



Alpargatas S.A.

**Parent company and consolidated
financial statements at
December 31, 2024
and independent auditor's report**



(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Shareholders
Alpargatas S.A.

Opinion

We have audited the accompanying parent company financial statements of Alpargatas S.A. (the "Company"), which comprise the balance sheets as at December 31, 2024 and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Companhia ABC and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2024 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

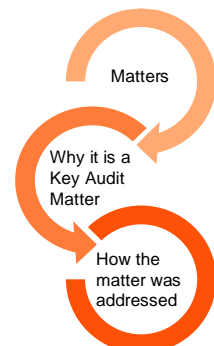
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and of the Company and its subsidiaries as at December 31, 2024, and the parent company financial performance and the cash flows as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with 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. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the parent company and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





(A free translation of the original in Portuguese)

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>Revenue Recognition</p> <p>As described in Notes 2.3(f) and 26, the Company and its subsidiaries recognized net revenue from the sale of sporting goods, apparel and footwear through multiple sales channels, totaling R\$ 3,375,526 thousand in the parent company and R\$ 4,108,311 thousand on a consolidated basis for the year.</p> <p>Revenue consists of a high volume of transactions with low individual amounts. Except for sales made through physical stores, there is a time lag between the moment the sale is invoiced and the fulfillment of the related performance obligation, which corresponds to the transfer of control of the products to customers.</p> <p>For this reason, management monitors the delivery status of sales in order to identify invoiced but not delivered transactions at the end of the reporting period.</p> <p>This matter continues to be considered a Key Audit Matter due to the significant volume of invoiced sales not yet delivered at year-end, which we considered to be significant to our audit.</p>	<p>Our audit procedures included, among others, the evaluation of controls related to the revenue recognition process to ensure recognition in the appropriate accounting period.</p> <p>On a sample basis, we selected sales transactions and inspected the supporting documentation underlying the accounting records, as well as delivery evidence, in order to corroborate that invoiced but not delivered sales were not recognized as revenue for the year.</p> <p>Finally, we assessed the adequacy of the Company’s related disclosures in the notes to the financial statements.</p> <p>Based on the audit procedures performed, we consider that the criteria adopted by management for recognizing revenue in the appropriate accounting period, as well as the related disclosures in the notes to the financial statements, are consistent with the audit evidence obtained.</p>



(A free translation of the original in Portuguese)

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>Provision for Inventory Losses</p> <p>As described in Note 7 to the parent company and consolidated financial statements as of December 31, 2024, the Company recorded an allowance for inventory losses totaling R\$ 137,690 thousand in the parent company and R\$ 221,972 thousand on a consolidated basis.</p> <p>Management determined the provision for inventory losses based on inventory turnover, collection life cycle, product line, and the length of time products have been discontinued.</p> <p>This matter was considered a Key Audit Matter due to the significance of the inventory loss provision and the complexity of management judgment involved in determining its amount.</p>	<p>Our audit procedures included, among others, the evaluation and testing of relevant internal controls related to the measurement of the inventory loss provision.</p> <p>We independently recalculated the inventory loss provision and evaluated the key assumptions used, such as inventory turnover, collection life cycle, product line and the period during which products were discontinued, by comparing them with historical data.</p> <p>Finally, we read and assessed the related disclosures included in the notes to the financial statements.</p> <p>Based on the audit procedures performed, we consider that the criteria and assumptions adopted by management in determining the inventory loss provision, as well as the related disclosures in the notes to the financial statements, are consistent with the audit evidence obtained.</p>



(A free translation of the original in Portuguese)

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>Revenue Recognition</p> <p>As described in Notes 2.3(f) and 26, the Company and its subsidiaries recognized net revenue from the sale of sporting goods, apparel and footwear through multiple sales channels, totaling R\$ 3,375,526 thousand in the parent company and R\$ 4,108,311 thousand on a consolidated basis for the year.</p> <p>Revenue consists of a high volume of transactions with low individual amounts. Except for sales made through physical stores, there is a time lag between the moment the sale is invoiced and the fulfillment of the related performance obligation, which corresponds to the transfer of control of the products to customers.</p> <p>For this reason, management monitors the delivery status of sales in order to identify invoiced but not delivered transactions at the end of the reporting period.</p> <p>This matter continues to be considered a Key Audit Matter due to the significant volume of invoiced sales not yet delivered at year-end, which we considered to be significant to our audit.</p>	<p>Our audit procedures included, among others, the evaluation of controls related to the revenue recognition process to ensure recognition in the appropriate accounting period.</p> <p>On a sample basis, we selected sales transactions and inspected the supporting documentation underlying the accounting records, as well as delivery evidence, in order to corroborate that invoiced but not delivered sales were not recognized as revenue for the year.</p> <p>Finally, we assessed the adequacy of the Company's related disclosures in the notes to the financial statements.</p> <p>Based on the audit procedures performed, we consider that the criteria adopted by management for recognizing revenue in the appropriate accounting period, as well as the related disclosures in the notes to the financial statements, are consistent with the audit evidence obtained.</p>



(A free translation of the original in Portuguese)

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>Impairment Test of Intangible Assets with Indefinite Useful Lives</p> <p>As described in Note 12 to the parent company and consolidated financial statements as of December 31, 2024, the balance of intangible assets with indefinite useful lives, including goodwill from business combinations, amounted to R\$ 108,309 thousand. As of December 31, 2024, the Company's market capitalization was lower than its book value.</p> <p>For the purposes of the annual impairment test, management determined the recoverable amount of the cash-generating unit (CGU) groups based on value in use, calculated using discounted cash flow projections. As a result of the annual impairment test performed in 2024, management did not identify any impairment loss to be recognized.</p> <p>The cash flow projections used by management to determine recoverable amounts include data and assumptions that involve significant judgment, such as estimated growth rates for operating results, discount rates, and terminal growth rates.</p> <p>This matter continues to be considered a Key Audit Matter due to the significance of goodwill and intangible assets with indefinite useful lives, as well as the fact that changes in key assumptions could significantly impact the projected cash flows and the measurement of the recoverable amounts of goodwill and such intangible assets, and consequently the financial statements.</p>	<p>Our audit procedures included, among others, obtaining an understanding and evaluating the design of relevant internal controls over the impairment testing process.</p> <p>With the support of our valuation specialists, we assessed the reasonableness of the valuation models used by management to prepare the cash flow projections, as well as the key assumptions applied, including estimated growth rates for operating results, discount rates and terminal growth rates, by comparing them with market data.</p> <p>We tested the logical consistency and arithmetical accuracy of the models prepared by the Company and compared the key assumptions against management-approved projections, which were extended for a discretionary period of nine years and used in the determination of recoverable amounts.</p> <p>Finally, we read and assessed the related disclosures included in the notes to the financial statements.</p>

Other matters - Statements of Value Added

The parent company 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 Accounting Standards purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.



(A free translation of the original in Portuguese)

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

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

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

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management² is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the ability of the Company and its subsidiaries, as a whole, 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, as a whole, 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.

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

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



(A free translation of the original in Portuguese)

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 parent company 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 internal control of the Company and its subsidiaries.
- 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 ability of the Company and its subsidiaries, as a whole, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries, as a whole, to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our 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.

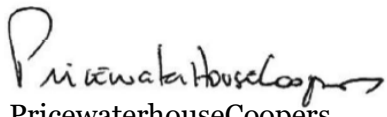


(A free translation of the original in Portuguese)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 to our independence 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 24, 2025


PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

DocuSigned by
Marcelo Orlando
Signed By: MARCELO ORLANDO 0530048837
CPF: 0500948837
Signed Time: 17 de abril de 2025 | 14:26 BRT
O: ICP-Brasil, OU: Secretaria da Receita Federal do Brasil - RFB
C: BR
Instit: AC SERASA RFB v3
#F0B4A8A8A1422
Marcelo Orlando
Contador CRC 1SP217518/O-7

Parent company and consolidated financial statements
Alpargatas S.A.
December 31, 2024

ALPARGATAS S.A. AND SUBSIDIARIES**Balance sheets****December 31, 2024 and 2023**

In thousands of Reals

ASSETS	Note	Parent Company		Consolidated		LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent Company		Consolidated	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023			12/31/2024	12/31/2023		
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	5	1,242,874	798,851	1,488,511	922,525	Suppliers	16	399,358	343,728	455,388	395,067
Trade accounts receivable	6	1,255,124	1,047,514	997,875	883,735	Forfeiting	17	170,842	159,889	170,842	159,889
Inventories	7	531,843	738,956	709,119	997,680	Loans and financing	18	37,730	23,402	251,373	127,437
Recoverable taxes	8	136,570	191,637	179,347	227,725	Lease liabilities	15,1	19,965	21,765	38,068	34,859
Prepaid expenses		27,638	25,964	46,421	39,515	Tax liabilities	19	60,874	31,453	79,549	35,642
Accounts receivable from sale of subsidiary	11	-	48,527	-	48,527	Long-term incentive plan	24,2	5,859	2,497	5,877	3,032
Other credits		32,897	75,242	37,867	79,888	Provisions and other obligations	20	87,545	101,661	139,171	147,357
Total current assets		3,226,946	2,926,691	3,459,140	3,199,595	Labor and social security obligations	21	138,475	62,511	173,259	73,901
						Provision for tax, civil and labor contingencies	23	16,735	5,738	16,735	5,738
						Interest on shareholders' equity and dividends payable	25,3	19,344	2,185	19,344	2,185
						Total current liabilities		956,727	754,829	1,349,606	985,107
NON-CURRENT ASSETS						NON-CURRENT LIABILITIES					
Interest earning bank deposits	5	13,165	11,898	13,165	11,898	Loans and financing	18	1,172,151	1,358,168	1,172,151	1,358,168
Recoverable taxes	8	96,684	97,561	96,684	97,561	Lease liabilities	15,1	109,703	121,503	151,692	150,126
Deferred income tax and social contribution	9,1	237,353	241,936	291,036	259,202	Tax liabilities	19	23,409	1,181	23,409	1,181
Judicial deposits	10	36,827	31,336	36,827	31,336	Deferred income tax and social contribution	9,1	-	-	69	206
Other credits		52,788	11,319	56,587	16,803	Provision for tax, civil and labor contingencies	23	2,405	5,209	2,405	5,209
Related parties	22,1	48,060	-	-	-	Long-term incentive plan	24,2	2,164	4,764	4,496	6,546
Investments	12	1,030,841	867,039	835,625	627,905	Accounts payable for acquisition of subsidiary	12,1	82,801	78,879	82,801	78,879
Property, plant and equipment	13	1,401,528	1,388,296	1,430,130	1,412,194	Related parties	22,1	11,841	13,031	-	-
Right-of-use assets	15	115,630	132,865	174,565	173,190	Negative equity of subsidiaries	12	165,226	1,528	-	-
Intangible assets	14	318,583	371,082	445,966	497,705	Other liabilities		16,386	14,148	16,717	14,500
Total non-current assets		3,351,459	3,153,332	3,380,585	3,127,794	Total non-current liabilities		1,586,086	1,598,411	1,453,740	1,614,815
						SHAREHOLDERS' EQUITY					
						Share Capital	25,1	3,906,885	3,967,128	3,906,885	3,967,128
						Capital reserves		189,427	153,466	189,427	153,466
						Profit reserve		39,258	1,806,113	39,258	1,806,113
						Proposal for additional interest on shareholders' equity		51,543	-	51,543	-
						Accumulated losses		-	(1,866,356)	-	(1,866,356)
						Other comprehensive income		(151,521)	(333,568)	(151,521)	(333,568)
						Shareholders' equity attributable to controlling shareholders		4,035,592	3,726,783	4,035,592	3,726,783
						Non-controlling interest		-	-	787	684
						Total shareholders' equity		4,035,592	3,726,783	4,036,379	3,727,467
TOTAL ASSETS		6,578,405	6,080,023	6,839,725	6,327,389	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,578,405	6,080,023	6,839,725	6,327,389

See the accompanying notes to the individual and consolidated financial statements

ALPARGATAS S.A AND SUBSIDIARIES**Statements of operations****Years ended December 31, 2024 and 2023**

In thousands of reais (R\$), except earnings per share

	Note	Parent Company		Consolidated	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
CONTINUED OPERATIONS					
Net operating revenue	26	3,375,526	3,088,870	4,108,311	3,734,146
Cost of goods sold	27	(2,072,694)	(2,046,738)	(2,335,615)	(2,237,931)
GROSS INCOME		1,302,832	1,042,132	1,772,696	1,496,215
OPERATING EXPENSES					
Sales expenses	27	(682,383)	(644,008)	(1,305,082)	(1,189,586)
General and administrative expenses	27	(11,478)	(24,966)	(15,993)	(29,287)
Equity in net income of subsidiaries	27	(263,779)	(231,857)	(263,819)	(232,315)
Other expenses, net	12	(193,587)	(539,634)	21,301	(422,012)
CONTINUED OPERATIONS	28	(96,437)	(1,580,384)	(157,867)	(1,612,001)
		(1,247,664)	(3,020,849)	(1,721,460)	(3,485,201)
OPERATING INCOME/(LOSS) BEFORE FINANCIAL INCOME (LOSS)					
		55,168	(1,978,717)	51,236	(1,988,986)
Financial revenues	29	134,059	94,097	140,569	98,082
Financial expenses	29	(174,169)	(177,573)	(190,859)	(187,550)
Net exchange-rate change		68,154	(17,259)	62,553	(6,413)
(INCOME)/LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		83,212	(2,079,452)	63,499	(2,084,867)
Income tax and social contribution - Current	9.2	29,350	14,085	14,459	7,190
Income tax and social contribution – Deferred	9.2	(4,583)	198,747	29,439	210,193
NET INCOME/(LOSS) FOR THE YEAR FROM CONTINUED OPERATIONS					
		107,979	(1,866,620)	107,397	(1,867,484)
INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO					
Controlling shareholders		107,979	(1,866,620)	107,979	(1,866,620)
Non-controlling shareholders		-	-	(582)	(864)
EARNINGS/(LOSSES) PER SHARE					
Basic earnings per common share - R\$	32	0.1510	(2.6254)	0.1510	(2.6254)
Basic earnings per preferred share - R\$	32	0.1668	(2.9003)	0.1668	(2.9003)
Diluted earnings per common share - R\$	32	0.1486	(2.5885)	0.1486	(2.5885)
Diluted earnings per preferred share - R\$	32	0.1642	(2.8634)	0.1642	(2.8634)

See the accompanying notes to the individual and consolidated financial statements

ALPARGATAS S.A AND SUBSIDIARIES

Statements of comprehensive income

Years ended December 31, 2024 and 2023

In thousands of reais

	Parent Company		Consolidated	
	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
NET INCOME/(LOSS) FOR THE YEAR FROM CONTINUED OPERATIONS	107,979	(1,866,620)	107,397	(1,867,484)
Other comprehensive income to be reclassified to income (loss) for the subsequent years:				
Losses in the translation of financial statements of foreign subsidiaries and associated company	185,660	(154,063)	186,345	(154,170)
Adjustments to <i>Plano Alaprev</i>	(3,613)	1,136	(3,613)	1,136
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	290,026	(2,019,547)	290,129	(2,020,518)
Total comprehensive income for the year attributable to:				
Controlling shareholders	290,026	(2,019,547)	290,026	(2,019,547)
Non-controlling shareholders	-	-	103	(971)

See the accompanying notes to the individual and consolidated financial statements

ALPARGATAS S.A AND SUBSIDIARIES
Statement of changes in shareholders' equity
For the years ended December 31, 2024 and 2023
 In thousands of reals

Note	Profit reserves				Proposed additional interest on equity	Equity valuation adjustments	Retained earnings (losses)	Shareholders' equity attributable to controlling shareholders	Non-controlling interest in shareholders' equity of subsidiaries	Total shareholders' equity
	Share Capital	Capital reserves	Legal	From tax incentives						
BALANCES AT DECEMBER 31, 2022	3,967,128	165,503	87,187	1,718,926	-	(180,641)	-	5,758,103	1,655	5,759,758
Loss for the year	-	-	-	-	-	-	(1,866,620)	(1,866,620)	(864)	(1,867,484)
Expenditures with issue of associated companies' shares (exchange-rate change)	-	1,506	-	-	-	-	-	1,506	-	1,506
Treasury shares transactions (LTI)	-	6,421	-	-	-	-	-	6,421	-	6,421
Unclaimed Interest on shareholders' equity and dividends	-	-	-	-	-	-	264	264	-	264
Granting of shares	-	(24,794)	-	-	-	-	-	(24,794)	-	(24,794)
Stock options - associated companies	-	4,830	-	-	-	-	-	4,830	-	4,830
Other comprehensive income	-	-	-	-	-	(152,927)	-	(152,927)	(107)	(153,034)
BALANCES AT DECEMBER 31, 2023	3,967,128	153,466	87,187	1,718,926	-	(333,568)	(1,866,356)	3,726,783	684	3,727,467
BALANCES AT DECEMBER 31, 2023	3,967,128	153,466	87,187	1,718,926	-	(333,568)	(1,866,356)	3,726,783	684	3,727,467
Net income for the year	-	-	-	-	-	-	107,979	107,979	(582)	107,397
Capital increase	25.1	1,718,926	-	(1,718,926)	-	-	-	-	-	-
Absorption of accumulated losses	25.1	(1,779,169)	-	(87,187)	-	-	1,866,356	-	-	-
Expenditures with issue of associated companies' shares (exchange-rate change)	-	(5,236)	-	-	-	-	-	(5,236)	-	(5,236)
Treasury shares transactions (LTI)	-	11,202	-	-	-	-	-	11,202	-	11,202
Unclaimed interest on shareholders' equity and dividends	-	-	-	-	-	-	2	2	-	2
Long-term incentive – granting of shares	-	18,156	-	-	-	-	-	18,156	-	18,156
Long-term incentive – granting of shares (affiliates)	-	11,839	-	-	-	-	-	11,839	-	11,839
Other comprehensive income	-	-	-	-	-	182,047	-	182,047	685	182,732
Allocation of profit	-	-	-	-	-	-	-	-	-	-
Tax incentives reserve appropriation	25.4	-	-	35,641	-	-	(35,641)	-	-	-
Legal reserve appropriation	25.4	-	3,617	-	-	-	(3,617)	-	-	-
Mandatory dividends	25.3	-	-	-	-	-	(17,180)	(17,180)	-	(17,180)
Proposed additional interest on equity	25.3	-	-	-	51,543	-	(51,543)	-	-	-
BALANCES AT DECEMBER 31, 2024	3,906,885	189,427	3,617	35,641	51,543	(151,521)	-	4,035,592	787	4,036,379

