Interim Financial Information

Vulcabras S.A.

June 30, 2024
with Report on Review of Interim Financial Information

Vulcabras S.A.

Interim financial information

June 30, 2024

Contents

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A free translation from Portuguese into English of Report on the Review of quarterly information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting and the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Report on the review of quarterly information

To the Shareholders, Board of Directors and Officers of
Vulcabras S.A.
Jundiaí - SP

Introduction

We have reviewed the individual and consolidated interim financial information of Vulcabras S.A. (the “Company”), contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2024, which comprises the statement of financial position as at June 30, 2024 and the statements of profit or loss and of comprehensive income for the three and six-month periods then ended, and the statements of changes in equity and of cash flows for the six-month period then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

Responsibility of the executive board on the interim financial information

The executive board is responsible for the preparation of the individual and consolidated interim financial information in accordance with *Accounting* Pronouncement NBC TG 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2024, prepared under the responsibility of the Company's executive board and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth by this Standard and consistently with the individual and consolidated interim financial information taken as a whole.

Recife, August 6, 2024.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-015199/O

Original report in Portuguese signed by
Francisco da Silva Pimentel
Accountant CRC SP-171230/O

Vulcabras S.A.

(Publicly-held company)

Statements of financial position

As of June 30, 2024 and December 31, 2023

(In thousands of reais)

		Consolidated		Parent Company	
Assets	**Note**	**06/30/2024**	**12/31/2023**	**06/30/2024**	**12/31/2023**
Cash and cash equivalents	4	426.261	361.020	125.297	1.023
Interest earning bank deposits	5	-	3	-	3
Trade accounts receivable	6	872.025	830.672	-	-
Inventories	7	624.523	583.534	-	-
Recoverable taxes	8	126.610	119.435	648	648
Income tax and social contribution	9a	31.999	26.786	3.462	992
Other accounts receivable - related parties	11b	-	-	-	255.742
Other accounts receivable and other receivables		22.375	39.177	2.167	4.142
Total current assets		**2.103.793**	**1.960.627**	**131.574**	**262.550**
Interest earning bank deposits	5	11.837	13.446	2	2
Trade accounts receivable	6	3.817	3.873	-	-
Recoverable taxes	8	15.235	59.236	1.920	1.920
Deferred income tax and social contribution	9b	1.385	1.286	-	-
Judicial deposits	10	12.108	27.847	252	250
Goods for sale		194	194	-	-
Other accounts receivable		1.943	2.090	795	1.012
Long-term assets		**46.519**	**107.972**	**2.969**	**3.184**
Investments	12a	60.592	62.883	1.954.544	1.733.010
Investment property		2	2	-	-
Right-of-use	18	11.608	12.903	-	-
Property, plant and equipment	13	434.239	422.650	3	-
Intangible assets	14	210.134	208.116	111	111
		716.575	**706.554**	**1.954.658**	**1.733.121**
Total non-current assets		**763.094**	**814.526**	**1.957.627**	**1.736.305**
Total assets		**2.866.887**	**2.775.153**	**2.089.201**	**1.998.855**

		Consolidated		Parent Company	
Liabilities	**Note**	**06/30/2024**	**12/31/2023**	**06/30/2024**	**12/31/2023**
Suppliers	16	123.015	83.779	67	2.631
Financing and loans	17	229.702	234.497	-	-
Lease liabilities	18	10.276	8.433	-	-
Taxes payable		44.020	39.332	278	195
Salaries and vacation payable		76.094	56.070	21	21
Provision	19	2.191	2.739	302	382
Commissions payable		31.185	28.239	-	-
Dividends and profits payable		45	15	45	15
Other accounts payable		53.886	58.576	536	225
Total current liabilities		**570.414**	**511.680**	**1.249**	**3.469**
Financing and loans	17	145.273	203.253	-	-
Lease liabilities	18	4.516	6.862	-	-
Provision	19	54.423	53.147	459	399
Deferred income tax and social contribution	9b	2.031	2.071	-	-
Other accounts payable		2.407	2.844	-	-
Total non-current liabilities		**208.650**	**268.177**	**459**	**399**
Shareholders' equity					
Capital	20a	1.273.553	1.108.354	1.273.553	1.108.354
Capital reserves	20b	303.659	(4.102)	303.659	(4.102)
Revaluation reserves	20c	3.943	4.020	3.943	4.020
Equity valuation adjustments	20d	28.020	23.965	28.020	23.965
Profit reserve	20e	249.754	862.750	249.754	862.750
Retained earnings		228.564	-	228.564	-
Shareholders' equity attributable to controlling sharehold		**2.087.493**	**1.994.987**	**2.087.493**	**1.994.987**
Non-controlling interest		**330**	**309**	**-**	**-**
Total shareholders' equity		**2.087.823**	**1.995.296**	**2.087.493**	**1.994.987**
Total liabilities		**779.064**	**779.857**	**1.708**	**3.868**
Total liabilities and shareholders' equity		**2.866.887**	**2.775.153**	**2.089.201**	**1.998.855**
		-	-	-	-

See the accompanying notes to the quarterly information.

Vulcabras S.A.

(Publicly-held company)

Statements of profit or loss

Three and six-month periods ended June 30, 2024 and 2023

(In thousands of reais, except net earnings per share)

	Note	Consolidated		Consolidated		Parent Company		Parent Company	
		06/30/2024	06/30/2023	04/01/2024 – 06/30/2024	04/01/2023 – 06/30/2023	06/30/2024	06/30/2023	04/01/2024 – 06/30/2024	04/01/2023 – 06/30/2023
Continued operation									
Net sales	21	1.358.270	1.295.038	761.003	723.920	-	-	-	-
Cost of sales and resales	22	(794.744)	(770.043)	(437.363)	(424.284)	-	-	-	-
Gross income		**563.526**	**524.995**	**323.640**	**299.636**	**-**	**-**	**-**	**-**
Sales expenses	23	(246.292)	(220.598)	(137.705)	(120.726)	-	-	-	-
Provision for expected losses for allowance for doubtful accounts	23	(1.321)	(1.392)	791	1.792	-	-	-	-
Administrative expenses	24	(80.210)	(71.334)	(42.745)	(38.949)	(4.263)	(3.098)	(3.444)	(2.693)
Other operating revenues, net	25	8.436	3.584	4.425	1.889	4.125	5.217	2.404	3.622
Equity in net income of subsidiaries	12b	2.639	2.873	1.259	1.261	217.479	219.496	135.915	135.838
Income (loss) before net financial expenses and revenues and taxes		**246.778**	**238.128**	**149.665**	**144.903**	**217.341**	**221.615**	**134.875**	**136.767**
Financial revenues		47.368	47.418	26.369	26.843	11.397	6.442	5.035	5.107
Financial expenses		(43.435)	(46.401)	(23.216)	(23.678)	(206)	(4.279)	(190)	(1.804)
Financial revenues and expenses, net	26	**3.933**	**1.017**	**3.153**	**3.165**	**11.191**	**2.163**	**4.845**	**3.303**
Income (loss) before income taxes		**250.711**	**239.145**	**152.818**	**148.068**	**228.532**	**223.778**	**139.720**	**140.070**
Deferred income tax and social contribution	9c	(22.236)	(16.564)	(13.105)	(9.117)	(45)	(1.187)	(1)	(1.119)
Net income for the period		**228.475**	**222.581**	**139.713**	**138.951**	**228.487**	**222.591**	**139.719**	**138.951**
Income (loss) attributable to:									
Controlling shareholders		228.487	222.591	139.719	138.951	228.487	222.591	139.719	138.951
Non-controlling shareholders		(12)	(10)	(6)	-	-	-	-	-
Net income for the period		**228.475**	**222.581**	**139.713**	**138.951**	**228.487**	**222.591**	**139.719**	**138.951**
Earnings per share									
Earnings per common share - basic						0,8540	0,9074	0,5222	0,5664
Earnings per common share - diluted						0,8515	0,9039	0,5207	0,5642
Number of shares at the end of the period									
Outstanding common shares						267.549.560	245.320.501	267.549.560	245.320.501
Outstanding common shares with a dilution effect						268.322.836	246.269.003	268.322.836	246.269.003

See the accompanying notes to the quarterly information.

Vulcabras S.A.

(Publicly-held company)

Statements of comprehensive income

Three and six-month periods ended June 30, 2024 and 2023

(In thousands of reais)

	Consolidated		Consolidated		Parent Company		Parent Company	
	06/30/2024	06/30/2023	04/01/2024 – 06/30/2024	04/01/2023 – 06/30/2023	06/30/2024	06/30/2023	04/01/2024 – 06/30/2024	04/01/2023 – 06/30/2023
Net assets for the period	228.475	222.581	139.713	138.951	228.487	222.591	139.719	138.951
Other comprehensive income - OCI	4.055	(2.373)	3.201	(1.178)	4.055	(2.373)	3.201	(1.178)
Items that can be subsequently reclassified to income (loss)								
Exchange differences from translation of foreign operations	3.834	(2.399)	2.980	(1.216)	3.834	(2.399)	2.980	(1.216)
Financial assets at fair value through other comprehensive income	221	26	221	38	221	26	221	38
Total comprehensive income	232.530	220.208	142.914	137.773	232.542	220.218	142.920	137.773
Comprehensive income attributable to:								
Controlling shareholders	232.542	220.218	142.920	137.773	232.542	220.218	142.920	137.773
Non-controlling shareholders	(12)	(10)	(6)	-	-	-	-	-

See the accompanying notes to the quarterly information.

Vulcabras S.A.

(Publicly-held company)

Statements of changes in equity

Six-month periods ended June 30, 2024 and 2023

(In thousands of reais)

	Consolidated										
	Parent Company										
		Capital reserves			Other comprehensive income	Profit reserves					
	Capital	Goodwill in the issue of shares	Stock option and treasury shares	Reflected revaluation reserve in subsidiaries	Equity valuation adjustment	Legal reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
Balances at January 1, 2023	**1.106.717**	**-**	**(1.472)**	**4.175**	**25.974**	**39.187**	**536.907**	**-**	**1.711.488**	**346**	**1.711.834**
Realization of revaluation reserve in subsidiary, net of taxes	-	-	-	(78)	-	-	-	78	-	-	-
Transaction with share-based payments	-	-	(318)	-	-	-	-	-	(318)	-	(318)
Treasury shares acquired	-	-	(2.398)	-	-	-	-	-	(2.398)	-	(2.398)
Capital increase (Note 20.a)	1.637	-	-	-	-	-	-	-	1.637	-	1.637
Other comprehensive income		-									
Exchange differences from translation of foreign operations	-	-	-	-	(2.399)	-	-	-	(2.399)	(24)	(2.423)
Financial assets at fair value through other comprehensive income	-	-	-	-	26	-	-	-	26	-	26
Minimum mandatory dividends	-	-	-	-	-	-	-	(36.784)	(36.784)	-	(36.784)
Net income for the period	-	-	-	-	-	-	-	222.591	222.591	(10)	222.581
Balances at June 30, 2023	**1.108.354**	**-**	**(4.188)**	**4.097**	**23.601**	**39.187**	**536.907**	**185.885**	**1.893.843**	**312**	**1.894.155**
Balances at January 1, 2024	**1.108.354**	**-**	**(4.102)**	**4.020**	**23.965**	**63.931**	**798.819**	**-**	**1.994.987**	**309**	**1.995.296**
Realization of revaluation reserve in subsidiary, net of taxes	-	-	-	(77)	-	-	-	77	-	-	-
Transaction with share-based payments	-	-	753	-	-	-	-	-	753	-	753
Treasury shares acquired	-	-	(17.992)	-	-	-	-	-	(17.992)	-	(17.992)
Capital increase (Note 20.a)	10.441	-	-	-	-	-	-	-	10.441	-	10.441
Capital increase, including goodwill on issuing shares (Note 20.a)	176.350	325.000	-	-	-	-	-	-	501.350	-	501.350
Costs with issue of shares (Note 20.a)	(21.592)	-	-	-	-	-	-	-	(21.592)	-	(21.592)
Other comprehensive income											
Exchange differences from translation of foreign operations	-	-	-	-	3.834	-	-	-	3.834	33	3.867
Financial assets at fair value through other comprehensive income	-	-	-	-	221	-	-	-	221	-	221
Dividends distributed	-	-	-	-	-	-	(612.996)	-	(612.996)	-	(612.996)
Net income for the period	-	-	-	-	-	-	-	228.487	228.487	(12)	228.475
Balances at June 30, 2024	**1.273.553**	**325.000**	**(21.341)**	**3.943**	**28.020**	**63.931**	**185.823**	**228.564**	**2.087.493**	**330**	**2.087.823**

See the accompanying notes to the quarterly information.

Vulcabras S.A.

(Publicly-held company)

Statements of cash flows

Six-month periods ended June 30, 2024 and 2023

(In thousands of reais)

