



WDC
NETWORKS



EARNINGS RELEASE 2Q23

LVTC
B3 LISTED NM

Conference Call
August 11, 2023 – Friday
11:00 a.m. (Brasília time) | 10:00 p.m. (EST)

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(simultaneous interpretation)

IGC-NM B3

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Earnings Release 2Q23

*WDC Networks reports Net Income of R\$3.5 million
in second quarter 2023*

Ilhéus, August 10, 2023 – Livetech da Bahia Indústria e Comércio S.A. (B3: LVTC3) (“Company” or “WDC Networks”), a technology company in the telecommunication, solar power and enterprise segments, founded in 2003 and a pioneer in trading Technology as a Service (TaaS), reports today its results for the second quarter of 2023 (2Q23). 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 with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB).

HIGHLIGHTS | 2Q23 (consolidated)

- ⇒ **Net Income of R\$3.5 million in quarter** (+9.9 million vs. 1Q23)
- ⇒ **Operating Expenses down 27.1%** vs. 2Q22, demonstrating **strong resilience** in cost management
- ⇒ **EBITDA reaches R\$68.6 million in 2Q23** (+19.3% vs. 1Q23), **with EBITDA Margin of 31.2%** (+7.7 p.p. vs. 1Q23)
- ⇒ **Backlog Revenue of R\$865.9 million in 2Q23** (+35.3% vs. 2Q22)

R\$250

million
Total Sales in 2Q23

R\$866

million
Revenue Backlog

R\$3.5

million
Net Income in 2Q23

Summary of Consolidated Results and Financial Indicators

Highlights (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Consolidated Financial Income								
Total Sales	250.3	372.8	-32.9%	357.6	-30.0%	607.9	666.8	-8.8%
Net Revenue	219.7	284.3	-22.7%	244.3	-10.0%	464.0	525.5	-11.7%
Gross Income	51.7	69.6	-25.7%	50.1	3.1%	101.8	129.6	-21.4%
<i>Gross Margin (% Net Revenue)</i>	<i>23.5%</i>	<i>24.5%</i>	<i>-1.0 p.p.</i>	<i>20.5%</i>	<i>3.0 p.p.</i>	<i>21.9%</i>	<i>24.7%</i>	<i>-2.7 p.p.</i>
Adjusted EBITDA	68.6	67.4	1.7%	57.5	19.3%	126.0	132.7	-5.0%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	<i>31.2%</i>	<i>23.7%</i>	<i>7.5 p.p.</i>	<i>23.5%</i>	<i>7.7 p.p.</i>	<i>27.2%</i>	<i>25.3%</i>	<i>1.9 p.p.</i>
Adjusted Net Income	3.5	8.6	-59.0%	(6.4)	-155.0%	(2.9)	6.5	-144.5%
<i>Adjusted Net Margin (% Net Revenue)</i>	<i>1.6%</i>	<i>3.0%</i>	<i>-1.4 p.p.</i>	<i>-2.6%</i>	<i>4.2 p.p.</i>	<i>-0.6%</i>	<i>1.2%</i>	<i>-1.9 p.p.</i>
Main Financial Indicators								
Deferred Revenue Backlog	865.9	639.9	35.3%	872.1	-0.7%	865.9	639.9	35.3%
Investment in Property, Plant and Equipment for Lease (CAPEX TaaS)	35.0	42.8	-18.2%	78.2	-55.3%	113.2	83.0	36.4%
Net Debt / Adjusted LTM EBITDA (x)	2.3x	1.5x	51.1%	2.3x	-0.2%	2.3x	1.5x	51.1%
Main Operating Indicators								
% Produced Internally (% Total Sales)	47%	61%	-14.5 p.p.	52%	-5.0 p.p.	50%	61%	-11.0 p.p.
% TaaS (% Total Sales)	32%	28%	3.6 p.p.	42%	-9.9 p.p.	38%	29%	9.0 p.p.
% TaaS (% Gross Revenue)	33%	21%	11.9 p.p.	29%	4.3 p.p.	31%	23%	7.6 p.p.
New TaaS Agreements' (sic) Term (average in months)	49	51	-4.1%	54	-8.9%	53	51	3.9%
Quantity of New TaaS Agreements	298	346	-13.9%	350	-14.9%	648	595	8.9%
New TaaS Agreements' Value (average R\$ thousand/agreement)	267	303	-12.1%	425	-37.3%	352	321	9.7%

Message from Management

We ended the first six months of 2023 amidst many challenges, but also with many achievements. **Total Sales came to R\$250.3 million in 2Q23 and R\$607.9 million in 6M23**, driven by the Telecom segment, whose sales increased 13.1% in the first half of 2023 compared to the same period of 2022.

Technology as a Service (TaaS) registered backlog revenue of R\$865.9 million, ensuring discipline in honoring the Company's obligations and the continuity of future business. In this quarter, more than 31% of Sales were the result of 298 new TaaS lease agreements.

In 2Q23, although **Net Revenue decreased in relation to 2Q22** (R\$219.7 million in 2Q23 vs. R\$284.3 million in 2Q22), our **EBITDA Margin increased from 23.7% to 31.2%**, with **EBITDA of R\$68.6 million** (R\$67.4 million in 2Q22).

Telecom remained the leading segment, accounting for 52.6% of Total Sales in 2Q23, or **R\$131.7 million**. Net Revenue reached R\$119.8 million in 2Q23 (+2.8% vs. 2Q22) and R\$243.3 million in 6M23 (+11.5% vs. 6M22), which has been demonstrating the result of TaaS in the segment. Additionally, we have observed gains in our market share, mainly due to the supply of 33.4% of ONUs (fiber modems) in the 6M23, according to data from Anatel.

The **Enterprise segment** posted **Total Sales of R\$74.8 million in 2Q23 and R\$157.5 million in 6M23**. Although growth in the quarter was affected by lower sales of fulfillment agreements and high sales volume of IP telephone services in the previous year, we understand that clearly this is the segment with the highest growth potential over the next quarters, driven by the recovery of sales in the small-sized electronic security segment, growing demand for data security services, digitalization of Out of Home (OOH) media and digital signage.

The **Solar Power segment** posted **Total Sales of R\$43.8 million in 2Q23 and R\$117.4 million in 6M23**. As mentioned last quarter, the industry scenario continues to adversely affect new business, especially due to the scarcity of credit, high interest rates for consumers and stiffer competition, which led to a decrease in prices, pressuring margins to reduce inventories. We transferred the production of generators to our Salvador unit, which will reduce our expenses significantly. Another important fact is that some Distributed Generation plants resumed discussions due to the decline in prices, enabling new business in the second half of the year.

We continued to focus on managing costs and expenses, which resulted in **Net Income of R\$3.5 million in 2Q23**, reversing the trend of **1Q23**, when we recorded a net loss of **R\$6.4 million**.

We expect a better macroeconomic scenario in the second half of 2023, with a downward trend in the Selic policy rate and new investments in all segments. Our strategy remains firm, and we are committed to improving our customers' satisfaction, always with agility, simplicity and efficient commercial and operational management.

Thank you very much! We are highly confident in our long-term success.

