

EARNINGS
RELEASE
4Q22

A man and a woman are in an office setting, looking at a computer monitor. The man is leaning over the desk, pointing at the screen, while the woman sits at the desk, smiling and looking at the screen. The scene is dimly lit, with a desk lamp providing light. The overall tone is professional and collaborative.

 **brisanet**



Brisanet records EBITDA margin of 51.5% in 4Q22 and net income of R\$30.5 million

Brisanet Participações S.A. (B3: BRIT3), the largest company among independent internet service providers in Brazil¹ and the largest fixed broadband provider in the Northeast region, according to Anatel's ranking, announces today its results for the fourth quarter of 2022 (4Q22) and audited for the year 2022.

The financial information presented herein was prepared in accordance with the International Accounting Standards (“IFRS”) and with the accounting standards and practices of the Brazilian Corporate Law and the pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (“CPC”) and approved by the Brazilian Securities and Exchange Commission (“CVM”).

Founded 25 years ago, **BRISANET** has a 28% market share in fiber in 7² of the 9 states in the region. With a 100% fiber optic product portfolio, the Company has been **one of the 5G regional 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 Midwest of the country.

In addition, Brisanet also operates, through the **AGILITY TELECOM** brand, which provides internet services under the franchise model in smaller cities and rural regions of the Northeast.

The Company operates in all the nine states of the region providing fixed broadband services through optical fiber in 155 cities³.

Brisanet	4Q22	3Q22	4Q21	2022	2021
<u>Operating Highlights</u>					
Cities served	154	152	120	154	120
Access Ports - '000	4,231	4,080	3,234	4,231	3,234
HP added- '000	252	348	702	1,655	1,900
Total HP - '000	6,117	5,865	4,462	6,117	4,462
HC added- '000	60	63	53	257	53
Total HC - '000	1,100	1,040	843	1,100	843
<u>Financial Highlights (R\$ million)</u>					
Net Revenue	277.5	254.2	204.5	985.2	728.8
Gross Margin (%)	46%	44%	43%	42%	45%
Operating Income	68.0	49.2	20.3	166.6	79.8
EBITDA	143.0	118.6	66.5	435.8	237.4
Adjusted EBITDA	143.0	118.6	68.5	435.8	271.4
Adjusted EBITDA Margin (%)	52%	47%	34%	44%	37%
Net Income (loss)	30.5	22.0	1.6	60.7	2.2
Net Debt	743.8	710.5	74.6	743.8	74.6
Net Debt/LTM EBITDA (x)	1.7	2.0	0.3	1.7	0.3

¹ Considering the Brisanet and Agility brands (through franchisees) in December/2022.

² CE, RN, PB, PE, AL, SE and PI - Anatel data from Jan/2023.

³ Feb/2023 data



MESSAGE FROM MANAGEMENT

When looking at the history of our Company, we realize an aspect that has always stayed with us for all these years: the ability to connect people regardless of where they are. The ability to innovate even in the face of difficulties has always accompanied us and this has enabled us to promote a true technological revolution in the Brazilian Northeast. During these almost 25 years of existence, we have promoted initiatives that put the Brisanet Group at the forefront of the telecommunications market. Now, being about to debut as a mobile operator, we understand that we are on the right path.

In terms of expansion of the area of operations, 2022 was a crucial year in the strategy of expanding our network and infrastructure. We activated a total of 34 new cities, highlighting our entry into two important metropolitan regions in the Northeast: Recife and its metropolitan region and the North of Bahia. With this, we continue to guarantee leadership in fixed broadband market share in the region and increasingly consolidate our leading role in the national telecom market.

As we expand our infrastructure in a more mature and efficient way, we continue to stand out among ISPs. We ended last year with a positive balance and posted the highest organic growth in the fixed broadband market. With Brisanet, we conquered 256,800 customers in a completely organic way and we obtained another 26,200 customers through the Agility Telecom brand, totaling a significant growth of 283,000 new customers added to our portfolio in 2022.

The last year was also one of overcoming difficulties for our Company. Although we faced a scenario of great competition and challenges, we reduced costs, improved our performance and financial health, realigned prices and optimized our investments. The EBITDA margin started at 35.8% in 1Q22 and grew by almost 16 percentage points, reaching 51.5% in 4Q22 and 44.2% in the year. Our profit also grew by around 2,600% in 2022, reaching R\$60.7 million.

