

**WDC**  
NETWORKS

## EARNINGS CALL PRESENTATION 1Q24

May 9<sup>th</sup> 2024

**LVTC**  
B3 LISTED NM

**IGC-NM B3**

**IGC B3**

**ITAG B3**



# 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. Non-accounting data was not subject to review by the independent auditors of the Company."

# Highlights 1Q24



WDC reverses 4Q23 net loss and achieves net income of R\$4.7 million in 1Q24

Future Revenues (Backlog), totaled R\$853.2 million in 1Q24 (-2.2% versus 1Q23)

Total Enterprise Sales, R\$106.4 million (+28.6% versus 1Q23)

Improvement in gross margin in all segments, reaching 25.8% consolidated versus 20.5% in 1Q23

- o Enterprise Margin in 1Q24 was 31.5% versus 28.9% in 1Q23

- o Telecom Margin in 1Q24 was 24.5% versus 23.7% in 1Q23

- o Solar Margin in 1Q24 was 12.8% versus 6.2% in 1Q23

Reduction in Operating Expenses in absolute terms (-8.8% versus 1Q23), a result of the effort in continuous control of expenses

Improvement in operational performance with an EBITDA margin of 32.5% (+9.0 p.p. versus 1Q23)

Current liquidity greater than 2.3x

Reduction in net debt / LTM EBITDA from 2.11x in 4Q23 to 2.06x in 1Q24

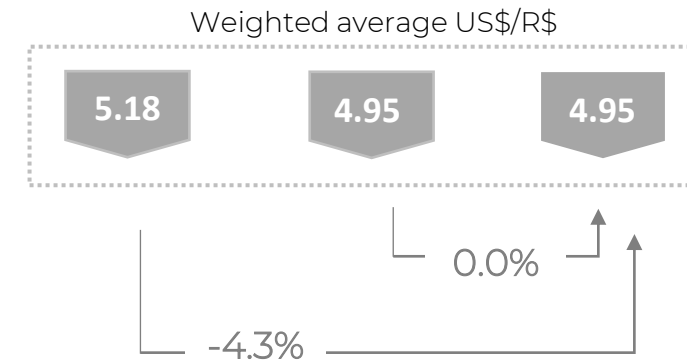
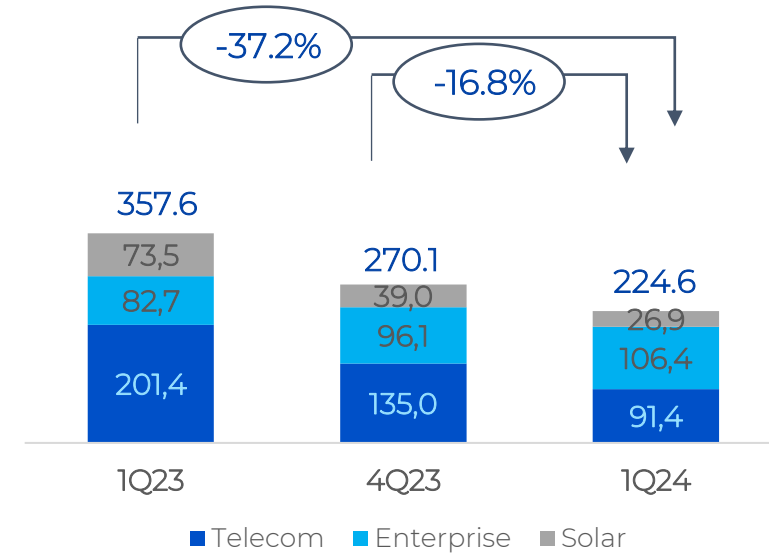
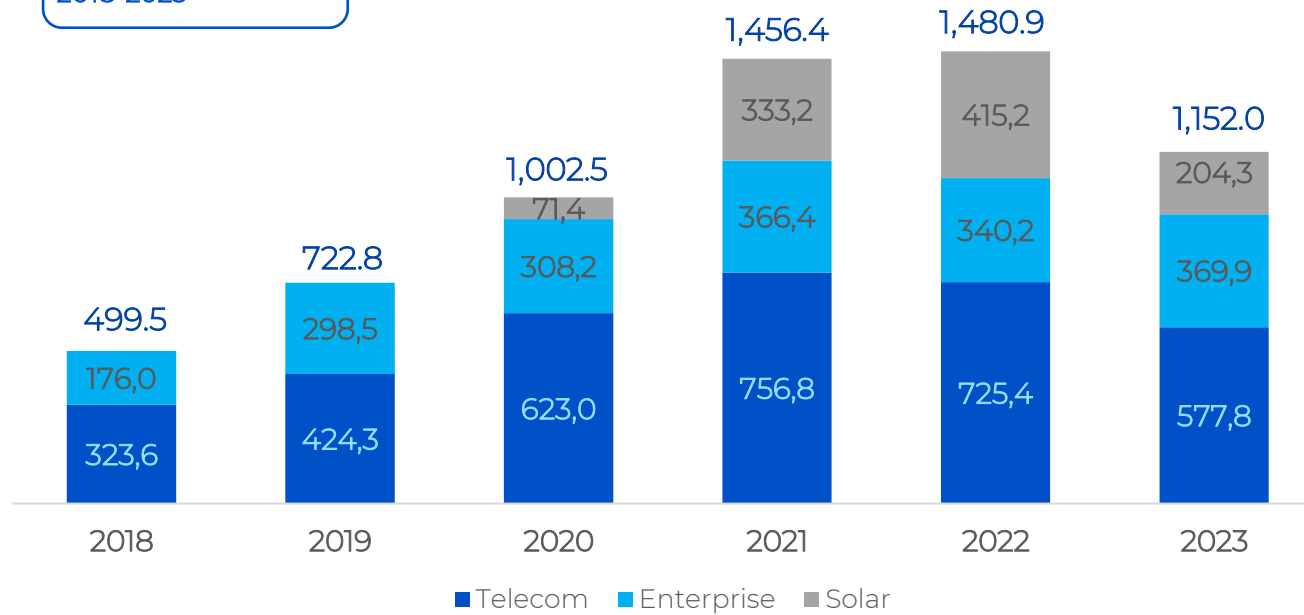
Strong conversion of EBITDA into operating cash in the amount of R\$49.9 million in the Parent Company and R\$39.7 million in the Consolidated view.



