

# Earnings Release

2Q22



**Padtec Holding S.A.**  
August 12, 2022



## Results Webcast

August 15, Monday, 11:30 a.m. (Sao Paulo, Brazil)

Zoom platform

*The webcast will be hosted in Portuguese. Access [www.padtec.com](http://www.padtec.com) to add the meeting to your calendar.*

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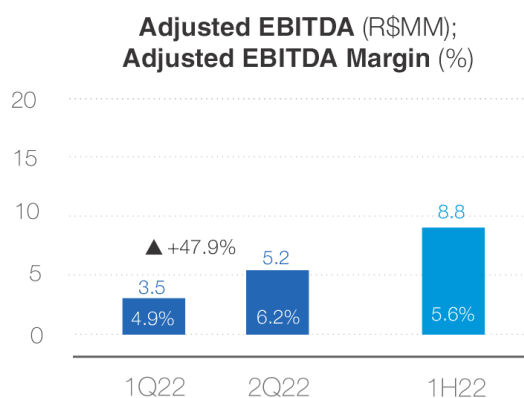
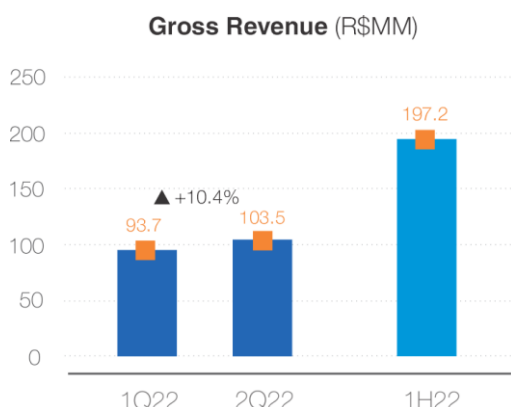
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# Earnings Release 2Q22

Campinas, SP, August 12, 2022. Padtec Holding S.A. (B3: PDC3) (and together with its subsidiaries, in particular Padtec S.A., "Company" or "Padtec"), presents its results for the second quarter of 2022 ("2Q22"), in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). For the purpose of a better comparison with previous periods, the Company presents on its *website* combined consolidated information, considering Padtec S.A. as its wholly-owned subsidiary since January 2018.

- **2Q22 Highlights:**



Brazilian multinational of high capacity optical transport systems and telecommunications solutions

Essential in the mission-critical ecosystem in telecom infrastructure

Innovative solutions, diversified product portfolio with extensive local R&D

Proximity and partnership with customers, both in data transmission equipment and Premium Services

Leadership in the high capacity data connectivity market in Brazil, with a growing global presence

- Gross revenues totaled R\$103.5 million, 10.4% above the 1Q22.
- Gross revenues from optical transport systems (DWDM equipment) of R\$91.6 million, an increase of 9.6% compared to 1Q22.
- Gross profit of R\$28.2 million, an increase of 36.2% over 1Q22.
- Gross margin of 33.2%, growth of 4.8 percentage points compared to 1Q22. In 1H22, gross margin of 31.0%.
- EBITDA of R\$5.2 million (EBITDA margin of 6.2%), 47.9% above the 1Q22, R\$3.5 million (EBITDA margin of 4.9%).
- EBITDA recorded in 1H22, R\$8.8 million, was not impacted by non-recurring effect adjustments.
- Negative net income of R\$3.8 million, compared to a loss of R\$4.5 million in 1Q22.
- Investments of R\$10.4 million in R&D, totaling R\$21 million in 1H22 (corresponding to 13% of revenue in the semester).
- Net debt of R\$20.7 million at the end of June 2022, composed of debt of R\$93.9 million and funds in cash and cash equivalents and financial investments as collateral of R\$73.2 million.
- Consistent evolution in customer base and revenues from international markets.
- FIDC Funttel Padtec starts its operations in April, increasing the offer of financing mechanisms to customers, which already had Vendor, forfait and FIDC Sifra operations.
- Obtaining the registration of one more invention patent with the INPI.

