São Paulo, March 20, 2024: Locaweb Serviços de Internet SA (B3: LWSA3) informs its shareholders and other market participants of the 4Q23 results

Highlights

EBITDA margin of **acquired companies expanded 7.4 p.p.** (vs 3Q23) **and 13.0 p.p.** (vs 4Q22), reaching **10.2%** in **4Q23**

Adjusted EBITDA showed growth of **41.5%** in 4Q23 vs 4Q22 and of **26.3%** vs 3Q23, with expansion of **3.7** p.p. in the Adjusted EBITDA Margin vs 4Q22, which reached **19.7%** in the period

Net Revenue of **R$ 347.3** million in 4Q23, growth of **14.8%** *vs* 4Q22 and **5.2%** when compared to the immediately previous quarter (3Q23) In 2023, growth was **13.9%**

Commerce, which already accounts for **70.1%** of LWSA's revenue, reached **R$ 243.4** million in Net Revenue, growth of **18.2%** *vs* 4Q22. In comparison with the previous quarter (3Q23), growth was **8.6%**

Platform subscriber base grew **13.7%**, from **162.0 thousand** subscribers in 4Q22 to **184.3 thousand** in 4Q23, contributing to the growth of **22.5%** in Net Revenue from Platform Subscriptions vs 4Q22

GMV of **Ecosystem** showed growth of **17.9%** vs 4Q22, while our clients' **Own Store GMV** grew by **22.7%** vs 4Q22 and **17.2%** vs 3Q23

Free Cash Flow after Capex of **R$ 84.3 million**, **93.8%** higher than in 4Q22

Dilution of Capex by Net Revenue, going from 8.8% in 4Q22 to **7.5%** in 4Q23

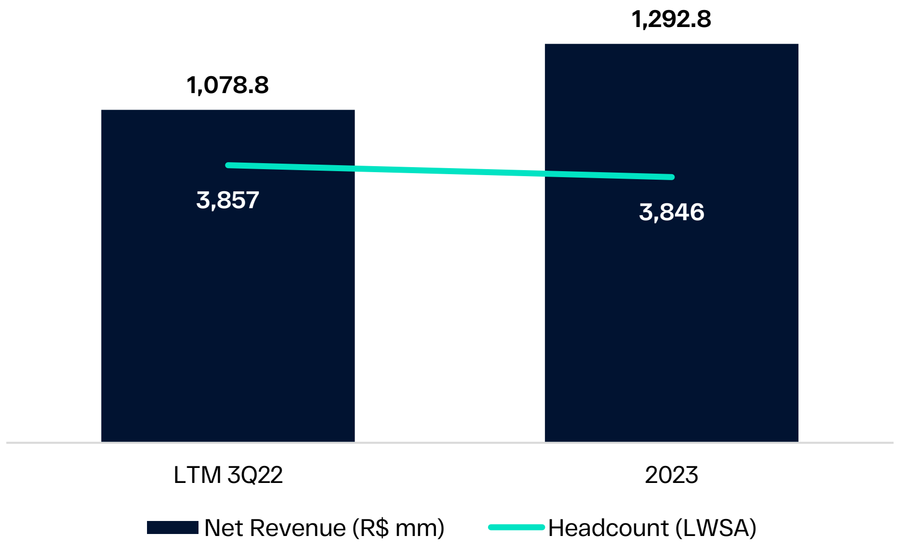
Earnings Conference Call
(simultaneous translation)
March 21, 2024 at 10:00 am (Brasília time)
Link: https://mzgroup.zoom.us/webinar/register/WN_LBxlRRB2TRij9bZFI4xiHg#/registration

// Message from Management

The fourth quarter of 2023 was characterized by a positive performance in our operations, not only resuming YoY and QoQ growth, but also recording significant margin expansion in the period. In addition, the margin obtained by the acquired companies after the IPO reached double digits in 4Q23, a significant increase of 22.1 p.p. since 4Q21.

Some of the most relevant operations of the acquired companies, such as Bling and Melhor Envio, ended 2023 with a performance exceeding 40% when compared to business plans at the time of the acquisitions, which contributed to achieving margins exceeding 20% in the quarter. As to other smaller operations, such as Bagy and CPlug, we once again observed an acceleration in their growth that was driven by refinements in the product and commercial strategies and we understand that the two operations will play a fundamental role in the Company's strategy of digitizing the physical retail and retailers operating only on social networks.

We also highlight the acceleration trend in the margin expansion process whether with the new commercial and operational approach or with operational leverage arising, mainly, from the growth in our net revenue and the stability in LWSA's headcount since October 22, as shown in the graph below:



February 2024 marks four years since LWSA went public and it is an opportune moment to assess the different strategic phases the Company has gone through, as well as what to expect for the coming years.

Up to 2020, we were a Company operating predominantly in the Hosting segment and, despite the excellent profitability, growth remained moderate. We also had a Commerce segment, still embryonic and less relevant within the group, posting high growth and good profitability.

Through our IPO and Subsequent Offering in 2021 we raised capital to fuel, through acquisitions, our investment thesis of becoming the leading ECOSYSTEM in the B2B e-commerce market in Brazil, so as to serve the customer in a comprehensive and complete way.

Our investment thesis aimed to consolidate this ECOSYSTEM, which would allow us to (i) have undisputed leadership in the segment and (ii) expand our ability to monetize the e-commerce chain. During this period, we observed strong growth in our revenues, which was accelerated by an inorganic component whose profitability level is still lower than that of the company.

This rapid expansion of products, people, and cultures in the period of the acquisitions led us to undertake a significant simplification of internal structures throughout 2022 and 2023. This streamlining aimed to capture synergies and, ultimately, simplify our customer offering into four major journeys: **E-commerce for SMEs**, **E-commerce for Enterprise**, **ERP / Management** and **BeOnline/SaaS** in addition to the structure of **Financial Services** to serve the Company's customers.

Internally, we rationalized processes, merged structures, and created a strong corporate base to support the business, thus contributing to the expansion of both Gross Margin (+3.4 pp vs 4Q22) and Adjusted EBITDA Margin (+3.7 pp vs 4Q22). We highlight our new Shared Services Center (CSC), our centralized Business Intelligence area, and the Cross-sell Area.

