



WDC
NETWORKS



EARNINGS RELEASE 1Q24

LVTC
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Conference Call
May 9, 2024 – Thursday
4:00 p.m. (Brasília time) | 3:00 p.m. (EST)

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Earnings Release 1Q24

Reversal of loss, with net income of R\$4.7 million and increase in EBITDA margin to 32.5% in 1Q24 (+9 p.p. vs. 1Q23)

Ilhéus, May 8, 2024 – Livetech da Bahia Indústria e Comércio S.A. (B3: LVTC3) ("Company" or "WDC Networks"), a technology company in the Telecommunications, Solar Power and Enterprise segments founded in 2003 and a pioneer in marketing Technology as a Service (TaaS), today reports its results for the first quarter of 2024 (1Q24). The individual and consolidated financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which include the accounting pronouncements, guidance and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) and the Securities and Exchange Commission of Brazil (CVM), and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

HIGHLIGHTS | 1Q24 (consolidated)

- Re-establishment of net income in 1Q24: R\$4.7 million (vs. Net Loss of R\$6.4 million in 1Q23).
- Backlog Revenue totaled R\$853.2 million in 1Q24 (-2.2% vs. 1Q23).
- Strong improvement in Enterprise with Total Sales of R\$106.4 million (+28.6% vs. 1Q23).
- Improvement of gross margin across all segments in 1Q24, which came to 25.8% in 1Q24 vs. 20.5% in 1Q23 (consolidated).
 - Enterprise margin was 31.5% in 1Q24 vs. 28.9% in 1Q23.
 - Telecom margin was 24.5% in 1Q24 vs. 23.7% in 1Q23.
 - Solar Power margin was 12.8% in 1Q24 vs. 6.2% in 1Q23.
- Reduction in Operating Expenses in absolute terms (-8.8% in 1Q24 vs. 1Q23), reflecting the Company's constant cost-cutting efforts.
- Operational performance with EBITDA margin of 32.5% (+9.0 p.p. vs. 1Q23 and +11.9 p.p. vs. 4Q23).
- Current liquidity ratio surpassed 2.3x.
- Reduction of Net Debt / EBITDA LTM ratio from 2.11x in 4Q23 to 2.06x in 1Q24.
- Strong conversion of EBITDA into operating cash in the amount of R\$49.9 million in the Parent Company and R\$39.7 million in the Consolidated view

32.5%

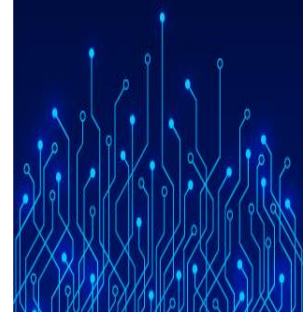
consolidated
EBITDA margin

R\$4.7 million

Net Income

R\$106.4 million

total sales in
ENTERPRISE



Summary of Consolidated Results and Financial Indicators

Highlights (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Consolidated Financial Income								
Total Sales	224.6	357.6	-37.2%	270.1	-16.8%	224.6	357.6	-37.2%
Net Revenue	209.5	244.3	-14.2%	218.9	-4.3%	209.5	244.3	-14.2%
Gross Income	54.1	50.1	8.0%	38.7	40.0%	54.1	50.1	8.0%
Gross Margin (% Net Revenue)	25.8%	20.5%	5.3 p.p.	17.7%	8.2 p.p.	25.8%	20.5%	5.3 p.p.
Adjusted EBITDA	68.2	57.5	18.6%	45.2	50.7%	68.2	57.5	18.6%
Adjusted EBITDA Margin (% Net Revenue)	32.5%	23.5%	9.0 p.p.	20.7%	11.9 p.p.	32.5%	23.5%	9.0 p.p.
Adjusted Net Income	4.7	(6.4)	-174.1%	(9.9)	-148.1%	4.7	(6.4)	-174.1%
Adjusted Net Margin (% Net Revenue)	2.3%	-2.6%	4.9 p.p.	-4.5%	6.8 p.p.	2.3%	-2.6%	4.9 p.p.
Main Financial Indicators								
Deferred Revenue Backlog	853.2	872.1	-2.2%	874.8	-2.5%	853.2	872.1	-2.2%
Investment in Property, Plant and Equipment for Lease (CAPEX TaaS)	31.2	78.2	-60.1%	42.7	-26.8%	31.2	78.2	-60.1%
Net Debt / Adjusted LTM EBITDA (x)	2.1	2.3	-9.9%	2.1	-2.3%	2.06	2.29	-9.9%
Main Operating Indicators								
% Produced Internally (% Total Sales)	43%	52%	-9.0 p.p.	47%	-3.8 p.p.	43%	52%	-9.0 p.p.
% TaaS (% Total Sales)	31%	42%	-10.8 p.p.	33%	-2.2 p.p.	31%	42%	-10.8 p.p.
% TaaS (% Gross Revenue)	36%	29%	7.3 p.p.	32%	3.6 p.p.	36%	29%	7.3 p.p.
New TaaS Agreements' (sic) Term (average in months)	50	54	-8.7%	48	2.6%	53	54	-2.2%
Quantity of New TaaS Agreements	309	350	-11.7%	331	-6.6%	309	350	-11.7%
New TaaS Agreements' Value (average R\$ thousand/agreement)	224	425	-47.3%	269	-16.7%	224	425	-47.3%

Message from Management

The Company is in the process of transforming its strategic positioning by shifting its focus from selling products to selling solutions and this involves a lengthy process of restructuring the Company during the course of 2024. We believe that our purpose of improving people's lives and enhancing the competitiveness of our clients through technology needs to be broadened so that we can play a more active role in all phases - from understanding our customers' needs to designing, implementation and maintenance, adding services to the entire process.

The complexity of the digital transformation environment has demanded a high level of specialization among our commercial partners in diverse technologies, and the scarcity of resources could reduce their competitiveness. At this point, we understand that our role is to fill these gaps using our expertise and our relations with manufacturers.

The expected outcome of this transformation and new positioning will be an increase in the range of services we will provide, adding value and setting us apart from "pure price" competition. Even though we might initially register a modest increase in total sales, we should see an improvement in our profitability.

In the first quarter of 2024 (1Q24), we have already begun to witness higher efficiency and profitability compared to the same period in 2023. Our EBITDA margin reached 32.5%, increasing by nearly 11.9 p.p. from 4Q23, and we reversed the net loss of -4.5% in 4Q23 to +2.3% in 1Q24. These numbers reflect the Company's efforts in its strategic repositioning to avoid selling at whatever price and in controlling costs and expenses to make WDC increasingly efficient and competitive.