R\$ thousand	Selected Financial Indicators - Combined								
	1Q21	2Q21	3Q21	4Q21	1H2021	2021	1Q22	2Q22	1H2022
Gross Operating Revenues	86.133	119.554	120.427	122.658	205.687	448.772	93.748	103.470	197.218
Gross Profit	23.341	31.958	32.817	34.493	55.299	122.609	20.665	28.152	48.817
Net Results	11.721	10.903	4.660	(1.734)	22.624	25.550	(4.477)	(3.787)	(8.264)
Adjusted Net Results	(2.774)	10.505	4.536	2.156	7.731	14.423	(4.477)	(3.787)	(8.264)
Adjusted EBITDA	5.816	15.323	12.837	13.418	21.137	47.392	3.531	5.223	8.754
Adjusted EBITDA Margin	8,8%	17,1%	14,2%	13,7%	13,6%	13,8%	4,9%	6,2%	5,6%
Gross Debt	81.071	79.502	88.212	83.698	79.502	83.698	78.334	93.857	93.857
Net Debt	11.823	3.981	(8.567)	(15.525)	3.981	(15.507)	1.709	20.650	20.650

- Padtec: transforming the way the world connects, has fun and does business

The deployment of the fifth generation of mobile internet (“5G”) shall promote a revolution in the use of mobile data with very low latency and high transport capacity in the near term. This will enable new frontiers in cloud, cloud processing, online platforms for games and several other applications, including artificial intelligence and the internet of things (“IoT”) available anywhere, resulting in value creation in all sectors of the economy.

5G translates into a new capacity to form complete communication ecosystems and promote transformative effects on life in society. Large investments are estimated for the implementation of this technology, bringing more speed, less latency, increase in communication capacity and reliability. These investments in the productive and service sectors will result in the generation of jobs and tax collection, contributing to the reduction of digital, social and economic inequality so present in several countries today.

Padtec, present in 80% of Latin American countries, with local commercial and technical teams in Argentina, Colombia, Chile and commercial representation in the United States of America, contributes to the transformation of the way the world connects, has fun and does business.

However, the year 2022 has proven challenging on several fronts, including the macroeconomic, the political and the persistent crisis of supplies for microelectronics. If on the one hand, the Covid-19 pandemic seems to be ameliorated in several parts of the globe, its effects and new variants are still quite present in some countries, such as China, for example. Several local and global macroeconomic indicators record an increase in inflation, pressures on fuel costs, energy and logistics freight. The continuation of the war between Ukraine and Russia contributes to this situation. In the political field, several nations are going through a period of uncertainty and changes. In Brazil there are still many uncertainties regarding the upcoming presidential election.

The Central Bank of Brazil continues to implement increases in the SELIC rate (there have already been twelve consecutive increases and only in 2022, SELIC rose 4.5 percentage points), which causes direct impacts on the costs of financing obtained in the financial market, making it more difficult to execute any type of investments, including in high capacity optical transmission systems. The Company always seeks to be close to the needs of Padtec Holding S.A.

its customers and, in order to contribute to access to financial resources for its acquisitions, provides financial operations of Vendor, discounts to forfait and credit rights investment funds (FIDC Sifra and FIDC Funttel Padtec).

Padtec's commitment to the ESG agenda is executed and reinforced on a daily basis. The Company's products and services offer solutions that enable the execution of essential services and digital inclusion, are developed with production practices committed to the environment, the preservation of resources, the safety of all those involved (employees, customers, suppliers, partners) and that generate value to all its stakeholders.

In June, the Company obtained the recertification of its Quality Management System (*Sistema de Gestão de Qualidade* or SGQ) according to ISO 9001:2015.

Throughout the quarter, Padtec participated in several technical meetings and trade fairs with internet providers, as well as seminars with partners and suppliers. It also held another edition of Pad Technology Day, an event composed of lectures, debates and sharing of information about market trends, new technologies and their applications, bringing together professionals from traditional telecom operators and internet providers from all over Brazil.

Padtec continues to promote social actions developed under the Padtec Iluminar program. In this sense, employees were encouraged to participate in the campaign to collect donations in cash for the FEAC Foundation, the organizer entity of Mobiliza Campinas program. The donations were reversed in credit cards for families in a situation of food insecurity and the amount collected from employees was doubled by the Company. In addition, computers and cell phones that were no longer of corporate use and would be discarded, were donated to the Padre Haroldo Institute.

Finally, under the Lei do Incentivo ao Esporte (the Sports Incentive Law), the Company allocated tax credits for two street races of the Circuito Cidades Paulistas, encouraging the participation of employees, their families and friends (called Padtec Runners) and for GADECAMP, a basketball team on wheels in Campinas.

Padtec is well positioned in the telecommunications ecosystem, competitively offering innovative telecommunications solutions and services and state-of-the-art technology. The expected scenario for the coming months is challenging, however, the Company works to consolidate its leadership in Brazil and expand its presence abroad.

- The Company's result in 2Q22

### Operating Income

Padtec recorded gross operating revenue of R\$103.5 million in 2Q22, an increase of 10.4% compared to 1Q22, R\$93.7 million. Compared to 2Q21, R\$119.6 million, there was a reduction of 13.5%.

