



SPRINGS  
GLOBAL



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# 1Q21 Results

May 13, 2021

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## Springs Global: Revenue grew 42% yoy

São Paulo, May 13<sup>rd</sup>, 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 first quarter of 2021 (1Q21), net revenue of R\$ 430.4 million, surpassing by 42.3% the value achieved in the first quarter of 2020 (1Q20). E-commerce sales grew 214.9% year-over-year (yoy). Gross margin reached 36.9% and adjusted EBITDA margin was 12.7%.

The highlights of Springs Global's performance in 1Q21 were:

- » **Net revenue:** R\$ 430.4 million; +42.3% compared to 1Q20;
- » **Gross profit:** R\$ 158.8 million, +69.0% yoy, with gross margin of 36.9%;
- » **Income from operations (EBIT):** R\$ 28.2 million, with EBIT margin of 6.6%;
- » **Adjusted EBITDA<sup>(a),2</sup>:** R\$ 54.7 million, with EBITDA margin of 12.7%;
- » **Retail:** Revenue from Retail business unit grew 34.6%, reaching R\$ 104.4 million, while sell-out revenue<sup>(b)</sup> increased by 25.9%, totaling R\$ 175.8 million;
- » **Retail – E-commerce sales:** R\$ 71.1 million, 3.1 times the 1Q20 value;
- » **Wholesale:** Growth of 45.0% in revenue and of 111.0% in EBITDA from Wholesale business unit;
- » **Gross debt:** 8.8% lower yoy, with a decrease of 26.4% in net financial result yoy;
- » **Free cash flow<sup>(c)</sup>:** R\$ 21.8 million.

in R\$ million	1Q21 (A)	1Q20 <sup>1</sup> (B)	(A)/(B) %
Net revenue	430.4	302.4	42.3%
Gross profit	158.8	94.0	69.0%
<i>Gross Margin %</i>	36.9%	31.1%	5.8 p.p.
Income from operations - EBIT	28.2	(1.5)	n.a.
<i>EBIT Margin</i>	6.6%	-0.5%	7.1 p.p.
Net income (loss) from continuing operations	(28.0)	(151.6)	n.a.
Net income (loss) from discontinued operation	-	(51.1)	n.a.
Net profit (loss)	(28.0)	(202.8)	n.a.
<i>Net profit (loss) Margin %</i>	-6.5%	-67.1%	60.5 p.p.
Adjusted EBITDA <sup>2</sup>	54.7	20.4	168.2%
<i>Adjusted EBITDA Margin<sup>2</sup> %</i>	12.7%	6.7%	6.0 p.p.

<sup>1</sup> Reclassified due to disposal for sale of ownership in affiliate

<sup>2</sup> 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).





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# Consolidated Performance

## Revenue

The consolidated net revenue reached R\$ 430.4 million in 1Q21, 42.3% higher yoy. Despite the worsening of the pandemic and the adoption of restrictive measures in several Brazilian cities, including the closure or reduced operational hours of stores, in 1Q21, there was not the same behavior from clients as at the beginning of the pandemic, in 1Q20, when there were several cancellations of orders and suspensions of sales deliveries in the face of uncertainty.

The Bedding, Tabletop and Bath<sup>(d)</sup> and PPE<sup>(e)</sup> line was responsible for 56% of 1Q21 revenue, and intermediate products<sup>(f)</sup> for 20%. The Retail revenue contributed 24% of total revenue in 1Q21.

Revenues from the Bedding, Tabletop and Bath line amounted to R\$ 238.9 million in 1Q21, 44.3% above the value recorded in 1Q20. There was a 5.2% yoy increase in sales volume and of 37.3% in average price of this product line.

Revenues from intermediate products were R\$ 87.1 million, 46.9% higher yoy, with an increase of 21.9% in sales volume and of 20.5% in average price.

Retail sell-out gross revenue reached R\$ 175.8 million in 1Q21, with a growth of 25.9% yoy. Retail net revenue totaled R\$ 104.4 million, 34.6% higher yoy, with the positive effect of e-commerce sales growth of 214.9%. The impact of operational restrictions on physical store has been mitigated by remote sales from the stores themselves and sales through virtual stores, with delivery made from physical stores, with benefits for both customers, with lower freight costs and less delivery time, and franchisees, with less volatility of their revenue due to the restrictive measures in their municipality of operation.

