

2Q22 earnings release



oi

OIBR

B3 LISTED N1



Earnings Release

August 11, 2022

Conference call in English

August 12, 2022

11:00 a.m. [Brasília]

10:00 a.m. [NY] / 3:00 p.m. [UK]

ZOOM: [click here](#)

Conference call in Portuguese

August 12, 2022

11:00 a.m. [Brasília]

10:00 a.m. [NY] / 3:00 p.m. [UK]

SIMULTANEOUS
TRANSLATION

TEAMS: [click here](#)

Consolidated Information and Results (Unaudited)

This report contains the operating and financial performance of Oi S.A. – under Judicial Reorganization [“Oi S.A.” or “Oi” or “Company”] – and its subsidiaries for the second quarter of 2022.





Brazilian Operations highlights

AFTER CONCLUDING KEY M&As, WE ARE FULLY FOCUSED ON CORE BUSINESS EXECUTION. Highlights 
ALTHOUGH FINANCIALS STILL REFLECT A MODEL TRANSITION, POSITIVE TRENDS CAN BE SEEN IN Q2

Accelerating growth in CORE REVENUES	+26% AVG. MONTHLY NET ADDS MAY/JUN VS APR	ACCELERATION IN FTTH NET ADDS IN MAY/JUNE, EVEN WITH TIGHTER CREDIT POLICIES
	+32% YOY	SUSTAINED STRONG ICT SALES IN OI SOLUÇÕES
	+33% YOY	HIGH GROWTH IN CORE REVENUES (FIBER AND OI SOLUÇÕES CORE), WHICH ALREADY REPRESENT 67% OF NEW OI
Simplifying OPERATING MODEL	-23% YOY	ROUTINE OPEX REDUCTION DUE TO MOBILE/V.TAL COST OUT AND EFFICIENCIES, WITH POTENTIAL FOR FURTHER SAVINGS AHEAD IN ALL AREAS
	386 R\$ MN	NEW CAPEX PROFILE WITH MORE THAN 80% OF TOTAL TO SUPPORT GROWTH AND EFFICIENCY OPPORTUNITIES
Managing our CAPITAL STRUCTURE	1.0 R\$ BN	FUTURE CASH INFLOW AS OF YE22 DUE TO SALE OF FIXED INFRASTRUCTURE SITES
	R\$ 16 BN NET DEBT	~60% REDUCTION IN GROSS FINANCIAL DEBT SINCE THE BEGINNING OF JR
Strong emphasis on Concession ARBITRATION and MIGRATION		POSITIVE DEVELOPMENTS FOR ARBITRATION AND MIGRATION PROCESSES EXPECTED FOR THE NEXT 18 TO 24 MONTHS, SHOULD HELP SUSTAINABILITY OF LEGACY BUSINESS

Summary

Table 1 – Highlights

in R\$ million or otherwise stated	2Q22	2Q21	1Q22	YoY	QoQ	2022	2021	YoY
Oi S.A. Consolidated								
Total Net Revenues	2,770	4,389	4,415	-36.9%	-37.3%	7,185	8,842	-18.7%
Routine EBITDA	388	1,284	1,252	-69.8%	-69.0%	1,641	2,423	-32.3%
Routine EBITDA Margin (%)	14.0%	29.3%	28.4%	-15.2 p.p.	-14.3 p.p.	22.8%	27.4%	-4.6 p.p.
Net Income (Loss) attributable to owners of the Company	-321	1,139	1,782	-128.2%	-118.0%	1,461	-1,899	-177.0%
Net Debt	16,123	25,695	31,420	-37.3%	-48.7%	16,123	25,695	-37.3%
Available Cash	5,031	3,421	1,983	47.1%	153.7%	5,031	3,421	47.1%
CAPEX	388	1,896	363	-79.5%	7.0%	761	3,759	-80.0%
BRAZIL								
Total Net Revenues	2,740	4,333	4,383	-36.8%	-37.5%	7,124	8,728	-18.4%
Routine EBITDA	384	1,271	1,220	-69.8%	-68.5%	1,604	2,399	-33.1%
Routine EBITDA Margin (%)	14.0%	29.3%	27.8%	-15.3 p.p.	-13.8 p.p.	22.5%	27.5%	-5.0 p.p.
CAPEX	386	1,883	345	-79.5%	12.1%	731	3,742	-80.5%
Routine EBITDA - CAPEX	-2	-613	875	-99.7%	-100.2%	873	-1,343	-165.0%



Net Revenues

Table 2 – Breakdown of Net Revenues

R\$ million	Quarter					6 months			Weight %	
	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY	2022	2021
Consolidated Total Net Revenues	2,770	4,389	4,415	-36.9%	-37.3%	7,185	8,842	-18.7%	100%	100%
Brazil	2,740	4,333	4,383	-36.8%	-37.5%	7,124	8,728	-18.4%	98.9%	98.7%
Continued Operations	2,237	2,215	2,124	1.0%	5.3%	4,362	4,429	-1.5%	80.8%	50.5%
Fiber	958	691	913	38.7%	4.9%	1,871	1,282	45.9%	34.6%	15.7%
Oi Soluções	686	671	620	2.1%	10.5%	1,306	1,347	-3.0%	24.7%	15.3%
Legacy	502	845	590	-40.5%	-14.8%	1,092	1,787	-38.9%	18.1%	19.2%
Subsidiaries and Others	92	9	1	950.2%	9957.2%	93	13	594.9%	3.3%	0.2%
Discontinued Operations and Operations Held for Sale	503	2,118	2,259	-76.3%	-77.7%	2,762	4,299	-35.8%	18.2%	48.3%
International Operations	30	55	32	-46.0%	-6.6%	62	114	-45.8%	1.1%	1.3%
Revenue Generating Units (RGU) - ('000)	13,681	55,319	56,063	-75.3%	-75.6%	13,681	55,319	-75.3%	100%	100%
Continued Operations	12,830	13,891	13,085	-7.6%	-1.9%	12,830	13,891	-7.6%	93.8%	25.1%
Fiber	7,265	5,628	7,004	29.1%	3.7%	7,265	5,628	29.1%	53.1%	10.2%
Oi Soluções	2,286	2,347	2,302	-2.6%	-0.7%	2,286	2,347	-2.6%	16.7%	4.2%
Legacy	3,156	5,781	3,654	-45.4%	-13.6%	3,156	5,781	-45.4%	23.1%	10.4%
Public Telephones	122	136	124	-10.3%	-1.6%	122	136	-10.3%	0.9%	0.2%
Discontinued Operations and Operations Held for Sale	851	41,427	42,978	-97.9%	-98.0%	851	41,427	-97.9%	6.2%	74.9%