In 1H22, gross operating revenue was R\$197.2 million, compared to R\$205.7 million in the same period in 2021. Historically, with respect to revenues from optical transport systems (DWDM equipment), the first six months of the year tend to be less heated than the others.

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The Company's revenues grew substantially in international markets, but in the domestic market they were impacted by increases in the interest rate in Brazil in recent months: higher financial costs makes it more difficult for customers to make investments, which end up postponing their extensions, modernizations and even deployments of new high-performance optical transmission systems.

Revenues from DWDM equipment exports grew by 53% in 1H22 (R\$27.6 million) compared to 1H21 (R\$18.0 million), contributing to about 14% of the total recorded in 1H22.

Revenues from optical transport systems totaled R\$91.6 million, or 89% of the total obtained in 2Q22, 9.6% higher than the value recorded in 1Q22, R\$83.6 million, and 13.9% lower than 2Q21, R\$106.3 million.

Revenues from Premium Services, including high-tech services that assist in the operation and development of the Company's customer data networks, reached R\$11.9 million in 2Q22, an increase of 16.8% over 1Q22, R\$10.2 million, and a 10.2% reduction over 2Q21, R\$13.3 million.

R\$ thousand	GROSS REVENUES									2Q2022 x	2Q2022 x	1H2022 x
	1Q2021	2Q2021	3Q2021	4Q2021	1H2021	2021	1Q2022	2Q2022	1H2022	2Q2021	1Q2021	1H2021
DWDM	72.705	106.303	108.991	110.540	179.008	398.539	83.563	91.575	175.138	-13,9%	9,6%	-2,2%
Premium Services	13.428	13.250	11.438	12.117	26.678	50.233	10.185	11.895	22.080	-10,2%	16,8%	-17,2%
<b>Total Revenues</b>	<b>86.133</b>	<b>119.553</b>	<b>120.427</b>	<b>122.657</b>	<b>205.686</b>	<b>448.770</b>	<b>93.748</b>	<b>103.470</b>	<b>197.218</b>	<b>-13,5%</b>	<b>10,4%</b>	<b>-4,1%</b>

## Gross Profit

In 2Q22, gross profit totaled R\$28.2 million, an increase of 36.2% over 1Q22, R\$20.7 million. In relation to 2Q21, when gross profit was R\$32 million, there was a reduction of 11.9%. The gross margin was 33.2% in 2Q22, an increase of 4.8 percentage points compared to 1Q22, 28.4%.

In 1H22, gross profit totaled R\$48.8 million and gross margin was 31.0% (compared to R\$55.3 million in 1H21, with a gross margin of 35.5%).

## Operating Expenses/Incomes

The adjustment in the employee salaries approved in the Collective Agreement 2022, part already applied in 2Q22, the raise in corporate travels this year compared to last year and the general increase in prices (the 12-month accumulated IPCA index reached 11.9% in June 2022), justify the increase in operating expenses.

In 2Q22, administrative expenses totaled R\$8.3 million, 19.7% above 1Q22, R\$6.9 million, and 26.2% above 2Q21, R\$6.5 million. In 1H22, R\$15.1 million was allocated, compared to R\$13 million in 1H21.

Commercial expenses were R\$8.8 million in 2Q22, 9.0% higher than in 1Q22, R\$8.0 million, 23.3% higher than in 2Q21, R\$7.1 million. In 1H22, these expenses totaled R\$16.8 million, compared to R\$14.9 million in 1H21.

In 2Q22, the Company invested R\$10.4 million in research and development ("R&D"), an amount equivalent to the investments made in 1Q22 and 2Q21. As the amount recorded in the Income Statement presents the

effect of deferrals, in that report these expenses total R\$9.2 million in 2Q22, compared to R\$8.4 million in 1Q22 and R\$7.9 million in 2Q21.

In 1H22, R\$21 million were invested in R&D (R\$17.7 million recorded in the Income Statement), 8.2% above 1H21, R\$19.4 million (R\$13.5 million recorded in the Income Statement).

Other operating expenses were impacted by changes in the classifications of provisions for tax and labor contingencies, generating a loss of R\$0.9 million in 2Q22.

### **Financial Result**

In 2Q22, the net financial result was negative by R\$4.9 million, compared to a loss of R\$4.3 million in 1Q22 and a gain of R\$0.3 million in 2Q21.

