4Q20 | 2020 Results

March 22, 2021

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Springs Global: Revenue grew 42% yoy in 4Q20

São Paulo, March 22nd, 2021 - Springs Global Participações S.A. (Springs Global), a company in the Home & Decoration segment, leader in bedding, tabletop and bath products, reported in the fourth quarter of 2020 (4Q20), net revenue of R$ 529.6 million, with gross margin of 32.3% and EBITDA margin of 13.7%. Net revenue totaled R$ 1,535.1 million in 2020, surpassing by 7.9% the value achieved in 2019.

The highlights of Springs Global´s performance in 4Q20 were:

» **Net revenue:** R$ 529.6 million; +41.9% compared to the fourth quarter of 2019 (4Q19);

» **Gross profit:** R$ 170.9 million, +29.8% year-over-year (yoy), with gross margin of 32.3%;

» **Income from operations:** R$ 48.6 million, +34.2% yoy;

» **Adjusted EBITDA**[(a),2] **:** R$ 72.8 million, a quarterly record in recent years, in recurring terms, with EBITDA margin of 13.7%;

» **Retail - Sell-out revenue**[(b)]**:** R$ 238.3 million; +46.8% yoy;

» **Wholesale:** Growth of 62.0% in revenue and of 72.2% in EBITDA from Wholesale business unit, as a result of the normalization of production capacity;

» **Gross debt:** 7.0% lower yoy, with a decrease of 14.9% in financial expenses – interest;

» **ReclameAqui 2020 award:** 1st place in the Bed, Table and Bath category for the Santista brand, for the 8th consecutive year.

The highlights of the year of 2020 were:

» **Net revenue:** R$ 1,535.1 million; +7.9% yoy;

» **Retail - Sell-out revenue:** R$ 735.7 million; +30.1% yoy;

» **Retail – E-commerce sale orders:** R$ 299.0 million; 4 times the value recorded in 2019;

» **Free cash flow**[(c)]**:** R$ 171.5 million, with a yoy decrease of R$ 42.7 million in working capital and use of R$ 91.7 million from tax recovery credit.

in R$ million	4Q20 (A)	4Q19[1] (B)	(A)/(B) %	2020 (C)	2019[1] (D)	(C)/(D) %
Net revenue	529.6	373.2	41.9%	1,535.1	1,422.5	7.9%
Gross profit	170.9	131.7	29.8%	506.3	449.9	12.5%
Gross Margin %	*32.3%*	*35.3%*	*(3.0 p.p.)*	*33.0%*	*31.6%*	*1.3 p.p.*
Income from operations - EBIT	48.6	36.2	34.2%	49.1	85.0	(42.2%)
EBIT Margin	*9.2%*	*9.7%*	*(0.5 p.p.)*	*3.2%*	*6.0%*	*(2.8 p.p.)*
Net income (loss) from continuing operations	(5.6)	(14.4)	n.a.	(254.0)	(139.4)	n.a.
Net income (loss) from discontinued operation	(12.8)	(9.3)	n.a.	(67.0)	185.1	n.a.
Net profit (loss)	(18.3)	(23.7)	n.a.	(320.9)	45.7	n.a.
Net profit (loss) Margin %	*-3.5%*	*-6.3%*	*2.9 p.p.*	*-20.9%*	*3.2%*	*(24.1 p.p.)*
Adjusted EBITDA[2]	72.8	61.3	18.7%	141.6	191.8	(26.2%)
Adjusted EBITDA Margin[2] %	*13.7%*	*16.4%*	*(2.7 p.p.)*	*9.2%*	*13.5%*	*(4.3 p.p.)*

[1] Reclassified due to disposal for sale of ownership in affiliate
[2] See reconciliation on table 6

Table 1 – Key financial indicators

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).


Business
Perspective

SPRINGS GLOBAL

2020: The year of accelerating our transformation

The year of 2020, in spite of the great uncertainty for the Brazilian and global economies due to the Covid-19 pandemic, and specifically challenging for the retail sector, in which traditionally the majority of sales was made through physical stores, for us at Springs Global, it was a year of achievements. We leveraged our competitive advantages – strong and traditional brands, and scalable technological solutions for retail – to accelerate our digital transformation and to have a more balanced participation within the wholesale and retail business units in our revenue. We are motivated and working hard to become the largest, the best and the most digital vertically integrated company in the Home & Decoration segment in the Americas, accordingly to our strategic objectives.

Make the most of shareholders' investment

In view of the scenario of uncertainty, we reduced our industrial operations from March to August 2020, reducing the Company's working capital needs. With the recovery of sales of bedding, tabletop and bath products[d], beginning in August, we started a ramp-up of production and, in the last quarter, we operated with a high utilization rate of our capacity, reaching record production levels in spinning and weaving at the Montes Claros plant, within recent years, which enabled higher absorption of fixed industrial production costs, bringing the gross margin to 32.3% in 4Q20.

The exchange rate, despite affecting the price of raw materials and inputs, and consequently margins in the short term, reinforces our business model and increases our competitiveness as a consumer products company, fully integrated, with traditional and leading brands in our market segment.

The new level of the exchange rate favors greater nationalization of our products, which enables a reduction in the operating cycle, and, consequently, greater speed of adjustment in the supply chain, with less need for finished goods inventory and less markdown.

We believe that the 4Q20 result better demonstrates our operational cash generation and profitability capabilities, which would be, in annualized terms, income from operations (EBIT) of R$ 195 million, with operational margin (EBIT margin) of 9.2%.

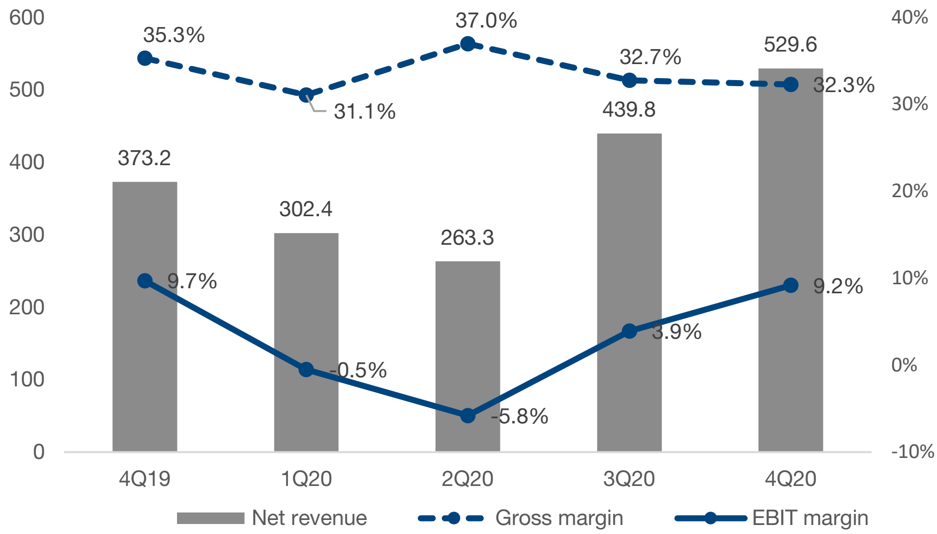

Chart 1 – Profitability Indicators

Grow the retail share in our revenue

Our growth has been driven by the Retail business unit, through sales from online channels and expansion of categories, which require less working capital and that are scalable, enabling greater profitability to our shareholders. The retail share in our revenue increased from 23% in 2019 to almost 30% in 2020. We have the target to reach more than 50% in 2022. The revenue from the retail business unit presented a yoy growth of 34% in 2020.

Since 2017, we have invested heavily in technology, which has proven to be essential in this period of pandemic, when there was the closure of stores or reduced store hours in the physical commerce, as a result, we were able not only to replace the estimated sales to physical stores with online sales, but also to show a 30% growth in sell-out revenue.

Orders received in e-commerce in 2020 were almost 4 times the 2019 figure, with an estimated market share of 23% of our online stores in the e-commerce sales of bedding, tabletop, and bath products, including marketplaces.

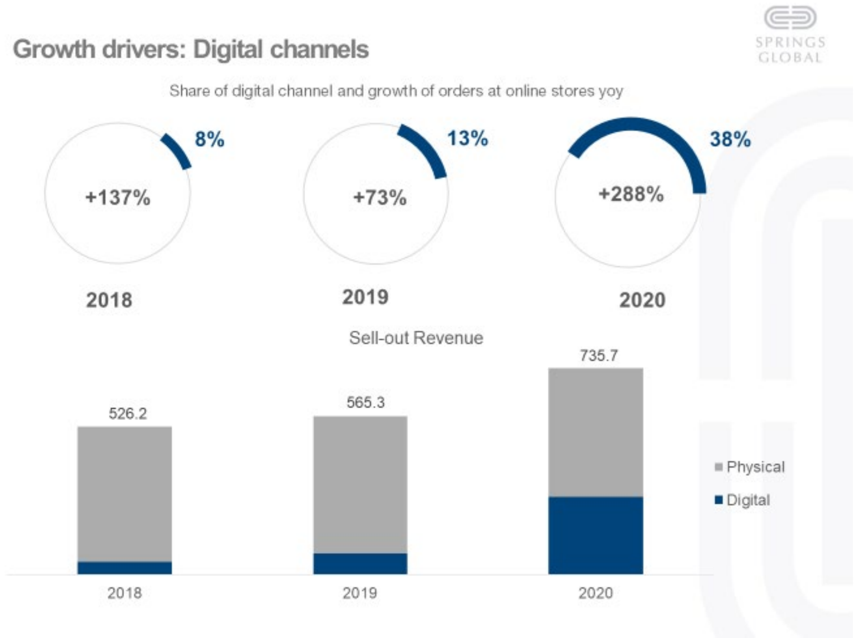

Chart 2 – Sell-out revenue from Retail business unit

We believe that this result is due to the combination of tradition, value, and leadership of our brands, with recognition for the quality of our products and high level of recall and association with home products, together with proprietary technology, which allows greater flexibility and speed for changes, all aiming to promote the enchantment of our customers.

In order to enhance the high level of recall and association of our brands with products for the home and lengthen our relationship with our customers, we expanded the offering of new products categories in recent years. Initially, we have expanded our offering of textile products, with our own production, with decorative products, such as curtains, blankets and cushions, the baby and kid lines, as well as the expansion of the utility bedding product line. In 2019, we started the offering of non-textile products in our digital channels, such as decorative, kitchen and table products, through partners. In 2020, we launched mattresses, in the Artex brand, and pet products, in the MMartan brand, among others.

With this strategy of expansion of product categories, we expanded our potential market in Brazil by approximately 7 times, from R$ 12 billion - bedding, tabletop, and bath products, to R$ 86 billion - home & decoration products, at retail prices, according to IBOPE.

We want to be the best “one-stop shop” in the Home & Decoration segment in Brazil, with products that (i) are aligned with the positioning of our brands, and, therefore, with curated products for each brand, (ii) stand out and differentiate us in the Home & Decoration market, (iii) generate cross-selling within our main products, and (iv) increase the recurrence of purchases.

In the last two years, we doubled the quantity of SKUs of non-bedding, tabletop, and bath products in our online stores, currently representing around 20% of the products available for sale.

