

**WDC:**

Good afternoon, everyone. Welcome, and thank you for taking part in our earnings call for the 4Q and also presentation of the complete financial statements for 2021. It was a very important year for WDC.

Today we will have our comments about our earnings as usual, and on the platform, as you already know, on the left, you can submit your questions. They are open as of now. You can submit your questions, and you can also view the presentation not only here on the platform, but also via the link we sent by email or the link on our IR website.

I am going to read the disclaimer, and then I will hand over to Vanderlei. So the statements contained in this document regarding WDC network's business and growth prospects are based solely on the management expectations for the future of the business. These expectations depend substantially on market conditions, the performance of the Brazilian economy, the sector and international markets, and therefore are subject to change without prior notice. All variations shown herein are calculated based on the numbers without rounding. This performance report includes accounting and non-accounting data, such as operating and proforma financial data. Non-accounting data was not subject to review by the independent auditors of the Company.

With that, I would like to hand the floor over to Vanderlei, who will begin our presentation. Thank you, everyone.

**Vanderlei Rigatieri:**

Good afternoon, everyone. As I always say, every time we begin this earnings call, I always see that it is a great moment for us to exchange ideas, to explain a little bit more about the Company and tell you about our performance not only in the quarter, but this time we are going to show you what happened all year.

Once again, I am very happy to what I have to show you. After all, this 4Q, once again, we beat our total sales record, achieving R\$351 million total sales in this 4Q. That means 18% higher year over year. Net revenues increased 30.5% year over year, so we achieved R\$276 million. And the EBITDA margin was 27.2%, 1 p.p. over 3Q21.

So in fact, in a quarter that we had a lot of difficulties, with the entire market suffering a lot, we have these results that are better, I would say, in terms of margin and higher sales and growth.

Another important thing that I would like to highlight is that the solar business unit within the corporate segment continues to move forward. We grew 200% year over year. The Enterprise business unit, which is in the corporate segment as well, grew 16% year over year. And we have great news, which is the pursuit for operating efficiency and recovering the operating margins.

The consolidated gross net margin was 27.6% and the consolidated adjusted EBIDTA margin was 27.2% for the 4Q. So that is an improvement in the Company's baseline quarter after quarter after quarter.

So we had a follow on in the beginning of this year, actually, in January 2022. As you have seen, we did that so we can unlock our operations in the retail market. So now we are CVM 400. That means that that improves our possibilities in terms of our share liquidity.

So the snapshot for this 4Q is very positive, as you can see. What concerns me the most is to know that our business is on the right track, that our business is performing as planned. And by showing you this data, that is exactly what we are saying.

On the next slide, I am going to show you the evolution of total sales. You can see that in the quarter, we grew 18.3%, going from R\$297 million to R\$351 million, and in the year, we evolved

45.3%. Once again, we are significantly growing our top line and our sales efforts are working, revolving in a very strong manner in this past year.

The other important aspect, on the next slide, is dividing the two major segments that we have. As you know, we have the telecom division and the corporate division. And inside the corporate division, we have the Solar business unit.

As you can see in 4Q21, the telecom segment presented a performance that was 17% lower, even though it grew 21.5% in the year. So total sales in telecom for the year was R\$756 million. And it is no secret, we had already mentioned this to the market, in the 4Q, we felt a slight slowdown in providers in relation to new customers, new subscribers, therefore slowing down that growth rate.

We are always a factor that measures that because, after all, we sell the products that will be the kits for subscribers and these providers. So I always like to say that we have a very strong thermometer. We usually know a little bit beforehand how the providers will perform in the future.

In the corporate market, what we have seen was an increase of 66% quarter over quarter, so R\$125 million in 4Q20 to R\$208 million 4Q21. And in the year, we grew 84.3%. A very significant figure, very robust growth, mainly driven by the sale of the PV energy kits.

On the next slide, we can see a zoom of the Solar business unit, which is inside the corporate division. As you can see, in 4Q21, we grew 200% over 4Q20, from R\$34 million we went to R\$102 million. And in the year, we had an increased use of 367% growth. We can no longer disregard the size of that business, of our Solar business unit in WDC. As you can see, we have achieved R\$333 million total sales in the year.