	Note	Consolidated 06/30/2024	Consolidated 06/30/2023	Parent Company 06/30/2024	Parent Company 06/30/2023
Cash flow from operating activities					
Net income for the period		228.475	222.581	228.487	222.591
Adjustments for:					
Depreciation and amortization		51.050	48.290	-	-
Provision for impairment losses on inventories	7b	28.850	12.957	-	-
Interest on provisioned leases	18	705	2.534	-	-
Net value of written off tangible and intangible assets		6.969	2.691	-	-
Yields from interest earning bank deposits		(5.953)	(840)	(5.093)	-
Provision for contingencies	19	22.108	3.363	73	508
Equity in net income of subsidiaries	12b	(2.639)	(2.873)	(217.479)	(219.496)
Transaction with share-based payments	20b	753	(318)	753	(318)
Provision (reversal) for expected losses for doubtful accounts		1.321	1.392	-	-
Gain or loss on lease termination		(459)	-	-	-
Recovery of PIS and COFINS on ICMS		(3.167)	(6.174)	-	-
Financial charges and exchange-rate change recognized in income (loss)		23.012	20.213	-	-
Current and deferred income tax and social contribution	9c	22.236	16.564	45	1.187
Non-controlling interest		12	10	-	-
		373.273	**320.390**	**6.786**	**4.472**
Changes in assets and liabilities					
Trade accounts receivable		(36.894)	26.956	-	-
Inventories		(69.839)	(173.298)	-	-
Recoverable taxes		34.780	12.227	(2.470)	111
Amounts receivable for disposal of operation		-	905	-	-
Other accounts receivable		16.949	11.151	257.934	(25.704)
Judicial deposits		(1.973)	(4.003)	(2)	143
Suppliers		36.726	96.488	(2.564)	(269)
Taxes payable		(10.908)	5.110	38	(1.038)
Salaries and vacation payable		20.024	16.466	-	8
Provision		(3.668)	(5.960)	(93)	(200)
Commissions payable		2.946	5.024	-	-
Other accounts payable		(5.106)	(17.449)	311	(466)
Cash from (used in) operating activities		**356.310**	**294.007**	**259.940**	**(22.943)**
Interest paid	17d	(20.456)	(24.180)	-	-
Payment of lease interest	17d	(696)	(1.062)	-	-
Income taxes paid		(5.901)	(13.311)	-	-
		(27.053)	**(38.553)**	**-**	**-**
Net cash flow from (used in) operating activities		**329.257**	**255.454**	**259.940**	**(22.943)**
Cash flow from investing activities					
Acquisition of property, plant and equipment	13b	(61.667)	(68.306)	(3)	-
Redemption (investment) of interest earning bank deposits		7.565	(3.506)	5.096	(1)
Funds from disposal of property, plant and equipment		854	596	-	-
Acquisitions of intangible assets	14b	(3.227)	(772)	-	-
Dividends received		5.433	1.401	-	-
Decrease in investee's interest	12b	-	-	-	99.998
Net cash flow from (used in) investment activities		**(51.042)**	**(70.587)**	**5.093**	**99.997**
Cash flow from financing activities					
Loans obtained - Principal	17d	102.559	165.600	-	-
Payment of loans obtained - Principal	17d	(169.062)	(202.047)	-	-
Receipt (payments) of loans with related parties	11b	-	-	-	(50.945)
Acquisition of treasury shares	20b	(17.992)	(2.398)	(17.992)	(2.398)
Dividends and interest on own capital paid	17d	(612.966)	(57.513)	(612.966)	(57.513)
Capital increase	20a	186.791	1.637	186.791	1.637
Goodwill on the subscription of shares	20b	325.000	-	325.000	-
Realization of expenditure with issue of shares	20a	(21.592)	-	(21.592)	-
Payment of lease liabilities	17d	(5.635)	(6.328)	-	-
Net cash flow used in financing activities		**(212.897)**	**(101.049)**	**(140.759)**	**(109.219)**
Increase (decrease) in cash and cash equivalents		**65.318**	**83.818**	**124.274**	**(32.165)**
Cash and cash equivalents at the beginning of the year		361.020	197.197	1.023	35.161
Effect of exchange-rate changes on cash and cash equivalents		(77)	322	-	-
Cash and cash equivalents at the end of the year		426.261	281.337	125.297	2.996
Increase (decrease) in cash and cash equivalents		**65.318**	**83.818**	**124.274**	**(32.165)**
		-	-	-	-

(*) The amount of R$ 632 from property, plant and equipment acquisitions not settled with suppliers (R$ 1,171 as of June 30, 2023) had no cash effect for the period ended June 30, 2024.

See the accompanying notes to the quarterly information.

Vulcabras S.A.

(Publicly-held company)

Statements of value added

Six-month periods ended June 30, 2024 and 2023

(In thousands of reais)

	Consolidated		Parent company	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Revenues	**1.556.056**	**1.460.569**	**1.523**	**2.429**
Sale of goods, products and services	1.542.038	1.455.390	-	-
Other revenues and expenses	15.339	6.571	1.523	2.429
Expected losses for allowance for doubtful accounts	(1.321)	(1.392)	-	-
Inputs acquired from third parties	**(654.232)**	**(648.367)**	**(3.450)**	**(2.162)**
Raw material used	(286.970)	(298.552)	-	-
Cost of products and goods sold and services rendered	(202.192)	(183.597)	-	-
Materials, energy, outsourced services and other	(165.070)	(166.218)	(3.450)	(2.162)
Loss/recovery of asset values	-	-	-	-
Gross added value	**901.824**	**812.202**	**(1.927)**	**267**
Retentions	**(51.050)**	**(48.290)**	**-**	**-**
Depreciation and amortization	(51.050)	(48.290)	-	-
Net added value generated by the Company	**850.774**	**763.912**	**(1.927)**	**267**
Added value received as transfer	**54.221**	**54.584**	**232.700**	**229.459**
Equity in net income of subsidiaries	2.639	2.873	217.479	219.496
Financial revenues	47.368	47.418	11.397	6.443
Other	4.214	4.293	3.824	3.520
Total added value to be distributed	**904.995**	**818.496**	**230.773**	**229.726**
Distribution of added value	**904.995**	**818.496**	**230.773**	**229.726**
Personnel	**403.529**	**349.880**	**582**	**441**
Direct remuneration	249.321	231.301	-	-
Benefits	42.808	43.561	-	-
FGTS	16.378	17.292	-	-
Sales commissions	84.484	53.404	-	-
Directors' fees	10.538	4.322	582	441
Taxes, rates and contributions	**229.850**	**200.327**	**1.670**	**2.423**
Federal	207.932	175.288	1.515	2.276
State	21.499	24.672	-	-
Municipal	419	367	155	147
Third-party capital remuneration	**43.141**	**45.708**	**34**	**4.271**
Interest	41.183	43.965	33	4.271
Rents	1.958	1.747	-	-
Other	-	(4)	1	-
Remuneration of own capital	**228.475**	**222.581**	**228.487**	**222.591**
Dividends	-	36.784	-	36.784
Retained earnings	228.487	185.807	228.487	185.807
Non-controlling interest	(12)	(10)	-	-

See the accompanying notes to the quarterly information.

1 Operations

Vulcabras S.A. ("Company") is a publicly-held company headquartered in Jundiaí - State of São Paulo (SP), Brazil. Manufacturing operations are concentrated in subsidiaries located in the Northeast region, in the States of Ceará and Bahia. The Company is registered with B3 S.A. - Brasil, Bolsa, Balcão - in the Novo Mercado (New Market) segment, under the ticker VULC3.

The Company has also investments in other companies, and is engaged in trading and production in the domestic and foreign markets of apparel and accessories products, particularly sportswear, male, female and professional footwear, through its direct and indirect subsidiaries:

- Vulcabras CE, Calçados e Artigos Esportivos S.A. ("Vulcabras CE") which has the following subsidiaries:
- Vulcabras SP, Comércio de Artigos Esportivos Ltda. ("Vulcabras SP");
- Vulcabras Distribuidora de Artigos Esportivos Ltda. ("Vulcabras Distribuidora");
- Distribuidora de Calçados e Artigos Esportivos Cruzeiro do Sul Ltda.;
- Vulcabras BA, Calçados e Artigos Esportivos S.A. ("Vulcabras BA");
- Vulcabras Empreendimento Imobiliário SPE Ltda.;
- Calzados Azaléia Peru S.A.; and
- Running Comércio e Indústria de Artigos Esportivos Ltda.

The brands managed by the companies include:

Own brands: Azaléia, Dijean, Olk, Olympikus, Opanka and Vulcabras.
Third parties' brands: Under Armour and Mizuno.

(In thousands of reais)

1.1 List of subsidiaries

The interim consolidated financial information includes the information of the Company and its subsidiaries the following direct and indirect subsidiaries, with the following percentage interest on the balance sheet date:

		% Direct interest		% Indirect interest		% Total interest	
	Country	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Calzados Azaleia Peru S.A.	Peru	-	-	99.11	99.11	99.11	99.11
Distribuidora de Calçados e Artigos Esportivos Cruzeiro do Sul Ltda.	Brazil	-	-	100.00	100.00	100.00	100.00
Running Comércio e Indústria de Artigos Esportivos Ltda	Brazil	-	-	100.00	100.00	100.00	100.00
Vulcabras BA, Calçados e Artigos Esportivos S.A.	Brazil	-	-	99.99	99.99	99.99	99.99
Vulcabras CE, Calçados e Artigos Esportivos S.A.	Brazil	99.99	99.99	-	-	99.99	99.99
Vulcabras Distribuidora de Artigos Esportivos Ltda.	Brazil	1.31	1.31	98.69	98.69	100.00	100.00
Vulcabras Empreendimento Imobiliário SPE Ltda.	Brazil	100.00	100.00	-	-	100.00	100.00
Vulcabras SP, Comércio de Artigos Esportivos Ltda.	Brazil	-	-	100.00	100.00	100.00	100.00

a. *Main characteristics of subsidiaries included in consolidation*

Calzados Azaleia Peru S.A.
Calzados Azaleia Peru S.A. is responsible for the import and sale of shoes and sport gear and women's shoes in the Peruvian market.

Distribuidora de Calçados e Artigos Esportivos Cruzeiro do Sul Ltda.
Distribuidora de Calçados e Artigos Esportivos Cruzeiro do Sul Ltda. is engaged in the trading and distribution of footwear and sports apparel and boots for professional use.

Running Comércio e Indústria de Artigos Esportivos Ltda.
Running Comércio e Indústria de Artigos Esportivos Ltda. is engaged in marketing footwear, apparel and sports accessories under the Mizuno brand.

Vulcabras BA, Calçados e Artigos Esportivos S.A.
Vulcabras BA, Calçados e Artigos Esportivos S.A is mainly engaged in the manufacture, sale, import and export of sports shoes, women's shoes and boots for professional use.

Vulcabras CE, Calçados e Artigos Esportivos S.A.
Vulcabras CE, Calçados e Artigos Esportivos S.A. is mainly engaged in the development, manufacture, sale, import and export of sports shoes.

Vulcabras Distribuidora de Artigos Esportivos Ltda.
Vulcabras Distribuidora de Artigos Esportivos Ltda. is responsible for the sale and distribution of sports shoes and apparel.

Vulcabras Empreendimento Imobiliário SPE Ltda.
Vulcabras Empreendimento Imobiliário SPE Ltda. has as its specific corporate purpose the planning, promotion, real estate development and commercialization of a real estate project, to be developed in the property located in Jundiaí - SP.

Vulcabras SP, Comércio de Artigos Esportivos Ltda.
Vulcabras SP, Comércio de Artigos Esportivos Ltda. is engaged in the trading and distribution of footwear, sports apparel and accessories by means of its stores and e-commerce.

2 Preparation basis and presentation of individual and consolidated interim financial information

2.1 Statement of conformity regarding the International Financial Reporting Standards (IFRS) and Accounting Pronouncement Committee (CPC) standards and measurement basis

The interim financial information was prepared and is being presented in accordance with the accounting practices adopted in Brazil, which comprise the rules of the Brazilian Securities and Exchange Commission (CVM) and the Brazilian Accounting Standards – NBCs of the Federal Accounting Council (CFC), in accordance with NBC TG 21 – Interim Financial Reporting [equivalent to IAS 34, issued by the International Accounting Standards Board (IASB)].

All relevant information in individual and consolidated interim financial information, and only this, is being evidenced and corresponds to that used by Management.

The presentation of the Statement of Value Added, although not required by IFRS, is mandatory for publicly-held companies in Brazil. As a result, this statement is presented by Company as supplementary information for IFRS purposes, without prejudice to the interim financial information.

The interim financial information was prepared based on the historical cost, with the exception of debt securities at FVTOCI that are measured at fair value and financial assets measured at fair value through profit or loss and other financial liabilities measured at fair value.

The authorization for the conclusion and issue of this individual and consolidated interim financial information was given by the Board of Directors on August 6, 2024.

2.2 Use of estimates and judgments

The preparation of this interim financial information, Management used judgments, estimates and assumptions that affect the application of accounting policies of the Company, and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Reviews of estimates are recognized on a prospective basis.

a. Judgments

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the interim financial information are included in the following notes:

- **Note 18 -** Leases: whether the Company’s subsidiaries are reasonably certain to exercise extension options.

b. Uncertainties on assumptions and estimates

Information on uncertainties as to assumptions and estimates as of June 30, 2024 that pose a high risk of resulting in a material adjustment in book balances of assets and liabilities in the next fiscal year are included in the following notes:

- **Note 6** – Trade accounts receivable: measurement of estimated credit loss for accounts receivable;
- **Note 7 -** Inventories: recognition of provision for losses in inventories without movement;
- **Note 15 -** Analysis of recoverability of non-financial assets: impairment test of non-financial assets: main assumptions in relation to recoverable values;
- **Note 19 -** Provision: recognition and measurement of provision for lawsuits: key assumptions regarding the likelihood and magnitude of an outflow of resources.

3 Material accounting policies

The practices, policies and significant accounting judgments and sources of uncertainties on estimates adopted in the preparation of interim financial information are consistent with those adopted and disclosed in individual and consolidated financial statements for the year ended December 31, 2023, which were disclosed as of March 7, 2024 and should be read jointly with this interim financial information.

This individual and consolidated interim financial information is presented in Reais, which is the Company’s functional currency, and has been rounded to the nearest thousand, unless otherwise indicated.

New standards and interpretations not yet effective

The following amended standards and interpretations did not have a significant impact on Company’s individual and consolidated interim financial information.

- Deferred tax related to assets and liabilities arising from a single transaction - amendments to CPC 32/IAS 12
- IFRS 17 - Insurance Contracts.
- Disclosure of accounting policies (amendment to CPC 26/IAS 1 and IFRS Practice Statement 2)
- Definition of accounting estimates (amendments to CPC 23/IAS 8).

The new standards and changes did not have a significant impact on the Group’s interim financial information.

The Company and its subsidiaries decided not to early adopt any other standard, interpretation or change that has been issued but is not yet effective.

(In thousands of reais)

4 Cash and cash equivalents

	Consolidated		Parent Company	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
Current account	327	8,092	25	3
Floating rate CDB (Invest Fácil)	13,334	20,679	228	42
Floating-rate CDBs	410,142	328,401	125,044	978
Cash and cash equivalents abroad	2,458	3,848	-	-
	426,261	**361,020**	**125,297**	**1,023**

Balance of checking account is represented by bank deposits without interest accrual.

Interest earning bank deposits classified as cash equivalents consist of short-term investments, with daily liquidity, which can be redeemed at any time regardless of maturity, without forfeiting the yield.

Interest earning bank deposits accruing interest on the bank account balance (Invest Fácil) are made automatically according to the availability of bank balance and the redemptions occur according to the immediate cash requirements of the Company and its subsidiaries. The yield is 5–10% of the Interbank Deposit Certificate (CDI), on June 30, 2024 (5–10% of the CDI as of December 31, 2023).

Floating-rate CDBs (Bank Deposit Certificate) are remunerated from 100.0% to 102.50% of CDI as of June 30, 2024 (from 100.5% to 102.50% of CDI as of December 31, 2023) and have immediate liquidity. See Note 28 on credit risk exposure.

5 Interest earning bank deposits

	Consolidated		Parent Company	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
Interest earning bank deposits - Domestic:				
Investment funds – fixed income	11,147	12,980	2	5
Share investment funds	690	469	-	-
	11,837	**13,449**	**2**	**5**
Current	**-**	**3**	**-**	**3**
Non-current	**11,837**	**13,446**	**2**	**2**

(In thousands of reais)

Investments in fixed income investment funds in the amount of R$ 11,147 (R$ 12,980 as of December 31, 2023) yield 102% of the CDI as of June 30, 2024 (105% of the CDI as of December 31, 2023), do not have liquidity, as they are linked to guarantees in financing agreements (BNB).

Equity investment funds of R$ 690 (R$ 469 as of December 31, 2023) are financial assets measured at fair value through other comprehensive income. Shares were valued according to the B3 quotation on the date of this financial information.

