



WDC
NETWORKS



EARNINGS RELEASE 1Q23

LVTC
B3 LISTED NM

Conference Call
May 12, 2023 – Friday
2:00 p.m. (Brasília time) | 1:00 p.m. (EST)

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IGC-NM B3

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Earnings Release 1Q23

WDC Networks increased 21.6% in Total Sales reaching R\$358 million

Ilhéus, May 12th, 2023 – Livetech da Bahia Indústria e Comércio S.A. (B3: LVTC3) (“Company” or “WDC Networks”) – a technology company that operates in the business units of Telecommunications, Solar Energy and Corporate, founded in 2003 and a pioneer in the commercialization of technology “as a service” (TaaS), today announces its results for the 1st quarter of 2023 (1Q23). The individual and consolidated financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil, which comprise the accounting pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) and by the Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM), and comply with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB).

HIGHLIGHTS | 1Q23 (consolidated)

- **Total Sales** of **R\$357.6 million in 1Q23** (+21.6% versus 1Q22)
- **Strong penetration of TaaS**, accounting for **41.6% of Total Sales** in 1Q23, compared to 29.1% in 1Q22
- Record **Backlog Revenue** of **R\$872.1 million in 1Q23** (+43.7% versus 1Q22)
- **Market share growth in Telecom**, reaching **33.3%**: 300 thousand ONUs supplied in 1Q23

R\$872

million
Revenue Backlog

R\$149

million
Total Sales TaaS in
1Q23

R\$57

million
EBITDA in 1Q23, with
Margin of 23.5%

Summary of Consolidated Results and Financial Indicators

Highlights (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
Consolidated Financial Income					
Total Sales	357.6	293.9	21.6%	379.7	-5.8%
Net Revenue	244.3	241.2	1.3%	277.5	-12.0%
				0	
Gross Income	50.1	60.0	-16.5%	58.7	-14.6%
Gross Margin (% Net Revenue)	20.5%	24.9%	-4.4 p.p.	21.2%	-0.6 p.p.
Adjusted EBITDA	57.5	65.3	-12.0%	62.1	-7.4%
Adjusted EBITDA Margin (% Net Revenue)	23.5%	27.1%	-3.5 p.p.	22.4%	1.2 p.p.
Adjusted Net Income	(6.4)	(2.1)	205.3%	1.6	-505.3%
Adjusted Net Margin (% Net Revenue)	-2.6%	-0.9%	-1.7 p.p.	0.6%	-3.2 p.p.
Main Financial Indicators					
Deferred Revenue Backlog	872.1	606.8	43.7%	808.3	7.9%
Investment in Property, Plant and Equipment for Lease (CAPEX TaaS)	78.2	40.2	94.6%	46.7	67.5%
Net Debt / Adjusted LTM EBITDA (x)	2.3	1.5	54.7%	1.9	19.5%
Main Operating Indicators					
	0				
% Produced Internally (% Total Sales)	52%	62%	-9.7 p.p.	56%	-4.5 p.p.
% TaaS (% Total Sales)	42%	29%	12.6 p.p.	34%	7.2 p.p.
% TaaS (% Gross Revenue)	29%	25%	3.2 p.p.	24%	4.5 p.p.
New TaaS Agreements' (sic) Term (average in months)	54	51	6.7%	55	-0.8%
Quantity of New TaaS Agreements	350	249	40.6%	279	25.4%
New TaaS Agreements' Value (average R\$ thousand/agreement)	425	343	23.9%	469	-9.3%

Message from Management

As we had foreseen, the first quarter of 2023 presented major sectoral challenges, but we were able to successfully execute the growth in Total Sales in the Telecom (48.5% growth) and Enterprise (29.8% growth) segments in comparison to the same period of the previous year, however the Solar Energy segment was heavily impacted (22.3% reduction) by changes in legislation, credit shortages and competitiveness pressure reducing prices and margins. We reached **R\$357.6 million in Total Sales in 1Q23**, an increase of 21.6% compared to 1Q22.

We remain committed to the strategy of increasing TaaS (Technology as a Service), reaching a **new record in Contracted Future Revenues**, building up an amount of **R\$872.1 million in 1Q23** (growth of 43.7%), ensuring the continuity of our business in the medium and long term. In Total Sales, about 41.6% were in the TaaS (rentals), showing adherence to the model and expansion in the Telecom and Enterprise segments, with 350 new contracts started this quarter.

In 1Q23, **Net Revenue totaled R\$244.3 million, EBITDA was R\$57.5 million and EBITDA Margin stood at 23.5%**. The good performance of TaaS and with longer contract terms penalizes the Net Revenue recognized in this quarter, but provides sustainability of long-term results.

The **Telecom segment** continued to be flagship segment, accounting for 56% of Total Sales in 1Q23, amounting to **R\$201.4 million**. And based on Anatel data released, we were able to supply 33.3% of ONUs (fiber modems), representing a significant increase in our market share and strong competitiveness.

The **Enterprise segment** emerged as a new growth driver for the Company, with **Total Sales reaching R\$82.7 million in 1Q23** (up 29.8% versus 1Q22). This result was a consequence of the growing demand mainly for professional audio and video and data security solutions. On the other hand, we are still facing challenges caused by the shortage of high-performance cameras, affecting the electronic security vertical.

The **Solar segment** posted **total sales of R\$73.5 million in 1Q23**, which significantly affected our consolidated result. The new regulatory framework (Law 14,300) for Distributed Generation, added to the shortage of credit and high interest rates offered to end clients, led to a decrease in sales volume and intensified competition, which reduced prices, sacrificing margins to reduce inventories. We believe that this scenario will stabilize given the importance and demand for clean energy.

