EARNINGS RELEASE **4Q24**

AZZAS 2154

FARM RIO | 2025

A'21 54

Earnings Conference Call

zoom

MARCH 12TH, 2025
10 p.m. (BRT) / 9 p.m. (US ET)

VIDEOCONFERENCE IN PORTUGUESE WITH SIMULTANEOUS TRANSLATION INTO ENGLISH
https://us06web.zoom.us/j/88158866169

STOCK PRICE AND MARKET CAP – AZZA3
MARCH 11TH, 2025

STOCK PRICE: R$ 26.43
MARKET CAP: R$ 5.5 B

AREZZO FARM RIO HERING Reserva SCHUTZ

BIRMAN ANACAPRI ANIMALE ANIMALE ORO BRIZZA AREZZO CAROL BASSI CRIS BARROS

fábula foxton HERINGKIDS HERINGINTIMATES HERINGSPORTS INK MARIA FILÓ

nv OFFPREMIUM Oficina PARIS TEXAS Reserva Go Reserva mini VANS "OFF THE WALL" Vicenza ZZ'MALL

4Q24 AND 2024 EARNINGS RELEASE

FINANCIAL AND OPERATIONAL HIGHLIGHTS – 4Q24

Gross Revenue

R$ 4.2 B

+15.1% vs. 4Q23 (pro forma)

Highlight on Democratic Apparel (+17.6%), driven by B2B, Women's Apparel (+22.9%), driven by the Farm brand, and Men's Apparel (+20.7%).

Recurring EBITDA

R$ 443 M (pre IFRS-16)

+4.0% vs. 4Q23 (pro forma)

Recurring Gross Margin

55.5%

-60 bps vs. 4Q23 (pro forma)

Impacted by the normalization of Men's Apparel inventory, acceleration of discontinued brand sales, and lower supplier NPV.

Recurring EBITDA Margin (pre IFRS-16)

13.0%

-120 bps. vs. 4Q23 (pro forma)

Solid gross revenue growth, partially offset by pressure on gross margin and operating expenses.

SG&A / Recurring Net Revenue

(ex. Depreciation e Amortization)

+70 bps. vs. 4Q23 (pro forma)

Increase in expenses, mainly variable, due to temporary impacts on Men's Apparel, investments in brands and projects for Women's Apparel, and an increase in the share of sell-out channels.

Recurring Net Income

R$ 169 M

Recurring Net Income, excluding the impacts of Law 14.789/23, it would be **R$ 242 million (-8.1%).**

4Q24 AND 2024 EARNINGS RELEASE

FINANCIAL AND OPERATIONAL HIGHLIGHTS – 2024

Gross Revenue

R$ 14.2 B

+10.8% vs. 2023 (pro forma)

Highlight on Men's Apparel (+18.4%), Women's Apparel (+16.5%) and Democratic Apparel (+8.0%)

Recurring EBITDA

R$ 1.6 Bi (pre IFRS-16)

+4.3% vs. 2023 (pro forma)

Recurring Gross Margin

55.1%

-10 bps. vs. 2023 (pro forma)

Impacted by a higher discount level due to inventory normalization, mainly in Men's and Women's Apparel in 2H24.

Recurring EBITDA Margin

(pre IFRS-16)

13.5%

-80 bps. vs. 2023 (pro forma)

Solid gross revenue growth, partially offset by pressure on gross margin and operating expenses.

SG&A / Recurring Net Revenue

(ex. Depreciation e Amortization)

+70 bps. vs. 2023 (pro forma)

Lower expenses dilution, mainly due to higher expenses related to integration, implementation of new projects and and temporary inefficiencies from the creation of Soma Brands.

Recurring Net Income

R$ 591 M

Recurring Net Income, excluding the impacts of Law 14.789/23, it would be **R$ 907 million (+2.7%)**

Message from the Management

The year 2024 was transformational for Brazilian fashion. The merger of Arezzo&Co with the SOMA group, resulting in the creation of Azzas 2154, consolidated a company with a diversified portfolio in an addressable market of R$71.8 billion, with the potential to substantially leverage our growth opportunities.

We knew from the beginning that a merger of this scale would be complex, and we did not underestimate the challenges. We focused on ensuring an efficient transition: (1) we preserved the autonomy of the brands so that their leaders could focus solely on maintaining the highest customer satisfaction and, consequently, sales growth; (2) we integrated the financial areas; (3) we accelerated the turnaround of the Democratic Apparel business unit (Hering); (4) we ensured a smooth transition in the Men's Apparel unit (Reserva); (5) we supported the consistent growth of Farm's international operations; (6) we identified and began implementing revenue synergies, particularly regarding the launch of footwear in Hering and Farm; (7) we mapped cost and expense synergies to begin implementation throughout 2025; (8) we reviewed our portfolio to discontinue or sell brands with low returns, low cash generation, and high capital employed; and (9) regarding governance, we implemented the group's and the four business units' archetypes, structuring ourselves to preserve the brands' creative independence while maintaining the benefits of a centralized management structure to support the units and pursue synergies.

As part of our entrepreneurial spirit, we quickly launched the footwear category at Hering and Farm, fully aware of the learning curve, as we experienced when launching Reserva Go. In 2021, it took us 12 to 18 months to effectively scale the segment.

We successfully accelerated our consolidated growth rate to 15.1% in 4Q24 versus 4Q23, compared to 12.1% in Q3 2024 versus Q3 2023, reaching a gross revenue of R$4.2 billion. In sell-out channels (55.6% of revenue in 4Q24), our growth reached 17.9% and sell-in also accelerated to 8.0%. Among our four business units, three grew above 17.0% in 4Q24 versus 4Q23, highlighting the strength of our diversified portfolio (brands, channels, and products) and our focus on execution.

In the **Democratic Apparel** unit, growth reached 17.6% in 4Q24 versus 4Q23. All channels grew, but the recovery of the sell-in channel (+11.8%) is particularly noteworthy, especially in multibrand retailers (+14.9%). This improvement resulted from the implementation of best practices from Arezzo&Co, whose B2B channel is highly relevant due to its franchise channel management and geoeconomic analysis capabilities, mapping the distribution of the multibrand channel across thousands of municipalities in Brazil. We closed 2024 with 52 megastores and achieved an e-commerce revenue of R$480.0 million (+44.4% YoY and 20.0% above guidance)

The **Women's Apparel** unit grew by an impressive 22.9% in 4Q24, with Farm standing out both in Brazil and internationally. Farm Etc., an extension of the brand focused on accessories, has been growing at remarkable rates, contributing to the brand's continuous rejuvenation and achieving a significant revenue in a short period.

The **Men's Apparel** unit grew by 20.7% compared to 4Q23. The sell-in channel was a highlight, growing 38.0% year-over-year. All brands continued to expand at double-digit rates, and same-store sales (SSS) reached 10.3%.

Message from the Management

Finally, the **Footwear and Accessories** unit recorded a growth of 4.5% in 4Q24. Highlights include Arezzo, Vans, and Vicenza. Anacapri, which experienced lower growth during the period, is already showing a solid recovery in the sell-in of its Fall and Winter 2025 collections. Schutz continues its ongoing process of strengthening its market positioning.

Our main strategic priority for 2025 will be to improve operational efficiency and optimize capital allocation, focusing on projects and initiatives with a higher internal rate of return (IRR) and with the primary goal of maximizing cash generation.

Looking at the current business landscape, we see strong demand, with positive sell-in trends that are, for now, within our expectations. However, despite our primary exposure to an affluent consumer base (Classes A and B) and our limited reliance on credit concessions, a persistently high benchmark interest rate, combined with uncertainty regarding the future of the interest rate curve, reinforces our decision to prioritize cash generation.

We are young. The year 2024 was one of preparation, organization and planning.

The year 2025 will be one of efficiency and profitability.

Message from the Management

"People are the heart of Azzas 2154. They are the ones who care, innovate, and drive our brands every day. And it is our consumers who give us purpose and challenge us to evolve constantly. To every employee who keeps this engine running, to every customer who chooses our brands, and to our board of directors responsible for our governance and strategic planning, we extend our sincerest gratitude. Together, we move forward, building the future of fashion."

Alexandre Birman
Azzas 2154 CEO

Pro Forma Results and Portfolio Simplification

As a result of the incorporation of Grupo Soma by Arezzo&Co ("Business Combination"), AZZAS 2154 (new name of Arezzo&Co) began to consolidate Grupo Soma's results in 3Q24, as of August 2024. Therefore, the 4Q24 financial statements reflect three months of consolidated operations.

In order to assist the market in analyzing the results and facilitate visualization and interpretation, this report includes the pro forma financial indicators for 4Q23 and 2023, which are merely informative and neither reviewed or audited.
The results spreadsheet available on the IR website (https://ri.azzas2154.com.br/en/results-and-presentations/dynamic-spreadsheet) simulates the structure of AZZAS 2154 in business units and equalizes the accounting treatments between Arezzo&Co. and Grupo Soma, as if the Business Combination had occurred in 1Q22.

On December 9th, 2024, the Company announced the completion of the review of its brand portfolio, with a focus on (1) simplification, (2) ROIC and (3) cash generation.
As a result of this process the Alme, Reversa, Simples and Troc brands were discontinued. BAW was resold to the company's founders.

The 4Q24 results include these brands and consider the accounting impacts of this decision, such as terminations and write-offs. The Company intends to complete this process during 1H25 and any results will be treated as discontinued operations.

Key Indicators

Consolidated financial figures

AZZAS 2154

Key Indicators

BUSINESS UNITS' PERFORMANCE

Footwear and Accessories consolidate the brands: Arezzo, Schutz, Anacapri, Alexandre Birman, Carol Bassi, Vans, Vicenza and Paris Texas.

Women's Apparel consolidate the brands: Farm, Farm Global, Animale, NV, Cris Barros, Maria Filó, Foxton, Fábula and Off Premium.

Men's Apparel consolidates the brands: Reserva, Oficina Reserva, Reserva Mini, Reserva Simples, Reversa, Reserva Go and Reserva Ink

Democratic Apparel consolidates the brands: Hering, Hering Kids, Hering Sports and Hering Intimates.

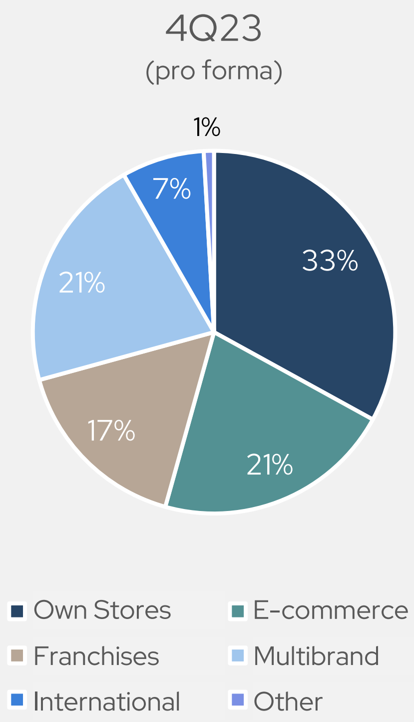
Other considers amounts allocated to the industry.

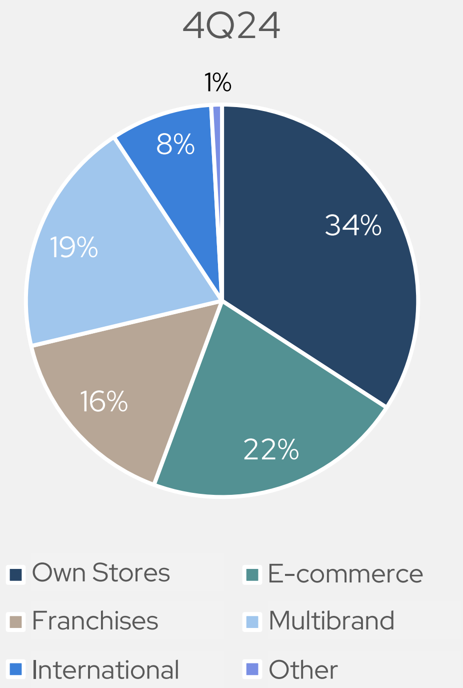
R$ Million	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
Gross Revenue	3,667.3	4,221.7	15.1%	12,779.4	14,159.8	10.8%
Footwear and Accessories	1,275.6	1,332.7	4.5%	4,565.8	4,785.2	4.8%
Women's Apparel	1,109.0	1,362.9	22.9%	4,103.9	4,782.0	16.5%
Men's Apparel	525.3	634.2	20.7%	1,516.2	1,794.9	18.4%
Democratic Apparel	757.0	889.9	17.6%	2,587.7	2,794.0	8.0%
Other	0.4	2.0	-	5.8	3.7	-

GROSS REVENUE BY **BUSINESS UNIT**

Key Indicators
Sell-out + 17.9%

GROSS REVENUE BY CHANNEL





R$ Million	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
Gross Revenue	3,667.3	4,221.7	15.1%	12,779.4	14,159.8	10.8%
Sell-Out	1,992.6	2,348.6	17.9%	6,124.3	7,161.2	16.9%
Own Stores	1,210.1	1,441.6	19.1%	3,691.5	4,307.6	16.7%
E-commerce	782.5	907.0	15.9%	2,432.8	2,853.6	17.3%
Sell-In	1,370.6	1,479.7	8.0%	5,359.6	5,445.8	1.6%
Franchises	602.0	660.6	9.7%	2,111.9	2,187.9	3.6%
Multibrand	768.6	819.1	6.6%	3.247.7	3,257.9	0.3%
International	270.7	354.6	31.0%	1,205.7	1,422.3	18.0%
Other (1)	33.4	38.8	16.2%	89.8	130.5	45.3%

(1) Includes secondary revenue from the sale of raw materials, balance allocated to the industry and other non-relevant transactions.

Financial Indicators 4Q24

R$ Million	4Q23 recurring (pro forma)	4Q24 recurring	Δ (%) recurring 4Q24 vs. 4Q23
Gross Revenue	3,667.3	4,221.7	15.1%
Net Revenue	3,001.3	3,403.9	13.4%
COGS	(1,318.1)	(1,515.8)	15.0%
COGS (ex. D&A)	(1,309.1)	(1,504.5)	14.9%
COGS (ex. D&A ex. IFRS-16)	(1,310.0)	(1,505.8)	14.9%
Leasing (IFRS-16 impact)	0.9	1.3	44.4%
D&A	(9.0)	(11.3)	25.6%
Gross Profit	1,683.2	1,888.1	12.2%
Gross Margin	*56.1%*	*55.5%*	*-0.6 pp*
SG&A	(1,310.1)	(1,525.4)	16.4%
SG&A (ex. D&A)	(1,193.5)	(1,380.2)	15.6%
(%) Net Revenue	*39.8%*	*40.6%*	*0.8 p.p.*
Fixed	(470.3)	(536.5)	14.1%
(%) Net Revenue	*15.7%*	*15.8%*	*0.1 p.p.*
Variable	(618.8)	(719.6)	16.3%
(%) Net Revenue	*20,6%*	*21,1%*	*0,4 p.p.*
Eventual	(176.8)	(199.4)	12.8%
(%) Net Revenue	*5,9%*	*5,9%*	*0,0 p.p.*
Leasing (IFRS-16 Impact)	72.4	75.3	4.0%
(%) Net Revenue	*-2,4%*	*-2,2%*	*0,2 p.p.*
D&A	(116.6)	(145.2)	24.5%
EBITDA	498.7	519.2	4.1%
EBITDA Margin	*16.6%*	*15.3%*	*-1.4 pp*
EBITDA (pre IFRS-16)	425.4	442.6	4.0%
EBITDA Margin (pre IFRS-16)	*14.2%*	*13.0%*	*-1.2 pp*
EBIT	373.1	362.7	-2.8%
Financial Result	(144.7)	(156.8)	8.4%
EBT	228.4	205.9	-9.9%
IR and CSLL	34.5	(37.0)	n.a.
Net Income	262.9	168.9	-35.8%
Net Margin	*8.8%*	*5.0%*	*-3.8 p.p.*
Net Income (ex. Law 14.789/23)	262.9	241.5	-8.1%

Notes: (1) (1) The recurring results for 4Q24 and 4Q23 are presented above. The pro forma results consider the combined figures of the companies (Arezzo&Co. and Grupo SOMA). The recurring results exclude non-recurring effects, which are detailed on pages 32 and 35 of this report.(2) Net income was impacted by the approval of Law 14.789/23, which began taxing IRPJ and CSLL on ICMS subsidies. Excluding the effects related to Law 14.789/23, the recurring net income would be R$ 241.5 million in 4Q24. The reported net income can be found on pages 39 and 40 of this report

Financial Indicators 2024

R$ Million	2023 recurring (pro forma)	2024 recurring	Δ (%) recurring 2024 vs. 2023
Gross Revenue	12,779.4	14,159.8	10.8%
Net Revenue	10,510.6	11,578.5	10.2%
COGS	(4,708.3)	(5,194.6)	10.3%
COGS (ex. D&A)	(4,672.2)	(5,153.8)	10.3%
COGS (ex. D&A ex. IFRS-16)	(4,676.5)	(5,159.0)	10.3%
Leasing (IFRS-16 impact)	4.3	5.2	20.9%
D&A	(36.1)	(40.8)	13.0%
Gross Profit	5,802.3	6,383.9	10.0%
Gross Margin	*55.2%*	*55.1%*	*-0.1 pp*
SG&A	(4,530.3)	(5,111.7)	12.8%
SG&A (ex. D&A)	(4,089.8)	(4,590.1)	12.2%
(%) Net Revenue	*38.9%*	*39.6%*	*0.7 p.p.*
Fixed	(1,674.3)	(1,893.3)	13.1%
(%) Net Revenue	*15.9%*	*16.4%*	*0.5 p.p.*
Variable	(2,067.7)	(2,309.7)	11.7%
(%) Net Revenue	*19.7%*	*19.9%*	*0.2 p.p.*
Eventual	(596.3)	(657.0)	10.2%
(%) Net Revenue	*5.7%*	*5.7%*	*0.0 p.p.*
Leasing (IFRS-16 Impact)	248.5	269.9	8.6%
(%) Net Revenue	*-2.4%*	*-2.3%*	*0.1 p.p.*
D&A	(440.5)	(521.6)	18.4%
EBITDA	1,748.6	1,834.6	4.9%
EBITDA Margin	*16.6%*	*15.8%*	*-0.8 pp*
EBITDA (pre IFRS-16)	1,495.8	1,559.5	4.3%
EBITDA Margin (pre IFRS-16)	*14.2%*	*13.5%*	*-0.8 pp*
EBIT	1,272.0	1,272.2	0.0%
Financial Result	(531.4)	(611.8)	15.1%
EBT	740.6	660.4	-10.8%
IR and CSLL	143.1	(69.7)	n.a.
Net Income	883.7	590.7	-33.2%
Net Margin	*8.4%*	*5.1%*	*-3.3 p.p.*
Net Income (ex. Law 14.789/23)	883.7	907.3	2.7%

Notes: (1) We present above the pro forma recurring results for the years 2024 and 2023. The pro forma results consider the combined figures of the companies (Arezzo&Co. and Grupo SOMA). The recurring results exclude non-recurring effects, which are detailed on pages 32 and 35 of this report.(2) Net income was impacted by the approval of Law 14.789/23, which began taxing IRPJ and CSLL on ICMS subsidies. Excluding the effects related to Law 14.789/23, the recurring net income would be R$ 907.3 million in 2024. The reported net income can be found on pages 39 and 40 of this report.

Footwear and Accessories

AZZAS 2154

Footwear and Accessories

Franchise Recovery (+7.4%)

In 4Q24, Footwear and Accessories gross revenue grew by 4.5% vs. 4Q23.

Among the highlights of the quarter, it is worth mentioning: (1) acceleration of growth compared to 3Q24 (+4.5% vs. +3.2%); (2) maintenance of double-digit sell-out expansion, with emphasis on own stores (+13.7%); (3) significant recovery of franchising (+7.4%) despite a strong comparison base and reversing the trend of 9M24; (4) SSS growth by 3.9% with emphasis on Anacapri (+11.0%) and Vans (+13.0%); and (5) resumption of growth in the international market and intensification of expense reduction projects.

Consolidated BU sales grew 4.5% in the period, accelerating 130 bps compared to 3Q23. Same Store Sales (SSS), an indicator composed of sell-out from own stores, e-commerce and franchises, grew 3.9% banking on the performance of owned stores.

Gross revenue from sell-out channels (own stores and e-commerce) keeps its double-digit growth, with a highlight on own stores, which grew 13.7% vs. 4Q23 even on a strong comparison basis (+20.5% in 4Q23). E-commerce revenue rose 7.1%, expanding its penetration to 20.8% of domestic revenue.

Gross revenue from sell-in channels (franchise and multi-brand) fell 0.4% vs. 4Q23. This performance is composed by a significant 7.4% growth in franchise revenue vs. 4Q23.

Multibrand channel revenue fell 7.8% vs. 3Q24. The channel has a strong comparison base (+17.1%). The decline is explained by a high-interest rate scenario, in which multibrand tends to be more conservative when investing in the collection, and by Schutz's turnaround.

International gross revenue increased 16.9% in 4Q24, and throughout the quarter we reinforced our initiatives to improve profitability.

Arezzo practically doubled its growth rate compared to 3Q24, expanding in the high single digits, the same level achieved by Vans. Regarding Schutz, we continue the brand restructuring process, which involves branding, communication, and product strategies. We believe these initiatives will gradually yield results throughout the year.

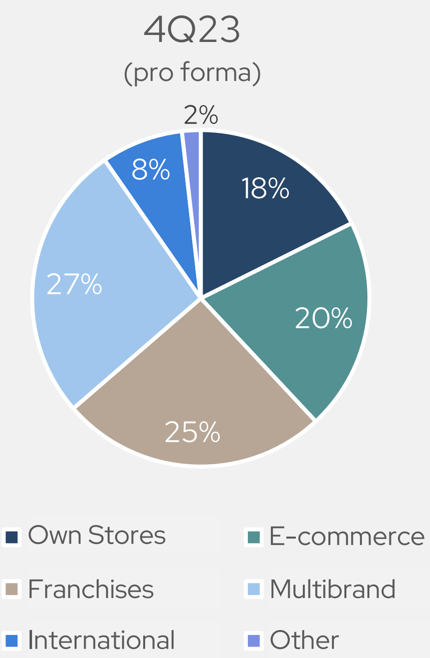
Footwear and Accessories

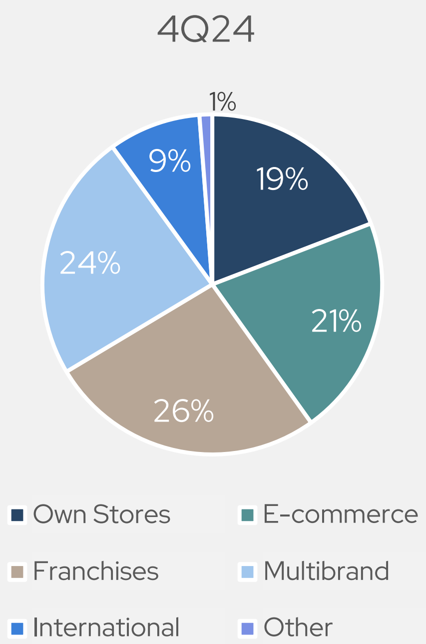
GROSS REVENUE– FOOTWEAR AND ACCESSORIES

Footwear and Accessories – Owned Stores +14.6%

R$ Million	4Q23	4Q24	4Q24 vs. 4Q23	2023	2024	2024 vs. 2023
Gross revenue	1,275.6	1,332.7	4.5%	4,565.8	4,785.2	4.8%
Sell-Out	485.5	535.0	10.2%	1,618.9	1,849.9	14.3%
Own Stores	225.0	255.9	13.7%	716.5	821.4	14.6%
E-commerce	260.5	279.1	7.1%	902.4	1,028.5	14.0%
Sell-In	667.0	664.5	-0.4%	2,471.9	2,455.2	-0.7%
Franchises	326.3	350.3	7.4%	1,193.0	1,199.8	0.6%
Multibrand	340.7	314.2	-7.8%	1,278.9	1,255.4	-1.8%
International	100.2	117.1	16.9%	430.4	426.6	-0.9%
Other	22.9	16.1	-	44.6	53.5	-

GROSS REVENUE BY CHANNEL





(1) Includes secondary revenue from the sale of raw materials and other non-relevant transactions.

Women's Apparel

AZZAS 2154

Women's Apparel

STRONG GROWTH OF 22.9% vs. 4Q23

In 4Q24, gross revenue growth in Women's Apparel quickened to 22.9% vs. 4Q23. Farm Global rose 39.3% in BRL (19.7% in USD)

Among the highlights of the quarter, it is worth noting: (1) an acceleration in revenue growth rate to 22.9% in 4Q24 vs. 17.1% in 3Q24; (2) Farm growing 39.3% in international operations and double digits in the local market, including strong growth in Farm ETC; (3) strong sell-out performance (+20.5%) and sell-in (+14.7%); and (4) SSS (own stores, franchises, and e-commerce) of +18.0%.

Gross revenue from sell-out channels grew 20.5% vs. 4Q23, with a significant increase in own store revenue (+22.1%). In 4Q24, the Same Store Sales (SSS) indicator recorded an impressive 18.0% increase vs. 4Q23, mainly driven by Farm. Even Animale, which underwent a restructuring of its design team, grew at a high single-digit rate.

Gross revenue from the sell-in channel grew 14.7% vs. 4Q23, accelerating from the 3.7% reported in 3Q24, driven by a 16.4% increase in the multibrand channel, with highlights including Farm, Cris Barros, Maria Filó, and Foxton—all showing double-digit growth. Farm continues to stand out for its creativity and more democratic positioning. Farm ETC, an extension of the brand focused on accessories, has been growing at impressive rates and contributing to the brand's ongoing rejuvenation.NV resumed growth, reflecting strong performance in the wholesale segment and investments in structuring operations. Animale's revenue remained close to stable in 4Q24, and with the launch of the first collection under the new creative director, the wholesale sell-in portfolio for the fall and winter collections looks promising.

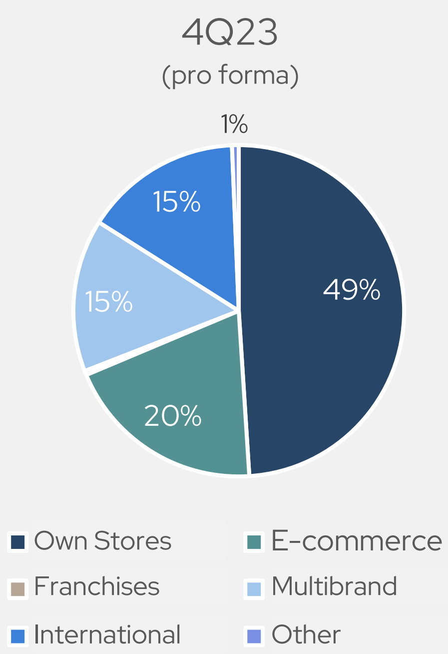
In 4Q24, Farm Global's growth reached 39.3% in BRL and 19.7% in USD, indicating that the brand's momentum remains highly positive.

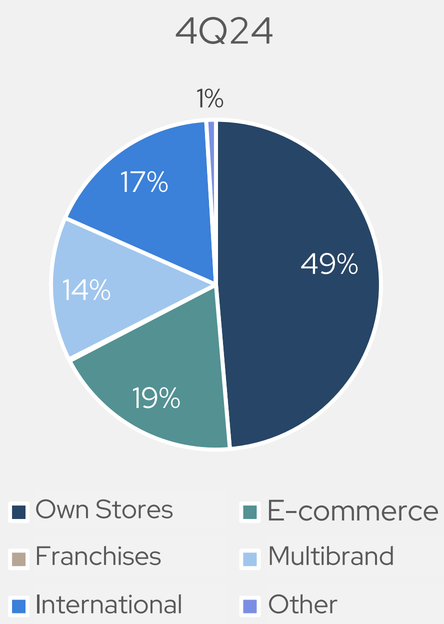
Women's Apparel

FARM RIO GLOBAL (+39.3%)

R$ Milllion	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
Gross revenue	1,109.0	1,362.9	22.9%	4,103.9	4,782.0	16.5%
Sell-Out	761.6	918.0	20.5%	2,484.5	2,880.6	15.9%
Own Stores	543.2	663.1	22.1%	1,765.3	2,090.8	18.4%
E-commerce	218.4	254.9	16.7%	719.2	789.8	9.8%
Sell-In	169.6	194.5	14.7%	825.8	866.5	4.9%
Franchises	4.5	2.3	-48.9%	15.2	9.9	-34.9%
Multibrand	165.1	192.2	16.4%	810.6	856.6	5.7%
International	170.5	237.5	39.3%	775.3	995.7	28.4%
Other	7.3	12.9	76.7%	18.3	39.2	114.2%

GROSS REVENUE BY CHANNEL





(1) Includes secondary revenue from the sale of raw materials and other non-relevant transactions.

Democratic Apparel

AZZAS 2154

Democratic Apparel

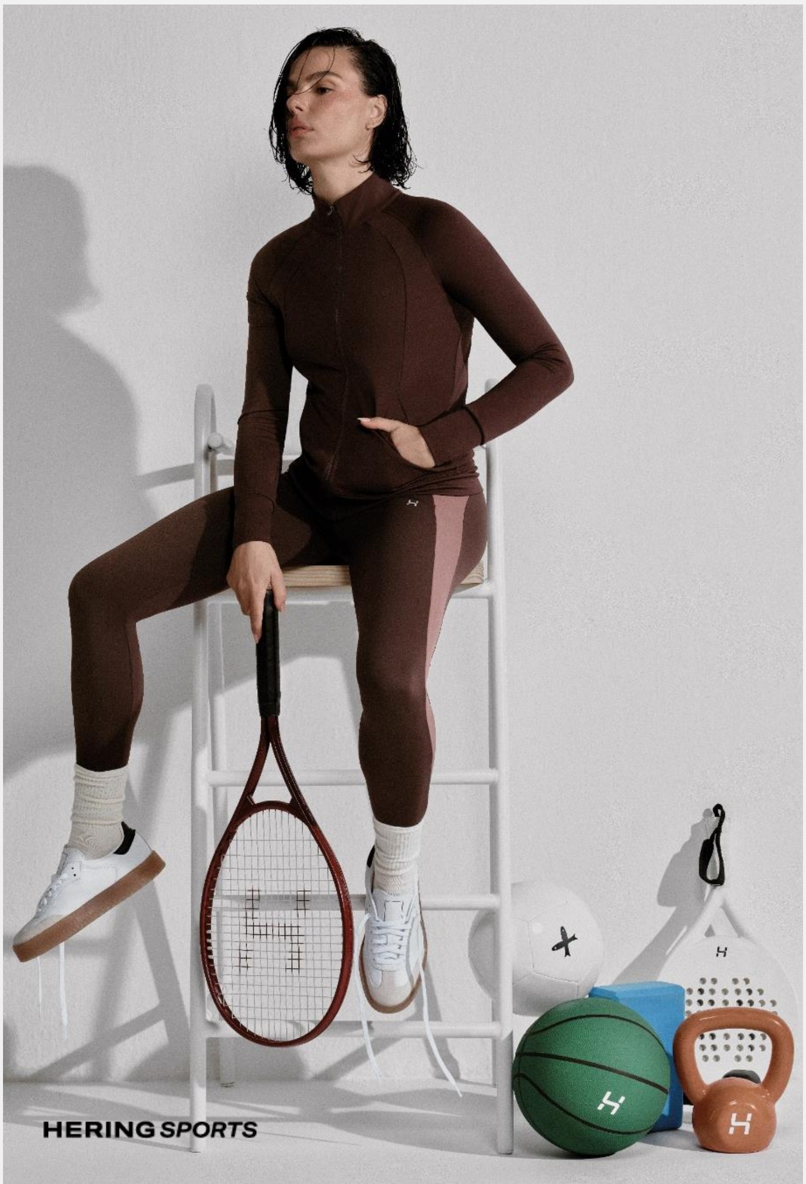
SELL-IN ACCELERATION (+11.8%)

In 4Q24, gross revenue from Democratic Apparel rose 17.6% vs. 4Q23 with sell-in acceleration (+11.8%)

Among the highlights of the quarter, it is worth mentioning: (1) acceleration of revenue growth to 17.6% vs. 13.1% in 3Q24; (2) strong recovery in sell-in (+11.8%); and (3) 24.5% growth in sell-out with strong, profitable growth in e-commerce (54.7%).

The year 2024 was a milestone in Hering's history. Initiatives focused on brand desirability, consideration and preference, product innovation, channel expansion, and operational excellence have begun to yield more consistent results. Growth rates accelerated quarter by quarter, closing 4Q24 at 17.6% (with the brand growing 8.0% for the year). All channels showed growth. The Same Store Sales indicator—which includes sell-out from owned stores, e-commerce, and franchises—rose by 8.1% YoY in 4Q24 (excluding megastores opened in the past 12 months).

Gross revenue from sell-out channels (own stores and e-commerce) grew 24.5% vs. 4Q23, again highlighting e-commerce revenue (+54.7%), whose profitability continues to rise. In the year, gross revenue from e-commerce reached R$480.0 million, representing growth of 44.4% vs. 2023 and reaching 17.2% of BU sales (+4.4 pp vs. 2023).



The revenue from own stores grew by 9.3%, and the company ended the year with 69 own stores, including 24 mega stores (+7 vs. 2023).

Gross revenue from sell-in channels (franchise and multibrand) grew 11.8% vs. 4Q23, with the multibrand channel reporting the fastest expansion (+14.9%).

Revenue from franchises grew 9.0% in 4Q24, accelerating vs. the previous quarter and representing the fastest advance since 3Q22. The BU ended the year with 633 franchises, including a total of 28 megastores (+12 vs. 2023).

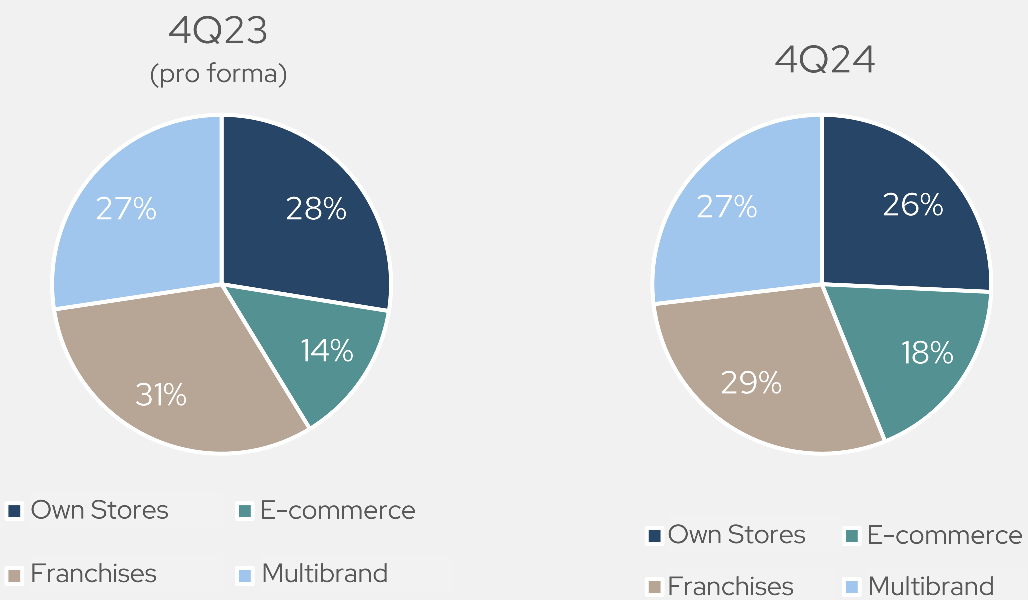
In 4Q24, the growth of the Democratic Apparel BU was supported by (1) a powerful marketing campaign (+58% engagement in 4Q24); (2) strong collection planning and fast-paced launches; (3) continued improvements in both physical and online shopping experiences (notably, the app accounted for 50% of online revenue, and a new store concept was launched at Shopping Ibirapuera); (4) initial gains from the new multibrand GTM strategy; and (5) a high level of service, efficient deliveries, and strong in-store execution.

