

WDC
NETWORKS



EARNINGS CALL PRESENTATION

2Q23

August 11th, 2023

IGC-NM B3

IGC B3

ITAG B3



2Q23

Legal Warning

The statements contained in this document regarding WDC Networks' 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 pro forma financial data. Non-accounting data was not subject to review by the independent auditors of the Company.”

Highlights 2Q23



Net Income 2Q23

R\$3.5 million

(+R\$9.9 million vs. 1Q23)



EBITDA 2Q23

R\$68.6 million

(+19.3% vs. 1Q23)



SG&A Reduction 2Q23

-27.1% vs. 2Q22



EBITDA Margin 2Q23

31.2%

(+7.2 p.p. vs. 1Q23)



33.4% market share of new fiber subscribers

(0.6 million of 1.7 million)

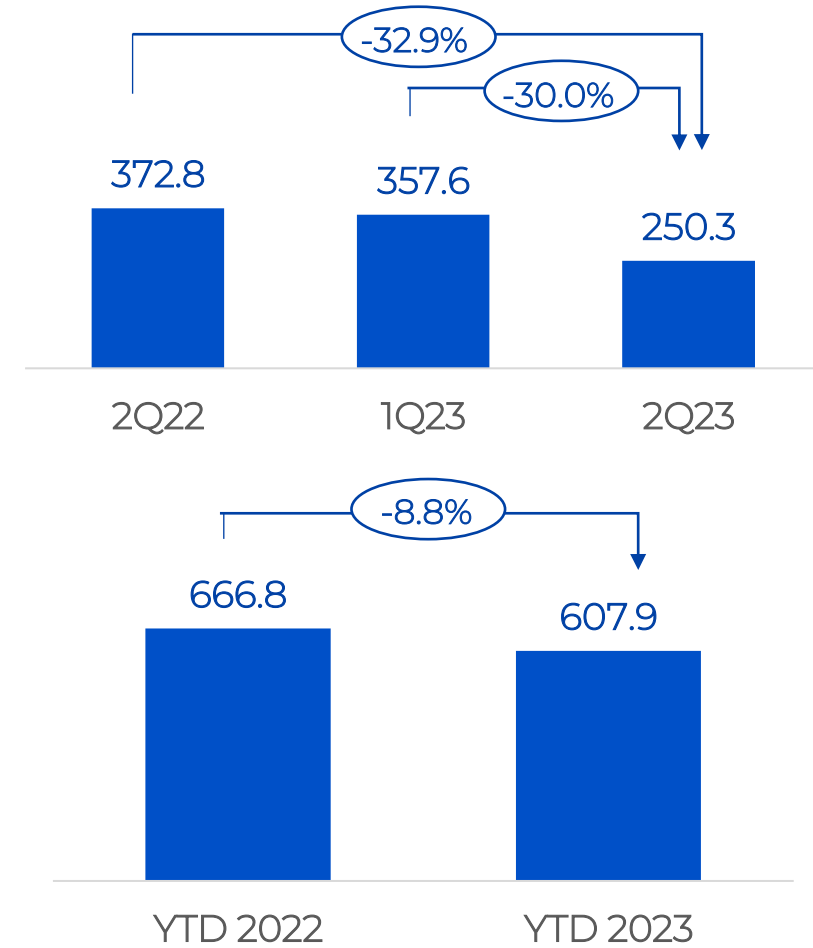
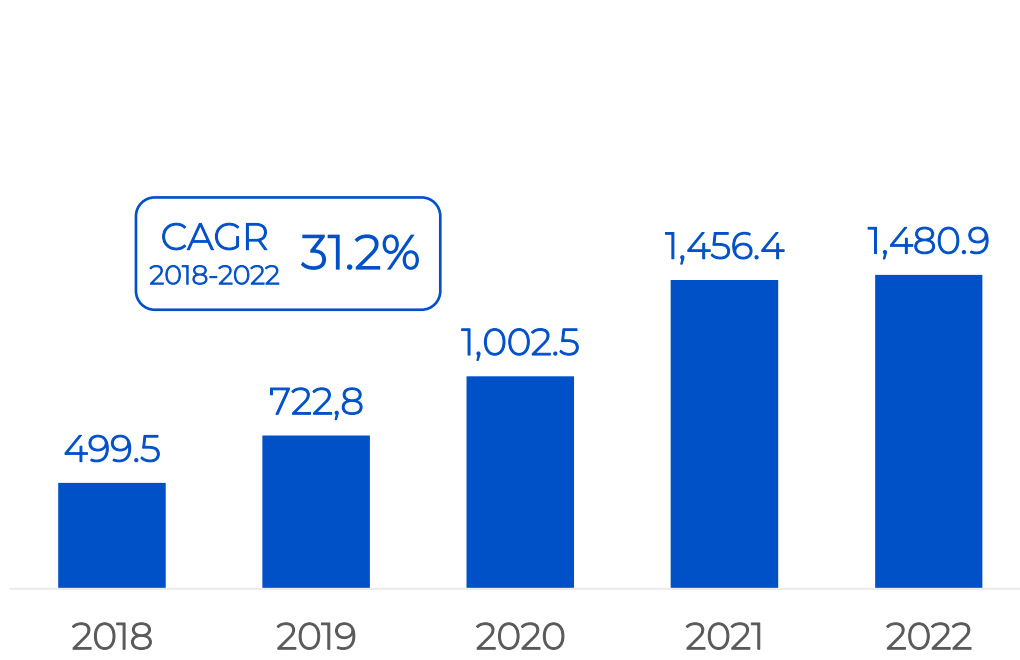


