**Local Conference Call**
**Springs Global**
**Fourth Quarter 2020 Earnings Results**
**March 23rd, 2021**

**Operator:** Ladies and gentlemen, thank you for waiting. Welcome to the conference call of Springs Global to discuss the results of the fourth quarter of 2020 and full-year 2020. Thank you for standing by. At this time, all participants are in a listen-only mode, later we will conduct a question-and-answer session and instructions to participate will be given at that time. If you should require assistance during the call, please press the star key followed by zero (*0).

Go to Springs Global website: www.springs.com/ir to download the earnings release, financial statements, and the webcast presentation.

This presentation may contain certain forward-looking statements with respect to Springs Global including its business operations, strategy, and condition. These statements include descriptions regarding the intent, belief, and current expectations of Springs Global or its officers with respects of the result of operations and financial conditions of the company and its subsidiaries.

Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties, and factors related to the operational business of the company.

I would now like to turn the conference over to the CEO of the company, Mr. Josué Gomes da Silva, CEO. Mr. Josué, you may go ahead.

**Josué Gomes da Silva:** Good morning everyone. We are here in São Paulo with Alessandra, Roberto to present the results of the fourth quarter of 2020, as well as the full year of 2020 that ended on December 31st last year.

We can say everything about 2020, it was an extremely challenging year that was everything but monotonous. It was a year that required from every company lots of agility in changes and resources of its strategy to really go through this unique year in the history of many companies. We actually have not faced such a huge challenge as this of COVID in the last decades as this one that we faced in 2020. The company behaved very well, it seems to me that all its actions reinforce the company's strategic plan to grow the share of direct sales in the total of our sales, reinforcing our brands, strengthening our direct sales to end-consumers, and learning more quickly from the feedback of end-users and consumers, which allows us to provide products that are more adequate also to multibrand clients.

So, it has been a challenging year, but a year that has shown us that our strategy is correct and that only caused us to accelerate the implementation of actions, products and projects that were already in progress. A growth of 42% in the last quarter when compared to the last quarter of 2019, a growth in results of cash generation that we had not recorded in many quarters, more than R$72 million in cash generation and which given the basis of comparison that was poor in the first quarter of 2020, (the second quarter of 2020,) and the third quarter 2020 we can foresee a growth quarter after quarter in cash generation rendering it to go quickly above R$220 (million).

A year in which our digitalization strategy was accelerated. Reminding you that our technology is proprietary, completely flexible, and agile because of that, and this is why we had a growth in digital sales of almost fourfold with 3 years (in a row) of two-digit growth, so we end at a cycle of growth in four years of 30 times, and this growth continues in a three-digit rate in the beginning of this year.

This year the wholesale area proved very strong, which allowed us a considerable growth of 62% in revenue (in the last quarter of 2020). That was the year that allowed us to enter new business segments, and here I'm referring to individual protective equipment for the healthcare area, and this equipment will allow us to get closer to the medical sector in Brazil and abroad, especially in private hospitals. So, all of that was crowned with a good last quarter. Of course, financial expenses are still disappointing, but even in that area we've had a significant progress because we do expect, as of the second quarter of this year, a sensitive or a considerable reduction in the leverage level of the company and a significant lengthening of the debt profile.

All of that will be the summit of our strategy that started some years ago of emphasizing the direct sales channel to consumers. These consumers that we relate to much more often and with our digital channels, our own stores as well as the franchises, that channel allows us to provide ever improving customer service and this is why we continue to invest, to ensure our customers a customer experience that is enchanting, delightful.

I would also like to highlight Persono: a recent launch of the company that is closely related to our products. After all, our main strength is products related to utility bedding product line, right. So, Persono is a brand that will allow all customers to sleep better. Today, in this pandemic, there has been a loss in the quality of sleep, that has been more severe in all this period of COVID that affected the economy worldwide. So, we must reaffirm our strategy that we will continue to accelerate our growth with some drivers that allow us to affirm the continuation of this strategy and the acceleration, the better occupancy of our industrial units, which allows us to improve our operational leverage and improve results.