In addition, as to business, the area of **Financial Services**, recently bolstered by hiring top talents from leading financial institutions, has expanded its offerings to include products like the Digital Account and the **Logistics** solutions area, which is fully integrated with our sales solutions.

These initiatives have made us more efficient, with our EBITDA margin reaching **19.7%** in 4Q23, a level well above the previous quarters of the year. Our LTV/CAC ratio has been improving over time reflecting our efficiency in expanding service offerings, enhancing customer lifetime value and the total value they transact within our ecosystem.

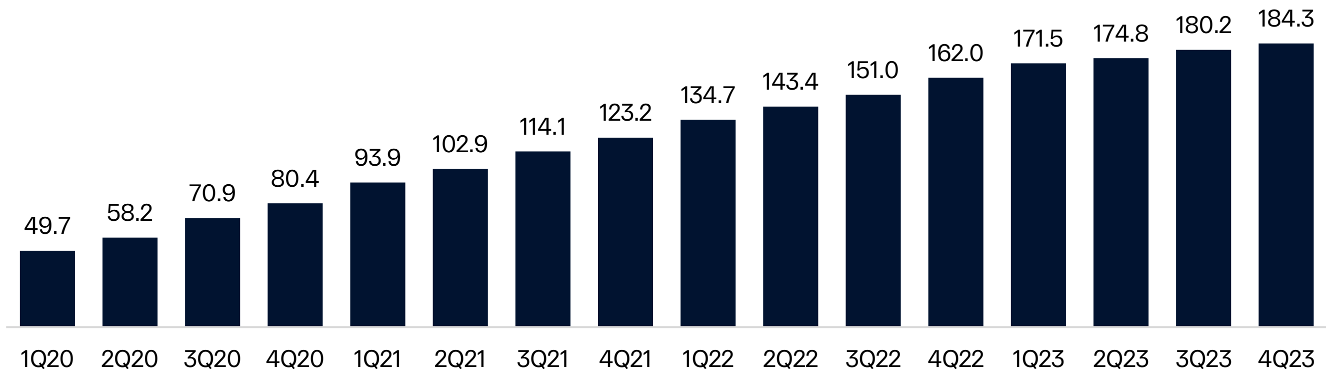
This process is about to be completed and the result is a much more comprehensive offering, with greater capacity to fulfill our mission of helping companies to be born and prosper through technology, which will be the cornerstone of our future growth.

Beyond these strengths, we understand that our ECOSYSTEM presents important opportunities to unlock even greater value through new products, services, and pricing models as of 2024.

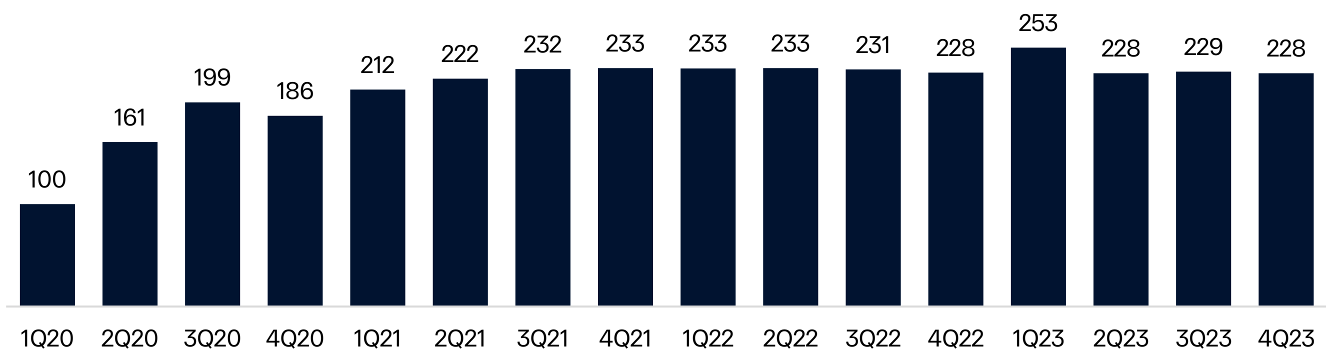
The growth expected for the coming years will allow these margins to increase even further through operating leverage and dilution of fixed costs, so we understand that we still have plenty of room to accelerate growth and expand our margins. We are at the beginning of this new phase.

// Operating Performance

We ended 2023 with a base of 184.3 thousand paying e-commerce subscribers, a growth of 13.7% in 4Q23 vs 4Q22.



On a pro forma basis consistent with 1Q20, we observed a sustained pace of new e-commerce subscriber additions during the quarter, maintaining the momentum from previous periods. The chart below, on a 100 1Q20 basis, shows the evolution of customer additions by quarter.



The GMV transacted through LWSA's ecosystem, that is, the Platform GMV and the GMV traded on marketplaces via ERP operations and marketplace integrators reached a volume of **R$ 16.8 billion** in 4Q23, a volume **17.9%** higher than in 4Q22.

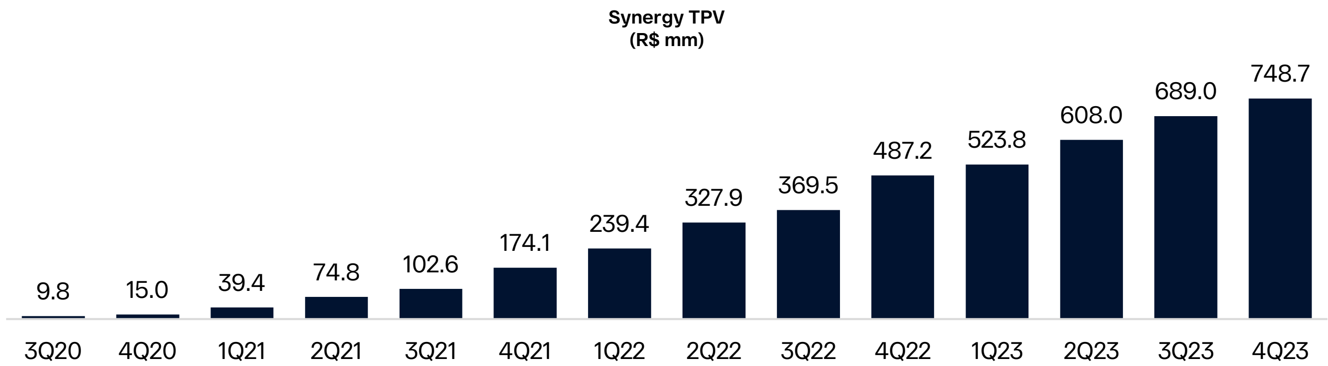
It is important to point out that in 4Q23 we observed the growth of **22.7%** vs 4Q22 and **17.2%** when compared to 3Q23 of sales in **our clients' own stores**, which is the most profitable channel for the Company.