Now, our biggest challenge is to start the mobile service directing our efforts towards the commercialization and coverage strategy. To this end, we project continued growth in our FTTH base, understanding that we have to raise take up rates in the 54 cities added in the last 18 months. In all, we invested more than R\$850 million in 2022 and projected an amount of R\$700 million for 2023, cautiously considering the challenging Brazilian and global macroeconomic scenario. However, we started 2023 with a positive balance and without the need to raise additional funds, with a cash balance of almost R\$600 million and an optimistic perspective of even more operating cash generation in 2023.

As we expand our operations, we are valuing human and organizational development. In the last year, we launched the internal engagement platform, Universo Brisa, aiming to connect our employees to the Company's culture; we carried out several internal marketing actions and promoted Health and Safety at Work initiatives, maintaining our commitment to quality of life. Our brand also continues to promote many opportunities centered on young workers looking for their first job. Today, approximately 70% of our workforce entered the job market through Brisanet, which evidences a strong characteristic of our DNA: providing the insertion and development of young people in the labor market, thus generating employment and income.



The Company also continues to make progress in planning strategies aligned with ESG practices. In 2022, we launched the first annual sustainability report, which presented the Group's operations, initiatives, achievements and challenges. This year, in addition to continuing existing social campaigns, we will begin to implement new initiatives such as: creation of an inventory of CO2 emissions; transition of part of the energy matrix to renewable energy; creation of the Brisanet Institute and training actions for the community. We understand that sustainability is a journey and in this sense, we are committed to progressing our business practices to ensure greater socio-environmental responsibility.

The year 2023 arrives full of challenges, goals and opportunities that will drive the Brisanet Group to go further and further in its expansion. We are building an infrastructure that is the tool that facilitates the dissemination of knowledge in a uniform manner, which historically only reaches small municipalities years after reaching large urban centers. Our history proves that we can democratically enable high-performance connectivity, whether in the interior or in the capitals. We did it when we pioneered fiber optic technology in 2011, and we'll do it again this year when we start commercializing 5G. In this way, we are committed to being, once again, a fundamental instrument for connecting people, regardless of where they are.

José Roberto Nogueira

CEO

MAIN HIGHLIGHTS OF THE PERIOD

- ✓ **Net operating revenue grew 36% in 4Q22** when compared to 4Q21 and 9% when compared to 3Q22. This result is the result of the Company's organic geographic expansion, which in 4Q22 **added 60,000 customers to its base organically**, an increase of 6% over the September 2022 base. **In the year, the Company grew by 30%, adding 257,000 customers to its base, the largest growth in the market.**
- ✓ **EBITDA in 4Q22 was R\$143.0 million with a margin of 51.5%, an increase of 18 p.p.** when compared to the Adjusted EBITDA of 4Q21, evidencing the improvement in the margin due to actions aimed at reducing costs from April 2022 and the reduction in the pace of expansion, which reduces the initial costs of entering new cities.
- ✓ The Company's debt level, measured by the ratio of **net debt to EBITDA, was 1.7x at the end of 2022**. The reduction in debt throughout the year reflects the lower cash consumption and the significant increase in **EBITDA, which reached R\$435.8 million in 2022, with growth of 61%**.
- ✓ In terms of cash flow, in 2022, **the Company generated a volume of operating cash 43% higher than the previous year⁴**. Growth would have been 80%, and therefore even greater than EBITDA, but the Company opted to settle, in 1Q22, a portion of the debt with international suppliers, reducing its exchange rate exposure and taking advantage of a moment when the quotation was below R\$5.00 to US\$1.00, which made the impacts related to the exchange variation less volatile within the financial result.
- ✓ **Net income reached R\$30.5 million in 4Q22**, an increase of R\$28.9 million when compared to 4Q21. **In 2022, net income was R\$60.7 million.**
- ✓ **In the first two months of 2023**, the Company added 36,251 subscriptions and 176,000 HPs to its customer base, **reaching 1,136,326 customers**. In the same period, Agility Telecom had 209,986 in 89 franchisees.

⁴ Excluding R\$160 million from the 5G grant payable from the year 2021

OPERATING RESULTS

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

One of the Company's quality pillars is its relationship with the customer, which is mainly managed through its proprietary management platform. It allows to know and even to act, in real time, from its operations center at the Company's headquarters, upon events happening to its infrastructure and its customers.