One of our competitive advantages has always been our Technology as a Service (TaaS) business model, which corresponds to an innovative solution that generates value for customers, especially due to its flexibility and resolution capacity. We want to take this approach a step further and add recurring services to our solutions, making us more strategic for our customers.

TaaS agreements added up to **backlog revenues of R\$853.2 million in 1Q24**. This **huge asset** does not appear in the balance sheet as a receivable, according to IFRS15/CPC40 standards, but guarantees predictability and recurrence of gross revenue, as it refers to commitments undertaken by our clients to pay monthly lease fees to WDC. Note that: (i) WDC incurs the entire Capex at the time of sale; (ii) the churn rate of these agreements is low; and (iii) these monthly lease fees become EBITDA, after deducting only PIS/COFINS and depreciation of leased assets. In 1Q24, TaaS accounted for 36% of gross revenue. This backlog revenue places us in a comfortable position vis-à-vis our amortization commitments and financial expenses.

As we have been monitoring in previous quarters, **Enterprise** products have been gaining increasingly greater prominence in WDC's results each quarter, accounting for the largest share of total sales, reaching the unprecedented mark for a first quarter of **R\$106.4 million (or 47.4% of total sales), with gross margin of over 30% in 1Q24**. Sales in the cybersecurity and electronic security segments and the performance of the Colombian branch also contributed to this **result**.

Telecom products accounted for 40.7% of total sales **and 50% of consolidated net revenue (R\$104.8 million)**. In addition, our market share of ONU sales represented 30% of the 2.9 million new net subscribers reported by the Brazilian Telecommunications Agency (ANATEL) in the last 12 months.

In case of **Solar Power** products, WDC did its homework, selling its entire inventory acquired at higher prices in order to replenish goods at more competitive prices. In this first quarter of 2024, we already noticed better results from the strategy adopted. In terms of profitability, **the segment delivered gross profit of R\$3.2 million and gross margin of 12.8%**, vs. gross loss of R\$4.7 million and gross margin of -14.7% in 4Q23, due to our choice to sell only when profitability is ensured. Despite this improvement, the challenge facing this segment is still formidable for distributors such as WDC, since the logistics of delivering products to all regions involves high transportation costs in relation to total sales, given that prices have decreased by 60%.

In 1Q24, we had a strong conversion of EBITDA into operating cash in the amount of R\$39.7 million and discipline in inventory management. Without the need for fresh borrowings, we continue to reduce our leverage and ended the first quarter of 2024 with **Net Debt/EBITDA LTM ratio of 2.06x** (vs. 2.11x in 4Q23 and 2.29x in 1Q23), a level we consider healthy for the Company.

As an event after the reporting period, the management is pleased to inform that in April 2024, we changed the address of our São Paulo office. We are still strategically located in the Vila Olímpia neighborhood, now at Avenida Chedid Jafet, 222, next to the JK Iguatemi shopping mall. In this new location, besides providing greater comfort to our employees and partners in a larger and more modern environment, we will also have an incredible showroom to help us showcase the products in our rich portfolio.

We emphasize that in 2024, the Company will remain committed to the process of transforming its "go-to-market" model, moving away from merely selling products to creating solutions (products + services) that combine its portfolio that serve diverse market segments, such as Transportation, Education, Hospitality/Healthcare, Retail, Entertainment, and Industrial.

Thank you very much and we are counting on you in this journey towards success!

WDC Networks

Financial Information

CONSOLIDATED

CONSOLIDATED (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Backlog	853.2	872.1	-2.2%	874.8	-2.5%	853.2	872.1	-2.2%
Sales of Products and Services	155.4	208.8	-25.6%	181.0	-14.2%	155.4	208.8	-25.6%
TaaS (VGV Leases)	69.3	148.8	-53.5%	89.1	-22.3%	69.3	148.8	-53.5%
Total Sales	224.6	357.6	-37.2%	270.1	-16.8%	224.6	357.6	-37.2%
Net Revenue by Products and Services	130.9	168.6	-22.4%	140.9	-7.1%	130.9	168.6	-22.4%
Net Revenue by TaaS	78.6	75.7	3.9%	78.0	0.8%	78.6	75.7	3.9%
Net Revenue	209.5	244.3	-14.2%	218.9	-4.3%	209.5	244.3	-14.2%
Gross Income	54.1	50.1	8.0%	38.7	40.0%	54.1	50.1	8.0%
<i>Gross Margin (% Net Revenue)</i>	<i>25.8%</i>	<i>20.5%</i>	<i>5.3 p.p.</i>	<i>17.7%</i>	<i>8.2 p.p.</i>	<i>25.8%</i>	<i>20.5%</i>	<i>5.3 p.p.</i>
EBITDA	68.2	57.5	18.6%	45.2	50.7%	68.2	57.5	18.6%
<i>EBITDA Margin (% Net revenue)</i>	<i>32.5%</i>	<i>23.5%</i>	<i>9.0 p.p.</i>	<i>20.7%</i>	<i>11.9 p.p.</i>	<i>32.5%</i>	<i>23.5%</i>	<i>9.0 p.p.</i>

TELECOM

TELECOM (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Backlog	629.7	693.1	-9.2%	659.9	-4.6%	629.7	693.1	-9.2%
Sales of Products and Services	52.7	79.0	-33.3%	71.3	-26.0%	52.7	79.0	-33.3%
TaaS (VGV Leases)	38.7	122.4	-68.4%	63.7	-39.3%	38.7	122.4	-68.4%
Total Sales	91.4	201.4	-54.6%	135.0	-32.3%	91.4	201.4	-54.6%
Net Revenue by Products and Services	43.8	62.3	-29.8%	57.8	-24.3%	43.8	62.3	-29.8%
Net Revenue by TaaS	61.1	61.2	-0.2%	60.9	0.2%	61.1	61.2	-0.2%
Net Revenue	104.8	123.5	-15.1%	118.7	-11.7%	104.8	123.5	-15.1%
Gross Income	25.7	29.2	-12.0%	24.4	5.6%	25.7	29.2	-12.0%
<i>Gross Margin (% Net Revenue)</i>	<i>24.5%</i>	<i>23.7%</i>	<i>0.9 p.p.</i>	<i>20.5%</i>	<i>4.0 p.p.</i>	<i>24.5%</i>	<i>23.7%</i>	<i>0.9 p.p.</i>
Main Operating Indicators								
% TaaS (% Total Sales)	42.3%	60.8%	-19p.p.	47.2%	-4.9p.p.	42.3%	60.8%	-19p.p.
% TaaS (% Gross Revenue)	56.1%	46.1%	10.0p.p.	32.2%	23.9p.p.	56.1%	46.1%	10.0p.p.
New TaaS Agreements' (sic) Term (average in months)	43.5	54.1	-28.2%	44.7	-26.7%	43.5	54.1	-28.2%
Quantity of New TaaS Agreements	225	272	4.3%	250	0.1%	225	272	4.3%
New TaaS Agreements' Value (average R\$ thousand/agreement)	171.8	449.8	-66.6%	254.9	243.6%	171.8	449.8	-66.6%

