

Earnings Release

1Q25

Padtec Holding S.A.
May 07th, 2025



Results Webcast

Thursday, May 08th, at 10:00 a.m. (São Paulo, Brazil time)

Zoom platform

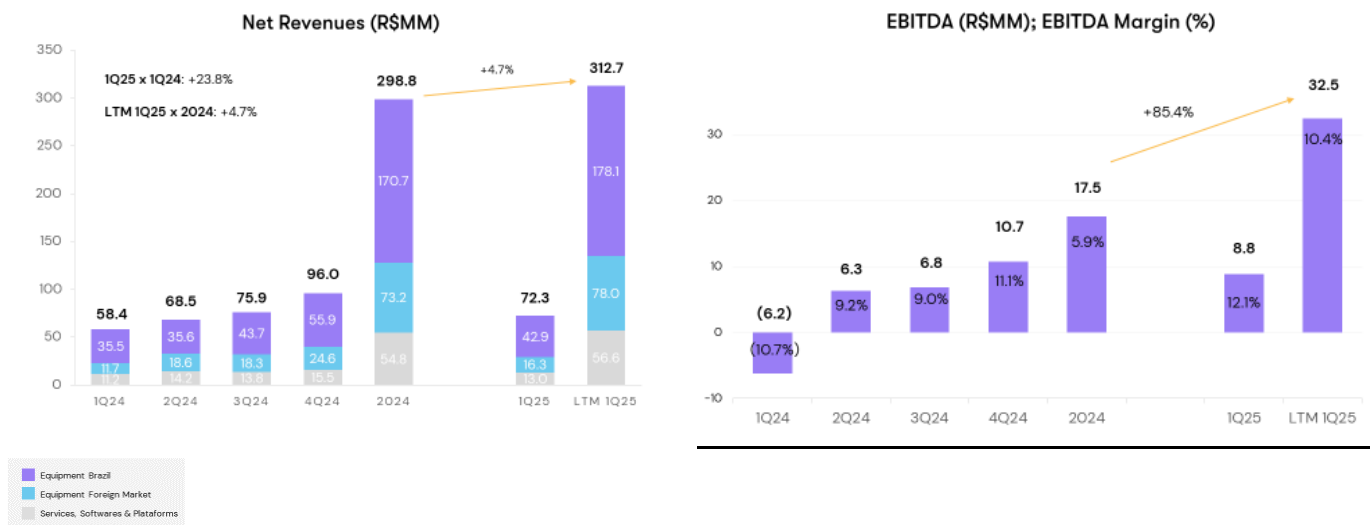
The webcast will be hosted in Portuguese. Access www.padtec.com to add the meeting to your calendar.

The Padtec logo, featuring the word "padtec" in a lowercase, sans-serif font. A large, thin orange arc is positioned behind the logo, starting from the bottom left and curving upwards and to the right.

Investor Relations
ri@padtec.com.br
+55 19 2104-9703

1Q25 Earnings Release

Campinas, São Paulo, May 7, 2025 – Padtec Holding S.A. (B3: PDTC3), together with its subsidiaries – particularly Padtec S.A. (“Company” or “Padtec”) – announces its financial results for the first quarter of 2025 (“1Q25”) and the twelve-month period ended March 31, 2025 (“LTM 1Q25”). The results are presented in accordance with Brazilian accounting standards and the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).



1Q25 Highlights:

- Padtec is a key player in transforming the way the world connects, has fun, and does business. It offers innovative, state-of-the-art telecommunications solutions and services at competitive prices.
- Massive presence in Latin America reinforced with the recent opening of the subsidiary in Mexico.
- Renewed demand for high-capacity transmission equipment resulted in a 23.8% increase in total net revenue in 1Q25 compared to 1Q24.
- Data traffic continues to show solid and growing growth rates, with prospects for expansion.
- Total net revenue in LTM 1Q25 grew 4.7% compared to 2024, reaching R\$312.7 million.
- In 1Q25: gross profit of R\$24.8 million, an increase of 66.9% over 1Q24,
- Operational efficiency: gross margin of 34.3% in 1Q25 (33.6% in LTM 1Q25).
- EBITDA reached R\$8.8 million in 1Q25, with an EBITDA margin of 12.1%.
- In LTM 1Q25, EBITDA reached R\$32.5 million, with an EBITDA margin of 10.4%.
- Result for 1Q25, seasonally lower, was at the break-even point: loss of R\$50 thousand.
- Average cost of funding of 8.7% p.a. in 1Q25, 77% of loans and financing are long-term and 23% are short-term.
- Participation in the Abrint Global Congress (AGC) in the beginning of May, the new name of the annual meeting of internet providers organized by the Brazilian Association of Internet and Telecommunications Providers (Abrint) which has grown and is expanding its reach, bringing in global speakers and companies.
- Presentation of the Padtec Assistant “AI” during AGC: this tool, which is expected to be launched in 2025, uses Generative AI to provide suggestions for solving problems in customers' networks.
- Holding of the 6th edition of Pad Technology Day at Padtec facilities, which was attended by around 140 industry professionals.

padtec

R\$ thousand	Selected Financial Indicators						
	1Q24	2Q24	3Q24	4Q24	2024	1Q25	LTM 1Q25
Gross Operating Revenues	73.537	82.116	91.541	117.332	364.526	88.610	379.599
Net Revenues	58.381	68.501	75.919	95.958	298.759	72.301	312.679
Gross Profit	14.872	21.589	24.340	34.242	95.043	24.821	104.992
Gross Margin	25,5%	31,5%	32,1%	35,7%	31,8%	34,3%	33,6%
Net Results	(14.542)	(3.492)	(3.440)	(6.364)	(27.838)	(50)	(13.346)
Net Result per Share (R\$)	(0,18)	(0,04)	(0,04)	(0,08)	(0,35)	(0,00)	(0,17)
EBITDA	(6.219)	6.284	6.816	10.661	17.541	8.755	32.514
EBITDA Margin	-10,7%	9,2%	9,0%	11,1%	5,9%	8,5%	10,4%
Gross Debt	131.655	321.953	328.536	339.878	339.878	319.617	319.617
Net Debt	99.864	130.647	141.760	149.195	149.195	171.365	171.365

Padtec offers products and services that connect and bring people together, contributing to the development of society and the economy, in addition to fostering the design of new futures in an increasingly globalized and sustainable world.

After a challenging 2024, when lower demand for DWDM equipment due to inventory adjustments and high levels of installed capacity at end customers impacted not only Padtec (mainly in 1H24) but also all suppliers operating in this industry, the Company recorded solid results in the first months of 2025. Data traffic levels continue to show consistent indicators and are continuously improving. Access to video streaming, online games, and the use of artificial intelligence tools suggest further growth in the near future. In 1Q25, Padtec's gross operating revenues increased 20.5% compared to 1Q24 and EBITDA reached R\$8.8 million, reaching R\$32.5 million in LTM 1Q25. The results for the quarter remained at the break-even point: the loss was R\$50 thousand.

Macroeconomic and geopolitical issues remain present and challenging in 2025. This new scenario that brings uncertainty to many of our competitors has a neutral impact on our supply chain, and makes it possible to monetize "neutrality" of Padtec and Brazil in the markets we operate. Additionally, Padtec continues its efforts to increase the diversification of revenue sources in its business units, Equipment/DWDM, switches, pluggables, Services, Software and Platforms, subsea/subfluvial network solutions.

The portfolio of Equipment, Services, Software, and Platforms has been enhanced through strategic partnerships for 5G, subsea/subfluvial network solutions, the data center market (whose rapid growth is being driven by the increasing adoption of AI), and IP network solutions (routers and switches), maximizing the potential to reach customers both in Brazil and abroad. The software tools offered by Padtec enable the integration of cybersecurity features from partners into its network solutions.

