



Announcement | Lisbon | 19 July 2021

Material Fact disclosed by Oi

PHAROL, SGPS S.A. hereby informs on the Material Fact disclosed by Oi, S.A., according to the company's announcement 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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July
2021

STRATEGIC PLAN **NEW OI** TRIENNIUM 22- 24



CONFERENCE CALL
WITH THE
MARKET

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 – under Judicial Reorganization (“Oi” or “Company”), business strategies, future synergies, cost savings, future costs and future liquidity are forward-looking statements.

The words “will”, “may”, “should”, “could”, “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.

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SINCE 2018, OI HAS BEEN PAVING THE WAY which WILL TAKE IT BACK TO GROWTH

2016-2018

JR PLAN

- Debt Restructuring
- Cash Protection
- New Governance
- Capital Increase
- Operational Recovery
- Investment Resumption

2019-2020

STRATEGIC TRANSFORMATION PLAN

- Focus on Core
- Legacy Optimization
- Assets Sale / M&A
- Funding
- Simplification and Operational Efficiency

2020-2021

NEW STRATEGIC MODEL AND AMENDMENT TO JRP

- Future Vision and Return to Growth
- Structural Separation
- UPIs Sales
- Reconfiguration

NEW oi



DELIVERING SOLID OPERATING RESULTS...



FTTH
EXPANSION

2.5 MM

HCS
(1Q/21)

313%

CAGR
(1Q19 to 1Q21)

10.5 MM

HPs
(1Q21)

152%

CAGR
(1Q19 to 1Q21)

24%

Average
take-up
(1Q21)



OI
BRAND

77%

consideration among
Oi Fiber customers⁽¹⁾
versus 34% of Broad Band
customers in general

69%

preference among Oi
Fiber customers⁽¹⁾
versus 24% of Broad Band
customers in general

75% less

rejected among Oi
Fiber customers⁽¹⁾
4% versus 16% of Broad
Band customers in general



CREDIBILITY

MARKET TRANSPARENCY, DELIVERING ON COMMITMENTS

Notes: (1) Data correspond to the growth in percentage of Oi's consideration and preference indexes in the Total of the study sample versus Total Oi Fiber Customers and a drop in the percentage of rejection of Oi considering the difference of the Total of the study sample versus Total Oi Fiber Customers. Study with quantitative methodology carried out by Ipsos at the request of Oi Movel SA, with national coverage, from 04 to 18/01, 04 to 24/02 and 04 to 24/03. 2919 interviews were carried out in the total quarter (Jan to Mar 2021), with 960 interviews in January-21, 979 interviews in February-21 and 980 interviews in March-21, with a sampling error margin of 3.16 percentage points (pp), 3.13 percentage points and 3.13 percentage points respectively.



... AND RECOVERY OF BRAND PERCEPTION WITH CUSTOMERS

“ Connection stability, speed and support. Should something happen, service via website or phone is very good ”

4Q20

“ I was surprised by a call from Oi to ask if I had any problems, as I had unplugged the fiber device for a few hours – amazing the proactive customer service! ”

1Q21

“ The guy who went to install was super professional. He described all my contracted services. Impeccable service quality. Anything I asked he would answer and that's it. He didn't need to ask anyone. He knew what he was talking about. We felt confident with the technician, who was well prepared, with solid answers. ”

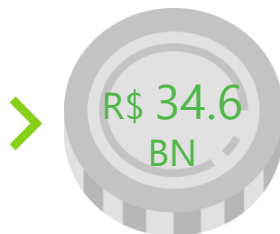
1Q21



The divestment and funding/refinancing programs have made it possible to finance Oi's transformation with a strong focus on fiber

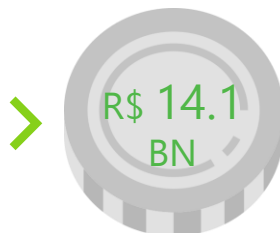
DIVESTMENT PROGRAM

2020 Unitel – R\$ 4.2Bn
 2020/2021 Real Estate – R\$ 0.3Bn
 2021 UPI Towers – R\$ 1.1Bi
 2021 UPI Data Centers – R\$ 0.3Bn
 2021/2022 UPI Mobile – R\$ 15.8Bn
 2021/2022 UPI Infra Co – R\$ 12.9Bn
 In progress UPI TV Co



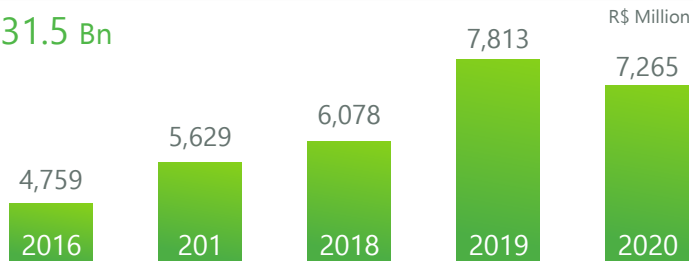
FUNDING/REFINANCING PROGRAM

2019 Capital Increase – R\$ 4.0Bn
 2020 Oi Mobile Debentures – R\$ 2.5Bn
 2020/2021 PIS/COFINS Credits – R\$ 3.1Bn
 2021 Infra Co Convertible Debentures – R\$ 2.5Bn
 2021 Mobile Bridge Loan¹ – R\$ 2.0Bn
 In progress DIP refinancing



