

MEDIA RELEASE

3Q21 / 9M21

Grendene[®]



melissa

GRENDHA

ZAXY

Ipanema

Grendene kids

rider

CARTAGO

PEGA FORTE

3Q21 – Best-ever third quarter gross revenue: R\$ 818.3 million
Net profit: R\$ 208.1 million

Sobral, October 28, 2021 – In this release Grendene (B3: *Novo Mercado* – GRND3) publishes results for 3Q21 and 9M21. Figures are consolidated, stated in accordance with IFRS (International Financial Reporting Standards).

HIGHLIGHTS OF RESULTS

3Q21 vs 3Q20

GROSS REVENUE

R\$ 818.3 million

+5,9%

YoY

+87,7%

YoY

NET PROFIT

R\$ 208.1 million

EXPORT REVENUE

R\$ 155.5 million

+32,2%

YoY

+27,6%

YoY

GROSS REVENUE

PER PAIR

R\$ 18.61

3rd distribution of dividends in 2021: R\$ 134.7 million
 Shares trade ex-dividend on November 8, 2021 –
 payment starts November 24, 2021

GRND3

B3 LISTED NM

Video call with simultaneous
 translation in English

October 29, 2021, 10.30 a.m.
 (Brasília time)

[Click](#) to participate

Grendene S.A.

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Number of common shares: 902,160,000

Price per share (Sep. 30, 2021): R\$9.26

Market value: R\$ 8.4 billion / US\$ 1.6 billion

<http://ri.grendene.com.br>

FINANCIAL AND ECONOMIC INDICATORS

R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Gross revenue	772.8	818.3	5.9%	1,305.4	1,900.4	45.6%
Domestic market	655.2	662.8	1.2%	1,053.7	1,468.3	39.4%
Exports	117.6	155.5	32.2%	251.7	432.1	71.6%
Net revenue	630.8	671.4	6.4%	1,059.7	1,552.7	46.5%
COGS	(348.7)	(375.0)	7.5%	(600.7)	(893.0)	48.7%
Gross profit	282.1	296.4	5.1%	459.0	659.7	43.7%
Operational expenses	(156.4)	(177.9)	13.7%	(379.0)	(438.1)	15.6%
Recurring operational expenses	(148.1)	(170.4)	15.1%	(314.7)	(420.2)	33.5%
Ebit	125.7	118.5	(5.7%)	80.0	221.6	176.9%
Recurring Ebit	134.0	126.0	(6.0%)	144.3	239.4	65.9%
Ebitda	147.8	140.6	(4.9%)	145.4	289.5	99.1%
Recurring Ebitda	156.1	148.1	(5.1%)	209.7	307.3	46.5%
Net financial revenue (expenses)	10.6	13.0	22.3%	45.9	104.4	127.2%
Net profit	110.8	208.1	87.7%	96.2	370.4	285.0%
Recurring net profit:	117.9	136.4	15.8%	150.7	307.6	104.1%

Millions of pairs	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Total volume	53.0	44.0	(17.1%)	83.3	102.8	23.5%
Domestic market	43.9	36.2	(17.7%)	67.6	81.8	21.0%
Exports	9.1	7.8	(14.1%)	15.7	21.0	34.2%

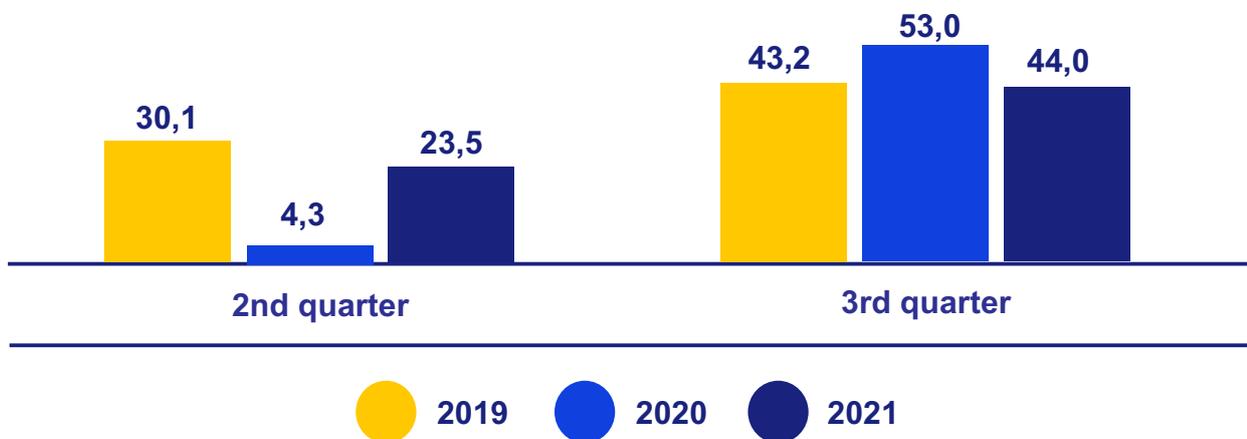
R\$	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Gross revenue per pair – Total	14.58	18.61	27.6%	15.67	18.48	17.9%
Domestic market	14.92	18.33	22.9%	15.58	17.95	15.2%
Exports	12.93	19.92	54.1%	16.06	20.54	27.9%
Exports (US\$)	2.40	3.81	58.8%	3.16	3.85	21.8%
COGS per pair	(6.58)	(8.53)	29.6%	(7.21)	(8.68)	20.4%

Margins – %	3Q20	3Q21	Change, pp, 3Q20–3Q21	9M20	9M21	Change, pp, 9M20–9M21
Gross	44.7%	44.2%	(0.5 pp)	43.3%	42.5%	(0.8 pp)
Ebit	19.9%	17.7%	(2.2 pp)	7.6%	14.3%	6.7 pp
Recurring Ebit	21.2%	18.8%	(2.4 pp)	13.6%	15.4%	1.8 pp
Ebitda	23.4%	20.9%	(2.5 pp)	13.7%	18.6%	4.9 pp
Recurring Ebitda	24.8%	22.1%	(2.7 pp)	19.8%	19.8%	–
Net	17.6%	31.0%	13.4 pp	9.1%	23.9%	14.8 pp
Recurring net margin	18.7%	20.3%	1.6 pp	14.2%	19.8%	5.6 pp

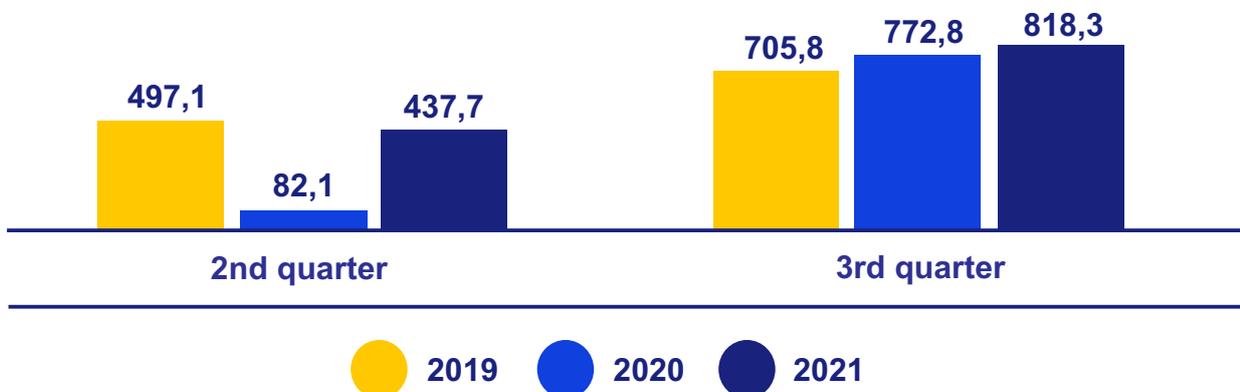
MANAGEMENT DISCUSSION AND ANALYSIS

19 months after the start of the pandemic in Brazil, 3Q21 was the closest to what we would call a scenario of normality. This is because 2Q20 was completely atypical, due to the impossibility of shipping orders received, as a result of the shutdown of the Company's production in that quarter – while on the other hand in 3Q20 and 4Q20 we had a higher than normal concentration of shipments, since the orders received in 2Q20 were delivered during the second half of that year (mainly as from August 2020), as shown in the charts below.

Sales volume
(million pairs)



Total gross revenue
(R\$ mn)





With this closer-to-normal context, resulting from progress in vaccination, enabling restrictions on retailing and on people's mobility to be reduced, we reported the highest third-quarter gross revenue in the company's history: R\$ 818.3 million, 5.9% higher than in 3Q20. The volume of pairs shipped, at 44.0 million, was 17.1%, higher than in 3Q20 – which was itself a strong comparison base, due to the concentration of shipments in that quarter as mentioned above.



Gross revenue per pair was 27.6% higher, at R\$ 18.61, reflecting: the recovery of sales of our Melissa brand; re-establishment of shipments to the international market; rehabilitation of the retail channel in the Brazilian market; and the price increases we have made starting in 3Q20.



In the domestic market, we also had the highest third-quarter gross revenue in the company's history, at R\$ 662.8 million, even though the volume of pairs shipped was 17.7% lower than in 3Q20. The positive effect of the mix of lines sold and our product prices outweighed the effect of the lower volume of pairs shipped.

The segments and brands contributing most to the strong domestic market result in 3Q21 were Melissa, all our women's line (Grendha, Zaxy and Azaleia), and our Kids range of products.

The recovery in the retail channel – physical stores, which account for some 85% of Brazilian footwear sector sales – strengthens the perception that we are, gradually, returning to normal. The retail channel, which has historically been the most important for our sales, was the channel that suffered most from the pandemic.

In this context, the retail channel boosted the results of our brand in Brazil, expanding the channel's penetration as a percentage of total sales, and helping to increase gross revenue per pair, since this channel demands products of higher added value.





For Melissa, 3Q21 was a quarter of strong recovery of sales for the Melissa Clubs – this channel provides approximately 58% of the brand's sell-in in the domestic market, and its sales revenue was 45.4% higher than in 3Q20.

The performance of Grendene's exports followed the path of recovery that it has shown since the beginning of the year, in spite of the appearance of new strains of the coronavirus and lower commercial activity in some regions of the world, especially Europe.

Gross sales to the international market were R\$ 155.5 million, up 32.2% from R\$ 117.6 million in 3Q20, on sales of 7.8 million pairs, 14.1% less than in 3Q20 (9.1 million pairs). This reflected year-on-year increases in gross revenue per pair, of 54.1% in Reais and 58.8% in dollars, caused, as in the domestic market, by the effects of higher product prices and the higher-value mix of merchandise shipped.

