

Quarterly Information (ITR)

Brisanet Participações S.A.

September 30, 2023

with Independent auditor's review report on quarterly information
(ITR)

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EARNINGS RELEASE 3Q23

A photograph of three people in an office setting. A man on the left is holding a laptop and looking at the screen with a smile. A woman on the right is looking at the screen and holding a pen. A man in the center is looking at the screen and smiling. The background is a blurred office environment.

 **brisanet | 5G**

Brisanet records Adjusted EBITDA of R\$149.6 million in 3Q23, with a margin on net revenue of 48%

Brisanet Participações S.A. (B3: BRIT3), the largest fixed broadband provider in the Northeast region, according to the Anatel ranking, today announces its results for the third quarter of 2023 (3Q23) and the nine months of the year (9M23).

Founded 25 years ago, **BRISANET** has a 28% fiber market share in 7 of the 9 states in the Northeast (NE). The NE is the region of the country with the highest percentage of fiber optic customers in the country, with 80% of the total fixed broadband using this technology.

With a 100% fiber optic product portfolio, the Company has been **one of the regional 5G mobile operators** since December 2021, having won 3 frequencies in the 5G auction promoted by Anatel. The Company will be able to operate in the Northeast and Central-West of the country. The commercialization of 5G began in 3Q23.

The Company operates in all nine states of the Northeast region, providing fixed broadband services through optical fiber in 158 cities.

This quarter we reported an Adjusted EBITDA due to non-recurring expenses related to the Ceará State Fund to Combat Poverty (Fecop) in the amount of R\$13.3 million. This amount was fully recognized in this quarter but will be disbursed over 60 months being accounted for as Taxes Paid in Installment.

Brisanet	3Q23	2Q23	3Q22
Operating Highlights			
Cities served	158	157	152
Access Ports - '000	4,651	4,545	4,080
HP added- '000	211	288	348
Total HP - '000	6,956	6,745	5,865
HC added- '000	47	51	63
Total HC - '000	1,257	1,210	1,040
Financial Highlights (R\$ million)			
Net revenue	310.5	300.2	254.2
<i>Gross Margin (%)</i>	46%	47%	44%
Operating income	143.5	141.8	111.9
EBITDA	136.2	148.4	118.6
Adjusted EBITDA	149.6	148.4	118.6
<i>Adjusted EBITDA Margin (%)</i>	48%	49%	47%
Net income (loss)	31.7	43.9	22.0
Net debt	738.0	757.3	710.5
Net debt/LTM EBITDA (x)	1.30x	1.38x	1.98x

MAIN HIGHLIGHTS OF THE PERIOD

- ✓ **Net operating revenue grew 22%** in 3Q23 when compared to 3Q22 and 3% when compared to 2Q23. The growth is the result of the Company's continued geographic expansion, **which in 3Q23 added 47 thousand customers** to its base organically.
- ✓ **Adjusted EBITDA in 3Q23 was R\$149.6 million with a margin of 47.9%**, a growth of 26% in relation to EBITDA in 3Q22, showing the improvement in the margin of FTTH operations, even though they were slightly impacted by the start of mobile operations (4G/5G). The EBITDA Adjustment refers to non-recurring effects from other periods, as explained in the EBITDA section. **In 9M23, Adjusted EBITDA reached R\$435.5 million, with a margin of 48.2%.**
- ✓ The Company's debt level, measured by the **net debt over EBITDA (LTM)** indicator, **was 1.30x at the end of 3Q23**. This is the sixth consecutive reduction in debt. 3Q23 LTM EBITDA was R\$567.0 million.
- ✓ In terms of cash flow, in 3Q23, the **Company generated operating cash 77% higher than in the same quarter of the previous year** and 49% higher than the generation in 2Q23. Operating cash generation was R\$209.3 million this quarter, well above the EBITDA for the period. In 9M23, the Company generated R\$486.5 million in cash.
- ✓ **Net income reached R\$31.7 million in 3Q23**, an increase of 44% in relation to the result of 3Q22, due to the higher result generated by operations in the period. Excluding the impact from the non-recurring expenses from this quarter, net income would have been R\$45 million.
- ✓ In October, the Company had net additions of 10.4 thousand customers, thus serving 1,267 thousand customers with fixed broadband.

EARNINGS CONFERENCE CALL

Date: 11/14/2023 – Tuesday

Time: 07 AM (EST – NY Time) – In Portuguese with simultaneous translation

Brisanet – 3Q23 Earnings Release

To access: [click here](#).

OPERATIONAL RESULTS

Brisanet's mission is to provide quality internet service to all citizens in the Northeast region, including those who live in locations far from large urban centers. One of the Company's main quality and efficiency differences comes from its verticalized operation. The Company operates across the entire value chain, from mapping potential new areas to receive fiber to providing support and monitoring the service to customers.

One of the Company's quality pillars is its relationship with the customer, which is managed mainly through its own management platform that allows it to know and act in real time, from the operations center, at the Company's headquarters, on what happens with your infrastructure and your customers. The Company has a state-of-the-art structure of fully integrated data centers with local content, which guarantees quality and stability in internet access, as well as savings and the ability to increase data speeds in the future.

Brisanet also has more than 37,400 km of backbone infrastructure (paths used to distribute internet to other networks) and more than 61,600 km of FTTH (fiber-to-the-home) cables. The FTTH modality corresponds to the fiber optic transmission network architecture where the network reaches the customer's home, coming directly from the distribution box of the company providing the service.

3Q23, 211 thousand HPs and 47 thousand customers were added. In October, we added 10.4 thousand customers to the base, which now totals 1,267 thousand customers. **We reaffirm our expectation of reaching close to 1.3 million customers by the end of 2023.**

Inflation and its effects, especially in the region where we operate, combined with the pricing strategy adopted by the competition, continue to exert pressure on the Company's segment and sector.

Brisanet continues to advance in capitals and metropolitan regions, **with fiber market share between 50 and 70% in Natal, Maceió and João Pessoa, and above 20% in Fortaleza.** In Teresina and Aracaju, where the Company entered the second half of 2021, the share is already above 15% in the capital of PI and above 21% in the capital of SE (figures from Sep-23).

Operational Data	3Q23	2Q23	3Q22	3Q23 x 3Q22	3Q23 x 2Q23	9M23	9M22
Access Ports	4,650,514	4,544,906	4,079,529	14%	2%	4,650,514	4,079,529
Added HP	211,216	287,872	347,796	-39%	-27%	778,970	347,796
Homes Passed (HP)	6,956,240	6,745,024	5,864,762	19%	3%	6,956,240	5,864,762
Added HC	47,140	50,703	62,531	-25%	-7%	156,601	62,531
Homes Connected (HC)	1,256,676	1,209,536	1,039,760	21%	4%	1,256,676	1,039,760
Cities served	158	157	152	4%	1%	158	152
Churn	2.24%	2.28%	2.43%	-0.19 p.p.	-0.04 p.p.	2.24%	2.43%

The intensification of competition and the drop in purchasing power, notably among classes with lower purchasing power, despite not having increased defaults, have had an impact on churn. The Company has been working on actions to reduce it and we are already starting to see a reduction, in 3Q23 the monthly average churn was 2.24% compared to an average of 2.43% in 3Q22.

Agility Telecom	3Q23	2Q23	3Q22	3Q23 x 3Q22	3Q23 x 2Q23
Homes Passed (HP)	(18,789)	(10,832)	29,507	-	73%
Added HP	859,048	877,837	982,341	-13%	-2%
Homes Connected (HC)	(7,346)	(9,684)	3,960	-	-24%
Added HC	192,074	199,420	214,994	-53%	-49%
# of franchisees	75	80	93	-19%	-6%

FINANCIAL RESULTS

GROSS REVENUE BY PRODUCT

BRL million	3Q23	2Q23	3Q22	9M23	9M22	3Q23 x 3Q22	3Q23 x 2Q23
Gross Revenue	353.1	336.5	292.4	689.6	526.8	20.8%	4.9%
Broadband	325.1	313.7	273.9	638.8	472.9	18.7%	3.6%
B2C	295.7	284.5	255.1	580.2	443.7	15.9%	3.9%
B2B	29.4	29.2	18.9	58.6	29.2	56.0%	0.7%
Fixed telephony	9.7	9.8	8.3	19.5	21.4	76.9%	-1.0%
Others	18.3	13.0	10.2	31.3	32.5	80.3%	41.3%
ARPU broadband	R\$ 90.93	R\$ 88.83	R\$ 92.05	R\$ 89.88	R\$ 91.71	-1.2%	2.4%

The Company's revenue is made up of fixed broadband internet services, fixed telephone services and others such as: pay TV and mobile telephony and complementary services, such as music and video streaming, which increase the average ticket purchased per customer and the perception of value of the Company itself.

The average B2C ticket in 3Q23 was R\$90.93. The Company had a 2% increase in ARPU in this third quarter compared to the previous quarter. The greater share of streaming in packages explains this growth. However, the reduction in purchasing power, a reflection of the inflation accumulated since August 2021, has left the ARPU more stable and with fluctuations in the mix (relationship between more expensive and higher speed internet plans and the most basic ones). Furthermore, price competition between providers has made the market fiercer, encouraging the promotion of offers and having this effect on ARPU.

B2B revenue has grown over the quarters, recording a 56% increase between 3Q23 and 3Q22, reflecting the expansion of presence in larger cities.

Agility Telecom's revenue, in the amount of R\$8.6 million in 3Q23, is in Others. In 9M23, revenue was R\$25.4 million, an increase of R\$3.1 million in relation to revenue in 9M22 even with a lower number of customers in franchises, demonstrating better management of franchisees.

In the comparison between 3Q23 and 3Q22, Brisanet's net revenue grew by 22%, going from R\$254.2 million in 3Q22 to R\$310.5 million in 3Q23. This was mainly due to the increase in the number of subscribers - which increased by 21% between the periods - and the increase in B2B revenues.

BRL million	3Q23	2Q23	3Q22	9M23	9M22	3Q23 x 3Q22	3Q23 x 2Q23
Net Revenue	310.5	300.2	254.2	902.8	707.8	22.1%	3.4%

COSTS OF SERVICES PROVIDED

Costs of Services Rendered (BRL million)	3Q23	2Q23	3Q22	3Q23 x 3Q22	3Q23 x 2Q23
Personnel	(35.4)	(33.6)	(34.8)	1.8%	5.3%
Connection	(9.2)	(9.4)	(6.7)	37.0%	-2.1%
Link	(5.0)	(4.2)	(5.9)	-14.6%	18.8%
Right of Passage	(19.7)	(19.7)	(16.4)	20.0%	-0.1%
Utilities	(3.0)	(2.8)	(2.3)	31.9%	7.4%
Materials and maintenance	(5.5)	(3.6)	(4.4)	25.3%	52.8%
Third-party Services	(3.3)	(3.0)	(1.9)	76.8%	11.0%
Others	(6.5)	(5.6)	(4.1)	58.7%	17.0%
Depreciation and Amortization	(79.5)	(76.6)	(65.9)	20.5%	3.8%
Total	(167.1)	(158.4)	(142.3)	17.4%	5.4%

The Company's costs of services provided in 3Q23 totaled R\$167.1 million compared to R\$142.3 million in 3Q22, representing an increase of 17%. When we isolate depreciation, cash costs increased by 15%. When compared to 2Q23, cash costs rose 7%, already reflecting some impacts from the start of 4G/5G operations.

In comparison with 3Q22, the variation is mainly due to:

- depreciation and amortization, which grew by R\$13.5 million, given the growth in assets and intangible assets resulting from the recent expansions;
- increase in renting poles (right of passage), which grew by R\$3.3 million due to the growth in HPs between periods; and
- growth in the connection account, by R\$2.5 million, due to the increase in content offered through third-party streaming.

OPERATIONAL EXPENSES

Operational expenses (BRL million)	3Q23	2Q23	3Q22	3Q23 x 3Q22	3Q23 x 2Q23
Personnel	(33.9)	(30.8)	(28.1)	20.5%	9.9%
Third-party services	(4.7)	(5.1)	(6.9)	-31.9%	-9.2%
Marketing expenses	(7.5)	(6.7)	(5.9)	26.4%	11.4%
Taxes and contributions	(4.3)	(4.3)	(2.2)	97.6%	0.6%
Provision for doubtful accounts (PCLD)	(17.7)	(17.5)	(8.2)	116.3%	0.7%
Other expenses	(18.8)	(5.5)	(8.1)	132.4%	242.3%
Depreciation and amortization	(3.7)	(3.8)	(3.5)	7.2%	-1.0%
Total	(90.4)	(73.7)	(62.7)	44.1%	22.7%

The Company's operating expenses in 3Q23 rose by around 44% compared to 3Q22 and 23% compared to the previous quarter.

The main factor for this increase was the punctual recognition of the amount of R\$11.5 million in Other Expenses, relating to the reduction in the collection of the State Fund to Combat Poverty (FECOP) in Ceará in the periods from 2019 to 2022, as the Company applied the 75% reduction from ICMS (VAT) benefit. Since May this year, we have pacified the understanding that the benefit does not apply to FECOP, only to the base ICMS (VAT) rate.

Disregarding this non-recurring event, total expenses for the quarter would rise by just 7%, notably due to the increase in Commercial Expenses, as explained below.

General and Administrative Expenses (DGA), excluding depreciation and amortization, remained in line both in relation to the previous quarter and in comparison, with 3Q22.

Commercial Expenses, excluding depreciation and amortization, were 8% higher in 3Q23 when compared to the previous quarter, due to higher personnel and advertising expenses, mainly related to the launch of the mobile business (4G/5G).

PCLD (provision for doubtful accounts) totaled R\$17.7 million. With this increase, the Company's objective, together with the natural improvement in accounts receivable overdue for more than 181 days over the last quarters (as evidenced in the table below), is full coverage of accounts receivable overdue for more than 181 days. At the end of September, considering the write-offs made and the balance of R\$29.8 million, this coverage was 48%, compared to less than 30% in Sep/22.

Accounts Receivable (BRL million)	3Q23	2Q23	3Q22	3Q23 x 3Q22	3Q23 x 2Q23
Falling due	74.2	64.9	57.6	28.7%	14.3%
Past due under 180 days	73.2	68.2	50.3	45.4%	7.3%
Past due over 181 days	29.8	28.5	37.1	-19.6%	4.8%
PCLD	(14.2)	(9.8)	(10.6)	34.5%	44.9%

EBITDA

BRL million	3Q23	2Q23	3Q22	3Q23 x 3Q22	3Q23 x 2Q23	9M23	9M22	9M23 x 9M22
Net Income	31.7	43.9	22.0	44.2%	-27.7%	100.8	30.2	233.4%
(+) Income tax and social contribution	5.8	3.8	16.1	-63.7%	51.6%	20.5	23.8	-13.7%
(+) Net financial result	15.5	20.3	11.1	39.3%	-23.8%	61.8	44.6	38.6%
(+) Depreciation and amortization	83.2	80.3	69.4	19.9%	3.6%	240.9	194.2	24.0%
EBITDA	136.2	148.4	118.6	14.9%	-8.2%	424.0	292.8	44.8%
EBITDA margin (%)	43.9%	49.4%	46.6%	-2.8 p.p.	-5.6 p.p.	47.0%	41.4%	5.6 p.p.
(+) FECOP (one-off)	13.3	0.0	0.0	-	0.0%	11.5	0.0	0.0%
Adjusted EBITDA	149.6	148.4	118.6	26.1%	0.8%	435.5	292.8	48.7%
Adjusted EBITDA margin (%)	47.9%	49.4%	46.6%	1.3 p.p.	-1.5 p.p.	48.2%	41.4%	6.8 p.p.

