

Video Conference (English Transcription)
Earnings Release 2Q25
Vulcabras (VULC3)
August 15th, 2025

Operator: Good morning ladies and gentlemen. Welcome to the Vulcabras Video Conference to discuss the results for 2Q25.

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

Growing for 20 consecutive quarters, Vulcabras reports a second quarter of 2025 with accelerated growth, driven by its vertically integrated business model, focus on product innovation, and brand management highly connected to Brazilian consumers.

In the period, Gross Operating Revenue totaled R\$ 1,043 million, an increase of 17.3% compared to 2Q24. Gross Profit reached R\$ 365.4 million, up 12.9% from the same period of the previous year. EBITDA was R\$ 296.4 million, an increase of 69.0%, while Net Income reached R\$ 353.3 million growth of 152.9% over 2Q24, boosted by a non-recurring event resulting from a favorable court decision related to PIS/COFINS.

The e-commerce channel maintained its positive trajectory, growing 33.8% and generating R\$ 132.1 million in revenue, representing 14.8% of the Company's Net Revenue in the quarter. This performance strengthened direct engagement with consumers, expanded the brands' digital presence, and sustained healthy margins without resorting to aggressive promotions.

The footwear division continued its expansion, driven by the Corre line. In the year of its 50th anniversary, Olympikus kept growing across all channels, with running standing out, fueled by the success of the Corre family, which expanded its portfolio with the launches of Corre Turbo and Supra 2 the latter making it to the podium at the Porto Alegre International Marathon.

Mizuno advanced in its high-performance innovation strategy with the launch of the Neo Vista 2 a "super trainer" model with a fiberglass plate that, together with the Neo Zen, reinforces the brand's presence in the performance-training segment. The Mizuno Running Station remained a relevant hub for runners and groups at USP, with frequent activations and direct consumer engagement.

In the Sportstyle segment, Mizuno launched the global campaign "The Game of Quebrada", filmed in Brazil and broadcast worldwide, promoting the Prophecy Morelia model. The "AM Sessions", events that connect the brand with global trends through music, coffee, and urban culture, further strengthened its connection with younger audiences. In football, the launch of the special edition Morelia 40 Years, in partnership with sponsored athletes, further enhanced the brand's positioning in the category.

Under Armour posted its best quarter under Vulcabras' management, driven by the training and sports lifestyle categories, with highlights for the Reps and Tribase Cross 2 models. In basketball, the brand strengthened its presence with new colorways of the Curry 12, expanding its connection with athletes and fans of the sport.

Reinforcing its commitment to generating shareholder value and maintaining disciplined capital management, in light of extraordinary results for the quarter, the Company announces the additional payment of dividends in the amount of R\$ 300 million. In addition, it also announces an additional monthly dividend distribution of R\$ 0.125 per share for the months of November and December 2025.

With this, we complete 18 months of already approved monthly dividends in a total of R\$ 741 million distributed to shareholders in 2025.

With robust order books for the second half of the year, accelerated retail sell-out, and investments directed to meeting growing demand, Vulcabras remains confident in the continuity of its trajectory. The combination of innovation, portfolio expansion, and operational efficiency will continue to drive the Company's performance, consolidating 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

Let's begin the presentation by highlighting one of the Company's main operational indicators, the gross billed volume, with details available on slide 5.

In the second quarter of 2025, we recorded consistent growth in gross volume, reflecting the effectiveness of the commercial and operational strategy adopted by the Company. All categories posted volume increases compared to the second quarter of 2024, highlighting both the strength of demand and the effectiveness of the actions implemented.

During the period, gross billed volume reached 8.5 million pairs and pieces, an increase of 4.1% compared to 2Q24.

Among the main highlights by category, starting with Athletic Footwear, we recorded growth of 4.3%. This result was driven mainly by sales in the domestic market, although it was partially offset by a contraction in the foreign market.

In Others Footwear and Others, growth was 3.1%, with a highlight for the flip-flops category, which recorded significant progress in the period.

In Apparel and Accessories, growth reached 4.2%, driven primarily by improvements in the domestic market.

