WDC NETWORKS

EARNINGS RELEASE 3Q21

LVTC
B3 LISTED NM

Conference Call
November 17, 2021 – Wednesday
02 p.m. (Brasília Time) | 12 p.m. (EST)

Portuguese: click here
English*: click here
*simultaneous interpretation

HIGHLIGHTS | 3Q21

- Total Sales Record with R$391.8 million in 3Q21
- Total Sales Record at Corporate Segment with R$196.0 million in 3Q21, + 88.5% vs. 3Q20
  - BU Solar in R$96.0 million in 3Q21, 346.6% vs. 3Q20
  - BU Enterprise in R$100.0 million in 3Q21, 21.2% vs. 3Q20
- Net Revenue Record of R$288.2 million in 3Q21, + 45.5% vs. 3Q20
- Significant recovery in Operating Margins
  - Consolidated Gross Income Margin in 27.6% in 3Q21 vs. 26.6% in 2Q21
  - Consolidated Adjusted EBITDA Margin in 26.2% in 3Q21 vs. 24.7% in 2Q21
- Official launch of Easy4Link brand (Telecom). WDC Networks' own brand
- Partnership with Huawei's Digital Power division to supply products related to Data Centers, Lithium Batteries, and Inverters, essential for the 5G Infrastructure
- Leyard partnership for local LED panel production. With the partnership, WDC will become the largest supplier of LED panels in Brazil

R$96.0
Million Total Sales BU Solar

R$565.5
Million Backlog

60%
Total Sales Internally Produced

Summary of the Consolidated Results and Financial Indicators

Highlights (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Consolidated Finance Income						
Total Sales	391.8	288.7	35.7%	1,105.0	705.5	56.6%
Net Revenue	288.2	198.1	45.5%	790.5	506.5	56.1%
Gross Income	79.5	63.7	24.9%	218.7	165.4	32.2%
Gross Margin (% Net Income)	*27.6%*	*32.1%*	*-4.6 p.p.*	*27.7%*	*32.7%*	*-5.0 p.p.*
Adjusted EBITDA	75.5	59.3	27.3%	203.2	159.3	27.5%
Adjusted EBITDA Margin (% Net Income)	*26.2%*	*29.9%*	*-3.8 p.p.*	*25.7%*	*31.5%*	*-5.8 p.p.*
Adjusted Net Income	15.9	25.4	-37.2%	52.4	48.7	7.5%
Adjusted Net Margin (% Net Income)	*5.5%*	*12.8%*	*-7.3 p.p.*	*6.6%*	*9.6%*	*-3.0 p.p.*
Main Financial Indicators						
Backlog of Deferred Income	565.5	364.2	55.3%	565.5	364.2	55.3%
Net Debt / Adjusted EBITDA LTM (x)	0.81	n.a.	n.a.	0.81	n.a.	n.a.
Main Operational Indicators						
% Internally Produced (% Total Sales)	60%	52%	16.6%	56%	47%	*9.2 p.p.*
% TaaS (% Total Sales)	32%	41%	-21.3%	35%	40%	*-5.5 p.p.*
% TaaS (% Gross Revenue)	21%	28%	-23.0%	23%	31%	*-7.6 p.p.*
Average Term of New TaaS Agreements (months)	48	37	30.5%	46	30	53.8%
Number of New TaaS Agreements	409	427	-4.2%	1.284	1.212	5.9%
Avg. Amount of New TaaS Agreements (R$ thousand / agreement)	305	274	11.5%	297	233	*0.3 p.p.*

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SUMMARY

The quarterly consolidated information was prepared in accordance with the CVM standards and the CPCs, and are compliant with the international financial reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB). Operating and financial information are based on figures consolidated in Reais (R$). Sums may diverge due to rounding. Non-financial data were not subject to examination by the independent auditors.

Message from the Management

Dear Investor,

We are deeply satisfied to release our results for 3Q21. This quarter was featured by another record of Consolidated Net Income of R$288.2 million, which represents a growth of 45.5% compared to the same period in 2020, and an increase in the Consolidated Gross Income margin to 27.6% (vs. 26.2% in 2Q21). Another important indicator was the Adjusted EBITDA, which also reached a record level of R$75.5 million, growth of 27.3% compared to the same period in 2020 and, as a consequence, the Consolidated Adjusted EBITDA Margin reached 26.2% in 3Q21 (vs. 24.7% in 2Q21). It is important to emphasize that the improvement in operating indicators occurred even considering the moment of change in the sales mix, with greater representation from the Photovoltaic Solar Energy BU, which has lower margins. In this context, WDC has strong results resilience also due to the diversification of its sales that do not depend on a single market or segment

This improvement in operating results was mainly leveraged by overall operating efficiency improvements, as well as a reaction from BU Enterprise with the professional audio and video segment, given the improvement in socialization conditions caused by the reduction in the effects of the pandemic. In addition, we emphasize that this quarter was featured by a period where the difficulties of international logistics worsened worldwide, with significant increases in ocean freight, increase on product costs and delays in product deliveries due to the semiconductor crisis.

One of our competitive advantages is always seeking to anticipate trends and possible challenges, analyzing what happens in the world. As we were aware of possible supply problems throughout 2021, earlier this year we created a new line of Telecom products, which this quarter went into operation. Easy4Link is a WDC's own brand, consisting of FTTH modems, fiber optic cables and other accessories. This assures us additional supply of products in case of delays from other manufacturers, as well as better margins. This line of products aims to reach a more competitive price segment, which should increase our penetration in smaller ISPs, which are looking for more competitive products in prices, and thus further improve our income diversification. With this new brand, we will start serving small ISPs, which we estimate a potential of approximately 5.000 ISPs that are currently not served by WDC and that may have access to Easy4Link products.

A great highlight of this period was the new partnership between WDC Networks and Huawei, one of the world's largest technology providers. Huawei created a new division called Huawei Digital Power and added other components to its power inverter product line, such as lithium batteries, racks, and the entire line of products that is used in the datacenter and mini-datacenter infrastructure. These products are fully in line with the worldwide trend towards data decentralization and primarily to provide power to the 5G markets and data networks in general. Another very relevant aspect of these new technologies is the possibility of using renewable energy, photovoltaic, with energy storage (ESS – energy storage system). These ESS systems allow for the optimization of energy consumption, a reduction in operating costs with maintenance and consequently leverage the decarbonization of telecommunications companies, a topic of extreme relevance today. Together we will be part of this value chain and accelerate the use of these technologies for our customers through TaaS (technology lease). Both companies will work together to provide smart energy infrastructure (Digital Power) for the telecommunications, data center and energy markets. Our expectation is that this new partnership will bring many opportunities in the coming years.

Another highlight, just announced, was our new partnership with Leyard, the world's largest manufacturer of LED panels, which has fully transferred the import and assembly of its products in Brazil to WDC, thus we will become the largest supplier of this type of product in the Brazil.

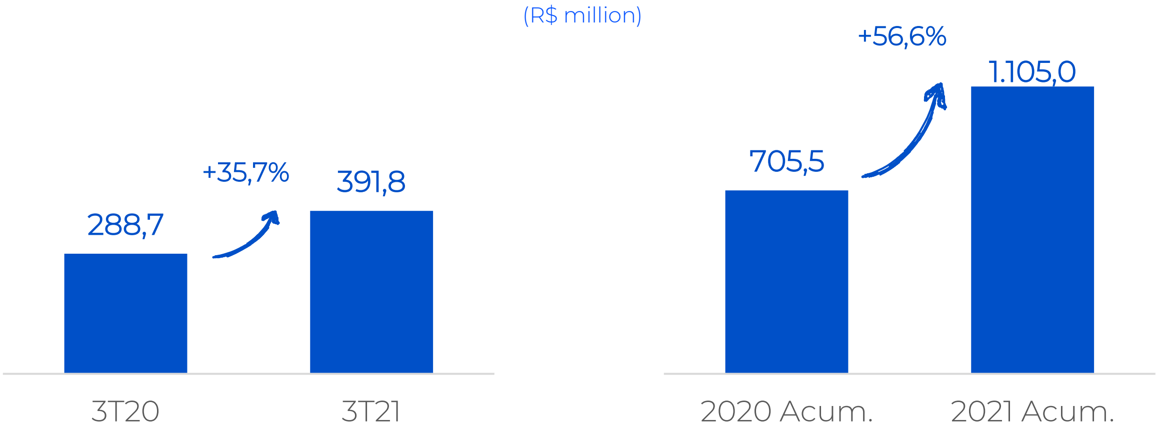
Finally, we continue to work intensively and focused on generating value for all stakeholders, firm in our purpose of bringing technology to companies and people to improve the quality of life for everyone.