Democratic Apparel

MULTIBRAND (+14.9%)

R$ Milllion	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
Gross Revenue	757.0	889.9	17.6%	2,587.7	2,794.0	8.0%
Sell-Out	311.5	387.7	24.5%	898.6	1,090.6	21.4%
Own Stores	207.7	227.1	9.3%	566.3	610.6	7.8%
E-commerce	103.8	160.6	54.7%	332.3	480.0	44.4%
Sell-In	443.0	495.1	11.8%	1,669.3	1,679.9	0.6%
Franchises	236.5	257.9	9.0%	787.5	823.5	4.6%
Multibrand	206.5	237.2	14.9%	881.8	856.4	-2.9%
Other [1]	2.5	7.1	184.0%	19.8	23.5	18.7%

GROSS REVENUE BY CHANNEL



(1) Includes secondary revenue from the sale of raw materials and other non-relevant transactions.

Men's Apparel

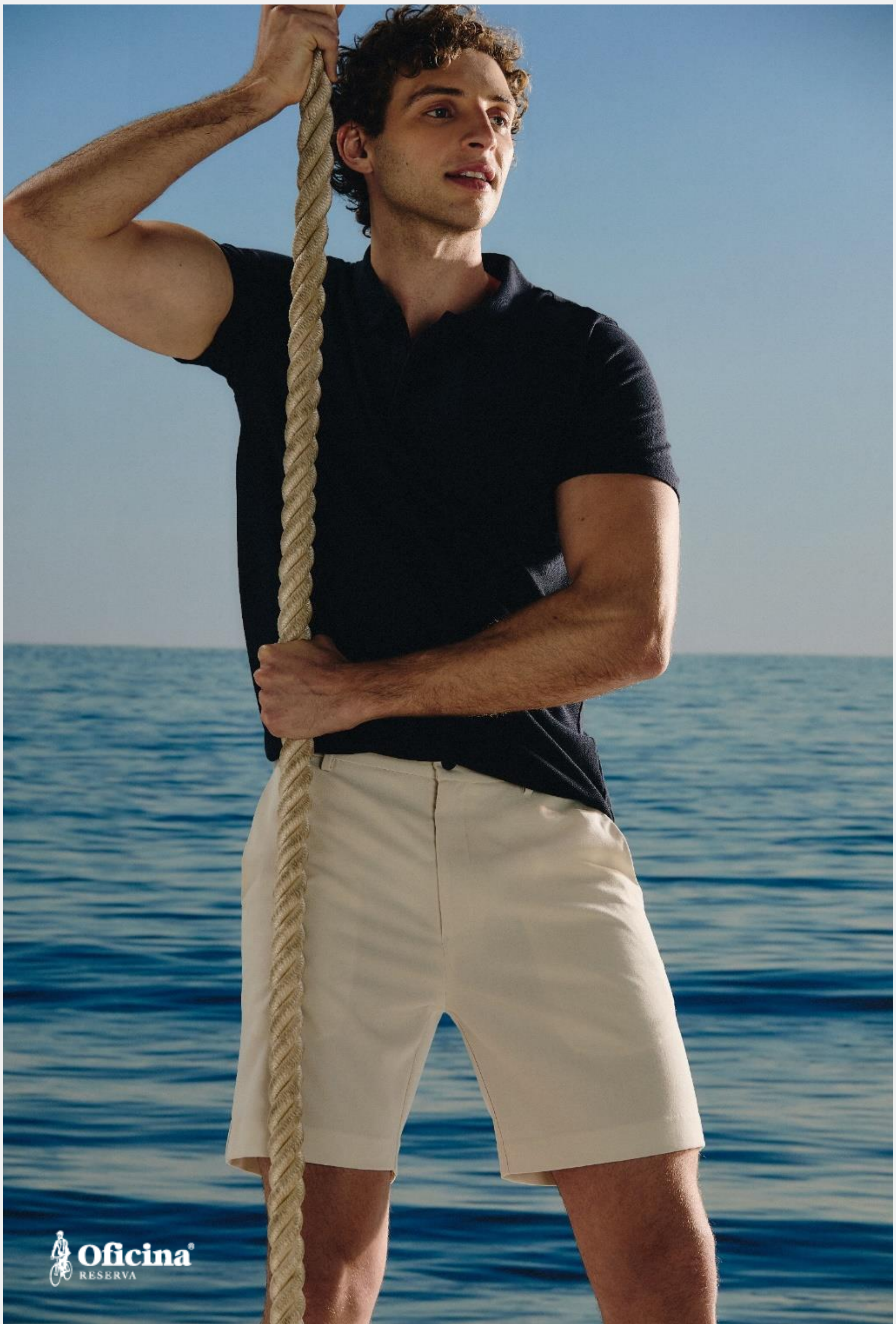
Men’s Apparel

TRANSITION AND SIMPLIFICATION

In 4Q24, Men's Apparel gross revenue grew by a solid 20.7% compared to 4Q23, with a notable highlight in sell-in channels (37.9%).

Among the highlights of the quarter, it is worth mentioning: (1) maintenance of solid revenue growth (+20.7%) despite the transition in the BU management; (2) significant rise in sell-out (+17.0%) and mainly in sell-in (+37.9%); (3) SSS of +10.3%; (4) opening of 24 net stores in the last 12 months (11 owned stores and 13 franchises); and (5) portfolio simplification.

4Q24 was a milestone for Reserva. During this period, the transition of the BU’s management to a new leadership was completed. With broad support from all stakeholders, this process was successful and the BU maintained a high growth rate (+20.7%). At the end of 4Q24, as part of our strategy to focus on profitability and capital allocation we announced the streamlining of part of the BU portfolio. This process is slated to end in 2Q25.



The Same Store Sales indicator, which is composed of sell-out from own stores, e-commerce and franchises, increased by 10.3% vs. 4Q23.

Gross revenue from sell-out channels (own stores and e-commerce) grew by 17.0% vs. 4Q23, especially revenue from own stores, which advanced by 26.2% reflecting a good SSS performance combined with the expansion of the store network (+8 stores vs. 4Q23).

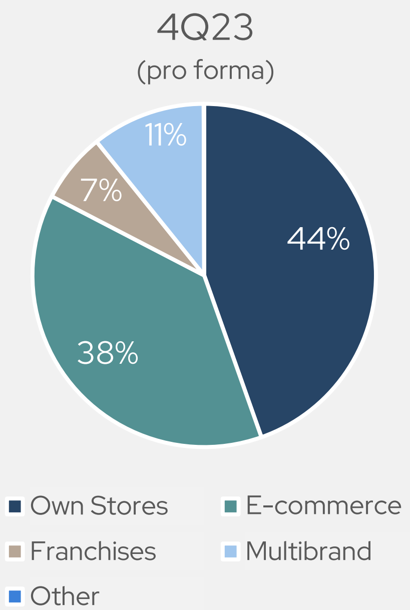
Gross revenue from sell-in channels (franchise and multi-brand) was the highlight, growing 37.9% vs. 4Q23 and accelerating vs. the 20.6% reported in 3Q24. Once again, growth acceleration was mainly in the franchise channel, which grew 44.4% due to the expansion of the network in the last twelve months (+13 stores).

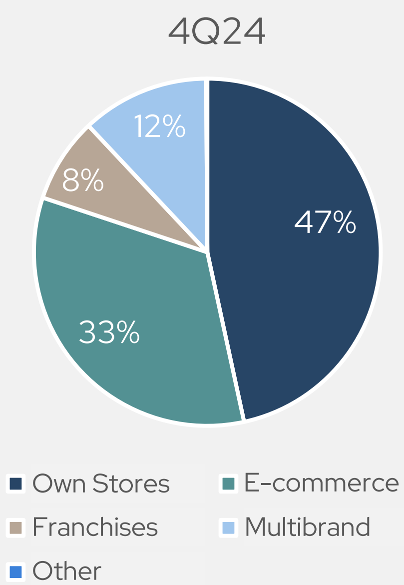
Men’s Apparel

SELL-IN CHANNEL (+37.9%)

R$ Million	4Q23	4Q24	4Q24 vs. 4Q23	2023	2024	2024 vs. 2023
Gross Revenue	525.3	634.2	20.7%	1,516.2	1,794.9	18.4%
Sell-Out	434.0	507.9	17.0%	1,122.3	1,340.1	19.4%
Own Stores	234.2	295.5	26.2%	643.4	784.8	22.0%
E-commerce	199.8	212.4	6.3%	478.9	555.3	16.0%
Sell-In	91.0	125.6	38.0%	392.6	444.2	13.1%
Franchises	34.7	50.1	44.4%	116.2	154.7	33.1%
Multibrand	56.3	75.5	34.1%	276.4	289.5	4.7%
Other(1)	0.3	0.7	-	1.3	10.6	-

GROSS REVENUE BY CHANNEL





(1) Includes secondary revenue from the sale of raw materials and other non-relevant transactions.

Financial Indicators

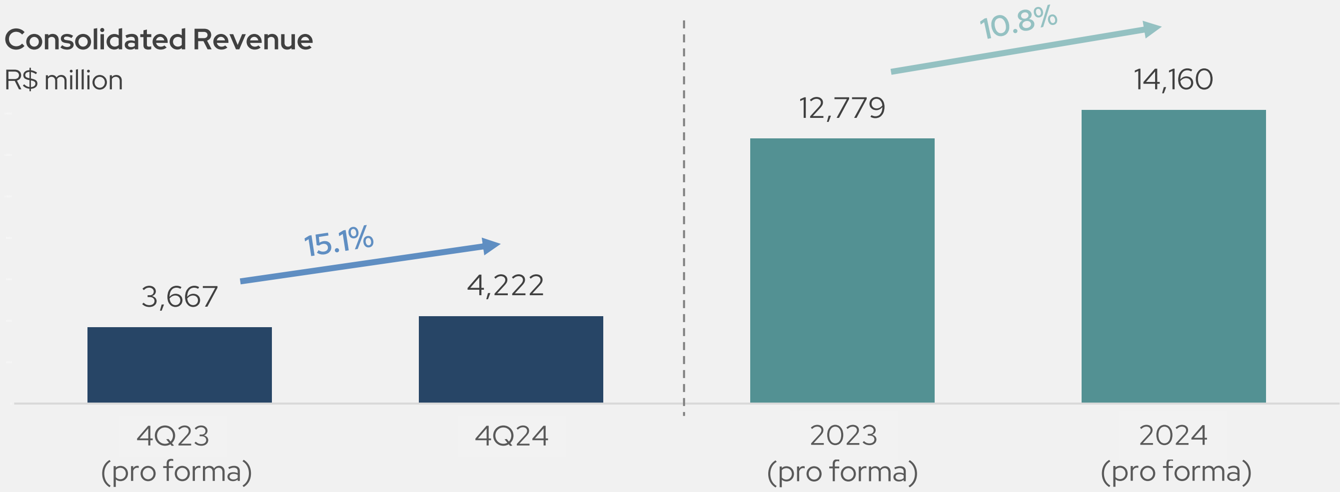
Revenue, Gross Profit, SG&A, EBITDA, and Net Profit

AZZAS 2154

Financial Indicators

Consolidated Revenue

In 4Q24, gross revenue reached R$ 4.2 billion, up by 15.1% vs. 4Q23, and accelerating vs. 3Q23 (+12.0%). The growth is explained by the strong growth in revenues from Women's Clothing (+22.9%), Men's Clothing (+20.7%) and the acceleration of Democratic Clothing (+17.6%). Farm Rio Global also grew (+39.3%). In terms of channel, sell-out grew by 17.9% vs. 4Q23, mainly due to owned stores (+19.1%). Consolidated net revenue grew by 13.4% due to higher returns and lower impact of tax incentives vs. 4Q23.



Financial Indicators

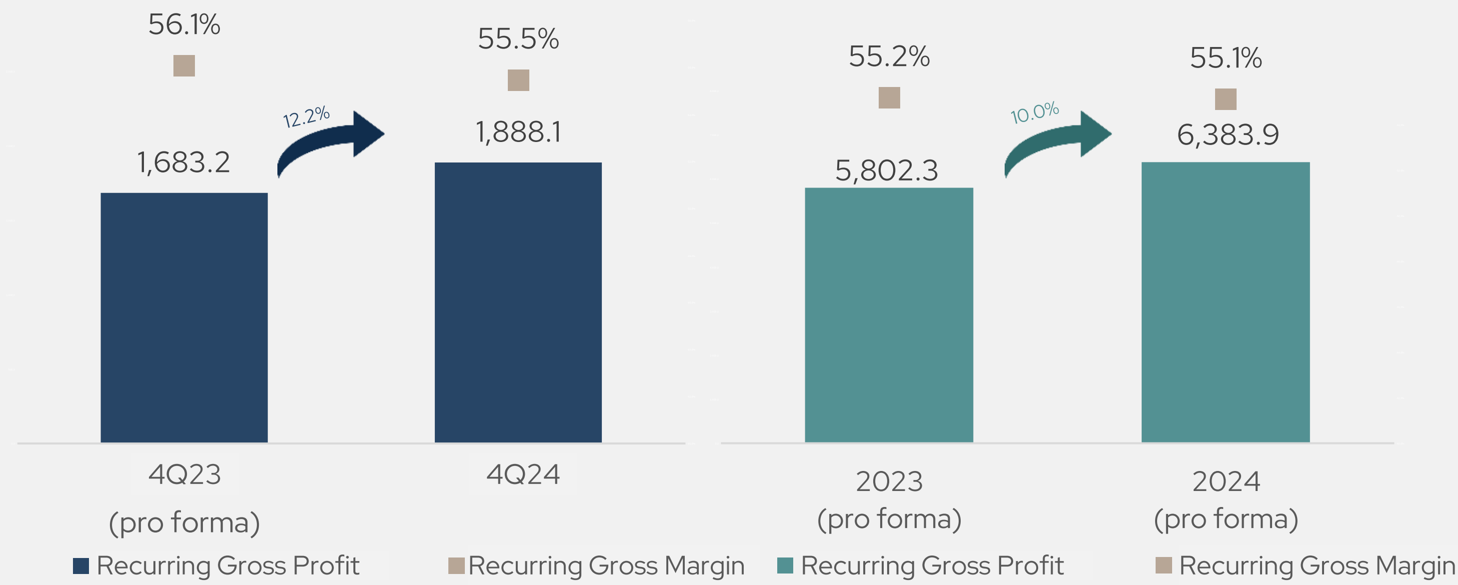
Recurring Gross Profit and Gross Margin[1]

In 4Q24, recurring gross profit totaled R$ 1,888.1 million, an increase of 12.2% vs. 4Q23. The recurring gross margin was 55.5%, a decrease of 0.6 p.p. vs. the recurring gross margin of 56.1% recorded in 4Q23. The channel mix had a positive impact, as sell-out channels accounted for 55.6% of consolidated revenue in 4Q24 vs. 54.3% in the previous year. On the other hand, from a negative perspective, this effect was more than offset by the following factors: (1) The stock normalization process, mainly in the Men's Apparel BU; and (2) Strong markdowns aimed at accelerating the sales of discontinued brands, primarily BAW.

R$ Million	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
Gross Profit	1,636.0	1,828.5	11.8%	5,741.1	6,319.2	10.1%
Adjustments	47.2	59.6	n.a.	61.2	64.7	n.a.
Recurring Gross Profit	1,683.2	1,888.1	12.2%	5,802.3	6,383.9	10.1%
Recurring Gross Mg.	56.1%	55.5%	-0.6 p.p	55.2%	55.1%	-0.1 p.p

Gross Profit and Consolidated Gross Margin

R$ million



(1) The adjustments are detailed in recurring EBITDA Reconciliation on page 30.

Financial Indicators

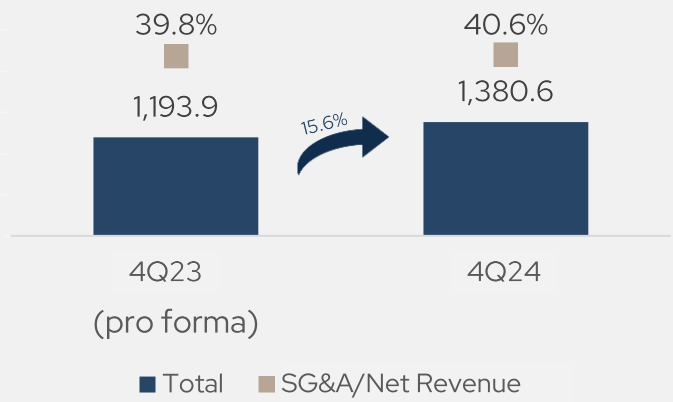
Recurring Expenses[1]

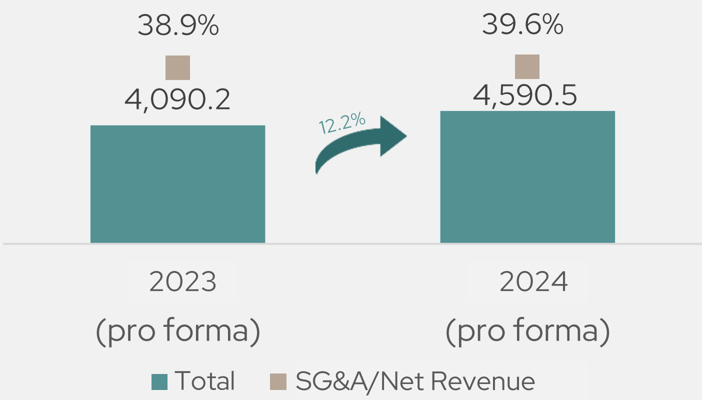
In 4Q24, recurring expenses grew 15.6% vs. 4Q23, representing 40.6% of net revenue (+0.7 pp vs. 4Q23). Our fixed expenses were impacted by (1) a temporary duplication of employee compensation in the Men's Apparel BU as part of the transition in its management; (2) recognition of expenses involving raving customers and the experience of the AR&Co brands; and (3) investments in the creation and support front in Farm (Global, ETC and Latam) and NV in order to sustain the significant growth of these brands. Expansion in variable expenses reflects the strong advance of the direct sales channel to the consumer (sell-out), which naturally implies an increase in expenses with commissions, freight, packaging, digital marketing and rent. On the other hand, incidental expenses in 4Q24 grew slower than revenues, despite investments in project implementation (footwear at Hering and Farm and Farm ETC), higher investments in marketing, temporary inefficiencies in personnel costs resulting from the creation of Soma Brands, and still high travel and transportation costs. For 2025, we expect that the beginning of the maturation of several projects, combined with the execution of our budget focused on increasing efficiency, will result in operational leverage.

R$ Million	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
Total SG&A	4,248.3	2,041.9	-51.9%	7,547.7	5,687.6	-24.6%
Adjustments	3,054.4	661.3	-78.4%	3,457.5	1,097.1	-68.3%
Recurring SG&A	1,193.9	1,380.6	15.6%	4,090.2	4,590.5	12.2%
(%) Net Revenue	*39.8%*	*40.6%*	*0.8 p.p.*	*38.9%*	*39.6%*	*0.7 p.p.*
Fixed	470.3	536.5	14.1%	1,674.3	1,893.3	13.1%
(%) Net Revenue	*15.7%*	*15.8%*	*0.1 p.p.*	*15.9%*	*16.4%*	*0.4 p.p.*
Variable	618.8	719.6	16.3%	2,067.7	2,309.7	11.7%
(%) Net Revenue	*20.6%*	*21.1%*	*0.5 p.p.*	*19.7%*	*19.9%*	*0.3 p.p.*
Eventual	176.8	199.4	12.8%	596.3	657.0	10.2%
(%) Net Revenue	*5.9%*	*5.9%*	*0.0 p.p.*	*5.7%*	*5.7%*	*0.0 p.p.*
Leasing	(72.4)	(75.3)	4.0%	(248.5)	(269.9)	8.6%
(%) Net Revenue	*-2.4%*	*-2.2%*	*0.2 p.p.*	*-2.4%*	*-2.3%*	*0.0 p.p.*

Consolidated Recurring Expenses

R$ million





(1) The adjustments are detailed in recurring EBITDA Reconciliation on page 32.

Financial Indicators

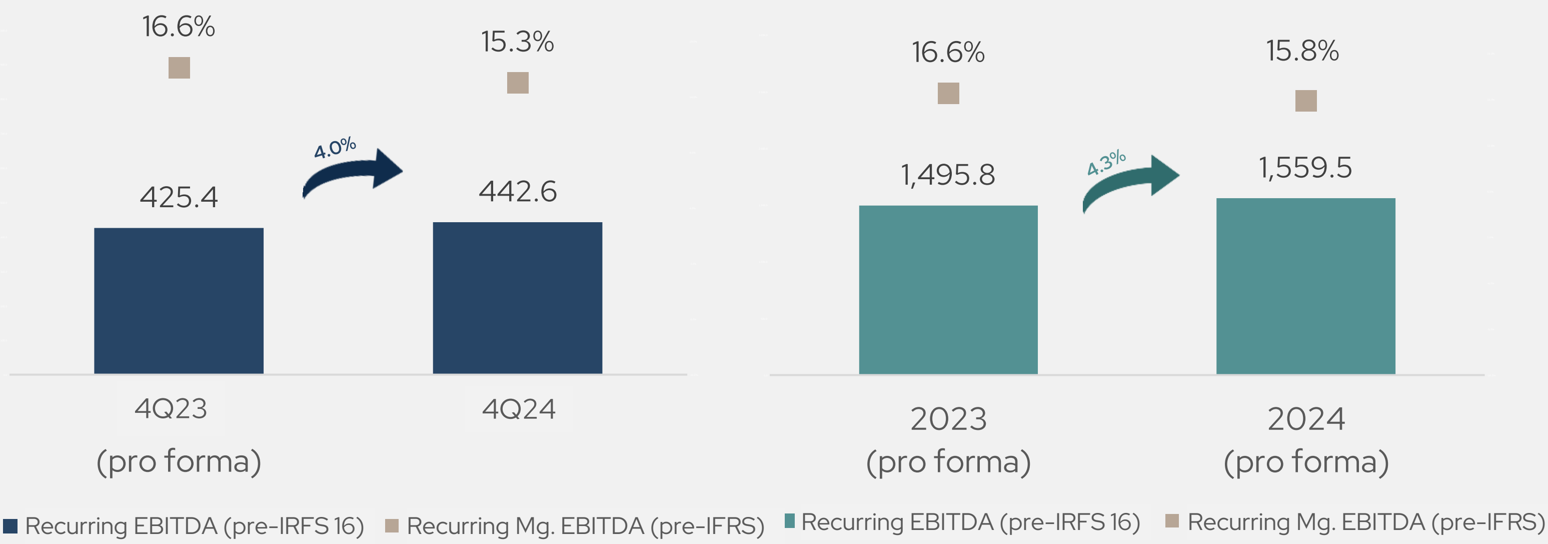
Recurring EBITDA and EBITDA Margin[1]

In 4Q24, post-IFRS-16 recurring EBITDA grew 4.1% vs. 4Q23, as solid revenue growth (15.1%) was partially offset by pressure on gross margin (-0.6 pp) and higher operating expenses, most of them variable. EBITDA margin fell 1.4 pp vs. the previous year. In 4Q24, pre-IFRS-16 recurring EBITDA rose 4.0% and the margin fell 1.2 pp.

R$ Million	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
EBITDA	(2,475.7)	(46.0)	(98.1%)	(1,287.3)	1,239.7	(196.3%)
Adjustments	2,974.4	565.2	(81.0%)	3,035.9	594.9	(80.4%)
Recurring EBITDA	498.7	519.2	4.1%	1,748.6	1,834.6	4.9%
Recurring EBITDA Mg.	16.6%	15.3%	-1.4 p.p	16.6%	15.8%	-0.8 p.p
Recurring EBITDA (pre-IFRS 16)	425.4	442.6	4.0%	1,495.8	1,559.5	4.3%
Recurring EBITDA Mg. (pre-IFRS 16)	14.2%	13.0%	-1.2 p.p	14.2%	13.5%	-0.8 p.p

Recurring EBITDA and Recurring Margin EBITDA (pre-IFRS 16)

R$ million and %



(1) The adjustments are detailed in recurring EBITDA Reconciliation on page 32.

Financial Indicators

Reconciliation of Recurring EBITDA

- **Portfolio Optimization:** the portfolio simplification had an impact of R$59.6 million on COGS related to inventory adjustments, and R$243.0 million on expenses mainly related to: (1) accounting adjustments (impairment), (2) contractual fines and (3) expenses with dismissals and commissions. The largest impacts refer to the impairment of the BAW brand, followed by Troc and Dzarm. The cash impact of the adjustments is not very relevant.

- **M&A expenses:** refer to extraordinary expenses related to the merger between Grupo Soma and Arezzo&Co. In 4Q24 these expenses totaled R$33.1 million, exceeding our initial expectation for the period, as we decided to increase the scope of some value creation projects with consulting services. In addition, we incurred additional expenses with events, marketing, tickets and other items. We anticipate a marginal balance for 2025.

- **ILP:** long-term incentive program (ILP) with no impact on cash balance in the period.

- **Reclassification of IRPJ/CSLL Credits:** as part of the alignment of accounting practices between Arezzo&Co. and Grupo Soma, in 3Q24 the Group recognized the change in the accounting of ICMS tax benefit subsidies as revenue allocated to operating expenses. In 4Q24, these amounts were reclassified from expenses to IRPJ (corporate income tax) and CSLL (social contribution on net income) with no impact on net income for the quarter.

- **DIFAL provision:** net effect of the provision set up at Arezzo&Co and the reversal of a provision previously set up by the Soma Group.

- **Historical Adjustments:** No adjustments were made to the pro forma figures for 4Q23 and 2023. These are original adjustments made separately by the Companies (Arezzo&Co. and Grupo Soma) prior to the merger.

R$ Million	Income Statement Impact	4Q23 (pro forma)	4Q24	2023 (pro forma)	2024 (pro forma)
EBITDA	-	(2,475.7)	(46.0)	(1,287.3)	1,239.7
Portfolio Optimization - COGS	COGS	0.0	59.6	0.0	59.6
Portfolio Optimization - SG&A	SG&A	0.0	243.0	0.0	243.0
M&A Expenses	SG&A	0.0	33.1	0.0	180.0
ILP	SG&A	12.4	10.0	44.6	42.1
Reclassification - IRPJ/CSLL Credits	SG&A	0.0	217.3	0.0	4.4
Late Credits	SG&A	0.0	2.2	0.0	2.2
Banco Santos	SG&A	(112.0)	0.0	(112.0)	0.0
DIFAL Provision	SG&A	0.0	0.0	0.0	9.1
Impairment Loss	SG&A	2,952.1	0.0	2,952.1	0.0
Historical Adjustment – COGS	COGS	47.2	0.0	61.2	5.1
Historical Adjustment - Expenses	SG&A	74.7	0.0	90.0	49.4
Recurring EBITDA	-	498.7	519.2	1,748.6	1,834.6
Recurring EBITDA Mg.	-	16.6%	15.3%	16.6%	15.8%
Leasing (IFRS-16 impact)	COGS	(0.9)	(1.3)	(4.3)	(5.2)
Leasing (IFRS-16 impact)	SG&A	(72.4)	(75.3)	(248.5)	(269.9)
Recurring EBITDA (pre-IFRS 16)	-	425.4	442.6	1,495.8	1,559.5
Recurring EBITDA Mg. (pre-IFRS 16)	-	14.2%	13.0%	14.2%	13.5%

Financial Indicators

Financial Result

Net financial expenses in 4Q24 grew 8.4% vs. 4Q23. The rise in financial expenses results from a higher exchange rate and monetary variations. The company's foreign exchange exposure is hedged by a combination of derivatives and dollar-linked revenues (R$ 426.6 million in the Footwear BU and R$ 995.7 million in the Women's Apparel BU).

R$ Million	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
Financial Result	(144.7)	(156.8)	8.4%	(515.7)	(611.8)	18.6%
Financial Revenue	41.0	45.9	12.0%	201.5	194.7	-3.4%
Interest on Financial Investments	14.3	7.4	-48.3%	80.4	88.3	9.8%
Interest Receivable	9.6	21.2	120.8%	62.2	51.3	-17.5%
Other Financial Revenue	17.1	17.3	1.2%	58.9	55.1	-6.5%
Financial Expenses	(176.2)	(175.0)	-0.7%	(680.8)	(735.6)	8.0%
Interest on Financing	(58.9)	(63.3)	7.5%	(251.8)	(279.5)	11.0%
Interest on Leasing	(25.8)	(19.7)	-23.6%	(80.0)	(87.2)	9.0%
Credit card management fees	(30.4)	(39.5)	29.9%	(106.5)	(134.1)	25.9%
Suppliers at Present Value	(38.2)	(24.1)	-36.9%	(147.2)	(145.4)	-1.2%
Other Financial Expenses	(22.9)	(28.4)	24.0%	(95.3)	(89.4)	-6.2%
Exchange rate and monetary variations	(9.5)	(27.7)	191.6%	(36.4)	(70.9)	94.8%

Financial Indicators

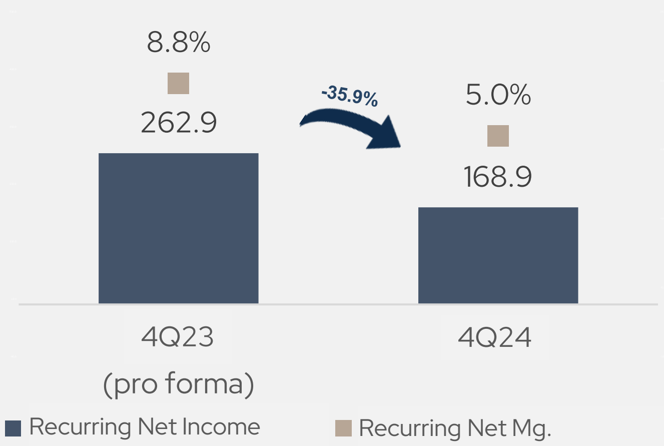
Recurring Net Income and Net Margin[1]

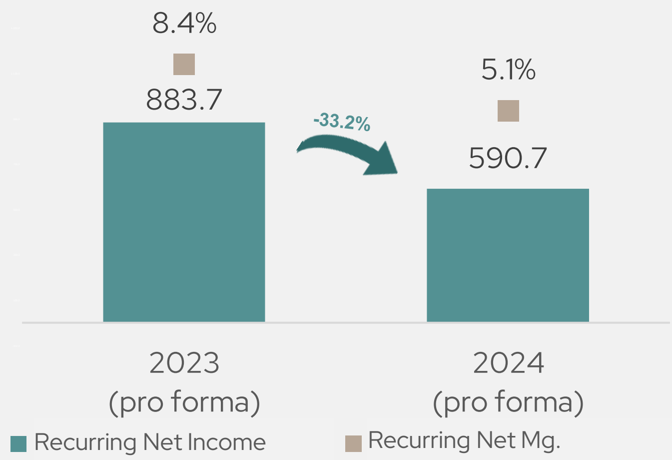
In 4Q24 recurring net income totaled R$168.6 million, down by 35.9% vs. 4Q23, reaching a net margin of 5.0%. The reduction in net income is explained by (1) growth in depreciation and amortization (+24.5% vs. 4Q23), (2) increase in financial expenses and mainly (3) the approval of Law 14.789/23, which on January 1 started to levy IR and CS on ICMS subsidies, resulting in a substantial increase in tax burden. Excluding the effects related to Law 14.789/23, recurring net income would be R$241.5 million in 4Q24 (-8.1% vs. 4Q23 pro forma) and R$907.3 million in 2024 (+2.7% vs. 2023 pro forma).

R$ Million	4Q23 (pro forma)	4Q24	4Q24 vs. 4Q23	2023 (pro forma)	2024 (pro forma)	2024 vs. 2023
Net Income	(1,707.5)	(67.9)	-96.0%	(1,134.3)	201.2	-117.7%
Adjustments	1,970.4	236.8	-88.0%	2,018.0	389.5	-80.7%
Recurring Net Income	262.9	168.9	-35.8%	883.7	590.7	-33.2%
Recurring Net Mg.	8.8%	5.0%	-3.8 p.p	8.4%	5.1%	-3.3 p.p
Recurring Net Income ex. Law 14.789/23	262.9	241.5	-8.1%	883.7	907.3	2.7%

Recurring Net Income and Net Margin

R$ million and %





(1) The adjustments are detailed in recurring EBITDA Reconciliation on page 35.

Financial Indicators

Reconciliation of Recurring Net Income

- **EBITDA adjustments:** detailed explanations on page 31 of this report.
- **Reclassification of IRPJ and CSLL credits:** as part of the alignment of accounting practices between Arezzo&Co. and Grupo Soma, in 3Q24 AZZAS recognized the change in the accounting of ICMS benefit subsidies as revenue allocated to operating expenses. In 4Q24, this revenue was reclassified to Income Tax.
- **D&A Capital Gains Tax at Hering:** impact of CPC15/IFRS3 fair values – business combination.
- **Reduction of Soma's Deferred IRPJ and CSLL:** reduction of Soma Group's IR/CSLL credits recorded in 3Q24 due to the incorporation by AZZAS 2154.
- **Effects of the Adjustments Applicable to IRPJ and CSLL (34%):** for 4Q24 it is equivalent to 34% x [R$ 59.6 million – Portfolio Optimization (COGS); R$ 243.0 million – Portfolio Optimization (Expenses); R$ 33.1 million – M&A Expenses; R$10 million – ILP; and R$2.2 million – Late Credits].

R$ Million	P&L Impact	4Q23 (pro forma)	4Q24	2023 (pro forma)	2024 (pro forma)
Net Income	–	(1,707.5)	(67.9)	(1,134.3)	201.2
EBITDA Adjustments	COGS	2,974.4	565.2	3,035.9	594.9
D&A – Hering Capital Gains Tax	SG&A	11.0	11.0	44.0	44.0
Monetary Update	Financial Result	0.0	0.0	(15.7)	0.0
IRPJ and CSLL – Credits Adjustment	Taxes	0.0	(217.3)	0.0	(217.3)
Write-off of Deferred IR and CS at Soma	Taxes	0.0	0.0	0.0	191.3
Historical Adjustment	Taxes	0.0	0.0	0.4	2.6
Effect of Adjustments applicable to IRPJ and CSLL (34%)	Taxes	(1,015.0)	(122.1)	(1,046.6)	(225.9)
Recurring Net Income	–	262.9	168.9	883.7	590.7
Recurring Net Mg.	–	8.8%	5.0%	8.4%	5.1%

Financial Indicators

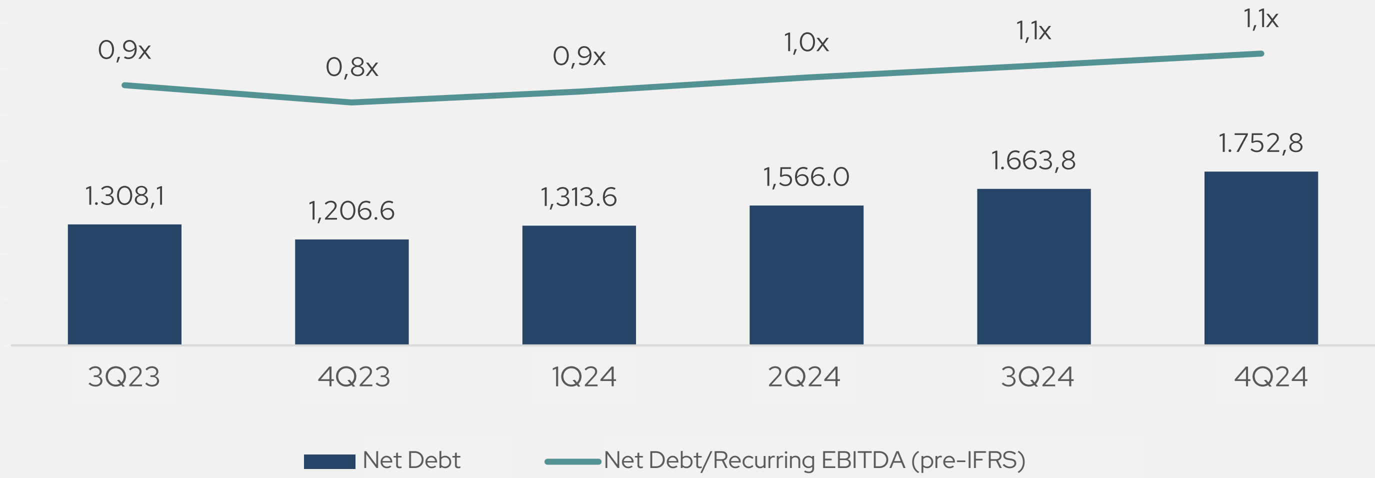
Net Debt

Azzas 2154 ended 4Q24 with cash of R$774.5 million and net debt of R$1,752.8 million, reaching 1.1x in the Net Debt/EBITDA recurring LTM indicator (pre-IFRS-16). In the quarter, the company announced and distributed R$118.8 million in interest on equity, totaling a distribution of R$178.7 million in 2024.