# Total Sales

CAGR  
2018-2023  
18.2%

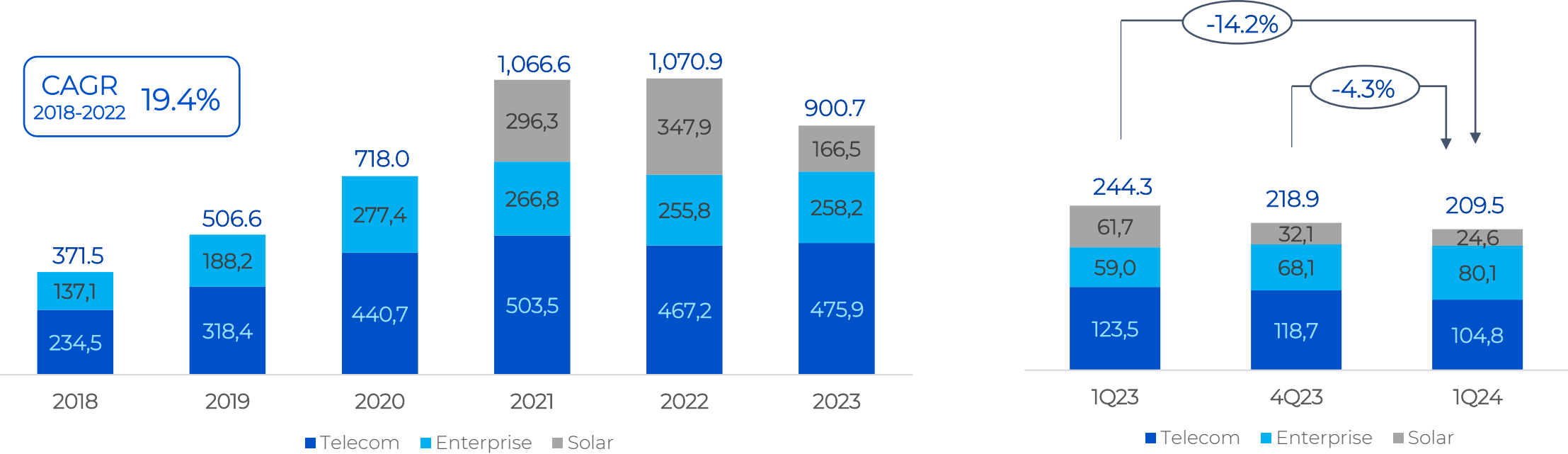
## Total Sales (R\$ million)





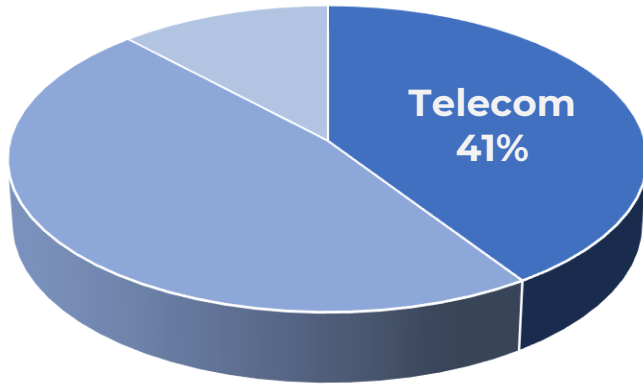
# Net Revenue

Net Revenue (R\$ million)





