

Rafael Mastrocola:

Good morning everyone. My name is Rafael Mastrocola, I am WDC's IR Manager. It is a pleasure to be here with you again. Today I'm going to mediate the questions until the end of the presentation.

In a moment we are going to start our 3Q21 earnings release, reminding you that we released the results yesterday after the market closed and we have also made available the presentation that we are going to give here today to everyone via e-mail and it is also on the IR website.

Today, on the call here with me are Vanderlei Rigatieri, CEO and Founder of WDC, and also André Valente, who is CFO and IR Director. Some brief information here more to orient everyone. This videoconference here is being recorded. It will be made available in the future on the WDC IR website.

The presentation that we are going to give here is also on the website, but you can access it via the platform in a link on the left in the control panel. And we also have simultaneous translation into English. For that, you have to access the simultaneous translation channel through the English link.

We also have a chat here in the tool for sending questions. You can send your questions at any time during the presentation. At the end we will read the questions in order of arrival. And I kindly ask that whoever sends the presentation to identify themselves also with their name and the house from which they are speaking.

And lastly, I would like to point out just some information here that is more of a disclaimer. The information that we are going to talk about today contained here in the document are related to the outlook on the business and growth of WDC and are based exclusively on the Board's expectations.

These expectations are substantially dependent on market conditions and the performance of the Brazilian economy and the international markets, and are therefore subject to change without prior notice. I thank you all in advance for your presence. Once again, it is a pleasure to be here with you.

And now I would like to give the floor to Vanderlei, who will start the presentation. Vanderlei, you are on mute.

Vanderlei Rigatieri:

This might be the phrase heard most often in conference calls, but that's okay. Thank you, Rafael.

Good afternoon, everybody. It is always a pleasure to be talking to you in these results meetings. It is a nice opportunity to tell you a little more about WDC. Anyway, just to start our presentation, I always like to have a slide with the main highlights of what happened during this period.

And, basically, there are two things that made me and the whole company very happy. First, we beat again the record of total sales and net revenue. And, mainly, we had a recovery in operating margins this quarter.

So, we surpassed the R\$391 million, R\$391.8 million in total sales. This was 35.7% higher than the same period last year. I remind you that total sales for WDC is a very important indicator because it is the sum of the gross revenue of everything we commercialize added to the total new TaaS leasing contracts.

Another important thing, net revenue was up 45.5% over the same period, reaching R\$288 million. And, we achieved an EBITDA margin over 26.2%, 1.4 p.p. over the same period of the previous quarter.

Why do we compare over the previous quarter? It is the more comparable revenue mix given that Solar has been reaching much higher values in our total Company mix. So, you are seeing that we had in the total corporate segment R\$196 million in this Q3, 8.5% higher than the same period last year.

BU Solar is already at R\$96 million this quarter, 346% higher than the same period last year. In fact, we are reaching stratospheric volumes of Solar, gaining market share in this segment.

And BU Enterprise, which, together with Solar, makes up our corporate segment, reached more than R\$100 million in this period as well. With this we had an increase of 21.2% over this same period last year.

The recovery in operating margins is shown in these two indicators here. Our consolidated gross profit margin came in at 27.6% in this period versus 26.6% in 2Q. And the consolidated EBITDA margin came in at 26% versus 24.7% in 2Q. This all gives a significant improvement in our operating environment.

It is worth mentioning three things here that happened during this quarter that will make a lot of difference going forward. The first one was our already disclosed partnership with Huawei, one of the largest telecom companies in the world that launched worldwide a new division which is Huawei Digital Power. We are the first partner, distribution partner, to import and distribute these products here in Brazil.

The other super important partnership is with Leyard. Leyard is the largest manufacturer of LED panels in the world. This is a segment that has been growing in the post-pandemic period, especially in outdoor media.

And we also launched our own brand, Easy 4 Link, which is a brand of telecom products that came to support the growth that we have seen in smaller providers.

On the next slide, I will start talking a little bit about Easy 4 Link which I think is very important. Because if you think about it, we started planning this brand and these products right when we started to see that the segment was suffering or was showing signs of suffering from the lack of semiconductor supply.

So, in order to prepare ourselves and not have too much disruption in the supply of these products fiber optic cables, fiber modems that go to the providers, we designed a line with our own specification and asked a company in China to start producing the printed circuit boards for us.