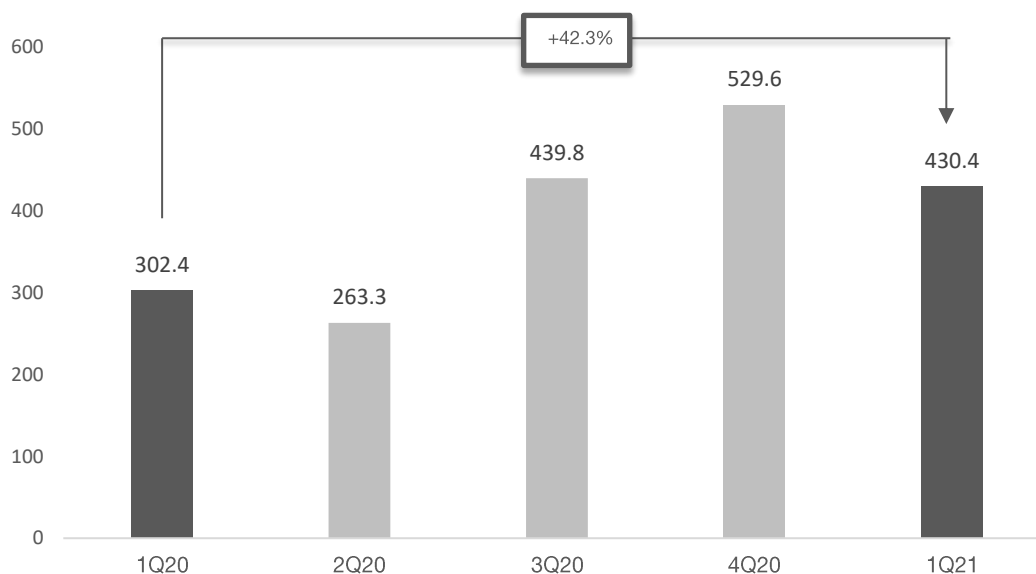


Chart 1 – Net Revenue

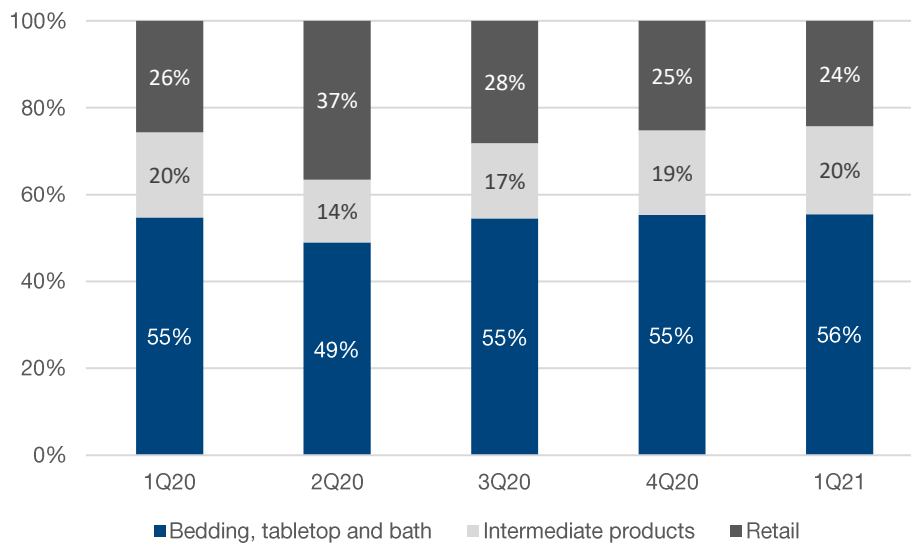


Chart 2 – Revenue per product line

## Costs and Expenses

Cost of goods sold (COGS) was R\$ 271.5 million in 1Q21, with a yoy increase of 30.3%, mainly due to the effect of the exchange rate devaluation in the prices of raw material and inputs, compensated by higher absorption of fixed costs, representing 63.1% of net revenue, versus 68.9% 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\$ 137.1 million in 1Q21, 25.3% higher yoy, mainly due to the higher prices of raw material and inputs, due to the devaluation of the Brazilian Real, and to higher sales volume.

The average price of cotton, our main raw material, increased yoy by 36% in US dollars and 68% in Brazilian Reais in 1Q21.

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

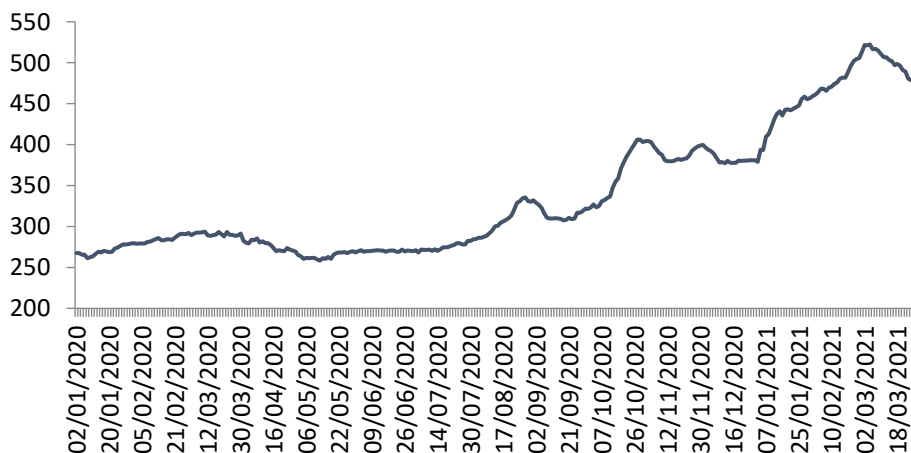


Chart 3 – Cotton price, source CEPEA

The conversion of raw materials into finished goods requires, mainly, labor, electricity and other utilities, designated as conversion costs and others, which reached R\$ 119.2 million in 1Q21, with a 41.9% increase yoy, mainly due to the higher cost of electricity, because of the Security System Charge, and higher production volume of finished products.

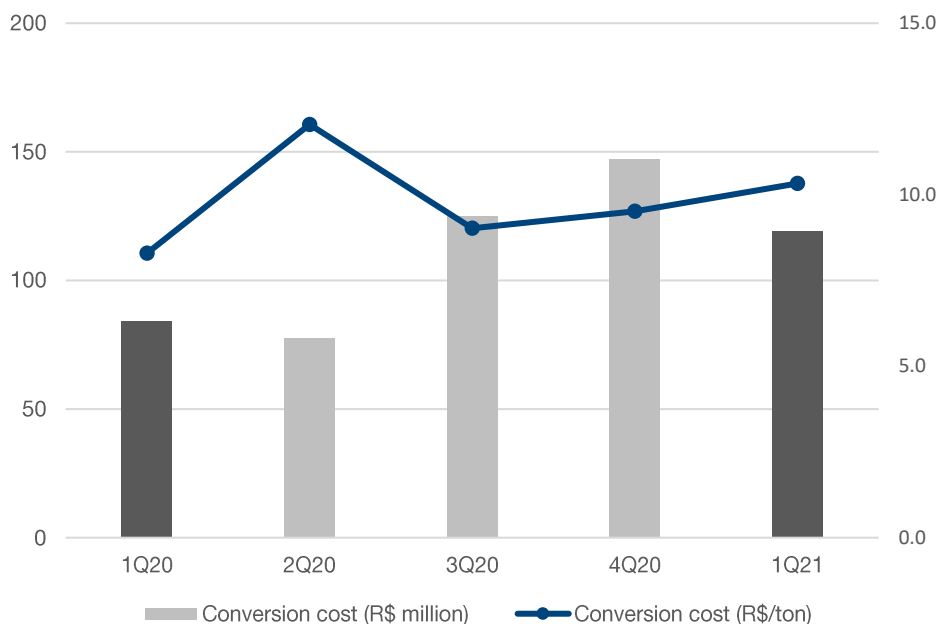


Chart 4 – Conversion cost

Depreciation costs of production and distribution assets totaled R\$ 15.2 million in 1Q21, with a 1.3% increase yoy.

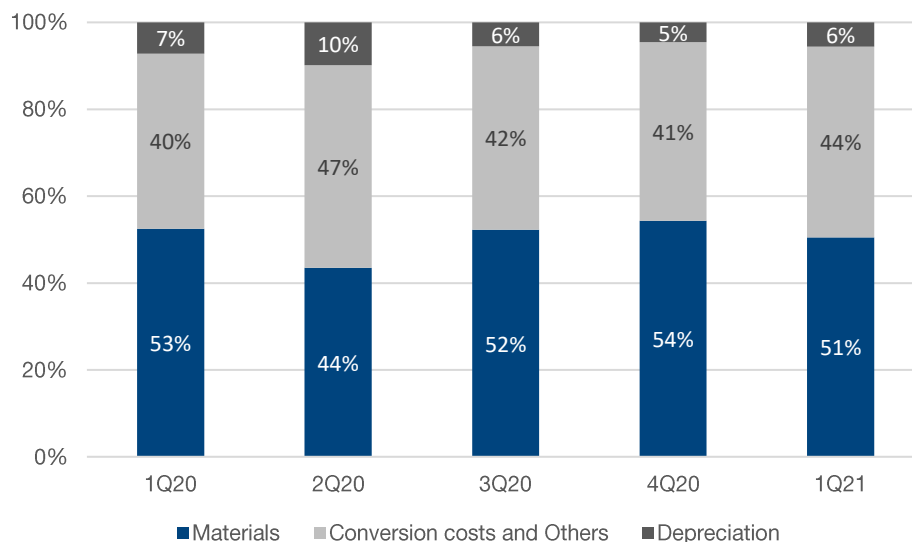


Chart 5 – COGS breakdown

Regarding operational expenses, selling expenses reached R\$ 91.2 million in 1Q21, representing 21.2% of net revenue, compared to 21.9% in 1Q20. General and administrative expenses (G&A) amounted to R\$ 33.0 million in 1Q21, equivalent to 7.7% of net revenue, versus 10.4% in the same period of the previous year.