The Company has a fully integrated state-of-the-art data center structure and with local content, which guarantees the quality and stability of internet access, as well as link savings and the ability to increase data speed in the future.

Brisanet also has almost 27,000 km of backbone infrastructure (lanes used to distribute internet to other networks) and more than 60,000 km of FTTH (fiber-to-the-home). The FTTH modality corresponds to the fiber optic transmission network architecture where the network reaches the customer's residence, coming directly from the service provider's distribution box.

In 4Q22, 252,000 HPs and 60,315 customers were added. Despite the more challenging scenario, Brisanet remains the company with the highest organic subscriber growth. The expectation for 2023 is to grow around 20,000 subscribers/month.

The Brazilian economic scenario, especially in the region where we operate, remains challenging. Inflation and the pricing strategy adopted by the competition continue to exert pressure on the telecommunications market.

Brisanet continues to advance in the capitals and metropolitan regions, **with market share in fiber between 50 and 65% in Natal, Maceió and João Pessoa, and over 18% in Fortaleza.** In Teresina and Aracaju, where the Company entered the second half of 2021, the share is already above 12% in the Piauí and almost 18% in the Sergipe (Jan-23 figures).

	4Q22	3Q22	4Q21	4Q22 x 4Q21	4Q22 x 3Q22
Access Ports	4,231,005	4,079,529	3,233,606	31%	4%
Added HP	252,460	347,796	702,228	-64%	-27%
Homes Passed (HP)	6,117,222	5,864,762	4,462,358	37%	4%
Added HC	60,315	62,531	52,552	15%	-4%
Homes Connected (HC)	1,100,075	1,039,760	843,283	30%	6%
Cities served	154	152	120	28%	1%
Churn	2.27%	2.43%	2.25%	1%	-7%

Agility Telecom	4Q22	3Q22	4Q21
Homes Passed (HP)	13,128	29,057	92,080
Added HP	995,469	982,341	809,833
Homes Connected (HC)	1,294	3,960	30,943
Added HC	216,288	214,994	190,049
# of franchisees	90	93	94

FINANCIAL RESULTS

Gross Revenue by product

R\$ million	4Q22	3Q22	4Q21	4Q22 x 4Q21	4Q22 x 3Q22	2022	2021	2022 X 2021
Gross Revenue	308.0	292.4	237.6	30%	5%	1,127.3	841.6	33.9%
Broadband	289.0	273.9	218.3	32.4%	5.5%	1,035.9	777.5	33.2%
B2C	267.2	255.1	205.5	30.0%	4.8%	966.0	725.8	33.1%
B2B	21.8	18.9	12.8	70.3%	15.4%	69.9	51.7	35.2%
Fixed telephony	7.4	8.3	11.6	-36.2%	-10.8%	37.1	40.4	-8.2%
Others	11.6	10.2	7.6	52.6%	14.2%	54.3	23.7	129.1%
ARPU broadband	R\$ 90.20	R\$ 92.05	R\$ 92.43	-2.4%	-2.0%	R\$ 91.42	R\$ 89.77	1.8%

The Company's revenue comprises fixed broadband internet services, fixed telephony services and others such as: cable TV and mobile phones and complementary services, such as "BrisaMusic" (music streaming), BrisaPlay (video streaming) - among others, which increase the average ticket purchased per customer and the Company's perception of value. Recently, in 2022, the Company launched Brisa Conecta+, which aims to improve the quality of Wi-Fi inside the customer's home.

The average B2C ticket in 4Q22 was R\$90.20. ARPU this quarter was affected by the ICMS discount on the price paid by customers. The reduction in purchasing power, a reflection of accumulated inflation since August 2021, has reduced the previous trend of increasing more expensive and faster internet plans. In addition, price competition among providers has made the market more intense, stimulating the promotion of offers and causing this effect on ARPU. Since June of this year, the Company has implemented a new plan table, reflecting part of the adjustment for inflation over the past two years. By the end of the year, only about 1/3 of the base had already undergone this adjustment.

B2B revenue has grown over the quarters, registering a 70% increase between 4Q22 and 4Q21, as a result of the expansion of the presence in larger cities.

Agility Telecom's revenue, in the amount of R\$30.8 million in 2022, is in Others.

