

Video Conference (English Transcription)
Earnings Release 3Q25
Vulcabras (VULC3)
October 31th, 2025

Operator: Good morning ladies and gentlemen. Welcome to the Vulcabras Video Conference to discuss the results for 3Q25.

I would like to go through some instructions before starting.

This Video Conference will be held exclusively in Portuguese. The transcript of the event in English will later be made available on the Company's IR website. The video and presentation of this Video Conference will be published on the Company's website www.vulcabrasri.com and on the CVM after the market closes.

Please be advised that all participants will only be listening to the Video Conference during the presentation and then We will start the Q&A session when further instructions will be provided.

Please be advised that forecasts about future events are subject to risks and uncertainties that could cause such expectations not to materialize or to differ from expectations. These forecasts express an opinion only on the date they are made and the Company does not undertake to update them.

Present with us today are Mr. Pedro Bartelle CEO and Wagner Dantas, CFO and Investor Relations Officer.

Now we are going to watch an institutional video and in the sequence we return with Mr. Pedro Bartelle

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Mr. Pedro Bartelle

Vulcabras ended the third quarter of 2025 with another historic milestone, reaching Gross Operating Revenue (GOR) of R\$ 1.1 billion in a single quarter. The 21st consecutive quarter of growth represents the highest quarterly revenue ever recorded in the Company's history and reflects the strength of its business model, the continued strengthening of its brands, and sustained operational efficiency over time.

Among the highlights of the period, Olympikus remains a leading player in the domestic running market, with the Corre line consolidating its position as a benchmark in technology, performance, and accessibility. Under Armour, in turn, recorded the best quarter of its operation in Brazil, driven by the Training and Running Inspired categories.

Mizuno maintained its growth pace, strengthening its presence in the high-performance segment.

The Athletic Footwear division recorded 22.9% growth in 3Q25, reflecting the strong performance of all the group's brands. The result was further boosted by increased product availability, enabled by recent expansions at the manufacturing units, which contributed to greater reach and agility in supplying the retail channel.

In the e-commerce channel, growth reached 25.4%, totaling R\$ 144.8 million and representing 15.2% of Net Revenue. The launch of the Mizuno app stood out as one of the quarter's strategic initiatives for the channel, deepening the relationship with consumers through a personalized experience, increasing mobile channel conversion, and boosting the average ticket per transaction.

Net Income reached R\$ 547.2 million, with a Net Margin of 57.3%, representing growth of 217.8% compared to 3Q24, also driven by the recognition of more than R\$ 366 million in deferred taxes. EBITDA totaled R\$ 226.5 million, with an EBITDA Margin of 23.7%.

Due to the imminent tax reform under discussion in the Senate and the Chamber of Deputies, the Company remains attentive and focused on finding the best balance between capital allocation, shareholder returns, and maintaining a sound balance sheet with reasonable leverage (considering interest rates that remain very high) and without exposures that could compromise or endanger its operations. Therefore, in addition to the dividends already announced, the Company is declaring an additional extraordinary dividend payment of R\$ 597.7 million. Concurrently with this extraordinary payment, the Company is also announcing a capital increase, through a Private placement, in the same amount of R\$ 597.7 million, aimed at increasing the share capital available for potential future reduction.

Vulcabras continues to closely monitor the progress of the tax reform discussions and is still evaluating new dividend payments in 2025, up to the limit of its available profit reserves, always with a firm commitment to generating shareholder value and maintaining disciplined capital management.

The consistent pace of confirmed orders for the fourth quarter, the sustained high sell-through levels at retail, and the ongoing investments to meet demand reinforce Vulcabras' confidence in sustaining its growth cycle. With strong brands, continuous focus on innovation, portfolio expansion, and operational efficiency, the Company consolidates its leadership position in the Brazilian sports market.

We now turn the floor over to Mr. Wagner Dantas CFO and Investor Relations Officer.

Wagner Dantas:

Good Morning, everyone

We will begin the presentation by highlighting one of the Company's main operational indicators, Gross billed Volume, with details available on slide 5

In 3Q25, Vulcabras continued to expand its sales volume, demonstrating solid performance and consistent execution of its growth strategy.

Gross billed volume reached 9.0 million pairs and pieces, representing growth of 7.7% compared to the same period of the previous year.

