

AZZAS
2154

Earnings Presentation

3Q25

AREZZO



1. KEY MESSAGES
2. QUARTERLY HIGHLIGHTS
3. BUSINESS UNITS
4. FINANCIAL RESULTS
5. Q&A

1. Solid and disciplined consolidated performance, despite the mixed results across the different business units.

- ✓ Azzas 2154 achieved improved profitability, even in a more challenging growth environment.
- ✓ Gross revenue from continuing brands totaled R\$ 3.7 billion, up 4.4%.
- ✓ EBITDA margin expanded by 40 bps, reflecting disciplined cost control, and net income grew 22.9%.

2. Margin and profitability excluding the Basic BU (Hering) highlight the portfolio's structural strength.

- ✓ Excluding the Basic BU, recurring EBITDA would have grown 15.1%, with margin expanding by 2.4 p.p., reinforcing that the short-term pressure is concentrated in a single brand undergoing a transformation cycle.

3. Fashion Women and Men remain the main growth drivers.

- ✓ Demonstrating the strength of our brands and the resilience of the Group's portfolio across different consumer cycles.
- ✓ Highlight for the robust performance of Farm Global (+41% vs. 3Q24).
- ✓ F&L Men delivered healthy growth with a strong focus on profitability, in line with the strategic direction set a year ago, when the leadership transition to Mr. Ruy Kameyama was announced.

4. Shoes & Bags undergoing a leadership transition, course correction, and a strong focus on execution.

- ✓ Focus on disciplined commercial execution across channels and on strengthening the brands within their respective market positions.
- ✓ The BU remains resilient in cash generation.

5. Basic BU undergoing a deep cycle of cultural transformation and structural adjustments

- ✓ New leadership based in Blumenau, with a strategic focus on: (i) revising the operational cycle; (ii) repositioning the product mix – less superficial fashion and more core basics; (iii) industrial efficiency; and (iv) working capital optimization.
- ✓ Turnaround focused on strengthening fundamentals – prior to accelerating growth – primarily aiming at improving gross margin and Return on Invested Capital.

A new cycle for Hering

The last quarter marked the beginning of a new cycle for the Basic unit, with a significant **change in business unit leadership: the appointment of David Python as CEO and Fernando Porto as CCO, joining Gustavo Rudge, who has served as COO since August 2025, to form the BU's C-Level team.**

In the context of results, the new management team took office with the **mission of conducting a comprehensive operational assessment and implementing a transformation plan** aimed at **improving profitability and capital allocation** to enable sustainable growth.

Diagnosis

Root Causes

- Operational cycle with an increasing risk profile driven by “producing before selling” combined with growing imports (longer lead time and currency exposure).
- Unbalanced collection pyramid, enabling reduced dispersion and driving entry into high-potential usage occasions and categories.
- Franchise model in need of adjustment, with a stronger focus on the network’s financial health combined with excellence in execution.
- Low penetration in the multibrand channel, despite the channel’s and the brand’s high potential.
- Limited use of the network’s collective intelligence to enhance buying assertiveness and to apply product and operational clustering/segmentation (store, market, and customer profiles).

Action

- Main focus on gross margin and ROIC improvement, driving transformation across the following dimensions:
 1. People and culture
 2. Operations
 3. Product
 4. Channels

Basic Priorities

1. **Transformation in the brand's OPERATIONAL CYCLE:** shifting from a model based on “buying and producing to then sell” to a “sell first, then buy and produce” logic – adopting a demand-driven model that increases the share of high-turnover products and reduces excess inventory.
2. **Greater efficiency in supply chain management** through centralized S&OP and revised operational cycles. Optimization of the network's inventory levels.
3. **Review of the industrial model** to enhance the profitability of this operation.
4. **Product:** rebalancing the product pyramid (style and price levels), reducing overlaps and capturing opportunities in high-potential usage occasions and categories.
5. **Channel management:** focused on a franchising excellence program and preparing for the expansion of the multibrand channel.