Contracted Future Revenues

R\$865.9 milion

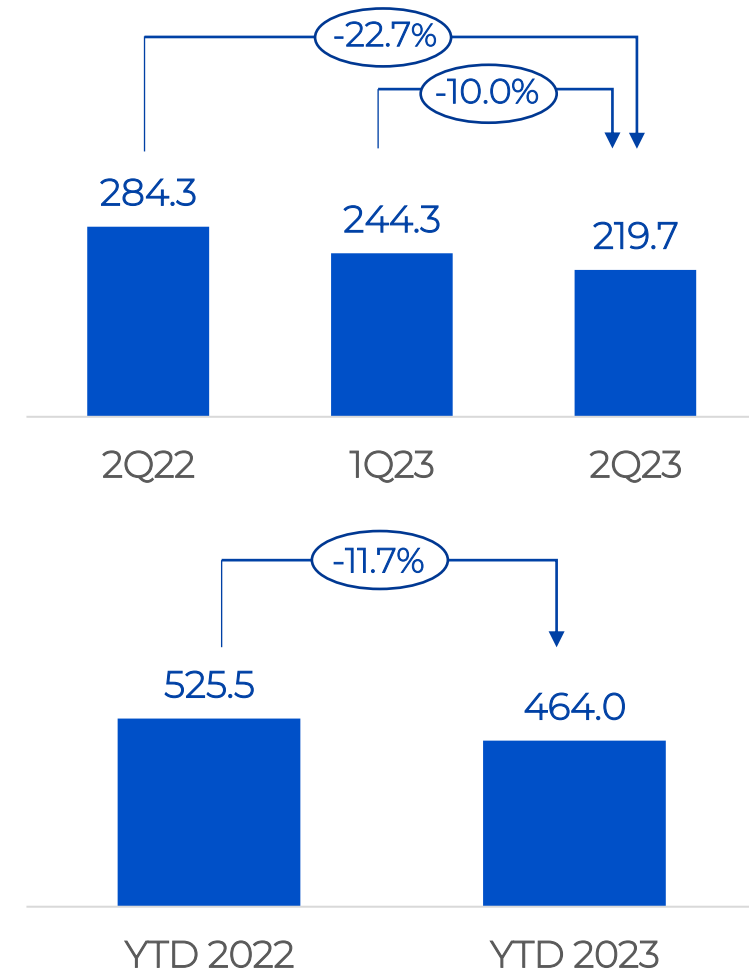
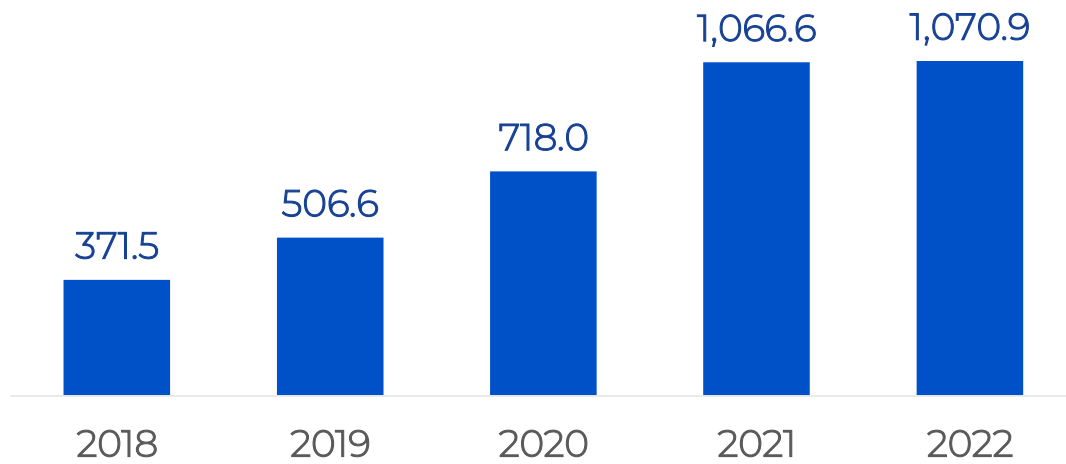
(+35.3% vs. 2Q22)