WDC Networks
#MakeItEasy

Total Sales

Total Sales (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Telecom	195,8	184,7	6.0%	614,3	451,5	36.1%
Corporate	196,0	104,0	88.5%	490,7	254,1	93.1%
BU Enterprise	100,0	82,5	21.2%	260,3	216,9	20.0%
BU Solar	96,0	21,5	346.6%	230,4	37,2	520.2%
Consolidated Total Sales	391,8	288,7	35.7%	1.105,0	705,5	56.6%

In 3Q21 we achieved another record in Total Sales reaching R$391.8 million, growth of 35.7% vs. 3Q20, and 0.3% vs. the 2Q21. In the year, we also reached a record with R$1,105.0 million, growth of 56.6%. The positive performance results mainly from the Corporate segment due to BU Solar ramp-up



Translation of the image above:
3Q20
3Q21
2020 YTD
2021 YTD

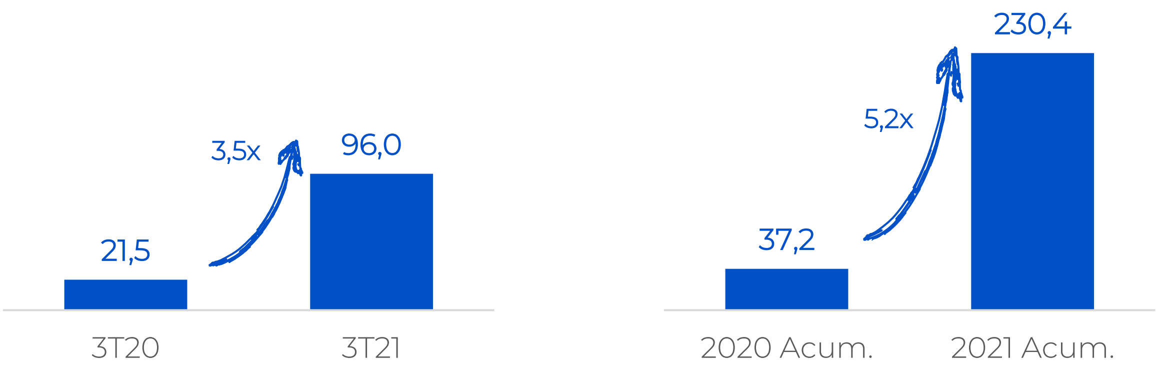
In the Telecom segment, we achieved a total of R$195.8 million in Total Sales in 3Q21, growth of 6.0% vs. 3Q20 and slowdown of -9.8% vs. 2Q21. In addition to the greater difficulties in supplying some raw materials, which led to a decrease in inventories, performance in this quarter was impacted by a slowdown in demand observed at the end of the quarter. In terms of market share, this quarter we sold or rented 300,600 ONUs. It was not possible to estimate the market share because so far Anatel's data has not been released (market share calculated as sales of ONUs (Optical Network Unit) of WDC compared to new fiber connections released by Anatel[1]). In the year-to-date comparison, the Telecom segment continues to show strong growth, of 36.1%, due to the great demand observed in the year from ISPs.

[1] https://informacoes.anatel.gov.br/paineis/acessos/banda-larga-fixa accessed on 11/15/2021

In the Corporate segment, comprised of BU Enterprise and BU Solar, we reached a total of R$196.0 million, an 88.5% growth vs 3Q20 and 12.9% compared to 2Q21. Such a strong result is mainly due to BU Solar, which has been exceeding our expectations.

BU Solar was carefully structured to advance both in sales, as well as in high quality and performance solutions. In this quarter, WDC maintained its sales channels increasing the average ticket of its sales and consequently the share of wallet, despite the great competition in the solar market. Currently, WDC is recognized as a premium player in the solar energy market by adding the leading suppliers in sales and R&D of photovoltaic panels (Jinko and Longi), the leader in inverters for large projects (Huawei) , the third largest global player in small inverters (Solis), and the most traditional company for off-grid systems, (the Dutch company Victron).

Total Sales | BU Solar
(R$ million)



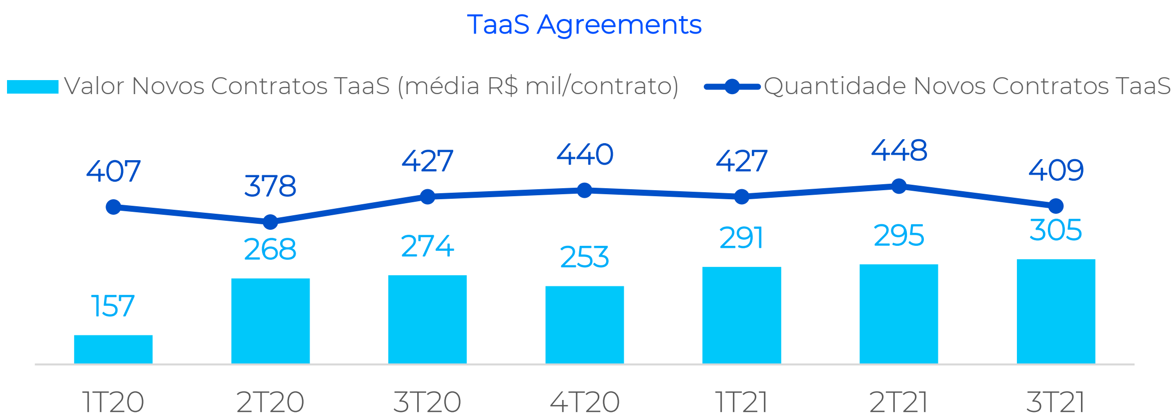
Translation of the image above:
3Q20
3Q21
2020 YTD
2021 YTD

Besides the excellent performance of Solar, BU Enterprise also showed recovery of Total Sales with a 21.2% growth vs. 3Q20 and 5.6% vs. 2Q21, with big projects in the areas of security and surveillance, having obtained concessions (and concession renewals) at airports and highways, which are back into bidding this year thanks to the government's privatization package and due the strong growth and resumption of billing of LED panels, driven by the high demand in projects for corporate environments and the beginning of the resumption of investment in the entertainment/events and OOH (Out of home) Media markets. We expect growth to continue accelerating in the coming quarters. However, in this growth context, the deadlines for the products continue to be a challenge until the end of the year because of issues in the whole production chain.

With the accelerated growth of BU Solar, the division between the segments became equal in 3Q21 (50% each). In the year, Telecom represented 55.6% of the Total Sales.

TaaS – Technology Lease (Technology as a Service)

Regarding the Amount of New TaaS Agreements, we realized a new increase to R$305 thousand per agreement, a new record. The amount of New TaaS Agreements decreased to 409 as, as mentioned above, there was a slowdown in the Telecom segment.



Translation of the image above:

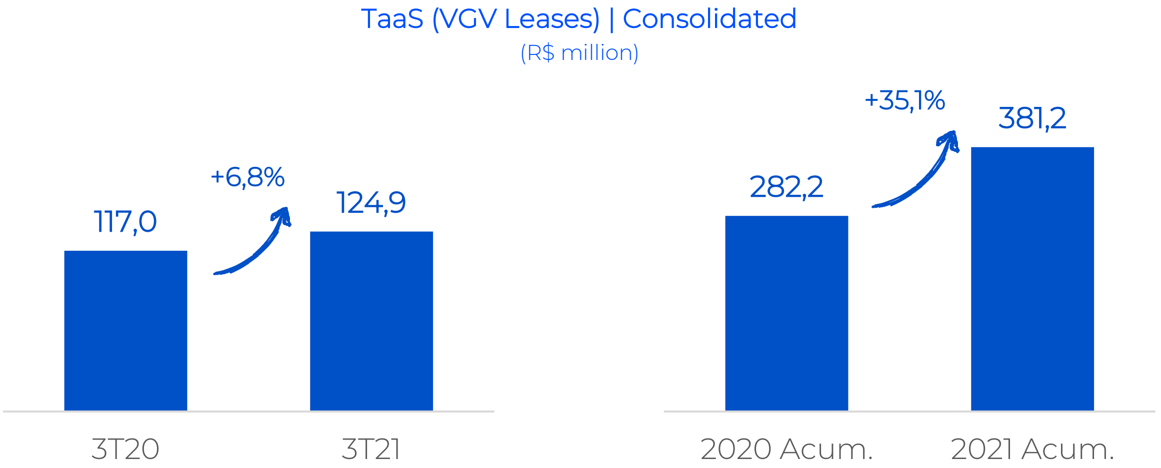
[light blue] Amounts of New TaaS Agreements

[dark blue] Number of New TaaS Agreements

1Q20, 2Q20, 3Q20, 4Q20, 1Q21, 2Q21, 3Q21..

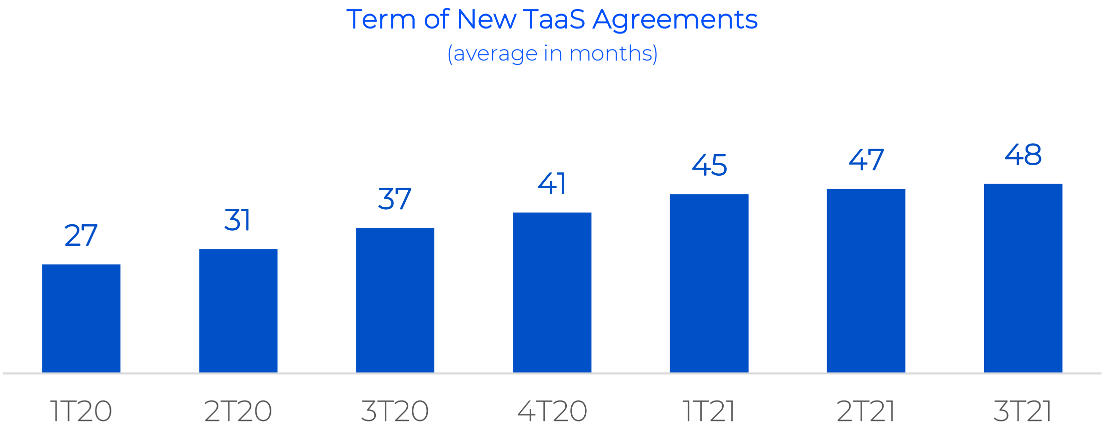
Given this operating performance, we obtained R$124.9 million in TaaS Total Sales (VGV Leases), growth of 6.8% in 3Q21 vs. 3Q20. Year-to-date, we obtained R$381.2, a new record for the period.

The Total Sales indicator is the best indicator to measure the sales efforts of WDC Networks since it incorporates the nominal value of lease agreements (“TaaS Net Revenues (VGV Leases)” or “TaaS (VGV Leases)”), which are recognized along the term of the agreements and the Gross Revenue from Sales of Products and Services, in accordance with IFRS.