And with a higher speed in the deleveraging of the debt of the company, we will soon get to our expected results and the free generation of cash flow that will make the company solid and will allow our brands to grow more, ending with an increased share of our products in the Home and Decoration segments with products with design that allow us to improve the living condition of our customers.

Alessandra will talk about specific results of the year of 2020 and the fourth quarter 2020, and then I'll be available with her and with Roberto to answer any questions you may have. Thank you.

**Alessandra Gadelha:** Good morning everyone.

The year of 2020, despite being marked by a great uncertainty for the economy of Brazil and abroad due to COVID-19, for us at Springs Global has been a year of achievement, we've mastered our competitive advantage, strong traditional brands and technological solutions that are scalable to retail to accelerate our digital transformation and have a more balanced participation in retail and wholesale.

On slide four, we show the operational performance of the quarter throughout 2020. Given the scenario of uncertainty, we have reduced the industrial operations from March to August, reducing the need for working capital. With the resumption of sales of bedding, bath products as of August, we started a ramp-up of production in the fourth quarter, we have operated with a high occupancy of our capacity, which allowed us to greatly absorb industrial fixed costs resuming the pre-pandemic levels of operational efficiency.

The fourth quarter 2020 better show the capacity to generate operating cash, which annualized would be operating profit of R$195 million with an operating margin of 9.2%. Our growth has been boosted by the retail unit through digital and sales in digital channel and expansion of categories that are scalable and don't require so much working capital providing more profitability for stockholders.

Retail went from 23% in revenues to close to 30% in 2020, as shown on slide number five, and our goal is to reach more than 50% of share in 2022.

As shown on slide six, we will leverage the production capacity with a growing share of direct sales to consumers with greater added value. In order to reach this goal, we have strongly invested in technology, which has proved essential during the pandemic. Technology allowed us to replace direct sales from physical stores to online stores, and also to grow sell-out revenue by 30%.

And shown on slide seven, orders received by e-commerce in 2020 were almost four times the value of the year of 2019, increasing the digital channel from 13% of the sell-out revenue in 2019 to 38% in 2020.

In order to boost the potential of recall level and association of our brands to Home products and extend our relationship with our customers, we have increased the product offer recently, as shown on slide eight. Initially, we increased the offer of textile products produced by ourselves, such as curtains, blankets, and cushions, baby, and kid lines, and we also increased the line for utility bedding products.

In 2019, we started to sell non-textile products in our digital channels, such as decorative products, table, and kitchen products through partners. In 2020, we launched mattresses by Artex and pet products at MMartan stores, among others. With this strategy of growing categories, we increased the potential market in Brazil by approximately seven times, as shown on slide nine, from R$12 billion to R$86 billion. We want to be the best one-stop-shop in the Home and Decoration segment in Brazil, as shown on slide 10, with products that are aligned with our positioning of our brands and that generate cross selling among our main products and that increase the recurrence of purchases.

Our technology – that is proprietary, named PIX –, slide 11, is one of our pillars to generate value and grow revenue. Given its success in the retail market, we will use it in the wholesale market after some adjustments in order to increase the capillarity of distribution of our products in a scalable, quick, and cheap manner.

We are developing a remote salesforce supported by artificial intelligence and many online tools focused on small and middle-sized retailers and institutional customers with low average tickets. We expanded the capillarity in retail in 2020 when we had more than 1.4 million new customers in our sales channels, especially in e-commerce, as shown on slide 12.

Social media allowed us to expand the followers by 1.5 million. This will contribute to the growth of our sales through social selling and will be more present in the lives of people. We are committed to our customers and our goal is always to delight customers providing the best products, excellent services, and a customer service is that is beyond their expectations.

