

GRUPO TECHNOS ANNOUNCES REVENUE AND PROFIT GROWTH IN THE QUARTER COMPARED TO 2020 AND 2019 AND BETTER EBITDA SINCE 2016

Rio de Janeiro, August 12, 2021 - Grupo Technos (B3: TECN3) announces its 2Q21 results. The following financial and operational information is presented on a consolidated basis, in compliance with current legislation, unless otherwise indicated.

DATE

08/12/2021

CLOSING PRICE

R\$ 2.78/share

MARKET CAP

R\$ 218.2 million

CONFERENCE CALL

08/13/2021 12:30 p.m.
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2Q21 HIGHLIGHTS

- Net revenue increased by 329.2% compared to 2Q20, increased by 1.3% compared to 2Q19
- Gross profit increased by 1,054.4% compared to 2Q20, increased by 26,0% compared to 2Q19.
- SG&A increased by 17.1% compared to 2Q20, decreased by 33,8% compared to 2Q19
- Adjusted EBITDA for the last twelve months of R\$53,6 million, the best performance since 2016
- Net debt totaled R\$24.9 million in 2Q21 and cash position totaled R\$111.6 million, a record

R\$ million	2Q20	2Q21	%	2020	2021	%
Gross revenue	22.0	84.8	286.1%	73.0	133.6	83.0%
Net revenue	17.8	76.5	329.2%	59.7	120.0	100.8%
Gross profit	3.7	42.4	1,054.4%	20.9	63.7	205.2%
Gross margin	20.6%	55.4%	34.8p.p.	34.9%	53.1%	18.2p.p.
SG&A	-21.0	-24.6	17.1%	-52.8	-47.3	-10.5%
Net income	-17.3	7.6	-143.9%	-34.7	3.6	-110.3%
Net margin	-96.8%	9.9%	106.7p.p.	-58.1%	3.0%	61.1p.p.
Adjusted EBITDA	-16.4	17.5	-206.9%	-28.6	18.8	-165.7%
Adjusted EBITDA margin	-92.1%	22.9%	115.0p.p.	-47.9%	15.7%	63.6p.p.
Number of watches (000s)	130	446	243.7%	476	754	58.4%
Average price (R\$/product)	168	189	12.4%	150	176	16.8%

Adjusted EBITDA – -Represents CVM EBITDA (net income plus depreciation and amortization, financial expenses, financial income, current and deferred taxes), adjusted for the present value adjustment on sales and sales taxes, non-operational contingency provisions, nonrecurring results, extraordinary, and stock option plan.

As indicated in previous financial statements, Grupo Technos implemented an aggressive operating restructuring plan since March 2020 with the purpose of mitigating the negative impacts resulting from the "COVID 19" health crisis, as well as evolving with the Turnaround plan started in 2019. In the second quarter of 2021, once again the Company implemented actions to protect its cash and accelerate its turnaround, and, as a result, Grupo Technos continues to show important progress in all its financial indicators.

Net Revenue in the second quarter increased 329.2% compared to the same quarter of the previous year and increased 1.3% compared to the second quarter of 2019, showing sales resilience. The Gross Profit of the second quarter grew 1,054% compared to the same quarter of the previous year and increased 26.0% compared to the second quarter of 2019, showing significant gains in gross margin. Sales and Administrative Expenditures grew 17.1% compared to last year because of revenue increase and all the cost containment measures taken at the height of the health crisis in 2Q20- and were reduced by 33%,8% compared to the same quarter of 2019 showing significant efficiency gain. As a consequence, the Adjusted EBITDA of R\$17.5 million demonstrated in the second quarter of this year is the best quarterly result in six years.

Gross Revenue in the second quarter increased by 286%, as a result of the expansion of all channels compared to the period in which the Company suffered the highest restriction on sales in its history. This growth was due to the significant increase in volume and the average price increase of 12%. Sales growth in the quarter also occurred across all channels and product categories, including successful launches of smartwatch collections.

Gross Profit of the second quarter showed growth of 1,054.4% compared to the same quarter of the previous year and increased 26.0% compared to the second quarter of 2019. The increase of gross margin even in a more challenging dollar scenario demonstrates the evolution of the Company's profitability recovery strategy, and has as main factors better product margins - possible by price increases, attractive collection launches, reduction of promotional sales and discounts and better supplier negotiations - and lower costs of Technical Assistance due to the outsourcing model implemented throughout the year 2020. Finally, the greater use of the ICMS tax benefit granted to the sector by the State of Amazonas exceptionally for the year

Sales and administrative expenses increased 17.1% compared to the second quarter of 2020, a period during which most of the Company's activities were paralyzed, employment contracts were suspended, and expenses were drastically reduced. Compared to the same period in 2019, SG&A expenses decreased by 33.8%, with significant headcount and general operating expense decreases.

