



 **DESKTOP**

**EARNINGS
RELEASE** | **1Q23**

Desktop Reports First Quarter 2023 Results

Highlights

- *The Company achieved a Net Revenue of R\$222 million, an increase of 42% compared to the same period of 2022;*
- *Adjusted EBITDA surpassed Net Revenue growth because of operating leverage, focus on efficiencies and synergy gains, totaling R\$ 110 million in 1Q23 versus R\$ 69 million in 1Q22, reaching an EBITDA margin of 50%;*
- *Conclusion of the acquisition of Fasternet, one of the largest ISPs in the interior of São Paulo, adding 116 thousand new customers to the subscriber base of Desktop;*
- *With 955 thousand subscribers, Desktop maintains the leadership in terms of number of clients among ISPs in the interior of the State of São Paulo.*

Sumaré, May 15, 2023 - 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 first quarter of 2023 (1Q23).

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

May 16, 2023
10:00 a.m. (EDT)
[Click here](#)

Summary of Results for 1Q23

- **Net Revenue:** R\$ 222 million, a growth of 42% compared to 1Q22, and 12% compared to 4Q22;
- **Adjusted EBITDA:** R\$ 110 million, a growth of 61% compared to 1Q22, and 10% compared to 4Q22. The adjusted EBITDA margin totaled 50% in the quarter, an increase of 6p.p. compared to the margins recorded in 1Q22;
- **Total Cash (EoP):** R\$ 234 million on 03/31/2023;
- **Homes Connected (HCs):** 955 thousand subscribers in March 2023, representing a growth of 43% compared to the same period in 2022;
- **Homes Passed (HPs):** 4.2 million Homes Passed in March 2023, representing a 35% growth over the same period in 2022;
- **New Cities:** During 1Q23, the Company started operations in 35 new cities, totaling 180 cities served;
- **Infrastructure:** approximately 55 thousand km of network, comprising 10 thousand km of backbone and 45 thousand km of FTTH access network. 30% of growth in network size compared to the end of 1Q22;
- **Acquisitions (M&A):** +1 acquisition: Fasternet (+116 thousand subscribers). The 1Q23 numbers include only one month of the results of Fasternet (March).

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In the State of São Paulo, Desktop maintains the most accentuated market share growth curve, also being consistent in all the regions where it operates.

Figure 1 – Consolidated Market Share of subscribers in operated cities (%)

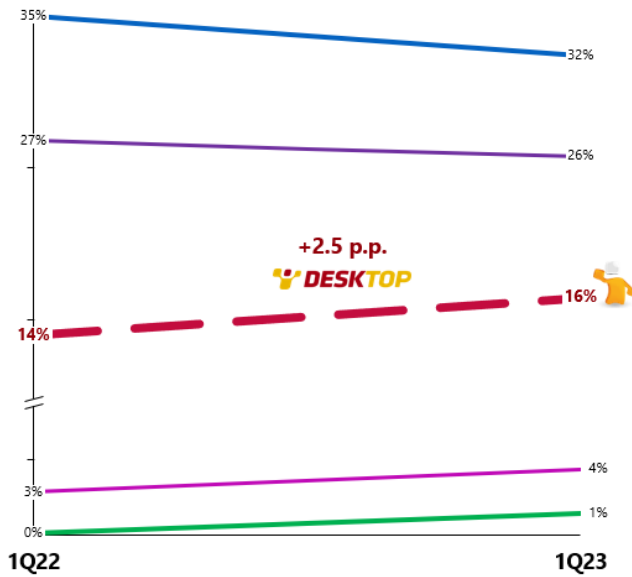
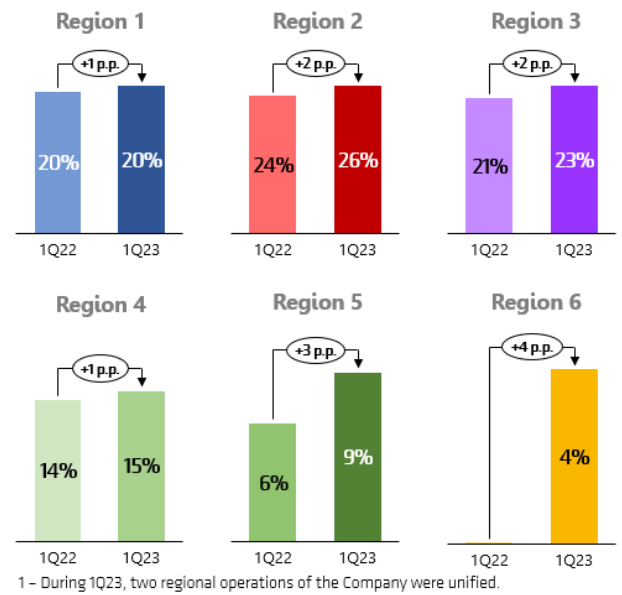
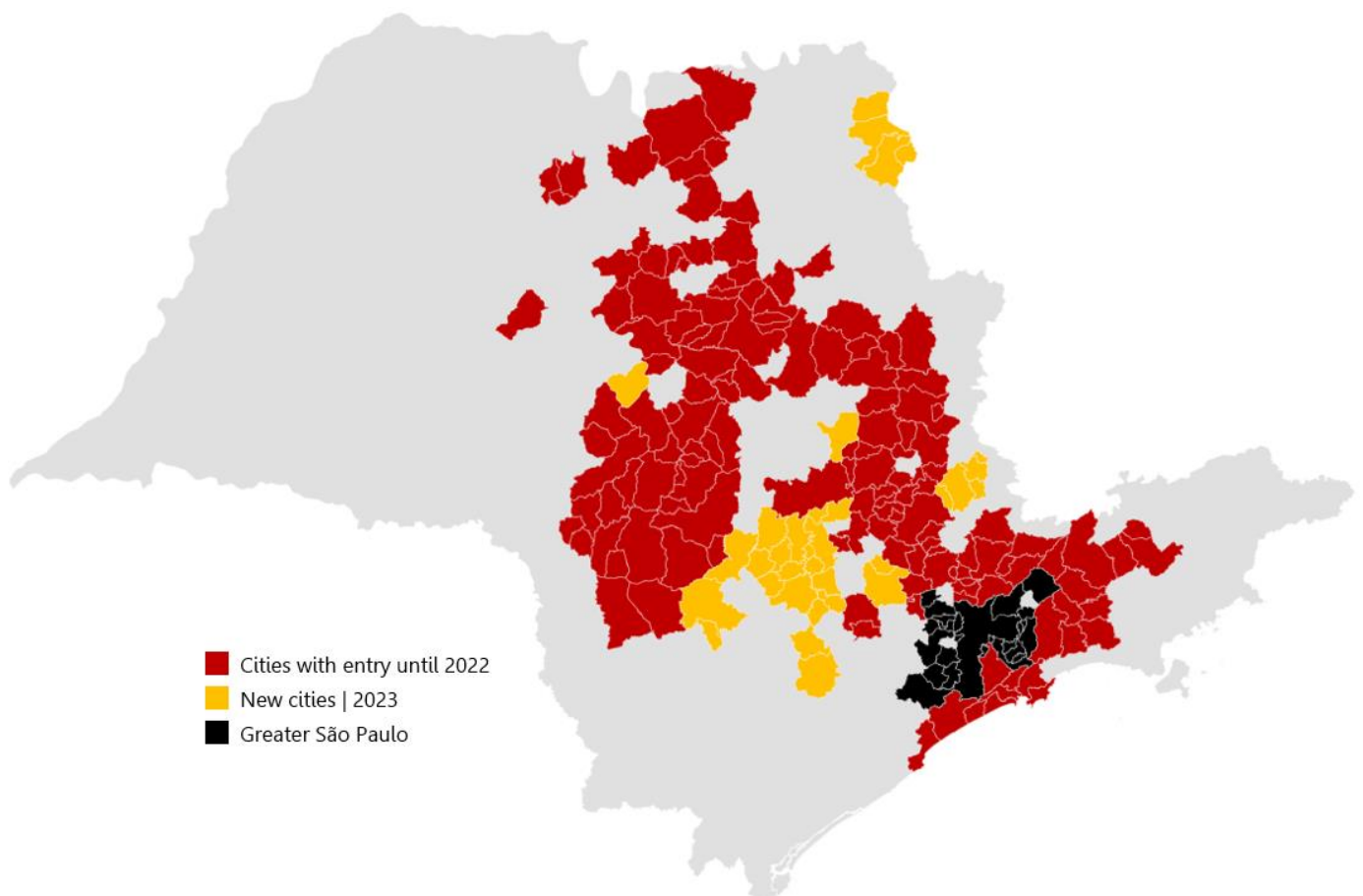


