

TECHNOS GROUP ANNOUNCES 52.0% GROWTH IN NET INCOME IN THE QUARTER AND 70.8% YTD

Rio de Janeiro, November 6, 2023- Technos Group (B3: TECN3) announces its results for the third quarter of 2023 (3Q23).. The following financial and operational information is presented on a consolidated basis, in compliance with Brazilian Corporate Law, unless otherwise indicated.

QUARTER HIGHLIGHTS

- Net revenue at R\$ 80.4 million, down 3.3% versus 3Q22
- Gross profit at R\$ 43.6 million, 3.8% drop versus 3Q22
- R\$ 31.5 million SG&A, 1.4% growth versus 3Q22
- Adjusted EBITDA at R\$ 20.1 million, with 4.5% growth versus 3Q22
- R\$ 13.0 million net income in the quarter, 52.0% growth versus 3Q22
- R\$ 17.7 million net cash, R\$ 15.4 million higher than the last quarter

DATE

11/06/2023

CLOSING PRICE

R\$ 3.48/share

MARKET CAP

R\$ 246.8 million

CONFERENCE CALL

11/07/2023 10:00 a.m. Brasília

Link:

IR CONTACTS

Daniela Pires - CFO and IR Officer

Luís Ricardo -- Financial and IR Manager

Danielle Barbosa -- Planning and IR Coordinator

ri@grupotechnos.com.br

www.grupotechnos.com.br/ri

+55 (21) 2131-8672

| R\$ million | 3Q22 | 3Q23 | % | 9M22 | 9M23 | % |
|-------------------------------|--------------|--------------|-----------------|--------------|--------------|----------------|
| Gross Revenue | 94.8 | 91.9 | -3.1% | 273.4 | 267.6 | -2.1% |
| Net Revenue | 83.2 | 80.4 | -3.3% | 240.6 | 231.3 | -3.9% |
| Gross Profit | 45.4 | 43.6 | -3.8% | 129.4 | 126.9 | -1.9% |
| <i>Gross Margin</i> | <i>54.6%</i> | <i>54.3%</i> | <i>-0.3p.p.</i> | <i>53.8%</i> | <i>54.9%</i> | <i>1.1p.p.</i> |
| SG&A | -31.1 | -31.5 | 1.4% | -89.7 | -94.1 | 4.9% |
| Net Income | 8.5 | 13.0 | 52.0% | 18.2 | 31.1 | 70.8% |
| <i>Net Margin</i> | <i>10.3%</i> | <i>16.1%</i> | <i>5.9p.p.</i> | <i>7.6%</i> | <i>13.4%</i> | <i>5.9p.p.</i> |
| Adjusted EBITDA | 19.2 | 20.1 | 4.5% | 50.8 | 54.7 | 7.5% |
| <i>Adjusted EBITDA Margin</i> | <i>23.1%</i> | <i>24.9%</i> | <i>1.9p.p.</i> | <i>21.1%</i> | <i>23.6%</i> | <i>2.5p.p.</i> |
| Number of Watches (000s) | 455 | 439 | -3.5% | 1,327 | 1,286 | -3.1% |
| Average Price (R\$/product) | 208 | 209 | 0.5% | 206 | 208 | 1.0% |

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.

Technos Group faced in 3Q23 a challenging sales scenario, the result of a macro environment with low economic activity, high interest rates and weakened consumption. Even in the face of sales-related hardships, the company relied on efficiency gains to once again show growth in Adjusted EBITDA and Net Income and maintain its positive results of recent years.

Gross Revenue fell 3.1% in the third quarter compared to the previous year, while Net Revenue was 3.3% lower in the same period. The 3.5% drop in volume was in line with the drop in revenue and the average price remained virtually flat. This quarter, sales were negatively impacted by the economic slowdown. Even in a challenging quarter from a sales point of view, the company continued to benefit from a dispersed customer base and a supplementary portfolio of brands and products.