INTERNATIONAL MARKET SALES

+54.1% gross revenue per pair (in reais)

+58.8% gross revenue per pair (in dollars)

+32.2% gross sales

Gross profit was 5.1% higher YoY in 3Q21, at R\$ 296.4 million, with gross margin of 44.2%. Even with shipment of a mix of higher added value lines, and gain in labor efficiency (of 1.3pp compared to 3Q20), gross margin was 0.5pp lower, due to the pressure of costs of raw materials (2.4% higher than in 3Q20).

As we commented above, prices of our principal raw materials began to fall starting in May. However, as from the end of August, a succession of events began to pressure prices of PVC, our main raw material: Hurricane Ida on the US Gulf Coast, which impacted 42% of the production of resin in the United States); unprogrammed shutdowns by manufacturers in Europe; congestion in ports; the energy crisis in China; and the heavy increase in the price of gas in Europe – these were the main factors that affected the supply chain in the third quarter, and consequently the price of PVC resin.

Although the price of PVC resin rose in September, and more strongly in October, we believe that in the medium term, with the resumption of production (mainly in the United States), the demand-supply balance of this raw material in the world market will be re-established, and consequently the trend of falling PVC prices will continue from 2022.

Also on the subject of raw materials: although supply chain bottlenecks are affecting companies in a very wide range of sectors worldwide, we are well positioned to meet orders in the fourth quarter – historically the quarter in which our sales are highest.

Operational expenses were 13.7% higher, due to higher expenses on advertising, and selling expenses.

Recurring Ebit, at R\$ 126.0 million, was 6.0% lower in 3Q21 than in 3Q20 (R\$ 134.0 million), mainly due to the increase in selling expenses. Non-recurring Ebit items in 3Q21 total R\$ 7.5 million, including: estimated allowance for doubtful receivables (–R\$ 5.2 million); expenses related to Covid-19 (–R\$ 3.3 million); and income from sale of the PPE of Grendene UK (+R\$ 1.0 million).

NET FINANCIAL REVENUES 22.3% MORE THAN IN 3Q20

Net financial revenues in 3Q21 were R\$ 13.0 million, 22.3% (R\$ 2.3 million) more than in 3Q20 (R\$ 10,642), comprising: income from cash investments (R\$ 27.2 million); a net gain of R\$ 5.1 million in FX-related items; gains of R\$ 5.6 million on other financial assets (silent partnerships – ‘SCPs’); adjustments to present value (R\$3.7 million); and a net loss on equity transactions of R\$ 28.6 million.

RECURRING NET PROFIT FOR 3Q21 WAS 15.8% HIGHER YOY

Recurring net profit for 3Q21 was 15.8% higher YoY, at R\$ 136.4 million. Non-recurring figure for income tax and Social Contribution tax contains a credit of R\$ 77.9 million relating to a legal action, following a unanimous judgment recognizing the unconstitutionality of applying income tax and the Social Contribution to interest received (at the Selic rate) on reimbursement of amounts of tax charged in excess (double taxation). The net amount of these non-recurring items in Net profit is R\$ 71.6 million.

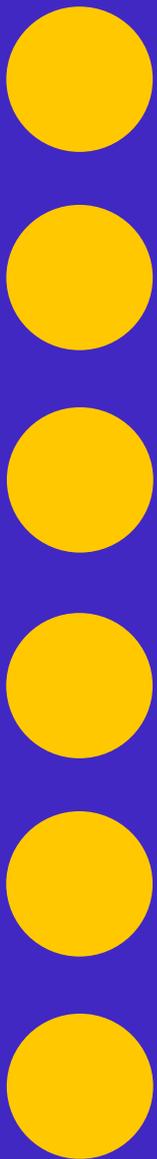
SOLID FINANCIAL SITUATION

At the end of 3Q21 cash was stable YoY at approximately R\$ 2.0 billion, maintaining our solid financial situation.

While we recognize the unstable economic scenario caused by increasing inflation and interest rates, and the reduction in government assistance, the progress of vaccination worldwide and various other factors indicate favorable winds as we look forward: the increase in mobility indices, and the reduction of uncertainties in relation to the pandemic, are factors that cause us optimism for the fourth quarter – which has historically been the quarter with the highest figures for Grendene.



HIGHLIGHTS



MELISSA

+42,1% total gross revenue (vs 3Q20)

+13 Clubes Melissa, with a total of **367** active in Brazil

E-commerce provided **6.4%** of the brand's gross revenue in the quarter

Internationalization strategy in the USA

Three new stores were added in the USA (one in San Diego, and two in Miami, set to open in 2H21) – bringing the total of Melissa stores in North America to five

Melissa / Zee.dog

Melissa's first 'Collab' with a pet brand. Accessories on the Zee.Dog channel **sold out** in the **first 48 hours**



Melissa / Camila Coutinho

Products in this 'Collab' with the entrepreneur and influencer Camila Coutinho were among Melissa's **best-selling** items in the quarter



SUSTAINABILITY

BRAZILIAN CERTIFICATIONS

- Re-certification with the ABVTEX Gold Seal – (for ethics in business, employee health and safety conditions, and care for the environment).
- Award of Silver Seal by the Brazilian GHG Protocol Program (first publication of greenhouse gas inventory in the *Public Registry of Greenhouse Gas Emissions*).

INTERNATIONAL AUDIT

Excellent results in the SMETA audit (one of the world's most widely used social audit procedures, generating an open report to more than 55,000 members of the Sedex program in 180 countries)

RECOGNITION

Melissa received the “Unis vers le beau responsable” seal, launched in September by Printemps of France, which identifies brands concerned with creating products that value people, ethics, nature and the sustainable, circular economy.

Melissa is also featured in a space on the 7ème ciel, a floor dedicated to the circular economy, inaugurated on September 21.

REVERSE LOGISTICS

Partnership between C&A and Ipanema for reverse logistics (30 stores selected for pilot project).



LOWER IMPACT PRODUCTS

Launch of Melissa Free, a Melissa footwear line with lower environmental impact:

- The brand's first monoblock product in EVA.
- Contains renewable-source or bio-based materials, originating from sugarcane.
- 20.7% less environmental impact than comparable footwear made from conventional raw materials.

JOINT VENTURE (JV): GRENDENE + 3G RADAR INTERNATIONALIZATION

Grendene +3G

Bringing together the industrial excellence of Grendene and 3G's track record of distribution, management and global brands



**US\$ 100
MILLION**
Investment
(3G + Grendene)

50.1% 3G
49.9% Grendene

STOCKHOLDING CONTROL

US\$ 360 BILLION
**GLOBAL FOOTWEAR
MARKET**

40%
**USA, CANADA, CHINA
AND HONG KONG**
Worldwide footwear market

TAX INCENTIVES AT CEARÁ UNITS

Extension and increase of ICMS tax incentives from the State of Ceará under the state's *Provin* program, for a new period from October 1, 2021 to December 31, 2032. The program has been renamed '*Proade*'.

NEW PLANT IN CRATO CEARÁ, BRAZIL

In September, Grendene announced construction of a new manufacturing plant in 2022, in the city of Crato in Ceará State.

+1,000

New jobs

10,800M²

Expansion of the unit

+500,000

PAIRS/MONTH

EVA footwear items
and components



DIGITAL TRANSFORMATION

Direct to Consumer (BR) – 3Q21

GMV Brazil: up **27%** from 2Q21 and up **40%** from 3Q20

E-commerce Melissa USA: up **128%** from 3Q20

Clients: up **21.8%** from 2Q21 – **85%** of them first-time buyers

9.3 million online sessions (up **13%** from 2Q21)

OMNI – 3Q21

190 Melissa Clubs with ship from store ordering system (up **167%** from 2Q21)

Active showrooming in **100%** of Melissa Clubs

Ship from store active in **280 stores**

Pick up in store in testing phase

ROADMAP

Integration with marketplaces (Magalu, Netshoes, Zattini, Mercado Livre and Dafiti)

Pick up in store rollout mode

E-commerce Melissa Europe

+167%
ship from store
ordering system
Melissa Clubs
(vs 2Q21)

GLOSSARY:

GMV (Gross merchandise volume) – Total value paid by buyers for transactions on our digital platforms, measured at checkout, including all means of payment. This includes only payments approved; returns are not deducted.

Visit, or Session – The group of a user's interactions with the site in a given space of time. One session may include access to various separate pages of the site. Similarly, one user / visitor may have various sessions during one day.



