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# 3Q22 Results

December 16, 2022



## Springs Global: Free cash flow of R\$ 25 million in 3Q22

São Paulo, December 16<sup>th</sup>, 2022 - Springs Global Participações S.A. (Springs Global), a company in the Home & Decoration segment, leader in bedding, tabletop and bath products, had a free cash flow<sup>(a)</sup> of R\$ 25.3 million in the third quarter of 2022 (3Q22), enabled mainly due to the decrease of R\$ 104.8 million in working capital. There was a reduction in the manufacturing operations in this quarter, with scheduled stoppages at the manufacturing units, resulting in idle cost of R\$ 44.4 million. Net revenue totaled R\$ 296.6 million in 3Q22.

### Operational restructuring

The Company has decided to restructure its industrial operation, in order to improve its profitability, with the simplification of its product lines, reducing from approximately 7,000 to approximately 1,500 SKUs manufactured concurrently. Wholesale sales will be concentrated on products under the Santista brand, with its own production, while the Artex, MMartan and Casa Moysés brands will be exclusive to AMMO Varejo sales. This optimization of production makes it possible to reduce industrial complexity, with productivity gains, in terms of unit cost and reduction of percentage of second quality, due to the increase of the production batches, resulting in the reduction of working capital, and therefore, contributing to better profitability for our shareholders.

### Debt management

In 3Q22, the business combination of New Keeco Holdings, LLC, Springs Global's indirect subsidiary that was available for sale, was completed with Hollander Parent Corporation, forming a new combined company called Keeco, Inc., which will operate in the same market segment as both companies, with consolidated revenues equivalent to US\$1.3 billion. With this transaction, Springs Global has an expectation that its stake in Keeco will have an important valorization in the coming years, through business growth and obtaining operational and administrative synergies. On the other hand, with the postponement of the sales of its share in Keeco, the Company began to look for other sources of liquidity to reduce its financial leverage. The Company renewed part of its debt agreements, equivalent to R\$ 254 million, and obtained a waiver of compliance with financial ratios for June 30 and December 31, 2022 for a significant portion of its contracts.

### Allocation of non-operating properties for sale

In the fourth quarter of 2022 (4Q22), the Company decided to allocate non-operating properties in São Gonçalo do Amarante-RN for sale, whose balance sheet values as of September 30, 2022 totaled R\$ 373.8 million, and started negotiations with some interested parties, which are in progress.

### Reduction of loans receivable from companies in the Coteminas group

The balance in receivable from related parties, mainly with Companhia Tecidos Norte de Minas (CTNM) will be reduced as the group companies receive payments for the sale of properties and businesses, which are in progress, and amortize their respective loans with Springs Global. The resources received by Springs Global will be used to pay debts with third parties, and, therefore, contributing to the reduction of its indebtedness and cost of debt.

Among the non-operating assets being sold, we highlight the contract for the sale of a farm for R\$ 230 million, of which 61%, will be used to reduce the debt. The conclusion of the sale, and, therefore, the beginning of payment, depends on certain precedent conditions.



# Consolidated Performance

## Revenue

The consolidated net revenue reached R\$ 296.6 million in 3Q22, 34.6% and 22.0% lower than 3Q21 and 3Q19 revenues, respectively. In 2020 and 2021, families invested in their well-being, due to the longer stay in their homes, favoring the home & wellness sector, and in 2022, with the resumption of their routines, they directed their spending to other items such as apparel and services. Additionally, inflation has been a significant factor in the loss of purchasing power of families and in the increase in the costs of the products offered, harming, mainly, brands whose target audience is the lower-income population.

The Bedding, Tabletop and Bath<sup>(b)</sup> line was responsible for 57% of 3Q22 revenue, and intermediate products<sup>(c)</sup> for 14%. The Retail revenue contributed 29% of total revenue in 3Q22.

Revenues from the Bedding, Tabletop and Bath line amounted to R\$ 169.8 million in 3Q22, 42.3% lower than the value recorded in 3Q21, with a reduction of 52.2% in sales volume.

Revenues from intermediate products were R\$ 40.3 million, 11.0% higher yoy, and with a decrease of 39.7% compared to 3Q19.

Retail net revenue totaled R\$ 86.6 million, 29.7% lower yoy, negatively impacted by lower sales from e-commerce.

Retail sell-out (GMV)<sup>(d)</sup> revenue reached R\$ 162.9 million in 3Q22, 21.6% lower yoy and 9.8% higher compared to 3Q19.

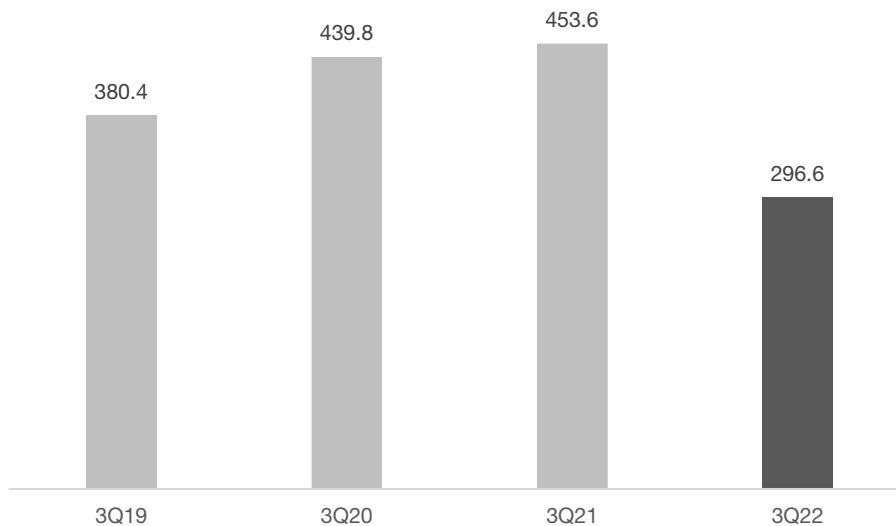


Chart 1 – Net Revenue, in R\$ million

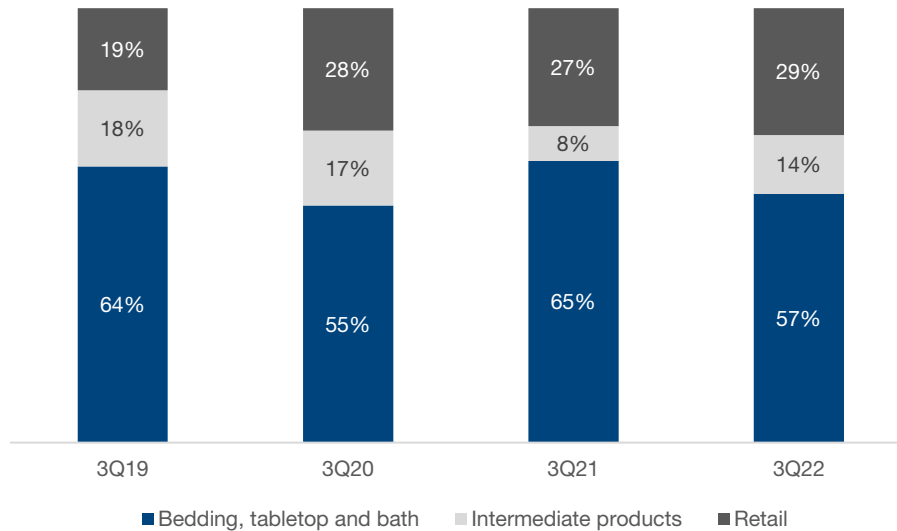


Chart 2 – Revenue per product line

## Costs and Expenses

Cost of goods sold (COGS) was R\$ 232.9 million in 3Q22, with a yoy decrease of 19.8%, mainly due to lower sales volume and classification of part of the conversion cost as idle cost, representing 78.5% of net revenue, versus 64.0% in 3Q21 and 66.8% in 3Q19.

The main raw materials are cotton and polyester that, together with chemicals, packaging and trims, are included in materials costs, which amounted to R\$ 169.1 million in 3Q22, 9.0% higher yoy, with the increase in the costs of raw materials and inputs being partially offset by lower sales volume. The average price of cotton, our main raw material, increased yoy by 19% in Brazilian Reais in 3Q22, however with a 18% quarter-over-quarter (qoq) reduction.

Cotton price - CEPEA / ESALQ  
in Brazilian Reais cents per pound

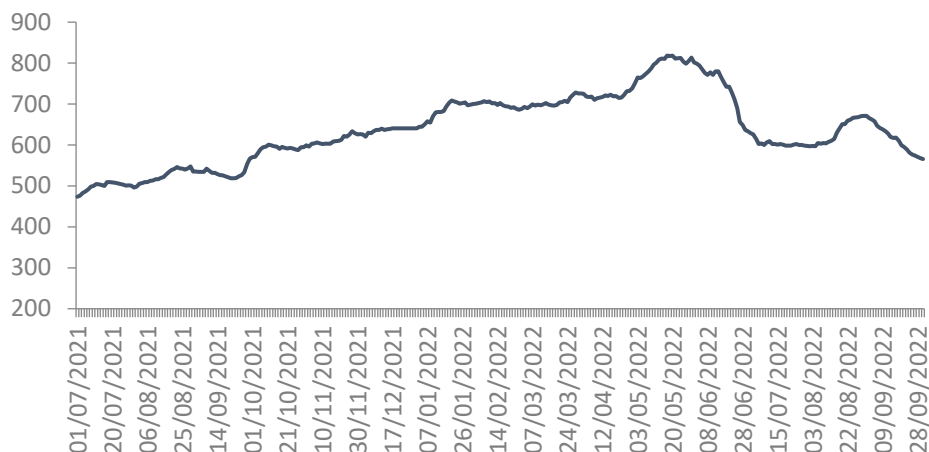


Chart 3 – Cotton price, source CEPEA

The conversion of raw materials into finished goods requires, mainly, labor, electricity and other utilities, designated as conversion costs and others, which reached R\$ 47.7 million in 3Q22, with a 60.1% decrease yoy, since part of the conversion cost was classified as idle cost, due to the scheduled stoppages in some manufacturing units in 3Q22. Idle costs, when they occur, are recognized directly in income statement for the period and are not

considered in the cost of production and, therefore, are not considered in the cost of finished products, accounted for in “inventories”, and, hence, without impact on the Company's future results.

