

GRUPO TECHNOS ANNOUNCES AN INCREASE OF 24.3% IN NET REVENUES AND 31,3% IN ADJUSTED EBITDA IN THE SECOND QUARTER OF 2022

Rio de Janeiro, August 08, 2022 – Grupo Technos (B3: TECN3) announces its results for the second quarter of 2022 (2Q22). The following financial and operational information is presented on a consolidated basis, in compliance with Brazilian Corporate Law, unless otherwise indicated.

2Q22 HIGHLIGHTS

- Net revenue of R\$ 95.2 million an increase of 24.3% vs. 2Q21 and 26.0% vs 2Q19
- R\$ 52.1 million of gross profit, an increase of 22.8% versus 2Q21 and 55.0% vs 2Q19
- Adjusted EBITDA of R\$ 23,0 million, an increase of 31.3% versus 2Q21 and 1050% vs 2Q19
- Net income of R\$14.7 million, growth of 94.2% vs 2Q21
- Net debt of R\$ 56.9 million, and leverage of 0.7x Adjusted EBITDA
- Acceleration of the buyback program and cancellation of another 2.0 million shares in Aug/22 totaling 4.0 million, or 5.1%, of canceled shares in the year

R\$ million	2Q21	2Q22	%	2021	2022	%
Gross Revenue	84,8	107,9	27,2%	133,6	178,6	33,7%
Net Revenue	76,5	95,2	24,3%	120,0	157,4	31,2%
Gross Profit	42,4	52,1	22,8%	63,7	84,0	32,0%
Gross Margin	55,4%	54,7%	-0,7p.p.	53,1%	53,4%	0,3p.p.
SG&A	-24,6	-31,1	26,6%	-47,3	-58,6	24,0%
Net Income	7,6	14,7	94,2%	3,6	9,7	170,9%
Net Margin	9,9%	15,5%	5,6p.p.	3,0%	6,1%	3,2p.p.
Adjusted EBITDA	17,5	23,0	31,3%	18,8	31,6	68,2%
Adjusted EBITDA Margin	22,9%	24,2%	1,3p.p.	15,7%	20,1%	4,4p.p.
Number of Watches (000s)	427	523	22,4%	679	872	28,4%
Average Price (R\$/product)	198	206	4,2%	196	205	4,6%

DATE

08/08/2022

CLOSING PRICE

R\$ 2.49/share

MARKET CAP

R\$ 185.5 million

CONFERENCE CALL

08/09/2022 10:00 a.m.
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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.

In the second quarter of 2022, Grupo Technos reported positive results that illustrate its successful strategy, based on the acceleration of sales of its brands and channels in addition to the consolidation of efficiency gains achieved in previous periods.

The 27.2% growth in gross revenue in the period was mainly a result of market share gains in traditional watches category and flattish results in smartwatches category. In addition, the company continued to benefit from profitability gains resulting from the perpetuation of a more agile, light and efficient management model implemented during the pandemic. In view of the sequence of positive sales with a healthy balance of sales and profitability, Grupo Technos reported adjusted EBITDA in the last twelve months of R\$ 76.6 million - the best result since 2016 - and maintained net debt at R\$ 56.9 million.

Net Revenue in the quarter was up 24.3% versus 2021, representing growth across virtually all brands, product categories, and distribution channels. Compared to the same period in 2019 – the year before the pandemic – net revenue growth was 26.0%. Volume growth as compared to the previous year was 22.5% while the price increase reached 4.2%. The impressive growth in volume benefited from the significant rebuilding of the company's inventory levels, evidencing good supply chain management even when facing major supply challenges. The positive performance of both the traditional and smartwatches product categories continue to corroborate the high complementarity of the company's product portfolio.

Gross Profit for the quarter amounted R\$ 52.1 million, 22.8% up on the same period of the previous year. Regarding the second quarter of 2019, already disregarding the extraordinary stock provision, there was a growth of 55%. Despite the significant appreciation of the exchange rate in the period, Grupo Technos continues to defend its gross margin through selective price increases, product and manufacturing cost control, and good management of the supply chain logistics.