We continue to have a significant spending cost with digital media and freight, classified as selling expenses, related to the sales growth in our online stores. Through digital marketing, we are investing in the expansion of our client base.

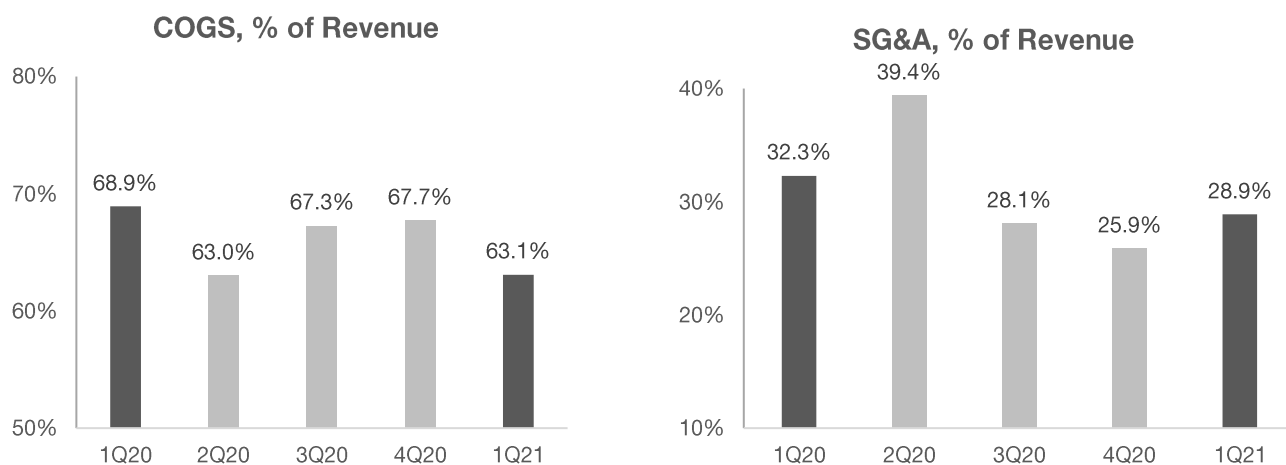


Chart 6 – COGS and SG&A, as % of net revenue

## Other, net

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

"Other, net" was a net expense of R\$ 6.3 million in 1Q21, compared to a net revenue of R\$ 2.2 million in 1Q20, with a negative variation of R\$ 8.5 million yoy.

Springs Global US had a negative result of R\$ 5.6 million in 1Q21, compared to a negative amount of R\$ 4.0 million in 1Q20, before taxes and excluding results from discontinued operations.

## Affiliate of Springs Global US

In the fourth quarter of 2020 (4Q20), the subsidiary Springs Global US made available for sale its ownership in affiliate, with operations in the United States. Therefore, (i) 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"; (ii) the results from the first nine months of 2020 were classified as discontinued operations; and (iii) as from 4Q20 onwards, there is no more impact from this affiliate in Springs Global's consolidated results.

The result related to this affiliate was a loss of R\$ 51.1 million in 1Q20, when, due the pandemic, the affiliate revised its profit projection 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) reevaluate the realization of deferred tax assets at Springs Global US.

## Investment properties

Leasing revenue from the commercial development totaled R\$ 2.5 million in 1Q21, versus R\$ 2.2 million in 1Q20, coming from the Power Center, which currently has an occupancy rate of approximately 80%.

The commercialization of the outlet, which was suspended in 2020 due to the pandemic, was resumed in 1Q21. The start of its operation is expected in the first half of 2022. The outlet, when totally contracted and occupied, should expand rental revenue by an additional R\$ 12 million per year.

The Company's investment properties were valued at R\$ 405.2 million, 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 reached R\$ 54.7 million in 1Q21, versus R\$ 20.4 million in 1Q20 and R\$ 35.5 million in 1Q19. Adjusted EBITDA margin was 12.7%, versus 6.7% in 1Q20 and 10.4% in 1Q19.

Cash generation in the last 12 months ended March 31, 2021, adjusted LTM EBITDA, reached R\$ 175.9 million, demonstrating a strong recovery of the Company's operating cash generation. In the second quarter of 2021, we will record a more significant growth in the LTM EBITDA indicator, considering the low value of EBITDA to be replaced, R\$ 8.9 million, due to the shutdown of industrial plants in the second quarter of 2020.

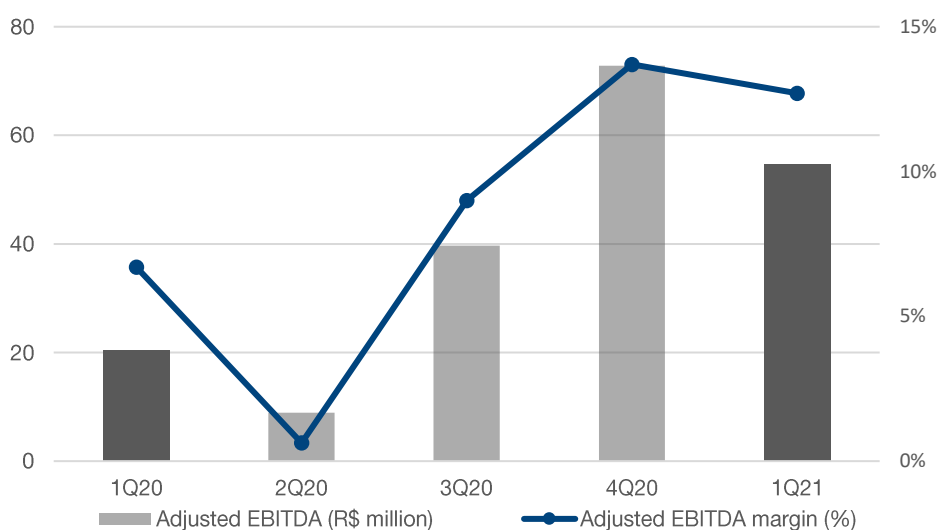


Chart 7 – Adjusted EBITDA and adjusted EBITDA margin

## Profit

Gross profit totaled R\$ 158.8 million in 1Q21, with gross margin of 36.9%. There was a 69.0% expansion in gross profit and an increase of 5.8 pp in gross margin yoy, with the revenue growing more than costs, in absolute and relative terms.

