



WDC
NETWORKS



EARNINGS RELEASE 3Q22

LVTC
B3 LISTED NM

Teleconference

November 11, 2022 – Friday
2:00 p.m. (Brasilia time) | 1:00 p.m. (EST)

Portuguese Language: [click here](#)

English Language: [click here](#)
(simultaneous interpretation)

IGC-NM B3

IGC B3

ITAG B3





HIGHLIGHTS | 3Q22 (Consolidated)

- Record of Total Sales with R\$ 434.4 million in 3Q22, a +10.9% growth vs. 3Q21
- TaaS penetration in all segments, reaching Record volume of Total TaaS Sales with R\$ 194.5 million in 3Q22
 - BU Telecom with R\$ 165.0 million in 3Q22 (67.3% of Total Telecom Sales)
 - BU Enterprise with R\$ 21.7 million in 3Q22 (26.2% of Total Enterprise Sales)
 - BU Solar with R\$ 7.8 million in 3Q22 (7.3% of Total Solar Sales)
- Backlog Revenues of R\$ 757.9 million in 3Q22, a +34.0% growth vs. 3Q21
- Net Revenue of R\$ 267.9 million in 3Q22 vs. R\$ 288.2 million in 3Q21, a -7.0% reduction vs. the previous year
- Adjusted EBITDA of R\$ 62.7 million in 3Q22, vs. R\$ 75.5 million in 3Q21, a 17.0% reduction vs. the previous year
- Net Income of R\$ 15.2 million in 3Q22, vs. R\$ 12.1 million in 3Q21, and Adjusted Net Income of R\$ 2.2 million in 3Q22, vs. R\$ 15.9 million in 3Q21
- Beginning of the Shares Repurchasing Program, with 935,400 shares repurchased in 3Q22

R\$ 434

 Millions of Total Sales
 (+10,9% vs. 3Q21)

R\$ 195

 Millions of Total Sales
 Total TaaS
 (44.8% of Total)

R\$ 758

 Revenue Backlog in
 Millions

Summary of Consolidated Earnings and Financial Indicators

Highlights (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
Consolidated Financial Income						
Total Sales	434.4	391.8	10.9%	1,101.2	1,105.0	-0.3%
Net Revenue	267.9	288.2	-7.0%	793.4	790.5	0.4%
Gross Income	59.4	79.5	-25.3%	189.0	218.7	-13.6%
Gross Margin (% Net Revenue)	22.2%	27.6%	-5.4 p.p.	23.8%	27.7%	-3.9 p.p.
Adjusted EBITDA	62.7	75.5	-17.0%	195.4	203.2	-3.9%
Adjusted EBITDA Margin (% Net Revenue)	23.4%	26.2%	-2.8 p.p.	24.6%	25.7%	-1.1 p.p.
Adjusted Net Income	2.2	15.9	-86.1%	8.7	52.4	-83.4%
Adjusted Net Margin (% Net Revenue)	0.8%	5.5%	-4.7 p.p.	1.1%	6.6%	-5.5 p.p.
Main Financial Indicators						
Deferred Revenue Backlog	757.9	565.5	34.0%	757.9	565.5	34.0%
Investment in Property, Plant and Equipment for Lease (CAPEX TaaS)	85.1	56.8	49.8%	168.0	180.4	-6.9%
Net Debt / Adjusted LTM EBITDA (x)	1.66	0.81	104.2%	1.7	0.8	104.2%
Main Operating Indicators						
% Produced Internally (% Total Sales)	57%	60%	-3.4 p.p.	60%	56%	3.6 p.p.
% TaaS (% Total Sales)	45%	32%	12.9 p.p.	35%	35%	0.4 p.p.
% TaaS (% Gross Revenue)	23%	21%	2.0 p.p.	23%	23%	0.1 p.p.
New TaaS Agreements' (sic) Term (average in months)	55	48	14.2%	53	47	13.7%
Quantity of New TaaS Agreements	340	409	-16.9%	686	1,284	-46.6%
New TaaS Agreements' Value (average R\$ thousand/agreement)	572	305	87.2%	412	297	38.6%



The consolidated quarterly information has been prepared under CVM and CPC rules and complies with the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB). Operating and financial information is presented based on consolidated figures in Brazilian Reais (R\$). Due to rounding, the sums may differ. Non-financial data were not subject to examination by the independent auditors.



Management's Message

Dear Investor,

In this third quarter of 2022 we reached a **new historical record** of **Total Sales**, where we reached **R\$ 434.4 million with growth of 10.9%** vs. 3Q21. However, the challenges to generate more robust consolidated results remain, given the uncertainties arising from the electoral period and economic scenario in Brazil and the global supply chain.

The recurrence of revenues brought about by the TaaS (technology as a service) model contributed to the resilience of performance in the main indicators of the Company's operating income. In 3Q22, **Net Revenue** reached **R\$ 267.9 million**; **Adjusted EBITDA** reached **R\$ 62.7 million**; the **Adjusted EBITDA % margin** reached **23.4%**; the **Net Income** reached **R\$ 15.2 million** and the **Adjusted Net Income** reached **R\$ 2.2 million**. The **Backlog of future TaaS revenues** grew **34.0%** vs 3Q21, reaching a **record mark** of **R\$ 757.9 million**.

The Telecom segment, the Company's most representative, reached **historical record** for **Total Sales** in the segment of **R\$ 245.0 million, a 54.2% growth** vs. 2Q22. This result stands out in a year marked by a slowdown in the net increase in broadband subscribers (a decrease of 322,000 subscribers in 3Q22, according to Anatel's database). Our performance was leveraged by a large project with one of the largest ISP's in Brazil, which opted for our TaaS business model to grow 130,000 new subscribers, totaling **R\$ 189.0 million**. Of this total, R\$87.0 million (representing 55,000 new kit's for broadband subscribers) has already been billed during 3Q22, leaving R\$ 102.0 million to be billed in the coming quarters. The recognition of these revenues in the Company's results will occur over the 60 months, in accordance with the terms of the contracts signed.

The Company is under a strategic positioning change that we have implemented since the beginning of 2022, through which we have sought to stop providing only products and start marketing projects, adding engineering and execution capability through our partners, and leveraging our TaaS business model, which has proven to be a great tool in complex economic scenarios. It is important to note that these new projects have not yet contributed to the third quarter 2022 results, but will certainly positively impact our future results as TaaS revenues will be recognized in the results.

The Enterprise segment, which during 2022 has been resilient in terms of demand, and has been increasing the penetration of projects in the TaaS model, achieved revenue strain of **R\$ 21.7 million in 3Q22** (26.2% of Total Enterprise Sales). This segment suffered from the unavailability of high performance camera inventories in our suppliers, negatively impacting net revenues, but accumulating a revenue backlog to be realized futurely. Another important line that is starting in this area is related to corporate DataCenter projects, through our partnership with Huawei Digital Power, opening a new range of customers for next year.



In the Solar Energy segment, growth was lower than expected, impacted by the financing exchange rates increase (resulting from the increases in the government Selic standard rate) and also by lower credit availability by banks. In addition, we saw greater pressure on our margins due to increased market competition. In this scenario, we changed our strategy focusing in large solar power plant projects in some economic segments, such as agribusiness, where we solve the problem of sustainable energy supply for irrigation. In these new segments, we have sought to leverage our sales through the TaaS model. As a result, in this quarter, TaaS penetration in Solar reached **7.3% of Total Solar Sales (R\$ 7.8 million in 3Q22)**.

By the end, in the third quarter of 2022, we started a **Shares Repurchasing Program** for shares issued by the Company, reflecting our view that there is great potential to **generate value to shareholders** by increasing amounts to be paid as dividends or interests on equity. The settlement period began on July 2nd, 2022, and ends on January 1st, 2024, with a commitment to purchase up to 1,978,492 outstanding common shares. During the **third quarter of 2022, we repurchased 935,400 of the Company's common shares**.

It is certain that 2022 has been a year of many challenges in macroeconomics, in the world production chains and in the changing scenarios of our customers. The responsiveness of our team and the agility in implementing solutions in this 3Q22 began to deliver results in all segments, adding more value to our proposals, thus becoming a more strategic provider for our customers. This new approach bring us in an intensive work on the needed internal changes, involving processes, systems and people, focused on the execution of our business plan, with high discipline in controlling and reducing costs and aiming to fulfill our vision of future growth.