See the accompanying notes to the individual and consolidated financial statements

ALPARGATAS S.A.**Demonstrações dos fluxos de caixa****Exercícios findos em 31 de dezembro de 2024 e de 2023**

Em milhares de reais

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period from continued operations	107,979	(1,866,620)	107,397	(1,867,484)
Adjustments to reconcile net income from continued operations to the net cash generated by operational activities:				
Income (loss) from sale/write-off of property, plant and equipment	169,077	141,701	202,870	167,918
Equity in net income of subsidiaries	1,781	7,781	1,646	9,865
Interest, inflation adjustments and exchange-rate changes	193,587	539,634	(21,301)	422,012
Provision for labor, civil and tax contingencies	78,700	129,342	91,406	134,789
Deferred income tax and social contribution	42,986	23,814	42,986	23,814
Inventory losses – provision for inventory and inventory adjustment	(24,767)	(212,832)	(43,898)	(217,383)
Provision for expected loss on accounts receivable	169,259	98,852	253,235	107,428
Inflation adjustment of judicial deposits and tax credits	11,478	24,966	15,993	29,287
Provision for loss in property, plant and equipment/intangible asset - impairment	(13,078)	(18,532)	(13,078)	(18,532)
Other provisions	-	20,810	-	20,810
Provision for long-term incentive plan	-	(677)	-	(677)
Provision for interest - IFRS 16	18,903	(19,938)	19,942	(19,685)
Depreciation from right-of-use - IFRS 16	14,102	14,802	15,181	15,858
Income (loss) on write-off of right-of-use – IFRS 16	25,823	27,093	46,945	43,332
Provision for loss in accounts receivable from the sale of subsidiary	-	(414)	(59)	(437)
Provision for impairment – goodwill	-	268,733	-	268,733
	-	1,192,179	-	1,192,179
	795,830	370,694	719,265	311,827
Decrease (increase) in assets and liabilities:				
Trade accounts receivable	(148,230)	62,727	(19,669)	166,164
Inventories	69,387	309,569	115,652	277,585
Prepaid expenses	(1,674)	4,273	(4,053)	3,692
Recoverable taxes	66,331	151,349	65,400	141,462
Suppliers	51,717	(284,567)	(23,527)	(294,782)
Forfeiting	10,953	(57,455)	10,953	(57,455)
Tax liabilities	76,009	(13,652)	69,897	(14,143)
Labor and social security obligations	75,964	(19,360)	95,646	(20,725)
Contingencies	(34,793)	(27,134)	(34,793)	(27,134)
Other	(15,964)	(37,380)	36,156	56,759
Cash generated in operations	945,530	459,064	1,030,927	543,250
Payment of income tax and social contribution	(26,665)	-	(22,419)	(11,560)
Payment of charges from loans and financing	(142,403)	(139,821)	(151,247)	(144,264)
Payment of lease interest - IFRS 16	(11,274)	(14,802)	(12,230)	(15,858)
Net cash by operating activities	765,188	304,441	845,031	371,568
CASH FLOW FROM FINANCING ACTIVITIES				
Capital increase in investees and acquisition of investments	(517)	(34,381)	-	-
Acquisition of property, plant and equipment and intangible assets	(132,111)	(299,688)	(158,967)	(331,993)
Net financial investments	1,680	5,231	1,680	5,231
Receipt for sale of subsidiary	52,405	47,188	52,405	47,188
Net cash flow used in investment activities	(78,543)	(281,650)	(104,882)	(279,574)
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings and financing	-	345,733	206,744	480,967
Payment of loans and financing - Principal	(217,588)	(146,033)	(362,345)	(260,282)
Payment of interest on own capital and dividends	(18)	(23)	(18)	(23)
Payment of principal from lease - IFRS 16	(25,016)	(21,059)	(46,138)	(36,008)
Net cash flow used in investment activities	(242,622)	178,618	(201,757)	184,654
Effect in exchange-rate change on cash and cash equivalents	-	-	27,594	(1,640)
INCREASE IN CASH AND CASH EQUIVALENTS	444,023	201,409	565,986	275,008
Opening balance of cash and cash equivalents	798,851	597,442	922,525	647,517
Closing balance of cash and cash equivalents	1,242,874	798,851	1,488,511	922,525
INCREASE IN CASH AND CASH EQUIVALENTS	444,023	201,409	565,986	275,008

See the accompanying notes to the individual and consolidated financial statements

ALPARGATAS S.A AND SUBSIDIARIES**Statements of added value****For the years ended December 31, 2024 and 2023**

In thousands of Reais

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
REVENUES	3,879,002	3,503,153	4,630,486	4,155,346
Sales of products	3,880,880	3,517,044	4,620,390	4,169,961
Provision for expected loss (impairment) on trade accounts receivable	(11,478)	(24,966)	(15,993)	(29,287)
Other revenues	9,600	11,075	26,089	14,672
INPUTS ACQUIRED FROM THIRD PARTIES	(2,216,433)	(3,326,008)	(2,885,274)	(3,873,910)
Cost of goods and products sold	(1,210,418)	(1,274,827)	(1,347,072)	(1,371,703)
Materials, energy, outsourced services and other	(846,264)	(502,604)	(1,309,645)	(927,941)
Gain (loss) with asset values	(157,728)	(1,281,475)	(226,534)	(1,307,164)
Provision for loss in accounts receivable from the sale of subsidiary	-	(268,733)	-	(268,733)
Other	(2,023)	1,631	(2,023)	1,631
GROSS ADDED VALUE	1,662,569	177,145	1,745,212	281,436
RETENTIONS	(194,900)	(168,794)	(249,815)	(211,250)
Depreciation and amortization	(194,900)	(168,794)	(249,815)	(211,250)
ADDED VALUE PRODUCED BY THE COMPANY	1,467,669	8,351	1,495,397	70,186
ADDED VALUE RECEIVED AS TRANSFER	70,228	(444,302)	247,714	(319,734)
Equity in net income of subsidiaries	(193,587)	(539,634)	21,301	(422,012)
Financial revenues - including exchange-rate changes	215,755	93,192	226,413	100,138
Other	48,060	2,140	-	2,140
NET ADDED VALUE	1,537,897	(435,951)	1,743,111	(249,548)
DISTRIBUTION OF ADDED VALUE	1,537,897	(435,951)	1,743,111	(249,548)
PERSONNEL	837,906	726,571	1,003,743	874,684
Direct remuneration	618,247	504,526	769,635	637,650
Benefits	182,320	187,237	196,356	200,478
FGTS	37,339	34,808	37,752	36,556
TAXES, RATES AND CONTRIBUTIONS	354,974	437,947	361,494	459,046
Federal	324,495	217,656	327,405	235,011
State	28,153	218,422	30,707	221,234
Municipal	2,326	1,869	3,382	2,801
THIRD-PARTY CAPITAL REMUNERATION	237,038	266,151	270,477	284,206
Interest	183,182	196,007	209,951	202,074
Rents	14,533	36,354	22,245	49,211
Other	39,323	33,790	38,281	32,921
REMUNERATION OF OWN CAPITAL	107,979	(1,866,620)	107,397	(1,867,484)
Mandatory dividends	17,180	-	17,180	-
Proposed additional interest on equity	51,543	-	51,543	-
Retained earnings/(losses)	39,256	(1,866,620)	39,256	(1,866,620)
Non-controlling interest in losses	-	-	(582)	(864)

See the accompanying notes to the individual and consolidated financial statements

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

1. OPERATIONS

1.1. General considerations

Alpargatas S.A. ("Company") is a publicly-held corporation headquartered in the capital city of São Paulo, at Av. das Nações Unidas, nº 14.261, 9º, 10º e 11º floors and listed in B3 S.A. - Brasil, Bolsa, Balcão under tickers "ALPA4" and "ALPA3".

The Company and its subsidiaries (hereinafter collectively referred to as "Alpargatas Group" or the "Group") are primarily engaged in the manufacturing and sale of footwear and related components; apparel; textile products and respective components, leather, resin and natural or artificial rubber articles.

The direct and indirect subsidiaries through which the Company conducts activities in Brazil and abroad are described in Note 3.

1.2. Fire at the Santa Rita Plant

A fire broke out at the Santa Rita plant in Paraíba on February 21, 2022, causing damage to machinery, equipment, construction and inventories, with no casualties. The company activated its insurance policy and recorded a receivable with the insurer.

The Company received R\$ 78,559 relating to the claim and the amount related to business interruption losses is currently under review by the insurance company.

1.3 Tax reform on consumption

On December 20, 2023, Constitutional Amendment ("EC") No. 132 was enacted, establishing the Tax Reform ("Reform") on consumption. The Reform model is based on a split VAT ("dual VAT") with two levels of jurisdiction: a federal tax (Contribution on Goods and Services – CBS), which will replace PIS and COFINS, and a subnational tax (Tax on Goods and Services – IBS), which will replace ICMS and ISS.

A Selective Tax ("IS") was also created – under federal jurisdiction – which will apply to the production, extraction, commercialization, or importation of goods and services that are harmful to health and the environment, as defined by a complementary law.

On December 17, 2024, the National Congress approved the first complementary bill (PLP) 68/2024, which regulated part of the Reform. PLP 68/2024 was sanctioned with vetoes by the President of the Republic on January 16, 2025, becoming Complementary Law No. 214/2025.

Although the regulation and establishment of the IBS Management Committee were initially addressed in PLP No. 108/2024, the second bill regulating the Reform, which is still under review by the Federal Senate, part of this matter has already been incorporated into PLP No. 68/2024. This law, among other provisions, determined that the committee responsible for managing the IBS must be established by December 31, 2025.

There will be a transition period from 2026 to 2032, during which both the old and new tax systems will coexist. The full impact of the Reform on the calculation of the aforementioned taxes, starting from the transition period, will only be fully understood once the pending regulatory matters are finalized through complementary law. Consequently, the Reform has no effect on the financial statements as of December 31, 2024.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

1.4 Global Implementation of the OECD “Pillar Two” Model Rules

Continuing efforts to combat base erosion and profit shifting (BEPS), the Organisation for Economic Co-operation and Development (“OECD”) released the Pillar Two model rules in December 2021, ensuring that multinational enterprise groups are subject to a minimum effective tax rate of 15%.

In Brazil, an additional tax of up to 15% on CSLL (Social Contribution on Net Income) has been established, applicable to multinational groups with consolidated annual revenue exceeding 750 million euros in two of the last four years, as determined by Law 15.079/24. For the 2025 fiscal year, the Company is not within the scope of Pillar Two. Management will continue to monitor potential applicability under the legislation.

2. PREPARATION BASIS, PRESENTATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS**2.1. Statement of conformity**

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including the pronouncements, interpretations, and guidelines issued by the Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) (currently referred to by the IFRS Foundation as “IFRS Accounting Standards”), including the interpretations issued by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor, the Standing Interpretations Committee (SIC® Interpretations). These financial statements disclose all relevant information specific to them, and only them, which are consistent with those used by management in its administration.

All relevant information specific to the individual and consolidated financial statements, and only such information, is being evidenced, and corresponds to the information used by the Company in its Management.

The Executive Board and Board of Directors authorized the issue of these individual and consolidated financial statements on February 21, 2025.

2.2. Changes in significant accounting policies and disclosures

Among the amendments effective from January 1, 2024, we highlight the changes to CPC 26 (R1) – Non-current liabilities with restrictive clauses (“covenants”), equivalent to IAS 1; CPC 06 (R2) – Lease and leaseback liabilities, equivalent to IFRS 16; and CPC 40 (R1) and CPC 03 (R2) – Supplier financing arrangements (“reverse factoring”), equivalent to IFRS 7 and IAS 7, respectively, as well as the revision of CPC 09 (R1). These amendments were considered in the preparation of these individual and consolidated financial statements; however, they did not have a material impact on the disclosed information.

2.3. Basis for preparation of individual and consolidated financial statements

The financial statements were prepared based on historical cost as the measurement basis, which, in the case of certain financial assets and liabilities (including derivative instruments) and pension plan assets, is adjusted to reflect fair value measurement.

The preparation of individual and consolidated financial statements requires the use of certain accounting estimates. It also requires Management to exercise its judgment. Areas deemed significant and requiring a higher level of judgment include, as follows: sales recognition, deferred income tax and social contribution, provision for tax, civil and labor risks, evaluation of the recoverable value of goodwill, and useful life of property, plant and equipment and intangible assets, derivative financial instruments and long-term incentive plan.

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023**In thousands of reais

Individual Financial Statements

The individual financial statements of the Parent Company were prepared in accordance with the accounting practices adopted in Brazil, issued by the Accounting Pronouncements Committee (CPC). They are also in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) (currently referred to by the IFRS Foundation as "IFRS Accounting Standards"). These individual financial statements are disclosed alongside the consolidated financial statements.

Consolidated Financial Statements

The consolidated financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) (currently referred to by the IFRS Foundation as "IFRS Accounting Standards").

The material accounting practices are described in the explanatory notes related to the items presented.

a) Evaluation of asset impairment (except for goodwill)

The Company and its subsidiaries review annually the net book value of its assets to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of assets. These evidences are detected and the net book value exceeds recoverable value, a deterioration provision is created by adjusting the net book value to recoverable value.

b) Functional and presentation currency of individual and consolidated financial statements

These individual and consolidated financial statements are being presented in Brazilian Real, functional currency of the Company. All balances have been rounded to the nearest value, unless otherwise indicated.

The individual and consolidated financial statements are expressed in thousands of Reais ("R\$"), the Company's functional currency. Disclosures of amounts in other currencies, when necessary, have also been presented in thousands. Items disclosed in other currencies are properly identified, where applicable.

Foreign currency transactions and balances

Foreign currency transactions are translated into the respective functional currencies of the Group's entities at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted into the functional currency at the foreign exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the foreign exchange rate on the date the fair value was determined. Non-monetary items that are measured based on the historical cost in foreign currency are translated using the rate of the transaction date. Foreign currency differences arising from the translated are usually recognized in income (loss).

Transactions abroad with a functional currency other than the Brazilian Real

The assets and liabilities of foreign operations, Colombia Branch, are converted into real (R\$) at the foreign exchange rates calculated on balance sheet date. Foreign operations' revenues and expenses are translated into reais (R\$) at exchange rates prevailing on transaction dates.

The differences in foreign currencies generated for the translation into the presentation currency are recognized in other comprehensive income and accumulated in equity valuation adjustments in the shareholders' equity account.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

If the subsidiary is not a wholly-subsiary, the corresponding portion of the translation difference is allocated to the non-controlling shareholders.

c) Use of estimates and judgments

In the preparation of these individual and consolidated financial statements, management used judgments, estimates and assumptions that affect the Group's application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Reviews of estimates are recognized on a prospective basis.

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

- Note 6 – Provision for expected losses;
- Note 7 – Provision for inventory losses;
- Note 9.1 - Deferred income tax and social contribution;
- Note 12.2 – Impairment test of goodwill;
- Note 15 – Right-of-use asset and lease liability: implicit discount rate of lease agreements;
- Note 23 – Provision for tax, civil, and labor contingencies: key assumptions regarding the probability and magnitude of resource outflows;
- Note 24.2 – Long-term incentive plan: key assumptions for calculating the share value.

d) Financial instrumentsRecognition and initial measurement of financial assets

In the initial recognition, a financial asset is classified as measured: at amortized cost; at fair value through other comprehensive income (FVTOCI); or at fair value through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition, unless the Group changes the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in the business model.

In the new accounting standard, unless a financial asset has initially been designated at fair value through profit or loss (for the purpose of eliminating or reducing an accounting measurement inconsistency), debt instruments should be subsequently classified as measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the following items:

- In the Company's business model for the management of financial assets;
- In the characteristics of contractual cash flows of financial assets (also called Solely Payments of Principal and Interest, or SPPI).

Business models: The business models reflect the manner in which the Group manages its financial assets to generate cash flow; that is, based on the business models, the Group determines whether the cash flow are derived from the receipt of contractual cash flows or receipt of contractual cash flows and sales or both. If neither of these two business models applies, then such financial assets are classified as part of "other" business models and measured at fair value through profit or loss.

The Group considers some factors in determining its business models, including:

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

- Past experience regarding how contractual cash flows are collected (including an evaluation of the sales history of financial assets);
- How the performance of the business model and the financial assets held in business models are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and the financial assets held in this business model) and particularly the manner in which those risks are managed;
- How business managers are remunerated (for example, if the remuneration is related to the fair value of managed assets or the contractual cash flows received).

SPPI: The analysis of whether contractual cash flows consisting of Solely Payments of Principal and Interest (“SPPI” test) are required if the financial asset is maintained in a business model whose purpose is to receive contractual cash flows, or in a model whose purpose, besides receiving contractual cash flows, is the sale of these assets.

In case of identification of financial assets that introduce exposure to risks and volatilities that are inconsistent with the basic loan agreement, such assets are classified and measured at fair value through profit or loss.