Gross Profit for the third quarter amounted to R\$ 43.6 million, down 3.8% compared to the same quarter of the previous year. Gross Margin reached 54.3%, showing a slight drop of 0.3 p.p. versus the same period of the previous year highlighting the discipline and focus on profitability, even in the face of increased sales volatility. The main factors in maintaining gross margin efficiency are the rigorous management of product profitability - achieved through a good perception of the value of products, a good balance of promotional sales, successful collection launches, as well as a more favorable exchange rate and international logistics costs. Furthermore, a factor that contributed positively to Gross Margin was the lower technical assistance costs due to the outsourced model.

Selling and Administrative Expenses for the quarter were 1.4% or R\$ 0.4 million above the same quarter of the previous year. The flat level of expenses is the result of higher costs for direct impacts of inflation, higher national freight costs, and labor proceedings (already provisioned for and whose reversal has a positive impact on "Others, net" account), offset by savings in variable expenses and a reversal in the allowance for doubtful accounts, as a result of improved performance in the recoverability of the Company's assets.

Others, Net account totaled a positive amount of R\$ 0.8 million, versus an expense of R\$ 4.6 million in the same quarter of the previous year. This account was impacted by reversals of provisions for labor expenses, success or settlement of legal proceedings, provision for Profit Sharing and the sale of a non-operational property in Manaus.

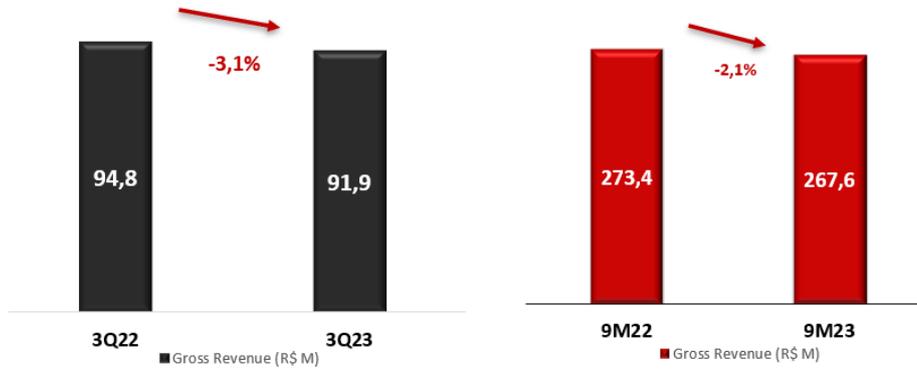
Adjusted EBITDA for the third quarter, at R\$ 20.1 million, represents an improvement as compared to 2022 Adjusted EBITDA of R\$ 19.2 million for the same period of the previous year. The same improvement is reflected in EBITDA Margin, which increased from 23.1% to 24.9%. Adjusted EBITDA for the last twelve months of R\$ 84.6 million and EBITDA margin of 24.7% represent the highest level since 2016. This is the 11th consecutive quarter in which the Company had the best adjusted EBITDA, evidencing the robustness and consistency of the structural transformation implemented by management.

Net income for the third quarter of R\$13.0 million represents an increase of 52 per cent compared to the same period last year. The year-to-date net profit of R\$31.1 million represents an increase of 70.8 per cent compared to the same period last year. The company's improved profitability, even in the face of a volatile sales environment, demonstrates management's commitment to the operational efficiency of the business.

In this quarter, the Company recorded a cash balance of R\$ 115.0 million and net cash amounting to R\$ 17.7 million, reflecting the Company's financial robustness. It is noteworthy that the average term of the Company's gross debt at the end of the period was virtually 2 years, according to the renegotiation and payment extension completed in 2020.

Net Revenue

Gross Revenue for the quarter dropped 3.1% versus the previous quarter. Year-to-date, gross revenue was down 2.1%.



Average price reached R\$ 209 in 3Q23, flat compared to the same quarter of the previous year. The number of watches sold in the quarter totaled 439 thousand watches, 3.5% lower as compared to the same period in 2022.