In 1Q24, total sales in the Telecom segment came to R\$91.4 million, decreasing 54.6% from 1Q23 and 32.3% from 4Q23. Such reduction was driven by the slowdown in the segment, in terms of the number of new subscribers, as reported by the Brazilian Telecommunications Agency (ANATEL). In 1Q24, the number of new subscribers increased only 0.04% (14,000 new subscribers) compared to 4Q23.

In the last 12 months, the Company sold over 870,000 ONUs, which corresponded to a 30% share of the market of 2.9 million new net fiber subscribers, according to ANATEL.

On a positive note, we highlight the growing share of the supply of ONU WiFi 6, which accounted for 15.3% of total ONUs sold in 1Q24, as against 9.5% in 1Q23.

In 1Q24, net revenue totaled R\$104.8 million, down 15.1% from 1Q23 and 11.7% from 4Q23, partially offset by the effect of our revenue backlog.

Gross margin came to 24.5% in 1Q24, up 0.9 p.p. from 1Q23. Compared to 4Q23, Gross Income increased 5.6% and gross margin advanced 4.0 p.p. The higher share of TaaS in the quarter contributed to the advance of gross margin. In absolute terms, Gross Income from the Telecom segment was R\$25.7 million in 1Q24, down 12.0% from 1Q23.

ENTERPRISE

ENTERPRISE (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Backlog	197.9	159.9	23.7%	187.5	5.5%	197.9	159.9	23.7%
Sales of Products and Services	75.8	59.1	28.2%	70.7	7.1%	75.8	59.1	28.2%
TaaS (VGV Leases)	30.6	23.6	29.8%	25.4	20.5%	30.6	23.6	29.8%
Total Sales	106.4	82.7	28.6%	96.1	10.7%	106.4	82.7	28.6%
Net Revenue by Products and Services	64.2	45.7	40.5%	52.6	21.9%	64.2	45.7	40.5%
Net Revenue by TaaS	15.9	13.3	19.6%	15.5	3.0%	15.9	13.3	19.6%
Net Revenue	80.1	59.0	35.8%	68.1	17.6%	80.1	59.0	35.8%
Gross Income	25.3	17.0	48.1%	19.0	32.7%	25.3	17.0	48.1%
<i>Gross Margin (% Net Revenue)</i>	<i>31.5%</i>	<i>28.9%</i>	<i>2.6 p.p.</i>	<i>27.9%</i>	<i>3.6 p.p.</i>	<i>31.5%</i>	<i>28.9%</i>	<i>2.6 p.p.</i>
Main Operating Indicators								
% TaaS (% Total Sales)	28.8%	28.5%	0.3 p.p.	26.4%	2.4 p.p.	28.8%	28.5%	0.3 p.p.
% TaaS (% Gross Revenue)	18.8%	19.9%	-1.1 p.p.	19.4%	-0.6 p.p.	18.8%	19.9%	-1.1 p.p.
New TaaS Agreements' (sic) Term (average in months)	57.9	52.5	5.4%	57.7	-19.2%	57.9	52.5	5.4%
Quantity of New TaaS Agreements	92	81	-28.0%	99	-22.0%	92	81	-28.0%
New TaaS Agreements' Value (average R\$ thousand/agreement)	332.6	291.1	40.1%	256.4	-36.7%	332.6	291.1	40.1%

The Enterprise segment has been delivering better results each quarter, with total sales of R\$106.4 million in 1Q24, increasing 28.6% from 1Q23 and 10.7% from 4Q23. The share of TaaS in the Company's sales increased as well, to 28.8% in 1Q24 (28.5% in 1Q23 and 26.4% in 4Q23), driven by Cybersecurity, Electronic Security and the performance of the branch in Colombia.

In 1Q24, net revenue from the Enterprise segment totaled R\$80.1 million, up 35.8% from 1Q23 and 17.6% from 4Q23.

Gross Income from the Enterprise segment came to R\$25.3 million in 1Q24, increasing 48.1% from 1Q23, with gross margin expanding 2.6 p.p., to 31.5%. Compared to 4Q23, Gross Income increased 32.7%, with margin advancing 3.6 p.p., explained mainly by recent projects with higher margins, as well as the effect of the product mix.

SOLAR POWER

SOLAR POWER (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Backlog	25.6	19.0	35.0%	27.4	-6.6%	25.6	19.0	35.0%
Sales of Products and Services	26.9	70.7	-62.0%	39.0	-31.1%	26.9	70.7	-62.0%
TaaS (VGV Leases)	-	2.9	-100%	0.0	-100%	-	2.9	-100%
Total Sales	26.9	73.5	-63.5%	39.0	-31.1%	26.9	73.5	-63.5%
Net Revenue by Products and Services	23.0	60.6	-62.1%	30.5	-24.6%	23.0	60.6	-62.1%
Net Revenue by TaaS	1.6	1.1	47.3%	1.6	-0.1%	1.6	1.1	47.3%
Net Revenue	24.6	61.7	-60.1%	32.1	-23.3%	24.6	61.7	-60.1%
Gross Income	3.2	3.8	-17.6%	- 4.7	-166.8%	3.2	3.8	-17.6%
<i>Gross Margin (% Net Revenue)</i>	12.8%	6.2%	6.6 p.p.	-14.7%	27.5 p.p.	12.8%	6.2%	6.6 p.p.
Main Operating Indicators								
% TaaS (% Total Sales)	0.0%	3.9%	-3.9 p.p.	0.0%	0.0 p.p.	0.0%	3.9%	-3.9 p.p.
% TaaS (% Gross Revenue)	6.3%	1.7%	4.6 p.p.	4.4%	1.9 p.p.	6.3%	1.7%	4.6 p.p.
New TaaS Agreements' (sic) Term (average in months)	-	77.9	n.a.	36.0	n.a.	-	77.9	n.a.
Quantity of New TaaS Agreements	-	11	n.a.	1	n.a.	-	11	n.a.
New TaaS Agreements' Value (average R\$ thousand/agreement)	-	260.0	n.a.	5.7	n.a.	-	260.0	n.a.