Consolidated net revenue totaled R\$ 2,770 million in 2Q22, [-37.3% q.o.q. and -36.9% y.o.y.].

Net revenue from Brazilian operations ("Brazil") amounted to R\$ 2,740 million, [-37.5% q.o.q. and -36.8% y.o.y.]. This decline was due to the closing of the sale of Mobile Asset UPI, and V.tal.

Net revenue from continuing operations in Brazil totaled R\$ 2,237 million, [+5.3% q.o.q. and +1.0% y.o.y.].

Net revenue from Subsidiaries and others totaled R\$ 92 million in 2Q22, mainly due to the services provided from June to V.tal, as of June. After the closing of the sale of V.tal, as of June, the services of the SEREDE, of construction and maintenance, provided to V.tal, will be recognized as revenue from the Company.

Net revenue from international operations totaled R\$ 30 million, down by 6.6% from 1Q22 and by 46.0% from 2Q21.

Fiber

Table 3 – Net Revenue and Fiber RGUs

	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Fiber								
Net Revenues (R\$ million)	958	691	913	38.7%	4.9%	1,871	1,282	45.9%
FTTH - Homes Connected (HC's)	3,678	2,839	3,534	29.5%	4.1%	3,678	2,839	29.5%
Take up	21.8%	23.6%	22.6%	-1.8 p.p.	-0.8 p.p.	21.8%	23.6%	-1.8 p.p.
Revenue Generating Units (RGU) - ('000)	7,265	5,628	7,004	29.1%	3.7%	7,265	5,628	29.1%
Fixed Broadband	3,632	2,792	3,488	30.1%	4.1%	3,632	2,792	30.1%
Fixed Line in Service	3,560	2,739	3,436	30.0%	3.6%	3,560	2,739	30.0%
IPTV	74	98	81	-24.4%	-8.4%	74	98	-24.4%

In operating terms, the Company ended 2Q22 with 3,678 thousand Homes Connected (HCs) to Fiber. Net additions for HCs totaled around 144 thousand accesses in 2Q22 (86% in the Residential segment). In the last



12 months, 839 thousand HCs were added. Revenue from Fiber services totaled R\$ 958 million in 2Q22 [+4.9% q.o.q. and +38.7% y.o.y.].

In this quarter, although there is still a deceleration in net additions observed since the last months of 2021, mainly resulting from adjustments in the management of base growth, derived from macroeconomic conditions and their impacts on involuntary churn and delinquency, we already see an improvement in net additions in months of May and June. The Company continued to make efforts to refine its credit models, with results beginning to appear in 2Q22, such as a reduction in churn levels, mainly in the involuntary churn line [down by 0.4 p.p. from the previous quarter]. This increase in base is combined with the increase in ARPU, as the Company has been designing strategies, such as pricing model by cities, increase in speed, and differentiated offers, with the sale of new services and higher value-added products.

The Company continues to prioritize the quality of the incoming base [for example: the sale of plans \geq 400 mbps], and is focusing mainly on regions that are less affected by the current macroeconomic situation and with greater purchasing power. In 2Q22, 33.0% of Fiber customers had broadband plans of 400 mbps or higher [+9.7 p.p. from the previous quarter]. In the quarter, the number of customers in this range increased by 395 thousand. This upselling allows us, in particular, to shield and protect our base and is associated with the sales of new services.

The Company's offer differentiation continues to be a strategy, so that in this first semester, new services were launched, such as Oi Fiber X (FTTR - Fiber to the Room). A customer who purchases Oi Fibra X has, on average, an ARPU approximately 50% higher when compared to the fiber customer standalone. The connected homes strategy allows us to offer, to the existing base, many other services through fiber, such as *Técnico Virtual*, *Oi Place*, *Oi Play TV* and *Oi expert*, therefore increasing customer revenue.

In addition, due to its own specialized workforce, Oi, through its wholly-owned subsidiary SEREDE, can offer differentiated technical services to the customer, increasing satisfaction with the installation and use of fiber services.

Oi Soluções

Table 4 – Net Revenue of the Oi Soluções segment

	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Oi Soluções								
Net Revenues [R\$ million]	686	671	620	2.1%	10.5%	1,306	1,347	-3.0%
ICT	124	94	106	31.8%	17.1%	230	179	27.9%
Telecom	331	342	338	-3.0%	-1.9%	669	686	-2.5%
Non-Core	230	236	177	-2.2%	30.1%	407	481	-15.3%

Net revenue from Oi Soluções totaled R\$ 686 million in 2Q22, increasing by 10.5% from 1Q22 and by 2.1% y.o.y.

