

# **DESKTOP**

EARNINGS  
RELEASE

4Q23 AND  
2023



## Desktop Reports Fourth Quarter 2023 and Full Year Results

### Highlights

- For the third consecutive year, Desktop led the growth of the subscriber base, in percentage of the base, among the largest fixed broadband players in Brazil;
- The Company achieved important recognition, such as the **Best Internet award in the state of São Paulo and Experience Awards 2023**;
- Focusing on long-term sustainable growth, in 2023, Desktop continued to deliver an increase, compared to the previous year, in EBITDA margin and Net margin of 2% and 5%, respectively; and at levels of 50% and 15%.

**Sumaré, March 19, 2024 - Desktop S.A.** (“Desktop” or “Company”) (B3: DESK3), market-leading ISP in the state of São Paulo and one of the largest in Brazil, announced today the consolidated results for the fourth quarter of 2023 (4Q23) and full year 2023.

The financial statements were prepared in accordance with the rules of the Brazilian Securities and Exchange Commission (CVM) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Adjusted metrics, excluding non-recurring events, are also provided for better comparability. Non-financial information, such as volume, quantity, and average price in reais, were not examined by the independent auditors.

### Conference Call

March 20, 2024  
10:00 a.m. (EDT)  
[Click here](#)

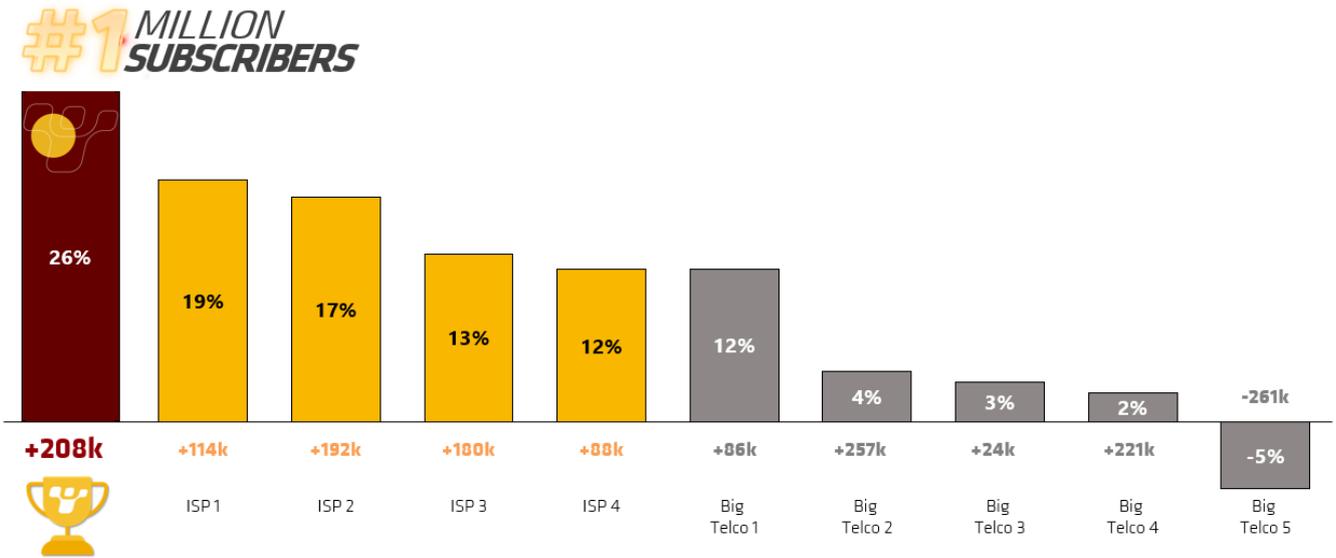
### Summary of Results for 4Q23

- **Net Revenue:** R\$ 263 million, a growth of 33% compared to 4Q22, and 3% compared to 3Q23. Net Revenue in 2023 totaled a growth of 39% compared to 2022, reaching R\$986 million;
- **Adjusted EBITDA:** R\$ 136 million, a growth of 35% compared to 4Q22, and 6% compared to 3Q23. The adjusted EBITDA margin totaled 52% in the quarter, 1p.p. and 2p.p. above the margins presented in 4Q22 and 3Q23, respectively. In the year, adjusted EBITDA reached R\$ 497 million, with a margin of 50%;
- **Adjusted Net Income:** R\$ 50 million, a growth of 194% compared to 4Q22, and 24% compared to 3Q23. In 2023, Desktop achieved a net income of R\$ 149 million, with a margin of 15%;
- **Total Cash (EoP):** R\$ 413 million on 12/31/2023;
- **Homes Connected (HCs):** 1,017 thousand subscribers in December 2023, representing a growth of 26% compared to the same period of 2022;
- **Homes Passed (HPs):** 4.3 million Homes Passed in December 2023, representing a growth of 13% over the same period in 2022;
- **Infrastructure:** approximately 55,000 km of network, comprising 10,000 km of backbone and 45,000 km of FTTH access network, a 14% growth in network total extension compared to the end of 4Q22;
- **Customer Experience:** Desktop was elected the **Best Internet in the state of São Paulo** by the Best Choice 2024 Award.