Translation of the image above:
3Q20
3Q21
2020 YTD
2021 YTD

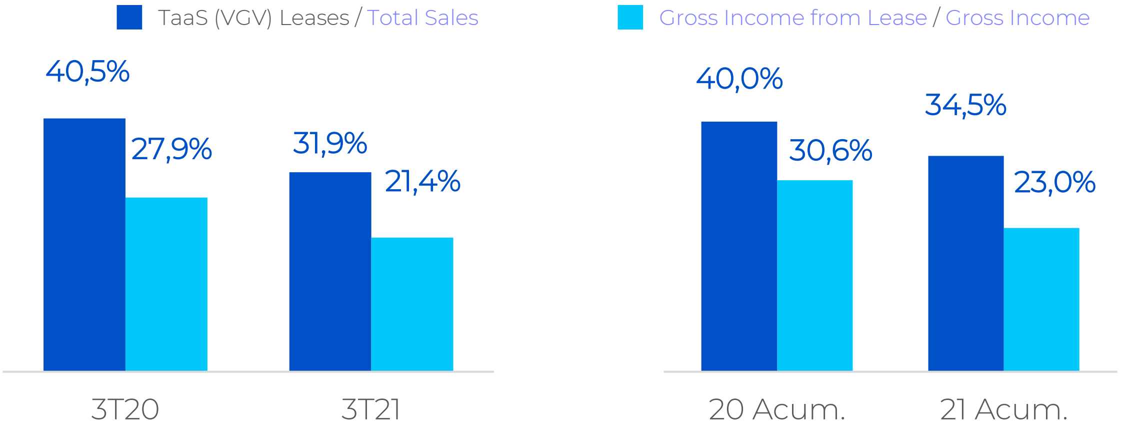
The Term of New TaaS Agreements remained very close to that observed in the previous quarter. This result is expected as mentioned in the 2Q21 Earnings Release.



Translation of the image above:
1Q20, 2Q20, 3Q20, 4Q20, 1Q21, 2Q21, 3Q21

In 3Q21, TaaS' share in Consolidated Total Sales was 31.9%. The decrease in TaaS' share is due to the growth in the Sales of products and services, especially thanks to BU Solar, which has stood out more, and to a decrease noticed in the Telecom segment. We have noticed the same effect on the Gross Income, but in addition to the effect mentioned above, the Lease Gross Income is impacted by the increase in the Term of New Agreements, which increased to 48 months, contributing to the decrease in TaaS' share in the Consolidated Gross Income, which fell to 21.4%. Lease Gross Income is also impacted by agreements signed in previous periods and agreements that expired in the period.

TaaS' share | Consolidated
(%)



Translation of the image above:

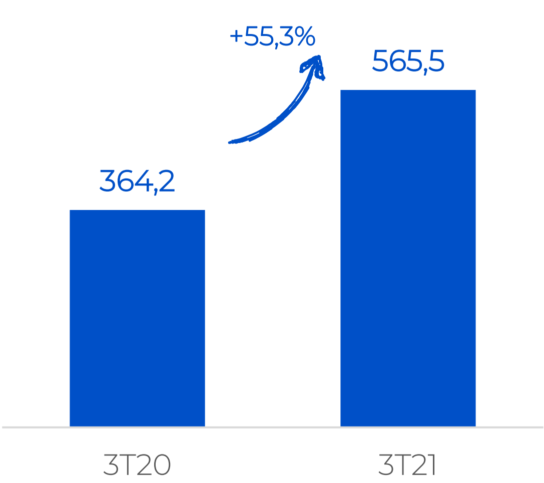
3Q20
3Q21

2020 YTD
2021 YTD

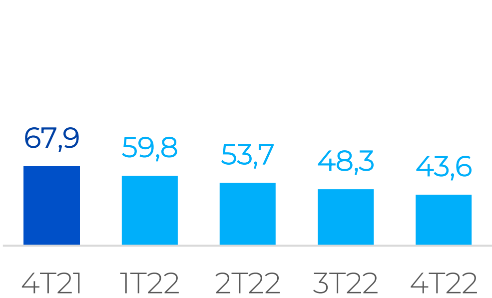
Revenue Backlog

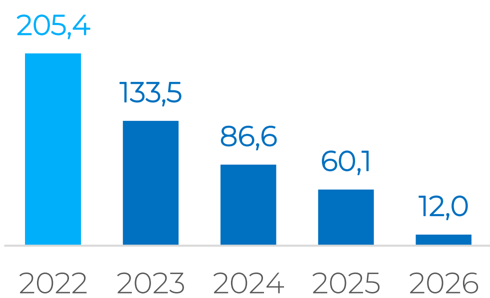
We have closed the Revenues Backlog of 3Q21 with R$ 565.5 million, a 55.7% growth compared to 3Q20 and 8.9% compared to 2Q21. This strong growth shows the TaaS business model has been accepted by our customers.

Revenues Backlog or Future Income
(R$ million)



Revenues Backlog Receipt Schedule2
(R$ million)





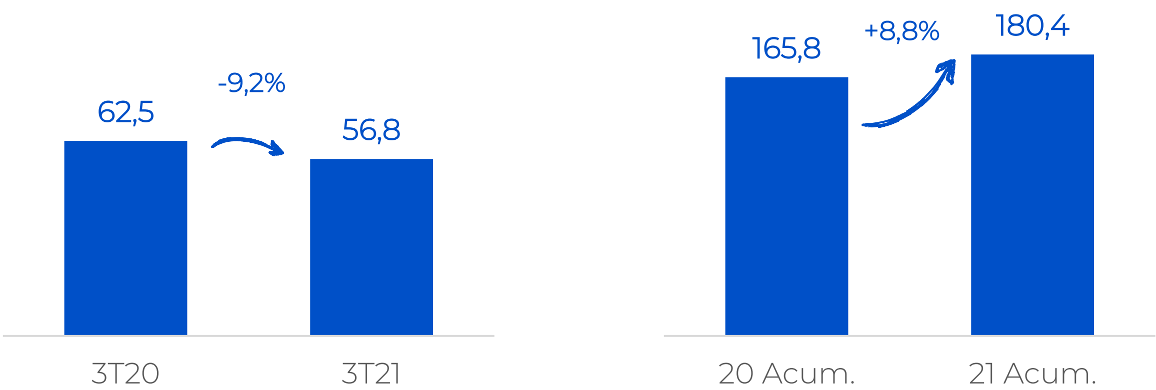
The future schedule shows the amounts we have from the Future Income and yet to be acknowledged in the next fiscal years and for the next 5 quarters, totaling R$565.5 million.

[2] See Accompanying Note 5 of the Intermediate Accounting Information dated September 30, 2021

Investment in TaaS Assets – CAPEX

Total investment in Fixed Assets in the YTD 2021 was R$180.4 million, growth of 8.8% vs. same period of the previous year. Additionally, when we assess the return on investments in TaaS, we have noticed an improvement in the average return of the portfolio.

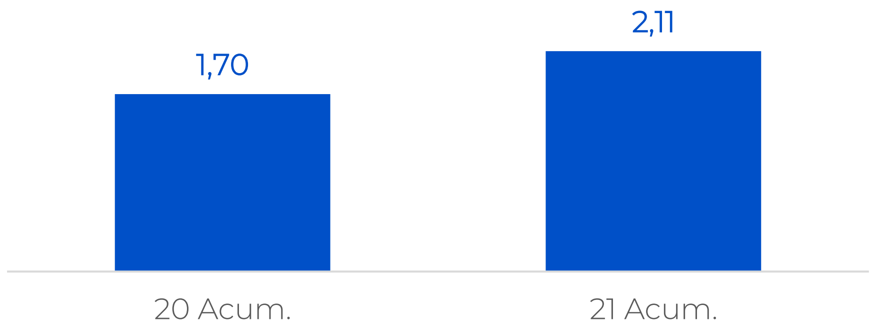
Investment in TaaS Assets - CAPEX
(R$ million)



Analyzing the total invested in 2021, for every Real invested in TaaS, we will generate 2.11x in Total Sales (VGV Leases), which will be accounted for over the period of the lease agreements. This indicator for the same period in 2020 was 1.70x. This substantial improvement results from the constant search for better returns and longer terms.

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

The Revenue Backlog, or Deferred Revenues, will be accounted for according to the term of each agreement in future periods, acting as a "stock" of Revenues. The Backlog is a direct consequence of the Total TaaS Sales (VGV Leases) and Terms of New Agreements (the longer the term, the greater the portion to be accounted for in the future impacting the Backlog).



Translation of the image above:

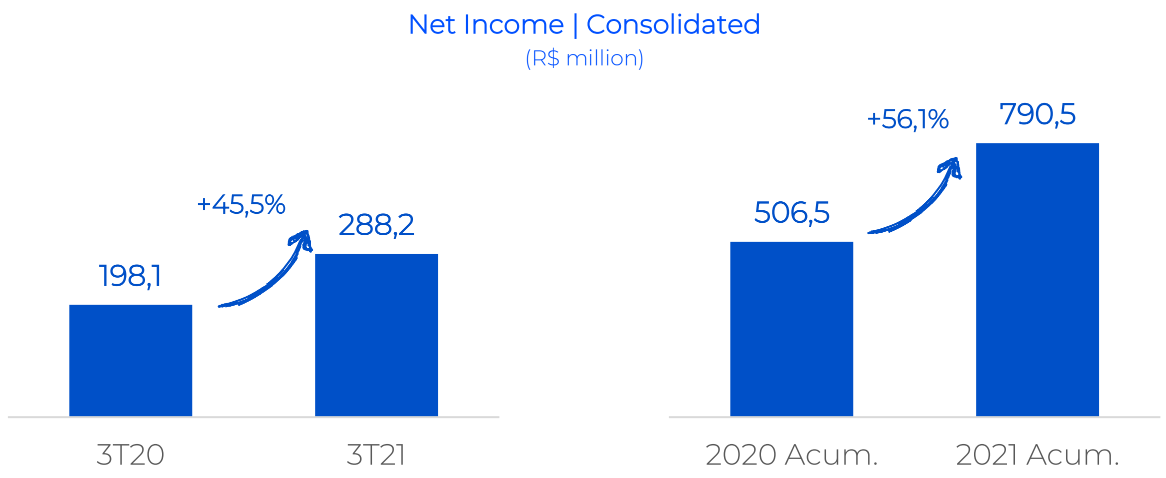
20 YTD 21 YTD

3Q21 Earnings Comments

Net Revenues

Net Revenues (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Telecom	132.6	130.1	1.9%	396.5	327.1	21.2%
Corporate	155.6	67.9	129.0%	393.9	179.4	119.6%
BU Enterprise	70.3	48.8	44.2%	188.5	146.0	29.1%
BU Solar	85.2	19.2	345.0%	205.4	33.3	515.9%
Consolidated Net Income	288.2	198.1	45.5%	790.5	506.5	56.1%

WDC's Consolidated Net Income was R$288.2 million, growth of 45.5% vs. 3Q20 and 4.2% vs. 2Q21. This growth mainly came from the Corporate segment. In the year-to-date comparison, growth was 56.1%, with a strong contribution from the Corporate segment but also due to the performance of Telecom



In the Telecom segment, we reached a total of R$132.6 million in Net Income, growth of +1.9% vs. 3Q20 and decrease of 4.4% vs. 2Q21. Year-to-date, Net Income reached R$396.5 million, growth of 21.2% vs. the same period of 2020.

