



SPRINGS
GLOBAL

SGPS

B3 LISTED NM

4Q22|2022 Results

October 13, 2023

Springs Global: Free cash flow of R\$ 57.5 million in 2022

São Paulo, October 13th, 2023 - Springs Global Participações S.A. (Springs Global), a company in the Home & Decoration segment, leader in bedding, tabletop and bath products, had a free cash flow^(a) of R\$ 57.5 million in the year of 2022, enabled mainly due to the decrease of R\$ 464.4 million in working capital. There was a reduction in the manufacturing operations in the year, with scheduled stoppages at the manufacturing units, resulting in idle cost of R\$ 175.1 million. Net revenue totaled R\$ 1,217.4 million in 2022.

Operational restructuring

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

Debt management

In the third quarter of 2022 (3Q22), the business combination of New Keeco Holdings, LLC, Springs Global's indirect subsidiary that was available for sale, was completed with Hollander Parent Corporation, forming a new combined company called Keeco, Inc., which will operate in the same market segment as both companies, with consolidated revenues equivalent to US\$1.2 billion. With this transaction, Springs Global has an expectation that its stake in Keeco will have a significant appreciation in the coming years, through business growth and obtaining operational and administrative synergies. On the other hand, with the postponement of the sales of its share in Keeco, the Company began to look for other sources of liquidity to reduce its financial leverage. The Company renewed part of its debt agreements, equivalent to R\$ 402.6 million in 2022, highlighting the issuance of debentures convertible into shares by the indirect controlled company AMMO Varejo S.A., in the amount of R\$ 180 million, and obtained a waiver of compliance with financial ratios for December 31, 2022.

Moreover, on May 5, the Company informed the market that negotiations were concluded with financial institutions, with which the Company and its subsidiaries maintain financing agreements, for the extension of their maturities, obtaining a new average disbursement term of more than 3 years, until March 2030, with disbursements expected for 2023 being reduced by 80%.

Allocation of non-operating properties for sale

In the fourth quarter of 2022 (4Q22), the Company decided to allocate its non-operating properties in São Gonçalo do Amarante-RN for sale, whose balance sheet values as of December 31, 2022 totaled R\$ 429.7 million, and started negotiations with some interested parties, which are in progress.

Reduction of loans receivable from companies in the Coteminas group

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

Among the non-operating assets being sold, we highlight the contract for the sale of a farm whose amount to be received by the controlling company will be used to (i) reduce loans receivable from companies in the Coteminas group; (ii) reduce the debt; and (iii) financing working capital. The conclusion of the sale, and, therefore, the beginning of payment, depends on certain precedent conditions.

Finally, in April 2023, the parent company Companhia de Tecidos Norte de Minas (CTNM) signed a Memorandum of Understanding, with SHEIN, a company headquartered in Singapore, for the establishment of a partnership, involving: (i) the joint effort to have 2,000 of its clothing manufacturing customers as SHEIN suppliers to serve the domestic and Latin America markets, (ii) financing for working capital, and (iii) contract for the export of home products.

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



Consolidated Performance

Revenue

The consolidated net revenue reached R\$ 1,217.4 million in 2022, 29.2% and 14.4% lower than 2021 and 2019 revenues, respectively. In 2020 and 2021, families invested in their well-being, due to the longer stay in their homes, favoring the home & wellness sector, and in 2022, with the resumption of their routines, they directed their spending to other items such as apparel and services. Moreover, inflation has been a significant factor in the loss of purchasing power of families and in the increase in the costs of the products offered, harming, mainly, brands whose target audience is the lower-income population.

The Bedding, Tabletop and Bath^(b) line was responsible for 54% of 2022 revenue, and intermediate products^(c) for 15%. The Retail revenue contributed 31% of total revenue in 2022.

Revenues from the Bedding, Tabletop and Bath line amounted to R\$ 660.5 million in 2022, 30.6% lower than the value recorded in 2021, with a reduction of 35.5% in sales volume.

Revenues from intermediate products were R\$ 176.3 million in 2022, 35.5% lower yoy, and with a decrease of 26.6% compared to 2019.

Retail net revenue totaled R\$ 380.6 million, 23.1% lower yoy, negatively impacted mainly by lower sales from e-commerce.

Retail sell-out (GMV)^(d) revenue reached R\$ 710.4 million in 2022, 14.9% lower yoy and 25.7% higher compared to 2019.

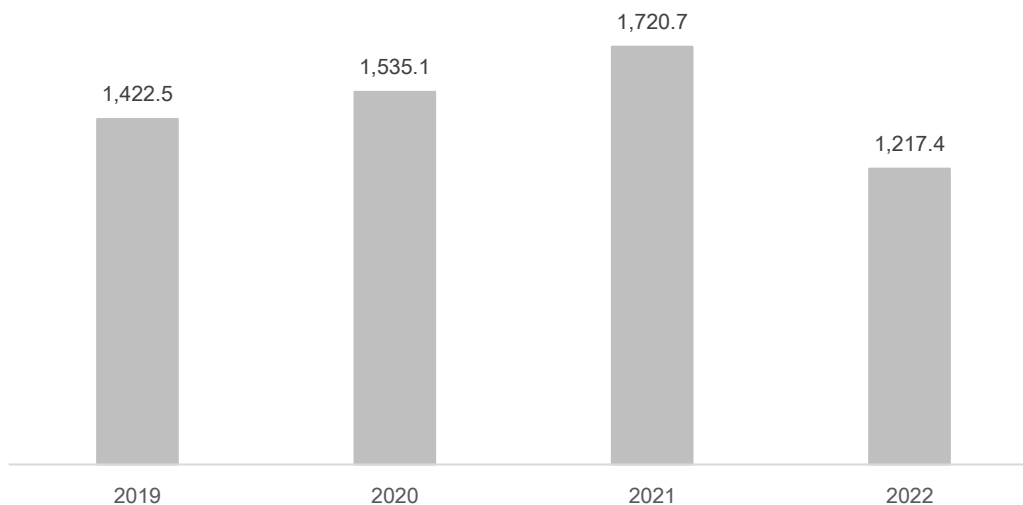


Chart 1 – Net Revenue, in R\$ million

In 4Q22, the consolidated net revenue reached R\$ 222.3 million, 50.8% lower than the fourth quarter of 2021 (4Q21) revenue. Revenues from the Bedding, Tabletop and Bath line were R\$ 99.1 million in 4Q22, 56.3% year-over-year (yoy), while revenues from intermediate products totaled R\$ 16.2 million, 82.3% lower yoy. Retail net revenue totaled R\$ 106.8 million, 20.1% lower yoy.

Retail sell-out (GMV) revenue reached R\$ 207.3 million in 4Q22, with a yoy decrease of 8.9% and with an increase of 27.7% compared to the fourth quarter of 2019 (4Q19).

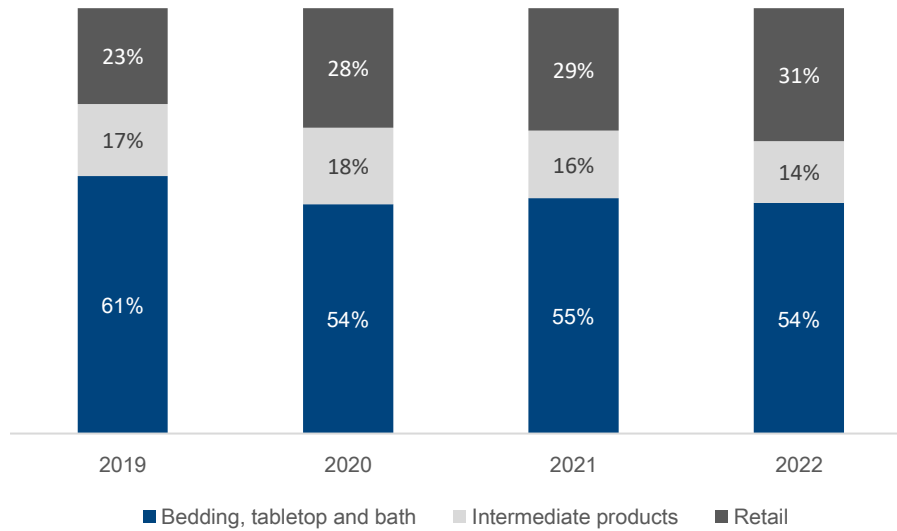


Chart 2 – Revenue per product line

Costs and Expenses

Cost of goods sold (COGS) was R\$ 879.7 million in 2022, with a yoy decrease of 19.5%, mainly due to lower sales volume and classification of part of the conversion cost as idle cost, representing 72.3% of net revenue, versus 63.5% in 2021.

The main raw materials are cotton and polyester that, together with chemicals, packaging and trims, are included in materials costs, which amounted to R\$ 478.7 million in 2022, 16.6% lower yoy, resulting from lower sales volume, partially offset by the increase in the costs of raw materials and inputs. The average price of cotton, our main raw material, increased yoy by 23.3% in Brazilian Reais.

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

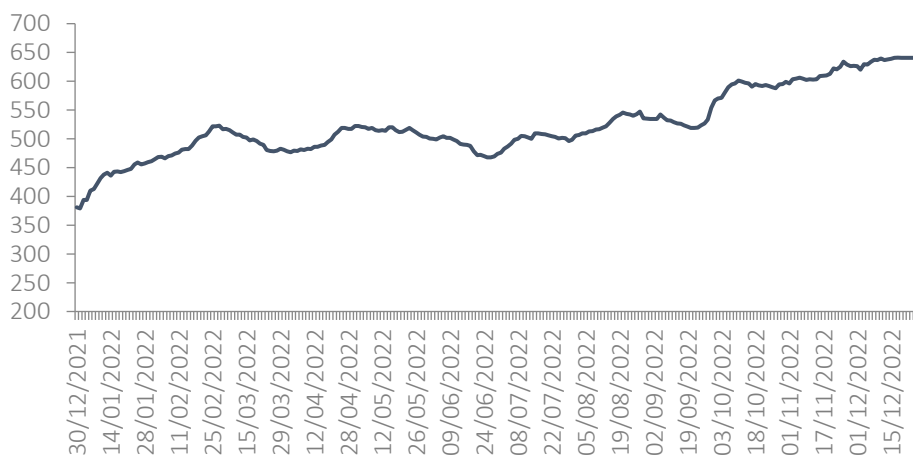


Chart 3 – Cotton price, source CEPEA

The conversion of raw materials into finished goods requires, mainly, labor, electricity and other utilities, designated as conversion costs and others, which reached R\$ 338.8 million in 2022, with a 25.7% decrease yoy, since part of the conversion cost was classified as idle cost, due to the scheduled stoppages in some manufacturing units in the second half of 2022. Idle costs, when they occur, are recognized directly in income statement for the period and are

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

Idle cost and others amounted to R\$ 175.1 million in 2022, versus R\$ 16.8 million in 2021 reclassified.