This came in handy now in September when we started delivering these products to the market. Just to give you an idea, in this period this brand has already conquered 2.3% of all sales in this period.

For us it is a joy to have our own brand, mainly because we have control over the specification, because we have control over the margin, and it came precisely to reduce the semiconductor problem of the other brands we sell, and also to open a space for us in the market of small providers.

Another important fact that happened to us is on the next slide. You will see that we have closed a partnership with Huawei Digital Power. It is very interesting and important for you to understand why this is an extremely aggressive strategy from one of the largest telecom manufacturers in the world.

Imagine, US\$130 billion that was focused primarily on Telecom products and made the decision to go heavy into what we call zero-carbon products. This is very cool because it is a vision of a manufacturer that is present all over the world that it is not enough to have telecom technology, it must have mainly clean energy.

And they have already launched, a few years ago, the inverters, the whole solar energy part, which we are also distributors for. With this, they have already managed to deliver, in this whole period of clean energy, more than 325 billion kWh of inverters. This is very cool.

If you start doing the equivalence of this, what has already been delivered by them has already had a reduction of 160 million tons of carbon and carbon emissions. That means the planting of 220 million trees.

Huawei's strategy is to have a product line, which is on the next slide, where we will see that they imagine that all data centers that are extremely energy intensive by nature, both mini data centers and large data centers need to have a carbon emission reduction policy.

This is where Huawei's whole strategy of designing a modularized product portfolio for large data centers comes in. We had the opportunity to visit one of these data centers in the event that took place in Dubai, in Abu Dhabi. They are already finishing a huge project there of a mega data center for the telecom operator in the Arab Emirates.

And they are also betting on what we have always talked about that 5G will consume a lot, which is the mini data center. Those of you who have heard me speak know that I advocate exactly this: the edge data center will consume a lot of investment from the operators that will deploy 5G.

And, nothing more fair than that these mini data centers also have a clean energy policy that is a composition of solar panel, inverter that generates energy for the equipment, and lithium batteries, people. The storage of this energy.

So, this strategy will permeate the entire telecommunications area. Why did they choose us? It was very interesting because WDC is following a path, considering the proportions. We started back there with Telecom, with fiber optics, Gpon, with all the infra-structure for Telecom, and now we are getting into solar energy.

And this is a trend because there is a great convergence of these technologies to be used in the Telecom environment. This all gives us the security that we are on the right track.

And, according to Huawei, one of the things that differentiate WDC from any other player in the national market is exactly TaaS, which is a need they felt from operators and

providers to buy infrastructure as a service. So, this is very cool, and this is in line with our strategy that we outlined back then.

The other significant thing, but in the ProAV market, professional audio and video, was our recently announced partnership with Leyard. Leyard, you will see on this next slide, is the world's largest manufacturer of LED panels.

They have a factory here in Brazil. They will use the factory only to provide technical support to clients and have transferred all module importation and the manufacturing of these products to WDC. So, for us it is another very important leap in this segment.

It is a segment that is growing worldwide at very high rates. There is a trend that you will start to see, even the micro LED that will enter people's homes, that is, the micro LED television, the LEDs for outdoor media. Finally, we already had the professional audio and video division, and now we are much stronger, much more powerful, joining the world's largest producer of these products.

So, all this makes us take some important leaps, especially for the next quarters to come. We know that the pandemic is decreasing. The events are increasing.

This post-pandemic there is a significant increase in shows, sporting events that are major consumers of LED panels, not only of LED, but of the entire audio and video area. This is all very gratifying for us, these associations that we are making with world leaders in each segment.

Moving on to the next slide, I am going to get a little more into what we talked about in terms of numbers. So, as I said, we broke the record for total sales again. In 3Q21, we grew our total sales to R\$391 million, 35.7 % year-to-date against the previous year, we have already passed R\$1.105 billion, 56.6% above the previous year.

The highlight is the corporate segment, which as I said, is coming out of the pandemic. Professional audio and video is back in demand, which also improves our margins. These are products with higher margins and improve our entire operating result.

In the next slide, we see exactly the total sales per segment. You will notice that, as I mentioned, the corporate segment grew 93.1% year-to-date in 2021 versus 2020, there on the right side. So, that was the increase, 88% in the quarter versus the previous quarter.

In Telecom, we also saw a significant growth, that is, we went from R\$451 million accumulated last year to R\$614 million accumulated this year. And, in this quarter versus the previous quarter a smaller growth of 6%.

