and real estate sales to the Roll Up Debt and Reinstated Unsecured ToP Debt.

Payments in 2038 and 2044 refer, respectively, to the exercise of the prepayment of the General Payment Method (First Judicial Reorganization), through a discount of 85% of the outstanding balance, and the maturity of the single installment of the A&E - Restructuring Option II. As the definition of the General Payment Method (current Judicial Reorganization process) will only take place after the GMC, it is not possible to define its value in advance.

The payment flow to Class III creditors also includes payments from Suppliers, Partner Suppliers, Transacted Suppliers, Secured ToP Reinstated Debt and Unsecured ToP Reinstated Debt and General Payment Method.

Class IV

Class IV creditors will not have their debts restructured and their payments will remain on schedule.

## 7.5.5 Consolidated Cash Flow

The consolidated cash flow is presented below.

<b>Consolidated Cash Flow (BRL million)</b>											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>= EBITDA</b>	(1,557)	(456)	322	497	568	660	679	696	713	730	744
(-) Income tax and social contribution	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(29)	(42)
(+/-) Changes in working capital - others	236	(591)	(808)	1,169	(226)	(190)	(169)	(151)	(140)	(128)	(105)
(-) Tax refinancing	(116)	(72)	(81)	(90)	(70)	(48)	(38)	(42)	(48)	-	-
<b>(=) Cash flow from operating activities</b>	<b>(1,438)</b>	<b>(1,121)</b>	<b>(568)</b>	<b>1,575</b>	<b>271</b>	<b>420</b>	<b>471</b>	<b>501</b>	<b>524</b>	<b>573</b>	<b>596</b>
(-) Capex	(570)	(266)	(118)	(117)	(116)	(115)	(115)	(114)	(114)	(114)	(114)
(+/-) Disposals and non-recurring operations	343	125	140	100	100	100	100	150	150	150	150
(+/-) ClientCo sale	-	7,300	-	-	-	-	-	-	-	-	-
(+/-) V.tal sale	-	-	8,000	-	-	-	-	-	-	-	-
<b>(=) Cash flow from investing activities</b>	<b>(227)</b>	<b>7,159</b>	<b>8,022</b>	<b>(17)</b>	<b>(16)</b>	<b>(15)</b>	<b>(15)</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
(+/-) DIP Cash Flow	(1,287)	-	-	-	-	-	-	-	-	-	-
(+/-) New Financing Cash Flow	3,250	(4,233)	(0)	-	-	-	-	-	-	-	-
(+/-) Other Post-petition debt	(45)	(384)	(468)	(366)	(408)	-	-	-	-	-	-
(-) Anatel Current Payments Schedule	(820)	(839)	(909)	(986)	(1,069)	(1,702)	(1,846)	(2,002)	(2,171)	(764)	-
(+) Compensation from Anatel Arbitration	820	839	909	986	1,069	1,702	1,846	2,002	2,171	764	-
(+/-) Other financial incomes (expenses)	(244)	(298)	(125)	(74)	(93)	(139)	(159)	(166)	(165)	(165)	(165)
(+/-) Other financing needs	-	-	-	-	-	-	2,178	(128)	(168)	(240)	(295)
(-) Financial expenses - Other financing needs	-	-	-	-	-	-	(125)	(243)	(226)	(203)	(172)
<b>(=) Cash flow from financing activities</b>	<b>1,674</b>	<b>(4,915)</b>	<b>(593)</b>	<b>(440)</b>	<b>(501)</b>	<b>(139)</b>	<b>1,894</b>	<b>(536)</b>	<b>(559)</b>	<b>(608)</b>	<b>(632)</b>
<b>(=) Cash Flow Before Creditors Plan</b>	<b>9</b>	<b>1,123</b>	<b>6,861</b>	<b>1,119</b>	<b>(246)</b>	<b>265</b>	<b>2,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Class I	(241)	(201)	(193)	(188)	(186)	-	-	-	-	-	-

Annex 2.6  
April 18, 2024

Class II	-	-	-	-	-	-	-	-	-	-	-
Class III	(292)	(1,533)	(5,739)	(590)	(396)	(589)	(2,515)	-	-	-	-
Class IV	(14)	-	-	-	-	-	-	-	-	-	-
(=) Cash Flow After Creditors Plan	(538)	(611)	929	341	(827)	(323)	(165)	-	-	-	-
Cash Balance	1,656	1,046	1,975	2,316	1,489	1,165	1,000	1,000	1,000	1,000	1,000

Table 8.

Beyond the projective period presented in this Report, additional financing needs are observed to satisfy the payments of the General Modality of the First Judicial Reorganization, in 2038, the Reinstated A&E Debt, in 2044 and the Participatory Debt in 2050. The Company assumes a stable operating cash flow generation, as well as the sale of BRL 1.5 billion in real estate assets between 2035 and 2044 to meet its obligations, reducing its debt balance over the following years.

