

RESULTS 2Q22

July 27th, 2022
Telefônica Brasil S.A.
Investor Relations



VIVT
B3 LISTED

VIV
LISTED
NYSE

ISEB3

ICO2 B3

DISCLAIMER

This presentation may contain forward-looking statements concerning prospects and objectives regarding the capture of synergies, growth of the subscriber base, a breakdown of the various services to be offered and their respective results

Our actual results may differ materially from those contained in such forward-looking statements, due to a variety of factors, including Brazilian political and economic factors, the development of competitive technologies, access to the capital required to achieve those results, and the emergence of strong competition in the markets in which we operate

The exclusive purpose of such statements is to indicate how we intend to expand our business and they should therefore not be regarded as guarantees of future performance

Accesses, revenues and free cash flow growing double-digit, boosted by strong operating performance and incorporation of Oi Mobile's assets



56.9 mn

**Mobile Postpaid
Accesses**

114 million Total Accesses
+17.7% YoY

Operating

5.0 mn

**Fiber
Homes Connected**

+24.8% YoY,
+1.0 million accesses YoY



+11.1%

**Total Revenue
Growth**

+14.7% YoY Core
Revenues Growth

Revenues

+15.1%

**Mobile Service
Revenue Growth**

+9.4% YoY ex-Oi



R\$
4.6 bn

**EBITDA¹
2Q22**

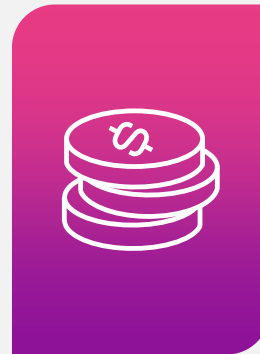
+8.3% YoY

Profitability

R\$
4.6 bn

**Operating Cash Flow¹
6M22**

+3.3 YoY%



R\$
4.6 bn

**Free Cash Flow¹
6M22**

+13.9% YoY,
10.1% FCF Yield²

Shareholder
Remuneration

R\$
3.1 bn

**Dividends + IoC
declared in 6M22**

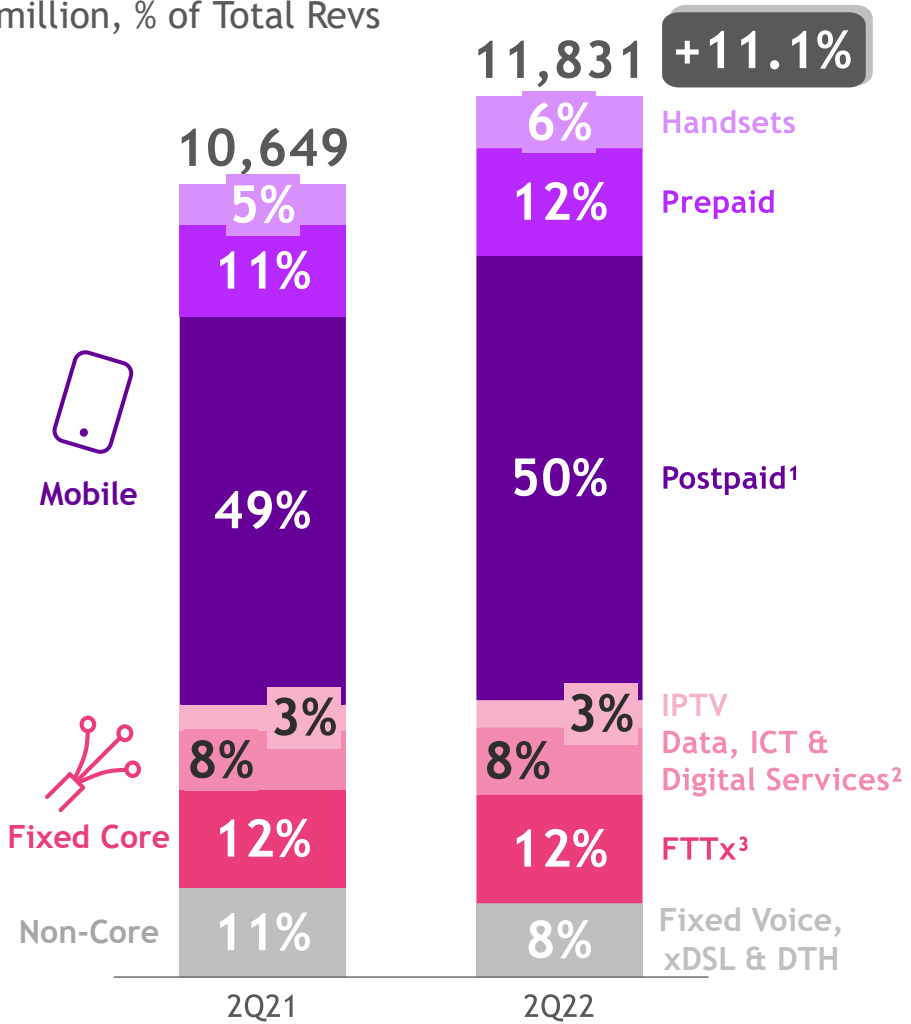
R\$0.3 billion in
Share Buybacks in 6M22

