



**Announcement** | Lisbon | 29 March 2021

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## Notice to the Market disclosed by Oi - 4Q20 Results

PHAROL, SGPS S.A. hereby informs on the 2020 fourth quarter results disclosed by Oi, S.A., as detailed in the company's document attached hereto.

### **PHAROL, SGPS S.A.**

Public Company  
Share capital Euro 26,895,375  
Registered in the Commercial  
Registry Office of Lisbon and  
Corporation no. 503 215 058

PHAROL is listed on the Euronext  
(PHR).  
Information may be accessed on  
Bloomberg under the symbol PHR  
PL.

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**pharol.pt**

OI 4Q20

# EARNINGS REVIEW



Investor Relations | March 29, 2021



# IMPORTANT NOTICE

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the applicable Brazilian regulations. Statements that are not historical facts, including statements regarding the beliefs and expectations of Oi S.A. – under Judicial Reorganization [“Oi” or “Company”], business strategies, future synergies, cost savings, future costs and future liquidity are forward-looking statements.

The words “anticipates”, “intends”, “believes”, “estimates”, “expects”, “forecasts”, “plans,” “aims” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. There is no guarantee that the expected events, tendencies or expected results will actually occur. Such statements reflect the current views of the Company’s management and are subject to a number of risks and uncertainties. These statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, corporate approvals, operational factors and other factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations. All forward-looking statements attributable to the Company or its affiliates, or persons acting on their behalf, are expressly qualified in their entirety by the cautionary statements set forth in this notice. Undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made.

Except as required under the Brazilian and U.S. federal securities laws and the rules and regulations of the CVM, the SEC or other regulatory authorities in other applicable jurisdictions, the Company and its affiliates do not have any intention or obligation to update, revise or disclose any changes to any of the forward-looking statements herein in order to reflect current or future events or their developments, changes in assumptions or changes in other factors affecting the forward-looking statements herein. You are advised, however, to consult any further disclosures the Company makes on related subjects in reports and communications that the Company files with the CVM and the SEC.

# 2020: A LONG TO DO LIST, CHECKED!

## FUNDING / M&A

Bridge Loan

Unitel Sale

Real Estate Sales

Sistel Funding

Data Centers Process

Mobile Towers Process

Mobile Competitive Process

InfraCo Process

## RJ PLAN AMENDMENT

RJ Plan Amendment

Creditors Negotiation

Structural Separation Model

Anatel Credits Negotiation

Debt Restructuring

Amendment Approval at GCM

Creation of UPIs

## BUSINESS & OPERATIONS

Covid-19 Impacts

Scaling HPs

Scaling HCs

Cash Management

Copper Cost Reduction

Organization Optimization

B2B IT Revenue Growth

Sustain Mobile Performance

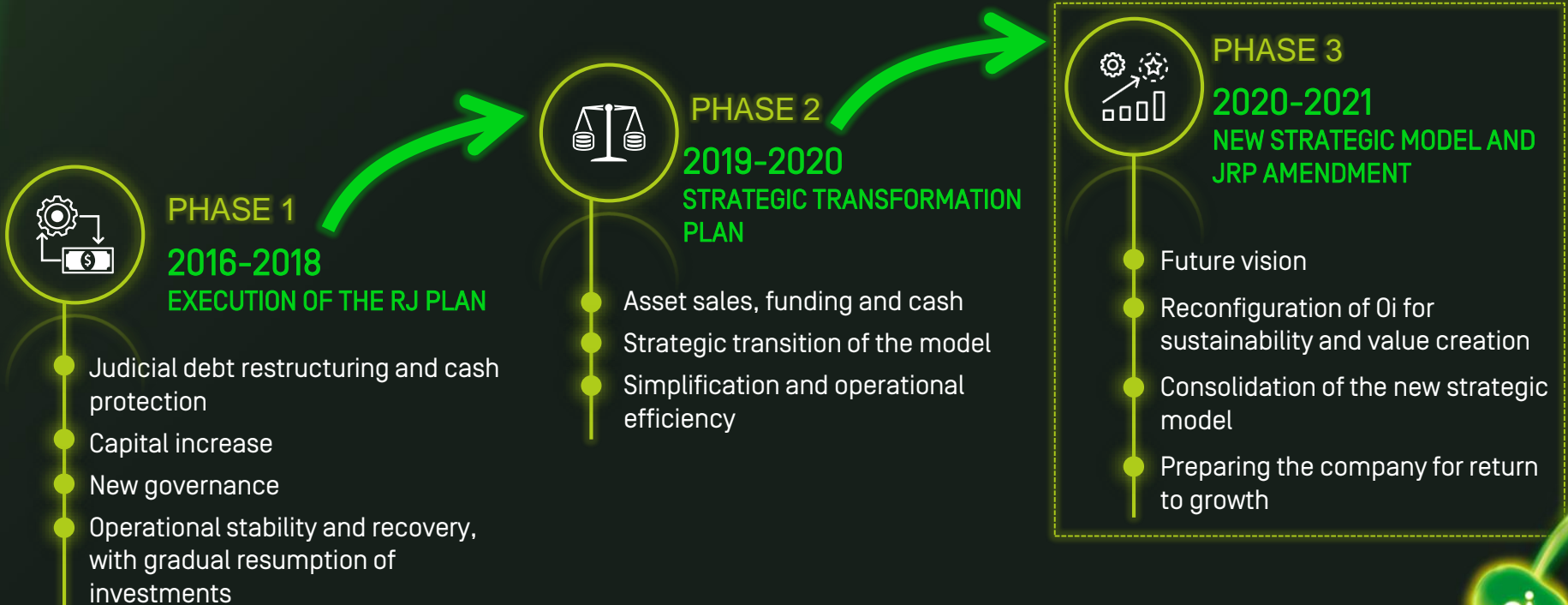
Procurement Optimization

Create New Wholesale

New DTH Model

New Oi IT Stack

# STRATEGY REMINDER: AFTER SUCCESSFULLY CHARTING A COURSE FOR ITS RECOVERY, OI IS NOW IN FULL EXECUTION OF THE THIRD PHASE OF ITS TRANSFORMATION PLAN

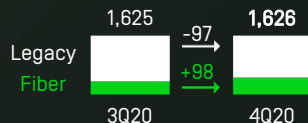


# OI DELIVERED ON ALL OBJECTIVES SET FOR 2020

## FIBER

**2.1M** HCs and **9.1M** HPs by the end of December. Fiber revenues fully offset Legacy decline QoQ.

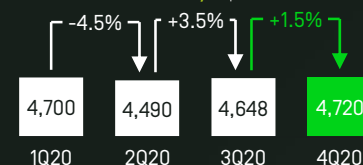
Residential revenue, R\$ Million



## NET REVENUES

Another quarter with sequential growth, **+1.5%** Paving the way for 2021 YoY revenue growth.

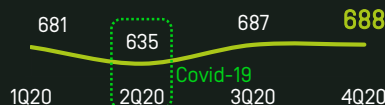
Net Revenues, R\$ Million



## MOBILE

Postpaid revenues grew **6.3%** in 2020 compared to the previous year

Prepaid revenues returned pre COVID-19 levels.



## B2B

**54%** of IT revenue growth YoY in the 4Q20 to R\$ 194 million.

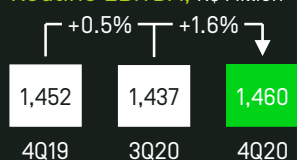
## NEW WHOLESALE

First 2 big contracts as a neutral network. Totaling **326** Gbps links in **268** cities

## OPEX

**R\$ 1.2 BILLION** OPEX reduction in 2020, sustaining Ebitda growth.

Routine EBITDA, R\$ Million

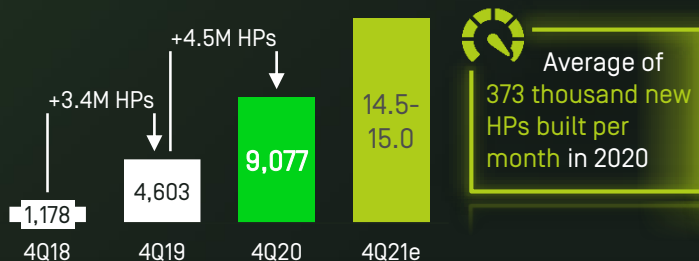


## FUNDING

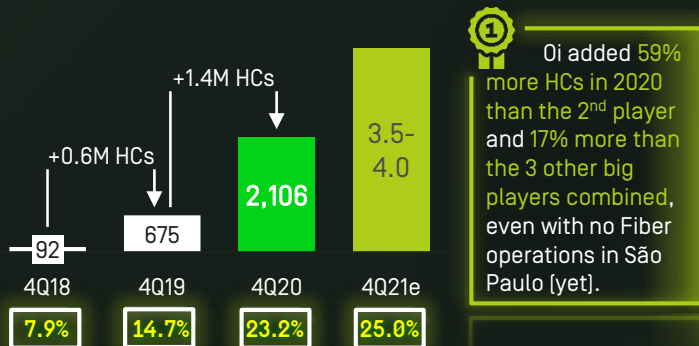
- ☑ Towers and Data Centers R\$ 1,392 Mn deal closed, most cash in 1Q21.
- ☑ Mobile: R\$ 16.5 Bn. Signed in 1Q21, now in regulatory approval phase.
- ☑ InfraCo: R\$ 6.5 Bn cash + R\$ 2.4 Bn debt with Oi. BTG Exclusivity in place for potential "right to top". Judicial auction expected in 2Q21.
- ☑ Hybrid debt at InfraCo: up to R\$ 2.5 Bn, currently under CP negotiation.

# FIBER CONTINUED WITH EXCELLENT TRACTION IN 2020, WITH MONTHLY AVERAGE OF 120K NEW HCS. HIGH SPEED PLANS CONTRIBUTED FOR ARPU GROWTH. REVENUES ABOVE R\$ 500M IN 4Q20.

## HOMES PASSED [HP], Thousand



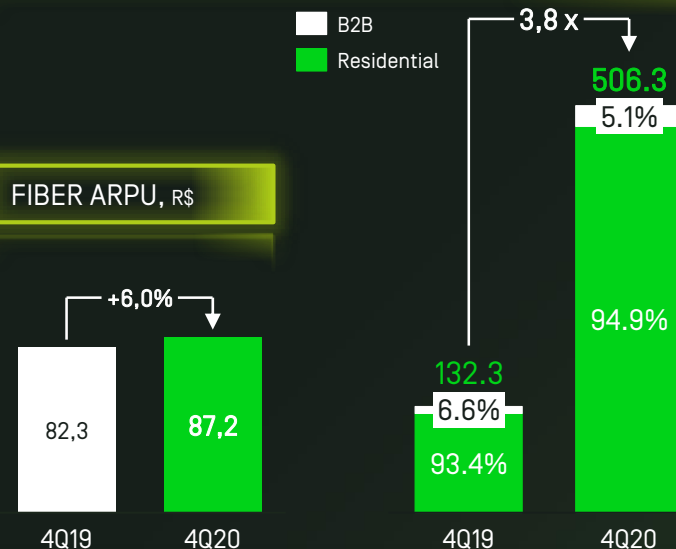
## HOMES CONNECTED [HC], Thousand



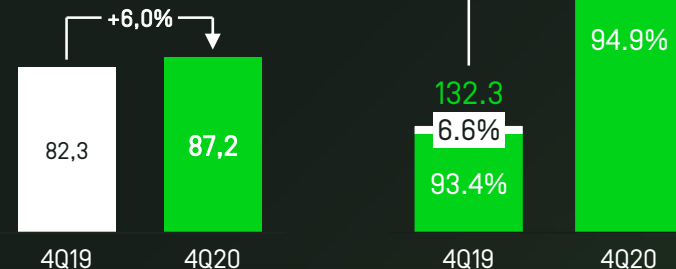
TAKE-UP



## FIBER REVENUE BREAKDOWN, R\$ Million



## FIBER ARPU, R\$

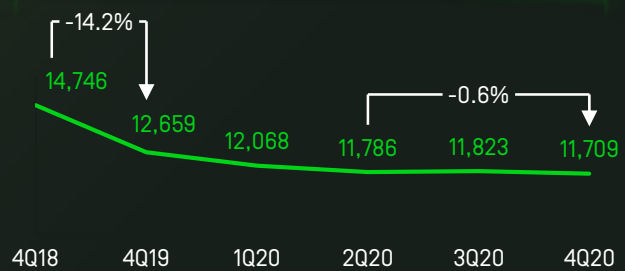


- In December, 8% of the Fiber customer base had speeds  $\geq 400\text{MB}$ , compared to 1% in June.
- In the 4Q20, 20% of the net additions were  $\geq 400\text{MB}$ .
- In December Fiber revenues were R\$ 180M, reaching an annual run rate revenue of R\$ 2.2 Bn.