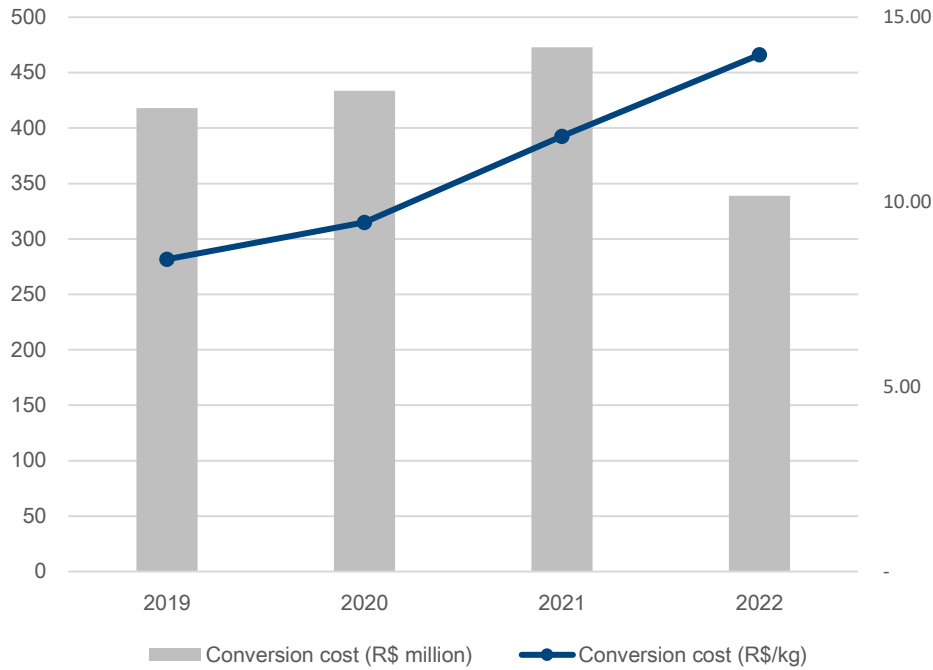


Chart 4 – Conversion cost, without reclassification of COGS for the years of 2019 and 2022

Depreciation costs of production and distribution assets totaled R\$ 62.2 million in 2022, stable yoy.

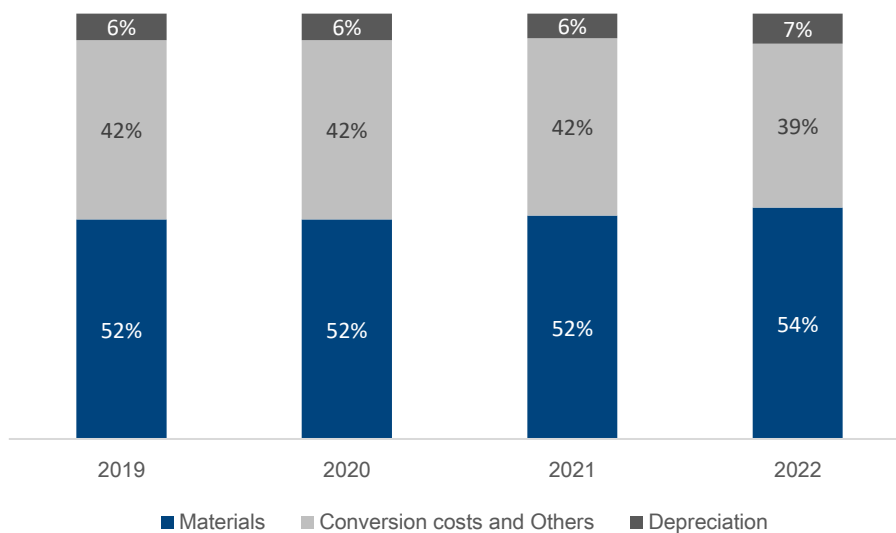


Chart 5 – COGS breakdown, without reclassification of COGS the years of 2019 and 2020

Regarding operational expenses, selling expenses reached R\$ 316.0 million in 2022, 14.2% lower yoy, representing 26.0% of net revenue, compared to 21.4% in 2021, mainly due to lower sales. General and administrative expenses (G&A) amounted to R\$ 150.7 million in 2022, equivalent to 12.4% of net revenue, versus 8.0% in the previous year.

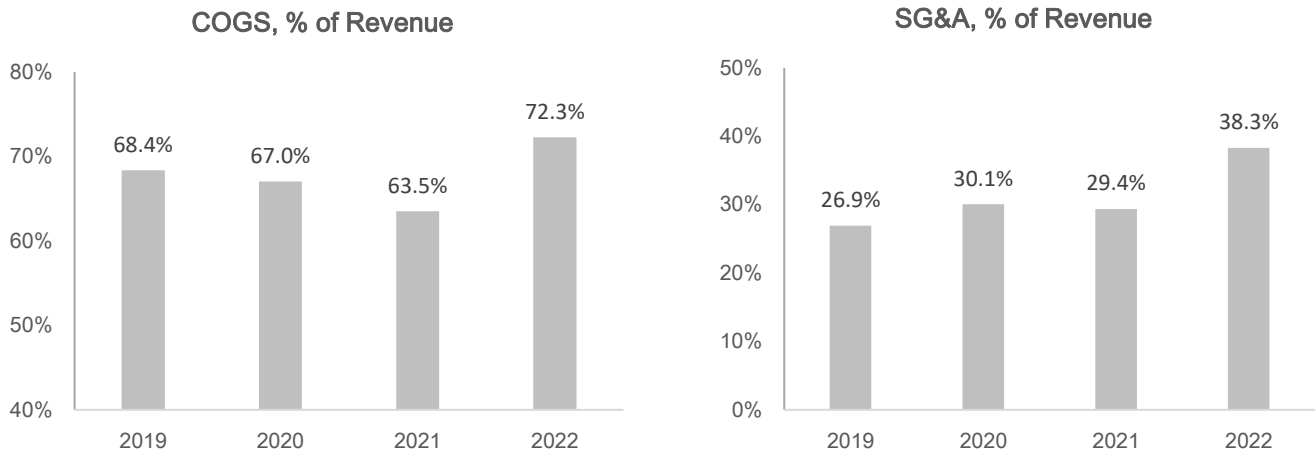


Chart 6 – COGS and SG&A, as % of net revenue

Cost of goods sold (COGS) was R\$ 161.0 million in 4Q22, with a yoy decrease of 46.5%, mainly due to lower sales volume and classification of part of the conversion cost as idle cost, representing 72.4% of net revenue, versus 66.6% in 4Q21 and 64.7% in 4Q19.

The materials costs amounted to R\$ 59.7 million in 4Q22, 65.7% lower yoy, due to the decrease in the costs of raw materials and inputs and lower sales volume. The average price of cotton, our main raw material, decreased yoy by 14.3% in Brazilian Reais in 4Q22.

The conversion costs and others reached R\$ 85.8 million in 4Q22, with a 22.6% decrease yoy, while the idle cost and others amounted to R\$ 98.4 million.

Depreciation costs of production and distribution assets totaled R\$ 15.5 million in 4Q22, stable yoy.

Regarding operational expenses, selling expenses reached R\$ 87.5 million in 4Q22, 7.9% lower yoy, representing 39.4% of net revenue, compared to 21.0% in 4Q21, mainly due to lower sales. General and administrative expenses (G&A) amounted to R\$ 38.3 million in 4Q22, equivalent to 17.2% of net revenue, versus 8.6% in the same period of the previous year.

Other, net

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

"Other, net" was a net expense of R\$ 10.9 million in 2022, compared to a net expense of R\$ 17.5 million in 2021, with a positive variation of R\$ 6.6 million yoy. In 4Q21, "other, net" was a net expense of R\$ 12.7 million, compared to R\$ 5.7 million in 4Q21, with a negative variation of R\$ 7.0 million yoy.

Springs Global US had a negative result of R\$ 13.9 million in 2022, compared to a negative amount of R\$ 16.3 million in 2021, before taxes.

Investment properties

Leasing revenue from the Power Center commercial development totaled R\$ 11.7 million in 2022 (R\$ 3.0 million in 4Q22), versus R\$ 11.3 million in 2021 (R\$ 2.9 million in 4Q21).

The Company's investment properties were valued at R\$ 527.1 million at the end of 2022 (versus R\$ 459.9 million at the end of 2021), and include (i) the Commercial complex in São Gonçalo do Amarante (ii) the residential complex in São Gonçalo do Amarante; (iii) real estate in Montes Claros; and (iv) real estate in Acreúna.

In the last quarter of 2022, there was a positive variation in the fair value of R\$ 65.3 million, with a positive impact on the Company's results. In the same period of 2021, there was a positive variation in the fair value of R\$ 23.5 million.

In 4Q22, the Company decided to allocate non-operating properties in São Gonçalo do Amarante-RN for sale, whose balance sheet values as of December 31, 2022 totaled R\$ 429.7 million, and started negotiations with some interested parties, which are in progress. These properties are part of the guarantee of the Company's debentures,



with a balance of R\$ 152.5 million as of December 31, 2022, and therefore, in the event of the sale of these properties, the debentures may be liquidated.