In the year-to-date, gross billed volume totaled 15.6 million pairs/pieces in 6M25, representing growth of 4.8% compared to the same period of the previous year.

Let's now move on to slide 6, where we present Net Revenue broken down by product categories.

In the second quarter of 2025, the Brazilian retail market maintained consistent performance, with improved product turnover and a positive consumption dynamic across the main channels in which we operate. The combination of strong in-store presence and a balanced product assortment contributed to driving net revenue in the period.

In the foreign market, structural challenges in Peru and Argentina continued to negatively impact sales, keeping pressure on the Company's performance in the region.

For the twentieth consecutive quarter, we remained on a consistent growth trajectory. Net Revenue reached R\$ 894.8 million in 2Q25, an increase of 17.6% compared to the same period of the previous year.

In the Athletic Footwear category, we recorded an increase of 18.1% compared to the second quarter of 2024. This performance was mainly driven by expansion in the domestic market, while revenue contracted in the foreign market. All three of the

Company's brands delivered growth, supported by their complementarity and by the effectiveness of commercial execution.

In Others Footwear and Others, growth reached 16.2%, reflecting the increase in sales of flip-flops.

In Apparel and Accessories, growth was 13.6%, driven by improved retail performance in the domestic market.

In 6M25, net revenue totaled R\$ 1,596.0 million, up 17.5% compared to 6M24.

Moving on to slide 7, we will detail Net Revenue segmented by markets, highlighting performance in both the domestic and foreign scenarios.

In the second quarter of 2025, sales in the Brazilian retail market recorded significant growth. Net revenue in the domestic market totaled R\$ 861.2 million, an increase of 19.0% compared to the same period of the previous year.

Performance was driven by growth across all categories, with Athletic Footwear once again standing out, posting strong expansion versus 2Q24.

In the foreign market, net revenue reached R\$ 33.6 million in 2Q25, a decline of 10.4% compared to the same period last year.

Despite the positive performance of operations in Peru, direct exports from Brazil—primarily targeting the Argentine market—remained in contraction.

Moving on to slide 8, we will address the performance of the e-commerce channel, which remains one of the Company's key growth pillars.

In 2Q25, the Company recorded gross profit of R\$ 365.4 million, representing growth of 12.9% compared to the same period of the previous year. Consolidated gross margin reached 40.8%, a decrease of 1.7 p.p. compared to 2Q24.

Despite the increase in production and sales volume, the quarter's gross margin was temporarily impacted by higher costs of goods sold. The success of the Corre family and the opportunity to significantly expand its market share in the performance running category brought with it strong demand for more complex products with average production times well above the others. To meet this demand, the Company had to accelerate the expansion of its direct labor force, with an increase well above the historical pace of hiring in recent years.

This accelerated increase in headcount temporarily affected production efficiency, especially at the Ceará plant, which is responsible for producing the Corre family. As a result, production costs rose. The Company views this cost increase as a strategic investment to sustain growth. The recent accelerated hiring of employees involves a natural period of adaptation and training, during which manufacturing efficiency is

temporarily affected. As training progresses and experience is gained, these levels are expected to return to previous standards.

In the year-to-date, gross profit totaled R\$ 647.3 million, an increase of 14.9% compared to 6M24. Gross margin in 6M25 was 40.6%, 0.9 p.p. lower than in the same period of 2024.

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

In 2Q25, the Company recorded gross profit of R\$ 365.4 million, representing growth of 12.9% compared to the same period of the previous year. Consolidated gross margin reached 40.8%, a decrease of 1.7 p.p. compared to 2Q24.

Despite the increase in production and sales volume, the quarter's gross margin was temporarily impacted by higher costs of goods sold. The success of the Corre family and the opportunity to significantly expand its market share in the performance running category led to strong demand for more complex products with average production times considerably higher than others. To meet this demand, the Company needed to expand its direct labor force at an accelerated pace, well above the historical level of hiring in recent years.

