

EARNINGS RELEASE **4Q24**

AZZAS

2154





FARM
RIO

A'21 54

Earnings Conference Call zoom

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

VIDEOCONFERENCE IN
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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
 fabula foxton HERINGKIDS HERINGINTIMATES HERINGSPORTS INK MARIA FILÓ
 nv OFFPREMIUM Oficina PARIS TEXAS ReservaGo 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 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.

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 EBITDA

R\$ 443 M (pre IFRS-16)

+4.0% vs. 4Q23 (pro forma)

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.

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



CRIS BARROS

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.



MARIA
FILÓ

Key Indicators

Consolidated financial figures

AZZAS
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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	-

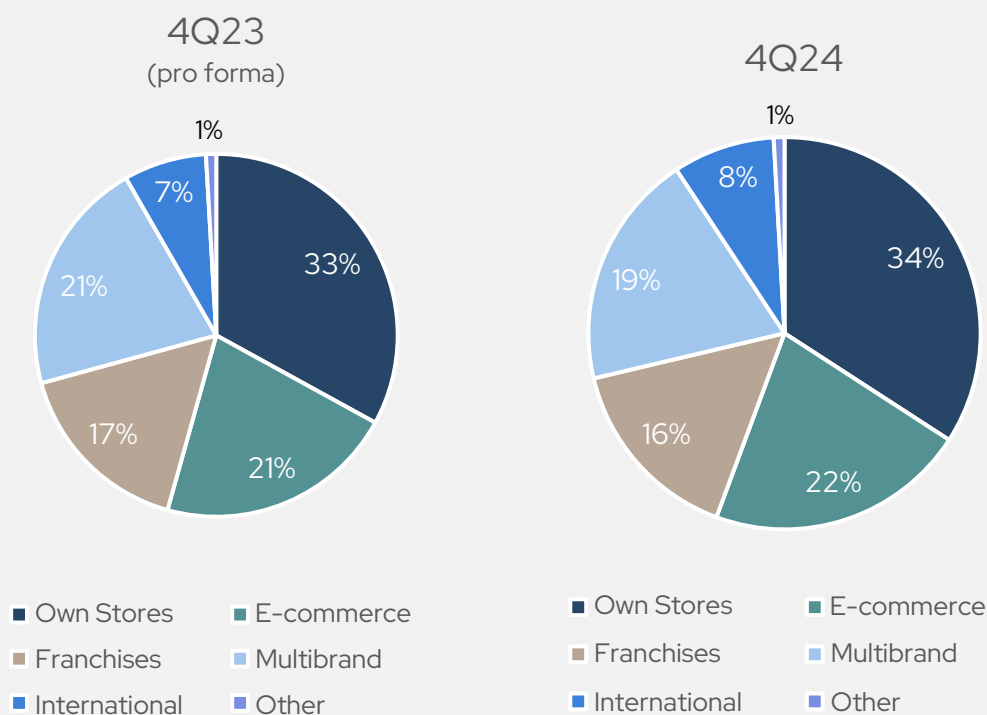
GROSS REVENUE BY BUSINESS UNIT



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%
<i>Gross Margin</i>	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%
<i>(%) Net Revenue</i>	39.8%	40.6%	0.8 p.p.
Fixed	(470.3)	(536.5)	14.1%
<i>(%) Net Revenue</i>	15.7%	15.8%	0.1 p.p.
Variable	(618.8)	(719.6)	16.3%
<i>(%) Net Revenue</i>	20,6%	21,1%	0,4 p.p.
Eventual	(176.8)	(199.4)	12.8%
<i>(%) Net Revenue</i>	5,9%	5,9%	0,0 p.p.
Leasing (IFRS-16 Impact)	72.4	75.3	4.0%
<i>(%) Net Revenue</i>	-2,4%	-2,2%	0,2 p.p.
D&A	(116.6)	(145.2)	24.5%
EBITDA	498.7	519.2	4.1%
<i>EBITDA Margin</i>	16.6%	15.3%	-1.4 pp
EBITDA (pre IFRS-16)	425.4	442.6	4.0%
<i>EBITDA Margin (pre IFRS-16)</i>	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%
<i>Net Margin</i>	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%	-0.1pp
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

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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.