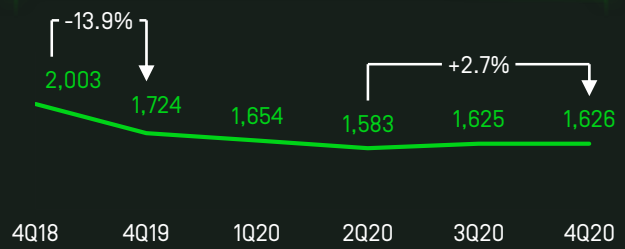
# FIBER GROWTH LED TO STABILIZATION OF RESIDENTIAL REVENUES AND RGUs.

## FIBER HAS ALREADY REACHED 30% SHARE OF REVENUES AND IS TAKING OVER AS THE MOST RELEVANT REVENUE LINE IN RESIDENTIAL.

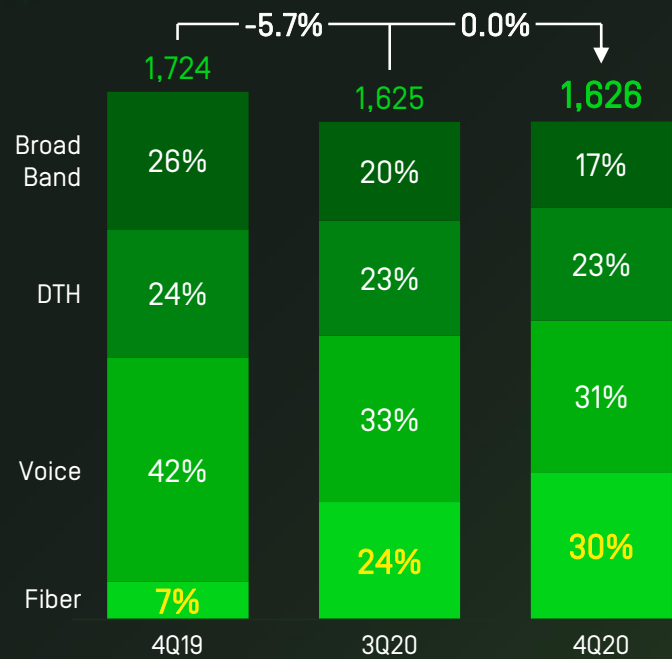
RGUs EVOLUTION, Thousand



REVENUE EVOLUTION, R\$ Million



RESIDENTIAL REVENUES, R\$ Million



Approximately 2 years after the beginning of the Fiber project, the residential segment reaches its point of return to growth, with stabilization of RGUs and Total Revenues.



# LAUNCH OF OI FIBER IN SÃO PAULO IN 2Q21 BASED ON SUCCESSFUL STRATEGY OF HPs DEPLOYMENT AND GO TO MARKET CENTERED ON SUPERIOR CUSTOMER EXPERIENCE



## LAUNCH OF OI FIBER IN SÃO PAULO

### 1Q21

- ✓ Business trials
- ✓ Soft launch / beta testers

### 2Q21

- ✓ Commercial launch B2C
- ✓ Commercial launch B2B



## FTTH INFRA IN PLACE - 5.2 THOUSAND KM NETWORK

- ✓ HPs deployed in strategic locations, following the successful model adopted in other areas of the country;
- ✓ Plan for 400,000 households covered in 2021, and potential for 2,000,000 in 2022;



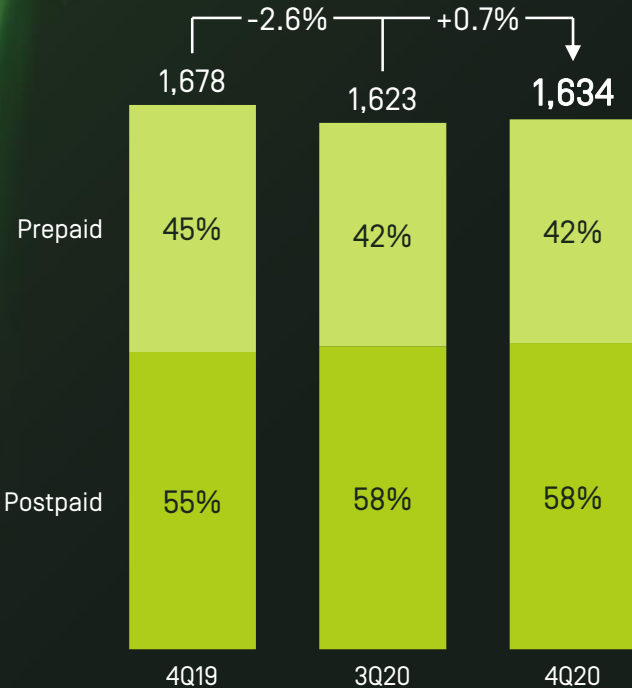
## GO TO MARKET STRATEGY

- ✓ Focus on connectivity and streaming for the best user experience in the market;
- ✓ Digitalization of sales and post sales channels, in addition to traditional telesales and door to door;
- ✓ Communication supported by digital media;



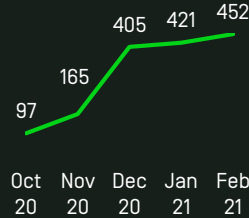
# RECOVERY OF POSTPAID MARKET AND PREPAID STABILIZATION CONTRIBUTED TO THE SEQUENTIAL GROWTH OF MOBILITY REVENUES

MOBILE CUSTOMER REVENUES<sup>1</sup>, R\$ Million

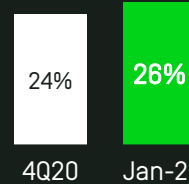


Even in an unusual year, impacted by the pandemic, **postpaid showed significant improvement year on year in the main indicators**

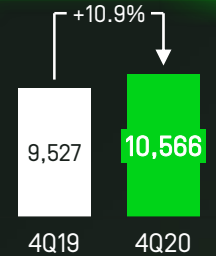
POSTPAID NET ADDS, Thousand



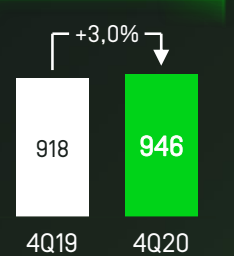
POSTPAID SHARE OF NET ADDS<sup>2</sup>, %



POSTPAID CUSTOMER BASE, Thousand

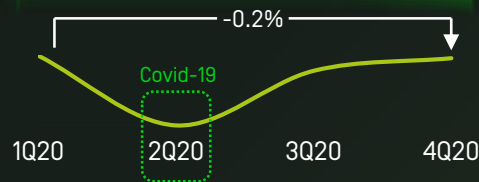


POSTPAID REVENUES<sup>1</sup>, R\$ Million

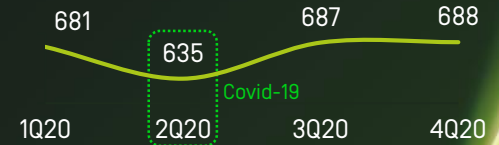


The pandemic had a significant impact on prepaid in 2Q20, but the segment has been **showing good signs of recovery and stability**

PREPAID TOPUPS, R\$/per business day



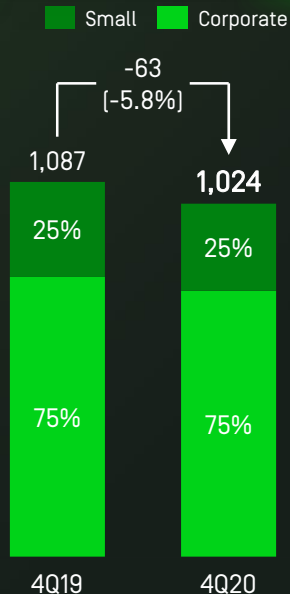
PREPAID REVENUES, R\$ Million



\* Information based on managerial allocation | 1 - Excludes interconnection revenues and handset sales. | 2 - Source Teleco

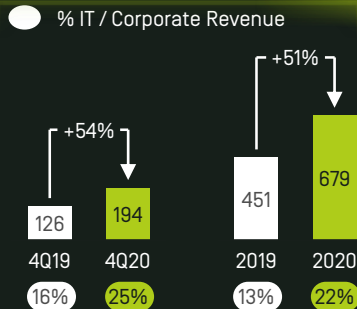
# B2B STILL IMPACTED BY PANDEMICS, BUT SHOWING SIGNIFICANT GROWTH IN IT SERVICES. WHOLESALE RAMPING UP ITS NEUTRAL NETWORK OPERATIONS WITH FIRST FTTX CONTRACTS.

## B2B REVENUES, R\$ Million



- Impacted during the pandemic, especially with state governments.
- The target has been to **grow in IT revenues with focus on: Security, Cloud and Managed Services.**
- In March, Oi launched **TAHTO to provide digital relationship solutions to the corporate market.**

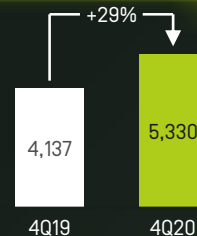
## IT <sup>1</sup> REVENUES, R\$ Million



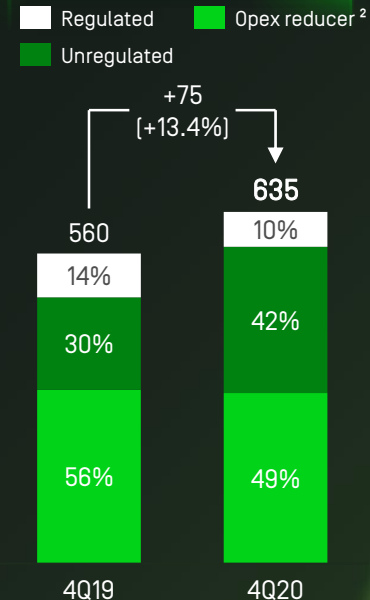
- Structural separation is in place and **InfraCo is already operating as a Neutral Company**
- The company has closed **two significant FTTCity contracts with big telecom operators:**

- (i) 265 Gbps links in 250 cities;
- (ii) 61 Gbps links in 18 cities.

## FTTH accesses from ISPs served, Thousand



## WHOLESALE REVENUES, R\$ Million



# WHOLESALE GOVERNANCE AND STRUCTURE ARE ALREADY SEPARATED. TRANSITION TO INFRA CO IN PLACE.

## NEW WHOLESALE

- ✔ Business unit already **separated from Oi's structure**, with independent administrative offices in São Paulo.
- ✔ Independent governance with **Chinese wall established to shield Oi's strategy and decision making**.
- ✔ Contracts in place with about **1.6 thousand ISPs**, delivering infrastructure to connect more than **5.3 million households with fiber**.

## INFRA CO

- ✔ Neutral network operator with more than 400,000 km of fiber, with a plan to **reach 32M HPs by 2025**.
- ✔ Investments of approximately R\$ 20 Bn in the next 4 years. It will have a new controller and **Oi will have 49% of the stake**.
- ✔ A **complete and modular portfolio of services**, to serve different types of operators with neutral commercial treatment under competitive conditions.
  - Wholesale contracts in place poised for significant increases with mobile and 5G growth in Brazil
  - First end to end neutral network with Vero for FTTH services.