This accelerated increase in headcount temporarily affected production efficiency, especially at the Ceará plant, which is responsible for producing the Corre family. As a result, production costs rose. The Company views this cost increase as a strategic investment to sustain growth. The recent accelerated hiring of employees involves a natural period of adaptation and training, during which manufacturing efficiency is temporarily affected. As training progresses and experience is gained, these levels are expected to return to previous standards.

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

In 2Q25, expenses related to selling, advertising, and Expected Credit Losses totaled R\$ 156.7 million, representing an increase of 14.5% compared to the same period in 2024.

Excluding advertising investments, expenses directly linked to commercial activities and credit risk management amounted to R\$ 107.0 million, an increase of 10.4% versus 2Q24. When compared to net revenue, these expenses represented 12.0%, a reduction of 0.7 percentage points compared to the same quarter of the previous year.

In 6M25, selling expenses excluding advertising reached R\$ 205.5 million, an increase of 14.1% compared to 6M24. Selling expenses as a percentage of net revenue stood at 12.9%, a reduction of 0.4 percentage points compared to 6M24.

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 the second quarter of 2025, advertising and marketing investments totaled R\$ 49.7 million, an increase of 24.3% compared to 2Q24, reflecting the intensification of communication and brand positioning initiatives. As a percentage of net revenue, these expenses represented 5.6%, an increase of 0.3 percentage points compared to the same period of the previous year.

Olympikus maintained a strong presence in the country's main running events, achieving outstanding podium finishes at the São Paulo International Marathon, the Porto Alegre Marathon, and other key races, reinforcing its leadership and performance. The brand also launched the Supra 2 and Corre Turbo models, expanding the Corre Family portfolio and strengthening its positioning in the running segment.

Mizuno advanced in running, lifestyle, and football, with launches such as the Neo Vista 2 and activations at the Mizuno Running Station, in addition to the international campaign "The Game of Quebrada."

Under Armour recorded its best quarter in Brazil, driven by launches such as the Curry 12 and the Infinite Elite 2, with activations that reinforced its presence in training, basketball, and sports lifestyle.

In the year-to-date, advertising and marketing expenses totaled R\$ 85.2 million, an increase of 26.2% compared to 6M24. As a percentage of net revenue, these expenses reached 5.3%, an increase of 0.3 percentage points compared to the same period of the previous year.

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

In the second quarter of 2025, general and administrative expenses totaled R\$ 60.1 million, an increase of 40.7% compared to the same period of the previous year. This amount was impacted by a non-recurring event: the recognition of PIS/COFINS tax credits obtained by subsidiaries through legal proceedings, which raised the reported accounting amount in the period. Excluding this effect, general and administrative expenses represented 5.7% of net revenue in the quarter, an increase of 0.1 percentage points compared to 2Q24. The main variations came from rental expenses due to the opening of new stores, personnel expenses driven by salary adjustments defined in collective agreements, and additional charges resulting from payroll tax re-operation.

In the year-to-date, general and administrative expenses totaled R\$ 104.1 million, an increase of 29.8% compared to 6M24. As a percentage of net revenue, participation increased 0.6 percentage points in the period. Excluding the non-recurring effect, the total was R\$ 94.8 million, an increase of 18.2% compared to the same period of 2024.

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 the second quarter of 2025, net financial result was positive, reaching R\$ 119.3 million, a significant increase compared to the R\$ 3.1 million recorded in the same period of the previous year.

The quarter was impacted by a non-recurring event resulting from favorable court decisions regarding the recovery of PIS/COFINS tax credits in subsidiaries, which contributed R\$ 122.9 million to the financial result. Excluding this non-recurring event, the financial result would have been an expense of R\$ 3.6 million.

In the year-to-date, net financial result was positive at R\$ 121.7 million. Without the non-recurring effect in 2Q25, a financial expense of R\$ 1.2 million would have been recorded, compared to income of R\$ 3.9 million in the same period of 2024.

As of June 30, 2025, the Company's net debt stood at R\$ 139.0 million, R\$ 116.4 million higher than the balance at year-end 2024.

The increase in net debt was mainly due to a reduction in cash and equivalents, driven by higher working capital requirements, accelerated capex investments, and the maintenance of the Company's monthly dividend distribution policy.