In the Solar segment, we are operating more cautiously, prioritizing more profitable businesses with better margins. Therefore, total sales came to R\$26.9 million in 1Q24, decreasing 70.7% vs. 1Q23 and 31.1% vs. 4Q23.

In 1Q24, net revenue from the Solar Power segment amounted to R\$24.6 million, down 60.1% from 1Q23 and 23.3% from 4Q23.

On the other hand, gross income decreased only 17.6% from 1Q23, reflecting a better gross margin, which came to 12.8% in 1Q24, as against 6.2% in 1Q23. Quarter over quarter, the Solar Power segment reversed the gross loss of R\$4.7 million of 4Q23 and recorded a gross profit of R\$3.2 million in 1Q24.

Technology as a Service (TaaS) and Future Revenues (Revenue Backlog)

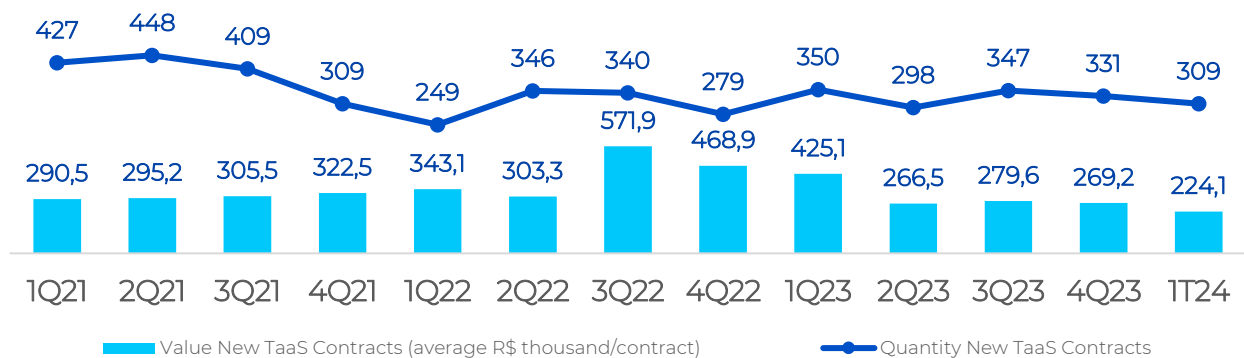
This WDC business model is based on equipment lease agreements. The Company buys, sets up and activates these assets, leasing them to its clients for terms of up to 60 months.

Revenue Backlog is the sum of monthly fees under lease agreements that will be recognized as gross revenue month by month, with no need for fresh investments, given that the Capex was already incurred at the time of execution of the lease agreement, subtracting only PIS/COFINS and depreciation of the assets leased.

In this sense, from an EBITDA perspective, the backlog represents a predictable cash flow to be received in the future without any new disbursements by WDC.

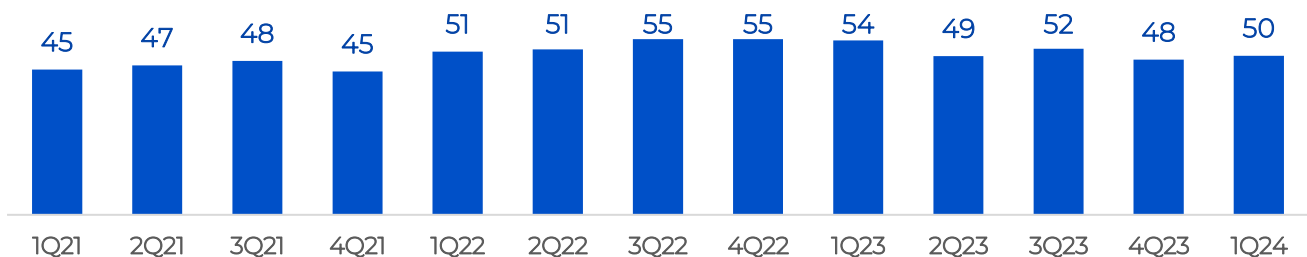
In 1Q24, we executed 309 new TaaS agreements totaling R\$69,254 thousand, at an average ticket of R\$224.1 thousand.

TaaS Agreements



Term of New TaaS Agreements (average in months)

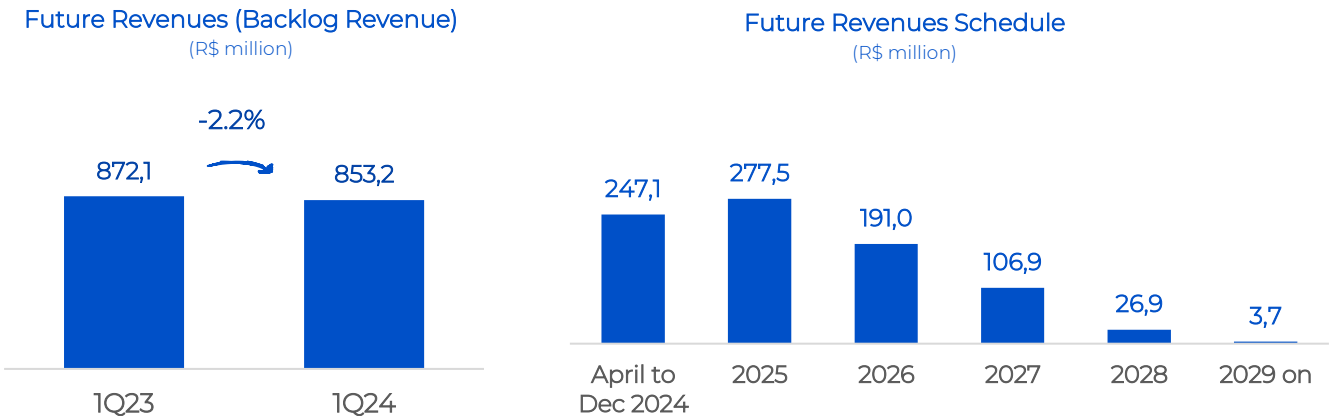
The average term of new TaaS agreements was 50 months in 1Q24, compared to 48 months in 4Q23.



Note that our strategy of executing agreements for increasingly longer periods (close to 60 months) is a positive factor in the long run, as it matches the monthly revenues with depreciation of equipment.

