



WDC
NETWORKS



EARNINGS CALL PRESENTATION

1Q23

May 12th, 2023

IGC-NM B3

IGC B3

ITAG B3

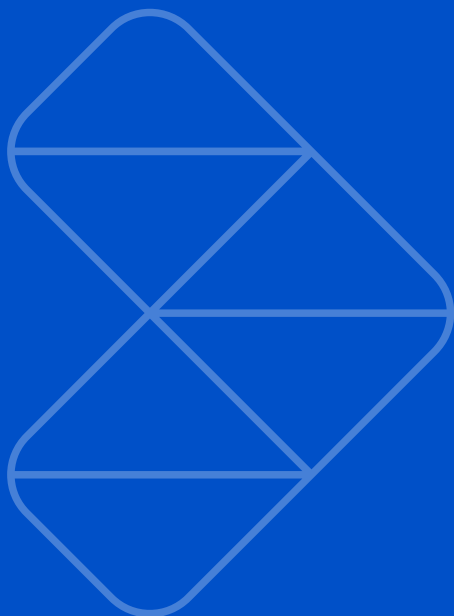


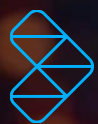
1Q23

Legal Warning

The statements contained in this document regarding WDC Networks' business and growth prospects are based solely on the Management expectations for the future of the business. These expectations depend substantially on market conditions, the performance of the Brazilian economy, the sector and international markets and, therefore, are subject to change without prior notice.

All variations shown herein are calculated based on the numbers without rounding. This performance report includes accounting and non-accounting data such as operating and pro forma financial data. Non-accounting data was not subject to review by the independent auditors of the Company."





Highlight: Total Sales grew 21.6% achieving R\$358 million in 1Q23



R\$149 million

Total TaaS Sales in 1Q23
(41.6% of Total Sales)

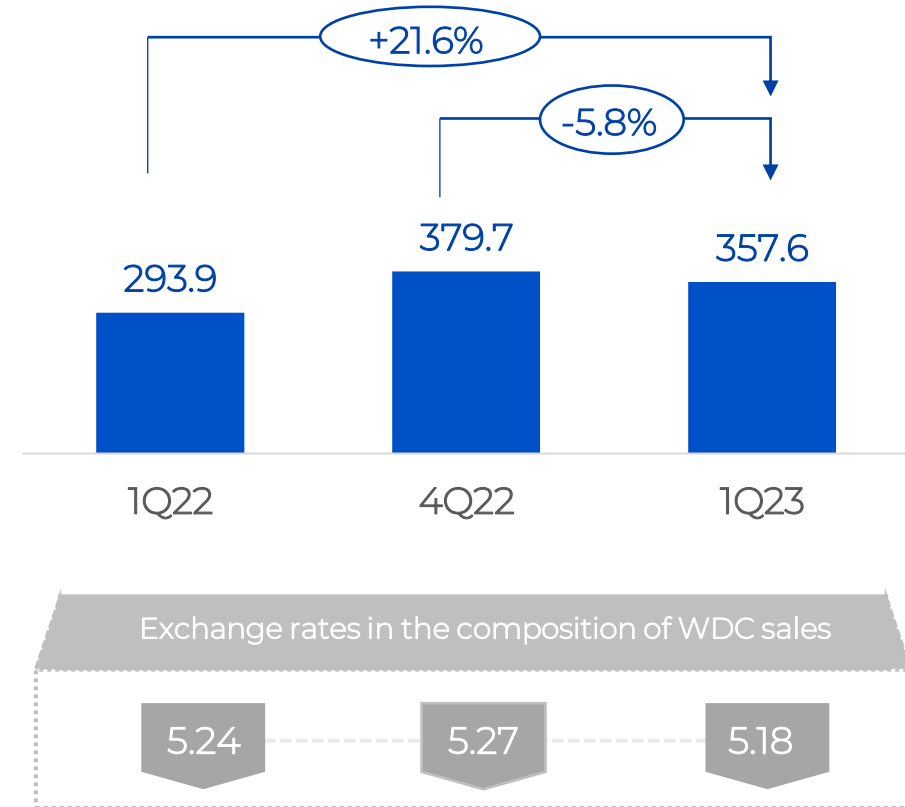
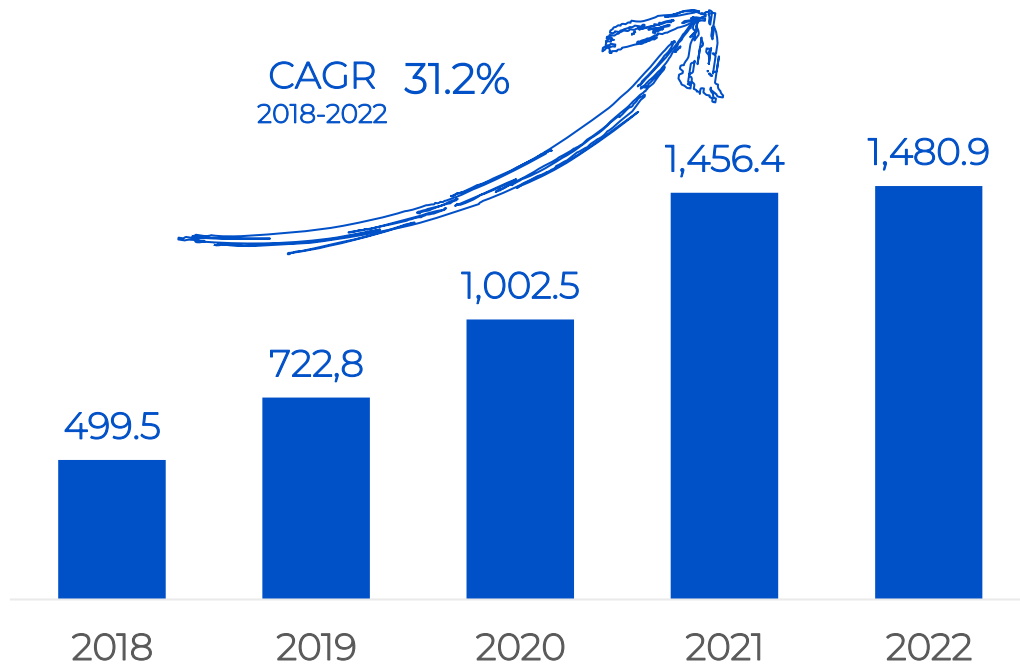