On the next slide, we can see the evolution quarter after quarter of the consolidated sales. You can see that we had a robust pace in growth in total sales. And in 3Q21, we could already see a sort of stabilization that we were expecting, and in 4Q21, we even had a drop in the total amount of sales, mainly resulting from that slowdown that we felt in the telecom market. That was something we already expected. We believe that someday that would happen, and it did happen in the last quarter.

Here, you can see the importance when we compare all three segments. You can see that solar is at 26% share in our total sales mix, enterprise, 27.1%, and telecom, 36.3%. So this is a clear vision of how things are evolving. The quarter definitely posed many challenges in product delivery and a number of other things, but we believe that, in general, our results were very good.

Now I am going to hand over to André Valente, our CFO, and he is going to give you more color on some of the other figures, and then I will come back to talk about our vision. I will talk about our future vision and answer any questions you may have. Thank you.

André?

**André Valente:**

Good afternoon, everyone. On this slide, we are showing the evolution of the number of new TaaS agreements. As you can see, we have a decrease in the number of new agreements that started in the 4Q. We started off with 309 new agreements compared to 440 year over year. So that is a 29.8% drop, mainly resulting from the slowdown in the telecom segment, and decreasing the number of new subscribers with providers. And that resulted in decreasing the number in the business unit, as they are the main consumers in TaaS.

The good news is that we were able to increase our average ticket. Even though we had a decrease in 29% in number of agreements, we were able to go from R\$253,000 to R\$322,000 for the average ticket. And that means that the drop in PSV rentals for TaaS was R\$99 million, so that is the middle chart, compared to R\$111 million, as you can see, year over year.

The other highlight is that we were very selective in terms of margins. In this quarter, we were very careful with our margins and our capital. As you can see, the CAPEX that we spent in the quarter was 18.6% compared to the same period in 2020. So we were able to increase our margin in our TaaS agreements. Even though the PSV dropped by 10%, we saved almost 19 p.p. in CAPEX.

On the next slide, this is year over year, and total PSV rentals achieved R\$480.9 million in 2021, compared to R\$393 million year over year, and accounted for 32% of total sales of the Company compared to 2019, and CAPEX only increased 2%, very close when you compare year over year. And as you can see, it went from R\$220.7 million to R\$225.2 million in 2021.

On the right, on the top chart, we have the markup. So we divide the R\$480.9 million by the total CAPEX of R\$225 million, so the markup is 2.14, which is almost 20% better than the markup that we delivered in 2020, which was 1.78.

In the revenue backlog, that is very important for the Company, showing that the future revenues that will still be recognized and accounted for also entered our cash. So R\$591.9 million, and year over year we have an increase of 45.3%. So that was R\$591.9 million. That is very important information. When you have insured future revenues, that increases predictability not only of revenues, but also of cash that we expect to receive in upcoming years. So that is a very important indicator for the Company when we consider our strategy in TaaS.

On the next slide, we have the breakdown of our adjusted EBIDTA per segment. As you can see in telecom in the 4Q21, we had R\$53 million EBIDTA compared to R\$55 million in the same period in the previous year. And here, I would like to highlight the margin improvement, the R\$55.4 million in telecom last year accounted for 48.8% margin, and the R\$53 million that we see now means an EBIDTA margin of 49.5%. So even though there was a nominal drop of 4.3%, we had a margin improvement.

On the next slide, we have the adjusted EBIDTA for the corporate segment. As you can see, nominally, it went from R\$16.7 million to R\$22.1 million, a 32% growth year over year, which is mainly resulting from the solar business unit growth, broadening that improvement in volume. And percentage wise, the margin is a bit lower given the mix. And as is known, the margin in solar is a bit lower than the other segments. In other segments, we are talking about professional audio and video and enterprise, mainly.

On the next slide, we have the consolidated results. The net revenues in the 4Q, we have R\$276 million. That means a growth of 30%, and year-to-date, R\$1.066 billion. That means 48.5% growth. When we look at the adjusted EBITDA and margin, in the quarter, nominal EBITDA grew from R\$72.1 million to R\$75.1 million, a growth of R\$3 million year over year, meaning 4.2% growth.