GROSS REVENUE

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 allurement of consumers in relation to the category and our brands.

The Company has 16 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, Technos Group's Net Revenue reached R\$ 80.4 million, down 3.3% as compared to 2022.

Present value adjustment on gross revenue totaled R\$ 3.6 million in 3Q23. 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 | 3Q22 | 3Q23 | Var % | Var R\$ | 9M22 | 9M23 | Var % | Var R\$ |
|-----------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Gross Revenue | 94.8 | 91.9 | -3.1% | (2.9) | 273.4 | 267.6 | -2.1% | (5.8) |
| Present Value Adjustment on Sales | (3.5) | (3.6) | 3.2% | (0.1) | (9.2) | (10.7) | 16.5% | (1.5) |
| Sales Taxes | (8.5) | (8.2) | -4.0% | 0.3 | (24.5) | (26.5) | 8.2% | (2.0) |
| Present Value Adjustment on Taxes | 0.3 | 0.2 | 19.9% | (0.1) | 0.8 | 0.9 | 8.4% | 0.1 |
| Net Revenue | 83.2 | 80.4 | -3.3% | (2.8) | 240.6 | 231.3 | -3.9% | (9.3) |

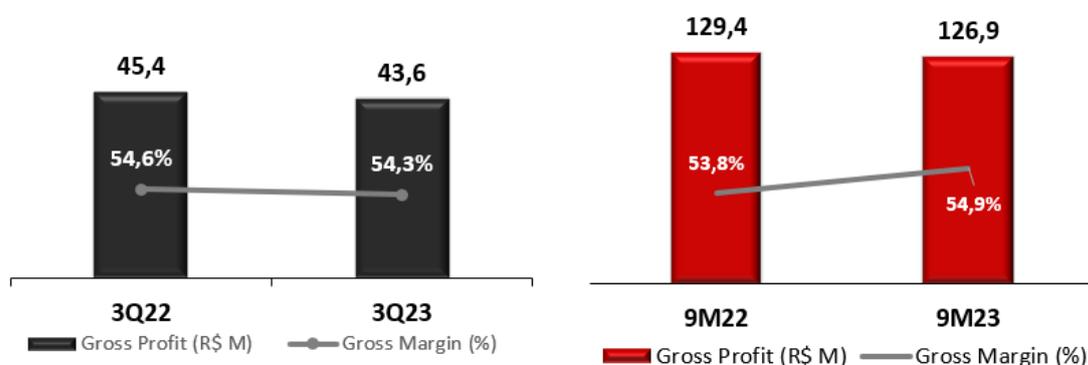
GROSS PROFIT AND GROSS MARGIN



Gross Profit and Gross Margin totaled R\$ 43.6 million and 54.3%, respectively, down 3.8% and 0.3 p.p. versus the same quarter of the previous year. The margin drop is mainly due to the decline in sales compared to the previous year's quarter.

Year to date, Gross Profit and Gross Margin totaled R\$ 126.9 million and 54.9%, respectively.

It is important to highlight that as of the first quarter of 2021 and up to December 2023, the company enjoys an increased use of ICMS tax benefit. This effect represented R\$ 4.2 million in 3Q23 and R\$ 4.3 million in the same period of 2022.



SELLING AND ADMINISTRATIVE EXPENSES



The Company's selling and administrative expenses amounted to R\$ 31.5 million, a slight increase of 1.4% or R\$ 0.4 million versus the previous year.

Sales expenses were down 1.8%, or R\$ 0.4 million, compared to the same quarter in 2022. The main changes in the period were, on the one hand, the increase in freight expenses and, on the other, the reversal of the provision for doubtful accounts, as a result of lower default rates recorded in the last 24 months.

General and administrative expenses increased R\$ 0.8 million or 9.2% compared to the same quarter in 2022, mainly due to inflation and third-party services.



OTHER OPERATING RESULTS, NET



Other operating results, net, recorded a revenue of R\$ 3.0 million, compared to an expense of R\$ 1.4 million in the same period in the previous quarter.