In 3Q23, the Company presented Adjusted EBITDA of R\$149.6 million, with a margin of 48%. The adjustment was due to the recognition of a tax debt in relation to the reduction in FECOP (State Fund to Combat Poverty) in the state of Ceará. The amount of R\$13.3 million was recognized partly in other operating expenses - amount of R\$11.5 million - relating to the years 2019 to 2022, and partly as a deduction from gross revenue - R\$1.8 million, relating to the months of January to April 2023. This amount will be paid in installments over 60 months

and is part of the Taxes Paid in Installment line in current and non-current liabilities.

In 9M23, Adjusted EBITDA was R\$435.5 million, as the adjustment was only R\$11.5 million, the portion of expenses relating to previous years, as explained above. The Adjusted EBITDA margin for 9M23 was 48.2%, 6.8 p.p. above the margin for the same period in 2022, demonstrating the improvement in the Company's results.

FINANCIAL RESULTS

In 3Q23, the **financial result was an expense of R\$15.5 million**, 24% lower than 2Q23 and 39% higher than 3Q22.

Compared to 2Q23, this quarter's result reflects lower interest expenses, partially offset by higher income from financial investments. This situation is explained by the reduction in the interest rate as well as the entry of R\$75 million in loans from Finep at very attractive rates.

When compared to 3Q22, the growth of R\$4.4 million mainly reflects the higher charges on incentivized debentures (annual IPCA cost + 5.77%), as the IPCA reference was -0.37% for 3Q22 (IPCA from Jun to Aug/22) and 0.27% for 3Q23 (IPCA from Jun to Aug/23).

At the end of September 2023, the Company had R\$19.1 million in international suppliers and R\$40.1 million in foreign currency financing. The Company adopts the policy of contracting hedge instruments to protect its financing and that of suppliers in foreign currency.

BRL million	3Q23	2Q23	3Q22	9M23	9M22	3Q23 x 3Q22	3Q23 x 2Q23
Financial revenue	27.0	24.1	28.6	79.8	113.5	-5.9%	11.9%
Financial expenses	(42.4)	(44.4)	(39.7)	(141.6)	(158.0)	6.7%	-4.4%
Net financial result	(15.5)	(20.3)	(11.1)	(61.8)	(44.6)	39.3%	-23.8%

Financial income in 3Q23 mainly reflects interest on resources invested in the period, in the amount of R\$17.3 million and R\$5.9 million from exchange rate variation/derivative operations.

Financial expenses basically consisted of: (i) interest expenses in 3Q23 in the amount of R\$32.3 million, (ii) derivative operations in the amount of R\$3.2 million – derivatives are basically swaps for exchange rate protection of debts in foreign currency, and (ii) passive exchange variations of R\$2.8 million.

INDEBTEDNESS

BRL million	Sept/23	Dec/22	Var. (%)
Gross Debt	1,238.4	1,338.9	-7.5%
(-) Cash and cash equivalents	310.4	203.5	52.5%
(-) Short-term investments	190.0	391.5	-51.5%
Net Debt	738.0	743.8	-0.8%

Brisanet presented gross debt of R\$1.2 billion in September 2023 aimed at investing in the geographic expansion of its fiber optic network and future 4G/5G operations. Gross debt is made up of loans and financing, debentures, lease obligations and derivative transactions.

Considering Cash and financial investments at the end of the period of R\$500.4 million, the Company presented a net debt of R\$738.0 million, compared to the net debt of R\$743.8 million at the end of 2022. Most of this resource is applied in instruments with liquidity of less than 90 days and with an average profitability over the period of 102.2% CDI.

The reduction in gross debt in relation to Dec/22 was mainly due to the amortization of loans and promissory notes due over the period.

The Company monitors its debt using the net debt/EBITDA indicator. **On September 30, 2023, the debt level was 1.30x**, 0.08x lower than at the end of the previous quarter. This is the sixth consecutive quarter of reduction in this indicator.

The Company adopts the policy of contracting hedge instruments to protect part of the financing carried out in foreign currency. As of September 30, 2023, total foreign currency financing (includes Loan 4131) represented around 3% of total gross debt.

Opening loans and financing follows:

Type	Weighted average rates	Sept-2023	Dec-2022
Working capital	0.82% p.m.	12,993	17,485
Working capital	0.21% p.m. + CDI	98,961	134,998
Working capital	0.00% p.m. + TJLP	-	1,279
Working capital	0.47% p.m. + TLP	1,264	4,114
Working capital (Loan 4131)	0.19% p.m. + CDI	40,145	65,095
PPE financing CDC)	1.18% p.m.	10,433	12,583
PPE financing (FINEM)	0.00% p.m. + TJLP	-	2,601
PPE financing (FINEM)	0.50% p.m. + TLP	18,404	36,074
Financing - TR	0.29% p.m. + TR	138,993	50,791
Financing for imports (foreign currency)	-	-	34,768
		321,193	359,788
Current		98,537	154,618
Non-current		222,656	205,170

On March 15, 2021, the Company issued debentures, not convertible into shares, in the amount of R\$500 million, which will be settled in semi-annual installments, with initial maturity in March 2025 and final maturity in March 2028. These debentures are subject to interest/remuneration equivalent to IPCA + 5.7694%. On September 30, 2023, the balance was R\$569.1 million.

On August 25, 2022, the Company issued debentures, not convertible into shares, in the total amount of R\$300 million, with a maturity period of 5 (five) years, therefore expiring on August 25, 2027. About These debentures bear interest at CDI +2.0% per year. On September 30, 2023, the balance was R\$301.5 million.

Considering financing, debentures, and leasing, around 60% of the Company's debt matures after 2026.

Also including debentures, the Company's debt is well balanced between IPCA (46%) and CDI (36%), pre-fixed (13%) and TJLP/TLP (5%). Debt in foreign currency is fully protected and accounted for in CDI.

CAPEX

BRL million	9M23	9M22	Var. (%)
Capex			
Additions to PPE ¹	289.1	716.5	-59.7%
(-) PPE in progress / in Inventory	(120.9)	(98.7)	22.5%
(-) Advances to Suppliers	138.8	(148.7)	-
(-) Imported equipment in transit	1.5	33.6	-95.5%
Additions to Intangible Assets	42.6	24.5	74.3%
Capex Adjusted - 'In Operations'	351.1	527.2	-33.4%

¹See note 8 and 9 of the Interim Accounting Statement of 09.30.2023

In 9M23, Brisanet invested, when measured by additions to fixed assets and intangible assets, the amount of R\$331.7 million, compared to R\$741.0 million in 9M22.

The Company has a 'stock' of equipment and constructions to be activated in the coming months' worth R\$527.2 million, recorded under 'construction and imports in progress' (balance of R\$216.6 million) and 'PPE in supplies room' (balance of R\$310.6 million).

Of the R\$351.1 million in fixed/intangible additions already in operation, R\$30 million were maintenance capex, the remainder was applied to the Company's organic expansion, mainly in:

- 839,000¹ HPs,
- 395,000 customer installations – base growth and replacement,
- R\$ 89 million in 5G, R\$89 million in 5G (the total invested in the year was R\$102 million, but part is in construction in progress and PPE in supplies room),
- R\$ 19 million in *backbone*.

¹ Of the 839,000 HPs added in the period, 60,000 came from Agility cancellations, where the investment had already been made but the HP was accounted for as Agility.



Anatel confirmed:
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THE BEST INTERNET IN BRAZIL
[ANATEL SURVEY 2022]

brisanet

Leader in all states surveyed, occupying the first position in the rating by UF. Source: Satisfaction and Perceived Quality Survey - Anatel 2022.

NOTICES

The Interim Accounting Information of 09/30/2023, reviewed by Ernst & Young Auditores Independentes S.S. Ltda., is available on our [website](#).

INVESTOR RELATIONS

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LEGAL NOTICE

The consolidated financial and operating information, disclosed in this document, except where otherwise indicated, is presented in accordance with international accounting standards IFRS (International Financial Reporting Standards) and in Reais (R\$), in accordance with the Brazilian Corporation Law, Law 6,404/76 and the pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Securities and Exchange Commission ("CVM").

This document may contain forecasts about future events. Such forecasts do not constitute acts that took place in the past and only reflect the expectations of the Company's managers. The terms "anticipates", "believes", "estimates", "expects", "intends", "plans", "projects", "objectives", as well as other similar terms aim to identify such forecasts which evidently involve risks or uncertainties foreseen or not by the Company. Therefore, the future results of the Company's operations may differ from current expectations and the reader should not rely exclusively on the forecasts made herein. These forecasts only issue opinions on the date they are made, and the Company does not undertake to update them considering new information or future developments.

NON-ACCOUNTING MEASURES

Consistent with market practice, we disclose non-accounting (non-GAAP) measures that are not recognized under IFRS or other accounting standards, including "Net Debt", "EBITDA", "Adjusted EBITDA". Non-accounting measures provide useful information for their investors, market analysts and the general public to compare their operating performance with that of other companies in the same and other sectors. However, these nonaccounting measures do not have standardized meanings and methodologies and may not be directly comparable with metrics of the same or similar name published by other companies. Potential investors should not base their investment decision on non-accounting information as a substitute for accounting measures such as profitability or liquidity.

Consolidated - In BRL 000	3Q23	2Q23	3Q22
Net operating revenue	310,512	300,207	254,247
Cost of services	(167,058)	(158,449)	(142,328)
Gross profit	<u>143,454</u>	<u>141,758</u>	<u>111,919</u>
Operating expenses			
Administrative expenses	(28,437)	(29,401)	(27,721)
Selling expenses	(46,516)	(43,002)	(30,972)
Other operating revenue (expenses), net	(15,473)	(1,284)	(4,046)
Earnings before financial result and taxes	<u>53,028</u>	<u>68,071</u>	<u>49,180</u>
Financial revenues	26,959	24,082	28,644
Financial expenses	(42,422)	(44,387)	(39,743)
Net financial result	<u>(15,463)</u>	<u>(20,305)</u>	<u>(11,099)</u>
Income (Loss) before income tax and social contribution	<u>37,565</u>	<u>47,766</u>	<u>38,081</u>
Income tax and social contribution	(5,834)	(3,848)	(16,072)
Income (Loss) for the period	<u><u>31,731</u></u>	<u><u>43,918</u></u>	<u><u>22,009</u></u>

* Adjusted to reflect the change in PCLD lines – from Other net operating income (expenses) to Selling Expenses – and in the Other Expenses line – Tax expenses classified as Administrative.

Consolidated - In BRL 000	<u>9/30/2023</u>	<u>12/31/2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	310,360	203,542
Shorts-term investments	190,008	391,540
Trade accounts receivables	163,007	140,822
Inventories	6,298	5,449
Taxes recoverable	35,593	38,642
Derivative operations	374	95
Prepaid expenses	2,360	1,400
Other assets	8,924	2,911
TOTAL CURRENT ASSETS	716,924	784,401
NON-CURRENT		
Taxes recoverable	49,152	59,761
Court-related deposits	7,052	5,467
Derivative operations	1,926	2,364
Prepaid expenses	3,487	2,607
Deferred income and social contribution taxes	1,342	
Other assets	38	38
Right-of-use	40,943	36,493
Property, plant and equipment	2,051,691	1,956,020
Intangible assets	256,744	231,133
TOTAL NON-CURRENT ASSETS	2,412,375	2,293,883
TOTAL ASSETS	3,129,299	3,078,284
LIABILITIES AND EQUITY	<u>30/9/2023</u>	<u>31/12/2022</u>
CURRENT LIABILITIES		
Suppliers	71,704	66,003
Loans and financing	98,537	154,618
Debentures	4,796	95,943
Lease obligations	19,489	14,234
Labor and social obligations	63,937	46,377
Tax payable	20,947	30,264
Taxes paid in installments	4,719	749
Derivative operations	4,576	3,382
Proposed dividends	0	14,418
Other accounts payable	23,211	24,122
TOTAL CURRENT LIABILITIES	311,916	450,110
NON-CURRENT		
Loans and financing	222,656	205,170
Debentures	865,794	840,258
Lease obligations	23,652	24,636
Taxes paid in installments	18,426	4,401
Derivative operations	1,208	3,121
Others accounts payable	201,238	171,961
TOTAL NON-CURRENT LIABILITES	1,332,974	1,249,547
EQUITY		
Capital	1,281,606	1,281,606
Income reserve	208,962	106,775
Treasury shares	(9,758)	(9,758)
	1,480,810	1,378,623
Non controlling interest	3,599	4
TOTAL EQUITY	1,484,409	1,378,627
TOTAL LIABILITIES AND EQUITY	3,129,299	3,078,284

Consolidated - In R\$ 000	9M23	9M22
Cash flow from operating activities		
Net income (loss) for the period	100,834	30,243
Adjustments to reconcile income (loss) for the period:		
Depreciation and amortization	240,881	194,198
Residual value upon write-off of PPE and intangible assets	10,457	259
Provision for loss on fixed assets	-	6,143
Allowance for doubtful accounts	46,602	21,388
Provision for contingencies	10,240	1,028
Monetary and exchange variation	32,742	62,732
Derivative operations	(559)	3,482
Interest on leases	4,435	2,518
Interest on debentures	29,798	20,341
Interest on promissory note	1,271	1,122
Interest on loans and financing	24,856	42,311
Appropriation of funding costs	4,094	3,920
Short-term investment income	(17,132)	(48,538)
Deferred income and social contribution taxes	6,146	6,155
(Increase) decrease in assets		
Trade accounts receivable	(68,787)	(47,208)
Inventories	(849)	(1,237)
Taxes recoverable	13,658	(3,391)
Prepaid expenses	(1,840)	(290)
Court-related deposits	(1,585)	(2,564)
Other assets	(6,014)	11,477
Increase (decrease) in liabilities		
Suppliers	5,701	(106,968)
Labor and social obligations	17,560	18,039
Taxes payable	5,354	12,154
Taxes paid in installments	17,995	(1,516)
Other accounts payable	10,638	23,470
Cash from (used in) operating activities	486,496	249,268
Interest paid	(116,797)	(71,968)
Income tax and social contribution paid	(14,671)	(7,047)
Net cash from (used in) operating activities	355,028	170,253
Cash flows from investing activities		
Short-term investments	191,649	(206,486)
Additions to Property, plant and equipment	(289,085)	(716,464)
Additions to intangible assets	(42,620)	(24,451)
Revenue on short-term investments	27,015	-
Revenue on sale of fixed and intangible assets	13,890	-
Contribution to consortiums	-	(106)
Net cash from (used in) investing activities	(99,151)	(947,507)
Cash flows from financing activities		
Loans and financing raised	82,958	16,712
Amortization of principal of loans and financing	(121,896)	(172,484)
Raising debentures, net of funding costs	-	296,679
Promissory note capture	-	69,380
Promissory note raised	(64,000)	(4,000)
Lease paid	(36,651)	(32,332)
Acquisition of non-controlling interests	4,948	-
Dividend/Profits distributed	(14,418)	(533)
Treasury shares	-	(9,405)
Net cash from (used in) financing activities	(149,059)	164,017
Increase (Decrease) in cash and cash equivalents	106,818	(613,237)
Cash and cash equivalents at the beginning of the year	203,542	1,000,792
Cash and cash equivalents at the end of the year	310,360	387,555
Increase (decrease) in cash and cash equivalents	106,818	(613,237)



EARNINGS CONFERENCE CALL

November 14, 2023

07:00 AM (EST – NY Time) | 09:00 AM (BRT)

In Portuguese, with simultaneous translation into English

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A free translation from Portuguese into English of Independent auditor's review report on quarterly information prepared in Brazilian currency in accordance with NBC TG 21 - Interim Financial Reporting and IAS 34 - Interim Financial Reporting

Independent auditor's review report on quarterly information

To the Shareholders, Board of Directors and Officers of
Brisanet Participações S.A.
Pereiro - CE

Introduction

We have reviewed the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) of Brisanet Participações S.A. (the “Company”) for the quarter ended September 30, 2023, which comprises the statement of financial position as at September 30, 2023, and the related statements of profit or loss and of comprehensive income for the three- and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

The executive board is responsible for the preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 – Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of the Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2023, prepared under the responsibility of the Company's executive board, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted jointly with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in referred to Standard and consistently with the individual and consolidated interim financial information taken as a whole.

