



WDC
NETWORKS



**EARNINGS
RELEASE**
1Q22

LVTC
B3 LISTED NM

Teleconference

May 17, 2022 - Tuesday

2:00 p.m. (Brasília time) | 12:00 p.m. (EST)

Portuguese Language: [click here](#)

English Language: [click here](#)

(simultaneous interpretation)

IGC-NM B3

IGC B3

ITAG B3



HIGHLIGHTS | 1Q22

- Consolidated **Net Revenue** of **R\$ 241.2 million in 1Q22** vs. R\$ 225.6 million in 1Q21, **growth of + 6.9%** vs. previous year
- Consolidated **Adjusted EBITDA** of **R\$ 65.3 million in 1Q22** vs. R\$ 59.3 million in 1Q21, **growth of + 10.2%** vs. previous year
- Robust Adjusted EBITDA Margin** Consolidated at **27.1% in 1Q22** vs. 26.3% in 1Q21 and vs. 27.2% in 4Q21
- Consolidated **Total Sales** of **R\$ 293.9 million in 1Q22** vs. R\$ 322.3 million in 1Q21, **reduction of - 8.8%** vs. previous year
- Growth** of Total Sales in the **Solar Segment of +70.7%** vs. 1Q21, reaching **R\$94.7 million in 1Q22**
- Revenue Backlog** of **R\$ 606.8 million in 1Q22** – growth of 32.2% vs. 1Q21
- Consolidated Adjusted Net Income (Loss)** of **(R\$ 2.1 million) in 1Q22** vs. R\$ 11.2 million in 1Q21, **reduction of - 118.7%** vs. previous year

R\$ 94.7

Millions of Total Sales
in BU Solar

R\$ 606.8

Revenue Backlog in
Millions

62%

Total Sales Produced
Internally

Summary of Consolidated Earnings and Financial Indicators

Highlights (In R\$ million, except when indicated)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Consolidated Financial Income						
Total Sales	293.9	322.4	-8.8%	293.9	322.4	-8.8%
Net Revenue	241.2	225.6	6.9%	241.2	225.6	6.9%
Gross Income	60.0	65.6	-8.5%	60.0	65.6	-8.5%
Gross Margin (% Net Revenue)	24.9%	29.1%	-4.2 p.p.	24.9%	29.1%	-4.2 p.p.
Adjusted EBITDA	65.3	59.3	10.2%	65.3	59.3	10.2%
Adjusted EBITDA Margin (% Net Revenue)	27.1%	26.3%	0.8 p.p.	27.1%	26.3%	0.8 p.p.
Adjusted Net Income	(2.1)	11.2	-118.7%	(2.1)	11.2	-118.7%
Adjusted Net Margin (% Net Revenue)	-0.9%	5.0%	-5.8 p.p.	-0.9%	5.0%	-5.8 p.p.
Main Financial Indicators						
Deferred Revenue Backlog	606.8	458.9	32.2%	606.8	458.9	32.2%
Investment in Property, Plant and Equipment for Lease (CAPEX TaaS)	40.2	60.1	-33.1%	40.2	60.1	-33.1%
Net Debt / Adjusted LTM EBITDA (x)	1.5	2.2	-32.4%	1.5	2.2	-32.4%
Main Operating Indicators						
% Produced Internally (% Total Sales)	62%	52%	19.4%	62%	52%	10.0 p.p.
% TaaS (% Total Sales)	29%	38%	-24.5%	29%	38%	-9.4 p.p.
% TaaS (% Gross Revenue)	25%	26%	-4.1%	25%	26%	-1.1 p.p.
New TaaS Agreements' (sic) Term (average in months)	51	45	12.4%	51	45	12.4%
Quantity of New TaaS Agreements	249	427	-41.7%	249	427	-41.7%
New TaaS Agreements' Value (average R\$ thousand/agreement)	343	291	18.1%	343	291	0.2 p.p.

The consolidated quarterly information has been prepared in accordance with CVM and CPC rules and is in compliance 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 (BRL). Due to rounding, the sums may differ. Non-financial data were not subject to examination by the independent auditors.



Management's Message

Dear Investor,

This first quarter of 2022 was again marked by challenges arising from the new wave of COVID-19, with continuation of the difficulties related to the global supply chain, and also by the macroeconomic situation in this period, with continued high levels of inflation and interests resulting in a reduction in credit availability, economic uncertainties related to consumption and development of new projects in companies. In accordance with the Company's internal planning, and in order to adequately capture market opportunities in this difficult scenario, we operate with high inventory levels, preserve sales profitability, and focus on controlling costs and expenses. The 8.8% reduction in total sales in 1Q22 vs the same period of the previous year is mainly related to two factors: (i) reduction in the growth rate of new subscribers in the telecom segment; and (ii) reduction in exchange rates in force in the composition of sales prices (R\$5.49/US\$ in 1Q21 to R\$5.24/US\$ in 1Q22 – decrease of 4.6%).

The recurrence of revenue brought 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 1Q-22, **Net Revenue reached R\$ 241.2 million, with growth of 6.9% vs 1Q21**; **Adjusted EBITDA reached R\$ 65.3 million, with growth of 10.2% vs 1Q21**; **% EBITDA margin reached R\$ 27.1%, with growth of 0.8 p.p. vs 1Q21**; The Revenue Backlog of future contracted TaaS contracts reached R\$ 606.8 million, 32.2% higher than 1Q21.

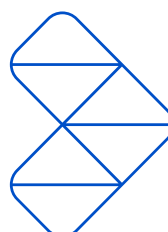
We also inform that the **solar energy segment grew by 70.3% vs 1Q21** with Net Revenue of R\$ 84.0 million. This performance is in line with the previously planned growth project, and considering that this segment currently represents 34.8% of the Company's total Net Revenue, we started to divide the financial information by segment into 3 parts: Telecom, Solar and Enterprise.

The 1Q22 financial income was impacted by the loss of exchange variation related to assets in foreign currency (inventory in transit and advances to suppliers) in a total of -R\$18.5 million, representing a variation versus 1Q21 of -R\$16.5 million. Such effects are to be offset in subsequent quarters according to the history of exchange rate variations demonstrated by the Company. The adjustment to present value for the quarter also had a negative impact of -R\$ 4.1 million due to the increases in the SELIC rate in the quarter, while in 1Q21 such impact was almost neutral (-R\$ 0.2 million). This provision has no cash effect, and only reflects the proper accounting practice for the presentation of financial statements.