The expansion of the international market, with the introduction of new products and services and the exploration of new regions, is also part of the Company's organic growth strategy. In this sense, aiming to expand its operations in northern Latin America, Padtec opened its subsidiary in Mexico in April: a strategic market due to its dynamism and growth supported by the strong demand for high-capacity connectivity and the expansion of its data center infrastructure.

For 2025, in the area of digital solutions, Padtec is bringing to market the evolution of Smart Site—a cloud-based platform that enables full remote management of the infrastructure of telecom operators and ISPs, providing greater agility and efficiency in identifying and resolving issues. Through the incorporation and

padtec

integration of new features focused on operational management and intelligence, Smart Site is evolving into Smart Operations. Among the new features, a highlight is Smart Workspot—an online platform for field workforce management (Workforce Management, or WFM) launched last year, which supports network operation and maintenance. Two additional features will become commercially available in the coming months as part of the Smart Operations solution: Smart Fiber, for optical fiber management, and Smart Device, designed to facilitate the integration of devices into the network.

In order to meet the needs of its customers, Padtec also offers other software tools. The Smart API with REST interface is designed to centralize management data from Padtec equipment and facilitate export to third-party systems that may eventually concentrate monitoring systems from different technologies and companies. This solution also allows the generation of data (data lake) for use in Artificial Intelligence (AI) systems. The Pluggable Management tool (extremely miniaturized high-capacity transmission equipment, the size equivalent to a super pen drive) allows the configuration and control of coherent transceivers inserted directly into a router, helping to overcome restrictions on the use of IP over DWDM (IPoDWDM) – a technique that enables the direct integration of IP networks with DWDM optical transport systems.

In the Equipment Business Unit, the AC-powered version of the TM2400G transponder—launched in 2024 and part of the LightPad Max product line—was developed to meet market demands for ultra-high transmission capacity in DWDM networks. It supports data rates of up to 1.2 Tb/s on a single channel and can be used across medium, long, and ultra-long-haul distances. This new AC-powered version facilitates the deployment of the equipment in data center environments.

At this year's Abrint Global Congress (AGC), in addition to the products and solutions above, the Company introduced Padtec Assistant to the market, a tool that is expected to be launched in 2025 that uses Generative AI to provide suggestions for solving network problems – based on Padtec's own information collection.

Finally, the evolution of telecommunications services, as well as the technology itself, and the challenges and prospects for financing broadband in Brazil were the main topics addressed at the sixth edition of Pad Technology Day, an event held by Padtec in May at its facilities in Campinas. Pad Technology Day brought together professionals from traditional telecom operators and ISPs from all over Brazil for a day of lectures, debates, and information exchange. The meeting ended with a visit to Padtec's factory, development labs, and Net Operations Center - NOC, where they had the opportunity to learn about the technological environment in which the company's solutions are developed.

The Company remains alert to growth opportunities in inorganic areas that can add skills and technologies, both in Brazil and in other regions of the world. In addition to the combination of organic and inorganic growth areas, it is developing new financing models to support the growth of its sales in the various markets where it is present.

Operating Revenue

Padtec's business model is divided into the Equipment/DWDM and Services, Software, and Platforms business units (BUs). The Equipment/DWDM BU comprises projects developed specifically for each client, according to their realities and needs. The sales cycle for these projects is relatively long and any changes in "sales" may take more than 45 days to be recorded in the Company's revenue. This BU also offers switches and routers. The other business unit is dedicated to the development of platforms and complete solutions for the telecommunications sector which can also be used in other sectors of the economy, in order to monitor – and even anticipate – market developments.

The logo for Padtec, featuring the word "padtec" in a lowercase, sans-serif font. The "p" is stylized with a vertical line extending downwards.

In 1Q25, Padtec's gross operating revenue (excluding returns and cancellations) totaled R\$88.6 million, a 20.5% increase over 1Q24. In the comparison between LTM 1Q25, R\$379.6 million, and the year 2024, R\$364.2 million, the increase was 4.1%.