ICT revenues, which are the Company's focus for the segment's turnaround, totaled R\$ 124 million in the quarter, increasing by 17.1% from 1Q22 and by 31.8% versus 2Q21. Telecom revenues totaled R\$ 331 million, down by 1.9% from the previous quarter and by 3.0% in the annual comparison.

The trend of revenue recovery in the segment, which resulted in annual growth in 2Q22, is still taking place gradually and is expected to be slower and subject to more volatility. In the short-term, these dynamics are strongly impacted by the challenging macroeconomic scenario in Brazil, reflected in price reductions from



contract renegotiations for legacy products with companies and government, mainly impacting Telecom and Non-Core revenues.

Growth in ICT revenues is supported by medium-term actions, such as the portfolio's evolution to value-added services and the increased exposure of its base to new digital solutions. In this sense, the Oi Solutions platform has been significantly recognized in the market and expanded its products and services. The products and services with the greatest contributions to revenue growth were: *Customer Business Management services*, Network Infrastructure Management services, professional IT Technical Support services and Unified Communications solutions.

Additionally, Non-Core revenues totaled R\$ 230 million in 2Q22, increasing by 30.1% from 1Q22 and down by 2.2% from 2Q21. The growth from the previous quarter is related to Wholesale services. This improvement was due to the swap in capacity, which become a revenue from the perimeter of the continued operation.

Legacy – Copper [Fixed Voice, Broadband and Others]

Table 5 – Legacy Net Revenues and RGUs

	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Legacy								
Net Revenues [R\$ million]	502	845	590	-40.5%	-14.8%	1,092	1,787	-38.9%
Copper Voice	368	603	432	-39.0%	-14.8%	799	1,264	-36.8%
Copper Broadband	135	242	158	-44.3%	-14.8%	293	523	-43.9%
Revenue Generating Units [RGU] - ('000)	3,156	5,781	3,654	-45.4%	-13.6%	3,156	5,781	-45.4%
Copper Voice	2,276	3,976	2,595	-42.8%	-12.3%	2,276	3,976	-42.8%
Copper Broadband	880	1,805	1,059	-51.2%	-16.8%	880	1,805	-51.2%

Net revenue from copper revenues totaled R\$ 502 million in 2Q22, down by 14.8% from 1Q22 and by 40.5% y.o.y. The Company closed 2Q22 with 2,276 thousand customers in the copper fixed voice segment, declining by 12.3% in relation to 1Q22 and by 42.8% from 2Q21. In the copper broadband segment, the Company recorded 880 thousand RGUs, down by 16.8% in the quarter and by 51.2% in the annual comparison.

Copper services maintain a downward trend, in line with: (i) a structural change in the sector, with lower demand arising from the replacement of fixed lines with mobile lines, priority to distribute 'on demand' content, as well as more advanced technologies, with lower latency and higher speed, such as broadband Fiber; and (ii) reduction in the Company's focus on commercializing these services, with copper sales being carried out on demand, and acceleration of the migration process to alternative technologies with lower service costs. In this sense, Oi has been working continuously to maximize the margin of legacy businesses and balance the downward trend in revenue, creating strategies to maintain ARPU through a smart pricing approach; the decommissioning of unused infrastructure and implementation of operational efficiency measures within the current regulation, such as the migration of copper customers to alternative technologies, such as WLL and VoIP; and digitization of customer service processes.

Additional Information [Discontinued Operations and Operations Held for Sale]

To facilitate market analysis, we are providing an overview of the discontinued operations for Personal Mobility and of V.tal, which is now being accounted for in the total revenue line.



In this quarter, with the closing of the sale of Mobile Asset UPI and InfraCo UPI, revenues from these operations were migrated to the buyers companies and no longer consolidated in Oi's financial statements, as of April and June, respectively.

In addition to the operations mentioned above, we allocated the revenues from the DTH TV operation to this group, given that the Company is also working on negotiations to conclude the sale of this asset.

Net revenue from continuing operations of DTH TV totaled R\$ 312 million in 2Q22, declining by 5.6% from 1Q22 and by 12.4% from 2Q21. This drop was due to the decrease in the base, which fell by 5.4% q.o.q. and by 22.2% y.o.y. We expect the sale of the DTH TV operation, which already has the term sheet signed with Sky, to be concluded by 2023. When concluded, revenues and content-related costs will no longer remain with the Company, as of the transaction's closing date. With the proceeds from the operation, the Company expects to finance the satellite capacity onerous contract.

Operating Costs and Expenses

Table 6 – Breakdown of Routine Operating Costs and Expenses

R\$ million	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Routine Operating Costs and Expenses								
Brazil	2,356	3,063	3,163	-23.1%	-25.5%	5,519	6,329	-12.8%
Personnel	507	530	517	-4.4%	-1.9%	1,023	1,110	-7.8%
Interconnection	53	97	85	-45.8%	-38.3%	138	193	-28.6%
Third-Party Services	1,001	1,299	1,295	-22.9%	-22.7%	2,296	2,625	-12.5%
Network Maintenance Service	139	200	199	-30.8%	-30.5%	338	406	-16.8%
Device Costs and other	10	16	9	-35.8%	19.3%	19	32	-42.2%
Marketing	93	137	70	-32.2%	32.7%	163	239	-31.6%
Rent and Insurance	643	662	658	-2.9%	-2.2%	1,301	1,310	-0.7%
Provision for Bad Debt	54	58	83	-6.3%	-34.7%	138	128	7.3%
Contingencies, Taxes and Other	-144	63	247	-328.5%	-158.2%	103	285	-63.9%
International Operations	26	42	0	-38.6%	-31178.5%	26	90	-71.4%
Routine OPEX	2,382	3,104	3,163	-23.3%	-24.7%	5,545	6,419	-13.6%

Consolidated routine Opex, including international operations, totaled R\$ 2,382 million in 2Q22, down by 24.7% from 1Q22 and by 23.3% in the annual comparison. Routine Opex from Brazilian operations totaled R\$ 2,356 million, down by 25.5% from 1Q22 and by 23.1% in the annual comparison. The result for this quarter was positively impacted by the Company's efficiency and cost reduction project and, mainly, by closing of the sale of Mobile Asset UPI, in April, and also by the control of V.tal, in early June.