Starting with the Athletic Footwear category, we recorded growth of 8.5% compared to the third quarter of 2024. This performance was driven by stronger demand in both the domestic market and the Foreign Market, as well as consistent growth across the Company's three brands.

The Others Footwear and Other category maintained its positive trajectory, with growth of 7.1% in 3Q25, supported by strong demand for sport flip-flops, which continue to gain relevance in the Company's product mix.

Apparel and Accessories also advanced, with growth of 5.5%, highlighted by the Olympikus brand. The result reflects the strengthening of the Company's presence in this segment and the consolidation of its portfolio diversification strategy.

Moving to slide six, we present Net Revenue segmented by product categories.

In the third quarter of 2025, Vulcabras maintained solid Net Revenue expansion, consolidating the advances achieved throughout the year.

It was a quarter of consistent progress, supported by stronger brands, strategic execution across sales channels, and an increasingly balanced portfolio.

For the twenty-first consecutive quarter, Vulcabras delivered consistent sales growth. Net Revenue totaled R\$ 955.7 million, an increase of 21.8% compared to the third quarter of 2024.

In the Athletic Footwear category, growth reached 22.9% compared to the same period of the previous year. All three of the Company's brands advanced, with highlights for Olympikus, driven by its performance running line and for Under Armour, which reached a new historical revenue record in Athletic Footwear.

The Others Footwear and Other category grew 21.1%, reflecting the strong performance of sport flip-flops, which continue to gain relevance in the product mix.

In Apparel and Accessories, growth reached 9.3%, once again driven by Olympikus, which maintained strong performance, and by Under Armour, which also reached a historical revenue record in this segment.

In the first nine months of 2025, Net Revenue reached R\$ 2,551.7 million, representing growth of 19.1% compared to the same period in 2024.

Advancing to slide seven, we detail Net Revenue by market, highlighting performance in the domestic and Foreign Market

The Domestic Market recorded a significant increase in Net Revenue, totaling R\$ 920.0 million, growth of 22.8% compared to 3Q24. This performance reflects the evolution of all brands and categories, the strengthening of distribution, and the effectiveness of commercial initiatives, which continue to drive the Company's consistent growth in Brazil.

In the Foreign Market, Net Revenue totaled R\$ 35.7 million in 3Q25, posting a slight increase of 0.6% compared to 3Q24 and therefore remaining in line with the performance of the same period of the previous year.

The result reflects the stability of international operations, with gradual improvement compared to previous quarters, even amid a still-challenging environment in most Latin American markets.

Moving on to slide eight, we will address the performance of the e-commerce channel, which remains one of the Company's key growth pillars.

The e-commerce channel continued to expand this quarter, with Net Revenue growth of 25.4%, reaching R\$ 144.8 million. This performance increased the channel's share to 15.2% of the Company's Net Revenue, an increase of 0.5 percentage point compared to the same period of the previous year, reinforcing its growing relevance within the channel portfolio.

The result reflects improvements in the purchasing journey and the Company's commitment to sustainable profitability, strengthening its digital positioning and its focus on delivering the best consumer experience.

In the first nine months of the year, the channel reached R\$ 395.3 million in Net Revenue, representing growth of 35.7% and a 15.5% share of the Company's total revenue

Moving on to Slide 9, we present Gross Profit and Gross Margin.

In 3Q25, Vulcabras recorded the highest quarterly Gross Profit in its history, totaling R\$ 395.8 million, representing growth of 17.1% compared to the same period in 2024. Consolidated Gross Margin reached 41.4%, a reduction of 1.7 p.p. versus 3Q24.

The Company due to the investments made in accelerated hiring already anticipated this reduction. Despite this temporary effect, when compared to the Gross Margin achieved in 2Q25, there is an increase of 0.6 p.p., highlighting gradual improvement in operational efficiency and consistent progress in profitability. With the stabilization of hiring, advancement in training, and the gain of experience, the expectation is that efficiencies, and consequently margins will continue to evolve and return to previous levels.

In the nine-month period, Gross Profit totaled R\$ 1,043.1 million, an increase of 15.7% compared to the same period of the previous year. Gross Margin reached 40.9%, 1.2 p.p. below the level recorded in the same period of 2024.

Moving on to Slide 10, we will present selling-related expenses.

In 3Q25, selling expenses, advertising, and Expected Credit Losses totaled R\$ 168.5 million, representing growth of 17.7% compared to the same period in 2024.