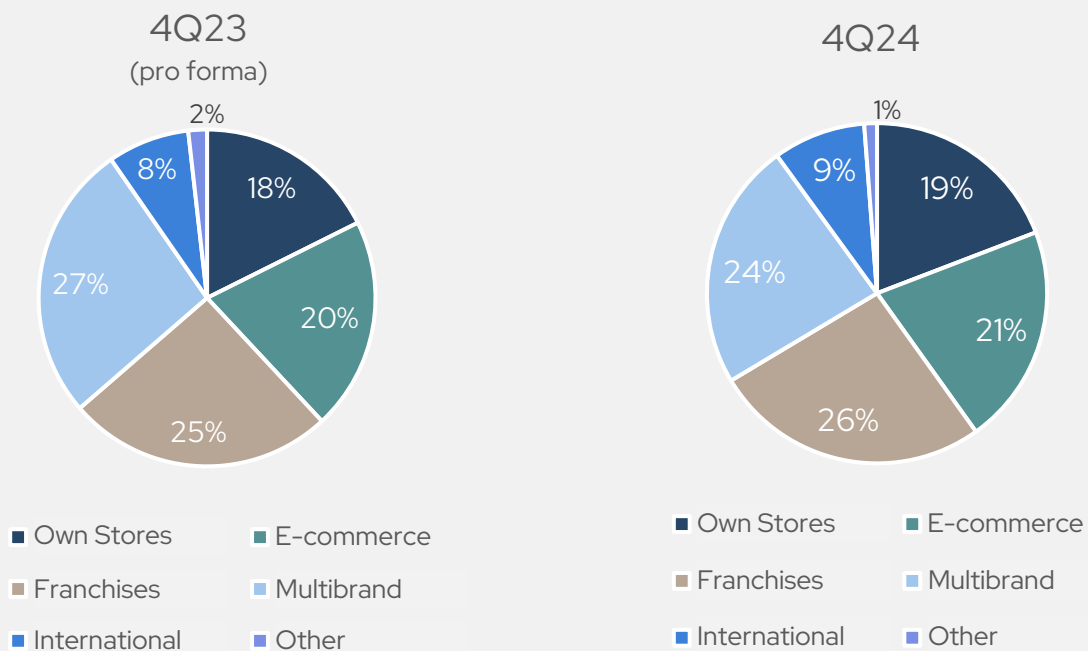
Footwear and Accessories

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.



ANIMALE

Women's Apparel

AZZAS²¹/₅₄

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. In 2025, a flagship store has already been inaugurated, and we project the opening of additional stores.

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.



