

Transcript

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Telefónica | vivo

Vivo – 3rd Quarter 2026 Results

João Pedro Soares Carneiro – Investor Relations Director

Good morning, everyone, and welcome to Vivo's third quarter 2026 earnings call.

Today, our CEO, Christian Gebara, will walk you through our operational and commercial performance, the continued evolution of our connectivity and digital ecosystem, as well as our key ESG developments.

Then, Rodrigo Monari, our CFO, will provide more details on costs, profitability, investments, cash generation, and shareholder remuneration.

With that, I'll turn the call over to Christian.

Christian Gebara - Chief Executive Officer

Thank you, João. Good morning, everyone, and thank you for joining us today.

Slide 3: Highlights

Vivo maintained strong momentum in the third quarter, once again delivering consistent results across the business.

Our customer base expanded further, with postpaid accesses reaching 74.7 million, up 7.1% year-over-year, while homes connected with fiber increased 10.8%, to 8.4 million. At the same time, our fiber footprint expanded to 32.4 million homes passed.

This commercial momentum translated into another quarter of revenue expansion well above inflation. Total revenues grew 7.2% year-over-year, supported by a 7.4% increase in mobile service revenues and 2.7% growth in fixed revenues.

Profitability climbed at an even faster pace. EBITDA rose 10.0%, with the margin reaching 44.5%, 1.1 percentage points above the previous year. This performance was also reflected in cash generation: operating cash flow totaled R$12.7 billion in the first nine months, up 13.5%, while free cash flow amounted to R$7.3 billion. Over the same period, net income advanced 23.3% to R$5.3 billion.

Our robust cash generation and balance sheet give us flexibility to invest in future opportunities while continuing to deliver attractive returns to our shareholders. We have already committed R$7.3 billion in shareholder remuneration in 2026, and still have interest on capital and a buyback program at our disposal.

Slide 4: Total Revenues

Moving to slide 4, the ongoing transformation of our revenue mix remains a key driver of Vivo's consistent top-line growth.

Total revenues reached R$16.0 billion in the quarter, increasing 7.2% year-over-year. Mobile service revenues advanced 7.4%, supported by a 9.1% increase in postpaid, while FTTH revenues rose 5.7%. Handsets and electronics also made a strong contribution, up 26.6% compared with last year.

During the quarter, we rebalanced Vivo Total revenues, aligning the allocation of mobile and fiber with prices that better reflect the market reality of each product. This does not change the underlying trend, with service revenues maintaining a healthy pace, up 6.0% year-over-year.

Beyond the headline growth, the composition of our revenues also continues to evolve favorably. Recurring revenues now represent 84.9% of service revenues, 1.6 percentage points higher than a year ago, further enhancing the resilience of our revenue base.

New businesses continue to gain relevance, accounting for 12.5% of total revenues in the last twelve months. This progression reflects our ability to deepen customer relationships and capture opportunities beyond traditional connectivity.

Slide 5: Mobile Operation

Turning to slide 5, our mobile business delivered another quarter of high-quality expansion, combining a growing customer base, higher monetization and disciplined churn.

Total mobile accesses reached 106.4 million, up 3.4% year-over-year. Excluding M2M and dongles, our postpaid base expanded to 53.4 million accesses, supported by over 900 thousand net additions in the quarter.

Monetization also strengthened. Mobile ARPU reached a new high of R$32.9, with the underlying trend remaining positive even when excluding the previously mentioned impact from the rebalancing of Vivo Total revenue. Meanwhile, postpaid churn stood at just 1.0%, underscoring the loyalty of our customer base.

In prepaid, we brought to the market an innovative value proposition that goes beyond connectivity. Our new flagship offer starts at R$35 for 30 days and incorporates additional benefits such as discounts of up to 60% in drugstores through Vale Saúde Farma, as well as Google cloud storage.

5G is also playing an increasingly important role in our premium positioning. Our 5G customer base now totals 28.1 million, representing one-third of mobile accesses excluding M2M and dongles. And for the third consecutive year, Opensignal recognized Vivo as the fastest 5G network in the world.