Fortaleza, November 13, 2023.

ERNST & YOUNG
Auditores Independentes S.S. Ltda.
CRC CE-001042/F

Nathalia Araújo Domingues
Nathalia Araújo Domingues
Accountant CE-020833/O

Brisanet Participações S.A.

Statements of financial position
September 30, 2023
(In thousands of reais)

	Note	Individual		Consolidated	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
Assets					
Current assets					
Cash and cash equivalents	3	6	2,126	310,360	203,542
Financial investments	3	4,092	12,020	190,008	391,540
Trade accounts receivable	4	-	-	163,007	140,822
Inventories		-	-	6,298	5,449
Taxes recoverable	5	23	18	35,593	38,642
Derivative transactions	25	-	-	374	95
Prepaid expenses		37	-	2,360	1,400
Dividends receivable	6	-	4,500	-	-
Other assets		-	-	8,924	2,911
Total current assets		4,158	18,664	716,924	784,401
Noncurrent assets					
Long-term receivables					
Financial investment	3	300,000	300,000	-	-
Taxes recoverable	5	-	-	49,152	59,761
Judicial deposits		-	-	7,052	5,467
Derivative transactions	25	-	-	1,926	2,364
Prepaid expenses		-	-	3,487	2,607
Deferred income and social contribution taxes	23	1,342	-	1,342	-
Other assets		-	-	38	38
Investments	7	1,477,001	1,390,100	-	-
Right of use	14	-	-	40,943	36,493
Property, plant and equipment	8	-	-	2,051,691	1,956,020
Intangible assets	9	-	-	256,744	231,133
Total noncurrent assets		1,778,343	1,690,100	2,412,375	2,293,883
Total assets					
		1,782,343	1,708,764	3,129,299	3,078,284

	Note	Individual		Consolidated	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
Liabilities and equity					
Current liabilities					
Trade accounts payable	10	-	3	71,704	66,003
Loans and financing	11	-	-	98,537	154,618
Debentures	12	3,483	14,297	4,796	23,593
Promissory note	13	-	-	-	72,350
Lease obligations	14	-	-	19,489	14,234
Labor and social obligations	15	19	-	63,937	46,377
Taxes payable	5	181	3,858	20,947	30,264
Taxes paid in installments		-	-	4,719	749
Derivative transactions	25	-	-	4,576	3,382
Proposed dividends	6 and 19	-	14,418	-	14,418
Other accounts payable	17	-	-	23,211	24,122
Total current liabilities		3,683	32,576	311,916	450,110
Noncurrent liabilities					
Loans and financing	11	-	-	222,656	205,170
Debentures	12	298,008	297,565	865,794	840,258
Lease obligations	14	-	-	23,652	24,636
Taxes paid in installments		-	-	18,426	4,401
Deferred income and social contribution taxes	23	-	-	13,199	5,711
Derivative transactions	25	-	-	1,208	3,121
Provision for contingencies	16	-	-	10,905	1,883
Other accounts payable	17	-	-	177,134	164,367
Total noncurrent liabilities		298,008	297,565	1,332,974	1,249,547
Equity					
Capital	19	1,281,606	1,281,606	1,281,606	1,281,606
Treasury shares		(9,758)	(9,758)	(9,758)	(9,758)
Income reserves		208,962	106,775	208,962	106,775
		1,480,810	1,378,623	1,479,712	1,378,623
Noncontrolling interests		-	-	3,599	4
Total equity		1,480,810	1,378,623	1,484,409	1,378,627
Total liabilities and equity					
		1,781,403	1,708,764	3,129,299	3,078,284

See accompanying notes.

Brisanet Participações S.A.

Statements of profit or loss

Three- and nine-month periods ended September 30, 2023

(In thousands of reais, except earnings per share, stated in reais)

	Note	Individual				Consolidated			
		07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Net operating revenue	20	-	-	-	-	310,512	254,247	902,799	707,783
Cost of services rendered	21	-	-	-	-	(167,058)	(142,328)	(479,022)	(423,881)
Gross profit				-	-	143,454	111,919	423,777	283,902
Operating expenses									
Administrative expenses	21	(481)	(989)	(1,591)	(2,569)	(28,437)	(27,721)	(84,846)	(84,205)
Selling expenses	21	-	-	-	-	(46,516)	(30,972)	(125,246)	(88,527)
Equity pickup	7	32,577	25,167	103,693	34,940	-	-	-	-
Other operating expenses, net	21	(533)	(40)	(1,575)	-	(15,473)	(4,046)	(30,584)	(12,605)
Income before finance income (costs) and taxes		31,563	24,138	100,527	32,371	53,028	49,180	183,101	98,565
Finance income	22	11,495	2,491	33,882	2,500	26,959	28,644	79,806	113,488
Finance costs	22	(11,653)	(3,778)	(34,662)	(3,782)	(42,422)	(39,743)	(141,559)	(158,049)
Finance income (costs)		(158)	(1,287)	(780)	(1,282)	(15,463)	(11,099)	(61,753)	(44,561)
Income before income and social contribution taxes		31,405	22,851	99,747	31,089	37,565	38,081	121,348	54,004
Income and social contribution taxes	23	399	(841)	1,342	(843)	(5,834)	(16,072)	(20,514)	(23,761)
Net income for the period		31,804	22,010	101,089	30,246	31,731	22,009	100,834	30,243
Net income (loss) attributable to									
Controlling interests					-	31,804	22,010	101,089	30,246
Noncontrolling interests					-	(73)	(1)	(255)	(3)
Basic earnings (loss) per share – R\$	24	0.071	0.049	0.225	0.067				
Diluted earnings (loss) per share – R\$	24	0.071	0.049	0.225	0.067				

See accompanying notes.

Brisanet Participações S.A.

Statements of comprehensive income (loss)
 Three- and nine-month periods ended September 30, 2023
 (In thousands of reais)

	Individual				Consolidated			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Net income for the period	31,804	22,010	101,089	30,246	31,731	22,009	100,834	30,243
Other comprehensive income		-		-		-		-
Comprehensive income for the period	31,804	22,010	101,089	30,246	31,731	22,009	100,834	30,243
Net income (loss) attributable to Controlling interests	-	-	-	-	31,804	22,010	101,089	30,246
Noncontrolling interests	-	-	-	-	(73)	(1)	(255)	(3)

See accompanying notes.

Brisanet Participações S.A.

Statements of changes in equity
 Nine-month period ended September 30, 2023
 (In thousands of reais)

	Consolidated								
	Individual					Retained earnings (accumulated losses)	Subtotal	Noncontrolling interests	Equity
	Capital		Income reserves						
Capital	Share issue costs	Treasury shares	Legal reserve	Retained profits					
Balances at December 31, 2021	1,321,859	(40,253)	-	1,568	58,918	-	1,342,092	7	1,342,099
Treasury shares	-	-	(9,405)	-	-	-	(9,405)		(9,405)
Net income for the period	-	-	-	-	-	30,246	30,246	(3)	30,243
Balances at September 30, 2022	1,321,859	(40,253)	(9,405)	1,568	58,918	30,246	1,362,933	4	1,362,937
Balances at December 31, 2022	1,321,859	(40,253)	(9,758)	4,603	102,172	-	1,378,623	4	1,378,627
Capital increase in subsidiary	-	-	-	-	1,098	-	1,098	3,850	4,948
Net income for the period	-	-	-	-	-	101,089	101,089	(255)	100,834
Balances at September 30, 2023	1,321,859	(40,253)	(9,758)	4,603	103,270	101,089	1,480,810	3,599	1,484,409

See accompanying notes.

Brisanet Participações S.A.

Statements of cash flows
 Nine-month period ended September 30, 2023
 (In thousands of reais)

	Individual		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Cash flows from operating activities				
Net income for the period	101,089	30,246	100,834	30,243
Adjustments to reconcile income (loss) for the period:				
Depreciation and amortization	-	-	240,881	194,198
Residual value upon write-off of PPE and intangible assets	-	-	10,457	259
Provision for losses on property, plant and equipment	-	-	-	6,143
Allowance for expected credit losses	-	-	46,602	21,388
Set-up (reversal) of provision for contingencies	-	-	10,240	1,028
Equity pickup	(103,693)	(34,940)	-	-
Monetary variation and exchange differences	29,345	3,216	32,742	62,732
Derivative transactions	-	-	(559)	3,482
Interest on leases	-	-	4,435	2,518
Interest on debentures	4,754	501	29,798	20,341
Interest on promissory notes	-	-	1,271	1,122
Interest on loans and financing	-	-	24,856	42,311
Appropriation of funding costs	498	56	4,094	3,920
Financial investment yield	(4,092)	(2,500)	(17,132)	(48,538)
Deferred income and social contribution taxes	(1,342)	-	6,146	6,155
(Increase) decrease in assets				
Trade accounts receivable	-	-	(68,787)	(47,208)
Inventories	-	-	(849)	(1,237)
Taxes recoverable	(5)	-	13,658	(3,391)
Prepaid expenses	(37)	(46)	(1,840)	(290)
Judicial deposits	-	-	(1,585)	(2,564)
Other assets	-	-	(6,014)	11,477
Increase (decrease) in liabilities				
Trade accounts payable	(3)	4	5,701	(106,968)
Labor and social obligations	19	-	17,560	18,039
Taxes payable	164	618	5,354	12,154
Taxes paid in installments	-	-	17,995	(1,516)
Provision for contingencies	-	-	(1,218)	(360)
Other accounts payable	-	-	11,856	23,830
Cash flows from (used in) operating activities	26,697	(2,845)	486,496	249,268
Interest paid on loans and financing, debentures and leases	(44,968)	-	(116,797)	(71,968)
Income and social contribution taxes paid	(3,841)	-	(14,671)	(7,047)
Net cash flows from (used in) operating activities	(22,112)	(2,845)	355,028	170,253
Cash flows from investing activities				
Financial investments - investments and redemptions	(29,778)	(296,288)	191,649	(206,486)
Additions to PPE	-	-	(289,085)	(716,464)
Additions to intangible assets	-	-	(42,620)	(24,451)
Receipts from financial investments yield	41,798	-	27,015	-
Receipts from the sale of PPE and intangible assets	-	-	13,890	-
Addition to consortia	-	-	-	(106)
Dividends and profits received	22,390	9,160	-	-
Net cash flows used in investing activities	34,410	(287,128)	(99,151)	(947,507)

Brisanet Participações S.A.

Statements of cash flows (Continued)
 Nine-month period ended September 30, 2023
 (In thousands of reais)

	Individual		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Cash flows from financing activities				
Loans and financing taken out	-	-	82,958	16,712
Raising of debentures, net of funding costs	-	296,679	-	296,679
Raising of promissory notes, net of funding costs	-	-	-	69,380
Repayment of principal of loans and financing	-	-	(121,896)	(172,484)
Repayment of principal of promissory notes	-	-	(64,000)	(4,000)
Lease payments	-	-	(36,651)	(32,332)
Treasury shares	-	(9,405)	-	(9,405)
Capital increase - noncontrolling interests	-	-	4,948	-
Dividends/profits distributed	(14,418)	(533)	(14,418)	(533)
Net cash flows from financing activities	(14,418)	286,741	(149,059)	164,017
Increase (decrease) in cash and cash equivalents	(2,120)	(3,232)	106,818	(613,237)
Cash and cash equivalents				
At beginning of period	2,126	3,325	203,542	1,000,792
At end of period	6	93	310,360	387,555
Increase (decrease) in cash and cash equivalents	(2,120)	(3,232)	106,818	(613,237)

See accompanying notes.

Brisanet Participações S.A.

Statements of value added
 Nine-month period ended September 30, 2023
 (In thousands of reais)

	Individual		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Revenues	-	-	997,242	801,547
Gross operating income less discounts	-	-	1,017,726	819,205
Allowance for expected credit losses	-	-	(46,602)	(21,388)
Other revenues	-	-	26,118	3,730
Inputs acquired from third parties	(1,590)	(1,736)	(188,010)	(145,879)
Cost of sales	-	-	(36,267)	(33,828)
Materials, electricity, third-party services and other	(1,590)	(1,736)	(106,991)	(102,024)
Loss on/recovery of assets	-	-	(13,540)	(6,171)
Other inputs	-	-	(31,212)	(3,856)
Gross value added	(1,590)	(1,736)	809,232	655,668
Depreciation and amortization	-	-	(240,881)	(194,198)
Net value added generated	(1,590)	(1,736)	568,351	461,470
Value added received in transfer	137,575	37,440	79,806	113,488
Equity pickup	103,693	34,940	-	-
Finance income	33,882	2,500	79,806	113,488
Total value added to be distributed	135,985	35,704	648,157	574,958
Distribution of value added				
Taxes, charges and contributions	234	981	179,532	174,086
Federal	234	981	96,857	100,532
State	-	-	81,469	72,508
Local	-	-	1,206	1,046
Other taxes, charges and contributions	-	-	-	-
Personnel	-	695	163,044	162,374
Salaries	-	694	127,212	124,966
Unemployment Compensation Fund (FGTS)	-	-	10,625	11,198
Benefits	-	1	25,207	26,210
Debt remuneration	34,662	3,782	204,747	208,255
Interest, exchange differences and borrowing costs	34,662	3,782	141,559	158,049
Rents	-	-	63,188	50,206
Equity remuneration	101,089	30,246	100,834	30,243
Dividend/profits paid	-	-	-	-
Retained profits	101,089	30,246	100,834	30,243
Value added	135,985	35,704	648,157	574,958

See accompanying notes.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information
September 30, 2023
(In thousands of reais)

1. Operations

Brisanet Participações S.A. (the “Company”) is a publicly-held corporation, established on February 19, 2014, located in Pereiro, state of Ceará. The Company is primarily engaged in holding equity interests in other companies.

