(Convenience Translation into English from the Original Previously Issued in Portuguese)

Springs Global Participações S.A.

Individual and Consolidated Financial Statements for the Year ended December 31, 2021 and Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders, Board Members and Management of
Springs Global Participações S.A.
Montes Claros - MG

Opinion

We have audited the individual and consolidated financial statements of Springs Global Participações S.A. (the "Company"), identified as parent company and consolidated, respectively, which comprise the individual and consolidated statement of financial position as at December 31, 2021 and the respective individual and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Springs Global Participações S.A. as at December 31, 2021, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements" section of our report. We are independent of the Company and its controlled companies in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Relevant components under the caption investments in the individual financial statements and in the consolidation of the financial statements	Audit response
The individual and consolidated financial statements are prepared in accordance with Brazilian accounting practices and the IFRS issued by IASB and some relevant and significant controlled and affiliate companies are audited by other independent auditors. See Note 8. We understand that, through the evaluation process of these investments, given their relevance in the breakdown of balances, transactions and disclosures in the individual and consolidated financial statements, they are a key audit matter. Additionally, the consolidation process has complexities due to the diversified businesses, different functional currencies and elimination of the related parties balances.	Our audit procedures included communication with the significant component auditors in order to discuss the identified audit risks, the emphasis, scope and time of the work. We issued audit instructions and reviewed the documentation of sufficient and appropriate audit that supported the opinion of other independent auditors of the significant components, as well as discussed the results achieved. Regarding the identified key audit matters, we discussed with the auditors of the significant components and evaluated their impacts on the accompanying individual and consolidated financial statements. Regarding the consolidation process, we verified whether the balances and information used were reconciled with the financial statements and accounting records of the investees, and whether they are in accordance with the accounting policies. Our exams did not identify significant exceptions in accounting for the investments and in the consolidation process carried out by the Company's Management, therefore, the amounts and information disclosed in the financial statements are adequate.

Other matters

Statements of value added

The individual and consolidated statements of value added, prepared under the responsibility of the Company’s Management and its controlled companies for the year ended December 31, 2021, and presented as supplemental information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company’s and controlled companies’ individual and consolidated financial statements. In order to form an opinion, we have checked whether these individual and consolidated statements are reconciled with the individual and consolidated financial statements and accounting records, as applicable, and whether its form and contents meet the criteria established in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, the individual and consolidated statements of value added were properly prepared, in all material respects, in accordance with the criteria established in the mentioned Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and auditor's report

The Management of the Company's and its controlled companies is responsible for this other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and with the IFRS, issued by IASB, and for such internal control as Management determines is necessary to enable the preparation of individual and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's and its controlled companies' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its controlled companies or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its controlled companies' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its controlled companies' internal controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its controlled companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 29, 2022.

BDO RCS Auditores Independentes SS
CRC 2 MG 009485/F-O

Paulo Sérgio Tufani
Accountant CRC 1 SP 124504/O-9 – S - MG

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

(In thousands of Brazilian Reais)

ASSETS

		Company		Consolidated	
	Note	2021	2020	2021	2020
CURRENT:					
Cash and cash equivalents	3	117	332	199,765	168,793
Marketable securities	4	-	-	19,219	16,311
Accounts receivable	5	-	-	448,935	509,086
Financial leases receivable	11	-	-	17,618	16,230
Inventories	6.a	-	-	517,713	403,669
Advances to suppliers	6.b	-	-	40,094	11,575
Recoverable taxes	18.c	-	16	76,609	64,992
Cash holdback amount		-	-	-	20,787
Other receivables		968	964	28,300	29,017
Assets held for sale	28	-	-	132,855	123,718
Total current assets		1,085	1,312	1,481,108	1,364,178
NONCURRENT:					
Long-term assets:					
Marketable securities	4	1,737	1,671	7,618	1,671
Receivable – clients	7	-	-	16,343	25,171
Related parties	22	-	-	123,499	70,341
Advances to suppliers	6.b	-	-	25,201	42,054
Financial leases receivable	11	-	-	97,049	96,659
Recoverable taxes	18.c	-	144	29,086	101,943
Deferred taxes	18.b	1,905	1,905	20,023	18,773
Property, plant and equipment held for sale	10.b	-	-	15,541	16,725
Escrow deposits	19	-	-	8,448	10,691
Others		-	-	55,931	74,335
		3,642	3,720	398,739	458,363
Investments in subsidiaries	8.a	1,035,134	1,146,045	-	-
Investment properties	9	-	-	459,890	405,046
Property, plant and equipment	10.a	-	-	578,621	635,413
Right-of-use assets	11	-	-	183,709	204,641
Intangible assets	12	-	-	94,125	97,139
Total noncurrent assets		1,038,776	1,149,765	1,715,084	1,800,602
Total assets		1,039,861	1,151,077	3,196,192	3,164,780

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

(In thousands of Brazilian Reais)

LIABILITIES AND EQUITY

		Company		Consolidated	
	Note	2021	2020	2021	2020
LIABILITIES					
CURRENT:					
Loans and financing	13	15,681	19,387	772,280	522,536
Debentures	14	-	-	158,596	91,085
Suppliers	15	10	22	258,920	206,097
Payroll and related charges		99	78	88,271	94,524
Taxes		61	69	29,776	38,104
Government concessions	16	-	-	41,148	27,658
Leases payable	17	-	-	65,356	64,447
Other payables		-	-	131,571	50,634
Total current liabilities		15,851	19,556	1,545,918	1,095,085
NONCURRENT:					
Loans and financing	13	13,915	18,685	75,037	355,577
Leases payable	17	-	-	260,380	281,307
Related parties	22	19,654	7,088	764	-
Government concessions	16	-	-	54,436	53,210
Miscellaneous accruals	19	-	-	13,776	13,386
Employee benefit plans	20	-	-	129,437	131,703
Deferred taxes	18.b	-	-	86,941	85,042
Other obligations		-	-	39,062	43,722
Total noncurrent liabilities		33,569	25,773	659,833	963,947
EQUITY:	21				
Capital		1,860,265	1,860,265	1,860,265	1,860,265
Capital reserves		79,381	79,381	79,381	79,381
Assets and liabilities valuation adjustments		126,234	113,814	126,234	113,814
Cumulative translation adjustments		(159,814)	(185,663)	(159,814)	(185,663)
Accumulated deficit		(915,625)	(762,049)	(915,625)	(762,049)
Total equity		990,441	1,105,748	990,441	1,105,748
Total liabilities and equity		1,039,861	1,151,077	3,196,192	3,164,780

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In thousands of Brazilian Reais)

		Company		Consolidated	
	Note	2021	2020	2021	2020
NET REVENUES	26	-	-	1,720,723	1,535,079
COST OF GOODS SOLD	25	-	-	(1,109,802)	(1,028,826)
GROSS PROFIT		-	-	610,921	506,253
OPERATING INCOME (EXPENSES):					
Selling expenses	25	-	-	(368,098)	(335,448)
General and administrative expenses	25	(960)	(982)	(122,571)	(113,915)
Management fees	22 and 25	(1,084)	(913)	(15,093)	(12,585)
Equity in subsidiaries	8.a	(149,180)	(247,606)	-	-
Others, net		-	-	6,027	4,818
INCOME (LOSS) FROM OPERATIONS		(151,224)	(249,501)	111,186	49,123
Financial expenses – interests and charges		(3,296)	(3,293)	(169,073)	(123,954)
Financial expenses – interest on leases	17	-	-	(13,555)	(13,898)
Financial expenses – taxes, discounts and others		(418)	(1,189)	(108,923)	(88,205)
Financial income		93	31	29,641	24,854
Exchange rate variations, net		1,269	-	(3,717)	(29,582)
LOSS FROM OPERATIONS BEFORE TAXES		(153,576)	(253,952)	(154,441)	(181,662)
Income and social contribution taxes:					
Current	18.a	-	-	(322)	(622)
Deferred	18.a	-	-	1,187	(71,668)
NET LOSS FOR THE YEAR – CONTINUING OPERATIONS		(153,576)	(253,952)	(153,576)	(253,952)
Equity in subsidiary – discontinued operations	28	-	(66,988)	-	-
Net loss from subsidiary – discontinued operations	28	-	-	-	(66,988)
NET LOSS FOR THE YEAR		(153,576)	(320,940)	(153,576)	(320,940)
BASIC AND DILUTED LOSS PER SHARE — R$	27				
Continuing operations		(3.0715)	(5.0789)		
Discontinued operations		-	(1.3398)		
Total		(3.0715)	(6.4188)		

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In thousands of Brazilian Reais)

	Company and consolidated	
	2021	2020
NET LOSS FOR THE YEAR	(153,576)	(320,940)
Other comprehensive income (loss):		
- Items that will impact the statements of operations:		
Exchange rate variations on foreign investments	25,849	44,032
- Items that will not impact the statements of operations:		
Actuarial gain (loss) on pension plans	5,004	(3,970)
Initial valuation adjustment on investment properties	7,416	-
COMPREHENSIVE LOSS FOR THE YEAR	(115,307)	(280,878)
ATTRIBUTABLE TO:		
Owners of the Company		
Continuing operations	(115,307)	(213,890)
Discontinued operations	-	(66,988)
	(115,307)	(280,878)

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

(In thousands of Brazilian Reais)

	Note	Capital	Capital reserve	Assets and liabilities valuation adjustments	Cumulative translation adjustments	Accumulated deficit	Total equity
BALANCES AS OF DECEMBER 31, 2019		1,860,265	79,381	117,784	(229,695)	(441,109)	1,386,626
Comprehensive income (loss):							
Net loss for the year		-	-	-	-	(320,940)	(320,940)
Exchange rate variations on foreign investments	2.1.b	-	-	-	122,042	-	122,042
Actuarial loss on pension plans		-	-	(3,970)	-	-	(3,970)
Impact of subsidiaries-							
Exchange rate variations on foreign investments, net	2.1.b	-	-	-	(78,010)	-	(78,010)
Total comprehensive income (loss)		-	-	(3,970)	44,032	(320,940)	(280,878)
BALANCES AS OF DECEMBER 31, 2020		1,860,265	79,381	113,814	(185,663)	(762,049)	1,105,748

The accompanying notes are an integral part of these financial statements.

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SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(In thousands of Brazilian Reais)

	Note	Capital	Capital reserve	Assets and liabilities valuation adjustments	Cumulative translation adjustments	Accumulated deficit	Total equity
BALANCES AS OF DECEMBER 31, 2020		1,860,265	79,381	113,814	(185,663)	(762,049)	1,105,748
Comprehensive income (loss):							
Net loss for the year		-	-	-	-	(153,576)	(153,576)
Exchange rate variations on foreign investments	2.1.b	-	-	-	27,820	-	27,820
Actuarial gain on pension plans		-	-	5,004	-	-	5,004
Impact of subsidiaries-							
Initial valuation adjustment on investment properties	9	-	-	7,416	-	-	7,416
Exchange rate variations on foreign investments, net	2.1.b	-	-	-	(1,971)	-	(1,971)
Total comprehensive income (loss)		-	-	12,420	25,849	(153,576)	(115,307)
BALANCES AS OF DECEMBER 31, 2021		1,860,265	79,381	126,234	(159,814)	(915,625)	990,441

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In thousands of Brazilian Reais)

	Company		Consolidated	
	2021	2020	2021	2020
Cash flows from operating activities				
Net loss for the year	(153,576)	(320,940)	(153,576)	(320.940)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	101,748	94.051
Equity in subsidiaries	149,180	247,606	-	-
Equity in subsidiaries – discontinued operations	-	66,988	-	11.298
Change in fair value of investment properties	-	-	(23,519)	(5.327)
Allowance for expected losses on doubtful accounts	-	-	1,996	2.724
Income and social contribution taxes	-	-	(865)	72.290
Impairment adjustment on assets	-	-	493	42.957
(Gain) loss on disposal of property, plant and equipment	-	-	3,994	(1.568)
Renegotiation of leases	-	-	(1,644)	(5.722)
Monetary variations	-	-	14,269	15.296
Exchange rate variations	(1,269)	-	3,717	29.582
Bank interests and charges, net	3,618	4,454	232,658	170.779
Financial expenses – interest on leases	-	-	13,554	13.898
	(2,047)	(1,892)	192,825	119.318
Changes in assets and liabilities				
Marketable securities	(66)	(1,671)	(8,855)	105.369
Accounts receivable	-	-	19,628	(31.727)
Inventories	-	-	(116,933)	(20.057)
Advances to suppliers	-	-	(2,228)	55.591
Recoverable taxes	160	181	61,240	91.722
Cash holdback amount	-	-	20,787	(7.346)
Suppliers	(12)	17	50,140	44.759
Others	1,371	35	17,842	7.296
Net cash provided by (used in) operating activities before interest and income taxes	(594)	(3,330)	234,446	364.925
Interest paid on loans	(1,905)	(1,081)	(83,027)	(68.275)
Commissions and fees paid on loans	(414)	(1,187)	(25,250)	(36.747)
Taxes paid	-	-	(258)	(95)
Net cash provided by (used in) operating activities after interest and income taxes	(2,913)	(5,598)	125,911	259.808
Cash flows from investing activities				
Investment properties	-	-	(945)	(855)
Property, plant and equipment	-	-	(36,527)	(68,701)
Intangibles	-	-	-	(670)
Proceeds from sale of fixed assets	-	-	10,355	19,411
Loans between related parties	11,221	(11,386)	(58,553)	(37,479)
Net cash provided by (used in) investing activities	11,221	(11,386)	(85,670)	(88,294)

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In thousands of Brazilian Reais)

	Company		Consolidated	
	2021	2020	2021	2020
Cash flows from financing activities				
Proceeds from new loans and debentures, net	-	43,824	479,505	483,004
Repayment of loans and debentures	(8,523)	(26,662)	(456,107)	(598,457)
Repayment of leases, net	-	-	(41,271)	(35,887)
Net cash provided by (used in) financing activities	(8,523)	17,162	(17,873)	(151,340)
Effect of exchange rate variations on cash and cash equivalents of foreign subsidiaries	-	-	8,604	(3,316)
Increase (decrease) in cash and cash equivalents	(215)	178	30,972	16,858
Cash and cash equivalents:				
At the beginning of the year	332	154	168,793	151,935
At the end of the year	117	332	199,765	168,793
Increase (decrease) in cash and cash equivalents	(215)	178	30,972	16,858

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF VALUE ADDED

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In thousands of Brazilian Reais)

	Company		Consolidated	
	2021	2020	2021	2020
REVENUES				
Sales of products, goods and services	-	-	2,080,842	1,872,337
Allowance for expected losses on doubtful accounts	-	-	(1,996)	(2,724)
Gain (loss) on disposal of property, plant and equipment and intangible	-	-	(3,994)	1,568
	-	-	2,074,852	1,871,181
MATERIALS ACQUIRED FROM THIRD PARTIES				
Cost of goods and services sold	-	-	(854,954)	(692,341)
Materials, energy, third party services, and others	(1,872)	(2,348)	(512,179)	(522,043)
Change in fair value of investment properties	-	-	23,519	5,327
	(1,872)	(2,348)	(1,343,614)	(1,209,057)
GROSS VALUE ADDED	(1,872)	(2,348)	731,238	662,124
RETENTIONS				
Depreciation and amortization	-	-	(101,748)	(94,051)
NET VALUE ADDED PRODUCED BY THE COMPANY	(1,872)	(2,348)	629,490	568,073
VALUE ADDED RECEIVED BY TRANSFER				
Equity in subsidiaries	(149,180)	(247,606)	-	-
Equity in subsidiaries - discontinued operations	-	(66,988)	-	-
Financial income	93	31	29,641	24,854
Exchange rate variation	1,269	-	6,021	15,585
Royalties	-	-	23,350	18,827
Others - Net loss from discontinued operations	-	-	-	(66,988)
	(147,818)	(314,563)	59,012	(7,722)
TOTAL VALUE ADDED FOR DISTRIBUTION (TO RETAIN)	(149,690)	(316,911)	688,502	560,351
DISTRIBUTION OF VALUE ADDED				
Salary, wages and compensation	-	-	360,705	334,594
Taxes, duties and contributions	590	736	223,016	320,675
Payments to third parties	3,296	3,293	258,357	226,022
Net loss for the year	(153,576)	(320,940)	(153,576)	(320,940)
VALUE ADDED DISTRIBUTED (RETAINED)	(149,690)	(316,911)	688,502	560,351

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

(Amounts in thousands of Brazilian Reais)

1. OPERATIONS

Springs Global Participações S.A. (the "Company"), headquartered at Avenida Lincoln Alves dos Santos, number 955, in Montes Claros – MG, Brazil, was incorporated on November 24, 2005. On January 24, 2006 received as capital contribution 100% of the shares of Coteminas S.A. ("CSA") and Springs Global US, Inc. ("SGUS"), privately-held companies headquartered in Brazil and in the United States, respectively, whose shareholders were Companhia de Tecidos Norte de Minas – Coteminas ("CTNM"), the Company's parent company, and the former shareholders of Springs Industries, Inc. ("SI"), respectively.

