2Q2024 Results

April 15th, 2025

Springs Global: Consolidation of the industrial complex and allocation of properties for income generation and appreciation.

São Paulo, April 15th, 2025 - Springs Global Participações S.A. - under judicial recovery (Springs Global), a company in the Home & Decoration segment, leader in bedding, tabletop and bath products, reported in 2Q2024 net revenue of R$ 87.1 million.

The highlights of Springs Global´s performance in 2Q2024 were:

Net Revenue: R$ 87.1 million, -48.2% compared to 2Q2023

Gross loss: R$ 12.4 million, with gross margin of -14.2%, with a decrease of 24.2 p.p. compared to the previous year

Consolidation of the industrial complex and deactivation of two manufacturing plants, with the properties allocated for income generation and appreciation, recognized at fair value. A revaluation surplus of R$273 million, net of taxes, was recorded.

Additional provisions for labor contingencies in the amount of R$13.2 million.

Loss from operations (EBIT): R$ -88.9 million, *versus* R$ -342.1 million in 2Q2023

Adjusted EBITDA(a),[1]: - R$ 58.9 million, *versus* - R$ 145.6 million in 2Q2023

Sell-out revenue(b) from Retail: R$ 110.1 million, -31.1% year-over-year (yoy)

Net revenue from Wholesale: R$ 36.6 million, -57.2% year-over-year (yoy)

Amortization of R$62,8 million in loans, with no cash impact, through the transfer of properties in payment. This transaction resulted in a gain of R$26.4 million in the semester's results.

Request for judicial recovery in May 2024, with approval in July 2024

[1] See reconciliation on table 4.

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

SPRINGS GLOBAL

Judicial Recovery

On May 8, 2024, the Company and its subsidiaries informed the market that they had received, at the end of the previous week, a notification sent by Odernes Fundo de Investimento em Participações Multiestratégia (“ODERNES”) addressed to subsidiary CSA and other entities in the group, claimed early maturity of the debt represented by the debentures issued by the indirect subsidiary AMMO on May 30, 2022. As a presumed consequence of the early maturity, ODERNES intended to enforce the shares issued by the indirect subsidiary AMMO, owned by the subsidiary CSA, and subsequently transfer all of these shares to Jericoacoara Participações S.A. for a nominal amount.

The subsidiary CSA, in turn, counter-notified ODERNES, stating that the early maturity of the debt represented by the debentures had not occurred, much less the possibility of enforcing the shares of the indirect subsidiary AMMO or transferring such shares to any other company.

Additionally, as has been widely reported, since the end of the pandemic, the Companies have experienced negative impacts on their business due to a combination of adverse factors that have resulted in financial difficulties.

In this context, with the aim of ensuring the preservation of the business activities and assets of the Company and its subsidiaries, which would be subject to irreparable harm, the Companies obtained a preliminary injunction for judicial recovery for themselves and other companies in the group.

On July 26, 2024, after a preliminary verification procedure, the processing of the Judicial Recovery was granted in an order dated July 25, 2024.

The table below shows the composition of the Company's liabilities included in the judicial Recovery Request, assessed as of the request date:

Credit Class (law 11,101/2005)	Company	Consolidated
Labor	1,015	106,112
Secured Debt	-	379,063
Unsecured Debt	9,961	344,735
Micro and Small Businesses	-	8,477
Not Subject	-	597,740
Tax	1,140	410,539
	12,116	1,846,666

On September 26, 2024, the Company and other entities in the Group officially included the Judicial Recovery Plan (”JRP”) in the judicial recovery process records, in accordance with art. 53 of Law No. 11,101/2005. The key measures included in the JRP are: (i) restructuring the companies; liabilities, (ii) selling assets and establishing segregated production units, (iii) distributing a portion of net profits from the sales of assets and segregated production units to creditors; (iv) possibility of raising new funds by the companies to implement the operational recovery; and (v) preserving essential investments to maintain the companies’ operations, in addition to (vi) creating a real estate investment fund (REIF) for the purpose of paying part of the creditors with the REIF shares.

The Company and other entities within the Group have been advancing negotiations with its creditors and submitting documents related to its JRP to the Judicial Administrator, with the aim of potentially holding a general meeting of creditors (“GMC”) in 2025. However, as of the approval date of the interim financial statements, the final terms of the JRP, as well as any agreements to support the plan, between the Company and its primary financial creditors, remain under negotiation.

The second consolidated list of creditors of the Company and other Group entities was published on February 19, 2025, in the Official Electronic Gazette of the Court of Justice of the State of Minas Gerais. The deadline for filing claims or objections expired on March 6, 2025. Any credits not included in the list may still be submitted as late claims, pursuant to Article 10 of Law No. 11,101/2005.

In due course, the Judicial Administrator will present the final consolidated general creditors' list, in accordance with Article 18 of Law No. 11,101/2005.

Subsequent Events

This section presents the main information in summary form. For complete information, please read Explanatory Note 28. SUBSEQUENT EVENTS of the Interim Financial Statements for June 30, 2024

Loan and financing restructuring

The restructurings presented are not reflected in the financial statements

Between July 1 and November 30, 2024, the subsidiary Coteminas entered into a settlement agreement, restructuring debts in the amount of (i) R$ 4.1 million with Banco Sofisa, and (ii) R$ 26.1 million with Banco Daycoval,

Debentures AMMO

On July 17, 2024, an agreement was signed between the debenture holder and the subsidiary AMMO, and other companies in the group to extend the maturity of the debentures and resolve disputes between the parties. In this agreement, in addition to new guarantees, quarterly payments starting from December 2025 of fixed installments of R$ 3.75 million until December 2029 were agreed upon, and payment of the outstanding balance by December 2029. Provided that certain agreed-upon conditions are met, there will be no interest on the principal, and if the payment of US$ 34,5 thousand is made by December 2029, the remaining balance of the debt will be extinguished as a performance bonus, and the debentures will be subsequently canceled.

Store Closures

In 2024, as part of its operational restructuring and working capital adjustment, AMMO's management closed 33 company-owned stores (7 of which were closed in the first semester of 2024). The provision for losses related to leasehold improvements in third-party properties, commercial spaces, and other fixed assets of these stores had already been recorded as of December 31, 2023. (See notes 10 and 12 to the interim financial statements).

Consolidated Performance

Revenue

The consolidated net revenue reached R$ 87.1 million in 2Q2024, 48.2% lower yoy.

The Bedding, Tabletop and Bath[(c)] line was responsible for 40% of 2Q2024 revenue, and intermediate products[(d)] for 2%. The Retail revenue contributed 58% of total revenue in 2Q2024.

Revenues from the Bedding, Tabletop and Bath line amounted to R$ 34.9 million in 2Q2024, 57.9% lower than the previous year. Revenues from intermediate products were R$ 1.7 million in 2Q2024, 37.0% lower yoy.

Retail net revenue totaled R$ 50.5 million, a 39.0% decrease yoy. Retail sell-out revenue (GMV) [(d)] amounted to R$ 110.1 million in 2Q2024, a 31.1% decrease yoy.

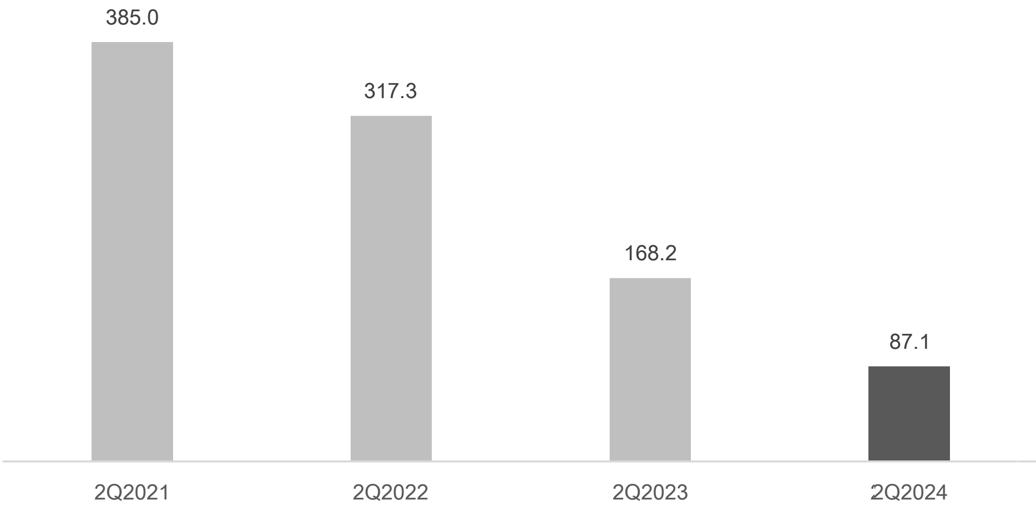

Chart 1 – Net Revenue, in R$ million

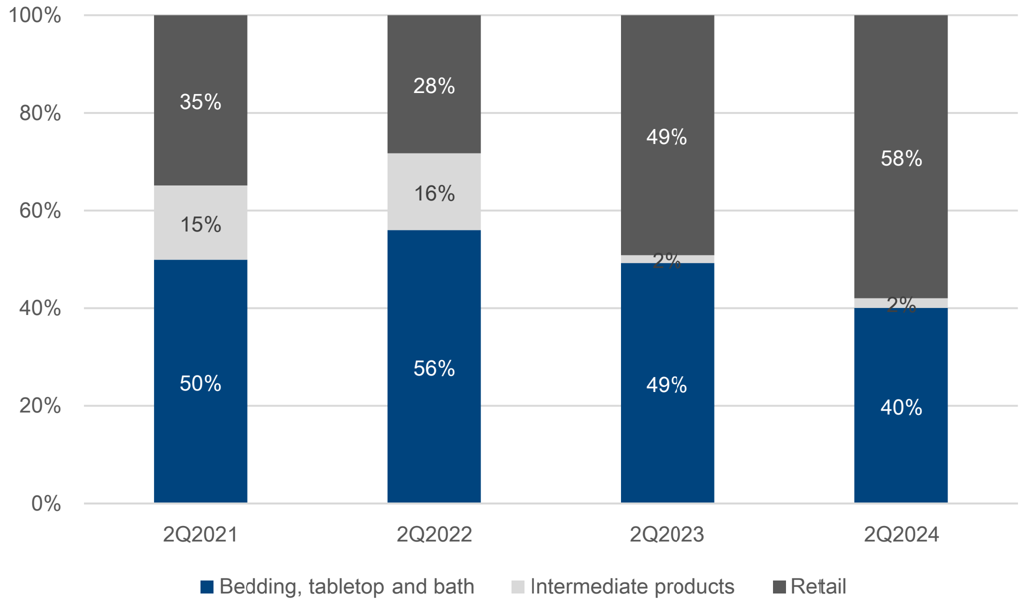

Chart 2 – Revenue per product line

Costs and Expenses

Cost of goods sold (COGS) was R$ 65.9 million in 2Q2024, with a yoy decrease of 32.3%, mainly due to sales mix.

Idle costs, when they occur, are recognized directly in the statement of operations of the period and are not considered in the cost of production. Idle costs amounted to R$33.6 million in 2Q2024, representing a 37.8% decrease compared to the same period in 2023. These costs reflect the suspension of industrial activities since the second half of 2023 and the reduction in workforce-related expenses.

Regarding operational expenses, selling expenses reached R$ 38.6 million in 2Q2024, 49.9% lower yoy, representing 44.3% of net revenue, compared to 45.8% in 2Q2023. General and administrative expenses (G&A) amounted to R$ 26.4 million in 2Q2024, and equivalent to 30.3% of net revenue, versus 21.1% in the same period of the previous year.

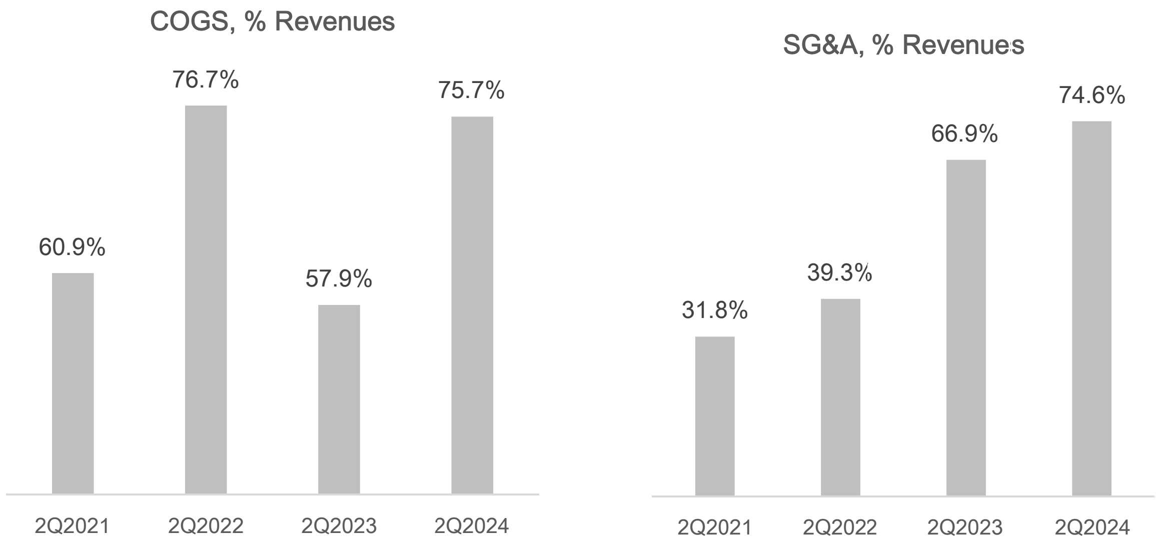

Chart 3 – COGS and SG&A, as % of net revenue

Other, net

Other net includes, among other items, a gain of R$26.4 million related to the transfer of properties as payment for loan settlement and an expense of R$49.9 million for the recognition of labor contingency provisions.

Other, net was a net expense of R$ 11.0 million in 2Q2024, compared to a net expense of R$ 246.3 million in 2Q2023 (including all provisions recorded in the period).

Investment properties

Leasing revenue from the Power Center commercial development totaled R$ 2.3 million in 2Q2024, versus R$ 3.0 million in 1Q2023.

The Company´s investment properties were valued at R$ 1.0 billion, in 2Q2024 and include (i) the Commercial complex in São Gonçalo do Amarante (ii) the residential complex in São Gonçalo do Amarante; (iii) real estate in Montes Claros; and (iv) real estate in João Pessoa.

Financial indicators

Gross loss totaled R$ 12.4 million in 2Q2024, with gross margin of -14.2%, with a yoy increase of R$ 29.2 million or 174.0%, and decrease of 24.2 p.p in gross margin.

Loss from operations was R$ 88.9 million in 2Q2024, with a decrease of R$ 253.2 million yoy.

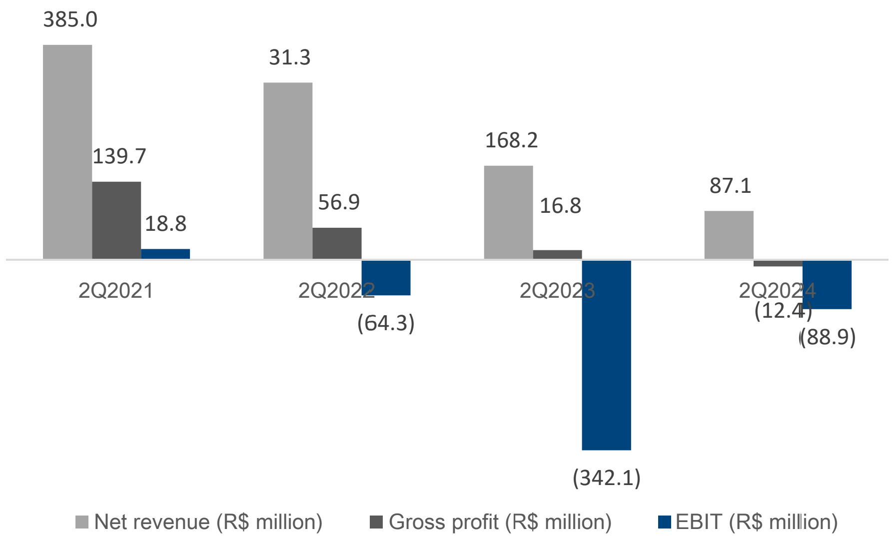

Chart 4 – Financial indicators, in R$ million

Adjusted EBITDA was negative R$ 58.7 million in 2Q2024, versus negative R$ 145.6 million in 2Q2023. Adjusted EBITDA margin was -67.4%, versus -86.6% in 2Q2023.

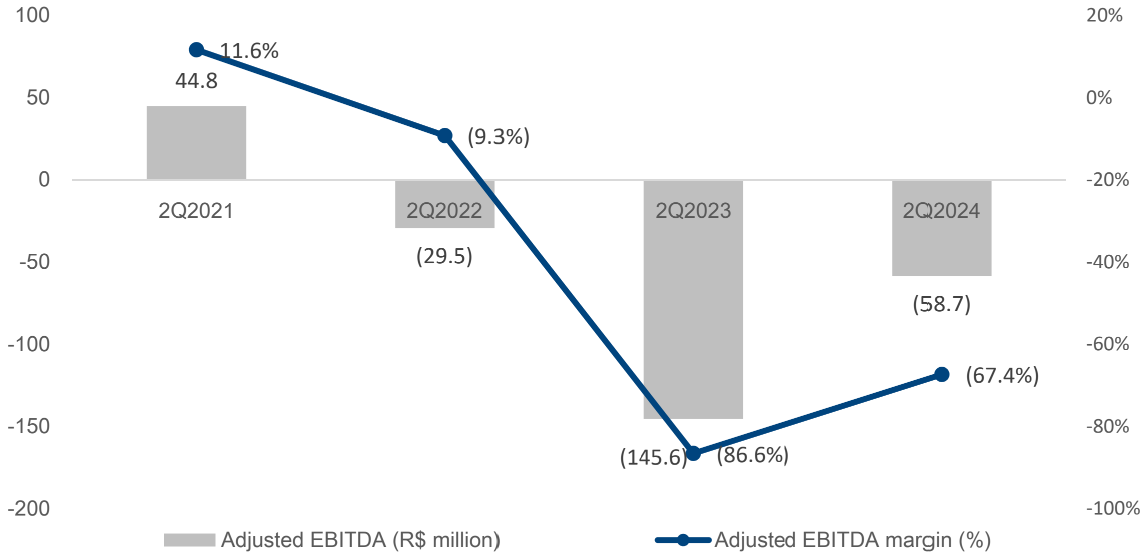

Chart 5 – EBITDA and EBITDA margin

The working capital needs amounted to R$ 37.8 million in 2T2024, 115.5%, or R$ 281.8 million, lower yoy, mainly due to a decrease in inventories (R$ 125.7 million) , in account receivable (R$ 45.3 million) and in Advances to suppliers (R$ 20.2 millions).