In the Corporate segment, we reached a total of R$155.6 million in Net Income, growth of 129.0% vs. 3Q20 and 12.8% vs. 2Q21. Year-to-date, the Gross Income of the Corporate segment was R$393.9 million, growth of 119.6% vs. the same period of 2020.

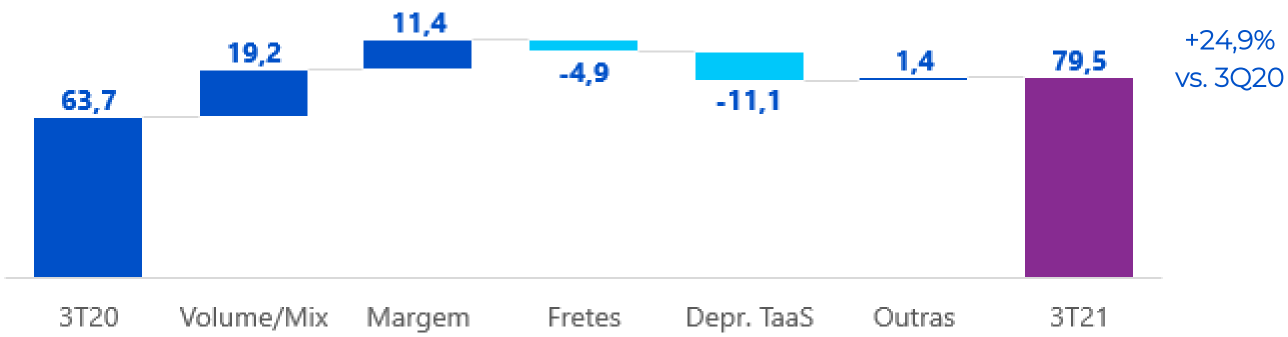
Telecom's share in Net Income dropped to 46.0% in 3Q21, compared to 3Q20 which represented 65.7%. This decrease was already expected and reflects the increase in the Average Term of New TaaS Agreements at Telecom and the gain in the representation of BU Solar in the mix of WDC Networks.

Gross Profit

Gross Profit (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Telecom	45.0	49.4	-8.9%	140.8	124.4	13.2%
Gross Margin (% Net Income for Telecom)	*34.0%*	*38.0%*	*-4.0 p.p.*	*35.5%*	*38.0%*	*-4.1 p.p.*
Corporate	34.4	14.2	141.7%	77.9	41.1	89.6%
Gross Margin (% Net Income for Corporate)	*22.1%*	*21.0%*	*1.2 p.p.*	*19.8%*	*22.9%*	*-0.8 p.p.*
Consolidated Gross Profit	79.5	63.7	24.9%	218.7	165.4	32.2%
Gross Margin (% Consolidated Net Income)	*27.6%*	*32.1%*	*-4.6 p.p.*	*27.7%*	*32.7%*	*-5.1 p.p.*

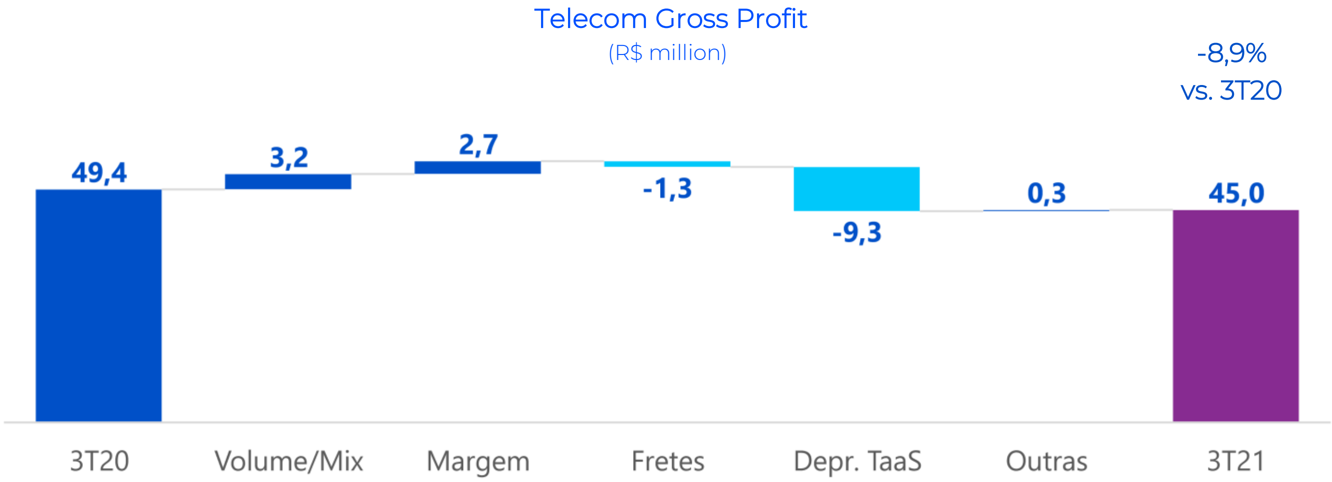
The Consolidated Gross Income reached R$79.5 million, another outstanding record, a 24.9% growth compared to 3Q20. This positive result came from a better management combined with larger volumes, especially from BU Solar, segments and the margins of Sales of products and services, which countered the effect of the larger Depreciation (a consequence of the TaaS portfolio increase and the increase in the average term of new agreements), as expected and part of our strategy. In the YTD, the result was R$ 218.7 million, also reaching new maximum amounts, and a 32.2% growth vs the same period in the previous year.

Consolidated Gross Profit
(R$ million)



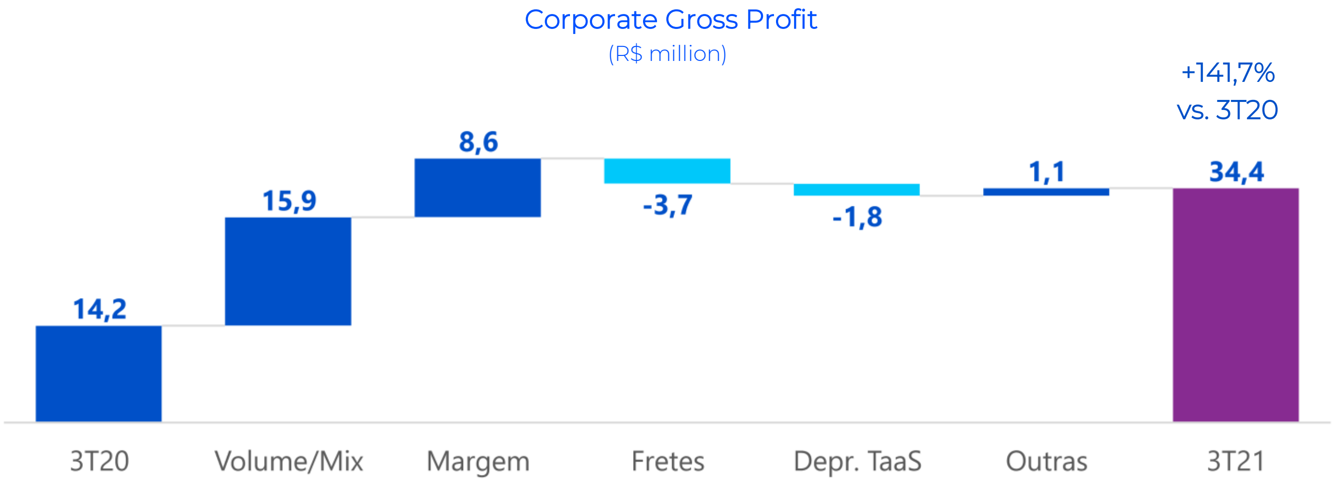
Translation of the image above:
3Q20, Volume/Mix, Margin, Freight, TaaS Depreciation, Other, 3Q21

In the Telecom segment, we reached a total of R$45.0 million in Gross Income, a decrease of -8.9% vs. 3Q20 and -11.5% vs. 2Q21. Even with the increase in Gross Income from Lease Volume, and increase in the margin of Sale of products, it was not enough to offset the increase in the Average Term of the New TaaS Agreements, represented as “Depr TaaS” in the chart above. Year-to-date, the Gross Income of the Telecom segment was R$140.8 million, growth of 13.2% vs. the same period of 2020.



Translation of the image above:
3Q20, Volume/Mix, Margin, Freight, TaaS Depreciation, Other, 3Q21

In the Corporate segment, we reached a total of R$34.4 million in Gross Income, growth of 141.7% vs. 3Q20 and 51.1% vs. 2Q21. The main factor that contributed to growth was the increase in volume noticed in the period due to BU Solar. Year-to-date, the Gross Income of the Corporate segment was R$77.9 million, growth of 89.6% vs. the same period of 2020.