Selling and Administrative Expenses for the quarter were 26.6% higher than in 2021 and represented 32.7% of net revenue, flat versus the same period in 2021. On one hand, the nominal increase in expenses is due to higher variable expenses and investments focused on sales growth. On the other hand, the healthy relationship between expenses and sales showcases the company's consistency and commitment to the leaner and more efficient management model implemented throughout 2020 and 2021.

Adjusted EBITDA for the second quarter, at R\$ 23.0 million, represents a significant increase of 31.4% compared to 2021 Adjusted EBITDA and 1050% versus 2019. Adjusted EBITDA margin for the quarter was 24.2% compared to 22.9% last year. Adjusted EBITDA for the last twelve months was R\$ 76.0 million and EBITDA margin reached 21.6%, the highest levels since 2016.

Net indebtedness at R\$ 56.9 million and cash balance at R\$ 70.6 million in the quarter illustrate the Company's financial soundness. Grupo Technos leverage level at the end of the second quarter was 0.7x Adjusted EBITDA LTM. It is important to note that the average term of the Company's gross debt at the end of the period was 2.7 years.

On the date of this report the Company approved the cancellation of 2 million treasury shares, with no total capital reduction totaling 4.0 million, or 5.1%, of canceled shares in the year. After the cancellation of shares, the Company's capital stock is now divided into 74,506,215 common shares.

The significant improvement in results is even more remarkable considering the turbulent and unstable environment experienced earlier this year. Surely the political and economic instabilities including international conflicts and elections in Brazil will continue to put pressure on the company, with effects on its supply chain, price inflation, and cost of capital.

In response to these external challenges, Grupo Technos will continue to invest in strengthening its operations and culture to ensure positive results in the future. For example, the enhanced investment in Grupo Technos's digital transformation will continue to open up new growth horizons for the company and for the development of its employees beyond its core business of traditional products and channels.