### Contact

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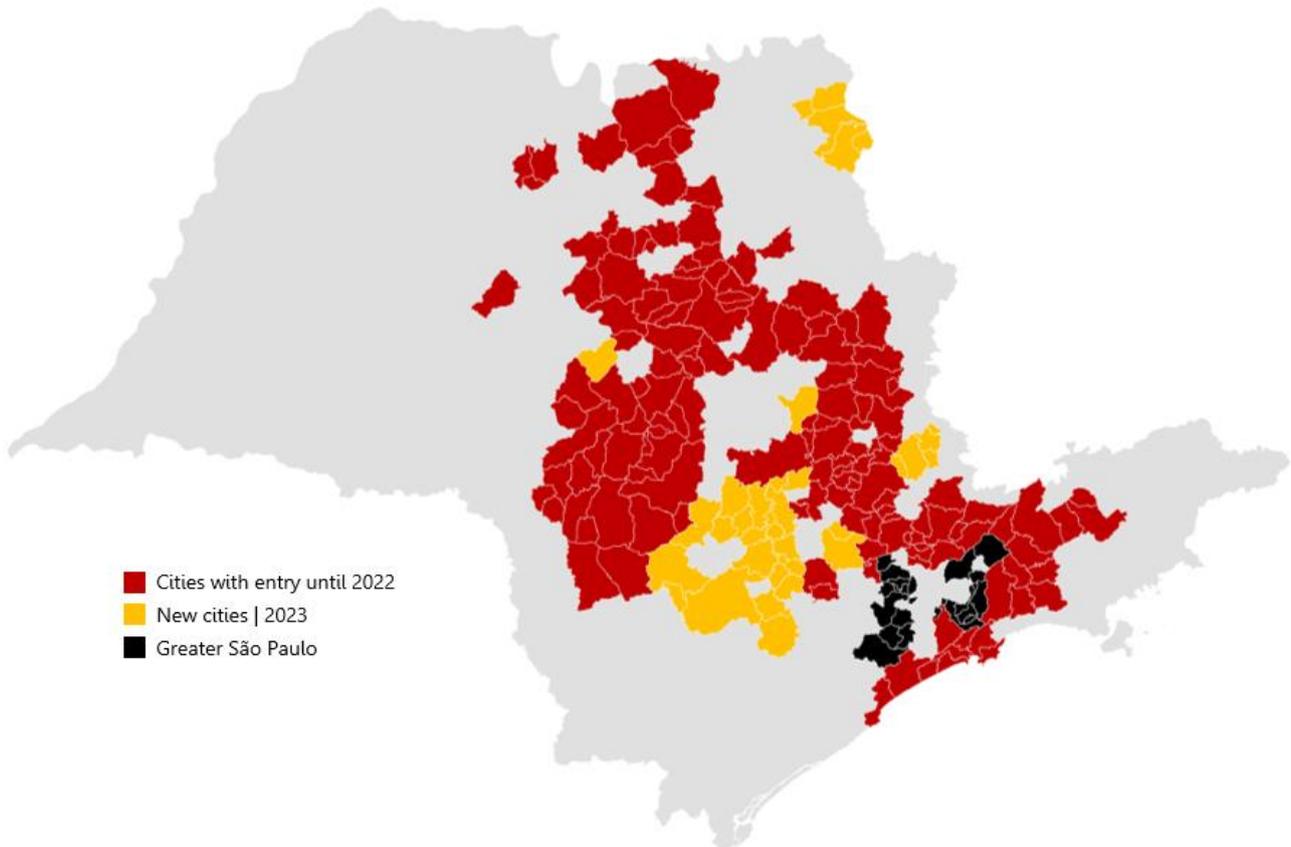
Figure 1 – Desktop stands out in subscriber growth (in % of base)



Note 1: ISPs are smaller internet platforms, generally focused only on providing broadband services (does not consider Big/Large Telcos, such as Vivo, Claro, Tim, Oi and Algar).  
 Note 2: Full Year 2023 of the Top 10 players in Brazil  
 Source: Anatel.

For the third consecutive year, Desktop leads the subscriber growth ranking, as a percentage of the base, surpassing the 1 million subscriber mark in the state of São Paulo.

Figure 2 - Geographic Coverage



## Financial Summary

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
Net Revenue	263,166	197,894	33%	986,391	710,765	39%
Adjusted EBITDA	135,587	100,652	35%	497,005	339,943	46%
<i>Adjusted EBITDA Margin (%)</i>	<i>52%</i>	<i>51%</i>	<i>1 p.p</i>	<i>50%</i>	<i>48%</i>	<i>3 p.p</i>
Adjusted Net Income	49,934	16,981	194%	148,936	69,756	114%
<i>Adjusted Net Margin (%)</i>	<i>19%</i>	<i>9%</i>	<i>10 p.p</i>	<i>15%</i>	<i>10%</i>	<i>5 p.p</i>

## Operational Summary

'000	4Q23	3Q23	2Q23	1Q23	4Q22	CQGR %
Subscribers EoP	1,017	999	976	955	809	6%
Net Organic Additions (ex-M&As)	18	23	21	29	24	-7%
Homes Passed EoP	4,342	4,312	4,243	4,235	3,858	3%
Cities Served (#)	184	183	183	182	145	6%

## Management's Letter

### Prominent ISP platform in São Paulo

The year 2023 showed that Desktop occupies a leading position of undisputed growth in the telecom segment. Through (i) maintaining the organic and inorganic growth strategy and (ii) focusing on the customer, with emphasis on recognition in the **Best Choice Award** and **NPS Awards**, the Company was able to deliver a net addition of new subscribers, in percentage of the base, above peers for the third consecutive year.

The **Best Choice Award** chose Desktop as the **Best Internet in the state of São Paulo**, with the best average download and upload speed in the region during the year 2023. The Company also received recognition at the **Experience Awards 2023**, created by SoluCX in partnership with Exame, which aims to highlight the companies most loved by customers in Brazil, based on the main satisfaction indicator, the Net Promoter Score (NPS). With more than 1,600 participating brands, and more than 1 million consumer opinions, across all sectors, Desktop stood out by achieving the "Experience Certification" in the Telecom category. These recognitions confirm Desktop's commitment to providing an exceptional service, combining first-tier fiber optic infrastructure with a team of employees driven by the obsession to serve customers with excellence.

### Commercial performance and subscribers

During 4Q23, Desktop delivered 18 thousand organic net additions to the subscriber base, 24% lower compared to the immediately previous quarter. It is worth highlighting that, during the period, Desktop delivered an increasing sales performance and reduced its volume of cancellations. However, we had a lower volume of net additions compared to the previous quarter due to specific difficulties in the installations of these new customers, mainly caused by the heavy rains that hit the Company's region of operation. In 4Q23, 43% of sales were generated through digital channels, an increase of 22 p.p. versus 4Q22.

### Delivering solid financial results

Desktop's Net Revenue in 4Q23 grew by 33% compared to 4Q22, and 3% compared to 3Q23, totaling R\$ 263 million. The annual growth was the result of the expansion of the subscriber base through increased penetration of the existing network and Fasternet's M&A. The Company's Adjusted EBITDA reached R\$ 136 million in 4Q23, an annual increase of 35%, resulting in an EBITDA margin of 52%. In the annual view, Desktop delivered Net Revenue of R\$ 986 million and Adjusted EBITDA of R\$ 497 million, resulting in an EBITDA margin of 50%.

The Company's Adjusted Net Income reached R\$ 50 million in 4Q23, 194% above that recorded in the previous year, and 24% above 3Q23, with the net margin reaching 19%. In 2023, the Company delivered Net Income of R\$ 149 million, 114% above that recorded in 2022, with a net margin of 15%.

