




SPRINGS
GLOBAL

SGPS
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4Q23|2023 Results

January 24th, 2025

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Springs Global: Net revenue of R\$ 686 million in 2023

São Paulo, January 24th, 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 2023 net revenue of R\$ 686.4 million, with gross margin of 1.5%.

The highlights of Springs Global's performance in 2023 were:

Net Revenue: R\$ 686.4 million, -43.6% compared to 2022

Sell-out revenue^(b) from Retail: R\$ 635.5 million, -10.5% year-over-year (yoy)

Gross profit: R\$ 10.4 million, with gross margin of 1.5%, with a decrease of 11.8 p.p. compared to the previous year

Net revenue from Wholesale: R\$ 352.7 million, -57.9% year-over-year (yoy)

Additional provision: R\$ 262.2 million

Working capital: R\$ 58.8 million, a decrease of 79.3% year-over-year, with a 39.3% reduction in inventory and a 23.3% reduction in accounts receivable.

Income from operations (EBIT): R\$ -689.2 million, *versus* R\$ -249.7 million in 2022

Debt renegotiations in the first nine months of 2024 totaled R\$ 551 million.

Adjusted EBITDA^{(a),1}: - R\$ 325.8 million, *versus* - R\$ 159.5 million in 2022

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).



Judicial Recovery

On May 8, 2024, Springs Global 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 Coteminas S.A. - under judicial recovery (Coteminas) and other entities in the Group, claiming early maturity of the debt represented by the debentures issued by the indirect subsidiary Ammo Varejo S.A. - under judicial recovery (AMMO) on May 30, 2022. As a presumed consequence of the early maturity, ODERNES intends to enforce the shares issued by the indirect subsidiary AMMO, owned by the subsidiary Coteminas, and subsequently transfer all of these shares to Jericoacoara Participações S.A. for a nominal amount.

The subsidiary Coteminas, 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.

Furthermore, as previously 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)	R\$ million
Labor	106.1
Secured Debt	379.1
Unsecured Debt	344.7
Micro and Small Business	8.5
Not subject	597.7
Tax	410.5

	1,846.7
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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) companies’ liabilities restructuring, (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’ activities, 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 has been advancing negotiations with its creditors and providing documents related to its JRP with the goal of potentially holding a general meeting of creditors (“GMC”) in 2025. However, as of the approval date of the 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.

Subsequent Events

This section presents the main information in summary form. For complete information, please read Explanatory Note 28. SUBSEQUENT EVENTS of the Financial Statements for December 31, 2023

Operational Restructuring

In July 2023, in the context of restructuring its business plan, the subsidiary Coteminas signed an agreement with the workers' unions in Montes Claros, Blumenau and João Pessoa, to reduce the number of employees and their payment terms. With the aforementioned agreement, a reduction of 1,709 employees will occur within 90 days, and the subsidiary Coteminas will have 4,272 employees in Brazil. The estimated initial costs with fines and agreed benefits total approximately R\$ 42,929, and would be paid in up to 12 installments. In 2023, the costs related to these terminations amounted to R\$ 38,673. For cases of indirect termination, labor provisions were supplemented.

Between October 2023 and April 2024, within the scope of the workers' union agreements, subsidiary Coteminas included the termination of another 2,710 employees in its restructuring plan. Total dismissal costs, including fines and agreed benefits, amount to approximately R\$ 104.0 million, of which R\$ 81.7 million were included in the judicial recovery process.

In 2024, considering the increase in labor lawsuits from December 2023 to August 2024, subsidiary Coteminas supplemented the accrual balance for labor claims by approximately R\$ 52.2 million which is not reflected in the financial statements.

On April 2, 2024, the Company disclosed a material fact regarding the consolidation of the manufacturing facilities of the subsidiary Coteminas, involving the deactivation of two industrial plants and, consequently, making these plants available for sale or lease. The accounting impacts of these measures will only be reflected in the March 2024 financial statements, classified as "Investment Properties."

The fair value of these manufacturing units, determined in an appraisal report by Mercatto, excluding machines and equipment that will be made available for sale, is R\$ 510.1 million, with an increase in equity of R\$ 274.8 million, net of the income tax provision.

In 2024, in the context of operational restructuring and working capital adjustment, management of the indirect subsidiary AMMO decided to close 33 owned stores, currently ongoing. With this decision, the amounts related to improvements in leased properties and other fixed assets, as well as commercial points, became non-recoverable, and, therefore, an impairment loss was accrued in the amount of R\$ 4.2 million and R\$ 5.7 million, respectively, already recognized in the financial statements.

Loan and financing restructuring

The restructurings presented are not reflected in the financial statements

Between January 1 and September 30, 2024, the subsidiary Coteminas entered into a settlement agreement, restructuring debts in the amount of (i) R\$ 499.8 million with Banco do Brasil, (ii) R\$ 3.6 million with Banco Safra, (iii) R\$ 26.1 million with Banco Daycoval, and (iv) R\$ 21.6 million with Banco Fibra.

In March 2024, the subsidiary Coteminas delivered the property in Acreúna as payment for the settlement of a loan with Banco Luso Brasileiro in the amount of R\$ 11.3 million, with an option to repurchase the property and a right of first refusal. With this transaction, the loans with the bank were fully settled. This operation resulted in a loss of R\$ 19.1 million. Additionally, the subsidiary Coteminas delivered properties as payment for partial settlement of loans with Banco Sofisa in the amount of R\$ 27.9 million. This operation resulted in a gain of R\$ 25.8 million.

In March 2024, the Parent company Companhia Tecidos Norte de Minas - under judicial recovery (CTNM) entered into a settlement agreement with the Municipality of Blumenau and Banco Bradesco through the expropriation of property, receiving R\$22.0 million, as follows: (i) Labor Court of Blumenau (R\$ 11.3 million); (ii) Banco Bradesco (R\$ 2.0 million); and (iii) Coteminas (R\$ 8.8 million).

In May 2024, some companies of the Group (CTNM, Encorpar Empreendimentos Imobiliários - under judicial recovery and Seda S.A.), which own real estate, delivered certain properties to settle loans with Banco Industrial do Brasil, totaling R\$ 64.3 million (R\$ 21.6 million in loans from the subsidiary Coteminas).



Debentures AMMO

In December 2023, for non-compliance with certain non-monetary contractual clauses, the debenture holder Ordenes sent correspondence to its indirect subsidiary AMMO and the subsidiary Coteminas, notifying both that a breach of contractual clauses had been verified, and that it could request the early maturity of the debentures, but did not do so.

In February 2024, addendums to the guarantee contracts and the deed of the debentures issued by the indirect subsidiary AMMO were signed, providing additional guarantees, and in exchange for these additional guarantees, an additional period of one year was granted for the debenture holder, indirect subsidiary AMMO, and subsidiary Coteminas to find a solution for the settlement of the debentures.

On May 8, 2024, the Company and the indirect subsidiary AMMO disclosed a material fact about the notification sent by the debenture holder Ordenes, claiming early maturity and the consequent execution of guarantees demanding the consolidation of ownership of the shares issued by the indirect subsidiary AMMO.

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

In this context, to ensure the preservation of business activities and assets of the Companies and their subsidiaries, which would be subject to irreparable harm, the subsidiary Coteminas, together with other companies in the group, requested Judicial Recovery on May 6, 2024, and obtained a preliminary grant of their requests.

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 million 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.

Stock Consolidation

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 at a ratio of 5 shares for 1 share of the same kind without modifying the value of its Capital.



Consolidated Performance

Revenue

The consolidated net revenue reached R\$ 686.4 million in 2023, 43.6% lower yoy.