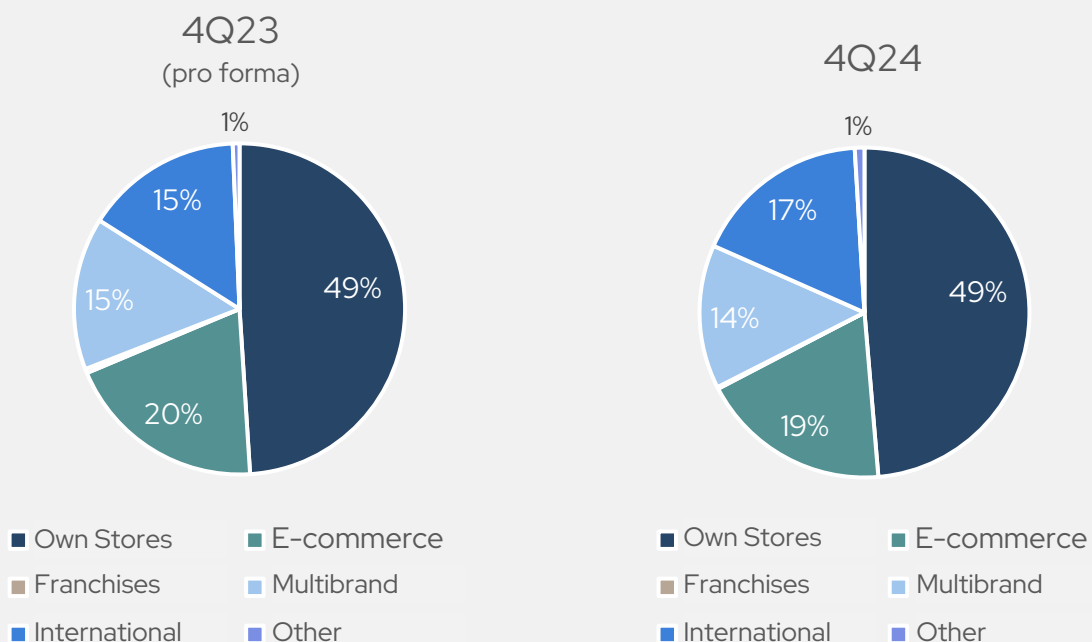
FARM RIO

Women's Apparel

FARM RIO GLOBAL (+39.3%)

R\$ Million	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.



HERING

Democratic Apparel

AZZAS²¹₅₄

Democratic Apparel

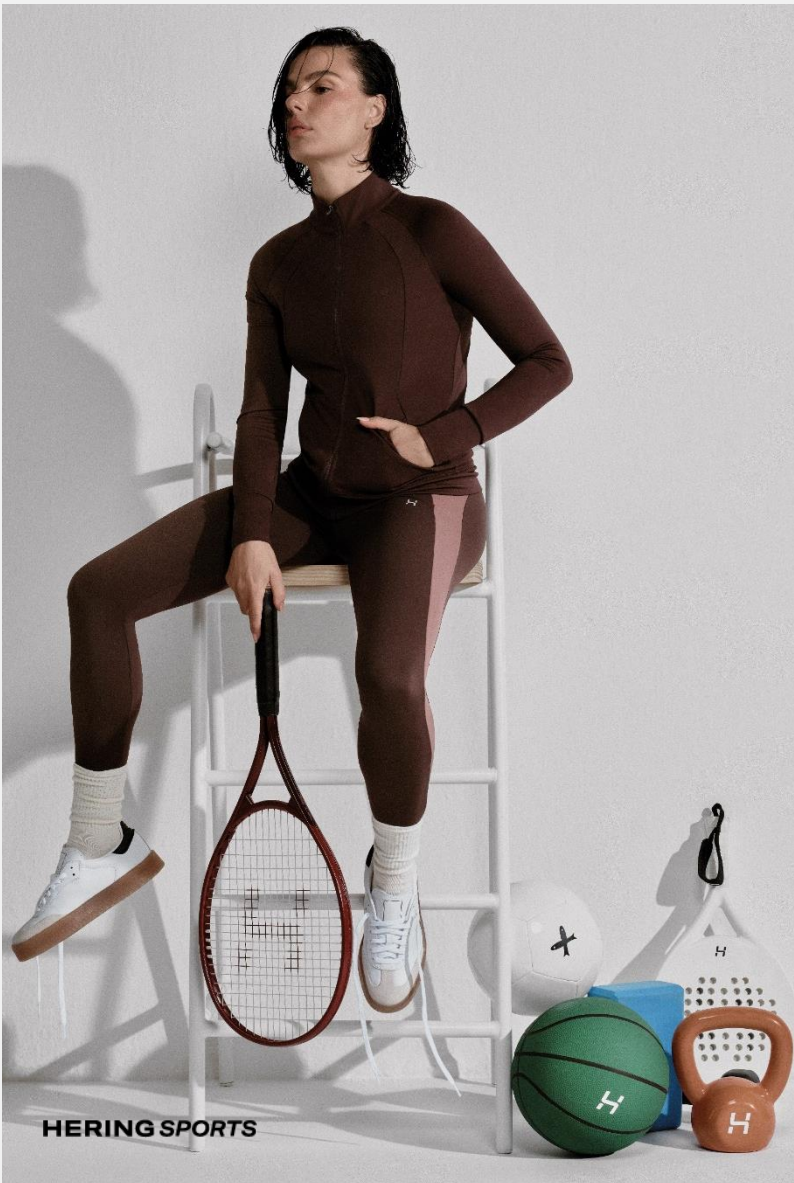
SELL-IN ACCELERATION (+11.8%)

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).