Financial revenues totaled R\$5.8 million (R\$5.9 million in 1Q22 and R\$4.1 million in 2Q21), positively impacted by revenues from financial investments and active exchange variation. Financial expenses were R\$10.7 million (R\$10.2 million in 1Q22 and R\$3.8 million in 2Q21), and interest expenses on loans and financing and passive exchange variations account for a large part of this amount.

In 1H22, the net financial result was negative by R\$9.2 million, compared to a gain of R\$0.5 million in 1H21.

### **Results from the Period**

Padtec recorded a negative net result of R\$3.8 million in 2Q22, compared to a loss of R\$4.5 million in 1Q22 and a net profit of R\$10.9 million in 2Q21.

In 1H22, net result was negative by R\$8.3 million and in 1H21, positive by R\$22.6 million. The result of 1H21 was impacted by the record of R\$13.2 million arising from discontinued operations, of which R\$12 million related to the receipt of the third and last installment related to the sale of the Submarine Systems division and R\$1.2 million arising from the sale of remaining equity interest in Batanga, an investee of Ideiasnet S.A. There was no result of discontinued operations in 2022.

In addition to the accounting result, the Company presents below its adjusted net result, disregarding, as it does in the Adjusted EBITDA, the non-recurring effects. In the first six months of 2022, there was no adjustment for non-recurring effects, so there is no variation between net result and adjusted net result. However, the following adjustments were discounted in 1H21: (i) the third milestone related to the divestment of the Submarine Systems business division carried out in 2019 (net revenue from tax effects), (ii) the sale of remaining equity interest in Batanga, and (iii) tax credits qualified for compensation, resulting from a definitive favorable decision in process regarding the exclusion of ICMS from the PIS/Cofins calculation base.

	Adjusted Net Result								
R\$ thousand	1Q21	2Q21	3Q21	4Q21	1H2021	2021	1Q22	2Q22	1H2022
From Net Result to Adjusted Net Result									
<b>Net Result</b>	11.721	10.903	4.660	(1.734)	22.624	25.550	(4.477)	(3.787)	(8.264)
Fiscal Credits (PIS/Cofins)	(1.736)	-	-	-	(1.736)	(1.736)	-	-	-
Net Income from Discontinued Operations and Others	(12.759)	(398)	(124)	-	(13.157)	(13.281)	-	-	-
public offering of shares not carried out	-	-	-	3.890	-	3.890	-	-	-
<b>Adjusted Net Result</b>	<b>(2.774)</b>	<b>10.505</b>	<b>4.536</b>	<b>2.156</b>	<b>7.731</b>	<b>14.423</b>	<b>(4.477)</b>	<b>(3.787)</b>	<b>(8.264)</b>

## Adjusted EBITDA

Padtec considers EBITDA, which corresponds to net income, plus income tax and social contribution, depreciation and amortization expenses and financial results, an important parameter for investors, as it provides relevant information on its operating results and profitability.

	Adjusted EBITDA								
R\$ thousand	1Q21	2Q21	3Q21	4Q21	1H2021	2021	1Q22	2Q22	1H2022
From EBITDA to Net Income									
<b>Net Income</b>	11.721	10.903	4.660	(1.734)	22.624	25.550	(4.477)	(3.787)	(4.477)
Depreciation & Amortization	3.143	3.899	4.002	4.257	7.042	15.301	3.750	4.185	3.750
Net Financial Results	(168)	(328)	4.630	4.770	(496)	8.904	4.259	4.918	4.259
Income tax and social contribution	5.613	1.247	(331)	2.235	6.860	8.764	(1)	(93)	(1)
<b>EBITDA</b>	<b>20.309</b>	<b>15.721</b>	<b>12.961</b>	<b>9.528</b>	<b>36.030</b>	<b>58.519</b>	<b>3.531</b>	<b>5.223</b>	<b>3.531</b>
Fiscal Credits (PIS/Cofins)	(1.736)	-	-	-	(1.736)	(1.736)	-	-	-
Net Income from Discontinued Operations and Others	(12.759)	(398)	(124)	-	(13.157)	(13.281)	-	-	-
public offering of shares not carried out	-	-	-	3.890	-	3.890	-	-	-
<b>Adjusted EBITDA</b>	<b>5.814</b>	<b>15.323</b>	<b>12.837</b>	<b>13.418</b>	<b>21.137</b>	<b>47.392</b>	<b>3.531</b>	<b>5.223</b>	<b>3.531</b>
<b>Adjusted EBITDA Margin</b>	<b>8,8%</b>	<b>17,1%</b>	<b>14,2%</b>	<b>13,7%</b>	<b>13,6%</b>	<b>13,8%</b>	<b>4,9%</b>	<b>6,2%</b>	<b>4,9%</b>

In 2Q22, EBITDA totaled R\$5.2 million (with an EBITDA margin of 6.2%), reaching R\$8.8 million in 1H22 (with an EBITDA margin of 5.6%). In the first six months of 2022, there were no adjustments for non-recurring effects, so there is no variation between EBITDA and Adjusted EBITDA.