WDC Networks



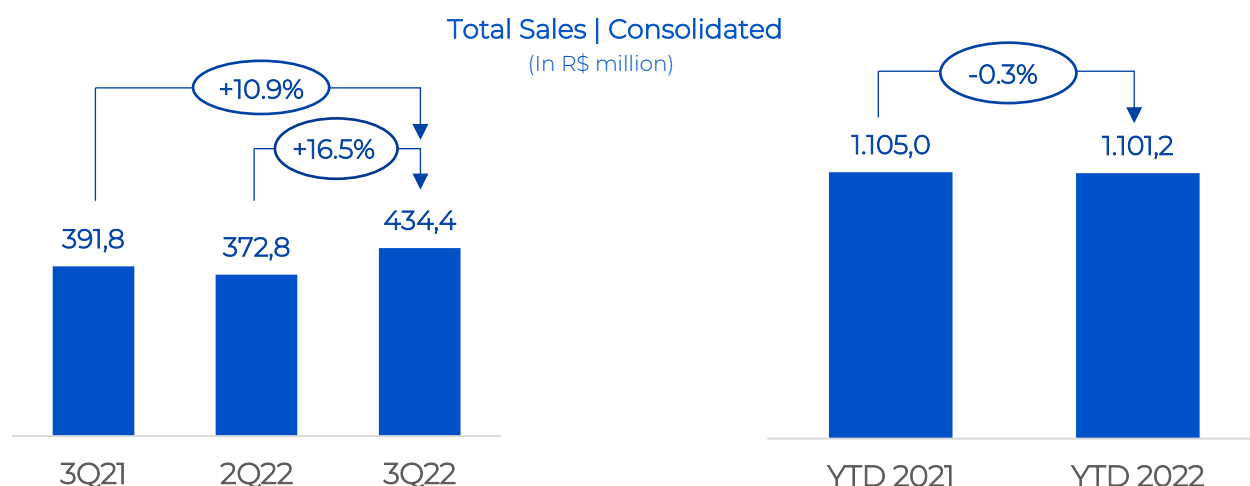


Total Sales

Total Sales (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
Telecom	245.0	195.8	25.1%	539.4	614.3	-12.2%
Enterprise	82.8	100.0	-17.1%	247.6	260.3	-4.9%
Solar	106.6	96.0	11.0%	314.2	230.4	36.3%
Consolidated Total Sales	434.4	391.8	10.9%	1,101.2	1,105.0	-0.3%

The Company's Total Sales in 3Q22 were R\$ 434.4 million, showing a 10.9% increase vs. 3Q21, compared to 2Q22, there was a 16.5% growth. The growth in the third quarter of 2022 versus the third quarter of 2021 occurred mainly in the Telecom segment, at 25.1% and in the Solar segment, at 11.0%.

The 0.3% reduction in Total Sales for 2022 YTD vs. 2021 YTD is also related to the reduction in the foreign exchange rates in force in the composition of sales prices (R\$ 5.33/US\$ in 2021 YTD to R\$ 5.12/US\$ in 2022 YTD, a 3,8% drop).

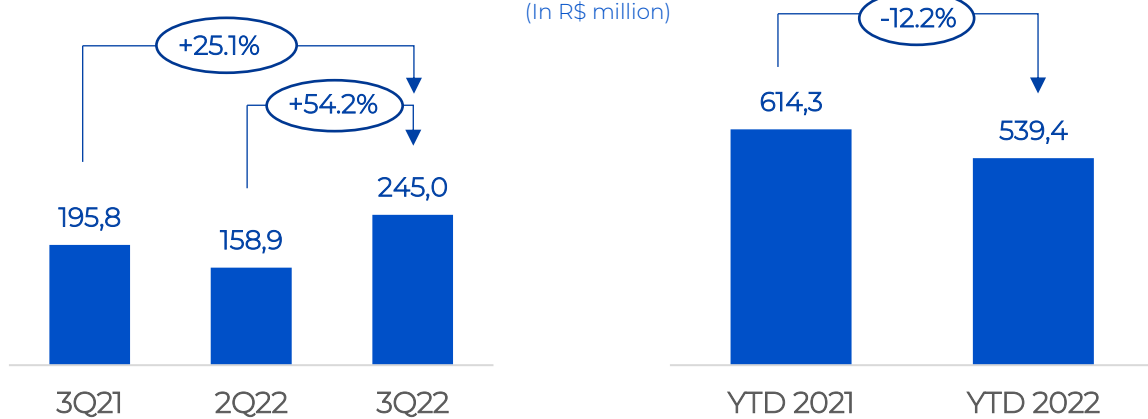


In the Telecom segment, there was a 25.1% growth in 3Q22 vs. 3Q21, compared to 2Q22, the growth was 54.2%. Even with the ISP market showing a drop in the number of new subscribers connected by fiber optics in 3Q22, the Company continued to expand the supply of ONUs in relation to the previous quarter—we provided 243 thousand ONUs in 3Q22 vs. 196 thousand ONUs in 2Q22.

In the third quarter of 2022, we showed normalization in the supply chain supply scenario, mainly for GPON boards. The largest TaaS supply agreement in the Company's history was also concluded, totaling R\$ 189.0 million, of which R\$ 87.0 million have already been recognized in the revenue backlog in 3Q22, and will be recognized in the P&L results for the coming 60 months.

Total Sales | Telecom

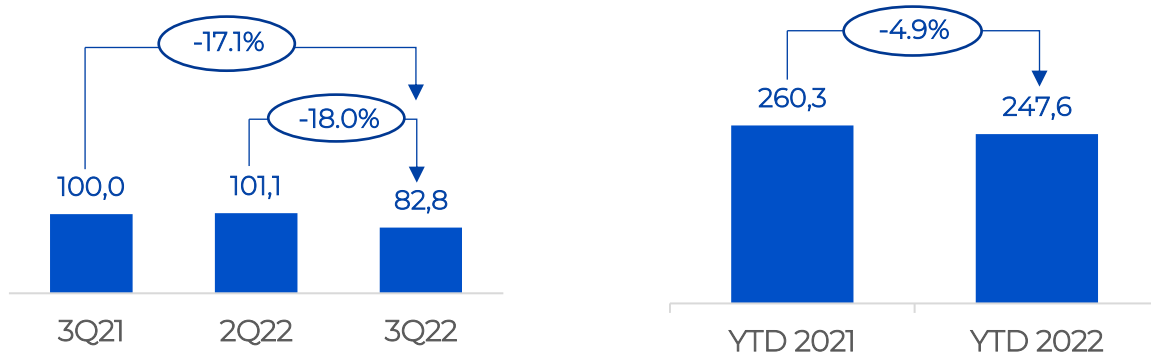
(In R\$ million)



In the Enterprise segment, there was a 17.1% reduction in 3Q22 vs. 3Q21, compared to 2Q22, the reduction was 18.0%. This drop occurred for the following reasons: (i) lack of availability of high-performance camera inventories, impacting the Electronic Security vertical by R\$ -8.9 million; and (ii) a R\$ -5.9 million reduction in fulfillment agreement sales.

Total Sales | Enterprise

(In R\$ million)

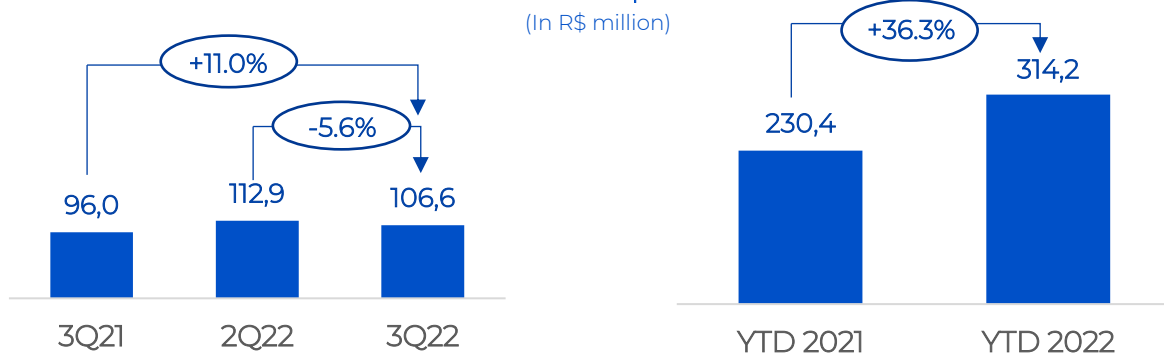


In the Solar segment, there was a 11.0% growth in 3Q22 vs. 3Q21, compared to 2Q22, there was a 5.6% reduction. The slowdown in Total Sales in the third quarter of 2022 in the Solar segment is associated with two main factors: (i) shortage of some types of inverters impacting timing for customers delivery; and (ii) higher restrictions on credit availability to customers by financial institutions, impacting the rhythm of growth in the sector.