The Company, through its subsidiary Brisanet Serviços de Telecomunicação S.A. (“Brisanet Serviços”), offers telecommunications services that are authorized by Brazil’s National Telecommunications Agency (ANATEL), the agency responsible for regulating the telecommunications sector in Brazil in accordance with the General Telecommunications Law and its respective regulations. Tariffs charged are also regulated by ANATEL. In this context, the Company and its subsidiaries have the following authorizations:

Company	Grant	Area	Effective period
Brisanet Serviços	Authorization to provide international long-distance STFC	For region 1 STFC	Indefinite
Brisanet Serviços	Authorization to provide Multimedia Communication Services (MCS)	All regions in Brazil	Indefinite
Brisanet Serviços	Authorization to provided Conditioned Access Services (SeAC)	All regions in Brazil	Indefinite

a) Corporate changes in the period

A 4J Serviços de Telecomunicações Ltda ('4J Telecomunicações')

On November 16, 2021, Brisanet Serviços established the company 4J Serviços de Telecomunicações Ltda. holding 100% of its units of interest, with capital totaling R\$50. 4J Serviços de Telecomunicações Ltda ('4J Telecomunicações') is primarily engaged in the provision of fiber optic and radio telecommunications services, fixed telephony and VoIP services in general.

On February 1, 2023, the new member, ADLService Comunicações e Serviços Ltda., joined 4J Serviços de Telecomunicações Ltda., which subscribed 528,534 new units of interest with a par value of R\$1.00 (one real) each and on, the same date, the direct subsidiary Brisanet Serviços subscribed 595,986 new units of interest with a par value of R\$1.00 (one real) each through the capitalization of future capital contributions (AFAC). Reflecting on the absorption of the accumulated loss due to the new entry of R\$1,098.

On August 28, 2023, the Company subscribed a R\$9,824 capital increase. The subscribed and paid-in capital of the indirect subsidiary 4J Serviços de Telecomunicações Ltda. is R\$10,999, represented by 10,999,448 units of interest, with a par value of R\$1.00 (one real) each with Brisanet Serviços and ADLService Comunicações e Serviços Ltda. as members, holding equity interest of 55% and 45%, respectively.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

1. Operations (Continued)

a) Corporate changes in the period--Continued

Merger of direct subsidiary RPS Prestação de Serviços de Informática Ltda. by Brisanet Serviços de Telecomunicações S.A.

At the Special General Meeting held on April 30, 2023, shareholders approved the merger of the net assets of the Company's direct subsidiary RPS Prestação de Serviços de Informática Ltda., in the amount of R\$25,892, by Brisanet Serviços de Telecomunicações S.A. The merged net assets, measured by external experts at book value, at base date April 30, 2023, are as follows:

	<u>04/30/2023</u>
Current assets	25,893
Cash and cash equivalents	66
Trade accounts receivable	25,367
Taxes recoverable	446
Other assets	14
Noncurrent assets	13,681
Deferred taxes	1,699
Judicial deposits	10
Property, plant and equipment	11,959
Right of use	13
Total assets	39,574
Total liabilities	13,682
Merged net assets	25,892

b) Outcome of the 5G Auction

On November 4, 2021, Brisanet Serviços de Telecomunicações S.A., a wholly-owned subsidiary of the Company, won 3 Lots in the 5G Auction conducted by Brazil's National Telecommunications Agency ("Anatel") to obtain the right to use radio frequencies, primarily of 2 regional blocks of 80 MHz in the 3.5 GHz range - 1 block in the Northeast and 1 in the Midwest - as well as 1 lot of 50MHz in the Northeast region in the 2.3 GHz range, all for a period of 20 (twenty) years, extendable against valuable consideration, in accordance with the regulations in force on the expiration date. The total amount offered for the 3 lots was R\$1,466,386, of which only R\$168,360 will be disbursed, restated monthly by reference to the Extended Consumer Price Index (IPCA). The remaining balance will be covered by commitments with offer of the service in certain areas until 2030.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

2. Basis of preparation and presentation of quarterly information and summary of significant accounting policies

a) Basis of preparation and presentation

This interim financial information was prepared and is presented in accordance with NBC TG 21 – Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and with accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM) and the Brazilian Accounting Standards (NBC) issued by Brazil's National Association of State Boards of Accountancy (CFC).

Additionally, the Company and its subsidiaries considered the guidance provided in Accounting Guidance OCPC 07 issued by the CPC in November 2014, in the preparation of its interim financial information. As such, management discloses all significant information that is consistent with the information used to manage the Company's operations.

This interim financial information should be read in conjunction with the Company's and its subsidiaries' individual and consolidated financial statements for the year ended December 31, 2022, specifically Notes 2 and 3, which were prepared and presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian FASB (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The presentation of the Statement of Value Added (SVA), although not required by IFRS, is mandatory for publicly-held corporations in Brazil. Consequently, this statement is presented as supplementary information for IFRS purposes, without prejudice to the set of the quarterly information.

The interim financial information is presented in reais, the functional and presentation currency, and all amounts are expressed in thousands of reais, unless otherwise stated.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

2. Basis of preparation and presentation of quarterly information and summary of significant accounting policies (Continued)

b) Basis of consolidation

As at September 30, 2023 and December 31, 2022, the Company maintains investments by means of direct subsidiaries, all of which are located in Brazil, as follows:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Brisanet Serviços de Telecomunicações S.A.	99.99%	99.99%
RPS - Prestação de Serviços de Informática Ltda. (a)	-	99.99%
4J Serviços de Telecomunicações Ltda. (b)	55.00%	100%

(a) As disclosed in Note 1, RPS – Prestação de Serviços de Informática Ltda. was incorporated by Brisanet Serviços de Telecomunicações S.A. on April 30, 2023.

(b) As disclosed in Note 1, a 4J Serviços de Telecomunicações Ltda. is a direct subsidiary of Brisanet Serviços de Telecomunicações S.A.

Subsidiaries are all entities over which the Company holds control. The Company controls an entity when the Company is exposed or entitled to variable returns based on its involvement with the entity and can affect these returns through its power over the entity. The subsidiaries are fully included in the consolidation from the date when control is transferred to the Company. Consolidation is interrupted from the date when the Company ceases to have control.

Additionally, the direct subsidiary Brisanet Serviços S.A. has joint businesses through operations with consortia, as per Note 6. The consortia are consolidated according to the equity interest held by the Company.

Transactions between entities, balances and unrealized gains in transactions between the Company and its subsidiaries are eliminated. Unrealized gains and losses are only eliminated if the operation provides evidence of impairment of transferred assets. The subsidiaries' accounting policies are changed when necessary to ensure consistency with the policies adopted by the Company.

In the individual interim financial information of the parent company, investments in subsidiaries are recorded under the equity method.

Completion of this interim financial information was authorized by management of the Company and its subsidiaries on November 13, 2023.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

2. Basis of preparation and presentation of quarterly information and summary of significant accounting policies (Continued)

c) Operating segments

The Company operates in the telecommunications segment. The operating units of the Company and its jointly controlled subsidiaries are part of a single production process. Therefore, the conclusion is that there is a single cash-generating unit and, consequently, a single operating segment.

d) Amendments to accounting standards and pronouncements

The following amendments to accounting standards became effective as of January 1, 2023:

- CPC 50/IFRS 17: Insurance contracts (Superseding CPC 11/IFRS 15)
- Amendments to CPC 23: Definition of accounting estimates (Amendments to IAS 8);
- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);

These amendments did not impact the interim financial information of the Company and its subsidiaries.

In addition, the amended standards and pronouncements issued but not in effect until the date of issue of this interim financial information are described below:

- Lease liabilities in sale and leaseback transactions – (CPC 06/IFRS 16)
- Classification of Liabilities as Current or Non-current with covenants (CPC 26/IAS 1)
- Disclosures of financing agreements with suppliers (CPC03/IAS 7 and CPC40/IFRS 7)
- Effect of changes in exchange rates and conversion of financial statements (CPC 02/IAS 21)

The above amendments are effective for periods beginning on or after January 1, 2024 and must be applied retrospectively. The Company is currently evaluating the impact that the changes will have on current practice and is evaluating the effects of the initial application on its individual and consolidated financial statements and interim information.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

2. Basis of preparation and presentation of quarterly information and summary of significant accounting policies (Continued)

d) Amendments to accounting standards and pronouncements--Continuação

On August 30, 2023, the Federal Government published MP nº 1,185, revoking article 30 of Federal Law nº 12,973/2014 and brought new rules involving subsidies for investment in the calculation of IRPJ, CSLL, PIS and COFINS, with effect to from January 1, 2024. The Company and its subsidiaries evaluated the reflex effects of this decision and did not identify direct or reflex application for the period ended September 30, 2023. Pursuant to art. 16 of the aforementioned MP and considering that all new determinations will take effect from January 1, 2024, the Company and its subsidiaries will continue to monitor the evolution of the matter and the respective accounting impacts in its disclosures and financial statements.

3. Cash and cash equivalents and short-term investments

	Individual		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Checking accounts and other	-	8	2,543	940
Financial investments:				
Sweep accounts	6	2,118	1,493	6,828
Bank Deposit Certificates (CDB)	-	-	305,964	195,683
Debit cards	-	-	360	91
	6	2,126	310,360	203,542

Cash equivalents correspond to transactions with financial institutions in the Brazilian financial market and subject to low credit risk. These transactions are remunerated by reference to the Interbank Deposit Certificates (CDI) variation at the average rate of 101.68% at September 30, 2023 (103.04% at December 31, 2022) and are available for use in the operations of the Company and its subsidiaries, i.e. are highly-liquid financial assets and with insignificant risk of change in value.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

3. Cash and cash equivalents and short-term investments (Continued)

Financial investments

	Individual		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Investment funds	-	-	-	56
Certificate accounts with lottery prizes (a)	-	-	-	3,600
Bank Deposit Certificate (CDB) (b)	-	-	190,008	387,884
Debentures (c)	304,092	312,020	-	-
	304,092	312,020	190,008	391,540
Current	4,092	12,020	190,008	391,540
Noncurrent	300,000	300,000	-	-

(a) Certificate accounts with lottery prizes, with an average yield of 0.5% p.m. plus the reference rate (TR), were acquired in previous years and have a grace period for redemption, usually proportional to repayment of the loans to which they were offered as collateral. The amount was fully redeemed on June 2, 2023;

(b) Bank Deposit Certificates (CDB) had an average yield equivalent to 103.14% of the CDI in the period, with liquidity above 90 days; and

(c) This refers to the second private placement of debentures through subsidiary Brisanet Serviços Telecomunicações S.A, the yield will be 2.00% p.a. + CDI. The term of the 2nd Issue Debentures is of 60 months from the issue date, and payments are due in 3 annual consecutive installments over the contract period, every year on August 25, beginning August 25, 2025, and final maturity on August 25, 2027. Remuneration will be paid semi-annually from the first payment on February 25, 2027, with maturities every August and February 25 of each year.

4. Trade accounts receivable (Consolidated)

	09/30/2023	12/31/2022
Trade accounts receivable	177,212	143,987
Allowance for expected credit losses	(14,205)	(3,165)
Accounts receivable, net	163,007	140,822
Current	163,007	140,822
Noncurrent	-	-

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

4. Trade accounts receivable (Consolidated) (Continued)

The aging list of trade accounts receivable is as follows:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Falling due	74,203	49,575
Past due:		
1 to 30 days	43,060	36,598
31 to 60 days	8,628	5,950
61 to 180 days	21,482	21,145
Over 181 days	29,839	30,719
	<u>177,212</u>	<u>143,987</u>
(-) Allowance for expected credit losses	<u>(14,205)</u>	<u>(3,165)</u>
Accounts receivable, net	<u>163,007</u>	<u>140,822</u>

At September 30, 2023, DSO was of 43 days (45 days at December 31, 2022).

Changes in allowance for expected credit losses are as follows:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Opening balance	(3,165)	(19,293)
Set-up	(47,039)	(30,782)
Reversal	437	115
Write-off	35,562	46,795
Closing balance	<u>(14,205)</u>	<u>(3,165)</u>

No individual customer represents more than 10% of total accounts receivable.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

5. Taxes recoverable and payable

	Individual		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Assets				
State VAT (ICMS) recoverable	-	-	10,364	11,328
ICMS recoverable on fixed assets	-	-	72,581	82,955
PIS and COFINS recoverable	-	-	63	472
Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) recoverable	23	18	1,084	2,998
Other taxes recoverable	-	-	653	650
	23	18	84,745	98,403
Current				
Current	23	18	35,593	38,642
Noncurrent	-	-	49,152	59,761
Current liabilities				
ICMS payable	-	-	8,431	12,285
IRPJ an CSLL payable	-	3,842	1,735	8,968
PIS and COFINS payable	160	-	3,010	2,563
ISS payable	-	-	122	111
Taxes on unbilled revenue (a)	-	-	4,985	3,994
Other taxes payable	21	16	2,664	2,343
	181	3,858	20,947	30,264

(a) Taxes provisioned due to the recognition of unbilled revenue, taking into account the accrual period of the services provided, and the billing period for the customer.

6. Transactions with related parties

Outstanding balances on the reporting dates are as follows:

	Individual		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Current assets				
Right of use	-	-	8,428	-
Dividends receivable	-	4,500	-	-
	-	4,500	8,428	-
Current liabilities				
Leases payable	-	-	8,691	-
Dividends payable	-	14,418	-	14,418
	-	14,418	8,691	14,418

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

6. Transactions with related parties (Continued)

	Consolidated			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Statement of profit or loss				
AGILITY Segurança Eletronic	(361)	(391)	(1,348)	(1,110)
Imobiliária Pau D'arco Ltda	-	(6)	-	(22)
JPMF Imobiliária Ltda	-	-	-	(31)
S&L Locadora de Veículos Ltda	(8,801)	(8,359)	(29,187)	(25,120)
Nosso Atacarejo Comércio de Gêneros Alimentícios Ltda	(1,016)	(720)	(2,633)	(2,036)
Nossa Fruta Brasil Indústria de Alimentos Ltda.	(79)	(60)	(229)	(156)
	(10,257)	(9,536)	(33,397)	(28,475)

	Operations with Consortia	
	09/30/2023	09/30/2022
<u>Income (loss) on operations with consortia</u>		
Net operating revenue	1,261	-
Costs and expenses		
Interconnection and means of connection	(1,371)	(1,371)
Personnel	(172)	(115)
Third-party services	(463)	(36)
Depreciation and amortization	(416)	(40)
General costs and expenses	(488)	-
	(1,649)	(1,562)
Finance income (costs)	(263)	(17)
Net income (loss)	(1,912)	(1,579)

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

6. Transactions with related parties (Continued)

The nature of transactions with related parties is as follows:

Related party	Nature of transaction
AGILITY Segurança Eletrônica Ltda.	Software rental and licensing
BMW Consortium	Cinturão Digital project
Conecta Sec Consortium	Provision of equipment lease services
Imobiliária Pau D'arco Ltda.	Real property rental agreement
JPMF Imobiliária Ltda	Real property rental agreement
S&L Locadora de Veículos Ltda.	Vehicle lease agreement (IFRS 16)
Nosso Atacarejo Comércio de Gêneros Alimentícios Ltda.	Supply of food, cleaning and consumption products
Nossa Fruta Brasil Indústria de Alimentos Ltda.	Food product supply
Agritech Semiárido Agricultura Ltda	Food product supply
Operations with Consortia	Interest
BMW Consortium	50%
Conecta Sec Consortium	34%

Operations with consortia refer to the concession granted by the government of the state of Ceará for the use of the Cinturão Digital do Ceará (CDC) project, in which the Company holds 50% interest in the BWM Consortium. On October 27, 2022, the Conecta Sec Consortium was established referring to the contract for the provision of services to the Education and Culture Office of the city of João Pessoa, in which the company holds 34% interest.