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 the second quarter of 2025, the Company reported net income of R\$ 353.3 million, an increase of 152.9% compared to the same period of the previous year. Net margin was 39.5%, an expansion of 21.1 percentage points compared to 2Q24.

This performance was positively impacted by the recognition of R\$ 208.4 million in PIS/COFINS tax credits, resulting from successful lawsuits in subsidiaries, which represented a 23.3 p.p. variation in net margin.

Excluding this non-recurring effect, net income would have been R\$ 144.9 million, 3.7% higher than 2Q24. Recurring net margin was 16.2%, a decrease of 2.2 percentage points compared to the same period.

Annualized adjusted ROIC reached 32.0%, an increase of 2.5 percentage points compared to December 31, 2024.

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

In the second quarter of 2025, the Company's EBITDA totaled R\$ 296.4 million, an increase of 69.0% compared to the same period of the previous year. EBITDA margin expanded 10.1 percentage points, reaching 33.1% in 2Q25.

This result was positively impacted by the recognition of R\$ 105.6 million in PIS/COFINS tax credits, resulting from favorable lawsuits in subsidiaries, which represented an 11.8 p.p. variation in EBITDA margin.

Excluding this non-recurring effect, EBITDA would have been R\$ 190.8 million, an increase of 8.8% compared to the same period of the previous year. Recurring EBITDA margin was 21.3%, a decrease of 1.7 percentage points versus 2Q24.

Even so, the margin remained at solid levels, consistent with the Company's operating structure, reinforcing its ability to adapt and remain resilient in the face of the period's challenges.

Moving on to slide 16, we will discuss CAPEX.

In the second quarter of 2025, the Company invested R\$ 66.5 million in property, plant and equipment and intangible assets, an increase of 85.2% compared to the same period of the previous year.

The main investments were directed toward the expansion of the industrial park, with the acquisition of equipment to increase production capacity, while maintaining a focus on modernization and optimization of operational efficiency.

This strategy reinforces the Company's commitment to the rational allocation of capital, prioritizing investments with an expected return over a shorter time horizon.

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 second quarter of 2025 with cash of R\$ 215.5 million and net debt of R\$ 139.0 million, demonstrating the strength of our financial position. We maintain advantage at comfortable levels, which provides flexibility to strategically and responsibly capture growth opportunities while preserving our payment capacity.

Cash variation in the period was R\$ 98.7 million, the result of a combination of factors that reflect the Company's sound operational and financial management.

Key highlights include:

- EBITDA of R\$ 436.8 million
- Capital increase from the exercise of the Stock Option Plan of R\$ 4.4 million
- Financial result gain of R\$ 121.7 million

- Increase in bank liabilities of R\$ 17.7 million
- Variation between long-term assets/liabilities of R\$ 142.2 million
- Increase in working capital requirements of R\$ 172.8 million
- Investments in property, plant and equipment and intangibles of R\$ 112.8 million
- Payment of R\$ 203.4 million in dividends

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, everyone. Thank you for taking my questions and congratulations on the results. If you could comment a bit more on the volume dynamics. We saw a positive dynamic in the quarter, but if you could detail a bit better how that played out, looking specifically at Brazil, so we can better understand the mix between volume and price.

And along with that question on prices, we imagine that the year-over-year increase is largely driven by mix. So, if you could clarify a bit better how you have been seeing this improvement in terms of mix quality.

And the second question: regarding labor costs, you mentioned that in the quarter you had a slightly higher cost, I think mainly in this ramp-up phase, especially with the new workforce that joins to meet the growing demand.

I would like to understand to what extent you expect the dilution of this new workforce to start to show up as this initial phase, training and so on passes. Just so we can better trace what the gross margin curve will look like going forward. Thank you.

Pedro Bartelle:

Eric, thank you very much for the question. Good morning, everyone. In fact, our volumes are growing. We received demand above what we had planned in the budget. That made us accelerate investments, both in capex and in hiring people, to meet this demand and gain market.

We have now been growing for 20 consecutive quarters, but this quarter was the quarter of greatest growth. So it is a trend for the Company to continue growing.