Excluding advertising investments, expenses directly related to commercial activities and credit-risk management reached R\$ 114.2 million in 3Q25, an increase of 11.4% compared to 3Q24. When compared to Net Revenue, these expenses represented 11.9%, a reduction of 1.2 percentage point versus the same quarter of the previous year.

Selling-related expenses grew at a slower pace than revenue, resulting in a lower relative share of the total.

In 9M25, selling expenses (ex advertising) totaled R\$ 319.8 million, an increase of 13.2% compared to 9M24. Selling expenses as a percentage of Net Revenue reached 12.5%, a reduction of 0.7 p.p. versus 9M24.

Now moving on to Slide 11, we will detail Advertising and Marketing expenses, analyzing their evolution during the quarter and the main factors that contributed to this movement.

In 3Q25, advertising and marketing investments totaled R\$ 54.3 million, an increase of 33.4% compared to 3Q24. This increase reflects the continued intensification of communication and brand-positioning initiatives throughout the quarter.

As a percentage of Net Revenue, advertising and marketing expenses represented 5.7%, an increase of 0.5 p.p. compared to 3Q24.

In the third quarter of 2025, Vulcabras strengthened the power of its Olympikus, Mizuno, and Under Armour brands across different sports and cultural territories, driving results through relevant product launches, proprietary events, and activations that expanded engagement with consumers, athletes, and sports communities.

Olympikus strengthened its connection with Brazilian runners through the 'Brazil Runs with Olympikus' campaign, present in 10 official races within the project of 50 commemorative runs celebrating the brand's 50th anniversary. The period also brought special launches, such as the 50-year anniversary pack and the Corre 4 Vanderlei Cordeiro de Lima, along with new colorways for the Corre Family, reinforcing the balance between performance and innovation.

Mizuno stood out for its focus on performance and innovation, with launches such as the Wave Rider 29, Wave Sky 9, and the Hanabi Pack collection. The new Mizuno App and the Mizuno Sports Member program strengthened the brand's proximity to consumers and reinforced its presence in Brazil.

In 9M25, advertising expenses totaled R\$ 139.4 million, representing growth of 28.7% compared to the same period of 2024.

Advertising expenses as a percentage of Net Revenue reached 5.5%, an increase of 0.4 percentage point versus 9M24.

Moving on to Slide 12, we will cover General and Administrative Expenses.

In 3Q25, General and Administrative expenses totaled R\$ 52.8 million, representing an increase of 19.5% compared to the same period of the previous year. When analyzed as a proportion of Net Revenue, General and Administrative expenses reached 5.5% in the quarter, a reduction of 0.1 p.p. compared to 3Q24.

In 9M25, General and Administrative expenses totaled R\$ 156.9 million, representing growth of 26.1% compared to the same period in 2024. As a proportion of Net Revenue, they represented an increase of 0.3 percentage point versus 9M24. Throughout 2025, this line was influenced by non-recurring factors; excluding these effects, recurring G&A would have totaled R\$ 147.6 million, equivalent to 5.8% of Net Revenue for the period

Now moving on to Slide 13, we will discuss Financial Result and Net Debt, highlighting the key factors from the quarter and their effects on the Company's capital structure.

In 3Q25, net financial result was an expense of R\$ 0.2 million, representing a decrease compared to the same period of the previous year. During the quarter, interest expenses increased due to the higher financial liabilities, an effect that was partially offset by the growth in financial income.

Non-recurring events related to the recovery of PIS/COFINS credits, recognized in Subsidiaries, and were recorded during the period, with a positive impact on the financial result. These effects contributed R\$ 4.9 million to the financial result line, raising the reported amount for the quarter. Without this non-recurring impact, the financial result would correspond to an expense of R\$ 5.1 million.

In 9M25, the financial result was revenue of R\$ 121.5 million. Adjusted for the non-recurring events recognized in 2025, the financial result would represent an expense of R\$ 6.4 million, compared to revenue of R\$ 5.5 million recorded in the same period of 2024.

As of September 30, 2025, the Company reported net debt of R\$ 436.3 million, R\$ 413.7 million higher than the balance reported at December 31, 2024. The increase in net indebtedness was mainly due to the funding obtained in July 2025 through the issuance of R\$ 500 million in debentures.