This year, this account was positively impacted by the success or settlement of legal proceedings in the amount of R\$ 2.4 million, net reversal of labor provisions in the amount of R\$ 0.7 million and other revenues in the amount of R\$ 2.1 million relating to sale of two non-operational property, and negatively impacted by expenses on option plans and Profit Sharing in the amount of R\$ 3.4 million. In the same quarter of 2022, the main impacts in this line were the net reversal of labor provisions in the amount of R\$ 0.4 million, in addition to expenses with option plans and Profit Sharing in the amount of R\$ 1.9 million.



EBITDA AND ADJUSTED EBITDA



In the quarter, Adjusted EBITDA increased from R\$ 19.2 million in 2022 to R\$ 20.1 million in 2023. EBITDA margin reached 24.9% this quarter, compared to 23.1% last year.

The adjustments made to Adjusted EBITDA in 3Q23 refer to taxes on the provision for obsolete inventory, in the amount of R\$ 0.7 million and the impact of present value adjustment on Operational Result, in the amount of R\$ 3.3 million. Furthermore, it is important to highlight the adjustment relating to the sale of non-operational property in the amount of R\$ 1.7 million.

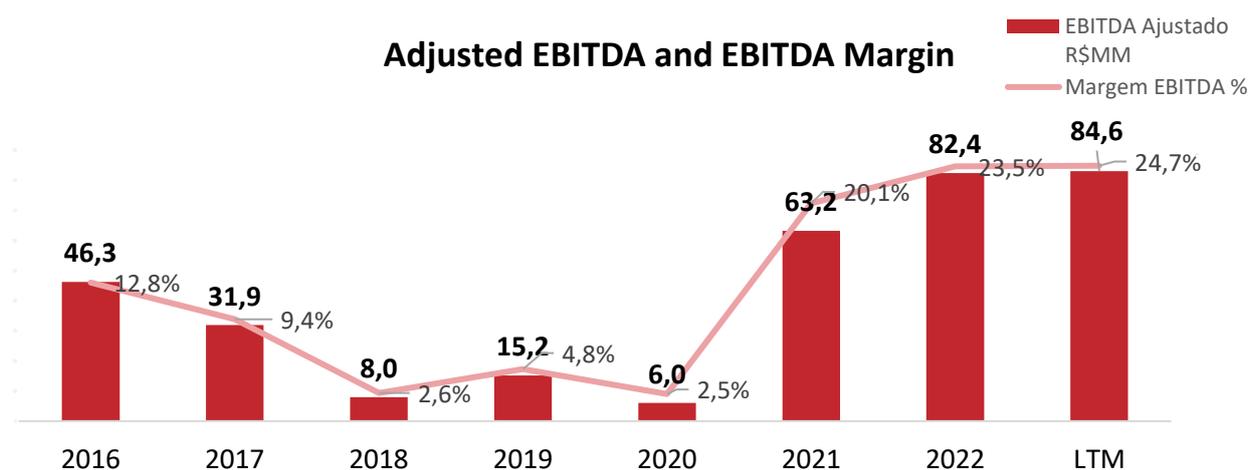
| R\$ million | 3Q22 | 3Q23 | 9M22 | 9M23 |
|---|-------|-------|-------|-------|
| (=) Net income | 8.5 | 12.9 | 18.2 | 31.1 |
| (+) Amortization and Depreciation | (2.1) | (2.4) | (8.0) | (7.2) |
| (+/-) Financial Result | (1.2) | 0.1 | (9.8) | 0.2 |
| (+) Current Taxes | (2.0) | (0.4) | (6.5) | (2.7) |
| (+/-) Deferred Taxes | (1.2) | (1.9) | 2.4 | (2.1) |
| (=) EBITDA (CVM 527/12) | 15.0 | 17.5 | 40.1 | 42.8 |
| (+/-) Provision for Non-recurring Contingencies | (1.0) | (0.8) | (2.4) | (2.0) |
| (+) Other Non-Cash Expenses ² | 0.0 | 1.7 | 0.0 | 1.7 |
| (+) Impact of Present Value Adjustment on Operational Result ³ | (3.2) | (3.3) | (8.4) | (9.8) |
| (=) Adjusted EBITDA | 19.2 | 20.1 | 50.8 | 53.0 |

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\$ 84.6 million and EBITDA margin of 24.7% represent the highest level since 2016.