R\$201 million
+48,5% vs. 1Q22

Total Sales Telecom in 1Q23

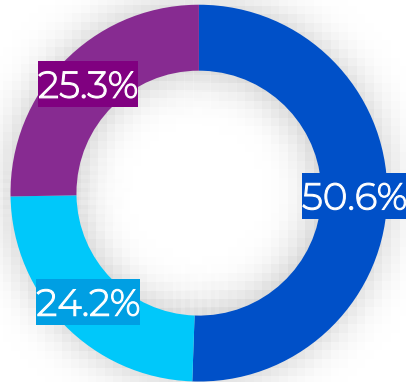
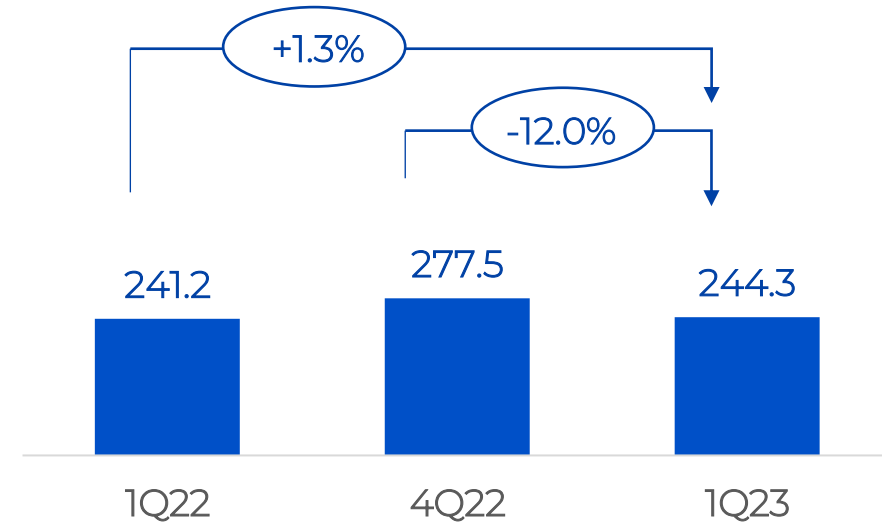
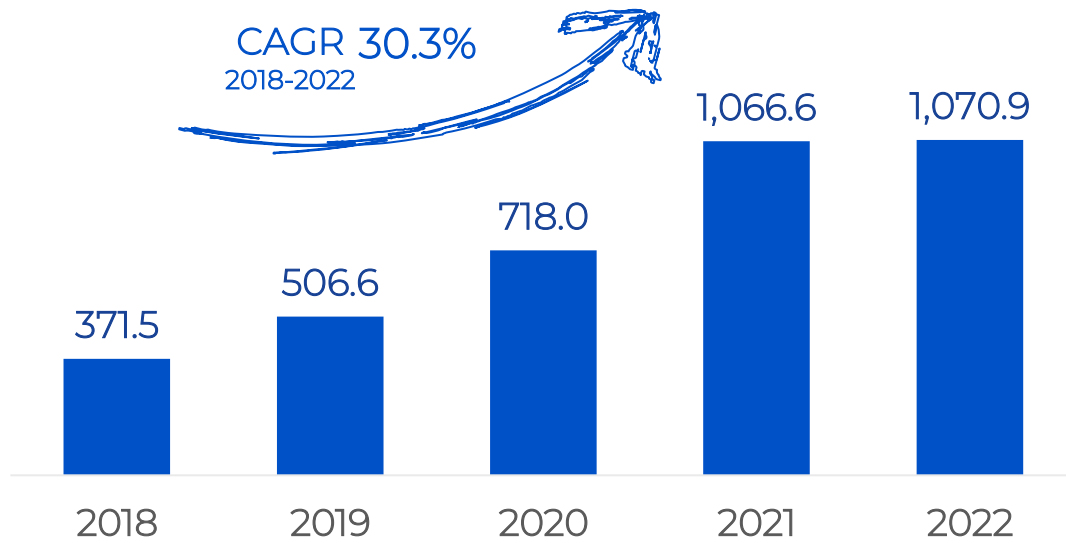