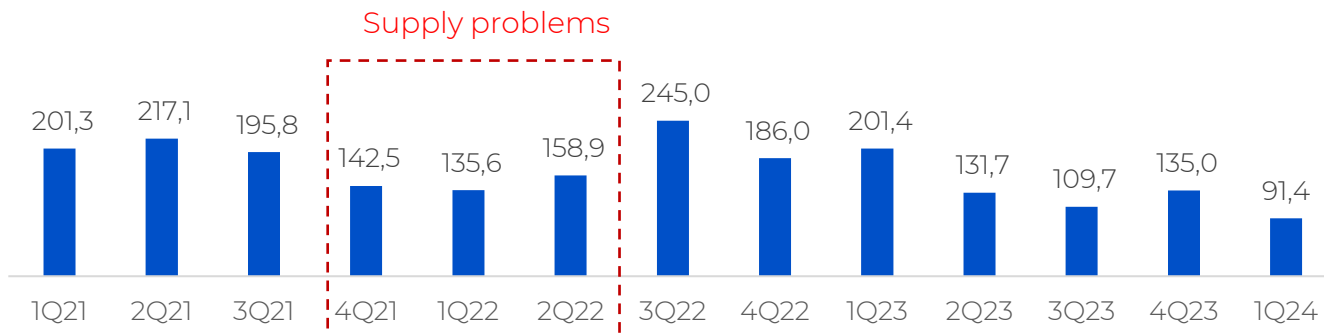
## Business Unit - Telecom



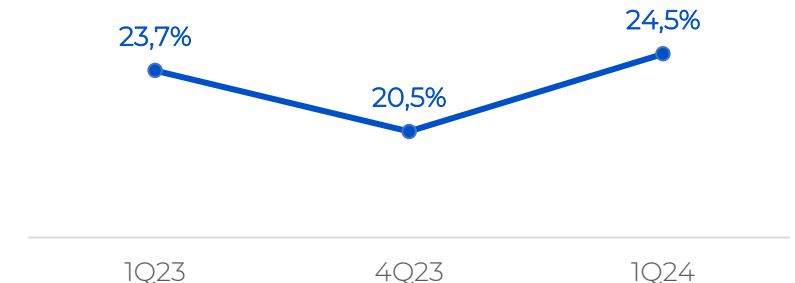
Share by business unit in Total Sales 1Q24

- ❖ Decrease in sales in 1Q24 explained by slowdown in the subscriber base (in fiber), according to the database provided by Anatel
- ❖ In LTM, we sold 870,000 ONUs, which represented **30% market share** in relation to the 2.9 million new subscribers (net) in the fiber modality
- ❖ **Greater representation of TaaS in 1Q24 net revenue boosted gross margin and reached 24.5%**, versus 23.7% in 1Q23 and 20.5% in 4Q23
- ❖ **Supply of ONU WIFI 6 in 1Q24** represented 15.3% of ONU sales versus 9.5% in 1Q23

### Evolution in Total Sales (R\$ million)

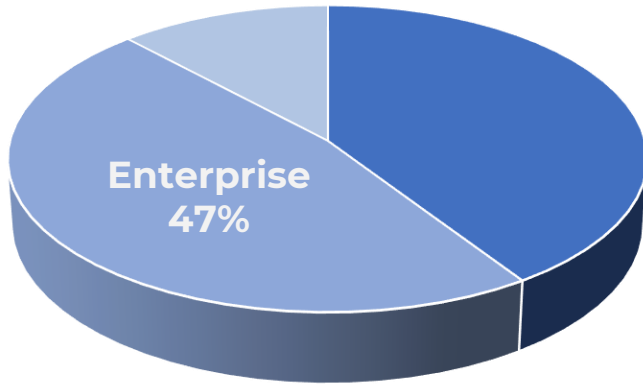


### Gross Margin(%)





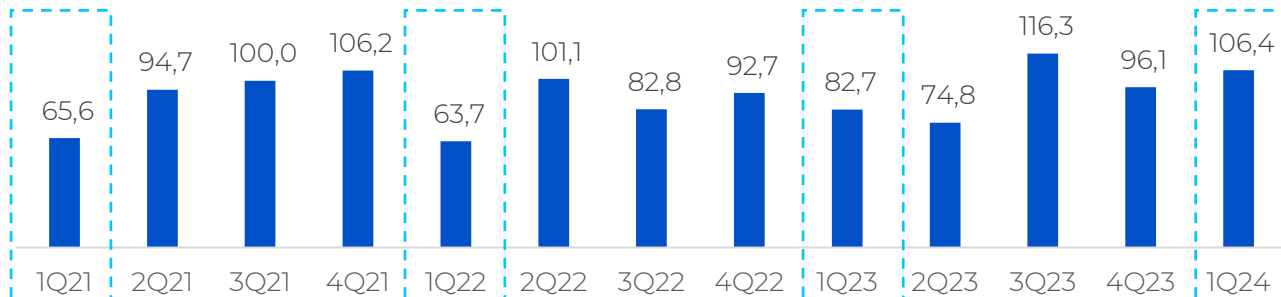
## Business Unit - Enterprise Highlights



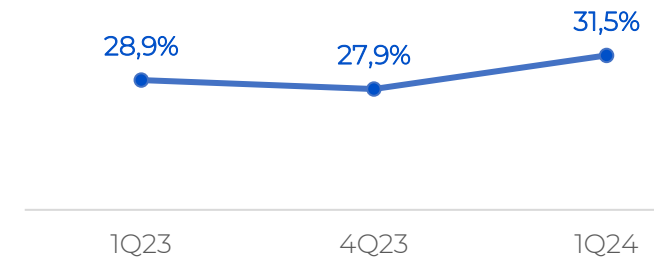
Share by business unit in Total Sales 1Q24

- ❖ *Cybersecurity verticals, electronic security and a large project in Colombia* were mainly responsible for the good performance of the quarter
- ❖ *Segment was responsible for the largest share of sales in 1Q24*, recording R\$ 106.4 million or 47% of the total. Best first quarter ever recorded in this segment
- ❖ *TaaS representing 29% of the Total Sales in 1Q24* (versus 26% in 4Q23)
- ❖ *Gross margin reached 31.5%*, and reached improvements of 2.6 p.p. and 3.6 p.p., versus 1Q23 and 4Q23

