

melissa

GRENDA

ZAXY

Ipanema

Grendene kids

rider

CARTAGO

PEGA FORTÉ



**PRESS
RELEASE
1Q22**



Export Revenue: R\$ 200.9 million - up 16.4% YoY
Gross Revenue per pair: R\$ 22.05 - up 21.0% YoY

Sobral, Brazil, April 28, 2022 – GRENDENE (B3: *Novo Mercado* - GRND3), publishes results for 1Q22. Figures are consolidated, stated in accordance with the IFRS (International Financial Reporting Standards).

HIGHLIGHTS OF RESULTS: 1Q22 vs 1Q21

- Gross revenue: R\$ 630.8 million - down 2.1% YoY
- Export revenue: R\$ 200.9 million - up 16.4% YoY
- Total volume of exported pairs: 9.7 million - up 18.9% YoY
- Recurring net profit: R\$ 125.3 million - down 4.9% YoY
- **First interim distribution of dividends:** R\$ 83.7 million. Shares trade ex-dividend on May 10, 2022. Payment starts May 25, 2022.

GRND3

B3 LISTED NM

Grendene S.A.
Investor Relations Department

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Investor Relations Officer
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Number of common shares: 902,160,000
Stock price (March 31, 2022): R\$ 9.99 per share
Market value: R\$ 9.0 billion /
US\$ 1.9 billion

Videoconferencing with simultaneous English translation

April 29, 2022, at 10:30 a.m.
Brasília Time (BRT)

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Main economic and financial indicators - Quarter

R\$ million	1Q21	1Q22	Change % 1Q22/1Q21
Gross revenue	644.3	630.8	(2.1%)
Domestic market	471.7	429.9	(8.9%)
Exports	172.6	200.9	16.4%
Exports (US\$)	31.5	38.4	21.8%
Net revenue	523.3	517.9	(1.0%)
COGS	(287.1)	(321.7)	12.1%
Gross profit	236.2	196.2	(16.9%)
Operational expenses	(132.4)	(150.1)	13.4%
Ebit	103.8	46.1	(55.6%)
Recurring Ebit	106.8	46.0	(57.0%)
Ebitda	127.1	67.9	(46.6%)
Recurring Ebitda	130.1	67.7	(47.9%)
Net financial revenue	42.6	88.8	108.3%
Net profit - formal accounting	129.2	125.5	(2.9%)
Recurring net profit	131.7	125.3	(4.9%)

Millions of pairs	1Q21	1Q22	Change % 1Q22/1Q21
Total volume	35.4	28.6	(19.1%)
Domestic market	27.3	18.9	(30.4%)
Exports	8.1	9.7	18.9%

R\$ per pair	1Q21	1Q22	Change % 1Q22/1Q21
Gross revenue – Total	18.22	22.05	21.0%
Domestic market	17.31	22.68	31.0%
Exports	21.25	20.80	(2.1%)
Exports (US\$)	3.88	3.97	2.3%
COGS	(8.12)	(11.24)	38.4%

Margins, %	1Q21	1Q22	Change % 1Q22/1Q21
Gross	45.1%	37.9%	(7.2 pp)
Ebit	19.8%	8.9%	(10.9 pp)
Recurring Ebit	20.4%	8.9%	(11.5 pp)
Ebitda	24.3%	13.1%	(11.2 pp)
Recurring Ebitda	24.9%	13.1%	(11.8 pp)
Net	24.7%	24.2%	(0.5 pp)
Recurring net margin	25.2%	24.2%	(1.0 pp)

R\$	1Q21	1Q22	Change % 1Q22/1Q21
US\$ at end of period	5.6973	4.7378	(16.8%)
Average US\$	5.4729	5.2330	(4.4%)

MANAGEMENT DISCUSSION AND ANALYSIS

The year began with different contexts for the footwear industry in the domestic and international markets.

In Brazil, a more challenging economic environment—with high inflation, interest rates, and a high level of unemployment—revealed a fragile market for discretionary spending due to the strained income of the Brazilian population, particularly the lower classes.

In the foreign market, however, we find an opposite situation. The reduction of COVID-19 cases, which allowed markets to reopen and tourists to return, as well as the search for supplier diversity, and a surge in international freight from Asia all contributed to a significant resumption of Brazilian shoe exports.

In this context, Grendene's gross revenue was R\$ 630.8 million, 2.1% less when compared to the first three months of 2021, while the volume of pairs shipped was 28.6 million, which represents a decrease of 19.1%.

As a result of the better mix of items sold, price adjustments approved during the period, and Melissa's strong performance, the gross revenue per pair increased 21.0 % (R\$ 22.05 per pair).

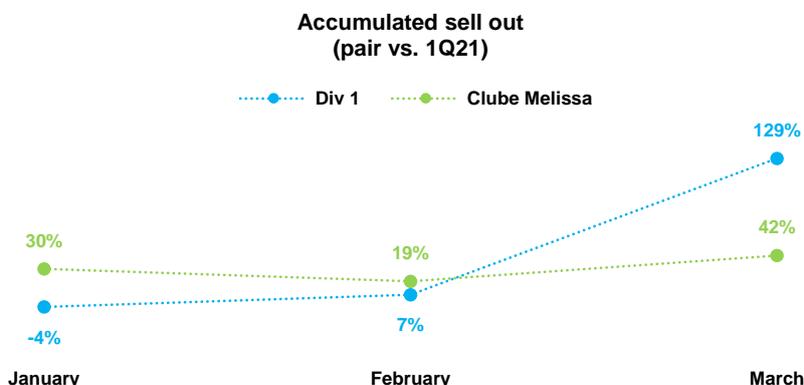
A weaker consumption scenario in the Brazilian market, lower-than-expected Christmas 2021 retail sales (affecting replacements and openings for new launches in 1Q22), anticipation of purchases in Dec/21 by a portion of our customers to avoid the price readjustment promoted on our products in Jan/22, and a strong basis for comparison with 1Q21 are all factors that contributed to the drop in volume.

We postponed the distribution of about 5 million pairs from December 20 to January 21 in that quarter due to the usage of our full capacity in 4Q20, which still reflects the Company's production disruption in 2Q20.



The Company's gross revenue in the domestic market dropped 8.9% to R\$ 429.9 million in the quarter, while the number of pairs shipped decreased 30.4 % to 18.9 million. Domestic gross revenue per pair increased 31.0 % to R \$22.68 due to the Jan/22 adjustment, the strong performance of the women's segment (with higher value-added products), and the revival of the retail and magazine channels.

In the beginning of the year, retail sales in the domestic market were weak. During the quarter, we saw a rise in consumption, which was shown by sell out data from a sample of our retail customers.



Given that we produce on order, the increase in sell out levels at retail and wholesalers is often reflected in the Company's sell in volume with a gap of one or two months. In other words, when our customer sees an improvement in their sales, they place an order at Grendene, and we ship the pairs in the month following receipt of the order.

As a result of this convergence, the sell in for the retail channel (comprised of traditional footwear stores) gained traction throughout the quarter, regaining some of the representation lost during the pandemic. It is worth remembering that, historically, this channel has demanded products with higher added value.

The self-service and indirect channels, on the other hand, decreased their respective shares within the Company's distribution matrix, despite a rise in positives in both channels, showing that the retail channel grew faster than these two channels.

In terms of segments, the women's line (Zaxy, Grendha, and Azaleia) was the only one line of the Division 1 (consisting of all our brands except Melissa) to exhibit real growth in comparison to 1Q21.

Melissa continued the strong performance seen in recent quarters in the domestic market, both in sell in and sell out, with growth of 24.7% and 41.6% in gross revenue, respectively, when compared to 1Q21. The volume of pairs shipped (sell in) was 7.4% higher than that recorded in the same period in 2021, while the sell-out volume was 42.3% higher.

In comparison to the same period the previous year, the Company's sales abroad increased 16.4 % in 1Q22 to R\$ 200.9 million in gross revenue and 18.9 % to 9.7 million in volume of pairs shipped, representing 31.9 % of the company total revenue vs 26.8 % in 1Q21.