Idle cost and others amounted to R\$44.4 million in 3Q22, versus R\$1.5 million in 3Q21 reclassified.

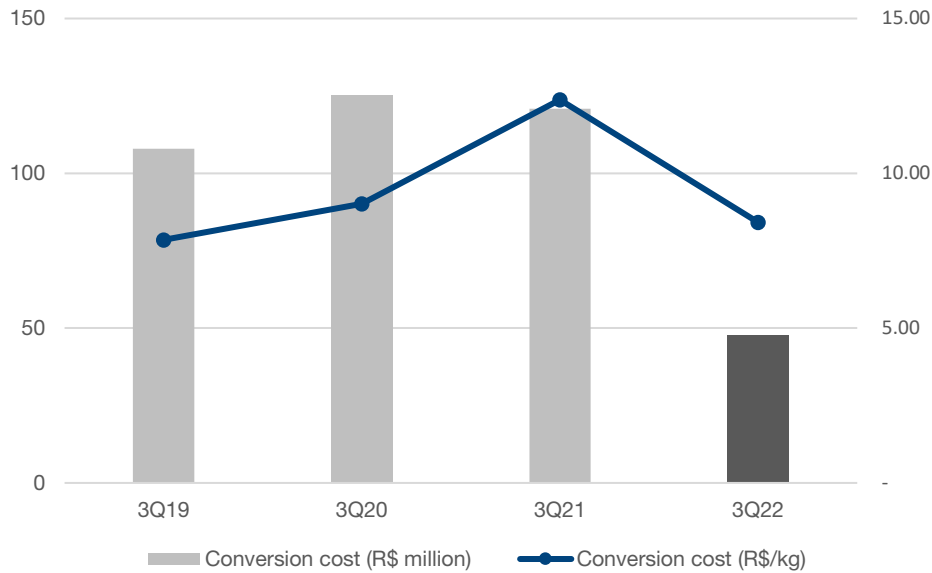


Chart 4 – Conversion cost, without reclassification of COGS for previous years

Depreciation costs of production and distribution assets totaled R\$ 16.2 million in 3Q22, stable yoy.

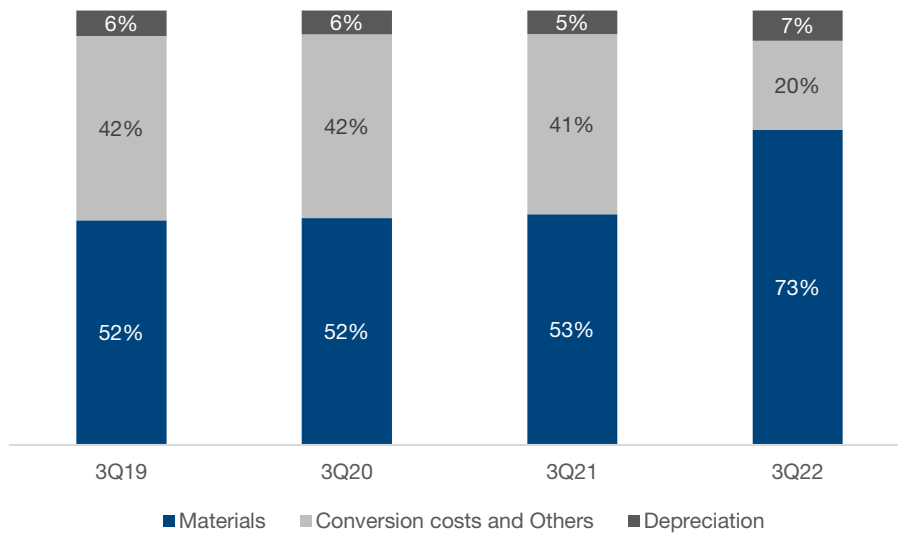


Chart 5 – COGS breakdown, without reclassification of COGS for previous years

Regarding operational expenses, selling expenses reached R\$ 65.8 million in 3Q22, 28.1% lower yoy, representing 22.2% of net revenue, compared to 20.2% in 3Q21, mainly due to lower sales. General and administrative expenses (G&A) amounted to R\$ 40.6 million in 3Q22, equivalent to 13.7% of net revenue, versus 7.3% in the same period of the previous year.

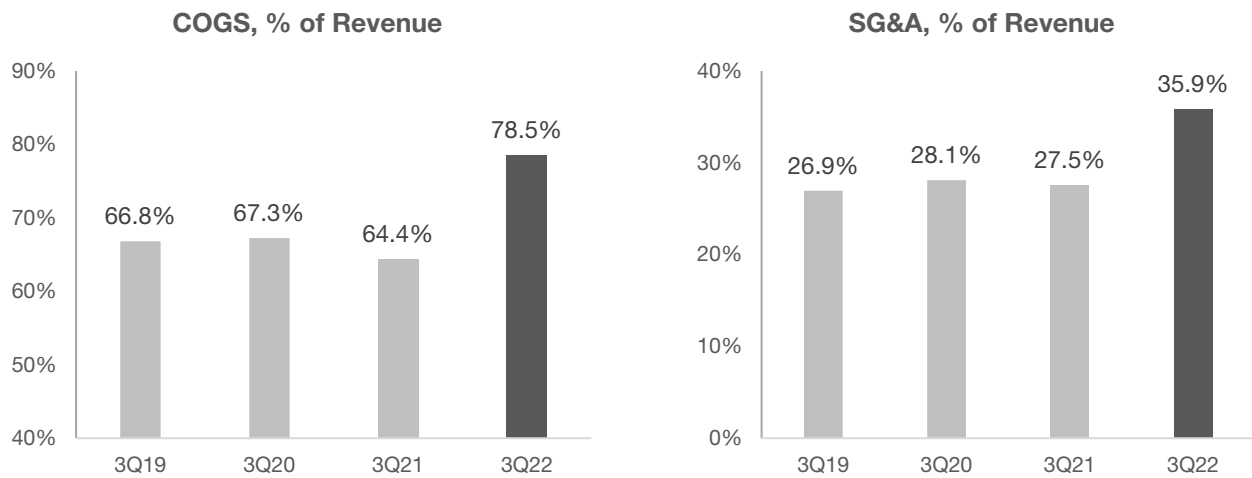


Chart 6 – COGS and SG&A, as % of net revenue

### Other, net

"Other, net" includes, among others, the variation in fair value of investment properties, and the legacy costs that remained at Springs Global US, including expenses with financial leasing, pension plans and benefits.

"Other, net" was a net expense of R\$ 1.3 million in 3Q21, compared to a net expense of R\$ 7.1 million in 3Q20, with a positive variation of R\$ 5.8 million yoy.

Springs Global US had a negative result of R\$ 3.6 million in 3Q22, compared to a negative amount of R\$ 5.6 million in 3Q21, before taxes.

### Investment properties

Leasing revenue from the Power Center commercial development totaled R\$ 2.9 million in 3Q22, versus R\$ 3.1 million in 3Q21.

The Company's investment properties were valued at R\$ 461.8 million at the end of 2Q22, and include (i) the Commercial complex in São Gonçalo do Amarante (ii) the residential complex in São Gonçalo do Amarante; (iii) real estate in Montes Claros; and (iv) real estate in Acreúna.

In 4Q22, the Company decided to allocate non-operating properties in São Gonçalo do Amarante-RN for sale, whose balance sheet values as of September 30, 2022 totaled R\$ 373.8 million, and started negotiations with some interested parties, which are in progress. These properties are part of the guarantee of the Company's debentures, with a balance of R\$ 157.9 million as of September 30, 2022, and therefore, in the event of the sale of these properties, the debentures will be liquidated.

### Other investment

The subsidiary Springs Global US held 14.27% of the New Keeco Holdings, LLC, classified as "Assets held for sale" since the fourth quarter of 2020, when the subsidiary Springs Global US, together with the other shareholders of Keeco, made this investment available for sale.

On September 19, 2022, the business combination of New Keeco Holdings, LLC and Hollander Parent Corporation was completed, forming a new combined company called Keeco, Inc., which will operate in the same market segment as both companies, with consolidated revenues equivalent to US\$1.3 billion.

After the contribution of assets, Springs Global US received for its participation in Keeco, 15,167 common stocks of Keeco, Inc., representing 6.33% of this class of shares, plus an option to purchase 10,220 shares of that same class, at the price of US\$0.01 per share maturing in 5 years from the date of issuance or if a change of control of Keeco Inc. occurs, which leads to a participation of approximately 4.5% of Keeco's capital fully diluted.

Considering the exercise of options, and the conversion of preferred stock issued by Keeco Inc. into common stock, Springs Global US will have a 5.13% participation in the total capital, which may be reduced to 4.51% in the event of issuance of new shares for bonuses to eligible Keeco Inc. managers (fully diluted).

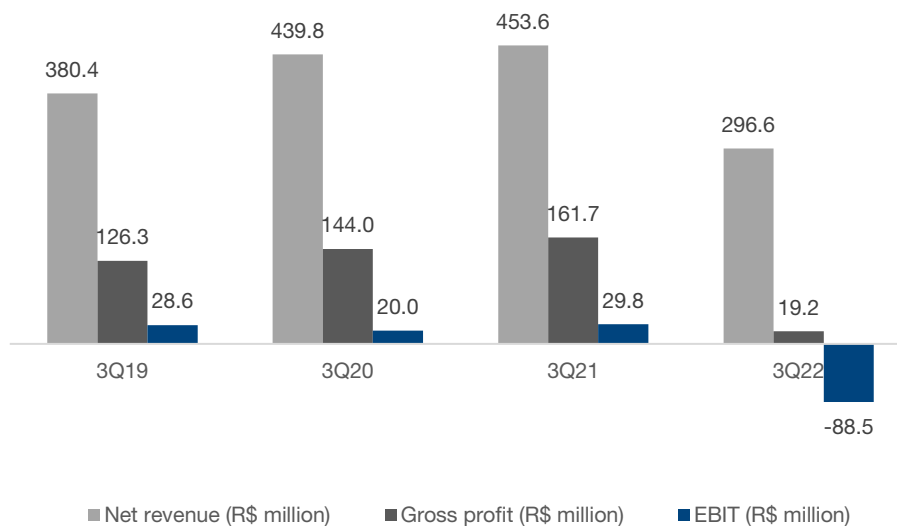
With this transaction, Springs Global's shares are no longer for sale in the short term, pending the attainment of synergies

Therefore, the Company reclassified this investment, previously under "assets held for sale", to "other investments", which will be valued at book cost.