In the quarter, the Company's adjusted EBITDA totaled R\$17.5 million, compared to an expense of R\$16.4 million in the previous year and R\$2.0 million in 2019. This is the second consecutive quarter in which the Company had the best adjusted EBITDA in the quarter in six years, illustrating the impact and consistency of its turnaround plan, notwithstanding the adverse conditions resulting from the pandemic. As a result, the Adjusted EBITDA for the last twelve months of R\$53.6 million and the EBITDA margin of 17.6%, represent the highest level when compared to the annual results since 2016.

The Company's working capital totaled R\$171.7 million in the second quarter of 2021, representing an increase of R\$3.2 million compared to the same period in the previous year. This is the result of a combination of increased accounts receivable - primarily due to the significant increased sales compared to the same period in the previous year - and decreased inventory and accounts payable. The above changes in balances reflect the volatility of the sale over the last 12 months and the temporary interruption of new purchases of raw material, which although re-established and largely evolved over the first half of the year, It

has not yet been enough to completely reestablish our stock coverage at a healthy level and adequate mix, also due to the larger lead times of suppliers being also in the process of re-establishing their supply chains.

Finally, in the second quarter of 2021, net debt totaled R\$24.9 million, representing a R\$36.7 million decrease compared to that recorded in the second quarter of 2020. This result was only achieved due to the measures implemented since mid-March 2020 to protect cash and decrease cash outflow, when we began to feel the impacts of the pandemic, as well as due to the Company's improved performance as of the second semester of 2020. Net debt included R\$111.6 million in cash and R\$136.5 million in gross debt. It is noteworthy that the Company's current gross debt has an average term of 3.4 years, according to the renegotiation and payment extension completed in October 2020.

The positive outcome of the second quarter - either in comparison with 2020 or in comparison with the years preceding the pandemic - is a direct consequence of internal sales recovery actions and gross margin, in addition to the successful implementation of an aggressive action plan to protect cash and accelerate the operational restructuring that has been occurring since the beginning of 2020. The sequence of positive results shows the consistency and greater visibility of the results from the operational restructuring detailed in previous releases.

This year, as already disclosed, the Company's mission is to consolidate the gains linked to its operational restructuring and accelerate its digitalization process. It is noteworthy that the Company continues to monitor the COVID-19 pandemic in Brazil and worldwide. Additional measures may be implemented as the scenario and impacts of the pandemic on our activities become clearer.



GROSS REVENUE

Gross revenue reached R\$84.3 million in the second quarter of 2021, representing an increase of R\$62.8 million compared to the second quarter of 2020. This increase is due to the sequential sales recovery following the period of greatest impact of the pandemic, as well as a progress in the level of our stocks that, as mentioned in the 1Q21 results, impacted with rupture in important lines. Compared to the same period in 2019, product sales decreased by 4.2%.

The table below sets forth the breakdown of our gross revenue:

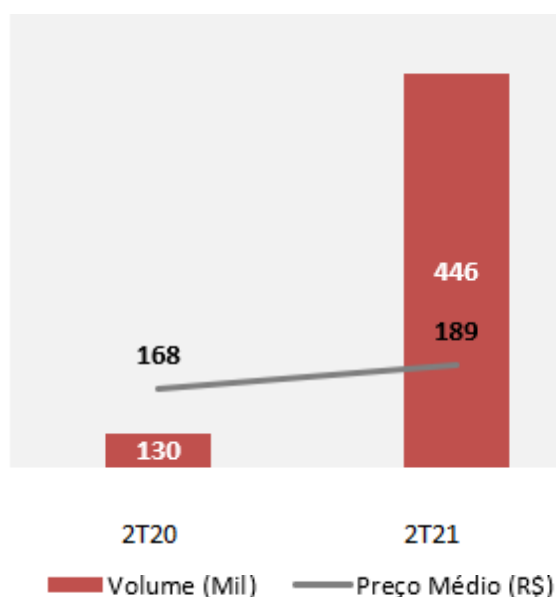
R\$ Million	2Q20	2Q21	Var %	Var R\$	2020	2021	Var %	Var R\$
Product Sales	21.8	84.3	286.2%	62.5	71.7	132.6	85.0%	60.9
Technical Assistance	0.1	0.4	254.0%	0.3	1.3	1.0	-27.2%	-0.4
Gross Revenue	22.0	84.8	286.1%	62.8	73.0	133.6	83.0%	60.6

PRODUCT SALES

Overview

Gross revenue from product sales increased from R\$21.8 million in the second quarter of 2020 to R\$84.4 million in the second quarter of 2021, representing a R\$62.5 million increase. In the quarter, the number of watches sold totaled 446 thousand watches, representing a 243.7% increase compared to the second quarter of 2020.