R\$ million	4Q22	3Q22	4Q21	4Q22 x 4Q21	4Q22 x 3Q22	2022	2021	2022 X 2021
Net Revenue	277.5	254.2	204.5	36%	9%	985.2	728.8	35%

Comparing 4Q22 and 4Q21, Brisanet's net revenue grew by 36%, from R\$254.2 million in 4Q21 to R\$277.5 million in 4Q22. This was mainly due to the increase in the number of subscribers - which increased by 30% between the periods - and due to the increase in B2B revenues.

Cost of Services

Costs of Services Rendered (In millions of R\$)	4Q22	3Q22	4Q21	4Q22 x 4Q21	4Q22 x 3Q22	2022	2021	2022 X 2021
Personnel	(32.9)	(34.8)	(33.1)	-1%	-5%	(146.1)	(113.1)	29%
Clients Activation	-	-	(0.0)	n.m	n.m	-	(24.5)	n.m
Interconnection	(6.6)	(6.7)	(8.9)	-26%	-1%	(28.9)	(21.3)	36%
Connectivity	(5.4)	(5.9)	(6.0)	-10%	-8%	(23.9)	(20.8)	15%
Right of Passage	(20.0)	(16.4)	(11.5)	73%	22%	(65.9)	(34.7)	90%
Utilities	(2.4)	(2.3)	(3.8)	-38%	5%	(9.2)	(9.8)	-6%
Materials and maintenance	(4.1)	(4.4)	(8.2)	-50%	-6%	(13.4)	(23.2)	-42%
Third-party Services	(2.3)	(1.9)	(3.2)	-28%	23%	(8.8)	(13.9)	-37%
Others	(3.8)	(4.1)	(3.5)	7%	-8%	(22.4)	(11.5)	94%
Depreciation and Amortization	(71.5)	(65.9)	(38.3)	86%	8%	(254.3)	(131.5)	93%
Total	(149.0)	(142.3)	(116.6)	28%	5%	(572.8)	(404.4)	42%

The Company's cost of services provided in 4Q22 amounted to R\$149.0 million compared to R\$116.6 million in 4Q21, representing an increase of 28%. Isolating depreciation, **cash costs fell 1%, even as the customer base grew by 30%**. Total cost rose only 5% when compared to 3Q22.

Compared to 4Q21, the variation is mainly due to:

- expenses with renting poles (right of passage) increased by R\$8.5 million due to the 37% increase in the number of HPs;
- depreciation and amortization, which grew by R\$33.1 million, given the growth in assets and intangible assets resulting from the expansions carried out;
- increase in productivity that enabled the reduction of personnel costs by 1%, even with salary readjustments and an increase in the customer base; It is
- the reduction in costs with materials and maintenance was partly due to the accounting of store renovations as capex.

Operational Expenses

Operational expenses (In millions of R\$)	4Q22	3Q22	4Q21	4Q22 x 4Q21	4Q22 x 3Q22	2022	2021	2022 X 2021
Personnel	(27.2)	(28.1)	(29.1)	-6%	-3%	(109.0)	(104.3)	4%
Third-party Services	(5.3)	(6.9)	(7.3)	-28%	-23%	(27.1)	(31.8)	-15%
Marketing expenses	(6.1)	(5.9)	(4.6)	33%	4%	(22.4)	(19.5)	15%
Taxes and contributions	(2.5)	(2.2)	(2.4)	4%	16%	(8.8)	(5.9)	49%
Provision for doubtful accounts	(9.3)	(8.2)	(7.1)	31%	14%	(30.7)	(21.0)	46%
Other Expenses	(6.5)	(8.0)	(9.2)	-29%	-19%	(33.1)	(36.0)	-8%
Depreciation and amortization	(3.5)	(3.5)	(7.8)	-55%	-1%	(14.9)	(26.0)	-43%
Total	(60.4)	(62.7)	(67.5)	-11%	-4%	(245.8)	(244.5)	1%

The Company's operating expenses in 4Q22 fell by around 13% compared to 4Q21 (adjusting to exclude R\$2 million of non-recurring expenses in 4Q21) and by 4% when compared to the previous quarter.

General and Administrative Expenses, excluding depreciation and amortization, fell 16.3% compared to both comparison periods if we exclude non-recurring expenses in the amount of R\$2.0 million in 4Q21. Part of this drop was due to the reclassification, since the beginning of 2022, of some areas from G&A to Costs.

Selling Expenses, excluding depreciation and amortization, were 8.7% higher in 4Q22 when compared to 4Q21, mainly due to higher personnel and marketing expenses, both related to the expansion of the Company's area of operation, since in 2022 we added 34 new cities.