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3Q25

Gross Revenue

Recurring
Continued Brands

R\$ 3.7 Bn

+4.4% vs. 3Q24

EBITDA

Recurring

R\$ 476.7 Mn (post IFRS-16)

+0.0% vs. 3Q24

R\$ 406.0 Mn (pre IFRS-16)

-0.8% vs. 3Q24

EBITDA Margin

Ex-Basic (Hering) Recurring

18.4% (post IFRS-16)

+2.4 p.p. vs. 3Q24

Gross Margin

Recurring

54.7%

+0.3 p.p. vs. 3Q24

EBITDA Margin

Recurring

16.1% (post IFRS-16)

+0.4 p.p. vs. 3Q24

13.7% (pre IFRS-16)

+0.2 p.p. vs. 3Q24

Net Income

Recurring

R\$ 201.3 Mn

+22.9% vs. 3Q24

9M25

Gross Revenue

Recurring Continued Brands

R\$ 10.6 Bn

+9.8% vs. 9M24

EBITDA

Recurring

R\$ 1.4 Bn (post IFRS-16)

+9.5% vs. 9M24

R\$ 1.2 Bn (pre IFRS-16)

+9.8% vs. 9M24

EBITDA Margin

Ex-Basic (Hering) Recurring

19.0% (post IFRS-16)

+1.7 p.p. vs. 9M24

Gross Margin

Recurring

55.1%

+0.1 p.p. vs. 9M24

EBITDA Margin

Recurring

16.8% (post IFRS-16)

+0.7 p.p. vs. 9M24

14.3% (pre IFRS-16)

+0.6 p.p. vs. 9M24

Net Income

Recurring

R\$ 602.7 Mn

+42.9% vs. 9M24

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Shoes & Bags

Gross Revenue 3Q25

(Continued Brands)

R\$ 1.1 Bn

-5.6% vs. 3Q24

Gross Revenue 9M25

(Continued Brands)

R\$ 3.3 Bn

-0.4% vs. 9M24

Performance by channel: Own Stores E-commerce Multibrand Franchises
3Q25 vs. 3Q24 -1.8% -1.1% -5.4% -14.2%

- Vans was the main detractor of the quarter, posting a revenue decline of 16% in 3Q25 vs. 3Q24. After reaching a ~30% CAGR over the past five years, the brand is currently experiencing a less favorable global cycle.
- The franchise channel saw a 14.2% decline, as it was impacted by a deliberate decision to reduce inventories in the network, aiming to rebalance the sell-out/sell-in ratio. As a result, there was an 11 p.p. gap between the channel's sell-in and sell-out.
- The Schutz brand, although still impacted by store closures during the period, delivered positive performance in monobrand channels, with SSS of +11% in owned stores (+20% in premium stores) and +5% in franchises.
- Anacapri and Alexandre Birman remained positive highlights in the quarter, delivering double-digit growth in both e-commerce and multibrand channels.