Subsequent measurement: Debt instruments are measured in one of the following categories:

- **Amortized cost:** financial assets that are held for collection of contractual cash flows represent only principal and interest payments and are not designated at fair value through profit or loss. They are measured at amortized cost. The book value of these assets is adjusted by forming a provision for expected credit loss, recognized and measured in accordance with the methodology specified in note 6. Interest revenue from these financial assets is included in the statement of income under the “financial revenues” caption under the effective interest rate method. The “effective interest rate” is the discount rate that corresponds exactly to the initial amount of the financial instrument in relation to total any estimated cash flows during the remaining useful life. For fixed rate financial instruments, the effective interest rate is similar to the contract interest rate defined on contract date plus commissions and transactions costs that, due to their nature, are part of their financial return, as applicable. For variable rate financial instruments, the effective interest rate is equal to the prevailing return rate of all commitments up to the next interest renewal reference date.
 - **Fair value through other comprehensive income (FVTOCI):** financial assets held for the collection of contractual cash flows and for sale, which are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Changes in fair value are recognized in other comprehensive income in shareholders' equity, except for the recognition of impairment losses, interest revenue and gains/losses on exchange-rate change, that are recognized in the statement of income for the year. Interest revenue from these financial assets is included in the statement of income under the “financial revenues” caption under the effective interest rate method.
 - **Fair value through profit or loss (FVTPL):** financial assets which do not comply with amortized cost criteria or at fair value through other comprehensive income (FVTOCI) are measured at fair value through profit or loss. Gains/losses on the debt instrument that are subsequently measured at fair value through profit or loss are recognized as financial revenue or expense in the statement of income for the year.
-

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**In thousands of reais

Financial liabilities

Generally, financial liabilities are measured at amortized cost, except for financial liabilities assigned as hedged items for which the hedged risks are measured at fair value and financial liabilities assigned at fair value in initial recognition.

For liabilities measured at fair value, in the initial designation, the portion corresponding to changes in the Company's own credit risk (denominated Debit Valuation Adjustment or DVA) is recorded in other comprehensive income (without transfer to the profit or loss).

Reclassification of financial assets and liabilities

Reclassifications of financial assets occur only if some of the Group's business models is changed. Thus, the occurrence of reclassifications is rare. In the event of reclassification, it is applied prospectively (as of the reclassification date).

The financial liabilities are not reclassified.

Financial instruments – net presentation

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current legal and enforceable right to breakdown the amounts recognized and if the intention of offsetting, or realizing the asset and settling the liability simultaneously.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge against the risk of change in the foreign exchange rates. The derivative financial instruments designated in hedging operations are initially recognized at fair value on the date on which the derivative contract is executed into, and are subsequently restated also at fair value. Derivative financial instruments are presented as financial assets when the fair value of the instrument is positive; and as financial liabilities when the fair value is negative.

e) Provisions

Provisions are determined by discounting the estimated future cash flows at a pre-tax rate which reflects the current market evaluations as to the value of the cash over time and the specific risks of the related liability. Effects from derecognition of discount for elapsing of time are recognized in income (loss) as financial expense.

f) Operating revenue

Revenues of the Company and its subsidiaries derive from the sale of footwear and apparel through multiple sales channels: distributors, wholesalers, retailers, brick-and-mortar stores and online channels. Revenues are recognized when control over the products is transferred to its customers. In other words, upon delivery of the product.

The Group has commercial agreements with certain customers that allow the concession of some special discounts. These agreements are made with major players in the market with a view to building loyalty, improving product assortment and increasing sales volume. Discounts can be fixed or variable, as provided for in the agreement, and are accounted for as a sales revenue reduction on the accrual date defined in the agreement, regardless of the date on which the discount occurred.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

g) Financial revenues and expenses

Interest revenue and expenses are recognized in income (loss) at the effective interest method. Dividend revenue is recognized in income (loss) on the date when the Company's right to receive the payment is established. The Group classifies interests received and dividends and interest on own capital received as cash flows from investment activities.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross book value of the financial asset; or at amortized cost of financial liability.

When calculating the interest revenue or expenses, the actual interest rate is levied on the gross book value of the assets (when the assets have no recovery issues) or at amortized cost of liabilities. However, interest revenue is calculated by applying the actual interest rate at amortized cost of financial assets with recovery issues after the initial recognition. If the asset is no longer credit-impaired, the calculation of interest revenue reverts to the gross basis.

h) Employee benefitsShort-term employee benefits

Obligations for short-term employee benefits are recognized as personnel expenses as the related service is provided. The liability is recognized at the amount expected to be paid, if the Group has a legal obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as personnel expenses when the services are rendered by the employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated for each plan by estimating the amount of the future benefit that employees will earn in return for their services rendered in prior years. This amount is discounted to its present value and is presented net of the fair value of any plan assets. The calculation of the defined benefit obligation is made each year by a qualified actuary adopting the projected unit credit method. When the calculation results in a potential asset to the Group, the asset to be recognized is limited to the present value of economic benefits available as future plan refunds or reduction in the future payments. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements

Share-based payment agreements

The fair value of share-based payment agreements is recognized at the grant date, as personnel expenses, with a corresponding increase in shareholders' equity, over the period when employees become unconditionally entitled to the premiums. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and performance conditions will be met, so that the amount ultimately recognized as an expense is based on the number of awards meeting these performance conditions at vesting date. For share-based payment awards with non-vesting conditions, the fair value at grant date of share-based payment is measured to reflect such conditions and no further adjustments are made for differences between expected and actual results.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

The fair value of the amount payable to the employees in relation to stock appreciation rights, which are payable in cash, is recognized as an expense, with a corresponding increase in liability over the period the employees become unconditionally entitled to the benefits. The liability is measured again at each balance sheet date and at settlement date based on the fair value on stock appreciation rights. Any changes in the fair value of the liability are recognized in the income (loss) as personnel expenses.

i) Income tax and social contribution

They are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R\$ 240 and 9% for social contribution.

Current tax expense is the tax payable or receivable on the taxable income or loss for the year and any adjustments to taxes payable in relation to prior years. The amount of current taxes payable or receivable is recognized in the statement of financial position as an asset or tax liability under the best estimate of the expected amount of taxes to be paid or received reflecting the uncertainties related to its calculation, if any. It is measured based on tax rates enacted on the date of statement of financial position. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement and used for taxation purposes.

The changes in deferred tax assets and liabilities for the year are recognized as deferred income tax and social contribution expense.

A deferred tax asset is recognized in relation to tax losses and unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against those that will be used.

Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to fully recognize a deferred tax asset, the future taxable income, adjusted for reversals of the existing temporary differences will be considered based on the business plans of the parent company and of its subsidiaries, individually.

Deferred tax assets are reviewed at each reporting date and impaired as their realization is no longer probable. Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates decreed up to the balance sheet date. Measurement of deferred tax assets and liabilities reflects tax consequences deriving from the way in which the Group expects to recover or settle its assets and liabilities. Deferred tax assets and liabilities are only offset when certain criteria are met.

j) Capital

When shares recognized as shareholders' equity are repurchased, the value of the consideration paid which includes any costs directly attributable is recognized as a deduction from shareholders' equity. The repurchased shares are classified as treasury shares and presented as a deduction from shareholders' equity. When shares recognized as shareholders' equity are repurchased, value of consideration paid, which includes directly attributable costs, is recognized as a deduction of shareholders' equity.

k) Statement of added value

The statement of added value is not required by IFRS and is presented in supplementary form in compliance with Brazilian corporate law. Its purpose is to disclose the wealth generated by the Company during the year, and well demonstrating how it was distributed among the various agents.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

3. CONSOLIDATED FINANCIAL STATEMENTS

Intercompany transactions, as well as unrealized gains and losses on transactions between Group companies, are eliminated in the consolidation of financial statements. When required, the accounting policies of the subsidiaries are adjusted in order to assure the consistency with the policies adopted by the Company.

i. Subsidiaries

Subsidiaries are all entities in which the Company is exposed to or is entitled to variable returns from its involvement in an investee and has the capacity to direct activities related of the investee. The subsidiaries are fully consolidated as of the date control is transferred to the Company. The consolidation is interrupted beginning on the date on which the Company no longer has control.

The Company considers that it controls the investee if, and only if, it has all the following attributes: (a) power over the investee; (b) exposure to, or rights over, variable returns deriving from its involvement with the investee; and (c) capacity to use its power over investee to affect value of its returns.

The consolidation comprises the accounting information of the Company and the following direct and indirect subsidiaries:

Direct interest:	Core business	Interest (%)	
		12/31/2024	12/31/2023
Fibrasil Agrícola e Comercial Ltda. ("Fibrasil")	Import and export in general, purchase, sale and lease of own properties and interest in other companies, in the country or abroad	99.99	99.99
Alpargatas Imobiliária Ltda. ("Alpa Imobiliária")	Sale and lease of own properties and holding interest in other companies, in Brazil or abroad	99.99	99.99
Alpargatas Europe S.L.U. – Espanha ("Alpa Europe")	Import and trading of footwear in the European market	100.00	100.00
Alpargatas Asia Ltd. – Hong Kong ("Alpa Hong Kong")	Commercial representation of the brand Havaianas	100.00	100.00
Alpargatas Colombia S.A.S. ("Alpa Colombia")	Import and trading of footwear in the Colombian market	100.00	100.00
Alpargatas India Fashions Private Ltd. ("Alpa India")	Import and trading of footwear in the Indian market	51.00	51.00
Alpargatas Trading Co. Ltd. ("Alpa Shanghai")	Commercial representation of the brand Havaianas	100.00	100.00
IOASYS Desenvolvimento de Software Ltda ("Ioasys")	Technology and digital innovation	100.00	100.00
Indirect interest through Alpargatas Europe S.L.U.:			
Alpargatas USA Inc. - Estados Unidos ("Alpa USA")	Import and trading of footwear in the North-American market	100.00	100.00
Alpargatas UK Limited – United Kingdom	Import and trading of footwear in the European market	100.00	100.00
Alpargatas France S.A.R.L. – França		100.00	100.00
Alpargatas Itália S.R.L. – Italy		100.00	100.00
Alpargatas Portugal Limited – Portugal		100.00	100.00
Alpargatas Germany GmbH – Germany		100.00	100.00
Alpargatas Greece M.E.P.E. – Greece		100.00	100.00
Indirect interest (through Fibrasil Agrícola e Comercial Ltda.):			
Alpargatas Imobiliária S.A.	Sale and lease of own properties and holding interest in other companies, in Brazil or abroad	0.01	0.01

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

ii. Associated Company

Associated companies are the entities in which the Company has, directly or indirectly, significant influence (usually by means of an equity from 20% to 50% of voting rights), but not control or jointly-control on financial and operating policies. Such investments are initially recognized by the cost. After initial recognition, financial statements include the Company's interest in income or loss for the year and other comprehensive income of the investee up to the date in which significant influence or joint control no longer exists.

The Company has the following associated company on December 31, 2024:

Direct interest:	Core business	Interest (%)	
		12/31/2024	12/31/2023
Rothy's Inc. ("Rothy's")	Fabricação e comercialização de calçados e produtos têxteis, principalmente no mercado norte-americano	49.17	49.19

iii. Non-controlling interest

The Group chose to measure non-controlling interest initially at their proportion in identifiable net assets of the acquiree on the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as shareholders' equity transactions.

4. TAX INCENTIVES - GOVERNMENT GRANT

The Company enjoys grants linked to ICMS tax incentives granted by the state governments in its main plants, validated under the Complementary Law 160/17, regulated by ICMS Agreement 190/17, with subsequent amendments. Such incentives are valid until 2032, since they are associated with the promotion of industrial activities with their portions recorded as credit under the item "Sales taxes" in the income statement.

Law 14789/23 (i) revoked the exclusion of the IRPJ/CSLL/PIS/COFINS calculation basis from revenues from grants resulting from state tax incentives and (ii) granted tax credits to beneficiaries of investment grants in accordance with the law, subject to all legal requirements. The Company recorded a credit, as shown in Note 8.

The Company also has tax incentives granted by the federal government through profit from tax-incentive activities in the SUDENE Region, which will expire in 2027 in Campina Grande, Montes Claros and Carpina and in 2030 in Santa Rita.

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

The amount of these grants and tax incentives are as follows:

	Parent Company and Consolidated	
	12/31/2024	12/31/2023
ICMS grant:		
Paraíba (i)	197,569	157,795
Pernambuco (ii)	17,259	17,948
Minas Gerais (iii)	91,650	77,562
Incentivos de IRPJ		
Região SUDENE (iv)	35,642	-
Total	342,120	253,305

- (i) Amounts of the investment grant in the State of Paraíba, used in the calculation of presumed ICMS credit. The Company is compliant with the established agreement, which consists of expanding the manufacturing plants in that region, increasing its production of footwear and generating direct jobs in that state.
- (ii) Amounts of the investment grant in the State of Pernambuco, used in the calculation of presumed ICMS credit. The Company is compliant with the established agreement, which consists of maintaining a minimum number of direct jobs in the region and reaching gross revenue.
- (iii) Amounts of the investment grant in the State of Minas Gerais, used in the calculation of presumed ICMS credit. The Company is in compliance with the established agreement, which consists of investing, generating income and creating direct jobs in that state.
- (iv) Refers to the SUDENE tax incentive, as per explanatory note No. 9.2, whose calculation and recognition are only finalized at the end of the fiscal.

5. CASH, CASH EQUIVALENTS AND INTEREST EARNING BANK DEPOSITS**5.1. Cash and cash equivalents**

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash and banks (i)	14,049	76,074	191,165	138,492
Interest earning bank deposits:				
Floating-rate Bank Deposit Certificate (CDBs)(ii)	1,228,825	722,777	1,283,170	769,884
CDT – Alpa Colombia (iii)	-	-	14,176	14,149
	1,242,874	798,851	1,488,511	922,525

- (i) As of December 31, 2024, the parent company includes the amount of US\$2.035 million, equivalent to R\$12,425.
- (ii) As of December 31, 2024, the parent company's CDBs have an average yield of 100.88% of CDI (101.33% as of December 31, 2023), with immediate liquidity and a buyback obligation by the counterparty.
- (iii) The subsidiary Alpa Colombia has investments represented by fixed-income securities, in Colombian pesos, with immediate liquidity and a buyback obligation by the counterparty.

5.2. Interest earning bank deposits (long-term)

As of December 31, 2024, the balance of interest earning bank deposits refers to floating rate Bank Deposit Certificates (CDBs) with an average yield of 98.00% of the CDI (98.00% as of December 31, 2023)

	Parent Company and Consolidated	
	12/31/2024	12/31/2023
Bank Deposit Certificates - CDBs (i)	13,165	11,898

- (i) These investments were made in Banco do Nordeste do Brasil and are object of guarantee of FNE loans made in the same financial institution. Maturities are in August 2030 and October 2032

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

6. TRADE ACCOUNTS RECEIVABLE

Accounts receivable are recorded in the balance sheet at that nominal value of securities, net of provision for expected losses (impairment), which is formed considering an individual analysis of receivables, of the economic environment and the history of losses recorded in prior periods:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Domestic market	889,669	863,933	899,996	870,795
Foreign market (i)	17,753	19,256	177,686	93,738
Related parties (Note 22.1)	407,289	231,273	-	-
Provision for expected losses (Impairment)	(59,587)	(66,948)	(79,807)	(80,798)
	1,255,124	1,047,514	997,875	883,735

(i) Foreign trade accounts receivable is denominated in U.S. dollar, Euro and other currencies and amounts are converted to Reais

6.1. Trade accounts receivable (third-parties) by maturity age

	Parent Company				Consolidated			
	Domestic market		Foreign market		Domestic market		Foreign market	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Falling due	824,699	787,060	7,960	16,487	835,026	793,922	120,387	68,532
Overdue (days):								
>30	13,431	10,914	3,610	1,874	13,431	10,914	6,608	5,153
31-60	2,025	4,582	371	711	2,025	4,582	7,834	2,163
61-90	861	1,238	2,845	-	861	1,238	4,234	1,843
91-180	2,842	3,017	1,865	-	2,842	3,017	11,140	6,477
>181	45,811	57,122	1,102	184	45,811	57,122	27,483	9,570
Total	889,669	863,933	17,753	19,256	899,996	870,795	177,686	93,738

6.2. Provision for expected losses (Impairment)

Changes in provision for expected losses (impairment) for the years ended December 31, 2024 and 2023 are as follows:

	Parent Company	Consolidated
Balances at December 31, 2022	(56,661)	(67,416)
Additions and reversals	(24,966)	(29,287)
Write-off and other changes	14,679	15,905
Balances at December 31, 2023	(66,948)	(80,798)
	Parent Company	Consolidated
Balances at December 31, 2023	(66,948)	(80,798)
Additions and reversals	(11,478)	(15,993)
Write-off and other changes	18,839	16,984
Balances at December 31, 2024	(59,587)	(79,807)

Additions and reversals of provisions for expected losses (impairment) are recorded in "Sales expenses" caption in the statement of income.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

The breakdown by maturity age of trade accounts receivable included in the provision for expected losses (impairment) is as follows:

	Parent Company				Consolidated			
	Domestic market		Foreign market		Domestic market		Foreign market	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Falling due	(10,953)	(8,164)	-	-	(11,084)	(8,164)	(83)	-
Overdue (days):								
>30	(75)	(52)	-	-	(75)	(187)	(499)	(543)
31-60	(112)	(174)	-	-	(112)	(174)	(880)	(226)
61-90	(151)	(150)	-	-	(151)	(150)	(439)	(244)
91-180	(2,485)	(1,102)	-	-	(2,485)	(1,102)	(6,510)	(4,092)
>181	(45,811)	(57,122)	-	(184)	(45,811)	(57,122)	(11,678)	(8,794)
Total	(59,587)	(66,764)	-	(184)	(59,718)	(66,899)	(20,089)	(13,899)

The maximum credit risk exposure on the date of the financial statements is the book value of each maturity bracket as shown in the tables of the Note 6.1. According to the collection policy, overdue securities should receive some treatment in up to 45 days and in case there is no positive evolution in the negotiation in up to 90 days, they are forwarded to outside collection advisory or judicial collection.