We are at a moment that I really consider a bit out of the curve, because we entered the second half with the order book for the year practically captured. So we have visibility for 3Q and 4Q with orders in house.

We made the decision to accelerate investments. Normally, we hire and invest more linearly throughout the year, but as the demand emerged not only for the Corre line, mainly the Corre line and Olympikus, but also Under Armour and Mizuno.

We made the decision to accelerate these investments. That puts some pressure on our efficiency and temporarily on margin, but it will allow us to gain market share and grow.

Average price increases because of some price adjustments, but mainly because of mix, we have been selling more premium and high-performance lines. And here, above all, the entire Corre line, which has been expanding its share and growing as a collection, in addition to the launch of new products.

As for labor, as you mentioned, efficiency is not at its peak on the first day of hiring. However, this is something we manage very well. Our margins remain consistent with historical levels, and we expect to recover them quickly.

Wagner, I don't know if you want to add anything.

Wagner Dantas:

Just a quick complement regarding a bit of the revenue geography. In fact, the mix effect comes on top of price increases. We had a first half in which we already implemented a first step-up in prices. We have already implemented the second step-up in prices to absorb inflationary effects, the reimposition of payroll taxes, issues related to absenteeism. This is already being incorporated into pricing.

I think the good news, perhaps even ahead of expectations is that a month and a half into the third quarter, sell-out remains solid. Despite the recent price increase, demand is holding up well and driving both the order book and sell-in. As Pedro mentioned, second-half orders are already secured, which gives us strong confidence to continue investing

We invested heavily in capex and accelerated hiring at a faster pace than would be normal or organic. That only reinforces that we continue investing to continue growing.

In volumes, I think the great news is that we are also growing across the three brands, mainly in the more technical, more sophisticated footwear, which demands this point about labor.

So labor impacts this momentary inefficiency due to the learning curve of this new staff that was brought into the factories at an accelerated pace; we are working hard to get efficiency back to the planned levels and continue capturing profitability.

Dani Eiger, XP:

Good morning, Pedro. Good morning, Wagner. Thank you for taking my question and congratulations on the results.

I have two questions. The first is a follow-up on the demand you mentioned. Could you qualify a bit what you are seeing, whether it is any channel or any specific type of player that is being more aggressive in purchasing because they are seeing more demand?

Whether your own B2C channel is also very strong, whether that is actually, where this demand is coming from. Because it really stands out on the positive side, since we are also seeing a still fairly competitive environment. So I think this increase in demand is even more successful. So if you could just qualify for us where it is coming from, that would be great

In addition, my second question is related to profitability. Moving a bit to gross margin, what caught my attention was that you managed to dilute sell-in expenses for the first time since, I think, 1Q22 bringing a possible tailwind for margin dynamics going forward, if that holds.

Given your comments that this demand is, in a way, sustainable, this growth being perhaps a new level, as Pedro commented, with the second-half order book would it be reasonable for us to think this holds for the coming quarters? And also, when can we expect this dynamic in the marketing line? That's it. Thank you.

Pedro Bartelle:

First, thank you, Dani, for the question. On channels: in Brazil, many sneakers and almost all footwear are sold in shoe stores. Traditionally, a large portion of footwear is sold through these points of sale, the shoe stores that typically do not sell apparel. That is somewhat of an issue we have in Brazil; there are few sporting goods stores that display the full value proposition of the brand.

That said, growth is coming from shoe stores thanks to the growth of our sales and the expansion of our collection, but it mainly comes from two places. One is e-commerce, where we grew more than 30% this quarter. In addition, in specialty stores we are growing because we are implementing product lines that weren't present in those stores mainly for Olympikus.

We created the Corre line five years ago, but in fact, it is in the last three years that it has started to gain significant share in these stores. We are still not satisfied with the size of the Corre line in specialty stores, but it has been growing a lot; we think there is plenty of room to grow.

Growth is mainly coming from Olympikus participating in specialty stores, where it previously had little presence. Among our brands, Mizuno plays an important role, and Under Armour as well, each at its scale, but Olympikus is now starting to have a relevant presence in specialty stores and in e-commerce.