On slide 14, we present Net Income and Adjusted ROIC, indicators that highlight the Company's operational efficiency and its ability to generate value on invested capital.

In 3Q25, the Company recorded Net Income of R\$ 547.2 million, representing an increase of 217.8% compared to the same period of the previous year.

Net Margin for the quarter reached 57.3%, reflecting an expansion of 35.4 p.p. versus 3Q24.

It is important to highlight that, in 3Q25, Net Income was positively impacted by R\$ 384.0 million due to the recognition of PIS/COFINS credits in Subsidiaries and by the recognition of deferred IRPJ and CSLL related to tax losses and temporary differences.

Excluding the non-recurring events recorded in 3Q25, recurring Net Income for the quarter would total R\$ 163.2 million, 11.6% higher than the amount reported in the same period of 2024. Recurring Net Margin for the quarter reached 17.1%, representing a decrease of 1.5 p.p. versus 3Q24.

Vulcabras delivers yet another quarter of robust Net Income. Strong sales performance, combined with greater dilution of operating expenses, helped partially offset the pressure on Gross Margin.

In the year-to-date comparison, Net Income reached R\$ 1,006.5 million in 9M25, representing growth of 151.2% compared to the result recorded in the same period of 2024. Net Margin expanded 20.7 percentage points, reaching 39.4% in 9M25.

In the comparison of recurring Net Income, growth was 10.5%, reaching R\$ 414.1 million, with a Net Margin of 16.2%, 1.3 p.p. lower than the same period of the previous year.

Annualized Adjusted ROIC reached 46.2%, representing an increase of 16.7 percentage points versus the result as of December 31, 2024.

Now, on slide 15, we will detail the EBITDA performance.

In 3Q25, the Company's EBITDA totaled R\$ 226.5 million, representing growth of 15.1% compared to the same period in 2024. EBITDA margin decreased 1.4 percentage points, reaching 23.7% in 3Q25.

It is important to highlight that, in 3Q25, EBITDA was positively impacted by R\$ 15.3 million due to the recognition of PIS/COFINS credits in Subsidiaries, which represents a 1.6 p.p. effect on EBITDA Margin.

Excluding the non-recurring events recorded in 3Q25, recurring EBITDA for the quarter would total R\$ 211.2 million, 13.8% higher than 3Q24. Recurring EBITDA Margin reached 22.1%, reflecting a reduction of 1.5 p.p. versus 3Q24.

Although still pressured by the decline in Gross Margin, greater expense dilution contributed to a slightly smaller reduction in EBITDA margin, even with significant growth in the e-commerce channel, where commercial expenses are higher (as a percentage of revenue) than in other channels. This result reinforces the efficiency of the Company's

operating model, reflecting its continued adaptability and solid execution of its strategies.

In the year-to-date comparison, EBITDA reached R\$ 663.3 million in 9M25, representing growth of 34.1% compared to the same period in 2024. EBITDA Margin expanded 2.9 percentage points, reaching 26.0% in 9M25.

In the comparison of recurring EBITDA, growth in 9M25 was 12.2%, reaching R\$ 542.4 million, with an EBITDA Margin of 21.3%, 1.3 p.p. lower than the same period of the previous year

Moving on to slide 16, we will discuss CAPEX.

In 3Q25, the Company made investments totaling R\$ 63.7 million in property, plant, equipment, and intangible assets, maintaining the same level of investment compared to the same period in 2024.

The most relevant investments were directed toward the expansion of the industrial complex, through the enlargement of certain production support areas and the acquisition of equipment aimed at increasing production capacity, while maintaining the focus on modernization and the continuous optimization of operational efficiency. This strategy reinforces the Company's commitment to the rational allocation of capital, as the continuation of these investments is guided primarily by the expectation of short-term returns.

Now, moving on to slide 17, we will address Cash Flow, highlighting the main components that influenced the variation during the period.

We ended the third quarter of 2025 with cash of R\$ 570.1 million and net debt of R\$ 436.3 million. This result reflects the robustness of the Company's financial structure. Advantage remains at a conservative level, allowing Vulcabras to pursue growth opportunities with discipline and responsibility, while preserving its capacity to generate cash and meet obligations.

Cash variation in 9M25 was R\$ 255.9 million, the result of a combination of factors that reflect the Company's strong operational and financial management.