During the quarter, we continued the Company's resilient debt management, reducing gross debt in the initial months of the year. The Company's cash balance totaled R\$134.2 million, in line with our strategic plan. Leverage, measured as net debt/EBITDA, stood at 2.27 times, a comfortable and adequate level in relation to our contractual obligations.

We thank our employees, investors and clients for their trust in our work. Despite the short term challenges, we are confident about our defined strategy and our ability to execute, searching for cost reduction, new technologies and improvement operational efficiency.

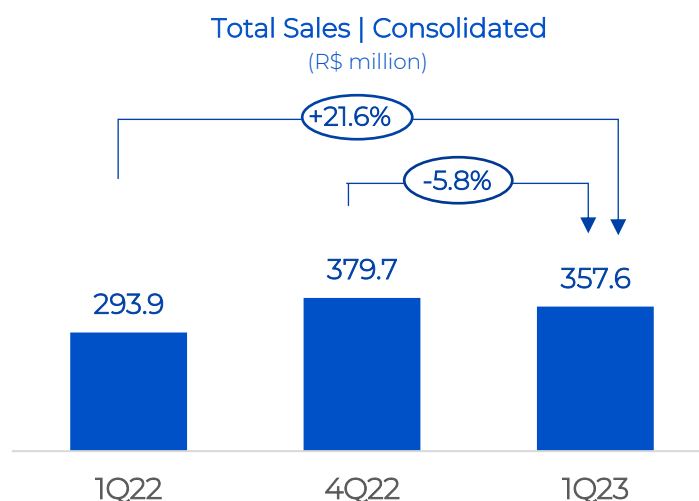
Thank you very much, and we count on all of you in this 2023!

WDC Networks

Total Sales

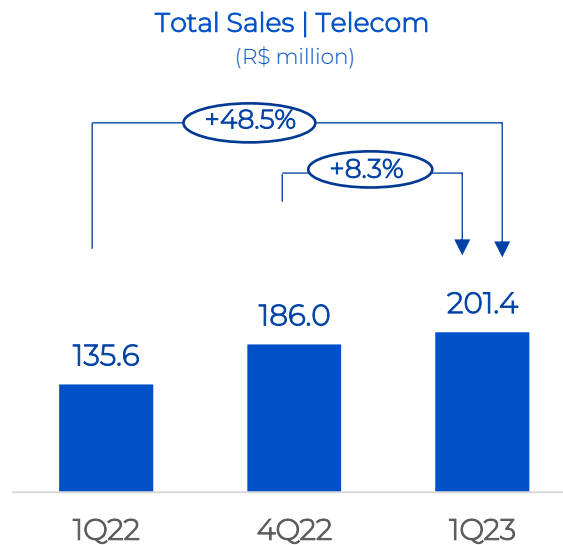
The Company posted Total Sales of R\$357.6 million in 1Q23, an increase of R\$63.6 million (21.6%) from 1Q22, mainly driven by the sharp growth in the Telecom and Enterprise segments, though affected by the decline in the Solar segment. The weaker Brazilian real versus the US dollar had a negative impact of 1.2% on selling prices, reducing the growth in Total Sales (R\$5.18/US\$ in 1Q23 vs. R\$5.24/US\$ in 1Q22). Compared to 4Q22, sales decreased 5.8% (R\$22.1 million), impacted by the decline in the Solar and Enterprise segments, but were partially offset by the Telecom segment.

Total Sales (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
Telecom	201,4	135,6	48,5%	186,0	+8,3%
Enterprise	82,7	63,7	29,8%	92,7	-10,8%
Solar	73,5	94,7	-22,3%	101,1	-27,3%
Consolidated Total Sales	357,6	293,9	21,6%	379,7	-5,8%



Telecom

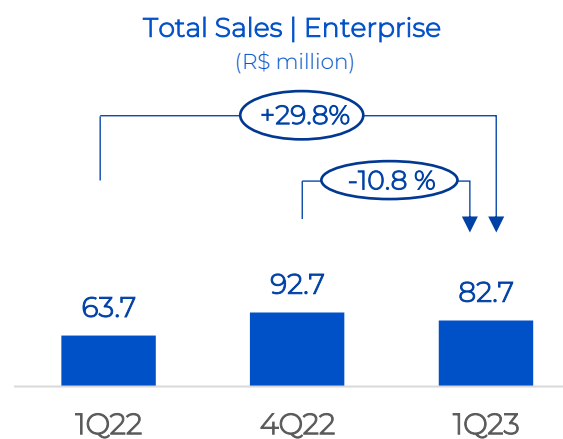
Telecom segment sales totaled R\$201.4 million, increasing 48.5% (R\$65.8 million) from 1Q22, chiefly due to: i) the largest supply agreement in the TaaS model signed in 3Q22 with one of Brazil's largest ISPs (R\$189 million), of which R\$39.6 million were delivered in 1Q23, leaving a residual balance of R\$7.4 million; and ii) sale of 300 thousand ONUs in 1Q23, which represents 33.3% of market share of the 900 thousand new subscribers reported by ANATEL in the quarter. Compared to 4Q22, sales grew 8.3% or R\$15.4 million.