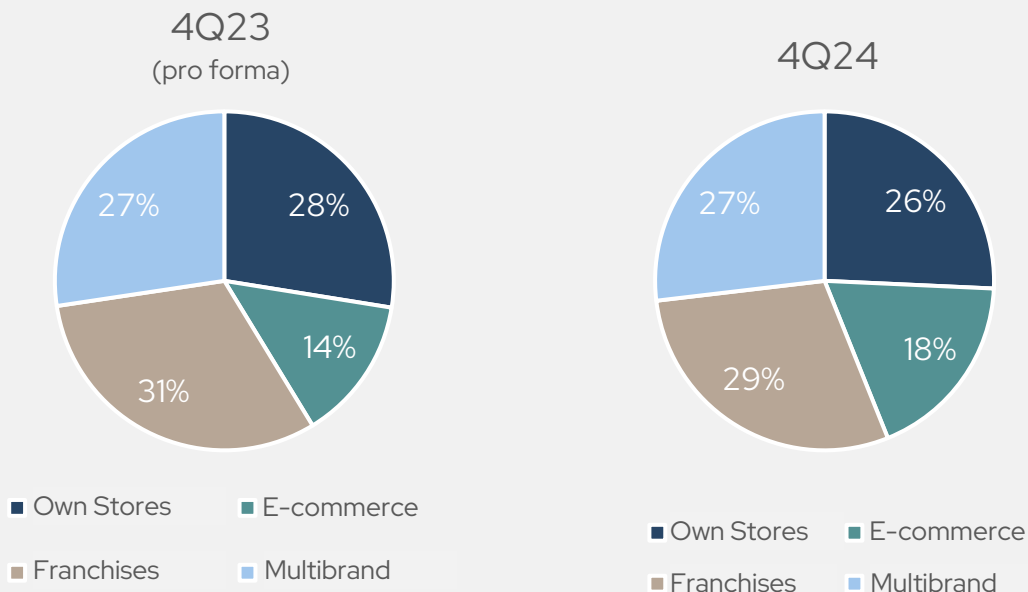
In 4Q24, the growth of the Democratic Apparel BU was supported by (1) a powerful marketing campaign (+58% engagement in 4Q24); (2) strong collection planning and fast-paced launches; (3) continued improvements in both physical and online shopping experiences (notably, the app accounted for 50% of online 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\$ Million	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

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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).

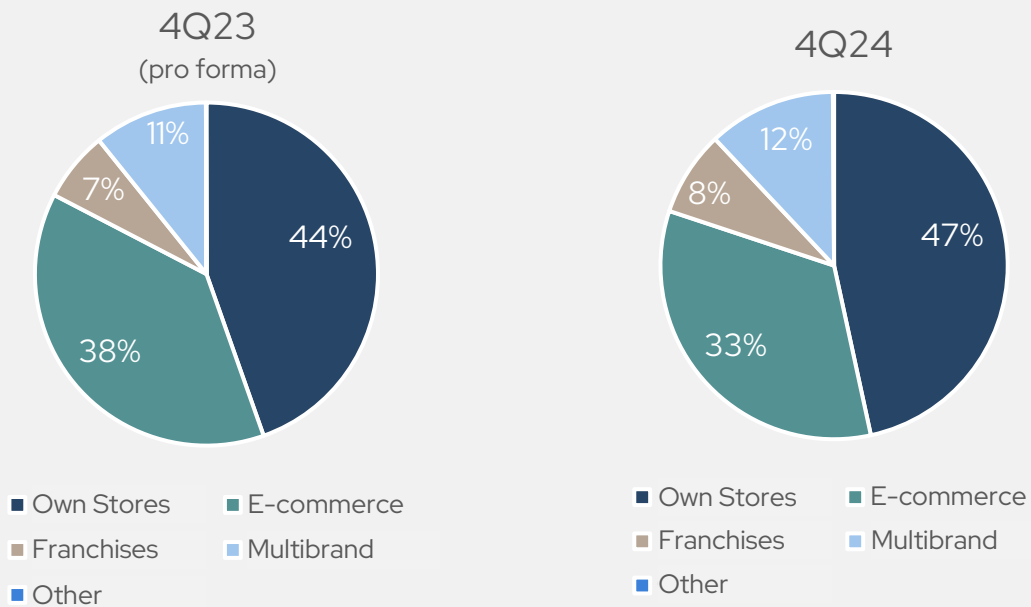
Gross revenue from sell-in channels (franchise and multi-brand) was the highlight, growing 37.9% vs. 4Q23 and accelerating vs. the 20.6% reported in 3Q24. Once again, growth acceleration was mainly in the franchise channel, which grew 44.4% due to the expansion of the network in the last twelve months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