In this first quarter, we also completed the CVM400 follow-on process, which aimed to release trading of our shares to non-qualified investors, allowing greater access and liquidity to our investors.

We remain confident on our ability to manage and develop our business throughout this year 2022 with the implementation of projects in the Telecom area, with the construction of networks in the 'built-to-suit' model, continuance of the high level of growth in the solar segment, including the implementation of plants in the TaaS model, and developing new enterprise projects.

WDC Networks





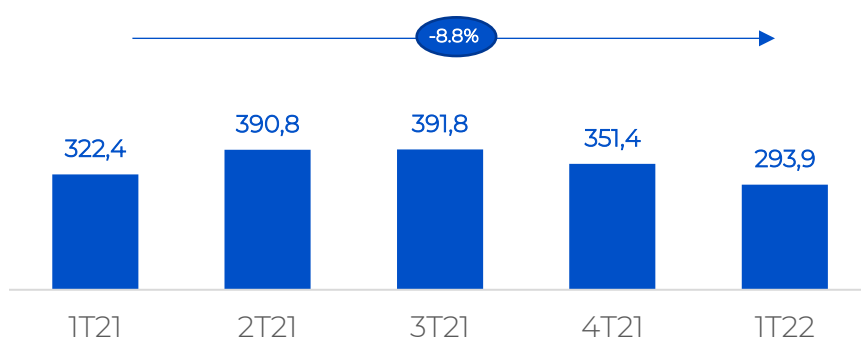
Total Sales

Total Sales (In R\$ million, except when indicated)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Telecom	135,6	201,3	-32,7%	135,6	201,3	-32,7%
Enterprise	63,7	65,6	-2,9%	63,7	65,6	-2,9%
Solar	94,7	55,5	70,7%	94,7	55,5	70,7%
Consolidated Total Sales	293,9	322,4	-8,8%	293,9	322,4	-8,8%

The Total Sales of WDC in 1Q22 were R\$ 293.9 million, showing a reduction of 8.8% vs. 1Q21. Such reduction occurred mainly in the Telecom segment, by -32.7%. On the other hand, in the Solar segment we had a strong growth in 1Q22 of +70.7%.

The 8.8% reduction in total sales in 1Q22 vs the same period of the previous year is also related to the reduction in exchange rates in force in the composition of sales prices (R\$ 5.49/US\$ in 1Q21 to R\$ 5.24/US\$ in 1Q22 – 4.6% drop).

Total Sales | Consolidated
(In R\$ million)

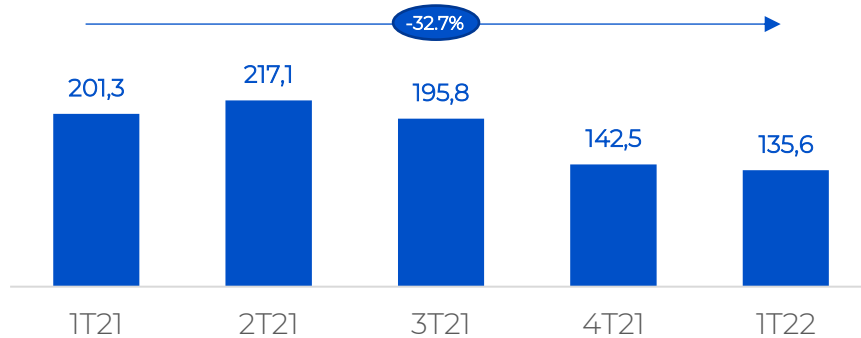


There was a downturn of 32.7% in the Telecom segment in 1Q22 vs. 1Q21. Such reduction was mainly due to the slowdown in the growth of new subscribers connected by fiber optics. According to information from Anatel, the number of fiber-optic connections reached 26,157 thousand subscribers at the end of 1Q22, vs. 26,072 thousand subscribers at the end of 4Q21, which means a growth in the base of only 86 thousand subscribers. Comparatively, in 1Q21, the base growth was 2,893 thousand subscribers. WDC supplied 177 thousand ONUs in 1Q22, vs. 347 thousand ONUs in 1Q21 – considering the behavior of the market as a whole, we believe that such performance was positive.

Another challenge faced during 1Q22 was the supply chain supply, which showed an improvement compared to 2021, however with supply failures mainly of GPON boards - normalization is expected throughout 2Q22 and 3Q22.

Total Sales | Telecom

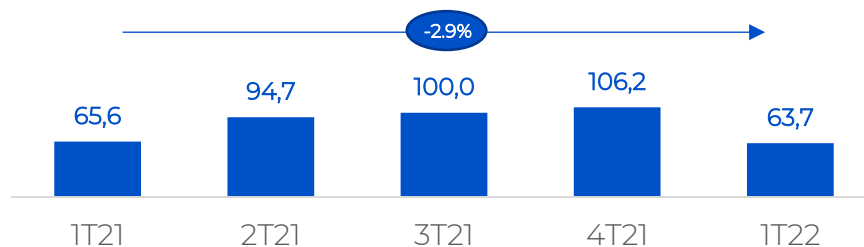
(In R\$ million)



There was a reduction of 2.9% in the income from the Enterprise segment in 1Q22 vs. 1Q21. If we disregard the already explained impact of the average exchange rate reduction applied to sales prices, the performance of 1Q22 vs. 1Q21 remains virtually neutral. This scenario was negatively impacted by the new wave of COVID-19 that impacted the corporate market mainly in January and February 2022, and also by the global product supply crisis.

Total Sales | Enterprise

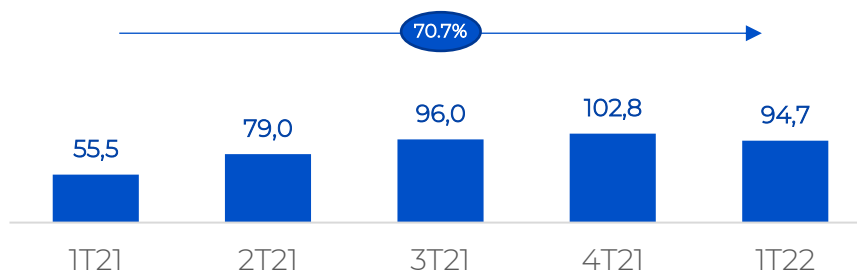
(In R\$ million)



In the Solar segment, the growth was 70.7% in 1Q22 vs. 1Q21, reaching R\$94.7 million. The Solar segment now represents 32.2% of WDC's Total Sales.