Consolidated Total Sales | (R\$ million)





Net Revenues | (R\$ million)





TaaS Performance

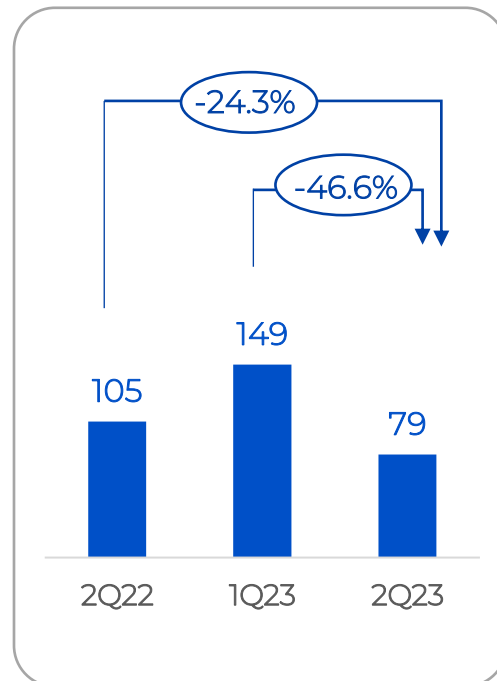


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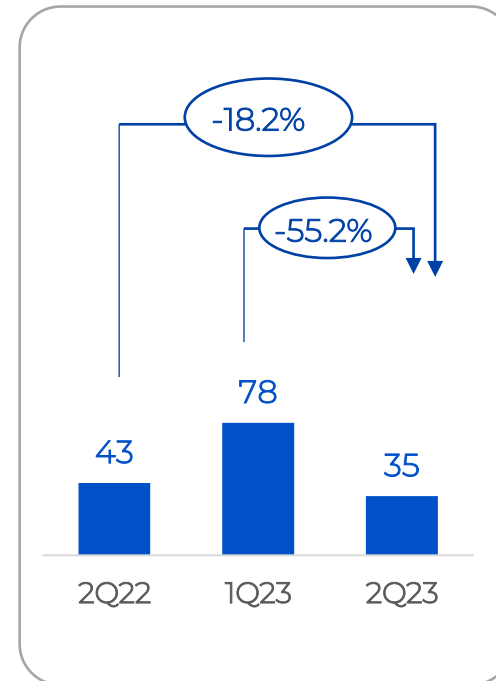
Quantity and Values of New Contracts