Together, these indicators highlight Vivo's unique ability to combine scale, monetization and loyalty, allowing us to create a more compelling customer experience.

Slide 6: Fiber Operation

On slide 6, our fiber business maintains a healthy trajectory, driven by network expansion, convergence and superior service quality.

We ended the quarter with 8.4 million FTTH accesses, up 10.8% year-over-year. Vivo Total remained the main engine behind this performance, rising 27.8% year-over-year to 4.0 million accesses.

Notably, growth has also come with excellent customer retention. Fiber churn declined once again, reaching low levels at just 1.4%, despite the continued expansion of our customer base. FTTH ARPU also improved year-over-year when excluding the rebalancing associated with Vivo Total.

Network utilization is improving as well. Our footprint now covers 32.4 million homes, and the take-up rate advanced 1.0 percentage point to 26.0%, supported by 213 thousand FTTH net additions in the quarter.

Quality remains a key differentiator. Vivo ranked first in four broadband internet performance categories in nPerf's worldwide survey among large countries, reinforcing the strength of the connectivity experience we provide.

Slide 7: B2C Revenues

Moving to slide 7, our B2C ecosystem is enabling us to capture a greater share of our customers' digital lives, combining our superior connectivity with an increasingly broad portfolio of services.

On a last-twelve-month basis, B2C revenues reached R$47.5 billion, up 7.6% year-over-year. Connectivity revenues rose 6.4%, while new businesses increased 37.1% to R$2.3 billion.

These deeper relationships are translating directly into higher monetization. Monthly B2C revenue per RGU climbed to R$69.8, from R$64.6 a year ago, across a base of 56.7 million RGUs.

Our new businesses are also scaling rapidly across multiple verticals. Consumer electronics advanced 69.4%, health and wellness rose 46.4%, OTTs increased 30.5%, and financial services were up 13.6%. Together, these activities now account for 3.6% of total revenues.

We continue to enrich this ecosystem with offers that extend well beyond traditional telco services. During the quarter, Vivo became the first telecom operator in Latin America to launch AppleCare Services. Already, more than 15% of iPhone 18 Pro devices sold in Vivo stores include the service, providing an encouraging early indication of customer demand for integrated protection solutions.

In addition, we launched new streaming bundles, starting at R$49.90, where customers can combine up to six streaming services for a fixed monthly fee, with the convenience of managing their subscriptions and paying for everything through a single bill.

By progressively bringing connectivity, entertainment, financial services, health, AI and consumer technology into the same ecosystem, we are deepening customer

relationships, creating new monetization opportunities and, ultimately, unlocking greater customer lifetime value.

Slide 8: B2B Revenues

Turning to slide 8, B2B is another key avenue for diversification, as we broaden our capabilities to address the technology needs for companies of all sizes.

On a last-twelve-month basis, B2B revenues reached R$14.1 billion, up 7.1% year-over-year. Connectivity expanded 4.7%, while Digital B2B grew 10.9% and now accounts for 8.9% of Vivo's total revenues.

This momentum is broad-based across our digital capabilities. Cybersecurity increased 15.9%, cloud services advanced 12.4%, digital solutions were up 12.1%, and IoT and messaging progressed 6.0%.

Our ambition, however, goes beyond selling individual products. We are bringing together connectivity with digital services to offer integrated solutions that address increasingly complex enterprise needs.

A good example is our partnership with Palo Alto Networks for the new Agentic Security Operations Center. The solution incorporates AI agents into threat prevention, detection and response processes, alongside 24/7 monitoring, local specialists and Telefónica's global cybersecurity ecosystem.

These capabilities strengthen Vivo's positioning as a leading provider of integrated digital solutions and allow us to address a wider share of our enterprise customers' technology needs.

Slide 9: Starlink Partnership

Next, on slide 9, we showcase our constant drive to innovate and enhance the quality and reach of our connectivity with the launch of Vivo Satélite.

Through our partnership with Starlink, Vivo became the first mobile operator in Brazil to cover nearly 100% of the country. By complementing our terrestrial network, we have extended our coverage into rural and remote areas without material impact on profitability.