Income from operations was R\$ 28.2 million in 1Q21, with an improvement of R\$ 29.7 million yoy, mainly given (i) the increase of R\$ 64.9 million in gross profit, partially offset by (ii) the increase of R\$ 26.6 million in SG&A, 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\$ 59.1 million in 1Q21, versus an expense of R\$ 80.3 million in 1Q20. Excluding the net exchange rate variations, the financial result was stable yoy.

Financial expenses – interest expenses and charges – totaled R\$ 31.2 million in 1Q21, versus R\$ 30.6 million in 1Q20.

Bank charges, taxes, discounts and others were R\$ 28.2 million, with a decrease of 5.6% yoy. Financial income totaled R\$ 6.0 million, versus R\$ 8.7 million in 1Q20. The balance of exchange rate variations was negative R\$ 2.6 million in 1Q21, compared to negative R\$ 24.7 million in 1Q20, with a positive variation of R\$ 22.1 million yoy.



## Capex and Working Capital

Capital expenditures (Capex) totaled R\$ 12.8 million in 1Q21, versus R\$ 30.5 million in 1Q20.

The working capital needs amounted to R\$ 755.8 million at the end of 1Q21, 5.2% higher quarter-over-quarter (qoq), due to higher finished goods inventory, in order to improve the delivery time for our wholesale customers, with whom we continue to have a strong portfolio of orders.

## Debt and debt indicators

Our adjusted net debt<sup>(a)</sup> was R\$ 766.5 million as of March 31, 2021, versus R\$ 809.6 million as of March 31, 2020. The payment of the cash holdback<sup>(h)</sup> amount was received in 1Q21.

Debt amortization was R\$ 80.8 million, and we obtained new loans or renewals totaling R\$ 50.2 million in 1Q21. We reduced loans in foreign currency by R\$ 58.3 million, or 47.2%, yoy.

The average cost of debt was 8.9% in 1Q21, versus 9.9% in 1Q20.

The Company had a free cash flow of R\$ 21.8 million in 1Q21, positively impacted by the use of R\$ 12.1 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 2019. We still have credits totaling R\$ 110.6 million in our balance sheet, which will continue to be converted to cash, reducing net debt, during 2021 and the following years.

In the end of 2020, the ownership in our North American affiliate, 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.

We reduced our leverage, as measured by net debt/adjusted EBITDA, from 5.4x at the end of 2020, to 4.4x at the end of 1Q21. If we annualize the EBITDA from the last six months, which best represents the Company's recurring result, our leverage would be 3.0x.

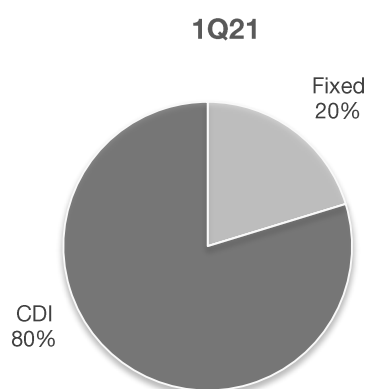


Chart 8 – Debt per index

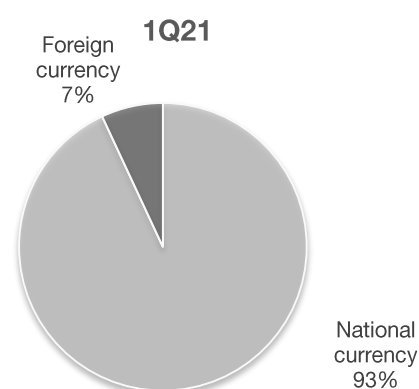


Chart 9 – Debt by currency

## 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 equipments in the Americas, which allow us to accelerate the launch of products with quality.



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 greater speed launching, 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 made from cotton, we will introduce new sustainable fabrics.

Despite the concern about the pandemic, we are confident in 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	1Q21 Realized
Net revenue	1,750 - 1,850	430.4
EBIT	170 - 200	30.1
EBITDA	235 - 265	54.7
CAPEX	40 - 60	12.8

Table 2 – Guidance



# 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\$ 326.0 million in 1Q21, with a 45.0% increase compared to 1Q20, when there were several order cancellations and suspensions of sales delivery in the face of uncertainty.

Despite the worsening of the pandemic in 1Q21 and the adoption of restrictive measures in several Brazilian cities, including the closure or reduced operational hours of stores, the behavior from clients was not the same as at the beginning of the pandemic, as a result of the learning process during the last twelve months, such as the strong demand in the reopening of stores and the use of remote or digital sales, reducing the volatility of sales during the closure of the physical stores.

COGS totaled R\$ 221.7 million in 1Q21, 32.1% higher yoy, due to higher prices for raw materials and inputs, resulting from the devaluation of the Brazilian Real. The average cost per ton was stable qoq, due to the maintenance of the high utilization rate and, therefore, the dilution of conversion costs, which are fixed.

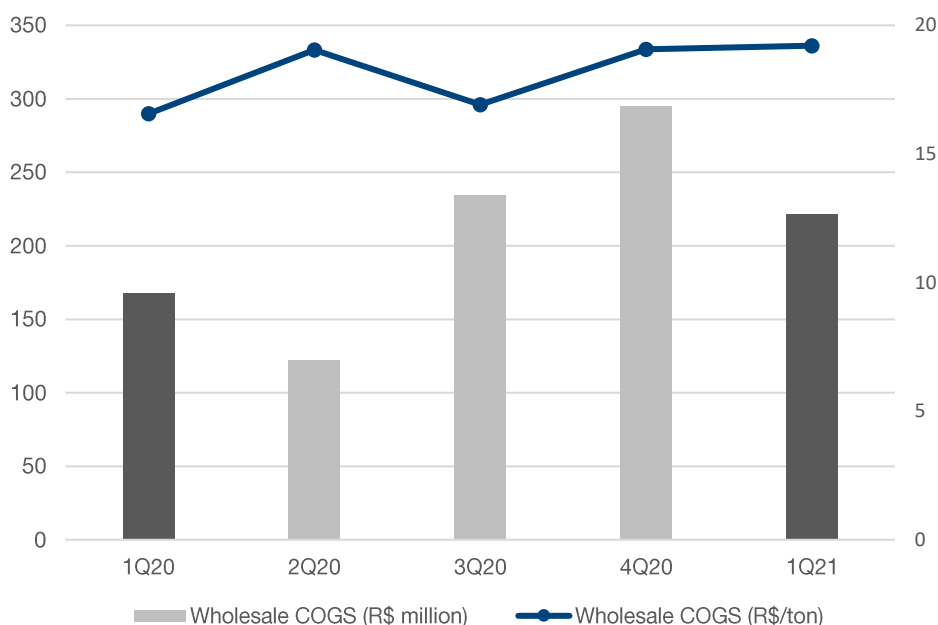


Chart 10 – COGS from Wholesale business unit

Gross profit reached R\$ 104.3 million, 83.0% higher yoy. Gross margin was 32.0% in 1Q21, with an increase of 6.6 pp yoy. SG&A expenses amounted to R\$ 64.1 million, representing 19.7% of revenue.