The expanded offering of new product categories enables the growth of our revenue and the strengthening of our brands, increasing the average value and the frequency of purchases by our consumers.

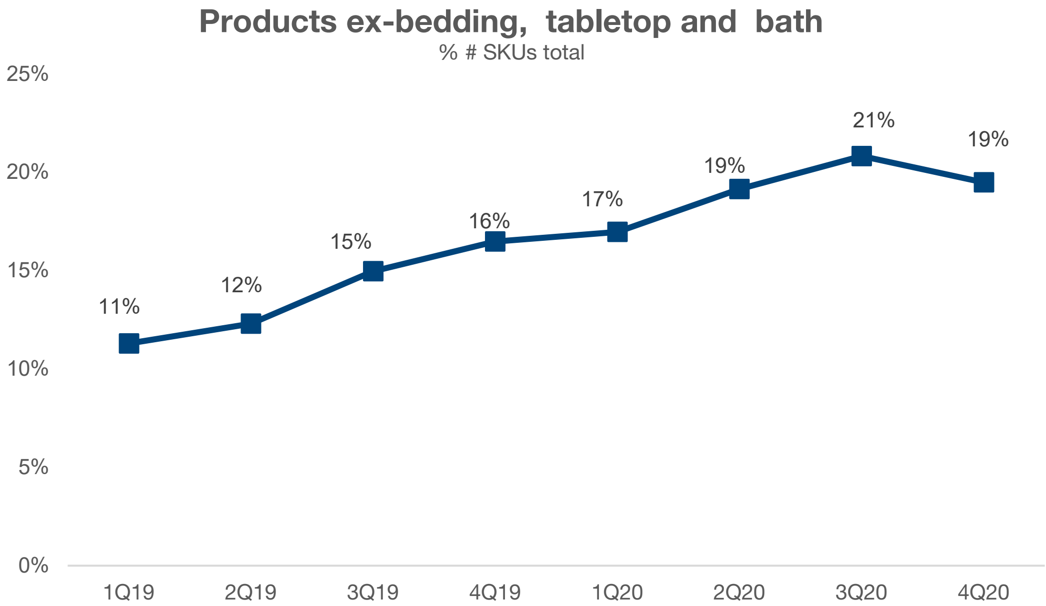

Chart 3 – Evolution of category expansion

Due to the success of our proprietary technology PIX at the retail market, we will use it, in an adapted way, named PIX-Pro, to expand our distribution penetration, in a very fast, scalable and inexpensive way, in the wholesale market. We are establishing a remote sales force, supported by the use of artificial intelligence and several online tools, from customer prospecting, purchase recommendation, and the granting of credit, the latter in partnership with a Fintech, focusing on small and medium retailers and institutional customers, with low average ticket.

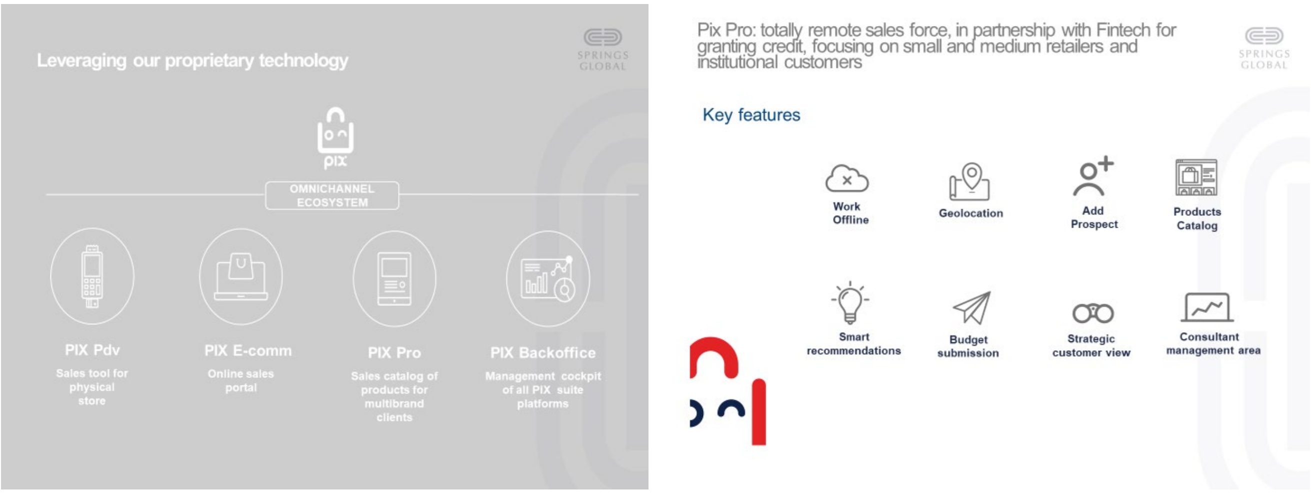

Figure 1 – Proprietary technology PIX

Be a customer-centric company

In 2020, we had the opportunity to expand our penetration in retail, in which we had more than 1.4 million new customers in our sales channels, mainly in e-commerce. The increase in the number of online sales brought challenges in our logistics services, which were overcome with improvements in processes and investments, including the expansion of the Blumenau distribution center and the opening of a new distribution center in João Pessoa, enabling us to return to our service level in the last quarter of 2020, with a service level above 97%.

Our brands occupied 3 of the 4 first positions of the ReclameAqui award, with Santista brand winning 1st place, for the 8th consecutive year. We are rated RA1000, the highest in terms of satisfaction and customer service, in ReclameAqui, for our main brands - Santista, Artex and MMartan.

We are committed to our customer. Our goal is to delight our clients, by always offering the best products, excellent services and an experience that exceeds expectations. In this context, we restructured the customer service area in 2020, integrating all channels, with a focus on Customer Experience. We have implemented intelligent FAQ and chat solutions that already represent around 50% of the calls, reducing response times. Additionally, in the “Customer at the Center” program, employees from different areas of the Company actively participate in customer service, to stimulate their focus on the customer.

In order to facilitate a revenue stream for franchisees and, at the same time, preserve the proximity of their relationship with our end customers, we have established distance selling platforms in physical stores. The concept was expanded to digital influencers. We had about 1.5 million new followers in social networks in 2020, with a growth of more than 50%, which will contribute to the growth of our sales through social media channels (“social selling”) and, hence, we will be increasingly present in people's daily lives.

We strengthened our investment in digital marketing in 2020. At first, to transfer sales to our digital stores, when physical stores were closed, and, afterwards, to expand our customer base. The acquisition of a new customer has a great return throughout his/her life as a consumer of our products. After his/her first purchase, we will keep in touch with this customer with the use of lower cost tools, such as email marketing, SMS or WhatsApp, with the use of artificial intelligence, offering products more suited to his/her profile and, consequently, with a greater likelihood of sales conversion. In addition, digital marketing also increases sales in physical stores, since the recall of the brand and the perception of the need to purchase also takes the customer to the physical store.

Value our culture

As important as our external customers, are our internal customers, our employees. As always, we have prioritized the health and well-being of our employees, who have learned to live everyday with preventive measures, social distancing, and care. We have used technology and innovation to deliver information and training remotely and we have offered support to our collaborators, both to ensure their ergonomics and comfort at home office, as well as their physical and mental health, through content and partnerships.

Our culture of entrepreneurship, innovation, and audaciousness guide us in this transformation, with a great emphasis on experimentation, opening room for new markets and opportunities. In this path, we will seek to exercise our leadership, through example and hard and ethical work, inspiring our peers, customers and society.

Aligned with our mission to “Innovate to deliver experiences that enchant and promote well-being”, we have launched Persono brand, with solutions focused on well-being and quality of sleep, with the purpose of making accessible products and services that enable people to better understand and bring discipline to their sleep routine, resulting in a healthier and more productive life. For the development of technology, Springs Global has entered into partnerships with renowned polysomnography institutes, in addition to investing in data science to develop high precision and efficient sleep monitoring systems. The Persono brand has become one of the sponsors of the Brazilian Olympic Committee (COB). There will be cooperation between the technical and scientific teams of Persono and COB with a focus on sleep quality and its importance for high performance athletes.

As a corporate citizen, in order to contribute to society to fight the Covid-19 pandemic, we entered the market of personal protection products for the health care industry, such as surgical masks and gowns, and hair and foot protectors, in order to replace imports and, additionally, bringing export opportunity. We are developing new sales channels for these products in Brazil and abroad through North American distributors and hospital products companies.

Additionally, we have supported the community to get through this pandemic, with donations made especially to the public health sector. We donated thousands of bed and bath items to Santa Casa hospitals. We donated reusable protective masks to the general public and surgical masks to public health institutions of several cities where we have industrial plants. We participated in major private sector initiatives to support healthcare in Brazil.

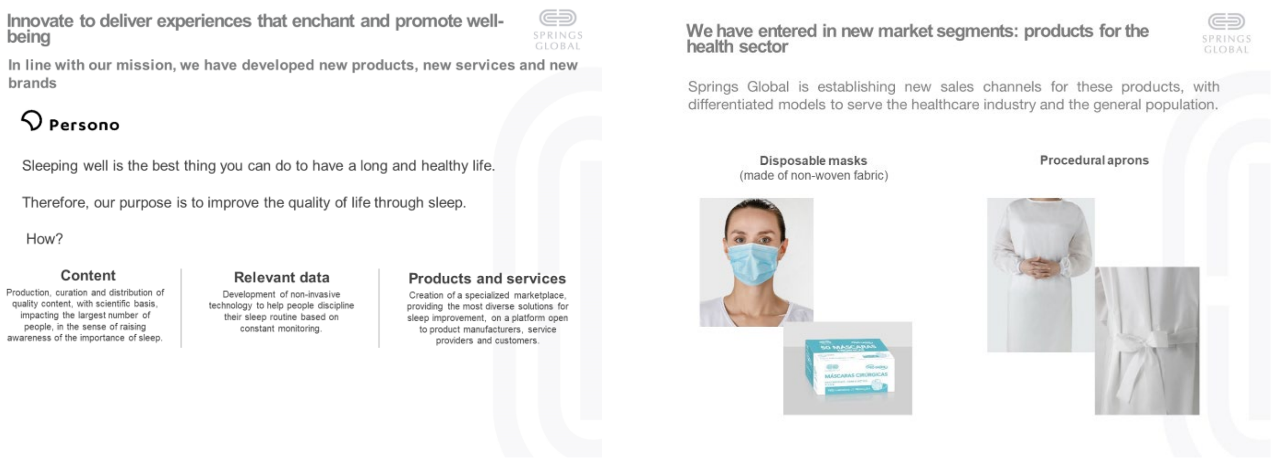

Figure 2 – New brand and new market

2021 Perspectives

We remain focused on the development of (i) our brands, (ii) our direct sales to the consumer, which strengthen our brands and give us experience to develop products that are more and more suitable for and desired by our consumers, and (iii) our proprietary technology for selling both at the point of sale, as well as, direct sale to the consumer by digital channels, or even to support our remote sales force.

We started the year 2021 with a strong sales order portfolio for the first half. We are investing heavily in the speed of launching new products, which includes relevant investment in technology in the industry, with sophisticated and unique equipment in the Americas, which allow us to accelerate the launch of quality products.