GROSS REVENUE

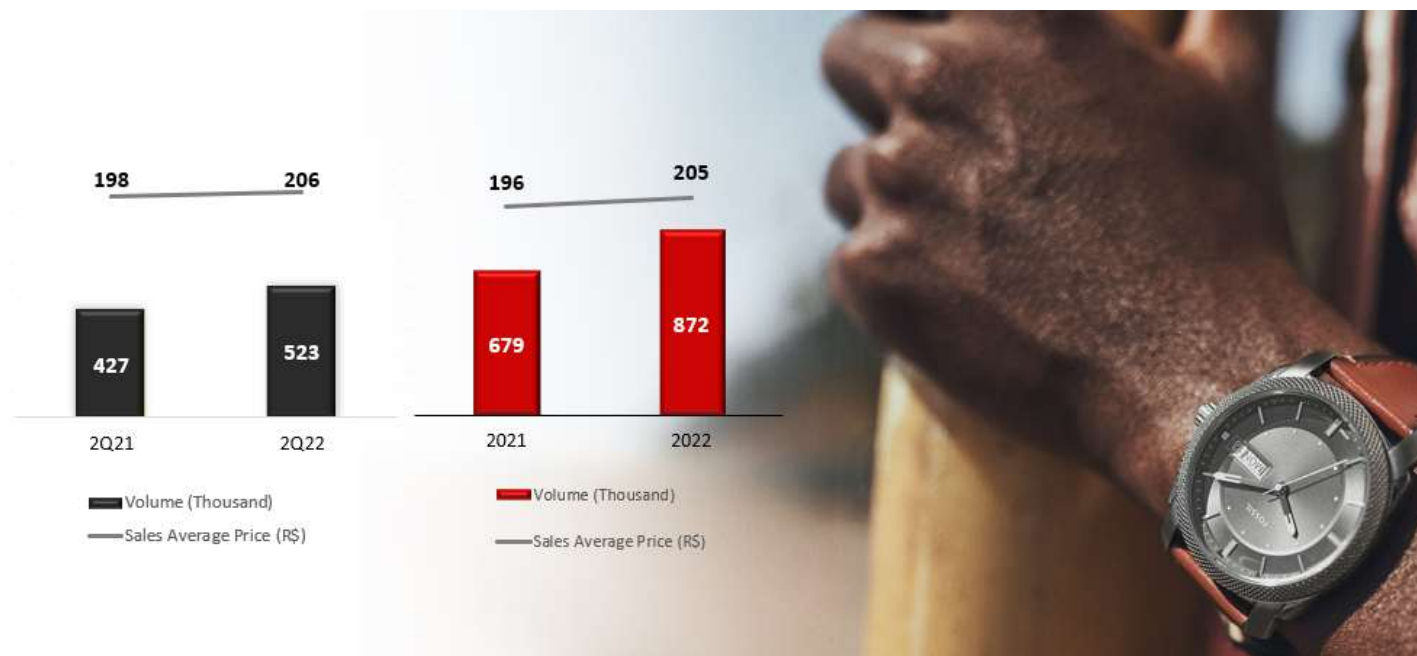


Net Revenue for the quarter was up 27.2% versus the previous quarter, evidencing market share gains and growth across virtually all brands, product categories, and distribution channels. In the second quarter, Gross Revenue reached R\$ 107.9 million, a R\$ 23.1 million growth as compared to the second quarter of 2021.

Other important factors for the revenue evolution were the successful launch and supply of collections of traditional iconic products, as well as the launch of new models of smartwatches. The expansion of both the traditional and smartwatches product categories continue to corroborate the high complementarity of the company's product portfolio.

R\$ Million	2Q21	2Q22	Var %	Var R\$	2021	2022	Var %	Var R\$
Sales of Watches	84.3	107.7	27.7%	23.3	132.6	178.3	34.5%	45.7
Technical Assistance	0.4	0.2	-62.5%	-0.3	1.0	0.2	-74.2%	-0.7
Gross Revenue	84.8	107.9	27.2%	23.1	133.6	178.6	33.7%	45.0

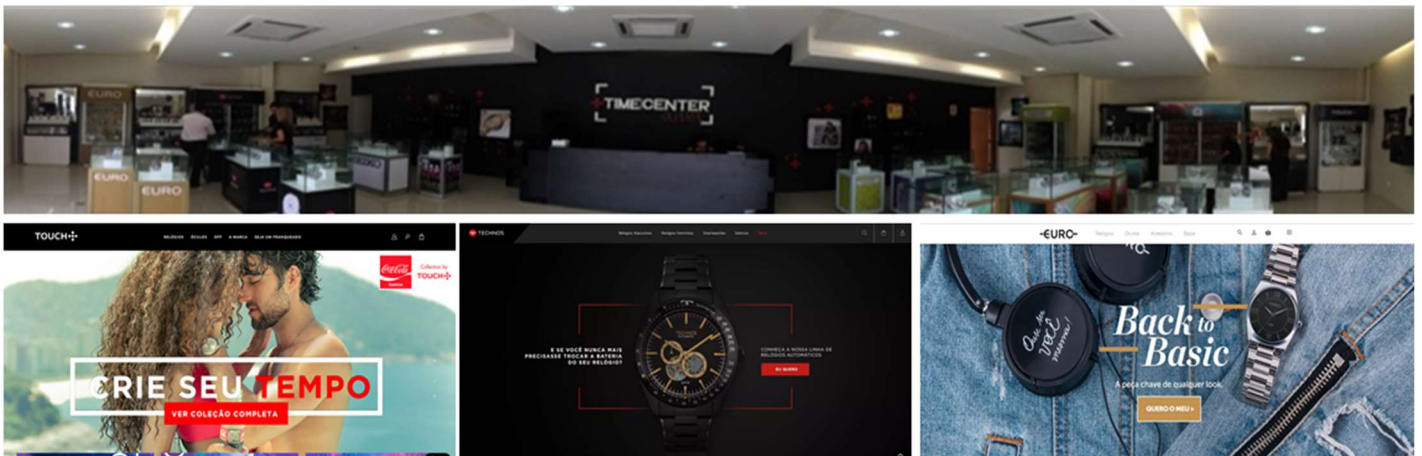
In 2Q22, average price reached R\$ 206, 4.2% higher than the previous year. The number of watches sold in the quarter totaled 523 thousand watches, with 22.5% growth as compared to 2Q21.