Net revenue in the quarter totaled R\$72.3 million, 23.8% higher than 1Q24, and reached R\$312.7 million in LTM 1Q25, an increase of 4.7% compared to 2024.

Global demand for high-capacity transmission equipment for the telecommunications segment has not yet returned to the levels seen during the COVID-19 pandemic, but the growth seen in the last months of 2024 continued into the first months of 2025. Data traffic is showing solid and growing growth rates (corroborated by access to video streaming, online gaming, and the use of artificial intelligence tools) and is expected to continue expanding in the near future. The Data Center equipment segment is growing above expectations and Padtec is adjusting its solution portfolio to meet the specific demands of this segment.

R\$ thousand	NET REVENUES						
	1Q24	2Q24	3Q24	4Q24	2024	1Q25	LTM 1Q25
Equipment Brazil	35.502	35.638	43.726	55.850	170.716	42.931	178.145
Equipment Foreign Market	11.652	18.627	18.380	24.599	73.258	16.341	77.947
Services, Softwares & Platforms	11.227	14.236	13.812	15.509	54.784	13.029	56.586
Total Revenues	58.381	68.501	75.918	95.958	298.758	72.301	312.678

Revenues from the Equipment business unit in Brazil in 1Q25 totaled R\$42.3 million, 20.9% higher than in 1Q24. In the foreign market, revenues from Equipment grew 40.2% between these periods, totaling R\$16.3 million in 1Q25. In the Services, Software, and Platforms segment, net revenues were R\$13.0 million, 16.0% higher than in 1Q24.

Gross Profit

In 1Q25, gross profit of R\$24.8 million (gross margin of 34.3%) recorded an increase of 66.9% over 1Q24, R\$14.9 million (gross margin of 25.5%). In the analysis of LTM 1Q25, gross profit totaled R\$105 million - 10.5% above 2024 - with a gross margin of 33.6% - 180 basis points more than in 2024.

The commitment to the efficient management of its production costs is a constant at the Company, which also has the advantages of manufacturing and developing a large part of its products locally in Campinas, SP.

Operating Expenses/Revenues

In 1Q25, administrative, commercial, and research and development expenses totaled R\$23.9 million, an increase of 2.2% compared to 1Q24.

Changes in the classifications of provisions for tax and labor contingencies and provisions for amounts receivable from customers and doubtful accounts contributed to other operating revenues totaling R\$2 million in 1Q25.

Financial Result

The net financial result in 1Q25 was negative by R\$2.9 million, compared to losses of R\$3.0 million in 1Q24.

padtec

Results for the Period

In 1Q25, the Company maintained its breakeven point, as it recorded a loss of R\$50 thousand. Considering the LTM 1Q25, the result for the last twelve months was negative by R\$13.4 million, with an improvement of 52.1% compared to 2024, when a loss of R\$27.8 million was recorded.

EBITDA

The Company considers EBITDA, which corresponds to net profit, plus income tax and social contribution, depreciation and amortization expenses, and financial result, an important parameter for investors, as it provides relevant information about its operating results, profitability, and operating cash generation.

	EBITDA						
R\$ thousand	1Q24	2Q24	3Q24	4Q24	2024	1Q25	LTM 1Q25
From EBITDA to Net Income							
Net Results	(14.542)	(3.492)	(3.440)	(6.364)	(27.838)	(50)	(13.346)
Depreciation & Amortization	5.279	5.691	5.973	6.433	23.376	5.753	23.850
Net Financial Results	3.030	3.621	4.179	10.778	21.608	2.879	21.457
Income tax and social contribution	14	464	104	(188)	394	173	553
EBITDA	(6.219)	6.284	6.816	10.661	17.541	8.755	32.514
EBITDA Margin	-10,7%	9,2%	9,0%	11,1%	5,9%	12,1%	10,4%

The evolution recorded in Padtec's results resulted in an EBITDA of R\$8.8 million in 1Q25, with an EBITDA margin of 12.1%. In LTM 1Q25, EBITDA reached R\$32.5 million (EBITDA margin of 10.4%), an increase of 85.4% compared to 2024, R\$17.5 million (EBITDA margin of 5.9%).