Enterprise

The Enterprise segment registered sales of R\$82.7 million in 1Q23, an increase of 29.8% (R\$19.0 million) from 1Q22, mainly driven by the growth in sales of professional audio and video, which in 1Q22, was still affected by the COVID pandemic (Omicron variant), and the continued growth of cybersecurity volumes built over the last few quarters, reaching 73%.

Compared to 4Q22, sales declined 10.8% (R\$10.0 million), mainly impacted by the seasonality of the segment, which has a lower concentration of sales in the first quarter of the year. In addition, there is still unavailability of high-performance cameras (still persisting) impacting the Electronic Security vertical.

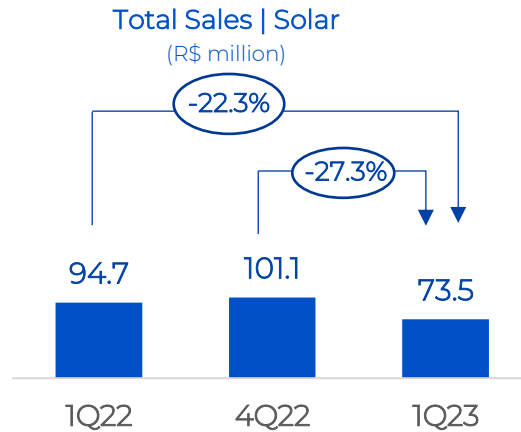


Solar

Solar segment sales totaled R\$73.5 million in 1Q23, down 22.3% (R\$21.2 million) from 1Q22 and 27.3% (R\$27.6 million) from 4Q22.

These variations were caused by the: i) shortage of credit and high interest rates offered to end clients, reducing demand; ii) impacts related to Law 14,300 on the New Legal Framework for Distributed

Generation, causing misinformation about the return of projects; and iii) stiffer competition caused by high inventories among industry players, combined with price cuts by Chinese manufacturers.



TaaS (Technology as a Service) – Technology Lease

In 1Q23, average ticket from TaaS agreements was R\$425 thousand per agreement. A total of 350 new TaaS agreements were added in the quarter.



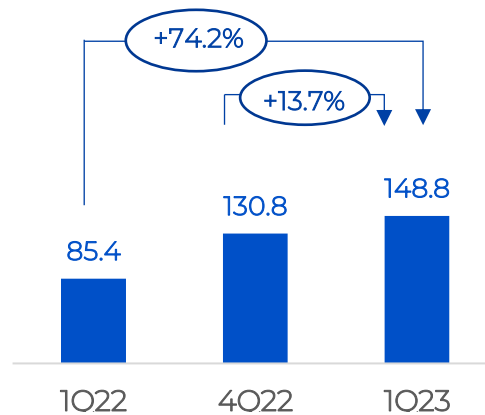
In 1Q23, Total TaaS Sales (VGV lease) came to R\$148.8 million, growing 74.2% (R\$63.4 million) from 1Q22. Compared to 4Q22, growth was 13.7% (R\$18.0 million).



The Total Sales indicator is the best indicator to measure the WDC Networks' commercial efforts 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.

TaaS (VGV Rentals) | Consolidated

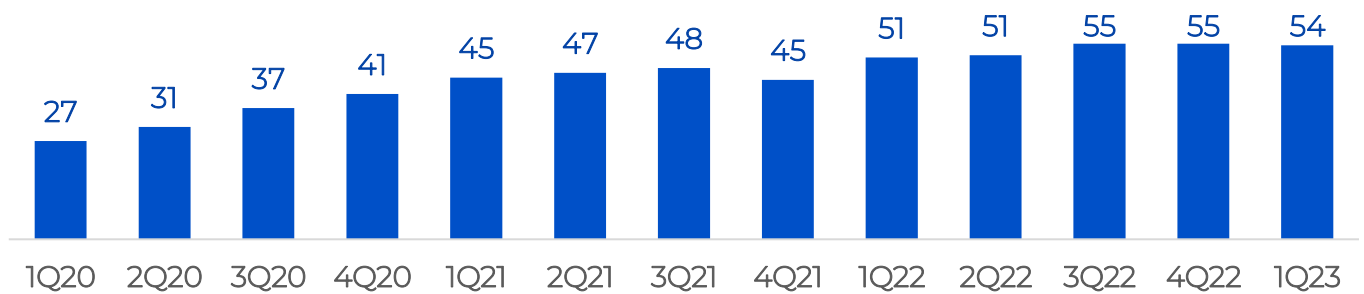
(R\$ million)



The term of new TaaS agreements was 54 months in 1Q23, as against 51 months in 1Q22, in line with the strategy of extending the terms defined by the Company since July 2020.

Term of New TaaS Agreements

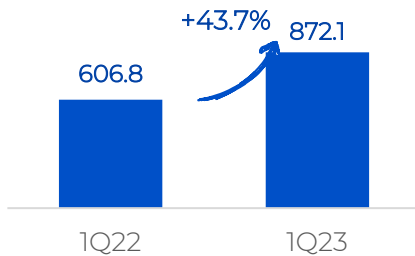
(average in months)



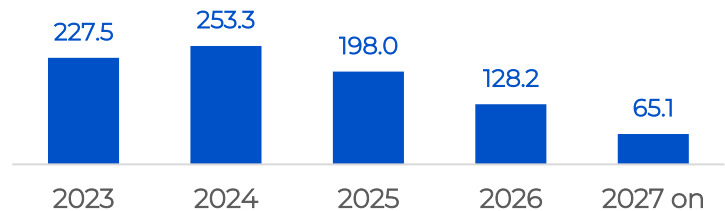
Contracted Future Revenues (Revenue Backlog)

In 1Q23, Revenue Backlog was R\$872.1 million, increasing 43.7% from 1Q22. Revenue Backlog represents the portion of the Company's sales that will translate into revenue and guaranteed results in the future without the need for fresh investments, given that Capex was already incurred in earlier periods. This aspect shows the resilience of the Company's business model and places it in a comfortable position regarding payment of debts and other obligations in the short and medium terms.