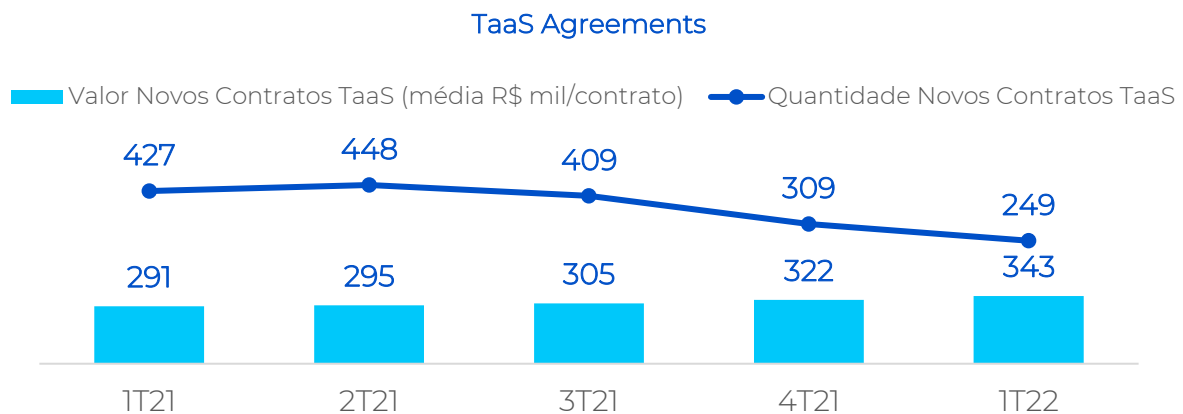
Total Sales | Solar

(In R\$ million)

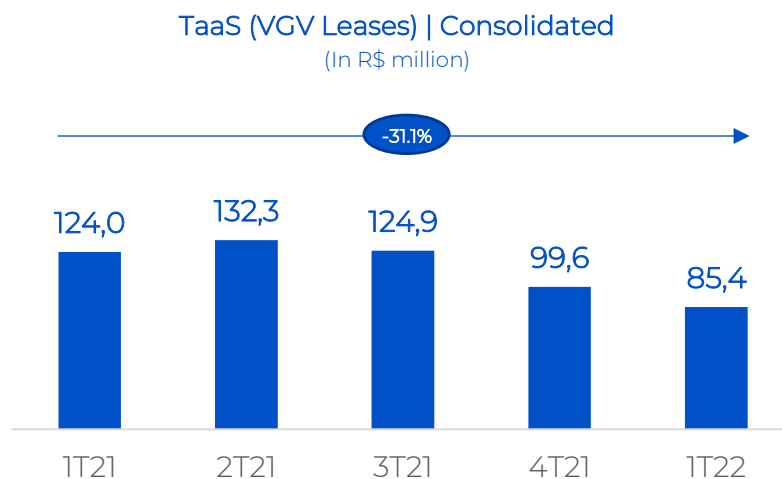


TaaS (Technology as a Service) – Technology Lease

Regarding the Value of New TaaS Agreements, there was a new increase in the average ticket to R\$ 343 thousand per agreement in 1Q22, reaching a new record. When we look at the number of New TaaS Agreements, there was a reduction to 249 in 1Q22, reflecting the slowdown in new fiber-optic connections in the Telecom segment.

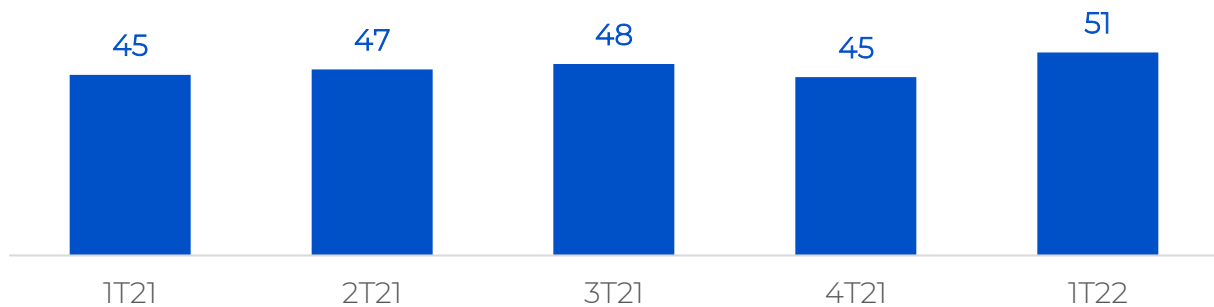


TaaS (VGV leases) Total Sales in 1Q22 were R\$85.4 million, a reduction of 31.1% vs. 1Q21, reflecting the slowdown in the Telecom segment.



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

New TaaS Agreements Term (average in months)

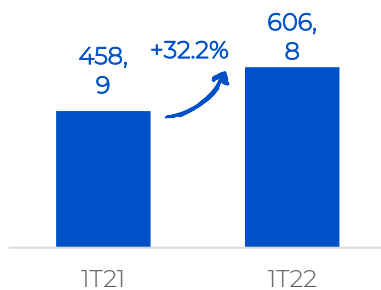


The Term of the New TaaS Agreements was 51 months in 1T22 vs. 45 months in 1Q22, in line with the strategy of extending the terms defined by the Company.

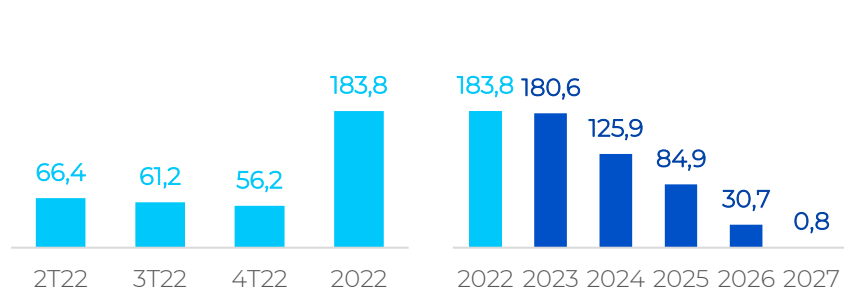
Revenue Backlog

We closed the Revenue Backlog in 1Q22 at R\$ 606.8 million, showing a growth of 32.2% vs. 2021. 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. Such characteristic shows the resilience of WDC's business model.