The company ended 4Q24 with a total balance of credit card receivables of R$1,184.0 million. It is worth noting that these assets have very low credit risk and high liquidity generation capacity.

R$ Million	4Q23 (pro forma)	1Q24 (pro forma)	2Q24 (pro forma)	3Q24	4Q24
Cash and Cash Equivalents[1]	1,355.5	1,363.7	1,310.8	766.4	774.5
Swap Contracts[2]	(59.5)	(18.3)	(52.9)	28.7	127.4
Gross Debt	2,502.6	2,659.0	2,823.9	2,458.9	2,654.7
Short Term	1,854.0	1,123.8	1,222.8	903.1	1,476.5
% Gross Debt	74.1%	42.3%	43.3%	36.7%	55.6%
Long Term	648.6	1,535.2	1,601.1	1,555.8	1,178.2
% Gross Debt	25.9%	57.7%	56.7%	63.3%	44.4%
Net Debt	1,206.6	1,313.6	1,566.0	1,663.8	1,752.8
Net Debt / Recurring EBITDA (pre IFRS-16)	0.8x	0.9x	1.0x	1.1x	1.1x

Net Debt and Leverage
R$ million



(1) Swap contracts (dollar x CDI) accounted for under Derivative Financial Instruments.

Financial Indicators

CAPEX

In 4Q24 CAPEX totaled R$ 195.2 million, with investments split into the following categories:

Corporate: Investments concentrated in technology, mainly in Footwear and Accessories, Men's Clothing and Democratic Clothing BUs.

Stores: Investments made mainly in store openings and renovations in the Women's Clothing BU; Men's Clothing, especially in the expansion of the Oficina brand and in the opening and renovations of the Reserva brand; and in the Footwear and Accessories BU due to the opening of the Vans concept store in São Paulo.

Other: Investments concentrated in logistics.

R$ Million	4Q23 (pro forma)	4Q24	2023 (pro forma)	2024 (pro forma)
CAPEX	152.0	195.2	502.3	554.4
Corporate	70.4	73.0	272.9	255.2
Stores	59.5	92.5	163.1	213.4
Other	22.1	29.7	66.3	85.8

Appendix

AZZAS 2154

Income Statement – 4Q24 and 2024

R$ Million	Recurring 4Q23 (pro forma)	4Q24 (accounting)	Recurring 4Q24	Δ (%) Recurring 4Q24 vs. 4Q23
Gross Revenue	3,667.3	4,221.7	4,221.7	15.1%
Net Revenue	3,001.3	3,403.9	3,403.9	13.4%
COGS	(1,318.1)	(1,575.4)	(1,515.8)	15.0%
COGS (ex D&A)	(1,309.1)	(1,564.1)	(1,504.5)	14.9%
COGS (ex D&A ex IFRS-16)	(1,310.0)	(1,565.4)	(1,505.8)	14.9%
Leasing (IFRS-16 impact)	0.9	1.3	1.3	44.4%
D&A	(9.0)	(11.3)	(11.3)	25.6%
Gross Profit	1,683.2	1,828.5	1,888.1	12.2%
Gross Mg.	*56.1%*	*53.7%*	*55.5%*	*-0.6 p.p.*
SG&A	(1,310.1)	(2,041.9)	(1,525.4)	16.4%
SG&A (ex D&A)	(1,193.5)	(1,885.8)	(1,380.2)	15.6%
Fixed	(470.3)	(632.6)	(536.5)	14.1%
Variable	(618.8)	(742.2)	(719.6)	16.3%
Eventual	(176.8)	(586.3)	(199.4)	12.8%
Leasing (IFRS-16 impact)	72.4	75.3	75.3	4.0%
D&A	(116.6)	(156.1)	(145.2)	24.5%
EBITDA	498.7	(46.0)	519.2	4.1%
EBITDA Mg.	*16.6%*	-	*15.3%*	*-1.4 p.p.*
EBITDA (pre IFRS-16)	425.4	(122.6)	442.6	4.0%
EBITDA Mg. (pre IFRS-16)	*14.2%*	-	*13.0%*	*-1.2 p.p.*
EBIT	373.1	(213.4)	362.7	-2.8%
Financial Result	(144.7)	(156.8)	(156.8)	8.4%
EBT	228.4	(370.2)	205.9	-9.9%
IR and CSLL	34.5	302.3	(37.0)	n.a.
Net Income	262.9	(67.9)	168.9	-35.8%
Net Margin	*8.8%*	-	*5.0%*	*-3.8 p.p.*
Net Income (ex Law 14.789/23)	262.9	4.7	241.5	-8.1%

R$ Million	2023 Recurring (pro forma)	2024 (pro forma)	2024 Recurring (pro forma)	Δ (%) Recurring 24 vs. 23
Gross Revenue	12,779.4	14,159.8	14,159.8	10.8%
Net Revenue	10,510.6	11,578.5	11,578.5	10.2%
COGS	(4,708.3)	(5,259.3)	(5,194.6)	10.3%
COGS (ex D&A)	(4,672.2)	(5,218.5)	(5,153.8)	10.3%
COGS (ex D&A ex IFRS-16)	(4,676.5)	(5,223.7)	(5,159.0)	10.3%
Leasing (IFRS-16 impact)	4.3	5.2	5.2	20.9%
D&A	(36.1)	(40.8)	(40.8)	13.0%
Gross Profit	5,802.3	6,319.2	6,383.9	10.0%
Gross Mg.	55.2%	54.6%	55.1%	-0.1 p.p.
SG&A	(4,530.3)	(5,687.6)	(5,111.7)	12.8%
SG&A (ex D&A)	(4,089.8)	(5,120.3)	(4,590.1)	12.2%
Fixed	(1,674.3)	(2,108.2)	(1,893.3)	13.1%
Variable	(2,067.7)	(2,331.5)	(2,309.7)	11.7%
Eventual	(596.3)	(950.5)	(657.0)	10.2%
Leasing (IFRS-16 impact)	248.5	269.9	269.9	8.6%
D&A	(440.5)	(567.3)	(521.6)	18.4%
EBITDA	1,748.6	1,239.7	1,834.6	4.9%
EBITDA Mg.	16.6%	10.7%	15.8%	-0.8 p.p.
EBITDA (pre IFRS-16)	1,495.8	964.6	1,559.5	4.3%
EBITDA Mg. (pre IFRS-16)	14.2%	8.3%	13.5%	-0.8 p.p.
EBIT	1,272.0	631.6	1,272.2	0.0%
Financial Result	(531.4)	(611.8)	(611.8)	15.1%
EBT	740.6	19.8	660.4	-10.8%
IR and CSLL	143.1	181.4	(69.7)	n.a.
Net Income	883.7	201.2	590.7	-33.2%
Net Margin	8.4%	1.7%	5.1%	-3.3 p.p.
Net Income (ex Law 14.789/23)	883.7	517.8	907.3	2.7%

(1) We present above the pro forma and recurring pro forma results for the year 2024, and the recurring pro forma results for 4Q23 and the year 2023. Pro forma results consider the combined figures of the companies (Arezzo&Co. and Grupo Soma). Recurring results exclude the non-recurring effects detailed on pages 30 and 33 of this report; (2) Net income was impacted by the approval of Law 14.789/23, which started to levy IRPJ and CSLL on ICMS subsidies. Excluding the effects related to Law 14.789/23, recurring net income would be R$ 241.5 million in 4Q24 and R$ 907.3 million in 2024.

Accounting Income Statement

R$ Million	4Q23	4Q24	4Q24 vs. 4Q23	2023	2024	2024 vs. 2023
Net Revenue	1,424.6	3,403.9	138.9%	4,846.8	8,379.8	72.9%
COGS	(627.6)	(1,575.4)	151.0%	(2,217.7)	(3,914.7)	76.5%
Gross Profit	797.0	1,828.5	129.4%	2,629.1	4,465.1	69.8%
Operating Income (Expenses)	(643.7)	(2,041.9)	217.2%	(2,070.3)	(4,081.4)	97.1%
Commercial	(536.6)	(1,080.0)	101.3%	(1,713.6)	(2,834.8)	65.4%
General and Administrative	(117.1)	(595.4)	408.4%	(395.6)	(1,049.0)	165.2%
Other Net Operating Income	10.0	(366.4)	(3,753.1%)	38.9	(197.6)	(607.7%)
Income Before Financial Result	153.3	(213.4)	(239.2%)	558.8	383.6	(31.3%)
Financial Result	(51.5)	(156.8)	204.8%	(182.8)	(393.7)	115.3%
Income Before IR and CS	101.8	(370.2)	(463.6%)	375.9	(10.1)	(102.7%)
IR and CS	19.3	302.3	1462.8%	22.7	348.6	1433.6%
Current	6.7	77.2	1052.0%	(54.5)	65.6	(220.3%)
Deferred	12.6	225.1	1680.7%	77.2	283.0	266.5%
Net Income for the Period	121.2	(67.9)	(156.0%)	398.7	338.5	(15.1%)

Accounting Balance Sheet

Assets	2023	2024
Current Assets	2,915.1	6,831.7
Cash and Cash Equivalents	73.3	181.2
Financial Investments	676.4	593.4
Trade Accounts Receivable	1,125.4	2,816.3
Inventory	774.3	2,218.8
Financial Instruments – Derivatives	0.0	136.0
Taxes Recoverable	111.7	323.4
IR and CS Recoverable	17.9	197.6
Other Credit	136.0	365.1
Non-Current Assets	3,060.9	8,421.9
Financial Investments	0.0	1.0
Financial Instruments – Derivatives	78.2	62.3
Trade Accounts Receivable	3.2	11.5
Judicial Escrow	137.8	205.7
Deferred Income Tax and Social Contribution	193.1	1,051.8
Taxes Recoverable	183.7	1,025.9
Other Receivables	7.8	9.4
Investment Properties	4.2	4.1
Fixed Assets	890.9	2,308.9
Intangible	1,561.9	3,741.4
Total Assets	5,975.9	15,253.5

Liabilities	2023	2024
Current Liabilities	2,292.3	4,517.1
Loans and Financing	882.2	1,476.5
Suppliers	834.5	1,817.8
Derivative Financial Instruments	59.5	0.0
Leasing	107.7	213.1
Income Tax and Social Contribution Payable	2.7	0.0
Tax and Social Obligations	100.5	269.3
Labor Obligations	103.9	351.5
Tax Installments	1.9	17.6
Obligations Payable on Acquisition of Subsidiary	79.3	31.5
Other Accounts Payable	119.0	338.5
Deferred Income	1.3	1.3
Non-Current Liabilities	754.5	3,014.9
Loans and Financing	198.9	1,178.2
Leasing	407.5	662.5
Provisions for Labor. Tax and Civil Risks	16.1	675.5
Deferred Tax	0.0	245.6
Obligations Payable on Acquisition of Subsidiary	42.4	196.1
Tax Installments	6.3	27.6
Derivative Financial Instruments	78.2	0.0
Other Accounts Payable	0.0	25.6
Deferred Revenue	5.1	3.8
Shareholders' Equity	2,929.1	7,721.5
Share Capital	1,738.2	2,317.2
Treasury Shares	(9.9)	(1.2)
Capital Reserves	183.9	4,234.7
Profit Reserve	120.5	283.5
Tax Incentive Reserves	879.1	879.1
Equity Valuation Adjustment	2.0	(6.2)
Broad Results	(4.2)	(4.4)
Non-Controlling Interest	19.5	18.9
Total Liabilities and Shareholders' Equity	5,975.9	15,253.5

Accounting Cash Flow

R$ Million	2023	2024
Operating Activities		
Net Income	398.7	338.5
Adjustments to Reconcile Results. According to Cash Generated by Operating Activities		
D&A	222.9	414.9
Impairment Losses	-	131.9
Profit from Financial Investments	(59.2)	(56.0)
Financial Charges and Foreign Exchange Variation on Financing	6.1	413.1
Income Tax and Social Contribution	(22.7)	(348.6)
Other	62.7	112.2
Decrease (Increase) in Assets		
Accounts Receivable from Customers	(235.9)	(287.3)
Inventories	(29.1)	(273.4)
Taxes Recoverable	51.1	(166.9)
Changes in Other Assets	4.0	(167.2)
Judicial Escrow	(56.7)	(4.2)
(Decrease) Increase in Liabilities		
Suppliers	135.9	205.5
Labor Obligations	(19.8)	(14.5)
Tax and Social Obligations	43.1	118.2
Change in Other Liabilities	(1.4)	117.1
Income Tax and Social Contribution Payments	(58.9)	(6.9)
Payment of Interest on Loans	(28.2)	(162.3)
Cash Generated by Operating Activities	412.6	364.0

Accounting Cash Flow

R$ Million	2023	2024
Investment Activities		
Additions to Fixed and Intangible Assets	(235.2)	(419.0)
Financial Investments	(3,843.9)	(5,562.2)
Redemption of Financial Investments	3,660.0	6,039.3
Acquisition of Subsidiary. Net of Cash Obtained in Acquisition	(194.9)	-
Cash from Business Combination	-	467.9
Acquisition of Non-Controlling Interests	-	(1.0)
Net Cash Used in Investment Activities	(614.0)	525.1
Financing Activities		
Loans and financing	968.2	658.5
Payments of loans	(273.8)	(968.5)
Payment of obligations upon acquisition of a controlled company	-	(89.9)
Consideration of Lease	(143.9)	(211.3)
Profit Distribution	(296.3)	(60.0)
Expenses from Stocks Issue	-	(1.8)
Repurchase of Stocks	(11.2)	-
Interest on Equity	(263.3)	(118.7)
Net Cash Used in Financing Activities	242.9	791.8
Increase (Decrease) in Cash and Cash Equivalents	41.5	97.3
Cash and Cash Equivalents		
Effect of Foreign Exchange Rate Variations on Cash and Cash Equivalents	3.0	10.6
Initial Cash and Cash Equivalents	28.8	73.3
Final Cash and Cash Equivalents	73.3	181.2
Increase (Decrease) in Cash and Cash Equivalents	41.5	97.3

Store Chain [1]

	4Q23	1Q24	2Q24	3Q24	4Q24
Footwear and Accessories BU [1]					
Area (sqm)	49,873	49,331	49,967	49,753	51,053
Own Stores	11,454	11,431	11,962	11,870	12,187
Franchises	38,419	37,899	38,005	37,883	38,865
Number of Stores	855	840	851	847	870
Own Stores	90	88	92	91	92
Franchises	755	742	749	746	768
International	10	10	10	10	10
Women's Apparel BU					
Area (sqm)	45,937	45,450	46,209	45,683	47,324
Own Stores	44,728	44,504	45,328	44,889	46,329
Franchises	1,209	946	881	794	996
Number of Stores	326	319	317	317	326
Own Stores	307	304	301	301	306
Franchises	15	11	9	8	12
International	4	4	7	8	8
Democratic Apparel BU					
Area (sqm)	93,710	92,524	93,436	92,783	94,302
Own Stores	18,098	18,098	18,618	18,535	19,187
Franchises	75,612	74,426	74,818	74,248	75,115
Number of Stores	742	723	714	706	702
Own Stores	71	71	71	70	69
Franchises	671	652	643	636	633
Men's Apparel BU					
Area (sqm)	16,705	16,876	17,226	17,657	18,430
Own Stores	10,690	10,746	10,964	11,103	11,718
Franchises	6,015	6,130	6,262	6,553	6,712
Number of Stores	207	209	213	217	231
Own Stores	118	118	120	121	129
Franchises	89	91	93	96	102

(1) For more detail regarding the number of active stores in each BU, the complete spreadsheet can be found on the Company's IR website.

Pro Forma Results

On July 31st, 2024 the merger of Grupo Soma into Arezzo&Co was completed, resulting in the extinction of Grupo Soma and its succession, without interruption, by Arezzo&Co ("Business Combination"). On the same date, Arezzo&Co was renamed AZZAS 2154. As a result of the merger of Grupo Soma into Arezzo&Co ("Business Combination"), AZZAS 2154 (new name of Arezzo&Co) began to consolidate Grupo Soma's results in 3Q24. Therefore, the 4Q24 financial statements reflect three months of consolidated operations.

To assist the market in analyzing the results and facilitate their visualization and interpretation, this report includes the pro forma financial indicators for 4Q23 and 2023, which are for informational purposes only and have not been reviewed or audited. The results spreadsheet available on the IR website (https://ri.azzas2154.com.br/en/results-and-presentations/dynamic-spreadsheet) simulates the structure of AZZAS 2154 in business units and evens up the accounting treatments between Arezzo&Co and Grupo Soma, as if the Business Combination had taken place in 1Q22.

AZZAS 2154 emphasizes that:

1) The Pro Forma financial information is for informational purposes only and was prepared exclusively to assist the market in simulating the combined results, in view of the Business Combination. Also, it is intended solely and exclusively to facilitate the visualization and interpretation of AZZAS 2154's 3Q24 data.

2) The Pro Forma financial information, which considers only accounting and criteria equalizations in the Income Statements from the first quarter of 2022 to the third quarter of 2024 of Arezzo&Co and Grupo Soma, was prepared by the Company and has not been audited or reviewed by the Company's independent auditors. Neither does it constitute, under any circumstances, financial statements in accordance with the applicable legislation and regulations;

3) The Pro Forma financial information is presented on a voluntary basis, and was not prepared for being Pro Forma financial information, in accordance with Technical Guidance OCPC 06 of the Accounting Pronouncements Committee;

4) The Pro Forma financial information should neither be used as a basis for investment decisions, nor interpreted as future performance of AZZAS 2154; 5) The Pro Forma financial information does not replace any audited financial information previously disclosed by Arezzo&Co, Grupo Soma or AZZAS 2154, nor the Pro Forma financial information disclosed in the context of the Business Combination;

6) Investors are advised to conduct an independent and detailed analysis of the Pro Forma Spreadsheet, and only alongside the revised or audited financial information of Arezzo&Co, Grupo Soma or AZZAS 2154, as applicable.

Pro forma EBITDA reconciliation

R$ Million	2023	2024
Accounting Net Income	398.7	338.5
Accounting Income Taxes – IRPJ/CSLL	22.7	348.6
Accounting Financial Result	(182.8)	(393.7)
Accounting D&A	(214.4)	(402.2)
Accounting basis EBITDA	773.2	785.9
Pro forma adjustments	(2,060.5)	453.9
Pro forma EBITDA	(1,287.3)	1,239.7

Adjustments (pro forma):

- Results of the Soma Group in the periods prior to the incorporation by Azzas 2154 on July 31, 2024;
- Accounting for returns in gross revenue with an offsetting entry in the returns line.
- Accounting for e-commerce freight revenue as gross revenue with an offsetting entry in the commercial expense line.
- Accounting for gross ICMS subsidies as tax revenue with a counterpart in the cost of goods sold.
- Adjustment to the present value of suppliers (AVP) with a counterpart in financial expenses.
- Exclusion of credit card fees from operating expenses with a corresponding entry to financial expenses.
- Adjustment to income tax and social contribution, reflecting the change in accounting for the ICMS reversal resulting from the subsidy.

AZZAS 2154

Earnings Release 4Q24

Investor Relations

ir@azzas2154.com.br

AREZZO FARM RIO HERING Reserva SCHUTZ
ALEXANDRE BIRMAN ANACAPRI ANIMALE ANIMALE ORO BRIZZA AREZZO CAROL BASSI CRIS BARROS
fábula foxton HERINGKIDS HERINGINTIMATES HERINGSPORTS INK MARIA FILÓ
nv OFFPREMIUM Oficina PARIS TEXAS ReservaGo Reserva mini VANS "OFF THE WALL" Vicenza ZZ'MALL

AREZZO

AZZAS 2154

Azzas 2154 S.A.

Individual and Consolidated Financial Statements

December 31, 2024 and 2023
with Independent Auditors' Report

KPMG Auditores Independentes Ltda.
Av. Carlos Gomes, 258 – 6th floor
90480-000 - Porto Alegre/RS – Brazil
Zip code: 90480-000 - Porto Alegre/RS – Brasil Telephone +55 (51) 3327-0200
kpmg.com.br

Independent auditors' report on the individual and consolidated financial statements

(A free translation of the original in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB)

To the Board Directors and Shareholders of

Azzas 2154 S.A.

Belo Horizonte – Minas Gerais

Opinion

We have audited the individual and consolidated financial statements of Azzas 2154 S.A. ("the Company"), identified as individual and consolidated financial statements, respectively, which comprise the balance sheets as at December 31, 2024, and the respective statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, including material accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial statements of Azzas 2154 S.A. as at December 31, 2024, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and international accounting standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of Individual and Consolidated Financial Statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountants Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade"), and we have fulfilled our 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 matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated 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 on those individual and consolidated financial statements, and, therefore, we do not express a separate opinion on these matters.

Business combination - acquisition of Grupo de Moda Soma S.A.

See note 5 to the individual and consolidated financial statements

Key audit matter	How the audit addressed this matter
In the year ended December 31, 2024, the Company acquired the controlling interest in Grupo de Moda Soma S.A. by taking over the holding company of Grupo Soma by issuing new shares of the Company that were delivered to the shareholders of Grupo Soma with an offsetting entry. Accounting for such transaction requires, among other procedures, that the Company evaluate and apply the requirements of the standards CPC 15 – business combinations and IFRS 3 – business combinations and, in light of these procedures, calculate, among other aspects, the transferred consideration, the fair value of acquired assets, mainly trademarks, client and property, plant and equipment portfolio, as well as the fair value of liabilities acquired, deferred taxes and goodwill for expected future profitability. These procedures involve a high level of judgment and management's development of estimates, according to specific methodologies, which involve assumptions related to the future performance of the business acquired by the Company and are subject to a high level of uncertainty. Due to the high level of judgment involved in applying accounting standards and valuation methodologies, as well as the uncertainties related to assumptions, such as expected future revenues, costs and expenses, as well as the discount rate applied to measure fair value, we considered this to be a key audit matter.	▪ Our audit procedures mainly included: ▪ reading the agreements that formalized the business combination; ▪ evaluating management's judgments with respect to the application of CPC 15 and IFRS 3 standards; ▪ with the support of our corporate finance specialists, we evaluated the methodology used to measure the fair value of intangible assets acquired by the Company, particularly the client and trademark portfolio, and we evaluated whether the assumptions used are appropriate; ▪ with the support of our specialists in the valuation of tangible assets, we evaluated the methods used by the Company to determine the fair value of identifiable tangible assets acquired; ▪ with the support of our corporate finance experts, we evaluated the calculation and accounting recognition of goodwill for expected future profitability and the related tax impacts; ▪ evaluate whether disclosures in the individual and consolidated financial statements consider all significant information. We have verified that some disclosures about the business combination were not disclosed by the Company as they were considered immaterial. Based on the evidence obtained by applying the procedures summarized above, we consider that the amounts recognized and the disclosures about the business combination are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Extemporaneous income tax credit	
See note 12 to the individual and consolidated financial statements	
Key audit matter	**How the audit addressed this matter**
Throughout 2024, the Company and its subsidiaries recognized extemporaneous tax credits related to income and social contribution tax due to the exclusion of ICMS tax incentives in the income tax calculation, resulting in current and deferred income and social contribution tax credits of R$151,018 thousand in the parent company and R$210,119 thousand in the consolidated financial statements, recognized as income and social contribution taxes in profit or loss of the year. The recognition and rational of those credits require that the Company apply judgment in assessing the risks and aspects related to the application of prevailing law, the position of tax authorities and the judiciary, as well as the legal opinion of its external legal advisors. Due to the amounts involved and the uncertainties inherent in the management's judgments, we considered this to be a key audit matter.	Our audit procedures mainly included: ▪ with the support of our tax specialists, we recalculated recognized tax credits; ▪ with the support of our legal experts, we evaluated the technical arguments included in the legal opinions of the Company's legal advisors; ▪ evaluated whether disclosures in the individual and consolidated financial statements include the nature and effects of this matter. Based on the evidence obtained by applying the procedures summarized above, we considered that the amounts recognized and the disclosures about this matter are acceptable in the context of the individual and consolidated financial statements taken 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 the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed followed together with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled to the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - "Statement of Added Value". In our opinion, these statements of value added have been adequately prepared in all material respects, in accordance with the criteria established in such Technical Pronouncement, and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditors' report

Management is responsible for this other information that includes the Management's Report.

Our opinion of the individual and consolidated financial statements does not cover the Management's Report and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

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

In preparing the individual and consolidated financial statements, management 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 management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated 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:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

- Obtain 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 and its subsidiaries' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management'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 and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for directing, supervising and performing the group audit work and, consequently, for the audit opinion.

We communicate 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 regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine 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 auditors' 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.

Porto Alegre, March 11, 2025

KPMG Auditores Independentes Ltda.
CRC SP-014428/F-7

(Original report in Portuguese signed by)

Cristiano Jardim Seguecio
Accountant CRC SP-244525/O-9 T-RS

Financial statements
Years ended December 31, 2024 and 2023

(In thousands of Reais – R$, unless otherwise stated)

Assets	Notes	2024	2023	2024	2023
Current assets					
Cash and cash equivalents	6	**32,112**	15,044	**181,160**	73,316
Financial investments	7	**173,601**	267,441	**593,383**	676,398
Trade accounts receivable	8	**1,872,214**	1,549,025	**2,816,294**	1,125,449
Inventory	9	**362,595**	381,918	**2,218,815**	774,282
Derivative financial instruments	10	**123,324**	-	**135,965**	-
Recoverable taxes	11	**56,219**	29,427	**323,374**	111,728
Recoverable IR and CS	11	**101,969**	16,486	**197,612**	17,910
Other receivables	12	**229,532**	118,223	**365,080**	135,971
Total current assets		**2,951,566**	2,377,564	**6,831,683**	2,915,054
Non-current assets					
Long-term assets					
Financial investments	7	**-**	-	**1,027**	-
Derivative financial instruments	10	**-**	-	**62,331**	78,211
Trade accounts receivable	8	**29,204**	22,665	**11,456**	3,238
Judicial deposits	21	**52,979**	35,996	**205,657**	137,793
Related parties - Loan	14	**85,074**	40,313	**-**	-
Deferred income tax and social contribution	13	**195,512**	127,725	**1,051,786**	193,081
Recoverable taxes	11	**318,166**	179,017	**1,025,853**	183,695
Other receivables	12	**3,736**	4,762	**9,430**	7,805
		684,671	410,478	**2,367,540**	603,823
Investment	15	**4,818,974**	1,043,198	**-**	-
Investment properties		**2,860**	2,860	**4.060**	4.192
Property, plant and equipment	16	**333,794**	328,295	**2,308,909**	890,929
Intangible assets	17	**1,794,184**	987,080	**3,741,353**	1,561,906
		6,949,812	2,361,433	**6,054,322**	2,457,027
Total non-current assets		**7,634,483**	2,771,911	**8,421,862**	3,060,850
Total assets		**10,586,049**	5,149,475	**15,253,545**	5,975,904

The notes are an integral part of the financial statements.

(In thousands of Reais – R$, unless otherwise stated)

BALANCE SHEETS

Liabilities	Notes	Parent 2024	Parent 2023	Consolidated 2024	Consolidated 2023
Current liabilities					
Loans and financing	18	**515,313**	529,035	**1,476,529**	882,205
Trade accounts payable	19	**764,192**	657,375	**1,817,847**	834,464
Derivative financial instruments liabilities	10	**-**	59,470	**-**	59,470
Lease	20	**31,327**	28,588	**213,145**	107,671
Income tax and social contribution payable		**-**	-	**-**	2,665
Tax and social-security liabilities		**39,157**	39,130	**269,309**	100,517
Labor liabilities		**104,611**	69,536	**351,488**	103,863
Tax installments		**9,445**	-	**17,556**	1,890
Liabilities payable upon acquisition of subsidiary		**31,455**	69,617	**31,455**	79,251
Other payables	22	**109,180**	68,283	**338,503**	118,987
Deferred revenues		**1,300**	1,300	**1,300**	1,300
Total current liabilities		**1,605,980**	1,522,334	**4,517,132**	2,292,283
Non-current liabilities					
Loans and financing	18	**440,542**	150,320	**1,178,202**	198,919
Lease	20	**138,782**	151,714	**662,525**	407,514
Related parties - loan	14	**232,244**	218,260	**-**	-
Provisions for labor, tax and civil risks	21	**58,580**	11,406	**675,521**	16,110
Deferred taxes	13	**-**	-	**245,620**	-
Liabilities payable upon acquisition of subsidiary	10	**77,840**	-	**196,091**	42,424
Tax Installments		**21,100**	-	**27,576**	6,252
Derivative financial instruments Liabilities	10	**-**	-	**-**	78,211
Provision for investment losses		**304,536**	180,796	**-**	-
Other payables	22	**-**	-	**25,571**	-
Deferred revenues		**3,792**	5,092	**3,792**	5,092
Total non-current liabilities		**1.277.416**	**717.588**	**3.014.898**	**754.522**
Total liabilities		**2.883.396**	2.239.922	**7.532.030**	3.046.805
Shareholders' equity					
Capital stock	23	**2,317,183**	1,738,229	**2,317,183**	1,738,229
Treasury shares	23.5	**(1,238)**	(9,923)	**(1,238)**	(9,923)
Capital reserves		**4,234,652**	183,853	**4,234,652**	183,853
Profit reserve		**283,497**	120,520	**283,497**	120,520
Tax Incentive reserve	23.3.2	**879,079**	879,079	**879,079**	879,079
Asset valuation adjustment		**(6,150)**	1,959	**(6,150)**	1,959
Other comprehensive income		**(4,370)**	(4,164)	**(4,370)**	(4,164)
Income for the year		**-**	-	**-**	-
Shareholders' equity attributable to the controlling shareholders		**7,702,653**	**2,909,553**	**7,702,653**	**2,909,553**
Non-controlling interest		-	-	18,862	19,546
Total liabilities and shareholders' equity		**10,586,049**	**5,149,475**	**15,253,545**	**5,975,904**

The notes are an integral part of the financial statements.

(In thousands of Reais – R$, unless otherwise stated)

STATEMENTS OF INCOME					
		Parent		Consolidated	
	Notes	2024	2023	2024	2023
Net operating revenue	26	**4,622,088**	4,037,684	**8,379,753**	4,846,768
Cost of goods sold	28	**(2,356,998)**	(2,061,974)	**(3,914,692)**	(2,217,707)
Gross profit		**2,265,090**	1,975,710	**4,465,061**	2,629,061
Operating revenues (expenses)					
Commercial	28	**(1.179,013)**	(972,460)	**(2.834,836)**	(1,713,632)
Administrative and general	28	**(376,371)**	(335,141)	**(1.048,954)**	(395,572)
Equity method adjustment	15	**(305,608)**	(223,282)	**-**	-
Other operating revenues	31	**24,845**	48,998	**49,295**	68,025
Other operating expenses	31	**(82,808)**	(16,146)	**(246,927)**	(29,098)
Total operating revenues (expenses)		**(1,918,955)**	(1,498,031)	**(4,081,422)**	(2,070,277)
Profit before financial income		**346,135**	477,679	**383,639**	558,784
Financial income					
Financial expenses	30	**(192,684)**	(118,204)	**(465,484)**	(212,372)
Financial revenues	30	**42,189**	55,135	**111,986**	74,345
Net exchange rate variation	30	**(17,583)**	(46,819)	**(40,199)**	(44,816)
Total financial income		**(168,078)**	(109,888)	**(393,697)**	(182,843)
Profit before income tax and social contribution		**178,057**	367,791	**(10,058)**	375,941
Income tax and social contribution					
Current	13	**69,482**	(12,447)	**65,577**	(54,500)
Deferred	13	**94,188**	44,056	**283,030**	77,232
Total income tax and social contribution		**163,670**	31,609	**348,607**	22,732
Net income for the year		**341,727**	399,400	**338,549**	398,673
Net income for the year					
Controlling shareholders		**341,727**	399,400	**341,727**	399,400
Non-controlling shareholders		**-**	-	**(3,178)**	(727)
		341,727	399,400	**338,549**	398,673
Basic earnings per share - R$	25	**2.6145**	3.6042	**2.6145**	3.6042
Diluted earnings per share - R$	25	**2.5631**	3.5126	**2.5631**	3.5126

The notes are an integral part of the financial statements.

(In thousands of Reais – R$, unless otherwise stated)

STATEMENTS OF COMPREHENSIVE INCOME				
	Parent		Consolidated	
	2024	2023	2024	2023
Net income for the year	**341,727**	399,400	**338,549**	398,673
Other comprehensive income to be reclassified to income for the year in				
Overseas operations - exchange rate differences in conversion	**(8,315)**	6,209	**(8,521)**	5,593
Comprehensive income attributable to:	**333,412**	405,609	**330,028**	404,266
Controlling shareholders	**333,412**	405,609	**333,412**	405,609
Non-controlling shareholders	**-**	-	**(3,384)**	(1,343)
	333,412	**405,609**	**330,028**	404,266

The notes are an integral part of the financial statements.

(In thousands of Reais – R$, unless otherwise stated)

STATEMENTES OF CHANGES IN SHAREHOLDER'S EQUITY

					Proft Reserve							
	Note	Capital stock	Treasury shares	Capital reserve	Legal reserve	Tax Incentive reserve	Profit retention	Income for the year	Asset valuation adjustment	Total	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2023		1,738,229	(9,923)	183,853	98,716	879,079	21,804	-	(2,205)	2,909,553	19,546	2,929,099
Change in non-controlling interest		-	-	(7,821)	-	-	-	-	-	(7,821)	(979)	(8,800)
Net income for the year	24	-	-	-	-	-	-	341,727	-	341,727	(3,178)	338,549
Exchange rate differences on conversion of overseas		-	-	-	-	-	-	-	-	-	1,738	1,738
Other comprehensive income for the year		-	-	-	-	-	-	-	(8,315)	(8,315)	(206)	(8,521)
Total comprehensive income for the year		-	-	-	-	-	-	341,727	(8,315)	333,412	(1,646)	331,766
Purchase option in the acquisition of a subsidiary		-	-	(30,766)	-	-	-	-	-	(30,766)	-	(30,766)
Increase in capital stock		578,954	-	-	-	-	-	-	-	578,954	1,941	580,895
Merger of shares for acquisition of subsidiary		-	8,087	-	-	-	-	-	-	8,087	-	8,087
Share issuance expenses		-	-	(1,793)	-	-	-	-	-	(1,793)	-	(1,793)
Recognized restricted shares and stock options granted		-	-	17,316	-	-	-	-	-	17,316	-	17,316
Restricted shares distributed		-	598	-	-	-	-	-	-	598	-	598
Sale of shares related to business combination		-	-	6,712	-	-	-	-	-	6,712	-	6,712
Capital reserves in business combinations		-	-	4,067,151	-	-	-	-	-	4,067,151	-	4,067,151
Profit retention reserve	23.3.3	-	-	-	-	-	162,977	(162,977)	-	-	-	-
Allocation:												
Interest on equity	24	-	-	-	-	-	-	(118,750)	-	(118,750)	-	(118,750)
Interim dividends	24	-	-	-	-	-	-	(60,000)	-	(60,000)	-	(60,000)
Balances as of December 31, 2024		2,317,183	(1,238)	4,234,652	98,716	879,079	184,781	-	(10,520)	7,702,653	18,862	7,721,515

The notes are an integral part of the financial statements.

(In thousands of Reais – R$, unless otherwise stated)

STATEMENTES OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Capital stock	Treasury shares	Capital reserve	Proft Reserve: Legal reserve	Proft Reserve: Tax Incentive reserve	Proft Reserve: Profit retention	Proposal for additional distribution of dividends	Income for the year	Asset valuation adjustment	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2022		**1,671,716**	**(46)**	**176,140**	**78,746**	**560,789**	**174,861**	**-**	**-**	**(8,414)**	**801**	**2,654,593**
Acquisition of a subsidiary with non-controlling interest		-	-	-	-	-	-	-	-	-	19.155	19,155
Net income for the year	24	-	-	-	-	-	-	-	399,400	-	(727)	398,673
Other comprehensive income for the year		-	-	-	-	-	-	-	-	6,209	(616)	5,593
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	-	399,400	6,209	(1,343)	404,266
Increase in capital stock		-	-	-	-	-	-	-	-	-	933	933
Merger of shares for acquisition of subsidiary		66,513	-	(7,239)	-	-	-	-	-	-	-	59,274
Recognized restricted shares and stock options granted		-	-	16,323	-	-	-	-	-	-	-	16,323
Restricted shares distributed		-	1,432	(1,371)	-	-	-	-	-	-	-	61
Legal reserve		-	-	-	19,970	-	-	-	(19,970)	-	-	-
Tax incentive reserve	23.3.2	-	-	-	-	318,290	-	-	(318,290)	-	-	-
Profit retention reserve	23.3.3	-	-	-	-	-	19,022	-	(19,022)	-	-	-
Own shares acquired		-	(11,309)	-	-	-	-	-	-	-	-	(11,309)
Allocation:												
Interest on equity	24	-	-	-	-	-	(139,119)	-	(42,118)	-	-	(181,237)
Dividends	24	-	-	-	-	-	(32,960)	-	-	-	-	(32,960)
Balances as of December 31, 2023		**1,738,229**	**(9,923)**	**183,853**	**98,716**	**879,079**	**21,804**	**-**	**-**	**(2,205)**	**19,546**	**2,929,099**

The notes are an integral part of the financial statements.