NET FINANCIAL RESULT

Net financial result in 3Q23 was a positive balance of R\$ 0.1 million, R\$ 1.3 million higher compared to the same quarter of the previous year, which showed a net negative result of R\$ 1.2 million, with higher revenue from the adjustment to present value and lower expenses from exchange rate variations and hedging.

The Company's hedging policy aims to reduce uncertainty on the Company's cash management in the short term and was not changed in the period. The best result in 2023 arises mainly from lower dollar volatility.

| R\$ Million | 3Q22 | 3Q23 | Var % | Var R\$ | 9M22 | 9M23 | Var % | Var R\$ |
|--|-------------|------------|----------------|------------|-------------|------------|----------------|-------------|
| Expenses | -6.3 | -6.7 | 6.9% | -0.4 | -18.1 | -17.5 | -3.1% | 0.6 |
| Revenues | 3.3 | 3.8 | 15.1% | 0.5 | 8.8 | 11.3 | 27.8% | 2.5 |
| Revenues - PVA Reversal | 3.1 | 3.7 | 21.3% | 0.7 | 7.4 | 10.9 | 46.1% | 3.4 |
| Exchange rate impact | -1.3 | -0.7 | -44.7% | 0.6 | -7.9 | -4.4 | -44.6% | 3.5 |
| Net Financial Revenues/(Expenses) | -1.2 | 0.1 | -110.7% | 1.3 | -9.8 | 0.2 | -102.2% | 10.0 |

NET INCOME

Technos Group reported a net income of R\$ 13.0 million in the quarter, a result R\$ 4.4 million, or 52.0% higher than the same quarter of the previous year. Net Income recorded in the last twelve months was R\$ 52.8 million.



Working Capital

| R\$ million | 3Q22 | Days | 3Q23 | Days |
|----------------------------|--------------|------------|--------------|------------|
| (+) Accounts Receivable | 128.6 | 131 | 120.3 | 127 |
| (+) Inventories | 137.6 | 299 | 130.0 | 304 |
| (-) Accounts Payable | 42.8 | 93 | 38.7 | 90 |
| (=) Working Capital | 223.5 | 336 | 211.6 | 340 |

The Company's working capital in 3Q23 amounted to R\$ 211.6 million, representing 340 days. In the same period in the previous year, working capital amounted to R\$ 223.5 million, a drop of R\$ 11.9 million, or 5.3%.

The Company's balance of Accounts Receivable reached R\$ 120.3 million versus R\$ 128.6 million in the previous year. The average term of receivables over the last twelve months is 4 days below the same period in the previous quarter, with a flat and healthy delinquency rate compared to the indicator's history.

Inventory ended the period with a R\$ 130.0 million balance, R\$ 7.6 million lower than in the third quarter of 2022. Discipline in inventory management, as well as the agility of the supply chain's response, enabled the Company to end the quarter with a healthy level of coverage, even in the face of a more challenging sales scenario.

The Company's balance of Accounts Payable totaled R\$ 38.7 million versus R\$ 42.8 million in the same period of 2022.