In 1H21, the Company's EBITDA was R\$36.0 million. The Adjusted EBITDA, after discounting the non-recurring effects of (i) the third milestone related to the divestment of the Submarine Systems business division carried out in 2019 (net revenue from tax effects), (ii) the sale of the remaining equity interest in Batanga, a company that was invested in the then Ideiasnet, and (iii) tax credits qualified for offsetting, resulting from a final favorable decision in process regarding the exclusion of ICMS from the PIS/Cofins calculation base, totaled R\$21.1 million. Adjusted EBITDA margin was 13.6%.

## Debt, cash and capital structure

At the end of June 2022, loans and financing total R\$67.7 million (compared to R\$52.3 million in December 2021), consisting of working capital credit lines raised with Banco Safra, Banco ABC Brasil and Banco Daycoval in the amount of R\$18.0 million and funds taken from FINEP in the amount of R\$49.6 million.

The evolution of the Company's indebtedness is explained by an increase in the credit lines granted by FINEP (an increase of R\$21.4 million compared to December 2021). These lines are part of contracts entered into in February 2020, July 2021 and March 2022 and whose resources are destined to investments in new products

and technologies and released in accordance with the disbursements and evidence of the execution of the strategic innovation plan of subsidiary Padtec S.A.

In December 2020, Padtec SA issued R\$40 million in simple non-convertible debentures, of the type with real guarantee, in a single series, for public distribution, placed with restricted efforts under the terms of CVM Instruction 476 and maturity in December 2024. The net funds raised through this issue were destined to the reprofiling and lengthening of the Company's debts. The balance of debentures in 2Q22 totals R\$26.2 million (compared to R\$31.4 million at the end of 2021).

During 1H22, R\$8.4 million were paid as interest and principal on loans obtained. The Company's total indebtedness at the end of 2Q22, consisting of loans, financing and debentures, totals R\$93.9 million (12.1% higher than in December 2021, R\$83.7 million), of which R\$18.9 million (or 20%) is equivalent to short-term obligations and R\$74.9 million (or 80%) to long-term obligations. The average funding cost was 9.75% per year (compared to 9.9% per year in 2021).

R\$ thousand					CONSOLIDATED	
Modality	Agreed Rate	Due Date (Maturity)	Due Date (Maturity)	Guarantee	June 30, 2022	Dec 31, 2021
Working Capital - Safra	CDI + 5,53% p.a.	18,83%	04/26//21 until 09/24/25	-	7.982	8.602
Working Capital - Daycoval	CDI + 5,9% p.a.	19,22%	07/29/20 until 09/30/24	Receivables	3.599	7.646
Working Capital - ABC Brasil	CDI + 4,38% p.a.	17,63%	12/23/20 until 05/23/24	Receivables	6.466	7.801
FINEP	TR + 2,30% and 2,80% p.a.	2,84%	02/01/23 until 02/01/42	Bank guarantee	49.622	28.244
					<b>67.669</b>	<b>52.293</b>
Padtec S.A. debentures	CDI + 3,80% p.a.	CDI + 3,80% p.a.	06/21/21 until 12/21/24		26.188	31.405
					<b>93.857</b>	<b>83.698</b>
<b>Current liabilities</b>					18.920	20.633
<b>Non-current liabilities</b>					74.937	63.065
					<b>93.857</b>	<b>83.698</b>

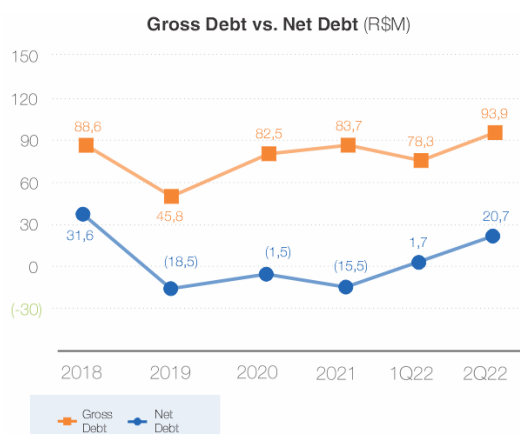
Repayment Schedule by Year of Maturity - R\$ thousand							
	2022	2023	2024	2025	2026	2027 onwards	total
Loan and financing	4.533	7.798	7.776	4.846	3.338	39.378	<b>67.669</b>
Debentures	5.329	10.419	10.440	-	-	-	<b>26.188</b>
<b>Total</b>	<b>9.862</b>	<b>18.217</b>	<b>18.216</b>	<b>4.846</b>	<b>3.338</b>	<b>39.378</b>	<b>93.857</b>

The amounts available in cash and cash equivalents at the end of 2Q22 totaled R\$69.9 million (compared to R\$87.5 million in December 2021) and the financial investments in guarantee, R\$3.3 million (in comparison to R\$11.8 million at the end of 2021), totaling R\$73.2 million.