- ❖ Total sales of R\$358 million in 1Q23 (+21.6% vs. 1Q22)
- ❖ Strong TaaS Penetration reaching 41.6% of Total Sales in 1Q23 (29.1% in 1Q22)
- ❖ Contracted Future Revenues (Revenue Backlog) record of R\$872 million in 1Q23 (+43,7% vs. 1Q22)
- ❖ Telecom Market share increase reaching 33.3%: 300 thousand of ONUs provided in 1Q23





Net Revenues | (R\$ million)



■ Telecom ■ Enterprise ■ Solar

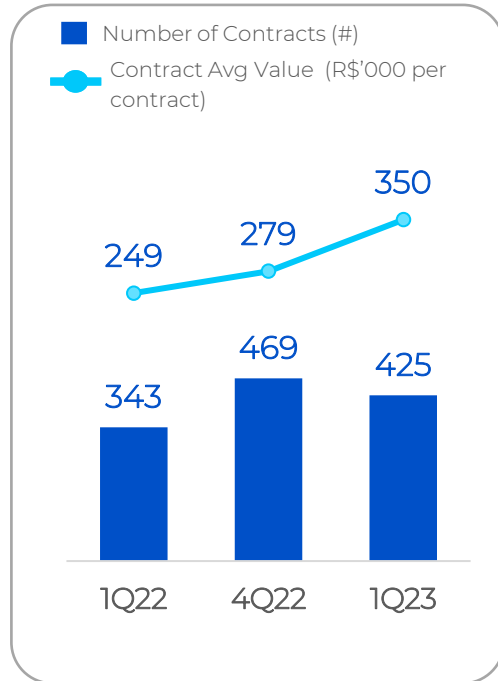
- Increase in TaaS Sales (Rentals) in 1Q23