The percentage margin drops according to the Company's plan, resulting from two main effects. The first one I would like to remind you, is the growth of the solar business unit, which brings in a lower percentage margin according to the Company mix, as Vanderlei showed us, meaning almost 1/3 of the Company. And also, the extension of the TaaS agreement terms. When we do that, we benefit the revenue backlog in lieu of the revenues recognized in the period at hand.

In the year total, we achieved R\$278.3 million adjusted EBITDA, with a margin of 26.1%. So you see a growth of 20.3% from one year to the other, and a drop in the percentage margin for the same reasons that I explained for the quarter.

The adjusted net income, on the right, we have R\$24.3 million in the quarter, and that means a drop of 17.8% compared to the R\$29 million in 4Q20. But we would like to highlight the evolution that we have observed in 3Q to 4Q. And for the year, we have R\$76.7 million in adjusted net income, meaning a drop of 2.1%, also resulting from the effects of the increment in the Selic interest rates, and also the effects that have been shown in the operating effects of the EBITDA.

On the next slide, we have our net debt over EBITDA indicator, 0.91x. As you can see, out of the gross debt of R\$589 million, we ended the year at R\$337 million in cash. Minus the gross debt, we have a net debt of R\$252 million, and the R\$252 million compared to the R\$78 million in EBITDA means 0.9x, almost 1x for total net debt over EBITDA for the Company.

As you can see, out of the total funds of the IPO that we had in July, we started the year with a strong cash flow, even though we delivered a volume of new TaaS agreements of R\$480 million. So this is to show the good cash generation that the Company already has, even though we have CAPEX for the new agreements that we have begun.

Another thing that we would like to show as well is the coverage that we have of our debt with the backlog of revenues. So the revenue backlog that we showed you of R\$591.9 million versus the net debt of R\$252 million means we have approximately 2.3x our debt saved in the future backlog.

And here is the schedule of not only the amortization of the gross debt versus the actual of our future backlog, as you can see in the lighter blue. So that shows that the Company is confident with the growth of TaaS in our financials.

On the next slide, we are talking about the future. So I would like to hand back over to Vanderlei Rigatieri, our CEO.

**Vanderlei Rigatieri:**

I think you could see that we are extremely happy with our results for this year, given all the conditions that the market went through. But for the future, if you ask me, "how do you feel about 2022?", I can say that I am very optimistic. I am very confident about what is coming because our plan is still very much on track.

We see that in the solar market we should maintain a growth rate very close to what we have seen last year in 2022 as well, with some potential changes of the mix in solar. We see that in 2022, as a result of the changes of the new rules that were actually positive for the market, we should feel and see an increase in the demand of midsize power plants. We were focused on 18 kw, but now we are seeing power plants of up to 500 kw as the peak, with a huge pipeline. So that midsize consumers can use this type of resource.

So there is a number of different opportunities that are very strong, and we are organized for that. We are ready for that demand. We have enough inventory for that demand. So that is very good in terms of the perspectives for the solar market in 2022.

Another important thing, and I would like to clarify that, we saw a slowdown in 4Q, but we do see that the larger providers and mid-sized providers are very concerned in improving the quality of their networks so that they can maintain customer loyalty.

So in turn, that has brought on more opportunities for WDC, not only to sell the subscriber kit, because we realized that that dropped in in 4Q, but also many data centers in DWDN to improve the quality of the backbone and much more.

And now a snapshot of today. So the telecom market has seen a market reaction. So what we believed was a stability in terms of number of subscribers. I can say that, according to today's snapshot, that is not what we are seeing. In this quarter, we have already closed good deals in expanding networks. And just to mention one example, one provider bought a contract of over 100,000 subscribers for us to deliver in ten phases during the year. So that means that the market reacted, and that is a good sign.

The other important thing is that we entered a segment in which we were not present last year, and we will reap many results from that, which is building the network for the provider. The cabling and homes passed, we have already closed four agreements in that, one with 4,000 homes passed,

another one of 12,000. So there is a pipeline for that. That means that the telecom perspectives for this year are very healthy and robust again.

