

Earnings Release

4Q23



claranet
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Claranet's financial performance in 4Q23 evidences, once again, our continued commitment to achieving outstanding results, thanks to our ability to integrate processes, people and technology into a robust and perennial business model, focused on operational efficiency, delivery of results and our customers' satisfaction. In the quarter, we promoted important structural transformations, including strategic hires in the business team, which will drive our Company into a new cycle of growth and delivery of consistent and sustainable results. The recent acquisition of ADTsys also marks the resumption of our M&A strategy, which, combined with our history of organic growth, will help us materialize our role as a major consolidator in the Brazilian Cyber, CloudS, Data and IoT market.



Edivaldo Rocha, CEO

Definitions:

Claranet Technology follows the fiscal year of its British parent company, Claranet Group Limited, so that its fiscal year runs from the 1st of July of each year to the 30th of June of the following year. Due to this, Claranet's quarters have the following format:

- 1Q - Starts on July 1st and ends on September 30th.
- 2Q - Starts on October 1st and ends on December 31st.
- 3Q - Starts on January 1st and ends on March 31st.
- 4Q - Starts on April 1st and ends on June 30th.

Highlights

4Q23



Net Revenue

Net Revenue amounted to **R\$ 50.8 million** in 4Q23 and **R\$ 206.9 million** in FY 2023.



Contribution Margin

Contribution Margin was **R\$ 32.9 million**, representing **64.8%** of Net Revenue, **0.4 p.p. higher** than 4Q22. In FY 2023, Contribution Margin was **R\$ 138.1 million**, representing **66.7%** of Net Revenue, **3.3 p.p. higher** than FY 2022.



Adjusted EBITDA

Adjusted EBITDA reached **R\$ 19.4 million** in 4Q23, up **14.5%**. In FY 2023, Adjusted EBITDA amounted to **R\$ 87.7 million**, with **24.1%** increase.



Adjusted EBITDA Margin

Adjusted EBITDA Margin reached **38.2%** in 4Q23, **expanding 2.0 p.p.** when compared to 4Q22. In FY 2023, Margin stood at **42.4%**, expanding **9.7 p.p.**

Adjusted Net Income and Adjusted Net Income Margin



Adjusted Net Income amounted to **R\$ 10.8 million** in 4Q23, **205.1%** growth and margin of **21.3%**, **14.4 p.p. higher** versus 4Q22. In FY 2023 Adjusted Net Income amounted to **R\$ 47.5 million**, **156.5% growth**, with **23.0% margin**, **14.4 p.p. higher** versus FY 2022.

Cash flow from Operations¹



Cash Flow from Operations¹ amounted to **R\$ 21.8 million**, **73.8%** higher than the same period last year, in addition to representing **112.0%** of the **Adjusted EBITDA** for the quarter. In FY 2023, Cash Flow from Operations¹ was up **137.3%** with conversion into Adjusted EBITDA of **96.5%**.



ADTsys Acquisition

On August 8, we completed the acquisition of **ADTsys**. With this acquisition, the Company further consolidates its leading role in cloud computing, cybersecurity and data for Brazilian corporate world, expanding its portfolio of technological and innovative solutions, in addition to strengthening its Public Cloud Services (PCS) and boosting its new Data business unit.

1) Cash Flow from Operating Activities excluding Payment of Income Tax, Social Contribution, Interest on Borrowings, Financing, Debentures and Loans

Barueri, September 01, 2023. Claranet Technology S.A., a technology company focused on Private Cloud, Public Cloud, Cybersecurity and Data, is pleased to announce its results for the fourth quarter of fiscal year 2023 (4Q23) and Fiscal Year 2023 (FY 2023). The consolidated financial statements were prepared in compliance with accounting practices generally accepted in Brazil and with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB). Rounding effects may cause differences between numbers and percentage changes presented in this document with those presented in the financial statements.

Operating and Financial Highlights

	4Q23	4Q22	Δ	FY 2023	FY 2022	Δ
R\$ thousand (except %)						
Net Revenue	50,809	51,558	-1.5%	206,897	216,157	-4.3%
Annual Recurring Revenue (ARR)	198,955	202,450	-1.7%	199,408	212,236	-6.0%
Revenue Recurrence Rate	97.9%	98.2%	-0.3 p.p.	96.4%	98.2%	-1.8 p.p.
Contribution Margin	32,900	33,197	-0.9%	138,098	137,236	0.6%
<i>Contribution Margin (%)</i>	64.8%	64.4%	0.4 p.p.	66.7%	63.5%	3.3 p.p.
Adjusted EBITDA	19,424	16,969	14.5%	87,743	70,677	24.1%
<i>Adjusted EBITDA Margin (%)</i>	38.2%	36.2%	2.0 p.p.	42.4%	32.7%	9.7 p.p.
Adjusted Net Income	10,827	3,549	205.1%	47,500	18,517	156.5%
<i>Adjusted Net Income Margin (%)</i>	21.3%	6.9%	14.4 p.p.	23.0%	8.6%	14.4 p.p.
Operating Cash Generation ¹	21,757	12,522	73.8%	84,633	35,672	137.3%
Operating Cash Generation ¹ / Adjusted EBITDA (%)	112.0%	73.8%	38.2 p.p.	96.5%	50.5%	46.0 p.p.
Net Debt/EBITDA (LTM)	0.8x	1.9x	-54.6%	0.8x	1.9x	-54.6%

Note: Claranet Technology's fiscal year begins on July 1st. Therefore, the period between April 01, 2023 and June 30, 2023 corresponds to the fourth quarter of fiscal year 2023 (4Q23). Likewise, 4Q22 corresponds to the period between April 01, 2022 and June 30, 2022.

Data refer to the Parent Company, except otherwise indicated.

1) Cash Flow from Operating Activities excluding Payment of Income Tax, Social Contribution, Interest on Borrowings, Financing, Debentures and Loans

Message from Management

We are very pleased to announce the financial results for the fourth quarter of our Fiscal Year 2023 (4Q23), which once again evidence Claranet Technology's ongoing commitment to achieving exceptional financial results, thanks to our culture of delivering results and the relentless pursuit of customer satisfaction. In 4Q23, we also promoted important structural transformations, which will drive our Company into a new cycle of growth and generation of consistent and sustainable results.

We are proud of the financial performance achieved by the Company in the quarter and in FY 2023, which once again prove our ability to integrate processes, people and technology into a robust business model, focused on increasing operational efficiency and constantly improving our product offering and services. In 4Q23, **Adjusted EBITDA reached R\$ 19.4 million, with 14.5% growth and 38.2% margin**, 2.0 p.p. higher versus the same period last year. In Fiscal Year 2023, **Adjusted EBITDA reached R\$ 87.7 million, with 24.1% growth and 42.4% margin, expanding 9.7 p.p.** Our relentless pursuit for consistent results and responsible financial management also resulted in an expressive **Adjusted Net Income growth in 4Q23: +205.1% compared to 4Q22 and 156.5% in FY 2023**. This improvement in our operational efficiency has enabled a remarkable expansion in Adjusted Net Income Margin of 14.4 p.p. in 4Q23. Furthermore, we are proud of our ability to **generate cash from our operations, which increased 73.8% in 4Q23 and 137.3% in the fiscal year**, contributing to reduce our financial leverage to 0.8x at the end of the fiscal year, in addition to enabling us to invest in our growth on a sustainable basis.