Key highlights include: EBITDA of R\$ 663.3 million; a capital increase of R\$ 4.4 million from the exercise of the Stock Options plan; Other income of R\$ 326.0 million (mostly composed of R\$ 366.1 million in deferred IRPJ and CSLL); Financial result gain of R\$ 121.5 million; Increase in bank liabilities of R\$ 669.5 million; Increase in working capital requirements of R\$ 216.6 million; Investments in property, plant, equipment, and intangibles of R\$ 176.5 million; Variation in long-term assets and liabilities of R\$ 511.5 million; and Dividends paid totaling R\$ 605.3 million.

We conclude our presentation here and, from this point on, we are available to answer your questions.

Questions and Answers**Eric Huang, Santander**

Good morning. Thank you for the opportunity to ask a question, and congratulations on another very strong quarter. We have two questions from our side, the first one more on the growth side. We continue to see very strong growth. So, if you could comment a bit on how you are seeing the sell-out dynamics in the channels, especially at the beginning of the fourth quarter, to help us understand how the reception has been at the end consumer.

In addition, we would like to understand how the share of new products in your sales mix is evolving, and a bit on the launches planned going forward, to help us think about how we can continue to see this growth pace.

In addition, a second question, I think more related to yesterday's announcements, regarding the proposed changes in the distribution policies, as well as the extraordinary dividends and the private capital increase. How should we think about your distribution policies going forward, especially considering those former monthly policies that existed? In short, to help us think a bit better about the outlook for shareholder remuneration and how it should continue to evolve from here. Thank you.

Pedro Bartelle

Thank you for the question, Eric. Good morning, everyone, again. I will answer the first part. As we had been saying, our growth is stronger in the third quarter than in the previous ones. We had already been commenting on that. Because of this, this year we brought forward some investments in expanding our manufacturing capacity. In fact, we were somewhat surprised by demand being a bit stronger than we had imagined already at the end of the first quarter. This is a positive characteristic of Vulcabras. The Company can quickly get itself organized.

It is true that we had to hire many people, and that generates some inefficiency at the beginning until they are well trained, but growth is stronger than what we had been reporting in previous quarters.

The fourth quarter and the year for Vulcabras are already well on track, they continue at a very good pace. We are already looking at 2026, in fact, with very good order books already, with pre-sales already done. Of course, we still need to deliver the fourth quarter, some production and the invoicing, but things are very well underway, at the same growth pace that we have been reporting.

All of this is closely related to the second part of your question, about product expansion. In fact, we identified this trend of strong growth in running about six years ago, when we started to develop the Corre line. We had already been seeing this trend and we have been expanding the running collections across the three brands.

So, not only at Olympikus, which today is already the best-selling running shoe and the most used by Brazilian runners, and we consider that this brand within the Olympikus brand, which is the Corre brand, is still under construction. It has not yet reached the market share that we believe it can achieve.

I would say, with a lot of humility that we have been helping to expand the market. The cost-benefit of these products has given more people access to sports practice. We have helped to expand the market. Therefore, it is not just a dispute over an existing market, but it is also a market expansion.

In addition, we are replicating this in the other two brands. In Under Armour, to a lesser extent, and mainly in Mizuno, where a much larger technical running collection is being implemented than what we had before.

Therefore, growth comes very much from these running lines, from this running trend. This year we launched several products, and next year we will continue this product expansion, with an even larger portfolio.

I will leave the second part to you, Wagner.

Wagner Dantas

Sure. Good morning everyone, once again. Thank you, Eric, for the questions. Regarding dividends and expectations, I think it is worth giving a brief explanation of the announcement we made at this time, when we declared a dividend distribution and, together with this dividend distribution, we called a capital increase. The explanation of this move helps to explain a bit of our view for the next steps.

We are making a dividend distribution, using the profit reserves that we had available, and at the moment when we call the private subscription for this capital increase, we are, in a way, migrating profit reserves into share capital, which can eventually be subject to future capital reductions and, at least for now, lies outside the scope of the tax reform, outside the scope of any taxation.

Therefore, this was a move that we decided to make at this point in the year, so that it could be completed still within 2025. We continue to study possible new dividend distributions still in 2025, within the limit of our profit reserves. Therefore, we are still attentive and closely monitoring developments on the taxation topic, always thinking about maximizing and building greater value from the shareholders' perspective.

I think there is a fundamental pillar here that guides our decisions and the management's mindset, which is keeping our balance sheet with low exposure to financial leverage.