Financial statements
Years ended December 31, 2024 and 2023
(In thousands of Reais – R$, unless otherwise stated)

AZZAS 2154

STATEMENTS OF CASH FLOW

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
From operational activities				
Net income for the year	**341,727**	399,400	**338,549**	398,673
Adjustments to reconcile income with cash generated by operational activities				
Depreciation and amortization	**127,616**	115,270	**414,855**	222,94
Proceeds from sale of permanent assets	**2,751**	(1,183)	**13,156**	8,1
Impairment loss	**3,009**	-	**131,881**	-
Equity method adjustment result	**305,608**	223,282	**-**	-
Provision for labor, tax and civil risks	**9,615**	(320)	**35,270**	(1,66
Financial charges and exchange rate variations on financing	**245,220**	(8,220)	**413,057**	6,1
Financial investment income	**(18,863)**	(32,811)	**(55,966)**	(59,20
Expected losses	**14,633**	(1,474)	**(13,669)**	(1,31
Estimated inventory loss	**65,008**	(5,630)	**67,990**	(1,69
Stock option and restricted share plan	**17,916**	17,348	**17,916**	17,34
Lease interest	**21,519**	22,379	**62,767**	43,08
Extemporaneous revenues	**(11,830)**	(22,596)	**(22,363)**	(40,977
Extemporaneous expenses	**28,560**	-	**68,587**	-
Income tax and social contribution	**(163,670)**	(31,609)	**(348,607)**	(22,732
Others	**(181,086)**	45,707	**(117,469)**	39,75
Decrease (increase) in assets				
Trade accounts receivable	**(337,882)**	(772,823)	**(287,336)**	(235,857
Inventory	**(5,003)**	55,665	**(273,352)**	(29,14
Recoverable taxes	**(119,691)**	59,171	**(166,900)**	51,1
Change in other assets	**(155,544)**	4,716	**(167,204)**	3,97
Court deposits	**2,381**	(10,714)	**(4,193)**	(56,685
(Decrease) increase in liabilities				
Trade accounts payable	**100,019**	7,578	**205,506**	135,9
Labor liabilities	**(3,501)**	(29,830)	**(14,518)**	(19,79
Tax and social-security liabilities	**59,551**	23,791	**118,173**	43,1
Change in other liabilities	**31,785**	(8,979)	**117,077**	(1,39
Income tax and social contribution payments	**-**	(17,035)	**(6,937)**	(58,926
Interest payment on loans	**(60,425)**	(25,376)	**(162,314)**	(28,230
Cash generated by operating activities	**319,423**	5,707	**363,956**	412,59
From investment activities				
Increase in property, plant and equipment and intangible assets	**(160.428)**	(153.282)	**(418.962)**	(235.201
Cash from business combination	**1.163**	-	**467.861**	-
Acquisition of subsidiary, net of cash obtained from acquisition	**-**	(40.000)	**-**	(194.866
Acquisition of non-controlling interest	**-**	-	**(979)**	-
Dividends received	**72.445**	-	**-**	-
Financial investments	**(2.830.430)**	(2.554.448)	**(5.562.189)**	(3.843.876)
Redemption of financial investments	**2.937.425**	2.490.172	**6.039.337**	3.659.954
Payment of capital in subsidiaries	**-**	(138.225)	**-**	**-**
Net cash used in (generated by) investment activities	**20.175**	(395.783)	**525.068**	(613.989
Financing activities				
Loan raising	**440,000**	696,847	**658,468**	968,21
Loan and financing payments	**(428,786)**	(150,151)	**(968,544)**	(273,847
Lease consideration	**(51,830)**	(56,733)	**(211,288)**	(143,892
Loans on financing	**(30,777)**	214,701	**-**	-
Interest on equity	**(118,749)**	(263,342)	**(118,749)**	(263,342
Dividend payment	**(60,000)**	(32,960)	**(60,000)**	(32,960
Payment of liabilities in the acquisition of subsidiary	**(70,596)**	-	**(89,866)**	-
Share issuance expenses	**(1,792)**	-	**(1,792)**	-
Share Buyback	**-**	(11,248)	**-**	(11,24
Net cash used in (generated by) financing activities	**(322,530)**	397,114	**(791,771)**	242,930
Increase (decrease) in cash and cash equivalent	**17,068**	7,038	**97,252**	41,53
Effect of exchange rate on cash and cash equivalent	**-**	-	**10,592**	2,957
Initial balance of cash and cash equivalent	**15,044**	8,006	**73,316**	28,82
Final balance of cash and cash equivalent	**32,112**	15,044	**181,160**	73,31
Increase (decrease) in cash and cash equivalent	**17,068**	7,038	**97,252**	41,53

The notes are an integral part of the financial statements.

(In thousands of Reais – R$, unless otherwise stated)

STATEMENTS OF VALUE ADDED

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Revenues	**4,953,045**	4,659,588	**9,385,451**	5,562,763
Sales of goods, products and services	**5,242,668**	4,920,836	**10,164,948**	6,087,569
Rebates, discounts and returns	**(274,991)**	(262,722)	**(790,086)**	(526,123)
Expected losses	**(14,632)**	1,474	**10,589**	1,317
Supplies purchased from third parties	**(3,945,626)**	(3,380,135)	**(6,825,779)**	(3,771,035)
Cost of goods sold and services provided	**(2,993,016)**	(2,618,381)	**(4,474,078)**	(2,469,547)
Energy, third-party services and other expenses	**(934,919)**	(744,132)	**(2,198,891)**	(1,246,859)
Other costs of products and services provided	**(17,691)**	(17,622)	**(152,810)**	(54,629)
Gross value added	**1,007,419**	1,279,453	**2,559,672**	1,791,728
Retentions	**(127,616)**	(115,270)	**(414,855)**	(222,944)
Depreciation, amortization and depletion	**(127,616)**	(115,270)	**(414,855)**	(222,944)
Net value added produced by the entity	**879,803**	1,164,183	**2,144,817**	1,568,784
Value added received in transfer	**(281,646)**	(116,771)	**66,072**	146,747
Equity method adjustment and dividends from investments measured at cost	**(305,608)**	(223,282)	**-**	-
Financial revenues, including exchange rate variation assets	**57,175**	56,312	**238,954**	84,078
Other revenues (expenses)	**(33,213)**	50,199	**(172,882)**	62,669
TOTAL VALUE ADDED TO BE DISTRIBUTED	**598,157**	1,047,412	**2,210,889**	1,715,531
Distribution of value added:				
Employees	**431,463**	386,171	**1,309,395**	664,015
Direct compensation	**383,381**	323,048	**1,158,645**	583,769
FGTS	**20,681**	23,752	**88,585**	39,283
Employee profit sharing	**2,651**	22,023	**37,415**	23,615
Stock option and restricted share plan	**24,750**	17,348	**24,750**	17,348
Taxes	**(425,432)**	57,155	**(254,423)**	300,467
Federal	**(23,667)**	150,958	**(95,132)**	247,977
State	**(406,270)**	(97,639)	**(173,822)**	45,835
Municipal	**4,505**	3,836	**14,531**	6,655
Financiers	**250,399**	204,686	**817,368**	352,376
Interest	**58,424**	66,806	**226,155**	98,414
Rents	**25,146**	38,486	**184,717**	85,455
Financial expenses	**166,829**	99,394	**406,496**	168,507
Yield on equity	**341,727**	399,400	**338,549**	398,673
Interest on equity	**118,750**	181,237	**118,750**	181,237
Dividends	**60,000**	-	**60,000**	-
Retained earnings in the year	**162,977**	218,163	**162,977**	218,163
Non-controlling interest in retained earnings	**-**	-	**(3,178)**	(727)
DISTRIBUTED VALUE ADDED	**598,157**	1,047,412	**2,210,889**	1,715,531

1. Company Information

1.1. General information

Azzas 2154 S.A. (the "Company" or the "Parent") is a publicly-held corporation, with headquarters located at Rua Fernandes Tourinho, 147 – sala 402, Belo Horizonte, State of Minas Gerais, with its shares traded in the Novo Mercado segment of B3 (Brasil, Bolsa e Balcão) under the code AZZA3 since August 1, 2024.

The purpose of the Company and its subsidiaries is the manufacturing, development, modeling and retail and wholesale trade of footwear, handbags, accessories and clothing for mainly the women's market and also for the men's and democratic markets.

As of December 31, 2024, the Company had 1,495 franchises in Brazil and 28 abroad; 596 own stores in Brazil and 10 own stores abroad; and a webcommerce channel, intended for the sale of products of the brands Arezzo, Schutz, Anacapri, Alexandre Birman, Alme, Vans, Reserva, Reserva Mini, Reserva INK, Reserva Go, Oficina Reserva, Brizza, Troc, Baw, Carol Bassi, ZZMALL, Reversa, Simples Reserva, Paris Texas, Vicenza, Animale, Farm, Farm Global, Fábula, Foxton, Cris Barros, Off Premium, Maria Filó, NV, Hering and Dzarm.

The franchise system and the structure of its own stores are controlled by the Company itself.

All of the Company's subsidiaries are included in the consolidated financial statements presented in Note 2.2.

1.2. Relevant events of the year

On February 4, 2024, the Companies Arezzo&Co and Soma Group entered into an Association Agreement and Other Covenants ("Association Agreement") with the purpose of combining their businesses and unifying their respective shareholding bases ("Transaction").

The Soma Group, headquartered in the city of Rio de Janeiro – RJ, was founded in 2010, with the merger of the Animale and Farm brands. Over the years, the Group has grown with several brands until 2021, when it acquired NV, DZARM and Hering.

By the second half of 2024, the Soma Group's operations included 373 own stores and 658 franchises, distributed throughout all Brazilian states and, internationally, in the United States and Europe (Farm), Uruguay, Bolivia and Paraguay (Cia. Hering).

On July 31, 2024, the transaction was finalized with the confirmation by the Boards of Directors of the Companies of the conditions precedent to which the merger of the Soma Group into Arezzo&Co was subject, as explained in note 5 – Business Combination.

On December 1, 2024, Vicenza, which was 100% acquired on May 30, 2023, was merged into the Parent. This merger was carried out without a substitution relationship and will not result in an increase in the Company's capital or the issuance of new shares by the Company. Therefore, there was no dilution of the Company's capital stock.

As of such date, Vicenza will be automatically dissolved for all purposes, and the Company will succeed Vicenza, universally and without interruption, to all rights and obligations.

2. Accounting policies

2.1. Basis for preparation and presentation of the financial statements

In preparing these individual and consolidated financial statements, the Company followed the same accounting policies and calculation methods as were applied in the individual and consolidated financial statements as of December 31, 2023 and its accounting policies are already consistent with the new requirements that were in effect as of December 31, 2024.

The financial statements have been prepared using historical cost as the basis of value, except for the valuation of certain assets and liabilities such as derivative financial instruments, which are measured at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by the Company's management ("Management") in the process of applying the Company's accounting policies. The settlement of transactions involving these estimates may result in amounts that differ significantly from those recorded in the financial statements due to inaccuracies inherent in the process of determining them. The Company revises its estimates and assumptions periodically at intervals not exceeding one year.

The areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 3.

The Company's individual and consolidated financial statements for the year ended December 31, 2024 were authorized for disclosure at the Meeting of the Board of Directors held on March 10, 2025.

The individual and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), implemented in Brazil through the Accounting Pronouncements Committee ("CPC") and its technical interpretations ("ICPC") and guidelines ("OCPC"), approved by the Brazilian Securities Commission ("CVM"), and show all relevant information specific to the financial statements, and only such information, which is consistent with that used by management in its activity.

(In thousands of Reais – R$, unless otherwise stated)

2. Accounting policies —Continued

2.2. Consolidation bases

The consolidated financial statements include the operations of the Company and the following subsidiaries, whose percentage share is summarized as follows:

Subsidiary	Country	Total share 2024		Total share 2023	
		Direct	Indirect	Direct	Indirect
ZZAB Comércio de Calçados Ltda. ("ZZAB") (a)	Brazil	**99.99%**	-	99.99%	-
ZZSAP Indústria e Comércio de Calçados Ltda. ("ZZSAP"	Brazil	**99.99%**	-	99.99%	-
RBX Fashion GMBH (c)	Austria	**100.00%**	-	-	-
ZZEXP Comercial Exportadora S/A ("ZZEXP") (d)	Brazil	**100.00%**	-	99.99%	-
Tiferet Comércio de Roupas Ltda. ("Tiferet") (e)	Brazil	**100.00%**	-	100.00%	-
Soma Brands Brasil Ltda. (f)	Brazil	**100.00%**	-	-	-
Cidade Maravilhosa Ind. E Comércio de Roupas S.A. (g	Brazil	**100.00%**	-	-	-
Soma Ventures Participações Ltda. (h)	Brazil	**100.00%**	-	-	-
ARZZ International INC. ("ARZZ") (i)	United States	**100.00%**	-	100.00%	-
ARZZ Itália SRL (j)	Italy	**100.00%**	-	100.00%	-
Soma Brands Group "UK CO." Company (k)	United Kingdom	**100.00%**	-	-	-
Paris Texas (l)	Italy	-	**65.00%**	-	65.00%
Troc.com.br Atividades de Internet S.A. ("Troc") (m)	Brazil	-	**100.00%**	-	81.06%
Guaraná Brasil Difusão de Moda Ltda. ("Carol Bassi")	Brazil	-	**100.00%**	-	100.00%
CIA. HERING (o)	Brazil	-	**100.00%**	-	-
HRG Com. de Vest. E Interm. De Serv. Financ. Ltda. (p)	Brazil	-	**100.00%**	-	-
ARZZ Co. LLC (q)	United States	-	**100.00%**	-	100.00%
Schutz 655 LLC (r)	United States	-	**100.00%**	-	100.00%
Schutz Cali LLC (s)	United States	-	**100.00%**	-	100.00%
Plantage Rio, INC. (t)	United States	-	**100.00%**	-	-
Soma Brands France Registration (u)	France	-	**100.00%**	-	-
Soma Brands UK Company (v)	United Kingdom	-	**100.00%**	-	-
Soma Brands INTL GMBH (w)	Switzerland	-	**100.00%**	-	-
Hering INTL S.A.F.I. (x)	Uruguay	-	**100.00%**	-	-
Sitedur S.A. (y)	Uruguay	-	**100.00%**	-	-

a) <u>ZZAB Comércio de Calçados Ltda. (“ZZAB”)</u>

ZZAB’s purpose is the retail trade of footwear, handbags and belts.

b) <u>ZZSAP Indústria Comércio de Calçados Ltda. (“ ZZSAP ”)</u>

ZZSAP‘s purpose is the manufacture and sale of leather shoes, handbags and belts, footwear components, clothing items and fashion accessories, as well as the import and export of these products.

c) <u>RBX Fashion GMBH</u>

Company founded in December 2022, whose corporate purpose is the sale of clothing in foreign countries.

2. Accounting policies —Continued

2.2. Consolidation bases—Continued

d) ZZEXP Comercial Exportadora S/A ("ZZEXP")

ZZEXP's purpose is to export leather shoes, handbags and belts, clothing items and fashion accessories.

e) Tiferet Comércio de Roupas Ltda. ("Tiferet")

Tiferet's purpose is the marketing and export of shoes, handbags, belts, clothing items and fashion accessories.

f) Soma Brands Brasil Ltda.

Company founded on March 15, 2024, whose corporate purpose is the manufacture of clothing, accessories and jewelry, as well as the retail and wholesale trade, in physical stores and webcommerce, of these items and goods in general, management of interests in other companies and management of non-financial intangible assets.

g) Cidade Maravilhosa Ind. E Comércio de Roupas S.A.

Its corporate purpose is the production/manufacture of clothing and accessories, as well as the wholesale sale of goods in general.

h) Soma Ventures Participações Ltda.

Holding company founded in May 2021, with the aim of being an investment and acceleration vehicle for early-stage brands with great growth potential.

i) ARZZ International Inc. ("ARZZ Inc.")

ARZZ Inc. is engaged in the marketing of footwear and business intermediation. ARZZ Inc. holds direct interests in ARZZ LLC, Schutz 655 LLC, Schutz Cali and Showroom Itália.

j) ARZZ Itália SRL

On March 2, 2023, ARZZ Itália S.r.l., a wholly-owned subsidiary of the Company incorporated under the laws of Italy, previously an indirect subsidiary of the parent (direct subsidiary of subsidiary ARZZ United States), became part of the consolidation base as a direct subsidiary of the Company.

k) Soma Brands Group "UK CO." Company

Holding company founded in April 2023, whose corporate purpose is the trade of clothing in foreign countries.

2. Accounting policies —Continued

2.2. Consolidation bases—Continued

l) Paris Texas

On March 2, 2023, the Company, through its subsidiary ARZZ Itália, acquired 65% of the capital stock of Paris Texas (“Paris Texas”), obtaining the transfer of its control and the closing of the transaction.

m) Troc

Troc is a corporation whose purpose is to broker transactions involving the purchase and sale of second-hand women’s and children’s clothing, handbags, shoes and accessories from premium and luxury brands through an online portal at www.troc.com.br.

n) Guaraná Brasil Difusão de Moda Ltda. (Carol Bassi)

Carol Bassi is a limited liability company whose purpose is to operate in the industrial and retail trade of luxury women’s clothing items.

o) Cia. Hering

Its corporate purpose is the manufacture of clothing articles and accessories in general, as well as retail and wholesale trade.

p) HRG Com. de Vest. E Interm. De Serv. Financ. Ltda.

Its corporate purpose is the manufacture of clothing items and accessories in general, as well as retail and wholesale trade.

q) ARZZ Co. LLC

Its purpose is to sell footwear and broker transactions.

r) Schutz 655 LLC

Its purpose is the retail trade of footwear, handbags and belts exclusively from the Schutz brand.

s) Schutz Cali LLC

Schutz Cali LLC’s purpose is the retail trade of footwear, handbags and belts exclusively under the Schutz brand.

2. Accounting policies —Continued

2.2. Consolidation bases—Continued

t) Plantage Rio, INC.

Its corporate purpose is the retail trade of clothing and accessories, as well as goods in general. It is headquartered in the State of Delaware, United States.

u) Soma Brands France Registration

Company founded in April 2023, whose corporate purpose is the marketing of clothing and accessories, as well as the wholesale sale of goods in general in foreign countries.

v) Soma Brands UK Company

Company founded in April 2023, whose corporate purpose is the marketing of clothing and accessories, as well as the wholesale sale of goods in general in foreign countries.

w) Soma Brands INTL GMBH

Company founded in December 2022, whose corporate purpose is the trade of clothing in foreign countries.

x) Hering INTL S.A.F.I.

Its corporate purpose is the manufacture of clothing items and accessories in general, as well as retail and wholesale trade.

y) Sitedur S.A.

Its corporate purpose is the manufacture of clothing items and accessories in general, as well as retail and wholesale trade.

2.3. Functional currency

We present the financial statements in Reais (R$), the Company's functional currency, with balances rounded to the nearest thousand. The foreign subsidiaries have the Dollar, Euro and Pound Sterling as their functional currency, and the statements of income are translated into Reais at the average monthly exchange rate, and the assets and liabilities at the final rate. Variations are adjusted in the cumulative translation adjustments account.

2.4. Transactions and balances in foreign currency

2.4.1. Transactions and balances

Transactions in foreign currency are initially recorded at the exchange rate of the functional currency in effect as of the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the

2. Accounting policies —Continued

2.4. Foreign Currency Transactions and Balances —Continued

2.4.2. Subsidiaries

exchange rate of the functional currency in effect as of the balance sheet date. All differences are recorded in the statement of income.

The assets and liabilities of foreign subsidiaries are translated into Reais at the exchange rate as of the balance sheet date, and the corresponding statements of income are translated monthly at the average exchange rate for the periods. Exchange differences resulting from such translation are recorded separately in shareholders' equity, in the "Asset valuation adjustments" account. Upon the sale of a foreign subsidiary, the accumulated deferred amount recognized in shareholders' equity related to such foreign subsidiary is recognized in the statement of income.

2.5. Revenue recognition

CPC 47/IFRS 15 establishes a comprehensive framework for determining whether, when, and in what amount revenue is recognized from the identification of performance obligations, the transfer of control of the product or service to the customer and the determination of the selling price. The standard applies to all contracts with customers, except rental contracts (rental revenue), financial instruments (interest) and insurance contracts, for which specific standards apply.

This standard establishes a model that aims to identify whether the criteria for accounting for revenue have been satisfied and includes the following aspects:

i. Identification of a contract with the customer;

ii. Determination of performance obligations;

iii. Determination of the transaction price;

iv. Allocation of the transaction price; and

v. Revenue recognition at a given point in time or over a period of time as the performance obligations are met.

The following specific criteria must also be satisfied before revenue can be recognized:

I.Sales of goods

Revenue from the sale of goods is recognized when the performance obligations are completed.

The revenues of the Group (Parent and its subsidiaries) come mainly from the sale of women's, men's and children's footwear, handbags, accessories and clothing to end consumers. Since this is a Group that operates in the footwear, clothing and accessories retail industry, where the consumer generally purchases goods in stores, where prices and discounts are informed by consulting the Group's employees or obtained at the locations where the goods are displayed and where the transfer of control occurs upon delivery directly to the end consumer at the points of sale, one can conclude that this is a single performance obligation, and therefore there is no complexity in defining the performance obligations and transfer of control of the goods.

The Company assess revenue transactions according to specific criteria to determine whether it is acting as an agent or a principal and ultimately concludes that it is acting as a principal in all of its revenue contracts. In addition, revenues are recognized net of trade discounts and returns.

2. Accounting policies —Continued

2.5. Revenue recognition

II. Revenue from sales of goods to franchisees and royalties

Revenue from the sale of goods to franchisees is recognized when the performance obligation is performed, which includes the transfer of the goods to the franchisee at its premises. Additionally, when the performance obligation of the sale is performed, royalty revenue is also recognized, according to percentages defined in the contract.

III. Returns and cancellations

For contracts that allow the customer to return an item, in accordance with CPC 47/IFRS 15, revenue is recognized to the extent that it is highly likely that a significant reversal will not occur. The amount of revenue recognized is accounted for net of expected returns and cancellations.

2.6. Trade accounts receivable

Trade accounts receivable represent amounts receivable from customers for the sale of goods or services rendered in the normal course of the Group's activities, and trade accounts receivable in foreign markets are updated based on the exchange rates in force as of the date of the financial statements. If the collection period is equivalent to one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

The expected credit loss was constituted in an amount considered sufficient by Management to cover the expected losses in the realization of credits and had as its criterion the individual analysis of the balances of customers at risk of default.

2.7. Inventory

Inventory is measured at the lower of cost or net realizable value. Costs incurred in bringing each product to its current location and condition are accounted for as follows:

I. Raw materials: acquisition cost according to average cost.
II. Finished and in-progress products: cost of direct materials and labor and a proportionate share of indirect manufacturing overhead based on normal operating capacity.
III. Net realizable value is the selling price in the ordinary course of business, less estimated completion costs and estimated costs necessary to complete the sale.

Loss estimates for slow-moving or obsolete inventory are made when losses related to items of this nature are considered likely by Management.

2.8. Investments in subsidiaries

The Company's investments in its subsidiaries are measured based on the equity method for the purposes of the Parent's financial statements.

Based on the equity method, the investment in the subsidiary is recorded in the Parent's balance sheet at cost, plus changes after the acquisition of the equity interest in the subsidiary.

2. Accounting policies —Continued

2.8. Investments in subsidiaries—Continued

The equity interest in the subsidiary is presented in the Parent's statement of income as equity method adjustment, representing the net income attributable to the Parent's shareholders.

After applying the equity method for the purposes of the Parent's financial statements, the Company determines whether it is necessary to recognize an additional impairment loss on the Company's investment in its subsidiary. The Company determines, as of each balance sheet closing date, whether there is objective evidence that investments in subsidiaries have suffered impairment losses. If so, the Company calculates the amount of the impairment loss as the difference between the Subsidiary's recoverable value and the book value and recognizes the amount in the Parent's statement of income.

2.9. Property, plant and equipment

Recorded at acquisition or formation cost, less accumulated depreciation and provision for impairment, when applicable. Depreciation of assets is calculated using the straight-line method at the rates mentioned in Note 16 and takes into account the estimated useful life of the assets for the current and comparative years, as follows:

Estimated average useful life	
Facilities and showroom	10 years
Machinery and equipment	10 years
Furniture and fixtures	10 years
Computers and peripherals	5 years
Vehicles	5 years

An item of property, plant and equipment is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss arising from the write-off of the asset (calculated as the difference between the net selling price and the book value of the asset) is included in the statement of income in the period in which the asset is written off.

The residual value and useful life of assets and depreciation methods are revised at the end of each fiscal year and prospectively adjusted when applicable.

2.10. Intangible assets

Separately acquired intangible assets are measured at cost as of the date of recognition. After recognition, intangible assets are stated at cost, less accumulated amortization and accumulated impairment losses.

Intangible assets are substantially represented by software usage rights, trademarks and patents and store usage rights.

The useful life of intangible assets is assessed as either finite or indefinite.

2. Accounting policies —Continued

2.10. Intangible assets—Continued

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication of a loss in the economic value of the asset. The amortization period and method for an intangible asset with finite life are revised at least at the end of each fiscal year. Changes in the estimated useful life or in the expected consumption of future economic benefits of these assets are accounted for through changes in the amortization period or method, as applicable, and are treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the use of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested at least annually for impairment, either individually or at the cash-generating unit level.

The indefinite useful life assessment is revised annually to determine whether this assessment continues to be justifiable. If not, the change in useful life from indefinite to finite is made prospectively.

Gains and losses resulting from the disposal of an intangible asset are measured as the difference between the net proceeds from the sale and the book value of the asset and are recognized in the statement of income when the asset is disposed of.

Research expenses are recorded as expenses when incurred.

2.11. Leases

As of the start date of the contract, the Company assesses whether the contract is or contains a lease, i.e. whether the contract conveys the right to control the use of an identified asset for a period of time for consideration.

The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right to use the underlying assets as of the start date of the lease, except for short-term leases and leases of low-value assets.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made until the start date, less any lease incentives received and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

As of the start date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees.

2. Accounting policies —Continued

2.11. Leases—Continued

When calculating the present value of lease payments, the Company uses its incremental borrowing rate as of the start date because the interest rate implied in the leases is not immediately determinable. For lease contracts recognized in the year ended December 31, 2024, the Company used a nominal rate corresponding to market quotations that vary in the United States of America from 1.8% p.a. to 6.0% p.a. (1.8% p.a. to 2.5% p.a. as of December 31, 2023), in Europe from 5.0% p.a. to 8.0% p.a. and in Brazil from 3.6% p.a. to 18.3% p.a. (3.6% p.a. to 16.5% p.a. as of December 31, 2023).

After the start date, the amount of the lease liability is increased to reflect accrued interest and reduced for lease payments made.

Right-of-use assets are depreciated according to the straight-line method over the term of the leases and the estimated useful life of the assets. The right-of-use values were recorded in non-current assets under the item property, plant and equipment, and liabilities under the lease items under current liabilities and non-current liabilities.

2.12. Loss due to impairment of non-financial assets

2.12.1. Goodwill paid based on expected future profitability

The impairment test for goodwill is performed annually or when circumstances indicate a loss due to reduction of the book value.

2.12.2. Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment annually, individually or at the cash-generating unit level, as applicable or when circumstances indicate an impairment loss.

The tests performed for non-financial assets did not indicate the need to recognize an impairment loss as of December 31, 2024 and 2023. Additionally, losses on intangible assets with indefinite useful lives were provisioned as a result of the portfolio review, as detailed in Note 17.

Intangible assets, property, plant and equipment and rights of use with a defined useful life are amortized and depreciated, respectively, and assessed for impairment whenever there is an indication of loss of economic value of the asset. The assessment of the existence of indications of loss of economic value is carried out at least annually, individually or at the level of the cash-generating unit, as the case may be, or when circumstances indicate a loss due to reduction of the book value.

2.13. Provisions

2.13.1 General provisions

Provisions are recognized when the Company has a (legal or informal) present obligation as a result of a past event, it is likely that economic resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(In thousands of Reais – R$, unless otherwise stated)

2. Accounting policies —Continued

2.13. Provisions—Continued

2.13.2 Provisions for tax, civil and labor risks

The Company is a party to several judicial and administrative proceedings. Provisions are recorded for all contingencies relating to judicial proceedings for which it is likely that an outflow of funds will be made to settle the obligation and a reasonable estimate can be made.

The assessment of the likelihood of loss includes an assessment of the available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance to the legal system, as well as the assessment of external counsel. Provisions are reviewed and adjusted to take into account changes in circumstances, such as the applicable limitation period, findings of tax inspections or additional exposures identified based on new matters or court decisions.

2.14. Taxation

2.14.1. Taxes

Revenues and expenses are recognized net of taxes, except:

I. When taxes incurred on the purchase of goods or services are not recoverable from the tax authorities, in which case the tax is recognized as part of the acquisition cost of the asset or expense item, as the case may be;
II. When the amounts receivable and payable are presented together with the tax amount; and
III. When the net amount of taxes recoverable or payable is included as a component of amounts receivable or payable in the balance sheet.

The Company’s commercial transactions are subject to the following taxes and contributions, at the following basic rates:

	Rates
ICMS - State Value-Added Tax	4.00% to 22.00%
COFINS - Contribution for the Financing of Social Security	7.60%
PIS - Social Integration Program	1.65%
INSS - National Social-Security Institute	1.50% to 2.50%
State Sales Tax (United States)	1.82% to 10.12%
Corporate Income Tax (United States/Europe)	20.5% to 26%
Value-Added (Europe)	8.1% to 20%

In the statement of income, revenues are presented net of these taxes. Tax benefits and special tax regimes are disclosed in note 34.

2. Accounting policies —Continued

2.14. Taxation—Continued

2.14.2 Income tax and social contribution – current

Current tax assets and liabilities of the last fiscal year and of prior years are measured at the expected amount recoverable or payable to the tax authorities and are shown in current or non-current assets or liabilities, according to the forecast of their realization and/or settlement. The tax rates and tax laws used to calculate the amount are those that are in force or substantially in force as of the balance sheet date in the countries in which the Company operates and generates taxable income.

In Brazil, the Company's main country of operation, taxation on profit comprises income tax and social contribution. Income tax is calculated on taxable profit at a rate of 15%, plus an additional 10% for profits exceeding R$240 in a 12-month period, while social contribution is calculated at a rate of 9% on taxable profit recognized on an accrual basis. Accordingly, inclusions in accounting profits of temporarily non-deductible expenses or exclusions of temporarily non-taxable revenues considered for the calculation of current taxable profits generate deferred tax credits or debits. Advances or amounts subject to offset are shown in current or non-current assets according to their expected realization.

Current income tax and social contribution relating to items recognized directly in shareholders' equity are recognized in shareholders' equity. Management periodically assesses the tax position of situations in which tax regulations require interpretation and establishes provisions when appropriate.

2.14.3. Deferred taxes

The Company applies technical interpretation IFRIC 23/ICPC 22, which deals with the accounting for taxes on profit when there is uncertainty about the acceptability of a certain tax treatment. If the entity concludes that it is unlikely that the tax authority will accept the uncertain tax treatment, the entity reflects the effect of the uncertainty in determining taxable profit.

Deferred tax is generated by temporary differences between the tax bases of assets and liabilities and their book values, income tax losses and social contribution losses as of the balance sheet date. Deferred tax liabilities are recognized for all temporary tax differences, except:

I. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, as of the date of the transaction, does not affect accounting profit or tax profit or loss;
II. On temporary tax differences related to investments in subsidiaries where the period of reversal of the temporary differences is controlled by the Company and it is likely that the temporary differences will not be reversed in the foreseeable future; and
III. On January 1, 2023, the amendment to CPC 32/IAS 12 came into force, which requires recognition of deferred tax assets and liabilities on additions to rights of use, lease liabilities and subsequent measurement of these assets and liabilities.

The book value of deferred tax assets is revised as of each balance sheet date and written off to the extent that it is no longer likely that taxable profits will be available to enable all or a portion of the deferred tax asset to be utilized. Unrecognized and/or written-off deferred tax assets are reviewed as of each balance sheet date and are recognized to the extent that it becomes likely that future taxable profits will enable the deferred tax assets to be recovered.

2. Accounting policies —Continued

2.14. Taxation—Continued

2.14.3. Deferred Taxes —Continued

Deferred tax assets and liabilities are measured at the tax rate that is expected to be applicable in the year in which the asset will be realized or the liability settled, based on the tax rates (and tax law) enacted as of the balance sheet date.

Deferred tax relating to items recognized directly in shareholders' equity is also recognized in shareholders' equity rather than in the statement of income. Deferred tax items are recognized in accordance with the transaction giving rise to the deferred tax, either in comprehensive income or directly in shareholders' equity.

2.15. Other employee benefits

Deferred tax assets and liabilities are presented net if there is a legally enforceable right to offset the tax asset against the tax liability, if the deferred taxes are related and subject to the same tax entity and if management intends to settle them simultaneously or at the net amount of the tax assets and liabilities.

The benefits granted to the Company's employees and managers include, in addition to fixed compensation (salaries and social-security (INSS) contributions, vacation payments, 13th salary), variable compensation, such as profit sharing, stock option plan and restricted share plan. These benefits are recorded in the statement of income when the Company has an obligation based on the accrual basis as they are incurred.

2.16. Earnings per share

The Company calculates basic earnings per share using the weighted average number of total common shares outstanding during the period corresponding to the result, excluding common shares purchased by the company and held as treasury shares, in accordance with technical pronouncement CPC 41 (IAS 33). Diluted earnings per share are also calculated using the aforementioned average number of shares outstanding, adjusted for instruments potentially convertible into shares with a dilutive effect, in the years presented.

2.17. Statements of cash flow and Statements of value added

The statements of cash flow were prepared using the indirect method and are presented in accordance with CPC 03 R2/IAS 7 – Statement of Cash Flow, issued by the CPC/IASB.

The statement of value added (DVA) is not required by the IFRS, is presented as a supplement in compliance with Brazilian corporation law and was prepared in accordance with CPC 09 – Statement of Value Added. Its purpose is to demonstrate the wealth created by the Company during the fiscal year, as well as to demonstrate its distribution among the various agents.

2. Accounting policies —Continued

2.18. Financial instruments

2.18.1. Initial recognition and measurement

Financial instruments are recognized at their fair value plus costs directly attributable to their acquisition or issuance, except in the case of financial assets measured at fair value through profit or loss.

The main financial assets recognized by the Company are: cash and cash equivalents, trade accounts receivable and financial investments, classified in the categories of amortized cost and fair value through profit or loss as described in Note 29.

2.18.2. Subsequent measurement

The main financial liabilities recognized by the Company are: trade accounts payable, loans and financing, leases and liabilities payable upon acquisition of subsidiary. These liabilities were classified in the amortized costs category in Note 29.

The subsequent measurement of financial instruments occurs as of each balance sheet date in accordance with their classification, with the Company's financial assets and liabilities being classified into the following categories:

I. Financial assets and liabilities at amortized cost

A financial asset or liability must be measured at amortized cost if both of the following conditions are met:

a. the financial asset or financial liability is held within a business model whose purpose is to hold financial instruments for the purpose of receiving contractual cash flows; and
b. the contractual terms of the financial asset or financial liability give rise, on specified dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.
Financial liabilities are subsequently measured at amortized cost using the effective interest method.

II. Financial assets and liabilities at fair value through profit or loss

A financial asset and financial liability must be measured at fair value through profit or loss unless it is measured at amortized cost or the financial asset is measured at fair value through other comprehensive income.