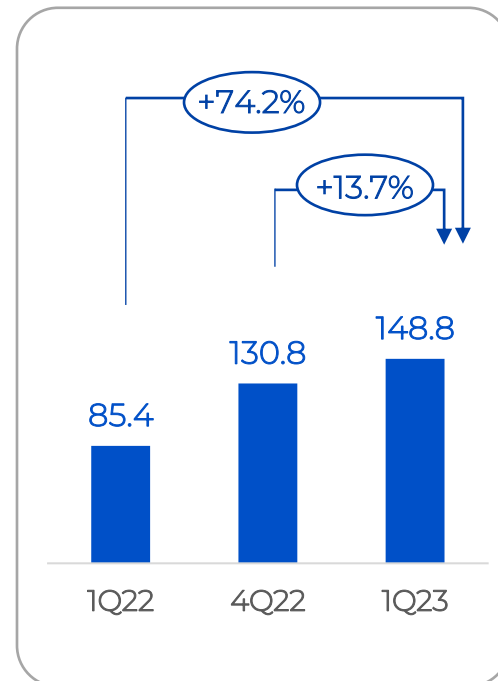
TaaS Performance



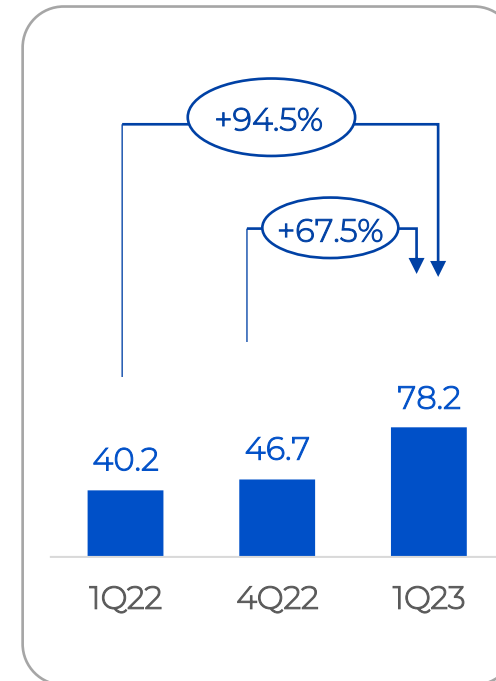
Quantity and Values of New Contracts



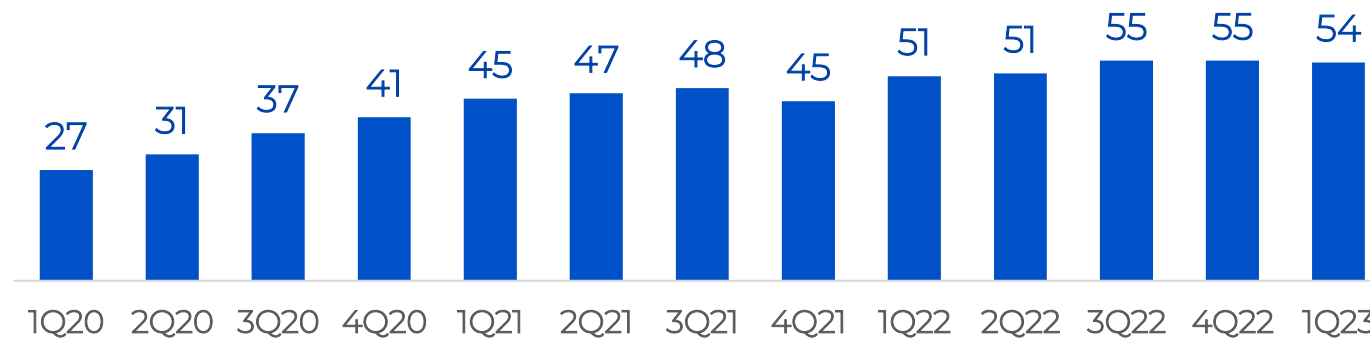
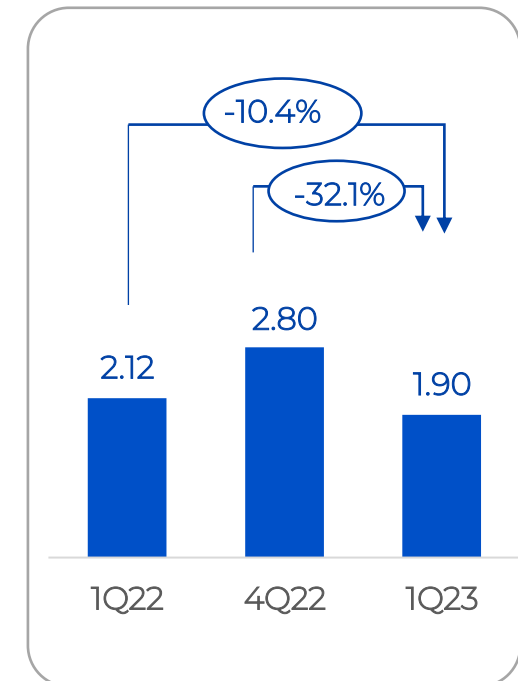
TaaS (TCV Rentals) (R\$ million)

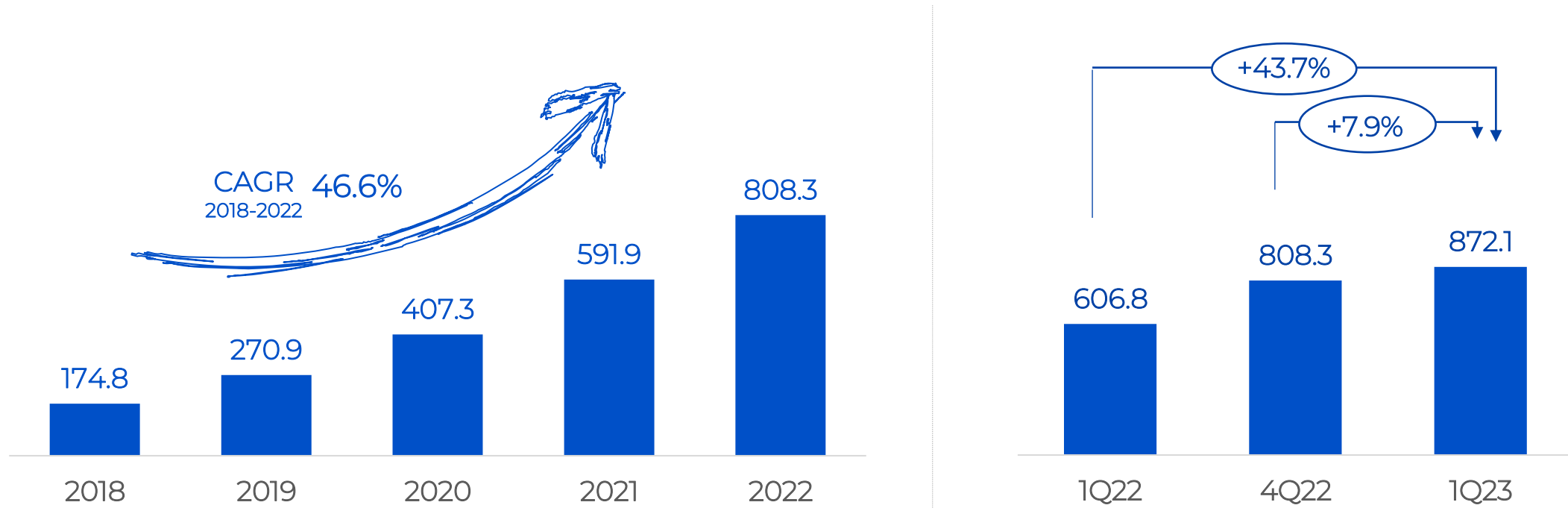


Capex (R\$ million)