Within this context, we've made investments in logistics that allowed us service levels higher than ~~90%~~ 97% in the last quarter of 2020, and we have restructured the customer service area integrating all the channels that are focused on customer experience.

In line with our mission to innovate in order to deliver experiences that enchant and promote wellbeing, we launched Persono brand – slide 13. Persono has solutions for wellbeing and quality of sleep to enable products and services available to people that will allow them to have a more productive life through a better discipline of sleep.

On slide 14 we see that we also entered the healthcare products segments, such as protection for hair and foot and surgical gowns and masks.

On slide 16 we saw the highlights of the fourth quarter of 2020. The *Reclame Aqui* award was announced and Santista won the first place and our brands won three of the four first places.

I'll show the results on the following slides. On slide 17 we can see that there has been a growth of 42% of net revenue in the fourth quarter due to normalization of our production capacity. That totals a growth of 8% in the year in 2020.

In terms of production costs, the slides 18 graph show that the increase in production material costs was offset by the highest level of occupation of industrial units and therefore there was a lower conversion cost per unit in the fourth quarter. During the year 2020, we increased selling expenses, such as digital channels and freight that are classified as selling expenses that are connected to the increase in digital sales, as shown on slide 19.

Continuing with a recovery strategy shown on slide 20, the EBITDA reached R$72.8 million in the fourth quarter with a quarter record in the recurring (terms) and EBITDA margin of 13% (13.7%). In 2020, EBITDA totaled R$141.6 million only considering continuing operations with an EBITDA margin of 9.2%, as shown on slide 21.

On slide 22 we show the development of cash flow, free cash flow of Springs Global, which added R$~~185~~ 172 million in 2020 with an impact of reduction of (R$42 million in) working capital, and use of R$ 92 million in credits of tax recovery. We are using this cash to settle debts or loans, as shown on slide 23. There has been a reduction of 7% in gross debt year on year, which allowed us to reduce financial expenses by 10% and interest in 2020.

On slide 24 we have the potential revenue of the Seridó Complex – part of the property for investment of the company. The Power Center that is currently 80%

occupied has a potential revenue of approximately R$11 million, we are currently negotiating the lease of our waste treatment plant located in the area of the commercial complex with a potential revenue of around R$20 million. One part comes from leasing and the other part from services.

We resumed in the first quarter 2021 the sale of the Outlet that had been interrupted due to the pandemic. The beginning of its operation is forecast for the first half of 2022 with the Outlet fully leased, and in operation our revenue increased by R$ 12 million per year.

So we expect 2021 highly optimistic despite the pandemic. We will continue with the strategy of the company and the transformation of Springs Global to make it the largest, best, and most digital vertically integrated company in Home and Decoration segment in the Americas, which is our vision shown on slide 26.

Slide 27 shows that in addition to the growth in categories and digital sales, we are strongly investing in the speed of launches of new products, that include significant investment in technology with sophisticated equipment that are unique in the Americas that allow us to increase the launch of quality products. The growth and value generation leverages are supported by competitive advantages: (strong brands, integrated supply chain, direct sales to consumers and proprietary technology, both digital and industrial). ~~We work directly with consumers and we have digital technology.~~

We remain available for any questions you may have and thank you for your attention.

## <u>Question and Answer Session</u>

**Operator:** Ladies and gentlemen, we will now begin the Q&A session for analysts and investors only. If you have a question, please press the star key followed by 1.

Questions will be answered in the order they are received. If anytime you would like to remove yourself from the questioning key, please press start 2.

The first question comes from Pedro Zaniolo, from Condor. Go ahead.

**Pedro Zaniolo:** Good morning, thank you for the question. I have two questions. The first is: there has been a strong pressure in the cost of raw materials in the quarter, how was it in the first quarter 2021 and how do you expect prices of raw materials to behave throughout this year?

The second question is about the second wave of the pandemic with the lockdown and increase in restrictive measures. How do you see the increase of operating expenses with the effort for sales, digital marketing and all these factors that increased operational costs in 2020?