**ONE INFRA,  
MULTIPLE  
NETWORKS...**

**... AND ALL  
FUTURES.**



Reliability and  
availability



Low  
latency



Broad range of  
solutions



High level of  
security



Operational  
efficiency

# COST REDUCTION GOAL FOR 2020 OVER ACHIEVED, DRIVING EBITDA EXPANSION

COST REDUCTION ESTIMATED IN 3Q19 FOR 2020, R\$ Million

Sales, MKT & Customer Service

Process and Organization

Business Support

IT

Network and Operations

R\$ 650 - 1,050 M

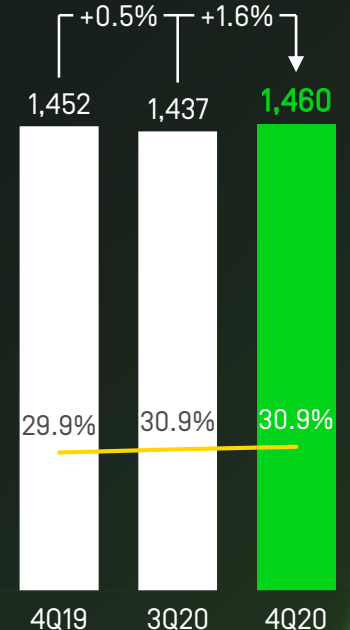
FULL YEAR OPEX 2020, R\$ Million



- Digitalization
- Energy efficiency
- Digital Channels
- Processes simplification
- Procurement: contract renegotiation
- Portfolio Simplification
- Operational efficiency
- Legacy reduction
- Sales quality
- Collection actions
- Workforce reorganization
- Automation

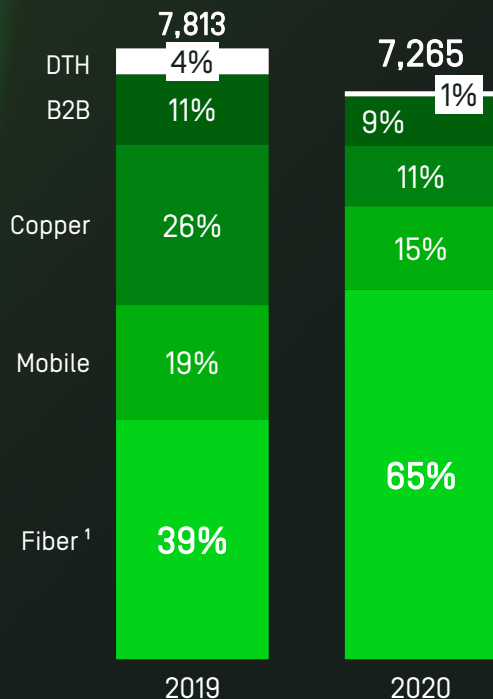
ROUTINE EBITDA, R\$ Million

■ Routine Ebitda — Margin

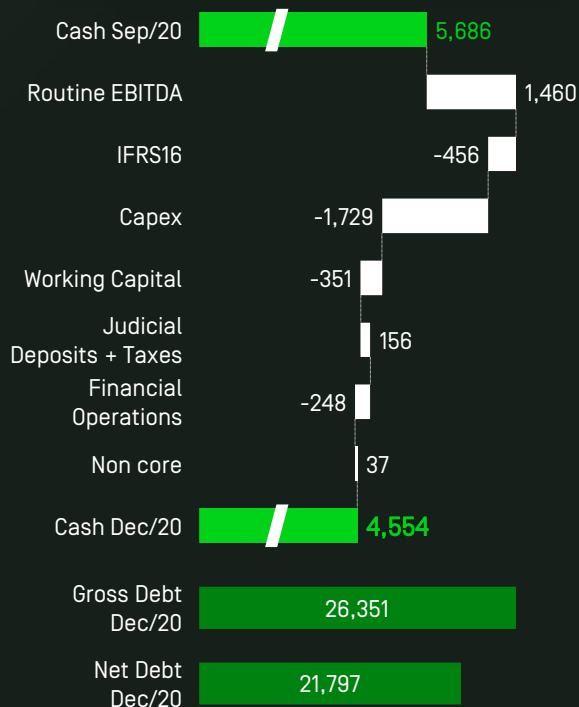


**CASH CONSUMPTION CONTROL ALLOWED FOR KEEPING INVESTMENT PACE FOCUSED ON FIBER.  
FINANCING OPTIONS IN PLACE TO GUARANTEE ADEQUATE LEVEL OF INVESTMENTS IN THE COMING YEARS.**

**CAPEX, R\$ MILLION**



**CASH FLOW & DEBT, R\$ MILLION**



**FUNDING, R\$ MILLION**

**SALE OF UPI'S: MINIMUM OF R\$27 BILLION IN ADDITIONAL RESOURCES**

- ✓ **Data Centers:** R\$ 325 Mn deal closed, cash in 1Q21 (R\$250 Mn) and R\$75Mn in instalments.
- ✓ **Towers:** R\$ 1,067 Mn deal closed, cash in 1Q21 (R\$840Mn) and the remaining in 2Q21.
- ✓ **Mobile:** R\$ 16.5 Bn. Closing expected for 4Q21, after regulatory approvals.
- ✓ **InfraCo:** R\$ 6.5 Bn cash + R\$ 2.4 Bn debt with Oi. BTG Exclusivity in place for potential "right to top". Judicial auction expected in 2Q21.

**ADDITIONAL DEBT: FUNDING OPTIONALITIES**

- Partial anticipation of resources from UPI Mobile sale in an amount of up to R\$ 5Bn;
- Other Financing:
  - R\$ 2Bn (with flexibility for offering guarantees) and
  - R\$ 2Bn (without flexibility to offer additional guaranties);
- **INFRA CO Debt** - Flexibility for additional funds guaranteed by InfraCo UPI shares



\* Information based on managerial allocation | 1 - Fiber + Wholesale

# EXECUTION OF EACH TRANSFORMATION PROGRAM HAS A SPECIFIC APPROACH AND PULLS DIFFERENT LEVERS TOWARDS THE FUTURE







## THE SYNCHRONIZED EXECUTION OF 15 TRANSFORMATION PROGRAMS ...

1-5	Separation of Oi's entities and M&As	Perform separations and ensure cash-ins are executed
6	InfraCo design and creation	Build the biggest telecom infrastructure company in the country, democratizing access to ultra-broadband
7	Transformation of New Oi	Build the "New Oi" to be fully customer-centric, focused on the B2C and B2B (Oi Soluções) markets
8	Digital transformation	Optimize internal processes with a large-scale digitalization program
9	Organizational transformation	Completely rebuild and optimize the organization for the needs of each of the resulting entities of the M&A processes
10	Regulatory agenda	Execute key regulatory movements in order to sustain the transformation strategy
11	Drastic Cost Out	Optimize assets and processes, maximizing opportunities from M&A movements, reducing RemainCo' costs
12	Legacy De-average	Drastic simplification of legacy operations by streamlining portfolio, processes and systems
13	Procurement review	Optimize Procurement efforts, maximizing annualized savings through renegotiations
14	Short-term financing	Provide short-term financing for the group; eradicating non-efficient operational assets
15	Business execution management	Continuous acceleration of the core business (FTTH, Oi Soluções)

## ... PROVIDES THE FOUNDATIONS IN 2021 FOR OI'S FUTURE

InfraCo	<ul style="list-style-type: none"> <li>14.5 – 15.0 MM Homes Passed</li> <li>Functional multitenant platform</li> <li>Contracts signed with "other" tenants</li> <li>Network, IT, processes and organization segregated</li> </ul>
ClientCo	<ul style="list-style-type: none"> <li>3.5 – 4.0 MM Homes Connected</li> <li>Cost reduction through efficiency programs (DCO, Procurement, Digital transformation)</li> <li>New lean BSS rolled out</li> <li>New model of services hub operational</li> <li>Fast growing NPS</li> </ul>
LegacyCo	<ul style="list-style-type: none"> <li>Legacy portfolio simplified</li> <li>Efficiency gained through IT ecosystem simplification and integration</li> <li>Large part of non-profitable operations decommissioned</li> </ul>

# EXPECTED TIMELINE POINTS TO A COMPLETE TRANSITION BY THE END OF 2021

SEP/OCT 20	NOV 20	DEC 20	1Q21	2Q21	4Q21
Holding of the General Creditors Meeting 	Competitive Bidding Process for UPI Towers and UPI Data Center 	Competitive Bidding Process for UPI Mobile Assets 	Cash in of UPI Data Centers on March 16 <sup>th</sup> 	InfraCo UPI Competitive Process	Closing of UPI Mobile Assets
Confirmation of the GCM by Judicial Court 		Closing of UPI Towers and UPI Data Center 	Cash in of UPI Towers in March		Closing of UPI InfraCo
					<b>End of Judicial Reorganization</b>





# IN PARALLEL OI CONTINUES TO DELIVER ON IMPROVEMENTS IN ALL ESG PILLARS



## ENVIRONMENTAL

### ENVIRONMENTAL INITIATIVES WITH COST AND IMPACT REDUCTION

#### ENERGY

**50% renewable energy** from biomass, solar and water sources dedicated to Oi in 2020 and targets of **80%** in 2022 and **100%** by 2025

#### REVERSE LOGISTIC

Collection of materials discarded by Operations for recycling and recovery of electronic equipment for reconditioning and reuse by Oi.

The recovery of equipment for reuse generated capex savings of R\$ 45MM in 2020.

**150 thousand** units of FTTH equipment

**7.4 thousand** units of data equipment

Oi collects electronic equipment, batteries and discarded cell phones at Oi stores

#### CLIMATE CHANGES



Respondent to the Carbon Disclosure Project (CDP) with information on emissions and carbon management.



Signatories of the Global Compact since 2009 and alignment of Oi actions with the Sustainable Development Goals



## SOCIAL

### COMMITMENT TO ACTIONS OF SOCIAL IMPACT

#### PROFESSIONAL QUALIFICATION AND TRAINING

**30 thousand employees and third parties** trained in online events, web series and podcasts

**700 thousand participations** in training in digital and agile methodologies, products and technology

#### DIVERSITY

**2019 & 2020**

**2021**

Oi's diversity and inclusion program

Affirmative actions, goals and KPIs, Diversity census



**Signatory to Women On Board** initiative

**Founding partner of Zap do Bem social movement** during 2020 pandemics

**Oi Broadband in Schools**- Over **25MM students using** in public schools.

#### OI FUTURO

Social impact on Education, Social Innovation and Culture:

**+ 1.3 MM** access to free digital projects during the pandemic

**+ 20 thousand** face-to-face visitors at Musehum, Centro Cultural and Lab Oi Futuro

**4 thousand** students at NAVE (High School) and in Oi Futuro free courses



## GOVERNANCE

### ENGAGEMENT IN ACTIONS TO DISSEMINATE MODEL GOVERNANCE PRACTICES

B3 Corporate Governance Level 1, with full adherence to the Novo Mercado rules

Business Pact for Integrity and Against Corruption

2020 New code of ethics and conduct with simple, objective, complete content, with a conversational language and a more interesting look

Update of the Risk Management Policy

Structuring of the Compliance and Risks Executive Board

2023 - goal of becoming a Pro-Ethical company

#### BOARD OF DIRECTORS

- 4 committees directly linked to the Board: (i) Audit, Risks and Controls; (ii) People, Appointments and Corporate Governance; (iii) Transformation, Strategy and Investment; (iv) Innovation and Digital Transformation.

#### Board of Directors structure

- Expressive majority of independent members
- 21% of women on boards and executive boards

# CONCLUSION

- ✓ OI CONTINUES TO SUCCESSFULLY **STABILIZE AND IMPROVE ITS OPERATIONS**, REDEFINE ITS **STRATEGIC MODEL** AND DELIVER A STRONG **ACCELERATION OF ITS FIBER OPTICS PLAN**
- ✓ AFTER THE APPROVAL OF THE JR PLAN AMENDMENT IN SEPTEMBER'S GCM, OI IS NOW IN FULL EXECUTION MODE OF ITS TRANSFORMATION PLAN TO ACCELERATE GROWTH AND **BRING BACK THE COMPANY TO LONG TERM SUSTAINABILITY**.
- ✓ INNOVATIVE STRUCTURAL SEPARATION MODEL IS ALREADY BEING IMPLEMENTED, AND ALLOWS FOR CONCILIATING **STRONG GROWTH AND FINANCIAL SUSTAINABILITY** FOR OI AND INFRA CO
- ✓ AS PART OF THE PLAN, OI IS NOW IN THE PROCESS OF SECURING **SIGNIFICANT INJECTION OF RESOURCES INTO THE COMPANY**, THROUGH THE SALE OF THE DESIGNATED UPIS, HELPING SECURE BOTH INVESTMENT FOR THE LONG RUN AND A CRITICAL REDUCTION OF THE COMPANY'S LONG TERM DEBT
- ✓ TRANSFORMATION CONTINUES TO BE RELENTLESSLY PURSUED THROUGH **INTEGRADED EXECUTION PROGRAMS**
- ✓ THE MANAGEMENT TEAM AND THE BOARD OF DIRECTORS CONTINUE **FULLY COMMITTED TO EXECUTING** THE NEW STRATEGIC MODEL WITH RIGOR AND SPEED.