Other investment

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

On September 19, 2022, the business combination of New Keeco Holdings, LLC and Hollander Parent Corporation was completed, forming a new combined company called Keeco, Inc., which will operate in the same market segment as both companies, with consolidated revenues equivalent to US\$1.2 billion.

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

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

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

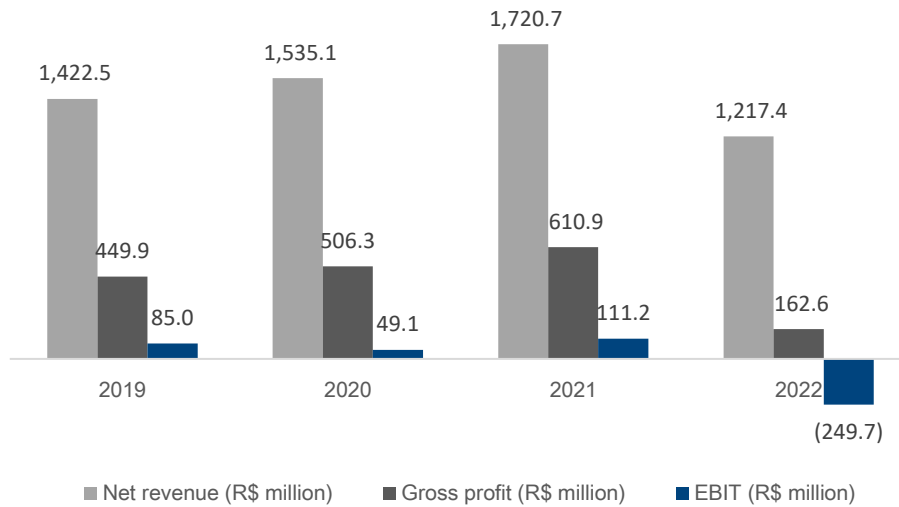
Therefore, the Company reclassified this investment, previously under “assets held for sale”, to “other investments”, which will be valued at book cost.

Financial indicators

Gross profit totaled R\$ 162.2 million in 2022, with gross margin of 13.4%. There was a yoy decrease of R\$ 448.3 million, or 73.4%, in gross profit and a decrease of 22.1 p.p. in gross margin.

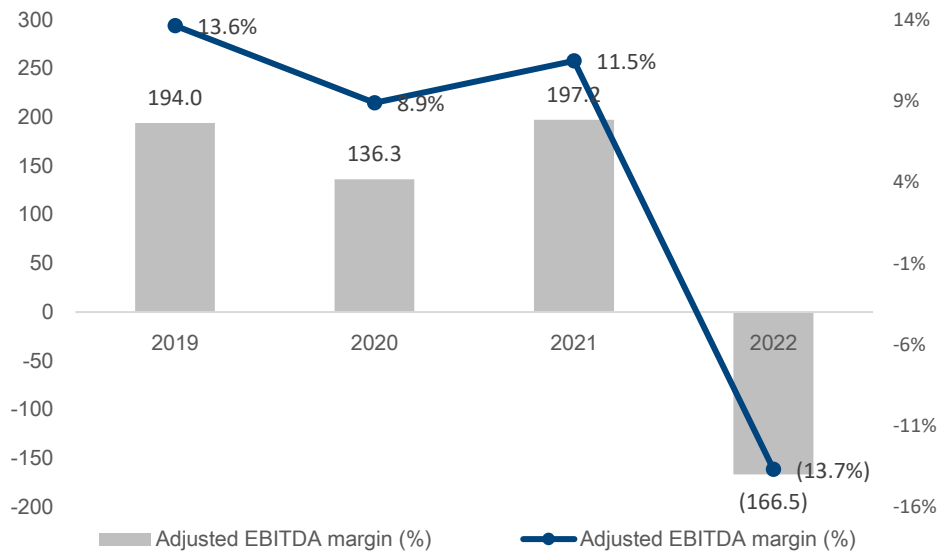
Income from operations was negative R\$ 249.7 million in 2022, with a decrease of R\$ 360.9 million yoy, mainly resulting from the decrease of R\$ 448.3 million in gross profit, partially offset by the decrease of R\$ 45.7 million in other SG&A expenses and other net expenses, and the positive variation of R\$41.8 million in the fair value of investment properties.

In 4Q22, gross profit was negative R\$ 37.2 million, with a negative gross margin of 16.7%, while the loss from operations totaled R\$ 110.4 million.



Graph 7 – Financial indicators, in R\$ million

Adjusted EBITDA^{(e),1} was negative R\$ 166.5 million in 2022, versus R\$ 197.2 million in 2021. Adjusted EBITDA margin was -13.7%, versus 11.5% in 2021.



Graph 8 – EBITDA and EBITDA margin

Capital expenditures (Capex) totaled R\$ 11.1 million in 2022, versus R\$ 36.5 million in 2021.

The working capital needs amounted to R\$ 283.5 million at the end of 2022, 62.1%, or R\$ 464.4 million, lower yoy, mainly due to a decrease in account receivable (R\$ 285.7 million) and in inventories (R\$ 159.6 million) and an increase in suppliers account (R\$ 14.0 million).

¹ See reconciliation on table 4.

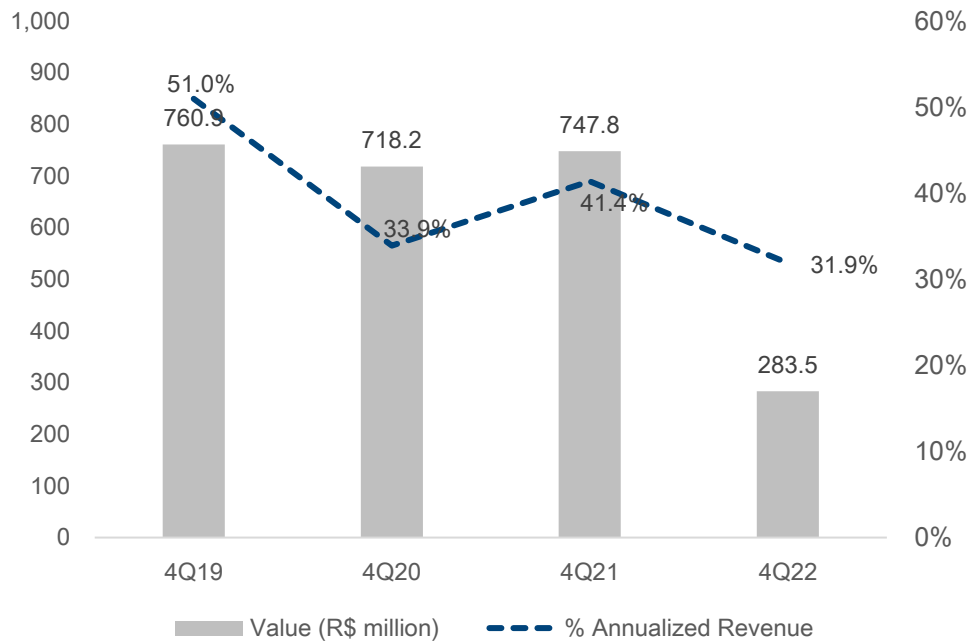


Chart 9 – Working capital, at the end of the period

Our adjusted net debt^(f) was R\$ 590.0 million as of December 31, 2022, versus R\$ 615.2 million as of September 30, 2022 and R\$ 779.3 million as of December 31, 2021. In 2022, debt amortization was R\$ 406.3 million, we obtained new loans or renewals totaling R\$ 402.6 million. We obtained a waiver of compliance with financial ratios for December 31, 2022.

The indirect subsidiary AMMO Varejo S.A. (“AMMO”), in the Retail business segment, signed a financing agreement (“Pre-IPO financing”) in 2Q22, through the private issuance of debentures convertible into AMMO shares, in the amount of up to R\$300 million, with a 5-year term, with payment of principal and interest in a single installment upon maturity of the debentures or on the date of a liquidity event, such as an initial public offering of AMMO shares. On June 20, 2022, debentures totaling R\$180 million were subscribed.

The resources obtained through this financing will be used in the development of AMMO Varejo's activities and investments and the increase of its working capital. This financing aims to enable AMMO Varejo's growth plan, through (i) expansion of the product portfolio in the home-wellness segment, (ii) growth of distribution channels and geographic expansion, and (iii) offering of sleep products and services. In 2Q22, the direct subsidiary Coteminas S.A. transferred the Artex, AMMO and Persono brands to AMMO, in the amount of R\$170.9 million, determined in an appraisal report of the brands carried out by specialized consultants, with no cash effect.

The debentures may be converted into shares to be issued by AMMO, with 25% of the balance of the debentures being mandatory and 75% of the balance of the debentures at the discretion of the debenture holder.

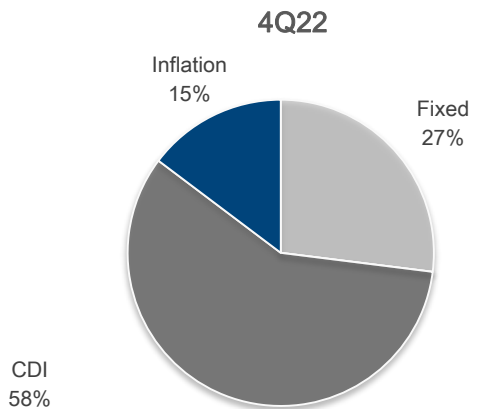


Chart 10 – Debt per index

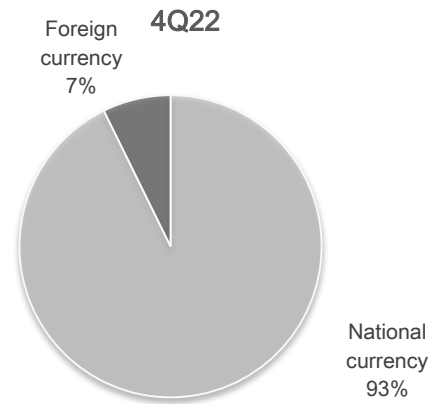


Chart 11 – Debt by currency

The financial result was an expense of R\$ 357.0 million in 2022, versus an expense of R\$ 265.6 million in 2021, negatively impacted by higher financial expenses (R\$ 111.5 million), mainly related the increase of the Selic rate in recent months, from 4.25% in June 30, 2021 to 13.75% in September 30, 2022. The accumulated selic rate for the year ended December 31, 2022 was 12.39%, compared to 4.39% in 2021.