**OPERATIONS
IN**

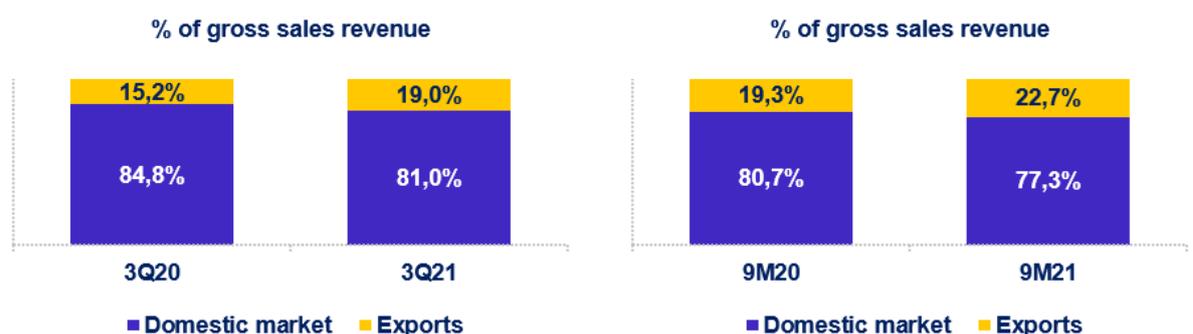
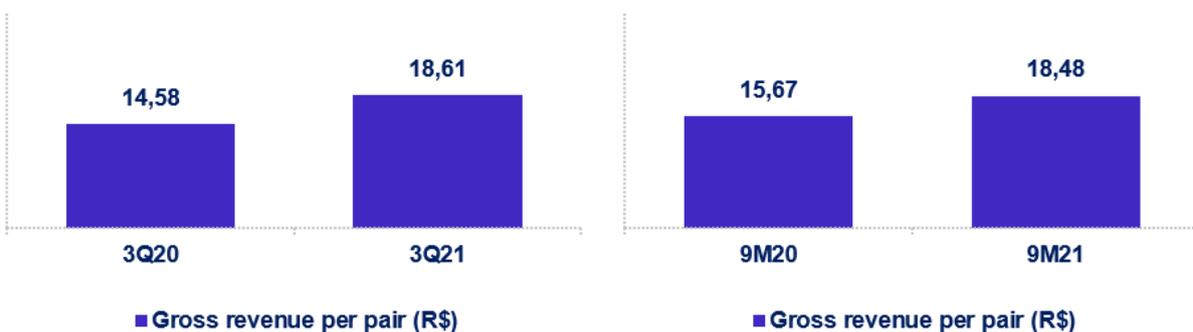
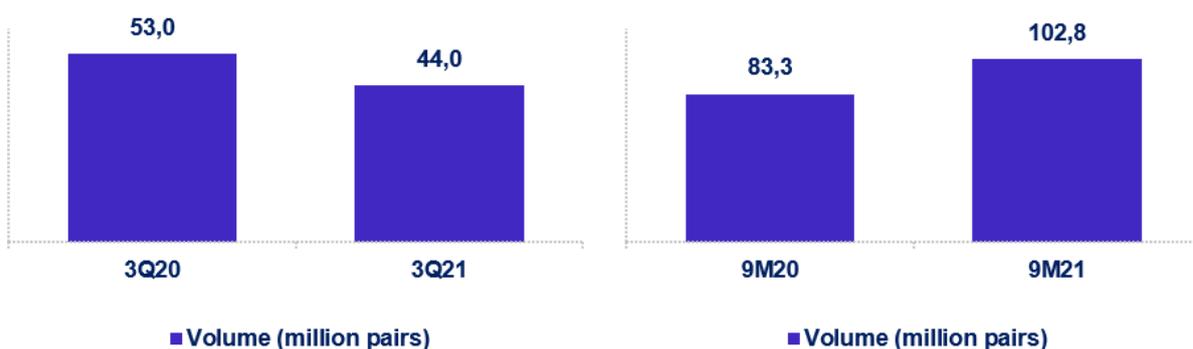
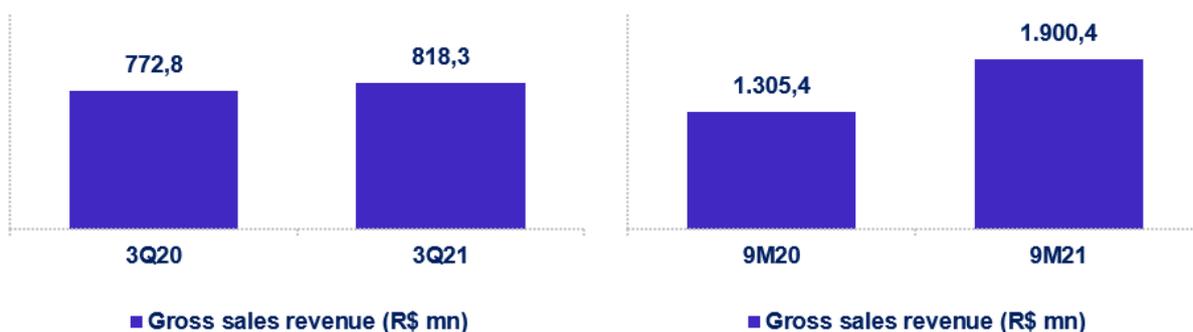
3Q21 / 9M21

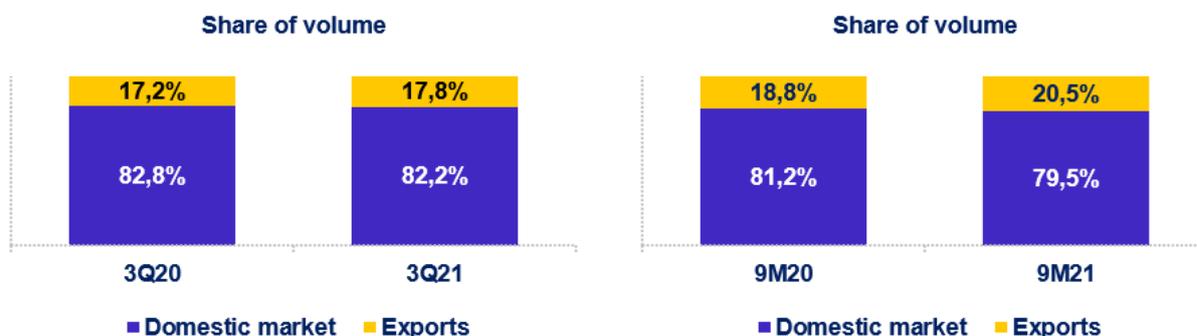
**(CONSOLIDATED
DATA IN IFRS)**

GROSS SALES REVENUE

Sales in 3Q21, at 5.9% higher than in 3Q20, gave **Grendene** the best third-quarter gross revenue in its history (R\$ 818.3 million).

R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Gross revenue (R\$ million)	772.8	818.3	5.9%	1,305.4	1,900.4	45.6%
Volume (million pairs)	53.0	44.0	(17.1%)	83.3	102.8	23.5%
Gross revenue per pair (R\$)	14.58	18.61	27.6%	15.67	18.48	17.9%

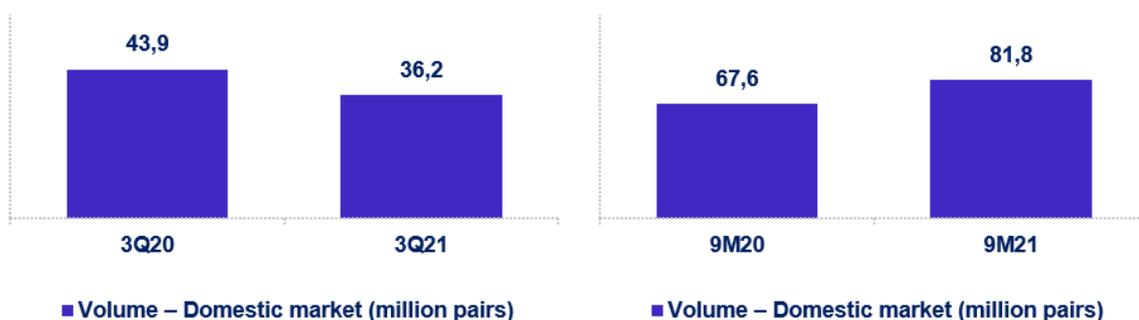
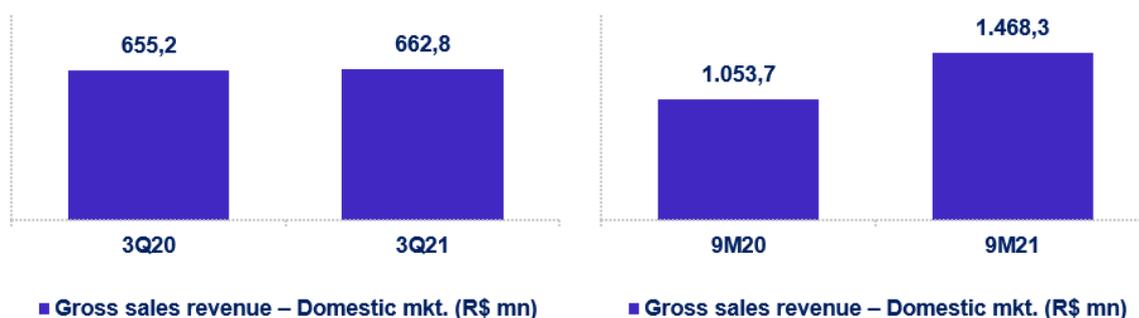




GROSS SALES REVENUE – DOMESTIC MARKET

In 3Q21 Grendene achieved the highest-ever third-quarter gross revenue in its history. Domestic market gross revenue in the quarter was 1.2% higher than in 3Q20, mainly due to the excellent performance of Melissa in all the sales channels.

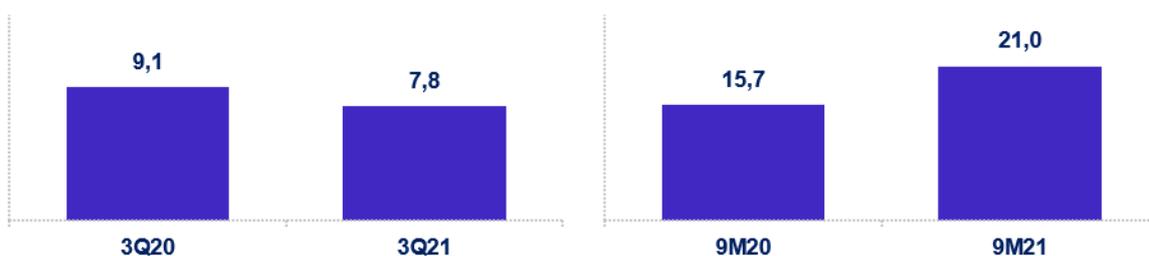
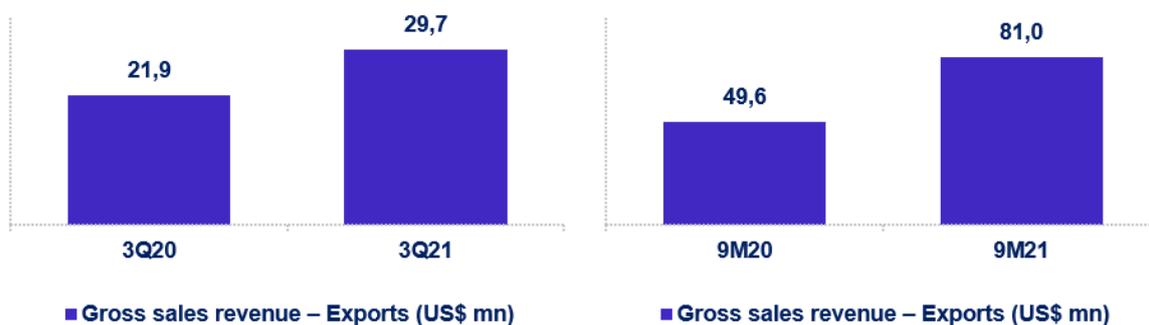
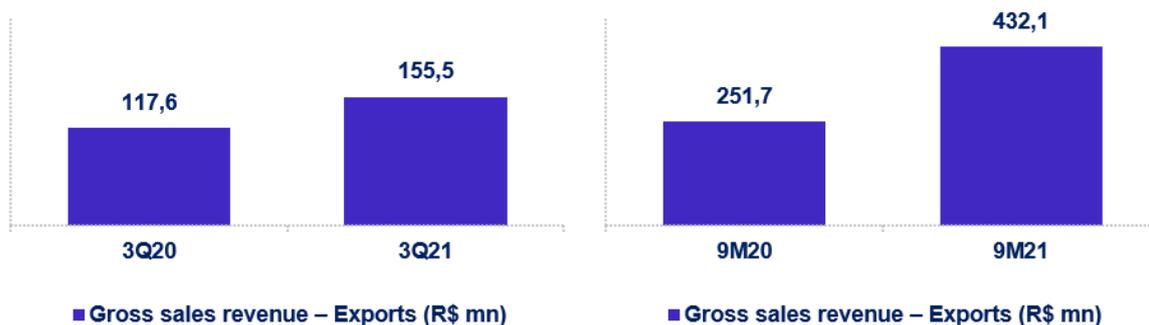
R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Gross revenue, domestic market (R\$ mn)	655.2	662.8	1.2%	1,053.7	1,468.3	39.4%
Volume – domestic market (million pairs)	43.9	36.2	(17.7%)	67.6	81.8	21.0%
Gross revenue/pair, domestic market (R\$)	14.92	18.33	22.9%	15.58	17.95	15.2%