And this quarter specifically, we still may face a little bit of noise in the results, especially because the supply chain has been very complicated. We felt that in January and February much more than we imagined, but now we are seeing a comeback already, and that is very good. That means we will have a very strong year ahead of us.

I have been personally involved talking to all the providers, and I feel that they are excited. We have also been talking to the major providers of neutral networks, and we have a good offer for them, which is TaaS, for the subscribers, their customers. So the neutral network is not 100% operating yet, but we have very good perspectives in that sense in telecom.

It was a concern. Actually, we are always concerned about that market, but I can say that the telecom market reacted and is still reacting. And if everything maintains according to normal, and we cannot forget the war, but I still believe that the outlook is very positive in that segment.

In the enterprise market, the corporate market, we have already seen the reaction in that market. I always like to say that that market is a mature market. Information, security, unified communication, telephony conferencing systems. It is a more mature market, and it is also reacting.

We have always been very focused on large size projects such as highways, airports, and those new concessions offer us interesting perspectives in that segment as well. Not only that, but in the private market as well, logistics, warehouses. And we have seen that that is a very interesting area for growth.

So when we look at the year that we have already started, what we have seen so far in 2022, we believe that we are seeing very strong perspectives, a strong outlook for us, especially in the new businesses that we are envisioning in telecom.

And of course, I have to mention that, in the 1H, we will have some difficulty in inputs. We still have a problem with the semiconductor supply chain. Things should get back to normal, especially in telecom. We already have signs of that. There may be an increase in international shipping costs because of the Ukraine war, but that still has not translated into the shipping that we have been contracting now. That may not even happen.

And as always, we are highly focused on operating improvements and improving our efficiency. This morning, we were saying that this company still has an owner controlling the airplane every single day. All the expenses, all the hires, still holding things to make sure that we do not lose control. And that shows us, and I want to make that very clear to you all, that shows us that 2022 will be an extremely strong and healthy year moving forward.

So that is the message that I had for you, and now we can open the floor for questions. Thank you very much for your attention. I have to say that, God willing, we should have these conferences in person and be in contact with you directly.

So, thank you. Let us move on to our Q&A.

**Thales Leon, shareholder (via webcast)**

Will the Company provide guidance for 2022? Are there any market issues? And could you talk about share buyback?

**André Valente:**

About share buyback, Thales, we always consider that theme. We are always aware of what is going on together with our investor relations area and our shareholders. We are strongly committed to the use of the funds that we attracted in our IPO. Our plan is in line and is moving well.

Do not forget that the use of the funds would be to continue to growth through TaaS, and that requires CAPEX, and to increase the backlog of revenues. So we are doing that and making that happen. We still have that same look and we are not changing the path.

Obviously, we always have to look into opportunities, but right now we are highly focused on dedicating our cash to new CAPEX, to new agreements, as you can see, with profitability and a TIR even better than what we had before. So we believe that that would be the best use for our funds instead of buying back shares.

It does not mean that we do not believe in it. We have some examples of controlling shareholders that made new acquisitions of our shares, and Vanderlei is one of them. Obviously, that is an investment decision that the controlling shareholders manage. And our opinion is to maintain ourselves on the path that we are, as we promised back then when we had the IPO.

**Henrique Trotta, Itaú BBA (via webcast):**

How do you see the competitive scenario in the solar segment in 2022? Do you see any increase in competition, especially for small and mid-sized businesses after the M&A between Intelbras and Renovigi?

**Vanderlei Rigatieri:**

Thank you for your question. I would like to go back to the previous question, about the buyback. I have to say that I have been using my money to buy WDC shares because I believe it is a good investment. So I am doing that.

The other thing is, about solar, it is amazing how much we have been seeing the number of new players in Brazil. The last count we had was 150. So there are many small players that entered the market in 2021. I particularly believe that they will have some issues in cash flow soon, because this is not a market for rookies, and we know that.

In a small business, for households, yes, for residential, we do have more competition. That is not our main business, but we do feel that competition in the smaller systems. And as a result, this quarter we are launching kits. Small size kits. We did not have that segment, but we realized that there is a lot of room to launch kits for smaller energy bills.