On April 30, 2009, the Company started its bed, tabletop and bath retail operations, under the brands MMartan and Casa Moyses and later, in October 2011, with the brand Artex. The retail operation of these brands is run by AMMO Varejo S.A. ("AMMO"), formerly AMMO Varejo Ltda., which became an indirect subsidiary of the Company.

The Company has leading brands in their markets, such as MMartan, Casas Moysés, Artex, Santista, Paládio, Calfat, Garcia, Arco Íris, Magicolor, among others. The Company's products have a privileged market standing on the shelves of the largest and most demanding retail channels of the world.

As disclosed in note 28 of the financial statements, on March 15, 2019, the sale of the operating assets and liabilities of the North American subsidiary SGUS was concluded. As of that date, the subsidiary SGUS holds an ownership interest in Keeco Holdings, LLC, which combined the operations of the two companies. In the fourth quarter of 2020, the subsidiary SGUS made this investment available for sale. The sale is expected to be completed in the first six months of 2022.

2. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's Board of Directors on March 29, 2021.

The Company presents its individual ("Company") and consolidated ("Consolidated") financial statements, prepared, simultaneously, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and accounting practices adopted in Brazil, which include the standards in the Brazilian Corporate Law and the pronouncements, orientations and interpretations issued by Brazilian Committee of Accounting Pronouncements ("CPC"), approved by the CVM (Brazilian Securities and Exchanges Commission) and the CFC (Federal Accounting Council).

The Company adopted all standards, review of standards and interpretations issued by the IASB and the CPC which were effective on December 31, 2021. All relevant information relating to the financial statements is included herein and corresponds to those used by Company's management in its administration.

2.1 – Translation of balances in foreign currency

a) Functional and presentation currency

The financial statements of each subsidiary included in the consolidation of the Company and used as a basis for valuation of investments under the equity method are prepared using the functional currency of each entity. The functional currency of an entity is the currency of the primary economic environment in which it operates. To determine the functional currency of each of its subsidiaries, Management considered which currency significantly influences the selling price of their products and services, and the currency in which most of the production cost inputs are paid or incurred.

The consolidated financial statements are presented in Reais (R$), which is the functional and presentation currency of the Company.

b) Conversion of balances

The results and financial position of all subsidiaries included in the consolidation that have functional currencies different from the presentation currency are translated to the presentation currency as follows:

i) assets and liabilities are translated at the exchange rate prevailing on the date of the consolidated financial statements;

ii) income and expenses are translated at the monthly exchange rate; and

iii) all differences resulting from the translation are recognized in equity under the caption "Cumulative translation adjustments" and are presented as other comprehensive income in the statement of comprehensive income.

2.2 – Accounting policies

The significant accounting policies used in the preparation of the financial statements are as follows:

(a) Results of operations--Results of operations are calculated in accordance with the accrual basis of accounting. Revenue is not recognized if there is significant uncertainty regarding its realization. Interest income and expense are recognized using the effective interest rate as financial income and expenses in the statements of operations. The extraordinary gains and losses and the transactions and provisions involving property, plant and equipment are recorded in the statements of operations as "Others, net ".

(b) Financial instruments--The Company classifies financial assets and liabilities in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") and at amortized cost.

i) Non-derivative financial assets and liabilities - recognition and derecognition

The Company recognizes financial assets and liabilities when and only when it becomes part of the contractual provisions of the instruments. The Company derecognizes a financial asset when the contractual rights to the asset's cash flows benefits expire, or when the Company transfers the rights to the receipt of contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred. Any participation that is created or retained by the Company in such transferred financial assets is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expired.

The financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to liquidate them on a net basis or to realize the asset and settle the liability simultaneously.

ii) Non-derivative financial assets - measurement

A financial asset is measured at amortized cost if it meets both of the following conditions:

- the asset is kept within a business model with the purpose of collecting contractual cash flows; and

- the contractual terms of the financial asset give rise, on specific dates, to the cash flows that are only payments of principal and interest on the outstanding principal amount.

A debt instrument is measured at fair value through other comprehensive income only if it satisfies both of the following conditions:

- the asset is kept within a business model which the purpose is achieved by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise, on specific dates, to the cash flows that are only payments of principal and interest on the outstanding principal amount.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, at initial recognition, the Company may irrevocably designate a financial asset or liability as measured at fair value through profit or loss in order to eliminate or significantly reduce a possible accounting mismatch resulting from the result of the respective asset or liability.

iii) Non-derivative financial liabilities - measurement

Financial instruments classified as liabilities, after their initial recognition at fair value, are measured based on the amortized cost method based on the effective interest rate. Interest, monetary restatement and exchange variation are recognized in income, as financial income or expenses, when incurred.

iv) Derivatives measured at fair value through profit or loss

Contracted derivative instruments are not designated for hedge accounting. Changes in the fair value of any of these derivative instruments are recognized immediately in the statement of operations.

(c) Impairment of financial instruments--Financial assets not classified as financial assets at fair value through profit or loss, are valued at each balance sheet date to determine whether there is objective evidence of impairment loss. Objective evidence that financial assets had a loss of value includes:

- default or delays by the debtor;
- restructuring of a value due to the Company under conditions that would not be accepted under normal conditions;
- indications that the debtor or issuer will go into bankruptcy or judicial recovery;
- negative changes in the payment situation of debtors or issuers;
- the disappearance of an active market for the instrument due to financial difficulties; or
- observable data indicating that there was a decline in the measurement of the expected cash flows of a group of financial assets.

The Company considers evidence of impairment of assets measured at amortized cost both individually and collectively. All individually significant assets are evaluated for impairment. Those that have not individually suffered a loss of value are then evaluated collectively for any loss of value that may have occurred, but has not yet been identified, which includes the expected credit losses. Assets that are not individually significant are evaluated collectively as to the loss of value based on the grouping of assets with similar risk characteristics.

In evaluating the impairment loss on a collective basis, the Company uses historical trends of the recovery period and the amounts of loss incurred, adjusted to reflect management's judgment as to whether current economic and credit conditions are such that losses are likely to be higher or lower than those suggested by historical trends.

An impairment loss is calculated as the difference between the book value and the present value of the estimated future cash flows discounted at the original effective interest rate of the asset. Losses are recognized in the statement of operations and reflected in the impairment provision account. When the Company considers that there are no reasonable expectations of recovery, the amounts are written off. When a subsequent event indicates a reduction of the impairment loss, the reduction of the impairment provision is reversed through the statement of operations.

An impairment loss relating to an investment accounted for under the equity method is measured by comparing the recoverable value of the investment with its carrying amount. An impairment loss is recognized in profit or loss and reversed if there was a favorable change in the estimates used to determine recoverable value.

(d) Cash and cash equivalents--Includes cash, deposits, cash in transit and short-term investments with immediate liquidity and original maturities of 90 days or less (or without fixed maturity), which are subject to an insignificant risk of change in its value. Cash and cash equivalents are classified as non-derivative financial assets, measured at amortized cost, and interest earned is recognized in the statements of operations of the year.

(e) Marketable securities--Represented by amounts of immediate liquidity with maturities of more than 90 days and are subject to an insignificant risk of change in their value. The marketable securities relating to investment funds in equity instruments are classified as non-derivative financial assets, and are measured fair value through the statement of operations. All other marketable securities are classified as non-derivative financial assets measured at amortized cost and interest earned is recognized in the statements of operations of the year.

(f) Accounts receivable and allowance for expected losses on doubtful debt accounts--Accounts receivable from customers are initially recognized at transaction value and subsequently measured at amortized cost using the effective interest rate method less the estimated loss with doubtful accounts.

The Company adopted the measurement of the estimated loss with doubtful accounts based on the entire life of the instruments, using the simplified approach, taking into account the history of movements and historical losses. As a general rule, accounts overdue at more than 180 days represent a relevant indicator of expected loss, and are evaluated individually.

(g) Inventories--Valued at average acquisition or production cost, which is lower than net realizable value and are stated net of provision for losses on discontinued and/or obsolete items. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion of manufacturing and directly related selling expenses.

(h) Property, plant and equipment held for sale--Includes out-of-use machinery and equipment measured at fair value less selling expenses, when this amount is lower than net book value.

(i) Investments--Investments in subsidiaries and affiliated companies are accounted for using the equity method based on the balance sheet of the respective subsidiaries and affiliated companies as of the same date as the Company's balance sheet. The value of the equity of foreign subsidiaries and affiliated companies are converted into Reais based on the current rate of its functional currency and the foreign exchange rate variation is recorded in "Cumulative translation adjustments" in equity and presented as other comprehensive income.

(j) Business combinations--The cost of the acquired entity is allocated to the acquired assets and liabilities, based on their estimated fair value at the acquisition date. Any difference between the entity's cost and the fair value of the acquired assets and liabilities is recognized as goodwill.

(k) Research and development expenses--Are recognized as expenses when incurred, except when they meet the criteria for capitalization.

(l) Investment properties--Are held for income or capital appreciation. Investment properties are initially recorded at cost and include transaction costs. After initial recognition, investment properties are measured at fair value against comprehensive income (loss) net of taxes, and thereafter, are measured annually at fair value and the variations arising from this valuation and taxes are recognized in the statements of operations.

(m) Property, plant and equipment--Recorded at acquisition or construction cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets. Expenses incurred that increase the value and extend the estimated useful lives of the assets are capitalized; maintenance and repairs are recorded as expenses when incurred.

The estimated useful life of property, plant and equipment is as follows:

	Useful life
Buildings	40 years
Installations	15 years
Machinery and equipment	15 years
Hydroelectric Plant - Porto Estrela	35 years
Furniture, fixtures and others	5 to 10 years

The residual value and useful life of the assets are assessed by Management at least at the end of each year.

(n) Right-of-use assets--The measurement of the right-of-use asset corresponds to the beginning balance of the lease liability plus the initial direct costs incurred, adjusted to present value. Amortization is calculated using the straight-line method according to the remaining term of the contracts.

(o) Intangible assets--Represented by trademarks acquired, store locations, intellectual property (software development) and goodwill on companies acquired. Intangible assets with finite useful lives are amortized using the straight-line method, over their estimated useful lives. Intangible assets with indefinite useful lives are tested for impairment annually, or as deemed necessary, in order to determine the recoverability of their net book values.

(p) Impairment of non-financial assets--Assets included in property, plant and equipment, intangible assets, inventories and other current and noncurrent assets are tested for impairment annually, or when circumstances indicate that the net book value may not be recoverable. When impairment is required, it is recognized in the statements of operations. Previous years impairment losses on these assets may be reversed whenever there is an assessment or reliable evidence that the value of the asset has recovered (except for goodwill from investments). The reversal is recognized in the statement of operations to the extent it does not exceed the previously recognized impairment losses.

(q) Income and social contribution taxes--The provision for income and social contribution taxes is calculated at the rate of approximately 34% on taxable income and is recognized net of the portion related to the income tax exemption. The accrual balance is net of prepayments made during the year, if applicable. For foreign subsidiaries, the tax rate ranges from 24% to 35%, according to the tax legislation of each country.

(r) Deferred income and social contribution taxes--Deferred income and social contribution taxes are recognized on net operating losses and temporary differences arising from provisions stated in the accounting records, which, according to the tax rules, will only be considered deductible or taxable when realized. A deferred tax asset is recognized only when there is an expectation of future taxable income.

(s) Leases payable--The measurement of lease liabilities correspond to total future rent payments. These payment flows are adjusted to present value, considering the incremental borrowing rate, and when applicable, are adjusted by changes and updates provided for in the contracts. The offset entry is accounted for as a right-of-use asset and amortized over the period of the lease under the straight-line method. Financial charges are recognized as financial expense and are appropriated according to the remaining term of the contracts. The incremental borrowing rate corresponds to the interest rate that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

(t) Miscellaneous accruals--Recorded at an amount considered sufficient by Management to cover probable losses. The escrow deposits related to the accruals are presented in noncurrent assets.

(u) Employee benefit plans--Pension plans and postretirement benefit costs are recognized on an accrual basis, based on actuarial calculations. Actuarial gains and losses are recognized in “Assets and liabilities valuation adjustment” when incurred.

(v) Basic and diluted earnings (loss) per share--Basic earnings (loss) per share is calculated by dividing the income or loss for the year attributable to the Company’s shareholders by the weighted average number of outstanding shares. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of outstanding shares assuming conversion of potential shares to be issued. The Company did not identify any potential issuance of new shares and, therefore, a potential dilution in earnings (loss) per share.

(w) Monetary and exchange rate variations--Assets and liabilities subject to monetary or exchange rate variations are restated on the balance sheet dates, in accordance with the Brazilian Central Bank (BACEN) published rates or other contractual indices. Exchange gains and losses and monetary variations are recognized in the statements of operations for the year, except for the exchange gains and losses on investments in foreign subsidiary, which are recognized in “Cumulative translation adjustments” in equity.

(x) Revenue recognition--Revenue is measured at value of the consideration received or receivable, less any estimates of returns, cash discounts and/or trade discounts given to the buyer and other similar deductions. Revenue from operations is recognized when control is transferred, which is at the time of delivery to the customer.

(y) Statements of Value Added ("DVA")--The purpose of these statements is to highlight the wealth created by the Company and its distribution over a given year. They are presented by the Company as required by the Brazilian Corporate Law, as part of its individual financial statements and as supplemental information for the consolidated financial statements, since it is not a statement provided nor required by IFRS standards. The DVAs have been prepared based on information obtained from accounting records that are the basis for the preparation of the financial statements.

2.3 – Accounting estimates

The preparation of financial statements makes use of estimates in order to record certain assets, liabilities and other transactions. To make these estimates, Management used the best information available at the time of preparation of the financial statements, as well as the experience of past and/or current events, also considering estimates regarding future events. Therefore, the financial statements mainly include estimates related to the recovery value of financial assets (notes 2.2.c, No. 5 and No. 7), determination of useful lives of property, plant and equipment (notes 2.2.m and No. 10), estimated recoverable value of non-financial assets (notes 2.2.p, No. 6, No. 10, No. 11 and No. 12), fair value of investment properties (notes 2.2.l and No. 9), provisions necessary for tax, civil and labor liabilities (notes 2.2.t and No. 19), determination of provisions for income tax (notes 2.2.q and No. 18), determination of fair value of financial instruments (assets and liabilities) (notes 2.2.b and No. 23) and other similar instruments, estimates related to the selection of interest rate (note 23.d.5), expected return on assets and the choice of mortality table and expected wage increases applied to the actuarial calculations (notes 2.2.u and No. 20). Actual results of transactions and information could differ from the estimates.

In accordance with Circular Letters Instructions issued by CVM in 2021/2022, as well as taking into account the economic scenario and the risks and uncertainties arising from the impacts of COVID-19, we reviewed our accounting estimates listed above and mentioned our assessments in the respective notes, if applicable. The Company has been operating normally since September 2020. In 2021 the Company operated normally, except in March and April, where some physical stores had restrictions regarding in-store customer capacity, following the guidelines of each municipality. Up to the issuance date of these financial statements, no relevant effects have been identified that may impact the information presented, business continuity and/or accounting estimates.