The amounts allocated to financial investments as collateral correspond to investments made in quotas of the FIC FIDC OSHER fund, whose purpose is to finance customers and anticipate their receivables and in the CDB of Banco Bradesco, used to guarantee the debt with FINEP.



The Company has a solid capital structure: the net debt was R\$20.7 million at the end of June 2022, with a net debt/Adjusted EBITDA LTM ratio<sup>1</sup> of 0.59 and a net debt/net equity ratio of 0.17. Its conservative capital structure allows Padtec to navigate the current times, with greater restriction of access to the capital market, as well as keep ongoing financing operations available for customers.



### Co-obligations

In order to facilitate the acquisition of its products and implementation services by customers who do not have direct access to the financing lines available in the market, Padtec carries out financial operations of Vendor, forfait and credit rights investment fund (FIDC Sifra, incorporated in October 2019 and managed by the Sifra Group).

At the end of 1H22, the Company registered R\$75.4 million in operations of this nature, pledged as collateral for financing taken by some of its customers. Approximately 56% of these obligations are short-term (44% long-term) and the counterpart of these entries are allocated in current and non-current assets. The 63.9% increase between June 2022 and December 2021 is due to the increase in the granting of financing to customers.

Vendor operations, which consist of granting credits through Financing Promise Agreements entered into between financial institutions and Padtec customers and whose funds are used to purchase the Company's products and implementation services, totaled R\$65.2 million in 1H22 (compared to R\$44.8 million at the end of 2021).

The operations carried out through FIDC Sifra, in which Padtec has a 25% stake and has a similar operation to Vendor operations, totaled R\$0.4 million (R\$1.2 million in December 2021).

And to reach its customers outside Brazil, in 2022 the Company started forfait operations with Banco do Brasil, which consist of financing international sales, based on the principle of discounting receivables, ensuring a term and better conditions for its customers. These operations totaled R\$9.8 million in 1H22.

Padtec has been carrying out these types of transactions for about three years. The portfolio is widely dispersed, loans have already been granted to more than 30 clients, which contributes to the proper

<sup>1</sup>the Adjusted LTM EBITDA corresponds to the sum of the Adjusted EBITDA recorded in the last twelve months.

management of financial risk and maintenance of defaults close to zero. To mitigate the credit risk of its counterparties, the Company conducts meticulous monitoring with each of its customers.

### **FIDC Funttel Padtec**

In addition to the instruments described above, at the end of last year the Company structured a second credit rights investment fund, this time jointly with BNDES Participações S.A. – BNDESPAR ("BNDESPAR"). FIDC Funttel Padtec has as senior shareholder BNDESPAR, which will use funds raised from the Fund for the Technological Development of Telecommunications (Fundo para o Desenvolvimento Tecnológico das Telecomunicações or "FUNTTEL") for the payment of its quotas, and as subordinate shareholder, Padtec S.A. Its objective is to, through the granting of credit to Padtec's customers, stimulate the process of technological innovation, encourage the training of human resources, foster jobs generation and promote the access of small and medium-sized companies to capital resources, in order to increase the competitiveness of the Brazilian telecommunications industry.

The operations of FIDC Funttel Padtec began in April 2022. As of June 2022, the fund's shareholders provided R\$12.7 million and R\$1.8 million in credits were granted to two Padtec customers.

FIDC Funttel Padtec is consolidated into the Company in accordance with the rules of Technical Pronouncement CPC 36 (R3) Consolidated Statements, correlated to International Accounting Standards – IFRS 10 (IASB - BV 2012). However, for the purposes of this Earnings Release, the FIDC Funttel Padtec numbers are not considered for the calculations and analyzes presented in the section "Indebtedness, cash and capital structure".