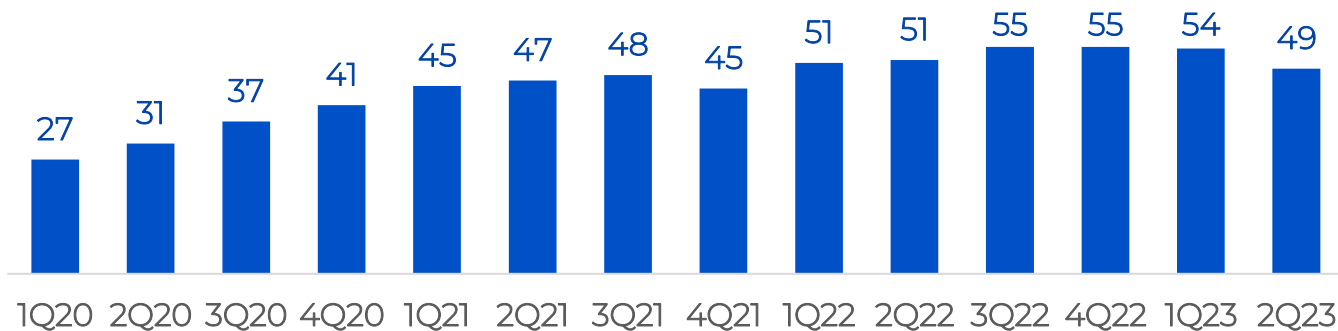
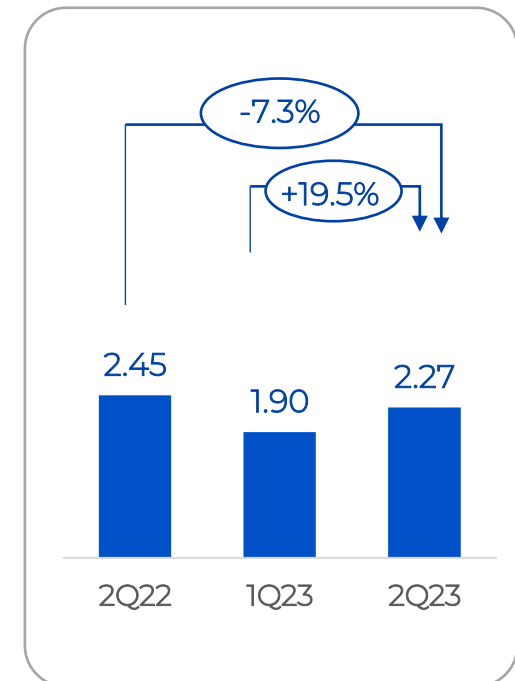
TaaS (TCV Rentals)
(R\$ million)

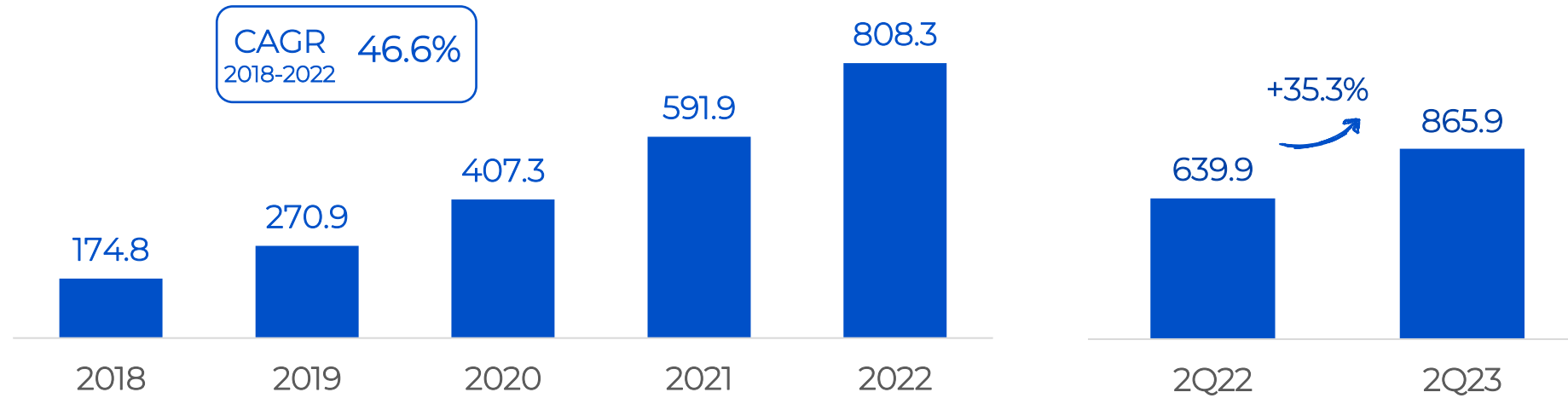


Capex
(R\$ million)

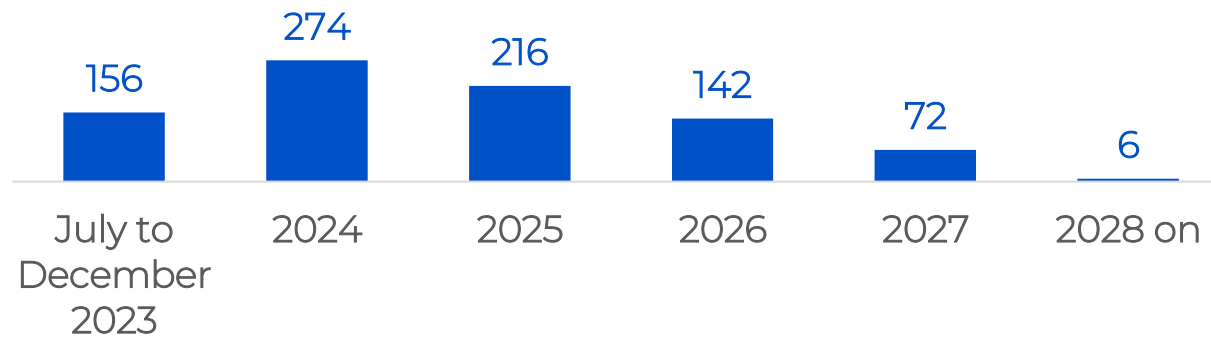


Mark-Up TaaS
(TaaS TCV Rentals/ Capex)