CAPEX FOR THE LAST 5 YEARS

R\$ 31.5 Bn



% Fiber

15%

39%

65%



And now we enter the FINAL phase of our transformation



PHASE 3: 2020-
2021
NEW STRATEGIC MODEL
AND AMENDMENT TO JRP

- Future vision
- Sale of UPIs and Structural Separation
- Reconfiguration



PHASE

2022-2024

NEW OI



- ✓ CLIENT CENTRIC
- ✓ SIMPLE
- ✓ MUCH MORE THAN CONNECTIVITY

1

CORE BUSINESS
ACCELERATION AND NEW
REVENUE SOURCES

2

ORGANIZATIONAL
TRANSFORMATION AND
COST STRUCTURE
READJUSTMENT

3

CONCESSION
RESOLUTION

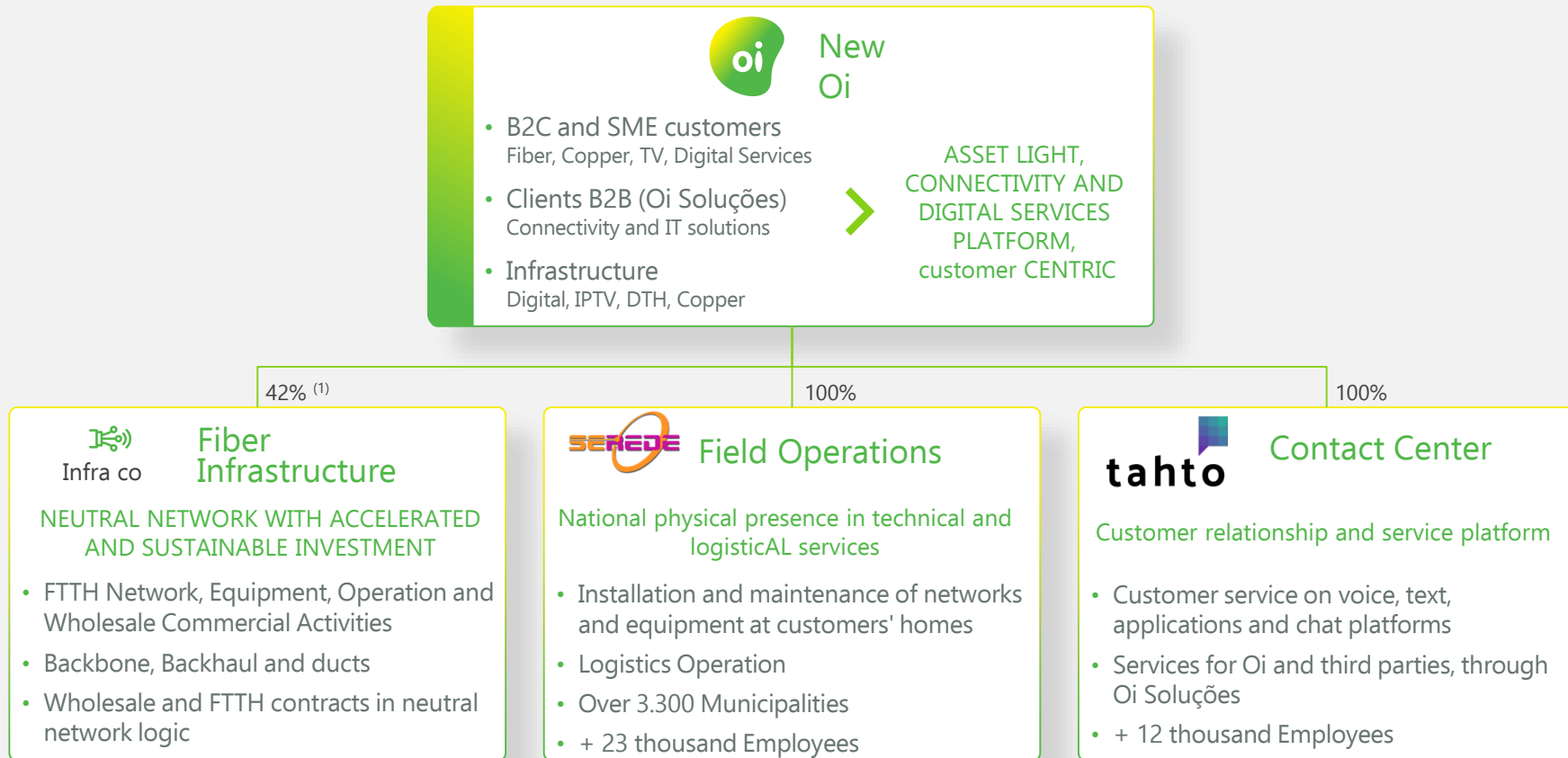
4

INFRA CO
DEVELOPMENT

COMPLETION OF STRUCTURING M&A OPERATIONS



OI Group after M&A operations



Notes: (1) Participation after Globenet merger



THE VISION and MISSION OF New OI



New
OI

vision

BE the LEADER IN DIGITAL SOLUTIONS
AND FIBER OPTIC CONNECTIONS
which IMPROVE THE life OF PEOPLE
AND COMPANIES ACROSS THE
COUNTRY

mission

CREATE NEW FUTUREs by enabling
the DIGITAL LIFE FOR everyone



+ 50MM RGUs
13⁽¹⁾ MM
RESIDENTIAL

LONG-TERM
RELATIONSHIPS
AND RECURRING
REVENUES

ACCESS TO THE
CUSTOMER'S
HOMES

BRAND
AWARENESS

UNMATCHED
CAPILLARITY IN
TERMS OF
PHYSICAL
PRESENCE

MASSIVE SALES
FORCE AND
SPECIALIZED
TECHNICAL TEAM



NEW Oi: REINFORCING OUR STRATEGY AND EXECUTION

SIMPLICITY AND OPERATIONAL EFFICIENCY

Reorganized company, simpler, lighter and more efficient



LIGHT and **AGILE** company, focused on the future, asset light



SIMPLE offers that **MAKE SENSE** in the customer's life



COST REDUCTION and **SIMPLIFICATION** through legacy reduction and structural separation

CLIENT CENTRIC

Simplicity leading to full focus on customer service – for offers and operations



DIGITAL FIRST and **OMNICHANNEL** support



DATA DRIVEN & ANALYTICS in all approaches



Accelerated Time-to-Market with **MODULAR PORTFOLIO**

DIVERSIFIED REVENUE

Leveraging Oi's scale and assets to develop and capture new revenue in multiple areas