The Bedding, Tabletop and Bath^(c) line was responsible for 49% of 2023 revenue, and intermediate products^(d) for 2%. The Retail revenue contributed 49% of total revenue in 2023.

Revenues from the Bedding, Tabletop and Bath line amounted to R\$ 339.7 million in 2023, 48.6% lower than the previous year, with a 58.7% decrease in sales volume. Revenues from intermediate products were R\$ 13.3 million in 2023, 92.5% lower yoy.

Retail net revenue totaled R\$ 333.7 million, a 12.3% decrease yoy. Retail sell-out revenue (GMV)^(d) amounted to R\$ 635.5 million in 2023, a 10.5% decrease yoy.

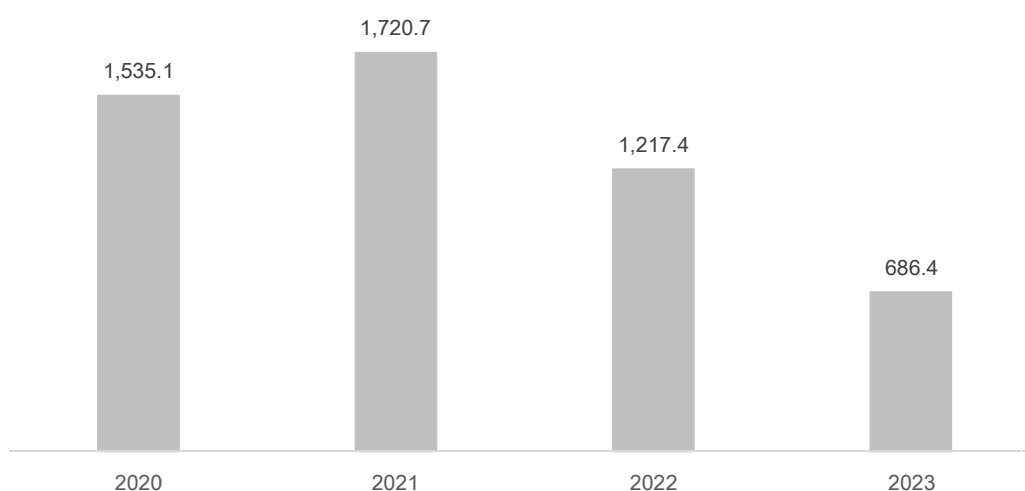


Chart 1 – Net Revenue, in R\$ million

In 4Q23, consolidated net revenue reached R\$ 181.5 million, an 18.3% decrease compared to the fourth quarter of 2022 (4Q22). Revenue from Cameba totaled R\$ 101.8 million in 4Q23, remaining stable compared to the same period of the previous year, while revenue from intermediate products amounted to R\$ 4.1 million, a 74.7% decrease yoy. Retail net revenue totaled R\$ 75.5 million, a decline of 29.3% yoy.

The retail sell-out revenue (GMV) totaled R\$ 153.1 million in 4Q23, a 26.1% decrease yoy.

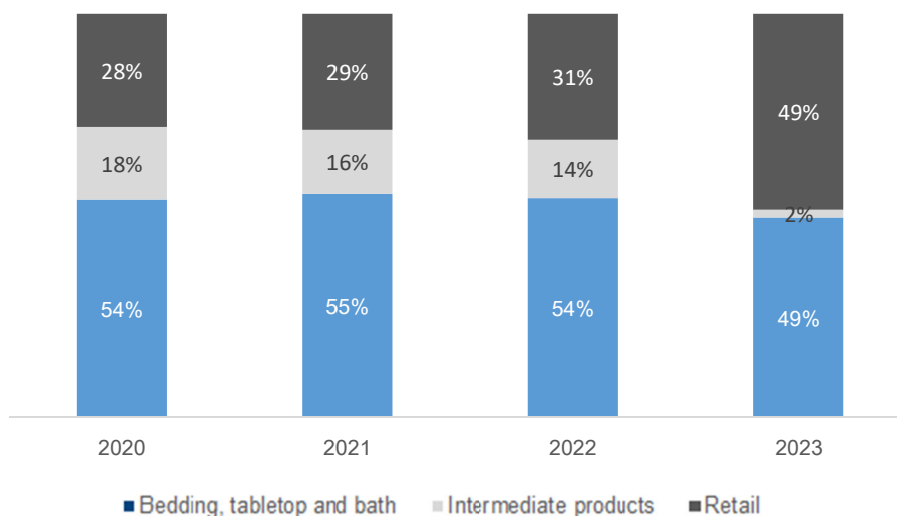


Chart 2 – Revenue per product line

Costs and Expenses

Cost of goods sold (COGS) was R\$ 454.6 million in 2023, with a yoy decrease of 48.3%, mainly due to lower sales, representing 66.2% of net revenue, versus 72.3% in 2022.

The main raw materials are cotton and polyester that, together with chemicals, packaging and trims, are included in materials costs, which amounted to R\$ 153.8 million in 2023, 67.9% lower yoy.

The conversion of raw materials into finished goods requires, mainly, labor, electricity, and other utilities, designated as conversion costs and others, which reached R\$ 244.5 million in 2023, with a 27.8% decrease yoy,

Part of the conversion cost was classified as idle cost, due to the scheduled stoppages in some manufacturing units in 2022 and 2023. 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 and, therefore, are not considered in the cost of finished products, accounted for in “inventories”, and, hence, without impact on the Company's future results. The idle costs and other totaled R\$ 221.4 million in 2023, compared to R\$ 175.1 million in 2022.

Depreciation costs of production and distribution assets totaled R\$ 56.3 million in 2023, with a 9.5% decrease yoy.

Regarding operational expenses, selling expenses reached R\$ 247.5 million in 2023, 21.7% lower yoy, representing 36.0% of net revenue, compared to 26.0% in 2022, primarily due to the decrease in sales. General and administrative expenses (G&A) amounted to R\$ 143.0 million in 2023, and equivalent to 20.8% of net revenue, versus 12.4% in the same period of the previous year.

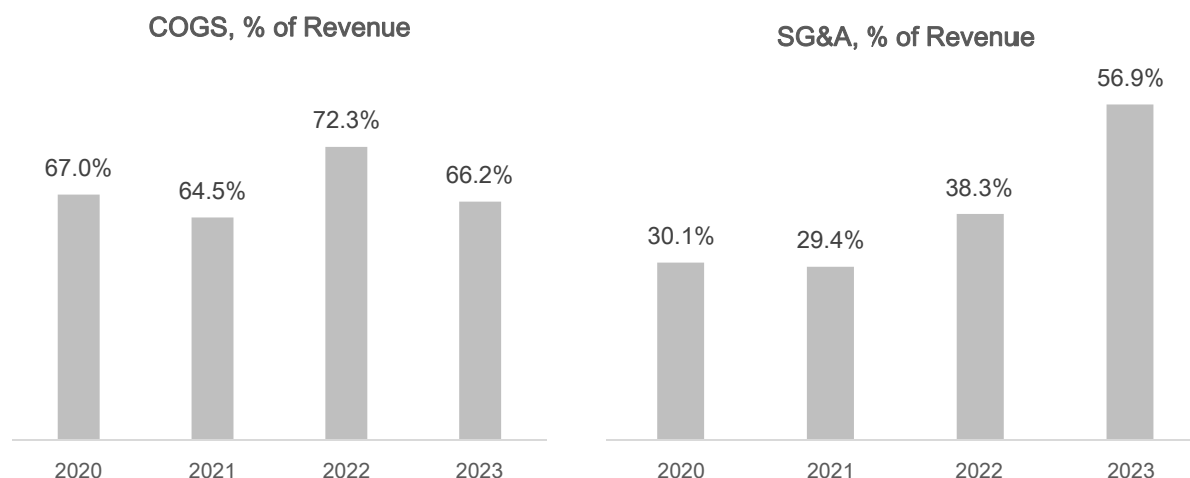


Chart 3 – COGS and SG&A, as % of net revenue

Cost of goods sold (COGS) amounted to R\$ 136.4 million in 4Q23, a 15.2% decrease compared to the same period in 2022, representing 75.2% of net revenue versus 72.4% in 4Q22.