Average price reached R\$189 in the second quarter of 2021, representing a 12.4% increase compared to the same period in 2020. This increase in the average price reflects the Company's strategy to seek greater profitability through selective price increases, decreased discounts and promotional sales, and better management of mix per sales channel.



Analysis per Distribution Channel

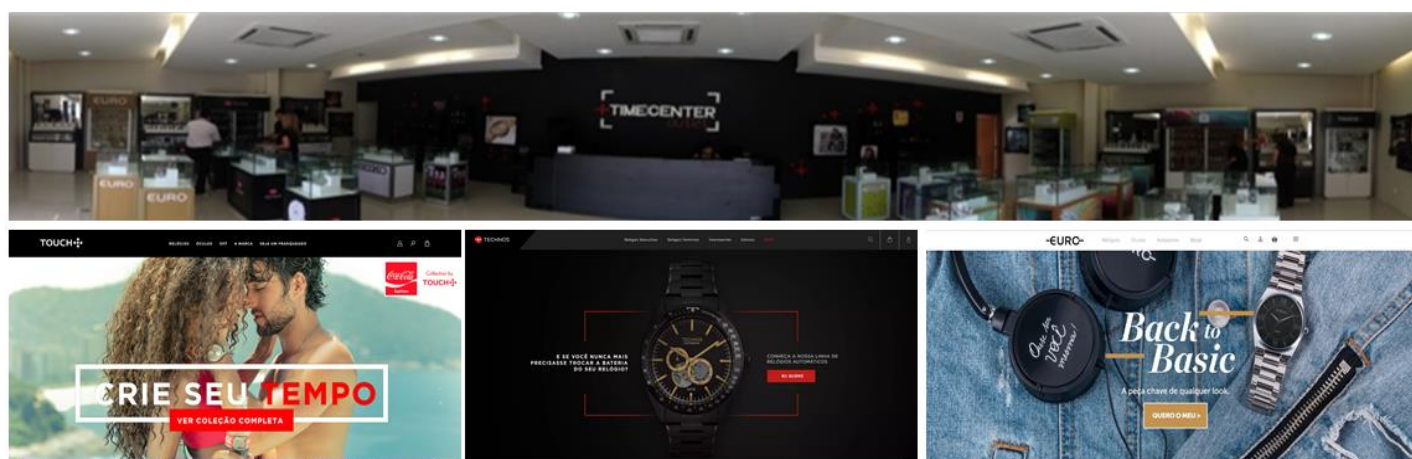
The analysis of sales of watches per distribution channel shows a 288.7% increase compared to the previous year in specialized stores, and a 281.7% increase in Department Stores and Others, which also include online sales customers. The gradual sales recovery following the highest impact of the pandemic in 2Q20 was the main positive impact on the performance in the quarter.

R\$ Million	2Q20	2Q21	Var %	Var R\$	2020	2021	Var %	Var R\$
Specialized Stores	14.5	56.2	288.7%	41.8	48.4	88.0	81.6%	39.6
Department Stores and Others	7.4	28.1	281.7%	20.8	23.2	44.6	92.1%	21.4
Total	21.8	84.4	286.3%	62.5	71.7	132.6	85.0%	60.9

RETAIL AND FRANCHISES

In retail, the Company runs its own operations through websites and outlets. The company operates in e-commerce with five e-commerce websites, four of which are dedicated to the brands Technos, Fossil, Euro, Condor, and one, Timecenter, is dedicated to online sales of all brands. The main goal of this online activity is brand building and brand communication in the virtual environment, as a large number of customers performs online searches before completing their purchases in physical stores, as well as the engagement and allurements of consumers in relation to the category and our brands.

The Company maintains 11 outlets in the main malls of this segment across Brazil. These points of sales are part of the inventory management strategy and represent a sales channel for low turnover products outside the traditional sales channels, and have had good sales results. Moreover, they reinforce the category in the places where consumers are largely present.