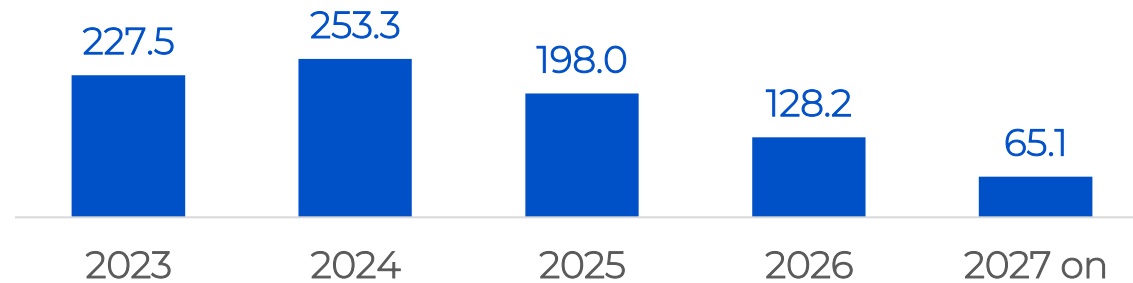


Mark-Up TaaS (TaaS TCV Rentals/ Capex)



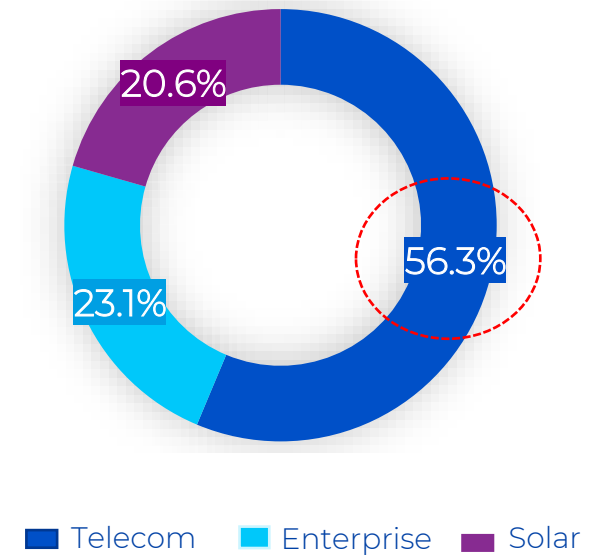


Contracted Future Revenues Schedule





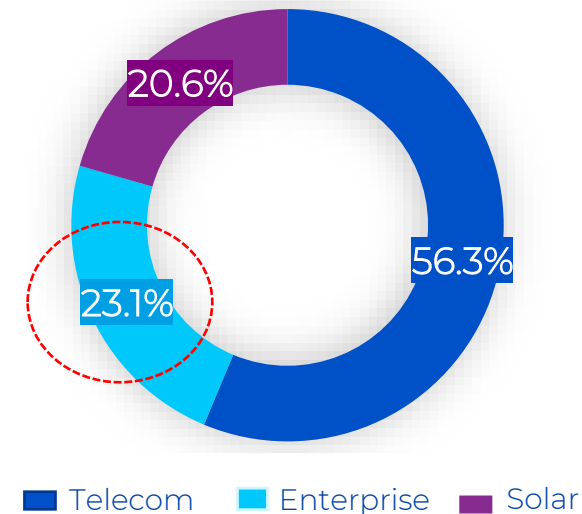
- ❖ **Total Sales** increased **48.5%**, reaching R\$201 million
- ❖ Telecom *market share* increase reaching **33.3%**:
- ❖ Reduction in **gross margin** moving from 25.3% in 4Q22 to 23.7% in 1Q23 – competitiveness pressure
- ❖ **TaaS** expanded to **60.8% of Total Sales** in 1Q23



TELECOM (R\$ million)	1Q23	1Q22	Δ %	4Q22	Δ %
Total Sales	201.4	135.6	48.5%	186.0	8.3%
Net Revenue	123.5	101.6	21.6%	127.5	-3.1%
Gross Income	29.2	31.1	-5.9%	32.3	-9.4%
Gross Margin	23.7%	30.6%	-6.9 p.p.	25.3%	-1.6 p.p.