The provision for expected losses (impairment) is recognized according to the CPC 48/IFRS 9, based on the historical percentages of loss, macroeconomic impacts on the behavior of default history of customer portfolio, segregated by category of customers and according to the aging of the portfolio and correlation with these factors to determine the expected loss in accounts receivable. Furthermore, the Company carries out an individual assessment for specific customer in which collateral or renegotiations already approved by Management are analyzed.

7. INVENTORIES

They are recorded at average acquisition or production cost and when applicable, restated at realizable net value of sale cost and possible losses.

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Finished products	250,300	441,285	423,066	699,268
Work in process	26,807	46,907	31,317	48,076
Raw materials	221,498	228,341	221,498	227,875
Imports in progress	33,145	21,769	33,144	21,769
Other	93	654	94	692
Total	531,843	738,956	709,119	997,680

Changes in provision for inventory losses for the years ended December 31, 2024 and 2023 are as follows:

	Parent Company	Consolidated
Balances at December 31, 2022	(23,063)	(66,807)
Additions and reversals	(98,852)	(107,428)
Write-offs/Exchange-rate change	62,413	82,548
Balances at December 31, 2023	(59,502)	(91,687)
Balances at December 31, 2023	(59,502)	(91,687)
Additions and reversals	(137,726)	(221,702)
Write-offs/Exchange-rate change	59,548	95,417
Balances at December 31, 2024	(137,680)	(217,972)

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

The Company records a provision for inventory losses based on the turnover and life time for the collections, product line and the time during which the product is outdated. Additionally, the Company carries a periodic evaluation and action plan is implemented to address obsolete items.

During the 2024 fiscal year, it was identified that certain products and collections experienced a substantial increase in turnover time, along with a reduction in orders for existing inventory. The Company determined that these products and collections have no expectation of realization and, therefore, recorded a provision for these finished goods inventory, as well as the work-in-process inventory related to these products.

As of December 31, 2024, no portion of the inventory has been pledged as collateral.

8. RECOVERABLE TAXES

	Parent Company		Consolidated	
	12/12/2024	12/31/2023	12/31/2024	12/31/2023
Income tax and social contribution on inflation adjustment of undue amounts paid.	71,239	65,014	71,239	65,014
Prepayments of income tax and social contribution	-	41,813	7,071	51,632
Withholding income tax (IRRF)	5,196	9,171	5,508	10,242
Value-added tax on sales and services (ICMS)	7,852	13,100	7,852	13,101
PIS and COFINS recoverable (i)	64,399	146,873	64,798	147,363
Investment grant tax credit (ii)	71,889	-	71,889	-
Value added tax (IVA) - Subsidiaries	-	-	28,557	20,792
Other	12,679	13,227	19,117	17,142
Total	233,254	289,198	276,031	325,286
Current installment	136,570	191,637	179,347	227,725
Non-current installment	96,684	97,561	96,684	97,561

(i) In 2023, the Company chose to fully utilize the credits arising from the legal action regarding the exclusion of PIS and COFINS from the ICMS tax base, accumulating credits from purchase transactions for future use.

(ii) This refers to a tax credit resulting from government subsidy incentives (Law 14.789/23), as mentioned in Note 4.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

9. INCOME TAX AND SOCIAL CONTRIBUTION**9.1. Deferred**

Deferred tax assets are recognized on temporary differences only when it is probable that the Company will present future taxable income in a sufficient amount to use these deductible temporary differences. The amounts are calculated based on the rates provided for by the tax legislation prevailing on the balance sheet dates.

Origins are shown below:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Assets				
Provision for expected losses in accounts receivable	5,336	5,790	5,336	6,259
Provision for expected losses in accounts receivable (ASA/C)	91,369	91,369	91,369	91,369
Provision for inventory losses, including taxes	59,756	23,761	73,774	27,841
Provision for tax, civil and labor contingencies	15,719	5,414	15,719	5,414
Provision for long-term incentive plan	16,389	10,747	19,297	13,255
Provision for impairment loss in property, plant and equipment	2,000	10,064	2,000	10,064
Recognition adjustment of sales revenue	2,041	2,625	2,041	2,625
Tax losses and the negative social contribution base	80,092	114,582	105,236	114,582
Deferred taxes on unrealized profits	-	-	8,797	3,569
Other temporary differences	15,414	24,513	18,230	31,153
Total gross tax credits	288,116	288,865	341,799	306,131
Liabilities				
Goodwill in the acquisition of subsidiaries - amortized for tax purposes (i)	(18,313)	(18,313)	(18,313)	(18,313)
Inflation adjustment of judicial deposits	(3,189)	(2,871)	(3,189)	(2,871)
Changes in the tax depreciation rate of property, plant and equipment	(29,261)	(25,745)	(29,261)	(25,745)
Other temporary differences	-	-	(69)	(206)
Total gross tax debits	(50,763)	(46,929)	(50,832)	(47,135)
Total tax credits, net	237,353	241,936	290,967	258,996
Deferred tax assets	237,353	241,936	291,036	259,202
Deferred taxes - liabilities	-	-	(69)	(206)
Total tax credits, net	237,353	241,936	290,967	258,996

(i) The Company enjoyed the goodwill tax benefit on merger of subsidiary CBS S.A. - Companhia Brasileira de Sandálias.

As of December 31, 2024, the Company has tax credit on tax losses and temporary differences not recognized in consolidated financial statements derived from its subsidiaries for not generating consistent results for tax use of these credits. The amounts of tax credits, not recognized and calculated at the current rates in the respective countries, is as follows:

	12/31/2024	12/31/2023
Alpa USA	129,575	76,337
Alpa Hong Kong	3,806	1,133
Alpa Shanghai	9,478	6,893
Alpa India	5,125	3,793
Alpa Colombia	23,616	16,069
Total tax credit, not formed	171,600	104,225

The tax credit on tax losses generated by subsidiaries in United States and Colombia, have up to 20-year and 12-year period to be offset (expiration date) respectively.

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

Changes in balances of deferred income tax and social contribution, net for the years ended December 31, 2024 and 2023 are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Balances at December 31, 2022	43,199	52,727
Effects on income (loss)	198,747	210,193
Exchange-rate change and other changes	(10)	(3,924)
Balances at December 31, 2023	241,936	258,996
	<u>Parent company</u>	<u>Consolidated</u>
Balances at December 31, 2023	241,936	258,996
Effects on income (loss)	(4,583)	29,439
Exchange-rate change and other changes	-	2,532
Balances at December 31, 2024	237,353	290,967

9.2. Rate reconciliation

Reconciliation of income tax and social contribution on net income:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
Income before income tax and social contribution	83,212	(2,079,452)	63,499	(2,084,867)
Combined tax rate for income tax and social contribution	34%	34%	34%	34%
Expected income tax and social contribution expense at current tax rate	(28,292)	707,014	(21,590)	708,855
Equity in net income of subsidiaries	(65,820)	(183,476)	7,242	(143,484)
Investment grant – ICMS	-	85,964	-	85,964
Goodwill impairment of loasys and Rothy's	-	(405,341)	-	(405,341)
Federal tax grant (Corporate income tax)	35,642	-	35,642	-
Tax loss not formed and adjustment of equalization of rates of subsidiaries	-	-	(61,411)	(37,282)
Estimated tax credit on investment grants (i)	71,889	-	71,889	-
<i>Lei do Bem</i> – Research and Development Benefit	10,300	-	10,300	-
Income tax and social contribution on the SELIC of undue amounts paid to be recovered in the future	1,580	1,916	1,580	1,916
Other permanent additions, net	(532)	6,755	246	6,755
Total expense for income tax and social contribution	24,767	212,832	43,898	217,383
Current	29,350	14,085	14,459	7,190
Deferred	(4,583)	198,747	29,439	210,193
Effective rate	-30%	10%	-69%	10%

(i) Tax credit according to Law 14.789/23, as mentioned in Note 4.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

10. JUDICIAL AND PLEDGE DEPOSITS

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Tax lawsuits (i)	19,186	18,254	19,186	18,254
Civil lawsuits	103	103	103	103
Labor claims (i)	17,538	12,979	17,538	12,979
Total	36,827	31,336	36,827	31,336

(i) Include labor monetary adjustment of R\$1,403 and tax adjustment of R\$ 9,378.

Judicial deposits, which do not involve current obligations, were necessary to proceed with certain lawsuits. Based on the management's and its legal advisors' opinion, the likelihood of loss is not considered probable; therefore, no provision for tax, civil and labor contingencies was recorded; with respect to such proceedings, other judicial deposits' balances are presented net of respective provision, lawsuits, as shown in note 23.

11. ACCOUNTS RECEIVABLE FOR THE SALE OF SUBSIDIARIES**Accounts receivable – ASAIC**

On December 31, 2023, the Company has a balance of R\$ 268,733 (restated until February 28, 2023) for the sale of the subsidiary Alpargatas S.A.I.C. ("ASAIC") to Mr. Carlos Roberto Wizard Martins ("Buyer"), pursuant to the Purchase and Sale Agreement and Other Covenants signed by the Company and the Buyer on September 14, 2018, as amended ("Agreement"). Under the terms of the Agreement, such amount would be received in 3 annual, equal and consecutive installments, adjusted by the CDI rate, with the first installment maturing in March 2023. However, as disclosed in a Material Fact dated March 7, 2023, the Buyer failed to pay the first installment of the remaining price for the acquisition of ASAIC's ownership interest ("Remaining Price") on March 6, 2023 ("Default").

In the context of discussions involving the Agreement, the Buyer filed two arbitration proceedings with the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM-CCBC), the first to discuss the non-occurrence of the trigger for the price adjustment of ASAIC and non-compliance with obligations under the Agreement, more specifically obligations to provide guarantees by the Buyer and indemnification by Alpargatas, and the second to file motions to court enforcement (together, "Arbitration Proceedings"). The Arbitration Proceedings are in the initial stages and the parties have not yet signed the respective terms of arbitration. Currently, the engaged legal advisors consider that the Company has a good chance of obtaining a favorable decision in both Arbitration Proceedings.

Notwithstanding the position of the Company and its legal advisors regarding the success of the proceedings, due to the Default and the change in risks involving the credit recoverability, the Company deemed it appropriate to fully provision the amounts in question and formed a provision in the 1Q23.

Accounts Receivable Osklen

In October 2024, the full amount of the accounts receivable related to the sale of Osklen was collected, totaling R\$52,405. As of December 31, 2023, the balance recorded under current assets in the Parent Company and Consolidated financial statements was R\$48,527.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

12. INVESTMENTS

They are represented as follows:

	Parent Company		Consolidated	
	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
Investments (subsidiaries and associated company)	948,026	784,224	835,625	627,905
Goodwill in the acquisition of subsidiaries and associated company				
loasys	194,401	194,401	-	-
Rothy's	1,080,593	1,080,593	1,080,593	-
Impairment of goodwill				
loasys	(111,586)	(111,586)	-	-
Rothy's	(1,080,593)	(1,080,593)	(1,080,593)	-
	<u>1,030,841</u>	<u>867,039</u>	<u>835,625</u>	<u>627,905</u>

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

Changes in investments for the years ended December 31, 2024 and 2023 are as follows:

	<u>Fibrasil</u>	<u>Alpa Europa</u>	<u>Alpa Imobiliária</u>	<u>Alpa Colômbia</u>	<u>Alpa Hong Kong</u>	<u>Alpa Índia</u>	<u>Alpa Shanghai</u>	<u>loasys</u>	<u>Rothy's Inc.</u>	<u>Total</u>
Information as of December 31, 2023										
Quantity of shares or units held	5,978,752	57,834,570	16,557,755	19,056,969	1	51,000,000	1	403,898	9,069,518	
Total current assets	5,657	441,022	32,163	44,108	64,449	2,127	16,382	37,917	1,046,162	
Total non-current assets	-	171,949	323	404	92	-	-	8,020	1,133,859	
Total current liabilities	62	716,582	100	42,306	27,589	521	22,065	5,627	276,146	
Total non-current liabilities	-	40,694	-	-	1,422	-	-	2,604	343,960	
Capital	5,979	644	16,558	79,990	45,027	18,644	45,996	404	2,324,149	
Non-controlling interest	-	-	-	-	-	-	-	-	835,625	
Shareholders' equity - controlling shareholders	5,595	(144,305)	32,386	2,205	35,530	1,606	(5,684)	37,706	863,735	
Unrealized income in inventories	-	(14,169)	-	(1,765)	-	(75)	(1,068)	-	-	
	<u>5,595</u>	<u>(158,474)</u>	<u>32,386</u>	<u>440</u>	<u>35,530</u>	<u>1,531</u>	<u>(6,752)</u>	<u>37,706</u>	<u>863,735</u>	
Net revenue for the period	-	737,203	-	16,922	133,005	176	20,342	53,583	1,153,357	
Net income (loss) for the period (i)	254	(215,100)	1,652	(15,769)	24,293	(1,186)	(3,588)	6,363	43,747	
Share %	99,99%	100,00%	99,99%	100,00%	100,00%	51,00%	100,00%	100,00%	49,17%	
Book value of investments:										
Balance at December 31, 2023	<u>5,340</u>	<u>69,100</u>	<u>30,733</u>	<u>15,768</u>	<u>4,297</u>	<u>648</u>	<u>(1,528)</u>	<u>30,433</u>	<u>627,905</u>	<u>782,696</u>
Capital increase/contribution	-	-	-	-	-	517	-	-	-	517
Equity method results (i)	255	(223,992)	1,653	(18,388)	24,293	(613)	(4,459)	6,363	21,301 (iii)	(193,587)
Exchange rate variation of investments	-	(3,583)	-	3,060	6,940	192	(764)	-	179,816	185,661
Long-term incentive – grant in shares	-	-	-	-	-	-	-	910	11,839	12,749
Other changes	-	-	-	-	-	-	-	-	(5,236)	(5,236)
Balance at December 31, 2024	<u>5,595</u>	<u>(158,475)</u> (v)	<u>32,386</u>	<u>440</u>	<u>35,530</u>	<u>744</u>	<u>(6,751)</u> (v)	<u>37,706</u> (ii)	<u>835,625</u> (iv)	<u>782,800</u>

(i) The difference, when applicable, between the subsidiary's profit and the equity method for the period refers to the realization in the subsidiary's inventory.

(ii) The investment includes R\$134 of fair value adjustment, and the equity method includes the expense of R\$402 for amortization of the mentioned adjustment.

(iii) The difference in the participation calculation compared to the equity method result for the period refers to the dilution adjustment of Rothy's participation.

(iv) The investment includes R\$313,099 of fair value adjustment, and the equity method includes the expense of R\$14,640 for amortization of the mentioned adjustment.

(v) The negative values are presented in the non-current liabilities under the "Deficit in subsidiaries" account.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023
In thousands of reais

	<u>Fibrasil</u>	<u>Alpa Europa</u>	<u>Alpa Imobiliária</u>	<u>Alpa Colômbia</u>	<u>Alpa Hong Kong</u>	<u>Alpa Índia</u>	<u>Alpa Shanghai</u>	<u>loasys</u>	<u>Rothy's Inc.</u>	<u>Total</u>
Information as of December 31, 2023										
Quantity of shares or units held	5,978,752	57,834,570	16,557,755	19,056,969	1	51,000,000	1	403,898	9,069,518	
Total current assets	5,347	370,802	28,233	40,522	26,220	1,743	9,700	33,151	817,917	
Total non-current assets	-	119,461	2,562	394	238	15	696	3,843	886,480	
Total current liabilities	7	386,295	62	24,276	21,683	361	11,713	5,165	165,804	
Total non-current liabilities	-	29,088	-	-	478	-	-	1,396	261,998	
Capital	5,979	535	16,558	71,064	34,998	14,026	36,952	404	1,817,074	
Non-controlling interest	-	-	-	-	-	684	-	-	627,905	
Shareholders' equity - controlling shareholders	5,340	74,880	30,733	16,640	4,297	713	(1,317)	30,433	648,690	
Unrealized income in inventories	-	(5,780)	-	(872)	-	(65)	(211)	-	-	
	<u>5,340</u>	<u>69,100</u>	<u>30,733</u>	<u>15,768</u>	<u>4,297</u>	<u>648</u>	<u>(1,528)</u>	<u>30,433</u>	<u>648,690</u>	
Net revenue for the year	-	769,084	-	15,754	116,689	306	22,742	54,468	897,052	
Net income (loss) for the year (i)	268	(84,208)	(i) 2,887	(4,537)	(ii) (10,590)	(iii) (1,762)	(iv) (3,370)	1,678	(851,294)	
Interest %	100,00%	100,00%	100,00%	100,00%	100,00%	51,00%	100,00%	100,00%	49,1859%	
Book value of investments:										
Balance at December 31, 2022	5,072	166,304	27,846	-	15,999	1,632	1,256	28,121	1,117,539	1,363,769
Capital increase and acquisition of investment	-	-	-	34,381	-	-	-	-	-	34,381
Equity method result (i)	268	(103,877)	(i) 2,887	(4,136)	(ii) (10,590)	(iii) (873)	(iv) (2,979)	1,678	(422,012)	(vii) (539,634)
Exchange-rate change on investments	-	6,673	-	(314)	(1,362)	(111)	195	-	(75,091)	(70,010)
Long-term incentive – grant in shares	-	-	-	-	-	-	-	634	4,830	5,464
Adjustment by dilution of interest	-	-	-	-	-	-	-	-	1,134	1,134
Other changes	-	-	-	(14,163)	(vi) 250	-	-	-	1,505	(12,408)
Balance at December 31, 2023	5,340	69,100	30,733	15,768	4,297	648	(1,528)	30,433	627,905	782,696

(i) The difference of R\$19,669 between Alpargatas Europe S.L.U.'s earnings and equity in the year refers to the unrealized profit in the subsidiary's inventories.

(ii) The difference of R\$401 between Alpargatas Colombia's profit and equity in the year refers to the profit realized in the subsidiary's inventories.