NET REVENUE

In the second quarter of 2021, net revenue totaled R\$76.5 million, representing a 329.2% increase compared to the same period in the previous year. It is noteworthy that, notwithstanding the pandemic scenario, the Company's net revenue increased by 1.3% compared to 2Q19.

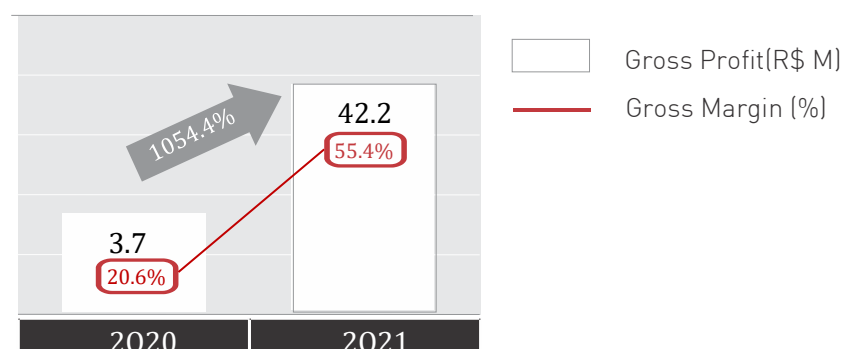
Present value adjustment on gross revenue totaled R\$1.1 million in the second quarter of 2021, representing a R\$0.9 million increase. This is a non-cash adjustment, as the portion deducted from gross revenue at the time of sale returns to the Company and is credited to financial income at the time of receipt.

Notwithstanding the 286.1% increase in Gross Revenue, sales taxes increased by only 83.7% compared to the same period in the previous year. This effect is due to the increased enjoyment of the ICMS tax benefit, pursuant to Decree 43,274. It is noteworthy that this benefit will exceptionally be applied during 2021 due to the great impact of the pandemic on the watch sector. Excluding this effect, tax in 2Q21 would be R\$ 3.9 million higher, with a percentage increase closer to sales increase.

R\$ Million	2Q20	2Q21	Var %	Var R\$	2020	2021	Var %	Var R\$
Gross Revenue	22.0	84.8	286.1%	62.8	73.0	133.6	83.0%	60.6
Present Value Adjustment on Sales	(0.2)	(1.1)	423.6%	(0.9)	(1.0)	(1.8)	77.7%	(0.8)
Sales Taxes	(4.0)	(7.3)	83.7%	(3.3)	(12.4)	(11.9)	-3.6%	0.4
Present Value Adjustment on Taxes	0.0	0.1	150.2%	0.1	0.2	0.2	-6.6%	(0.0)
Net Revenue	17.8	76.5	329.2%	58.7	59.7	119.9	100.8%	60.2

GROSS PROFIT AND GROSS MARGIN

In the second quarter of 2021, the Company's gross profit totaled R\$42.2 million, compared to R\$3.7 million in the same period in the previous year, and gross margin increased by 34.8p.p., from 20.6% in the second quarter of 2020 to 55.4% in the second quarter of 2021. This increase is due to sales recovery, which increases the dilution in fixed costs, as well as the implementation of the strategy to recover the Company's profitability and efficiency, according to the turnaround plan that is under implementation. The key factors accounting for increased gross margin include increased prices and profitability of products sold, decreased after-sale costs in view of the outsourcing of the network, and the impact of the increased ICMS tax benefit exceptionally approved for 2021. The positive effect of the increased tax benefit in the quarter totaled R\$3.9 million. This quarter, the Company also had a positive impact of R\$2.3 million regarding the provision for obsolete inventory.



SALES AND ADMINISTRATIVE EXPENSES



The Company's sales and administrative expenses increased by 17.8%, or R\$3,7 million, from R\$21.0 million in the second quarter of 2020 to R\$24.6 million in the second quarter of 2021. This increase is primarily due to two factors, increased revenues and sales expenses, as well as due to the comparison with a period in which the Company used strategies to decrease working hours and terminate employment contracts of a significant number of employees. These strategies were adopted to protect the Company's cash in a period in which the impact of the pandemic was most significant, primarily during the second and third quarters of 2020. Compared to the same period in 2019, sales and administrative expenses were reduced by 33.8%, demonstrating an important recovery of operational efficiency.

