



SPRINGS
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1Q22 Results

May 16, 2022

Springs Global: EBITDA of R\$ 38.2 million in 1Q22

São Paulo, May 16th, 2022 - Springs Global Participações S.A. (Springs Global), a company in the Home & Decoration segment, leader in bedding, tabletop and bath products, reported in the first quarter of 2022 (1Q22), net revenue of R\$ 381.3 million, surpassing by 11.9% the value achieved in the first quarter of 2019 (1Q19). Gross margin reached 32.4% and EBITDA margin was 10.0%.

The highlights of Springs Global's performance in 1Q22 were:

Net Revenue: R\$ 381.3 million, -11.4% compared to the first quarter of 2021 (1Q21), and +11.9% compared to 1Q19

Sell-out revenue^(b) from Retail: R\$ 175.0 million, in line with the 1Q21 value and +33.8% compared to 1Q19

Gross profit: R\$ 123.6 million, -22.2% year-over-year (yoy) and +26.9% compared to 1Q19, with gross margin of 32.4%, with an expansion of 3.8 p.p. compared to 1Q19

Sell-out revenue from physical stores: +23.6% and +11.5% compared to 1Q21 and 1Q19, respectively, with seven additional stores yoy

Income from operations (EBIT): R\$ 13.4 million, -52.4% yoy and +39.6% compared to 1Q19, with EBIT margin of 3.5%

Sales from e-commerce were 26% of total sell-out revenue from Retail, versus 40% in 1Q21, which was impacted by Covid-19 and led to the transfer of purchases from physical stores to digital, and 11% in 1Q19

EBITDA^(a): R\$ 38.2 million, -27.7% yoy and +7.4% compared to 1Q19¹, with EBITDA margin of 10.0%

Ex-bedding, bath and tabletop categories ("ex-BBT") were responsible for 7.4% of total sell-out revenue from Retail, +14.3% yoy

Working capital: R\$ 696.4 million, -7.9% yoy, with decrease of 19.6% in account receivable

Net revenue from Wholesale: R\$ 283.8 million, in line with the 1Q19 value, with expansion of EBITDA margin from 9.1% to 11.6% between both periods

¹ Continuing operations, see reconciliation on table 4.

The financial and operational information presented in this release, except when otherwise indicated, is in accordance with accounting policies adopted in Brazil, which are in accordance with international accounting standards (International Financial Reporting Standards - IFRS).



Consolidated Performance

Revenue

The consolidated net revenue reached R\$ 381.3 million in 1Q22, 11.4% lower than 1Q21 revenue, due to lower sales volume due to lower purchasing power related to inflation in the period, and 11.9% higher than 1Q19 revenue.

The Bedding, Tabletop and Bath^(c) line was responsible for 56% of 1Q22 revenue, and intermediate products^(d) for 18%. The Retail revenue contributed 26% of total revenue in 1Q22.

Revenues from the Bedding, Tabletop and Bath line amounted to R\$ 213.9 million in 1Q22, 10.5% and 3.5% lower than the values recorded in 1Q21 and 1Q19, respectively. The lower sales volume was partially offset by higher average price.

Revenues from intermediate products were R\$ 69.9 million, 19.7% lower yoy, and with an increase of 22.4% compared to 1Q19.

Retail net revenue totaled R\$ 97.5 million, 6.6% lower yoy, negatively impacted by lower sales from e-commerce, since in 1Q21 there was a Covid-19 wave that resulted in the transfer of sales from physical stores to digital. However, there was a 57.3% increase compared to 1Q19, positively impacted by the higher penetration of online purchases, which grew three times between those periods.

Retail sell-out gross revenue reached R\$ 175.0 million in 1Q22, stable yoy and with a growth of 33.8% compared to 1Q19. With the end of restrictions on trade and the advancement of vaccination during 2021, there was a transfer of sales from e-commerce to physical stores, which presented a growth of 23.6% in sales yoy.

At the end of 1Q22, we had 239 stores, versus 232 stores in 1Q21. In the last twelve months, seven Artex franchised stores and one Casa Moysés flagship store were opened, and one franchised MMartan store was closed.

E-commerce revenue totaled R\$ 45.6 million in 1Q22, representing 26% of Retail sales, versus 40% in 1Q21 and 11% in 1Q19.

Ex-bedding, bath and tabletop categories (“ex-BBT”) were responsible for 7.4% of Retail sales in 1Q22, with a growth of 14.3% yoy

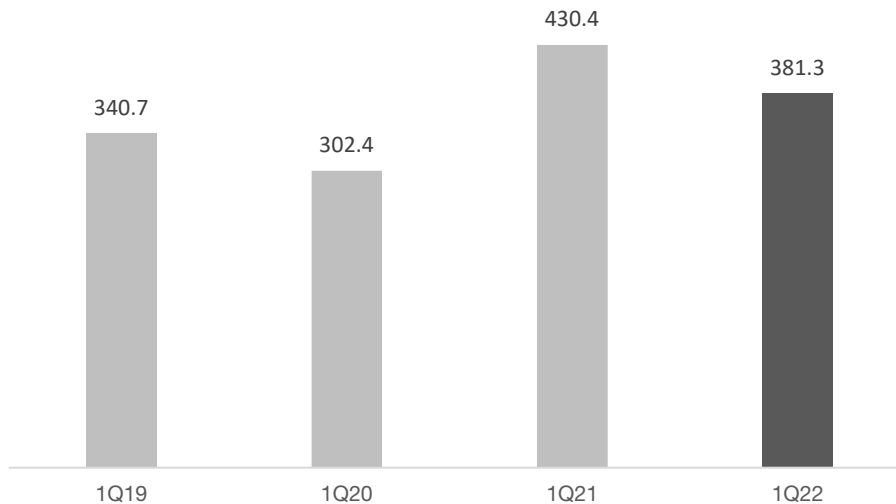


Chart 1 – Net Revenue, in R\$ million

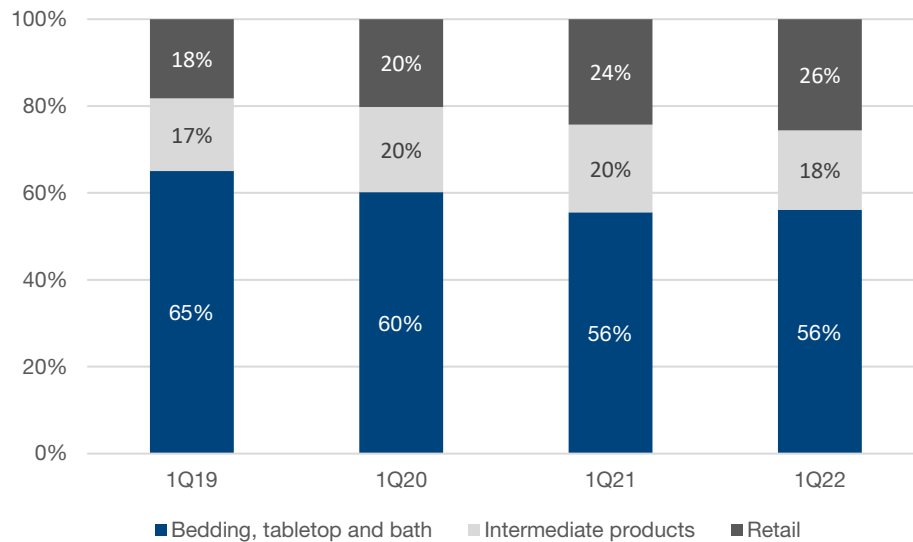


Chart 2 – Revenue per product line

Costs and Expenses

Cost of goods sold (COGS) was R\$ 257.7 million in 1Q22, with a yoy decrease of 5.1%, mainly due to lower sales volume, representing 67.6% of net revenue, versus 63.1% in 1Q21 and 71.4% in 1Q19.