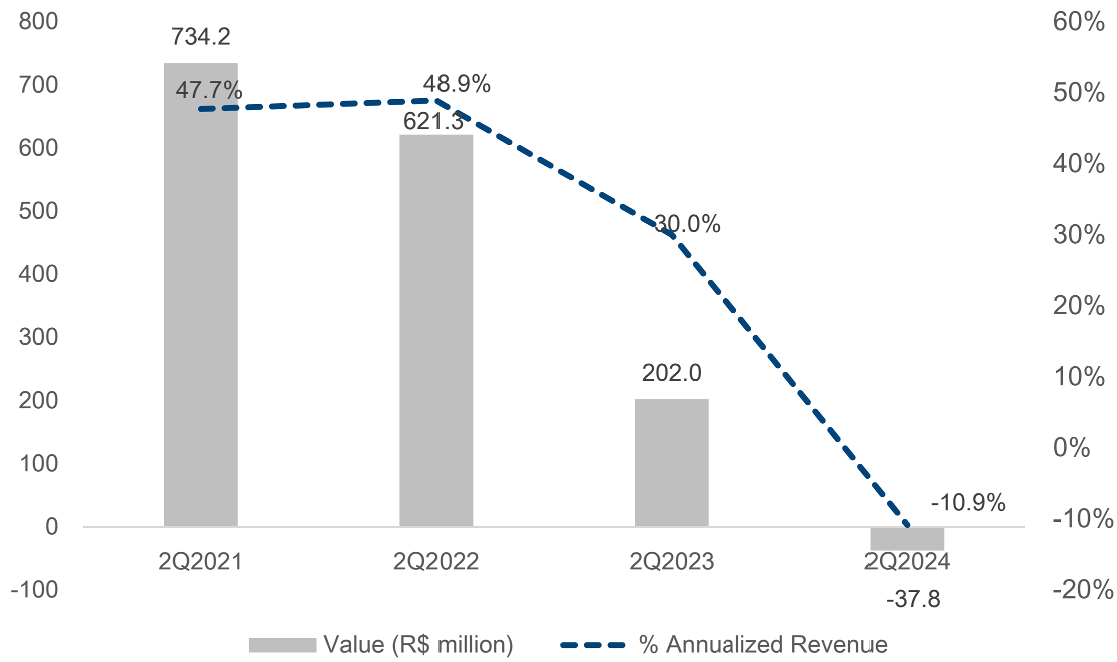

Chart 6 – Working capital, at the end of the period

Our adjusted net debt(e) was R$ 763.0 million as of June 30, 2024, versus R$ 692.4 million as of June 30, 2023. In 1S2024, debt amortization of principal and interest was R$ 50.8 million, transfer of properties in payment in the amount of R$62.8 million and we obtained new loans or renewals totaling R$ 10.1 million.

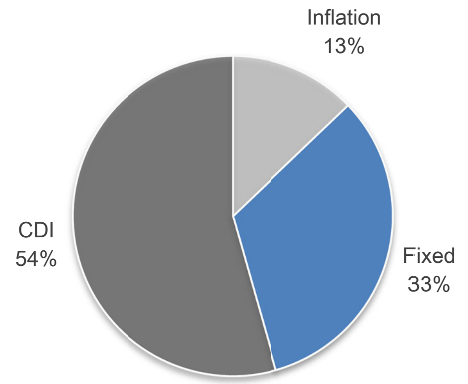

Chart 7 – Gross Debt by Indexer

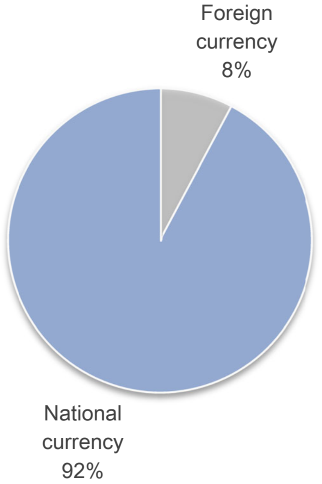

Chart 8 – Gross Debt by Currency

Due to the non-compliance with certain financial covenants, renegotiations were carried out in 2024 to maintain the original maturities of certain loans, the long-term installments of which, amounting to R$ 486.5 million, were reclassified to current liabilities on the balance sheet as of June 30, 2024.

Due to the non-compliance with certain financial ratios, the long-term installments of the debentures of the subsidiary Coteminas, in the amount of R$ 125.1 million, were reclassified to current liabilities in the balance sheet as of June 30,2024.

As of June 30, 2024, and December 31, 2023, due to the non-compliance with certain obligations, the indirect subsidiary AMMO VAREJO S.A. classified the total outstanding balance of debentures, amounting to R$258.4 million and R$232.1 million, respectively, under current liabilities in the balance sheet. Except for the non-compliance with this non-monetary obligation, AMMO VAREJO S.A. remains in compliance with its contractual obligations.

The financial result was an expense of R$ 79.2 million in 2Q2024, compared to an expense of R$ 98.1 million in 2Q2023.

We recorded a net loss of R$ 168.2 million in 2Q2024, compared to a net loss of R$ 455.3 million in 2Q2023.

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$ 36.6 million in 2Q2024, with a 57.1% yoy decrease.

COGS totaled R$ 41.0 million in 2Q2024, 28.9% lower yoy.

There was a reduction in the manufacturing operations in 2Q2024 and 2Q2023, with scheduled stoppages at the manufacturing units, resulting in idle cost and others equal to R$ 33.6 million in 2Q2024, and R$ 54.0 million in 2Q2023.

The gross loss totaled R$ 38.0 million, a increase of R$ 11.7 million yoy. SG&A expenses amounted to R$ 17.1 million in 2Q2024, 64.8% lower yoy.

EBITDA was -R$ 54.7 million in 2Q2024, versus -R$ 193.2 million in 2Q2023.

Retail

The sell-out GMV revenue from the Retail business unit amounted to R$ 110.1 million in 2Q2024, 31.1% lower yoy. The sell-out revenue (GMV) from physical stores totaled R$ 103.2 million. E-commerce revenue (GMV) totaled R$ 6.9 million, representing 6.2% of our Retail sales (GMV), versus 12.0% in 2Q2023, with a 5.7% yoy decrease.

In 2Q2024, we had 236 stores, of which 73 were owned and 163 franchises, versus 259 stores in 2023.

Net revenue totaled R$ 50.5 million in2Q2024, versus R$ 82.8 million in 2Q2023.

Cost of goods sold (COGS) amounted to R$ 24.9 million in 2Q2024, a decrease of 37.3% yoy, due to lower sales volume, representing 49.3% of net revenue, compared to 47.9% in 2Q2023.

Selling, general, and administrative expenses (SG&A) amounted to R$ 37.6 million in 2Q2024, representing 74.5% of net revenue. General and administrative expenses (G&A) totaled R$9.9 million in 2Q2024, equivalent to 16.6% of net revenue.

Gross profit reached R$ 25.6 million, a reduction of R$17.5 million yoy, with a gross margin of 50.7%, versus 52.1% in 2Q2023.

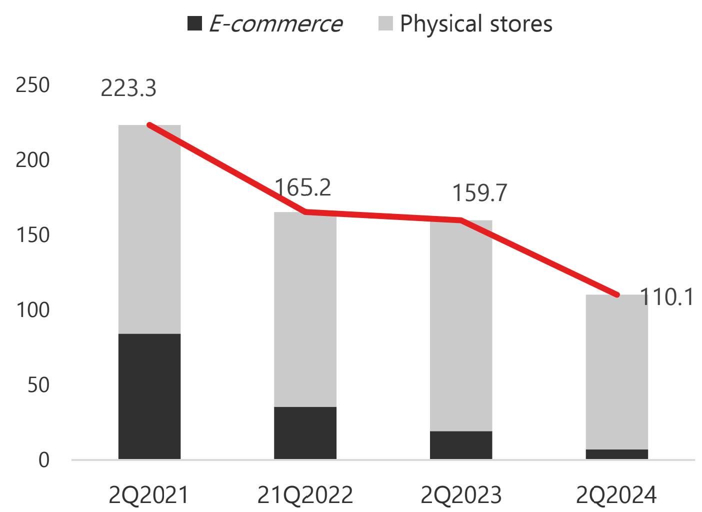

Chart 9 – Retail GMV sell-out revenue, in R$ million

Financial indicators

Tables

Table 1 – Net revenue by business unit

in R$ million	1Q2024 (A)	%	1Q2023 (B)	%	(A)/(B) %	1S2024 (C)	%	1S2023 (D)	%	(C)/(D) %
Wholesale	36.6	42%	85.5	50.8%	(57.2%)	89.1	44.1%	166.2	49%	(46.4%)
Retail	50.5	58%	82.7	49.2%	(38.9%)	113.0	56%	173.3	51%	(34.8%)
Total net revenue	**87.1**	**100%**	**168.2**	**100.0%**	**(48.2%)**	**202.1**	**100.0%**	**339.5**	**100%**	**(40.5%)**

Table 2 – Net revenue by product line

	Net Revenue (R$ million)			Volume (tons)			Average price (R$/Kg)		
Product Lines	**2Q2024 (A)**	**2Q2023 (B)**	**(A)/(B) %**	**2Q2024 (C)**	**2Q2023 (D)**	**(C)/(D) %**	**2Q2024 (E)**	**2Q2023 (F)**	**(E)/(F) %**
Bedding, tabletop and bath	34.9	82.8	(57.9%)	4.3	1.4	211.8%	8.1	60.0	(86.5%)
Intermediate products	1.7	2.7	(37.0%)	0.2	0.4	(50.0%)	8.5	6.8	25.0%
Retail	50.5	82.7	(38.9%)	n.a	n.a	n.a	n.a	n.a	n.a
Total	**87.1**	**168.2**	**(48.2%)**	**4.5**	**1.7**	**164.7%**	**16.6**	**66.8**	**(75.1%)**

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

in R$ million	2Q2024 (A)	2Q2023 (B)	(A)/(B) %	1S2024 (C)	1S2023 (D)	(C)/(D) %
COGS	**65.9**	**97.4**	**(32.3%)**	**140.9**	**212.1**	**(33.6%)**
COGS, % Revenues	**75.7%**	**57.9%**	***17.8p.p.***	**69.7%**	**62.5%**	***7.2p.p.***
Idle cost and others	**33.6**	**54.0**	(37.8%)	**82.1**	**125.8**	***(34.7%)***
Sales expenses	38.6	77.0	(49.9%)	89.3	133.6	(33.2%)
General and administrative expenses	26.4	35.5	(25.7%)	54.4	72.3	(24.7%)
SG&A	**65.0**	**112.6**	**(42.3%)**	**143.7**	**205.9**	**(30.2%)**
SG&A, % Revenues	**74.6%**	**66.9%**	***7.7p.p.***	**71.1%**	**60.6%**	***15.2p.p.***

Table 4 – Reconciliation of EBITDA

in R$ million	2Q2024 (A)	2Q2023 (B)	(A)/(B) %	1S2024 (C)	1S2023 (D)	(C)/(D) %
Income (loss)	(168.2)	(455.3)	**(63.1%)**	(336.5)	(667.3)	**(49.6%)**
(+) Income and social contribution taxes	0	15.1	(99.3%)	0	15.3	(99.4%)
(+) Financial results	79.2	98.1	(19.3%)	148.2	180.0	(17.7%)
(+) Depreciation and amortization	17.6	23.5	(25.2%)	36.1	47.7	(24.3%)
EBITDA	**(71.3)**	**(318.6)**	**(77.6%)**	**(152.1)**	**(424.4)**	**(64.2%)**
EBITDA margin (%)	*(81.9%)*	*(189.4%)*	*107.5p.p.*	*(75.2%)*	*(125.0%)*	*49.7p.p.*
(-) Result from asset sale	(0.2)	(0.6)	(75.0%)	(26.4)	(1.5)	1661.1%
(+) Provision for expected loss on doubtful accounts	(0.2)	16.2	n.a	(0.8)	16.2	n.a
(+) Other Provisions	13.2	42.9	n.a	50.0	42.9	n.a
(+) Provision for gains (losses) on assets	(0.3)	114.5	(100.2%)	(0.7)	135.3	(100.5%)
Adjusted EBITDA	**(58.7)**	**(145.5)**	**(59.5%)**	**(130.1)**	**(231.4)**	**(43.8%)**
Adjusted EBITDA margin (%)	(67.4%)	(86.5%)	*18.9p.p.*	(64.4%)	(68.2%)	*3.8p.p.*

Table 5 – EBITDA per business unit and EBITDA margin

in R$ million	2Q2024 (A)	2Q2023 (B)	(A)/(B) %	(A)/(C) (C)	(A)/(C) (D)	(C)/(D) %
Wholesale	(54.7)	(193.2)	(71.7%)	(118.1)	(298.1)	(60.4%)
Retail	(16.8)	(15.6)	7.9%	(33.7)	(14.1)	139.2%
Non-allocated expenses	0.2	(109.8)	(100.2%)	(0.3)	(112.1)	(99.7%)
EBITDA	**(71.3)**	**(318.6)**	**(77.6%)**	**(152.8)**	**(424.3)**	**(64.1%)**
Adjusted EBITDA	**(58.7)**	**(145.5)**	**(59.7%)**	**(130.3)**	**(86.0)**	**51.3%**
EBITDA Margin %	(81.9%)	(189.4%)	*107.5p.p.*	(75.2%)	(125.0%)	*49.7p.p.*
Adjusted EBITDA Margin %	(67.4%)	(86.6%)	*19.2p.p.*	(64.4%)	(68.2%)	*3.8p.p.*

Table 6 – Financial Results

in R$ million	2Q2024 (A)	2Q2023 (B)	(A)/(B) %	1S2024 (C)	1S2023 (D)	(C)/(D) %
Financial income	6.6	21.4	(69.0%)	20.3	42.5	(52.3%)
Financial expenses - interests	(68.1)	(76.2)	(10.6%)	(127.3)	(156.3)	(18.6%)
Financial expenses - bank charges and others	(8.6)	(39.7)	(78.5%)	(28.2)	(58.5)	(51.8%)
Interest on leasing	(0.6)	(2.3)	(73.3%)	(1.5)	(4.8)	(69.5%)
Financial results, ex-exchange variations	**(70.7)**	**(96.8)**	**(2.3)**	**(136.6)**	**(177.2)**	**(1.9)**
Exchange rate variations, net	(8.5)	(1.3)	553.2%	(11.6)	(2.8)	314.7%
Financial results	**(79.2)**	**(98.1)**	**(19.3%)**	**(148.2)**	**(180.0)**	**(17.7%)**

Table 7 – Working Capital

in R$ million	2Q2024 (A)	1Q2023 (B)	2Q2023 (C)	(A)/(B) %	(A)/(C) %
Accounts receivable	89.2	112.3	134.3	(20.6%)	(33.6%)
Inventories	204.2	215.1	299.3	(5.1%)	(31.8%)
Advances to suppliers	10.0	9.5	27.5	5.6%	(63.7%)
Suppliers	(341.2)	(315.1)	(259.1)	8.3%	31.7%
Working capital	**(37.8)**	**21.8**	**202.0**	**(273.7%)**	**(118.7%)**

Table 8 – Indebtedness

in R$ million	2Q2024 (A)	1Q2024 (B)	2Q2023 (C)	(A)/(B) %	(A)/(C) %
Loans and financing	694.0	696.5	698.3	(0.4%)	(0.6%)
Debentures	398.7	383.2	356.1	4.1%	12.0%
Total debt	**1.092.7**	**1.079.7**	**1.054.4**	**1.2%**	**3.6%**
Cash and marketable securities	(71.3)	(60.1)	(154.0)	18.8%	(53.7%)
Net debt	**1.021.4**	**1.019.7**	**900.4**	**0.2%**	**13.4%**
Convertible debenture	(258.4)	(245.0)	(208.0)	5.5%	24.3%
Adjusted net debt	**763.0**	**774.7**	**692.4**	**(1.5%)**	**10.2%**

Table 9 – Main indicators - Wholesale business unit

in R$ million	2Q2024 (A)	1Q2024 (B)	2Q2023 (C)	(A)/(B) %	(A)/(C) %	1S2024 (D)	1S2023 (E)	(D)/(E) %
Net revenue	36.6	52.5	85.4	(30.3%)	(57.1%)	89.1	166.1	(46.4%)
(-) COGS	(41.0)	(42.8)	(57.7)	(4.2%)	(28.9%)	(83.8)	(128.4)	(34.7%)
(-) Idle cost and others	(33.6)	(48.4)	(54.0)	(30.6%)	(37.8%)	(82.1)	(125.8)	(34.7%)
Gross profit	(38.0)	(38.7)	(26.3)	(1.8%)	44.5%	(76.8)	(88.1)	(12.8%)
Gross Margin %	*(103.8%)*	*(73.7%)*	*(30.8%)*	*(30.1p.p.)*	*(73.0p.p.)*	*(86.2%)*	*(53.0%)*	*(33.2p.p.)*
(-) SG&A	(17.1)	(27.1)	(48.6)	(36.9%)	(64.8%)	(44.2)	(84.6)	(47.8%)
(-) Provision for reestructuring	-	-	(42.9)	n.a.	n.a.	-	(42.9)	(100.0%)
(+/-) Others	(11.8)	(11.0)	(90.2)	7.3%	(86.9%)	(22.7)	(112.0)	(79.7%)
Operational result	(66.9)	(76.8)	(208.0)	(12.9%)	(67.8%)	(143.7)	(327.6)	(56.1%)
(+) Depreciation and Amortization	12.2	13.4	14.8	(9.0%)	(17.6%)	25.6	29.5	(13.2%)
EBITDA	(54.7)	(63.4)	(193.2)	(13.7%)	(71.7%)	(118.1)	(298.1)	(60.4%)
EBITDA Margin %	*(149.5%)*	*(120.8%)*	*(226.2%)*	*(28.7p.p.)*	*76.8p.p.*	*(132.5%)*	*(179.5%)*	*46.9p.p.*