SCHUTZ



F&L Women

Gross Revenue 3Q25

R\$ 1.5 Bn**+18.2%** vs. 3Q24

Gross Revenue 9M25

R\$ 4.2 Bn**+21.4%** vs. 9M24

Performance by channel:
3Q25 vs. 3Q24

Own Stores

+11.6%

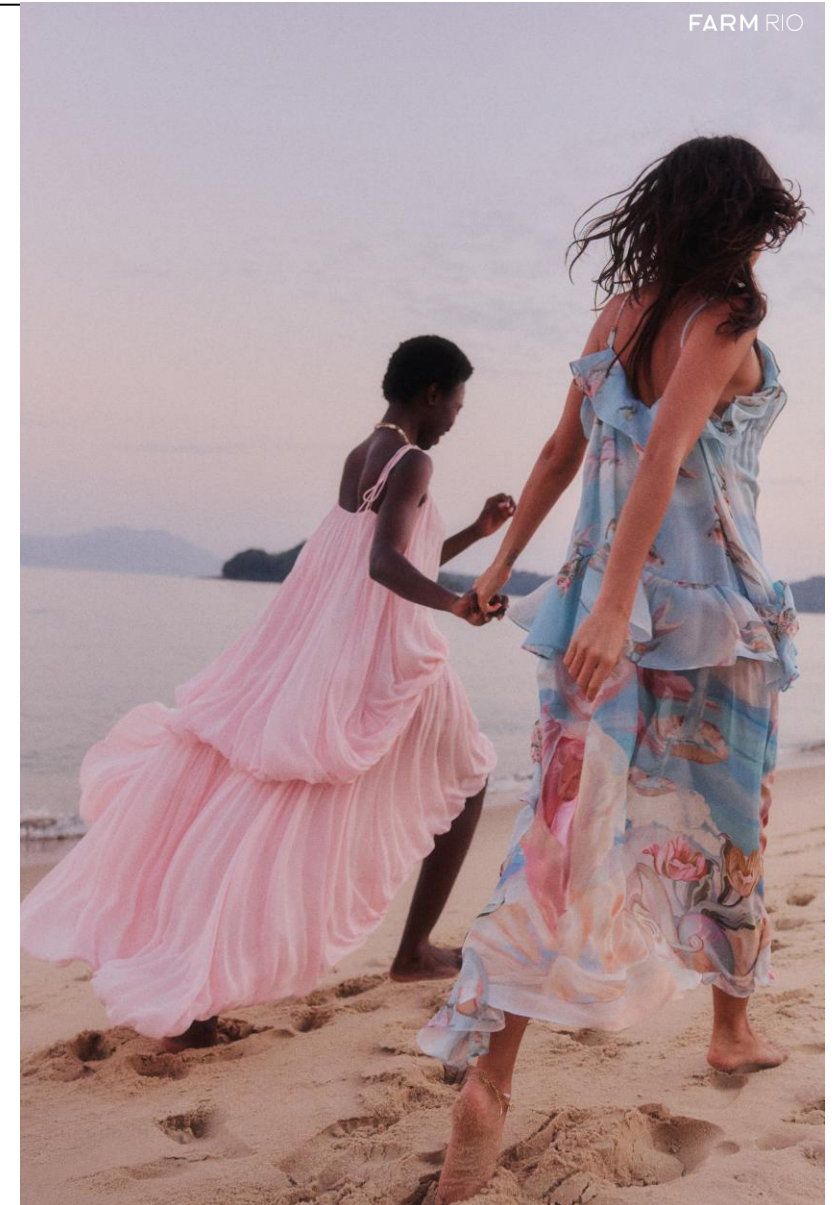
E-commerce

+19.4%

Multibrand

+23.9%

- The Fashion Women business unit once again delivered a strong performance, reaching gross revenue of BRL 1.5 billion in the quarter, up 18.2% vs. 3Q24.
- Farm Rio continues to consolidate its status as a global lifestyle brand and delivered a growth of 40.6% in BRL vs. 3Q24 (+44.1% in USD).
- Sell-out channels grew 13.8% vs. 3Q24, despite a strong 17.8% growth base. Brands NV and ANIMALE were highlights in these channels, with SSS of 25% and 12%, respectively.
- The multi-brand channel was up 23.9% vs. 3Q24, primarily reflecting the strong performance of Farm and NV.



F&L Men

Gross Revenue 3Q25

(Continued Brands)

R\$ 491 Mn

+5.4% vs. 3Q24

Gross Revenue 9M25

(Continued Brands)

R\$ 1.3 Bn

+9.4% vs. 9M24

Performance by channel: Own Stores 3Q25 vs. 3Q24 **+8.1%** E-commerce **-1.0%** Multibrand **+15.0%** Franchises **+3,5%**

- The BU continues to prioritize profitability and sustainable growth, in line with the strategic direction defined a year ago, when the leadership transition to Mr. Ruy Kameyama was announced.
- In the first nine months of 2025, the business unit posted EBITDA growth of over 30% and a margin improvement of over 300bps compared to the same period in 2024.
- Gross revenue grew 5.4% vs. 3Q24 despite a strong growth base (+25.4% vs. 3T23), driven by high levels of discounts and ad-cost investments in 2024, aimed at adjusting this unit's inventory levels at that time.
- In own stores, emphasis due on the Oficina and Foxton brands, with SSS of 23% and 20%, respectively.
- E-commerce revenue remained stable, with improved profitability. In sell-in channel, the multi-brand channel was a highlight, with revenue up 15.0%, driven by the Oficina brand.