Contracted Future Revenues
(Revenue Backlog)
(R\$ million)



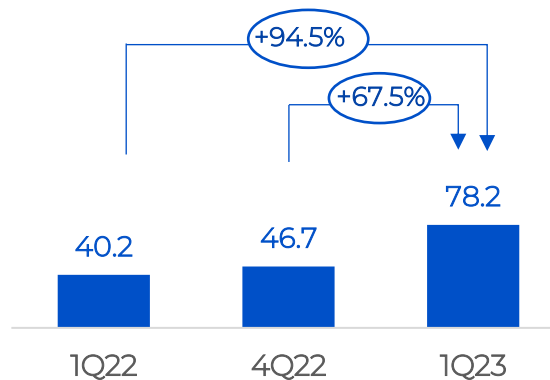
Future Revenues Schedule
(R\$ million)



Investment in TaaS Assets – Capex

In 1Q23, total investments in TaaS Assets came to R\$78.2 million, up 94.5% from 1Q22 and up 67.5% from 4Q22.

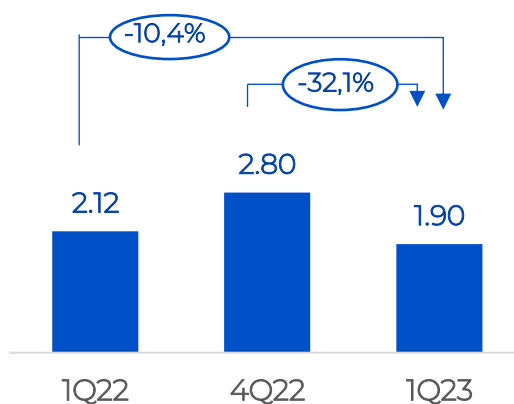
Investment in TaaS assets - CAPEX
(R\$ million)



The return on TaaS Capex is calculated as follows: for each R\$ 1 invested in TaaS, R\$ x is generated in Total Sales (VGV Leases), which will be booked over the term of the lease agreements by the accrual method. In 1Q23, this metric was 1.90x, as shown below, and was below previous quarters due to the mix of products included in the supply contract with a large ISP.

Mark-up TaaS

(# Total TaaS Sales / Investments in TaaS Assets - Capex))

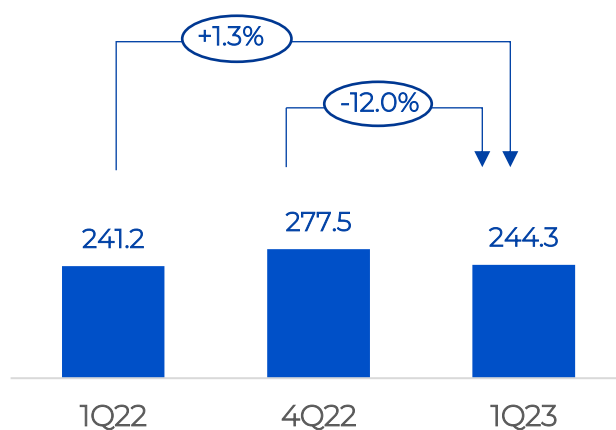


Net Revenue

In 1Q23, Consolidated Net Revenue totaled R\$244.3 million, an increase of 1.3% or R\$3.1 million compared to 1Q22, mainly due to the increase in sales concentrated in the TaaS modality (leases) that do not bring recognition of immediate net revenue, but according to the evolution of the contract terms. Compared to 4Q22, net revenue decreased by 12.0% or R\$33.2 million.

Net Revenue | Consolidated

(R\$ million)



In 1Q23, net revenue from the Telecom segment totaled R\$123.5 million, increasing 21.6% (R\$21.9 million) from 1Q22, chiefly due to the higher recognition of revenues from TaaS agreements. Compared to 4Q22, revenue decreased 3.1% (R\$4.0 million).

In 1Q23, net revenue from the Enterprise segment was R\$59.0 million, increasing 6.1% (R\$3.4 million) from 1Q22, chiefly due to the growth in professional audio and video and cybersecurity products in relation to 1Q22. Compared to 4Q22, revenue declined 13.8% (R\$9.4 million).

In 1Q23, net revenue from the Solar segment totaled R\$61.8 million, down 26.5% (R\$22.2 million) from 1Q22, chiefly due to: i) the shortage of credit and high interest rates offered to end clients, reducing demand; ii) the impacts related to Law 14,300 on the New Legal Framework for Distributed Generation, causing misinformation about the return of projects; and iii) the stiffer competition caused by high inventories among industry players, combined with price cuts by Chinese manufacturers.

Gross Income and Gross Margin

Gross Income (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
Telecom	29,2	31,1	-5,9%	32,3	-9,4%
Gross Margin (% Telecom Net Revenue)	23,7%	30,6%	-6,9 p.p.	25,3%	-1,6 p.p.
Enterprise	17,0	15,9	6,9%	18,0	-5,2%
Gross Margin (% Enterprise Net Revenue)	28,9%	28,6%	0,2 p.p.	26,3%	2,6 p.p.
Solar	3,8	13,0	-70,6%	8,4	-54,6%
Gross Margin (% Solar Net Revenue)	6,2%	15,5%	-9,3 p.p.	10,3%	-4,1 p.p.
Consolidated Gross Income	50,1	60,0	-16,5%	58,7	-14,6%
Gross Margin (% Consolidated Net Revenue)	20,5%	24,9%	-4,4 p.p.	21,2%	-0,6 p.p.