2.1 9. Derivative financial instruments and hedge activities

The Company uses derivative financial instruments to hedge the risk of changes in exchange rates.

Derivative financial instruments are initially recognized at fair value on the date when the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive and as financial liabilities when the fair value is negative. Any gains or losses resulting from changes in the fair value of derivatives during the period are recognized directly in the statement of income.

2. Accounting policies —Continued

2.20. Information by segment

The Company's activities are concentrated on the development and marketing of women's, men's and children's footwear, handbags, accessories and clothing in a single business unit. The Company's products are represented by the brands Arezzo, Schutz, Anacapri, Alexandre Birman, Alme, Vans, Reserva, Reserva Mini, Reserva Go, Oficina, INK, Troc, Baw, Carol Bassi, Brizza, Reversa, Simples Reserva, Paris Texas and Vicenza. Although they are marketed through different distribution channels (single-brand stores, which include own stores, franchises and webcommerce, and multi-brand stores), they are not controlled and managed by Management as independent segments, and the Company's results are monitored, tracked and assessed in an integrated manner.

For managerial purposes, Management monitors consolidated gross revenue by brand and sales channel.

2.21. Stock-based payment

2.21.1 Restricted share plan

The Company approved a restricted share plan for selected managers, executives and employees of the Company, offering them restricted shares in the manner and under the conditions described in the plan.

The expense is recorded on a daily prorated basis, starting on the date of grant and ending on the date when the Company transfers the right to the shares to the beneficiary. The expense corresponds to the number of shares granted multiplied by the fair value of the share as of the date of grant, as well as the provision for charges. Details of the Company's program are provided in Note 33.1.

2.22. Business Combinations

Business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated by adding together the fair values of the assets transferred by the Company as of the acquisition date, the liabilities incurred by the Company in relation to the former controlling shareholders of the acquired entity and the equity interests issued by the Company in exchange for control of the acquired entity. Acquisition-related costs are recognized in profit or loss when incurred.

As of the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value at the acquisition date.

Goodwill is measured by comparing the amount of the consideration transferred, including the amount of minority interests in the acquired entity and the fair value of the acquirer's previously-held interest in the acquired entity (if any), with the net fair value amounts, as of the acquisition date, of the identifiable assets acquired and liabilities assumed. If, after measurement, the net fair value amounts of the identifiable assets acquired and liabilities assumed as of the acquisition date are greater than the sum of the consideration transferred, including the amount of minority interests in the acquired entity and the fair value of the acquirer's previously-held interest in the acquired entity (if any), the excess is immediately recognized in profit or loss as a bargain purchase gain.

2. Accounting policies —Continued

2.22. Business Combinations —Continued

When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at fair value as of the acquisition date and included in the amount of the consideration transferred in a business combination. Changes in the fair value of the consideration after the measurement period are adjustments of the period in which they occur and are prospectively adjusted, with a corresponding impact on the profit or loss for the period. Measurement period adjustments correspond to adjustments resulting from additional information obtained during the “measurement period” (which may not exceed one year from the acquisition date) related to facts and circumstances existing as of the acquisition date and adjusted for the amounts of assets acquired or liabilities assumed and goodwill.

Goodwill is recognized and initially measured as described above. Goodwill is not amortized, but is subject to impairment testing at least annually. For impairment testing purposes, goodwill is allocated to each of the Company’s cash-generating units (or groups of cash-generating units) that will benefit from the synergies of the combination. The cash-generating units to which goodwill has been allocated are subject to impairment testing annually or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its book value, the impairment loss is first allocated to reduce the book value of the goodwill allocated to the unit and then to the other assets of the unit in proportion to the book value of each of its assets. Goodwill impairment losses are recognized in profit or loss in the period in which they occur.

2.23. Capital and profit reserves

The legal reserve is calculated based on five percent (5%) of the net profit for the year, as determined by Law No. 6.404/76, until it reaches twenty percent (20%) of the capital stock. When the balance of the legal reserve plus the amount of the capital reserve exceeds thirty percent (30%) of the capital stock, it is not mandatory to allocate part of net income for the year to the legal reserve.

The Company’s bylaws allow the creation of statutory reserves in accordance with Law No. 6.404/76, and their balance, added to the balances of other Profit Reserves, except for the Contingency Reserve, the Tax Incentive Reserve and the Unrealized Profits Reserve, may not exceed one hundred percent (100%) of the capital stock. Once this maximum limit is reached, the Shareholders’ Meeting must resolve, in accordance with Article 199 of the Corporation Law, on the excess and apply it to the full payment or increase of the capital stock or to the distribution of dividends.

2. Accounting policies —Continued

2.24. Dividends

Under the terms of the Company's Bylaws, holders of shares of any type will be entitled, in each fiscal year, to a minimum dividend of twenty-five percent (25%) of adjusted net income, calculated in accordance with the corporation law.

Dividends above this limit are recorded in a specific account in shareholders' equity called "Proposed additional dividend", remaining so until otherwise resolved by the Shareholders' Meeting.

2.25. Tax incentive reserve

The Company and its subsidiaries benefit from ICMS tax incentives, which, according to Supplementary Law 160/17, are classified as investment subsidies. The reserve balance refers to ICMS tax incentives allocated in previous years.

3. Significant accounting judgments, estimates and assumptions

3.1. Judgments

The preparation of the Company's individual and consolidated financial statements requires Management to make judgments and estimates and adopt assumptions that affect the amounts presented for revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, as of the base date of the financial statements. However, uncertainty related to these assumptions and estimates could lead to results that require a significant adjustment to the book value of the affected asset or liability in future periods.

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

3.2. Estimates and assumptions

The main assumptions relating to sources of uncertainty in future estimates and other important sources of uncertainty in estimates as of the balance sheet date, involving a significant risk of causing a significant adjustment to the book value of assets and liabilities in the next fiscal year, are highlighted below:

I.Loss due to impairment of non-financial assets

An impairment loss exists when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the greater of fair value less selling costs and value in use. The calculation of fair value less selling costs is based on available information from sales of similar assets or market prices less additional costs to dispose of the asset. The calculation of value in use is based on the discounted cash flow model. Cash flows are derived from projections for the next five years and do not include restructuring activities to which the Company has not yet committed or significant future investments that will improve the asset base of the cash-generating unit being tested. The recoverable value is sensitive to the discount rate used in the discounted cash flow method, as well as to expected future cash receipts and the growth rate used for extrapolation purposes.

3. Significant accounting judgments, estimates and assumptions -- Continued

3.2. Estimates and assumptions --Continued

II. Provisions for tax risks and realization of deferred income tax and social contribution assets

There are uncertainties regarding the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of inspections by the tax authorities of the respective jurisdictions in which it operates. The amount of these provisions is based on several factors, such as experience of previous inspections and inconsistent interpretations of tax regulations by the taxable entity and the relevant tax authority. These differences in interpretation may arise in a wide variety of matters, depending on the conditions prevailing in the Company's respective domicile.

Significant judgment is required from Management to determine the amount of deferred tax assets that may be recognized, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

III. Transactions with stock-based payments

The Company measures the cost of transactions to be settled with shares based on the fair value of the equity instruments as of the date of their grant. Estimating the fair value of stock-based payments requires determining the most appropriate valuation model for the grant of equity instruments, which depends on the terms and conditions of the grant. This also requires determining the most appropriate inputs and assumptions for the valuation model, including the expected life of the option, the volatility of the share and the risk-free interest rate. The assumptions and models used to estimate the fair value of stock-based payments are disclosed in Note 33.

IV. Provisions for civil and labor risks

The Company recognizes a provision for all cases where the likelihood of loss is estimated as likely. The assessment of the likelihood of loss includes an assessment of the available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance to the legal system, as well as the assessment of external counsel. Provisions are revised and adjusted to take into account changes in circumstances, such as the applicable limitation period, findings of tax inspections or additional exposures identified based on new matters or court decisions.

V. Leases

As of the start date of the lease, the Company recognizes lease liabilities measured at present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including, substantially, fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees.

When calculating the present value of lease payments, the Company uses its incremental lending rate as of the start date because this interest rate implied in the lease is not immediately determinable. For lease contracts recognized in the twelve-month period ended December 31, 2024, the Company used a nominal rate corresponding to market quotations, which range in the United States of America from the rate of 1.8% p.a. to 6.0% p.a. (1.8% p.a. to 2.5% p.a. as of December 31, 2023), in Europe from 5.0% p.a. to 8.0% p.a. and in Brazil from 3.6% p.a. to 18.3% p.a. (3.6% p.a. to 16.5% p.a. as of December 31, 2023). The settlement of transactions involving these estimates may result in amounts that differ significantly from those recorded in the financial statements due to

3. Significant accounting judgments, estimates and assumptions -- Continued

3.2. Estimates and assumptions --Continued

V. Leases--Continued

inaccuracies inherent in the process of determining them. The Company revises its estimates and assumptions annually.

4. New or revised pronouncements

A series of new accounting standards will be effective for fiscal years beginning on or after January 1, 2024.

a) IFRS 18 Presentation and Disclosure of Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies to annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of income, namely the operating, investment, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. The entities' net income will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note to the financial statements.
- Improved guidance is provided on how to group information in financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flow when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit and loss, statement of cash flow and additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including items currently labelled as "other".

b) Other accounting standards

The following new and amended standards are not expected to have a significant impact on the individual and consolidated financial statements:

- Lack of convertibility (amendments to CPC 02/IAS 21; and
- Classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7).

5. Business combination

On July 31, 2024 ("Closing Date"), the Company acquired 100% of the controlling interest in Grupo de Moda Soma S.A. ("Soma Group"). Upon completion of the transaction, the shareholders of the Soma Group received, for each one (1) common share issued by Soma Group, 0.121695988348 new common shares issued by Arezzo&Co ("Exchange Ratio"), resulting in the issuance of 95,500,607 new shares of Arezzo&Co as of the closing date, so that the shareholders of Arezzo&Co and Soma Group became holders of, respectively, 53.74% and 46.26% of the shares of the controlling block. Other shares are held by other shareholders.

Upon completion of the transaction, the companies were organized into four business verticals: (i) footwear and accessories; (ii) women's clothing; (iii) men's clothing; and (iv) democratic clothing. The emergence of this new company brings with it great opportunities for generating additional value, such as the development of the footwear and handbag categories in the Soma Group brands, generating revenue leverage, optimizing the management of multi-brand channels, e-commerce and, more importantly, franchises, optimizing Hering's knitwear industrial plant and preparing this new company to connect other business verticals. The governance of the new Company will be jointly managed by the current reference shareholders of Arezzo&Co and of the Soma Group. With the satisfaction of the conditions precedent, the transaction was consummated with the merger of the Soma Group into Arezzo&Co. Thus, on the same date, the Company obtained control of the Soma Group.

The Soma Group is a corporation whose purpose is to manufacture clothing and accessories, as well as the retail and wholesale trade of these items and goods in general in physical stores and on the electronic market. It has own stores and franchises distributed throughout all states of Brazil and, internationally, in the United States and Europe (Farm), Uruguay, Bolivia and Paraguay (Cia. Hering). Its main brands are: Animale, Farm, Fábula, Foxton, Cris Barros, Off Premium, Maria Filó, NV and Hering.

On the same date, the Soma Group holding company was incorporated and succeeded by the Company, with the resulting dissolution of the absorbed company and the transfer to the absorbing company, universally and without interruption, of all the elements, assets and liabilities that are part of the equity of the incorporated company.

The Soma Group was acquired as part of the Company's strategy to complement its business in the fashion and retail sector, expand its product offering and expand its brand portfolio.

The preliminary fair values of the identifiable assets acquired and liabilities assumed are presented below.

The measurement was carried out on a preliminary basis and must be completed within a period of up to twelve months after the Closing Date, as provided for in CPC 15 – Business Combination.

(In thousands of Reais – R$, unless otherwise stated)

5. Business combination —Continued

The following is the position of the balances recognized in the business combination carried out on July 31, 2024.

	Fair Value
Assets Acquired	
Cash and cash equivalents	467,861
Financial investments	342,787
Trade accounts receivable	1,398,057
Inventory	1,330,719
Income tax and social contribution recoverable	83,239
Recoverable taxes	883,503
Derivative financial investments	10,762
Deferred income tax and social contribution	601,550
Court deposits	63,671
Other credits	51,345
Property, plant and equipment	1,279,665
Intangible assets	1,679,703
Total assets acquired	**8,192,862**
Liabilities assumed and non-controlling interest	
Loans and financing	1,631,788
Trade accounts payable	777,877
Lease	322,717
Deferred income tax and social contribution	238,581
Tax and social-security liabilities	67,353
Labor liabilities	206,271
Tax installments	3,221
Obligations payable in business combination	105,104
Provisions for labor, tax and civil risks	604,422
Other payables	161,793
Total liabilities assumed	4,119,127
Total net assets	4,073,735
Consideration transferred	4,646,105
Equity instruments (95,500,607 common shares of the Company)	4,646,105
Preliminary accounting goodwill	**572,370**

5. Business combination —Continued

The valuation techniques used to measure the fair value of the significant assets acquired were as follows:

- **a) Intangible assets:** The intangible assets identified were brands and customer relationships, with the assessment methods used being relief-from -royalty and multi-period excess earnings, respectively. The relief-from -royalty method considers the discounted royalty payments estimated to be avoided as a result of the acquired patents. The multi-period excess earnings method considers the present value of expected net cash flows from customer relationships, excluding any cash flows related to contributing assets.
- **b) Property, plant and equipment:** Refers to adjustments to the fair value of property, plant and equipment, which are mostly represented by the land, buildings and improvements, machinery and equipment, improvements to third-party properties, facilities, furniture and fixtures, IT equipment, construction work in progress and vehicles property groups, among others, owned by the Soma Group, carried out according to an assessment based on the guidelines of ABNT NBR 14653 (Asset Assessment), the Direct Market Data Comparative Method, and the Reproduction or Replacement Cost Method.

Trade accounts receivable is comprised of contractual amounts measured at fair value of R$1,470,335, and the Company's best estimate of contractual cash flows, the receipt of which is not expected as of the acquisition date, is represented by the "Estimated credit losses" in the amount of R$72,277, presented net in "Trade accounts receivable.

The preliminary accounting goodwill identified is in the amount of R$572,370, attributed to the expected synergies from the integration of the entity into the Company's existing businesses, expansion of the Company's addressable market business, and intangible assets that do not qualify for separate recognition, such as workforce. The goodwill previously recorded in the Soma Group entities is expected to continue to be deductible for income tax and social contribution purposes, and the deferred taxes resulting from the transaction were also measured as of the acquisition date.

The fair value of the consideration transferred was R$4,646,105, an exchange ratio that considers the issuance of 95,500,607 new shares by the Company, at the price of its shares (ARZZ3) traded on Brasil, Bolsa, Balcão – B3 as of the Closing Date.

The costs related to the acquisition (included in "operating expenses") total R$180,002.

The Soma Group contributed net revenues in the amount of R$2,851,862 and net accounting profit of R$110,697 to the Company's result for the period between the acquisition date and December 31, 2024. The consolidated net revenue and consolidated result of the Company would be, if the acquisition date were at the beginning of the twelve-month period ended December 31, 2024, R$11,540,820 and R$151,816, respectively.

The results as of the base date December 31, 2024 consolidate the figures for the Soma Group on and after July 31, 2024. The equity balances are being presented consolidated with the Soma Group; however, the information for the same periods in 2023 does not include the Soma Group.

(In thousands of Reais – R$, unless otherwise stated)

6. Cash and cash equivalents

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Cash and banks				
Cash	**868**	1,183	**7,165**	2,749
Banks	**30,401**	13,381	**147,598**	69,138
Cash equivalents				
CBD	**-**	-	**-**	306
Automatic investments	**843**	480	**26,397**	1,123
Total cash and cash equivalents	**32,112**	15,044	**181,160**	73,316

As of December 31, 2024, the average yield of financial investments classified as cash equivalents is 20% of the CDI rate, with 100% being in automatic investments.

7. Financial investments

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Fixed Income				
CBD	**26,771**	27,259	**148,175**	69,223
Repurchase agreements	**-**	83,022	**160,193**	210,867
Exclusive investment fund				
Treasury financial bills	**146,830**	123,916	**146,830**	311,872
Financial bills	**-**	33,244	**138,185**	84,436
Bonds and securities				
Bonds and securities	**-**	-	**1,027**	-
Total financial investments	**173,601**	267,441	**594,410**	676,398
Circulante	**173,601**	267,441	**593,383**	676,398
Não circulante	**-**	-	**1,027**	-

Exclusive investment fund

ZZ Referenciado DI Crédito Privado is a private credit fixed income fund under the management, administration and custody of Banco Santander S.A. The investment fund has no significant financial liabilities. Financial liabilities are limited to asset management fees, custody fees, audit fees and expenses.

(In thousands of Reais – R$, unless otherwise stated)

7. Financial investments —Continued

Exclusive investment fund —Continued

The fund is exclusively for the benefit of the Company and its subsidiaries. Therefore, in accordance with CVM Instruction 408/04, the financial investment in the investment fund in which the Company has an exclusive interest was consolidated.

As of December 31, 2024, the average yield of the investment fund is 102.13% of the CDI rate (101.90% as of December 31, 2023). The assets are composed of 18.13% by Treasury Financial Bills – LFT, 58.74% in Repurchase Agreements, 6.51% in CDB and 16.65% in private securities Financial Bills (46% in LFT, 31% in Repurchase Agreements, 10% in CDB and 16% in private securities Financial Bills as of December 31, 2023), with 100% of the assets having daily liquidity (79.51% as of December 31, 2023).

The Company has financial investment policies that determine that investments are concentrated in low-risk securities and investments in large financial institutions and are substantially remunerated based on percentages of the variation in the Interbank Deposit Certificate (CDI) rate.

Bonds and securities

Fund established in March 2021. The scope of the transaction consists of the assignment of credit rights by the Company’s suppliers on invoices receivable from the Group’s companies. Fundo de Investimentos em Direitos Creditórios Rio Capital “FIDC” is a closed-ended condominium, with all of the shares held by the Company.

As of December 31, 2024, the Company had no investments pledged as collateral with financial institutions.

8. Trade accounts receivable

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Domestic customers	**1,764,254**	1,410,515	**1,531,585**	723,991
Trade bills receivable	**557,670**	602,557	**1,531,585**	723,991
Trade bills receivable - related parties (note 14a)	**1,206,584**	807,958	**-**	-
Foreign customers	**29,184**	429	**164,140**	64,998
Trade bills receivable	**4,226**	429	**164,140**	64,998
Trade bills receivable - related parties (note 14a)	**24,958**	-	**-**	-
Others	**128,983**	167,116	**1,196,156**	346,849
Credit cards	**128,769**	166,960	**1,184,826**	345,782
Checks and other amounts	**214**	156	**11,330**	1,067
	1,922,421	1,578,060	**2,891,881**	1,135,838
(-) Expected losses	**(21,003)**	(6,370)	**(64,131)**	(7,151)
Total accounts receivable	**1,901,418**	1,571,690	**2,827,750**	1,128,687
Current	**1,872,214**	1,549,025	**2,816,294**	1,125,449
Non-Current	**29,204**	22,665	**11,456**	3,238

(In thousands of Reais – R$, unless otherwise stated)

8. Trade accounts receivable —Continued

Third-party credit cards – sales by credit card can be made at sight or in installments. The credit risk with the end consumer in these transactions is assumed by the issuing banks.

Trade bills receivable – the Company offers to its corporate customers installment payments through trade bills. The credit risk in these transactions is assumed by the Company.

Sales policies for customers are subject to the credit policies established by Management and aim to minimize potential problems arising from customer default. It is important to note that retail customers have their transactions predominantly represented in “credit card” accounts, and transactions arising from sales agents and distributors (franchises), which have a structured relationship with the Company, are represented by the “trade bills receivable from domestic customers” and “trade bills receivable from foreign customers” accounts.

The composition of accounts receivable (foreign customers) by currency is as follows:

	Parent		Consolidated	
	2024	2023	2024	2023
USD	**4,226**	429	**133,547**	64,903
EUR	**-**	-	**29,208**	95
GBP	**-**	-	**1,385**	-
Balance at the end of the year	**4,226**	429	**164,140**	64,998

The changes in expected credit loss are shown below:

	Parent		Consolidated	
	2024	2023	2024	2023
Balance as of the beginning of the year	**(6,370)**	(7,844)	**(7,151)**	(9,199)
Additions/reversals	**(27,395)**	(15,762)	**(35,659)**	(16,429)
Acquisition of subsidiary	**-**	-	**(70,649)**	-
Write-offs	**12,762**	17,236	**49,328**	18,477
Balance as of the end of the year	**(21,003)**	(6,370)	**(64,131)**	(7,151)

(In thousands of Reais – R$, unless otherwise stated)

8. Trade accounts receivable —Continued

The breakdown of accounts receivable by maturity age is as follows:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Not yet due	**1,854,301**	1,548,767	**2,704,880**	1,099,830
Overdue up to 30 days	**28,063**	4,836	**66,976**	6,055
Overdue from 31 to 60 days	**7,397**	5,888	**22,976**	8,229
Overdue from 61 to 90 days	**4,529**	4,524	**11,282**	5,117
Overdue from 91 to 180 days	**9,211**	10,055	**21,099**	11,012
Overdue from 181 to 360 days	**15,466**	2,503	**44,454**	3,394
Overdue for more than 360 days	**3,454**	1,487	**20,214**	2,201
	1,922,421	1,578,060	**2,891,881**	1,135,838

Default may be an indicator of payment difficulties on the part of the customer; however, the Company promptly monitors the behavior of the market value of the transaction, in addition to the inventories of its customers, and, in its assessment, there are no signs of insolvency. Depending on the market reaction, it may consider granting additional time to customers, as well as reassessing the need to estimate credit losses.

9. Inventory

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Finished products	**382,262**	309,278	**1,768,208**	641,339
Raw materials	**47,387**	73,925	**353,998**	121,459
Products in progress	**4,501**	5,261	**259,755**	29,878
(-) Estimated losses	**(71,555)**	(6,546)	**(163,146)**	(18,394)
Total inventory	**362,595**	381,918	**2,218,815**	774,282

For a better presentation of the balances, the company now shows the inventory balance disregarding advances to suppliers from its composition. For comparability, the 2023 balance was also changed from R$428,221 to R$381,918 for Parent and from R$828,557 to R$774,282 for Consolidated.

(In thousands of Reais – R$, unless otherwise stated)

9. Inventory —Continued

The changes in estimated inventory losses are shown below:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Balance as of the beginning of period	**(6,547)**	(12,176)	**(18,394)**	(20,090)
Additions/reversals	**(76,040)**	(6,935)	**(79,022)**	(10,869)
Acquisition of subsidiary	**-**	-	**(76,762)**	-
Realizations	**11,032**	12,565	**11,032**	12,565
Balance as of the end of the year	**(71,555)**	(6,546)	**(163,146)**	(18,394)

Inventory losses are estimated based on obsolete or slow-moving items, as well as collection leftovers.

10. Derivative financial instruments

	Parent			Consolidated		
	2024		**2023**	**2024**		**2023**
Assets						
Derivative financial instruments						
SWAP loan 4131 (Note 18)	**123,324**	-		**123,324**	-	
SWAP debentures/CRI (Note 18)	**-**	-		**4,101**	-	
Purchase and sale agreement (i)	**-**	-		**58,230**		78,211
Import Hedge	**-**	-		**12,641**	-	
Liabilities						
Derivative financial instruments						
SWAP loan 4131 (Note 18)	**-**	-	59,470	**-**	-	59,470
Purchase and sale agreement (i)	**-**	-		**-**	-	78,211
Total	**123,324**	-	59,470	**198,296**	-	59,470

(i) Purchase and sale option relating to the business combination of subsidiary ARZZ Itália with Paris Texas, carried out on February 2, 2023.

(In thousands of Reais – R$, unless otherwise stated)

11. Recoverable taxes

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
IRPJ Recoverable (i)	**77,294**	12,018	**312,127**	13,442
CSLL Recoverable (i)	**24,674**	4,720	**135,243**	4,720
ICMS recoverable	**353,741**	204,334	**858,186**	237,222
PIS and COFINS recoverable	**531**	622	**183,003**	36,890
IPI Recoverable	**2,166**	1,131	**5,921**	4,327
Others	**17,948**	2,105	**52,359**	16,732
Total	**476,354**	224,930	**1,546,839**	313,333
Current	**158,188**	45,913	**520,986**	129,638
Non-Current	**318,166**	179,017	**1,025,853**	183,695

(i) IRPJ and CSLL recoverable recorded in the period ended December 31, 2024 mainly refer to the additional recognition of IRPJ and CSLL on the ICMS tax benefit related to previous periods of R$53,693 for Parent and R$104,235 for Consolidated. It is worth mentioning that the increase in the balance of taxes recoverable, for Parent, includes the amounts incorporated from Subsidiary GMS of R$37,611 and, for Consolidated, reflects the integration of the Soma Group companies in the amount of R$83,239.

12. Other receivables

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Advance to advertising fund	**11,125**	6,008	**11,125**	6,008
Advance to franchisees	**4,485**	7,168	**10,998**	7,168
Advances to suppliers (i)	**185,386**	72,862	**229,733**	78,417
Advances to employees	**3,649**	871	**12,158**	4,468
Advanced expenses	**7,543**	10,195	**79,681**	16,515
Other receivables	**21,080**	25,881	**30,815**	31,200
Total other receivables	**233,268**	122,985	**374,510**	143,776
Circulante	**229,532**	118,223	**365,080**	135,971
Não circulante	**3,736**	4,762	**9,430**	7,805

(i) For a better presentation of the balances, the company now shows the inventory balance disregarding advances to suppliers from its composition. For comparability, the balance of the note other amounts receivable in 2023 was also changed from R$26,559 to R$72,862 for Parent and from R$24,142 to R$78,417 for Consolidated.

(In thousands of Reais – R$, unless otherwise stated)

13. Income tax and social contribution

a) Deferred taxes

Provision of commissions	**31,092**	**31,092**	**10,571**	24,815	24,815	8,437
Provision for administrative and commercial expenses	**36,061**	**36,061**	**12,260**			
Provisions for ILP expenses	**44,583**	**44,583**	**15.158**	-	-	-
Provision for Earn out expenses	**19,740**	**19,740**	**6.712**	-	-	-
Provision for labor, tax and civil contingencies	**58,580**	**58,580**	**19,917**	11,406	11,406	3,878
Estimated inventory losses	**71,555**	**71,555**	**24,329**	6,547	6,547	2,226
Lease payable	**16,543**	**16,543**	**5.625**	10,368	10,368	3,525
Other provisions	**1,131**	**1,131**	**385**	4,583	4,583	1,557
Deferred tax assets	**1,300,252**	**1,424,518**	**453,270**	537,921	617,925	190,092
Tax amortization of goodwill on acquisition of equity interest	**(427,237)**	**(427,237)**	**(145,261)**	(183,434)	(183,434)	(62,367)
Provision for taxation of investment subsidies	**(330,874)**	**(330,874)**	**(112,497)**	-	-	-
Deferred tax liabilities	**(758,111)**	**(758,111)**	**(257,758)**	(183,434)	(183,434)	(62,367)
Total	**542,141**	**666,407**	**195,512**	354,487	434,491	127,725
Deferred assets			**195,512**			127,725

(In thousands of Reais – R$, unless otherwise stated)

13. Income tax and social contribution —Continued

a) Deferred taxes—Continued

	Consolidated					
	2024			2023		
Taxable event	**IRPJ basis**	**CSLL basis**	**IRPJ/CSLL**	**IRPJ basis**	**CSLL basis**	**IRPJ/CSLL**
Tax loss and negative tax base	**2,110,137**	**2,234,403**	**728,631**	428,698	508,702	152,958
Unrealized profit on inventory	**536,337**	**536,337**	**182,355**	246,232	246,232	83,719
Impairment loss	**889,610**	**889,610**	**302,467**	-	-	-
Impairment loss - Portfolio revision	**128,872**	**128,872**	**43,816**	-	-	-
Provision for administrative and commercial expenses	**149,806**	**149,806**	**50,934**	-	-	-
Expected losses	**50,136**	**50,136**	**17,046**	8,553	8,553	2,908
Provision of commissions	**31,092**	**31,092**	**10,571**	24,815	24,815	8,437
Provision for ILP expenses	**44,583**	**44,583**	**15,158**	-	-	-
Provision for Earn out expenses	**19,740**	**19,740**	**6,712**	-	-	-
Provision for labor, tax and civil contingencies	**247,366**	**247,366**	**84,104**	16,110	16,110	5,477
Estimated inventory losses	**159,954**	**159,954**	**54,384**	8,945	8,945	3,041
Lease payable	**48,984**	**48,984**	**16,655**	21,643	21,643	7,359
Provision for PPR	**75,145**	**75,145**	**25,549**	-	-	-
Exchange rate variation provision	**18,788**	**18,788**	**6,388**	-	-	-
Other provisions	**42,519**	**42,519**	**14,459**	8,654	8,654	2,942
Deferred tax assets	**4,553,069**	**4,677,335**	**1,559,229**	763,650	843,654	266,841
Provision for taxation of investment subsidies	**(791,845)**	**(791,845)**	**(269,227)**	-	-	-
Exchange rate variation provision	**-**	**-**	**-**	(7,294)	(7,294)	(2,482)
Bargain purchase gain	**(1,194)**	**(1,194)**	**(406)**	(1,194)	(1,194)	(406,000)
Tax amortization of goodwill on acquisition of equity interest	**(472,122)**	**(472,122)**	**(160,522)**	(208,448)	(208,448)	(70,872)
Value added of property, plant and equipment and intangible assets	**(949,730)**	**(949,730)**	**(322,908)**	-	-	-
Deferred tax liabilities	**(2,214,891)**	**(2,214,891)**	**(753,063)**	(216,936)	(216,936)	(73,760)
Total	**2,338,177**	**2,462,443**	**806,166**	546,714	626,718	193,081
Deferred assets			**1,051,786**			193,081
Deferred liabilities			**(245,620)**			

Below we demonstrate the reconciliation of deferred tax assets:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Opening balance	**127,725**	83,669	**193,081**	115,849
Deferred income tax recognized in profit or loss	**94,188**	44,056	**283,030**	77,232
Write-off of IRPJ tax loss and negative CSLL tax base	**(32,914)**	-	**(32,914)**	-
Merger	**6,513**	-	**-**	-
Acquisition of subsidiary	**-**		**362,969**	-
Balance as of the end of the period	**195,512**	127,725	**806,166**	193,081
Deferred assets	**195,512**	127,725	**1,051,786**	193,081
Deferred liabilities	**-**	-	**(245,620)**	-

(In thousands of Reais – R$, unless otherwise stated)

13. Income tax and social contribution —Continued

Tax loss and negative tax base

The offsetting of accumulated tax losses is limited to 30% of the taxable income generated in a given fiscal year. The Company estimates that the deferred tax credit arising from the tax loss and negative tax base will be consumed as shown below:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
2025	**85,146**	15,826	**127,654**	38,739
2026	**102,697**	16,481	**158,999**	20,123
2027	**63,124**	17,036	**129,203**	20,794
2028	**-**	18,404	**76,598**	22,283
After 2028	**-**	16,126	**236,177**	51,019
Total deferred income tax and social contribution assets	**250,967**	83,873	**728,631**	152,958

b) Reconciliation between IRPJ and CSLL expenses at nominal and effective rates

The reconciliation of the expense calculated by applying the income tax and social contribution tax rates is demonstrated as follows:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Profit (loss) before income tax and social contribution	**178,057**	367,791	**(10,058)**	375,941
Current tax rate	**34.0%**	34.0%	**34.0%**	34.0%
Expected IRPJ and CSLL according to the current tax rate	**(60,539)**	(125,049)	**3,420**	(127,820)
Benefit from research and technological innovation expenses - Law No. 11.196/05	**-**	14,582	**-**	14,582
Equity method adjustment	**(87,769)**	(10,079)	**-**	-
IR/CS recognition without additional extemporaneous subsidy	**151,018**	-	**210,119**	-
Tax credit exempt portion	**4,022**	3,563	**7,603**	5,294
Income earned abroad net of payments made	**26,077**	-	**-**	-
Interest on equity	**40,375**	61,620	**40,375**	61,620
Deferred IR/CS on losses not constituted in subsidiaries	**-**	-	**(51,753)**	(34,954)
Government subsidies	**90,575**	108,219	**145,578**	124,746
Expense with stock-based plans	**(8,415)**	(5,898)	**(8,415)**	(5,898)
Other permanent differences	**8,326**	(15,349)	**1,680**	(14,838)
Income tax and social contribution in profit or loss for the year	**163,670**	31,609	**348,607**	22,732
Current	**69,482**	(12,447)	**65,577**	(54,500)
Deferred	**94,188**	44,056	**283,030**	77,232
Income tax and social contribution in profit or loss for the period	**163,670**	31,609	**348,607**	22,732
Effective Rate	-	-	-	-

13. Income tax and social contribution —Continued

c) Assessment of the impacts of ICPC 22/ IFRIC 23 – Uncertainty over the treatment of taxes on profits.

Management assessed the impacts related to the application of ICPC 22/IFRIC23, which deals with the accounting for taxes on profits when there are uncertainties regarding the acceptability of a certain tax treatment. In the assessment, it understood that it is more likely than not that the tax authority or the final instances of the judiciary will accept the action regarding the tax treatment described:

I. Tax Debt Annulment Action No. 1015792-98.2017.4.01.3400, which is being processed in the 4th Federal Court of the Federal District Circuit, aiming at the suspension and subsequent cancellation of the credits materialized in the Tax Assessment Notices underlying Administrative Proceeding No. 15504.725551/2013-17 (due to alleged omissions of financial revenues arising from loan agreements entered into with affiliates in calendar years 2008 and 2009; excessive deduction of expenses arising from the payment of Interest on Equity in calendar years 2008 and 2009, allegedly disproportionate to the equity interest and allegedly undue tax amortization of the goodwill paid on the acquisition of the Company by BRICS on 11/8/2007), as well as the declaration of the company’s right to deduct the expense with amortization of goodwill at least from the Social Contribution on Net Income tax base and cancellation of the assessment of isolated fines required for non-payment of estimates in the amount understood as due, in accordance with article 44, II of Law No. 9.430/1996 (at the level of 50%). The case in question is awaiting judgment after presentation of an expert report, which attested that the business developed at the time of the acquisition of the shares by BRICS demonstrated relevant economic vitality and business purpose. Management expects the tax authorities to accept the tax treatment adopted by the Company. The inflation-adjusted amount is R$32,621 (R$31,107 as of December 31, 2024).

II. In fiscal year 2024, the Company recognized additional tax credits, with IRPJ and CSLL levied on the ICMS tax benefit related to previous fiscal years; a tax credit was recognized in the current and deferred IRPJ and CSLL line item (R$151,018) for parent and (R$210,119) for consolidated.

(In thousands of Reais – R$, unless otherwise stated)

14. Balances and transactions with related parties

a) Balances and transactions of the parent with its subsidiaries:

	2024						
	Current assets	**Non-current assets**		**Current liabilities**	**Non-currrent liabilities**	**Transactions**	
	Accounts receivable Note 8	**Accounts receivable Note 8**	**Loan**	**Trade accounts payable Note 19**	**Loan**	**Revenues**	**Purchases**
Parent							
ARZZ International INC	-	24,958	41,328	-	-	90	-
ZZAB Comércio de Calçados Ltda.	1,179,943	-	-	35,147	-	1,631,804	24,612
ZZSAP Indústria e Comércio de Calçados Ltda.	16,388	-	40,102	-	-	15,536	387,900
ZZEXP Comercial Exportadora S/A	2	-	-	-	-	-	-
Tiferet Comércio de Roupas Ltda	2,096	-	-	-	232,244	2,607	-
Calçados Vicenza Ltda	-	-	-	-	-	-	56,035
Guaraná Brasil Difusão de Moda Ltda.	2,306	-	3,644	-	-	(49)	-
Soma Brands Brasil	1,665	-	-	-	-	1,665	-
Cia. Hering	794	-	-	629	-	1,234	-
Cidade Maravilhosa e Ind. e Com. S/A	3,390	-	-	-	-	3,390	-
Total for parent	**1,206,584**	**24,958**	**85,074**	**35,776**	**232,244**	**1,656,277**	**468,547**

	2023						
	Current assets	**Non-current assets**		**Current liabilities**	**Non-currrent liabilities**	**Transactions**	
	Accounts receivable Note 8	**Accounts receivable Note 8**	**Loan**	**Trade accounts payable Note 19**	**Loan**	**Revenues**	**Purchases**
Parent							
ARZZ International INC	-	19,427	-	-	-	731	-
ZZAB Comércio de Calçados Ltda.	765,069	-	-	49,091	-	1,315,254	47,566
ZZSAP Indústria e Comércio de Calçados Ltda.	11,886	-	36,971	-	-	1,040	372,465
ZZEXP Comercial Exportadora S/A	9,656	-	-	-	-	2,020	-
TIFERET Comércio de Roupas Ltda	1,810	-	-	-	218,260	1,858	-
Guaraná Brasil Difusão de Moda Ltda.	15	-	3,342	-	-	1,837	-
Calçados Vicenza Ltda	95	-	-	-	-	-	27,492
HG Ind.e Com.de Calçados Ltda	-	-	-	-	-	-	-
Total for parent	**788,531**	**19,427**	**40,313**	**49,091**	**218,260**	**1,322,740**	**447,523**

(In thousands of Reais – R$, unless otherwise stated)

14. Balances and transactions with related parties—Continued

b) Nature, terms and conditions of the transactions – subsidiaries

The Company maintains transactions with related parties which are carried out under commercial and financial conditions established by mutual agreement between the parties and are not comparable to those carried out with third parties.