What we noticed personally was that, despite growing, we observed a deceleration at the end of this quarter, that is, Telecom showed a little less growth speed than we expected. We went deep into this point and what we realized is that some providers, afraid of the lack of semiconductors, had stockpiled in 2Q and slowed down.

Also in July and August we had some delays in delivering products. This holds everything back as well, but the fact is that we still do not know exactly what the outlook is, but Telecom had this slowdown in this quarter.

On the next slide we take a look at the solar BU. This is month by month, quarter by quarter, record after record. This week in the newspaper *O Estado de São Paulo* there

was a very big article saying that residential solar energy grew 53% year-to-date, mainly because of the electricity bill that we have seen grow violently here in Brazil.

But you see that in the same period, practically the same period, that this research had 53%, we grew 520% in our energy sales of solar energy products here in Brazil. Clearly, WDC is managing to surf very well on this wave and gain market share from competitors over this segment of solar energy, a result of our strategy of providing much stronger support and technical support for our integrators, of having a premium offering.

WDC made the decision not to work with second-line panels, we went straight to the top, the two largest solar panel manufacturers in the world that Jinko and LONGi are our suppliers. As well as the inverter part we have today, Huawei and Soles are two world leaders in that segment.

So, all this makes us stand out for the quality of the product we are delivering. Today, a traditional payback for a solar deployment is around 4.5 years to 5 years, and the products need to last much longer than that.

We know that the lifetime of a solar power generator is 20 years to 25 years. So we have to make sure that this happens, and that is why we are betting on large LED panels and large manufacturers.

On the next slide, we see the consolidation of all of this. I mean, we see that throughout the quarters Telecom had a very large participation in the mix of our total sales, not that it was not growing, it was growing too, but as we knew, we already imagined that Solar would start to have a much larger representation in the sales mix.

So, we closed this quarter with Solar being 24.5% of total sales. BU Enterprise as 25.5% and Telecom with 50%. When I look at this graph, I feel a great satisfaction to see our market diversity strategy working so well. This to me is resilience of the company, not putting all our eggs in one basket.

And this mix, this visibility of trends has brought WDC this far. Now we clearly see what we planned back in January 2020 when we launched BU Solar. In 1Q20 it was only 2.5% of total sales, go to 24.5%. This is all an achievement, a demonstration that the Company thinks, has strategy, reacts, acts and makes it happen. This is all very significant to me.

I will stop here. I will pass the word to André Valente, who is our CFO. He will zoom in a little more detail on the numbers for you to have an idea of how the Company's results were up to this point. Thank you very much. André.

André Valente:

Good afternoon, everyone. Well, in the next slide we present here some information regarding the performance of our TaaS modality, which is Technology as a Service. In this quarter, we started 409 new leasing contracts and, despite the 4.2% reduction versus the same period last year, we show here the Company's strength in this modality.

The positive highlight is the new average ticket record, in which we reached an average of R\$305 thousand per contract, growing 11% in the same comparison versus 3Q20. In the graph on the right, we show here the total TaaS sales growing from R\$117 million to R\$124.9, also reaching a very important maturity for the Company in this Tech as a Service modality.

In the next slide, we also present a comparison of the Company's CAPEX in 3Q21, which is substantially composed of assets related to the new TaaS contracts, where we presented a drop of 9.2%, even considering the growth observed in TaaS sales of 6.8% shown in the previous slide.

Here we reinforce the better profitability of these contracts in the quarter, i.e., we grew in sales value with a lower CAPEX spending than we had been doing in the past.

In the chart on the right, we present here the revenue backlog, reminding you that the revenue backlog is nothing more than that future revenue already contracted according to the Company's ongoing TaaS contracts that will bring WDC recurring revenue, results and cash in the years to come.

And here, in this indicator, we showed a robust growth percentage as well, over 55%, reaching R\$565 million of future backlog.

In the next slide, we present here some more indicators of TaaS, where in the accumulated nine months we also observed an important growth of 35%, reaching R\$381 million of total PSV of TaaS sales and, with CAPEX also growing in a much lower proportion of only 8.8% comparing 9M20 with 9M21.

To the right the result, the mark up, the profitability of these contracts evolved where for every R\$1 invested in TaaS we made R\$1.70 of sales and, we evolved for every R\$1 invested, we generated R\$2.11 of revenue. So, the average profitability growth here is 24%, which is quite positive for the Company's future results.