The performance of our customers on Black Friday, the biggest shopping event of the year for Brazilian e-commerce, contributed to the quarter's GMV growth. Throughout November, we noticed an assertive strategy from our customers in the Commerce segment (SMEs and Enterprise) with the anticipation of offers in the month, ensuring products with better prices for the end consumer as of the beginning of the month and, as a result, better sales results compared to the previous year.

On Black Friday in particular, we noticed Ecosystem GMV with a volume 24.8% higher than the volume recorded on Black Friday 2022, while sales in our customers' own stores showed a growth of 28.2% on the same basis of comparison.

It should be pointed out that the strongest growth in sales in our clients' own stores was driven by the LWSA's ecosystem, which allows the storekeeper to tailor their efforts to their specific needs using the tools available in the control panel, all this supported by our e-learning ecosystem, which aims to empower our merchants over their marketing efforts.

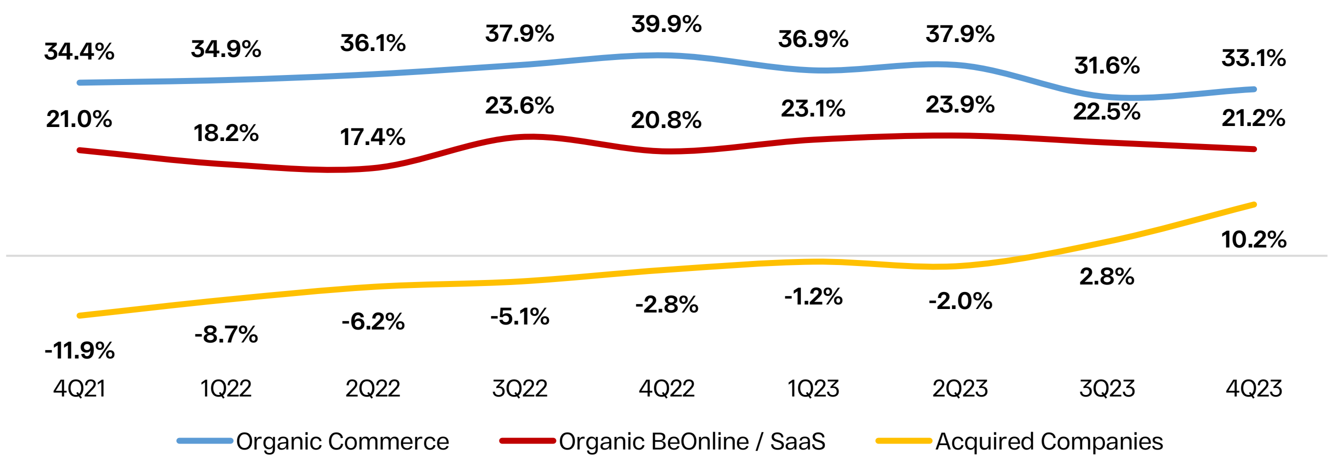
The TPV of the payment operation grew by **20.7%** in 4Q23 *vs* 4Q22, totaling **R$ 1.8 bi** in the period, as a result of the fast growth in sales at our clients' own stores, as well as the acceleration to capture synergies between the acquired companies and our payment solution, as shown in the graph below:



// Adjusted EBITDA Margin

The EBITDA margin of the acquired companies (yellow line in the graph below) went from 2.8% in 3Q23 to 10.2% in 4Q23, mainly as a result of the excellent performance of logistics and ERP operations, as well as the Company's cost control strategy.

As discussed in previous earnings calls, the Organic Commerce segment typically sees margins between 34% and 35%, factoring in seasonal variations and the impact of Wake's growth. The margin in this segment also continues to be impacted by price changes in the acquirers' chain.



// Earnouts

According to the Earnout Re-calculation Policy, performed and disclosed to the market every six months within the latest results releases, we conducted a review of Earnout payment estimates in December 2023.

Our June 2023 projections estimated a nominal value of R$ 679.9 million would be paid in Earnouts. In the second semester, with strong concentration in 4Q23, Melhor Envio (**+39.6%** 2H23 vs 2H22), Bagy (**+66.2%** 2H23 vs 2H22), and Bling (**+43.2%** 2H23 vs 2H22), performed better than estimated in both revenue growth (values highlighted above) and profitability, resulting in an estimated nominal balance in December 2023 of R$ 756.6 million.

Of the total amount of R$ 756.6 million, the amount of R$ 725.2 million has already been recorded as a provision in the December/23 balance. The difference of R$ 31.4 million will be recognized in the result as a financial expense until the payment date, since there is a portion of the liability (payment scheduled for 2025) that was recognized at present value in the balance sheet, as presented below:

Date	Nominal Value of the Earnouts[1]	Amount on Balance Sheet	Earnout Interest to be Recognized
Jun, 2023	679.9	626.2	81.6
Dec, 2023	756.6	761.2	31.4
Variation	**76.7**	**135.0**	**(50.2)**

[1] without discount to present value

It is important to highlight that of the total amount of R$ 756.6 million, R$ 650.9 million (**86% of the balance**) are already definitive values according to this review performed in December, leaving only R$ 105.7 million for future reevaluations (six-monthly reevaluations in the year 2024), and the three major acquisitions (Bling, Melhor Envio and Squid) have their definite values already determined.

And the balance cash disbursement schedule is as follows:
- April/24: ~R$ 560 mm
- April/25: ~R$ 195 mm

The increase in the earnouts resulted in the recognition of a financial expense of R$ 126.3 million, which net of taxes totals R$ 83.4 million in the 4Q23 results.