During 4Q23, Desktop concluded initiatives that contributed to increasing the strength of its balance sheet, with emphasis on: (i) release of a credit line via BNDES in the amount of up to R\$ 50 million, remunerated at TR 226 + up to 4.34 % p.a., with a grace period of 36 months and a term of 120 months; and (ii) completion of the 5th Issue of Debentures in the amount of R\$ 350 million, remunerated at CDI + 2.3%, with a 30 month grace period and a term of 5 years. At the end of 4Q23, Desktop's Net Debt/Annualized Proforma EBITDA ratio was 2.4x, representing a 0.3x reduction in its leverage level versus 4Q22.

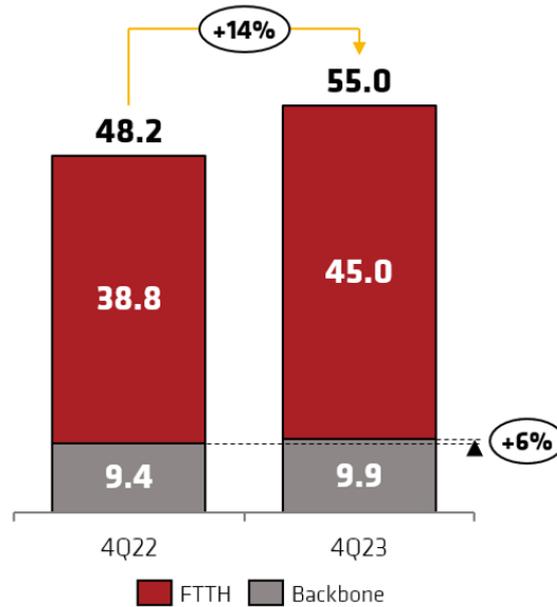
The Company thanks all employees and partners who made 2023 another exceptional year.

## Operating Performance

### Network Extension ('000 km)

Addition of 6.7 thousand km of network between 4Q22 and 4Q23, representing a growth of 14%: (i) 6.2 thousand km of access network (16% of growth) and (ii) 0.5 thousand km of backbone (6% of growth).

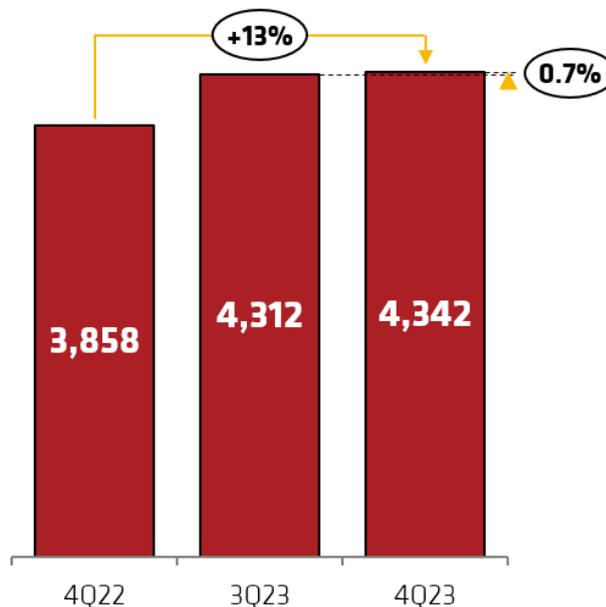
Figure 3 - Network Extension ('000 KM)



### Homes Passed (HPs)

Increase of approximately 485 thousand Homes Passed in annual comparison, reaching 4.3 million of homes in December 2023, a growth of 13% compared to 4Q22 and 0.7% compared to 3Q23.

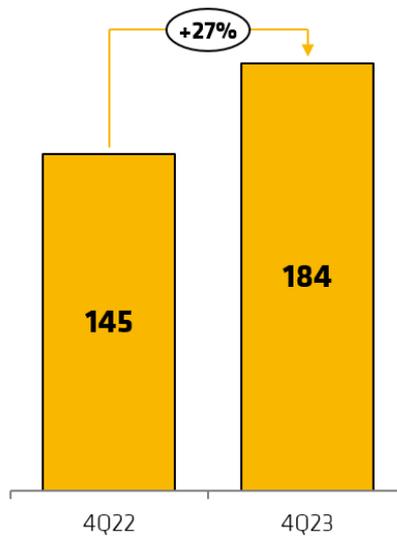
Figure 4 - Homes Passed (HPs) - ('000)



## Total Cities

Increase of 39 new cities in the Company's coverage between 4Q22 and 4Q23, a growth of 27% over the number of cities served in the same period of the previous year. It is worth highlighting that, during 4Q23, the Company only entered organically in the city of Alumínio. All new cities are in line with Desktop's strategy to expand geographically to adjacent areas to the Company's operations.

Figure 5 - Number of Cities Served



## Homes Connected (HCs)

The Company's subscriber base grew by 26% compared to the end of 4Q22, including the entry of 116 thousand new inorganic clients, resulting from the acquisition of Fasternet, in March/23, and 91 thousand new organic clients, captured through Desktop's commercial ecosystem, totaling 1,017 thousand connected homes at the end of 2023. In 4Q23, the evolution of the Company's subscriber base was due to the capture of 18 thousand new net organic subscribers. It is worth highlighting the increase in sales and installations in 1Q24 as a result of the maturation of the new sales model with a greater focus on quality and the overcoming of specific installation challenges in 4Q23.

Figure 6 - Evolution of Homes Connected - ('000)

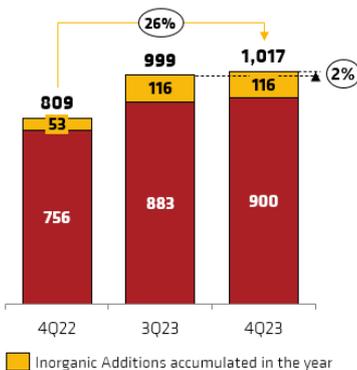


Figure 7 - Quarterly Net Organic Additions - ('000)

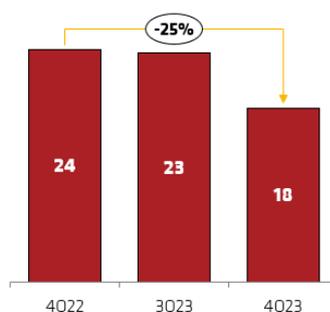
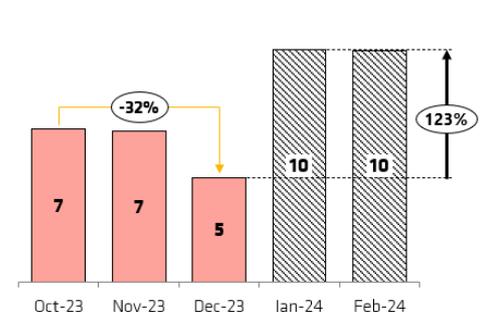


Figure 8 - Monthly Net Organic Additions - ('000)



## Economic-Financial Performance

### Net Revenue

Net Revenue totaled R\$ 263 million in 4Q23, a 33% growth when compared to 4Q22. The evolution was mainly due to the increase in organic and inorganic net additions, as a result of the increased penetration of the existing network and the significant expansion of geographic coverage, including 39 new cities in the annual comparison of 4Q23 with 4Q22.