As part of its strategic transformation plan, Oi continues focused on cost reduction, process simplification, efficiency and digital transformation, ensuring the implementation of one of the most important operational stages of the Company's transformation plan and the transition to a model that will result in a lighter and more agile Company that is focused on customer experience.

Personnel

Personnel expenses totaled R\$ 507 million in 2Q22, down by 1.9% from the previous quarter and by 4.4% from 2Q21. This reduction, both in the quarterly and annual comparisons, is still due to our workforce restructuring,



in line with the Company's transformation and restructuring objectives. In this quarter, the reduction of employees was mainly due to the transfer of employees to V.tal. As a result of this process, the Company incurred lower expenses with payroll and charges [down by 10.2% y.o.y. and by 2.5% q.o.q.], in addition to the benefits line, which declined by 11.8% y.o.y. and by 14.5% q.o.q., even with the application of the annual inflation adjustment of 8.0%, for the year 2021, as of May.

Interconnection

In 2Q22, interconnection costs for Brazilian operations totaled R\$ 53 million, down by 38.3% from 1Q22 and by 45.8% from 2Q21, mainly impacted by the closing of the sale of Mobile Asset UPI, in April.

Third-Party Services

Costs and expenses related to third-party services from Brazilian operations totaled R\$ 1.001 million, down by 22.7% from 1Q22 and by 22.9% in relation to the previous year. The reduction in the annual comparison was mainly due to (i) a 46% decline in selling expenses since, with the exit of the mobile assets [AVSs], commission expenses also reduced, in addition to lower costs related to handset shipping and prepaid sales; (ii) a 21% drop in content acquisition costs due to the exit of the mobile assets resulting in the decline in customer base and renegotiation with providers of TV content; (iii) a 27% reduction in electricity, mainly due to the closing of Mobile and V.tal sales operations; and (iv) a 28% drop in general expenses due to the efficiency initiatives implemented in the period.

Network Maintenance Services

Network maintenance service costs and expenses amounted to R\$ 139 million in the quarter, down by 30.5% q.o.q. and by 30.8% y.o.y. This reduction was mainly due to lower network management costs resulting from the departure of Mobile Asset UPI.

The sale of fixed towers will positively impact cost reduction for this line in the future, and the expectation is that the closing will take place by the end of the year.

The Company continues to adopt cost-cutting measures, expanding initiatives such as: (i) continuous effort to increase efficiency in field operations and digitization of processes and customer service [the increasing use of the virtual troubleshooting technical application is a perfect example of cost reduction in this line, as currently requests for technical assistance at Fiber can be made through the tool]; and (ii) growth and expansion of the Fiber network, replacing legacy networks, which are older and deteriorated, and require more repair.

Device Costs and Other

In 2Q22, device costs from Brazilian operations totaled R\$ 10 million, [+19.3% q.o.q. and -35.8% y.o.y.]. In this line are allocated the costs with wireless devices [WLL] and IT equipment to serve New Oi's customers.

Marketing

Marketing expenses totaled R\$ 93 million in the quarter, increasing by 32.7% in relation to 1Q22, and down by 32.2% from 2Q21. The annual reduction is explained by the discipline in costs in this line through renegotiations and reduction of suppliers and carrying out Fiber campaigns in a more efficient and direct way, prioritizing



alternative media to broadcast TV. The quarterly growth is due to the launch campaigns of New Oi, focused on the brand's repositioning.

Rent and Insurance

Rent and insurance expenses in Brazilian operations totaled R\$ 643 million in 2Q22, [-2.2% q.o.q. and -2.9% y.o.y.]. After the exit of Mobile Asset UPI, costs related to tower rentals significantly reduced, which were partially offset by higher infrastructure rental costs arising from the contract with V.tal, starting in June.

Provision for Bad Debt

Provision for bad debt totaled R\$ 54 million in 2Q22, down by 34.7% from 1Q22 and by 6.3% compared to 2Q21. The reduction in the quarter was due to new credit policy strategies being implemented by the Company since the end of last year, improving the profile of the incoming base, as well as a better collection performance, mitigating the impact of delinquency.

Contingencies, Taxes and Other

Contingencies, taxes and other totaled R\$ 144 million in the quarter, [-158.2% q.o.q. and -328.5% y.o.y.]. The decrease was mainly due to the reduction in provisions for the payment of Fistel, Anatel's regulatory fee, arising from the mobile business, which no longer exists after the closing of the sale transactions for this asset.

EBITDA

Table 7 – EBITDA and EBITDA Margin

	2Q22	2Q21	1Q22	YoY	QoQ	2022	2021	YoY
Oi S.A.								
Routine EBITDA (R\$ million)	388	1,284	1,252	-69.8%	-69.0%	1,641	2,423	-32.3%
Brazil	384	1,271	1,220	-69.8%	-68.5%	1,604	2,399	-33.1%
International Operations	4	13	32	69.4%	87.2%	36	24	-48.5%
Routine EBITDA Margin (%)	14.0%	29.3%	28.4%	-15.2 p.p.	-14.3 p.p.	22.8%	27.4%	-4.6 p.p.
Brazil	14.0%	29.3%	27.8%	-15.3 p.p.	-13.8 p.p.	22.5%	27.5%	-5.0 p.p.
International Operations	13.7%	24.2%	100.3%	-10.5 p.p.	-86.6 p.p.	58.6%	21.3%	37.1 p.p.
Non-routine Items (R\$ million)	8,188	-13	4	n.m.	n.m.	8,192	1,216	n.m.
EBITDA (R\$ million)	8,577	1,271	1,256	574.9%	582.8%	9,833	3,639	170.2%
Brazil	8,573	1,258	1,224	581.7%	600.4%	9,797	3,615	171.0%
International Operations	4	13	32	-69.4%	-87.2%	36	24	48.5%
EBITDA Margin (%)	309.6%	29.0%	28.4%	280.7 p.p.	281.2 p.p.	136.8%	41.2%	95.7 p.p.

