Individual and Consolidated Financial Statements

Vulcabras S.A.

December 31, 2024
with Independent Auditor's Report

Vulcabras S.A.

Individual and consolidated financial statements

December, 31 2024

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I - Management report, including declaration of the executive board

EARNINGS RELEASE 4Q24

VULCABRAS
we live for the sports

Jundiaí, March 11, 2025 – Vulcabras S.A. (B3: VULC3) announces today the results for the fourth quarter of 2024 (4Q24). The operational and financial information of Vulcabras S.A. ("Company") is presented based on consolidated figures and in millions of reais, prepared in accordance with accounting practices adopted in Brazil and international financial reporting standards (CPC 21 and ISA 34). The data contained in this report refer to the performance of the fourth quarter of 2024, compared to the same period in 2023, except when specified otherwise.

HIGHLIGHTS

GROSS VOLUME

9.1 million

pairs/pieces in 4Q24, an increase of 5.4% compared to 4Q23, and 32.4 million pairs/pieces in 2024, an increase of 2.9% compared to the 2023.

NET REVENUE

R$ 905.7 million

in 4Q24, an increase of 14.5% compared to 4Q23, and R$ 3,048.6 million in 2024, an increase of 8.2% compared to 2023.

GROSS PROFIT

R$ 376.9 million

In 4Q24, there was an increase of 11.7% compared to the 4Q23, reaching R$ 1,278.4 million for the year 2024, an 8.7% increase compared to the amount recorded in 2023.

GROSS MARGIN

41.6%

in 4Q24, a decrease of 1.1 p.p. compared to 4Q23, and 41.9% in 2024, an increase of 0.2 p.p. compared to the gross margin in 2023.

RECURRING NET INCOME AND RECURRING NET MARGIN

R$ 169,2 million

in 4Q24, an increase of 16.9% over 4Q23, with a Recurring Net Margin of 18.7%, 0.4 p.p. higher than in 4Q23, and R$ 544.1 million in 2024, an increase of 11.1% compared to 2023, with a Recurring Net Margin of 17.8%, an increase of 0.4 p.p. over the Recurring Net Margin of 2023.

RECURRING EBITDA AND RECURRING EBITDA MARGIN

R$ 192,2 million

in 4Q24, an increase of 8.2% compared to 4Q23, presenting 21.2% of Recurring EBITDA Margin, 1.3 p.p. lower than 4Q23 and R$ 675.6 million in 2024, an increase of 5.5% compared to 2023 and 22.2% of Recurring EBITDA Margin in 2024 (0.5 p.p. lower than in 2023).

VULC3 Quote (12/31/2024)
R$ 15.53

Market Value
R$ 4.3 Billion

Number of Common Shares
274,656,244

Investor Relations
Wagner Dantas da Silva (CFO e IRO)

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03/12/2025 at 10:00 am (Brasília)
Access in Portuguese

IR E-mail
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MESSAGE FROM MANAGEMENT

Even in a year full of challenges, the combination of strong brands and a verticalized business model enabled Vulcabras (VULC3) to surpass its own records and achieve the "new" best year in its history in 2024.

The Company recorded a gross revenue of R$ 3.5 billion, a new record, with a 9.2% growth compared to 2023. The gross margin of 41.9% demonstrates the Company's ability to maintain profitability despite external challenges. Recurring EBITDA totaled R$ 675.6 million, a 5.5% increase compared to the previous year. The recurring EBITDA margin was 22.2%, while recurring net income reached R$ 544.1 million, an 11.1% increase, with a recurring net margin of 17.8%, advancing 0.4 percentage points compared to 2023.

The e-commerce channel continued its strong growth, rising 55% in the year, jumping from R$ 279.8 million in 2023 to R$ 433.7 million in 2024, representing 14.2% of total net revenue.

The revenue from the Athletic footwear division recorded a 9.2% growth in the year, driven by the strength of its brands and the strategy of expanding the high-performance product portfolio, adding value and boosting the increase in average ticket.

Fourth Quarter of 2024

Vulcabras closed 4Q24 achieving a historic milestone: gross revenue exceeding R$ 1 billion in a single quarter. With a 14.7% growth compared to 4Q23, the Company consolidates 18 consecutive quarters of growth.

Gross profit reached R$ 376.9 million, an 11.7% increase compared to 4Q23. Recurring EBITDA totaled R$ 192.2 million in the quarter, growing 8.2% compared to 4Q23. Recurring net income reached R$ 169.2 million in 4Q24, a 16.9% increase compared to 4Q23, with a recurring net margin of 18.7%, 0.4 percentage points higher than in 4Q23.

E-commerce continued its strong growth, increasing by 50.1% in the quarter, reaching 15.7% of total net revenue in the Fourth Quarter of 2024. Even without adopting aggressive commercial strategies, the channel delivered positive results and strengthened the shopping experience for the brands, offering a more comprehensive product assortment and enhancing the consumer journey.

EXPANSION AND PORTFOLLO EVOLUTION

The Athletic footwear category recorded a 16.0% growth in the quarter, reflecting continuous investment in innovation and technology, both in product development and business management. These efforts have enabled the expansion of a broader and higher value-added portfolio, creating more opportunities for sports participation and bringing high-performance products to a growing audience.

For the second consecutive year, Olympikus was the most-used brand by runners on Strava in Brazil, reaffirming its strong connection with the running community and its commitment to democratizing high performance. The brand maintained its growth momentum, driven by an increase in average ticket and the expansion of the Corre Family. The quarter was marked by the launch of the Corre 4, along with the expansion of the portfolio with Corre Grafeno 3, Corre Max, and Corre Trilha 2, all of which saw rapid market acceptance, driving sales and reinforcing the brand's leadership in running footwear.

Mizuno continued its expansion and consolidation strategy in both high-performance and sports lifestyle segments. In running, the brand strengthened its lineup with the launch of Super Shoes Rebellion Pro 3 and Pro Low, expanding its offerings for runners seeking maximum performance and innovation. Mizuno also expanded its presence in specialized lifestyle and casual sports channels, strengthening its connection with urban culture in Brazil. In football, the brand launched the Regente soccer boot, its first model fully developed and produced by Vulcabras.

Under Armour advanced in the training and sports lifestyle segment, consolidating its presence in Brazil through the expansion of company-owned outlet stores. The number of outlets grew from four to six, with two new stores inaugurated in the Fourth Quarter of 2024, reinforcing its strategy to increase accessibility and brand reach in the country. In training, the brand expanded its presence beyond CrossFit, reaching a growing audience in gyms, with a highlight on the TriBase Cross and TriBase Reps lines, developed by Vulcabras for the Brazilian consumer. In the sports lifestyle segment, it recorded significant growth, driven by the Quicker, Wing, and Slight models, which combine technology and design for consumers seeking comfort and style in their daily lives.

SHAREHOLDER RETURNS AND CAPITAL ALLOCATION

Vulcabras remains steadfast in its commitment to maximizing shareholder returns and maintaining a conservative capital management approach. In line with this strategy and upholding the commitment made throughout 2024, the company announces another round of monthly dividend payments of R$ 0.125 per share for the months of May, June, and July 2025.Annualizing the monthly dividend commitment and considering a share price of approximately R$ 16.00, the Company currently presents a dividend yield of approximately 9.8%.

Additionally, the Company repurchased 650.8 thousand shares throughout 4Q24, bringing the total volume of treasury shares to 3,107.0 thousand, representing 1.13% of the total outstanding shares. This share buyback program is a strategy aimed at capital optimization and increasing Shareholder value, while also demonstrating the Company's confidence in its future performance.

PERSPECTIVES FOR 2025

We closed 2024 with a consolidated portfolio, healthy inventory levels, and sales driven by sell-out, demonstrating the strong acceptance of our brands and new product lines. The combination of continuous innovation, portfolio expansion, and operational efficiency ensures a solid positioning for 2025, allowing Vulcabras to continue advancing sustainably and profitably. We remain confident in our ability to keep growing, innovating, and generating value for our consumers and Shareholders.

CONSOLIDATED PERFORMANCE

R$ million	CURRENT						WITHOUT 14.789/23 LAW EFFECT					
	4Q24	4Q23	Var. % 4Q24/ 4Q23	2024	2023	Var. % 2024/ 2023	4Q24	4Q23	Var. % 4Q24/ 4Q23	2024	2023	Var. % 2024/ 2023
Volume (milion pairs and Itens)	9.1	8.7	5.4%	32.4	31.4	2.9%	9.1	8.7	5.4%	32.4	31.4	2.9%
Gross Operating Revenue	1,054.5	919.1	14.7%	3,566.7	3,267.7	9.2%	1,054.5	919.1	14.7%	3,566.7	3,267.7	9.2%
Net Revenue	905.7	791.3	14.5%	3,048.6	2,817.7	8.2%	915.6	791.3	15.7%	3,083.3	2,817.7	9.4%
Domestic Market	877.0	768.0	14.2%	2,912.5	2,651.3	9.9%	886.9	768.0	15.5%	2,947.2	2,651.3	11.2%
Foreign Market	28.7	23.3	23.2%	136.1	166.4	-18.2%	28.7	23.3	23.2%	136.1	166.4	-18.2%
Gross profit	376.9	337.5	11.7%	1,278.4	1,176.1	8.7%	386.8	337.5	14.6%	1,313.1	1,176.1	11.6%
Gross margin %	41.6%	42.7%	-1.1 p.p.	41.9%	41.7%	0.2 p.p.	42.2%	42.7%	-0.5 p.p.	42.6%	41.7%	0.9 p.p.
SG&A Operation Expenses	-220.5	-185.1	19.1%	-735.8	-641.3	14.7%	-220.5	-185.1	19.1%	-735.8	-641.3	14.7%
Other Net Operating Income (Expenses	6.7	-2.2	-404,5%	31.7	-0.1	-31,800%	1.3	-2.2	-159.1%	12.2	-0.1	-12,300%
EBITDA	192.2	177.7	8.2%	686.8	641.3	7.1%	196.7	177.7	10.7%	701.9	641.3	9.4%
EBITDA Margin	21.2%	22.5%	-1.3 p.p.	22.5%	22.8%	-0.3 p.p.	21.5%	22.5%	-1.0 p.p.	22.8%	22.8%	0.0 p.p.
Recurring EBITDA	192.2	177.7	8.2%	675.6	640.5	5.5%	196.7	177.7	10.7%	690.7	640.5	7.8%
Recurring EBITDA Margin	21.2%	22.5%	-1.3 p.p.	22.2%	22.7%	-0.5 p.p.	21.5%	22.5%	-1.0 p.p.	22.4%	22.7%	-0.3 p.p.
Net Income	169.2	144.7	16.9%	569.9	494.9	15.2%	171.1	144.7	18.2%	606.9	494.9	22.6%
Net Margin	18.7%	18.3%	0.4 p.p.	18.7%	17.6%	1.1 p.p.	18.7%	18.3%	0.4 p.p.	19.7%	17.6%	2.1 p.p.
Recurring Net Income	169.2	144.7	16.9%	544.1	489.7	11.1%	171.1	144.7	18.2%	581.1	489.7	18.7%
Recurring Net Margin	18.7%	18.3%	0.4 p.p.	17.8%	17.4%	0.4 p.p.	18.7%	18.3%	0.4 p.p.	18.8%	17.4%	1.4 p.p.

(*)Purely informative result for comparison with previous results, maintaining the same tax bases.

GROSS VOLUME

In 4Q24, the gross billed volume reached 9.1 million pairs/pieces, representing a 5.4% growth compared to the 8.7 million pairs/pieces recorded in 4Q23. This performance was driven by the strong moment of retail, particularly during Black Friday and Christmas, with the three of the Company's brands showing growth.

When analyzing these periods, the following points stand out:

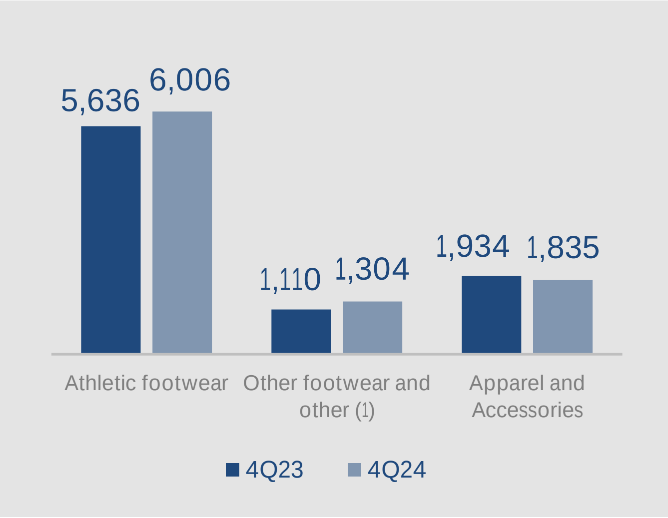
I. Athletic Footwear recorded a 6.6% increase in 4Q24 compared to the volume sold in 4Q23. This consolidated growth in Athletic footwear volume was driven by higher sales in both domestic and foreign markets. All the three of the Company's brands performed well, with a highlight on Olympikus' running category, boosted by the success of the Corre product line.

II. Other Footwear and Others saw a 17.5% increase compared to 4Q23, with growth in the Flip-flops and professional boots.

III. Apparel and Accessories recorded a 5.1% decrease in 4Q24 compared to the volume registered in 4Q23. This performance was mainly impacted by lower domestic demand, further aggravated by distribution challenges due to a reduced availability of specialized sportswear retailers.

GROSS VOLUME OF PAIRS AND PIECES/THOUSAND -4Q24 vs 4Q23

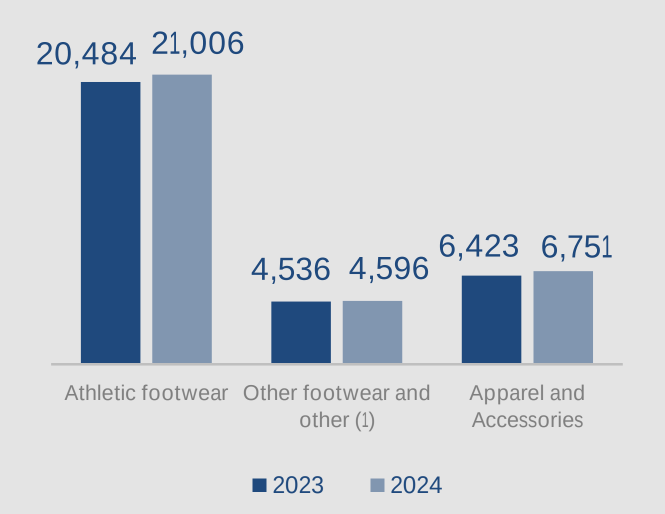
Pairs and Itens (thousand)	4Q24	Share %	4Q23	Share %	Var.% 4Q24/4Q23
Athletic footwear	6,006	65.7%	5,636	64.9%	6.6%
Other footwear and Other (1)	1,304	14.2%	1,110	12.8%	17.5%
Apparel and Accessories	1,835	20.1%	1,934	22.3%	-5.1%
Total	9,145	100.0%	8,680	100.0%	5.4%



In 2024, the gross billed volume totaled 32.4 million pairs/pieces, representing a 2.9% increase compared to the 2023 volume of 31.4 million pairs/pieces. Throughout 2024, the volume growth dynamic was driven by the domestic market, which was overshadowed by a decline in the foreign market. The increase in domestic market volume was fueled by consistent demand and effective commercial strategies. However, this progress was offset by a contraction in the foreign market, impacted by macroeconomic challenges faced by key export destination countries.

GROSS VOLUME OF PAIRS AND PIECES/THOUSAND -2024 vs 2023

Pairs and Itens (thousand)	2024	Share %	2023	Share %	Var.% 2024/2023
Athletic footwear	21,006	64.9%	20,484	65.1%	2.5%
Other footwear and Other (1)	4,596	14.2%	4,536	14.4%	1.3%
Apparel and Accessories	6,751	20.9%	6,423	20.5%	5.1%
Total	32,353	100.0%	31,443	100.0%	2.9%



(1)Flip-flops, boots, women footwear and shoe components.

NET OPERATING REVENUE : CATEGORY

In 4Q24, despite a scenario of high interest rates and significant debt levels, the Brazilian retail sector showed signs of recovery in recent months. Sales during Black Friday and Christmas performed positively, registering growth compared to the same events in the previous year. However, in the foreign market, despite the growth observed this quarter, results continue to be impacted by significant challenges, particularly in Peru and Argentina, where internal economic conditions create specific obstacles for each country.

For the 18th consecutive quarter, the Company overcame challenges and achieved significant growth in net revenue. With a total of R$ 905.7 million, a 14.5% increase compared to the R$ 791.3 million recorded in the same period of the previous year, the Company reaffirms its commitment to pursuing growth and its ability to adapt to economic challenges.

This quarter, the Company's net revenue was negatively impacted by R$ 9.9 million (0.9% of gross operating revenue) due to the taxation of PIS/COFINS on the ICMS subsidy recognized during the period (Law 14.789/23).

For comparison purposes, excluding the effect of PIS/COFINS taxation on the ICMS subsidy in 4Q24, net revenue would have been R$ 915.6 million, reflecting a 15.7% growth over 4Q23 revenue.

The Athletic Footwear category recorded a 16.0% increase in 4Q24 compared to the same period of the previous year. Both the domestic and foreign markets experienced revenue growth. The Company's three brands showed positive performance, with particular emphasis on the running category of Olympikus, driven by the success of the Corre line.

The Other Footwear and Others category grew by 18.8% compared to 4Q23. This revenue growth was driven by increased sales of flip-flops and boots for professional use.

The Apparel and Accessories category recorded a 3.8% decline compared to 4Q23. This performance was mainly impacted by reduced demand in the domestic market. Despite growth in e-commerce and Company-owned store sales, distribution challenges, stemming from the lower availability of retailers specializing in sportswear, affected this category's performance.

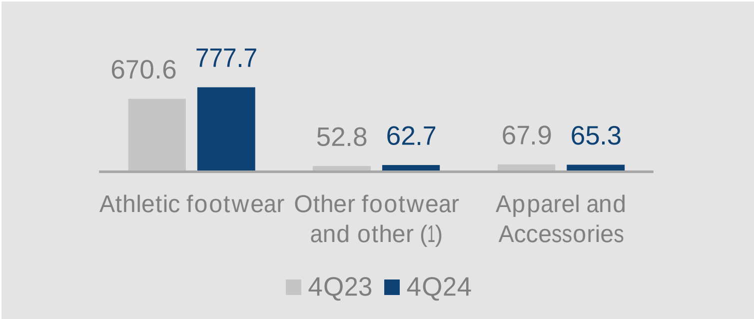
In 2024, net revenue reached R$ 3,048.6 million, registering an increase of 8.2% compared to 2023, when it was R$ 2,817.7 million.

> "The Athletics footwear category, which accounted for 85.9% of net revenue in 4Q24, recorded a 16% growth in the quarter and 9.2% n the accumulated total for 2024"

(1)Flip-flops, boots, women footwear and shoe components

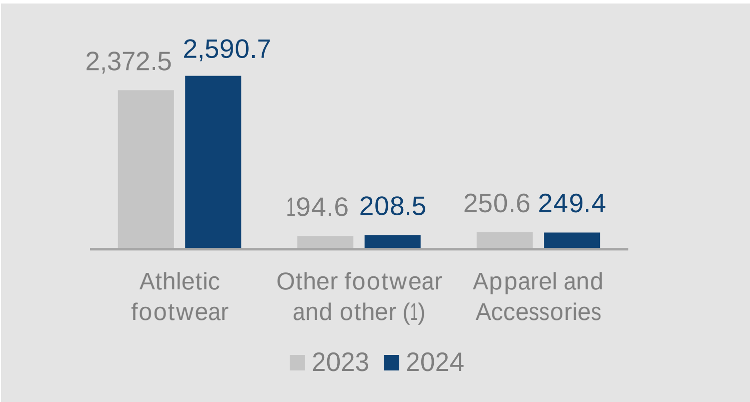
NET REVENUE BY CATEGORY – 4Q24 vs 4Q23

R$ Million	4Q24	Share %	4Q23	Share %	Var. % 4Q24/4Q23
Athletic footwear	777.7	85.9%	670.6	84.7%	16.0%
Other footwear and Other (1)	62.7	6.9%	52.8	6.7%	18.8%
Apparel and Accessories	65.3	7.2%	67.9	8.6%	-3.8%
Total Net Revenue	905.7	100.0%	791.3	100.0%	14.5%



NET REVENUE BY CATEGORY – 2024 vs 2023

R$ Million	2024	Share %	2023	Share %	Var. % 2024/2023
Athletic footwear	2,590.7	85.0%	2,372.5	84.2%	9.2%
Other footwear and Other (1)	208.5	6.8%	194.6	6.9%	7.1%
Apparel and Accessories	249.4	8.2%	250.6	8.9%	-0.5%
Total Net Revenue	3,048.6	100.0%	2,817.7	100.0%	8.2%



NET OPERATION REVENUE : MARKETS

In 4Q24, net revenue in the domestic market reached R$ 877.0 million, representing a 14.2% increase compared to the same period of the previous year, when it stood at R$ 768.0 million.

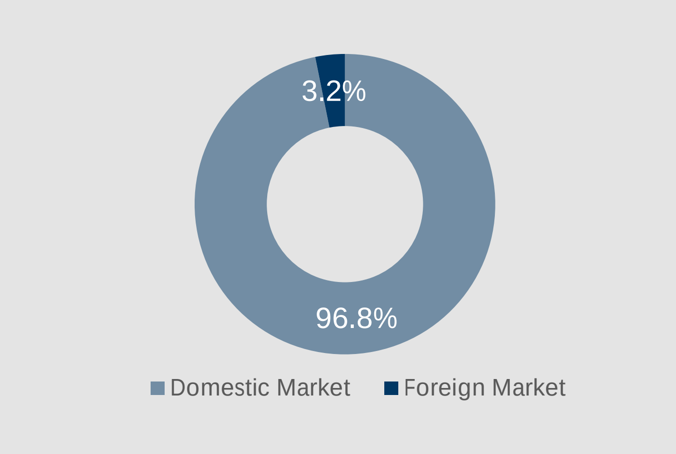
In the domestic market, the Athletic footwear category was the main highlight, showing strong net revenue growth compared to the same period last year.

In the foreign market, 4Q24 net revenue totaled R$ 28.7 million, reflecting a 23.2% increase compared to R$ 23.3 million recorded in 4Q23. Although growth was achieved compared to 4Q23, the Company continued to face significant challenges in foreign sales, particularly due to declining consumption in Argentina, the primary destination for its exports.

NET REVENUE BY MARKET – 4Q24 vs 4Q23

R$ Million	4Q24	Share %	4Q23	Share %	Var.% 4Q24/4Q23
Domestic Market	877.0	96.8%	768.0	97.1%	14.2%
Foreign Market	28.7	3.2%	23.3	2.9%	23.2%
Total Net Revenue	905.7	100.0%	791.3	100.0%	14.5%

MARKET SHARE – 4Q24



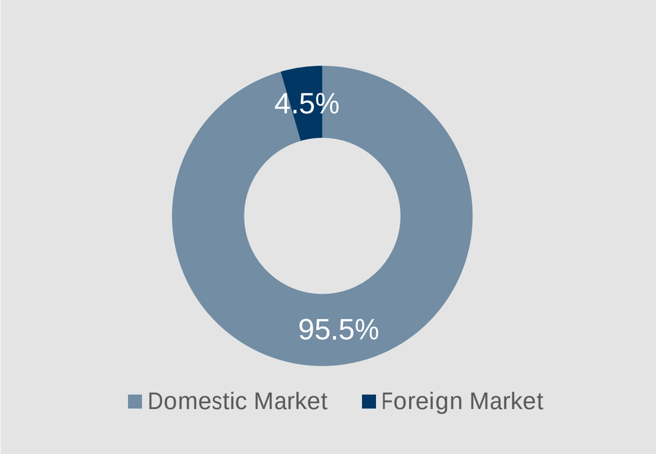
In 2024, the domestic market reached R$ 2,912.5 million, reflecting a 9.9% growth compared to R$ 2,651.3 million in 2023. On the other hand, in the foreign market, net revenue for 2024 totaled R$ 136.1 million, registering a decline of 18.2% compared to R$ 166.4 million in the previous year.

Throughout the year, growth in the domestic market was driven by Athletic footwear an other categories (such as flip-flops and professional boots), while the apparel and accessories segment remained stable compared to the previous year, mainly due to distribution channel limitations. Meanwhile, the foreign market continued to decline, with a sharper contraction in the first three quarters and only a modest recovery in the final quarter.

NET REVENUE BY MARKET – 2024 vs 2023

R$ Million	2024	Share %	2023	Share %	Var.% 2024/2023
Domestic Market	2,912.5	95.5%	2,651.3	94.1%	9.9%
Foreign Market	136.1	4.5%	166.4	5.9%	-18.2%
Total Net Revenue	3,048.6	100.0%	2,817.7	100.0%	8.2%

MARKET SHARE – 2024



E-COMMERCE

Once again, this quarter the e-commerce channel stood out as a key tool for complementarity and direct consumer engagement.

In 4Q24, the digital channel recorded net revenue of R$ 142.4 million, representing a 50.1% growth compared to the same period in the previous year.

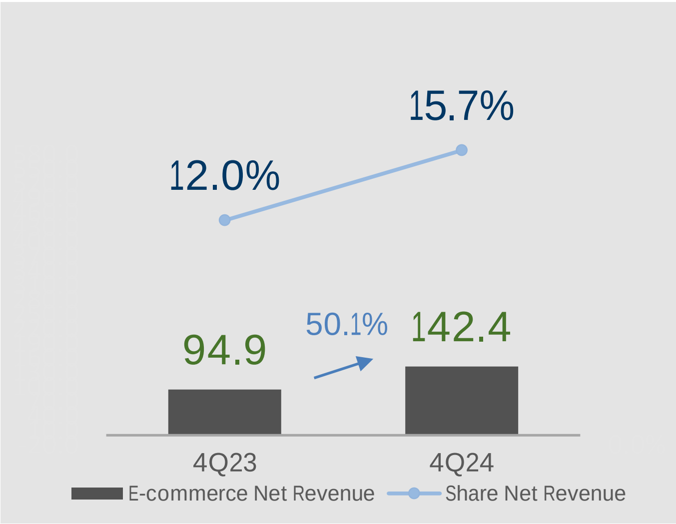
Fueled by a strategy focused on positioning and consumer experience, the channel continues its accelerated growth trajectory. Digital sales accounted for 15.7% of the Company's total net revenue, marking an increase of 3.7 percentage points compared to 4Q23.

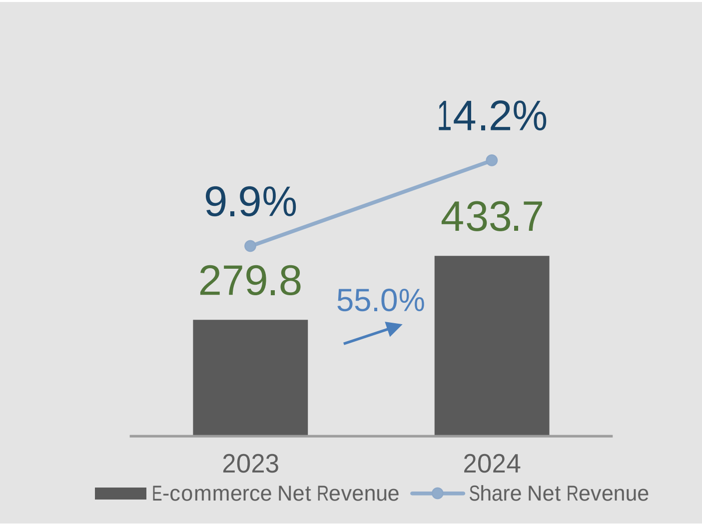
For the full year of 2024, e-commerce net revenue reached R$ 433.7 million, reflecting a 55.0% growth compared to 2023. The channel represented 14.2% of the Company's total net revenue, solidifying itself as a fundamental pillar for the year's results and for strengthening connections with consumers.

> "Even without adopting aggressive commercial strategies, the channel achieved positive results and strengthened the brand shopping experience by offering a greater variety of products and enhancing the consumer journey."

NET REVENUE AND NOR PARTICIPATION

R$ Million	4Q24	4Q23	Var. % 4Q24/4Q23	2024	2023	Var. % 2024/2023
E-commerce Net Revenue	142.4	94.9	50.1%	433.7	279.8	55.0%
Nor % Participation	15.7%	12.0%	3.7 p.p.	14.2%	9.9%	4,3 p.p.



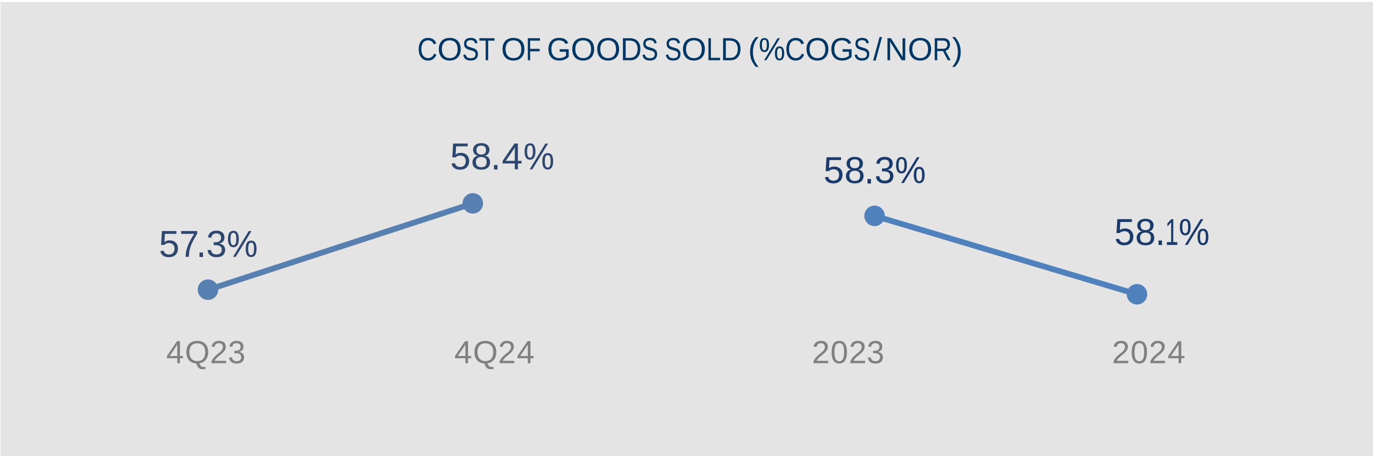


COST OF GOODS SOLD (COGS)

In 4Q24, the cost of goods sold (COGS) represented 58.4% of net sales revenue, compared to 57.3% recorded in the same period of 2023.