We are increasing the frequency of launches, using capsule collections, leveraging our competitive advantage of having a fully integrated supply chain and flexible production technology, in which we have a faster launch speed, as well as, with a more sustainable technology, due to the lower use of water and energy.

Following the sustainability trend, although our products are already mostly based on cotton, we will introduce new sustainable fabrics, with other natural fibers, such as lyocell, bamboo, and linen.

Finally, we enter the year of 2021 with a lot of optimism, despite the concern about the pandemic. We are very sure of the company's strategic direction and we will continue our journey of transforming Springs Global into becoming the largest, the best and the most digital vertically integrated company in the Home & Decoration segment in the Americas. The growth of our Retail business unit, through the expansion of categories and digital sales, supported by our competitive advantages - integrated chain, strong brands and proprietary technology, will leverage Springs Global's growth.

in R$ million	2021 Guidance
Net revenue	1,750 - 1,850
EBIT	170 - 200
EBITDA	235 - 265

Table 2 – Guidance

Consolidated Performance

Revenue

The consolidated net revenue reached R$ 529.6 million in 4Q20, 41.9% higher yoy, with the expansion of the production capacity.

The Bedding, Tabletop and Bath and PPE[e] line was responsible for 55.3% of 4Q20 revenue, and intermediate products[f] for 19.5%. The Retail revenue contributed 25.2% of total revenue in 4Q20.

Revenues from the Bedding, Tabletop and Bath line amounted to R$ 292.9 million in 4Q20, 54.3% above the value recorded in 4Q19. Revenues from intermediate products were R$ 103.2 million, 88.7% higher yoy, with an increase of 53.7% in sales volume and of 22.7% in average price, in order to pass on the exchange rate impact on production costs.

Retail sell-out gross revenue reached R$ 238.3 million in 4Q20, with a growth of 46.8% yoy. Retail net revenue totaled R$ 133.5million, 3.7% higher yoy, with the positive effect of e-commerce sales growth of 134.7%.

In 2020, net revenue totaled R$ 1,535.1 million, 7.9% higher yoy

Revenues from the Bedding, Tabletop and Bath line totaled R$ 827.4 million in 2020, 3.9% lower yoy. Revenues from intermediate products were R$ 276.6 million, 15.2% higher yoy, with an increase of 8.2% in sales volume and of 6.4% in average price.

Retail sell-out gross revenue reached R$ 735.7 million in 2020, with a growth of 30.1% yoy. Retail net revenue totaled R$ 431.1million, 34.3% higher yoy, with the positive effect of e-commerce sales growth of approximately 4 times.

Revenue from Brazil was R$ 1,380.2 million, being responsible for 90% of total revenue, with an 8.5% yoy growth. Revenue from Argentina totaled R$ 154.9 million, equivalent to 10% of total revenue, with a 2.6% yoy growth.

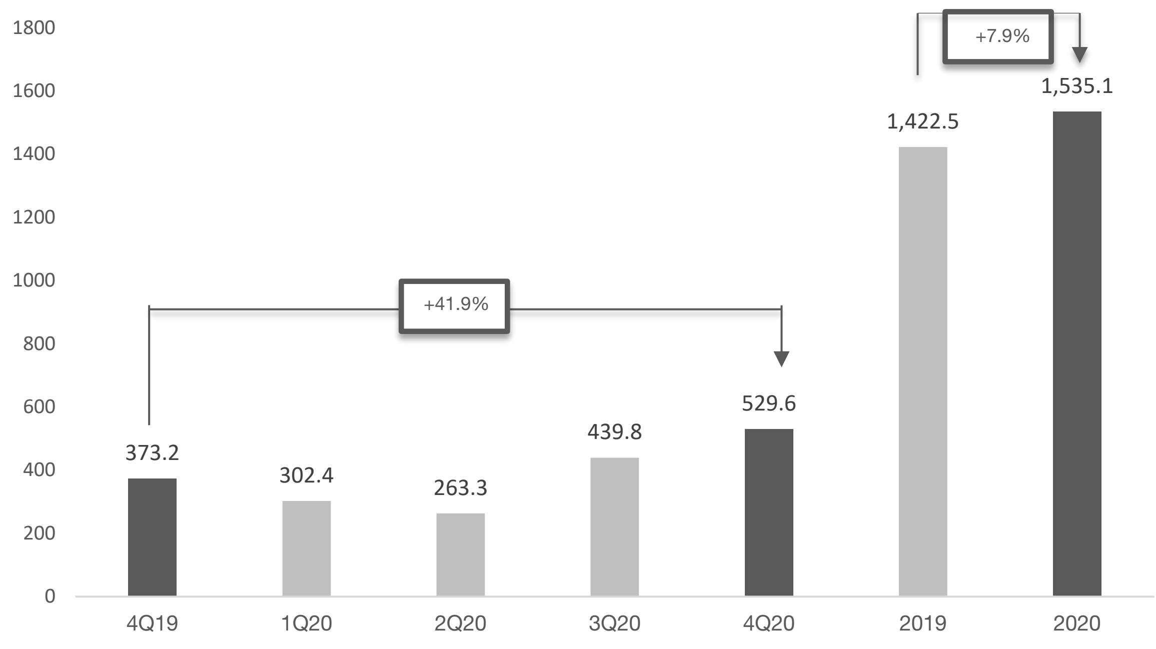

Chart 4 – Net Revenue

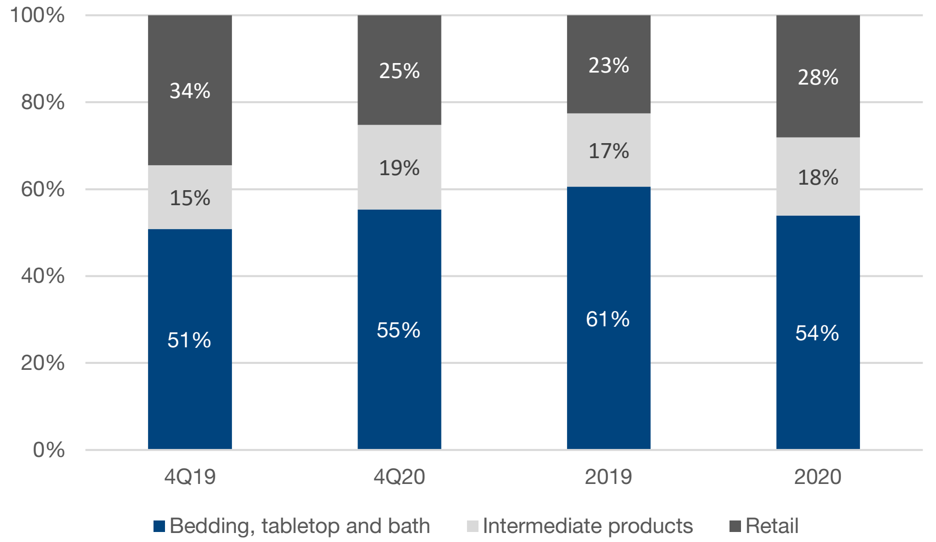

Chart 5 – Revenue per product line

Costs and Expenses

Cost of goods sold (COGS) was R$ 358.7 million in 4Q20, with a yoy increase of 48.5%, in line with revenue growth in the same period, representing 67.7% of net revenue, versus 64.7% in the previous year.

In 2020, COGS was R$ 1,028.8 million. with a yoy increase of 5.8%, representing 67.0% of net revenue, versus 68.4% in the previous year.

The main raw materials are cotton and polyester that, together with chemicals, packaging and trims, are included in materials costs, which amounted to R$ 194.7 million in 4Q20 and R$ 531.0 million in 2020, 57.3% and 7.4% higher yoy, respectively, mainly due to the higher prices of raw material and inputs, due to the devaluation of the Brazilian Real, and, in the last quarter, to higher sales volume.

The average price of cotton, our main raw material, was 13.2% higher in 2020, due to the devaluation of the real in the period. In the last quarter, with the resumption of the economy in Brazil and in the world, in general, with the reduction of restrictions imposed by the pandemic, the average price of cotton increased by 12.6% in dollars and 47.5% in Brazilian Reais.

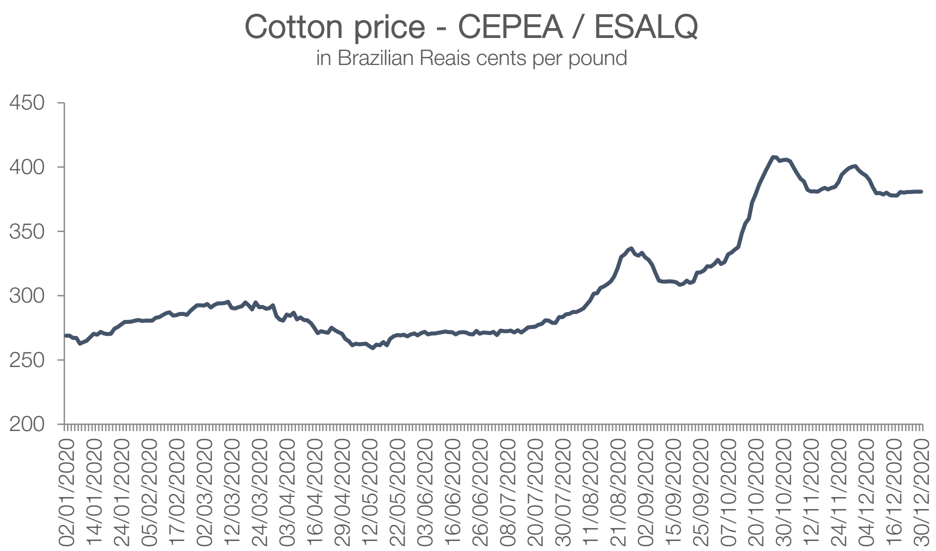

Chart 6 – Cotton price, source CEPEA

The conversion of raw materials into finished goods requires, mainly, labor, electricity and other utilities, designated as conversion costs and others, which reached R$ 147.3 million in 4Q20 and R$ 433.7 million in 2020, with a 43.0% e 3.7%, increase yoy, respectively.

Due to the Covid-19 pandemic and its impact on the closing of retail, we reduced the production in our industrial plants, aiming to adjust the level of production to the lower demand due to the crisis, in the period from April until August 2020. In the resumption of the production in the plants that entered into a layoff program, as beginning in August 2020, there was a ramp-up in productivity, still with a negative impact on conversion costs in the third quarter, and reaching normal levels in 4Q20.