(iii) The difference of R\$26 between the profit of Alpargatas India Fashion Private Ltda. and the equity in the year refers to the profit realized in the subsidiary's inventories.

(iv) The difference of R\$391 between the profit of Alpargatas Trading (Shanghai) Co. Ltd. (China) and the equity in the year refers to the profit realized in the subsidiary's inventories.

(v) The negative amounts are presented in non-current liabilities under the heading "Uncovered liabilities of subsidiaries".

(vi) Refers to the return of a negative balance that was classified in other bonds.

(vii) Includes the amount of R\$ 372,494 related to the impairment of the Brand, as mentioned in explanatory note No. 12.2

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

12.1. Acquisition of loasys

The Company acquired 100% of loasys' shares in fiscal year 2021, and has a balance payable due in May 2026, recorded in non-current liabilities in the Parent Company and in the Consolidated, in the amount of R\$82,801 as of December 31, 2024 (R\$78,879 in non-current liabilities in the Parent Company and in the Consolidated as of December 31, 2023). The balance payable for the fixed installment is updated monthly by the CDI.

12.2. Impairment test of goodwill (impairment)

The Company tested the recoverability of cash-generating units ("CGUs") with allocated goodwill and assets with indefinite useful lives and identified impairment losses in some CGUs.

The assumptions used to determine fair value using the discounted cash flow method are in compliance with the Company's strategic plan, approved by the Board of Directors and include: (i) cash flow projections based on Management's estimates of future cash flows, (ii) discount rates and (iii) growth rates to determine perpetuity. Furthermore, perpetuity was calculated considering the stabilization of operating margins, working capital levels and investments from the fifth year of the projection. The Company adopted the 9-year projection for all CGUs.

The main assumptions used to calculate CGU's value in use as of December 31, 2023 were as follows:

	CGUs		
	Carpina (Sandálias)	loasys	Rothy´s (i)
Discount rate (before taxes)	14.9%	16.2%	12.1%
Growth rate in perpetuity	5.5%	5.5%	2.5%
Estimated growth rate for operating income (loss) (CAGR 24-32)	7.4%	11.1%	22.2%

(i) For Rothys, projections were made in US\$, as this is the Company's functional currency.

The discount rates used were calculated before taxes considering the Weighted Average Cost of Capital ("WACC") method, which considers the cost of equity and cost of debt. The cost of own capital was calculated using the Capital Asset Pricing Model ("CAPM") method, using values and assumptions aligned with market practices for these calculations and considering the particularities of each CGU. Management believes that the perpetuity growth rate used is in line with the market assumptions.

Operating profit was projected using macroeconomic and inflation-adjusted assumptions for anticipated sales growth, performance expectations and market developments. The weighted average growth rates used are consistent with the forecasts included in industry reports.

No losses were identified due to non-recovery of goodwill in the sandals unit. The estimated value in use exceeded the book value by R\$ 1,920,388. The Company carried out a sensitivity test on the Sandals CGU test. If the discount rate increased by 1 p.p., the value in use would exceed the book value by R\$ 1,722,152, while if the growth of operating income decreased by 1 p.p., the excess would be R\$ 1,614,579. In both tests, all other assumptions were kept.

UGC – loasys

On December 31, 2024, no losses were identified due to non-recovery of goodwill in loasys' UGC (on December 31, 2023, losses of R\$111,586 were recognized due to non-recoverability of goodwill).

The estimated value in use exceeded the book value by R\$648. The Company has performed a sensitivity test on the loasys UGC test. If the discount rate increased by 1 p.p., the value in use would be lower than the book value

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

by R\$5,336, while if the growth in operating income reduced by 1 p.p., the value in use would be R\$4,552 lower. In both tests, all other assumptions were maintained.

UGC - Rothy's

As of December 31, 2024, no losses due to non-recovery of goodwill were identified in Rothy's UGC (as of December 31, 2023, losses of R\$1,080,593 for the non-recoverability of goodwill and R\$372,494 for non-recoverability of intangible assets were recognized).

The estimated value in use exceeded the book value by R\$84,682. The Company has conducted a sensitivity test on the Rothy's UGC test. If the discount rate increased by 1 p.p., the value in use would exceed the book value by R\$35,004, while if the growth in operating income reduced by 1p.p., the excess would be R\$68,423. In both tests, all other assumptions were maintained.

13. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment is measured at historical, which cost includes expenditures directly attributable to the acquisition of items and financing costs related to the acquisition of qualified assets.

	Average rate of depreciation % p.a	12/31/2024			Parent Company 12/31/2023		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
		Land	-	9,722	-	9,722	9,722
Buildings and constructions	2% p.a.	626,631	(144,125)	482,506	416,912	(130,445)	286,467
Machinery and equipment	7% p.a.	1,128,428	(439,027)	689,401	1,003,997	(376,550)	627,447
Furniture and fixtures	10% p.a.	93,268	(49,987)	43,281	85,054	(44,471)	40,583
Vehicles	11% p.a.	6,630	(5,732)	898	6,782	(5,829)	953
Leasehold improvements	19% p.a.	65,682	(39,506)	26,176	64,518	(30,423)	34,095
Projects in progress	-	154,860	-	154,860	396,502	-	396,502
Other property, plant and equipment	-	566	-	566	1,365	-	1,365
Provision for impairment (i)	-	(5,882)	-	(5,882)	(8,838)	-	(8,838)
		2,079,905	(678,377)	1,401,528	1,976,014	(587,718)	1,388,296

	Average rate of depreciation % p.a	12/31/2024			Consolidated 12/31/2023		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
		Land	-	9,722	-	9,722	9,722
Buildings and constructions	2% a.a.	626,649	(144,602)	482,047	416,928	(130,636)	286,292
Machinery and equipment	7% a.a.	1,139,952	(448,042)	691,910	1,014,748	(384,055)	630,693
Furniture and fixtures	10% a.a.	128,525	(73,246)	55,279	117,462	(63,294)	54,168
Vehicles	11% a.a.	9,808	(8,739)	1,069	9,280	(7,473)	1,807
Leasehold improvements	19% a.a.	92,834	(58,116)	34,718	87,133	(47,546)	39,587
Projects in progress	-	160,701	-	160,701	397,398	-	397,398
Other property, plant and equipment	-	566	-	566	1,365	-	1,365
Provision for impairment (i)	-	(5,882)	-	(5,882)	(8,838)	-	(8,838)
		2,162,875	(732,745)	1,430,130	2,045,198	(633,004)	1,412,194

(i) Refers to provision for asset losses of deactivated plants or obsolete assets.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023
 In thousands of reais

Changes in balances for the years ended December 31, 2024 and 2023 are as follows:

	Parent Company						
	12/31/2023	Additions	Transfers (i)	Depreciation	Write-offs	Other changes	12/31/2024
Land	9,722	-	-	-	-	-	9,722
Buildings and constructions	286,467	-	211,437	(13,875)	(1,048)	(475)	482,506
Machinery and equipment	627,447	-	137,917	(73,241)	(2,793)	71	689,401
Furniture and fixtures	40,583	-	9,179	(6,377)	(104)	-	43,281
Vehicles	953	-	171	(208)	(19)	1	898
Leasehold improvements	34,095	-	1,432	(9,350)	-	(1)	26,176
Projects in progress (ii)	396,502	128,338	(369,978)	-	-	(2)	154,860
Other property, plant and equipment	1,365	-	-	-	-	(799)	566
Provision for losses ("impairment") (iii)	(8,838)	-	-	44	-	2,912	(5,882)
	1,388,296	128,338	(9,842)	(103,007)	(3,964)	1,707	1,401,528

- (i) Correspond to the movements of assets between the item "Projects in progress" to the corresponding definitive accounts of "Fixed Assets", at the time of the closure of the projects.
 (ii) The balances recorded under the heading "Projects in progress" refer mainly to the projects of: (a) Productivity in the amount of R\$76,484, (b) ILEP (industrial and logistics excellence program) in the amount of R\$29,852 (c) Compliance and Security in the amount of 21,175 and other projects.
 (iii) Refers to the provision for losses of unused or obsolete assets of factories.

	Parent Company						
	12/31/2022	Additions	Transfers (i)	Depreciation	Write-offs	Other changes (iv)	12/31/2023
Land	9,722	-	-	-	-	-	9,722
Buildings and constructions	248,617	-	81,610	(11,798)	(2,157)	(29,805)	286,467
Machinery and equipment	411,179	-	285,360	(64,258)	(4,673)	(161)	627,447
Furniture and fixtures	21,735	-	23,974	(4,832)	(294)	-	40,583
Vehicles	1,244	-	-	(282)	(9)	-	953
Leasehold improvements	16,984	-	24,287	(6,763)	(413)	-	34,095
Projects in progress (ii)	570,685	214,339	(417,601)	-	-	29,079	396,502
Other property, plant and equipment	1,365	-	-	-	-	-	1,365
Provision for losses ("impairment") (iii)	(34,083)	-	-	1,357	-	23,888	(8,838)
	1,247,448	214,339	(2,370)	(86,576)	(7,546)	23,001	1,388,296

- (i) They are changes in assets between the line item "Projects in progress" to the corresponding definite accounts in "Property, plant and equipment", upon completion of projects.
 (ii) The balances recorded in line item "Projects in progress" refer to the following projects: Innovation in the amount of R\$ 18,926, ILEP (industrial and logistics excellence program) in the amount of R\$ 283,774, Productivity in the amount of R\$ 38,074, Compliance/Security, in the amount of R\$ 5,786, Digital in the amount of R\$ 17,578, other projects in the amount of R\$ 4,337 and related to the fire at the Santa Rita plant in the amount of R\$ 28,027.
 (iii) Refers to provision for asset losses of deactivated plants or obsolete assets.
 (iv) It mainly refers to the consumption of the provision for impairment of machinery, equipment and facilities that were damaged in the fire that occurred at the Santa Rita plant, as mentioned in Note 1.2.

	Consolidated						
	12/31/2023	Additions	Transfers (i)	Depreciation	Write-offs	Other changes	12/31/2024
Land	9,722	-	-	-	-	-	9,722
Buildings and constructions	286,292	-	211,437	(13,878)	(1,048)	(756)	482,047
Machinery and equipment	630,693	-	139,281	(76,537)	(3,055)	1,528	691,910
Furniture and fixtures	54,168	-	13,391	(18,519)	(226)	6,465	55,279
Vehicles	1,807	-	171	(3,572)	(19)	2,682	1,069
Leasehold improvements	39,587	-	2,195	(14,479)	(342)	7,757	34,718
Projects in progress (ii)	397,398	155,194	(387,982)	-	-	(3,909)	160,701
Other property, plant and equipment	1,365	-	-	-	-	(799)	566
Provision for losses ("impairment") (iii)	(8,838)	-	-	44	-	2,912	(5,882)
	1,412,194	155,194	(21,507)	(126,941)	(4,690)	15,880	1,430,130

- (i) Correspond to the movements of assets between the item "Projects in progress" to the corresponding definitive accounts of "Fixed Assets", at the time of the closure of the projects.
 (ii) The balances recorded under the heading "Projects in progress" refer mainly to the projects of: (a) Productivity in the amount of R\$76,484, (b) ILEP (industrial and logistics excellence program) in the amount of R\$29,852 (c) Compliance and Security in the amount of 21,175 and other projects.
 (iii) Refers to the provision for losses of unused or obsolete assets of factories.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023
In thousands of reais

	Consolidated						
	12/31/2022	Additions	Transfers (i)	Depreciation	Write-offs	Other changes	12/31/2023
Land	9,722	-	-	-	-	-	9,722
Buildings and constructions	248,499	-	81,610	(11,798)	(2,157)	(29,862)	286,292
Machinery and equipment	416,583	-	285,923	(66,494)	(5,751)	432	630,693
Furniture and fixtures	28,422	-	43,209	(10,123)	(667)	(6,673)	54,168
Vehicles	3,143	-	-	(1,644)	(8)	316	1,807
Leasehold improvements	26,195	-	24,606	(11,328)	(431)	545	39,587
Projects in progress (ii)	580,186	246,644	(449,666)	-	(266)	20,500	397,398
Other property, plant and equipment	1,365	-	-	-	-	-	1,365
Provision for losses ("impairment") (iii)	(34,083)	-	-	1,357	-	23,888	(8,838)
	1,280,032	246,644	(14,318)	(100,030)	(9,280)	9,146	1,412,194

(i) Correspond to the movements of assets between the item "Projects in progress" to the corresponding definitive accounts of "Fixed Assets", at the time of the closure of the projects.

(ii) The balances recorded under the heading "Projects in progress" refer to the projects of: Innovation in the amount of R\$18,926, ILEP (industrial and logistics excellence program) in the amount of R\$283,774, Productivity in the amount of R\$38,074, Compliance/Safety in the amount of R\$5,786, Digital in the amount of R\$17,578, other projects in the amount of R\$5,233 and related to the fire at the Santa Rita plant R\$28,027.

(iii) Refers to the provision for losses of unused or obsolete assets of factories.

(iv) Refers mainly to the consumption of impairment provision for machinery, equipment and facilities that were damaged in the fire that occurred at the Santa Rita plant as mentioned in explanatory note No. 1.2 and exchange rate variation.

14. INTANGIBLE ASSETS

		Parent Company					
		12/31/2024			12/31/2023		
	Average rate of amortization % p.a	Cost	Accumulated amortization	Net	Cost	Accumulated amortization (i)	Net
With defined useful life:							
Business management systems (i)	19% p.a.	549,447	(339,172)	210,274	518,248	(280,425)	237,823
Without defined useful life:							
Brands, rights and patents	-	1,016	-	1,016	1,016	-	1,016
Goodwill in the acquisition of the subsidiary (ii)	-	53,862	-	53,862	53,862	-	53,862
Projects in progress	-	53,431	-	53,431	99,191	-	99,191
Provision for losses ("impairment")	-	-	-	-	(20,810)	-	(20,810)
Total		657,756	(339,172)	318,583	651,507	(280,425)	371,082

		Consolidated					
		12/31/2024			12/31/2023		
	Average rate of amortization % p.a	Cost	Accumulated amortization	Net	Cost	Accumulated amortization (i)	Net
With defined useful life:							
Business management systems (i)	19% p.a.	664,239	(409,398)	254,841	604,680	(323,424)	281,256
Customer portfolio	33% p.a.	374	(374)	-	374	-	374
Without defined useful life:							
Brands, rights and patents	-	1,016	-	1,016	1,016	-	1,016
Goodwill in the acquisition of the subsidiary (ii)	-	136,678	-	136,678	136,678	-	136,678
Projects in progress	-	53,431	-	53,431	99,191	-	99,191
Provision for losses ("impairment")	-	-	-	-	(20,810)	-	(20,810)
Total		855,738	(409,772)	445,966	821,129	(323,424)	497,705

(i) Refers to expenditures incurred in acquiring, developing, and implementing business management systems, such as SAP/R3, systems related to the production process, and systems related to the sales process.

(ii) Goodwill in the acquisition of loasys in the amount of R\$82,815 and of the merged company CBS - Companhia Brasileira de Sandálias S.A. in the amount of R\$53,863.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023
 In thousands of reais

The movements of the balances for the years ended December 31, 2024 and 2023 are shown below:

Parent Company

	12/31/2023	Additions	Transfer (i)	Amortization	Write-offs	Other	12/31/2024
With defined useful life:							
Business management systems	237,823	-	59,375	(69,116)	(17,764)	(44)	210,274
Without defined useful life:							
Brands, rights and patents	1,016	-	-	-	-	-	1,016
Goodwill in the acquisition of subsidiaries	53,862	-	-	-	-	-	53,862
Projects in progress (ii)	99,191	3,773	(49,533)	-	-	-	53,431
Provision for losses ("impairment")	(20,810)	-	-	3,046	17,764	-	-
	<u>371,082</u>	<u>3,773</u>	<u>9,842</u>	<u>(66,070)</u>	<u>-</u>	<u>(44)</u>	<u>318,583</u>

- (i) Transfers correspond to the movements of assets between the item "Projects in progress" and the corresponding definitive accounts of the "Intangible" at the time of project closure.
 (ii) The balances recorded under the heading "Projects in progress" mainly refer to the following projects: (a) ILEP (industrial and logistics excellence program) with a value of R\$29,790, (b) Compliance with a value of R\$10,664, (c) Productivity with a value of R\$7,152, and other projects.

Parent Company

	12/31/2022	Additions	Transfer (i)	Amortization	Write-offs	Other	12/31/2023
With defined useful life:							
Business management systems	134,715	-	158,522	(55,125)	(235)	(54)	237,823
Without defined useful life:							
Brands, rights and patents	1,016	-	-	-	-	-	1,016
Goodwill in the acquisition of subsidiaries	53,862	-	-	-	-	-	53,862
Projects in progress (ii)	169,997	85,349	(156,152)	-	-	(3)	99,191
Provision for losses ("impairment")	-	-	-	-	-	(20,810)	(20,810)
	<u>359,590</u>	<u>85,349</u>	<u>2,370</u>	<u>(55,125)</u>	<u>(235)</u>	<u>(20,867)</u>	<u>371,082</u>

- (i) Transfers correspond to the movement of assets between the item "Projects in progress" to the corresponding definitive accounts of the "Intangible", at the time of the closure of the projects.
 (ii) The balances recorded under the heading "Projects in progress" refer to the projects of: Digital expansion R\$12,103, ILEP (industrial and logistics excellence program) in the amount of R\$72,703, Compliance in the amount of R\$7,545 and other projects in the amount of R\$6,840.