During 4Q24, although the Company's factories operated at full capacity, certain factors contributed to an increase in production costs. Despite having very low exposure to foreign currencies in our cost structure (especially when compared to the sourcing models of competing brands), the sharp and sudden appreciation of the U.S. dollar against the Brazilian real led to higher costs for some raw materials used in production during the quarter. Additionally, we observed a significantly high absenteeism rate compared to historical levels, which increased personnel expenses, reduced industrial efficiency, and consequently raised the labor cost per hour allocated to our production. It is important to mention that we are proactively working through HR policies to mitigate the effects of this increased absenteeism. In 1Q25, while absenteeism levels remain above historical averages, we have already observed a decline compared to 4Q24.Lastly, as occurs annually, our factories were temporarily shut down for collective vacations in December, which impacted the cost of goods manufactured during that month. This was due to the allocation of total indirect expenses for the month over a lower production volume.

For the full year 2024, cost of sales represented 58.1% of net sales revenue, compared to 58.3% in the same period of 2023.



GROSS PROFIT AND GROSS MARGIN

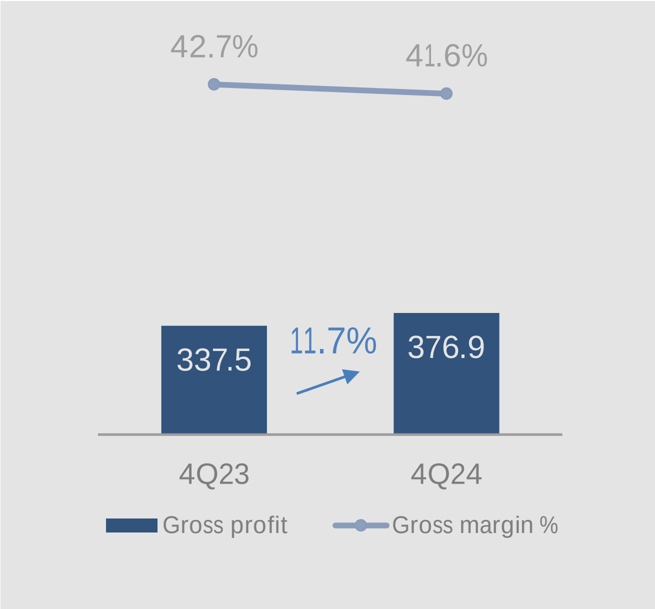
In 4Q24, gross profit reached R$ 376.9 million, representing an 11.7% increase compared to R$ 337.5 million in the same period of 2023. The gross margin reached 41.6%, reflecting a 1.1 percentage point reduction compared to the 42.7% recorded in 4Q23.It is important to highlight that this performance was achieved despite the gross margin being impacted by the effects of Law 14.789/23, which, among other measures, establishes the taxation of PIS/COFINS on the ICMS subsidy. This taxation reduced the consolidated gross margin by 0.6 percentage points in the quarter.

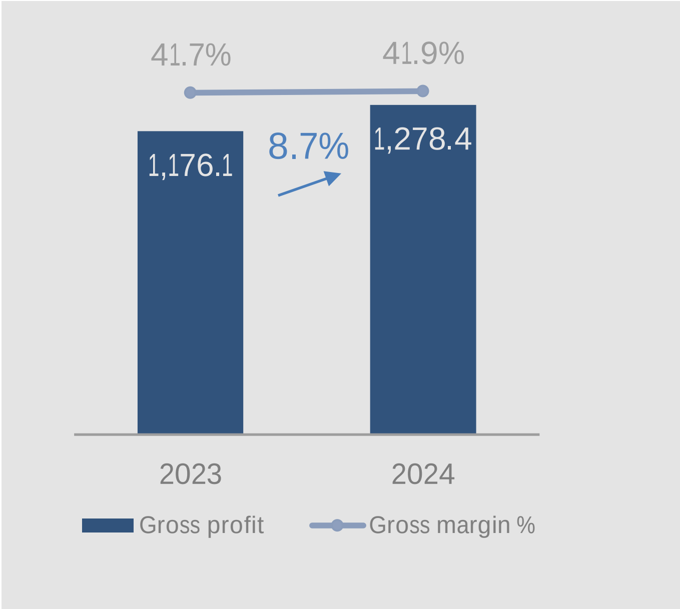
For comparison purposes, excluding the effect of PIS/COFINS taxation on the ICMS subsidy in 4Q24, gross profit would have been R$ 386.8 million, with a gross margin of 42.2%.

For the full year of 2024, gross profit totaled R$ 1,278.4 million, reflecting an 8.7% increase over the R$ 1,176.1 million recorded in 2023. The gross margin for 2024 reached 41.9%, 0.2 percentage points higher than the 41.7% recorded in 2023. If we excluded the effect of PIS/COFINS taxation on the ICMS subsidy, total gross profit would have been R$ 1,313.1 million, with a gross margin of 42.6%.

This result not only demonstrates the Company's resilience in a challenging economic environment but also underscores its commitment to innovation and excellence in product delivery.

GROSS PROFIT AND GROSS MARGIN





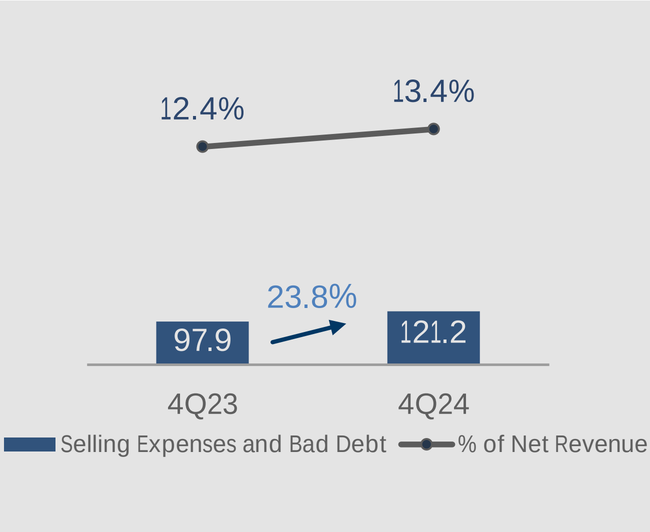
SELLING AND ALLOWANCE FOR DOUBTFUL ACCOUNTS EXPENSES

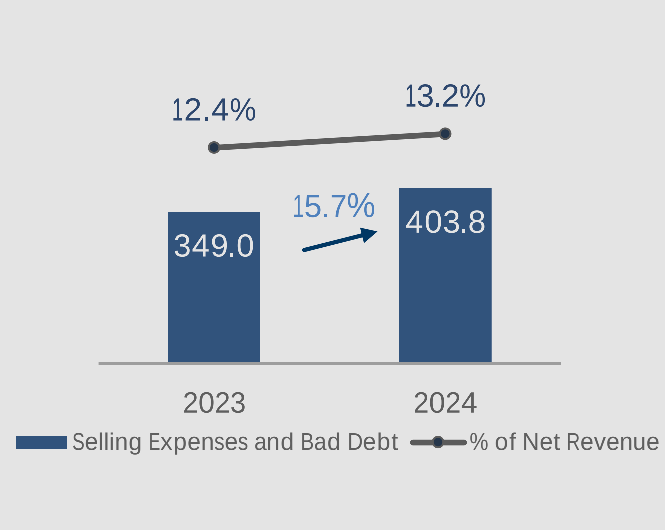
In 4Q24, expenses related to sales, advertising, and Estimated Losses on Doubtful Accounts (ECL) totaled R$ 167.1 million, representing an 18.8% increase compared to the same period in 2023.

Direct expenses related to sales and Estimated Losses on Doubtful Accounts (ECL), excluding advertising, amounted to R$ 121.2 million, marking a 23.8% increase compared to R$ 97.9 million in the same period of the previous year. In terms of revenue share, sales expenses (excluding advertising) represented 13.4% in 4Q24, an increase of 1.0 percentage point compared to 4Q23.

Throughout 4Q24, the same trend observed in previous quarters persisted. The higher proportion of e-commerce sales, with a significant portion occurring through marketplaces, led to an increase in commission and freight expenses. Regarding Estimated Losses on Doubtful Accounts (ECL), an expense of R$ 3.2 million was recognized, compared to R$ 1.0 million in 4Q23.

For the full year of 2024, sales expenses (excluding advertising) totaled R$ 403.8 million, reflecting a 15.7% increase compared to R$ 349.0 million in 2023. The share of sales expenses over net revenue increased by 0.8 percentage points, reaching 13.2% in 2024.





ADVERTISING AND MARKETING EXPENSES

In 4Q24, advertising and marketing expenses totaled R$ 45.9 million, reflecting a 7.2% increase compared to R$ 42.8 million recorded in 4Q23.

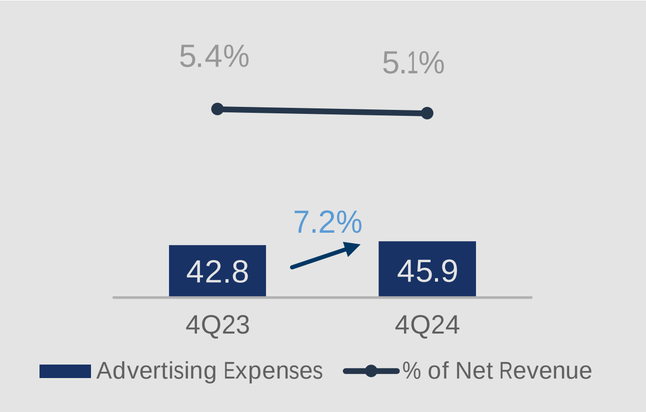
As a percentage of net revenue, advertising and marketing expenses accounted for 5.1% in 4Q24, representing a 0.3 percentage point reduction compared to 4Q23.

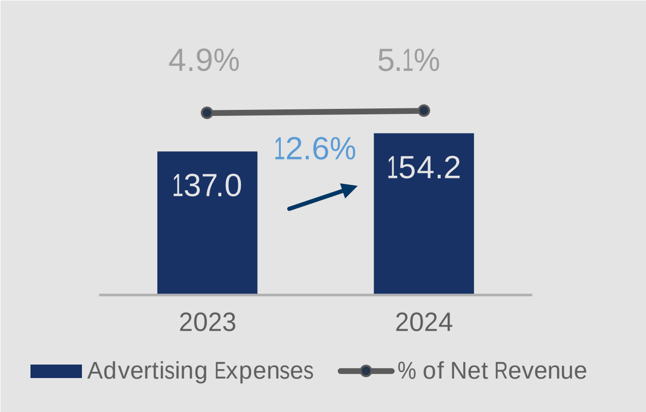
Olympikus reinforced its presence in the running community through strategic product launches and events. The key highlight was the success of the Corre 4 running shoe, which was recognized in Strava's Year in Sport as the most-used shoe by Brazilian runners across different race distances. Additionally, the new models in the Corre line, including Corre Grafeno 3, Corre Max, and Corre Trilha 2, saw rapid market acceptance, further solidifying the brand in the performance footwear segment. Olympikus also expanded its sports lifestyle portfolio, introducing the Corre 4S and new color variations for the Corre 4 and Corre Max. On the event side, the brand hosted another edition of Bota Pra Correr (BPC) in Itacaré and announced celebrations for its 50th anniversary, which will include 50 races, training sessions, and festivals across Brazil.

Under Armour continued its growth strategy, expanding its presence in the training and sports lifestyle segments. The brand strengthened its presence in gyms with the TriBase Cross and Reps line, reaching beyond the traditional CrossFit audience. In sports lifestyle, it introduced the Court96 and Slipspeed Mega, while in basketball; it reinforced its lineup with new colorways of the Curry 11 and the Champion Mindset and Mouthguard models.

Meanwhile, Mizuno consolidated its position in high-performance running with the launch of the Rebellion Pro 3 and Rebellion Pro Low, unveiled at an exclusive event at the Campo de Marte Airport Hangar. In the sportstyle segment, the brand innovated with the opening of the Mizuno Listening Store in downtown São Paulo—a conceptual space that blends art, culture, and fashion, inspired by traditional Japanese Listening Bars. In soccer, Mizuno increased its visibility through its partnership with Gabigol, who visited the brand's global headquarters in Japan, highlighting the international connection between the athlete and Mizuno.

With strategies focused on innovation, audience engagement, and strengthening their brand identities, all three brands continued to expand their presence in the Brazilian market.



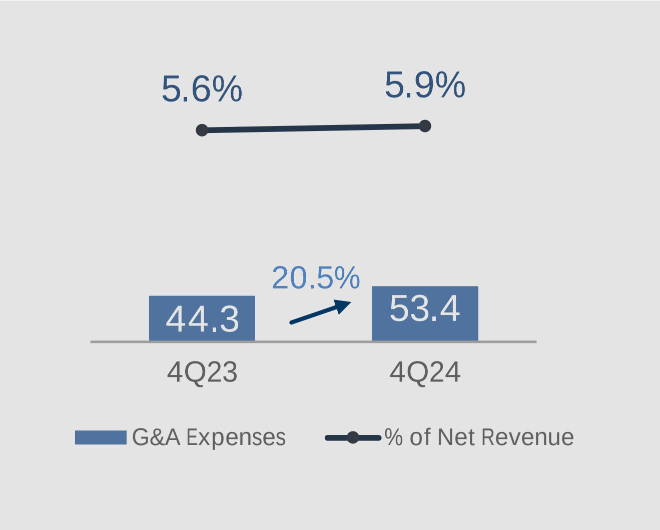


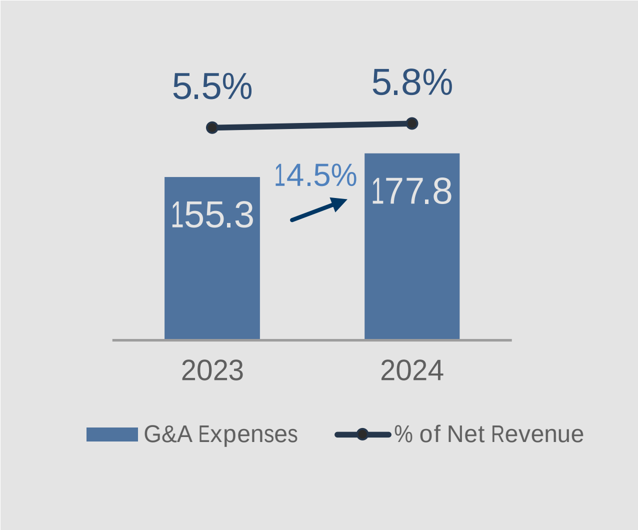
GENERAL AND ADMINISTRATIVE EXPENSES

In 4Q24, general and administrative expenses totaled R$ 53.4 million, an increase of 20.5%, representing 5.9% of net revenue, a 0.3 percentage point increase compared to the 5.6% recorded in 4Q23.

The main variations occurred in third-party service expenses, due to enhancements in the e-commerce platform, and personnel expenses, resulting from the adjustment of collective agreements on administrative employees' salaries.

For the year 2024, compared to the same period in 2023, there was a 14.5% increase, rising from R$ 155.3 million to R$ 177.8 million. Analyzing the net revenue share, an increase of 0.3 percentage points was observed compared to the same period in 2023.





OTHER NET OPERATING INCOME (EXPENSES)

In 4Q24, Other Net Operating Income (Expenses) recorded income of R$ 6.7 million, compared to an expense of R$ 2.2 million in 4Q23.

It is important to highlight that the main driver of this increase in Other Income compared to 4Q23 was the recognition of tax credit provisions based on the current depreciation of manufacturing plants benefiting from ICMS incentives, following the implementation of measures under Law 14.789/23, totaling R$ 5.4 million.

For the full year of 2024, total income reached R$ 31.7 million, primarily influenced by the following factors:

I. Recognition of tax credit provisions based on the current depreciation of incentivized units benefiting from ICMS tax incentives, due to measures imposed by Law 14.789/23, totaling R$ 19.5 million and;

II. To the recognition of "non-recurring" revenue from the net principal amount related to the review of Pis/Cofins credits assessed in the Ceará subsidiary, totaling R$ 11.2 million.

R$ Million	4Q24	4Q23	Var. % 4Q24/4Q23	2024	2023	Var. % 2024/2023
Other Net Operating Income (Expenses)	6.7	- 2.2	-404.5%	31.7	- 0.1	-31800.0%

NET FINANCIAL INCOME

In 4Q24, net financial result recorded income of R$ 1.7 million, representing an improvement compared to the same period in 2023, when an expense of R$ 2.9 million was recorded.

Comparing 4Q24 with 4Q23, it was found that the variation is due to the increase in financial income, driven by the recognition of foreign exchange gains, resulting from the appreciation of assets due to the significant rise of the dollar against the real.

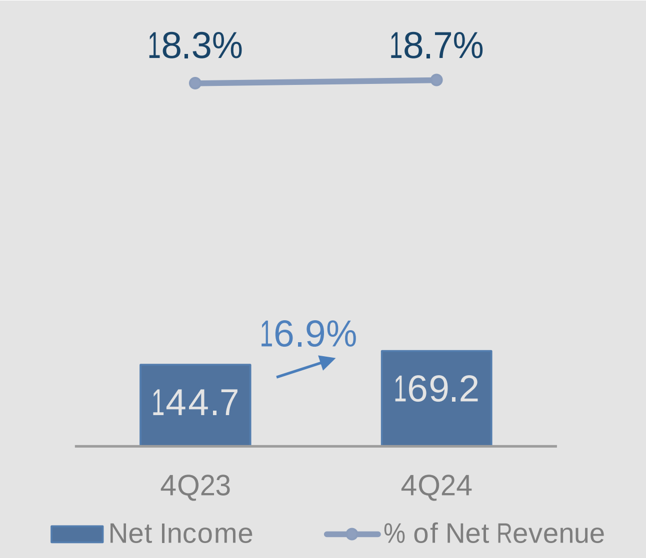
R$ Million	4Q24	4Q23	Var. % 4Q24/4Q23	2024	2023	Var. % 2024/2023
Capital Structure	- 11.7	- 13.4	-12.7%	- 52.1	- 56.9	-8.4%
Operating	- 3.7	- 3.5	5.7%	- 11.5	- 10.9	5.5%
Exchange differences	- 9.5	- 3.0	216.7%	- 21.7	- 23.2	-6.5%
Financial Costs	- 24.9	- 19.9	25.1%	- 85.3	- 91.0	-6.3%
Capital Structure	9.4	11.9	-21.0%	49.5	42.6	16.2%
Operating	5.1	4.0	27.5%	31.2	23.4	33.3%
Exchange differences	12.1	1.1	1,000.0%	27.3	20.2	35.1%
Financial Income	26.6	17.0	56.5%	108.0	86.2	25.3%
Net Financial Income	1.7	- 2.9	-158.6%	22.7	- 4.8	-572.8%

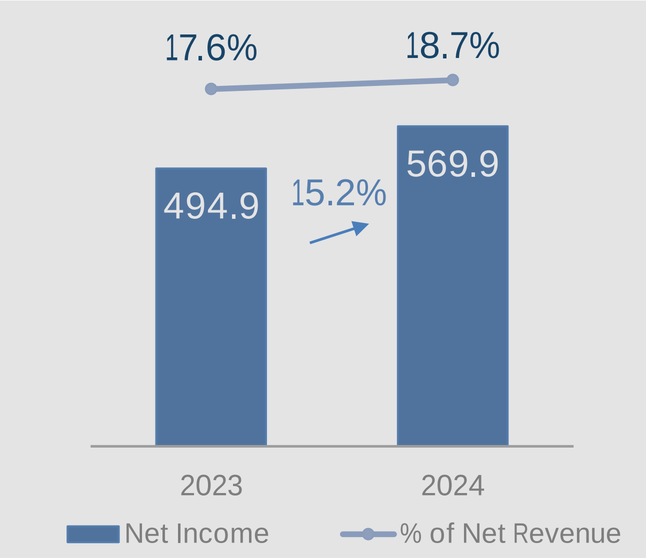
NET INCOME AND NET MARGIN

In 4Q24, net income reached R$ 169.2 million, reflecting a 16.9% increase compared to R$ 144.7 million recorded in 4Q23. The net margin reached 18.7% in 4Q24, representing a 0.4 percentage point gain over the 18.3% registered in 4Q23.

It is important to highlight that in 4Q24, net income was negatively impacted by R$ 1.9 million due to the implementation of measures imposed by Law 14.789/23.Excluding the effects of these measures, net income would have been R$ 171.1 million, with a net margin of 18.7%.

For better clarity, we present the net income and net margin statement excluding the effects of the measures imposed by Law 14.789/2023.





R$ Million	4Q24			2024		
	Current	Effect of Law 14,789/23	Without the Effect of Law 14,789/23	Current	Effect of Law 14,789/23	Without the Effect of Law 14,789/23
Net Income	169.2	1.9	171.1	569.9	37.0	606.9
% Net Revenue	18.7%	-	18.7%	18.7%	1.0 p.p.	19.7%

NON-RECURRING EVENT

Below is the statement of the value of non-recurring events applied to net income in 4Q24 and the cumulative total for the year 2024.

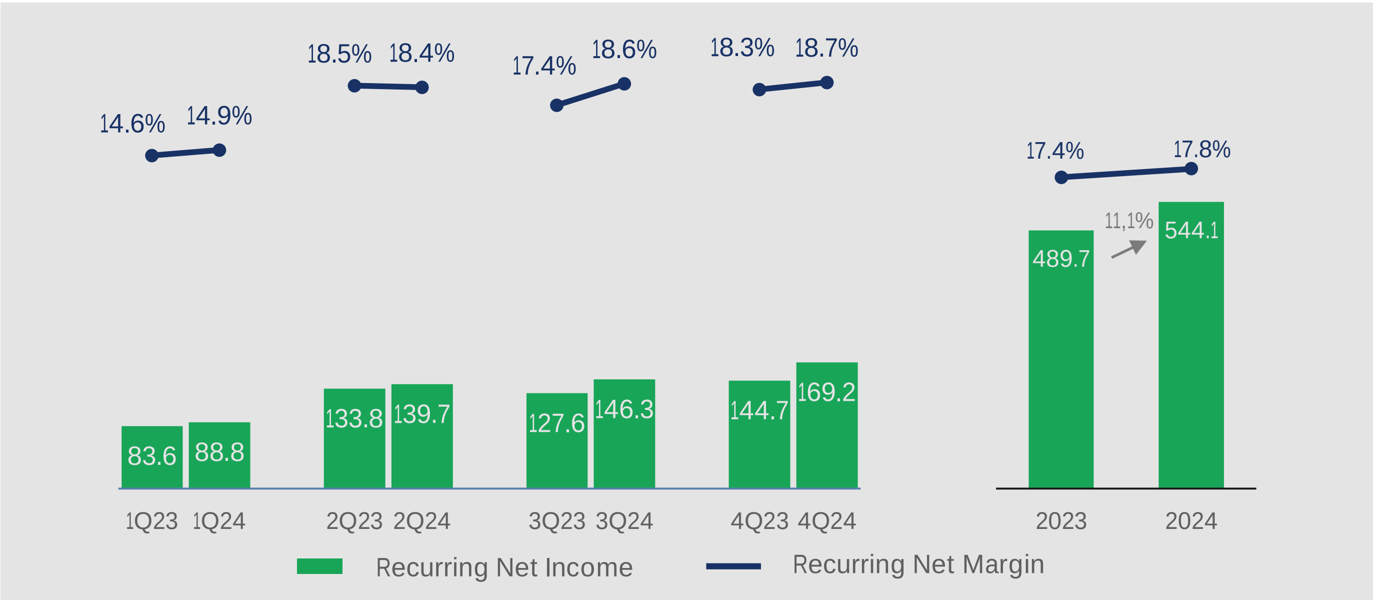
R$ Million	4Q24	4Q23	Var. % 4Q24 / 4Q23	2024	2023	Var. % 2024/2023
Net Income	169.2	144.7	16.9%	569.9	494.9	15.2%
(+) Net principal value in shares of Eletrobrás compulsory deposits.	0.0	0.0	N/A	0.0	-5.2	N/A
(+) Net value in action of PIS and COFINS on ICMS – Vulcabras CE	0.0	0.0	N/A	-25.8	0.0	N/A
Recurring Net Income	169.2	144.7	16.9%	544.1	489.7	11.1%
Recurring Net Margin	18.7%	18.3%	0.4 p.p.	17.8%	17.4%	0.4 p.p.

NET INCOME AND NET MARGIN

Net income for the year 2024 was R$ 569.9 million, 15.2% higher than the result obtained in the same period of the previous year. The net margin in the comparison between 2024 and 2023 increased by 1.1 p.p., from 17.6% in 2023 to 18.7% in 2024.

In the comparison of recurring net income, the growth in 2024 was 11.1%, reaching R$ 544.1 million, with a 17.8% recurring net margin, an increase of 0.4 p.p. compared to the recurring net margin recorded in 2023.

RECURRING NET INCOME AND RECURRING NET MARGIN

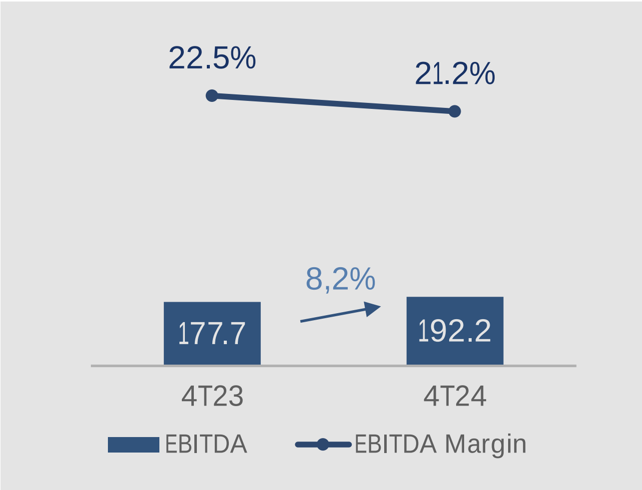


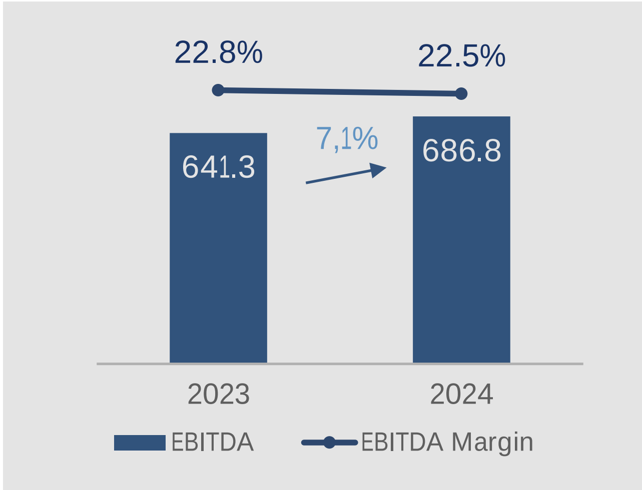
EBITDA AND EBITDA MARGIN

In 4Q24, EBITDA reached R$ 192.2 million, representing an increase of 8.2% compared to R$ 177.7 million in 4Q23. The EBITDA margin reached 21.2% in 4Q24, showing a decline of 1.3 p.p. compared to 4Q23.

It is important to highlight that 4Q24 EBITDA was negatively impacted by R$ 4.5 million, and the EBITDA margin by 0.3 p.p., due to the implementation of the measures imposed by Law 14,789/23. Excluding the effects of these measures, EBITDA would have been R$ 196.7 million, with an EBITDA margin of 21.5%.

For better interpretation, we present the EBITDA and EBITDA margin demonstration excluding the effects of the measures imposed by Law 14,789/23.





R$ Million	4Q24			2024		
	Current	Effect of Law 14,789/23	Without the Effect of Law 14,789/23	Current	Effect of Law 14,789/23	Without the Effect of Law 14,789/23
EBITDA	192.2	4.5	196.7	686.8	15.1	701.9
EBITDA Margin	21.2%	0.3 p.p.	21.5%	22.5%	0.3 p.p.	22.8%

NON-RECURRING EVENT

Below is the amount and respective effect of the non-recurring event applied to 4Q24 EBITDA and the accumulated periods.