### Financial indicators

Gross profit totaled R\$ 19.2 million in 3Q22, with gross margin of 6.5%. There was a yoy decrease of R\$ 142.4 million, or 88.1%, in gross profit and a decrease of 36.4 p.p. in gross margin.

Income from operations was negative R\$ 88.5 million in 3Q22, with a decrease of R\$ 118.3 million yoy, mainly resulting from the decrease of R\$ 142.4 million in gross profit, partially offset by the decrease of R\$ 24.2 million in other SG&A expenses and other net expenses.

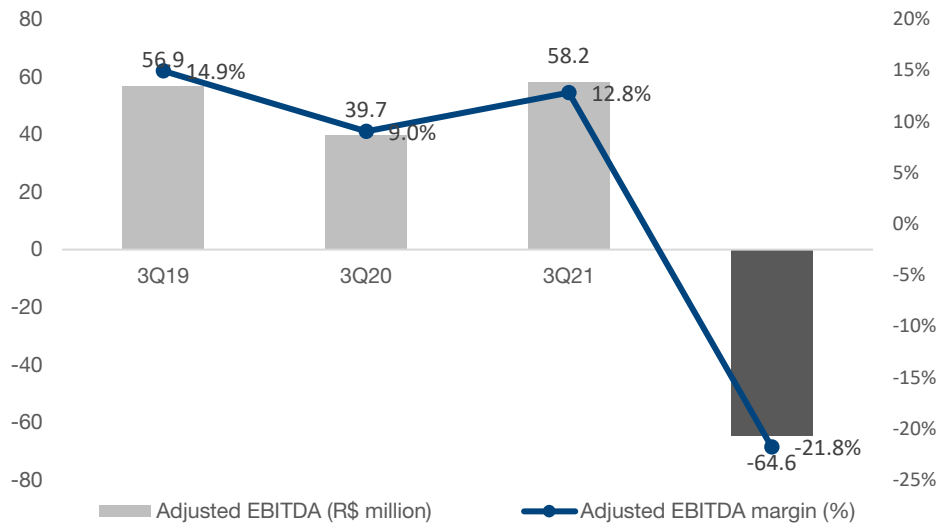


Graph 7 – Financial indicators, in R\$ million

Adjusted EBITDA<sup>(e),1</sup> was negative R\$ 64.6 million in 3Q22, versus R\$ 58.2 million in 3Q21 and R\$ 56.9 million in 3Q19. Adjusted EBITDA margin was -21.8%, versus 12.8% in 3Q21 and 14.9% in 3Q19. The operating cash generation in the last twelve months ended on September 30, 2022, adjusted LTM EBITDA, totaled negative R\$ 17.2 million.

<sup>1</sup> See reconciliation on table 4.





Graph 8 – EBITDA and EBITDA margin

Capital expenditures (Capex) totaled R\$ 2.5 million in 3Q22, versus R\$ 5.0 million in 3Q21.

The working capital needs amounted to R\$ 516.5 million at the end of 3Q22, 30.6%, or R\$ 227.7 million, lower yoy, mainly due to a decrease in account receivable (R\$ 207.6 million) and in inventories (R\$ 30.6 million) and an increase in suppliers account (R\$ 2.2 million), partially offset by the increase in advances to suppliers (R\$ 12.7 million).

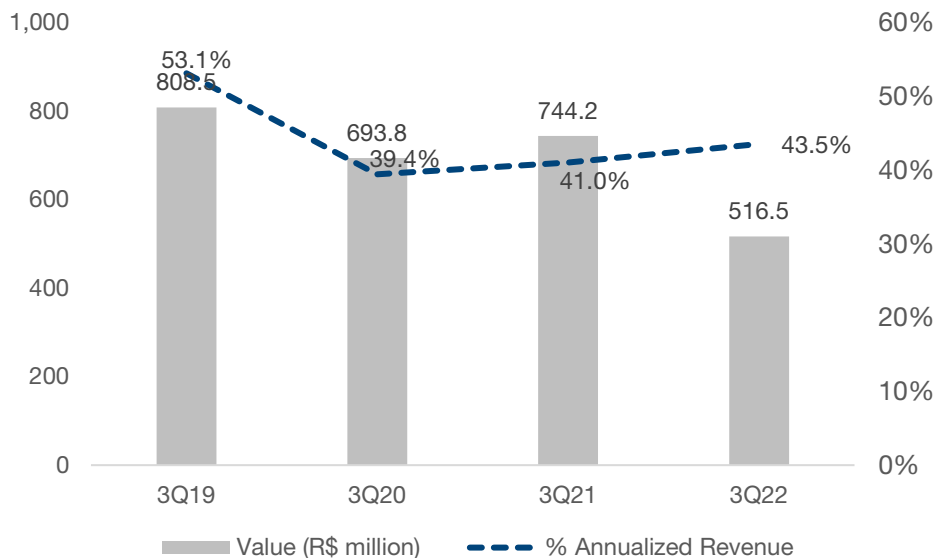


Chart 9 – Working capital, at the end of the period

Our adjusted net debt<sup>(6)</sup> was R\$ 615.2 million as of September 30, 2022, versus R\$ 627.3 million as of June 30, 2022. Debt amortization was R\$ 89.9 million, we obtained new loans or renewals totaling R\$ 254.1 million in 3Q22, and we obtained a waiver of compliance with financial ratios for June 30 and December 31, 2022 for a significant portion of our contracts.

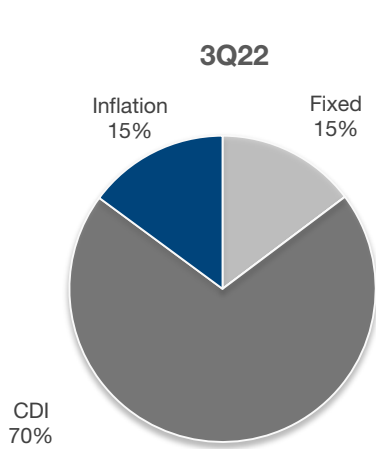


Chart 10 – Debt per index

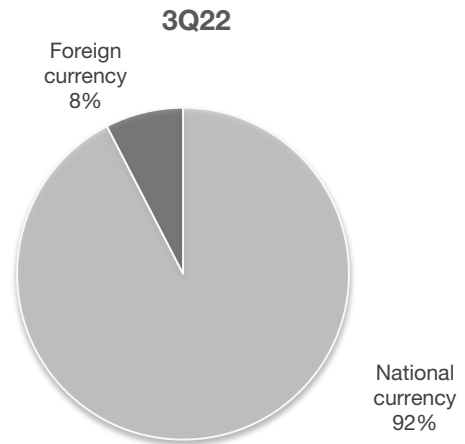


Chart 11 – Debt by currency

The financial result was an expense of R\$ 85.9 million in 3Q22, versus an expense of R\$ 66.1 million in 3Q21, negatively impacted by higher financial expenses (R\$ 24.0 million), mainly related the increase of the Selic rate in recent months, from 4.25% in June 30, 2021 to 13.75% in September 30, 2022. In 3Q22, there was a negative result of R\$ 14.0 million from net exchange variations, versus a negative result of R\$ 3.1 million in the same period of 2021.

The net loss was R\$ 175.4 million in 3Q22, versus net loss of R\$ 34.3 million in 3Q21. Free cash flow was R\$ 25.3 million in 3Q22, mainly due to a R\$ 104.8 million reduction in working capital qoq.

The Company continues to search for alternatives to accelerate deleveraging.

In 4Q22, the Company decided to allocate non-operating properties in São Gonçalo do Amarante-RN for sale, whose balance sheet values as of September 30, 2022 totaled R\$ 373.8 million, and started negotiations with some interested parties, which are in progress.



**Performance per  
business unit**

## Performance of the business units

Springs Global presents its results segregated in the following business units: (a) Wholesale, and (b) Retail.

### Wholesale

Net revenue from the Wholesale business unit totaled R\$ 210.0 million in 3Q22, with a 36.5% and 32.0% decrease compared to 3Q21 and 3Q19, respectively, due to lower sales volume and sales mix.

COGS totaled R\$ 187.2 million in 3Q22, 19.4% lower yoy, mainly due to lower sales volume and the classification of part of the conversion cost as idle cost. There was a reduction in the manufacturing operations in 3Q22, with scheduled stoppages at the manufacturing units, resulting in idle cost and others equal to R\$ 44.4 million, versus R\$ 1.5 million in 3Q21 reclassified.

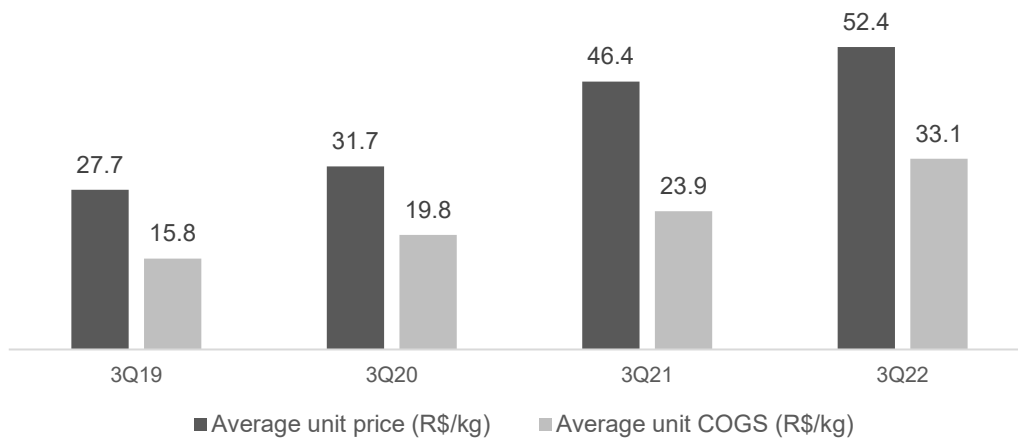


Chart 12 – Evolution of average price and unit cost in the Wholesale business unit, without reclassification of COGS for previous years

Gross profit reached negative R\$ 21.7 million, with a reduction of R\$ 118.2 million yoy. Gross margin was -10.3%, versus 29.2% in 3Q21 and 27.4% in 3Q19. SG&A expenses totaled R\$ 49.0 million, 23.7% lower yoy.