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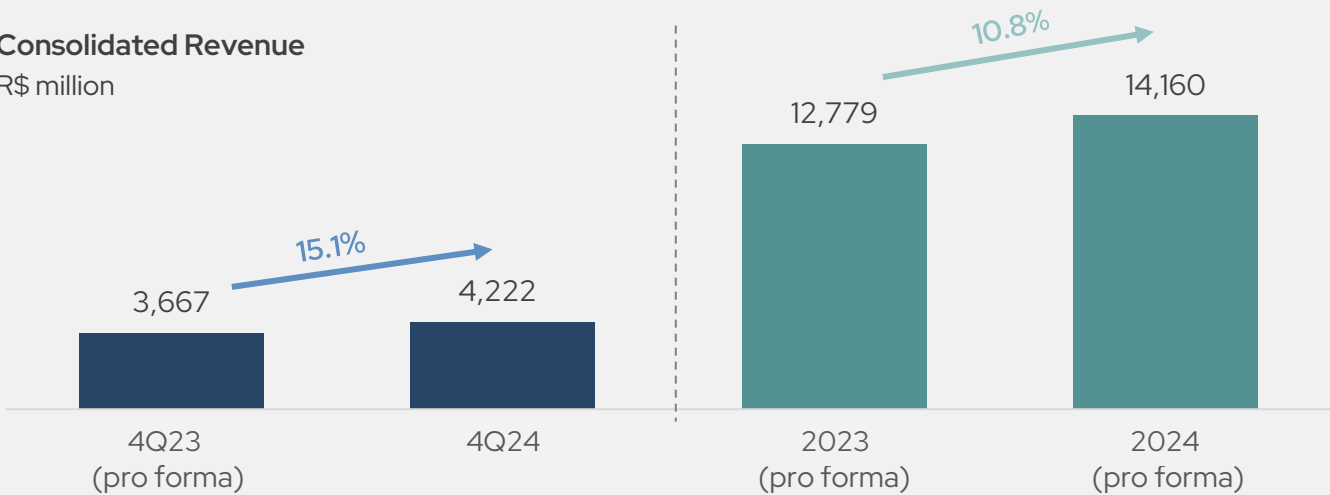
Financial Indicators

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.