Routine EBITDA from Brazilian operations totaled R\$ 384 million in the quarter, down by 68.5% from 1Q22 and down by 69.8% compared to 2Q21. Routine EBITDA margin from Brazilian operations was 14.0%, decreasing by 13.8 p.p. in the quarterly comparison, and by 15.3 p.p. in the annual comparison.

The reduction in EBITDA in the quarter was mainly due to the impact of the sale of the mobile assets, which generated positive results for the Company. This movement is in line with Nova Oi's business model and the brand's repositioning. Additionally, due to the sale of V.tal, and the new FTTH expansion model, there are positive impacts on the exchange of Capex for Opex. This new dynamic has been offsetting the reduction in revenue and EBITDA, giving the Company a margin to be more efficient in terms of operating cash generation.



Routine EBITDA from international operations reached R\$ 4 million in 2Q22, compared to R\$ 32 million in 1Q22 and R\$ 13 million in 2Q21.

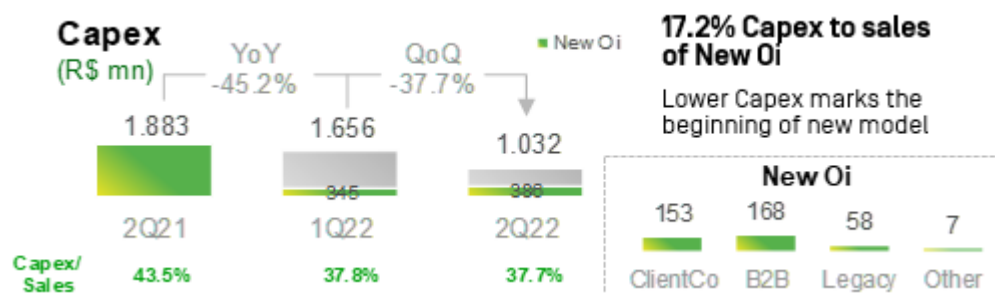
Non-routine items totaled R\$ 8,188 million in 2Q22, and was mainly related to gains from the closing of the sale of Mobile Asset UPI and InfraCo UPI.

Capex

Table 8 – Capex

R\$ Milhões	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Capex								
Brazil	386	545	345	-29.0%	12.1%	731	1,096	-33.3%
International Operations	2	13	18	-85.8%	-90.0%	20	17	17.9%
Total	388	557	363	-30.3%	7.0%	751	1,113	-32.5%

Chart 1 – Proforma Investments in Brazil



In 2Q22, the Company's Capex increased in comparison to the previous quarter. The variation was mainly driven by investments in the Oi Soluções platform, which has expanded the development of products and solutions offered to its customers. The Company continues to invest in fiber infrastructure under the locked-box agreement since the beginning of the year, an investment that was partially offset by the anticipation for future capital increase (AFAC), and which are no longer be performed directly by the Company after the closing of the Transaction with V.tal. The investments line were still impacted by the sale of the mobile operation.

The Company's consolidated Capex (excluding the Capex carried out by V.tal) totaled R\$ 388 million, with the Brazilian operations responsible for investments of R\$ 386 million, while the international operations accounted for investments of approximately R\$ 2 million.

Investments in the ClientCo operation totaled R\$ 153 million in 2Q22. The focus of these investments was linked to the quality of service to improve customer experience, which became a competitive differentiator given the change in the operating model.

Investments in the Oi Soluções operation totaled R\$ 168 million in the quarter. These investments were focused on the evolution of the portfolio: (i) for the sale of value-added services, increasing the exposure of our base to digital solutions, such as Cloud, digital security, IoT, Big Data, etc., and (ii) for the implementation of customized projects for corporate clients.



Investments in the legacy network totaled R\$ 58 million in the quarter. These investments were aimed at optimizing the existing network, in compliance with current regulatory rules, and at densifying already installed networks, by offering products and services to our customers, allowing for gains in scale and efficiency. In addition, the dynamics of this line is impacted by investment in infrastructure replacement resulting from vandalism and theft.

Operational Cash Flow [Routine EBITDA – Capex]

Table 9 – Operational Cash Flow

R\$ million	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Oi S.A.								
Routine EBITDA	388	1,284	1,252	-69.8%	-69.0%	1,641	2,423	-32.3%
Capex	388	1,896	363	-79.5%	7.0%	751	3,759	-80.0%
Routine Operational Cash Flow [EBITDA – Capex]	0	-612	889	100.0%	100.0%	890	-2,030	-143.8%

Table 10 – Operational Cash Flow from Brazilian Operations

R\$ million	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Oi S.A.								
Routine EBITDA	384	1,271	1,220	-69.8%	-68.5%	1,604	2,399	-33.1%
Capex	386	1,883	345	-79.5%	12.1%	731	3,742	-80.5%
Routine Operational Cash Flow [EBITDA – Capex]	-2	-613	875	99.7%	100.2%	873	-2,172	-140.2%

In 2Q22, consolidated routine operating cash flow was negative by R\$ 2 million in Brazilian operations. These amounts reflect the Company's new scenario, with the change in its business model. The numbers already illustrate a reduction in investments for the fiber network. With this, the Company changes its investment profile in Capex, focusing more on the use of shared infrastructure, being able to generate even more value through efficiency gains, with great room for improvement.