- Operating Cash Generation 4Q23: R\$ 21.8 million (+73.8%)
- Adjusted EBITDA 4Q23: R\$ 19.4 million (+14.5%)
- 4Q23 Adjusted EBITDA Margin: 38.2% (+2.0 p.p.)
- Adjusted Net Income 4Q23: R\$ 10.8 million (+205.1%)
- 4Q23 Adjusted Net Income Margin: 21.3% (+14.4 p.p.)
- Net Debt/EBITDA: 0.8x
- New hires reinforcing our Business Units Team
- M&A: acquisition of ADTsys, boosting our Cloud operations

If, on the one hand, our efficiency and discipline in management of costs and expenses provided a delivery of profitability and margins significantly above last year and also to the market, the 2023 fiscal year proved to be quite challenging in macroeconomic terms, which added to our strategic drive to boost our contribution margin and profitability to pre-acquisition levels, resulted in a net income performance falling short of our expectations. This recognition has led us to a renewed commitment to take an in-depth look at the commercial strategies adopted and internal processes, so as to identify areas for improvement and necessary adjustments. By recognizing our shortcomings and taking effective corrective action, we decided to redefine our course, with a view to performing more in line with our ambitious goals. In this sense, we have recently made strategic hires that strengthen our business team. Rodrigo Guerrero, a seasoned sales executive at technology companies, including most recently Equinix, is the new Vice President of Sales and Marketing. Thiago Duarte, formerly at AWS (Amazon Web Services), is the new Executive Officer of PCS (Public Cloud Services). We believe that these talented and experienced professionals, added to the current management team, many of whom have been working together for around 15 years, will further accelerate Claranet's growth path, innovation ability and operational excellence.

We also had a relevant change in our shareholding structure, with the acquisition of minority shareholders' interests arising from Mandic acquisition, who collectively held the equivalent of 4.7% of the Company's common shares. This transaction was important for maintaining the Company's strategic alignment. At the end of 4Q23 and the beginning of FY 2024, the Company promoted several corporate acts, which increased the equity interest of shareholder and CEO Edivaldo Rocha to 12.0%, reinforcing his ability to deliver, commitment and skin in the game.

Finally, it is worth highlighting a new and important chapter in our history. On August 9, we completed the **acquisition of ADTsys**, a pioneering company in Brazilian Cloud sector. Founded in 2009, ADTsys has a strong presence in cloud and data management, with the strategy of using data to manage its customers' businesses more efficiently. Over the past few years, ADTsys has transformed traditional enterprises into cloud and data-focused companies, standardizing data frameworks and smartly reshaping data consumption. ADTsys also developed Maestro Data Platform, a tool that centralizes data from different sources (CRM, ERP, IoT, AI and others) into a single platform, to extract smart information, with dashboards to help data-based decision-making. This acquisition is the result of a careful analysis of opportunities and a solid strategic plan aimed at strengthening our position in Clouds and boosting our growth. By joining forces with ADTsys, we are adding a vast array of resources, expertise and innovative technologies to our portfolio, enabling us to offer our customers an even broader range of high-quality products and services.

This acquisition is part of our M&A, which coupled with our proven track record of organic growth, plays a crucial role in our long-term view, enabling us to achieve operational efficiencies and synergies that will help us to materialize our ambition to be the largest employer brand in Brazilian technology sector. Combining our talents and mutual knowledge enables us to seize market opportunities and face common challenges on a more agile and effective basis.

We thank you all for your continued support and confidence in our Company. We remain confident and focused on reaching even higher levels of performance in the 2024 fiscal year that begins. We know that we will have many challenges ahead, but we will remain firm and determined in the pursuit of our purpose of consolidating ourselves as **the main reference in Cyber, CloudS (Private, Public and Hybrid), Data and IoT** in the Brazilian market.

The Management

Net Revenue

Claranet has been governed by a strategic guideline that seeks to optimize our profitability and long-term sustainability. Aiming to ensure our competitiveness and improve our financial indicators after Mandic acquisition, we decided to focus our efforts on contracts offering a higher contribution margin and recurring profitability. 4Q23 Net Revenue reflects this guideline, amounting to R\$ 50.8 million, down 1.5% versus the same period last year. In FY 2023, Net Revenue amounted to R\$ 206.9 million, 4.3% below FY 2022.

We recognize that operating performance of revenues in 4Q23 and even in Fiscal Year 2023, against a challenging backdrop, fell short of our expectations. This recognition has led us to a renewed commitment to take an in-depth look at the commercial strategies adopted and internal processes, so as to identify areas for improvement and necessary adjustments. In this sense, we promoted deep changes in our commercial structure, including the hiring of Rodrigo Guerrero as Vice President of Marketing and Sales and the hiring of Thiago Duarte as Executive Officer of Public Cloud (PCS). These changes have already generated positive and encouraging results. Compared to 3Q23, Net Revenue showed 3.3% growth.

As mentioned in 3Q23's earnings release, we no longer report revenues from CAS (Consulting and Assessment Services), shifting them to the other business units. Thus, Net Revenue is broken down as follows:

	4Q23	4Q22	Δ	FY 2023	FY 2022	Δ
R\$ thousand (except %)						
Corporate Cloud Services (CCS)	32,025	32,827	-2.4%	127,123	133,280	-4.6%
Public Cloud Services (PCS)	14,483	14,294	1.3%	60,115	65,803	-8.6%
Cybersecurity Solutions (CSS)	4,301	4,437	-3.1%	19,659	17,074	15.1%
Total Net Revenue	50,809	51,558	-1.5%	206,897	216,157	-4.3%

To ensure full transparency of information, we also present the Revenue breakdown in the previous view:

	4Q23	4Q22	Δ	FY 23	FY 22	Δ
R\$ thousand (except %)						
Corporate Cloud Services (CCS)	31,220	31,881	-2.1%	124,084	129,359	-4.1%
Public Cloud Services (PCS)	14,441	14,294	1.0%	58,356	65,803	-11.3%
Cybersecurity Solutions (CSS)	4,078	4,437	-8.1%	16,968	17,074	-0.6%
Consulting and Assessment Services (CAS)	1,071	946	13.2%	7,489	3,921	91.0%
Total Net Revenue	50,809	51,558	-1.5%	206,897	216,157	-4.3%

Annual Recurring Revenue (ARR)

Annual Recurring Revenue (ARR) amounted to R\$ 198.9 million in 4Q23, 1.7% lower as compared to the same period last year. Revenue Recurrence Rate reached 97.9%, 0.3 percentage points below the same period last year. This ARR performance reflects our strategic direction to focus on profitability and contracts with higher contribution margins, to the detriment of the cancellation of contracts with low or even negative contribution margins, particularly PCS from Mandic. It is important to highlight, however, the improvement in Revenue Recurrence Rate in 4Q23, reaching the highest index among all quarters of FY 2023.

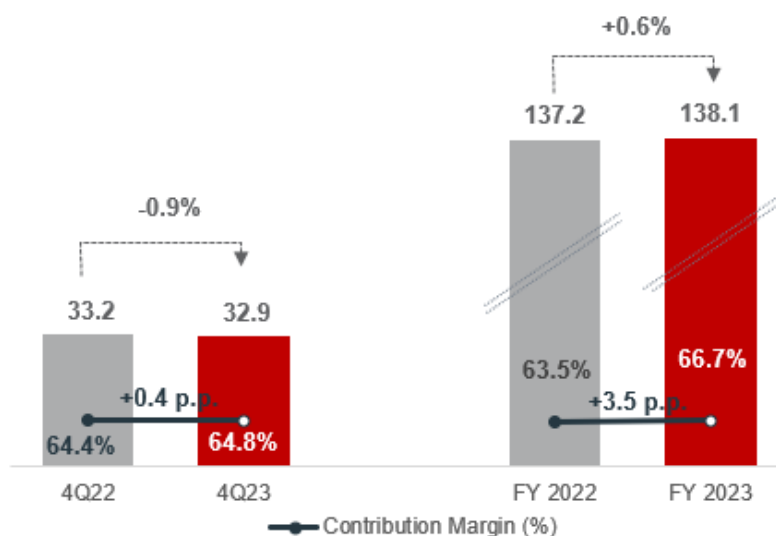
	4Q23	4Q22	Δ	2023	2022	Δ
R\$ thousand (except %)						
Annual Recurring Revenue (ARR)	198,955	202,450	-1.7%	199,408	212,236	-6.0%
Revenue Recurrence Rate	97.9%	98.2%	-0.3 p.p.	96.4%	98.2%	-1.8 p.p.