Guarantees in financial contracts of related parties

The Company and its subsidiaries are guarantors of certain loans and financing held with financial institutions for the benefit of the parties listed below. The related parties are under common control of the shareholders of the Company and its subsidiaries.

Related party	Nature of transaction
Nossa Fruta Brasil Indústria de Alimentos Ltda.	Guarantees for loans and financing totaling R\$5,922.

Key management personnel compensation – Company and subsidiaries

Compensation of the key management personnel of the Company and its subsidiaries totaled R\$2,704 in the nine-month period ended September 30, 2023 (R\$1,684 at September 30, 2022).

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

7. Investments (Individual)

a) Breakdown

	<u>09/30/2023</u>	<u>12/31/2022</u>
Interests held in subsidiaries		
Brisanet Serviços de Telecomunicações S.A.	1,477,001	1,360,910
RPS - Prestação de Serviços de Informática Ltda.	-	29,190
	<u>1,477,001</u>	<u>1,390,100</u>

b) Changes in investments

	Brisanet Serviços de Telecomunicações S.A.	RPS – Prestação de Serviços de Informática Ltda.	09/30/2023	09/30/2022
Opening balance	1,360,910	29,190	1,390,100	1,339,405
Capital increase	-	-	-	-
Merger (i)	25,892	(25,892)	-	-
Reflection on subsidiaries (ii)	1,098	-	1,098	-
Dividends received (iii)	(17,890)	-	(17,890)	(9,160)
Equity pickup	106,991	(3,298)	103,693	34,940
Closing balance	<u>1,477,001</u>	<u>-</u>	<u>1,477,001</u>	<u>1,365,185</u>

(i) On April 30, 2023, subsidiary RPS Prestação de Serviços Ltda was fully merged into subsidiary Brisanet Serviços de Telecomunicações S.A (see Note 1).

(ii) This refers to the change in the interest of Brisanet Serviços de Telecomunicações S.A. in its direct subsidiary 4J Serviços de Telecomunicações Ltda. as per Note 1.

(iii) This refers to dividends received from subsidiary Brisanet Serviços de Telecomunicações S.A in 2023, as follows: R\$1,485 in March, R\$365 in April, R\$14,823 in May, and R\$242 in June, R\$306 in July, R\$324 in August, and R\$345 in September. Refers to dividends received from subsidiary RPS Prestação de Serviços in the amount of R\$9,160 in 2022.

c) Information on investments in subsidiaries

	<u>09/30/2023</u>					
	Capital	Equity (capital deficiency)	Net income (loss) for the period	Interest held - %	Investment balance	Equity pickup
Brisanet Serviços de Telecomunicações S.A.	1,343,245	1,477,001	103,693	99.99%	1,477,001	103,693
					<u>1,477,001</u>	<u>103,693</u>
	<u>12/31/2022</u>					
	Capital	Equity (capital deficiency)	Net income (loss) for the period	Interest held - %	Investment balance	Equity pickup
Brisanet Serviços de Telecomunicações S.A.	1,311,176	1,360,910	67,938	99.99	1,360,910	67,937
RPS – Prestação de Serviços de Informática Ltda.	32,070	29,193	1,067	99.99	29,190	1,067
					<u>1,390,100</u>	<u>69,004</u>

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

8. Property, plant and equipment (Consolidated)

a) Breakdown

	Annual average depreciation rates (%)	09/30/2023		12/31/2022	
		Cost	Accumulated depreciation	Net	Net
Land	-	26,219	-	26,219	24,054
Buildings	4%	3,925	(152)	3,773	-
Fiber-optic cables	5%	371,765	(45,334)	326,431	272,086
Network construction	10%	355,368	(56,553)	298,815	309,234
Machinery and equipment	10%	104,062	(31,603)	72,459	57,325
Furniture and fixtures	10%	6,016	(1,566)	4,450	3,811
Sundry installations	10%	285,152	(67,352)	217,800	210,986
Planes and aircraft	10%	1,800	(310)	1,490	1,611
Leasehold improvements	15%	13,359	(202)	13,157	687
Computers and peripherals	20%	39,185	(17,405)	21,780	11,891
Vehicles	20%	84,314	(32,687)	51,627	58,067
Software	20%	166,390	(123,059)	43,331	74,183
Electronic equipment	20%	635,378	(293,200)	342,178	304,202
Installations (customer activation)	25%	140,420	(44,797)	95,623	75,923
Advances to suppliers	-	5,409	-	5,409	144,200
Imports in progress	-	12,661	-	12,661	14,180
Construction in progress	-	203,912	-	203,912	145,799
PPE in supplies room	-	310,576	-	310,576	247,781
		2,765,911	(714,220)	2,051,691	1,956,020

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

8. Property, plant and equipment (Consolidated) (Continued)

b) Changes in balances

	<u>12/31/2022</u>	<u>Additions</u>	<u>Write-offs</u>	<u>Transfers</u>	<u>Depreciation</u>	<u>09/30/2023</u>
Land	24,054	547	(12)	1,630	-	26,219
Buildings	-	-	-	3,925	(152)	3,773
Fiber-optic cables	272,086	43,400	(4,508)	28,372	(12,919)	326,431
Network construction	309,234	15,430	(45)	(1,194)	(24,610)	298,815
Machinery and equipment	57,325	9,982	(43)	11,135	(5,940)	72,459
Furniture and fixtures	3,811	691	-	362	(414)	4,450
Sundry installations	210,986	16,364	(3,146)	13,821	(20,225)	217,800
Planes and aircraft	1,611	-	-	-	(121)	1,490
Leasehold improvements	687	10,162	-	2,418	(110)	13,157
Computers and peripherals	11,891	6,577	-	6,992	(3,680)	21,780
Vehicles	58,067	2,914	(120)	-	(9,234)	51,627
Software	74,183	-	(11,557)	-	(19,295)	43,331
Electronic equipment	304,202	108,810	(2,472)	13,233	(81,595)	342,178
Installations (customer activation)	75,923	45,316	-	-	(25,616)	95,623
Advances to suppliers	144,200	-	-	(138,791)	-	5,409
Imports in progress	14,180	59	-	(1,578)	-	12,661
Construction in progress	145,799	51,885	-	6,228	-	203,912
PPE in supplies room	247,781	9,348	-	53,447	-	310,576
	<u>1,956,020</u>	<u>321,485</u>	<u>(21,903)</u>	<u>-</u>	<u>(203,911)</u>	<u>2,051,691</u>

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

8. Property, plant and equipment (Consolidated) (Continued)

b) Changes in balances (Continued)

	12/31/2021	Additions	Write-offs	Transfers	Allowance for losses (vii)	Depreciation	09/30/2022
Land	12,338	5,230	-	5,744	-	-	23,312
Fiber-optic cables	203,862	28,331	-	40,790	-	(10,489)	262,494
Network construction	139,576	22,640	-	113,209	-	(13,741)	261,684
Machinery and equipment	44,131	18,088	(50)	5,329	-	(4,443)	63,055
Furniture and fixtures	3,608	587	-	-	-	(342)	3,853
Sundry installations (i)	150,950	11,883	(28)	63,418	-	(16,410)	209,813
Planes and aircraft	1,773	-	-	-	-	(122)	1,651
Leasehold improvements	704	-	-	-	-	(22)	682
Computers and peripherals	13,580	1,975	-	360	-	(3,309)	12,606
Vehicles	11,591	53,439	(172)	-	-	(6,618)	58,240
Software	104,969	24	(2)	162	-	(25,137)	80,016
Electronic equipment	287,266	9,637	(7)	79,797	(6,143)	(70,046)	300,504
Installations (customer activation) (ii)	24,498	-	-	54,385	-	(11,647)	67,236
Advances to suppliers (iii)	30,484	238,711	-	(90,058)	-	-	179,137
Imports in progress (iv)	52,227	83,887	-	(117,478)	-	-	18,636
PPE in progress (v)	227,919	78,114	-	(147,798)	-	-	158,235
PPE in supplies room (vi)	36,800	176,211	-	(7,860)	-	-	205,151
	<u>1,346,276</u>	<u>728,757</u>	<u>(259)</u>	<u>-</u>	<u>(6,143)</u>	<u>(162,326)</u>	<u>1,906,305</u>

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

8. Property, plant and equipment (Consolidated) (Continued)

Interest capitalization

In the period ended September 30, 2023, the Company and its subsidiaries capitalized interest on loans and financing amounting to R\$19,179 (R\$27,033 at December 31, 2022).

Capitalization of depreciation

In the period ended September 30, 2023, the Company and its subsidiaries capitalized depreciation on PPE used in installations, infrastructure and network expansions, in the amount of R\$13,221 (R\$16,361 at December 31, 2022).

Guarantees

At September 30, 2023, the Company recorded PPE items given in guarantee amounting to R\$83,218 (R\$149,738 at December 31, 2022).

Software

Software relating specifically to operation of modems of the Company and its subsidiaries, which are jointly controlled and meet the PPE classification criteria, in accordance with NBC TG 04 (R4).

Impairment

The Company and its subsidiaries periodically analyze whether there are indications that certain assets could be recorded in accounting for amounts that exceed the recoverable amount. After internal analysis, management concluded that there was no indication that impairment needed to be recorded on PPE and intangible assets of the Company and its subsidiaries at September 30, 2023 and December 31, 2022.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

9. Intangible assets (Consolidated)

Changes in balances

	Average annual amortization rate - %	12/31/2022	Additions	Write-offs	Transfer	09/30/2023
Cost						
Radiofrequency license - GHZ	20%	1,336	-	-	-	1,336
Software and system licenses ADM projects	20%	17,824	15,479	-	-	33,303
Customer portfolio and relationship with the franchisee (a)	20%	3,247	18,085	-	-	21,332
Radiofrequency license – 4G (b)	7%	47,008	199	(2,644)	-	44,563
Radiofrequency license – 5G (b)	7%	2,804	-	-	-	2,804
Software development and API (c)	5%	168,431	-	-	-	168,431
Intangible assets under development (d)	5%	8,221	8,857	-	8,977	17,198
Trademarks and patents	-	1,334	-	-	(8,977)	1,214
		3	-	-	-	3
Total cost		250,208	42,620	(2,644)	-	290,184
Accumulated amortization						
Radiofrequency license - GHZ	20%	(810)	(200)	-	-	(1,010)
Software and system licenses ADM projects	20%	(4,970)	(3,099)	-	-	(8,069)
Customer portfolio and relationship with the franchisee (a)	20%	(1,167)	(1,105)	-	-	(2,272)
Radiofrequency license – 4G (b)	7%	(2,795)	(2,126)	200	-	(4,721)
Radiofrequency license – 5G (b)	7%	(361)	(170)	-	-	(531)
Software development and API (c)	5%	(8,423)	(6,315)	-	-	(14,738)
Intangible assets under development (d)	5%	(549)	(1,550)	-	-	(2,099)
Total accumulated amortization		(19,075)	(14,565)	200	-	(33,440)
Intangible assets, net		231,133	28,055	(2,444)	-	(256,744)

	Average annual amortization rate - %	12/31/2021	Additions	Transfer	09/30/2022
Cost					
Radiofrequency license - GHZ	20%	171,235	-	(169,899)	1,336
Software and system licenses ADM projects	20%	15,717	1,717	(1,336)	16,098
Customer portfolio and relationship with the franchisee (a)	20%	2,476	794	(23)	3,247
Radiofrequency license – 4G (b)	7%	32,463	14,545	-	47,008
Radiofrequency license – 5G (b)	7%	-	-	2,804	2,804
Software development and API (c)	5%	-	-	168,431	168,431
Intangible assets under development (d)	5%	-	4,945	-	4,945
Trademarks and patents	-	-	2,450	-	2,450
		3	-	-	3
Total cost		221,894	24,451	(23)	246,322
Accumulated amortization					
Radiofrequency license - GHZ	20%	(136)	(197)	(407)	(740)
Software and system licenses ADM projects	20%	(2,451)	(2,238)	543	(4,146)
Customer portfolio and relationship with the franchisee (a)	20%	(596)	(432)	23	(1,005)
Radiofrequency license – 4G (b)	7%	-	(2,059)	-	(2,059)
Radiofrequency license – 5G (b)	7%	-	(169)	(136)	(305)
Software development and API (c)	5%	-	(6,316)	-	(6,316)
Intangible assets under development (d)	5%	-	(247)	-	(247)
Total accumulated amortization		(3,183)	(11,658)	23	(14,818)
Intangible assets, net		218,711	12,793	-	231,504

(a) As disclosed in Note 1, in line with the expansion strategy of the Company and its subsidiaries, intangible assets were acquired from small providers. These contracts will be amortized over 15 to 16 years.

(b) This refers to radiofrequency licenses amortized over the term of the concession arrangement, which is 15 years for 4G and 20 years for 5G.

(c) These are software and API development projects developed by the Company itself.

(d) This refers to expenses with software and APIs development projects prepared by the Company itself from the configuration period until the moment they come into operation.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

10. Trade accounts payable

At September 30, 2023 and December 31, 2022, breakdown of trade accounts payable is as follows:

	Individual		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Domestic trade accounts payable	-	3	52,542	23,608
Foreign trade accounts payable	-	-	19,162	42,395
	-	3	71,704	66,003

11. Loans and financing (Consolidated)

Type	Weighted average rates	09/30/2023	12/31/2022
Working capital	0.82% p.m.	12,993	17,485
Working capital	0.21% p.m. + CDI	98,961	134,998
Working capital	0.28% p.m. + TJLP	-	1,279
Working capital	0.47% p.m. + TLP	1,264	4,114
Working capital (Loan 4131)	0.19% p.m. + CDI	40,145	65,095
PPE financing (CDC)	1.18% p.m.	10,433	12,583
PPE financing (FINEM)	0.29% p.m. + TJLP	-	2,601
PPE financing (FINEM)	0.50% p.m. + TLP	18,404	36,074
Financing - TR	0.29% p.m. + TR	138,993	50,791
Financing for import (foreign currency)	0,40% p.m.	-	34,768
		321,193	359,788
Current		98,537	154,618
Noncurrent		222,656	205,170

Guarantees for loans and financing include shareholder sureties, disposal of assets, financial investments and credit rights on accounts receivable, as described in the table below:

	09/30/2023	12/31/2022
Sureties and disposals	191,838	358,342
Assets and credit rights given in guarantee	83,218	149,738
	275,056	508,080

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

11. Loans and financing (Consolidated) (Continued)

Changes in loans and financing are as follows:

	<u>09/30/2023</u>	<u>09/30/2022</u>
Opening balance	359,788	570,848
Fundraising	82,958	16,712
Interest appropriated	24,856	42,311
Monetary variation and exchange differences	689	25,533
Repayment of principal	(121,896)	(172,484)
Interest paid	(25,202)	(37,687)
Closing balance	<u>321,193</u>	<u>445,233</u>

Noncurrent portions mature as follows:

	<u>09/30/2023</u>	<u>12/31/2022</u>
2024	28,496	93,464
2025	66,067	62,079
2026	17,482	12,515
2027	12,521	7,251
2028	12,235	7,251
2029 onwards	85,855	22,610
	<u>222,656</u>	<u>205,170</u>