Loan transactions refer to contracts with subsidiaries, the balance of which as of December 31, 2024 in assets is R$85,074 (R$40,313 in December 2023) and in liabilities is R$232,244 (R$218,260 in December 2023). The CDI rate in effect as of the date of execution of the contract is applied to the loan transaction and this rate does not change during the term of the contract (pre-fixed).

The most common transactions are:

- sale by the parent to subsidiaries ZZAB, ARZZ and Tiferet;
- sale by subsidiary Tiferet to subsidiary ARZZ;
- sale by subsidiary ZZSAP to the parent and to subsidiary Tiferet;
- sale by subsidiary Vicenza to the parent;
- sale by subsidiary ZZAB to the parent;
- sale by subsidiary Hering to subsidiary Cidade Maravilhosa; and
- sale by subsidiary Cidade Maravilhosa to subsidiary Soma Brands Brasil.

During the year ended December 31, 2024, there was no need to recognize estimated credit losses on accounts receivable from related parties.

c) Management compensation

Management compensation is made through payment of management withdrawals (including charges), profit sharing and stock-based plans. In the year ended December 31, 2024, the total compensation related to benefits to the Company's Management was R$15,968 (R$16,511 as of December 31, 2023), as follows:

	2024	2023
Fixed annual salary/management withdrawal compensation	**13,627**	10,748
Variable bonus compensation	**-**	1,898
Stock-based plan	**2,341**	3,865
Total compensation	**15,968**	16,511

The Company and its subsidiaries do not grant post-employment benefits, employment contract termination benefits or others to Management and its employees.

14. Balances and transactions with related parties —Continued

d) Transactions or relationships with shareholders

Certain officers, directors and persons linked to the Company directly hold a total interest of 33.8% of the Company's shares as of December 31, 2024 (40.8% as of December 31, 2023).

(In thousands of Reais – R$, unless otherwise stated)

e) Transactions with other related parties

The Company has a contract for the provision of Organizational Development Consulting services for the CEO and all C-Level with the company Ethos Desenvolvimento S/C Ltda., owned by Mr. José Ernesto Beni Bolonha, member of the Company's Board of Directors. In the fiscal year ended December 31, 2024, this company received R$876 (R$788 as of December 31, 2023).

15. Investments

a) Summary of the balance sheets income balances of the subsidiaries as of December 31, 2024:

	2024					
Description	**Assets**	**Liabilities**	**Shareholders' equity**	**Capital stock**	**Net revenue**	**Result for the period**
ARZZ International Inc.	**257,472**	**562,008**	**(304,536)**	**262,401**	**294,280**	**(69,396)**
ZZAB Comércio de Calçados Ltda.	**1,813,884**	**1,683,885**	**129,999**	**175,656**	**1,663,331**	**(340,850)**
ZZSAP Ind. E Com. De Calçados Ltda.	**245,899**	**229,113**	**16,786**	**22,822**	**402,318**	**(24,513)**
ZZEXP Comercial Exportadora S.A.	**133,824**	**122,996**	**10,828**	**2,000**	**-**	**8,401**
Tiferet Comércio de Roupas Ltda	**627,939**	**423,633**	**204,305**	**64,441**	**202,809**	**24,864**
ARZZ Itália	**209,402**	**100,526**	**108,876**	**138,225**	**508**	**(12,683)**
Calçados Vicenza Ltda	**-**	**-**	**-**	**-**	**69,991**	**(2,125)**
Cidade Maravilhosa Indústria e Comércio de Roupas S.A.	**6,019,492**	**1,884,736**	**4,134,756**	**4,748,066**	**1,433,499**	**199,005**
Soma Brands Brasil Ltda	**1,682,973**	**1,452,051**	**230,922**	**352,818**	**971,536**	**(63,137)**
Soma Brands Group UK CO.	**547,756**	**237,433**	**310,323**	**172,499**	**-**	**(25,170)**
RBX Fashion GMBH	**176**	**-**	**176**	**176**	**-**	**-**
Soma Ventures Participações Ltda	**1,199**	**255**	**944**	**1,804**	**-**	**(4)**

	2023					
Description	**Assets**	**Liabilities**	**Shareholders' equity**	**Capital stock**	**Net revenue**	**Result of the period**
ARZZ International INC	258,327	439,123	(180,796)	262,401	301,391	(95,014)
ZZAB Comércio de Calçados Ltda.	1,654,679	1,190,593	464,086	168,516	1,303,186	(126,364)
ZZSAP Indústria e Comércio de Calçados Ltda.	167,529	126,232	41,297	22,822	331,093	(15,660)
ZZEXP Comercial Exportadora S/A	216,892	181,852	35,040	2,000	18,346	(13,011)
Tiferet Comércio de Roupas Ltda	490,135	278,060	212,075	64,441	188,024	32,752
ARZZ Itália	215,395	79,843	135,552	138,225	-	(1,439)
Calçados Vicenza Ltda	24,771	14,419	10,352	25,500	45,608	(4,546)

(In thousands of Reais – R$, unless otherwise stated)

15. Investments

Unrealized profits on inventory are shown in the statement of income of the subsidiaries in the tables above.

b) Investment and equity method balances:

	Investment		Equity method adjustment result	
Description	**2024**	**2023**	**2024**	**2023**
ZZAB Comércio de Calçados Ltda.	**129,999**	464,086	**(340,850)**	(126,364)
ZZSAP Ind. E Com. De Calçados Ltda.	**16,786**	41,297	**(24,513)**	(15,660)
ZZEXP Comercial Exportadora S.A.	**10,828**	35,040	**8,401**	(13,011)
Tiferet Comércio de Roupas Ltda	**204,305**	212,075	**24,864**	32,752
ARZZ Itália	**108,876**	135,552	**(12,683)**	(1,439)
Calçados Vicenza Ltda	**-**	10,352	**(2,125)**	(4,546)
Cidade Maravilhosa Indústria e Comércio de Roupas S.A.	**3,134,586**	-	**199,005**	-
Soma Brands Brasil Ltda	**230,922**	-	**(63,137)**	-
Soma Brands Group UK CO.	**310,323**	-	**(25,170)**	-
RBX Fashion GMBH	**176**	-	**-**	-
Soma Ventures Participações Ltda	**944**	-	**(4)**	-
Goodwill on acquisition of subsidiary	**572,371**	81,036	-	-
Value added (subtracted) on the acquisition of subsidiar	**98,858**	63,760	-	-
Total investimento	**4,818,974**	1,043,198	**(236,212)**	(128,268)
ARZZ International INC	**(304,536)**	(180,796)	**(69,396)**	(95,014)
Total	**4,514,438**	862,402	**(305,608)**	(223,282)

c) Changes in investments:

	2024	2023
Balance as of the beginning of period, net of provision for losses	**862,402**	829,526
Payment of capital	**-**	138,225
Acquisition of subsidiary	**3,952,608**	14,899
Goodwill on acquisition of subsidiary	**572,370**	81,036
Value added (subtracted) on the acquisition of subsidiary	**99,034**	63,936
Merger of subsidiary	**(424,046)**	-
Capital reserve upon acquisition of subsidiary (purchase option)	**(30,766)**	-
Payment of capital with shares	**7,139**	-
Creation of reserve with payment of capital	**(371)**	-
Dividend distribution	**(65,246)**	(7,199)
Transfer of merger goodwill	**(81,036)**	(40,168)
Transfer of merger value added	**(60,341)**	(1,485)
Equity method adjustment (i)	**(305,608)**	(223,282)
Amortization of value added/subtracted	**(3,593)**	-
Other comprehensive income	**(8,108)**	6,209
Investment through merger of subsidiary	**-**	705
Balance as of the end of the year, net of provision for losses	**4,514,438**	862,402

(i) The Unrealized profit on inventory is being presented in the equity method adjustment.

(In thousands of Reais – R$, unless otherwise stated)

16. Property, plant and equipment

	2024			2023		
Parent	**Cost**	**Depreciation**	**Liquid**	**Cost**	**Depreciation**	**Liquid**
Computers and peripherals	**50,909**	**(34,630)**	**16,279**	46,503	(28,083)	18,420
Furniture and fixtures	**59,043**	**(24,343)**	**34,700**	51,783	(19,105)	32,678
Machinery and equipment	**36,627**	**(17,090)**	**19,537**	29,149	(13,946)	15,203
Facilities and showroom	**156,210**	**(53,179)**	**103,031**	124,909	(40,759)	84,150
Vehicles	**1,596**	**(1,095)**	**501**	1,512	(666)	846
Right to use real property	**289,477**	**(135,911)**	**153,566**	269,195	(99,261)	169,934
Right to use stores	**16,798**	**(10,618)**	**6,180**	16,798	(9,734)	7,064
Total	**610,660**	**(276,866)**	**333,794**	539,849	(211,554)	328,295

	2024			2023		
Consolidated	**Cost**	**Depreciation**	**Liquid**	**Cost**	**Depreciation**	**Liquid**
Computers and peripherals	**108,490**	**(53,378)**	**55,112**	64,351	(39,351)	25,000
Furniture and fixtures	**244,332**	**(79,390)**	**164,942**	143,522	(55,278)	88,244
Machinery and equipment	**363,963**	**(57,218)**	**306,745**	84,844	(34,605)	50,239
Facilities and showroom	**951,711**	**(195,119)**	**756,592**	281,013	(135,935)	145,079
Vehicles	**2,311**	**(1,581)**	**730**	2,235	(1,034)	1,201
Land	**127,174**	**-**	**127,174**	-	-	-
Right to use real property	**1,314,312**	**(513,146)**	**801.166**	839,097	(355,017)	484,080
Right to use stores	**113,349**	**(16,901)**	**96,448**	104,281	(7,195)	97,086
Total	**3,225,642**	**(916,733)**	**2,308,909**	1,519,343	(628,415)	890,929

(In thousands of Reais – R$, unless otherwise stated)

16. Property, plant and equipment —Continued

The details of the changes in the Company's property, plant and equipment are shown below:

Parent	Computers and peripherals	Furniture and fixtures	Machinery and equipment	Facilities and showroom	Vehicles	Right to use property	Right to use stores	Total
Balances as of 12/31/2022	20,891	35,837	13,330	107,658	246	144,430	9,090	331,482
Acquisitions	2,822	13,706	5,518	61,970	-	121,354	350	205,720
Merger	128	91	8	809	1,036	-	-	2,072
Depreciation	(6,599)	(5,602)	(3,184)	(13,662)	(433)	(42,752)	(315)	(72,547)
Write-offs	(26)	(1,468)	(14)	(32)	-	(7,601)	-	(9,141)
Restructuring transfer	(1,306)	(21,102)	(632)	(30,900)	(3)	(45,497)	-	(99,440)
Transfer	2,510	11,216	177	(41,693)	-	-	(2,061)	(29,851)
Balances as of 12/31/2023	**18,420**	**32,678**	**15,203**	**84,150**	**846**	**169,934**	**7,064**	**328,295**
Vicenza Merger	**222**	**451**	**6,024**	**552**	**178**	**-**	**-**	**7,427**
Acquisitions	**3,459**	**647**	**3,344**	**46,543**	**-**	**22,929**	**-**	**76,922**
Transfer	**778**	**6,374**	**-**	**(15,166)**	**-**	**-**	**-**	**(8,014)**
Depreciation	**(6,547)**	**(5,238)**	**(3,144)**	**(12,420)**	**(429)**	**(36,650)**	**(884)**	**(65,312)**
Write-offs	**(53)**	**(212)**	**(1,890)**	**(628)**	**(94)**	**(2,647)**	**-**	**(5,524)**
Balances as of 12/31/2024	**16,279**	**34,700**	**19,537**	**103,031**	**501**	**153,566**	**6,180**	**333,794**
Average depreciation rate	**20%**	**10%**	**10%**	**10%**	**20%**	**20%**	**Indefinite at 20%**	

Consolidated	Computers and peripherals	Furniture and fixtures	Machinery and equipment	Facilities and showroom	Vehicles	Land	Right to use Property	Right to use stores	Total
Balances as of 12/31/2022	24,591	64,477	34,358	165,424	1,436	-	357,442	43,854	691,582
Acquisition of subsidiary	271	657	6,041	76	267	-	-	-	7,312
Acquisitions	6,365	31,458	17,959	51,981	82	-	271,263	5,405	384,513
Transfer	2,442	11,216	354	(41,766)	-	-	-	48,474	20,720
Depreciation	(8,429)	(16,057)	(7,320)	(26,609)	(502)	-	(116,850)	(512)	(176,279)
Write-offs	(186)	(2,903)	(1,079)	(4,104)	(82)	-	(17,574)	(136)	(26,064)
Exchange rate variation	(54)	(604)	(74)	77	-	-	(10,200)	-	(10,855)
Balances as of 12/31/2023	**25,000**	**88,244**	**50,239**	**145,079**	**1,201**	**-**	**484,081**	**97,085**	**890,929**
Acquisition of subsidiary	**31,626**	**45,303**	**247,569**	**490,566**	**95**	**127,174**	**289,657**	**47,675**	**1,279,665**
Acquisitions	**10,741**	**30,720**	**33,628**	**179,224**	**94**	**-**	**204,903**	**3,028**	**462,338**
Transfer	**1,959**	**23,656**	**(165)**	**4,874**	**-**	**-**	**(38)**	**(38,901)**	**(8,615)**
Depreciation	**(14,027)**	**(24,112)**	**(22,613)**	**(59,184)**	**(547)**	**-**	**(158,129)**	**(9,706)**	**(288,318)**
Write-offs	**(265)**	**(3,345)**	**(2,236)**	**(4,571)**	**(113)**	**-**	**(54,020)**	**(2,733)**	**(67,283)**
Exchange rate variation	**78**	**4,476**	**323**	**604**	**-**	**-**	**34,712**	**-**	**40,193**
Balances as of 12/31/2024	**55,112**	**164,942**	**306,745**	**756,592**	**730**	**127,174**	**801,166**	**96,448**	**2,308,909**
Average depreciation rate	**20%**	**10%**	**10%**	**10%**	**20%**		**20%**	**Indefinite at 20%**	

(In thousands of Reais – R$, unless otherwise stated)

17. Intangible assets

Parent	2024 Cost	2024 Amortization	2024 Net	2023 Cost	2023 Amortization	2023 Net
Trademarks and patents	**676,937**	**(734)**	**676,203**	264,241	(734)	263,507
Customer relationship	**19,758**	**(3,726)**	**16,032**	11,772	(802)	10,970
Goodwill	**842,977**	**-**	**842,977**	507,827	-	507,827
Right to use systems	**485,123**	**(226,151)**	**258,972**	371,547	(166,771)	204,776
Total	**2,024,795**	**(230,611)**	**1,794,184**	1,155,387	(168,307)	987,080

Consolidated	2024 Cost	2024 Amortization	2024 Net	2023 Cost	2023 Amortization	2023 Net
Trademarks and patents	**1,731,469**	**(4,571)**	**1,726,898**	458,584	(796)	457,788
Customer relationship	**184,714**	**(11,088)**	**173,626**	41,461	(2,047)	39,414
Goodwill	**1,335,723**	**-**	**1,335,723**	851,215	-	851,215
Right to use systems	**805,392**	**(300,551)**	**504,841**	400,054	(187,627)	212,427
Others	**1,062**	**(797)**	**265**	1,062	-	1,062
Total	**4,058,360**	**(317,007)**	**3,741,353**	1,752,376	(190,470)	1,561,906

17. Intangible assets —Continued

The details of the changes in the Company's balances are presented below:

Parent	Trademarks and patents	Right to use stores	Customer relationship	Goodwill	Right to use systems	Total
Balances as of 12/31/2022	263,208	-	11,738	467,659	150,621	893,226
Acquisitions	299	530	-	-	68,087	68,916
Amortization	-	(950)	(768)	-	(41,004)	(42,722)
Merger	-	-	-	40,168	42	40,210
Write-off		-	-	-	(9)	(9)
Transfer restructuring	-	(2,291)	-	-	(101)	(2,392)
Transfer	-	2,711	-	-	27,140	29,851
Balances as of 12/31/2023	**263,507**	**-**	**10,970**	**507,827**	**204,776**	**987,080**
Acquisitions	**873**	**-**	**-**	**-**	**105,562**	**106,435**
Amortization	**-**	**-**	**(2,924)**	**-**	**(59,380)**	**(62,304)**
Merger	**366,036**	**-**	**-**	**254,114**	**-**	**620,150**
Vicenza Merger	**48,796**	**-**	**7,986**	**81,036**	**38**	**137,856**
Write-off	**-**	**-**	**-**	**-**	**(38)**	**(38)**
Transfer	**-**	**-**	**-**	**-**	**8,014**	**8,014**
Impairment Loss (i)	**(3,009)**	**-**	**-**	**-**	**-**	**(3,009)**
Balances as of 12/31/2024	**676,203**	**-**	**16,032**	**842,977**	**258,972**	**1,794,184**
Average amortization rate	Indefinite	Indefinite	7%	Indefinite	20%	

(In thousands of Reais – R$, unless otherwise stated)

Consolidated	Trademarks and patents	Right to use stores	Customer relationship	Goodwill	Right to use systems	Others	Total
Balances as of 12/31/2022	354,466	-	13,658	737,656	156,570	1,062	1,263,412
Acquisitions	299	49,086	-	-	72,565	-	121,950
Amortization	(330)	(1,043)	(1,565)	-	(43,728)	-	(46,666)
Acquisition of subsidiary	103,689	-	27,321	113,596	460	-	245,066
Write-offs	(582)	(201)	-	-	(510)	-	(1,293)
Transfer	-	(47,842)	-	(37)	27,159	-	(20,720)
Exchange Rate Variation	246	-	-	-	(89)	-	157
Balances as of 12/31/2023	**457,788**	**-**	**39,414**	**851,215**	**212,427**	**1,062**	**1,561,906**
Acquisitions	**1,064**	**-**	**-**	**-**	**160,463**	**-**	**161,527**
Amortization	**(3,775)**	**-**	**(9,041)**	**-**	**(112,924)**	**(797)**	**(126,537)**
Acquisition of subsidiary	**1,299,431**	**-**	**142,088**	**572,370**	**238,184**	**-**	**2,252,073**
Write-offs	**(27)**	**-**	**-**	**-**	**(3,630)**	**-**	**(3,657)**
Transfer	**(292)**	**-**	**(1,025)**	**(8)**	**9,940**	**-**	**8,615**
Exchange Rate Variation	**10,349**	**-**	**3,196**	**5,381**	**381**	**-**	**19,307**
Impairment Loss (i)	**(37,640)**	**-**	**(1,006)**	**(93,235)**	-	**-**	**(131,881)**
Balances as of 12/31/2024	**1,726,898**	-	**173,626**	**1,335,723**	**504,841**	**265**	**3,741,353**
Average amortization rate	Indefinite at 10%	Indefinite	7%	Indefinite	20%	25%	

(i) Amounts relating to provision for losses due to the revision of the brand portfolio.

For the purposes of the impairment test, goodwill was allocated to the cash-generating units (CGUs) as follows:

	Consolidated	
Cash-Generating Units	**2023**	2024
Grupo de Moda Soma	**572,370**	-
Reserva	**467,659**	551,038
Guaraná Brasil Difusão de Moda Ltda	**120,570**	120,570
Calçados Vicenza	**81,036**	81,036
Sunset - Agency operation	**40,168**	40,168
Paris Texas	**37,933**	32,560
Malu Calçados	**15,987**	15,987
Troc.Com.BR-Atividade de Internet Ltda	**-**	9,856
	1,335,723	851,215

17. Intangible assets —Continued

Impairment test for intangible assets with indefinite useful lives

The Company annually assesses its assets with indefinite useful lives by applying the impairment test, which measures the recovery of the book value of intangible assets using the "value in use" concept, through discounted cash flow models of the cash-generating units.

The process of determining value in use involves the use of assumptions, judgments and estimates about cash flows, such as growth rates of revenues, costs and expenses, investment estimates, future working capital and discount rates.

The assumptions regarding growth projections, cash flow and future cash flows are based on the Company's business plan approved by Management, as well as on comparable market data, and represent Management's best estimate of the economic conditions that will exist during the economic life of the different cash-generating units, a set of assets that provide the generation of cash flows.

Consistent with economic assessment techniques, the assessment of value in use is carried out for a period of 5 to 10 years, and from then on, considering the perpetuity of the premises in view of the capacity for business continuity for an indefinite period.

The estimated future cash flows were discounted at an average pre-tax discount rate of 12.8% per annum (equivalent to a WACC of 10.0% per annum) for each cash-generating unit analyzed.

The main assumptions used in estimating value in use are as follows:

- **Operating costs and expenses –** Costs and expenses were projected in line with the Company's historical performance, as well as historical revenue growth.
- **Capital investments –** Investments in capital goods were estimated considering the infrastructure required to enable the offering of products based on the Company's history.
- **Revenues –** Revenues were projected between 2025 and 2029 considering the growth of the customer base of the different cash-generating units, the impacts of new architectural projects of certain stores and the level of each store and brand in the market.

The key assumptions were based on the Company's historical performance and on reasonable and well-founded macroeconomic assumptions based on financial market projections documented and approved by the Company's Management.

The impairment test of the Company's assets with indefinite useful lives did not result in the need to recognize a loss in the year ended December 31, 2024, since the estimated value in use is higher than the net book value as of the valuation date; additionally, losses on intangible assets with indefinite useful lives were provisioned as a result of the portfolio revision, as detailed in Note 17.

(In thousands of Reais – R$, unless otherwise stated)

18. Loans and financing

Loan and financing transactions can be summarized as follows:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
In domestic currency	**83,112**	7,168	**1,192,784**	120,177
Finam (a)	**-**	-	**-**	60
Finep (b)	**78,673**	-	**78,673**	-
BNDES (c)	**4,439**	7,168	**4,439**	7,168
Export credit note (d)	**-**	-	**111,040**	112,949
Debentures and CRI/Debenture (g)	**-**	-	**748,356**	-
Commercial Notes (h)	**-**	-	**250,276**	-
In foreign currency	**872,743**	672,187	**1,461,947**	960,947
Working capital - Law 4131 (e)	**872,743**	672,187	**872,743**	672,187
Advance on Exchange Contract - ACC (f)	**-**	-	**321,345**	240,161
Export prepayment - PPE (f)	**-**	-	**62,162**	48,599
Working capital (i)	**-**	-	**205,697**	-
Total loans	**955,855**	679,355	**2,654,731**	1,081,124
Circulante	**515,313**	529,035	**1,476,529**	882,205
Não circulante	**440,542**	150,320	**1,178,202**	198,919

As of December 31, 2024, the contract maturities and the interest rate and charges on the loans are:

a. Finame: 6.00% per annum with monthly installments and final maturity in October 2024.
b. Finep: Cost of TJLP + 0.20% per annum with maturity up to November 2030.
c. Working capital: Average interest rate of CDI + 1.80 per annum with maturities up to September 2026.
d. Export credit note: Average interest rate of CDI + 1.10% per annum with maturity up to January 2025.
e. Working capital – Law 4.131: denominated in dollars, with a pre-fixed interest rate of 7.06% per annum and Swap contract (Derivative instruments) for reais with a rate of CDI + 1.15% per annum as of December 31, 2024. Contracts with maturity up to March 2026.
f. Advance on Exchange Contract (ACC) and Export Prepayment (PPE): denominated in dollars, increased by the interest rate, average as of December 31, 2024 of 6.29% per annum + exchange rate variation. There are several contracts with maturities up to December 2026.
g. Debentures: Average interest rate of CDI +1.00% per annum with maturity up to February 2030.
h. Commercial notes: Interest rate of CDI + 1.50% per annum with maturity in December 2025.
i. Working capital: Average interest rate of SOFR + 2.69% per annum with maturity up to February 2026.

(In thousands of Reais – R$, unless otherwise stated)

18. Loans and financing —Continued

The details of the Company’s loan transactions are shown below:

Parent	**FINEP**	**4131 transaction**	**Working capital**	**Total**
Balance as of 12/31/2022	-	156,520	9,736	166,256
Raising	-	696,847	-	696,847
Payment of installments	-	(146,847)	(3,304)	(150,151)
Interest payment	-	(25,222)	(154)	(25,376)
Provision for interest and exchange rate variation	-	(9,111)	890	(8,221)
Balance as of 12/31/2023	-	672,187	7,168	679,355
Raising	**-**	**440,000**	**-**	**440,000**
Merger of subsidiary	**80,493**	**-**	**-**	**80,493**
Payment of installments	**(2,974)**	**(422,435)**	**(3,377)**	**(428,786)**
Interest payment	**(1,160)**	**(59,264)**	**-**	**(60,424)**
Provision for interest and exchange rate variation	**2,314**	**242,255**	**648**	**245,217**
Balance as of 12/31/2024	**78,673**	**872,743**	**4,439**	**955,855**

Consolidated	**FINAME (a)**	**NCE (d)**	**PPE (f)**	**ACC (f)**	**FINEP (b)**	**4131 transaction (e)**	**Working capital (c)**	**Debentures (g)**	**NC (h)**	**Working capital (i)**	**Total**
Balance as of 12/31/2022	133	-	-	235,093	-	156,520	10,127	-	-	-	401,873
Raising	-	100,000	49,000	122,372	-	696,847	-	-	-	-	968,219
Acquisition of subsidiary	-	-	-	6,767	-	-	208	-	-	-	6,975
Payment in installments	(72)	-	-	(123,000)	-	(146,847)	(3,927)	-	-	-	(273,846)
Interest payment	(6)	-	-	(2,850)	-	(25,222)	(153)	-	-	-	(28,231)
Provision for interest and exchange rate variation	6	12,949	(401)	1,779	-	(9,111)	913	-	-	-	6,135
Balance as of 12/31/2023	**61**	**112,949**	**48,599**	**240,161**	-	**672,187**	**7,168**	-	-	-	**1,081,125**
Raising	**-**	**-**	**-**	**218,468**	**-**	**440,000**	**-**	**-**	**-**	**-**	**658,468**
Acquisition of subsidiary	**-**	**-**	**-**	**-**	**80,493**	**-**	**-**	**783,177**	**566,470**	**202,801**	**1,632,941**
Payment in installments	**(61)**	**-**	**-**	**(201,127)**	**(2,974)**	**(422,435)**	**(3,377)**	**(48,384)**	**(290,187)**	**-**	**(968,545)**
Interest payment	**(2)**	**(14,995)**	**-**	**(4,798)**	**(1,160)**	**(59,264)**	**-**	**(24,893)**	**(43,481)**	**(13,720)**	**(162,313)**
Provision for interest and exchange rate variation	**2**	**13,086**	**13,563**	**68,641**	**2,314**	**242,255**	**648**	**38,456**	**17,474**	**16,616**	**413,055**
Balance as of 12/31/2024	**-**	**111,040**	**62,162**	**321,345**	**78,673**	**872,743**	**4,439**	**748,356**	**250,276**	**205,697**	**2,654,731**

(In thousands of Reais – R$, unless otherwise stated)

18. Loans and financing —Continued

The amounts recorded in liabilities as of December 31, 2024 have the following maturity schedule:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
2024	**-**	529,035	**-**	882,205
2025	**515,313**	148,618	**1,476,529**	172,923
2026	**388,465**	1,702	**494,189**	25,997
2027	**13,296**	-	**13,296**	-
2028	**13,296**	-	**361,799**	-
2029	**13,296**	-	**155,013**	-
2030	**12,189**	-	**153,905**	-
Total loans	**955,855**	679,355	**2,654,731**	1,081,125

Finame contracts are guaranteed by the same assets, specifically sewing machines and footwear assembly machines, which are the subject of the contracts.

The loans are guaranteed by accommodation by the group companies and a bank guarantee letter from Banco Santander, with a commission of R$795 recognized in the year ended December 31, 2024.

The Company has debentures and commercial notes containing restrictive covenants that require the maintenance of financial ratios with pre-established parameters determined based on the consolidated financial statements, as described below:

Operation	**2nd Issue of Debentures**	**2nd Commercial Note**	**1st Issue of Debentures**
	Semiannual	Semiannual	Semiannual
	Indicators:	Indicators:	Indicators:
Restrictive covenants	Net Debt/EBITDA (excluding asset impairment loss) - less than 2.0× by the maturity date	Net Debt/EBITDA (excluding asset impairment loss) - less than 2.0× by the maturity date	Net Debt/EBITDA (excluding asset impairment loss) - less than 2.0× by the maturity date

(In thousands of Reais – R$, unless otherwise stated)

18. Loans and financing —Continued

As of December 31, 2024, the Company is meeting the indicators in the table above.

Other guarantees and commitments

The Company has a technical and financial cooperation agreement with Banco Alfa, with the purpose of maintaining a financing line for "Arezzo" franchisees, using BNDES funds in financing for the upgrading of its (third-party) stores, in compliance with the standards defined by the Company, as well as for costs associated with these operations. The Company is the guarantor of these transactions and, as of December 31, 2024, the balance of these transactions guaranteed by the Company was R$55 (R$246 as of December 31, 2023).

There is no history of losses for the Company in transactions of this nature.

19. Trade accounts payable

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Domestic trade accounts payable	**331,431**	255,918	**991,471**	456,889
Reverse factoring transaction	**382,482**	343,053	**629,105**	367,489
Related parties (Note 14.a)	**35,776**	49,091	**-**	-
Foreign trade accounts payable	**14,503**	9,313	**197,271**	10,086
Total trade accounts payable	**764,192**	657,375	**1,817,847**	834,464

A reverse factoring transaction consists of commercial transactions between the company and its suppliers of products and services. In order to benefit our productive suppliers at more competitive costs, thus minimizing its financial costs, the company has agreements with some financial institutions. These agreements allow suppliers to choose to receive amounts in advance directly from these institutions at a discount.

By electing this transaction, suppliers transfer the right to receive the securities to the Bank, which in turn becomes the creditor. As of December 31, 2024, the average term of these transactions was 98 days with a cost of approximately 115% of the CDI rate.

Payments to the bank are included in operating cash flows, as they continue to be part of the company's operating cycle and their main nature remains the same. Since the payment terms and conditions originally agreed with suppliers do not change, the company considers it appropriate to present these transactions under the trade accounts payable.

20. Lease transactions

As of December 31, 2024, the Company assessed its portfolio of lease contracts for its own stores, offices, factories and distribution centers and identified lease transactions in 824 contracts.

In this assessment, it was found that 363 were classified as exempt from the standard and 461 within the scope of leases.

For contracts that are within the scope of the standard, the Company recorded the right of use for the amount corresponding to the lease liabilities. These, in turn, was recognized based on the present value of the remaining payments under the contract, discounted at the nominal rate corresponding to market prices that vary in the United

(In thousands of Reais – R$, unless otherwise stated)

States of America from 1.8% p.a. to 6.0% p.a. (1.8% p.a. to 2.5% p.a. as of December 31, 2023), in Europe from 5.0% p.a. to 8.0% p.a. and in Brazil from 3.6% p.a. to 18.3% p.a. (3.6% p.a. to 16.5% p.a. as of December 31, 2023).

Changes in assets with the right to use property:

	Parent	Consolidated
Total right to use assets as of 12/31/2022	144,430	357,442
Additions	121,354	271,263
Write-offs	(7,601)	(17,574)
Transfer	(45,497)	-
Depreciation	(42,752)	(116,850)
Exchange rate variation	-	(10,200)
Total right to use assets as of 12/31/2023	169,934	484,081
Acquisition of subsidiary	-	289,657
Additions	22,929	204,903
Write-offs	(2,647)	(54,019)
Depreciation	(36,650)	(158,130)
Exchange rate variation	-	34,712
Transfer	-	(38)
Total right to use assets as of 12/31/2024	**153,566**	**801,166**

20. Lease transactions —Continued

a) Changes in lease liabilities:

	Parent	Consolidated
Lease liabilities as of 12/31/2022	149,132	374,537
Additions	121,354	271,263
Exchange rate variation	-	(10,614)
Write-offs	(8,076)	(19,189)
Consideration	(56,733)	(143,892)
Appropriation of interest	22,379	43,080
Transfer	(47,754)	-
Lease liabilities as of 12/31/2023	180,302	515,185
Acquisition of subsidiary	-	322,717
Additions	22,929	204,903
Exchange rate variation	-	33,857
Write-offs	(2,811)	(57,784)
Consideration	(51,830)	(211,288)
Appropriation of interest	21,519	62,767
Regulatory transition adjustment	-	5,313
Lease liabilities as of 12/31/2024	**170,109**	**875,670**
Current	**31,327**	**213,145**
Non-current	**138,782**	**662,525**

b) Future commitments

In compliance with CVM Circular Official Letter No. 02/2019 and CPC 06 (R2)/IFRS 16, justified by the fact that the Company did not apply the nominal flow methodology due to the prohibition imposed by IFRS 16 on future inflation projections, and with the purpose of providing additional information to users, below is the analysis of the maturity of contracts and undiscounted installments as of December 31, 2024:

(In thousands of Reais – R$, unless otherwise stated)

	Cash fow (present value)		Gross contractual cash flow	
	Parent	Consolidated	Parent	Consolidated
2025	31,327	213,145	50,116	292,155
2026	30,762	192,328	46,004	250,494
2027	26,780	156,548	38,567	195,262
2028	22,852	102,458	31,639	111,556
After 2029	58,388	211,191	74,645	253,639
Total	**170,109**	**875,670**	**240,971**	**1,103,106**
Potential PIS and COFINS credit	(15,735)	(57,024)	(22,290)	(75,683)

21. Provisions for labor, tax and civil risks

The Company and its subsidiaries, in the normal course of their operations, are involved in judicial and administrative proceedings on tax, labor and civil matters. Management, based on information from its legal advisors and analysis of pending judicial proceedings, has created a provision in an amount considered sufficient to cover the likely losses expected in the outcome as follows:

	Parent		Consolidated	
	2024	2023	2024	2023
Labor	**23,372**	8,883	**61,651**	12,844
Tax	**27,314**	1,675	**583,603**	2,044
Civil	**7,894**	848	**30,267**	1,222
Total provisions for labor, tax and civil risks	**58,580**	11,406	**675,521**	16,110

Labor: The Company and its subsidiaries are parties to labor lawsuits related mainly to the payment of overtime and related welfare charges, additional payments for hazardous and unhealthy work, equal pay and integration of amounts into compensation. Management, based on the opinion of its legal advisors and the history of the outcomes of these lawsuits, believes that the amounts provisioned are sufficient to cover likely losses.

Tax: The Company and its subsidiaries are parties to tax proceedings regarding the increase in the Accident Prevention Factor rate, for which there are court deposits in the same amount. Management, based on the opinion of its legal advisors and the history of the outcomes of these lawsuits, believes that the amounts provisioned are sufficient to cover likely losses.

Civil: The Company and its subsidiaries are parties to civil proceedings that mainly involve claims for compensation for moral and property damages and collection of negotiable instruments. Based on the opinion of its legal advisors and the history of the outcomes of these lawsuits, Management believes that the amounts provisioned are sufficient to cover likely losses.