Table 10 – Main indicators - Retail business unit

in R$ million	2Q2024 (A)	1Q2024 (B)	2Q2023 (C)	(A)/(B) %	(A)/(C) %	1S2024 (D)	1S2023 (E)	(D)/(E) %
Net revenue	50.5	62.5	82.8	(19.2%)	(39.0%)	113.0	173.4	(34.8%)
(-) COGS	(24.9)	(32.2)	(39.7)	(22.7%)	(37.3%)	(57.1)	(83.7)	(31.8%)
Gross profit	25.6	30.3	43.1	(15.5%)	(40.6%)	55.9	89.7	(37.7%)
Gross Margin %	*50.7%*	*48.5%*	*52.1%*	*2.2p.p.*	*(1.4p.p.)*	*49.5%*	*51.7%*	*(2.3p.p.)*
(-) SG&A	(47.5)	(51.1)	(60.2)	(7.0%)	(21.1%)	(98.6)	(113.4)	(13.1%)
(+/-) Others	(0.3)	(1.2)	(6.3)	n.a.	(96.2%)	(1.5)	(6.4)	(76.0%)
Operational result	(22.2)	(22.0)	(23.4)	1.1%	n.a.	(44.2)	(30.1)	47.0%
(+) Depreciation and Amortization	5.4	5.1	7.8	5.9%	(15.6%)	10.5	16.0	(34.4%)
EBITDA	(16.8)	(16.9)	(15.6)	(0.4%)	n.a.	(33.7)	(14.1)	139.2%
EBITDA Margin %	*(33.3%)*	*(27.0%)*	*(18.8%)*	*(6.3p.p.)*	*(12.0p.p.)*	*(29.9%)*	*(8.1%)*	*2.7p.p.*
Number of stores	236	254	250	(7.1%)	(5.6%)	236	250	(5.6%)
Owned Mmartan and Casa Moysés	42	44	35	(4.5%)	20.0%	42	35	20.0%
Franchise MMartan	108	117	115	(7.7%)	(6.1%)	108	115	(6.1%)
Owned Artex	31	33	40	(6.1%)	(22.5%)	31	40	(22.5%)
Franchise Artex	55	60	60	(8.3%)	(8.3%)	55	60	(8.3%)
Gross Revenue sell-out	110.1	122.4	159.7	(10.0%)	(31.1%)	232.5	327.6	(29.0%)
Physical stores	103.2	109.0	140.7	(5.3%)	(26.6%)	212.2	283.0	(25.0%)
E-commerce sales	6.9	13.4	19.0	(48.6%)	(63.8%)	20.2	44.6	(54.6%)
Share of e-commerce (%)	6.2%	27.6%	11.9%	*(21.3p.p.)*	*(5.7p.p.)*	8.7%	13.6%	*(0.4p.p.)*

Glossary

(a) EBITDA – EBITDA is a non-accounting measurement which we prepare and which is reconciled with our financial statement in accordance with the provisions of CVM Circular Letter no. 01/2007, when applicable. We have calculated our EBITDA as net earnings before financial results, the effect of depreciation of our plants, equipment and other permanent assets and the amortization of intangible assets. EBITDA is not a measure recognized under BR GAAP, IFRS or US GAAP. It is not significantly standardized and cannot be compared to measurements with similar names provided by other companies. We have reported EBITDA because we use it to measure our performance. EBITDA should not be considered in isolation or as a substitute for "net income" or "operating income" as indicators of operational performance or cash flow, or for the measurement of liquidity or debt repayment capacity.

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

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

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

(e) Adjusted net debt – Gross debt minus cash and marketable securities minus balance of the debenture convertible into shares issued by the indirect subsidiary AMMO.

This press release may include statements that represent expectations about future events or results in accordance with Brazilian and international securities regulations. These statements are based on certain assumptions and analyses made by the Company in accordance with its experience and the economic environment and market conditions and expected future events, many of which are beyond the Company's control.

Important factors that may lead to significant differences between actual results and statements of expectations about future events or results include the Company's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the textile and retail sectors, market conditions, uncertainty regarding the results of its future operations, plans, objectives, expectations and intentions and other factors as described in the Reference Form filed with the Brazilian Securities and Exchange Commission. As a result, the Company's actual results may differ significantly from those indicated or implied in the statements of expectations about future events or results.


SPRINGS
GLOBAL
ARTEX
mmartan
casa moysés
SANTISTA
Persono

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

Springs Global Participações S.A.

Individual and Consolidated Interim Financial Statements for the Quarter ended June 30, 2024 and Independent Auditor's Report

CLA - Clifton Larson Allen Brasil Auditores Independentes S/S.

Independent Auditor's Review Report on the Individual and Consolidated Interim Financial Information

To the Administrators and Shareholders
Springs Global Participações S.A. - in Judicial Recovery
São Paulo - SP

Introduction

We were engaged to review the interim financial information, both individual and consolidated, of **Springs Global Participações S.A. - in Judicial Recovery ("Company")**, included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2024, which includes the balance sheet as of June 30, 2024, and the related income statement and comprehensive income statement for the three and six-month period then ended, as well as the statement of changes in equity and cash flows for the six-month period then ended, including a summary of the significant accounting policies and other explanatory notes.

The management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 - "Interim Financial Reporting" and with the International Accounting Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as for the presentation of these financial statements in a manner consistent with the regulations issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of the Review

We conducted our review in accordance with the Brazilian and international standards for the review of interim financial information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Auditor of the Entity" and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity," respectively). A review of interim financial information consists primarily of making inquiries, mainly of those responsible for financial and accounting matters, and applying analytical procedures and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with auditing standards, and therefore, we were not able to obtain assurance that we have become aware of all significant matters that could have been identified in an audit. As a result, we do not express an audit opinion.

Basis for Disclaimer of Conclusion on the Individual and Consolidated Interim Financial Information

1. The Company incurred losses of R$ 336,544 thousand in the six-month period ended June 30,

2024, reported a negative equity of R$ 764,048 thousand, and its current liabilities exceeded current assets by R$ 7,256 thousand in the parent company and R$ 1,644,697 thousand in the consolidated, respectively. Additionally, as described in Note 1 to the individual and consolidated interim financial information, on May 8, 2024, the Company informed the market that it had filed for Judicial Recovery, which was granted on July 26, 2024. Under the provisions of Law No. 11.101/2005, the Company presented its judicial recovery plan on September 26, 2024, detailing the means of recovery to be employed, demonstrating its economic viability, and assessing its assets. This judicial recovery plan includes alternatives for resuming operations and generating cash. Currently, the plan has not yet been approved by the creditors and is still under discussion, potentially undergoing improvements and changes until the General Creditors' Meeting, which will be scheduled at a later date by the judge responsible for the judicial recovery.

2. In the quarter ended June 30, 2024, the Company and its subsidiaries indicated that the carrying values of the following assets could exceed their recoverable amounts: property, plant and equipment, intangible assets, right of use, and related parties, with consolidated balances as of June 30, 2024, amounting to R$ 411,785 thousand, R$ 35,518 thousand, R$ 115,129 thousand, and R$ 160,631 thousand, respectively. However, the Company and its subsidiaries did not perform an impairment test with observable assumptions on these assets as of June 30, 2024, as required by Technical Pronouncement CPC 01 (R1) - "Impairment of Assets." Due to the lack of observable assumptions in the recoverable value test and considering the scenario described in the previous paragraph, we were unable to conclude on the need to recognize any impairment losses on the aforementioned assets, nor their potential impacts on the individual and consolidated interim financial information for the six-month period ended June 30, 2024.

3. As described in Note 26 to the individual and consolidated interim financial information, the Company reported, as of June 30, 2024, in the consolidated, Cost of Goods Sold and idle costs amounting to R$ 140,879 thousand and R$ 82,061 thousand, respectively. To date, we have not been provided with all the updated information with sufficient and appropriate details and evidence to determine whether any adjustments are necessary in the individual and consolidated interim financial information for the six-month period ended June 30, 2024.

4. The Company holds investments and consolidates in its individual and consolidated interim financial information the company Springs Global US – Inc., located in the United States of America. It was not feasible to review this investment, nor was it reviewed by other independent auditors. Therefore, we were unable, under the circumstances, to assess the reasonableness of the balances in the individual and consolidated interim financial information of this investment, amounting to R$ 238,511 thousand, and the equity method income of R$ 5,242 thousand, as mentioned in Note 8.a to the Company's individual and consolidated financial information.

Considering the above-described matters and their pervasiveness in the context of the individual and consolidated interim financial information, which even refers to a scenario of multiple uncertainties, we are currently unable to obtain appropriate and sufficient evidence to conclude on the adequacy of the individual and consolidated interim financial information, including the going concern assumption and its corresponding basis for preparation as of June 30, 2024.

Disclaimer of Conclusion on the Individual and Consolidated Interim Financial Information

Due to the significance of the matters described in the section "Basis for Disclaimer of Conclusion on the Individual and Consolidated Interim Financial Information," we were unable to obtain appropriate and sufficient evidence to support our conclusion on the individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Information (ITR) and presented in accordance with the regulations issued by the CVM. As a result, we do not express a conclusion on this individual and consolidated interim financial information.

Other Matters

Interim Individual and Consolidated Value Added Statements

We were also engaged to review the individual and consolidated Value Added Statements (DVA) for the six-month period ended June 30, 2024, prepared under the responsibility of the Company’s management and presented as supplementary information for IAS 34 purposes. Due to the significance of the matters described in the section "Basis for Disclaimer of Conclusion on the Individual and Consolidated Interim Financial Information," we were also unable to obtain appropriate and sufficient evidence to support our conclusion on these statements in relation to the individual and consolidated interim financial information taken as a whole.

Review of the Individual and Consolidated Interim Financial Information for the Quarter Ended June 30, 2023, and Disclaimer of Opinion on the Financial Statements for the Year Ended December 31, 2023

The audit of the Company’s individual and consolidated financial statements as of December 31, 2023, was conducted under the responsibility of another independent auditor, who issued an audit report with a disclaimer of opinion on (i) Judicial Recovery Plan, recoverable value of assets, settlement of liabilities, and going concern (ii) Non-reclassification of tax installments to the short term, (iii) Non-receipt of all external confirmations, (iv) Social and Labor Obligations, (v) Inventory, Cost of Goods Sold, and Idle Costs, and (vi) Investment and obligations with subsidiaries – Direct and Indirect, on January 24, 2025.

The review of the individual and consolidated interim financial information for the quarter ended June 30, 2023, was conducted under the responsibility of another independent auditor, who issued a review report on that quarterly information, without modifications, with an emphasis on the relevant uncertainty regarding the Company’s going concern, on September 04, 2024.

São Paulo, April 15, 2025.

CLA - Clifton Larson Allen Brasil Auditores Independentes S/S
CRC 2SP-048.811/O-0

Thiago Benazzi Arteiro
Contador CRC 1SP-273.332/O-9

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

BALANCE SHEETS AS OF JUNE 30, 2024 AND DECEMBER 31, 2023

(In thousands of Brazilian Reais)

ASSETS

		Company		Consolidated	
	Note	06.30.2024	12.31.2023	06.30.2024	12.31.2023
CURRENT:					
Cash and cash equivalents	3	61	1	51,677	38,160
Marketable securities	4	-	-	15,268	13,290
Accounts receivable	5	-	-	89,181	125,276
Financial leases receivable	11	-	-	18,013	15,687
Inventories	6.a	-	-	204,172	217,522
Advances to suppliers	6.b	-	-	9,990	9,465
Recoverable taxes	18.c	60	57	46,368	45,828
Other receivables		1,111	960	22,143	17,031
Total current assets		1,232	1,018	456,812	482,259
NONCURRENT:					
Long-term assets:					
Marketable securities	4	-	-	4,372	8,632
Receivable – clients	7	-	-	3,442	3,466
Related parties	22	-	-	160,631	211,199
Financial leases receivable	11	-	-	80,358	69,985
Recoverable taxes	18.c	-	-	12,701	17,059
Deferred taxes	18.b	1,905	1,905	1,905	1,905
Property, plant and equipment held for sale	10.b	-	-	15,599	27,070
Escrow deposits	19	-	-	18,046	12,822
Others		-	-	27,831	24,945
		1,905	1,905	324,885	377,083
Investments in subsidiaries	8.a	238,511	202,729	-	-
Investments in affiliates	8.b	-	-	12,000	13,847
Other investments	8.b	-	-	8,170	7,114
Investment properties	9	-	-	1,005,852	495,878
Property, plant and equipment	10.a	-	-	411,785	517,444
Right-of-use assets	11	-	-	115,129	110,765
Intangible assets	12	-	-	35,518	32,535
Total noncurrent assets		240,416	204,634	1,913,339	1,554,666
Total assets		241,684	205,652	2,370,151	2,036,925

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

BALANCE SHEETS AS OF JUNE 30, 2024 AND DECEMBER 31, 2023

(In thousands of Brazilian Reais)

LIABILITIES AND EQUITY

		Company		Consolidated	
	Note	06.30.2024	12.31.2023	06.30.2024	12.31.2023
LIABILITIES					
CURRENT:					
Loans and financing	13	5,609	5,188	646,885	680,547
Debentures	14	-	-	398,745	373,220
Suppliers	15	780	321	341,175	293,448
Payroll and related charges		1,657	1,167	199,105	122,274
Taxes		442	324	30,144	23,754
Government concessions	16	-	-	282,061	242,201
Leases payable	17	-	-	52,253	49,098
Taxes due - installments	18.d	-	-	109,508	103,316
Other payables		-	-	41,633	52,159
Total current liabilities		8,488	7,000	2,101,509	1,940,017
NONCURRENT:					
Loans and financing	13	2,385	4,373	47,085	53,967
Leases payable	17	-	-	183,933	167,515
Related parties	22	49,626	47,195	-	-
Government concessions	16	-	-	11,028	19,337
Miscellaneous accruals	19	-	-	128,393	78,416
Employee benefit plans	20	-	-	122,236	106,459
Deferred taxes	18.b	-	-	242,199	101,548
Taxes due - installments	18.d	-	-	279,676	278,180
Obligations with subsidiaries	8.a	945,197	871,603	-	-
Other obligations		-	-	18,140	16,005
Total noncurrent liabilities		997,208	923,171	1,032,690	821,427
EQUITY:	21				
Capital		1,860,265	1,860,265	1,860,265	1,860,265
Capital reserves		79,381	79,381	79,381	79,381
Assets and liabilities valuation adjustments		401,977	128,969	401,977	128,969
Cumulative translation adjustments		(164,211)	(188,218)	(164,211)	(188,218)
Accumulated deficit		(2,941,460)	(2,604,916)	(2,941,460)	(2,604,916)
Total equity		(764,048)	(724,519)	(764,048)	(724,519)
Total liabilities and equity		241,648	205,652	2,370,151	2,036,925

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

STATEMENTS OF OPERATIONS

FOR THE THREE AND SIX -MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(In thousands of Brazilian Reais)

		Company			
	Note	04.01.2024 to 06.30.2024	01.01.2024 to 06.30.2024	04.01.2023 to 06.30.2023	01.01.2023 to 06.30.2023
OPERATING EXPENSES:					
General and administrative expenses		(117)	(310)	(182)	(319)
Management fees	22	(191)	(529)	(320)	(639)
Equity in subsidiaries	8.a	(167,261)	(334,827)	(454,288)	(664,903)
LOSS FROM OPERATIONS		(167,569)	(335,666)	(454,790)	(665,861)
Financial expenses – interests and charges		(328)	(454)	(305)	(1,127)
Financial expenses – taxes, discounts and others		(269)	(426)	(202)	(390)
Financial income		1	2	2	31
LOSS FROM OPERATIONS BEFORE TAXES		(168,165)	(336,544)	(455,295)	(667,347)
Income and social contribution taxes:					
Current	18.a	-	-	-	-
NET LOSS FOR THE PERIOD		(168,165)	(336,544)	(455,295)	(667,347)
BASIC AND DILUTED LOSS PER SHARE – R$	27	(16.8165)	(33.6544)	(45.5295)	(66.7347)

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

STATEMENTS OF OPERATIONS

FOR THE THREE AND SIX -MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(In thousands of Brazilian Reais)

		Consolidated			
	Nota explicativa	04.01.2024 to 06.30.2024	01.01.2024 to 06.30.2024	04.01.2023 to 06.30.2023	01.01.2023 to 06.30.2023
NET REVENUES	25	87,100	202,139	168,158	339,500
COST OF GOODS SOLD	26	(65,903)	(140,879)	(97,426)	(212,128)
IDLE COST AND OTHERS	26	(33,608)	(82,061)	(53,964)	(125,816)
GROSS PROFIT		(12,411)	(20,801)	16,768	1,556
OPERATING INCOME (EXPENSES):					
Selling expenses	26	(38,606)	(89,267)	(77,021)	(133,635)
General and administrative expenses	26	(23,854)	(48,513)	(31,698)	(64,366)
Management fees	22 and 26	(2,523)	(5,932)	(3,834)	(7,884)
Equity in subsidiaries	8.b	(502)	(1,847)		
Others, net:					
Restructuring accrual		-	-	(42,929)	(42,929)
Write-off of judicialized receivables, net	13.c	-	-	(62,649)	(62,649)
Write-off of subsidiary’s goodwill	12.a	-	-	(27,303)	(27,303)
Provision for impairment of permanent assets	10 and 12	-	-	(6,902)	(6,902)
Provision for impairment of other investments	8.b	-	-	(107,646)	(107,646)
Others, net		(11,003)	(21,855)	1,116	(20,287)
LOSS FROM OPERATIONS		(88,899)	(188,215)	(342,098)	(472,045)
Financial expenses – interests and charges		(68,150)	(127,255)	(76,175)	(156,300)
Financial expenses – interest on leases	17	(614)	(1,461)	(2,283)	(4,847)
Financial expenses – taxes, discounts and others		(8,552)	(28,186)	(39,718)	(58,492)
Financial income		6,641	20,283	21,381	42,464
Exchange rate variations, net		(8,492)	(11,611)	(1,275)	(2,821)
LOSS FROM OPERATIONS BEFORE TAXES		(168,066)	(336,445)	(440,168)	(652,041)
Income and social contribution taxes:					
Current	18.a	(99)	(99)	(236)	(364)
Deferred	18.a	-	-	(14,891)	(14,942)
NET LOSS FOR THE PERIOD		(168,165)	(336,544)	(455,295)	(667,347)

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE AND SIX -MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(In thousands of Brazilian Reais)

	Company and consolidated			
	04.01.2024 to 06.30.2024	01.01.2023 to 06.30.2023	04.01.2023 to 06.30.2023	01.01.2023 to 06.30.2023
NET LOSS FOR THE PERIOD	(168,165)	(336,544)	(455,295)	(667,347)
Other comprehensive income (loss):				
- Items that will impact the statements of operations:				
Exchange rate variations on foreign investments	(6,779)	24,007	(5,518)	(6,627)
	(6,779)	24,007	(5,518)	(6,627)
- Items that will not impact the statements of operations:				
Actuarial gain (loss) on pension plans	-	-	(17)	(23)
Initial valuation adjustment on investment properties	-	273,008	-	-
COMPREHENSIVE LOSS FOR THE PERIOD	(174,944)	(39,529)	(460,830)	(673,997)
ATTRIBUTABLE TO:				
Owners of the Company	(174,944)	(39,529)	(460,830)	(673,997)