In 1Q23, Consolidated Gross Income was R\$50.1 million, decreasing 16.5% (R\$9.9 million) from 1Q22, and 14.6% (R\$8.6 million) from 4Q22.

Gross Income from the Telecom segment totaled R\$17.0 million in 1Q23, down 5.9% (R\$1.8 million) from 1Q22. Gross margin was 23.7% in 1Q23, down 6.9 p.p. from 1Q22. The reduction was mainly due to the pressure of prices practiced by competitors. Compared to 4Q22, there was a reduction of 9.4% (R\$3.1 million). The gross margin retracted 1.6 p.p. compared to 4Q22.

In 1Q23, Gross Income from the Enterprise segment amounted to R\$17.0 million, increasing 6.9% (R\$1.1 million) from 1Q22. Gross margin was 28.9% in 1Q23, up 0.3 p.p. from 1Q22. Compared to 4Q22, there was a decreasing of 5.2% (R\$0.9 million). Gross margin retracted 2.6 p.p. from 4Q22.

Gross Income from the Solar segment was R\$3.8 million in 1Q23, down 70.6% (R\$9.2 million) from 1Q22. Gross margin in 1Q23 stood at 6.2%, down 9.3 p.p. from 1Q22. This reduction occurred due to the need to readjust the levels of inventories acquired at price levels higher than replacement prices, reducing the margins practiced. Compared to 4Q22, the reduction was 54.6% (R\$4.6 million). Gross margin decreased 4.1 p.p. compared to 4Q22.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
Consolidated Adjusted EBITDA	57.5	65.3	-12.0%	62.1	-7.4%
Adjusted EBITDA Margin (% Net Revenue)	23.5%	27.1%	-3.5 p.p.	22.4%	1.2 p.p.

In 1Q23, Adjusted Consolidated EBITDA totaled R\$57.5 million, down 12.0% (R\$7.8 million) from 1Q22. Adjusted EBITDA Margin stood at 23.5%, down 3.5 p.p. from 1Q22. Compared to 4Q22, Adjusted Consolidated EBITDA decreased 7.4% (R\$4.6 million) while Adjusted EBITDA Margin increased 1.2 p.p.

The main variations were:

- Net Revenue in 1Q23 grew 1.3% (R\$3.1 million) from 1Q22 but declined 12.0% (R\$33.2 million) from 4Q22.
- Costs, excluding depreciation, increased 2.8% (R\$4.1 million) in 1Q23 versus 1Q22 but decreased 5.3% (R\$2.1 million) versus 4Q22.
- Operating Expenses, excluding depreciation, increased 20.3% (R\$6.5 million) in 1Q23 versus 1Q22, mainly due to annual salary adjustments, expenses with commercial representation, and disposal of obsolete equipment. In comparison to 4Q22, operating expenses decreased 5.3% (R\$2.1 million) versus 4Q22.

	Total	Telecom	Solar	Enterprise	Mix
Adjusted EBITDA 1Q22	65.3				
Volumes	1.2	13.6	(3.5)	1.3	(10.2)
Gross Margin	(2.3)	(7.8)	(5.6)	1.0	10.2
Gross Income	(1.0)	5.8	(9.1)	2.3	-
Op. Expenses	(6.8)				
Total Variation	(7.8)				
Adjusted EBITDA 1Q23	57.5				

(1) Gross Income and Operating Expenses excluding depreciation and amortization.

(2) Values shown as 'Mix' refer to changes in volumes among the different segments, which have different margins.

Adjusted EBITDA Reconciliation

Adjusted EBITDA Reconciliation (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
Consolidated EBITDA	57.5	65.3	-12.0%	62.0	-7.3%
EBITDA Margin (% Net Revenue)	23.5%	27.1%	-3.5 p.p.	22.3%	1.2 p.p.
(+) Mergers and Acquisitions (M&A) Expenses	-	-	n.a	0.1	-100.0%
(+) Non-recurring Expenses and Revenues	-	-	n.a	0.1	-100.0%
Consolidated Adjusted EBITDA	57.5	65.3	-12.0%	62.1	-7.4%
Adjusted EBITDA Margin (% Net Revenue)	23.5%	27.1%	-3.5 p.p.	22.4%	1.2 p.p.

Non-recurring expenses incurred:

Mergers and Acquisitions (M&A) Expenses: Non-recurring expenses with potential mergers and acquisitions (M&A). The amount recognized in 4Q22 was R\$0.1 million.