WDC Networks

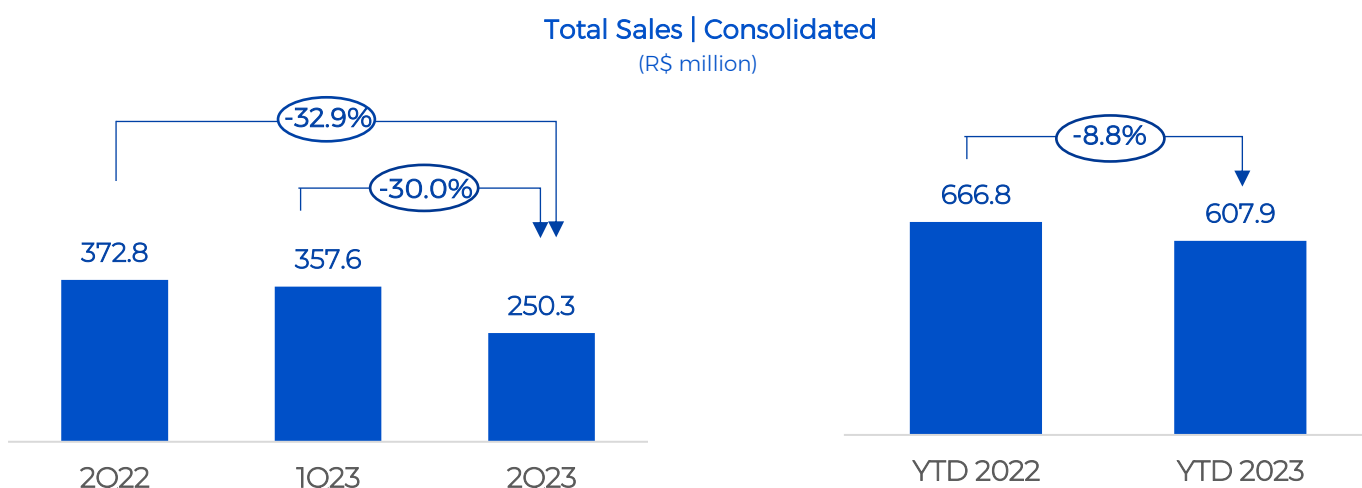
Total Sales

The Company's Total Sales in 2Q23 amounted to R\$250.3 million in 2Q23, down 32.9% (R\$122.5 million) from 2Q22. The main factor was the Solar Power segment, which during the first six months of 2023 suffered a sharp slowdown in demand, reflecting the lower credit available to end-consumers and high interest rates.

Our sales are dollarized, i.e., based on the PTAX USD rate of the day prior to invoicing. Current FX rates did not have a significant effect on the composition of sales prices, with a slight increase of +0.8% quarter over quarter (R\$4.96/US\$ in 2Q23 vs. R\$4.92/US\$ in 2Q22).

Compared to 1Q23, sales decreased R\$30.0% or R\$107.3 million in 2Q23, mainly due to the delivery of a major contract in the Telecom segment in 1Q23. However, these sales will transform into revenue over the coming months, in each portion of TaaS, and already are incorporated in backlog revenue. In the year to date, the balance of Total Sales was R\$607.9 million, down 8.8% or R\$58.9 million from the same period last year.

Total Sales (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Telecom	131.7	158.9	-17.1%	201.4	-34.6%	333.1	294.4	+13.1%
Enterprise	74.8	101.1	-26.0%	82.7	-9.6%	157.5	164.8	-4.4%
Solar	43.8	112.9	-61.2%	73.5	-40.4%	117.4	207.6	-43.5%
Consolidated Total Sales	250.3	372.8	-32.9%	357.6	-30.0%	607.9	666.8	-8.8%

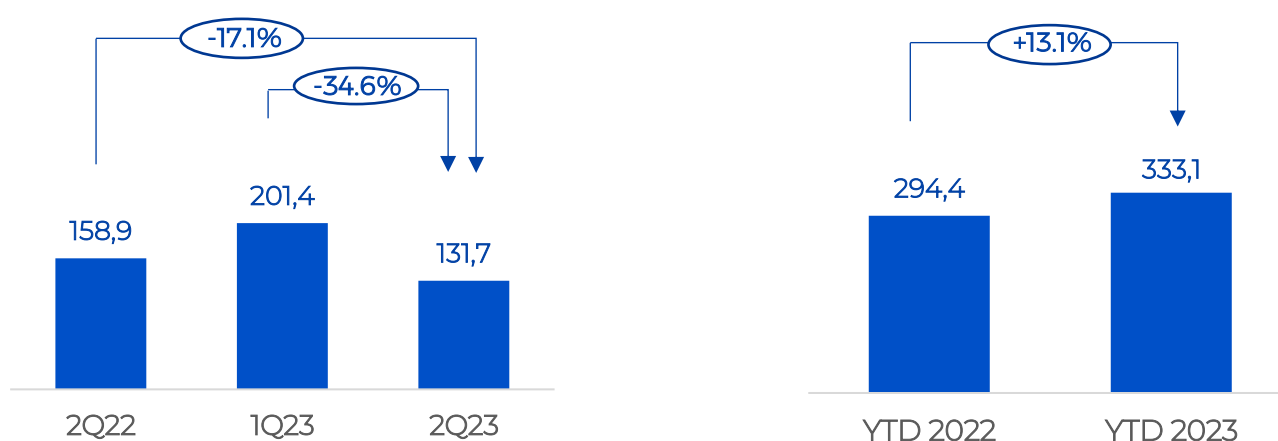


Telecom

Total Sales came to R\$333.1 million in 6M23, increasing 13.1% or R\$38.6 million from 6M22, mainly due to the sale of 569,700 ONUs in the period, accounting for 33.4% of market share of the 1.7 million new subscribers, according to public data from Anatel.

Total Sales came to R\$131.7 million in 2Q23, down 17.1% or R\$27.2 million from 2Q22, mainly due to the new environment of regional ISPs, which has been facing challenges for organic growth, but even so were able to diversify our sales with edge DataCenter projects. Compared to 1Q23, sales decreased 34.6% (R\$69.7 million).

Total Sales | Telecom
(R\$ million)

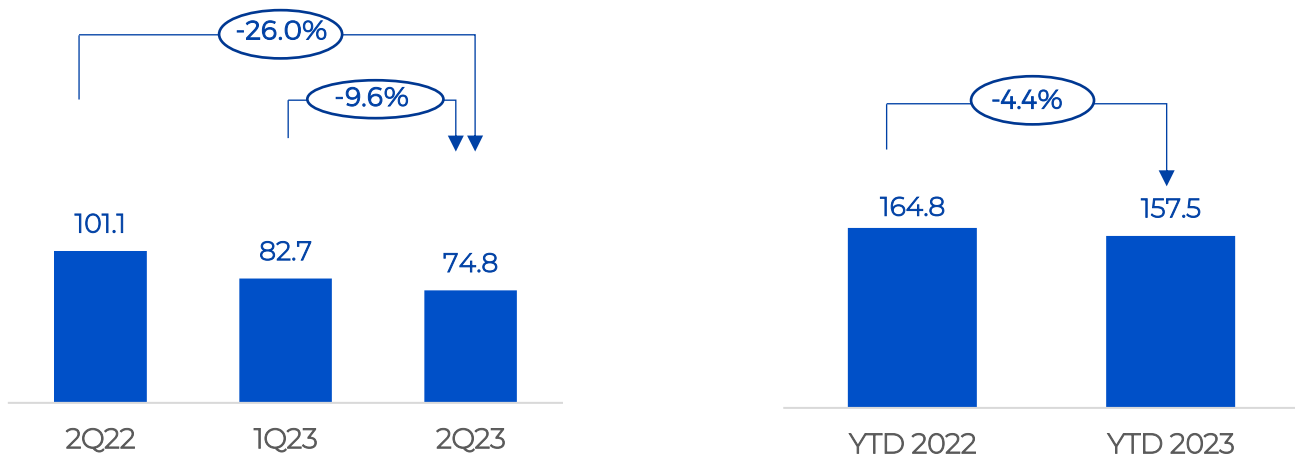


Enterprise

Sales totaled R\$74.8 million in 2Q23, down 26.0% (R\$26.3 million) from 2Q22. Compared to 1Q23, sales decreased 9.6% (R\$7.9 million). In 6M23, Total Sales came to R\$157.5 million, down 4.4% (R\$7.3 million) from 6M22.

The main factors in these variations were: (i) the continued reduction in sales of fulfillment agreements; and (ii) the high sales of enterprise IP telephone services in 2Q22.