vivo

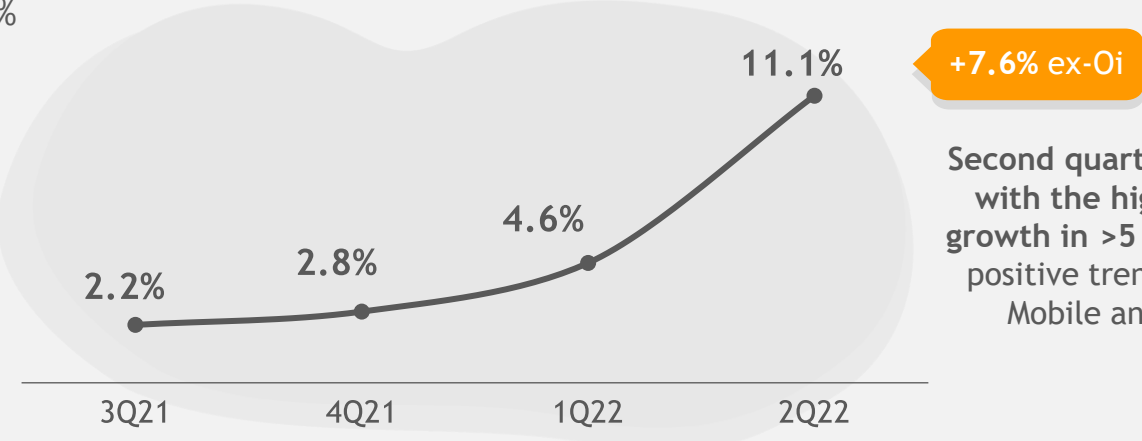
Brazil's 4th most valuable brand, valued at R\$19.7 billion
(US\$ 3.7 billion), representing 25.0% of the Market Cap³

Total Revenues acceleration, attesting solid operating execution of Core Revs and Vivo's top position in value proposition

Total Revenues
R\$ million, % of Total Revs

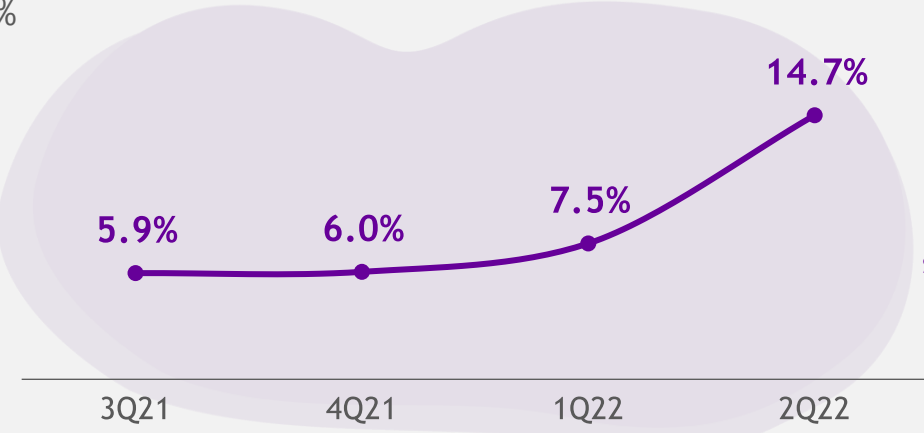


Total Revenues YoY growth
%



Second quarter in a row with the highest YoY growth in >5 years, with positive trends both in Mobile and Fixed