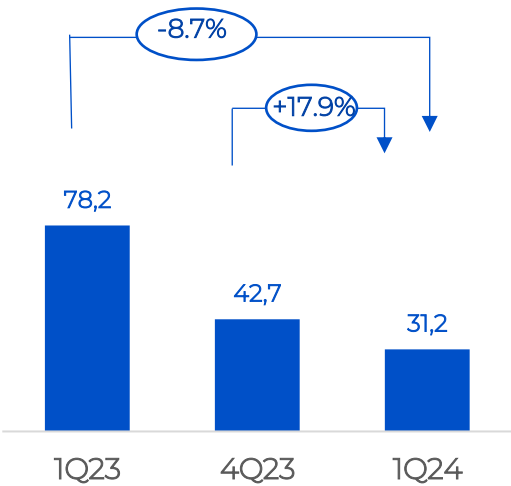
In 1Q24, Revenue Backlog was R\$853.2 million, decreasing only 2.2% from 1Q23.

TaaS represents the ability to predict future revenues, demonstrates the Company's resilience and places it in a comfortable position to cover its expenses and debts.



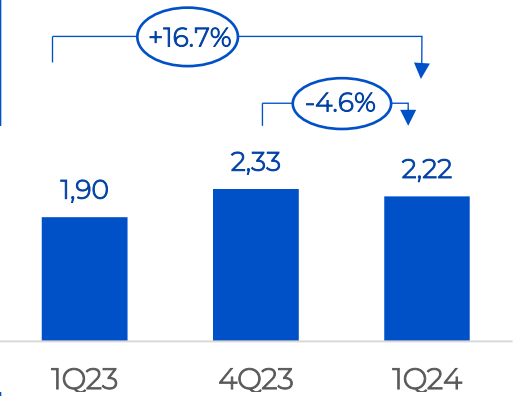
The receivables timeframe indicates the amount of Future Revenue to be recognized by the Company starting from April 2024. In compliance with accounting standards, these amounts do not appear as “receivables” of the Company at the time the lease agreement is executed, but will translate as monthly revenues and, therefore, be registered as trade receivables according to the term of the agreements by the accrual method.

Investment in TaaS Assets – Capex
(R\$ million)



In 1Q24, total investment in TaaS Assets came to R\$31.2 million, down 60.1% from 1Q23 and 26.8% from 4Q23.

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



TaaS Mark-up is the ratio of the potential sales value (PSV) of agreements to the Capex amount, i.e. the mark-up of these agreements indicates how much revenue will be generated by the investment made.

In 2023, the Company wrote off old inventory balances for software as an increase in the cost of leases, which in turn were excluded on a managerial basis in the comparison periods, so as to not adversely affect comparability.

Consolidated Financial Information

Consolidated EBITDA and EBITDA Margin

Consolidated Statement (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Gross Income	54,130	50,117	8.0%	38,664	40.0%	54,130	50,117	8.0%
Gross Margin (% Net Revenue)	25.8%	20.5%	5.3 p.p.	17.7%	8.2 p.p.	25.8%	20.5%	5.3 p.p.
(-) Operating Expenses	(36,221)	(39,709)	-8.8%	(43,402)	-16.5%	(36,221)	(39,709)	-8.8%
EBIT	17,909	10,408	72.1%	(4,739)	-478.0%	17,909	10,408	72.1%
EBIT Margin (% Net Revenue)	8.5%	4.3%	4.3 p.p.	-2.2%	10.7 p.p.	8.5%	4.3%	4.3 p.p.
(+) Depreciation and Amortization	50,276	47,065	6.8%	49,974	0.6%	50,276	47,065	6.8%
EBITDA	68,186	57,472	18.6%	45,235	50.7%	68,186	57,472	18.6%
EBITDA Margin (% Net Revenue)	32.5%	23.5%	9.0 p.p.	20.7%	11.9 p.p.	32.5%	23.5%	9.0 p.p.

Consolidated EBITDA came to R\$68.2 million in 1Q24, vs. R\$57.5 million in 1Q23 and R\$45.2 million in 4Q23. Such improvement reflected mainly the increase in gross income, driven by TaaS.

Consolidated EBITDA margin reached 32.5%, increasing 9.0 p.p. from 1Q23 and 11.9 p.p. from 4Q23.

Note that the Company's constant cost-cutting efforts led to a reduction of Operating Expenses in 1Q24 of 8.8% vs. 1Q23 and 16.5% vs. 4Q23.

Financial Result

Financial Income (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Net Exchange Variation & Adjustment to fair value Der. Inst.	(3.2)	(2.8)	13.2%	0.3	-1092%	(3.2)	(2.8)	13.2%
Financial Revenues	14.0	15.1	-7.5%	15.6	-10.7%	14.0	15.1	-7.5%
Financial Expenses	(22.2)	(30.6)	-27.6%	(23.1)	-4.1%	(22.2)	(30.6)	-27.6%
(+/-) Financial Income	(11.4)	(18.3)	-37.8%	(7.2)	58.7%	(11.4)	(18.3)	-37.8%

In 1Q24, Net Financial Result was R\$6.9 million higher than in 1Q23, reflecting the Company's cash management efforts to avoid fresh borrowings and use cash wisely. Compared to 4Q23, Net Financial Result was R\$4.2 million lower in 1Q24, explained by the following factors:

- The Net Exchange Variation and Fair Value Adjustment of derivatives reflect the Company's exchange exposure on its assets and liabilities in foreign currencies, net of any hedges contracted through financial derivatives. In 1Q24, a foreign exchange loss was recorded against other currencies, in the total amount of -R\$3.2 million, of which: (i) exchange variation on foreign currency loans: -R\$3.5 million; and (ii) fair value adjustments of derivatives (swaps of foreign currency loans): +R\$0.3 million.

(In R\$ million)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Exchange Rates Dollar Ptax	4.7372	5.2374	5.4060	5.2171	5.0798	4.8186	5.0070	4.8407	4.9956
Inventory in transit	51.6	33.3	26.7	40.7	21.4	31.2	3.7	22.7	13.9
Advances to International Suppliers	109	40.3	51.079	40.6	7.6	5.4	4.4	8.3	11.3
International Suppliers	-64.9	-43.7	-36.842	-86.4	-37.9	-37.9	0.0	-49.2	-72.7
Assets (Liabilities) in foreign currency	95.7	29.9	40.9	-5.1	-8.9	-1.3	8.1	-18.1	-47.5
Equivalent to US\$	20.2	5.7	7.6	-1.0	-1.8	-0.3	1.6	-3.7	-9.5

Source: <https://www.bcb.gov.br/estabilidadefinanceira/historicocotacoes>

- Financial Revenue in 1Q24 came to R\$14.0 million, down 10.7% (R\$1.7 million) from 4Q23, due to the lower CDI rate and cash in the comparison periods.