The Company provisions every month 3% of its gross revenue for expected credit losses. This percentage is equivalent to the maximum loss that the Company realizes in one year. The amount of the provision for doubtful accounts in 4Q22 was R\$9.3 million.

The increase in competition and the drop in purchasing power, notably throughout lower purchasing power classes, despite not having increased delinquency rates, had an impact on churn compared to historical levels - in 4Q22 it represented a monthly average of 2.27%. In 2022, the average monthly churn was 2.43%, 0.2 p.p. above the average monthly churn for 2021. The trend for the last quarter of the year, however, is already returning to the level of 2021.

EBITDA and Adjusted EBITDA

R\$ million	4Q22	3Q22	4Q21	4Q22 x 4Q21	4Q22 x 3Q22	2022	2021	2022 X 2021
Net Income	30.5	22.0	1.6	1860%	38%	60.7	2.2	2606%
(+) Income tax and social contribution	21.1	16.1	2.4	789%	31%	44.9	10.1	344%
(+) Net financial result	16.4	11.1	16.4	0%	48%	61.0	67.5	-10%
(+) Depreciation and amortization	75.0	69.4	46.2	62%	8%	269.2	157.6	71%
EBITDA	143.0	118.6	66.5	115%	21%	435.8	237.4	84%
EBITDA margin (%)	51.5%	46.7%	32.5%			44.2%	32.6%	
Non-recurring itens			2.0	n.m.	n.m.		9.5	n.m
Installation services				n.m.	n.m.		24.5	n.m
Adjusted EBITDA	143.0	118.6	68.5	109%	21%	435.8	271.4	61%
Adjusted EBITDA Margin (%)	51.5%	46.7%	33.5%			44.2%	37.2%	

In 4Q22, the Company presented an Adjusted EBITDA margin (equal to EBITDA margin) of 51.5% compared to 33.5% in 4Q21 and 46.7% in the previous quarter. In the analysis against 4Q21, the margin improvement is due to the dilution of fixed costs by base growth and cost reduction initiatives adopted by the Company since the beginning of April, as well as the reduction in the pace of expansion, since the organic expansion has an initial

cost structure – poles, commercial/repair/inventory/maintenance teams – that burdens the Company's total operating costs/expenses.

Financial Results

In 4Q22, the **financial result was an expense of R\$16.4 million**, in line with the same period of 2021 and 48% higher than the previous quarter. Compared to 3Q21, this quarter's result reflects higher interest expenses. Interest had dropped in 3Q22 because of the 0.3% deflation on the incentivized debenture charges (IPCA + 5.77%). In 4Q22, there was inflation of 0.7% in the period (September to November). The exchange variation had a positive effect, due to the appreciation of the real by 2.4% in 4Q22 compared to a devaluation of 3% in 3Q22.

At the end of December, the Company had R\$42.4 million in international suppliers and R\$59.6 million in financing in foreign currency. The Company adopts the policy of contracting hedging instruments to protect part of its financing and suppliers in foreign currency. Thus, the balance exposed in December was less than R\$5 million.

R\$ million	4Q22	3Q22	4Q21	4Q22 x 4Q21	4Q22 x 3Q22	2022	2021	2022 X 2021
Financial revenue	35.1	28.6	30.6	15%	23%	148.6	109.2	36%
Financial expenses	(51.6)	(39.7)	(47.0)	10%	30%	(209.6)	(176.7)	19%
Net financial result	(16.4)	(11.1)	(16.4)	0%	48%	(61.0)	(67.5)	-10%

Financial income for 4Q22 mainly reflects interest on funds invested in the period, in the amount of R\$20.6 million and R\$6.8 million of exchange variation.

Financial expenses basically consisted of: (i) interest expenses in 4Q22 in the amount of R\$42.3 million, (ii) operations with derivatives in the amount of R\$4.2 million - derivatives are basically swaps for currency hedging of debts in foreign currency, and (ii) foreign exchange liabilities of R\$1.9 million.

Even though the debt in foreign currency is partially hedged against variations by means of exchange rate swap instruments, the reflections of the currency impact the line of exchange variations, being partially offset by the negative or positive result of operations with derivatives. Therefore, the net impact of the appreciation of the Real in this quarter was R\$0.5 million.