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



Schedule of Receipt (In R\$ million)



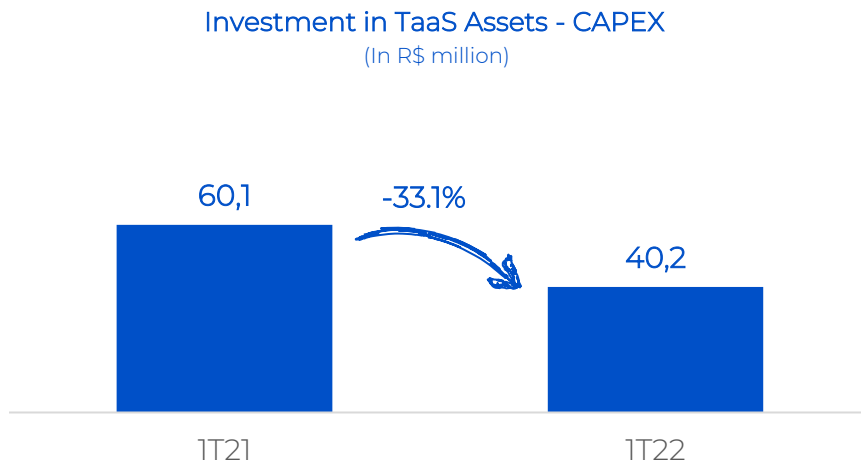
The receipt schedule indicates the amounts of Future Revenue we have to be recognized in the next 3 quarters of 2022 and in the following years.



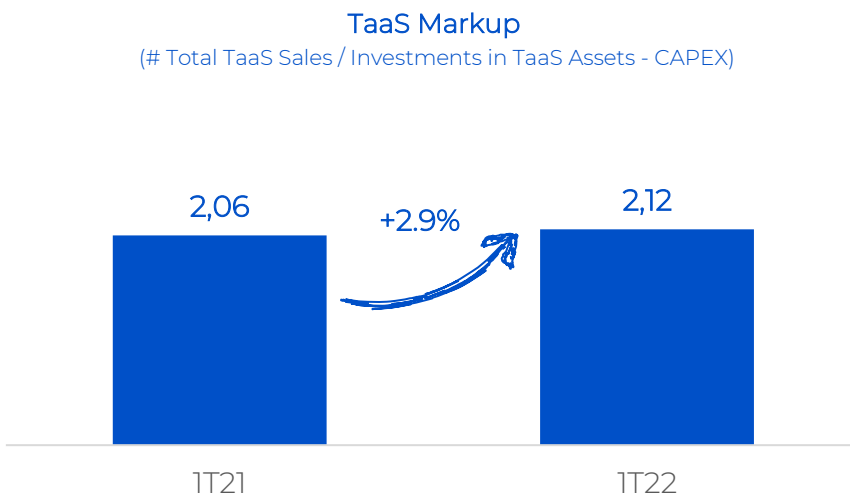
The Revenue Backlog, or Deferred Revenue, will be accounted for on an accrual basis for each agreement in future periods, as a "stock" of Revenue. The Backlog is a direct consequence of the TaaS (VGV Leases) and the New Agreements' Terms (the longer the term, the greater the portion that will be accounted for in the future, impacting the Backlog).

Investment in TaaS Assets – CAPEX

The Total investment in Fixed Assets in 1Q22 was R\$ 40.2 million, 33.1% lower than in 1Q21.



As a metric for evaluating the return on investment of Capex of TaaS, we calculate that for each Real invested in TaaS we will generate 2.12x in Total Sales (VGV Leases) in 1Q22, which will be accounted for over the term of the lease agreements. Such indicator for the same period in 2021 was at 2.06x.





Commented Result for 1Q22

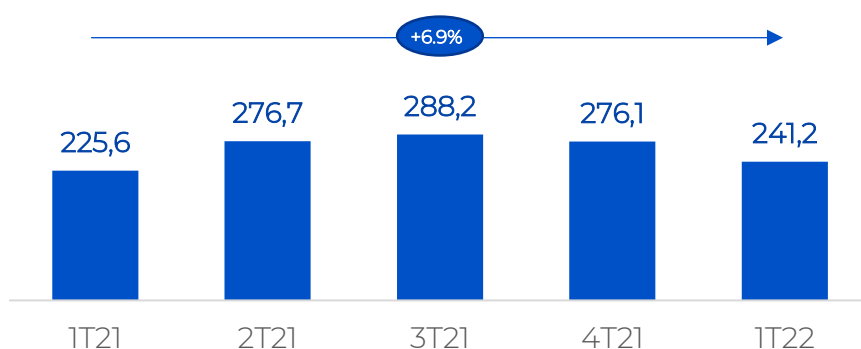
Net Revenue

Net Revenue (In R\$ million, except when indicated)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Telecom	101,6	125,2	-18,9%	101,6	125,2	-18,9%
Enterprise	55,6	51,1	8,9%	51,1	266,8	-80,9%
Solar	84,0	49,3	70,3%	49,3	296,3	-83,3%
Consolidated Net Revenue	241,2	225,6	6,9%	241,2	225,6	6,9%

Consolidated Net Revenue in 1Q22 was R\$ 241.2 million, a growth of 6.9% compared to 1Q21. Such growth was supported especially by the Solar segment, which became more participative in the Company's Net Revenue mix, contributing positively to the performance in the period.

Net Revenue | Consolidated

(In R\$ million)



In the Telecommunication segment, there was a slowdown of 18.9% in 1Q22 vs. 1Q21. It is important to highlight the positive effect of the recurring lease revenue, which is the main reason why net revenue fell less than Total Telecom Sales (-32.7%).

There was an increase of 8.9% in the Enterprise segment in 1Q22 vs. 1Q21, the positive recurring effect of rental revenue can also be seen in this business unit, where there was a reduction in Total Sales of Enterprise (-2.9%) while we had growth in Net Revenue.

There was an increase of 70.3% in the Solar segment in 1Q22 vs. 1Q21, evidencing performance according to our plan.

Gross Profit

Gross Profit (In R\$ million, except when indicated)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Telecom	31.1	44.9	-30.8%	31.1	44.9	-30.8%
<i>Gross Margin (% Telecom Net Revenue)</i>	30.6%	35.9%	-5.3 p.p.	30.6%	35.9%	-5.3 p.p.
Enterprise	15.9	13.3	19.7%	15.9	13.3	19.7%
<i>Gross Margin (% Enterprise Net Revenue)</i>	28.6%	26.1%	2.6 p.p.	28.6%	26.1%	2.6 p.p.
Solar	13.0	7.4	76.4%	13.0	7.4	76.4%
<i>Gross Margin (% Solar Net Revenue)</i>	15.5%	14.9%	0.5 p.p.	15.5%	14.9%	0.5 p.p.
Consolidated Gross Income	60.0	65.6	-8.5%	60.0	65.6	-8.5%
<i>Gross Margin (% Consolidated Net Revenue)</i>	24.9%	29.1%	-4.2 p.p.	24.9%	29.1%	-4.2 p.p.