2.4 – Consolidation criteria

The consolidated financial statements include the accounts of the Company and its subsidiaries CSA and SGUS, of which it owns directly and indirectly 100% of the capital.

The subsidiary CSA, parent company of Coteminas Argentina S.A., da AMMO VAREJO S.A., LAT Capital Ltd., C7S Tecnologia Ltda. and Compañia Textil Guaraní S.R.L., with ownership interest of 100%, directly and indirectly, was included in consolidation based on its consolidated financial statements.

The subsidiary SGUS, parent company of: (i) Warbird Corporation (Delaware, US); (ii) Springs Home Textiles Reynosa, S.A. de C.V. (Mexico); and (iii) Casa Springs S.A. de C.V. (Mexico), all wholly-owned, was included in consolidation based on its consolidated financial statements.

The consolidation of the balance sheets and statement of operations accounts corresponds to the sum of assets, liabilities, revenues and expenses, according to their nature, after eliminating investments in subsidiaries, unrealized profits or losses and intercompany balances.

The effects of the exchange rate variations on foreign investments and equity valuation adjustments are disclosed in a separate caption in the statement of changes in equity, “Cumulative translation adjustments” and “Assets and liabilities valuation adjustments” respectively, and are recognized in the statement of operations upon the sale of the investments that gave rise to them. The accounting practices of the foreign subsidiaries were adjusted to comply with the Company’s accounting practices.

The financial statements of foreign subsidiaries have been translated into Brazilian Reais based on the US Dollar exchange rate as of December 31, 2021 and 2020 for balance sheet accounts and the average monthly exchange rate for statement of operations accounts, as follows:

	2021	2020	Variance %
Exchange rate as of:			
December 31	5.5805	5.1967	7.4%
Average exchange rate:			
December 31 (12 months)	5.6145	5.2426	3.3%

3. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	2021	2020	2021	2020
Repurchase transactions (*)	43	68	130,576	122,947
Foreign exchange funds	-	-	-	62
Foreign deposits	-	-	60,855	38,956
Checking accounts deposits	74	264	8,334	6,828
	-----------	-----------	------------	------------
	117	332	199,765	168,793
	======	======	=======	=======

(*) Income from financial investments ranges from 90% to 100% of the rates earned on Interbank Deposit Certificates - CDI.

4. MARKETABLE SECURITIES

	Consolidated	
	2021	2020
Investment fund – foreign	18,660	15,792
Restricted cash (1)	2,296	2,190
Reserve fund (2)	5,881	-
	---------	---------
Current	26,837	17,982
	(19,219)	(16,311)
Noncurrent	---------	---------
	7,618	1,671
	=====	=====

(1) On December 31, 2021, the Company had R$1,737 of restricted cash in financial institutions (R$1,671 on December 31, 2020), and subsidiary SGUS had restricted cash of R$559, equivalent to US$100 thousand (R$519 equivalent to US$100 thousand, as of December 31, 2020) related to a compensating balance arrangement.

(2) Amounts related to the 5th series of the debentures of the subsidiary CSA, equivalent to 3 future installments. See note 14.

5. ACCOUNTS RECEIVABLE

	Consolidated	
	2021	2020
Domestic customers	390,798	488,445
Foreign customers	48,188	27,704
Credit card companies	8,149	12,847
Related parties – domestic market	29,884	4,182
Related parties – foreign market	1,072	2,918
	478,091	536,096
Allowance for expected losses on bad debts	(29,156)	(27,010)
	448,935	509,086

Accounts receivable from customers consist of receivables with an average collection period of approximately 75 days (98 days as of December 31, 2020). Past due amounts are presented below and the allowance for expected losses on doubtful debts accounts is considered by Management sufficient to cover expected losses from these receivables.

The aging list of the consolidated accounts receivable is as follows:

	2021	2020
Current	409,984	469,033
Past due up to 30 days	6,095	9,536
Past due from 31 to 60 days	2,463	2,399
Past due from 61 to 90 days	1,814	440
Past due from 91 to 180 days	11,837	2,857
Past due greater than 180 days	45,898	51,831
	478,091	536,096

Changes in the consolidated allowance for doubtful accounts are as follows:

	2021	2020
Balance at the beginning of the year	(27,010)	(25,872)
Additions	(1,996)	(597)
Exchange rate variation	(150)	(541)
Balance at the end of the year	(29,156)	(27,010)

Considering the information subsequent to December 31, 2021, up to the issuance date of the financial statements, no additional losses were identified.

6. INVENTORIES AND ADVANCES TO SUPPLIERS

a. Inventories

	Consolidated	
	2021	2020
Raw materials and supplies	86,236	84,629
Work in process	136,599	129,705
Finished products	256,051	151,320
Repair parts	38,827	38,015
	517,713	403,669

Inventories are presented net of the provision for losses. Operating subsidiaries assess the realization of inventories annually or whenever there are indications of probable losses.

The inventory groups of raw materials and supplies and work in process have a low risk of loss, since the conversion into finished products can be managed. The finished products inventory group is evaluated based on its profitability, especially inventories considered to be discontinued and obsolete.

As of December 31, 2021, no additional potential losses were identified in realizing these inventories. Idle costs (including loss resulting from COVID-19), when incurred, are recognized directly in the income statement for the year and are not considered in the production cost of the finished goods produced.

Changes in the provision are as follows:

	2020	(Additions) Disposals	Exchange rate variations	2021
Raw materials and supplies	(2,251)	(618)	314	(2,555)
Finished products	(23)	8	2	(13)
Repair parts	(885)	321	-	(564)
	(3,159)	(289)	316	(3,132)

	2019	(Additions) Disposals	Exchange rate variations	2020
Raw materials and supplies	(1,667)	(795)	211	(2,251)
Work in process	(102)	107	(5)	-
Finished products	(3)	(22)	2	(23)
Repair parts	(1,171)	286	-	(885)
	(2,943)	(424)	208	(3,159)

b. Advances to suppliers

	Consolidated	
Year	2021	2020
2021	-	11,575
2022	40,094	24,269
2023	25,201	17,785
	65,295	53,629
Current	(40,094)	(11,575)
Noncurrent	25,201	42,054

7. RECEIVABLE – CLIENTS

	Consolidated	
	2021	2020
Clients in judicial reorganization (a)	11,389	11,389
Clients in court recovery plan (b)	1,379	1,469
Installment plan agreed with clients (c)	3,715	4,301
Financing on stores transfer (d)	1,006	3,208
Sale of real estates (e)	10,004	16,165
Others	1,088	914
	28,581	37,446
Current (*)	(12,238)	(12,275)
Noncurrent	16,343	25,171

(*) Included in “Other Receivables” in current assets.

(a) Lojas Leader S.A. filed for Judicial Reorganization (RJ) on March 3, 2020, which was deferred on March 6, 2020. Leader recognized all credits with subsidiary CSA. The management of subsidiary CSA is awaiting approval by RJ and expects to recover all credits.

(b) Increasing semi-annual payments with interest from 2% to 3% per year with final maturity in December 2027. On December 31, 2020 a provision for loss in the amount of R$2,127 was recognized.

(c) Payment up to 35 fixed installments, with monthly interest from 1.56% to 1.97% per month.

(d) Financing on store transfers to franchisees, with payment in equal monthly installments, and adjusted based on the IGP-M (general market price index).

(e) Payment up to 25 monthly installments with interest from 0.5% to 0.7% per month, and adjusted based on the IPCA (general consumer price index).

Considering the information subsequent to December 31, 2021, up to the issuance date of the financial statements, no additional losses were identified.

8. INVESTMENTS IN SUBSIDIARIES AND AFFILIATED COMPANY

a) Direct investments:

Subsidiaries	Equity	Ownership interest %	Net loss for the year	Total investment 2021	Total investment 2020	Equity in subsidiaries (Company) 2021	Equity in subsidiaries (Company) 2020
SGUS (*)	401,829	100.0	(16,389)	401,829	385,394	(16,389)	(88,591)
CSA	633,305	100.0	(132,791)	633,305	760,651	(132,791)	(159,015)
				1,035,134	1,146,045	(149,180)	(247,606)

(*) The net loss for 2020 does not include the discontinued portion of the equity in subsidiaries in the statement of operations of R$66,988. See note 28.

b) Indirect investments:

SGUS' investments

The subsidiary SGUS holds of 14.27% of Keeco Holdings, LLC, which combines its operations with the operations sold by SGUS in March of 2019. Keeco Holdings, LLC, is a company with a portfolio of leading products and brands in the curtain, utility bedding, and decorative bedding markets, as well as a diversified portfolio of customers, including the leading traditional and digital retail companies in the North American market. In the fourth quarter of 2020, the subsidiary SGUS made this investment available for sale, and therefore reclassified the investment to the line "Assets held for sale". The sale is expected to be completed in the first six months of 2022.

The equity losses of this investment together with the goodwill impairment were reclassified to the line "Net loss from subsidiary - discontinued operations" in 2020. See note 28.

CSA's investments

	Equity	Ownership interest %	Net income (loss) for the year	Total investment 2021	Total investment 2020	Equity in subsidiaries 2021	Equity in subsidiaries 2020
Subsidiaries -							
Coteminas Argentina S.A.	110,844	100.0	23,964	110,844	62,850	23,964	(4,452)
LAT Capital Ltd.	14,214	100.0	51	14,214	13,175	51	1,223
C7S Tecnologia Ltda. (1)	-	-	-	-	24,734	(1,346)	(1,574)
AMMO VAREJO S.A. (2)	59,966	100.0	(52,106)	87,269	139,375	(52,106)	(49,605)
Compañía Textil Guaraní S.R.L. (3)	4,001	100.0	(2,326)	4,001	4,449	(2,326)	(2,739)
				216,328	244,583	(31,763)	(57,147)

(1) On June 21, 2021, CSA sold to its subsidiary AMMO, the entire investment in C7S Tecnologia Ltda. ("C7S") at its book value, in the amount of R$23,388, using loan credits. C7S became an indirect subsidiary of CSA.

(2) The investment balance includes goodwill on the acquisition of the investment, in the amount of R$27,303, for disclosure purposes in CSA's financial statements (AMMO's parent company), and classified in the caption "Intangible assets" in the Company's consolidated balance sheets.

(3) During 2021, the subsidiary CSA subscribed and paid-in capital in the indirect subsidiary in the amount of R$1,460.

c) Changes in investments in subsidiaries and affiliate:

	2020	Equity	Exchange rate variations on foreign investments (1)	Assets and liabilities valuation adjustments	2021
Subsidiaries					
SGUS	385,394	(16,389)	27,820	5,004	401,829
CSA	760,651	(132,791)	(1,971)	7,416	633,305
	1,146,045	(149,180)	25,849	12,420	1,035,134

	2019	Equity	Exchange rate variations on foreign investments (1)	Assets and liabilities valuation adjustments	Goodwill allocation (2)	Assets held for sale	2020
Subsidiaries							
SGUS	422,901	(155,579)	122,042	(3,970)	-	-	385,394
CSA	997,676	(159,015)	(78,010)	-	-	-	760,651
	1,420,577	(314,594)	44,032	(3,970)	-	-	1,146,045
Affiliate							
Keeco Holdings, LLC	137,946	(11,298)	10,488	-	(101,985)	(35,151)	-

(1) Exchange rate variations effect on net investments. See note 23.d.3.1.

(2) Goodwill allocation in the amount equivalent to US$25,302 thousand. See note 12.2.

9. INVESTMENT PROPERTIES

The consolidated balances of investment properties are as follows:

	Investment properties São Gonçalo		Investment properties		
	Business complex (1)	Residential complex (2)	Acreuna (3)	Montes Claros (4)	Total
Balances as of December 31, 2019	301,550	44,974	-	60,240	406,764
Additions	855	-	-	-	855
Disposals (cost)	-	-	-	(11,842)	(11,842)
Disposals (change in fair value)	-	-	-	3,942	3,942
Change in fair value (*)	3,831	60	-	1,436	5,327
Balances as of December 31, 2020	306,236	45,034	-	53,776	405,046
Transfer from PP&E	-	-	19,144	-	19,144
Initial fair value valuation (**)	-	-	11,236	-	11,236
Additions	945	-	-	-	945
Change in fair value(*)	17,809	1,916	-	3,794	23,519
Balances as of December 31, 2021	324,990	46,950	30,380	57,570	459,890

(*) Amounts recognized in the statement of operations.
(**) Values recorded in assets and liabilities valuation adjustments, in shareholders' equity, net of taxes.

Assessments made by specialists in real estate appraisals to determine the fair value of all properties, and the positive difference between the residual cost of the property and the fair value calculated, net of tax effects, was recorded under "Other comprehensive income", in the category of items that will not affect the statements of operations in the case of an initial evaluation at fair value, and in the statements of operations when the fair value variation is verified as of the second measurement.

<u>(1) Business complex:</u> It is a commercial complex of 319.7 thousand m², known as Centro Comercial Seridó, where 122.2 thousand m² have already been developed and leased. In 2021, rental income was R$11,303 (R$8,908 in 2020).

With the designation of this property for rental activity and with specific returns different from the subsidiary CSA's textile operations, its residual value, previously recorded as property, plant and equipment at cost, was transferred to the investment properties, during their respective vacancy years.

The calculated values were as follows:

	2021	2020
Residual cost of the property	111,507	110,562
Surplus/added value (a)	213,483	195,674
	----------	----------
Fair value (b)	324,990	306,236
	=======	=======

(a) Calculated deferred tax liability of R$72,583 (R$66,529 on December 31, 2020). See note 18.b.1.

(b) Fair value based on the valuation report from Mercato Assessoria e Avaliações Ltda., Independent appraisers, in accordance with the valuation standard of assets NBR 14,653 issued by ABNT - Brazilian Association of Technical Standards for the respective years. For the measurement of fair value, the "market approach" (classification level 2) was applied, the main information being used were the comparable prices per m² of similar properties in the region and area of the real estate.

<u>(2) Residential complex:</u> In 2018, the subsidiary CSA made available a new area in the municipality of São Gonçalo do Amarante - RN containing 520 thousand m² to start a housing development. The calculated values were as follows:

	2021	2020
Residual cost of the property	93	93
Surplus/added value (a)	46,857	44,941
	----------	----------
Fair value (b)	46,950	45,034
	=======	=======

(a) Deferred tax liability of R$15,931 (R$15,280 on December 31, 2020). See note 18.b.1.

(b) Fair value based on the valuation report from Mercato Assessoria e Avaliações Ltda., Independent appraisers, in accordance with the valuation standard of assets NBR 14,653 issued by ABNT - Brazilian Association of Technical Standards for the respective years. For the measurement of fair value, the "market approach" (classification level 2) was applied, the main information being used were the comparable prices per m² of similar properties in the region and area of real estate.

<u>(3) Investment property Acreúna:</u> In 2021, the subsidiary CSA vacated and allocated this property for future appreciation or rental income. Its residual value, previously recorded as property, plant and equipment at cost, was transferred to investment properties and valued at fair value. The calculated values were as follows:

	2021
Residual cost of the property	19,144
Surplus/added value (a)	11,236

Fair value (b)	30,380
	=======

(a) Deferred tax liability of R$3,820. See note 18.b.1.

(b) Fair value based on the valuation report from Mercato Assessoria e Avaliações Ltda., Independent appraisers, in accordance with the valuation standard of assets NBR 14,653 issued by ABNT - Brazilian Association of

Technical Standards for the year 2021. For the measurement of fair value, the "market approach" (classification level 2) was applied, the main information being used were the comparable prices per m² of similar properties in the region and area of real estate.