In 4Q22, the financial result was an expense of R\$ 96.8 million in 4Q22, versus an expense of R\$ 80.0 million in 4Q21. In the last quarter, there was a reduction of 45.9 million in the consolidated gross debt, considering the amortizations deducted of new funding.

The net loss was R\$ 630.0 million in 2022, of which R\$ 230.0 million in 4Q22, versus net loss of R\$ 153.6 million in 2021, of which R\$ 53.5 million in 4Q21. Free cash flow was R\$ 57.5 million in 2022, of which R\$ 33.0 million in 4Q22, mainly due to a R\$ 233.0 million reduction in working capital qoq.

The Company continues to search for alternatives to accelerate deleveraging.

In 4Q22, the Company decided to allocate non-operating properties in São Gonçalo do Amarante-RN for sale, whose balance sheet values as of December 31, 2022 totaled R\$ 429.7 million, and started negotiations with some interested parties, which are in progress.



Performance per business unit

Performance of the business units

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

Wholesale

Net revenue from the Wholesale business unit totaled R\$ 836.8 million in 2022, with a 31.7% and 24.0% decrease compared to 2021 and 2019, respectively, due to lower sales volume and sales mix.

COGS totaled R\$ 683.0 million in 2022, 20.8% lower yoy, mainly due to lower sales volume and the classification of part of the conversion cost as idle cost.

There was a reduction in the manufacturing operations in 2022, with scheduled stoppages at the manufacturing units, resulting in idle costs and others equal to R\$ 175.1 million, versus R\$ 16.8 million in 2021 reclassified.

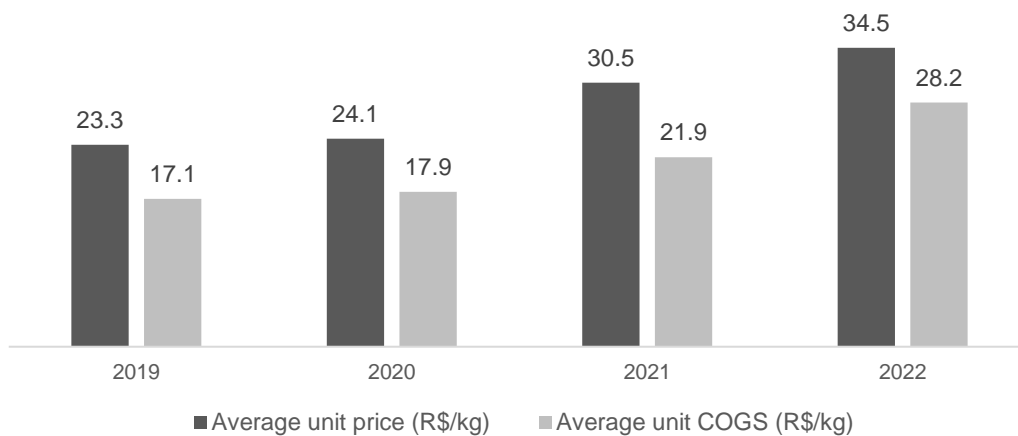


Chart 12 – Evolution of average price and unit cost in the Wholesale business unit, without reclassification of COGS for the years 2019 and 2020

Gross profit reached negative R\$ 21.3 million, with a reduction of R\$ 367.8 million yoy. Gross margin was -2.5%, versus 28.3% in 2021 and 26.6% in 2019. SG&A expenses totaled R\$ 230.3 million, 9.3% lower yoy.

EBITDA was negative R\$ 128.8 million in 2022, versus R\$ 102.4 million in 2021 and R\$ 70.8 million in 2019. EBITDA margin was -15.4% in 2022, versus 8.4% in 2021, and 6.4% in 2019.

In 2022, the following non-current items, with no cash effect, were accounted for: (i) R\$ 12.7 million of provision for expected loss with doubtful accounts (versus R\$ 2.0 million in 2021); (ii) R\$ 22.4 million for provision for inventory loss; and (iii) R\$ 65.3 million of positive variation in the fair value of investment properties (versus R\$ 23.5 million in 2021). Excluding these non-recurring items, adjusted EBITDA was a negative R\$ 158.9 million in 2022, compared to R\$ 80.9 million in 2021.

In 4Q22, net revenue totaled R\$ 115.4 million, versus R\$ 210.0 million in 3Q22, R\$ 318.2 million in 4Q21, and R\$ 244.5 million in 4Q19. The idle cost was R\$ 98.5 million, resulting a gross loss of R\$ 87.7 million. EBITDA was R\$ 66.6 million negative in 4Q22, versus R\$ 56.1 million negative in 3Q22, R\$ 50.0 million in 4Q21 and R\$ 39.9 million in 4Q19. Excluding the non-recurring itens, with no cash effect, previously mentioned, the adjusted EBITDA was R\$ 96.8 million negative in 4Q22, versus R\$ 28.4 million in 4Q21.

Retail

The sell-out revenue (GMV) from the Retail business unit amounted to R\$ 710.4 million in 2022, 14.9% lower yoy. Sell-out revenue (GMV) from physical stores amounted to R\$ 564.0 million, stable yoy. E-commerce revenue (GMV) totaled R\$ 146.5 million, representing 21% of our Retail sell-out revenue (GMV), versus 32% in 2021, 46% lower yoy.

At the end of 2022, we had 245 stores, of which 71 were owned and 174 franchises, versus 240 stores in 2021. In the last twelve months, we expanded the Artex chain by eight stores, of which five were owned stores and three were franchised stores.

Ex-bedding, bath and tabletop categories (“ex-BBT”) were responsible for 7.6% of Retail sales (GMV) in 2022, versus 7.1% in 2021.

Retail net revenue totaled R\$ 380.6 million, 23.1% lower yoy. The Santista brand, which focuses on the lower-income public and which only has an online store, showed the greatest reduction in revenue, of 38.0%.

COGS totaled R\$ 196.7 million in 2022, 14.8% lower yoy, due to lower sales volume, representing 51.7% of net revenue, versus 46.6% in 2021. Regarding operational expenses, selling expenses reached R\$ 177.5 million in 2022, representing 46.6% of net revenue, 13.5% lower yoy.

G&A amounted to R\$ 41.0 million in 2022, equivalent to 10.8% of net revenue, versus 5.5% in the previous year.

In 2022, we recorded provisions of R\$ 4.7 million for expected losses with doubtful accounts and R\$ 7.5 million for expected losses for impairment of commercial points and assets, with no cash effect for the Company. On the other hand, in 2021, there were non-recurring expenses related to the request for a public offering of shares that totaled R\$ 4.6 million, classified in “other expenses, net”.

Adjusted EBITDA was R\$ 1.3 million in 2022, excluding provision for expected loss on doubtful accounts, loss in inventory, and asset devaluation, versus R\$ 62.0 million in 2021, excluding non-recurring expenses related to the public offering of shares. Adjusted EBITDA margin was 0.4% in 2022, versus 12.5% in 2021.

In 4Q22, net revenue totaled R\$ 106.8 million, 20.0% lower yoy and 23.3% higher quarter-over-quarter (qoq), with gross margin of 47.3%. The sell-out revenue (GMV) amounted to R\$ 207.3 million in 4Q22, stable yoy. E-commerce revenue (GMV) totaled R\$ 34.1 million, representing 16% of our Retail sell-out revenue (GMV), versus 24% in 4Q21, 37% lower yoy. SG&A amounted R\$ 65.9 million, with a yoy growth of 5.4%. EBITDA was R\$ 16.3 million negative in 4Q22. Excluding the non-recurring assets, with no cash effect, the adjusted EBITDA was R\$ 3.1 million negative.

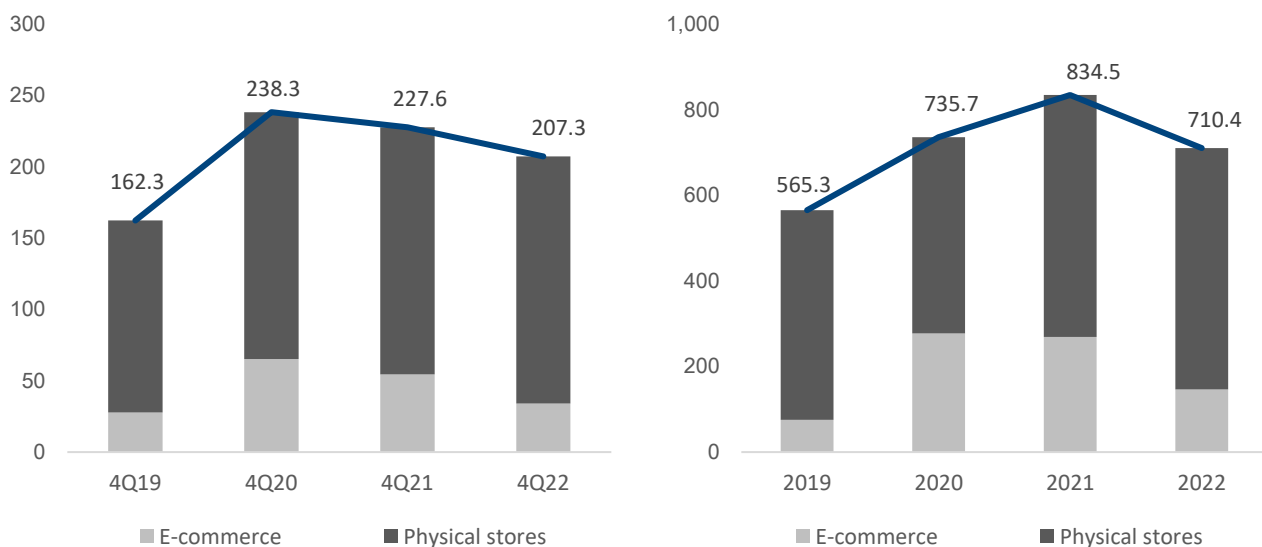


Chart 13 – Retail sell-out revenue, in R\$ million

Share performance

Springs Global's shares, traded on the B3 under the ticker SGPS3, decreased by 38.4% in 4Q22, lower than the performance of the IBOVESPA index and the Small Cap index in the same period. The daily average financial volume of our shares was R\$ 0.2 million in 4Q22, versus R\$ 0.2 million in 3Q22 and R\$ 0.6 million in 4Q21. Springs Global had a market cap of R\$ 67.5 million, with share price of R\$ 1.35, on December 31, 2022.