Translation of the image above:
3Q20, Volume/Mix, Margin, Freight, TaaS Depreciation, Other, 3Q21

Gross Profit Margin

The Gross Consolidated Margin in 3Q21 was 27.6%, a decrease of 4.6 p.p. vs. 3Q20, due to the change in the Net Income mix (greater share of BU Solar) and the longer Term of New Agreements (lower share of Lease Net Income in Consolidated Net Income). Compared to 2Q21, we grew 0.9 p.p. mainly due to the increase in the Sales margin at BU Enterprise. Year-to-date, there was a decrease of 5 p.p., from 32.7% to 27.7%, in Gross Consolidated Margin, an expected impact.

The Gross Margin of Telecom Segment in 3Q21 was 34.0%, a reduction of 4 p.p. vs. 3Q20, mainly due to the impact caused by the increase in the Term of New Agreements. There was an improvement in the Sale de Products margin, but it was not enough to offset the negative impact mentioned above. As per 2Q21, the decrease was 2.7 p.p., mainly caused by the decrease in the Sale of Products margin. Year-to-date, Telecom's Gross Margin was 35.5%, a decrease of 2.5 p.p., mainly impacted by the increase in the Term of New Agreements. This impact on Gross Margin is expected.

The Gross Margin of the Corporate Segment in 3Q21 was 22.1%, growth of 1.2 p.p. vs. 3Q20, and 5.6 vs. 2Q21. This margin increase was mainly due to i. BU Enterprise record sales margin, due to the best mix of products in the professional audio and video segment, ii. higher volumes from both BU enterprise and BU Solar, and ii. increase in BU Solar's margin due to price transfer and scale. In the accumulated result for the year, Gross Margin was 19.8%, a decrease of 3.1 p.p. impacted by the mix, greater share of BU Solar, which presents lower margins.

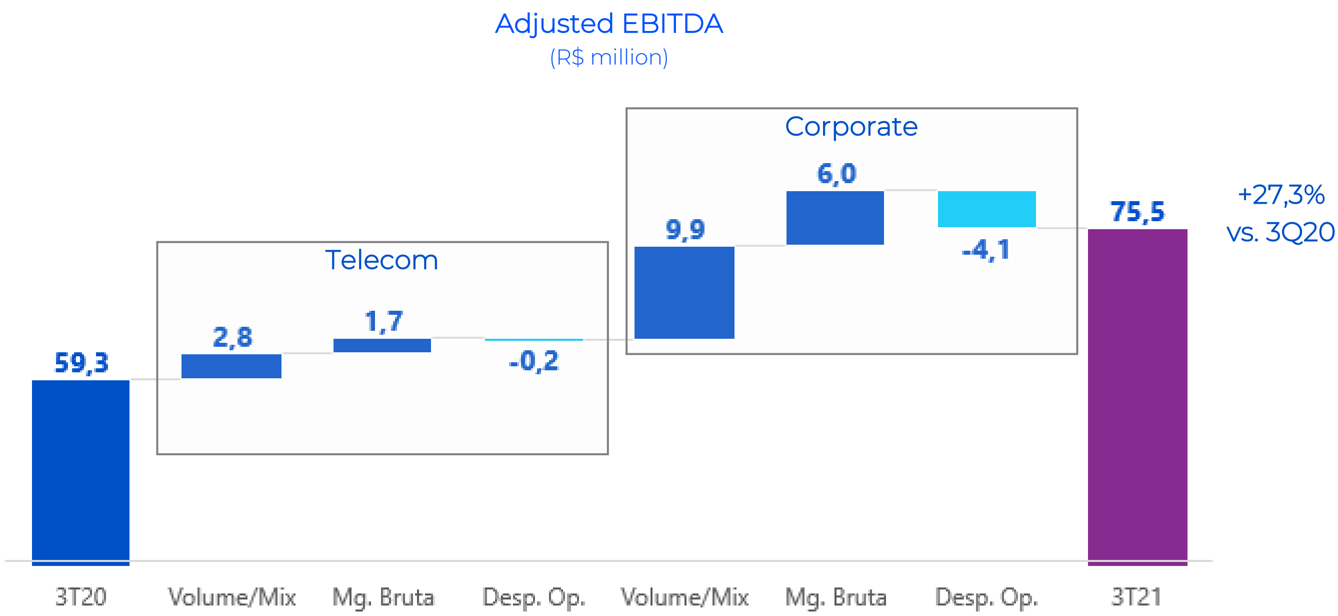
Adjusted EBITDA

Adjusted EBITDA (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Telecom	58.5	54.2	7.9%	172.1	141.5	21.6%
Adjusted EBITDA Margin (% Net Income for Telecom)	*44.1%*	*41.7%*	*2.4 p.p*	*43.4%*	*43.3%*	*0.1 p.p.*
Corporate	17.0	5.1	233.5%	31.1	17.8	74.6%
Adjusted EBITDA Margin (%Net Income for Corporate)	*10.9%*	*7.5%*	*3.4 p.p*	*7.9%*	*9.9%*	*-2.0 p.p.*
Adjusted Consolidated EBITDA	75.5	59.3	27.3%	203.2	159.3	27.5%
Adjusted EBITDA Margin (% Net Income)	*26.2%*	*29.9%*	*-3.8 p.p.*	*25.7%*	*31.5%*	*-5.8 p.p.*

The Consolidated Adjusted EBITDA of WDC was R$75.5 million, a 27.3% growth compared to 3Q20 and a 10.2% growth compared to 2Q21, due to larger volumes and a better margin in both operating segments. In the YTD, the Consolidated Adjusted EBITDA reached R$203.2 million, a 27.5% growth compared to the same period in 2020.

In the Telecom segment, Adjusted EBITDA was R$58.5 million, growth of 7.9%. The main factor that contributed to growth was the increase in volume noticed in the period, mainly in TaaS agreements, and better margins in product sales and services. Compared to 2Q21, there was a 4.8% reduction due to the lower volume of sales, as mentioned above. Year-to-date, Adjusted EBITDA Telecom was R$172.1 million, growth of 21.6% vs. the same period of 2020.

In the Corporate segment, Adjusted EBITDA reached a new historical record of R$17.0 million, growth of 233.5% vs. 3Q20 and 140.6% vs. 2Q21, mainly driven by higher sales volume at BU Solar and also an increase in Adjusted EBITDA Margin. The increase in operating expenses in the period results from the increase in large projects with some strategic customers and this effect was not expected. Year-to-date, Adjusted Corporate EBITDA was R$31.1 million, growth of 74.6% vs. the same period of 2020.



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3Q20, Volume/Mix, Gross Margin, Operating Expenses, Volume/Mix, Gross Margin, Operating Expenses 3Q21

Adjusted EBITDA Margin

The Consolidated Adjusted EBITDA Margin of WDC totaled 26.2%, an increase of 1.4 p.p. vs. 2Q21, due to the increase in Sales Margin in the Corporate segment, and improvement in the Provision for Doubtful Accounts, which accounted for 1.9% of the Net Income vs. 2.6% in 2Q21. In relation to the 3Q20, the reduction of 3.8 p.p. resulted from the increase of the equity interest of BU Solar and increase of the terms of the lease agreements (which extended the recognition of the EBITDA for future periods). In the accumulated for the year, the Consolidated Adjusted EBITDA Margin was 25.7%, a decrease of 5.8 p.p. vs the same period of the previous year, due to the same reasons applicable to the annual variation (3Q21 vs. 3Q20).

In the Telecom segment, the Adjusted EBITDA Margin in 3Q21 was 44.1%, an increase of 2.4 p.p. vs. 3Q20, which resulted mainly from the improved margins in the Sales of products and services. In the accumulated for the year, the Adjusted EBITDA Margin of Telecom totaled 43.4%, an increase of 0.1 p.p.

In the Corporate segment, the Adjusted EBITDA Margin in 2Q21 was 10.9%, an increase of 3.4 p.p. vs. 3Q20, and 5.8 vs. 2Q21. Such variation resulted mainly from the increase in gross margin, as mentioned above. In the accumulated for the year, the Adjusted EBITDA Margin of the Corporate was 7.9%, a decrease of 2.0 p.p. due to the same reasons already mentioned (mix impacted BU Solar).

Adjusted EBITDA Reconciled

Adjusted EBITDA Reconciled (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Consolidated EBITDA	69.7	57.0	22.2%	197.0	149.7	31.5%
EBITDA Margin (% Net Income)	*24.2%*	*28.8%*	*-4.6 p.p.*	*24.9%*	*29.6%*	*-4.6 p.p.*
(+) IPO Expenses	0.1	0.0	n.a	6.7	0.0	n.a
(+) Compensated Variable Expenses Based on Shares	5.7	2.3	150.5%	7.3	9.3	-21.8%
(-) Excl. ICMS Credit at PIS/COFINS Basis (17-20)	0.0	0.0	n.a	(7.7)	0.0	n.a
(+) Pre-Operating Expenses	0.0	0.0	n.a	0.0	0.3	-100.0%
(+) Non Recurring Rev. Expenses	5.8	2.3	152.4%	6.2	9.6	-35.0%
Adjusted Consolidated EBITDA	75.5	59.3	27.3%	203.2	159.3	27.5%
Adjusted EBITDA Margin (% Net Income)	*26.2%*	*29.9%*	*-3.8 p.p.*	*25.7%*	*31.5%*	*-5.8 p.p.*

The main non-recurring items that impacted the Adjusted EBITDA were:

IPO Expenses: with the IPO, we acknowledged expenses up to R$0.1 million. All estimated expenses were informed in the preliminary and definite draft.
Variable share-based payment expenses: As mentioned in the accompanying note 20 from ITR of the 2nd quarter and in the financial statements from 2017 to 2020, up to the IPO date, WDC had a variable share-based payment program. With the IPO, the program will proceed with the payment and finished for good. WDC replaced the program for a Stock Option one, as described in the Reference Form available on the RI (www.ri.wdcnet.com.br) and CVM websites. The impact in 3Q21 was R$5.7 million.
Exclusion of ICMS Credit at PIS/COFINS Basis: in the 3Q21 the credit basis was not excluded, considering that the adjustment was performed in 2Q21, which impacts the accumulated for 2021.
Pre-Operational Expenses: Non-current pre-operational expenses from the Casa Conectada opening in 2020.