On the next slide, we present a bridge analysis here of the Telecom segment's adjusted EBITDA. The Telecom segment continues to show robust results, reaching R\$58.5 million EBITDA, which means a margin on net revenue of 44% this quarter. This means an improvement in the Company's margin percentage of 2.4 p.p. versus 3Q20.

We noticed a slowdown in volume growth at the end of 3Q. However, we maintained our good margin performance even offsetting the negative effects that that effect has that we have already presented to you in other occasions that the lengthening of TaaS contract terms brings here in the P&L of the Telecom segment.

In the next slide, we present the same bridge for the corporate segment, where we achieved here the historical record of nominal EBITDA in this division, where we reached R\$17 million with emphasis on BU Solar delivering even more than the aggressive growth curve planned.

As previously shown by Vanderlei, we reached R\$96 million in sales in Solar this quarter, which points to an annualized level of almost R\$400 million per year in this new Solar segment that we started.

BU Enterprise, which is also encompassed here within the corporate segment, also showed a very important post-pandemic recovery with the return of events and various investments related to crowds of people, bringing an improvement in the professional audio and video segment.

In the next slide, we present here some comparisons between the main lines of the Company's results. Net revenue reached a record of R\$ 288 million for the quarter, with a 45% growth versus the same period last year. Adjusted EBITDA also reached a record

level of R\$75.5 million for the quarter, delivering a margin percentage on net revenue of 26.2%.

Adjusted net income reached R\$15.9 million versus R\$25.4 million in last year's third quarter. Quite impacted here by financial and seasonal effects of the quarter, which are detailed in the following slide.

In this next slide, the intention is to present some of the qualitative variation in net income. The intention of this bridge chart presented on the right is to show the exchange variation of assets and liabilities in foreign currency that generated a loss of R\$5 million in 3Q21 versus a gain of R\$7.4 million in 3Q20, that is, a delta caused by the exchange variation of R\$12.4 million.

This also impacted the negative effect of the present value adjustment applied in our Accounts Receivable related to the Selic rate increases that have been occurring this quarter and did not happen in the same period last year. This brought a negative impact on the Company's annual P&L of R\$1.7 million. Remember that this adjustment has no cash effect, it is merely an accounting adjustment.

Excluding these two effects that you have shown in the purple columns on the right. We have an evolution in net income pointing an increase from R\$18.7 million in 3Q20 to R\$23.4 million in 3Q21, meaning a net income growth of 24.9% comparing quarter against quarter.

On the next slide, we present the evolution of our cash flow. In the first bridge, showing the balance variation between the close of the previous year from 4Q20 to 3Q21 in the last column on the right. And, in the bridge right below a quarterly variation that I would like to focus mainly on this bridge which is the last information we released to the market where we ended 2Q21 with R\$36.6 million in cash.

Our operational activity generated a cash flow of R\$38.4 million. We raised new debt that was paid off prior to the capital offering that took place at the end of July for R\$30 million. We paid off debt of R\$36.2 million, we had a CAPEX of R\$56.8 million to put in place the new TaaS contracts that we started, 409 contracts that we started this quarter.

We received the R\$430 million net from the stock offering that took place at the end of July and other factors represented an expenditure of R\$5.4 million, where we closed 3Q with R\$436.9 million in cash.

On the next slide, we present the company's net debt, which closed at R\$222 million. And we show in the chart below the amortization schedule of the **(falha de áudio 34:21)**.

The behavior of this debt, it has a future amortization behavior of 29 months is the duration. And an average approximate cost of CDI + 3.52.

A very interesting account that we do here is the net debt coverage versus the TaaS revenue backlog of what is a practically guaranteed cash for the future considering the low level of churn and default of the TaaS contracts where we have here a coverage of more than 2.5x our net debt with what we have backlog.

I would like to return for Vanderlei to introduce the next slide a bit about the long term of what is to come.

Vanderlei Rigatieri:

Thank you, André. This is the phrase I hear most often in all videoconferences. Guys, I think we have some important things to show you and we realize that we have some things coming up.

The first part is a piece of news that I will call good news, which is that we are already feeling an improvement in the semiconductor supply side for 2022. All manufacturers, despite having increased the price of some products that we buy abroad, are at least indicating that this tends to regularize by the second half of 2022. This already gives us some hope in terms of supply difficulties in the electronics industry.