Depreciation / Amortization

Table 11 – Depreciation and Amortization

R\$ million	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Depreciation and Amortization								
Total	1,036	1,015	983	2.1%	5.4%	2,019	2,187	-7.7%

Depreciation and amortization expenses totaled R\$ 1,036 million in 2Q22, up by 5.4% from 1Q22 and by 2.1% compared to 2Q21.



Financial Results

Table 12 – Financial Result

R\$ million	2022	2021	1Q22	2022	2021
Oi S.A. Consolidated					
Net Interest (on fin. investments and loans and financing)	-703	-545	-899	-1,602	-1,110
Amortization of fair value adjustment	-531	58	242	-290	-418
Net FX Result (on fin. investments and loans and financing)	-1,003	1,924	2,358	1,356	549
Other Financial Income / Expenses	-902	-237	172	-729	-1,767
Net Financial Income (Expenses)	-3,139	1,199	1,874	-1,266	-2,746

Consolidated net financial result totaled an expense of R\$ 3,139 million in the quarter, compared to a net financial revenue of R\$ 1,874 million in 1Q22 and R\$ 1,199 million in the same period of the previous year.

In both the quarterly and annual comparisons, the increase in financial expenses was mainly due to the negative impact of the depreciation of the Real in 2Q22, versus the appreciation of the Real in 1Q22 and in the same quarter of the previous year. In the quarter, the "Net FX Result" line came in as a financial expense due to the 10.56% depreciation of the Real against the Dollar, versus an appreciation of 15.10% in 1Q22 and of 12.20% in 2Q21. The "Amortization of Fair Value Adjustment" line was also impacted by the depreciation of the Dollar in the quarter and in the year. In the "Other Financial Income/Expenses" line, the expenses are related to higher monetary restatements on contingencies, added to the negative impact of the exchange rate variation on cost-bearing liabilities, which was partially offset by the income from the adjustment to present value of the new tax debt agreement with Anatel.

The "Net Interest" line, in turn, despite the weaker Real and the rise in the Company's main debt indexes (mainly the CDI and IPCA), recorded lower interest levels in the quarter due to debt prepayments in the period. In the annual comparison, the higher interest rate are related to the funding carried out at the beginning of 3Q21, in addition to the negative impact of the CDI and IPCA rates in 2Q22.

Net Earnings (Loss)

Table 13 – Net Earnings (Loss) [Oi S.A. Consolidated]

R\$ million	2022	2021	1Q22	YoY	QoQ	2022	2021	YoY
Net Earnings (Loss)								
Earnings before interest and taxes (EBIT)	7,540	256	273	2848.8%	-2660.9%	7,814	1,452	438.1%
Financial Results	-3,139	1,199	1,874	361.9%	267.6%	-1,266	-2,746	-53.9%
Income Tax and Social Contribution	-4,722	-315	-363	1398.2%	1201.9%	-5,085	-608	735.7%
Consolidated Net Income (Loss)	-321	1,139	1,784	128.1%	118.0%	1,463	-1,902	-176.9%
attributable to owners of the Company	-321	1,139	1,782	128.2%	118.0%	1,461	-1,899	-177.0%
attributable to non-controlling interests	0	0	2	37.8%	-82.1%	2	-4	-157.0%

The Company's operating earnings (loss) before the financial result and taxes (EBIT) came to earnings of R\$ 7,540 million in 2Q22, versus earnings of R\$ 273 million in 1Q22 and R\$ 256 million in 2Q21. This positive result was mainly due to the gains from the sales of the mobility business, in addition to the sale of V.tal. In the



quarter, the Company recorded a net financial expense of R\$ 3,139 million and an expense of R\$ 4,722 million in the Income Tax and Social Contribution line. As a result, the Company recorded a consolidated net loss of R\$ 321 million in the period.

Liquidity & Indebtedness

Table 14 – Cash Position (Brazilian Operations)

R\$ Million

Initial Cash Position	1.983
Routine EBITDA	384
IFRS16	-191
Capex	-386
V.tal Capex	-645
AFAC	320
Working capital	-746
Onerous liability	-649
Judicial Deposits + Taxes	-23
Mobile Closing	3.029
InfraCo Closing	2.112
Financial operations	-166
Non Core	9
Final Cash Position	5.031

The company ended the quarter with a consolidated cash position of R\$ 5,031 million, an increase of 153.7% compared to 1Q22 and 47.1% compared to the same period of the previous year.

In this quarter, the Company concluded the main M&A transactions foreseen in its plan (Mobile Asset UPI and InfraCo UPI), which were under negotiation. Proceeds from these transactions were used to amortize financial debt, resulting in a net cash position of approximately R\$ 5.1 billion. More details on amortized financial debts can be found in the Indebtedness section.

On the other hand, there was consumption of working capital, whose dynamics are leverage for the Company's liquidity management. In this quarter, working capital was affected by non-recurring effects after the closing of M&A operations. In addition, in the Onerous Liability line, there was a payment of 5 installments from Globenet, in the total amount of R\$ 568 million. The installments for 2022 (approximately R\$ 490 million) will be reimbursed by the end of 2022, adjusted by SELIC, as a net result of the payment of the LTLA contract with Globenet, referring to 2022, and the receipt of the second installment of the secondary due to the partial sale of V.tal.