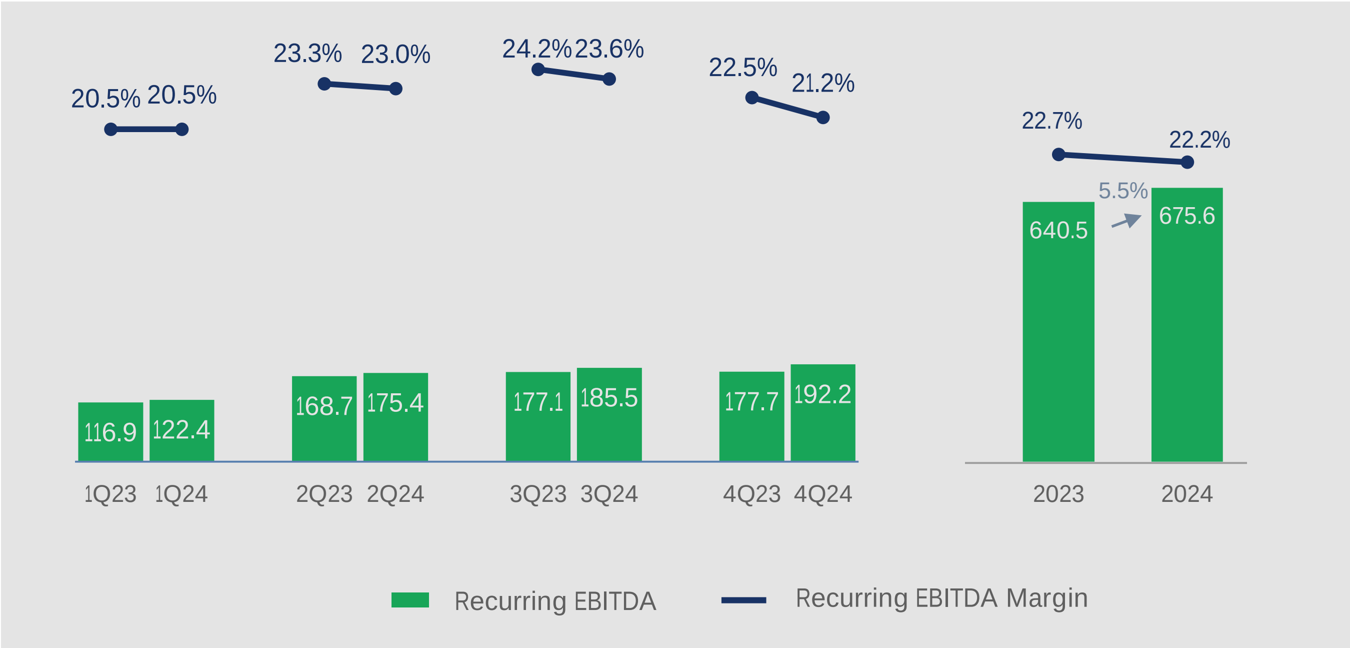
R$ Million	4Q24	4Q23	Var. % 4Q24/4Q23	2024	2023	Var. % 2024/2023
EBITDA	192.2	177.7	8.2%	686.8	641.3	7.1%
(+) Net principal value in shares of Eletrobrás compulsory deposits.	0.0	0.0	0.0	0.0	- 0,8	N/A
(+) Net principal amount in the PIS and COFINS lawsuit on ICMS – Vulcabras CE	0.0	0.0	0.0	- 11,2	0.0	N/A
Recurring EBITDA	192.2	177.7	8.2%	675.6	640.5	5.5%
Recurring EBITDA Margin	21.2%	22.5%	-1.3 p.p.	22.2%	22.7%	-0.5 p.p.

EBITDA AND EBITDA MARGIN

The EBITDA for 2024 was R$ 686.8 million, representing a 7.1% increase compared to the same period of the previous year. However, the EBITDA margin declined by 0.3 percentage points, from 22.8% in 2023 to 22.5% in 2024.

When comparing Recurring EBITDA, the figure reached R$ 675.6 million in 2024, reflecting a 5.5% growth compared to the previous year. The Recurring EBITDA margin decreased by 0.5 percentage points, from 22.7% in 2023 to 22.2% in 2024.

RECURRING EBITDA AND RECURRING EBITDA MARGIN



ROIC – RETURN ON INVESTED CAPITAL

The annualized Return on Invested Capital (ROIC²) reached 26.1% in 4Q24-LTM (last twelve months ended on 12/31/2024), representing an increase of 1.1 p.p. compared to the 25.0% recorded on 12/31/2023.

ROIC	2021	2022	2023	2024
Net Income for the period (LTM)	313.8	469.9	494.9	569.9
(+) Net Financial Income (LTM)	(12.5)	(41.3)	4.8	(22.6)
NOPAT	301.3	428.6	499.7	547.3
Invested Capital				
Loans and Financing	361.3	417.0	437.8	336.9
(-) Cash and cash equivalents	(114.6)	(197.2)	(361.0)	(307.7)
(-) Financial Investments	(10.3)	(8.9)	(13.4)	(6.6)
(+) Related Parties	18.0	18.4	–	–
(+) Equity	1,356.6	1,711.8	1,995.3	2,110.3
Invested Capital	1,611.0	1,941.1	2,058.7	2,132.9
Average invested capital for the period (1)	1,408.2	1,776.0	1,999.9	2,095.8
Annualized ROIC (2)	21.4%	24.1%	25.0%	26.1%

Annualized adjusted return on invested capital (Adjusted ROIC³) reached 29.5% in 4Q24-LTM (last twelve months ended on 12/31/2024), reflecting an increase of 1.1 p.p. compared to the 28.4% recorded on 12/31/2023.

ADJUSTED ROIC	2021	2022	2023	2024
Net Income for the period (LTM)	313.8	469.9	494.9	569.9
(+) Net Financial Income (LTM)	(12.5)	(41.3)	4.8	(22.6)
(-) Equity Results (LTM)	(3.1)	(5.3)	(7.9)	(6.1)
NOPAT (Adjusted)	298.2	423.3	491.8	541.2
Invested Capital				
Loans and Financing	361.3	417.0	437.8	336.9
(-) Cash and cash equivalents	(114.6)	(197.2)	(361.0)	(307.7)
(-) Financial Investments	(10.3)	(8.9)	(13.4)	(6.6)
(+) Related Parties	18.0	18.4	–	–
(-) Goodwill on acquisition	(198.2)	(198.2)	(198.2)	(198.2)
(-) Investment in subsidiary	(69.4)	(75.7)	(62.9)	(64.3)
(+) Equity	1,356.6	1,711.8	1,995.3	2,110.3
Total Adjusted Invest Capital	1,343.4	1,667.2	1,797.6	1,870.4
Average adjusted invested capital for the period (1)	1,145.4	1,505.3	1,732.4	1,834.0
Adjusted Annualized ROIC (3)	26.0%	28.1%	28.4%	29.5%

ROIC: Return on Invested Capital

(1) Average invested capital at the end of this period and the end of the previous year.

(2) ROIC: NOPAT for the last 12 months divided by the average invested capital

(3) Adjusted ROIC is a non-accounting measure calculated by dividing Adjusted NOPAT (defined as net income (loss) plus net financial income less equity in the earnings and income from discontinued operations) divided by average adjusted Invested Capital. Adjusted Invested Capital is defined as the sum of equity (equity) and Net Debt (as defined below), less goodwill recorded in intangible assets and the investment in non-controlled companies.

CAPEX

In 4Q24, the Company invested a total of R$ 74.0 million in fixed and intangible assets, representing an 86.9% increase compared to the amount invested in the same period of 2023.

The main investments were directed towards expanding the industrial complex, including the further expansion of the knit uppers pavilion, the acquisition of new flat knitting machines and injection molding machines. With the completion of the knit uppers pavilion expansion, the company plans to continue acquiring additional flat knitting machines and making other investments in 2025 to further optimize efficiency gains within the production process. This reinforces the Company's culture of always striving for the best capital allocation, as investment decisions are primarily guided by the expectation of a short-term payback.

ADDITIONS TO FIXED ASSETS AND INTANGIBLES

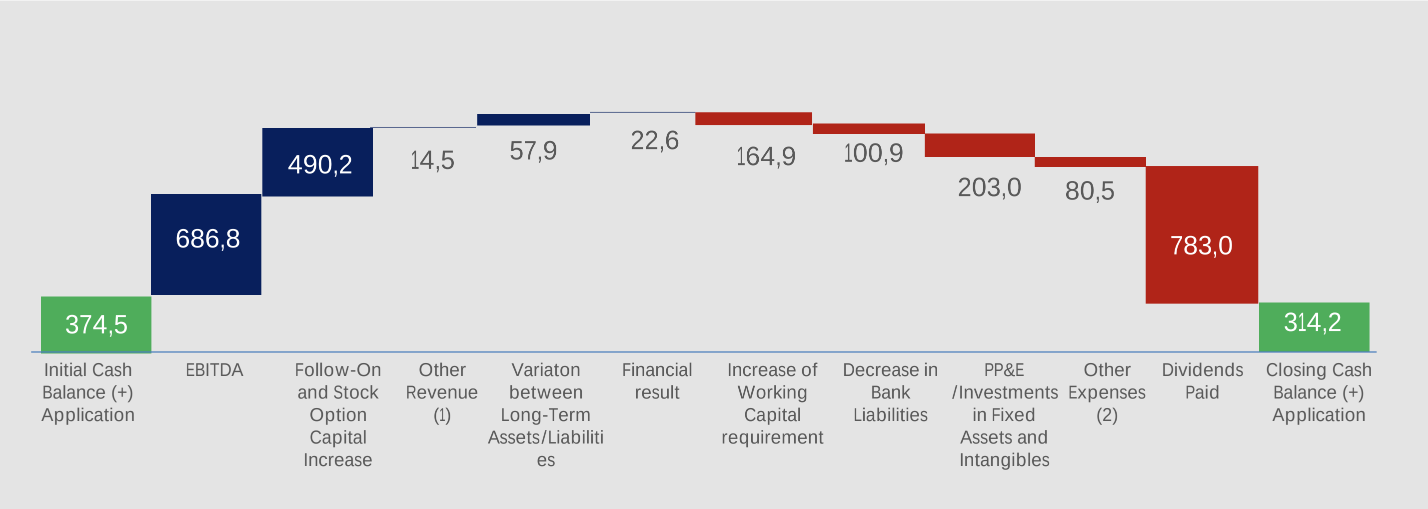
R$ Million	4Q24	4Q23	Var. % 4Q24/4Q23	2024	2023	Var. % 2024/2023
Molds	17.6	10.7	64.5%	49.3	41.4	19.1%
Machinery and equipment	39.1	8.7	349.4%	93.5	44.8	108.7%
Industrial facilities	3.6	3.5	2.9%	12.6	14.6	-13.7%
Others	11.7	16.1	-27.3%	40.8	36.8	10.9%
Property, plant and equipment	72.0	39.0	84.6%	196.2	137.6	42.6%
Software	2.0	0.6	233.3%	7.1	1.7	317.6%
Intangible assets	2.0	0.6	233.3%	7.1	1.7	317.6%
Total	74.0	39.6	86.9%	203.3	139.3	45.9%

OPERATING CASH GENERATION

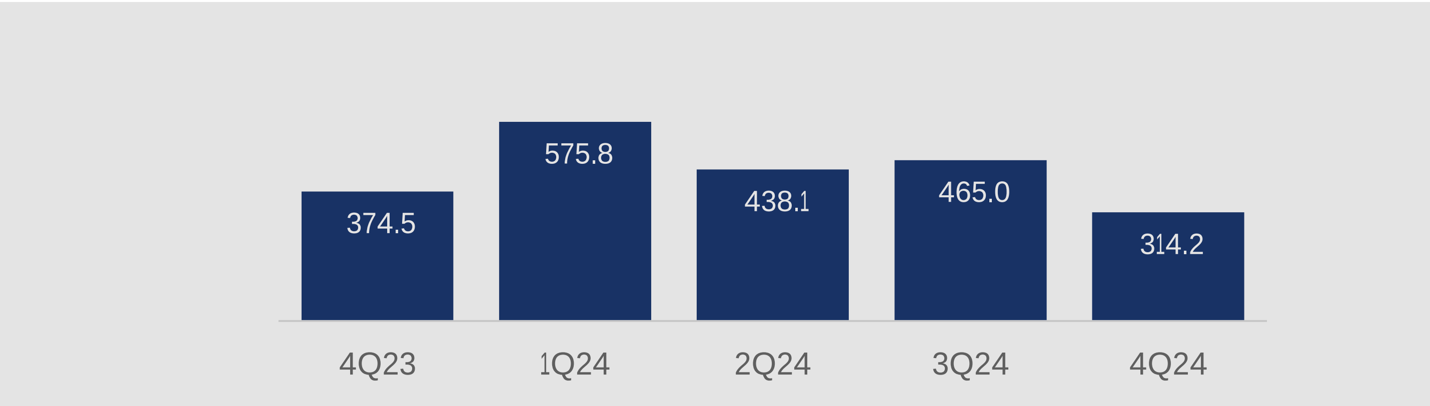
The cash variation in 2024 totaled R$ 60.3 million and was primarily driven by the following events:

I. EBITDA of R$ 686.8 million;
II. Capital Increase (Follow-On and Stock Options) of R$ 490.2 million;
III. Variation between Long-Term Assets/Liabilities of R$ 57.9 million;
IV. Increase in Working Capital Requirements of R$ 164.9 million;
V. Decrease in a Bank Liabilities by R$ 100.9 million;
VI. Investments in property, plant and equipment and intangible assets of R$ 203.0 million;
VII. Dividends Paid of R$ 783.0 million.

CASH FLOW 2024



CASH FLOW – CASH



(1) Other Income: Sale/Write-off of Fixed Assets and Intangible Assets + Resources from the sale of investments + Effect of the conversion of investees abroad.

(2) Other Expenses: Income Tax and Social Contribution + Stock Option + Payment of finance lease liabilities.

NET DEBT

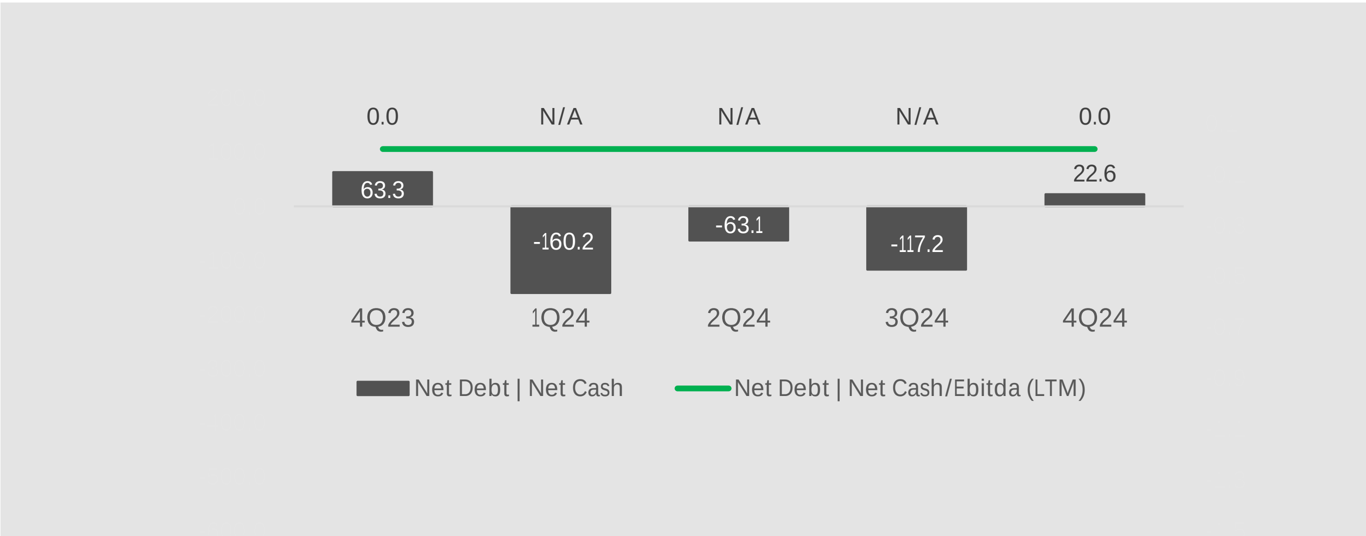
In December 31, 2024, the Company reported net debt of R$ 22.6 million, representing a 64.3% reduction compared to the balance at the end of December 31, 2023.

This decrease in net debt was primarily driven by the strong operational cash generation during the period.

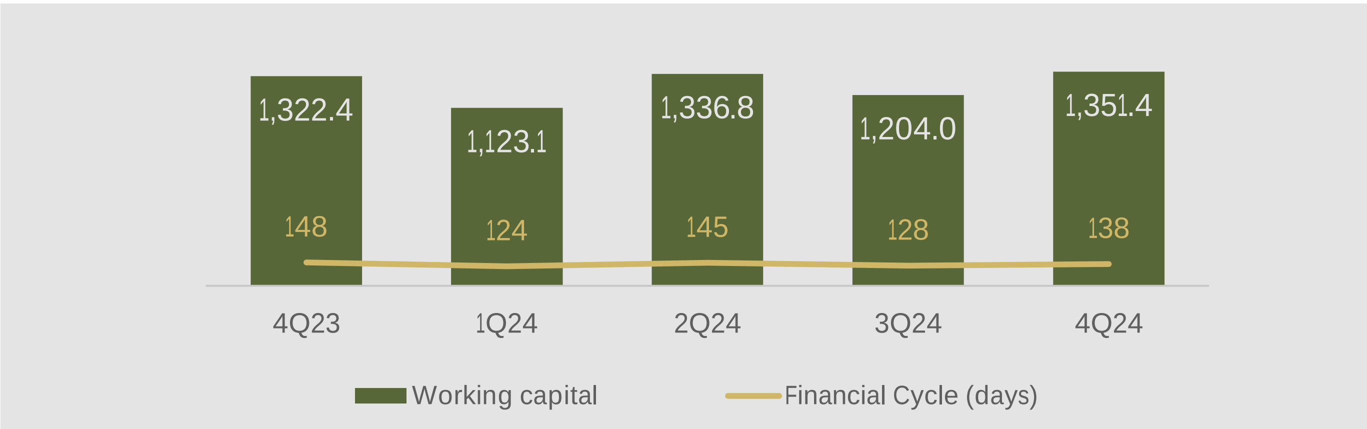
NET DEBT

R$ Million	12/31/2022	12/31/2023	12/31/2024	Var. % 12/31/2024 vs 12/31/2023
Loans and Financing	417.0	437.7	336.9	-23.0%
Cash and cash equivalents	-197.2	- 361.0	- 307.7	-14.8%
Financial Investiments	- 8.9	- 13.4	- 6.6	-50.7%
Net Debit / Net Cash	210.9	63.3	22.6	-64.3%

EVOLUTION OF NET DEBT AND LEVERAGE



WORKING CAPITAL AND FINANCIAL CYCLE



CAPITAL MARKET

DIVIDENDS

On January 22, 2024, based on its statutory reserves, the Company announced to its shareholders a new dividend distribution of R$ 1.50 (one real and fifty cents) per share, totaling R$ 367.7 million. The first installment, corresponding to R$ 1.00 (one real) per share and totaling R$ 245.1 million, was paid on February 8, 2024, while the second installment, corresponding to R$ 0.50 (fifty cents), per share and totaling R$ 122.6 million, was paid on April 17, 2024.

On March 7, 2024, the Board of Directors approved a new dividend distribution of R$ 0.75 (seventy-five cents) per share, totaling R$ 204.2 million, which was paid on March 25, 2024.

On May 7, 2024, the Board approved another dividend distribution of R$ 0.15 (fifteen cents) per share, totaling R$ 41.1 million, paid on May 29, 2024.

On August 6, 2024, the Board of Directors approved a monthly dividend distribution plan from August 2024 to January 2025, with payments of R$ 0.125 (one hundred twenty-five thousandths of a real) per share, totaling R$ 34.0 million per month.

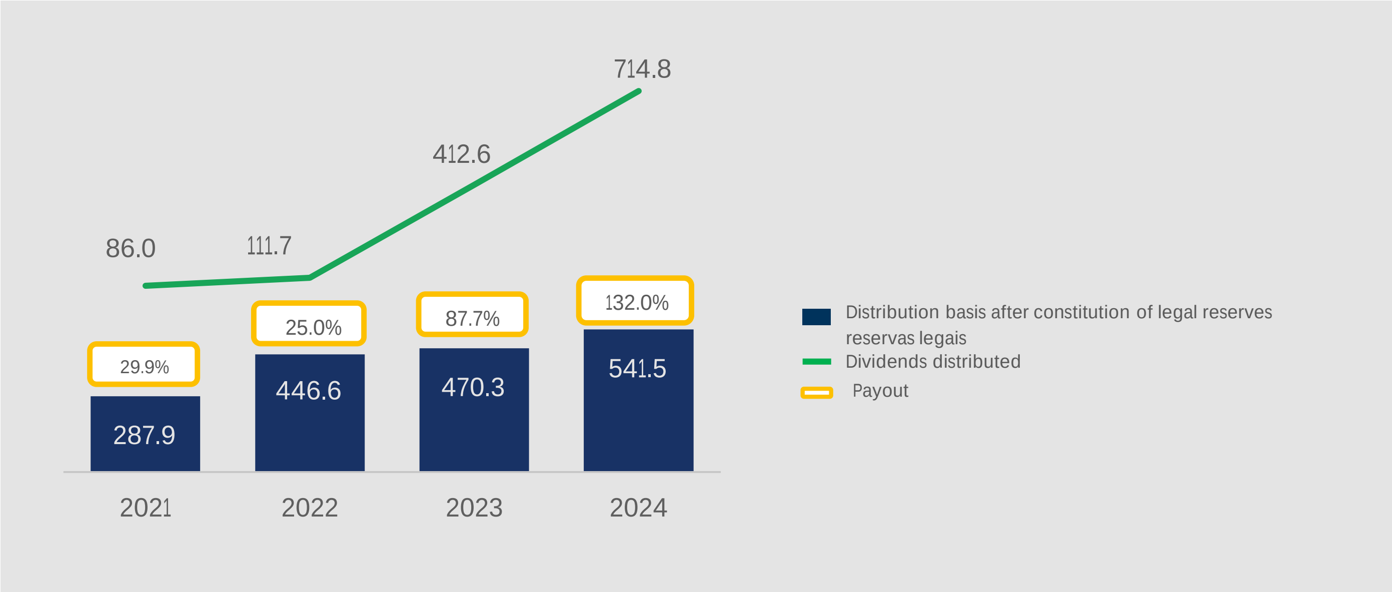
On November 5, 2024, the Board of Directors approved a new monthly flow (from February/2025 to April/2025) of dividend distributions for R$ 0.125 (one hundred and twenty-five thousandths of reais) per share, totaling R$ 34.0 million per month.

On March 11, 2025, the Board of Directors approved a new monthly flow (from May/2025 to July/2025) of dividend distributions for R$ 0.125 (one hundred and twenty-five thousandths of reais) per share, totaling R$ 33.8 million per month.

RETURN TO SHAREHOLDERS

Type	Total Amount	Amount paid per Share	Base date for distribution	Payment Date
Interim DIvidends	36.8	0.150	05/22/2023	06/06/2023
Interim DIvidends	36.8	0.150	08/30/2023	09/14/2023
Interim DIvidends	98.0	0.400	10/13/2023	11/24/2023
Interim DIvidends	36.8	0.150	11/09/2023	11/24/2023
Interim DIvidends	204.2	0.750	03/13/2024	03/25/2024
Total Dividends 2023	412.6			
Interim DIvidends	245.1	1.000	01/25/2024	02/08/2024
Interim DIvidends	122.6	0.500	01/25/2024	04/17/2024
Interim DIvidends	41.1	0.150	5/15/2024	5/29/2024
Interim DIvidends	34.0	0.125	08/12/2024	08/23/2024
Interim DIvidends	34.0	0.125	08/19/2024	09/02/2024
Interim DIvidends	34.0	0.125	09/19/2024	10/01/2024
Interim DIvidends	34.0	0.125	10/17/2024	11/01/2024
Interim DIvidends	34.0	0.125	11/18/2024	12/02/2024
Interim DIvidends	34.0	0.125	12/16/2024	01/02/2025
Interim DIvidends	34.0	0.125	01/21/2025	02/03/2025
Interim DIvidends	34.0	0.125	02/17/2025	03/06/2025
Interim Dividends	34.0	0.125	03/18/2025	04/01/2024
Total Dividends 2024	714.8			
Interim DIvidends	33.8	0.125	04/17/2025	05/02/2025
Interim DIvidends	33.8	0.125	05/20/2025	06/02/2025
Interim Dividends	33.8	0.125	06/18/2025	07/01/2025
Total Dividends 2025	101.4			

CAPITAL MARKET



SHARE BUYBACK PROGRAM

Since May 2022, the Company has maintained a Share Repurchase Program aimed at optimizing capital allocation and creating value for shareholders.

On October 31, 2023, the Board of Directors approved the extension of the Company's Share Repurchase Program for an additional 18 months, authorizing the repurchase of up to 10 million shares.

During 4Q24, the Company repurchased 650.8 thousand shares, bringing the total balance of treasury shares to 3,107.0 thousand shares as of December 31, 2024. During the month of January 2025, the Company purchased 762.2 thousand shares, and the treasury stock balance increased to 3,869.2 thousand shares.

This share repurchase program is part of the Company's strategy to optimize capital, increase shareholder value, and demonstrate confidence in its future performance.

Type	Balance 12/31/2023	Balance 12/31/2024	Balance 01/31/2025
Treasury Shares Quantity	766.2	3,107.0	3,869.2
Treasury Shares BRL	10.0	45.4	56.9

SUSTAINABILITY

SPORTS AND CULTURE AS TOOLS FOR EDUCATION AND TRANSFORMATION

At Vulcabras, we believe that sustainability goes beyond environmental management – it also translates into the positive social impact we generate in communities. That's why we continuously invest in projects that promote inclusion, expand opportunities, and encourage healthy habits through sports, education, and culture.

Since 2021, our initiatives have benefited more than 100,000 children and young people, providing access to activities that stimulate physical, intellectual, and social development. The year 2024 was marked by projects that brought the community closer to our initiatives, strengthening our purpose of promoting sports and culture as tools for learning and human development.

FEATURED SOCIAL PROJECTS

TRIATHLON SCHOOL

The Triathlon School Training Champions, supported by Vulcabras, is a space for citizenship education and social inclusion through sports. Serving 50 young people in the Horizonte-CE center, the project offers free triathlon classes, encouraging sports participation and creating opportunities for physical and educational development in communities with limited access to sports.

WINBELEMDON

In Rio Grande do Sul, the Winbelemdon project provides access to tennis as a tool for social transformation, helping children and young people develop sports and educational skills. The project goes beyond sports, promoting learning, inclusion, and personal development for 70 children in the Belém novo neighborhood of Porto Alegre.

WORLD OF READING

Reading is one of the primary gateways to educational development. With the support of Vulcabras, the World of Reading initiative encourages reading habits among children and teenagers, promoting access to education and culture. It brings a library with 50 children's books to public schools and trains local teachers with techniques to stimulate reading among children. In 2024, 15 schools participated, with 5 in Horizonte (CE), 5 in Itapetinga (BA), and 5 in Parobé (RS).

FROM PALM TO PALM

With the support of Vulcabras, From Palm to Palm promotes art and culture as tools for expression and social inclusion, providing artistic experiences in public schools in Horizonte (CE) and Itapetinga (BA) for 300 children in after-school programs.

ONGOING COMMITMENT

Our commitment is to strengthen and expand projects that democratize access to sports, education, and culture. Through tax incentives and strategic partnerships, we continue to support initiatives that serve different age groups and needs, reinforcing our belief that sports, culture, and education are powerful drivers of social transformation.

PROJECTS SUPPORTED BY VULCABRAS

- APAE Igrejinha
- Mercosur Biennial
- Triathlon School Horizonte and Pecém
- Brotherhood of Nossa Senhora das Dores Hospital
- Maturity – World of Reading
- Swimming with Thiago Pereira
- Palm to Palm
- People of the Sea – Early Childhood Project Year II
- Well-Being+60 Program
- Holy House of Mercy of Sobral
- Wimbelemdon 2022-2024

BRAND MANAGEMENT

Vulcabras Continues Strengthening Its Brands and Expanding Its Presence in New Categories.

Olympikus, the Company's own brand, expanded its leadership in the national market, with a strong emphasis on the high-performance Corre Family line and its connection with the running community. For the second consecutive year, it was the most used Shoe by Brazilian runners in Strava's Year in Sport, solidifying its position in this segment.

Mizuno, a licensed brand, continued to establish itself in high-performance running by launching new models designed for athletes seeking top performance. In the sportstyle segment, it strengthened its presence through collaborations with major fashion names and the activation of the Mizuno Listening Store, which has become a meeting point for the sneakerheads community. In football, it expanded its reach through a partnership with Gabigol and the local production of soccer cleats to complement its portfolio.

Under Armour expanded its presence in the training segment. Its high-performance products continued to grow, particularly the TriBase Cross and Reps line, developed by Vulcabras for the Brazilian market. In basketball, the brand increased its relevance through strategic launches.