## 8. Report Conclusion

This Report was prepared by EY solely as a subsidy to the Debtors' PRJ and is subject to the premises and assumptions expressed in it. It is noteworthy that all the assumptions used for the preparation of this Report, including accounting practices to be adopted, the structuring of operations and the consequent tax impacts resulting from the tax treatment given to the underlying transactions of the PRJ, regulatory understandings and legal interpretations, were provided by Oi Group, so that any omission or inaccuracy from the Company that represents a key factor on the PRJ may affect the results of this work.

This Report aims to assess the economic and financial feasibility of the Debtors in the context of its PRJ, observing the principles of the Brazilian Bankruptcy Law.

The studies carried out do not include the feasibility analysis of the Debtors from the perspective of corporate by-laws, tax and legal aspects. This Report also does not include an independent assessment by EY of the valuations of the entities to be sold, notably the possible sale of Oi's entire stake in V.tal, through UPI V.tal, and the sale of UPI ClientCo, an entity with a perimeter yet to be defined.

It is also important to highlight that the study for the preparation of this Report was based on the analysis of the projected results for Oi Group, containing estimates. However, such estimates involve risks and uncertainties as to their realization, with respect to external factors outside the control of Oi Group.

The measures proposed in the PRJ, as well as the premises provided by Oi, represent a structural change in Oi Group's strategic planning and consider:

1. The sale of 100% of UPI ClientCo for the amount of BRL 7.3 billion in March 2025 - with its full receipt in cash -, an operation that is very relevant in the composition of Oi Group's revenue;
2. The sale of 100% of the stake held by Oi in V.tal, equivalent to 17% after the expected dilution, for a total value of BRL 8.0 billion in 2026, also considering its full receipt in cash;
3. The sale of a substantial part of the real estate assets, in the total aggregate amount of BRL 2.7 billion;
4. EBITDA margins higher than current levels and its recent history, which will require greater efficiency in a more competitive environment; and
5. Resolution of the disputes with the regulatory agency without imposing burdens on the Company.

Since the filing for Judicial Reorganization, Oi Group has suffered an additional cash stress, due to, among other factors, i) lower-than-expected revenues, as a result of a smaller number of HCs and a drop in ARPU and ii) delays in negotiations with creditors, which consequently postponed the entry of new resources into the Company arising from the Emergency DIP. These combined factors have affected even more the Company's financial capacity.

In the previously presented plans, the Company's cash generation was heavily dependent on the sale of assets. It is important to note that, with the sale of UPI ClientCo, UPI V.tal, a relevant portion of the real estate assets and the termination of the concession, all of the Company's revenues will come from the activities of Oi Soluções business unit, making the company heavily dependent on its operating cash flow generation only, and no longer on assets sales. The remaining operations projected in the flows represent 24% of Oi's current revenues.

Despite having managed to reduce and renegotiate its debts since the first JR in 2016/17, the Company shall face increasing challenges to its operation continuity based on its new business model.

In this way, the feasibility of the PRJ, from an economic-financial perspective, is based on the materialization of the premises, assumptions and disclaimers expressed therein. It is worth highlighting the challenges to be faced by Oi to equalize its cash in the period between 2024 and 2026, notably the raising of New Financing, according to the resolution condition clause of the PRJ, the sale of the UPIs ClientCo and V.tal and the sale of properties according to designed by Oi. Any change in the conditions and schedule of these events could compromise the Company's cash in the short term.

Furthermore, the success of the business plan designed by Oi Group, and described in this Report, depends, in addition to the New Financing described above, on the completion of the Bridge Loan, the retention of the value obtained from the sale of UPI ClientCo and other third-party fundraising described in this Report and in the PRJ, notably in 2030, 2038, 2044 and 2050. In addition to the challenges of implementing its strategic plan and the difficulties of its satisfactory execution, the success in implementing the PRJ largely depends on the balanced outcome of its claims and negotiations with regulatory bodies within the scope of the end of the concession and arbitration procedures.

It is worth to highlight that several of these events do not depend solely on Oi for their materialization and the amounts projected by the Company may change as the negotiations for their realization advance.

The Report considered the economic and financial conditions and the projections contained in the Debtors' PRJ. Thus, the effective occurrence and accomplishment of these conditions and projections is an indispensable condition for achieving a feasible scenario for the continuity of operations, according to the comments outlined throughout this Report. The failure to materialize any of the assumptions adopted here, as well as changes in the economic scenario presented herein, will turn the analysis subject to review and, possibly, to modification in relation of its feasibility status.

The original Report in Portuguese was signed by:

**Ernst & Young Assessoria Empresarial Ltda.**

**EY**

Assurance | Tax | Transactions | Advisory

## About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

© 2024 EYGM Limited.  
All Rights Reserved.

**[ey.com.br](https://www.ey.com.br)**