6 Trade accounts receivable

a. Breakdown of balances

	Consolidated	
Accounts receivable	**06/30/2024**	**12/31/2023**
Domestic:		
Clients	839,037	827,522
Abroad:		
Clients	78,679	48,798
Subtotal trade accounts receivable	**917,716**	**876,320**
Impairment losses	(41,874)	(41,775)
Total trade accounts receivable, net	**875,842**	**834,545**
Current	**872,025**	**830,672**
Non-current	**3,817**	**3,873**

b. By maturity

	Consolidated	
	06/30/2024	**12/31/2023**
Falling due (days):		
01−30	194,723	240,862
31−60	247,942	243,631
61−90	214,363	175,488
>90	213,639	169,830
	870,667	**829,811**
Overdue (days):		
01−30	5,167	5,526
31−60	2,151	1,785
61−90	1,304	683
>90	38,427	38,515
	47,049	**46,509**
	917,716	**876,320**

The exposure of Company's subsidiaries to credit risk is influenced, mainly, by the individual characteristics of each client. However, management also considers the factors that may influence the credit risk of its client base, including the risk of non-payment of the industry, sales and of the country in which the client operates.

Details on gross sales in the foreign and domestic markets are disclosed in Note 21. Management understands that the amount that best reflects its maximum exposure to credit risk for the period ended June 30, 2024 is R$ 41,874 (R$ 41,775 as of December 31, 2023), which results from the criteria described in item (c).

c. Measurement criteria of losses with clients (impairment)

The analysis of the credit granting to the customer is made when he/she is registered in the system of the Company and its subsidiaries, for which there is a requirement to present all necessary documentation, including financial statements and commercial references. The credit limit is revalued at each posting of new orders, due to the seasonality of the financial market.

In addition to the individual analysis of each client on arrears, The Company and its subsidiaries use a matrix of provision to calculate the expected loss on accounts receivable. The provision rates applied are based on arrears for groupings of segments of clients with similar loss patterns, such as, for example, by geographic region, line of product or type of client, credit risk, among other.

The provision matrix is initially based on the historical loss rates observed by the Company and its subsidiaries. The Company and its subsidiaries review the matrix on a forward-looking basis in order to adjust it according to historical loss experience. For example, if there is expectation of deterioration of economic conditions for the following year, which could cause increase of default, the expected loss rates are adjusted, when deemed necessary. In every accounting closing date, the loss rates are updated and the need of changes in the prospective estimates is assessed.

The criteria used to form impairment losses is the same for the portfolio of domestic and foreign clients.

The Company and its subsidiaries carry out an individual analysis of each client. For clients under court-ordered reorganization, the Company has a policy of recording a provision for expected loss in the amount that may vary from 20% to 40% of the outstanding balance for clients with a financial restructuring profile and, for those who do not have the same profile, 100% is applied on the outstanding balance.

(In thousands of reais)

d. Changes in provision for impairment

Changes in the provision for impairment for the period ended June 30, 2024 and year ended December 31, 2023 are as follows:

	Consolidated	
	06/30/2024	**12/31/2023**
Opening balance	**(41,775)**	**(43,246)**
Complement of provision	(1,626)	(12,165)
Write-offs	1,223	2,079
Recovery of provision	304	11,557
Closing balance	**(41,874)**	**(41,775)**

Considering the capillarity of sales distribution and the credit policy of the Company's subsidiaries, the concentration of clients in sales or in the receivables portfolio is lower than 8%. Thus, at the end of the period as of June 30, 2024, there was no significant change in the participation or concentration in the main clients.

The exposure of Company's subsidiaries to credit and currency risks and impairment losses related to trade accounts receivable and other accounts are disclosed in Note 28.

7 Inventories

	Consolidated	
	06/30/2024	**12/31/2023**
Finished products	96,217	114,513
Good for resale	262,297	234,296
Work in process	53,604	55,128
Raw materials	114,400	109,087
Packaging and storeroom materials	24,771	28,578
Goods in transit	60,196	35,767
Imports in progress	10,944	4,071
Other	2,094	2,094
	624,523	**583,534**

a. Measurement criteria of provision (impairment)

The Company's subsidiaries, based on a historical analysis and estimate of losses, form a provision for losses in the realization of inventories. An allowance was set up for 100% of the raw materials and work in progress inventories without movement for over 180 days. All items of the finished products and goods for resale inventory were valued and an allowance was set up for potential losses due to the perspectives of sale of each of them, with an allowance for all the items that presented negative contribution margin.

(In thousands of reais)

As of June 30, 2024, the provision for losses for finished products and resales is R$ 11,289 (R$ 9,158 as of December 31, 2023), the provision for losses on raw materials and consumption material is R$ 44,560 (R$ 30,055 as of December 31, 2023) and the provision for losses for work in process is R$ 4,625 (R$ 4,081 as of December 31, 2023).

The amount of raw material, labor, and indirect manufacturing costs used in the breakdown of costs of products sold is R$ 519,563 as of June 30, 2024 (R$ 583,499 as of June 30, 2023).

b. Changes in provision (impairment)

Changes in provision for losses in the realization of inventory for the period ended June 30, 2024 and year ended December 31, 2023 are shown below:

	Consolidated	
	06/30/2024	**12/31/2023**
Opening balance	**(43,294)**	**(39,765)**
Additions/reversals for the period	(28,850)	(21,055)
Write-off	11,670	17,526
Closing balance	**(60,474)**	**(43,294)**

8 Recoverable taxes

	Consolidated		Parent Company	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
ICMS	4,318	10,899	20	20
IPI	2,053	2,048	-	-
PIS/COFINS	112,145	151,498	-	-
FINSOCIAL	2,475	2,475	1,920	1,920
Reintegra	188	453	-	-
Undue tax payments (a)	8,792	8,792	-	-
Tax credit – State subsidy	9,337	-	-	-
Other	2,537	2,506	628	628
	141,845	**178,671**	**2,568**	**2,568**
Current	**126,610**	**119,435**	**648**	**648**
Non-current	**15,235**	**59,236**	**1,920**	**1,920**

(a) Refers to the recognition of tax overpayments – SELIC, arising from the non-taxation of inflation adjustment based on the SELIC change.

The Company’s subsidiaries have other lawsuits in different phases, but none with characteristics to be accounted for at this time.

(In thousands of reais)

9 Income tax and social contribution

a. Income tax prepayment

	Consolidated		Parent Company	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
Income tax - prepayment	31,999	26,786	3,462	992
	31,999	**26,786**	**3,462**	**992**

b. Deferred income tax and social contribution on temporary differences

	Consolidated	
	06/30/2024	**12/31/2023**
Temporary differences for the period		
Revaluation of property, plant and equipment	(2,031)	(2,071)
Provision	407	407
Subsidiary abroad	978	879
Deferred income tax and social contribution on temporary differences	**(646)**	**(785)**
Total deferred income tax and social contribution in assets	1,385	1,286
Total deferred income and social contribution tax liabilities	(2,031)	(2,071)

c. Income tax and social contribution - deferred and current

Deferred and current income tax and social contribution in the consolidated income (loss). As shown in Note 9d, the rate used to calculate the tax was 34%:

	Consolidated	
	06/30/2024	**06/30/2023**
Current income tax and social contribution	(7,839)	(16,564)
Deferred income tax and social contribution (a)	(14,397)	-
	(22,236)	**(16,564)**

(a) Refers to the taxation of state subsidies which have a counterpart in taxes to be collected.

(In thousands of reais)

d. Reconciliation of the effective tax rate

	Consolidated	
	IRPJ / CSLL	
	06/30/2024	**06/30/2023**
Income before income tax and social contribution	**250,711**	**239,145**
Income tax and social contribution at a rate of 34%	85,242	81,309
Non-deductible expenses	1,593	1,522
Tax incentives – state **(a)**	-	(43,838)
Incentive to technological innovation	(5,443)	(5,267)
IRPJ incentive	(39,390)	(12,719)
Offset of tax loss and negative basis	(26,374)	(11,695)
Temporary expenses	(992)	-
Adjustment of tax overpayments	(1,077)	(2,074)
Credit for state incentives – Law 14789/2023	(3,174)	-
Other	11,851	9,326
	(63,006)	(64,745)
Expense with income tax and social contribution	**22,236**	**16,564**
Current	7,839	16,564
Deferred	14,397	-
Effective rate (b)	**8.87%**	**6.93%**

(a) See description of tax benefits in Note 30.

(b) Effective rate on accounting income before income tax and social contribution.

(In thousands of reais)

e. Tax losses to be offset

The Company’s subsidiaries, Vulcabras CE, Calçados e Artigos Esportivos S.A., Vulcabras BA, Calçados e Artigos Esportivos S.A., Vulcabras SP, Comércio de Artigos Esportivos Ltda. and Vulcabras Distribuidora de Artigos Esportivos Ltda. have significant tax incentives that considerably reduce their capacity to offset any deferred income tax credits. Management is constantly monitoring the renewal of tax incentives. Considering the low expectation of realization, the Company and its subsidiaries do not record the deferred income tax and social contribution on tax losses. As of June 30, 2024 and December 31, 2023, the Company and its subsidiaries had tax losses to be utilized for offset, related to the following base amounts:

	06/30/2024							
	Vulcabras CE, Calçados e Artigos Esportivos S.A.	**Vulcabras BA, Calçados e Artigos Esportivos S.A.**	**Vulcabras Distribuidora de Artigos Esportivos Ltda.**	**Vulcabras SP, Comércio de Artigos Esportivos Ltda.**	**Running, Comércio e Indústria de Artigos Esportivos Ltda.**	**Distribuidora de Calçados e Artigos Esportivos Cruzeiro do Sul Ltda.**	**Vulcabras S.A.**	**Total**
Tax losses calculated on June 30, 2024	158,695	544,261	45,812	468,792	14,652	39,272	157,761	1,429,245
Negative basis of social contribution as of June 30, 2024	1,003,454	556,566	51,087	478,277	14,900	39,272	159,875	2,303,431

	12/31/2023							
	Vulcabras CE, Calçados e Artigos Esportivos S.A.	**Vulcabras BA, Calçados e Artigos Esportivos S.A.**	**Vulcabras Distribuidora de Artigos Esportivos Ltda.**	**Vulcabras SP, Comércio de Artigos Esportivos Ltda.**	**Running, Comércio e Indústria de Artigos Esportivos Ltda.**	**Distribuidora de Calçados e Artigos Esportivos Cruzeiro do Sul Ltda.**	**Vulcabras S.A.**	**Total**
Tax losses calculated on December 31, 2023	206,493	574,929	45,332	463,085	11,312	39,270	147,956	1,488,377
Negative basis of social contribution as of December 31, 2023	1,048,136	586,962	46,796	463,589	11,560	39,270	150,071	2,346,384

Offset of income tax losses and negative basis of social contribution tax may be offset against a maximum of 30% of annual taxable income earned from the year 1995 onwards, with no statutory limitation period.

(In thousands of reais)

10 Judicial deposits

The Company and its subsidiaries have judicial deposits related to civil, labor and tax lawsuits (Note 19), as shown below:

	Consolidated		**Parent Company**	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
Judicial deposits				
Civil	35	35	-	-
Labor	10,643	11,214	252	250
Tax	1,430	16,598	-	-
Total	**12,108**	**27,847**	**252**	**250**

a. Labor (consolidated)

Labor lawsuits refer mainly to requests related to overtime, salary equivalence, health hazard premium, hazardous duty premium, moral damages and occupational illness.

Labor judicial deposits refer mostly to amounts deposited in connection with lawsuits and are related to extraordinary appeals, motions to review, security deposits and online pledges of part of amounts contained in ongoing labor lawsuits.

b. Civil (consolidated)

Civil lawsuits are mostly related to requests for indemnity in general for property damages and pain and suffering, and also requests related to alleged manufacturing defects. Civil judicial deposits are related to these lawsuits, made to guarantee the discussion of the amounts claimed.

c. Tax (consolidated)

The tax judicial deposits refer to the lawsuits in which the Company and its subsidiaries are defendants, mainly involving the following taxes: IRPJ, COFINS, PIS, ICMS.

11 Related party transactions

The main balances of assets and liabilities as of June 30, 2024 and December 31, 2023, as well as the transactions that influenced income (loss) for the period, relating to operations with related parties, result from transactions of the Company with its subsidiaries in Brazil and Peru.

Loan agreements are restated at the DI-CETIP rate.

a. Parent company and ultimate parent company

The Company's main parent company is Gianpega Negócios e Participações S.A. and the ultimate parent company is Mr. Pedro Grendene Bartelle.

(In thousands of reais)

b. Transactions with parent company

The transactions between the parent company and its subsidiaries, which are eliminated for consolidation purposes, were carried out under conditions and terms agreed between the parties, as follows:

	Vulcabras CE	**Vulcabras BA**	**06/30/2024**	**12/31/2023**
Assets				
Other accounts receivable - related parties (*)	-	-	-	255,742
			06/30/2024	**06/30/2023**
Income (loss)				
Financial income (loss)	-	-	-	(4,238)

(*) Referred to the capital decrease of the subsidiary Vulcabras CE approved at the Extraordinary General Meeting on September 23, 2023.

(In thousands of reais)

c. Transactions between subsidiaries

Vulcabras CE, Calçados e Artigos Esportivos S.A. and subsidiaries

The subsidiary Vulcabras CE, Calçados e Artigos Esportivos S.A. carries out transactions with its subsidiaries involving purchase and sale transactions and loans to cover temporary cash requirements, which are subject to charges related to changes in the CDI rate, and are comprised as follows:

	Running	**Calzados Azaleia Peru.**	**Vulcabras SP**	**Vulcabras Distribuidora**	**Vulcabras BA**	**06/30/2024**	**12/31/2023**
Assets							
Accounts receivable	16,621	2,234	363,746	-	1,051	383,652	279,397
Other credits	129	-	4,432	49,213	5,173	58,947	93,666
Liabilities							
Accounts payable	-	-	487	37	31,332	31,856	24,320
Other debts	-	-	3,132	-	-	3,132	4,818
Income (loss)						**06/30/2024**	**06/30/2023**
Intercompany sale	5,198	1,504	102,286	-	8,801	117,789	83,789
Intercompany purchase	-	-	(1,215)	(595)	(6,907)	(8,717)	(18,341)

Balances with related parties are eliminated for the purpose of consolidated presentation. The main nature of the transactions refers to the purchase and sale of footwear and apparel.

(In thousands of reais)

d. Management remuneration

At the Annual Shareholders' Meeting held on April 23, 2024, the Company established the annual overall remuneration of the Administrators at up to R$ 25,512. In the period ended June 30, 2024, the Company paid remuneration to its Administrators of R$ 10,538 (R$ 7,759 on June 30, 2023).

The Company's directors have no loans, advances or other transactions than their normal services with the Company and its subsidiaries.