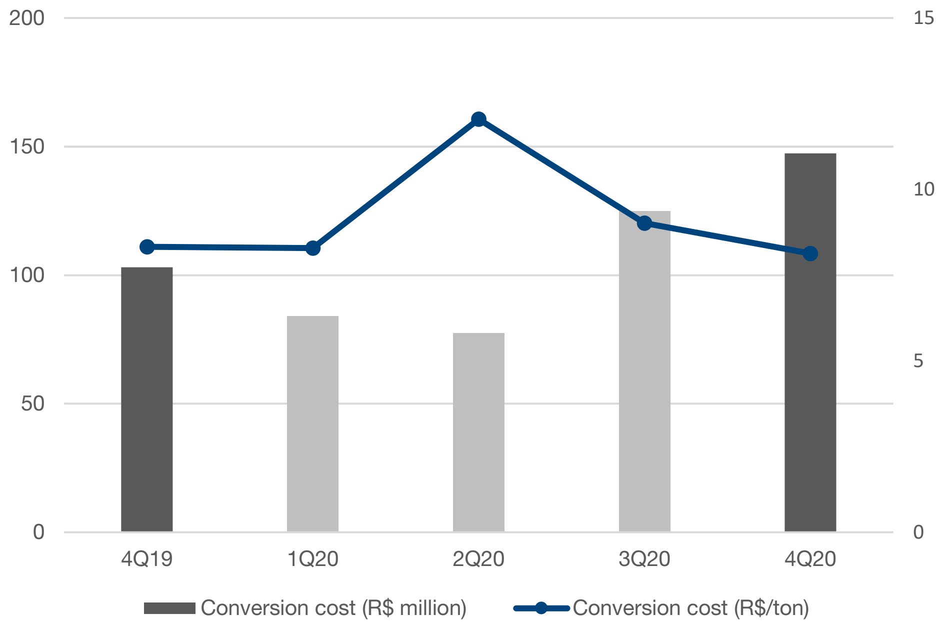

Chart 7 – Conversion cost

Depreciation costs of production and distribution assets totaled R$ 16.4 million in 4Q20 and R$ 64.0 million in 2020, with an 11.6% and 6.7% increase yoy, respectively.

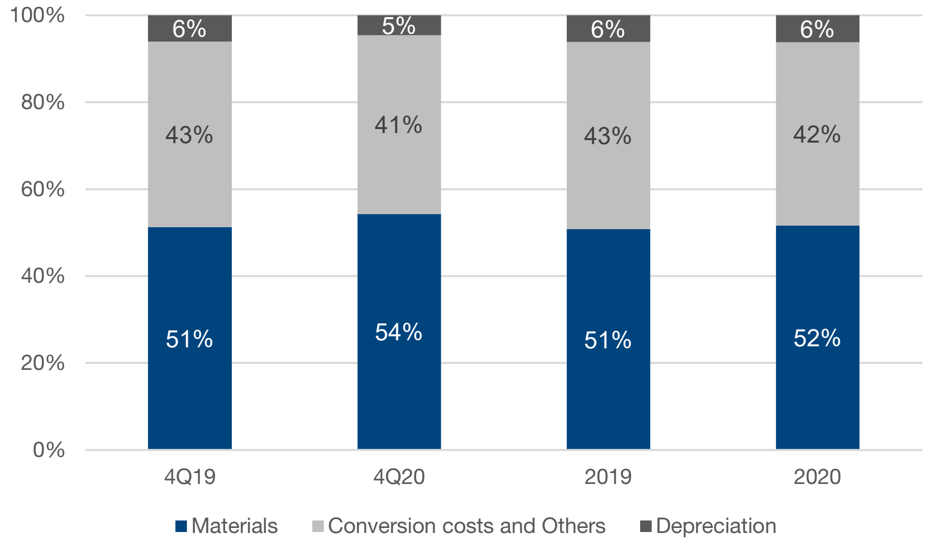

Chart 8 – COGS breakdown

Regarding operational expenses, selling expenses reached R$ 100.0 million in 4Q20, representing 18.9% of net revenue, compared to 16.9% in 4Q19. General and administrative expenses (G&A) amounted to R$ 36.9 million in 4Q20, equivalent to 7.0% of net revenue, versus 7.1% in the same period of the previous year, with an increase of R$ 10.5 million yoy.

In 2020, selling expenses reached R$ 335.4 million, 25.5% higher yoy. G&A totaled R$ 126.5 million, with an increase of 9.4% yoy.

In this year, we increased expenses with digital media and freight, classified as selling expenses, related to the sales growth in our online stores, which were approximately 4 times higher yoy. Through digital marketing, we are investing in the expansion of our client base.

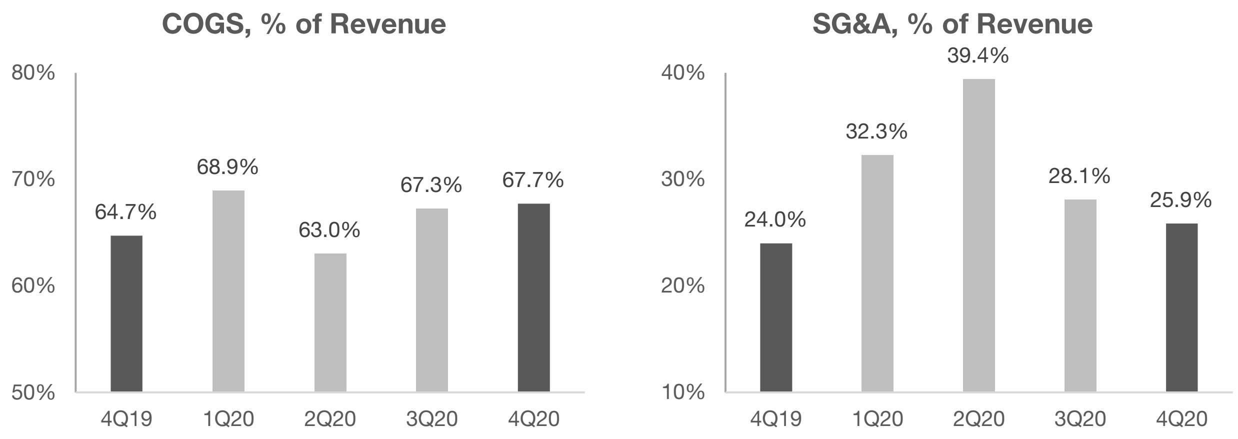

Chart 9 – COGS and SG&A, as % of net revenue

Other, net

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

"Other, net" was net income of R$ 14.7 million in 4Q20, compared to net expenses of R$ 5.9 million in 4Q19, with a positive variation of R$ 20.6 million yoy, being mainly impacted by the reclassification of the idle costs due to the pandemic, accumulated in the first nine monts of 2020, of R$ 25 million, from item "other, net" to "cost of goods sold". In 2020, "other, net" was net income of R$ 4.8 million, versus net income of R$ 18.1 million in 2019, with a negative variation of R$ 13.2 million yoy.

Springs Global US had a negative result of R$ 31.6 million in 2020, compared to a negative amount of R$ 33.4 million in 2019, before taxes and excluding results related to its affiliate.

Affiliate of Springs Global US

In 4Q20, the subsidiary Springs Global US made available for sale its ownership in affiliate, with operations in the United States. Therefore, the results related to its ownership were classified as discontinued operations.

With the combination of its assets, Springs Global US recognized a book value gain of R$ 273.0 million in 2019, before taxes, with the absorption of deferred income tax, totaling R$ 80.2 million. In the first quarter of 2020, due the pandemic, there was a revision of the projection of the results of the affiliate and, therefore, it was necessary to (i) record an impairment provision in the goodwill calculated in the acquisition of our ownership in the affiliate, and (ii) revaluate the realization of deferred tax assets in Springs Global US. In 4Q20, the investment and the goodwill in the affiliate Keeco Holdings, LLC, totalling R$ 123.7 million, was reclassified to the line "Assets held for sale".

Investment properties

Leasing revenue from the commercial development totaled R$ 8.9 million in 2020 (R$ 2.5 million in 4Q20), versus R$ 7.7 million in 2019 (R$ 2.0 million in 4Q19), coming from the Power Center, which currently has an occupation rate of approximately 80%.

Additionally, there is a potential revenue stream of up to R$ 20 million per year from renting our waste treatment plant, located at the Commercial Complex, serving the environment and the river Potengi clean-up.

The commercialization of the outlet, which was suspended due to the pandemic, was resumed in the first quarter of 2021. The start of its operation is expected to the first half of 2022. The outlet, when totally contracted and occupied, should expand rental revenue by an additional R$ 12 million per year.

In 2020, we sold one parcel of the Investment Property land, located in Montes Claros, resulting in a gain of R $ 1.8 million, and a decrease of R $ 7.9 million in the fair value of the properties in Montes Claros.

The Company´s investment properties were valued at R$ 405.0 million, as of December 31, 2020, versus R$ 406.8 million, as of December 31, 2019, and include (i) the Commercial complex in São Gonçalo do Amarante; (ii) the residential complex in São Gonçalo do Amarante; and (iii) the real estate in Montes Carlos.

EBITDA

Adjusted EBITDA, considering only continuing operations, reached R$ 72.8 million in 4Q20, with adjusted EBITDA margin of 13.7%.

Cash generation, as measured by adjusted EBITDA, reached R$ 141.6 million in 2020, versus R$ 191.8 million in 2019, considering only continuing operations. Adjusted EBITDA margin was 9.2% in 2020, versus 13.5% in 2019, in recurring terms.

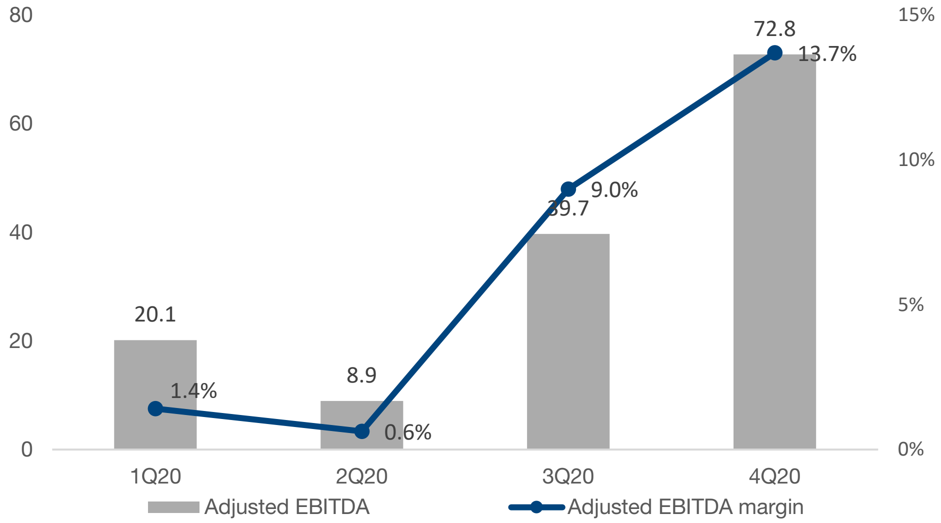

Chart 10 – Adjusted EBITDA and adjusted EBITDA margin

Profit

Gross profit totaled R$ 170.9 million in 4Q20, with gross margin of 32.3%. There was a 29.8% expansion in gross profit yoy, with a reduction of 3.0 pp yoy in gross margin, since the revenue grew more than costs, in absolute terms, but less, in relative terms.

Income from operations was R$ 48.6 million in 4Q20, with an improvement of R$ 12.4 million yoy, mainly given (i) the increase of R$ 39.2 million in gross profit, and (ii) a positive variation of R$ 20.6 million in "other, net", partially offset by (iii) the increase of R$ 47.4 million in sales expenses, mainly with digital media and freight, due to the significant growth in sales through our digital channels.

The financial result was an expense of R$ 53.4 million in 4Q20, versus an expense of R$ 54.5 million in 4Q19. Excluding the net exchange rate variations, there was a decrease of 13.7% in financial result yoy.