(4) Investment property Montes Claros: These properties are classified as properties for investment by the subsidiary CSA and are composed as follows:

	2021	2020
Land and installations (old MECA) (44,402 m²)	31,920	30,304
Land of the ESURB behind CODEVASF (2,770 m²)	4,600	4,240
Land of the ESURB Santa Rita II neighborhood (11,700 m²)	5,070	4,752
Land new municipality region (72,491 m²)	15,980	14,480
	----------	----------
	57,570	53,776
	======	======
Residual cost of the properties	39,860	39,860
Surplus/added value (a)	17,710	13,916
	----------	----------
Fair value (b)	57,570	53,776
	======	======

(a) Calculated deferred tax liability of R$6,021 (R$4,731 on December 31, 2020). See note 18.b.1.

(b) Fair value based on the valuation report from Mercato Assessoria e Avaliações Ltda., Independent appraisers, in accordance with the valuation standard of assets NBR 14,653 issued by ABNT - Brazilian Association of Technical Standards for the respective years. For the measurement of fair value, the "market approach" (classification level 2) was applied, the main information being used were the comparable prices per m² of similar properties in the region and area of the real estate.

10. PROPERTY, PLANT AND EQUIPMENT AND PROPERTY, PLANT AND EQUIPMENT HELD FOR SALE

a. Property, plant and equipment

	Rate (*) %	2021 Cost	2021 Accumulated depreciation	2021 Net book value	2020 Net book value
Land and improvements	3.2	56,670	(25,778)	30,892	26,356
Buildings	2.4	348,239	(170,456)	177,783	187,549
Installations	5.6	223,470	(167,927)	55,543	47,687
Machinery and equipment	6.7	1,186,220	(939,289)	246,931	259,418
Hydroelectric Plant - Porto Estrela (**)	3.8	39,954	(22,330)	17,624	16,772
Furniture, fixtures and others	8.7	126,379	(110,523)	15,856	28,344
Construction in progress	-	33,992	-	33,992	69,287
		2,014,924	(1,436,303)	578,621	635,413

(*) Weighted average annual depreciation rate.
(**) See note 16.

The changes in consolidated property, plant and equipment are as follows:

	Land and improvements	Buildings	Installations	Machinery and equipment	Hydroelectric plant - Porto Estrela (1)	Furniture, fixtures and others	Construction in progress (2)	Total
Balance as of December 31, 2019	25,133	192,423	48,446	245,869	18,208	20,411	67,978	618,468
Additions	816	27	926	29,440	-	3,343	34,149	68,701
Net disposals	(205)	(6)	(323)	(1,032)	-	(232)	(632)	(2,430)
Transfers								
- PP&E	-	982	4,904	26,991	-	545	(33,422)	-
- Assets held for sale	-	-	-	(3,271)	-	-	-	(3,271)
- Assets received in lending	-	-	-	-	-	9,667	-	9,667
- Assets in lending	-	-	-	(640)	-	640	-	-
Exchange rate variations	1,909	2,356	913	2,495	-	127	1,214	9,014
Depreciation in the year	(1,620)	(8,233)	(7,216)	(40,439)	(1,436)	(6,302)	-	(65,246)
Impairment adjustment	323	-	37	5	-	145	-	510
Balance as of December 31, 2020	26,356	187,549	47,687	259,418	16,772	28,344	69,287	635,413
Additions	1,782	234	2,908	11,228	2,288	5,902	12,185	36,527
Net disposals	(12)	(1)	(382)	(4,563)	-	(3,228)	(662)	(8,848)
Transfers								
- PP&E	176	5,699	18,660	23,266	-	429	(48,230)	-
- Investment property	-	(11,083)	(6,345)	(1,538)	-	(178)	-	(19,144)
- Assets received in lending	-	-	-	-	-	(8,476)	-	(8,476)
- Assets held for sale	1,398	-	(15)	(283)	-	-	-	1,100
Exchange rate variations	3,123	3,649	888	1,916	-	(234)	1,412	10,754
Depreciation in the year	(1,931)	(8,264)	(7,858)	(42,513)	(1,436)	(6,703)	-	(68,705)
Balance as of December 31, 2021	30,892	177,783	55,543	246,931	17,624	15,856	33,992	578,621

(1) See note 16.

(2) Construction in progress primarily corresponds to modernization of machinery and equipment.

The Company annually, or when circumstances indicate that the net book value may not be recoverable, assesses the recoverability of property, plant and equipment. On December 31, 2021, the consolidated fixed assets are reduced by a provision for loss in the amount of R$4,793 (R$4,793 as of December 31, 2020).

Considering the operating profitability and cash generation, including the impacts of COVID-19, the Company and its subsidiaries did not identify evidence of deterioration or non-recovery of balances held as property, plant and equipment.

b. Property, plant and equipment held for sale

The Company's subsidiaries identify the assets that were removed from operations and considered held for sale. These assets include machinery and equipment removed as a result of the modernization of the Brazilian subsidiary manufacturing facilities and machinery and equipment from the American subsidiary manufacturing facilities that were shut down. Additionally, the equipment available for sale from the readjustment of productive capacities was also included in this category. These assets were measured at the lower of the net book value or market value, resulting in the recognition of probable impairment losses (reduction of recoverable value).

Changes in property, plant and equipment held for sale are as follows:

	2020	Additions	Disposals	Exchange rate variations	Transfer from PP&E	2021
Cost	453,232	-	(4,392)	32,030	1,482	482,352
Depreciation	(388,593)	(351)	4,081	(27,760)	(2,582)	(415,205)
Provision for loss	(47,914)	(493)	-	(3,199)	-	(51,606)
	16,725	(844)	(311)	1,071	(1,100)	15,541

	2019	Additions	Disposals	Exchange rate variations	Transfer from PP&E	2020
Cost	396,489	652	(53,829)	97,221	12,699	453,232
Depreciation	(334,561)	(486)	40,055	(84,173)	(9,428)	(388,593)
Provision for loss	(37,507)	(1,951)	1,264	(9,720)	-	(47,914)
	24,421	(1,785)	(12,510)	3,328	3,271	16,725

11. RIGHT-OF–USE ASSETS AND FINANCIAL LEASES RECEIVABLE

The composition of assets contracted as leases are as follows:

		Consolidated			
		2021			2020
	Rate (2) %	Cost	Accumulated amortization	Net book value	Net book value
Properties (CSA and AMMO – own use)	44.1	14,115	(9,319)	4,796	7,772
Properties – plants (Guarani – own use)	11.7	11,449	(2,668)	8,781	9,419
Properties (SGUS – own use)	8.3	49,537	(12,384)	37,153	38,442
Properties – stores (AMMO – own use)	21.7	109,317	(46,974)	62,343	56,091
Vehicles	38.8	1,880	(1,660)	220	273
Investment properties (1)	-	70,416	-	70,416	92,644
		------------	------------	------------	------------
Total right-of-use assets		256,714	(73,005)	183,709	204,641
Financial leases receivable (1)		114,667	-	114,667	112,889
		------------	------------	------------	------------
		371,381	(73,005)	298,376	317,530
		=======	=======	=======	=======

(1) Properties leased and partially subleased by subsidiary SGUS.

(2) The annual average amortization rate corresponds to the average term of the lease contracts of the respective right-of-use assets.

Changes in the right-of-use assets of the leases are as follows:

	Properties	Properties – plants	Properties – SGUS	Properties – stores	Vehicles	Investment properties	Financial leases receivable	Total
Balance as of December 31, 2019	10,895	-	32,798	42,836	566	71,168	91,719	249,982
Exchange rate variations	-	1,953	9,522	-	-	20,645	26,589	58,709
Additions (1)	8	8,749	-	33,433	94	-	-	42,284
Disposals (2)	-	-	-	(3,267)	-	-	-	(3,267)
Amortization in the year	(3,131)	(1,283)	(3,878)	(16,911)	(387)	-	-	(25,590)
Interest	-	-	-	-	-	9,789	11,680	21,469
Sublease cash receipts	-	-	-	-	-	(8,958)	(17,099)	(26,057)
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Balance as of December 31, 2020	7,772	9,419	38,442	56,091	273	92,644	112,889	317,530
Exchange rate variations	-	660	2,711	-	-	6,674	8,137	18,182
Additions (1)	-	-	-	27,671	524	-	-	28,195
Disposals (2)	-	-	-	(1,344)	-	(23,617)	-	(24,961)
Amortization in the year	(2,976)	(1,298)	(4,000)	(20,075)	(577)	-	-	(28,926)
Interest	-	-	-	-	-	9,866	11,461	21,327
Sublease cash receipts	-	-	-	-	-	(15,151)	(17,820)	(32,971)
	----------	----------	----------	----------	----------	----------	----------	----------
Balance as of December 31, 2021	4,796	8,781	37,153	62,343	220	70,416	114,667	298,376
	======	======	======	=======	======	=======	=======	=======

(1) Includes new lease agreements, renewal of existing agreements and update of lease amounts.

(2) Early termination of lease contract.

The amounts receivable arising from the subleasing of the properties at their contracted amounts are as follows:

	Lease receivable	
Year	2021	2020
2021	-	17,124
2022	18,589	17,310
2023	18,801	17,508
2024 then after	138,377	128,860
	--------------	--------------
	175,767	180,802
Present value adjustment	(61,100)	(67,913)
	--------------	--------------
	114,667	112,889
Current	(17,618)	(16,230)
	--------------	--------------
Noncurrent	97,049	96,659
	=======	=======

The amounts recognized as finance leases have an expectation of compliance with long-term contracts with sub-tenants and also, for some properties, an expectation of occupancy after a vacancy period, which are updated and evaluated annually. As of December 31, 2021, the subsidiary SGUS had no defaults with the current sub-lease agreements.

12. INTANGIBLE ASSETS

	Consolidated	
	2021	2020
Goodwill on the acquisition of AMMO (1)	27,303	27,303
Trademarks – owned (3)	16,267	16,267
Trademarks – use license (4)	11,482	9,559
Intellectual property (5)	13,996	18,933
Store locations (real estate intangible) (6)	25,077	25,077
	-----------	-----------
Total	94,125	97,139
	======	======

Changes in consolidated intangible assets for the year were as follows:

	Goodwill on the acquisition of AMMO (1)	Goodwill on the acquisition of Keeco (2)	Trademarks – owned (3)	Trademarks – use license (4)	Intellectual property (5)	Store locations (real estate intangible) (6)	Total
Balance as of December 31, 2019	27,303	-	16,267	8,388	15,387	25,357	92,702
Transfers (goodwill allocation)	-	101,985	-	-	-	-	101,985
Additions	-	-	-	-	7,070	670	7,740
Disposals	-	-	-	-	-	(2,370)	(2,370)
Amortization	-	-	-	(925)	(3,524)	-	(4,449)
Exchange rate variations	-	29,518	-	2,096	-	-	31,614
Impairment adjustment (2) (6)	-	(42,936)	-	-	-	1,420	(41,516)
Transfer to assets held for sale (2)	-	(88,567)	-	-	-	-	(88,567)
	-----------	-----------	-----------	-----------	-----------	-----------	-----------
Balance as of December 31, 2020	27,303	-	16,267	9,559	18,933	25,077	97,139
Amortization	-	-	-	(1,045)	(4,937)	-	(5,982)
Exchange rate variations	-	-	-	2,968	-	-	2,968
	-----------	-----------	-----------	-----------	-----------	-----------	-----------
Balance as of December 31, 2021	27,303	-	16,267	11,482	13,996	25,077	94,125
	======	======	======	======	======	======	======

<u>(1) Goodwill on the acquisition of AMMO:</u> Goodwill originated from investment in AMMO VAREJO S.A.

The Company evaluates the recoverability of this goodwill annually, using accepted market practices, such as discounted cash flow for the business unit that has goodwill. Recoverability of goodwill is evaluated based on analysis and identification of facts and circumstances that could require the tests to be performed at an earlier date. If a fact or circumstance indicates that the recoverability of goodwill is affected, then the test is anticipated.

The projection period for the December 2021 cash flows was five years. The assumptions used to determine the fair value through the discounted cash flow method include: cash flow projections based on management estimates for future cash flows, discount rates and growth rates for determining the perpetuity. Additionally, the perpetuity has been calculated considering the stabilization of operating margins, working capital and investments levels.

The annual discount rate used was 13.3% per year and the perpetuity growth rate considered was 3% per year. The discount rates used were determined taking into consideration market information available on the test date.

The subsidiary CSA did not identify signs of deterioration or non-recovery of the recognized goodwill, considering operating profitability and cash generation of the indirect subsidiary AMMO, including the impacts of COVID-19.

(2) Goodwill on the acquisition of Keeco: Goodwill originated from the investment in Keeco Holdings, LLC.

On March 15, 2019, the subsidiary SGUS became the holder of an ownership interest in Keeco Holdings, LLC, which combined its operations with the operations acquired from SGUS on that date.

The investment in Keeco was significantly affected by the COVID-19 pandemic and, given the revised projections received by the Company, it was necessary to recognize impairment in the amount of R$42,936 or US$8,259.

In the fourth quarter of 2020, the subsidiary SGUS made the investment in Keeco available for sale. The investment and goodwill balances were reclassified to the “Assets held for sale” line, and the impairment adjustment for loss was classified as discontinued operations.

(3) Trademarks – owned: Trademarks owned are recorded at the acquisition cost, have indefinite useful lives, and therefore are not amortized.

(4) Trademarks – use license: Represents the license to use the trademark "Santista" in Argentina and it is amortized over the term of the contract in 15 years.

(5) Intellectual property: Refers to software developed to integrate retail sales channels (physical stores and E-commerce), and it is amortized over 5 years.

(6) Store locations (real estate intangible): The amounts related to the store locations (real estate intangible) are recorded at the acquisition cost of the respective store, net of impairment of R$6,574 (R$6,574 as of December 31, 2020), based on its market value determined by an independent broker with valuation expertise, and the cash flows of the respective stores.

Items (3) to (6) above are tested annually for recoverability. The Company did not identify signs of deterioration or non-recovery of the balances held in these items.

13. LOANS AND FINANCING

	Currency	Annual interest rate - %	Maturity	Consolidated 2021	2020
Local currency:					
Banco do Brasil S.A. (1) (a)	R$	130.0 to 150.0 of CDI	2023	339,952	382,011
Banco do Brasil S.A. – CDC	R$	9.8 to 14.4	2022	56,034	55,657
Banco BBM S.A. – CCB	R$	7.0 + CDI	2024	9,760	24,481
Banco ABC do Brasil S.A. – CCE	R$	4.9 + CDI	2024	28,341	36,320
Banco Bradesco S.A. (1) (b)	R$	6.0 and 6.1 + CDI	2024	43,025	17,543
BNDES (Finame)	R$	3.0 to 9.5	2023	20	35
Banco Daycoval S.A.	R$	5.2 to 9.2 + CDI	2024	52,247	47,030
Banco Santander S.A. (1) (c)	R$	5.6 + CDI	2024	35,905	55,228
Banco Safra S.A. – CCB	R$	6.8 and 7.4 + CDI	2024	77,885	54,054
Banco Fibra S.A. – CCE	R$	7.5 + CDI	2022	6,709	20,075
Banco Sofisa S.A.	R$	6.8 + CDI	2024	19,955	20,131
Caixa Econômica Federal – CCB (1) (*) (d)	R$	180.0 of CDI	2023	10,874	18,971
Banco Pine S.A.	R$	7.8 and 8.7 + CDI	2022	7,708	11,926
Banco Industrial do Brasil S.A.	R$	7.7 and 18.0 + CDI	2022	15,614	1,255
Banco ABC do Brasil S.A. – CCB	R$	3.9 and 5.6 + CDI	2024	34,391	10,003
Banco BTG Pactual S.A. (1) (e)	R$	12.5 and 13.9	2023	27,225	36,885
Financiadora de Estudos e Projetos – FINEP (*)	R$	4,4	2025	18,722	19,101
Banco Daycoval S.A.	R$	14.9	2026	2,273	-
Others	R$	-	2022	6,519	7,864
				-----------	-----------
				793,159	818,570
Foreign currency:					
Banco Patagônia	$ARG	38.7	2022	7,986	1,194
Banco Luso Brasileiro S.A.	US$	10.5	2022	4,921	10,019
Banco do Brasil S.A.	US$	5.0	2022	41,251	37,859
Banco Pine S.A.	US$	9.5	2021	-	10,471
				-----------	-----------
				54,158	59,543
				-----------	-----------
Total				847,317	878,113
Current				(433,904)	(522,536)
				-----------	-----------
Noncurrent				413,413	355,577
				=======	=======

(*) Loans held in part by the Company in the amount of R$29,596 (R$38,072 on December 31, 2020).