Total Sales | Enterprise (R\$ million)



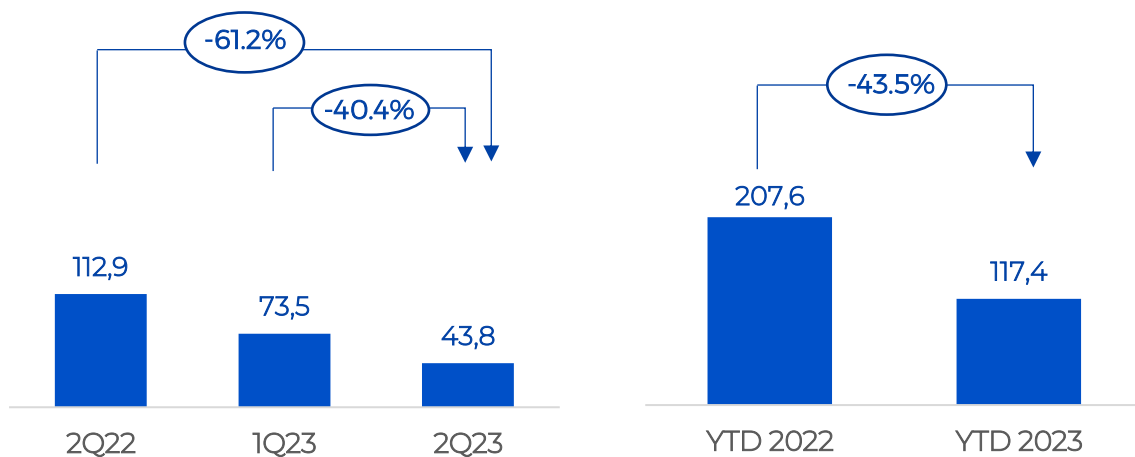
Solar

Sales totaled R\$43.8 million in 2Q23, down 61.2% (R\$69.1 million) from 2Q22. Compared to 1Q23, sales decreased 40.4% (R\$29.7 million). In 6M23, Total Sales came to R\$117.4 million, down 43.5% (R\$90.2 million) from 6M22.

Sales in the solar segment were affected by the same impacts of early 2023, such as scarcity of credit and high interest rates for end-consumers, the slowdown and accommodation of demand combined with stiffer competition caused by high inventories among industry players, as well as price cuts by Chinese manufacturers.

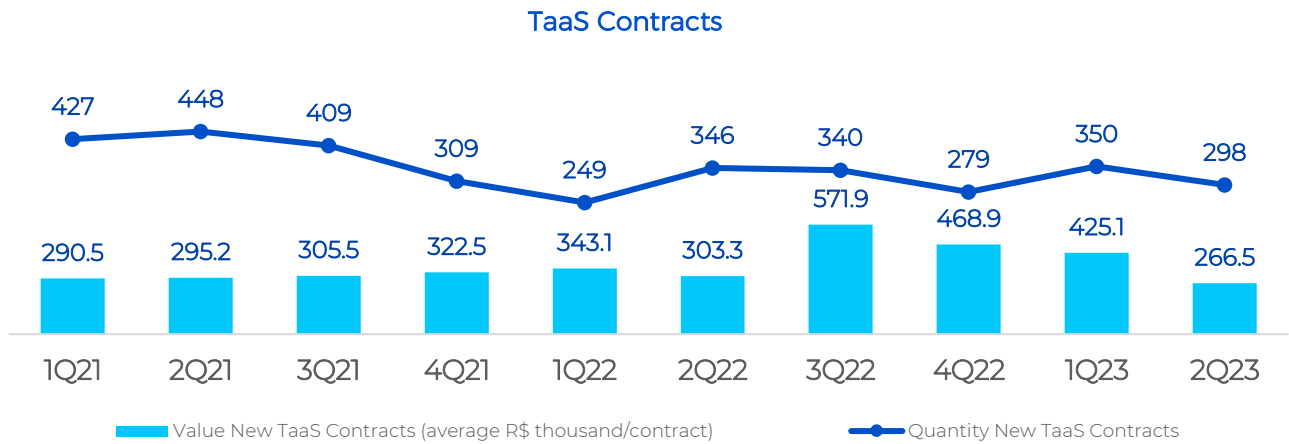
However, we observed that some projects that had stagnated over the last six months have been reopened thanks to the lower prices, which could make these projects feasible, also due to the downward trend in financing rates. In general, the company believes that a new scenario is forming for volumes over the coming quarters.

Total Sales | Solar (R\$ million)



TaaS (Technology as a Service) – Technology Lease

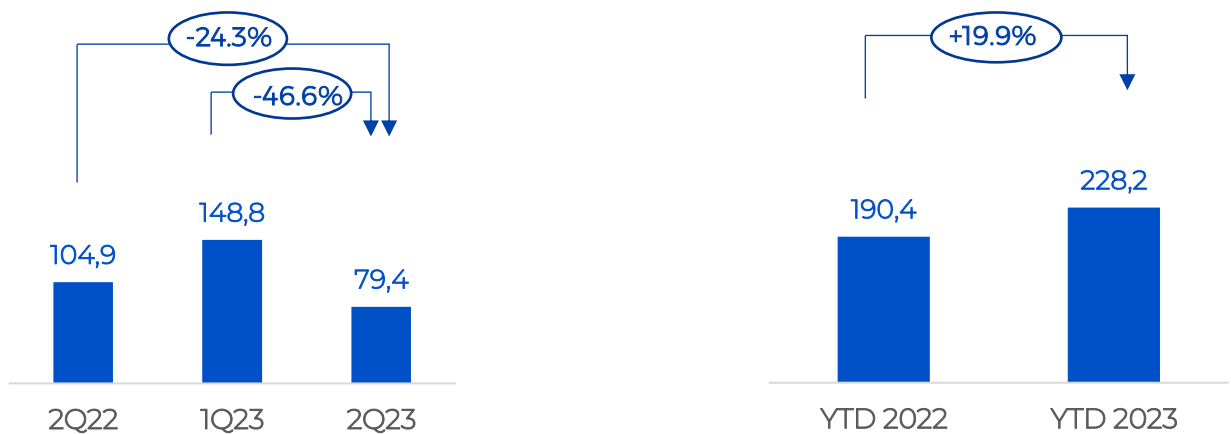
In 2Q23, the average ticket of TaaS agreements was R\$266 thousand per agreement. A total of 298 new TaaS agreements were added in the quarter.



In 6M23, Total TaaS Sales (VGV Leases) came to R\$228.2 million, up 19.9% (R\$37.8 million) from 6M22.

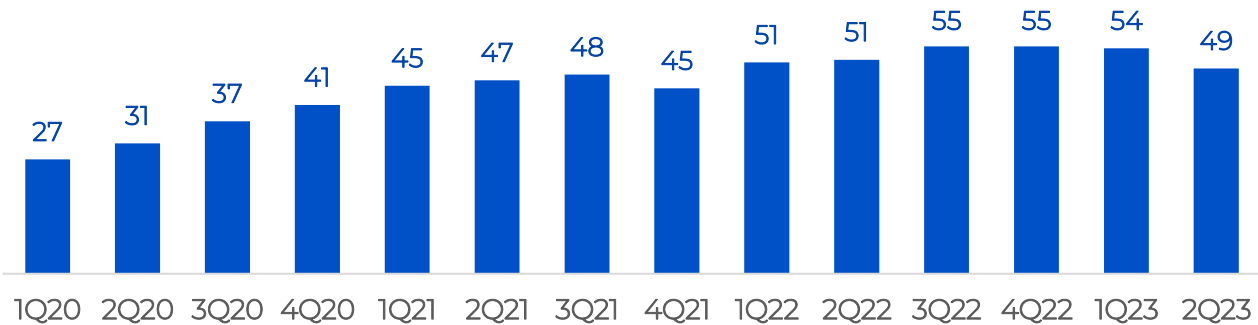
In 2Q23, Total TaaS Sales (VGV Leases) was R\$79.4 million, down 24.3% (R\$25.5 million) from 2Q22 and 46.6% (R\$69.4 million) from 1Q23.