The Consolidated Gross Income in 1Q22 was R\$ 60.0 million, a reduction of 8.5% vs. the 1Q21. The main reason was, as mentioned before, the slowdown in the Telecom segment. Other factors that impacted Gross Profit in the first quarter of 2022 are the increase in import costs, resulting from the Company's strategy of increasing inventory levels and the costs of depreciation of leased assets, resulting from the strategy of increasing the Revenue Backlog and Term of New TaaS Agreements.

In the Telecom segment, we reached a total of R\$ 31.1 million in 1Q22, a reduction of 30.8% vs. 1Q21.

In the Enterprise segment, we reached a total of R\$ 15.9 million in 1Q22, a growth of 19.7% vs. 1Q21.

In the Solar segment, we reached a total of R\$ 13.0 million in 1Q22, a growth of 76.4% vs. 1Q21.

Gross Income Margin

Consolidated Gross Margin was 24.9% in 1Q22 vs. 29.1% in 1Q21 (-4.2 p.p.). The two main factors that justify such reduction are the change in the revenue mix (greater share of the Solar segment, which has a lower percentage margin) and the longer Term of the New TaaS Agreements (leases).

In the Telecom segment, Gross Margin was 30.6% in 1Q22 vs. 35.9% in 1Q21 (-5.3 p.p.), due to the leased assets depreciation costs resulting from the strategy of increasing the Term of New TaaS Contracts.

In the Enterprise segment, Gross Margin was 28.6% in 1Q22 vs. 26.1% in 1Q21 (2.6 p.p.), reflecting the resumption of better margins in the corporate market.

In the Solar segment, Gross Margin was 15.5% in 1Q22 vs. 14.9% in 1Q21 (0.5 p.p.), resulting from better margins in the sales.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA (In R\$ million, except when indicated)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Consolidated Adjusted EBITDA	65.3	59.3	10.2%	65.3	59.3	10.2%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	<i>27.1%</i>	<i>26.3%</i>	<i>0.8 p.p.</i>	<i>27.1%</i>	<i>26.3%</i>	<i>0.8 p.p.</i>

WDC's Consolidated Adjusted EBITDA in 1Q22 was R\$65.3 million, a growth of 10.2% vs. the 1Q21. The positive variation of R\$6.0 million can be explained as follows:

- ✎ Telecom with lower volumes by R\$ -12.9 million, partially offset by better margins by +R\$ 7.6 million.
- ✎ Solar with higher volumes by R\$5.2 million, and better margins by +R\$0.5 million.
- ✎ Enterprise with higher volumes by R\$1.6 million, and better margins by +R\$1.5 million.
- ✎ Total operating expenses decreased, showing a gain in income of +R\$ 2.4 million, mainly due to lower provisions for doubtful accounts (+R\$ 2.0 million), higher tax credits arising from the higher percentage of production (+R\$ 2.2 million), and higher other miscellaneous expenses (-R\$ 1.8 million).

(R\$ million)	Total	Telecom	Solar	Enterprise
EBITDA Adjusted 1Q21	59,3			
Volumes	- 6,1	- 12,9	5,2	1,6
Gross Income Margin	9,7	7,6	0,5	1,5
Gross Profit	3,6	- 5,2	5,7	3,1
Operating Expenses	2,4			
Total Variance	6,0			
EBITDA Adjusted 1Q22	65,3			

The Consolidated Adjusted EBITDA Margin in 1Q22 was 27.1%, a growth of 0.8 p.p. vs. the 1Q21.

Adjusted EBITDA Reconciliation

Adjusted EBITDA Reconciliation (In R\$ million, except when indicated)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Consolidated EBITDA	65.3	56.6	15.4%	65.3	56.6	15.4%
<i>EBITDA Margin (% Net Revenue)</i>	<i>27.1%</i>	<i>25.1%</i>	<i>2.0 p.p.</i>	<i>27.1%</i>	<i>25.1%</i>	<i>2.0 p.p.</i>
(+) IPO expenses	0.0	1.9	n.a	0.0	1.9	n.a
(+) Rem. Expenses Share-Based Variable	0.0	0.8	-100.0%	0.0	0.8	-100.0%
(+) Non-recurring Expenses and Revenues	0.0	2.7	-100.0%	0.0	2.7	-100.0%
Consolidated Adjusted EBITDA	65.3	59.3	10.2%	65.3	59.3	10.2%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	<i>27.1%</i>	<i>26.3%</i>	<i>0.8 p.p.</i>	<i>27.1%</i>	<i>26.3%</i>	<i>0.8 p.p.</i>

Non-recurring expenses in 1Q21:

IPO Expenses: With the IPO in 2021, we recognized expenses in 1Q21 of R\$1.9 million. All estimated expenses were reported in the preliminary and final prospectus. Expenses were forecast for 2021, with no other expenses to be recognized in 1Q22.

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

Financial Income

Financial Income (In R\$ million, except when indicated)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Net Exchange Variation & Adjustment to fair value Inst. Der.	(18.5)	(2.0)	830.2%	(18.5)	(2.0)	830.2%
Financial Revenues	9.5	1.9	410.9%	9.5	1.9	410.9%
Financial Expenses	(22.0)	(14.4)	52.2%	(22.0)	(14.4)	52.2%
(+/-) Financial Income	(30.9)	(14.6)	112.3%	(30.9)	(14.6)	112.3%

The Net 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 1Q22, there was a foreign exchange loss related to the appreciation of the national currency (R\$) against other foreign currencies in the total amount of -R\$ 18.5 million, considering that the Company had a position of assets in foreign currency higher than the liabilities in same currencies. In the same period of the previous year, such exchange loss was -R\$ 2.0 million.