(1) During the year 2021, due to the increase in the Selic interest rate and the increase in raw material prices, the Company and its subsidiary CSA did not meet certain financial indices related. to these loans. The Company and its subsidiary CSA obtained a waiver of compliance on these financial indices on a date subsequent to the 2021 year-end date, maintaining the original maturities of these loans. As required by CPC 26 (R1) - Presentation of the Financial Statements, we present the respective loans in current liabilities on the balance sheet. The reclassified amounts are as follow:

	Company Original maturity	Reclassification	Balance sheet presentation
Current	12,973	2,708	15,681
Noncurrent	16,623	(2,708)	13,915
	-----------	-----------	-----------
Loan total	29,596	-	29,596
	=======	=======	=======

	Consolidated		
	Original maturity	Reclassification	Balance sheet presentation
Current	433,904	338,376	772,280
Noncurrent	413,413	(338,376)	75,037
	-----------	-----------	-----------
Loan total	847,317	-	847,317
	=======	=======	=======

(a) Loans of the subsidiary CSA, with early maturity covenants, in which the Company, as guarantor, agreed to comply with the following financial ratios: Net Debt to EBITDA ratio, no greater than 3.0 in its annual consolidated financial statements. In 2021, some of the loans were renewed with a financial ratio no greater than 3.5.

(b) Loans of the subsidiary CSA, with early maturity covenants, where the subsidiary CSA has committed to comply with the following financial ratios in its annual financial statements as of December 31, 2021: ratio between Net Financial Debt and EBITDA, no greater than 2.0 times. In 2021, some of the loans were renewed with a financial ratio no greater than 3.0. For 2022, the Company, as guarantor, has committed to comply with a financial ratio no greater than 2.5.

(c) Loan of subsidiary CSA, with early maturity covenants, in which the Company, as guarantor, has committed to comply with the following financial ratios in its annual consolidated financial statements: (i) Net Debt to EBITDA ratio, no greater than 3.0; (ii) Net Debt to Shareholders' Equity ratio, no greater than 0.7; and (iii) EBITDA to net financial expenses ratio, no less than 2.0.

(d) Parent company loan, with early maturity covenants, in which the parent company has committed to comply with the following financial ratios in its annual consolidated financial statements: (i) Net Debt to EBITDA ratio, no greater than 3.0, in its annual consolidated financial statements; (ii) Net Debt to Shareholders' Equity ratio, no greater than 0.7 during the period of the agreement; and (iii) EBITDA to net financial expenses ratio, no less than 2.0.

(e) Loan of subsidiary CSA, with early maturity covenants, where subsidiary CSA agreed to comply with the following financial ratios: Net Debt to EBITDA ratio, no greater than 3.0 in its annual consolidated financial statements.

The terms used to describe the financial ratios described in items (a) to (d) above have their definition determined in the contract and may differ from the accounting items.

Loans are collateralized by: (i) registered security interest in real estate, machinery and equipment; (ii) guarantee from the controlling shareholder; and (iii) receivables.

Maturities (original) are as follows:

	2022	2023	2024	2025 and 2026	Total
Local currency:					
Banco do Brasil S.A. (*)	66,819	273,133	-	-	339,952
Banco do Brasil S.A. – CDC	56,034	-	-	-	56,034
Banco BBM S.A. – CCB	3,371	3,333	3,056	-	9,760
Banco ABC do Brasil S.A. – CCE	12,248	12,070	4,023	-	28,341
Banco Bradesco S.A. (*)	5,620	24,937	12,468	-	43,025
BNDES (Finame)	14	6	-	-	20
Banco Daycoval S.A.	32,509	14,829	4,909	-	52,247
Banco Santander S.A. (*)	12,572	18,111	5,222	-	35,905
Banco Safra S.A. – CCB	72,647	2,857	2,381	-	77,885
Banco Fibra S.A. – CCE	6,709	-	-	-	6,709
Banco Sofisa S.A.	13,566	3,333	3,056	-	19,955
Caixa Econômica Federal – CCB (*)	8,166	2,708	-	-	10,874
Banco Pine S.A.	7,708	-	-	-	7,708
Banco Industrial do Brasil S.A.	15,614	-	-	-	15,614
Banco ABC do Brasil S.A. – CCB	28,907	3,871	1,613	-	34,391
Banco BTG Pactual S.A. (*)	25,428	1,797	-	-	27,225
Financiadora de Estudos e Projetos – FINEP	4,807	4,771	4,771	4,373	18,722
Banco Daycoval S.A.	488	476	476	833	2,273
Others	6,519	-	-	-	6,519
	379,746	366,232	41,975	5,206	793,159
Foreign currency:					
Banco Patagônia	7,986	-	-	-	7,986
Banco Luso Brasileiro S.A.	4,921	-	-	-	4,921
Banco do Brasil S.A.	41,251	-	-	-	41,251
	54,158	-	-	-	54,158
Total	433,904	366,232	41,975	5,206	847,317

(*) Contracts with early maturity clauses, which were reclassified to current liabilities on the balance sheet.

Changes in consolidated loans and debentures were as follows:

	2021			2020
	Loans	Debentures	Total	Total
Beginning balance	878,113	91,085	969,198	1,042,035
Debt proceeds or renewal	321,570	160,000	481,570	477,608
Accrued interest	78,097	16,460	94,557	68,931
Paid principal	(361,940)	(94,167)	(456,107)	(598,457)
Paid interest	(70,660)	(12,367)	(83,027)	(68,275)
Exchange rate variations	1,787	-	1,787	41,960
Prepaid charges, net	350	(2,415)	(2,065)	5,396
Ending balance	847,317	158,596	1,005,913	969,198

14. DEBENTURES

a) On February 19, 2018, subsidiary CSA issued the 4th series of non-convertible debentures with the following terms, which, on February 19, 2018, was fully subscribed and modified on May 14, 2020.

4th Series Debentures Terms

	February 2018	May 2020
Quantity of issued Debentures	150,000	87,500
Debentures unit price (amount in Brazilian Reais)	R$1,000	R$1,000
Amortization	12 equal quarterly installments	1 installment
Initial maturity	05/19/2018	-
Final maturity	02/19/2021	02/19/2021 (*)
Return	100% of CDI + 2.75% per annum	100% of CDI + 4.75% per annum
Interest amortization	12 equal quarterly installments	1 installment on 02/19/2021

(*) Maturity extended to 08/19/2021. On August 5, 2021 the debentures were settled, with the proceeds obtained from the 5th series of the debentures.

b) On July 26, 2021, the subsidiary CSA issued 160,000 debentures not convertible into shares (5th series of the debentures), which, on August 4, 2021, was fully subscribed by Virgo Companhia de Securitização (“Virgo”). The terms of the debentures are as follows:

5th Series Debentures Terms

Quantity of issued Debentures	160,000
Debentures unit price (amount in Brazilian Reais)	R$1,000
Amortization	120 equal installments
Initial maturity	08/18/2021
Final maturity	07/17/2031
Return	IPCA + 8% per annum
Interest amortization	monthly
Guarantees	(1)
Covenants	(2)

The Debenture was subject to public distribution with restricted placement efforts, pursuant to CVM Instruction 476, being coordinated by Banco Votorantim.

On August 4, 2021, a public distribution with restricted efforts of Certificates of Real Estate Receivables - CRI in the Brazilian market was signed with Virgo, pursuant to CVM Instruction No. 414 and CVM Instruction No. 476 and other relevant legal and regulatory provisions, backed by the debentures issued by CSA, which were fully subscribed.

The proceeds were available to CSA on the date of the CRI subscription. The expenses of issuing the Debenture and the CRI, in the amount of approximately R$5,887, equivalent to 3.67% of the total issuance amount, will be amortized as issuing transaction cost, together with the debenture charges, prorated to the outstanding debt balance.

Part of the proceeds were mandatorily allocated for full payment of the 4th debenture issuance with Banco Itaú BBA S.A.

(1) Secured Guarantee: Property of CSA, see items 1 and 2 of the note 9 of the financial statements, whose fair value must remain higher than 1.8 times the outstanding balance of the Debentures in the first year, and in the following years, higher than 2 times the debenture balance. In addition, the lease contracts of the property are part

of the guarantee, and the fiduciary agent may, in case of default, retain the rent receivables until the default is resolved.

Fidejussory guarantee: Surety given by the Company and by Josué Christiano Gomes da Silva.

(2) Covenants:

The Company as guarantor, has agreed to comply with the following financial ratios in its semi-annual consolidated financial statements: (i) Net Debt to EBITDA ratio, no greater than 3.0 in 2021, 2.5 in 2022 and 2.25 starting in 2023; (ii) Net Debt to Shareholders' Equity ratio, no greater than 0.80. Upon conclusion of the sale of SGUS' investment, Net Debt to Shareholders' Equity ratio no greater than 0.65 times in 2022 and 2023 and 0.60 starting in 2024; and (iii) Current Assets to Current Liabilities ratio (excluding the impacts from SGUS) at a minimum of 1.2.

(3) Forecast for the step-down of the interest spread of 8% per annum to 7.5% per annum if verified for two consecutive semesters that the ratio between Net Financial Debt and EBITDA is no more than 2.0 times.

Balances of the debentures on December 31, 2021 and 2020 were as follows:

	Consolidated	
	2021	2020
Original amount payable	153,333	87,500
Prepaid interest	(2,548)	(132)
Accrued interest	7,811	3,717
	----------	----------
Debentures total	158,596	91,085
Current	(16,548)	(91,085)
	----------	----------
Noncurrent (a)	142,048	-
	======	======

(a) During the year 2021, due to the increase in the Selic interest rate and the increase in raw material prices, the subsidiary CSA and the Company did not meet certain financial indices related to these debentures. The subsidiary CSA obtained a waiver of compliance on these financial indices on a date subsequent to the 2021 year-end date, maintaining the original maturities of these debentures. As determined by CPC 26 (R1) - Presentation of the Financial Statements, we present the respective debentures in current liabilities on the balance sheet. The reclassified amounts are as follow:

	Consolidated		
	Original maturity	Reclassification	Balance sheet presentation
Current	16,548	142,048	158,596
Noncurrent	142,048	(142,048)	-
	-----------	-----------	-----------
Loan total	158,596	-	158,596
	=======	=======	=======

15. SUPPLIERS

	Consolidated	
	2021	2020
Domestic market	227,474	181,301
Foreign market	31,446	24,796
	258,920	206,097

Accounts payable to suppliers consist of amounts with an average maturity term of approximately 85 days (75 days as of December 31, 2020).

16. GOVERNMENT CONCESSIONS

The subsidiary CSA has equity interest in a consortium for an electric power generation concession with the companies CEMIG Geração e Transmissão S.A. and Vale (formerly known as Companhia Vale do Rio Doce), in equal percentages of 33.33%. No legally independent entity was established for the management of this consortium. Accounting records, equivalent to its interest, are maintained under CSA's control.

As consideration for the concession granted, CSA, together with the other consortium members, will pay installments over the concession period to the Federal Government, as presented below:

Beginning of concession period:	July 10, 1997
Concession period:	35 years
Total concession amount:	R$333,310
Monetary adjustment:	IGP-M (general market price index)

Total annual installments of the concession:

	Years 5 to 15 2002 to 2012	Years 16 to 25 2013 to 2022	Years 26 to 35 2023 to 2032
Historical amounts:			
Minimum installment	120	120	120
Additional installment	-	12,510	20,449
Annual installment	120	12,630	20,569
Total installments	1,320	126,300	205,690
Monetarily adjusted installments	10,224	978,230	1,530,109

The subsidiary CSA recognizes expenses incurred on an accrual basis, as a contra entry to noncurrent liabilities, on a straight-line basis, based on its share in the total concession amount, 33.33%, at present value, considering a basic interest rate when contracting the concession, updated by the IGP-M.

The changes in the concession balances are as follows:

	Consolidated	
	2021	2020
Opening balance	80,868	65,983
Appropriation of the grant installment	5,755	4,483
Payments	(26,431)	(22,440)
Interest (7.5% p.a.)	25,629	18,652
Monetary variation (IGP-M)	9,763	14,190
	-----------	-----------
	95,584	80,868
Current	(41,148)	(27,658)
	------------	------------
Noncurrent	54,436	53,210
	=======	=======

As of December 31, 2021, the net book value of the property, plant and equipment related to the current concession is R$17,624 (R$16,772 as of December 31, 2020) (see note 10), considering CSA's equity interest in the investments for the construction of the Porto Estrela Hydroelectric Plant, located on the Santo Antônio River, 270 km from Belo Horizonte, with installed capacity of 112 MW. The plant began generation activities at the end of 2001.

17. LEASES PAYABLE

The breakdown of leases payable is as follows:

		Consolidated	
	Maturity	2021	2020
Properties	2024	5,465	8,471
Properties – plant	2028	9,529	9,877
SGUS (*)	2030	243,919	266,286
Properties – stores	2027	66,592	60,833
Vehicles	2023	231	287
		-----------	-----------
		325,736	345,754
Current		(65,356)	(64,447)
		------------	------------
Noncurrent		260,380	281,307
		=======	=======

The Company's management opted for the simplified retrospective transition approach. This approach does not impact retained earnings (shareholders' equity) on the initial adoption date, since the amount of the right-of-use asset is equal to the lease payable amount adjusted to present value and enables the use of practical expedients. The Company's management considered as leasing component for stores only the fixed minimum rent value for purposes of assessing the liabilities. The measurement of the lease liability corresponds to the total of future payments of fixed rents, considering the terms of the contracts. These payment flows are adjusted to present value, considering the incremental borrowing rate. Financial charges are recognized as financial expenses. The incremental borrowing rate corresponds to the interest rate that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment (varies between 9% and 10% per year).

The maturities of leases payable are as follows:

	2022	2023	2024	2025 to 2030	Total
Properties	3,666	2,174	70	-	5,910
Properties – plant	1,939	1,940	1,940	6,950	12,769
SGUS (*)	40,512	40,838	41,168	254,129	376,647
Properties – stores	22,527	21,093	17,886	17,916	79,422
Vehicles	241	-	-	-	241
Gross total	68,885	66,045	61,064	278,995	474,989
Adjust to present value	(3,529)	(9,242)	(13,548)	(122,934)	(149,253)
Total payable	65,356	56,803	47,516	156,061	325,736

(*) Liability corresponding to right-of-use assets classified as: (i) Real Estate - SGUS; (ii) Investment properties; and (iii) Leases receivable. See note 11.

Changes in the consolidated leases payable were as follows:

	2021						2020
	Properties	Properties – plant	SGUS	Properties – stores	Vehicles	Total	Total
Balance at the beginning of the year	8,471	9,877	266,286	60,833	287	345,754	274,202
Additions (1)	-	-	-	27,671	524	28,195	42,284
Disposals (2)	-	-	(26,165)	(1,475)	-	(27,640)	(3,492)
Charges	660	910	27,553	6,259	51	35,433	35,692
Payments	(3,666)	(1,959)	(42,934)	(25,052)	(631)	(74,242)	(61,944)
Renegotiations (3)	-	-	-	(1,644)	-	(1,644)	(5,722)
Exchange variation	-	701	19,179	-	-	19,880	64,883
Others	-	-	-	-	-	-	(149)
Balance at the end of the year	5,465	9,529	243,919	66,592	231	325,736	345,754

(1) Includes new lease agreements, renewal of existing agreements and update of lease amounts.

(2) Early termination of lease contract.

(3) Due to the COVID-19 pandemic, the indirect subsidiary AMMO renegotiated the rent of some stores with the lessors, obtaining an exemption or reduction in the minimum rent for the months in which the stores were closed, in accordance with the guidelines of each municipality. According to the revision of CPC 06 (R2), the indirect subsidiary AMMO adopted the practical expedient, and adjusted the lease liabilities in the amount of the reductions obtained.