Consolidated

	12/31/2023	Additions	Transfer (i)	Amortization	Write-offs	Other	12/31/2024
With defined useful life:							
Business management systems	281,256	-	71,040	(78,975)	(17,764)	(716)	254,841
Customer portfolio	374	-	-	-	-	(374)	-
Without defined useful life:							
Brands, rights and patents	1,016	-	-	-	-	-	1,016
Goodwill in the acquisition of subsidiaries	136,678	-	-	-	-	-	136,678
Projects in progress (ii)	99,191	3,773	(49,533)	-	-	-	53,431
Provision for losses ("impairment")	(20,810)	-	-	3,046	17,764	-	-
	<u>497,705</u>	<u>3,773</u>	<u>21,507</u>	<u>(75,929)</u>	<u>-</u>	<u>(1,090)</u>	<u>445,966</u>

- (i) Transfers correspond to the movement of assets between the item "Projects in progress" to the corresponding definitive accounts of the "Intangible", at the time of the closure of the projects.

(ii) The balances recorded under the heading "Projects in progress" refer mainly to the projects of: (a) ILEP (industrial and logistics excellence program) in the amount of R\$29,790, (b) Compliance in the amount of R\$10,664 (c) Productivity in the amount of R\$7,152 and other projects.

Consolidated

	12/31/2022	Additions	Transfer (i)	Amortization	Write-offs	Other	12/31/2023
--	------------	-----------	--------------	--------------	------------	-------	------------

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023
In thousands of reais

With defined useful life:							
Business management systems	167,095	-	170,470	(67,888)	(514)	12,093	281,256
Customer portfolio	1,273	-	-	-	-	(899)	374
Without defined useful life							
Brands, rights and patents	1,016	-	-	-	-	-	1,016
Goodwill in the acquisition of subsidiaries (iii)	248,263	-	-	-	-	(111,585)	136,678
Projects in progress (ii)	169,997	85,349	(156,152)	-	(71)	68	99,191
Provision for losses ("impairment")	-	-	-	-	-	(20,810)	(20,810)
	<u>587,644</u>	<u>85,349</u>	<u>14,318</u>	<u>(67,888)</u>	<u>(585)</u>	<u>(121,133)</u>	<u>497,705</u>

(i) Transfers correspond to the movement of assets between the item "Projects in progress" to the corresponding definitive accounts of the "Intangible", at the time of the closure of the projects.

(ii) The balances recorded under the heading "Projects in progress" refer to the following projects: Digital expansion R\$12,103, ILEP (industrial and logistics excellence program) in the amount of R\$72,703, Compliance/Security in the amount of R\$7,545 and other projects in the amount of R\$6,840.

(iii) During the 2023 fiscal year, the provision for impairment of loasys' goodwill was made as mentioned in note 12.2.

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company leases a few assets, mainly properties (offices, distribution centers and stores), usually for a period of five (5) to fifteen (15) years. A few leases include the renewal option of the lease for another period of five (5) years after the agreement term.

Contracts' discount at present value rate is calculated for each Group's company using the Company's credit risk rates with the market's large financial institutions that would be practiced if the Company raised loans with maturities like rent contracts' maturities, including each asset's guarantee.

Payments linked to short-term leases of equipment and vehicles and all leases of low-value assets are recognized under the straight-line method as an expense in the income (loss). Short-term leases are those with a term of 12 months or less. Low-value assets include IT equipment and small office furniture items.

Changes in balances of assets and liabilities for the years ended December 31, 2024 and 2023 are as follows:

	Parent Company	Consolidated
Right-of-use assets		
Balances at December 31, 2022	87,968	147,205
Additions	76,158	76,192
Write-offs	(3,587)	(3,839)
Depreciation	(27,093)	(43,332)
Exchange-rate change / Other changes (i)	(581)	(3,036)
Balances at December 31, 2023	132,865	173,190
Right-of-use assets		
Balances at December 31, 2023	132,865	173,190
Additions	3,940	5,885
Remeasurement Adjustments	4,648	18,134
Write-offs	-	(508)
Depreciation	(25,823)	(46,945)
Exchange-rate change / Other changes (i)	-	24,809
Balances at December 31, 2024	115,630	174,565

(i) It mainly refers to the exchange-rate change of the balances of subsidiaries abroad.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements For the years ended December 31, 2024 and 2023

In thousands of reais

Lease Liabilities	Parent Company	Consolidated
Balances at December 31, 2022	(92,170)	(151,727)
Additions	(76,158)	(76,192)
Write-offs	4,001	4,275
Payment of lease liability – ST	21,059	36,008
Interest Payment	14,802	15,858
Interest appropriation	(14,802)	(15,858)
Exchange-rate change / Other changes (i)	-	2,651
Balances at December 31, 2023	(143,268)	(184,985)
Lease Liabilities	Parent Company	Consolidated
Balances at December 31, 2023	(143,268)	(184,985)
Additions	(3,940)	(5,885)
Remeasurement Adjustments	(4,648)	(18,134)
Write-offs	-	567
Payment of lease liability – ST	25,016	46,138
Interest Payment	11,274	12,230
Interest appropriation	(14,102)	(15,181)
Exchange-rate change / Other changes (i)	-	(24,510)
Balances at December 31, 2024	(129,668)	(189,760)

(i) Refers mainly to the exchange variation of the balances of subsidiaries abroad.

15.1 Lease liabilities

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Current	19,965	21,765	38,068	34,859
Non-current	109,703	121,503	151,692	150,126
	129,668	143,268	189,760	184,985

15.2 Impact on income (loss) for the year

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Depreciation of right-of-use	(25,823)	(27,093)	(46,945)	(43,332)
Appropriation of interest of leases	(14,102)	(14,802)	(15,181)	(15,858)
Income upon write-off of right-of-use	-	(414)	59	(436)
	(39,925)	(42,309)	(62,067)	(59,626)

15.3 Impact on cash flow

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Flows from operating activities				
Provision for interest	14,102	14,802	15,181	15,858
Interest Payment	(11,274)	(10,727)	(12,230)	(11,898)
Depreciation from right-of-use	25,823	27,093	46,945	43,332
Result in the cancellation of the right of use	-	(414)	(59)	(414)
Flow from financing activities				
Payment of principal - lease	(25,016)	(25,134)	(46,138)	(39,968)
Items without cash effect				
Additions and adjustments by remeasurement	8,588	73,749	24,019	73,749

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

15.4 Discount rates

The weighted average discount rates applied to lease agreements are presented below:

Term of agreements	Rates p.a	
	Parent Company	Consolidated
01-05 years	12.42%	10.38%
06-10 years	11.97%	9.99%
>10 years	9.53%	8.15%

16. SUPPLIERS

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Domestic	341,004	333,537	337,548	327,885
Foreign (i)	58,354	10,191	117,840	67,182
	399,358	343,728	455,388	395,067

(i) The balance of foreign suppliers mostly refers to amounts denominated in US dollars.

17. FORFAITING

The Group maintains agreements with partner banks to structure transactions to advance receivables with its main suppliers. In this operation, suppliers transfer the right to receive from securities to the Bank in exchange of the advanced receipt of the security. The Bank, on its turn, becomes a creditor of the transaction and the Group settles the obligation on the date originally agreed-upon with its supplier.

This operation does not change the terms, prices and conditions formerly agreed with the supplier. As it is not intended to finance purchases of goods through financial institutions, this operation is presented in current liabilities under "Forfaiting", just below the item "Suppliers". As of December 31, 2024, the amount is R\$ 170,842 in the Parent Company and Consolidated (R\$ 159,889 in the Parent Company and Consolidated as of December 31, 2023).

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

18. LOANS AND FINANCING

	Currency	Index and annual interest rate	Parent Company		Consolidated	
			12/31/2024	12/31/2023	12/31/2024	12/31/2023
In reais (R\$):						
FNE (BNB)		7.15%	(214,117)	(222,946)	(214,117)	(222,946)
Finame		6.00%	-	(640)	-	(640)
Debentures		CDI + 1.40%	(802,097)	(801,403)	(802,097)	(801,403)
NCE		CDI + 1.47%	-	(206,404)	-	(206,404)
Total in reais (R\$)			(1,016,214)	(1,231,393)	(1,016,214)	(1,231,393)
In foreign currency:						
BNDES Exim – Alpargatas S/A (e)	USD	VC + 6.07% p.a.	(193,667)	(150,177)	(193,667)	(150,177)
Working Capital – Alpa Europa (f)	EUR	Euribor 1M + 1.00%	-	-	-	(334)
	EUR	Euribor 1M + 1.80%	-	-	(18,934)	-
Working Capital – Alpa Shanghai (g)	RMB	LPR + 0.55%	-	-	(8,907)	(6,815)
Working Capital – Alpa USA (h)	USD	SOFR 3M + 1.80%	-	-	(185,802)	(96,886)
Total in foreign currency			(193,667)	(150,177)	(407,310)	(254,212)
Total Liabilities			(1,209,881)	(1,381,570)	(1,423,524)	(1,485,605)
Financial instrument (*)			43,679	-	43,679	-
Total Liabilities, net of Financial Instrument			(1,166,202)	(1,381,570)	(1,379,845)	(1,485,605)
Current liabilities			(37,730)	(23,402)	(251,373)	(127,437)
Non-current liabilities			(1,172,151)	(1,358,168)	(1,172,151)	(1,358,168)

(*) Refers to the fair value hedging financial instrument related to the BNDES Exim bank's foreign currency loan agreement classified as Non-current assets under the heading Other credits.

- (a) Financing obtained by the Parent Company from Banco do Nordeste in September 2022 of R\$ 19,200 for a term of 96 months and R\$ 204,000 in October 2022 for a term of 120 months. These resources were allocated for the acquisition of machinery, equipment, and modernization of industrial plants (ILEP Project) and the guarantees are backed by a Bank letter of guarantee.
- (b) The loans and financing related to FINAME were raised by the parent company between 2010 and 2014, with the objective of financing equipment used by the Company, in order to improve and increase production. These loans are amortized monthly, with the principal amount and interest being amortized. All funding was settled in August 2024.
- (c) In December 2022, the Company carried out the 2nd (second) issuance of simple, unsecured non-convertible debentures, in up to two (2) series. The Issuance was composed of 800,000 Debentures in up to two series. The total amount of the Issue is R\$800,000, of which R\$550,000 corresponds to the Debentures of the first series, with a maturity of five years from the date of issue, maturing, therefore, on December 12, 2027, and the Debentures of the second, R\$250,000 with a maturity of seven years from the date of issue, expiring, therefore, on December 12, 2029. All net funds raised through the Issue will be allocated to debt amortization, as the case may be, working capital financing and ordinary management of its businesses.
- (d) In September 2023, the parent company contracted an NCE, in the amount of R\$200,000, with a rate of CDI + 1.47%, with Banco do Bradesco S.A., for the purpose of applying it in the production of goods or services to be exported. The payment of interest will occur every six months from the date of issuance, and the amortization of the principal amount will occur at the maturity of the operation, in September 2025. However, in June 2024, a prepayment of R\$150,000 was made, followed by the settlement of the remaining balance of R\$50,000 in September 2024, settling the NCE in its entirety.
- (e) In July 2023, the parent company contracted the BNDES Exim Pre Shipment line, in the amount of US\$ 30,000, with Banco Safra. At the same time, the Swap was contracted, converting the financial charges from Exchange Variation + 6.07% p.a. to CDI + 1.40%. The payment of interest shall occur quarterly from the start date of the contract and the amortization of the principal shall occur monthly from August 2026 until maturity in July 2027. The amount is intended for the production of goods aimed at export.
- (f) In January 2024, the subsidiary Alpa Europa renewed the revolving credit line with Bank Of America, with a term of 12 months and a limit of EUR 3 million with a new maturity in January 2025. There was another contract in March 2023 in the amount of EUR 2 million with Caixa Bank S.A. com maturity in February 2025, in order to safeguard cash needs during the low season. The subsidiary raises and amortizes these lines according to its working capital needs.
- (g) In January 2024, the subsidiary Alpa Shanghai renewed the working capital line, in the amount of CNY 30 million and LPR rate + 0.55% p.a. and the next maturity of the line will take place in January 2025. The subsidiary raises and amortizes these lines according to its working capital needs.
- (h) In January 2024, the subsidiary Alpa USA renewed a revolving credit facility, with a maximum amount of USD 25 million, in order to support its working capital.
- (i) In September 2024, this line increased to USD 35 million, maturing in March 2027. The subsidiary raises and amortizes this line according to its cash needs.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

Changes in balances for the years ended December 31, 2024 and 2023 are as follows:

	Parent Company	Consolidated
Balance at December 31, 2022	1,184,609	1,275,251
Borrowings	345,733	480,967
Payment of principal	(146,033)	(260,282)
Interest payment	(139,821)	(144,264)
Capitalized interest	21,102	21,102
Interest and Exchange rate variation provision	115,980	112,831
Balance at December 31, 2023	1,381,570	1,485,605
	Parent Company	Consolidated
Balance at December 31, 2023	1,381,570	1,485,605
Borrowings	-	206,744
Payment of principal	(217,588)	(362,345)
Interest payment	(142,403)	(151,247)
Interest provision	144,623	153,379
Exchange-rate change	-	47,709
Balance at December 31, 2024	1,166,202	1,379,845

The maturities of the portion recorded in the non-current liabilities, net of the financial instrument recorded in the assets, are shown below:

	Parent Company e Consolidated	
	12/31/2024	12/31/2023
≤2 years	89,249	228,299
2 - 5 years	923,713	904,752
> 5 years	71,831	225,117
	1,128,472	1,358,168

As of December 31, 2024, there is no asset intended to guarantee loans and financing.

Contractual covenants

On December 31, 2024 and 2023, the debentures held by the Company contained restrictive clauses that establish financial obligations (Net Debt / Normalized EBITDA of the last twelve months equal to or less than 3x) and non-financial obligations on the part of the Company and its subsidiaries. Net Debt is understood as the amount of Bank Loans and Financing minus Cash and Cash Equivalents.

The Company and its subsidiaries are in compliance with these clauses.

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

19. TAX LIABILITIES

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
ICMS	752	1,181	1,557	1,952
PIS and COFINS	751	964	743	969
Income tax and social contribution	14,163	-	14,338	69
Social security contribution on gross revenue	4,076	4,987	4,076	4,987
INSS - Third parties	892	1,509	893	1,509
PIS and COFINS with suspended eligibility (i)	22,657	-	22,657	-
Provision for taxes on inventory losses				
ICMS	27,656	10,371	27,656	10,371
PIS and COFINS	10,418	7,005	10,418	7,005
CIDE	1,026	849	1,029	857
Income tax payable – Third parties	377	330	380	334
ISS payable - Third parties	826	711	831	716
VAT - foreign subsidiaries	-	-	4,729	1,679
Income Tax - foreign subsidiaries	-	-	10,795	-
Other	689	4,727	2,856	6,375
	84,283	32,634	102,958	36,823
Current	60,874	31,453	79,549	35,642
Non-current	23,409	1,181	23,409	1,181

(i) Refers to Pis and Cofins levied on state subsidies.

20. PROVISIONS AND OTHER LIABILITIES

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Royalties payable	21,075	9,229	21,123	9,229
Freight payable	27,845	20,435	35,301	27,319
Advertising payable	14,734	18,839	20,626	23,974
Commissions payable	1,391	2,067	7,058	4,683
Advance from customers	6,300	9,255	9,578	17,640
Provision for indemnities	-	4,883	-	4,883
Provision for logistics services	3,182	2,157	3,182	2,157
Provision for payment of advisory services	-	22,663	-	22,663
Services payable - Alpa Europe	-	-	10,379	9,327
Services payable - Alpa India	-	-	428	353
Services payable - Alpa USA	-	-	5,269	2,354
Services payable - Alpa Hong Kong	-	-	7,340	4,812
Other accounts payable (outsourced services, concessionaires and other)	13,018	12,133	18,887	17,963
	87,545	101,661	139,171	147,357

21. LABOR AND SOCIAL SECURITY OBLIGATIONS

	Parent Company		Consolidated	
	12/31/2023	12/31/2024	12/31/2023	12/31/2023
Salaries payable	14,333	9,897	17,857	12,297
Provision for vacation pay	47,326	42,805	54,878	48,593
Profit Sharing Program Provision	62,326	-	81,574	-
Social charges	14,490	9,809	18,950	13,011
	138,475	62,511	173,259	73,901

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

22. RELATED PARTIES**22.1. Balances with subsidiaries**

Balances receivable and payable from subsidiaries transactions:

	Parent Company Assets		Parent Company Liabilities	
	Assets	12/31/2023	12/31/2024	12/31/2023
Alpa Europe (i)	30,341	-	(10,231)	(11,839)
Alpa Hong Kong (i)	6,838	-	-	-
Alpa USA (i)	9,033	-	-	-
Alpa Shangai (i)	997	-	-	-
loasys	-	-	(1,610)	(1,192)
Alpa Colombia (i)	851	-	-	-
	48,060	-	(11,841)	(13,031)

(i) Primarily represented by accounts payable and receivable from royalties and back-office services.

	Parent Company Trade accounts receivable		Parent Company Suppliers	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Alpa USA	109,171	65,493	-	-
Alpa Europe	254,288	139,499	-	-
Alpa Colombia	35,076	19,824	-	-
Alpa Shangai	6,803	405	-	-
Alpa Hong Kong	1,951	6,052	-	-
loasys	-	-	4,194	6,164
	407,289	231,273	4,194	6,164

22.2. Transactions with subsidiaries with effect in income (loss) for the year

Transactions made with subsidiaries are shown below:

	Sales of products		Purchase of products	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Alpargatas S.A.	213,161	307,930	-	-
Alpa USA Inc.	-	-	22,073	26,778
Alpa Europe	-	-	115,713	178,784
Alpa Colombia	-	-	15,759	10,078
Alpa Shangai	-	-	8,658	1,420
Alpa Hong Kong	-	-	50,958	90,870
	213,161	307,930	213,161	307,930

(i) Substantially comprises sales of flip flops of "Havaianas" trademark to the foreign subsidiaries, in view of the operations model, and the distribution channel format defined for the Company's foreign operations, in which products are manufactured in Brazil and then sold to foreign subsidiaries, where they are resold.