Consolidated Revenue

R\$ million



FARM RIO

Financial Indicators

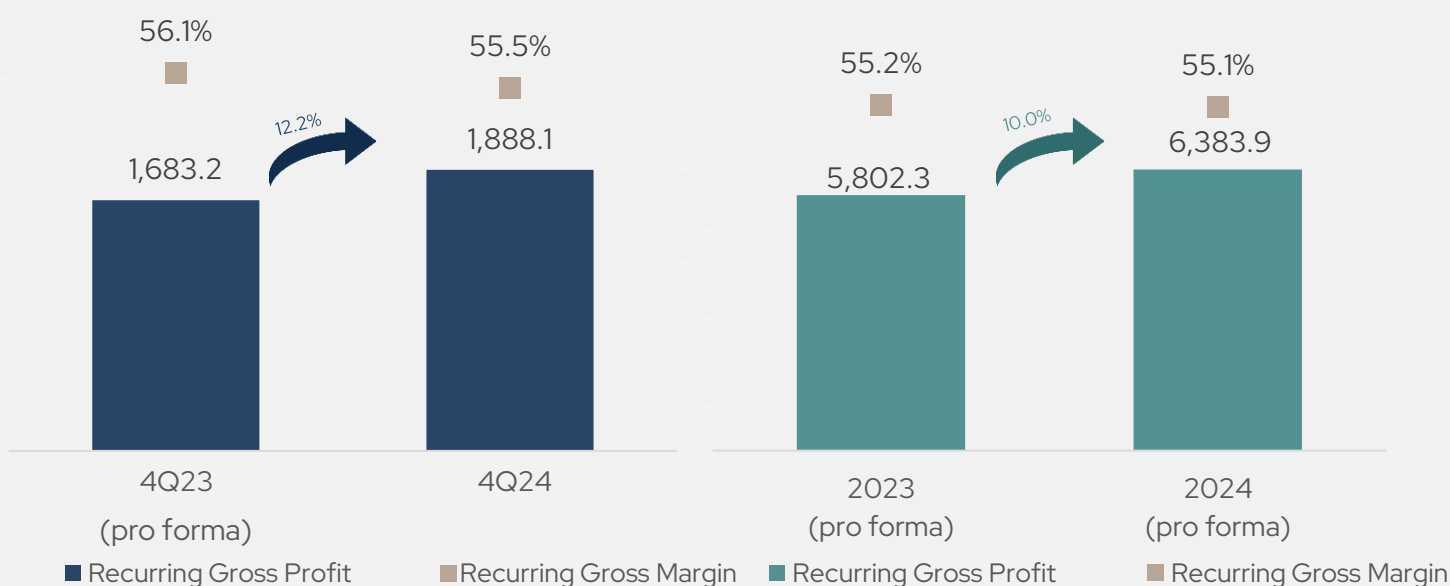
Recurring Gross Profit and Gross Margin ⁽¹⁾