- ❖ Total Sales increased **29.8%**, reaching R\$83 million
- ❖ Growth of **93%** in sales of **professional audio and video** vertical compared to 1Q22
- ❖ Growth of **73%** in sales of **cybersecurity** vertical compared to 1Q22
- ❖ TaaS expanded from 13% in 1Q22 to **29%** in 1Q23

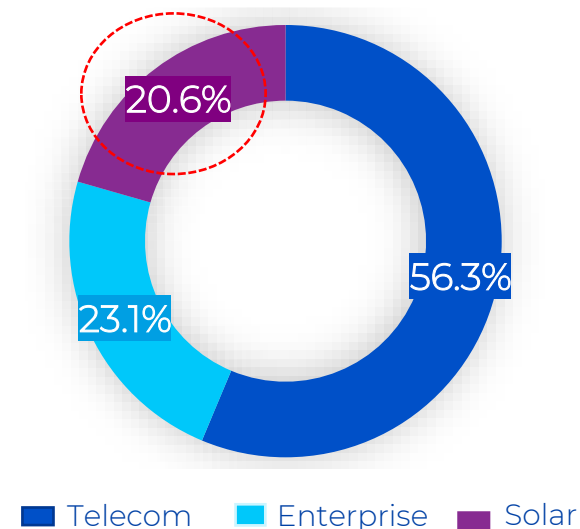


SOLAR (R\$ million)	1Q23	1Q22	Δ %	4Q22	Δ %
Total Sales	73.5	94.7	-22.3%	101.1	-27.3%
Net Revenue	61.7	84.0	-26.5%	81.6	-24.3%
Gross Income	3.8	13.0	-70.6%	8.4	-54.6%
Gross Margin	6.2%	15.5%	-9.3 p.p.	10.3%	-4.1 p.p.



Relevant reduction in sales volume and gross margin

- ❖ Shortage of credit and high interest rates to final clients
- ❖ New Law Regulation and its impacts – Law 14,300
- ❖ Competitiveness pressure – high volumes of remaining inventories from industry players
- ❖ Price reductions by manufacturers



ENTERPRISE (R\$ million)	1Q23	1Q22	Δ %	4Q22	Δ %
Total Sales	82.7	63.7	29.8%	92.7	-10.8%
Net Revenue	59.0	55.6	6.1%	68.4	-13.8%
Gross Income	17.0	15.9	6.9%	18.0	-5.2%
Gross Margin	28.9%	28.6%	0.2 p.p.	26.3%	2.6 p.p.

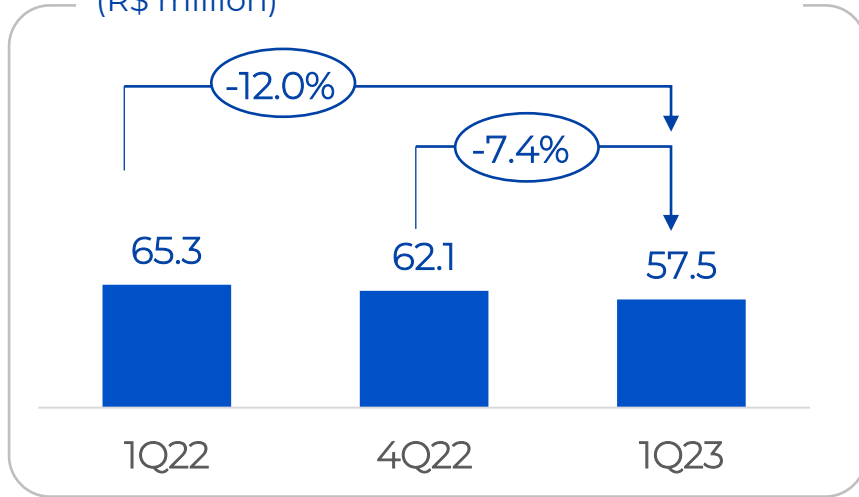


Financial Results & Net Income



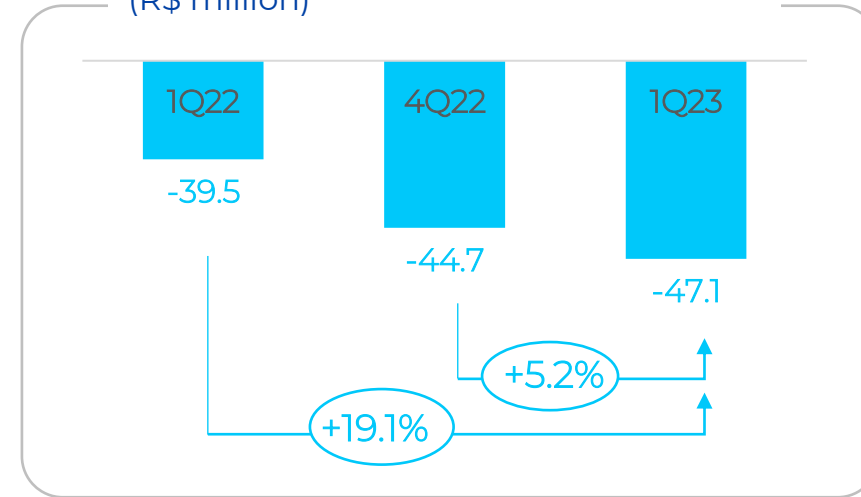
Adjusted EBITDA

(R\$ million)