EBITDA was R\$ 50.0 million in 1Q21, with an increase of 111.0% yoy. EBITDA margin was 15.3% in 1Q21, versus 10.5% in 1Q20.

### Retail

The sell-out revenue from the Retail business unit amounted to R\$ 175.8 million in 1Q21, 25.9% higher yoy. E-commerce revenue was 3.1 times higher yoy, representing 40.4% of our Retail sales.

We have mitigated the impact of operational restrictions on physical stores through remote sales from the stores themselves and sales through virtual stores, with delivery made at the physical stores, reinforcing the advantage of our omni channel system.

Net revenue totaled R\$ 104.4 million in 1Q21, 34.5% higher yoy, positively impacted by the growth in sales from our online stores. At the end of 1Q21, we had 232 stores, of which 64 were owned and 168 franchises, the same number of stores in 1Q20. One franchised MMartan store was closed in 1Q21.

COGS totaled R\$ 49.8 million in 1Q21, 22.7% higher yoy, with the expansion of gross margin, from 47.7% in 1Q20, to 52.3% in 1Q21. Gross profit reached R\$ 54.6 million, 47.6% higher yoy.

SG&A expenses amounted to R\$ 54.5 million, 28.5% higher yoy, mainly due to the growth in expenses with digital media and freight, related to the sales in the digital channels. Other net revenue totaled R\$ 0.2 million in 1Q21, versus other net expenses of R\$ 1.0 million in 1Q20, with a positive variation of R\$ 1.2 million yoy.

EBITDA was R\$ 7.2 million in 1Q21, versus a negative value of R\$ 0.4 million in 1Q20.

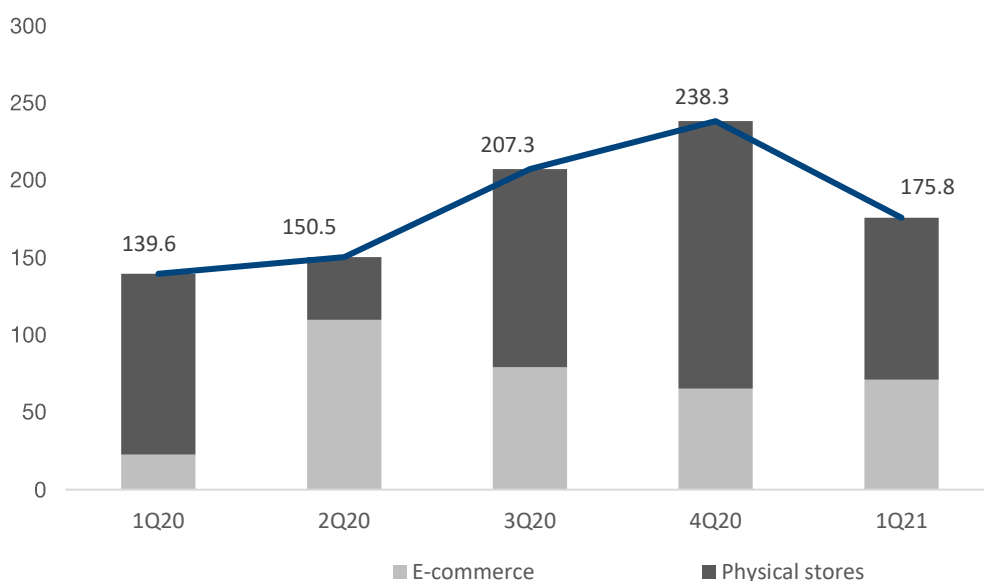


Chart 11 – Evolution of the retail sell-out revenue



## Share performance

Springs Global's shares, traded on the B3 under the ticker SGPS3, decreased by 1.2% in 1Q21, in line with the performance of the IBOVESPA and the Small Cap indexes in the same period. The daily average financial volume of our shares was R\$ 0.9 million in 1Q21, versus R\$ 1.1 million in 4Q20. Springs Global had a market cap of R\$ 385.0 million, with share price of R\$ 7.70, on March 31, 2021.

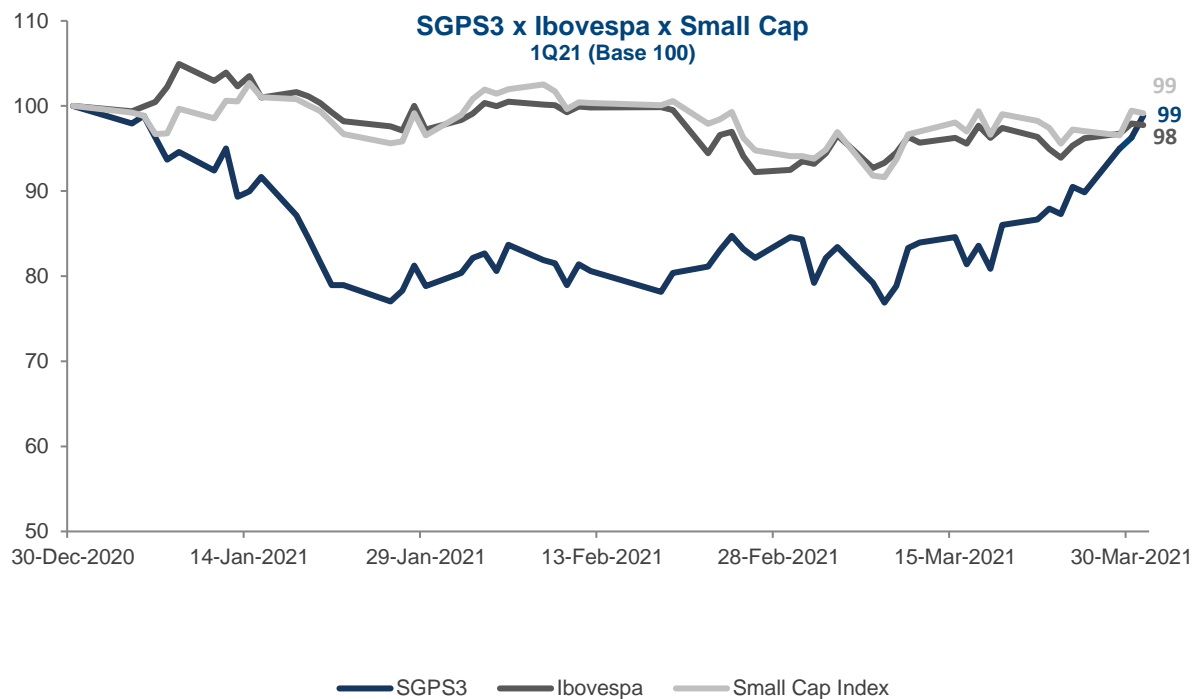


Chart 12– Performance of SGPS3 share price



# Financial indicators

## Tables

Table 3 – Net revenue by business unit

in R\$ million	1Q21	%	1Q20	%	(A)/(B)
	(A)		(B)		%
Wholesale	326.0	76%	224.8	74%	45.0%
Retail	104.4	24%	77.6	26%	34.6%
<b>Total net revenue</b>	<b>430.4</b>	<b>100%</b>	<b>302.4</b>	<b>100%</b>	<b>42.3%</b>