The main raw materials are cotton and polyester that, together with chemicals, packaging and trims, are included in materials costs, which amounted to R\$ 136.9 million in 1Q22, stable yoy, with the increase in the costs of raw materials and inputs being offset by lower sales volume. The average price of cotton, our main raw material, increased yoy by 47% in Brazilian Reais in 1Q22.

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

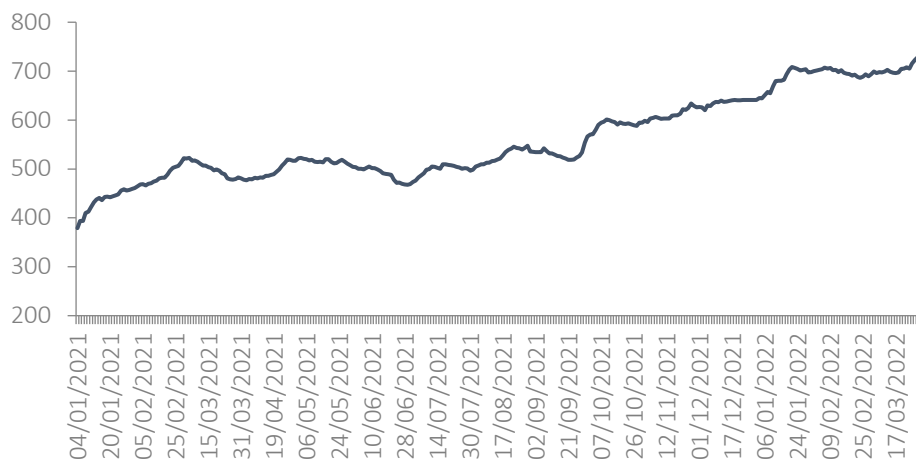


Chart 3 – Cotton price, source CEPEA

The conversion of raw materials into finished goods requires, mainly, labor, electricity and other utilities, designated as conversion costs and others, which reached R\$ 105.9 million in 1Q22, with an 11.2% decrease yoy.

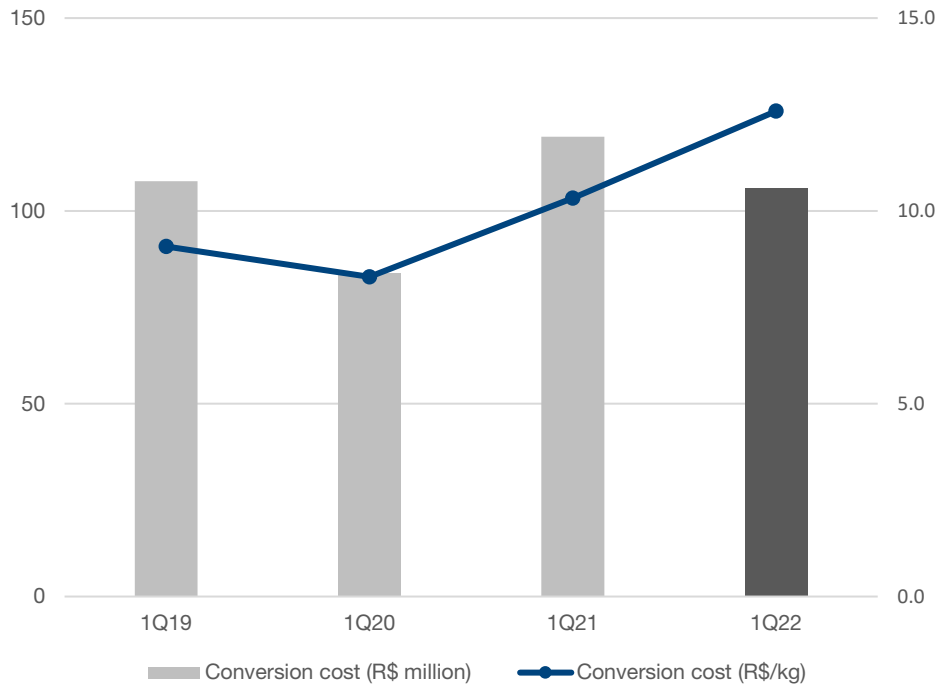


Chart 4 – Conversion cost

Depreciation costs of production and distribution assets totaled R\$ 14.9 million in 1Q22, with a 2.0% decrease yoy.

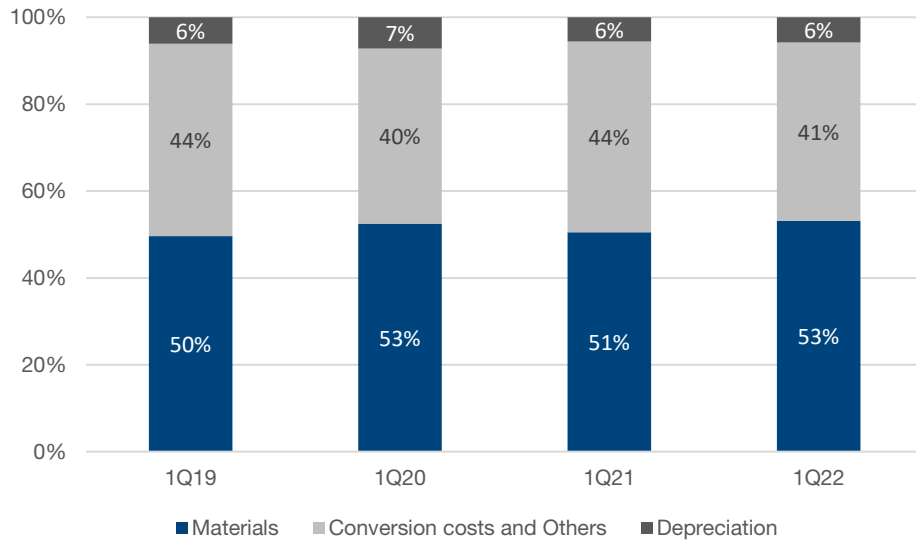


Chart 5 – COGS breakdown

Regarding operational expenses, selling expenses reached R\$ 76.5 million in 1Q22, 16.1% lower yoy, representing 20.1% of net revenue, compared to 21.2% in 1Q21, mainly due to lower sales at our online stores and, therefore, lower digital media and freight expenses. General and administrative expenses (G&A) amounted to R\$ 33.2 million in 1Q22, stable yoy and equivalent to 8.7% of net revenue, versus 7.7% in the same period of the previous year, due to the revenue decline between those periods.