EBITDA was negative R\$ 56.1 million in 3Q22, versus R\$ 44.5 million in 3Q21 and R\$ 50.3 million in 3Q19. EBITDA margin was -26.7% in 3Q22, versus 13.5% in 3Q21, and 13.3% in 3Q19.

## Retail

The sell-out revenue (GMV) from the Retail business unit amounted to R\$ 162.9 million in 3Q22, 21.6% lower yoy and with a growth of 9.8% compared to the same period of 2019.

Sell-out revenue (GMV) from physical stores amounted to R\$ 131.4 million, 11.3% lower yoy. E-commerce revenue (GMV) totaled R\$ 31.5 million, representing 19% of our Retail sell-out revenue (GMV), versus 29% in 3Q21 and 14% in 3Q19, 47.0% lower yoy.

At the end of 3Q22, we had 246 stores, of which 66 were owned and 180 franchises, versus 234 stores in 3Q21. In the last twelve months, nine Artex franchised stores, one Artex owned store and two MMartan franchised stores were opened. Between quarters, we expanded our network by six new stores, of which three were Artex franchised stores, one Artex owned store, one MMartan franchised store and one MMartan owned store, in order to capture the seasonality effect of higher revenue in the last quarter, due to Black Friday and Christmas.

Ex-bedding, bath and tabletop categories (“ex-BBT”) were responsible for 7.8% of Retail sales (GMV) in 3Q22, versus 8.2% in 3Q21.

Retail net revenue totaled R\$ 86.6 million, 29.7% lower yoy, negatively impacted by mix of sales channels, however, with a 20.6% increase compared to 3Q19.

COGS totaled R\$ 45.7 million in 3Q22, 21.2% lower yoy, due to lower sales volume. Gross profit reached R\$ 40.9 million in 3Q22, 37.2% lower yoy. Gross margin was 47.2% in 3Q22, versus 52.9% in 3Q21 and 49.9% in 3Q19, due to the sales channel mix and promotional actions to boost sales.

SG&A expenses amounted to R\$ 53.0 million, 4.7% lower yoy, mainly due to the decrease in sales expenses with digital media and freight, related to the sales in the digital channels.

In 3Q21, there were non-recurring expenses related to the request for a public offering of shares that totaled R\$ 1.8 million, classified in “other expenses, net”.

EBITDA was R\$ - 5.6 million in 3Q22, versus R\$ 15.9 million in 3Q21 and R\$ 6.8 million in 3Q19. EBITDA margin was -6.5%, versus 12.9% in 3Q21 and 9.5% in 3Q19. Adjusted EBITDA reached R\$17.7 million in 3Q21, excluding non-recurring expenses related to the public offering of shares, with an adjusted EBITDA margin of 14.4%.

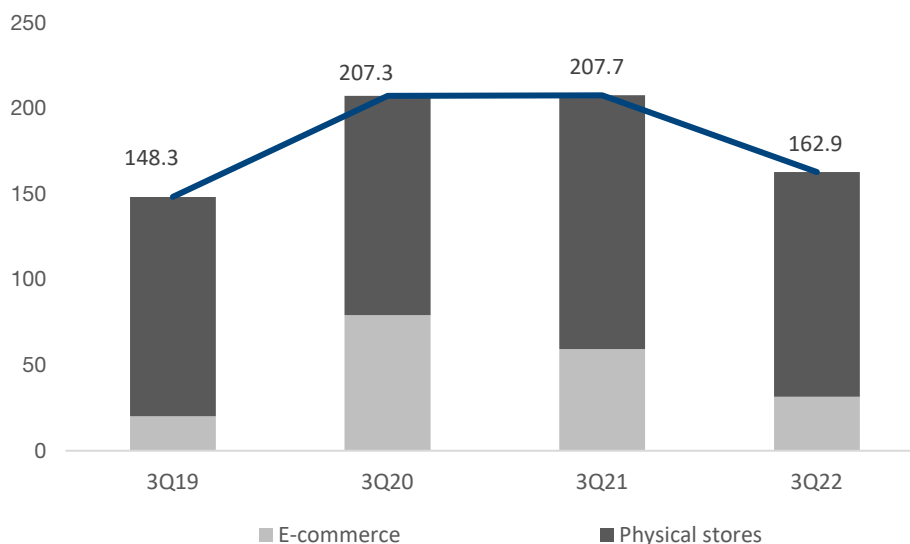


Chart 13 – Retail sell-out revenue, in R\$ million

## Share performance

Springs Global's shares, traded on the B3 under the ticker SGPS3, decreased by 27.0% in 3Q22, lower than the performance of the IBOVESPA index and the Small Cap index in the same period. The daily average financial volume of our shares was R\$ 0.2 million in 3Q22, versus R\$ 0.3 million in 2Q22 and R\$ 0.8 million in 3Q21. Springs Global had a market cap of R\$ 109.5 million, with share price of R\$ 2.19, on September 30, 2022.

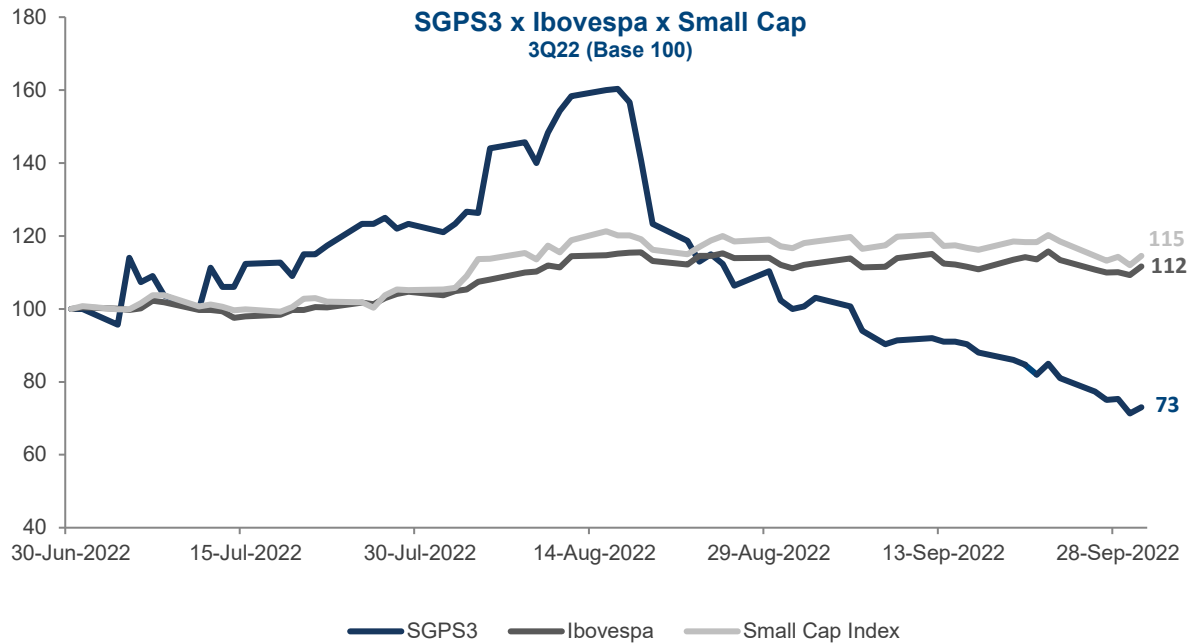


Chart 14- Performance of SGPS3 share price



# Financial indicators

## Tables

Table 1 – Net revenue by business unit

in R\$ million	3Q22	%	3Q21	%	3Q19	%	(A)/(B)	(A)/(C)	9M22	%	9M21	%	9M19	%	(D)/(E)	(D)/(F)
	(A)		(B)		(C)		%	%	(D)		(E)		(F)		%	%
Wholesale	210.0	71%	330.5	73%	308.6	81%	(36.5%)	(32.0%)	721.4	72%	907.3	71%	856.6	82%	(20.5%)	(15.8%)
Retail	86.6	29%	123.1	27%	71.8	19%	(29.7%)	20.6%	273.8	28%	361.7	29%	192.7	18%	(24.3%)	42.1%
<b>Total net revenue</b>	<b>296.6</b>	<b>100%</b>	<b>453.6</b>	<b>100%</b>	<b>380.4</b>	<b>100%</b>	<b>(34.6%)</b>	<b>(22.0%)</b>	<b>995.2</b>	<b>100%</b>	<b>1,269.0</b>	<b>100%</b>	<b>1,049.3</b>	<b>100%</b>	<b>(21.6%)</b>	<b>(5.2%)</b>

Table 2 – Net revenue by product line

Product Lines	Net Revenue (R\$ million)					Volume (tons)					Average price (R\$/Kg)				
	3Q22	3Q21	3Q19	(A)/(B)	(A)/(C)	3Q22	3Q21	3Q19	(D)/(E)	(D)/(F)	3Q22	3Q21	3Q19	(G)/(H)	(G)/(I)
	(A)	(B)	(C)	%	%	(D)	(E)	(F)	%	%	(G)	(H)	(I)	%	%
Bedding, tabletop and bath	169.8	294.2	241.9	(42.3%)	(29.8%)	3,194	6,677	7,188	(52.2%)	(55.6%)	53.2	44.1	33.7	20.7%	58.0%
Intermediate products	40.3	36.3	66.8	11.0%	(39.7%)	2,469	3,094	6,555	(20.2%)	(62.3%)	16.3	11.7	10.2	39.1%	60.2%
Retail	86.6	123.1	71.8	(29.7%)	20.6%										
<b>Total</b>	<b>296.6</b>	<b>453.6</b>	<b>380.4</b>	<b>(34.6%)</b>	<b>(22.0%)</b>	<b>5,663</b>	<b>9,771</b>	<b>13,743</b>	<b>(42.0%)</b>	<b>(58.8%)</b>	<b>52.4</b>	<b>46.4</b>	<b>27.7</b>	<b>12.9%</b>	<b>89.3%</b>