CASH BALANCE

Technos Group ended 3Q23 with net cash of R\$ 17.7 million. Net cash (debt) for the quarter increased R\$ 15.4 million compared to the position in 2Q23. Compared to the 3Q22, in a 12-month period, there was an increase of R\$ 51.8 million, improving from net debt of R\$ 34.1 million in 3Q22 to net cash of R\$ 17.7 million in 3Q23.

| R\$ million | 3Q22 | 2Q23 | 3Q23 |
|----------------------------|---------------|------------|-------------|
| Gross Debt | (124.1) | (109.5) | (97.3) |
| (-) Cash | 90.0 | 111.8 | 115.0 |
| (=) (Debt)/Net Cash | (34.1) | 2.3 | 17.7 |

INCOME STATEMENT

R\$ Thousand

QUARTER

| | Consolidated | |
|---------------------|---------------|---------------|
| | 3Q22 | 3Q23 |
| Net Revenue | 83,156 | 80,405 |
| Cost of goods sold | -37,783 | -36,765 |
| Gross Profit | 45,373 | 43,640 |

| | | |
|---|---------------|---------------|
| Sales expenses | -22,593 | -21,684 |
| Provision for impairment of trade receivable | 501 | 0 |
| Administrative expenses | -8,983 | -9,811 |
| Others, net | -1,392 | 2,994 |
| Operating profit | 12,906 | 15,139 |
| Financial result, net | -1,160 | 122 |
| Financial income | 6,637 | 7,710 |
| Financial expenses | -7,797 | -7,588 |
| Income before income tax and social contribution | 11,746 | 15,261 |
| Income tax and social contribution | -3,203 | -2,276 |
| Current | -1,985 | -412 |
| Deferred | -1,218 | -1,864 |
| Net income | 8,543 | 12,985 |

YEAR-TO-DATE

| | Consolidated | |
|---|----------------|----------------|
| | 9M22 | 9M23 |
| Net Revenue | 240,587 | 231,280 |
| Cost of goods sold | -111,188 | -104,387 |
| Gross Profit | 129,399 | 126,893 |
| Sales expenses | -60,330 | -63,410 |
| Provision for impairment of trade receivable | 501 | 0 |
| Administrative expenses | -29,840 | -30,659 |
| Others, net | -7,631 | 2,831 |
| Operating profit | 32,099 | 35,655 |
| Financial result, net | -9,755 | 216 |
| Financial income | 20,720 | 23,340 |
| Financial expenses | -30,475 | -23,124 |
| Income before income tax and social contribution | 22,344 | 35,871 |
| Income tax and social contribution | -4,148 | -4,782 |
| Current | -6,504 | -2,723 |
| Deferred | 2,356 | -2,059 |
| Net income | 18,196 | 31,089 |

BALANCE SHEET

R\$ Thousand

| | Consolidated | |
|----------------|--------------------|--------------------|
| | September 30, 2022 | September 30, 2023 |
| Assets | | |
| Current | | |

| | | |
|--|----------------|----------------|
| Cash and cash equivalents | 80,827 | 114,833 |
| Restricted cash | 9,195 | 186 |
| Accounts receivable | 128,634 | 129,822 |
| Inventories | 137,595 | 129,961 |
| Income tax and social contribution recoverable | 17,023 | 7,586 |
| Taxes recoverable | 26,200 | 24,075 |
| Derivative financial instruments | 652 | 805 |
| Other assets | 8,222 | 17,473 |
| Assets held for sale | 1,452 | 438 |
| | 409,800 | 425,179 |
| Non-current | | |
| Advances to suppliers | 2,000 | 1,250 |
| Marketable securities | 0 | 0 |
| Taxes recoverable | 3,186 | 3,241 |
| Judicial deposits | 3,837 | 4,988 |
| | 9,023 | 9,479 |
| Investments | | |
| Intangible assets | 189,212 | 190,187 |
| Property and Equipment | 23,539 | 26,640 |
| | 212,751 | 216,827 |
| Total assets | 631,574 | 651,485 |