**Total Sales**  
(R\$ million)



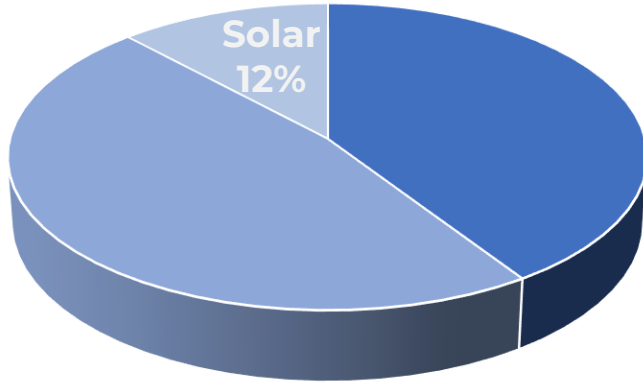
**Gross Margin (%)**





# Business Unit – Solar Energy

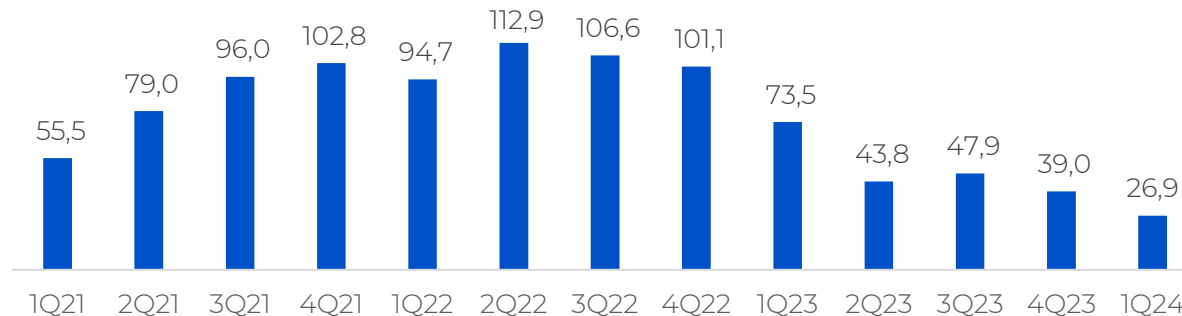
## Highlights



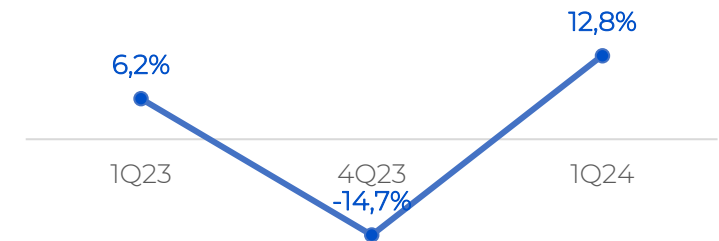
Share by business unit in Total Sales 1Q24

- ❖ The Company has been *prioritizing greater margins and profitability*
- ❖ *Resumption of profitability in 1Q24*
- ❖ Segment had a gross profit of R\$3.2 million, with a gross margin of 12.8%, versus a gross loss of R\$4.7 million and a margin of -14.7% in 4Q23
- ❖ *New inventory, at more competitive prices*