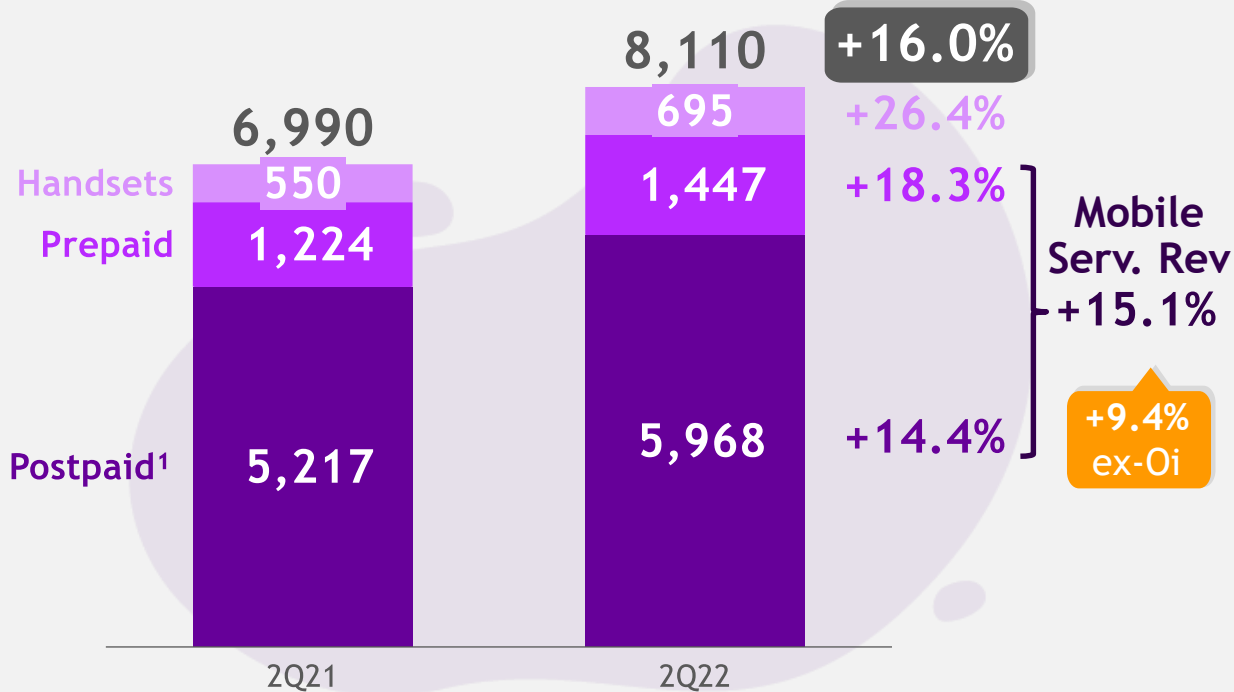
Core Revenues YoY growth
%



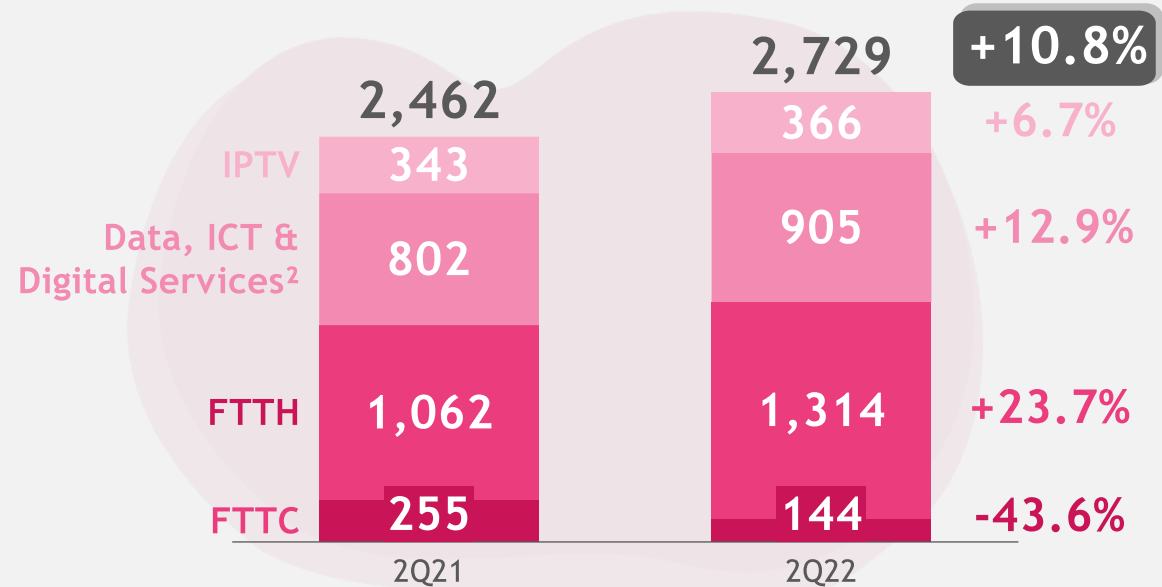
2Q22 marked by mobile accesses acceleration and sound Core Fixed evolution

Core Businesses boosted by superior mobile performance and resilient fixed demand

Mobile Revenues
R\$ million



Fixed Core Revenues
R\$ million

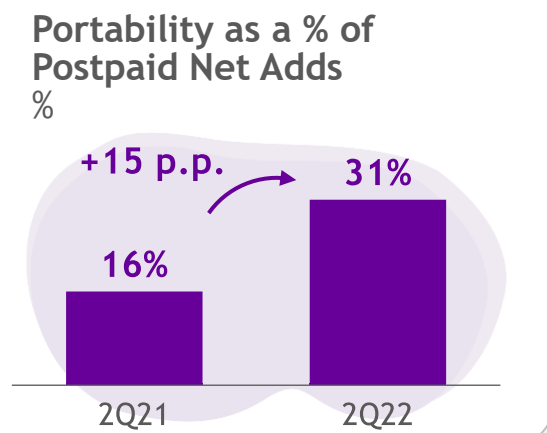
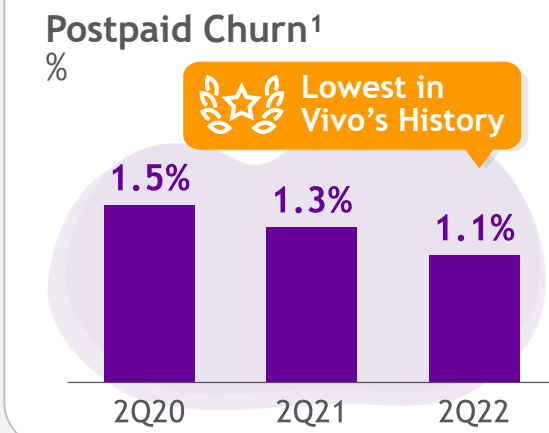
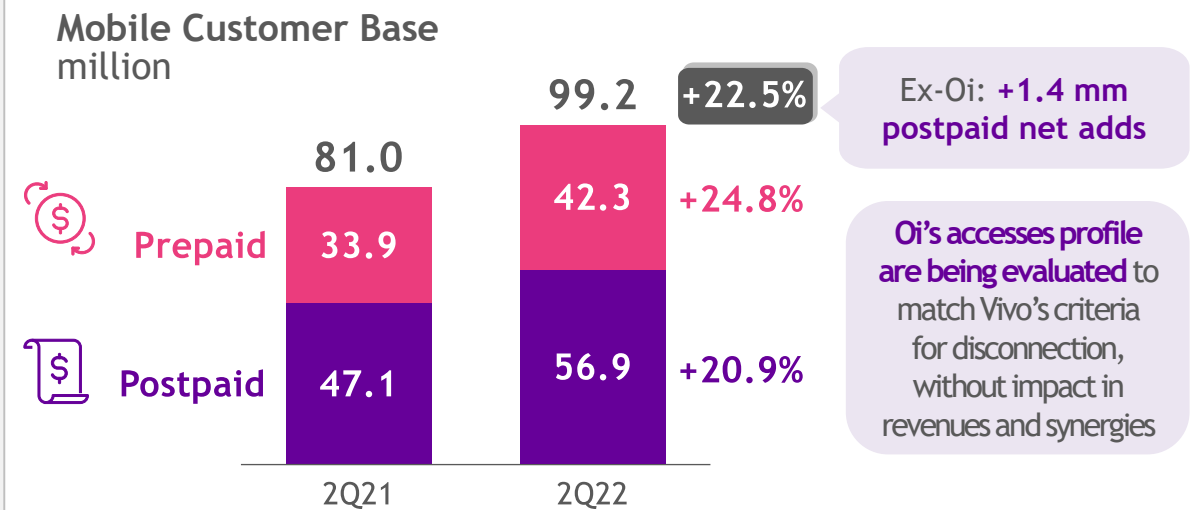