TaaS (TCV Rentals) | Consolidated (R\$ million)



The average term of new TaaS agreements was 49 months in 2Q23, compared to 51 months in 2Q22.

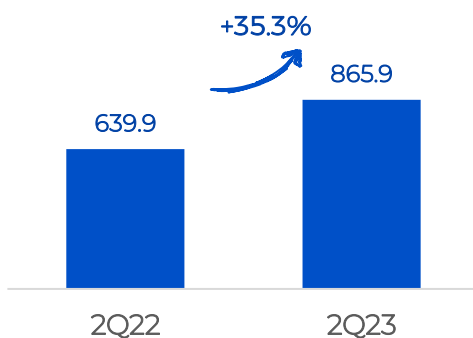
Term of New TaaS Agreements
 (average in months)



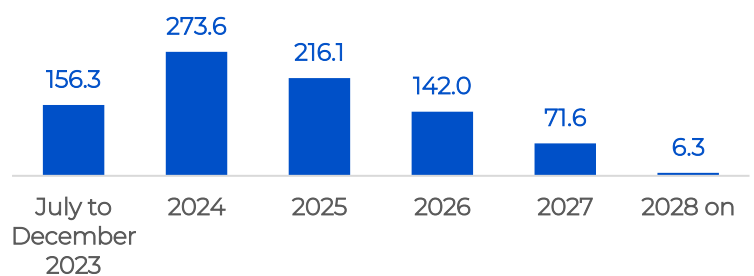
Future Revenues (Revenue Backlog)

In 2Q23, Revenue Backlog was R\$865.9 million, increasing 35.3% from 2Q22. Revenue Backlog represents the portion of the Company's sales that will translate into revenue and guaranteed results in the future with no need for fresh investments, given that the capex already was incurred in prior periods. This aspect shows the resilience of the Company's business model and puts it in a comfortable position regarding the payment of debts and other obligations in the short and medium term.

**Contracted Future Revenues
 (Revenue Backlog)**
 (R\$ million)



Future Revenues Schedule
 (R\$ million)

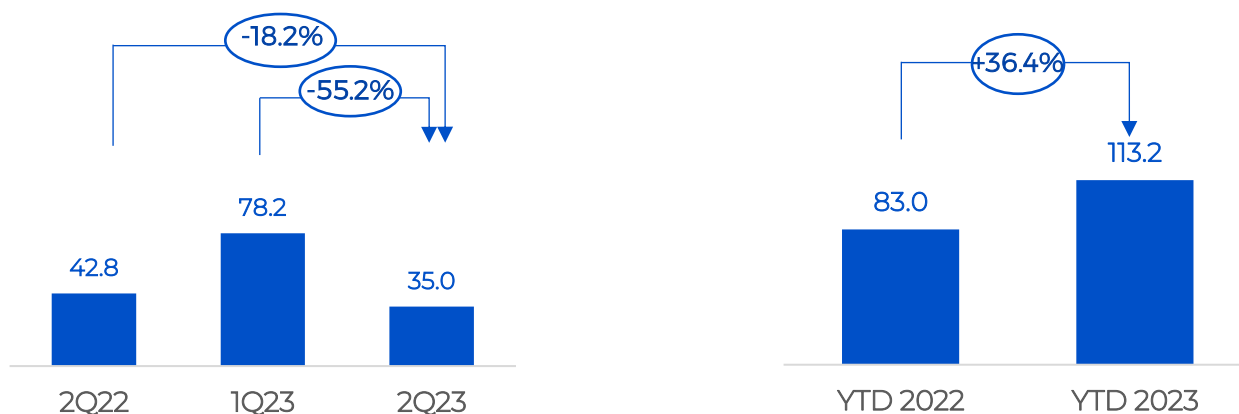


The receivables timeframe indicates the amount of Future Revenue to be recognized by the Company as from July 2023.

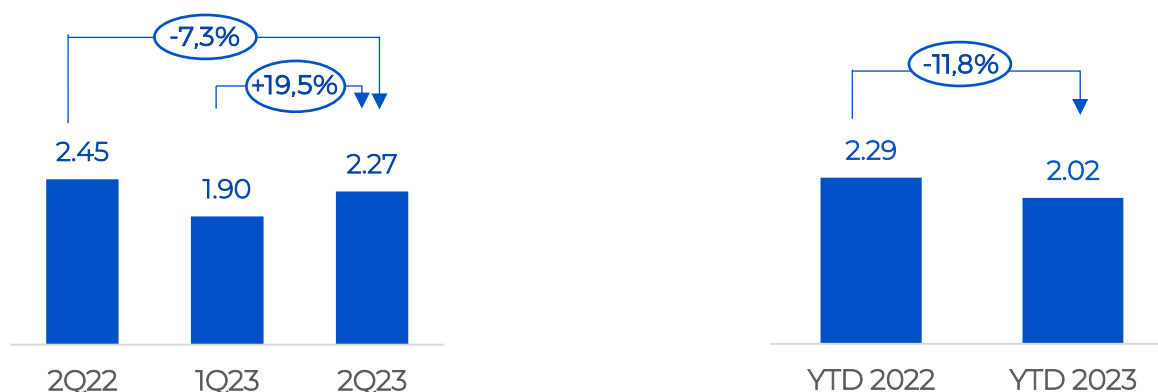
Investment in TaaS Assets – Capex

In 2Q23, total investment in TaaS Assets came to R\$35.0 million, down 18.2% from 2Q22 and 55.2% from 1Q23.

Investment in TaaS assets - CAPEX
(R\$ million)



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

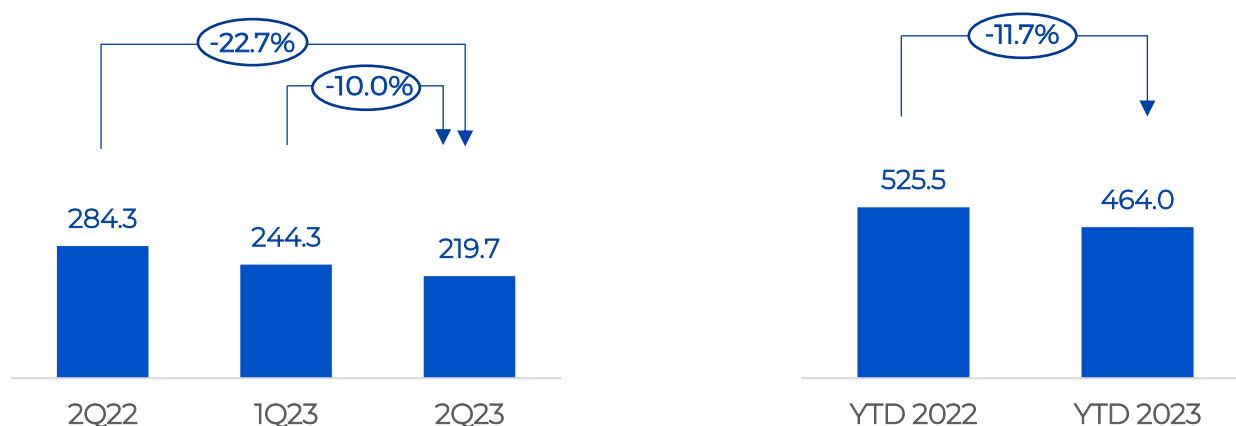


Net Revenue

Consolidated Net Revenue totaled R\$219.7 million in 2Q23, decreasing 22.7% (R\$64.6 million) from 2Q22 and 10.0% (R\$24.5 million) from 1Q23. In 6M23, Net Revenue was R\$464.0 million, down 11.7% (R\$61.5 million) from 6M22.

Net Revenue | Consolidated

(R\$ million)



In 2Q23, net revenue from the Telecom segment totaled R\$119.8 million, increasing 2.8% (R\$3.2 million) from 2Q22, mainly due to the higher recognition of revenues from TaaS agreements. Compared to 1Q23, net revenue decreased 3.0% (R\$3.7 million). In 6M23, net revenue was R\$243.3 million, an increase of 11.5% (R\$25.2 million).