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

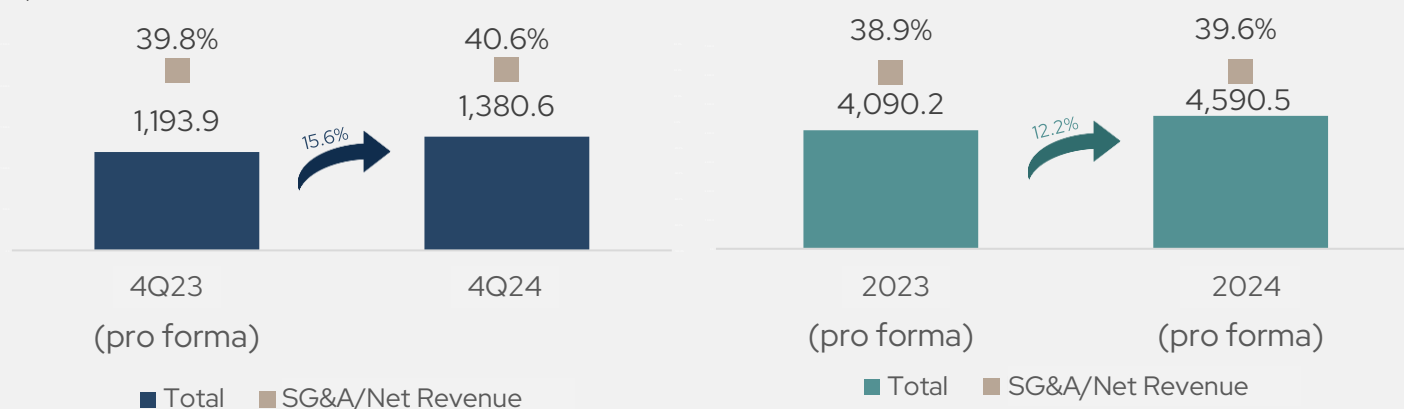
Recurring Expenses⁽¹⁾

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

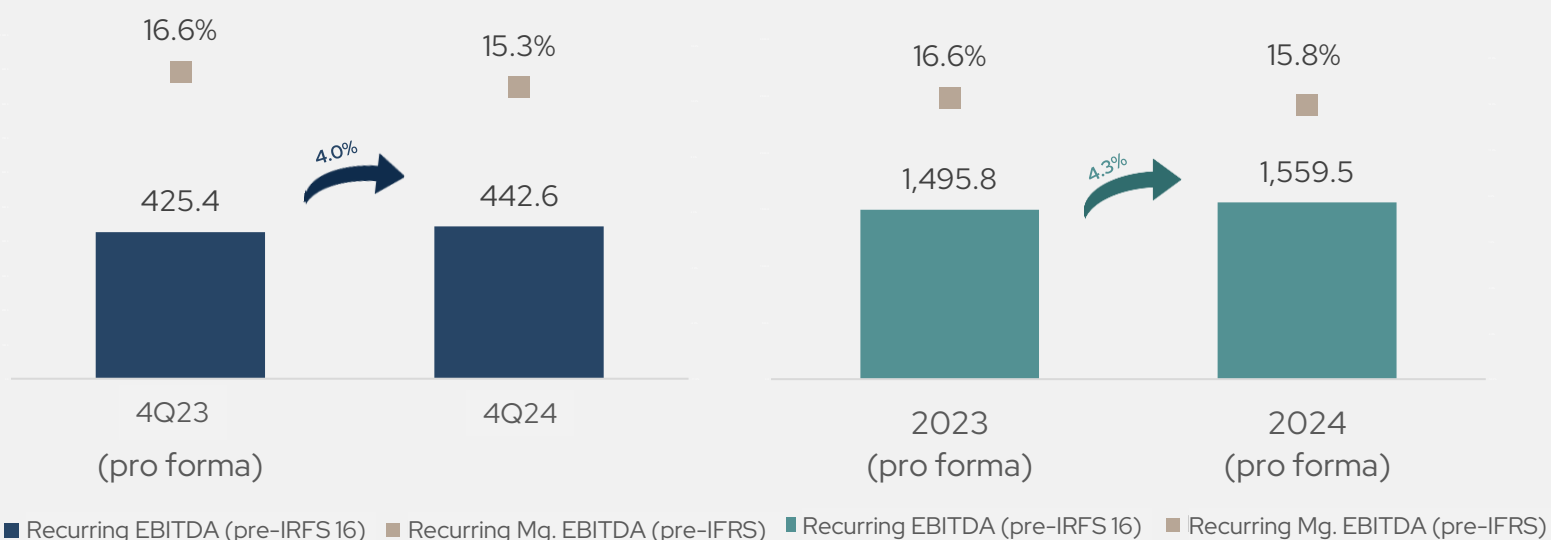
Recurring EBITDA and EBITDA Margin⁽¹⁾

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%
<i>Recurring EBITDA Mg.</i>	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%
<i>Recurring EBITDA Mg. (pre-IFRS 16)</i>	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