As of June 30, 2024 and December 31, 2023, the Company and its subsidiaries, despite recording provision related to long-term benefits, did not pay their key management personnel remuneration in the following categories: a) Long-term benefits; b) Benefits on termination of employment contract; and c) share-based payment. For details of the stock option plan, see Note 20.b

e. Other related party transactions

Through its direct subsidiary Vulcabras CE, the Company has related party transactions with Grendene S.A., represented as follows:

	Calzados Azaleia Peru	**Vulcabras CE**	**06/30/2024**	**12/31/2023**
Assets				
Accounts receivable				
Grendene S.A.	-	1,856	1,856	1,351
Liabilities				
Accounts payable				
Grendene S.A.	970	48	1,018	1,535
			06/30/2024	**06/30/2023**
Income (loss)				
Sale of inputs	-	1,294	1,294	20
Cost of resales	(1,565)	-	(1,565)	(2,796)
Revenues from services (a)	-	1,445	1,445	1,171
Commercial expenses (b)	-	(48)	(48)	(35)
Financial income (loss)	(90)	-	(90)	51

(a) Licensing agreement for the brand "Azaleia" by the subsidiary Vulcabras CE on behalf of Grendene S.A. for the sale of women's footwear in general in Brazil and in any other country in the world, except Peru, Chile and Colombia. The agreement was signed for a period of three years and may be renewed for an additional period of three years. In return for licensing, Grendene S.A. will pay monthly royalties to Vulcabras CE.

(In thousands of reais)

(b) Licensing, production and trading of sports shoes under the "Melissa" brand, owned by Grendene S.A. The agreement grants the subsidiaries Vulcabras CE and Vulcabras BA the right to sell in Brazil and, upon prior approval by Grendene S.A., in any other country for a period of two years, which may be renewed by agreement between the parties. In return for the licensing, a monthly payment of royalties will be due to Grendene S.A.

12 Investments

a. Breakdown of balances

	Consolidated		Parent Company	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
Permanent equity interests, net of losses:				
In subsidiaries	-	-	1,954,544	1,733,010
In associated companies (a)	54,093	55,954	-	-
Other investments (b)	6,499	6,929	-	-
Total	**60,592**	**62,883**	**1,954,544**	**1,733,010**

(a) The subsidiary Vulcabras BA, Calçados e Artigos Esportivos S.A. holds an interest of 50% as of June 30, 2024 (50% as of December 31, 2023) in the associated company PARS Participações Ltda., which holds 100% as of June 30, 2024 (100% as of December 31, 2023) of Brisa Indústria de Tecidos Tecnológicos S.A. Considering that the Company only has significant influence, this investment is not consolidated in its interim financial information under the terms of CPC 36 (R3) / IFRS 10 - Consolidated Statements.

(b) The subsidiaries Vulcabras BA and Vulcabras CE have an interest in the company Ventos de São Mizael Holding S.A.

b. Changes in investments

	Consolidated		Parent Company	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
Opening balances	**62,883**	**75,662**	**1,733,010**	**1,798,458**
Equity in net income of subsidiaries	2,639	7,864	217,479	492,883
Exchange differences from translation of foreign operations	-	-	3,834	(2,059)
Acquisition/increase in investment (Note 12a)	503	813	-	-
Dividends received	(5,433)	(21,456)	-	-
Capital decrease (a)	-	-	-	(556,324)
Financial assets at fair value through other comprehensive income	-	-	221	50
Increase in investee's interest	-	-	-	2
Closing balances	**60,592**	**62,883**	**1,954,544**	**1,733,010**

(a) Referred to capital decrease in the subsidiary Vulcabras CE.

(In thousands of reais)

c. Information on direct interest - Parent company

	Vulcabras CE, Calçados e Artigos Esportivos S.A.		Vulcabras Distribuidora de Artigos Esportivos Ltda.		Vulcabras Empreendimentos Ltda.		Total	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Total assets	2,695,196	2,529,621	175,833	393,961	2,094	2,094	-	-
Total liabilities	743,918	799,559	85,982	328,342	-	-	-	-
Capital	516,118	516,118	10,018	10,018	2,094	2,094	-	-
Net revenue	722,089	1,560,156	29,729	563,373	-	-	-	-
Income (loss) for the period	217,162	492,837	24,232	46,583	-	-	-	-
Number of shares or quotas held (thousand shares/quotas)	537,467	537,467	131	131	2,094	2,094	-	-
Shareholders' equity	1,951,278	1,730,062	89,851	65,619	2,094	2,094	-	-
Interest in capital at the end of the period - %	99.99%	99.99%	1.31%	1.31%	100%	100%	-	-
Investments	1,951,271	1,730,055	1,179	861	2,094	2,094	1,954,544	1,733,010
Equity in net income of subsidiaries	217,161	492,835	318	48	-	-	217,479	492,883

d. Information on indirect interest

As of June 30, 2024 and December 31, 2023, the Company has an indirect interest in the following companies, through its subsidiary Vulcabras CE, Calçados e Artigos Esportivos S.A.:

(In thousands of reais)

(i) Vulcabras CE, Calçados e Artigos Esportivos S.A.

06/30/2024	**Vulcabras Distribuidora de Artigos Esportivos Ltda.**	**Vulcabras SP, Comércio de Artigos Esportivos Ltda..**	**Vulcabras BA, Calçados e Artigos Esportivos S.A..**	**Running Comércio e Indústria de Artigos Esportivos Ltda**	**Distribuidora de Calçados e Artigos Esportivos Cruzeiro do Sul Ltda. (*)**	**Calzados Azaleia Peru S.A..**	**PARS Participações Ltda.**
Total assets	175,833	514,574	749,109	15,464	540	52,824	117,188
Total liabilities	85,982	659,757	188,420	28,992	13,760	17,489	1
Capital	10,018	402,995	255,403	3,621	26,207	1,072	36,116
Shareholders' equity	89,851	(145,183)	560,689	(13,528)	(13,220)	35,335	117,187
Net revenue	29,729	317,957	397,889	9,294	-	24,825	-
Income (loss) for the period	24,232	(42,718)	95,749	(3,457)	(3)	(1,627)	5,278
Interest in capital	98.69%	100.00%	99.99%	100.00%	100.00%	99.11%	50.00%

12/31/2023	**Vulcabras Distribuidora de Artigos Esportivos Ltda.**	**Vulcabras SP, Comércio de Artigos Esportivos Ltda..**	**Vulcabras BA, Calçados e Artigos Esportivos S.A..**	**Running Comércio e Indústria de Artigos Esportivos Ltda**	**Distribuidora de Calçados e Artigos Esportivos Cruzeiro do Sul Ltda. (*)**	**Calzados Azaleia Peru S.A..**	**PARS Participações Ltda.**
Total assets	393,961	401,711	619,861	19,698	543	50,670	111,909
Total liabilities	328,342	504,176	154,922	29,769	13,760	17,537	1
Capital	10,018	402,995	255,403	3,621	26,207	1,072	36,116
Shareholders' equity	65,619	(102,465)	464,939	(10,071)	(13,217)	33,133	111,908
Net revenue	563,373	298,934	801,696	23,312	-	58,198	-
Income (loss) for the year	46,583	(80,815)	188,623	(8,063)	-	(1,615)	15,728
Interest in capital	98.69%	100.00%	99.99%	100.00%	100.00%	99.11%	50.00%

(*) Indirect interest

(In thousands of reais)

13 Property, plant and equipment

a. Breakdown of account

		Consolidated					
		06/30/2024			12/31/2023		
June 30, 2024	**Average rate of depreciation % p.a.**	**Cost**	**Depreciation**	**Net**	**Cost**	**Depreciation**	**Net**
Buildings	2–4	171,113	(101,473)	69,640	165,398	(98,656)	66,742
Machinery and equipment	10	495,863	(299,627)	196,236	480,239	(295,757)	184,482
Molds	100	313,625	(293,277)	20,348	298,266	(278,301)	19,965
Furniture and fixtures	10–20	51,137	(29,451)	21,686	47,870	(28,215)	19,655
Vehicles	20	2,536	(2,083)	453	2,436	(2,049)	387
IT equipment	20–25	42,583	(31,724)	10,859	41,935	(30,590)	11,345
Land	-	3,730	-	3,730	3,730	-	3,730
Works in progress	-	24,402	-	24,402	19,055	-	19,055
Facilities	10	176,873	(99,540)	77,333	172,062	(93,304)	78,758
Leasehold improvements	10–20	4,985	(3,038)	1,947	4,985	(2,536)	2,449
Imports in progress	-	7,605	-	7,605	16,082	-	16,082
Improvements in leased property	20	1,671	(1,671)	-	1,671	(1,671)	-
Other	10–20	26	(26)	-	26	(26)	-
		1,296,149	**(861,910)**	**434,239**	**1,253,755**	**(831,105)**	**422,650**

(In thousands of reais)

b. Changes in cost

	Consolidated										
	01/01/2023	12/31/2023					06/30/2024				
June 30, 2024	Opening balance	Additions	Write-offs	Transfer	Translation adjustment	Closing balance	Additions	Write-offs	Transfer	Translation adjustment	Closing balance
Buildings	156,354	120	(1,967)	11,578	(687)	165,398	-	(461)	4,985	1,191	171,113
Machinery and equipment	437,061	25,483	(11,116)	28,811	-	480,239	10,525	(11,965)	17,064	-	495,863
Molds	288,976	41,391	(32,924)	823	-	298,266	19,954	(4,595)	-	-	313,625
Furniture and fixtures	43,272	5,215	(126)	-	(491)	47,870	5,822	(3,495)	-	940	51,137
Vehicles	2,393	91	(8)	-	(40)	2,436	112	(87)	-	75	2,536
IT equipment	38,882	3,526	(111)	-	(362)	41,935	2,041	(2,103)	-	710	42,583
Land	3,730	-	-	-	-	3,730	-	-	-	-	3,730
Molds in progress	823	-	-	(823)	-	-	-	-	-	-	-
Works in progress	3,180	27,473	(18)	(11,578)	(2)	19,055	10,328	(33)	(4,985)	37	24,402
Facilities	157,697	14,426	(61)	-	-	172,062	4,930	(119)	-	-	176,873
Leasehold improvements	4,606	378	-	-	1	4,985	-	-	-	-	4,985
Imports in progress	25,763	19,267	(138)	(28,811)	1	16,082	8,587	-	(17,064)	-	7,605
Improvements in leased property	1,671	-	-	-	-	1,671	-	-	-	-	1,671
Other	26	-	-	-	-	26	-	-	-	-	26
	1,164,434	**137,370**	**(46,469)**	**-**	**(1,580)**	**1,253,755**	**62,299**	**(22,858)**	**-**	**2,953**	**1,296,149**

(In thousands of reais)

c. Changes in depreciation

	Consolidated								
	01/01/2023	12/31/2023				06/30/2024			
June 30, 2024	Opening balance	Additions	Write-offs	Translation adjustment	Closing balance	Additions	Write-offs	Translation adjustment	Closing balance
Buildings	(94,888)	(4,384)	413	203	(98,656)	(2,441)	-	(376)	(101,473)
Machinery and equipment	(280,468)	(25,233)	9,945	(1)	(295,757)	(13,816)	9,946	-	(299,627)
Molds	(269,910)	(36,698)	28,307	-	(278,301)	(18,019)	3,043	-	(293,277)
Furniture and fixtures	(25,863)	(2,700)	25	323	(28,215)	(1,458)	892	(670)	(29,451)
Vehicles	(1,940)	(134)	-	25	(2,049)	(66)	85	(53)	(2,083)
IT equipment	(27,474)	(3,415)	50	249	(30,590)	(1,679)	1,051	(506)	(31,724)
Facilities	(81,615)	(11,713)	24	-	(93,304)	(6,302)	66	-	(99,540)
Leasehold improvements	(1,549)	(987)	-	-	(2,536)	(502)	-	-	(3,038)
Improvements in leased property	(1,671)	-	-	-	(1,671)	-	-	-	(1,671)
Other	(25)	(1)	-	-	(26)	-	-	-	(26)
	(785,403)	**(85,265)**	**38,764**	**799**	**(831,105)**	**(44,283)**	**15,083**	**(1,605)**	**(861,910)**

Interest on loans and financings was not capitalized in the cost of construction in progress since the main contracts are related to acquisitions of machinery and equipment immediately placed in service.

Every year, the Company and its subsidiaries review the useful life of property, plant and equipment items. The Company and its subsidiaries have a policy of maintaining the main property, plant and equipment items until the end of their useful lives.

The Company did not identify indicators of impairment loss in its property, plant and equipment.

(In thousands of reais)

14 Intangible assets

a. Breakdown of account

		Consolidated					
		06/30/2024			12/31/2023		
June 30, 2024	**Useful life**	**Cost**	**Amortization**	**Net**	**Cost**	**Amortization**	**Net**
Defined useful life							
Software	5 years	48,470	(40,151)	8,319	45,254	(38,944)	6,310
Assignment of right	Contractual period	131	(62)	69	162	(102)	60
Undefined useful life							
Trademarks and patents		2,068	-	2,068	2,068	-	2,068
Goodwill		1,464	-	1,464	1,464	-	1,464
Goodwill		198,214	-	198,214	198,214	-	198,214
		250,347	**(40,213)**	**210,134**	**247,162**	**(39,046)**	**208,116**

The amortization of intangible assets is recorded as a counterparty to (loss) in the group of cost of sales (industrial software) and sales expenses (assignment of rights).

(In thousands of reais)

b. Changes in cost

				Consolidated			
June 30, 2024	**Useful life**	**Amortization methods**	**Balance at 01/01/2024**	**Additions**	**Write-offs**	**Translation adjustment**	**Balance at 06/30/2024**
Defined useful life							
Software	5 years	Straight-line	45,254	3,227	(308)	297	48,470
Assignment of right	Contractual period	Straight-line	162	-	(41)	10	131
Undefined useful life							
Trademarks and patents			2,068	-	-	-	2,068
Goodwill			1,464	-	-	-	1,464
Goodwill			198,214	-	-	-	198,214
Total			**247,162**	**3,227**	**(349)**	**307**	**250,347**

				Consolidated			
December 31, 2023	**Useful life**	**Amortization methods**	**Balance at 01/01/2023**	**Additions**	**Write-offs**	**Translation adjustment**	**Balance at 12/31/2023**
Defined useful life							
Software	5 years	Straight-line	43,899	1,695	(180)	(160)	45,254
Assignment of right	Contractual period	Straight-line	533	-	(329)	(42)	162
Undefined useful life							
Trademarks and patents			2,068	-	-	-	2,068
Goodwill			1,464	-	-	-	1,464
Goodwill			198,214	-	-	-	198,214
Total			**246,178**	**1,695**	**(509)**	**(202)**	**247,162**

(In thousands of reais)

c. Changes in amortization

				Consolidated			
June 30, 2024	**Useful life**	**Amortization methods**	**Balance at 01/01/2024**	**Additions**	**Write-offs**	**Translation adjustment**	**Balance at 06/30/2024**
Defined useful life							
Software	5 years	Straight-line	(38,944)	(1,338)	260	(129)	(40,151)
Assignment of right	Contract Term	Straight-line	(102)	-	41	(1)	(62)
Total			**(39,046)**	**(1,338)**	**301**	**(130)**	**(40,213)**

				Consolidated			
December 31, 2023	**Useful life**	**Amortization methods**	**Balance at 01/01/2023**	**Additions**	**Write-offs**	**Translation adjustment**	**Balance at 12/31/2023**
Defined useful life							
Software	5 years	Straight-line	(36,626)	(2,574)	180	76	(38,944)
Assignment of right	Contract Term	Straight-line	(456)	(11)	329	36	(102)
Total			**(37,082)**	**(2,585)**	**509**	**112**	**(39,046)**

d. Goodwill in business combination

The balances of goodwill on acquisition of ownership interest, recognized in subsidiary Vulcabras CE, Calçados e Artigos Esportivos S.A., are supported by reports issued by independent experts and are based on expected future profitability of the business acquired in 2009, goodwill balances are not amortized since they are assets with undefined useful lives, as established by CVM Resolution 553/08 and CPC 01 (R1), and are annually tested for impairment, as described in Note 15.