Recently, we raised funds through a debenture, we announced an extraordinary dividend distribution in September, in the amount of 300 million reais. We have now released our financial statements with financial leverage of about 0.5 times EBITDA, which is still a very

healthy and quite conservative level of leverage given the interest rate environment to which Brazil is exposed.

So, I think the expectation for dividends going forward is very much about balancing the strong cash generation, which our results have shown and which we remain confident about. We expect to continue to generate strong cash, while balancing this with leverage levels that do not expose the Company, that do not expose our balance sheet to macroeconomic risks and to an interest rate that, despite there being an expectation that it will start to fall, this expectation has already existed for quite some time. Therefore, we prefer to be more conservative in this respect.

Vinicius Strano, UBS

Good morning. Thank you for taking my questions. If you could explore a bit how we should think about the mix effect and the growth of the Corre line, and how that affects price-per-pair growth going forward. In addition, if you could help us think about revenue growth dynamics, looking at volume, price increases and mix for 2026.

In addition, in addition, if you could give us an update on how you see today the penetration of the Corre line within Olympikus. In addition, looking at the expansion of Corre, do you think it will come more from new doors, now with greater product availability and a bit more supply, or more from gaining share within the existing customers' portfolios? That is my question. Thank you.

Pedro Bartelle

Thank you, Vinicius. First, about mix, we have been expanding and upgrading the mix. Most of the products we have implemented, fortunately, have worked out well over many years. In addition, what we do when we create an iconic product, like Corre 4, Corre Max, or some products from Under Armour or Mizuno, is that we end up expanding the collection, bringing a more expensive and a more affordable product.

This means, for example, that we deliver more cushioning in one product, with slightly more sophisticated materials, and we also make a more economical product, so that we can democratize access even more.

This is happening with the Corre line. We have been expanding not only the models, but also the categories, and there are several: plated products, we have two and will have three; the cushioning products I mentioned, we will have four; the Corre line also gave rise to Corre Turbo; Corre 5 will be launched next year. So we have been expanding the Olympikus collection.

Under Armour traditionally did not have a broad collection of products to compete in the running market, it was always much focused on basketball and training. In addition, we, in agreement with the international headquarters in Baltimore, explained that we needed to create a running collection for Under Armour in Brazil, and we created it.

Therefore, we have a collection that will start being implemented next year, which is also a Brazilian creation, fully aligned with our market mapping.

Moreover, something that I see, as great news is a new Mizuno line called Enerzy, which is a line of robust products. I affectionately call them "boats", because they are arched products, very modern, and products that are very suitable for competition, but especially for training. They have a lot of cushioning. In addition, Mizuno had not been investing in this type of product category. Therefore, a large Mizuno collection is coming, both imported and locally produced, very well aligned in the different price ranges.

Therefore, the mix is growing mainly in the running category, which is what I have been talking about the most. However, regardless of that, the strength of our brands has given us the opportunity to expand in other categories as well.

This is a category that is growing, which is the sports lifestyle, fashion category. We have already launched, for example, the Corre line called Corre S, the latest was Corre 4S, and this goes to some sports stores that sell more day-to-day, lifestyle-oriented products. So it has sports features, but its design and styling are much more geared toward everyday use, not so much to performance. This is another market that is growing.

Regarding 2026, we have already launched our collections. The news is excellent, there is demand, pre-sales are being made and showing a positive signal of growth.

In addition, regarding your question, which is very good to clarify here, on whether we will grow by expanding into new stores, I would say that growth through new stores will be limited. Fortunately, we have managed, including with Olympikus, to be present in most stores in Brazil. Today, if you go to stores that sell sneakers, or practically all of them, you will find our brands.

However, I must admit that in many of these stores we still do not have a satisfactory and consistent level of supply. Either because the client is still getting to know the sell-out of our products or because of the product availability we had.

That is why we accelerated investments to increase our manufacturing capacity. In addition, speaking in simpler terms, sometimes you go to the store and cannot find your size because turnover is high.

Therefore, where I see growth coming from is in increasing supply, clients increasing their purchases in the same stores.

Laryssa Sumer, XP

Good morning. Congratulations on the results, and thank you for taking our question. We have two relatively quick questions. First, on the topic of gross margin, you comment in the release that you are already seeing factory productivity indicators improving. If you could give a little more color and perhaps share with us your expectation for the timing of this gross margin recovery, that would be great.