Enhancement of NEW **B2C BUSINESSES**



Development of NEW **VERTICALS** leveraged by Oi's competitive differentials

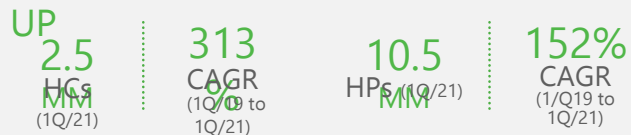


Oi Soluções: **ORCHESTRATOR** OF **ITC and IT SOLUTIONS**



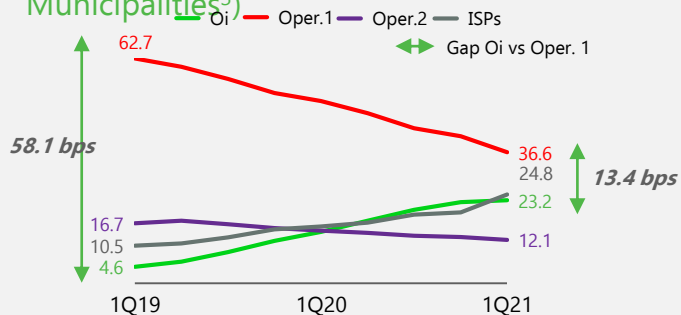
On fiber, results and high nps show the possibility to increase revenue per hc

OI FIBER RAMP



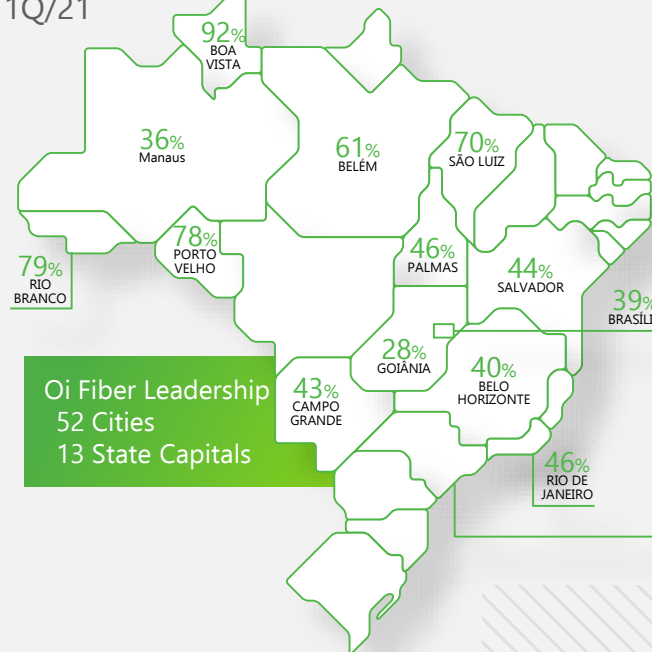
In the municipalities where OI operates with FTTH, OI has been gaining market share in the UBB² market and fighting for net adds leadership with the ISPs

Mkt Share UBB² (128 Municipalities³)



OI FIBER LEADERSHIP AND VALUE CAPTURE

Oi Fiber Market Share ¹(100% = Fiber) – 1Q/21



Oi Fiber NPS is 25% higher than the global benchmark



Room to start capturing more value per Fiber customer

Oi FIBER IN SP
Start of operation in

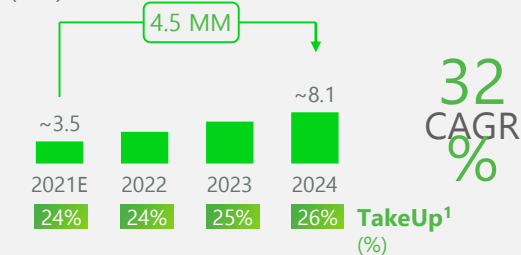




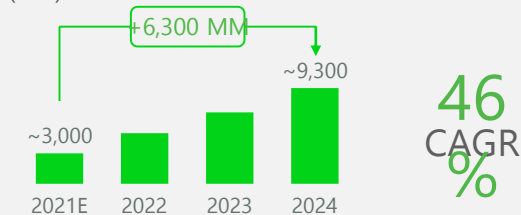
B2C+SME: plan maintains expansion of hcs and arpu expansion through the sale of higher speeds and new services up-selling

MAIN NUMBERS – FTTH B2C + SMALL ENTERPRISES

Fiber Broadband – 2021 to 2024
(MN)



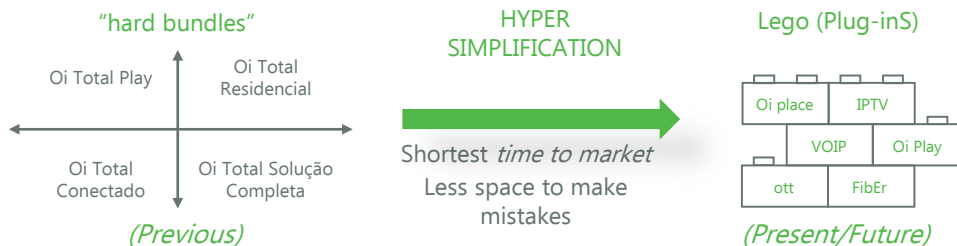
FTTH² Revenue Evolution – 2021 to 2024
(MN)



Note: (1) Calculated with accesses from all BUs (2) Comprises Fixed, BB and TV
Source: Oi Controllershship, Anatel.

MAIN VALUE GENERATION LEVERS

A. New UX (new IT stack)



B. Sale of higher speeds and new services leveraging the HC ARPU

C. Transformation in the business model through greater digitization and analytics

D. Building an ecosystem of partners to offer dedicated services to Retail and with focused offers for the SME segments:

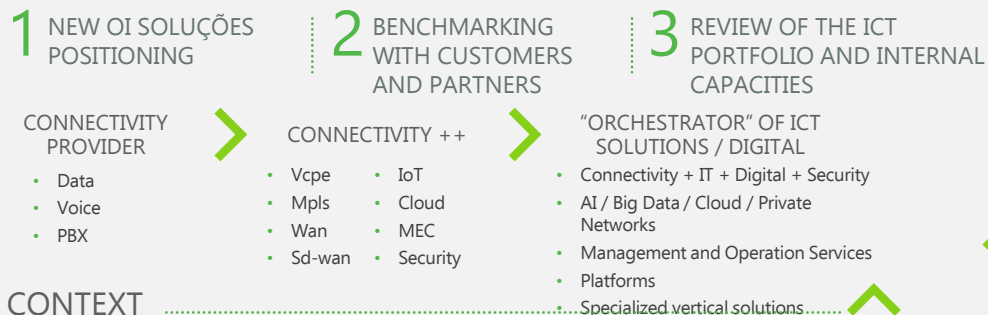
- Digital Marketing (eg.: Aceleraí)
- Online Sales (eg.: OiList)
- Security
- Oi Expert
- Vertical Solutions



In B2B, Oi soluções offsets the reduction in legacy voice and connectivity revenues with the growth of it solutions, with the potential to be one of the major players in the segment

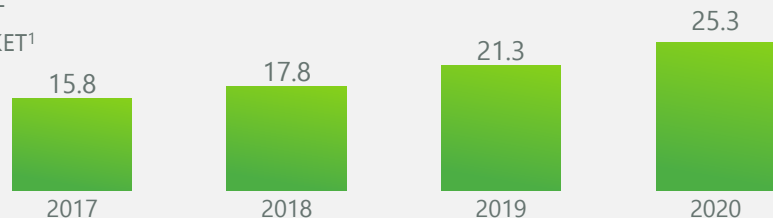
TRANSFORMATION OF OI'S B2B BUSINESS...