Product Lines	Net Revenue (R\$ million)					Volume (tons)					Average price (R\$/Kg)				
	9M22	9M21	9M19	(A)/(B)	(A)/(C)	9M22	9M21	9M19	(D)/(E)	(D)/(F)	9M22	9M21	9M19	(G)/(H)	(G)/(I)
	(A)	(B)	(C)	%	%	(D)	(E)	(F)	%	%	(G)	(H)	(I)	%	%
Bedding, tabletop and bath	561.4	725.3	671.6	(22.6%)	(16.4%)	11,341	15,574	19,516	(27.2%)	(41.9%)	49.5	46.6	34.4	6.3%	43.8%
Intermediate products	160.1	182.0	185.5	(12.0%)	(13.7%)	9,931	13,744	17,589	(27.7%)	(43.5%)	16.1	13.2	10.5	21.7%	52.9%
Retail	273.8	361.7	192.2	(24.3%)	42.5%										
<b>Total</b>	<b>995.2</b>	<b>1,269.0</b>	<b>1,049.3</b>	<b>(21.6%)</b>	<b>(5.2%)</b>	<b>21,272</b>	<b>29,318</b>	<b>37,105</b>	<b>(27.4%)</b>	<b>(42.7%)</b>	<b>46.8</b>	<b>43.3</b>	<b>28.3</b>	<b>8.1%</b>	<b>65.4%</b>

Table 3 – Cost of goods sold (COGS), Idle cost and others, and Selling, General and Administrative expenses (SG&A)

in R\$ million	3Q22	%	3Q21	%	3Q19	%	(A)/(B)	(A)/(C)	9M22	%	9M21	%	9M19	%	(D)/(E)	(D)/(F)
	(A)		(B)		(C)		%	%	(D)		(E)		(F)		%	%
Materials	143.4	61.6%	155.1	53.4%	131.4	51.7%	(7.5%)	9.1%	419.0	58.3%	400.0	50.5%	370.7	50.7%	4.8%	13.0%
Conversion costs and others	74.0	31.8%	119.4	41.1%	107.9	42.5%	(38.0%)	(31.4%)	253.1	35.2%	345.3	43.6%	315.1	43.1%	(26.7%)	(19.7%)
Depreciation	15.5	6.7%	15.9	5.5%	14.9	5.9%	(2.5%)	4.0%	46.7	6.5%	46.6	5.9%	45.3	6.2%	0.2%	3.1%
<b>COGS</b>	<b>232.9</b>	<b>100.0%</b>	<b>290.4</b>	<b>100.0%</b>	<b>254.2</b>	<b>100.0%</b>	<b>(19.8%)</b>	<b>(8.4%)</b>	<b>718.8</b>	<b>100.0%</b>	<b>791.9</b>	<b>100.0%</b>	<b>731.1</b>	<b>100.0%</b>	<b>(9.2%)</b>	<b>(1.7%)</b>
<b>COGS, % Revenues</b>	<b>78.5%</b>		<b>64.0%</b>		<b>66.8%</b>		<b>14.5 p.p.</b>	<b>11.7 p.p.</b>	<b>72.2%</b>		<b>62.4%</b>		<b>69.7%</b>		<b>9.8 p.p.</b>	<b>2.6 p.p.</b>
<b>Idle cost and others</b>	<b>44.4</b>		<b>1.5</b>		<b>-</b>		<b>n.a.</b>	<b>n.a.</b>	<b>76.6</b>		<b>16.8</b>		<b>-</b>		<b>356.8%</b>	<b>n.a.</b>
Sales expenses	65.8	61.9%	91.6	73.4%	71.3	69.6%	(28.1%)	(7.7%)	228.5	67.0%	273.0	73.5%	204.2	69.6%	(16.3%)	11.9%
General and administrative expenses	40.6	38.1%	33.2	26.6%	31.2	30.4%	22.2%	30.2%	112.3	33.0%	98.6	26.5%	89.2	30.4%	14.0%	25.9%
<b>SG&amp;A</b>	<b>106.4</b>	<b>100.0%</b>	<b>124.8</b>	<b>100.0%</b>	<b>102.5</b>	<b>100.0%</b>	<b>(14.7%)</b>	<b>3.8%</b>	<b>340.8</b>	<b>100.0%</b>	<b>371.6</b>	<b>100.0%</b>	<b>293.4</b>	<b>100.0%</b>	<b>(8.3%)</b>	<b>16.2%</b>
<b>SG&amp;A, % Revenues</b>	<b>35.9%</b>		<b>27.5%</b>		<b>26.9%</b>		<b>8.4 p.p.</b>	<b>8.9 p.p.</b>	<b>34.2%</b>		<b>29.3%</b>		<b>27.9%</b>		<b>5.0 p.p.</b>	<b>6.4 p.p.</b>



Table 4 – Reconciliation of EBITDA

in R\$ million	3Q22	3Q21	3Q19	(A)/(B)	(A)/(C)	9M22	9M21	9M19	(D)/(E)	(D)/(F)
	(A)	(B)	(C)	%	%	(D)	(E)	(F)	%	%
<b>Continuing operations</b>										
Income (loss)	(175.4)	(34.3)	(64.1)	n.a.	n.a.	(400.8)	(100.1)	69.4	n.a.	n.a.
(-) Result from discontinued operations	-	-	-	n.a.	n.a.	-	-	(194.4)	n.a.	(100.0%)
(+) Income and social contribution taxes from continuing operations	1.0	(2.0)	0.2	n.a.	n.a.	1.2	(8.7)	3.3	n.a.	n.a.
(+) Financial results from continuing operations	85.9	66.1	92.6	30.0%	(7.2%)	260.2	185.7	170.4	40.2%	52.7%
(+) Depreciation and amortization from continuing operations	24.0	26.3	27.7	(8.7%)	(13.2%)	73.6	75.1	81.7	(2.0%)	(9.9%)
<b>EBITDA from continuing operations</b>	<b>(64.4)</b>	<b>56.1</b>	<b>56.3</b>	<b>n.a.</b>	<b>n.a.</b>	<b>(65.7)</b>	<b>151.9</b>	<b>130.5</b>	<b>n.a.</b>	<b>n.a.</b>
(-) Result from asset sale	(0.2)	0.3	0.5	n.a.	n.a.	(1.7)	3.9	(0.1)	n.a.	n.a.
(+) Provision for expected loss on doubtful accounts	-	-	-	n.a.	n.a.	11.4	-	-	n.a.	n.a.
(+) Non recurring expenses	-	1.8	-	(100.0%)	n.a.	-	1.8	-	-100.0%	n.a.
<b>Adjusted EBITDA from continuing operations</b>	<b>(64.6)</b>	<b>58.2</b>	<b>56.9</b>	<b>n.a.</b>	<b>n.a.</b>	<b>(56.0)</b>	<b>157.7</b>	<b>130.4</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Discontinued operations</b>										
Result from discontinued operations	-	-	-	n.a.	n.a.	-	-	194.4	n.a.	(100.0%)
(+) Income and social contribution taxes from discontinued operations	-	-	-	n.a.	n.a.	-	-	82.7	n.a.	(100.0%)
(+) Financial results from discontinued operations	-	-	-	n.a.	n.a.	-	-	3.8	n.a.	(100.0%)
(+) Depreciation and amortization from discontinued operations	-	-	-	n.a.	n.a.	-	-	1.8	n.a.	(100.0%)
<b>EBITDA from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>-</b>	<b>282.7</b>	<b>n.a.</b>	<b>(100.0%)</b>
<b>EBITDA</b>	<b>(64.4)</b>	<b>56.1</b>	<b>56.3</b>	<b>n.a.</b>	<b>n.a.</b>	<b>(65.7)</b>	<b>151.9</b>	<b>413.2</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Adjusted EBITDA</b>	<b>(64.6)</b>	<b>58.2</b>	<b>56.9</b>	<b>n.a.</b>	<b>n.a.</b>	<b>(56.0)</b>	<b>157.7</b>	<b>130.4</b>	<b>n.a.</b>	<b>n.a.</b>

Table 5 – EBITDA per business unit and EBITDA margin

in R\$ million	3Q22	3Q21	3Q19	(A)/(B)	(A)/(C)	9M22	9M21	9M19	(D)/(E)	(D)/(F)
	(A)	(B)	(C)	%	%	(D)	(E)	(F)	%	%
Wholesale	(55.7)	27.5	28.2	n.a.	n.a.	(38.6)	42.3	18.6	n.a.	n.a.
Retail	(5.9)	7.7	0.5	n.a.	n.a.	(4.7)	15.7	0.8	n.a.	n.a.
Non-allocated expenses	(2.7)	(5.4)	(0.1)	(50.0%)	(49.1%)	(7.6)	(10.9)	0.8	(30.3%)	n.a.
<b>EBITDA from continuing operations (i)</b>	<b>(64.4)</b>	<b>56.1</b>	<b>56.3</b>	<b>n.a.</b>	<b>n.a.</b>	<b>(65.7)</b>	<b>151.9</b>	<b>130.5</b>	<b>n.a.</b>	<b>n.a.</b>
<b>EBITDA from discontinued operations (ii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>-</b>	<b>282.7</b>	<b>n.a.</b>	<b>(100.0%)</b>
<b>EBITDA (i) + (ii)</b>	<b>(64.4)</b>	<b>56.1</b>	<b>56.3</b>	<b>n.a.</b>	<b>n.a.</b>	<b>(65.7)</b>	<b>151.9</b>	<b>413.2</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Adjusted EBITDA (ii)</b>	<b>(64.6)</b>	<b>58.2</b>	<b>56.9</b>	<b>n.a.</b>	<b>n.a.</b>	<b>(56.0)</b>	<b>157.7</b>	<b>130.4</b>	<b>n.a.</b>	<b>n.a.</b>
<i>EBITDA Margin %</i>	<i>(21.7%)</i>	<i>12.4%</i>	<i>14.8%</i>	<i>(34.1 p.p.)</i>	<i>(36.5 p.p.)</i>	<i>(6.6%)</i>	<i>12.0%</i>	<i>39.4%</i>	<i>(18.6 p.p.)</i>	<i>(46.0 p.p.)</i>
<i>Adjusted EBITDA Margin %</i>	<i>(21.8%)</i>	<i>12.8%</i>	<i>14.9%</i>	<i>(34.6 p.p.)</i>	<i>(36.7 p.p.)</i>	<i>(5.6%)</i>	<i>12.4%</i>	<i>12.4%</i>	<i>(18.1 p.p.)</i>	<i>(18.1 p.p.)</i>