Contribution Margin

Contribution Margin, measured by Net Revenue less Direct Variable Costs, amounted to R\$ 32.9 million in 4Q23. As a percentage of revenue, Contribution Margin represented 64.8%, up 0.4 percentage points versus the same period last year, corroborating our strategic direction of focusing on contracts with high added value, as well as our efficient management of costs and expenses. In FY 2023, Contribution Margin represented 66.7% of Net Revenue for the period, expanding 3.3 percentage points.

	4Q23	4Q22	Δ	FY 2023	FY 2022	Δ
R\$ thousand (except %)						
Net Revenue	50,809	51,558	-1.5%	206,897	216,157	-4.3%
(-) Variable Costs	17,909	18,361	-2.5%	68,799	78,921	-12.8%
Contribution Margin	32,900	33,197	-0.9%	138,098	137,236	0.6%
Contribution Margin (%)	64.8%	64.4%	0.4 p.p.	66.7%	63.5%	3.3 p.p.

Contribution Margin (R\$ MM)



Gross Margin

Our acquisition and integration model aims to simplify management, systems and processes, and aims to merge the acquired company thereby seeking goodwill. Goodwill amortization arising from Mandic acquisition totaled R\$ 2.5 million in the quarter, leading Gross Profit to reach R\$ 17.1 million, 9.1% lower as compared to the same period last year, when there was no goodwill amortization. Excluding this effect, we would have reached a gross margin of 38.7% in the quarter and 41.0% in the year.

	4Q23	4Q22	Δ	2023	2022	Δ
R\$ thousand (except %)						
Net Revenue	50,809	51,558	-1.5%	206,897	216,157	-4.3%
(-) Total Costs	(33,673)	(32,697)	3.0%	(132,175)	(153,020)	-13.6%
Gross Profit	17,136	18,861	-9.1%	74,722	63,137	18.3%
Gros Margin (%)	33.7%	36.6%	-2.9 p.p.	36.1%	29.2%	6.9 p.p.

Operating Expenses

Operating Expenses amounted to R\$ 5.2 million in 4Q23, a 73.3% drop as compared to 4Q22. Sales and Marketing Expenses amounted to R\$ 2.9 million, down 29.1%, mainly due to the optimization of publicity and advertising expenses. General and Administrative Expenses amounted to R\$ 5.8 million, 66.1% lower than the same period, as a result of our ongoing search for operational efficiency, in addition to the incidence of expenses related to the stock option plan, expenses related to M&A and corporate governance structures created after the Company's IPO, totaling approximately R\$ 10.0 million in 4Q22. Other Operating Expenses totaled R\$ 3.5 million revenue in the quarter, 91.1% higher as compared to the same period last year, mainly due to the reversal of contingencies that did not materialize, set up at the time of Mandic acquisition. In FY 2023 Operating Expenses totaled R\$ 25.6 million, 51.2% lower than the same period previous year.

	4Q23	4Q22	Δ	FY 2023	FY 2022	Δ
R\$ thousand (except %)						
Sales	(2,922)	(4,120)	-29.1%	(11,010)	(16,306)	-32.5%
General and Administrative	(5,815)	(17,147)	-66.1%	(20,181)	(37,629)	-46.4%
Other	3,548	1,857	91.1%	5,639	1,597	N.A.
Total	(5,189)	(19,410)	-73.3%	(25,552)	(52,338)	-51.2%
Total (% of Net Revenues)	10.2%	37.6%	-27.4 p.p.	12.4%	24.2%	-11.9 p.p.

Adjusted EBITDA

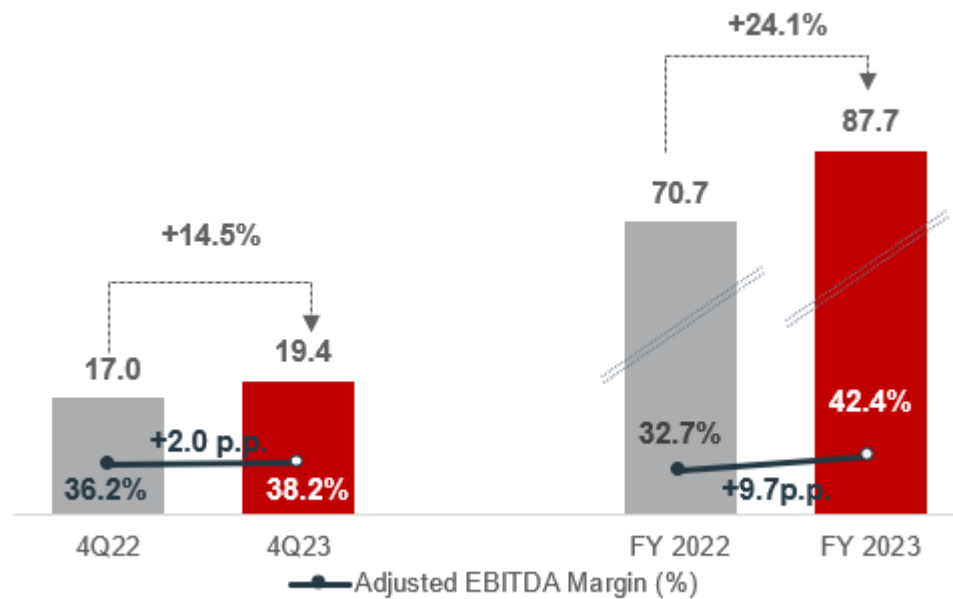
Our efforts to optimize processes, increase operational efficiency and constantly improve our offer of products and services were reflected in the significant growth of our Adjusted EBITDA, which totaled R\$ 19.4 million in the quarter, with 14.5% growth versus 4Q22. In Fiscal Year 2023, Adjusted EBITDA amounted to R\$ 87.7 million, 24.1% growth.



Adjusted EBITDA amounted to **R\$ 19.4 million** in 4Q23, with **14.5%** growth.

	4Q23	4Q22	Δ	FY 2023	FY 2022	Δ
R\$ thousand (except %)						
Net Income	13,960	(12,350)	N.A.	33,396	(14,716)	N.A.
(+) Goodwill Amortization:	2,511	175	N.A.	10,046	7,736	29.9%
(+) Income Tax and Social Contribution	7,671	8,831	-13.1%	16,955	13,207	28.4%
(+) Net Financial Result	(9,684)	2,969	N.A.	(1,181)	12,308	N.A.
(+) Depreciation and Amortization;	7,304	8,442	-13.5%	30,986	35,308	-12.2%
EBITDA	21,762	8,067	169.8%	90,202	53,843	67.5%
EBITDA Margin	42.8%	15.6%	27.2 p.p.	43.6%	24.9%	18.7 p.p.
(+) Mergers and Acquisitions and IPO Expenses	259	8,901	N.A.	259	11,063	N.A.
(+) Extraordinary Personnel Termination Costs	295	583	N.A.	295	1,807	N.A.
(+/-) Other Non-Operating Non-Recurring Expenses	(3,549)	(1,648)	115.3%	(5,640)	136	N.A.
(+) Stock Option Plan - SOP	657	1,066	-38.4%	2,627	3,199	-17.9%
(+) IFRS16 Write-off	-	-	N.A.	-	629	N.A.
Adjusted EBITDA	19,424	16,969	14.5%	87,743	70,677	24.1%
Adjusted EBITDA Margin	38.2%	36.2%	2.0 p.p.	42.4%	32.7%	9.7 p.p.

Adjusted EBITDA (R\$ MM)



Adjusted EBITDA Margin reached **38.2%** in 4Q23, **2.0 p.p.** higher than 4Q22.

Adjusted EBITDA Margin reached 38.2% in 4Q23, 2.0 percentage points above 4Q22, reflecting our ability to implement significant operational efficiencies. In FY 2023, Adjusted EBITDA Margin was 42.4%, expanding 9.7 percentage points versus the same period of the previous year.

Net Financial Result

Net financial result was a R\$ 9.7 million revenue in the quarter, compared to a R\$ 3.0 million expense recorded in 4Q22. 4Q23 result is mainly due to an amount of R\$ 12.0 million, referring to a gain at fair value on the acquisition of minority shareholders' interests arising from Mandic acquisition (See "Transactions Involving Company Shares"). This amount also positively impacted the Net Financial Result for FY 2023, which totaled R\$ 1.2 million, versus an expense of R\$ 12.3 million in FY 2022.