At the core of this initiative is Direct-to-Device technology, enabling smartphones to connect directly to satellites without relying on terrestrial infrastructure. This allows us to expand our geographic footprint well beyond our traditional mobile network, that already covers over 98% of the population, but only around 20% of Brazil's territory.

Currently, more than 50 million eligible Vivo customers are the first in the country to experience this capability, with access to messaging, GPS and calls via selected apps available even in the most remote areas of the country.

Looking ahead, we have a clear roadmap that includes the rollout of commercial models across B2B and B2C, alongside further improvements in connectivity speeds as the technology evolves.

Slide 10: ESG

Moving to slide 10, we are making further progress on our ESG agenda through meaningful engagement and external recognition.

On the environmental front, we raised our operational emissions target for scopes 1 and 2 from 90% to 95% by 2035, while preserving our Net Zero commitment by

2035. We also published our 2026 Climate Action Plan, setting the roadmap that will guide our transition toward a low-carbon economy.

Beyond our own operations, we are actively engaging society in sustainability discussions. Encontro Futuro Vivo 2026 brought together 19 panelists and more than nine hours of content, generating 62 million views.

Our efforts are being acknowledged across several dimensions. Vivo placed first among large companies in the Ethos Diversity, Equity and Inclusion assessment; ranked in the Top 10, for the first time ever, in the Merco Talent ranking; and received the Compliance Program of the Year award for the second consecutive year. Additionally, we were once again named among Brazil's Best Companies to Work For, recognized as Best IT & Telecom company by Valor 1000, and attained the highest level of governance in FGV's Corporate Governance Maturity Index.

Taken together, these achievements demonstrate how climate action, diversity, governance and talent are embedded in our strategy and contribute to sustainable, long-term value creation.

With that, I will hand it over to Rodrigo, who will take you through our financial performance. Thank you.

Rodrigo Monari - Chief Financial Officer

Thank you, Christian and good morning, everyone.

Slide 11: Costs

Turning to slide 11, disciplined cost management and operating leverage once again enabled profitability to outpace top-line growth, complemented this quarter by gains from migration-related asset sales.

Total costs rose 5.0% year-over-year, below the 7.2% increase in revenues. Costs of operations were broadly stable, while costs of services and goods sold advanced 15.6%, reflecting the evolution of our business mix.

Within this line, the increase in cost of goods sold was consistent with the expansion in consumer electronics revenues and B2B equipment. Cost of services grew a more moderate 3.0%, reflecting the evolution of B2B digital services and the continued expansion of B2C offerings.

In expenses, we continued to demonstrate solid discipline. Notably, commercial and infrastructure expenses declined 0.9%, while the provision for bad debt remained at a healthy 1.8% of gross revenues, supported by our robust credit scoring and premium (or loyal) customer base.

Other revenues were R$365 million in the quarter, including R$352 million in gains from copper sales and R$14 million from real estate.

As a result, EBITDA once again grew at a double-digit rate, reaching R$7.1 billion, while the margin expanded by 1.1 percentage points to 44.5%.

These results demonstrate our continued ability to combine cost discipline, operating leverage and portfolio transformation to convert top-line expansion into stronger profitability.

Slide 12: Capex & Operating Cash Flow

On slide 12, we remain focused on the strategic investments that support our future development, while progressively reducing the capital intensity of the business.

Capex totaled R$7.2 billion in the first nine months of 2026, representing 15,2% of revenues, down from 15.7% in the same period last year, underscoring our continued improvement in capital efficiency.

Our investments remain concentrated mainly on our strategic infrastructure, including the continued expansion of 5G and fiber.

At the same time, operating performance is translating into strong cash generation. In the first nine months of the year, operating cash flow before leases reached R$12.7 billion, 13.5% higher year-over-year. After leases, the figure stood at R$8.4 billion, up 17.0%.

This improvement is also evident in our cash flow margins. On a last-twelve-month basis, operating cash flow margin before leases reached 27.2%, while the after-leases margin advanced to 18.1%.

These figures highlight the scalability of our model: we continue to invest in network quality and future opportunities, while converting an increasing share of revenues into cash.