OLYMPIKUS

Portfolio Expansion and Strengthening the Running Community

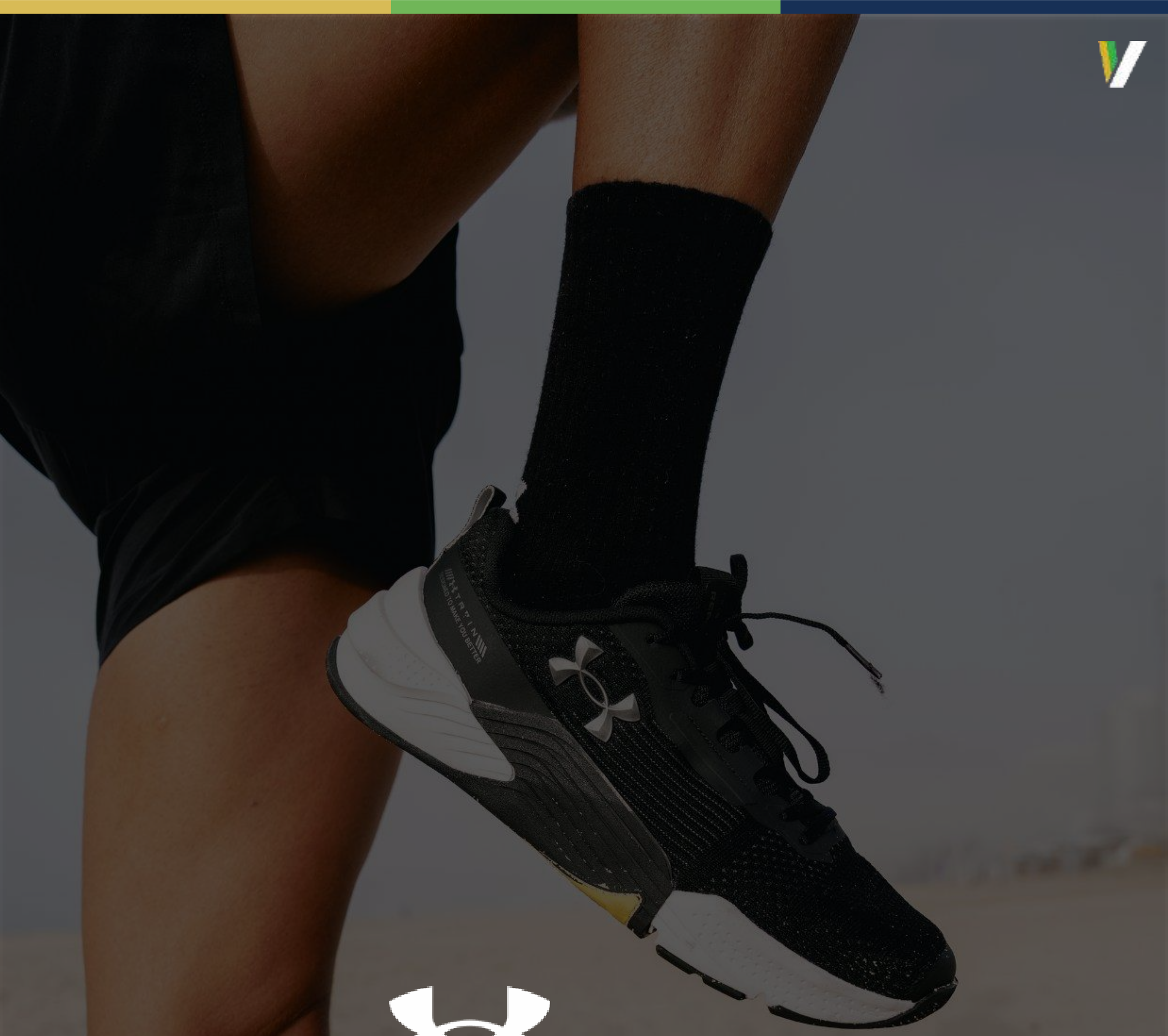
In 4Q24, Olympikus reinforced its brand-strengthening strategy through product launches, activations, and events dedicated to the running community.

The period was marked by the success of Corre 4, the brand's main launch, and its recognition in Strava's Year in Sport, confirming that Corre Shoes were the most used by Brazilian runners on the platform. The model led in 5km, 10km, 21km, and 42km races, reaffirming its versatility.

Additionally, other new launches in the Corre Family – Corre Grafeno 3, Corre Max, and Corre Trilha 2 – were also quickly embraced by the market, further solidifying Olympikus as a leader in performance footwear.

Expanding usage occasions, the brand introduced the Corre 4S, designed for sports lifestyle, and launched new color options for the Corre 4 and Corre Max models, catering to different runner profiles.

Engaging with the running community remained a strategic pillar, with proprietary events like the Itacaré (BA) stage of Bota Pra Correr (BPC), which brought together runners for both road and trail races. During the event, Olympikus' 50th-anniversary celebrations were announced, set to include 50 races, training sessions, and festivals across the country.



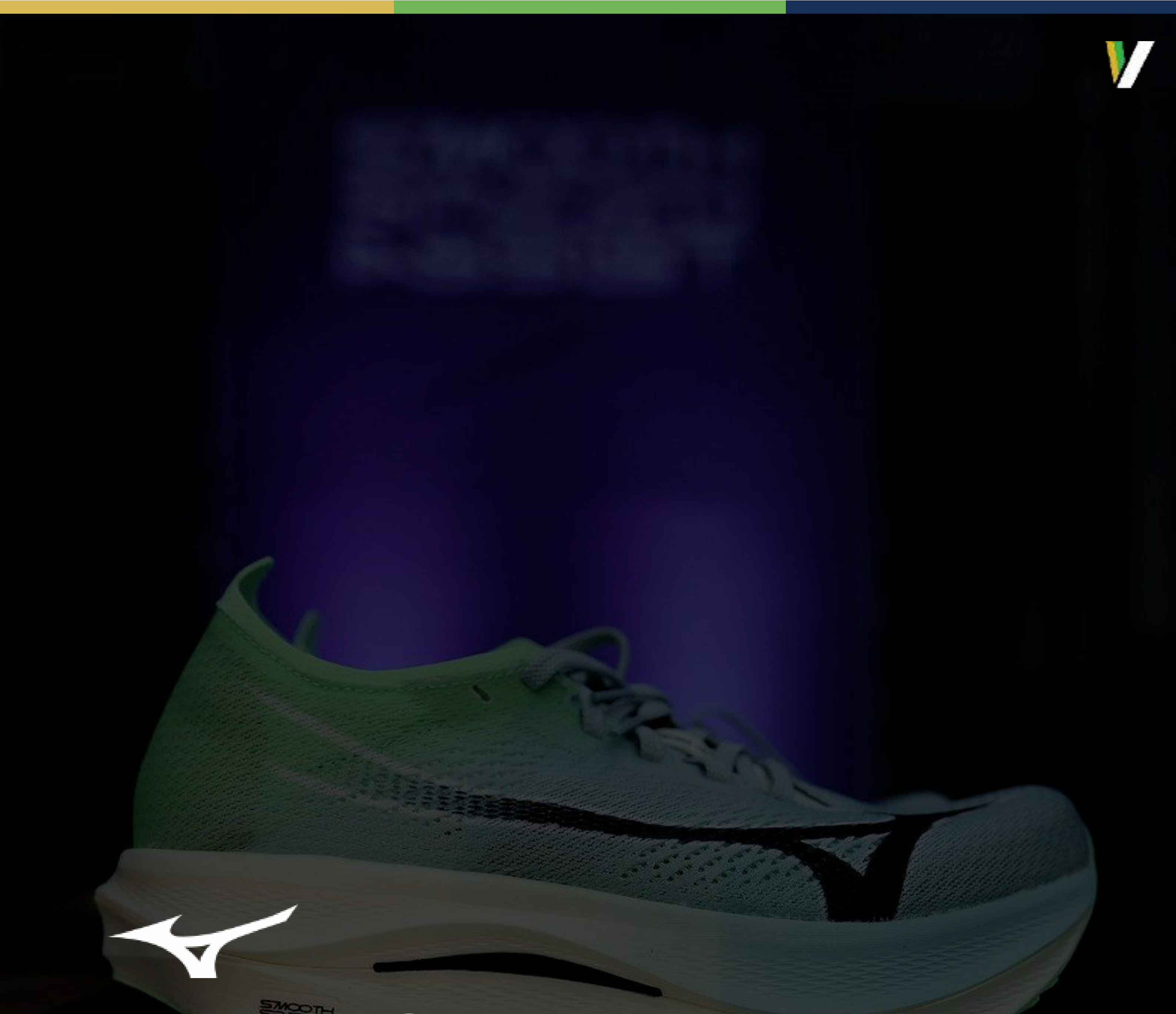
UNDER ARMOUR

Expansion in Training and Strengthening Presence in Brazil

Under Armour maintained its growth strategy in 4Q24, expanding its presence in the training and sports lifestyle segments.

The brand broadened its reach in the training segment, moving beyond CrossFit and gaining traction among gym-goers. The TriBase Cross and Reps line, developed locally, was a key driver of this growth.

In the sports lifestyle segment, Under Armour expanded its portfolio with the launches of Court96 and Slipspeed Mega. In basketball, the brand introduced new colorways for the Curry 11 and launched the Champion Mindset and Mouthguard models, reinforcing its presence in the category.



MIZUNO

High-Performance Running Consolidation and Sportstyle Expansion

Mizuno further solidified its position in high-performance running in 4Q24 by launching the Rebellion Pro 3 and Rebellion Pro Low models, strengthening its Super Shoe segment.

To highlight these launches, the brand hosted an exclusive event at the Campo de Marte Airport Hangar, bringing together athletes, influencers, and partners.

The Mizuno Listening Store, inaugurated in October, strengthened the brand's presence in the sports lifestyle segment. Located in the Renata Sampaio Building in downtown São Paulo, this concept store combines art, culture, fashion, and music, inspired by traditional Japanese Listening Bars. This immersive experience reinforces Mizuno's positioning in sportstyle.

In football, Mizuno increased its visibility with the Gabigol partnership, its main sponsored athlete in Brazil. As part of the brand-strengthening strategy and honoring Mizuno's Japanese heritage, the player visited the brand's global headquarters in Osaka, Japan, reinforcing the global connection between the athlete and the brand.

With a portfolio focused on innovation and high performance, Mizuno continues to expand its reach in running and sportstyle, strengthening its presence in Brazil.

ATTACHMENTS

BALANCE SHEET

BALANCE SHEET (CONSOLIDATED)

In thousands of Reais

ASSETS	12/31/2024	12/31/2023
Cash and cash equivalents	307,660	361,020
Financial Investiments	0	3
Accounts receivable from customers	988,310	830,672
Inventories	648,390	583,534
Recoverable taxes	111,933	119,435
Income tax and social contribution	31,161	26,786
Other accounts receivable	40,304	39,177
CURRENT ASSETS	2.127.758	1.960.627
Financial Investiments	6,567	13,446
Accounts receivable from customers	3,754	3,873
Recoverable taxes	15,496	59,236
Deferred income tax and social contribution	7,263	1,286
Judicial deposits	11,305	27,847
Goods intended for sale	194	194
Other accounts receivable	1,447	2,090
LONG-TERM ASSETS	46,026	107,972
Investments	64,320	62,883
Investment property	1	2
Right to use	25,982	12,903
Property, plant and equipment (PP&E)	516,489	422,650
Intangible assets	212,732	208,116
	819,524	706,554
NON-CURRENT ASSETS	865,550	814,526
TOTAL ASSETS	2,993,308	2,775,153

LIABILITIES	12/31/2024	12/31/2023
Suppliers	94,950	83,779
Loans and financing	200,209	234,497
Lease liability	7,855	8,433
Taxes payable	55,356	39,332
Salaries and vacation payable	67,942	56,070
Provisions	2,792	2,739
Commissions payable	38,039	28,239
Dividends payable	136,141	15
Other accounts payable	65,596	58,576
CURRENT LIABILITIES	668.880	511.680
Loans and financing	136,643	203,253
Lease liability	22,433	6,862
Provisions	51,243	53,147
Deferred income tax and social contribution	1,992	2,071
Other accounts payable	1,778	2,844
NON-CURRENT LIABILITIES	214,089	268,177
SHAREHOLDERS' EQUITY		
Capital	1,273,553	1,108,354
Capital reserves	287,701	-4,102
Revaluation reserves	3,866	4,020
Equity valuation adjustments	31,225	23,965
Profit Reserve	0	862,750
Retained earnings	513,631	0
Shareholders' equity attributable to controllers	2,109,976	1,994,987
Non-Controlling interests	363	309
TOTAL SHAREHOLDERS´EQUITY	2,110,339	1,995,296
TOTAL LIABILITIES	882,969	779,857
TOTAL LIABILITIES AND SHAREHOLDERS´EQUITY	2,993,308	2,775,153

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

INCOME STATEMENT

INCOME STATEMENT (CONSOLIDATED)	4Q24	4Q23	VAR (%)	2024	2023	VAR (%)
In thousands of Reais						
Net Revenue	905,719	791,289	14.5%	3,048,578	2,817,679	8.2%
Cost of sales	-528,779	-453,776	16.5%	-1,770,187	-1,641,645	7.8%
Gross Profit	376,940	337,513	11.7%	1,278,391	1,176,034	8.7%
Gross Margin	41.6%	42.7%	-1.1 p.p.	41.9%	41.7%	0.2 p.p.
Sales Expenses	-163,875	-139,705	17.3%	-552,412	-486,315	13.6%
Expected losses for bad debts	-3,282	-1,004	226.9%	-5,577	297,0	-1,977.8%
General and Administrative Expenses	-53,374	-44,349	20.3%	-177,783	-155,252	14.5%
Other net Operating income (Expenses)	6,747	-2,173	-410.5%	31,731	-108,0	-29,480.6%
Equity in net income of subsidiaries	80	2,174	-96.3%	6,139	7,864	-21.9%
Net Income before net financial income and taxes	163,236	152,456	7.1%	580,489	542,520	7.0%
Financial income	26,667	17,001	56.9%	107,987	86,204	25.3%
Financial Expenses	-24,947	-19,919	25.2%	-85,345	-90,979	-6.2%
Net financial Income	1,720	-2,918	-158.9%	22,642	-4,775	-574.2%
Net Income before taxes	164,956	149,538	10.3%	603,131	537,745	12.2%
Deferred income tax and social contribution	4,264	-4,833	-188.2%	-33,264	-42,862	-22.4%
Net Income	169,220	144,705	16.9%	569,867	494,883	15.2%
Net Income Margin	18.7%	18.3%	0.4 p.p.	18.7%	17.6%	1.1 p.p.
Income (loss) attributable to:						
Controlling Shareholders	169,199	144,688		569,873	494,892	
Non-Controlling Shareholders	21	17		-6	-9	
Net Income	169,220	144,705		569,867	494,883	
Earnings (loss) per share						
Earnings per common share - basic	0.6271	0.5900		2.1122	2.0180	
Earnings per common share - diluted	0.6254	0.5862		2.1063	2.0051	
Number of shares at end of the year						
Outstanding common shares	269,800,334	245,237,428		269,800,334	245,237,428	
Outstanding common shares with a dilution effect	270,562,926	246,820,783		270,562,926	246,820,783	

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT

CASH FLOW STATEMENT (INDIRECT METHOD)	2024	2023
In Thousands of Reais		
Cash Flow from Operating activities		
Net Income for the period	569,867	494,883
Adjustments for:		
Depreciation and amortization	106,277	98,720
Provision (reversal) for impairment losses on inventories	42,919	21,055
Interest on provisioned leases	1,841	4,202
Net value of written off tangible and intangible assets	11,857	6,168
Income from financial investments	-6,150	-1,679
Provision for contingency	26,055	9,550
Equity in net income of subsidiaries	-6,139	-7,864
Transaction with share-based payments	2,195	1,269
Provision (Reversal) for expected losses for doubtful debt	5,577	-297
Financial charges and exchange variation recognized in profit or loss	37,368	46,995
Current and deferred income tax and social contribution	33,264	42,862
Non-Controlling interest	6	9
Gain or loss on lease termination	-459	0
Recovery of PIS and COFINS on ICMS	-32,592	-11,062
Adjusted Income for the period	791,886	704,811
Changes in assets and liabilities		
Account Receivable	-154,730	-60,766
Inventories	-107,775	-36,758
Recoverable taxes	79,459	31,653
Receivables for sale of operation	0	905
Other accounts receivable	-484	-13,259
Judicial deposits	-3,222	-3,595
Suppliers	7,971	-21,431
Commissions payable	9,800	8,701
Taxes to collect	4,331	25,191
Salaries and vacations payable	11,872	-69
Other accounts payable	6,008	3,986
Provisions	-8,142	-12,873
Changes in assets and liabilities	-154,912	-78,315
Cash provided by (used in) operating activities	636,974	626,496
Interest paid	-50,567	-51,879
Payment of lease interest	-2,136	-1,934
Taxes paid on profit	-19,765	-49,431
	-72,468	-103,244

CASH FLOW STATEMENT

CASH FLOW STATEMENT (INDIRECT METHOD)	2024	2023
In Thousands of Reais		
Net Cash Flow provided by (used in) operating activities	564,506	523,252
Cash flow from investing activities		
Acquisitions of property, plant and equipment	-195,821	-137,115
Redemption (application) of financial investments	13,032	-2,824
Resources from the disposal of fixed assets	911	1,537
Acquisition of intangible assets	-7,156	-1,695
Receipt of dividends	5,644	2,857
Net Cash Flow used in investing activities	-183,390	-137,240
Cash flow from financing activities		
Loans obtained - Main	199,863	333,995
Payment of loans obtained - Main	-294,622	-312,490
Acquisition of treasure shares	-35,392	-3,899
Dividends and interest on shareholders' equity paid	-783,020	-229,110
Capital Increase	186,791	1,637
Payment of lease liabilities	-11,461	-12,407
Participate in share subscription	325,000	0
Realization of expenditure on issuing shares	-21,592	0
Net Cash Flow used in financing activities	-434,433	-222,274
Increase (decrease) in cash and cash equivalents	-53,317	163,738
Cash and cash equivalents at beginning of the period	361,020	197,197
Effect of exchange variation on cash and cash equivalents	-43	85
Cash and cash equivalents at end of the period	307,660	361,020
Increase (decrease) in Cash and cash equivalents:	-53,317	163,738

The accompanying notes are an integral part of these financial statements

INSTITUTIONAL

Vulcabras has been operating in the Brazilian footwear sector for 72 years and during this period it has consolidated itself as the largest Athletic footwear industry in the Country and has become the manager of leading brands in their respective segments, such as Olympikus, national champion in tennis sales, Under Armour, one of the world's largest brands of clothing, footwear and sports accessories, and Mizuno, the performance brand that believes in the value of sport and supports the journey of everyone who gives their best, regardless of who they are, level and type of sport.

Founded in July 1952 with the incorporation of the Company Industrial Brasileira de Calçados Vulcanizados SA, in São Paulo, it manufactured leather shoes with vulcanized rubber soles, and one of its first icons was the Vulcabras 752, whose name was a reference to the month and year of the Company's foundation. In 1973, we started the production of sports brands in Brazil and since then we have specialized in delivering technology in shoes for the democratization of sports performance.

The shoes produced by the Company are found in stores throughout Brazil, with an extensive commercial team that serves more than 10,000 customers nationwide and in South American countries, in e-commerce and the brands' own stores. There are more than 800 new models per year, designed and developed in the largest technology and development center for Athletic shoes in Latin America, located in Parobé - RS.

The products are made in two modern factories located in the Northeast region, in Horizonte/CE and Itapetinga/BA. The Company's administrative center, in turn, is located in Jundiaí - SP, in addition to a Logistics Distribution Center for the E-commerce Channel located in Extrema - MG. These five units in Brazil directly employ more 20,200 workers. There is also a branch with a distribution center in Peru.

The Company works with a portfolio diversification strategy, constantly seeking innovation and improvement.

INDEPENDENT AUDIT

INDEPENDENT AUDIT

In accordance with CVM Instruction 381/03, Vulcabras S.A. informs that since 01/01/2022, it has appointed "Ernst & Young Auditores Independentes S/S Ltda" to audit its individual and consolidated financial statements.

For the services relating to the 4Q24 review, fees of approximately R$ 123.0 thousand were disbursed

BOARD STATEMENT

Pursuant to article 25, paragraph 1, item 5 of CVM Instruction 480/09, the Board of Directors, in a meeting held on March 11, 2025, declares that it has reviewed, discussed and agreed with the accounting information of Vulcabras S.A. for the fourth quarter of 2024 and the independent auditors' report on the individual and consolidated financial information.

MANAGEMENT

MEMBERS OF THE BOARD OF DIRECTORS

Pedro Grendene Bartelle	Chairman
André de Camargo Bartelle	1st Vice Chairman
Pedro Bartelle	2nd Vice Chairman
Paulo Sérgio da Silva	Independent Member
Rafael Ferraz Dias de Moraes	Independent Member

MEMBERS OF THE BOARD OF EXECUTIVE OFFICERS

Pedro Bartelle	Chief Executive Officer
Rafael Carqueijo Gouveia	Superintendent-Director
Wagner Dantas da Silva	Chief Financial and Administrative Officer and Investor Relations Officer
Evandro Saluar Kollet	Chief Product Development and Technology Officer
Márcio Kremer Callage	Chief Marketing Officer
Rodrigo Miceli Piazer	Chief Supply Officer

VULCABRAS

II - Individual and consolidated financial statements and independent auditor’s report

Vulcabras S.A.

Individual and consolidated financial statements

December 31, 2024

Contents

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A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

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

Opinion

We have audited the individual and consolidated financial statements of Vulcabras S.A. (the "Company"), identified as individual and consolidated, respectively, which comprise the statement of financial position as at December 31, 2024, and the statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Company as at December 31, 2024, and its individual and consolidated financial performance and its cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) (currently referred by the IFRS Foundation as "IFRS Accounting Standards").

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the 'Auditors' Responsibilities for the audit of the individual and consolidated 'Financial Statements' section of our report. We are independent of the Company and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy ("CFC") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in the context of the financial statements as a whole.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Recognition of sales revenue

The Company's sales revenues comprise a large volume of transactions with deliveries to its customers in all regions of Brazil. The executive board monitors the delivery of products to customers to identify invoiced and undelivered sales at the end of the year, in order to recognize revenue in its correct accrual period.

Considering the large volume and dispersion of its sales as well as the materiality of the related amount recorded in its financial statements, the Company has controls to determine the product delivery date for the accounting record of revenues in the correct accrual period. The determination of the revenue amount to be recognized, as well as the timing of its recognition, requires the Company's executive board to analyze in detail the terms and conditions of sales, and also involve the use of professional judgment. Professional judgment may lead to the risk of early recognition of revenue, especially with regard to the monthly accounting closing period. With that in view, we consider revenue recognition a key audit matter.

How our audit addressed this matter:

Our audit procedures included, among others: (i) assessment of operational effectiveness and design of key controls implemented by the Company in determining the timing of revenue recognition; (ii) analysis of the monthly changes in balances of revenue recognized by the Company in order to assess the existence of variations contrary to our expectations established based on our knowledge of the sector and of the Company; (iii) analysis of returns and cancellations occurred after the end of the year; and (iv) for a sample of sales recorded over the year, we obtained the related supporting documentation to assess whether the revenue was recognized in the appropriate accounting period. Additionally, we assessed the adequacy of the related disclosures included in Notes 3.3 and 21.

Shape the future
with confidence

Based on the result of the audit procedures performed on sales revenue, which is consistent with the executive board's assessment, we consider that the revenue recognition criteria and assumptions adopted by the executive board, as well as the respective disclosures in Notes 3.3. and 21, are appropriate in the context of the individual and consolidated financial statements as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2024, prepared under the responsibility of Company's executive board and presented as supplementary information for IFRS purposes was submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purpose of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether its form and content are in accordance with the criteria set forth in Accounting Pronouncement CPC 09 – Statement of Value Added. In our opinion, these individual and consolidated statements of value added has been properly prepared, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The executive board is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this respect.

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) (currently referred to by the IFRS Foundation as "IFRS accounting standards"), and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Company and its subsidiary or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiary's financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion on the statement of financial position. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or future conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represented the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate all potential relationships or matters that could materially affect our independence, including, where applicable, the respective safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Recife, March 11, 2025.

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

Francisco da Silva Pimentel
Accountant CRC SP-171230/O

A free translation from Portuguese into English of individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

Vulcabras S.A.

(Publicly-held company)

Statements of financial position

December 31, 2024 and 2023

(In thousands of reais)

		Consolidated		Individual	
Assets	**Note**	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Cash and cash equivalents	4	307.660	361.020	78.612	1.023
Financial investments	5	-	3	-	3
Trade accounts receivable	6	988.310	830.672	-	-
Inventories	7	648.390	583.534	-	-
Taxes recoverable	8	111.933	119.435	680	648
Income and social contribution taxes	9a	31.161	26.786	4.722	992
Dividends and profits receivable		-	-	94.723	-
Other accounts receivable - related parties	11b	-	-	151.117	255.742
Other accounts receivable and other receivables		40.304	39.177	1.469	4.142
Total current assets		**2.127.758**	**1.960.627**	**331.323**	**262.550**
Financial investments	5	6.567	13.446	2	2
Trade accounts receivable	6	3.754	3.873	-	-
Taxes recoverable	8	15.496	59.236	1.962	1.920
Deferred income and social contribution taxes	9b	7.263	1.286	933	-
Judicial deposits	10	11.305	27.847	242	250
Assets held for sale		194	194	-	-
Other accounts receivable		1.447	2.090	234	1.012
Long-term receivables		**46.026**	**107.972**	**3.373**	**3.184**
Investments	12a	64.320	62.883	1.912.935	1.733.010
Investment properties		1	2	-	-
Right of use	18	25.982	12.903	-	-
Property, plant and equipment	13	516.489	422.650	3	-
Intangible assets	14	212.732	208.116	111	111
		819.524	**706.554**	**1.913.049**	**1.733.121**
Total noncurrent assets		**865.550**	**814.526**	**1.916.422**	**1.736.305**
Total assets		**2.993.308**	**2.775.153**	**2.247.745**	**1.998.855**

		Consolidated		Individual	
Liabilities and equity	**Note**	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Trade accounts payable	16	94.950	83.779	252	2.631
Loans and financing	17	200.209	234.497	-	-
Lease liabilities	18	7.855	8.433	-	-
Taxes payable		55.356	39.332	255	195
Salaries and vacation pay		67.942	56.070	21	21
Provisions	19	2.792	2.739	71	382
Commissions payable		38.039	28.239	-	-
Dividends and profits payable		136.141	15	136.141	15
Other accounts payable		65.596	58.576	177	225
Total current liabilities		**668.880**	**511.680**	**136.917**	**3.469**
Loans and financing	17	136.643	203.253	-	-
Lease liabilities	18	22.433	6.862	-	-
Provisions	19	51.243	53.147	643	399
Deferred income and social contribution taxes	9b	1.992	2.071	209	-
Other accounts payable		1.778	2.844	-	-
Total noncurrent liabilities		**214.089**	**268.177**	**852**	**399**
Equity					
Capital	20a	1.273.553	1.108.354	1.273.553	1.108.354
Capital reserves	20b	287.701	(4.102)	287.701	(4.102)
Revaluation reserves	20c	3.866	4.020	3.866	4.020
Equity adjustments	20d	31.225	23.965	31.225	23.965
Income reserve	20e	513.631	862.750	513.631	862.750
Equity attributable to controlling interests		**2.109.976**	**1.994.987**	**2.109.976**	**1.994.987**
Noncontrolling interests		**363**	**309**	**-**	**-**
Total equity		**2.110.339**	**1.995.296**	**2.109.976**	**1.994.987**
Total liabilities		**882.969**	**779.857**	**137.769**	**3.868**
Total liabilities and equity		**2.993.308**	**2.775.153**	**2.247.745**	**1.998.855**
		-	-	-	-

See accompanying notes.

Vulcabras S.A.

(Publicly-held company)

Statements of profit or loss

Years ended December 31, 2024 and 2023

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

		Consolidated		Individual	
	Note	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Continuing operation					
Net sales revenue	21	3.048.578	2.817.679	-	-
Cost of sales and resales	22	(1.770.187)	(1.641.645)	-	-
Gross profit		**1.278.391**	**1.176.034**	**-**	**-**
Selling expenses	23	(552.412)	(486.315)	-	-
(Reversal of) allowance for expected credit losses	23	(5.577)	297	-	-
Administrative expenses	24	(177.783)	(155.252)	(8.503)	(7.331)
Other operating income (expenses), net	25	31.731	(108)	9.437	9.643
Equity pickup	12b	6.139	7.864	549.453	492.883
Income before net finance income and costs, and taxes		**580.489**	**542.520**	**550.387**	**495.195**
Finance income		107.987	86.204	18.983	6.641
Finance costs		(85.345)	(90.979)	(235)	(6.015)
Finance income (costs)	26	**22.642**	**(4.775)**	**18.748**	**626**
Income (loss) before income taxes		**603.131**	**537.745**	**569.135**	**495.821**
Current and deferred income and social contribution taxes	9c	(33.264)	(42.862)	738	(929)
Net income for the year		**569.867**	**494.883**	**569.873**	**494.892**
Income attributable to:					
Controlling interests		569.873	494.892	569.873	494.892
Noncontrolling interests		(6)	(9)	-	-
Net income for the year		**569.867**	**494.883**	**569.873**	**494.892**
Earnings (loss) per share					
Earnings (loss) per common share - basic				2,1122	2,0180
Earnings (loss) per common share – diluted				2,1063	2,0051
Weighted average number of shares during the year					
Common shares outstanding				269.800.334	245.237.428
Dilutive potential common shares outstanding				270.562.926	246.820.783

See accompanying notes.

Vulcabras S.A.

(Publicly-held company)

Statements of comprehensive income

Years ended December 31, 2024 and 2023

(In thousands of Reais)

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Income (loss) for the year	569.867	494.883	569.873	494.892
Other comprehensive income - OCI	7.260	(2.009)	7.260	(2.009)
Items that may be subsequently recycled to profit or loss				
Exchange differences from translation of foreign operations	7.252	(2.059)	7.252	(2.059)
Financial assets at fair value through other comprehensive income	8	50	8	50
Total comprehensive income	577.127	492.874	577.133	492.883
Comprehensive income attributable to:				
Controlling interests	577.133	492.883	577.133	492.883
Noncontrolling interests	(6)	(9)	-	-

See accompanying notes.

Vulcabras S.A.