Figure 2 – Market Share of subscribers by region (%)



With the acquisition of Fasternet (with an incremental presence in the regions in yellow), Desktop maintains its growth strategy in adjacent areas and strengthens its dominance in the interior of São Paulo.

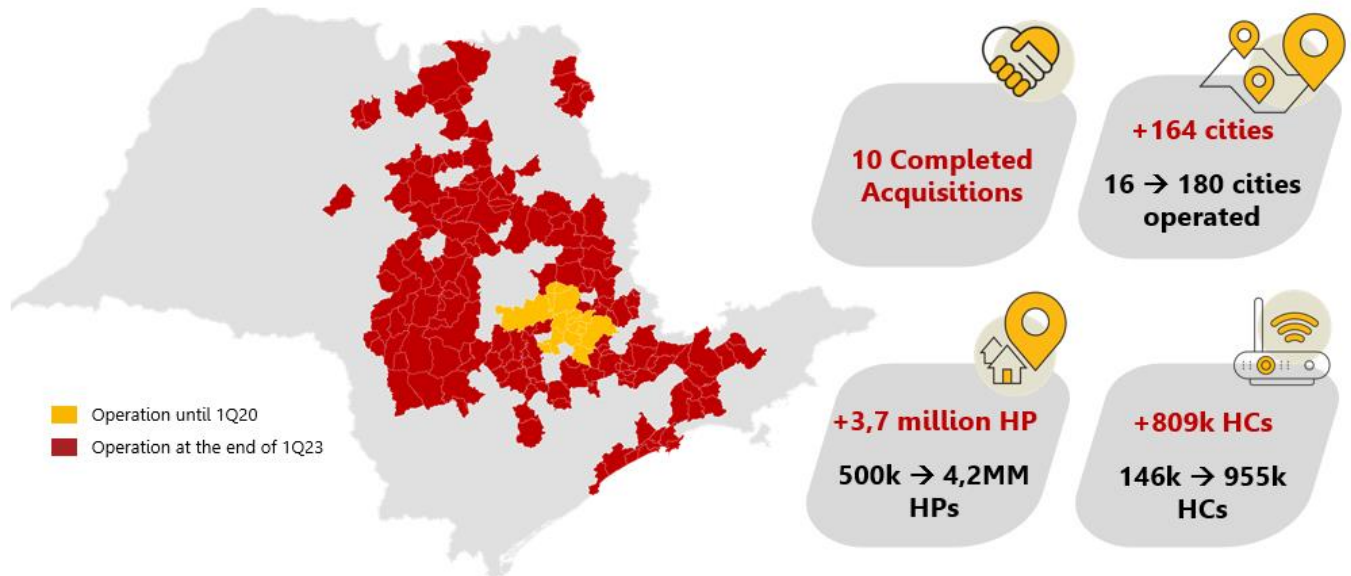
Figure 3 - Geographic Coverage



3 Years of the new growth phase

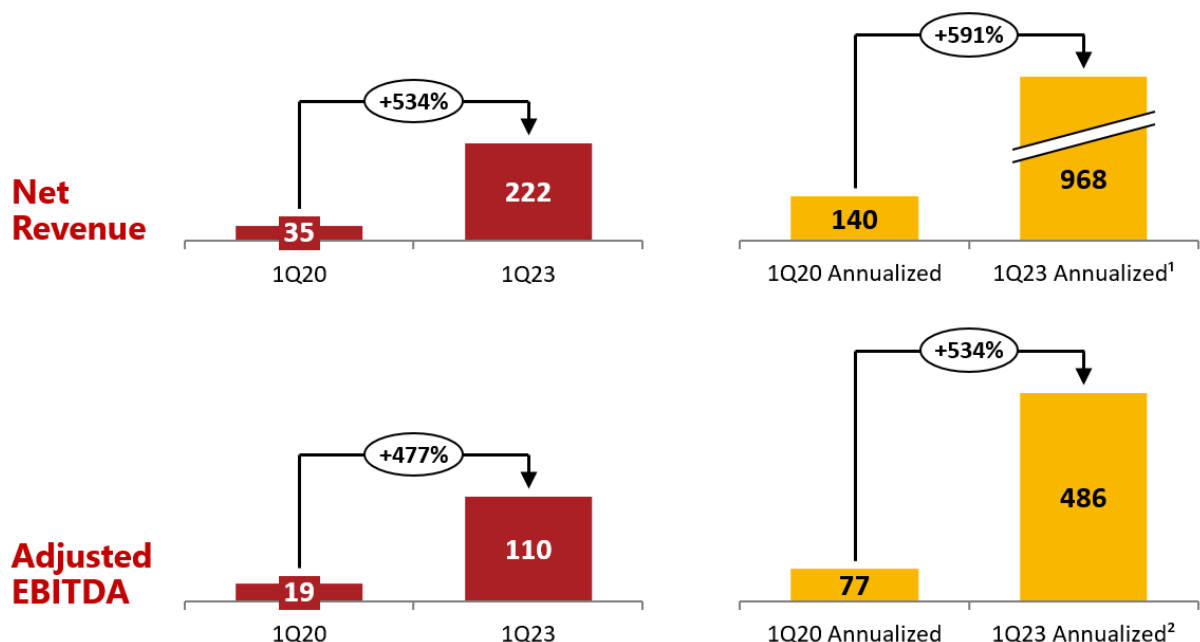
During 1Q23, Desktop completed three years since the new direction aimed at accelerating its growth towards leadership among players in the telecom market, marked by the beginning of the partnership with H.I.G Capital. Deliveries exceeded the most optimistic projections: (i) IPO held in July 2021; (ii) 10 acquisitions in the interior of São Paulo; (iii) evolution from just over a dozen cities to almost two hundred cities; (iv) addition of 3.7 million homes to Desktop's coverage; (v) growth of more than 6 times in the access base, reaching 955 thousand subscribers at the end of 1Q23.