Positive highlight regarding the increase in TaaS Total Sales, where we reached R\$ 7.8 million in 3Q22—representing 7.3% of the segment's consolidated Total Sales.

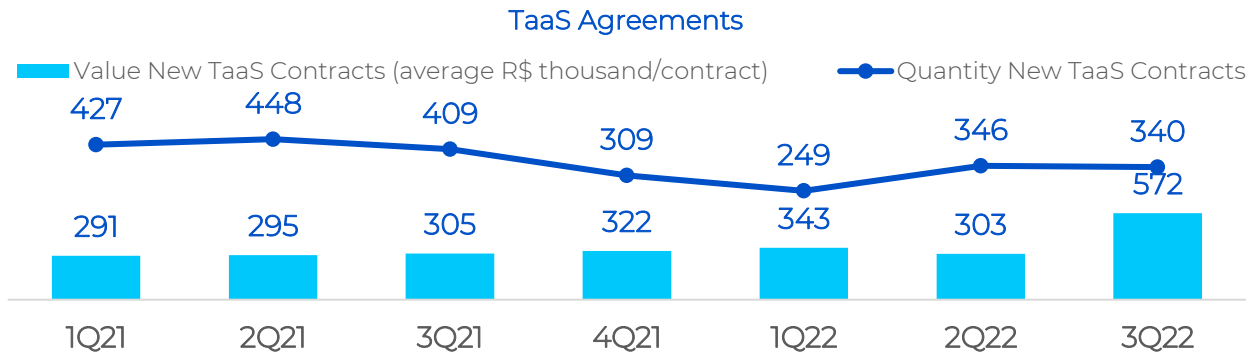
Total Sales | Solar

(In R\$ million)

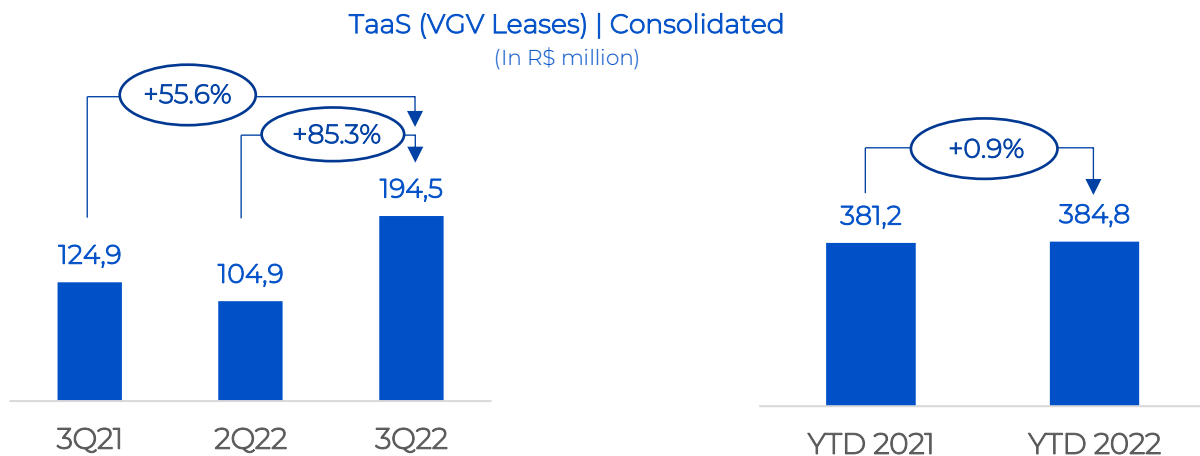


TaaS (Technology as a Service) – Technology Lease

Regarding the value of New TaaS Agreements, the average ticket was R\$ 572 thousand per agreement in 3Q22, highlighting the Telecom segment with an average ticket of R\$ 702 thousand per agreement. When we look at the number of New TaaS Agreements, there was a growth of 340 in 3Q22, highlighting the Solar segment, in which we obtained 27 New TaaS Agreements in the period.



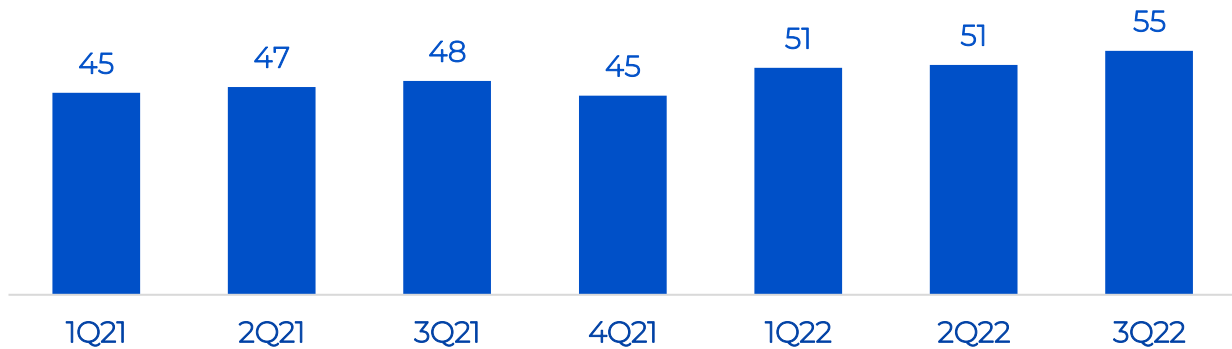
In 3Q22, Total TaaS Sales (VGV leases) were R\$ 194.5 million, which means a 55.6% growth vs. 3Q21, compared to 2Q22, there was an 85.3% growth. These positive variances are directly associated with the recovery of the Telecom segment we showed this quarter, acting strategically to deal TaaS projects with large ISPs.



The Total Sales indicator is the best indicator to measure the WDC Networks' commercial effort as it includes the nominal value of the "TaaS (VGV Leases)" lease agreements, which will be booked on an accrual basis over the term of the agreements, and the Gross Revenue from Sales of Products and Services under the IFRS.



New TaaS Agreements Average Term (in months)

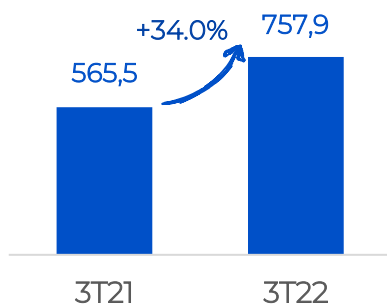


New TaaS Agreements Term was 55 months in 3Q22 vs. 48 months in 3Q21, in line with the strategy of extending the terms defined by the Company.

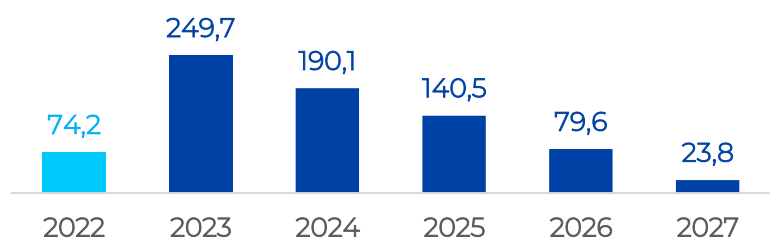
Revenue Backlog

We achieved a Revenue Backlog in 3Q22 at R\$ 757.9 million, showing a 34.0% growth vs. 3Q21. The Revenue Backlog shows the portion of future revenues sold by the Company that will mean revenues and income already earned without any need for new investments, given that Capex has already been realized in previous periods. This feature demonstrates the resilience of WDC's business model and brings comfort related to the coverage on debts to be amortized.

