

ASSUMPTIONS ECONOMIC-FINANCIAL REPORT OF THE JRP AMENDMENT

DISCLAIMER

" This material summarizes the main conditions proposed in the Amendment to the JRP that complement and/or modify some of the conditions presented in the Original Plan approved at the CGM held on December 19 and 20, 2017.

For further details on the determined terms, refer to the Amendment to the JRP dated June 15, 2020 and the Original Plan. In the event of any discrepancies between the summary below and the Amendment to the JRP or the Original Plan, the Amendment to the JRP or the Original Plan shall prevail. This Report was prepared considering the financial and operational assumptions arising from the assertive execution of the Amendment to the JRP. The forecasts contained in this Report assume the implementation of the Amendment to the JRP proposed by the Debtors. "

EXECUTIVE SUMMARY

Creation of UPIs

- UPI Data Center: Financial Settlement in 2020 at the minimum price [R\$ 325 Millions]
- UPI Towers: Financial Settlement in 2020 at the minimum price [R\$ 1,0 Billion]
- UPI Mobile Assets: Financial Settlement in 2020 at the minimum price [R\$ 15 Billions].
- UPI InfraCo: The estimates assumes zero value for the primary injection of capital and minimum value for Secondary portion of the auction and subsequent exercise of the *Put Option*.
 - Sale of 51% of ordinary shares [25.5% of total capital] at the minimum price R\$ 6.5 Billion in two annual installments [2022 and 2023].
 - Payment of R\$ 2,426 Billion in dividends from InfraCo to Oi in 2021.
 - Put exercise on InfraCo's remaining 25.5% stake in 2024, in the same amount as Minimum Secondary Portion [R\$ 6.5 Billions], without any update.
- All UPIs were considered "assets available for sale" and have been completely deconsolidated in Oi's numbers since 2021 [regardless of the financial settlement date of the auctions].

INCOME STATEMENT CONSOLIDATED

Income Statement Consolidated (R\$ million)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Net Revenues	19,949	18,500	11,054	9,551	10,293	11,222	11,285	11,363	11,518	11,625	11,691
Costs and Expenses	(15,439)	(14,207)	(9,717)	(8,038)	(8,443)	(9,231)	(9,011)	(8,236)	(8,344)	(8,485)	(8,605)
Expenses related to revenue	(3,380)	(3,198)	(1,747)	(527)	(535)	(583)	(631)	(650)	(660)	(664)	(668)
Network expenses	(6,435)	(5,911)	(4,534)	(4,226)	(4,440)	(4,974)	(5,314)	(4,536)	(4,659)	(4,757)	(4,857)
Commercial expenses	(2,276)	(2,042)	(458)	(459)	(538)	(597)	(533)	(520)	(511)	(519)	(525)
SG&A expenses	(2,976)	(2,236)	(2,425)	(2,302)	(2,426)	(2,560)	(1,991)	(1,998)	(1,970)	(1,994)	(1,999)
Other expenses	(373)	(820)	(553)	(525)	(504)	(518)	(543)	(532)	(544)	(551)	(556)
EBITDA	4,510	4,293	1,336	1,513	1,850	1,991	2,274	3,127	3,174	3,140	3,085
<i>Margem EBITDA</i>	<i>22.61%</i>	<i>23.21%</i>	<i>12.09%</i>	<i>15.84%</i>	<i>17.97%</i>	<i>17.74%</i>	<i>20.15%</i>	<i>27.52%</i>	<i>27.56%</i>	<i>27.01%</i>	<i>26.39%</i>
Depreciation and amortization	(5,859)	(5,501)	(4,700)	(4,078)	(3,717)	(3,337)	(2,954)	(2,562)	(2,162)	(1,762)	(1,362)
Other income (and expenses)	(2,118)	(665)	6,630	3,845	4,341	7,613	989	1,151	1,262	1,333	1,382
EBIT	(3,467)	(1,874)	3,267	1,280	2,474	6,267	310	1,716	2,274	2,710	3,105
Financial (income) expenses	(4,845)	(7,433)	(2,176)	(14)	(872)	(821)	(1,481)	(323)	(363)	(378)	(386)
EBT	(8,312)	(9,307)	1,090	1,266	1,602	5,445	(1,171)	1,392	1,911	2,332	2,720
Income tax and social contribution	57	-	(866)	(670)	(622)	(1,645)	(14)	(16)	(16)	(18)	(408)
Net profit	(8,255)	(9,307)	224	596	980	3,801	(1,185)	1,377	1,895	2,315	2,311