Material costs totaled R\$ 37.9 million in 4Q23, a 36.5% decline yoy, while conversion and other costs reached R\$ 84.1 million, remaining stable yoy. Idle costs and others amounted to R\$ 42.5 million in 4Q23, compared to R\$ 98.4 million in 4Q22.

Depreciation of production and distribution assets totaled R\$ 14.4 million in 4Q23, 7.1% lower than in 4Q22.

Regarding operating expenses, selling expenses reached R\$ 66.8 million in 4Q23, a 23.7% yoy reduction, representing 36.8% of net revenue, compared to 39.4% in 4Q22. General and administrative (G&A) expenses totaled R\$ 36.5 million in 4Q23, equivalent to 20.1% of net revenue, versus 17.2% in the same period of the prior year.

Other, net

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

"Other, net" was a net expense of R\$ 273.4 million in 2023, compared to a net expense of R\$ 10.9 million in 2022. Miscellaneous provisions, including provisions for restructuring, and accounting write-offs totaled R\$35.7 million in 2023.

Springs Global US had a negative result of R\$ 126.8 million in 2023, including R\$ 107.6 million in provision for loss on investment in Keeco, compared to a negative amount of R\$ 13.9 million in 2022, before taxes.

Investment properties

Leasing revenue from the Power Center commercial development totaled R\$ 12.0 million in 2023 (R\$ 3.0 million in 4T23), versus R\$ 11.7 million in 2022 (R\$ 3.0 million in 4Q22).

The Company's investment properties were valued at R\$ 495.9 million, in the end of 2023 (R\$ 527.1 million in 2022) and include (i) the Commercial complex in São Gonçalo do Amarante (ii) the residential complex in São Gonçalo do Amarante; and (iii) real estate in Montes Claros. The Acreúna property, valued at R\$ 30.4 million was transferred from investment properties to held-for-sale.

In the last quarter of 2023, there was a positive change in fair value adjustment of R\$ 2.9 million, positively impacting the Company's results. In the same period of 2022, the positive change in fair value adjustment amounted to R\$ 65.3 million.



Other investments

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

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

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

Considering the exercise of the options, and the conversion of the preferred shares issued by Keeco Inc. into common shares, Springs Global US will have a participation of 5.13% in the total capital, which may be reduced to 4.51% in the event of the issuance of new bonus shares to eligible managers of Keeco Inc. (fully-diluted). With this transaction, Springs Global US equity participation is no longer for sale in the short term, pending the achievement of synergies. Accordingly, the Company has reclassified this investment, previously under the heading of "assets held for sale", to "other investments", measured at book cost and adjusted by the recovery value if there are indications of non-recoverability of this investment.

In 2023 and 2024, two capital increase events occurred at Keeco that impacted Springs Global US ownership participation in Keeco. In these two events, SGUS had the option to purchase additional shares of Keeco to avoid dilution ("preemptive rights"). SGUS decided not to buy these additional shares and saw its stake reduced from 4.51% to 0.8% of Keeco's common shares. In March 2024, Springs Global US received a revised forecast from Keeco for the year 2024 and noted a reduction in the adjusted EBITDA projection compared to previous years' projections. With this reduction, and with the aforementioned dilution, Company's management determined that it was necessary to recognize, as of June 30, 2023, an impairment loss in the amount of R\$ 107.6 million (US\$ 22.3 million) for this investment, and consequently, a write-off of the deferred tax asset in the amount of R\$ 14.9 million (US\$ 3.0 million).

On December 31, 2023, the amount of R\$ 7.1, equivalent to US\$ 1.5, was recorded under "Other investments" in noncurrent assets (R\$ 124.2, equivalent to US\$ 23.8, on December 31, 2022).

Financial indicators

Gross profit totaled R\$ 10.4 million in 2023, with gross margin of 1.5%, with a yoy decrease of R\$ 152.3 million, or 93.6% in gross profit and 11.8 p.p in gross margin.

Loss from operations was R\$ 689.2 million in 2023, with a increase of R\$ 439.5 million yoy, mainly due to the increase of R\$ 363.5 million in miscellaneous provisions and change in the fair value of property investment and the reduction of R\$ 152.3 million in gross profit.

In 4Q23, gross profit was R\$ 2.5 million, with a gross margin of 1.4%, while the loss from operations was R\$ 128.5 million.

Financial Indicators

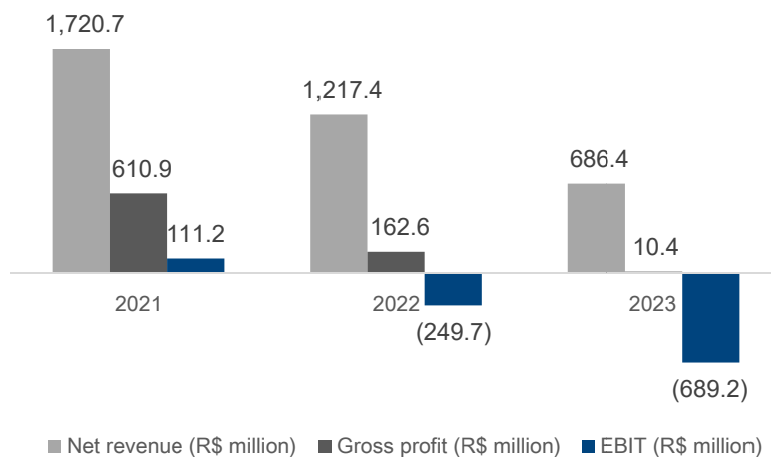


Chart 4 – Financial indicators, in R\$ million

Adjusted EBITDA was negative R\$ 325.8 million in 2023, versus negative R\$ 159.5 million in 2022. Adjusted EBITDA margin was -47.5%, versus -13.1% in 2022.

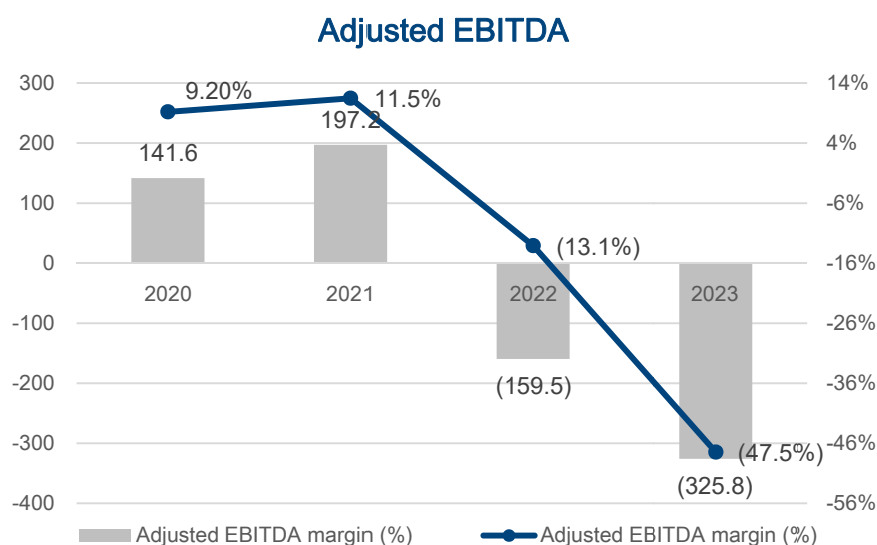


Chart 5 – EBITDA and EBITDA margin

Capital expenditures (Capex) totaled R\$ 10.5 million in 2023, versus R\$ 11.1 million in 2022.