RETAIL

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 has 15 own stores in the main capitals, including full price stores and Outlets. The mission of the full price sales points is to reinforce the presence of the brand, as well as test products and provide a differentiated purchase experience. Outlets are part of the Company's inventory management strategy, ensuring the sale of low turnover products with lower impact on traditional sales channels.



NET REVENUE



In the quarter, Grupo Technos' Net Revenue reached R\$ 95.2 million, a 24.4% growth as compared to 2021. The adjustment to present value over gross revenue was R\$ 3.6 million in 2Q22, a very expressive growth and disproportionate to the sales growth in the period. This change has a negative impact on the Company's Net Revenue and is related to the increase in the basic interest rate in the period. 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.

R\$ Million	2Q21	2Q22	Var %	Var R\$	2021	2022	Var %	Var R\$
Gross Revenue	84.8	107.9	27.2%	23.1	133.6	178.6	33.7%	45.0
Present Value Adjustment on Sales	(1.1)	(3.6)	231.0%	(2.5)	(1.8)	(5.7)	213.6%	(3.9)
Sales Taxes	(7.3)	(9.4)	29.9%	(2.2)	(11.9)	(15.9)	33.4%	(4.0)
Present Value Adjustment on Taxes	0.1	0.3	234.7%	0.2	0.2	0.5	208.2%	0.3
Net Revenue	76.5	95.2	24.4%	18.6	119.9	157.4	31.2%	37.5



GROSS PROFIT AND GROSS MARGIN



Gross Profit and Gross Margin reached R\$ 52.1 million and 54.7%, respectively, with 22.8% growth in profit and 0.7 p.p. drop in gross margin versus the same quarter of the previous year.

It is important to highlight that as of the first quarter of 2021 and up to October 2023, the company enjoys an increased use of the ICMS tax benefit. This effect represented R\$ 4.0 million in 2Q21 and R\$ 4.6 million in the same period of 2022.



SALES AND ADMINISTRATIVE EXPENSES



The Company's selling and administrative expenses amounted to R\$ 31.1 million, with 26.6% or R\$ 6.5 million increase versus the previous year, due to variable expenses, as well as investments aimed to accelerate sales.

Selling expenses increased 31.6% or R\$ 5.1 million, compared to the same quarter in 2021. This increase was primarily due to sales expenses, including investments in marketing and trade actions, travel, and compensation of the salesforce.

General and administrative expenses recorded a R\$ 1.4 million, or 17.0% growth as compared to the same quarter in 2021. This growth is due to the increased personnel expenses, reflecting the collective bargaining and legal counseling related to success fees in a legal proceeding already provisioned for in previous years and reversed in others, net.

OTHER OPERATING RESULTS, NET



Other operating results, net, totaled a R\$ 2.8 million expenses, compared to R\$ 3.3 million expenses in the same period in the previous year. The major impacts in this item in the period refer to profit sharing provisioning and option plans, as well as other provisions and reversals related to assets and contingencies.



EBITDA AND ADJUSTED EBITDA



In the quarter, Adjusted EBITDA increased from R\$ 17.5 million in 2021 to R\$ 23.0 million in 2022. EBITDA margin reached 26.4% this year compared to 22.9% last year. This positive result versus 2021 is mainly due to the acceleration in sales.

Adjustments made to Adjusted EBITDA in 2Q22 refer to taxes on the provision for obsolete inventory, in the amount of R\$ 0.8 million and the impact of present value adjustment on Operational Result, in the amount of R\$ 3.3 million.