**Josué Gomes da Silva:** Thank you for your question, Pedro. First of all, you are right, there have been increases in prices of input, packaging both plastic and cardboard packaging, materials, chemical products, and raw materials. It's a general and worldwide price increase.

As you probably saw in the last quarter, even if not all the price increases had been transferred by our suppliers, when the company operates at higher occupancy rates it has the capacity to absorb fixed costs that is much higher, and that allows the company to quickly offset most of the increases in input prices.

It is true that the first quarter of this year the prices of input will be on average a bit higher than the last quarter because prices continue to increase, but there is a sign of decrease in prices in the worldwide market, so I don't believe that the average for this year will be the same or rather that the average for the whole year won't be the same average for the first quarter of this year.

We operate with plans at very high occupancy rates and therefore we are disclosing our guidance, which average is R$ 250 million for cash generation measured by EBITDA with 80% growth when compared to last year, and in the first quarters since the basis for comparison is very low, we will have an increase in EBITDA in the last 12 months it will be quite considerable. In the first quarter, EBITDA more than doubled when compared to last year, and the second quarter was the lowest quarter of 2020, so the growth would be even higher, and if the prices of commodities, chemical products become stable at current levels or a bit lower than current levels, we will certainly be able to be within budget because we have all the conditions to do so (since our commercial orders portfolio is very strong).

And answering your second question, the behavior of customers in general in the second wave of lockdown is different from what happened in the first wave of lockdown. This time, although some deliveries are postponed, nothing today shows us that there will be an impact in the sales of March and the orders continue unchanged. It is true that last year people canceled orders and they were without goods after this rupture in the supply chain. Of course, people are not so optimistic in terms of demand growth as they were last year because it's hard to have the same level of support we had last year in terms of help to the people provided by the government. The government approved one tenth of the amount that was provided in terms of financial easement to the population, so nobody expects a high increase in demand for 2021, but now people know that the demand doesn't drop so much even with the retail stores closed, so cancelling orders is not a good idea because there will be hard time getting those goods later on.

So, the quarter is within normal conditions despite the lockdown that's being decided by local and state authorities all over the country, but the behavior of customers is completely different. Customers are receiving goods or clients are receiving goods, some of them are asking to postpone the bills a bit, but never to cancel them, and we see normal production capacity and activity. So, the plants are operating at normal levels so we absorb the fixed costs, so although the inputs prices may increase a bit, the costs will remain at regular levels even with some increase in margins.

It is normal for marketing expenses to increases, especially digital marketing because you become more active in digital marketing during lockdown, but we have two companies that monopolize digital marketing worldwide that operate through auctions and algorithms, so everybody is making digital advertising at the same time, so the costs tend to increase.

But I would like to remind you, Pedro, that we are increasing your customer base considerably. So, active customers are growing, which means that for them we don't longer need digital marketing, you can access this customer with a more organic marketing by email or other types of messages sent, that although it has a cost, the cost is much lower than the digital marketing. So, yes, there has an increase in digital marketing expenses, in logistics because the digital retail sales is growing at a three-digits rate, so of course, logistics will increase in terms of expenses, but it's important to increase sales. So, it is somewhat an investment.

**Pedro Zaniolo:** Thank you.

**Operator:** I would like to remind you that in order to ask a question, please press star 1.

**Josué Gomes da Silva:** There's a set of questions at the webcast that I will try to answer some of them. Due to our investment in the United States, the company in which we invested is doing very well, with significant growth rates, the company is working to capitalize to reinforce the company's capital, allowing even more accelerated growth rates in the United states, so this operation that is the primary sale of shares we've inserted our share so there will be an event not only of primary but secondary sales, helping the company to raise funds.

This is a considerable amount, we estimate our interest to be higher than the original interest we had in the company when the transaction took place that was at the end of 2018 closing on March 2019. The original value at the beginning it was US$36 million, and we expect our interest to be higher than this amount.