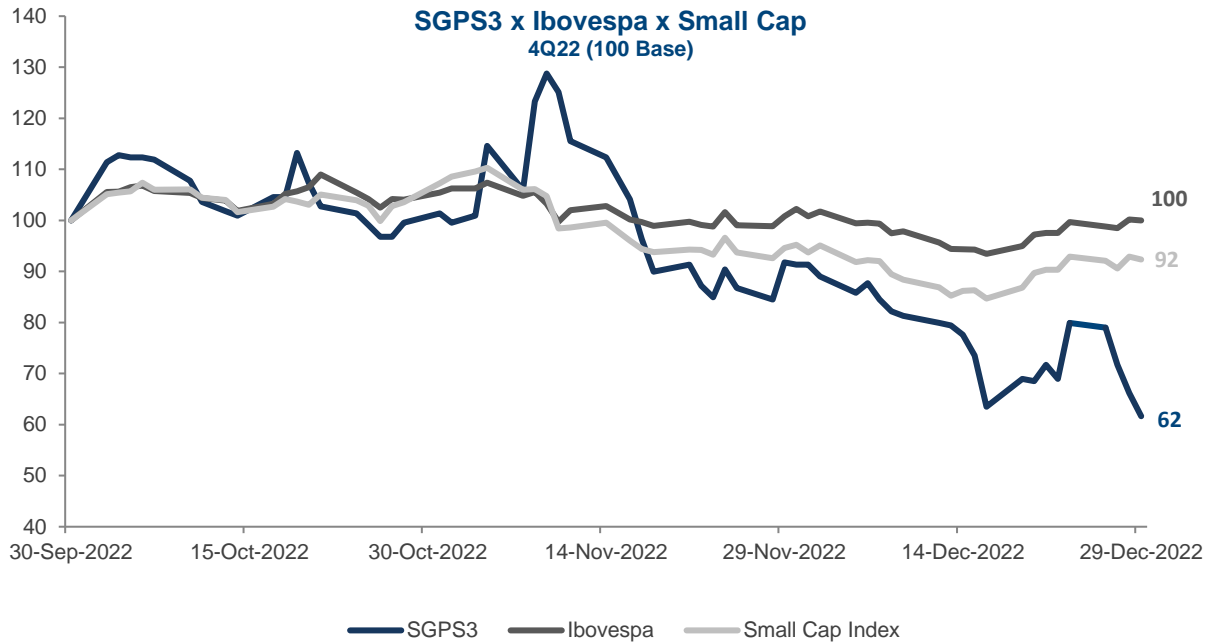


Chart 14– Performance of SGPS3 share price



Financial indicators

Tabelas

Table 1 – Net revenue by business unit

in R\$ million	4Q22	%	4Q21	%	4Q19	%	(A)/(B)	(A)/(C)	2022	%	2021	%	2019	%	(D)/(E)	(D)/(F)
	(A)		(B)		(C)		%	%	(D)		(E)		(F)		%	%
Wholesale	115.4	52%	318.2	70%	244.5	66%	(63.7%)	(52.8%)	836.8	69%	1,225.5	71%	1,154.5	81%	(31.7%)	(27.5%)
Retail	106.8	48%	133.5	30%	128.7	34%	(20.0%)	(17.0%)	380.6	31%	495.2	29%	268.0	19%	(23.1%)	42.0%
Total net revenue	222.3	100%	451.8	100%	373.2	100%	(50.8%)	(40.4%)	1,217.4	100%	1,720.7	100%	1,422.5	100%	(29.2%)	(14.4%)

Table 2 – Net revenue by product line

Product Lines	Net Revenue (R\$ million)					Volume (tons)					Average price (R\$/Kg)				
	4Q22	4Q21	4Q19	(A)/(B)	(A)/(C)	4Q22	4Q21	4Q19	(D)/(E)	(D)/(F)	4Q22	4Q21	4Q19	(G)/(H)	(G)/(I)
	(A)	(B)	(C)	%	%	(D)	(E)	(F)	%	%	(G)	(H)	(I)	%	%
Bedding, tabletop and bath	99.1	226.7	189.8	(56.3%)	(47.8%)	1,930	5,000	7,291	(61.4%)	(73.5%)	51.3	45.3	26.0	13.2%	97.2%
Intermediate products	16.2	91.4	54.7	(82.3%)	(70.4%)	1,027	5,845	5,085	(82.4%)	(79.8%)	15.8	15.6	10.8	0.9%	46.6%
Retail	106.8	133.6	128.7	(20.1%)	(17.0%)										
Total	222.3	451.8	373.2	(50.8%)	(40.4%)	2,957	10,845	12,376	(72.7%)	(76.1%)	75.1	41.7	30.2	80.3%	149.1%

Product Lines	Net Revenue (R\$ million)					Volume (tons)					Average price (R\$/Kg)				
	2022	2021	2019	(A)/(B)	(A)/(C)	2022	2021	2019	(D)/(E)	(D)/(F)	2022	2021	2019	(G)/(H)	(G)/(I)
	(A)	(B)	(C)	%	%	(D)	(E)	(F)	%	%	(G)	(H)	(I)	%	%
Bedding, tabletop and bath	660.5	952.0	861.4	(30.6%)	(23.3%)	13,271	20,574	26,807	(35.5%)	(50.5%)	49.8	46.3	32.1	7.6%	54.9%
Intermediate products	176.3	273.4	240.2	(35.5%)	(26.6%)	10,958	19,589	22,674	(44.1%)	(51.7%)	16.1	14.0	10.6	15.3%	51.9%
Retail	380.6	495.2	320.9	(23.1%)	18.6%										
Total	1,217.4	1,720.7	1,422.5	(29.2%)	(14.4%)	24,229	40,163	49,481	(39.7%)	(51.0%)	50.2	42.8	28.7	17.3%	74.8%

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

in R\$ million	4Q22	%	4Q21	%	4Q19	%	(A)/(B)	(A)/(C)	2022	%	2021	%	2019	%	(D)/(E)	(D)/(F)
	(A)		(B)		(C)		%	%	(D)		(E)		(F)		%	%
Materials	59.7	37.1%	173.8	57.7%	123.8	51.3%	(65.7%)	(51.8%)	478.7	54.4%	573.8	52.5%	494.5	50.8%	(16.6%)	(3.2%)
Conversion costs and others	85.8	53.3%	110.8	36.8%	103.0	42.7%	(22.6%)	(16.7%)	338.8	38.5%	456.1	41.7%	418.1	43.0%	(25.7%)	(19.0%)
Depreciation	15.5	9.6%	16.5	5.5%	14.7	6.1%	(6.1%)	5.4%	62.2	7.1%	63.1	5.8%	60.0	6.2%	(1.4%)	3.7%
COGS	161.0	100.0%	301.1	100.0%	241.5	100.0%	(46.5%)	(33.3%)	879.7	100.0%	1,093.0	100.0%	972.6	100.0%	(19.5%)	(9.5%)
COGS, % Revenues	72.4%		66.6%		64.7%		5.8 p.p.	7.7 p.p.	72.3%		63.5%		68.4%		8.7 p.p.	3.9 p.p.
Idle cost and others	98.4		-		-		n.a.	n.a.	175.1		16.8		-		943.7%	n.a.
Sales expenses	87.5	69.5%	95.1	70.9%	63.1	70.5%	(7.9%)	38.7%	316.0	67.7%	368.1	72.8%	267.3	69.8%	(14.2%)	18.2%
General and administrative expenses	38.3	30.5%	39.1	29.1%	26.4	29.5%	(1.9%)	45.0%	150.7	32.3%	137.7	27.2%	115.7	30.2%	9.5%	30.3%
SG&A	125.8	100.0%	134.1	100.0%	89.5	100.0%	(6.2%)	40.6%	466.7	100.0%	505.8	100.0%	383.0	100.0%	(7.7%)	21.9%
SG&A, % Revenues	42.4%		29.6%		24.0%		12.9 p.p.	18.4 p.p.	38.3%		29.4%		26.9%		8.9 p.p.	11.4 p.p.