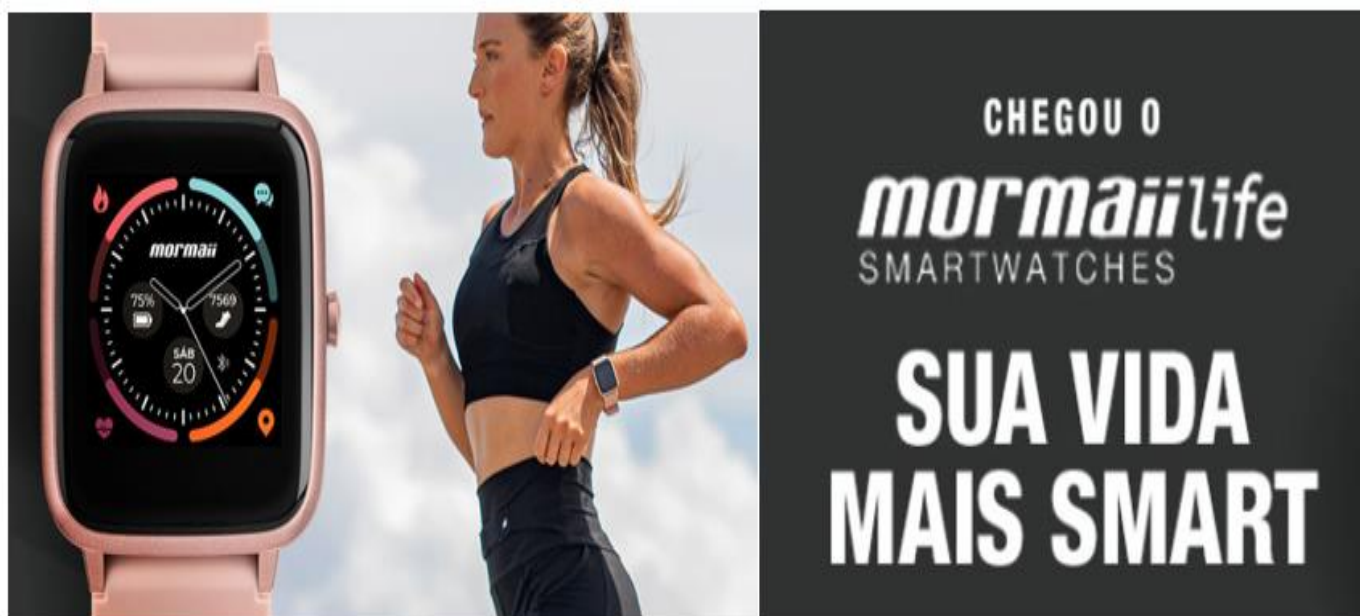
Sales expenses increased by 12.2%, or R\$1.8 million, compared to the same quarter in 2020. This increase was primarily due to investments in marketing and trade actions, freight, travel, and headcount.

General and administrative expenses increased by R\$1.3 million, or 25.0%, compared to the same quarter in 2020. Notwithstanding savings resulting from decreased headcount, the main impacts on increased G&A expenses included outsourced services, legal services regarding success fees in judicial proceedings, bank fees with issuance of bank slips in view of the sales recovery, and data processing.

OTHER OPERATING RESULTS, NET



Other operating results, net totaled an expense of R\$3.3 million, compared to an expense of R\$ 2.0 million in the same period in the previous year. The most significant impacts on this line item in the period refer to expenses with the profit-sharing plan, stock option plan and asset write-off impact related to the change of headquarters, against a net reversal of provisions and contingencies.



The adjustments made in Adjusted EBITDA in 2Q21 refer to taxes on the provision for obsolete inventory, in the amount of R\$0.6 million, impact of R\$0.7 million of the change of address and the impact of present value adjustment on Operational Result, in the amount of R\$0.9 million. The expenses with stock options, which in 2Q21 totaled R\$0.9 million, was not adjusted in Adjusted EBITDA.

¹ Adjustment of tax on provision for obsolete inventory
² Present value adjustment that results in a decrease in the Company's gross revenue (affecting CVM EBITDA) and an increase in the Company's financial income (not affecting CVM EBITDA), leading to a mismatch in connection with the CVM EBITDA view
³ Extraordinary impacts such as assignment of credit rights, impairment and inventory provision

Adjusted EBITDA e EBITDA margin

Legend: Adjusted EBITDA (Red bars), EBITDA margin (Pink line)

Period	Adjusted EBITDA (€ millions)	EBITDA margin (%)
2016	46,3	12,8%
2017	31,9	9,4%
2018	8,0	2,6%
2019	15,2	4,8%
2020	6,0	2,5%
LTM	53,6	17,6%

NET FINANCIAL RESULT



In the second quarter of 2021, net financial result totaled an expense of R\$1.8 million, representing an increase of R\$4.4 million compared to an expense of R\$6.2 million in the second quarter of 2020. The main impacts of this line item in the second quarter of 2021 were due to the direct and indirect effects of the exchange rate variation in the period, including appreciations and depreciations, as well as derivative transactions. In the second quarter of 2021, the main financial expenses were due to the payment of interest on loans, in the amount of R\$4.2 million, and the impact of the exchange rate variation that affects the amounts of hedging transactions, in view of the exchange rate depreciation in the amount of R\$2.6 million.