**OI 4Q20 / 2020**

**EARNINGS RELEASE**



**Investor Relations | March 29, 2021**



## Earnings Release

March 29, 2021

## Conference Call in English

March 29, 2021

12:00 p.m. [Brasília]

11:00 a.m. [NY] / 4:00 p.m. [UK]

Webcast: [click here](#)

Telephone: US: +1 (646) 843 6054 / +55 (11) 2188-0155

Code: Oi

Replay available until April 5, 2021:

+55 (11) 2188-0400

Replay code: Oi

## Conference Call in Portuguese

SIMULTANEOUS  
TRANSLATION

March 29, 2021

12:00 p.m. [Brasília]

11:00 a.m. [NY] / 4:00 p.m. [UK]

Webcast: [click here](#)

Telephone: +55 (11) 2188-0155 / +1 (646) 843 6054

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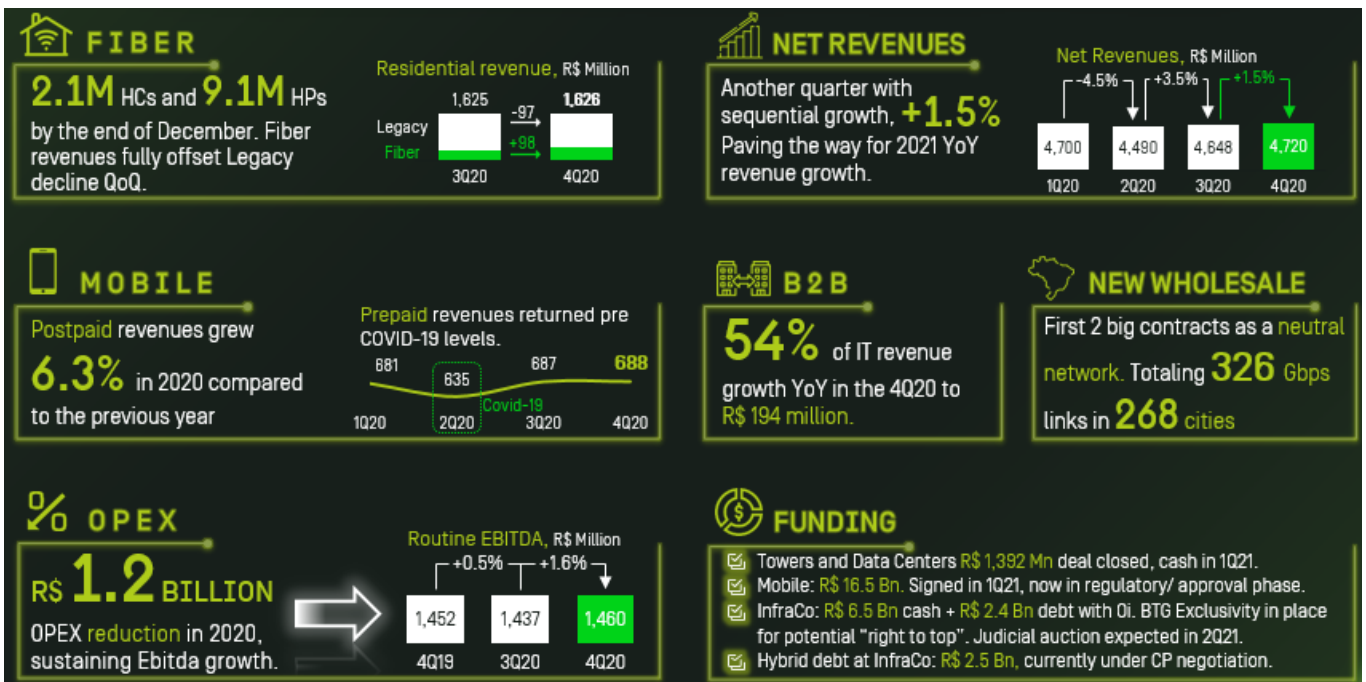
## Consolidated Information and Results (Unaudited)

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 fourth quarter of 2020.





HIGHLIGHTS OF BRAZILIAN OPERATIONS





## Summary

Table 1 – Highlights

in R\$ million or otherwise stated	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Oi S.A. Consolidated</b>								
<b>Total Net Revenues</b>	<b>4,777</b>	<b>4,914</b>	<b>4,706</b>	<b>-2.8%</b>	<b>1.5%</b>	<b>18,776</b>	<b>20,136</b>	<b>-6.8%</b>
<b>Routine EBITDA</b>	<b>1,491</b>	<b>1,414</b>	<b>1,462</b>	<b>5.5%</b>	<b>2.0%</b>	<b>5,845</b>	<b>6,015</b>	<b>-2.8%</b>
Routine EBITDA Margin [%]	31.2%	28.8%	31.1%	2.4 p.p.	0.1 p.p.	124.5%	119.4%	5.1 p.p.
Net Income (Loss) attributable to owners of the Company	1,798	-2,263	-2,638	-179.4%	n.m.	-10,530	-9,000	n.m.
Net Debt	21,797	15,927	21,243	36.9%	2.6%	81,215	53,320	52.3%
Available Cash	4,554	2,300	5,686	98.0%	-19.9%	22,622	16,054	40.9%
CAPEX	1,736	1,991	2,011	-12.8%	-13.7%	7,299	7,642	-6.9%

in R\$ million or otherwise stated	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>BRAZIL</b>								
<b>Revenue Generating Units - ('000)</b>	<b>52,100</b>	<b>53,428</b>	<b>52,156</b>	<b>-2.5%</b>	<b>-0.1%</b>	<b>52,100</b>	<b>53,428</b>	<b>-2.5%</b>
Residential	11,709	12,659	11,823	-7.5%	-1.0%	11,709	12,659	-7.5%
Personal Mobility	33,536	34,006	33,738	-1.4%	-0.6%	33,536	34,006	-1.4%
B2B	6,701	6,591	6,438	1.7%	4.1%	6,701	6,591	1.7%
Public Telephones	153	172	157	-10.8%	-2.5%	153	172	-10.8%
<b>Total Net Revenues</b>	<b>4,720</b>	<b>4,862</b>	<b>4,648</b>	<b>-2.9%</b>	<b>1.5%</b>	<b>18,557</b>	<b>19,949</b>	<b>-7.0%</b>
<b>Net Service Revenues<sup>(1)</sup></b>	<b>4,687</b>	<b>4,828</b>	<b>4,620</b>	<b>-2.9%</b>	<b>1.4%</b>	<b>18,463</b>	<b>19,787</b>	<b>-6.7%</b>
Residential	1,626	1,724	1,625	-5.7%	0.0%	6,487	7,264	-10.7%
Personal Mobility	1,698	1,743	1,681	-2.6%	1.0%	6,666	6,859	-2.8%
Customer <sup>(3)</sup>	1,634	1,678	1,623	-2.6%	0.7%	6,429	6,602	-2.6%
B2B	1,344	1,333	1,292	0.8%	4.0%	5,217	5,524	-5.6%
<b>Net Customer Revenues<sup>(2)</sup></b>	<b>4,566</b>	<b>4,719</b>	<b>4,520</b>	<b>-3.3%</b>	<b>1.0%</b>	<b>18,041</b>	<b>19,361</b>	<b>-6.8%</b>
<b>Routine EBITDA</b>	<b>1,460</b>	<b>1,452</b>	<b>1,437</b>	<b>0.5%</b>	<b>1.6%</b>	<b>5,842</b>	<b>6,059</b>	<b>-3.6%</b>
Routine EBITDA Margin [%]	30.9%	29.9%	30.8%	1.1 p.p.	0.0 p.p.	31.5%	30.4%	1.1 p.p.
CAPEX	1,729	1,979	2,005	-12.6%	-13.7%	7,265	7,813	-7.0%
Routine EBITDA - CAPEX	-269	-526	-568	-48.8%	-52.6%	-1,423	-1,755	-18.9%

(1) Excludes handset revenues.

(2) Excludes handset and network usage revenues.



## Net Revenues

Table 2 – Breakdown of Net Revenues

R\$ million	Quarter					12 months			Weight %	
	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY	4Q20	4Q19
<b>Consolidated Total Net Revenues</b>	<b>4,777</b>	<b>4,914</b>	<b>4,706</b>	<b>-2.8%</b>	<b>1.5%</b>	<b>18,776</b>	<b>20,136</b>	<b>-6.8%</b>	<b>100%</b>	<b>100%</b>
<b>Brazil</b>	<b>4,720</b>	<b>4,862</b>	<b>4,648</b>	<b>-2.9%</b>	<b>1.5%</b>	<b>18,557</b>	<b>19,949</b>	<b>-7.0%</b>	<b>98.8%</b>	<b>99.0%</b>
<b>Residential</b>	<b>1,626</b>	<b>1,724</b>	<b>1,625</b>	<b>-5.7%</b>	<b>0.0%</b>	<b>6,487</b>	<b>7,264</b>	<b>-10.7%</b>	<b>34.0%</b>	<b>35.1%</b>
<b>Personal Mobility</b>	<b>1,723</b>	<b>1,777</b>	<b>1,706</b>	<b>-3.0%</b>	<b>1.0%</b>	<b>6,751</b>	<b>7,017</b>	<b>-3.8%</b>	<b>36.1%</b>	<b>36.2%</b>
<b>B2B</b>	<b>1,351</b>	<b>1,333</b>	<b>1,294</b>	<b>1.3%</b>	<b>4.4%</b>	<b>5,226</b>	<b>5,528</b>	<b>-5.5%</b>	<b>28.3%</b>	<b>27.1%</b>
<b>Other services</b>	<b>20</b>	<b>28</b>	<b>23</b>	<b>-29.8%</b>	<b>-12.2%</b>	<b>93</b>	<b>140</b>	<b>-33.8%</b>	<b>0.4%</b>	<b>0.6%</b>
<b>International Operations</b>	<b>58</b>	<b>51</b>	<b>58</b>	<b>13.0%</b>	<b>0.1%</b>	<b>219</b>	<b>187</b>	<b>17.2%</b>	<b>1.2%</b>	<b>1.0%</b>
<b>Brazil</b>										
Net Service Revenues	4,687	4,828	4,620	-2.9%	1.4%	18,463	19,787	-6.7%	98.1%	98.3%
Net Customer Revenues	4,566	4,719	4,520	-3.3%	1.0%	18,041	19,361	-6.8%	95.6%	96.0%

Consolidated net revenues totaled R\$ 4,777 million in 4Q20, up 1.5% over 3Q20 and down 2.8% from 4Q19. The recent performance reflects the global strategy of replacing copper services with Fiber services in the Residential segment, migration of prepaid customers to the postpaid segment and increased sales of Corporate and Wholesale services in the B2B segment. The Company recorded quarter-on-quarter growth for the second consecutive quarter in 4Q20. In 2020, consolidated net revenues dropped 6.8%, due to a substantial decline in revenues from legacy services.

Net revenues from Brazilian operations (“Brazil”) stood at R\$ 4,720 million in 4Q20 (+1.5% q.o.q. and -2.9% y.o.y.), while net revenues from international operations (Africa and East Timor) totaled R\$ 58 million, in line with 3Q20 (0.1%) and 13.0% lower than in 4Q19. In 2020, net revenues from Brazilian operations were 7.0% lower than in 2019, while net revenues from international operations grew 17.2%.

Net service revenues from Brazilian operations, which exclude revenues from handset sales, came to R\$ 4,687 million in 4Q20 (+1.4% q.o.q. and -2.9% y.o.y.). Total net customer revenues, which exclude network usage and handset revenues, totaled R\$ 4,566 million in 4Q20 (+1.0% q.o.q. and -3.3% y.o.y.). In 2020, total net service revenues and total net customer revenues from Brazilian operations dropped 6.7% and 6.8%, respectively.