Financial expenses – interest expenses and charges – totaled R$ 33.4 million in 4Q20, 14.9% lower yoy.

Bank charges, taxes, discounts and others were R$ 21.3 million, with a decrease of 8.1% yoy. Financial income totaled R$ 3.8 million, versus R$ 6.8 million in 4Q19. The balance of exchange rate variations was positive R$ 0.5 million in 4Q20, compared to positive R$ 8.0 million in 4Q19, with a variation of R$ 7.5 million yoy.

We had a net loss of R$ 5.6 million in continuing operations in 4Q20. In recurring terms, there was an improvement of R$ 8.8 million in the Company's net result.

In 2020, gross profit totaled R$ 506.3 million, with gross margin of 33.0%, both higher yoy. Income from operations was R$ 49.1 million in 2020, lower yoy, mainly due to higher sales expenses and idle industrial costs given the stoppage of industrial facilities for five months. The financial result was an expense of R$ 230.8 million in 2020, versus an expense of R$ 225.0 million in 2019. Excluding the accounting effect related to the Porto Estrela concession, the financial result would be R$ 197.9 million, with a decrease of 4.3% yoy.

Capex and Working Capital

Capital expenditures (Capex) totaled R$ 68.7 million in 2020, versus R$ 88.8 million in 2019. We have reduced capital expenditures to preserve the Company's cash, given the uncertainties related to the Covid-19 pandemic.

The main investments made were: (i) expansion and improvements in distribution centers, (ii) equipment to produce personal protection products for the health care industry, and (iii) digital and industrial technology.

Investments in distribution centers are needed to prepare us to serve increasingly larger volumes, within shorter delivery terms, as well as, to reduce the operating cost of the distribution center.

The investment in sophisticated equipment will allow us to launch capsule collections and new products at a unique speed in the Americas, strengthening our brands, in terms of product quality, and allowing greater flexibility to adjust to fluctuations in demand, with lower inventories and lower risk of sale loss or markdown.

The working capital needs amounted to R$ 718.2 million at the end of 2020, 3.5% higher quarter-over-quarter (qoq), due to higher sales volume and the return of industrial plants to normal production, however 5.62%, or R$ 42.7 million, lower than the balance at the end of 2019, mainly impacted by the increase of the supplies accounts payable.

The Company's growth focus is on areas and categories that require less working capital and that are scalable, such as increasing the offering of products in virtual stores, through partners, and offering technological solutions for retail, as our PIX storefront technology.

Due to the success of the omnichannel model, in which digital marketing and online sales transfer sales to physical stores and these contribute to a better shopping experience for our consumers, with lower costs and delivery times, in addition to the possibility of pick up and returns in stores, we are evaluating the opening of new physical stores, starting in 2021, taking advantage of the vacancy opportunity in the main shopping centers in Brazil and, perhaps, in street stores, which gained strength again during the pandemic and have lower operating costs.

Debt and debt indicators

Our adjusted net debt[f] was R$ 761.6 million as of December 31, 2020, versus R$ 713.7 million as of September 30, 2020, and R$ 741.4 million, as of December 31, 2019.

The contractually retained amount of US$ 6.3 million ("holdback")[g] should have been paid in September 2020. As a result of not receiving the amount due, Springs Global US filed a lawsuit in November 2020. In February 2021, an agreement was reached in which the affiliate paid US$ 4.0 million. The difference of US$ 2.3 million was recognized in the 2020 result in discontinued operations.

Besides the decrease in the retained amount, the adjusted net debt increased qoq due to the increase of R$ 24.5 million in working capital, as a result of higher sales volume and the return of industrial plants to normal production.

Our goal is to reduce net debt, as well as to extend its average term. However, in 2020, our main focus was to guarantee the Company's liquidity in the face of uncertainty regarding the magnitude of the impact of the Covd-19 pandemic on the Company's cash generation.

Hence, we obtained new loans or renewals totaling R$ 477.6 million, and reduced loans in foreign currency by R$ 192.1 million, or 76.3%, yoy. The remaining liabilities in US dollars are mainly related to exports and, therefore, with natural hedge.

The average cost of debt was 9.1% in 2020, versus 9.7% in 2019.

The Company had a free cash flow of R$ 171.5 million in 2020, positively impacted by the reduction of R$ 42.7 million in working capital and use of R$ 91.7 million in tax recovery credit.

The Company recognized R$ 208.9 million in tax recovery in 2018, which was enabled and started to be compensated in the second half of 2019. We still have the value of R$ 128.8 million in credit in our balance sheet, which we will continue to realize its cash effect, reducing net debt, during 2021 and the following years.

In the end of 2020, our ownership in affiliate in North America, with a book value of R$ 123.7 million, was made available for sale. The proceeds will be used entirely to reduce the Company's debt.

Our leverage, as measured by net debt/adjusted EBITDA was equal to 5.4x at the end of 2020, versus 3.9x at the end of 2019. If we annualize the EBITDA from the last quarter, which best represents the Company's recurring result, our leverage would be 2.6x.

For the fiscal year of 2020, due to the reduction of profitability related to the effects from the pandemic, the Company and its controlled company Coteminas S.A. received a waiver for its financial covenants, including the ratio of net debt to EBITDA up to 3.0 times, from the financial institutions.

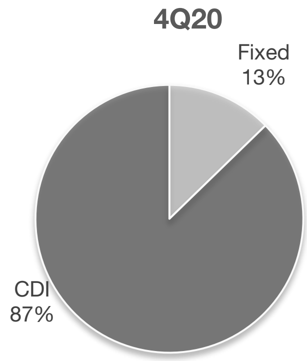

Chart 11 – Debt per index

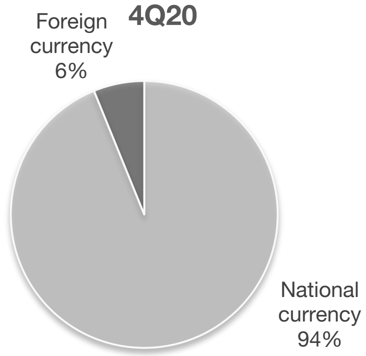

Chart 12 – Debt by currency

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 amounted to R$ 396.1 million in 4Q20, with a 62.0% yoy increase, positively affected by the transfer of sales from the third quarter to the last quarter, due to the reestablishing of inventory and production levels.

COGS totaled R$ 295.1 million in 4Q20, 73.3% higher yoy, due to higher sales volume and higher prices for raw materials and inputs, due to the devaluation of the Brazilian Real. Within quarters, there was a reduction in cost per ton, as a result of higher production volume and, therefore, dilution of conversion costs, which are fixed.

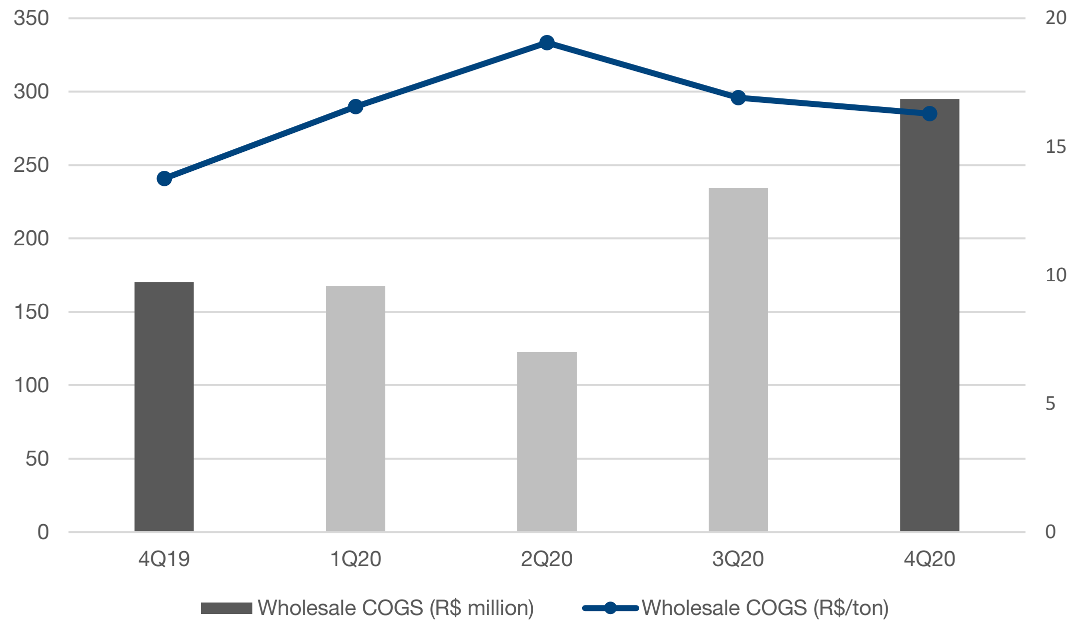

Chart 13 – COGS from Wholesale business unit

Gross profit summed R$ 101.0 million, 11.1% higher yoy. Gross margin was 25.5% in 4Q20, with a decrease of 11.7 pp yoy, being negatively impacted by the reclassification of idle costs related to the Covid-19 pandemic, accumulated in the first nine months of 2020, of R$ 25 million, from “other, net”, to “cost of goods sold”. SG&A expenses amounted to R$ 73.1 million, representing 18.5% of revenue.

EBITDA was R$ 68.7 million in 4Q20, with an increase of 72.2% yoy. EBITDA margin was 17.3% in 4Q20, versus 16.3% in 4Q19.

In 2020, net revenue totaled R$ 1,104.0 million, in line with the amount recorded in 2019, of R$ 1,101.6 million, negatively impacted by the closure of stores or reduced store hours in a significant part of the period, due to the Covid-19 pandemic. Gross margin was 25.8% and EBITDA margin was 11.0%, both lower yoy. EBITDA reached R$ 121.5 million in 2020, versus R$ 135.7 million in 2019.

The operations in Argentina had net revenue of R$ 154.9 million, with a growth of 2.6% yoy, and gross margin of 33.0%. EBITDA totaled R$ 31.0 million, with EBITDA margin of 20.0%.

Retail

The sell-out revenue from the Retail business unit amounted to R$ 238.3 million in 4Q20, 46.8% higher yoy. E-commerce revenue was 2.3 times higher yoy, representing 27.4% of our Retail sales.

Net revenue totaled R$ 133.5 million in 4Q20, 3.7% higher yoy, positively impacted by the growth in sales from our online stores. At the end of 2020, we had 233 stores, of which 64 were owned and 169 franchises, compared to 238 at the end of 2019. There was opening of four MMartan stores and the acquisition of a franchised Artex store, which became owned, in 4Q20.

COGS totaled R$ 63.5 million in 4Q20, 10.8% lower yoy, enabling the expansion of gross margin, from 44.7% in 4Q19, to 52.4% in 4Q20. Gross profit reached R$ 70.0 million, 21.7% higher yoy.

SG&A expenses amounted to R$ 58.4 million, 21.4% higher yoy, mainly due to the growth in expenses with digital media and freight, related to the sales in digital channels. Other expenses totaled R$ 0.9 million in 4Q20, versus other revenue of R$ 6.8 million in 4Q19, with a negative variation of R$ 7.7 million yoy.