Gross revenue per pair increased by 2.3 % to USD 3.97, owing primarily to the shipment of higher-value-added products, while the indicator in BRL fell by 2.1 %.

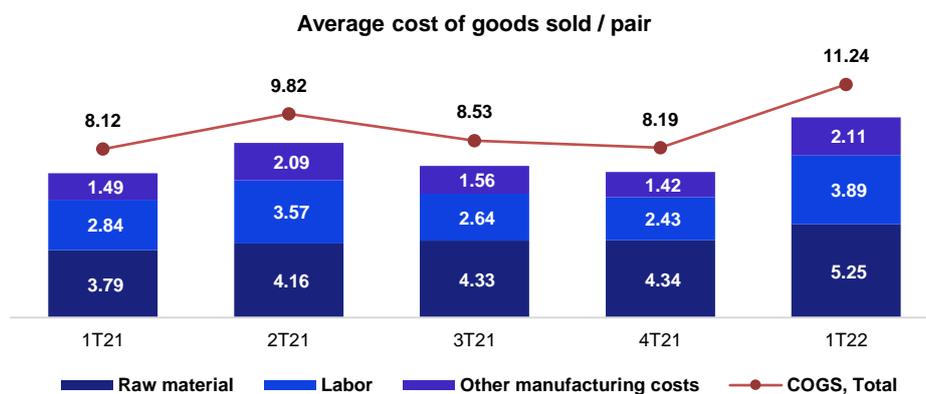
We increased the number of destination countries for our exports by 8% compared to the first three months of the previous year. North America had strong results in 1Q22.

We noticed a trend, especially in the North American market, of migration of footwear imports from China to Brazil, both due to the search for diversification of the supplier base and due to the increase in freight rates from Asia and the trade war (in the case of the United States).

Grendene's net revenue from January to March was 1.0 % lower than that reported in the same period in 2021, reaching R\$ 517.9 million, which is consistent with the gross revenue behavior.

Even after the commencement of the Russian-Ukrainian conflict, the costs of the primary raw commodities that comprise our COGS remained steady during 1Q22. Nonetheless, inputs continued to exert pressure on COGS in the first three months of the year since they reflect raw material readjustments made during the previous year.

The lower volume of pairs shipped impacted manpower productivity in production, adding additional pressure to COGS in the period, as we can see in the graph below.



In this context, gross profit fell 16.9 % from 1Q21 to R\$196.2 million, while gross margin decreased 7.2 pp to 37.9 %.

Operating expenses increased 13.4 % in the period, accounting for 29.0 % of net operational revenues, when compared to 25.3 % in 1Q21, due to an increase in commercial expenses connected to freight, digital commerce and an increase in advertising investments. As we highlighted in the previous quarter, these investments are critical for the development of our online businesses and the strengthening of the Company's brands.

It is important to comment that we have already started to reap the fruits of these investments. Our online retailers, for example, reported good performance for the second quarter in a row. We recorded an all-time increase of 16 million visits in our e-commerce, a 240 % increase over the same period last year, and a 13.9 % rise over 4Q21, which is typically the quarter with the biggest volume of visits owing to events such as Black Friday and Christmas.

We increased the number of cities receiving our products by 30% while increasing our GMV by 300% compared to 1Q21. As a result, the e-commerce accounted for 3.7 % of the Company's overall sales in the domestic market in 1Q22.

The recurring EBIT was R\$ 46.0 million compared to R\$106.8 million (-57.0%) in 1Q21. Non-recurring items in EBIT totaled R\$155 thousand for the quarter and were related to: Covid-19 expenditures (-R\$ 1.8 million), customer ALLL (Allowance for Loan and Lease Losses) (-R\$ 1.2 million), and credit process IRRF (Net of Income Tax Withheld at Source) services (+R\$ 3.2 million).

The recurring EBIT margin was 8.9% in the quarter, down from 11.5 pp when compared to 1Q21, due to cost pressures from raw materials, workforce costs, and increased investments in advertising and commercial expenses related to the e-commerce.

The cash generated from operating activities was R\$ 225.5 million in the first three months of the year. As a result, we closed the quarter with R\$ 1.8 billion in cash, maintaining our strong financial position.

The continuation of the high interest rate cycle, which reached 11.75 % at the conclusion of the quarter, contributed to an increase in the Company's financial result from R\$42.6 million to R\$88.8 million, a 108.3% gain over 1Q21. The variable income portfolio added R\$ 51.6 million, the real estate development projects portfolio added another R\$ 1.7 million, and the investment portfolio added R\$ 42.3 million.

Given this scenario, we ended the quarter with R\$ 125.3 million in recurring net income, a 4.9 % decrease from 1Q21. The recurring net margin decreased by 1.0 pp when compared to 1Q21.

The first quarter was challenging for consumer companies in general, including Grendene. However, the recovery recorded throughout the quarter (both in the sell in and out) implies an improvement in activity at the end, also signaling that the worst is gone, as well as indicating a stronger 2Q22 for the domestic market.

In general, during election years, both the federal and state governments inject resources into the economy to stimulate it, which should add to domestic consumption. Furthermore, in times of crisis and scarcity of resources in the pockets of the Brazilian population, Grendene has traditionally delivered strong results, as it offers products with similar features to those of our competitors, but at more competitive prices. Finally, the constant evolution in the quality, comfort, and design of our products has always surprised our customers.

Considering this scenario, we retain our positive outlook for the year, with revenue and volume growth and margin recovery, while remaining mindful of the country's difficult economic environment.

HIGHLIGHTS

Melissa

- Total gross revenue up 24,7% from 1Q21.
- Sell-out up 41,6% of Clubes Melissa compared to the first three months of 2021 in revenue.
- Collaboration with the Simon Miller lifestyle brand, where we created a slipper slide and a platform for global release.
- Collaboration with the brand Two Lost Kids, a Brazilian duo of digital content makers, also with a slipper slide and a platform.
- Participation in the Lollapalooza festival from March 25th to March 27th, when we displayed Melissa's house, interacted with the public, and gave out prizes to registered visitors.

Internationalization – Grendene Global Brands (GGB)

Throughout the quarter, the transition process of operations in the United States, Canada, China, and Hong Kong was focused on developing the essential infrastructure to support the operation's growth in the medium and long term.

GGB took over the distribution management for our brands in the countries it manages, as well as e-commerce and Melissa's five own stores in the United States.

It is already possible to observe the first reflexes of the joint venture operation. E-commerce, for example, which started to be managed by GGB in the second half of January, showed a growth of around 100% compared to the first three months of 2021. A series of small improvements resulted in the overcoming of all metrics of Melissa's website performance in the USA.

Digital Transformation

Direct to Consumer (1Q22)

- GMV (Gross Merchandise Volume) higher in Brazil, up 300% (when compared to 1Q21).
- more than 16 million online sessions – an all-time record for all the brands.
- more than 170 thousand pairs sold.
- increase of 31% in cities served (when compared to 1Q21).
- Melissa Same day delivery in São Paulo
- Integration with *Mercado Livre*

SUSTAINABLE DEVELOPMENT

Grendene Kids' first low impact collection

Grendene Kids launched their first low-impact collection in collaboration with Manual do Mundo, YouTube's largest Portuguese-language science and education channel. The lower impact goes beyond the shoe because it is accompanied by an instructive tag made of seed paper. The tag and package can be used to create a fun phototropism experience.

Check out the sustainability attributes of each product:



Slide – The sole is created from 30% recycled materials, while the upper is made from rice husk. The slide is 100% recyclable and emits very little CO2.

Sandals – The sole is made up of 30% recycled material, the upper is made of coconut fiber waste, and the ornament is made of recycled PET. The sandals are 100% recyclable and emits very little CO2.



The Manual do Mundo crew filmed in Grendene facilities to demonstrate how employees, procedures, and coefficients produce low-impact shoes.

Check the video through the link: <https://youtu.be/aU2uNeOGol>

Collab *Melissa* and *Simon Miller*

Using Melissa's Melflex "jelly" technology, the collection reintroduces Simon Miller's acclaimed style in 100% recyclable PVC.