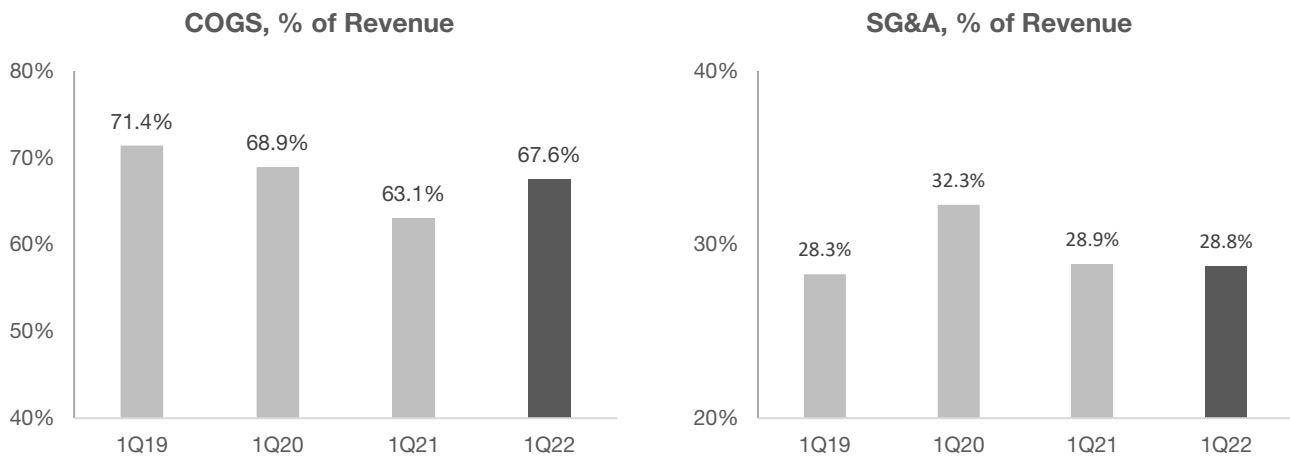


Chart 6 – COGS and SG&A, as % of net revenue

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\$ 0.5 million in 1Q22, compared to a net expense of R\$ 6.3 million in 1Q21, with a positive variation of R\$ 5.9 million yoy.

Springs Global US had a negative result of R\$ 4.9 million in 1Q22, compared to a negative amount of R\$ 5.6 million in 1Q21, before taxes and excluding results from discontinued operations.

Investment properties

Leasing revenue from the Power Center commercial development totaled R\$ 2.9 million in 1Q22, versus R\$ 2.5 million in 1Q21.

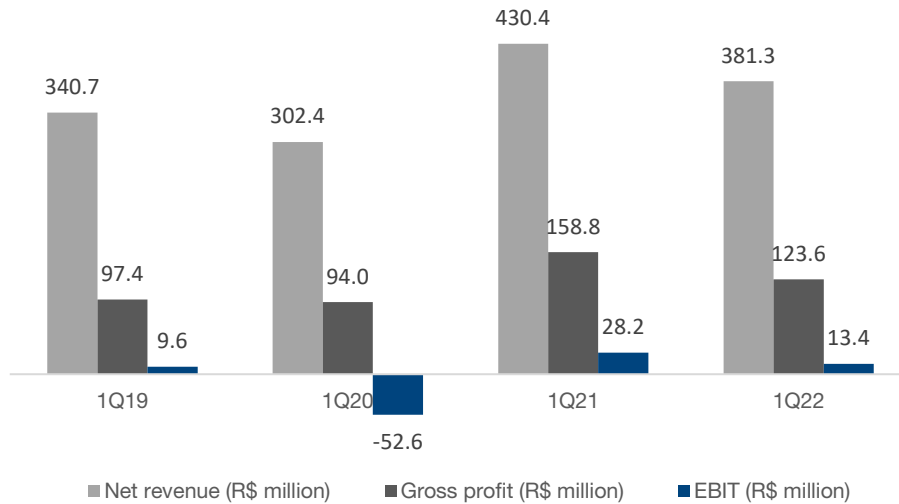
The commercialization of the outlet, which was suspended in 2020 due to the pandemic, was resumed in 1Q21. The start of its operation is expected in the third quarter of 2022. The outlet, when totally contracted and occupied, should expand rental revenue, when combined with revenue from the waste treatment contract, through our waste treatment plant located at the Commercial Complex, will expand our total revenue of the properties located in São Gonçalo do Amarante, RN, to approximately R\$ 30 million per year.

The Company's investment properties were valued at R\$ 460.6 million at the end of 1Q22, 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.

Financial indicators

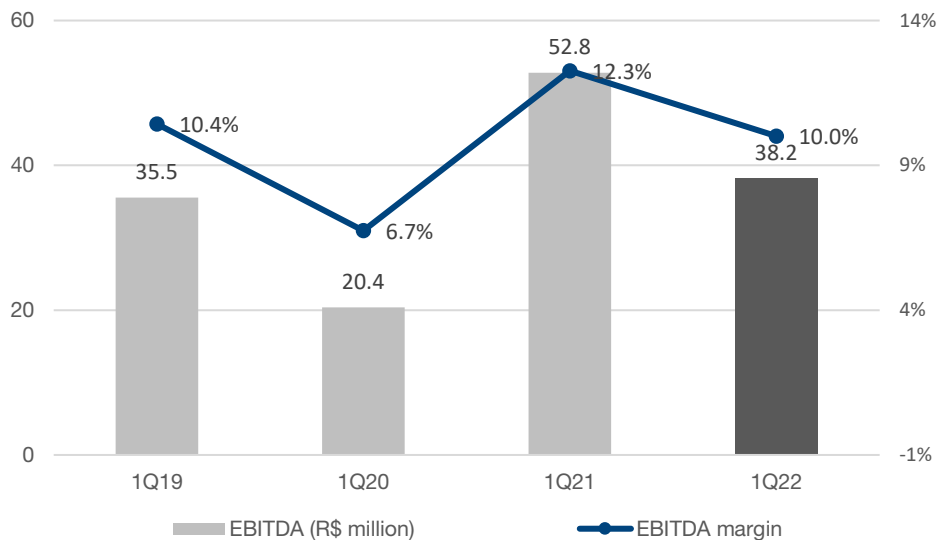
Gross profit totaled R\$ 123.6 million in 1Q22, with gross margin of 32.4%. There was a yoy 22.2% decline in gross profit and a decrease of 4.5 p.p. in gross margin, while, compared to the same period of 2019, there was a 26.9% expansion in gross profit and an increase of 3.8 p.p. in gross margin.

Income from operations was R\$ 13.4 million in 1Q22, with a decrease of R\$ 14.8 million yoy, mainly given (i) the decrease of R\$ 35.2 million in gross profit, partially offset by (ii) the decrease of R\$ 14.6 million in SG&A, and (iii) positive variation of R\$ 5.9 million in other expenses.