15 Analysis of recoverability of non-financial assets

a. Tangible and intangible assets with defined useful life

Management reviews annually the net book value of tangible and intangible assets with defined useful life to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of assets.

For the year ended December 31, 2023, an impairment test of intangible assets with defined useful lives was carried out by means of calculation of the value in use based on cash projections from financial budgets approved by the Top Management.

No evidence of loss was identified that would lead to impairment of recoverable value on June 30, 2024.

b. Goodwill paid on expected future profitability

The balance of goodwill on acquisitions of ownership interest is based on expected future profitability of the acquired business and amounts to R$ 198,214 at December 31, 2023 (R$ 198,214 as of December 31, 2022).

The Company annually tests impairment of its intangible assets with undefined useful life, which are mostly comprised of goodwill for expected future earnings arising from combination of business processes using the “Value in use” concept by means of discounted cash flow models.

The goodwill arising from the acquisition of investment is impairment tested every year, at the cash generating unit level.

c. Main assumptions used in impairment tests of tangible and intangible assets

For purposes of impairment testing of tangible and intangible assets, it is not possible to separate a CGU (Cash Generating Unit) and indicate it as the exclusive cash generator due to the purchase of Azaleia. Since the acquisition, the operations of the two companies merged and it became impossible to distinguish the revenues generated by virtue of the exclusive assets acquired in the purchase of Azaleia. Therefore, the Company and its subsidiaries are considered as a single cash generating unit.

Future cash flows were discounted based on the rate representing the capital cost. Following the techniques of economic valuation, the assessment of value in use is carried out for a period of five years; thereafter, considering the perpetuity of the assumptions based on the ability of the company to continue as a going concern for the foreseeable future.

For discounting the future cash flows, the rate used was 11.33%. p.a. as of December 31, 2023 (16.07% p.a. as of December 31, 2022).

The estimate of value in use considered the following assumptions:

Revenues
The sales volume and price were projected on a real basis (without inflation) based on the Company's estimates and result in aggregate compound growth (CAGR) of 6.53% p.a. as of December 31, 2023 (7.99% p.a. as of December 31, 2022) between 2024 and 2028.

Cost
The cost of sold products was projected based on the subsidiaries' estimates.

After defining the sales projection, the production requirement distribution was defined according to the installed capacity and the efficiency level to be obtained in each plant.

Other manufacturing overheads were based on the budget approved by the Top Management for the indirect cost centers.

Expenses
Variable sales expenses were projected based on historical percentages of the gross operating revenue.

The administrative and general sales expenses were based on the expenditures budgeted and approved by the Top Management for the cost centers.

Net income and free cash generation
Net Income resulting from the application of the above assumptions grows with a compounded growth rate (CAGR) of 9.05% p.a. (10.96% p.a. as of December 31, 2022) between 2024 and 2028.

Free Cash Flow Generation is then calculated based on projections of investments and changes in working capital. For perpetuity, the growth rate used is zero.

The value in use was approximately R$ 5.7 billion as of December 31, 2023 (R$ 3.9 billion as of December 31, 2022), therefore, significantly higher than its book value of tangible and intangible assets.

(In thousands of reais)

16 Suppliers

a. Breakdown of account

	Consolidated		Parent Company	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
Suppliers				
Domestic	102,355	62,673	67	2,631
Foreign	20,660	21,106	-	-
	123,015	**83,779**	**67**	**2,631**

b. By maturity

	Consolidated	
	06/30/2024	**12/31/2023**
Falling due (days):		
01−30	101,391	64,804
31−60	17,994	15,100
61−90	2,570	2,554
>90	1,060	1,288
	123,015	**83,746**
Overdue (days):		
01−30	-	30
>90	-	3
	-	**33**
	123,015	**83,779**

Considering the characteristics of the products and the supply chain of the Company and its subsidiaries, there is a wide offer of raw materials, supplies and suppliers. Thus, the Company and its subsidiaries do not present a concentration of the supplier portfolio.

In compliance with CVM Resolution 564 issued December 17, 2008, which approved CPC 12, the Company and its subsidiaries conducted studies to calculate the adjustment to present value of its current liabilities. Considering the average term of payment of these liabilities of approximately 36 days as of June 30, 2024 (39 days at December 31, 2023), the effects of present value adjustments were considered immaterial and, therefore, were not recognized in income (loss), as occurred with current assets and non-current assets.

(In thousands of reais)

17 Loans and financing

a. Breakdown of account

	Interest rate for 2024	Interest rate for 2023	Consolidated 06/30/2024	Consolidated 12/31/2023
Domestic currency				
Property, plant and equipment	IPCA + 2.04−4.98% p.a./ Fixed rate at 10.22% p.a.	IPCA + 2.04−4.98% p.a./ Fixed rate at 10.22% p.a.	60,405	68,562
Tax incentive	TJLP	TJLP	4,671	4,189
Working capital	CDI + 0.60–1.80% p.a./ Fixed rate at 12.61% p.a.	CDI + 0.60–1.80% p.a./ TLP +1.90% p.a. Fixed rate at 12.61% p.a.	308,631	363,475
			373,707	**436,226**
Foreign currency				
Working capital	Fixed rate 9.60−9.90% p.a.	Fixed rate 9.75–9.90% p.a.	1,268	1,524
			1,268	**1,524**
Total financing and loans			**374,975**	**437,750**
Current			**229,702**	**234,497**
Non-current			**145,273**	**203,253**

As of June 30, 2024 and December 31, 2023, the installments relating to the balance of loans and financing had the following maturities:

	06/30/2024		12/31/2023	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	**229,702**	**61%**	**234,497**	**53%**
2024	96,947	26%	234,497	53%
2025	142,557	38%	169,187	39%
2026	45,054	12%	15,062	3%
2027	76,116	21%	4,703	1%
2028	4,703	1%	4,703	1%
2029	4,703	1%	4,703	1%
2030	4,244	1%	4,244	1%
2031	651	0%	651	1%
Non-current	**145,273**	**39%**	**203,253**	**47%**
Total	**374,975**	**100%**	**437,750**	**100%**

b. Sureties and guarantees

In guarantee of financing, promissory notes, long-term interest earning bank deposits, personal guarantee and surety of parent company, mortgage of Horizonte-CE and Itapetinga-BA plants and disposal of machinery and equipment acquired from financing were offered.

c. Covenants

Some financing contracted have covenants that require the Company to demonstrate through document and physical evidences, the purchases of property, plant and equipment and objectives achieved in Research and Development (R&D). These covenants are monitored and have been fully complied with within the deadlines defined in the agreements. There are no covenants for working capital loans.

(In thousands of reais)

d. Reconciliation of equity changes with cash flows from financing activities

	Liabilities						
	Loans and financing	**Lease liabilities**	**Dividends and profits payable**	**Goodwill in the issue of shares**	**Treasury shares**	**Capital**	**Total**
Balance at January 1, 2024	**437,750**	**15,295**	**15**	**-**	**(10,018)**	**1,108,354**	**1,551,396**
Changes in cash flow from financing							
Loans obtained - Principal	102,559	-	-	-	-	-	102,559
Payment of financial lease liabilities	-	(5,635)	-	-	-	-	(5,635)
Capital increase	-	-	-	-	-	10,441	10,441
Capital increase, including goodwill on issuing shares	-	-	-	325,000	-	176,350	501,350
Costs with issue of shares	-	-	-	-	-	(21,592)	(21,592)
Dividends paid	-	-	(612,966)	-	-	-	(612,966)
Acquisition of treasury shares	-	-	-	-	(17,992)		(17,992)
Payment of loans obtained - Principal	(169,062)	-	-	-	-	-	(169,062)
Total changes in financing cash flows	**(66,503)**	**(5,635)**	**(612,966)**	**325,000**	**(17,992)**	**165,199**	**(212,897)**
Other changes related to liabilities							
Interest paid	(20,456)	(696)	-	-	-	-	(21,152)
Interim dividend distribution	-	-	612,996	-	-	-	612,996
Proade Additions (with no cash effect)	739	-	-	-	-	-	739
Contract additions / readjustments	-	10,866	-	-	-	-	10,866
Accrued interest	-	705	-	-	-	-	705
Write-off of leases	-	(5,743)	-	-	-	-	(5,743)
Financial charges recognized in profit or loss	23,445	-	-	-	-	-	23,445
Total other changes related to liabilities	**3,728**	**5,132**	**612,996**	**-**	**-**	**-**	**621,856**
Balance at June 30, 2024	**374,975**	**14,792**	**45**	**325,000**	**(28,010)**	**1,273,553**	**1,960,355**

(In thousands of reais)

	Liabilities					
	Loans and financing	Lease liabilities	Dividends and profits payable	Treasury shares	Capital	Total
Balance at January 1, 2023	**417,048**	**20,568**	**20,734**	**(6,119)**	**1,106,717**	**1,558,948**
Changes in cash flow from financing						
Loans obtained - Principal	165,600	-	-	-	-	165,600
Payment of financial lease liabilities	-	(6,328)	-	-	-	(6,328)
Capital increase	-	-	-	-	1,637	1,637
Acquisition of treasury shares	-	-	-	(2,398)	-	(2,398)
Dividends and interest on own capital paid	-	-	(57,513)	-	-	(57,513)
Payment of loans obtained - Principal	(202,047)	-	-	-	-	(202,047)
Total changes in financing cash flows	**(36,447)**	**(6,328)**	**(57,513)**	**(2,398)**	**1,637**	**(101,049)**
Other changes related to liabilities						
Interest paid	(24,180)	(1,062)	-	-	-	(25,242)
Interim dividend distribution	-	-	36,784	-	-	36,784
Proade Additions (with no cash effect)	622	-	-	-	-	622
Contract additions / readjustments	-	3,381	-	-	-	3,381
Accrued interest	-	2,534	-	-	-	2,534
Write-off of leases	-	(381)	-	-	-	(381)
Financial charges recognized in profit or loss	26,654	-	-	-	-	26,654
Total other changes related to liabilities	**3,096**	**4,472**	**36,784**	**-**	**-**	**44,352**
Balance at June 30, 2023	**383,697**	**18,712**	**5**	**(8,517)**	**1,108,354**	**1,502,251**

18 Leases

a. Operating leases

The Company's subsidiaries lease commercial properties only.

This lease normally lasts 5 years, with renewal option after this period. Annually, the amounts are adjusted to reflect the prevailing market value. Some commercial leases provide additional rent payments that are based on the property's monthly billings.

Information on leases for which the Company's subsidiaries are lessees is presented below:

	Consolidated	
	06/30/2024	12/31/2023
Right-of-use		
Opening balance	**12,903**	**18,119**
Additions / Readjustments	9,418	6,033
Write-off	(5,284)	(381)
Amortization	(5,429)	(10,868)
Closing balance	**11,608**	**12,903**

(In thousands of reais)

	Consolidated	
	06/30/2024	**12/31/2023**
Lease liabilities		
Opening balance	**15,295**	**20,568**
Additions / Readjustments	10,866	5,247
Accrued interest	705	4,202
Write-off	(5,743)	(381)
Payment of principal	(5,635)	(12,407)
Interest paid	(696)	(1,934)
Closing balance	**14,792**	**15,295**
Current	**10,276**	**8,433**
Non-current	**4,516**	**6,862**

Long-term installment payment schedule

	06/30/2024		12/31/2023	
Maturity	**Amount**	**%**	**Amount**	**%**
2025	2,346	52%	5,332	78%
2026	1,615	36%	1,059	15%
2027	555	12%	471	7%
Total	**4,516**	**100%**	**6,862**	**100%**

Extension options

A few leases contain extension options exercisable by the Company's subsidiaries up to one year prior to the end of the non-cancellable agreement period. Whenever possible, the Company's subsidiaries seek to include extension options in new leases so as to provide operating flexibility.

19 Provision

The Company and its subsidiaries are parties (defendants) to judicial and administrative proceedings in various courts and governmental agencies, arising from the normal course of operations, involving tax, labor, civil and other matters.

Based on information from its legal advisors, Management recognizes provisions in accordance with the procedures established by CVM Resolution 489/05 and CPC 25/IAS 37, which establishes that a provision should be recognized when: (i) the entity has a present obligation deriving from a past event; (ii) an outflow of funds will probably be required to settle the obligation; and (iii) the sum of the obligation can be estimated with sufficient assurance. If any of these conditions are not met a provision should not be made, and it might be necessary to disclose a contingent liability.

(In thousands of reais)

The review of pending legal proceedings, based on previous experience relating to amounts claimed, records a provision in an amount deemed sufficient to cover possible losses from the ongoing lawsuits and classified them as current and non-current, as follows:

a. Breakdown of balances

	Consolidated		Parent Company	
	06/30/2024	**12/31/2023**	**06/30/2024**	**12/31/2023**
Provision for lawsuits and administrative proceedings:				
Civil	18,261	18,343	68	161
Labor	37,561	36,746	474	400
Tax	792	797	219	220
Total	**56,614**	**55,886**	**761**	**781**
Current	**2,191**	**2,739**	**302**	**382**
Non-current	**54,423**	**53,147**	**459**	**399**

b. Labor lawsuits (Consolidated)

Refer mainly to claims regarding overtime, salary differences, health hazard, hazardous duty and occupational disease. The effect of the provision for loss on labor lawsuits is recorded as contra-entry to profit or loss in the account of other expenses.

c. Civil lawsuits (Consolidated)

They mainly refer to indemnity in general, including moral and material damages. The effect of the provision for loss on civil lawsuits is recorded as contra-entry to profit or loss in the account of other expenses. The effects on the provision for indemnities are charged to “sales expenses” in income (loss).

d. Tax lawsuits (Consolidated)

They refer to lawsuits in which the Company and its subsidiaries are parties mainly to the following taxes: IRPJ, COFINS, PIS, ICMS. The effect of the provision for loss on tax lawsuits is recorded as contra-entry to profit or loss in the account of other expenses.