Basic

Gross Revenue 3Q25

(Continued Brands)

R\$ 639 Mn

-4.2% vs. 3Q24

Gross Revenue 9M25

(Continued Brands)

R\$ 1,9 Bn

+6.5% vs. 9M24

Performance by channel: Own Stores 3T25 vs. 3T24 **-0.4%** E-commerce **+1.7%** Multibrand **+6.0%** Franchises **-16.5%**

- This quarter marks the beginning of a new cycle for Basic BU with a major milestone: the renewal of leadership at the Hering brand.
- Sell-in channels recorded a 6.5% reduction, reflecting the contraction in franchise revenue. We maintained proactive measures to reduce sell-in, with the aim of decreasing coverage and preserving the health of franchisees.
- Sell-out channels grew 0.6% vs. 3Q24, despite a strong 29.2% base from the previous year. In the last twelve months, we transferred nine stores to franchisees, reducing working capital allocation, and converted two stores into own megastores.
- E-commerce grew 1.7%, a deacceleration versus the 3Q24 comparison base, when the channel reported a growth of 53.5% due to the decision to discontinue marketplace sales, which are also a drag on gross margin.



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	R\$ Million	3Q24 recurring (pro forma)	3Q25 recurring	Δ (%) recurring 3Q25 vs. 3Q24
	Gross Revenues	3,673.5	3,716.2	1.2%
1	Gross Revenues (Continued)	3,558.7	3,714.7	4.4%
2	Net Revenue	3,038.2	2,969.8	-2.3%
	COGS	(1,386.8)	(1,345.9)	-2.9%
	COGS (ex. D&A)	(1,376.6)	(1,335.5)	-3.0%
	Depreciation and Amortization	(10.2)	(10.4)	2.0%
3	Gross Profit	1,651.4	1,623.9	-1.7%
	<i>Gross Margin</i>	54.4%	54.7%	0.3 p.p.
	Gross Profit ex. Basic⁽¹⁾	1,407.3	1,454.4	3.3%
	<i>Gross Margin ex. Basic⁽¹⁾</i>	56.8%	58.7%	1.9 p.p.
	Expenses	(1,320.5)	(1,303.9)	-1.3%
	Expenses (ex. D&A)	(1,184.8)	(1,157.6)	-2.3%
	(%) Net Revenue	39.0%	39.0%	0.0 p.p.
	Depreciation and Amortization	(135.7)	(146.3)	7.8%
4	EBITDA	476.8	476.7	0.0%
	<i>EBITDA Margin</i>	15.7%	16.1%	0.4 p.p.
	EBITDA ex. Basic⁽¹⁾	395.9	455.6	15.1%
	<i>EBITDA Margin ex. Basic⁽¹⁾</i>	16.0%	18.4%	2.4 p.p.

1 Growth of 4.4% in gross revenue (Continued Brands)

Mixed performance across the four business units, with notable growth in BU Fashion Women (+18.2%) and BU Fashion Men (+5.4%).

2 Reduction of 2.3% in net revenue

Growth of 3.5 p.p. below the variation in gross revenue, for the following reasons:

- I. Increase in return volumes in the sell-in channels, due to the inventory reduction process at franchisees in the Shoes & Bags and Basic units.
- II. Reduction in subsidy revenues, particularly in Fashion Men, resulting from more efficient management of the purchasing and inventory curve.
- III. International revenue grew 28.2%, driven by Farm, which does not have any associated subsidies.

3 Gross margin grew 30 bps; excluding Basic, the increase would have been 190 bps

The 30 bps increase is explained by the following factors:

- I. Lower discount levels in the Fashion Women and Men business units, which had been more promotional in the same period last year;
- II. Higher share of sell-out channels, which have higher gross margins;
- III. These positive effects were partially offset by a gross margin contraction in the Basic unit.