The working capital needs amounted to R\$ 58.8 million at the end of 2023, 79.3%, or R\$ 224.7 million, lower yoy, mainly due to a decrease in inventories (R\$ 140.6 million) , in account receivable (R\$ 38.0 million) and in Advances to suppliers (R\$ 25.5 millions).

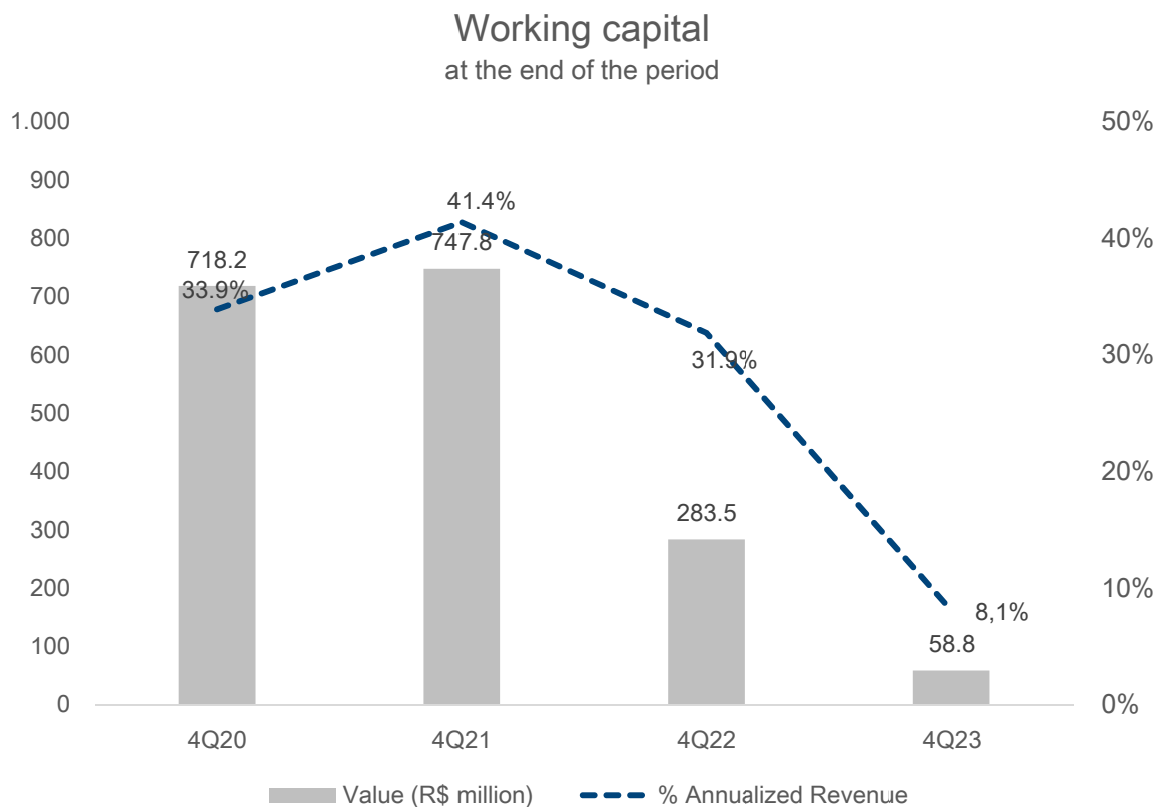


Chart 6 – Working capital, at the end of the period

Our adjusted net debt^(e) was R\$ 815.6 million as of December 31, 2023, versus R\$ 590.0 million as of December 31, 2022. In 2023, debt amortization was R\$ 195.1 million, and we obtained new loans or renewals totaling R\$ 169.0 million.

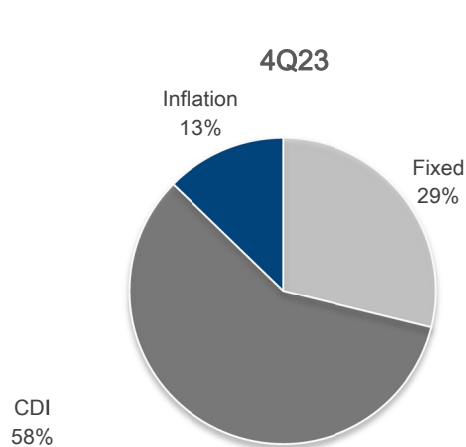


Chart 7 – Gross Debt by Indexer

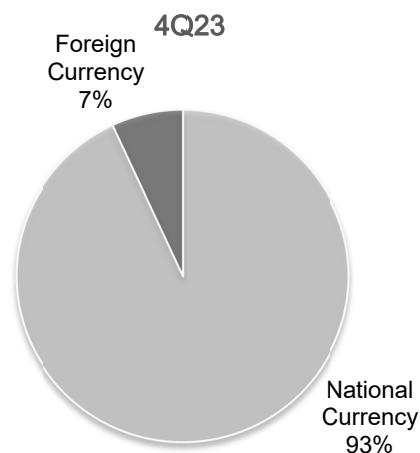


Chart 8 – Gross Debt by Currency



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\$ 308.8 million, were reclassified to current liabilities on the balance sheet as of December 31, 2023.

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\$ 122.5 million, were reclassified to current liabilities in the balance sheet as of December 31, 2023.

As of December 31, 2023, due to the non-compliance with certain obligations, the long-term installments of the debentures of the indirect subsidiary AMMO, in the amount of R\$ 232.1 million, were reclassified to current liabilities in the balance sheet. Except for the non-compliance with certain non-pecuniary obligation, AMMO is in compliance with its contractual obligations.

The financial result was an expense of R\$ 364.2 million in 2023, compared to an expense of R\$ 357.0 million in 2022.

In 4Q23, the financial result was an expense of R\$ 99.0 million, compared to an expense of R\$ 96.8 million in 4Q22.

We recorded a net loss of R\$ 1.1 billion in 2023, of which R\$ 224.8 million was in 4Q23, compared to a net loss of R\$ 630.8 million in 2022, of which R\$ 230.0 million was in 4Q22.



**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\$ 352.7 million in 2023, with a 57.9% yoy decrease due to lower sales volumes and sales mix.

COGS totaled R\$ 283.6 million in 2023, 58.5% lower yoy, mainly due to lower sales volume.

There was a reduction in the manufacturing operations in 2022 and 2023, with scheduled stoppages at the manufacturing units, resulting in idle cost and others equal to R\$ 175.1 million in 2022, and R\$ 221.4 million in 2023.

The gross loss totaled R\$ 152.3 million, a decrease of R\$ 131.0 million year-over-year. The gross margin was -43.2%, compared to -2.5% in 2022. SG&A expenses amounted to R\$ 142.7 million, a reduction of 38.0% yoy.

EBITDA was -R\$ 431.6 million in 2023, versus -R\$ 128.7 million in 2022. EBITDA margin was -122.4% in 2023, versus -15.4% in 2022.

In 2023, non-recurring, non-cash items were recorded, including: (i) R\$ 49.3 million provision for impairment of permanent assets; (ii) R\$ 27.3 million write-off of subsidiary's goodwill; (iii) R\$ 62.3 million write-off of judicialized receivables; and (iv) R\$ 2.9 million positive change in the fair value of investment properties (compared to R\$ 65.3 million in 2022).