(R\$ million)	31/12/2020	31/03/2021	31/12/2021	31/03/2022
Exchange Rates Dólar Ptax	5,1961	5,6967	5,5799	4,7372
Inventories in Transit	31,7	80,7	83,1	51,6
Advances to Suppliers	25,9	33,2	69,8	109,0
International Suppliers	(82,9)	(129,6)	(133,0)	(64,9)
Assets (Liabilities) in foreign currency	(25,3)	(15,6)	19,8	95,7
Equivalent in US\$	(4,9)	(2,7)	3,6	20,2

WDC's Financial Revenue was R\$ 9.5 million in 1Q22, compared to R\$ 1.9 million in 1Q21. Such variation is due mainly to the increase in the Company's cash position over the period resulting from the initial offering of shares in July 2021, and the funds invested in CDI were favored by recent increases in the SELIC rate.

Financial Expenses in 1Q22 were R\$22.0 million, compared to R\$14.4 million in 1Q21. The factors that justify these variations are: (i) interest expenses on loans of R\$ 15.7 million in 1Q22, a growth of 44.4% compared to 1Q21 due to increases in the SELIC rate in the period, and (ii) adjustments to the present value of accounts receivable and suppliers in the amount of -R\$ 4.1 million in 1Q22 vs. -R\$ 0.2 million in 1Q21, also impacted by the increases in the SELIC rate in this quarter.

The Net Financial Result in 1Q22 was an expense of R\$30.9 million, compared to an expense of R\$14.6 million in 1Q21, due to the reasons exemplified above.

Adjusted Net Profit

Net Profit (In R\$ million, except when indicated)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Net Revenue	241.2	225.6	6.9%	241.2	225.6	6.9%
EBIT	25.8	26.1	-1.1%	25.8	26.1	-1.1%
EBIT Margin (% Net Revenue)	10.7%	11.6%	-0.9 p.p.	10.7%	11.6%	-0.9 p.p.
(+/-) Financial Income	(30.9)	(14.6)	112.3%	(30.9)	(14.6)	112.3%
(-) Provision for IR and CSLL	3.0	(2.1)	-244.1%	3.0	(2.1)	-244.1%
Net Profit	(2.1)	9.5	-122.2%	(2.1)	9.5	-122.2%
Net Margin (% Net Revenue)	-0.9%	4.2%	-5.1 p.p.	-0.9%	4.2%	-5.1 p.p.
(+) IPO expenses	0.0	1.9	-100.0%	0.0	1.9	n.a.
(+) M&A Expenses	0.0	0.0	n.a.	0.0	0.0	n.a.
(+) Rem. Expenses Share-Based Variable	0.0	0.8	-100.0%	0.0	0.8	-100.0%
(-) Excluding ICMS Credit PIS/COFINS Base (17-20)	0.0	0.0	n.a.	0.0	0.0	n.a.
(+) Pre-Operational Expenses	0.0	0.0	n.a.	0.0	0.0	n.a.
(-) IR and CSLL Reversal	0.0	(0.9)	-100.0%	0.0	(0.9)	-100.0%
(+) Non-recurring Expenses and Revenues and IR and CSLL	0.0	1.8	-100.0%	0.0	1.8	-100.0%
Adjusted Net Profit	(2.1)	11.2	-118.7%	(2.1)	11.2	-118.7%
Adjusted Net Income Margin (% Net Revenue)	-0.9%	5.0%	-5.8 p.p.	-0.9%	5.0%	-5.8 p.p.

The Adjusted Net Income in 1Q22 was R\$ -2.1 million, a reduction of 118.7% vs. 1Q21.

The Adjusted Net Income Margin was -0.9% in 1Q22, a reduction of 5.8 p.p. vs. 1Q21, mainly due to the negative effects of the financial result and as a consequence of the other operational effects mentioned above.



Cash Flow

Consolidated Statement of Cash Flows (In R\$ million, except when indicated)	1Q22	YTD 2022	YTD 2021	Δ %
Cash Flow From Operating Activities	(126.4)	(126.4)	(39.8)	218%
Net profit for the period	(2.1)	(2.1)	9.5	-122%
Adjustments to reconcile profit or loss for the period to cash from operating activities	79.1	79.1	60.4	31%
Assets decrease (increase)	(89.4)	(89.4)	(139.4)	-36%
Liabilities increase (decrease)	(113.9)	(113.9)	29.9	-482%
Cash Flow From Investment Activities	172.1	172.1	(23.0)	-849%
Cash flow from Financing Activities	(66.4)	(66.4)	56.3	-218%
Effect of Foreign Exchange Variation on Cash and Cash Equivalents	(0.9)	(0.9)	0.0	-46%
Change in the Company's Net Cash	(21.6)	(21.6)	(6.4)	235%
Cash and cash equivalents at the end of the period	17	17	31	-46%

In 1Q22, the change in the Company's Net Cash was minus R\$21.6 million (investment) mainly due to operating activities to reinforce the Company's inventory.



Indebtedness

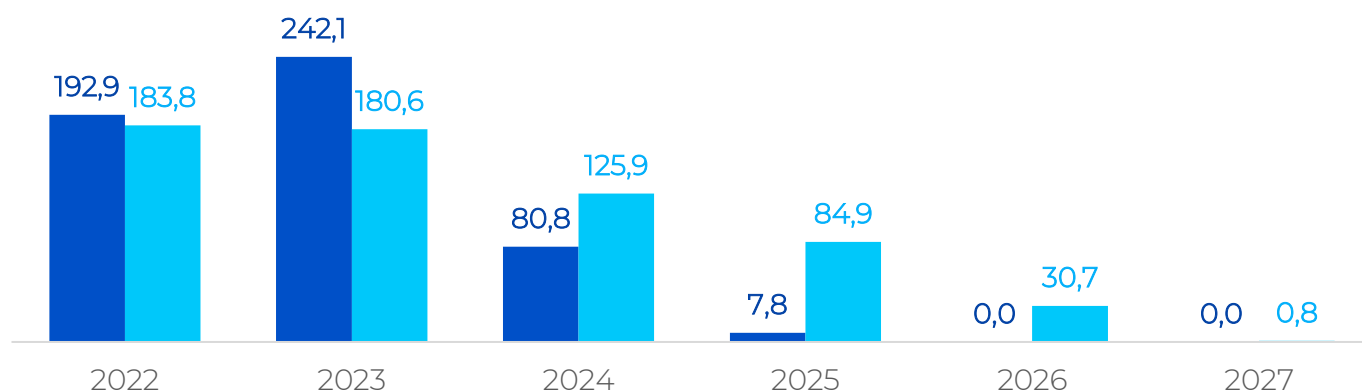
Indebtedness (In R\$ million, except when indicated)	1Q22	4Q21	Δ %
(+) Loans, financing, and debentures	506.2	596.5	-15.1%
Current	282.0	326.7	-13.7%
Non-current	224.3	269.9	-16.9%
(+/-) Derivative Financial Instruments, Net	17.3	(8.4)	-306.1%
Assets	(1.8)	(15.6)	-88.6%
Liabilities	19.1	7.2	165.9%
Gross Debt	523.6	588.1	-11.0%
(-) Cash (Cash and Equiv.) and CP Investments	(106.5)	(337.0)	-68.4%
Net Debt	417.0	251.2	66.0%
Adjusted LTM EBITDA	284.4	278.3	2.2%
Net Debt / Adjusted LTM EBITDA	1.47	0.90	62.5%

The Net Debt on the Adjusted EBITDA (LTM) was 1.47x in 1Q22. Such level is seen as a healthy level by the management, considering that the *Future Revenue Backlog* in the amount of R\$ 606.8 million represents a coverage of 1.5x the total Net Debt.