Table 4 – Reconciliation of EBITDA and Adjusted EBITDA

in R\$ million	4Q22 (A)	4Q21 (B)	4Q19 (C)	(A)/(B) %	(A)/(C) %	2022 (D)	2021 (E)	2019 (F)	(D)/(E) %	(D)/(F) %
Continuing operations										
Income (loss), net	(230.0)	(53.5)	(23.7)	n.a.	n.a.	(630.8)	(153.6)	45.7	n.a.	n.a.
(-) Result from discontinued operations	-	-	9.3	n.a.	n.a.	-	-	(185.1)	n.a.	(100.0%)
(+) Income and social contribution taxes from continuing operations	22.8	7.9	(3.9)	189.6%	n.a.	24.1	(0.9)	(0.6)	n.a.	n.a.
(+) Financial results from continuing operations	96.8	80.0	54.5	(17.4%)	77.5%	357.0	265.6	225.0	34.4%	58.7%
(+) Depreciation and amortization from continuing operations	24.6	26.7	11.0	8.4%	123.7%	98.2	101.7	92.7	(3.5%)	5.9%
(-) Equity in affiliate	-	-	7.2	n.a.	(100.0%)	-	-	7.2	n.a.	n.a.
EBITDA from continuing operations	(85.8)	61.0	54.4	n.a.	n.a.	(151.5)	212.9	184.9	n.a.	n.a.
(-) Result from asset sale	(0.7)	0.1	14.1	n.a.	n.a.	(2.4)	4.0	11.2	n.a.	n.a.
(+) Provision for expected loss on doubtful accounts	17.4	2.0	-	n.a.	n.a.	28.8	2.0	1.7	n.a.	n.a.
(+) Provision for loss on inventory	23.8	-	-	n.a.	n.a.	23.8	-	-	n.a.	n.a.
(+) Non recurring expenses	-	2.8	-	n.a.	n.a.	-	1.8	-	n.a.	n.a.
(-) Variation of fair value for investment properties	(65.3)	(23.5)	(3.8)	n.a.	n.a.	(65.3)	(23.5)	(3.8)	n.a.	n.a.
Adjusted EBITDA from continuing operations	(110.5)	42.3	64.7	n.a.	n.a.	(166.5)	197.2	194.0	n.a.	n.a.
Discontinued operations										
Result from discontinued operations	-	-	(9.3)	n.a.	(100.0%)	-	-	185.1	n.a.	(100.0%)
(+) Income and social contribution taxes from discontinued operations	-	-	-	n.a.	n.a.	-	-	82.7	n.a.	(100.0%)
(+) Financial results from discontinued operations	-	-	-	n.a.	n.a.	-	-	3.8	n.a.	(100.0%)
(+) Depreciation and amortization from discontinued operations	-	-	-	n.a.	n.a.	-	-	1.8	n.a.	(100.0%)
(-) Equity in affiliate	-	-	7.2	n.a.	(100.0%)	-	-	7.2	n.a.	(100.0%)
EBITDA from discontinued operations	-	-	(2.1)	n.a.	n.a.	-	-	280.6	n.a.	(100.0%)
EBITDA	(85.8)	61.0	52.3	n.a.	n.a.	(151.5)	212.9	465.5	n.a.	n.a.
Adjusted EBITDA	(110.5)	42.3	64.7	n.a.	n.a.	(166.5)	197.2	194.0	n.a.	n.a.

Table 5 – EBITDA per business unit and EBITDA margin

in R\$ million	4Q22 (A)	4Q21 (B)	4Q19 (C)	(A)/(B) %	(A)/(C) %	2022 (D)	2021 (E)	2021 (F)	(D)/(E) %	(D)/(F) %
Wholesale	(66.6)	50.0	39.9	n.a.	n.a.	(128.7)	169.4	135.7	n.a.	n.a.
Retail	(16.3)	12.2	20.6	n.a.	n.a.	(11.9)	57.4	40.8	n.a.	n.a.
Non-allocated expenses	(2.9)	(1.2)	(13.3)	141.7%	(78.2%)	(10.9)	(13.9)	1.2	(21.6%)	n.a.
EBITDA from continuing operations (i)	(85.8)	61.0	54.4	n.a.	n.a.	(151.5)	212.9	184.9	n.a.	n.a.
EBITDA from discontinued operations (ii)	-	-	(2.1)	n.a.	(100.0%)	-	-	280.6	n.a.	(100.0%)
EBITDA (i) + (ii)	(85.8)	61.0	52.3	n.a.	n.a.	(151.5)	212.9	465.5	n.a.	n.a.
Adjusted EBITDA (ii)	(110.5)	42.3	64.7	n.a.	n.a.	(166.5)	197.2	194.0	n.a.	n.a.
<i>EBITDA Margin %</i>	<i>(38.6%)</i>	<i>13.5%</i>	<i>14.0%</i>	<i>(52.1 p.p.)</i>	<i>(52.6 p.p.)</i>	<i>(12.4%)</i>	<i>12.4%</i>	<i>32.7%</i>	<i>(24.8 p.p.)</i>	<i>(45.2 p.p.)</i>
<i>Adjusted EBITDA Margin %</i>	<i>(49.7%)</i>	<i>9.4%</i>	<i>17.3%</i>	<i>(59.1 p.p.)</i>	<i>(67.0 p.p.)</i>	<i>(13.7%)</i>	<i>11.5%</i>	<i>13.6%</i>	<i>(25.1 p.p.)</i>	<i>(27.3 p.p.)</i>

Table 6 – Financial Results

in R\$ million	4Q22 (A)	4Q21 (B)	(A)/(B) %	2022 (C)	2021 (D)	(C)/(D) %
Financial income	25.8	10.2	152.7%	78.1	29.6	163.6%
Financial expenses - interests	(88.8)	(59.5)	49.4%	(280.5)	(169.1)	65.9%
Financial expenses - bank charges and others	(30.1)	(26.7)	12.7%	(124.1)	(108.9)	14.0%
Interest on leasing	(2.6)	(3.7)	(29.4%)	(11.3)	(13.6)	(16.3%)
Financial results, ex-exchange variations	(95.7)	(79.6)	20.2%	(337.9)	(261.9)	29.0%
Exchange rate variations, net	(1.1)	(0.3)	n.a.	(19.2)	(3.7)	n.a.
Financial results	(96.8)	(80.0)	21.1%	(357.0)	(265.6)	34.4%

Table 7 – Working Capital

in R\$ million	4Q22	3Q22	4Q21	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Accounts receivable	163.3	260.5	448.9	(37.3%)	(63.6%)
Inventories	358.1	456.2	517.7	(21.5%)	(30.8%)
Advances to suppliers	35.0	49.0	40.1	(28.5%)	(12.7%)
Suppliers	(273.0)	(249.2)	(258.9)	9.5%	5.4%
Working capital	283.5	516.5	747.8	(45.1%)	(62.1%)

Table 8 – Indebtedness

in R\$ million	4Q22	3Q22	4Q21	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Loans and financing	696.9	726.8	847.3	(4.1%)	(17.7%)
- Domestic currency	621.6	646.4	793.2	(3.8%)	(21.6%)
- Foreign currency	75.3	80.4	54.2	(6.4%)	39.0%
Debentures	338.5	333.6	158.6	1.5%	113.4%
Total debt	1,035.5	1,060.4	1,005.9	(2.4%)	2.9%
Cash and marketable securities	(259.4)	(269.4)	(226.6)	(3.7%)	14.5%
Net debt	776.1	791.0	779.3	(1.9%)	(0.4%)
Convertible debenture	(186.0)	(175.8)	-	5.8%	n.a.
Adjusted net debt	590.0	615.2	779.3	(4.1%)	(24.3%)

Table 9 – Main indicators - Wholesale business unit

in R\$ million	4Q22	3Q22	4Q21	4Q19	(A)/(B)	(A)/(C)	(A)/(D)
	(A)	(B)	(C)	(D)	%	%	%
Net revenue	115.4	210.0	318.2	244.5	(45.0%)	(63.7%)	(52.8%)
(-) COGS	(104.6)	(187.2)	(237.0)	(170.3)	(44.1%)	(55.9%)	(38.6%)
(-) Idle cost and others	(98.5)	(44.4)	-	-	n.a.	n.a.	n.a.
Gross profit	(87.7)	(21.7)	81.2	74.2	n.a.	n.a.	n.a.
<i>Gross Margin %</i>	<i>(76.0%)</i>	<i>(10.3%)</i>	<i>25.5%</i>	<i>30.3%</i>	<i>(65.7 p.p.)</i>	<i>(101.5 p.p.)</i>	<i>(106.3 p.p.)</i>
(-) SG&A	(55.3)	(49.0)	(68.0)	(38.3)	12.9%	(18.7%)	44.4%
(+) Change in fair value of investment properties	65.3	-	23.5	-	n.a.	177.6%	n.a.
(+/-) Others	(5.2)	(1.9)	(4.1)	(11.9)	n.a.	n.a.	n.a.
Operational result	(82.9)	(72.6)	32.7	24.0	n.a.	n.a.	n.a.
(+) Depreciation and Amortization	16.3	16.5	17.3	15.9	(1.2%)	(5.8%)	2.5%
EBITDA	(66.6)	(56.1)	50.0	39.9	n.a.	n.a.	n.a.
(+) Provision for expected loss on doubtful accounts	12.7	-	2.0	-	n.a.	n.a.	n.a.
(+) Provision for loss in inventory	22.4	-	-	-	n.a.	n.a.	n.a.
(-) Change in fair value of investment properties	(65.3)	-	(23.5)	(3.8)	n.a.	n.a.	n.a.
Adjusted EBITDA	(96.8)	(56.1)	28.4	36.1	n.a.	n.a.	n.a.
<i>EBITDA Margin %</i>	<i>(57.7%)</i>	<i>(26.7%)</i>	<i>15.7%</i>	<i>16.3%</i>	<i>(31.0 p.p.)</i>	<i>(73.4 p.p.)</i>	<i>(74.0 p.p.)</i>
<i>Adjusted EBITDA margin %</i>	<i>(83.9%)</i>	<i>(26.7%)</i>	<i>8.9%</i>	<i>14.8%</i>	<i>(57.2 p.p.)</i>	<i>(92.8 p.p.)</i>	<i>(98.7 p.p.)</i>