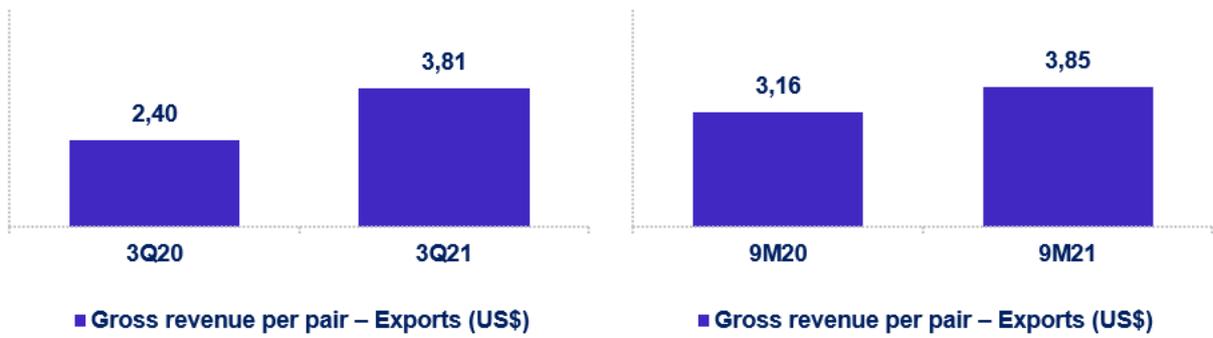


GROSS REVENUE FROM SALES – EXPORTS

Gross revenue from exports was 32.2% higher than in 3Q20, reflecting Gross revenue per pair 54.1% higher YoY in Reais and 58.8% higher in US dollars, as a result mainly of the higher-added-value mix shipped.

R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Gross revenue, exports (R\$ mn)	117.6	155.5	32.2%	251.7	432.1	71.6%
Gross revenue, exports (US\$ mn)	21.9	29.7	36.1%	49.6	81.0	63.4%
Volume, exports (million pairs)	9.1	7.8	(14.1%)	15.7	21.0	34.2%
Gross revenue/pair, exports (R\$)	12.93	19.92	54.1%	16.06	20.54	27.9%
Gross revenue/pair, exports (US\$)	2.40	3.81	58.8%	3.16	3.85	21.8%



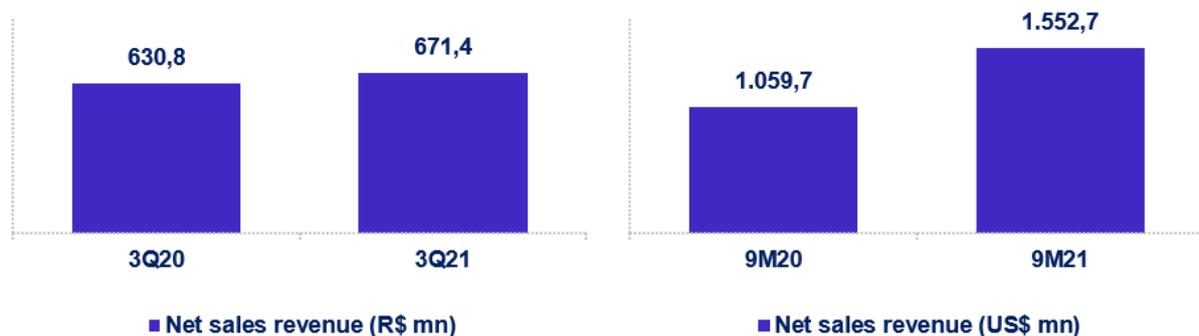


Data from the Brazilian Trade Ministry, Secex and Abicalçados report Brazilian footwear exports in 9M21 as 26.3% higher in dollars than in 9M20, and 33.7% higher in number of pairs sold, with average price per pair exported 5.5% lower in US dollars. In comparison, **Grendene's** export revenue in dollars was 63.4% higher, and volume of pairs exported was 34.2% higher, with average price per pair exported 21.8% lower in US dollars. **Grendene's** share in the volume of Brazilian footwear exported in 9M21 was 24.4% – compared to 24.3% in 9M20.

NET SALES REVENUE

The main factor in net sales revenue being 6.4% higher YoY in 3Q21 was higher gross revenue per pair, reflecting the good performance of higher added value products.

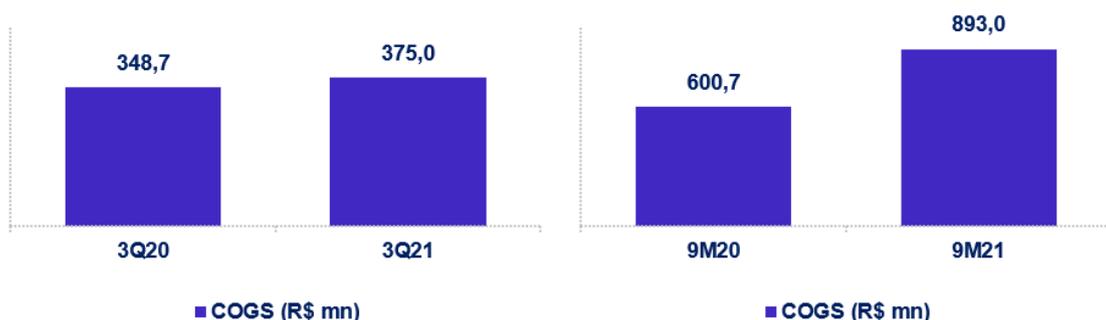
R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Net sales revenue	630.8	671.4	6.4%	1,059.7	1,552.7	46.5%

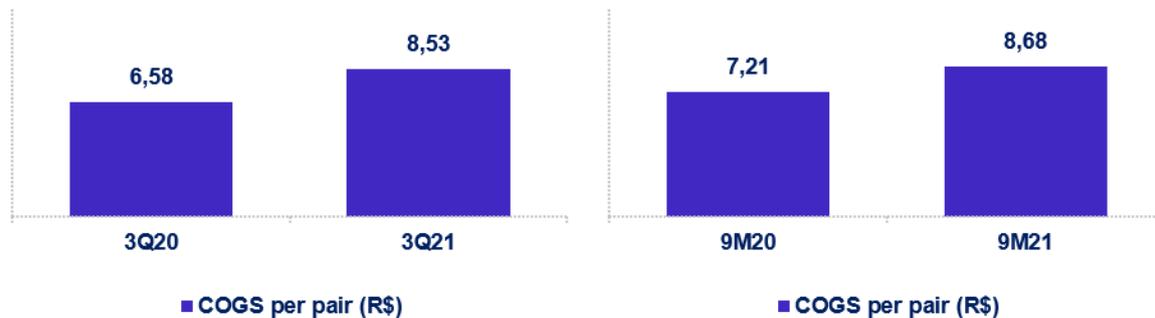


COST OF GOODS SOLD

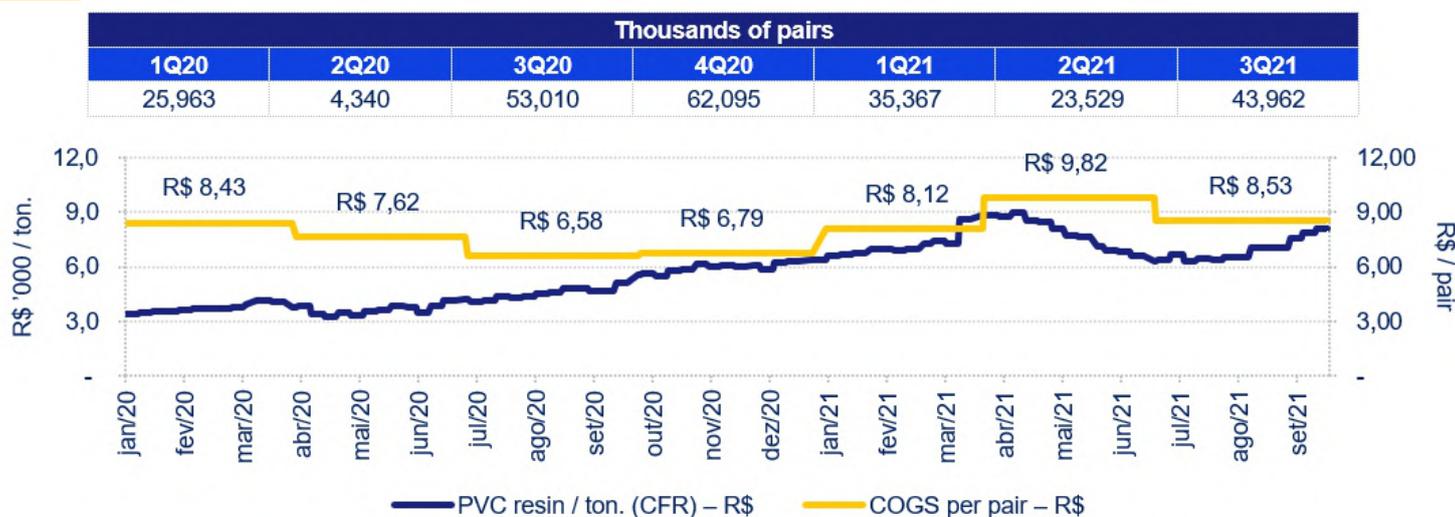
COGS 7.5% higher in 3Q21 than 3Q20 was primarily due to the increase in the price of resin in the period.

R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
COGS	348.7	375.0	7.5%	600.7	893.0	48.7%
COGS per pair (R\$)	6.58	8.53	29.6%	7.21	8.68	20.4%





The chart below shows the movement in market prices (ICIS-LOR) in dollars, converted to Reais, of PVC resin, and the change in level of Grendene's average cost per pair, for the quarters of 2020 and 2021.