Debt levels, cash, and capital structure

At the end of 1Q25, loans and financing totaled R\$319.6 million, of which 77% were long-term obligations and 23% were short-term. The 6% reduction in Padtec's debt compared to the closing position in 2024 is due to the maturity, in January, of a FINIMP line obtained from Banco Votorantim. In 1Q25, R\$22.6 million was paid as interest and principal on loans obtained by the Company and the average cost of funding was 8.7% per year (compared to 8.4% per year in 2024).

padtec

R\$ thousand					CONSOLIDATED	
Modality	Agreed Rate	Annual Average Effective Rate	Due Date (Maturity)	Guarantee	Mar 31, 2025	Dec 31, 2024
Brazilian Currency						
FINEP	TR + 2.30% and 2.80% p.a.	3.08%	02/15/20 until 12/15/42	Bank Guarantee	103.829	104.218
Exim BNDES	IPCA + 7.02% p.a.	8.25%	09/15/24 until 06/15/29	Bank Guarantee	151.339	150.697
					255.168	254.915
Foreign Currency						
Banco do Brasil - Forfait	8.30% p.a.	9.31%	05/02/24 until 01/24/27	Escrow Account	8.685	9.976
FINIMP - Banco Votorantim	exchange variation + 4.5% p.a.	4.87%	10/28/24 until 01/24/25	Escrow Account	-	9.899
FINIMP - Banco do Brasil	3.0% p.a.	3.25%	10/29/24 until 04/25/25	Recebíveis	23.984	24.527
NCE - Votorantim	exchange variation + 7.80% p.a.	12.78%	09/30/24 until 03/28/28	Escrow Account	31.780	40.561
					64.449	84.963
					319.617	339.878
Current liabilities					74.424	76.473
Non-current liabilities					245.193	263.405
					76.7%	77.5%
					319.617	339.878

Repayment Schedule by Year of Maturity - R\$ thousand							
	2025	2026	2027	2028	2029	2030 onwards	total
Loan and financing	56.916	59.631	56.187	49.808	25.765	71.310	319.617

In March, Padtec S.A. contracted with BNDES to open a credit line in the FUST-Commercialization Financing Line, which will be used to finance the sale of machinery and equipment, in the amount of up to R\$30 million. The release of funds by BNDES will occur upon proof of the project/sale of machinery and equipment (without the total amount of this financing being made available immediately).

Cash and cash equivalents available in 1Q25 totaled R\$116.1 million (R\$158.1 million at the end of 2024) and financial investments as collateral, R\$32.2 million (R\$32.6 million in December 2024), totaling R\$148.3 million. The amounts allocated in financial investments as collateral secure debts taken out with BNDES and FINEP.

In 1Q25, net debt totaled R\$171.4 million, with a net debt/LTM EBITDA¹ ratio of 5.27 and a net debt/equity ratio of 1.39.

The Company's capital structure enables it to accelerate the expansion of its portfolio of products and solutions, meeting more efficiently the demands presented by different sectors of the economy, expanding its geographic presence, and providing financing lines to its customers.

Joint Liabilities

To facilitate the acquisition of its products and implementation services by customers who do not have direct access to the financing lines available on the market, Padtec carries out financial operations based on the principle of credit assignment and receivables discounts. Among these lines, FINEP Aquisição Inovadora Telecom stands out, which allows customers to benefit from very favorable conditions for the acquisition of Padtec equipment.

¹ LTM EBITDA corresponds to the sum of the EBITDA recorded over the last twelve months.

Since 2017, around 70 clients have obtained credit using these transactions. To mitigate the credit risk of its counterparties, adequately manage financial risk, and maintain a default rate close to zero, the Company carries out detailed monitoring of each of these clients.