## Residential

Table 3 – Net Revenues and RGUs of the Residential Segment

	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Residential</b>								
<b>Net Revenues (R\$ million)</b>	<b>1.626</b>	<b>1.724</b>	<b>1.625</b>	<b>-5.7%</b>	<b>0.0%</b>	<b>6.487</b>	<b>7.264</b>	<b>-10.7%</b>
<b>Copper</b>	<b>776</b>	<b>1.181</b>	<b>867</b>	<b>-34.3%</b>	<b>-10.5%</b>	<b>3.659</b>	<b>5.285</b>	<b>-30.8%</b>
Copper Voice	496	732	544	-32.2%	-8.9%	2,283	3,271	-30.2%
Copper Broadband	280	449	323	-37.6%	-13.2%	1,375	2,014	-31.7%
<b>DTH TV</b>	<b>369</b>	<b>419</b>	<b>375</b>	<b>-12.0%</b>	<b>-1.7%</b>	<b>1.517</b>	<b>1.714</b>	<b>-11.5%</b>
<b>Fiber</b>	<b>480</b>	<b>124</b>	<b>383</b>	<b>288.8%</b>	<b>25.5%</b>	<b>1.312</b>	<b>265</b>	<b>394.8%</b>
<b>Revenue Generating Units (RGU) - ('000)</b>	<b>11.709</b>	<b>12.659</b>	<b>11.823</b>	<b>-7.5%</b>	<b>-1.0%</b>	<b>11.709</b>	<b>12.659</b>	<b>-7.5%</b>
<b>Copper</b>	<b>6.563</b>	<b>10.078</b>	<b>7.339</b>	<b>-34.9%</b>	<b>-10.6%</b>	<b>6.563</b>	<b>10.078</b>	<b>-34.9%</b>
Fixed Line in Service	4,425	6,482	4,908	-31.7%	-9.8%	4,425	6,482	-31.7%
Fixed Broadband	2,139	3,596	2,431	-40.5%	-12.0%	2,139	3,596	-40.5%
<b>DTH TV</b>	<b>1.181</b>	<b>1.393</b>	<b>1.209</b>	<b>-15.2%</b>	<b>-2.3%</b>	<b>1.181</b>	<b>1.393</b>	<b>-15.2%</b>
<b>Fiber</b>	<b>3.965</b>	<b>1.188</b>	<b>3.276</b>	<b>233.9%</b>	<b>21.1%</b>	<b>3.965</b>	<b>1.188</b>	<b>233.9%</b>
Fixed Line in Service	1,923	523	1,578	267.6%	21.9%	1,923	523	267.6%
Fixed Broadband	1,954	606	1,616	222.6%	20.9%	1,954	606	222.6%
IPTV	88	59	81	50.7%	8.5%	88	59	50.7%
<b>FTTH - Homes Connected (HC's)</b>	<b>1.996</b>	<b>632</b>	<b>1.659</b>	<b>215.7%</b>	<b>20.3%</b>	<b>1.996</b>	<b>632</b>	<b>215.7%</b>

Net revenues from the Residential segment totaled R\$ 1,626 million in 4Q20, in line with 3Q20 and down 5.7% from 4Q19. The continued improvement in sequential results was due to the expansion of Fiber, the Company's strategic focus for the segment. In 4Q20, Fiber revenues more than offset the decline in copper revenues (fixed voice and broadband). Fiber revenues grew R\$ 98 million in 4Q20, while copper revenues dropped R\$ 91 million. Fiber revenues accounted for the second largest share of total Residential revenues, with 30%, about the same as copper voice revenues. In 4Q20, Residential revenues remained stable; however, in 2020, this movement was not enough to offset the decline in copper revenues. In 2020, Residential net revenues dropped 10.7% from 2019.

Oi closed 4Q20 with 11,709 thousand RGUs in the Residential segment (-7.5% y.o.y. and -1.0% q.o.q.). Fiber RGUs jumped 21.1% over 3Q20 and 233.9% over 4Q19.

Residential ARPU was R\$ 83.7 in 4Q20 (+5.2% y.o.y. and +1.5% q.o.q.). Both year-on-year and quarter-on-quarter growth was due to an increase in the share of Fiber customers and higher speed and, consequently, higher ARPU plans.

### FIBER

In 4Q20, the Company continued to expand the FTTH network and accesses, closing the quarter with 9.1 million homes passed with fiber (HPs), having added 1.2 million HPs to its base, averaging over 403 thousand HPs per month in 4Q20. Oi added over 1 million HP to the FTTH infrastructure for the sixth consecutive quarter. Approximately 4.5 million HPs were added in 2020.

Oi closed 4Q20 with around 2.1 million Homes Connected (HCs) to fiber (2.0 million of which in the Residential segment) and a take-up rate of 23.2%. The ongoing exploration of FTTH opportunities has proven to be an increasingly effective reality. In addition to base and revenue growth, the Company's take-up rate is on the rise. In 4Q20, FTTH net adds came to 360 thousand customers, averaging 120 thousand new customers per month. In 2020, 1.4 million new customers were added to the Fiber base. Oi was the leader in ultra-broadband





net adds<sup>1</sup>, with around 19% more net adds than the second place among large operators. At the end of 2020, Oi reached a 10.1% market share in UBB<sup>2</sup>, up 4.6 p.p. from 5.5% in 2019.

The Company constantly monitors the evolution of investments in fiber and continues to expand its installation, support, sales and marketing initiatives. The results are noted in the take-up rates by cohort. The cohorts from January to February 2019 reached a take-up rate of 27.2% by the end of 4Q20. The cohorts from March to August 2019 reached a take-up rate of 31.7% on December 31, 2020. The take-up rate of the cohorts from September 2019 to February 2020 increased rapidly, reaching 27.9% by the end of 4Q20. The results of the more recent cohorts tend to improve as the learning curve progresses, also supported by a more granular analysis of viable HPs.

Fiber ARPU was R\$ 87.2 in 4Q20, down 0.7% from R\$ 87.8 in 3Q20 and up 6.0% from R\$ 82.3 in 4Q19. The marginal quarter-on-quarter decrease in ARPU was due to discounts and offers for customers who acquired FTTH products during the first-month promotion. ARPU was R\$ 85.6 in 2020, up 4.6% from R\$ 81.9 in 2019. The sales strategy continued to obtain impressive results: Fiber already accounted for 47.7% of all residential Broadband customers in 4Q20, up from approximately 14.4% in 4Q19.

Fiber revenues reached R\$ 506 million in 4Q20, of which R\$ 480 million from residential customers and R\$ 26 million from companies (B2B). Oi recorded annual growth of 283%, with an increase of 289% in the residential base and 203% in the B2B base. Compared to 3Q20, Fiber revenues grew R\$ 104 million, or 26%, with an increase of R\$ 98 million, or 26%, in residential customers. In 2020, Fiber revenues jumped 384%, from R\$ 285 million in 2019 to approximately R\$ 1.4 billion, R\$ 1.3 billion of which generated by residential customers, up 395% in 2020.

Fiber revenues continued to drive the turnaround of residential revenues, accounting for 30% of total residential revenues in 4Q20, up from 7% in 4Q19. Fiber is reversing the structural downward trend in residential revenues (legacy services). The strong growth in fiber fully offset the decline in legacy revenues (Copper + DTH) in 4Q20.

## Legacy (Copper Fixed Voice, Copper Broadband and DTH TV)

Oi closed 4Q20 with 4,425 thousand copper fixed voice customers in the Residential segment [-31.7% y.o.y. and -9.8% q.o.q.]. Oi ended 4Q20 with 2,139 thousand copper broadband RGUs [-40.5% y.o.y. and -12.0% q.o.q.]. The Residential DTH TV base ended the quarter with 1,181 thousand RGUs [-15.2% y.o.y. and -2.3% q.o.q.].

Demand for copper services continued to decline, as these services are replaced by mobile services and more advanced technologies in the residential services, with lower latency and greater reliability, such as Fiber broadband.

In addition to the decline in demand for legacy products, the Company reduced its commercial focus on these services and accelerated the replacement of copper with fiber. Commercial and financial efforts were engaged toward accelerating the FTTH project in order to maximize value creation for the Company.

<sup>1</sup>All above technologies exceed 34 Mb/s.

<sup>2</sup> UBB - ultra broadband



## Personal Mobility

Table 4 – Net Revenues and RGUs of the Personal Mobility Segment

	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Personal Mobility</b>								
<b>Net Revenues [R\$ million]</b>	<b>1,723</b>	<b>1,777</b>	<b>1,706</b>	<b>-3.0%</b>	<b>1.0%</b>	<b>6,751</b>	<b>7,017</b>	<b>-3.8%</b>
Service	1,698	1,743	1,681	-2.6%	1.0%	6,666	6,859	-2.8%
Customer <sup>(1)</sup>	1,634	1,678	1,623	-2.6%	0.7%	6,429	6,602	-2.6%
Prepaid	688	760	687	-9.4%	0.1%	2,692	3,073	-12.4%
Postpaid	937	907	924	3.3%	1.4%	3,696	3,477	6.3%
Other	9	11	12	-19.1%	-21.6%	41	52	-21.3%
Network Usage	64	65	58	-2.3%	10.3%	237	257	-7.7%
Sales of handsets, SIM cards and others	26	34	26	-24.4%	0.1%	85	158	-46.6%
<b>Revenue Generating Units [RGU] - ('000)</b>	<b>33,536</b>	<b>34,006</b>	<b>33,738</b>	<b>-1.4%</b>	<b>-0.6%</b>	<b>33,536</b>	<b>34,006</b>	<b>-1.4%</b>
Prepaid Plans	22,969	24,479	23,840	-6.2%	-3.7%	22,969	24,479	-6.2%
Postpaid Plans <sup>(2)</sup>	10,566	9,527	9,899	10.9%	6.7%	10,566	9,527	10.9%

(1) Excludes handset and network usage revenues.

(2) Includes postpaid plans, *Oi Controle*, bundled mobile services and 3G (mini-modem).

Personal Mobility net revenues totaled R\$ 1,723 million in 4Q20, 3.0% lower than in 4Q19. Compared to 3Q20, revenues grew 1.0%, maintaining the pace of growth seen in the previous quarter after the reopening of stores and the easing of confinement measures imposed by the pandemic in 2Q20. Customer revenues, which exclude interconnection and handset revenues, totaled R\$ 1,634 million in 4Q20 [-2.6% y.o.y. and +0.7% q.o.q.].

Network usage revenues totaled R\$ 64 million in 4Q20 [-2.3% y.o.y. and +10.3% q.o.q.]. Handset revenues amounted to R\$ 26 million, a decline of R\$ 8 million from 4Q19 and in line with 3Q20.

Oi closed 4Q20 with 33,536 thousand RGUs in Personal Mobility, down 1.4% from 4Q19, with 471 thousand net disconnections, resulting from 1,510 thousand disconnections in the prepaid segment, partially offset by 1,039 thousand additions in the postpaid segment. The number of additions fell 0.6% from 3Q20, with a decrease of 3.7% in the prepaid segment and an increase of 6.7% in the postpaid segment.

Oi's mobile customer base (Personal Mobility + B2B) totaled 36,651 thousand RGUs, 3,115 thousand of which in the B2B segment.

### Postpaid

Oi closed the quarter with 10,566 thousand RGUs in the postpaid segment, with an increase of 10.9% in the customer base and net adds of 1,039 thousand RGUs compared to 4Q19, mainly due to more competitive offers and the strategy of encouraging prepaid customers to migrate to postpaid plans. In the sequential comparison, the customer base increased 6.7%. Even though 2020 was an atypical year, impacted by the COVID-19 pandemic, the postpaid segment recorded growth in the main indicators compared to 2019.

The positive physical results were reflected in revenues, which climbed 3.3% over 4Q19 and 1.4% over 3Q20. In 2020, the results were also positive. Net revenues grew 6.3% over 2019. Regional offers, simplification, innovation, more aggressive sales and the refarming of the 1.8 GHz frequency range for 4G and 4.5G were the main drivers that enabled the positive results of the postpaid segment, in addition to the strategy of accelerating the migration of customers from the prepaid to the postpaid segment and store reopenings.



## Prepaid

The prepaid segment ended 4Q20 with 22,969 thousand RGUs [-6.2% y.o.y. and -3.7% q.o.q.]. The Company's policy of encouraging prepaid customers to migrate to the postpaid segment continued to be the main reason for this decline. Recharge volume fell 4.3% year on year, in line with the reduction in the number of users, and increased 1.4% quarter on quarter. This positive result, disconnected from the decline in the user base, reflected fourth-quarter seasonality linked to higher recharge volume in the holiday season, in addition to a slight economy pick up and the government's financial aid to the neediest population.

As a result of the combination of the factors mentioned above, total prepaid revenues maintained the same level of recovery seen in the previous quarter. Net revenues remained flat between 3Q20 and 4Q20, but fell 9.4% from 4Q19. In 2020, prepaid net revenues came to R\$ 2,692 million, 12.4% lower than in 2019. In addition to the policy of encouraging customers to migrate to the postpaid segment, the decline in the recharge volume during the peak of the COVID-19 pandemic, in 2Q20, also strongly contributed to this result.

## Mobile ARPU

Mobile ARPU stood at R\$ 16.5 in 4Q20, in line with 4Q19 [-0.3%] and 1.3% higher than in 3Q20.