R\$ Million	2Q21	2Q22	2021	2022
(=) Net income	7,6	14,7	3,6	9,7
(+) Amortization and Depreciation	(2,1)	(2,7)	(4,3)	(5,9)
(+/-) Financial Result	(1,8)	0,0	(4,4)	(8,6)
(+) Current Taxes	(5,1)	(1,3)	(6,5)	(4,5)
(+/-) Deferred Taxes	(0,0)	(0,2)	2,0	3,6
(=) EBITDA (CVM 527/12)	16,6	19,0	16,7	25,1
(+/-) Provision for Contingencies ¹	0,6	(0,8)	0,2	(1,4)
(+) Other Non-Recurring Expenses ²	(0,7)	0,0	0,0	0,0
(+) Impact of present value adjustment on Operational Result ³	(0,9)	(3,3)	(1,6)	(5,2)
(=) Adjusted EBITDA	17,5	23,0	18,1	31,6

¹ Adjustment of tax on provision for obsolete inventory

² Non-recurring or non-operational expenses

³ 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

Adjusted EBITDA for the last twelve months of R\$ 76.0 million and EBITDA margin of 21.6% represent the highest level since 2016.



NET FINANCIAL RESULT



Net financial result in the second quarter of 2022 reached R\$ 1.8 million, an improvement versus the previous year, when the company recorded a negative net result of R\$ 1.7 million. In the quarter, we experienced negative impacts of R\$ 5.4 million from debt interest and R\$ 0.2 million referring mainly to the result of the exchange rate variation on the contracted hedge. The Company's hedging policy aims to reduce uncertainty on the Company's cash management in the short term. Offsetting the debt negative effect, we had a positive impact on the income from interest on financial investments and reversal of adjustment to present value.

R\$ Million	2Q21	2Q22	Var %	Var R\$	2021	2022	Var %	Var R\$
Expenses	-3.3	-5.8	72.7%	-2.4	-7.0	-11.8	69.5%	-4.9
Revenues	1.4	3.3	132.7%	1.9	1.9	5.5	194.8%	3.6
Revenues - PVA Reversal	1.0	2.6	164.1%	1.6	2.3	4.4	92.9%	2.1
Exchange rate impact	-0.8	-0.2	-76.7%	0.6	-1.5	-6.6	336.6%	-5.1
Net Financial Revenues/(Expenses)	-1.7	0.0	-100.5%	1.8	-4.4	-8.6	96.9%	-4.2

NET INCOME



In the quarter, Grupo Technos recorded R\$ 14.7 net income million, R\$ 7.1 million higher than in 2021. This result is due to the sales growth, and the expansion of both the traditional and smartwatches product categories in the quarter continues to corroborate the high complementarity of the company's product portfolio. Net Income recorded in the last twelve months was R\$ 34.7 million.

WORKING CAPITAL

R\$ million	2Q21	Days	2Q22	Days
(+) Accounts Receivable	101,1	119	140,9	144
(+) Inventories	104,1	250	135,1	293
(-) Accounts Payable	33,5	81	43,7	95
(=) Working Capital	171,7	289	232,3	342

The Company's working capital in the second quarter of 2022 totaled R\$ 232.3 million, accounting for 342 days. In the same period in the previous year, working capital amounted to R\$ 171.7 million, growing R\$ 60.8 million, or 35.4%.

The Company's balance of Accounts Receivable amounted to R\$ 140.9 million compared to R\$ 101.1 million in the previous year. This increase is the result of the combination of sales growth in the last 12 months with improved on-time payments and compliance when compared to historical levels. The average sales term in the last twelve months shows a 10-day increase as compared to the same period in the previous quarter.

Inventory ended the period with a R\$ 135.1 million balance, R\$ 31.0 million higher than in the second quarter of 2021. The increase in this item in 2Q22 reflects the Company's stock replenishment effort in the last 12 months. It is noteworthy that, in spite of the current healthy inventory level, the management of the international chain has been a challenge and the global logistics scenario has not recovered to normal levels yet.

The Company's balance of Accounts Payable amounted to R\$ 43.7 million versus R\$ 33.5 million in same period of 2021, as a result of the resumption in purchases and inventory rebalance, as well as the good management of payment terms with suppliers.