(Publicly-held company)

Statement of changes in equity

Years ended December 31, 2024 and 2023

(In thousands of Reais)

	Consolidated										
	Individual										
		Capital reserves			Other comprehensive income	Income reserves					
	Capital	**Share premium**	**Stock option and treasury shares**	**Revaluation reserve of subsidiaries**	**Equity adjustment**	**Legal reserve**	**Statutory reserve**	**Retained earnings**	**Total**	**Noncontrolling interests**	**Total 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 reserves in subsidiary, net of taxes	-	-	-	(155)	-	-	-	155	-	-	-
Share-based payment transactions	-	-	1.269	-	-	-	-	-	1.269	-	1.269
Treasury shares acquired	-	-	(3.899)	-	-	-	-	-	(3.899)	-	(3.899)
Capital increase (Note 20.a)	1.637	-	-	-	-	-	-	-	1.637	-	1.637
Other comprehensive income											
Exchange differences from translation of foreign operations	-	-	-	-	(2.059)	-	-	-	(2.059)	(28)	(2.087)
Financial assets at fair value through other comprehensive income	-	-	-	-	50	-	-	-	50	-	50
Net income for the year	-	-	-	-	-	-	-	494.892	494.892	(9)	494.883
Allocation of income:											
Recognition of legal reserve	-	-	-	-	-	24.744	-	(24.744)	-	-	-
Dividends distributed	-	-	-	-	-	-	(208.391)	-	(208.391)	-	(208.391)
Recognition of statutory reserve	-	-	-	-	-	-	470.303	(470.303)	-	-	-
Balances at December 31, 2023	**1.108.354**	**-**	**(4.102)**	**4.020**	**23.965**	**63.931**	**798.819**	**-**	**1.994.987**	**309**	**1.995.296**
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 reserves in subsidiary, net of taxes	-	-	-	(154)	-	-	-	154	-	-	-
Share-based payment transactions	-	-	2.195	-	-	-	-	-	2.195	-	2.195
Treasury shares acquired	-	-	(35.392)	-	-	-	-	-	(35.392)	-	(35.392)
Capital increase (Note 20.a)	10.441	-	-	-	-	-	-	-	10.441	-	10.441
Capital increase, with share premium (Note 20.a)	176.350	325.000	-	-	-	-	-	-	501.350	-	501.350
Share issue costs (Note 20.a)	(21.592)	-	-	-	-	-	-	-	(21.592)	-	(21.592)
Other comprehensive income											
Exchange differences from translation of foreign operations	-	-	-	-	7.252	-	-	-	7.252	60	7.312
Financial assets at fair value through other comprehensive income	-	-	-	-	8	-	-	-	8	-	8
Net income for the year	-	-	-	-	-	-	-	569.873	569.873	(6)	569.867
Allocation of income:											
Recognition of legal reserve	-	-	-	-	-	28.494	-	(28.494)	-	-	-
Dividends distributed	-	-	-	-	-	-	(783.121)	(136.025)	(919.146)	-	(919.146)
Recognition of statutory reserve	-	-	-	-	-	-	405.508	(405.508)	-	-	-
Balances at December 31, 2024	**1.273.553**	**325.000**	**(37.299)**	**3.866**	**31.225**	**92.425**	**421.206**	**-**	**2.109.976**	**363**	**2.110.339**

See accompanying notes.

Vulcabras S.A.

(Publicly-held company)

Statements of cash flows – Indirect method

Years ended December 31, 2024 and 2023

(In thousands of Reais)

		Consolidated		Individual	
	Note	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Cash flows from operating activities					
Net income for the year		569.867	494.883	569.873	494.892
Adjustments:					
Depreciation and amortization		106.277	98.720	-	-
Allowance for inventory impairment	7b	42.919	21.055	-	-
Accrued interest on lease	18	1.841	4.202	-	-
Net amount of tangible and intangible items written off		11.857	6.168	-	-
Financial investment income		(6.150)	(1.679)	(5.093)	-
Provisions for contingencies	19	26.055	9.550	517	673
Equity pickup	12b	(6.139)	(7.864)	(549.453)	(492.883)
Share-based payment transactions	20b	2.195	1.269	2.195	1.269
(Reversal of) allowance for expected credit losses	6d	5.577	(297)	-	-
Gain or loss on lease termination		(459)	-	-	-
Recovery of PIS and COFINS on ICMS		(32.592)	(11.062)	-	-
Finance charges and exchange differences recognized in profit or loss		37.368	46.995	-	-
Current and deferred income and social contribution taxes	9c	33.264	42.862	(738)	929
Noncontrolling interests		6	9	-	-
		791.886	**704.811**	**17.301**	**4.880**
Changes in assets and liabilities					
Trade accounts receivable		(154.730)	(60.766)	-	-
Inventories		(107.775)	(36.758)	-	-
Taxes recoverable		79.459	31.653	(3.804)	184
Amounts receivable from disposal of operation		-	905	-	-
Other accounts receivable		(484)	(13.259)	108.076	(253.782)
Judicial deposits		(3.222)	(3.595)	8	158
Trade accounts payable		7.971	(21.431)	(2.379)	2.263
Taxes payable		4.331	25.191	74	(1.064)
Salaries and vacation pay		11.872	(69)	-	8
Provisions	19	(8.142)	(12.873)	(584)	(880)
Commissions payable		9.800	8.701	-	-
Other accounts payable		6.008	3.986	(48)	(966)
Cash flows from (used in) operating activities		**636.974**	**626.496**	**118.644**	**(249.199)**
Interest paid	17d	(50.567)	(51.879)	-	-
Payment of interest on leases	17d	(2.136)	(1.934)	-	-
Income taxes paid		(19.765)	(49.431)	-	-
		(72.468)	**(103.244)**	**-**	**-**
Net cash flows from (used in) operating activities		**564.506**	**523.252**	**118.644**	**(249.199)**
Cash flows from investing activities					
Acquisition of property, plant and equipment	13b	(195.821)	(137.115)	(3)	-
Redemption (investment) of financial investments		13.032	(2.824)	5.096	-
Proceeds from disposal of property, plant and equipment		911	1.537	-	-
Acquisition of intangible assets	14b	(7.156)	(1.695)	-	-
Dividends received	12b	5.644	2.857	-	-
Decrease in equity interest in investee		-	-	282.065	556.322
Net cash flows from (used in) investing activities		**(183.390)**	**(137.240)**	**287.158**	**556.322**
Cash flows from financing activities					
Borrowings - principal	17d	199.863	333.995	-	-
Repayment of borrowings - principal	17d	(294.622)	(312.490)	-	-
Related-party loans received (repaid)		-	-	-	(109.889)
Acquisition of treasury shares	20b	(35.392)	(3.899)	(35.392)	(3.899)
Dividends and interest on equity paid	17d	(783.020)	(229.110)	(783.020)	(229.110)
Capital increase	20a	186.791	1.637	186.791	1.637
Share premium	17d	325.000	-	325.000	-
Share issue costs	20a	(21.592)	-	(21.592)	-
Payment of lease liabilities	17d	(11.461)	(12.407)	-	-
Net cash flows used in financing activities		**(434.433)**	**(222.274)**	**(328.213)**	**(341.261)**
Increase (decrease) in cash and cash equivalents		**(53.317)**	**163.738**	**77.589**	**(34.138)**
Cash and cash equivalents at beginning of year		361.020	197.197	1.023	35.161
Effect of exchange differences on cash and cash equivalents		(43)	85	-	-
Cash and cash equivalents at end of year		307.660	361.020	78.612	1.023
Increase (decrease) in cash and cash equivalents		**(53.317)**	**163.738**	**77.589**	**(34.138)**
		-	-	-	-

(*) The amount of R$350 relating to acquisition of property, plant and equipment items not settled with the suppliers (R$255 as of December 31, 2023) had no cash effect for the period ended December 31, 2024.

See accompanying notes.

Vulcabras S.A.

(Publicly-held company)

Statements of value added

Years ended December 31, 2024 and 2023

(In thousands of Reais)

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Revenues	**3.489.223**	**3.170.099**	**4.505**	**3.801**
Sales of goods, products and services	3.449.906	3.159.110	-	-
Other income and expenses	44.894	10.692	4.505	3.801
Allowance for expected credit losses	(5.577)	297	-	-
Materials acquired from third parties	**(1.490.596)**	**(1.411.069)**	**(7.260)**	**(5.716)**
Raw materials used	(665.287)	(635.383)	-	-
Cost of sales	(442.947)	(402.192)	-	-
Raw materials, power, services from suppliers and other	(382.362)	(373.494)	(7.260)	(5.716)
Loss/recovery of receivables	-	-	-	-
Gross value added	**1.998.627**	**1.759.030**	**(2.755)**	**(1.915)**
Retentions	**(106.277)**	**(98.720)**	**-**	**-**
Depreciation and amortization	(106.277)	(98.720)	-	-
Net value added	**1.892.350**	**1.660.310**	**(2.755)**	**(1.915)**
Value added received from transfers	**123.558**	**103.524**	**576.109**	**506.746**
Share of profit of a subsidiary, an associate and a joint venture	6.139	7.864	549.453	492.883
Finance income	107.987	86.204	18.983	6.641
Other	9.432	9.456	7.673	7.222
Total value added to be distributed	**2.015.908**	**1.763.834**	**573.354**	**504.831**
Value added distributed	**2.015.908**	**1.763.834**	**573.354**	**504.831**
Employee benefits expense	**875.386**	**746.271**	**1.164**	**1.023**
Salaries	546.828	490.881	-	-
Benefits	96.288	87.191	-	-
Unemployment Compensation Fund (FGTS)	35.980	35.450	-	-
Sales commissions	174.731	114.390	-	-
Executive board fees	21.559	18.359	1.164	1.023
Taxes and contributions	**485.475**	**432.372**	**2.257**	**2.918**
Federal taxes	456.578	414.553	1.925	2.624
State taxes	27.993	17.063	-	-
Local taxes	904	756	332	294
Debt remuneration	**85.180**	**90.308**	**60**	**5.998**
Interest	80.425	86.350	60	5.998
Rent	4.753	3.959	-	-
Other	2	(1)	-	-
Equity remuneration	**569.867**	**494.883**	**569.873**	**494.892**
Dividends	136.025	208.391	136.025	208.391
Profits withheld	433.848	286.501	433.848	286.501
Noncontrolling interests	(6)	(9)	-	-

See accompanying notes.

1 Operations

Vulcabras S.A. (the "Company") is a publicly-held corporation headquartered in Jundiaí - state of São Paulo (SP), Brazil. Its 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 also holds investments in other companies, and is engaged in the sale and production in the domestic and foreign markets of clothing, particularly sportswear, and male, female and professional footwear, through its direct and indirect subsidiaries:

- Vulcabras Empreendimento Imobiliário SPE Ltda.;
- Vulcabras CE, Calçados e Artigos Esportivos S.A. ("Vulcabras CE") – which owns 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");
  - 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 party brands: Under Armour and Mizuno.

(In thousands of reais)

1.1 List of subsidiaries

The consolidated financial statements include the information of the Company and its direct and indirect subsidiaries below, in which the equity interest held at the statement of financial position date is summarized as follows:

		Direct interest %		Indirect interest %		Total equity 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	0.22	1.31	99.78	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 sports footwear and 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 sale and distribution of sports footwear and clothing 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 of sports footwear, clothing and gear 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 manufacturing, sale, import and export of sports footwear 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, manufacturing, sale, import and export of sports footwear.

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

Vulcabras Empreendimento Imobiliário SPE Ltda.
Vulcabras Empreendimento Imobiliário SPE Ltda. is specifically engaged in the planning, promotion, real estate development and sale 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 sale and distribution of sports footwear, clothing and gear through its stores and e-commerce.

2 Basis of preparation and presentation of the individual and consolidated financial statements

2.1 Statement of compliance (with the IFRS and CPC standards) and measurement basis

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and with accounting practices adopted in Brazil, which comprise the rules of the Brazilian Securities and Exchange Commission (CVM), and the pronouncements, guidance and interpretations issued by the Brazilian Financial Accounting Standards Board (CPC), as approved by Brazil's National Association of State Boards of Accountancy (CFC) and by the Brazilian Securities and Exchange Commission (CVM), and the rules and guidance issued by the CVM applicable to the preparation of financial information.

Management considered Accounting Guidance OCPC 07, issued by the CPC in November 2014, for preparation of the individual and consolidated financial statements. Accordingly, the significant information specific to the individual and consolidated financial statements, and only such information, is being disclosed, and corresponds to the information used in management of the Company's operations.

Management assessed the ability of the Company and its subsidiaries to continue as a going concern and is convinced that they have the resources to continue their business in the future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt as to their ability to continue as a going concern. Accordingly, these individual and consolidated financial statements were prepared on a going concern basis.

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

The financial statements were prepared on a historical cost basis, with the exception of equity investment funds at FVOCI that are measured at fair value, and financial assets measured at fair value through profit or loss.

Authorization to complete and issue these individual and consolidated financial statements was granted by the Board of Directors on March 11, 2025.

Functional and presentation currency

The individual and consolidated financial statements are presented in Brazilian reais, which is also the Company's functional currency. The financial statements presented in reais were rounded to the nearest thousand, unless otherwise stated. The functional currency of the foreign companies is the US dollar, and the statements of financial position were translated into reais for presentation purposes.

2.2 Use of estimates and judgments

In preparing the financial statements, management used judgments, estimates and assumptions that affect the application of accounting policies and reported asset, liability, revenue and expense amounts. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revised estimates are recognized prospectively.

a. Judgments

Information on judgments made for application of accounting policies that have significant effects on the amounts recognized in the individual and consolidated financial statements is included in the following notes:

- **Note 3.1.b –** equity pickup at investees: determination of whether the Company has significant influence over an investee;
- **Note 3.1.e -** consolidation: determination of whether the Company effectively holds control over an investee;
- **Note 18 -** Lease term: whether the Company's subsidiaries are reasonably certain to exercise extension options.

b. Uncertainties about assumptions and estimates

Information on uncertainties related to assumptions and estimates as of December 31, 2024 that have a significant risk of resulting in a material adjustment to the accounting balances of assets and liabilities in the next fiscal year is included in the following notes:

- **Note 6 –** Accounts receivable: measurement of expected credit loss for accounts receivable;
- **Note 7 -** Inventories: recognition of provision for losses on inventories without movement;
- **Note 15 -** Analysis of recoverability of nonfinancial assets: impairment test of non-financial assets: key assumptions regarding recoverable amounts;
- **Note 19 –** Provisions: recognition and measurement of provisions for contingencies: key assumptions as to the likelihood of loss and amount of outflow of funds.

2.3 Fair value measurement

Certain accounting policies and disclosures of the Company and its subsidiaries require measurement of the fair value of financial assets and liabilities.

The Company and its subsidiaries established a control structure related to fair value measurement.

Management regularly reviews significant unobservable data and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used for fair value measurement, management analyzes the evidence obtained from third parties to support the conclusion that such measurements meet CPC/IFRS requirements, including the level in the fair value hierarchy under which such measurements are to be classified.

In measuring the fair value of an asset or a liability, the Company and its subsidiaries use observable market data as much as possible. The fair values are classified into different hierarchical levels based on inputs used in the valuation techniques, as follows:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets and liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- **Level 3 –** inputs for the asset or liability that are not based on market observable data (non-observable inputs).

The Company and its subsidiaries recognize transfers between levels of the fair value hierarchy at the end of the reporting period in which the changes have occurred.

Additional information on the assumptions for fair value measurement is included in the following note:

- **Note 28 -** Financial instruments and risk management.

3 Material accounting policies

The Company and its subsidiaries have applied the accounting policies described below in a consistent manner to all the years presented in these financial statements, unless otherwise stated.

3.1 Basis of consolidation

a. Business combination

Business combinations are recorded using the acquisition method when the set of activities and assets acquired meet the definition of a business and control is transferred to the Company and its subsidiaries. In determining whether a set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at least, an input and a substantive process that together significantly contribute to the ability to generate output.

The Company has the option of applying a “concentration test” that allows a simplified assessment of whether a set of activities and assets acquired is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred is usually measured at fair value, as are the identifiable net assets acquired. Any goodwill arising from the transaction is tested annually for impairment. Gains on bargain purchases are immediately recognized in profit or loss. Transaction costs are recorded in profit or loss as incurred, except for costs related to the issue of debt or equity instruments.

The consideration transferred does not include amounts referring to payment of preexisting relationships. These amounts are usually accounted for in profit or loss for the year.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Other contingent consideration is measured at fair value at each reporting date with changes in fair value recognized in profit or loss for the year.

b. Subsidiaries

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries' financial statements are included in the consolidated financial statements from the date that control commences until the date it ceases to exist.

In the Company's individual financial statements, the subsidiaries' financial information is recognized under the equity method.

c. Noncontrolling interests

The Company and its subsidiaries elected to measure noncontrolling interests initially by their proportional share in identifiable net assets of the acquiree on the acquisition date.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

d. Loss of control

If the Company loses control over a subsidiary, it derecognizes the related assets, liabilities, noncontrolling interests, and other components of equity. Any resulting gain or loss is recognized in profit or loss. If the Company retains any interest in the former subsidiary, this interest is measured at fair value on the date on which control is lost.

e. Investments in entities accounted for under the equity method

The Company's investments in entities accounted for using the equity method include interests in associates.

Associates are entities over which the Company has significant influence, either directly or indirectly, but not the control, or joint control, over their financial and operating policies.

These investments are initially recognized at cost, which includes transaction costs. After initial recognition, the financial statements include the Company's interests in the investee's profit or loss for the year and other comprehensive income until the date the significant influence or joint control ceases to exist. In the individual financial statements, investments in subsidiaries are also accounted for using this method.

f. Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized revenues or expenses derived from intra-group transactions are eliminated. Unrealized gains arising from transactions with investees accounted for under the equity method are eliminated against the investment, proportionally to the interest held in the investee. . Unrealized losses are eliminated similarly to unrealized gains, but only to the extent that there is no evidence of impairment loss.

3.2 Translation of balances in foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the respective functional currencies of the Company's entities and subsidiaries at the exchange rate in force on the transaction dates.

Monetary assets and liabilities denominated and calculated in foreign currency as of the statement of financial position date are translated back into the functional currency at the exchange rate effective on such date. Nonmonetary assets and liabilities measured at fair value in foreign currency are translated back into the functional currency at the exchange rate effective on the date the fair value was determined. Nonmonetary items that are measured based on historical cost in foreign currency are translated using the exchange rate prevailing on the transaction date. Differences in foreign currencies resulting from translation are usually recognized in P&L.

(ii) Foreign operations

Assets and liabilities from foreign operations, including goodwill and fair value adjustments resulting from the acquisition, are translated into reais at the exchange rates calculated on the statement of financial position date. Income and expenses from foreign operations are translated into reais using the exchange rates on the transaction dates.

Differences in foreign currencies generated upon translation into the presentation currency are recognized in other comprehensive income and accumulated in equity adjustments, in equity. If the subsidiary is not a wholly-owned subsidiary, the corresponding portion of the translation difference is attributed to noncontrolling shareholders.

When a foreign entity is derecognized in whole or in part, resulting in loss of control, of significant influence or of joint control, the accumulated amount of exchange rate differences related to that foreign entity is reclassified to profit or loss as part of the gain or loss on derecognition.

3.3 Revenue from contracts with customers

Revenue is measured based on the consideration specified in the contract with the customer. The Company's subsidiaries recognize revenue when control over the product is transferred to the customer. In this context, revenue is recognized when products are delivered and accepted by the customers at their premises.

For sales in which return of goods is permitted, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of recognized revenue is adjusted for expected returns, which are estimated based on historical data for specific types of returns.

3.4 Employee benefits

a. Short-term employee benefits

Short-term employee benefit obligations are recognized as personnel expenses as the related service is provided. The liability is recognized for the amount of payment expected if the Company and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

b. Share-based payment

The fair value on the date of grant of the share-based payment to employees is recognized as personnel expenses, with a corresponding increase in equity, during the period in which employees unconditionally acquire the right to the awards. The amount recognized as expense is adjusted to reflect the number of awards for which there is an expectation that the service and performance conditions will be met, so that the final amount recognized as expense is based on the number of awards that effectively meet service and performance conditions on the vesting date. For share-based payment awards containing non-vesting conditions, the fair value on the date of grant of the share-based payment awards is measured to reflect such conditions and no further adjustments are made for differences between expected and actual results.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities during the period in which employees unconditionally acquire the right to the payment. The liability is remeasured at each statement of financial position date and on the settlement date, based on the fair value of the share appreciation rights. Any changes in the liability’s fair value are recognized as personnel expenses in the statement of profit or loss.

3.5 Government grants

Government grants and assistance are recognized where there is reasonable assurance that all conditions set by the government agencies have been complied with. They are recorded as deductions from income in profit or loss during the period the costs, for which the government grant or assistance is intended to compensate, are expensed.

3.6 Finance income and costs

The Company's finance income and costs include the following:

- Interest income;
- Interest expense;
- Net gains/losses on financial assets measured at fair value through profit or loss;
- Exchange differences on financial assets and liabilities.

Interest income and expenses are recognized in profit or loss using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument at the:

- Gross carrying amount of the financial asset; or
- Amortized cost of the financial liability.

In calculating interest income or expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or to the amortized cost of the liability. However, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset that has impairment issues after initial recognition. If the asset is no longer experiencing impairment issues, the calculation of interest income is again based on the gross amount.

3.7 Taxes

a. Sales taxes

Revenues, expenses and assets are recognized net of sales taxes, except when:

- The net amount of sales taxes, whether recoverable or payable, is included in the amounts receivable and payable in the statement of financial position.

Revenues from goods, under the noncumulative system, are subject to 1.65% Contribution Tax on Gross Revenue for Social Integration Program (PIS), 7.60% Contribution Tax on Gross Revenue for Social Security Financing (COFINS), State Value-Added Tax (ICMS) at the rates in effect in each state, and 1.5% social security contribution.

b. *Income and social contribution taxes*

Current and deferred income taxes comprise both income and social contribution taxes. Income tax is calculated at a rate of 15%, plus 10% surtax on taxable profit exceeding R$240, whereas social contribution tax is computed at a rate of 9% on net income. These consider offset of income and social contribution tax losses, limited to 30% of taxable profit in the year.

Income and social contribution tax expenses include current and deferred taxes. Current and deferred taxes are recognized in P&L unless they refer to business combinations or to items recognized directly in equity or in other comprehensive income.

(i) Current

Current tax expense is the estimated tax payable or receivable on taxable profit for the year and any adjustment to taxes payable in relation to previous years.

The amount of current taxes payable or receivable is recognized in the statement of financial position as a tax asset or liability for the best estimate of the expected amount of taxes to be paid or received that reflects the uncertainties related to their determination, if any. It is measured based on the tax rates enacted at the reporting date.

Current tax assets and liabilities are offset only when certain criteria are met.

(ii) Deferred

Deferred income and social contribution taxes are recognized on differences generated between assets and liabilities recognized for tax purposes and corresponding amounts recognized in the consolidated financial statements.

The Company also recognizes deferred Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) on income and social contribution tax losses, whose offset is limited to 30% of annual taxable profit.

However, deferred income and social contribution taxes are not recognized if they are generated upon initial recognition of assets and liabilities in transactions that do not affect the tax bases, except in transactions involving business combinations. Deferred income and social contribution taxes are determined based on rates (and legislation) in force on the consolidated financial statements preparation date and applicable when the respective income and social contribution taxes are realized.

Deferred income and social contribution tax assets are recognized only to the extent that taxable profit is likely to be available for temporary differences to be used and tax losses offset.

3.8 Inventories

Inventories are valued at the lower of historical acquisition and/or production cost and net realizable value. Cost of inventories is attributed by use of the weighted average cost criterion, and includes all acquisition and transformation costs, as well as other costs incurred in bringing inventories to their current condition and location.

In the case of industrially processed products, work in process and finished products, inventories include manufacturing overheads based on the normal production capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Allowances for losses on slow-moving or obsolete inventories are recognized when deemed necessary by management.

3.9 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are stated at historical cost less respective depreciation and impairment losses, if applicable.

Such cost includes expenditures directly attributable to the acquisition of an asset. Costs of assets constructed by the Company and its subsidiaries include:

- The cost of materials and direct labor;
- Any other costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- The costs of dismantling and restoring the site on which the assets are located; and
- Borrowing costs on qualifying assets.

Other expenses are capitalized only when there is an increase in the economic benefits from the PPE item. All other types of expenditures are recognized as expenses in P&L as incurred. The residual value and estimated useful life of the assets are measured and adjusted, if necessary, at year-end date.

The software acquired that is an integral part of the operation of a piece of equipment is capitalized as part of such equipment.

Gains and losses on disposal of a PPE item (calculated as the difference between the proceeds from disposal and the carrying amount of the item) are recognized as other operating income (expenses) in profit or loss.

(ii) Subsequent costs

Subsequent costs are capitalized to the extent that it is probable that future benefits associated with such costs will flow to the Company. Recurring maintenance and repair costs are posted to profit or loss.

(iii) Depreciation

PPE items are depreciated under the straight-line method in P&L for the year, based on the estimated useful life of each component, considering the rates mentioned in Note 13. Leased assets are depreciated for the shortest period between the estimated useful life of the asset and the contract term, unless it is certain that the Company and its subsidiaries will obtain ownership of the asset at the end of the lease. Land is not depreciated.

3.10 Intangible assets and goodwill

(i) Goodwill

Goodwill is measured at cost, less accumulated impairment losses.

(ii) Research and development

Expenses with research activities are recognized in profit of loss as incurred.

Development expenses are capitalized only if they can be reliably measured, the product or process is technically and commercially viable, future economic benefits are likely, and the Company and its subsidiaries intend and have sufficient resources to complete the development and use or sell the asset.

Other development expenses are recognized in profit or loss as incurred. Subsequent to initial recognition, capitalized development expenses are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets acquired by the Company and its subsidiaries with finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenses

Subsequent expenses are capitalized only when they increase future economic benefits embodied in the specific asset to which they relate. All other expenses, including internally generated goodwill expenses and brands and patents, are recognized in profit or loss as incurred.

(v) Amortization

The useful lives of intangible assets are assessed as either finite or indefinite. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. Intangible assets with a finite useful life are amortized considering their useful life.

The estimated useful life is reviewed at each year end. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

3.11 Financial instruments

(i) Recognition and measurement

Trade accounts receivable and debt securities issued are initially recognized on the date they were originated. All other financial assets and liabilities are initially recognized when the Company and its subsidiaries become a party to the corresponding contractual provisions.

A financial asset (other than trade accounts receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not measured at fair value through profit or loss (FVPL), the transaction costs that are directly attributable to its acquisition or issue. Trade accounts receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

Upon initial recognition, a financial asset is classified as measured at amortized cost or at fair value through other comprehensive income (FVOCI); a debt instrument at FVOCI; and an equity instrument or financial assets at FVPL.

Financial assets are not reclassified subsequently to initial recognition unless the Company and its subsidiaries change the business model for management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVPL:

- It is held within a business model whose objective is to hold financial assets for the purpose of receiving contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Upon initial recognition of an investment in an equity instrument that is not held for trading, the Company and its subsidiaries may irrevocably elect to present subsequent changes in the fair value of the investment in Other comprehensive income (OCI). This election is made individually by investment.

All financial assets not classified as measured at amortized cost or at FVOCI, as described above, are classified as at FVPL.

Financial assets – business model evaluation
The Company and its subsidiaries carry out an evaluation of the objective of the business model in which a financial asset is held in a portfolio because this better reflects the way in which the business is managed and the information is provided to management. The information considered includes:

- The policies and objectives set forth for the portfolio and the practical operation of these policies. The issue of whether management's strategy is focused on obtaining contractual interest income, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or the realization of cash flows through the sale of assets;
- How the performance of the portfolio is evaluated and reported to the management of the Company and its subsidiaries;
- The risks that affect the performance of the business model (and the financial asset held within such business model) and how these risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales, and expectations about future sales;

Financial assets - Assessment of whether contractual cash flows are solely payments of principal and interest
For the purpose of this evaluation, “principal” is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as a consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a given period of time, and for other basic borrowing risks and costs (e.g., liquidity risk and costs administrative), as well as a profit margin.

The Company considers the contractual terms of the instrument to assess whether the contractual cash flows are solely payments of principal and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or value of contractual cash flows so that it would not meet this condition. When making this assessment, the Company considers:

- Contingent events that change the amount or timing of cash flows;
- Terms that can adjust the contractual rate, including variable rates;
- Prepayment and extension of the term; and
- The terms that limit the Company's access to specific asset cash flows (e.g., based on the performance of an asset).

Financial assets - subsequent measurement and gains and losses

- **Financial assets at FVPL -** These assets are subsequently measured at fair value. Net gains (losses), including interest, is recognized in profit or loss.
- **Financial assets at amortized cost -** These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- **Debt instruments at FVOCI -** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net income is recognized in OCI. Upon derecognition, the accumulated profit or loss in OCI is recycled to the statement of profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses
Financial liabilities were classified as measured at amortized cost. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, is a derivative, or is designated as such upon initial recognition.

Financial liabilities measured at FVPL are measured at fair value and net gains (losses), including interest, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets
A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive contractual cash flows from a financial asset in a transaction in which:
- Substantially all risks and rewards of ownership of the financial asset have been transferred; or
- The Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, nor has it retained control over the financial asset.

The Company carries out transactions in which it transfers assets recognized in the statement of financial position, but retains all or substantially all the risks and rewards of the transferred assets. In these cases, financial assets are not derecognized.

Financial liabilities
The Company and its subsidiaries derecognize a financial liability when the contractual obligation is discharged or canceled or expires. The Company and its subsidiaries also derecognize a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the extinguished carrying amount and the consideration paid (including transferred assets that do not flow through cash or liabilities assumed) is recognized in P&L.