Slide 13: Net Income, Indebtedness and Free Cash Flow

Moving to slide 13, our solid operating performance is turning into higher net income and robust free cash flow generation.

Net income reached R$5.3 billion in the first nine months of the year, increasing 23.3% versus previous year. In the third quarter alone, we recorded R$2.5 billion, up 30.1% year-over-year, making for another quarter of strong bottom-line growth.

Free cash flow amounted to R$7.3 billion in the first nine months, 6.1% above the same period last year. In the third quarter, it reached R$2.4 billion, advancing 37.7% year-over-year. On a last-twelve-month basis, this represents a free cash flow yield of 10.0%.

Our balance sheet also remains very strong. Excluding leases, we closed September with a net cash position of R$2.4 billion. Even considering leases, net debt stood at R$13.8 billion, equivalent to only 0.5 times EBITDA.

The combination of higher earnings, cash generation and low leverage provides us with significant financial flexibility to invest in future opportunities while continuing to deliver attractive returns.

Slide 14: Shareholder Remuneration

Finally, on slide 14, we continue to improve our levels of shareholder remuneration and confirm our guidance for the year.

As of today, we already disbursed R$7.0 billion to investors, with an additional R$325 million in interest on capital that will be paid in December this year, totaling over R$7.3 billion in distributions. In addition to the amounts already paid or committed for payment, R$1 billion remains available under our current share buyback program through February 2027.

Notably, with two months remaining in the year, we have already declared 4.5% more in interest on capital than in the entire year of 2025, underscoring how value creation to shareholders remains a main pillar of our strategy.

Our operating performance, growing cash generation and solid financial position give us confidence in meeting our guidance for 2026, while maintaining the flexibility to continue investing in the business and preserving a sound capital structure.

As always, our approach is centered on disciplined capital allocation: investing in Vivo's long-term development while delivering compelling returns to our shareholders.

Thank you. We are now ready to take your questions.

Vivo – 3Q26 Q&A

Luis Chagas, XP:

Congrats on the results. I have two questions here. The first one is about prepaid pricing. You recently raised prepaid prices. So, how did you see the reaction from customers and from competitors here? And the second question regards OPEX. We saw that commercial and infra costs fell year over year, even with higher commercial activity. Is the 3Q level a good run rate, or did the one-offs help this quarter? And how much of the renegotiation and FiBrasil savings are still to come? Thank you.

Christian Gebara, CEO:

Luis, thank you for the question. As I said, we just launched a new offer. We are moving price up in the prepaid. Only to remind you, quarters ago, we already took off WhatsApp from the offer, and now we are trying to move it above R$30, that is the common offer in the market. So, we launched this new one that is R$35, 30 days. And apart from the data, it also offers discount in drugstores, and additionally, we also included a Google cloud storage.

We started like a few weeks ago. It's difficult to tell you what's going to be the impact, but we are very confident about the movements that we are making in the mobile segment. I think our results are a reflection of that.

We do believe that we need to be moving price up to be able to upsell. So, now we have this prepaid offer that is R$35, we have the Control, the hybrid entry point also with increasing front book in the customer base that we had during the year. And we are also offering new opportunities to cross-sell digital services to both segments.

That's the movement that we have. As you saw, our postpaid grew 9.1%, prepaid -2.9% negative, but we could see increase in ARPU and also the frequency of recharge and the amount recharged about our customers in prepaid. It's early to say that is the consequence of the new offer, but we are very positive we are driving in the right direction.

Concerning cost, if you were asking about the commercial infrastructure, yes, it was like that. I think the reason here is lower network infrastructure costs. I think there are some benefits that we are already capturing by the migration from the concession to authorization. With some more quarters, we are going to capture even more. There is a little bit that is from the consolidation of FiBrasil, but more importantly is that we are keeping commercial activity in a very high level. As you can see, our acquisition of customers in both segments, mobile and fiber, keep in a very high level.

So, that's part of the business that we are doing here. Trying to reduce costs, being more digital and also keeping and capturing savings from the immigration from concession to authorization.