Graph 7 – Financial indicators, in R\$ million

EBITDA reached R\$ 38.2 million in 1Q22, versus R\$ 52.8 million in 1Q21 and R\$ 35.5 million in 1Q19¹. EBITDA margin was 10.0%, versus 12.3% in 1Q21 and 10.4% in 1Q19¹. The operating cash generation in the last twelve months ended on March 31, 2022, LTM EBITDA, totaled R\$ 198.3 million.



Graph 8 – EBITDA and EBITDA margin

Capital expenditures (Capex) totaled R\$ 3.9 million in 1Q22, versus R\$ 12.8 million in 1Q21.

The working capital needs amounted to R\$ 696.4 million at the end of 1Q22, 7.9%, or R\$ 59.3 million, lower yoy, mainly due to a decrease in account receivable (R\$ 98.4 million) and an increase in suppliers account (R\$ 66.8 million), partially offset by the increase in inventories (R\$ 61.9 million) and advances to suppliers (R\$ 44.0 million). There was an increase in finished goods inventory, in order to improve the delivery time to our wholesale customers.

¹ Continuing operations, see reconciliation on table 4.

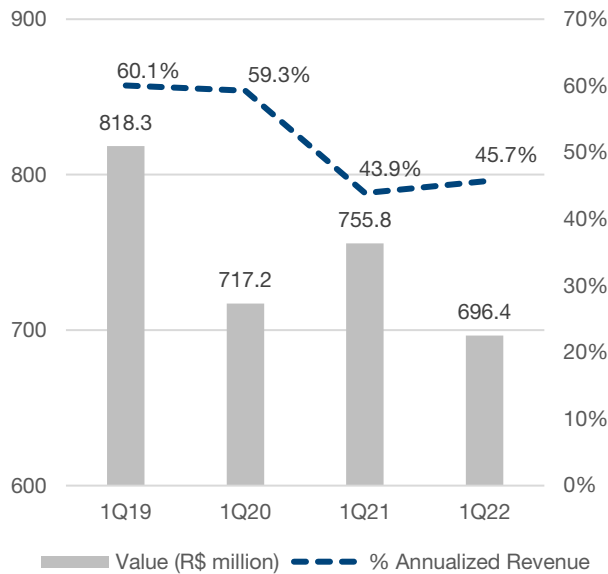


Chart 9 – Working capital, at the end of the period

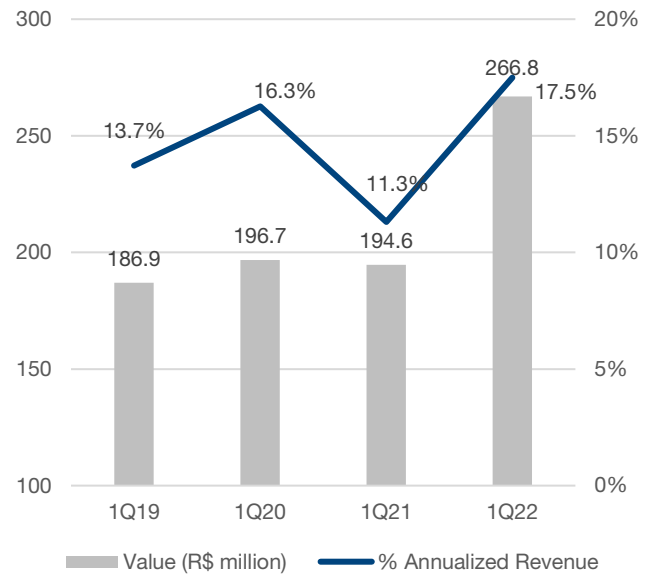


Chart 10 – Finished goods inventory, at the end of the period

Our adjusted net debt^(e) was R\$ 780.3 million as of March 31, 2022, versus R\$ 779.3 million as of December 31, 2021. Debt amortization was R\$ 91.4 million, and we obtained new loans or renewals totaling R\$ 30.4 million in 1Q22.

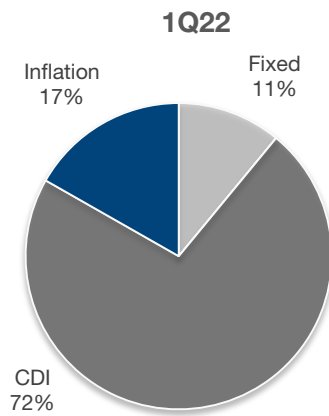


Chart 11 – Debt per index

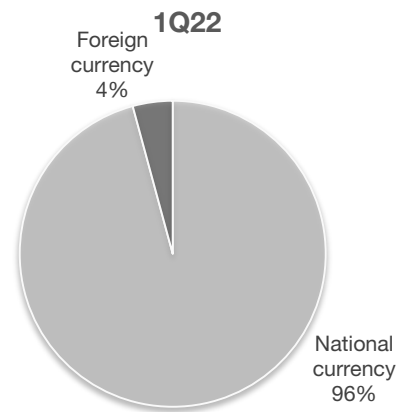


Chart 12 – Debt by currency

The financial result was an expense of R\$ 78.1 million in 1Q22, versus an expense of R\$ 59.1 million in 1Q21, negatively impacted by higher financial expenses (R\$ 29.6 million), mainly related the increase of the Selic rate in recent months, from 2.0% in December 31, 2020 to 11.75% in March 31, 2022. The net loss in 1Q22 was R\$ 64.8 million.

Our leverage, as measured by net debt/EBITDA, was equal to 5.4x at the end of 2020, versus 4.4 at the end of 1Q21, and 3.8x² at the end of 1Q22. The Company continues to negotiate the sale of assets to accelerate deleveraging.

²Adding to LTM EBITDA, the non-recurring expenses of R\$ 4.6 million related to the application for registration of the Initial Public Offering of AMMO Varejo S.A.



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\$ 283.8 million in 1Q22, with a 12.9% decrease compared to 1Q21, due to lower sales volume due to lower purchasing power related to inflation in the period, and 1.8% higher than 1Q19.

COGS totaled R\$ 209.3 million in 1Q22, 5.6% lower yoy, due to lower sales volume. The average cost per ton increased yoy, mainly due to higher costs for raw materials, inputs and energy costs.

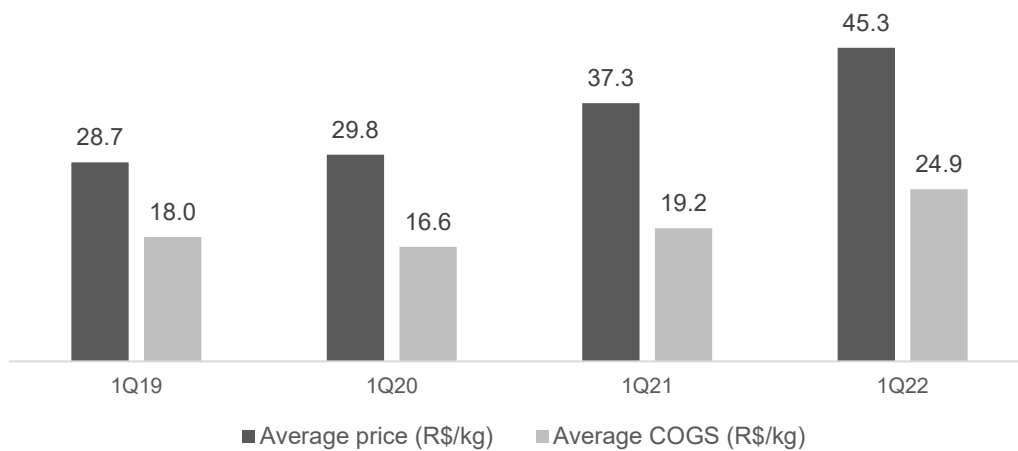


Chart 13 – Evolution of average price and unit cost in the Wholesale business unit

Gross profit reached R\$ 74.5 million, 28.6% lower yoy and 14.0% higher than 1Q19. Gross margin was 26.3%, versus 32.0% in 1Q21 and 23.5% in 1Q19. SG&A expenses totaled R\$ 56.7 million, 11.5% lower yoy.