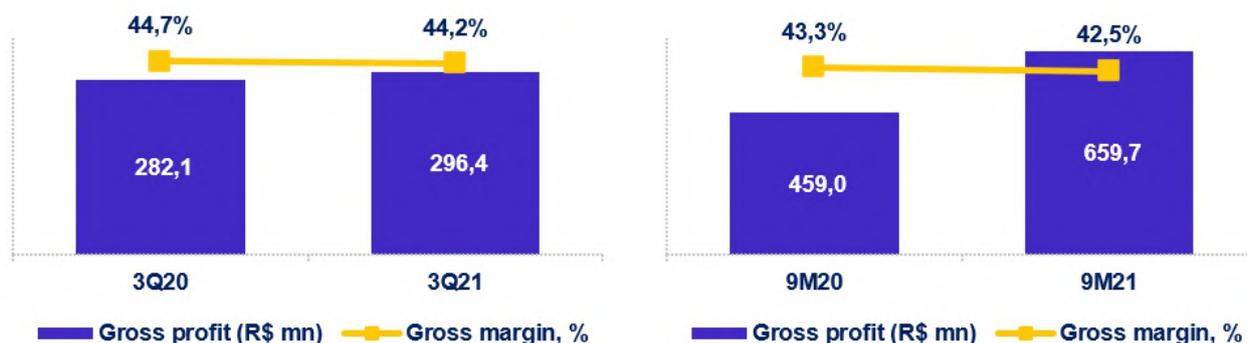


Sources: Petrochemicals prices from ICIS-LOR; **Grendene** quarterly data.

GROSS PROFIT AND GROSS MARGIN

Even with gross profit 5.1% higher in 3Q21 than 3Q20, gross margin was 0.5pp lower, at 44.2%, in 3Q21, than in 3Q20 (44.7%), due to the pressure of costs of raw materials.

R\$ mn	3Q20	3Q21	Change, % 3Q20-3Q21	9M20	9M21	Change, % 9M20-9M21
Gross profit	282.1	296.4	5.1%	459.0	659.7	43.7%
Gross margin, %	44.7%	44.2%	(0.5 pp)	43.3%	42.5%	(0.8 pp)



SELLING EXPENSES

Grendene's selling expenses predominantly comprise variables such as freight, licensings, commissions, advertising and marketing.

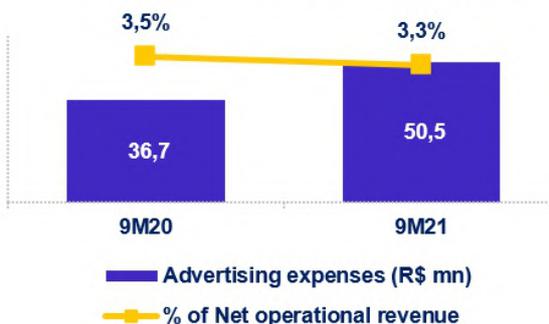
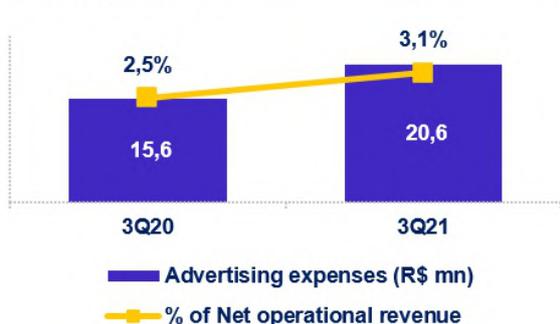
R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Selling expenses	126.6	151.9	20.0%	264.9	360.1	36.0%
% of Net operational revenue	20.1%	22.6%	2.5 p.p.	25.0%	23.2%	(1.8 p.p.)



ADVERTISING EXPENSES

Advertising and marketing expenses in 3Q21 were 32.3% higher than in 3Q20, and in 9M21 constituted 3.3% of net revenue – 0.2 pp less than in 9M20.

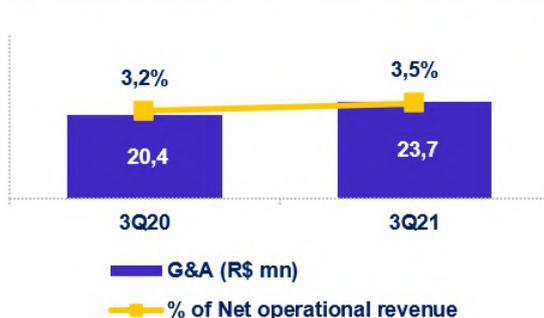
R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Advertising expenses	15.6	20.6	32.3%	36.7	50.5	37.9%
% of Net operational revenue	2.5%	3.1%	0.6 pp	3.5%	3.3%	(0.2 p.p.)



GENERAL AND ADMINISTRATIVE (G&A) EXPENSES

G&A expenses were 19.7% higher in 9M21 than in 9M20. Personnel expenses was the item making the largest contribution to this growth in G&A.

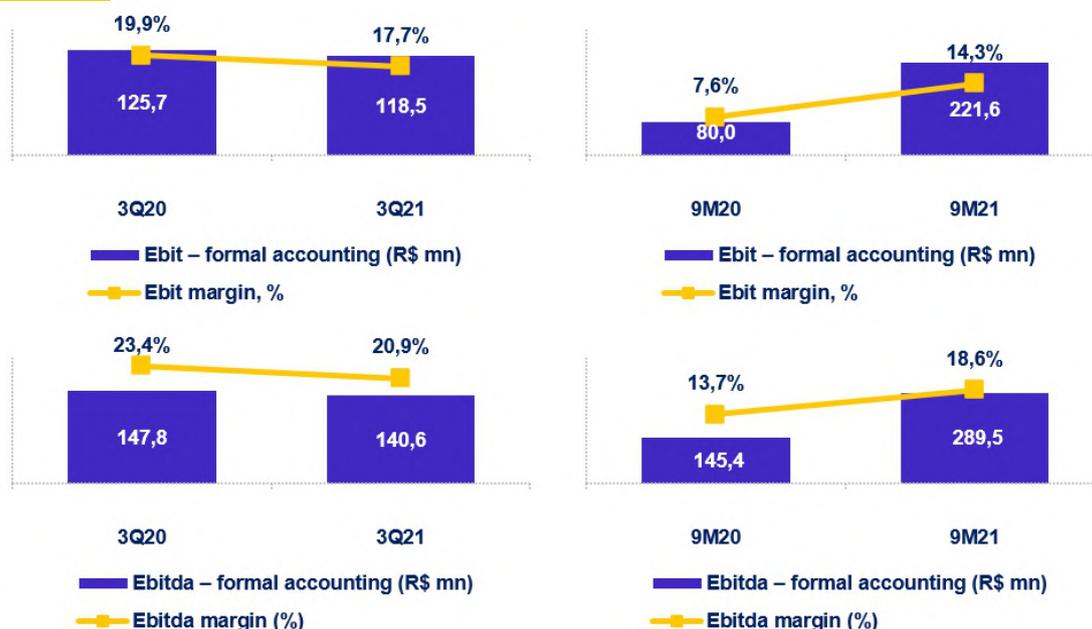
R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
G&A expenses	20.4	23.7	16.1%	55.2	66.0	19.7%
% of Net operational revenue	3.2%	3.5%	0.3 pp	5.2%	4.3%	(0.9 pp)



EBIT AND EBITDA

Ebit – Earnings before interest and taxes (Operational profit before financial effects)

Grendene believes that because it has a high cash position which generates significant financial revenues, the operational profit of its activity, characterized by Ebit, is a better indicator of its operational performance.



Reconciliation of Ebit and Ebitda*						
R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Recurring net profit	117,863	136,430	15.8%	150,701	307,581	104.1%
Non-recurring effect	(7,038)	71,626	-	(54,494)	62,815	-
Net profit – formal accounting	110,825	208,056	87.7%	96,207	370,396	285.0%
Taxes on profit	25,472	(76,522)	-	29,749	(44,451)	-
Net financial revenue (expenses)	(10,642)	(13,020)	22.3%	(45,938)	(104,362)	127.2%
Accounting Ebit	125,655	118,514	(5.7%)	80,018	221,583	176.9%
Non-recurring items	8,304	7,458	(10.2%)	64,299	17,855	(72.2%)
Recurring Ebit	133,959	125,972	(6.0%)	144,317	239,438	65.9%
Depreciation and amortization	22,165	22,116	(0.2%)	65,412	67,903	3.8%
Accounting Ebitda	147,820	140,630	(4.9%)	145,430	289,486	99.1%
Recurring Ebitda	156,124	148,088	(5.1%)	209,729	307,341	46.5%

* Stated as per CVM Instruction 527 of October 4, 2012.

Reconciliation of Ebit margin and Ebitda margin*						
Margin, %	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Accounting Ebit	19.9%	17.7%	(2.2 pp)	7.6%	14.3%	6.7 pp
Recurring Ebit	21.2%	18.8%	(2.4 pp)	13.6%	15.4%	1.8 pp
Accounting Ebitda	23.4%	20.9%	(2.5 pp)	13.7%	18.6%	4.9 pp
Recurring Ebitda	24.8%	22.1%	(2.7 pp)	19.8%	19.8%	-

EBITDA

Grendene's business is low capital-intensive. The Company regularly invests an amount equivalent to its depreciation to keep its production capacity updated. It also maintains positive net cash, and thus has no costs of financing that need to be paid with funds from operations. As a result we believe that analyzing Ebit makes more sense as an indicator for the company's operational management.



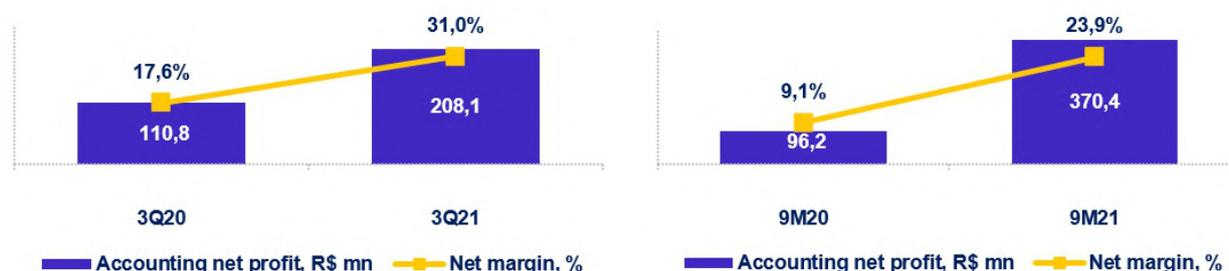
NET FINANCIAL REVENUE (EXPENSES)

For 9M21, Grendene reports Net financial revenues, of R\$ 104.4 mn, as follows:

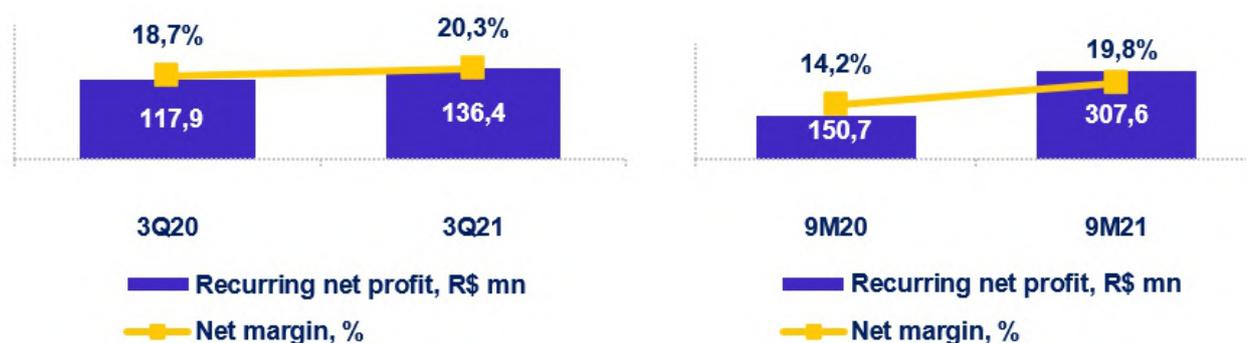
R\$ '000	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20– 9M21
Revenue from cash investments	17,966	27,202	51.4%	63,997	80,597	25.9%
Revenue from cash investments	17,966	27,202	51.4%	63,997	80,597	25.9%
Gain on equity financial instruments	(3,768)	(28,640)	660.1%	29,014	1,057	(96.4%)
Gain on equity financial instruments	(3,768)	(28,640)	660.1%	29,014	1,057	(96.4%)
Net gain (loss) on FX-related items	(6,014)	5,147	-	(60,081)	(3,201)	(94.7%)
Net gain (loss) on FX derivatives transactions – B3	(8,129)	(7,869)	(3.2%)	(83,618)	(3,142)	(96.2%)
Gains on FX derivatives transactions – B3	19,716	3,787	(80.8%)	42,223	38,102	(9.8%)
Losses on FX derivatives transactions – B3	(27,845)	(11,656)	(58.1%)	(125,841)	(41,244)	(67.2%)
Net gain (loss) from FX variation	2,115	13,016	515.4%	23,537	(59)	-
FX variation – gains	19,395	16,567	(14.6%)	100,812	43,599	(56.8%)
FX variation – loss	(17,280)	(3,551)	(79.5%)	(77,275)	(43,658)	(43.5%)
Profit/loss on other financial assets – SCPs	-	5,539	-	-	12,664	-
Profit/loss on other financial assets – SCPs	-	5,539	-	-	12,664	-
Other financial transactions	(2,191)	38	-	(6,772)	(852)	(87.4%)
Interest received from clients	697	1,305	87.2%	1,428	2,863	100.5%
Borrowing costs	(2,420)	(1,798)	(25.7%)	(5,673)	(3,699)	(34.8%)
PIS and Cofins taxes on financial revenues	(1,126)	(1,854)	64.7%	(3,671)	(5,406)	47.3%
Other financial revenues (expenses)	658	2,385	262.5%	1,144	5,390	371.2%
Gains on adjustments to present value	4,649	3,734	(19.7%)	19,780	14,097	(28.7%)
Adjustments to present value	4,649	3,734	(19.7%)	19,780	14,097	(28.7%)
Net financial revenue (expenses)	10,642	13,020	22.3%	45,938	104,362	127.2%

NET PROFIT

Recurring net profit was 104,1% higher in 9M21, basically due to the higher volumes of pairs sold, a higher-added-value product mix, and stronger net financial revenues.



R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Net profit – formal accounting	110.8	208.1	87.7%	96.2	370.4	285.0%
Recurring net profit	117.9	136.4	15.8%	150.7	307.6	104.1%
Net margin, %	17.6%	31.0%	13.4 pp	9.1%	23.9%	14.8 pp
Recurring net margin, %	18.7%	20.3%	1.6 pp	14.2%	19.8%	5.6 pp



CAPEX (FIXED AND INTANGIBLE ASSETS)

Our investments in 9M21 were in: maintenance of industrial buildings and facilities; replacement of fixed assets; acquisition of new equipment for modernization of the manufacturing plant; and various projects to improve the company's efficiency.

R\$ mn	3Q20	3Q21	Change, % 3Q20–3Q21	9M20	9M21	Change, % 9M20–9M21
Investments	15.2	42.0	176.4%	38.6	84.9	119.9%

CASH GENERATION

In 9M21, cash generated from operational activities, of R\$ 494.3 million, added to a net gain of R\$ 3.4 million on purchase and sale of treasury shares to meet obligations for stock options, plus net redemptions of cash investments totaling R\$ 216.0 million, was allocated to: Investments and subscription of capital totaling R\$ 57.3 million in subsidiaries and affiliated companies; acquisition of PP&E and intangible items, R\$ 68.4 million; payment of R\$ 574.5 million in dividends and Interest on Equity; and payment of net R\$ 13.1 million in loans, financings and leasing obligations. This resulted in the balance of cash and cash equivalents being R\$ 0.4 million higher at the end of the period. The complete cash flow is shown in Appendix V.

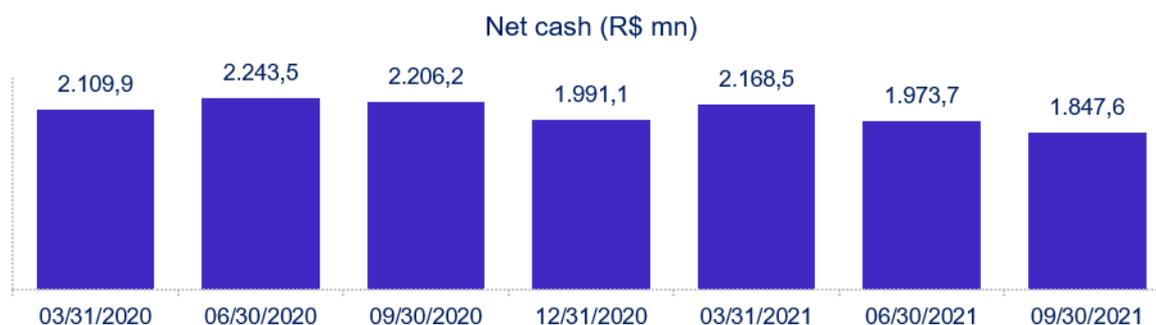
NET CASH AND CASH EQUIVALENTS

Grendene continues to maintain a solid financial situation. Net cash (cash, cash equivalents and short and long-term financial investments, less short and long-term loans and financings) on September 30, 2021 totaled R\$ 1.8 billion, or 7.2% less than at December 31, 2020 (R\$ 2.0 billion).

The proportion of 12-month net revenue held in cash and cash equivalents and cash investments was 105.0% at September 30, 2021, compared to 77.3% at December 31, 2020.

Changes in the cash position (cash, cash equivalents and short and long-term financial investments), loans and financings and net cash are as follows:

R\$ mn	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021
Cash and cash equivalents plus cash investments (ST and LT)	2,339,100	2,362,218	2,220,207	2,000,872	2,178,280	1,984,154	1,858,791
Loans and financings (ST and LT)	(229,206)	(118,745)	(13,999)	(9,821)	(9,800)	(10,432)	(11,193)
Net cash	2,109,894	2,243,473	2,206,208	1,991,051	2,168,480	1,973,722	1,847,598



VALUE INDICATORS

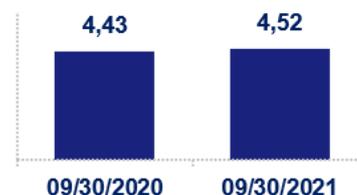
Cash and cash equivalents + cash investments, per share (R\$)



Net working capital, per share, R\$



Book value per share, R\$



Profit per share (last 12 months)



Stock price, R\$



Price / Earnings



DIVIDENDS

In accordance with the By-laws and under the current dividend policy (established on February 13, 2014, published in a Material Announcement of that date, and ratified by a meeting of the Board of Directors on February 14, 2019), management proposes a third distribution of interim dividends relating to the net profit at September 30, 2021, in the amount of R\$ 134.7 million – equivalent to R\$ 0.149262435 per share – *ad referendum* the Annual General Meeting that approves the accounts for the 2021 business year, to be paid on and after November 24, 2021. This will be payable to holders of common shares (GRND3) in the company's records on November 5, 2021 ('the cut-off date'). Thus Grendene shares (GRND3) will be traded ex-dividend on the B3 (the São Paulo stock exchange) on November 8, 2021.

Profit and loss account at September 30, 2021

Grendene S.A. (Holding company)	R\$
Net profit for the period	370,396,478,99
(-) Tax Incentives reserve	(126,102,781,24)
Basis for calculation of the Legal reserve	244,293,697,75
(-) Legal reserve	(12,214,684,89)
Basis of calculation of minimum obligatory dividend	232,079,012,86
(-) Interim dividends distributed (1Q21 and 2Q21)	(115,674,414,41)
(+) Allocation other than tax incentives (1Q21)	1,254,000,00
(+) Allocation to reserve for acquisition of shares (2Q21)	17,000,000,00
Balance available for 3rd interim distribution of dividends for the profit to September 30, 2021	134,658,598,45
Total of dividends proposed by management	250,333,012,86
	Mandatory minimum dividend – 25%
	58,019,753,22
Dividend proposed in excess of the mandatory minimum dividend	192,313,259,64

Dividends – 2021

Dividends	Date approved	Ex-date	Payment Start date	Gross value R\$	Gross value per share R\$	Net value R\$	Net value per share R\$
Dividend ¹	April 29, 2021	May 11, 2021	May 19, 2021	81,971,596.22	0.090861484	81,971,596.22	0.090861484
Dividend ¹	July 29, 2021	August 06, 2021	August 18, 2021	33,702,818.19	0.037357917	33,702,818.19	0.037357917
Dividend ¹	October 28, 2021	November 08, 2021	November 24, 2021	134,658,598.45	0.149262435	134,658,598.45	0.149262435
			Total	250,333,012.86	0.277481836	250,333,012.86	0.277481836

¹ Dividends approved subject to ratification by Annual General Meeting of Stockholders considering financial statements for business year 2021.

CORPORATE EVENTS

July 29, 2021 – Notice to stockholders: Payment of the second interim dividend to start on August 18, 2021 – totaling R\$ 33.7 million (R\$ 0.037357917 per share), for the profit up to September 30, 2021.

September 24, 2021 – Material Announcement: Extension of the ICMS tax incentives granted by the State of Ceará, for the establishments located in Sobral, Crato and Fortaleza, from October 1, 2021 to December 31, 2032; and investment in a new industrial unit at Crato, Ceará State. Construction of the facility, to have an area of 10,800 m², is planned for 2022. The planned investment is in the order of R\$ 30,000,000.00 (thirty million Reais), and the project is expected to generate 1,000 new jobs.

October 7, 2021 – Meeting of the Board of Directors: The meeting approved the proposal submitted by the Executive Board for constitution of a joint venture outside Brazil between **Grendene** and **3G Radar**, the corporate objects of which will be distribution, sale and trading of Grendene products in certain international markets. The company's Executive Board is authorized to negotiate and sign a Stockholders' Agreement of the JV ('the Stockholders' Agreement') and a Master Franchising and Distribution Agreement ('MFDA').