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
<b>Net Revenue</b>	<b>263,166</b>	<b>197,894</b>	<b>33%</b>	<b>986,391</b>	<b>710,765</b>	<b>39%</b>
(-) Cost of Services Provided	(62,909)	(50,871)	24%	(237,942)	(201,608)	18%
<b>Gross Profit</b>	<b>200,257</b>	<b>147,023</b>	<b>36%</b>	<b>748,449</b>	<b>509,157</b>	<b>47%</b>
<i>Gross Margin (%)</i>	<i>76%</i>	<i>74%</i>	<i>2 p.p</i>	<i>76%</i>	<i>72%</i>	<i>4 p.p</i>

### Adjusted EBITDA

Desktop reached R\$ 136 million in Adjusted EBITDA in 4Q23, an increase of 35% in the annual comparison, and 6% above 3Q23. The Company was able to deliver an adjusted EBITDA margin of 52%, mainly due to (i) a one-off reduction in advertising and marketing expenses; and (ii) greater efficiency in the personnel expenses.

The Company discloses its Adjusted EBITDA excluding other non-recurring operating income (expenses) because it understands that it should not be considered in the calculation of recurring operating cash generation.

Adjusted EBITDA is calculated from net income (loss), plus depreciation and amortization, income taxes, net financial income, and the result of other non-operating and/or non-recurring income/expenses, such as one-off M&As (ex. lawyers and auditors) and expenses related to the Stock Option Plan.

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
<b>Net Income</b>	<b>32,025</b>	<b>15,339</b>	<b>109%</b>	<b>116,978</b>	<b>54,992</b>	<b>113%</b>
Financial Results	(52,131)	(42,736)	22%	(202,944)	(145,706)	39%
Income tax	(2,796)	(11,228)	-75%	(8,287)	(18,696)	-56%
Depreciation and Amortization	(47,096)	(30,420)	55%	(166,029)	(106,077)	57%
<b>EBITDA<sup>1</sup></b>	<b>134,048</b>	<b>99,723</b>	<b>34%</b>	<b>494,238</b>	<b>325,471</b>	<b>52%</b>
<i>EBITDA Margin (%)</i>	<i>51%</i>	<i>50%</i>	<i>1 p.p</i>	<i>50%</i>	<i>46%</i>	<i>4 p.p</i>
<b>Non-recurring and/or non-operating expenses</b>	<b>(1,539)</b>	<b>(929)</b>	<b>66%</b>	<b>(2,767)</b>	<b>(14,472)</b>	<b>-81%</b>
Non-recurring expenses from M&As	(754)	(246)	206%	(1,232)	(9,297)	-87%
Stock Option Plan	(785)	(683)	15%	(1,535)	(5,175)	-70%
<b>Adjusted EBITDA<sup>2</sup></b>	<b>135,587</b>	<b>100,652</b>	<b>35%</b>	<b>497,005</b>	<b>339,943</b>	<b>46%</b>
<i>Adjusted EBITDA Margin (%)</i>	<i>52%</i>	<i>51%</i>	<i>1 p.p</i>	<i>50%</i>	<i>48%</i>	<i>3 p.p</i>

- EBITDA calculated according to CVM Resolution No 156/2022 (=from the sum of net income, taxes, financial income and depreciation);
- Adjusted EBITDA to exclude non-recurring items that should not be considered in the calculation of operating cash current generation.

### Depreciation and Amortization

Depreciation and Amortization totaled R\$ 47 million in 4Q23, an increase of 55% compared to 4Q22. This growth was driven by the larger investments in network expansion, clients installation and M&As.

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
<b>Depreciation and Amortization</b>	<b>(47,096)</b>	<b>(30,420)</b>	<b>55%</b>	<b>(166,029)</b>	<b>(106,077)</b>	<b>57%</b>

## Financial Results

The financial result was negative by R\$ 52.1 million in 4Q23. The increase compared to 4Q22 is due to the Company's higher indebtedness. During 3Q22, interest was recognized retroactively referring to the installments of M&As, due to the reformulation of the accounting methodology applied. The Company presents its Adjusted Financial Result for better comparability, allocating the amounts in due competences.

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
<b>Net Financial Result</b>	<b>(52,131)</b>	<b>(42,736)</b>	<b>22%</b>	<b>(202,944)</b>	<b>(145,706)</b>	<b>39%</b>
(+) Financial revenue	6,341	10,062	-37%	32,105	48,701	-34%
(-) Financial expense	(58,472)	(52,798)	11%	(235,049)	(194,407)	21%
<b>Adjustment related to 4Q21 and 2022 interest</b>	<b>-</b>	<b>-</b>	<b>NM</b>	<b>-</b>	<b>1,875</b>	<b>NM</b>
(-) Interest on M&As installments payable for 4Q21 and 6M22	-	-	NM	-	1,875	NM
<b>Net Adjusted Financial Result</b>	<b>(52,131)</b>	<b>(42,736)</b>	<b>22%</b>	<b>(202,944)</b>	<b>(143,831)</b>	<b>41%</b>

## Adjusted Net Profit

Adjusted Net Profit totaled R\$ 50 million in 4Q23, an increase of 194% in the annual comparison and 24% above that recorded in 3Q23.

The net margin for the quarter reached 19%, an increase of 10 p.p. in the annual comparison, mainly due to the greater tax efficiency of Desktop group and the greater tax deferral in the period, partially offset by the higher level of financial expenses in the current period.