In 2Q23, net revenue from the Enterprise segment was R\$60.0 million, declining 15.4% (R\$11.0 million) from 2Q22, mainly due to the lower sales of fulfillment agreements and high volume of sales of corporate IP telephone services in 2Q22. Compared to 1Q23, net revenue grew 1.7% (R\$1.0 million). In 6M23, net revenue was R\$119.6 million, a decrease of 6.0% (R\$7.6 million).

In 2Q23, net revenue from the Solar segment totaled R\$39.9 million, down 58.8% (R\$56.8 million) from 2Q22, due to the persistent macroeconomic challenges in the sector, mainly the scarcity of credit and high interest rates for end-consumers, the slowdown and accommodation of demand, combined with stiffer competition caused by high inventories among industry players as well as price cuts by Chinese manufacturers. Compared to 1Q23, net revenue decreased 35.4% (R\$21.9 million). In 6M23, net revenue was R\$101.6 million, a decrease of 43.8% (R\$79.1 million).

Gross Income and Gross Margin

Gross Income (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Telecom	27.7	33.4	-17.0%	29.2	-5.3%	56.9	64.4	-11.6%
Gross Margin (% Telecom Net Revenue)	23.1%	28.6%	-5.5 p.p.	23.7%	-0.6 p.p.	23.4%	29.5%	-6.1 p.p.
Enterprise	19.9	23.9	-16.8%	17.0	16.5%	36.9	39.8	-7.3%
Gross Margin (% Enterprise Net Revenue)	33.1%	33.6%	-0.5 p.p.	28.9%	4.2 p.p.	31.0%	31.4%	-0.4 p.p.
Solar	4.1	12.3	-66.7%	3.8	7.2%	7.9	25.3	-68.7%
Gross Margin (% Solar Net Revenue)	10.3%	12.7%	-2.4 p.p.	6.2%	4.1 p.p.	7.8%	14.0%	-6.2 p.p.
Consolidated Gross Income	51.7	69.6	-25.7%	50.1	3.1%	101.8	129.6	-21.4%
Gross Margin (% Consolidated Net Revenue)	23.5%	24.5%	-1.0 p.p.	20.5%	3.0 p.p.	21.9%	24.7%	-2.7 p.p.

In 2Q23, Consolidated Gross Income was R\$51.7 million, decreasing 25.7% (R\$17.9 million) from 2Q22 and increasing 3.1% (R\$1.5 million) from 1Q23. In 6M23, Consolidated Gross Income was R\$101.8 million, down 21.4% (R\$27.8 million) vs. 6M22, with gross margin of 21.9%, down 2.7 p.p.

Gross Income from the Telecom segment was R\$27.7 million in 2Q23, down 17.0% (R\$5.7 million) from 2Q22. Gross margin was 23.1% in 2Q23, decreasing 5.5 p.p. from 2Q22 and 5.3% (R\$1.5 million) from 1Q23. Gross margin decreased 0.6 p.p. in 2Q23 vs. 1Q23. In 6M23, Gross Income from the Telecom segment was R\$56.9 million, decreasing 11.6% (R\$7.5 million), while gross margin was 23.4%, down 6.1 p.p. from 6M22.

In 2Q23, Gross Income from the Enterprise segment amounted to R\$19.9 million, down 16.8% (R\$4.0 million) from 2Q22. Gross margin was 33.1% in 2Q23, down 0.5 p.p. from 2Q22 and up 16.5% (R\$2.8 million) from 1Q23. Gross margin increased 4.2 p.p. in 2Q23 vs. 1Q23. In 6M23, Gross Income from the Enterprise segment was R\$36.9 million, decreasing 7.3% (R\$2.9 million), with gross margin of 31.0%, down 0.4 p.p. from 6M22.

In 2Q23, Gross Income from the Solar segment was R\$4.1 million, down 66.7% (R\$8.2 million) from 2Q22. Gross margin in 2Q23 stood at 10.3%, down 2.4 p.p. from 2Q22 and up 7.2% (R\$0.3 million) from 1Q23. Gross margin expanded 4.1 p.p. in 2Q23 vs. 1Q23. In 6M23, Gross Income from the Solar segment was R\$7.9 million, decreasing 68.7% (R\$17.4 million), with gross margin of 7.8%, down 6.2 p.p. from 6M22.

EBITDA and EBITDA Margin

Adjusted EBITDA (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Consolidated Adjusted EBITDA	68.6	67.4	1.7%	57.5	19.3%	126.0	132.7	-5.0%
<i>Adjusted EBITDA Margin (% Net Revenue)</i>	<i>31.2%</i>	<i>23.7%</i>	<i>7.5 p.p.</i>	<i>23.5%</i>	<i>7.7 p.p.</i>	<i>27.2%</i>	<i>25.3%</i>	<i>1.9 p.p.</i>

In 2Q23, Consolidated EBITDA was R\$68.6 million, increasing 1.7% (R\$1.2 million) from 2Q22. EBITDA margin stood at 31.2% in 2Q3, up 7.5 p.p. from 2Q22. Compared to 1Q23, Consolidated EBITDA increased 19.3% (R\$11.1 million). EBITDA margin increased 7.7 p.p. in 2Q23 vs. 1Q23. In 6M23, Consolidated EBITDA came to R\$126.0 million, down 5.0% (R\$6.7 million) from 6M22, with EBITDA margin of 27.2%, up 1.9 p.p. from 6M22.

The main variations were:

- Operating Expenses, excluding depreciation, decreased 25.1% (R\$10.5 million) in 2Q23 vs. 2Q22, mainly due to the lower allowance for doubtful accounts (PDD), due to greater efficiency in the management of defaulting customers in the quarter. Compared to 1Q23, operating expenses decreased 19.5% (R\$7.6 million). In 6M23, operating expenses ex-depreciation decreased 5.0% (R\$3.7 million) from 6M22;
- In 2Q23, costs, excluding depreciation, decreased 31.6% (R\$55.2 million) from 2Q22 and 19.0% (R\$28.0 million) from 1Q23. In 6M23, operating expenses ex-depreciation decreased 16.0% (R\$51.2 million) from 6M22;

- Net Revenue in 2Q23 decreased 22.7% (R\$64.6 million) vs. 2Q22 and 10.0% (R\$24.5 million) from 1Q23. In 6M23, net revenue decreased 11.7% (R\$61.5 million) from 6M22.

	Total	Telecom	Solar	Enterprise	Mix ²
EBITDA 2Q22	67.4				
Volumes	(24.8)	1.9	(7.3)	(4.5)	(14.9)
Gross Margin	15.5	(0.4)	(0.8)	1.8	14.9
Gross Income ¹	(9.3)	1.5	(8.1)	(2.8)	
Op. Expenses ¹	10.5				
Total Variation	1.2				

EBITDA 2Q23	68.6				
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	Total	Telecom	Solar	Enterprise	Mix ²
EBITDA YTD 2022	132.7				
Volumes	(24.2)	15.1	(11.2)	(3.0)	(25.1)
Gross Margin	13.8	(7.8)	(6.0)	2.5	25.1
Gross Income ¹	(10.4)	7.3	(17.2)	(0.5)	
Op. Expenses ¹	3.7				
Total Variation	(6.7)				

EBITDA YTD 2023	126.0				
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(1) Gross Income and Operating Expenses excluding depreciation and amortization.

(2) Values shown as 'Mix' refer to changes in volumes among the different segments, which have different margins.