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(In thousands of Brazilian Reais)

	Note	Capital	Capital reserve	Assets and liabilities valuation adjustments	Cumulative translation adjustments	Accumulated deficit	Total equity
BALANCES AS OF DECEMBER 31, 2022		1,860,265	79,381	137,263	(151,828)	(1,546,410)	378,671
Comprehensive income (loss):							
Net loss for the period		-	-	-	-	(667,347)	(667,347)
Exchange rate variations on foreign investments	2.1.b	-	-	-	(28,093)	-	(28,093)
Actuarial loss on pension plans		-	-	(23)	-	-	(23)
Impact of subsidiaries-							
Exchange rate variations on foreign investments, net	2.1.b	-	-	-	21,466	-	21,466
Total comprehensive income (loss)		-	-	(23)	(6,627)	(667,347)	(673,997)
BALANCES AS OF JUNE 30, 2023		1,860,265	79,381	137,240	(158,455)	(2,213,757)	(295,326)

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

(In thousands of Brazilian Reais)

	Note	Capital	Capital reserve	Assets and liabilities valuation adjustments	Cumulative translation adjustments	Accumulated deficit	Total equity
BALANCES AS OF DECEMBER 31, 2023		1,860,265	79,381	128,969	(188,218)	(2,604,916)	(724,519)
Comprehensive loss:							
Net loss for the year		-	-	-	-	(336,544)	(336,544)
Exchange rate variations on foreign investments	2.1.b	-	-	-	30,540	-	30,540
Impact of subsidiaries-							
Exchange rate variations on foreign investments, net	2.1.b	-	-	-	(6,533)	-	(6,533)
Initial valuation adjustment on investment properties	9.4 and 9.5	-	-	273,008	-	-	273,008
Total comprehensive loss		-	-	273,008	24,007	(336,544)	(39,529)
BALANCES AS OF JUNE 30, 2024		1,860,265	79,381	401,977	(164,211)	(2,941,460)	(764,048)

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(In thousands of Brazilian Reais)

	Company		Consolidated	
	01.01.2024 to 06.30.2024	01.01.2024 to 06.30.2024	01.01.2023 to 06.30.2023	01.01.2023 to 06.30.2023
Cash flows from operating activities				
Net loss for the period	(336,544)	(667,347)	(336,544)	(667,347)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	36,107	47,666
Equity in subsidiaries	334,827	664,903	1,847	-
Income and social contribution taxes	-	-	99	15,306
Gain on disposal of property, plant and equipment	-	-	(26,416)	(1,530)
Allowance for expected losses on doubtful accounts	-	-	(837)	16,236
Provision for tax, civil and labor liabilities	-	-	(49,961)	-
Provision for losses on other assets	-	-	-	20,769
Provision for impairment of permanent assets	-	-	(738)	6,902
Provision for impairment of other investments	-	-	-	107,646
Write-off of judicialized receivables, net	-	-	-	62,649
Write-off of subsidiary's goodwill	-	-	-	27,303
Restructuring accrual	-	-	-	42,929
Monetary variations	-	-	2,063	427
Exchange rate variations	-	-	11,611	2,821
Bank interests and charges, net	880	1,485	142,710	170,896
Financial expenses – interest on leases	-	-	1,461	4,847
	------------	------------	------------	------------
	(837)	(959)	(118,676)	(142,480)
	------------	------------	------------	------------
Changes in assets and liabilities				
Marketable securities	-	1,925	4,252	3,759
Accounts receivable	-	-	29,308	6,375
Inventories	-	-	13,669	46,699
Advances to suppliers	-	-	(496)	7,019
Recoverable taxes	(3)	(14)	3,927	7,867
Suppliers	459	111	35,823	48,278
Others	415	343	50,653	9,772
	------------	------------	------------	------------
Net cash provided by (used in) operating activities before interest and income taxes	34	1,406	18,460	(12,711)
	------------	------------	------------	------------
Interest paid on loans	-	(1,298)	(12,265)	(27,623)
Commissions and fees paid on loans	(394)	(389)	(7,434)	(16,127)
	------------	------------	------------	------------
Net cash provided by (used in) operating activities after interest and income taxes	(360)	(281)	(1,239)	(56,461)
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The accompanying notes are an integral part of these interim financial statements.

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(In thousands of Brazilian Reais)

	Company		Consolidated	
	01.01.2024 to 06.30.2024	01.01.2024 to 06.30.2024	01.01.2023 to 06.30.2023	01.01.2023 to 06.30.2023
Cash flows from investing activities				
Investment properties	-	-	-	(113)
Property, plant and equipment	-	-	(2,561)	(6,401)
Intagibles	-	-	(150)	(1,030)
Proceeds from sale of fixed assets	-	-	1,292	7,236
Loans between related parties	420	8,073	33,012	(21,147)
Net cash provided by (used in) investing activities	420	8,073	31,593	(21,455)
Cash flows from financing activities				
Proceeds from new loans	-	-	11,739	115,309
Repayment of loans	-	(7,802)	(38,507)	(132,383)
Repayment of leases, net	-	-	(9,003)	(18,423)
Net cash provided by (used in) financing activities	-	(7,802)	(35,771)	(35,497)
Effect of exchange rate variations on cash and cash equivalents of foreign subsidiaries	-	-	18,934	11,826
Increase (decrease) in cash and cash equivalents	60	(10)	13,517	(101,587)
Cash and cash equivalents:				
At the beginning of the period	1	42	38,160	225,444
At the end of the period	61	32	51,677	123,857
Increase (decrease) in cash and cash equivalents	60	(10)	13,517	(101,587)

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

STATEMENTS OF VALUE ADDED

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(In thousands of Brazilian Reais)

	Company		Consolidated	
	01.01.2024 to 06.30.2024	01.01.2023 to 06.30.2023	01.01.2024 to 06.30.2024	01.01.2023 to 06.30.2023
REVENUES				
Sales of products, goods and services	-	-	226,132	394,158
Allowance for expected losses on doubtful accounts	-	-	837	(16,236)
Gain on disposal of property, plant and equipment	-	-	26,416	1,530
	-	-	253,385	379,452
MATERIALS ACQUIRED FROM THIRD PARTIES				
Cost of goods and services sold	-	-	(93,189)	(145,936)
Materials, energy, third party services, and others	(873)	(831)	(155,790)	(211,840)
Provision for impairment of permanent assets	-	-	738	(6,902)
Provision for impairment of other investments	-	-	-	(107,646)
Write-off of judicialized receivables, net	-	-	-	(62,649)
Write-off of subsidiary's goodwill	-	-	-	(27,303)
Provision for losses on other assets	-	-	-	(20,769)
Restructuring accrual	-	-	-	(42,929)
	(873)	(831)	(248,241)	(625,974)
GROSS VALUE ADDED	(873)	(831)	5,144	(246,522)
RETENTIONS				
Depreciation and amortization	-	-	(36,107)	(47,666)
NET VALUE ADDED PRODUCED BY THE COMPANY	(873)	(831)	(30,963)	(294,188)
VALUE ADDED RECEIVED BY TRANSFER				
Equity in subsidiaries	(334,827)	(664,903)	(1,847)	-
Financial income	2	31	20,283	42,464
Exchange rate variation	-	-	1,394	(165)
Royalties	-	-	7,779	8,997
	(334,825)	(664,872)	27,609	51,296
TOTAL VALUE ADDED FOR DISTRIBUTION (TO RETAIN)	(335,698)	(665,703)	(3,354)	(242,892)
DISTRIBUTION OF VALUE ADDED				
Salary, wages and compensation	104	130	128,975	153,420
Taxes, duties and contributions	287	387	38,659	88,313
Payments to third parties	455	1,127	165,556	182,722
Net loss for the period	(336,544)	(667,347)	(336,544)	(667,347)
VALUE ADDED DISTRIBUTED (RETAINED)	(335,698)	(665,703)	(3,354)	(242,892)

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A. – under Judicial Recovery

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2024

(Amounts in thousands of Brazilian Reais)

1. OPERATIONS

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

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

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

The Company and its subsidiary CSA have presented in their consolidated interim financial statements financial expenses that have been aggravated by the significant in interest rates since the fourth quarter of 2021. The Company and its subsidiary CSA have been honoring their financial commitments to banks and financial institutions, however, they had a sharp reduction in their working capital, which impacted their operating activities and halted the industrial activities in the second half of 2023 and consequently, reduction of its staff.

The Company and its subsidiaries, prior to filing for judicial recovery, made efforts to renegotiate their financial liabilities and to liquidate some properties, receivables, and investments, with the proceeds exclusively allocated to settling liabilities and maintaining operational costs.

On April 2, 2024, the Company announced a material fact indicating the consolidation of the manufacturing facilities of the subsidiary CSA, with the deactivation of two industrial plants and, consequently, making these plants available for sale or lease. The accounting impacts of these measures are already reflected in these interim financial statements. See note 9.4 and 9.5 - Investment Properties.

The Company's Management is dedicated to reinstating the working capital required to stabilize its operations, following the strategic and operational restructuring undertaken in response to the Judicial Recovery Request.

Judicial Recovery

On May 8, 2024, the Company and its subsidiaries informed the market that they had received, at the end of the previous week, a notification sent by *Odernes Fundo de Investimento em Participações Multiestratégia* (“ODERNES”) addressed to subsidiary CSA and other entities in the Group, claiming early maturity of the debt represented by the debentures issued by the indirect subsidiary AMMO on May 30, 2022. As a presumed consequence of the early maturity, ODERNES intended to enforce the shares issued by the indirect subsidiary AMMO, owned by the subsidiary CSA, and subsequently transfer all of these shares to Jericoacoara Participações S.A. for a nominal amount.

The subsidiary CSA, in turn, counter-notified ODERNES, stating that the early maturity of the debt represented by the debentures had not occurred, much less the possibility of executing the shares of the indirect subsidiary AMMO or transferring such shares to any other company.

Additionally, as has been widely reported, since the end of the pandemic, the Companies have experienced negative impacts on their business due to a combination of adverse factors that have resulted in financial difficulties.

In this context, with the aim of ensuring the preservation of the business activities and assets of the Company and its subsidiaries, which would be subject to irreparable harm, the Companies obtained a preliminary injunction for Judicial Recovery for themselves and other companies in the group.

On July 26, 2024, after a preliminary verification procedure, the processing of the judicial recovery was granted in an order dated July 25, 2024.

The table below shows the composition of the Company's liabilities included in the Judicial Recovery request, assessed as of the request date:

Credit Class (law 11,101/2005)	Company	Consolidated
Labor	1,015	106,112
Secured Debt	-	379,063
Unsecured Debt	9,961	344,735
Micro and Small Businesses	-	8,477
Not Subject	-	597,740
Tax	1,140	410,539
	------------	------------
	12,116	1,846,666
	=======	=======

On September 26, 2024, the Company and other entities in the Group officially included the Judicial Recovery Plan (”JRP”) in the judicial recovery process records, in accordance with art. 53 of Law No. 11,101/2005. The key measures included in the JRP are: (i) restructuring the companies liabilities, (ii) selling assets and establishing segregated production units, (iii) distributing a portion of net profits from the sales of assets and segregated production units to creditors; (iv) possibility of raising new funds by the companies to implement the operational recovery; and (v) preserving essential investments to maintain the companies' operations, in addition to (vi) creating a real estate investment fund (REIF) for the purpose of paying part of the creditors with the REIF shares.

The Company and other entities within the Group have been advancing negotiations with its creditors and submitting documents related to its JRP to the Judicial Administrator, with the aim of potentially holding a general meeting of creditors (“GMC”) in 2025. However, as of the approval date of the interim financial statements, the final terms of the JRP, as well as any agreements to support the plan, between the Company and its primary financial creditors, remain under negotiation.

The second consolidated list of creditors of the Company and other Group entities was published on February 19, 2025, in the Official Electronic Gazette of the Court of Justice of the State of Minas Gerais. The deadline for filing claims or objections expired on March 6, 2025. Any credits not included in the list may still be submitted as late claims, pursuant to Article 10 of Law No. 11,101/2005.

In due course, the Judicial Administrator will present the final consolidated general creditors' list, in accordance with Article 18 of Law No. 11,101/2005.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The financial statements were approved by the Company's Board of Directors on April 15th, 2025.

The Company presents its individual (“Company”) and consolidated (“Consolidated”) interim financial statements prepared simultaneously in accordance with technical pronouncement CPC 21 (R1) – Interim Financial Statements and in accordance with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as the standards issued by CVM

(Brazilian Securities and Exchange Commission), applicable to the preparation of the Interim Financial Information.

The Company adopted all standards, review of standards and interpretations issued by the IASB and the CPC which were effective on June 30, 2024. All relevant information relating to the interim financial statements is included herein and corresponds to those used by Company's management in its administration.

2.1 – Translation of balances in foreign currency

a) Functional and presentation currency

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

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

b) Conversion of balances

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

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

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

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

2.2 – Accounting policies

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

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

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

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

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

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

ii) Non-derivative financial assets - measurement

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

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

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

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

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

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

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

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

iii) Non-derivative financial liabilities - measurement

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

iv) Derivatives measured at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.3 – Accounting estimates

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

2.4 – Consolidation criteria

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

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

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

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

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

The interim financial statements of foreign subsidiaries have been translated into Brazilian Reais based on the US Dollar exchange rate as of June 30, 2024 and December 31, 2023 for balance sheet accounts and the average monthly exchange rate for statement of operations accounts, as follows:

	2024	2023	Variance
Exchange rate as of:			
December 31	-	4.8413	-
March 31	5.5589	4.8192	15.3%
Average exchange rate:			
June 30 (3 months)	5.3241	4.9719	7.1%
June 30 (6 months)	5.0506	5.0506	0.6%

2.5 – New IFRS, revisions to IFRS and interpretations of IFRIC (IASB International Financial Reporting Standards Interpretation Committee).

a) The IASB accounting pronouncements listed below have been published and/or revised and are effective for periods beginning on or after January 1, 2024.

Standard	Main requirements	Impact
Amendment IAS 1 – Classification of liabilities as current and non-current and Revision of Technical Pronouncement No. 26 – Presentation of financial statements	The changes aim to promote consistency in the application of the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due within a year).	See note 13.

b) Some new IASB accounting pronouncements and IFRIC interpretations have been published and/or revised and are mandatory for adoption in 2026 and 2027. However, early adoption of these standards, interpretations and changes to standards was permitted.

Standard	Main requirements	Effective date
IFRS S1 Standard – General requirements for disclosure of financial information related to sustainability	Under CVM Resolution No. 193/2023, entities are required to disclose information regarding their sustainability-related risks and opportunities. This information should be valuable to primary users of general-purpose financial reports, aiding them in making informed decisions about resource allocation to the entity.	Mandatory adoption for periods beginning on or after January 1, 2026. We are evaluating the impacts of the standard for compliance within the deadline defined therein.
IFRS S2 – Climate-related disclosures	In compliance with CVM Resolution No. 193/2023, it aims to define the requirements for identifying, measuring and disclosing information on climate-related risks and opportunities that are useful to the main users of financial reports for general purposes in making decisions related to the resource allocation to the entity.	Mandatory adoption for periods beginning on or after January 1, 2026. We are evaluating the impacts of the standard for compliance within the deadline defined therein.

IFRS 18 – Presentation and Disclosure of Financial Statements	The amendments aim to enhance consistency in the presentation and disclosure of financial statements, providing investors with a better foundation to analyze and compare company performance. The main changes in the standard are: (i) New categories and subtotals in the income statement: operating, investing, and financing; (ii) Disclosure in explanatory notes regarding non-GAAP metrics (EBITDA); and (iii) Presentation of operating expenses specified by nature.	Mandatory adoption for periods beginning on or after January 1, 2027. We are evaluating the impacts of the standard for compliance considering early adoption or within the deadline defined therein.

3. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	06.30.2024	12.31.2023	06.30.2024	12.31.2023
Repurchase transactions (*)	-	1	1,869	2,512
Foreign deposits	-	-	37,230	27,191
Checking accounts deposits	61	-	6,376	4,817
Judicial freezes	-	-	6,202	3,640
	-----------	-----------	-----------	-----------
	61	1	51,677	38,160
	======	======	=======	=======

(*) Income from financial investments ranges from 100% to 110% of the rates earned on Interbank Deposit Certificates - CDI.

4. MARKETABLE SECURITIES

	Consolidated	
	06.30.2024	12.31.2023
Investment fund – foreign	14,694	12,791
Restricted cash (1)	574	499
Reserve fund (2)	4,372	8,632
	---------	---------
	19,640	21,922
Current	(15,268)	(13,290)
	---------	---------
Noncurrent	4,372	8,632
	=====	=====

(1) On June 30, 2024 and December 31, 2023, the Company did not have restricted cash in financial institutions, and the subsidiary SGUS had restricted cash of R$576, equivalent to U$103 thousand (R$499, equivalent to US$102 thousand as of December 31, 2023) related to a compensating balance arrangement.

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

5. ACCOUNTS RECEIVABLE

	Consolidated	
	06.30.2024	12.31.2023
Domestic customers	75,648	120,617
Foreign customers	47,945	38,710
Credit card companies	1,747	2,595
	125,340	161,922
Allowance for expected losses on bad debts	(36,159)	(36,646)
	89,181	125,276

Accounts receivable from customers consist of receivables with an average collection period of approximately 94 days (71 days as of December 31, 2023). The allowance for expected losses on doubtful debts accounts is considered by Management sufficient to cover expected losses from these receivables

The aging list of the consolidated accounts receivable was presented in the annual financial statements for the year ended December 31, 2023. There was no significant change in the composition of the aging list during the six-month period ended June 30, 2024.

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

	06.30.2024	12.31.2023
Balance at the beginning of the year	(36,646)	(35,079)
Additions	-	(1,752)
Disposals	837	1
Exchange rate variation	(350)	184
Balance at the end of the year	(36,159)	(36,646)

Considering the information subsequent to June 30, 2024, up to the approval date of the interim financial statements, no additional losses were identified.

6. INVENTORIES AND ADVANCES TO SUPPLIERS

a. Inventories

	Consolidated	
	06.30.2024	12.31.2023
Raw materials and supplies	48,789	44,624
Work in process	52,432	59,505
Finished products	64,190	76,923
Repair parts	38,761	36,470
	204,172	217,522

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

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

As of June 30, 2024, no additional potential losses were identified in realizing these inventories, which were not provisioned. Idle costs, when incurred, are recognized directly in the statement of operations for the period and are not considered in the production cost of the finished goods produced.