EBITDA was R\$ 33.0 million in 1Q22, 34.0% lower yoy, and with an increase of 29.6% compared to 1Q19. EBITDA margin was 11.6% in 1Q22, versus 15.3% in 1Q21, and 9.1% in 1Q19.

Retail

The sell-out revenue from the Retail business unit amounted to R\$ 175.0 million in 1Q22, stable yoy and with a growth of 33.8% compared to the same period of 2019.

With the end of restrictions and the advancement of vaccination during 2021, there was a migration of sales from online to physical stores, which presented a growth of 23.6% in sales yoy.

At the end of 1Q22, we had 239 stores, of which 65 were owned and 174 franchises, versus 232 stores in 1Q21. In the last twelve months, seven Artex franchised stores and one Casa Moisés flagship store were opened, and one franchised MMartan store was closed.

E-commerce revenue totaled R\$ 45.6 million, representing 26% of our Retail sales, versus 40% in 1Q21, which was impacted by Covid-19 and led to the transfer of sales from physical stores to digital, and 11% in 1Q19.

Ex-bedding, bath and tabletop categories (“ex-BBT”) were responsible for 7.4% of Retail sales in 1Q22, with a growth of 14.3% yoy

Retail net revenue totaled R\$ 97.5 million, 6.6% lower yoy, negatively impacted by mix of sales channels, however, with a 57.3% increase compared to 1Q19, positively impacted by the higher penetration of online purchases, which grew three times between those periods.

COGS totaled R\$ 48.4 million in 1Q22, 2.8% lower yoy. Gross profit reached R\$ 49.1 million in 1Q22, 10.1% lower yoy, and with a growth of 53.4% compared to 1Q19. Gross margin was 50.4% in 1Q22, versus 52.3% in 1Q21 and 51.6% in 1Q19.

SG&A expenses amounted to R\$ 48.6 million, 10.8% lower yoy, mainly due to the decrease in sales expenses with digital media and freight, related to the sales in the digital channels.

Other net revenue totaled R\$ 0.7 million in 1Q22, versus R\$ 0.2 million in 1Q21, with a positive variation of R\$ 0.5 million yoy.

EBITDA was R\$ 8.9 million in 1Q22, with an increase of 23.6% and 154.3% compared to 1Q21 and 1Q19, respectively. EBITDA margin was 9.1%, versus 6.9% in 1Q21 and 5.6% in 1Q19.

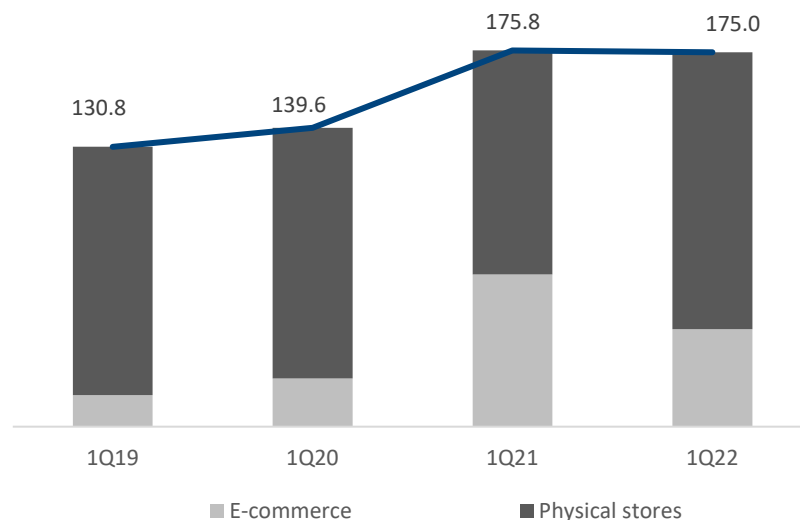


Chart 14 – Retail sell-out revenue, in R\$ million

Share performance

Springs Global's shares, traded on the B3 under the ticker SGPS3, increased by 13.6% in 1Q22, lower than the performance of the IBOVESPA index and greater than the Small Cap index in the same period. The daily average financial volume of our shares was R\$ 0.3 million in 1Q22, versus R\$ 0.6 million in 4Q21 and R\$ 0.9 million in 1Q21. Springs Global had a market cap of R\$ 279.0 million, with share price of R\$ 5.58, on March 31, 2022.