Financial Result

Financial Income (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Net Exchange Variation & Adjustment to fair value Der. Inst.	(0.6)	(1.5)	-60.7%	(2.8)	-79.5%	(3.4)	(19.9)	-83.1%
Financial Revenues	12.7	10.2	25.1%	15.1	-15.7%	27.8	19.7	41.2%
Financial Expenses	(28.3)	(24.9)	13.8%	(30.6)	-7.5%	(58.9)	(46.9)	25.8%
(+/-) Financial Income	(16.2)	(16.2)	0.0%	(18.3)	-11.8%	(34.5)	(47.1)	-26.7%

Net Financial Result in 2Q23 was an expense of R\$16.2 million, stable in relation to 2Q22, but decreasing 11.8% (R\$2.2 million) from 1Q23. In 6M23, financial result was an expense of R\$34.5 million, down 26.7% (R\$12.6 million) from 6M22. The changes are 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 2Q23, a foreign exchange loss was recorded due to the appreciation of the Brazilian real against other currencies, in the total amount of -R\$0.6 million, comprising: (i) exchange variation on foreign currency loans: +R\$3.6 million; (ii) fair value adjustments of derivatives (swaps of foreign currency loans): -R\$4.7 million; and (iii) exchange variation on Assets (Liabilities) in foreign currency: +R\$0.5 million.

(In R\$ million)	12/31/2021	03/31/2022	6/30/2022	09/30/22	12/31/2022	03/31/2023	06/30/2023
Exchange Rates Dollar Ptax	5.5799	4.7372	5.2374	5.4060	5.2171	5.0798	4.8186
Inventory in transit	83.1	51.6	33.3	26.7	40.7	21.4	31.2
Advances to International Suppliers	69.8	109	40.3	51.079	40.6	7.6	5.4
International Suppliers	-133	-64.9	-43.7	-36.842	-86.4	-37.9	-37.9
Assets (Liabilities) in foreign currency	19.8	95.7	29.9	40.9	-5.1	-8.9	-1.3
Equivalent to US\$	3.6	20.2	5.7	7.6	-1.0	-1.8	-0.3

- In 2Q23, Financial Income totaled R\$12.7 million, increasing 25.1% (R\$2.6 million) from 2Q22, chiefly due to the higher interest and fines received from clients in arrears. Compared to 1Q23, financial income decreased 6.3% (R\$1.4 million). In 6M23, financial income came to R\$43.7 million, down 49.8% (R\$43.3 million) from 6M22.

- In 2Q23, financial expenses came to R\$28.3 million, increasing 13.8% (R\$3.4 million) from 2Q22, chiefly due to the higher interest on loans, financing and debentures. Compared to 1Q23, financial expenses decreased 7.5% (R\$2.3 million). In 6M23, financial expenses amounted to R\$58.9 million, down 25.8% (R\$12.1 million) from 6M22.

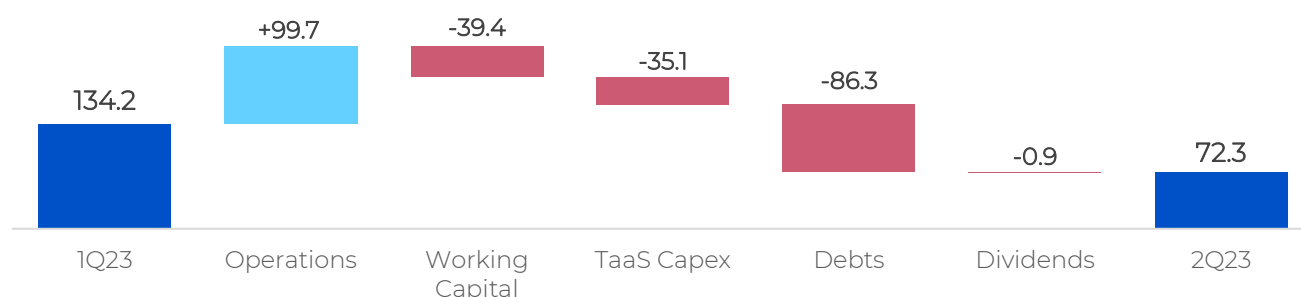
Net Income/Loss and Net Margin

Net Income (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
EBIT	19.5	25.5	-23.3%	10.4	87.6%	29.9	51.3	-41.6%
<i>EBIT Margin (% Net Revenue)</i>	<i>8.9%</i>	<i>9.0%</i>	<i>-0.1 p.p.</i>	<i>4.3%</i>	<i>4.6 p.p.</i>	<i>6.5%</i>	<i>9.8%</i>	<i>-3.3 p.p.</i>
(+/-) Financial Income	(16.2)	(16.2)	0.0%	(18.3)	-11.8%	(34.5)	(47.1)	-26.7%
(-) Provision for IR and CSLL	0.2	(0.7)	-121.6%	1.5	-89.8%	1.7	2.3	-26.4%
Net Income	3.5	8.6	-59.0%	(6.4)	-155.0%	(2.9)	6.5	144.5%
<i>Net Margin (% Net Revenue)</i>	<i>1.6%</i>	<i>3.0%</i>	<i>-1.4 p.p.</i>	<i>-2.6%</i>	<i>4.2 p.p.</i>	<i>-0.6%</i>	<i>1.2%</i>	<i>-1.9 p.p.</i>

In 2Q23, Net Income amounted to R\$3.5 million, decreasing 59.0% (R\$5.0 million) from 2Q22 and increasing 155.0% (R\$9.9 million) from 1Q23. Adjusted net margin was 1.6% in 2Q23. In 6M23, Net Loss came to R\$2.9 million, a decrease of 144.5% (R\$9.3 million) from 6M22.

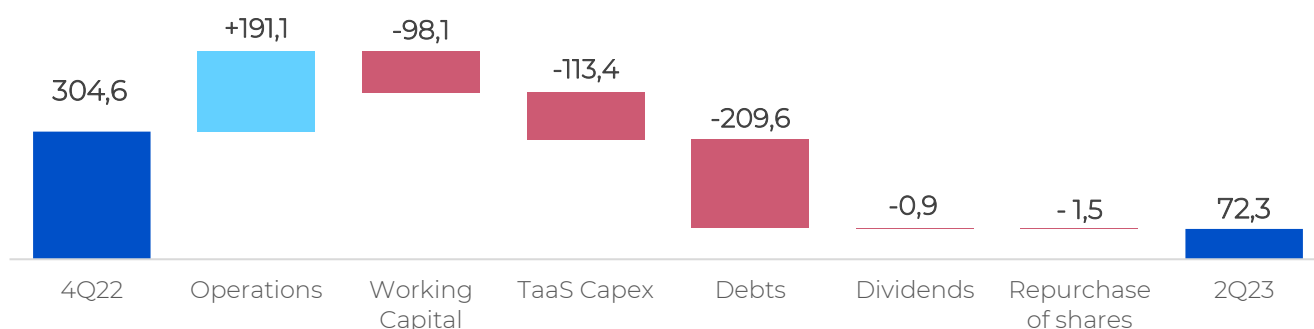
Cash Flow

Quarterly
R\$ million



In the 2Q23, the Company generated operating cash flow of +R\$99.7 million. Operating Working Capital was -R\$39.4 million. CAPEX, which went to the acquisition of fixed and intangible assets, especially related to the TaaS model, consumed -R\$35.1 million. Amortization of debt (principal) and derivatives totaled -R\$39.4 million, while interest payments came to -R\$46.9 million. The payment of dividends amounted to -R\$0.9 million. The Company ended the 2Q23 of 2023 with a cash position of R\$72.2 million.