As you may also recall, the structure of the transaction last year preserved our tax loss carryforward, so any incoming funds will not cause an impact in terms of tax disbursement. Of course, there is a tax and it's calculated and paid, but is paid with that amount that was preserved, so that amount is a considerable amount, so depending on exchange rate we're talking almost about 30% of the net debt on December 31st, 2020.

And also, in this first quarter, we're settling all amounts too with a quick deleveraging of the company that will be consolidated even faster in the second ~~half~~ quarter of this year.

So, I can tell you for sure that at the end of the second quarter when we disclose the results in June, we will be at the leverage level ~~above~~ bellow 2.5 times in terms EBITDA. So, we will you reach that level with a growth of EBITDA because in the first and second quarters of stronger EBITDA replacing weak EBITDAs in last year due to plants that were closed plus this liquidity event.

The debt today has a high cost because it's concentrated in the short-term debt, so in addition to this quick deleveraging, we're also working with securities to increase / lengthen the debt profile so that we can reduce the cost as much as possible, so I anticipate quickly in this new loan profile financial costs that are much lower than current ones.

I hope I was able to answer part of the questions that addressed that topic.

As for logistics, we have invested last year, basically our Capex was very strong to reinforce structures of distribution centers. These centers operate in digital retail as well as to service our property stores and franchisees and they meet part of the orders from our multibrand customers. We invested a lot to grow and automate the Blumenau distribution center, invested more in automation for the distribution center of Vinhedo and we opened a new distribution center in João Pessoa, next to the industrial plant, that allows it to be operated at much lower operational cost.

That allowed us to increase service level that is currently higher than 97%. Part of our digital deliveries are made in 24 hours in large Metropolitan areas, especially in São Paulo. This percentage has increased, and it is true that aside from freight that is an important part of logistics, we need to do more. The cost of freight is not low, the freight cost to deliver digital orders is high. Of course, we use all the store infrastructures with delivery starting from the stores or people picking the orders at the stores and we're studying other cost reductions to be implemented quickly, especially in the items with added value versus density ~~and loss~~ and weight that are less favorable, so they involve higher costs and logistics.

I believe we can have some reduction by some percentage points in logistics. There will be a new officer operating in the logistics area, he came from a large retail store, has a lot of experience in logistics working several segments in logistics, so there is investment, attention, and a set of actions that when implemented will reduce the logistic cost by some percentage points.

But being very honest, it's not easy to reach benchmark levels that we have as goal. We use them as benchmark, but it's not easy to reach the benchmark levels of companies marketplaces, such as Magazine Luiza, MeLi (Mercado Livre), Amazon itself, that are opening many distribution centers and investing even in their own transportation fleet. We use the network of stores we have; we are also reducing some logistics costs in some items with innovative experience, but of course, we are the best in our category, in our brands because of the strength of our brands, and how knowledgeable they are, how strong they are, but because we are integrated with our industrial plants.

Logistics there will be gains, but of course, we don't expect to be as good, as competitive as Magalu, as B2W, or Amazon, the large marketplaces, and these are the main marketplaces in Brazil, they are very competent in what they do.

**Operator:** Our next question comes from Pedro Zaniolo, from Condor Insider. Go ahead.

**Pedro Zaniolo:** Just one more quick question. You delivered the guidance for 2021, do you have a guidance for Capex for 2021?

**Josué Gomes da Silva:** Yes, Pedro. Sorry, we should have disclosed this with the rest of the material. I'll review it and since we published the guidance, we have to make a communication to the market as CVM determines so it includes the Capex guide, which is around R$50 million. So, I hope I have answered your question, but I thank you for mentioning that because we did fail to include the Capex guidance in our report.