Excluding these non-recurring items, adjusted EBITDA was negative R\$ 295.6 million in 2023, versus negative R\$ 158.9 million in 2022.

In 4Q23, net revenue totaled R\$ 105.9 million, compared to R\$ 115.4 million in 4Q22. Idle capacity costs reached R\$ 42.5 million, resulting in a gross loss of R\$ 29.3 million. EBITDA was negative R\$ 80.7 million in 4Q23, compared to negative R\$ 66.6 million in 4Q22. Excluding the aforementioned non-recurring, non-cash items, adjusted EBITDA was negative R\$ 41.2 million in 4Q23, compared to negative R\$ 96.8 million in 4Q22.

Retail

The sell-out revenue from the Retail business unit amounted to R\$ 635.5 million in 2023, 10.5% lower yoy. The sell-out revenue from physical stores totaled R\$ 564.9 million, consistent with previous year. E-commerce revenue totaled R\$ 70.6 million, representing 11.1% of our Retail sales, versus 20.6% in 2022, with a 51.8% yoy decrease.

At the end of 2023, we had 255 stores, of which 76 were owned and 179 franchises, versus 245 stores in 2022. In the last 12 months, we expanded the MMartan chain by eight stores and the Artex chain by two stores.

Categories excluding bed, table, and bath ("ex-cameba") accounted for 6.5% of sales (GMV) in 2023, compared to 7.6% in the previous year

Net revenue totaled R\$ 333.7 million in 2023, a decrease of 12.3% yoy. Cost of goods sold (COGS) amounted to R\$ 171.0 million in 2023, a decrease of 13.1% yoy, due to lower sales volume, representing 51.2% of net revenue, compared to 51.7% in 2022. Gross profit reached R\$ 162.7 million, with a gross margin of 48.8%.

Selling, general, and administrative expenses (SG&A) amounted to R\$ 232.3 million in 2023, compared to R\$ 218.5 million in the previous year. EBITDA was negative R\$ 42.4 million in 2023.

In 4Q23, net revenue totaled R\$ 75.5 million, a decrease of 29.3% yoy, with a gross margin of 42.1%. Sell-out revenue (GMV) reached R\$ 153.1 million in 4Q23, 26.1% lower than the same period in 2022. E-commerce revenue (GMV) amounted to R\$ 12.7 million, representing 8.3% of the retail sell-out (GMV), compared to 16.4% in 4Q22, a reduction of 62.8% yoy. SG&A totaled R\$ 66.0 million, in line with the previous year. EBITDA was negative R\$ 23.4 million in 4Q23

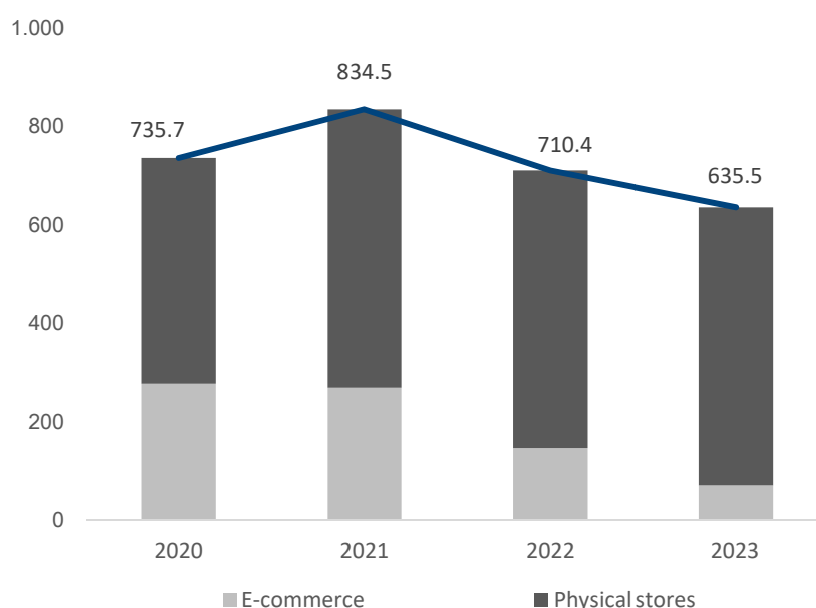


Chart 9 – Retail sell-out revenue, in R\$ million



Financial indicators

Tables

Table 1 – Net revenue by business unit

in R\$ million	4Q23	%	4Q22	%	(A)/(B)	2023	%	2022	%	(C)/(D)
	(A)		(B)		%	(C)		(D)		%
Wholesale	105.9	58%	115.4	52%	(8.2%)	352.7	51%	836.8	69%	(57.9%)
Retail	75.5	42%	106.8	48%	(29.3%)	333.7	49%	380.6	31%	(12.3%)
Total net revenue	181.5	100%	222.3	100%	(18.3%)	686.4	100%	1.217.4	100%	(43.6%)

Table 2 – Net revenue by product line

Product Lines	Net Revenue (R\$ million)			Volume (tons)			Average price (R\$/Kg)		
	4Q23	4Q22	(A)/(B)	4Q23	4Q22	(C)/(D)	4Q23	4Q22	(E)/(F)
	(A)	(B)	%	(C)	(D)	%	(E)	(F)	%
Bedding, tabletop and bath	101.8	99.1	2.7%	1.597	1.930	(17.3%)	63.7	53.2	19.9%
Intermediate products	4.1	16.2	(74.7%)	382	1.027	(62.8%)	10.7	16.3	(34.2%)
Retail	75.5	106.8	(29.3%)						
Total	181.5	222.3	(18.3%)	1.979	2.957	(33.1%)	91.7	52.4	75.0%

Product Lines	Net Revenue (R\$ million)			Volume (tons)			Average price (R\$/Kg)		
	2023	2022	(A)/(B)	2023	2022	(C)/(D)	2023	2022	(E)/(F)
	(A)	(B)	%	(C)	(D)	%	(E)	(F)	%
Bedding, tabletop and bath	339.4	660.5	(48.6%)	5.475	13.271	(58.7%)	62.0	49.8	24.6%
Intermediate products	13.3	176.3	(92.5%)	1.521	10.958	(86.1%)	8.7	16.1	(45.6%)
Retail	333.7	380.6	(12.3%)						
Total	686.4	1.217.4	(43.6%)	6.996	24.229	(71.1%)	98.1	50.2	95.3%

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

in R\$ million	4Q23	%	4Q22	%	(A)/(B)	2023	%	2022	%	(C)/(D)
	(A)		(B)		%	(C)		(D)		%
Materials	37.9	27.8%	59.7	37.1%	(36.5%)	153.8	33.8%	478.7	54.4%	(67.9%)
Conversion costs and others	84.1	61.7%	85.8	53.3%	(1.9%)	244.5	53.8%	338.8	38.5%	(27.8%)
Depreciation	14.4	10.6%	15.5	9.6%	(7.1%)	56.3	12.4%	62.2	7.1%	(9.5%)
COGS	136.4	100.0%	161.0	100.0%	(15.2%)	454.6	100.0%	879.7	100.0%	(48.3%)
COGS, % Revenues	75.2%		72.4%		2.8 p.p.	66.2%		72.3%		(6.0 p.p.)
Idle cost and others	42.5		98.4		0.6	221.4		175.1		26.5%
Sales expenses	66.8	64.7%	87.5	69.5%	(23.7%)	247.5	63.4%	316.0	67.7%	(21.7%)
General and administrative expenses	36.5	35.3%	38.3	30.5%	(4.8%)	143.0	36.6%	150.7	32.3%	(5.1%)
SG&A	103.3	100.0%	125.8	100.0%	(17.9%)	390.5	100.0%	466.7	100.0%	(16.3%)
SG&A, % Revenues	56.9%		42.4%		14.5 p.p.	56.9%		38.3%		18.6 p.p.