Revenue Backlog or Future Revenue (In R\$ million)



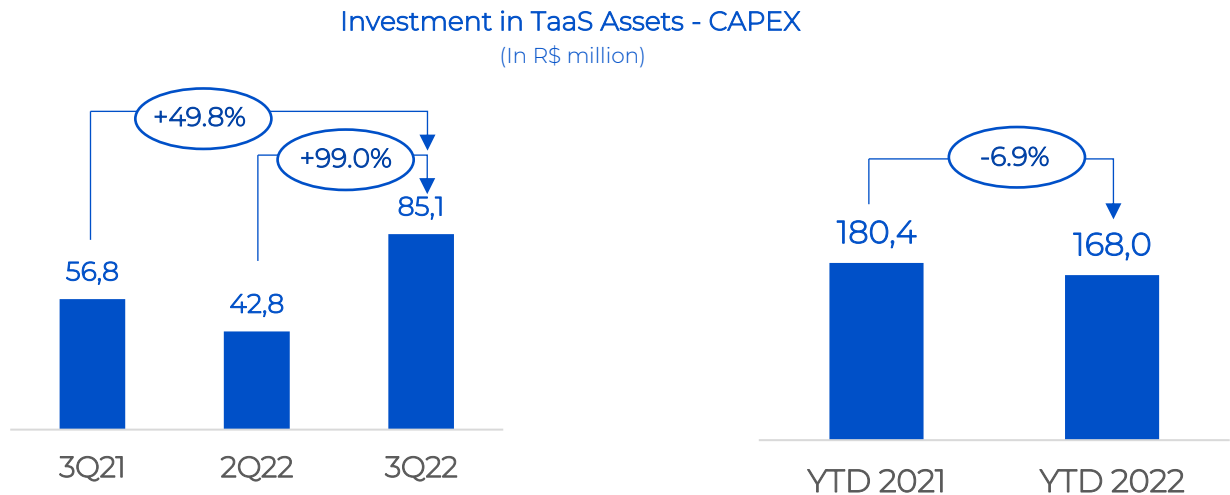
Receivable Schedule (In R\$ million)



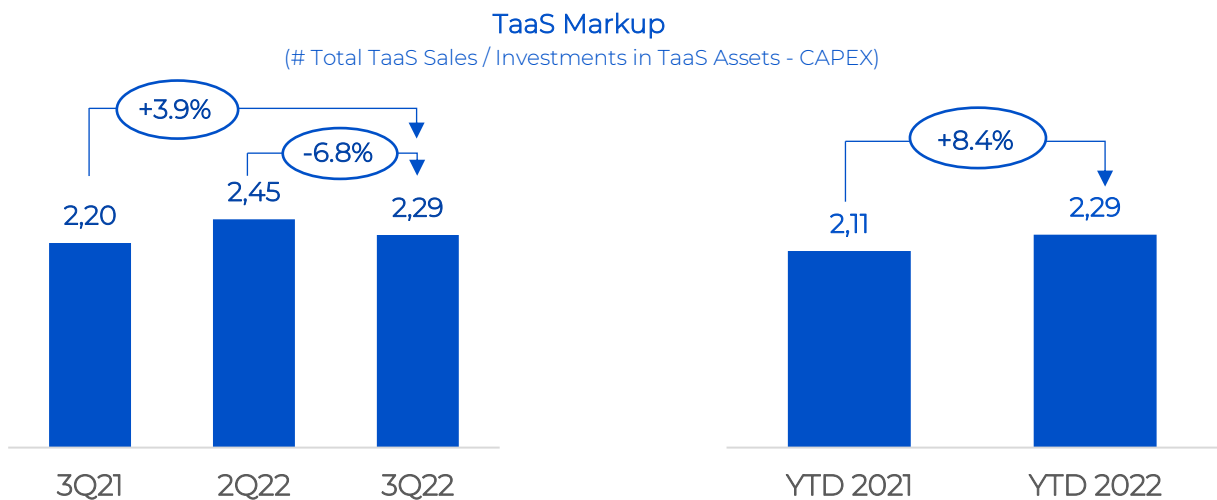
The receivable schedule indicates the amounts of Future Revenue we have to be recognized in the coming quarter of 2022 and the upcoming years.

Investment in TaaS Assets – CAPEX

Total investment in Property, Plant, and Equipment in 3Q22 was R\$ 85.1 million, 49.8% higher than in 3Q21 and 99.0% higher compared to 2Q22.



As a metric for evaluating the return on investment of Capex of TaaS, we calculate that for each Brazilian Real invested in TaaS we generate 2.29x in Total Sales (VGV Leases) in 3Q22, which will be accounted for over the term of the lease agreements. This indicator in 3Q21 was at 2.20x, and in 2Q22, it was at 2.45x.



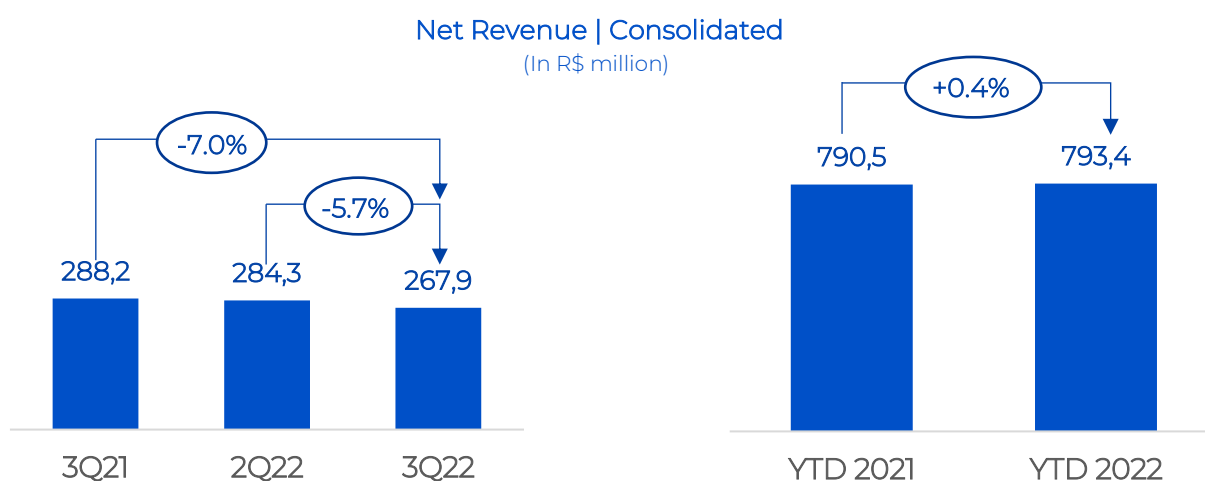


Commented Result for 3Q22

Net Revenue

Net Revenue (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
Telecom	121.6	132.6	-8.3%	339.7	396.5	-14.3%
Enterprise	60.7	70.3	-13.7%	187.4	188.5	-0.6%
Solar	85.6	85.2	0.5%	266.3	205.4	29.7%
Consolidated Net Revenue	267.9	288.2	-7.0%	793.4	790.5	0.4%

In 3Q22, the Consolidated Net Revenue was R\$ 267.9 million, a 7.0% reduction compared to 3Q21 and 5.7% vs. 2Q22. This reduction in Net Revenue in 3Q22 can be explained by three factors: (i) change in the mix between Total Sales and TaaS (55.2% sales and 44.8% leases in 3Q22) vs. (68.1% sales and 31.9% leases in 3Q21); (ii) extension of the terms of new TaaS agreements to 55 months in 3Q22 vs. 48 months in 3Q21; and (iii) a 13.7% reduction in Net Revenue in the Enterprise segment in 3Q22 vs. 3Q21



In the Telecom segment, there was a slowdown of 8.3% in 3Q22 vs. 3Q21, compared to 2Q22, there was a 4.3% growth. Considering that the growth in Total Sales was concentrated in the TaaS model in this quarter (32.7% sales and 67.3% leases in 3Q22 vs. 49.3% sales and 50.7% leases in 3Q21), which is recognized over the agreement periods, Net Revenue decreased by 8.3% in 3Q22 vs. 3Q21

In the Enterprise segment, there was a 13.7% reduction in 3Q22 vs. 3Q21, compared to 2Q22, the reduction was 14.5%. It is important to highlight the positive effect of the recurring lease revenue, which is the main reason why Net Revenue dropped less than Total Enterprise Sales (-17.1%).

In the Solar segment, there was a 0.5% growth in 3Q22 vs. 3Q21, compared to 2Q22, there was a 11.5% reduction. With the beginning of the increase in the representativeness of TaaS in the Solar segment (7.3% of consolidated Total Sales in 3Q22), we have a short-term impact lowering recognition of Net Revenue, which is the reason why there was lower growth than in Total Sales of Solar (11.0%).