Contracted Future Revenues Schedule



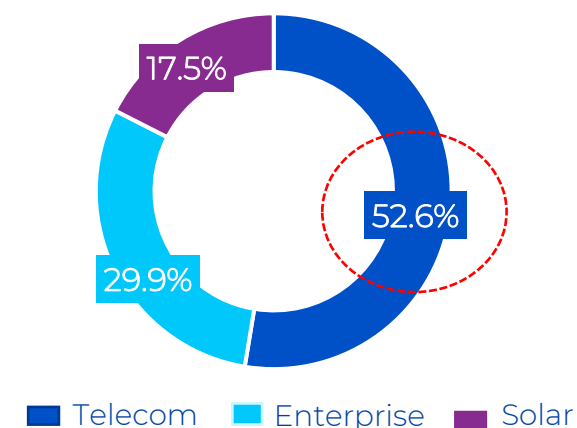
Highlights

- ❖ Telecom *market share* increase reaching **33.4%** in 6M23:
- ❖ ISPs facing new subscriber sales issues (high churn)
- ❖ Consolidation movement of large ISPs
- ❖ Reduction of small ISPs sales

Actions

New Data Centers deals
Focus on increasing capillarity
Offer of VAS

TELECOM (R\$ million)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Total Sales	131.7	158.9	-17.1%	201.4	-34.6%	333.1	294.4	13.1%
Net Revenue	119.8	116.6	2.8%	123.5	-3.0%	243.3	218.2	11.5%
Gross Income	27.7	33.4	-17.0%	29.2	-5.3%	56.9	64.4	-11.6%
Gross Margin	23.1%	28.6%	-5.5 p.p.	23.7%	-0.6 p.p.	23.4%	29.5%	-6.1 p.p.





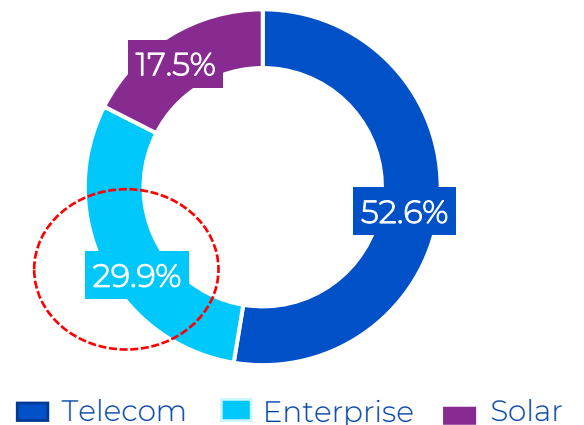
Highlights

- ❖ Maintenance of **Gross Margin** at **33.1%**
- ❖ **Audio and Video** grows **32.8%** in sales in the 6M23

Actions

Increase in IP telephone services channels
Out-Of-Home & Retail LED Display Growth
Outlook
Sales team expansion

ENTERPRISE (R\$ million)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Total Sales	74.8	101.1	-26.0%	82.7	-9.6%	157.5	164.8	-4.4%
Net Revenue	60.0	71.0	-15.4%	59.0	1.7%	119.0	126.6	-6.0%
Gross Income	19.9	23.9	-16.8%	17.0	16.5%	36.9	39.8	-7.3%
Gross Margin	33.1%	33.6%	-0.5 p.p.	28.9%	4.2 p.p.	31.0%	31.4%	-0.4 p.p.