INCOME STATEMENT



R\$ Thousand

QUARTER

	Consolidated	
	2Q21	2Q22
Net Revenue	76,526	95.159
Cost of goods sold	(34,116)	(43.082)
Gross Profit	42,410	52.077
Sales expenses	(15,975)	(20.840)
Provision for impairment of trade receivable	(117)	(342)
Administrative expenses	(8,506)	(9.948)
Others, net	(3,313)	(4.661)
Operating profit	14,499	16.286
Financial result, net	(1,802)	10
Financial income	4,134	6.486
Financial expenses	(5,936)	(6.476)
Income before income tax and social contribution	12,697	16.296
Income tax and social contribution	(5,121)	(1.583)
Current	(5,097)	(1.345)
Deferred	(24)	(238)
Net income	7,576	14.713

ACCUMULATED

	Consolidated	
	2021	2022
Net Revenue	119,950	157.432
Cost of goods sold	(56,300)	(73.405)
Gross Profit	63,650	84.027
Sales expenses	(29,462)	(37.443)
Provision for impairment of trade receivable	(1,077)	(294)
Administrative expenses	(16,711)	(20.857)
Others, net	(4,009)	(6.239)
Operating profit	12,391	19.194
Financial result, net	(4,364)	(8.595)
Financial income	5,924	14.083
Financial expenses	(10,288)	(22.678)
Income before income tax and social contribution	8,027	10.599
Income tax and social contribution	(4,463)	(945)
Current	(6,455)	(4.519)
Deferred	1,992	3.574
Net income	3,564	9.654

BALANCE SHEET



R\$ Thousand

	Consolidated	
	June 30, 2021	June 30, 2022
Assets		
Current		
Cash and cash equivalents	100,204	62.556
Restricted cash	11,445	8.037
Accounts receivable	101,108	140.948
Inventories	104,107	135.136
Income tax and social contribution recoverable	15,395	17.937
Taxes recoverable	28,674	28.753
Derivative financial instruments	0	455
Other assets	11,982	8.759
Assets held for sale	2,725	1.452
	375,640	404.033
Non-current		
Marketable securities	3,736	0
Advances to suppliers	3,125	2.187
Taxes recoverable	24,164	3.172
Judicial deposits	1,633	3.799
	32,658	9.158
Investments		
Intangible assets	191,046	189.315
Property and Equipment	25,045	23.086
	216,091	212.401
Total assets	624,389	625.592

	Consolidated	
	June 30, 2021	June 30, 2022
Liabilities		
Current		
Borrowings	8,643	16.326
Accounts payable	33,499	43.744
Income tax and social contributions payable	14,577	9.345
Deferred income tax and social contribution	364	203
Amount payable for the acquisition of non-controlling interest	1,103	1.103
Salaries and social charges payable	9,578	10.502
Dividends payable	1,371	1.371
Derivative financial instruments	2,437	447
Lease payment	1,709	2.078
Other payables	11,226	8.435
Provision for success fees	1,371	1.013
Payables - assignment of credit right	10,912	0
	96,790	94.567
Non-current		
Borrowings	127,864	111.156
Income tax and social contributions payable (Note 14)	1,614	1.507
Deferred income tax and social contribution	13,567	17.956
Provision for contingencies	54,337	59.065
Amount payable for acquisition of equity interest	3,238	0
Lease payment	1,094	2.869
Provision for success fees	4,633	1.709
	206,347	194.262
Total liabilities	303,137	288.829
Equity		
Capital stock	130,583	130.583
Treasury shares	(11,208)	(3.413)
Share issuance expenses	(10,870)	(10.870)
Capital reserves	205,801	185.216
Profit reserves	14,287	17.749
Carrying value adjustment	(14,110)	(13.980)
Additional proposed dividend	3,205	3.205
Loss for the period	3,564	9.654
Profit reserve for reflex tax incentive	0	18.619
Total equity	321,252	336.763
Total liabilities and equity	624,389	625.592