Net Revenues

As described in the Amendment to the RJ Plan, the Company plans to implement some important strategic moves, which is already reflected in these projections, with emphasis on:

- **Mobile Segment:** Disposal of UPI Mobile Assets, with a consequent estimated reduction of 40% in revenues between 2020 and 2021, representing an estimated decrease of approximately R\$ 7 billion in total net revenue.
- **Residential and Corporate Segments:** Reductions in revenues from copper-related services, in contrast to a gradual growth in revenues from services related to optical fiber products.
 - *Homes Passed* annual growth projection of 47% between 2019 and 2024, with take up rate reaching 23% after 3 years of the implementation of a new HP.
 - Pay TV: According to the Amendment of the RJ Plan, Oi has been assessing market opportunities for its TV operation. Thus, the projection considers a scenario of forming a strategic partnership in this segment, with a consequent reduction in total revenue, but almost total elimination of costs and associated investments.
- **Wholesale Segment:** According to the Amendment to the RJ Plan, in 2021 the revenues from Wholesale segment related to fiber optic infrastructure will be transferred to UPI InfraCo, as well as the non-reversible network assets.

Costs and Expenses: Reflect the assumptions of Oi's operational and strategic transformation process, with emphasis on:

- **Expenses Related to Revenue and Commercial Expenses:** reduction as a result of the divestment of UPI Mobile Assets and the strategic partnership of Pay TV.
- **Network Expenses:** reduction in 2021 due to the disposal of UPI Mobile Assets. From 2022 onwards, this line will also consider the cost of renting InfraCo's infrastructure, so that Oi can provide fiber services to its customers.

Depreciation and Amortization

Reduction in depreciation between 2020 and 2021 due to the transfer of assets for sale of UPI Mobile and the creation of UPI InfraCo. As of 2021, the reduction reflects a lower level of investments needed to maintain Oi's activities, which now focuses on providing services to its customers.

Other Income (and Expenses)

This line considers the Deferred Revenue of Fixed Telephony Towers, capital gains from the disposal of assets (UPI Mobile Assets and shares in UPI InfraCo) and gains or losses on the remaining investment in UPI InfraCo (equity accounting).

Financial (Income) Expenses

The decline reflects the reduction of the company's debt, as a result of the payments provided for in the Amendment of the JR Plan.