Finance Income

Finance Income (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Currency Translation Adjustment	(5.0)	7.4	-167.5%	4.1	(2.7)	-248.8%
Financial Income	7.6	1.4	422.7%	12.4	4.4	179.3%
Finance Expense and Derivative Instrument	(16.4)	(9.2)	77.4%	(45.0)	(29.5)	52.4%
(+/-) Finance Income	(13.8)	(0.3)	3859.0%	(28.6)	(27.8)	2.6%

The Currency Translation Adjustment (Asset and Liability) represented an expense of R$5.0 million in 3Q21, mainly due to the depreciation of the BRL against other foreign currencies on liabilities of foreign suppliers and inventory assets not yet nationalized. In addition, we inform that this effect is temporary since it will be annulled by the pricing of our sales linked to foreign currencies. In the accumulated for the year, the Currency Translation Adjustment represented an income of R$4.1 million, despite of the depreciation of the Brazilian real in the period.

The Financial Income of WDC was R$7.6 million in 3Q21, compared to R$1.4 in 3Q20 and R$3 million in 2Q21. Such variation resulted from the increase in the Company's Cash during the period arising from the initial offering of shares held in July 2021 and the increase in the payment of fines and interest by defaulting clients in the amount of approximately R$1.5 million. For the year to date, the Financial Income was R$12.4 million, 179.3% higher in comparison to the same period in the previous year.

The Financial Expense and Derivative Instrument in 3Q21 totaled $16.4 million, an increase of 77.4% compared to the 3Q20 and a decrease of 2.2% vs. 2Q21. Such variations resulted from the Company's total indebtedness in the different periods, the contracted indices (CDI and IPCA) and, as a contra entry, the gains from the debt reorganization in 3Q21.

The Net Financial Expense in 3Q21 totaled R$13.8 million, compared to an expense of R$0.3 million in 3Q20. In the accumulated for 2021, the Net Financial Expense totaled R$28.6 million vs. R$27.8 million in the same period of previous year.

WDC's financial expenditures are generated mainly from an existing bank indebtedness contracted to finance the CAPEX originated from the TaaS modality. Part of this indebtedness was contracted in foreign currency with the corresponding derivative hedges to offset possible exchange rate risks. This decision stemmed from a conservative approach to managing the Company's financial liabilities.

Adjusted Net Income

Net Income (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
EBIT	34.0	30.9	10.1%	97.4	80.6	20.9%
EBIT Margin (% Net Income)	*11.8%*	*15.6%*	*-3.8 p.p.*	*12.3%*	*15.9%*	*-3.6 p.p.*
(+/-) Finance Income	(13.8)	(0.3)	3859.0%	(28.6)	(27.8)	2.6%
(-) Provision for current income and social contribution	(8.1)	(6.7)	21.1%	(20.6)	(10.3)	99.0%
Net Income	12.1	23.8	-49.3%	48.3	42.4	13.8%
Net Margin (% Net Income)	*4.2%*	*12.0%*	*-7.8 p.p.*	*6.1%*	*8.4%*	*-2.3 p.p.*

Adjusted Net Income Reconciled (R$ million, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Net Income	12.1	23.8	-49.3%	48.3	42.4	13.8%
Net Income Margin (% Net Income)	*4.2%*	*12.0%*	*-7.8 p.p.*	*6.1%*	*8.4%*	*-2.3 p.p.*
(+) IPO Expenses	0.1	0.0	n.a.	6.7	0.0	n.a.
(+) Merges and Acquisitions (M&A) Expenses	0.0	0.0	n.a.	0.0	0.0	n.a.
(+)Share-based payment expenses	5.7	2.3	150.5%	7.3	9.3	-21.8%
(-)Excl. ICMS Credit at PIS/COFINS Basis (17-20)	0.0	0.0	n.a.	(7.7)	0.0	n.a.
(+) Pre-Operational Expenses	0.0	0.0	-100.0%	0.0	0.3	-100.0%
(-) Reversal of income tax and social contribution	(2.0)	(0.8)	152.4%	(2.1)	(3.3)	-35.0%
(+) Non-recurring expenses and income tax and	3.8	1.5	152.4%	4.1	6.3	-35.0%
Adjusted Net Income	15.9	25.4	-37.2%	52.4	48.7	7.5%
Adjusted Net Income Margin (% Net Income)	*5.5%*	*12.8%*	*-7.3 p.p.*	*6.6%*	*9.6%*	*-3.0 p.p.*

The Adjusted Net Income in 3Q21 totaled R$15.9 million, a decrease of 37.2% vs. 3Q20. As mentioned above, in operational terms, the result was positive and the indicators of Gross Income and EBITDA increased, however these effects were not sufficient to compensate the negative impacts arising from the change of the sales mix (lower equity interest of Telecom and higher equity interest of Solar), and ii. Net Financial Income, mainly by virtue of the operational foreign exchange variation.

In the accumulated for 2021, the adjusted Net Income totaled R$52.4 million, an increase of 7.5% compared to the same period of the previous year, mainly due to the higher volumes in the period and the improved sales margin of products and services.

The Adjusted Net Income Margin was 5.5% in 3Q21, a decrease of 7.3 p.p. vs. 3Q20 and a decrease of 3.6 p.p. vs. 2Q21, as a consequence of the abovementioned effects.

Cash Flow

Consolidated Cash Flow Statement (R$ million, unless otherwise indicated)	3Q21	2Q21	Δ %	21 YTD	20 YTD	Δ %
Net cash used in Operating Activities	38.4	(35.3)	-209%	(36.6)	99.3	-137%
Net income for the period	12.1	26.7	-55%	48.3	42.4	14%
Adjustment to reconcile net income for the period to cash from operating	83.9	47.2	78%	191.5	129.0	48%
Decrease (increase) in assets	(22.7)	(45.6)	-50%	(207.8)	(63.6)	227%
Increase (decrease) in liabilities	(34.9)	(63.6)	-45%	(68.6)	(8.5)	709%
Net cash used in Investment Activities	(302.9)	(64.0)	373%	(389.9)	(171.2)	128%
Net cash used in Financing Activities	416.2	90.8	359%	563.3	126.8	344%
Net decrease in cash and cash equivalent	151.7	(8.5)	-1879%	136.7	54.9	149%

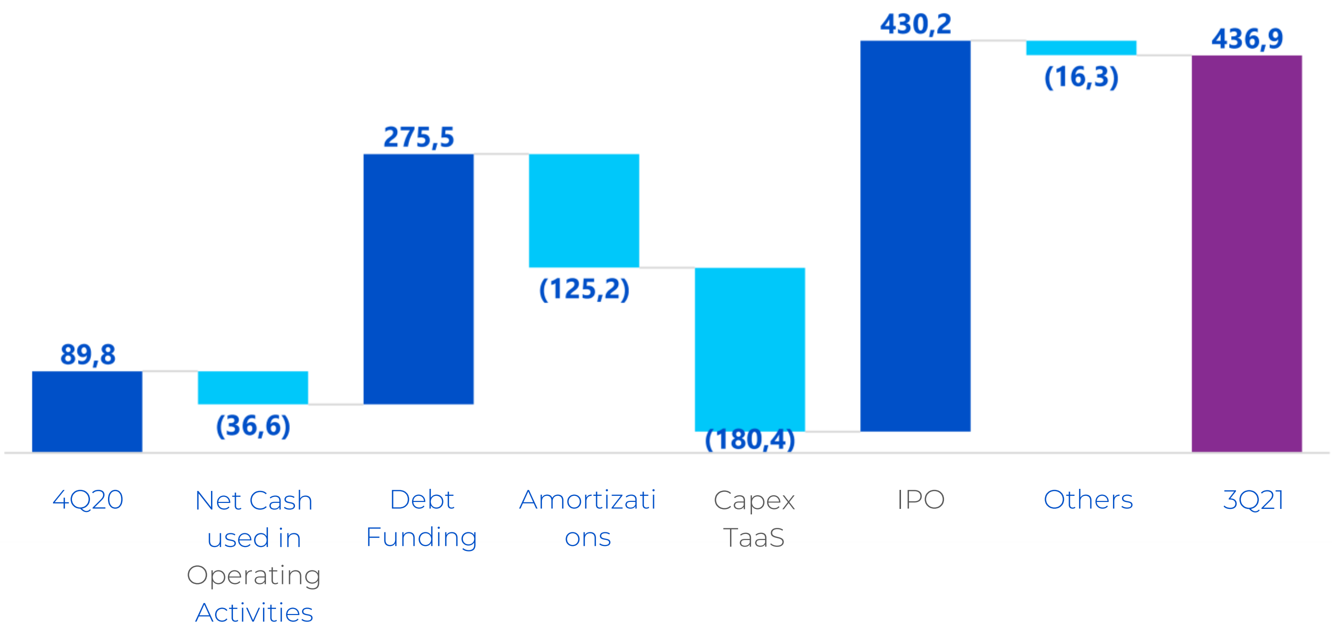
In the 3Q21, the Operational Activities generated cash of R$38.4 million, due to the exchange rate change of R$31.6 million, less deferred income tax and social contribution of R$4.2 million, and R$17.2 million by virtue of the decrease in inventory, these items were partially compensated by other variations in assets and liabilities, such as the amount of R$26.7 million of interest paid and other less relevant expenses.

The Investment Activities totaled R$302.9 million in cash arising from the acquisition of Fixed Assets and Intangible Assets of R$57 million to TaaS, and R$245.9 million between Acquisitions and Redemptions of Short-Term Investments.