NET INCOME



In the quarter, the Company's net income totaled an income of R\$7.6 million, representing an improvement of R\$24.8 million compared to the second quarter of 2020. The positive result in the second quarter of 2021 is due to increased sales, increased gross margin, increased SG&A efficiency and decreased net financial result.



WORKING CAPITAL

R\$ million	2Q20	Days	2Q21	Days
(+) Accounts receivable	81.4	123	101.1	119
(+) Inventories	139.5	372	104.1	250
(-) Accounts payable	52.4	140	33.5	81
(=) Working Capital	168.5	356	171.7	289

In the second quarter of 2021, the Company's working capital totaled R\$171.7 million, accounting for 289 days. In the same period in the previous year, working capital totaled R\$168.5 million, representing an increase of R\$3.2 million or 1.9%. It is noteworthy that the method used to calculate days of working capital in the table above considers the sales basis and changes in the last 12 months. This method usually intends to clearly show improvements and deteriorations in the Company's management of working capital. However, in view of a scenario in which sales in the last 12 months show significant volatility as a result of the pandemic (failing to reflect the natural business seasonality) and the need to make decisions to suspend the flow of purchases from suppliers and inventory supply for a long time, these indicators must be carefully assessed, and the understanding of the scenario and the analysis of balances are required, as explained below.

The Company's balance of Accounts Receivable totaled R\$101.1 million, compared to R\$81.4 million in the previous year. This increase is due to the sales increase in the last 12 months (particularly in the second semester of 2020 and second quarter of 2021). It is important to note that the attendance showed an improvement of 44p.p. in 2T21 when compared to the worst time of the pandemic in 2T20 and approaching the attendance of 2019 with gradual recovery since the second quarter of 2020. The average sales term last twelve months shows a reduction of 8 days when compared to the same period of the previous year.

In the second quarter of 2021, inventory totaled R\$104.2 million, representing a R\$35.4 million decrease compared to the second quarter of 2020. Decreased inventory is due to the actions to protect cash during the pandemic in 2020, including restrictions on purchases, as well as to the recovery of revenue at a pace that was above the Company's expectations in the fourth quarter of 2020, and a better management of inventory coverage. The Company recovered its supply flow as of the third quarter of 2020, and has shown significant developments over the first half of the year in this direction, but taking into account the long cycle of the chain, the complete rebalancing of stocks will take place by the end of this year.

The Company's balance of Accounts Payable totaled R\$33.5 million, compared to R\$52.4 million in the same period in 2020, due to the freezing of new shipments and purchases as of March 2020. It is noteworthy that, since 2016, a factor that contributed to the extension of suppliers' payment terms was the use of agreements or letters of credit, which represent a payment guarantee to suppliers and allow the extension of payment terms in negotiations with the Company. With the renegotiation of agreements with its main creditors, completed in October 2020, the Company obtained new financings directly with its creditors and settled the outstanding letters of credit. Accordingly, as of October 2020, the Company is no longer impacted by letters of credit in accounts payable. In 2Q20, the outstanding balance of accounts payable guaranteed by letters of credit totaled USD5.2 million (equivalent to R\$28.1 million).

The Technos Group ended the second quarter of 2021 with net debt of R\$24.9 million, falling R\$36.8 million compared to the position of the second quarter of 2020, due to the recovery of sales and profitability. Compared to the first quarter of 2021, there was a drop of R\$6.9 million mainly due to the positive result of operating activities of R\$20.5 million, turnover capital consumption of R\$11.8 million due to sales growth and stock recovery, investment of R\$1.3 million in the quarter in fixed and intangible assets and R\$1.6 million in interest payments on contracted loans and amortizations in the period.