## B2B

Table 5 – Net Revenues and RGUs of the B2B Segment

	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>B2B</b>								
<b>Net Revenues (R\$ million)</b>	<b>1,351</b>	<b>1,333</b>	<b>1,294</b>	<b>1.3%</b>	<b>4.4%</b>	<b>5,226</b>	<b>5,528</b>	<b>-5.5%</b>
<b>Corporate</b>	<b>772</b>	<b>812</b>	<b>803</b>	<b>-4.9%</b>	<b>-3.9%</b>	<b>3,122</b>	<b>3,359</b>	<b>-7.0%</b>
IT	194	126	189	53.6%	2.7%	679	451	50.7%
Data	306	366	324	-16.5%	-5.6%	1,317	1,563	-15.7%
Other	272	320	291	-14.9%	-6.3%	1,126	1,346	-16.3%
<b>Wholesale</b>	<b>327</b>	<b>246</b>	<b>237</b>	<b>32.6%</b>	<b>37.8%</b>	<b>1,076</b>	<b>1,003</b>	<b>7.2%</b>
<b>Small Enterprises</b>	<b>252</b>	<b>275</b>	<b>253</b>	<b>-8.3%</b>	<b>-0.6%</b>	<b>1,028</b>	<b>1,165</b>	<b>-11.8%</b>
Fiber	26	8	19	203.0%	32.0%	69	19	262.4%
Other	226	266	234	-15.0%	-3.3%	959	1,146	-16.3%
<b>Revenue Generating Units [RGU] - ('000)</b>	<b>6,701</b>	<b>6,591</b>	<b>6,438</b>	<b>1.7%</b>	<b>4.1%</b>	<b>6,701</b>	<b>6,591</b>	<b>1.7%</b>
Fiber	187	70	147	165.8%	27.3%	187	70	165.8%
Copper Voice	3,053	3,280	3,121	-6.9%	-2.2%	3,053	3,280	-6.9%
Copper Broadband	333	446	358	-25.5%	-7.1%	333	446	-25.5%
DTH TV	14	15	14	-4.8%	-0.2%	14	15	-4.8%
Mobile	3,115	2,780	2,798	12.1%	11.3%	3,115	2,780	12.1%

Net revenues from the B2B segment totaled R\$ 1,351 million in 4Q20 [+1.3% y.o.y. and +4.4% q.o.q.].

The Company closed 4Q20 with 6,701 thousand RGUs in the segment [+1.7% y.o.y. and +4.1% q.o.q.].

## Corporate

With the launch of the new brand *Oi Soluções* for the Corporate segment in December 2019, Oi positioned itself as an integrator and a provider of digital solutions for Telecommunications and IT (Information Technology) with customized and consulting services, offering a comprehensive portfolio of ICT (Information and Communication Technology) solutions.



One year after the brand launch, the repositioning in the segment has been producing results, including a 51% increase in annual IT revenues in 2020, from R\$ 451 million in 2019 to R\$ 679 million. As a result, the share of IT revenues in total Corporate revenues rose from 13% in 2019 to 22% in 2020, in line with the Company's strategy to reduce dependence on legacy products. Nevertheless, this increase was not sufficient to prevent the decline in total Corporate revenues, which were mainly impacted by the market effects of COVID-19, especially in state and municipal government accounts. Net revenues from the Corporate segment totaled R\$ 772 million in 4Q20 [-4.9% y.o.y. and -3.9% q.o.q.].

## Wholesale

After approval of the Judicial Reorganization Plan in 3Q20, the Wholesale segment has been undergoing a process of structural separation, enabling InfraCo to start operating as a Neutral Company as of 4Q20, signing its first contract of this kind with major operators. We have already dropped the assets in the new company and divided the teams. In addition, the contracts are already being negotiated, and the company's new systems are being developed. Wholesale net revenues totaled R\$ 327 million in 4Q20 [+32.6% y.o.y. and +37.8% q.o.q.]. This increase was mainly due to two new neutral Infrastructure contracts for backhaul (FTTCity) construction entered into in 4Q20. If we also include opex reducing revenues (infrastructure rental revenues, which are not generated by telecommunications services, but which reduce the Company's operating costs), Wholesale revenues totaled R\$ 635 million in 4Q20 [+31.4% q.o.q. and +13.4% y.o.y.].

## Small Enterprises

For the Small Enterprises segment, the Company has been adopting the same strategy used in the B2C segment, given their market similarities. In the previous quarter, it launched the *Oi Seu Negócio* product, focused on fiber as the network solution for small enterprises. Oi continues to market regional offerings and intensify its sales initiatives together with the "Network Reuse" approach for FTTH. Revenues totaled R\$ 252 million in 4Q20, in line with the previous quarter and down 8.3% from 4Q19, as they were still very exposed to revenues from legacy services (90% of the total for this group).

## Operating Costs and Expenses

Table 6 – Breakdown of Routine Operating Costs and Expenses

R\$ million	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Routine Operating Costs and Expenses</b>								
<b>Brazil</b>	<b>3,260</b>	<b>3,410</b>	<b>3,212</b>	<b>-4.4%</b>	<b>1.5%</b>	<b>12,715</b>	<b>13,890</b>	<b>-8.5%</b>
Personnel	679	699	602	-2.9%	12.8%	2,413	2,488	-3.0%
Interconnection	120	135	113	-11.2%	6.1%	463	484	-4.3%
Third-Party Services	1,356	1,480	1,340	-8.4%	1.2%	5,428	5,958	-8.9%
Network Maintenance Service	220	232	216	-5.0%	1.8%	889	1,013	-12.2%
Handset Costs/Other (COGS)	37	34	28	6.5%	31.8%	97	159	-38.9%
Marketing	122	162	94	-24.7%	30.3%	352	494	-28.7%
Rent and Insurance	589	562	609	4.6%	-3.4%	2,350	2,571	-8.6%
Provision for Contingencies	12	30	65	-81.0%	-81.7%	143	216	-33.9%
Provision for Bad Debt	62	61	67	0.7%	-8.5%	394	488	-19.2%
Taxes and Other Expenses (Revenues)	64	13	78	392.5%	-17.7%	184	18	899.5%
<b>International Operations</b>	<b>26</b>	<b>89</b>	<b>32</b>	<b>-70.7%</b>	<b>-18.4%</b>	<b>216</b>	<b>231</b>	<b>-6.8%</b>
<b>Routine OPEX</b>	<b>3,286</b>	<b>3,499</b>	<b>3,244</b>	<b>-6.1%</b>	<b>1.3%</b>	<b>12,931</b>	<b>14,122</b>	<b>-8.4%</b>



Consolidated routine opex, including international operations, totaled R\$ 3,286 million in 4Q20 [+1.3% q.o.q. and -6.1% y.o.y.].

Routine opex from Brazilian operations amounted to R\$ 3,260 million in 4Q20 [+1.5% q.o.q. and -4.4% y.o.y.]. In 2020, opex from Brazilian operations totaled R\$ 12,715 million, 8.5% or approximately R\$ 1.2 billion less than in 2019.

As part of its strategic plan, the Company continued to work on fronts related to cost reductions, simplification of operations, efficiency gains and digital transformation in order to become a lighter and more agile company, thus contributing to annual EBTIDA growth by reducing almost all opex lines compared to 2019.

## Personnel

Personnel expenses totaled R\$ 679 million in 4Q20 [-2.9% y.o.y. and +12.8% q.o.q.]. The sequential increase was mainly due to the provision for variable compensation linked to the achievement of operational, financial and quality goals in 2020.

In 2020, personnel expenses amounted to R\$ 2,413 million, a 3.0% decrease from 2019.

## Interconnection

Interconnection costs in Brazilian operations amounted to R\$ 120 million in 4Q20 [-11.2% y.o.y. and +6.1% q.o.q.]. The year-on-year decline was mainly due to payment agreements with other operators in 4Q19. These agreements, known as “Release Instruments”, also explain the 4.3% decline between 2019 and 2020.

## Third-party Services

Costs and expenses related to third-party services in Brazilian operations totaled R\$ 1,356 million in 4Q20 [-8.4% y.o.y. and +1.2% q.o.q.]. The decline from 4Q19 was mainly due to the Company’s cost reduction initiatives through automation and digitalization, with a direct impact on the Customer Relations and Billing lines, as well as energy efficiency initiatives through the renewable energy matrix. These initiatives also explain the 8.9% reduction between 2019 and 2020.

## Network Maintenance Services

Network maintenance service costs and expenses totaled R\$ 220 million in 4Q20 [-5.0% y.o.y. and +1.8% q.o.q.].

In 2020, network maintenance service costs and expenses amounted to R\$ 889 million in 2020, 12.2% less than in 2019. The reduction in network maintenance service costs and expenses was the result of our continuous efforts to increase efficiency in field operations, as well as process and customer service digitalization.

## Handset Costs/Other (COGS)

Handset costs in Brazilian operations totaled R\$ 37 million in 4Q20 [+6.5% y.o.y. and +31.8% q.o.q.]. Growth over both 4Q19 and 3Q20 was mainly due to an increase in SIM card unit costs, partially offset by the year-on-year decline in handset volume.



## Marketing

Marketing expenses totaled R\$ 122 million in 4Q20, up 30.3% over 3Q20, mainly due to the Fiber and the Black Friday campaigns. Compared to 4Q19, marketing expenses dropped 24.7%, mainly due to the extension of offers for Mother's Day Campaigns in 2019, which extended until 4Q19.

In 2020, marketing expenses fell 28.7% compared to 2019. In addition to the impacts mentioned above, this reduction was also due to the confinement and social isolation measures imposed by the COVID-19 pandemic, which culminated in store closures, especially in the second quarter of 2020.

## Rent and Insurance

Rent and insurance expenses in Brazilian operations stood at R\$ 589 million in 4Q20 [+4.6% y.o.y. and -3.4% q.o.q.]. The year-on-year upturn was mainly due to contractual electricity pole rent increases, pegged to the IGP-M inflation index, which rose substantially in the period.

In 2020, rent and insurance expenses totaled R \$ 2,350 million [-8.6% y.o.y]. This reduction was mainly due to the contractual renegotiations that took place at the end of 2019, which resulted in lower costs for renting physical space, satellites and poles.

## Provision for Contingencies

The provision for contingencies in Brazilian operations came to R\$ 12 million in 4Q20, dropping 61.0% year on year and 81.7% quarter on quarter, mainly due to a reduction in the number of new lawsuits, especially in the tax sphere.

In 2020, provisions for contingencies decreased by 33.9% compared to 2019. The consistent decline in the number of lawsuits filed against the Company throughout 2020 was due to improved service quality, also reflected in the reduction of Anatel complaints mentioned earlier.

## Provision for Bad Debt

The provision for bad debt totaled R\$ 62 million in 4Q20, 8.5% less than in 3Q20 and in line with 4Q19. In 2020, the provision for bad debt decreased by 19.2% compared to 2019. The quarterly and accumulated variation decline was concentrated in the retail segment, due to an improvement in collection actions and a constant reduction in delinquency across all products, observed throughout the year, thanks to continuous improvements in sale and credit analysis processes.



## EBITDA

Table 7 – EBITDA and EBITDA Margin

	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Oi S.A.</b>								
<b>Routine EBITDA (R\$ million)</b>	<b>1.491</b>	<b>1.414</b>	<b>1.462</b>	<b>5.5%</b>	<b>2.0%</b>	<b>5.845</b>	<b>6.015</b>	<b>-2.8%</b>
<b>Brazil</b>	<b>1.460</b>	<b>1.452</b>	<b>1.437</b>	<b>0.5%</b>	<b>1.6%</b>	<b>5.842</b>	<b>6.059</b>	<b>-3.6%</b>
International Operations	32	-38	26	183.6%	-23.0%	3	-44	107.6%
<b>Routine EBITDA Margin (%)</b>	<b>31.2%</b>	<b>28.8%</b>	<b>31.1%</b>	<b>2.4 p.p.</b>	<b>0.1 p.p.</b>	<b>31.1%</b>	<b>29.9%</b>	<b>1.3 p.p.</b>
<b>Brazil</b>	<b>30.9%</b>	<b>29.9%</b>	<b>30.9%</b>	<b>1.1 p.p.</b>	<b>0.0 p.p.</b>	<b>31.5%</b>	<b>30.4%</b>	<b>1.1 p.p.</b>
International Operations	64.9%	-74.2%	44.6%	129.1 p.p.	10.2 p.p.	1.5%	-23.8%	25.3 p.p.
Non-routine Items (R\$ million)	175	-117	22	n.m.	n.m.	564	-2,118	n.m.
<b>EBITDA (R\$ million)</b>	<b>1.666</b>	<b>1.298</b>	<b>1.485</b>	<b>28.4%</b>	<b>12.2%</b>	<b>6.409</b>	<b>3.897</b>	<b>64.5%</b>
<b>Brazil</b>	<b>1.634</b>	<b>1.336</b>	<b>1.459</b>	<b>22.4%</b>	<b>12.0%</b>	<b>6,124</b>	<b>3,941</b>	<b>55.4%</b>
International Operations	32	-38	26	-183.6%	23.0%	285	-44	-742.3%
<b>EBITDA Margin (%)</b>	<b>34.9%</b>	<b>26.4%</b>	<b>31.6%</b>	<b>8.5 p.p.</b>	<b>3.3 p.p.</b>	<b>34.1%</b>	<b>19.4%</b>	<b>14.8 p.p.</b>

Consolidated routine EBITDA totaled R\$ 1,491 million in 4Q20 (+5.5% y.o.y. and +2.0% q.o.q.).