(iv) Offset
Financial assets or liabilities are offset and the net amount is stated in the statement of financial position when, and only when, the Company and its subsidiaries have a currently enforceable legal right to offset the amounts and intend to settle on a net basis or realize the asset and settle the liability simultaneously.

3.12 Capital

Common shares
Common shares are classified under equity. Incremental costs that are directly attributable to issuing shares and stock options are recognized as a deduction from equity, net of any tax effects.

3.13 Impairment

(i) Nonderivative financial assets
The Company and its subsidiaries recognize allowances for expected credit losses on financial assets measured at amortized cost.

The Company and its subsidiaries elected to measure allowance for losses in an amount equal to the lifetime expected credit loss.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Company and its subsidiaries consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analyses based on historical experience, on credit assessments, and considering forward-looking information.

The Company and its subsidiaries assume that a financial asset has increased significantly if:

- It is unlikely that the debtor will pay its credit obligations in full without resorting to actions such as enforcement of the guarantee (if any); or
- The financial asset is past due for more than 90 days.

At each reporting date, the Company and its subsidiaries assess whether the financial assets accounted for at amortized cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Objective evidence that a financial asset is credit impaired includes the following observable inputs:

- Significant financial difficulties of the borrower;
- Default or delay of more than 90 days;
- Restructuring of an amount due to the Company under conditions that would not be accepted under normal conditions;
- The likelihood that the debtor will file for bankruptcy or undergo another type of financial reorganization or in-court reorganization process; or
- The disappearance of an active market for the security because of financial difficulties.

(ii) Nonfinancial assets

At each reporting date, the Company and its subsidiaries review the carrying amounts of its nonfinancial assets to determine whether there is an indication of impairment. If this is the case, the recoverable amount of the asset is estimated. In the case of goodwill, the recoverable amount is tested on an annual basis.

For impairment testing purposes, the assets are grouped into Cash-Generating Units (CGUs), i.e. the smallest possible group of assets that generate cash inflows through their continuing use, which are largely independent from the cash inflows of other assets or CGUs. Goodwill from business combinations is allocated to CGUs or groups of CGUs that are expected to benefit from synergies from the combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. Value in use is based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the statement of profit or loss.

An impairment loss relating to goodwill is not reversed. As for other assets, impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount that would otherwise have been computed, net of depreciation or amortization, had the impairment loss not been recognized.

3.14 Provisions

Provisions are recognized according to CPC 25 (IAS 37), when the Company and its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current tax rate that reflects, where appropriate, the specific liability risks. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.15 Leases

The Company and its subsidiaries assess at contract inception whether a contract is, or contains, a lease.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) The Company as a lessee

At the inception or modification of a contract that contains a lease component, the Company and its subsidiaries allocate the consideration in the contract to each lease component based on its standalone price. However, for property leases, the Company and its subsidiaries elected not to separate the non-lease components and account for the lease and non-lease components as a single component.

The Company and its subsidiaries recognize a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which includes the initially measured amount of the lease liability adjusted for any lease payments made up to the commencement date, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site where it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of the PPE item. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of lease payments that are not made on the commencement date, discounting the interest rate implicit in the lease, or, if this rate cannot be determined immediately, the incremental borrowing rate of the Company and its subsidiaries.

The Company and its subsidiaries determine the incremental borrowing rate by obtaining interest rates from various external sources of financing and making certain adjustments to reflect the terms of the agreement and the type of leased asset.

The lease payments included in measuring the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate on the commencement date;
- Amounts expected to be paid by the lessee in accordance with residual value guarantees; and
- The exercise price of a purchase option reasonably certain to be exercised by the lessee and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate.

Lease liabilities are measured at amortized cost, using the effective interest method. It is remeasured when there is a change in future lease payments resulting from a change in index or rate, if there is a change in the amounts that are expected to be paid in accordance with the residual value guarantee, if the Company and its subsidiaries change their assessment, if they will exercise an option to purchase, extend or terminate, or if there is a revised in-substance lease payment.

When the lease liability is remeasured this manner, an adjustment corresponding to the carrying amount of the right-of-use asset is made or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company and its subsidiaries present right-of-use assets that do not meet the definition of investment property under "property, plant and equipment" and lease liabilities under "loans and financing" in the statement of financial position.

Leases of low-value assets
The Company and its subsidiaries elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company and its subsidiaries recognize lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in the absence of a principal market, in the most advantageous market accessible by the Company and its subsidiaries on that date. The fair value of a liability reflects the risk of non-performance.

A series of accounting policies and disclosures of the Company and its subsidiaries require the measurement of fair values, both for financial and nonfinancial assets and liabilities (see Note 2.2(b)).

When available, the Company and its subsidiaries measure the fair value of an instrument using the price quoted in an active market for that instrument. A market is considered “active” if transactions for the asset or liability occur with sufficient frequency and in volume to provide pricing information on an ongoing basis.

If there are no prices quoted in an active market, the Company and its subsidiaries use valuation techniques that maximize the use of significant observable inputs and minimize the use of unobservable inputs. The valuation technique chosen incorporates all the factors that market players would take into account when pricing a transaction.

If an asset or liability measured at fair value has a purchase price and a sales price, the Company and its subsidiaries measure assets based on purchase prices and liabilities based on sales prices.

The best evidence of a financial instrument fair value at initial recognition is normally the price of the transaction, i.e. the fair value of the consideration paid or received. If the Company and its subsidiaries determine that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced by a price quoted in an active market for an identical asset or liability, nor based on a valuation technique for which any unobservable inputs are considered immaterial for the measurement, the financial instrument is initially measured at fair value, and adjusted to include the difference between fair value at initial recognition and the transaction price. Subsequently, this difference is recognized in profit or loss on an appropriate basis over the life of the instrument, or until the valuation is fully supported by observable market data or the transaction is closed, whichever occurs first.

(In thousands of reais)

3.17 New standards applied for the first time in 2024 and interpretations not yet effective

The following amended standards and interpretations had no significant impact on the Company's individual and consolidated financial statements.

- Deferred tax related to assets and liabilities arising from a single transaction - amendments to CPC 32/IAS12;
- IFRS 17 - Insurance Contracts;
- Disclosure of accounting policies (amendments to CPC 26/IAS 1 and IFRS Practice Statement 2);
- Definition of accounting estimates (amendments to CPC 23/IAS 8).

The new and amended standards had no significant impact on the consolidated financial statements of the Company and its subsidiaries.

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

4 Cash and cash equivalents

	Consolidated		**Individual**	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Checking account	34,615	8,092	33,965	3
Floating CDB (Invest Fácil)	24,335	20,679	167	42
Floating CDB	243,778	328,401	44,480	978
Foreign cash and cash equivalents	4,932	3,848	-	-
	307,660	**361,020**	**78,612**	**1,023**

The checking account balance is represented by bank deposits not subject to interest.

Financial investments classified as cash equivalents are represented by short-term investments, have daily liquidity, and can be redeemed at any time, regardless of their maturity, without loss of yield.

Investments that remunerate checking account balances (Invest Fácil) are automatic, according to the available bank balance, and redemptions take place based on immediate cash needs of the Company and its subsidiaries. Yield ranges from 5% to 10% of the Interbank Deposit Certificate (CDI) as of December 31, 2024 (from 5% to 10% of the CDI as of December 31, 2023).

Remuneration of floating Bank Deposit Certificates (CDB) ranges from 100.0% to 101.35% of the CDI as of December 31, 2024 (from 100.5% to 102.5% of the CDI as of December 31, 2023). They are readily convertible into cash. See Note 28 on credit risk exposure.

(In thousands of reais)

5 Financial investments

	Consolidated		Individual	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Domestic financial investments:				
Fixed income investment funds	6,105	12,980	2	5
Equity investment funds	462	469	-	-
	6,567	**13,449**	**2**	**5**
Current	**-**	**3**	**-**	**3**
Noncurrent	**6,567**	**13,446**	**2**	**2**

Investments in fixed income funds in the amount of R$6,105 (R$12,980 as of December 31, 2023) bear interest of 89% of the CDI as of December 31, 2024 (105% of the CDI as of December 2023), and do not have liquidity, as they are linked to guarantees in financing contracts (BNB).

Equity investment funds in the amount of R$462 (R$469 as of December 2023) are financial assets valued at fair value through other comprehensive income. The shares were valued according to B3 quotation on the date of these financial statements.

6 Trade accounts receivable

a. Breakdown of balances

	Consolidated	
Accounts receivable	**12/31/2024**	**12/31/2023**
Domestic:		
Trade accounts receivable	968,039	827,522
Foreign:		
Trade accounts receivable	69,330	48,798
Subtotal trade accounts receivable	**1,037,369**	**876,320**
Impairment loss	(45,305)	(41,775)
Total trade accounts receivable, net	**992,064**	**834,545**
Current	**988,310**	**830,672**
Noncurrent	**3,754**	**3,873**

(In thousands of reais)

b. By maturity

	Consolidated	
	12/31/2024	**12/31/2023**
Falling due		
1 to 30 days	244,253	240,862
31 to 60 days	291,704	243,631
61 to 90 days	214,635	175,488
More than 90 days	236,621	169,830
	987,213	**829,811**
Past due		
1 to 30 days	6,677	5,526
31 to 60 days	964	1,785
61 to 90 days	278	683
More than 90 days	42,237	38,515
	50,156	**46,509**
	1,037,369	**876,320**

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

Details on gross sales in the foreign and domestic markets are disclosed in Note 21. Management understands that the amount that best represents its maximum exposure to credit risk for the year ended December 31, 2024 is R$45,305 (R$41,775 as of December 31, 2023) resulting from the criteria described in item (c).

c. Criteria for measurement of losses on trade accounts receivable (impairment)

The analysis of credit granting to customers is carried out when registering them in the Company's and its subsidiaries' system, for which all necessary documentation is required, including financial statements and commercial references. The credit limit is reassessed whenever new orders are placed, due to the seasonal nature of the financial market.

In addition to the individual analysis of each past due payment from customers, the Company and its subsidiaries use a provision matrix to calculate expected credit losses. The provision rates are based on days past due for groupings of customer segments that have similar loss patterns (i.e., by geography, product line, customer type and rating, among others).

(In thousands of reais)

The provision matrix is initially based on the Company's and its subsidiaries' historical observed default rates. The Company and its subsidiaries review the matrix prospectively to adjust it to the historical credit loss experience. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the expected loss rates are adjusted, if necessary. At every reporting date, loss rates are updated and the need for changes in the forward-looking estimates is analyzed.

The criteria used to set up impairment losses are the same for the domestic and foreign market customer portfolio.

The Company and its subsidiaries carry out an individual analysis of each customer. For customers under in-court reorganization, the Company adopts the policy of recognizing an allowance for expected credit losses in an amount that may vary from 20% to 40% of the outstanding balance for customers with a financial restructuring profile and of 100% for customers that do not have the same profile.

d. Changes in the provision for impairment

Changes in the provision for impairment for the years ended December 31, 2024 and 2023 are shown below:

	Consolidated	
	12/31/2024	**12/31/2023**
Opening balance	**(41,775)**	**(43,246)**
Additional provision	(11,543)	(12,165)
Write-offs	2,047	2,079
Recovery of provisions	5,966	11,557
Closing balance	**(45,305)**	**(41,775)**

Considering the capillarity of sales distribution and the credit policy of the Company's subsidiaries, concentration of customers in sales or in the receivables portfolio is lower than 9%. As such, in the year ended December 31, 2024, there was no significant change in the share or concentration of key customers.

The exposure of the Company and its subsidiaries to credit and currency risks and impairment losses related to trade accounts receivable and other accounts is disclosed in Note 28.

(In thousands of reais)

7 Inventories

	Consolidated	
	12/31/2024	**12/31/2023**
Finished products	82,584	114,513
Goods for resale	268,818	234,296
Work in process	58,125	55,128
Raw materials	129,887	109,087
Packaging materials and supplies	27,372	28,578
Goods in transit	66,258	35,767
Imports in progress	13,252	4,071
Other	2,094	2,094
	648,390	**583,534**

a. Criteria for measurement of provision (impairment)

Based on historical analysis and estimated losses, the Company's subsidiaries set up provision for losses on realization of inventories. For inventories of raw materials and work in process, a provision was set up for all items with no movement for more than 180 days. For inventories of finished products and goods for resale, all items were evaluated and provisions were set up for potential losses based on the respective sales prospects, with a provision for 100% of the items that presented a negative contribution margin.

As of December 31, 2024, provision for losses on finished products and resales amounts to R$13,693 (R$9,158 as of December 31, 2023), provision for losses on raw materials and consumables amounts to R$43,881 (R$30,055 as of December 31, 2023), and provision for losses on work in process amounts to R$5,003 (R$4,081 as of December 31, 2023).

Raw materials, labor and overheads that make up the cost of goods sold totals R$1,159,159 as of December 31, 2024 (R$1,196,907 as of December 31, 2023).

b. Changes in the provision (impairment)

Changes in the provision for losses on realization of inventories for the year ended December 31, 2024 and 2023 are as follows:

(In thousands of reais)

	Consolidated	
	12/31/2024	**12/31/2023**
Opening balance	**(43,294)**	**(39,765)**
Additions/reversals in the year	(42,919)	(21,055)
Write-offs	23,636	17,526
Closing balance	**(62,577)**	**(43,294)**

8 Taxes recoverable

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
ICMS	4,424	10,899	20	20
Federal VAT (IPI)	2,615	2,048	-	-
PIS/COFINS	86,124	151,498	-	-
FINSOCIAL	2,517	2,475	1,962	1,920
Brazilian Special Regime for Reinstatement of Taxes for Exporters (REINTEGRA)	221	453	-	-
Unduly paid taxes (a)	8,792	8,792	-	-
Tax credit – state government grant	19,522	-	-	-
Other	3,214	2,506	660	628
	127,429	**178,671**	**2,642**	**2,568**
Current	**111,933**	**119,435**	**680**	**648**
Noncurrent	**15,496**	**59,236**	**1,962**	**1,920**

(a) Refers to recognition of undue tax payments (Central Bank Benchmark rate – SELIC), arising from non-taxation of monetary restatement based on the SELIC variation.

The Company's subsidiaries are parties to other lawsuits at different court levels but that require no recognition at this point.

(In thousands of reais)

9 Income and social contribution taxes

a. Income tax - prepayment

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Income tax - prepayment	31,161	26,786	4,722	992
	31,161	**26,786**	**4,722**	**992**

b. Deferred income and social contribution taxes on temporary differences

	Consolidated	
	12/31/2024	**12/31/2023**
Temporary differences in the year		
Revaluation of property, plant and equipment	(1,992)	(2,071)
Provisions	5,019	407
Foreign subsidiaries	2,244	879
Deferred income and social contribution taxes on temporary differences	**5,271**	**(785)**
Total deferred income and social contribution tax assets	7,263	1,286
Total deferred income and social contribution tax liabilities	(1,992)	(2,071)

c. Current and deferred income and social contribution taxes

Current and deferred income and social contribution taxes are accounted for in the consolidated P&L. As explained in Note 9d, the rate of 34% was used for calculation of the tax:

	Consolidated	
	12/31/2024	**12/31/2023**
Current income and social contribution taxes	(38,992)	(45,504)
Deferred income and social contribution taxes	5,728	2,642
	(33,264)	**(42,862)**

(In thousands of reais)

d. Reconciliation of effective tax rate

	Consolidated	
	IRPJ / CSLL	
	12/31/2024	**12/31/2023**
Income before income and social contribution taxes	**603,130**	**537,745**
Income and social contribution taxes at the rate of 34%	205,064	182,833
Nondeductible expenses	3,355	3,763
Tax incentives – state **(a)**	-	(103,952)
Technological innovation incentive	(15,267)	(10,902)
IRPJ incentive	(95,365)	(40,419)
Offset of income and social contribution tax losses	(59,381)	(36,433)
Temporary differences	12,981	24,097
Restatement of unduly paid taxes	(7,826)	(3,718)
Credit on state government incentives – Law No. 14789/2023	(6,637)	-
Other	(3,660)	27,593
	(171,800)	(139,971)
Income and social contribution tax expense	**33,264**	**42,862**
Current	38,992	45,504
Deferred	(5,728)	(2,642)
Effective rate (b)	**5.52%**	**7.97%**

(a) A description of the tax benefits is presented in Note 30.

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

(In thousands of reais)

e. Tax loss carryforward

The Company and its 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. record significant tax incentives that considerably reduce the ability to offset any deferred income tax credits. Management periodically monitors tax incentive renewals. Considering the low expectation of realization, the Company and its subsidiaries do not record deferred income and social contribution taxes on income and social contribution tax losses. As of December 31, 2024 and 2023, the Company and its subsidiaries recorded income and social contribution tax loss carryforwards on the following base amounts:

	12/31/2024							
	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**
Income tax losses as of 12/31/2024	93,833	513,366	46,796	463,589	11,560	39,272	150,071	1,318,487
Social contribution tax losses as of 12/31/2024	935,476	525,400	46,436	486,105	16,504	39,272	150,004	2,199,197

	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**
Income tax losses as of 12/31/2023	206,493	574,929	45,332	463,085	11,312	39,270	147,956	1,488,37 7
Social contribution tax losses as of 12/31/2023	1,048,136	586,962	46,796	463,589	11,560	39,270	150,071	2,346,38 4

Offset of income and social contribution tax losses is limited to 30% of annual taxable profit accrued as of 1995, without expiration.

(In thousands of reais)

10 Judicial deposits

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

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Judicial deposits				
Civil	35	35	-	-
Labor	9,737	11,214	242	250
Tax	1,533	16,598	-	-
Total	**11,305**	**27,847**	**242**	**250**

a. Labor (consolidated)

The labor suits refer mostly to claims for overtime, equal pay, health exposure pay, hazard pay, pain and suffering, and occupational disease.

The judicial deposits mostly concern the amounts deposited in the records referring to appeals, review appeals, escrow deposits, and online attachment of part of the amounts included in the ongoing labor claims.

b. Civil (consolidated)

Civil lawsuits substantially involve claims for compensation in general for property damage and/or pain and suffering, as well as claims related to alleged defects arising from the manufacture of products. Judicial deposits related to the above civil suits were made as guarantee for the discussion of the claimed amounts.

c. Tax (consolidated)

Judicial deposits refer to lawsuits to which the Company and its subsidiaries are parties, mainly involving the following taxes: IRPJ, COFINS, PIS and ICMS.

11 Transactions with related parties

The main balances of assets and liabilities as of December 31, 2024 and 2023, as well as transactions that affected profit or loss for the year, relating to transactions with related parties arise from transactions between the Company and its subsidiaries in Brazil and Peru, as well as from intercompany loans.

Intercompany loans are restated by reference to the interbank deposit rate disclosed by the Brazilian central securities depository (DI-CETIP).

a. Parent company and ultimate parent

The Company’s key parent company is Gianpega Negócios e Participações S.A., and its ultimate parent is Mr. Pedro Grendene Bartelle.

(In thousands of reais)

b. Transactions with the parent company

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	12/31/2024	12/31/2023
Assets			
Other accounts receivable - related parties (*)	151,117	151,117	255,742
Dividends receivable	94,723	94,723	-

		12/31/2024	12/31/2023
P&L			
Finance income (costs)	-	-	(5,961)

(*) Refers to the capital reduction of the subsidiary Vulcabras CE approved at the Special General Meeting held and recorded on August 1, 2024.

(In thousands of reais)

c. Transactions between subsidiaries

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

Subsidiary Vulcabras CE, Calçados e Artigos Esportivos S.A. carries out purchase and sale transactions and intercompany loans with its subsidiaries to cover temporary cash needs, which incur charges related to the variation of the CDI, broken down as follows:

	Running	**Calzados Azaleia Peru.**	**Vulcabras SP**	**Vulcabras Distribuidora**	**Vulcabras BA**	**12/31/2024**	**12/31/2023**
Assets							
Accounts receivable	14,435	612	546,482	-	2,212	563,741	279,397
Other receivables	19	-	4,244	140	3,518	7,921	93,666
Liabilities							
Accounts payable	-	-	3,407	854	47,360	51,621	24,320
Other payables	-	-	3,522	-	-	3,522	4,818
P&L						**12/31/2024**	**12/31/2023**
Intercompany sales	5,826	2,547	293,950	-	24,431	326,754	251,941
Intercompany purchases	-	-	(5,309)	(1,372)	(22,353)	(29,034)	(33,873)

Balances with related parties are eliminated for purposes of consolidated presentation. The main nature of the transactions refers to purchases and sales of footwear and gear.

(In thousands of reais)

d. Management compensation

At the Annual General Meeting held on April 25, 2024, the annual global management compensation was set at up to R$19,009. In the year ended December 31, 2024, management compensation totaled R$21,559 (R$18,359 as of December 31, 2023).

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

As of December 31, 2024 and 2022, the Company and its subsidiaries, despite recording provisions related to long-term benefits, did not make payments to their key management personnel related to: a) long-term benefits; b) severance pay; and c) share-based compensation. Refer to Note 20.b for details on the stock option plan.

e. Other transactions with related parties

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

	Calzados Azaleia Peru	Vulcabras BA	Vulcabras CE	12/31/2024	12/31/2023
Assets					
Accounts receivable					
Grendene S.A.	-	-	1,184	1,184	1,351
Liabilities					
Accounts payable					
Grendene S.A.	770	-	96	866	1,535
Brisa Indústria de Tecidos Tecnológicos S.A.	-	612	-	612	472
				12/31/2024	**12/31/2023**
P&L					
Sale of inputs	-	-	2,157	2,157	528
Costs of resales	(4,449)	(21,418)	-	(25,867)	(11,195)
Service revenue (a)	-	-	3,443	3,443	3,040
Selling expenses (b)	-	-	(96)	(96)	(38)
Finance income (costs)	(250)	-	-	(250)	107

(a) Licensing agreement of "Azaleia" brand by 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. Agreement entered into for a period of 3 years, which may be renewed for another 3 years. As consideration for the license, Grendene S.A. will make monthly payments of royalties to Vulcabras CE.

(In thousands of reais)

(b) Licensing, production and sale of sports shoes under the “Melissa” brand, owned by Grendene S.A. The agreement grants subsidiaries Vulcabras CE and Vulcabras BA the right to sell in Brazil and, subject to prior approval by Grendene S.A., in any other country, for a 2-year period, which may be renewed upon agreement between the parties. As consideration for the license, Grendene S.A. will receive monthly payments of royalties.

12 Investments

a. Breakdown of balances

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Permanent equity interests, net of losses:				
In subsidiaries	-	-	1,912,935	1,733,010
In associates (a)	57,593	55,954	-	-
Other investments (b)	6,727	6,929	-	-
Total	**64,320**	**62,883**	**1,912,935**	**1,733,010**

(a) Subsidiary Vulcabras BA, Calçados e Artigos Esportivos S.A. holds 50% equity interest as of December 31, 2024 (50% as of December 31, 2023) in the associate PARS Participações Ltda., which in turn holds 100% equity interest as of December 31, 2024 (100% as of December 31, 2023) in Brisa Indústria de Tecidos Tecnológicos S.A. Considering that the Company only has significant influence, this investment is not consolidated in its financial statements, pursuant to CPC 36 (R3) / IFRS 10 - Consolidated Financial Statements.

(b) The Company, through its subsidiaries Vulcabras BA and Vulcabras CE, holds equity interest in Ventos de São Mizael Holding S.A.

(In thousands of reais)

b. Changes in investments

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Opening balances	**62,883**	**75,662**	**1,733,010**	**1,798,458**
Equity pickup	6,139	7,864	549,453	492,883
Exchange differences from translation of foreign operations	-	-	7,252	(2,059)
Acquisition of/increase in investments (Note 12a)	942	813	-	-
Dividends received	(5,644)	(21,456)	(94,723)	-
Capital reduction (a)	-	-	(281,117)	(556,324)
Financial assets at fair value through other comprehensive income	-	-	8	50
Increase (decrease) in equity interest in investee	-	-	(948)	2
Closing balances	**64,320**	**62,883**	**1,912,935**	**1,733,010**

(a) Refers to the capital reduction in subsidiary Vulcabras CE, with resulting amount partially received. The remaining balance receivable is disclosed in Note 11.b.

c. Information on direct equity interests - individual

	Vulcabras CE, Calçados e Artigos Esportivos S.A.		Vulcabras Distribuidora de Artigos Esportivos Ltda.		Vulcabras Empreendimento Imobiliário SPE Ltda.		Total	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Total assets	2,846,518	2,529,621	184,762	393,961	2,094	2,094	-	-
Total liabilities	936,023	799,559	23,481	328,342	-	-	-	-
Capital	235,000	516,118	60,018	10,018	2,094	2,094	-	-
Net revenue	1,674,951	1,560,156	53,760	563,373	-	-	-	-
P&L for the year	549,015	492,837	45,662	46,583	-	-	-	-
Number of shares or units of interest held (in thousands)	537,467	537,467	131	131	2,094	2,094	-	-
Equity	1,910,495	1,730,062	161,281	65,619	2,094	2,094	-	-
Equity interest at year end - %	99.99%	99.99%	0.22%	1.31%	100%	100%	-	-
Investments	1,910,488	1,730,055	353	861	2,094	2,094	1,912,935	1,733,010
Equity pickup	549,013	492,835	440	48	-	-	549,453	492,883

d. Information on indirect equity interests

As of December 31, 2024 and 2023, the Company holds indirect interest in the companies below, through its subsidiary Vulcabras CE, Calçados e Artigos Esportivos S.A.:

(In thousands of reais)

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

12/31/2024	**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	184,762	702,987	719,120	6,259	541	59,759	115,186
Total liabilities	23,481	870,493	196,466	19,972	13,760	20,670	1
Capital	60,018	402,995	255,403	3,621	26,207	1,072	36,116
Equity	161,281	(167,506)	522,654	(13,713)	(13,219)	39,089	115,185
Net revenue	53,760	736,341	865,512	11,836	-	58,339	-
P&L for the year	45,662	(65,041)	207,715	(3,641)	(2)	(1,297)	12,278
Equity interests	99.78%	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 Participaçõe s 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
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	-
P&L for the year	46,583	(80,815)	188,623	(8,063)	-	(1,615)	15,728
Equity interests	98.69%	100.00%	99.99%	100.00%	100.00%	99.11%	50.00%

(*) Indirect interests

(In thousands of reais)

13 Property, plant and equipment

a. Breakdown

		Consolidated					
		12/31/2024			12/31/2023		
At December 31, 2024	**Average depreciation rate - % p.a.**	**Cost**	**Depreciation**	**Net**	**Cost**	**Depreciation**	**Net**
Buildings	2 to 4	190,330	(104,656)	85,674	165,398	(98,656)	66,742
Machinery and equipment	10	540,575	(314,417)	226,158	480,239	(295,757)	184,482
Molds	100	330,825	(302,900)	27,925	298,266	(278,301)	19,965
Furniture and fixtures	10 to 20	56,050	(31,698)	24,352	47,870	(28,215)	19,655
Vehicles	20	2,597	(2,158)	439	2,436	(2,049)	387
IT equipment	20 to 25	44,542	(33,879)	10,663	41,935	(30,590)	11,345
Land	-	3,730	-	3,730	3,730	-	3,730
Construction in progress	-	20,594	-	20,594	19,055	-	19,055
Facilities	10	184,492	(106,116)	78,376	172,062	(93,304)	78,758
Leasehold improvements	10 to 20	4,985	(3,496)	1,489	4,985	(2,536)	2,449
Imports in progress	-	36,780	-	36,780	16,082	-	16,082
Improvements in leased property	20	309	-	309	1,671	(1,671)	-
Other	10 to 20	26	(26)	-	26	(26)	-
		1,415,835	**(899,346)**	**516,489**	**1,253,755**	**(831,105)**	**422,650**

(In thousands of reais)

b. Changes in cost

	Consolidated										
	01/01/2023	12/31/2023					12/31/2024				
At December 31, 2024	**Opening balance**	**Additions**	**Write-offs**	**Transfers**	**Translation adjustment**	**Closing balance**	**Additions**	**Write-offs**	**Transfers**	**Translation adjustment**	**Closing balance**
Buildings	156,354	120	(1,967)	11,578	(687)	165,398	438	(463)	22,673	2,284	190,330
Machinery and equipment	437,061	25,483	(11,116)	28,811	-	480,239	30,412	(12,462)	42,386	-	540,575
Molds	288,976	41,391	(32,924)	823	-	298,266	49,290	(16,731)	-	-	330,825
Furniture and fixtures	43,272	5,215	(126)	-	(491)	47,870	9,881	(3,497)	-	1,796	56,050
Vehicles	2,393	91	(8)	-	(40)	2,436	152	(131)	-	140	2,597
IT equipment	38,882	3,526	(111)	-	(362)	41,935	3,408	(2,148)	-	1,347	44,542
Land	3,730	-	-	-	-	3,730	-	-	-	-	3,730
Molds in progress	823	-	-	(823)	-	-	-	-	-	-	-
Construction in progress	3,180	27,473	(18)	(11,578)	(2)	19,055	26,647	(2,483)	(22,673)	48	20,594
Facilities	157,697	14,426	(61)	-	-	172,062	12,550	(120)	-	-	184,492
Leasehold improvements	4,606	378	-	-	1	4,985	-	-	-	-	4,985
Imports in progress	25,763	19,267	(138)	(28,811)	1	16,082	63,084	-	(42,386)	-	36,780
Improvements in leased property	1,671	-	-	-	-	1,671	309	(1,671)	-	-	309
Other	26	-	-	-	-	26	-	-	-	-	26
	1,164,434	**137,370**	**(46,469)**	**-**	**(1,580)**	**1,253,755**	**196,171**	**(39,706)**	**-**	**5,615**	**1,415,835**

(In thousands of reais)

c. Changes in depreciation

	Consolidated								
	01/01/2023	12/31/2023				12/31/2024			
At December 31, 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)	(5,263)	-	(737)	(104,656)
Machinery and equipment	(280,468)	(25,233)	9,945	(1)	(295,757)	(29,063)	10,403	-	(314,417)
Molds	(269,910)	(36,698)	28,307	-	(278,301)	(37,351)	12,752	-	(302,900)
Furniture and fixtures	(25,863)	(2,700)	25	323	(28,215)	(3,089)	892	(1,286)	(31,698)
Vehicles	(1,940)	(134)	-	25	(2,049)	(137)	130	(102)	(2,158)
IT equipment	(27,474)	(3,415)	50	249	(30,590)	(3,386)	1,068	(971)	(33,879)
Facilities	(81,615)	(11,713)	24	-	(93,304)	(12,878)	66	-	(106,116)
Leasehold improvements	(1,549)	(987)	-	-	(2,536)	(960)	-	-	(3,496)
Improvements in leased property	(1,671)	-	-	-	(1,671)	-	1,671	-	-
Other	(25)	(1)	-	-	(26)	-	-	-	(26)
	(785,403)	**(85,265)**	**38,764**	**799**	**(831,105)**	**(92,127)**	**26,982**	**(3,096)**	**(899,346)**

Interest on loans and financing was not capitalized in the cost of construction in progress, given that the main contracts are related to the acquisition of machinery and equipment put into immediate operation.