Table 4 – Reconciliation of EBITDA

in R\$ million	4Q23	4Q22	(A)/(B)	2023	2022	(C)/(D)
	(A)	(B)	%	(C)	(D)	%
Income (loss)	(224.8)	(230.0)	n.a.	(1065.9)	(630.8)	n.a.
(+) Income and social contribution taxes	(2.6)	22.8	n.a.	12.5	24.1	n.a.
(+) Financial results	99.0	96.8	2.2%	364.2	357.0	2.0%
(+) Depreciation and amortization	22.5	24.6	(8.4%)	92.8	98.2	(5.5%)
EBITDA	(105.9)	(85.8)	n.a.	(596.5)	(151.5)	n.a.
(-) Result from asset sale	9.2	(0.7)	n.a.	7.7	(2.4)	n.a.
(+) Provision for expected loss on doubtful accounts	0.1	17.4	n.a.	16.4	28.8	n.a.
(+) Provision for loss on inventory	(12.8)	23.8	n.a.	(12.8)	23.8	n.a.
(+) Provision for gains (losses) on assets	21.6	7.0	n.a.	156.9	7.0	n.a.
(+) Provision for restructuring	57.6	-	n.a.	105.3	-	n.a.
(-)Change in fair value of investment properties	-	(65.3)	n.a.	(2.9)	(65.3)	n.a.
Adjusted EBITDA	(30.2)	(103.5)	n.a.	(325.8)	(159.5)	n.a.

Table 5 – EBITDA per business unit and EBITDA margin

in R\$ million	4Q23	4Q22	(A)/(B)	2023	2022	(C)/(D)
	(A)	(B)	%	(C)	(D)	%
Wholesale	(80.7)	(66.6)	n.a.	(431.6)	(128.7)	n.a.
Retail	(23.4)	(16.3)	n.a.	(42.4)	(11.9)	n.a.
Non-allocated expenses	(1.7)	(2.9)	n.a.	(122.4)	(10.9)	n.a.
EBITDA	(105.9)	(85.8)	n.a.	(596.5)	(151.5)	n.a.
Adjusted EBITDA	(30.2)	(103.5)	n.a.	(325.8)	(159.5)	n.a.
<i>EBITDA Margin %</i>	<i>(58.4%)</i>	<i>(38.6%)</i>	<i>(1.4 p.p.)</i>	<i>(86.9%)</i>	<i>(12.4%)</i>	<i>(74.4 p.p.)</i>
<i>Adjusted EBITDA Margin %</i>	<i>(16.6%)</i>	<i>(46.5%)</i>	<i>(15.3 p.p.)</i>	<i>(47.5%)</i>	<i>(13.1%)</i>	<i>(34.4 p.p.)</i>

Table 6 – Financial Results

in R\$ million	4Q23	4Q22	(A)/(B)	2023	2022	(C)/(D)
	(A)	(B)	%	(C)	(D)	%
Financial income	18.5	25.8	(28.5%)	80.9	78.1	3.5%
Financial expenses - interests	(83.8)	(88.8)	(5.7%)	(309.2)	(280.5)	10.2%
Financial expenses - bank charges and others	(22.7)	(30.1)	(24.7%)	(107.2)	(124.1)	(13.6%)
Interest on leasing	(2.3)	(2.6)	(12.6%)	(9.3)	(11.3)	(18.4%)
Financial results, ex-exchange variations	(90.2)	(95.7)	(5.7%)	(344.9)	(337.9)	2.1%
Exchange rate variations, net	(8.7)	(1.1)	667.5%	(19.4)	(19.2)	1.1%
Financial results	(99.0)	(96.8)	2.2%	(364.2)	(357.0)	2.0%

Table 7 – Working Capital

in R\$ million	4Q23	3Q23	4Q22	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Accounts receivable	125.3	131.3	163.3	(4.6%)	(23.3%)
Inventories	217.5	265.0	358.1	(17.9%)	(39.3%)
Advances to suppliers	9.5	29.6	35.0	(68.0%)	(73.0%)
Suppliers	(293.4)	(273.1)	(273.0)	7.5%	7.5%
Working capital	58.8	152.7	283.5	(61.5%)	(79.3%)

Table 8 – Indebtedness

in R\$ million	4Q23	3Q23	4Q22	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Loans and financing	734.5	738.0	696.9	(0.5%)	5.4%
- Domestic currency	657.9	668.9	621.6	(1.6%)	5.8%
- Foreign currency	76.6	69.1	75.3	10.8%	1.8%
Debentures	373.2	364.5	338.5	2.4%	10.3%
Total debt	1.107.7	1.102.5	1.035.5	0.5%	7.0%
Cash and marketable securities	(60.1)	(105.8)	(259.4)	(43.2%)	(76.8%)
Net debt	1.047.7	996.7	776.1	5.1%	35.0%
Convertible debenture	(232.1)	(219.8)	(186.0)	5.6%	24.7%
Adjusted net debt	815.6	776.9	590.0	5.0%	38.2%

Table 9 – Main indicators - Wholesale business unit

in R\$ million	4Q23	3Q23	4Q22	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Net revenue	105.9	80.7	115.4	31.2%	(8.2%)
(-) COGS	(92.7)	(62.5)	(104.6)	48.3%	(11.4%)
(-) Idle cost and others	(42.5)	(53.1)	(98.5)	(19.9%)	(56.8%)
Gross profit	(29.3)	(34.9)	(87.7)	n.a.	n.a.
Gross Margin %	(27.7%)	(43.2%)	(76.0%)	15.5 p.p.	48.3 p.p.
(-) SG&A	(33.1)	(25.0)	(55.3)	32.4%	(40.1%)
(-) Provision for reestructuring	9.0	- 4.8	-	n.a.	n.a.
(+)Change in fair value of investment properties	2.9	-	65.3	n.a.	n.a.
(+/-) Others	(45.5)	(3.3)	(5.2)	1278.8%	n.a.
Operational result	(96.0)	(67.9)	(82.9)	n.a.	n.a.
(+) Depreciation and Amortization	15.3	15.2	16.3	0.7%	(6.1%)
EBITDA	(80.7)	(52.7)	(66.6)	n.a.	n.a.
EBITDA Margin %	(76.2%)	(65.4%)	(57.7%)	(10.8 p.p.)	(18.5 p.p.)

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

in R\$ million	2023	2022	(A)/(B)
	(A)	(B)	%
Net revenue	352.7	836.8	(57.9%)
(-) COGS	(283.6)	(683.0)	(58.5%)
(-) Idle cost and others	(221.4)	(175.1)	26.5%
Gross profit	(152.3)	(21.3)	n.a.
Gross Margin %	(43.2%)	(2.5%)	(40.6 p.p.)
(-) SG&A	(142.7)	(230.3)	(38.0%)
(-) Provision for restructuring	(38.7)	-	n.a.
(+) Change in fair value of investment properties	2.9	65.3	n.a.
(+/-) Others	(160.8)	(7.7)	n.a.
Operational result	(491.6)	(194.0)	n.a.
(+) Depreciation and Amortization	60.0	65.3	(8.1%)
EBITDA	(431.6)	(128.7)	n.a.
EBITDA Margin %	(122.4%)	(15.4%)	(107.0 p.p.)