- Financial Expense totaled R\$22.2 million in 1Q24, R\$0.9 million higher than in 4Q23, mainly due to the lower interest paid on loans, financing and debentures, reflecting the lower Selic rate.

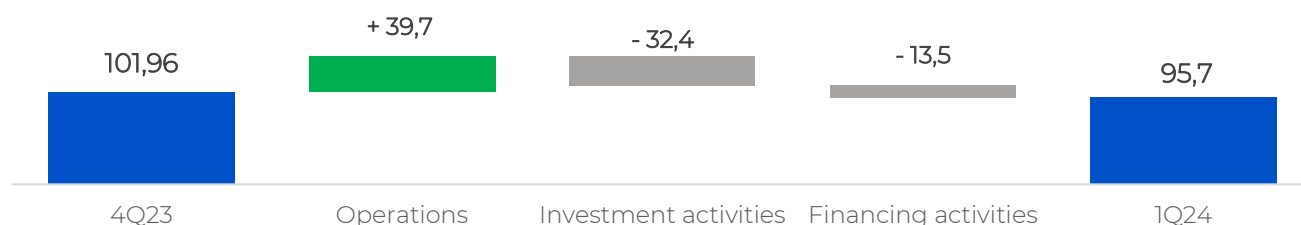
Net Income/Loss and Net Margin

Net Income (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
EBIT	17.9	10.4	72.1%	(4.7)	-478.0%	17.9	10.4	72.1%
<i>EBIT Margin (% Net Revenue)</i>	<i>8.5%</i>	<i>4.3%</i>	<i>4.3 p.p.</i>	<i>-2.2%</i>	<i>10.7 p.p.</i>	<i>8.5%</i>	<i>4.3%</i>	<i>4.3 p.p.</i>
(+/-) Financial Income	(11.4)	(18.3)	-37.8%	(7.2)	58.7%	(11.4)	(18.3)	-37.8%
(-) Provision for IR and CSLL	(1.8)	1.5	-216.4%	2.1	-186.1%	(1.8)	1.5	-216%
Net Income	4.7	(6.4)	-174.1%	(9.9)	-148.1%	4.7	(6.4)	-174.1%
<i>Net Margin (% Net Revenue)</i>	<i>2.3%</i>	<i>-2.6%</i>	<i>4.9 p.p.</i>	<i>-4.5%</i>	<i>6.8 p.p.</i>	<i>2.3%</i>	<i>-2.6%</i>	<i>4.9 p.p.</i>

In the consolidated result, Net Income was R\$4.7 million in 1Q24, as against Net Loss of R\$6.4 million in 1Q23 and Net Loss of R\$9.9 million in 4Q23. The positive result in 1Q24 is explained by the better gross margin and control of operating and financial expenses.

Cash Flow

Quarter
(R\$ million)



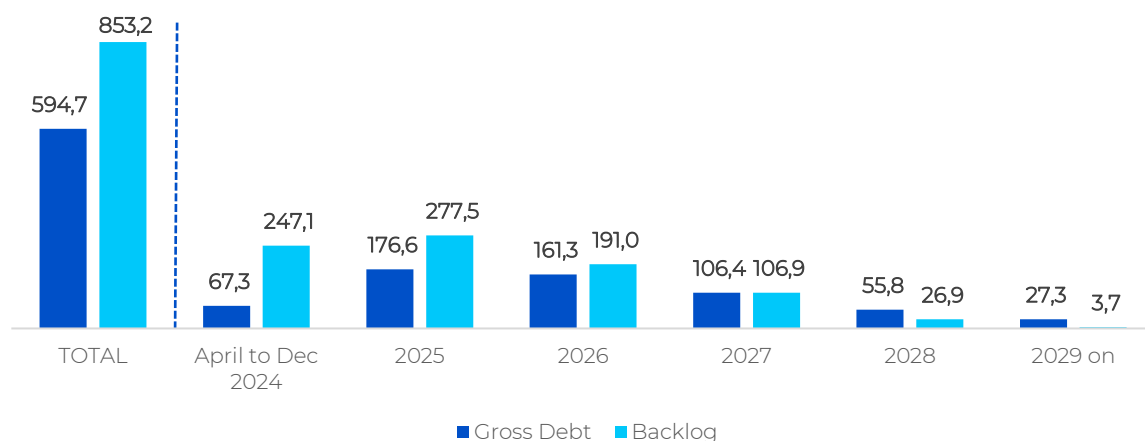
In 1Q24, the Company generated operating cash flow of +39.7 million. Investment activities, mainly related to the TaaS model, consumed -R\$32.4 million and Financing activities totaled -R\$13.5 million. Cash balance at the end of 1Q24 was R\$95.7 million.

Debt

Indebtedness (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %
(+) Loans, financing and debentures	580.1	691.9	-16.2%	573.5	1.1%
Current	69.1	150.5	-54.1%	63.6	8.7%
Non-Current	510.9	541.3	-5.6%	509.9	0.2%
(+) Commercial leases	11.7	4.4	164.1%	11.5	1.9%
Current	3.6	1.3	171.1%	2.7	34.6%
Non-Current	8.2	3.1	161.2%	8.9	-7.9%
(+/-) Net derivative financial instruments	2.9	8.6	-66.0%	5.3	-44.8%
Assets	-	(0.0)	-100.0%	0.0	
Liabilities	2.9	8.6	-66.1%	5.3	-44.8%
Gross Debt	594.7	704.9	-15.6%	590.4	0.7%
(-) Disp. (Cash and Equiv.) and Invest. of CP	(95.7)	(134.2)	-28.7%	(102.0)	-6.1%
Net Debt	499.0	570.7	-12.6%	488.4	2.2%
EBITDA UDM	242.3	249.5	-2.9%	231.6	4.6%
Net Debt / EBITDA LTM	2.06x	2.29x	-10.0%	2.11x	-2.3%

Net Debt to Adjusted EBITDA (LTM) stood at 2.06x in 1Q24, a healthy level in the management's view, due to the Company's capacity to settle its obligations towards its debenture holders and other creditors, as shown in the backlog revenue schedule in the chart below. Note that for the remainder of 2024, we will have practically four times backlog revenue in relation to debt payment commitments.