- Postpaid net adds ex-Oi (+1.4 million) confirms **Vivo's top-of-mind position** after Market Consolidation...
- ...leading to high MSR growth, further enhanced by the consolidation of Oi's customer base in the quarter

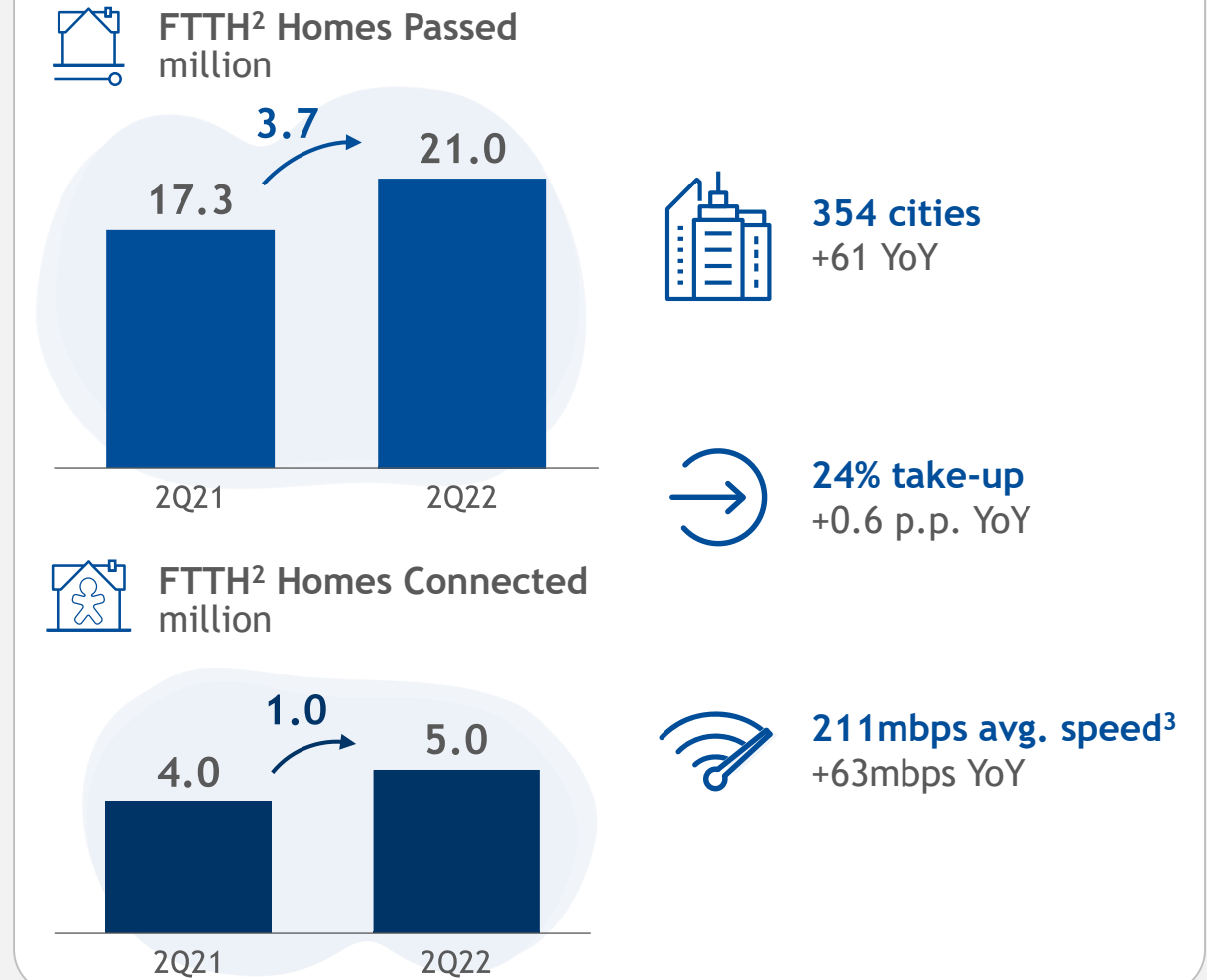
- FTTH reaches R\$ 4.9 billion in revenues in LTM Jun-22 (+29.0% YoY) leveraging on Vivo's convergent offers and premium CX
- Data, ICT & Digital Services maintaining **double-digit growth** as B2B Digital Solutions continue to be highly demanded

Vivo's unique capability of being a mobile + fiber player driving second-to-none operating performance