Solar | (R\$ million and %)

Market continues with low sales volume



Highlights

- ❖ Affected Retail Markets and Projects
- ❖ SG&A reduction to balance low margins
- ❖ Return of projects in plants, with approved access report

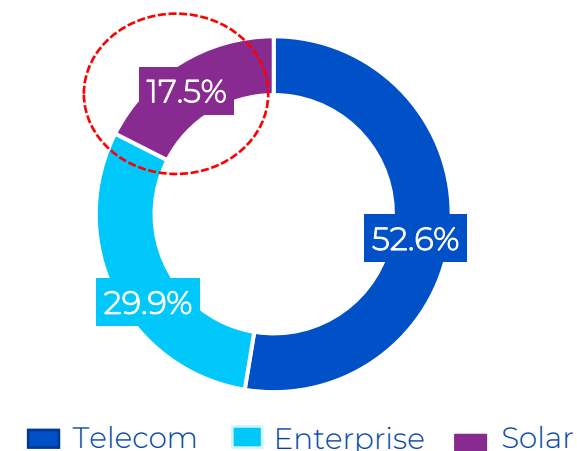
Actions

Transfer CD Extrema (MG) to Salvador (BA)

Sale by Credit Card up to 21x

Start selling EaaS – an alternative way to retail

SOLAR (R\$ million)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Total Sales	43.8	112.9	-61.2%	73.5	-40.4%	117.4	207.6	-43.5%
Net Revenue	39.9	96.7	-58.8%	61.7	-35.4%	101.6	180.7	-43.8%
Gross Income	4.1	12.3	-66.7%	3.8	7.2%	7.9	25.3	-68.7%
Gross Margin	10.3%	12.7%	-2.4 p.p.	6.2%	4.1 p.p.	7.8%	14.0%	-6.2 p.p.