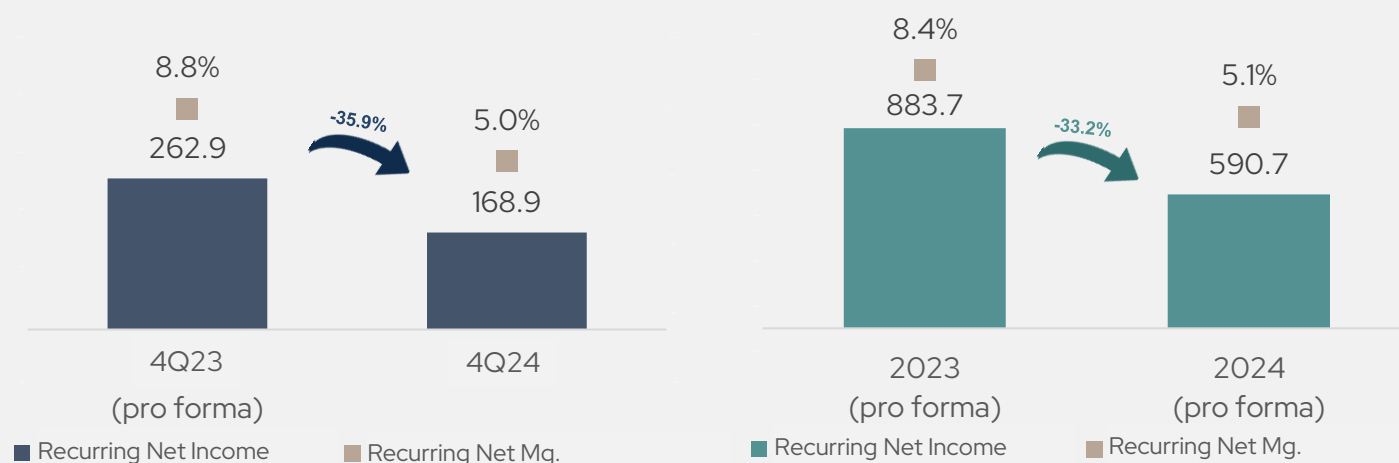
Recurring Net Income and Net Margin⁽¹⁾

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

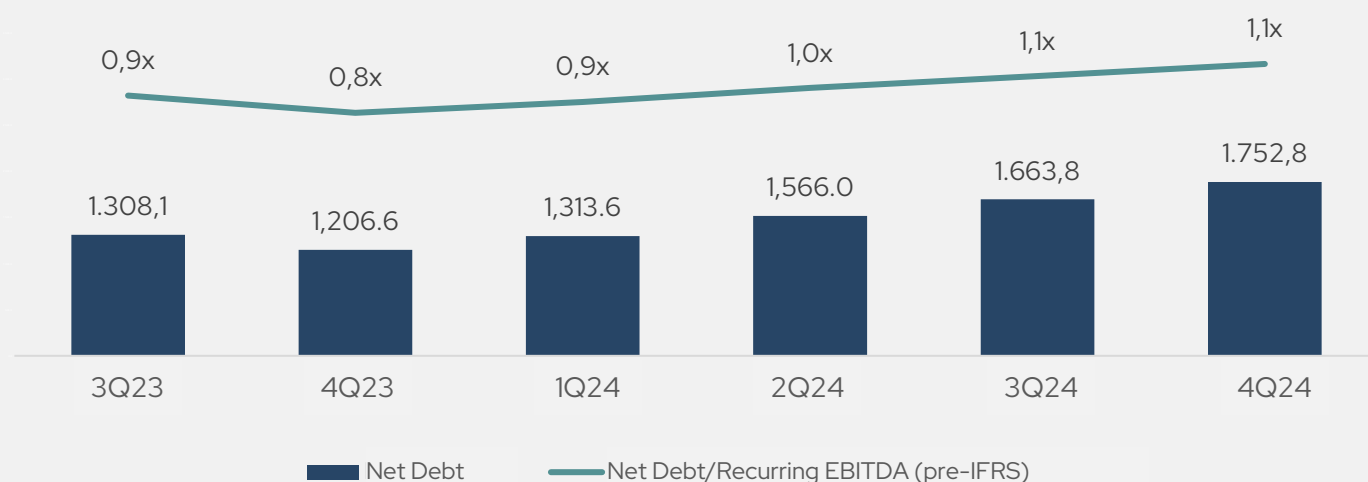
Azzas 2154 ended 4Q24 with cash of R\$774.5 million and net debt of R\$1,752.8 million, reaching 1.1x in the Net Debt/EBITDA recurring LTM indicator (pre-IFRS-16). In the quarter, the company announced and distributed R\$118.8 million in interest on equity, totaling a distribution of R\$178.7 million 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
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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)	(3753,1%)	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



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