Production with a lower water footprint

As stated in the 2021 Management Report, we have improved our conscious resource consumption program by maintaining a low water footprint in our operations. Through the actions taken, we lowered water use by 14 % compared to 2020, exceeding the year's aim by 7 % (2020 target: 1,6 l / pair). This was our best water footprint result since we began tracking the Company's environmental performance indicators. Currently, in our factories, we use an average of 1.5 liters per pair of shoes produced.

FSC (*Forest Stewardship Council*)

Grendene is committed to forests and responsible management. Currently, 98% of our packaging is FSC certified. We also have the FSC trademark license, which was recently renewed until 2023, to highlight this commitment.

The Vegan Society

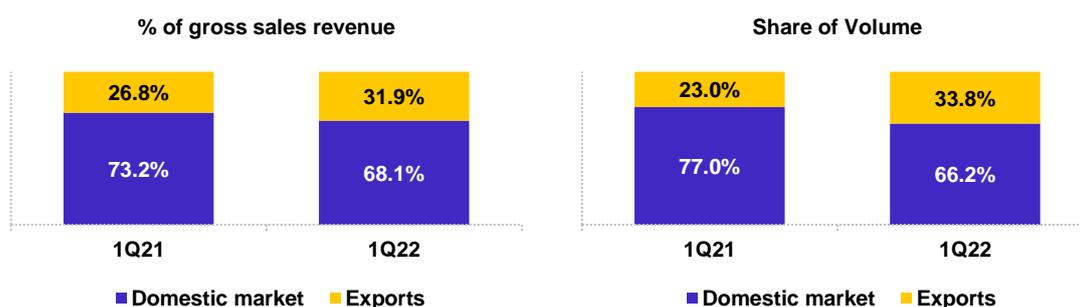
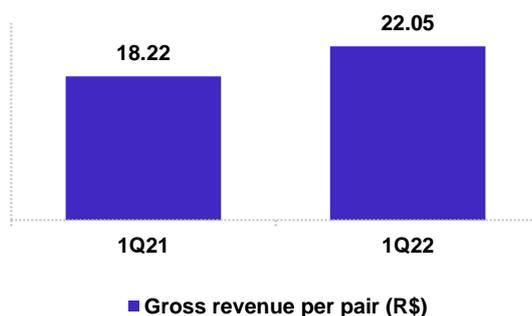
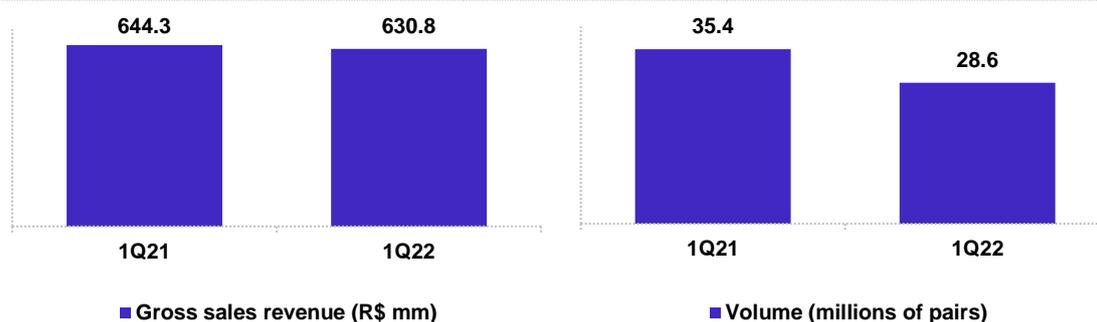
We have renewed our registration with The Vegan Society, the world's oldest vegan organization founded in the United Kingdom, until 2023. The Vegan Society ensures that all footwear is free of animal components by adhering to audited business criteria that include the raw material composition, manufacturing of the footwear, and exemption from animal testing throughout the production process.

ANALYSIS OF 1Q22 & 1Q21 OPERATIONS
(Data consolidated in accordance with IFRS)

Gross Sales Revenue

As a result of the mix of products sold and the price adjustments granted in January 2022, gross revenue per pair increased 21.0% in 1Q22. Gross revenue reached R\$ 630.8 million and 28.6 million pairs in the period.

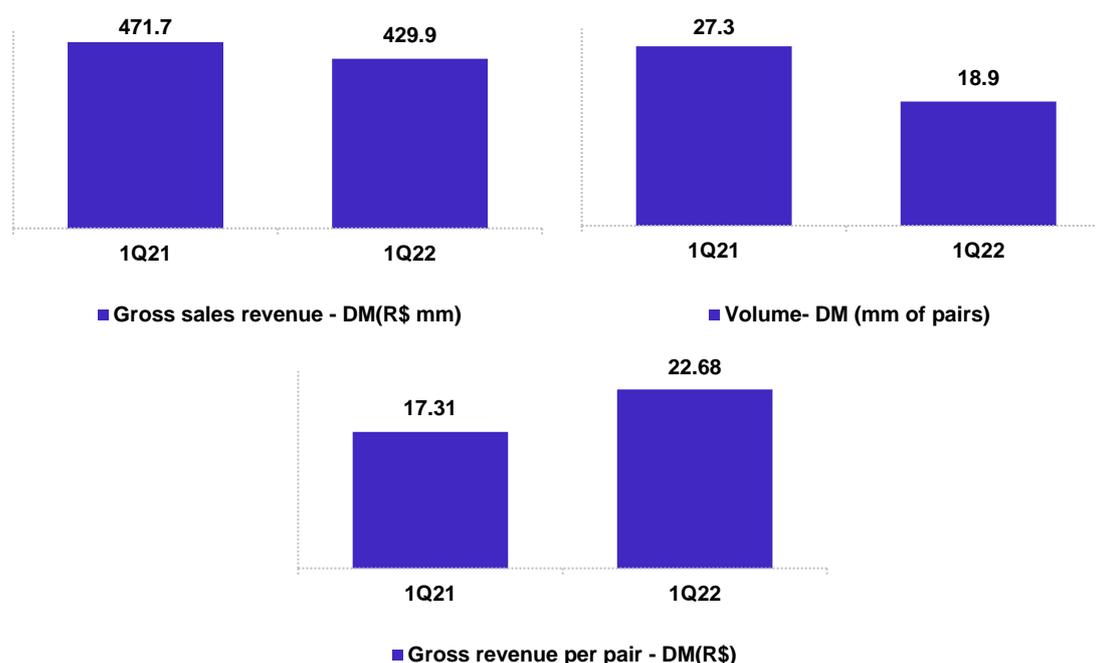
R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Gross revenue – FM (R\$ mm)	644.3	630.8	(2.1%)
Volume (mm of pairs)	35.4	28.6	(19.1%)
Gross revenue / pair – (R\$)	18.22	22.05	21.0%



Gross Sales Revenue - Domestic Market (DM)

In the domestic market, the Company's total revenue decreased 8.9 % in the quarter to R\$429.9 million, while the volume of pairs shipped decreased 30.4 % to 18.9 million. Gross revenue per pair in the domestic market grew 31.0% to R\$ 22.68, as a result of the price adjustment carried out in January/22.