	4Q23	4Q22	Δ	2023	2022	Δ
R\$ thousand (except %)						
Financial Revenue	14,190	1,231	N.A.	19,359	2,968	N.A.
Financial Expense	(4,505)	(4,199)	7.3%	(18,178)	(15,276)	19.0%
Net Financial Result	9,684	(2,968)	N.A.	1,181	(12,308)	N.A.

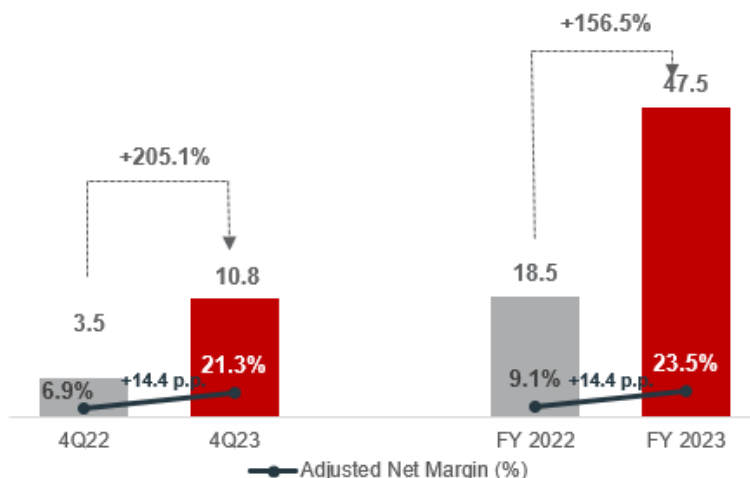
Adjusted Net Income

Adjusted Net Income (adjusted for Amortization of Intangible Assets in Business Combinations, Deferred Taxes, Stock Option Plan and other extraordinary items) totaled R\$ 10.8 million in 4Q23, with 205.1% growth as compared to the same period last year. Adjusted Net Margin was 21.3%, with 14.4 percentage points expansion. It is important to note that the 4Q23 Adjusted Net Income includes a reduction adjustment in the amount of R\$ 12.0 million, referring to a fair value adjustment resulting from the transaction with Mandic's former minority shareholders. In FY 2023, Adjusted Net Income reached R\$ 47.5 million, 156.5% increase, while Adjusted Net Margin stood at 23.0%, 14.4 percentage points higher than FY 2022.

The continued improvement in our operational efficiency has enabled a remarkable expansion in Adjusted Net Income Margin. This indicator showcases our commitment to effectively manage our resources and strengthens our ability to face market challenges with confidence.

	4Q23	4Q22	Δ	FY 2023	FY 2022	Δ
R\$ thousand (except %)						
Net Income	13,960	(12,350)	N.A.	33,396	(14,716)	N.A.
Net Profit Margin	27.5%	-24.0%	N.A.	16.1%	-6.8%	N.A.
(+) Amortization of Intangible Assets in a Business Combination	2,511	175	N.A.	10,046	7,736	29.9%
(+) Deferred Income and Social Contribution Taxes	7,671	9,486	-19.1%	16,783	13,299	26.2%
(+) Mergers and Acquisitions Expenses (Net of IT/SC)	171	5,875	-97.1%	171	7,301	-97.7%
(+) Extraordinary Personnel Termination Costs (Net of IT/SC)	194	385	-49.5%	194	1,192	-83.7%
(+/-) Reversal / Provision for M&A non-materialized contingencies	(2,342)	(1,088)	115.3%	(3,722)	90	N.A.
(+) Stock Option Plan - SOP	657	1,066	-38.4%	2,627	3,199	-17.9%
(+) FRS16 Write-off (Net of Income Tax/CS)	-	-	N.A.	-	415	-100.0%
(-) Fair value adjustment (FVA) - Mandic sellers	(11,995)	-	N.A.	(11,995)	-	N.A.
Adjusted Net Income	10,827	3,549	205.1%	47,500	18,517	156.5%
Adjusted Net Income Margin	21.3%	6.9%	14.4 p.p.	23.0%	8.6%	14.4 p.p.

Adjusted Net income (R\$ MM)



Cash Flow

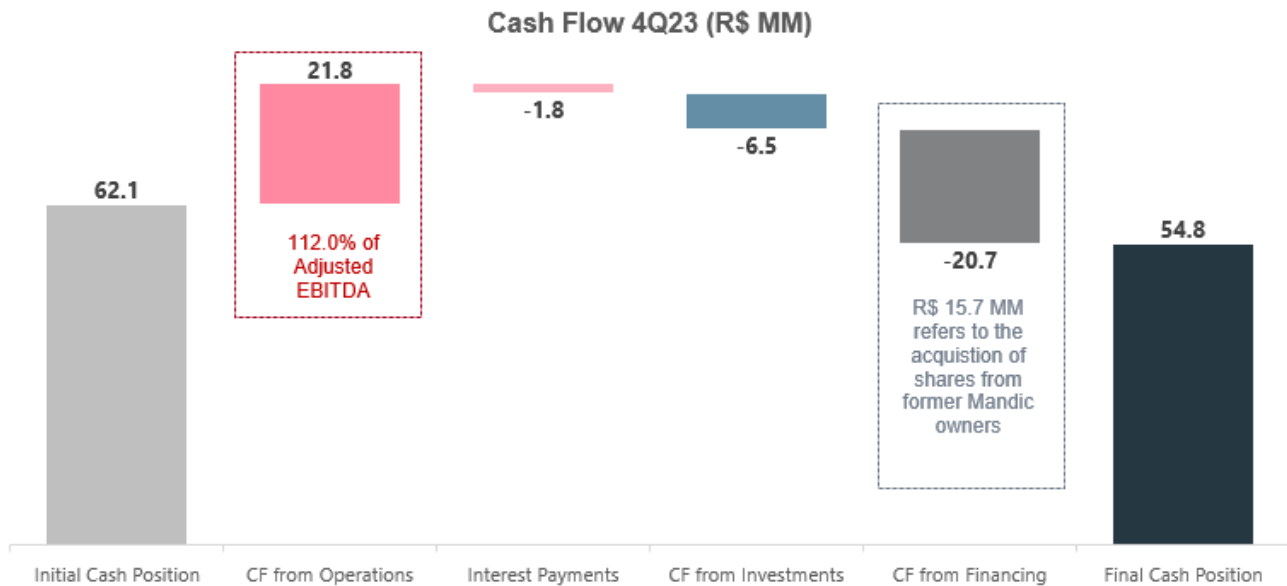
In 4Q23, the company continued to display its strong ability to generate cash from operations, with Cash Flow from Operating Activities totaling R\$ 21.8 million, 73.8% higher than in the same period last year and 12% higher than Adjusted EBITDA in this quarter. In FY 2023, Cash Flow from Operating Activities totaled R\$ 84.6 million, 137.3% growth.

Net Cash from Investing Activities totaled a negative flow of R\$ 6.5 million in 4Q23, mainly due to Capex in software and hardware. In fiscal year 2023, the total was a negative flow of R\$ 20.7 million.

Net Cash from Financing Activities amounted to a negative flow of R\$ 20.7 million, mainly due to the acquisition of shares held by minority shareholders arising from Mandic acquisition, amounting to R\$ 15.7 million. In FY 2023, Net Cash from Financing Activities totaled an outflow of R\$ 35.4 million.

At the end of FY 2023, the Company had a Cash Balance of R\$ 54.8 million, up 64.3% versus FY 2022.