With the issue of Earnouts within the group considered practically concluded, we began a new stage of simplifying the organizational structure that will also allow us to capture tax benefits relating to the goodwill of acquisitions, which totals R$ 2.2 billion, generating a tax asset of approximately R$ 800 million.

In 2024, we will begin a gradual process of incorporating the 'CNPJs' of the acquired companies with the ensuing use of this tax asset.

Sustainability

We are accelerating our efforts associated with the topic to integrate the ESG agenda into our business, as we recognize its importance in building strong, resilient, and sustainable businesses. At LWSA, our ESG practices are based on topics such as: people, governance, inclusion and diversity, social responsibility, environmental preservation, and transparency. We use strategies, data, and indicators to mature our operations in all of these areas.

In January 2024, we formalized the creation of an **ESG Committee**, an important step in the Company's strategy of complying with good sustainability practices.

The committee, composed of members of the Board of Directors and the Company's senior management, will be responsible for leading and overseeing the Company's ESG strategy, aligned with the Company's sustainability goals and stakeholder commitments. Additionally, the committee will ensure the Company continues to grow in a sustainable and responsible way.

New Vice President of Management, Strategy and People

In February, the Company informed the market of the hiring of Mr. Otávio Dantas as Vice-President of Management, Strategy and People at LWSA. The new director will be responsible for projects that generate new revenue and profitability gains, unlocking value within the LWSA ecosystem, in addition to leading the existing areas of Integration, People and developing the new area of Processes.

With more than 20 years of career, Mr. Otávio Dantas has extensive experience in business, mainly at the intersection of People-Technology-Operations. Mr. Dantas has a degree in Civil Engineering from the University of São Paulo (USP), an MBA in Finance and Strategy from the University of Michigan and a Specialization in Business Administration and Corporate Finance from Fundação Getúlio Vargas. Prior to joining LWSA, he built a career in management consulting. For the past five years, he served as Managing Director & Partner at Boston Consulting Group (BCG), where he led the DigitalBCG unit, the Technology Advantage practice, and most recently, the Technology, Media & Telecom (TMT) practice. Throughout his career, he has developed expertise working at a number of customer-centric companies (B2C and B2B2C) in sectors such as Telecom, Financial Services, Technology, and Consumer Goods.

Summary of Indicators

Consolidated

(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Net Revenue	347.3	302.5	14.8%	1,292.8	1,135.4	13.9%
Gross Profit	165.8	134.0	23.7%	597.9	511.2	17.0%
Gross Margin (%)	47.7%	44.3%	3.4 p.p.	46.3%	45.0%	1.2 p.p.
EBITDA	62.2	44.8	39.0%	204.6	148.5	37.8%
EBITDA Margin (%)	17.9%	14.8%	3.1 p.p.	15.8%	13.1%	2.8 p.p.
Adjusted EBITDA [1]	68.3	48.3	41.5%	226.6	169.4	33.8%
Adjusted EBITDA Margin (%)	19.7%	16.0%	3.7 p.p.	17.5%	14.9%	2.6 p.p.
Net Income	(45.1)	18.2	348.0%	(73.7)	28.3	360.8%
Adjusted Net Income [2]	53.2	60.8	-12.4%	143.5	161.3	-11.1%
Adjusted Net Income Margin (%)	15.3%	20.1%	-4.8 p.p.	11.1%	14.2%	-3.1 p.p.
Capex	26.1	26.6	-2.1%	100.9	100.6	0.3%
Capex as a % of Net Revenue	7.5%	8.8%	-1.3 p.p.	7.8%	8.9%	-1.1 p.p.
Cash Generation [3]	42.2	21.6	95.2%	125.6	68.8	82.7%
Cash Conversion (%) [3]	61.8%	44.8%	17.0 p.p.	55.5%	40.6%	14.8 p.p.
Net Debt (Cash)	(1,188.2)	(1,447.8)	-17.9%	(1,188.2)	(1,447.8)	-17.9%

[1] Adjusted EBITDA refers to net income (loss) adjusted by the financial result, income tax and social contribution on income, depreciation and amortization costs and expenses and stock option plan expenses. The EBITDA Margin is calculated by dividing EBITDA by Net Operating Revenue. The Adjusted EBITDA Margin is calculated by dividing EBITDA by Net Operating Revenue.

[2] Adjusted Net Income is calculated based on net income (loss), excluding: (i) stock option plan expenses; (ii) intangible amortization expenses arising from the acquisition of companies; (iii) adjustments related to CPC 06 (refers to the sum of interest financial expenses due to the restatement of the lease liability and the depreciation expense of the right-of-use asset less the lease liability payments made); (iv) mark-to-market of derivative financial instruments; (v) deferred income tax and social contribution;; and (vi) Adjustment to Fair Value related to Earnout from acquisitions.

[3] Cash generation is measured by "Adjusted EBITDA – Capex" and Cash Conversion is formed by dividing "Adjusted EBITDA – Capex" by "Adjusted EBITDA".

Commerce
(R$ million)

Commerce	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Ecosystem GMV	16,805.8	14,253.4	17.9%	58,827.0	50,417.7	16.7%
Platform clients' GMV	3,015.9	2,962.9	1.8%	11,088.4	10,675.5	3.9%
Own Store GMV	1,478.5	1,205.2	22.7%	5,008.9	4,185.5	19.7%
Invoices GMV on the ERP (R$ bi)	37.2	28.7	29.7%	136.1	102.1	33.2%
TPV	1,828.1	1,514.2	20.7%	6,578.6	4,933.1	33.4%
Platform Subscribers (thousand)	184.3	162.0	13.7%	184.3	162.0	13.7%
Labels issued on the logistic operation (thousand)	5,760	5,765	-0.1%	21,471	20,865	2.9%
Net Revenue	243.4	205.9	18.2%	875.2	718.7	21.8%
Platform Subscription Net Revenue	104.0	84.9	22.5%	375.0	296.5	26.5%
Ecosystem Net Revenue	139.4	121.0	15.2%	500.2	422.2	18.5%
Gross Profit	130.7	103.7	26.0%	455.4	372.9	22.1%
Gross Margin (%)	53.7%	50.4%	3.3 p.p.	52.0%	51.9%	0.2 p.p.
EBITDA	47.1	30.0	56.9%	134.5	87.7	53.4%
EBITDA Margin (%)	19.4%	14.6%	4.8 p.p.	15.4%	12.2%	3.2 p.p.
Adjusted EBITDA [1]	48.2	30.5	58.1%	138.1	92.7	49.1%
Adjusted EBITDA Margin (%)	19.8%	14.8%	5.0 p.p.	15.8%	12.9%	2.9 p.p.