R\$ million	2Q20	1Q21	2Q21
Gross debt	(129.8)	(137.7)	(136.5)
(-) Cash	68.1	105.9	111.6
(=) (Debt)/Net Cash	(61.6)	(31.8)	(24.9)

¹ In the calculation of net debt, we considered cash plus restricted cash of R\$11.4 million in 2Q21



INCOME STATEMENT



R\$ thousand

QUARTER

	Consolidated	
	2Q20	2Q21
Net revenue	17,831	76,526
Cost of goods sold	(14,157)	(34,116)
Gross profit	3,674	42,410
Sales expenses	(9,483)	(15,975)
Provision for impairment of trade receivable	(5,013)	(117)
Administrative expenses	(6,518)	(8,506)
Others, net	(2,017)	(3,313)
Operational profit	(19,357)	14,499
Financial result, net	(6,233)	(1,802)
Financial income	8,612	4,134
Financial expenses	(14,845)	(5,936)
Income before income tax and social contribution	(25,590)	12,697
Income tax and social contribution	8,322	(5,121)
Deferred	0	(5,097)
Current	8,322	(24)
Net income	(17,268)	7,576

ACCUMULATED

	Consolidated	
	2020	2021
Net revenue	59,746	119,950
Cost of goods sold	(38,892)	(56,300)
Gross profit	20,854	63,650
Sales expenses	(27,422)	(29,462)
Provision for impairment of trade receivable	(10,368)	(1,077)
Administrative expenses	(14,998)	(16,711)
Others, net	(2,384)	(4,009)
Operational profit	(34,318)	12,391
Financial result, net	(16,455)	(4,364)
Financial income	41,182	5,924
Financial expenses	(57,637)	(10,288)
Income before income tax and social contribution	(50,773)	8,027
Income tax and social contribution	16,070	(4,463)
Deferred	0	(6,455)
Current	16,070	1,992
Net income	(34,703)	3,564

BALANCE SHEET



R\$ thousand

	Consolidated	
	June 30, 2020	June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	47,847	100,204
Restricted cash	20,286	11,445
Marketable securities	0	0
Accounts receivable	81,366	101,108
Inventories	139,506	104,107
Income tax and social contribution recoverable	6,713	15,395
Recoverable taxes	28,764	28,674
Derivative financial instruments	11,258	0
Other assets	12,252	11,982
Assets held for sale	4,800	2,725
	352,792	375,640
Non-current assets		
Related deposits	4,299	3,736
Advances to suppliers	3,875	3,125
Recoverable taxes	42,178	24,164
Judicial deposits	3,923	1,633
Other assets	15,953	0
	70,228	32,658
Investments		
Intangible	192,108	191,046
Property and equipment	36,252	25,045
	228,360	216,091
Total assets	651,380	624,389

	Consolidated	
	June 30, 2020	June 30, 2021
Liabilities		
Current liabilities		
Borrowings	66,356	8,643
Accounts payable	52,383	33,499
Income tax and social contributions payable	7,911	14,577
Deferred income tax and social contributions	306	364
Amount payable for the acquisition of non-controlling interest	1,103	1,103
Salaries and social charges payable	7,343	9,578
Dividends payable	1,375	1,371
Derivative financial instruments	612	2,437
Lease payment	2,487	1,709
Other payables	6,888	11,226
Provision for success fees	1,619	1,371
Payables - assignment of credit right	11,236	10,912
	159,619	96,790
Non-current liabilities		
Borrowings	90,690	127,864
Income tax and social contributions payable (Note 14)	1,779	1,614
Deferred income tax and social contributions	7,143	13,567
Provision for contingencies	54,400	54,337
Amount payable for the acquisition of equity interest	4,709	3,238
Payables - assignment of credit right	13,414	0
Lease payment	3,990	1,094
Other payables	0	0
Provision for success fees	6,038	4,633
	182,163	206,347
Total liabilities	341,782	303,137
Equity		
Capital stock	130,583	130,583
Treasury shares	(11,208)	(11,208)
Share issuance expenses	(10,870)	(10,870)
Capital reserves	204,432	205,801
Profit reserves	42,450	14,287
Carrying value adjustment	(14,291)	(14,110)
Additional proposed dividend	3,205	3,205
Loss in the period	(34,703)	3,564
Total equity	309,598	321,252
Total liabilities and equity	651,380	624,389