Gross Debt Payment Schedule and
Coverage of Future Revenues (Revenue Backlog)
(R\$ million)



ROIC

ROIC (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %
Net Revenue	209.5	244.3	-14.2%	218.9	-4.3%
EBIT (LTM)	43.9	73.4	-40.2%	36.4	20.6%
(-) Provision for IR and CSLL (LTM)	0.9	13.8	-93.3%	4.2	-78.1%
Operating Income after Taxes (NOPAT) = (A)	44.8	87.2	-48.6%	40.6	10.3%
(+) Equity	640.7	639.9	0.1%	635.1	0.9%
(+) Gross Debt	594.7	704.9	-15.6%	590.4	0.7%
(+) Cash (Cash and Equiv.) and CP Investments	(95.7)	(134.2)	-28.7%	(102.0)	-6.1%
Invested Capital	1,139.7	1,210.6	-5.9%	1,123.5	1.4%
Average Invested Capital of 2022 and 2021 = (B)	1,131.6	1,174.5	-3.7%	1,131.0	0.1%
ROIC = (A/B)	4.0%	7.4%	-3.5 p.p.	3.6%	0.4 p.p.



Appendices

Statement of Income

Consolidated Statement (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Sales of Products and Services	155,359	208,779	-25.6%	181,013	-14.2%	155,359	208,779	-25.6%
TaaS (VGV Leases)	69,254	148,792	-53.5%	89,103	-22.3%	69,254	148,792	-53.5%
Total Sales	224,613	357,571	-37.2%	270,116	-16.8%	224,613	357,571	-37.2%
Sales Gross Revenue	155,359	208,779	-25.6%	181,013	-14.2%	155,359	208,779	-25.6%
Lease Gross Revenue	86,657	83,365	3.9%	86,003	0.8%	86,657	83,365	3.9%
Gross Revenue	242,016	292,144	-17.2%	267,017	-9.4%	242,016	292,144	-17.2%
(-) Tax levy on Revenues	(27,254)	(36,944)	-26.2%	(35,332)	-22.9%	-27,254	-36,944	-26.2%
(-) Returns	(5,222)	(10,940)	-52.3%	(12,783)	-59.2%	-5,222	-10,940	-52.3%
Net Revenue	209,540	244,260	-14.2%	218,902	-4.3%	209,540	244,260	-14.2%
(-) CMV	(155,410)	(194,144)	-20.0%	(180,238)	-13.8%	-155,410	-194,144	-20.0%
Gross Income	54,130	50,117	8.0%	38,664	40.0%	54,130	50,117	8.0%
<i>Gross Margin (% Net Revenue)</i>	<i>25.8%</i>	<i>20.5%</i>	<i>5.3 p.p.</i>	<i>17.7%</i>	<i>8.2 p.p.</i>	<i>25.8%</i>	<i>20.5%</i>	<i>5.3 p.p.</i>
(-) Personnel Expenses	(14,079)	(14,375)	-2.1%	(11,136)	26.4%	(14,079)	(14,375)	-2.1%
(-) Commercial Expenses	(17,040)	(17,984)	-5.2%	(23,329)	-27.0%	(17,040)	(17,984)	-5.2%
(-) General and Administrative Expenses	(3,289)	(2,750)	19.6%	(2,070)	58.9%	(3,289)	(2,750)	19.6%
(+/-) Other operating income/expenses	(1,813)	(4,600)	-60.6%	(6,868)	-73.6%	(1,813)	(4,600)	-60.6%
(-) Operating Expenses	(36,221)	(39,709)	-8.8%	(43,402)	-16.5%	(36,221)	(39,709)	-8.8%
EBIT	17,909	10,408	72.1%	(4,739)	-478.0%	17,909	10,408	72.1%
<i>EBIT Margin (% Net Revenue)</i>	<i>8.5%</i>	<i>4.3%</i>	<i>4.3 p.p.</i>	<i>-2.2%</i>	<i>10.7 p.p.</i>	<i>8.5%</i>	<i>4.3%</i>	<i>4.3 p.p.</i>
(+) Depreciation and Amortization	50,276	47,065	6.8%	49,974	0.6%	50,276	47,065	6.8%
EBITDA	68,186	57,472	18.6%	45,235	50.7%	68,186	57,472	18.6%
<i>EBITDA Margin (% Net Revenue)</i>	<i>32.5%</i>	<i>23.5%</i>	<i>9.0 p.p.</i>	<i>20.7%</i>	<i>11.9 p.p.</i>	<i>32.5%</i>	<i>23.5%</i>	<i>9.0 p.p.</i>
(+/-) Financial Income	(11,392)	(18,327)	-37.8%	(7,179)	58.7%	(11,392)	(18,327)	-37.8%
(-) Provision for IR and CSLL	(1,779)	1,529	-216.4%	2,066	-186.1%	(1,779)	1,529	-216.4%
Net Income	4,738	(6,391)	-174.1%	(9,852)	-148.1%	4,738	(6,391)	-174.1%
<i>Net Margin (% Net Revenue)</i>	<i>2.3%</i>	<i>-2.6%</i>	<i>4.9 p.p.</i>	<i>-4.5%</i>	<i>6.8 p.p.</i>	<i>2.3%</i>	<i>-2.6%</i>	<i>4.9 p.p.</i>