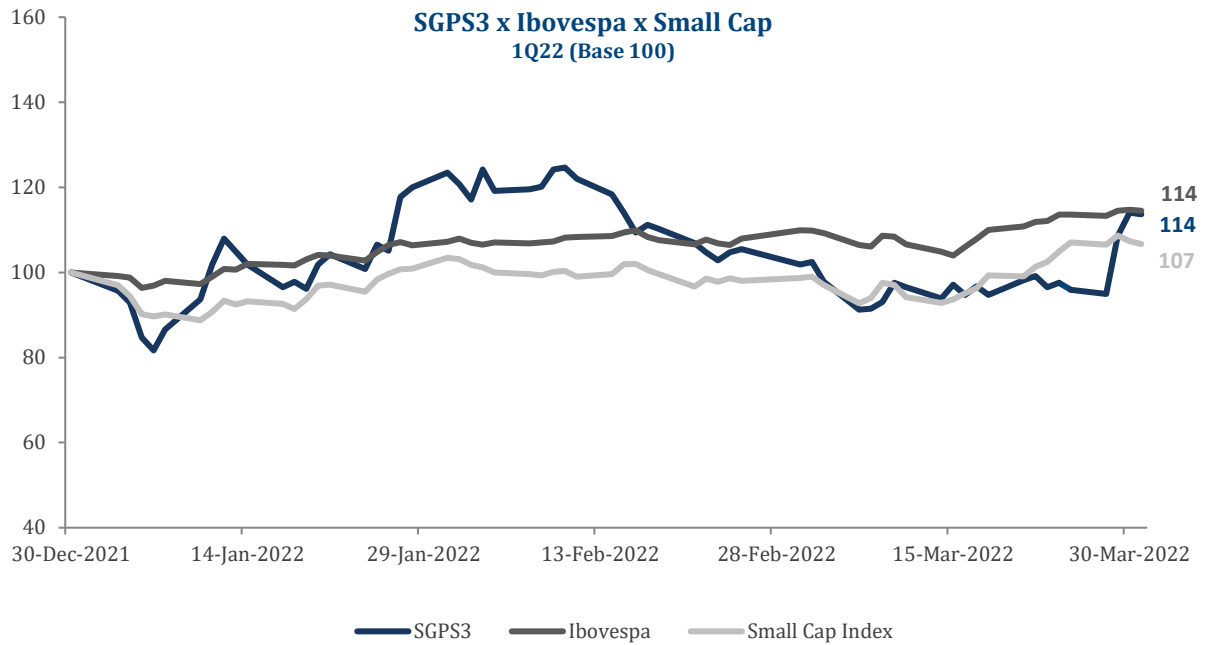


Chart 15- Performance of SGPS3 share price



Financial indicators

Tables

Table 1 – Net revenue by business unit

in R\$ million	1Q22	%	1Q21	%	1Q19	%	(A)/(B)	(A)/(C)
	(A)		(B)		(C)		%	%
Wholesale	283.8	74%	326.0	76%	278.7	82%	(12.9%)	1.8%
Retail	97.5	26%	104.4	24%	62.0	18%	(6.6%)	57.3%
Total net revenue	381.3	100%	430.4	100%	340.7	100%	(11.4%)	11.9%

Table 2 – Net revenue by product line

Product Lines	Net Revenue (R\$ million)					Volume (tons)					Average price (R\$/Kg)				
	1Q22	1Q21	1Q19	(A)/(B)	(A)/(C)	1Q22	1Q21	1Q19	(D)/(E)	(D)/(F)	1Q22	1Q21	1Q19	(G)/(H)	(G)/(I)
	(A)	(B)	(C)	%	%	(D)	(E)	(F)	%	%	(G)	(H)	(I)	%	%
Bedding, tabletop and bath	213.9	238.9	221.6	(10.5%)	(3.5%)	4,257	5,072	6,680	(16.1%)	(36.3%)	50.2	47.1	33.2	6.7%	51.5%
Intermediate products	69.9	87.1	57.1	(19.7%)	22.4%	4,157	6,470	5,181	(35.7%)	(19.8%)	16.8	13.5	11.0	24.9%	52.6%
Retail	97.5	104.4	62.0	(6.6%)	57.3%										
Total	381.3	430.4	340.7	(11.4%)	11.9%	8,414	11,542	11,861	(27.1%)	(29.1%)	45.3	37.3	28.7	21.5%	57.8%

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

in R\$ million	1Q22	%	1Q21	%	1Q19	%	(A)/(B)	(A)/(C)
	(A)		(B)		(C)		%	%
Materials	136.9	53.1%	137.1	50.5%	120.8	49.7%	(0.2%)	13.3%
Conversion costs and others	105.9	41.1%	119.2	43.9%	107.7	44.3%	(11.2%)	(1.7%)
Depreciation	14.9	5.8%	15.2	5.6%	14.8	6.1%	(2.0%)	0.7%
COGS	257.7	100.0%	271.5	100.0%	243.3	100.0%	(5.1%)	5.9%
COGS, % Revenues	67.6%		63.1%		71.4%		4.5 p.p.	(3.8 p.p.)
Sales expenses	76.5	69.7%	91.2	73.4%	67.8	70.3%	(16.1%)	12.9%
General and administrative expenses	33.2	30.3%	33.0	26.6%	28.6	29.7%	0.5%	16.0%
SG&A	109.7	100.0%	124.3	100.0%	96.4	100.0%	(11.7%)	13.8%
SG&A, % Revenues	28.8%		28.9%		28.3%		(0.1 p.p.)	0.5 p.p.

Table 4 – Reconciliation of EBITDA

in R\$ million	1Q22	1Q21	1Q19	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Continuing operations					
Income (loss)	(64.8)	(28.0)	159.4	n.a.	n.a.
(-) Result from discontinued operations	-	-	(194.4)	n.a.	(100.0%)
(+) Income and social contribution taxes from continuing operations	0.1	(2.9)	0.4	n.a.	(82.6%)
(+) Financial results from continuing operations	78.1	59.1	44.2	32.1%	76.8%
(+) Depreciation and amortization from continuing operations	24.7	24.5	25.9	0.7%	(4.5%)
EBITDA from continuing operations	38.2	52.8	35.5	(27.7%)	7.4%
Discontinued operations					
Result from discontinued operations	-	-	194.4	n.a.	(100.0%)
(+) Income and social contribution taxes from discontinued operations	-	-	82.7	n.a.	(100.0%)
(+) Financial results from discontinued operations	-	-	3.8	n.a.	(100.0%)
(+) Depreciation and amortization from discontinued operations	-	-	0.6	n.a.	(100.0%)
EBITDA from discontinued operations	-	-	281.4	n.a.	(100.0%)
EBITDA	38.2	52.8	316.9	(27.7%)	(88.0%)

Table 5 – EBITDA per business unit and EBITDA margin

in R\$ million	1Q22	1Q21	1Q19	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Wholesale	33.0	50.0	25.4	(34.0%)	29.9%
Retail	8.9	7.2	4.0	23.6%	122.5%
Non-allocated expenses	(3.8)	(4.4)	6.1	(13.6%)	n.a.
EBITDA from continuing operations (i)	38.2	52.8	35.5	(27.7%)	7.4%
EBITDA from discontinued operations (ii)	-	-	281.4	n.a.	(100.0%)
EBITDA (i) + (ii)	38.2	52.8	316.9	(27.7%)	(88.0%)
<i>EBITDA Margin %</i>	<i>10.0%</i>	<i>12.3%</i>	<i>93.0%</i>	<i>(2.3 p.p.)</i>	<i>(83.0 p.p.)</i>

Table 6 – Financial Results

in R\$ million	1Q22	1Q21	(A)/(B)
	(A)	(B)	%
Financial income	13.1	6.0	116.8%
Financial expenses - interests	(60.9)	(31.2)	94.8%
Financial expenses - bank charges and others	(32.2)	(28.2)	14.3%
Interest on leasing	(3.4)	(3.1)	10.2%
Financial results, ex-exchange variations	(83.4)	(56.5)	47.7%
Exchange rate variations, net	5.3	(2.6)	n.a.
Financial results	(78.1)	(59.1)	32.1%

Table 7 – Working Capital

in R\$ million	1Q22	4Q21	1Q21	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Accounts receivable	403.0	448.9	501.4	(10.2%)	(19.6%)
Inventories	506.7	517.7	444.8	(2.1%)	13.9%
Advances to suppliers	59.5	40.1	15.5	48.4%	284.5%
Suppliers	(272.7)	(258.9)	(205.9)	5.3%	32.5%
Working capital	696.4	747.8	755.8	(6.9%)	(7.9%)

Table 8 – Indebtedness

in R\$ million	1Q22	4Q21	1Q21	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Loans and financing	784.4	847.3	855.4	(7.4%)	(8.3%)
- Domestic currency	744.7	793.2	790.0	(6.1%)	(5.7%)
- Foreign currency	39.7	54.2	65.4	(26.7%)	(39.3%)
Debentures	158.0	158.6	87.2	(0.4%)	81.2%
Total debt	942.4	1,005.9	942.6	(6.3%)	(0.0%)
Cash and marketable securities	(162.1)	(226.6)	(176.1)	(28.5%)	(8.0%)
Net debt	780.3	779.3	766.5	0.1%	1.8%