The other thing that we have started to notice and are already feeling in this month's quotations is a tendency for the price of international freight to improve. As you know, in the last few months after the pandemic, the international freight, a container from China to Brazil that used to cost an average of US\$2 thousand, started to be charged at US\$16 thousand per container.

This gave a tremendous increase in the cost of internalized products. This tendency we are already feeling a sign of a reduction on the part of the ship-owners in the cost of this freight.

The other thing is that we already have a well-developed pipeline for M&A. As you remember, our investment thesis and in our IPO we had in mind some strategic M&As and we are now much more advanced.

That is, we have a pipeline both in the Telecom area, in the cybersecurity area, and in the Solar Energy area as well. So, we are working on all the fronts that we think are important to increase our expertise capacity and that brings people, that brings product and that makes us evolve in this direction.

Another thing that we are very focused on starting this 4Q is improving our operational efficiency. WDC aims to be a super operationally efficient company, that is, to be able to maintain growth with profitability and with profitability we need to always improve our operational results.

We recently made an announcement to the market, we brought to the team an Operations Director, Marcelo Rezende, who is an extremely skilled person in the Telecom and IT industry, who has already been CEO of a company and who came to help us improve our processes and our internal organization even more, with the objective of improving WSC as a whole.

After all, in our super accelerated growth, the internal infrastructure needs to keep up and needs to be modernized. We filed a claim a few months ago and we were recently informed that the Bahia State Government gave us another authorization to open the plant with all the tax incentives we already had in the first plant there in Bahia.

With this, we intend to increase our manufacturing capacity as soon as possible. This will be in the Salvador area, a very well capacitated region in terms of logistics, in terms of Human Resources. With a probable reduction of some costs in all areas.

We do not have a definite date yet, but this process is already underway. This is good news we have of what is to come. I think that is what we have to talk about, that is what we have prepared for you.

Now I will open it up for questions and answers for everyone. Rafael, please, will you help us?

Rafael Mastrocola:

Well, the first question that I am going to give you, Vanderlei, comes from Christian Faria, from Itaú BBA. He actually asked two questions, so I will do it in stages here.

He says, regarding the performance of Telecom sales, a decrease in demand and difficulty in obtaining materials were highlighted. He would like to understand these two factors a little better. And if this is a more transitory effect or if it is an effect that should remain for the next few quarters.

Vanderlei Rigatieri:

Christian, thank you for the question. Look, I want to tell you the following, in fact, at the beginning of the quarter we had supply difficulties, we had delays. Then this began to be regularized and, as I said at the end, on my last slide, everything is being done so that we can have a regular supply of products over the next few months, i.e., I think the worst is over.

This is our vision. We bought a lot of things, this has already been shipped. So, in terms of supply I believe that we should have a somewhat calmer situation. However, the manufacturers have increased their prices.

So, this causes us to have to pass on these prices to the market and, this is always a challenging scenario because to pass on the price, that's fine, everybody understands. I think it's happening all over the world, but it's always a pressure to close, delay in order completion and everything else.

The other thing was what I talked about when I was talking about the Telecom scenario that we felt in the 2Q an increase in inventories, mainly of fiber optic modems at the providers, mainly.

With this fear that they were running out of product, they bought and stocked themselves. But in the Telecom case, Telecom is a very broad market. So, we are seeing this deceleration, mainly focused on what we call the number of new subscribers in the providers.

This may be just this quarter, we are not sure or clear about that. What we have noticed is that some of the big operators, Oi, Claro and Vivo have also become very aggressive in recent months. And they should be making a much stronger competition on the providers in terms of number of subscribers.

This scenario is not clear yet, but I think we will have a 4Q to give us more clarity about what is happening. We have noticed that the providers that are growing their subscriber numbers a lot are doing it on top of M&As.

So we do not really know what the real trend is yet. I do not have much more to say about this because we are monitoring the market, what we are doing is preparing for this.

So, this Easy 4 Link line that we launched is a strategic weapon for this environment because it is cheaper. It has a higher penetration in small providers and it is a market

that we are still not very strong. So, this tends to be a good resource for us to overcome this challenging period. What was another one, Rafael?

Rafael Mastrocola:

Thank you, Vanderlei. The other one is more margin related, maybe André can answer it. He asks here regarding the strong gross margin performance in the corporate segment, even with robust growth in Solar, would this have an effect on the mix and dilute the margins a bit.