Table 4 – Net revenue by product line

Product Lines	Net Revenue (R\$ million)			Volume (tons)			Average price (R\$/Kg)		
	1Q21	1Q20	(A)/(B)	1Q21	1Q20	(C)/(D)	1Q21	1Q20	(E)/(F)
	(A)	(B)	%	(C)	(D)	%	(E)	(F)	%
Bedding, tabletop and bath	238.9	165.5	44.3%	5,072	4,823	5.2%	47.1	34.3	37.3%
Intermediate products	87.1	59.3	46.9%	6,470	5,309	21.9%	13.5	11.2	20.5%
Retail	104.4	77.6	34.6%						
<b>Total</b>	<b>430.4</b>	<b>302.4</b>	<b>42.3%</b>	<b>11,542</b>	<b>10,132</b>	<b>13.9%</b>	<b>37.3</b>	<b>28.9</b>	<b>28.9%</b>

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

in R\$ million	1Q21	%	1Q20	%	(A)/(B)
	(A)		(B)		%
Materials	137.1	50.5%	109.5	52.5%	25.3%
Conversion costs and others	119.2	43.9%	84.0	40.3%	41.9%
Depreciation	15.2	5.6%	15.0	7.2%	1.3%
<b>COGS</b>	<b>271.5</b>	<b>100.0%</b>	<b>208.5</b>	<b>100.0%</b>	<b>30.3%</b>
<b>COGS, % Revenues</b>	<b>63.1%</b>		<b>68.9%</b>		<b>(5.8 p.p.)</b>
Sales expenses	91.2	73.4%	66.2	67.8%	37.9%
General and administrative expenses	33.0	26.6%	31.5	32.2%	4.9%
<b>SG&amp;A</b>	<b>124.3</b>	<b>100.0%</b>	<b>97.6</b>	<b>100.0%</b>	<b>27.3%</b>
<b>SG&amp;A, % Revenues</b>	<b>28.9%</b>		<b>32.3%</b>		<b>(3.4 p.p.)</b>

Table 6 – Reconciliation of EBITDA, and adjusted EBITDA

in R\$ million	1Q21 (A)	1Q20 <sup>1</sup> (B)	(A)/(B) %
Income (loss)	(28.0)	(202.8)	(86.2%)
(+) Income and social contribution taxes from continuing operations	(2.9)	69.8	(104.1%)
(+) Income and social contribution taxes from discontinued operations	-	-	n.a.
(+) Financial results from continuing operations	59.1	80.3	(26.4%)
(+) Financial results from discontinued operations	-	-	n.a.
(+) Depreciation and amortization from continuing operations	24.5	21.9	12.2%
(+) Depreciation and amortization from discontinued operations	-	-	n.a.
(-) Equity in affiliate	-	8.2	(100.0%)
(-) Impairment of investment in affiliate	-	42.9	(100.0%)
<b>EBITDA</b>	<b>52.8</b>	<b>20.4</b>	<b>158.9%</b>
<b>Continuing operations</b>			
Income (loss)	(28.0)	(202.8)	(86.2%)
(-) Result from discontinued operations	-	51.1	(100.0%)
(+) Income and social contribution taxes from continuing operations	(2.9)	69.8	(104.1%)
(+) Financial results from continuing operations	59.1	80.3	(26.4%)
(+) Depreciation and amortization from continuing operations	24.5	21.9	12.2%
<b>EBITDA from continuing operations</b>	<b>52.8</b>	<b>20.4</b>	<b>158.9%</b>
(-) Result from asset sale	1.9	-	n.a.
<b>Adjusted EBITDA from continuing operations</b>	<b>54.7</b>	<b>20.4</b>	<b>168.2%</b>
<b>Discontinued operations</b>			
Result from discontinued operations	-	(51.1)	(100.0%)
(+) Income and social contribution taxes from discontinued operations	-	-	n.a.
(+) Financial results from discontinued operations	-	-	n.a.
(+) Depreciation and amortization from discontinued operations	-	-	n.a.
(-) Equity in affiliate	-	8.2	(100.0%)
(-) Impairment of investment in affiliate	-	42.9	(100.0%)
<b>EBITDA from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>
<b>EBITDA</b>	<b>52.8</b>	<b>20.4</b>	<b>158.9%</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>54.7</b>	<b>20.4</b>	<b>168.2%</b>

<sup>1</sup> Reclassified, excluding discontinued operations, for comparison purpose

<sup>2</sup> Continuing operations, excluding gain or loss from sale of assets

Table 7 – EBITDA per business unit and EBITDA margin

in R\$ million	1Q21	1Q20 <sup>1</sup>	(A)/(B)
	(A)	(B)	%
Wholesale	50.0	23.7	111.0%
Retail	7.2	(0.4)	n.a.
Non-allocated expenses	(4.4)	(2.9)	51.7%
<b>EBITDA from continuing operations (i)</b>	<b>52.8</b>	<b>20.4</b>	<b>158.9%</b>
(-) Result from asset sale	1.9	-	n.a.
<b>Adjusted EBITDA from continuing operations (ii)</b>	<b>54.7</b>	<b>20.4</b>	<b>168.2%</b>
<b>EBITDA from discontinued operations (ii)</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>
<b>EBITDA (i) + (ii)</b>	<b>52.8</b>	<b>20.4</b>	<b>158.9%</b>
<b>Adjusted EBITDA<sup>2</sup> (ii)</b>	<b>54.7</b>	<b>20.4</b>	<b>168.2%</b>
<i>EBITDA Margin %</i>	<i>12.3%</i>	<i>6.7%</i>	<i>5.5 p.p.</i>
<i>Adjusted EBITDA Margin<sup>2</sup> %</i>	<i>12.7%</i>	<i>6.7%</i>	<i>6.0 p.p.</i>

<sup>1</sup> Reclassified, excluding discontinued operations, for comparison purpose

<sup>2</sup> Continuing operations, excluding gain or loss from sale of assets

Table 8 – Financial Results

in R\$ million	1Q21	1Q20	(A)/(B)
	(A)	(B)	%
Financial income	6.0	8.7	(30.7%)
Financial expenses - interests	(31.2)	(30.6)	2.2%
Financial expenses - bank charges and others	(28.2)	(29.8)	(5.6%)
Interest on leasing	(3.1)	(3.9)	(20.7%)
<b>Financial results, ex-exchange variations</b>	<b>(56.5)</b>	<b>(55.6)</b>	<b>1.5%</b>
Exchange rate variations, net	(2.6)	(24.7)	(89.3%)
<b>Financial results</b>	<b>(59.1)</b>	<b>(80.3)</b>	<b>(26.4%)</b>