[1] The concept of Adjusted EBITDA is described in the table of consolidated results

BeOnline / SaaS
(R$ million)

BeOnline / SaaS	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Clients EoP - BeOnline / SaaS	404.0	398.2	1.5%	404.0	398.2	1.5%
Net Revenue	103.9	96.5	7.6%	417.5	416.7	0.2%
Gross Profit	35.1	30.3	15.8%	142.5	138.3	3.0%
Gross Margin (%)	33.8%	31.4%	2.4 p.p.	34.1%	33.2%	0.9 p.p.
EBITDA	15.1	14.8	2.6%	70.1	60.7	15.4%
EBITDA Margin (%)	14.6%	15.3%	-0.7 p.p.	16.8%	14.6%	2.2 p.p.
Adjusted EBITDA [1]	20.1	17.8	13.0%	88.4	76.7	15.3%
Adjusted EBITDA Margin (%)	19.4%	18.5%	0.9 p.p.	21.2%	18.4%	2.8 p.p.

[1] The concept of Adjusted EBITDA is described in the table of consolidated results

Financial Performance

Net Operating Revenues

(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Commerce	243.4	205.9	18.2%	875.2	718.7	21.8%
Segment share in the consolidated	*70.1%*	*68.1%*	*2.0 p.p.*	*67.7%*	*63.3%*	*4.4 p.p.*
BeOnline / SaaS	103.9	96.5	7.6%	417.5	416.7	0.2%
Segment share in the consolidated	*29.9%*	*31.9%*	*-2.0 p.p.*	*32.3%*	*36.7%*	*-4.4 p.p.*
Net Revenue - Consolidated	**347.3**	**302.5**	**14.8%**	**1,292.8**	**1,135.4**	**13.9%**

In the Commerce segment, Net Operating Revenue increased by 18.2% in 4Q23, from R$ 205.9 million in 4Q22 to R$ 243.4 million in 4Q23. The share of the Commerce segment increased from 68.1% in 4Q22 to 70.1% in 4Q23. In 2023, the Commerce segment posted a growth of 21.8% vs 2022, reaching R$ 875.2 million.

The quarterly growth is the result of the increase in the two revenue sources of the Commerce segment:

(i) Platform Subscription Revenue that grew 22.5% in 4Q23, driven by the growth in the Company's subscriber base as well as the average revenue per user (ARPU); and

(ii) Ecosystem Revenue, which reported a growth of 15.2% in the quarter compared to 4Q22. The positive performance of the logistics operation was the highlight of Ecosystem Revenue this quarter. It grew by 50.3% compared to 4Q22, driven by successful commercial strategies and the execution of contracts with new transportation companies.

If we consider the performance of Ecommerce Platforms for SMEs, Net Revenue grew 28.9% in 4Q23 vs 4Q22, while ERP performance stood at 42.8%.

After a year focused on profitability initiatives that included the discontinuation of some less profitable operations, which naturally resulted in the reduction in its YoY Net Revenue and affected the group's overall growth when compared to the previous year, the BeOnline / SaaS segment began to gain momentum with a growth of 7.6% compared to 4Q22. The segment's Net Revenue in 2023 grew 0.2% vs 2022.

LWSA's Net Revenue totaled R$347.3 million in 4Q23, an increase of 14.8% when compared to 4Q22. In 2023, growth was 13.9% vs 2022, amounting to R$ 1,292.8 million.

Operating Costs and Expenses

(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Cost of Services	181.5	168.5	7.8%	694.8	624.2	11.3%
% Net Revenue	*52.3%*	*55.7%*	*-3.4 p.p.*	*53.7%*	*55.0%*	*-1.2 p.p.*
Selling Expenses	70.1	66.5	5.4%	272.5	251.9	8.2%
% Net Revenue	*20.2%*	*22.0%*	*-1.8 p.p.*	*21.1%*	*22.2%*	*-1.1 p.p.*
General and Administrative Expenses	68.0	51.6	31.8%	252.6	215.9	17.0%
% Net Revenue	*19.6%*	*17.1%*	*2.5 p.p.*	*19.5%*	*19.0%*	*0.5 p.p.*
Other Operating (Revenues) Expenses	(4.7)	(1.4)	236.6%	(13.6)	(2.2)	520.3%
% Net Revenue	*-1.3%*	*-0.5%*	*-0.9 p.p.*	*-1.1%*	*-0.2%*	*-0.9 p.p.*
Total Operating Cost and Expenses	**314.9**	**285.1**	**10.4%**	**1,206.3**	**1,089.9**	**10.7%**
% Net Revenue	*90.7%*	*94.3%*	*-3.6 p.p.*	*93.3%*	*96.0%*	*-2.7 p.p.*

LWSA's total operating costs and expenses grew by 10.4% in 4Q23 when compared to the same period in the previous year. In 2023, growth was 10.7%.

Cost of Services

The cost of services in 4Q23 was R$ 181.5 million, an increase of 7.8% in the comparison between the two periods, which represented 52.3% of Net Revenue in 4Q23 and 55.7% in 4Q22. This reduction is directly related to the Commerce segment, mainly in acquired companies, which have their cost structures more in line with the organic operations.

Selling Expenses

Selling expenses, which encompass the marketing and sales teams, as well as the contracted services of the same nature, in 4Q23 amounted to R$ 70.1 million, an increase of 5.4% when compared to 4Q22.