October 7, 2021 – Material Announcement: On this date **Grendene** signed, with **3G Radar Private Fund I LP** ("3G Radar"), a fund managed by **3G Radar Gestora de Recursos Ltda** (CNPJ N° 17.766.271/0001-36), the binding documents for constitution of a joint venture with head office in the United Kingdom, to be named **Grendene Global Brands Limited**, the corporate objects of which will be distribution and sale of **Grendene** products in certain international markets ('the JV'), and other matters related to the business (the Stockholders' Agreement, and the Master Franchising and Distribution Agreement ('MFDA')).

October 7, 2021 – Material Announcement: Sixth amendment to the Stockholders' Agreement of Grendene S.A., for adjustment of the quantity of shares bound by the Stockholders' Agreement, such that 470,000,000 shares, representing 52.1% of Grendene's share capital, remain bound by the Stockholders' Agreement. No release of any shareholdings involved in the above changes has altered (nor has the objective of altering) the company's control or management structure.

October 8, 2021 – Market Announcement: The principal executives of **Grendene** and of **3G Radar** held a video conference call to present and answer any questions on the Material Announcement published on this date on the subject of constitution of a joint venture with **3G Radar Gestora de Recursos Ltda**.

October 28, 2021 – Meeting of the Board of Directors: Approved: The financial information for the first 9 months of 2021; the 3rd interim dividend, based on profit to September 30, 2021, of R\$ 134.9 million; contracting of PricewaterhouseCoopers – Auditores Independentes to provide auditing services from January 1, 2022, replacing the present auditors Ernst & Young Auditores Independentes S.S. (EY), in compliance with Resolution of the CVM (Brazilian Securities Commission), which requires rotation of auditors; and other matters of interest to the company.

CAPITAL MARKETS

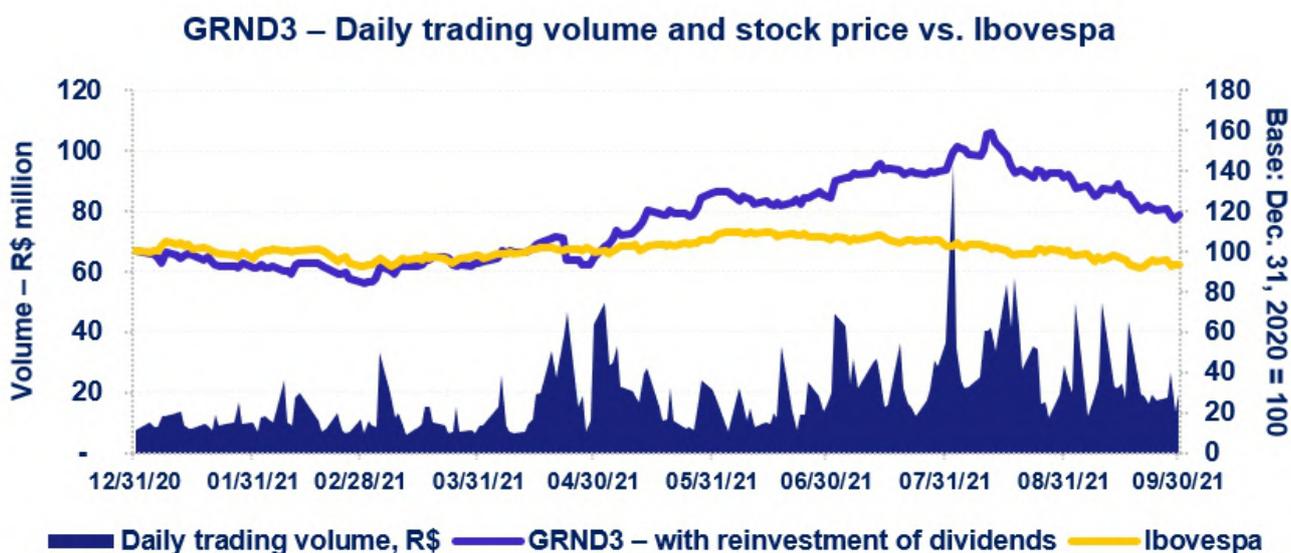
In the first nine months of 2021 the price of **Grendene's** shares (B3 ticker: **GRND3**) provided a return of 18.1%, when reinvestment of dividends is included, while the Bovespa index fell by 6.8% over the same period. Average daily trading volume in 9M21 was R\$ 19.2 mn (R\$ 15.3mn in 9M20).

This table gives the number of shares traded, financial volume, and average daily trading:

Period	No. of trading sessions	No. of trades	No. of shares	Volume R\$	Price R\$		Average no. of shares		Average volume, R\$	
					Weighted average	Close	Per trade	Daily	Per trade	Daily
9M20	188	1,128,028	342,978,500	R\$ 2,867,164,730	R\$ 7.67	R\$ 8.36	304	1,824,354	R\$ 2,541,75	R\$15,250,876,22
9M21	186	1,048,284	373,795,000	R\$ 3,574,867,420	R\$ 9.56	R\$ 9.26	357	2,009,651	R\$ 3,410,21	R\$19,219,717,31

The lowest market price for GRND3 in the 52 weeks to September 30, 2021 was R\$ 6.79, on March 2, 2021, and the high for the 12-month period was R\$ 12.61 on August 12, 2021.

This chart shows the performance of Grendene ON shares compared to the Bovespa index (Base: Dec. 31, 2020 = 100), and daily trading volume.



Information in this release may contain statements about future outcomes. Such statements reflect the present perception and outlook of the company's Executive Officers on the development of the business, based on developments in the macroeconomic environment, industry conditions, performance of the company, and financial results. Any outcomes that are different from such expectations and factors could cause the company's results to be materially different from the current expectations, because they involve various risks and uncertainties.

APPENDIX I – CONSOLIDATED GROSS REVENUE, VOLUMES, GROSS REVENUE PER PAIR, PERCENTAGES DOMESTIC/EXPORTS QUARTER

Gross revenue (R\$ mn)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	Change, %, 3Q20–3Q21
Domestic market	343,518	54,918	655,243	849,886	471,745	333,782	662,825	1.2%
Exports	107,006	27,179	117,571	179,476	172,605	103,963	155,486	32.2%
Exports (US\$)	24,003	5,044	21,852	33,258	31,538	19,634	29,733	36.1%
Total	450,524	82,097	772,814	1,029,362	644,350	437,745	818,311	5.9%

Volume of pairs (Thousands)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	Change, %, 3Q20–3Q21
Domestic market	20,345	3,373	43,918	51,793	27,246	18,419	36,155	(17.7%)
Exports	5,618	967	9,092	10,302	8,121	5,110	7,807	(14.1%)
Total	25,963	4,340	53,010	62,095	35,367	23,529	43,962	(17.1%)

Gross revenue – per pair (R\$)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	Change, %, 3Q20–3Q21
Domestic market	16.88	16.28	14.92	16.41	17.31	18.12	18.33	22.9%
Exports	19.05	28.11	12.93	17.42	21.25	20.35	19.92	54.1%
Exports (US\$)	4.27	5.22	2.40	3.23	3.88	3.84	3.81	58.8%
Total	17,35	18,92	14,58	16,58	18,22	18,60	18,61	27,6%

US\$ exchange rate (US\$ 1.00 = R\$)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	Change, %, 3Q20–3Q21
US\$ at end of 3Q, R\$	5.1987	5.4760	5.6407	5.1967	5.6973	5.0022	5.4394	(3.6%)
Average in 3Q	4.4581	5.3885	5.3803	5.3964	5.4729	5.2950	5.2294	(2.8%)

Gross revenue % as % of total	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Domestic market	76.2%	66.9%	84.8%	82.6%	73.2%	76.3%	81.0%
Exports	23.8%	33.1%	15.2%	17.4%	26.8%	23.7%	19.0%
Total	100.0%						

Volume, pairs – as % of total	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Domestic market	78.4%	77.7%	82.8%	83.4%	77.0%	78.3%	82.2%
Exports	21.6%	22.3%	17.2%	16.6%	23.0%	21.7%	17.8%
Total	100.0%						

APPENDIX II – CONSOLIDATED GROSS REVENUE, VOLUMES, GROSS REVENUE PER PAIR, PERCENTAGES DOMESTIC/EXPORTS (II) FIRST 9 MONTHS

Gross revenue (R\$ mn)	9M20	9M21	Change, %, 9M20–9M21
Domestic market	1,053,679	1,468,352	39.4%
Exports	251,756	432,054	71.6%
<i>Exports (US\$)</i>	<i>49,601</i>	<i>81,024</i>	<i>63.4%</i>
Total	1,305,435	1,900,406	45.6%

Volume, pairs (Thousands)	9M20	9M21	Change. %, 9M20–9M21
Domestic market	67,636	81,820	21.0%
Exports	15,677	21,038	34.2%
Total	83,313	102,858	23.5%

Gross revenue – per pair (R\$)	9M20	9M21	Change. %, 9M20–9M21
Domestic market	15.58	17.95	15.2%
Exports	16.06	20.54	27.9%
<i>Exports (US\$)</i>	<i>3.16</i>	<i>3.85</i>	<i>21.8%</i>
Total	15.67	18.48	17.9%

US\$ (US\$ 1.00 = R\$)	9M20	9M21	Change. %, 9M20–9M21
US\$ at end of period	5.6407	5.4394	(3.6%)
Average US\$	5.0757	5.3324	5.1%

Gross revenue – as % of total	9M20	9M21	
Domestic market	80.7%	77.3%	
Exports	19.3%	22.7%	
Total	100.0%	100.0%	

Volume, pairs – as % of total	9M20	9M21	
Domestic market	81.2%	79.5%	
Exports	18.8%	20.5%	
Total	100.0%	100.0%	

APPENDIX III – CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS (R\$ '000)