YTD 2023
R\$ million



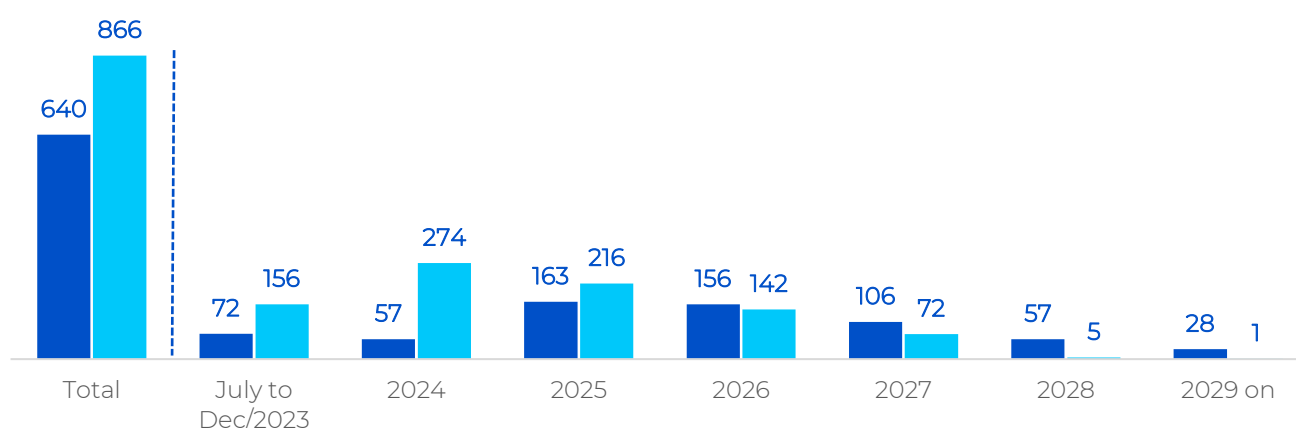
In the 6M23, the Company generated operating cash flow of +R\$191.1 million. Operating Working Capital was -R\$98.1 million. CAPEX, which went to the acquisition of fixed and intangible assets, especially related to the TaaS model, consumed -R\$113.4 million. Amortization of debt (principal) and derivatives totaled -R\$146.28 million, while interest payments came to -R\$63.4 million. The payment of dividends amounted to -R\$0.9 million and the purchase of shares consumed -R\$1.5 million. The Company ended the first half of 2023 with a cash position of R\$72.2 million.

Debt

Indebtedness (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %
(+) Loans, financing and debentures	629.8	945.1	-33.4%	691.9	-9.0%
Current	110.4	277.8	-60.3%	150.5	-26.6%
Non-Current	519.4	667.3	-22.2%	541.3	-4.1%
(+/-) Net derivative financial instruments	10.2	8.8	15.9%	8.6	18.9%
Assets	-	(2.8)	-100.0%	(0.0)	-100.0%
Liabilities	10.2	11.6	-12.2%	8.6	18.8%
Gross Debt	640.0	953.9	-32.9%	700.4	-8.6%
(-) Disp. (Cash and Equiv.) and Invest. of CP	(72.3)	(529.5)	-86.4%	(134.2)	-46.2%
Net Debt	567.7	424.4	33.8%	566.2	0.3%
Adjusted LTM EBITDA	250.8	283.3	-11.5%	249.6	0.5%
Net Debt / Adjusted LTM EBITDA	2.26	1.50	51.1%	2.27	-0.2%

Net Debt to Adjusted EBITDA (LTM) stood at 2.26x in 2Q23, primarily due to: i) the payment of loans and interest on loans, which reduced gross debt by R\$62.1 million; and ii) the cash balance of R\$72.3 million. Management considers this cash position healthy, given that the Revenue Backlog of R\$865.9 million represents coverage of 1.53x of total Net Debt or 1.35x of total Gross Debt.

**Gross Debt Payment Schedule and
Contracted Future Revenue (Revenue Backlog) Coverage**
(R\$ million)



ROIC

ROIC (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %
EBIT (LTM)	67.5	122.4	-44.9%	73.4	-8.1%
(-) Provision for IR and CSLL (LTM)	14.7	(7.1)	-306.4%	13.8	6.4%
Operating Income after Taxes (NOPAT) = (A)	82.1	115.2	-28.7%	87.2	-5.8%
(+) Equity	643.1	639.5	0.6%	639.9	0.5%
(+) Gross Debt	640.0	953.9	-32.9%	700.4	-8.6%
(+) Cash (Cash and Equiv.) and CP Investments	(72.3)	(529.5)	-86.4%	(134.2)	-46.2%
Invested Capital	1,210.8	1,063.9	13.8%	1,206.1	0.4%
Average Invested Capital of 2022 and 2021 = (B)	1,173.7	930.0	26.2%	1,171.4	0.2%
ROIC = (A/B)	7.0%	12.4%	-5.4 p.p.	7.4%	-0.4 p.p.

In 2Q23 LTM, Return on Invested Capital (ROIC¹) was 7.0%, compared to 12.4% in 2Q22 LTM and 7.4% in 1Q23 LTM.

¹ Return on invested capital (ROIC) is the sum of capital invested in the Company's operating activities, comprising Equity and Gross Debt, Cash and cash equivalents and short-term Investments. We understand that the average invested capital between the current and previous periods better reflects the Company's performance due to accelerated growth.

Appendices

Statement of Income

Consolidated Statement (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %	YTD 2023	YTD 2022	Δ %
Sales Gross Revenue	170,888	267,895	-36.2%	208,779	-18.1%	379,667	476,416	-20.3%
TaaS (VGV Leases)	79,426	104,928	-24.3%	148,792	-46.6%	228,218	190,352	19.9%
Total Sales	250,314	372,823	-32.9%	357,571	-30.0%	607,885	666,768	-8.8%
Sales Gross Revenue	170,888	267,895	-36.2%	208,779	-18.1%	379,667	476,416	-20.3%
Lease Gross Revenue	83,448	70,763	17.9%	83,365	0.1%	166,813	141,343	18.0%
Gross Revenue	254,336	338,658	-24.9%	292,144	-12.9%	546,480	617,758	-11.5%
(-) Tax levy on Revenues	(32,110)	(41,488)	-22.6%	(36,944)	-13.1%	(69,054)	(76,000)	-9.1%
(-) Returns	(2,493)	(12,850)	-80.6%	(10,940)	-77.2%	(13,433)	(16,244)	-17.3%
Net Revenue	219,733	284,320	-22.7%	244,260	-10.0%	463,993	525,514	-11.7%
(-) CMV	(168,070)	(214,761)	-21.7%	(194,144)	-13.4%	(362,214)	(395,944)	-8.5%
Gross Income	51,663	69,558	-25.7%	50,117	3.1%	101,780	129,570	-21.4%
<i>Gross Margin (% Net Revenue)</i>	<i>23.5%</i>	<i>24.5%</i>	<i>-1.0 p.p.</i>	<i>20.5%</i>	<i>3.0 p.p.</i>	<i>21.94%</i>	<i>24.7%</i>	<i>-2.7 p.p.</i>
(-) Personnel Expenses	(15,682)	(12,941)	21.2%	(14,375)	9.1%	(30,057)	(25,401)	18.3%
(-) Commercial Expenses	(13,153)	(22,867)	-42.5%	(17,984)	-26.9%	(31,137)	(39,940)	-22.0%
(-) General and Administrative Expenses	(3,483)	(5,764)	-39.6%	(2,750)	26.7%	(6,233)	(9,595)	-35.0%
(+/-) Other operating income/expenses	183	(2,531)	-107.2%	(4,600)	-104.0%	(4,417)	(3,374)	30.9%
(-) Operating Expenses	(32,136)	(44,102)	-27.1%	(39,709)	-19.1%	(71,845)	(78,310)	-8.3%
EBIT	19,527	25,456	-23.3%	10,408	87.6%	29,935	51,260	-41.6%
<i>EBIT Margin (% Net Revenue)</i>	<i>8.9%</i>	<i>9.0%</i>	<i>-0.1 p.p.</i>	<i>4.3%</i>	<i>4.6 p.p.</i>	<i>6.5%</i>	<i>9.8%</i>	<i>-3.3 p.p.</i>
(+) Depreciation and Amortization	49,037	41,933	16.9%	47,065	4.2%	96,102	81,437	18.0%
EBITDA	68,564	67,389	1.7%	57,472	19.3%	126,037	132,697	-5.0%
<i>EBITDA Margin (% Net Revenue)</i>	<i>31.2%</i>	<i>23.7%</i>	<i>7.5 p.p.</i>	<i>23.5%</i>	<i>7.7 p.p.</i>	<i>27.2%</i>	<i>25.3%</i>	<i>1.9 p.p.</i>
(+/-) Financial Income	(16,172)	(16,174)	0.0%	(18,327)	-11.8%	(34,499)	(47,086)	-26.7%
(-) Provision for IR and CSLL	156	(723)	-121.6%	1,529	-89.8%	1,685	2,290	-26.4%
Net Income	3,512	8,558	-59.0%	(6,391)	-155.0%	(2,879)	6,465	-100.0%
<i>Net Margin (% Net Revenue)</i>	<i>1.6%</i>	<i>3.0%</i>	<i>-1.4 p.p.</i>	<i>-2.6%</i>	<i>4.2 p.p.</i>	<i>0.0%</i>	<i>1.2%</i>	<i>-1.2 p.p.</i>