Covenants

Loan and financing covenants substantially refer to annual financial ratios, default with creditors, in-court or out-of-court measures that compromise payment capacity, insolvency and commitment of guarantees offered. The Company and its subsidiaries analyzed covenants for the period ended September 30, 2023 and year ended December 31, 2022 and concluded that all requirements had been legally met.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

12. Debentures

a) Breakdown

	Charges (p.a.)	Individual	
		09/30/2023	12/31/2022
First issue - Brisanet Participações	2.00% p.a. + CDI	304,092	314,961
(-) Issue costs to be recorded		(1,881)	(2,242)
(-) Negative goodwill		(720)	(857)
		301,491	311,862
Current		3,483	14,297
Noncurrent		298,008	297,565
	Charges (p.a.)	Consolidated	
		09/30/2023	12/31/2022
First issue - Brisanet Serviços	5.77% p.a. + IPCA	590,423	576,810
First issue - Brisanet Participações	2.00% p.a. + CDI	304,092	314,961
(-) Issue costs to be appropriated		(23,205)	(27,063)
(-) Negative goodwill		(720)	(857)
		870,590	863,851
Current		4,796	23,593
Noncurrent		865,794	840,258

b) Changes

	Individual		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Opening balance	311,862	-	863,851	515,850
Debentures raised	-	300,000	-	300,000
Monetary restatement	29,345	3,216	50,941	32,172
Interest appropriated	4,754	501	29,798	20,341
Amortization of interest	(44,968)	-	(77,996)	(31,556)
Debenture costs	-	(2,402)	-	(2,402)
Amortization of funding costs	360	40	3,858	3,537
Negative goodwill	-	(919)	-	(919)
Amortization of negative goodwill	138	16	138	16
Closing balance	301,491	300,452	870,590	837,039

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

12. Debentures (Continued)

b) Changes (Continued)

Noncurrent portions mature as follows:

	Individual		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
2025	100,000	100,000	268,355	262,183
2026	100,000	100,000	268,302	262,132
2027	100,000	100,000	268,298	262,128
2028 onwards	-	-	79,880	81,071
	300,000	300,000	884,835	867,514
(-) Issue costs to be appropriated	(1,441)	(1,761)	(18,489)	(26,582)
(-) Negative goodwill	(551)	(674)	(552)	(674)
	298,008	297,565	865,794	840,258

c) Issue of debentures

Significant information regarding the issue of debentures by the Company and its subsidiaries is as follows:

Issuer	Ticker	Type	Units issued	Issue date	Final maturity	Average charges	Funds raised
Brisanet Serv. Tel. S.A	BRST11	1st issue – 1st series	500,000	03/15/2021	03/15/2028	5.77% p.a. + IPCA	R\$500,000
Brisanet Part. S.A	BRIT11	1st issue – 1st series	300,000	08/25/2022	08/25/2027	2.00% p.m. + CDI	R\$300,000

d) Guarantees

First-series debentures issued by subsidiary Brisanet Serviços de Telecomunicações S.A. are consistently guaranteed by surety from shareholders and companies that are part of the economic group and the flow of credit rights from accounts receivable, in the minimum amount of R\$40,000 or 40% of the amount raised.

The first-series debentures issued by the Company are unsecured, without additional guarantees.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

12. Debentures (Continued)

e) Covenants

The debentures have covenants substantially related to early maturity, including compliance with “financial ratios”, default with creditors, bankruptcy, transformation of the corporation type or any corporate reorganization involving the issuer, early maturity of any financial debt and/or obligations where the amount is greater than 3% of the Company’s equity, in-court or out-of-court measures that compromise payment capacity, constitution of mortgage, pledge, chattel mortgage, assignment in trust, usufruct, trust, promise of sale, purchase option (except option to purchase shares issued by the issuer within the scope of incentive plans established in favor of managing officers and employees).

At September 30, 2023, the Company and its subsidiaries concluded that all requirements had been legally met.

13. Promissory note

a) Breakdown

	<u>Charges (p.a.)</u>	<u>09/30/2023</u>	<u>12/31/2022</u>
First issue (i)			
	2.60% p.m. +	-	
Promissory note not convertible into shares	CDI		72,448
(-) Issue costs to be appropriated		-	(98)
		-	<u>72,350</u>
Current		-	72,350
Noncurrent		-	-

Changes in promissory notes are as follows:

b) Changes

	<u>09/30/2023</u>	<u>09/30/2022</u>
Opening balance	72,350	-
Raising of promissory notes	-	70,000
Monetary restatement	291	5,027
Interest appropriated	1,271	1,122
Amortization of principal	(64,000)	(4,000)
Interest amortization	(10,010)	(207)
Cost on promissory notes	-	(620)
Amortization of funding costs	98	367
Closing balance	-	<u>71,689</u>

The final maturity of the 1st issue of promissory notes occurred on February 25, 2023.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

14. Rights of use and lease liabilities (Consolidated)

Changes in lease liabilities are as follows:

	<u>09/30/2023</u>	<u>09/30/2022</u>
Opening balance	38,870	35,490
Interest appropriated	4,435	2,518
Additions due to new contracts	40,076	42,830
Consideration paid	(36,651)	(32,332)
Interest paid	(3,589)	(2,518)
Closing balance	43,141	45,988
Current	19,489	21,298
Noncurrent	23,652	24,690

The Company's agreements have a payment term of 2 to 10 years with an average discount rate of 10.94%.

Contract maturity and undiscounted installments, reconciled to the balances at September 30, 2023 and December 31, 2022 are as follows:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Installment maturity		
2023	11,202	16,021
2024	8,019	10,321
2025	4,081	5,767
2026	2,135	3,895
2027 onwards	22,682	7,904
Undiscounted amounts	48,119	43,908
Embedded interest	(4,978)	(5,038)
Lease liabilities balance	43,141	38,870

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

14. Rights of use and lease liabilities (Consolidated) (Continued)

Changes in rights of use are as follows:

	<u>09/30/2023</u>	<u>09/30/2022</u>
Opening balance	36,493	35,928
Additions due to new contracts	40,076	42,830
Amortization expenses	(35,626)	(32,507)
Closing balance	40,943	46,251

Potential PIS/COFINS recoverable embedded in lease/rental consideration amounts, based on payment periods, is as follows: Undiscounted balances and balances discounted to present value:

<u>Cash flows</u>	<u>Nominal amount</u>	<u>Amount adjusted to present value</u>
Lease consideration	48,119	43,141
Potential PIS/COFINS (9.25%)	(4,451)	(3,990)

Additional information required by CVM/SNC/SEP Memorandum Circular No. 02/2019

In compliance with NBC TG 06 (R3), in measuring and remeasuring their lease liabilities and rights of use, Company subsidiaries used the cash flow method without considering future inflation projected in the flows to be discounted, as barred by NBC TG 06 (R3). This barring may cause material misstatements in the information provided, given the current reality of long-term interest rates in the Brazilian economic scenario.

As such, for the purposes of safeguarding information reliability, complying with the guidance provided by CVM by means of CVM/SNC/SEP Memorandum Circular No. 02/2019, and preserving Brazilian market investors, the comparative balances of lease liabilities and right-of-use assets, finance costs and depreciation expenses at September 30, 2023 and December 31, 2022 are presented below:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Rights of use, net		
NBC TG06(R3) / IFRS 16	40,943	36,493
Amounts including future inflation	42,957	38,606
Variation	2,014	2,113
Lease liabilities		
NBC TG06(R3) / IFRS 16	43,141	38,870
Amounts including future inflation	45,264	41,121
Variation	2,123	2,251

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

14. Rights of use and lease liabilities (Consolidated) (Continued)

	<u>09/30/2023</u>	<u>12/31/2022</u>
Finance costs		
NBC TG06(R3) / IFRS 16	(4,435)	(4,012)
Amounts including future inflation	(4,653)	(4,244)
Variation	<u>(218)</u>	<u>(232)</u>
Depreciation expenses		
NBC TG06(R3) / IFRS 16	(35,626)	(44,301)
Amounts including future inflation	(37,379)	(46,866)
Variation	<u>(1,753)</u>	<u>(2,565)</u>

15. Labor and social obligations

	<u>Individual</u>		<u>Consolidated</u>	
	<u>09/30/2023</u>	<u>12/31/2022</u>	<u>09/30/2023</u>	<u>12/31/2022</u>
Salaries and wages	-	-	14,303	12,649
Social charges on salaries and wages	19	-	7,172	7,588
Accrued vacation pay and 13th monthly salary pay	-	-	30,618	19,205
Social charges on accrued vacation pay and 13th monthly salary pay	-	-	11,772	6,853
Other	-	-	72	82
	<u>19</u>	<u>-</u>	<u>63,937</u>	<u>46,377</u>

16. Provision for contingencies (Consolidated)

The Company updated its contingency policy as of 2023, adopting a more conservative approach. As a result, lawsuits that would only be considered as probable losses when appeals could no longer be filed started to be classified as such at lower court levels. This change in estimate caused an increase in the provision for contingencies for the period ended September 30, 2023, due to the balances of ongoing civil, tax and labor lawsuits, for which provisions for contingencies were set up in the amount of R\$10,905 (R\$1,833 at December 31, 2022). There are no contingencies whose individual amounts are significant. The Company's judicial deposits amount to R\$7,052 (R\$5,467 at December 31, 2022).

Changes in provision for contingencies are as follows:

	<u>Labor</u>	<u>Tax</u>	<u>Civil</u>	<u>Total</u>
Balance at December 31, 2021	889	2	38	929
Set-up	2,748	1,012	230	3,990
Reversal	(1,588)	(592)	(206)	(2,386)
Write-off	(639)	-	(11)	(650)
Balance at December 31, 2022	1,410	422	51	1,883
Set-up	16,541	666	1,714	18,921
Reversal	(7,226)	(571)	884	(8,681)
Write-off	(1,218)	-	-	(1,218)
Balance at September 30, 2023	<u>9,507</u>	<u>517</u>	<u>881</u>	<u>10,905</u>

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
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16. Provision for contingencies (Consolidated) (Continued)

With the update of the contingency policy mentioned above, the Company adopted a more conservative view on tax proceedings, starting to consider the loss as possible from the assessment notice. This change caused an increase in possible contingencies for the period ended September 30, 2023, due to the balances of ongoing tax, civil and labor lawsuits for which an amount of R\$54,200 was considered as a possible loss (R\$8,818 at December 31 of 2022).

Decision on the Relativization of Res Judicata

On February 8, 2023, the Federal Supreme Court (STF) unanimously considered that a final and unappealable decision on the constitutionality of taxes collected on a continuous basis (successive treatment tax relationship) loses its effects automatically if the STF subsequently holds an opposite position on the same tax matter. This means, in practice, that decisions handed down in direct claims of unconstitutionality or constitutionality (ADIs or ADCs), or in an appeal to the STF with general repercussion (generally binding decision), interrupt the effects of previous decisions in the context of successive treatment tax relations, even if they have already become final and unappealable. The STF decision determined that, where a res judicata is withdrawn and the respective tax is considered due, the rules of non-retroactivity and anteriority (i.e., a principle whereby tax payment may only be enforced ninety days after the tax is created or has its rules changed, or in the following year, depending on the tax) must be observed (Decision on the Relativization of Res Judicata).

The Company assessed the aforementioned STF decision and identified no impact on profit or loss, or the need for disclosure, as it considers the impact on the referred to proceedings to be remote.

17. Other accounts payable (Consolidated)

	Consolidated	
	09/30/2023	12/31/2022
Authorization for use of radiofrequency (5G) (a)	183,816	169,188
Radiofrequency license - LTE (4G) (b)	2,365	2,441
(-) Amount adjusted to present value	(442)	(719)
Other obligations payable (c)	14,606	17,579
	200,345	188,489
Current	23,211	24,122
Noncurrent	177,134	164,367

(a) Obligation payable referring to the right to use radio frequencies (5G), acquired through the 5G radio frequency auction. For further details, see Note 1, item "d".

(b) Obligation payable referring to the right to use radio frequencies (4G), acquired in 2018 with an effective term of 15 years.

(c) In the consolidated financial information, these refer to advances from customers, obligations with plans (health and dental), and other provisions.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

18. Government grants (Consolidated)

Subsidiary Brisanet Serviços de Telecomunicações S.A. has the following tax benefits:

Government grant	Benefit granted	Effective period	Note	Amount recorded in P&L for the period	
				09/30/2023	09/30/2022
Federal - SUDENE – (Ceará, Rio Grande do Norte, Paraíba and Alagoas)	Reduction by 75% in non-refundable income tax and surtax. Direct deduction on Income Tax, limited to 4% of the tax due (without surtax) in each calculation base period. The calculated amount must be the lower of 15% of the sum of the expenses to carry out PAT and 15% of R\$1.99 (in reais) multiplied by the number of meals provided in the period.	01/01/2018 a 12/31/2032	Note 23	6,641	2,366
Federal - Worker's Meal Program (PAT)		Indefinite	Note 23	514	104
Federal – Reinvestment SUDENE - Banco do Nordeste	Reinvest in its own projects to modernize and supplement equipment, 30% of Income Tax due	01/01/2018 a 12/31/2032	Note 23	321	-
Federal – Rouanet Law	Deduction of amounts intended for cultural incentive projects through donation or limited sponsorship up to 4% of the tax due	Indefinite	Note 23	130	-
State – Paraíba, Ceará, Pernambuco	Reduction by 75% of ICMS amounts on intrastate communication revenues in each state. Definitive exclusion of tax benefits referred to ICMS.	PB from 06/01/2020 to 06/01/2030, CE from 10/01/2019 to indefinite (annual renewal), PE from 04/01/2022 to indefinite (semiannual renewal)	Note 20 Note 23	51,046 17,357	59,001 -

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

19. Equity (Individual)

a) Capital

At September 30, 2023 and December 31, 2022, subscribed and paid-in capital amounts to R\$1,321,859, represented by 449,094,916 common shares.

	<u>Equity breakdown</u>
Number of shares	449,094,916
Number of treasury shares	3,350,000
Capital	1,321,859
Share issue cost	(40,253)
Treasury shares	(9,758)
Total	<u>1,271,848</u>

At September 30, 2023 and December 31, 2022, capital authorized for increase by the Board of Directors, regardless of statutory amendment, is of up to 150,000,000 additional common shares.

b) Income reserves

Legal reserve: recorded based on 5% of net income for the year, capped at 20% of capital, pursuant to Brazilian Corporation Law in force.

Retained profits: Company management submits for approval at the Annual General Meeting (AGM) the allocation of the remaining portion of net income for the year to the capital budget for expansion of the Company's business.

c) Profit distribution

Accumulated losses, if any, and the provision for income and social contribution taxes, will be deducted from profit or loss for the year, before any profit is distributed. Loss for the year will be mandatorily absorbed by retained earnings, and by the income and legal reserves. After recognition of the legal reserve, a minimum of 25% (twenty-five percent) will be allocated to payment of mandatory minimum dividends due to shareholders.