R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Gross revenue – DM (R\$ mm)	471.7	429.9	(8.9%)
Volume – DM (mm of pairs)	27.3	18.9	(30.4%)
Gross revenue / pair – DM (R\$)	17.31	22.68	31.0%

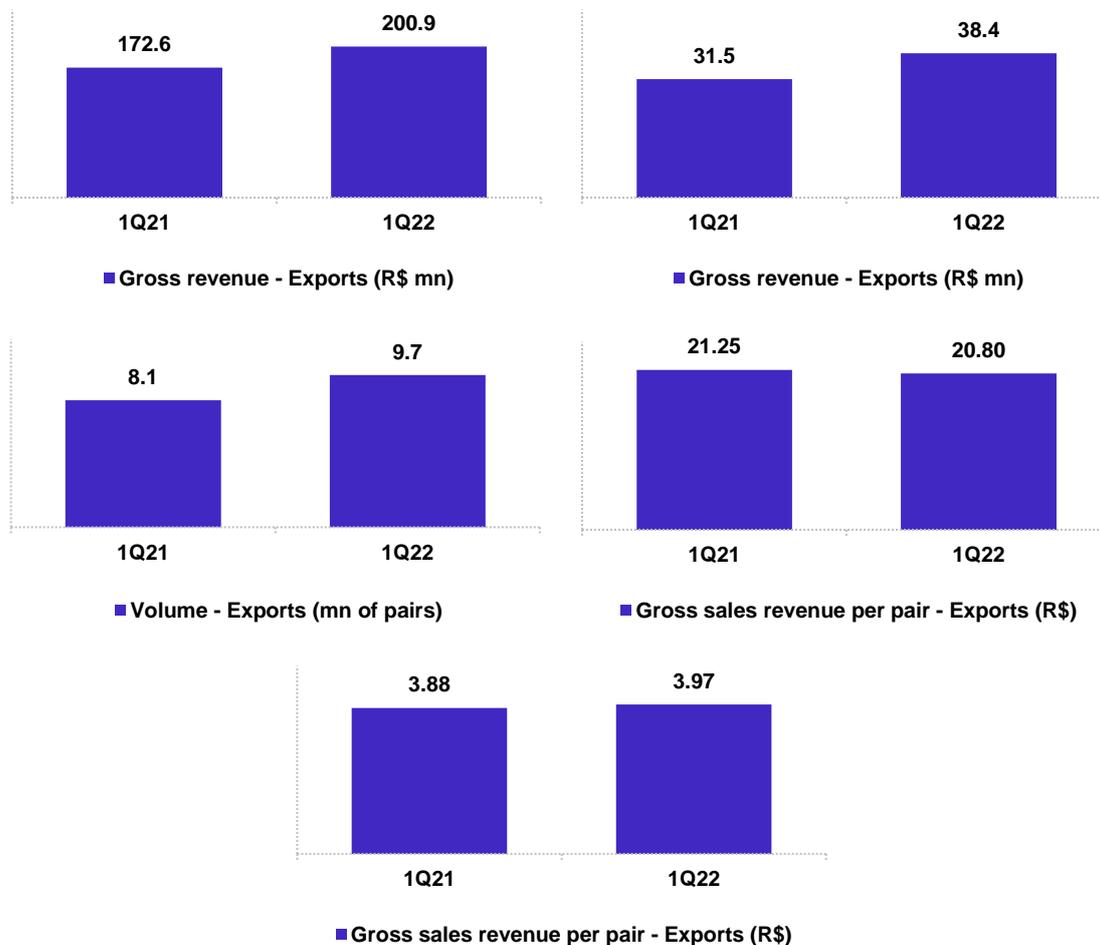


Gross sales revenue– Exports

Sales abroad grew in comparison to the same period the previous year, increasing 16.4 % in 1Q22 to R\$ 200.9 million in gross revenue and 18.9 % to 9.7 million in volume of pairs shipped, currently accounting for 31.9 % of Grendene's total revenue vs. 26.8 % in 1Q21.

Gross revenue per pair increased by 2.3 % to USD 3.97, owing primarily to the shipment of higher-value-added products, while the indicator in BRL fell by 2.1 %.

R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Gross revenue – exports (R\$ mm)	172.6	200.9	16.4%
Gross revenue – exports (US\$ mm)	31.5	38.4	21.8%
Volume – exports (mm of pairs)	8.1	9.7	18.9%
Gross revenue / pair – exports (R\$)	21.25	20.80	(2.1%)
Gross revenue / pair – exports (US\$)	3.88	3.97	2.3%

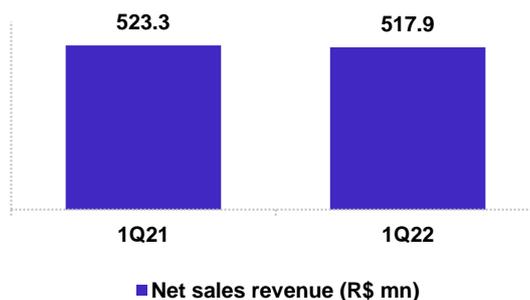


Data from the MDIC (Ministry of Development, Industry and Foreign Trade) /SECEX/ABICALÇADOS (Department of Trade Defense of the Department of Foreign Trade), revealed that Brazilian footwear exports in 1Q22 vs. 1Q21, had a 65.8 % rise in dollar revenues, a 27.3 % increase in the volume of pairs sold, and a 30.3 % increase in the average price per pair exported in dollars. In comparison, Grendene reported a 19.7 % increase in revenue in dollars, an 18.9 % increase in the volume of pairs sold, and a 2.3 % increase in the average price per pair exported in dollars. In 1Q22, Grendene had a 23.7 % share of the total volume of pairs of Brazilian footwear exports (25.4 % in 1Q21).

Net Sales Revenue

Net revenue from January to March was 1.0 % lower than that reported in the same period in 1Q21, which is consistent with the gross revenue behavior.

R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Net Sales Revenue	523.3	517.9	(1.0%)

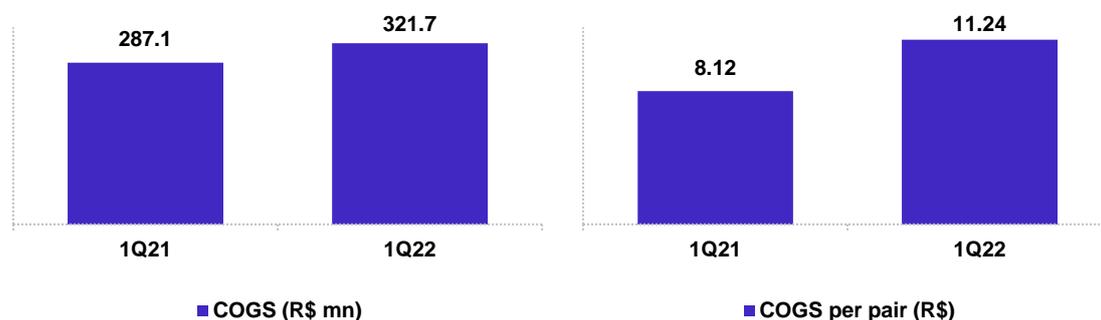


Cost of goods sold (COGS)

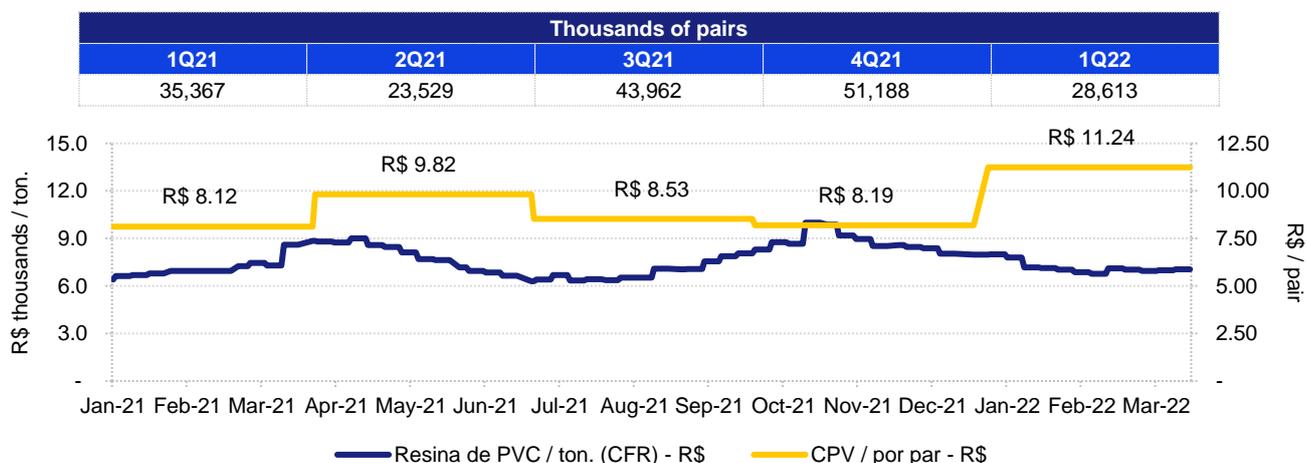
Even after the commencement of the Russian-Ukrainian conflict, the costs of the primary raw commodities that comprise our COGS remained steady during 1Q22. Nonetheless, inputs continued to exert pressure on COGS in the first three months of the year since they reflect raw material readjustments made during the previous year.