Figure 4 – Operational Evolution



Desktop is currently approaching the emblematic mark of 1 million subscribers, with its annualized net revenue and EBITDA approaching R\$1 billion and R\$500 million, which represents a growth of more than 6 times compared to 1Q20.

Figure 5 – Financial Evolution



1 - Considers the annualized net revenue for 1Q23 of all companies, except for Fasternet, that is, the net revenue for 1Q23 multiplied by 4. For Fasternet, the audited net revenue for the month of March/23 was considered multiplied by 12;

2 - Considers the annualized Adjusted EBITDA for 1Q23 for all companies, except for Fasternet, that is, the Adjusted EBITDA for 1Q23 multiplied by 4. For Fasternet, the audited Adjusted EBITDA for the month of March/23 was considered multiplied by 12.

Financial Summary

R\$ '000	1Q23	1Q22	Var. %
Net Revenue	222,035	156,786	42%
Adjusted EBITDA	110,443	68,657	61%
<i>Adjusted EBITDA Margin (%)</i>	<i>50%</i>	<i>44%</i>	<i>6 p.p</i>
Adjusted Net Income	25,914	10,776	140%
<i>Adjusted Net Margin (%)</i>	<i>12%</i>	<i>7%</i>	<i>5 p.p</i>

Operational Summary

R\$ '000	1Q23	4Q22	3Q22	2Q22	1Q22	CQGR %
Subscribers EoP	955	809	749	711	667	9%
Net Organic Additions (ex-M&As)	29	24	37	44	40	-8%
Homes Passed EoP	4,235	3,858	3,734	3,517	3,144	8%
Cities Served (#)	180	145	136	133	125	10%

Management's Letter

Strategic positioning in the State of São Paulo

In line with the guidance announced in recent quarters, Desktop continued with its strategy focused on efficiency gains and cash preservation during 1Q23. Given the significant potential for growth in the existing network, resulting from the significant expansion of the organic network and M&As in recent years, the Company is prioritizing the increase in subscribers' penetration in relation to the opening of new cities.

Acquisitions agenda

In 1Q23, Desktop concluded the acquisition of 70% of Fasternet, another relevant acquisition, adding 116 thousand new subscribers distributed in more than 35 cities adjacent to the operation. This is the tenth acquisition carried out by Desktop and the second largest transaction in terms of number of subscribers, which demonstrates the Company's ability to continue finding and selecting differentiated assets.

Infrastructure with state-of-the-art construction standard

Desktop added 378 thousand homes passed during 1Q23, reaching 180 cities in its coverage. This growth is mainly attributed to the completion of the acquisition of Fasternet, as mentioned above. Using the most advanced engineering and network construction standards, combined with a rigorous due diligence process on the assets acquired through the inorganic avenue, Desktop ended 1Q23 with a 55,000 km network, made up of approximately 100% own fiber optics. With high data transmission capacity, resilience and low latency, this infrastructure is the result of the significant investments that Desktop has made in recent years and represents an important asset for the Company.

Geographic expansion and commercial performance

At the end of the quarter, the Company achieved 29 thousand net organic additions to the subscriber base, a 24% increase versus 4Q22. It is worth mentioning that there was a resumption of growth through the maturation of commercial initiatives, seeking a better balance between the level of customer capture, cash preservation and churn control.

Delivering solid financial results

Desktop's Net Revenue in 1Q23 grew by 42% compared to 1Q22, and 12% versus 4Q22, totaling R\$ 222 million. The significant increase in revenue reflects the capture of new organic and inorganic customers, including 1 (one) month of Fasternet revenue, as well as the repositioning of the company's ticket due to the launch of the new plan portfolio in 2022. The Company's Adjusted EBITDA reached R\$ 110 million in 1Q23, surpassing the growth in revenues in the annual comparison, and reaching a margin of 50%.

Also, in March 2023, the Company's Private Capital Increase process was completed, totaling R\$ 250 million, with the issuance of 27,780,979 new DESK3 shares. In addition to enabling the Company's growth, the operation's resources contribute to maintaining Desktop's leverage at a healthy level. At the end of 1Q23, the Net Debt/Proforma Annualized EBITDA ratio was 2.3x.

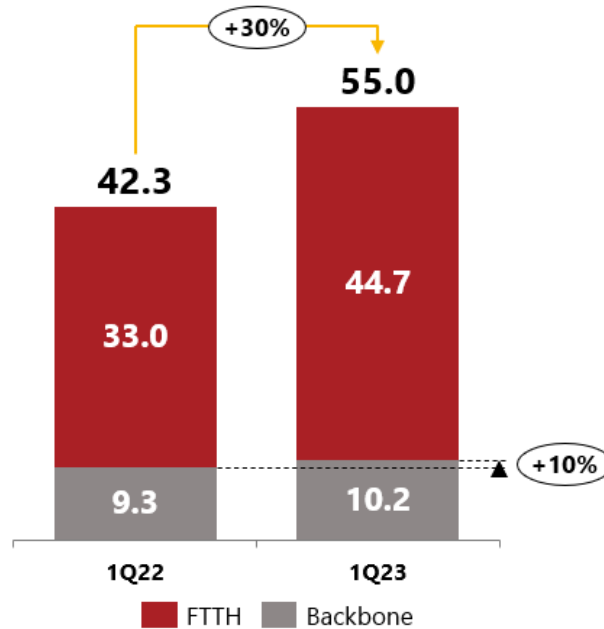
The Company thanks its employees, customers, and business partners for the quarter's results.