Gross Debt Amortization Schedule

(In R\$ million)

■ Gross Debt ■ Revenue Backlog





ROIC

ROIC (In R\$ million, except when indicated)	1Q22	4Q21	Total 2021
EBIT (LTM)	134.2	134.5	134.5
(-) Provision for IR and CSLL (LTM)	(16.7)	(21.9)	(21.9)
Operating Profit after Taxes (NOPAT) = (A)	117.5	112.6	112.6
(+) Equity	630.3	629.5	629.5
(+) Gross Debt	523.6	588.1	588.1
(+) Cash (Cash and Equiv.) and CP Investments	(106.5)	(337.0)	(337.0)
Invested Capital	1,047.3	880.6	880.6
Average Invested Capital 2021 and 2020 = (B)	964.0	715.6	715.6
ROIC = (A/B)	12.2%	15.7%	15.7%

In 1Q22, the Return on Invested Capital (ROIC¹) was 12.2% vs. 15.7% in 4Q22. This drop was a reflection of the use of cash and cash equivalents to expand inventories and investment in leasing Capex.

¹ The return on invested capital (ROIC) is the sum of capital invested in the Company's operating activities, comprising the Net Equity and Gross Debt, Cash and cash equivalents and short-term Investments. We understand that the average capital invested 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)	1Q22	1Q21	Δ %	YTD 2022	YTD 2021	Δ %
Sales Gross Revenue	208,521	198,341	5.1%	208,521	198,341	5.1%
TaaS (VGV Leases)	85,424	124,050	-31.1%	85,424	124,050	-31.1%
Total Sales	293,945	322,390	-8.8%	293,945	322,390	-8.8%
Sales Gross Revenue	208,521	198,341	5.1%	208,521	198,341	5.1%
Lease Gross Revenue	70,580	71,077	-0.7%	70,580	71,077	-0.7%
Gross Revenue	279,101	269,418	3.6%	279,101	269,418	3.6%
(-) Tax levy on Revenues	(34,513)	(38,500)	-10.4%	(34,513)	(38,500)	-10.4%
(-) Returns	(3,394)	(5,328)	-36.3%	(3,394)	(5,328)	-36.3%
Net Revenue	241,194	225,591	6.9%	241,194	225,591	6.9%
(-) CMV	(181,183)	(160,008)	13.2%	(181,183)	(160,008)	13.2%
Gross Profit	60,011	65,582	-8.5%	60,011	65,582	-8.5%
<i>Gross Margin (% Net Revenue)</i>	<i>24.9%</i>	<i>29.1%</i>	<i>-4.2 p.p.</i>	<i>24.9%</i>	<i>29.1%</i>	<i>-4.2 p.p.</i>
(-) Personnel Expenses	(12,460)	(13,263)	-6.1%	(12,460)	(13,263)	-6.1%
(-) Commercial Expenses	(17,073)	(17,255)	-1.1%	(17,073)	(17,255)	-1.1%
(-) General and Administrative Expenses	(3,831)	(7,103)	-46.1%	(3,831)	(7,103)	-46.1%
(+/-) Other operating income/expenses	(844)	(1,858)	-54.6%	(844)	(1,858)	-54.6%
(-) Operating Expenses	(34,207)	(39,480)	-13.4%	(34,207)	(39,480)	-13.4%
EBIT	25,804	26,103	-1.1%	25,804	26,103	-1.1%
<i>EBIT Margin (% Net Revenue)</i>	<i>10.7%</i>	<i>11.6%</i>	<i>-0.9 p.p.</i>	<i>10.7%</i>	<i>11.6%</i>	<i>-0.9 p.p.</i>
(+) Depreciation and Amortization	39,504	30,480	29.6%	39,504	30,480	29.6%
EBITDA	65,308	56,583	15.4%	65,308	56,583	15.4%
<i>EBITDA Margin (% Net Revenue)</i>	<i>27.1%</i>	<i>25.1%</i>	<i>2.0 p.p.</i>	<i>27.1%</i>	<i>25.1%</i>	<i>2.0 p.p.</i>
(+) IPO expenses	0	1,876	-100.0%	0	1,876	-100.0%
(+) Rem. Expenses Share-Based Variable	0	795	-100.0%	0	795	-100.0%
(+) Non-recurring Expenses and Revenues	0	2,671	-100.0%	0	2,671	-100.0%
Adjusted EBITDA	65,308	59,254	10.2%	65,308	59,254	10.2%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	<i>27.1%</i>	<i>26.3%</i>	<i>0.8 p.p.</i>	<i>27.1%</i>	<i>26.3%</i>	<i>0.8 p.p.</i>
(+/-) Financial Income	(30,911)	(14,561)	112.3%	(30,911)	(14,561)	112.3%
(-) Provision for IR and CSLL	3,014	(2,091)	-244.1%	3,014	(2,091)	-244.1%
Net Profit	(2,093)	9,450	-122.2%	(2,093)	9,450	-122.2%
<i>Net Margin (% Net Revenue)</i>	<i>-0.9%</i>	<i>4.2%</i>	<i>-5.1 p.p.</i>	<i>-0.9%</i>	<i>4.2%</i>	<i>-5.1 p.p.</i>
(+) Non-recurring Expenses and Revenues and IR and CSLL	0	1,763	-100.0%	0	1,763	-100.0%
Adjusted Net Profit	(2,093)	11,213	-118.7%	(2,093)	11,213	-118.7%
<i>Adjusted Net Margin (% Net Revenue)</i>	<i>-0.9%</i>	<i>5.0%</i>	<i>-5.8 p.p.</i>	<i>-0.9%</i>	<i>5.0%</i>	<i>-5.8 p.p.</i>