R\$ thousand

QUARTER

Consolidated

	2Q20	2Q21
Income before income tax and social contribution	(25,590)	12,697
Adjustments for items that do not affect cash flow		
Amortization and depreciation	2,766	2,089
Allowance for recoverable value of inventory	2,293	(667)
Allowance for recoverable value of accounts receivable	5,013	117
Write-off of accounts receivable for foreclosure of guarantees without generation of cash	0	0
Adjustment to market value in noncurrent assets available for sale	960	0
Allowance for contingencies (reversal)	903	(157)
Results from disposal of permanent assets	(2)	845
Impairment of permanent assets	0	(2)
Provision for impairment of goodwill	0	0
Interest on loans	1,343	2,607
Other interest expenses and foreign exchange variation	6,860	147
Derivative financial instruments	(2,782)	2,083
Stock option premium	0	884
Others	18	(135)
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	25,927	(3,459)
Decrease (increase) in inventories	8,390	(12,293)
Decrease (increase) in tax recoverable	(719)	3,249
Decrease (increase) in other assets	290	1,294
Increase (decrease) in suppliers and accounts payable	(21,602)	162
Increase (decrease) in salaries and social charges payable	(778)	3,392
Increase (decrease) in taxes, rates and social contributions payable	2,905	3,587
Interest paid	(1,350)	(2,628)
Income tax and social contribution paid	0	(5,153)
Others	0	0
Net cash (applied in) generated by operational activities	4,845	8,659
Cash flow from investment activities		
Redemption of escrow accounts	24	1,029
Acquisition of equity interest	(12)	(1,045)
Restricted cash	0	0
Purchases of fixed assets	(309)	(507)
Amount received from the sale of fixed assets	1	210
Purchases of intangible assets	(480)	(994)
Net cash (applied in) generated by investment activities	(776)	(1,307)
Cash flow from financial activities		
Deposits as collaterals -- restricted cash	(13,323)	106
Borrowings	15,236	0
Payment of borrowings	(2,949)	(1,056)

Lease contracted	0	0
Lease paid	(1,286)	(658)
Dividends paid to non-controlling shareholders	0	0
Net cash applied in financial activities	(2,322)	(1,608)
Increase (decrease) in cash and cash equivalents	1,747	5,744
Cash and cash equivalents at beginning of period	46,100	94,460
Cash and cash equivalents at end of period	47,847	100,204

CASH FLOWS



R\$ thousand

ACCUMULATED

Consolidated

	2020	2021
Income before income tax and social contribution	(50,773)	8,027
Adjustments for items that do not affect cash flow		
Amortization and depreciation	5,746	4,334
Allowance for recoverable value of inventory	2,442	(71)
Allowance for recoverable value of accounts receivable	10,368	1,077
Write-off of accounts receivable for foreclosure of guarantees without generation of cash	0	0
Adjustment to market value in noncurrent assets available for sale	0	0
Allowance for contingencies (reversal)	(238)	399
Results from disposal of permanent assets	975	876
Impairment of permanent assets	(3)	(3)
Provision for impairment of goodwill	0	0
Interest on loans	2,417	4,891
Other interest expenses and foreign exchange variation	29,638	(2)
Derivative financial instruments	(24,451)	2,844
Stock option premium	0	1,369
Others	216	(108)
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	60,023	31,267
Decrease (increase) in inventories	(19,333)	(27,057)
Decrease (increase) in tax recoverable	(2,062)	4,520
Decrease (increase) in other assets	1,583	1,014
Increase (decrease) in suppliers and accounts payable	(32,184)	10,124
Increase (decrease) in salaries and social charges payable	847	5,119
Increase (decrease) in taxes, rates and social contributions payable	3,639	2,193
Interest paid	(4,456)	(5,125)
Income tax and social contribution paid	0	(5,153)
Others	0	0
Net cash (applied in) generated by operational activities	(15,606)	40,535
Cash flow from investment activities		
Redemption of escrow accounts	36	13
Acquisition of equity interest	(24)	(1,032)
Restricted cash	0	0
Purchases of fixed assets	(1,129)	(1,239)
Amount received from the sale of fixed assets	275	1,156
Purchases of intangible assets	(1,473)	(1,436)
Net cash (applied in) generated by investment activities	(2,315)	(2,538)
Cash flow from financial activities		
Deposits as collaterals -- restricted cash	(13,323)	9
Borrowings	55,236	0
Payment of borrowings	(27,869)	(1,615)

Lease contracted	0	0
Lease paid	(2,385)	(1,445)
Dividends paid to non-controlling shareholders	0	0
Net cash applied in financial activities	11,659	(3,051)
Increase (decrease) in cash and cash equivalents	(6,262)	34,946
Cash and cash equivalents at beginning of period	54,109	65,258
Cash and cash equivalents at end of period	47,847	100,204