Operating Performance

Network Extension ('000 km)

Addition of 12.6 thousand km of network between 1Q22 and 1Q23, representing a growth of 30%: (i) 11.7 thousand km of access network (36% of growth) and (ii) 0.9 thousand km of backbone (10% of growth).

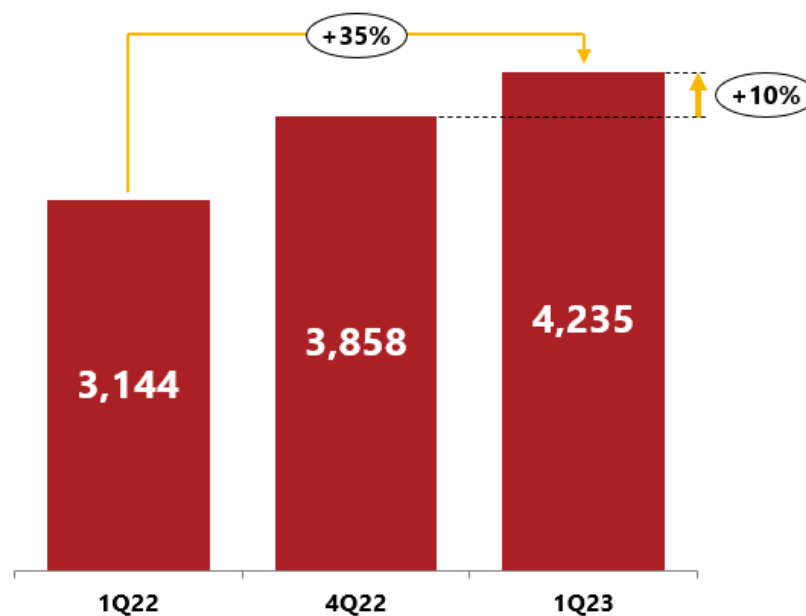
Figure 6 – Network Extension ('000 KM)



Homes Passed (HPs)

Increase of approximately 380 thousand Homes Passed in annual comparison, reaching 4.2 million of homes in March 2023, a growth of 35% compared to 1Q22 and 10% compared to 4Q22.

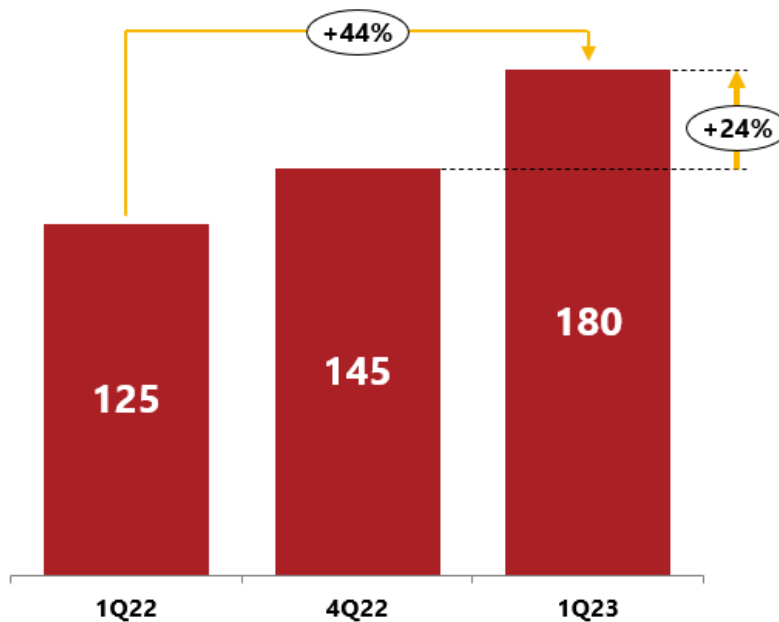
Figure 7 – Homes Passed (HPs) - ('000)



Total Cities

Increase of 55 new cities in the Company's coverage between 1Q22 and 1Q23, a growth of 44% over the number of cities served in the same period of previous year. All new cities are in line with Desktop's strategy to expand geographically to areas adjacent to the Company's operations.

Figure 8 – Number of Cities Served



Homes Connected (HCs)

The subscribers base of the Company grew by 43% compared to the end of 1Q22, reaching 955 thousand homes connected. Compared to the end of 4Q22, the growth was 18%. The evolution of the Company's subscribers base was due to two factors: (i) conclusion of the acquisition of Fasternet, adding 116 thousand customers to the client base; and (ii) capturing of 29 thousand new organic net subscribers, 24% more than in the quarterly comparison, reflecting the maturing of the commercial fronts focused on optimizing the level of additions, cash generation and churn control.

Figure 9 – Evolution of Homes Connected - ('000)

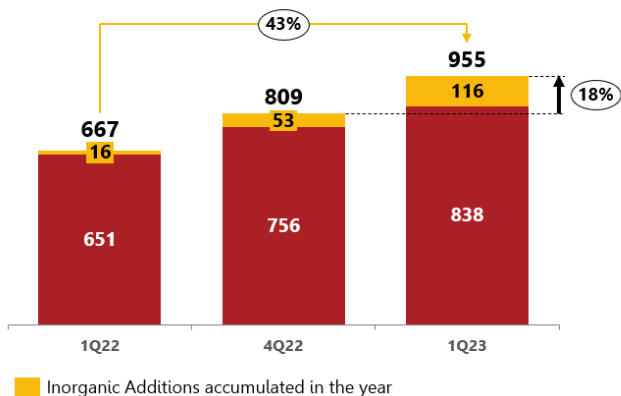
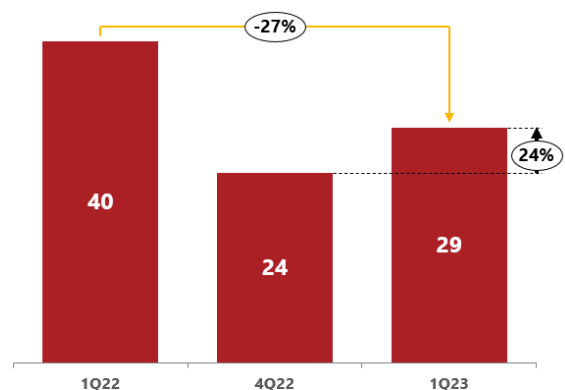


Figure 10 – Quarterly Net Organic Additions - ('000)



Economic-Financial Performance

Net Revenue

Net Revenue totaled R\$ 222.0 million in 1Q23, an increase of 42% when compared to 1Q22. The evolution is mainly due to the increase in organic and inorganic net additions, because of the increased penetration of the existing network and the significant expansion of geographic coverage via organic expansion and M&As, covering 55 new cities in the annual comparison of 1Q23 with 1Q22.