Gross Income

Gross Income (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
Telecom	31.2	45.0	-30.7%	95.6	140.8	-32.1%
<i>Gross Margin (% Telecom Net Revenue)</i>	25.7%	34.0%	-8.3 p.p.	28.1%	35.5%	-7.4 p.p.
Enterprise	18.6	22.5	-17.2%	58.4	50.7	15.1%
<i>Gross Margin (% Enterprise Net Revenue)</i>	30.6%	31.9%	-1.3 p.p.	31.2%	26.9%	4.3 p.p.
Solar	9.6	12.0	-19.8%	34.9	27.2	28.5%
<i>Gross Margin (% Solar Net Revenue)</i>	11.2%	14.0%	-2.8 p.p.	13.1%	13.2%	-0.1 p.p.
Consolidated Gross Income	59.4	79.5	-25.3%	189.0	218.7	-13.6%
<i>Gross Margin (% Consolidated Net Revenue)</i>	22.2%	27.6%	-5.4 p.p.	23.8%	27.7%	-3.9 p.p.

Consolidated Gross Profit for 3Q22 was R\$ 59.4 million, a 25.3% reduction vs. 3Q21, and when compared to 2Q22, the reduction was 14.6%. In 3Q22, the main effects that impacted Gross Profit were: (i) depreciation costs of leased assets, in line with the increase in the Revenue Backlog due to the extension of the Term of New TaaS Agreements - mainly in the Telecom segment; and (ii) pressure on sales margins resulting from greater price competitiveness in the quarter — mainly in the Solar segment.

In the Telecom segment, we reached a total of R\$ 31.2 million in 3Q22, a drop of 30.7% vs. 3Q21 and 6.5% vs. 2Q22.

In the Enterprise segment, we reached a total of R\$ 18.6 million in 3Q22, a 17.2% reduction vs. 3Q21 and 22.0% vs. 2Q22.

In the Solar segment, we reached a total of R\$ 9.6 million in 3Q22, a 19.8% reduction vs. 3Q21 and 22.1% vs. 2Q22.

Gross Income Margin

The Consolidated Gross Margin was 22.2% in 3Q22 vs. 27.6% in 3Q21 (-5.4 p.p.) and vs. 24.5% in 2Q22 (-2.3 p.p.). The main factors justifying this reduction are: (i) extension of the Term of New TaaS (leases) Agreements; and (ii) greater pressure on sales margins in the Solar segment.

In the Telecom segment, the Gross Margin was 25.7% in 3Q22 vs. 34.0% in 3Q21 (-8.3 p.p.) and vs. 28.6% in 2Q22 (-3.0 p.p.), mainly due to the leased assets depreciation costs resulting from the strategy of increasing the Term of New TaaS Agreements.

In the Enterprise segment, the Gross Margin was 30.6% in 3Q22 vs. 31.9% in 3Q21 (-1.3 p.p.) and vs. 33.6% in 2Q22 (-3.0 p.p.), due to the higher incidence of depreciation of leased assets.

In the Solar segment, the Gross Margin was 11.2% in 3Q22 vs. 14.0% in 3Q21 (-2.8 p.p.) and vs. 12.7% in 2Q22 (-1.5 p.p.). The scenario remained even more competitive in this quarter, the high availability of inventories in the Solar segment and the scarcity of credit from financial institutions to end customers continued to generate greater competition in the sector, pressing margins.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
Consolidated Adjusted EBITDA	62.7	75.5	-17.0%	195.4	203.2	-3.9%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	<i>23.4%</i>	<i>26.2%</i>	<i>-2.8 p.p.</i>	<i>24.6%</i>	<i>25.7%</i>	<i>-1.1 p.p.</i>

Consolidated Adjusted EBITDA in 3Q22 was R\$ 62.7 million, a 17.0% reduction vs. 3Q21 and 7.0% vs. 2Q22. The negative variance of R\$ -12.8 million in the 3rd quarter of 2022 vs. 3rd quarter of 2021 can be explained as follows:

- Telecom Segment with lower sales volumes of R\$ -6.1 million and reduction in margins by R\$ -0.5 million.
- Enterprise segment with lower volumes of R\$ -3.8 million, and better margins by R\$ +0.4 million.
- Solar segment with higher volumes of R\$ +0.1 million, and reduction in margins by R\$ -2.4 million.
- Total Operating Expenses increased, showing a loss of income of R\$ -0.6 million in 3Q22 vs. 3Q21, mainly due to: (i) higher expenses with freight and warehousing of R\$ -1.7 million; (ii) higher expenses with consultancy and third-parties of R\$ -1.2 million; and (iii) lower expenses with commercial representation of R\$ +1.5 million, among others. It is important to note that even in a scenario of higher inflation and payments default in 2022, the Company managed to maintain efficient control over related expenses, such as: (i) personnel expenses of R\$ 13.2 million in 3Q22 vs. R\$ 13.3 million in 3Q21; and (ii) provisions for expected credit losses of R\$ 5.2 million in 3Q22 vs. R\$ 5.3 million in 3Q21.

(In R\$ million)	Total	Telecom	Solar	Enterprise
Adjusted EBITDA 3T21	75.6			
Volumes	-9.8	-6.1	0.1	-3.8
Gross Margin	-2.5	-0.5	-2.4	0.4
Gross Income ExDepr ¹	-12.3	-6.6	-2.3	-3.4
Op. Expenses	-0.6			
Total Variation	-12.9			
Adjusted EBITDA 3T22	62.7			

(1) Gross Income disregarding depreciation and amortization amounts.

The Consolidated Adjusted EBITDA Margin was 23.4% in 3Q22 vs. 26.2% in 3Q21 (-2.8 p.p.) and vs. 23.7% in 2Q22 (-0.3 p.p.).

Adjusted EBITDA Reconciliation

Adjusted EBITDA Reconciliation (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
Consolidated EBITDA	62.6	69.7	-10.1%	195.3	197.0	-0.8%
<i>EBITDA Margin (% Net Revenue)</i>	<i>23.4%</i>	<i>24.2%</i>	<i>-0.8 p.p.</i>	<i>24.6%</i>	<i>24.9%</i>	<i>-0.3 p.p.</i>
(+) IPO expenses	0.0	0.1	n.a	0.0	6.7	n.a
(+) Mergers and Acquisitions (M&A) Expenses	0.0	0.0	n.a	0.0	0.0	n.a
(+) Rem. Expenses Share-Based Variable	0.0	5.7	-100.0%	0.0	7.3	-100.0%
(-) Excluding ICMS Credit on PIS/COFINS Base (17-20)	0.0	0.0	n.a	0.0	(7.7)	n.a
(+) Non-recurring Expenses and Revenues	0.0	5.8	-99.5%	0.0	6.2	-99.5%
Consolidated Adjusted EBITDA	62.7	75.5	-17.0%	195.4	203.2	-3.9%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	<i>23.4%</i>	<i>26.2%</i>	<i>-2.8 p.p.</i>	<i>24.6%</i>	<i>25.7%</i>	<i>-1.1 p.p.</i>

Non-recurring expenses incurred:

IPO Expenses: With the IPO in 2021, we recognized expenses in 3Q21 of R\$ 0.1 million. All estimated expenses were reported in the preliminary and final prospectus. The expenses were forecast for 2021, with no other expenses to be recognized afterwards.

Mergers and Acquisitions (M&A) Expenses Non-recurring expenses arising from possible expenditures with mergers and acquisitions (M&A).

Share-Based Variable Compensation Expense: As mentioned in note 20 of the ITR for 2nd quarter of 2021, also in the FSs for 2017 to 2021, WDC maintained a share-based variable compensation program until the IPO date. Upon completion of the IPO, the program was paid for and finalized.

Exclusion of ICMS Credit on PIS/COFINS Base: In 3Q22, there was no exclusion from the credit base, as the referred adjustment was made in 2Q21, only that which impacts the YTD 2021.