PVC resin has been declining in the international market in recent weeks, owing to decreasing demand from India and China, as well as increased production of this input. Furthermore, the strengthening of the Brazilian currency tends to contribute to a decrease in the inputs used in Grendene's manufacturing.

R\$ million	1Q21	1Q22	Change 1Q22/1Q21
COGS	287.1	321.7	12.1%
COGS per pair (R\$)	8.12	11.24	38.4%



The chart below depicts the fluctuation of market pricing (ICIS-LOR) in USD converted to BRL for PVC resin, as well as the change in Grendene's average cost per pair from 2021 to 2022.



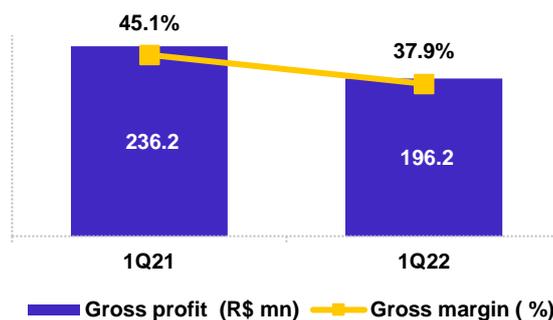
Source: Petrochemical prices from ICIS-LOR; Grendene quarterly data.

Gross profit / Gross margin

Gross profit decreased 16.9 % to R\$196.2 million in 1Q21, while gross margin decreased 7.2 pp to 37.9 %.

The reduced volume of pairs shipped had a negative influence on production-related workforce productivity, adding to the period's COGS pressure.

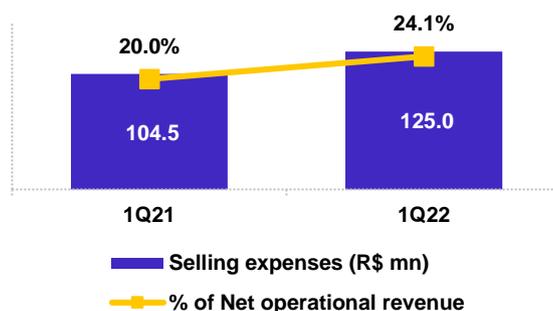
R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Gross profit	236.2	196.2	(16.9%)
Gross margin, %	45.1%	37.9%	(7.2 pp)



Selling expenses

The increase in selling expenses reflects the increase in digital commerce charges as well as the intensification of investments in advertising and publicity.

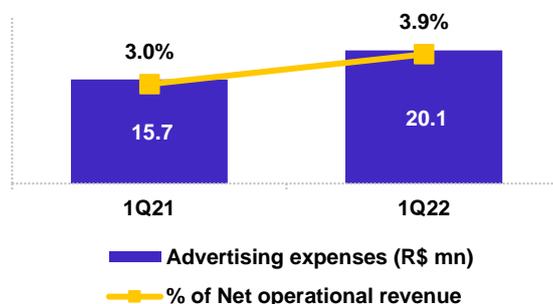
R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Selling expenses	104.5	125.0	19.6%
% of Net operational revenue	20.0%	24.1%	4.1 pp



Advertising expenses

The increase in advertising and publicity spending is according to plan.

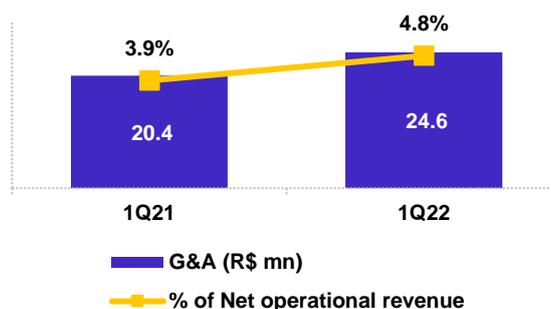
R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Advertising expenses	15.7	20.1	28.2%
% of Net operational revenue	3.0%	3.9%	0.9 pp



General and Administrative expenses (G&A)

General and administrative expenses increased 20.7 % in 1Q22 vs. 1Q21. Personnel and third-party service costs were the major contributors to this increase.

R\$ million	1Q21	1Q22	Change 1Q22/1Q21
G&A expenses	20.4	24.6	20.7%
% of Net operational revenue	3.9%	4.8%	0.9 pp



Ebit and Ebitda

Ebit – (earnings before interest and taxes – operational profit before financial effects) because the Company has a substantial cash position that generates significant financial revenue, the operating profit of its activities, as defined by Ebit, is a better indicator of its operating performance.

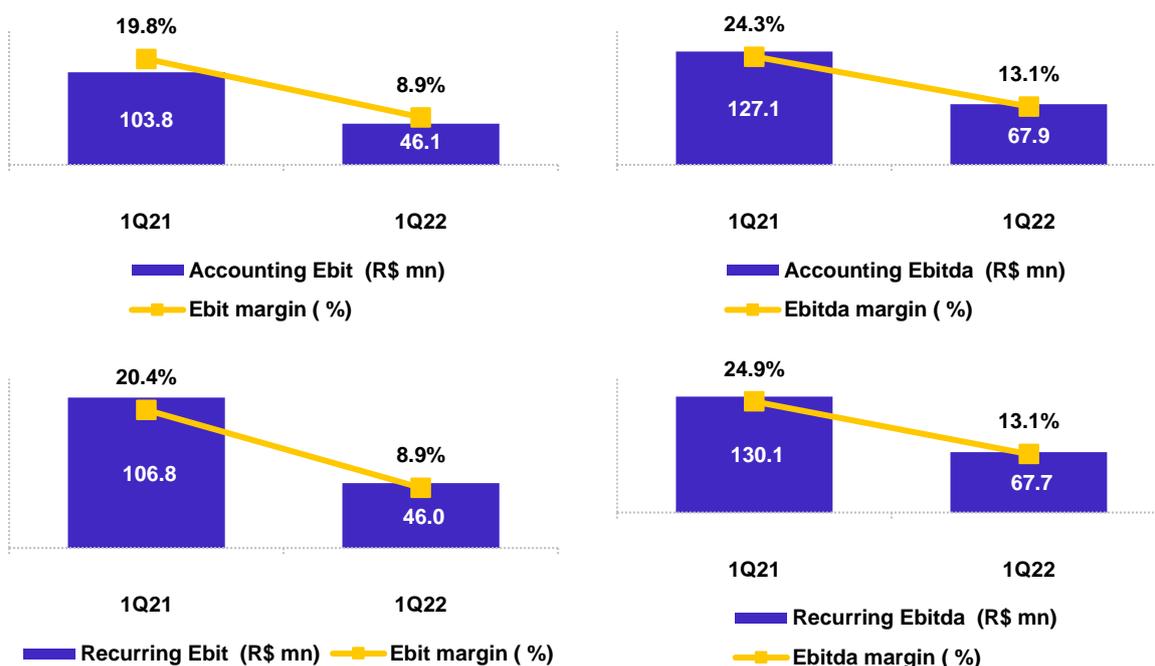
Ebitda – Grendene's business is low capital-intensive. The Company regularly invests an amount equivalent to its depreciation to keep its production capacity updated. Grendene also maintains positive net cash and has no financial charges that must be paid using resources derived from the operation. As a result, we believe that analyzing Ebit makes more sense as an indicator for the Company's operational management.