Mobile Operating Figures

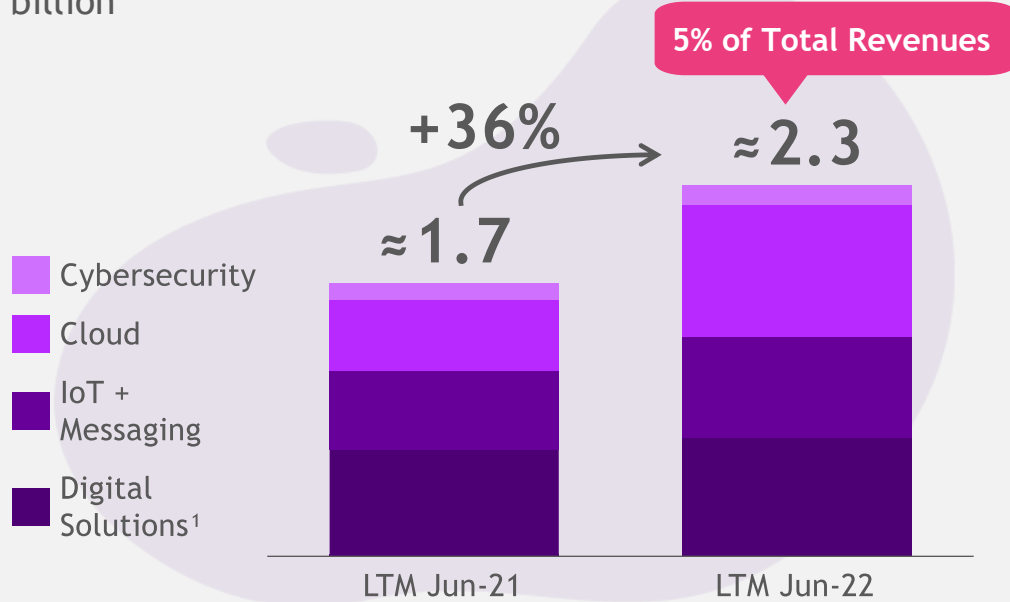


Fixed Operating Figures



Digital B2B revenues maintain a fast-paced growth, while B2C ecosystem initiatives continue to evolve

Digital B2B Revenues R\$ billion

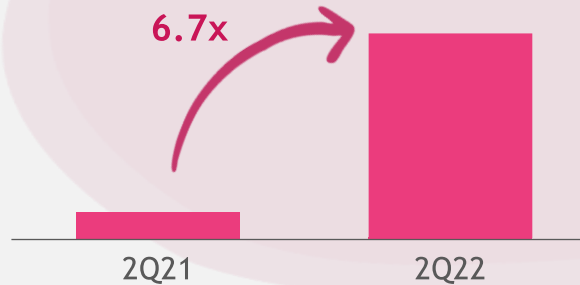


B2C initiatives

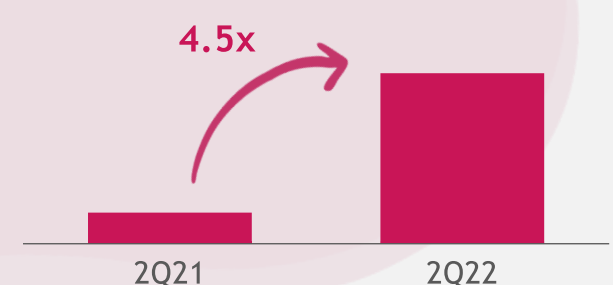
vivo MONEY*

Personal, 100% digital loan service with competitive rates continues to thrive, reaching >R\$80 million in credit conceded

Credit originated
R\$



New contracts
#



vivo AGRO

- Providing connectivity and efficiency assurance in agribusiness
- Launch of IoT solutions to monitor large areas of land and manage cattle and crops in real-time

viva^e: JV with Ânima

- Definition of C-Level and management team
- Launch of the Minimum Viable Product (MVP) in 2H22

VENTURES

- Preliminary shortlist with 20 possible targets, with high growth potential and strategic fit with Vivo
- Disclosure of initial investments in the following quarters

Vivo issues its first debenture linked to ESG commitments based on its new Sustainability-Linked Financing framework

Sustainability-linked Debenture

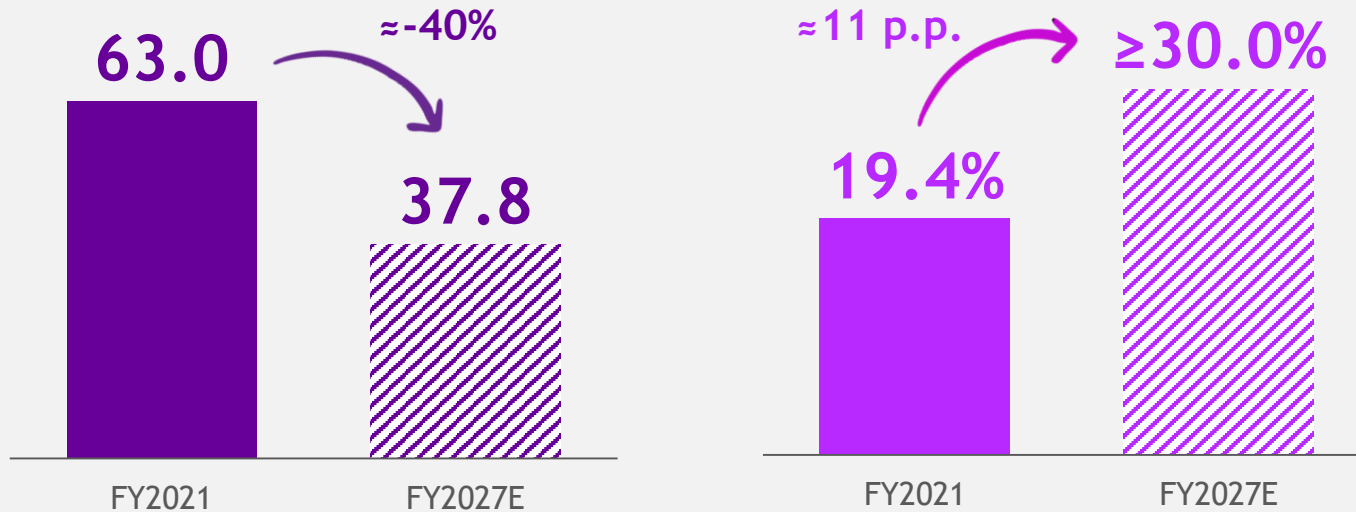
Funding of R\$3.5 billion associated with ESG goals to be accomplished by 2027¹



Goal #1: Lower Greenhouse Gases emissions²
thousand tons, CO₂eq



Goal #2: black people in leadership positions
% over total leadership roles



Sustainability-Linked Financing Framework

Launch of framework to present Vivo's ESG strategy, verified by a second party opinion

- Aligning the Company's financing strategy, mission and sustainability targets
- Allowing and facilitating the allocation of investments with a social impact and low-carbon footprint