Wagner Dantas:

Perfect. Speaking of SG&A as a whole, our e-commerce channel has in recent years been a very welcome growth driver; it is a complementary sales channel, a distribution strategy that complements wholesale. And because of that, we do not run aggressive clearance campaigns as online players usually do.

We are capturing very solid gross margins in this channel; however, it is a channel whose SG&A structure as a percentage of revenue is somewhat higher than that of wholesale. So over the last two or three years, as the channel has gained relevance, expenses with commissions, shipping, and marketing have weighed a bit more in these SG&A lines.

The fact is that e-commerce continues to grow at an exponential pace, gaining both scale and synergy. Combined, the three e-commerce operations across our brands already represent a highly relevant player in the Brazilian market and they continue to expand rapidly.

So scale and synergy capture are making the e-commerce EBITDA margin which used to weigh on the Company's weighted composition less and less of a drag, and it is rapidly getting very close to what would be the wholesale EBITDA margin.

E-commerce growth has been underway for quite some time, and today the profit per pair of the same sneaker sold through this channel is already higher than in wholesale, since it captures the full margin from the final price in the chain. Furthermore, the EBITDA margin that is, the profitability of that same pair relative to the direct-to-consumer (DTC) price is now very close to, virtually on par with, wholesale.

Pedro Bartelle:

Adding a bit on marketing, we see the growth of e-commerce as very positive, profitable, and healthy. Indeed, we have a significant share of direct sales, but we supply Brazil and we want our clients to have great results, so we act as a market disciplinarian, we defend price and run markdowns only at the right times.

We have shown that it is possible to grow, be relevant, and deliver good results with our e-commerce.

As for marketing, this year we have increased it a bit as a percentage temporarily, in my view. It is a sufficient and controlled level of marketing. We increased because Olympikus is celebrating 50 years, and we planned a larger number of races, events, and activations with the brand.

Starting next year, as a percentage it should come down; it does not mean the absolute value will decline, but as a percentage yes. Investments are largely allocated to performance marketing including in e-commerce but a lot in relationship with the running community, proximity to runners, proprietary events; it is a much more targeted and closer marketing approach. It is much more work, but it is very effective.

Today we see that our brands have not only consumers but also fans especially Olympikus; the running community has embraced the brand and that has generated excellent results for us.

Victor Rogatis, Itaú BBA:

Good morning, Pedro, Wagner, the entire Vulcabras team, thank you. I have just one question.

Considering the funding you raised and the cash payment of dividends in the third quarter, I would imagine your advantage goes up a bit sequentially.

I would like to understand up to what leverage level you feel comfortable operating going forward, and whether this monthly dividend policy of BRL 34 million can be expected to continue throughout 2026 as well. Thank you.

Wagner Dantas:

Thank you, Rogatis, for your question. Yes, the funding we raised recently in July and a distribution shortly thereafter will bring some leverage, but we continue with an extremely low-levered balance sheet. If we run the pro forma calculation, we are talking about 0.6x or 0.7x EBITDA.

It is still a very small leverage that keeps the Company's balance sheet with very low exposure to heavy debt service and to all the macroeconomic headwinds that a leveraged balance sheet is exposed to today.

It also leaves Vulcabras with a balance sheet ready to react to any inorganic move that may opportunistically arise, ready to react to any need for accelerated investment that may need to be made. So we continue with plenty of oxygen and flexibility to make any decision and act very quickly.

As for the dividend outlook for next year, it is still quite early to outline or pin down any prognosis; there is much to evolve and discuss. But I think, at first, with all else constant in the current macroeconomic situation, taxation, and all the elements, we should indeed maintain dividends perhaps monthly, perhaps extraordinary. This will have to be discussed and defined with the Board.

Renato Vasques, RV21 (via webcast):

With the need for increased investments to grow, does the current distribution of dividends make sense, given the consecutive reduction in cash availability and, consequently, the increase in net debt in a high interest rate environment?

Wagner Dantas:

Renato, thank you for the question. I think we have already covered some of your point in the previous question from Rogatis, but I wanted to address it to reinforce.