Last year, answering a question from the webcast, last year we had in addition to a major investment in logistics, we also invested in the reformulation of processes, automation, and other actions in the customer experience center. Each one of the employees of the company, especially the administrative ones and some of the industrial people, dedicate one day per year to servicing customers, having direct contact with customers, solving customer problems. It's a very enriching experience, it's a worthwhile investment, this is why we have a very good evaluation in terms of customer service, and this is why three of our brands are among the four first positions at *Reclame Aqui,* and Santista has won the first place for the eighth consecutive year.

So, we invested in automation, today some issues may be solved automatically by consumers, but mainly, automation of personal contact. We don't want our customers to talk to robots only, we want them to talk to people, but people that have access to data of the company because of automation and are able to reply to customers quickly.

Some people ask if with the sale of the operation in the United States we'll also get rid of legacy costs. No, remember that when we made the combination with Keeco, we maintained in the Springs Global US some legacy costs. These legacy costs are basically costs that have a certain day to end, a fixed date, some are leasing of property that were discontinued and others come from pension plans that were already contracted when we assumed the company, that, by definition, has a maximum, which is the people that are in these plans, and so, these legacy costs remain, we only have these two types of costs and so we are reducing even more the rest of the expenses, the legacy expenses from the US operation, but they are relatively low when compared to these two lines which are pension plans of the executives of the company and the leasing agreements net of subleases that some extent to the end of the decade we're in.

So, they have a date like a deadline, but this won't eliminate this expense, that will continue to be supported by the company. In our results, this is classified as "other expenses" and they will continue to exist.

Of course, it's important to remind you that there are some assets that are proprietary assets in the United States that are being sold, which also means that funds will be incoming funds that are properties that are for sale in the US since they have no more operational… they don't make sense operationally speaking.

**Operator:** I would like to remind you that to ask a question, please press star 1.

**Josué Gomes da Silva:** There is one last question. on the webcast, regarding our retail project in Rio Grande do Norte. This is a plot of land of almost 900,000 square meters and a good part of it's urbanized with land, with draining of rainfall water with all the lights and the basic infrastructure already finished. The front of this land has a potential for real state that's approved, the Power Center almost 37,000 square meters of ADL, 80% of which is leased. There is also another area that's leased to Sendas, which is Assaí, then the lease for the land for the first 20 years of the agreement, and in the second 20 years, in addition to the land, also the rental for the building that was built by Assaí, and now in the pandemic we're continuing to sell the Outlet, which at first with a low retrofit investment, will bring revenue of almost R$1 million per month, which can increase with a very low retrofit investment by almost 70%, and the main news is the use of the waste treatment plant that is now highly desired by the water and sewage company of the city, and we're almost signing this agreement, we are discussing the preliminary agreement and this will be good to improve the environmental conditions.

Some of the neighborhoods have grown a lot in this area where we have the property, with the waste treatment plant and this disorganized growth did not allow the treatment of wasted water, water effluence, so we have this waste treatment plant and we're talking about a potential of reaching almost 400 cubic meters of water per day at market prices, so increasing this revenue to almost R$ 20 million per year, 50% from the rental of the waste treatment plant and 50% from services.

So, with that the commercial area of Seridó Complex would provide a revenue soon of more than R$ 30 million a year. When you add the Power Center to the waste treatment plant, Assaí, and with the occupancy of Outlet that could reach more than R$40 million per year.

So, some development and construction companies were interested in the residential area that is in the back of the land. It's a very important area in the North of Natal city because it's a plot of land that has a beautiful view to the city of Natal, with an ecological park within the land, it's an Environmental Protection Area, which raises the value of buildings and a large development and construction company that we are negotiating a partnership with they have assessed the potential of around 3,000 apartments with a VGV of R$750 million.

Of course, we’re not residential developers, so we have to make a financial exchange partnership with them. We are discussing with that for a financial exchange with them for plots of land in our land for them to build the apartment buildings, which would only increase this commercial area because these people would live as neighbors of the commercial center. They would use the streets of the commercial center to get to the residential, so we're talking about 15,000, 20,000 people living as neighbors of the commercial center demanding services from restaurants and buying from the stores that are located there.