Financial Income

Financial Income (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
Net Exchange Variation & Adjustment to fair value Der. Inst.	(2.8)	(18.5)	-84.8%	(5.3)	-47.1%
Financial Revenues	15.1	9.5	58.3%	23.5	-35.7%
Financial Expenses	(30.6)	(22.0)	39.3%	(36.2)	-15.5%
(+/-) Financial Income	(18.3)	(30.9)	-40.7%	(18.1)	1.4%

Net Financial Result in 1Q23 was an expense of R\$18.3 million, decreasing 40.7% (R\$12.6 million) from 1Q22 but increasing 1.4% (R\$0.3 million) from 4Q22. The changes are explained by the following factors:

- The Net Exchange Variation and Fair Value Adjustment of derivatives reflect the Company's foreign exchange exposure on its assets and liabilities in foreign currencies, net of any hedges contracted through financial derivatives. In 1Q23, a foreign exchange loss was recorded due to the depreciation of the Brazilian real against other currencies, in the total amount of R\$2.8 million, of which: (i) exchange variation on foreign currency loans: R\$1.8 million; (ii) fair value adjustments of derivatives (swaps of foreign currency loans): R\$4.3 million; and iii) exchange variation on foreign currency loans: -R\$0.3 million. In 1Q23, the Company recorded a foreign exchange loss of -R\$18.5 million due to the high value of assets in foreign currency, mainly related to inventories and advances to foreign suppliers.

(In R\$ million)	12/31/2021	03/31/2022	6/30/2022	09/30/2022	12/31/2022	03/31/2023
Exchange Rates Dollar Ptax	5.5799	4.7372	5.2374	5.4060	5.2171	5.0798
Inventory in transit	83.1	51.6	33.3	26.7	40.7	21.4
Advances to International Suppliers	69.8	109	40.3	51.079	40.6	7.6
International Suppliers	-133	-64.9	-43.7	-36.842	-86.4	-37.9
Assets (Liabilities) in foreign currency	19.8	95.7	29.9	40.9	-5.1	-8.9
Equivalent to US\$	3.6	20.2	5.7	7.6	-1.0	-1.8

- Financial Income in 1Q23 totaled R\$15.1 million, up 58.3% (R\$5.6 million) from 1Q22, mainly due to the better remuneration by CDI on investments in this period, and the increase in interest and fines received from overdue clients. Regarding to 4Q22 there was a reduction of 35.7% (R\$8.4 million) compared to 4Q22.

- Financial Expenses in 1Q23 amounted to R\$30.6 million, up 39.3% (R\$8.6 million) from 1Q22, mainly by interest on loans, financing and debentures, resulting from higher funding in comparison to 1Q22. Regarding to 4Q22 there was a reduction of 15.5% (R\$5.6 million) from 4Q22.

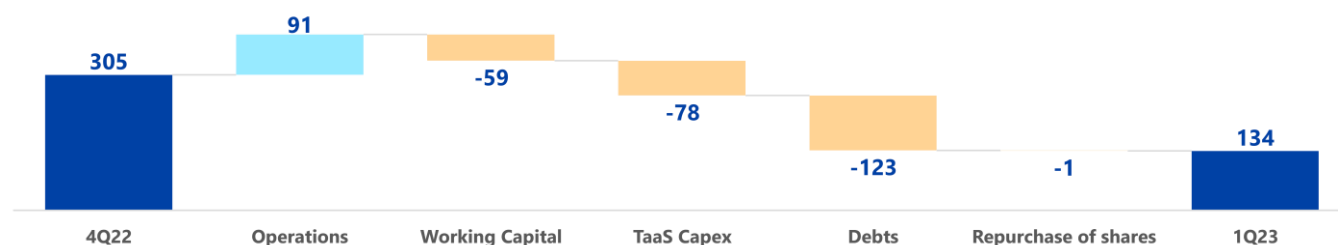
Adjusted Net Income/Loss and Adjusted Net Margin

Net Income (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
EBIT	10.4	25.8	-59.7%	17.3	-39.7%
<i>EBIT Margin (% Net Revenue)</i>	<i>4.3%</i>	<i>10.7%</i>	<i>-6.4 p.p.</i>	<i>6.2%</i>	<i>-2.0 p.p.</i>
(+/-) Financial Income	(18.3)	(30.9)	-40.7%	(18.1)	1.4%
(-) Provision for IR and CSLL	1.5	3.0	-49.3%	2.3	-33.7%
Net Income	(6.4)	(2.1)	205.3%	1.5	-526.9%
<i>Net Margin (% Net Revenue)</i>	<i>-2.6%</i>	<i>-0.9%</i>	<i>-1.7 p.p.</i>	<i>0.5%</i>	<i>-3.2 p.p.</i>
(+) Mergers and Acquisitions (M&A) Expenses	-	-	n.a.	0.1	-100.0%
(-) IR and CSLL Reversal	-	-	n.a.	0.0	-100.0%
(+) Non-recurring Expenses and Revenues and IR and CSLL	-	-	n.a.	0.1	-100.0%
Adjusted Net Income	(6.4)	(2.1)	205.3%	1.6	-505.3%
<i>Adjusted Net Income Margin (% Net Revenue)</i>	<i>-2.6%</i>	<i>-0.9%</i>	<i>-1.7 p.p.</i>	<i>0.6%</i>	<i>-3.2 p.p.</i>

In 1Q23, Adjusted Net Loss was R\$6.4 million, decreasing 205.3% (R\$4.3 million) from 1Q22 and 505.3% (R\$8.0 million) from 4Q22. Adjusted net margin in 1Q23 was -2.6%.