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
<b>Net Profit</b>	<b>32,025</b>	<b>15,339</b>	<b>109%</b>	<b>116,978</b>	<b>54,992</b>	<b>113%</b>
<i>Net Margin (%)</i>	<i>12%</i>	<i>8%</i>	<i>4 p.p</i>	<i>12%</i>	<i>8%</i>	<i>4 p.p</i>
<b>Non-recurring and/or non-operating expenses</b>	<b>(17,909)</b>	<b>(1,642)</b>	<b>NM</b>	<b>(31,958)</b>	<b>(14,764)</b>	<b>116%</b>
Non-recurring expenses from M&As <sup>2</sup>	(498)	(163)	206%	(813)	(6,136)	-87%
Stock Option Plan <sup>2</sup>	(518)	(451)	15%	(1,013)	(3,416)	-70%
Amortization of capital gains <sup>2</sup>	(5,844)	(1,029)	NM	(19,083)	(3,975)	NM
Interest on M&As installments payments for 4Q21 and 6M22 <sup>2</sup>	-	-	NM	-	(1,238)	NM
Deferred taxes (goodwill generated by M&A operations) <sup>3</sup>	(11,049)	-	NM	(11,049)	-	NM
<b>Adjusted Net Profit<sup>1</sup></b>	<b>49,934</b>	<b>16,981</b>	<b>194%</b>	<b>148,936</b>	<b>69,756</b>	<b>114%</b>
<i>Adjusted Net Margin (%)</i>	<i>19%</i>	<i>9%</i>	<i>10 p.p</i>	<i>15%</i>	<i>10%</i>	<i>5 p.p</i>

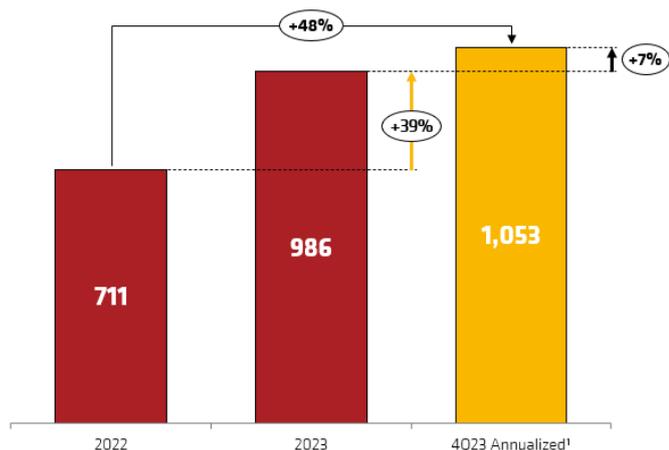
- Adjusted Net Profit to exclude non-recurring items that should not be considered in the calculation of current generation of profits;
- Net amounts of taxes at a rate of 34%;
- The Company records income tax and deferred social contribution liabilities from tax amortizations of goodwill. This liability is created to offset the effects of the reduction in taxable profit resulting from this tax amortization and will be realized from the moment the goodwill is realized, or by testing the recoverability of this goodwill ("impairment"). The Company adjusts this amount in its Adjusted Net Income since the expense has no cash effect.

## Annualized Proforma Net Revenue and EBITDA

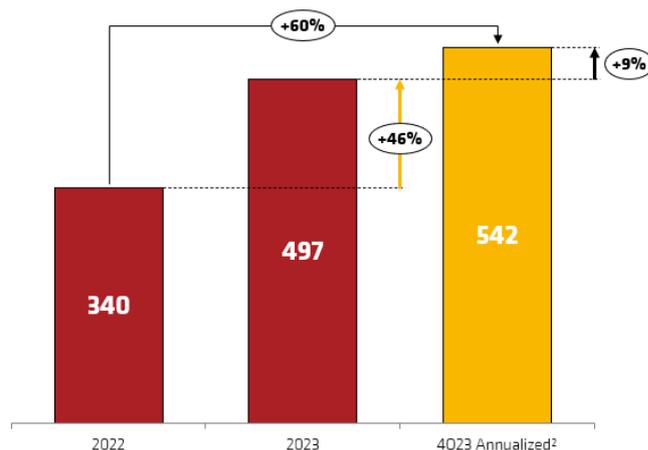
Below, the annualized view of Net Revenue and Adjusted EBITDA for 4Q23 is presented, to provide greater clarity regarding the real effect of the Company's accelerated growth.

The "Annualized Pro Forma Net Revenue" reaches approximately R\$ 1,053 million, an increase of 48% to the amount recorded in the full year of 2022, while the "Annualized Pro Forma Adjusted EBITDA" totals approximately R\$ 542 million, an increase of 60% compared to the amount recorded in the full year of 2022.

**Figure 10 – Annualized Pro Forma Net Revenue - (R\$ million)**



**Figure 11 – Annualized Pro Forma Adjusted EBITDA - (R\$ million)**



1 - Considers 4Q23 net revenue multiplied by 4;

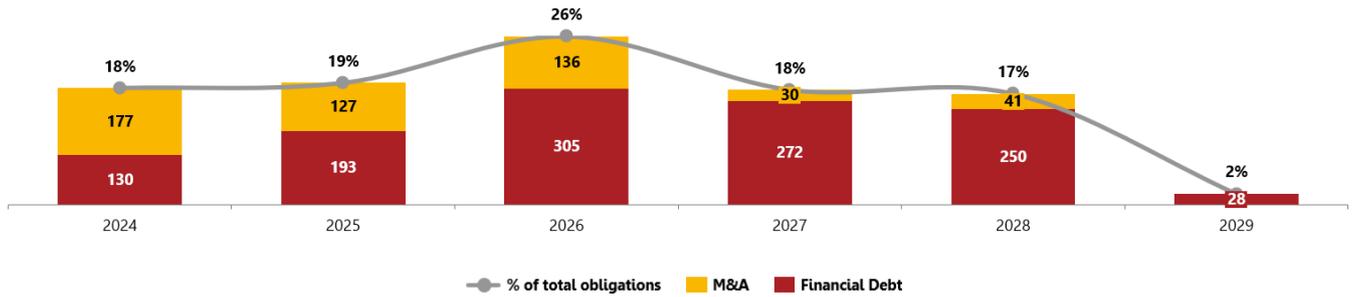
2 - Considers 4Q23 Adjusted EBITDA multiplied by 4.

## Liquidity and Indebtedness

The Company ended 4Q23 with a net debt of R\$ 1,309.1 million, which represents 2.4x the Annualized Proforma EBITDA, in line when compared to the level presented in 3Q23 and a leverage reduction of 0.3x when compared to 4Q22. During 4Q23, the Company completed the 5th issuance of debentures, in the amount R\$ 350 million.