Should we expect margins to stabilize at these levels even with the prospect of Solar growth in the future? And, also, he complements this question here and talks about a question of how the increase in interest rates and the funding cost impacts the Company's TaaS strategy? So, if you can comment André, I think it would be nice.

André Valente:

Of course. Well, our Solar BU continues to employ even more than we had planned. This is a recent BU, we started operations in January 2020. And we continue to have high growth rates.

To continue to deliver this growth curve, for sure, will continue to bring margin improvements in the Solar BU itself considering scale, efficiency, and better utilization of the installed capacity that we proposed and designed at the beginning.

Along with the corporate, we also have the good news that the pandemic has passed. And, we have an important division of the Company that is Professional Audio and Video, which is a BU that depends basically on the agglomeration of people.

We have many products related to concerts, to events with large participation of people, churches. With the passing of the pandemic, these segments are coming back and the companies are building this segment again.

This segment also brings a very good margin improvement. We work with very good margins in these segments. Our expectation is that we will continue to grow in the next quarters very well in these two segments, in these two Buses.

You always have the mix effect. We know that BU Solar works, in market terms, with a slightly tighter margin than the other WDC segments and, this has always been in our explanations of reductions in the Company's total margin percentages, as Solar gains more space, according to that chart that Vanderlei showed. So, our expectation is that we will continue to have good news in these two segments.

Another question I noted down Rafael, just correct me, is about the issue of rising cost of money, the recent increases in the Selic versus the pricing we do in TaaS. We always emphasize that our TaaS is not a financial product. Our TaaS is an operational product, it is a service, it is leasing.

The leasing, usually goes through a calculation of what is the value of the monthly installment that each client will have in each contract. Normally, we work with a return percentage, the IRR of the leasing contracts are much higher than the interest rate, much because of all the benefits that exist in this WDC modality, in this TaaS modality.

All the benefits that we have already explored and shown you of the combo that involves the TaaS solution. And, you understand that the margins we were able to have, and this IRR we were able to have from TaaS, which is already something around 3x the Selic rate.

We understand that even with the escalation that we observed this year from a Selic rate that went from 2 p.p. a year to currently around 7 p.p. and will end the year with a projection that we do not know if it will be 10 p.p. or something around that.

We understand that at this level the IRR of our TaaS contract is still very attractive, and our strategy is to maintain the pricing as we have always done. Of course we are aware of what can happen.

We have the market perspectives of what should happen with interest rates, but this can change and we always have a lively and very careful management here to be attentive to eventual needs for adjustments in our pricing, which for now we do not see that should be applied.

Rafael Mastrocola:

Thank you, André. Now we received some questions here from some people. Thalís from One Asset and also Joaquim Humberto. They ask here with regard to the restriction of Offer 476.

As you all know, we did an Offering 476 in July which is a limited effort restricted sales offering for institutional investors. It took place in late August or September, September if I'm not mistaken. It is a question of blocking the negotiation for Individuals.

So, he asks how this issue is going and if there is the intention to release access to all. Do you would like to answer, Vanderlei?

Vanderlei Rigatieri:

Yes, sure. Look, we are very aware of this problem. I would like to emphasize that this was not a problem caused by us. We had nothing to do with it, but we regret that the CVM has taken this attitude. And, yes, we are discussing internal alternatives for how we can do to unblock this.

We still do not have a solution, but we are very attentive, very engaged in trying to find a solution as soon as possible for this type of blockade that was imposed on the individual investors.

But it is not that simple and we are working to try to solve it. As soon as we have a solution for this, we will communicate it to the Market and we will do everything in our power to solve it.

Rafael Mastrocola:

Thank you, Vanderlei. Another question here from Marcos Alves de Oliveira. He asks how the Company can benefit from the 5G deployment.

Vanderlei Rigatieri:

I think everyone followed the auction, which I consider very successful, of 5G here in Brazil. An auction that was not a revenue-raising auction. The Ministry of Telecommunications and the Government understood that it was not the time to collect money from the auction, but to allow the winners to invest in the network.

And as I always say, 5G is a telecommunications technology that will bring a series of benefits for all subscribers, the users. One of them is the increase in bandwidth speed that it will bring. The other is the reduction of latency in communication, the delay.