(In thousands of reais)

e. Changes in proceedings

		Consolidated									
	01/01/2023	12/31/2023					06/30/2024				
June 30, 2024	**Opening balance**	**Additions**	**Reversals**	**Payments**	**Adjustment to net presentation(*)**	**Closing balance**	**Additions**	**Reversal**	**Payments**	**Adjustment to net presentation(*)**	**Closing balance**
Type											
Civil	18,385	468	(425)	(85)	-	18,343	29	(17)	(94)	-	18,261
Labor	37,550	20,410	(14,586)	(9,591)	2,963	36,746	7,878	(4,844)	(2,811)	592	37,561
Tax	1,441	5,054	(1,371)	(3,197)	(1,130)	797	19,062	-	(763)	(18,304)	792
Total	**57,376**	**25,932**	**(16,382)**	**(12,873)**	**1,833**	**55,886**	**26,969**	**(4,861)**	**(3,668)**	**(17,712)**	**56,614**

		Parent Company							
	01/01/2023	12/31/2023				06/30/2024			
June 30, 2024	**Opening balance**	**Additions**	**Reversals**	**Payments**	**Closing balance**	**Additions**	**Reversal**	**Payment**	**Closing balance**
Type									
Civil	49	161	(1)	(48)	161	5	(5)	(93)	68
Labor	596	12	(15)	(193)	400	133	(59)	-	474
Tax	343	641	(125)	(639)	220	-	(1)	-	219
Total	**988**	**814**	**(141)**	**(880)**	**781**	**138**	**(65)**	**(93)**	**761**

(*) The net amounts refer only to reclassifications between judicial deposits and provision for contingencies in compliance with item 35 of CPC 26 (IAS 1). Thus, said amounts had no cash effect and were not considered in the statements of cash flows.

(In thousands of reais)

Contingencies

Based on the opinion of its legal advisors, Management believes that the resolution of the civil, labor and tax matters listed below will not have a material adverse effect on its financial situation.

As of June 30, 2024 and December 31, 2023, the breakdown of the amounts under litigation at various court levels, estimated with a possible loss was as follows:

	Consolidated	
Contingencies	**06/30/2024**	**12/31/2023**
Civil	1,692	1,671
Labor	35,983	35,896
Tax	41,209	38,733
Total	**78,884**	**76,300**

Contingent assets

The Company's subsidiary, Vulcabras BA, is plaintiff in lawsuit claiming the recognition of the exclusion of ICMS related to sales of goods from the PIS and COFINS calculation basis, which Management understands as relevant to the business. At this time, there is no way to assure when or if the estimated amount will actually be realized. Consequently, the Company's subsidiary evaluated the status of its lawsuit and concluded that, as of June 30, 2024, the requirements of CPC 25/IAS 37 for credit accounting were not met, which is why no amount was recorded.

20 Shareholders' equity (Parent company)

a. Capital

On January 28, 2024, the Board of Directors' Meeting approved a public offering of shares, increasing the Company's capital by R$ 176,350 through the issue of 27,100,000 new common shares, all nominative, book-entry and without par value, which were issued with goodwill of R$ 325,000, as mentioned in item "b.ii" of this Note. The share issue cost was R$ 21,592 reflecting in a net effect of R$ 154,758.

As of March 19, 2024, the Board of Directors approved the capital increase within the authorized capital limit, due to the exercise of stock options issued by the Company, within the scope of the approved Stock Option Plan in 2020 and 2021 totaling R$ 10,441, through the issue of 1,640,000 new common shares, registered book-entry and with no par value.

As of June 30, 2024, capital totals R$ 1,273,553 (R$ 1,108,354 as of December 31, 2023), is represented by 274,656,244 (245,916,244 as of December 31, 2023) common, nominative shares with no par value, as follows:

(In thousands of reais)

Changes in net capital:

Net capital at 12/31/2023	**1,108,354**
Issue of shares	176,350
Cost for the issue of shares	(21,592)
Granting of stock option	10,441
Net capital at 06/30/2024	**1,273,553**

By means of Board of Directors' resolution, the Company is authorized to increase the capital, regardless of any amendments to the bylaws up to the limit of R$ 2,000,000.

b. Capital reserve

(i) Stock option

General conditions
On June 30, 2024, the Company has 3 (three) Stock Option Plans in effect.

Stock option plan approved in 2022

Approval of the plan
On May 03, 2022, the Board of Directors approved the 5th stock option plan in the context of the Grant Agreement. The total number of options granted on this date was 980,000 options, with an unit strike price of R$ 8.89, distributed among the elected beneficiaries. Aiming to fulfill the exercise of options granted, the Company may issue new shares within the authorized capital limit, excluding the preemptive right of the current Company's shareholders, as allowed by article 171, paragraph 3, of Law 6404, dated December 15, 1976.

Characteristics of the plan

5th Stock Option Plan – 2022	**5th grant**
Grant date	05/03/2022
Number of options granted	980,000(3)
Vesting period	3 years
Maturity for the year	03/31/2025
Maximum period for exercise	03/31/2026
Strike price	R$ 8.89 (1)
Beneficiaries (employees)	23 (2)

(1) The strike price is set at R$ 8.89 (eight reais and eighty-nine centavos), restated by the change in the National Amplified Consumer Price Index - IPCA from the award date through the effective exercising of the Option.

(2) The initial number of participants in the approval of the plan was 23 executives. However, with the departure of three of these beneficiaries, the current number of participants with the right to exercise the purchase of options is 20.

(In thousands of reais)

(3) The initial number of options granted in the approval of the plan was 980,000. However, with the departure of beneficiaries during the term, the current number of options that can be exercised became 895,000.

Beneficiaries
Stock options can be awarded to officers (statutory or otherwise), division managers and employees of Vulcabras S.A. and the companies under its direct or indirect control (Subsidiaries), including in relation to new employees, all of which are subject to the approval of the Company's Board of Directors.

Pricing Method
The method used for options pricing is the "Black-Scholes" model, which uses the following basic assumptions: grant price, strike price, grace period, volatility of share price, percentage of distributed dividends, and risk-free rate as basic assumptions.

Stock option plan approved in 2023

Approval of the plan
On May 02, 2023, the Board of Directors approved the 6th stock option plan in the context of the Grant Agreement. The total number of options granted on this date was 1,625,000 (one million, six hundred twenty-five thousand) options, with an unit strike price of R$ 11.40, distributed among the elected beneficiaries. Aiming to fulfill the exercise of options granted, the Company may issue new shares within the authorized capital limit, excluding the preemptive right of the current Company's shareholders, as allowed by article 171, paragraph 3, of Law 6404, dated December 15, 1976.

Characteristics of the plan

6th Stock Option Plan – 2023	**6th grant**
Grant date	05/02/2023
Number of options granted	1,625,000 (3)
Vesting period	3 years
Maturity for the year	03/31/2026
Maximum period for exercise	03/31/2027
Strike price	R$ 11.40 (1)
Beneficiaries (employees)	23(2)

(1) The strike price is set at R$ 11.40 (eleven reais and forty centavos), restated by the change in the National Amplified Consumer Price Index - IPCA from the award date through the effective exercising of the Option.

(2) The initial number of participants in the approval of the plan was 23 executives. However, with the departure of one of these beneficiaries, the current number of participants with the right to exercise the purchase of options is 22.

(3) The initial number of options granted in the approval of the plan was 1,625,000 (one million, six hundred twenty-five thousand) options. However, with the departure of beneficiaries during the term, the current number of options that can be exercised became 1,585,000 (one million, five hundred eighty-five) options.

(In thousands of reais)

Beneficiaries
Stock options can be awarded to officers (statutory or otherwise), division managers and employees of Vulcabras S.A. and the companies under its direct or indirect control (Subsidiaries), including in relation to new employees, all of which are subject to the approval of the Company's Board of Directors.

Pricing Method
The method used for options pricing is the "Black-Scholes" model, which uses the following basic assumptions: grant price, strike price, grace period, volatility of share price, percentage of distributed dividends, and risk-free rate as basic assumptions.

Stock option plan approved in 2024

Approval of the plan
On May 07, 2024, the Board of Directors approved the 7th stock option plan in the context of the Grant Agreement. The total number of options granted on this date was 1,615,000 options, with an unit strike price of R$ 18.50, distributed among the elected beneficiaries. Aiming to fulfill the exercise of options granted, the Company may issue new shares within the authorized capital limit, excluding the preemptive right of the current Company's shareholders, as allowed by article 171, paragraph 3, of Law 6404, dated December 15, 1976.

Characteristics of the plan

7th stock option plan – 2024	**7th grant**
Grant date	05/07/2024
Number of options granted	1,615,000
Vesting period	3 years
Maturity for the year	03/31/2027
Maximum period for exercise	03/31/2028
Strike price	R$ 18.50 (1)
Beneficiaries (employees)	24

(1) The strike price is set at R$ 18.50 (eighteen reais and fifty centavos), restated by the change in the National Amplified Consumer Price Index - IPCA from the award date through the effective exercising of the Option.

Beneficiaries
Stock options can be awarded to officers (statutory or otherwise), division managers and employees of Vulcabras S.A. and the companies under its direct or indirect control (Subsidiaries), including in relation to new employees, all of which are subject to the approval of the Company's Board of Directors.

Pricing Method
The method used for options pricing is the "Black-Scholes" model, which uses the following basic assumptions: grant price, strike price, grace period, volatility of share price, percentage of distributed dividends, and risk-free rate as basic assumptions.

(In thousands of reais)

Option plan expense

Amounts of amortizations recorded as expense in statements of income, as a contra-entry to the Company's shareholders' equity from grant date to June 30, 2024, are described below (presented in Reais):

Plan	Strike price	Grant date	Accumulated expense 06/30/2024 - R$	Accumulated expense 12/31/2023 - R$
Plan – 2020[a]	R$ 8.57	08/10/2020	-	1,665
Plan – 2021	R$ 8.06	05/11/2021	1,681	1,539
Plan – 2022	R$ 8.89	05/03/2022	1,925	1,484
Plan – 2023	R$ 11.40	05/02/2023	2,521	1,228
Plan – 2024	R$ 18.50	05/07/2024	542	-
Total			**6,669**	**5,916**

(a) The expense of R$ 1,665 accrued up to March 31, 2024, was reversed in the 1st quarter of 2024 as a result of the expiration of the maximum term for exercising said plan.

(ii) Goodwill on the subscription of shares

On January 28, 2024, the Board of Directors' Meeting approved a public offering of shares. As a result of this decision, R$ 325,000 was set aside to form a capital reserve for goodwill on the subscription of shares.

(iii) Treasury shares

On October 31, 2023, the Board of Directors approved a new share buyback program issued by the Company, with no par value. The share buyback program aims to (i) add value for shareholders through the efficient management of the Company's capital structure; (ii) maximization in generation of value for the shareholders, when, in the view of the Company's management, the current value of shares in the market is far below the actual value of its assets in relation to its prospect of profitability and generation of income; (iii) meet the Company's commitments in share-based compensation programs; (iv) use the Company's shares to pay part of the price in corporate transactions or; (v) be held in treasury; or (vi) public or private disposal, according to applicable regulations. The maximum number of shares to be acquired by the Company will be up to 5,000,000 common shares. The share buyback program ends on March 31, 2025.

(In thousands of reais)

The changes in treasury shares are in the table below:

	Parent Company		
	Quantity	**Amount**	**Average price**
Opening balance	491,600	6,119	12.4471
Acquisition of shares in 2023	274,644	3,899	14.1982
Balance at 12/31/2023	**766,244**	**10,018**	**13.0742**
Acquisition of shares in 2024	1,223,000	17,992	14.7108
Balance at 06/30/2024	**1,989,244**	**28,010**	**14.0802**

c. Revaluation reserve

It is formed as a result of the revaluations of property, plant and equipment of its subsidiaries, based on an appraisal report prepared by independent appraisers. Corresponding income tax and social contribution are classified in non-current liabilities. As of June 30, 2024, the balance of revaluation reserve is R$ 3,943 (R$ 4,020 on December 31, 2023).

The revaluation reserve is carried out by depreciation or write-off of revalued assets against retained earnings (loss), net of tax charges. As permitted by Law 11638/07, Management elected to maintain the revaluation reserves until their full realization.

d. Equity valuation adjustments

"Equity valuation adjustments" caption includes: (i) accumulated net changes in financial assets at fair value through other comprehensive income until the investments are derecognized or suffer impairment loss; and (ii) accumulated translation adjustments include all foreign currency differences deriving from the translation of interim financial information of foreign operations. As of June 30, 2024, the balance of equity valuation adjustment is R$ 28,020 (R$ 23,965 on December 31, 2023).

e. Profit reserve

(i) Legal reserve

Formed at the rate of 5% of the net income for the year, whose balance on June 30, 2024 totaled R$ 63,931 (R$ 63,931, on December 31, 2023).

(ii) Statutory reserve

The statutory reserve was recorded for the realization of new investments pursuant to the terms of art. 35 of the Company's Bylaws and art. 194 of Corporation Law. On January 22, 2024, March 7, 2024 and May 07, 2024, the Board of Directors approved the payment of interim dividends based on the balance of statutory reserves, corresponding to R$ 367,725, R$ 204,187 and R$ 41,084, respectively. As of June 30, 2024, the balance is R$ 185,823 (R$ 798,819 as of December 31, 2023).

(In thousands of reais)

f. Dividends

The portion corresponding to at least 25% of net income, calculated on the balance obtained with the deductions and additions provided for in Article 202 (II and III) of the Brazilian Corporation Law, will be distributed to shareholders as mandatory dividend.

On February 08, 2024, the payment of dividends totaling R$ 245,150 was made, as approved by the Board of Directors on January 22, 2024.

On March 25, 2024, the payment of dividends totaling R$ 204,187 was made, as approved by the Board of Directors on March 07, 2024.

On April 17, 2024, the payment of dividends totaling R$ 122,575 was made, as approved by the Board of Directors on January 22, 2024.

On May 29, 2024, the payment of dividends in the amount of R$ 41,084 was made, as approved by the Board of Directors on May 7, 2024.