Liquidity (R\$ '000)	4Q23	4Q22	Var. %	3Q23	Var. %
(+) Cash and cash equivalents	329,655	68,629	NM	115,868	185%
(+) Financial investments	83,543	182,793	-54%	57,088	46%
<b>Liquidity</b>	<b>413,198</b>	<b>251,422</b>	<b>64%</b>	<b>172,956</b>	<b>139%</b>
Indebtedness (R\$ '000)	4Q23	4Q22	Var. %	3Q23	Var. %
(-) Loans and Debentures	1,168,367	881,249	33%	862,078	36%
(-) Lease Liabilities	43,527	37,910	15%	40,240	8%
<b>Gross Debt</b>	<b>1,211,894</b>	<b>919,159</b>	<b>32%</b>	<b>902,318</b>	<b>34%</b>
(-) Liquidity	413,198	251,422	64%	172,956	139%
<b>Net Debt</b>	<b>798,696</b>	<b>667,737</b>	<b>20%</b>	<b>729,362</b>	<b>10%</b>
M&As Commitments (R\$ '000)	4Q23	4Q22	Var. %	3Q23	Var. %
(-) M&As Term Installments	510,411	448,240	14%	519,194	-2%
<b>Net Debt+ M&amp;As Term Installments</b>	<b>1,309,107</b>	<b>1,115,977</b>	<b>17%</b>	<b>1,248,556</b>	<b>5%</b>
Leverage (R\$ '000)	4Q23	4Q22	Var. %	3Q23	Var. %
Annualized Proforma EBITDA	542,348	414,824	31%	511,852	6%
<b>Net Debt/EBITDA Pro Forma Annualized (x)</b>	<b>2.4x</b>	<b>2.7x</b>	<b>-0.3x</b>	<b>2.4x</b>	<b>0.0x</b>

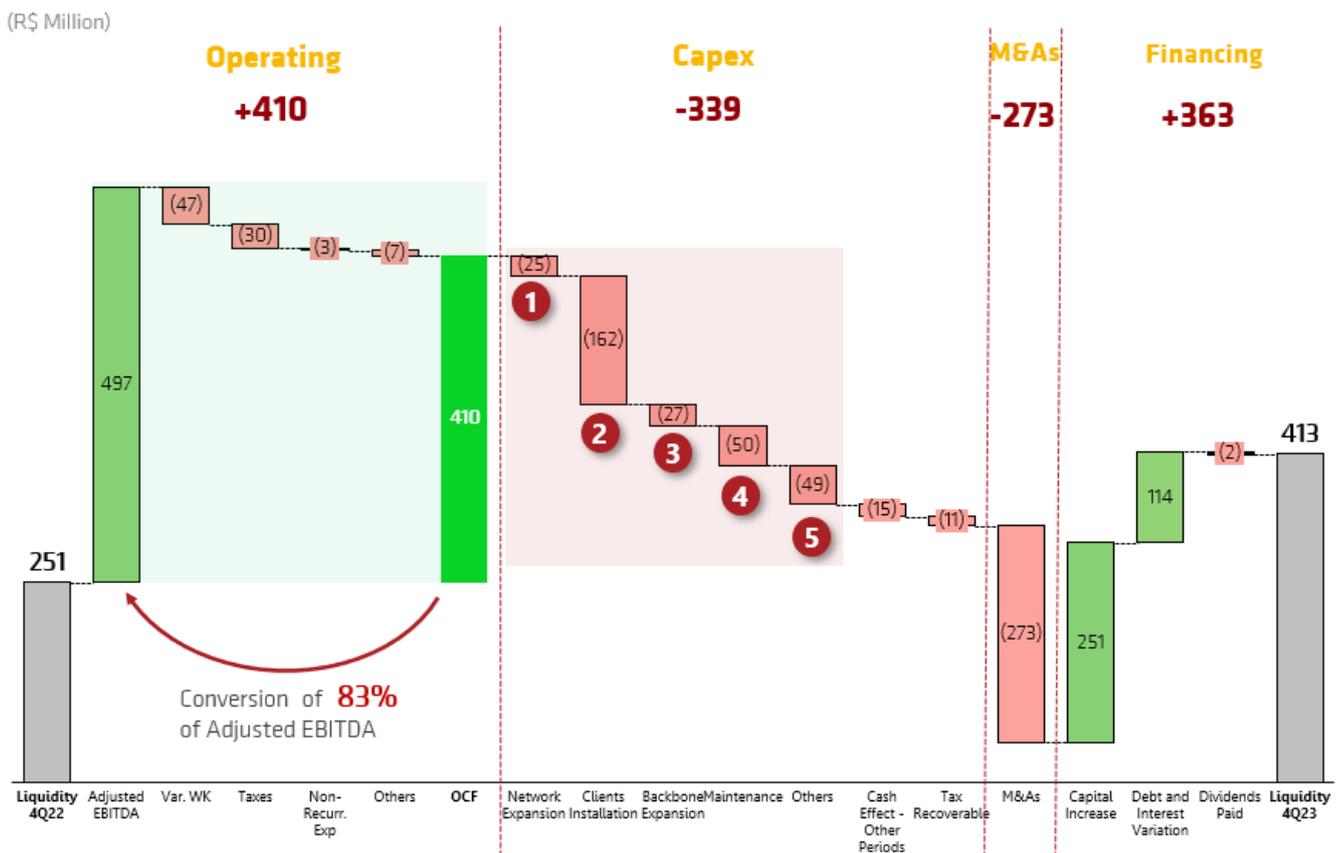
## Debt Schedule (R\$ mm)



## Cash Flow

The Company ended 2023 with R\$ 413 million in cash and short-term investments. During the period, Desktop converted 83% of its EBITDA into recurring operating cash flow. Adjusted cash flow from investments totaled R\$ 612 million, mainly composed of (i) R\$ 273 million in expenditures for the payment of installments of M&A operations carried out; (ii) R\$ 162 million used to install new clients, and (iii) R\$ 30 million of investments in technology, within Desktop's digital transformation framework.

The Company provides its cash flow and CAPEX with some managerial adjustments to provide greater clarity regarding the source and destination of its funds.



It is worth noting that CAPEX is composed of additions to fixed assets and intangible assets, including (i) purchases for projects that are still in the execution phase, that is, that have not been commercially launched (“Pre-Operational Capex”); and (ii) purchases that are in inventory (“Inventory Capex”). In order to clarify the capex per port and gross adds, we adjusted by the increase and decrease of inventory.