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

in R\$ million	2022	2021	2019	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Net revenue	836.8	1225.5	1101.6	(31.7%)	(24.0%)
(-) COGS	(683.0)	(862.2)	(808.4)	(20.8%)	(15.5%)
(-) Idle cost and others	(175.1)	(16.8)	-	n.a.	n.a.
Gross profit	(21.3)	346.5	293.2	(106.1%)	(107.3%)
<i>Gross Margin %</i>	<i>-2.5%</i>	<i>28.3%</i>	<i>26.6%</i>	<i>(30.8 p.p.)</i>	<i>(29.2 p.p.)</i>
(-) SG&A	(230.3)	(254.0)	(216.9)	(9.3%)	6.2%
(+) Change in fair value of investment properties	65.3	23.5	-	177.6%	n.a.
(+/-) Others	(7.7)	(13.6)	(5.5)	(43.4%)	40.0%
Operational result	(194.0)	67.0	64.9	n.a.	n.a.
(+) Depreciation and Amortization	65.3	67.0	64.9	(2.5%)	0.6%
EBITDA	(128.7)	102.4	70.8	n.a.	n.a.
(+) Provision for expected loss on doubtful accounts	12.7	2.0	1.3	n.a.	n.a.
(+) Provision for loss in inventory	22.4	-	-	n.a.	n.a.
(-) Change in fair value of investment properties	(65.3)	(23.5)	(3.8)	n.a.	n.a.
Adjusted EBITDA	(158.9)	80.9	68.3	n.a.	n.a.
<i>EBITDA Margin %</i>	<i>(15.4%)</i>	<i>8.4%</i>	<i>6.4%</i>	<i>(23.7 p.p.)</i>	<i>(21.8 p.p.)</i>
<i>Adjusted EBITDA margin %</i>	<i>(19.0%)</i>	<i>6.6%</i>	<i>6.2%</i>	<i>(25.6 p.p.)</i>	<i>(25.2 p.p.)</i>

Table 10 – Main indicators - Retail business unit

in R\$ million	4Q22 (A)	3Q22 (B)	4Q21 (C)	4Q19 (D)	(A)/(B) %	(A)/(C) %	(A)/(D) %
Net revenue	106.8	86.6	133.5	128.7	23.3%	(20.0%)	(17.0%)
(-) COGS	(56.3)	(45.7)	(64.1)	(71.2)	23.2%	(12.2%)	(20.9%)
Gross profit	50.5	40.9	69.4	57.5	23.5%	(27.2%)	(12.2%)
<i>Gross Margin %</i>	<i>47.3%</i>	<i>47.2%</i>	<i>52.1%</i>	<i>44.7%</i>	<i>0.1 p.p.</i>	<i>(4.8 p.p.)</i>	<i>2.6 p.p.</i>
(-) SG&A	(65.9)	(53.0)	(62.5)	(48.1)	24.3%	5.4%	37.0%
(+/-) Others	(8.0)	0.1	(2.7)	6.8	n.a.	n.a.	n.a.
Operational result	(23.4)	(12.0)	4.2	16.2	n.a.	n.a.	n.a.
(+) Depreciation and Amortization	7.1	6.4	8.0	4.4	10.9%	(11.3%)	61.4%
EBITDA	(16.3)	(5.6)	12.2	20.6	n.a.	n.a.	n.a.
(+) Non-recurring expenses	-	-	2.8	-	n.a.	n.a.	n.a.
(+) Provision for expected loss on doubtful accounts	4.7	-	-	-	n.a.	n.a.	n.a.
(+) Provision for loss in inventory	1.5	-	-	-	n.a.	n.a.	n.a.
(+) Provision (reversion) for asset devaluation	7.1	-	-	(3.3)	n.a.	n.a.	n.a.
Adjusted EBITDA	(3.1)	(5.6)	15.0	17.3	n.a.	n.a.	n.a.
<i>EBITDA Margin %</i>	<i>(15.3%)</i>	<i>(6.5%)</i>	<i>9.1%</i>	<i>16.0%</i>	<i>(8.8 p.p.)</i>	<i>(24.4 p.p.)</i>	<i>(31.3 p.p.)</i>
<i>Adjusted EBITDA Margin %</i>	<i>(2.9%)</i>	<i>(6.5%)</i>	<i>11.2%</i>	<i>13.5%</i>	<i>3.6 p.p.</i>	<i>(14.1 p.p.)</i>	<i>(16.3 p.p.)</i>
Number of stores	245	246	240	238	(0.4%)	2.1%	2.9%
Ow ned Mmartan and Casa Moysés	32	31	31	32	3.2%	3.2%	0.0%
Franchise MMartan	115	120	119	121	(4.2%)	(3.4%)	(5.0%)
Ow ned Artex	39	35	34	35	11.4%	14.7%	11.4%
Franchise Artex	59	60	56	50	(1.7%)	5.4%	18.0%
Gross Revenue sell-out	207.3	162.9	227.6	162.3	27.3%	(8.9%)	27.7%
Physical stores	173.3	131.4	173.2	134.5	31.9%	0.0%	28.8%
E-commerce sales	34.1	31.5	54.4	27.8	8.2%	(37.4%)	22.4%
Share of e-commerce (%)	16.4%	19.3%	23.9%	17.1%	(2.9 p.p.)	(7.5 p.p.)	(0.7 p.p.)

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

in R\$ million	2022 (A)	2021 (B)	2019 (C)	(A)/(B) %	(A)/(C) %
Net revenue	380.6	495.2	320.9	(23.1%)	18.6%
(-) COGS	(196.7)	(230.8)	(164.2)	(14.8%)	19.8%
Gross profit	183.9	264.4	156.7	(30.4%)	17.4%
<i>Gross Margin %</i>	<i>48.3%</i>	<i>53.4%</i>	<i>48.8%</i>	<i>(5.1 p.p.)</i>	<i>(0.5 p.p.)</i>
(-) SG&A	(218.5)	(232.5)	(151.7)	(6.0%)	44.0%
(+/-) Others	(5.5)	(4.3)	12.5	27.9%	n.a.
Operational result	(40.1)	27.6	17.5	(245.3%)	(329.1%)
(+) Depreciation and Amortization	28.2	29.8	23.3	(5.4%)	21.0%
EBITDA	(11.9)	57.4	40.8	(120.7%)	(129.2%)
(+) Non-recurring expenses	-	4.6	-	n.a.	n.a.
(+) Provision for expected loss on doubtful accounts	4.7	-	0.4	n.a.	n.a.
(+) Provision for loss in inventory	1.5	-	-	n.a.	n.a.
(+) Provision (reversion) for asset devaluation	7.1	-	(3.3)	n.a.	n.a.
Adjusted EBITDA	1.3	62.0	37.9	(97.8%)	63.4%
<i>EBITDA Margin %</i>	<i>(3.1%)</i>	<i>11.6%</i>	<i>12.7%</i>	<i>(14.7 p.p.)</i>	<i>(15.8 p.p.)</i>
<i>Adjusted EBITDA Margin%</i>	<i>0.4%</i>	<i>12.5%</i>	<i>11.8%</i>	<i>(12.2 p.p.)</i>	<i>(11.5 p.p.)</i>
Number of stores	245	240	238	2.1%	2.9%
Ow ned Mmartan and Casa Moysés	32	31	32	3.2%	0.0%
Franchise MMartan	115	119	121	(3.4%)	(5.0%)
Ow ned Artex	39	34	35	14.7%	11.4%
Franchise Artex	59	56	50	5.4%	18.0%
Gross Revenue sell-out	710.4	834.5	565.3	(14.9%)	25.7%
Physical stores	564.0	565.4	490.0	(0.3%)	15.1%
E-commerce sales	146.5	269.1	75.3	(45.6%)	94.6%
Share of e-commerce (%)	20.6%	32.2%	13.3%	(11.6 p.p.)	7.3 p.p.



Glossary

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

Balance sheet

in R\$ million	4Q22	3Q22	4Q21
Assets			
Current assets	881.7	1,119.7	1,481.1
Cash and cash equivalents	225.4	240.2	199.8
Marketable securities	23.5	18.5	19.2
Accounts receivable	163.3	260.5	448.9
Financial leases receivable	16.7	17.2	17.6
Inventories	358.1	456.2	517.7
Advances to suppliers	35.0	49.0	40.1
Recoverable taxes	39.9	53.9	76.6
Other receivables	19.7	24.2	28.3
Assets held for sale	-	-	132.9
Noncurrent assets	1,813.5	1,814.5	1,715.1
Long-term assets	412.3	441.7	398.7
Marketable securities	10.4	10.8	7.6
Receivable - clients	16.1	14.5	16.3
Related parties	178.3	202.2	123.5
Advances to suppliers	-	0.0	25.2
Financial leases receivable	83.6	88.6	97.0
Recoverable taxes	17.9	17.9	29.1
Deferred taxes	18.2	19.3	20.0
Property, plant and equipment held for sale	23.9	24.7	15.5
Escrow deposits	13.2	11.8	8.4
Others	50.6	52.0	55.9
Permanent	1,401.1	1,372.8	1,316.3
Other Investments	124.2	128.7	-
Investment properties	527.1	461.8	459.9
Property, plant and equipment	522.4	539.8	578.6
Right-of-use assets	144.4	151.0	183.7
Intangible assets	83.0	91.5	94.1
Total assets	2,695.1	2,934.2	3,196.2

Balance sheet (continued)

in R\$ million	4Q22	3Q22	4Q21 ²
Liabilities and Equity			
Current liabilities	1,333.5	1,050.4	1,065.5
Loans and financing	640.4	376.3	433.9
Debentures	17.8	17.9	16.5
Suppliers	273.0	249.2	258.9
Taxes	21.0	23.1	29.8
Payroll and related charges	96.8	105.8	88.3
Government concessions	56.3	57.7	41.1
Leases payable	59.8	60.9	65.4
Taxes - installments	94.8	81.7	57.0
Other payables	73.8	77.8	74.6
Noncurrent liabilities	983.0	1,278.0	1,140.3
Loans and financing	56.5	350.5	413.4
Debentures	320.8	315.8	142.0
Leases payable	209.4	221.1	260.4
Related parties	-	-	0.8
Government concessions	38.3	44.1	54.4
Employee benefit plans	114.6	124.8	129.4
Miscellaneous accruals	20.8	16.1	13.8
Deferred taxes	106.7	85.2	86.9
Taxes - installments	93.5	91.2	36.7
Other obligations	22.5	29.2	2.4
Equity	378.7	605.8	990.4
Capital	1,860.3	1,860.3	1,860.3
Capital reserves	79.4	79.4	79.4
Assets and liabilities valuation adjustment	137.3	126.2	126.2
Cumulative translation adjustment	(151.8)	(143.7)	(159.8)
Accumulated deficit	(1,546.4)	(1,316.4)	(915.6)
Total liabilities and equity	2,695.1	2,934.2	3,196.2

²Presented differently from the Financial Statements, maintaining the original maturities of the debts which the Company and its subsidiary Coteminas S.A. obtained a waiver of their financial covenants from financial institutions on a date after the end of the year 2021.