Table 9 – Main indicators - Wholesale business unit

in R\$ million	1Q22	4Q21	1Q21	1Q19	(A)/(B)	(A)/(C)	(A)/(D)
	(A)	(B)	(C)	(D)	%	%	%
Net revenue	283.8	318.2	326.0	278.7	(10.8%)	(12.9%)	1.8%
(-) COGS	(209.3)	(237.0)	(221.7)	(213.3)	(11.7%)	(5.6%)	(1.9%)
Gross profit	74.5	81.2	104.3	65.4	(8.3%)	(28.6%)	14.0%
Gross Margin %	26.3%	25.5%	32.0%	23.5%	0.7 p.p.	(5.7 p.p.)	2.8 p.p.
(-) SG&A	(56.7)	(68.0)	(64.1)	(58.8)	(16.6%)	(11.5%)	(3.6%)
(+/-) Others	(0.7)	19.4	(6.6)	2.9	n.a.	(89.4%)	n.a.
Operational result	17.1	32.6	33.6	9.5	(47.5%)	(49.1%)	80.7%
(+) Depreciation and Amortization	15.9	17.3	16.4	16.0	(8.1%)	(3.0%)	(0.6%)
EBITDA	33.0	49.9	50.0	25.5	(33.9%)	(34.0%)	29.6%
EBITDA Margin %	11.6%	15.7%	15.3%	9.1%	(4.1 p.p.)	(3.7 p.p.)	2.5 p.p.

Table 10 – Main indicators - Retail business unit

in R\$ million	1Q22 (A)	4Q21 (B)	1Q21 (C)	1Q19 (D)	(A)/(B) %	(A)/(C) %	(A)/(D) %
Net revenue	97.5	133.6	104.4	62.0	(27.0%)	(6.6%)	57.3%
(-) COGS	(48.4)	(64.2)	(49.8)	(30.0)	(24.6%)	(2.8%)	61.3%
Gross profit	49.1	69.4	54.6	32.0	(29.3%)	(10.1%)	53.4%
<i>Gross Margin %</i>	<i>50.4%</i>	<i>52.0%</i>	<i>52.3%</i>	<i>51.6%</i>	<i>(1.7 p.p.)</i>	<i>(1.9 p.p.)</i>	<i>(1.3 p.p.)</i>
(-) SG&A	(48.6)	(62.5)	(54.5)	(35.0)	(22.2%)	(10.8%)	38.9%
(+/-) Others	0.7	(2.7)	0.2	0.2	n.a.	250.0%	250.0%
Operational result	1.2	4.2	0.3	(2.8)	(71.4%)	300.0%	(142.9%)
(+) Depreciation and Amortization	7.7	8.0	6.9	6.3	(3.8%)	11.6%	22.2%
EBITDA	8.9	12.2	7.2	3.5	(27.0%)	23.6%	154.3%
<i>EBITDA Margin %</i>	<i>9.1%</i>	<i>9.2%</i>	<i>6.9%</i>	<i>5.6%</i>	<i>(0.1 p.p.)</i>	<i>2.2 p.p.</i>	<i>3.5 p.p.</i>
Number of stores	239	240	232	237	(0.4%)	3.0%	0.8%
Owned Mmartan and Casa Moisés	31	31	30	32	0.0%	3.3%	(3.1%)
Franchise MMartan	118	119	119	126	(0.8%)	(0.8%)	(6.3%)
Owned Artex	34	34	34	35	0.0%	0.0%	(2.9%)
Franchise Artex	56	56	49	44	0.0%	14.3%	27.3%
Gross Revenue sell-out	175.0	227.6	175.8	130.8	(23.1%)	(0.5%)	33.8%
Physical stores	129.4	173.2	104.7	116.1	(25.3%)	23.6%	11.5%
E-commerce sales	45.6	54.4	71.1	14.7	(16.2%)	(35.9%)	209.6%
Share of e-commerce (%)	26.1%	23.9%	40.4%	11.3%	<i>2.2 p.p.</i>	<i>(14.4 p.p.)</i>	<i>14.8 p.p.</i>



Glossary

(a) 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.

(b) Sell-out revenue – Revenue from sales channel to the end customers.

(c) Bedding, Tabletop and Bath ("CAMEBA") line – includes bed sheets and pillow cases, sheet sets, tablecloths, towels, rugs and bath accessories.

(d) Intermediate products – yarns and fabrics, in their natural state or dyed and printed, sold to small and medium-sized clothing, knitting and weaving companies.

(e) Net debt – Gross debt minus cash and marketable securities

Balance sheet

in R\$ million	1Q22	4Q21	1Q21
Assets			
Current assets	1,345.3	1,481.1	1,399.2
Cash and cash equivalents	138.1	199.8	156.1
Marketable securities	16.3	19.2	18.4
Accounts receivable	403.0	448.9	501.4
Financial leases receivable	15.0	17.6	17.8
Inventories	506.7	517.7	444.8
Advances to suppliers	59.5	40.1	15.5
Recoverable taxes	66.9	76.6	77.1
Other receivables	27.1	28.3	32.6
Assets held for sale	112.8	132.9	135.6
Noncurrent assets	1,696.9	1,715.1	1,799.9
Long-term assets	424.3	398.7	453.4
Marketable securities	7.7	7.6	1.7
Receivable - clients	14.8	16.3	22.4
Related parties	164.1	123.5	80.1
Advances to suppliers	35.7	25.2	42.1
Financial leases receivable	80.8	97.0	104.3
Recoverable taxes	30.0	29.1	77.8
Deferred taxes	17.4	20.0	20.3
Property, plant and equipment held for sale	13.5	15.5	18.5
Escrow deposits	8.5	8.4	10.6
Others	51.7	55.9	75.7
Permanent	1,272.6	1,316.3	1,346.5
Investment properties	460.6	459.9	405.2
Property, plant and equipment	561.7	578.6	631.0
Right-of-use assets	158.7	183.7	213.4
Intangible assets	91.6	94.1	96.9
Total assets	3,042.2	3,196.2	3,199.1

Balance sheet (continued)

in R\$ million	1Q22	4Q21 ³	1Q21
Liabilities and Equity			
Current liabilities	1,052.9	1,065.5	1,097.6
Loans and financing	412.1	433.9	515.3
Debentures	16.9	16.5	87.2
Suppliers	272.7	258.9	205.9
Taxes	24.3	29.8	21.2
Payroll and related charges	83.2	88.3	81.8
Government concessions	48.4	41.1	29.4
Leases payable	58.4	65.4	68.8
Taxes - installments	68.7	57.0	-
Other payables	68.2	74.6	88.0
Noncurrent liabilities	1,079.5	1,140.3	1,011.9
Loans and financing	372.3	413.4	340.1
Debentures	141.1	142.0	-
Leases payable	219.6	260.4	295.8
Related parties	0.7	0.8	1.1
Government concessions	52.0	54.4	56.4
Employee benefit plans	110.6	129.4	141.7
Miscellaneous accruals	13.5	13.8	13.2
Deferred taxes	85.8	86.9	81.4
Taxes - installments	62.5	36.7	-
Other obligations	21.5	2.4	82.1
Equity	909.8	990.4	1,089.6
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	(175.7)	(159.8)	(173.9)
Accumulated deficit	(980.4)	(915.6)	(790.1)
Total liabilities and equity	3,042.2	3,196.2	3,199.1

³Presented differently from the Financial Statements, maintaining the original maturities of the debts which the Company and its subsidiary Coteminas S.A. obtained a waiver of their financial covenants from financial institutions on a date after the end of the year 2021.