Balance Sheet

Consolidated Balance Sheet (In R\$ million, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %
Assets					
Current Assets					
Cash and cash equivalents	95,710	134,218	-29%	101,959	-6%
Trade receivables, net	237,090	211,040	12%	220,153	8%
Recoverable taxes	20,401	64,691	-68%	19,763	3%
Inventories	208,119	289,845	-28%	179,428	16%
Advances to suppliers	22,634	16,675	36%	21,410	6%
Prepaid Expenses	349	1,696	-79%	506	-31%
Total Current Assets	584,303	718,165	-19%	543,219	8%
Non-Current Assets					
Trade receivables, net	233,023	160,272	45%	209,818	11%
Judicial Deposits	110	109	0%	109	0%
Derivative financial instruments	0	10	-100%	0	
Deferred taxes	33,794	28,170	20%	32,861	3%
Right-of-use assets	11,061	4,383	152%	11,517	-4%
Property, plant and equipment, net	400,664	449,424	-11%	412,858	-3%
Net intangible assets	103,602	107,283	-3%	108,410	-4%
Total Non-Current Assets	822,215	749,651	10%	809,832	2%
Total Assets	1,406,518	1,467,816	-4%	1,353,051	4%
Liabilities					
Current Liabilities					
Suppliers	127,609	86,377	48%	96,099	33%
Personnel, social charges and benefits	5,278	5,368	-2%	3,734	41%
Taxes payable	12,887	2,282	465%	5,444	137%
Loans, financing, and debentures	69,141	150,526	-54%	63,633	9%
Derivative financial instruments	2,457	7,739	-68%	4,698	-48%
Lease Liabilities	3,568	1,316	171%	2,650	35%
Related Parts	9	37	-76%	16	-44%
Other liabilities	25,157	27,716	-9%	22,153	14%
Total Current Liabilities	246,105	282,223	-13%	198,427	24%
Non-Current Liabilities					
Loans, financing, and debentures	510,938	541,325	-6%	509,913	0%
Derivative Financial Instruments	454	845	-46%	576	-21%
Provisions for lawsuits	147	382	-62%	144	2%
Leases	8,178	3,131	161%	8,880	-8%
Total Non-Current Liabilities	519,717	545,683	-5%	519,513	0%
Equity					
Share capital	301,397	301,397	0%	301,397	0%
Treasury Stock	-8,536	-8,439	1%	-8,536	0%
Capital reserves	236,632	236,632	0%	236,632	0%
Retained earnings	104,858	116,734	-10%	116,734	-10%
Accumulated Loss/ Earnings	4,738	-6,391	-174%	-11,876	-140%
Other Comprehensive Results	1,609	-23	-7096%	760	112%
Total Equity	640,698	639,910	0%	635,111	1%
Total Liabilities and Equity	1,406,520	1,467,816	-4%	1,353,051	4%

Statement of Cash Flow

Consolidated Statement of Cash Flows (In R\$ thousand, except when indicated)	1Q24	1Q23	Δ %	4Q23	Δ %	2024 Accum.	2023 Accum.	Δ %
Cash Flow From Operating Activities								
Net Income for the period	4,738	(6,391)	-174%	9,852	-148%	4,738	(6,391)	-174%
Adjustments to reconcile Income or loss for the period to cash from operating activities	80,212	82,894	-3%	78,061	3%	80,212	82,894	-3%
Depreciation and amortization	50,278	47,065	7%	49,973	1%	50,278	47,065	7%
Expected credit losses	7,185	4,360	65%	12,724	-44%	7,185	4,360	65%
Provision for inventory obsolescence	(1,918)	1,583	-221%	(202)	850%	(1,918)	1,583	-221%
Provision for legal and other proceedings, net	3	4	-25%	(244)	-101%	3	4	-25%
Mark-to-market of derivatives	(367)	4,285	-109%	1,596	-123%	(367)	4,285	-109%
Interest and foreign exchange variation expenses	21,352	26,086	-18%	18,323	17%	21,352	26,086	-18%
Expenses for adjustment to the present value	1,822	770	137%	(2,335)	-178%	1,822	770	137%
Write-off of property, plant and equipment and intangible assets	78	269	-71%	292	-73%	78	269	-71%
Income tax and social security contribution	2,704	0		2,000.00	35%	2,704	0	
Deferred income tax and social contribution	(925)	(1,528)	-39%	(4,066)	-77%	(925)	(1,528)	-39%
Assets decrease (increase)	(78,000)	30,547	-355%	32,964	-337%	(78,000)	30,547	-355%
Trade receivables	(44,342)	(24,812)	79%	(23,996)	85%	(44,342)	(24,812)	79%
Recoverable taxes	(6,341)	(221)	2769%	4,211	-251%	(6,341)	(221)	2769%
Inventories	(26,373)	19,271	-237%	49,424	-153%	(26,373)	19,271	-237%
Advances to suppliers and legal deposits	(1,101)	37,078	-103%	3,045	-136%	(1,101)	37,078	-103%
Prepaid expenses	157	(769)	-120%	280	-44%	157	(769)	-120%
Liabilities increase (decrease)	37,461	(90,160)	-142%	(18,158)	-306%	37,461	(90,160)	-142%
Suppliers	28,900	(57,475)	-150%	28,628	1%	28,900	(57,475)	-150%
Taxes payable	4,731	(4,160)	-214%	(2,737)	-273%	4,731	(4,160)	-214%
Personnel, social charges and benefits	1,544	543	184%	(3,269)	-147%	1,544	543	184%
Related parties	(7)	(88)	-92%	(6)	17%	(7)	(88)	-92%
Other liabilities	3,004	(12,433)	-124%	(890)	-438%	3,004	(12,433)	-124%
Payment of interest	(711)	(16,547)	-96%	(39,884)	-98%	(711)	(16,547)	-96%
Net cash generated by (used in) operating activities	44,411	16,890	163%	83,015	-47%	44,411	16,890	163%
Cash Flow From Investment Activities	(32,449)	73,831	-144%	(43,691)	-26%	(32,449)	73,831	-144%
Acquisition of property, plant and equipment and intangible assets	(32,449)	(78,339)	-59%	(43,691)	-26%	(32,449)	(78,339)	-59%
Redemption of Short-term investments	-	152,170	-100%	-		0	152,170	-100%
Net cash generated by (used in) investment activities	(32,449)	73,831	-144%	(43,691)	-26%	(32,449)	73,831	-144%
Cash flow from Financing Activities	(19,060)	(108,875)	-82%	(35,947)	-47%	(19,060)	(108,875)	-82%
Vendor Operations	5,888	-		3,123.00	89%	5,888	0	
Payment of loans and financing (principal)	(22,559)	(103,454)	-78%	(36,186)	-38%	(22,559)	(103,454)	-78%
Payment of commercial leases	(393)	(715)	-45%	(393)	0%	(393)	(715)	-45%
Derivatives Settlement	(1,996)	3,311.00	-40%	(2,491)	-20%	(1,996)	(3,311)	-40%
Share Buyback	-	(1,395)	-100%	0		0	(1,395)	-100%
Net cash resulting from financing activities	(19,060)	(108,875)	-82%	(35,947)	-47%	(19,060)	(108,875)	-82%
Effect of Foreign Exchange Variation on Cash and Cash Equivalents	849	(98)	-966%	80	961%	849	(98)	-966%
Change in the Company's Net Cash	(6,249)	(18,252)	-66%	3,457	-281%	(6,249)	(18,252)	-66%
Cash and cash equivalents at the beginning of the period	101,959	152,470	-33%	98,502	4%	101,959	152,470	-33%
Cash and cash equivalents at the end of the period	95,710	134,218	-29%	101,959	-6%	95,710	134,218	-29%

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