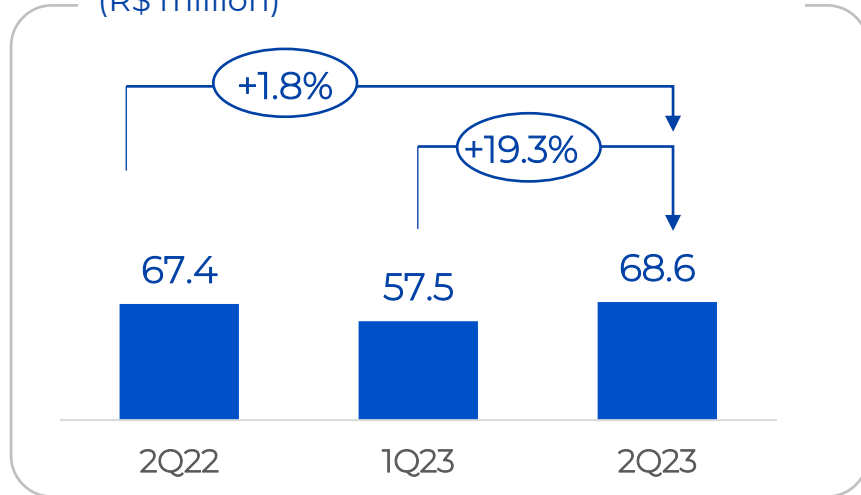




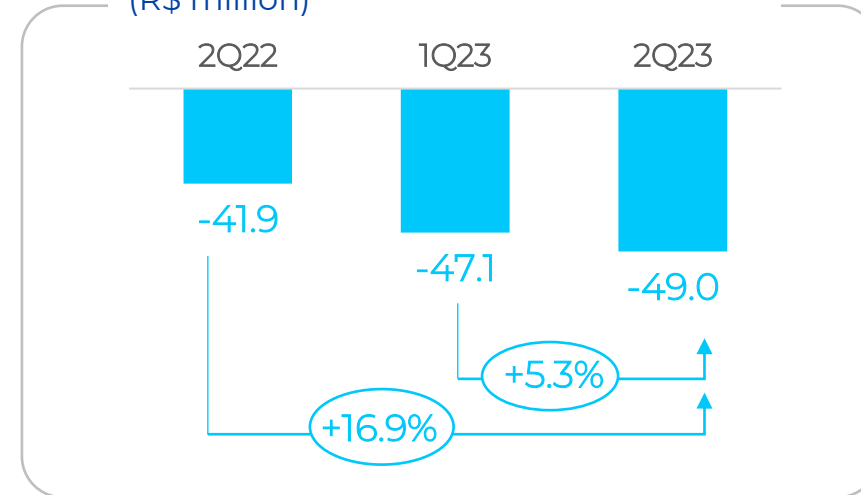
Financial Results & Net Income



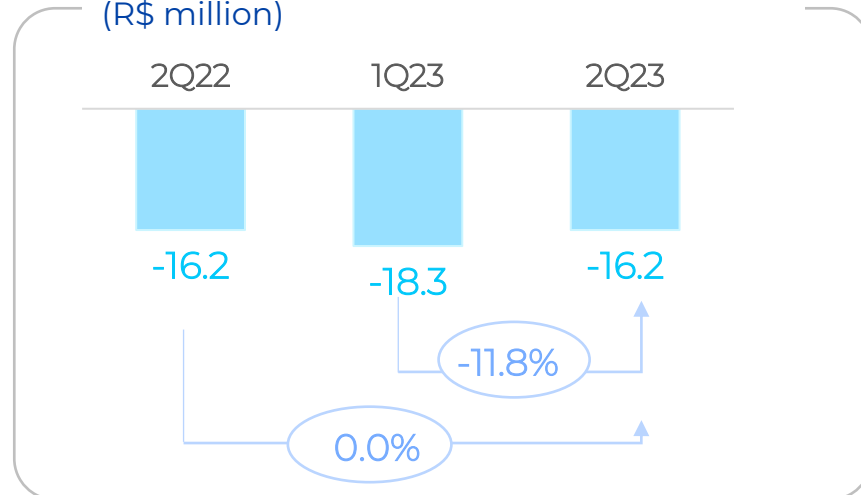
Adjusted EBITDA (R\$ million)



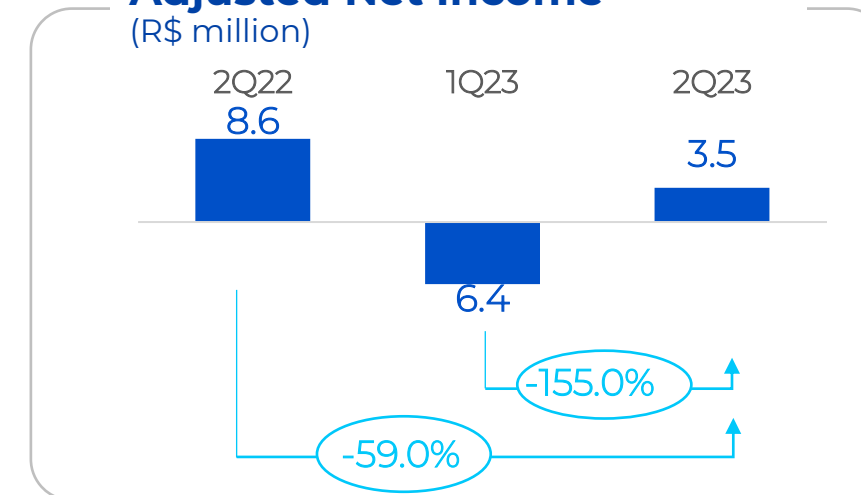
Depreciation & Amortization (R\$ million)



Financial Results (R\$ million)



Adjusted Net Income (R\$ million)