In addition, still on where gross margin should settle, we wanted to understand what the normalized level should be. You mention in the release the goal of returning to previous levels, but we wonder here, given the greater complexity of products, especially in the Corre line but also in the other brands, whether it would not make sense for this margin to stabilize at a slightly lower level than what you used to report.

In addition, if I may take the opportunity to ask one more question, how should we think about future investments in the factories, in terms of both capex and opex? Do you see more needs mapped out given this strong demand? Thank you.

Pedro Bartelle

I will start here, Wagner. Our gross margin was indeed under pressure, and we were aware of this, mainly due to the large number of hires we made this year. Brazil as a whole is also suffering from absenteeism, so there are more staff changes than in the past, unfortunately. We have been working very hard through our HR teams to minimize these impacts. But the main impact on margin was that we decided to embrace this stronger growth than what we had projected and the inefficiency that comes from hiring many people.

However, this also shows the agility, speed and flexibility that Vulcabras has, because we identified this at the beginning of the year, today our factories are already producing more, and margins are already recovering.

We do not consider this margin ideal. Our plan is to recover the margins we once had and to always pursue higher margins. However, several factors influence our margin. One of them is our ability to adjust prices depending on input inflation. Competition is also intense.

By the way, I do not know if anyone is going to ask me this question, but footwear imports into Brazil are growing by almost 40 percent. So even in this scenario, we have been doing very well. However, we will always seek to pass on prices when necessary and to develop products increasingly.

This is very closely related to your second question, which is about investments. Our sector, our business, especially the sports segment, is constantly modernizing. Today we have the largest circular knitting park in Latin America, with more than 1,000 machines. We will be operating with more than 1,000 machines in Horizonte, in Ceará. This did not exist five years ago.

This has brought greater efficiency to the process and eliminated several sewing stages, because these are automatic machines. Therefore, investment will continue to be constant in modernization.

Regarding expansion of manufacturing, we are now completing the expansion of the Horizonte distribution center and we are expanding our distribution center in Extrema.

Over the last few years, we made several small expansions, but today we have enough capacity to support the growth we are projecting for next year.

We have room for more machines, we have room for more people under the roofs we already have, and I think the idea is to have 2026 as a year of growth, but also a year to monetize the investments we made throughout this year. All of us here are working hard to bring greater stability to our factories.

Another important point to mention, besides hiring, is that at Vulcabras, especially in 2025, we challenged ourselves to make top-performance products. Plated products, much more sophisticated products. Olympikus has reached a price point of 1,300 reais. All of this has also been a learning period for our factories, to make this kind of product in large volumes and so on.

Therefore, I see that we will continue to evolve, but next year with much more experience and minimizing the inefficiencies that we created over this year. Everything also depends on the environment, on competition, but our idea is to continue at our pace of margin recovery and growth.

I do not know, Wagner, if you would like to add anything.

Wagner Dantas

I think there is a relevant point to add here, Pedro, which is that in this third quarter our gross margin shows the same gap versus the third quarter of 2024 that we had in the second quarter. However, when we look at the sequential comparison between quarters, if we compare to the second quarter gross margin, it has already improved, it is up by 0.6 percentage point.

And, as you mentioned, I think the stabilization of the relevant hiring that we undertook throughout the second and third quarters, and the catch-up of efficiency gains, the learning curve of these new operators, will ease the pressure from inefficiencies, which consequently eases pressure on the cost of goods produced and has a tendency to improve, with less pressure on our gross margins.

I think that throughout the fourth quarter, we will still have, in the quarter as a whole, some level of pressure, due to this learning curve of these operators, but the expectation is that from 2026 onwards we will see an upward trend in gross margin. At least that is our expectation considering these variables.

In addition, investments, as you said, in capacity expansion and increased productive capacity are very much linked to innovation. Just like our historical investments in innovation, which brought additional productive capacity with them, this should remain the trend, always prioritizing investments with very short paybacks and assessing these investments based on order book capture and expansion of our sales potential.