Table 9 – Working Capital

in R\$ million	1Q21	4Q20	1Q20	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Accounts receivable	501.4	509.1	412.6	(1.5%)	21.5%
Inventories	444.8	403.7	410.8	10.2%	8.3%
Advances to suppliers	15.5	11.6	27.0	33.7%	(42.7%)
Suppliers	(205.9)	(206.1)	(133.2)	(0.1%)	54.5%
<b>Working capital</b>	<b>755.8</b>	<b>718.2</b>	<b>717.2</b>	<b>5.2%</b>	<b>5.4%</b>



Table 10 – Indebtedness

in R\$ million	1Q21	4Q20	1Q20	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Loans and financing	855.4	878.1	934.0	(2.6%)	(8.4%)
- Domestic currency	790.0	818.6	810.3	(3.5%)	(2.5%)
- Foreign currency	65.4	59.5	123.7	9.8%	(47.2%)
Debentures	87.2	91.1	99.8	(4.3%)	(12.6%)
<b>Total debt</b>	<b>942.6</b>	<b>969.2</b>	<b>1,033.8</b>	<b>(2.7%)</b>	<b>(8.8%)</b>
Cash and marketable securities	(176.1)	(186.8)	(191.4)	(5.7%)	(8.0%)
<b>Net debt</b>	<b>766.5</b>	<b>782.4</b>	<b>842.4</b>	<b>(2.0%)</b>	<b>(9.0%)</b>
Cash holdback amount	-	(20.8)	(32.8)	n.a.	n.a.
<b>Net debt after cash holdback amount</b>	<b>766.5</b>	<b>761.6</b>	<b>809.6</b>	<b>0.6%</b>	<b>(5.3%)</b>

Table 11 – Main indicators - Wholesale business unit

in R\$ million	1Q21	4Q20	1Q20	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Net revenue	326.0	396.1	224.8	(17.7%)	45.0%
(-) COGS	(221.7)	(295.1)	(167.8)	(24.9%)	32.1%
Gross profit	104.3	101.0	57.0	3.3%	83.0%
<b>Gross Margin %</b>	<b>32.0%</b>	<b>25.5%</b>	<b>25.4%</b>	<b>6.5 p.p.</b>	<b>6.6 p.p.</b>
(-) SG&A	(64.1)	(73.1)	(50.8)	(12.3%)	26.2%
(+/-) Others	(6.6)	24.4	2.6	n.a.	n.a.
Operational result	33.6	52.3	8.8	(35.8%)	281.8%
(+) Depreciation and Amortization	16.4	16.4	14.9	0.0%	10.1%
EBITDA	50.0	68.7	23.7	(27.2%)	111.0%
<b>EBITDA Margin %</b>	<b>15.3%</b>	<b>17.3%</b>	<b>10.5%</b>	<b>(2.0 p.p.)</b>	<b>4.8 p.p.</b>

Table 12 – Main indicators - Retail business unit

in R\$ million	1Q21 (A)	4Q20 (B)	1Q20 (C)	(A)/(B) %	(A)/(C) %
Net revenue	104.4	133.5	77.6	(21.8%)	34.6%
(-) COGS	(49.8)	(63.5)	(40.6)	(21.6%)	22.7%
Gross profit	54.6	70.0	37.0	(22.0%)	47.6%
<i>Gross Margin %</i>	<i>52.3%</i>	<i>52.4%</i>	<i>47.7%</i>	<i>(0.1 p.p.)</i>	<i>4.6 p.p.</i>
(-) SG&A	(54.5)	(58.4)	(42.4)	(6.7%)	28.5%
(+/-) Others	0.2	(0.9)	(1.0)	n.a.	n.a.
Operational result	0.3	10.7	(6.4)	(97.2%)	n.a.
(+) Depreciation and Amortization	6.9	6.5	6.0	6.2%	15.0%
EBITDA	7.2	17.2	(0.4)	n.a.	n.a.
<i>EBITDA Margin %</i>	<i>6.9%</i>	<i>12.9%</i>	<i>-0.5%</i>	<i>(6.0 p.p.)</i>	<i>7.4 p.p.</i>
Number of stores	232	233	232	(0.4%)	0.0%
Owned MMartan	30	30	28	0.0%	7.1%
Franchise MMartan	119	120	120	(0.8%)	(0.8%)
Owned Artex	34	34	34	0.0%	0.0%
Franchise Artex	49	49	50	0.0%	(2.0%)
Gross Revenue sell-out	175.8	238.3	139.6	(26.2%)	25.9%
Physical stores	104.7	173.0	117.0	(39.5%)	(10.5%)
E-commerce sales	71.1	65.3	22.6	8.8%	214.9%
Share of e-commerce (%)	40.4%	27.4%	16.2%	<i>13.0 p.p.</i>	<i>24.3 p.p.</i>

## Glossary

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

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

(c) 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<sup>(h)</sup>").

(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	1Q21	4Q20	1Q20
<b>Assets</b>			
<b>Current assets</b>	<b>1,399.2</b>	<b>1,364.2</b>	<b>1,188.4</b>
Cash and cash equivalents	156.1	168.8	168.7
Marketable securities	18.4	16.3	22.8
Accounts receivable	501.4	509.1	412.6
Financial leases receivable	17.8	16.2	16.1
Inventories	444.8	403.7	410.8
Advances to suppliers	15.5	11.6	27.0
Recoverable taxes	77.1	65.0	64.5
Cash holdback amount	-	20.8	32.8
Other receivables	32.6	29.0	33.3
Assets held for sale	135.6	123.7	-
<b>Noncurrent assets</b>	<b>1,799.9</b>	<b>1,800.6</b>	<b>2,019.4</b>
<b>Long-term assets</b>	<b>453.4</b>	<b>458.4</b>	<b>546.5</b>
Marketable securities	1.7	1.7	-
Receivable - clients	22.4	25.2	23.8
Related parties	80.1	70.3	93.0
Advances to suppliers	42.1	42.1	66.2
Financial leases receivable	104.3	96.7	100.9
Recoverable taxes	77.8	101.9	160.9
Deferred taxes	20.3	18.8	18.7
Property, plant and equipment held for sale	18.5	16.7	15.5
Escrow deposits	10.6	10.7	11.7
Others	75.7	74.3	55.8
<b>Permanent</b>	<b>1,346.5</b>	<b>1,342.2</b>	<b>1,473.0</b>
Investments in affiliate	-	-	44.6
Investment properties	405.2	405.0	407.2
Property, plant and equipment	631.0	635.4	648.1
Right-of-use assets	213.4	204.6	199.3
Intangible assets	96.9	97.1	173.8
<b>Total assets</b>	<b>3,199.1</b>	<b>3,164.8</b>	<b>3,207.9</b>