Balance Sheet

Consolidated Balance Sheet (In R\$ million, except when indicated)	2Q23	2Q22	Δ %	1Q23	Δ %
Assets					
Current Assets					
Cash and cash equivalents	72,257	229,055	-68%	134,218	-46%
Short-term investments	0	300,464	-100%	0	
Trade receivables, net	209,538	157,986	33%	211,040	-1%
Recoverable taxes	57,611	62,110	-7%	64,691	-11%
Derivative financial instruments	0	1,724	-100%	0	
Inventories	284,649	302,464	-6%	289,845	-2%
Advances to suppliers	19,662	47,748	-59%	16,675	18%
Prepaid Expenses	1,160	945	23%	1,696	-32%
Total Current Assets	644,877	1,102,496	-42%	718,165	-10%
Non-Current Assets					
Trade receivables, net	174,217	118,213	47%	160,272	9%
Judicial Deposits	109	109	0%	109	0%
Derivative financial instruments	0	1,085	-100%	10	-100%
Deferred taxes	28,342	25,243	12%	28,170	1%
Right-of-use assets	4,039	2,999	35%	4,383	-8%
Property, plant and equipment, net	435,489	418,709	4%	449,424	-3%
Net intangible assets	105,389	61,509	71%	107,283	-2%
Total Non-Current Assets	747,585	627,867	19%	749,651	0%
Total Assets	1,392,462	1,730,363	-20%	1,467,816	-5%
Liabilities					
Current Liabilities					
Suppliers	79,611	95,075	-16%	86,377	-8%
Personnel, social charges and benefits	7,158	5,693	26%	5,368	33%
Taxes payable	4,961	12,041	-59%	2,282	117%
Loans, financing, and debentures	110,417	277,821	-60%	150,526	-27%
Dividends Payable	0	0		862	-100%
Derivative financial instruments	7,479	10,757	-30%	7,739	-3%
Lease Liabilities	1,336	1,743	-23%	1,316	2%
Related Parts	28	158	-82%	37	-24%
Other liabilities	13,116	17,769	-26%	27,716	-53%
Deferred Income	0	0		0	
Total Current Liabilities	224,106	421,057	-47%	282,223	-21%
Non-Current Liabilities					
Loans, financing, and debentures	519,387	667,312	-22%	541,325	-4%
Derivative Financial Instruments	2,715	847	221%	845	221%
Provisions for lawsuits	385	362	6%	382	1%
Leases	2,790	1,285	117%	3,131	-11%
Total Non-Current Liabilities	525,277	669,806	-22%	545,683	-4%
Equity					
Share capital	301,397	301,397	0%	301,397	0%
Treasury Stock	-8,536	0		-8,439	1%
Capital reserves	236,632	236,632	0%	236,632	0%
Retained earnings	116,734	94,427	24%	116,734	0%
Accumulated Loss	-2,879	6,465	-145%	0	
Retained Earnings	0			-6,391	-100%
Other Comprehensive Results	-269	579	-146%	-23	1070%
Total Equity	643,079	639,500	1%	639,910	0%
Total Liabilities and Equity	1,392,462	1,730,363	-20%	1,467,816	-5%

Statement of Cash Flow

Demonstrações dos Fluxos de Caixa Consolidado (R\$ milhões, exceto quando indicado)	2Q23	2Q22	Δ %	1Q23	Δ %
Net Income for the period	(2,879)	6,465	-145%	(6,391)	-55%
Adjustments to reconcile Income or loss for the period to cash from operating activities	160,831	155,886	3%	82,894	94%
Depreciation and amortization	96,102	81,438	18%	47,065	104%
Expected credit losses	7,600	15,096	-50%	4,360	74%
Provision for inventory obsolescence	(341)	3,533	-110%	1,583	-122%
Provision for legal and other proceedings, net	7	-	0%	4	75%
Mark-to-market of derivatives	8,958	23,105	-61%	4,285	109%
Income from short-term investments	-	(5,366)	-100%	-	n.a.
Interest and foreign exchange variation expenses	46,136	29,964	54%	26,086	77%
Expenses for adjustment to the present value	1,205	9,895	-88%	770	56%
Write-off of property, plant and equipment and intangible assets	2,849	512	456%	269	959%
Income tax and social security contribution	-	5,414	-100%	-	n.a.
Deferred income tax and social contribution	(1,685)	(7,705)	-78%	(1,528)	10%
Assets decrease (increase)	25,345	(74,543)	-134%	30,547	-17%
Trade receivables	(40,949)	(41,107)	0%	(24,812)	65%
Recoverable taxes	6,859	(13,100)	-152%	(221)	-3204%
Inventories	25,836	(44,089)	-159%	19,271	34%
Advances to suppliers and legal deposits	33,832	23,585	43%	37,078	-9%
Prepaid expenses	(233)	168	-239%	(769)	-70%
Liabilities increase (decrease)	(151,938)	(155,815)	-2%	(90,160)	69%
Suppliers	(62,210)	(116,020)	-46%	(57,475)	8%
Taxes payable	(1,496)	5,662	-126%	(4,160)	-64%
Personnel, social charges and benefits	2,333	(2,625)	-189%	543	330%
Deferred revenue	-	(437)	-100%	-	n.a.
Related parties	(97)	(74)	31%	(88)	10%
Other liabilities	(27,033)	(15,719)	72%	(12,433)	117%
Payment of interest	(63,435)	(25,475)	149%	(16,547)	283%
Payment of income tax and social contribution	-	(1,127)	-100%	-	n.a.
Net cash generated by (used in) operating activities	31,359	(68,007)	-146%	16,890	86%
Cash Flow From Investment Activities	38,716	(81,218)	-148%	73,831	-48%
Acquisition of property, plant and equipment and intangible assets	(113,454)	(84,642)	34%	(78,339)	45%
Redemption of Short-term investments	152,170	467,852	-67%	152,170	0%
Cash flow from Financing Activities	(149,944)	340,056	-144%	(108,875)	38%
Entry of new loans and debentures	-	488,641	-100%	-	n.a.
Payment of loans and financing (principal)	(139,795)	(133,753)	5%	(103,454)	35%
Payment of leasing obligations	(1,431)	(1,472)	-3%	(715)	100%
Derivatives Settlement	(6,364)	(5,914)	8%	(3,311)	92%
Dividends and interests on capital paid	(862)	(11,252)	-92%	-	n.a.
Increase in capital and reserves - IPO, net of emission expenses	-	3,806	-100%	-	n.a.
Share Buyback	(1,492)	-	0%	(1,395)	7%
Net cash resulting from financing activities	(149,944)	340,056	-144%	(108,875)	38%
Effect of Foreign Exchange Variation on Cash and Cash Equivalents	(344)	(241)	-68%	(98)	-46%
Change in the Company's Net Cash	(80,213)	190,590	-142%	(18,252)	339%
Cash and cash equivalents at the beginning of the period	152,470	38,465	296%	152,470	0%
Cash and cash equivalents at the end of the period	72,257	229,055	-68%	134,218	-46%

#Descomplica

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