

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	1,107.7	819.2	20.8%	4.9%
Broadband	325.1	313.7	273.9	939.7	742.3	18.7%	3.6%
B2C	295.7	284.5	255.1	852.8	698.8	15.9%	3.9%
B2B	29.4	29.2	18.9	86.9	43.6	56.0%	0.7%
Fixed telephony	9.7	9.8	8.3	29.6	29.7	16.9%	-1.0%
Others	18.3	13.0	10.2	48.3	47.2	80.3%	41.3%
ARPU broadband	R\$ 90.93	R\$ 88.83	R\$ 92.05	R\$ 90.22	R\$ 91.82	-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:
We have the most satisfied customers in Brazil

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

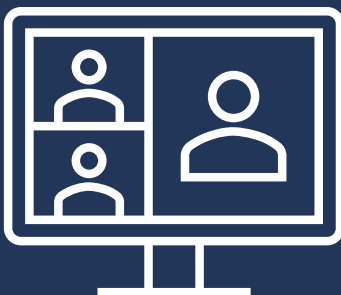
Consistent with market practice, we disclose non-accounting (non-GAAP) measures that are not recognized under IFRS or other accounting standards, including "Net Debt", "EBITDA", "Adjusted EBITDA". Non-accounting measures provide useful information for their investors, market analysts and the general 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	<u>716,924</u>	<u>784,401</u>
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	<u>2,412,375</u>	<u>2,293,883</u>
TOTAL ASSETS	<u>3,129,299</u>	<u>3,078,284</u>
LIABILITIES AND EQUITY		
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	<u>311,916</u>	<u>450,110</u>
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	<u>1,332,974</u>	<u>1,249,547</u>
EQUITY		
Capital	1,281,606	1,281,606
Income reserve	208,962	106,775
Treasury shares	(9,758)	(9,758)
	<u>1,480,810</u>	<u>1,378,623</u>
Non controlling interest	3,599	4
TOTAL EQUITY	<u>1,484,409</u>	<u>1,378,627</u>
TOTAL LIABILITIES AND EQUITY	<u>3,129,299</u>	<u>3,078,284</u>

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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