	4Q23	4Q22	Δ	FY 2023	FY 2022	Δ
R\$ thousand (except %)						
Cash Flow from Operating Activities	21,757	12,522	73.8%	84,633	35,672	137.3%
(-) IT and SC paid	-	-	N.A.	-	(1)	-100.0%
(-) Interest on borrowings, financing, debentures and intercompany loans paid	(1,524)	(2,526)	-39.7%	(6,662)	(7,629)	-12.7%
(-) Payments of legal costs and proceedings	(250)	-	N.A.	(404)	-	N.A.
(=) Net Cash from Operating Activities	19,983	9,996	99.9%	77,567	28,042	176.6%
(+) Cash from Investing Activities	(6,482)	(10,289)	-37.0%	(20,723)	(23,031)	-10.0%
(+) Cash from Financing Activities	(20,733)	8,324	N.A.	(35,370)	15,898	N.A.
(=) Cash Increase (Decrease)	(7,232)	8,031	N.A.	21,474	20,909	2.7%
(+) Opening Cash Balance	62,080	25,343	145.0%	33,374	12,465	167.7%
(=) Closing Cash Balance	54,848	33,374	64.3%	54,848	33,374	64.3%



Net Debt and Financial Risk Management

The efficient management of the Balance Sheet continues to be one of the priorities of our team, with constant monitoring and adequacy of the profile and payment terms of our debt. Accordingly, Gross Debt amounted to R\$ 132.4 million at the end of FY 2023, considering Bank Loans and Financing and Intercompany Loans Payable to Related Parties, with Claranet Group Limited as counterparty, due to the acquisitions made in Brazil. Of this total, 70.2% refers to the Intercompany loans payable. Around 26.0% of Gross Debt refers to the CCB raised in 2Q22, in the amount of R\$ 35 million, with a grace period of one year and final maturity in December 2026, at the cost of CDI +2.6% p.a. The main purpose of this funding was the settlement of financial instruments from Mandic and, thus, the improvement of the cost and profile of the consolidated debt.

As previously mentioned, Cash and Cash Equivalents amounted to R\$ 54.8 million, while Net Debt totaled R\$ 72.2 million. Net debt/Adjusted EBITDA ratio was 0.8 times Adjusted EBITDA for the last twelve months, in line with 3Q23, even with the cash outflow related to the payment for the interest of Mandic's former partners. This comfortable leverage level gives us the flexibility to, among other things, analyze possible new acquisitions, using our own resources for eventual disbursements.

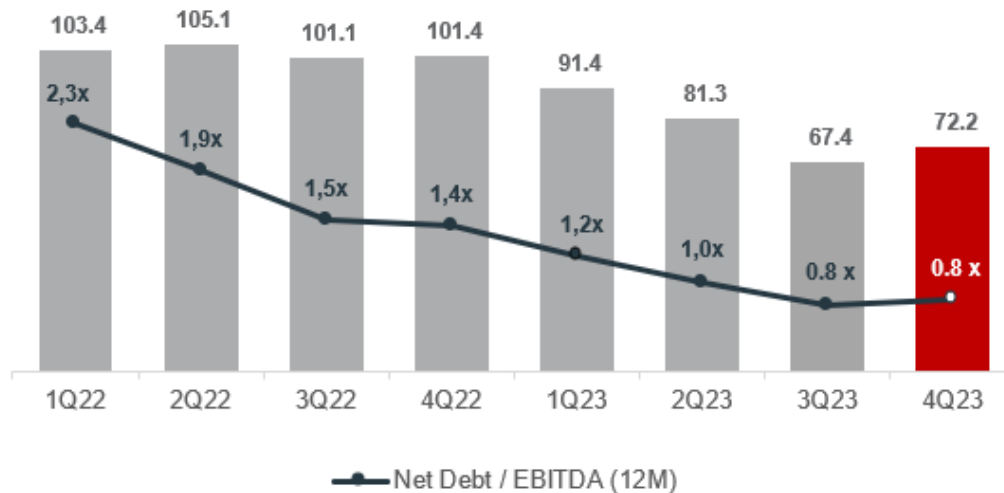
Gross Debt and Net Debt calculations exclude Accounts Payable for Business Acquisitions, which in 4Q23 totaled R\$ 2.7 million. In 3Q23, this account totaled R\$ 41.0 million.

We remain committed to discipline in the management of the Company's financial risks, continuously seeking liquidity, profitability and risk minimization.

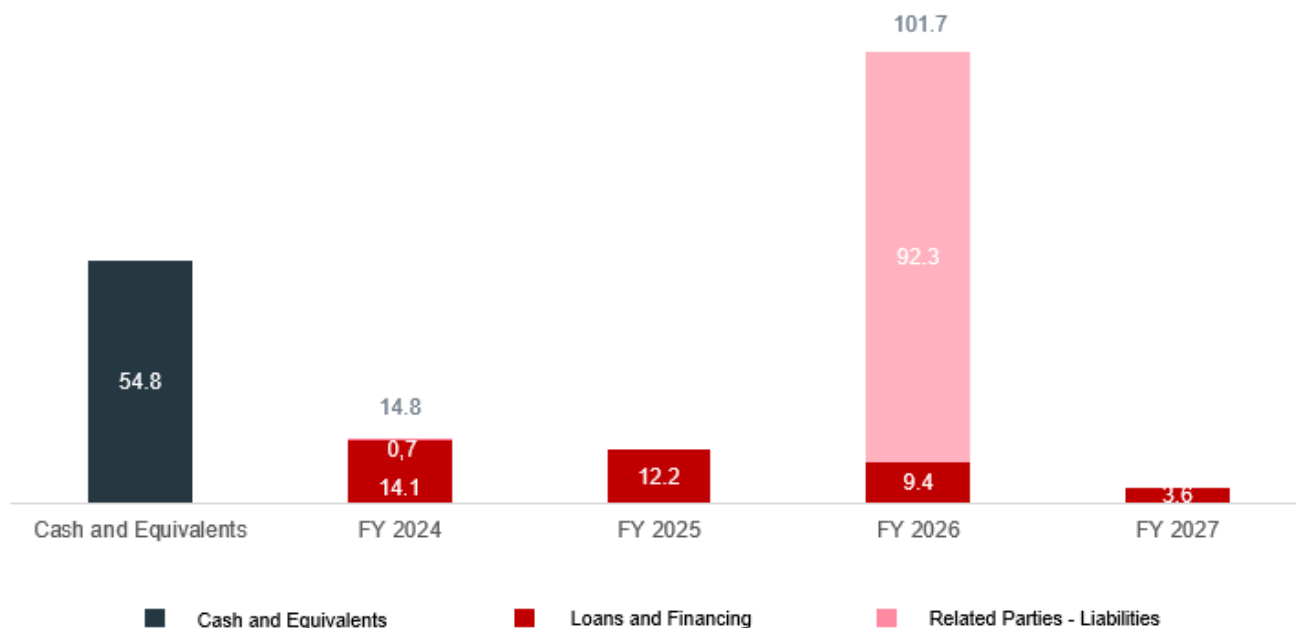
In 4Q23, Short-Term Assets totaled R\$ 92.3 million while Short-Term Liabilities totaled R\$ 53.3 million, representing a Current Liquidity Ratio (Current Assets / Current Liabilities) of 1.73.

	4Q23	3Q23	Δ
R\$ thousand (except %)			
Loans and Financing (Current)	14,139	14,004	1.0%
Loans and Financing (Non-Current)	25,227	27,788	-9.2%
Intercompany Loans Payable - Related parties (Current and Non-Current)	93,023	92,999	0.0%
Gross Debt	132,389	134,791	-1.8%
(-) Cash and Cash Equivalents	(54,848)	(62,080)	-11.6%
(-) Intercompany Loans Receivable - Related Parties	(5,358)	(5,296)	1.2%
Net Debt (Net Cash)	72,183	67,416	7.1%
Net Debt/LTM EBITDA	0.8x	0.8x	4.1%

Net Debt (R\$ MM) and Net Debt / EBITDA



Amortization Schedule (R\$ MM)



Capex

Capex totaled R\$ 6.5 million in 4Q23, mainly as a result of the acquisition of software and hardware, since no new M&A occurred in the quarter. In FY 2023, Capex amounted to R\$ 20.7 million.