EBITDA was R$ 17.2 million in 4Q20, versus R$ 20.6 million in 4Q19.

In 2020, net revenue reached R$ 431.1 million, with an increase of 34.3% yoy, and gross margin of 51.5% and EBITDA margin of 8.7%. Sell-out revenue amounted to R$ 735.7 million in 2020, with a yoy growth of 30.1%. SG&A totaled R$ 208.4 million, 37.4% higher yoy, as a result of the investment in digital marketing to transfer sales to the online stores, when the physical stores were closed, and to increase our client base.

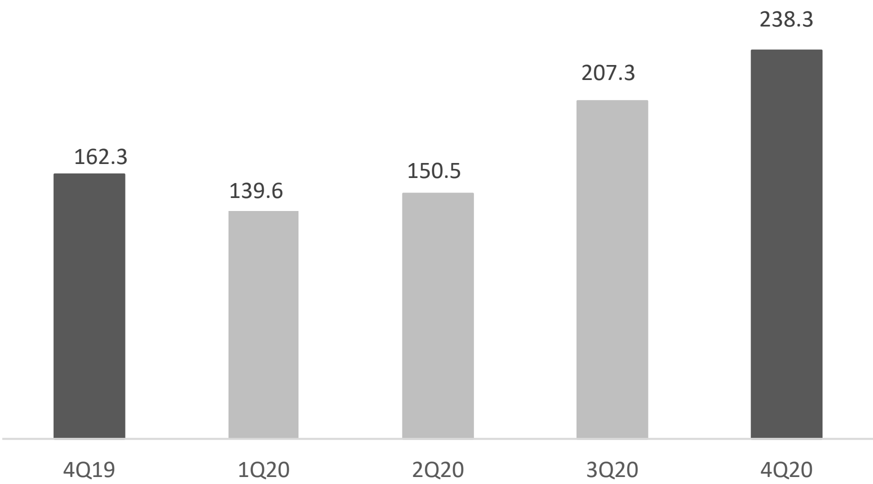

Chart 14 – Evolution of the retail sell-out revenue

Share performance

Springs Global's shares, traded on the B3 under the ticker SGPS3, increased by 18.9% in 4Q20, underperforming the IBOVESPA and the Small Cap indexes in the same period. The daily average financial volume of our shares was R$ 1.1 million in 4Q20, versus R$ 1.1 million in 4Q19. Springs Global had a market cap of R$ 389.5 million, with share price of R$ 7.79, on December 31, 2020.

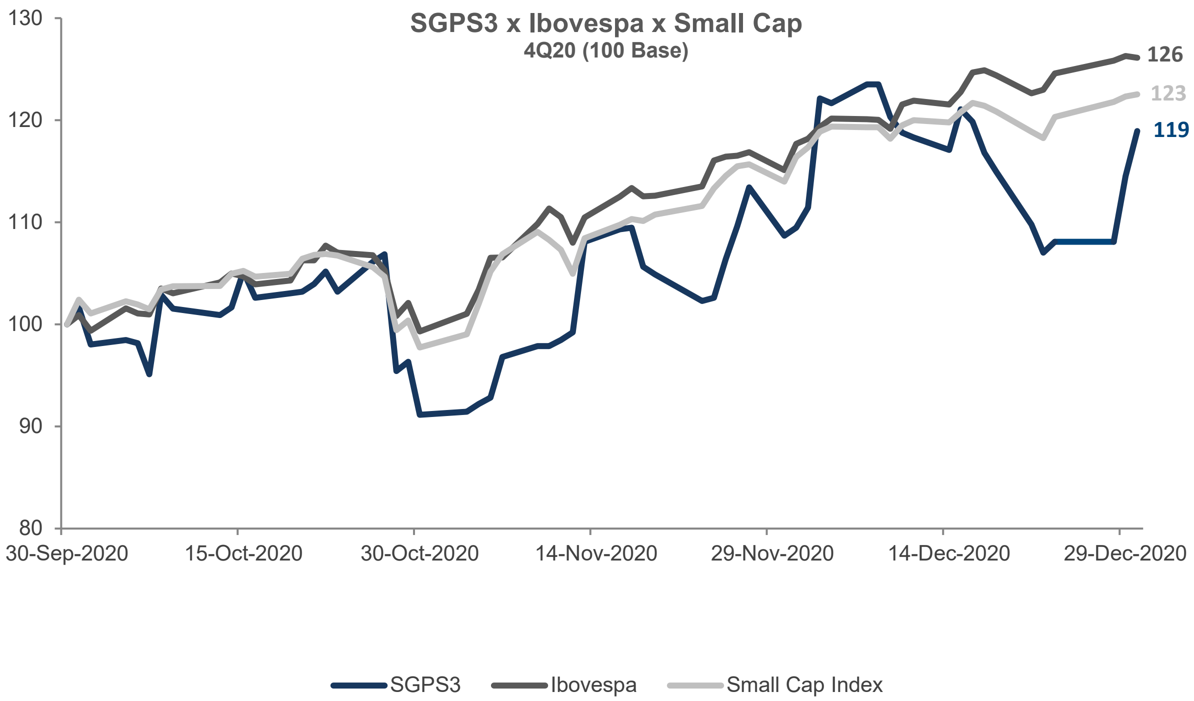

Chart 15– Performance of SGPS3 share price

Financial indicators

Tables

Table 3 – Net revenue per business unit

in R$ million	4Q20 (A)	%	4Q19 (B)	%	(A)/(B) %	2020 (C)	%	2019 (D)	%	(C)/(D) %
Wholesale	396.1	75%	244.5	66%	62.0%	1,104.0	72%	1,101.6	77%	0.2%
Retail	133.5	25%	128.7	34%	3.7%	431.1	28%	320.9	23%	34.3%
Total net revenue	**529.6**	**100%**	**373.2**	**100%**	**41.9%**	**1,535.1**	**100%**	**1,422.5**	**100%**	**7.9%**

Table 4 – Net revenue per product line

	Net Revenue (R$ million)			Volume (tons)			Average price (R$/Kg)		
Product Lines	4Q20 (A)	4Q19 (B)	(A)/(B) %	4Q20 (C)	4Q19 (D)	(C)/(D) %	4Q20 (E)	4Q19 (F)	(E)/(F) %
Bedding, tabletop and bath	292.9	189.8	54.3%	7,663	7,291	5.1%	38.2	26.0	46.8%
Intermediate products	103.2	54.7	88.7%	7,818	5,085	53.7%	13.2	10.8	22.7%
Retail	133.5	128.7	3.7%						
Total	**529.6**	**373.2**	**41.9%**	**15,481**	**12,376**	**25.1%**	**34.2**	**30.2**	**13.4%**

	Net Revenue (R$ million)			Volume (tons)			Average price (R$/Kg)		
Product Lines	2020 (A)	2019 (B)	(A)/(B) %	2020 (C)	2019 (D)	(C)/(D) %	2020 (E)	2019 (F)	(E)/(F) %
Bedding, tabletop and bath	827.4	861.4	(3.9%)	21,367	26,807	(20.3%)	38.7	32.1	20.5%
Intermediate products	276.6	240.2	15.2%	24,531	22,674	8.2%	11.3	10.6	6.4%
Retail	431.1	320.9	34.3%						
Total	**1,535.1**	**1,422.5**	**7.9%**	**45,898**	**49,481**	**(7.2%)**	**33.4**	**28.7**	**16.3%**

Table 5 – Cost of goods sold (COGS) and Selling, General and Administrative expenses (SG&A)

in R$ million	4Q20 (A)	%	4Q19 (B)	%	(A)/(B) %	2020 (C)	%	2019 (D)	%	(C)/(D) %
Materials	194.7	54.3%	123.8	51.3%	57.3%	531.0	51.6%	494.5	50.8%	7.4%
Conversion costs and others	147.3	41.1%	103.0	42.7%	43.0%	433.7	42.2%	418.1	43.0%	3.7%
Depreciation	16.4	4.6%	14.7	6.1%	11.6%	64.0	6.2%	60.0	6.2%	6.7%
COGS	**358.7**	**100.0%**	**241.5**	**100.0%**	**48.5%**	**1,028.8**	**100.0%**	**972.6**	**100.0%**	**5.8%**
COGS, % Revenues	**67.7%**		**64.7%**		*3.0 p.p.*	**67.0%**		**68.4%**		*(1.3 p.p.)*
Sales expenses	100.0	73.0%	63.1	70.5%	58.5%	335.4	72.6%	267.3	69.8%	25.5%
General and administrative expenses	36.9	27.0%	26.4	29.5%	39.6%	126.5	27.4%	115.7	30.2%	9.4%
SG&A	**136.9**	**100.0%**	**89.5**	**100.0%**	**52.9%**	**461.9**	**100.0%**	**383.0**	**100.0%**	**20.6%**
SG&A, % Revenues	**25.9%**		**24.0%**		*1.9 p.p.*	**30.1%**		**26.9%**		*3.2 p.p.*

Table 6 – Reconciliation of EBITDA, and adjusted EBITDA

in R$ million	4Q20 (A)	4Q19[1] (B)	(A)/(B) %	2020 (C)	2019 [1] (D)	(C)/(D) %
Income (loss)	(18.3)	(23.7)	(22.6%)	(320.9)	45.7	(801.9%)
(+) Income and social contribution taxes from continuing operations	0.8	(3.9)	n.a.	72.3	(0.6)	n.a.
(+) Income and social contribution taxes from discontinued operations	-	-	n.a.	-	82.7	(100.0%)
(+) Financial results from continuing operations	53.4	54.5	(2.1%)	230.8	225.0	2.6%
(+) Financial results from discontinued operations	-	-	n.a.	-	3.8	(100.0%)
(+) Depreciation and amortization from continuing operations	24.1	11.0	118.7%	94.1	92.7	1.5%
(+) Depreciation and amortization from discontinued operations	-	-	n.a.	-	1.8	(100.0%)
(-) Equity in affiliate	-	7.2	(100.0%)	11.3	7.2	57.8%
(-) Impairment of investment in affiliate	-	-	n.a.	42.9	-	n.a.
EBITDA	**59.9**	**45.1**	**32.9%**	**130.4**	**458.3**	**(71.5%)**
Continuing operations						
Income (loss)	(18.3)	(23.7)	(22.6%)	(320.9)	45.7	(801.9%)
(-) Result from discontinued operations	12.8	9.3	37.4%	67.0	(185.1)	n.a.
(+) Income and social contribution taxes from continuing operations	0.8	(3.9)	n.a.	72.3	(0.6)	n.a.
(+) Financial results from continuing operations	53.4	54.5	(2.1%)	230.8	225.0	2.6%
(+) Depreciation and amortization from continuing operations	24.1	11.0	118.7%	94.1	92.7	1.5%
EBITDA from continuing operations	**72.7**	**47.2**	**53.9%**	**143.2**	**177.7**	**(19.4%)**
(-) Result from asset sale	0.1	14.1	n.a.	(1.6)	14.1	n.a.
Adjusted EBITDA from continuing operations	**72.8**	**61.3**	**18.7%**	**141.6**	**191.8**	**(26.2%)**
Discontinued operations						
Result from discontinued operations	(12.8)	(9.3)	37.4%	(67.0)	185.1	(136.2%)
(+) Income and social contribution taxes from discontinued operations	-	-	n.a.	-	82.7	(100.0%)
(+) Financial results from discontinued operations	-	-	n.a.	-	3.8	(100.0%)
(+) Depreciation and amortization from discontinued operations	-	-	n.a.	-	1.8	(100.0%)
(-) Equity in affiliate	-	7.2	(100.0%)	11.3	7.2	57.8%
(-) Impairment of investment in affiliate	-	-	n.a.	42.9	-	n.a.
EBITDA from discontinued operations	**(12.8)**	**(2.1)**	**501.3%**	**(12.8)**	**280.6**	**(104.5%)**
EBITDA	**59.9**	**45.1**	**32.9%**	**130.4**	**458.3**	**(71.5%)**
Adjusted EBITDA[2]	**72.8**	**61.3**	**18.7%**	**141.6**	**191.8**	**(26.2%)**