ACTION PILLARS

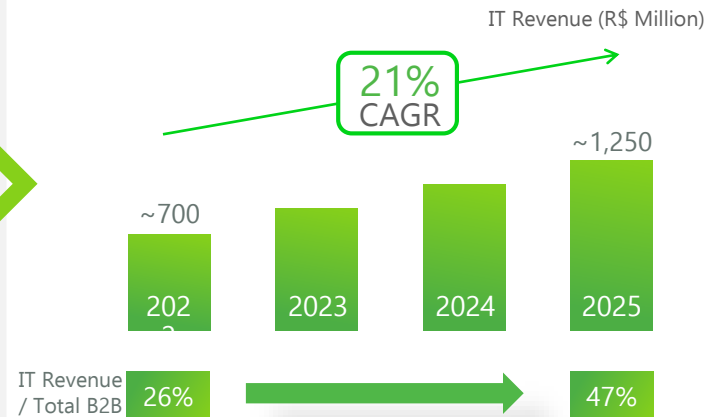


CONTEXT

ACCELERATED GROWTH OF THE IT MARKET¹



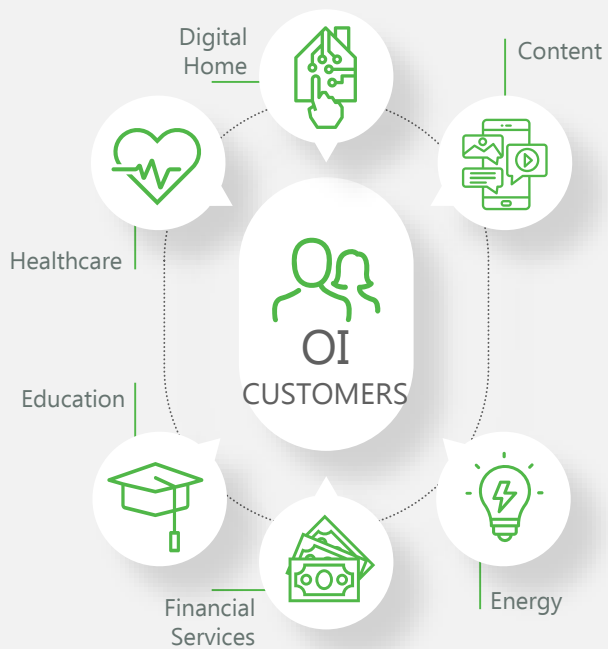
.....ANCHORED ON IT GROWTH WITHIN OI SOLUTIONS





oi IS ALREADY DEVELOPING NEW REVENUE streams BASED ON ITS UNIQUE ASSETS AND SCALE...

PORTFOLIO AND ECOSYSTEM BUILDOUT



- oi OI PLAY** Content Platform
- oi CONTA Zap** Wallet
- oi PLACE** Marketplace
- oi SOLUÇÕES** Cloud, Security and Managed Services
- SERENDE** Technical and Logistics Services
- oi expert** Technical Assistance Service (remote or on-site))

STRATEGIC ASSETS EXTENDED CUSTOMER BASE

oi + 50MN RGU 13MN ⁽¹⁾ Residential 630K client companies in	×	NETFLIX + 17MN customers	nu bank + 40MN customers
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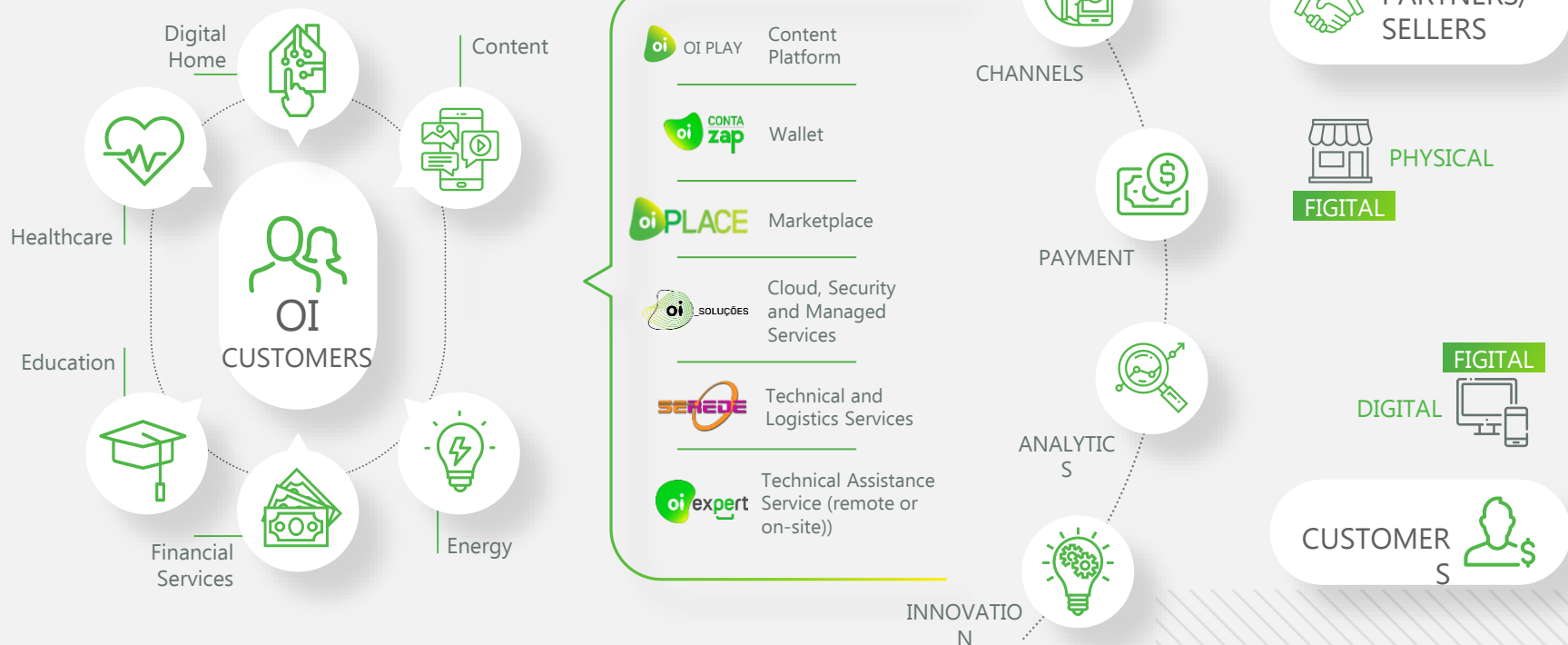
CAPABILITIES