R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Recurring net profit	131.7	125.3	(4.9%)
Non-recurring effect	2.5	(0.1)	-
Net profit	129.2	125.5	(2.9%)
Taxes on profit	17.2	9.5	(45.4%)
Net financial revenue (expenses)	(42.6)	(88.8)	108.3%
Accounting EBIT	103.8	46.1	(55.6%)
Non-recurring item	3.0	(0.1)	-
Recurring Ebit	106.8	46.0	(57.0%)
Depreciation and amortization	23.2	21.8	(6.4%)
Accounting EBITDA	127.1	67.9	(46.6%)
Recurring EBITDA	130.1	67.7	(47.9%)

EBIT / EBITDA Margin Reconciliation*			
Margin, %	1Q21	1Q22	Change 1Q22/1Q21
Accounting EBIT	19.8%	8.9%	(10.9 pp)
Recurring EBIT	20.4%	8.9%	(11.5 pp)
Accounting EBITDA	24.3%	13.1%	(11.2 pp)
Recurring EBITDA	24.9%	13.1%	(11.8 pp)

Ebit – non-recurring items

1Q21	Expenses related to COVID-19 (- R\$ 3.9 million) and procedural credits (+ R\$ 900,000).
1Q22	Expenses related to COVID-19 (- R\$1.8 million), customer ALLL (- R\$1.2 million) and IRRF process credit – services (+ R\$3.2 million).



Net financial revenue

The cycle of high interest rates contributed to the financial result of R\$ 88.8, as indicated in the table below:

R\$ thousands	1Q21	1Q22	Change 1Q22/1Q21
Revenue from cash investments	20,689	42,326	104.6%
Revenue from cash investments	20,689	42,326	104.6%
Gain on equity financial instruments	10,083	51,638	412.1%
Gain on equity financial instruments	10,083	51,638	412.1%
Net gain (loss) on FX variations	1,500	(19,072)	-
Net gain (loss) on FX derivatives transactions – B3	(17,563)	2,207	-
Net gain (loss) on FX derivatives transactions – B3	8,389	2,297	(72.6%)
Net gain (loss) on FX derivatives transactions – B3	(25,952)	(90)	(99.7%)
Net gain (loss) from FX variations	19,063	(21,279)	-
FX variation – gains	23,627	26,078	10.4%
FX variation – losses	(4,564)	(47,357)	937.6%
Profit/loss on other financial assets – SCPs*	4,346	1,659	(61.8%)
Profit/loss on other financial assets – SCPs	4,346	1,659	(61.8%)
Other financial transactions	(873)	4,496	-
Interest received from clients	346	723	109.0%
Borrowing costs	(949)	(1,450)	52.8%
PIS and Cofins taxes on financial revenues	(1,561)	(2,444)	56.6%
Other financial revenues (expenses)	1,291	7,667	493.9%
Gains on adjustments to present value	6,871	7,740	12.6%
Adjustments to present value	6,871	7,740	12.6%
Net financial revenue	42,616	88,787	108.3%

Net profit

The 19.1 % decrease in volumes is mostly responsible for the 4.9 % decrease in recurring net income.

R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Net profit - formal accounting	129.2	125.5	(2.9%)
Recurring net profit	131.7	125.3	(4.9%)
Net margin, %	24.7%	24.2%	(0.5 pp)
Recurring net margin, %	25.2%	24.2%	(1.0 pp)



Investments (fixed and intangible)

Maintenance of industrial structures and facilities, replacement of fixed assets, procurement of new equipment to upgrade the industrial park, and different projects to improve the Company's performance were the primary investments in 1Q22.

R\$ million	1Q21	1Q22	Change 1Q22/1Q21
Investments	24.5	39.0	58.8%

Cash generation

In 1Q22, cash generated from operating activities totaled R\$ 225.5 million. In addition, there was a net gain of R\$ 1.1 million from the sale of treasury shares for exercise by holders of options under the Company's stock options program; raising of loans and financing in the net amount of R\$ 2.7 million, which was allocated to: investments in subsidiaries and affiliates in the amount of R\$16.3 million; acquisition of property, plant and equipment and intangible assets totaling R\$ 39.0 million and financial investments in the amount of R\$ 163.5 million resulted in an increase of R\$ 10.5 million in the amount held in cash and equivalents. The complete cash flow is shown in Appendix IV.

Net cash and cash equivalents

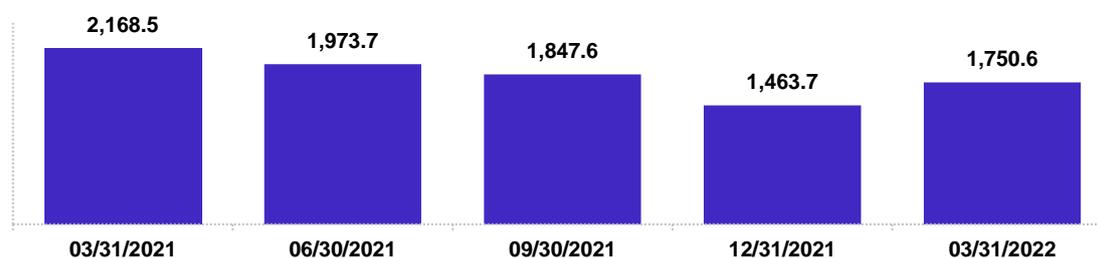
Grendene continues to have a solid financial situation. Net cash (Cash, Cash equivalents and Short and Long-term financial investments, less Short and Long-term loans and financings) on March 31, 2022, totaled R\$ 1.8 billion, representing an increase of 19.6% in comparison to the R\$ 1.5 billion totaled on December 31, 2021.

The proportion of net revenue held in cash and equivalents and financial investments in the last 12 months decreased from 105.9% on March 31, 2021 to 74.9 % on March 31, 2022.

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

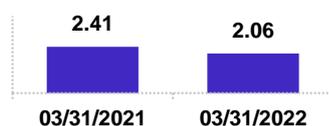
R\$ million	03/31/21	6/30/2021	9/30/2021	12/31/2021	3/31/2022
Cash and cash equivalents plus cash investments (ST and LT)	2,178,280	1,984,154	1,858,791	1,588,018	1,860,404
Loans and financings (ST and LT)	(9,800)	(10,432)	(11,193)	(124,285)	(109,842)
Net cash	2,168,480	1,973,722	1,847,598	1,463,733	1,750,562

Net Cash (R\$ mn)

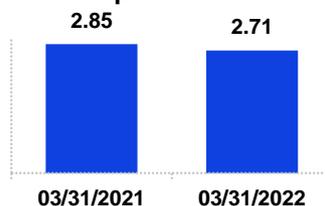


Value indicators

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



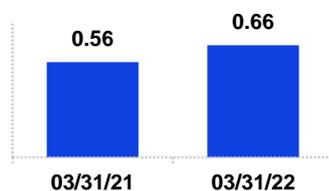
Net working capital, per share



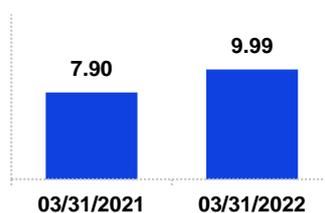
Book value per share



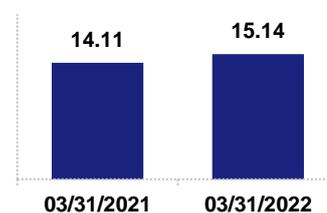
Profit per share (last 12 months)



Stock price



Price / Earnings



Dividends

Under the Bylaws and the present dividend policy, established on February 13, 2014, and published in a Material Announcement on that date, and based on the amounts set out below, management proposes allocation of the result related to 1Q22 as follows:

- R\$20.924.002,28** as minimum mandatory dividend, or 25% of the dividend calculation base, as shown below
- R\$62.772.006,84** as dividends in addition to the mandatory minimum.

The sum of these amounts is a total of **R\$83.696.009,12**, which the Company will pay, subject to confirmation by the Annual General Meeting that approves the accounts for the business year 2022, **as from May 25, 2022**, as follows:

- R\$37.000.000,00 as Interest on Equity (gross), which is imputed as part of and on account of the dividend (net amount R\$ 31.450.000,00), and
- R\$46.696.009,12 as dividends.

This will be payable to holders of common shares (GRND3) in the Company's records on **May 9, 2022 (cut-off date)**. Thus, Grendene shares (GRND3) will be traded **ex-dividend on the São Paulo stock exchange (B3) on May 10, 2022**.