Yes, now we have a balance sheet with a small level of leverage, but the Company still has an extremely low-levered balance sheet, with very low exposure to high interest rates.

We are talking about net debt that, at the end of the quarter, should be between 0.5x and 0.7x EBITDA.

So these are very healthy levels that do not impair the Company's results, that are not a burden for the Company to carry, and that continue to allow for quick reaction to make investments and to respond to any opportunistic inorganic move that may appear.

So we remain quite comfortable, prudent, and confident that future cash generation will quickly balance and reduce even further this small level of indebtedness to which we chose to expose the Company at this time. Thank you for the question.

Luiz Felipe Campos Medeiros (via webcast):

What was the impact of the recent tariffs imposed by the United States on your operations?

Pedro Bartelle:

Thank you for the question, Luiz. I will take this one. I am on the board of our sector association, Abicalçados, and these tariffs do affect the footwear industry in Brazil mainly footwear that requires less labor, lower-priced footwear, some footwear, especially women's, that is exported to the United States.

As far as athletic footwear is concerned, we practically do not export to the United States. Brazil is a country with high productivity in the production of athletic footwear, but not cost competitiveness to compete with the Asian market that supplies the United States. So our exports to the U.S. are not relevant they are actually very small. This will practically not affect us today.

Matheus Soares, Market Makers (via webcast):

Any news regarding the expansion of physical stores?

Wagner Dantas:

We continue with the project of monobrand Under Armour stores brand houses, which are concept stores still on hold due to the macroeconomic scenario and the risk of entering this channel, which we know well through our clients and which, despite opportunities brings quite relevant complexity.

Regardless, we continue expanding physical stores in the outlet format. Over the past year, we opened four outlets. Adding the factory stores, we currently have 14 stores, and we have more opportunities in the pipeline to open throughout the second half.

For now, in the outlet model, we remain quite comfortable opening where there are opportunities in which the mall operator supports us with capex, with very competitive occupancy costs, revenue share without minimums. In this model, we will always be evaluating opportunities.

As for concept stores, we are still waiting for a more favorable, opportunistic moment within the macro context, but we are also pleased with the organic growth avenues that are opening up. Today we are growing at a very fast pace across the three brands and two channels wholesale and e-commerce.

What always stands out is the Corre family, but it is important to mention that Under Armour and Mizuno are growing at double digits, e-commerce is growing 33%. Short- and medium-term growth avenues abound, and we continue to properly manage risks.

Pedro Bartelle:

Just to complement Wagner, strategically we remain on this path of expanding direct sales, opening more physical stores so we can better showcase our products and tell the brands' stories better.

As I said at the beginning of the call, in Brazil we have a tradition of selling a large volume of sneakers in stores that end up not selling apparel, and it is hard to show your full value proposition. It is true that, as Wagner said, we are very busy with this agenda of organic growth and development, but all of this remains on our radar.

To be very candid, we have always said here that we have been studying building a structure and it is being built; it already exists and is being expanded to manage these few stores. There was also the possibility of accelerating this a bit and bringing in a ready solution to achieve somewhat faster growth.

Unfortunately, that cooled off a lot with the uncertainties in our country political and economic; deals cooled somewhat. But we believe that perhaps at the end of this year, and especially next year, there will be a new round of conversations and we may be able to accelerate the amount of direct sales through physical stores a bit. Regardless, we are building our structure here, bringing in people, specialists, and planning these store openings.

I would start with Under Armour's monobrand stores, the brand houses. As you may know, around 80% of the brand's sales come from apparel, since the Company was originally founded as an apparel brand.

In Brazil, we have a strong tradition in footwear and deep expertise in product development, tooling, and manufacturing. As a result, we are likely the country that sells the highest volume of Under Armour sneakers worldwide relative to apparel, since we also design and create these products locally. All of this reflects a complementary strategy aimed at making the brands increasingly stronger.

Allan, Evolve Capital (via webcast):

What will be the cash effect of the tax credits recognized now in 2Q25?