R\$ '000	1Q23	1Q22	Var. %
Gross Revenue	260,398	194,944	34%
(-) Taxes and Deductions	(38,363)	(38,158)	1%
Net Revenue	222,035	156,786	42%
(-) Cost of Services Provided	(55,908)	(45,773)	22%
Gross Profit	166,127	111,013	50%
<i>Gross Margin (%)</i>	<i>75%</i>	<i>71%</i>	<i>4 p.p</i>

Adjusted EBITDA

Desktop reached Adjusted EBITDA of R\$ 110 million in 1Q23, an increase of 61% in the annual comparison, and 10% above 4Q22. With an EBITDA margin of 50%, the Company delivered an increase of 6 p.p. versus the same period of the previous year, evidencing (i) gains in operating leverage generated by the increased penetration of built ports, (ii) increased the capture of synergies in acquired companies and (iii) efficiency gains through efforts to reduce costs and 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	1Q23	1Q22	Var. %
Net Income	21,154	9,055	134%
Financial Results	(46,629)	(27,059)	72%
Income tax	(5,702)	(3,763)	52%
Depreciation and Amortization	(36,190)	(22,927)	58%
EBITDA¹	109,675	62,804	75%
<i>EBITDA Margin (%)</i>	<i>49%</i>	<i>40%</i>	<i>9 p.p</i>
Non-recurring and/or non-operating expenses	(768)	(5,853)	-87%
Non-recurring expenses from M&As	(159)	(3,862)	-96%
Stock Option Plan	(609)	(1,991)	-69%
Adjusted EBITDA²	110,443	68,657	61%
<i>Adjusted EBITDA Margin (%)</i>	<i>50%</i>	<i>44%</i>	<i>6 p.p</i>

1. EBITDA calculated according to CVM Instruction 527/2012 (=from the sum of net income, taxes, financial income and depreciation);
2. 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\$ 36.2 million in 1Q23, an increase of 58% compared to 1Q22. This growth was driven by the larger investments in network expansion and customer installation and M&As.

R\$ '000	1Q23	1Q22	Var. %
Depreciation and Amortization	(36,190)	(22,927)	58%

Financial Results

The financial result was negative by R\$ 46.6 million in 1Q23. The increase versus 1Q22 is due to the Company's higher indebtedness and the increase in the CDI curve between the periods. 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.

R\$ '000	1Q23	1Q22	Var. %
Net Financial Result	(46,629)	(27,059)	72%
(+) Financial revenue	9,817	12,825	-23%
(-) Financial expense	(56,446)	(39,884)	42%
Adjustment related to 1Q22 and 6M22 interest	-	(4,930)	NM
(-) Interest on M&As installments payable for 4Q21 and 6M22	-	(4,930)	NM
Net Adjusted Financial Result	(46,629)	(31,989)	46%

Adjusted Net Profit

Adjusted Net Profit totaled R\$ 25.9 million in 1Q23, an increase of 140% when compared to 1Q22.

The Company presented an evolution of the net margin mainly due to the increase in the EBITDA margin, as described above. This effect was partially offset by higher financial expenses, given the increase in interest rates.

R\$ '000	1Q23	1Q22	Var. %
Net Profit	21,154	9,055	134%
Net Margin (%)	10%	6%	4 p.p
Non-recurring and/or non-operating expenses ²	(4,760)	(1,721)	177%
Non-recurring expenses from M&As	(105)	(2,549)	-96%
Stock Option Plan	(402)	(1,314)	-69%
Amortization of capital gains	(4,253)	(1,112)	282%
Interest on M&As installments payments for 4Q21 and 6M22	-	3,254	NM
Adjusted Net Profit ¹	25,914	10,776	140%
Adjusted Net Margin (%)	12%	7%	5 p.p

- 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%.

Annualized Proforma Net Revenue and EBITDA

Below, we present the annualized view of our Net Revenue and Adjusted EBITDA for 1Q23, to provide greater clarity as to the real effect of our accelerated growth,

The "Annualized Pro Forma Net Revenue" reaches approximately R\$ 968 million, an increase of 36% to the amount recorded in the full year of 2022, while the "Annualized Pro Forma Adjusted EBITDA" totals approximately R\$ 486 million, an increase of 43% compared to the amount recorded in the full year of 2022.

Figure 11 – Annualized Pro Forma Net Revenue - (R\$ millions)

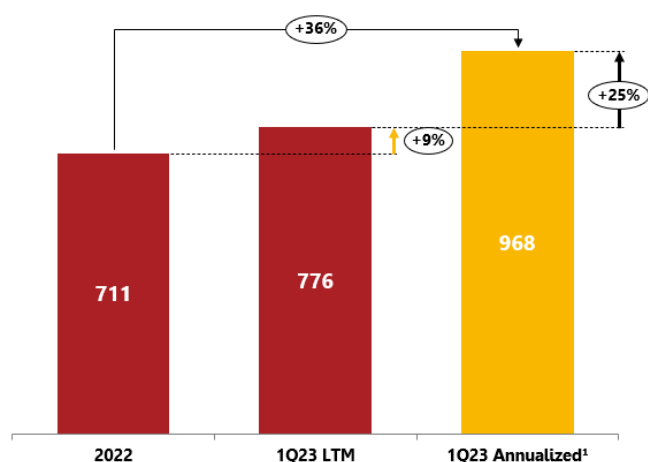
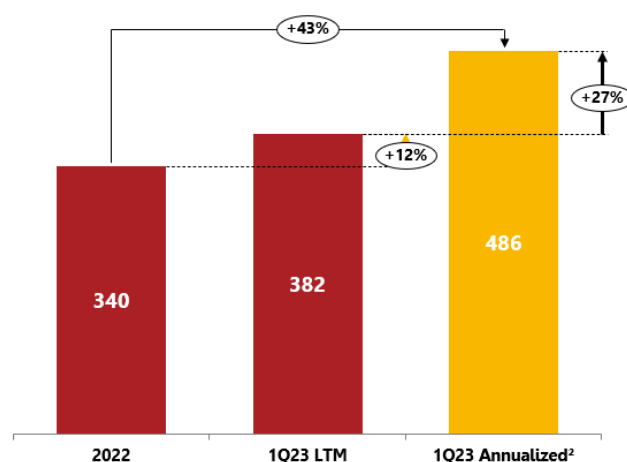


Figure 12 – Annualized Pro Forma Adjusted EBITDA - (R\$ millions)



1 - Considers the annualized net revenue for 1Q23 of all companies, except for Fasternet, that is, the net revenue for 1Q23 multiplied by 4. For Fasternet, the audited net revenue for the month of March/23 was considered multiplied by 12;