CAPILLARITY	oi 4.8 Thousand ⁽²⁾ Municipalities	×	CAIXA +5.4 Thousand Municipalities
ACCESS TO THE CUSTOMERS' HOME	SERENDE 15.7 Thousand Field Technicians	×	Correios 57 Thousand Postmen
LARGE LOCAL SALES FORCE	oi 3.7 Thousand partners ⁽³⁾	×	magalu +1.3 Thousand Stores AMERICANAS +1.7 Thousand Stores

Notes : (1) Of these, 1.2MM of SME RGUs (2): 3.3 thousand Municipalities served by SERENDE (3) Door to door partners



... CONNECTING PARTNERS AND CUSTOMERS THROUGH A multi-sided STRATEGY THAT BRINGS DIGITAL TO PHYSICAL PORTFOLIO AND ECOSYSTEM BUILDOUT



Notes : (1) Of these, 1.2MM of SME RGUs (2): 3.3 thousand Municipalities served by SERENDE (3) Door to door partners

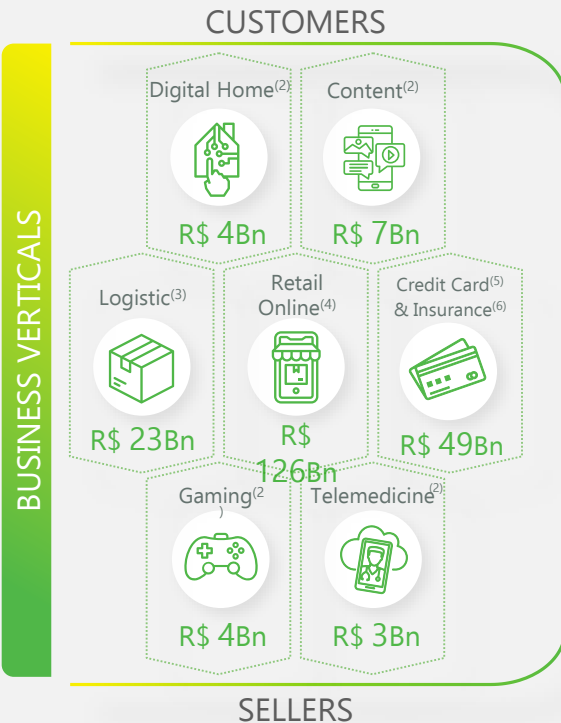


Initial OBJECTIVE CALLS FOR between BRL 1.0 and 1.5 billion of incremental revenue by 2024

DIVERSIFICATION EXAMPLES

	Structural Separation	Year of Diversification	% of New Revenues ⁽¹⁾
	-	2010	43%
	2018	2007	39%
	-	2007	39%
	2002 2018	2006	38%
	-	2015	36%
	-	2008	35%
	-	2015	32%
	2005	2005	31%
	-	2016	22%
	-	2015	21%
	2015	2016	20%
	-	2008	13%
	-	2015	7%

MARKET SIZE 2020



EXAMPLES OF CUSTOMER VALUE

Recurring Revenue

Client A – R\$ 199.70 / month



Oi Fiber 400 Mbps

OI PLAY

oi expert

R\$ 149.90 / Mth
R\$ 29.90 / Mth
R\$ 19.90 / Mth

Client B – R\$ 699.80 at month X



Oi Fiber 1Gbps

Oi PLACE Headphone

R\$ 499.90 / Mth
R\$ 199.90

Client C – R\$ 239.80 at month Y



Oi PLACE Devices Smart Home

Telemedicine Health

R\$ 199.90
R\$ 39.90 / Mth

Oi 2024 revenue target

R\$ 1.0-1.5Bn

Notes: (1) Safaricom, AT&T, Singtel, BT, Telstra, Deutsche Telekom, O2 and Orange data refer to the period 2018-2020; Docomo and Verizon are for the period 2017-2019; TDC, SK Telecom and Jio refer to the period 2018-2019
(2) Statista data (3) Data extrapolated from IBGE (Post Office and Delivery); (4) Neotrust data; (5) Abecs Data (6) SUSEP Life and Home Insurance Data



To unlock this value, New oi will reorganize itself FOR EXECUTION

VALUE GENERATION



B2C and
SME



Transition and
Management of the
Legacy Base
(Copper / DTH and Mobile)



Oi Solutions



Innovation,
incubation, new
revenue streams



STRUCTURING CAPABILITIES



CUSTOMER
EXPERIENCE
(CX/UX)