## Total Sales (R\$ million)



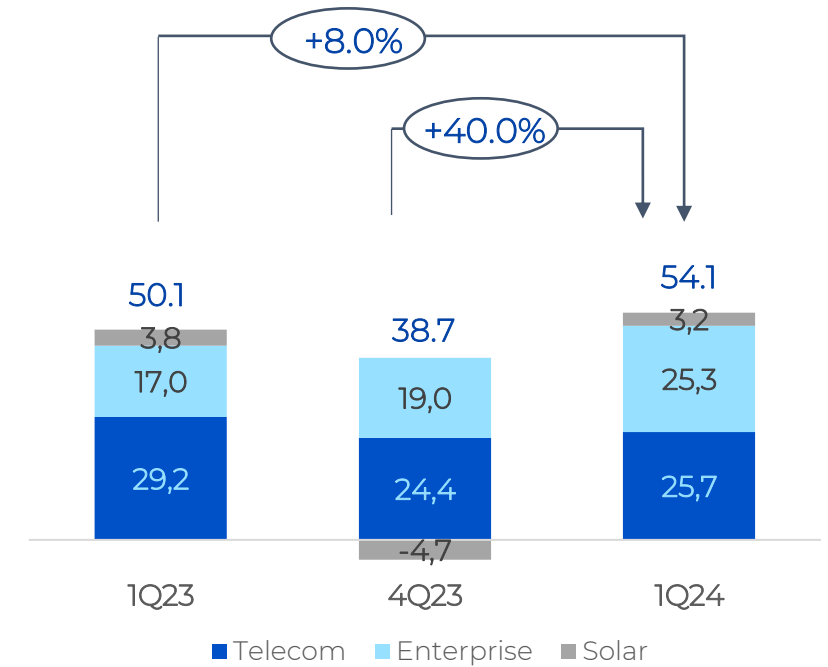
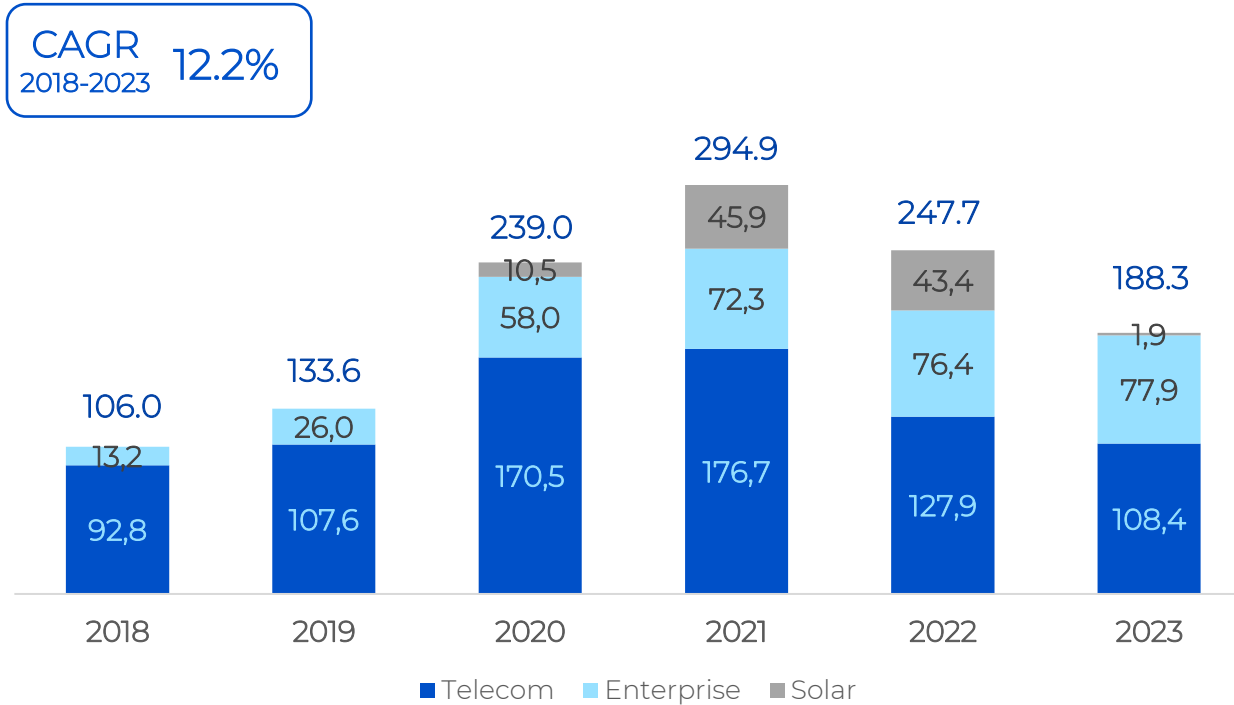
## Gross Margin (%)







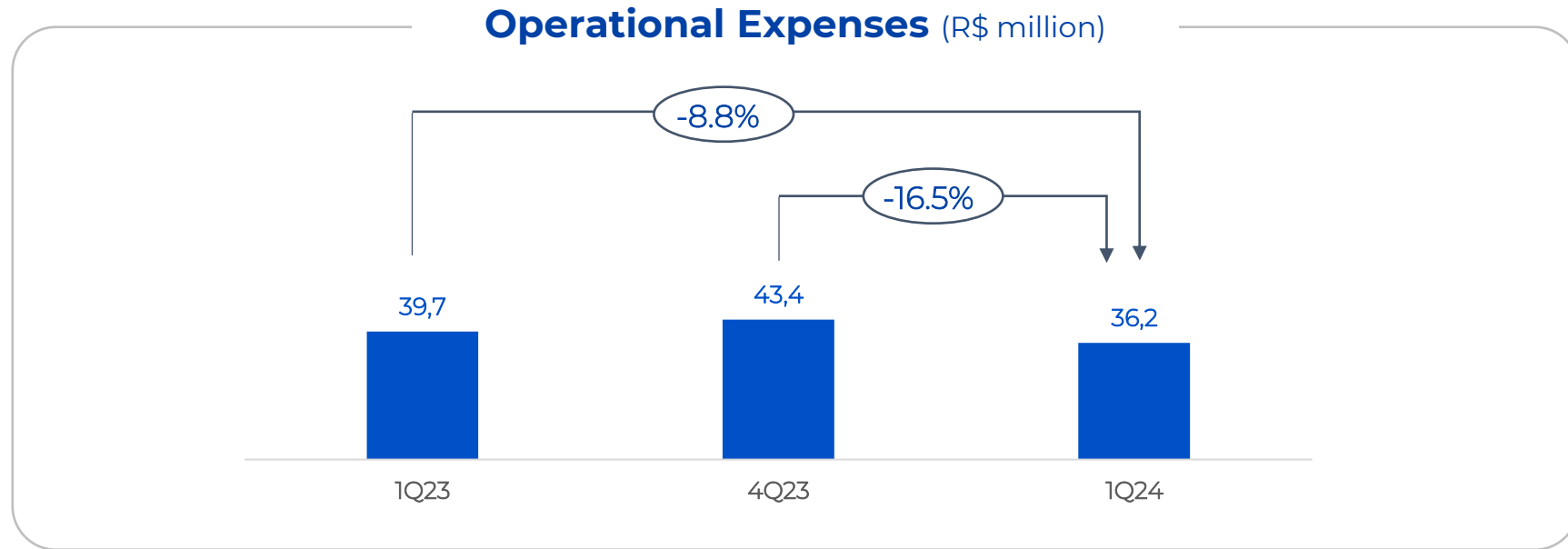
# Margem de contribuição (R\$ milhões)