Table 6 – Financial Results

in R\$ million	3Q22	3Q21	(A)/(B)	9M22	9M21	(C)/(D)
	(A)	(B)	%	(C)	(D)	%
Financial income	24.1	6.8	252.6%	52.3	19.4	169.3%
Financial expenses - interests	(65.3)	(41.3)	58.1%	(191.7)	(109.6)	74.9%
Financial expenses - bank charges and others	(28.3)	(24.8)	14.0%	(94.1)	(82.2)	14.4%
Interest on leasing	(2.4)	(3.7)	(34.9%)	(8.7)	(9.9)	(11.5%)
<b>Financial results, ex-exchange variations</b>	<b>(71.9)</b>	<b>(63.0)</b>	<b>14.1%</b>	<b>(242.2)</b>	<b>(182.3)</b>	<b>32.9%</b>
Exchange rate variations, net	(14.0)	(3.1)	n.a.	(18.0)	(3.4)	n.a.
<b>Financial results</b>	<b>(85.9)</b>	<b>(66.1)</b>	<b>30.0%</b>	<b>(260.2)</b>	<b>(185.7)</b>	<b>40.2%</b>

Table 7 – Working Capital

in R\$ million	3Q22	2Q22	3Q21	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Accounts receivable	260.5	338.7	468.2	(23.1%)	(44.4%)
Inventories	456.2	486.3	486.8	(6.2%)	(6.3%)
Advances to suppliers	49.0	58.6	36.3	(16.4%)	35.1%
Suppliers	(249.2)	(262.3)	(247.0)	(5.0%)	0.9%
<b>Working capital</b>	<b>516.5</b>	<b>621.3</b>	<b>744.2</b>	<b>(16.9%)</b>	<b>(30.6%)</b>

Table 8 – Indebtedness

in R\$ million	3Q22	2Q22	3Q21	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Loans and financing	726.8	777.9	828.8	(6.6%)	(12.3%)
- Domestic currency	646.4	701.2	775.1	(7.8%)	(16.6%)
- Foreign currency	80.4	76.7	53.7	4.9%	49.7%
Debentures	333.6	324.8	158.1	2.7%	111.1%
<b>Total debt</b>	<b>1,060.4</b>	<b>1,102.7</b>	<b>986.9</b>	<b>(3.8%)</b>	<b>7.5%</b>
Cash and marketable securities	(269.4)	(309.4)	(272.3)	(12.9%)	(1.1%)
<b>Net debt</b>	<b>791.0</b>	<b>793.3</b>	<b>714.6</b>	<b>(0.3%)</b>	<b>10.7%</b>
Convertible debenture	(175.8)	(166.0)	-	n.a.	n.a.
<b>Adjusted net debt</b>	<b>615.2</b>	<b>627.3</b>	<b>714.6</b>	<b>(1.9%)</b>	<b>(13.9%)</b>

Table 9 – Main indicators - Wholesale business unit

in R\$ million	3Q22	2Q22	3Q21	3Q19	(A)/(B)	(A)/(C)	(A)/(D)
	(A)	(B)	(C)	(D)	%	%	%
Net revenue	210.0	227.6	330.5	308.6	(7.7%)	(36.5%)	(32.0%)
(-) COGS	(187.2)	(197.1)	(232.4)	(218.2)	(5.0%)	(19.4%)	(14.2%)
(-) Idle cost and others	(44.4)	(17.0)	(1.5)	-	n.a.	n.a.	n.a.
Gross profit	(21.7)	13.5	96.6	90.4	n.a.	n.a.	n.a.
<i>Gross Margin %</i>	<i>(10.3%)</i>	<i>5.9%</i>	<i>29.2%</i>	<i>29.3%</i>	<i>(16.2 p.p.)</i>	<i>(39.5 p.p.)</i>	<i>(39.6 p.p.)</i>
(-) SG&A	(49.0)	(69.3)	(64.2)	(63.0)	(29.3%)	(23.7%)	(22.2%)
(+/-) Others	(1.9)	0.1	(4.9)	0.8	n.a.	(61.2%)	n.a.
Operational result	(72.6)	(55.7)	27.5	28.2	n.a.	n.a.	n.a.
(+) Depreciation and Amortization	16.5	16.6	17.0	16.6	(0.6%)	(2.9%)	(0.6%)
EBITDA	(56.1)	(39.1)	44.5	44.8	n.a.	n.a.	n.a.
(+) Provision for expected loss on doubtful accounts	-	11.4	-	-	n.a.	n.a.	n.a.
Adjusted EBITDA	(56.1)	(27.7)	44.5	44.8	n.a.	n.a.	n.a.
<i>EBITDA Margin %</i>	<i>(26.7%)</i>	<i>(17.2%)</i>	<i>13.5%</i>	<i>14.5%</i>	<i>(9.5 p.p.)</i>	<i>(40.2 p.p.)</i>	<i>(41.2 p.p.)</i>
<i>Adjusted EBITDA margin %</i>	<i>(26.7%)</i>	<i>(12.2%)</i>	<i>13.5%</i>	<i>14.5%</i>	<i>(14.5 p.p.)</i>	<i>(40.2 p.p.)</i>	<i>(41.2 p.p.)</i>

Table 9 – Main indicators - Wholesale business unit (continued)

in R\$ million	9M22	9M21	9M19	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Net revenue	721.4	907.3	857.1	(20.5%)	(15.8%)
(-) COGS	(578.4)	(625.2)	(638.1)	(7.5%)	(9.4%)
(-) Idle cost and others	(76.6)	(16.8)	-	n.a.	n.a.
Gross profit	66.4	265.3	219.0	(75.0%)	(69.7%)
<i>Gross Margin %</i>	<i>9.2%</i>	<i>29.2%</i>	<i>25.6%</i>	<i>(20.0 p.p.)</i>	<i>(16.3 p.p.)</i>
(-) SG&A	(175.0)	(186.0)	(178.6)	(5.9%)	(2.0%)
(+/-) Others	(2.5)	(9.5)	6.4	(73.7%)	n.a.
Operational result	(111.1)	69.8	46.8	n.a.	n.a.
(+) Depreciation and Amortization	49.0	49.7	49.0	(1.4%)	0.0%
EBITDA	(62.1)	119.5	95.8	n.a.	n.a.
(+) Provision for expected loss on doubtful accounts	11.4	-	-	n.a.	n.a.
Adjusted EBITDA	(50.7)	119.5	95.8	n.a.	n.a.
<i>EBITDA Margin %</i>	<i>(8.6%)</i>	<i>13.2%</i>	<i>11.2%</i>	<i>(21.8 p.p.)</i>	<i>(19.8 p.p.)</i>
<i>Adjusted EBITDA margin %</i>	<i>(7.0%)</i>	<i>13.2%</i>	<i>11.2%</i>	<i>(20.2 p.p.)</i>	<i>(18.2 p.p.)</i>

Table 10 – Main indicators - Retail business unit

in R\$ million	3Q22	2Q22	3Q21	3Q19	(A)/(B)	(A)/(C)	(A)/(D)
	(A)	(B)	(C)	(D)	%	%	%
Net revenue	86.6	89.7	123.1	71.8	(3.5%)	(29.7%)	20.6%
(-) COGS	(45.7)	(46.3)	(58.0)	(36.0)	(1.3%)	(21.2%)	26.9%
Gross profit	40.9	43.4	65.1	35.8	(5.8%)	(37.2%)	14.2%
<i>Gross Margin %</i>	<i>47.2%</i>	<i>48.4%</i>	<i>52.9%</i>	<i>49.9%</i>	<i>(1.2 p.p.)</i>	<i>(5.7 p.p.)</i>	<i>(2.6 p.p.)</i>
(-) SG&A	(53.0)	(51.0)	(55.6)	(35.3)	3.9%	(4.7%)	50.1%
(+/-) Others	0.1	1.7	(1.8)	-	(94.1%)	n.a.	n.a.
Operational result	(12.0)	(5.9)	7.7	0.5	n.a.	n.a.	n.a.
(+) Depreciation and Amortization	6.4	7.0	8.2	6.3	(8.6%)	(22.0%)	1.6%
EBITDA	(5.6)	1.1	15.9	6.8	n.a.	n.a.	n.a.
(+) Non-recurring expenses	-	-	1.8	-	n.a.	n.a.	n.a.
Adjusted EBITDA	(5.6)	1.1	17.7	6.9	n.a.	n.a.	n.a.
<i>EBITDA Margin %</i>	<i>(6.5%)</i>	<i>1.2%</i>	<i>12.9%</i>	<i>9.5%</i>	<i>(7.7 p.p.)</i>	<i>(19.4 p.p.)</i>	<i>(15.9 p.p.)</i>
<i>Adjusted EBITDA Margin %</i>	<i>(6.5%)</i>	<i>1.2%</i>	<i>14.4%</i>	<i>9.6%</i>	<i>(7.7 p.p.)</i>	<i>(20.8 p.p.)</i>	<i>(16.1 p.p.)</i>
Number of stores	246	240	234	233	2.5%	5.1%	5.6%
Owned Mmartan and Casa Moysés	31	30	31	32	3.3%	0.0%	(3.1%)
Franchise MMartan	120	119	118	120	0.8%	1.7%	0.0%
Owned Artex	35	34	34	34	2.9%	2.9%	2.9%
Franchise Artex	60	57	51	47	5.3%	17.6%	27.7%
Gross Revenue sell-out	162.9	165.2	207.7	148.3	(1.4%)	(21.6%)	9.8%
Physical stores	131.4	129.9	148.2	128.3	1.2%	(11.3%)	2.4%
E-commerce sales	31.5	35.3	59.4	20.1	(10.9%)	(47.0%)	56.8%
Share of e-commerce (%)	19.3%	21.4%	28.6%	13.5%	<i>(2.1 p.p.)</i>	<i>(9.3 p.p.)</i>	<i>5.8 p.p.</i>