Changes in the consolidated provision are as follows:

	12.31.2023	(Additions) Disposals	Exchange rate variations	06.30.2024
Raw materials and supplies	(651)	(897)	(22)	(1,570)
Finished products	(10,941)	1,735	(2)	(9,208)
Repair parts	(514)	6	-	(508)
	(12,106)	844	(24)	(11,286)

	12.31.2022	(Additions) Disposals	Exchange rate variations	06.30.2023
Raw materials and supplies	(1,719)	(134)	460	(1,393)
Finished products	(23,764)	3,224	15	(20,525)
Repair parts	(472)	-	-	(472)
	(25,955)	3,090	475	(22,390)

b. Advances to suppliers

	Consolidated	
Year	06.30.2024	12.31.2023
2024	9,990	9,465

7. RECEIVABLE – CLIENTS

	Consolidated	
	06.30.2024	12.31.2023
Clients in court recovery plan (a)	1,369	1,289
Installment plan agreed with clients (b)	10,563	8,494
Financing on stores transfer (c)	224	384
Sale of real estate (d)	667	557
Others	1,787	3,172
	14,610	13,896
Current (*)	(11,168)	(10,430)
Noncurrent	3,442	3,466

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

(a) Increasing semi-annual payments with interest from 2% to 12% per year with final maturity in December 2027. On June 30, 2024, the balance presented is net of the provision for loss in the amount of R$2,127 (R$2,127 on December 31, 2023).

(b) Payment up to 90 fixed installments, with monthly interest from 0.50% to 2.00% per month. As of June 30, 2024, the receivables are net of the provision for loss in the amount of R$2,685 (R$2,685 as of December 31, 2023).

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

(d) Payment up to 3 monthly installments with interest from 0.5% per month, and adjusted based on the IPCA (general consumer price index).

Considering the information subsequent to June 30, 2024, up to the approval date of the interim financial statements, no additional losses were identified.

8. INVESTMENTS IN SUBSIDIARIES AND AFFILIATED COMPANY

a) Direct investments:

				Total investment		Equity in subsidiaries (Company)	
Subsidiaries	Equity	Ownership interest %	Net loss for the year	06.30.2024	12.31.2023	06.30.2024	06.30.2023
SGUS	238,511	100.0	5,242	238,511	202,729	5,242	(130,013)
CSA (1)	(945,197)	100.0	(340,069)	-	-	(340,069)	(534,890)
				238,511	202,729	(334,827)	(664,903)

(1) On June 30, 2024, the net equity of the subsidiary CSA had a debit balance of R$945,197 (R$871,603 on December 31, 2023). This liability was presented under “Obligations with subsidiaries”, in non-current liability.

b) Indirect investments:

<u>SGUS’ investments</u>

As of June 30, 2024, SGUS has an investment in Keeco, Inc., in the amount of R$8,169, equivalent to US$1,469, recorded at cost under “Other investments” in non-current assets (R$7,114, equivalent to US$1,469, as of December 31, 2023). Considering the information subsequent to June 30, 2024, up to the approval of the interim financial statements, no relevant unrecognized losses were identified. In June 2023, a loss provision in the amount of R$107.6 million (US$22.3 million) was recognized in connection with this investment, and recorded in profit or loss.

CSA's investments

	Equity	Ownership interest %	Net income (loss) for the year	Total investment 06.30.2024	Total investment 12.31.2023	Equity in subsidiaries 06.30.2024	Equity in subsidiaries 06.30.2023
Subsidiaries -							
Coteminas Argentina S.A.	76,364	100.00	1,376	76,364	40,921	1,376	(10,679)
LAT Capital Ltd.	16,566	100.00	(48)	16,566	14,437	(48)	1,031
AMMO VAREJO S.A. – under Judicial Recovery (1)	(70,806)	100.00	(84,530)	-	-	(84,530)	(69,066)
Compañía Textil Guaraní S.R.L.	1,249	100.00	-	1,249	1,126	-	(116)
				----------	----------	----------	----------
				94,179	56,484	(83,202)	(78,830)
				======	======	======	======

(1) On June 10, 2022, CSA made a capital contribution to its subsidiary AMMO in the amount of R$196,815, subscribed and paid through the transfer of the brands "ARTEX", "AMMO" and "PERSONO" in the amount of R$170,922, calculated in the appraisal report of the brands prepared by specialized consultants, Deloitte Touche Tohmatsu Consultores Ltda., and intercompany balances in the amount of R$25,893. On June 30, 2024 and December 31, 2023, for the purpose of presenting investments in CSA Company's statements, the unrealized profit from the fair value of the brands in the amount of R$161,507 was eliminated as well as this intangible asset in the consolidated statements. See note 12. On June 30, 2024 the adjusted equity of the subsidiary AMMO had a debit balance of R$232,313 (R$147,783 On December 31, 2023). This liability was presented under "Obligations with subsidiaries", in non-current assets in the CSA´s parent company.

AMMO investments

	Equity	Ownership interest %	Net income (loss) for the period	Total investment 06.30.2024	Total investment 12.31.2023	Equity in subsidiaries 06.30.2024	Equity in subsidiaries 06.30.2023
Investments in subsidiaries:							
C7S Tecnologia Ltda.	19,758	100.00	2,110	2,110	17,648	2,110	(1,027)
				======	======	======	======
Investments in affiliated companies:							
A11I Tecnologia S.A. (*)	11,277	48.00	(3,842)	12,000	13,847	(1,847)	-
				======	======	======	======

(*) A11I Tecnologia S.A. - The affiliated company's operation purpose includes: (i) activities related to the analysis, development, production, licensing, and assignment of custom software; (ii) technical support in information technology, including installation, configuration, and maintenance of software and internet access through providers; (iii) advisory and consulting in information technology; and (iv) participation in other companies as a partner or shareholder, both domestically and internationally.

	A11I Tecnologia S.A.	
	06.30.2024	12.31.2023
Current assets	6,006	4,350
Noncurrent assets	7,191	7,225
Total assets	13,197	11,575
Current liabilities	1,920	7
Noncurrent liabilities	-	-
Total liabilities	1,920	7
Equity – Company (*)	11,277	11,568
Net revenues (6 months)	2,861	-
Income (loss) for the year– Company (6 months)	(3,842)	-

(*) The equity of the affiliated company is reduced by the unpaid capital to be contributed by the other shareholders, totaling R$13,725, which will be fully paid in within 36 months after the first contribution (October, 2023). The indirect subsidiary AMMO VAREJO fully paid in all subscribed capital with assets in 2023.

c) Changes in investments in (obligations with) subsidiaries:

	12.31.2023	Equity	Exchange rate variations on foreign investments (1)	Assets and liabilities valuation adjustments	Obligations with subsidiaries	06.30.2024
Investments in subsidiaries						
SGUS	202,729	5,242	30,540	-	-	238,511
	========	========	========	========	========	========
Obligations with subsidiaries						
CSA	(871,603)	(340,069)	(6,533)	273,008	-	(945,197)
	========	========	========	========	========	========

	12.31.2022	Equity	Exchange rate variations on foreign investments (1)	Assets and liabilities valuation adjustments	Obligations with subsidiaries	06.30.2023
SGUS	372,811	(130,013)	(28,093)	(23)	-	214,682
CSA	56,811	(534,890)	21,466	-	456,613	-
	-------------	-------------	-------------	-------------	-------------	-------------
	429,622	(664,903)	(6,627)	(23)	456,613	214,682
	========	========	========	========	========	========

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

d) Changes in investments in affiliated companies (indirect):

	12.31.2023	Equity	06.30.2024
Affiliated companies			
A11I Tecnologia S.A.	13,847	(1,847)	12,000
	========	========	========

9. INVESTMENT PROPERTIES

The changes in consolidated balances of investment properties are as follows:

	Investment properties São Gonçalo Business complex(1)	Investment properties São Gonçalo Residentia complex (2)	Investment properties Vinhedo (3)(b)	Investment properties Montes Claros (4)	Investment properties João Pessoa (5)	Total
Balances as of December 31, 2023	382,770	49,382	-	63,726	-	495,878
Disposals	(136)	-	-	-	-	(136)
Initial fair value valuation (a)	-	-	-	255,899	157,749	413,648
Transfer to PP&E	-	-	-	50,179	46,283	96,462
Balances as of June 30, 2024	382,634	49,382	-	369,804	204,032	1,005,852

	Investment properties São Gonçalo Business complex (1) (a)	Investment properties São Gonçalo Residential complex (2) (a)	Investment properties Acreúna (c)	Investment properties Montes Claros (4)	Total
Balances as of December 31, 2022	380,525	49,135	30,380	67,087	527,127
Additions	69	44	-	-	113
Disposals	-	-	-	(3,344)	(3,344)
Disposals (change in fair value)	-	-	-	146	146
Transfers	(32)	32	-	-	-
Balances as of June 30, 2023	380,562	49,211	30,380	63,889	524,042

(a) Amounts recorded as equity valuation adjustments in the income statement for the respective years, net equity, less taxes.

(b) Amounts reclassified to the consolidated balance sheet. See note 10.

(c) On December 31, 2023, the Company made the property available for sale. For more details, see note 10.b.2 – Property Held for Sale.

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

<u>(1) Business complex:</u> It is a commercial complex of 319.7 thousand m², known as Centro Comercial Seridó, where 122.2 thousand m² have already been developed and leased. In the first six months of 2024, rental income was R$4,368 (R$5,985 in the first six months of 2023).

The calculated values were as follows:

	06.30.2024	12.31.2023
Residual cost of the property	112,050	112,186
Surplus/added value (a)	270,584	270,584
	----------	----------
Fair value (b)	382,634	382,770
	=======	=======

(a) Calculated deferred tax liability of R$91,998 (R$91,998 on December 31, 2023). See note 18.b.1.

(b) Fair value based on the valuation report from Mercato Assessoria e Avaliações Ltda., Independent appraisers, in accordance with the valuation standard of assets NBR 14,653 issued by ABNT - Brazilian Association of Technical Standards for the fiscal year 2023. For the measurement of fair value, the "market approach" (classification level 2) was applied, the main information being used were the comparable prices per m² of similar properties in the region and area of the real estate.

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

	06.30.2024	12.31.2023
Residual cost of the property	1,529	1,529
Surplus/added value (a)	47,853	47,853
	----------	----------
Fair value (b)	49,382	49,382
	=======	=======

(a) Deferred tax liability of R$16,269 (R$16,269 on December 31, 2023). See note 18.b.

(b) Fair value based on the valuation report from Mercato Assessoria e Avaliações Ltda., Independent appraisers, in accordance with the valuation standard of assets NBR 14,653 issued by ABNT - Brazilian Association of Technical Standards for the fiscal year 2023. For the measurement of fair value, the "market approach" (classification level 2) was applied, the main information being used were the comparable prices per m² of similar properties in the region and area of real estate.

<u>(3) Investment property Vinhedo:</u> In October 2023, the subsidiary CSA acquired from its indirect parent company, Companhia de Tecidos Norte de Minas – COTEMINAS – under judicial recovery ("CTNM"), the property in the city of Vinhedo - SP, containing 51 thousand square meters where the distribution center and administrative office of its subsidiary AMMO VAREJO S.A., - under judicial recovery are located. The property was purchased at fair value recorded on that date, through credits between related parties.

The calculated values were as follows:

	06.30.2024	12.31.2023
Residual cost of the property	63,800	63,800
Surplus/added value (a)	589	589
	----------	----------
Fair value (b)	64,389	64,389
	=======	=======

(a) Calculated deferred tax liability of R$200 (R$200 on December 31, 2023). See note 18.b.

(b) Fair value based on the appraisal report prepared by Mercatto Assessoria e Avaliações Ltda., independent appraisers, in accordance with the valuation standard of assets NBR 14,653 issued by ABNT – Brazilian Association of Technical Standards, for the year 2023. The “market approach” (level 2 classification) was applied to measure the fair value, with the main information used being comparable prices per m² of similar properties in the region and area of the real estate.

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

	06.30.2024	12.31.2023
Land and installations (old MECA) (44,402 m²)	36,340	36,340
Land of the ESURB behind CODEVASF (2,580 m²)	5,130	5,130
Land of the ESURB Santa Rita II neighborhood (2,580 m²)	1,084	1,084
Land new municipality region (72,491 m²)	21,172	21,172
Land and buildings - idle plant (711,855 m²) (*).	306,078	-
	----------	----------
Total	369,804	63,726
	======	======

	06.30.2024	12.31.2023
Residual cost of the properties	86,637	36,458
Surplus/added value (a)	283,167	27,268
	----------	----------
Fair value (b)	369,804	63,726
	======	======

(*) On March 31, 2024, considering the strategy of the subsidiary CSA to consolidate its industrial complex, the Montes Claros plant was deactivated. Since the property no longer serves an operational textile purpose, its residual value, previously recorded as fixed assets at cost, was reclassified under investment properties and measured at fair value.

(a) Calculated deferred tax liability of R$96,277 (R$9,271 on December 31, 2023). See note 18.b.

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

<u>(5) Property for appreciation in João Pessoa:</u> As of March 31, 2024, in line with the strategy of the subsidiary CSA to consolidate its industrial complex, the João Pessoa plant was deactivated. As the property no longer serves an operational textile purpose, its residual value, previously recorded as fixed assets at cost, was reclassified under investment properties and measured at fair value. The calculated values are as follows:

	06.30.2024
Residual cost of the property	46,283
Surplus/added value (a)	157,749

Fair value (b)	204,032
	=======

(a) Calculated deferred tax liability of R$53,635. See note 18.b.

(b) Fair value based on the valuation report from Mercato Assessoria e Avaliações Ltda., Independent appraisers, in accordance with the valuation standard of assets NBR 14,653 issued by ABNT - Brazilian Association of Technical Standards for the year 2024. For the measurement of fair value, the "market approach" (classification level 2) was applied, the main information being used were the comparable prices per m² of similar properties in the region and area of the real estate.

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

a. Property, plant and equipment

		06.30.2024			12.31.2023
	Rate (*) %	Cost	Accumulated depreciation	Net book value	Net book value
Land and improvements	9.6	53,657	(22,867)	30,790	27,168
Buildings	2.5	192,858	(99,077)	93,781	154,548
Installations	6.9	117,068	(96,770)	20,298	45,522
Machinery and equipment	7.8	1,224,352	(1,056,191)	168,161	184,715
Hydroelectric Plant - Porto Estrela (**)	5.2	39,954	(25,913)	14,041	14,759
Furniture, fixtures and others	7.6	124,519	(114,712)	9,807	10,593
Construction in progress	-	10,518	-	10,518	15,750
		1,762,926	(1,415,530)	347,396	453,055
Property used by the subsidiary (***)		64,389	-	64,389	64,389
		1,827,315	(1,415,530)	411,785	517,444

(*) Weighted average annual depreciation rate.
(**) See note 16.
(***) See note 9.3

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

	Land and improvements	Buildings	Installations	Machinery and equipment	Hydroelectric plant - Porto Estrela (1)	Furniture, fixtures and others	Construction in progress (2)	Total
Balance as of December 31, 2023	27,168	154,548	45,522	184,715	14,759	10,593	15,750	453,055
Additions	1,564	-	-	91	-	698	208	2,561
Net disposals	(719)	-	(5)	(32)	-	(126)	(493)	(1,375)
Disposal of the provision for loss	751	-	5	-	-	28	-	784
Reversal (provision) for loss	400	-	-	-	-	28	-	428
Transfer:								
- PP&E	(115)	(112)	(273)	271	-	825	(596)	-
- Investment properties (3)	(3,030)	(65,268)	(22,732)	-	-	-	(5,432)	(96,462)
Exchange rate variations	6,286	7,619	57	280	-	126	1,081	15,449
Depreciation in the period	(1,515)	(3,006)	(2,276)	(17,164)	(718)	(2,365)	-	(27,044)
Balance as of June 30, 2024	30,790	93,781	20,298	168,161	14,041	9,807	10,518	347,396
Total provision for loss	(2,917)	-	(9)	-	-	(3,936)	-	(6,862)

	Land and improvements	Buildings	Installations	Machinery and equipment	Hydroelectric plant - Porto Estrela (1)	Furniture, fixtures and others	Construction in progress (2)	Total
Balance as of December 31, 2022	30,974	170,026	51,027	222,755	16,193	13,610	17,826	522,411
Additions	4,822	-	3	547	-	631	398	6,401
Net disposals	(105)	-	(32)	(8)	-	(13)	-	(158)
Transfers								
- PP&E	(145)	(106)	256	50	-	(51)	(4)	-
Exchange rate variations	(546)	(579)	(36)	(156)	-	(2)	(285)	(1,604)
Depreciation in the period	(1,327)	(4,071)	(3,260)	(19,093)	(718)	(2,345)	-	(30,814)
Impairment write-off	112	-	33	-	-	-	-	145
Impairment adjustment	(2,048)	-	94	(44)	-	(354)	-	(2,352)
Balance as of June 30, 2023	31,737	165,270	48,085	204,051	15,475	11,476	17,935	494,029
Total provision for loss	(3,403)	-	(5)	(96)	-	(3,945)	-	(7,449)

(1) See note 16.
(2) Construction in progress primarily corresponds to modernization of machinery and equipment.
(3) See note 9.4 and 9.5.

The Company annually, or when circumstances indicate that the net book value may not be recoverable, assesses the recoverability of property, plant and equipment. On June 30, 2024, the consolidated fixed assets are reduced by a provision for loss in the amount of R$6,862 (R$8,074 as of December 31, 2023). The provision for losses is considered by Management sufficient to cover expected losses on these assets.

b. Property, plant and equipment held for sale

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

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

	12.31.2023	Exchange rate variations	Disposals (1 and 2)	06.30.2024
Cost	456,925	59,471	(35,679)	480,717
Depreciation	(365,309)	(51,683)	3,282	(413,710)
Provision for loss	(64,546)	(5,982)	19,120	(51,408)
	----------	----------	----------	----------
	27,070	1,806	(13,277)	15,599
	======	======	======	======

	12.31.2022	Exchange rate variations	06.30.2023
Cost	461,614	(33,726)	427,888
Depreciation	(389,135)	28,700	(360,435)
Provision for loss	(48,569)	3,321	(45,248)
	----------	----------	----------
	23,910	(1,705)	22,205
	======	======	======

(1) On December 31, 2023, the subsidiary CSA transferred these properties to available for sale. In March 2024, the subsidiary CSA delivered the properties as payment to settle a loan with Banco Sofisa in the amount of R$27,871. For further details, see Note 13. This transaction resulted in a gain of R$25,848 for the subsidiary CSA, which was recorded under the "Other Net Income" line item.