Financial Income

Financial Income (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
Net Exchange Variation & Adjustment to fair value Der. Inst.	(3.5)	(4.0)	-13.1%	(23.5)	8.7	-368.5%
Financial Revenues	28.5	7.6	276.9%	48.2	12.4	289.4%
Financial Expenses	(40.8)	(17.3)	135.4%	(87.6)	(49.7)	76.3%
(+/-) Financial Income	(15.7)	(13.8)	14.2%	(62.8)	(28.6)	120.0%

The Net Foreign Exchange Variation and Adjustment to fair value of derivative instruments reflects the exchange exposure of the Company's assets and liabilities in foreign currency, net of the hedges taken out under derivative financial instruments. In 3Q22, there was a foreign exchange loss related to the depreciation of the national currency (R\$) against other foreign currencies in the total amount of R\$ -3.5 million, as follows: (i) foreign exchange variation on loans in foreign currency of R\$ -1.6 million; (ii) adjustments to the fair value of derivative instruments (SWAP of loans in foreign currency) of R\$ -3.0 million; and (iii) foreign exchange variation on assets (liabilities) in foreign currency of R\$ +1.1 million.

(In R\$ million)	12/31/20	03/31/21	6/30/21	09/30/21	12/31/21	03/31/22	6/30/22	09/30/22
Exchange Rates Dollar Ptax	5.1961	5.6967	5.0016	5.4388	5.5799	4.7372	5.2374	5.4060
Inventory in transit	31.7	80.7	43.2	64.4	83.1	51.6	33.3	26.7
Advances to International Suppliers	25.9	33.2	34.2	45.8	69.8	109	40.3	51.079
International Suppliers	-82.9	-129.6	-73.2	-99.3	-133	-64.9	-43.7	-36.842
Assets (Liabilities) in foreign currency	-25.3	-15.6	4.2	10.9	19.8	95.7	29.9	40.9
Equivalent to US\$	-4.9	-2.7	0.8	2.0	3.6	20.2	5.7	7.6

The Company's Financial Revenue showed a positive result of R\$ +28.5 million in 3Q22 vs. R\$ +7.6 million in 3Q21. This variation is a consequence of the increase in the Company's Cash position arising from the resources of the 2nd issuance of debentures carried out in June 2022, which are generating income invested in CDI and favored by the high levels of the SELIC interest rate.

Financial Expenses in 3Q22 were R\$ -40.8 million, compared to R\$ -17.3 million in 3Q21. The factors that justify these variations are: (i) loan interest expenses of R\$ -34.9 million in 3Q22, growing by 182.1% as compared to 3Q21 due to the Company's higher gross debts and higher remuneration costs, due to higher SELIC interest rate; and (ii) adjustments to present value of accounts receivable and suppliers in the amount of R\$ -4.3 million in 3Q22 vs. R\$ -3.2 million in 3Q21, also impacted by the increases in the SELIC interest rate observed in the quarters.

Net Financial Income in 3Q22 was an expense of R\$ -15.7 million, compared to an expense of R\$ -13.8 million in 3Q21, as per the reasons mentioned above.

Adjusted Net Income

Net Income (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
EBIT	20.3	34.0	-40.4%	71.5	97.4	-26.6%
<i>EBIT Margin (% Net Revenue)</i>	<i>7.6%</i>	<i>11.8%</i>	<i>-4.2 p.p.</i>	<i>9.0%</i>	<i>12.3%</i>	<i>-3.3 p.p.</i>
(+/-) Financial Income	(15.7)	(13.8)	14.2%	(62.8)	(28.6)	120.0%
(-) Provision for IR and CSLL	10.7	(8.1)	-231.8%	13.0	(20.6)	-163.1%
Net Income	15.2	12.1	25.7%	21.7	48.3	-55.1%
<i>Net Margin (% Net Revenue)</i>	<i>5.7%</i>	<i>4.2%</i>	<i>1.5 p.p.</i>	<i>2.7%</i>	<i>6.1%</i>	<i>-3.4 p.p.</i>
(+) IPO expenses	0.0	0.1	-100.0%	0.0	6.7	n.a.
(+) Mergers and Acquisitions (M&A) Expenses	0.0	0.0	n.a.	0.0	0.0	n.a.
(+) Rem. Expenses Share-Based Variable	0.0	5.7	-100.0%	0.0	7.3	-100.0%
(-) Exclu. ICMS Credit PIS/COFINS Base (17-20)	0.0	0.0	n.a.	0.0	(7.7)	-100.0%
(-) Exclu. ICMS Subsidy IRPJ/CSLL Base (17-20)	(13.0)	0.0	n.a.	(13.0)	0.0	n.a.
(+) Pre-Operating Expenses	0.0	0.0	n.a.	0.0	0.0	n.a.
(-) IR and CSLL Reversal	(0.0)	(2.0)	-99.5%	(0.0)	(2.1)	-99.5%
(+) Non-recurring Expenses and Revenues and IR and CSLL	(13.0)	3.8	-439.8%	-13.0	4.1	-416.1%
Adjusted Net Income	2.2	15.9	-86.1%	8.7	52.4	-83.4%
<i>Adjusted Net Income Margin (% Net Revenue)</i>	<i>0.8%</i>	<i>5.5%</i>	<i>-4.7 p.p.</i>	<i>1.1%</i>	<i>6.6%</i>	<i>-5.5 p.p.</i>

(1) Excl. ICMS Credit Base IRPJ/CSLL (17-20): The company, based on the opinion of its legal advisors, conducted a survey of extemporaneous IRPJ/CSLL credits in the consolidated amount of R\$ 13.0 million, which were calculated taking into account the retroactive effect between 2017 and 2020 and recognized in the period ended on September 30, 2022. This amount reflects the tax effect of the exclusion of the ICMS subsidy from the calculation basis of the IRPJ/CSLL calculation.

The Adjusted Net Profit in 3Q22 was R\$ 2.2 million, an 86.1% reduction vs. 3Q21, and compared to 2Q22, the drop was 74.2%.

The Adjusted Net Profit Margin was 0.8% in 3Q22 vs. 5.5% in 3Q21 (-4.7 p.p.) and vs. 3.0% in 2Q22 (-2.2 p.p.).

Such variances in the Adjusted Net Income and in the Adjusted Net Income Margin are justified by the following: (i) decrease in net revenue caused by higher representativeness of TaaS in 3Q22 and extension of the terms of these TaaS agreements in progress since June 2020; (ii) higher depreciation of leased assets in line with the growth in the revenue backlog; (iii) lower margins; and (iv) negative effects on financial income as mentioned.

Cash Flow

Consolidated Statement of Cash Flows (In R\$ million, except when indicated) (Accumulated Balance)	3Q22 Accum.	3Q21 Accum.	Δ %	2Q22 Accum.	Δ %	4Q21 Accum.	Δ %
Cash Flow From Operating Activities	7.7	(36.6)	-121%	(73.9)	-110%	(29.5)	-126%
Net Income for the period	21.7	48.3	-55%	6.5	235%	72.5	-70%
Adjustments to reconcile Income or loss for the period to cash from operating activities	225.1	191.5	18%	155.9	44%	235.5	-4%
Assets decrease (increase)	(73.8)	(207.8)	-65%	(80.5)	-8%	(267.8)	-72%
Liabilities increase (decrease)	(165.3)	(68.6)	141%	(155.8)	6%	(69.7)	137%
Cash Flow From Investment Activities	(140.4)	(389.9)	-64%	(81.2)	73%	(465.4)	-70%
Cash flow from Financing Activities	274.3	563.3	-51%	346.0	-21%	494.9	-45%
Effect of Foreign Exchange Variation on Cash and Cash Equivalents	(0.3)	(0.1)	333%	(0.2)	24%	0.8	-140%
Change in the Company's Net Cash	141.2	136.7	3%	190.6	-26%	0.7	20668%
Cash and cash equivalents at the end of the period	179.7	174.5	3%	229.1	-22%	38.5	367%

The cash flow from operating activities in 3Q22 YTD was R\$ +7.7 million, mainly due to the cash generated in the operation and the readjustment of the Company's regular inventory levels.

The cash flow from investment activities in 3Q22 YTD was R\$ -140.4 million, almost entirely for the acquisition of property, plant and equipment and intangible assets — TaaS (leases) Capex investment.

Cash flow from financing activities in 3Q22 YTD was R\$ +274.3 million. The reduction vs. 3Q21 YTD was due to: (i) lower inflows from new debts and capital increase; (ii) higher amortization of loans and financings; (iii) lower payment of mandatory dividends; and (iv) beginning of share repurchasing program.