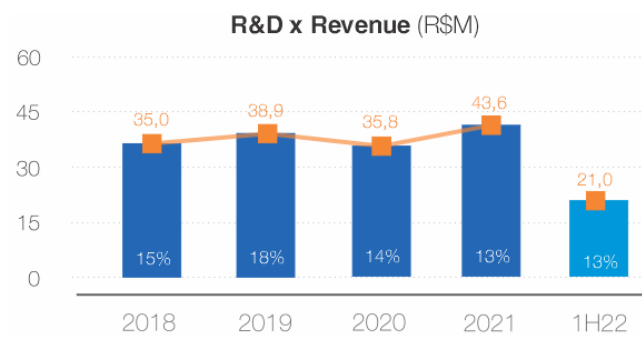
- **Investments**

Padtec and its employees are highly committed to developing their products and serve all their customers in the best possible way. The Company has partnerships with universities and research centers, which also favors the increase and diversification of the range of technological innovations that support the continuous development of the telecommunications ecosystem.

In this quarter, the Company obtained the registration of one more patent, totaling four new invention patents granted by the INPI – Instituto Nacional da Propriedade Intelectual, the Brazilian National Institute of Intellectual Property, in recent months. Thus, Padtec now holds seven registered patents out of a total of more than fifteen (15) filed. Several of these filed patents were developed in partnership with Unicamp (the State University of Campinas) and the Fundação CPQD.

The patent granted in June 2022, developed in partnership with Unicamp, concerns to the smooth concurrent backpropagation process for temporal equalization in orthogonal frequency division multiplexing systems (or OFDM systems).

In 2Q22, the Company invested R\$10.4 million, including R&D expenses and amounts allocated to intangible assets, in line with the investments made in 1Q22 and 2Q21. In 1H22, R\$21 million was invested, 8.2% above 1H21, R\$19.4 million.



- Income Statement – Consolidated**

(in thousand of Brazilian Reais)	CONSOLIDATED						1Q22	2Q22	1H2022
	1Q21	2Q21	3Q21	4Q21	1H2021	2021			
<b>Gross operating revenues</b>	<b>86.133</b>	<b>119.554</b>	<b>120.427</b>	<b>122.658</b>	<b>205.687</b>	<b>448.772</b>	<b>93.748</b>	<b>103.470</b>	<b>197.218</b>
Sales taxes	(19.854)	(30.185)	(29.956)	(25.037)	(50.039)	(105.032)	(20.991)	(18.578)	(39.569)
<b>Net operating revenues</b>	<b>66.279</b>	<b>89.369</b>	<b>90.471</b>	<b>97.621</b>	<b>155.648</b>	<b>343.740</b>	<b>72.757</b>	<b>84.892</b>	<b>157.649</b>
Cost of products sold and services rendered	(42.938)	(57.411)	(57.654)	(63.128)	(100.349)	(221.131)	(52.092)	(56.740)	(108.832)
<b>Gross profit</b>	<b>23.341</b>	<b>31.958</b>	<b>32.817</b>	<b>34.493</b>	<b>55.299</b>	<b>122.609</b>	<b>20.665</b>	<b>28.152</b>	<b>48.817</b>
<b>Operational income (expenses)</b>									
Administrative expenses	(6.462)	(6.535)	(6.016)	(8.756)	(12.997)	(27.769)	(6.889)	(8.247)	(15.136)
Commercial expenses	(7.769)	(7.101)	(7.517)	(9.175)	(14.870)	(31.562)	(8.028)	(8.754)	(16.782)
Research and development expenses	(5.591)	(7.854)	(9.160)	(10.889)	(13.445)	(33.494)	(8.438)	(9.235)	(17.673)
Other operational expenses (income)	888	956	(1.289)	(402)	1.844	153	2.473	(877)	1.596
	<b>(18.934)</b>	<b>(20.534)</b>	<b>(23.982)</b>	<b>(29.222)</b>	<b>(39.468)</b>	<b>(92.672)</b>	<b>(20.882)</b>	<b>(27.113)</b>	<b>(47.995)</b>
<b>Profit/(losses) before financial income (expenses)</b>	<b>4.407</b>	<b>11.424</b>	<b>8.835</b>	<b>5.271</b>	<b>15.831</b>	<b>29.937</b>	<b>(217)</b>	<b>1.039</b>	<b>822</b>
Financial income	(5.332)	(3.787)	(7.501)	(9.088)	(9.119)	(25.708)	(10.158)	(10.691)	(20.849)
Financial expenses	5.500	4.115	2.871	4.318	9.615	16.804	5.899	5.773	11.672
<b>Profit/(losses) income tax and social contribution</b>	<b>4.575</b>	<b>11.752</b>	<b>4.205</b>	<b>501</b>	<b>16.327</b>	<b>21.033</b>	<b>(4.476)</b>	<b>(3.879)</b>	<b>(8.355)</b>
Income tax and social contribution									
Current	(5.613)	(1.247)	331	(2.235)	(6.860)	(8.764)	(1)	92	91
Deferred	-	-	-	-	-	-	-	-	-
<b>Profit in the period from continuing operations</b>	<b>(1.038)</b>	<b>10.505</b>	<b>4.536</b>	<b>(1.734)</b>	<b>9.467</b>	<b>12.269</b>	<b>(4.477)</b>	<b>(3.787)</b>	<b>(8.264)</b>
<b>Discontinued operations</b>									
Net income from discontinued operations	12.759	398	124	-	13.157	13.281	-	-	-
<b>Net income from discontinued operations</b>	<b>12.759</b>	<b>398</b>	<b>124</b>	<b>-</b>	<b>13.157</b>	<b>13.281</b>	<b>(4.477)</b>	<b>(3.787)</b>	<b>(8.264)</b>
<b>Net profit in the period</b>	<b>11.721</b>	<b>10.903</b>	<b>4.660</b>	<b>(1.734)</b>	<b>22.624</b>	<b>25.550</b>	<b>(4.477)</b>	<b>(3.787)</b>	<b>(8.264)</b>