Transactions Involving Company Shares

On June 1, 2023, the Company entered into the Settlement Agreement with RW Brasil Fundo de Investimento em Participações Multiestratégia, Oria Tech Fundo Secundário I – Fundo de Investimento em Participações Multiestratégia, Sidney Victor da Costa Breyer and José Maurício Cascão Pereira (“Selling Shareholders” and “Settlement Agreement”). Under the *Settlement Agreement*, the parties settled their obligations under the *Securities Purchase Agreement* entered into on March 31, 2021. Furthermore, the Company acquired 5,556,328 common shares held by the Selling Shareholders, equivalent to 4.7% of the Company’s capital. Subsequently, on June 29, the Company transferred the aforementioned 5,556,328 shares to the shareholder and CEO of Claranet Technology Edivaldo Rocha, who now holds 14,045,311 shares issued by the Company, representing approximately 11.8% of its capital.

These transactions were important for maintaining strategic alignment and continuing with the company’s sustainable and long-lasting growth.

New Hires in Business Units

Aiming to further enhance our innovation ability and operational excellence, we recently made strategic hires to strengthen our business units. Rodrigo Guerrero, a seasoned sales executive at technology companies, including most recently Equinix, where he served for 11 years, is the new Vice President of Sales and Marketing, responsible for leading the commercial and marketing team. Thiago Duarte, formerly at AWS and with over 25-year experience in technology companies, is the new Executive Officer of PCS (Public Cloud Services) unit. These talented and experienced

professionals, added to the current management team, many of whom have been working together for around 15 years, will further accelerate Claranet's growth path, innovation ability and operational excellence.

Rodrigo Guerrero



Vice-presidente of Marketing and Sales

- +20 years of experience in sales areas of large Tech companies
- More than 11 years at Equinix Brasil, reaching position of Sales Head for Brazil as statutory partner



Thiago Duarte



Executive Director of Public Clouds

- +25 years in IT: Strategy, Governance, Security Architecture, Security, ERP, CRM, Apps Development, Infrastructure, ERP, CRM and Digital Transformation
- Leadership positions in large companies such as Amazon Web Services, Red Hat, Logicalis, T-Systems e HP



Sustainability

The combination of sustainability and the Clouds business is a tangible example of how technological innovation can be a driving force for positive change. Our Cloud business offers opportunities to optimize resources, efficiently share and reduce waste, contributing to a more sustainable business environment. In this sense, our Private Cloud is hosted in 4 data centers, 2 of which are owned by Equinix and 2 by Ascenty, both of which are committed to Sustainability and Environmental issues, where Ascenty has been Carbon Neutral since 2020 and Equinix has signed a commitment to become Climate Neutral by 2030. In addition, 100% of data centers located in Brazil, and both companies are certificated under ISO 14001 (environmental management), ISO 50001 (energy management) and ISO 45001 (health and safety at work), among others. Furthermore, all our major suppliers and/or partners such as Microsoft, AWS, Google, WMWare, and Fortinet have already made commitments to reduce their carbon footprint, to become Carbon Neutral or Carbon Negative by 2030.



This concern is also reflected in-house, as we constantly seek alternatives to make Claranet increasingly sustainable and engaged. In this sense, we are moving forward with negotiations on projects involving rooftop photovoltaic systems. Through this system, energy generated in photovoltaic panels is measured, and later discounted or sold to the energy concessionaire company responsible for the energy supply at our facilities.

We have also been closely monitoring the progress of RC Reis, the administrator of the condominium where our headquarters are located, in the process of obtaining LEED (Leadership in Energy and Environmental Design), an international certification for sustainable developments. RC Reis has already submitted all required Canopus Corporate Alphaville documentation for review by the US Green Building Council and is expected to receive certification shortly.

Diversity

Innovation is the driving force that propels the Technology sector. In light of this dynamic and fast-paced scenario, diversity has emerged as a critical factor in triggering true innovation and achieving excellence.



At Claranet, we believe that valuing diversity goes beyond meeting quotas and becomes a strategic approach to building highly qualified teams and creating high value-added solutions for our clients. On the other hand, it is clear that the job market in the Technology sector is still predominantly male, which represents a major obstacle to hiring women, including for our Company. Nevertheless, we remain committed to increasing female participation in the Company in a material and consistent manner, particularly in leadership positions. At the end of 4Q23, the participation of women in our workforce was 19.6%, 0.8 p.p. above 4Q22 and significantly above the technology industry's average in Brazil, at approximately 13.6%, according to studies by Revelo consultancy, although still far from what we consider ideal.

We are also engaged in fostering racial diversity in the Company. At the end of 4Q23, the percentage of employees who identified themselves as black, brown or indigenous was 30.1%. In 4Q22, this percentage was 25.3%. We intend to continue to grow consistently this share through FY 2024 and beyond.

It should be noted that, for us, embracing diversity goes beyond simply hiring employees from different backgrounds, whether in terms of gender, race or sexual orientation. It is necessary to create an inclusive and equitable environment where all employees feel valued, respected and empowered to contribute fully. This involves promoting human resources policies that eliminate prejudices and barriers, offering equal opportunities for growth and development, as well as adopting a culture that celebrates diversity as a fundamental asset. As a result, we are constantly reviewing and updating our internal processes, ensuring that these aspects are properly addressed.

Claranet Spring Conference

In June, Claranet Group held the Claranet Spring Conference (CSC), in Opio, France.



CSC is the Group's largest annual conference and brings together senior employees to discuss and align the group's global strategy and case studies. This year's edition was the largest ever, with more than 200 participants from all 11 countries where the Group operates, including Brazil, which sent a delegation with 13 participants from various areas of the company.

The Conference was an excellent opportunity for integration, networking and sharing experiences, and was helpful to bring Claranet employees from all Claranet units worldwide even closer. With its broad portfolio of solutions and strong delivery of results, Brazil was one of the highlights of the Conference.

Subsequent Events

ADTsys Acquisition

On August 9, we completed the acquisition of ADTsys Software S.A., a pioneering company in Brazilian Cloud sector.

Founded in 2009, ADTsys has a strong focus on cloud and data management, with the strategy of using data to manage its customers' businesses more efficiently.



In addition to having a multidisciplinary and highly qualified professional team, with over 100 employees, ADTsys is headquartered in Campinas/SP, an important technological hub in Brazil, close to renowned technological universities.

ADTsys is also the developer of Maestro Data Platform, an innovative platform that allows companies to centralize data from different sources in a single multicloud management tool. Dashboards provided by Maestro allow corporate customers to make strategic data-based decisions, with detailed views of cost effectiveness, environment reliability and business architecture. The platform is highly customizable, enabling the integration of APIs as well as the management of IT services.

In 2022, ADTsys reported net revenue of R\$ 36.2 million, a 47.2% growth as compared to 2021. Furthermore, ADTsys reported positive EBITDA and Net Income metrics in 2022 and 2021.

Equity value agreed for the acquisition is R\$ 30.0 million and is subject to certain net debt and working capital adjustments, as well as adjustments based on certain performance triggers, usual in this type of transaction. Therefore, sellers will be entitled to receive earnout, depending on the achievement of certain financial targets defined in the agreement between the parties, with any amounts included in the global Acquisition price of R\$ 30.0 million.

The Transaction was unanimously approved at the Extraordinary General Meeting of the Company, held on August 1, 2023, in line with the favorable opinion issued by the Board of Directors at the Meeting held on August 27, 2023.

This transaction was the result of a careful analysis of opportunities and a solid strategic plan aimed at strengthening the Company's outstanding position in public cloud and further boost its growth. By joining forces with ADTsys, the Company increases its portfolio of services and adds a wide range of resources, expertise and innovative technologies to its cybersecurity ecosystem, private cloud, public cloud and data, allowing it to offer its customers an even wider range of technological and innovative solutions.