The table below shows the share of selling expenses over the segments and consolidated revenue:

LWSA	4Q23	3Q23	4Q22	4Q23 vs 3Q23	4Q23 vs 4Q22
Commerce					
Selling Expenses	53.2	50.4	47.3	5.4%	12.4%
% Net Revenue	*21.8%*	*22.5%*	*23.0%*	*-0.7 p.p*	*-1.1 p.p*
BeOnline / SaaS					
Selling Expenses	16.9	18.2	19.2	-6.9%	-11.9%
% Net Revenue	*16.3%*	*17.1%*	*19.9%*	*-0.9 p.p*	*-3.6 p.p*
Consolidated					
Selling Expenses	70.1	68.6	66.5	2.2%	5.4%
% Net Revenue	*20.2%*	*20.8%*	*22.0%*	*-0.6 p.p*	*-1.8 p.p*

General and Administrative Expenses

General and administrative expenses, which include the teams in the administrative areas such as finance, HR, accounting and fiscal, expenses and outsourced services related to these areas, as well as depreciation and amortization of IFRS 16 and PPA assets, in 4Q23 was R$ 68.0 million and R$ 51.6 million in the same period of 2022, which represented a growth of 31.8%.

While the Company has controlled costs and headcount, non-recurring expenses like those associated with M&A and a commercial partner fine (excluded from Adjusted EBITDA) impacted overall expense growth in the results.

Gross Profit
(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Commerce	130.7	103.7	26.0%	455.4	372.9	22.1%
Margin (%)	*53.7%*	*50.4%*	*3.3 p.p.*	*52.0%*	*51.9%*	*0.2 p.p.*
BeOnline / SaaS	35.1	30.3	15.8%	142.5	138.3	3.0%
Margin (%)	*33.8%*	*31.4%*	*2.4 p.p.*	*34.1%*	*33.2%*	*0.9 p.p.*
Gross Profit	**165.8**	**134.0**	**23.7%**	**597.9**	**511.2**	**17.0%**
Gross Margin (%)	*47.7%*	*44.3%*	*3.4 p.p.*	*46.3%*	*45.0%*	*1.2 p.p.*

Consolidated Gross Profit increased by 23.7% in 4Q23 when compared to 4Q22, reaching R$ 165.8 million, with a 3.4 p.p. expansion in the Company's gross margin. In 2023, Gross Profit growth was 17.0%, reaching R$ 597.9 million and expanding the margin by 1.2 pp vs 2022.

EBITDA and Adjusted EBITDA
(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Net Income (Loss)	**(45.1)**	**18.2**	**-348.0%**	**(73.7)**	**28.3**	**360.8%**
(+) Net Financial Income	111.6	0.9	-12567.5%	196.1	(14.6)	-1447.7%
(+) Current Income Tax and Social Contribution	(34.1)	(1.8)	1848.0%	(35.9)	31.8	-213.0%
(+) Depreciation and Amortization	29.9	27.5	8.7%	118.1	102.9	14.8%
EBITDA	**62.2**	**44.8**	**39.0%**	**204.6**	**148.5**	**37.8%**
(+) Stock Options Plan and Restricted Shares Plan	3.7	2.8	35.0%	15.7	13.6	15.2%
(+) M&A Expenses	2.3	0.6	264.1%	6.2	6.8	-8.0%
(+) Others	0.0	0.1	-100.0%	0.0	0.5	-100.0%
Adjusted EBITDA	**68.3**	**48.3**	**41.5%**	**226.6**	**169.4**	**33.8%**
Adjusted EBITDA Margin (%)	*19.7%*	*16.0%*	*3.7 p.p.*	*17.5%*	*14.9%*	*2.6 p.p.*

As a result of the figures presented above, LWSA's Adjusted EBITDA in 4Q23 was R$ 68.3 million, 41.5% higher than in 4Q22, with Adjusted EBITDA Margin expanding by 3.7 p.p. in the same period.

In 2023, EBITDA growth was 33.8% with an expansion of 2.6 pp in the Adjusted EBITDA margin vs 2022.

The expenses from mergers and acquisitions in the quarter are directly related to ongoing studies and projects (due diligence) and the settlement of M&A invoices of previous years at the Company.

// Financial Result

(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Financial revenues	37.0	50.2	-26.2%	161.7	189.8	-14.8%
Financial expenses	(148.6)	(51.0)	191.1%	(357.8)	(175.3)	104.2%
Net financial income (expenses)	**(111.6)**	**(0.9)**	**12567.5%**	**(196.1)**	**14.6**	**-1447.7%**

The net financial result in 4Q23 was an expense of R$ 111.6 million. In terms of financial expenses, we would like to highlight the following points:

(i) Re-calculation of the fair value of Earnouts, which totaled R$ 126.3 million in 4Q23, with part of the value being the AVP and the majority related to the semi-annual review, as discussed at the beginning of the report;

(ii) The expense of R$ 13.7 million resulting from the advance of receivables in the payment operations, the modality chosen by the Company to finance the working capital necessary for the payment operations. The mentioned value as a percentage of TPV went from 0.95% in 4Q22 to **0.75%** in 4Q23. In the year 2023, the expense with prepayment of receivables reached **0.80%** from TPV.

// Net Income and Adjusted Net Income

(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Net income	**(45.1)**	**18.2**	**348.0%**	**(73.7)**	**28.3**	**360.8%**
(+) Stock Options Plan and Restricted Shares Plan	3.7	2.8	35.0%	15.7	13.6	15.2%
(+) Intangible amortization	10.0	10.0	0.0%	39.9	38.8	2.9%
(+) Adjustment of Acquisition Earnout	126.3	31.9	296.0%	273.0	101.1	170.0%
(+) Deferred income tax and social contribution	(42.0)	(4.2)	897.2%	(112.5)	(22.1)	407.8%
(+) CPC 06 adjustment	0.2	2.2	89.2%	1.1	1.1	-2.9%
Adjusted net income	**53.2**	**60.8**	**-12.4%**	**143.5**	**161.3**	**-11.1%**
Adjusted net income margin (%)	*15.3%*	*20.1%*	*-4.8 p.p.*	*11.1%*	*14.2%*	*-3.1 p.p.*

Based on the figures presented above, LWSA's Adjusted Net Income in 4Q23 was R$ 53.2 million. In 2023, Adjusted net income reached R$ 143.5 million.