So, there is a high repute development and construction company very much interested in this business. And we'll most likely sign this financial agreement with them so we will receive a percentage of the revenue of the development, and we're talking about estimated sales of VGV of R$750 million at the rate of 3,000 apartments.

Of course, nobody launches 3,500 apartments at once, they launch it gradually, blocks with 800 units and once the block is sold then you move to the next block or the next building and so on. But we believe that the demand in that area may cause this development to be fully operational within three to five years with a PSV of R$750 million.

So, the commercial area has four main blocks: The Power Center block, the Assaí block, the Outlet block, and now the waste treatment plant that could also provide revenue to the residential area because if you're talking about 3,000 apartments roughly we're thinking of 200 liters per day, so 200 liters of wastewater per day that must be treated in addition to the supply of drinking water, so we have water treatment and treatment of wastewater.

So, this is a high value and I'm not even including this in the deleveraging that will happen, but this is an important value that will contribute to the quick deleveraging of the company.

And finally, I have a question about consolidation of the plans that happened in 2019. Of course, when we were starting to get the benefits of higher occupancy rates, the pandemic struck and there is a chart in the presentation that shows the loss in the EBIT margin and therefore EBITDA due to the level of occupancy of the plants. We have close many plans for five months almost, and if we look back now, maybe we didn't need to close them for so long because the sales recovered quickly, but we took care of our cash and this is why we did so well during the year reducing the net debt of the company for two quarters, and this growth that happened was due to higher working capital since we had sales of R$530 million net in the last quarter of the year.

So, again, the occupied plants bring an important operational leveraging. So, we repeat this every quarter with you, and this is very clear in the last quarter of the year. The operational leverage will continue because we expect to continue to operate the plants close to very high occupancy levels. This is happening today. Today the pandemic up to now is different, unfortunately it's much more serious in terms of public health than it was in March and April last year, it's a humanitarian tragedy for sure, but the impacts in the company and in sales in general are different because in the past the companies were much more defensive in terms of behavior, now the companies are being more careful in their adjustments because they have witnessed a period in which sales started to increase and there were no goods available.

So, we continue with our production chain complete, we'll remain with that, we won't have any surprises in sales for March with good sales when compared to the first quarter of last year and good cash levels, cash generation levels and with good prospects for the second quarter of this year.

We have our portfolio sold up until June. From June on we're not sold on our position, but we expect that the vaccination rates will increase by then and the Ministry of Health prognostic is that up until the end of June we'll have about 130,000 people or million or rather 35% of the population vaccinated and all groups of risk, and certainly the infection curves will be decreased, and we'll have the end of this nightmare with so many deaths.

So, I can say to end, so please take care, be safe, respect the rules for social distancing, wear masks, hygiene rules. Of course, I don't defend stopping to work because we have maintained, we have continued to work within these 12 months, so I don't defend stopping the work, but I urge you to behave in a civilized and careful way. We were shocked that unfortunately people were still attending clandestine parties that there is agglomeration, and they don't protect themselves, and that has cost many lives and extreme work overload for health professionals. They are under an emotional and psychological strain that is disproportionate, they have to choose, physicians have to choose between people who will live and people who have fewer chances of living because there's not enough spaces at hospitals and intensive care units.

So, I hope this will be overcome with higher vaccination, and I hope that the second half of this year will be much better with higher vaccination rates. So, we do expect a year with current levels of operations, so normal levels of operation. We learned from the pandemic last year and so the behavior will be different.

I thank you once again, we will be available to answer any questions you may have, be safe, take care, have a good week. Let's hope that during our next call we can celebrate decreasing rates of pandemic levels and close to the end of this period that has been so hard on us in Brazil and worldwide. Thank you and have a good day.

**Operator:** This concludes the Springs Global audio conference for today. Thank you very much for your participation and have a good day.