Routine EBITDA from Brazilian operations amounted to R\$ 1,460 million in 4Q20 (+0.5% y.o.y. and +1.6% q.o.q.). The routine EBITDA margin from Brazilian operations was 30.9%, 1.1 p.p. higher than in 4Q19 and in line with 3Q20.

Routine EBITDA from international operations (Africa and East Timor) came to R\$ 32 million in 4Q20, versus -R\$ 38 million in 4Q19 and R\$ 26 million in 3Q20.

In 4Q20, non-routine items mainly refer to the reversal of part of the provision for asset impairment occurred in previous year.

## Investments

Table 8 – Capex

R\$ million	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Capex</b>								
<b>Brazil</b>	<b>1.729</b>	<b>1.979</b>	<b>2.005</b>	<b>-12.6%</b>	<b>-13.7%</b>	<b>7.265</b>	<b>7.813</b>	<b>-7.0%</b>
Fiber <sup>(1)</sup>	1,150	883	1,389	30.2%	-17.2%	4,732	3,078	53.8%
Copper	94	441	201	-78.7%	-53.3%	766	2,053	-62.7%
DTH	15	60	17	-74.6%	-8.8%	67	333	-80.0%
Mobile	266	368	257	-27.6%	3.5%	1,067	1,457	-26.8%
B2B	204	227	141	-10.3%	44.9%	633	892	-29.0%
<b>International Operations</b>	<b>7</b>	<b>12</b>	<b>6</b>	<b>-42.5%</b>	<b>17.3%</b>	<b>34</b>	<b>29</b>	<b>19.3%</b>
<b>Total</b>	<b>1.736</b>	<b>1.991</b>	<b>2.011</b>	<b>-12.8%</b>	<b>-13.7%</b>	<b>7.299</b>	<b>7.842</b>	<b>-6.9%</b>

(1) Includes Fiber + Wholesale.

The Company's consolidated capex, including international operations, totaled R\$ 1,736 million in 4Q20 [-12.8% y.o.y. and -13.7% q.o.q.]. Capex in Brazilian operations amounted to R\$ 1,729 million in 4Q20 [-12.6% y.o.y. and -13.7% q.o.q.].

A breakdown of investments by product underlines Oi's focus on its transformation plan in order to massify the FTTH network in the country, bringing high-speed broadband to the customers' homes. Investments in Fiber



totaled R\$ 1,150 million in 4Q20 [+30.2% y.o.y. and -17.2% q.o.q.]. In 2020, investments in the expansion of the Fiber network increased 53.8% over 2019.

## Operational Cash Flow [Routine EBITDA – Capex]

Table 9 - Operational Cash Flow

R\$ million	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Oi S.A.</b>								
Routine EBITDA	1,491	1,414	1,462	5.5%	2.0%	5,845	6,015	-2.8%
Capex	1,736	1,991	2,011	-12.8%	-13.7%	7,299	7,842	-6.9%
<b>Routine Operational Cash Flow [EBITDA - Capex]</b>	<b>-245</b>	<b>-577</b>	<b>-548</b>	<b>-57.6%</b>	<b>-55.4%</b>	<b>-1,454</b>	<b>-1,827</b>	<b>-20.5%</b>

Table 10 - Operational Cash Flow from Brazilian Operations

R\$ million	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Oi S.A.</b>								
Routine EBITDA	1,460	1,452	1,437	0.5%	1.6%	5,842	6,059	-3.6%
Capex	1,729	1,979	2,005	-12.6%	-13.7%	7,265	7,813	-7.0%
<b>Routine Operational Cash Flow [EBITDA - Capex]</b>	<b>-269</b>	<b>-526</b>	<b>-568</b>	<b>-48.8%</b>	<b>-52.6%</b>	<b>-1,423</b>	<b>-1,755</b>	<b>-18.9%</b>

Consolidated routine operational cash flow [routine EBITDA minus capex] was negative R\$ 245 million in 4Q20, while routine operational cash flow from Brazilian operations was negative R\$ 269 million. In 2020, consolidated routine cash flow was negative R\$ 1,454 million, while routine cash flow from Brazilian operations was negative R\$ 1,423 million. In 4Q20 and throughout 2020, this negative result was mainly due to heavy investments in the FTTH expansion project to ensure the implementation of its transformation plan.

## Depreciation/Amortization

Table 11 – Depreciation and Amortization

R\$ million	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Depreciation and Amortization</b>								
<b>Total</b>	<b>1,762</b>	<b>1,703</b>	<b>1,740</b>	<b>3.5%</b>	<b>1.3%</b>	<b>6,937</b>	<b>6,874</b>	<b>0.9%</b>

Depreciation and amortization expenses totaled R\$ 1,762 million in 4Q20 [+3.5% y.o.y. and +1.3% q.o.q.]. In 2020, depreciation and amortization expenses came to R\$ 6,938 million, 0.9% higher than in 2019.





## Financial Results

Table 12 – Financial Result (Oi S.A. Consolidated)

R\$ million	4Q20	4Q19	3Q20	2020	2019
<b>Oi S.A. Consolidated</b>					
Net Interest (on fin. investments and loans and financing)	-473	-363	-484	-1,983	-1,379
Amortization of fair value adjustment	-113	-197	-357	-1,413	-910
Net FX Result (on fin. investments and loans and financing)	1,173	259	-440	-2,593	-358
Other Financial Income / Expenses	-2,161	-1,857	-1,045	-7,513	-3,463
<b>Net Financial Income (Expenses)</b>	<b>-1,574</b>	<b>-2,158</b>	<b>-2,325</b>	<b>-13,502</b>	<b>-6,110</b>

Oi S.A. recorded a consolidated net financial expense of R\$ 1,574 million in 4Q20, versus a net financial expense of R\$ 2,325 million in 3Q20 and R\$ 2,158 million in 4Q19.

The sequential decline was mainly due to the recognition of income totaling R\$ 1,173 million in “Net FX Result”, due to the 7.9% appreciation of the real against the dollar, versus a 3.0% depreciation in the previous quarter. In addition, there were lower expenses in the “Amortization of Fair Value Adjustment” line, which also benefitted from the appreciation of the real. Meanwhile the “Net Interest” item declined slightly, in line with the lower CDI in the period. On the other hand, the sequential comparison was negatively affected by the “Other Financial Income/Expenses” line, which totaled R\$ 2,161 million, as a result of higher monetary restatement of contingencies, as well as higher recognition of present value adjustment of suppliers.

In 2020, financial expenses increased, mainly fueled by the “Other Financial Income/Expenses” line. In 2019, this line benefitted from income of R\$ 1,533 million from the monetary restatement of PIS/COFINS tax credits on ICMS tax. In addition, higher Anatel provisions in the current year, as determined in the approval of the amendment to the Judicial Reorganization Plan, in addition to the impact of FX variation on onerous liabilities (contracts for the transmission of data via submarine cables and satellites). There was also an increase in expenses in the “Net FX Result” and “Amortization of Fair Value Adjustment” lines, due a strong 28.9% depreciation of the real against the U.S. dollar in 2020, versus a 4% depreciation in 2019. Finally, the “Net Interest” line increased mostly due to interest on the new debentures issued in January that year.

## Net Earnings (Loss)

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

R\$ million	4Q20	4Q19	3Q20	YoY	QoQ	2020	2019	YoY
<b>Net Earnings (Loss)</b>								
Earnings before interest and taxes (EBIT)	-96	-405	-255	n.m.	n.m.	-529	-2,977	-82.2%
<b>Financial Results</b>	<b>-1,574</b>	<b>-2,158</b>	<b>-2,325</b>	<b>n.m.</b>	<b>-32.3%</b>	<b>-13,502</b>	<b>-6,110</b>	<b>n.m.</b>
<b>Income Tax and Social Contribution</b>	<b>3,468</b>	<b>282</b>	<b>1</b>	<b>n.m.</b>	<b>n.m.</b>	<b>3,503</b>	<b>-8</b>	<b>n.m.</b>
<b>Net Income (Loss) from Continuing Operations</b>	<b>1,798</b>	<b>-2,281</b>	<b>-2,580</b>	<b>-178.8%</b>	<b>-169.7%</b>	<b>-10,528</b>	<b>-9,095</b>	<b>n.m.</b>
<b>Consolidated Net Income (Loss)</b>	<b>1,798</b>	<b>-2,281</b>	<b>-2,580</b>	<b>-178.8%</b>	<b>-169.7%</b>	<b>-10,528</b>	<b>-9,095</b>	<b>n.m.</b>
attributable to owners of the Company	1,798	-2,263	-2,638	-179.4%	-168.1%	-10,530	-9,000	n.m.
attributable to non-controlling interests	0	-18	59	n.m.	-99.4%	1	-95	n.m.



The Company's operating earnings [loss] before the financial result and taxes [EBIT] came to a loss of R\$ 96 million in 4Q20, versus a loss of R\$ 405 million in 4Q19 and a loss of R\$ 255 million in 3Q20. The Company recorded a net financial expense of R\$ 1,574 million and a deferred income tax and social contribution credit in the amount of R\$ 3,468 million, giving consolidated net earnings of R\$ 1,798 million in 4Q20.

Regarding the Income Tax and Social Contribution credit, the Company revised the estimated recovery of deferred taxes and concluded by recording the deferred IR/CS based on the statement of expected future taxable income generation. The generation of future profits was impacted by the amendments to the Amendment to the JRP, basically, related to the divestments of the UPIs.

## Debt & Liquidity

Table 14 – Debt

R\$ Million	Dec/20	Dec/19	Sep/20	% Gross Debt
<b>Debt</b>				
Short Term	432	326	195	1.6%
Long Term	25,919	17,900	26,734	98.4%
<b>Total Debt</b>	<b>26,351</b>	<b>18,227</b>	<b>26,929</b>	<b>100.0%</b>
Local Currency Exposure	9,488	8,705	9,300	36.0%
Foreign Currency Exposure	16,866	9,521	17,628	64.0%
Swaps	7	0	0	0.0%
(-) Cash	-4,554	-2,300	-5,686	-17.3%
<b>(=) Net Debt</b>	<b>21,797</b>	<b>15,927</b>	<b>21,243</b>	<b>82.7%</b>

Oi S.A. ended 4Q20 with consolidated gross debt of R\$ 26,351 million, a decrease of 2.1%, or R\$ 578 million, from 3Q20 and an increase of 44.6%, or R\$ 8,124 million, over 4Q19. The sequential decline was mainly due to the 7.9% appreciation of the real against the U.S. dollar in the period, resulting in financial income from FX variation, which more than offset usual expenses related to interest accrual and amortization of the present value adjustment.

On the other hand, the annual increase was mainly due to a strong 28.9% depreciation of the real against the U.S. dollar, as a result of the effects of the COVID-19 pandemic on the national and global economy, in addition to fiscal uncertainties and political risk, on the domestic front. The result of interest accrual and the amortization of the present value adjustment also contributed to increasing debt with every passing quarter. It is also worth noting the issuance of private debentures totaling approximately R\$ 2,500 million in early 2020, as provided for in the Judicial Reorganization Plan. Debt amortization totaled R\$ 791 million in 2020.

In 2020, debt in foreign currency accounted for 62.2% of fair value debt, with a consolidated average duration of approximately 9 years.

The Company closed 4Q20 with a consolidated cash position of R\$ 4,554 million, R\$ 1,132 million less than in 3Q20. As a result, net debt totaled R\$ 21,797 million in the quarter. The reduction in the cash position was mainly due to continued high Capex, in line with the Company's Strategic Plan. On the other hand, the consolidated



cash position increased 98.0%, or R\$ 2,254 million, over 4Q19, mainly due to the receipt of the installments of the sale of PT Ventures during the year, in addition to the disbursements of debentures in the amount of R\$ 2,500 million, which are essential to enable the high investment level set forth in its Strategic Plan.