ECOSYSTEM
PARTNERS AND
SELLERS

CHANNELS

e-Commerce, stores,
PAP, Telesales, Oi Place,
O2O, Partners

DIGITAL ANALYTICS

Big Data, Automation,
Pods, Prototyping

CUSTOMER SERVICE

Tahto + Oi Place +
Joice + APPs Oi +
WA

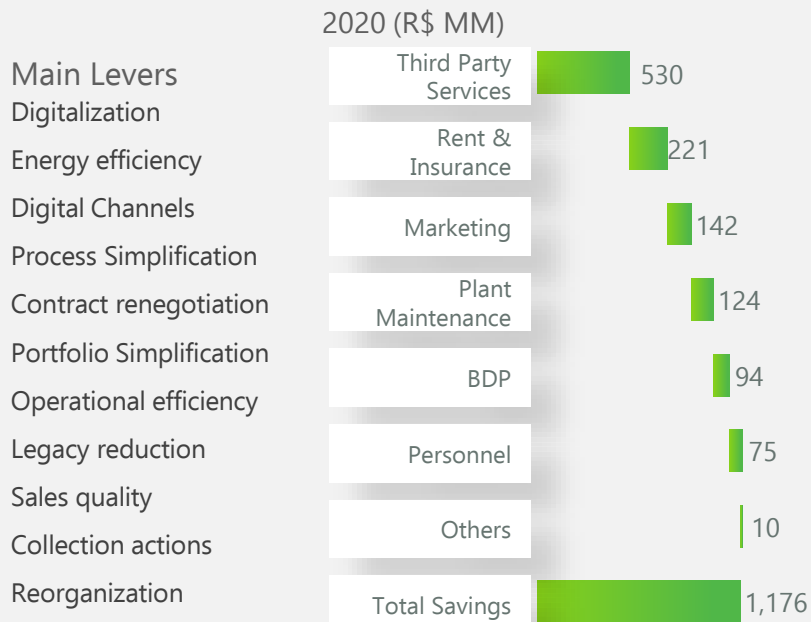
FILD TEAMS

Local technical
presence, logistics
Serede



With the change of model, Oi started a cost reduction program with the objective of delivering additional savings of MORE THAN BRL 1B annually

IN 2019, WE ANNOUNCED A MAJOR COST REDUCTION PROGRAM (DCO 1.0) DELIVERING BEYOND THE BRL 1B WE HAD INITIALLY PROJECTED



MORE THAN BRL 1B OF ADDITIONAL SAVINGS (ANNUALIZED) IN NEW COST CUTTING PROGRAM

DCO 2.0



Acceleration of **existing initiatives** (eg copper decommissioning)



Redesign and strengthening of **Spending Governance**



Operation of unprofitable regions **via partnerships**



Readjustment of the **support areas** of New Oi and Infra Co



Increased **inventory** turnover and rework / equipment reuse



Simplification of the **portfolio**, digitization of services and process automation



Switch-off of legacy IT platforms



Optimization, closing and sale of **stores, buildings, central offices and DCs**

~ R\$350M⁽¹⁾
SALES, MARKETING & CUSTOMER CARE

~ R\$320M⁽¹⁾
BUSINESS ORGANIZATION AND SUPPORT

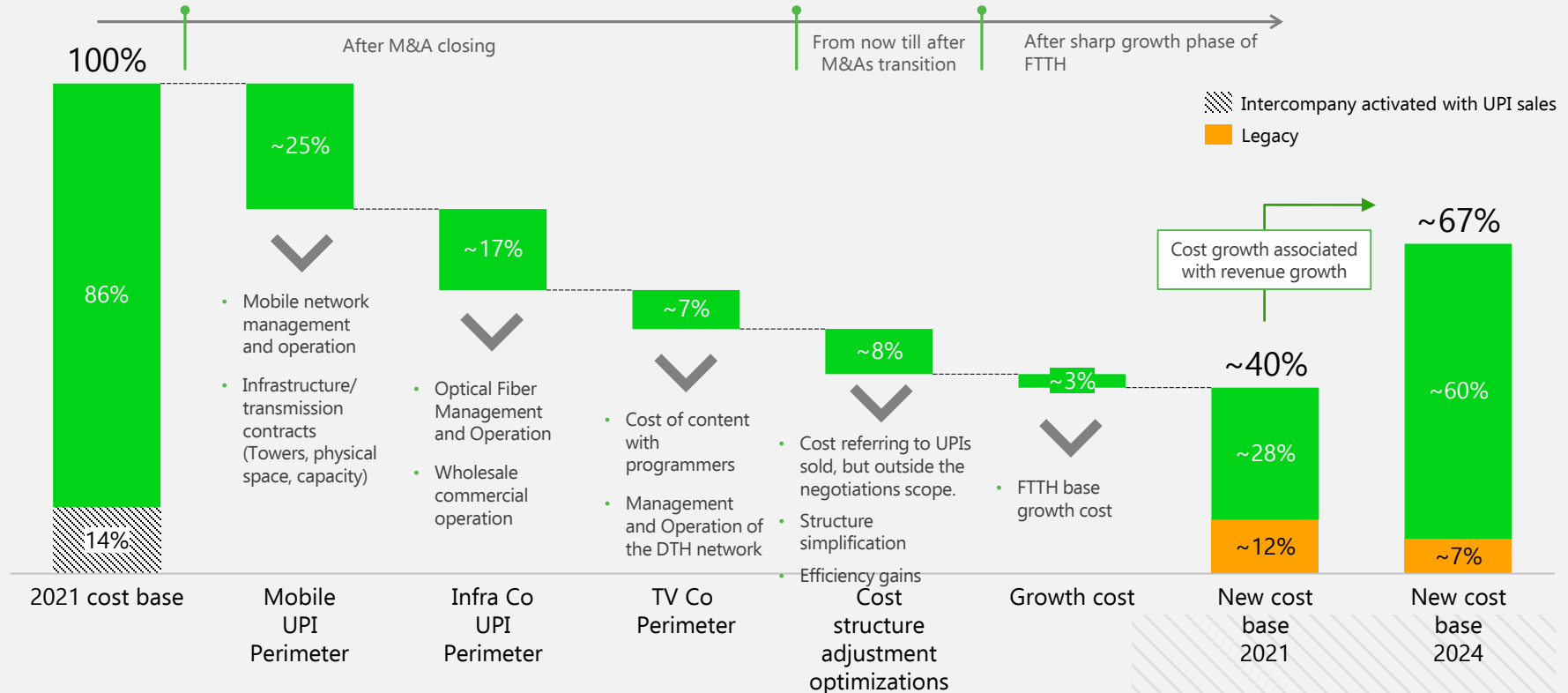
~ R\$150M⁽¹⁾
IT - SYSTEMS AND PROCESSES

~ R\$400M⁽¹⁾
NETWORK & OPERATIONS

(1): Estimated annualized values



The reduction program associated with the M&As aims to transform the company's cost structure in order to make the new oi much lighter, agile and sustainable