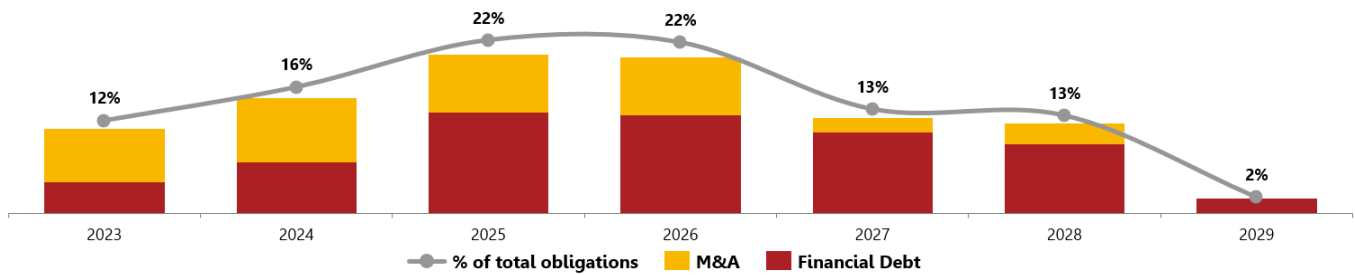
2 - Considers the annualized Adjusted EBITDA for 1Q23 for all companies, except for Fasternet, that is, the Adjusted EBITDA for 1Q23 multiplied by 4. For Fasternet, the audited Adjusted EBITDA for the month of March/23 was considered multiplied by 12.

Liquidity and Indebtedness

The Company ended 1Q23 with a net debt of R\$ 1,138.4 million, which represents 2.3x Annualized Proforma EBITDA. It is worth highlighting the reduction in leverage by 0.3x Net Debt/Annualized Proforma EBITDA when compared to 4Q22, after the R\$ 250 million private capital increase carried out in the quarter.

Liquidity (R\$ '000)	1Q23	1Q22	Var. %	4Q22	Var. %
(+) Cash and cash equivalents	130,183	192,260	-32%	68,629	90%
(+) Financial investments	103,919	327,876	-68%	182,793	-43%
Liquidity	234,102	520,136	-55%	251,422	-7%
Indebtedness (R\$ '000)	1Q23	1Q22	Var. %	4Q22	Var. %
(-) Debenture	792,354	551,705	44%	817,640	-3%
(-) Loans and financing	62,459	326,784	-81%	63,609	-2%
Gross Debt	854,813	878,489	-3%	881,249	-3%
(-) Liquidity	234,102	520,136	-55%	251,422	-7%
Net Debt	620,711	358,353	73%	629,827	-1%
M&As Commitments (R\$ '000)	1Q23	1Q22	Var. %	4Q22	Var. %
(-) M&As Term Installments	517,684	365,507	42%	448,240	15%
Net Debt+ M&As Term Installments	1,138,395	723,860	57%	1,078,067	6%
Leverage (R\$ '000)	1Q23	1Q22	Var. %	4Q22	Var. %
Annualized Proforma EBITDA	485,763	274,628	77%	414,824	17%
Net Debt/EBITDA Pro Forma Annualized (x)	2.3x	2.6x	-0.3x	2.6x	-0.3x

Debt Schedule (R\$ mm)

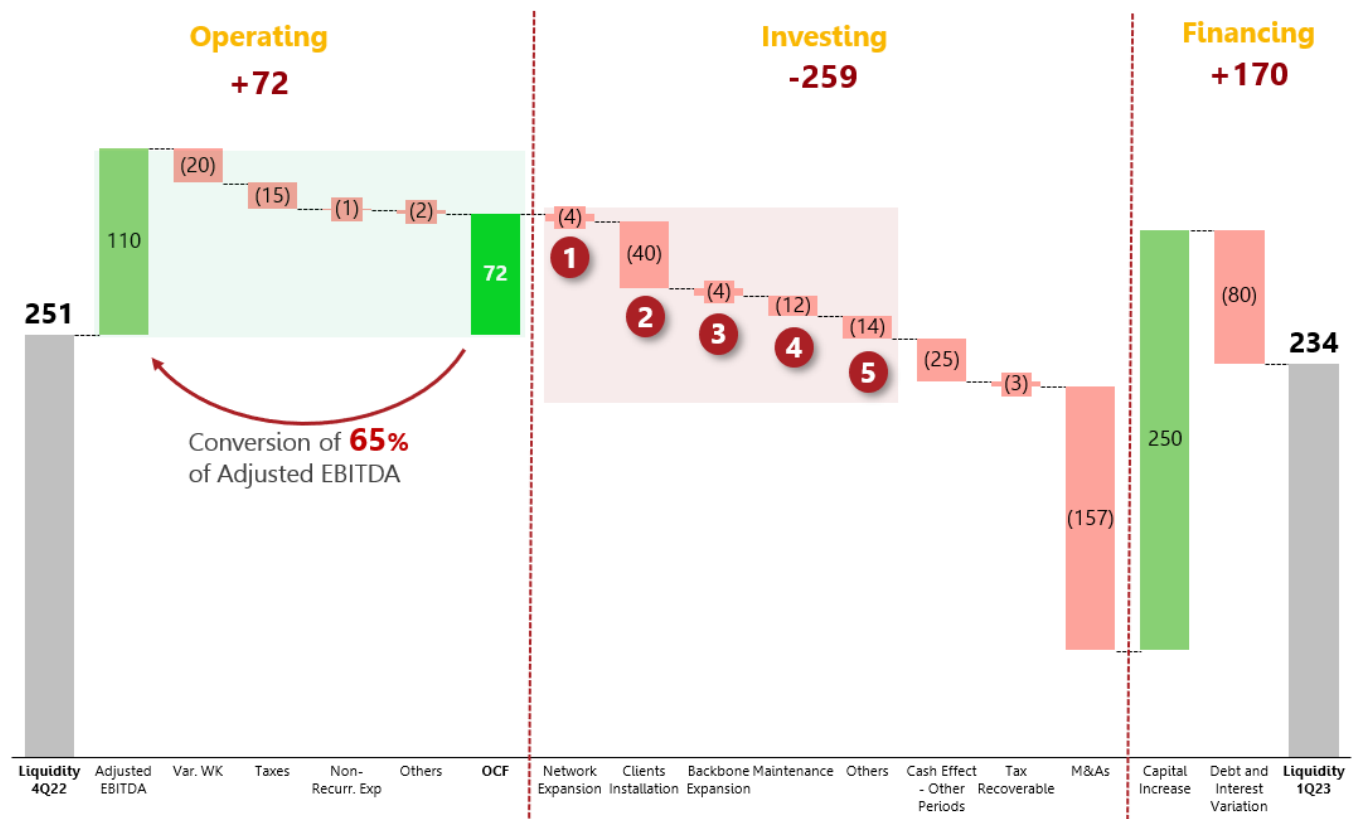


Cash Flow

The Company ended 1Q23 with R\$ 234 million in cash and short-term investments. During 1Q23, Desktop converted 65% of its EBITDA into recurring operating cash flow. Adjusted cash flow from investments (CAPEX) totaled R\$ 259 million, mainly composed of (i) R\$ 157 million in expenditures for the payment of installments of M&A operations carried out; and (ii) R\$ 40 million used to install new customers.