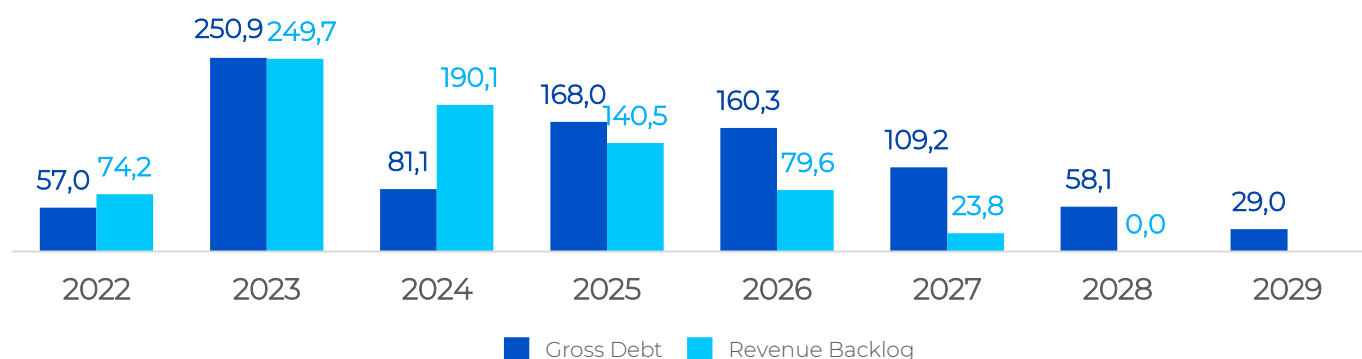
In 3Q22, the variation in the Company's net cash was R\$ +179.7 million, as detailed above.

Indebtedness

Indebtedness (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	2Q22	Δ %	4Q21	Δ %
(+) Loans, financing and debentures	905.0	668.5	35.4%	945.1	-4.2%	596.5	51.7%
Current	280.9	318.0	-11.7%	277.8	1.1%	326.7	-14.0%
Non-Current	624.2	350.5	78.1%	667.3	-6.5%	269.9	131.3%
(+/-) Net derivative financial instruments	8.5	(7.8)	-208.9%	8.8	-2.9%	(8.4)	-201.7%
Assets	(1.7)	(16.4)	-89.8%	(2.8)	-40.6%	(15.6)	-89.3%
Liabilities	10.2	8.5	19.9%	11.6	-12.0%	7.2	42.3%
Gross Debt	913.6	660.6	38.3%	953.9	-4.2%	588.1	55.3%
(-) Disp. (Cash and Equiv.) and Invest. of CP	(464.5)	(436.9)	6.3%	(529.5)	-12.3%	(337.0)	37.9%
Net Debt	449.0	223.8	100.7%	424.4	5.8%	251.2	78.8%
Adjusted LTM EBITDA	270.5	275.3	-1.8%	283.3	-4.5%	278.3	-2.8%
Net Debt / Adjusted LTM EBITDA	1.66	0.81	104.2%	1.50	10.8%	0.90	84.0%

Net Debt to Adjusted EBITDA (UDM) was 1.66x in 3Q22, mainly as a result of the proceeds from the 2nd issuance of simple debentures in the amount of R\$ 500.0 million carried out at the end of 2Q22 and also due to the generation of cash from operating activities discussed in the previous section. Such level is seen as a healthy level by the management, considering that the *Future Revenue Backlog* in the amount of R\$ 757.9 million represents a coverage of 1.69x the total Net Debt.

Gross Debt Amortization Schedule and Revenue Backlog Coverage
(In R\$ million)



ROIC

ROIC (In R\$ million, except when indicated)	3Q22	2Q22	2021
EBIT (LTM)	108.6	122.4	134.5
(-) Provision for IR and CSLL (LTM)	11.7	(7.1)	(21.9)
Operating Income after Taxes (NOPAT) = (A)	120.3	115.2	112.6
(+) Equity	647.9	639.5	629.5
(+) Gross Debt	913.6	953.9	588.1
(+) Cash (Cash and Equiv.) and CP Investments	(464.5)	(529.5)	(337.0)
Invested Capital	1,096.9	1,063.9	880.6
Average Invested Capital of 2022 and 2021 = (B)	988.8	972.3	715.6
ROIC = (A/B)	12.2%	11.9%	15.7%

In 3Q22, the Return on Invested Capital (ROIC¹) was 12.2% vs. 11.9% in 2Q22. This increase reflected the improvement in operating profit after taxes (NOPAT UDM). We expect to return to ROIC's closer to what we had in 2021, supported by the Company's better cash generation and growth in operating income.

¹ The return on invested capital (ROIC) is the sum of capital invested in the Company's operating activities, comprising the Equity and Gross Debt, Cash and cash equivalents and short-term Investments. We understand that the average invested capital between the current and the previous period better reflects the Company's performance due to the accelerated growth



Exhibits

Statement of Income

Consolidated Statement (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	YTD 2022	YTD 2021	Δ %
Sales Gross Revenue	239,959	266,851	-10.1%	716,374	723,712.87	-1.0%
TaaS (VGV Leases)	194,461	124,942	55.6%	384,813	381,248	0.9%
Total Sales	434,419	391,794	10.9%	1,101,187	1,104,961	-0.3%
Sales Gross Revenue	239,959	266,851	-10.1%	716,374	723,713	-1.0%
Lease Gross Revenue	73,280	72,815	0.6%	214,623	215,994	-0.6%
Gross Revenue	313,239	339,667	-7.8%	930,997	939,707	-0.9%
(-) Tax levy on Revenues	(38,060)	(46,891)	-18.8%	(114,060)	(131,603)	-13.3%
(-) Returns	(7,273)	(4,590)	58.5%	(23,518)	(17,649)	33.3%
Net Revenue	267,906	288,186	-7.0%	793,420	790,454	0.4%
(-) CMV	(208,508)	(208,711)	-0.1%	(604,452)	(571,710)	5.7%
Gross Income	59,398	79,475	-25.3%	188,967	218,744	-13.6%
<i>Gross Margin (% Net Revenue)</i>	22.2%	27.6%	-5.4 p.p.	23.82%	27.7%	-3.9 p.p.
(-) Personnel Expenses	(13,172)	(18,927)	-30.4%	(38,573)	(46,266)	-16.6%
(-) Commercial Expenses	(19,151)	(18,960)	1.0%	(59,091)	(55,062)	7.3%
(-) General and Administrative Expenses	(4,967)	(5,240)	-5.2%	(14,562)	(21,518)	-32.3%
(+/-) Other operating income/expenses	(1,834)	(2,360)	-22.3%	(5,208)	1,494	-448.6%
(-) Operating Expenses	(39,125)	(45,487)	-14.0%	(117,434)	(121,352)	-3.2%
EBIT	20,273	33,987	-40.4%	71,533	97,392	-26.6%
<i>EBIT Margin (% Net Revenue)</i>	7.6%	11.8%	-4.2 p.p.	9.0%	12.3%	-3.3 p.p.
(+) Depreciation and Amortization	42,351	35,694	18.7%	123,788	99,584	24.3%
EBITDA	62,624	69,681	-10.1%	195,321	196,977	-0.8%
<i>EBITDA Margin (% Net Revenue)</i>	23.4%	24.2%	-0.8 p.p.	24.6%	24.9%	-0.3 p.p.
(+) IPO expenses	0	123	-100.0%	0	6,674	-100.0%
(+) Rem. Expenses Share-Based Variable	0	5,670	-100.0%	0	7,253	-100.0%
(-) Excluding ICMS Credit on PIS/COFINS Base (17-20)	0	0	n.a.	0	(7,698)	-100.0%
(+) Non-recurring Expenses and Revenues	30	5,794	-99.5%	30	6,229	-99.5%
Adjusted EBITDA	62,654	75,475	-17.0%	195,351	203,206	-3.9%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	23.4%	26.2%	-2.8 p.p.	24.6%	25.7%	-1.1 p.p.
(+/-) Financial Income	(15,744)	(13,788)	14.2%	(62,829)	(28,563)	120.0%
(-) Provision for IR and CSLL	10,678	(8,099)	-231.8%	12,968	(20,555)	-163.1%
Net Income	15,207	12,100	25.7%	21,671.700	48,274	-55.1%
<i>Net Margin (% Net Revenue)</i>	5.7%	4.2%	1.5 p.p.	2.7%	6.1%	-3.4 p.p.
(+) Non-recurring Expenses and Revenues and IR and CSLL	(12,995)	3,824	-439.8%	(12,995)	4,111	-416.1%
Adjusted Net Income	2,212	15,924	-86.1%	8,677	52,385	-83.4%
<i>Adjusted Net Margin (% Net Revenue)</i>	0.8%	5.5%	-4.7 p.p.	1.1%	6.6%	-5.5 p.p.