## Balance sheet (continued)

in R\$ million	1Q21	4Q20	1Q20
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>	<b>1,097.6</b>	<b>1,095.1</b>	<b>914.0</b>
Loans and financing	515.3	522.5	467.9
Debentures	87.2	91.1	99.8
Suppliers	205.9	206.1	133.2
Taxes	21.2	38.1	19.6
Payroll and related charges	81.8	94.5	72.4
Government concessions	29.4	27.7	22.8
Leases payable	68.8	64.4	62.5
Other payables	88.0	50.6	35.9
<b>Noncurrent liabilities</b>	<b>1,011.9</b>	<b>963.9</b>	<b>1,062.1</b>
Loans and financing	340.1	355.6	466.1
Leases payable	295.8	281.3	283.3
Related parties	1.1	-	-
Government concessions	56.4	53.2	44.5
Employee benefit plans	141.7	131.7	135.2
Miscellaneous accruals	13.2	13.4	13.3
Deferred taxes	81.4	85.0	84.9
Other obligations	82.1	43.7	34.8
<b>Equity</b>	<b>1,089.6</b>	<b>1,105.7</b>	<b>1,231.8</b>
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	113.8	117.9
Cumulative translation adjustment	(173.9)	(185.7)	(181.8)
Accumulated deficit	(790.1)	(762.0)	(643.9)
<b>Total liabilities and equity</b>	<b>3,199.1</b>	<b>3,164.8</b>	<b>3,207.9</b>



## Income Statement

in R\$ million	1Q21 (A)	4Q20 (B)	1Q20 <sup>1</sup> (C)	(A)/(B) %	(A)/(C) %
Gross revenues	597.5	680.1	409.4	(12.2%)	45.9%
<b>Net revenues</b>	<b>430.4</b>	<b>529.6</b>	<b>302.4</b>	<b>(18.7%)</b>	<b>42.3%</b>
<b>Cost of goods sold</b>	<b>(271.5)</b>	<b>(358.7)</b>	<b>(208.5)</b>	<b>(24.3%)</b>	<b>30.3%</b>
% of net sales	63.1%	67.7%	68.9%	(4.6 p.p.)	(5.8 p.p.)
Materials	(137.1)	(194.7)	(109.5)	(29.6%)	25.3%
Conversion costs and others	(119.2)	(147.3)	(84.0)	(19.1%)	41.9%
Depreciation	(15.2)	(16.4)	(15.0)	(7.3%)	1.3%
<b>Gross profit</b>	<b>158.8</b>	<b>170.9</b>	<b>94.0</b>	<b>(7.1%)</b>	<b>69.0%</b>
% Gross Margin	36.9%	32.3%	31.1%	4.6 p.p.	5.8 p.p.
<b>SG&amp;A</b>	<b>(124.3)</b>	<b>(136.9)</b>	<b>(97.6)</b>	<b>(9.2%)</b>	<b>27.3%</b>
% of net sales	28.9%	25.9%	32.3%	3.0 p.p.	(3.4 p.p.)
Selling expenses	(91.2)	(100.0)	(66.2)	(8.8%)	37.9%
% of net sales	21.2%	18.9%	21.9%	2.3 p.p.	(0.7 p.p.)
General and administrative expenses	(33.0)	(36.9)	(31.5)	(10.5%)	4.9%
% of net sales	7.7%	7.0%	10.4%	0.7 p.p.	(2.7 p.p.)
<b>Others, net</b>	<b>(6.3)</b>	<b>14.7</b>	<b>2.2</b>	<b>n.a.</b>	<b>n.a.</b>
% of net sales	(1.5%)	2.8%	0.7%	(4.2 p.p.)	(2.2 p.p.)
<b>Income (loss) from operations</b>	<b>28.2</b>	<b>48.6</b>	<b>(1.5)</b>	<b>n.a.</b>	<b>n.a.</b>
% of net sales	6.6%	9.2%	(0.5%)	(2.6 p.p.)	7.1 p.p.
Financial result	(59.1)	(53.4)	(80.3)	10.7%	(26.4%)
<b>Profit (loss) before taxes</b>	<b>(30.9)</b>	<b>(4.8)</b>	<b>(81.8)</b>	<b>n.a.</b>	<b>n.a.</b>
Income and social contribution taxes	2.9	(0.8)	(69.8)	n.a.	n.a.
<b>Net result from continuing operations</b>	<b>(28.0)</b>	<b>(5.6)</b>	<b>(151.6)</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Net result from discontinued operations</b>	<b>-</b>	<b>(12.8)</b>	<b>(51.1)</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Net income (loss)</b>	<b>(28.0)</b>	<b>(18.3)</b>	<b>(202.8)</b>	<b>n.a.</b>	<b>n.a.</b>
% of net sales	(6.5%)	(3.5%)	(67.1%)	(3.0 p.p.)	60.5 p.p.

<sup>1</sup> Reclassified due to disposal for sale of ownership in affiliate

## Cash Flow Statement

in R\$ million	1Q21	1Q20
<b>Cash flows from operating activities</b>		
Net income (loss) for the period	(28.0)	(202.8)
<b>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities</b>		
Depreciation and amortization	24.5	21.9
Equity in affiliate	-	8.2
Income and social contribution taxes	(2.9)	69.8
Impairment adjustment	-	42.9
Result on disposal of property, plant and equipment	1.9	(0.2)
Exchange rate variations	2.6	24.7
Monetary variation	4.8	1.6
Bank charges, interests and commissions	48.3	55.2
Interest on leases	3.1	3.9
	<b>54.4</b>	<b>25.3</b>
<b>Changes in assets and liabilities</b>		
Marketable securities	2.0	127.6
Accounts receivable	3.9	89.1
Inventories	(40.8)	(20.3)
Advances to suppliers	(3.9)	16.2
Recoverable taxes	12.1	18.9
Cash holdback amount	22.1	-
Suppliers	(2.8)	(35.3)
Others	16.9	(16.9)
<b>Net cash provided by (used in) operating activities</b>	<b>64.0</b>	<b>204.5</b>
Interest paid on loans	(17.3)	(20.9)
Commissions and bank charges paid on loans	(4.4)	(18.1)
Income and social contribution taxes received (paid)	(0.0)	1.0
<b>Net cash provided by (used in) operating activities after interest and taxes</b>	<b>42.2</b>	<b>166.5</b>
<b>Cash flows from investing activities</b>		
Investment properties	(0.1)	(0.4)
Property, plant and equipment	(12.8)	(30.1)
Proceeds from sales of property, plant and equipment	2.6	12.6
Loans between related parties	(10.0)	(67.9)
<b>Net cash provided by (used in) investing activities</b>	<b>(20.4)</b>	<b>(85.8)</b>
<b>Cash flows from financing activities</b>		
Proceeds from new loans, net of prepaid fees	51.1	207.8
Repayment of loans	(80.8)	(257.1)
Repayment of leases	(10.1)	(15.7)
<b>Net cash provided by (used in) financing activities</b>	<b>(39.7)</b>	<b>(64.9)</b>
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiaries	5.2	1.0
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(12.7)</b>	<b>16.7</b>
<b>Cash and cash equivalents:</b>		
At the beginning of the period	168.8	151.9
At the end of the period	156.1	168.7



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

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



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

### **Conference call**

Date: 05/14/2021

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

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To access the webcast in English [click here](#) or access the website

<http://www.springs.com/ri>.

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