	CAPEX (R\$ '000)	2023
1	Network Expansion	24,789
	Increase (Decrease) of inventory	(6,336)
	Network Expansion - Adjusted	31,125
	Ports Added ('000)	129
	<b>CAPEX/PORT</b>	240
2	Clients Installation	161,574
	Increase (Decrease) of inventory	(43,122)
	Clients Installation - Adjusted	204,696
	Gross Adds ('000)	375
	<b>CAPEX/GROSS ADDS</b>	545
3	Backbone Expansion	27,295
	<b>% of Total CAPEX</b>	9%
4	Maintenance	49,720
	<b>% of Net Revenue</b>	5%
5	I.T.	30,303
5	Others	19,067
	<b>Total adjusted CAPEX</b>	312,748

## Appendix

### Balance Sheet - Consolidated

R\$ '000	2023	2022
<b>TOTAL ASSETS</b>	<b>3,258,890</b>	<b>2,520,418</b>
<b>Current Assets</b>	<b>611,739</b>	<b>393,219</b>
Cash and cash equivalentes	329,655	68,629
Financial Investments	83,543	182,793
Accounts receivable from clients	112,539	82,546
Mutual and other accounts receivable from related parts	-	2,347
Recoverable taxes	49,223	38,681
Income tax and social contribution	2,886	918
Prepaid expenses	22,714	15,107
Other receivables	11,179	2,198
<b>Non-Current Assets</b>	<b>2,647,151</b>	<b>2,127,199</b>
Recoverable taxes	41,050	38,041
Deferred income tax and social contribution	102,917	61,407
Judicial deposits	2,078	2,076
Prepaid expenses	34,721	25,620
Other receivables	7,907	8,804
Property and equipment	1,413,463	1,161,483
Right of use	42,278	36,112
Intangible assets	1,002,737	793,656
<b>LIABILITIES AND EQUITY</b>	<b>3,258,890</b>	<b>2,520,418</b>
<b>Current liabilities</b>	<b>482,101</b>	<b>453,927</b>
Suppliers	71,112	83,378
Accounts payable for acquisition of companies	124,350	162,073
Accounts payable to related parties	46,552	14,342
Loans and debentures	129,765	91,451
Leasing liabilities	19,766	17,305
Social and labor obligations	47,920	41,926
Taxes payable	30,595	28,148
Income tax and social contribution	4,500	10,400
Dividends Payable	5,324	2,594
Other amounts payable	2,217	2,310
<b>Non-Current Liabilities</b>	<b>1,482,655</b>	<b>1,114,622</b>
Accounts payable for acquisition of companies	240,682	245,532
Accounts payable to related parties	98,827	26,293
Loans and debentures	1,038,602	789,798
Leasing liabilities	23,761	20,605
Taxes payable	6,328	9,540
Deferred income tax and social contribution	56,165	-
Provisions for contingencies	16,986	21,287
Other amounts payable	1,304	1,567
<b>Equity</b>	<b>1,294,134</b>	<b>951,869</b>
Share capital	953,169	751,846
Capital reserve	88,482	39,626
Income reserve	242,259	142,104
Treasury Shares	(316)	-
<b>Equity attributed to controlling shareholders</b>	<b>1,283,594</b>	<b>933,576</b>
Interest of non-controlling shareholders	10,540	18,293

## Consolidated Income Statement

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
<b>Gross Revenue</b>	<b>307,002</b>	<b>233,441</b>	<b>32%</b>	<b>1,151,879</b>	<b>856,717</b>	<b>34%</b>
(-) Deductions	(43,836)	(35,547)	23%	(165,488)	(145,952)	13%
<b>Net Revenue</b>	<b>263,166</b>	<b>197,894</b>	<b>33%</b>	<b>986,391</b>	<b>710,765</b>	<b>39%</b>
(-) Cost of Services provided	(62,909)	(50,871)	24%	(237,942)	(201,608)	18%
<b>Gross Profit</b>	<b>200,257</b>	<b>147,023</b>	<b>36%</b>	<b>748,449</b>	<b>509,157</b>	<b>47%</b>
<i>Gross Margin (%)</i>	<i>76%</i>	<i>74%</i>	<i>2 p.p</i>	<i>76%</i>	<i>72%</i>	<i>4 p.p</i>
(-) Commercial expenses	(29,014)	(20,452)	42%	(114,555)	(75,808)	51%
(-) General and administrative	(26,814)	(19,423)	38%	(109,602)	(85,606)	28%
(+/-) Other income (expenses), net	1,049	2,012	-48%	8,934	9,191	-3%
(-) Depreciation and amortization	(47,096)	(30,420)	55%	(166,029)	(106,077)	57%
(-) Loss due to impairment of accounts receivable	(11,430)	(9,437)	21%	(38,988)	(31,463)	24%
(-) Financial Result	(52,131)	(42,736)	22%	(202,944)	(145,706)	39%
<b>EBT</b>	<b>34,821</b>	<b>26,567</b>	<b>31%</b>	<b>125,265</b>	<b>73,688</b>	<b>70%</b>
(+/-) Income Taxes	(2,796)	(11,228)	-75%	(8,287)	(18,696)	-56%
<b>Net Income</b>	<b>32,025</b>	<b>15,339</b>	<b>109%</b>	<b>116,978</b>	<b>54,992</b>	<b>113%</b>
<i>Net Margin (%)</i>	<i>12%</i>	<i>8%</i>	<i>4 p.p</i>	<i>12%</i>	<i>8%</i>	<i>4 p.p</i>

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
<b>Net Income</b>	<b>32,025</b>	<b>15,339</b>	<b>109%</b>	<b>116,978</b>	<b>54,992</b>	<b>113%</b>
Financial result	(52,131)	(42,736)	22%	(202,944)	(145,706)	39%
Income tax	(2,796)	(11,228)	-75%	(8,287)	(18,696)	-56%
Depreciation and Amortization	(47,096)	(30,420)	55%	(166,029)	(106,077)	57%
<b>EBITDA<sup>1</sup></b>	<b>134,048</b>	<b>99,723</b>	<b>34%</b>	<b>494,238</b>	<b>325,471</b>	<b>52%</b>
<i>EBITDA Margin (%)</i>	<i>51%</i>	<i>50%</i>	<i>1 p.p</i>	<i>50%</i>	<i>46%</i>	<i>4 p.p</i>
<b>Non-recurring and/or non-operating expenses</b>	<b>(1,539)</b>	<b>(929)</b>	<b>66%</b>	<b>(2,767)</b>	<b>(14,472)</b>	<b>-81%</b>
Non-recurring expenses from M&As	(754)	(246)	206%	(1,232)	(9,297)	-87%
Stock Option Plan	(785)	(683)	15%	(1,535)	(5,175)	-70%
<b>Adjusted EBITDA<sup>2</sup></b>	<b>135,587</b>	<b>100,652</b>	<b>35%</b>	<b>497,005</b>	<b>339,943</b>	<b>46%</b>
<i>Adjusted EBITDA Margin (%)</i>	<i>52%</i>	<i>51%</i>	<i>1 p.p</i>	<i>50%</i>	<i>48%</i>	<i>3 p.p</i>

- 1- EBITDA calculated according to CVM Resolution No 156/2022 (=from the sum of net income, taxes, financial income and depreciation);
- 2- Adjusted EBITDA excluding non-recurring items that must not be considered to calculate the operating cash flow.