	Other revenues		Other expenses	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Alpargatas S.A.	48,060	-	17,062	27,708
Alpa USA (i)	-	-	9,033	-
Alpa Europe (i)	-	-	30,341	-
Alpa Colombia (i)	-	-	851	-
Alpa Shangai (i)	-	-	997	-
Alpa Hong Kong (i)	-	-	6,838	-
loasys (ii)	17,062	27,708	-	-
	65,122	27,708	65,122	27,708

(i) Royalties due by the subsidiaries for the sale of "Havaianas" brand products.

(ii) Technology services provided by loasys to Alpargatas Brasil.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

During the year ended December 31, 2024, the Company did not record any write-off or provision for expected losses (impairment) related to the receivables of its subsidiaries abroad.

22.3. Related party transactions

	Parent Company and consolidated Liabilities (ii)			
	12/31/2024	12/31/2023		
Banco Itaú-Unibanco	539,293	548,576		
	Parent Company and Consolidated Revenue (ii)		Parent Company and Consolidated Expense (iii)	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Banco Itaú-Unibanco	-	4,132	(57,210)	(72,788)

(i) The amounts refer to Finame, Forfaiting at Alpargatas S.A.

(ii) Refer to gains from interest earning bank deposits

(iii) They refer to expenses with interest on loans.

As of December 31, 2024, except for the collaterals and for the guarantees granted to support the loans and financing operations, the Company and its subsidiaries had not granted other collaterals and guarantees to the related parties.

22.4. Remuneration of key management personnel

The Directors' fees are as follows:

Remuneration				Parent Company and Consolidated		
	Fixed	Variable	12/31/2024	Fixed	Variable	12/31/2023
Board of Directors / Audit Committee	6,436	-	6,436	7,584	-	7,584
Directors	10,780	8,343	19,123	18,872	-	18,872
	17,216	8,343	25,559	26,456	-	26,456

In addition to the Directors' fees, during the year ended December 31, 2024, the Company made contributions to the private pension plan in the amount of R\$ 401 (R\$ 392 in 2023) on behalf of the statutory directors and regarding the long-term incentive plan, there was an expense provision in the amount of R\$3,198 (R\$23,539 refers to the reversal of expenses in the year ended December 31, 2023 due to the non-achievement of targets).

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

23. PROVISION FOR TAX, CIVIL AND LABOR CONTINGENCIES

The Company and its subsidiaries are parties to tax, civil and labor lawsuits, arising from tax assessment notices by tax authorities, third-parties and former employees claims, or actions and questionings. Provisions were made for these contingencies. In the opinion of Management and its legal advisors, the risk of any loss is considered probable. These provisions are shown as follows:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Labor claims (i)	22,750	15,336	22,750	15,336
Tax lawsuits	-	25	-	25
Civil lawsuits	825	568	825	568
Total	23,575	15,929	23,575	15,929
Judicial deposits	(4,435)	(4,982)	(4,435)	(4,982)
Net total	19,140	10,947	19,140	10,947
Current installment	16,735	5,738	16,735	5,738
Non-current installment	2,405	5,209	2,405	5,209

(i) Refer to the claims filed against the Company and its subsidiaries by former employees, who basically claim severance payment, extras, overtime, and allowances that they understand as due in view of the subsidiary liability.

Changes in provision for tax, civil and labor contingencies are as follows:

	Parent Company and Consolidated			
	Labor	Tax	Civil	Total
Balance at December 31, 2022	11,226	23	3,018	14,267
Additions and reversals	25,454	2	(1,642)	23,814
Payments	(26,327)	-	(807)	(27,134)
Balance at December 31, 2023	10,353	25	569	10,947

	Parent Company and Consolidated			
	Labor	Tax	Civil	Total
Balance at December 31, 2023	10,354	25	568	10,947
Additions and reversals	40,963	1,023	1,000	42,986
Payments	(33,002)	(1,048)	(743)	(34,793)
Balance at December 31, 2024	18,315	-	825	19,140

23.1. Possible losses (not provisioned)

Contingent liabilities with risk of loss classified as possible:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Tax:				
CSLL and IRPJ (i)	14,345	13,884	14,345	13,884
Royalties (ii)	13,955	13,320	13,955	13,320
Other (iii)	24,344	19,521	24,344	19,521
Total Tax	52,644	46,725	52,644	46,725
Civil (iv)	33,513	35,086	33,513	35,247
Labor (v)	29,646	60,991	29,646	60,991
Grand total	115,803	142,802	115,803	142,963

(i) Tax assessment notice related to the non-approval of offsets of tax debits against IRPJ and CSLL debits.

(ii) Tax assessment notice aimed at collecting II, IPI, PIS-Import and COFINS-Import on amounts remitted abroad as royalties.

(iii) Refer to proceedings related to various topics, such as: pis/cofins credits, income tax on profits abroad, calculation of cofins, among others, whose individual amounts are not material. Refer mainly to indemnity lawsuits.

(iv) During the year 2023, the Company carried out a restructuring in its plants that resulted in layoffs and new labor lawsuits.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

23.2. Inflation adjustment on undue amounts paid

In view of the judgment of the Federal Supreme Court (STF) in the context of general repercussion in Extraordinary Appeal No. 1.063.187, where by an absolute majority the thesis that “It is unconstitutional to levy IRPJ and CSLL on amounts related to the Selic rate received as a result of repetition of undue tax collection” was accepted, decision published on 12/16/2021, the Company, as provided for by the accounting standards, recognized an asset of this nature, whose amount was recorded at its best estimate in 2022. On December 31, 2024, the updated value is R\$ 71,239 (R\$ 65,014 in December 31, 2023).

24. EMPLOYEE BENEFITS**24.1. Retirement plans**

The Company sponsors a retirement plan to all employees, using the closed supplementary pension entity, ALFAPREV - Sociedade de Previdência Complementar under defined contribution private pension plan, in which the participant makes a contribution and the Company complements it. And, in addition, grant its own conceded um single-life annuity and pension plan for a certain group of former employees which will be extinguished after the last beneficiary's death.

As of December 31, 2024, actuarial assets referring to these plans, deriving from excess investments in relation to actuarial liabilities is R\$ 6,761. (R\$ 9,246 in December 21, 2024)

	ALPAPREV		Informal plan	
	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
Defined contribution obligations	(26,474)	(30,495)	(137)	(151)
Fair value of the plan assets	40,710	48,474	-	-
Asset ceiling test	(7,338)	(8,582)	-	-
Present value of the obligations / (assets), net	<u>6,898</u>	<u>9,397</u>	<u>(137)</u>	<u>(151)</u>

24.2. Long-term incentive plan**a) Restricted stock option plan**

The restricted share plan was approved on Extraordinary General Meeting held on March 20, 2019, whose purpose is the grant of restricted shares as part of the remuneration structure of the Company in order to attract, motivate and retain executives of the Company and/or its subsidiaries, as well as align their interests to the interests of the Company, its subsidiaries and of its shareholders, fostering the acceleration of the Company's growth strategy.

The plan was implemented by means of programs granted to executives and execution of Individual Agreements between the Company and the Participants, specifying the number of restricted shares received and other conditions, including the continuity of the employment and/or administrator relationship (as the case may be) of each Participant with the Company for periods of five (5) years, in relation to the first lot of granting of Restricted Shares, and ten (10) years, in relation to the second lot of granting of Restricted Shares, from the signing of the respective Individual Agreement and subject to the compliance of the target of minimum appreciation of the Restricted Shares corresponding to the accumulated IPCA + 3% (three percent) per annum on the grant price per preferred share; the participant will acquire the right to become the holder of the restricted shares, net of taxes after due taxation, subject to the termination assumptions provided for in the plan.

In addition to the Maximum Number of Restricted Shares, the Company will, pursuant to the terms and conditions of the Plan and Program, deliver to the Participant 0.30 (zero point thirty) additional preferred share to each preferred share eventually acquired by the Participant during the effective term of the Program, respecting the maximum limit set forth in the contract.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

The plan will expire at any time: (a) through decision of the Extraordinary Shareholders' Meeting; (b) when the Company's public company registration is cancelled; (c) when the Company's preferred shares are no longer traded in the over-the-counter market, organized market, or the stock exchanges; (d) should the Company be dissolved and wound up; or (e) through lapsing of 10 years counted as of the date Plan was approved.

b) Membership Program – Discretionary plan

During the Extraordinary General Meeting held on October 15, 2019, new restricted stock plan was approved to provide beneficiaries selected by the board of directors with the opportunity to receive restricted stock, in order to: (a) Beneficiary retention; and (b) the concept of meritocracy and appreciation of the Company's performance and potential growth.

The grant was carried out upon the execution of agreements by and between the Company and beneficiaries, which specified the number of shares and the terms and conditions for acquisition of the restricted stock related rights. The number of shares granted took into account the salaries target set out and approved in the Company's remuneration policy, as well as the latest performance and potential evaluation or another type of individual evaluation previously defined and approved by the board of directors, so as to define the number of shares that was granted to the beneficiary.

The beneficiaries' rights, particularly the one concerning the effective receipt of the ownership of such shares, will be fully acquired only if the beneficiary (i) remains continuously bound as a manager, officer, or employee of the Company or of a company under its control, as the case may be, during the grace period and, cumulatively, (ii) the price of the preferred share issued by the Company at the grace period end date represents an appreciation in relation to the price equivalent to the average price of the preferred share (ALPA4) in the 30 (thirty) trading sessions immediately prior to the grant date, in an amount higher than the changes in the IPCA/IBGE rate in the grace period in question plus 3% (three percent) per year, subject to adjustments arising from any stock splits, reverse stock splits and/or other events that may affect the aforementioned price comparison, as calculated and defined by the board of directors.

The plan came into force on the date of its approval and will so remain for an indefinite period of time, although it may be extinguished at any time if thus resolved by the Annual Shareholders' Meeting.

c) Partner program – Matching Plan

As of October 15, 2019, the Stock Option Plan (Matching Program) was approved during the Extraordinary General Meeting. This Plan is aimed to provide the beneficiaries selected by the board of directors with the opportunity to receive matching shares provided that, among other conditions, these beneficiaries invest funds as authorized in the purchase and holding of own shares at their own risk and expense, in order to: (a) align the beneficiaries' interests with those of the Company's stockholders and the companies under its control; and (b) encourage beneficiaries to remain at the Company or at the companies under its control.

The Board of Directors will select those beneficiaries eligible to take part in the plan. The base will be comprised of employees who received short-term incentives in the grant year.

The granting of matching shares will be carried out through the execution of Grant Agreements between the Company and the Beneficiaries, which shall specify, without prejudice to other conditions determined by the Board of Directors, the number of matching shares to be granted and terms and conditions to acquire rights related to matching shares.

The beneficiaries' rights in connection with the matching shares, especially the right to effectively receive the ownership of such shares, will be fully acquired only if the beneficiaries (i) remain continuously bound as administrators, directors, or employees of the Company or of a company under its control, as the case may be, and,

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

cumulatively, (ii) hold the full and legal title and ownership of own shares for the entire period from the grant date to the third anniversary of the grant date, when 100% (one hundred percent) of the matching shares will then be vested.

The plan came into force on the date of its approval and will so remain for an indefinite period of time, although it may be extinguished at any time if thus resolved by the Annual Shareholders' Meeting.

d) Accounting impact

The balances of the provision recorded in liabilities and the amount recorded in the shareholders' equity are as follows:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Current liabilities	5,859	2,497	5,877	3,032
Non-current liabilities	2,164	4,764	4,496	6,546
Shareholders' equity	42,406	25,663	42,406	25,663

The accounting impact recorded in income (loss) for the year ended December 31, 2024 was a reversal of an expense of R\$ 18,903 in the Parent Company and a reversal of expense of R\$ 19,942 in the Consolidated (expense of R\$ 19,938 in the same year of 2023 in the Parent Company and R\$ 19,685 in the Consolidated).

In shareholders' equity, the impact was a decrease of R\$ 16,743 in the year ended December 31, 2024 (increase of R\$ 24,794 in 2023).

e) Changes in grants

Changes in grants in shares and in phantom shares are presented below:

Granting shares

	Parent Company and Consolidated	
	Average share price - R\$	Shares (in thousands)
Balances at December 31, 2022	15,08	6,428
Granted	9,73	4,638
Expired	16,86	5,025
Exercised	8,13	92
Balances at December 31, 2023	10,12	5,949
Granting shares		
Balances at December 31, 2023	10,12	5,949
Granted	8,46	7,212
Expired	16,97	1,228
Exercised	7,41	95
Balances at December 31, 2024	6,36	11,838

Granting phantom shares

	Parent Company and Consolidated	
	Average share price - R\$	Shares (in thousands)
Balances at December 31, 2022	15,08	859
Granted	9,73	2,934
Expired	16,86	599
Exercised	8,13	13
Overdue	-	95
Balances at December 31, 2023	10,12	3,182
Granting shares		
Balances at December 31, 2023	10,12	3,182
Granted	8,74	1,232
Expired	17,93	877
Exercised	9,30	1
Overdue	6,36	3,536
Balances at December 31, 2024	8,74	1,232

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

Shares outstanding at the end of the year have the following maturities:

	<u>Shares (i)</u>	<u>Phantom shares (i)</u>
2025	300	1,151
2026	1,878	538
2027	4,215	611
2028	3,291	585
2029	1,870	226
	<u>11,554</u>	<u>3,111</u>

(i) By 2024, 284 shares and 425 phantom shares had vested.

24.3. Profit sharing

The Company and its subsidiaries grant profit sharing to its employees related to the achievement of operating targets and specific objectives established and approved at the beginning of each year for each plant/unit. In the periods ended December 30, 2024 and 2023, the following amounts were recognized in income (loss):

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
Profit sharing program (i)	58,580	-	77,624	-

(i) Amount does not include the variable Management compensation, as disclosed in Note 22.4.

This obligation is recorded in "Salaries and social charges payable" group, in current liabilities. The expense is calculated under "Cost of Products Sold", "Selling Expenses" and "General and Administrative Expenses" captions

25. SHAREHOLDERS' EQUITY**25.1. Capital**

On April 26, 2024, the Annual Shareholders' Meeting approved (i) the capital increase through the capitalization of the Tax Incentive Reserve totaling R\$ 1,718,926, (ii) Use of legal reserve for the absorption of part of the accumulated deficit up to December 31, 2023, totaling R\$ 87,187, by the Legal Reserve, and (iii) the reduction of the capital to absorb the remaining losses of R\$ 1,779,169. The capital increase/decrease did not result in any changes in the quantities of shares or the rights related to them.

Capital paid-up on December 30, 2024 is R\$ 3,906,885 (R\$ R\$ 3,967,128 on December 31, 2023), represented by 683,062,222 registered shares with no par value, of which 339,510,689 are common and 343,551,533 are preferred.

Subscribed and paid-in capital have the following ownership interest as of December 30, 2024 and December 31, 2023:

	<u>Common shares</u>		<u>Preferred shares</u>		<u>12/31/2024</u>	
	<u>Quantity</u>	<u>%</u>	<u>Quantity</u>	<u>%</u>	<u>Quantity</u>	<u>Total</u>
Shareholders						
Controlling shareholders (Itaúsa, Alpha FIA, Cambuhy Alpha e MS Alpha)	296,549,009	87,35%	131,177,522	38,18%	427,726,531	62.62%
Administrators:						
Board of Directors	31,657,890	9,32%	54,323,688	15,81%	85,981,578	12.59%
Statutory Executive Board	-	-	1,153,281	0,34%	1,153,281	0.17%
Other shareholders	11,303,758	3,33%	150,264,510	43,74%	161,568,268	23.65%
Treasury	32	0,00%	6,632,532	1,93%	6,632,564	0.97%
	<u>339,510,689</u>	<u>100,00%</u>	<u>343,551,533</u>	<u>100,00%</u>	<u>683,062,222</u>	<u>100,00%</u>

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

Shareholders	Common shares		Preferred shares		12/31/2023	
	Quantity	%	Quantity	%	Quantity	Total
						%
Controlling shareholders (Itaúsa, Alpa FIA, Cambuhy Alpa e MS Alpa)	296,549,009	87.35%	131,181,245	38.18%	427,730,254	62.62%
Administrators:						
Board of Directors	31,562,190	9.30%	27,098,032	7.89%	58,660,222	8.59%
Statutory Executive Board	-	-	612,666	0.18%	612,666	0.09%
Other shareholders	11,399,458	3.35%	176,733,968	51.44%	188,133,426	27.54%
Treasury	32	0.00%	7,925,622	2.31%	7,925,654	1.16%
	339,510,689	100.00%	343,551,533	100.00%	683,062,222	100.00%

25.2. Treasury shares

As of December 31, 2024, the Company has 6,632,564 treasury shares at an average cost of R\$ 6.9491 (7,925,654 at the average cost of R\$ 6.9491 as of December 31, 2023). During the period ended December 31, 2024, 1,293,090 treasury shares were transferred to participants in the short and long-term incentive program (786,526 shares in the period ended December 31, 2023).

25.3. Dividends and interest on own capital

Shareholders are guaranteed, every year, minimum dividend of 25% of net income for the year, less tax incentives, calculated under the terms of Corporation law and by-laws.

For the year ended December 31, 2024, the Company proposed minimum mandatory dividends in the amount of R\$17,180 and additional interest on equity in the gross amount of R\$51,543.

25.4. Profit reservesTax incentive reserve

For the fiscal year ended December, 2024, the Company allocated the amount of R\$35,641 to the tax incentive reserve related to federal corporate income tax (IRPJ) subsidies.

As of 2024, pursuant to Law No. 14,789/23, state subsidies have become subject to taxation under corporate income tax (IRPJ), social contribution on net income (CSLL), Pis and Cofins, and are no longer eligible for the creation of a tax incentive reserve under the previous legislation.

Legal reserve

The legal reserve is calculated at the rate of 5% of the net income under current legislation, up to the limit of 20% of the capital after deduction of tax incentives.

For the year ended December 31, 2024, the amount of R\$3,617 was allocated to the legal reserve.