Balance Sheet

Consolidated Balance Sheet (In R\$ million, except when indicated)	1Q22	4Q21	Δ %	Total 2021
Assets				
Current Assets				
Cash and cash equivalents	16,898	38,465	-56%	38,465
Short-term investments	89,647	298,522	-70%	298,522
Accounts receivables, net	128,865	163,719	-21%	163,719
Recoverable taxes	60,850	49,010	24%	49,010
Derivative financial instruments	1,772	6,480	-73%	6,480
Inventories	286,160	259,361	10%	259,361
Advances to suppliers	116,289	73,721	58%	73,721
Prepaid Expenses	769	1,113	-31%	1,113
Total Current Assets	701,250	890,391	-21%	890,391
Non-Current Assets				
Accounts receivables, net	109,242	95,691	14%	95,691
Judicial Deposits	109	109	0%	109
Derivative financial instruments	0	9,091	-100%	9,091
Deferred taxes	21,388	17,496	22%	17,496
Right-of-use assets	4,399	3,001	47%	3,001
Property, plant and equipment, net	417,830	419,205	0%	419,205
Net intangible assets	59,704	56,852	5%	56,852
Total Non-Current Assets	612,672	601,445	2%	601,445
Total Assets	1,313,922	1,491,836	-12%	1,491,836
Liabilities				
Current Liabilities				
Suppliers	111,224	199,444	-44%	199,444
Personnel, social charges and benefits	6,201	8,318	-25%	8,318
Taxes payable	4,331	2,050	111%	2,050
Loans, financing, and debentures	281,967	326,680	-14%	326,680
Derivative financial instruments	14,783	7,175	106%	7,175
Lease Liabilities	2,577	2,228	16%	2,228
Other liabilities	31,725	45,409	-30%	45,409
Total Current Liabilities	452,808	591,304	-23%	591,304
Non-Current Liabilities				
Loans, financing, and debentures	224,280	269,856	-17%	269,856
Other liabilities	2,228	1,206	85%	1,206
Total Non-Current Liabilities	230,801	271,062	-15%	271,062
Equity				
Capital Stock	301,397	297,591	1%	297,591
Capital reserves	236,632	236,632	0%	236,632
Retained earnings	94,427	94,427	0%	94,427
Other liabilities	-2,143	820	-361%	820
Total Equity	630,313	629,470	0%	629,470
Total Liabilities and Equity	1,313,922	1,491,836	-12%	1,491,836

Statement of Cash Flow

Consolidated Statement of Cash Flows (In R\$ million, except when indicated)	1Q22	YTD 2022	YTD 2021	Δ %
Cash Flow From Operating Activities	(126.4)	(126.4)	(39.8)	218%
Net Income for the period	(2.1)	(2.1)	9.5	-122%
Adjustments to reconcile profit or loss for the period to cash from operating activities	79.1	79.1	60.4	31%
Depreciation and amortization	39.5	39.5	30.5	30%
Expected credit losses	6.3	6.3	8.2	-24%
Provision for inventory obsolescence	1.8	1.8	0.9	109%
Provision for legal and other proceedings, net	0.0	0.0	0.0	-100%
Mark-to-market of derivatives	27.7	27.7	2.5	1017%
Income from short-term investments	(3.6)	(3.6)	(0.1)	5013%
Interest and foreign exchange variation expenses	6.4	6.4	15.3	-58%
Expenses for adjustment to the present value	3.9	3.9	0.2	2463%
Write-off of property, plant and equipment and intangible assets	0.1	0.1	0.0	782%
Share-based compensation expenses	0.0	0.0	0.8	-100%
Provision for current income and social contribution taxes	0.8	0.8	5.0	-84%
Deferred income tax and social security contribution	(3.9)	(3.9)	2.9	34%
Assets decrease (increase)	(89.4)	(89.4)	(139.4)	-36%
Accounts receivable	11.1	11.1	(15.4)	-172%
Recoverable taxes	(11.8)	(11.8)	(10.9)	9%
Inventories	(31.2)	(31.2)	(102.5)	-70%
Advances to suppliers	(55.8)	(55.8)	(7.7)	625%
Prepaid expenses	0.3	0.3	(0.1)	-470%
Other credits	0.0	0.0	0.0	
Derivatives Settlement	(2.0)	(2.0)	(2.8)	-29%
Liabilities increase (decrease)	(113.9)	(113.9)	29.9	-482%
Suppliers	(85.7)	(85.7)	55.5	-254%
Taxes payable	2.4	2.4	(2.2)	-209%
Personnel, social charges and benefits	(2.1)	(2.1)	(2.3)	-7%
Deferred revenue	(0.4)	(0.4)	(2.7)	-84%
Related parties	(0.0)	(0.0)	0.1	-156%
Other liabilities	(13.8)	(13.8)	0.2	-6224%
Payment of interest	(13.3)	(13.3)	(12.9)	3%
Payment of income tax and social contribution	(1.0)	(1.0)	(5.8)	-83%
Payments of lawsuits and other proceedings	0.0	0.0	0.0	-100%
Cash Flow From Investment Activities	172.1	172.1	(23.0)	-849%
Acquisition of property, plant and equipment and intangible assets	(40.4)	(40.4)	(61.1)	-34%
Short-term investments	(164.4)	(164.4)	0.0	0%
Short-term investment redemptions	376.9	376.9	38.1	889%
Cash flow from Financing Activities	(66.4)	(66.4)	56.3	-218%
Entry of new loans and debentures	0.0	0.0	98.5	-100%
Payment of loans and financing (principal)	(69.5)	(69.5)	(41.4)	68%
Payment of leasing obligations	(0.7)	(0.7)	(0.8)	-4%
Dividends and interests on capital paid	0.0	0.0	0.0	-100%
Increase in capital and reserves - IPO, net of emission expenses	3.8	3.8	0.0	38059900%
Absorption of capital reserve	0.0	0.0	0.0	0%
Net cash resulting from financing activities	(66.4)	(66.4)	56.3	-218%
Effect of Foreign Exchange Variation on Cash and Cash Equivalents	(0.9)	(0.9)	0.0	-46%
Change in the Company's Net Cash	(21.6)	(21.6)	(6.4)	235%
Cash and cash equivalents at the beginning of the period	38	38	38	2%
Cash and cash equivalents at the end of the period	17	17	31	-46%

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