BALANCE SHEET



Consolidated

| | September 30, 2022 | September 30, 2023 |
|--|-----------------------|-----------------------|
| Liabilities | | |
| Current | | |
| Borrowings | 17,150 | 15,921 |
| Accounts payable | 42,776 | 48,076 |
| Obligations payable for purchasing goods | 0 | 119 |

| | | |
|--|----------------|----------------|
| Taxes and fees payable | 11,671 | 8,807 |
| Withholding income tax and contributions | 389 | 0 |
| Amount payable for the acquisition of non-controlling interest | 1,103 | 1,103 |
| Salaries and social charges payable | 12,879 | 11,633 |
| Dividends payable | 1,371 | 1,371 |
| Derivative financial instruments | 240 | 198 |
| Lease payment | 1,731 | 1,875 |
| Other payables | 5,900 | 9,754 |
| Provision for success fees | 527 | 0 |
| | 95,737 | 98,857 |
| Non-current | | |
| Borrowings | 106,939 | 81,357 |
| Income tax and social contributions payable (Note 14) | 1,488 | 1,395 |
| Deferred income tax and social contribution | 19,173 | 22,473 |
| Provision for contingencies | 61,072 | 62,542 |
| Amount payable for the acquisition of equity interest | 0 | 0 |
| Lease payment | 2,663 | 3,015 |
| Provision for success fees | 1,709 | 1,709 |
| | 193,044 | 172,491 |
| Total liabilities | 288,781 | 271,348 |
| Equity | | |
| Capital stock | 130,583 | 130,583 |
| Treasury shares | -5,540 | -4,041 |
| Share issuance expenses | -10,870 | -10,870 |
| Capital reserves | 184,934 | 173,833 |
| Carrying value adjustment | -14,084 | -13,954 |
| Profit reserve for reflex tax incentive | 18,619 | 55,681 |
| Profit reserves | 17,749 | 17,816 |
| Additional proposed dividend | 3,205 | 0 |
| Profit (loss) for the period | 18,197 | 31,089 |
| Total equity | 342,793 | 380,137 |
| Total liabilities and equity | 631,574 | 651,485 |

CASH FLOW

| R\$ thousand | QUARTER | Consolidated | |
|---|---------|---------------|---------------|
| | | 3Q22 | 3Q23 |
| Income before income tax and social contribution | | 11,746 | 15,261 |
| Adjustments for non-cash items | | | |
| Amortization and Depreciation | | 2,120 | 2,418 |
| Allowance for recoverable value of inventory | | 1,088 | 1,407 |
| Allowance for recoverable value of accounts receivable | | -501 | -1,630 |

| | | |
|--|-------|--------|
| Reversal of inventory provision due to write-off | - | - |
| Adjustment to market value in noncurrent assets available for sale | 0 | -1,718 |
| Provision for contingencies (reversal) | 2,007 | -183 |
| Results from disposal of permanent assets | -130 | -285 |
| Impairment of permanent assets | -1 | 0 |
| Interest on loans | 5,270 | 4,284 |
| Other interest expenses and foreign exchange variation | -116 | 569 |
| Derivative financial instruments | -404 | -2,236 |
| Stock option premium | 644 | 2,028 |
| Other | 3 | -178 |

Changes in assets and liabilities

| | | |
|--|---------------|---------------|
| Decrease (increase) in accounts receivable | 12,815 | 6,503 |
| Decrease (increase) in inventories | -3,547 | -12,038 |
| Decrease (increase) in taxes recoverable | 4,536 | -6,131 |
| (Decrease) increase in other assets | 686 | 757 |
| Increase (decrease) in suppliers and accounts payable | -3,989 | 8,046 |
| Increase (decrease) in salaries and social charges payable | 2,377 | 2,221 |
| Increase (decrease) in taxes, rates and social contributions payable | 508 | -1,119 |
| Interest paid | -6,338 | -4,591 |
| Income tax and social contribution paid | -1,083 | -500 |
| Net cash (used in) generated by operating activities | 27,691 | 12,885 |

Cash flow from investing activities

| | | |
|---|---------------|---------------|
| Redemption of escrow accounts | 0 | 0 |
| Acquisition of equity interest | 0 | 0 |
| Restricted cash | 0 | 8,317 |
| Purchases of property and equipment | -1,859 | -1,990 |
| Amount received from the sale of property and equipment | 4 | 6,057 |
| Purchases of intangible assets | -577 | -844 |
| Net cash (used in) generated by investing activities | -2,432 | 11,540 |