Changes in dividends payable are as follows:

	<u>09/30/2023</u>	<u>09/30/2022</u>
Opening balance	14,418	533
Dividends paid	(14,418)	(533)
Closing balance	<u>-</u>	<u>-</u>

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Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

20. Net operating revenue (Consolidated)

	Consolidated			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Gross sales revenue				
Services provided	352,008	292,252	1,015,814	818,810
Goods resold	1,051	144	1,913	395
	353,059	292,396	1,017,727	819,205
Deductions from gross revenue				
(-) Taxes on revenue	(60,407)	(55,302)	(165,974)	(170,423)
Tax benefits (Note 18)	17,860	17,153	51,046	59,001
	(42,547)	(38,149)	(114,928)	(111,422)
Net operating revenue	310,512	254,247	902,799	707,783

21. Operating costs and expenses by nature and function

	Individual					
	01/01/2023 to 09/30/2023			01/01/2022 to 09/30/2022		
	Administrative expenses	Other operating income (expenses), net	Total	Administrative expenses	Other operating income (expenses), net	Total
	(1,591)	(1,575)	(3,166)	(2,569)	-	(2,569)
By nature:						
Salaries and wages	-	-	-	(830)	-	(830)
Third-party services	(1,188)	-	(1,188)	(1,298)	-	(1,298)
Taxes, charges and contributions	-	(1,575)	(1,575)	-	-	-
Other personnel expenses	-	-	-	(1)	-	(1)
Other	(403)	-	(403)	(440)	-	(440)

	Individual					
	07/01/2023 to 09/30/2023			07/01/2022 to 09/30/2022		
	Administrative expenses	Other operating income (expenses), net	Total	Administrative expenses	Other operating income (expenses), net	Total
	(481)	(533)	(1,014)	(989)	(40)	(1,029)
By nature:						
Salaries and wages	-	-	-	(276)	-	(276)
Third-party services	(427)	-	(427)	(505)	-	(505)
Taxes, charges and contributions	-	(533)	(533)	-	-	-
Other	(54)	-	(54)	(208)	(40)	(248)

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Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

21. Operating costs and expenses by nature and function (Continued)

	Consolidated					Consolidated				
	01/01/2023 to 09/30/2023				Total	01/01/2022 to 09/30/2022				Total
	Cost of services	Administrative expenses	Selling expenses	Other operating income (expenses), net		Cost of services	Administrative expenses	Selling expenses	Other operating income (expenses), net	
	(479,022)	(84,846)	(125,246)	(30,584)	(719,698)	(423,881)	(84,205)	(88,527)	(12,605)	(609,218)
By nature:										
Interconnection and means of connection	(26,482)	-	-	-	(26,482)	(22,355)	-	-	-	(22,355)
Direct connectivity costs (Link)	(14,732)	-	-	-	(14,732)	(18,450)	-	-	-	(18,450)
Indirect costs of right of way (utility poles)	(59,744)	-	-	-	(59,744)	(45,914)	-	-	-	(45,914)
Salaries and wages	(88,390)	(40,769)	(40,819)	-	(169,978)	(99,141)	(39,313)	(30,306)	-	(168,760)
Third-party services	(8,781)	(8,600)	(6,656)	-	(24,037)	(6,457)	(10,859)	(10,849)	-	(28,165)
Advertising and publicity	-	-	(21,119)	-	(21,119)	-	-	(16,224)	-	(16,224)
Depreciation and amortization	(229,800)	(9,383)	(1,697)	-	(240,880)	(182,812)	(9,850)	(1,536)	-	(194,198)
Taxes, charges and contributions	-	-	-	(11,949)	(11,949)	-	-	-	(6,307)	(6,307)
Electric power and water	(8,240)	(1,699)	(12)	-	(9,951)	(6,851)	(1,451)	(15)	-	(8,317)
Materials and maintenance	(12,873)	(1,644)	(524)	-	(15,041)	(12,580)	(2,388)	(454)	-	(15,422)
Other personnel expenditures	(13,398)	(5,837)	(5,971)	-	(25,206)	(14,059)	(7,119)	(5,032)	-	(26,210)
Allowance for expected credit losses	-	-	(46,601)	-	(46,601)	-	-	(21,388)	-	(21,388)
Provision for contingencies	-	-	-	(10,240)	(10,240)	-	-	-	(1,028)	(1,028)
System maintenance services	(6,732)	(7,431)	(982)	-	(15,145)	(4,614)	(3,302)	(441)	-	(8,357)
Other	(9,850)	(9,483)	(865)	(8,395)	(28,593)	(10,648)	(9,923)	(2,282)	(5,270)	(28,123)

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

21. Operating costs and expenses by nature and function (Continued)

	Consolidated					Consolidated				
	07/01/2023 to 09/30/2023				Total	07/01/2022 to 09/30/2022				Total
Cost of services	Administrative expenses	Selling expenses	Other operating income (expenses), net	Cost of services		Administrative expenses	Selling expenses	Other operating income (expenses), net		
	(167,058)	(28,437)	(46,516)	(15,473)	(257,484)	(142,328)	(27,721)	(30,972)	(4,046)	(205,067)
By nature:										
Interconnection and means of connection	(9,165)	-	-	-	(9,165)	(6,692)	-	-	-	(6,692)
Direct connectivity costs (Link)	(5,039)	-	-	-	(5,039)	(5,900)	-	-	-	(5,900)
Indirect costs of right of way (utility poles)	(19,689)	-	-	-	(19,689)	(16,405)	-	-	-	(16,405)
Salaries and wages	(30,450)	(13,905)	(15,288)	-	(59,643)	(30,472)	(13,826)	(10,716)	-	(55,014)
Third-party services	(3,331)	(2,455)	(2,211)	-	(7,997)	(1,884)	(3,860)	(2,993)	-	(8,737)
Advertising and publicity	-	-	(7,465)	-	(7,465)	-	-	(5,904)	-	(5,904)
Depreciation and amortization	(79,464)	(3,143)	(579)	-	(83,186)	(65,922)	(2,890)	(583)	-	(69,395)
Taxes, charges and contributions	-	-	-	(4,280)	(4,280)	-	-	-	(2,166)	(2,166)
Electric power and water	(2,972)	(597)	(4)	-	(3,573)	(2,254)	(373)	(4)	-	(2,631)
Materials and maintenance	(5,459)	(615)	(217)	-	(6,291)	(4,357)	(565)	(211)	-	(5,133)
Other personnel expenditures	(4,962)	(2,281)	(2,381)	-	(9,624)	(4,329)	(1,891)	(1,666)	-	(7,886)
Allowance for expected credit losses	-	-	(17,650)	-	(17,650)	-	-	(8,160)	-	(8,160)
Provision for contingencies	-	-	-	(3,069)	(3,069)	-	-	-	(253)	(253)
System maintenance services	(2,661)	(2,605)	(417)	-	(5,683)	(1,660)	(1,690)	(172)	-	(3,522)
Other	(3,866)	(2,836)	(304)	(8,124)	(15,130)	(2,453)	(2,626)	(563)	(1,627)	(7,269)

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Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

22. Finance income (costs)

	Individual			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Finance costs				
Interest on debentures	(11,651)	(3,772)	(34,598)	(3,772)
Late-payment interest and fines	-	-	(57)	(1)
Bank charges	(2)	(2)	(7)	(5)
Tax on Financial Transactions (IOF)	-	(4)	-	(4)
Other	-	-	-	-
	(11,653)	(3,778)	(34,662)	(3,782)
Finance income				
Financial investment yield	11,495	2,491	33,882	2,500
	11,495	2,491	33,882	2,500
Finance income (costs)	(158)	(1,287)	(780)	(1,282)
	Consolidated			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Finance costs				
Interest on loans and financing, debentures and promissory notes	(32,308)	(24,934)	(108,156)	(96,922)
Late-payment interest and fines	(52)	328	(438)	(514)
Exchange losses	(2,780)	(7,472)	(8,917)	(35,259)
Bank charges	(1,426)	(1,735)	(4,103)	(5,348)
Interest on leases	(1,553)	(764)	(4,399)	(2,518)
Tax on Financial Transactions (IOF)	(80)	(76)	(248)	(323)
Collection fees	(444)	(412)	(1,299)	(1,284)
Interest on installment payments	(530)	(108)	(702)	(358)
Derivative transactions – swap	(3,227)	(4,559)	(13,009)	(15,501)
Other	(22)	(11)	(288)	(22)
	(42,422)	(39,743)	(141,559)	(158,049)
Finance income				
Interest income received	3,607	2,892	11,219	8,520
Financial investment yield	17,314	16,154	49,913	48,538
Exchange gains	721	6,057	8,671	43,519
Derivative transactions – swap	5,168	2,463	9,554	9,934
Other finance income	149	1,078	449	2,977
	26,959	28,644	79,806	113,488
Finance income (costs)	(15,463)	(11,099)	(61,753)	(44,561)

23. Income and social contribution taxes

At September 30, 2023, income and social contribution taxes were calculated based on taxable profit computed as per accounting records (*lucro real*) (at September 30, 2022, they were calculated based on *lucro real* and on taxable profit computed as a percentage of gross revenue (*lucro presumido*)), at the rate of 15% for income tax, and surtax of 10% for profits exceeding R\$180 in the 9-month period, and at 9% for social contribution tax.

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Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

23. Income and social contribution taxes (Continued)

Current income and social contribution tax expense is as follows:

	Individual			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Taxable profit computed as per accounting records (<i>lucro real</i>):				
(a)				
Deferred income and social contribution taxes	399	-	1,342	-
	399	-	1,342	-
Taxable profit computed as a percentage of gross revenue (<i>lucro presumido</i>): (b)				
Income tax	-	(619)	-	(620)
Social contribution tax	-	(222)	-	(223)
	-	(841)	-	(843)
Total income and social contribution tax expenses:				
Current income and social contribution taxes	-	(841)	-	(843)
Deferred income and social contribution taxes	399	-	1,342	-
	399	(841)	1,342	(843)
	Consolidated			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Taxable profit computed as per accounting records (<i>lucro real</i>):				
(a)				
Current IRPJ	(4,824)	(7,331)	(16,153)	(10,900)
Current social contribution taxes	(1,738)	(2,640)	(5,821)	(3,924)
Tax benefit – income tax reduction (Note 18)	2,300	2,366	6,641	2,366
Tax incentive – PAT (Note 18)	246	104	514	104
Tax incentive – Reinvestment and Rouanet Law (Note 18)	23	-	451	-
Deferred income and social contribution taxes	(1,841)	(7,299)	(6,146)	(6,155)
	(5,834)	(14,800)	(20,514)	(18,509)
Taxable profit computed as a percentage of gross revenue (<i>lucro presumido</i>): (b)				
Income tax	-	(932)	-	(3,852)
Social contribution tax	-	(340)	-	(1,400)
	-	(1,272)	-	(5,252)
Total income and social contribution tax expenses:				
Current income and social contribution taxes	(6,562)	(11,243)	(21,974)	(20,076)
Deferred income and social contribution taxes	(1,841)	(7,299)	(6,146)	(6,155)
Tax benefit – income tax reduction (Note 18)	2,300	2,366	6,641	2,366
Tax benefit - PAT (Note 18)	246	104	514	104
Tax incentive – Reinvestment and Rouanet Law (Note 18)	23	-	451	-
	(5,834)	(16,072)	(20,514)	(23,761)

(a) Subsidiary Brisanet Serviços de Telecomunicações S.A computes taxable profit as per accounting records (*lucro real*); and

(b) The Company and its subsidiaries, except Brisanet Serviços de Telecomunicações S.A. computed taxable profit as a percentage of gross revenue (*lucro presumido*) until December 31, 2022.

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Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

23. Income and social contribution taxes (Continued)

Breakdown of deferred income and social contributions taxes is as follows:

	Individual	
	09/30/2023	12/31/2022
Assets		
Income and social contribution tax losses	1,342	-
	1,342	-
Deferred income and social contribution tax liabilities, net	1,342	-

	Consolidated	
	09/30/2023	12/31/2022
Assets		
Income and social contribution tax losses	5,401	12,380
Temporary differences on allowance for expected credit losses	2,708	987
Temporary differences on provision for contingencies	1,918	495
Temporary differences on derivative transactions	1,150	1,125
Temporary differences on the provision for profit sharing	306	-
Temporary differences on leases	-	750
Temporary differences on the provision for losses on assets	-	2,468
	11,483	18,205
Liabilities		
Temporary differences on installation and activation of customers	(22,744)	(23,916)
Temporary differences on leases	(596)	-
	(23,340)	(23,916)
Deferred income and social contribution tax liabilities, net	(11,857)	(5,711)

Reconciliation of income and social contribution tax expenses is as follows:

	Individual			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Income (loss) before income and social contribution taxes	31,405	22,851	99,747	31,089
Combined statutory rate - 34%	34%	34%	34%	34%
Income and social contribution taxes at statutory rates	(10,677)	(7,769)	(33,913)	(10,570)
Permanent differences				
Equity pickup	11,076	-	35,255	-
Effect on taxes of entities taxed based on the "lucro presumido" regime	-	6,928	-	9,727
Other additions (exclusions), net	-	-	-	-
Current income and social contribution tax expenses	-	(841)	-	(843)
Deferred income and social contribution tax expenses	399	-	1,342	-
	399	(841)	1,342	(843)
Effective rate (%)	-4%	10%	-4%	8%

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Notes to interim financial information (Continued)
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(In thousands of reais)

23. Income and social contribution taxes (Continued)

	Consolidated			
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Income before income and social contribution taxes	37,565	38,081	121,348	54,004
Combined statutory rate - 34%	34%	34%	34%	34%
Income and social contribution taxes at statutory rates	(12,772)	(12,948)	(41,258)	(18,362)
Permanent differences				
Tax benefit – income tax reduction (Note 18)	2,300	2,366	6,641	2,366
Tax incentive – PAT (Note 18)	246	104	514	104
Tax incentive – Reinvestment and Rouanet Law (Note 18)	23	-	451	-
Tax incentive – ICMS reduction (Note 18)	11,614	-	17,357	-
Write-off of PPE due to malfunction, breakdown and loss	-	(637)	2,664	(2,088)
Write-off of allowance for expected credit loss	(1,854)	1,023	(4,107)	1,646
Effect on taxes of entities taxed based on the <i>lucro presumido</i> regime	-	(1,272)	-	(5,252)
Other additions (exclusions), net	(5,391)	(4,708)	(2,776)	(2,175)
	(5,834)	(16,072)	(20,514)	(23,761)
Current income and social contribution tax expenses	(3,993)	(8,773)	(14,368)	(17,606)
Deferred income and social contribution tax expenses	(1,841)	(7,299)	(6,146)	(6,155)
	(5,834)	(16,072)	(20,514)	(23,761)
Effective rate (%)	16%	42%	17%	44%

24. Earnings (loss) per share

a) Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued in the period, excluding common shares purchased by the Company and held as treasury shares.

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Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

24. Earnings (loss) per share (Continued)

a) Basic and diluted (Continued)

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive common shares. The Company has no potentially dilutive common shares.

	<u>07/01/2023 to</u> <u>09/30/2023</u>	<u>01/01/2023 to</u> <u>09/30/2023</u>	<u>07/01/2022 to</u> <u>09/30/2022</u>	<u>01/01/2022 to</u> <u>09/30/2022</u>
Profit (loss) attributable to Company shareholders	31,804	101,089	22,010	30,246
Weighted average number of common shares issued net of treasury shares	<u>445,774,916</u>	<u>445,774,916</u>	445,774,916	445,774,916
Basic and diluted earnings (loss) per share – in (R\$)	<u>0.071</u>	<u>0.227</u>	0.049	0.068

25. Financial instruments and risk management

a) Capital management

The Company's and its subsidiaries' management administer their funds to ensure business continuity, maximize application of these funds for expanding services, new technologies, as well as for working capital financing and providing return to shareholders.