(In thousands of Reais – R$, unless otherwise stated)

21. Provisions for labor, tax and civil risks —Continued

Management, based on information from its legal advisors and analysis of pending judicial proceedings, created a provision in an amount considered sufficient to cover the likely losses expected in the outcome of the ongoing proceedings, as follows:

Parent	Labor	Tax	Civil	Total
Balances as of 12/31/2022	8,353	1,675	1,698	11,726
Additions/inflation adjustment	6,943	600	1,293	8,836
Reversals/payments	(6,413)	(600)	(2,143)	(9,156)
Balances as of 12/31/2023	**8,883**	**1,675**	**848**	**11,406**
Additions/inflation adjustment	**15,649**	**7,094**	**7,356**	**30,099**
Reversals/payments	**(11,663)**	**(99)**	**(1,734)**	**(13,496)**
Merger balance	**10,503**	**18,644**	**1,424**	**30,571**
Balances as of 12/31/2024	**23,372**	**27,314**	**7,894**	**58,580**

Consolidated	Labor	Tax	Civil	Total
Balances as of 12/31/2022	13,655	2,044	2,077	17,776
Additions/inflation adjustment	10,291	600	1,405	12,296
Reversals/payments	(11,102)	(600)	(2,260)	(13,962)
Balances as of 12/31/2023	**12,844**	**2,044**	**1,222**	**16,110**
Additions/inflation adjustment	**19,558**	**159,442**	**7,923**	**186,923**
Reversals/payments	**(18,103)**	**(106,894)**	**(6,937)**	**(131,934)**
Acquisition of subsidiary	**24,888**	**252,747**	**7,066**	**284,701**
Contingent liabilities measured at fair value in business combinations	**22,464**	**276,264**	**20,993**	**319,721**
Balances as of 12/31/2024	**61,651**	**583,603**	**30,267**	**675,521**

Among the amounts provisioned as tax proceedings in likely losses as of December 31, 2024, the following proceedings are included:

(i) Tax foreclosure – PIS and COFINS (Tax)

The federal government filed two tax foreclosures against subsidiary Cidade Maravilhosa Indústria e Comércio de Roupas S.A., the first on October 23, 2023 and the second on July 4, 2024, which together have an inflation-adjusted value as of December 31, 2024 of R$103,583 (R$66,879 as of December 31, 2023). The foreclosures are stayed awaiting settlement of the discussion instituted in the Writ of Mandamus to which they are linked.

The Company and its subsidiaries are involved in other labor, tax and civil proceedings at the administrative and judicial levels as of December 31, 2024 in the consolidated amount of approximately R$863,497, of which R$319,721 are in the business combination (R$210,509 as of December 31, 2023), the estimated loss from which was considered possible in the opinion of its legal advisors, therefore not subject to provisioning, with the amount distributed as of December 31, 2024 being R$98,091, R$720,033 and R$45,373, respectively, of a labor, tax and civil nature (R$52,819, R$134,673 and R$23,017 as of December 31, 2023).

21. Provisions for labor, tax and civil risks —Continued

Among these other proceedings are the following:

i. Administrative Case No. 15504-725.206/2018-80 arising from a Tax Assessment Notice issued on October 11, 2018, through which tax credits were constituted related to the Company's Social-Security Contribution ("Employer's Share") and Contributions from Other Entities and Funds ("Third-Party Contribution") for the period between September 2014 and September 2017, combined with default interest and a proportional fine, because, according to the tax authorities, the Company had compensated its employees and individual contributors by granting stock options under the "Stock Option Plan", which, according to the Federal Revenue Service, is of a compensatory nature and subject to social-security contributions. The proceeding in question was contested on the grounds that the "Stock Option Plan" used by the Company is of a commercial nature. The Voluntary Appeals filed on behalf of the main debtor (Arezzo Indústria e Comércio S.A.) and the jointly liable parties (ZZAB, ZZEXP and ZZSAP), in view of decision No. 14-91.305, which denied the taxpayer's Challenge, are currently awaiting judgment by the Administrative Council of Tax Appeals. The expectation of loss is considered "possible", in the amount of approximately R$8,457.

ii. Annulment Action 00000033-68.2017.8.21.0087, which is being processed in the 2nd Civil Court of Campo Bom, RS, aiming to cancel the debt underlying AL No. 25771370, drawn up under the argument of undue crediting of ICMS resulting from the shipment of goods to purchasers established in the Manaus Free Trade Zone (ZFM) and Free Trade Areas (ALCs) related to the periods from February 2008 to December 2011. CDA No. 019/0543060. Parallel to the filing of the Annulment Action, the proceeding in question was partially granted with regard to the transactions destined for the ZFM. It denied validity with respect to the transactions destined for the Free Trade Areas (ALC). The Company will file an Appeal to reverse the judgment in the part unfavorable to Azzas.S.A., supporting the application of ICM Agreement No. 65/88. The expectation of loss is considered "possible", in the amount of approximately R$10,080.

iii. Case No. 5001519-32.2019.8.21.0087 – Request for Preliminary Urgent Relief – in view of the preparation of Tax Assessment Notice No. AI: 8225966 filed by the Rio Grande do Sul State Department of Finance on July 21, 2018, resulting from the shipment of goods to purchasers established in the Manaus Free Trade Zone and Free Trade Areas in the period from June 1, 2013 to March 31, 2018. According to the Department of Finance, the following irregularities were detected: (i) failure to pay tax resulting from the departure of goods to Municipalities that do not have the tax benefit (ICMS exemption); (ii) failure to pay tax resulting from the departure of imported goods to the Manaus Free Trade Zone and Free Trade Areas; (iii) failure to pay tax resulting from the departure of goods to the Manaus Free Trade Zone and Free Trade Areas without proof of the actual entry of the goods formalized by SUFRAMA; and (iv) undue crediting of tax due to lack of ICMS reversal in goods departures.

iii. Case No. 5001519-32.2019.8.21.0087--Continued

destined for the Manaus Free Trade Zone and the free trade area. We obtained the preliminary injunction and suspension of the enforceability of the debt. The expectation of loss is considered “possible”, in the amount of R$1,975.

iv. Tax Debt Annulment Action No. 1015792-98.2017.4.01.3400, which is being processed in the 4th Federal Court of the Federal District Circuit, aiming at the suspension and subsequent cancellation of the credits materialized in the Tax Assessment Notices underlying Administrative Case No. 15504.725551/2013-17 (due to alleged omissions of financial revenues arising from loan agreements entered into with affiliates in calendar years 2008 and 2009; excessive deduction of expenses arising from the payment of Interest on Equity in calendar years 2008 and 2009, allegedly disproportionate to the equity interest and allegedly undue tax amortization of the goodwill paid in the acquisition of the Company by BRICS on 11/8/2007), as well as the declaration of the company’s right to deduct the expense with amortization of goodwill at least from the Social Contribution on Net Income tax base and the cancellation of the collection of isolated fines required for non-payment of estimates in the amount understood as due, according to article 44, II of Law No. 9.430/1996 (at the level of 50%). The case in question is awaiting judgment after presentation of an expert report, which attested that the business developed at the time of the acquisition of the shares by BRICS demonstrated relevant economic vitality and business purpose. Management expects the tax authorities to accept the tax treatment adopted by the Company. The inflation-adjusted amount is R$32,621 (R$31,197 as of December 31, 2023).

v. Absorbed company Grupo de Moda Soma S.A. is litigating in the administrative sphere against tax assessment notices demanding ICMS and a fine issued by the State of São Paulo, filed under No. 4.107.468-3 (issued against absorbed company Wardrobe Criações Comércio S.A.) in the inflation-adjusted amount of R$11,960; and by the State of Bahia, filed under No. 269114.0002/18-1, in the inflation-adjusted amount of R$7,621. It is also litigating in court in a motion to stay the foreclosure filed by the State of Pernambuco for ICMS and a fine, fined under No. 0013498-68.2019.8.17.2001, in the inflation-adjusted amount of R$5,353. The inflation-adjusted amounts have as base date December 31, 2024 and were classified by the legal advisors as being of possible risk of loss.

vi. Subsidiary Cia. Hering litigates in the administrative sphere against ICMS tax assessment notices and fines issued by the State of Goiás and filed under No. 4.01.23.006104.89, 4.01.23.006285.07 and 4.01.23.006376.89, in the combined inflation-adjusted amount of R$49,484. It also litigates in court in a motion to stay foreclosures proposed by the Federal Government for IRPJ, CSLL, PIS, COFINS and fines, filed under No. 5004185-62.2020.4.04.7205, with an inflation-adjusted amount of R$207,127; concerning IRPJ, CSLL and fines for the periods 2010 to 2013, filed under Nos. 5011170-23.2024.4.04.7200 and 5011188-44.2024.4.04.7200, with a combined inflation-adjusted amount of R$25,934; and concerning IRPJ, CSLL and fines for the period 2009, filed under Nos. 5008598-84.2021.4.04.7205 and 5007900-73.2024.4.04.7205, with a combined inflation-adjusted amount of R$25,826. The inflation-adjusted amounts have December 31, 2024 as their base date and were classified by the legal advisors as being of possible risk of loss.

vii. Subsidiary Cidade Maravilhosa Indústria e Comércio de Roupas S.A. is litigating in the administrative sphere against a tax assessment notice demanding ICMS and a fine issued by the State of Rio de Janeiro and filed under No. 03.652062-5 (issued against absorbed company MF 2008 Comercial Modas Ltda.), with an inflation-adjusted amount of R$17,518; and against a tax assessment notice demanding IRPJ, CSLL and a fine issued by the Federal Revenue Service and filed under no. 12448.730744/2017-39 (issued against the incorporated company MF 2008 Comercial Modas Ltda), with an inflation-adjusted amount of R$19,739. It also litigates in court in a motion to stay the foreclosure filed by the State of São Paulo (against absorbed company A&F Fabril Indústria Ltda.) for ICMS and fine, filed under No. 1509682-57.2023.8.26.0014 with an inflation-adjusted amount of R$17,224. The inflation-adjusted amounts have December 31, 2024 as their base date and were classified by legal advisors as having a possible risk of loss.

Contingent assets

Subsidiaries ZZAB and Tiferet are involved in judicial proceedings aimed at recovering taxes, the prognosis of which is likely to be successful, according to their legal advisors. The main actions include: exclusion of the ICMS Tax Rate Differential (DIFAL) in interstate sales of goods to individuals and legal entities that are not ICMS taxpayers.

i. Exclusion of the ICMS Tax Rate Differential (DIFAL) in interstate sales of goods to individuals and legal entities that are not ICMS taxpayers: Subsidiaries ZZAB and Tiferet filed lawsuits in several States to challenge the enforceability of DIFAL in interstate sales of goods to individuals and legal entities that are not ICMS taxpayers. On February 24, 2021, the STF ruled that the collection of DIFAL was unconstitutional, given the absence of a supplementary Law regulating it; in the decision in question, the Supreme Court modulated the ruling to take effect as of 2022, except for companies that filed lawsuits before the end of the trial. Due to the favorable outcome for the taxpayers, the subsidiaries requested in each of the lawsuits the suspension of monthly deposits in court and, at the end, after the decision becomes final and unappealable, the withdrawal of the amounts previously deposited. This decision represented savings of approximately R$21,853 for subsidiary ZZAB and R$4,448 for then-subsidiary Tiferet – absorbed by parent Arezzo – totaling R$26,301.

The Company is currently awaiting the procedural settlement of each of these actions in order to withdraw the deposits, which amount to approximately R$548 for parent and R$16,179 for subsidiary ZZAB.

Current law

Under current Brazilian law, federal, state and municipal taxes and social-security contributions are subject to review by the respective authorities for periods ranging from five to thirty years. The law in the United States (where certain of the Company's subsidiaries operate) provide different limitation periods.

Judicial deposits and judicial guarantee

As of December 31, 2024, the balance of judicial deposits is R$52,979 for Parent (R$35,996 as of December 31, 2023) and R$205,657 for Consolidated (R$137,793 as of December 31, 2023).

The Company uses the judicial bond modality, regulated by current law, used especially as a form of security in the proceedings and/or in replacement of the guarantees provided. As of December 31, 2024, the balance of these judicial guarantees is R$523,244 (R$102,239 as of December 31, 2023).

22. Other payables

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Advances from customers	**6,532**	5,415	**25,138**	15,271
Services payable (i)	**55,852**	36,415	**115,868**	40,425
Provisions (ii)	**46,780**	25,718	**192,595**	41,580
Other accounts	**16**	735	**30,473**	21,711
Total	**109,180**	68,283	**364,074**	118,987
Current	**109,180**	68,283	**338,503**	118,987
Non-current	**-**	-	**25,571**	-

(i) Services payable are grouped together with various service provisions, such as freight, fees and export expenses.

(ii) Provisions include provisions for commissions and royalties; provisions for agency and provisions for the acquisition of services, marketing, goods and freight.

23. Capital stock and reserves

23.1. Capital stock

As of December 31, 2024, the breakdown of the Company's capital stock was 206,489 thousand common shares.

	Shares in thousands	Share Capital R$
Balance as of 12/31/2022	**110,186**	**1,671,716**
Merger of shares	803	66,513
Balance as of 12/31/2023	**110,989**	**1,738,229**
Issuance of new shares (i)	95,500	578,954
Balance as of 12/31/2024	**206,489**	**2,317,183**

i. With the completion of the transaction, Arezzo&Co was renamed Azzas 2154 and its capital stock was increased by five hundred and seventy-eight million nine hundred and fifty-four thousand (R$578,954) through the issuance of ninety-five million five hundred thousand six hundred and seven (95,500,607) new common shares (Note 5).

23.2. Capital reserve

The capital reserve was initially created as a result of the corporate restructuring processes that took place in 2007 as consideration for the net assets merged and represents the value of the tax benefit obtained through the amortization of the goodwill merged. The portion of the special goodwill reserve corresponding to the benefit that may be, at the end of each fiscal year, capitalized for the benefit of the shareholders with the issuance of new shares, in accordance with the provisions of CVM Instruction No. 319/99.

23. Capital stock and reserves—Continued

23.2 Capital reserve

The corporate events that gave rise to the capital reserve as a result of the corporate restructuring are listed below:

a) On June 1, 2008, BRICS Participações S/A (“BRICS”) was merged into the Company, with net assets consisting of the goodwill paid upon acquisition of the investment in the Company, based on future profitability, net of the provision provided for in CVM Instruction No. 319/99, in the amount of R$13,935. In the context of the dissolution of BRICS due to its merger, its interest in the Company was transferred to FIGEAC Holding S/A (“FIGEAC”).

b) On December 1, 2009, FIGEAC was merged into the Company, with the net assets consisting of the goodwill paid upon acquisition of the investment in the Company, based on future profitability, net of the provision provided for by CVM Instruction No. 319/99, in the amount of R$7,535.

On September 30, 2011, the Company made a supplementary provision for the costs of the public offering of shares in the amount of R$550 (R$363 net of tax effects), and this net amount was deducted from the capital reserve.

With the implementation of the Stock-Based Plans (Note 33), the Company constituted the Reserve for stock call options and restricted shares granted with a balance of R$58,536 as of December 31, 2024 (R$41,218 as of December 31, 2023).

23.3 Reserves and profit retention

23.3.1 Legal reserve

It is recognized at a rate of 5% of net income recorded in each fiscal year under the terms of article 193 of Law No. 6.404/76, as amended (“Corporation Law”) up to the limit of 20% of the capital stock, and the company may cease to create the legal reserve in the fiscal year in which the balance of this reserve, plus the amount of capital reserves, exceeds thirty percent (30%) of the capital stock.

2 3.3.2 Tax incentive reserve

Refers to the amounts determined from subsidies received for investment (Note 34) by the parent. The reserve balance as of December 31, 2024 is R$879,079 (R$879,079 as of December 31, 2023).

23.3.3 Profit retention

The profit retention reserve was established under the terms of article 196 of Law No. 6.404/76 for the execution of the Company’s capital budget. The accumulated retention as of December 31, 2024 is R$184,781.

According to art. 199 of Law 6.404/76, the balance of this reserve, added to other profit reserves, may not exceed the Company’s capital stock.

23. Capital stock and reserves—Continued

23.4. Asset Valuation Adjustment

Reserve for exchange rate differences on the translation of overseas operations.

The Company recognized as other comprehensive income, in a specific line item of shareholders' equity, the exchange differences on the translation of overseas operations, represented by its subsidiaries located in the United States, whose functional currency is the dollar, and Italy, whose currency is the euro.

23.5 Treasury Shares

As of December 31, 2024, the balance of treasury shares is R$1,238 (R$9,923 as of 12/31/2023), corresponding to twenty-two six hundred and fifty-five thousand (20,781) common shares at an average acquisition cost of R$59.55; as of December 31, 2023 the average cost was R$64.07.

Below we show the balance of treasury shares:

	2024	2023
Balance of shares in thousands	**1,238**	9,923
Amount	**20,781**	154,856
Average cost in R$	**59.55**	64.07

24. Dividends and interest on equity paid and proposed

a) Dividends

According to the Company's Bylaws, shareholders are entitled to a mandatory minimum dividend equivalent to 25% of net income for the year, adjusted by the creation of a legal reserve, as recommended by the corporation law. Interest on equity, when calculated, is considered as a distribution of profits for the purposes of determining the minimum dividend to be distributed.

Dividends were calculated as follows:

	2024	2023
Income for the year	**341,727**	399,400
Legal reserve	**-**	(19,970)
Tax incentive reserve	**-**	(318,290)
Net profit to be allocated	**341,727**	61,140
Minimum dividends in accordance with the bylaws	**25%**	25%
Amount of mandatory minimum dividends	**85,432**	15,285
Interest on equity credited and paid	**118,750**	42,118
IRRF on interest on equity	**(13,029)**	(5,042)
Interim dividends paid	**60,000**	-
Total	**165,721**	37,076
Dividends in excess of the mandatory minimum	**80,289**	21,791
Dividends in excess of the mandatory minimum per share -	**0.3889**	0.1963

24. Dividends and interest on equity paid and proposed

a) Dividends -- Continued

On November 6, 2023, the Company's Board of Directors approved the payment of R$32,959 related to the distribution of proceeds, based on net income for the fiscal year ending December 31, 2023, as interim dividends. The amount was paid on November 27, 2023.

The Company's management proposes the following allocation for net income recorded in the fiscal year ended December 31, 2024, in the amount of R$341,727, as follows:

i. R$162,977 for the execution of the Company's capital budget, pursuant to article 196 of the Corporation Law;
ii. R$118,750 already distributed and paid, considering net amounts applied to interest on equity.
iii. R$60,000 already distributed and paid as interim dividends.

b) Interest on equity – Law No. 9.249/95

For purposes of complying with tax regulations, the Company recorded interest on equity paid or credited in the year against the line item "financial expenses". For the purposes of preparing these financial statements, this interest is reversed from the statement of income against the retained earnings account as determined by accounting practices. Income tax was withheld on this interest at a rate of 15%, except for shareholders who are demonstrably exempt or immune or shareholders domiciled in countries or jurisdictions for which the law establishes a different rate.

On December 12, 2022, the Company's Board of Directors approved the payment of R$82,107 related to the distribution of proceeds as interest on equity. The amount was paid on January 27, 2023, without inflation adjustment or interest.

On June 26, 2023, the Company's Board of Directors approved the payment of R$94,195 related to the distribution of proceeds as interest on equity. The amount was paid on August 31, 2023, without inflation adjustment or interest.

On November 6, 2023, the Company's Board of Directors approved the payment of R$44,923 referring to the distribution of proceeds as interest on equity based on the profit reserve for the fiscal year ending December 31, 2023. The amount was paid on November 27, 2023, without inflation adjustment or interest.

On December 2, 2024, the Company's Board of Directors approved the payment of R$118,750 referring to the distribution of proceeds as interest on equity based on net income for the then-current year as determined in the Company's balance sheet as of December 31, 2024. The amount was paid on December 6, 2024, without inflation adjustment or interest.

(In thousands of Reais – R$, unless otherwise stated)

25. Earnings per share

In compliance with CPC 41 (IAS 33), the Company presents below information on earnings per share for the years ended December 31, 2024 and 2023.

a) Basic earnings per share

The basic calculation of earnings per share is made by dividing net income for the year attributed to holders of common shares of the Parent by the weighted average number of common shares available during the year, excluding common shares purchased by the company and held as treasury shares (Note 23.5).

	2024	2023
Net income for the year	**341,727**	399,400
Weighted average number of issued shares	**130,704**	110,816
Basic earnings per share - R$	**2.6145**	3.6042

b) Diluted earnings per share

Diluted earnings per share are calculated by dividing net income attributed to holders of common shares of the Parent by the weighted average number of common shares available during the year, excluding common shares purchased by the company and held as treasury shares, plus the weighted average number of common shares that would be issued upon conversion of all potential dilutive common shares into common shares.

The Company has a category of potentially dilutive common shares relating to the stock call option as shown in the table below:

	2024	2023
Income for the year	**341,727**	399,400
Weighted average number of common shares	**130,704**	110,816
Adjustment by the stock-based plan	**2.622**	2.889
Weighted average number of common shares for diluted earnings per share	**133,326**	113,705
Diluted earnings per share - R$	**2.5631**	3.5126

There were no other transactions involving common shares or potential common shares between the balance sheet date and the date of completion of these financial statements.

(In thousands of Reais – R$, unless otherwise stated)

26. Net operating revenue

Net sales revenue is broken down as follows:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Gross sales revenue	**5,242,668**	4,920,836	**10,164,948**	6,087,569
Sales returns	**(265,397)**	(252,664)	**(756,078)**	(486,307)
Discounts and rebates	**(9,594)**	(10,059)	**(34,008)**	(23,573)
Taxes on sales	**(345,589)**	(620,429)	**(995,109)**	(730,921)
Net operating revenue	**4,622,088**	4,037,684	**8,379,753**	4,846,768

27. Information by Segment

The Company's products are distributed through different brands and channels (franchises, multi-brand, own stores and webcommerce); however, they are controlled and managed by Management in four business segments, with the results being monitored, tracked and reviewed in a centralized manner.

The Company is organized into and its performance is reviewed in four segments: Footwear and accessories, women's clothing, men's clothing and democratic clothing for operational, commercial, managerial and administrative purposes.

This view is supported by the following factors:

i. There are no divisions in its structure for managing different product lines, brands or sales channels.
ii. Its manufacturing unit operates for more than one brand and sales channel.
iii. The Company's strategic decisions are based on studies that demonstrate market opportunities and not just on performance by product, brand or channel.

The consolidated gross revenue recorded and segregated by brand portfolio and sales channel is shown below:

Brand*	**1905**	**1905**
Gross revenue	**10,164,948**	6,087,569
Footwear and accessor	**4,785,119**	4,565,818
Women's clothing	**2,190,296**	-
Men's clothing	**1,794,971**	1,516,102
Democratic clothing	**1,378,659**	-
Others	**15,903**	5,649

Channel	**2024**	**2023**
Gross revenue	**10,164,948**	6,087,569
Own stores	**2,943,009**	1,359,950
Multi-brand	**2,446,175**	1,555,437
Webcommerce	**2,430,975**	1,381,229
Franchises	**1,792,679**	1,309,236
International	**448,696**	430,387
Others	**103,414**	51,330

(In thousands of Reais – R$, unless otherwise stated)

27. Information by Segment – Continued

* Brands are grouped by portfolio as follows:

- Footwear and Accessories consolidates the following brands: Arezzo, Schutz, Anacapri, Alexandre Birman, Carol Bassi, Vans, Vicenza, Paris Texas.
- Women's Clothing consolidates the following brands: Farm, Farm Global, Animale, NV, Cris Barros, Maria Filó, Foxton, Fábula and Off Premium.
- Men's Clothing consolidates the following brands: Reserva, Oficina Reserva, Reserva Mini, Reserva Simples, Reserva Go, Reversa, and Reserva Ink.
- Democratic Clothing consolidates the following brands: Hering, Hering Kids, Hering Sports, Hering Intimates.
- Others considers amounts referring to the balance in industry.

28. Expenses by nature

The Company's statements of income are presented by function. Below we show the breakdown of expenses by nature:

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Expenses by function				
Cost of goods sold	**(2,356,998)**	(2,061,974)	**(3,914,692)**	(2,217,707)
Commercial expenses	**(1,179,013)**	(972,460)	**(2,834,836)**	(1,713,632)
Administrative and general expenses	**(376,371)**	(335,141)	**(1,048,954)**	(395,572)
	(3,912,382)	(3,369,575)	**(7,798,482)**	(4,326,911)
Expenses by nature				
Depreciation and amortization (i)	**(127,616)**	(115,270)	**(414,855)**	(222,944)
Personnel expenses	**(480,868)**	(457,355)	**(1,234,593)**	(681,515)
Raw materials and materials for use and consumptio	**(2,378,757)**	(2,082,927)	**(3,955,573)**	(2,248,810)
Freight	**(85,381)**	(99,120)	**(277,243)**	(168,730)
Store occupancy expenses (ii)	**(26,486)**	(39,033)	**(203,040)**	(96,400)
Marketing expenses	**(311,443)**	(276,225)	**(652,573)**	(453,879)
Utilities and services	**(498,102)**	(287,999)	**(975,248)**	(433,331)
Other commercial expenses	**(2,722)**	(824,000)	**(27,195)**	(6,745)
Other administrative and general expenses	**(1,007)**	(10,822)	**(58,162)**	(14,557)
	(3,912,382)	(3,369,575)	**(7,798,482)**	(4,326,911)

(i) The net depreciation and amortization of PIS/ COFINS is R$402,215 as of December 31, 2024 (R$214,419 as of December 31, 2023).

(ii) Includes rent, condominium fees, IPTU and promotion fund.

(In thousands of Reais – R$, unless otherwise stated)

29. Financial risk management goals and policies

The Parent and its subsidiaries continuously manage the risks of all financial instruments assigned to their operations seeking to minimize potential adverse effects on financial income.

As of December 31, 2024, the Company's consolidated financial assets and liabilities are classified into the following categories of financial instruments:

	Measurement	
	Fair value through profit or loss	**Amortized cost**
Assets		
Cash and cash equivalents	-	181,160
Financial investments	593,383	-
Derivative financial instruments	198,296	-
Trade accounts receivable	-	2,827,750
Liabilities		
Loans and financing	-	2,654,731
Trade accounts payable	-	1,817,847
Lease	-	875,670
Liabilities payable upon acquisition of subsidiary	-	227,546

The following methods and assumptions were adopted in determining fair value:

Cash and cash equivalents, trade and other accounts receivable, trade accounts payable and liabilities payable – These arise directly from the operations of the Company and its subsidiaries, are measured at amortized cost and are recorded at their original value less the estimated losses and adjustment to present value when applicable. The book value approximates the fair value given the short term for settlement of these transactions.

Loans and financing – These are classified as other financial liabilities not measured at fair value and are recorded using the amortized cost method in accordance with the contractual terms. This definition was adopted because the securities are not held for trading, which, according to Management's understanding, reflects the most relevant accounting information. The fair values of these financing instruments are equivalent to their book values, since they are financial instruments with rates that are equivalent to market rates and because they have specific characteristics.

Leases – These arise directly from the assessment that the Company makes in contracts that transfer the right to use an underlying asset for a period in exchange for consideration. The fair values are equivalent to their book values.

Liabilities payable upon acquisition of a subsidiary arise directly from the Company's acquisition transactions, whose fair values are equivalent to their book values.

(In thousands of Reais – R$, unless otherwise stated)

29. Financial risk management goals and policies —Continued

29.1 Classification of Financial Instruments by Category

The Company uses Hierarchical Fair Value to classify and disclose the measurement of its financial instruments:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, directly or indirectly;

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value and are not based on observable market inputs.

The following table presents the fair values of financial assets and liabilities together with their book values in the balance sheet. It does not include information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable approximation of fair value:

	Consolidated			
	2024		2023	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and cash equivalents	**181,160**	-	73,316	-
Financial investments	**593,383**	**593,383**	676,398	676,398
Derivative financial instruments	**198,296**	**198,296**	78,211	78,211
Trade accounts receivable	**2,827,750**	-	1,128,687	-
Liabilities				
Loans and financing	**2,654,731**	-	1,081,124	-
Trade accounts payable	**1,817,847**	-	834,464	-
Derivative financial instruments	-	-	137,681	137,681
Lease	**875,670**	-	515,185	-
Liabilities payable upon acquisition of subsidiary	**227,546**	-	121,675	-

The Company classifies its financial instruments measured at fair value at level 2 (measurement of observable prices).

29. Financial risk management goals and policies —Continued

29.2 Risk Management

The Group is exposed to the following risks arising from financial instruments:

- Exchange Rate risk;
- Interest Rate Risk;
- Credit Risk;
- Liquidity Risk; and
- Capital Management.

(In thousands of Reais – R$, unless otherwise stated)

29.2.1 Exchange Rate Risk

The results of operations of the Parent and its subsidiaries are affected by the risk factor of the United States dollar exchange rate due to the fact that part of the revenues from sales and imports of goods are linked to these currencies. To minimize exchange rate risk, currency protection through Hedge is used through.

As of December 31, 2024 and December 31, 2023, the value of the net exposure linked by foreign currency is represented by:

	Consolidated	
	2024	2023
Accounts receivable in foreign currency (i)	**48,284**	36,909
Loans and financing in foreign currency (ii)	**(383,507)**	(960,947)
Trade accounts payable in foreign currency	**(197,271)**	(10,086)
Net exposure	**(532,494)**	(934,124)

(i) Third-party balances of subsidiaries abroad were disregarded.
(ii) Balances of loans with swap contracted (4131 transaction) and loans contracted in Dollars by subsidiaries abroad were disregarded.

In order to verify the sensitivity of the indices in the loans to which the Company was exposed as of the base date December 31, 2024, three different scenarios were defined and a sensitivity analysis was prepared for fluctuations in the indicators of these instruments.

The table below considers three scenarios, with the likely scenario being the one adopted by the Company. Based on the dollar values prevailing as of December 31, 2024, the likely scenario for the year 2024 was defined and, based on the latter, variations of 25.0% and 50.0% were calculated.

Operation	**Currency**	**Likely scenario**	**Scenario A 25% appreciation**	**Scenario B 50% appreciation**
Accounts receivable in foreign currency	R$	48,284	60,354	72,425
Loans and financing in foreign currency	R$	(383,507)	(479,383)	(575,260)
Trade accounts payable in foreign currency	R$	(197,271)	(246,589)	(295,970)
Appreciation of the referenced exchange rate			25%	50%
Effect on income before taxation	R$		**(133,124)**	**(266,311)**
Dollar		**6.19**	**7.74**	**9.29**

(In thousands of Reais – R$, unless otherwise stated)

29. Financial risk management goals and policies —Continued

29.2.2 Interest Rate Risk

The Company is exposed to risks related to fluctuations in the interest rate of its financial instruments linked mainly to the CDI rate, but also to the TJLP and SOFR rates.

In the year ended December 31, 2024, the balances of Loans and Financing and their breakdown in relation to the interest rate were as follows:

	2024	%
Fixed rate	383,507	14.0
TJLP	78,673	3.0
SOFR	205,697	8.0
CDI	1,986,854	75.0
	2,654,731	**100.0**

In order to verify the sensitivity of the indices in the loans to which the Company was exposed as of the base date December 31, 2024, three different scenarios were defined, and a sensitivity analysis was prepared for fluctuations in the indicators of these instruments.

The table below considers three scenarios, with the likely scenario adopted by the Company. Based on the CDI rate values prevailing as of December 31, 2024, the likely scenario for the year 2024 was defined and variations of 25% and 50% were calculated based on it.

For each scenario, the gross financial expense was calculated without taking into account taxation and considering the maturity flow of each contract. The base date used for financing was December 31, 2024, projecting the indices and verifying their sensitivity in each scenario.

Operation	Likely scenario	Scenario A	Scenario B
Increase in financial expense			
Financing - TJLP	5,845	7,307	8,768
Financing - SOFR	8,989	11,236	13,483
Financing - CDI	241,403	301,753	362,103
Totals	**256,237**	**320,296**	**384,354**
Appreciation of the referenced rate for financial liabilities		25%	50%
TJLP	7.43%	9.29%	11.15%
SOFR	4.37%	5.46%	6.56%
CDI	12.15%	15.19%	18.23%

(In thousands of Reais – R$, unless otherwise stated)

29. Financial risk management goals and policies —Continued

29.2.3. Credit Risk

Credit risk is the possibility of losses related to the degree of uncertainty regarding the customer's and/or counterparty's ability to perform their obligations.

The Company and its subsidiaries are exposed to credit risk in their operating activities, mainly due to balances receivable from Customers and from its financial investments.

The balance receivable from customers is substantially denominated in reais and is distributed among several customers. To reduce credit risk, the Company performs individual assessments for the inclusion of new customers, but as a market practice, it only requires advance payment from customers considered to be high risk.

There are no customers that individually represent more than 5.0% of the Company's total accounts receivable as of December 31, 2024 and December 31, 2023.

Management monitors the risk of the receivables portfolio on a timely basis and, depending on the analysis of the risk of non-recovery of the credit, adjusts the Company's statement of income. The analysis is based on receivables, customer payment history, guarantees offered and renegotiations with accommodation. The amounts recorded in actual losses or estimated losses reflect non-recoverable accounts receivable and cases of low recovery risk.

With regard to the credit risk associated with financial institutions, the Company and its subsidiaries use large financial institutions.

29.2.4 Liquidity Risk

Liquidity risk consists of the possibility that the Parent and its subsidiaries do not have sufficient funds to meet their commitments due to the different currencies and settlement terms of their rights and obligations.

With respect to its obligations, the Company has agreements with banks for its suppliers as shown in Note 19 under the line item Reverse factoring Transaction. In accordance with the terms and conditions of the agreement, the Company has not had its payment deadlines extended nor has its liquidity or cash flow control been affected, as the line item is included in its entirety in the total Trade accounts payable.

The liquidity and cash flow control of the Parent and its subsidiaries is monitored daily by Management in order to ensure that the operational cash generation and the prior raising of funds, when necessary, are sufficient to maintain its schedule of commitments without generating liquidity risks.

The following table shows the contractual payments required for the Company's financial liabilities:

	Projection including future interest rates		
	Up to one year	**From 1 to 5 years**	**Total**
Loans and financing	1,861,119	1,323,070	**3,184,189**
Trade accounts payable	1,817,847	-	**1,817,847**
Lease	292,155	810,953	**1,103,108**

29.2.5 Capital Management

The purpose of the Company's capital management is to ensure that it maintains a strong credit rating with institutions and an optimal capital ratio in order to support the Company's business and maximize shareholder value.

(In thousands of Reais – R$, unless otherwise stated)

The Company controls its capital structure by making adjustments and adapting to current economic conditions. To maintain this structure, the Company may make dividend payments, return capital to shareholders, raise new loans, issue debentures, issue promissory notes and enter into derivative transactions. There were no changes to the capital structure purposes, policies or processes during the year ended December 31, 2024 and the year ended December 31, 2023.

The financial leverage ratios as of December 31, 2024 and December 31, 2023 can be summarized as follows:

	Consolidated	
	2024	**2023**
Loans and financing	**(2,654,731)**	(1,081,124)
Cash and cash equivalents	**181,160**	73,316
Financial investments	**593,383**	676,398
Net cash deficiency	**(1,880,188)**	(331,410)
Total shareholders' equity attributable to controlling shareholders	**7,702,653**	2,909,553
Financial leverage ratio	**(24.4%)**	(11.3%)

30. Financial income

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Financial revenues				
Income from financial investments	**18,124**	31,326	**53,716**	56,582
Interest assets	**10,368**	8,426	**32,876**	8,609
Monetary variation assets	**518**	3,677	**1,060**	4,628
Revenues on loan	**7,104**	7,088	**-**	-
Other revenues	**6,075**	4,618	**24,334**	4,526
	42,189	55,135	**111,986**	74,345
Financial expenses				
Interest on financing	**(63,823)**	(50,503)	**(175,043)**	(99,665)
Bank expenses	**(11,332)**	(9,644)	**(19,515)**	(12,217)
Notary expenses	**(881)**	(2,672)	**(896)**	(2,697)
Lease interest	**(21,519)**	(22,379)	**(62,767)**	(43,080)
Interest on loan	**(18,044)**	(16,304)	-	-
Credit card administration fees	**(15,240)**	(13,171)	**(93,734)**	(45,463)
Present value adjustment	**(57,202)**	-	**(94,782)**	-
Other expenses	**(4,643)**	(3,531)	**(18,747)**	(9,250)
	(192,684)	(118,204)	**(465,484)**	(212,372)
Exchange rate variation, net	**(17,583)**	(46,819)	**(40,199)**	(44,816)
Total	**(168,078)**	(109,888)	**(393,697)**	(182,843)

(In thousands of Reais – R$, unless otherwise stated)

31. Other operating revenues (expenses), net

	Parent		Consolidated	
	2024	**2023**	**2024**	**2023**
Other operating revenues (expenses)				
Franchise fees	**(2,732)**	988	**(3,428)**	988
Reimbursement of return expenses	**1,942**	1,756	**1,942**	1,756
Extemporaneous revenues	**11,830**	22,596	**22,363**	38,243
Expense recovery	**10,268**	8,728	**12,749**	10,817
Revenue from the sale of property, plant and equipment and intangible assets	**2,150**	-	**9,836**	307
Miscellaneous revenues	**1,388**	14,930	**5,833**	15,914
Stock Option and restricted share plan	**(24,750)**	(17,348)	**(24,750)**	(17,348)
Income (Expense) on the sale of property, plant and equipment	**712**	1,202	**4,502**	(3,492)
Impairment Loss (i)	**(3,009)**	-	**(131,880)**	-
Miscellaneous expenses	**(27,202)**	-	**(26,212)**	(8,258)
Tax provisions and write-offs of tax credits	**(28,560)**	-	**(68,587)**	-
Total	**(57,963)**	32,852	**(197,632)**	38,927

(i) Amounts relating to provision for losses due to portfolio revision.