Cash flow from financing activities

| | | |
|--|---------------|----------------|
| Deposits as collaterals - restricted cash | -951 | 20 |
| Borrowings | 0 | 0 |
| Payment of borrowings | -2,416 | -12,080 |
| Lease paid | -568 | -447 |
| Acquisition of own shares held in treasury | -3,053 | -2,398 |
| Acquisition of equity interest | 0 | 0 |
| Stock Option exercise | 0 | 0 |
| Net cash used in financing activities | -6,988 | -14,905 |

| | | |
|---|---------------|----------------|
| Increase (decrease) in cash and cash equivalents | 18,271 | 9,520 |
| Cash and cash equivalents at the beginning of period | 62,556 | 105,313 |
| Cash and cash equivalents at the end of period | 80,827 | 114,833 |

R\$ thousand

YEAR-TO-DATE

Consolidated

2022

2023

| | | |
|--|----------------|----------------|
| Income before income tax and social contribution | 22,345 | 35,871 |
| Adjustments for non-cash items | | |
| Amortization and Depreciation | 7,988 | 7,203 |
| Allowance for recoverable value of inventory | 4,607 | 2,370 |
| Allowance for recoverable value of accounts receivable | -207 | -1,322 |
| Reversal of inventory provision due to write-off | 0 | 0 |
| Adjustment to market value in noncurrent assets available for sale | 0 | -1,718 |
| Provision for contingencies (reversal) | 5,085 | -908 |
| Results from disposal of permanent assets | -71 | -330 |
| Impairment of permanent assets | -4 | 0 |
| Interest on loans | 14,750 | 13,945 |
| Other interest expenses and foreign exchange variation | 226 | 288 |
| Derivative financial instruments | -196 | -1,080 |
| Stock option premium | 1,744 | 3,521 |
| Other | 0 | 0 |
| Changes in assets and liabilities | | |
| Decrease (increase) in accounts receivable | 14,365 | 19,684 |
| Decrease (increase) in inventories | -35,378 | -12,829 |
| Decrease (increase) in taxes recoverable | 19,534 | 1,434 |
| (Decrease) increase in other assets | 2,792 | -8,402 |
| Increase (decrease) in suppliers and accounts payable | -16,965 | 13,777 |
| Increase (decrease) in salaries and social charges payable | 1,179 | 236 |
| Increase (decrease) in taxes, rates and social contributions payable | -1,446 | -1,752 |
| Interest paid | -18,151 | -14,136 |
| Income tax and social contribution paid | -5,097 | -1,884 |
| Net cash (used in) generated by operating activities | 17,113 | 54,031 |
| Cash flow from investing activities | | |
| Redemption of escrow accounts | 672 | 0 |
| Acquisition of equity interest | 0 | 0 |
| Restricted cash | -3 | 8,317 |
| Purchases of property and equipment | -3,747 | -5,204 |
| Amount received from the sale of property and equipment | 383 | 6,154 |
| Purchases of intangible assets | -1,743 | -2,685 |
| Net cash (used in) generated by investing activities | -4,438 | 6,582 |
| Cash flow from financing activities | | |
| Deposits as collaterals - restricted cash | -879 | -49 |
| Borrowings | 0 | 0 |
| Payment of borrowings | -6,525 | -23,083 |
| Lease paid | -1,679 | -1,207 |
| Acquisition of own shares held in treasury | -7,853 | -16,968 |
| Acquisition of equity interest | -636 | 0 |
| Dividends paid to Company's shareholders | -5,999 | -5,999 |
| Stock Option exercise | 2,090 | 3,201 |
| Net cash used in financing activities | -21,481 | -44,105 |

| | | |
|---|---------------|----------------|
| Increase (decrease) in cash and cash equivalents | -8,806 | 16,508 |
| Cash and cash equivalents at the beginning of period | 89,633 | 98,325 |
| Cash and cash equivalents at the end of period | 80,827 | 114,833 |