The Company and its subsidiaries review the useful lives of property, plant and equipment items on an annual basis. The Company and its subsidiaries adopt the policy of maintaining key property, plant and equipment items until the end of their useful lives.

The Company identified no indication of impairment loss on its property, plant and equipment.

(In thousands of reais)

14 Intangible assets

a. Breakdown

		Consolidated					
		12/31/2024			12/31/2023		
At December 31, 2024	**Useful life**	**Cost**	**Amortization**	**Net**	**Cost**	**Amortization**	**Net**
Finite useful life							
Software	5 years	52,555	(41,646)	10,909	45,254	(38,944)	6,310
Assignment of rights	Contractual term	218	(141)	77	162	(102)	60
Indefinite 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
		254,519	**(41,787)**	**212,732**	**247,162**	**(39,046)**	**208,116**

Amortization of intangible assets is recorded against P&L, in the cost of sales (industrial software) and selling expenses (assignment of rights) group.

(In thousands of reais)

b. Changes in cost

				Consolidated			
At December 31, 2024	**Useful life**	**Amortization method**	**Balance at 01/01/2024**	**Additions**	**Write-offs**	**Translation adjustment**	**Balance at 12/31/2024**
Finite useful life							
Software	5 years	Straight line	45,254	7,129	(422)	594	52,555
Assignment of rights	Contractual term	Straight line	162	27	-	29	218
Indefinite useful life							
Trademarks and patents			2,068	-	-	-	2,068
Goodwill			1,464	-	-	-	1,464
Goodwill			198,214	-	-	-	198,214
Total			**247,162**	**7,156**	**(422)**	**623**	**254,519**

				Consolidated			
At December 31, 2023	**Useful life**	**Amortization method**	**Balance at 01/01/2023**	**Additions**	**Write-offs**	**Translation adjustment**	**Balance at 12/31/2023**
Finite useful life							
Software	5 years	Straight line	43,899	1,695	(180)	(160)	45,254
Assignment of rights	Contractual term	Straight line	533	-	(329)	(42)	162
Indefinite 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				
At December 31, 2024	**Useful life**	**Amortization method**	**Balance at 01/01/2024**	**Additions**	**Write-offs**	**Translation adjustment**	**Balance at 12/31/2024**
Finite useful life							
Software	5 years	Straight line	(38,944)	(2,826)	378	(254)	(41,646)
Assignment of rights	Contractual term	Straight line	(102)	(27)	-	(12)	(141)
Total			**(39,046)**	**(2,853)**	**378**	**(266)**	**(41,787)**

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

d. Goodwill from business combination

The goodwill balances determined in the acquisition of equity interests, presented in subsidiary Vulcabras CE, Calçados e Artigos Esportivos S.A., are supported by reports issued by independent experts, are based on the expected future profitability of the operations acquired in 2009, are not amortized as they refer to assets with an indefinite useful life, pursuant to CVM Resolution No. 553/08 and CPC 01 (R1), and are subject to annual impairment testing, as per Note 15.

15 Impairment testing of nonfinancial assets

a. Tangible and intangible assets with finite useful lives

Management annually tests the net carrying amount of tangible and intangible assets with finite useful lives to determine whether there are any events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment.

For the year ended December 31, 2024, an impairment test was carried out on intangible assets with finite useful lives through calculation based on value in use based on cash projections from financial budgets approved by senior management.

There was no indication of impairment loss as of December 31, 2024.

b. Goodwill

The goodwill calculated on the acquisition of equity interests is based on expected profitability of the acquired operations and amounts to R$198,214 as of December 31, 2024 (R$198,214 as of December 31, 2023).

The Company annually tests the recoverable amount of its intangible assets with an indefinite useful life, which consists mainly of goodwill for expected profits arising from business combinations, using the concept of value in use, through discounted cash flow models.

Goodwill arising from acquisition of the investment is tested annually for impairment at the cash-generating unit level.

c. Main assumptions used in impairment testing 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 determine it as the exclusive cash generator due to the acquisition of Azaleia, given that since the acquisition, the operations of the two companies merged and it became impossible to distinguish which revenues were generated from the exclusive assets acquired in the acquisition of Azaleia. Therefore, the Company and its subsidiaries are considered a single cash-generating unit.

Future cash flows were discounted based on the rate corresponding to the cost of capital. Consistently with the economic valuation techniques, assessment of the value in use is made over a five-year period and, thereafter, considering the perpetuity of the assumptions in view of the ability to continue as a going concern for an indefinite period of time.

To discount future cash flows, the rate of 15.21% p.a. was used as of December 31, 2024 (11.33% p.a. as of December 31, 2023).

The following assumptions were used in the value in use estimation:

Revenues
Volume and sales price were projected on a real basis (without inflation) based on the Company's estimates and result in a compound annual growth rate (CAGR) of 7.98% p.a. as of December 31, 2024 (6.53% p.a. as of December 31, 2023) between 2025 and 2029.

Cost
The cost of sales was projected based on the Companies' estimates.

After defining the sales projection, the distribution of the production need was defined according to the installed capacity and the level of efficiency to be obtained.

Other overheads costs were based on budgeted expenses and approved by senior management for the indirect cost centers.

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

Administrative and general selling expenses were based on budgeted expenses and approved by senior management for the cost centers.

Net income and free cash generation
Net income resulting from the application of the assumptions above grows at a compound growth rate (CAGR) of 12.16% p.a. (9.05% p.a. as of December 31, 2023) between 2025 and 2029.

Free cash generation is then calculated using investment projections and changes in working capital. For perpetuity, the growth rate used is zero.

The value in use was approximately R$5.1 billion as of December 31, 2024 (R$5.7 billion as of December 31, 2023), therefore significantly higher than the carrying amount of tangible and intangible assets.

(In thousands of reais)

16 Trade accounts payable

a. Breakdown

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Trade accounts payable				
Domestic	59,274	62,673	252	2,631
Foreign	35,676	21,106	-	-
	94,950	**83,779**	**252**	**2,631**

b. By maturity

	Consolidated	
	12/31/2024	**12/31/2023**
Falling due		
1 to 30 days	70,503	64,804
31 to 60 days	21,241	15,100
61 to 90 days	2,747	2,554
More than 90 days	459	1,288
	94,950	**83,746**
Past due		
1 to 30 days	-	30
More than 90 days	-	3
	-	**33**
	94,950	**83,779**

Given the characteristics of the products and the supply chain of the Company and its subsidiaries, with a wide range of raw materials, supplies and suppliers, there is no concentration in the supplier portfolio.

In compliance with CVM Resolution No. 564 of December 17, 2008, which approved CPC 12, the Company and its subsidiaries carried out studies to calculate the present value adjustments of their current liabilities. Considering the days payable outstanding of these liabilities of approximately 39 days as of December 31, 2024 (39 days as of December 31, 2023), the effects of present value adjustments were deemed immaterial and, therefore, were not accounted for in profit or loss, such as with current and noncurrent assets.

(In thousands of reais)

17 Loans and financing

a. Breakdown

			Consolidated	
	Interest rate 2024	**Interest rate 2023**	**12/31/2024**	**12/31/2023**
Domestic currency				
PPE	IPCA + 2.04% to 4.98% p.a./Fixed rate 10.22% p.a.	IPCA + 2.04% to 4.98% p.a./Fixed rate 10.22% p.a.	51,244	68,562
Tax incentive	TJLP	TJLP	5,128	4,189
Working capital	CDI + 0.60% to 1.80% p.a./Fixed rate 12.61% p.a.	CDI + 0.60% to 1.80% p.a./ TLP +1.90% p.a./Fixed rate 12.61% p.a.	277,813	363,475
			334,185	**436,226**
Foreign currency				
Working capital	Fixed rate 9.60% p.a.	Fixed rate 9.75% to 9.90% p.a.	2,667	1,524
			2,667	**1,524**
Total loans and financing			**336,852**	**437,750**
Current			**200,209**	**234,497**
Noncurrent			**136,643**	**203,253**

As of December 31, 2024 and 2023, the installments related to the loans and financing balances matured as follows:

	12/31/2024		12/31/2023	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	**200,209**	**59%**	**234,497**	**53%**
2024	-	-	234,497	53%
2025	200,209	60%	169,187	39%
2026	45,115	14%	15,062	3%
2027	77,227	23%	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	-	651	1%
Noncurrent	**136,643**	**41%**	**203,253**	**46%**
Total	**336,852**	**100%**	**437,750**	**100%**

(In thousands of reais)

b. Sureties and guarantees

Collaterals for financing include promissory notes, long-term financial investments, personal guarantee and endorsement of the parent company, mortgage of the Horizonte-CE and Itapetinga-BA plants, and disposal of machinery and equipment acquired with the financing.

c. Covenants

Certain financing agreements include provisions that require that the Company present, through documentary and physical evidence, the acquisition of PPE and objectives sought in Research and Development (R&D) activities. These provisions are monitored and had been fully complied with within the terms defined in the contracts. There are no covenants for working capital loans.

d. Reconciliation of changes in equity to cash flows from financing activities

	Liabilities						
	Loans and financing	**Lease liabilities**	**Dividends and profits payable**	**Share premium**	**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 flows from financing activities							
Borrowings - principal	199,863	-	-	-	-	-	199,863
Payment of lease liabilities	-	(11,461)	-	-	-	-	(11,461)
Capital increase	-	-	-	-	-	10,441	10,441
Capital increase with share premium	-	-	-	325,000	-	176,350	501,350
Share issue costs	-	-	-	-	-	(21,592)	(21,592)
Dividends paid out	-	-	(783,020)	-	-	-	(783,020)
Acquisition of treasury shares	-	-	-	-	(35,392)		(35,392)
Repayment of borrowings - principal	(294,622)	-	-	-	-	-	(294,622)
Total changes in cash flows from financing activities	**(94,759)**	**(11,461)**	**(783,020)**	**325,000**	**(35,392)**	**165,199**	**(434,433)**
Other changes related to liabilities							
Interest paid	(50,567)	(2,136)	-	-	-	-	(52,703)
Distribution of interim dividends	-	-	783,121	-	-	-	783,121
Distribution of special dividends	-	-	136,025	-	-	-	136,025
Additions related to Proade (non-cash effect)	1,806	-	-	-	-	-	1,806
Additions/adjustments of contracts	-	33,108	-	-	-	-	33,108
Accrued interest	-	1,841	-	-	-	-	1,841
Write-off of lease	-	(6,359)	-	-	-	-	(6,359)
Finance charges posted to profit or loss	42,622	-	-	-	-	-	42,622
Total other changes related to liabilities	**(6,139)**	**26,454**	**919,146**	**-**	**-**	**-**	**939,461**
Balance as of December 31, 2024	**336,852**	**30,288**	**136,141**	**325,000**	**(45,410)**	**1,273,553**	**2,056,424**

(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 flows from financing activities						
Borrowings - principal	333,995	-	-	-	-	333,995
Payment of lease liabilities	-	(12,407)	-	-	-	(12,407)
Capital increase	-	-	-	-	1,637	1,637
Share issue costs	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	(3,899)	-	(3,899)
Dividends paid out	-	-	(229,110)	-	-	(229,110)
Repayment of borrowings - principal	(312,490)	-	-	-	-	(312,490)
Total changes in cash flows from financing activities	**21,505**	**(12,407)**	**(229,110)**	**(3,899)**	**1,637**	**(222,274)**
Other changes related to liabilities						
Interest paid	(51,879)	(1,934)	-	-	-	(53,813)
Distribution of interim dividends	-	-	208,391	-	-	208,391
Additions related to Proade (non-cash effect)	1,602	-	-	-	-	1,602
Additions/adjustments of contracts	-	5,247	-	-	-	5,247
Accrued interest	-	4,202	-	-	-	4,202
Write-off of lease	-	(381)	-	-	-	(381)
Finance charges posted to profit or loss	49,474	-	-	-	-	49,474
Total other changes related to liabilities	**(803)**	**7,134**	**208,391**	**-**	**-**	**214,722**
Balance as of December 31, 2023	**437,750**	**15,295**	**15**	**(10,018)**	**1,108,354**	**1,551,396**

18 Right of use and lease liability

a. Operating leases

The Company's subsidiaries only lease commercial properties.

These leases typically have a term of five years, with an option to renew the lease after that period. The amounts are adjusted annually to reflect the amount adopted in the market. Certain commercial leases provide for additional rent payments that are based on the property's monthly billing.

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

	Consolidated	
	12/31/2024	**12/31/2023**
Right of use		
Opening balance	**12,903**	**18,119**
Additions / adjustments	30,275	6,033
Write-offs	(5,900)	(381)
Amortization	(11,296)	(10,868)
Closing balance	**25,982**	**12,903**

(In thousands of reais)

	Consolidated	
	12/31/2024	**12/31/2023**
Lease liabilities		
Opening balance	**15,295**	**20,568**
Additions / adjustments	33,108	5,247
Accrued interest	1,841	4,202
Write-offs	(6,359)	(381)
Payment of principal	(11,461)	(12,407)
Interest paid	(2,136)	(1,934)
Closing balance	**30,288**	**15,295**
Current	**7,855**	**8,433**
Noncurrent	**22,433**	**6,862**

Noncurrent installment payment schedule

	12/31/2024		12/31/2023	
Maturity	**Amount**	**%**	**Amount**	**%**
2025	-	-	5,332	78%
2026	5,928	27%	1,059	15%
2027	4,265	19%	471	7%
2028	3,888	17%	-	-
2029	4,522	20%	-	-
2030	3,830	17%	-	-
Total	**22,433**	**100%**	**6,862**	**100%**

Extension options

Certain lease agreements contain extension options exercisable by the Company's subsidiaries up to one year before the end of the non-cancelable agreement period. Whenever possible, the Company's subsidiaries seek to include extension options in new leases to provide operational flexibility.

19 Provisions

The Company and subsidiaries are parties (defendants) to legal and administrative proceedings at certain courts and government agencies arising from the ordinary course of business, involving tax, labor and civil matters, among other issues.

(In thousands of reais)

Based on information from legal advisors, management follows the criteria for recognizing provisions established by CVM Resolution No. 489/05 and CPC 25/IAS 37, which determine that a provision must be recognized when: (i) the entity has a present obligation arising from a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation; and (iii) a reliable estimate can be made of the amount of the obligation. If any of these conditions are not met, a provision should not be set up, and the disclosure of a contingent liability may possibly be required.

Upon analysis of pending lawsuits, based on experience regarding the amounts claimed, provisions were set up in amounts considered sufficient to cover estimated losses on ongoing lawsuits, with classification as current and noncurrent, as follows:

a. Breakdown of balances

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Provision for legal and administrative proceedings:				
Civil	18,304	18,343	22	161
Labor	35,118	36,746	650	400
Tax	613	797	42	220
Total	**54,035**	**55,886**	**714**	**781**
Current	**2,792**	**2,739**	**71**	**382**
Noncurrent	**51,243**	**53,147**	**643**	**399**

b. Labor claims (consolidated)

The labor suits refer mostly to claims for overtime, equal pay, health exposure pay, hazard pay, and occupational disease. The effect of the provision for losses on labor claims is recorded as a contra entry to profit or loss, under Other expenses.

c. Civil suits (consolidated)

These refer substantially to compensation in general, including pain and suffering and material damages. The effect of the provision for losses on civil suits is recorded as a contra entry to profit or loss, under Other expenses. The effects of the provision for compensation are recorded as a contra entry to profit or loss, under Selling expenses.

d. Tax suits (consolidated)

These refer to lawsuits to which the Company and its subsidiaries are parties, mainly involving the following taxes: IRPJ, COFINS, PIS and ICMS. The effect of the provision for losses on tax suits is recorded as a contra entry to profit or loss, under Other expenses.

(In thousands of reais)

e. Changes in proceedings

	Consolidated										
	01/01/2023	12/31/2023					12/31/2024				
At December 31, 2024	**Opening balance**	**Additions**	**Reversals**	**Payments**	**Adjustment for net presentation (*)**	**Closing balance**	**Additions**	**Reversals**	**Payments**	**Adjustment for net presentation (*)**	**Closing balance**
Nature											
Civil	18,385	468	(425)	(85)	-	18,343	149	(27)	(161)	-	18,304
Labor	37,550	20,410	(14,586)	(9,591)	2,963	36,746	13,724	(9,691)	(6,887)	1,226	35,118
Tax	1,441	5,054	(1,371)	(3,197)	(1,130)	797	21,901	(1)	(1,094)	(20,990)	613
Total	**57,376**	**25,932**	**(16,382)**	**(12,873)**	**1,833**	**55,886**	**35,774**	**(9,719)**	**(8,142)**	**(19,764)**	**54,035**

	Individual								
	01/01/2023	12/31/2023				12/31/2024			
At December 31, 2024	**Opening balance**	**Additions**	**Reversals**	**Payments**	**Closing balance**	**Additions**	**Reversals**	**Payments**	**Closing balance**
Nature									
Civil	49	161	(1)	(48)	161	26	(5)	(160)	22
Labor	596	12	(15)	(193)	400	434	(68)	(116)	650
Tax	343	641	(125)	(639)	220	131	(1)	(308)	42
Total	**988**	**814**	**(141)**	**(880)**	**781**	**591**	**(74)**	**(584)**	**714**

(*) The net presentation amounts refer only to reclassifications between judicial deposits and provisions for contingencies, in compliance with item 35 of CPC 26 (IAS 1). Accordingly, these 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 issues listed below will not have a material adverse effect on its financial condition.

The breakdown of the amounts under discussion at different court levels for which the likelihood of loss is considered possible as of December 31, 2024 and 2023 is as follows:

	Consolidated	
Contingencies	**12/31/2024**	**12/31/2023**
Civil	2,517	1,671
Labor	35,524	35,896
Tax	46,415	38,733
Total	**84,456**	**76,300**

Contingent assets

The subsidiary Vulcabras BA is plaintiff in a proceeding claiming recognition of the exclusion of ICMS related to sales of goods from the PIS and COFINS tax bases, which, in management's opinion, is significant to the business. At this point, it is not possible to guarantee when or if the estimated amount will be effectively realized. Consequently, the subsidiary assessed the status of the lawsuit and concluded that, as of December 31, 2024, the requirements of CPC 25/IAS 37 for recognition of the credit had not been met, therefore no amount was recorded.

20 Equity (individual)

a. Capital

At the Board of Directors' meeting held on January 28, 2024, the public offering of shares was approved, and the Company's capital increased by R$176,350 through the issuance of 27,100,000 new common shares, all registered, book-entry and without par value, with a premium of R$325,000, as described in item "b.ii" of this note. The share issue cost was R$21,592, reflecting a net effect of R$154,758.

On March 19, 2024, the Board of Directors approved a capital increase within the authorized capital limit due to the exercise of the Company's stock option, within the Stock option plan approved in 2020 and 2021, in the amount of R$10,441, through the issue of 1,640,000 new registered book-entry no-par-value common shares.

As of December 31, 2024, capital totals R$1,273,553 (R$1,108,354 as of December 31, 2023), represented by 274,656,244 (245,916,244 as of December 31, 2023) registered no-par-value common shares.

(In thousands of reais)

Changes in net capital:

Net capital at 12/31/2023	**1,108,354**
Issue of shares	176,350
Share issue costs	(21,592)
Stock options granted	10,441
Net capital at 12/31/2024	**1,273,553**

The Company, upon resolution of its Board of Directors, is authorized to increase capital, regardless of statutory amendment, up to the limit of R$2,000,000.

b. Capital reserve

(i) Stock options

General conditions
As at December 31, 2024, the Company has three (3) Stock Option Plans in force.

Stock option plan approved in 2022

Plan approval
On May 3, 2022, the Board of Directors approved the 5th stock option grant within the scope of the Stock Option Plan. The options granted on this date totaled 980,000 (nine hundred and eighty thousand), with a unit strike price of R$8.89 (eight reais and eighty-nine cents), distributed among the elected beneficiaries. To satisfy the exercise of options granted, the Company may issue new shares, within the authorized capital limit, excluding the preemptive right of the Company's current shareholders, as permitted by article 171, paragraph 3, of Law No. 6404 of December 15, 1976.

Plan characteristics

5th stock option plan - 2022	**5th grant**
Grant date	05/03/2022
Number of options granted	980,000(3)
Vesting period	3 years
Deadline for exercise	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 cents), restated by the variation of the Extended National Consumer Price Index (IPCA) from the date of grant to the date of effective exercise of the Option.

(2) The initial number of participants upon approval of the plan was twenty-three (23) executives, but with the withdrawal of four of these beneficiaries, the current number of participants entitled to exercise the purchase of options is nineteen (19).

(3) The initial number of options granted upon approval of the plan was 980,000 (nine hundred and eighty thousand), but with the withdrawal of beneficiaries during the period, the current number of options that can be exercised is 880,000 (eight hundred and eighty thousand).

(In thousands of reais)

Beneficiaries
Directors (whether statutory or not), division managers and employees of Vulcabras S.A. and companies under its direct or indirect control (subsidiaries) may be elected as beneficiaries of stock option grants, including in relation to new hires, all of whom are subject to approval by the Company's Board of Directors.

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

Stock option plan approved in 2023

Plan approval
On May 2, 2023, the Board of Directors approved the 6th stock option grant within the scope of the Stock Option Plan. The options granted on that date totaled 1,625,000 (one million, six hundred and twenty-five thousand), with a unit strike price of R$11.40 (eleven reais and forty cents), distributed among the elected beneficiaries. To satisfy the exercise of options granted, the Company may issue new shares, within the authorized capital limit, excluding the preemptive right of the Company's current shareholders, as permitted by article 171, paragraph 3, of Law No. 6404 of December 15, 1976.

Plan characteristics

6th stock option plan - 2023	**6th grant**
Grant date	05/02/2023
Number of options granted	1,625,000 (3)
Vesting period	3 years
Deadline for exercise	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 cents), restated by the variation of the Extended National Consumer Price Index (IPCA) from the date of grant to the date of effective exercise of the Option.

(2) The initial number of participants upon approval of the plan was twenty-three (23) executives, but with the withdrawal of three of these beneficiaries, the current number of participants entitled to exercise the purchase of options is twenty (20).

(3) The initial number of options granted upon approval of the plan was 1,625,000 (one million, six hundred and twenty-five thousand), but with the withdrawal of beneficiaries during the period, the current number of options that can be exercised is 1,540,000 (one million, five hundred and forty-five thousand).

(In thousands of reais)

Beneficiaries
Directors (whether statutory or not), division managers and employees of Vulcabras S.A. and companies under its direct or indirect control (subsidiaries) may be elected as beneficiaries of stock option grants, including in relation to new hires, all of whom are subject to approval by the Company's Board of Directors.

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

Stock option plan approved in 2024

Plan approval
On May 7, 2024, the Board of Directors approved the 7th stock option grant within the scope of the Stock Option Plan. The options granted on that date totaled 1,615,000 (one million, six hundred and fifteen thousand), with a unit strike price of R$18.50 (eighteen reais and fifty cents), distributed among the elected beneficiaries. To satisfy the exercise of options granted, the Company may issue new shares, within the authorized capital limit, excluding the preemptive right of the Company's current shareholders, as permitted by article 171, paragraph 3, of Law No. 6404 of December 15, 1976.

Plan characteristics

7th stock option plan - 2024	**7th grant**
Grant date	05/07/2024
Number of options granted	1,615,000(3)
Vesting period	3 years
Deadline for exercise	03/31/2027
Maximum period for exercise	03/31/2028
Strike price	R$ 18.50 (1)
Beneficiaries (employees)	24(2)

(1) The strike price is set at R$18.50 (eighteen reais and fifty cents), restated by the variation of the Extended National Consumer Price Index (IPCA) from the date of grant to the date of effective exercise of the Option.

(2) The initial number of participants upon approval of the plan was twenty-four (24) executives, but with the withdrawal of two of these beneficiaries, the current number of participants entitled to exercise the options is twenty-two (22).

(3) The initial number of options granted upon approval of the plan was 1,615,000 (one million, six hundred and fifteen thousand), but with the withdrawal of beneficiaries during the period, the current number of options that can be exercised is 1,570,000 (one million, five hundred and seventy thousand).

(In thousands of reais)

Beneficiaries
Directors (whether statutory or not), division managers and employees of Vulcabras S.A. and companies under its direct or indirect control (subsidiaries) may be elected as beneficiaries of stock option grants, including in relation to new hires, all of whom are subject to approval by the Company's Board of Directors.

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

Stock option plan expenses
The amortization amounts recorded as expenses in profit or loss, against the Company's equity, from the grant date until December 31, 2024, are presented below (in reais):

Plan	Strike price	Grant date	Accumulated expense 12/31/2024 – R$	Accumulated expense 12/31/2023 – R$
Plan – 2020 (a)	R$ 8.57	08/10/2020	-	1,665
Plan – 2021 (a)	R$ 8.06	05/11/2021	-	1,539
Plan - 2022	R$ 8.89	05/03/2022	2,347	1,484
Plan - 2023	R$ 11.40	05/02/2023	3,684	1,228
Plan - 2024	R$ 18.50	05/07/2024	2,080	-
Total			**8,111**	**5,916**

(a) The expenses accumulated up to March 31, 2024 relating to the 2020 and 2021 plans, in the amounts of R$1,665 and R$1,681, respectively, were reversed throughout 2024 as a result of the expiration of the maximum period for exercising the option.

(ii) Share premium
At the Board of Directors' meeting held on January 28, 2024, the public offering of shares was approved; as a result of this resolution, R$325,000 was allocated to the formation of capital reserve in a share premium account.

(iii) Treasury shares
On October 31, 2023, the Board of Directors approved the new buyback program for shares issued by the Company, with no par value. The purpose of the share buyback program is to (i) generate value for shareholders through the efficient management of the Company's capital structure; (ii) maximize the generation of value for shareholders, when management understands that the current market value of the Company's shares is far below the real value of its assets in terms of its perspective of profitability and generation of results; (iii) honor the commitments assumed by the Company under share-based payment programs; (iv) use the Company's shares to settle a portion of the price in corporate transactions; (v) maintain them in treasury; or (vi) dispose of them publicly or privately, according to the applicable regulations. The maximum number of shares to be acquired by the Company will be up to ten million (10,000,000) common shares. The share buyback program is scheduled to close on March 31, 2025.

(In thousands of reais)

Changes in treasury shares are as follows:

	Individual		
	Number	**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	2,340,800	35,392	15.1200
Balance at 12/31/2024	**3,107,044**	**45,410**	**14.6148**

c. Revaluation reserve

This reserve is set up as a result of revaluation of property, plant and equipment of the subsidiaries, based on valuation report prepared by independent appraisers. Corresponding income and social contribution taxes are classified as noncurrent liabilities. The revaluation reserve balance as of December 31, 2024 totals R$3,866 (R$4,020 as of December 31, 2023).

The revaluation reserve is realized through the depreciation or write-off of the revalued assets against retained earnings (accumulated losses), net of taxes. As amended and permitted by Law No. 11638/07, management decided to maintain the revaluation reserves until their full realization.

d. Equity adjustments

This account includes: (i) accumulated net changes of financial assets at fair value through other comprehensive income until the investments are derecognized or undergo impairment loss; and (ii) cumulative translation adjustments include all foreign currency differences arising from the translation of the financial statements of foreign operations. As of December 31, 2024, equity adjustments totaled R$31,225 (R$23,965 as of December 31, 2023).

e. Income reserve

(i) Legal reserve

The legal reserve allocated as of December 31, 2024 was R$28,494, based on 5% of net income for the year, totaling the balance of R$92,425 (R$63,931 as of December 31, 2023).

(ii) Statutory reserve

The statutory reserve for new investments was established pursuant to article 35 of the Company's Articles of Incorporation and article 194 of the Brazilian Corporation Law. The balance as of December 31, 2024 amounts to R$421,206 (R$798,819 at December 31, 2023).

(In thousands of reais)

f. Dividends

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

On February 8, 2024, dividends were paid out in the amount of R$245,150, as approved by the Board of Directors on January 22, 2024.

On March 25, 2024, dividends were paid out in the amount of R$204,187, as approved by the Board of Directors on March 7, 2024.

On April 17, 2024, dividends were paid out in the amount of R$122,575, as approved by the Board of Directors on January 22, 2024.

On May 29, 2024, dividends were paid out in the amount of R$41,084, as approved by the Board of Directors on May 7, 2024.

On August 23, 2024, dividends were paid out in the amount of R$34,025, as approved by the Board of Directors on August 6, 2024.

On September 2, 2024, dividends were paid out in the amount of R$34,025, as approved by the Board of Directors on August 6, 2024.