Model migration and arbitration are two critical elements to reduce THE IMPACT OF REDUCING LEGACY REVENUE

THE BALANCE OF TOTAL REVENUES AND COSTS AND FUTURE SUSTAINABILITY OF STFC IS A PRECEDENT CONDITION FOR MIGRATION FROM THE PUBLIC TO THE PRIVATE REGIME

MIGRATION FROM CONCESSION TO AUTHORIZATION SHOULD SIGNIFICANTLY REDUCE STFC CASH AND OPEX CONSUMPTION



OBLIGATIONS
OF PUBLIC
TELEPHONES
~ R\$130M

CABLE AND
EQUIPMENT
THEFT
~ R\$200M

COST REDUCTION FROM OTHER
STFC OBLIGATION WAIVERS

2h 21

Definition of
Migration Model -
Anatel

2h 22 / 1Q 23

Conclusion of
Expectation

ARBITRATION PROCESS MAY GENERATE POSITIVE
IMPACT OF SEVERAL R\$ BILLION

Unsustainability

Financial economic
balance

PGMU balance

Compensation for the
use of assets in the
provision of services

Jul/21

Admission Term¹

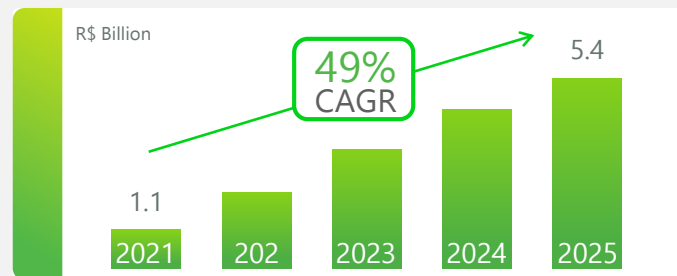
4Q 22 / 1Q 23

Conclusion of
Expectation



With the new controlling partner, Infra Co will have financial capacity to maintain the strong fiber expansion

EBITDA² INFRA CO



According to market benchmarks, Infra Co can be traded at multiples greater than 10x EBITDA

EV/EBITDA⁽¹⁾

Fiber Infra Co's (Average)



* Multiples advertised in transactions (including acquisition premium)

Potential EV Infra Co

~R\$ 54 Bn

(10 * EBITDA⁽²⁾ 2025)

Assuming a multiple of 10x, the potential Infra Co EV appreciation is greater than 2x current EV

CAPITAL STRUCTURE

	Structure at Closing		Structure 90 days Post Closing
BTG	51.0%	Additional Primary + Globenet Contribution	57.9%
Oi	49.0%		42.1%

Possible IPO as a future alternative

~R\$ 22 Bn × ~R\$ 9 Bn³

(10 * EBITDA⁽²⁾ 2025) * ~40% stake

EV Infra Co for New Oi

Oi's Current Mkt Cap



Infra co FTTH expansion model / oi allows efficient, competitive and future proof growth

Unique physical presence:

- Field force with over 20.000 technicians
- Presence in over 3.000 municipalities

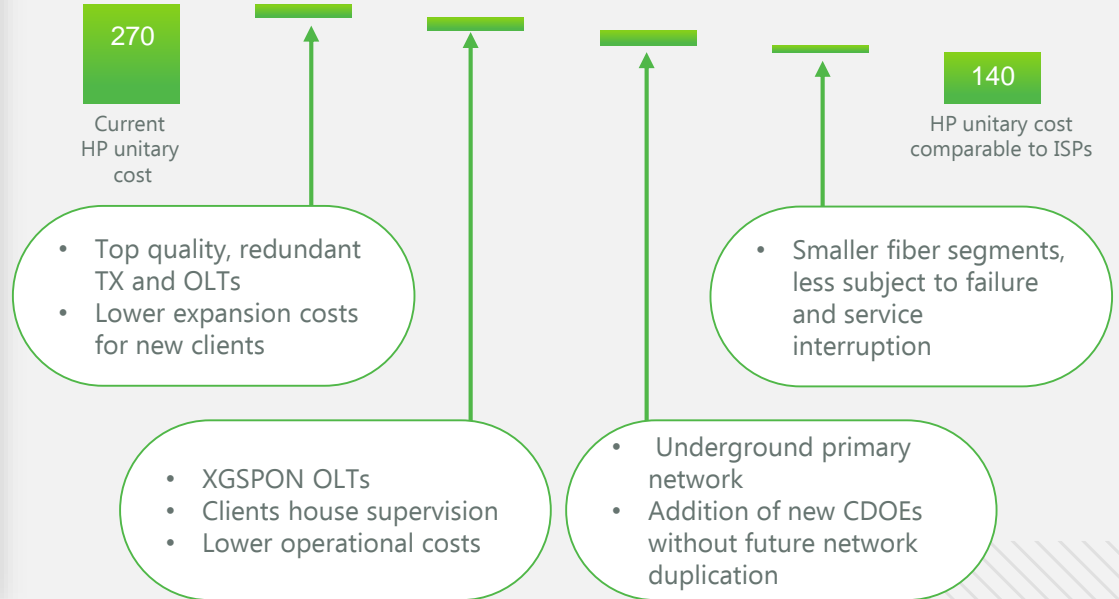
Largest fiber network in Brazil:

- ~400 thousand km of optic fiber
- Metropolitan network in over 2,000 cities

Architecture focused on quality and efficiency:

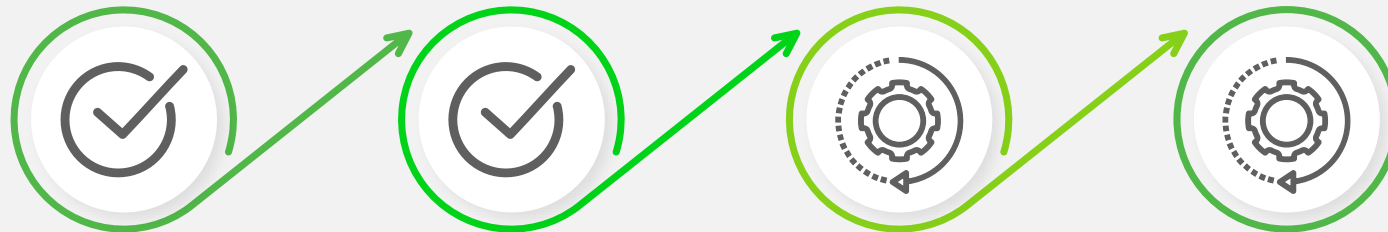
- High reliability, availability and performance
- Network topology prepared to future growth and a lower TCO