Income Statement

in R\$ million	4Q22	3Q22	4Q21	4Q19	(A)/(B)	(A)/(C)	(A)/(D)
	(A)	(B)	(C)	(D)	%	%	%
Gross revenues	326.6	381.4	615.0	506.7	(14.4%)	(46.9%)	(35.5%)
Net revenues	222.3	296.6	451.8	373.2	(25.1%)	(50.8%)	(40.4%)
Cost of goods sold	(161.0)	(232.9)	(301.1)	(241.5)	(30.9%)	(46.5%)	(33.3%)
<i>% of net sales</i>	72.4%	78.5%	66.6%	64.7%	(6.1 p.p.)	5.8 p.p.	7.7 p.p.
Materials	(59.7)	(143.4)	(173.8)	(123.8)	(58.4%)	(65.7%)	(51.8%)
Conversion costs and others	(85.8)	(74.0)	(110.8)	(103.0)	15.8%	(22.6%)	(16.7%)
Depreciation	(15.5)	(15.5)	(16.5)	(14.7)	0.0%	(6.1%)	5.4%
Idle cost and others	(98.4)	(44.4)	-	-	121.7%	n.a.	n.a.
<i>% of net sales</i>	44.3%	15.0%	0.0%	0.0%	29.3 p.p.	44.3 p.p.	44.3 p.p.
Gross profit (loss)	(37.2)	19.2	150.7	131.7	(293.1%)	(124.7%)	(128.2%)
<i>% Gross Margin</i>	-16.7%	6.5%	33.4%	35.3%	(23.2 p.p.)	(50.1 p.p.)	(52.0 p.p.)
SG&A	(125.8)	(106.4)	(134.1)	(89.5)	18.2%	(6.2%)	40.6%
<i>% of net sales</i>	56.6%	35.9%	29.7%	24.0%	20.7 p.p.	26.9 p.p.	32.6 p.p.
Selling expenses	(87.5)	(65.8)	(95.1)	(63.1)	32.9%	(7.9%)	38.7%
<i>% of net sales</i>	39.4%	22.2%	21.0%	16.9%	17.2 p.p.	18.3 p.p.	22.5 p.p.
General and administrative expenses	(38.3)	(40.6)	(39.1)	(26.4)	(5.6%)	(1.9%)	45.0%
<i>% of net sales</i>	17.2%	13.7%	8.6%	7.1%	3.6 p.p.	8.6 p.p.	10.2 p.p.
Change in fair value of investment properties	65.3	-	23.5	-	n.a.	177.6%	n.a.
<i>% of net sales</i>	29.4%	0.0%	5.2%	0.0%	29.4 p.p.	24.2 p.p.	29.4 p.p.
Others, net	(12.7)	(1.3)	(5.7)	(5.9)	n.a.	n.a.	n.a.
<i>% of net sales</i>	(5.7%)	(0.4%)	(1.3%)	(1.6%)	(5.3 p.p.)	(4.4 p.p.)	(4.1 p.p.)
Income (loss) from operations	(110.4)	(88.5)	34.3	29.1	n.a.	n.a.	n.a.
<i>% of net sales</i>	(49.7%)	(29.8%)	7.6%	7.8%	(19.8 p.p.)	(57.3 p.p.)	(57.5 p.p.)
Financial result	(96.8)	(85.9)	(80.0)	(54.5)	12.7%	21.1%	77.5%
Profit (loss) before taxes	(207.2)	(174.4)	(45.6)	(25.5)	n.a.	n.a.	n.a.
Income and social contribution taxes	(22.8)	(1.0)	(7.9)	3.9	n.a.	n.a.	n.a.
Net result from continuing operations	(230.0)	(175.4)	(53.5)	(21.6)	n.a.	n.a.	n.a.
Net result from discontinued operations	-	-	-	(2.1)	n.a.	n.a.	n.a.
Net income (loss)	(230.0)	(175.4)	(53.5)	(23.7)	n.a.	n.a.	n.a.
<i>% of net sales</i>	(103.5%)	(59.1%)	(11.8%)	(6.3%)	(44.4 p.p.)	(91.6 p.p.)	(97.1 p.p.)

Income Statement (continued)

in R\$ million	2022	2021	2019	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Gross revenues	1,662.4	2,397.0	1,911.1	(30.6%)	(13.0%)
Net revenues	1,217.4	1,720.7	1,422.5	(29.2%)	(14.4%)
Cost of goods sold	(879.7)	(1,093.0)	(972.6)	(19.5%)	(9.5%)
<i>% of net sales</i>	72.3%	63.5%	68.4%	8.7 p.p.	3.9 p.p.
Materials	(478.7)	(573.8)	(494.5)	(16.6%)	(3.2%)
Conversion costs and others	(338.8)	(456.1)	(418.1)	(25.7%)	(19.0%)
Depreciation	(62.2)	(63.1)	(60.0)	(1.4%)	3.7%
Idle cost and others	(175.1)	(16.8)	-	943.7%	n.a.
<i>% of net sales</i>	14.4%	1.0%	0.0%	13.4 p.p.	14.4 p.p.
Gross profit	162.6	610.9	449.9	(73.4%)	(63.9%)
<i>% Gross Margin</i>	13.4%	35.5%	31.6%	(22.1 p.p.)	(18.3 p.p.)
SG&A	(466.7)	(505.8)	(383.0)	(7.7%)	21.9%
<i>% of net sales</i>	38.3%	29.4%	26.9%	8.9 p.p.	11.4 p.p.
Selling expenses	(316.0)	(368.1)	(267.3)	(14.2%)	18.2%
<i>% of net sales</i>	26.0%	21.4%	18.8%	4.6 p.p.	7.2 p.p.
General and administrative expenses	(150.7)	(137.7)	(115.7)	9.5%	30.3%
<i>% of net sales</i>	12.4%	8.0%	8.1%	4.4 p.p.	4.2 p.p.
Change in fair value of investment properties	65.3	23.5	-	177.6%	n.a.
<i>% of net sales</i>	-5.4%	-1.4%	0.0%	(4.0 p.p.)	(5.4 p.p.)
Others, net	(10.9)	(17.5)	18.1	n.a.	n.a.
<i>% of net sales</i>	(0.9%)	(1.0%)	1.3%	0.1 p.p.	(2.2 p.p.)
Income from operations	(249.7)	111.2	77.9	n.a.	n.a.
<i>% of net sales</i>	(20.5%)	6.5%	5.5%	(27.0 p.p.)	(26.0 p.p.)
Financial result	(357.0)	(265.6)	(225.0)	34.4%	58.7%
Profit (loss) before taxes	(606.7)	(154.4)	(147.1)	n.a.	n.a.
Income and social contribution taxes	(24.1)	0.9	0.6	n.a.	n.a.
Net result from continued operations	(630.8)	(153.6)	(146.5)	n.a.	n.a.
Net result from discontinued operations	-	-	192.2	n.a.	n.a.
Net income (loss)	(630.8)	(153.6)	45.7	n.a.	n.a.
<i>% of net sales</i>	(51.8%)	(8.9%)	3.2%	(42.9 p.p.)	(55.0 p.p.)

Cash Flow Statement

in R\$ million	2022	2021
Cash flows from operating activities		
Net income (loss) for the period	(630.8)	(153.6)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	98.2	101.7
Change in fair value of investment properties	(65.3)	(23.5)
Provision for expected loss on doubtful accounts	28.8	2.0
Income and social contribution taxes	24.1	(0.9)
Impairment adjustment	7.0	-
Provision for loss in inventory	23.8	-
Result on disposal of property, plant and equipment	(2.4)	4.0
Renegotiation of leases	-	(1.6)
Exchange rate variations	19.2	3.7
Monetary variation	7.3	14.3
Bank charges and interests, net	316.9	232.7
Interest on leases	11.3	13.6
	(161.8)	192.3
Changes in assets and liabilities		
Marketable securities	(7.1)	(8.9)
Accounts receivable	215.0	19.6
Inventories	115.7	(116.9)
Advances to suppliers	3.2	(2.2)
Recoverable taxes	47.9	61.2
Cash holdback amount	-	20.8
Suppliers	17.4	50.1
Taxes - installments	56.8	46.5
Others	1.3	(28.6)
Net cash provided by (used in) operating activities	288.5	234.4
Interest paid on loans	(134.2)	(83.0)
Commissions and bank charges paid on loans	(40.7)	(25.3)
Income and social contribution taxes received (paid)	(1.2)	(0.3)
Net cash provided by (used in) operating activities after interest and taxes	112.5	125.9
Cash flows from investing activities		
Investment properties	(2.4)	(0.9)
Property, plant and equipment	(11.1)	(36.5)
Intangibles	(1.0)	-
Assets held for sale	(8.6)	-
Proceeds from sales of property, plant and equipment	1.0	10.4
Loans between related parties	(32.3)	(58.6)
Net cash provided by (used in) investing activities	(54.4)	(85.7)
Cash flows from financing activities		
Proceeds from new loans, net of prepaid fees	391.9	479.5
Repayment of loans	(406.3)	(456.1)
Repayment of leases	(37.2)	(41.3)
Net cash provided by (used in) financing activities	(51.6)	(17.9)
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiaries	19.3	8.6
Increase (decrease) in cash and cash equivalents	25.7	31.0
Cash and cash equivalents:		
At the beginning of the period	199.8	168.8
At the end of the period	225.4	199.8



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

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



SPRINGS
GLOBAL

ARTEX mmartan casa moysés SANTISTA Persono