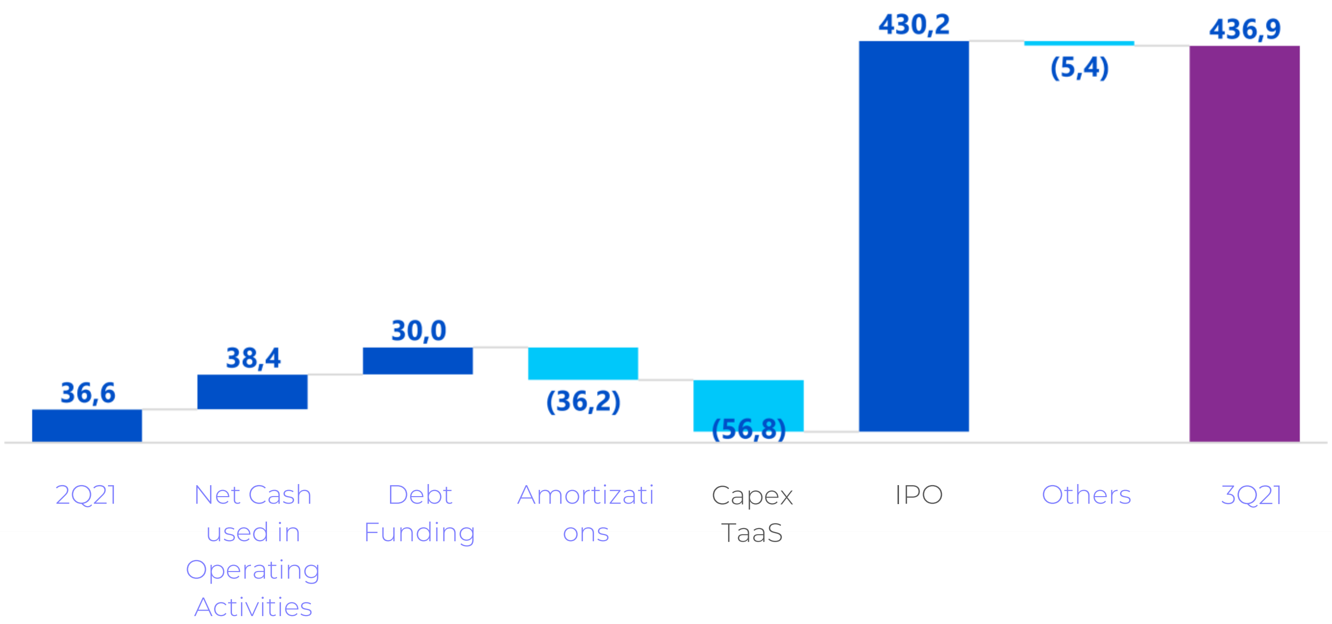
The Financing Activities generated cash of R$416.2 million by virtue of the Capital Increase and Reserves subject to the offer of shares of R$430.2 million.

By virtue of the abovementioned flows, WDC closed the 3Q21 with R$174.5 million of cash and cash equivalents; in addition, Short-Term Investments, comprising the operational cash of R$264.4 million, totaled R$436.8 million. The variation of the operational cash in the accumulated for 2021 is broken down below.

Operating Cash Adjustment = Cash and cash equivalents + Short-Term Investments
(R$ million)
2021 YTD



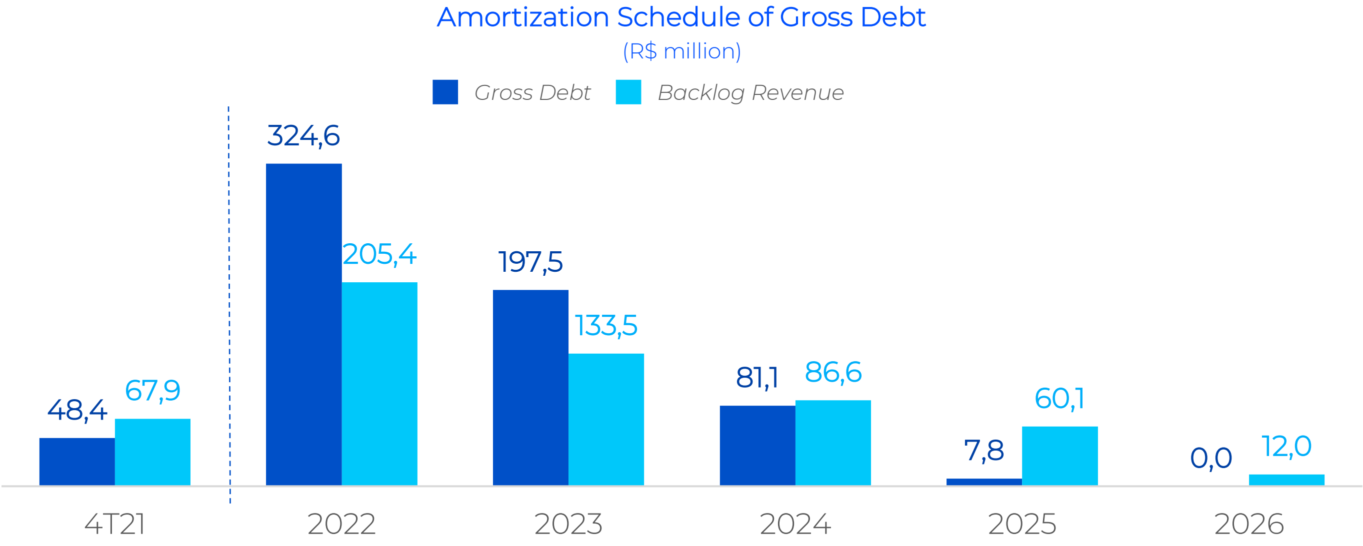
3rd Quarter 2021



Indebtedness

Indebtedness (R$ million unless otherwise indicated)	3Q21	2Q21	Δ %
(+) Loans, financing and debentures	668.5	670.9	-0.4%
Current	318.0	297.1	7.0%
Non-Current	350.5	373.8	-6.2%
(+/-) Net Derivative Financial Instruments	(7.8)	(4.0)	95.8%
Assets	(16.4)	(7.1)	130.4%
Liability	8.5	3.1	175.3%
Gross Debt	660.6	666.9	-0.9%
(-) Cash and Equivalents and Short-Term Investments	(436.9)	(36.6)	1092.0%
Net Debt	223.8	630.3	-64.5%
Adjusted EBITDA LTM	275.3	259.1	6.2%
Net Debt/ Adjusted EBITDA LTM	0.81	2.43	-66.6%

The indicator of Net Debt on Adjusted EBITDA (UDM) was 0.81x at the end of 3Q21, mainly due to the proceeds from the primary offering of shares performed in July in B3, but also due to the cash generated from the operating activities mentioned above. The indebtedness analysis always considers the 3Q21. Such level reflects a comfortable level according to the WDC's management considering the the Future Backlog Income, which represents an expected coverage of the TaaS equivalent to R$565.5 million of debt inflow. In terms of debt coverage, the Backlog of Revenues represents 2.5x of total Net Debt.



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4Q21. 2022, 2023, 2024, 2025, 2026

In the 2Q21, the average debt term of WDC was 29 months and the average cost was CDI + 3.52%.

ROIC

ROIC (R$ million, unless otherwise indicated)	3Q21	2Q21	2020	2019
EBIT (LTM)	140.1	137.0	123.3	53.0
(-) Provision for current income and social contribution (UDM)	(30.9)	(29.5)	(20.7)	(0.5)
Operating Income after taxes (NOPAT) = (A)	109.2	107.5	102.6	52.5
(+) Equity	616.2	165.9	130.0	74.2
(+) Gross Debt	659.1	666.9	510.5	360.1
(+) Cash and Equivalents and Short-Term Investments	(436.9)	(36.6)	(89.8)	(32.4)
Invested Capital	838.4	796.2	550.6	401.9
Average Invested Capital 3Q21 and 3Q20 = (b)	696.8	656.2	476.2	292.9
ROIC = (A/B)	15.7%	16.4%	21.5%	17.9%

In 3Q21 the Return on Invested Capital (ROIC[3]) was 15.7%. We have assessed the ROIC is a level lesser than the historically noticed (2019 and 2020) because of the following reasons: i. increase of working capital to support the future growth; ii. Operational result of the Corporate segment that is still in ramp-up curve for the Solar BU and the recovery of the economy for the Enterprise BU; and iii. the huge growth of the TaaS business model that requires assets investment and costs and expenses that occurs before the start of the contract. This impact is compensated by the future revenue recurrence.

[3] The invested capital (IC) is the sum of the capital invested in operating activities of the Company composed by the Net Equity and Gross Debt, Cash and cash equivalent and short term investments. We understand that the average of the capital invested between the current and previous period reflects the best performance of the Company due to the accelerated growth.