[1] Reclassified, excluding discontinued operations, for comparison purpose

[2] Continuing operations, excluding gain or loss from sale of assets

Table 7 – EBITDA per business unit and EBITDA margin

in R$ million	4Q20 (A)	4Q19[1] (B)	(A)/(B) %	2020 (C)	2019 [1] (D)	(C)/(D) %
Wholesale	68.7	39.9	72.2%	121.5	135.7	(10.5%)
Retail	17.2	20.6	(16.5%)	37.4	40.8	(8.3%)
Non-allocated expenses	(13.2)	(13.3)	(0.8%)	(15.7)	1.2	(1408.3%)
EBITDA from continuing operations (i)	**72.7**	**47.2**	**53.9%**	**143.2**	**177.7**	**(19.4%)**
(-) Result from asset sale	0.1	14.1	n.a.	(1.6)	14.1	n.a.
Adjusted EBITDA from continuing operations (ii)	**72.8**	**61.3**	**18.7%**	**141.6**	**191.8**	**(26.2%)**
EBITDA from discontinued operations (ii)	**(12.8)**	**(2.1)**	**n.a.**	**(12.8)**	**280.6**	**(104.5%)**
EBITDA (i) + (ii)	**59.9**	**45.1**	**32.9%**	**130.4**	**458.3**	**(71.5%)**
Adjusted EBITDA[2] (ii)	**72.8**	**61.3**	**18.7%**	**141.6**	**191.8**	**(26.2%)**
EBITDA Margin %	*11.3%*	*12.1%*	*(0.8 p.p.)*	*8.5%*	*32.2%*	*(23.7 p.p.)*
Adjusted EBITDA Margin[2] %	*13.7%*	*16.4%*	*(2.7 p.p.)*	*9.2%*	*13.5%*	*(4.3 p.p.)*

[1] Reclassified, excluding discontinued operations, for comparison purpose

[2] Continuing operations, excluding gain or loss from sale of assets

Table 8 – Financial Results

in R$ million	4Q20 (A)	4Q19 (B)	(A)/(B) %	2020 (C)	2019 (D)	(C)/(D) %
Financial income	3.8	6.8	(43.9%)	24.9	35.1	(29.1%)
Financial expenses - interests	(33.4)	(39.2)	(14.9%)	(124.0)	(137.5)	(9.8%)
Financial expenses - bank charges and others	(21.3)	(23.2)	(8.1%)	(88.2)	(64.2)	37.4%
Interest on leasing	(3.1)	(6.9)	(55.5%)	(13.9)	(27.7)	(49.8%)
Finncial results, ex-exchange variations	**(53.9)**	**(62.5)**	**(13.7%)**	**(201.2)**	**(194.3)**	**3.6%**
Exchange rate variations, net	0.5	8.0	(93.5%)	(29.6)	(30.7)	(3.6%)
Financial results	**(53.4)**	**(54.5)**	**(2.1%)**	**(230.8)**	**(225.0)**	**2.6%**

Table 9 – Working Capital

in R$ million	4Q20 (A)	3Q20 (B)	4Q19 (C)	(A)/(B) %	(A)/(C) %
Accounts receivable	509.1	418.6	487.8	21.6%	4.4%
Inventories	403.7	405.9	385.4	(0.6%)	4.7%
Advances to suppliers	11.6	27.4	43.0	(57.7%)	(73.1%)
Suppliers	(206.1)	(158.2)	(155.4)	30.3%	32.6%
Working capital	**718.2**	**693.8**	**760.9**	**3.5%**	**(5.6%)**

Table 10 – Indebtedness

in R$ million	4Q20 (A)	3Q20 (B)	4Q19 (C)	(A)/(B) %	(A)/(C) %
Loans and financing	878.1	852.5	942.6	3.0%	(6.8%)
- Domestic currency	818.6	779.6	691.0	5.0%	18.5%
- Foreign currency	59.5	72.9	251.6	(18.3%)	(76.3%)
Debentures	91.1	89.4	99.4	1.9%	(8.4%)
Total debt	**969.2**	**941.9**	**1,042.0**	**2.9%**	**(7.0%)**
Cash and marketable securities	(186.8)	(192.7)	(275.3)	(3.1%)	(32.2%)
Net debt	**782.4**	**749.2**	**766.7**	**4.4%**	**2.0%**
Cash holdback amount	(20.8)	(35.5)	(25.4)	n.a.	n.a.
Net debt after retained value	**761.6**	**713.7**	**741.4**	**6.7%**	**2.7%**

Table 11 – Main indicators - Wholesale business unit

in R$ million	4Q20 (A)	3Q20 (B)	4Q19 (C)	(A)/(B) %	(A)/(C) %
Net revenue	396.1	316.0	244.5	25.3%	62.0%
(-) COGS	(295.1)	(234.4)	(170.3)	25.9%	73.3%
Gross profit	101.0	81.6	90.9	23.8%	11.1%
Gross Margin %	***25.5%***	***25.8%***	***37.2%***	***(0.3 p.p.)***	***(11.7 p.p.)***
(-) SG&A	(73.1)	(63.4)	(38.3)	15.3%	90.9%
(+/-) Others	24.4	(6.8)	(11.9)	n.a.	n.a.
Operational result	52.3	11.4	24.0	358.8%	117.9%
(+) Depreciation and Amortization	16.4	16.2	15.9	1.4%	3.1%
EBITDA	68.7	27.6	39.9	149.1%	72.2%
EBITDA Margin %	***17.3%***	***8.7%***	***16.3%***	***8.6 p.p.***	***1.0 p.p.***

in R$ million	2020 (A)	2019 (B)	(A)/(B) %
Net revenue	1,104.0	1,101.6	0.2%
(-) COGS	(819.7)	(808.4)	1.4%
Gross profit	284.3	293.2	(3.0%)
Gross Margin %	***25.8%***	***26.6%***	***(0.9 p.p.)***
(-) SG&A	(235.2)	(216.9)	8.4%
(+/-) Others	8.7	(5.5)	n.a.
Operational result	57.8	70.8	(18.4%)
(+) Depreciation and Amortization	63.7	64.9	(1.8%)
EBITDA	121.5	135.7	(10.5%)
EBITDA Margin %	***11.0%***	***12.3%***	***(1.3 p.p.)***

Table 12 – Main indicators - Retail business unit

in R$ million	4Q20 (A)	3Q20 (B)	4Q19 (C)	(A)/(B) %	(A)/(C) %
Net revenue	133.5	123.8	128.7	7.8%	3.7%
(-) COGS	(63.5)	(61.4)	(71.2)	3.5%	(10.8%)
Gross profit	70.0	62.4	57.5	12.1%	21.7%
Gross Margin %	*52.4%*	*50.4%*	*44.7%*	*2.0 p.p.*	*7.8 p.p.*
(-) SG&A	(58.4)	(55.0)	(48.1)	6.2%	21.4%
(+/-) Others	(0.9)	(0.0)	6.8	n.a.	n.a.
Operational result	10.7	7.4	16.2	44.6%	(34.0%)
(+) Depreciation and Amortization	6.5	7.0	4.4	(6.6%)	47.7%
EBITDA	17.2	14.4	20.6	n.a.	(16.5%)
EBITDA Margin %	*12.9%*	*11.6%*	*16.0%*	*1.3 p.p.*	*(3.1 p.p.)*
Number of stores	233	229	238	1.7%	(2.1%)
Owned MMartan	30	28	32	7.1%	(6.3%)
Franchise MMartan	120	118	121	1.7%	(0.8%)
Owned Artex	34	33	35	3.0%	(2.9%)
Franchise Artex	49	50	50	(2.0%)	(2.0%)
Gross Revenue sell-out	238.3	207.3	162.3	15.0%	46.8%
Omnichannel	173.0	128.1	134.5	35.1%	28.6%
E-commerce sales	65.3	79.2	27.8	(17.5%)	134.7%
Share of e-commerce (%)	27.4%	38.2%	17.1%	*(10.8 p.p.)*	*10.3 p.p.*

in R$ million	2020 (A)	2019 (B)	(A)/(B) %
Net revenue	431.1	320.9	34.3%
(-) COGS	(209.1)	(164.2)	27.3%
Gross profit	222.0	156.7	41.7%
Gross Margin %	***51.5%***	***48.8%***	***2.7 p.p.***
(-) SG&A	(208.4)	(151.7)	37.4%
(+/-) Others	(1.9)	12.5	n.a.
Operational result	11.7	17.5	(33.1%)
(+) Depreciation and Amortization	25.7	23.3	10.3%
EBITDA	37.4	40.8	(8.3%)
EBITDA Margin %	***8.7%***	***12.7%***	***(4.0 p.p.)***
Number of stores	233	238	(2.1%)
Owned MMartan	30	32	(6.3%)
Franchise MMartan	120	121	(0.8%)
Owned Artex	34	35	(2.9%)
Franchise Artex	49	50	(2.0%)
Gross Revenue sell-out	735.7	565.3	30.1%
Omnichannel	458.6	490.0	(6.4%)
E-commerce sales	277.0	75.3	268.1%
Share of e-commerce (%)	37.7%	13.3%	*24.3 p.p.*

Glossary

(a) EBITDA – EBITDA is a non-accounting measurement which we prepare and which is reconciled with our financial statement in accordance with CVM Instruction no 527, when applicable. We have calculated our EBITDA (usually defined as earnings before interest, tax, depreciation and amortization) as net earnings before financial results, the effect of depreciation of our plants, equipment and other permanent assets and the amortization of intangible assets. EBITDA is not a measure recognized under BR GAAP, IFRS or US GAAP. It is not significantly standardized and cannot be compared to measurements with similar names provided by other companies. We have reported EBITDA because we use it to measure our performance. EBITDA should not be considered in isolation or as a substitute for "net income" or "operating income" as indicators of operational performance or cash flow, or for the measurement of liquidity or debt repayment capacity.

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

(c) Free cash flow - Net cash provided by operating activities after interest and taxes minus net cash used in investing activities, according to the Cash Flow Statement.

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

(e) Personal protective equipment (PPE) – personal protective products for the health care industry, made of non-woven fabric, such as surgical masks and gowns, hair and foot protectors.

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

(g) Adjusted net debt – Gross debt minus cash and marketable securities minus contractually retained amount ("holdback").