Table 15 – Debt

R\$ Million	2Q22	2Q21	1Q22	% Gross Debt
Debt				
Short Term	382	6,401	5,777	1.8%
Long Term	20,772	22,715	27,625	98.2%
Total Debt	21,154	29,116	33,402	100.0%
Local Currency Exposure	6,429	12,418	16,099	30.4%
Foreign Currency Exposure	14,760	16,669	17,191	69.8%
Swaps	-35	29	113	-0.2%
(-) Cash	-5,031	-3,421	-1,983	-23.8%
[=] Net Debt	16,123	25,695	31,420	76.2%

The consolidated gross debt of Oi S.A. was R\$ 21,154 million in 2Q22, down by 36.7% or R\$ 12,248 million from 1Q22 and down by 27.3% or R\$ 7,962 million in the annual comparison.

The reduction in both the quarterly and annual comparisons was due to the prepayment of debts after the closing of the sale of Mobile Asset UPI, namely: (i) BNDES, in the amount of R\$ 4,640 million; (ii) 2nd Debentures Issue, in the amount of R\$ 2,356 million, and (iii) the 2026 Senior Bond with an adhesion of 98.71% of the total outstanding principal, representing approximately US\$ 869 million, in addition to accrued and unpaid interest to date. Additionally, before the end of the quarter, the partial sale of UPI InfraCo was also concluded, when all the commitments of the private debenture of the 1st issue of BrT Multimídia were fully settled, in the total updated amount of R\$ 3,526 millions.

It should be noted that the reduction in the comparison periods was partially offset by the devaluation of the Real vs. Dollar, by 10.56% in the quarterly comparison and by 4.71% in the annual comparison, in addition to the usual accrual interest in the period and the amortization of the adjustment to present value.

The Company closed 2Q22 with a consolidated cash of R\$ 5,031 million, up by R\$ 3,048 million in the quarter and by R\$ 1,610 million in the year. As a result, net debt totaled R\$ 16,123 million in the period, down by R\$ 15,927 million or 48.7% from 1Q22 and by R\$ 9,572 million or 37.3% from 2Q21, mainly due to a lower gross debt in the period.



Table 16 – Gross Debt Breakdown

R\$ Million

Gross Debt Breakdown – 2022	Face Value	Fair Value Adjustment	Fair Value
Local Banks	10,108	[3,722]	6,386
ECAs	9,134	[4,490]	4,644
Qualified Bonds	9,072	[541]	8,531
Facility "Non Qualified"	545	[127]	418
General Offering	5,472	[4,298]	1,174
Bonds 2026	46	-	46
Other	[45]	-	[45]
Total Gross Debt	34,332	[13,177]	21,154



Additional Information

Table 17 – Income Statement [Oi S.A. Consolidated]

R\$ million	2022	2021	1Q22
Net Operating Revenues	2,770	4,389	4,415
Operating Costs and Expenses	5,806	-3,118	-3,159
Personnel	-530	-544	-523
Interconnection	-53	-98	-86
Third-Party Services	-999	-1,314	-1,301
Network Maintenance Service	-155	-201	-200
Handset Costs/Other [COGS]	-11	-19	-9
Marketing	-87	-138	-70
Rent and Insurance	-861	-668	-663
Provision for Contingencies	-10	-31	15
Provision for Bad Debt	-46	-58	-84
Taxes and Other Revenues [Expenses]	8,558	-47	-238
EBITDA	8,577	1,271	1,256
Margin %	309.6%	29.0%	28.4%
Depreciation and Amortization	-1,036	-1,015	-983
EBIT	7,540	256	273
Financial Expenses	-1,457	1,159	1,878
Financial Income	-1,682	40	-4
Net Earnings [Loss] Before Tax and Social Contribution	4,401	1,454	2,147
Income Tax and Social Contribution	-4,722	-315	-363
Consolidated Net Earnings [Loss]	-321	1,139	1,784
Margin %	-11.6%	26.0%	40.4%
Profit [Loss] attributed to the controlling shareholders	-321	1,139	1,782
Profit [Loss] attributed to the non-controlling shareholders	0	0	2



Table 18 – Balance Sheet [Oi S.A. Consolidated]

R\$ million	06/30/2022	03/31/2022	06/30/2021
TOTAL ASSETS	50,814	78,697	74,894
Current	14,875	13,450	14,301
Cash and cash equivalents	4,826	1,782	1,976
Financial investments	196	191	1,435
Derivatives	40	11	0
Accounts Receivable	4,788	5,772	5,258
Inventories	296	360	444
Recoverable Taxes	306	303	366
Other Taxes	459	807	1,252
Assets in Escrow	799	1,013	1,165
Held-for-sale Assets	704	704	108
Other Current Assets	2,461	2,506	2,296
Non-Current Assets	35,940	65,247	60,594
Long Term	7,070	12,210	11,030
.Recoverable and Deferred Taxes	1,210	6,257	3,671
.Other Taxes	538	944	1,341
.Financial investments	10	10	10
.Assets in Escrow	4,250	4,129	4,807
.Other	1,063	870	1,201
Investments	8,251	37	113
Property Plant and Equipment	17,032	48,444	45,283
Intangible Assets	3,586	4,556	4,168
TOTAL LIABILITIES	50,814	78,697	74,895
Current	8,791	20,669	18,876
Suppliers	3,682	5,725	5,111
Leases	667	2,123	1,941
Loans and Financing	417	5,665	6,372
Credit Assignment - Sistel	82	131	197
Financial Instruments	4	126	37
Payroll and Related Accruals	493	611	709
Provisions	676	666	546
Payable Taxes	10	15	11
Other Taxes	829	2,298	1,829
Dividends Payable	6	6	20
Liabilities associated to held-for-sale assets	0	0	30
Authorizations and Concessions Payable	36	70	54
Other Accounts Payable	1,889	3,233	2,020
Non-Current Liabilities	41,219	56,964	50,142
Suppliers	4,117	3,945	3,453
Leases	2,428	8,687	8,081
Loans and Financing	20,772	27,625	22,715
Credit Assignment - Sistel	0	0	82
Payable and Deferred Taxes	0	1,830	588
Other Taxes	2,056	1,038	1,318
Contingency Provisions	4,192	4,937	4,904
Pension Fund Provision	879	842	752
Other Accounts Payable	6,775	8,059	8,248
Shareholders' Equity	805	1,065	5,876