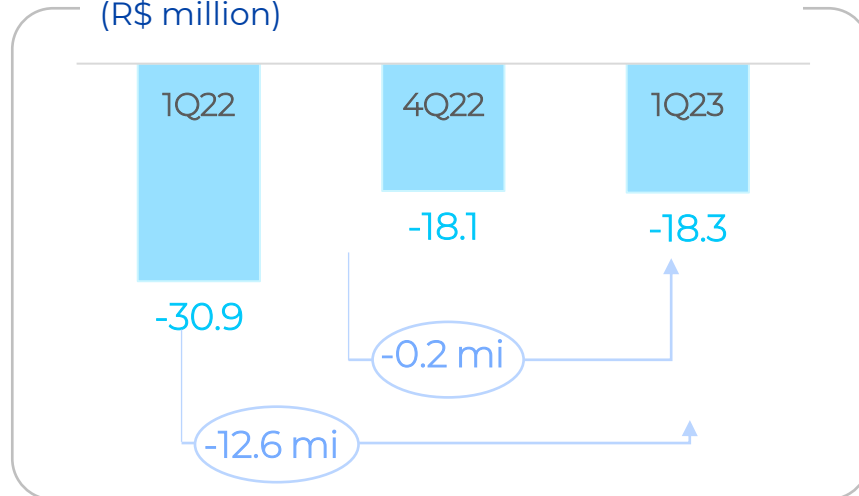
Depreciation & Amortization

(R\$ million)



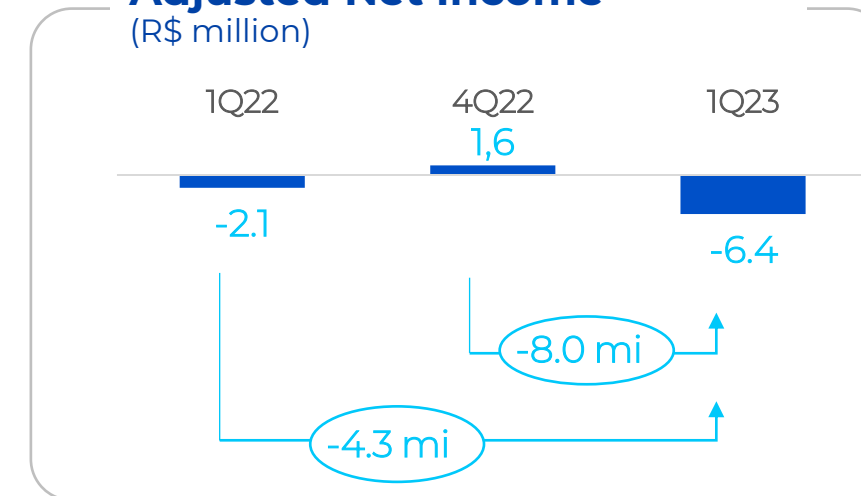
Financial Results

(R\$ million)



Adjusted Net Income

(R\$ million)





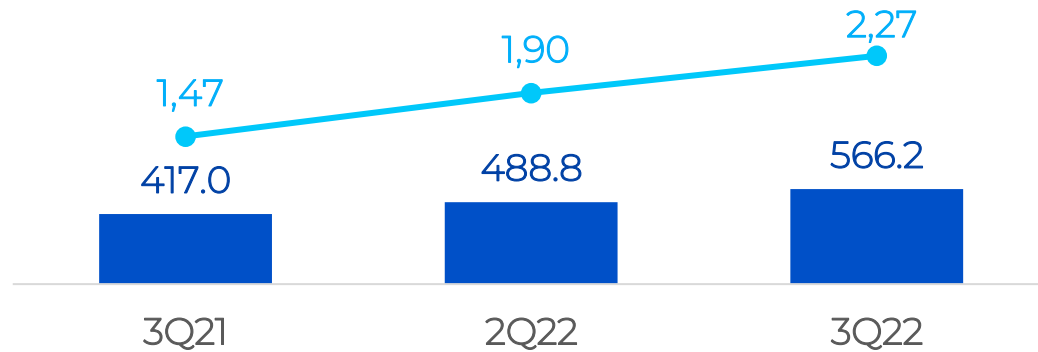
Net Debt & leverage



Net Debt e Leverage

(R\$ Millions) | (Net Debt / Adjusted EBITDA)