(h) Holdback – retained amount, for 18 months, for the purpose of securing the indemnification obligations contained in the agreement with Keeco to combine the North American operations. The closing date was March 15, 2019.

Balance sheet

in R$ million	4Q20	3Q20	4Q19
Assets			
Current assets	**1,364.2**	**1,196.4**	**1,278.8**
Cash and cash equivalents	168.8	169.0	151.9
Marketable securities	16.3	22.0	52.3
Accounts receivable	509.1	418.6	487.8
Financial leases receivable	16.2	17.6	6.6
Inventories	403.7	405.9	385.4
Advances to suppliers	11.6	27.4	43.0
Recoverable taxes	65.0	68.2	80.9
Cash holdback amount	20.8	35.5	25.4
Property, plant and equipment held for sale	-	-	12.3
Other receivables	29.0	32.2	33.0
Assets held for sale	123.7	-	-
Noncurrent assets	**1,800.6**	**1,942.5**	**2,016.1**
Long-term assets	**458.4**	**474.0**	**601.9**
Marketable securities	1.7	1.7	71.0
Receivable - clients	25.2	26.6	24.0
Related parties	70.3	61.8	42.9
Advances to suppliers	42.1	54.1	66.2
Financial leases receivable	96.7	106.5	85.1
Recoverable taxes	101.9	121.0	163.4
Deferred taxes	18.8	19.9	69.3
Property, plant and equipment held for sale	16.7	16.8	12.1
Escrow deposits	10.7	10.5	13.4
Others	74.3	55.2	54.6
Permanent	**1,342.2**	**1,468.5**	**1,414.1**
Investments in affiliate	-	38.2	137.9
Investment properties	405.0	399.5	406.8
Property, plant and equipment	635.4	639.4	618.5
Right-of-use assets	204.6	202.8	158.3
Intangible assets	97.1	188.6	92.7
Total assets	**3,164.8**	**3,138.9**	**3,294.9**

Balance sheet (continued)

in R$ million	4Q20	3Q20	4Q19
Liabilities and Equity			
Current liabilities	**1,084.3**	**977.1**	**964.9**
Loans and financing	511.7	453.9	511.1
Debentures	91.1	89.4	87.0
Suppliers	206.1	158.2	155.4
Taxes	38.1	28.6	15.3
Payroll and related charges	94.5	100.0	68.4
Government concessions	27.7	24.2	22.2
Leases payable	64.4	66.4	53.0
Other payables	50.6	56.5	52.4
Noncurrent liabilities	**974.8**	**1,023.8**	**943.3**
Loans and financing	366.4	398.7	431.5
Debentures	-	-	12.4
Leases payable	281.3	292.3	221.2
Related parties	-	0.0	-
Government concessions	53.2	48.7	43.8
Employee benefit plans	131.7	142.4	106.2
Miscellaneous accruals	13.4	11.6	12.9
Deferred taxes	85.0	85.6	83.6
Other obligations	43.7	44.5	31.8
Equity	**1,105.7**	**1,138.0**	**1,386.6**
Capital	1,860.3	1,860.3	1,860.3
Capital reserves	79.4	79.4	79.4
Assets and liabilities valuation adjustment	113.8	117.9	117.8
Cumulative translation adjustment	(185.7)	(175.8)	(229.7)
Accumulated deficit	(762.0)	(743.7)	(441.1)
Total liabilities and equity	**3,164.8**	**3,138.9**	**3,294.9**

Income Statement

in R$ million	4Q20 (A)	3Q20 (B)	4Q19[1] (C)	(A)/(B) %	(A)/(C) %
Gross revenues	680.1	565.6	506.7	20.3%	34.2%
Net revenues	**529.6**	**439.8**	**373.2**	**20.4%**	**41.9%**
Cost of goods sold	**(358.7)**	**(295.8)**	**(241.5)**	**21.3%**	**48.5%**
% of net sales	*67.7%*	*67.3%*	*64.7%*	*0.5 p.p.*	*3.0 p.p.*
Materials	(194.7)	(154.6)	(123.8)	26.0%	57.3%
Conversion costs and others	(147.3)	(125.0)	(103.0)	17.8%	43.0%
Depreciation	(16.4)	(16.3)	(14.7)	0.6%	11.6%
Gross profit	**170.9**	**144.0**	**131.7**	**18.7%**	**29.8%**
% Gross Margin	*32.3%*	*32.7%*	*35.3%*	*(0.5 p.p.)*	*(3.0 p.p.)*
SG&A	**(136.9)**	**(123.6)**	**(89.5)**	**10.8%**	**52.9%**
% of net sales	*25.9%*	*28.1%*	*24.0%*	*(2.2 p.p.)*	*1.9 p.p.*
Selling expenses	(100.0)	(92.9)	(63.1)	7.7%	58.5%
% of net sales	*18.9%*	*21.1%*	*16.9%*	*(2.2 p.p.)*	*2.0 p.p.*
General and administrative expenses	(36.9)	(30.7)	(26.4)	20.1%	39.6%
% of net sales	*7.0%*	*7.0%*	*7.1%*	*(0.0 p.p.)*	*(0.1 p.p.)*
Others, net	**14.7**	**(3.2)**	**(5.9)**	**n.a.**	**n.a.**
% of net sales	*2.8%*	*(0.7%)*	*(1.6%)*	*3.5 p.p.*	*4.4 p.p.*
Equity in affiliate	**-**	**2.8**	**-**	**n.a.**	**n.a.**
% of net sales	*0.0%*	*-0.6%*	*0.0%*	*0.6 p.p.*	*0.0 p.p.*
Income from operations	**48.6**	**20.0**	**36.2**	**n.a.**	**n.a.**
% of net sales	*9.2%*	*4.5%*	*9.7%*	*4.6 p.p.*	*(0.5 p.p.)*
Financial result	(53.4)	(53.1)	(54.5)	0.5%	(2.1%)
Profit (loss) before taxes	**(4.8)**	**(33.1)**	**(18.3)**	**n.a.**	**n.a.**
Income and social contribution taxes	(0.8)	(1.5)	3.9	n.a.	n.a.
Net result from continued operations	**(5.6)**	**(34.6)**	**(14.4)**	**n.a.**	**n.a.**
Net result from discontinued operations	**(12.8)**	**-**	**(9.3)**	**n.a.**	**n.a.**
Net income (loss)	**(18.3)**	**(34.6)**	**(23.7)**	**n.a.**	**n.a.**
% of net sales	*(3.5%)*	*(7.9%)*	*(6.3%)*	*4.4 p.p.*	*2.9 p.p.*

[1] Reclassified due to disposal for sale of ownership in affiliate

Income Statement (continued)

Em R$ milhões	2020 (A)	2019 [1] (B)	(A)/(B) %
Gross revenues	2,019.8	1,911.1	5.7%
Net revenues	**1,535.1**	**1,422.5**	**7.9%**
Cost of goods sold	**(1,028.8)**	**(972.6)**	**5.8%**
% of net sales	*67.0%*	*68.4%*	*(1.3 p.p.)*
Materials	(531.0)	(494.5)	7.4%
Conversion costs and others	(433.7)	(418.1)	3.7%
Depreciation	(64.0)	(60.0)	6.7%
Gross profit	**506.3**	**449.9**	**12.5%**
% Gross Margin	*33.0%*	*31.6%*	*1.3 p.p.*
SG&A	**(461.9)**	**(383.0)**	**20.6%**
% of net sales	*30.1%*	*26.9%*	*3.2 p.p.*
Selling expenses	(335.4)	(267.3)	25.5%
% of net sales	*21.9%*	*18.8%*	*3.1 p.p.*
General and administrative expenses	(126.5)	(115.7)	9.4%
% of net sales	*8.2%*	*8.1%*	*0.1 p.p.*
Others, net	**4.8**	**18.1**	**n.a.**
% of net sales	*0.3%*	*1.3%*	*(1.0 p.p.)*
Income from operations	**49.1**	**85.0**	**n.a.**
% of net sales	*3.2%*	*6.0%*	*(2.8 p.p.)*
Financial result	(230.8)	(225.0)	2.6%
Profit (loss) before taxes	**(181.7)**	**(139.9)**	**n.a.**
Income and social contribution taxes	(72.3)	0.6	n.a.
Net result from continued operations	**(254.0)**	**(139.4)**	**n.a.**
Net result from discontinued operations	**(67.0)**	**185.1**	**(136.2%)**
Net income (loss)	**(320.9)**	**45.7**	**n.a.**
% of net sales	*(20.9%)*	*(3.2%)*	*(17.7 p.p.)*

[1] Reclassified due to disposal for sale of ow nership in affiliate

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Cash Flow Statement

in R$ million	2020	2019
Cash flows from operating activities		
Net income (loss) for the period	(320.9)	45.7
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	94.1	94.5
Equity in affiliate	11.3	7.2
Change in fair value of investment properties	(5.3)	(3.8)
Provision for expected loss on doubtful accounts	2.7	1.7
Result from the sale of discontinued operations	-	(273.0)
Income and social contribution taxes	72.3	82.2
Impairment adjustment	43.0	(1.9)
Result on disposal of property, plant and equipment	(1.6)	11.2
Renegotiation of leases	(5.7)	-
Exchange rate variations	29.6	30.7
Monetary variation	15.3	5.0
Bank charges, interests and commissions	170.8	159.6
Interest on leases	13.9	28.8
	119.3	**187.8**
Changes in assets and liabilities		
Marketable securities	105.4	(16.4)
Accounts receivable	(31.7)	4.3
Inventories	(20.1)	(5.1)
Advances to suppliers	55.6	1.3
Recoverable taxes	91.7	1.6
Cash holdback amount	(7.3)	(25.4)
Suppliers	44.8	32.3
Others	7.3	(61.0)
Net cash provided by (used in) operating activities	**364.9**	**119.5**
Interest paid on loans	(68.3)	(100.0)
Commissions and bank charges paid on loans	(36.7)	(26.7)
Income and social contribution taxes received (paid)	(0.1)	1.4
Net cash provided by (used in) operating activities after interest and taxes	**259.8**	**(5.9)**
Cash flows from investing activities		
Investment properties	(0.9)	(5.7)
Property, plant and equipment	(68.7)	(88.8)
Intangibles		
Proceeds from sales of property, plant and equipment	19.4	14.3
Proceeds from sales of discontinued operations	-	329.4
Loans between related parties	(37.5)	(19.6)
Net cash provided by (used in) investing activities	**(88.3)**	**229.5**
Cash flows from financing activities		
Proceeds from new loans, net of prepaid fees	483.0	370.5
Repayment of loans	(598.5)	(541.2)
Repayment of leases	(35.9)	(39.0)
Net cash provided by (used in) financing activities	**(151.3)**	**(209.7)**
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiaries	(3.3)	(1.4)
Increase (decrease) in cash and cash equivalents	**16.9**	**12.5**
Cash and cash equivalents:		
At the beginning of the period	151.9	139.5
At the end of the period	168.8	151.9

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

About Springs Global | B3: SGPS3

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

Conference call

Date: 03/23/2021

Time: 11am São Paulo time / 10 am New York time / 2 pm London time

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To access the webcast in English click here or access the website http://www.springs.com/ri.

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