◇ Enterprise continues to grow



# Operational Expenses

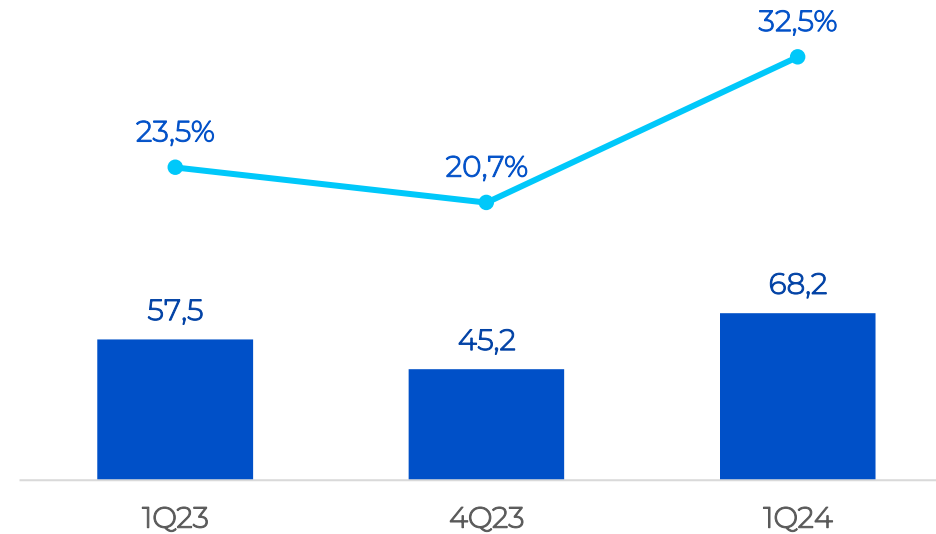


- ❖ The company continues reducing expenses
- ❖ In 1Q24, in absolute volumes, the Company reduced operating expenses by 8.8% or R\$3.5 million, versus 1Q23.
- ❖ Compared to 4Q23, the reduction was 16.5% or R\$7.2 million.



## EBITDA

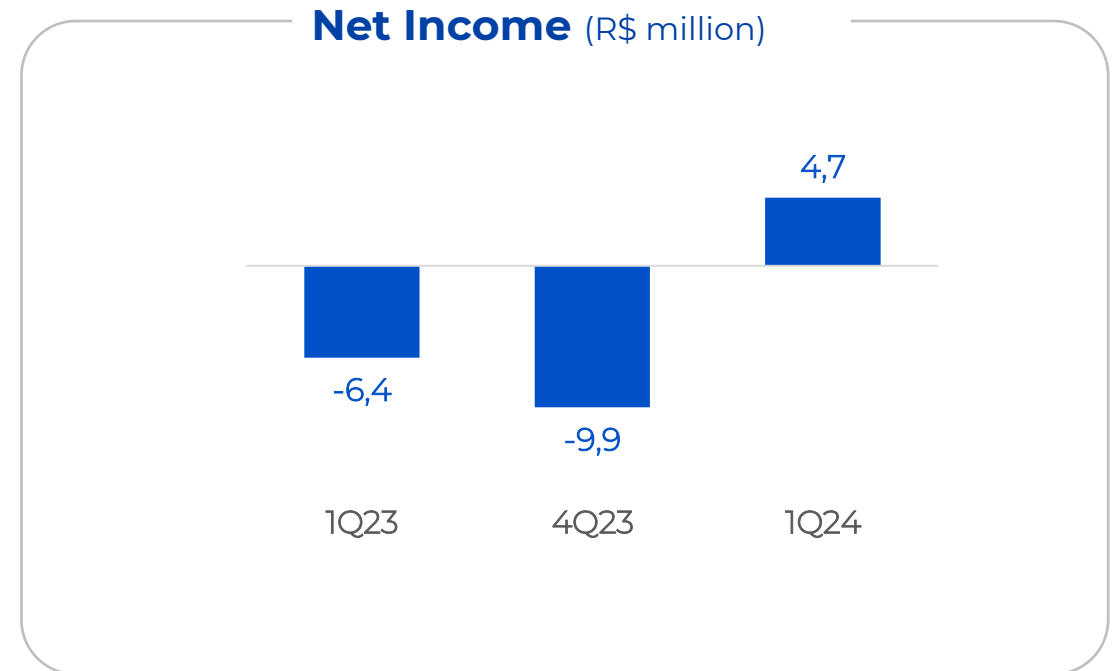
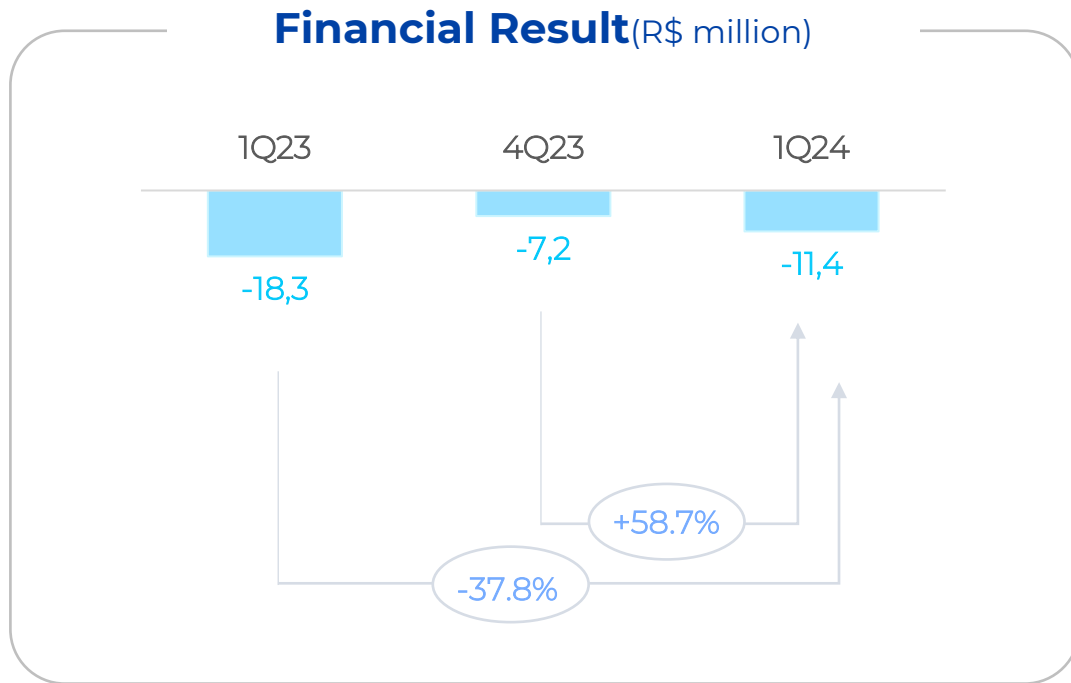
### EBITDA (R\$ million)