Cash Flow

R\$ Million



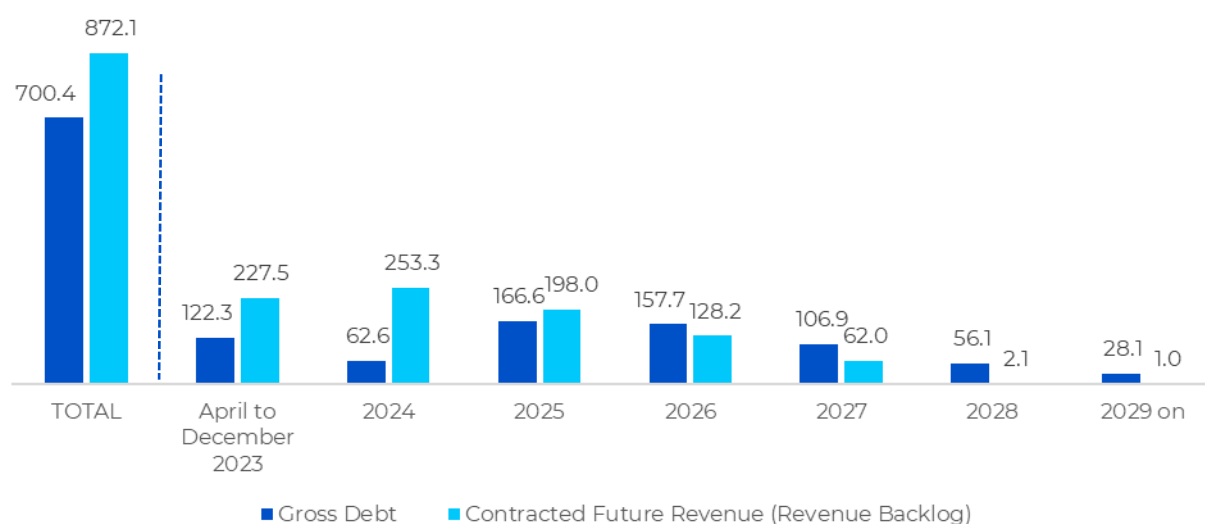
In 1Q23, the Company generated operating cash flow of R\$91 million. Operating Working Capital was - R\$59 million. Capex, which went to the acquisition of fixed and intangible assets, especially related to the TaaS model, totaled R\$78 million. Debt repayments (principal) totaled R\$103 million, while payment of interest and exchange variation came to R\$20 million. The shares purchasing program consumed -R\$1 million.

Debt

Indebtedness (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
(+) Loans, financing and debentures	691.9	506.2	36.7%	785.9	-12.0%
Current	150.5	282.0	-46.6%	218.8	-31.2%
Non-Current	541.3	224.3	141.4%	567.1	-4.5%
(+/-) Net derivative financial instruments	8.6	17.3	-50.5%	7.6	12.8%
Assets	(0.0)	(1.8)	-99.4%	(0.6)	-98.3%
Liabilities	8.6	19.1	-55.0%	8.2	4.9%
Gross Debt	700.4	523.6	33.8%	793.5	-11.7%
(-) Disp. (Cash and Equiv.) and Invest. of CP	(134.2)	(106.5)	26.0%	(304.6)	-55.9%
Net Debt	566.2	417.0	35.8%	488.8	15.8%
Adjusted LTM EBITDA	249.6	284.4	-12.2%	257.4	-3.0%
Net Debt / Adjusted LTM EBITDA	2.27	1.47	54.7%	1.90	19.5%

Net Debt to Adjusted EBITDA (LTM) stood at 2.27x in 1Q23, primarily due to: i) the payment of loans (promissory notes, CCBs and 4131) in totaling approximately R\$93 million, which reduced gross debt; and iii) the cash balance of R\$134.2 million. Management considers this cash position healthy, given that the Contracted Future Revenue (Revenue Backlog) of R\$872.1 million represents a coverage of 1.54x of total Net Debt or 1.25x of total Gross Debt.

**Gross Debt Payment Schedule and
Contracted Future Revenue (Revenue Backlog) Coverage**
 (R\$ million)



ROIC

ROIC (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
EBIT (LTM)	73.4	134.2	-45.3%	88.8	-17.3%
(-) Provision for IR and CSLL (LTM)	13.8	(16.7)	-182.3%	15.3	-9.7%
Operating Income after Taxes (NOPAT) = (A)	87.2	117.5	-25.8%	104.1	-16.2%
(+) Equity	639.9	630.3	1.5%	647.8	-1.2%
(+) Gross Debt	700.4	523.6	33.8%	793.5	-11.7%
(+) Cash (Cash and Equiv.) and CP Investments	(134.2)	(106.5)	26.0%	(304.6)	-55.9%
Invested Capital	1,206.1	1,047.3	15.2%	1,136.6	6.1%
Average Invested Capital of 2022 and 2021 = (B)	1,171.4	853.2	37.3%	1,008.6	16.1%
ROIC = (A/B)	7.4%	13.8%	-6.3 p.p.	10.3%	-2.9 p.p.

In 1Q23 LTM, Return on Invested Capital (ROIC¹) was 7.4% compared to 13.7% in 1Q22 LTM.