Gustavo Miele, GS:

Good morning. Thanks for the presentation. I will have two questions as well. The first one, I think it would be great to hear from you quite an update here on the outlook for the competitive environment in the postpaid market. We know that the 4Q is usually a bit different from other quarters in terms of competitive landscape because of Black Friday. So if you could comment a bit on how you are seeing the movements from competitors on this specific segment, I think that would be great. This would be the first one.

And the second one, more specific to the results, we noted that accounts receivables rose, I think it was like R$1.1 billion quarter over quarter. It was a relevant increase. So just to understand a bit whether this is maybe one-off and what would be the effects impacting this specific line of the balance sheet. Thank you.

Christian Gebara, CEO:

Gustavo, thank you for the questions. I will start to answer, and then I may ask Rodrigo to complement. We do not see any change in the 4Q performance. Actually, we are very positive about the 4Q.

We had already in October Apple launch the iPhone 18 and also the iPhone Duo, and that brings people to our stores. So, we see the opportunity to sell more. We have been very good at selling not only smartphones, but services and convergence. And as I stated, not only insurance, but now AppleCare, as we are the first one. So we are driving a flow of customers to our stores. We now started November, it's always a very busy month digitally, but also physically in our 1,800 stores.

So, I do not see any movement. Our strategy continues to be the one that I just described before. More specifically, in the postpaid that you are asking, we are trying to drive convergence where we have availability of fiber. We grew a lot the number of convergent customers. Now we reached in Vivo Total 4 million, our record number, and we still have other convergent to migrate to Vivo Total, and other customers that are only fiber that could migrate also to Vivo Total.

We are adding more digital servers that also help increase our ARPU. Apart from the AppleCare that I just described, we are launching a lot of OTTs promotions that put together three to six streaming OTT and it drives price from R$49.90 reais per month to up to, I do not know how, depending on the ones that you selected. Again,

we have been very successful. We are reaching annual revenues of R$1 billion in revenues just coming from video and music OTTs.

So again, playing the game of November and December, optimistic about the flow to stores and online e-commerce, and also very confident of our ability to sell more services to those that are coming to our stores to buy either a smartphone or any other electronic device.

Concerning the receivables, Rodrigo, can we give more? Yes, we have been very successful commercially. That has a specific impact in the receivables that we have for this quarter, but the origin of all this is the success of being able to sell more. And as you could see, the lines of mobile service, fiber service, but more importantly, also electronics sale.

Now we have one record, in volume it's the highest, but in growth it's one of the highest, 26.6% of handset and electronics sale year over year when you compare. So R$1.1 billion in a quarter that drove these receivables that you have, but we are going to find ways to mitigate that and to drive it in cash.

I do not know if you want to complement anything.

Rodrigo Monari, CFO:

Gustavo, just to reinforce Christian here, I have no concerns about account receivables. And I always emphasize that cash generation is one of the most important pillars of our strategy. In the last year, free cash flow increased 11.4%, and I am very confident this year we can keep the same pace we have seen the last years.

Gustavo Farias, UBS:

Thanks for taking my questions, and congrats on the results. Two on my end as well. First one, if you could update us on the capital allocation priorities for 2027, especially in the light of a consolidating market in fiber and potential M&A activity.

And my second question, if you could also comment on any expectations, or how you are preparing and any anticipated effects of the tax reform on financials. Thank you.

Christian Gebara, CEO:

Farias, I do not know if I get your first question. I think the structure of our capital structure, we are always assessing it, as I think we described before. We are today very well adapted to the environment that we live here in Brazil for current high interest rates. So I think that's giving us a lot of benefits. And also, we have been able to remunerate our shareholder using all the mechanisms that we have today available.

So again, if we expect taxable base, or our earnings before taxes to expand over the coming years, of course, it's also driven by the strong performance that we are having. Of course, we can access and re-access what is the best capital structure for the moment, and we do believe that we have the right one to face the situation that we have right in Brazil.

If we need to do M&A, we have many ways to do that. We are open to M&A. We are accessing targets. We have not come to any conclusion about anything to be acquired in the near term. But of course, we have conversations that we stated in the market a few weeks ago about preliminary conversations that we had with one specific ISP.