WDC NETWORKS

Exhibits

Income Statement

Consolidated Income Statement (R$ thousands, unless otherwise indicated)	3Q21	3Q20	Δ %	21 YTD	20 YTD	Δ %
Gross Revenue Sales	266,851	171,761	55.4%	723,713	423,312	71.0%
Total TaaS (VGV Leases)	124,942	116,985	6.8%	381,248	282,208	35.1%
Total Sales	391,794	288,746	35.7%	1,104,961	705,520	56.6%
Gross Revenue Sales	266,851	171,761	55.4%	723,713	423,312	71.0%
Gross Revenue Lease	72,815	66,329	9.8%	215,994	186,809	15.6%
Gross Income	339,667	238,090	42.7%	939,707	610,121	54.0%
(-) Taxes levied on Income	(46,891)	(37,219)	26.0%	(131,603)	(96,067)	37.0%
(-) Returns	(4,590)	(2,808)	63.5%	(17,649)	(7,585)	132.7%
Net Income	288,186	198,063	45.5%	790,454	506,469	56.1%
(-) CMV	(208,711)	(134,410)	55.3%	(571,710)	(341,029)	67.6%
Gross Income	79,475	63,653	24.9%	218,744	165,439	32.2%
Gross Margin (% Net Income)	*27.6%*	*32.1%*	*-4.6 p.p.*	*27.7%*	*32.7%*	*-5.0 p.p.*
(-) Personnel Expenses	(18,927)	(13,480)	40.4%	(46,266)	(39,792)	16.3%
(-) Selling Expenses	(18,960)	(13,162)	44.1%	(55,062)	(29,009)	89.8%
(-) General and Administrative Expenses	(5,240)	(4,949)	5.9%	(21,518)	(11,537)	86.5%
(+/-) Other operating income/expenses	(2,360)	(1,180)	100.0%	1,494	(4,515)	-133.1%
(-) Operating Expenses	(45,487)	(32,771)	38.8%	(121,352)	(84,854)	43.0%
EBIT	33,987	30,882	10.1%	97,392	80,585	20.9%
EBIT Margin (% Net Income)	*11.8%*	*15.6%*	*-3.8 p.p.*	*12.3%*	*15.9%*	*-3.6 p.p.*
(+) Depreciation & Amortization	35,694	26,125	36.6%	99,584	69,163	44.0%
EBITDA	69,681	57,007	22.2%	196,977	149,748	31.5%
EBITDA Margin (% Net Income)	*24.2%*	*28.8%*	*-4.6 p.p.*	*24.9%*	*29.6%*	*-4.6 p.p.*
(+) Non-recurring Income, Expenses	5,794	2,296	152.4%	6,229	9,588	-35.0%
Adjusted EBITDA	75,475	59,303	27.3%	203,206	159,337	27.5%
Adjusted EBITDA Margin (% Net Income)	*26.2%*	*29.9%*	*-3.8 p.p.*	*25.7%*	*31.5%*	*-5.8 p.p.*
(+/-) Finance Income	(13,788)	(348)	3859.0%	(28,563)	(27,844)	2.6%
(-) Provision for current income and social contribution	(8,099)	(6,688)	21.1%	(20,555)	(10,328)	99.0%
Net Income	12,100	23,846	-49.3%	48,274	42,413	13.8%
Net Margin (% Net Income)	*4.2%*	*12.0%*	*-7.8 p.p.*	*6.1%*	*8.4%*	*-2.3 p.p.*
(+) Non-recurring expenses and income tax and	3,824	1,515	152.4%	4,111	6,328	-35.0%
Adjusted Net Income	15,924	25,361	-37.2%	52,385	48,741	7.5%
Adjusted Net Margin (% Net Income)	*5.5%*	*12.8%*	*-7.3 p.p.*	*6.6%*	*9.6%*	*-3.0 p.p.*

WDC NETWORKS

Statements of Financial Position

Statements of Financial Position Consolidated	3Q21	2Q21	Δ %	2020	2019	2018
Assets						
Assets Current						
Cash and cash equivalents	174,451	22,584	672%	37,785	28,228	4,419
Short-term investments	262,416	14,065	1766%	52,046	4,130	0
Accounts receivable, net.	187,426	179,607	4%	162,581	111,374	78,448
Taxes recoverable	57,841	59,344	-3%	22,762	11,338	5,838
Derivative financial instruments	7,252	4,899	48%	8,088	366	0
Inventories	201,458	215,418	-6%	138,780	167,805	165,618
Advances to suppliers	60,784	48,383	26%	34,927	11,014	3,965
Prepaid Expenses	1,530	453	238%	183	0	1,885
Total Assets Current	953,159	544,753	75%	457,152	334,255	260,173
Assets Non-Current						
Accounts receivable, net.	83,213	69,178	20%	43,590	11,820	45,466
Judicial Deposits	110	109	0%	0	0	0
Derivative financial instruments	9,101	2,199	314%	6,122	0	0
Deferred taxes	15,809	19,974	-21%	15,231	9,610	8,223
Right to use assets	3,240	3,492	-7%	5,313	4,452	0
Property, plant and equipment, net	413,675	396,315	4%	345,930	239,253	145,753
Intangible Assets, net	54,674	50,153	9%	37,972	16,365	18,069
Total Assets Non-Current	579,822	541,420	7%	454,158	281,500	217,511
Total Assets	1,532,981	1,086,173	41%	911,310	615,755	477,684
Liability						
Liability Current						
Suppliers	161,498	137,695	17%	149,074	104,973	155,768
Personnel, social charges and benefits	10,898	24,722	-56%	24,269	11,173	6,182
Taxes payable	17,172	20,861	-18%	8,907	5,046	4,981
Loans, financings and debentures	318,017	297,123	7%	195,861	117,718	44,379
Derivative financial instruments	7,013	3,092	127%	0	2,731	2,986
Lease liabilities	2,083	2,125	-2%	2,650	1,885	0
Other obligations	46,450	52,642	-12%	68,086	42,056	71,031
Total Liability Current	563,131	538,260	5%	448,846	285,582	285,327
Liability Non-Current						
Loans, financings and debentures	350,468	373,794	-6%	328,808	239,969	51,689
Other obligations	3,222	8,214	-61%	3,697	15,993	81,637
Total Liability Non-Current	353,690	382,008	-7%	332,505	255,962	133,326
Equity						
Capital stock	298,030	86,666	244%	86,666	86,666	86,666
Capital reserves	236,632	10,000	2266%	10,000	10,000	10,000
Income reserves	33,225	33,225	0%	33,225	7,360	5,424
Other obligations	48,273	36,014	34%	68	-29,815	-43,059
Total Equity	616,160	165,905	271%	129,959	74,211	59,031
Total Liability and Equity	1,532,981	1,086,173	41%	911,310	615,755	477,684

Cash Flow Statement

Consolidated Cash Flow Statement (R$ million, unless otherwise indicated)	3Q21	2Q21	Δ %	21 YTD	20 YTD	Δ %
Net cash used in Operating Activities	38.4	(35.3)	-209%	(36.6)	99.3	-137%
Net income for the period	12.1	26.7	-55%	48.3	42.4	14%
Adjustments to reconcile net income for the period to cash from operating activities	83.9	47.2	78%	191.5	129.0	48%
Depreciation and amortization	35.7	33.4	7%	99.6	69.1	44%
Expected loss with allowance for doubtful debtors	5.3	7.1	-25%	20.7	9.7	115%
Provision for obsolescence	(0.9)	0.1	-996%	0.1	3.4	-97%
Provision for contingencies and others, net	0.0	0.0		0.0	(0.1)	-100%
Mark-to-market derivatives	(1.0)	(6.2)	-84%	(4.7)	(22.2)	-79%
Short-term investment incomes	(2.5)	(0.1)	4200%	(2.6)	(0.1)	2614%
Interest expenses and foreign exchange variation	31.6	(0.6)	-5756%	46.3	48.6	-5%
Present value adjustment	2.3	2.0	13%	4.5	0.3	1529%
Write-off of Property, Plant and Equipment and Intangible Assets	0.1	0.2	-59%	0.3	0.5	-46%
Share-based payment expenses	5.7	0.8	620%	7.3	9.3	-22%
Provision for income and social contributions taxes	3.4	12.2	-73%	20.6	13.4	54%
Deferred income and social contributions taxes	4.2	(1.9)	-323%	(0.6)	(2.8)	-80%
Decrease (increase) in assets	(22.7)	(45.6)	-50%	(207.8)	(63.6)	227%
Accounts receivable	(29.6)	(44.7)	-34%	(89.8)	(80.2)	12%
Taxes recoverable	1.5	(25.7)	-106%	(35.1)	(13.9)	152%
Inventories	17.2	23.5	-27%	(61.8)	39.0	-259%
Advances to suppliers	(11.0)	(5.9)	88%	(24.6)	(8.2)	198%
Prepaid expenses	(1.1)	(0.2)	508%	(1.3)	(0.3)	388%
Settlement of derivative financial instruments	0.3	7.4	-96%	4.8	0.0	
Increase (decrease) in liabilities	(34.9)	(63.6)	-45%	(68.6)	(8.5)	709%
Suppliers	16.7	(56.4)	-130%	15.8	39.2	-60%
Taxes payable	(7.0)	2.7	-360%	(6.6)	(8.7)	-24%
Personnel, social charges and benefits	(19.5)	1.1	-1806%	(20.6)	2.6	-904%
Deferred income	(1.6)	(2.2)	-26%	(6.5)	(13.9)	-53%
Related parties	(0.0)	(0.0)	0%	(0.0)	0.3	-103%
Other obligations	(4.4)	3.7	-219%	(0.5)	4.0	-112%
Payment of interest	(26.7)	(12.6)	112%	(52.3)	(36.5)	43%
Payment of income and social contribution taxes	7.8	0.1	6489%	2.1	4.5	-53%
Net cash used in Investment Activities	(302.9)	(64.0)	373%	(389.9)	(171.2)	128%
Acquisition of Property, Plant and Equipment and Intangible Assets	(57.0)	(64.0)	-11%	(182.1)	(167.4)	9%
Acquisition in short-term investments	(260.5)	0.0		(260.5)	(7.9)	3182%
Redemption in short-term investments	14.6	0.0		52.7	4.2	1155%
Net cash used in Financing Activities	416.2	90.8	359%	563.3	126.8	344%
Admission of new loans and debentures	30.0	147.0	-80%	275.5	219.0	26%
Payment of loans and financings (principal)	(43.3)	(40.3)	7%	(124.9)	(82.9)	51%
Payment of lease obligations	(0.7)	(0.9)	-30%	(2.4)	(4.6)	-48%
Dividends and interest on own capital paid	0.0	(15.0)	-100%	(15.0)	(4.8)	2
Capital increase and reserves - IPO, net of issuance costs	430.2	0.0		430.2	0.0	
Currency Translation Adjustment on Cash and Cash Equivalents	(0.3)	0.2	672%	(0.1)	0.1	-193%
Net decrease in cash and cash equivalent	151.7	(8.5)	-1879%	136.7	54.9	149%
Cash and cash equivalents at the beginning of the period	22.6	31.3	-28%	38	28	34%
Cash and cash equivalents in the end of the period	174.5	22.6	672%	174	83	110%

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+55 (11) 3035-3777

ri@wdcnet.com.br

www.ri.wdcnet.com.br