CASH FLOW



R\$ thousand	QUARTER	Consolidated	
		2Q21	2Q22
Income before income tax and social contribution		12,697	16.296
Adjustments for non-cash items			
Amortization and Depreciation		2,089	2.713
Allowance for recoverable value of inventory		(667)	1.396
Allowance for recoverable value of accounts receivable		117	342
Provision for contingencies (reversal)		(157)	1.998
Results from disposal of permanent assets		845	(91)
Impairment of permanent assets		(2)	(2)
Provision for impairment of goodwill		0	0
Interest on loans		2,607	5.013
Other interest expenses and foreign exchange variation		147	(96)
Derivative financial instruments		2,083	(8.191)
Stock option premium		884	579
Others		(135)	24
Changes in assets and liabilities			
Decrease (increase) in accounts receivable		(3,459)	(18.302)
Decrease (increase) in inventories		(12,293)	(10.398)
Decrease (increase) in taxes recoverable		3,249	6.252
(Decrease) increase in other assets		1,294	1.478
Increase (decrease) in suppliers and accounts payable		162	(4.293)
Increase (decrease) in salaries and social charges payable		3,392	3.352
Increase (decrease) in taxes, rates and social contributions payable		3,587	(884)
Interest paid		(2,834)	(6.528)
Income tax and social contribution paid		(4,947)	(3.533)
Net cash (applied in) generated by operational activities		8,659	(12.875)
Cash flow from investment activities			
Redemption of escrow accounts		0	0
Acquisition of equity interest		(16)	0
Purchases of property and equipment		(507)	(482)
Amount received from the sale of property and equipment		210	178
Purchases of intangible assets		(994)	(726)
Net cash (applied in) generated by investment activities		(1,307)	(1.030)
Cash flow from financing activities			
Deposits as collaterals - restricted cash		106	138
Borrowings		0	0
Payment of borrowings		(1,056)	(1.871)
Lease paid		(658)	(564)
Acquisition of own shares held in treasury		0	(3.411)
Stock Option exercise		0	2.090
Net cash applied in financing activities		(1,608)	(3.618)
Increase (decrease) in cash and cash equivalents		5,744	(17.523)
Cash and cash equivalents at the beginning of period		94,460	80.079
Cash and cash equivalents at the end of period		100,204	62.556

CASH FLOW



R\$ thousand	ACCUMULATED	Consolidated	
		2021	2022
Income before income tax and social contribution		8,027	10.599
Adjustments for non-cash items			
Amortization and Depreciation		4,334	5.868
Allowance for recoverable value of inventory		(71)	3.519
Allowance for recoverable value of accounts receivable		1,077	294
Provision for contingencies (reversal)		399	3,078
Results from disposal of permanent assets		876	59
Impairment of permanent assets		(3)	(3)
Provision for impairment of goodwill		0	0
Interest on loans		4,891	9,480
Other interest expenses and foreign exchange variation		(2)	342
Derivative financial instruments		2,844	208
Stock option premium		1,369	1,100
Others		(108)	9
Changes in assets and liabilities			
Decrease (increase) in accounts receivable		31,267	1.550
Decrease (increase) in inventories		(27,057)	(31.831)
Decrease (increase) in taxes recoverable		4,520	10.984
(Decrease) increase in other assets		1,014	2.106
Increase (decrease) in suppliers and accounts payable		10,124	(12.976)
Increase (decrease) in salaries and social charges payable		5,119	(1.198)
Increase (decrease) in taxes, rates and social contributions payable		2,193	2.061
Interest paid		(5,125)	(11.813)
Income tax and social contribution paid		(5,153)	(4.014)
Net cash (applied in) generated by operational activities		40,535	(10.578)
Cash flow from investment activities			
Redemption of escrow accounts		13	672
Acquisition of equity interest		(1,032)	0
Restricted cash		0	(3)
Purchases of property and equipment		(1,239)	(1.888)
Amount received from the sale of property and equipment		1,156	379
Purchases of intangible assets		(1,436)	(1.166)
Net cash (applied in) generated by investment activities		(2,538)	(2.006)
Cash flow from financing activities			
Deposits as collaterals - restricted cash		9	72
Payment of borrowings		(1,615)	(4.109)
Lease paid		(1,445)	(1.111)
Acquisition of own shares held in treasury		0	(4.800)
Acquisition of equity interest		0	(636)
Dividends paid to Company's shareholders		0	(5.999)
Stock Option exercise		0	2.090
Net cash applied in financing activities		(3,051)	(14.493)
Increase (decrease) in cash and cash equivalents		34,946	(27.077)
Cash and cash equivalents at the beginning of period		65,258	89.633
Cash and cash equivalents at the end of period		100,204	62.556