I am sure you already know what latency is, the newspapers and the media talk about it a lot. Very little is said about how to solve it. What we do know is that there is only one way to solve latency in communications and that is to have the content close to the subscriber.

Content close to the subscriber means datacenter, servers and storage close to the subscriber's network. What does this mean? Mini data centers. So, WDC already has an expertise in building mini data centers, we have built several, dozens of mini data centers for Internet providers.

And now with this partnership with Huawei. You may not have noticed this when I talked about our partnership with Huawei. But one of the things that Huawei visualized when it came to making this new division of Huawei Digital Power was exactly the growing need for all operators to transform themselves, to build mini data centers.

And more than that, that these mini data centers consume less electricity, that they are as zero carbon as possible in deployment. So, we imagine that we will benefit from this deployment in several ways.

The first one is just being Huawei's partner to deliver mini data centers in the TaaS model to the operators that want it. The other thing is that the cellular towers themselves, the cellular antennas, especially the antennas still in 4G that will be on the highways, in rural areas and everything else, tend to have clean energy also because there is live space around the Tower to build a mini Solar Energy plant.

So, that is one of the bets that we make together with Huawei. And thank God I am not alone in that, I am as one of the largest 5G technology providers in the world so we can provide that kind of infrastructure within 5G.

So, we are not going to participate directly in the sale of the 5G antenna, this will be in the hands of the manufacturers, which are the three Huawei, Nokia and Ericsson, mainly, but we have an entire 5G infrastructure that we have a solution for and it is now associated with a very important partner. That's what our vision is of how we benefit from this 5G wave that's coming ahead.

Rafael Mastrocola:

Just complementing this theme, there is another question also Vanderlei, asking if the partnership will enable the partnership with Huawei Digital Power will enable us to serve the large Telecom companies as well. So, if you can make this comment adding to yours.

Vanderlei Rigatieri:

Look, Huawei has a policy of accounts that it serves directly. So, it is quite likely that Huawei's first choice in these big accounts, big accounts I call the big carriers. For

example, the big data centers, no. We will serve them because they are huge consumers of electricity, they need this technology big accounts like Acent, Tivit, all these mega data centers.

Now, in the case of carriers we are seeing that WDC is the ideal partner for OPEX offerings, that is, when the customer, whether it is a large carrier that is directly served by Huawei we have our OPEX offering and they are betting a lot on this joint partnership. Where it is only sales, we will probably be out, there is no room to enter jointly with them.

Rafael Mastrocola:

Thank you, Vanderlei. Now, the next question comes from Karina Martins, from City. She asks if you can comment a little more on the current trends of each segment now in 4Q, and mainly Telecom.

I believe we have already commented on Telecom, so if you can comment on Solar and BU Enterprise as well to complement this question. How soon also, her question is related to TaaS, she asks how soon we expect to finalize the increase in contract duration, the average term of the TaaS contracts.

Vanderlei Rigatieri:

Karina, good questions. Look, as I told you, we've talked a little bit about the Telecom perspective. See you're talking about, always remember the following, the slowdown that we're seeing is one part of Telecom.

All that mini data center part, DWDM part, and all the rest of the infrastructure for them is still the same. Maybe the number of subscribers and that will have a reduction over the next few months. In the case of the Enterprise, we have to remember the following, the post pandemic scenario has shown us that some segments are coming back with full force.

So, what we suffered most at the beginning of the pandemic, which were the events, the auditoriums, the corporate meeting rooms and offices in general that we sold both the Wi-Fi part, the professional video audio part, corporate telephony and everything else, are coming back.

So, the perspective is good. André even commented on this. Margins are healthier in this segment; we are seeing that 4Q is not showing any kind of demand problem.

Solar, no less. As you all know, we are growing exponentially in Solar. We also noticed that with this great acquisition of (62.33) by Brookfield the prices in the market are healthier and this improves the margin for everybody.

So, we are well stocked with Solar equipment. The partnership with Huawei in the solar inverters part has opened bigger plants for us. So, very good perspective also in this other unit that is Solar Energy.

And then lithium batteries come in. Remember also that part of the solar business has to do with energy storage. And we realize that there is going to be a very big demand, even from operators and providers to replace the old batteries that they have, which are lead acid batteries, the so-called stationary batteries, which will have to be replaced by lithium batteries.

So, the Telecom market is very vast and there will be cross selling of Solar products in this segment as well. Not to mention that Solar also permeates the corporate market as a whole. So, we already see, for example, an interaction of companies that simply sold electronic security becoming interested in increasing their portfolio and starting to work with Solar as well.