KPIs aligned with UN's Sustainable Development Goals (SDG)



Reduction of Green House Gases



Increase # of black people on leadership roles



Increase # of women on leadership roles

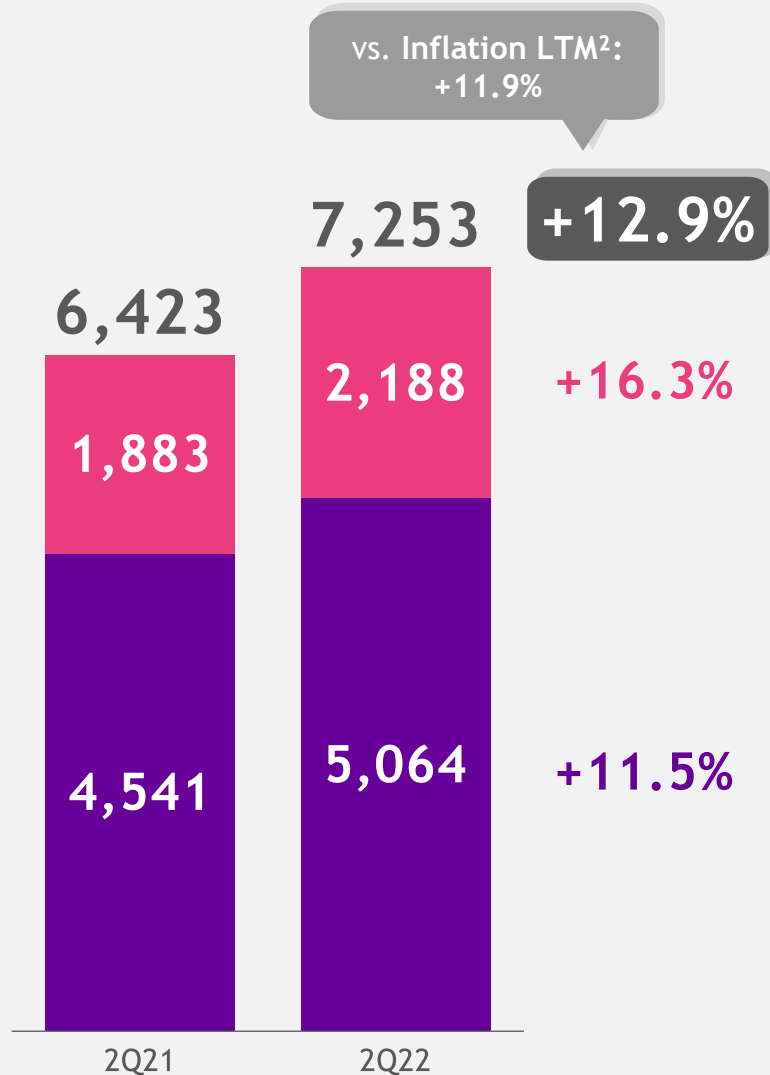


Increase # of black people on the workforce

More information about our ESG initiatives is available at [Vivo's Integrated Report 2021](#) and [Telefónica Vivo Foundation's Social Report 2021](#)

As Vivo expands its reach in the handset and digital services markets, the cost structure moves accordingly, while also being affected by inflation

Costs¹
R\$ million



Costs of Services and Goods Sold
Cost of Operations

Cost of Services and Goods Sold

30%
of costs
(-2 p.p. YoY)

- **Cost of Services up +16.0% YoY** due to higher expenses related to digital services licenses, following the trend of strong growth in revenues of B2C and B2B solutions
- **Cost of Goods Sold expanded +16.7% YoY** as Handset and IT equipment sales continue at full swing

Cost of Operations

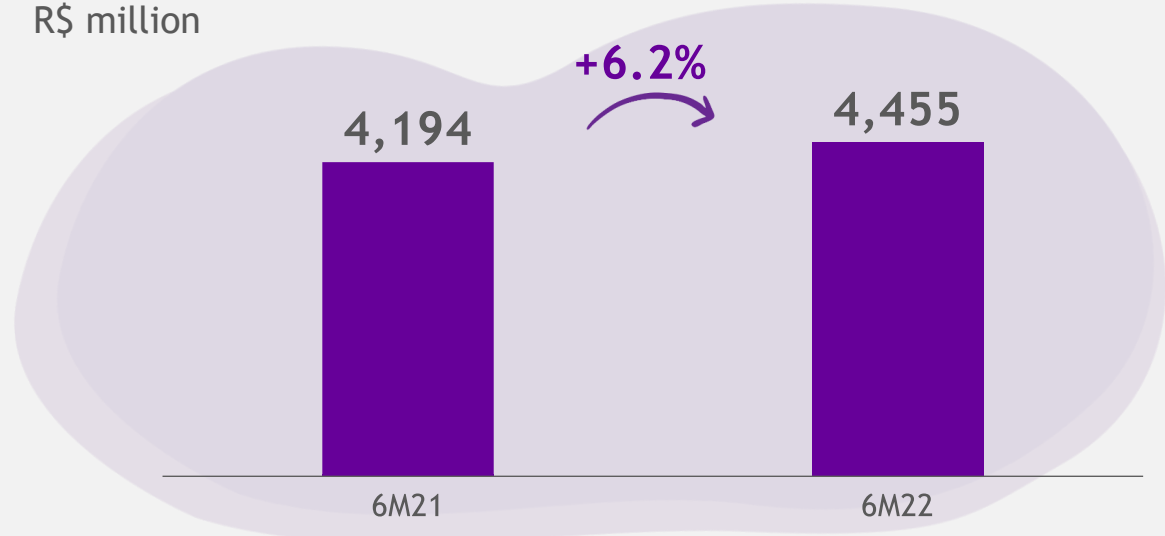
70%
of costs
(+2 p.p. YoY)