So it is practically four modules and a small inverter, very affordable, and we should launch that in the market in March and moving forward. So there is room for that and there is a lot of competition.

About Intelbras and Renovigi, so far, we have not seen any changes. I do not know if they are fully onboarded yet. I do not really have much information about that. So we still have not seen anything different compared to what we had before. I am sure at some point that will imply in something.

Renovigi was already a big competitor. Out of the big competitors that we have always listed, we are talking about Weg, Aldo, Renovigi, Intelbras or not. Actually, they are always on our radar as big competitors, and they will probably stay that way.

**Karina Martins, Citi (via webcast):**

Can you talk about the sales performance in 1Q22, and the expectations to evolve TaaS in solar in 2022? And lastly, do you see an increase in default in TaaS?

**Vanderlei Rigatieri:**

Karina, thank you for your question. I will answer the first question, about the backlog. Our backlog is very healthy. Our backlog has the rental agreements for TaaS, and we have not seen default in that segment. When it happens, it is usually in the sales segment. I would not say a complete default, sometimes they are late payments, and that makes us feel very secure in our business as a whole.

And yes, about TaaS in solar, we have started that. We said that it would be harder, but as I mentioned in the beginning of the presentation, we have been feeling a higher demand for midsize power plants. When you go from small, and then you go to hotels and small merchants, or vehicle sellers, or even residential, and then you go to the power plants and then TaaS in that case is very competitive. So we have had TaaS businesses with solar in this quarter. We inaugurated that modality and that is great. It is really good.

We have been seeing in the market, and you know that well, we felt that we were servicing solar through financiers, banks and so on, with credit lines, but we felt that in this quarter there were more funds coming from those credits. So at this time, TaaS becomes a great opportunity. So we are very confident that in 2022, we will advance in solar with TaaS.

We have also been seeing opportunities that some main providers can build their own power plants, and that is a market that we master, that we know. We know the credit levels and their ratings, so we have a high likelihood of doing great with TaaS in that segment.

**Julio Souza Borba, Alpha Trading (via webcast):**

About telecom sales abroad, any news new on that? And could you comment on the LED panels, datacenters, the sales for those other products?

**Vanderlei Rigatieri:**

The international expansion is moving. It has improved, not only in telecom, and that is great. Given that we have an extremely well-located distribution center in Panama, we are starting to execute some agreements with manufacturers to be their logistics operations in the Andean countries and in the Caribbean. And that means good things moving forward during this year, especially in surveillance cameras.

The telecom market is also good, especially in Colombia. The providers are actually holding an event this year in Cartagena. It is a great event, and they are talking about digital cities, things that are really part of our core, that we are experts in, and we have done a lot in Brazil.

So I am really excited with the international market as well. I believe that this year that will take off, with a lot of strength. We took off our expansion abroad, and even solar, there is still a lot of room in all these countries to expand PV. In Colombia, there is credit offsetting, as well as in Brazil, that is possible as well. So all of that is very strong moving forward in 2022.

About the other products, datacenters, we have closed many deals at the end of 4Q. The only problem that we feel, the vendors are late in delivering them. So, as we expected in datacenters, that would grow because the providers want to improve the quality of their networks and we have the solution for them, but we are suffering from the inputs, and that. Should get better by end of March, April. We should see the revenues of that. But we have seen more people looking for that.

Our partnership with Leyardi for LED panels is already showing good results. It is not retail sales. They are actually projects, things that take a little longer, with a higher maturity. But it is moving well.

The electronic security market, the cameras market is reacting well, especially with the perspectives of the new concessions. The big airports and highways are big camera consumers. They need security.

And the other segment that is active is logistics warehouse. So we have seen a high demand for projects, big projects, and that is our main segment.

We can say that in all areas, not only telecom or solar, but all the segments in which we operate, we have seen a fundamental improvement in the outlook for 1Q. 1Q, kind of, still suffering a little with the deliveries, but good deals have been closed, and that means a very good year ahead of us.

**Julio Souza Borba:**

Does the Company plan on becoming even more leveraged? What are the expectations regarding that?