The Company's and its subsidiaries' capital management consists of contracting financial liabilities with financial institutions, and applying funds in cash and cash equivalents, marketable securities and equity.

Management periodically reviews the Company's and its subsidiaries' capital structure and their ability to settle liabilities, monitors on a timely basis the average term of trade accounts payable and takes the necessary measures to ensure the Company's and its subsidiaries' financial balance.

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Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

25. Financial instruments and risk management (Continued)

a) Capital management (Continued)

The Company monitors its financial position based on the financial leverage ratio, similarly to other companies in the same industry. This ratio corresponds to net debt divided by total capital. Net debt corresponds to total loans less cash and cash equivalents. Total capital is determined by adding equity and net debt.

At September 30, 2023 and December 31, 2022, debt ratios are summarized as follows:

	Note	Consolidated	
		09/30/2023	12/31/2022
Total loans and financing	11	321,193	359,788
Total debentures	12	870,590	863,851
Total promissory notes	13	-	72,350
Total lease liabilities	14	43,141	38,870
Total derivatives	25	5,784	6,503
Less: Cash and cash equivalents	3	(310,360)	(203,542)
Less: Financial investments – short-term:	3	(190,008)	(391,540)
Less: Derivatives	25	(2,300)	(2,459)
Net debt	A	738,040	743,821
Total equity		1,484,409	1,378,627
Equity plus net debt	B	2,222,449	2,122,448
Financial leverage ratio	A / B	33.21%	35.05%

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Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

25. Financial instruments and risk management (Continued)

b) Category of financial instruments

	Consolidated	
	09/30/2023	12/31/2022
Financial assets at amortized cost:		
Cash and cash equivalents	310,360	203,542
Financial investment	190,008	391,540
Trade accounts receivable	163,007	140,822
Financial assets at fair value through profit or loss:		
Derivative transactions	2,300	2,459
	<u>665,675</u>	<u>738,363</u>
Financial liabilities at amortized cost:		
Trade accounts payable	71,704	66,003
Loans and financing	321,193	359,788
Debentures	870,590	863,851
Promissory notes	-	72,350
Lease liabilities	43,141	38,870
Financial liabilities at fair value through profit or loss:		
Derivative transactions	5,784	6,503
	<u>1,312,412</u>	<u>1,407,365</u>

Management conducted an analysis and is of the opinion that the Company's financial instruments, which are recorded at book value, do not present significant variations as compared with respective market values.

c) Credit risk

Trade accounts receivable subject to credit risk are presented in Note 4. At September 30, 2023, Company subsidiaries recorded allowance for expected credit losses amounting to R\$14,205 (R\$3,165 at December 31, 2022), considered sufficient by management to cover expected losses on realization of trade receivables. As disclosed in Note 4, no individual customer represents more than 10% of total accounts receivable.

d) Market risk

This is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. Market price includes interest rate risk. Financial instruments affected by market risk include loans and financing payable and deposits measured at fair value through profit or loss.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

25. Financial instruments and risk management (Continued)

e) Liquidity risk

Management analyzes the continuous forecasts of the liquidity requirements of the Company and its subsidiaries to ensure that cash is sufficient to maintain operations. Management is of the understanding that the Company is fully able to honor its financial commitments. Management analyzed the Company's current and projected cash position and believes that it has sufficient liquidity to continue fulfilling its obligations. Financial liabilities, by maturity bracket, corresponding to the period remaining between the reporting date and contractual maturity date are as follows:

	Total at 09/30/2023	Within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
Trade accounts payable	71,704	69,963	1,741	-	-	-
Loans and financing	321,193	42,894	55,643	108,902	24,879	88,875
Derivatives	5,772	1,143	3,433	1,208	-	-
Debentures	870,590	521	4,275	526,001	339,793	-
Lease liabilities	43,141	13,640	5,849	12,714	10,938	-
	Total at 12/31/2022	Within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
Trade accounts payable	66,003	55,892	10,111	-	-	-
Loans and financing	359,788	84,224	70,394	155,650	26,988	22,532
Derivatives	6,503	1,461	1,921	3,121	-	-
Debentures	863,851	23,593	-	246,864	513,826	79,568
Promissory note	72,350	72,350	-	-	-	-
Lease liabilities	38,870	11,651	2,583	8,558	11,087	4,991

f) Financial risk factors

The Company manages liquidity risk based on cash flow management and seeks to maintain cash and cash equivalents at a level that is sufficient to meet its short-term needs.

g) Currency risk

This risk refers to exchange rate fluctuations on commitments in foreign currency. The Company subsidiaries use derivatives (fx forward contracts and swaps) recorded as financial instruments to mitigate risks of exchange losses due to fluctuations of the Brazilian real (R\$), in consonance with the Company's currency risk management policy.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

25. Financial instruments and risk management (Continued)

g) Currency risk (Continued)

Derivative financial instruments

The derivatives and fx forward contracts have as counterparty a financial institution and were contracted to cover potential risks involved in the purchase of PPE items abroad. The essential terms of the fx forward contracts were negotiated so as to be in line with the existing sale commitments contracted in foreign currency. At September 30, 2023, Company subsidiaries presented a consolidated balance receivable of R\$2,300 (R\$2,459 at December 31, 2022) equivalent to the estimated positive adjustment to be received financially upon contract maturity, based on their market values on the respective date.

Breakdown of financial instruments

Description	09/30/2023	12/31/2022
Derivative transactions receivable – Swap	2,300	2,459
	2,300	2,459
Current	374	95
Noncurrent	1,926	2,364
	2,300	2,459

Maturity of swap transactions:

	09/30/2023	12/31/2022
2023	27	93
2024	173	-
2025	361	84
2026	361	91
2027 onwards	1,378	2,191
	2,300	2,459

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

25. Financial instruments and risk management (Continued)

g) Currency risk (Continued)

Breakdown of financial instruments (Continued)

Company subsidiaries engage in instruments for financial transactions in foreign currency aimed at fundraising and import financing. At September 30, 2023 and December 31, 2022, derivative transactions represented 12.49% (R\$40,145 / R\$321,193) and 15.82% (R\$56,921 / R\$359,788), respectively, of these subsidiaries' bank debt.

For the current period, the Company engaged in derivative instruments to hedge financial transactions denominated in foreign currency. These transactions were performed using the same credit operations in order to prevent any position mismatch.

At September 30, 2023, derivative financial instruments amounted to R\$2,300 (R\$2,459 in 2022). The Company measures its foreign-currency loan liabilities at amortized cost and hedges such items by means of derivative financial instruments (swaps).

In the period ended September 30, 2023, net realized and unrealized gains (losses) deriving from these contracts were recorded in finance income (costs), and represented consolidated net loss of R\$3,455 (consolidated net loss of R\$5,567 at September 30, 2022).

h) Sensitivity analysis of CDI and USD variations

Management administers any exposure to interest rate variations by managing cash flow. Currency rate fluctuation has an impact on loans and financing, and on commitments to foreign suppliers, which are hedged by derivative financial instruments, in consonance with the Company' risk management policy (item g).

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

25. Financial instruments and risk management (Continued)

h) Sensitivity analysis of CDI and USD variations (Continued)

Three scenarios are considered below, to wit: (i) current scenario (probable), which is adopted by the Company, (ii) scenario with decrease of 25% of the risk variable considered, and (iii) scenario with decrease of 50% of the risk variable considered. These scenarios were defined based on hypotheses of changes in key variables at the date of termination of the respective agreements subject to these risks. Worth mentioning, the scenarios presented are subject to significant adjustments due to variations in the Company's operating performance, which may affect debt and liquidity level.

Interest rate risk

09/30/2023			Consolidated		
Instrument/transaction	Probable scenario p.a.	Risk	Current scenario	Scenario II	Scenario III
Working capital	14.33%	CDI increase	(19,934)	(24,925)	(27,916)
Working capital	6.30%	TLP increase	(80)	(100)	(112)
PPE financing (FINEM)	6.66%	TLP increase	(1,226)	(1,532)	(1,716)
Financing - TR	3.61%	TR increase	(5,018)	(6,278)	(7,031)
Financial investment	13.90%	CDI decrease	61,310	45,983	30,655
Projected income (loss)			35,052	13,148	(6,120)

12/31/2022			Consolidated		
Instrument/transaction	Probable scenario p.a.	Risk	Current scenario	Scenario II	Scenario III
Working capital	12.39%	CDI increase	(17,004)	(21,255)	(25,506)
Working capital	7.37%	TJLP increase	(98)	(122)	(147)
Working capital	5.79%	TLP increase	(257)	(321)	(386)
PPE financing (FINEM)	7.37%	TJLP increase	(199)	(249)	(299)
PPE financing (FINEM)	5.79%	TLP increase	(2,255)	(2,818)	(3,382)
Financing - TR	1.63%	TR increase	(1,004)	(1,255)	(1,506)
Financial investment	12.39%	CDI decrease	48,512	36,384	24,256
Projected income (loss)			27,695	10,364	(6,970)

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

25. Financial instruments and risk management (Continued)

h) Sensitivity analysis of CDI and USD variations (Continued)

Currency risk

09/30/2023			Consolidated		
Instrument/transaction	Dollar (probable)	Risk	Current scenario	Scenario II	Scenario III
Trade accounts payable	5.01	Dollar increase	-	(4,791)	(9,581)
Loans and financing	5.01	Dollar increase	-	(3,459)	(6,918)
Projected income (loss)			-	(8,250)	(16,499)
12/31/2022			Consolidated		
Instrument/transaction	Dollar (probable)	Risk	Current scenario	Scenario II	Scenario III
Trade accounts payable	5.41	Dollar increase	-	(10,599)	(21,198)
Loans and financing	5.41	Dollar increase	-	(24,966)	(49,932)
Projected income (loss)			-	(35,565)	(71,130)

i) Fair value hierarchy

The Company classifies and discloses the fair value of financial instruments based on measurement techniques:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all data that has significant effects on fair value recorded that are directly or indirectly observable; and
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable active market data.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

25. Financial instruments and risk management (Continued)

i) Fair value hierarchy (Continued)

Consolidated					
09/30/2023					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at amortized cost:					
Financial investment	190,008	190,008	-	190,008	-
Trade accounts receivable	163,007	163,007	-	-	163,007
Financial assets at fair value through profit or loss:					
Derivative transactions	2,300	2,300	-	2,300	-
	355,315	355,315	-	192,308	163,007
Financial liabilities at amortized cost:					
Trade accounts payable	71,704	71,704	-	71,704	-
Loans and financing	321,193	321,193	-	321,193	-
Debentures	870,590	870,590	-	870,590	-
Promissory notes	-	-	-	-	-
Financial liabilities at fair value through profit or loss:					
Derivative transactions	5,784	5,784	-	5,784	-
	1,269,271	1,269,271	-	1,269,271	-
Consolidated					
12/31/2022					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at amortized cost:					
Financial investment	391,540	391,540	-	391,540	-
Trade accounts receivable	140,822	140,822	-	-	140,822
Financial assets at fair value through profit or loss:					
Derivative transactions	2,459	2,459	-	2,459	-
	534,821	534,821	-	393,999	140,822
Financial liabilities at amortized cost:					
Trade accounts payable	66,003	66,003	-	66,033	-
Loans and financing	359,788	359,788	-	359,788	-
Debentures	863,851	863,851	-	863,851	-
Promissory notes	72,350	72,350	-	72,350	-
Financial liabilities at fair value through profit or loss:					
Derivative transactions	8,965	8,965	-	8,965	-
	1,370,957	1,370,957	-	1,370,957	-

Financial assets and liabilities recorded at amortized cost approximate their fair value, since these amounts are adjusted for provisions, to present value and/or at floating market rates.

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)

September 30, 2023

(In thousands of reais)

25. Financial instruments and risk management (Continued)

i) Fair value hierarchy (Continued)

Changes in liabilities arising from financing activities

Changes for the period ended September 30, 2023 in the liabilities arising from financing activities of the Company and its subsidiaries are as follows:

	Individual						Closing balance
	09/30/2023						
	Opening balance	Cash flows		Exchange differences and monetary variation	Adjustment to income		
Net cash flows used in financing activities		Net cash flows from (used in) operating activities	Interest on leases, debentures, promissory notes and loans and financing		Amortization of funding costs and negative goodwill		
Debentures	311,862	(44,968)	29,345	4,754	498	301,491	

	Consolidated							Closing balance
	09/30/2023							
	Opening balance	Cash flows		Noncash transactions	Exchange differences and monetary variation	Adjustment to income		
Net cash flows used in financing activities		Net cash flows from (used in) operating activities	Acquisition of new right-of-use agreements			Interest on leases, debentures, promissory notes and loans and financing	Amortization of funding costs and negative goodwill	
Loans and financing	359,788	(38,938)	(25,202)	-	689	24,856	-	321,193
Debentures	863,851	-	(77,996)	-	50,941	29,798	3,996	870,590
Promissory note	72,350	(64,000)	(10,010)	-	291	1,271	98	-
Leases	38,870	(36,651)	(3,589)	40,076	-	4,435	-	43,141

Brisanet Participações S.A. and Consolidated

Notes to interim financial information (Continued)
September 30, 2023
(In thousands of reais)

26. Insurance coverage (Consolidated)

Management of the Company and its subsidiaries takes out various types of insurance, whose amounts are considered sufficient by management and insurance brokers to cover any claims.

Insurance coverage in effect is as follows:

	<u>09/30/2023</u>	<u>12/31/2022</u>
PPE – Civil liability (dollars)	US\$25,200	US\$26,800
PPE – Civil liability (reais)	R\$5,000	-
PPE – Operational risk (dollars)	-	US\$13,069
PPE – Operational risk (reais)	R\$4,492	R\$1,571
D&O	R\$50,000	R\$50,000
Other assets and operations – Operational risk	R\$287,271	R\$292,371

27. Transactions not involving cash or cash equivalents

	<u>Consolidated</u>	
	<u>09/30/2023</u>	<u>09/30/2022</u>
Capitalization of interest (Note 8)	19,179	21,888
Capitalization of depreciation (Note 8)	13,221	12,293
New lease contracts (Note 14)	40,076	42,830

* * *

OFFICERS' REPRESENTATION

In compliance with the provisions of article 27, paragraph 1, item V, of CVM Resolution No. 80 of March 29, 2022, the officers of Brisanet Participações S.A. ("Company") undersigned declare that they have reviewed, discussed and agree with the Company's Quarterly Information for the nine-month period ended September 30, 2023.

Luciana Paulo Ferreira

Investor Relations Officer

José Roberto Nogueira

Chief Executive Officer

João Paulo Estevam

Chief Operating Officer

OFFICERS' REPRESENTATION

In compliance with the provisions of article 27, paragraph 1, item V, of CVM Resolution No. 80 of March 29, 2022, the officers of Brisanet Participações S.A. ("Company") undersigned declare that they have reviewed, discussed and agree with the opinions expressed in the Independent Auditor's Review Report of Ernst & Young Auditores Independentes S.S. Ltda. on the Company's Quarterly Information for the nine-month period ended September 30, 2023.

Luciana Paulo Ferreira

Investor Relations Officer

José Roberto Nogueira

Chief Executive Officer

João Paulo Estevam

Chief Operating Officer