21 Net sales

	Consolidated	
	06/30/2024	**06/30/2023**
Gross operating revenue		
Sale and resale of products		
Domestic market	1,522,836	1,402,597
Foreign market	72,135	104,270
Services rendered	2,187	2,034
	1,597,158	**1,508,901**
Deduction		
Taxes on sales and services rendered	(346,160)	(291,399)
Tax incentives – ICMS	160,205	129,012
Refunds and rebates	(52,933)	(51,476)
	(238,888)	**(213,863)**
Net operating revenue	**1,358,270**	**1,295,038**

(In thousands of reais)

22 Cost of sales and resales

	Consolidated	
	06/30/2024	**06/30/2023**
Costs of sales		
Raw material	(238,730)	(308,392)
Labor	(152,833)	(151,652)
Indirect costs	(128,000)	(123,455)
Resales	(275,181)	(186,544)
Total cost of sales and resales	**(794,744)**	**(770,043)**

23 Sales expenses

	Consolidated	
	06/30/2024	**06/30/2023**
Commissions	(59,399)	(53,374)
Freight	(55,871)	(48,034)
Advertising	(62,815)	(54,508)
Advertising – Personnel expenses	(3,205)	(2,862)
Advertising – Other expenses	(1,523)	(1,517)
Royalties	(24,749)	(25,514)
Personnel expenditures	(29,597)	(26,366)
Other expenditures	(9,133)	(8,423)
	(246,292)	**(220,598)**
Impairment losses	(1,321)	(1,392)
Total sales expenses	**(247,613)**	**(221,990)**

24 Administrative expenses

	Consolidated		Parent Company	
	06/30/2024	**06/30/2023**	**06/30/2024**	**06/30/2023**
Personnel expenditures	(34,039)	(30,711)	(1,451)	(212)
Outsourced services	(15,678)	(14,019)	(1,341)	(1,578)
Rents	(2,942)	(1,967)	(10)	-
Travel and accommodation	(650)	(712)	-	-
Security	(1,170)	(809)	-	(123)
Legal disputes and taxes	(1,230)	(1,181)	(334)	(314)
IT and telecommunications	(9,326)	(7,628)	(94)	(45)
Energy, water and sewage	(491)	(512)	(12)	(11)
Maintenance, cleaning and environment.	(2,014)	(1,971)	-	(4)
Depreciation and amortization	(8,520)	(8,532)	-	-
Other	(4,150)	(3,292)	(1,021)	(811)
Total administrative expenses	**(80,210)**	**(71,334)**	**(4,263)**	**(3,098)**

(In thousands of reais)

25 Other operating revenues, net

	Consolidated		Parent Company	
	06/30/2024	**06/30/2023**	**06/30/2024**	**06/30/2023**
Other operating revenues				
Rent revenue	3,923	3,605	3,823	3,520
Revenue from sales of power	-	175	-	-
Sale of scrap	685	1,084	-	-
Revenue from sale of property, plant and equipment	5,999	1,526	-	-
Other	14,113	4,139	499	1,580
Total other operating revenues	**24,720**	**10,529**	**4,322**	**5,100**
Other operating expenses				
Provision for (Reversal of) contingency	(3,532)	(738)	(73)	118
Expenses from sale of property, plant and equipment	(7,287)	(2,805)	-	-
Other	(5,465)	(3,402)	(124)	(1)
Total other operating expenses	**(16,284)**	**(6,945)**	**(197)**	**117**
Other operating revenues, net	**8,436**	**3,584**	**4,125**	**5,217**

26 Financial revenues and expenses

	Consolidated		Parent Company	
	06/30/2024	**06/30/2023**	**06/30/2024**	**06/30/2023**
Financial revenues				
Capital structure				
Revenue from investments	27,696	19,235	11,152	1,706
Other	7	-	-	-
Subtotal	**27,703**	**19,235**	**11,152**	**1,706**
Operating				
Interest	3,281	3,270	-	193
Discounts obtained	586	773	-	-
Extemporaneous credit update (Note 8)	3,167	6,174	-	-
Other	729	4,563	245	4,543
Subtotal	**7,763**	**14,780**	**245**	**4,736**
Exchange-rate changes	11,902	13,403	-	-
Total financial revenues	**47,368**	**47,418**	**11,397**	**6,442**

(In thousands of reais)

	Consolidated		Parent Company	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Financial expenses				
Capital structure				
Interest	(26,666)	(28,250)	(2)	(4,241)
TAX ON FINANCIAL OPERATIONS (IOF)	(620)	(279)	(173)	(8)
Other	(1,326)	(1,739)	(29)	(29)
Subtotal	**(28,612)**	**(30,268)**	**(204)**	**(4,278)**
Operating				
Bank fees	(1,352)	(1,383)	(2)	(1)
Fee/commission sale card	(104)	(83)	-	-
Discounts granted	(582)	(721)	-	-
Other rates	(2,955)	(2,486)	-	-
Subtotal	**(4,993)**	**(4,673)**	**(2)**	**(1)**
Exchange-rate changes	(9,830)	(11,460)	-	-
Total financial expenses	**(43,435)**	**(46,401)**	**(206)**	**(4,279)**
Financial income (loss)	**3,933**	**1,017**	**11,191**	**2,163**

27 Earnings per share

The calculation of basic earnings per share is made by dividing the income (loss) for the period, attributed to the holders of common shares of the Company, by the weighted average number of common shares free float during the year.

Diluted earnings per share are calculated by dividing the profit for the period attributable to holders of the Company's common shares by the weighted average number of common shares that would be issued on the conversion of all potentially dilutive shares into their respective shares.

On June 30, 2024, the Company had potential outstanding shares which could affect the dilution of the result per share under CPC 41/IAS 33 in the total amount of 4,095,000 (four million ninety-five thousand) potential shares. Of the total amount, 895,000 potential shares refer to the fifth grant of shares of the Stock Options plan that was approved on May 03, 2022, 1,585,000 potential shares refer to the sixth grant of shares of the Stock Options plan that was approved on May 2, 2023 and 1,615,000 potential shares refer to the seventh grant of shares of the Stock Options plan that was approved on May 7, 2024.

(In thousands of reais)

As of June 30, 2023, the Company had potential outstanding shares which could affect the dilution of the result per share under CPC 41/IAS 33 in the total amount of 4,110,000 (four million one hundred ten thousand) potential shares. Of the total amount, 785,000 potential shares refer to the second grant of shares of the Stock Options plan that was approved on August 10, 2020, 855,000 (eight hundred fifty-five thousand) potential shares refer to the fourth grant of shares of the Stock Options plan that was approved on May 11, 2021, 895,000 (eight hundred ninety five thousand) potential shares refer to the fifth grant of shares of the Stock Options plan that was approved on May 3, 2022 and 1,575,000 (one million five hundred seventy-five thousand) potential shares refer to the fifth grant of shares of the Stock Options Plan that was approved on May 2, 2023.

The table below presents the calculations of basic and diluted earnings per share.

	Consolidated	
	Number of common shares	
	06/30/2024	**06/30/2023**
Income (loss) attributable to shareholders	228,487	222,591
Weighted basic average of outstanding shares in the period	267,549,560	245,320,501
Weighted basic average of outstanding shares in the period	268,322,836	246,269,003
Basic earnings per share (per thousand) - R$	0.8540	0.9074
Basic earnings per share (per thousand) - R$	0.8515	0.9039

28 Financial instruments and risk management

The main financial assets and liabilities of the Company and its subsidiaries refer to cash and cash equivalents, trade accounts receivable, trade accounts payable, lease liabilities, financing and loans.

Financial risk framework and management

The Company and its subsidiaries manage financial risks by monitoring the financial positions of assets and liabilities, controlling exposure limits.

The Company and its subsidiaries are exposed to the following risks arising from financial instruments:

- Credit risk
- Market risk
- Interest rate risk
- Liquidity risk

The management of these instruments is done through operating strategies and internal controls, aimed at assuring liquidity, profitability and security. The control policy consists of permanent follow-up of the conditions engaged versus those in force in the market.

The risk management policies of the Company and its subsidiaries were established to identify and analyze the exposure, to set adequate limits and controls by monitoring risks and compliance with limits. Risk policies and systems are reviewed regularly to reflect changes in the market conditions and in the activities of the Company and its subsidiaries.

The assessments of financial instruments and risk management are explained below:

(i) Credit risk

Credit risk is the risk of the Company and its subsidiaries incurring financial losses if a party fails to comply with its contractual obligations. Such risk is mainly due to trade accounts receivable. The book values of financial assets and contract assets represent the maximum credit exposure.

The Company and its subsidiaries are exposed to the credit risk due to the possibility of not receiving trade accounts receivable or credits from financial institutions.

The Company and its subsidiaries' risk management adopts the following practices:

(i) Careful selection of financial institutions, which are considered as prime line by the market (largest asset management banks in Brazil), State banks or government development agencies, meaning that the credit risk posed by the financial institutions is extremely low and diversifying financial instruments used to invest the company's funds, which are invested in a basket of indexes consisting of the CDI rate, fixed rates or rates restated for inflation.

(ii) Analyzing credits granted to clients and establishing sales limits. There are no clients that individually represent more over 8% of total trade accounts receivable of the Company as of June 30, 2024 (11% on December 31, 2023); and

(iii) The Company's exposure to credit risk is influenced, mainly, by the individual characteristics of each client. However, management also considers the factors that may influence the credit risk of its client base, including the risk of non-payment of the industry and of the country in which the client operates.

(In thousands of reais)

The Company uses a provisioning matrix to measure the expected credit loss with individual trade accounts receivable:

June 30, 2024	Policy applied	Gross book balance	Provision for estimated losses
Stores	0.00%	104,484	-
Falling due	0.04%	759,790	(304)
Overdue (days):			
01−30	0.50%	5,167	(26)
31−60	10.00%	2,151	(215)
61−90	25.00%	1,304	(326)
>90	100.00%	24,084	(24,084)
Clients under court-ordered reorganization (with financial restructuring)	20.00%	-	-
Clients under court-ordered reorganization (with financial restructuring)	40.00%	6,362	(2,545)
Clients under court-ordered reorganization (without financial restructuring)	100.00%	14,374	(14,374)
		917,716	**(41,874)**

December 31, 2023	Policy applied	Gross book balance	Provision for estimated losses
Stores	0.00%	89,480	-
Falling due	0.04%	733,871	(294)
Overdue (days):			
01−30	0.50%	5,526	(28)
31−60	10.00%	1,785	(179)
61−90	25.00%	683	(171)
>90	100.00%	24,145	(24,145)
Clients under court-ordered reorganization (with financial restructuring)	20.00%	-	-
Clients under court-ordered reorganization (with financial restructuring)	40.00%	6,454	(2,582)
Clients under court-ordered reorganization (without financial restructuring)	100.00%	14,376	(14,376)
		876,320	**(41,775)**

The criteria used to calculate the loss matrix are disclosed in Note 6c.

Loss rates are based on actual credit loss experience in the previous accounting year. These rates were multiplied by scale factors to reflect differences between the economic conditions in the period in which the historic data was collected, the current conditions and the Company’s view on economic conditions over the expected life of the receivables.

(ii) Market risk

Market risk is the risk that alterations in market prices, such as foreign exchange, interest rates and prices of shares, will affect the Company's gains or the amount of its financial instruments. The objective of market risk management is to evaluate and control exposures to market risks, within acceptable parameters, and at the same time to optimize the return. The Company and its subsidiaries do not use derivatives to manage market risk.

(In thousands of reais)

Foreign exchange risk
Considering the price risk on exports, which correspond to 2.81% of revenue from its subsidiaries as of June 30, 2024 (2.95% as of December 31, 2023), any volatility of the exchange rate represents, in fact, a price risk that can impair the results planned by Management.

Sensitivity analysis
The results of the Company and its subsidiaries are susceptible to significant changes, due to the effects of the volatility of the foreign exchange rate on the liabilities indexed to foreign currencies, especially the USD, which ended the period as of June 30, 2024 with the positive change in 14.82% in relation to the last quotation as of December 31, 2023.

As a strategy to avoid and reduce the effects of foreign exchange fluctuations, Management tried to maintain a natural hedge in restricted assets, also pegged to exchange fluctuations. Management does not enter into financial instruments to eliminate its exposure to foreign exchange risks, which are as follows:

	Consolidated	
US dollar (US$'000)	**06/30/2024**	**12/31/2023**
Assets in foreign currency (a)	21,013	22,109
Liabilities in foreign currency (b)	(3,945)	(4,674)
Surplus determined (a-b)	**17,068**	**17,435**

Considering the exposure to the risk of price fluctuation, the Company and its subsidiaries present below three scenarios for the change of the Dollar and the respective future income that would be generated. Namely:

1. **Probable scenario and that is adopted by the Company and its subsidiaries:** USD exchange rate at R$ 5.5589 on June 30, 2024;

2. **Possible scenario:** As provided in the CVM Resolution, the scenario is built considering a 25% decrease in the USD rate amounting to R$ 4.1692; and

3. **Remote scenario:** Also in accordance with CVM standard, in this scenario the US dollar rate is decreased by 50%, amounting to R$ 2.7795.

Foreign exchange sensitivity analysis - Effect in income (loss) as of June 30, 2024

Transaction	**Risk**	**Probable scenario**	**Possible scenario**	**Remote scenario**
	US$ 17,068 thousand	FX 5.5589	FX 4.1692	FX 2.7795
Financial income (loss)	US$ decrease	-	(23,719)	(47,439)

(In thousands of reais)

(iii) Interest rate risk

Sensitivity analysis

The Company's and its subsidiaries' results are exposed to fluctuations, not significant, due to the effects of the volatility of the DI-CETIP, TJLP and IPCA rate on interest earning bank deposits and part of loans and financing linked to these rates.

	Consolidated		Consolidated	
	Book value 06/30/2024	**Fair value 06/30/2024**	**Book value 12/31/2023**	**Fair value 12/31/2023**
Assets in CDI	423,476	423,476	349,080	349,080
Liabilities in TJPL	4,671	4,399	4,189	3,834
Liabilities at IPCA	42,910	41,315	142,262	139,494
Liabilities in CDI	253,908	256,527	193,776	196,025

Given the exposure to the risk of changes in the indexes used in interest earning bank deposits and loans, the Company presents below scenarios for the changes in rates and the respective future results that would be generated. Namely:

(i) Probable scenario adopted by the Company and its subsidiaries, with a DI-CETIP rate of 10.40% p.a. and TJLP of 6.67% p.a. and IPCA of 4.23% p.a.;

(ii) Possible scenario, including an increase or decrease of 25% on rates;

(iii) Remote scenario, including an increase or decrease of 50% on rates.

Statement of changes in rates as of June 30, 2024 is as follows:

Operation	**Risk**	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Loans – TJLP	TJLP incr.	TJLP 6.67% R$ -	TJLP 8.34% R$ 78	TJLP 10.01% R$ 156
Loans at IPCA	IPCA incr.	IPCA 4.23% R$ -	IPCA 5.29% R$ 455	IPCA 6.35% R$ 910
Loans in CDI	CDI increase	CDI 10.40% R$ -	CDI 13.00% R$ 6,602	CDI 15.60% R$ 13,203
Investments in CDI	CDI decrease	CDI 10.40% R$ -	CDI 7.80% R$ (11,010)	CDI 5.20% R$ (22,021)

(In thousands of reais)

(iv) Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's goal when managing the liquidity is to guarantee, as much as possible, that it will have sufficient liquidity to perform its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with a risk of sullying the Company's reputation.

The Company and its subsidiaries monitor their funds liquidity risk through cash monetary policies to avoid a mismatch between accounts receivable and accounts payable.

In addition, the Company and its subsidiaries maintain balances of interest earning bank deposits with daily liquidity, which may be redeemed at any time to cover possible mismatches between maturity dates of their contract obligations and cash generation.