So again, if it comes to the conclusion that we want to buy someone, we have many ways to find the right mechanism to finance it.

What was the second question? Tax reform? Can you repeat it, please?

Gustavo Farias, UBS:

Just regarding the tax reform, if you have any anticipated expected impacts going forward.

Christian Gebara, CEO:

I think there is all the challenge of implementing it. Also, we have been preparing ourselves, operationally speaking, to be able to implement the tax reform. Of course, we still do not have all the rules that we need to implement, but whatever is available is going to be enough for us to put it in process.

We are very confident that in the bottom line, the impact will be neutral for us. We may have some increase in some of the tax depending on what's going to be defined. We just have CBS, we do not have the total amount. But again, we also have the compensation of what we had during our chain, that we can compensate some of the taxes that we pay during the process.

So let's see what's going to be the final number. We are going to be prepared to do it, and we believe that, apart from the operational challenge of implementing it, the bottom-line impact for Vivo will be neutral.

Leandro Bastos, Citi:

We have two questions also. The first, I wanted to double click a little on the fiber to mobile reallocation you mentioned for Vivo Total. If you can just quantify a little

better what the impact in the quarter was and just discuss what has been the rationale for this change.

And then second, if you could comment a little bit, still on mobile, how can we think about the outlook for price ups into next year, especially thinking about postpaid back book, given the new context, given the new macro backdrop in Brazil, competitive landscape in mobile. I know there are many moving pieces and maybe it's a little early to tell, but with the visibility you have today, how can we think about the pricing strategy into next year? Thanks.

Christian Gebara, CEO:

Thank you. Going to the first one, now we had this rebalance of Vivo Total, which is our convergent offer. The key objective is to better reflect the commercial positioning and the pricing of the bundle.

Of course, there is always the allocation, what is mobile and what is fixed, and we believe that we had to reassess it based on what we see as mobile and fiber service prevailing in the market.

We have market price available above the line and below the line, and as a result, we accessed it and the diagnostic was that we needed to rebalance, putting more in mobile plan than in fixed plan.

For us, it's difficult because of course, we are much more focused on convergence, thinking of the service revenue, as we grew 6%, or thinking of the total revenue that we grew 7.2%. But if we need now to show the two revenues separately, we need to assess it based on all the plans that are being marketed both for mobile and for fiber. Having said that, we decided to relocate it with a closer reality of its being a practice in the market for both mobile and fiber based on competition and based on the market dimension.

So, that's the reason. It does not change the service revenue, it's just more fair in the distribution among the two plans, if you consider that they could be sold separately.

For mobile, again, as I said, we drove up price in prepaid. We are driving up prices based in front book and back book. As you know, we do that normally in April and in August. That's what we did in 2026. For instance, 70% of the hybrid, and I am talking about the back book, had a price increase in April, and the rest was in August. The postpaid the same, 78% in April, the rest was in August. Vivo Total, that for us is very important, we had everything, 100% of price increase in April.

I do not want to give you in advance what's going to be the right time for this, but if there is inflation, we keep this strategy of moving prices up. And we have that normally twice a year, part in the 1H, the rest in the 2H. We may keep it or not, but that's what I can share with you.

But more important than that is that we are also a very strong player in the prepaid at R$35. I think it's an important price point to start with the prepaid. The Light, that is the one based in credit card that there is no credit risk for Vivo. So, we are doing that with annual plans. Also, we raised price. Now, the annual plan is starting from R$30 reais. Again, it's R$30 reais, but there is a commitment for 12 months. The postpaid, the family plans, the Vivo Total and again, digital services embedded in all offers to rise ARPU up. So, that's the strategy that I can share with you right now.

Rogério Araújo, BofA:

Thanks a lot for the opportunity. I have just one question on the growth momentum in the mobile market. Vivo has outperformed one of the peers. What do you attribute that better performance from Vivo? And also, do you expect this better

relative performance to be sustainable? Everything you could share, your thoughts internally, would be great. Thank you.

Christian Gebara, CEO:

Thank you, Rogério. I believe we proved that it has been sustainable for many quarters. Our growth in postpaid is stable, our net adds is always close to this volume of 900 thousand, 1 million customers. Our churn keeps the same level for many quarters of 1%. And again, we are also proving the market that we can innovate.