Table 10 – Main indicators - Retail business unit

in R\$ million	4Q23	3Q23	4Q22	(A)/(B)	(A)/(C)
	(A)	(B)	(C)	%	%
Net revenue	75.5	84.8	106.8	(11.0%)	(29.3%)
(-) COGS	(43.7)	(43.6)	(56.3)	0.2%	(22.4%)
Gross profit	31.8	41.2	50.5	(22.8%)	(37.0%)
Gross Margin %	42.1%	48.6%	47.3%	(6.5 p.p.)	(5.2 p.p.)
(-) SG&A	(66.0)	(52.9)	(65.9)	24.8%	0.2%
(+/-) Others	4.5	0.3	(8.0)	n.a.	(156.3%)
Operational result	(29.7)	(11.4)	(23.4)	n.a.	n.a.
(+) Depreciation and Amortization	6.3	6.5	7.1	(3.1%)	(11.3%)
EBITDA	(23.4)	(4.9)	(16.3)	n.a.	n.a.
EBITDA Margin %	(31.0%)	(5.8%)	(15.3%)	(25.2 p.p.)	(15.7 p.p.)
Number of stores	255	254	245	0.4%	4.1%
Owned Mmartan and Casa Moysés	41	37	32	10.8%	28.1%
Franchise MMartan	114	113	115	0.9%	(0.9%)
Owned Artex	35	40	39	(12.5%)	(10.3%)
Franchise Artex	65	64	59	1.6%	10.2%
Gross Revenue sell-out	153.1	154.8	207.3	(1.0%)	(26.1%)
Physical stores	140.5	141.4	173.3	(0.7%)	(18.9%)
E-commerce sales	12.7	13.4	34.1	(5.2%)	(62.8%)
Share of e-commerce (%)	8.3%	8.6%	16.4%	(0.4 p.p.)	(8.1 p.p.)

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

in R\$ million	2023 (A)	2022 (B)	(A)/(B) %
Net revenue	333.7	380.6	(12.3%)
(-) COGS	(171.0)	(196.7)	(13.1%)
Gross profit	162.7	183.9	(11.5%)
<i>Gross Margin %</i>	<i>48.8%</i>	<i>48.3%</i>	<i>0.4 p.p.</i>
(-) SG&A	(232.3)	(218.5)	6.3%
(+/-) Others	(1.6)	(5.5)	(70.9%)
Operational result	(71.2)	(40.1)	n.a.
(+) Depreciation and Amortization	28.8	28.2	2.1%
EBITDA	(42.4)	(11.9)	n.a.
<i>EBITDA Margin %</i>	<i>(12.7%)</i>	<i>(3.1%)</i>	<i>(9.6 p.p.)</i>
Number of stores	255	245	4.1%
Owned Mmartan and Casa Moysés	41	32	28.1%
Franchise MMartan	114	115	(0.9%)
Owned Artex	35	39	(10.3%)
Franchise Artex	65	59	10.2%
Gross Revenue sell-out	635.5	710.4	(10.5%)
Physical stores	564.9	564.0	0.2%
E-commerce sales	70.6	146.5	(51.8%)
Share of e-commerce (%)	11.1%	20.6%	(9.5 p.p.)



Glossary

(a) EBITDA – EBITDA is a non-accounting measurement which we prepare and which is reconciled with our financial statement in accordance with 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.

Balance sheet

in R\$ million	4Q23	3Q23	4Q22
Assets			
Current assets	482.3	586.1	881.7
Cash and cash equivalents	38.2	75.0	225.4
Marketable securities	13.3	22.7	23.5
Accounts receivable	125.3	131.3	163.3
Financial leases receivable	15.7	16.2	16.7
Inventories	217.5	265.0	358.1
Advances to suppliers	9.5	29.6	35.0
Recoverable taxes	45.8	26.7	39.9
Other receivables	17.0	19.6	19.7
Noncurrent assets	1.554.7	1.622.0	1.813.5
Long-term assets	377.1	426.0	412.3
Marketable securities	8.6	8.1	10.4
Receivable - clients	3.5	4.6	16.1
Related parties	211.2	262.1	178.3
Financial leases receivable	70.0	74.4	83.6
Recoverable taxes	17.1	17.1	17.9
Deferred taxes	1.9	2.0	18.2
Property, plant and equipment held for sale	27.1	14.2	23.9
Escrow deposits	12.8	17.8	13.2
Others	24.9	25.6	50.6
Permanent	1.177.6	1.196.0	1.401.1
Investments in affiliates	13.8	-	-
Other Investments	7.1	7.4	124.2
Investment properties	495.9	524.0	527.1
Property, plant and equipment	517.4	481.0	522.4
Right-of-use assets	110.8	137.8	144.4
Intangible assets	32.5	45.9	83.0
Total assets	2.036.9	2.208.0	2.695.1

Balance sheet (continued)

in R\$ million	4Q23	3Q23	4Q22
Liabilities and Equity			
Current liabilities	1.940.0	1.546.5	1.333.5
Loans and financing	680.5	348.8	640.4
Debentures	373.2	364.5	17.8
Suppliers	293.4	273.1	273.0
Taxes	23.8	28.4	21.0
Payroll and related charges	122.3	97.5	96.8
Government concessions	242.2	212.2	56.3
Leases payable	49.1	58.2	59.8
Taxes - installments	103.3	90.5	94.8
Provision for restructuring	-	22.1	-
Other payables	52.2	51.2	73.8
Noncurrent liabilities	821.4	1.130.8	983.0
Loans and financing	54.0	389.3	56.5
Debentures	0.0	0.0	320.8
Leases payable	167.5	192.9	209.4
Government concessions	19.3	23.3	38.3
Employee benefit plans	106.5	114.7	114.6
Miscellaneous accruals	78.4	26.8	20.8
Deferred taxes	101.5	105.2	106.7
Taxes - installments	278.2	263.2	93.5
Other obligations	16.0	15.4	22.5
Equity	(724.5)	(469.2)	378.7
Capital	1.860.3	1.860.3	1.860.3
Capital reserves	79.4	79.4	79.4
Assets and liabilities valuation adjustment	129.0	137.3	137.3
Cumulative translation adjustment	(188.2)	(158.6)	(151.8)
Accumulated deficit	(2.604.9)	(2.387.5)	(1.546.4)
Total liabilities and equity	2.036.9	2.208.0	2.695.1