In 1Q25, Padtec had R\$75.9 million in operations of this nature on its balance sheet, given as collateral for financing taken out by some of its customers. Of this amount, 52% are long-term obligations and 48% are short-term. The counterpart of these entries is included in current assets and non-current assets.

Financial Transactions - Co-obligations		
R\$ thousand	1Q25	2024
Vendor	50.612	56.576
Forfait	25.265	31.509
Total	75.877	88.085
Short Term	36.680	41.929
%	48,3%	47,6%
Long Term	39.197	46.156
%	51,7%	52,4%
Total	75.877	88.085

FIDC Funttel Padtec

In addition to the instruments mentioned above, Padtec also has a credit rights investment fund, in partnership with BNDES Participações S.A. – BNDESPAR (BNDESPAR). The operations of the FIDC Funttel Padtec, which began in 2T22, have BNDESPAR as the senior shareholder (with an 80% stake) and the subsidiary Padtec S.A. as the subordinate shareholder (20%). The fund's objective is, through the granting of credit to Padtec's clients, to stimulate technological innovation, encourage the training of human resources, foster job creation, and promote access of small and medium-sized companies to capital resources, to increase the competitiveness of the Brazilian telecommunications industry.

By the end of March 2025, FIDC Funttel shareholders had made R\$75 million available. Credits worth R\$70.7 million were granted to 33 Padtec clients and, of this amount, approximately 80% remain outstanding.

The FIDC Funttel Padtec is consolidated in the Company following the rules of Technical Pronouncement CPC 36 (R3) Consolidated Financial Statements, correlated with International Financial Reporting Standards – IFRS 10 (IASB - BV 2012). However, for this Earnings Release, the amounts of the FIDC Funttel Padtec are not considered for the calculations and analyses presented in the section "Indebtedness, cash, and capital structure".

Investments

Padtec and its employees are constantly committed to developing products and services to best serve customers, according to the needs presented by the telecommunications and technology segments. The Company offers high-quality products, services, and solutions that add value to the businesses in this value chain. The products and services offered by Padtec developed internally or in partnership with other companies, stand out for their high technological content, great flexibility, and high standards of robustness, quality, and reliability.

padtec

Investments in research and development (“R&D”) were R\$9.9 million in 1Q25 (13.7% of net revenue in the quarter), totaling R\$42.1 million in LTM 1Q25 (in line with the R\$43 million recorded in 2024). Since the amount recorded in the Income Statement presents the effect of deferrals, in that report these expenses total R\$7.2 million in 1Q25 and R\$33 million in LTM 1Q25.

The Company also has partnerships with universities and research centers, favoring the increase and diversification of the range of technological innovations that support the continuous development of the telecommunications ecosystem.

- **Income Statement – Consolidated**

(in thousand of Brazilian Reais)	CONSOLIDATED							
	1Q24	2Q24	3Q24	4Q24	2024		1Q25	2025
Gross operating revenues	73.537	82.116	91.541	117.332	364.526		88.610	379.599
Sales taxes	(15.156)	(13.615)	(15.622)	(21.374)	(65.767)		(16.309)	(66.920)
Net operating revenues	58.381	68.501	75.919	95.958	298.759		72.301	312.679
Cost of products sold and services rendered	(43.509)	(46.912)	(51.579)	(61.716)	(203.716)		(47.480)	(207.687)
Gross profit	14.872	21.589	24.340	34.242	95.043		24.821	104.992
Operational income (expenses)								
Administrative expenses	(6.452)	(5.983)	(6.631)	(7.388)	(26.454)		(8.429)	(28.431)
Commercial expenses	(8.424)	(8.155)	(8.696)	(9.255)	(34.530)		(8.278)	(34.384)
Research and development expenses	(8.466)	(7.751)	(7.792)	(10.248)	(34.257)		(7.148)	(32.939)
Other operational expenses (income)	(3.028)	893	(377)	(3.126)	(5.638)		2.036	(574)
	(26.370)	(20.996)	(23.496)	(30.017)	(100.879)		(21.819)	(96.328)
Profit/(losses) before financial income (expenses)	(11.498)	593	844	4.225	(5.836)		3.002	8.664
Financial income	(6.488)	(11.129)	(12.332)	(23.264)	(53.213)		(8.575)	(55.300)
Financial expenses	3.458	7.508	8.152	12.487	31.605		5.696	33.843
Profit/(losses) income tax and social contribution	(14.528)	(3.028)	(3.336)	(6.552)	(27.444)		123	(12.793)
Income tax and social contribution								
Current	(14)	(464)	(104)	188	(394)		(173)	(553)
Deferred					-			-
Net result in the period	(14.542)	(3.492)	(3.440)	(6.364)	(27.838)		(50)	(13.346)