Balance Sheet

Consolidated Balance Sheet (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	2Q22	Δ %	2021
Assets						
Current Assets						
Cash and cash equivalents	179,686	174,451	3%	229,055	-22%	38,465
Short-term investments	284,854	262,416	9%	300,464	-5%	298,522
Trade receivables, net	142,971	187,426	-24%	157,986	-10%	163,719
Recoverable taxes	62,723	57,841	8%	62,110	1%	49,010
Derivative financial instruments	584	7,252	-92%	1,724	-66%	6,480
Inventories	251,135	201,458	25%	302,464	-17%	259,361
Advances to suppliers	68,892	60,784	13%	47,748	44%	73,721
Prepaid Expenses	1,085	1,530	-29%	945	15%	1,113
Total Current Assets	991,930	953,159	4%	1,102,496	-10%	890,391
Non-Current Assets						
Trade receivables, net	146,443	83,213	76%	118,213	24%	95,691
Judicial Deposits	109	110	0%	109	0%	109
Derivative financial instruments	1,085	9,101	-88%	1,085	0%	9,091
Deferred taxes	27,785	15,809	76%	25,243	10%	17,496
Right-of-use assets	2,342	3,240	-28%	2,999	-22%	3,001
Property, plant and equipment, net	445,610	413,675	8%	418,709	6%	419,205
Net intangible assets	77,304	54,674	41%	61,509	26%	56,852
Total Non-Current Assets	700,678	579,822	21%	627,867	12%	601,445
Total Assets	1,692,608	1,532,981	10%	1,730,363	-2%	1,491,836
Liabilities						
Current Liabilities						
Suppliers	90,787	161,498	-44%	95,075	-5%	199,444
Personnel, social charges and benefits	6,372	10,898	-42%	5,693	12%	8,318
Taxes payable	11,490	17,172	-33%	12,041	-5%	2,050
Loans, financing, and debentures	280,853	318,017	-12%	277,821	1%	326,680
Dividends Payable	0	0		0		11,252
Derivative financial instruments	9,120	7,013	30%	10,757	-15%	7,175
Lease Liabilities	1,284	2,083	-38%	1,743	-26%	2,228
Related Parts	124	302	-59%	158	-22%	232
Other liabilities	18,079	46,450	-61%	17,927	1%	45,409
Deferred Income	0	1,442	-100%	0		437
Total Current Liabilities	417,985	563,131	-26%	421,057	-1%	591,304
Non-Current Liabilities						
Loans, financing, and debentures	624,166	350,468	78%	667,312	-6%	269,856
Derivative Financial Instruments	1,087	1,498	-27%	847	28%	0
Provisions for lawsuits	374	479	-22%	362	3%	362
Leases	1,096	1,245	-12%	1,285	-15%	844
Total Non-Current Liabilities	626,723	353,690	77%	669,806	-6%	271,062
Equity						
Share capital	301,397	298,030	1%	301,397	0%	297,591
Treasury Stock	-6,749	0		0		0
Capital reserves	236,632	236,632	0%	236,632	0%	236,632
Retained earnings	94,427	33,225	184%	94,427	0%	94,427
Accumulated Loss	0	0		6,465	-100%	0
Retained Earnings	21,672	48,274	-55%	0		0
Other Comprehensive Results	521	-1	-6257%	579	-10%	820
Total Equity	647,900	616,160	5%	639,500	1%	629,470
Total Liabilities and Equity	1,692,608	1,532,981	10%	1,730,363	-2%	1,491,836

Statement of Cash Flow

Statements of Consolidated Cash Flows (In R\$ million, except when indicated)	3Q22	3Q21	Δ %	2Q22	Δ %	2021
Cash Flow From Operating Activities	7,664	(36,647)	-121%	(73,921)	-110%	(29,546)
Net Income for the period	21,672	48,274	-55%	6,465	235%	72,454
Adjustments reconcile Income to cash from operating activities	225,073	191,474	18%	155,886	44%	235,511
Depreciation and amortization	123,787	99,584	24%	81,438	52%	137,382
Expected credit losses	20,304	20,723	-2%	15,096	34%	25,949
Provision for inventory obsolescence	3,235	117	2665%	3,533	-8%	(877)
Provision for legal and other proceedings, net	12	0	119900%	0		(7)
Mark-to-market of derivatives	26,171	(4,664)	-661%	23,105	13%	(13,047)
Income from short-term investments	(15,697)	(2,578)	509%	(5,366)	193%	(8,102)
Interest and foreign exchange variation expenses	65,280	46,305	41%	29,964	118%	56,458
Expenses for adjustment to the present value	13,789	4,497	207%	9,895	39%	8,345
Property, plant and equipment and intangible assets	1,160	260	346%	512	127%	361
Share-based compensation expenses	0	7,253	-100%	0		7,253
Income tax and social security contribution	(2,714)	20,555	-113%	5,414	-150%	24,061
Deferred income tax and social contribution	(10,254)	(578)	1674%	(7,705)	33%	(2,265)
Assets decrease (increase)	(73,752)	(207,785)	-65%	(80,457)	-8%	(267,820)
Trade receivables	(63,717)	(89,750)	-29%	(41,107)	55%	(87,637)
Recoverable taxes	(13,713)	(35,078)	-61%	(13,100)	5%	(26,248)
Inventories	9,224	(61,832)	-115%	(44,089)	-121%	(120,589)
Advances to suppliers and legal deposits	3,663	(24,580)	-115%	23,585	-84%	(37,067)
Prepaid expenses	28	(1,347)	-102%	168	-83%	(930)
Derivatives Settlement	(9,237)	4,802	-292%	(5,914)	56%	4,651
Liabilities increase (decrease)	(165,329)	(68,610)	141%	(155,815)	6%	(69,691)
Suppliers	(122,454)	15,757	-877%	(116,020)	6%	56,296
Taxes payable	15,016	(6,578)	-328%	5,662	165%	(13,227)
Personnel, social charges and benefits	(1,946)	(20,624)	-91%	(2,625)	-26%	(23,204)
Deferred revenue	(437)	(6,540)	-93%	(437)	0%	(7,545)
Related parties	(108)	(7)	1443%	(74)	46%	(77)
Other liabilities	(15,533)	(474)	3177%	(15,719)	-1%	(11,679)
Payment of interest	(36,970)	(52,273)	-29%	(25,475)	45%	(52,454)
Payment of income tax and social contribution	(2,897)	2,129	-236%	(1,127)	157%	(17,691)
Payment of Lawsuits and Others	0	0	-100%	0		(110)
Net cash generated by (used in) operating activities	7,664	(36,647)	-121%	(73,921)	-110%	(29,546)
Cash Flow From Investment Activities	(140,423)	(389,932)	-64%	(81,218)	73%	(465,423)
Acquisition of property, plant and equipment and intangible assets	(169,788)	(182,140)	-7%	(84,642)	101%	(227,049)
Short-term investment application	(668,847)	(260,500)	157%	(464,428)	44%	(564,209)
Redemption of Short-term investments	698,212	52,708	1225%	467,852	49%	325,835
Cash flow from Financing Activities	274,279	563,315	-51%	345,970	-21%	494,897
Entry of new loans and debentures	488,008	275,461	77%	488,641	0%	275,461
Payment of loans and financing (principal)	(197,490)	(124,928)	58%	(133,753)	48%	(200,040)
Payment of leasing obligations	(2,044)	(2,367)	-14%	(1,472)	39%	(3,075)
Dividends and interests on capital paid	(11,252)	(15,006)	-25%	(11,252)	0%	(15,006)
Increase in capital and reserves - IPO, net of emission	3,806	430,155	-99%	3,806	0%	210,925
Share Buyback	(6,749)	0		0		0
Net cash resulting from financing activities	274,279	563,315	-51%	345,970	-21%	494,897
Effect of Foreign Exchange Variation on Cash and Cash Equivalents	(299)	(69)	3%	(241)	-22%	752
Change in the Company's Net Cash	141,221	136,667	3%	190,590	-26%	680
Cash and cash equivalents at the end of the period	179,686	174,452	3%	229,055	-22%	38,465

#Descomplica

Talk to IR



+55 (11) 3035-3777

Extension: 6259/6225



ri@wdcnet.com.br



www.ri.wdcnet.com.br