Table 15 – Gross Debt Breakdown

R\$ Million

Gross Debt Breakdown – 4Q20	Face Value	Fair Value Adjustment	Fair Value
BNDDES	4,257	-	4,257
Local Banks	9,370	(4,154)	5,216
ECAs	8,825	(4,982)	3,844
Qualified Bonds	9,000	(797)	8,203
Facility "Non Qualified"	493	(151)	342
General Offering	5,990	(5,064)	926
Private Debenture (Bridge Loan)	3,584	-	3,584
Other	(20)	-	(20)
<b>Total Gross Debt</b>	<b>41,499</b>	<b>[15,148]</b>	<b>26,351</b>

Table 16 – Cash Position (Brazilian Operations)

R\$ Million

<b>3Q20 Cash Position</b>	<b>5,686</b>
Routine EBITDA	1,460
IFRS16	-456
Capex	-1,729
Working capital	-351
Judicial Deposits + Taxes	156
Financial operations	-248
Non Core	37
<b>4Q20 Cash Position</b>	<b>4,554</b>



## Additional Information

Table 17 – Income Statement (Oi S.A. Consolidated)

R\$ million	4Q20	4Q19	3Q20	2020	2019
<b>Net Operating Revenues</b>	<b>4,777</b>	<b>4,914</b>	<b>4,706</b>	<b>18,776</b>	<b>20,136</b>
<b>Operating Costs and Expenses</b>	<b>-3,111</b>	<b>-3,616</b>	<b>-3,221</b>	<b>-12,367</b>	<b>-16,240</b>
Personnel	-691	-710	-615	-2,462	-2,529
Interconnection	-121	-136	-115	-467	-487
Third-Party Services	-1,371	-1,504	-1,357	-5,491	-6,031
Network Maintenance Service	-220	-232	-217	-890	-1,014
Handset Costs/Other (COGS)	-41	-39	-33	-114	-171
Marketing	-123	-163	-94	-355	-497
Rent and Insurance	-592	-562	-613	-2,367	-2,576
Provision for Contingencies	-12	-30	-65	-140	-216
Provision for Bad Debt	-62	-62	-67	-395	-489
Taxes and Other Revenues (Expenses)	121	-177	-45	314	-2,229
<b>EBITDA</b>	<b>1,666</b>	<b>1,298</b>	<b>1,485</b>	<b>6,409</b>	<b>3,897</b>
Margin %	34.9%	26.4%	31.6%	34.1%	19.4%
Depreciation and Amortization	-1,762	-1,703	-1,740	-6,937	-6,874
<b>EBIT</b>	<b>-96</b>	<b>-405</b>	<b>-255</b>	<b>-529</b>	<b>-2,977</b>
Financial Expenses	-925	-1,991	-2,961	-17,730	-8,772
Financial Income	-650	-167	636	4,227	2,662
<b>Net Earnings (Loss) Before Tax and Social Contribution</b>	<b>-1,670</b>	<b>-2,563</b>	<b>-2,580</b>	<b>-14,031</b>	<b>-9,087</b>
Income Tax and Social Contribution	3,468	282	1	3,503	-8
<b>Consolidated Net Earnings (Loss)</b>	<b>1,798</b>	<b>-2,281</b>	<b>-2,580</b>	<b>-10,528</b>	<b>-9,095</b>



Table 18 – Balance Sheet (Oi S.A. Consolidated)

R\$ million	12/31/2020	09/30/2020	12/31/2019
<b>TOTAL ASSETS</b>	<b>73,840</b>	<b>72,664</b>	<b>71,892</b>
<b>Current</b>	<b>15,106</b>	<b>18,179</b>	<b>17,993</b>
Cash and cash equivalents	4,350	5,463	2,082
Financial investments	194	191	184
Accounts Receivable	5,050	6,343	6,335
Inventories	390	306	327
Recoverable Taxes	365	446	543
Other Taxes	1,882	1,921	1,089
Assets in Escrow	1,096	1,272	1,514
Held-for-sale Assets	113	480	4,391
Other Current Assets	1,667	1,757	1,528
<b>Non-Current Assets</b>	<b>58,733</b>	<b>54,485</b>	<b>53,899</b>
Long Term	12,722	9,437	10,856
.Recoverable and Deferred Taxes	3,623	123	99
.Other Taxes	1,619	1,721	2,996
.Financial investments	10	32	34
.Assets in Escrow	6,233	6,294	6,651
.Other	4,860	1,391	1,175
Investments	124	125	134
Property Plant and Equipment	41,433	41,413	38,911
Intangible Assets	4,455	3,510	3,998
<b>TOTAL LIABILITIES</b>	<b>73,840</b>	<b>72,664</b>	<b>71,892</b>
<b>Current</b>	<b>12,050</b>	<b>12,136</b>	<b>11,836</b>
Suppliers	4,543	4,684	5,594
Leases	1,689	1,671	1,510
Loans and Financing	426	195	326
Credit Assignment - Sistel	197	197	0
Payroll and Related Accruals	951	942	853
Provisions	782	667	548
Payable Taxes	21	16	67
Other Taxes	1,407	1,511	887
Dividends Payable	18	6	6
Liabilities associated to held-for-sale assets	42	159	494
Authorizations and Concessions Payable	88	78	59
Other Accounts Payable	1,886	2,011	1,492
<b>Non-Current Liabilities</b>	<b>54,020</b>	<b>54,526</b>	<b>42,259</b>
Suppliers	5,021	3,943	3,293
Leases	6,929	7,017	6,640
Loans and Financing	25,919	26,734	17,900
Credit Assignment - Sistel	180	230	0
Payable and Deferred Taxes	0	0	0
Other Taxes	1,328	1,375	1,224
Contingency Provisions	5,092	4,542	4,704
Pension Fund Provision	702	675	633
Other Accounts Payable	8,849	10,011	7,865
<b>Shareholders' Equity</b>	<b>7,770</b>	<b>6,003</b>	<b>17,797</b>



Table 19 - Reconciliation of the Income Statement (Oi S.A. - Continued Operations)

For accounting reasons, the UPIs forsaken in the PRJ Amendment (UPI Mobile, UPI InfraCo, UPI TVCo and UPI Data Center) were classified as discontinued operations, as they represent assets available for sale. For that matter, following the accounting rules, the 2020 Financial Statements are referring only to the Company's continued operations.

In order to facilitate the analysis of the Company's results evolution, in line with the information that had usually been disclosed in previous years, the table below shows a reconciliation of the consolidated information, which includes the sum of the continued operation's results with the discontinued operation's results. For the purpose of maintaining comparability, this Press Release uses the consolidated information in its analyzes. For more information, see the explanatory note 31 in the Financial Statements.

It should be noted that the results of the continued operations considers that the businesses that will be sold are not part of the operations results on the reporting dates (2020 and 2019), as it segregates the result of the UPIs that will be sold, and should not be used as an approximation of what the Company's results will be after the completion of the UPI's sales, since, as it is an accounting piece, this statement does not consider all the movements that will happen in the Company's operation and business during its transformation process, which is ongoing.

R\$ million	2020			2019		
	Consolidated	Discontinued Operations	Continued Operations	Consolidated	Discontinued Operations	Continued Operations
<b>Net Operating Revenues</b>	<b>18,776</b>	<b>9,491</b>	<b>9,284</b>	<b>20,136</b>	<b>9,644</b>	<b>10,492</b>
<b>Operating Costs and Expenses</b>	<b>-12,367</b>	<b>-5,613</b>	<b>-6,754</b>	<b>-16,240</b>	<b>-5,687</b>	<b>-10,552</b>
Personnel	-2,462	-723	-1,738	-2,529	-663	-1,866
Interconnection	-467	-298	-169	-487	-311	-177
Third-Party Services	-5,491	-2,317	-3,174	-6,031	-2,507	-3,523
Network Maintenance Service	-890	-421	-469	-1,014	-398	-616
Handset Costs/Other (COGS)	-114	-104	-10	-171	-170	-1
Marketing	-355	-41	-314	-497	-52	-445
Rent and Insurance	-2,367	-885	-1,482	-2,576	-960	-1,616
Provision for Contingencies	-140	-4	-136	-216	-5	-212
Provision for Bad Debt	-395	-261	-134	-489	-260	-229
Reversal / (Losses) with Impairment	800	-329	1,130	-2,111	0	-2,111
Taxes and Other Revenues (Expenses)	-250	-229	-21	-111	-361	251
Other Net Operating Income (Expenses)	-237	0	-237	-7	0	-7
<b>EBITDA</b>	<b>6,409</b>	<b>3,878</b>	<b>2,530</b>	<b>3,897</b>	<b>3,957</b>	<b>-60</b>
Margin %	34.1%	40.9%	27.3%	19.4%	41.0%	-0.6%
Depreciation and Amortization	-6,937	-2,596	-4,342	-6,874	-2,336	-4,538
<b>EBIT</b>	<b>-529</b>	<b>1,283</b>	<b>-1,811</b>	<b>-2,977</b>	<b>1,620</b>	<b>-4,598</b>
Financial Income	4,227	25	4,202	2,662	31	2,632
Financial Expenses	-17,730	-740	-16,990	-8,772	-764	-8,008
<b>Net Earnings (Loss) Before Tax and Social Contribution</b>	<b>-14,031</b>	<b>568</b>	<b>-14,599</b>	<b>-9,087</b>	<b>887</b>	<b>-9,974</b>
Income Tax and Social Contribution	3,503	-48	3,551	-8	-21	13
<b>Consolidated Net Earnings (Loss)</b>	<b>-10,528</b>	<b>519</b>	<b>-11,048</b>	<b>-9,095</b>	<b>866</b>	<b>-9,962</b>



## Subsequent Events

- On January 25, 2021, Oi published a Material Fact announcing to its shareholders and the market in general that, on January 22, 2021, it received third-party binding proposals for the partial acquisition of the InfraCo UPI, all of which are above the minimum amount determined in the Amendment to the Judicial Reorganization Plan. [\[click here\]](#)
- On January 29, 2021, Oi informed its shareholders and the market in general that the Company, Telemar Norte Leste S.A. – In Judicial Reorganization and Oi Móvel S.A. – In Judicial Reorganization executed the Agreement for the Purchase and Sale of Shares and Other Covenants [the “Agreement”] with Telefônica Brasil S.A., TIM S.A. and Claro S.A. [the “Buyers”] on January 28, 2021, with the purpose of selling the Mobile Assets SPEs [special purpose stock entities] to the Buyers, which were the winners of the competitive procurement process held on December 14, 2020, in accordance with the Amendment to the Judicial Reorganization Plan ratified by the 7th Corporate Court of the Capital of the State of Rio de Janeiro on October 5, 2020. [\[click here\]](#)
- On February 4, 2021, the Company informed its shareholders and the market in general that, in light of the conditions of the binding offer for the partial acquisition of the InfraCo UPI that was made jointly by Globenet Cabos Submarinos S.A., BTG Pactual Economia Real Fundo de Investimento em Participações Multiestratégia and other investment funds managed or controlled by companies that are members of the BTG Group, the Company entered into an Exclusivity Agreement with the Tenderers, for a limited period of time, with the purpose of negotiating the terms and conditions, as well as the documents and exhibits regarding the Offer, exclusively with the Tenderers. For more information, please access the link to the Material Fact. [\[click here\]](#)
- On February 18, 2021, the Company informed its shareholders and the market in general that its indirect subsidiary Brasil Telecom Comunicação Multimídia S.A., which has been chosen to be used as the InfraCo SPE within the competitive process for the partial sale of the InfraCo UPI, pursuant to the Amendment to the Judicial Reorganization Plan, executed, on this date, an indenture of its first issuance of secured convertible debentures with an additional secured guarantee, for private placement, in the total amount of up to R\$ 2,500,000,000.00. [\[click here\]](#)



**CVM INSTRUCTION 358, 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%) or more of a type or class of shares of the capital of a publicly held company, must notify the 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 358, 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 19 – Shares of the Company’s Capital Stock

	Capital	Treasury	Free-Float <sup>1</sup>
Common	5,796,477,760	30,595	5,796,444,654
Preferred	157,727,241	1,811,755	155,915,481
<b>Total</b>	<b>5,954,205,001</b>	<b>1,842,350</b>	<b>5,952,360,135</b>

Shareholding position as of December 31, 2020.

(1) The outstanding shares do not consider treasury shares of the shares held by the Board of Directors and by the Executive Board.

### 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 ([www.oi.com.br/ri](http://www.oi.com.br/ri)).

Definitions of the terms used in the Earnings Release are available in the Glossary section of the Company’s website: [https://www.oi.com.br/ri/conteudo\\_pt.asp?idioma=0&conta=28&tipo=44320](https://www.oi.com.br/ri/conteudo_pt.asp?idioma=0&conta=28&tipo=44320).





**Rio de Janeiro, March 29, 2021.** 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 March 31, 2020. In compliance with CVM instructions, the information is presented in accordance with International Financial Reporting Standards (IFRS). Due to the seasonality of the telecom sector in its quarterly results, the Company will focus on comparing its financial results with the same period of the previous year.

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 the corresponding estimates. The use of terms such as "projects", "estimates", "anticipates", "expects", "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 general economic, market, industry conditions, and operational factors. Any changes to these assumptions or factors may lead to practical results that differ from current expectations. Excessive reliance should not be placed on these statements.

Forward-looking statements relate only to the date on which they are 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.

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