CONSOLIDATED CASH FLOW

Cash Flow – Consolidated (R\$ million)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
(=) EBITDA	4,510	4,293	1,336	1,513	1,850	1,991	2,274	3,127	3,174	3,140	3,085
(-) Income tax and social contribution	(140)	(143)	(339)	(165)	(491)	(1,278)	(14)	(16)	(16)	(18)	(352)
(+/-) Variation in working capital	(768)	(2,338)	1,145	35	(54)	(722)	(556)	(514)	(341)	(296)	(277)
(+/-) Dividends/Interest on equity	-	22	2,426	-	81	431	448	691	887	1,006	1,095
(-) Tax Refinancing	(152)	(85)	(95)	(107)	(121)	(100)	-	-	-	-	-
(=) Operating Cash Flow	3,450	1,749	4,473	1,276	1,265	321	2,152	3,288	3,705	3,832	3,551
(-) Capital expenses	(7,813)	(7,030)	(1,739)	(1,335)	(1,006)	(951)	(944)	(778)	(787)	(775)	(784)
(+/-) Disposals and other non-recurring operations	292	5,737	15,000	3,348	3,505	6,500	-	-	-	-	-
(=) Flow of Investment Activities	(7,522)	(1,294)	13,261	2,013	2,499	5,549	(944)	(778)	(787)	(775)	(784)
(-) Capital increase	3,851	-	-	-	-	-	-	-	-	-	-
(+/-) Bankruptcy debts	-	2,489	(4,009)	(2)	(3)	(10)	(13)	(0)	-	-	-
(-) Onerous liabilities	-	-	(1,223)	(1,267)	(1,168)	(1,280)	(1,248)	(1,380)	(1,314)	(1,448)	-
(+/-) Other financial income (and expenses)	(618)	(459)	(123)	94	44	(71)	(155)	97	98	99	99
(+/-) Other financing	-	-	-	-	-	-	10,880	2,388	1,255	288	(1,442)
(-) Financial expenses of other financing	-	-	-	-	-	-	(487)	(1,082)	(1,245)	(1,314)	(1,262)
(=) Flow of Financing Activities	3,233	2,030	(5,355)	(1,175)	(1,127)	(1,361)	8,976	24	(1,206)	(2,376)	(2,606)
(=) Cash Flow Pre-Creditors Plan	(838)	2,485	12,380	2,114	2,637	4,510	10,184	2,534	1,712	681	161
<i>Class I</i>	-	-	(29)	-	(165)	(165)	(166)	(166)	(166)	(166)	-
<i>Class II</i>	-	-	(4,594)	-	-	-	-	-	-	-	-
<i>Class III</i>	(1,486)	(1,316)	(1,453)	(3,835)	(5,597)	(5,881)	(11,401)	(2,368)	(1,547)	(515)	(161)
<i>Class IV</i>	-	-	(7)	-	-	-	-	-	-	-	-
(=) Cash Flow after Creditors Plan	(2,325)	1,169	6,297	(1,722)	(3,125)	(1,536)	(1,383)	-	(0)	-	(0)
Cash Balance	2,300	3,468	9,765	8,044	4,918	3,383	2,000	2,000	2,000	2,000	2,000

Dividends and Interest on Equity: Dividend receipt from UPI InfraCo, as a result of estimated net profits.

Capital Expenses: Reduction in 2021 related to the sale of UPI Mobile Assets. Gradual reduction due to the divestment in copper-related services until 2025 and maintenance of the level of Capex necessary for a company that purely provides services.

Disposals and other non-recurring operations

2020: Unitel (R\$ 3,873 million); UPI Towers (R\$ 1 billion); UPI Data Center (R\$ 325 million) e Real Estate (R\$ 539 million).

2021: UPI Mobile Assets (R\$ 15 billion).

2022: First Installment UPI InfraCo Minimum Secondary Offer (R\$3.3 billion).

2023: Second Installment UPI InfraCo Minimum Secondary Offer updated. (R\$ 3.5 billion).

2024: Put Option exercise on InfraCo Shares, in the same amount as the Minimum Secondary Offer (R\$ 6.5 billion).

Bankruptcy debts: This line considers the raising of R\$ 2.5 billion in the form of Private Debentures in 2020 and estimated settlement in 2021. In addition to the contractual interest, the projection considered a dollar rate of R\$ 5.14.

Onerous liabilities: Portion of onerous liabilities referring to a capacity lease (take or pay) contract in submarine cables. Until 2020 this liability was treated under the Working Capital item.

Other financial income (and expenses): This line includes the financial income from the Company's cash, insurance expenses, bank expenses, guarantee fees and interest on customer late payments.

Other financing: Refinancing required to guarantee a Minimum Cash assumption of R\$ 2.0 billion. It considers interest rates equivalent to CDI + 3% per year for these new loans.

Financial expenses of other financing: This line represents the interest payments of these "Other Financing" mentioned above.