We innovate with the prepaid offer that I described. We are innovating with digital services. We innovated with the satellite embedded in the offer. For me, it's a key innovation of having Vivo as the only one with full coverage in the whole territory. As I said before, we cover mobile internet with 97%, 98% of the country, but our coverage of the territory is closer to 20%. So, I think that's again a differentiation of having Vivo.

And being considered the best 5G in the world is also a proof of our CAPEX allocation in improving not only the coverage, but also the capacity and the quality that we provide to our customers.

I believe, Rogério, that when you have loyal customers, when the level of satisfaction is very high, when we have the best infrastructure, when we are able to innovate, creating new offers, also adding service to them and playing convergence, I think all the elements are here for us to continue to be leading this market.

And that's what we do. Our channel also has been improved, online and physical channel. We have been investing in stores, and I think our strategy to blend products, consumer electronics with services has been very successful and is driving our prices and our revenues.

And again, we have our offers. We play above the line and we use below the line in very specific segments. When there is retention in place, we are not aggressive. And that's what is driving also our revenues, and the loyalty of our customers with the innovation that we bring to the table.

Rogério Araújo, BofA:

Thank you very much. If I may, a follow-up: is there a big chunk of that performance related to convergence and the lower churn it brings? Is it like the bulk of that higher performance or not necessarily?

Christian Gebara, CEO:

In fiber, I have 1.4% of monthly churn. When that's blended, standalone fiber, convergent fiber and Vivo Total fiber, now we have these three types of fiber customers, those that are just standalone, those that are convergent but not in Vivo Total and those that are Vivo Total. The Vivo Total compared to the standalone, the churn in fiber is 1 p.p. lower. And in postpaid, we keep 1% for many quarters. So again, I think both of them are being impacted.

Daniel Federle, Bradesco:

Good morning. Thank you very much for taking my questions. The first one is a follow-up on the pricing strategy. Do you believe it will be able to continue increasing back book prices in the same real terms that Vivo has done over the years? Because we are talking about an inflation going above 5%, probably the tax reform will require at least like 1 p.p., 2 p.p. pass-through to final price, and the usual real rates increases to 3%. So we are talking about more or less like a 10% increase in back book price. Do you feel it's possible given intense competition, weak market

conditions, and probably a wide gap to the front book price? So the first question is if it's doable or not.

And the second question is regarding the B2B digital services revenue, which seems to be decelerating in the third quarter. So more additional color, if that's a trend or more like a weak quarter and then it will rebound. So more details. Thank you very much.

Christian Gebara, CEO:

Thank you for the question. For the first one, the answer is yes. It is part of our business. So that's what we are going to continue to do. So, the answer is yes.

And in the B2B digital revenues, what I see here, commercially speaking, is that we are expanding our reach. So, I am increasing the penetration of digital services in my B2B customer base, both in the SMEs, but also in the large corporations.

But again, the macroeconomic environment is impacting on the affordability of my customers. I am not losing customers. I am getting more customers, but maybe some of them are postponing plans that they had before due to macro impact.

So again, we continue to expand penetration. It's around 15%. We want it to be much larger than that. We want more customers buying from us. We have been able to achieve this, but affordability individually by single customer, specifically in some verticals, in some segments, it has been lower due to macro.

Let's see what's going to be the future, but we continue to have the right channel, the right portfolio, and the desire to increase even more penetration of digital services in B2B.

Daniel Federle, Bradesco:

Thank you. If I may, just a follow-up on the first one. Do you think it's possible to increase back book prices by 9%, for example, even without an increase in the front book prices?

Christian Gebara, CEO:

Our strategy is always aligned, front with back. But I am not giving you the number now.

Victória Antonello, J.P. Morgan:

Thanks for the opportunity. We have two questions on our side. The first one is regarding profitability. How should we think about profitability going forward? What are the main drivers that we should see in the next quarters in terms of margins?