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

(R\$ Million)

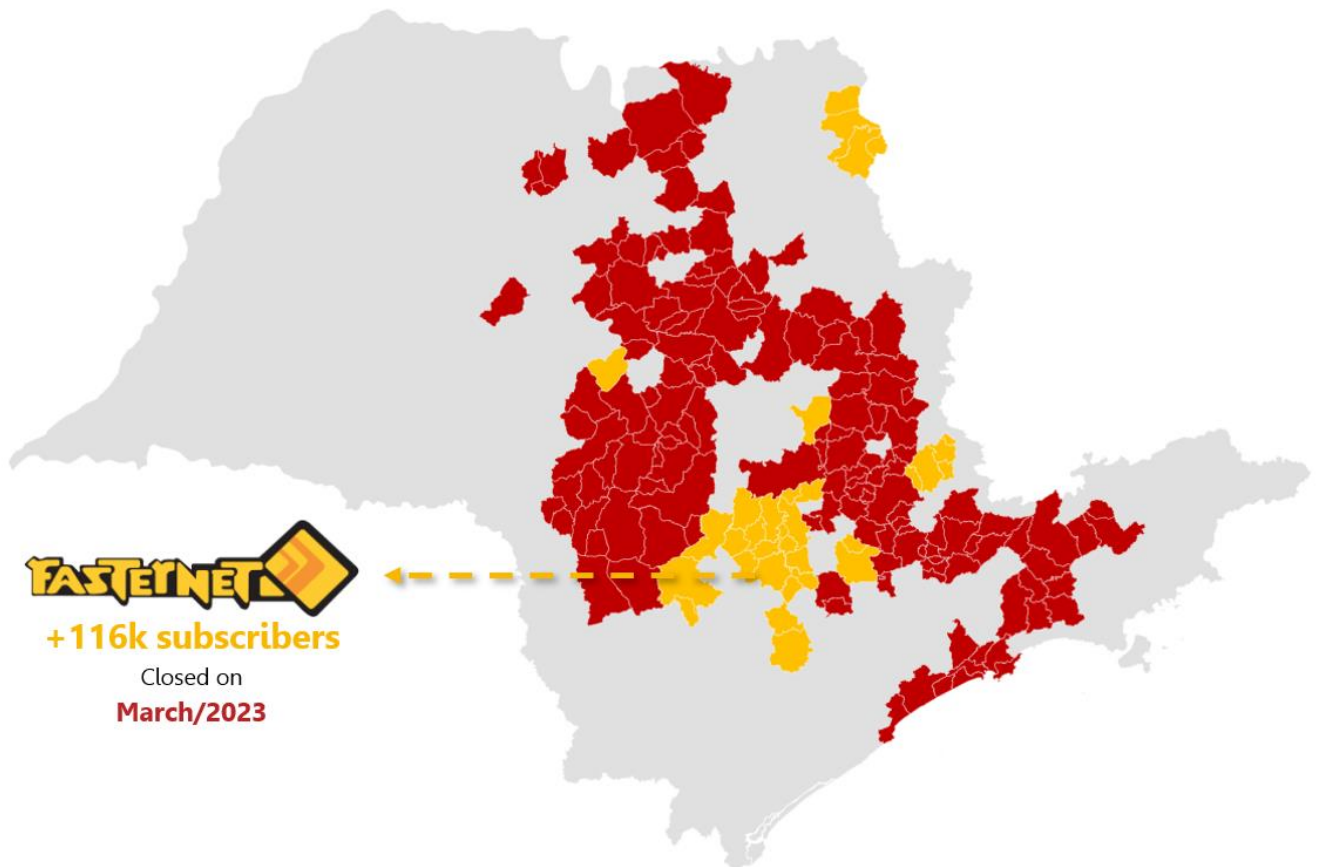


It is worth noting that CAPEX is composed of additions to fixed assets and intangible assets, including (i) purchases for projects that are still in the execution phase, that is, that have not been commercially launched (“Pre-Operational Capex”); and (ii) purchases that are in inventory (“Inventory Capex”).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

CAPEX (R\$ '000)		1Q23
1	Network Expansion	4,463
	Inventory Increase (Decrease)	(439)
	Network Expansion – Adjusted	4,902
	Ports Added ('000)	20
	CAPEX/PORT	250
2	Clients Installation	39,950
	Inventory Increase (Decrease)	(13,676)
	Clients Installation – Adjusted	53,625
	Gross Adds ('000)	91
	CAPEX/GROSS ADDS	587
3	Backbone Expansion	3,938
	% of Total CAPEX	5%
4	Maintenance	12,341
	% of Net Revenue	6%
5	I.T.	8,382
5	Vehicles	408
5	Others	4,802
	Total adjusted CAPEX	74,289

Acquisitions

During 1Q23, the Company completed the acquisition of 70% (seventy percent) of the shares representing the capital stock of Cilnet Comunicação e Informática Ltda. (“Fasternet”), through its subsidiary Desktop Internet Ltda. Fasternet provides broadband internet services with fiber optic technology in the interior of the State of São Paulo, operating in the cities of Tatuí, Cerquilha, Boituva, Amparo, Rio Claro, Itu and more than 30 other municipalities in the region.



The acquisition of Fasternet is consistent to Desktop's strategy, which focuses on players (i) that operate in regions adjacent to the Company's current operation, (ii) that are leaders in their respective markets, (iii) with consistent gain of market share, (iv) and with potential to leverage the Company's organic growth by opening new markets.