(2) On December 31, 2023, the subsidiary CSA transferred the Acreúna property to available for sale and recognized a provision for impairment in the amount of R$19,114. In March 2024, the subsidiary CSA delivered the property as payment to settle a loan with Banco Luso Brasileiro in the amount of R$11,253. For further details, see Note 13.

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

The composition of assets contracted as leases are as follows:

		Consolidated			
		06.30.2024			12.31.2023
	Rate (2) %	Cost	Accumulated amortization	Net book value	Net book value
Properties (CSA and AMMO – own use)	35.0	1,638	(476)	1,162	56
Properties (SGUS – own use)	8.3	49,345	(20,560)	28,785	25,069
Properties – stores (AMMO – own use)	21.4	71,204	(38,449)	32,755	39,981
Investment properties (1)	-	52,427	-	52,427	45,659
Total right-of-use assets		174,614	(59,485)	115,129	110,765
Financial leases receivable (1)		98,371	-	98,371	85,672
		272,985	(59,485)	213,500	196,437

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

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

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

	Properti es	Properties – SGUS	Properties – stores	Investment properties	Financial leases receivable	Total
Balance as of December 31, 2023	56	25,069	39,981	45,659	85,672	196,437
Exchange rate variations	-	3,716	-	6,768	12,699	23,183
Additions (1)	1,303	-	4,499	-	-	5,802
Disposals (2)	-	-	(4,602)	-	-	(4,602)
Amortization in the period	(197)	-	(7,123)	-	-	(7,320)
Balance as of June 30, 2024	1,162	28,785	32,755	52,427	98,371	213,500

	Properties	Properties – SGUS	Properties – stores	Vehicles	Investment properties	Financial leases receivable	Total
Balance as of December 31, 2022	1,820	30,878	49,442	773	61,483	100,241	244,637
Exchange rate variations	-	(2,273)	-	-	(4,591)	(7,487)	(14,351)
Additions (1)	-	-	23,294	23	-	-	23,317
Disposals (2)	-	-	(3,441)	-	-	-	(3,441)
Amortization in the period	(1,488)	(1,868)	(9,233)	(440)	-	-	(13,029)
Interest	-	-	-	-	3,127	4,776	7,903
Sublease cash receipts	-	-	-	-	(5,418)	(8,482)	(13,900)
Balance as of June 30, 2023	332	26,737	60,062	356	54,601	89,048	231,136

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

(2) Early termination of lease contract.

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

Year	Lease receivable 03.31.2024	Lease receivable 12.31.2023
2024	19,005	16,551
2025	19,219	16,738
2026 then after	99,617	86,758
	--------------	--------------
	137,841	120,047
Present value adjustment	(39,470)	(34,375)
	--------------	--------------
	98,371	85,672
Current	(18,013)	(15,687)
	--------------	--------------
Noncurrent	80,358	69,985
	=======	=======

The amounts recognized as finance leases have an expectation of compliance with long-term contracts with sub-tenants and also, for some properties, an expectation of occupancy after a vacancy period, which are updated and evaluated annually. As of June 30, 2024, the subsidiary SGUS had no defaults with the current sub-lease agreements.

12. INTANGIBLE ASSETS

	Consolidated 06.30.2024	Consolidated 12.31.2023
Trademarks – owned (1)	16,267	16,267
Trademarks – use license (2)	10,342	6,057
Intellectual property (3)	725	725
Store locations (real estate intangible) (4)	8,184	9,486
	-----------	-----------
Total	35,518	32,535
	======	======

Changes in consolidated intangible assets were as follows:

	Trademarks – owned (1)	Trademarks – use license (2)	Intellectual property (3)	Store locations (real estate intangible) (4)	Total
Balance as of December 31, 2023	16,267	6,057	725	9,486	32,535
Additions	-	-	-	150	150
Disposals	-	-	-	(2,222)	(2,222)
Impairment write-off	-	-	-	2,252	2,252
Impairment adjustment	-	-	-	310	310
Amortization	-	(616)	-	(1,792)	(2,408)
Exchange rate variations	-	4,901	-	-	4,901
	-----------	-----------	-----------	-----------	-----------
Balance as of June 30, 2024	16,267	10,342	725	8,184	35,518
	=====	=====	=====	=====	=====

	Goodwill on the acquisition of AMMO (a)	Trademarks – owned (1)	Trademarks – use license (2)	Intellectual property (3)	Store locations (real estate intangible) (4)	Total
Balance as of December 31, 2022	27,303	16,267	10,848	9,784	18,771	82,973
Additions	-	-	-	-	1,030	1,030
Disposals	-	-	-	-	(2,944)	(2,944)
Impairment write-off	-	-	-	-	2,787	2,787
Write-off of acquisition goodwill	(27,303)	-	-	-	-	(27,303)
Impairment adjustment	-	-	-	-	(4,550)	(4,550)
Amortization	-	-	(637)	(2,154)	(1,912)	(4,703)
Exchange rate variations	-	-	(400)	-	-	(400)
Balance as of June 30, 2023	-	16,267	9,811	7,630	13,182	46,890

(a) Goodwill originated from investment in AMMO VAREJO S.A., acquired by the subsidiary CSA on January 1, 2019. In June 2023, due to the current situation of that subsidiary, the goodwill was written off to the income statement.

<u>(1) Trademarks – owned:</u> Trademarks owned are recorded at the acquisition cost, have indefinite useful lives, and therefore are not amortized.

<u>(2) Trademarks – use license:</u> Represents the license to use the trademark "Santista" in Argentina and it is amortized over the term of the contract in 15 years.

<u>(3) Intellectual property:</u> Refers to software developed to integrate retail sales channels (physical stores and E-commerce), and it is amortized over 5 years.

<u>(4) Store locations (real estate intangible):</u> The amounts related to the store locations (real estate intangible) are recorded at the acquisition cost of the respective store, net of impairment of R$12,363 (R$14,925 as of December 31, 2023). Store locations have a defined useful life, based on the average term of the lease agreements for these assets, and are therefore being amortized.

Items (1) to (4) above are tested annually for recoverability. The Company did not identify signs of deterioration or non-recovery of the balances held in these items.

13. LOANS AND FINANCING

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	Currency	Annual interest rate - %	Maturity	Consolidated 06.30.2024	Consolidated 12.31.2023
Local currency:					
Banco do Brasil S.A. (a) (1) (2)	R$	100.0 of CDI	2033	465,258	441,088
Banco BBM S.A.- CCB	R$	7.0 + CDI	2025	6,905	6,373
Banco ABC do Brasil S.A. - CCE	R$	4.9 + CDI	2025	8,226	7,997
Banco Bradesco S.A. (b) (1) (2)	R$	6.1 and 6.3 + CDI	2027	48,077	44,601
Banco Daycoval S.A.	R$	7.1 and 9.3 + CDI	2026	24,802	23,096
Banco Santander S.A. (c) (2)	R$	5.6 + CDI	2024	1,173	2,741
Banco Safra S.A. - CCB	R$	6.2 + CDI	2029	3,736	5,510
Banco Fibra S.A. - CCE	R$	3.0 + CDI	2029	21,732	19,629
Banco Sofisa S.A.	R$	6.8 + CDI	2024	4,054	31,080
Banco Pine S.A.	R$	9.1 + CDI	2024	171	158
Banco Industrial do Brasil S.A.	R$	8.6 + CDI	2024	-	26,752
Banco ABC do Brasil S.A. – CCB	R$	3.9 to 6.3 + CDI	2025	9,513	9,527
Financiadora de Estudos e Projetos - FINEP (3)	R$	4.4	2025	-	9,561
Banco Bradesco S.A. (3)	R$	4,4	2025	7,994	-
Banco Daycoval S.A.	R$	14.9	2026	1,088	1,326
Banco Luso Brasileiro S.A.	R$	8.9 + CDI	2027	-	10,388
SFT Fundo de Investimento em direitos creditórios	R$	14.7 + CDI	2025	539	4,968
Others	R$	-	2026	5,613	13,106
				608,881	657,901
Foreign currency:					
Banco Patagônia	$ARG	38.7	2024	97	2,447
Banco do Brasil S.A.	US$	6.5 and 8.5	2025	84,992	74,166
				85,089	76,613
Total				693,970	734,514
Current				(160,411)	(371,774)
Noncurrent				533,559	362,740

(1) Contracts of subsidiary CSA with early maturity clauses resulted in the reclassification of long-term installments, totaling R$486,474 to current liabilities on the balance sheet as of June 30, 2024, in accordance with CPC 26 (R1) – Presentation of Financial Statements. The reclassified amounts were as follows:

	Consolidated Original maturity	Consolidated Reclassification	Consolidated Balance sheet presentation
Current	160,411	486,474	646,885
Noncurrent	533,559	(486,474)	47,085
Loan total	693,970	-	693,970

(2) On December 31, 2023, the Company and its subsidiary CSA did not meet certain financial indices related to these loans, however, due to renegotiations in 2024, the original maturities of these loans were maintained. As required by CPC 26 (R1) – Presentation of Financial Statements, we present the respective loans in current liabilities on the balance sheet.

The reclassified amounts are as follows:

	Consolidated		
	Original maturity	Reclassification	Balance sheet presentation
Current	371,774	308,773	680,547
Noncurrent	362,740	(308,773)	53,967
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Loan total	734,514	-	734,514
	=======	=======	=======

(3) Includes loans held by the parent company amounting to R$7,994 (R$9,561 as of December 31, 2023). In March 2024, the parent company CTNM reached an out-of-court agreement with the Municipality of Blumenau, subsidiary CSA and Banco Bradesco for the expropriation of a property owned by CTNM, with compensation totaling R$21,978 to be realized as follows: (i) R$11,257 in 20 installments, starting in April 2024, to be deposited in court with the Labor Court of Blumenau for the settlement of labor liabilities of the subsidiary CSA; (ii) R$1,965 in 4 installments, starting in April 2024, to offset overdue installments of this loan held by the Company; and (iii) R$8,756 in 16 installments, starting in August 2024, to be allocated to a reserve fund for the settlement of this loan held by the Company. In June 2024, the guarantee related to this loan was called, and Banco Bradesco assumed the debt through subrogation.

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

(b) Loans of the subsidiary CSA, with early maturity covenants, in which the Company, as guarantor, has committed to comply with the following financial ratios in its annual consolidated financial statements: ratio between Net Financial Debt and EBITDA, no greater than 2.5.

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

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

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

Maturities (originals) are as follows:

		2025					
	2024	Current	Noncurrent	2026	2027	2028 to 2033	Total
Local currency:							
Banco do Brasil S.A. (*)	-	-	-	15,409	-	449,849	465,258
Banco BBM S.A. – CCB	6,530	375	-	-	-	-	6,905
Banco ABC do Brasil S.A. – CCE	4,236	1,995	1,995	-	-	-	8,226
Banco Bradesco S.A. (*)	21,557	5,304	5,304	10,608	5,304	-	48,077
Banco Daycoval S.A.	5,169	5,941	5,583	8,109	-	-	24,802
Banco Santander S.A.	1,173	-	-	-	-	-	1,173
Banco Safra S.A. – CCB	-	351	451	902	978	1,054	3,736
Banco Fibra S.A. – CCE	133	-	2,700	5,400	5,400	8,099	21,732
Banco Sofisa S.A.	4,054	-	-	-	-	-	4,054
Banco Pine S.A.	171	-	-	-	-	-	171
Banco ABC do Brasil S.A. – CCB	4,759	2,377	2,377	-	-	-	9,513
Banco Bradesco S.A.	3,224	2,385	2,385	-	-	-	7,994
Banco Daycoval S.A.	255	238	238	357	-	-	1,088
SFT Fundo de Investimento em direitos creditórios	-	145	394	-	-	-	539
Others	4,382	568	568	95	-	-	5,613
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	55,643	19,679	21,995	40,880	11,682	459,002	608,881

	2024	2025 Current	2025 Noncurrent	2026	2027	2028 to 2033	Total
Foreign currency:							
Banco Patagônia	97	-	-	-	-	-	97
Banco do Brasil S.A.	-	84,992	-	-	-	-	84,992
	97	84,992	-	-	-	-	85,089
Total	55,740	104,671	21,995	40,880	11,682	459,002	693,970

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

See note 28.a for details on events subsequent to June 30, 2024.

Changes in consolidated loans and debentures were as follows:

	06.30.2024 Loans	06.30.2024 Debentures	06.30.2024 Total	03.31.2023 Total
Beginning balance	734,514	373,220	1,107,734	1,035,455
Debt proceeds or renewal	10,096	-	10,096	112,419
Accrued interest (1)	41,112	34,766	75,878	95,101
Paid principal	(34,507)	(4,000)	(38,507)	(132,383)
Paid interest	(5,381)	(6,884)	(12,265)	(27,623)
Exchange rate variations	10,892	-	10,892	(5,766)
Prepaid charges, net	-	1,643	1,643	2,890
Property transfers in settlement (a)	(62,756)	-	(62,756)	-
Tax credits write-off	-	-	-	(25,706)
Ending balance	693,970	398,745	1,092,715	1,054,387

(a) Loans of the subsidiary CSA amounting to R$39,124 were settled through the transfer of properties owned by CSA. See note 10.b.

(b) Company loan, partially settled in the amount of R$2,001, with the expropriation of property from the parent company CTNM, via a loan as referenced in item (3) above.

(c) In February 2023, the subsidiary CSA entered into a contract to sell precatory credits with Banco Safra, for an amount of R$23,187. Considering the option to repurchase the credits, CSA treated the operation as a loan and maintained both balances in the balance sheet. In June 2023, as there was no expectation of repurchasing the credit rights, the balances were written off. The effect on profit was a loss of R$62,649, recorded under the caption “Other, net – write-off of precatories, net.”

14. DEBENTURES

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

5th Series Debentures Terms	
Quantity of issued Debentures	160,000
Debentures unit price (amount in Brazilian Reais)	R$1,000
Amortization	120 equal installments
Initial maturity	08/18/2021
Final maturity	07/17/2031
Return	IPCA + 9.25% per annum
Interest amortization	monthly
Guarantees	(1)
Covenants	(2)

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

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

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

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

(1) Secured Guarantee: Property of CSA, see items 1 and 2 of the note 9 of the interim financial statements, whose fair value must remain higher than 1.8 times the outstanding balance of the Debentures in the first year, and in the following years, higher than 2 times the debenture balance. In addition, the lease contracts of the property are part of the guarantee, and the fiduciary agent may, in case of default, retain the rent receivables until the default is resolved.

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

(2) Covenants:

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

On June 30, 2024, due to the anticipated non-compliance with certain financial covenants related to these debentures, the subsidiary reclassified the long-term installments as current liabilities on the balance sheet, in accordance with CPC 26 (R1) – Presentation of Financial Statements.The reclassified values were as follows:

	Original maturity	Reclassification	Balance sheet presentation
Current	15,122	125,181	140,303
Noncurrent	125,181	(125,181)	-
	-----------	-----------	-----------
Debentures total	140,303	-	140,303
	=======	=======	=======

(b) On May 30, 2022, the indirect subsidiary AMMO approved the issuance of up to 300,000,000 debentures convertible into shares, in accordance with Article 57 of the Brazilian Corporate Law (1st issue of debentures), of which, on June 20, 2022, 180,000,000 debentures were subscribed by the Odernes Fundo de Investimento em Participações Multiestratégia ("Odernes"). The 120,000,000 debentures issued and not subscribed, could have been subscribed until June 1, 2023. As the subscription did not occurred, they were canceled.

The terms of the debentures are as follows:

	1st Series Debentures Terms
Quantity of issued Debentures	300,000,000
Quantity of subscribed	180,000,000
Debentures unit price (amount in Brazilian Reais)	R$1.00
Amortization	Single installment on maturity date
Maturity date	06/20/2027
Return	20% per annum (quarterly capitalization)
Return amortization	Single installment on maturity date

The debentures were issued by private placement without the intermediation of institutions that are part of the securities distribution system and/or the realization of any sales effort before the general public, which could characterize a public distribution of securities.

Conversion into shares:

The debentures, including all other amounts due under this Issuance, may be converted into shares to be issued by the indirect subsidiary AMMO, at the maturity of the debentures or in the event of a liquidity event (public offering of shares), as follows: (i) 25% of the balance of the debentures on a mandatory basis and, (ii) 75% of the balance of the debentures at the sole discretion of the debenture holders.

Allocation of resources: The resources will be used to strengthen working capital and support the retail expansion plan.

Guarantees:

Real Guarantee: Fiduciary disposal of shares issued by the indirect subsidiary AMMO.

	06.30.2024	12.31.2023
Amount received:		
Subscribed value	180,000	180,000
Structuring Commission	(4,950)	(4,950)
Advisory expenses (reimbursement)	(2,647)	(2,647)
	----------	----------
Total received	172,403	172,403
	======	======
Issuance expenses:		
Commission for full structuring	8,250	8,250
Expenses with advisors	6,851	6,851
	----------	----------
	15,101	15,101
Amortization of issuance expenses	(6,124)	(4,614)
	----------	----------
Total expenses to be amortized	8,977	10,487
	======	======

The funds were received by the indirect subsidiary AMMO on the date of subscription. The expenses of issuing the debentures, in the amount of R$15,101, will be amortized monthly as cost of the operation until the maturity of the debentures.

In December 2023, due to the breach of certain non-monetary contractual clauses, the debenture holder sent a notice to the direct subsidiary Coteminas and the indirect subsidiary AMMO, stating that a contractual default had occurred and that it reserved the right to accelerate the debentures, although such acceleration was not exercised at that time.

In February 2024, amendments to the guarantee agreements and to the debenture indenture were executed, providing additional guarantees. In exchange for these additional guarantees, the debenture holder granted an additional period of one year for the debenture holder, Coteminas, and AMMO to jointly seek a solution for the settlement of the debentures.

On May 8, 2024, the Company and its indirect subsidiary AMMO disclosed a material fact regarding a new notice received from the debenture holder, alleging early maturity of the debt and initiating enforcement of the guarantees, including a request for consolidation of ownership over AMMO’s shares. In response, the subsidiary Coteminas issued a counter-notification rejecting the occurrence of any early maturity event under the debenture agreement, as well as denying any right to enforce or transfer AMMO’s shares to any third party.

In this context, and with the objective of preserving the business activities and assets of the companies involved, which were at risk of irreparable harm, the indirect subsidiary AMMO, along with other group companies, filed for Judicial Reorganization on May 6, 2024, and obtained a preliminary court approval of the request.

On June 30, 2024, due to an unfulfilled obligation (Covenant), the subsidiary AMMO presented the long-term installments as current liabilities in the balance sheet. For further details regarding subsequent events after June 30, 2024, see note 28.b.