padtec

• Balance Sheet – Consolidated

(in thousand of Brazilian Reais)

Consolidated			Consolidated		
	03/31/25	12/31/24		03/31/25	12/31/24
Assets			Liability		
Current			Current		
Cash and cash equivalents	116.099	158.084	Loans and financing	74.424	76.473
Marketable securities	21.348	1.837	Commercial leasing operations	4.998	5.103
Accounts receivable	147.286	142.504	Suppliers	46.400	57.826
Inventories	113.012	117.157	Related parties	406	569
Recoverable taxes	25.444	28.782	Payable taxes and contributions	4.160	8.618
Sales financing operation	36.680	41.929	Payable taxes and contributions in installment	571	623
Other credits	5.149	4.544	Social contributions	19.299	18.713
Total current assets	465.018	494.837	Dividends payable	39	39
Non-current			General provisions	3.121	3.210
Accounts receivable	46.327	40.359	Sales financing operation	36.680	41.929
Restricted financial investments	32.153	32.599	Advances from customers	1.500	2.327
Derivative Financial Instruments	747	971	Other accounts payable	2.367	3.168
Sales financing operation	39.197	46.156	Total current liabilities	193.965	218.598
Judicial deposits	1.459	1.293	Non-current		
Other credits	601	317	Loans and financing	245.193	263.405
Fixed assets	39.157	41.316	Suppliers	-	619
Intangible assets	64.497	61.834	Commercial leasing operations	10.745	12.283
Total non-current assets	224.138	224.845	Payable taxes and contributions in installment	571	675
Total assets	689.156	719.682	General provisions	292	393
			Provisions for labor and tax risks	13.118	13.866
			Sales financing operation	39.197	46.156
			Liabilities - FIDC Senior Shares	62.822	41.609
			Other accounts payable	-	147
			Total non-current liabilities	371.938	379.153
			Total liabilities	565.903	597.751
			Equity		
			Capital stock	138.442	138.442
			Capital reserve	2.450	2.450
			Accumulated loss	(16.149)	(16.099)
			Goodwill on capital transaction	599	599
			Other comprehensive income	(2.089)	(3.461)
			Total of shareholders' equity	123.253	121.931
			Total of liabilities and shareholders' equity	689.156	719.682

This report may contain projections and/or estimates of future events. The use of the terms "anticipates", "believes", "expects", "estimates", "plans", "predicts", and "projects", among others, intends to signal possible trends and statements that, of course, involve uncertainties and risks, and future results may differ from current expectations. Forward-looking statements are based on several assumptions and factors, including economic, market, and industry conditions, in addition to operating factors. Any changes in these assumptions and factors may lead to practical results that are different from current expectations. These forward-looking statements should not be fully trusted. Forward-looking statements reflect opinions only on the date they were prepared and presented. The Company is not obliged to update them in the face of new information or new developments. The Company is not responsible for operations that are carried out or for investment decisions that are made based on these projections and estimates. Finally, the pro forma financial information contained in this report has not been audited and therefore may differ from the final audited results.

padtec