Indebtedness

R\$ million	Dec/2022	Dec/2021	Var. (%)
Gross Debt	1,338.9	1,122.1	19.3%
(-) Cash and cash equivalents	203.5	1,000.8	-79.7%
(-) Short-term investments	391.5	46.7	738.5%
Net Debt	743.8	74.6	897.1%

Brisanet had a gross debt of R\$1.3 billion in December 2022, earmarked for investment in the geographic expansion of its fiber optic network. Gross debt comprises loans and financing, debentures, promissory notes, lease obligations and derivative transactions.

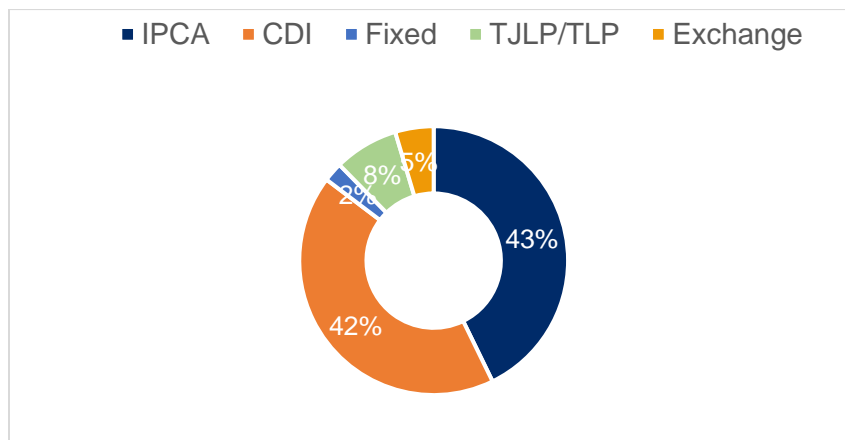
Considering cash and financial investments at the end of the period of R\$595.1 million, the Company had a net debt of R\$743.8 million, compared to a net debt of R\$74.6 million at the end of 2021. Most of this resource is applied to instruments with liquidity of less than 90 days and with an average yield of 103% CDI over the period.

The increase in gross debt was basically due to the issue of R\$300 million in debentures in August. This resource will be used for investments in 2023.

The Company monitors its indebtedness using the net debt/EBITDA ratio. **On December 31, 2022, the debt level was 1.7x**, 0.3x lower than at the end of the previous quarter.

The Company adopts the policy of contracting hedging instruments to protect part of the financing carried out in foreign currency. As of December 31, 2022, total foreign currency financing represented less than 5% of total gross debt.

Below is the breakdown of loans/financing:



Type	Weighted average rates	12/31/2022	12/31/2021
Working capital	0.79% a.m. – Fixed	17,485	48,240
Working capital	0.21% a.m. + CDI	134,998	251,867
Working capital	0.28% a.m. + TJLP	1,279	7,933
Working capital	0.47% a.m. + TLP	4,114	6,348
Working capital (foreign currency)	0.20% a.m. + CDI	65,095	46,934
PPE financing (CDC)	0.80% a.m. – Fixed	12,583	20,528
PPE financing (FINEM)	0.29% a.m. + TJLP	2,601	7,744
PPE financing (FINEM)	0.45% a.m. + TLP	36,074	26,088
Financing - TR	0.35% a.m. + TR	50,791	53,934
Import financing (foreign currency)	0.40% a.m - Fixed	34,768	101,232
		359,788	570,848
Current		154,618	236,917
Noncurrent		205,170	333,931

On February 25, 2022, the Company, through its subsidiary, Brisanet Serviços de Telecomunicações S.A., issued its 1st promissory note (NP), in 4 series of 5 promissory notes, in the total amount of R\$70 million, having been the object of public distribution, with restricted placement efforts aimed at professional investors, without real guarantee. The NP has a 12-month term and interest at CDI+2.6% p.a. As of December 31, 2022, the balance was R\$72.4 million.

On March 15, 2021, the Company issued debentures, non-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. interest/remuneration equivalent to the IPCA + 5.7694%. As of December 31, 2022, the balance was R\$552.0 million.

Considering financing, debentures, and leasing, almost half of the Company's debt matures from 2026 onwards.

On August 25, the Company issued debentures, non-convertible into shares, in the total amount of R\$300 million, with a maturity of 5 (five) years, maturing, therefore, on August 25, 2027. About these debentures interest of CDI +2.0% per annum. As of December 31, 2022, the balance was R\$311.9 million.