32. Insurance coverage

The Company and its subsidiaries maintain insurance policies contracted with some of the main insurance companies in the country and take into account the nature and degree of risk involved. As of December 31, 2024, the Company had insurance coverage against fire and other risks for property, plant and equipment and inventory at amounts considered sufficient by Management to cover possible losses, as shown below:

Risks covered	Coverage amount - R$
Civil liability	753,503
Property	928,333
Transportation	44,150
D&O Liability	225,000
Others	250

33. Stock-based payment

33.1 Restricted share plan

On August 28, 2017, at a meeting of the Board of Directors, the execution of restricted share grant agreements between the Company and the beneficiaries was approved under the terms of the restricted share plan and the 1st grant program. And on July 30, 2018, at a meeting of the Board of Directors, the execution of restricted share grant agreements between the Company and the beneficiaries was approved under the terms of the restricted share plan and the 2nd grant program. And on July 25, 2019, at a meeting of the Board of Directors, the execution of restricted share grant agreements between the Company and the beneficiaries was approved, under the terms of the restricted share plan and the 3rd grant program.

Stock-based payment

33.1 Restricted share plan -- Continued

On June 28, 2021, at a meeting of the Board of Directors, the execution of restricted share grant agreements between the Company and the beneficiaries was approved under the terms of the restricted share plan and the 5th grant program. On September 22, 2022, at a meeting of the Board of Directors, the execution of restricted share grant agreements between the Company and the beneficiaries was approved under the terms of the restricted share plan and the 6th grant program. On November 9, 2022, at a meeting of the Board of Directors, the execution of restricted share grant agreements between the Company and the beneficiaries was approved under the terms of the restricted share plan and the 7th grant program. On August 7, 2023, at a meeting of the Board of Directors, the execution of restricted share grant agreements between the Company and the beneficiaries was approved under the terms of the restricted share plan and the 8th grant program.

The plan aims to allow the granting of restricted shares to the managers, executives and employees of the Company, or of any other company under its control (the "Beneficiaries") selected by the Board of Directors, subject to certain conditions, with the aim of:

- **a)** stimulating the expansion, success and achievement of the corporate purposes of the Company and the companies under its control;
- **b)** encouraging improvements in the management of the Company and the companies under its control by enabling beneficiaries to be shareholders of the Company and encouraging them to optimize all aspects that may add value to the Company in the long term;
- **c)** aligning the interests of beneficiaries with the interests of shareholders; and
- **d)** encouraging managers and employees to remain in the Company or in companies under its control.

For the purposes of this plan, the Board of Directors may, upon prior recommendation of an advisory committee created to assist it in the administration of the plan, grant a number of common registered book-entry shares issued by the Company not exceeding five percent (5%) of the total capital stock of the Company as of the date of approval of the plan.

Without prejudice to the other terms and conditions established in the respective grant agreements, the beneficiaries' rights in relation to the restricted shares will only be fully acquired if the beneficiaries remain continuously linked as managers or employees of the Company or of a company under its control, as the case may be, and achieve the performance metrics established in each program and in the beneficiaries' respective grant agreements in the period between the date of grant and the following dates, in the following proportions:

- i. up to ten percent (10%) after the 1st anniversary of the date of grant;
- ii. up to ten percent (10%) after the 2nd anniversary of the date of grant;
- iii. up to twenty percent (20%) after the 3rd anniversary of the date of grant; and
- iv. up to sixty percent (60%) after the 4th anniversary of the date of grant.

(In thousands of Reais – R$, unless otherwise stated)

33. Stock-based Payment —Continued

33.1. Restricted share plan—Continued

Notwithstanding the provisions of items (i) to (iv) above, the beneficiary may receive an increase of up to ten percent (10%) of the total number of restricted shares granted by the Board of Directors if he exceeds the performance metrics established in the program and in the respective grant agreement as defined by the Board of Directors, which may also, at its discretion, establish different vesting periods for the Restricted Shares granted.

In order to satisfy the granting of restricted shares under the terms of the plan, the Company, subject to applicable law and regulations, will sell shares held in treasury through a private transaction, at no cost to the beneficiaries, pursuant to ICVM 567.

Below we demonstrate the balances of shares granted and their respective vesting periods:

	1st Grant on 08/29/2017	2nd Grant on 07/30/2018	3rd grant on 07/25/2019	5th grant on 06/28/2021	6th and 7th grants on 09/22/2022 and 11/09/2022	8th grant on 08/07/2023
Vesting period from the date of						
From the first anniversary	60,728	11,066	2,661	4,550	6,694	8,718
From the second anniversary	60,728	11,066	2,661	4,550	6,694	8,718
From the third anniversary onwards	121,457	22,134	5,321	9,098	13,387	17,436
From the fourth anniversary onwards	364,370	66,398	15,963	27,294	40,162	52,311
Total	**607,283**	**110,664**	**26,606**	**45,492**	**66,937**	**87,183**

Below we demonstrate the changes in the balances:

	1st Grant 2017	2nd Grant 2018	3rd Grant 2019	4th grant 2021	6th and 7th grants 2022	8th grant 2023
Balance as of 12/31/2019	398,641	80,960	26,606	-	-	-
Year	(99,660)	(8,995)	(2,661)	-	-	-
Write-off (**)	(52,799)	-	-	-	-	-
Balance as of 12/31/2020	**246,182**	**71,965**	**23,945**	-	-	-
Grant (*)	-	-	-	45,492	-	-
Year	(123,091)	(17,992)	(2,661)	-	-	-
Write-off (**)	-	(8,205)	-	-	-	-
Balance as of 12/31/2021	**123,091**	**45,768**	**21,284**	**45,492**	-	-
Grant (*)	-	-	-	-	66,937	-
Year	(123,091)	(45,768)	(5,321)	(4,402)	-	-
Write-off (**)	-	-	-	(1,471)	-	-
Balance as of 12/31/2022	-	-	**15,963**	**39,619**	**66,937**	
Grant (*)	-	-	-	-	-	87,183
Year	-	-	(15,963)	(3,880)	(6,262)	-
Write-off (**)	-	-	-	(4,700)	(4,320)	-
Balance as of 12/31/2023	-	-	-	**31,039**	**56,355**	**87,183**
Year	-	-	-	(7,319)	(5,614)	(7,849)
Write-off (**)	-	-	-	(5,224)	(8,558)	(19,017)
Balance as of 12/31/2024	-	-	-	**18,496**	**42,183**	**60,317**

(*) Granted before the effects of taxes and performance conditions of the Restricted share plan.
(**) Write-offs due to the termination of employees participating in the stock option plan or due to non-exercise of shares.

(In thousands of Reais – R$, unless otherwise stated)

33. Stock-based payment —Continued

33.1 Restricted share plan—Continued

In compliance with IFRS 2/CPC 10, the Company determined the fair value of the shares. In the year ended December 31, 2024, the Company determined an amount of R$2,374 (R$2,629 as of December 31, 2023) related to the expense of the restricted share plan recognized in income with a contra entry in shareholders' equity in a specific capital reserve account.

In determining the fair value of restricted shares, the following assumptions were used:

	1st grant	2nd grant	3rd grant	5th grant	6th and 7th grants	8th grant
	2017	2018	2019	2021	2022	2023
Number of shares	**607.283**	**110,664**	**26,606**	**45,492**	**63,090**	**87,183**
1st Maturity	60,728	11,066	2,661	4,550	6,409	8,718
2nd Maturity	60,728	11,066	2,661	4,550	6,409	8,718
3rd Maturity	121,457	22,134	5,321	9,098	12,818	17,436
4th Maturity	364,370	66,398	15,963	27,294	37,454	52,311
Share price - (R$)	**35.50**	**43.38**	**50.74**	**93.21**	**88.68**	**44.09**
Fair value per share - (R$)						
1st Maturity	34.73	43.37	50,50	53.56	47.68	44.09
2nd Maturity	33.97	43.37	50,50	53.56	47.68	44.09
3rd Maturity	33.24	43.37	50,50	53.56	47.68	44.09
4th Maturity	32.51	43.37	50,50	53.56	47.68	44.09
Expected dividends ("Dividend yield")	**2.20%**	**3.14%**	**3.25%**	**2.50%**	**2.50%**	**2.22%**
Share price volatility						
1st Maturity	32.2%	45.0%	29.5%	36.9%	37.4%	41.1%
2nd Maturity	36.5%	39.1%	38.0%	47.7%	36.1%	39.8%
3rd Maturity	36.6%	39.5%	36.2%	42.7%	45.6%	38.6%
4th Maturity	36.8%	38.8%	37.3%	43.2%	41.7%	43.8%
Risk-free interest rate						
1st Maturity	7.9%	7.3%	5.4%	6.6%	13.9%	11.1%
2nd Maturity	8.4%	8.5%	5.7%	7.5%	13.1%	10.0%
3rd Maturity	9.0%	9.3%	6.2%	8.0%	12.8%	9.9%
4th Maturity	9.4%	10.0%	6.6%	8.3%	12.7%	10.2%
Expected period until maturity - (years)						
1st Maturity	1	1	1	1	1	1
2nd Maturity	2	2	2	2	2	2
3rd Maturity	3	3	3	3	3	3
4th Maturity	4	4	4	4	4	4

33. Stock-based payment —Continued

33.2 Stock option plan

At a special shareholders' meeting held on August 12, 2021, the Company's shareholders approved the stock option plan for statutory officers, employees and service providers of the Company or other companies under its control, which came into effect on the same date. The stock option plan will be managed by the Board of Directors, which may, at its discretion, establish a committee to advise it on the management of the stock option plan.

The option plan is limited to a maximum number of options that result in a dilution of 5% of the Company's capital stock. The dilution corresponds to the percentage represented by the maximum number of shares backing the options by the total number of shares issued by the Company.

On December 2, 2021, the Board of Directors approved the first grant of stock options under the stock option plan. The total number of options subject to the first grant of the stock option plan is 1,887,707 call options, of which 39,805 are from Batch I and 1,847,902 are from Batch II.

On September 1, 2022, the Board of Directors approved the second grant of stock options under the stock option plan. The total number of options subject to the first granting of the stock option plan is 1,887,707 call options, of which 39,805 are from Batch I and 1,847,902 are from Batch II.

The option plan provides that the Batch I options granted to participants: (i) will become exercisable on the business day following the respective date of grant; (ii) may be exercised within a period of 30 days counting from the date on which they become exercisable; and (iii) the shares resulting from their exercise may not be traded during the 4-year lock-up period counting from the exercise date.

In turn, participants in the stock option plan may exercise their Batch II options within a period of up to 7 years from the date of grant. The vesting period will be up to 4 years for each release, which will occur in the following proportion: 10% from the first anniversary of the respective date of grant, 10% from the second anniversary of the respective date of grant, 20% from the third anniversary of the respective date of grant and 60% from the fourth anniversary of the respective date of grant.

1st grant – December 2021:

On September 1, 2022, the Company delivered to the participants a private grant instrument with the terms and conditions of the option plan. This instrument was signed and returned to the Company, together with the notice of exercise of Batch I and the proof of transfer of funds related to the exercise of the Batch I option.

The strike of the batch I stock option plan is set at R$74.33 per share, based on the average share price of the last 20 days prior to the grant; the strike of the batch II stock option plan is set at R$59.47 per share, based on the price of the batch I stock price with a 20% discount.

2nd grant – September 1, 2022:

On September 1, 2022, the Company delivered to the participants a private grant instrument with the terms and conditions of the option plan. This instrument was signed and returned to the Company, together with the notice of exercise of Batch I and the proof of transfer of funds related to the exercise of the Batch I option.

33. Stock-based payment —Continued

33.2 Stock option plan—Continued

The strike of the batch I stock option plan is set at R$73.58 per share, based on the average share price of the last 20 days prior to the grant; the strike of the batch II stock option plan is set at R$58.87 per share, based on the price of the batch I stock price with a 20% discount.

Breakdown and fair value of the options

The breakdown of the option plan, considering the vesting periods for exercising the options, is shown below:

(In thousands of Reais – R$, unless otherwise stated)

Maximum number of shares	1st Grant	2nd Grant
Vesting period from the date of grant	2021	2022
Up to 30 days from the date of grant	39,805	17,551
From the first anniversary	184,790	96,527
From the second anniversary	184,790	96,527
From the third anniversary	369,580	193,054
From the third anniversary	1,108,742	579,164
Total options granted	1,887,707	982,823
Low***	(195,506)	-
Options exercised	(39,805)	(17,551)
Balance as of 12/31/2023	1,652,396	965,272

Maximum number of shares	1st Grant	2nd Grant
Vesting period from the date of grant	2021	2022
Up to 30 days from the date of grant	39,805	17,551
From the first anniversary	184,790	96,527
From the second anniversary	184,790	96,527
From the third anniversary	369,580	193,054
From the third anniversary	1,108,742	579,164
Total options granted	1,887,707	982,823
Write-off***	(620,018)	(378,444)
Options exercised	(39,805)	(17,551)
Balance as of 12/31/2024	**1,227,884**	**586,828**

In compliance with IFRS 2/CPC 10, the Company determined the fair value of the options. The value was calculated based on the vesting periods presented. In the year ended December 31, 2024, the Company determined the amount of R$9,976 (R$14,719 as of December 31, 2023) related to the stock option plan expense recognized in profit or loss with a contra entry in shareholders' equity in a specific capital reserve account. The model used to price the fair value of the options granted in 2021 and 2022 was the Black & Scholes method for Batch I and the Binomial method for Batch II.

(In thousands of Reais – R$, unless otherwise stated)

33. Stock-based payment —Continued

33.2 Stock option plan—Continued

In determining the fair value of the stock options, the following assumptions were used:

	1st Grant Dec. 2021		2nd Grant Dec. 2021	
Batch	I	II	I	II
Total Number of shares	39,805	1,847,902	17,551	965,272
Number of shares				
1st Maturity	39,805	184,790	17,551	96,527
2nd Maturity	N/A	184,790	N/A	96,527
3rd Maturity	N/A	369,580	N/A	193,054
4th Maturity	N/A	1,108,742	N/A	579,164
Strike – (R$)	74.33	59.47	73.58	58.87
Fair value per option – (R$)				
1st Maturity	3.13	24.42	6.35	30.26
2nd Maturity	N/A	21.01	N/A	25.8
3rd Maturity	N/A	17.76	N/A	21.76
4th Maturity	N/A	14.75	N/A	18.03
Expected dividends ("Dividend yield")	2.50%	2.50%	2.50%	2.50%
Stock price volatility	50.10%	40.34%	33.45%	40.49%
Risk-free interest rate				
1st Maturity	8.85%	11.30%	13.57%	12.61%
2nd Maturity	N/A	11.30%	N/A	12.61%
3rd Maturity	N/A	11.30%	N/A	12.61%
4th Maturity	N/A	11.30%	N/A	12.61%
Expected period until maturity – (calendar days)				
1st Maturity	30	365	30	365
2nd Maturity	N/A	730	N/A	730
3rd Maturity	N/A	1,095	N/A	1,095
4th Maturity	N/A	1,460	N/A	1,460

34. Government subsidies

Presumed ICMS credit

In the year ended December 31, 2024, the Company recorded an amount of R$968,911 (R$366,899 as of December 31, 2023) related to ICMS tax benefits classified in net revenue, as follows:

	Parent		**Consolidated**	
	2024	**2023**	**2024**	**2023**
ICMS ES tax benefits (a)	**266,396**	113,795	**353,759**	155,731
ICMS RJ tax benefits (b)	**330,874**	204,495	**540,740**	204,495
ICMS BA tax benefits (c)	**-**	-	**8,120**	6,673
ICMS GO tax benefits (d)	**-**	-	**55,848**	-
ICMS SC tax benefits (e)	**-**	-	**10,444**	-
Total	**597,270**	318,290	**968,911**	366,899

34. Government subsidies —Continued

a) The State of Espírito Santo, through Ordinances 088-R of October 29, 2015 and 077-R of September 1, 2016, registered the Company, through its Parent and a subsidiary, respectively, in the Competitiveness Contract Registry of the State Department of Development for the granting of presumed ICMS credit.
b) The State of Rio de Janeiro, through Law No. 6.331 of October 10, 2012, granted a presumed ICMS credit benefiting manufacturers of textile products, fabric items, clothing, clothing accessories and sewing supplies.
c) The State of Bahia, through Law 7.025 of January 24, 1997, regulated by Decree No. 6.734 of September 9, 1997, established a Presumed ICMS Credit benefit, whose protocol of intent enables the implementation of an industrial unit intended for the manufacture of footwear through reciprocally conditioned actions for socio-economic and productive growth in the State.
d) The State of Goiás, through art. 8, VIII and art. 11, III, LII, LIII and LIV, Schedule IX to RCTE-GO to RCTE-GO (sic) art. 5 of Law 20.787/2020 and Schedule II to Decree 9.724/2020, granted a presumed ICMS credit to industrial establishments that manufacture clothing to stimulate the development and expansion of the textile industry and the sale of clothing articles.
e) The State of Santa Catarina, through art. 246, Schedule 02 to RICMS/SC granted a differentiated tax treatment, or TTD 410, granting a presumed ICMS credit in transactions with imported articles intended for resale.

35. Subsequent Events

Portfolio Revision

As per the announcement to the Market released on December 9, 2024, Azzas 2154 S.A. completed the detailed process of revising its brand portfolio with a focus on improving its capital allocation.

As a result of this process, the brands Alme, Dzarm, Reversa (Reserva women's line), Simples and TROC will be discontinued. Additionally, strategic alternatives for the BAW and Paris-Texas brands are being assessed, considering the stage of maturation of each.

The Brizza and Fábula brands will become product categories of the Arezzo and Farm brands, respectively, and the Carol Bassi and Foxton brands will be transferred to the Women's Clothing and Men's Clothing business units, respectively.

The Company does not anticipate incurring in significant cash expenses. Taking into account the stage of the brands, the completion of this process should also generate a positive impact on the capital used, especially with regard to inventory reduction.

Spin-off of Cidade Maravilhosa and Soma Brands Brasil

On January 1, 2025, investee Soma Brands Brasil was partially spun off and transferred to investee Cidade Maravilhosa. A capital increase of R$203,233 was carried out, corresponding to the net assets transferred, with the issuance of 53,623,409 common registered book-entry shares with no par value subscribed by Azzas.

Follow-up on Projections - 2024:

- *Vicenza*

As disclosed in the material fact released on March 11, 2025, the Company decided to discontinue the disclosure of projections related to Vicenza, due to changes resulting from the merger of Vicenza into the Company. The merger led to the consolidation of operations, a review of operational and financial expenses, and the realization of synergies between the activities of the Company and Vicenza. These factors rendered the assumptions and figures previously underlying the projections related to Vicenza, as previously disclosed by the Company, no longer applicable.

- *Incremental Gross Revenue*

	Forecast for fiscal year ending December 31, 2024	**Actual for fiscal year ending December 31, 2024**
Gross revenue – Footwear, Bags, and Accessories*	R$ 36 million	R$ 16.4 million
Gross revenue – GTM Multiband Apparel*	R$ 18 million	R$ 17.7 million
Total Gross revenue	R$ 54 million	R$ 34.1 million

**Includes brands from the former Grupo SOMA (women's lifestyle BU and democratic apparel BU).*

Regarding the projected Incremental Gross Revenue for the Footwear, Bags, and Accessories line, the Company recorded R$16.4 million in incremental gross revenue in fiscal year 2024, falling short of the previously anticipated projection. The Company attributes this deviation to specific factors, particularly delays in product deliveries from Farm and Hering footwear suppliers, which postponed the arrival of products in stores. The projections assumed sales would begin at the start of Q3 2024, which did not occur due to the delays.

As for the projected Incremental Gross Revenue for GTM Multibrand, the Company ended fiscal year 2024 with a total of R$17.7 million, thus practically in line with the projection.

The Company reached a total incremental gross revenue of R$34.1 million. Therefore, it did not meet the initial projection, as previously mentioned, due to lower incremental gross revenue from the Footwear, Bags, and Accessories lines.

- *Gross Revenue – Hering Digital Channel*

	Forecast through the fiscal year ending December 31, 2024	Actual for the fiscal year ended December 31, 2024
Receita bruta – Hering Canal Digital	R$ 400 million	R$480 million

For the 2024 fiscal year, the Company projected gross revenue of R$400 million for Hering's digital channel. By the end of the period, the actual amount reached R$480 million, exceeding the initial projection by approximately 20%. This outperformance is attributed to the strong performance of the channel throughout the year, driven by an improved website experience, increased sales through the app, and changes in the communication strategy.

- *Expenses – Implementation and Execution of the Business Combination between Arezzo&Co and Grupo SOMA (Pre- and Post-Transaction)*

	Forecast for fiscal year ending December 31, 2024	Actual for fiscal year ending December 31, 2024
Expenses*	R$ 145.9 million	R$ 180.0 million

** The expense projections include the measures required for the implementation and execution of the business combination between Arezzo&Co and Grupo SOMA, covering both those already incurred and recognized during the fiscal year and prior to the completion of the merger of Grupo SOMA into the Company, as well as those projected to enable the execution and optimization of post-transaction synergies. These include hiring of advisors, implementation of integration structures, marketing and communication initiatives, and retention bonuses and packages, including obligations under the Association Agreement entered into on February 4, 2024*

Projected expenses related to the business combination between Arezzo&Co and Grupo SOMA recorded a total of R$180 million in expenses in 2024. The deviation from the projection is mainly due to additional spending on consulting and legal services related to the transaction, as the scope of certain projects was expanded.

- *Megastores: conversions of Hering company-owned and franchised stores and/or openings of megastores*

	Forecast through the fiscal year ending December 31, 2024	Actual for the fiscal year ended December 31, 2024
Own stores	24	24
Franchises	31	28
Total Megastores	55	52

The Company ended the year 2024 with a total of 52 megastores in operation, having reached during the year the planned target for Company-owned megastores, with 24 units. The variance in the total number of megastores is explained by the delay in opening three franchised megastores that were initially scheduled to open by December 31, 2024, but were postponed to early 2025 due to adjustments required for the new model.

The projections remain unchanged:

- *Projected Incremental Gross Revenue*

Forecast through the fiscal year ending:	December 31, 2025	December 31, 2026	December 31, 2027
Gross Revenue – Footwear, Bags, and Accessories*	R$ 214 million	R$ 462 million	R$ 672 million
Gross Revenue – GTM Multibrand Apparel**	R$ 89 million	R$ 169 million	R$ 240 million
Gross Revenue – In-season Responsiveness**	R$ 55 million	R$ 136 million	R$ 181 million
Total Gross Revenue	R$ 358 million	R$ 767 million	R$ 1.093 million

** Includes brands from the former SOMA Group (Women's Lifestyle BU and Democratic Apparel BU)*

*** Includes Democratic Apparel BU*

- *Gross Revenue – Hering Digital Channel*

Forecast through the fiscal year ending:	December 31, 2027
Gross Revenue – Hering Digital Channel	R$ 690 million

- *Megastores: conversions of company-owned and franchised Hering stores and/or openings of megastores*

Forecast through the fiscal year ending:	December 31, 2025	December 31, 2026	December 31, 2027
Own stores	32	37	42
Franchises	48	64	79
Total Megastores	80	101	121

AZZAS 2154 S.A.

Publicly-Held Company

Corporate Taxpayer ID (CNPJ) No. 16.590.234/0001-76

Company's Registry (NIRE) 31.300.025.918 | CVM Code No. 02234-9

MINUTES OF THE STATUTORY AUDIT COMMITTEE MEETING
HELD ON MARCH 10th, 2025

ANNEX I

OPINION OF THE AUDIT COMMITTEE

The Statutory Audit Committee ("CAE") of Azzas 2154 S.A. ("Company") and its subsidiaries is a statutory body that advises the Board of Directors, established in accordance with current Brazilian laws and regulations, and operates in compliance with the Company's bylaws and its internal charter approved by the Board of Directors.

The CAE is responsible for advising the Board of Directors in its duties to, among other aspects, ensure: (i) the quality and integrity of the financial statements; (ii) compliance with legal and regulatory requirements; (iii) the performance, independence, and quality of the work of both the independent auditors and internal audit; (iv) the quality and effectiveness of the internal control systems and risk management.

Since its installation in August 2024, the CAE has carried out its activities in accordance with its internal charter, which included: (i) interviews with Management and executives; (ii) monitoring and oversight of the work of the areas responsible for the preparation of the financial statements, internal control systems, risk management activities, and compliance function; (iii) evaluation of the planning, scope, and effectiveness of the internal audit work; (iv) evaluation of the scope, performance, effectiveness, and independence of the independent auditors; (v) assessment of the structure, functioning, and effectiveness of the internal control, compliance, and risk management systems; and (vi) assessment of the quality and integrity of the financial statements.

The responsibility for the preparation of the financial statements, in accordance with the accounting practices adopted in Brazil, lies with the Company's Management. Management is also responsible for establishing procedures that ensure the quality of the information and processes used in preparing the financial statements, for managing operational risks, and for implementing and overseeing internal control and compliance activities.

The independent audit, conducted by KPMG Auditores Independentes ("KPMG"), is responsible for examining the financial statements in accordance with Brazilian and international auditing standards and issuing an audit report on the fair presentation of said financial statements.

The internal audit is responsible for assessing the effectiveness of internal controls and risk management, as well as the processes that ensure compliance with the standards and procedures established by Management, and with the legal and regulatory standards applicable to the Company's activities.

The CAE operates through meetings and conducts analyses based on documents and information submitted to it, in addition to any other procedures it deems necessary. The CAE's assessments are based on information received from Management, independent auditors, internal audit, and those responsible for risk management and internal controls, as well as its own analyses arising from direct observation.

The CAE maintains regular communication channels with the independent auditors. The CAE monitored the audit work on the financial statements for the fiscal year ended December 31, 2024, and reviewed the Independent Auditors' Report issued on this date. The CAE also questioned and received affirmative responses regarding KPMG's and the audit team's adherence to policies and standards that ensure the maintenance and monitoring of the objectivity and independence with which these activities are conducted.

The CAE evaluated the processes for preparing the financial statements and discussed with Management and the independent auditors the relevant accounting practices used and the information disclosed.

The CAE held regular meetings with the Company's Board of Directors and Executive Management, during which it had the opportunity to present suggestions and recommendations on matters within the scope of its responsibilities.

The CAE is not aware of any complaints, regulatory noncompliance, control failures, acts or omissions by Management, or fraud that, due to their materiality, would jeopardize the Company's operational continuity or the reliability of its financial statements.

The CAE, considering its responsibilities and the inherent limitations of the scope and reach of its activities, as well as its inception in August 2024, and based on the documents reviewed and the clarifications provided, believes that the accounting governance ensures reasonable transparency and quality of the Company's financial statements, audited by KPMG and relating to the fiscal year ended December 31, 2024. The CAE opines that said documents are in a condition to be reviewed by the Board of Directors, and recommends that the Board approve and authorize the issuance and publication of the financial statements.

São Paulo, March 10th, 2025.

Carlos Elder Marciel de Aquino

Sylvia de Souza Leão Wanderley

Patricia Regina Verderesi Schindler

AZZAS 2154 S.A.

Publicly-Held Company

Corporate Taxpayer ID (CNPJ) No. 16.590.234/0001-76

Company’s Registry (NIRE) 31.300.025.918 | CVM Code No. 02234-9

MINUTES OF THE FISCAL COUNCIL MEETING
HELD ON MARCH 7, 2025

Annex I

Opinion of the Fiscal Council

The Fiscal Council of **AZZAS 2154 S.A.** (“Company”), in the exercise of its legal duties and responsibilities, at a meeting held on March 7, 2025, held exclusively digitally and considered as having taken place at the Company's office located in the city of São Paulo, State of São Paulo, at Av. Engenheiro Luís Carlos Berrini, 105, 3rd floor, Itaim Bibi District, ZIP Code: 04571-010, proceeded to examine: **(i)** the Company’s financial statements, together with the respective explanatory notes and the independent auditors’ report, for the fiscal year ended December 31, 2024 (“2024 FS”); **(ii)** the management report and the accounts of the Company’s officers for the fiscal year ended December 31, 2024; **(iii)** the management proposal for the capital budget for the 2025 fiscal year; and **(iv)** the management proposal for the allocation of the Company’s net income for the fiscal year ended December 31, 2024.

Based on the documents examined, the clarifications provided by representatives of the Company and the External Auditors, and the opinion issued by KPMG Auditores Independentes S/S Ltda., the members of the Fiscal Council concluded that the aforementioned 2024 FS, the management report and the accounts of the officers for the fiscal year ended December 31, 2024, the management proposal for the capital budget for the 2025 fiscal year, and the management proposal for the allocation of the net income for the fiscal year ended December 31, 2024, adequately reflect the Company’s financial and equity position..

In accordance with the provisions of Article 163 of Law No. 6,404, of December 15, 1976, as amended, they recommended that these documents be submitted for consideration at the General Shareholders’ Meeting of the Company.

São Paulo/SP, March 7th, 2025.

Martin da Silva Gesto

João Luiz Trindade Telles da Silva

Ricardo Gus Maltz

AZZAS 2154 S.A.

Publicly-Held Company

Corporate Taxpayer ID (CNPJ) No. 16.590.234/0001-76

Company's Registry (NIRE) 31.300.025.918 | CVM Code No. 02234-9

MINUTES OF THE STATUTORY AUDIT COMMITTEE MEETING
HELD ON MARCH 10th, 2025

ANNEX II

SUMMARY ANNUAL REPORT OF THE STATUTORY AUDIT COMMITTEE

To the Members of the Board of Directors of Azzas 2154 S.A. ("Company").

1. INTRODUCTION

The Company's Statutory Audit Committee ("CAE") is a permanent, collegial, statutory advisory body directly linked to the Board of Directors, governed by the provisions of its Internal Charter ("CAE Internal Charter"), as approved at the Board of Directors Meeting held on September 9, 2024, and by the applicable legislation and regulations, in particular CVM Resolution No. 23, of February 25, 2021, as amended ("RCVM 23").

On August 5, 2024, the CAE was established as a statutory body, and its members were elected at the Board of Directors Meeting held on the same date. All members hold a unified two-year term, ending at the first Board of Directors meeting following the Annual Shareholders' Meeting that approves the financial statements for the fiscal year ending December 31, 2025, namely: (i) Mr. Edison Ticle de Andrade Melo e Souza Filho; (ii) Ms. Sylvia de Souza Leão Wanderley; (iii) Ms. Patricia Regina Verderesi Schindler; and (iv) Mr. Carlos Elder Marciel de Aquino.

On March 10, 2025, Mr. Edison Ticle de Andrade Melo e Souza Filho submitted a resignation letter from his positions as member and coordinator of the CAE, effective as of March 10, 2025, inclusive. On the same date, the remaining CAE members acknowledged Mr. Edison's resignation and elected Mr. Carlos Elder Marciel de Aquino as interim coordinator of the CAE.

The CAE reports to the Board of Directors, and its duties and responsibilities are performed in compliance with applicable laws and regulations, as well as the provisions set forth in the CAE Internal Charter.

2. ACTIVITIES PERFORMED

Pursuant to the CAE Internal Charter, ordinary meetings of the CAE are held at least bimonthly in accordance with the annual schedule approved by the CAE, on dates that allow for the accounting information to be reviewed prior to its disclosure, and, extraordinarily, when necessary, upon call by the CAE coordinator or by any two (2) members.

In the fiscal year ended December 31, 2024, since its establishment on August 5, 2024, the CAE met five (5) times, all of which were regular meetings.

The main activities carried out by the CAE during the 2024 fiscal year, since its formation, were: (i) analysis and recommendation regarding the Company's financial information for the period ended September 30, 2024 (3Q24); (ii) supervision of the activities of the independent auditors; (iii) supervision and monitoring of the activities of the compliance, risk management, internal controls, internal audit areas, and the area responsible for the preparation of the Company's financial statements; update of the Company's risk mapping and management; (iv) monitoring the quality and integrity of: (a) internal control mechanisms; and (b) the Company's quarterly information; (v) assessment and monitoring of the Company's risk exposure; and (vi) assessment and monitoring, jointly with management and the internal audit area, of the adequacy of related party transactions carried out by the Company and their respective disclosures.

3. CONCLUSIONS

The CAE members, in the exercise of their duties, reviewed the Company's financial statements for the fiscal year ended December 31, 2024, along with the independent auditors' report and any improvement recommendations they suggested. Considering all analyses, studies, and discussions held during the meetings and the monitoring and supervisory work carried out by the CAE throughout the fiscal year since its formation, the CAE members state that they found no objection to forwarding said documents for proper consideration by the Company's Board of Directors, with a subsequent recommendation for approval by the shareholders at the General Shareholders' Meeting.

São Paulo/SP, March 10th, 2025.

[The remainder of this page has been intentionally left blank.]
[Signatures follow on the next page.]

[Signature page of the Summary Annual Report of the Statutory Audit Committee of Azzas 2154 S.A., dated March 10, 2025.]

Carlos Elder Marciel de Aquino	**Sylvia de Souza Leão Wanderley**

Patricia Regina Verderesi Schindler

CAPITAL BUDGET PROPOSAL FOR THE FISCAL YEAR 2025

The management of Azzas 2154 S.A. ("Company") proposes that the Company's capital budget for the 2025 fiscal year total the amount of R$ 162,977,384.09 (one hundred sixty-two million, nine hundred seventy-seven thousand, three hundred eighty-four Brazilian Reais and nine centavos), fully sourced from the profit retention reserve, established in accordance with Article 196 of Law No. 6,404, of December 15, 1976, as amended ("Brazilian Corporation Law").

Below, the Company's management summarizes the sources and uses of the proposed capital budget amount:

Summary table of sources and uses	
Source	
Profit Retention Reserve (Total)	R$162,977,384.09
Use	
Working capital financing	R$162,977,384.09

STATEMENT OF THE OFFICERS ON THE INDEPENDENT AUDITORS' REPORT

Pursuant to Article 27 of CVM Resolution No. 80, dated March 29, 2022, as amended, the undersigned, officers of AZZAS 2154 S.A., a corporation with its registered office in the City of Belo Horizonte, State of Minas Gerais, at Rua Fernandes Tourinho, 147, Room 402, Savassi District, ZIP Code 30112-000, enrolled with the CNPJ under No. 16.590.234/0001-76 (“Company”), hereby declare that:

(i) in accordance with the law and the Company’s Bylaws, they have reviewed, discussed, and agreed with the opinions expressed in the independent auditors’ report on the Company’s financial statements for the fiscal year ended December 31, 2024.

Belo Horizonte, March 11th, 2025.

Alexandre Café Birman

Chief Executive Officer

Rafael Sachete da Silva

Corporate Vice President of Finance and Investor Relations

STATEMENT OF THE OFFICERS ON THE FINANCIAL STATEMENTS

Pursuant to Article 27 of CVM Resolution No. 80, dated March 29, 2022, as amended, the undersigned, officers of AZZAS 2154 S.A., a corporation with its registered office in the City of Belo Horizonte, State of Minas Gerais, at Rua Fernandes Tourinho, 147, Room 402, Savassi District, ZIP Code 30112-000, enrolled with the CNPJ under No. 16.590.234/0001-76 (“Company”), hereby declare that: (i) in accordance with the law and the Company’s Bylaws, they have reviewed, discussed, and agree with the Company’s financial statements for the fiscal year ended December 31, 2024.

Belo Horizonte, March 11th, 2025.

Alexandre Café Birman

Chief Executive Officer

Rafael Sachete da Silva

Corporate Vice President of Finance and Investor Relations