CURRENT TOTAL COST PER HP ENSURES TECHNICAL SUPERIORITY AND GROWTH CAPACITY, WITH LOWER TCO COMPARED TO OTHER MARKET ALTERNATIVES





IN short, To build the New Oi, the company has been overcoming different types of execution challenges



RJ CHALLENGE

- New governance
- JR Plan amendment approved with vast majority and in execution
- JR exit estimated for 1H22 after conclusion of M&A operations

M&A CHALLENGE

- Towers and Data Centers concluded
- Mobile and Infra Co executed on schedule
- TV Co in progress
- Structural Separation in progress

FUNDING CHALLENGE

- Consent to implement the financial alternatives provided for in the amendment to the JR Plan
- Infra Co Bridge raised
- Mobile Bridge signed
- Bonds refinancing in preparation

OPERATIONAL CHALLENGE

- Continue to expand fiber connectivity core business
- Accelerate new revenue streams both on B2B and B2C leveraging extensive customer base and existing assets
- Drastically reduce costs to make them aligned with the new company size
- Address Concession sustainability
- Ensure Infra Co success



NEW Oi: evolution of MAIN operational INDICATORS ¹

R\$ **14,8bn - R\$ 15,5bn**
New Oi
2024

NET
REVENUE

EBITDA

R\$ **1,9bn - R\$ 2,3bn**
New Oi
2024

17% -
New Business
2024

13% -
New Oi
2024

EBITDA
MARGIN

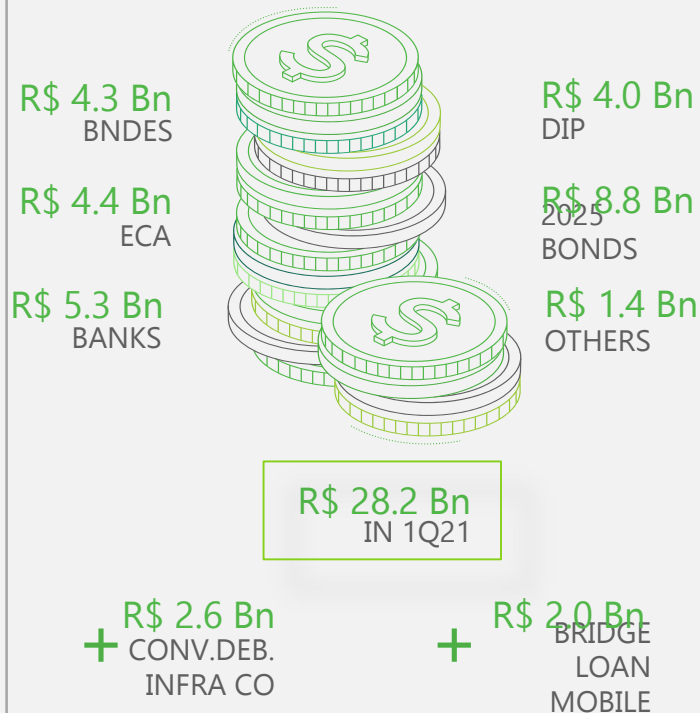
GUIDANCE ON KEY INDICATORS

- HC CAGR of ~31% between 21-24 possibly reaching ~8MM in 2024
- Average revenue CAGR² per HC of ~11% between 21-24, possibly reaching ~R\$94/month
- Oi Solutions revenues stable at ~R\$ 2.6Bn, with IT revenues possibly growing its share to ~40% in 2024
- Legacy revenues can reduce to ~R\$0.5Bn in 2024
- New revenues possibly reaching ~R\$1.5Bn in 2024
- EBITDA margin of the new business could reach ~20% by the end of 2024 (~18% for the full year) and continuing the growth trend with expected stabilization at ~25%.
- EBITDA Margin of New Oi (including legacy) could reach ~16% by the end of 2024 (~14% for the full year).
- Legacy costs expected to no longer burdening New Oi from 2026 onwards
- CAPEX/Revenue starting at ~14%, possibly reaching ~7.8% in 2024 and expected to stabilize at even lower levels from 2026 onwards

NOTE: (1) The guidances described herein represent the Company's expectations and projections, which were based on reasonable assumptions and are subject to variations due to several factors, many of which are not and will not be under the Company's control. (2)B2C + small companies;

NEW Oi: CAPITAL STRUCTURE READJUSTEMENT

DEBT STRUCTURE (CURRENT¹)



- ✓ BNDES Repayment
- ✓ Cash sweep Banks and ECAS
- ✓ Infra Co Deb Settlement
- ✓ Mobile Bridge Loan Settlement
- ✓ DIP Refinancing

+ NEW OI EBITDA GROWTH

+ NEW REVENUES DEVELOPMENT

2024

~6,6 x
Net Debt /
EBITDA Oi Stand
Alone

Sustainable Leverage
Target Level ->
Intermediary Scenario
in Which **Net Debt /
EBITDA <= ~3x**

EqV Infra Co Stake
>> Net Debt

~3,7 x
Net Debt / EBITDA
Proforma ~40.0%
Infra CO

new OI: CONTINUING TO EVOLVE in the esg agenda objectives

Oi's ESG objectives prioritize adherence to 12 of the 17 existing SGDs ¹, aiming to be a reference at ESG MSCI rating



ENVIROMENTAL

100% renewable sources energy matrix (solar, biomass, biogas, PCHs)

Recovery capacity growth and equipment reuse



SOCIAL

Oi Futuro Institute: Social impact on Education, Innovation and Cultural programs, focusing on inclusion and diversity; Internal programs of diversity and inclusion



GOVERNANCE

WOB (Women on Board) stamp obtained in 2021; Obtain Pro-Ethics Stamp in 2023; Return to B3 index: ISE

ESG agenda



Note: (1) The 17 Sustainable Development Goals (SDGs) were established by the United Nations (UN) in 2015 and comprise a global agenda for the construction and implementation of public policies that aim to guide humanity until 2030