Subsequent Events

- As of July 1, 2022, a new counting period of 30 trading sessions came into effect for the Company to comply with B3 rule, which a minimum price of R\$ 1.00.
- On August 1, 2022, the Company disclosed to its shareholders and the market in general a Material Fact announcing that, on July 29, 2022, a binding, irrevocable and irreversible offer from NK 108 Empreendimentos e Participações S.A. (“NK 108”), affiliated of Highline do Brasil II Infraestrutura de Telecomunicações S.A., to acquire 8,000 (eight thousand) sites of telecommunications infrastructure of the fixed operation, in the form of acquisition of the totality of representative shares of the capital stock of a special purpose vehicle (“SPE”) for which the capital stock the Company will contribute with the Infrastructure Items. In accordance with the Binding Offer, subject to certain conditions, if it wins the competitive process to be conducted pursuant to Law No. 11,101, of February 9, 2005, NK 108 has undertaken to enter into the documents that will stipulate the definitive terms and conditions regarding the acquisition of the Infrastructure Items (including a sharing agreement whereby the Company will undertake to rent an area in the Infrastructure 1 Brazilian Reorganization and Bankruptcy Statute.¹⁹ Items) and to acquire all of the shares representing the capital stock of the SPE for the amount of up to BRL 1,697,000,000.00 (one billion, six hundred and ninety-seven million Brazilian reais), variable and adjustable under the terms stipulated in the Binding Offer, of which BRL 1,088,000,000.00 (one billion eighty-eight million Brazilian reais) to be received at the closing of the transaction, and up to 609,000,000.00 (six hundred and nine million Brazilian reais) to be received up to 2026, depending on the future quantity of Infrastructure Items to be used. The Binding Offer is in line with the implementation of the Strategic Plan for the transformation of Oi and its subsidiaries’ operations and with the Amendment to the Judicial Reorganization Plan (the “Amendment to the RJ Plan”), ratified by the 7th Corporate Court of Rio de Janeiro (the “RJ Court”) on October 5, 2020, as well as meets the requirements set forth in the Amendment to the RJ Plan, as provided for in Section 3.1.3.4 of the Judicial Reorganization Plan (as amended by the Amendment to the RJ Plan). The Binding Offer provides that the conclusion of the transaction is subject, among other precedent conditions usual to this type of transaction, to the applicable regulatory approvals, including ANATEL and CADE.



CVM RESOLUTION 44/2021, ART. 12: Direct or indirect controlling shareholders and shareholders who elect members of the Board of Directors or the Fiscal Council, and any other individual or legal entity, or group of persons, acting as a group or representing the same interests, that attains a direct or indirect interest representing five percent (5%), ten percent (10%), fifteen percent (15%), and so forth, of a type or class of shares of the capital of a publicly held company, must notify the Brazilian Securities and Exchange Commission (CVM) and the Company of the fact, in accordance with the above article.

Oi recommends that its shareholders comply with the terms of article 12 of CVM Instruction 44/2021, but it takes no responsibility for the disclosure or otherwise of acquisitions or disposals by third parties of interests corresponding to 5% or more of any type or class of its shares, or of rights over those shares or other securities that it has issued.

Table 20 – Shares of the Company's Capital Stock

	Capital	Treasury	Free-Float
Common	6,445,310,218	644,049,685	5,801,260,533
Preferred	157,727,241	1,811,755	155,915,486
Total	6,603,037,459	645,861,440	5,957,176,019

Shareholding position on June 30, 2022.

Please note

The main tables in this Earnings Release will be available in Excel format in the "Financial Information/Quarterly Reports" section of the Company's website (<https://ri.oi.com.br/en/>).

Definitions of the terms used in the Earnings Release are available in the Glossary section of the Company's website: <https://ri.oi.com.br/en/glossary/>



This report includes consolidated financial and operating information for Oi S.A. – Under Judicial Reorganization [“Oi S.A.” or “Oi” or “Company”] and its direct and indirect subsidiaries as of June 30, 2022. In compliance with CVM instructions, the information is presented in accordance with International Financial Reporting Standards (IFRS). Due to the seasonality of the telecommunications sector in its quarterly results, the Company will focus on comparing its financial results with the same period of the previous year, unless stated otherwise.

This report contains projections and/or estimates of future events. The projections contained herein were compiled with due care, taking into account the current situation, based on work in progress and its corresponding estimates. The use of terms such as “projects”, “estimates”, “anticipates”, “predicts”, “plans”, “hopes” and so on is intended to indicate possible trends and forward-looking statements, which clearly involve uncertainty and risk, so that future results may differ from current expectations. These statements are based on various assumptions and factors, including economic, market, industry conditions, and operational factors. Any changes to these assumptions and factors may lead to practical results that differ from current expectations. Excessive reliance should not be placed on these statements.

Forward-looking statements only relate to the date on which they were made, and the Company is not obliged to update them as new information or future developments arise. Oi takes no responsibility for transactions carried out or investment decisions taken on the basis of these projections or estimates. The financial information contained herein is unaudited and may therefore differ from the final results.

Oi – Investor Relations

www.oi.com.br/ri

+55 (21) 3131-2918 | +55 (21) 3131-1315

invest@oi.net.br