So, this is our perspective not only for 4Q, but for the next quarter to 2022. Of course 2022, I remind everyone that we are in Brazil, Terra Brasilis, anything can happen, but in short, our vision is that we have a good perspective in these other segments.

Rafael Mastrocola:

Thank you, Vanderlei. Another question here from Floriano Siqueira. He asks if in the acquisitions that you mentioned in the last slide, are we going to use the Company's cash or are we going to finance these acquisitions somehow?

Vanderlei Rigatieri:

André, please, answer this question, you are the cashier manager. So, answer him how we are going to do this.

André Valente:

Ok, Floriano. As Vanderlei presented, we are still evaluating and doing the governance steps and evaluating this M&A pipeline. As soon as we have visibility, we are talking to different sizes of companies in different segments, as Vanderlei presented and we are always looking at the best design of how to optimize an eventual transaction.

So, it can be like cash, we can also make a decision given the Company's low leverage level. If we understand that this will add more value to the shareholders and the Company also has this flexibility.

I also saw that you asked when we should go back to the market. We don't have any plans on this at this moment. We are very focused here on delivering our business plan and turning inward and the opportunities here and developing our business and evaluating the best acquisition opportunities.

So, I think it is basically that line, we have the flexibility to do any of the alternatives that you pointed out, Floriano.

Rafael Mastrocola:

Thank you, André. I guess the last question we have here. It is Rogério Silva, he asks if the concrete tile is able to transform sunlight into electric energy, those manufactured by Eternit, are somehow a competitor to the modules that we sell at WDC Solar. I would like to understand this a little. Vanderlei, if you could comment.

Vanderlei Rigatieri:

It has a lot of competitor. Of course it is a potential competitor. What we realize is that this is a product that for now still has a low performance yield. So, today the solar panels we have been selling are very high performance.

What is very high performance? Because of the concentration of polysilicon that was made in the plates, with the same intensity of light, it generates much more power. This is fantastic because you require less area, less square meter to generate more power.

So, what we have to do in reality is an incessant search for increasing this productivity, so to speak, of the solar panels. I do not know if you know that there are plates that are double sided, in other words, you generate direct energy with direct sunlight and you paint the ground to reflect the energy and the underside of the plate also generates energy.

Why is this? Because it is the incessant search for energy efficiency, less square meters generating more energy. So, these tiles unfortunately do not have, as far as we know, for the time being, such a high efficiency.

So, you know, there in the United States there has been this kind of initiative as well, but so far we do not see an energy efficiency or a legal cost. Do you understand? That is why I say, of course it is always a competitor, but today I would put it as a competitor at the end of the line.

Rafael Mastrocola:

Thank you, Vanderlei. And lastly, here's one. If you can talk about the potential of Easy 4 Link, what we are seeing and explore a little bit more, there came a question now about that too of course.

Vanderlei Rigatieri:

Sure, sure. As I said there when I was presenting, I mean we have a very good perspective on this Easy 4 Link line. It started with products back there, and we stimulated the idea, products like connectors, cleaning kits, and things like that, which were accessories for building a network.

And now, we have taken an important leap because now we have become a strategic component, which is the fiber modem, both the fiber modem with Wi-Fi and without Wi-Fi; the fiber optic cables with our brand.

So you saw that it is already 2.3% of our total sales. That should increase over the next few quarters. And also the portfolio will increase, that is, we already have a pipeline of new product launches in this line. Wi-Fi 6 routers, for example, which is one of the trends we will find in the coming year.

One of the things we always talk about during our IPO and try to do if this market education. Is that at some point, Telecom stops growing by the number of subscribers and grows by the renewal of technology.

So, Easy 4 Link also comes to meet our strategy of having a line in which we will design, participate in the product design so that it meets the price needs, the technical specification needs that Brazil needs.

So, this is the perspective. I am very excited about this line. We have an area, a specific product management department for this. We are doing the homologation of this product in several providers that want to test and stress it in terms of characteristics and

everything else. I think it is a very good vision. I think that for WDC it will be a very interesting driver.

Rafael Mastrocola:

That is great, Vanderlei. Thank you. Folks, with that we wrap up our 3Q21 earnings call. If you still have any questions, please contact us from the IR team. Thank you very much and good afternoon to everyone.

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