4 EBITDA margin grew 40 bps. Excluding Basic, the EBITDA margin would grow by 240 bps.

The 40 bps growth reflects higher gross margin and disciplined expenses, which allowed for expansion despite the decline in net revenue. The performance of the Basic unit negatively impacted the Company's EBITDA. **Excluding this BU, EBITDA margin would have expanded by 240 bps.**

	R\$ Million	3Q24 recurring (pro forma)	3Q25 recurring	Δ (%) recurring 3Q25 vs. 3Q24
	EBIT	330.9	320.0	-3.3%
5	Financial Result	(159.4)	(208.7)	30.9%
	EBT	171.5	111.3	-35.1%
	Income Taxes	(7.7)	90.0	<i>n.a</i>
6	Net Income	163.8	201.3	22.9%
	<i>Net Margin</i>	<i>5.4%</i>	<i>6.8%</i>	<i>1.4 p.p.</i>

5 In 3Q25, the Company recorded net financial expenses of R\$ 208.7 million vs. R\$ 159.4 million in 3Q24

The increase in net financial expenses is mainly explained by:

- I. Higher interest expenses on borrowings, due to the increase in gross debt;
- II. Lower financial income, resulting from reduced average cash balances during the quarter;
- III. Decline in other income, due to the reclassification of the elimination of interest on intercompany loans for 9M25, previously classified as interest on borrowings;

The effects above were partially offset by higher interest income, driven by SELIC updates on tax overpayments related to administrative processes and negative IRPJ and CSLL balances.

6 Recurring net income reached R\$ 201.3 million, representing a 22.9% increase compared to 3Q24

Net margin was 6.8% in the quarter, expanding by 1.4 p.p.

Starting in 2Q25, the Company ceased provisioning for corporate income tax (IRPJ) and social contribution on net profit (CSLL) on ICMS/RJ subsidies, positively impacting net income.

Operating Cash Generation

3Q25

R\$ 275.9 million

Operating Cash Generation

R\$ 166.8 million

Operating Cash Generation
(post CAPEX)