R\$ '000	4Q23	4Q22	Var. %	2023	2022	Var. %
<b>Net Profit</b>	<b>32,025</b>	<b>15,339</b>	<b>109%</b>	<b>116,978</b>	<b>54,992</b>	<b>113%</b>
<i>Net Margin (%)</i>	<i>12%</i>	<i>8%</i>	<i>4 p.p</i>	<i>12%</i>	<i>8%</i>	<i>4 p.p</i>
<b>Non-recurring and/or non-operating Expenses</b>	<b>(17,909)</b>	<b>(1,642)</b>	<b>NM</b>	<b>(31,958)</b>	<b>(14,764)</b>	<b>116%</b>
Non-recurring expenses from M&As <sup>2</sup>	(498)	(163)	206%	(813)	(6,136)	-87%
Stock Option Plan <sup>2</sup>	(518)	(451)	15%	(1,013)	(3,416)	-70%
Amortization of capital gains <sup>2</sup>	(5,844)	(1,029)	NM	(19,083)	(3,975)	NM
Interest on M&As installments payable for 4Q21 and 6M22 <sup>2</sup>	-	-	NM	-	(1,238)	NM
Deferred taxes (goodwill generated by M&A operations) <sup>3</sup>	(11,049)	-	NM	(11,049)	-	NM
<b>Adjusted Net Profit<sup>1</sup></b>	<b>49,934</b>	<b>16,981</b>	<b>194%</b>	<b>148,936</b>	<b>69,756</b>	<b>114%</b>
<i>Adjusted Net Margin (%)</i>	<i>19%</i>	<i>9%</i>	<i>10 p.p</i>	<i>15%</i>	<i>10%</i>	<i>5 p.p</i>

- 1- Adjusted Net Profit to exclude non-recurring items that should not be considered in the calculation of current generation of profits;
- 2- Net amounts of taxes at a rate of 34%;
- 3- The Company records income tax and deferred social contribution liabilities from tax amortizations of goodwill. This liability is created to offset the effects of the reduction in taxable profit resulting from this tax amortization and will be realized from the moment the goodwill is realized, or by testing the recoverability of this goodwill ("impairment"). The Company adjusts this amount in its Adjusted Net Income since the expense has no cash effect.

## Consolidated Cash Flow

R\$ '000	2023	2022
<b>BoP – Cash Balance</b>	<b>68,629</b>	<b>141,493</b>
<b>Cash flows from operating activities</b>		
<b>Profit before income tax and social contribution</b>	<b>125,265</b>	<b>73,688</b>
<b>Adjustments for:</b>		
Depreciation and amortization	114,961	82,909
Write-off of property and equipment and intangible assets	904	1,569
Amortization of right-of-use assets	26,044	20,043
Write-offs of right of use	448	72
Amortization of capital gains	24,933	3,125
Charges on loans, debentures and leases	139,351	135,803
Appropriation of commission on loans and debentures	1,326	1,134
Income from financial Investments	(14,022)	(31,020)
Charges on accounts payable for acquisition of companies	15,345	6,396
Interest on loan and accounts payable to related parties	56,990	29,221
Financial update on contingencies	64	347
Provision for contingencies	(490)	1,268
Loss (Gain) due to impairment of accounts receivable	667	4,249
Effective write-off of accounts receivable	38,321	27,214
Result of operations with non-controlling partners	(3,994)	-
Stock option plan	1,535	5,175
<b>Adjusted profit before income tax and social contribution</b>	<b>527,648</b>	<b>361,193</b>
<b>Variation in assets and liabilities:</b>		
Accounts receivable from clientes	(53,656)	(59,883)
Taxes recoverable	(11,495)	(25,502)
Judicial deposits	(632)	(706)
Prepaid expenses	(16,606)	(18,293)
Other accounts receivable from related parts	(2,909)	(3,057)
Other receivables	3,072	333
Suppliers	(42,769)	(31,560)
Social and labor obligations	4,158	11,182
Taxes payables	(10,175)	(3,670)
Contingency payment	(2,459)	(453)
Other amounts payable	(24,453)	(266)
<b>Net cash generated from operating activities</b>	<b>369,724</b>	<b>229,318</b>
Income tax and social contribution paid	(29,786)	(30,791)
Interest paid	(134,232)	(110,056)
<b>Net cash (applied in) generated by operating activities</b>	<b>205,706</b>	<b>88,471</b>
<b>Cash flows from investing activities:</b>		
Interest received, net from financial investments	113,337	161,768
Acquisition of Investments	(90,805)	(12,000)
PP&E and intangible assets acquisition - Capex	(299,038)	(400,020)
<b>Cash used in investing activities</b>	<b>(276,506)</b>	<b>(250,252)</b>
Cash and cash equivalents obtained in acquisitions	2,874	680
<b>Net cash used in investing activities after mergers</b>	<b>(273,632)</b>	<b>(249,572)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from loans and debentures	350,000	500,000
Amortization of loans and debentures	(62,040)	(344,807)
Commissions on loans and debentures	(4,191)	(1,582)
Capital Increase	251,323	1,365
Treasury Shares	(362)	-
Shares granted - Matching Plan	47	-
Dividends paid	(2,148)	(1,227)
Payment of lease liabilities	(36,124)	(27,237)
Interest of non-controlling shareholders	2,909	2,794
Payment of deferred installment referring to the acquisition of subsidiaries	(170,462)	(41,069)
<b>Net cash (applied in) from financing activities</b>	<b>328,952</b>	<b>88,237</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>261,026</b>	<b>(72,864)</b>
<b>Eop – Cash Balance</b>	<b>329,655</b>	<b>68,629</b>

## About Desktop S.A.

**Desktop** is one of the leading ISP platforms in the State of São Paulo and one of the largest in Brazil, according to data from Anatel (National Telecommunications Agency). Focused on the fiber optic market, the Company operates through the best practices of network building to support its organic growth. In 2020, Desktop adopted the hybrid growth model, balancing organic expansion with inorganic, through the acquisition of the best assets in the adjacencies of its operation. With 55,000 kilometers of fiber optic network and approximately 4,000 employees, the Company is committed to delivering the best end-to-end experience to customers. Desktop shares have been traded on B3 (**DESK3**) since July 2021. For more information, visit: [www.ri.desktop.com.br](http://www.ri.desktop.com.br)

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