Table 10 – Main indicators - Retail business unit (continued)

in R\$ million	9M22 (A)	9M21 (B)	9M19 (C)	(A)/(B) %	(A)/(C) %
Net revenue	273.8	361.7	192.2	(24.3%)	42.5%
(-) COGS	(140.4)	(166.7)	(93.0)	(15.8%)	51.0%
Gross profit	133.4	195.0	99.2	(31.6%)	34.5%
<i>Gross Margin %</i>	<i>48.7%</i>	<i>53.9%</i>	<i>51.6%</i>	<i>(5.2 p.p.)</i>	<i>(2.9 p.p.)</i>
(-) SG&A	(152.6)	(170.0)	(103.6)	(10.2%)	47.3%
(+/-) Others	2.5	(1.6)	5.7	(256.3%)	n.a.
Operational result	(16.7)	23.4	1.3	(171.4%)	(1384.6%)
(+) Depreciation and Amortization	21.1	21.8	18.9	(3.2%)	11.6%
EBITDA	4.4	45.2	20.2	(90.3%)	(78.2%)
(+) Non-recurring expenses	-	1.8	-	n.a.	n.a.
Adjusted EBITDA	4.4	47.0	20.2	(90.6%)	132.7%
<i>EBITDA Margin %</i>	<i>1.6%</i>	<i>12.5%</i>	<i>10.5%</i>	<i>(10.9 p.p.)</i>	<i>(8.9 p.p.)</i>
<i>Adjusted EBITDA Margin%</i>	<i>1.6%</i>	<i>13.0%</i>	<i>10.5%</i>	<i>(11.4 p.p.)</i>	<i>(8.9 p.p.)</i>
Number of stores	246	234	233	5.1%	5.6%
Owned Mmartan and Casa Moysés	31	31	32	0.0%	(3.1%)
Franchise MMartan	120	118	120	1.7%	0.0%
Owned Artex	35	34	34	2.9%	2.9%
Franchise Artex	60	51	47	17.6%	27.7%
Gross Revenue sell-out	503.1	606.8	403.0	(17.1%)	24.9%
Physical stores	390.7	392.1	355.5	(0.4%)	9.9%
E-commerce sales	112.4	214.7	47.4	(47.6%)	137.0%
Share of e-commerce (%)	22.3%	35.4%	11.8%	<i>(13.0 p.p.)</i>	<i>10.6 p.p.</i>

## Glossary

- (a) Free cash flow - net cash provided by (used in) operating activities after interest and taxes plus Net cash provided by (used in) investing activities.
- (b) Bedding, Tabletop and Bath line – includes bed sheets and pillow cases, sheet sets, tablecloths, towels, rugs and bath accessories.
- (c) Intermediate products – yarns and fabrics, in their natural state or dyed and printed, sold to small and medium-sized clothing, knitting and weaving companies.
- (d) Sell-out revenue (GMV) – Revenue from sales channel to the end customers.
- (e) EBITDA – EBITDA is a non-accounting measurement which we prepare and which is reconciled with our financial statement in accordance with CVM Instruction no 527, when applicable. We have calculated our EBITDA (usually defined as earnings before interest, tax, depreciation and amortization) as net earnings before financial results, the effect of depreciation of our plants, equipment and other permanent assets and the amortization of intangible assets. EBITDA is not a measure recognized under BR GAAP, IFRS or US GAAP. It is not significantly standardized and cannot be compared to measurements with similar names provided by other companies. We have reported EBITDA because we use it to measure our performance. EBITDA should not be considered in isolation or as a substitute for "net income" or "operating income" as indicators of operational performance or cash flow, or for the measurement of liquidity or debt repayment capacity.
- (f) Adjusted net debt – Gross debt minus cash and marketable securities and minus the balance of the debenture convertible into shares issued by the indirect subsidiary AMMO Varejo S.A.

## Balance sheet

in R\$ million	3Q22	2Q22	3Q21
<b>Assets</b>			
<b>Current assets</b>	<b>1,119.7</b>	<b>1,409.7</b>	<b>1,505.5</b>
Cash and cash equivalents	240.2	283.9	179.7
Marketable securities	18.5	17.8	85.1
Accounts receivable	260.5	338.7	468.2
Financial leases receivable	17.2	16.6	17.1
Inventories	456.2	486.3	486.8
Advances to suppliers	49.0	58.6	36.3
Recoverable taxes	53.9	55.3	74.0
Other receivables	24.2	27.8	28.9
Assets held for sale	-	124.7	129.5
<b>Noncurrent assets</b>	<b>1,814.5</b>	<b>1,701.8</b>	<b>1,750.6</b>
<b>Long-term assets</b>	<b>441.7</b>	<b>441.9</b>	<b>437.9</b>
Marketable securities	10.8	7.7	7.6
Receivable - clients	14.5	2.8	18.1
Related parties	202.2	175.5	113.6
Advances to suppliers	-	35.7	50.9
Financial leases receivable	88.6	87.6	96.3
Recoverable taxes	17.9	28.8	48.3
Deferred taxes	19.3	18.8	19.6
Property, plant and equipment held for sale	24.7	24.0	17.3
Escrow deposits	11.8	9.5	10.3
Others	52.0	51.3	55.9
<b>Permanent</b>	<b>1,372.8</b>	<b>1,259.9</b>	<b>1,312.7</b>
Other Investments	128.7	-	-
Investment properties	461.8	461.5	405.5
Property, plant and equipment	539.8	552.0	603.1
Right-of-use assets	151.0	154.1	209.3
Intangible assets	91.5	92.3	94.7
<b>Total assets</b>	<b>2,934.2</b>	<b>3,111.5</b>	<b>3,256.1</b>

## Balance sheet (continued)

in R\$ million	3Q22	2Q22	3Q21
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>	<b>1,050.4</b>	<b>1,430.9</b>	<b>1,108.7</b>
Loans and financing	376.3	625.5	505.9
Debentures	17.9	158.9	16.6
Suppliers	249.2	262.3	247.0
Taxes	23.1	17.2	30.5
Payroll and related charges	105.8	105.0	106.8
Government concessions	57.7	55.7	31.3
Leases payable	60.9	60.5	69.0
Taxes - installments	81.7	70.8	-
Other payables	77.8	75.0	101.7
<b>Noncurrent liabilities</b>	<b>1,278.0</b>	<b>909.8</b>	<b>1,124.4</b>
Loans and financing	350.5	152.4	322.9
Debentures	315.8	166.0	141.5
Leases payable	221.1	222.6	282.6
Related parties	-	-	1.4
Government concessions	44.1	48.9	62.7
Employee benefit plans	124.8	123.0	131.6
Miscellaneous accruals	16.1	14.5	13.1
Deferred taxes	85.2	85.7	75.2
Taxes - installments	91.2	81.9	-
Other obligations	29.2	15.0	93.3
<b>Equity</b>	<b>605.8</b>	<b>770.8</b>	<b>1,023.0</b>
Capital	1,860.3	1,860.3	1,860.3
Capital reserves	79.4	79.4	79.4
Assets and liabilities valuation adjustment	126.2	126.2	113.8
Cumulative translation adjustment	(143.7)	(154.0)	(168.4)
Accumulated deficit	(1,316.4)	(1,141.0)	(862.1)
<b>Total liabilities and equity</b>	<b>2,934.2</b>	<b>3,111.5</b>	<b>3,256.1</b>

## Income Statement

in R\$ million	3Q22	2Q22	3Q21	2Q19	(A)/(B)	(A)/(C)	(A)/(D)
	(A)	(B)	(C)	(D)	%	%	%
Gross revenues	381.4	442.4	623.0	524.4	(13.8%)	(38.8%)	(27.3%)
<b>Net revenues</b>	<b>296.6</b>	<b>317.3</b>	<b>453.6</b>	<b>380.4</b>	<b>(6.5%)</b>	<b>(34.6%)</b>	<b>(22.0%)</b>
<b>Cost of goods sold</b>	<b>(232.9)</b>	<b>(243.4)</b>	<b>(290.4)</b>	<b>(254.2)</b>	<b>(4.3%)</b>	<b>(19.8%)</b>	<b>(8.4%)</b>
<i>% of net sales</i>	<i>78.5%</i>	<i>76.7%</i>	<i>64.0%</i>	<i>66.8%</i>	<i>1.8 p.p.</i>	<i>14.5 p.p.</i>	<i>11.7 p.p.</i>
Materials	(143.4)	(138.7)	(155.1)	(131.4)	3.4%	(7.5%)	9.1%
Conversion costs and others	(74.0)	(88.4)	(119.4)	(107.9)	(16.3%)	(38.0%)	(31.4%)
Depreciation	(15.5)	(16.3)	(15.9)	(14.9)	(4.9%)	(2.5%)	4.0%
<b>Idle cost and others</b>	<b>(44.4)</b>	<b>(17.0)</b>	<b>(1.5)</b>	<b>-</b>	<b>161.3%</b>	<b>n.a.</b>	<b>n.a.</b>
<i>% of net sales</i>	<i>15.0%</i>	<i>5.4%</i>	<i>0.3%</i>	<i>0.0%</i>	<i>9.6 p.p.</i>	<i>14.6 p.p.</i>	<i>15.0 p.p.</i>
<b>Gross profit</b>	<b>19.2</b>	<b>56.9</b>	<b>161.7</b>	<b>126.3</b>	<b>(66.2%)</b>	<b>(88.1%)</b>	<b>(84.8%)</b>
<i>% Gross Margin</i>	<i>6.5%</i>	<i>17.9%</i>	<i>35.6%</i>	<i>33.2%</i>	<i>(11.4 p.p.)</i>	<i>(29.2 p.p.)</i>	<i>(26.7 p.p.)</i>
<b>SG&amp;A</b>	<b>(106.4)</b>	<b>(124.7)</b>	<b>(124.8)</b>	<b>(102.5)</b>	<b>(14.6%)</b>	<b>(14.7%)</b>	<b>3.8%</b>
<i>% of net sales</i>	<i>35.9%</i>	<i>39.3%</i>	<i>27.5%</i>	<i>26.9%</i>	<i>(3.4 p.p.)</i>	<i>8.4 p.p.</i>	<i>8.9 p.p.</i>
Selling expenses	(65.8)	(86.1)	(91.6)	(71.3)	(23.6%)	(28.1%)	(7.7%)
<i>% of net sales</i>	<i>22.2%</i>	<i>27.1%</i>	<i>20.2%</i>	<i>18.7%</i>	<i>(4.9 p.p.)</i>	<i>2.0 p.p.</i>	<i>3.4 p.p.</i>
General and administrative expenses	(40.6)	(38.6)	(33.2)	(31.2)	5.3%	22.2%	30.2%
<i>% of net sales</i>	<i>13.7%</i>	<i>12.2%</i>	<i>7.3%</i>	<i>8.2%</i>	<i>1.5 p.p.</i>	<i>6.4 p.p.</i>	<i>5.5 p.p.</i>
<b>Others, net</b>	<b>(1.3)</b>	<b>3.5</b>	<b>(7.1)</b>	<b>4.9</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<i>% of net sales</i>	<i>(0.4%)</i>	<i>1.1%</i>	<i>(1.6%)</i>	<i>1.3%</i>	<i>(1.5 p.p.)</i>	<i>1.1 p.p.</i>	<i>(1.7 p.p.)</i>
<b>Income (loss) from operations</b>	<b>(88.5)</b>	<b>(64.3)</b>	<b>29.8</b>	<b>28.6</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<i>% of net sales</i>	<i>(29.8%)</i>	<i>(20.3%)</i>	<i>6.6%</i>	<i>7.5%</i>	<i>(9.6 p.p.)</i>	<i>(36.4 p.p.)</i>	<i>(37.4 p.p.)</i>
Financial result	(85.9)	(96.2)	(66.1)	(92.6)	(10.7%)	30.0%	(7.2%)
<b>Profit (loss) before taxes</b>	<b>(174.4)</b>	<b>(160.5)</b>	<b>(36.3)</b>	<b>(63.9)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
Income and social contribution taxes	(1.0)	(0.1)	2.0	(0.2)	n.a.	n.a.	n.a.
<b>Net income (loss)</b>	<b>(175.4)</b>	<b>(160.6)</b>	<b>(34.3)</b>	<b>(64.1)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<i>% of net sales</i>	<i>(59.1%)</i>	<i>(50.6%)</i>	<i>(7.6%)</i>	<i>(16.9%)</i>	<i>(8.5 p.p.)</i>	<i>(51.6 p.p.)</i>	<i>(42.3 p.p.)</i>