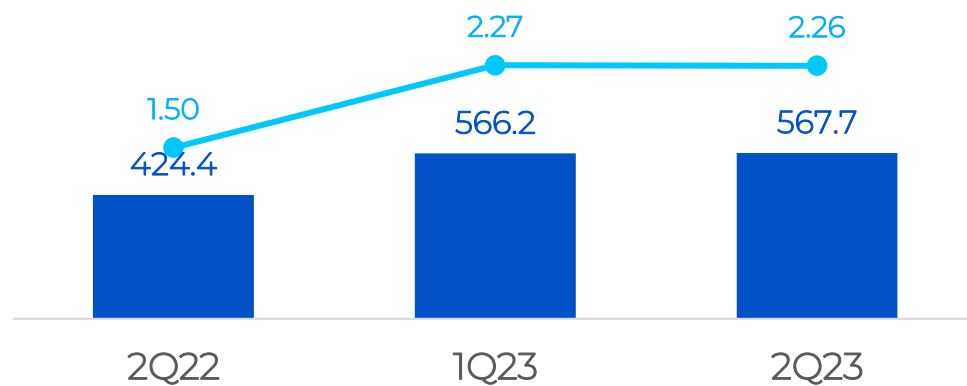


Net Debt & leverage



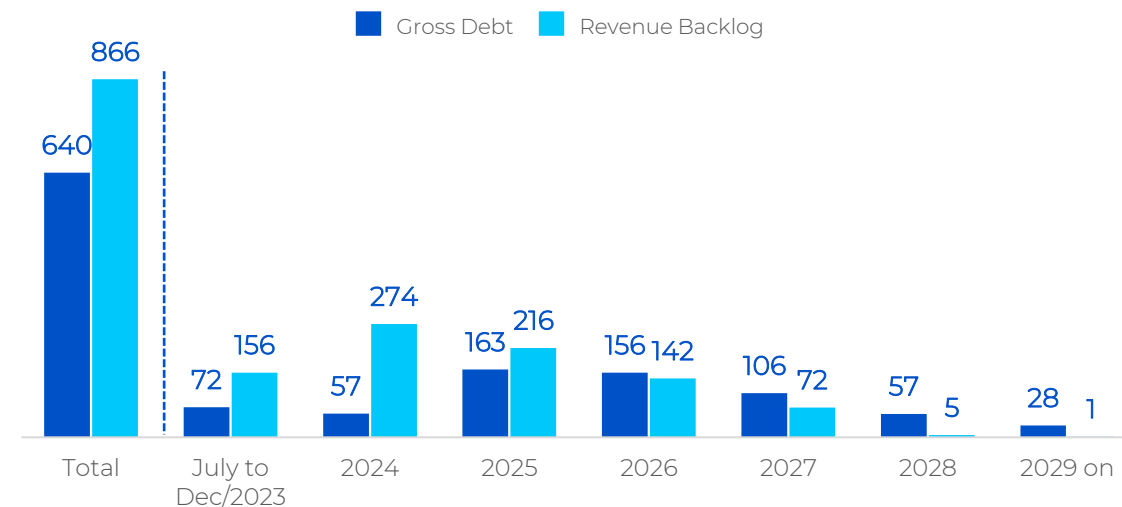
Net Debt e Leverage

(R\$ Millions) | (Net Debt / Adjusted EBITDA)



Indebtedness (R\$ Millions)	2Q22	1Q23	2Q23
Gross Debt	953.9	700.4	640.0
Cash and Financial Investments	529.5	134.2	72.3
Net Debt	424.4	566.2	567.7
TaaS Revenue Backlog	639.9	872.1	865.9
Backlog Hedge on Net Debt	1.51x	1.54x	1.53x

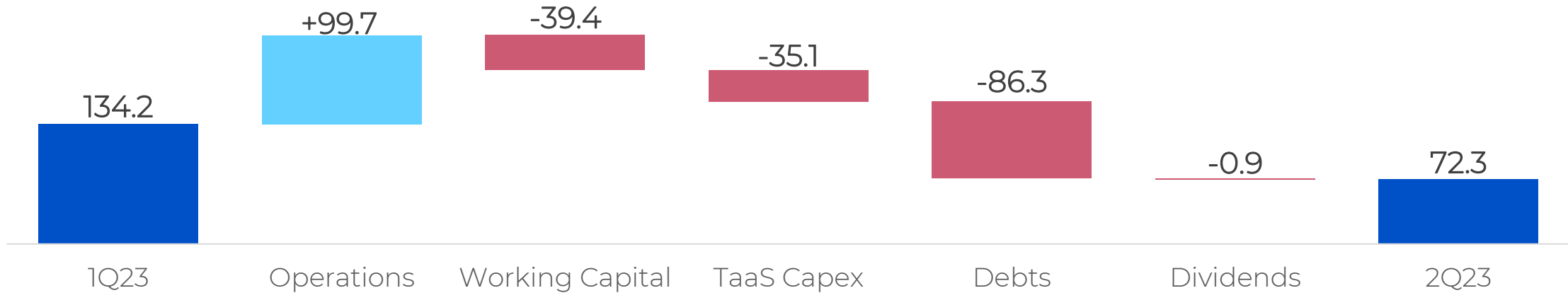
Gross Debt Amortization and Revenue Backlog Coverage (R\$ Million)



- Contracted Future Revenues exceed Total Gross Debt by R\$226 million, which shows the discipline with the main future commitments
- 33% reduction in Gross Debt vs. 2Q22, without raising new debts, improving the Financial Result



Cash Flow | (R\$ millions)



- ❖ Less Working Capital, favoring the inventory sale
- ❖ Debt amortization to reduce financial expenses
- ❖ Operations in 2Q23 was 10% higher than in 1Q23

PERSPECTIVES



Lower interest rates should stimulate the sector

TELECOM

New phase of the market

- *Consolidation of large ISPs*
- *Low capacity of indebtedness and investment*
- *Search for new revenues*
- *Improved network availability*

ENTERPRISE

New growth cycles

- *Electronic Security for small and medium projects*
- *New products in cybersecurity*
- *More connectivity offer on the channel*
- *Advancing on the retail visual digitization*
- *Out-Of-Home Media with greater adhesion to the LED Panel*

SOLAR

New volume levels

- *Return of projects in plants with new price reference*
- *New Business Model: EaaS (Energy as a Service)*

Thanks and Q&A!



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