The effects on results as of December 31, 2021 and 2020 are as follows:

	2021						2020
Continuing operations	Properties	Properties – plant	SGUS	Properties – stores	Vehicles	Consolidated	Consolidated
Lease payments in the year	3,666	1,959	42,934	25,052	631	74,242	61,944
PIS and COFINS recovered	-	-	-	(2,317)	-	(2,317)	(1,307)
Renegotiations	-	-	-	1,644	-	1,644	5,722
Amortization of right-of-use assets	(2,976)	(1,298)	(4,000)	(20,075)	(577)	(28,926)	(25,590)
PIS and COFINS on amortization	-	-	-	1,766	-	1,766	982
Interest net	(660)	(910)	(6,226)	(6,259)	(51)	(14,106)	(14,223)
PIS and COFINS on interest	-	-	-	551	-	551	325
Disposals, net	-	-	-	131	-	131	225
Sublease cash receipts	-	-	(32,971)	-	-	(32,971)	(26,057)
Total effects with the application of IFRS 16	30	(249)	(263)	493	3	14	2,021

(Convenience Translation into English from the Original Previously Issued in Portuguese)

18. INCOME TAX AND OTHER TAXES

a. Income taxes reconciliation (income and social contribution taxes)

	2021				
	SGPSA (Parent Co.)	CSA consolidated	SGUS	Others (1)	Consolidated
Income (loss) from operations before taxes	(153,576)	(133,701)	(16,344)	149,180	(154,441)
Equity in subsidiaries	149,180	-	-	(149,180)	-
Investment support	-	(42,451)	-	-	(42,451)
Permanent differences from foreign subsidiaries	-	-	(2,531)	-	(2,531)
Other	-	871	-	-	871
	------------	------------	------------	------------	------------
Income tax basis	(4,396)	(175,281)	(18,875)	-	(198,552)
34% income tax rate	1,495	59,596	6,417	-	67,508
Unrecognized tax credits	(1,495)	(67,612)	(6,462)	-	(75,569)
Reversal of provision for deferred income taxes	-	9,182	-	-	9,182
Others	-	(256)	-	-	(256)
	------------	------------	------------	------------	------------
Total income taxes	-	910	(45)	-	865
	=======	=======	=======	=======	=======
Continuing operations					
Income taxes – current	-	(277)	(45)	-	(322)
Income taxes – deferred	-	1,187	-	-	1,187
	------------	------------	------------	------------	------------
	-	910	(45)	-	865
	=======	=======	=======	=======	=======

(1) Includes effect of exchange rate variations of foreign subsidiaries and eliminations for consolidations.

	2020				
	SGPSA (Parent Co.)	CSA consolidated	SGUS	Others (2)	Consolidated
Income (loss) from operations before taxes	(320,940)	(156,746)	(85,757)	314,793	(248,650)
Equity in subsidiaries (1)	314,594	-	11,298	(314,594)	11,298
Investment support	-	(34,190)	-	-	(34,190)
Foreign net income	-	1,289	-	-	1,289
Permanent differences from foreign subsidiaries	-	-	(4,037)	-	(4,037)
Other	-	602	-	-	602
Income tax basis	(6,346)	(189,045)	(78,496)	199	(273,688)
34% income tax rate	2,158	64,275	26,689	(68)	93,054
Unrecognized tax credits	(2,158)	(66,241)	(27,003)	68	(95,334)
Valuation allowance adjustment	-	-	(69,707)	-	(69,707)
Tax credit of foreign subsidiary	-	(43)	-	-	(43)
Others	-	(260)	-	-	(260)
Total income taxes	-	(2,269)	(70,021)	-	(72,290)
Continuing operations					
Income taxes – current	-	(308)	(314)	-	(622)
Income taxes – deferred	-	(1,961)	(69,707)	-	(71,668)
	-	(2,269)	(70,021)	-	(72,290)

(1) Includes income from discontinued operations before taxes. See notes 28.

(2) Includes effect of exchange rate variations of foreign subsidiaries and eliminations for consolidations.

b. Deferred income and social contribution taxes

As a holding Company, the Company’s operations consist of equity in subsidiaries and income from investment activities. Foreign subsidiaries’ income is taxed as an addition to the taxable income and they receive tax credits for taxes paid in their respective countries, which is up to 25% of its income tax base. If there are tax losses, tax credits are not considered in Brazil, but they are offset with future income generated by the foreign subsidiary. Therefore, as a holding Company, tax credit recognition is allowed in specific situations.

Deferred income and social contribution taxes recorded in the consolidated financial statements arise from subsidiaries’ temporarily nondeductible provisions, transferred tax credit, and subsidiaries’ net operating losses.

Deferred income and social contribution taxes are composed as follows:

	2020	Recognized in: Statement of operations	Recognized in: Equity	Exchange rate variations	Other	2021
Assets:						
Temporary differences (CSA – Argentina) (1) (a)	388	-	-	-	(47)	341
Temporary differences (CSA – Brazil) (1) (p)	16,783	-	-	-	-	16,783
Tax credits from foreign subsidiary (CSA – Brazil) (1) (p)	7,167	(7,167)	-	-	-	-
Net operating losses (SGUS – USA) (2) (a)	16,059	-	-	1,186	-	17,245
Temporary differences (AMMO – Brazil) (1) (a)	421	-	-	-	111	532
Net operating losses (SGPSA – Brazil) (a)	1,905	-	-	-	-	1,905
	42,723	(7,167)	-	1,186	64	36,806
Deferred tax liabilities:						
Investment properties (CSA – Brazil) (1) (p)	(86,540)	(7,995)	(3,820)	-	-	(98,355)
Hyperinflationary adjustment (CSA – Argentina) (1) (p)	(6,103)	-	-	-	734	(5,369)
Temporary differences (CSA – Brazil) (1) (p) (*)	(16,349)	16,349	-	-	-	-
Total deferred taxes, net	(66,269)	1,187	(3,820)	1,186	798	(66,918)
Noncurrent assets (sum of a)	18,773	-	-	1,186	64	20,023
Noncurrent liabilities (sum of p)	(85,042)	1,187	(3,820)	-	734	(86,941)

(*) The Supreme Court – STF, in terms of general repercussion declared the unconstitutionality of the income tax and social contribution tax charges levied on interest (SELIC) received by taxpayers on tax refunds.

As of December 31, 2021, the Company had net operating losses of R$129,964 (R$131,172 as of December 31, 2020) and social contribution tax losses of R$129,964 (R$131,173 as of December 31, 2020), whose tax assets were not recognized in the financial statements.

(1) Deferred taxes of subsidiary CSA:

Deferred tax assets:

The subsidiary CSA, based on its business plan and future projections, maintained deferred tax assets derived, from accumulated tax losses. Future projections consider the Company's operating results for the next 10 years adjusted to present value and a reduction of interest rates during that period and the resulting cost of debt, among other actions.

Based on these actions and the assumptions used in the preparation of the business plan, the management of that subsidiary has expectations to generate future taxable income that will allow the realization of the deferred tax credits shown as follows:

	Consolidated		
Year	Temporary differences	Operating losses	CSA consolidated
2022	3,766	(3,766)	-
2023 and thereafter	13,890	3,766	17,656
	-----------	-----------	-----------
	17,656	-	17,656
	======	======	======

Temporary differences are fully deductible from taxable income, while tax losses are limited to 30% of taxable income. Both have no deadline for expiration.

As of December 31, 2021, the subsidiary CSA had net operating losses of R$1,169,015 (R$1,003,472 as of December 31, 2020) and social contribution tax losses of R$1,175,351 (R$1,009,600 as of December 31, 2020), whose tax assets were not recognized in the financial statements. As of December 31, 2021, the indirect subsidiary AMMO had net operating losses of R$384,830 (R$335,239 on December 31, 2020) and social contribution tax losses of R$384,859 (R$335,268 on December 31, 2020).

Deferred tax liabilities – investment properties:

Income and social contribution taxes resulting from added value in investment properties. See note 9.

	Investment properties São Gonçalo		Investment	Investment	
	Business complex (9.1)	Residential complex (9.2)	property Acreúna (9.3)	properties Montes Claros (9.4)	Total
Fair value	324,990	46,950	30,380	57,570	459,890
Total residual cost	(111,507)	(93)	(19,144)	(39,860)	(170,604)
	----------	----------	----------	----------	----------
Surplus/added value	213,483	46,857	11,236	17,710	289,286
	----------	----------	----------	----------	----------
Income and social contribution taxes liability on surplus/added value (34%)	72,583	15,931	3,820	6,021	98,355
	======	======	======	======	======

(2) Deferred taxes of subsidiary SGUS:

The subsidiary SGUS, based on its business plan and future projections, maintained deferred tax assets derived, primarily, from accumulated tax losses. Based on the projections of its operating results, the subsidiary SGUS had a deferred tax assets balance, as of December 31, 2021, totaling R$17,245 (R$16,059 as of December 31, 2020). The increase in deferred taxes during 2021 is due to the impact of the exchange rate variation.

Based on the assumptions utilized in the preparation of business plan, SGUS management expects to generate future taxable income that will allow the realization of the deferred tax credits.

The estimated realization for the deferred tax assets of subsidiary SGUS, as of December 31, 2021, is shown below:

Year	Subsidiary SGUS
2022	17,245
	======

Temporary differences are fully deductible from taxable income and have no deadline for utilization. The net operating tax losses are also fully deductible, but the federal losses will expire between 2022 and 2034 and the state losses will expire between 2021 and 2034.

Additionally, on December 31, 2021, subsidiary SGUS had R$1,369,584 in tax losses (R$1,213,899 at December 31, 2020) whose tax assets were not recognized in the financial statements.

c. Recoverable taxes

	Company		Consolidated	
	2021	2020	2021	2020
ICMS (state VAT)	-	-	15,318	10,931
Income and social contribution taxes prepayments	-	160	11,612	11,420
Recoverable PIS and COFINS (*)	-	-	61,823	128,769
IVA – Gross proceeds (Argentina)	-	-	7,903	4,354
IPTU credit	-	-	8,761	10,901
Other recoverable taxes	-	-	278	560
	-----------	-----------	-----------	-----------
	-	160	105,695	166,935
Current	-	(16)	(76,609)	(64,992)
	-----------	-----------	-----------	-----------
Noncurrent	-	144	29,086	101,943
	=======	=======	=======	=======

(*) The consolidated balance includes credits from purchases and amounts related to credits resulting from the elimination of ICMS from the PIS and COFINS calculation basis.

19. MISCELLANEOUS ACCRUALS

The Company and its subsidiaries are challenging in court the legality of certain taxes and civil and labor claims. The accrual was recognized based on the risk assessment made by Management and its legal counsel for all lawsuits in which losses are considered probable.

The Company and its subsidiaries have tax, labor and civil claims, whose loss was estimated as possible in the amount of R$38,846, R$2,618 and R$41,622, respectively, (R$27,204, R$3,683 and R$41,058, respectively, on December 31, 2020). The main tax claims relate to infraction notices referring to: (i) imports of raw materials under the Drawback program (R$7,559); (ii) calculation of presumed FAIN credit (R$5,871); (iii) disallowance of COFINS credits (R$7,245); (iv) reversal of ICMS credit on electricity (R$4,547); and (v) ex-tariff IPI exemption (R$3,160). The main labor lawsuits are related to labor claims of former employees and third parties. The main civil claims correspond to a writ of mandamus filed against the Electric Energy Trading Chamber (CCEE), in the amount of R$38,701, seeking to eliminate possible financial burdens arising from judicial decisions that determine the sharing of losses among power generators. The main labor claims correspond to labor claims by former employees and third parties.

The claims for which losses are considered probable are summarized as follows:

	Consolidated	
	2021	2020
Tax litigation	113	110
Labor	9,076	9,542
Civil and others	4,587	3,734
	----------	----------
Total	13,776	13,386
	======	=====
Escrow deposits	8,448	10,691
	=====	=====

Labor – The subsidiary CSA is the defendant in lawsuits from former employees and third parties.

Civil – The subsidiary CSA is a plaintiff in a lawsuit against the Federal Government disputing the legality of the collection of “COFURH – Compensação Financeira pela Utilização de Recursos Hídricos”.

Changes in the consolidated accrual are as follows:

	Tax litigation	Labor	Civil and others	Total
Balance as of December 31, 2019	108	9,472	3,351	12,931
Additions	3	2,448	531	2,982
Disposals	(1)	(2,339)	(75)	(2,415)
Exchange variation	-	(39)	(73)	(112)
Balance as of December 31, 2020	110	9,542	3,734	13,386
Additions	5	1,737	1,301	3,043
Disposals	(2)	(2,090)	(310)	(2,402)
Exchange variation	-	(113)	(138)	(251)
Balance as of December 31, 2021	113	9,076	4,587	13,776

20. EMPLOYEE BENEFIT PLANS

Substantially all of the employees of the subsidiary SGUS are covered by defined-contribution plans. Some executives of SGUS are covered by defined-benefit plans. Subsidiary SGUS may make contributions to the defined-contribution plan at its discretion, and these contributions are considered by means of a percentage of each participant's eligible compensation. In addition, should eligible participants contribute a percentage of their compensation to some defined-contribution plans, SGUS may, at its discretion, make a contribution in the proportion of the amounts contributed by the participants.

Subsidiary SGUS sponsors a defined-benefit pension plan for some of its employees, whose expected pension costs are accrued based on actuarial studies. Contributions of retired employees and subsidiary SGUS are adjusted periodically. Subsidiary SGUS' contributions to the defined-benefit plans are made pursuant to the "US Employee Retirement Income Security Act", and benefits are generally based on years of service and salary (compensation) levels.

The defined-benefit plans' assets are invested in diversified equity securities and fixed-income funds (including US government debt). Subsidiary SGUS also provides retirement benefits to eligible executives under nonqualified supplemental executive retirement plans.

The table below includes summarized information on the pension and postretirement plans as of December 31, 2021 and 2020:

	2021	2020
Changes in benefit obligation:		
Benefit obligation at beginning of year	214,243	164,983
Service cost	1,882	1,463
Interest cost	6,767	7,550
Actuarial (gain) loss	(4,288)	10,679
Benefit payments	(17,131)	(18,145)
Exchange rate variation	15,415	47,713
Benefit obligation at end of year	216,888	214,243
Changes in plan assets:		
Fair value of plan assets at beginning of year	72,224	51,960
Return on assets	4,531	10,108
Employer contributions	9,782	13,316
Benefit payments	(17,131)	(18,145)
Exchange rate variation	5,245	14,985
Fair value of plan assets at end of year	74,651	72,224
Present value of unfunded obligations	142,237	142,019
Actuarial assumptions to determine the benefit obligations at year end:		
Discount rate (per annum)	2.65% a 2.85%	2.10% a 2.45%
Rate of compensation increase (per annum)	-	-
Assumptions used to determine net expense for the years ended:		
Discount rate and expected rate of return on assets (per annum)	3.10% a 2.45%	3.05% a 3.25%
Rate of compensation increase (per annum)	-	-
Components of net periodic benefit cost:		
Service cost	1,880	1,463
Interest cost, net	2,785	4,022
Net periodic benefit cost	4,665	5,485

SGUS' investment strategy is to invest in a diversified portfolio that will maximize returns, considering an acceptable risk level. Pension plan assets are invested in mutual funds which have a target allocation of 40% in equity securities and 60% in fixed income funds. The expected returns on plan assets were developed in conjunction with external advisors and take into account long-term expectations for future returns based on SGUS' current investment strategy.

	2021	2020
Investments in plan assets:		
Equity securities	30,062	28,736
Fixed income	43,585	39,862
Cash and cash equivalents	1,004	3,626
Plan assets fair value at the end of year	74,651	72,224

The subsidiary SGUS expects to contribute R$15,758 to the defined-benefit plans in 2022. Expected benefit payments for the next 10 years are:

	Defined-benefit pension plans
2022	21,551
2023	16,961
2024	16,328
2025	15,740
2026	15,145
2027 – 2030	65,292

The balances of employee benefit plans and deferred compensation are as follows:

	2021	2020
Pension plan obligations	142,237	142,019
Other employee benefit obligations	2,896	2,893
Total employee benefit plans	145,133	144,912
Current (a)	(15,696)	(13,209)
Noncurrent	129,437	131,703

(a) Presented on caption “Payroll and related charges”.