Balances of the debentures on June 30, 2024 and December 31, 2023 were as follows:

	Debentures		Consolidated	
	5th series (a)	1st series (b)	06.30.2024	12.31.2023
Original amount	117,333	180,000	297,333	301,333
Prepaid interest	(1,881)	(8,977)	(10,858)	(12,501)
Accrued interest	24,851	87,419	112,270	84,388
	----------	----------	----------	----------
Debentures total	140,303	258,442	398,745	373,220
Current	(140,303)	(258,442)	(398,745)	(373,220)
	----------	----------	----------	----------
Noncurrent	-	-	-	-
	======	======	======	======

15. SUPPLIERS

	Consolidated	
	06.30.2024	12.31.2023
Domestic market	299,928	256,921
Foreign market	41,247	36,527
	----------	----------
	341,175	293,448
	======	======

Accounts payable to suppliers consist of amounts with an average maturity term of approximately 279 days (158 days as of December 31, 2023).

16. GOVERNMENT CONCESSIONS

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

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

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

Total annual installments of the concession:

	Years 5 to 15 2002 to 2012	Years 16 to 25 2013 to 2022	Years 26 to 35 2023 to 2032
Historical amounts:			
Minimum installment	120	120	120
Additional installment	-	12,510	20,449
Annual installment	120	12,630	20,569
Total installments	1,320	126,300	205,690
Monetarily adjusted installments	10,562	1,010,584	1,645,800

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

The changes in the concession balances are as follows:

	Consolidated	
	06.30.2024	06.30.2023
Opening balance	66,692	94,517
Appropriation of the grant installment	3,097	3,193
Disposals (a)	(27,351)	(28,868)
Interest (7.5% p.a.)	2,655	15,691
Monetary variation (IGP-M)	15,725	(1,079)
Balance to be due under the contract	60,818	83,454
Overdue installments (b)	232,271	136,126
Total	293,089	219,580
Current	(282,061)	(191,176)
Noncurrent	11,028	28,404

(a) The disposals represent the installments due monthly as provided for in the concession contract.

(b) In May 2023, the subsidiary CSA filed a lawsuit requesting the reestablishment of the economic balance of the concession contract, by replacing the monetary correction index defined in referred contract, so that the values of the UBP's are corrected by in accordance with the IPCA, and, determining, the amount paid in excess due to the application of such index during the period from 2013 to 2023.

As of June 30, 2024, the net book value of the property, plant and equipment related to the current concession is R$14,041 (R$114,759 as of December 31, 2023) (see note 10), considering CSA's equity interest in the investments for the construction of the Porto Estrela Hydroelectric Plant, located on the Santo Antônio River, 270 km from Belo Horizonte, with installed capacity of 112 MW. The plant began generation activities at the end of 2001.

17. LEASES PAYABLE

The breakdown of leases payable is as follows:

		Consolidated	
	Maturity	06.30.2024	12.31.2023
Properties	2024	1,180	67
SGUS (*)	2030	199,760	173,973
Properties – stores	2029	35,246	42,573
		236,186	216,613
Current		(52,253)	(49,098)
Noncurrent		183,933	167,515

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

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

The maturities of leases payable are as follows:

		2025				
	2024	Current	Noncurrent	2026	2027 a 2030	Total
Properties	386	358	358	179	-	1,281
SGUS	39,036	-	39,351	39,669	161,919	279,975
Properties – stores	8,229	7,034	6,224	9,318	10,134	40,939
Gross total	47,651	7,392	45,933	49,166	172,053	322,195
Adjust to present value	(2,271)	(519)	(6,355)	(10,502)	(66,362)	(86,009)
Total payable	45,380	6,873	39,578	38,664	105,691	236,186

Changes in the consolidated leases payable were as follows:

	06.30.2024				06.30.2023
	Properties	SGUS	Properties – stores	Total	Total
Balance at the beginning of the year	67	173,973	42,573	216,613	269,200
Additions (1)	1,303	-	4,499	5,802	23,317
Disposals (2)	-	-	(4,622)	(4,622)	(3,737)
Charges	31	-	1,578	1,609	12,941
Payments	(221)	-	(8,782)	(9,003)	(32,323)
Exchange variation	-	25,787	-	25,787	(15,885)
Balance at the end of the year	1,180	199,760	35,246	236,186	253,513

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

(2) Early termination of lease contract.

The effects on results of the periods ended June 30, 2024 and 2023 are as follows:

	06.30.2024			06.30.2023
	Properties	Properties – stores	Consolidated	Consolidated
Lease payments in the year	221	4,782	9,003	32,323
PIS and COFINS recovered	-	(813)	(813)	(1,071)
Amortization of right-of-use assets	(197)	(7,123)	(7,320)	(13,029)
PIS and COFINS on amortization	-	665	665	880
Interest net	(31)	(1.578)	(1,609)	(5,038)
PIS and COFINS on interest	-	148	148	191
Disposals, net	-	20	20	296
Sublease cash receipts	-	-	-	(13,900)
Total effects with the application of IFRS 16	7	101	94	652

18. INCOME TAX AND OTHER TAXES

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

	06.30.2024				
	SGPSA (Parent Co.)	CSA consolidated	SGUS	Others (1)	Consolidated
Income (loss) from operations before taxes	(336,544)	(339,970)	5,735	334,334	(336,445)
Equity in subsidiaries	334,827	1,847	-	(334,827)	1,847
Other	-	17	-	-	17
Income tax basis	(1,717)	(338,106)	5,735	(493)	(334,581)
34% income tax rate	584	114,956	(1,950)	168	113,758
Unrecognized tax credits	(584)	(114,956)	1,950	(168)	(113,758)
Others	-	(99)	-	-	(99)
Total income taxes	-	(99)	-	-	(99)

	06.30.2023				
	SGPSA (Parent Co.)	CSA consolidated	SGUS	Others (1)	Consolidated
Income (loss) from operations before taxes	(667,347)	(534,502)	(114,738)	664,546	(652,041)
Equity in subsidiaries	664,903	-	-	(664,903)	-
Investment support	-	(1,004)	-	-	(1,004)
Permanent differences from foreign subsidiaries	-	-	(25)	-	(25)
Other	-	270	-	-	270
Income tax basis	(2,444)	(535,236)	(114,763)	(357)	(652,800)
34% income tax rate	832	181,980	39,019	121	221,952
Unrecognized tax credits	(832)	(182,033)	(53,937)	(121)	(236,923)
Others	-	(335)	-	-	(335)
Total income taxes	-	(388)	(14,918)	-	(15,306)
Income taxes – current	-	(338)	(26)	-	(364)
Income taxes – deferred	-	(50)	(14,892)	-	(14,942)

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

b. Deferred income and social contribution taxes

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

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

Deferred income and social contribution taxes are composed as follows:

	12.31.2023	Recognized in the statement of operations	Exchange rate variations	06.30.2024
Assets:				
Temporary differences (CSA – Brazil) (1) (p)	16,783	-	-	16,783
Net operating losses (SGPSA – Brazil) (a)	1,905	-	-	1,905
	18,688	-	-	18,688
Deferred tax liabilities:				
Investment properties (CSA – Brazil) (1) (p)	(117,738)	(140,641)	-	(258,379)
Hyperinflationary adjustment (CSA – Argentina) (1) (p)	(593)		(10)	(603)
Total deferred taxes, net	(99,643)	(140,641)	(10)	(240,294)
Noncurrent assets (sum of a)	1,905	-	-	1,905
Noncurrent liabilities (sum of p)	(101,548)	(140,641)	(10)	(242,199)

On June 30, 2024, the Company had net operating losses of R$139,094 (R$140,916 as of December 31, 2023) and social contribution tax losses of R$139,094 (R$140,917 as of December 31, 2023), whose tax assets were not recognized in the interim financial statements.

(1) Deferred taxes of subsidiary CSA:

Deferred tax assets:

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

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

	Consolidated		
Year	Temporary differences	Operating losses	CSA consolidated
2025	3,766	-	3,766
2027 and thereafter	13,017	-	13,017
	-----------	-----------	-----------
	16,783	-	16,783
	======	======	======

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

As of June 30, 2024, the subsidiary CSA had net operating losses of R$2,501,135 (R$2,278,711 as of December 31, 2023) and social contribution tax losses of R$2,509,546 (R$2,278,137 as of December 31, 2023), whose tax assets were not recognized in the interim financial statements. As of June 30, 2024, the indirect subsidiary AMMO had net operating losses of R$705,313 (R$615,912 on December 31, 2023) and social contribution tax losses of R$705,342 (R$615,940 on December 31, 2023) whose tax assets were not recognized in the interim financial statements.

Deferred tax liabilities – investment properties:

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

	Investment properties			Investment properties		
	São Gonçalo					
	Business complex (9.1)	Residential complex (9.2)	Vinhedo (9.3)	Montes Claros (9.4)	João Pessoa (9.5)	Total
Fair value	382,634	49,382	64,389	369,804	204,032	1,070,241
Total residual cost	(112,050)	(1,529)	(63,800)	(86,637)	(46,283)	(310,299)
	----------	----------	----------	----------	----------	----------
Surplus/added value	270,584	47,853	589	283,167	157,749	759,942
	----------	----------	----------	----------	----------	----------
Income and social contribution taxes liability on surplus/added value (34%)	91,998	16,269	200	96,277	53,635	258,379
	======	======	======	======	======	======

(2) Deferred taxes of subsidiary SGUS:

On June 30, 2024, subsidiary SGUS had R$1,319,772 in tax losses (R$1,319,772 at December 31, 2023) whose tax assets were not recognized in the financial statements.

Temporary differences are fully deductible from taxable income and have no deadline for utilization. The net operating tax losses are also fully deductible, but the federal losses will expire between 2024 and 2034 and the state losses will expire between 2024 and 2034.

c. Recoverable taxes

	Consolidated	
	06.30.2024	12.31.2023
ICMS (state VAT)	17,640	15,909
Income and social contribution taxes prepayments	19,190	18,051
Recoverable PIS and COFINS (*)	12,630	20,036
IVA – Gross proceeds (Argentina)	1,608	1,263
IPTU credit	7,448	7,219
Other recoverable taxes	553	409
	59,069	62,887
Current	(46,368)	(45,828)
Noncurrent	12,701	17,059

(*) The consolidated balance includes credits from purchases and amounts related to credits resulting from the elimination of ICMS from the PIS and COFINS calculation basis, and are being offset against Federal tax liabilities.

d. Taxes due - installments

Taxes due - installments are adjusted based on SELIC rate and are as follows:

	Consolidated	
	06.30.2024	12.31.2023
State Installments	113,815	103,323
Federal Installments	266,258	269,424
Others Installments	9,111	8,749
	389,184	381,496
Current	(109,508)	(103,316)
Noncurrent	279,676	278,180

The maturities of the taxes-installments are as follows:

		2025				
	2024	Current	Noncurrent	2026	2027 to 2032	Total
State Installments	19,101	15,001	15,830	20,300	43,583	113,815
Federal Installments	51,623	17,117	36,056	52,646	108,816	266,258
Others Installments	6,125	541	1,622	823	-	9,111
Total payable	76,849	32,659	53,508	73,769	152,399	389,184

The subsidiary CSA and the indirect subsidiary AMMO have current installments and requests for installments of taxes and contributions in arrears. The accounting classification considers the legal possibility of obtaining installments in accordance with applicable legislation and the respective number of installments, including fines and interest incurred.

19. MISCELLANEOUS ACCRUALS

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

The Company and its subsidiaries have tax, civil and labor claims, whose losses were estimated as possible in the amount of R$42,347, R$46,844 and R$2,710, respectively, (R$42,347, R$46,844 and R$2,710 respectively, on December 31, 2023). The main tax claims relate to infraction notices referring to: (i) disallowance of COFINS credits (R$7,877); (ii) imports of raw materials under the Drawback program (R$7,559); (iii) reversal of ICMS credit on electricity (R$6,978); (iv) ex-tariff IPI exemption (R$3,160); (v) Deferred ICMS on imports (R$1,612); (vi) ICMS ancillary obligations (R$705); (vii) Unrecognized invoices (R$1,448); and (viii) Financial Compensation for the Use of Water Resources - COFURH (R$1,301). The main labor lawsuits are related to labor claims of former employees and third parties. The main civil claims correspond to a writ of mandamus filed against the Electric Energy Trading Chamber (CCEE), in the amount of R$38,701, seeking to eliminate possible financial burdens arising from judicial decisions that determine the sharing of losses among power generators. The main labor claims correspond to labor claims by former employees and third parties.

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

	Consolidated	
	06.30.2024	12.31.2023
Tax litigation	44,119	41,877
Labor	78,582	31,078
Civil and others	5,692	5,461
	----------	----------
Total	128,393	78,416
	======	======
Escrow deposits	18,046	12,822
	=====	=====

Tax – The subsidiaries CSA and AMMO are plaintiffs in a lawsuit that aims to challenge the collection of the ICMS rate differential (DIFAL) due to the unconstitutionality of the collection through an Agreement, without a complementary law that enacts it, as well as for the non-compliance with the principle of annual and precedence of Law number190/2022 by the States. Includes provision for PIS COFINS supplementary credit.

Labor – The subsidiary CSA is the defendant in lawsuits from former employees and third parties. Following the consolidation of its industrial facilities and the closure of two plants, CSA underwent a significant workforce reduction, leading to a subsequent rise in labor-related lawsuits.

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

Changes in the consolidated accrual are as follows:

	12.31.2023	Additions	Disposals	Exchange variation	06.30.2024
Tax litigation	41,877	2,250	(8)	-	44,119
Labor	31,078	47,646	(149)	7	78,582
Civil and others	5,461	1,480	(1,258)	9	5,692
	78,416	51,376	(1,415)	16	128,393

	12.31.2022	Additions	Disposals	Exchange variation	06.30.2023
Tax litigation	4,524	15	(60)	-	4,479
Labor	11,064	2,062	(965)	(382)	11,779
Civil and others	5,213	398	(55)	(440)	5,116
	20,801	2,475	(1,080)	(822)	21,374

20. EMPLOYEE BENEFIT PLANS

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

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

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

The table below includes summarized information on the pension as of June 30,2024 and December 31, 2023:

	06.30.2024	31.12.2023
Components of net periodic benefit cost:		
Service cost	1,180	1,027
Interest cost, net	5,441	4,739
Net periodic benefit cost	6,621	5,766

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

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

	06.30.2024	12.31.2023
Pension plan obligations	139,545	121,533
Other employee benefit obligations	2,161	1,883
	------------	------------
Total employee benefit plans	141,706	123,416
Current (a)	(19,470)	(16,957)
	------------	------------
Noncurrent	122,236	106,459
	=======	=======

(a) Presented on caption "Payroll and related charges".

21. EQUITY

a. Capital

At the Extraordinary General Meeting held on May 29, 2024, the reverse stock split of the Company's shares was approved, in accordance with Article 12 of Law No. 6,404/76 and CVM Resolution No. 81/2022. The reverse split involved the total of 50,000,000 common shares, all registered, book-entry and with no par value, representing the entire share capital, at a ratio of 5 shares into 1 share of the same class. The transaction did not affect the total amount of the Company's share capital. As a result, from that date on, the share capital came to be represented by 10,000,000 common shares, all registered, book-entry and with no par value.

As of June 30, 2024, the subscribed and paid-in share capital is represented by 10,000,000 voting common shares (compared to 50,000,000 voting common shares as of December 31, 2023).

b. Dividends and realizable earnings reserve

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

c. Retained earnings reserve

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

d. Cumulative translation adjustments

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

e. Assets and liabilities valuation adjustments

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

22. RELATED-PARTY BALANCES AND TRANSACTIONS

	Receivable		Payable	
	06.30.2024	12.31.2023	06.30.2024	12.31.2023
Company:				
Coteminas S.A. – under Judicial Recovery	-	-	49,626	47,195
	----------	----------	----------	----------
	-	-	49,626	47,195
	======	======	======	======
Consolidated:				
Companhia de Tecidos Norte de Minas – Coteminas – under Judicial Recovery	147,131	195,406	-	-
Coteminas International Ltd.	13,479	15,777	-	-
Argentina branch	8	10	-	-
Santanense Argentina	13	6	-	-
	----------	----------	----------	----------
	160,631	211,199	-	-
	======	======	======	======

	Finance charges Income (expenses)	
	06.30.2024	06.30.2023
Company:		
Companhia Tecidos Santanense – under Judicial Recovery	-	(36)
	----------	----------
	-	(36)
	======	======
Consolidated:		
Companhia de Tecidos Norte de Minas – Coteminas – under Judicial Recovery	11,697	18,444
Companhia Tecidos Santanense – under Judicial Recovery	(114)	2,257
Coteminas International Ltd.	(4)	(7)
Encorpar Empreendimentos Imobiliários Ltda.	(9)	(12)
Econorte - Empr. Constr. Norte de Minas Ltda.	(97)	(12)
Seda S.A.	44	262
Parigi Imobiliária S.A.	-	(64)
	----------	----------
	11,517	20,868
	======	======

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

In the first six months of 2024, the subsidiary CSA supplied intermediate products to a related party, Companhia Tecidos Santanense – under Judicial Recovery (“CTS”), in the amount of R$1,524 (R$3,072 in the same period of 2023). The receivable balance related to these transactions is presented in note 5.

The subsidiary CSA and the indirect subsidiary AMMO have a lease agreement for the property where are located their distribution center and office. In the first semester of 2024, an amount of R$2,865 was recorded as rent between the companies, which was eliminated in CSA's consolidated income statement. (In the first quarter of 2023, the property belonged to Companhia de Tecidos Norte de Minas – Coteminas, under Judicial Recovery (“CTNM”), the parent company. The amount of R$2,865 was recorded as an expense in AMMO. See note no. 9.3.).

On June 30, 2024, the indirect subsidiary LAT Capital Ltd. had R$14,694 (R$10,975 as of December 31, 2023) in investments in foreign funds and deposit accounts, received from Coteminas International Ltd., a company under common control.