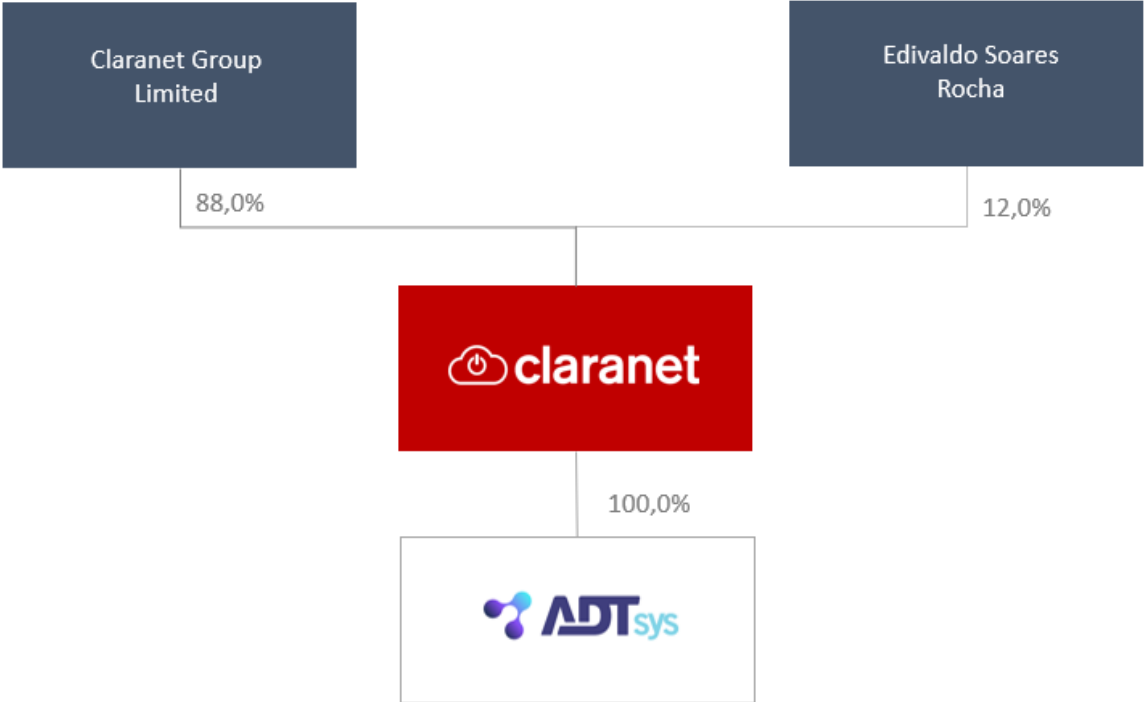
Amendment and granting of a lot of stock options

On July 18, 2023, the Company approved, at the Extraordinary Shareholders' Meeting, the new share-based variable compensation plan, which will allow the Company's management to appoint key professionals to join the plan, assigning them shares to be distributed. The share-based variable compensation plan also sets the option strike price and the conditions for its payment, establishing the terms and conditions for exercising the options and imposing any other conditions relating to such options.

Subscription bonus and Capital Increase

On July 27, 2023, the Company approved, in a Board of Directors' Meeting, the issuance of one (1) subscription bonus by the Company in favor of shareholder Edivaldo Soares Rocha; and the increase in the Company's capital, as a result of the exercise of the subscription bonus, in the amount of one hundred and one thousand, nine hundred and eleven Brazilian reais, and four cents (R\$ 101,911.04), through the issuance of two hundred and thirty-one thousand, six hundred and sixteen (231,616) new common shares, which were fully subscribed and paid up on that date by shareholder Edivaldo Soares Rocha, upon exercise of his subscription bonus. Thus, the Company's capital increased from the current amount of one hundred and eighty million, nine hundred and ninety-seven thousand, six hundred and thirty-five Brazilian reais and twenty-three cents (R\$ 180,997,635.23), divided into one hundred and eighteen million, seven hundred and forty-two thousand, seven hundred and seventy-seven (118,742,777) common shares, all registered and with no par value, to one hundred and eighty-one million, ninety-nine thousand, five hundred and forty-six Brazilian reais and twenty-seven cents (R\$ 181,099,546.27), divided into one hundred and eighteen million, nine hundred and seventy-four thousand, three hundred and ninety-three (118,974,393) common shares, all registered and without par value.

In view of the above, and further to what was previously described in section "Transactions Involving Company Shares" and "Acquisition of ADTsys", the Company's new shareholding structure is described below:



Glossary

ARR: Annual Recurring Revenue. Revenue, normalized annually, that a company expects to receive from its customers for the provision of products or services.

Big data: Field that treats ways to analyze, systematically extract information from, or otherwise deal with data sets that are too large or complex to be dealt with by traditional data-processing application software.

CAC: Customer Acquisition Cost. Represents the marketing cost divided by the number of new customers won in a given period.

CAS: Consulting and Assessment Services. Business unit responsible for consulting and assessment services.

CCS: *Corporate Cloud Solutions*. Business unit responsible for providing solutions in private cloud.

Churn: Index representing the rate of customers who cancel or stop consuming products or services in certain periods.

Cross-sell: Sell related or complementary products to a customer.

CSS: *Cybersecurity Solutions*. Business unit responsible for providing solutions in cybersecurity.

Cybersecurity: Practice that protects computers and servers, mobile devices, electronic systems, networks and data from malicious attacks. It is also called information technology security or electronic information security.

DaaS: Device as a Service. Term used to describe cloud-based software tools used to work with data, such as managing data in a data warehouse or data analytics with business intelligence.

Data Lake: Repository that stores a large and varied volume of data, both structured and unstructured.

DBA: Data Base Administrator. Administrator responsible for managing, installing, setting up, updating and monitoring a database or database systems.

DevOps: Term derived from the union of the words Development and Operations to designate a strategy to increase a company's capacity of distributing applications and services at high speed and with quality.

Farmer: Salesperson responsible for cultivating relationships with clients, creating sales opportunities from these relationships

FY: Fiscal Year. In case of Claranet Technology, Fiscal Year begins on July 01 of the previous calendar-year and ends on Jun 30 of the corresponding calendar-year

Hunter: Salesperson responsible for the acquisition of new accounts

Hybrid cloud: Computing environment that combines an on-premises datacenter or private cloud with a public cloud, allowing data and applications to be shared between them.

IaaS: Infrastructure as a Service Cloud. Computing service that delivers critical computing, storage, and networking resources on demand and pay-per-use.

IoT: Internet of Things. Process of connecting everyday physical objects to the internet, including common household objects such as light bulbs, medical devices and accessories, smart devices and even smart cities.

LGPD: The General Law on Personal Data Protection.

Machine learning: Discipline that allows computers to learn on their own and perform tasks autonomously with no need to be programmed.

Multi cloud: Approach made up of more than one service and a public or private cloud provider.

NOC: Network Operations Center Structure of specialized professionals that monitor and manage IT events.

NPS: Net Promoter Score. Metric designed to measure customer loyalty levels.

On-premise: software and technology that are located within the physical confines of an enterprise often in the company's data center as opposed to running remotely on hosted servers or in the cloud

Private cloud: refers to cloud computing services offered over the internet or a private internal network only to selected users and not to the general public. Also called internal or corporate cloud.

Public cloud: computing services offered by third parties to public internet, provided to any user who wants to use or purchase them. Such services can be free or sold on demand, allowing customers to pay only for their consumption of CPU cycles, storage or bandwidth. The main public cloud companies are: Amazon Web Services (AWS), Azure and Google.

PaaS: Platform as a Service. Complete development and deployment environment in the cloud, with features that allow user to deliver everything from simple cloud-based applications to sophisticated cloud-enabled enterprise applications.

PCS: Public Cloud Solutions. Business unit responsible for solutions in public cloud.

Pentest: abbreviation for Penetration Test. It is also known as Intrusion Test, as it performs thorough detection with techniques used by ethical hackers – specialists in information security hired by corporations to perform such tests, without carrying out activities that harm the company or have a criminal effect.

Rule of 40: Metric that measures the performance of a tech company, measuring the trade-off between growth-rate and profitability. As a rule of thumb, the combination of growth rate and profit margin should add up to 40% or more.