Appendix

Balance Sheet - Consolidated

R\$ '000	1Q23	2022
TOTAL ASSETS	2,896,223	2,520,858
Current Assets	420,754	393,219
Cash and cash equivalents	130,183	68,629
Financial Investments	103,919	182,793
Trade receivables	113,012	82,546
Taxes recoverable	42,356	38,681
Income tax and social contribution	3,627	918
Other Trade receivables - related parties	5,190	2,347
Other Assets	22,467	17,305
Non-Current Assets	2,475,469	2,127,639
Taxes recoverable	38,045	38,041
Deferred income tax and social contribution	72,619	61,407
Judicial deposits	2,830	2,516
Other Assets	39,434	34,424
Property and equipment	1,299,529	1,161,483
Right-of-use assets	65,412	36,112
Intangible assets	957,600	793,656
LIABILITIES AND EQUITY	2,896,223	2,520,858
Current liabilities	421,244	453,927
Suppliers	60,438	83,378
Trade payables (M&A)	91,792	162,073
Trade payables (M&A) related parties	57,179	14,342
Loans and borrowings	19,538	18,411
Debentures	69,017	73,040
Social and labor obligations	43,900	41,926
Taxes payable	31,438	28,148
Dividends Payable	2,594	2,594
Income tax and social contribution	6,343	10,400
Leasing liabilities	31,373	17,305
Other obligations	7,632	2,310
Non-Current Liabilities	1,246,806	1,115,062
Trade payables (M&A)	250,098	245,532
Trade payables (M&A) related parties	118,615	26,293
Loans and borrowings	42,921	45,198
Debentures	723,337	744,600
Deferred income tax and social contribution	46,184	-
Taxes payable	7,953	9,540
Leasing liabilities	34,388	20,605
Provisions for contingencies	21,743	21,727
Other obligations	1,567	1,567
Equity	1,228,173	951,869
Share capital	951,875	751,846
Capital reserve	87,927	39,626
Income reserve	144,412	142,104
Net Income for the period	18,019	-
Equity attributable to owners of the Company	1,202,233	933,576
Equity attributable to noncontrolling interests	25,940	18,293

Consolidated Income Statement

R\$ '000	1Q23	1Q22	Var. %
Gross Revenue	260,398	194,944	34%
(-) Deductions	(38,363)	(38,158)	1%
Net Revenue	222,035	156,786	42%
(-) Cost of Services provided	(55,908)	(45,773)	22%
Gross Profit	166,127	111,013	50%
<i>Gross Margin (%)</i>	<i>75%</i>	<i>71%</i>	<i>4 p.p</i>
(-) Commercial expenses	(25,830)	(15,453)	67%
(-) General and administrative	(22,812)	(27,100)	-16%
(+/-) Other income (expenses), net	1,887	1,318	43%
(-) Depreciation and amortization	(36,190)	(22,927)	58%
(-) Loss due to impairment of accounts receivable	(9,697)	(6,974)	39%
(-) Financial Result	(46,629)	(27,059)	72%
EBT	26,856	12,818	110%
(+/-) Income Taxes	(5,702)	(3,763)	52%
Net Income	21,154	9,055	134%
<i>Net Margin (%)</i>	<i>10%</i>	<i>6%</i>	<i>4 p.p</i>

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Non-recurring expenses from M&As	(159)	(3,862)	-96%
Stock Option Plan	(609)	(1,991)	-69%
Adjusted EBITDA²	110,443	68,657	61%
<i>Adjusted EBITDA Margin (%)</i>	<i>50%</i>	<i>44%</i>	<i>6 p.p</i>

- 1- EBITDA calculated according to CVM 527/2012 instruction, (= from the sum of net income, income taxes, financial result and depreciation);
2- Adjusted EBITDA excluding non-recurring items that must not be considered to calculate the operating cash flow.

R\$ '000	1Q23	1Q22	Var. %
Net Profit	21,154	9,055	134%
<i>Net Margin (%)</i>	<i>10%</i>	<i>6%</i>	<i>4 p.p</i>
Non-recurring and/or non-operating expenses²	(4,760)	(1,721)	177%
Non-recurring expenses from M&As	(105)	(2,549)	-96%
Stock Option Plan	(402)	(1,314)	-69%
Amortization of capital gains	(4,253)	(1,112)	282%
Interest on M&As installments payable for 4Q21 and 6M22	-	3,254	NM
Adjusted Net Profit¹	25,914	10,776	140%
<i>Adjusted Net Margin (%)</i>	<i>12%</i>	<i>7%</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%.

Consolidated Cash Flow

R\$ '000	1Q23	1Q22
BoP – Cash Balance	68,629	141,493
Cash flows from operating activities		
Profit before income tax and social contribution	26,856	12,818
Adjustments for:		
Depreciation and amortization	27,858	16,976
Write-off of property and equipment and intangible assets	291	57
Amortization of right-of-use assets	4,658	5,261
Write-offs of right of use	(104)	88
Amortization of capital gains	3,674	690
Interest on loans, financing, debentures and leases	36,513	29,924
Appropriation of commission on loans, financing and debentures	290	278
Income from financial Investments	(5,776)	(7,738)
Financial update - M&A installments	13,596	5,297
Financial update on contingencies	24	-
Provision for contingencies	226	342
(Reversal) Loss due to reduction to recoverable amount of accounts receivables	883	546
Effective write-off of accounts receivable	8,814	6,428
Stock option plan	609	1,991
Adjusted profit before income tax and social contribution	118,412	72,958
Variation in assets and liabilities:		
Trade receivables	(20,253)	(13,966)
Taxes recoverable	(3,379)	(9,874)
Judicial deposits	(1)	(276)
Other accounts receivable - related parties	(2,843)	-
Other assets	1,591	(4,426)
Suppliers	(54,554)	21,312
Trade payables (M&A)	-	21,851
Trade payable (M&A) related parties	-	-
Social and labor obligations	138	5,584
Taxes payables	2,177	692
Contingency payment	(774)	-
Other obligations	(18,773)	(258)
Net cash generated from operating activities	21,741	93,597
Income tax and social contribution paid	(15,333)	(6,167)
Interest paid	(61,089)	(22,182)
Net cash (applied in) generated by operating activities	(54,681)	65,248
Cash flows from investing activities:		
Acquisition of financial Investments	(180,126)	(104,129)
Redemption of financial investments	264,841	97,532
Advance for future capital increase	2,842	-
Acquisition of Investments	(75,000)	(10,295)
PP&E and intangible assets acquisition - Capex	(57,150)	(133,287)
PP&E and intangible assets acquisition - goodwill and added value	-	(24,646)
Cash used in investing activities	(44,593)	(174,825)
Cash and cash equivalents obtained in acquisitions	2,874	3,471
Net cash used in investing activities after mergers	(41,719)	(171,354)
Cash flows from financing activities:		
Proceeds from loans, financing, and debentures	-	250,000
Amortization of loans, financing, and debentures	(5,775)	(84,557)
Commissions on loans, financing, and debentures	-	(254)
Capital Increase	250,029	427
Payment of lease liabilities	(8,013)	(7,076)
Capital increase in subsidiary - Minority share	-	-
Payment of deferred installment referring to the acquisition of subsidiaries	(78,287)	(1,667)
Net cash (applied in) from financing activities	157,954	156,873
Net increase (decrease) in cash and cash equivalents	61,554	50,767
Eop – Cash Balance	130,183	192,260

About Desktop S.A.

Desktop is one the leading ISP platform 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 3,200 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

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