Demonstration of dividends, 2022

Grendene S.A. (Holding company)	R\$
Net profit for the period	125,470,406.06
(-) Tax Incentives reserve	(37,369,343.82)
Basis for calculation of the Legal reserve	88,101,062.24
(-) Legal reserve	(4,405,053.12)
Value of dividends proposed by management until March 31, 2022/ Basis of calculation of the minimum mandatory dividend	83,696,009.12
Mandatory minimum dividend – 25%	20,924,002.28
Dividend proposed in excess of the mandatory minimum	62,772,006.84
Sum	83,696,009.12

Dividends + Interest on Equity (I.E.) proposed

Dividend	Date approved	Ex-date	Date of start of payment	Gross value R\$	Gross value per share R\$	Net value R\$	Net value per share R\$
Dividend ¹	April 28, 2022	May 10, 2022	May 25, 2022	46,696,009.12	0.051760415	46,696,009.12	0.051760415
I. E. ¹	April 28, 2022	May10,2022	May 25, 2022	37,000,000.00	0.041012827	31,450,000.00	0.034860903
			TOTAL	83,696,009.12	0.092773242	78,146,009.12	0.086621318

¹ Dividends approved subject to ratification by the Annual General Meeting of Stockholders that considers the financial statements for the 2022 business year.

Corporate events

April 25, 2022 – Ordinary and Extraordinary Annual General Meeting of Stockholders: Approved: the management report and accounting and/or financial statements for the fiscal year 2021 were approved, as were the allocation of net income for the fiscal year 2021 and the ratification of advances, the distribution of interest on equity and the balance of dividends, the election of members of the Board of Directors for a two-year term, the overall remuneration of the administrators, and the reform and consolidation of the Bylaws.

April 25, 2022 – Notice to Stockholders: On May 18, 2022, begins the payment of the balance of dividends in the amount of R\$ 222,517.42 (R\$0.000246651 per share) and Interest on Equity (I.E.) in the gross amount of R\$ 73,000,000.00 (R\$0.080917200 per share), related to the balance of dividends for the fiscal year 2021.

April 28, 2022 – Meeting of the Board of Directors: Approved: the financial information for the 1st quarter of 2022; the first prepayment of dividends based on the result calculated up to March 31, 2022, in the amount of R\$ 83.7 million; the individual remuneration of managers and other matters of interest to the Company.

Capital markets

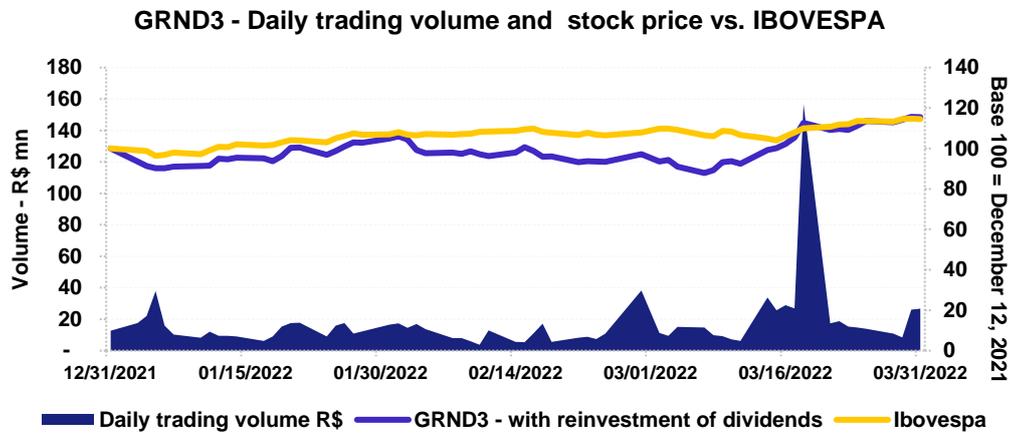
In 1Q22 Grendene's shares (B3 ticker: GRND3) provided a return of 15.5% considering the reinvestment of dividends, in the same period the Ibovespa index went up 14.5%. The average daily financial volume was R\$16.6 million in 1Q22 (R\$11.0 million in 1Q21).

The number of trades, number of shares traded, financial volume and daily averages are shown in the table below:

Period	No. of trading sessions	No. of trades	No. of shares	Volume R\$	Price R\$		Average no. of shares		Volume R\$	
					Weighted average	Close	Per trade	Daily	Per trade	Daily
1Q21	60	270,212	84,253,800	657,111,179	7.80	7.90	312	1,404,230	2,431	10,951,852
1Q22	62	327,334	117,752,100	1,027,420,484	8.73	9.99	360	1,899,227	3,138	16,571,298

In the last 52 weeks (03/31/2022) the GRND3 share had a minimum price of R\$ 7.52 on March 8, 2022, and a maximum price of R\$12.61 on August 12, 2021.

This chart shows the performance of Grendene ON shares compared to the Bovespa index (Base: Dec. 31, 2021, = 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, the 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 current expectations because they involve various risks and uncertainties.

Appendix I – Consolidated gross revenue, volumes, gross revenue per pair and market share – By quarter

Gross revenue (R\$ thousands)	1Q21	2Q21	3Q21	4Q21	1Q22	Change 1Q22/1Q21
Domestic market	471,745	333,782	662,825	692,553	429,876	(8.9%)
Exports	172,605	103,963	155,486	254,262	200,945	16.4%
Exports (US\$)	31,538	19,634	29,733	45,544	38,400	21.8%
TOTAL	644,350	437,745	818,311	946,815	630,821	(8.0%)

Volume of pairs (thousands)	1Q21	2Q21	3Q21	4Q21	1Q22	Change 1Q22/1Q21
Domestic market	27,246	18,419	36,155	39,340	18,954	(30.4%)
Exports	8,121	5,110	7,807	11,848	9,659	18.9%
TOTAL	35,367	23,529	43,962	51,188	28,613	(17.6%)

Gross revenue per pair (R\$)	1Q21	2Q21	3Q21	4Q21	1Q22	Change 1Q22/1Q21
Domestic market	17.31	18.12	18.33	17.60	22.68	31.0%
Exports	21.25	20.35	19.92	21.46	20.80	(2.1%)
Exports (US\$)	3.88	3.84	3.81	3.84	3.97	2.3%
TOTAL	18.22	18.60	18.61	18.60	18.60	11.6%

US\$ dollar (USD 1,00 = R\$)	1Q21	2Q21	3Q21	4Q21	1Q22	Change 1Q22/1Q21
US\$ at end of period	5.6973	5.0022	5.4394	5.5805	4.7378	(16.8%)
Average US\$	5.4729	5.2950	5.2294	5.5828	5.2330	(4.4%)

Gross revenue as % of total	1Q21	2Q21	3Q21	4Q21	1Q22	
Domestic market	73.2%	76.3%	81.0%	73.1%	68.1%	
Exports	26.8%	23.7%	19.0%	26.9%	31.9%	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	

Volume of pairs as % of total	1Q21	2Q21	3Q21	4Q21	1Q22	
Domestic market	77.0%	78.3%	82.2%	76.9%	66.2%	
Exports	23.0%	21.7%	17.8%	23.1%	33.8%	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	

Anexo II – Consolidated Statement of financial position, IFRS (R\$ '000)