Also including debentures and promissory notes, the Company's debt is well balanced between IPCA and CDI, the other 15% divided between prepayment, TJLP/TLP and foreign currency.

Capex

R\$ million	2022	2021	Var. (%)
Capex			
Additions to PPE ¹	828.7	827.7	0.1%
(-) PPE in progress / in Inventory	(128.9)	(214.5)	-39.9%
(-) Advances to Suppliers	(113.7)	(25.4)	347.6%
(-) Imported equipment in transit	38.0	(16.8)	n.m.
Additions to Intangible Assets	28.3	216.0	-86.9%
(-) 5G Frequency		(160.0)	nd
Capex Adjusted - 'In Operations'	652.5	627.0	4.1%

¹ See note # 8 and 28 of the FYE22 FS

In 2022, Brisanet invested, when measured by additions to fixed and intangible assets, the amount of R\$857.0 million, compared to R\$883.7 million in 2021.

Of this amount, approximately R\$230 million corresponds to the purchase of equipment for the assembly of ERBs (radio base stations) for 5G. This purchase is recorded in Advances to suppliers (R\$144.2 million in Dec/22) and Fixed Assets in warehouse and aims to enable the implementation of 5G. In addition, we have approximately R\$49 million in Fixed Assets in Progress also referring to 5G, totaling R\$279 million disbursed with the mobile business in 2022.

The Company has an inventory of equipment and buildings to activate, accounted for in 'fixed assets and imports in progress' (balance of R\$160.0 million) and 'fixed assets in warehouse' (balance of R\$247.8), in 2023.

Of the R\$652.5 million in property, plant, and equipment/intangible assets already in operation, R\$20 million was maintenance capex – which we started accounting for as capex in 2H22 -, the remainder was applied to the Company's organic expansion, mainly in:

- 1.84 million HPs,
- 533,000 customer installations – base growth and replacement,
- R\$30 million in backbone DWDM (backbone lighting),
- R\$57 million in vehicles for expansion,
- R\$28 million in Agility Telecom and lands, and
- R\$13 million in R&D and systems development.

NOTICE

The Financial Statements for FYE2022 audited by Ernst & Young Auditores Independentes S.A. are available on our website – ri.brisanet.com.br/en

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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 in light of 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 non-accounting 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.

ANNEX I – INCOME STATEMENT

	Consolidated - R\$ '000				
	4Q22	3Q22	4Q21	2022	2021
Net operating revenue	277,461	254,247	204,470	985,244	728,755
Cost of services	(149,013)	(142,328)	(116,689)	(572,834)	(404,429)
Gross profit	128,448	111,919	87,781	412,410	324,326
Operating expenses					
Administrative expenses	(26,015)	(27,721)	(37,209)	(110,263)	(149,973)
Selling expenses	(22,781)	(22,812)	(20,711)	(89,920)	(69,231)
Tax expenses	(2,502)	(2,166)	(2,424)	(8,810)	(5,880)
Other operating revenue (expenses), net	(9,124)	(10,040)	(7,143)	(36,809)	(19,407)
Earnings before financial result and taxes	68,026	49,180	20,294	166,608	79,835
Financial revenues	35,121	28,644	30,581	148,609	109,242
Financial expenses	(51,559)	(39,743)	(46,944)	(209,625)	(176,729)
Net financial result	(16,438)	(11,099)	(16,363)	(61,016)	(67,487)
Income (Loss) before income tax and social contribution	51,588	38,081	3,931	105,592	12,348
Income tax and social contribution	(21,127)	(16,072)	(2,377)	(44,888)	(10,105)
Income (Loss) for the period	30,461	22,009	1,554	60,704	2,243