## Income Statement (continued)

Em R\$ milhões	9M22 (A)	9M21 (B)	9M19 (C)	(A)/(B) %	(A)/(C) %
Receita operacional bruta	1,335.7	1,782.0	1,404.5	(25.0%)	(4.9%)
<b>Receita operacional líquida</b>	<b>995.2</b>	<b>1,269.0</b>	<b>1,049.3</b>	<b>(21.6%)</b>	<b>(5.2%)</b>
<b>Custo dos produtos vendidos</b>	<b>(718.8)</b>	<b>(791.9)</b>	<b>(731.1)</b>	<b>(9.2%)</b>	<b>(1.7%)</b>
<i>% da Receita Líquida</i>	<i>72.2%</i>	<i>62.4%</i>	<i>69.7%</i>	<i>9.8 p.p.</i>	<i>2.6 p.p.</i>
Materiais	(419.0)	(400.0)	(370.7)	4.8%	13.0%
Custos de conversão e outros	(253.1)	(345.3)	(315.1)	(26.7%)	(19.7%)
Depreciação	(46.7)	(46.6)	(45.3)	0.2%	3.1%
<b>Custo de ociosidade e outros</b>	<b>(76.6)</b>	<b>(16.8)</b>	<b>-</b>	<b>356.9%</b>	<b>n.a.</b>
<i>% da Receita Líquida</i>	<i>7.7%</i>	<i>1.3%</i>	<i>0.0%</i>	<i>6.4 p.p.</i>	<i>7.7 p.p.</i>
<b>Lucro bruto</b>	<b>199.8</b>	<b>460.3</b>	<b>318.2</b>	<b>(56.6%)</b>	<b>(37.2%)</b>
<i>Margem Bruta, %</i>	<i>20.1%</i>	<i>36.3%</i>	<i>30.3%</i>	<i>(16.2 p.p.)</i>	<i>(10.3 p.p.)</i>
<b>Despesas com vendas, gerais e administrativas</b>	<b>(340.8)</b>	<b>(371.6)</b>	<b>(293.4)</b>	<b>(8.3%)</b>	<b>16.2%</b>
<i>% da Receita Líquida</i>	<i>34.2%</i>	<i>29.3%</i>	<i>28.0%</i>	<i>5.0 p.p.</i>	<i>6.3 p.p.</i>
Despesas com vendas	(228.5)	(273.0)	(204.2)	(16.3%)	11.9%
<i>% da Receita Líquida</i>	<i>23.0%</i>	<i>21.5%</i>	<i>19.5%</i>	<i>1.4 p.p.</i>	<i>3.5 p.p.</i>
Despesas gerais e administrativas	(112.3)	(98.6)	(89.2)	14.0%	25.9%
<i>% da Receita Líquida</i>	<i>11.3%</i>	<i>7.8%</i>	<i>8.5%</i>	<i>3.5 p.p.</i>	<i>2.8 p.p.</i>
<b>Outras, líquidas</b>	<b>1.7</b>	<b>(11.8)</b>	<b>24.0</b>	<b>n.a.</b>	<b>n.a.</b>
<i>% da Receita Líquida</i>	<i>0.2%</i>	<i>(0.9%)</i>	<i>2.3%</i>	<i>1.1 p.p.</i>	<i>(2.1 p.p.)</i>
<b>Resultado operacional</b>	<b>(139.3)</b>	<b>76.9</b>	<b>48.8</b>	<b>n.a.</b>	<b>n.a.</b>
<i>% da Receita Líquida</i>	<i>(14.0%)</i>	<i>6.1%</i>	<i>4.7%</i>	<i>(20.1 p.p.)</i>	<i>(18.7 p.p.)</i>
Resultado financeiro	(260.2)	(185.7)	(170.4)	40.2%	52.7%
<b>Resultado antes dos impostos</b>	<b>(399.6)</b>	<b>(108.8)</b>	<b>(121.6)</b>	<b>n.a.</b>	<b>n.a.</b>
IR e CSSL	(1.2)	8.7	(3.3)	n.a.	n.a.
<b>Resultado Líquido Proveniente das Operações Continuadas</b>	<b>(400.8)</b>	<b>(100.1)</b>	<b>(124.9)</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Resultado Líquido Proveniente das Operações Descontinuadas</b>	<b>-</b>	<b>-</b>	<b>194.4</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Lucro (prejuízo) líquido</b>	<b>(400.8)</b>	<b>(100.1)</b>	<b>69.4</b>	<b>n.a.</b>	<b>n.a.</b>
<i>% da Receita Líquida</i>	<i>(40.3%)</i>	<i>(7.9%)</i>	<i>6.6%</i>	<i>(32.4 p.p.)</i>	<i>(46.9 p.p.)</i>

## Cash Flow Statement

in R\$ million	9M22	9M21
<b>Cash flows from operating activities</b>		
Net income (loss) for the period	(400.8)	(100.1)
<b>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities</b>		
Depreciation and amortization	73.6	75.1
Provision for expected loss on doubtful accounts	11.4	-
Income and social contribution taxes	1.2	(8.7)
Result on disposal of property, plant and equipment	(1.7)	3.9
Renegotiation of leases	-	(1.9)
Exchange rate variations	18.0	3.4
Monetary variation	8.8	12.3
Bank charges and interests, net	222.7	159.2
Interest on leases	8.7	9.9
	<b>(58.0)</b>	<b>153.1</b>
<b>Changes in assets and liabilities</b>		
Marketable securities	(2.4)	(74.7)
Accounts receivable	123.0	14.1
Inventories	47.9	(85.7)
Advances to suppliers	(10.3)	1.6
Recoverable taxes	34.0	44.6
Cash holdback amount	-	20.8
Suppliers	13.4	40.0
Taxes - installments	62.0	94.6
Others	31.8	(41.6)
<b>Net cash provided by (used in) operating activities</b>	<b>241.1</b>	<b>166.9</b>
Interest paid on loans	(107.0)	(56.6)
Commissions and bank charges paid on loans	(27.2)	(18.3)
Income and social contribution taxes received (paid)	(1.2)	(0.2)
<b>Net cash provided by (used in) operating activities after interest and taxes</b>	<b>105.7</b>	<b>91.8</b>
<b>Cash flows from investing activities</b>		
Investment properties	(2.3)	(0.5)
Property, plant and equipment	(8.3)	(28.3)
Intangibles	(0.7)	-
Proceeds from sales of property, plant and equipment	0.7	9.3
Loans between related parties	(70.6)	(51.4)
<b>Net cash provided by (used in) investing activities</b>	<b>(81.3)</b>	<b>(70.8)</b>
<b>Cash flows from financing activities</b>		
Proceeds from new loans, net of prepaid fees	299.7	363.9
Repayment of loans	(269.6)	(351.2)
Repayment of leases	(27.4)	(29.9)
<b>Net cash provided by (used in) financing activities</b>	<b>2.6</b>	<b>(17.2)</b>
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiaries	13.3	7.1
<b>Increase (decrease) in cash and cash equivalents</b>	<b>40.4</b>	<b>10.9</b>
<b>Cash and cash equivalents:</b>		
At the beginning of the period	199.8	168.8
At the end of the period	240.2	179.7



*This press release may include declarations about Springs Global's expectations regarding future events or results. All declarations based upon future expectations, rather than historical facts, are subject to various risks and uncertainties.*

*These risks and uncertainties include factors related to the following: the Company's business strategy, the international and the Brazilian economies, technology, financial strategy, developments in the textile and retail sectors, market conditions, among others. To obtain further information on factors that may give rise to results different from those forecasted by Springs Global, please consult the reports filed with the Brazilian Comissão de Valores Mobiliários (CVM, equivalent to U.S. "SEC").*



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Springs Global is a leading company in Americas in bedding, tabletop and bath products, with traditional and leading brands in the segments in which it operates, strategically positioned to target customers of different socioeconomic profiles. Springs Global operates vertically integrated plants, with high degree of automation and flexibility, located in Brazil and Argentina.

### **Conference call**

Date: 12/19/2022

Time: 9 am São Paulo time / 7 am New York time / 12 pm London time

### **In Portuguese:**

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To access the webcast in English [click here](#) or access the website <http://www.springs.com/ri>.

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