3Q25 LTM

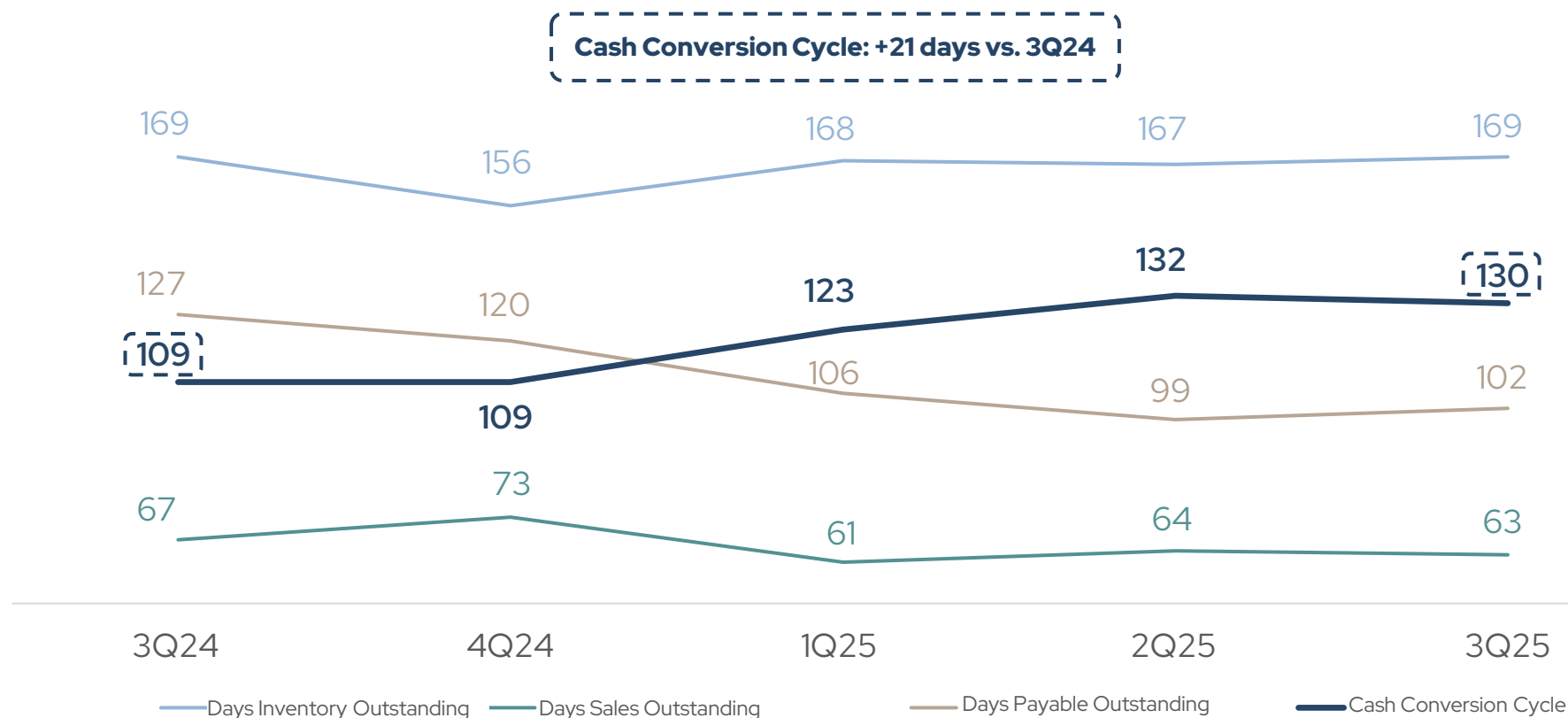
R\$ 731.4 million

Operating Cash Generation

R\$ 248.5 million

Operating Cash Generation
(post CAPEX)

Note: In the Operating Cash Generation shown above (management view), the "Interest payments on borrowings" account is considered within the cash generation (consumption) from financing activities.

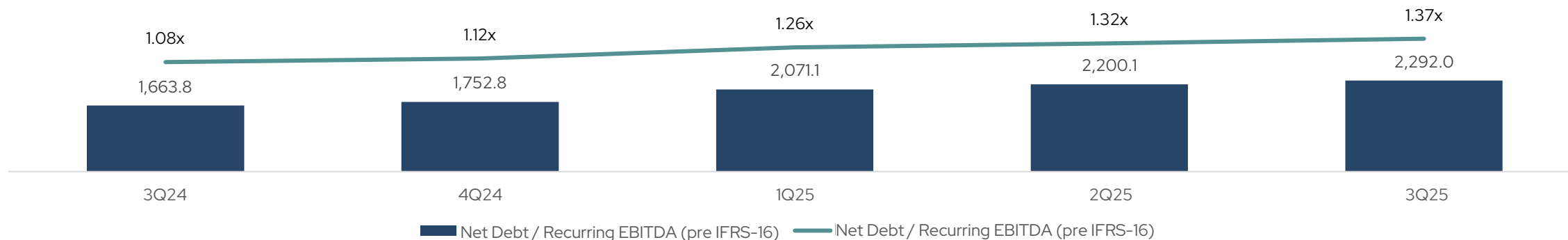


In 3Q25, the Company's cash conversion cycle was 130 days, up 21 days from 3Q24. The lengthening of the cycle is due mainly to the 25-day decrease in Days Payable Outstanding, reflecting Basic's low inventory turnover. On the other hand, Days Inventory Outstanding remained unchanged and Days Sales Outstanding improved by 4 days.

BRL Mn	3Q24 (pro forma)	4Q24	1Q25	2Q25	3Q25
Cash and Cash equivalents	766.4	774.5	1,103.4	823.2	735.5
Swap Contracts ⁽¹⁾	28.7	127.4	65.4	10.0	35.1
Total debt	2,458.9	2,654.7	3,239.9	3,033.3	3,062.6
Short-term debt	903.1	1,476.5	1,904.1	1,741.3	1,187.0
% Total debt	36.7%	55.6%	58.8%	57.4%	38.8%
Long-term debt	1,555.8	1,178.2	1,335.8	1,292.0	1,875.6
% Total debt	63.3%	44.4%	41.2%	42.6%	61.2%
Net debt	1,663.8	1,752.8	2,071.1	2,200.1	2,292.0
Net debt / Recurring EBITDA (ex IFRS-16)	1.08x	1.12x	1.26x	1.32x	1.37x

*Excluding the share buyback, the Net Debt / Recurring LTM EBITDA (pre-IFRS 16) ratio would decrease to **1.27x** in 3Q25.

Net Debt and Leverage
BRL Mn



Note: (1) Swap contracts (USD vs. CDI) recorded under Derivative Financial Instruments.

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