The scheduled payments of long-term installments of financing and loans are presented below:

	06/30/2024	
Maturity	**Amount**	**%**
2025	16,533	10%
2026	55,282	33%
2027	81,255	48%
2028	5,794	3%
2029	5,370	3%
2030	4,489	3%
2031	662	0%
Total	**169,385**	**100%**

	06/30/2023	
Maturity	**Amount**	**%**
2024	60,894	21%
2025	193,852	66%
2026	16,066	5%
2027	6,143	2%
2028	5,738	2%
2029	5,334	2%
2030	4,472	2%
2031	661	0%
Total	**293,160**	**100%**

(In thousands of reais)

Breakdown of balances

The estimated realizable values of the financial assets and liabilities of the Company and its subsidiaries were determined through information available in the market and appropriate valuation methodologies. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate realizable value estimate. Consequently, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the realization values estimated.

The Management of these instruments is done through operating strategies, aimed at liquidity, profitability and security. The control policy consists of permanent follow-up of the rates engaged versus those in force in the market. The Company and its subsidiaries do not invest in derivatives or any other risk assets on a speculative basis.

The book balances and the fair value of financial instruments included in balance sheets as of June 30, 2024 and December 31, 2023 are shown below:

		Consolidated			
		06/30/2024		**12/31/2023**	
Description	**Classification**	**Book balance**	**Fair value**	**Book balance**	**Fair value**
Cash and cash equivalents	Financial assets at amortized cost	426,261	426,261	361,020	361,020
Interest earning bank deposits					
CDB/Investment Fund	Financial assets at fair value through profit or loss	11,147	11,147	12,980	12,980
Share investment funds	Financial assets at fair value through other comprehensive income	690	690	469	469
Accounts receivable	Financial assets at amortized cost	875,842	875,842	834,545	834,545
Other accounts receivable	Financial assets at amortized cost	24,318	24,318	41,267	41,267
Loans and financing:					
In local currency	Amortized cost	373,707	424,976	436,226	491,226
In foreign currency	Amortized cost	1,268	1,340	1,524	1,551
Suppliers	Amortized cost	123,015	123,015	83,779	83,779

(In thousands of reais)

		Parent Company			
		06/30/2024		12/31/2023	
Description	**Classification**	**Book balance**	**Fair value**	**Book balance**	**Fair value**
Cash and cash equivalents	Financial assets at amortized cost	125,297	125,297	1,023	1,023
Interest earning bank deposits					
CDB/Investment Fund	Financial assets at fair value through profit or loss	2	2	5	5
Other accounts receivable	Financial assets at amortized cost	2,962	2,962	5,154	5,154
Suppliers	Amortized cost	67	67	2,631	2,631

(v) Fair value hierarchy

	Consolidated				Parent Company			
	06/30/2024		12/31/2023		06/30/2024		12/31/2023	
Description	**Level 1**	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Interest earning bank deposits								
Floating-rate CDBs	-	-	-	-	-	-	-	3
Investment fund	-	11,147	-	12,980	-	2	-	2
Share investment funds	690	-	469	-	-	-	-	-

- **Level 1 -** Prices charged (unadjusted) in active markets for identical assets or liabilities;
- **Level 2 -** different inputs of the prices negotiated in active markets included at Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- **Level 3 -** inputs for the asset or liability that are not based on observable market variables (unobservable inputs).

(vi) Criteria, assumptions and limitations used in the calculation of fair value

Interest earning bank deposits

For interest earning bank deposits, the fair value against the income (loss) was calculated based on the market quotations of these securities and are stable considering investment rates and terms. The interest earning bank deposits are remunerated at a percentage of DI-CETIP and are restated at June 30, 2024 (see Note 5).

(In thousands of reais)

Accounts receivable
Trade accounts receivable are recorded at the amount billed, and include the respective direct taxes for which the Company and its subsidiaries are responsible. The estimated impairment losses were formed at an amount considered adequate by the management to cover any losses arising on collection of credits.

Loans and financing
The amount of loans and financing calculated at June 30, 2024 are measured at amortized cost using the effective interest method, and are recorded at their contractual values. We currently found interest rates applicable to these instruments identical to the contracts that were signed, given the objective of the financing, time frames and guarantees submitted. The valuation model considers the present value of the payment expected, discounted by a risk-adjusted discount rate.

Suppliers
Trade accounts payable derive directly from the commercial operations of the Company and its subsidiaries, are stated at their original values, subject to exchange and inflation adjustment, when applicable, up to the balance sheet date.

Limitations
The fair value of instruments was estimated on the balance sheet date, based on “Relevant market information”. Changes in the assumptions may significantly affect the estimates presented.

(vii) Capital management
The capital management of the Company and its subsidiaries aims to ensure that a strong credit rating is maintained before institutions, as well as a solid capital relationship, so as to support the business of the Company and leverage shareholders’ value.

The Company and its subsidiaries include within its net debt structure: loans and financing less cash, cash equivalents and interest earning bank deposits.

	Consolidated	
	06/30/2024	**12/31/2023**
Financing and loans	(374,975)	(437,750)
Lease liabilities	(14,792)	(15,295)
Cash and cash equivalents	426,261	361,020
Interest earning bank deposits	11,837	13,449
Net debt	**48,331**	**(78,576)**
Shareholders' equity	2,087,823	1,995,296

(In thousands of reais)

29 Insurance coverage

The Company and its subsidiaries adopt the policy of contracting insurance coverage for property subject to risks in amounts considered sufficient to cover any casualties, considering the nature of their activity.

Coverage amounts as of June 30, 2024 are summarized as follows:

Corporate insurance		
Object	**Risk covered**	**Amount of coverage – R$**
Equity	Fire, Windstorms, Electrical Damages, Machine Breakdown, Theft, Flooding, Electronic Equipment.	195,000
Loss of profits	Fixed expenses (P.I 3 months)	60,000
D&O	Management civil general liability	30,000
General civil responsibility	General civil liability	10,000
Light and heavy vehicles	Property, body damages, pain and suffering to third parties	27,750
International transport - Imports	Limit per shipment - Goods / Raw materials	8,338
Total corporate insurance		**331,088**

30 Government grants and assistance

a. Federal incentives

- **IRPJ REDUCTION -**Refer to the right to 75% reduction of the Income Tax and Surtax, calculated based on the operating profit in accordance with article 1 of the Provisional Measure 2199-14 of August 24, 2001, as per the criteria established and also in compliance with the tax incentive regulation. Are considered as onerous conditions met the projects for total modernization currently in areas of the Northeast Development Agency - SUDENE. The beneficiaries of the incentive of 75% reduction of the income tax are the projects located in the states of Ceará and Bahia.

b. State incentives

(i) Ceará

For footwear

- **PROADE -** This is an incentive program for the industrial development fund of the State of Ceará (FDI), which consists in the deferral of 99% of the ICMS levied on company manufacturing of footwear. On the amount of each installment of the benefit, 1% will be paid in a single installment, with maturity on the last day of the month, and the amount will be adjusted after 36 months, from the disbursement date to the maturity date, restated at TJLP.

For apparel

- **PROVIN -** This is an incentive program for the industrial development fund of the State of Ceará (FDI), which consists in the deferral of 75% of the ICMS levied on company manufacturing of apparel. On the amount of each installment of the benefit, 25% will be paid in a single installment, with maturity on the last day of the month, and the amount will be adjusted after 36 months, from the disbursement date to the maturity date, restated at TJLP.

Additional incentives
In addition to PROADE shoes and apparel, there is also the deferral of ICMS on imports of raw materials, machinery, equipment, parts and pieces that do not have similar item in the State of Ceará, as well as the difference of rates on purchases of capital goods.

- **PCDM –** It is an incentive program to distribution business centers (PCDM), which consists of the reduction by 75% of the debt balance of the ICMS monthly calculated on interstate shipping activities. The subject of this instrument does not include the ICMS withheld of third parties by the company, in view of the tax replacement regime.

Additional incentives
It has as additional to PCDM the deferral of the ICMS levied: In import of foreign goods for subsequent shipment, import from abroad and other states, of goods to comprise property, plant and equipment.

(ii) Bahia

- **PROBAHIA -** Refers to the development program for the State of Bahia, aiming at diversifying and stimulating the transformation of the industrial processes in the state. The incentive is the deferral of ICMS on the total debits calculated on the shipment of goods, where a presumed credit of 99% of the amount due is calculated. Its payment consists in 1% of the debit balance that should be paid in the month subsequent to the ICMS calculation.

Additional incentives
In addition to PROBAHIA, there is also the deferral of ICMS on imports of raw materials, machinery, equipment, parts, as well as the difference of rates on purchases of capital goods.

(In thousands of reais)

(iii) Minas Gerais

- **Special Regime –** For Vulcabras Distr. Art. Esp. Ltda (Extrema-MG Branch), we will have e-PTA-RE number: 45.000024131-24, which addresses the Special Regime incentive with simplified protocol of intentions, providing for deferrals, deemed credit and TTS/IMPORT CORRIDOR, which consists of deferring the payment of ICMS on imports with a specific marketing purpose; partial deferral, resulting in a highlighted ICMS of four percent (4%) for imported products and 12% for domestic products due on domestic sales to taxpayers benefiting from the special regime; on deemed credit so that the effective rate is 3% on domestic and interstate operations with domestic products and on deemed credit of 2.5% on interstate operations with imported products or 4% on domestic operations with imported products, for an indefinite period.
- **Special Regime –** For the operation of Vulcabras SP (Extrema-MG Branch), we will have e-PTA-RE number: 45.000024132-05, which addresses the Special Regime incentive as follows: UNLINKED TTS/E-COMMERCE, which consists of adopting procedures for assigning responsibility for withholding and paying ICMS due as a tax replacement, granting ICMS deferral on imports and adopting a simplified tax bookkeeping and calculation system in the operations contracted within the scope of the electronic commerce or of telemarketing destined to the final consumer with ICMS deemed credit in the domestic operations of 12% for national products and 4% for imported products, and of 1.3% of effective rate in the interstate sales, for an indefinite period.

c. Additional incentives

TTS/WHOLESALERS and TTS/E-COMMERCE also include deferral of the payment of ICMS levied on the receipt of goods for the specific purpose of marketing, as a result of direct imports from abroad, for subsequent operations carried out by Vulcabras.

	Statement of Government grants		
Subsidiary	**State incentive**	**%**	**Maturity date**
Vulcabras CE, Calç. e Art. Esp. S.A.	Proade Calçados	99%	Aug/2031
Vulcabras CE, Calç. e Art. Esp. S.A.	Provin Confecções	75%	June/2022(*)
Vulcabras BA, Calç. e Art. Esp. S.A.	Probahia	99%	July/2027
Vulcabras Distr. Art. Esp. Ltda.	PCDM	75%	Dec/2027
Vulcabras Distr. Art. Esp. Ltda.	TTS/WHOLESALERS	Variable	Undetermined
Vulcabras SP, Comércio de Art. Esp. Ltda.	TTS/E-COMMERCE	Variable	Undetermined

(*) Vulcabras CE submitted a request to the State of Ceará to extend the benefit for another 10 years.

(In thousands of reais)

	Statement of Government grants		
Subsidiary	**Federal incentive**	**%**	**Maturity date**
Vulcabras CE, Calç. e Art. Esp. S.A.	IRPJ decrease	75%	Dez/2032
Vulcabras BA Calç. e Art. Esp. S.A.	IRPJ decrease	75%	Dez/2032

d. Consolidated

Considering that these incentives were recognized directly in profit (loss) of subsidiaries, as a consequence, they were recognized in the Company's profit (loss) through the calculation of equity in net income of subsidiaries, whose effects are shown below:

ICMS			**Equity in net income of subsidiaries in parent company**	
Tax incentive recorded in income (loss) of subsidiaries	**Consolidated tax incentive**	**% interest**	**06/30/2024**	**06/30/2023**
Vulcabras CE, Calçados e Artigos Esportivos S.A.	78,651	99.99%	78,643	66,173
Vulcabras Distr. Art. Esp. Ltda.	926	100.00%	926	9,472
Vulcabras BA, Calçados e Artigos Esportivos S.A	53,998	100.00%	53,998	43,529
Vulcabras SP, Comércio de Art. Esp. Ltda..	33,190	100.00%	33,190	9,755
	166,765		**166,757**	**128,929**

Reintegra			**Equity in net income of subsidiaries in parent company**	
Tax incentive recorded in income (loss) of subsidiaries	**Consolidated tax incentive**	**% interest**	**06/30/2024**	**06/30/2023**
Vulcabras CE, Calçados e Artigos Esportivos S.A.	33	99.99%	33	45
Vulcabras BA, Calçados e Artigos Esportivos S.A.	16	100.00%	16	31
	49		**49**	**76**

IRPJ			**Equity in net income of subsidiaries in parent company**	
Tax incentive recorded in income (loss) of subsidiaries	**Consolidated tax incentive**	**% interest**	**06/30/2024**	**06/30/2023**
Vulcabras CE, Calçados e Artigos Esportivos S.A.	13,788	99.99%	13,788	9,313
Vulcabras BA, Calçados e Artigos Esportivos S.A.	8,267	100.00%	8,267	3,405
	22,055		**22,055**	**12,718**

(In thousands of reais)

31 Product and geographic area information

The information of net sales in the domestic and foreign markets, by region, was prepared based on the country of origin of the revenue, that is, based on the sales made by its subsidiaries in Brazil and through foreign subsidiaries.

The Group operates in the production and sale of synthetic shoes segment for the domestic and foreign markets.

Although the shoes are intended to serve different audiences and social classes, they are not controlled and managed by Management as independent segments, with the Company's results being followed, monitored and evaluated in an integrated manner.

Consolidated sales in the domestic and foreign markets and non-current assets are as follows:

	06/30/2024	**06/30/2023**
Net sales		
Athletic shoes	1,140,033	1,069,283
Other footwear and others	92,273	96,687
Apparel	125,964	129,068
	1,358,270	**1,295,038**
Domestic market	1,286,360	1,191,161
Foreign market	71,910	103,877
	1,358,270	**1,295,038**

The non-current assets of each geographic region are shown below:

	Consolidated	
	06/30/2024	**12/31/2023**
Non-current assets in the domestic and foreign markets as of		
Brazil	743,543	797,546
Other countries	19,551	16,980
Total	**763,094**	**814,526**

Composition of the Board of Directors

Pedro Grendene Bartelle
President

André de Camargo Bartelle
1st Vice-President

Pedro Bartelle
2nd Vice-President

Paulo Sérgio da Silva
Independent Board Member

Rafael Ferraz Dias de Moraes
Independent Board Member

Members of the Executive Board

Pedro Bartelle
Chief Executive Officer

Wagner Dantas da Silva
Administrative and Financial Director

Rafael Carqueijo Gouveia
Superintendent Director

Rodrigo Miceli Piazer
Supply Chain Director

Evandro Saluar Kollet
Corporate Director of Product Development and Technology

Márcio Kremer Callage
Marketing Director

Investor Relations Director

Wagner Dantas da Silva

Technical manager

Manoel Damião da Silveira Neto
Accountant CRC 1RJ052266/O-2 “S”-SP