Santiago Gottschall, shareholder

Good morning. Thank you for taking my question. I am an individual shareholder. I would like to just be congratulating you on the excellent results that the Company released today, but unfortunately, in my remarks here I need to refer to Article 202 of the Brazilian Corporate Law, which does not allow the reduction of the minimum mandatory dividend of 25 percent, unless approved unanimously by those present. And I stress that even if the Company's intention is the best possible and in the proposed bylaw amendment there is a very subjective aspect, at the exclusive discretion of management, which undertakes to adopt the necessary measures, despite all of this, the fact is that removing this 25 percent premise from the Corporate Law, which a listed company cannot reduce, would create a very negative precedent for other companies. And I am sure that this proposal will face strong opposition from several shareholders.

Therefore, I would like to hear from the Company on this topic. With whom was this discussed and why are you making this proposal, which seems totally out of place at a time when the Company should only be celebrating these excellent results?

Wagner Dantas

Good morning, Santiago. First of all, thank you for your question. This is a topic that will be debated and voted on at the Extraordinary General Meeting, which we have also called, but I think your question is very welcome and pertinent, as it brings light and clarity to the purpose of this proposal, which will still be voted on and discussed in the appropriate forum.

The fact is that we are proposing that the minimum mandatory distribution of 25 percent of profits should not be carried out only through dividends. If you continue reading the text of the EGM proposal, we are proposing the reduction of the minimum mandatory dividend from 25 percent to 1 percent, but we maintain the commitment to preserve the minimum mandatory distribution of 25 percent through other mechanisms as well. So, not only dividends, but also through capital reductions, interest on equity, share buyback programs.

The purpose is, in fact, to create other vehicles to keep this minimum distribution commitment unchanged, but with vehicles that can be more tax-efficient from the shareholders' perspective.

The EGM has been called, we will discuss and vote on this in the appropriate forum, but I found your question very pertinent. In addition, thank you for raising this point, because it gives us the opportunity to clarify the rationale behind this proposal.

Santiago Gottschall

Thank you for the answer, Wagner. But anyway, I want to reiterate those other points I mentioned about precedents, and about the precedent this could set for other companies that may not have the same good intentions as Vulcabras,, and also that the wording proposed in Article 29 is very broad when it mentions the "exclusive discretion

of management” and that management undertakes to adopt the necessary measures. And there is also the fact that shareholders, especially individuals, like dividends in their pockets. So, it is fine if capital reductions can be done every quarter, or done frequently, but share buybacks are not dividends. Or any other form that may be allowed to achieve any purpose, this will definitely face opposition. That is all I wanted to point out. Thank you very much.

Wagner Dantas

Santiago, once again, thank you for your question and for raising this point, which gives us the opportunity to explain the rationale. There is an appropriate forum at the General Meeting, we will discuss and vote on this at the Meeting.

Wilson (via webcast)

As the demand for Vulcabras’s sports brands increases with each collection, does the Company intend to improve its manufacturing footprint and increase the number of plants?

Pedro Bartelle

I will answer. I think we have already talked about this a bit. We are finishing the expansion of the Horizonte distribution center. We are also expanding our distribution center in Extrema. Over the past few years, we have made several smaller expansions, but today we have enough capacity to support growth in 2026 and possibly even in 2027, depending on how things go.

Therefore, building new factories or expanding buildings is not necessary for the growth we are planning. Of course, investments in modernization and new machinery, which continue to come to market, will be constant, and we are very attentive to this. We have been traveling the world to seek all the most efficient systems and technologies currently available.

However, for now, for our plans, we have enough factories. Not to mention that, if we have higher demand, we could also use a third shift on a larger scale, but for now this is not necessary. We have invested heavily in factory efficiency precisely to extract more productivity from what we already have. Moreover, we have succeeded.

Operator

Since there are no further questions, I will invite the Company to make its closing remarks.

Pedro Bartelle

I would like to thank everyone for joining the call and for your interest. Our IR channels, Wagner and his entire team, remain available for any clarifications.

In addition, I would like to leave a final message that Vulcabras already foresees a very good year in 2026. Regardless of any situation in the country or what we may see ahead,

Vulcabras has managed to remain somewhat outside the curve. This optimism is reflected in our order books. The products that we have already launched and begun to pre-sell for 2026 show us that we will have a very good year.

We still have to finish 2025, we need to deliver and invoice everything we have to do, but it is already well secured as well. So Vulcabras continues on a positive trajectory with good visibility for the future.

Thank you all very much.

Operator

Vulcabras's video conference is now closed. We thank you all for your participation and wish you a good day.