- ❖ Consolidated EBITDA reached R\$68.2 million in 1Q24, versus R\$57.5 million in 1Q23 and R\$45.2 million in 4Q23. This improvement is mainly due to the increase in gross profit, driven by Taas.
- ❖ In consolidated EBITDA Margin, the Company recorded 32.5%, an improvement of 9.0 p.p. up the same period of the previous year and 11.9 p.p. higher than 4Q23.



## Financial Result and Net Income



- ❖ In 1Q24, the financial result improved by R\$6.9 million, compared to 1Q23, explained by the reduction in gross debt. Compared to 4Q23, the financial result worsened by R\$4.2 million, mainly due to the exchange rate variation.
- ❖ Net Income in 1Q24 was R\$4.7 million versus net loss of R\$6.4 million in 1Q23 and net loss of R\$9.9 million in 4Q23. The positive result in 1Q24 is explained by the improvement in gross margin, discipline in controlling operating and financial expenses.



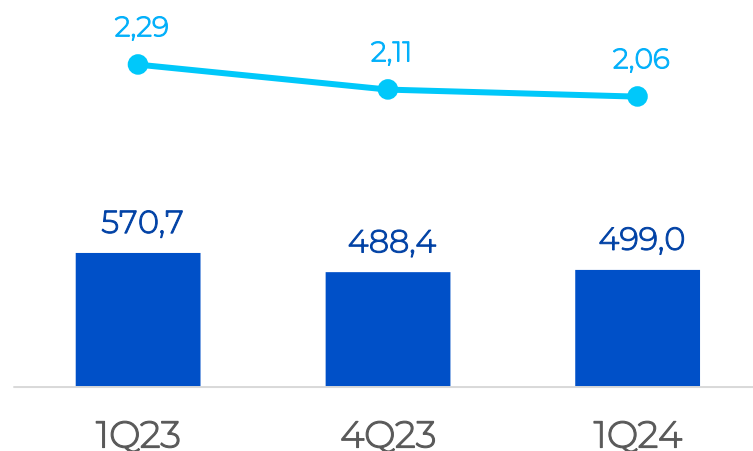
# Net Debt and Leverage



## Net Debt and Leverage (R\$ million)

(Net Debt/ Adjusted EBITDA)

■ Net Debt ■ Leverage



Indebtedness (R\$ Millions)	1Q23	4Q23	1Q24
<i>Short term debt</i>	159.6	71.0	75.2
<i>Long term debt</i>	545.3	519.4	519.6
Gross Debt	704.9	590.4	594.7
Cash and Financial Investments	(134.2)	(102.0)	(95.7)
Net Debt	570.7	488.4	499.0
TaaS Revenue Backlog	872.1	874.8	853.2
Backlog Hedge on Net Debt	1.53x	1.79x	1.71x

- Financial Leverage remains at healthy levels
- Backlog >> Security for debenture holders