Indebtedness / Cash Position
(R$ million)

LWSA	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22
Bank Gross Debt	**0.1**	**0.1**	**0.1**	**0.2**	**0.4**	**0.5**
(-) Cash and cash equivalents	(1,188.2)	(1,107.0)	(1,060.1)	(1,426.2)	(1,448.2)	(1,420.9)
Net debt (cash) (ex lease liability)	**(1,188.2)**	**(1,106.9)**	**(1,059.9)**	**(1,425.9)**	**(1,447.8)**	**(1,420.4)**
(+) Lease liability [1]	77.4	70.0	73.2	75.3	76.9	79.3
Net debt (cash)	**(1,110.8)**	**(1,037.0)**	**(986.7)**	**(1,350.6)**	**(1,370.9)**	**(1,341.2)**
(-) Earnouts	761.2	635.2	626.2	850.6	855.4	841.8
Net debt (cash) of Earnouts	**(349.6)**	**(401.7)**	**(360.6)**	**(500.1)**	**(515.5)**	**(499.4)**

[1] Lease liability refers to the adoption of CPC 06(R2)/IFRS 16 as of January 1, 2019

With the proceeds raised in February 2021 in the subsequent offering of shares (Follow-on), and the outflows resulting from the payment of part of the price of the acquisitions of companies over 2021, 2022, and 2023, the Company presented a net cash balance of R$ 1,188.2 million in 4Q23. Excluding the effects of the adoption of IFRS 16, the net cash balance is R$ 1,110.8 million.

It is also worth highlighting the potential earnouts to be paid resulting from the acquisitions, which total R$ 761.2 million, with 86% of this amount already being definitive values in this review carried out in December, leaving only 14% subject to future revaluations (six-monthly revaluations in the year 2024).

Cash Flow
(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Income (loss) before income taxes	**(79.2)**	**13.8**	**-673.6%**	**(109.7)**	**60.1**	**-282.5%**
Items that do not affect cash	166.2	58.1	186.1%	417.4	217.6	91.8%
Variations in working capital	23.5	(1.7)	1455.3%	(35.7)	(64.8)	44.9%
Net cash provided by operating activities (A)	**110.4**	**70.2**	**57.4%**	**272.1**	**212.9**	**27.8%**
Capex for permanent assets	(5.5)	(9.4)	-41.5%	(25.7)	(42.4)	-39.4%
Capex for development	(20.6)	(17.3)	19.3%	(75.3)	(58.2)	29.2%
Free Cash Flow - After Capex	**84.3**	**43.5**	**93.8%**	**171.2**	**112.3**	**52.4%**
Acquisition	(0.6)	(15.1)	-96.1%	(367.2)	(204.4)	79.6%
Other Investments	(0.5)	(0.1)	351.0%	(5.0)	(11.7)	-57.7%
Net cash provided by investment activities (B)	**(27.1)**	**(41.8)**	**-35.1%**	**(473.1)**	**(316.7)**	**49.4%**
Subscription of capital stock	2.5	3.5	-29.2%	5.9	7.5	-20.3%
Loan and financing	(0.0)	(0.1)	-46.6%	(0.4)	(20.7)	-98.0%
Commercial lease	(4.7)	(4.5)	5.7%	(18.2)	(17.4)	4.7%
Dividends and interest on equity	0.0	0.0	n/a	(30.8)	0.0	n/a
Others	0.0	0.0	n/a	(15.8)	(1.7)	821.2%
Net cash provided by financing activities (C)	**(2.3)**	**(1.1)**	**116.0%**	**(59.2)**	**(32.4)**	**83.0%**
Net increase (decrease) in cash and cash equivalents (A + B + C)	**81.0**	**27.3**	**196.7%**	**(260.2)**	**(136.2)**	**91.1%**

Net cash from operations totaled R$ 110.4 million in 4Q23 compared to R$ 70.2 million in 4Q22. Such an improvement in net cash from operating activities is related to the Company's better operational performance in the quarter.

LWSA's Free Cash Flow After Capex in this quarter was around 50% of the full-year 2023 amount, reflecting a significant 93.8% increase compared to 4Q22.

// Cash Generation (Adjusted EBITDA - Capex)

(R$ million)

LWSA	4Q23	4Q22	vs 4Q22	2023	2022	vs 2022
Adjusted EBITDA	68.3	48.3	41.5%	226.6	169.4	33.8%
Capex	26.1	26.6	-2.1%	100.9	100.6	0.3%
Cash Generation (R$ M)	**42.2**	**21.6**	**95.2%**	**125.6**	**68.8**	**82.7%**
Cash conversion (%)	61.8%	44.8%	17 p.p.	55.5%	40.6%	15 p.p.
Capex as a % of Net Revenue	7.5%	8.8%	-1 p.p.	7.8%	8.9%	-1 p.p.

The Company's cash generation, measured by Adjusted EBITDA minus Capex, grew by 95.2% in 4Q23. Total Capex decreased by 2.1% compared to 4Q22, remaining in line with other quarters throughout the year.

Also noteworthy is the Capex dilution, which has grown at a slower pace than the growth in Net Revenue.

// ATTACHMENT I - INCOME STATEMENT

Income Statement (in R$ million)	4Q22	4Q23	2022	2023
NET REVENUE	**302.5**	**347.3**	**1,135.4**	**1,292.8**
Cost of Services	(168.5)	(181.5)	(624.2)	(694.8)
GROSS PROFIT	**134.0**	**165.8**	**511.2**	**597.9**
Operating income (expenses)	**(116.7)**	**(133.4)**	**(465.7)**	**(511.4)**
Selling expenses	(66.5)	(70.1)	(251.9)	(272.5)
General and administrative expenses	(51.6)	(68.0)	(215.9)	(252.6)
Other operating income (expenses), net	1.4	4.7	2.2	13.6
Income before financial results and income taxes	**17.3**	**32.4**	**45.5**	**86.5**
FINANCIAL RESULT	**(0.9)**	**(111.6)**	**14.6**	**(196.1)**
Financial income	50.2	37.0	189.8	161.7
Financial expenses	(51.0)	(148.6)	(175.3)	(357.8)
Income (loss) before income taxes	**16.4**	**(79.2)**	**60.1**	**(109.7)**
Income Taxes	**1.8**	**34.1**	**(31.8)**	**35.9**
Current income taxes	(2.5)	(7.8)	(53.9)	(76.5)
Deferred income taxes	4.2	42.0	22.1	112.5
Net income (loss)	**18.2**	**(45.1)**	**28.3**	**(73.7)**

* Selling Expenses also consider the amount of the "impairment loss", which is open in the Income Statement.