Income Statement

in R\$ million	1Q22	4Q21	1Q21	1Q19	(A)/(B)	(A)/(C)	(A)/(D)
	(A)	(B)	(C)	(D)	%	%	%
Gross revenues	511.9	615.0	597.5	447.7	(16.8%)	(14.3%)	14.3%
Net revenues	381.3	451.8	430.4	340.7	(15.6%)	(11.4%)	11.9%
Cost of goods sold	(257.7)	(301.1)	(271.5)	(243.3)	(14.4%)	(5.1%)	5.9%
<i>% of net sales</i>	<i>67.6%</i>	<i>66.6%</i>	<i>63.1%</i>	<i>71.4%</i>	<i>0.9 p.p.</i>	<i>4.5 p.p.</i>	<i>(3.8 p.p.)</i>
Materials	(136.9)	(173.8)	(137.1)	(120.8)	(21.2%)	(0.2%)	13.3%
Conversion costs and others	(105.9)	(110.8)	(119.2)	(107.7)	(4.4%)	(11.2%)	(1.7%)
Depreciation	(14.9)	(16.5)	(15.2)	(14.8)	(9.7%)	(2.0%)	0.7%
Gross profit	123.6	150.7	158.8	97.4	(18.0%)	(22.2%)	26.9%
<i>% Gross Margin</i>	<i>32.4%</i>	<i>33.4%</i>	<i>36.9%</i>	<i>28.6%</i>	<i>(0.9 p.p.)</i>	<i>(4.5 p.p.)</i>	<i>3.8 p.p.</i>
SG&A	(109.7)	(134.1)	(124.3)	(96.4)	(18.2%)	(11.7%)	13.8%
<i>% of net sales</i>	<i>28.8%</i>	<i>29.7%</i>	<i>28.9%</i>	<i>28.3%</i>	<i>(0.9 p.p.)</i>	<i>(0.1 p.p.)</i>	<i>0.5 p.p.</i>
Selling expenses	(76.5)	(95.1)	(91.2)	(67.8)	(19.5%)	(16.1%)	12.9%
<i>% of net sales</i>	<i>20.1%</i>	<i>21.0%</i>	<i>21.2%</i>	<i>19.9%</i>	<i>(1.0 p.p.)</i>	<i>(1.1 p.p.)</i>	<i>0.2 p.p.</i>
General and administrative expenses	(33.2)	(39.1)	(33.0)	(28.6)	(15.1%)	0.5%	16.0%
<i>% of net sales</i>	<i>8.7%</i>	<i>8.6%</i>	<i>7.7%</i>	<i>8.4%</i>	<i>0.1 p.p.</i>	<i>1.0 p.p.</i>	<i>0.3 p.p.</i>
Others, net	(0.5)	17.8	(6.3)	8.6	n.a.	(92.7%)	n.a.
<i>% of net sales</i>	<i>(0.1%)</i>	<i>3.9%</i>	<i>(1.5%)</i>	<i>2.5%</i>	<i>(4.1 p.p.)</i>	<i>1.3 p.p.</i>	<i>(2.7 p.p.)</i>
Income (loss) from operations	13.4	34.3	28.2	9.6	(60.8%)	(52.4%)	39.6%
<i>% of net sales</i>	<i>3.5%</i>	<i>7.6%</i>	<i>6.6%</i>	<i>2.8%</i>	<i>(4.1 p.p.)</i>	<i>(3.0 p.p.)</i>	<i>0.7 p.p.</i>
Financial result	(78.1)	(80.0)	(59.1)	(44.2)	(2.3%)	32.1%	76.8%
Profit (loss) before taxes	(64.7)	(45.6)	(30.9)	(34.6)	n.a.	n.a.	n.a.
Income and social contribution taxes	(0.1)	(7.9)	2.9	(0.4)	n.a.	n.a.	n.a.
Net result from continuing operations	(64.8)	(53.5)	(28.0)	(35.0)	n.a.	n.a.	n.a.
Net result from discontinued operations	-	-	-	194.4	n.a.	n.a.	n.a.
Net income (loss)	(64.8)	(53.5)	(28.0)	159.4	n.a.	n.a.	n.a.
<i>% of net sales</i>	<i>(17.0%)</i>	<i>(11.8%)</i>	<i>(6.5%)</i>	<i>46.8%</i>	<i>(5.1 p.p.)</i>	<i>(10.5 p.p.)</i>	<i>(63.8 p.p.)</i>

Cash Flow Statement

in R\$ million	1Q22	1Q21
Cash flows from operating activities		
Net income (loss) for the period	(64.8)	(28.0)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	24.7	24.5
Income and social contribution taxes	0.1	(2.9)
Result on disposal of property, plant and equipment	(0.1)	1.9
Exchange rate variations	(5.3)	2.6
Monetary variation	5.3	4.8
Bank charges and interests, net	74.1	48.3
Interest on leases	3.4	3.1
	37.5	54.4
Changes in assets and liabilities		
Marketable securities	2.9	2.0
Accounts receivable	16.8	3.9
Inventories	2.2	(40.8)
Advances to suppliers	(29.4)	(3.9)
Recoverable taxes	8.8	12.1
Cash holdback amount	-	22.1
Suppliers	30.6	(2.8)
Others	18.9	16.9
Net cash provided by (used in) operating activities	88.4	64.0
Interest paid on loans	(33.0)	(17.3)
Commissions and bank charges paid on loans	(8.0)	(4.4)
Income and social contribution taxes received (paid)	(0.1)	(0.0)
Net cash provided by (used in) operating activities after interest and taxes	47.2	42.2
Cash flows from investing activities		
Investment properties	(0.7)	(0.1)
Property, plant and equipment	(3.9)	(12.8)
Proceeds from sales of property, plant and equipment	0.0	2.6
Loans between related parties	(37.4)	(10.0)
Net cash provided by (used in) investing activities	(42.0)	(20.4)
Cash flows from financing activities		
Proceeds from new loans, net of prepaid fees	31.1	51.1
Repayment of loans	(91.4)	(80.8)
Repayment of leases	(10.4)	(10.1)
Net cash provided by (used in) financing activities	(70.7)	(39.7)
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiaries	3.8	5.2
Increase (decrease) in cash and cash equivalents	(61.6)	(12.7)
Cash and cash equivalents:		
At the beginning of the period	199.8	168.8
At the end of the period	138.1	156.1



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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About Springs Global | B3: SGPS3

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: 05/17/2022

Time: 11am São Paulo time / 10 am New York time / 3 pm London time

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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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