And the second one is regarding Vivo Satelite. At the moment, the Vivo Satelite is free for 12 months for consumers, right? And what's the monetization plan after that period of 12 months? And at the beginning, are you seeing any clear usage among the eligible customers you have? Thank you.

Christian Gebara, CEO:

Thank you, Victoria. We have it available for 50 million customers, B2B and B2C. So, 50 million customers can use it today. And what we saw is that 10 million already used it. So, 10 million out of the 50 million already used it. So, it's a very important adoption, considering that we launched it a few weeks ago.

Monetization is not just in one year. Before that, in B2B, three months we have for free in B2B. We are not sharing what's going to be the commercial plans because we have not officially communicated, but of course, we will be able to monetize,

both in B2B after three months, and also in B2C after 12 months, as you correctly stated.

EBITDA. We are very confident about the evolution. I do not know if you talk about profitability of net income, of EBITDA. In EBITDA, we presented a 10% increase. I think for us it's one of the highest numbers that we presented in the last years. The margin is also 1.1 p.p.

I think here there's a combination of many things. I described it before, our efficiency driven by the migration from concession to authorization. We are also doing a lot of digitalization in customer care, in back office tasks. Now, AI is already bringing us results, and we will be able to announce more in the coming quarters, but we are scaling AI-driven solutions across the operation.

And again, we are growing in revenues. We are growing in services. Talking about going after the EBITDA, we are also growing a lot our services, as I stated, up to 5% already coming from digital service, where there is no consumption of CAPEX.

And concerning the profitability, the final one, the net income and many other things are coming along. As also we described, I think in the last quarter, we talked about the end of the acceleration of depreciation driven by the legacy technologies. So, you would see now the number is already there, depreciation is lower because we already depreciated everything that we had in legacy technologies.

So, I think our results come in this direction for many quarters. So, revenue, R$7.2 billion, EBITDA at 10%. If you take from EBITDA, the CAPEX, we are talking about 13.5%. If you take leases, 17%. And then if you go to the free cash flow, this quarter it was 37.7%, but as Rodrigo said before, our CAGR in the last year has been over 7%. And net income, again, R$23.3 billion in the 9M that we have right up to now, specifically in the quarter, 30%.

So, I think it's a lot of things coming together, again, reflecting the strategy that we have been defending for many years, and that is bringing results. So, that's the answer, and that's what we expect to continue in the next quarters.

Phani Kanumuri, HSBC:

Thanks for taking my questions. The first one is on your depreciation. It seems like it is down almost R$400 million quarter on quarter. Is this all related to the migration or is there some other impact coming here?

The second one is regarding the leases. The leases have been up around 7.7% on the principal part. How do you expect this to trend going forward? Thank you.

Christian Gebara, CEO:

Phani, thank you for the question. As I said in the previous answer to Victoria, we anticipated in the last quarter that D&A expenses were already expected to decline, supported by the decommissioning of legacy technology. So the copper related assets became fully depreciated this quarter, so the depreciation expenses reduced by R$282 million. So that's the explanation about the evolution of depreciation.

In leases, Rodrigo can complement.

Rodrigo Monari, CFO:

Phani, regarding leases, if you consider the payment of interest with principal payments, you have a 5.7% increase in this quarter. But if you look at the last 12 months basis, the increase is only 3.6%. So we are below the mobile revenues increase in the last few years. So we are confident we can keep this pace in the future.

Christian Gebara, CEO:

As we stated before, our year-over-year, last 12 months evolution of leases should be below the evolution of the mobile service revenue.

So if you take the 3Q, last 12 months, year-over-year evolution, our leases increased in 3.6%, well below the evolution of our mobile service revenues.

Phani Kanumuri, HSBC:

Thank you. Maybe a quick follow-up there. So have you been able to renegotiate with the tower companies on the pricing?

Christian Gebara, CEO:

That's part of the strategy here. We negotiate in prices, we increase co-location. As we stated before, the number of tenants per site in Brazil is very low when you compare it to Europe, for instance, we have 1.4. So we are trying to have more co-location. There are many new vendors also providing new tower companies, so we also have the opportunity to swap.

So it's a combination of the three. We have been successful and we need to expand coverage, but we need to keep leases under the terms that I described before.