21. EQUITY

a. Capital

The subscribed and paid-in capital is represented by 50,000,000 common shares with voting rights. There was no change in the number of shares subscribed and paid for the period between January 1, 2020 and December 31, 2021.

b. Dividends and realizable earnings reserve

Shareholders are entitled to dividends equivalent to 1/3 of annual net income, adjusted as per Company’s bylaws and the Brazilian Corporate Law.

c. Retained earnings reserve

The retained earnings reserve is determined in compliance with article 196 of law 6,404/76 and it is intended to be used on future investments.

d. Cumulative translation adjustments

Represents the exchange variations on investments, net of foreign related parties’ balances, in foreign direct and indirect subsidiaries.

e. Assets and liabilities valuation adjustments

Represents the unrealized gains and losses on: (i) subsidiaries' initial added value of investment properties at fair value; and (ii) actuarial gains and losses on defined benefit plans of subsidiaries.

22. RELATED-PARTY BALANCES AND TRANSACTIONS

	Receivable		Payable	
	2021	2020	2021	2020
Company:				
Coteminas S.A.	-	-	19,654	7,088
	-	-	19,654	7,088
Consolidated:				
Companhia de Tecidos Norte de Minas – Coteminas	99,538	51,622	-	-
Coteminas International Ltd.	5,577	5,681	764	-
Argentina branch	26	20	-	-
Santanense Argentina	48	50	-	-
Companhia Tecidos Santanense	18,212	12,968	-	-
Encorpar Empreendimentos Imobiliários Ltda.	98	-	-	-
	123,499	70,341	764	-

	Finance charges Income (expenses)	
	2021	2020
Company:		
Coteminas S.A.	(1,342)	(2,218)
Companhia de Tecidos Norte de Minas – Coteminas	(3)	(1)
	(1,345)	(2,219)
Consolidated:		
Companhia de Tecidos Norte de Minas – Coteminas	13,502	10,368
Companhia Tecidos Santanense	1,497	1,779
Coteminas International Ltd.	(73)	92
Encorpar Empreendimentos Imobiliários Ltda.	(19)	(3)
	14,907	12,236

The balances refer to loans contracted with the Company under fair conditions in accordance with market practices. The charges are calculated according to the average cost of the lending company's loans.

The Board of Directors meeting held on December 29, 2015 also approved payment of 2% commission (two percent annually), limited to the cumulative amount of R$47,750, on sureties/guarantees provided by the controlling shareholder on loans and financing contracted by the Company and its subsidiaries. As of December 31, 2021, the amount of R$5,871 was recorded with R$2,936 (R$3,380 as of December 31, 2020) in the caption "Other receivables" in current assets and R$2,935 in the caption "Others" in noncurrent assets (R$5,871 as of December 31, 2020), related to guarantees on existing contracts and credit facilities. In 2021, the amount of

R$3,380 was recorded as interest expenses under the caption “Financial expenses – bank charges and others” (R$4,418 in 2020).

In 2021, the subsidiary CSA supplied intermediate products to a related party, Companhia Tecidos Santanense, in the amount of R$102,645 (R$31,377 in 2020). The receivable balance related to these transactions is presented in note 5.

CTNM and the indirect subsidiary AMMO have a rental agreement for the property where its distribution center and office are located. In 2021, were recorded as rent expenses the amount of R$4,637 (R$3,816 in 2020).

On December 31, 2021, the indirect subsidiary LAT Capital Ltd. had R$20,720 (R$15,792 as of December 31, 2020) in investments in foreign funds and deposit accounts, received from Coteminas International Ltd., a company under common control.

In December 2021, the subsidiary CSA received from the related parties Companhia Tecidos Santanense and the Companhia de Tecidos Norte de Minas – Coteminas, rights related to the credits generated by the elimination of ICMS from the PIS and COFINS calculation basis, in the amount of R$50,805 and R$30,861, respectively. These rights are the subject of an enforcement action for the issuance of special judicial orders, which will be offset against the subsidiary’s tax debits.

All of the above transactions, buying and selling products and loan transactions, are conducted at market prices and rates.

The amounts paid to key Management personnel are disclosed in the statements of operations, under caption “Management fees” and include existing long-term and post-employment benefits.

The management fees balances are described below:

	Company		Consolidated	
	2021	2020	2021	2020
Advisers	1,084	913	1,415	1,259
Statutory officers	-	-	3,445	3,146
Other directors	-	-	10,233	8,180
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	1,084	913	15,093	12,585
	======	======	======	======

23. FINANCIAL INSTRUMENTS

a) General--The Company and its subsidiaries can conduct transactions derivatives and non-derivatives financial instruments, whose risks are managed through strategic financial positions and controls to limit exposure to such risks. All transactions are fully recognized in the financial statements and their balances are described in the table below.

	Company		Consolidated	
	2021	2020	2021	2020
FINANCIAL ASSETS				
Amortized cost:				
Cash and cash equivalents	117	332	199,765	168,793
Marketable securities (current)	-	-	19,219	16,311
Accounts receivable	-	-	448,935	509,086
Cash holdback amount	-	-	-	20,787
Other receivables	968	964	28,300	29,017
Marketable securities (noncurrent)	1,737	1,671	7,618	1,671
Receivable – clients	-	-	16,343	25,171
Related parties	-	-	123,499	70,341
Escrow deposits	-	-	8,448	10,691
Others	-	-	55,931	74,335
FINANCIAL LIABILITIES				
Amortized cost:				
Loans and financing (current)	15,681	19,387	772,280	522,536
Debentures (current)	-	-	158,596	91,085
Suppliers	10	22	258,920	206,097
Government concessions (current)	-	-	41,148	27,658
Other accounts payable	-	-	131,571	50,634
Loans and financing (noncurrent)	13,915	18,685	75,037	355,577
Related parties	19,654	7,088	764	-
Government concessions (noncurrent)	-	-	54,436	53,210
Other obligations	-	-	39,062	43,722

The main risk factors to which the Company and its subsidiaries are exposed reflect strategic-operational and economic-financial matters. The strategic-operational risks (such as demand trend, competition, technological innovation, significant changes in the industry structure, among others) are inherent to the Company's operating activities and are addressed by its Management.

The economic-financial risks mainly reflect customers' delinquency, macro-economic trends, such as currency exchange and interest rates, as well as the nature of the derivative instruments used by the Company, its subsidiaries, and its counter-parties. These risks are managed through internal control policies, specific strategies and establishment of approval authorities.

b) Fair value--The fair values of loans and financing and debentures are similar to their amortized cost recorded in the financial statements because they are indexed to floating interest rates (TJLP, CDI and LIBOR), which accompany market rates. Considering the maturities of other financial instruments, the Company estimates that their fair values approximate book values.

c) Classification of financial instruments--Except for derivatives, and certain marketable securities, which are classified and measured at fair value through profit or loss, all financial assets and liabilities listed above are classified and measured as "Amortized Cost". The derivative financial instruments are measured at fair value through profit or loss and the portion related to the cash flow hedge, which effectiveness can be measured, has its gains and losses recognized directly in shareholders' equity as valuation adjustments and presented in the statement of comprehensive income.

d) Risk management and derivative and non-derivative financial instruments:

d.1 – Objectives and risk management strategies--The Company believes that risk management is important in driving its strategy of profitable growth. The Company is exposed to market risks, mainly related to changes in exchange rates, commodity prices (cotton) and volatility of interest rates. The goal of managing these risks is to eliminate possible unexpected variations in the results of the group's companies, arising from these variations.

The purpose of derivative transactions is always related to the elimination of market risks, identified in our policies and guidelines and, also, to the management of the volatility of financial flows. The measurement of efficiency and evaluation of results occurs throughout the life of the contracts. The monitoring of the impact of these transactions is analyzed quarterly by the Cash and Debt Management Committee where the mark-to-market of these transactions is discussed and validated. All derivative financial instruments are recorded at fair value in the Company's financial statements. As of December 31, 2021 and 2020 there were no outstanding derivative financial instruments.

d.2 – Derivatives use policy--According to internal policies, the Company's financial results should be related to cash provided by its business and not by gains in the financial market. Therefore, it considers the use of derivatives as a tool to protect eventual exposures related to risks arising from such exposures, and not for speculative purposes. The derivative transactions goal is to reduce Company's market risks exposures.

d.3 – Exchange rate risk--This risk arises from the possibility that the Company and its subsidiaries may incur losses due to exchange rate fluctuations that would reduce the nominal billed amounts or increase funds raised in the market.

d.3.1) Exchange rate risk on foreign investments:

The Company has foreign investments that increase its foreign currency exchange exposure, as follows:

	2021				
	R$	$ARG	US$	$PYG	Exchange rate variation on foreign investments R$
Foreign investments:					
Coteminas Argentina	110,844	2,040,300	-	-	24,030
LAT Capital	14,214	-	2,547	-	988
Têxtil Guarani	4,001	-	-	4,932,807	418
SGUS	401,829	-	72,006	-	27,820
	530,888	2,040,300	74,553	4,932,807	53,256
Related parties:					
LAT Capital	(111,515)	-	(19,983)	-	(9,084)
SGUS	(270,364)	-	(48,448)	-	(18,323)
	(381,879)	-	(68,431)	-	(27,407)
Total of foreign investments net	149,009	2,040,300	6,122	4,932,807	25,849

	2020				
	R$	$ARG	US$	$PYG	Exchange rate variation on foreign investments R$
Foreign investments:					
Coteminas Argentina	62,850	1,017,728	-	-	7,319
LAT Capital	13,175	-	2,535	-	2,733
Têxtil Guarani	4,449	-	-	5,943,094	479
SGUS	385,394	-	74,161	-	122,042
	465,868	1,017,728	76,696	5,943,094	132,573
Related parties:					
LAT Capital	(115,329)	-	(22,193)	-	(25,403)
SGUS	(256,291)	-	(49,318)	-	(63,138)
	(371,620)	-	(71,511)	-	(88,541)
Total of foreign investments net	94,248	1,017,728	5,185	5,943,094	44,032

d.3.2) Exchange rate risks on financial instruments of the Company and its subsidiaries:

The financial instruments exposure of the Company and its Brazilian subsidiaries is as follows:

Financial instruments	2021	2020
Cash and cash equivalents	-	62
Accounts receivable	21,661	22,038
Suppliers	(9,615)	(10,467)
Loan and financing	(46,172)	(58,349)
Related parties	(764)	2,405
	-----------	-----------
Total exposure in Brazilian Reais	(34,890)	(44,311)
	======	======
Total exposure in equivalent thousands of US Dollars	(6,252)	(8,527)
	======	======

The sensitivity analysis of financial instruments, considering the US Dollar denominated cash flows, as of December 31, 2021, is shown below:

			Scenarios		
Maturity	Risk	Exposure value in thousands of US$	Probable	II	III
2022	US Dollar appreciation	(6,252)	(1,856)	(11,041)	(20,227)
		======	======	======	======

Amounts in parenthesis (negative numbers) stated in the scenarios above refer to exchange rate variance losses. The positive amounts relate to exchange rate variations gains. The "Probable" scenario represents the result of the probable exchange rate variation, considering the cash flow of the assets and liabilities presented above, applying future dollar exchange rates and comparing to the dollar exchange rate at the end of the current year. Scenarios II and III reflect 25% and 50% deterioration of future dollar exchange rates, respectively. The future dollar exchange rates were obtained from B3 S.A. – Brasil, Bolsa, Balcão.

d.4 – Commodities price risk (cotton)--This risk arises from the possibility of the Company and its subsidiaries may incur losses due to fluctuations in the price of cotton, its main raw material. As of December 31, 2021 and 2020 there were no outstanding contracts subject to price fluctuation.

d.5 – Interest rates risk--Cash and cash equivalents and marketable securities yield, approximately, the equivalent to CDI (Certificate of Interbank Deposit) rates. Interest-bearing liabilities (except as described in d.5.1 and d.5.2 below), which reflect rates equivalent to LIBOR, or fixed interest rates, are disclosed in notes 13 and 22. Considering the cash flows of these liabilities and the contracted interest rates, Management determined that the exposure to market changes on the contracted interest rates is not significant. Therefore, the sensitivity analysis is deemed unnecessary.

d.5.1 – Variable interest rate risks on derivative financial instruments:

Interest rates swap contracts--Are presented and measured at fair value and are based on the cash flow of the loans denominated in foreign currency. Gains or losses are recorded under the "Financial expenses – interest" caption in the statements of operations. There were no interest rate derivatives in the years ended December 31, 2021 and 2020.

d.5.2 – Variable interest rate risk on non-derivatives financial instruments:

(Convenience Translation into English from the Original Previously Issued in Portuguese)

The main amounts related to the Company and its subsidiaries' non-derivatives financial instruments subject to variable interest rate by Interbank Deposit Certificates - CDI and General Consumer Price Index – IPCA exposure are as follows:

	2021				2020
Description	Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	Payable
Loan Agreement -- Interest: 150.0% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: November/2023	110,000	1,116	(1,909)	109,207	163,068
Loan Agreement -- Interest: 150.0% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: November/2023	110,000	1,116	(1,909)	109,207	163,068
Loan Agreement -- Interest: 294.0% of CDI Counterpart: Banco Brasil S.A. – CCB Maturity: March/2022	11,250	138	-	11,388	55,875
Loan Agreement -- Interest: 130.0% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: November/2023	110,000	967	(817)	110,150	-
(Refer to Note 13)				339,952	382,011
Loan Agreement -- Interest: 149.0% of CDI Counterpart: Banco BBM S.A. – CCB Maturity: June/2021	-	-	-	-	6,729
Loan Agreement -- Interest: CDI + 3.9% Counterpart: Banco BBM S.A. – CCB Maturity: July/2021	-	-	-	-	1,485
Loan Agreement -- Interest: 150.5% of CDI Counterpart: Banco BBM S.A. – CCB Maturity: July/2021	-	-	-	-	3,258
Loan Agreement -- Interest: 149.0% of CDI Counterpart: Banco BBM S.A. – CCB Maturity: November/2021	-	-	-	-	3,001
Loan Agreement -- Interest: CDI + 7.0% Counterpart: Banco BBM S.A. – CCB Maturity: November/2024	9,722	38	-	9,760	10,008
(Refer to Note 13)				9,760	24,481
Loan Agreement -- Interest: CDI + 4.9% Counterpart: Banco ABC Brasil S.A. – CCE Maturity: April/2024	10,600	65	-	10,665	13,670
Loan Agreement -- Interest: CDI + 4.9% Counterpart: Banco ABC Brasil S.A. – CCE Maturity: April/2024	5,855	37	-	5,892	7,550