■ Net Debt ■ Leverage

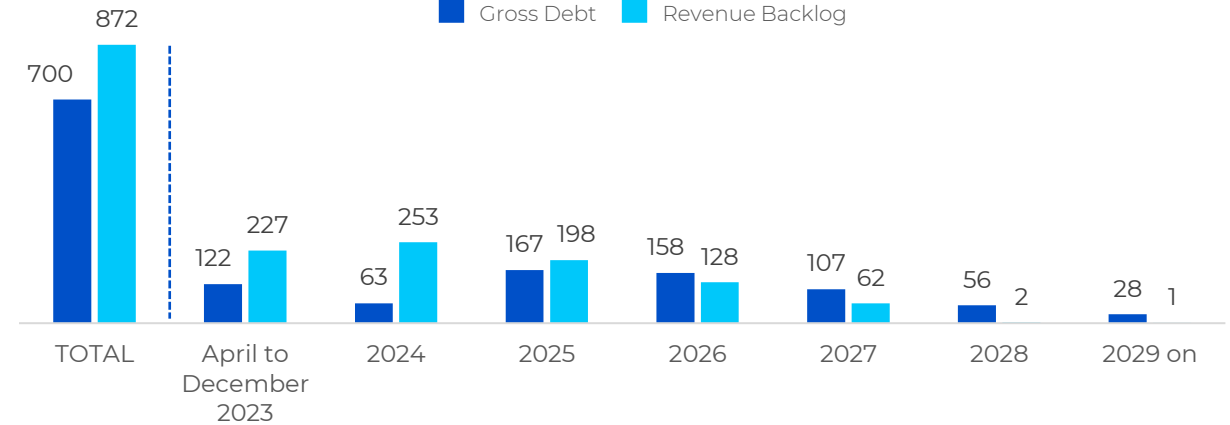


Indebtedness (R\$ Millions)	1Q22	4Q22	1Q23	Var% vs. 4Q22	Var% vs. 1Q22
Gross Debt	523.6	793.5	700.4	-11.7%	33.8%
Cash and Financial Investments	- 106.5	- 304.6	- 134.2	-55.9%	26.0%
Net Debt	417.0	488.8	566.2	15.8%	35.8%

TaaS Revenue Backlog	606.8	808.3	872.1	7.9%	43.7%
Backlog Coverage	1.46x	1.65x	1.54x		

Gross Debt Amortization and Revenue Backlog Coverage (R\$ Million)

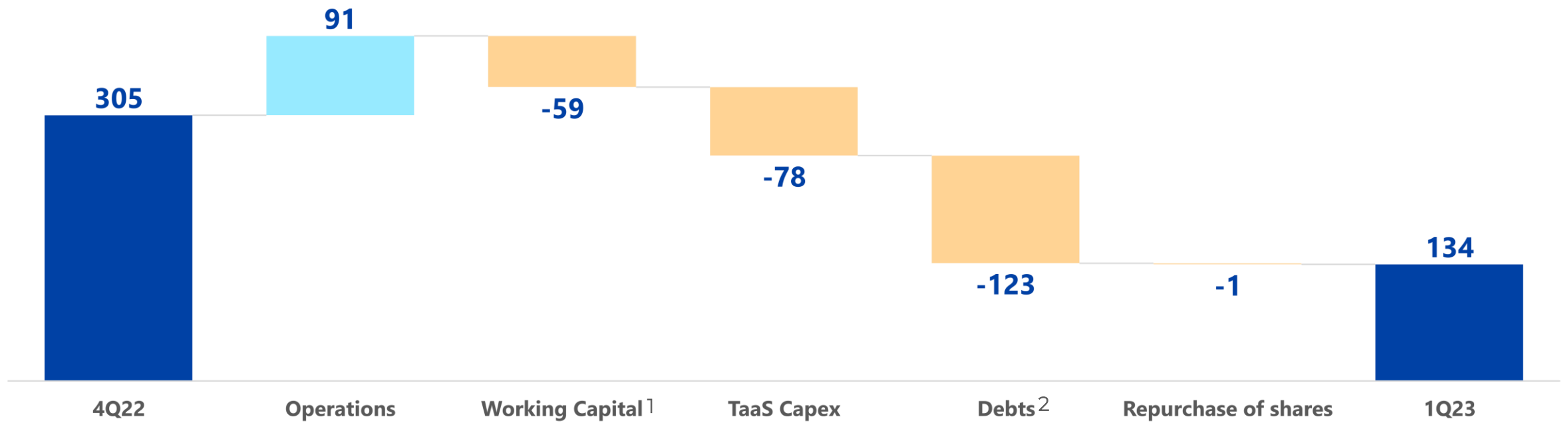
■ Gross Debt ■ Revenue Backlog



- Contracted Future Revenues higher than Total Gross Debt.
- Gross Debt Reduction in 1Q23 vs. 4Q22



Cash Flow | (R\$ millions)





Enterprise

gaining speed and space, great avenues of growth.

Telecom

Challenging, the agenda is technological renewal.

Solar

adjustments in inventory levels and creation of more solid channels.

TaaS

continuity of recurring revenue generation.

Operations

austerity of costs and expenses, focusing on the optimization of working capital.

Thanks and Q&A!



www.ri.wdcnet.com.br



ri@wdcnet.com.br