ANNEX II – BALANCE SHEET

	Consolidated - In R\$ '000			Consolidated - In R\$ '000	
	December 2022	December 2021		December 2022	December 2021
Assets			Liabilities and equity		
Current Assets			Current liabilities		
Cash and cash equivalents	203,542	1,000,792	Suppliers	66,003	186,032
Short-term investments	391,540	46,693	Loans and financing	154,618	236,917
Trade accounts receivables	140,822	107,873	Debentures	95,943	8,909
Inventories	5,449	3,713	Lease obligations	14,234	7,958
Taxes recoverable	38,642	42,807	Labor and social obligations	46,377	41,782
Derivative operations	95	297	Taxes payable	30,264	24,912
Prepaid expenses	1,400	1,851	Taxes paid in installments	749	1,771
Other assets	2,911	12,913	Derivative operations	3,382	983
Total current assets	784,401	1,216,939	Proposed dividends	14,418	533
			Other accounts payable	24,122	4,190
Noncurrent assets			Total current liabilities	450,110	513,987
Short-term investments		3,600			
Accounts receivable		843	Noncurrent		
Taxes recoverable	59,761	54,671	Loans and financing	205,170	333,931
Transactions with related parties		1,181	Debentures	840,258	506,941
Court-related deposits	5,467	2,142	Lease obligations	24,636	27,532
Derivative operations	2,364	1,011	Taxes paid in installments	4,401	5,099
Prepaid expenses	2,607	2,462	Derivative operations	3,121	218
Deferred income and social contribution taxes		8,559	Provision for contingencies_Others	171,961	162,554
Other assets	38	38		1,249,547	1,036,275
Rights-of-use	36,493	35,928	Equity		
Property, plant and equipment	1,956,020	1,346,276	Capital	1,281,606	1,281,606
Intangible assets	231,133	218,711	Income reserve	106,775	60,486
Total noncurrent assets	2,293,883	1,675,422	Treasury shares	(9,758)	-
				1,378,623	1,342,092
Total assets	3,078,284	2,892,361	Noncontrolling interest	4	7
			Total equity	1,378,627	1,342,099
			Total liabilities and equity	3,078,284	2,892,361

ANNEX III – STATEMENT OF CASH FLOW

	Consolidated - In R\$ '000	
	2022	2021
Cash flow from operating activities		
Net income (loss) for the period	60,704	2,243
Adjustments to reconcile income (loss) for the period:		
Depreciation and amortization	269,151	157,575
Residual value upon write-off of PPE and intangible assets	2,194	2,152
Allowance for doubtful accounts	30,667	21,039
Provision for contingencies	1,604	(1,800)
Monetary and exchange variation	78,787	44,085
Derivative operations	4,151	11,660
Interest on leases	4,012	2,515
Interest on loans, financing, debentures and promissory note	84,285	82,820
Short-term investment income	(69,122)	(34,297)
Deferred income and social contribution taxes	14,270	(6,415)
Others	13,241	
(Increase) decrease in assets		
Trade accounts receivable	(62,773)	(60,200)
Inventories	(1,736)	(3,188)
Taxes recoverable	(926)	(55,888)
Prepaid expenses	306	(2,137)
Court-related deposits	(3,325)	(1,237)
Other assets	10,020	(286)
Increase (decrease) in liabilities		
Suppliers	(120,029)	48,803
Labor and social obligations	4,595	14,682
Taxes payable	18,375	24,868
Taxes paid in installments	(1,722)	(993)
Other accounts payable	22,026	165,316
Cash from (used in) operating activities	358,755	411,317
Interest paid	(90,046)	(70,012)
Income tax and social contribution paid	(13,023)	(18,056)
Net cash from (used in) operating activities	255,686	323,249
Cash flows from investing activities		
Short-term investments	(272,125)	149
Additions to Property, plant and equipment	(828,723)	(827,688)
Additions to intangible assets	(28,337)	(215,975)
Intercompany loans received		(28)
Others	1,181	
Net cash from (used in) investing activities	(1,128,004)	(1,043,542)
Cash flows from financing activities		
Loans and financing raised	18,212	216,797
Amortization of principal of loans and financing	(250,783)	(308,197)
Debentures raised	296,679	467,354
Promissory note raised	69,380	
Amortization of principal of promissory note	(6,000)	
Lease paid	(42,129)	(27,004)
Intercompany loans paid	-	(12,161)
Acquisition of non-controlling interests	-	1,255,650
Share issue expenses	-	(40,253)
Dividend/Profits distributed	(533)	(2,205)
Treasury shares	(9,758)	
Net cash from (used in) financing activities	75,068	1,549,981
Increase (Decrease) in cash and cash equivalents	(797,250)	829,688
Cash and cash equivalents at the beginning of the year	1,000,792	171,104
Cash and cash equivalents at the end of the year	203,542	1,000,792
Increase (decrease) in cash and cash equivalents	(797,250)	829,688



CONFERENCE CALL

March 21, 2023

8h (EDT) | 9h (BRT)

In Portuguese, with simultaneous translation into English

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