Wagner Dantas:

Allan, thank you for the question. We had a final ruling in that lawsuit at our subsidiary Vulcabras Bahia, and we recognized it in 2Q. We have already started the authorization process, and the Federal Revenue Service is now going through the natural validation steps for the credits. Once these credits are validated, we will begin the compensation cycle.

We are very confident about converting these credits into cash in the near term. This is not something that will remain on our balance sheet indefinitely or require us to consider alternative paths. Our clear intention is to proceed with compensation and monetize these credits as quickly as possible. Thank you again for the question.

Alessandro Lopes (via webcast):

Good morning, congratulations on the results. Looking ahead, the Corre family is a success, but what is the next step so we can diversify the portfolio?

Pedro Bartelle:

Alessandro, thank you for the question. Indeed, our organic agenda involves several steps that are currently under development. We view the Corre line as highly important and relevant, though we believe it has not yet reached its full potential. Starting in the second half and especially next year we already have collections designed, particularly for the first half, and the line will begin to expand.

Mainly, the success of a product tends to generate what I like to call its 'children' simpler versions that allow for more accessible price points, as well as more sophisticated versions that make the line increasingly complete. At the same time, I must say that Vulcabras is beginning to explore another path, still not very significant today, which is expanding into modal lines such as athleisure or sport style the more every day, lifestyle-oriented segment.

Some call them classics, others describe them as running inspired or sport style, and while we have this line across our three brands, it is not yet a significant part of the Company. In Rio Grande do Sul, we established a dedicated development department, with a separate floor focused exclusively on this segment, and the team is already doing strong work.

For example, we launched collections within the Corre family called Corre S products designed more for everyday wear. These models feature uppers with stronger fashion elements and are less technical for running, offering consumers a versatile, day-to-day shoe. This entire category has been growing significantly worldwide, as sports apparel and footwear long ago moved beyond courts and fields to become part of people's everyday lives. We see this as a category across all three brands with strong growth potential. Much like what we did with the Corre line, it starts small, builds positioning, and gradually gains credibility and strength.

There is also meaningful growth ahead in apparel, which is highly dependent on direct-to-consumer sales. Our relevance is still modest, but with new collections and products already in place, we are addressing this opportunity well. Importantly, the Company is now much more mature. The investments made in recent years and those we continue to make position us to manufacture any sports technology at scale, with great efficiency and fully controlled processes. This gives us confidence that we will be able to monetize these investments effectively, creating more stability following the rapid pace of hiring growth.

We also see significant potential in creating even more sophisticated products. With Olympikus, for instance, we have ambitions to launch products some already developed and set to be released at the end of the year that we believe can compete among the most technical offerings in the global market.

What we are building is a broad and well-structured portfolio. Every product launch is guided by extensive market intelligence, and while not every initiative is perfect, our track record shows that most products enjoy a healthy lifecycle. We rarely face situations where products must be withdrawn or fail to generate returns on investment in molds and development. This consistent discipline and careful study have been key to our success.

Therefore, we see a long runway for growth ahead. Thank you for the question.

Operator:

The Q&A session is now closed. I would like to hand it over to Mr. Pedro for his closing remarks.

Pedro Bartelle:

Well, everyone, thank you. Let me briefly share our outlook. In the second half and especially in 2026 we will intensify our investments in running. We identified this market back when we launched the first Corre, and we anticipated it would grow significantly.

At the end of this year, with rollouts continuing through 2026, we will launch new domestically developed collections for Mizuno's high-performance running categories. Until now, our offering in this segment was limited; going forward, we will have a complete collection. Under Armour, which previously did not participate in running with domestic production, will also launch a line of products to capture this growing market. In addition, Olympikus will continue expanding the Corre line, adding new models and broadening the collection.

These investments are all focused on growth. We are gaining market share, and I believe we are moving into a period of greater stability while continuing to grow and monetize the investments we have made. Our order books are full, so the priority now is execution: delivering with efficiency, capturing market opportunities, and sustaining growth.

I leave our IR channels at your disposal. Thank you all, and have a great day.

Wagner Dantas:

Thank you, everyone. Have a good day.

Operator:

The Vulcabras video conference is now concluded.

We thank you all for your participation and wish you a great day