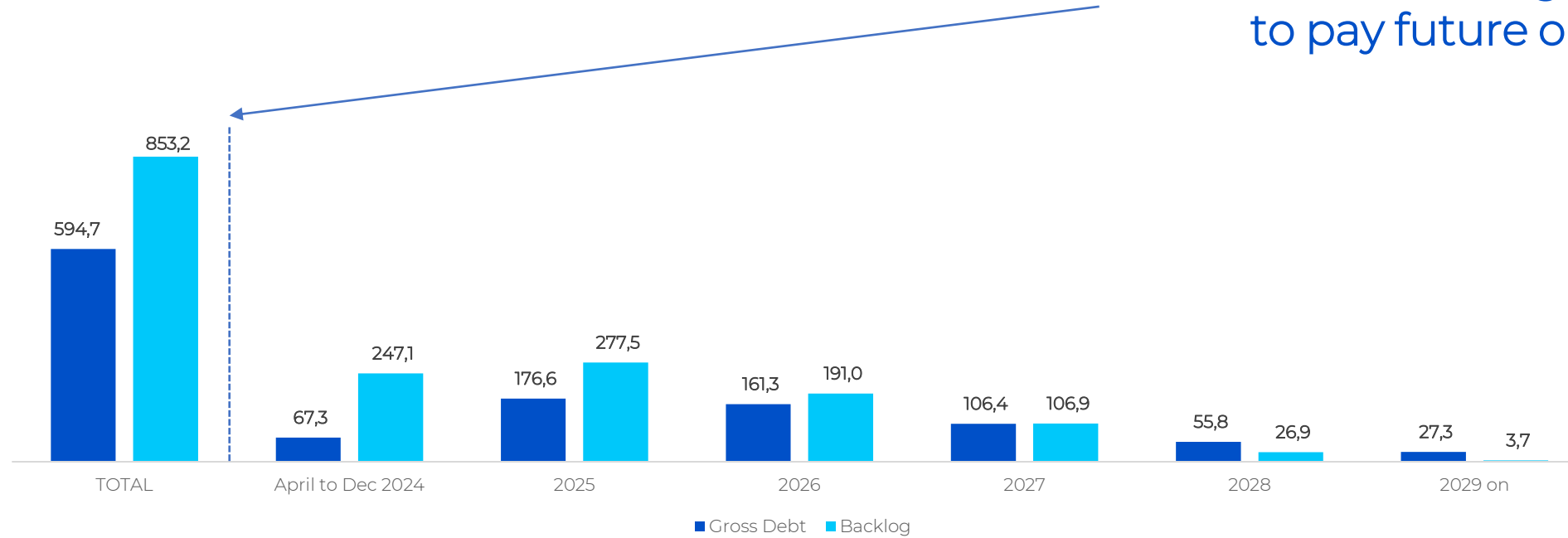


# Payment Capacity

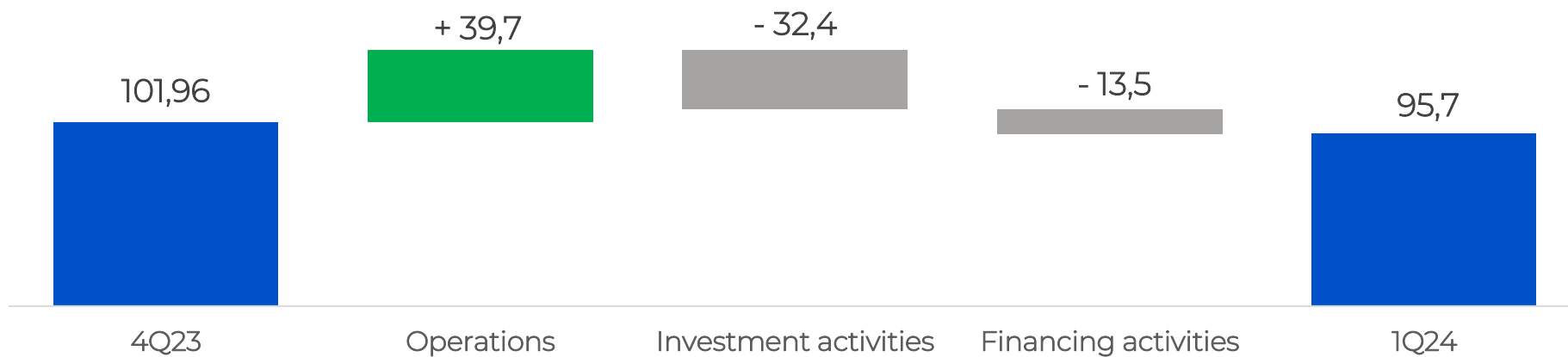
## Gross Debt Payment Schedule and Contracted Future Revenue (Revenue Backlog) Coverage

(R\$ million)

■ Gross Debt ■ Revenue Backlog



Deferred revenue guarantees cash to pay future obligations





## Perspectives of the new positioning

Focus on commercializing  
integrated solutions

### **(Products + Services)**

Adding services via internal  
development and M&A

Expand our presence in the market,  
attacking **new verticals** which require  
products from our portfolio: Transport,  
Education, Hospitality/Health, Retail,  
Entertainment, and Industries

Strengthening of **Cross-Selling** with  
support from a technical excellence  
team (Design Center)





# THANK YOU!

## Q&A

Feel free to contact us, we are  
at your disposal.

[ri.wdcnet.com.br](http://ri.wdcnet.com.br)

✉ [ri@wdcnet.com.br](mailto:ri@wdcnet.com.br)



**WDC**  
NETWORKS



@wdcnetworks