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

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

The management fees balances are described below:

	Company		Consolidated	
	06.30.2024	03.31.2023	06.30.2024	03.31.2023
Advisers	529	639	529	1,282
Statutory officers	-	-	1,426	1,296
Other directors	-	-	3,977	5,306
	-----------	-----------	-----------	-----------
	529	639	5,932	7,884
	======	======	======	======

23. FINANCIAL INSTRUMENTS

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

	Company		Consolidated	
	06.30.2024	12.31.2023	06.30.2024	12.31.2023
FINANCIAL ASSETS				
Amortized cost:				
Cash and cash equivalents	61	1	51,677	38,160
Marketable securities (c)	-	-	15,268	13,290
Accounts receivable	-	-	89,181	125,276
Other receivables	1,111	960	22,143	17,031
Marketable securities (nc)	-	-	4,372	8,632
Receivable – clients	-	-	3,442	3,466
Related parties	-	-	160,631	211,199
Escrow deposits	-	-	18,046	12,822
Others	-	-	27,831	24,945
FINANCIAL LIABILITIES				
Amortized cost:				
Loans and financing (c)	5,609	5,188	646,885	680,547
Debentures (c)	-	-	398,745	373,220
Suppliers	780	321	341,175	293,448
Government concessions (c)	-	-	282,061	242,201
Other accounts payable	-	-	41,633	52,159
Loans and financing (nc)	2,385	4,373	47,085	53,967
Related parties	49,626	47,195	-	-
Government concessions (nc)	-	-	11,028	19,337
Other obligations	-	-	18,140	16,005

(c) current
(nc) noncurrent

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

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

b) Fair value--The fair values of loans and financing and debentures are similar to their amortized cost recorded in the interim financial statements because they are indexed to floating interest rates (CDI and

IPCA), which accompany market rates. Considering the maturities of other financial instruments, the Company estimates that their fair values approximate book values.

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

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

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

The purpose of derivative transactions is always related to the elimination of market risks, identified in our policies and guidelines and, also, to the management of the volatility of financial flows. The measurement of efficiency and evaluation of results occurs throughout the life of the contracts. The monitoring of the impact of these transactions is analyzed quarterly by the Cash and Debt Management Committee where the mark-to-market of these transactions is discussed and validated. All derivative financial instruments are recorded at fair value in the Company’s interim financial statements. As of June 30, 2024 and December 31, 2023 there were no outstanding derivative financial instruments.

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

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

d.3.1) Exchange rate risk on foreign investments:

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

	06.30.2024				
	R$	$ARG	US$	$PYG	Exchange rate variation on foreign investments R$
Foreign investments:					
Coteminas Argentina	76,364	12,752,045	-	-	34,067
LAT Capital	16,566	-	3,422	-	2,177
Têxtil Guarani	1,249	-	-	1,693,986	123
SGUS	238,511	-	42,906	-	30,540
	332,690	12,752,045	46,328	1,693,986	66,907
Related parties:					
LAT Capital	(81,819)	-	(16,900)	-	(10,558)
SGUS	(251,130)	-	(51,872)	-	(32,342)
	(332,949)	-	(68,772)	-	(42,900)
Total of foreign investments net	(259)	12,752,045	(22,444)	1,693,986	24,007

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

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

Financial instruments	06.30.2024	12.31.2023
Accounts receivable	11,518	15,983
Suppliers	(7,630)	(7,254)
Loan and financing	(75,412)	(65,823)
Related parties	(925)	(703)
	-----------	-----------
Total exposure in Brazilian Reais	(72,449)	(57,797)
	======	======
Total exposure in equivalent thousands of US Dollars	(13,033)	(11,938)
	======	======

The sensitivity analysis of financial instruments, considering the US Dollar denominated cash flows, as of June 30, 2024, is shown below:

			Scenarios		
Maturity	Risk	Exposure value in thousands of US$	Probable	II	III
2024	US Dollar appreciation	533	22	768	1,514
2025	US Dollar appreciation	(13,566)	(2,006)	(21,361)	(40,716)
		-----------	-----------	-----------	-----------
		(13,033)	(1,984)	(20,593)	(39,202)
		======	======	======	======

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

d.4 – Commodities price risk (cotton)--This risk arises from the possibility of the Company and its subsidiaries may incur losses due to fluctuations in the price of cotton, its main raw material. A significant increase in cotton prices could lead to a rise in production costs, at levels and timing that the Company may not be able to pass on to consumers, thereby reducing its margins. In the first semester of 2024, the subsidiary CSA recorded a loss of R$6,270.

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

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

Interest rates swap contracts--Are presented and measured at fair value and are based on the cash flow of the loans denominated in foreign currency. Gains or losses are recorded under the “Financial expenses – interest” caption in the statements of operations. There were no interest rate derivatives in the periods ended June 30, 2024 and December 31, 2023.

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

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

	06.30.2024				12.31.2023
Description	Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	Payable
Loan Agreement -- Interest: 120.0% of CDI Counterpart: Banco Brasil S.A. Maturity: January/2024	-	-	-	-	77,943
Loan Agreement -- Interest: 100.0% of CDI Counterpart: Banco Brasil S.A. Maturity: December/2033	196,442	6,729	-	203,171	114,720
Loan Agreement -- Interest: 120.0% of CDI Counterpart: Banco Brasil S.A. Maturity: March/2029 (*)	-	-	-	-	84,177
Loan Agreement -- Interest: 100.0% of CDI Counterpart: Banco Brasil S.A. Maturity: December/2033	194,738	6,670	-	201,408	106,732
Loan Agreement -- Interest: 100.0% of CDI Counterpart: Banco Brasil S.A. Maturity: December/2033	58,670	2,009	-	60,679	57,516
(Refer to Note 13)				465,258	441,088
Loan Agreement -- Interest: CDI + 7.0% Counterpart: Banco BBM S.A. – CCB Maturity: January/2025	6,088	817	-	6,905	6,373
(Refer to Note 13)				6,905	6,373
Loan Agreement -- Interest: CDI + 4.9% Counterpart: Banco ABC do Brasil S.A. – CCE Maturity: December/2025	2,767	210	-	2,977	2,893
Loan Agreement -- Interest: CDI + 4.9% Counterpart: Banco ABC do Brasil S.A. – CCE Maturity: December/2025	1,676	125	-	1,801	1,752
Loan Agreement -- Interest: CDI + 4.9% Counterpart: Banco ABC do Brasil S.A. – CCE Maturity: December/2025	1,603	121	-	1,724	1,676
Loan Agreement -- Interest: CDI + 4.9% Counterpart: Banco ABC do Brasil S.A. – CCE Maturity: December/2025	1,603	121	-	1,724	1,676
(Refer to Note 13)				8,226	7,997
Loan Agreement -- Interest: CDI + 6.1% Counterpart: Banco Bradesco S.A. Maturity: July/2024	4,936	679	-	5,615	5,190
Loan Agreement --					

Description	06.30.2024 Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	12.31.2023 Payable
Interest: CDI + 6.3% Counterpart: Banco Bradesco S.A. Maturity: June/2027	26,384	3,629	-	30,013	27,882
Loan Agreement -- Interest: CDI + 6.3% Counterpart: Banco Bradesco S.A. Maturity: June/2027	10,744	1,705	-	12,449	11,529
(Refer to Note 13)				48,077	44,601
Loan Agreement -- Interest: CDI + 9.3% Counterpart: Banco Daycoval S.A. Maturity: October/2026	3,257	144	-	3,401	3,095
Loan Agreement -- Interest: CDI + 9.3% Counterpart: Banco Daycoval S.A. Maturity: October/2026	3,538	157	-	3,695	3,399
Loan Agreement -- Interest: CDI + 7.1% Counterpart: Banco Daycoval S.A. Maturity: October/2025	2,689	97	-	2,786	2,837
Loan Agreement -- Interest: CDI + 9.3% Counterpart: Banco Daycoval S.A. Maturity: October/2026	4,381	194	-	4,575	4,221
Loan Agreement -- Interest: CDI + 9.3% Counterpart: Banco Daycoval S.A. Maturity: October/2026	5,625	248	-	5,873	5,418
Loan Agreement -- Interest: CDI + 9.3% Counterpart: Banco Daycoval S.A. Maturity: October/2026	4,283	189	-	4,472	4,126
(Refer to Note 13)				24,802	23,096
Loan Agreement -- Interest: CDI + 5.6% Counterpart: Banco Santander S.A. Maturity: July/2024	1,105	68	-	1,173	2,741
(Refer to Note 13)				1,173	2,741
Loan Agreement -- Interest: CDI + 18% Counterpart: Banco Safra S.A. – CCB Maturity: July/2024 (*)	-	-	-	-	1,376
Loan Agreement -- Interest: CDI + 6.2% Counterpart: Banco Safra S.A. – CCB Maturity: February/2029	3,610	126	-	3,736	4,134
(Refer to Note 13)				3,736	5,510
Loan Agreement -- Interest: 3% of CDI Counterpart: Banco Fibra S.A. Maturity: June/2029	20,330	125	-	20,455	19,629
Loan Agreement -- Interest: 3% of CDI Counterpart: Banco Fibra S.A. Maturity: June/2029	1,269	8	-	1,277	-

Description	06.30.2024 Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	12.31.2023 Payable
(Refer to Note 13)				21,732	19,629
Loan Agreement -- Interest: CDI + 6.8% Counterpart: Banco Sofisa S.A. Maturity: November/2024	3,333	721	-	4,054	3,835
Loan Agreement -- Interest: CDI + 8.3% Counterpart: Banco Sofisa S.A. Maturity: February/2028 (*)	-	-	-	-	22,320
Loan Agreement -- Interest: CDI + 8.3% Counterpart: Banco Sofisa S.A. Maturity: February/2028 (*)	-	-	-	-	4,925
(Refer to Note 13)				4,054	31,080
Loan Agreement -- Interest: CDI + 9.1% Counterpart: Banco Pine S.A. Maturity: July/2024	149	22	-	171	158
(Refer to Note 13)				171	158
Loan Agreement -- Interest: CDI + 8.6% Counterpart: Banco Industrial do Brasil S.A. Maturity: June/2024	-	-	-	-	26,752
(Refer to Note 13)				-	26,752
Loan Agreement -- Interest: CDI + 3.9% Counterpart: Banco ABC do Brasil S.A. – CCE Maturity: December/2025	4,837	311	-	5,148	5,056
Loan Agreement -- Interest: CDI + 6.0% Counterpart: Banco ABC do Brasil S.A. Maturity: December/2025	2,246	149	-	2,395	2,455
Loan Agreement -- Interest: CDI + 6.3% Counterpart: Banco ABC do Brasil S.A. Maturity: December/2025	1,845	125	-	1,970	2,016
(Refer to Note 13)				9,513	9,527
Loan Agreement -- Interest: CDI + 8.9% Counterpart: Banco Luso Brasileiro S.A. Maturity: March/2027 (*)	-	-	-	-	10,388
(Refer to Note 13)				-	10,388
Loan Agreement -- Interest: CDI + 14.7% Counterpart: SFT Fundo de Investimento em direitos creditórios Maturity: September/2025	525	14	-	539	4,968
(Refer to Note 13)				539	4,968
Debêntures 5th series -- Interest: IPCA + 9.25% Counterpart: Diversos debenturistas Maturity: July/2031	117,333	24,851	(1,881)	140,303	141,150

Description	06.30.2024 Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	12.31.2023 Payable
				------------	------------
(Refer to Note 14)				140,303	141,150
	------------	-----------	------------	------------	------------
	686,006	50,364	(1,881)	734,489	775,058
	=======	=======	=======	=======	=======

(*) Contracts terminated in advance due to renegotiations.

The sensitivity analysis of the non-derivative financial instruments above, considering the scheduled payments of principal and interest as of June 30, 2024, is as follows:

Maturity	Risk	Principal average balance	Scenarios Probable	II	III
2024	Rate increase	191,436	11,882	22,539	24,702
2025	Rate increase	164,982	24,180	29,504	32,979
2026	Rate increase	117,579	15,276	17,192	18,820
2027	Rate increase	82,823	10,307	11,507	12,465
2028	Rate increase	57,389	7,279	8,075	8,713
2029	Rate increase	491,555	328,032	562,723	731,013
2030	Rate increase	450,980	46,162	69,218	83,346
2031	Rate increase	413,009	41,733	62,666	75,700
2032	Rate increase	371,126	37,748	56,548	68,360
2033	Rate increase	253,040	25,641	38,410	68,418
			======	======	======

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

d.6 – Credit risk--The Company is subject to credit risk on its cash and cash equivalents and marketable securities. This risk is mitigated by the policy of entering into transactions only with major financial institutions. The credit risk on accounts receivable is reduced due to the selectivity of customers and credit policy. The Company has a credit management system based on the combination of information originated by several departments of the Company, primarily sales, finance, accounting, legal and external sources that enable the credit and collection departments to establish credit limits for its customers that are approved by a credit committee.

d.7 – Liquidity risk management-- The Company presented the consolidated financial assets and liabilities, according to their cash flows, based on their approximate maturity date, and using nominal contractual interest rates, in its annual financial statements for the year ended December 31, 2023. As of June 30, 2024, there was no significant change in relation to the amounts disclosed in the annual financial statements.

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

The Company's net debt is as follows:

	Consolidated	
	06.30.2024	12.31.2023
Loans and financing	693,970	734,514
Debentures	398,745	373,220
Cash and cash equivalents	(51,677)	(38,160)
Marketable securities	(19,640)	(21,922)
Total net debt	1,021,398	1,047,652
Total equity	(764,048)	(724,519)
Total net debt and equity	257,350	323,133

24. SEGMENT INFORMATION

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

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

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

The sales made by the subsidiary CSA to the indirect subsidiary AMMO are excluded in the table below, in the Wholesale segment, so that only sales made to third parties and that coincide with the management of each business segment, Wholesale and Retail, are demonstrated. The performance evaluation of each segment does not include the sales made between the companies.

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

	06.30.2024			
	Wholesale	Retail	(*) Others unallocated	Total
Net revenues	89,1	113,0	-	202,1
Cost of goods sold	(83,8)	(57,1)	-	(140,9)
Idle costs and others	(82,1)	-	-	(82,1)
Gross profit	(76,8)	55,9	-	(20,9)
Selling, general and administrative expenses	(44,2)	(98,6)	(0,8)	(143,6)
Equity in subsidiaries	-	(1,8)	-	(1,8)
Other	(22,7)	0,3	0,5	(21,9)
Results of operations	(143,7)	(44,2)	(0,3)	(188,2)
Financial results	-	(40,3)	(107,9)	(148,2)
Loss before taxes	(143,7)	(84,5)	(108,2)	(336,4)
Depreciation and amortization	25,6	10,5	-	36,1

	06.30.2023			
	Wholesale	Retail	(*) Others unallocated	Total
Net revenues	166.1	173.4	-	339.5
Cost of goods sold	(128.4)	(83.7)	-	(212.1)
Idle costs and others	(125.8)	-	-	(125.8)
Gross profit	(88.1)	89.7	-	1.6
Selling, general and administrative expenses	(84.6)	(113.4)	(7.9)	(205.9)
Restructuring accrual	(42.9)	-	-	(42.9)
Other	(112.0)	(6.4)	(106.4)	(224.8)
Results of operations	(327.6)	(30.1)	(114.3)	(472.0)
Financial results (without exchange rate variations)	-	(38.5)	(138.7)	(177.2)
Exchange rate variations	-	(0.2)	(2.6)	(2.8)
Loss before taxes	(327.6)	(68.8)	(255.6)	(652.0)
Depreciation and amortization	29.5	16.0	2.2	47.7

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

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

	Consolidated	
	06.30.2024	06.30.2023
Net revenues (in millions of Reais):		
Bedding, tabletop and bath	85.0	159.7
Intermediate products	4.1	6.5
Retail	113.0	173.3
	202.1	339.5
Volume (in thousands of tons):		
Bedding, tabletop and bath	11.5	2.7
Intermediate products	0.6	0.6
	12.1	3.3

The Company has over 10,000 active clients in the wholesale segment as of June 30, 2024.

25. NET REVENUES

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

	Consolidated	
	06.30.2024	06.30.2023
OPERATING REVENUES:		
Gross revenues	256,692	429,587
Revenue deductions	(54,553)	(90,087)
NET REVENUES	202,139	339,500

26. EXPENSES BY NATURE

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

By nature:

	Consolidated	
	06.30.2024	06.30.2023
Cost of raw materials, goods and services acquired from third parties	(168,271)	(259,099)
Employees benefits	(128,974)	(153,420)
INSS	(14,321)	(22,419)
Depreciation and amortization	(36,107)	(47,666)
Finished goods and work in process inventory variations	(18,979)	(61,225)
Total by nature	(366,652)	(543,829)

By function:

	Consolidated	
	06.30.2024	06.30.2023
Cost of goods sold	(140,879)	(212,128)
Idle costs and others	(82,061)	(125,816)
Selling expenses	(89,267)	(133,635)
General and administrative expenses	(48,513)	(64,366)
Management fees	(5,932)	(7,884)
Total by function	(366,652)	(543,829)

27. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share was calculated as follows:

		06.30.2023	
	06.30.2024	With reverse split	Without reverse split
NET LOSS FOR THE YEAR	(336,544)	(667,347)	(667,347)
Weighted-average outstanding common shares	10,000,000	10,000,000	50,000,000
BASIC AND DILUTED LOSS PER SHARE (R$)	(33,6544)	(66,7347)	(13,3469)

In an Extraordinary General Meeting of the Company's shareholders, held on May 29, 2024, the consolidation of all shares issued by the Company was approved. For comparative purposes, the Company presents basic and diluted earnings per share for the period ended June 30, 2023, adjusted to reflect the reverse stock split as if it had occurred on that date.

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

28. SUBSEQUENT EVENTS

a) Loan and financing restructuring

Banco Daycoval – In September 2024, the subsidiary CSA renegotiated loan debts totaling R$26,074, with an annual interest rate of 1.5% + CDI and maturity set for April 2026.The loans are secured by: (i) guarantees from the Parent Company; and (ii) fiduciary assignment of real estate.

Banco Sofisa –. In November 2024, the subsidiary CSA and its guarantor renegotiated loan debts totaling R$4,062, with maturity to be settled by November 2029 and principal amortization starting in December 2025. The loan is secured by a guarantee and a pledge of properties.

The restructurings presented above are not reflected in these interim financial statements as of June 30, 2024.

b) Debentures - AMMO

On July 17, 2024, an agreement was signed between the debenture holder and the subsidiary AMMO, and other companies in the group to extend the maturity of the debentures and resolve disputes between the parties. In this agreement, in addition to new guarantees, including MMartan trademark, quarterly payments starting from December 2025 of fixed installments of R$3,750 until December 2029 were agreed upon, and payment of the outstanding balance by December 2029. Provided that certain agreed-upon conditions are met, there will be no interest on the principal, and if the payment of US$34,541 is made by December 2029, the remaining balance of the debt will be extinguished as a performance bonus, and the debentures will be subsequently canceled.

c) Other Subsequent Events

Store Closures - In 2024, in the context of operational restructuring and working capital adjustment, AMMO's management closed 33 owned stores (7 of which were closed in the first semester of 2024). Provisions for losses related to improvements in third-party properties, commercial spaces, and other fixed assets of these stores had already been accounted for as of December 31, 2023 (see notes 10 and 12).

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