- **Balance Sheet – Consolidated**

(in thousand of Brazilian Reais)

	Consolidated			Consolidated	
	06/30/2022	12/31/2021		06/30/2022	12/31/2021
<b>Assets</b>			<b>Liability</b>		
<b>Current</b>			<b>Current</b>		
Cash and cash equivalents	69.914	87.468	Loans and financing	8.381	10.087
Marketable securities	11.197	-	Debentures	10.539	10.546
Accounts receivable	67.257	95.121	Commercial leasing operations	5.459	4.086
Inventories	114.768	81.442	Suppliers	80.728	62.497
Recoverable taxes	32.335	25.226	Forfeiting	-	1.110
Sales financing operation	42.563	32.770	Related parties	376	6
Other credits	7.643	4.873	Payable taxes and contributions	4.006	9.107
<b>Total current assets</b>	<b>345.677</b>	<b>326.900</b>	Payable taxes and contributions in installment	3.590	7.129
<b>Non-current</b>			Social contributions	23.765	24.660
Accounts receivable	8.868	-	General provisions	2.619	2.450
Restricted financial investments	3.293	11.737	Sales financing operation	42.563	32.770
Sales financing operation	32.826	13.225	Advances from customers	743	6.865
Judicial deposits	1.027	1.373	Other accounts payable	497	766
Other credits	388	69	<b>Total current liabilities</b>	<b>183.266</b>	<b>172.079</b>
Fixed assets	39.945	38.702	<b>Non-current</b>		
Intangible assets	40.724	37.985	Provisions for labor and tax risks	26.457	30.985
<b>Total non-current assets</b>	<b>127.071</b>	<b>103.091</b>	Loans and financing	59.288	42.206
<b>Total assets</b>	<b>472.748</b>	<b>429.991</b>	Debentures	15.649	20.859
			Suppliers	1.670	1.101
			Commercial leasing operations	20.917	20.023
			Payable taxes and contributions in installment	2.734	1.176
			Sales financing operation	32.826	13.225
			Liabilities - FIDC Senior Shares	10.243	-
			<b>Total non-current liabilities</b>	<b>169.784</b>	<b>129.575</b>
			<b>Total liabilities</b>	<b>353.050</b>	<b>301.654</b>
			<b>Equity</b>		
			Capital stock	199.211	199.211
			Accumulated losses	(78.798)	(70.534)
			Currency translation adjustments	599	599
			Other comprehensive income	(1.314)	(939)
			<b>Total of shareholders' equity</b>	<b>119.698</b>	<b>128.337</b>

This report may contain projections and/or estimates of future events. The use of the terms "anticipates", "believes", "expects", "estimates", "plans", "predicts", "projects", among others, intends to signal possible trends and statements that, of course, involve uncertainties and risks, and future results may differ from current expectations. Forward-looking statements are based on several assumptions and factors, including economic, market and industry conditions, in addition to operating factors. Any changes in these assumptions and factors may lead to practical results that are different from current expectations. These forward-looking statements should not be fully trusted. Forward-looking statements reflect opinions only on the date they were prepared and presented. The Company is not obliged to update them in the face of new information or new developments. The Company is not responsible for operations that are carried out or for investment decisions that are made based on these projections and estimates. Finally, the pro forma financial information contained in this report has not been audited, and therefore may differ from the final audited results.