- **Personnel up 20.1% YoY (+14.7% YoY LTM)**, driven by annual salary adjustment and variable compensation provision in 2Q22
- **Commercial and Infrastructure Expenses rising +7.3% YoY**, led by increased network usage, offset continued digitalization of customer contacts
- **Reduction of Provision for Bad Debt (-9.3% YoY) for the 8th quarter in a row**, denoting Vivo's superior billing strategy and credit scoring

Acceleration of Fiber and 5G deployment to maintain our leadership in cutting-edge technologies, while expanding Operating Cash Flow

Capex¹

R\$ million

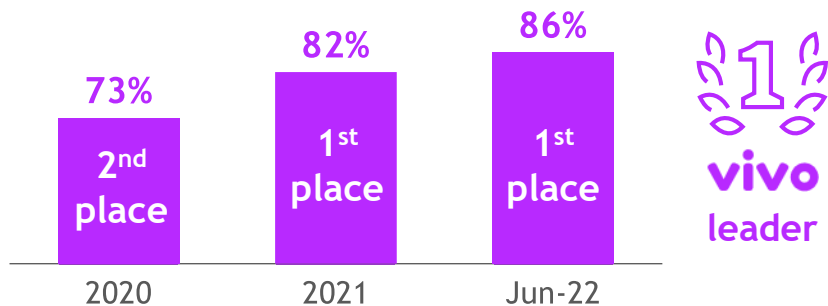


% of sales

19.5%

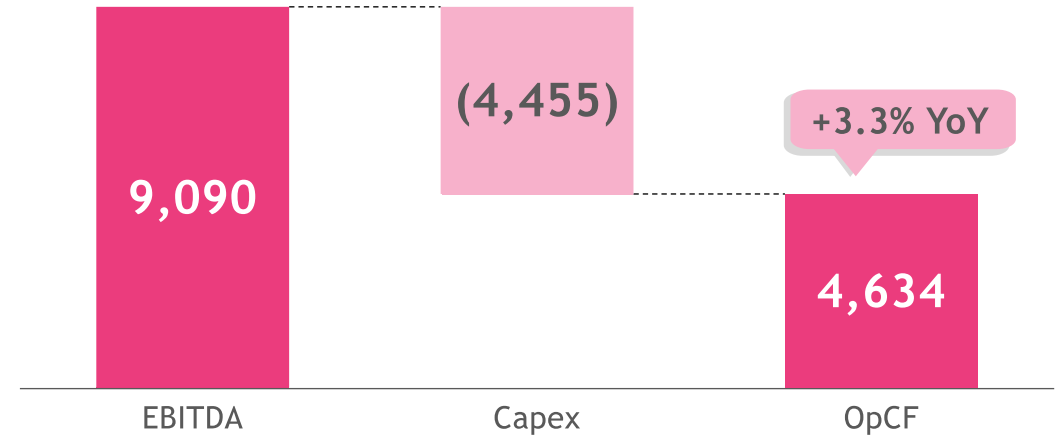
19.2%

4.5G coverage²
% of total population

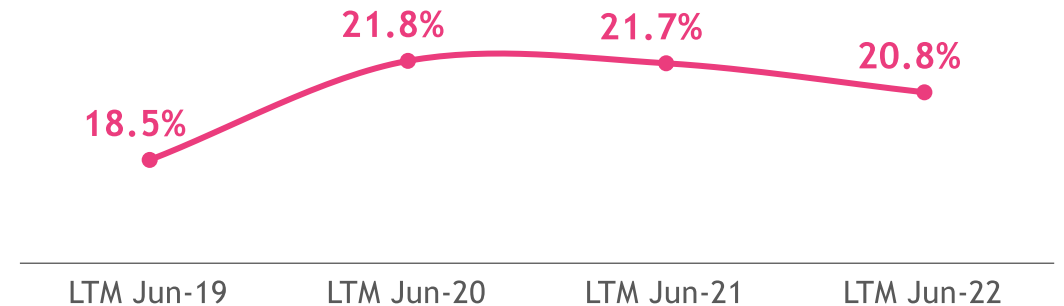


Operating Cash Flow¹

R\$ million, 6M22



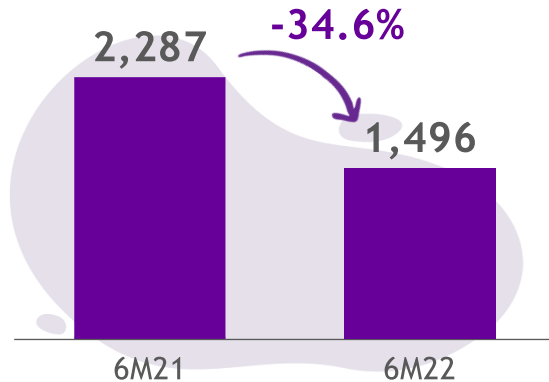
OpCF¹ Margin %



Net Income affected by improvement of capital structure and one-offs, while Free Cash Flow generation grows double-digit