Statement of financial position (R\$ '000)	Dec. 31, 2020	% of total	Sep. 30, 2021	% of total	Change, %
ASSETS					
Current					
Cash and cash equivalents	19,162	0.4%	19,605	0.4%	2.3%
Cash investments	1,483,706	31.6%	1,558,468	35.2%	5.0%
Accounts receivable from clients	1,162,538	24.9%	849,306	19.1%	(26.9%)
Inventories	316,360	6.8%	506,638	11.4%	60.1%
Tax credits	159,645	3.4%	141,529	3.2%	(11.3%)
Income and Social Contribution taxes recoverable	1,140	-	35,424	0.8%	3,007.4%
Trade bills receivable	12,280	0.3%	11,544	0.3%	(6.0%)
Prepaid costs and expenses	10,293	0.2%	9,910	0.2%	(3.7%)
Other credits	37,750	0.8%	17,424	0.4%	(53.8%)
Total, current assets	3,202,874	68.4%	3,149,848	71.0%	(1.7%)
Non-current					
Non-current assets					
Cash investments	498,004	10.7%	280,718	6.3%	(43.6%)
Court escrow deposits	1,312	-	1,508	-	14.9%
Tax credits	334,736	7.2%	291,412	6.6%	(12.9%)
Income and Social Contribution taxes recoverable	16,852	0.4%	78,164	1.8%	363.8%
Deferred income tax and Social Contribution tax	31,560	0.7%	-	-	(100.0%)
Trade bills receivable	38,958	0.8%	33,185	0.7%	(14.8%)
Other credits	11,008	0.2%	10,294	0.2%	(6.5%)
	932,430	20.0%	695,281	15.6%	(25.4%)
Investments	12,091	0.3%	69,288	1.6%	473.1%
Property, plant and equipment	491,638	10.5%	486,370	10.9%	(1.1%)
Intangible	36,673	0.8%	41,092	0.9%	12.0%
Total, non-current assets	1,472,832	31.6%	1,292,031	29.0%	(12.3%)
Total assets	4,675,706	100.0%	4,441,879	100.0%	(5.1%)
Statement of financial position (R\$ '000)	Dec. 31, 2020	% of total	Sep. 30, 2021	% of total	Change, %
LIABILITIES					
Current					
Loans and financings	577	-	5,032	0.1%	772.1%
Leasing contracts	20,366	0.4%	18,998	0.4%	(6.7%)
Suppliers	81,441	1.7%	57,826	1.3%	(29.0%)
Contractual obligations – Licenses	24,113	0.5%	19,475	0.4%	(19.2%)
Commissions payable	59,710	1.3%	41,875	0.9%	(29.9%)
Taxes	46,077	1.0%	22,289	0.5%	(51.6%)
Income tax and Social Contribution tax payable	7,063	0.2%	391	-	(94.5%)
Salaries and related charges payable	56,463	1.2%	84,461	1.9%	49.6%
Provision for employment-law, tax, and third-party risks	2,818	0.1%	3,083	0.1%	9.4%
Minimum mandatory dividend payable	33,361	0.7%	-	-	(100.0%)
Advances from clients	18,860	0.4%	19,417	0.4%	3.0%
Other accounts payable	180	-	2,311	0.1%	1,183.9%
Total, current liabilities	351,029	7.5%	275,158	6.1%	(21.6%)
Non-current					
Loans and financings	9,244	0.2%	6,161	0.1%	(33.4%)
Leasing contracts	70,590	1.5%	62,077	1.4%	(12.1%)
Suppliers	13,019	0.3%	11,274	0.3%	(13.4%)
Provision for employment/civil actions risks	284	-	826	-	190.8%
Deferred income tax and Social Contribution tax	-	-	4,670	0.1%	-
Other accounts payable	1,372	-	731	-	(46.7%)
Total, non-current liabilities	94,509	2.0%	85,739	1.9%	(9.3%)
Stockholders' equity					
Share capital	1,231,302	26.3%	1,231,302	27.7%	-
Capital reserves	3,275	0.1%	740	-	(77.4%)
Shares in Treasury	(4,945)	(0.1%)	-	-	-
Profit reserves	2,968,738	63.5%	2,815,522	63.5%	(5.2%)
Other comprehensive income	31,798	0.7%	33,418	0.8%	5.1%
Total Stockholders' equity	4,230,168	90.5%	4,080,982	92.0%	(3.5%)
Total liabilities and Stockholders' equity	4,675,706	100.0%	4,441,879	100.0%	(5.0%)

APPENDIX IV – CONSOLIDATED PROFIT AND LOSS ACCOUNT (R\$ '000)

	3Q20	% of NSR	3Q21	% of NSR	Change, % 3Q20–3Q21
Gross revenue from sales	772,814	122.5%	818,311	121.9%	5.9%
Domestic market	655,243	103.9%	662,825	98.7%	1.2%
Exports	117,571	18.6%	155,486	23.2%	32.2%
Deductions from sales	(142,027)	(22.5%)	(146,895)	(21.9%)	3.4%
Sales returns and sales taxes	(108,850)	(17.3%)	(117,132)	(17.5%)	7.6%
Discounts given to clients	(33,177)	(5.2%)	(29,763)	(4.4%)	(10.3%)
Net sales revenue (NSR)	630,787	100.0%	671,416	100.0%	6.4%
Cost of goods sold	(348,672)	(55.3%)	(374,976)	(55.8%)	7.5%
Gross profit	282,115	44.7%	296,440	44.2%	5.1%
Operational revenue (expenses)	(156,460)	(24.8%)	(177,926)	(26.5%)	13.7%
Selling expenses	(126,560)	(20.1%)	(151,868)	(22.6%)	20.0%
General and administrative expenses	(20,387)	(3.2%)	(23,679)	(3.5%)	16.1%
Other operational revenues	1,797	0.3%	1,169	0.2%	(34.9%)
Other operational expenses	(11,310)	(1.8%)	(3,546)	(0.5%)	(68.6%)
Equity in earnings of unconsolidated investees, net	-	-	(2)	-	-
Ebit (Operational profit before Fin. rev (exp.) and taxes)	125,655	19.9%	118,514	17.7%	(5.7%)
Financial revenue	59,059	9.4%	31,287	4.7%	(47.0%)
Finance expenses	(48,417)	(7.7%)	(18,267)	(2.7%)	(62.3%)
Net financial revenue (expenses)	10,642	1.7%	13,020	1.9%	22.3%
Pre-tax profit	136,297	21.6%	131,534	19.6%	(3.5%)
Income tax and Social Contribution tax:					
Current	20	-	66,541	9.9%	-
Deferred	(25,492)	(4.0%)	9,981	1.5%	-
Net profit for the period	110,825	17.6%	208,056	31.0%	87.7%
Depreciation and amortization	22,165	3.5%	22,116	3.3%	(0.2%)
Ebitda	147,820	23.4%	140,630	20.9%	(4.9%)

	9M20	% of NSR	9M21	% of NSR	Change, % 9M20–9M21
Gross revenue from sales	1,305,435	123.2%	1,900,406	122.4%	45.6%
Domestic market	1,053,679	99.4%	1,468,352	94.6%	39.4%
Exports	251,756	23.8%	432,054	27.8%	71.6%
Deductions from sales	(245,738)	(23.2%)	(347,711)	(22.4%)	41.5%
Sales returns and sales taxes	(191,301)	(18.1%)	(278,650)	(17.9%)	45.7%
Discounts given to clients	(54,437)	(5.1%)	(69,061)	(4.4%)	26.9%
Net sales revenue (NSR)	1,059,697	100.0%	1,552,695	100.0%	46.5%
Cost of goods sold	(600,676)	(56.7%)	(893,042)	(57.5%)	48.7%
Gross profit	459,021	43.3%	659,653	42.5%	43.7%
Operational revenue (expenses)	(379,003)	(35.8%)	(438,070)	(28.2%)	15.6%
Selling expenses	(264,850)	(25.0%)	(360,145)	(23.2%)	36.0%
General and administrative expenses	(55,162)	(5.2%)	(66,049)	(4.3%)	19.7%
Other operational revenues	4,289	0.4%	14,407	0.9%	235.9%
Other operational expenses	(15,300)	(1.4%)	(26,198)	(1.7%)	71.2%
Non-recurring expenses (Covid-19)	(47,980)	(4.5%)	-	-	-
Equity in earnings of unconsolidated investees, net	-	-	(85)	-	-
Ebit (Operational profit before Fin. rev (exp.) and taxes)	80,018	7.6%	221,583	14.3%	176.9%
Financial revenue	257,438	24.3%	196,839	12.7%	(23.5%)
Finance expenses	(211,500)	(20.0%)	(92,477)	(6.0%)	(56.3%)
Net financial revenue (expenses)	45,938	4.3%	104,362	6.7%	127.2%
Pre-tax profit	125,956	11.9%	325,945	21.0%	158.8%
Income tax and Social Contribution tax:					
Current	-	-	80,681	5.2%	-
Deferred	(29,749)	(2.8%)	(36,230)	(2.3%)	21.8%
Net profit for the period	96,207	9.1%	370,396	23.9%	285.0%
Depreciation and amortization	65,412	6.2%	67,903	4.4%	3.8%
Ebitda	145,430	13.7%	289,486	18.6%	99.1%

APPENDIX V – CONSOLIDATED STATEMENT OF CASH FLOW (R\$ '000)

	Sep. 30, 2020	Sep. 30, 2021
Cash flow from operations		
Net profit for the period	96,207	370,396
Adjustments reconciling profit to cash from operations		
Share of profit (loss) in non-consolidated investees	-	85
Depreciation and amortization	65,412	67,903
Deferred income tax and Social Contribution tax	29,749	36,230
PP&E and Intangible – residual value after write-down	898	7,052
Stock options plan	1,232	300
Items reducing Accounts receivable from clients	3,142	(35,590)
Loss estimated for obsolete inventory	828	570
Provision for employment-law, tax, and third-party risks	157	807
Interest expense on loans, financings and leasing contracts	3,534	469
Interest revenue on cash investments	(63,822)	(86,954)
Fair value of equity financial instruments	(27,976)	13,441
FX variations, net	59,934	115
Income tax and social contribution - Credit on Selic interest	-	(77,947)
	169,295	296,877
Variations in assets and liabilities:		
Accounts receivable from clients	117,786	348,822
Inventories	16,340	(190,848)
Tax credits	8,604	61,440
Other accounts payable	(38,683)	10,087
Suppliers	25,251	(25,360)
Salaries and related charges payable	12,127	27,998
Taxes	17,273	(7,288)
Income and Social Contribution taxes paid	(5,780)	(6,672)
Tax on allocation of tax incentives, net	-	(305)
Advances from clients	10,639	557
Other accounts payable	(3,344)	(20,983)
Net cash from operational activities	329,508	494,325
Cash flow in investment activities:		
Injection of capital into subsidiaries and affiliates	-	(57,282)
Acquisition of fixed and intangible assets	(38,612)	(68,407)
Cash investments	(1,886,392)	(2,662,540)
Redemption of cash investments	1,827,230	2,835,496
Interest received on cash investments	61,934	43,081
Net cash flow from (used in) investment activities	(35,840)	90,348
Cash flow in financing activities:		
Loans obtained	142,793	1,601
Payments of loans, financings and leasing contracts	(292,272)	(13,709)
Interest paid on loans, financings and leasing contracts	(1,189)	(1,064)
Dividends paid	(19,741)	(464,462)
Interest on Equity paid	(110,000)	(110,000)
Acquisition of treasury shares	(16,079)	-
Sale of treasury shares: exercise of stock options	5,544	3,404
Net cash from financial activities	(290,944)	(584,230)
Increase in cash and cash equivalents	2,724	443
Initial balance of cash and cash equivalents	18,072	19,162
Final balance of cash and cash equivalents	20,796	19,605



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