**André Valente:**

When we created our plan and had the IPO in July last year, the size of the offer, we had planned in a way that we would have enough to take us to a certain point in using those resources from the IPO. And they are 100% committed up to April, I believe. We are still in growth rate according to 2022, and our expectation is that we will have used all our funds from the IPO in CAPEX and new rentals, according to our original planning.

From then on, our budget has been approved by the board and our expectation is to continue the growth curve. So we will probably leverage again as of that date, and assess the best options in the market.

That still has not been decided, it is being studied, and we will probably have more leverage in the year, but always in line with our business plan and what we have been forecasting. That was part of our plan in December 2020, I would say.

**Lucas Monteiro, shareholder (via webcast):**

Could you talk about drop in the TaaS agreements from the 3Q to the 4Q?

**WDC:**

I will answer that. We have already talked about that before. TaaS is bigger in telecom, and there was a slowdown in telecom.

**Lucas Monteiro:**

And should that continue in 2022?

**WDC:**

Once again, that is a result of the telecom market. It is what Vanderlei mentioned about the expectations going forward for telecom.



**Lucas Monteiro:**

Do you expect any growth in solar in 2022, or has that straight-lined?

**Vanderlei Rigatieri:**

Lucas, no, solar is still facing upwards. There is still a lot going forward. I would say that we thought that we had stabilized in telecom, but I do not know. I think it was just a V, and now we feel the recovery.

But not solar, no. That is going to go up, way up. There are some variations every now and then, but that is not the trend. The trend, the outlook, the pipeline, everything that we have seen is that it is still strong.

**Roberto Jr., Citi (via webcast):**

How do you see 5G, and the size of that market for WDC? How can you take advantage of those opportunities? Are you going to enter the Latin American telecom market? What are your plans in relation to that?

**Vanderlei Rigatieri:**

Very good question. I have been talking to the market, and 5G is a bit lower than what everybody thought it would be. You have been talking to the telecom companies and you are probably aware of that.

In my opinion, it is not clear how the telecom companies will get profitability from that investment. 5G has a lot of appeal in energy. Batteries, lithium batteries, or partnership with Huawei, mini datacenters. So we are not part of the core of 5G deployment, but we do have the infrastructure apparatus that can be sold to the carriers, or even the 5G private networks, which might move faster than massive implementation by the carriers. So 5G, I do not know, I am not sure that we will have a significant revenue in 2022, and we are not even counting on that.

The other part of telecom outside Brazil, yes. Like I mentioned, Colombia is great. The other countries, we have partnerships with manufacturers to take advantage of our logistics, not only for optic fiber, fiber cable, FTTH, fiber to the home, which has been moving well. Our private label, which is called Easy4link, of fiber to the home is really taking off. I do not know if I can say this, and then Rafael gets upset with me, but it is doing well. We are starting to gain momentum in that business. It is a lower priced product, so it fits well in the Latin American market, which is very price sensitive.

So we are very excited with our participation in the international market, especially Colombia, Panama, the Caribbean. I believe that, at the end of next year, we should have positive surprises in that segment.

**Anderson (via webcast):**

How are the operating efficiency improvement processes going in corporate? Is that getting close to the telecom segment in the mid and long term?

**Vanderlei Rigatieri:**

Excellent question. We hired a consulting firm, Aquila, to help us improve our operating efficiency. So this group of consultants have been with us since January at the Company, and they are attacking these points. They are using the departments that are going well as the benchmark and they are using the expertise that we have in one area and transferring that to others.

So management, compensation models, cost control, inventory level analysis. All of these areas are being addressed. We are working heavily on that, and that is what we are looking for. That will definitely bring in results in 2022, not only for the enterprise business unit, but also in solar.

We always like to say that solar grows, but the margin percentage is not that good, and we are trying to attack that with the consulting firm working on the processes, changing the system so that we can have more productivity.

**WDC:**

Thank you for, Vanderlei. Once again, I would like to thank everyone for attending. We are very happy with our results in the first financial statement for the year of 2021, first in 2020, and then now with the listed company, and now we are moving into 2022 being very strong.

Thank you for your presence. We are available here in the IR channel. We can have other meetings or calls. Reach out. I know there are some answers here that we have to get back to you, but now we have to end the call. Thank you, everyone.

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