Net Income

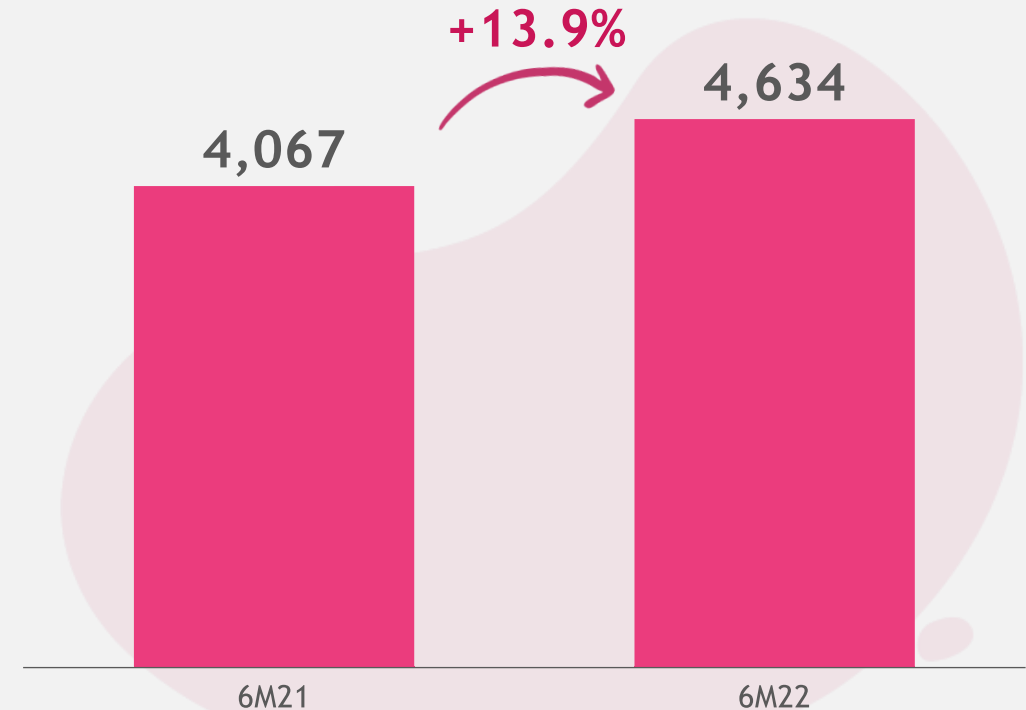
R\$ million



- **Increased debt levels**, which improve our capital structure, **coupled with higher average interest rates**, negatively affected net income in 6M22
- **In addition, 6M21 result positively affected** by one-offs registered in 2Q21, impacting EBITDA and financial result

Free Cash Flow²

R\$ million

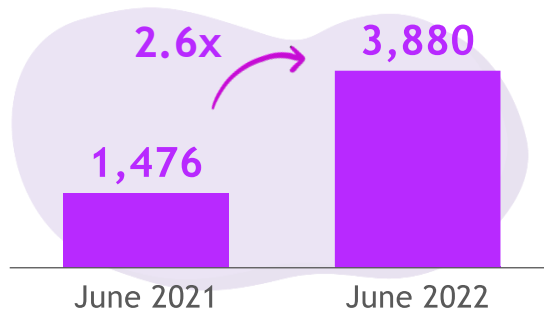


Strong Free Cash Flow generation in 6M22 given strong operating results, leading to FCF/Revs of 20.0% in the period (+1.1 p.p. YoY)

Indebtedness

- **Issuance of R\$1 billion** in bank debt in April 2022
- **Payment of R\$2.4 billion** out of R\$2.7 billion payable in 2022 for 5G licenses

Gross Debt, R\$ million



Net (Cash) Debt¹

(6,936)

723

Shareholder remuneration remains very solid, being further enhanced by share buybacks

Shareholder Remuneration 6M22



Dividends + IOC¹

R\$3.1 bn

+



Share Buybacks

R\$0.3 bn

Total

R\$3.4 bn

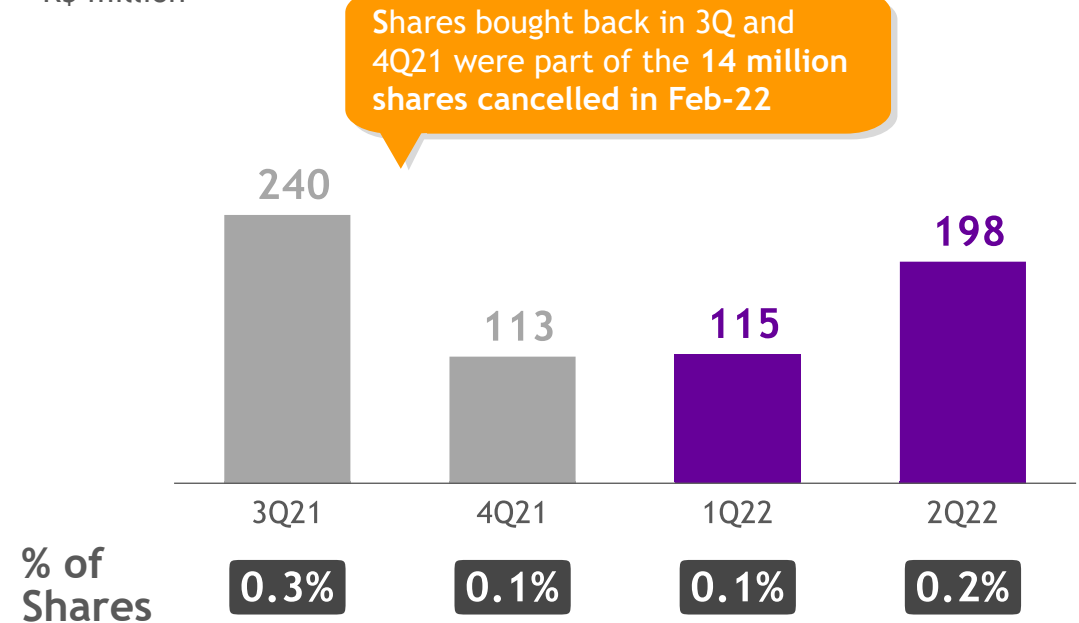


Payment of 2021 Remuneration²

1st Tranche:
R\$2.7 bn
Jul. 19th, 2022

2nd Tranche:
R\$3.5 bn
Oct. 18th, 2022

Buybacks LTM R\$ million



R\$271 million invested to buy back our own shares within the current program (Feb-22 to Feb-23), with more to come over the next quarters

For further information:

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