On October 1, 2024, dividends were paid out in the amount of R$34,025, as approved by the Board of Directors on August 6, 2024.

On November 1, 2024, dividends were paid out in the amount of R$34,006, as approved by the Board of Directors on August 6, 2024.

On December 2, 2024, dividends were paid out in the amount of R$33,980, as approved by the Board of Directors on August 6, 2024.

The mandatory minimum dividends are shown below:

	12/31/2024	**12/31/2023**
Net income for the year	569,873	494,892
(-) Legal reserve - 5%	(28,494)	(24,744)
(+) Realization of revaluation reserve	154	155
Tax base	541,533	470,303
Mandatory minimum dividend - 25%	135,383	117,576
Additional dividends	783,763	90,815
Balance available for distribution referring to 2024	919,146	208,391

In the year ended December 31, 2024, the Company declared dividends in the amount of R$919,146 (R$208,391 as of December 31, 2023) to be paid using the balance of the statutory income reserves, which will be deducted from the mandatory minimum dividends for the current year. As of December 31, 2024, the balance of dividends payable related to those amounts is R$136,141 (R$15 as of December 31, 2023).

(In thousands of reais)

21 Net sales revenue

	Consolidated	
	12/31/2024	**12/31/2023**
Gross operating revenue		
Sale and resale of products		
Domestic market	3,424,779	3,094,911
Foreign market	136,818	168,111
Services rendered	5,081	4,718
	3,566,678	**3,267,740**
Deductions		
Sales and service taxes	(778,924)	(652,139)
Tax incentives - ICMS	372,516	305,990
Returns and rebates	(111,692)	(103,912)
	(518,100)	**(450,061)**
Net operating revenue	**3,048,578**	**2,817,679**

22 Cost of sales and resales

	Consolidated	
	12/31/2024	**12/31/2023**
Cost of sales		
Raw materials	(550,003)	(626,740)
Labor	(334,296)	(315,187)
Overhead	(274,860)	(254,980)
Resales	(611,028)	(444,738)
Total cost of sales and resales	**(1,770,187)**	**(1,641,645)**

23 Selling expenses

	Consolidated	
	12/31/2024	**12/31/2023**
Commissions	(135,134)	(114,255)
Freight	(125,180)	(109,192)
Advertising	(143,534)	(126,995)
Advertising - Personnel expenses	(6,417)	(5,898)
Advertising – Other expenses	(4,246)	(4,137)
Royalties	(53,779)	(52,865)
Personnel expenses	(63,119)	(55,390)
Other expenses	(21,003)	(17,583)
	(552,412)	**(486,315)**
Impairment loss	(5,577)	297
Total selling expenses	**(557,989)**	**(486,018)**

(In thousands of reais)

24 Administrative expenses

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Personnel expenses	(82,810)	(70,048)	(3,592)	(2,497)
Third-party services	(33,285)	(27,846)	(2,454)	(2,421)
Rent	(6,282)	(4,652)	(10)	(4)
Travel and lodging	(1,449)	(1,258)	-	-
Security	(2,365)	(1,670)	-	(220)
Litigation and taxes	(2,368)	(1,836)	(540)	(488)
IT and telecommunications	(17,787)	(18,758)	(110)	(82)
Electricity, water and sewage	(960)	(989)	(21)	(30)
Maintenance, cleaning and environment	(4,113)	(3,799)	-	(4)
Depreciation and amortization	(17,311)	(16,823)	-	-
Other	(9,053)	(7,573)	(1,776)	(1,585)
Total administrative expenses	**(177,783)**	**(155,252)**	**(8,503)**	**(7,331)**

25 Other operating income (expenses), net

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Other operating income				
Lease income	7,871	7,405	7,673	7,222
Income from sale of energy	-	175	-	-
Sale of scrap	1,426	1,890	-	-
Income from disposal of PPE	6,852	2,635	-	-
Recovery of PIS/COFINS on ICMS	11,925	-	-	-
Tax credit – state government grant (Note 8)	19,522	-	-	-
Other	10,902	6,740	3,359	2,473
Total other operating income	**58,498**	**18,845**	**11,032**	**9,695**
Other operating expenses				
Provisions for contingencies	(5,890)	(5,048)	(518)	(47)
Expense with disposal of PPE	(9,480)	(5,321)	-	-
Other	(11,397)	(8,584)	(1,077)	(5)
Total other operating expenses	**(26,767)**	**(18,953)**	**(1,595)**	**(52)**
Other operating income (expenses), net	**31,731**	**(108)**	**9,437**	**9,643**

(In thousands of reais)

26 Finance income (costs)

	Consolidated		Individual	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Finance income				
Capital structure				
Investment yield	49,511	42,552	18,504	1,834
Other	7	-	-	-
Subtotal	**49,518**	**42,552**	**18,504**	**1,834**
Operating				
Interest	6,938	6,436	234	263
Discounts received	1,018	1,397	-	-
Restatement of unused credits	20,667	11,062	-	-
Other	2,611	4,551	245	4,544
Subtotal	**31,234**	**23,446**	**479**	**4,807**
Exchange differences	27,235	20,206	-	-
Total finance income	**107,987**	**86,204**	**18,983**	**6,641**
Finance costs				
Capital structure				
Interest	(47,992)	(52,977)	(3)	(5,965)
Tax on Financial Transactions (IOF)	(731)	(467)	(174)	(17)
Other	(3,370)	(3,421)	(54)	(29)
Subtotal	**(52,093)**	**(56,865)**	**(231)**	**(6,011)**
Operating				
Bank fees	(2,760)	(2,839)	(4)	(4)
Fee/commission on sales - cards	(311)	(244)	-	-
Discounts granted	(1,205)	(1,459)	-	-
Other tariffs	(7,226)	(6,405)	-	-
Subtotal	**(11,502)**	**(10,947)**	**(4)**	**(4)**
Exchange differences	(21,750)	(23,167)	-	-
Total finance costs	**(85,345)**	**(90,979)**	**(235)**	**(6,015)**
Finance income (costs)	**22,642**	**(4,775)**	**18,748**	**626**

27 Earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the same year.

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

As of December 31, 2024, the Company had outstanding potential shares that could affect the dilution of earnings per share pursuant to CPC 41/IAS 33 in the total amount of 3,990,000 (three million, nine hundred and ninety thousand) potential shares. Of the total amount, 880,000 (eight hundred and eighty thousand) potential shares refer to the fifth grant of the Stock Option plan that was approved on May 3, 2022; 1,540,000 (one million, five hundred and forty thousand) potential shares to the sixth grant of the Stock Option plan that was approved on May 2, 2023; and 1,570,000 (one million, five hundred and seventy thousand) potential shares to the seventh grant of the Stock Option plan that was approved on May 7, 2024.

As of December 31, 2023, the Company had outstanding potential shares that could affect the dilution of earnings per share pursuant to CPC 41/IAS 33 totaling 4,070,000 (four million and seventy thousand) potential shares. Of the total amount, 785,000 (seven hundred and eighty-five thousand) potential shares refer to the third grant the Stock Option plan that was approved on August 10, 2020; 885,000 (eight hundred and fifty-five thousand) potential shares to the fourth grant of the Stock Option plan that was approved on May 11, 2021; 895,000 (eight hundred and ninety-five thousand) potential shares to the fifth grant of the Stock Option plan that was approved on May 3, 2022; and 1,535,000 (one million, five hundred and thirty-five thousand) potential shares to the sixth grant of the Stock Option plan that was approved on May 2, 2023.

The table below presents the calculation of basic and diluted earnings per share:

	Consolidated	
	Number of common shares	
	12/31/2024	**12/31/2023**
Profit attributable to shareholders	569,873	494,892
Basic weighted average number of shares outstanding in the year	269,800,334	245,237,428
Diluted weighted average number of shares outstanding in the year	270,562,926	246,820,783
Earnings per basic share (in thousands) - R$	2.1122	2.0180
Earnings per diluted share (in thousands) - R$	2.1063	2.0051

28 Financial instruments and risk management

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

Financial risk structure and management

The Company and its subsidiaries manage financial risks by monitoring financial positions of assets and liabilities and 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

These instruments are managed by means of operational strategies and internal controls with a view to ensuring liquidity, profitability and security. The control policy consists of permanent monitoring of contracted conditions vis-à-vis current market conditions.

The risk management policies were established to identify and analyze exposure in order to establish appropriate risk limits and controls, monitoring risks and compliance with the limits. Systems and risk policies are reviewed from time to time to reflect changes in market conditions and activities of the Company and its subsidiaries.

Assessments of financial instruments and risk management are reported below:

(i) Credit risk

Credit risk is the risk of the Company and its subsidiaries incurring financial losses if a counterparty fails to comply with its contractual obligations. This risk arises substantially from trade accounts receivable. The carrying amounts of financial assets and contractual assets represent the maximum credit exposure.

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

(In thousands of reais)

The following risk management practices are adopted by the Company and its subsidiaries:

(i) Selection of top-tier financial institutions in the market (largest banks based on equity in the country), state-owned banks, or government development agencies, resulting in low credit risk with financial institutions, and diversification of financial instruments for investment of the company's resources, which are restated by reference to indicators such as the CDI, fixed rates or inflation-adjusted rates;

(ii) Analysis of credits granted to customers and establishment of sales limits; There are no customers that individually represent more than 9% of total trade accounts receivable as of December 31, 2024 (11% as of December 31, 2023); and

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

The Company uses a provision matrix to calculate the expected credit loss on receivables from individual customers:

December 31, 2024	**Policy applied**	**Gross book balance**	**Allowance for expected credit losses**
Stores	0.00%	78,860	-
Falling due	0.04%	902,091	(361)
1-30 days past due	0.50%	6,677	(33)
31-60 days past due	10.00%	964	(96)
61-90 days past due	25.00%	278	(70)
More than 90 days past due	100.00%	27,918	(27,918)
Customers under in-court reorganization (with financial restructuring)	20.00%	-	-
Customers under in-court reorganization (with financial restructuring)	40.00%	6,257	(2,503)
Customers under in-court reorganization (without financial restructuring)	100.00%	14,324	(14,324)
		1,037,369	**(45,305)**

December 31, 2023	**Policy applied**	**Gross book balance**	**Allowance for expected credit losses**
Stores	0.00%	89,480	-
Falling due	0.04%	733,871	(294)
1-30 days past due	0.50%	5,526	(28)
31-60 days past due	10.00%	1,785	(179)
61-90 days past due	25.00%	683	(171)
More than 90 days past due	100.00%	24,145	(24,145)
Customers under in-court reorganization (with financial restructuring)	20.00%	-	-
Customers under in-court reorganization (with financial restructuring)	40.00%	6,454	(2,582)
Customers under in-court 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.

(In thousands of reais)

Loss rates are based on actual credit loss experienced in the previous accounting year. These rates have been multiplied by scaling factors to reflect differences between economic conditions during the period in which the historical information was collected, current conditions, and the Company's view of economic conditions over the expected life of the receivables.

(ii) Market risk

Market risk is the risk that changes in market prices - such as exchange rates, interest rates and share prices - will affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to assess and control exposure to market risks, within acceptable parameters, while optimizing return. The Company and its subsidiaries use derivatives to manage market risk.

Currency risk

Considering the price risk in exports, which correspond to 2.07% of revenue of its subsidiaries as of December 31, 2024 (2.95% as of December 31, 2023), any exchange rate volatility effectively represents a price risk that could compromise the results planned by management.

Sensitivity analysis

The Company’s and its subsidiaries’ profit or loss is subject to minor variations due to the effects of the exchange rate volatility on assets and liabilities linked to foreign currencies, mainly the US dollar, which, in the year ended December 31, 2024, corresponded to a positive variation of 27.91% compared to the last quote as of December 31, 2023.

As a strategy for preventing and reducing the effects of exchange rate fluctuations, management seeks to maintain a natural hedge with linked assets, which are also subject to exchange rate differences. Management does not contract financial instruments to eliminate its exposure to currency risks, which are shown below:

	Consolidated	
US dollar (thousands of US$)	**12/31/2024**	**12/31/2023**
Assets in foreign currency (a)	27,891	22,109
Liabilities in foreign currency (b)	(6,192)	(4,674)
Surplus calculated (a-b)	**21,699**	**17,435**

Given their exposure to the currency risk, the Company and its subsidiaries present below three scenarios for the US dollar fluctuation and the respective future results, as follows:

(In thousands of reais)

1. **Probable scenario adopted by the Company and its subsidiaries:** Dollar quoted at R$6.1923 as of December 31, 2024;

2. **Possible scenario:** As determined by the CVM resolution, the scenario is built considering a 25% decrease in the dollar exchange rate, falling to R$4.6442; and

3. **Remote scenario:** Still according to the CVM resolution, in this scenario the dollar exchange rate used in the probable scenario is reduced by 50%, falling to R$3.0962.

Exchange sensitivity analysis table - effect as of December 31, 2024

Transaction	Risk	Probable scenario	Possible scenario	Remote scenario
		Exchange rate of	Exchange rate of	Exchange rate of
	US$21,699 thousand	6.1923	4.6442	3.0962
Finance income (costs)	Dollar rate drop	-	(33,592)	(67,182)

(iii) Interest rate risk

Sensitivity analysis
The Company's and its subsidiaries' profit or loss is subject to minor variations due to the effects of the volatility of the DI-CETIP, TJLP and IPCA rates on financial investments and part of loans and financing linked to these rates.

	Consolidated		Consolidated	
	Carrying amount 12/31/2024	**Fair value 12/31/2024**	**Carrying amount 12/31/2023**	**Fair value 12/31/2023**
Assets pegged to CDI	268,113	268,113	349,080	349,080
Liabilities pegged to TJLP	5,128	4,608	4,189	3,834
Liabilities pegged to IPCA	35,123	37,622	142,262	139,494
Liabilities pegged to CDI	275,188	258,016	193,776	196,025

Given the exposure to the risk of fluctuations in the indices of financial investments and loans, the Company presents below the rate variation scenarios and respective future results, as follows:

(i) Probable scenario adopted by the Company and its subsidiaries: DI-CETIP at 12.15% p.a., TJLP at 7.97% p.a., and IPCA at 4.83% p.a.;

(ii) Possible scenario, considering a 25% rate increase or decrease;

(iii) Remote scenario, considering a 50% rate increase or decrease.

(In thousands of reais)

The rate variation as of December 31, 2024 is shown below:

Transaction	Risk	Probable scenario	Possible scenario - 25%	Remote scenario - 50%
Loans pegged to TJLP	Increase in TJLP	TJLP at 7.97% R$ -	TJLP at 9.96% R$ 102	TJLP at 11.96% R$ 205
Loans pegged to IPCA	Increase in IPCA	IPCA at 4.83% R$ -	IPCA at 6.04% R$ 425	IPCA at 7.25% R$ 850
Loans pegged to CDI	Increase in CDI	CDI at 12.15% R$ -	CDI at 15.19% R$ 8,366	CDI at 18.23% R$ 16,731
Investments pegged to CDI	Decrease in CDI	CDI at 12.15% R$ -	CDI at 9.11% R$ (8,151)	CDI at 6.08% R$ (16,274)

(iv) Liquidity risk

This refers to the risk of the Company facing difficulties in meeting obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Company's objective in managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its obligations upon maturity, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company and its subsidiaries monitor the liquidity risk of funds through cash monitoring policies to avoid mismatch of receivables and payables.

The Company and its subsidiaries also maintain balances in short-term investments with daily liquidity, redeemable at any time, to cover any mismatches between the maturity date of contractual obligations and cash generation.

The payment schedule for noncurrent installments of loans and financing is presented below:

	12/31/2024	
Maturity	**Amount**	**%**
2026	56,939	36%
2027	83,127	53%
2028	5,824	4%
2029	5,390	4%
2030	4,498	3%
2031	663	0%
Total	**156,441**	**100%**

(In thousands of reais)

	12/31/2023	
Maturity	**Amount**	**%**
2025	188,903	82%
2026	17,303	8%
2027	6,245	3%
2028	5,814	3%
2029	5,383	2%
2030	4,495	2%
2031	663	-
Total	**228,806**	**100%**

Breakdown of balances

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

These instruments are managed by means of operational strategies with a view to ensuring liquidity, profitability and security. The control policy consists of permanent monitoring of contracted rates versus market rates in effect. The Company and its subsidiaries are not engaged in investments for speculative purposes, in derivatives, or any other risk assets.

The accounting balances and fair values of financial instruments included in the statements of financial position as of December 31, 2024 and 2023 are shown below.

		Consolidated			
		12/31/2024		12/31/2023	
Description	**Classification**	**Book balance**	**Fair value**	**Book balance**	**Fair value**
Cash and cash equivalents	Financial assets at amortized cost	307,660	307,660	361,020	361,020
Financial investments					
CDB/Investment fund	Financial assets measured at fair value through profit or loss	6,105	6,105	12,980	12,980
Equity investment funds	Financial assets measured at fair value through other comprehensive income	462	462	469	469
Accounts receivable	Financial assets at amortized cost	992,064	992,064	834,545	834,545
Other accounts receivable	Financial assets at amortized cost	41,751	41,751	41,267	41,267
Loans and financing:					
Local currency	Amortized cost	334,185	375,845	436,226	491,226
Foreign currency	Amortized cost	2,667	2,750	1,524	1,551
Trade accounts payable	Amortized cost	94,950	94,950	83,779	83,779

(In thousands of reais)

		Individual			
		12/31/2024		12/31/2023	
Description	**Classification**	**Book balance**	**Fair value**	**Book balance**	**Fair value**
Cash and cash equivalents	Financial assets at amortized cost	78,612	78,612	1,023	1,023
Financial investments					
CDB/Investment fund	Financial assets measured at fair value through profit or loss	2	2	5	5
Other accounts receivable	Financial assets at amortized cost	1,703	1,703	5,154	5,154
Trade accounts payable	Amortized cost	252	252	2,631	2,631

(v) Fair value hierarchy

	Consolidated				Individual			
	12/31/2024		12/31/2023		12/31/2024		12/31/2023	
Description	**Level 1**	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Financial investments								
Floating CDB	-	-	-	-	-	-	-	3
Investment funds	-	6,105	-	12,980	-	2	-	2
Equity investment funds	462	-	469	-	-	-	-	-

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2 -** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., derived from prices);
- **Level 3 -** inputs for assets or liabilities that are not based on observable market variables (non-observable inputs).

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

Financial investments
For financial investments, the fair value against P&L was determined based on the market prices of these securities, which are stable considering the rates and terms of the investments. The investments are remunerated based on a percentage of DI - CETIP and are restated as of December 31, 2024 (see Note 5).

(In thousands of reais)

Accounts receivable
Trade accounts receivable are recognized at the invoiced amount, including related direct taxes for which the Company and its subsidiaries are responsible. The allowance for expected credit losses was recognized at an amount considered sufficient by management to cover any losses on realization of receivables.

Loans and financing
Loans and financing calculated as of December 31, 2024 are measured at amortized cost using the effective interest method, and are recorded at their contractual amounts. There are interest rates applicable to these instruments identical to the contracts that are signed, considering the purpose of the financing, terms and guarantees that are offered. The valuation model considers the present value of the expected payment, discounted using a risk-adjusted discount rate.

Trade accounts payable
Trade accounts payable arise directly from the commercial transactions carried out by the Company and its subsidiaries, are recorded at their original values and are subject to foreign exchange and monetary restatements, when applicable, up to the statement of financial position date.

Limitations
The fair value of the instruments was estimated at the statement of financial position date based on "significant market information". Changes in assumptions may significantly affect the estimates presented.

(vii) Capital management
The objective of capital management is to ensure maintenance of a strong credit rating with institutions and a structured capital ratio in order to support business and maximize shareholder value.

The Company and its subsidiaries include loans and financing, less cash, cash equivalents and financial investments in its net debt structure.

	Consolidated	
	12/31/2024	**12/31/2023**
Loans and financing	(336,852)	(437,750)
Lease liabilities	(30,288)	(15,295)
Cash and cash equivalents	307,660	361,020
Financial investments	6,567	13,449
Net debt	**(52,913)**	**(78,576)**
Equity	2,110,339	1,995,296

(In thousands of reais)

29 Insurance coverage

The Company and its subsidiaries take out insurance coverage for assets subject to risks at amounts deemed sufficient by management to cover claims, if any, considering the nature of their activity.

Insured amounts as of December 31, 2024 are summarized below:

Corporate insurance

Insured item	**Insured risk**	**Insurance amount – R$**
Property	Fire, windstorm, Electrical Damage, Machinery Breakdown, Theft, Flooding, Electronic Equipment.	195,000
Loss of profits	Fixed expenses (indemnifiable loss - 3 months)	60,000
D&O	General civil liability (D&O)	30,000
General civil liability	General civil liability	10,000
Light and heavy vehicles	Property damage, bodily injury and pain and suffering to third parties	11,800
International transportation - Import	Limit per shipment - Goods/Raw material	9,288
Total corporate insurance		**316,088**

30 Government grants and assistance

a. Federal incentives

- **IRPJ REDUCTION -** Consists of the right to a 75% reduction in Income Tax and Surtax, calculated based on the operating profit pursuant to article 1 of Provisional Executive Order No. 2199-14 of August 24, 2001, in accordance with the established criteria and with the tax incentive regulations. Projects currently undergoing complete modernization in the areas covered by the Northeast Development Agency (SUDENE) are considered under onerous conditions. Projects installed in the states of Ceará and Bahia are beneficiaries of the 75% income tax reduction incentive.

b. State incentives

(i) Ceará

For footwear

- **PROADE -** An incentive program for the Ceará State Industrial Development Fund (FDI), which consists of deferring 99% of the calculated ICMS levied on own production of footwear exclusively. For each benefit installment, 1% will be paid only once, the base date being the last day of the month and, after 36 months, the amount will be duly restated, from the date of disbursement to the maturity date, by reference to the TJLP.

For clothing

- **PROVIN -** An incentive program for the Ceará State Industrial Development Fund (FDI), which consists of deferring 75% of the calculated ICMS levied on own production of clothing exclusively. For each benefit installment, 25% will be paid only once, the base date being the last day of the month and, after 36 months, the amount will be duly restated, from the date of disbursement to the maturity date, by reference to the TJLP.

Additional incentives
Additionally, the PROADE incentives for footwear and clothing include the deferral of ICMS on imports of raw materials, machinery, equipment, parts and pieces with no equivalent in the state of Ceará, as well as rate differences on capital expenditures.

- **PCDM -** An incentive program for business centers for the distribution of goods (PCDM), which consists of a 75% reduction in the ICMS debit balance calculated monthly on interstate shipping of goods. The ICMS withheld from third parties by the company is not included in this incentive, due to the tax substitution regime.

Additional incentives
Additionally, the PCDM incentive grants the deferral of ICMS levied on the import of goods from abroad for subsequent shipping, and import from abroad and from other states of PPE items.

(ii) Bahia

- **PROBAHIA** – The objective of this Bahia State development program is the diversification and fostering of transformation of the state's industrial processes. The benefit includes deferral of ICMS on the total debits calculated on the shipping of goods, where a matching credit of 99% is calculated on the amount due. Payment consists of 1% of the outstanding balance payable in the month following the ICMS calculation.

Additional incentives
Additionally, the PROBAHIA grants the deferral of ICMS on imports of raw materials, machinery, equipment, parts and pieces, as well as the rate difference on capital expenditures.

(In thousands of reais)

(iii) Minas Gerais

- **Special Regime** – For operation of Vulcabras Distr. Art. Spec. Ltda. (Extrema-MG branch), the automated special taxation regime e-PTA-RE N. 45.000024131-24 will be adopted, which establishes the Special Regime incentive with a simplified statement of purposes providing for deferrals, matching credit and TTS/CORREDOR DE IMPORTAÇÃO, consisting in the deferral of the payment of ICMS on imports specifically for sales purposes; in the partial deferral, resulting in recording of 4% for imported products and 12% for domestic products of the ICMS due on domestic sales to beneficiaries of the special regime; in the matching credit so that the effective rate is 3% in intrastate and interstate operations with domestic products and in the matching credit of 2.5% in interstate operations with imported products or 4% in intrastate operations with imported products, for an indefinite period.
- **Special Regime -** For operation of Vulcabras SP (Extrema-MG branch), the automated special taxation regime e-PTA-RE N. 45.000024132-05 will be adopted, which establishes the Special Regime incentive TTS/E-COMMERCE NÃO VINCULADO, consisting in the adoption of procedures to assign responsibility for withholding and payment of ICMS due under the tax substitution regime, granting of deferral of ICMS on imports and adoption of simplified tax bookkeeping and calculation system in operations contracted within the scope of electronic trade or telemarketing intended to the final consumer, with ICMS matching credit on intrastate operations of 12% for domestic products and of 4% for imported products, and effective rate of 1.3% in intrastate sales, for an indefinite period.

c. Additional incentives

TTS/ATACADISTAS and TTS/E-COMMERCE also provide for deferral of payment of ICMS on receipt of goods specifically intended for sale, as a result of direct import from abroad, for subsequent operations carried out by Vulcabras.

	Statement of government grants		
Subsidiary	**State incentive**	**%**	**Maturity**
Vulcabras CE, Calç. e Art. Esp. S.A.	Proade – footwear	99%	Aug/2031
Vulcabras CE, Calç. e Art. Esp. S.A.	Provin – clothing	75%	Jun/2022(*)
Vulcabras BA, Calç. e Art. Esp. S.A.	Probahia	99%	Dec/2032
Vulcabras Distr. Art. Esp. Ltda.	PCDM	75%	Dec/2027
Vulcabras Distr. Art. Esp. Ltda.	TTS/ATACADISTAS	Variable	Undetermined
Vulcabras SP, Comércio de Art. Esp. Ltda	TTS/E-COMMERCE	Variable	Undetermined

(*) Vulcabras CE applied for a 10-year benefit extension with the state of Ceará.

(In thousands of reais)

	Statement of government grants		
Subsidiary	**Federal incentive**	**%**	**Maturity**
Vulcabras CE, Calç. e Art. Esp. S.A.	IRPJ reduction	75%	Dec/2032
Vulcabras BA Calç. e Art. Esp. S.A.	IRPJ reduction	75%	Dec/2032

d. Consolidated

Considering that such incentives were accounted for directly in the subsidiaries' P&L, they were recognized in the Company's P&L through the equity method, the effects of which are shown below:

ICMS			**Equity pickup**	
Tax incentive recognized in subsidiaries' P&L	**Incentive amount in consolidated**	**% Equity interest**	**12/31/2024**	**12/31/2023**
Vulcabras CE, Calçados e Artigos Esportivos S.A.	181,496	99.99%	181,478	160,530
Vulcabras Distr. Art. Esp. Ltda.	1,600	100.00%	1,600	19,544
Vulcabras BA, Calçados e Artigos Esportivos S.A	113,134	100.00%	113,134	99,755
Vulcabras SP, Comércio de Art. Esp. Ltda.	73,376	100.00%	73,376	25,896
	369,606		**369,588**	**305,725**

Reintegra			**Equity pickup**	
Tax incentive recorded in P&L of subsidiaries	**Incentive amount in consolidated**	**% Equity interest**	**12/31/2024**	**12/31/2023**
Vulcabras CE, Calçados e Artigos Esportivos S.A.	52	99.99%	52	68
Vulcabras BA, Calçados e Artigos Esportivos S.A.	29	100.00%	29	43
	81		**81**	**111**

IRPJ			**Equity pickup**	
Tax incentive recorded in P&L of subsidiaries	**Incentive amount in consolidated**	**% Equity interest**	**12/31/2024**	**12/31/2023**
Vulcabras CE, Calçados e Artigos Esportivos S.A.	61,180	99.99%	61,174	28,961
Vulcabras BA, Calçados e Artigos Esportivos S.A.	33,952	100.00%	33,952	11,455
	95,132		95,126	40,416

(In thousands of reais)

31 Information by product and geographical area

Information on net sales in the foreign and domestic market, by geographical region, was prepared based on the country of origin of the income, that is, based on sales made by the subsidiaries in Brazil and through foreign subsidiaries.

The Company and its subsidiaries operate in the segment of production and sale of synthetic footwear for the domestic and foreign markets.

Although footwear is designed to serve different consumers and social classes, it is not controlled and managed by management as an independent segment, and the Company's results are tracked, monitored and evaluated in an integrated manner.

Consolidated sales in the domestic and foreign markets and noncurrent assets are as follows:

	12/31/2024	**12/31/2023**
Net sales revenue		
Sports shoes	2,590,784	2,372,590
Other footwear and other	208,441	194,551
Clothing	249,353	250,538
	3,048,578	**2,817,679**
Domestic market	2,912,462	2,651,323
Foreign market	136,116	166,356
	3,048,578	**2,817,679**

Noncurrent assets from each geographical region are as follows:

	Consolidated	
	12/31/2024	**12/31/2023**
Noncurrent assets in the domestic and foreign markets from		
Brazil	844,555	797,546
Other countries	20,995	16,980
Total	**865,550**	**814,526**

Board of Directors

Pedro Grendene Bartelle
Chairman

André de Camargo Bartelle
1st Vice Chairman

Pedro Bartelle
2nd Vice Chairman

Paulo Sérgio da Silva
Independent Board Member

Rafael Ferraz Dias de Moraes
Independent Board Member

Executive Board

Pedro Bartelle
Chief Executive Officer

Wagner Dantas da Silva
Chief Administrative and Financial Officer

Rafael Carqueijo Gouveia
Chief Operating Officer

Rodrigo Miceli Piazer
Chief Supply Chain, Industrial and Human Resources Officer

Evandro Saluar Kollet
Chief Corporate Officer for Product Development and Technology

Márcio Kremer Callage
Chief Marketing Officer

Investor Relations Officer

Wagner Dantas da Silva

Accountant in charge

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