Income Statement

in R\$ million	4Q23 (A)	3Q23 (B)	4Q22 (C)	(A)/(B) %	(A)/(C) %
Gross revenues	223.9	219.6	326.6	1.9%	(31.5%)
Net revenues	181.5	165.5	222.3	9.7%	(18.3%)
Cost of goods sold	(136.4)	(106.1)	(161.0)	28.6%	(15.2%)
% of net sales	75.2%	64.1%	72.4%	11.0 p.p.	2.8 p.p.
Materials	(37.9)	(24.3)	(59.7)	56.0%	(36.5%)
Conversion costs and others	(84.1)	(67.6)	(85.8)	24.3%	(1.9%)
Depreciation	(14.4)	(14.2)	(15.5)	1.4%	(7.1%)
Idle cost and others	(42.5)	(53.1)	(98.4)	(19.9%)	(56.8%)
% of net sales	23.4%	32.1%	44.3%	(8.6 p.p.)	(20.9 p.p.)
Gross profit (loss)	2.5	6.3	(37.2)	n.a.	n.a.
% Gross Margin	1.4%	3.8%	(16.7%)	(2.4 p.p.)	18.1 p.p.
SG&A	(103.3)	(81.3)	(125.8)	27.0%	(17.9%)
% of net sales	56.9%	49.2%	56.6%	7.8 p.p.	0.3 p.p.
Selling expenses	(66.8)	(47.1)	(87.5)	41.9%	(23.7%)
% of net sales	36.8%	28.4%	39.4%	8.4 p.p.	(2.6 p.p.)
General and administrative expenses	(36.5)	(34.3)	(38.3)	6.5%	(4.8%)
% of net sales	20.1%	20.7%	17.2%	(0.6 p.p.)	2.9 p.p.
Change in fair value of investment properties	2.9	-	65.3	n.a.	(95.5%)
% of net sales	1.6%	0.0%	29.4%	1.6 p.p.	(27.8 p.p.)
Others, net:					
Provision for restructuring	9.0	(4.8)	-	n.a.	n.a.
% of net sales	5.0%	(2.9%)	0.0%	7.8 p.p.	5.0 p.p.
Write-off of judicialized receivables, net	0.0	-	-	n.a.	n.a.
% of net sales	0.0%	0.0%	0.0%	0.0 p.p.	0.0 p.p.
Subsidiary goodwill write-off	0.0	-	-	n.a.	n.a.
% of net sales	0.0%	0.0%	0.0%	0.0 p.p.	0.0 p.p.
Provision for impairment of fixed assets	(42.4)	-	(7.0)	n.a.	n.a.
% of net sales	(23.3%)	0.0%	(3.2%)	(23.3 p.p.)	(20.2 p.p.)
Provision for impairment of other investments	0.0	-	-	n.a.	n.a.
% of net sales	0.0%	0.0%	0.0%	0.0 p.p.	0.0 p.p.
Others, net	2.7	(8.9)	(5.6)	n.a.	n.a.
% of net sales	1.5%	(5.4%)	(2.5%)	6.9 p.p.	4.0 p.p.
Income (loss) from operations	(128.5)	(88.7)	(110.4)	n.a.	n.a.
% of net sales	(70.8%)	(53.6%)	(49.7%)	(17.2 p.p.)	(21.1 p.p.)
Financial result	(99.0)	(85.3)	(96.8)	16.1%	2.2%
Profit (loss) before taxes	(227.4)	(174.0)	(207.2)	n.a.	n.a.
Income and social contribution taxes	2.6	0.2	(22.8)	n.a.	n.a.
Net income (loss)	(224.8)	(173.8)	(230.0)	n.a.	n.a.
% of net sales	(123.9%)	(105.0%)	(103.5%)	(18.9 p.p.)	(20.4 p.p.)

Income Statement (continued)

in R\$ million	2023 (A)	2022 (B)	(A)/(B) %
Gross revenues	873.1	1.662.4	(47.5%)
Net revenues	686.4	1.217.4	(43.6%)
Cost of goods sold	(454.6)	(879.7)	(48.3%)
% of net sales	66.2%	72.3%	(6.0 p.p.)
Materials	(153.8)	(478.7)	(67.9%)
Conversion costs and others	(244.5)	(338.8)	(27.8%)
Depreciation	(56.3)	(62.2)	(9.5%)
Idle cost and others	(221.4)	(175.1)	26.5%
% of net sales	32.3%	14.4%	17.9 p.p.
Gross profit	10.4	162.6	(93.6%)
% Gross Margin	1.5%	13.4%	(11.8 p.p.)
SG&A	(390.5)	(466.7)	(16.3%)
% of net sales	56.9%	38.3%	18.6 p.p.
Selling expenses	(247.5)	(316.0)	(21.7%)
% of net sales	36.0%	26.0%	10.1 p.p.
General and administrative expenses	(143.0)	(150.7)	(5.1%)
% of net sales	20.8%	12.4%	8.5 p.p.
Change in fair value of investment properties	2.9	65.3	(95.5%)
% of net sales	0.4%	5.4%	(4.9 p.p.)
Others, net:			
Provision for restructuring	(38.7)	-	n.a.
% of net sales	(5.6%)	0.0%	(5.6 p.p.)
Write-off of judicialized receivables, net	(62.6)	-	n.a.
% of net sales	(34.5%)	0.0%	(34.5 p.p.)
Subsidiary goodwill write-off	(27.3)	-	n.a.
% of net sales	(15.0%)	0.0%	(15.0 p.p.)
Provision for impairment of fixed assets	(49.3)	(7.0)	n.a.
% of net sales	(7.1%)	(4.3%)	(22.9 p.p.)
Provision for impairment of other investments	(107.6)	-	n.a.
% of net sales	(59.3%)	0.0%	(59.3 p.p.)
Others, net	(26.5)	(3.9)	n.a.
% of net sales	(3.9%)	(0.3%)	(3.5 p.p.)
Income from operations	(689.2)	(249.7)	n.a.
% of net sales	(100.4%)	(20.5%)	(79.9 p.p.)
Financial result	(364.2)	(357.0)	2.0%
Profit (loss) before taxes	(1.053.5)	(606.7)	n.a.
Income and social contribution taxes	(12.5)	(24.1)	n.a.
Net income (loss)	(1.065.9)	(630.8)	n.a.
% of net sales	(155.3%)	(51.8%)	(103.5 p.p.)

Cash Flow Statement

in R\$ million	2023	2022
Cash flows from operating activities		
Net income (loss) for the period	(1065.9)	(630.8)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	92.8	98.2
Equity in affiliate	(0.0)	-
Change in fair value of investment properties	(2.9)	(65.3)
Provision for expected loss on doubtful accounts	16.4	28.8
Income and social contribution taxes	12.5	24.1
Provision for impairment of fixed assets	49.3	7.0
Provision for impairment of other investments	107.6	-
Provision for loss in inventory	(12.8)	23.8
Result on disposal of property, plant and equipment	5.2	(2.4)
Write-off of judicialized receivables, net	62.6	-
Subsidiary goodwill write-off	27.3	-
Provision for restructuring	38.7	-
Provision for tax, civil, and labor liabilities	66.6	-
Tax Recovery	(33.3)	-
Monetary variation	3.1	7.3
Exchange rate variations	19.4	19.2
Bank charges and interests, net	324.2	316.9
Interest on leases	9.3	11.3
	(280.1)	(161.8)
Changes in assets and liabilities		
Marketable securities	1.9	(7.1)
Accounts receivable	1.1	215.0
Inventories	112.5	115.7
Advances to suppliers	3.6	3.2
Recoverable taxes	(5.1)	47.9
Suppliers	21.1	17.4
Taxes - installments	88.5	56.8
Others	70.6	1.3
Net cash provided by (used in) operating activities	14.1	288.5
Interest paid on loans	(57.3)	(134.2)
Commissions and bank charges paid on loans	(27.5)	(40.7)
Income and social contribution taxes received (paid)	(0.2)	(1.2)
Net cash provided by (used in) operating activities after interest and taxes	(70.9)	112.5
Cash flows from investing activities		
Investment properties	(0.2)	(2.4)
Property, plant and equipment	(10.5)	(11.1)
Intangibles	(1.1)	(1.0)
Assets held for sale	-	(8.6)
Proceeds from sales of property, plant and equipment	7.1	1.0
Loans between related parties	(65.9)	(32.3)
Net cash provided by (used in) investing activities	(70.6)	(54.4)
Cash flows from financing activities		
Proceeds from new loans, net of prepaid fees	174.4	391.9
Repayment of loans	(195.1)	(406.3)
Repayment of leases	(35.0)	(37.2)
Net cash provided by (used in) financing activities	(55.7)	(51.6)



in R\$ million	2023	2022
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiaries	9.9	19.3
Increase (decrease) in cash and cash equivalents	(187.3)	25.7
Cash and cash equivalents:		
At the beginning of the period	225.4	199.8
At the end of the period	38.2	225.4

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.



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