Statement of financial position (R\$ '000)	December 31, 2021	% of total	March 31, 2022	% Total	Change %
ASSET					
Current					
Cash and cash equivalents	22,146	0.5%	32,660	0.7%	47.5%
Cash investments	1,299,827	28.6%	1,301,416	28.3%	0.1%
Accounts receivable from clients	1,030,529	22.6%	814,810	17.7%	(20.9%)
Inventories	497,642	10.9%	501,813	10.9%	0.8%
Tax credits	149,609	3.3%	140,454	3.1%	(6.1%)
Income and Social Contribution taxes recoverable	12,839	0.3%	23,095	0.5%	79.9%
Trade bills receivable	13,346	0.3%	11,710	0.3%	(12.3%)
Prepaid costs and expenses	10,389	0.2%	10,459	0.2%	0.7%
Other credits	22,236	0.5%	17,168	0.4%	(22.8%)
Total, current assets	3,058,563	67.2%	2,853,585	62.1%	(6.7%)
Non-current					
Non-current assets					
Cash investments	266,045	5.8%	526,328	11.4%	97.8%
Court escrow deposits	1,454	-	1,509	-	3.8%
Tax credits	339,061	7.4%	335,433	7.3%	(1.1%)
Income and Social Contribution taxes recoverable	220	-	256	-	16.4%
Deferred income tax and Social Contribution tax	27,730	0.6%	25,242	0.5%	(9.0%)
Trade bills receivable	30,781	0.7%	29,226	0.6%	(5.1%)
Other credits	10,163	0.2%	9,200	0.2%	(9.5%)
	675,454	14.7%	927,194	20.0%	37.3%
Investments	277,326	6.1%	271,389	5.9%	(2.1%)
Property, plant and equipment	499,231	11.0%	496,791	10.8%	(0.5%)
Intangible	43,921	1.0%	55,060	1.2%	25.4%
Total, non-current assets	1,495,932	32.8%	1,750,434	37.9%	17.0%
Total assets	4,554,495	100.0%	4,604,019	100.0%	1.1%
Statement of financial position (R\$ '000)	December 31, 2021	% of total	March 31, 2022	% of total	Change %
LIABILITIES					
Current					
Loans and financings	117,479	2.6%	102,932	2.2%	(12.4%)
Leasing contracts	19,052	0.4%	17,173	0.4%	(9.9%)
Suppliers	55,954	1.2%	53,028	1.2%	(5.2%)
Contractual obligations	15,885	0.3%	11,865	0.3%	(25.3%)
Commissions payable	52,325	1.1%	39,519	0.9%	(24.5%)
Taxes	21,294	0.5%	34,845	0.8%	63.6%
Income tax and Social Contribution tax payable	4,492	0.1%	1,037	-	(76.9%)
Salaries and related charges payable	65,005	1.4%	67,850	1.5%	4.4%
Provision for employment-law, tax, and third-party risks	1,891	-	1,039	-	(45.1%)
Dividends and Interest on Equity payable	-	-	62,273	1.4%	-
Advances from clients	24,629	0.5%	11,553	0.3%	(53.1%)
Other accounts payable	3,284	0.1%	4,335	0.1%	32.0%
Total, current liabilities	381,290	8.2%	407,449	9.1%	6.9%
Non-current					
Loans and financings	6,806	0.1%	6,910	0.2%	1.5%
Leasing contracts	59,328	1.3%	51,827	1.1%	(12.6%)
Suppliers	10,120	0.2%	9,920	0.2%	(2.0%)
Provision for employment-law, tax, and third-party risks	1,924	-	2,689	0.1%	39.8%
Other accounts payable	697	-	610	-	(12.5%)
Total, non-current liabilities	78,875	1.6%	71,956	1.6%	(8.8%)
Stockholders' equity					
Share capital	1,231,302	27.0%	1,231,302	26.7%	-
Capital reserves	809	-	538	-	(33.5%)
Shares in Treasury	(1,832)	-	(29)	-	(98.4%)
Profit reserves	2,828,869	62.4%	2,886,603	62.5%	2.0%
Other comprehensive income	35,182	0.8%	6,200	0.1%	(82.4%)
Total Stockholders' equity	4,094,330	90.2%	4,124,614	89.3%	0.7%
Total liabilities and Stockholders' equity	4,554,495	100.0%	4,604,019	100.0%	1.1%

Appendix III – Consolidated Profit and loss account (R\$ '000)

Profit and loss account (R\$ '000)	1Q21	% of Net operational revenue (NOR)	1Q22	% of Net operational revenue (NOR)	Change % 1Q22/1Q21
Domestic market	471,745	90.1%	429,876	83.0%	(8.9%)
Exports	172,605	33.0%	200,945	38.8%	16.4%
Gross sales and services revenue	644,350	123.1%	630,821	121.8%	(2.1%)
Sales returns and sales taxes	(98,716)	(18.9%)	(84,775)	(16.4%)	(14.1%)
Discounts given to clients	(22,333)	(4.3%)	(28,138)	(5.4%)	26.0%
Deductions from sales	(121,049)	(23.1%)	(112,913)	(21.8%)	(6.7%)
Net Operational Revenue (NOR)	523,301	100.0%	517,908	100.0%	(1.0%)
Average cost of goods sold	(287,071)	(54.9%)	(321,685)	(62.1%)	12.1%
Gross profit	236,230	45.1%	196,223	37.9%	(16.9%)
Operational revenue (expenses)	(132,394)	(25.3%)	(150,090)	(29.0%)	13.4%
Selling expenses	(104,544)	(20.0%)	(124,997)	(24.1%)	19.6%
General and administrative expenses	(20,408)	(3.9%)	(24,628)	(4.8%)	20.7%
Other operational revenues	2,208	0.4%	4,277	0.8%	93.7%
Other operational expenses	(9,664)	(1.8%)	(4,930)	(1.0%)	(49.0%)
Equity in earnings of unconsolidated investees, net	14	-	188	-	1,242.9%
Ebit (Oper. profit before Fin. rev (exp.) and taxes)	103,836	19.8%	46,133	8.9%	(55.6%)
Financial revenues	75,248	14.4%	139,434	26.9%	85.3%
Financial expenses	(32,632)	(6.2%)	(50,647)	(9.8%)	55.2%
Net financial revenue	42,616	8.1%	88,787	17.1%	108.3%
Pre-tax profit	146,452	28.0%	134,920	26.1%	(7.9%)
Income tax and Social Contribution tax:					
Current	(12,763)	(2.4%)	(6,962)	(1.3%)	(45.5%)
Deferred	(4,531)	(0.9%)	(2,488)	(0.5%)	(45.1%)
Net profit for the period	129,158	24.7%	125,470	24.2%	(2.9%)

Appendix IV- Consolidated Statement of cash flow (R\$'000)

Consolidated Statement of cash flow (R\$'000)	March 31, 2021	March 31, 2022
Cash flow from operations		
Net profit for the period	129,158	125,470
Adjustments reconciling profit to cash from operations:		
Share of profit (loss) in non-consolidated investees	(14)	(188)
Depreciation and amortization	23,235	21,751
PP&E and Intangible – residual value after write-down	807	663
Deferred income tax and Social Contribution tax	4,531	2,488
Stock options plan	161	561
Items reducing Accounts receivable from clients	(16,394)	(1,719)
Provisions for obsolete inventory	2,438	619
Provision for employment-law, tax, and third-party risks	374	(87)
Interest expense on loans, financings and leasing contracts	80	397
Interest revenue on cash investments	(29,549)	(52,326)
Fair value of financial instruments	(4,996)	(46,061)
FX variations, net	2,607	(25,612)
	112,438	25,956
Variations in assets and liabilities:		
Accounts receivable from clients	242,395	217,438
Inventories	(154,661)	(4,790)
Tax credits	36,675	12,783
Other accounts receivable	(15,379)	(1,195)
Suppliers	21,868	(3,126)
Salaries and related charges payable	1,206	2,845
Taxes	(16,963)	8,001
Income tax and Social Contribution tax payable	(5,932)	(3,455)
Tax on allocation of tax incentives, net	(305)	-
Advances from clients	(4,697)	(13,076)
Other accounts payable	(23,547)	(15,862)
Net cash from operational activities	193,098	225,519
Cash flow from investment activities:		
Injection of capital into subsidiaries and affiliates	(25,167)	(16,325)
Acquisitions of fixed and intangible assets	(23,669)	(38,959)
Cash investments	(539,105)	(791,624)
Redemption of cash investments	391,000	612,998
Interest received on cash investments	4,435	15,141
Net cash flow from (used in) investment activities	(192,506)	(218,769)
Cash flow in financing activities:		
Loans and financings obtained	454	87,696
Payments of loans, financings and leasing contracts	(4,816)	(84,743)
Interest paid on loans, financings and leasing contracts	(441)	(247)
Sale of treasury shares: exercise of stock options	3,404	1,058
Net cash used in financing activities	(1,399)	3,764
Decrease / increase in cash and cash equivalents (807)	(807)	10,514
Initial balance of cash and cash equivalents	19,162	22,146
Final balance of cash and cash equivalents	18,355	32,660