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

Exhibits

Statement of Income

Consolidated Statement (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
Sales Gross Revenue	208,779	208,521	0.1%	248,897	-16.1%
TaaS (VGV Leases)	148,792	85,424	74.2%	130,819	13.7%
Total Sales	357,571	293,945	21.6%	379,715	-5.8%
Sales Gross Revenue	208,779	208,521	0.1%	248,897	-16.1%
Lease Gross Revenue	83,365	70,580	18.1%	78,825	5.8%
Gross Revenue	292,144	279,101	4.7%	327,721	-10.9%
(-) Tax levy on Revenues	- 36,944	- 34,513	7.0%	(41,450)	-10.9%
(-) Returns	- 10,940	- 3,394	222.3%	(8,787)	24.5%
Net Revenue	244,260	241,194	1.3%	277,485	-12.0%
(-) CMV	- 194,144	- 181,183	7.2%	(218,794)	-11.3%
Gross Income	50,117	60,011	-16.5%	58,690	-14.6%
<i>Gross Margin (% Net Revenue)</i>	20.5%	24.9%	-4.4 p.p.	21.2%	-0.6 p.p.
(-) Personnel Expenses	- 14,375	- 12,460	15.4%	(14,360)	0.1%
(-) Commercial Expenses	- 17,984	- 17,073	5.3%	(22,180)	-18.9%
(-) General and Administrative Expenses	- 2,750	- 3,831	-28.2%	(2,895)	-5.0%
(+/-) Other operating income/expenses	- 4,600	- 844	445.4%	(1,997)	130.4%
(-) Operating Expenses	- 39,709	- 34,207	16.1%	(41,432)	-4.2%
EBIT	10,408	25,804	-59.7%	17,259	-39.7%
<i>EBIT Margin (% Net Revenue)</i>	4.3%	10.7%	-6.4 p.p.	6.2%	-2.0 p.p.
(+) Depreciation and Amortization	47,065	39,504	19.1%	44,719	5.2%
EBITDA	57,472	65,308	-12.0%	61,977	-7.3%
<i>EBITDA Margin (% Net Revenue)</i>	23.5%	27.1%	-3.5 p.p.	22.3%	1.2 p.p.
(+) Non-recurring Expenses and Revenues	-	-	n.a.	121	-100.0%
Adjusted EBITDA	57,472	65,308	-12.0%	62,098	-7.4%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	23.5%	27.1%	-3.5 p.p.	22.4%	1.2 p.p.
(+/-) Financial Income	- 18,327	- 30,911	-40.7%	(18,067)	1.4%
(-) Provision for IR and CSLL	1,529	3,014	-49.3%	2,305	-33.7%
Net Income	- 6,391	- 2,093	205.3%	1,497	-526.9%
<i>Net Margin (% Net Revenue)</i>	-2.6%	-0.9%	-1.7 p.p.	0.5%	-3.2 p.p.
(+) Non-recurring Expenses and Revenues and IR and CSLL	-	-	n.a.	80	-100.0%
Adjusted Net Income	- 6,391	- 2,093	205.3%	1,577	-505.3%
<i>Adjusted Net Margin (% Net Revenue)</i>	-2.6%	-0.9%	-1.7 p.p.	0.6%	-3.2 p.p.

Balance Sheet

Consolidated Balance Sheet (In R\$ million, except when indicated)	1Q23	1Q22	Δ %	4Q22	Δ %
Assets					
Current Assets					
Cash and cash equivalents	134,218	16,898	694%	152,470	-12%
Short-term investments	0	89,647	-100%	152,170	-100%
Trade receivables, net	211,040	128,865	64%	195,944	8%
Recoverable taxes	64,691	60,850	6%	64,470	0%
Derivative financial instruments	0	1,772	-100%	0	
Inventories	289,845	286,160	1%	310,034	-7%
Advances to suppliers	16,675	116,289	-86%	53,104	-69%
Prepaid Expenses	1,696	769	121%	927	83%
Total Current Assets	718,165	701,250	2%	929,119	-23%
Non-Current Assets					
Trade receivables, net	160,272	109,242	47%	155,312	3%
Judicial Deposits	109	109	0%	109	0%
Derivative financial instruments	10	0		581	-98%
Deferred taxes	28,170	21,388	32%	26,635	6%
Right-of-use assets	4,383	4,399	0%	1,832	139%
Property, plant and equipment, net	449,424	417,830	8%	444,839	1%
Net intangible assets	107,283	59,704	80%	80,196	34%
Total Non-Current Assets	749,651	612,672	22%	709,504	6%
Total Assets	1,467,816	1,313,922	12%	1,638,623	-10%
Liabilities					
Current Liabilities					
Suppliers	86,377	111,224	-22%	142,112	-39%
Personnel, social charges and benefits	5,368	6,201	-13%	4,825	11%
Taxes payable	2,282	4,331	-47%	6,435	-65%
Loans, financing, and debentures	150,526	281,967	-47%	218,820	-31%
Dividends Payable	862	11,252	-92%	862	0%
Derivative financial instruments	7,739	14,783	-48%	7,674	1%
Lease Liabilities	1,316	2,577	-49%	969	36%
Related Parts	37	192	-81%	125	-70%
Other liabilities	28,615	31,725	-10%	41,136	-30%
Total Current Liabilities	282,223	452,808	-38%	421,971	-33%
Non-Current Liabilities					
Loans, financing, and debentures	541,325	224,280	141%	567,067	-5%
Derivative Financial Instruments	845	4,293	-80%	507	67%
Provisions for lawsuits	382	362	6%	378	1%
Leases	3,131	1,866	68%	906	246%
Total Non-Current Liabilities	545,683	230,801	136%	568,858	-4%
Equity					
Share capital	301,397	301,397	0%	301,397	0%
Treasury Stock	-8,439	0		-7,044	20%
Capital reserves	236,632	236,632	0%	236,632	0%
Retained earnings	116,734	94,427	24%	116,734	0%
Accumulated Loss	0	0		0	
Retained Earnings	-6,391	-2,094	205%	0	
Other Comprehensive Results	-23	-49	-53%	75	-131%
Total Equity	639,910	630,313	2%	647,794	-1%
Total Liabilities and Equity	1,467,816	1,313,922	12%	1,638,623	-10%

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