SaaS: Software as a Service. Model for software licensing and delivery in which software is licensed by subscription and hosted in the cloud.

SIEM: Security Information and Event Management. Rules-based system responsible for collecting logs, events and data, for detecting suspicious occurrences that could, in any way, jeopardize the security of a company's data.

TCV: Total Contract Value. Metric that measures how much a contract is worth after its execution, including recurring revenue and fees. The formula is as follows: $TCV = (\text{Monthly Recurring Revenue} \times \text{Contract Term Length}) + \text{Setup Fees}$

Up-sell: Sales technique which, as opposed to cross-sell, involves enticing clients to acquire an upgraded or premium version of a product they originally intended to purchase.

WAF: Web Application Firewall. Firewall which monitors, filters and blocks data packets as they flow to and from a website or web application.

WAN: Wide Area Network. Communication network that covers a large geographic area, such as cities, states and countries. It can be private to connect a company's headquarters and branches, or public to connect smaller networks.

YoY: Year Over Year

Appendix 1**Balance Sheet - Assets**

	4Q23	3Q23
R\$ thousand (except %)		
ASSETS		
CURRENT		
Cash and Cash Equivalents	54,848	62,080
Accounts Receivable	24,903	23,753
Taxes Recoverable	10,118	9,162
Prepaid Expenses	267	173
Other Current Assets	1,559	1,264
Total Current Assets	91,695	96,431
NONCURRENT		
Related Parties	5,358	5,296
Taxes Recoverable	1,868	1,243
Deferred Income and Social Contribution Taxes	12,864	20,535
Judicial Deposits	76	29
Right of Use	21,156	22,501
Property & Equipment	27,750	31,050
Intangible assets	168,732	167,439
Total noncurrent assets	237,804	248,093
TOTAL ASSETS	329,499	344,525

Appendix 2

Balance Sheet - Liabilities

	4Q23	3Q23
R\$ thousand (except %)		
LIABILITIES		
CURRENT		
Trade accounts payable	23,337	19,952
Loans and Financing	14,139	14,004
Lease liabilities	4,922	4,502
Tax Liabilities	2,292	1,948
Labor Obligations	7,655	6,234
Related Parties	723	699
Other Obligations	202	466
Total Current Liabilities	53,270	47,805
NONCURRENT		
Loans and Financing	25,227	27,788
Provision for Contingencies	17,147	10,146
Accounts Payable for Business Acquisition	2,725	40,958
Lease liabilities	19,336	20,651
Related Parties	92,300	92,300
Total noncurrent liabilities	156,735	191,843
NET EQUITY		
Paid-up Share Capital	180,998	180,998
Capital Reserve	26,120	25,464
Retained Earnings/Accumulated Losses	(87,624)	(101,585)
Total Net Equity	119,494	104,877
TOTAL LIABILITIES AND NET EQUITY	329,499	344,525

Appendix 3

Income Statement

	4Q23	4Q22	FY 2023	FY 2022
R\$ thousand (except %)				
NET REVENUE	50,809	51,558	206,897	216,157
Cost of goods sold and services provided	(33,674)	(32,697)	(132,175)	(153,020)
GROSS PROFIT	17,136	18,861	74,722	63,137
OPERATING REVENUES (EXPENSES)	(5,189)	(19,410)	(25,552)	(52,338)
Selling	(2,922)	(4,120)	(11,010)	(16,306)
General and administrative	(5,815)	(17,147)	(20,181)	(37,629)
Other operating revenues (expenses), net	3,548	1,857	5,639	1,597
PROFIT BEFORE FINANCIAL RESULTS	11,946	(549)	49,170	10,799
FINANCIAL RESULTS	9,684	(2,968)	1,181	(12,308)
Financial revenues	14,190	1,231	19,359	2,968
Financial expenses	(4,505)	(4,199)	(18,178)	(15,276)
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	21,631	(3,517)	50,351	(1,509)
INCOME AND SOCIAL CONTRIBUTION TAXES	(7,671)	(8,834)	(16,955)	(13,207)
Current	-	504	(172)	(55)
Deferred	(7,671)	(9,338)	(16,783)	(13,152)
NET INCOME FOR THE YEAR	13,960	(12,351)	33,396	(14,716)

FY 2023 and 4Q23 refer to Claranet (Parent Company). FY 2022 and 4Q22 refer to the Consolidated, since the Company merged subsidiary Mandic during 4Q22.

Appendix 4**Cash Flow Statement**

	4Q23	4Q22	FY 2023	FY 2022
R\$ thousand (except %)				
STATEMENT OF CASH FLOWS				
Net Cash from Operating Activities				
Net Income for the Year	13,960	(12,351)	33,396	(14,716)
Depreciation and Amortization	9,832	8,674	41,033	23,251
Provision for expected credit losses	326	2,307	217	2,202
IRPJ and CSLL expense - Current	-	(505)	172	55
IRPJ and CSLL expense - Deferred	7,670	1,992	16,783	3,580
Provision (Reversal) of contingencies	(3,548)	(1,855)	(6,139)	(1,957)
Equity pickup	-	5,762	-	15,522
Share-based payment transactions - settled in shares	657	1,065	2,628	3,198
Gain at fair value	(11,995)	-	(11,995)	-
Interest and Exchange Differences Appropriated in the Year	3,460	2,947	15,370	8,251
P&E Disposals	-	45	670	50
Changes in Assets and Liabilities				
Accounts Receivable	(1,476)	466	2,443	(8,125)
Other Assets	(295)	71	(554)	154
Prepaid Expenses	(94)	4,936	159	31
Taxes Recoverable	(1,581)	(1,907)	(4,066)	(2,520)
Judicial Deposits	(47)	20	(33)	20
Trade accounts payable	3,385	1,586	(2,044)	7,115
Tax Liabilities	344	1,194	(595)	1,006
Labor Obligations	1,421	(2,177)	(2,404)	(1,820)
Other Liabilities	(262)	252	(408)	375
Related Parties				
Cash flow from Operations	21,757	12,522	84,633	35,672
Income and social Contribution Taxes paid	-	-	-	(1)
Interest on borrowings, financing, debentures and intercompany loans paid	(1,524)	(2,526)	(6,662)	(7,629)
Payments of legal costs and proceedings	(250)	-	(404)	-

Cash Flow from Operating Activities	19,983	9,996	77,567	28,042
Net Cash from Investment Activities				
Acquisition of property & equipment and intangible assets	(6,482)	(10,289)	(20,723)	(20,031)
Advance for Future Capital Increase	-	-	-	(3,000)
Total Net Cash from Investment Activities	(6,482)	(10,289)	(20,723)	(23,031)
Net Cash from Financing Activities				
Raising of Loans and Financing	-	-	-	34,154
Intercompany Loans Receivable - Related Parties	-	-	-	(20,000)
Loans and Financing Paid - Principal	(3,301)	(591)	(12,519)	(4,978)
Payment of Lease Obligation	(1,754)	(1,511)	(7,173)	(3,704)
Payments of business acquisition	(15,678)	-	(15,678)	-
Cash flow from merger- Mandic S.A.	-	10,426	-	10,426
Total Net Cash from Financing Activities	(20,733)	8,324	(35,370)	15,898
Increase (Decrease) in Cash and Cash Equivalents	(7,232)	8,031	21,474	20,909
Opening Balance of Cash and Cash Equivalents	62,080	25,343	33,374	12,465
Closing Balance of Cash and Cash Equivalents	54,848	33,374	54,848	33,374

Disclaimer

This Earnings Release may contain statements and information that express the expectations, beliefs and forecasts of Claranet Technology's management about future events or results. Such statements and information are only forward-looking statements and are not guarantees of future performance, subject to risks, uncertainties and factors relating to the Company's operations and business environment.

Although Claranet Technology believes that the expectations and assumptions contained in the statements are reasonable and based on data currently available to its management, we caution investors that forward-looking statements involve risks, as they refer to future events and therefore depend on circumstances that may or may not occur, in addition to the risks presented in the disclosure documents, subject to change without prior notice.

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