Description	2021 Principal amount R$ thousands	2021 Accrued interest	2021 Prepaid interest	2021 Payable	2020 Payable
Loan Agreement -- Interest: CDI + 4.9% Counterpart: Banco ABC Brasil S.A. – CCE Maturity: April/2024	5,855	37	-	5,892	7,550
Loan Agreement -- Interest: CDI + 4.9% Counterpart: Banco ABC Brasil S.A. – CCE Maturity: April/2024	5,855	37	-	5,892	7,550
(Refer to Note 13)				28,341	36,320
Loan Agreement -- Interest: CDI + 6.1% Counterpart: Banco Bradesco S.A. Maturity: April/2024	12,341	330	-	12,671	17,543
Loan Agreement -- Interest: CDI + 6.0% Counterpart: Banco Bradesco S.A. Maturity: June/2024	30,000	354	-	30,354	-
(Refer to Note 13)				43,025	17,543
Loan Agreement -- Interest: CDI + 5.2% Counterpart: Banco Daycoval S.A. Maturity: July/2023	8,154	184	-	8,338	12,988
Loan Agreement -- Interest: CDI + 5.2% Counterpart: Banco Daycoval S.A. Maturity: July/2023	8,861	200	-	9,061	12,831
Loan Agreement -- Interest: CDI + 6.5% Counterpart: Banco Daycoval S.A. Maturity: July/2022	4,325	39	-	4,364	11,174
Loan Agreement -- Interest: CDI + 7.1% Counterpart: Banco Daycoval S.A. Maturity: April/2024	7,778	53	-	7,831	10,037
Loan Agreement -- Interest: CDI + 9.0% Counterpart: Banco Daycoval S.A. Maturity: April/2023	12,002	352	-	12,354	-
Loan Agreement -- Interest: CDI + 9.2% Counterpart: Banco Daycoval S.A. Maturity: April/2023	10,000	299	-	10,299	-
(Refer to Note 13)				52,247	47,030
Loan Agreement -- Interest: CDI + 3.5% Counterpart: Banco Santander S.A. Maturity: October/2021	-	-	-	-	32,012
Loan Agreement -- Interest: CDI + 4.7% Counterpart: Banco Santander S.A. Maturity: December/2021	-	-	-	-	23,216

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Description	2021 Principal amount R$ thousands	2021 Accrued interest	2021 Prepaid interest	2021 Payable	2020 Payable
Loan Agreement -- Interest: CDI + 5.6% Counterpart: Banco Santander S.A. Maturity: April/2024	12,000	380	-	12,380	-
Loan Agreement -- Interest: CDI + 5.6% Counterpart: Banco Santander S.A. Maturity: May/2024	11,000	218	-	11,218	-
Loan Agreement -- Interest: CDI + 5.6% Counterpart: Banco Santander S.A. Maturity: May/2024	12,000	307	-	12,307	-
(Refer to Note 13)				35,905	55,228
Loan Agreement -- Interest: CDI + 7.4% Counterpart: Banco Safra S.A. – CCB Maturity: February/2022	40,000	534	-	40,534	40,003
Loan Agreement -- Interest: CDI + 7.4% Counterpart: Banco Safra S.A. – CCB Maturity: May/2022	4,000	49	-	4,049	4,029
Loan Agreement -- Interest: CDI + 6.8% Counterpart: Banco Safra S.A. – CCB Maturity: October/2024	8,095	29	-	8,124	10,022
Loan Agreement -- Interest: CDI + 7.4% Counterpart: Banco Safra S.A. – CCB Maturity: January/2022	10,000	16	-	10,016	-
Loan Agreement -- Interest: CDI + 7.4% Counterpart: Banco Safra S.A. – CCB Maturity: February/2022	5,000	57	-	5,057	-
Loan Agreement -- Interest: CDI + 7.4% Counterpart: Banco Safra S.A. – CCB Maturity: February/2022	5,000	42	-	5,042	-
Loan Agreement -- Interest: CDI + 7.4% Counterpart: Banco Safra S.A. – CCB Maturity: March/2022	5,000	63	-	5,063	-
(Refer to Note 13)				77,885	54,054
Loan Agreement -- Interest: CDI + 7.5% Counterpart: Banco Fibra S.A. Maturity: April/2022	6,667	42	-	6,709	20,075
(Refer to Note 13)				6,709	20,075
Loan Agreement -- Interest: CDI + 6.8% Counterpart: Banco Sofisa S.A. Maturity: January/2022	10,000	129	-	10,129	10,073

Description	2021 Principal amount R$ thousands	2021 Accrued interest	2021 Prepaid interest	2021 Payable	2020 Payable
Loan Agreement -- Interest: CDI + 6.8% Counterpart: Banco Sofisa S.A. Maturity: November/2024	9,722	104	-	9,826	10,058
(Refer to Note 13)				19,955	20,131
Loan Agreement -- Interest: 180.0% of CDI Counterpart: Caixa Econômica Federal – CCB Maturity: April/2023	10,833	41	-	10,874	18,971
(Refer to Note 13)				10,874	18,971
Loan Agreement -- Interest: CDI + 7.8% Counterpart: Banco Pine S.A. Maturity: February/2021	-	-	-	-	504
Loan Agreement -- Interest: CDI + 7.8% Counterpart: Banco Pine S.A. Maturity: December/2022	3,200	18	-	3,218	6,417
Loan Agreement -- Interest: CDI + 7.8% Counterpart: Banco Pine S.A. Maturity: November/2021	-	-	-	-	5,005
Loan Agreement -- Interest: CDI + 8.7% Counterpart: Banco Pine S.A. Maturity: April/2022	4,444	46	-	4,490	-
(Refer to Note 13)				7,708	11,926
Loan Agreement -- Interest: CDI + 5.2% Counterpart: Banco Industrial do Brasil S.A. Maturity: March/2021	-	-	-	-	1,255
Loan Agreement -- Interest: CDI + 7.7% Counterpart: Banco Industrial do Brasil S.A. Maturity: July/2022	9,545	11	-	9,556	-
Loan Agreement -- Interest: CDI + 18.0% Counterpart: Banco Industrial do Brasil S.A. Maturity: January/2022	1,000	31	-	1,031	-
Loan Agreement -- Interest: CDI + 7.7% Counterpart: Banco Industrial do Brasil S.A. Maturity: October/2022	5,000	27	-	5,027	-
(Refer to Note 13)				15,614	1,255
Loan Agreement -- Interest: CDI + 3.9% Counterpart: Banco ABC do Brasil S.A. – CCE Maturity: May/2024	9,355	13	-	9,368	10,003

	2021				2020
Description	Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	Payable
Loan Agreement -- Interest: CDI + 4.0% Counterpart: Banco ABC do Brasil S.A. – CCE Maturity: June/2022	25,000	23	-	25,023	-
(Refer to Note 13)				34,391	10,003
Debentures 4th series -- Interest: CDI + 4.75% Counterpart: Several debenture holders Maturity: August/2021	-	-	-	-	91,085
Debentures 5th series -- Interest: IPCA + 8.0% Counterpart: Several debenture holders Maturity: July/2031	153,333	7,811	(2,548)	158,596	-
(Refer to Note 14)				158,596	91,085
	832,792	15,353	(7,183)	840,962	790,113

The sensitivity analysis of the non-derivative financial instruments above, considering the scheduled payments of principal and interest as of December 31, 2021, is as follows:

			Scenarios		
Maturity	Risk	Principal average balance	Probable	II	III
2022	Rate increase	633,523	63,221	84,895	98,047
2023	Rate increase	410,530	65,934	87,621	103,742
2024	Rate increase	138,621	16,074	14,093	14,990
2025	Rate increase	98,000	12,059	10,945	11,624
2026	Rate increase	82,000	10,065	9,135	9,701
2027	Rate increase	66,000	8,106	7,357	7,813
2028	Rate increase	50,000	6,208	5,635	5,984
2029	Rate increase	34,000	4,181	3,794	4,030
2030	Rate increase	18,000	2,212	2,007	2,132
2031	Rate increase	5,333	379	344	365

Amounts shown in the scenarios above represent projected interest expense, in their respective years and scenarios, considering the average loan balances on each year. The “Probable” scenario represents the result of the interest variations, considering future CDI and IPCA rates and the principal and interest maturity dates. Scenarios II and III reflect 25% and 50% increase in the future CDI and IPCA rates, respectively. The future CDI rates were obtained at B3 S.A. – Brasil, Bolsa, Balcão and the future IPCA rates were obtained from the Brazilian Central Bank – Focus report.

d.6 – Credit risk--The Company is subject to credit risk on its cash and cash equivalents and marketable securities. This risk is mitigated by the policy of entering into transactions only with major financial institutions.

The credit risk on accounts receivable is reduced due to the selectivity of customers and credit policy. The Company has a credit management system based on the combination of information originated by several departments of the Company, primarily sales, finance, accounting, legal and external sources that enable the credit and collection departments to establish credit limits for its customers that are approved by a credit committee.

d.7 – Liquidity risk management--The Company's financial liabilities, according to their cash flows, based on their approximate maturity date, and using nominal contractual interest rates, are summarized as follows:

		Estimated settlement			
Contractual obligations	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Loans and financing	952,723	509,376	437,794	5,553	-
Debentures	377,361	53,220	92,383	87,614	144,144
Suppliers	764	764	-	-	-
Lease payable, net	299,222	50,296	89,229	66,340	93,357
	1,630,070	613,656	619,406	159,507	237,501

d.8 – Capital management risk--The Company manages its capital structure to ensure the continuity of its operational activities and, at the same time, to maximize the returns to its shareholders. The Company's strategy remained unchanged in the period covered by these financial statements.

The Company's net debt is as follows:

	Consolidated	
	2021	2020
Loans and financing	847,317	878,113
Debentures	158,596	91,085
Cash and cash equivalents	(199,765)	(168,793)
Marketable securities	(26,837)	(17,982)
Total net debt	779,311	782,423
Total equity	990,441	1,105,748
Total net debt and equity	1,769,752	1,888,171

24. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise for which separate financial statements are available and evaluated regularly by the decision maker, with the purpose of determining the allocation of resources to an individual segment and evaluate its performance. Decisions on strategic planning, finance, purchasing, investment and application of resources, as well as evaluation of investment and key executives' performance of the Company are made on a consolidated basis. The Company and its subsidiaries have concluded that they have two operating segments: "Wholesale" and "Retail".

The Company owns several factories that supply each other so that, together, they form an integrated industry in spinning, weaving, finishing and manufacturing of home textile products. The Company does not have separate operating segments in its sales categories and the reports used for strategic and operational decision making are always consolidated. There are no specific operational units for each category of goods sold. Therefore, these operations are denominated "Wholesale" because its products are not sold to the final consumer.

The indirect subsidiaries AMMO and C7S have a set of separate information and investment decisions, pricing, store expansion multichannel sales, and others that are individually made, and are denominated "Retail" as its products are sold directly to the final consumer.

The sales made by the subsidiary CSA to the indirect subsidiary AMMO are excluded from the Wholesale segment in the table below, so that only sales made to third parties are presented, which reflects the business segments' managerial reports for Wholesale and Retail. The performance of each segment is evaluated excluding intercompany sales.

The financial statements, segregated by the segments previously explained, are presented below (in millions of Reais):

	2021 (continuing operations)			
	Wholesale	Retail	(*) Others unallocated	Total
Net revenues	1,225.5	495.2	-	1,720.7
Cost of goods sold	(879.0)	(230.8)	-	(1,109.8)
Gross profit	346.5	264.4	-	610.9
Selling, general and administrative expenses	(254.0)	(232.5)	(19.2)	(505.7)
Other	9.9	(4.3)	0.4	6.0
Results of operations	102.4	27.6	(18.8)	111.2
Financial results	-	-	(265.6)	(265.6)
Income (loss) before taxes	102.4	27.6	(284.4)	(154.4)
Depreciation and amortization	67.0	29.8	4.9	101.7

	2020 (continuing operations)			
	Wholesale	Retail	(*) Others unallocated	Total
Net revenues	1,104.0	431.1	-	1,535.1
Cost of goods sold	(819.7)	(209.1)	-	(1,028.8)
Gross profit	284.3	222.0	-	506.3
Selling, general and administrative expenses	(235.2)	(208.4)	(18.4)	(462.0)
Other	8.7	(1.9)	(2.0)	4.8
Results of operations	57.8	11.7	(20.4)	49.1
Financial results	-	-	(230.8)	(230.8)
Income (loss) before taxes	57.8	11.7	(251.2)	(181.7)
Depreciation and amortization	63.7	25.7	4.7	94.1

(*) Includes Company expenses and the results from the continuing operations of subsidiary SGUS.

The Company, through the analysis of sales performance, classifies its products under the categories of sales (or product lines) such as: bedding, tabletop and bath, intermediate products, and retail.

Revenue information by category or product lines is as follows:

	Consolidated	
	2021	2020
Net revenues (in millions of Reais):		
Bedding, tabletop and bath	952.1	827.4
Intermediate products	273.4	276.6
Retail	495.2	431.1
	1,720.7	1,535.1
Volume (in thousands of tons):		
Bedding, tabletop and bath	20.6	21.4
Intermediate products	19.6	24.5
	40.2	45.9

The Company has over 10,000 active clients in the wholesale segment as of December 31, 2021.

25. EXPENSES BY NATURE

The Company presents its consolidated statements of operations by function. The expenses by nature and their classification by function are presented as follows:

By nature:

	Consolidated	
	2021	2020
Cost of raw materials, goods and services acquired from third parties	(1,207,095)	(994,763)
Employees benefits	(360,705)	(334,594)
INSS	(43,821)	(37,417)
Depreciation and amortization	(101,748)	(94,051)
Finished goods and work in process inventory variations	97,805	(4,364)
Costs resulting from reduced production volume - COVID-19	-	(25,585)
Total by nature	(1,615,564)	(1,490,774)

By function:

	Consolidated	
	2021	2020
Cost of goods sold	(1,109,802)	(1,028,826)
Selling expenses	(368,098)	(335,448)
General and administrative expenses	(122,571)	(113,915)
Management fees	(15,093)	(12,585)
Total by function	(1,615,564)	(1,490,774)

26. NET REVENUES

The reconciliation between gross revenues and net revenues presented in the statements of operations is as follows:

	Consolidated	
	2021	2020
OPERATING REVENUES:		
Gross revenues	2,397,014	2,019,778
Revenue deductions	(676,291)	(484,699)
NET REVENUES	1,720,723	1,535,079

27. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share was calculated as follows:

	2021	2020
NET LOSS FOR THE YEAR OF THE CONTINUED OPERATIONS	(153,576)	(253,952)
NET LOSS FOR THE YEAR OF THE DISCONTINUED OPERATIONS	-	(66,988)
NET LOSS FOR THE YEAR	(153,576)	(320,940)
Weighted-average outstanding common shares	50,000,000	50,000,000
BASIC AND DILUTED LOSS PER SHARE (R$)		
From continuing operations	(3.0715)	(5.0789)
From discontinued operations	-	(1.3398)
Total	(3.0715)	(6.4188)

The Company does not have shares with dilutive potential. Therefore, the basic loss per share equals the diluted loss per share.

28. DISCONTINUED OPERATIONS

As described in note 8, in the fourth quarter of 2020 the subsidiary SGUS made the investment in the affiliate Keeco Holdings, LLC available for sale.

Accordingly, in accordance with CPC 31 and IFRS 5, the results of the operations of this affiliate were presented as “Discontinued operations” in the income statement for the year ended December 31, 2020, as well as the investment and goodwill balances are presented in the balance sheet as “Assets held for sale”. The statements of comprehensive income and cash flows, for the year ended December 31, 2020, are restated for comparison purposes, as discontinued operations.

The balance of the discontinued operations on December 31, 2021 and 2020 are as follow:

	2020	Exchange rate variations	2021
ASSETS			
NONCURRENT:			
Investment	35,151	2,596	37,747
Goodwill	88,567	6,541	95,108
ASSETS HELD FOR SALE	123,718	9,137	132,855

The subsidiary SGUS does not expect any losses on the realization of the investment.

The results of discontinued operations highlighted in the statements of operations for the years ended on December 31, 2021 and 2020 are presented below:

	Company		Consolidated	
	2021	2020	2021	2020
OPERATING EXPENSES:				
Equity in subsidiaries	-	(66,988)	-	(11,298)
Impairment adjustment on assets	-	-	-	(42,936)
Others, net	-	-	-	(12,754)
LOSS FROM OPERATIONS	-	(66,988)	-	(66,988)
NET LOSS FOR THE YEAR – DISCONTINUED OPERATIONS	-	(66,988)	-	(66,988)

The cash flow statements of discontinued operations are presented below:

	Company		Consolidated	
	2021	2020	2021	2020
Cash flows from discontinued operations activities:				
Net loss for the year	-	(68,988)	-	(66,988)
Equity in subsidiaries	-	68,988	-	11,298
Impairment adjustment on assets	-	-	-	42,936
Others	-	-	-	12,754
Total cash provided by discontinued operations	-	-	-	-

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