// ATTACHMENT II - INCOME STATEMENT BeOnline/SaaS

Income Statement (in R$ million)	4Q22	4Q23	2022	2023
NET REVENUE	**96.5**	**103.9**	**416.7**	**417.5**
Cost of Services	(66.2)	(68.8)	(278.4)	(275.1)
GROSS PROFIT	**30.3**	**35.1**	**138.3**	**142.5**
Operating income (expenses)	**(35.0)**	**(40.2)**	**(152.4)**	**(153.7)**
Selling expenses	(19.2)	(16.9)	(76.8)	(68.7)
General and administrative expenses	(16.0)	(23.5)	(76.4)	(91.9)
Other operating income (expenses), net	0.2	0.3	0.9	6.8
Income before financial results and income taxes	**(4.6)**	**(5.1)**	**(14.0)**	**(11.2)**
Depreciation and amortization	19.4	20.2	74.8	81.3
EBITDA	**14.8**	**15.1**	**60.7**	**70.1**

* Selling Expenses also consider the amount of the "impairment loss", which is open in the Income Statement.

// ATTACHMENT III - INCOME STATEMENT Commerce

Income Statement (in R$ million)	4Q22	4Q23	2022	2023
NET REVENUE	**205.9**	**243.4**	**718.7**	**875.2**
Cost of Services	(102.2)	(112.8)	(345.8)	(419.8)
GROSS PROFIT	**103.7**	**130.7**	**372.9**	**455.4**
Operating income (expenses)	**(81.7)**	**(93.2)**	**(313.3)**	**(357.7)**
Selling expenses	(47.3)	(53.2)	(175.1)	(203.8)
General and administrative expenses	(35.6)	(44.5)	(139.5)	(160.7)
Other operating income (expenses), net	1.2	4.4	1.3	6.8
Income before financial results and income taxes	**22.0**	**37.4**	**59.6**	**97.7**
Depreciation and amortization	**8.1**	**9.7**	28.2	36.8
EBITDA	**30.0**	**47.1**	**87.7**	**134.5**

* Selling Expenses also consider the amount of the "impairment loss", which is open in the Income Statement.

// ATTACHMENT IV - Consolidated Balance Sheet

	4Q22	4Q23
ASSETS	**31/12/2022**	**31/12/2023**
Current Assets		
Cash and cash equivalents	1,448.2	1,188.2
Restricted cash	-	-
Accounts receivable	673.2	707.6
Taxes recoverable	8.4	4.0
Income tax and social contribution to be recovered	32.0	23.3
Derivatives	-	-
Other assets	29.4	27.3
Total current assets	**2,191.1**	**1,950.4**
Non-current assets		
Marketable Securities	13.4	16.6
Restricted cash		
Judicial deposits	1.1	0.5
Other assets	6.5	8.3
Deferred income taxes	67.4	182.8
Investments	-	-
Porperty and equipment	96.5	89.4
Right of Use Assets	68.8	68.2
Intangible assets	2,282.5	2,288.1
Total non-current assets	**2,536.2**	**2,654.0**
Total assets	**4,727.3**	**4,604.4**

// ATTACHMENT IV - Consolidated Balance Sheet

	4Q22	4Q23
<u>Liabilities and Equity</u>	**31/12/2022**	**31/12/2023**
Current liabilities		
Suppliers	51.3	45.6
Loans and financing	0.4	0.1
Lease liability	11.5	13.7
Salaries and related charges	90.3	108.4
Income tax and social contribution payable	0.0	-
Other taxes payable	11.1	14.5
Deferred revenue	84.6	94.7
Payables to clients	537.1	559.7
Interest on shareholders' equity and dividends payable	7.2	0.0
Taxes in installments	2.9	3.1
		-
Accounts payable to former shareholders	311.9	575.1
Other liabilities	5.1	26.8
	1,113.3	**1,441.6**
Loans and financing		
Deferred revenue	0.0	-
Deferred revenue	2.6	3.0
Provision for legal proceedings	3.7	6.2
Accounts payable to former shareholders	543.5	186.1
Lease liability	65.3	63.7
Taxes in installments	16.0	14.3
Deferred income tax and social contribution	3.1	6.0
Other liabilities	4.1	1.5
Total non-current liabilities	**638.4**	**280.7**
EQUITY		
Capital Stock	2,934.2	2,940.1
Shares held in Treasury	(47.5)	(63.2)
Capital reserves	63.3	77.1
Earning reserves	25.5	-
Asset valuation adjustment		-
Earnings of the period	-	(71.9)
Total EQUITY	**2,975.6**	**2,882.1**
Total liabilities and equity	**4,727.3**	**4,604.4**

// ATTACHMENT V - Cash Flow

Cash Flow (R$ mln)	4Q22	4Q23	2022	2023
Net Cash provided by operating activities				
Income (loss) before income taxes	**13,812**	**(79,221)**	**60,071**	**(109,653)**
Items that do not affect cash	**58,090**	**166,169**	**217,613**	**417,442**
Variations in working capital	**(1,733)**	**23,487**	**(64,766)**	**(35,688)**
Net cash provided by operating activities	**70,169**	**110,435**	**212,918**	**272,101**
Net cash provided by investment activities				
Purchase of property and equipment	(9,361)	(5,474)	(42,362)	(25,660)
Accounts payable for acquisition of equity interest	(15,056)	(381)	(176,359)	(367,205)
Restricted Financial Application	(100)	(451)	(11,696)	(4,950)
Acquisition of subsidiaries, net of cash acquired	-	-	(28,062)	-
Acquisition and development of intangible assets	(17,286)	(20,622)	(58,238)	(75,255)
Net cash provided by investment activities	**(41,803)**	**(26,928)**	**(316,717)**	**(472,871)**
Net cash provided by investment activities	**(1,065)**	**(2,300)**	**(32,369)**	**(59,238)**
Net increase (decrease) in cash and cash equivalents	**27,301**	**81,207**	**(136,168)**	**(260,008)**
Cash and cash equivalents at beginning of the year	1,420,930	1,107,016	1,584,399	1,448,231
Cash and cash equivalents at end of the year	1,448,231	1,188,223	1,448,231	1,188,223
Net increase (decrease) in cash and cash equivalents	**27,301**	**81,207**	**(136,168)**	**(260,008)**