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

26. NET OPERATING REVENUE

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Gross operating revenue:				
Domestic market	3,756,287	3,299,924	3,798,683	3,333,241
Foreign market	261,029	357,505	1,083,710	1,086,042
	4,017,316	3,657,429	4,882,393	4,419,283
Refunds and rebates (i)	(136,438)	(140,385)	(262,003)	(249,322)
Sales taxes (ii)	(505,352)	(428,174)	(512,079)	(435,815)
Net operating revenue	3,375,526	3,088,870	4,108,311	3,734,146

(i) Includes commercial agreements with certain customers that allow special discounts.

(ii) Includes ICMS tax incentives (Note 4).

27. EXPENSES BY TYPE

The Company presents the statement of income using a classification of expenses based on their function. The information on expense by type is as follows:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cost of goods sold:				
Raw material and material	1,221,676	1,178,991	1,410,239	1,284,492
Salaries, social charges and benefits	547,827	570,155	560,618	588,793
Depreciation	105,656	90,211	106,428	91,149
Other costs	197,535	207,381	258,330	273,497
	2,072,694	2,046,738	2,335,615	2,237,931
Sales expenses:				
Salaries, social charges and benefits	79,473	96,795	230,586	243,886
Profit sharing	15,839	-	35,016	-
Freight	131,895	112,905	188,235	181,751
Advertising and publicity	237,124	190,801	389,140	314,463
Commissions	15,222	11,497	51,180	40,934
Depreciation	13,739	12,883	57,957	39,732
Royalties	39,323	33,790	38,281	32,921
Outsourced services	45,689	45,650	94,034	74,912
Rentals / Lease	2,692	3,493	10,378	16,190
Travel expenses	4,577	4,062	12,165	10,626
Storage expenses	6,836	8,614	60,306	75,177
Packaging	28,747	46,283	32,569	46,283
Logistic services	29,745	25,032	33,833	29,671
Other	31,482	52,203	71,402	83,040
	682,383	644,008	1,305,082	1,189,586
General and administrative:				
Salaries, social charges and benefits	92,052	93,289	92,052	93,289
Profit sharing	19,575	-	19,575	-
Management fees (i)	25,559	16,588	25,559	16,588
Outsourced services	85,546	82,551	85,546	82,539
Depreciation	8,629	8,396	8,629	8,396
IT maintenance	8,729	10,536	8,729	10,536
Other	23,689	20,497	23,729	20,967
	263,779	231,857	263,819	232,315

(i) It includes indemnities incurred in the period, which are classified as other operating expenses.

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

28. OTHER OPERATING REVENUES (EXPENSES)

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Other operating income:				
Sale of scrap	782	4,153	782	4,154
Gain on the sale of property, plant and equipment	-	638	1,469	1,751
Favorable outcome on lawsuit	10,387	6,689	10,387	6,689
Revenue from sale of energy	2,214	2,797	2,214	2,797
Royalty Revenue and Backoffice Services - Companies of the group	48,060	-	-	-
Others	1,003	3,414	16,024	5,897
	62,446	17,691	30,876	21,288
Other operating expenses:				
Amortization of intangible assets	(66,876)	(57,085)	(76,800)	(70,830)
Provisions for labor, civil and tax contingencies	(3,894)	819	(3,894)	819
Long-term incentive plan (note 24.2) (ii)	(18,903)	19,938	(19,942)	19,685
Outsourced services	(11,130)	(32,729)	(11,382)	(34,532)
Provision for Receivables Losses on the Sale of Controlled (i)	-	(268,733)	-	(268,733)
Provision for impairment of subsidiary and affiliate (note 12.2)	-	(1,192,179)	-	(1,192,179)
Provision for write-off of systems	-	(21,625)	-	(21,625)
Factory simplification expense	(9,537)	(15,694)	(9,537)	(15,694)
Corporate and commercial simplification expense	(11,737)	-	(24,859)	-
Taxes on royalty and backoffice service revenue - group companies	-	-	(4,160)	-
Reversal of receivables	(11,428)	-	(11,428)	-
Others	(25,378)	(30,787)	(26,741)	(50,200)
	(158,883)	(1,598,075)	(188,743)	(1,633,289)
	(96,437)	(1,580,384)	(157,867)	(1,612,001)

(i) Refers to the provision for loss of accounts receivable from the sale of ASAIC, as mentioned in Note 11.

(ii) In the year ended December 31, 2023, the long-term incentive plan was reversed due to the failure to achieve targets.

29. FINANCIAL REVENUES AND EXPENSES, NET

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Financial revenues:				
Yields from interest earning bank deposits	115,971	58,385	120,982	59,847
Accrued income from accounts receivable, judicial deposits and tax credits	13,945	27,348	13,946	27,348
Interest receivable and other	4,143	8,364	5,641	10,887
	134,059	94,097	140,569	98,082
Financial expenses:				
Interest and charges on loans and financing	(144,763)	(146,311)	(156,047)	(154,691)
Tax on financial income	(5,877)	(4,298)	(5,877)	(4,298)
Tax on financial operations	(811)	(818)	(831)	(1,310)
Bank expenses	(1,464)	(60)	(5,673)	(4,589)
Interest payable	(6,966)	(10,091)	(6,993)	(5,443)
Interest from lease - IFRS 16	(14,102)	(14,802)	(15,181)	(15,858)
Others	(186)	(1,193)	(257)	(1,361)
	(174,169)	(177,573)	(190,859)	(187,550)
	(40,110)	(83,476)	(50,290)	(89,468)

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

30. BUSINESS SEGMENTS

The Company has a matrix management structure where sales revenue is analyzed by the main decision maker at several levels, because the products manufactured and sold by the Company and its subsidiaries are divided into footwear and clothing. Operations are managed by geographic segmentation with the following segregation: (i) Domestic operations: performance of the Company and its subsidiaries in Brazil and (ii) Foreign Operations: consolidated performance of the subsidiaries in the United States, Europe, Asia, Latin America and India, as well as direct exports.

Net revenue per segment is as follows in the period ended December 31, 2024:

- Domestic operations:
 - Brazil: 75.79%
- Foreign operations:
 - International Sandals: 24.21%

The segment performance was assessed based on net operating revenues, net revenues, and employed capital (total assets less current and non-current liabilities) in each segment. This measurement basis includes the financial effects, income tax and social contribution, depreciation and amortization.

Information is shown below:

Statement of operations accounts	12/31/2024						
	Net operating revenue	Net income	Cost of goods Sold	Depreciation and amortization	Financial income (loss)	Net FX	Income tax and social contribution
Domestic operations:							
Brazil	3,153,688	271,721	(1,880,568)	(178,257)	(27,475)	(5,221)	28,875
Foreign operations:							
Sandálias Internacional	954,623	(185,625)	(455,047)	(71,558)	(22,815)	67,774	15,023
Rothy's							
Equity in net income of subsidiaries	-	21,301	-	-	-	-	-
	<u>4,108,311</u>	<u>107,397</u>	<u>(2,335,615)</u>	<u>(249,815)</u>	<u>(50,290)</u>	<u>62,553</u>	<u>43,898</u>

Statement of operations accounts	12/31/2023						
	Net operating revenue	Net income	Cost of goods Sold	Depreciation and amortization	Financial income (loss)	Net FX	Income tax and social contribution
Domestic operations:							
Brazil	2,760,586	(148,059)	(1,781,948)	(150,936)	(66,203)	2,422	194,801
Foreign operations:							
Sandálias Internacional	973,560	(216,820)	(455,983)	(60,314)	(23,265)	(8,835)	22,582
Rothy's							
Equity in net income of subsidiaries	-	(422,012)	-	-	-	-	-
Impairment	-	(1,080,593)	-	-	-	-	-
	<u>3,734,146</u>	<u>(1,867,484)</u>	<u>(2,237,931)</u>	<u>(211,250)</u>	<u>(89,468)</u>	<u>(6,413)</u>	<u>217,383</u>

The table below presents equity balances as of December 31, 2024 and 2023:

Assets and liabilities	12/31/2024			12/31/2023		
	Total assets	Current and non-current liabilities	Addition to property, plant and equipment and intangible assets	Total assets	Current and non-current liabilities	Addition to property, plant and equipment and intangible assets
Domestic operations:						
Brazil	5,647,711	1,948,882	136,503	5,500,125	2,109,890	299,928
Foreign operations:						
Sandálias Internacional	1,192,014	854,464	22,464	827,264	490,032	32,065
	<u>6,839,725</u>	<u>2,803,346</u>	<u>158,967</u>	<u>6,327,389</u>	<u>2,599,922</u>	<u>331,993</u>

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

31. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**31.1. Sundry considerations and policies**

The management of financial instruments, including derivatives, is carried out by means of policies, definition of strategies and establishment of control systems, and are monitored by the Company's management.

The treasury procedures defined by the prevailing policy include monthly routines of projection and evaluation of the consolidated foreign exchange exposure of the Company and its subsidiaries, on which the decisions made by Management are based.

31.2. Financial risk management*Financial risk factors*

The Company's activities expose it to various financial risks: market risk (including foreign exchange risk and interest rate), credit risk and liquidity risk. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects in financial performance, and when required, using derivative financial instruments to hedge certain risk exposures.

Management of financial risk is carried out by the Company's treasury department and policies are mandatorily approved by the Board of Directors. The Treasury Department identifies, values and hires financial instruments with the intention of protecting the Company from possible financial risks, especially those derived from interest and foreign exchange rate.

Market risk

The Company is exposed to market risks arising from a number of its business activities. These risks mainly involve the possibility of fluctuations in exchange rates and changes in interest rates.

- Foreign exchange risk

In view of accounts receivable and financial obligations of several natures assumed by the Company in foreign currencies, a Foreign Exchange Hedge policy is conducted establishing levels of exposure related to this risk.

Considering values in foreign currency of balances receivable and payable of commitments already assumed and recorded in the financial statements derived from the Company's operations, as well as loans and derivatives. The Company's exchange exposure is neutral as foreign currency inflows neutralize commitments, thus generating a natural hedge effect.

- Interest rate risk

The Company's interest rate risk arises from interest earning bank deposits which are floating-rate and loans and financing are on short and long-term basis.

Credit risk

Sales are mainly made to retailers and wholesalers. The credit risk is reduced by the large dispersion of the customer portfolio and the procedures of evaluation and concession of credit. As of December 31, 2024, the amount recorded as the provision for expected losses (impairment) was R\$ 79,807 (R\$ 80,798 as of December 31, 2023). The maximum exposure to credit risk on the base date of December 31, 2024 is the book value of cash and cash equivalents, accounts receivable and financial investments.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

The Company has differentiated credit policies for customers in the Domestic Market and Third-Party Customers Abroad.

In the domestic market, the volume of business is concentrated on retailers, distributors, wholesalers and e-commerce sales which work with a model of purchase on credit and to operate in this market it is necessary the definition/attribution of credit limits. The following factors are considered to define the appropriate threshold: market survey about the company, analysis of economic and financial data and evaluation of the internal history with the Company. These limits are regularly reviewed and, in few cases, actual guarantees, surety letters or bank sureties are required to define the limit.

In the foreign market, sales to Third-Party Customers are almost entirely made upon advance payment or letter of credit. Exceptions are analyzed by Management.

In both policies, there are grants of authority defined according to the different hierarchical levels / values and which are used for concession, change or maintenance of credit limits for each customer.

The measurement of the provision for expected credit losses is described in note 6.

The Company and its subsidiaries are also subject to credit risks related to the financial instruments contracted in the management of its business.

The risk of non-settlement of the operations that it maintains at financial institutions with which it operates was considered low, being these considered prime by the market.

The Company maintains cash, cash equivalents and short-term interest earning bank deposits in prime line financial institutions and does not limit its exposure to a specific institution. As of December 31, 2023, the maximum exposure to credit risk was the book value of cash, cash equivalents and interest earning bank deposits, presented in Note 5.

Liquidity risk

Prudent liquidity risk management implies in maintaining cash, enough marketable securities, cash fund raising availability by means of bank credit facilities and capacity to settle market positions.

Management monitors the consolidated liquidity level of the Company, considering the expected cash flows against the credit facilities not used and amounts not available in cash and cash equivalents.

The Note 31.4 states the financial liabilities per maturity brackets for the remaining period in the balance sheet in relation to contract maturity date. Amounts presented in the table are contracted undiscounted cash flows.

31.3. Derivative financial instruments and hedge accounting**Fair value hedge**

The Company adopts the hedge accounting to operations with derivative financial instruments of the Swap type, whose object of hedge is the risk of exchange-rate change on debts in foreign currency.

As of December 31, 2024, the Company had a position of derivative financial instruments of the swap type designated as hedge of debts in foreign currency, obtained through Foreign Facility 4131 and BNDES Exim Pré Embarque (Exim Pre-Shipment). The settlement of this type of instrument is made according to the present value on the settlement date.

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

The operations of fair value hedge of loans in currency were considered as highly efficient on December 31, 2024 and are classified as net of hedged item as described in Note 18. The result of these operations is presented net of the hedged item, as shown in note 29.

	<u>12/31/2024</u>	<u>Consolidated 12/31/2023</u>
<i>Swap</i>		
Hedge object (debt)	(193,667)	(151,388)
Active position (long)		
USD + fixed	193,667	151,388
Passive position (short)	<u>(149,988)</u>	<u>(150,177)</u>
<i>Hedging position – asset</i>	<u>43,679</u>	<u>1,211</u>

Other derivative financial instruments

The Company has imports of finished products and raw materials in dollars, in relation to business units of Brazil. In addition, the Company also buys part of its local raw materials at a price that is subject to indirect impact of the exchange-rate change. On the other hand, the Company also has exports of flip flops, which are sold in dollars.

Exports volume and foreign currency receipts are greater than imports volume and foreign currency payments, which makes exchange exposure neutral, that is, it has a neutral risk of loss in case exchange rate rises.

To mitigate temporary mismatches related to foreign exchange exposure and to protect its cash flow, the Company's Board of Directors approved the Foreign Exchange Risk Management Policy. This policy establishes the guidelines for operations of hedge of the cash flow through derivative financial instruments.

The operations with derivatives aim to hedge the Company's future cash flow through reduction of foreign exchange exposure to a horizon of three months in the future. The future foreign exchange exposure is based on projections of payments and receipts in foreign currency. These operations were not eligible for the application of hedge accounting as CPC 48/IFRS 9 - Financial instruments, and due to this fact, gains and losses arising from changes in the fair value of these operations are recorded in the statement of income (loss) for the year.

During the year ended December 31, 2024, the Company did not contract hedge instruments to protect its cash.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

31.4. Maturities of financial liabilities

The consolidated book value of financial liabilities is measured under the amortized cost method, and its corresponding future values are as follows:

					12/31/2024
	≤01 year	01-02 years	03-05 years	>05 years	Total
Financial liabilities:					
Loans and financing	399,595	258,714	1,257,553	90,863	2,006,725
Suppliers	455,388	-	-	-	455,388
Forfeiting	170,842	-	-	-	170,842
Long-term incentive	5,927	1,953	2,493	-	10,373
Lease liabilities	50,954	84,884	54,513	52,583	242,934
Accounts payable for acquisition of subsidiary	-	-	82,801	-	82,801
Interest on equity and dividends payable	19,344	-	-	-	19,344
	1,102,050	345,551	1,397,360	143,446	2,988,407

					12/31/2023
	≤01 year	01-02 years	03-05 years	>05 years	Total
Financial liabilities:					
Loans and financing	298,031	373,743	1,152,532	252,886	2,077,192
Suppliers	395,067	-	-	-	395,067
Forfeiting	159,889	-	-	-	159,889
Long-term incentive	2,836	4,167	1,891	684	9,578
Lease liabilities	34,646	53,370	41,872	55,097	184,985
Accounts payable for acquisition of subsidiary	-	-	78,879	-	78,879
Interest on equity and dividends payable	2,185	-	-	-	2,185
	892,654	431,280	1,275,174	308,667	2,907,775

31.5. Capital management

The Company's objectives in managing its capital are to safeguard its business continuity capacity to offer return to shareholders and benefits to the other shareholders besides maintaining an optimal capital structure to reduce this cost

	12/31/2024	12/31/2023
Cash and cash equivalents and interest earning bank deposits	1,501,676	934,423
(-) Short and long-term loans and financing	(1,423,524)	(1,485,605)
Financial instrument	43,679	-
Net financial position	121,831	(551,182)
Shareholders' equity	4,036,379	3,727,467

Foreign exchange exposure

The Company is exposed to changes in the US dollar. For the foreign subsidiaries, there is no risk of currency exposure since monetary assets and liabilities are maintained in the functional currencies of each location.

	Parent Company	
	12/31/2024	12/31/2023
Assets:		
Export receivables	2,260	9,589
Trade accounts receivable	425,042	250,529
Royalties and back-office services receivable	48,060	-
Total assets	475,362	260,118
Liabilities:		
Suppliers	(58,354)	(10,191)
Royalties payable	(21,075)	(9,229)
Payable backoffice services	(10,231)	(10,796)
Total liabilities	(89,660)	(30,216)

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

Net exposure

385,702

229,902

In relation to the positions shown above, the Company has positions in reais linked to the US dollar, thus, when necessary, the Company contracts derivative operations aimed to mitigate the exchange-rate risk on these operations.

31.6. Market values

On December 31, 2024 and 2023, the market values of variable interest earning bank deposits approximate the values recorded in the financial statements since are linked to the CDI change. The Company adjusts the market value of its fixed interest earning bank deposits recorded in the balance sheet. Loans and financing are maintained monetarily updated based on interest rates contracted according to usual market conditions and, therefore, the balances payable on the balance sheet dates substantially approximate market values, even those classified as "non-current", considering the type of the corresponding financing.

The fair value of financial instruments that are not traded on active markets (for example, over-the-counter market derivatives) is determined based on valuation techniques. The Company and its subsidiaries use several methods and define assumptions that are based on market conditions on the balance sheet date. The fair value of forward exchange agreements is determined based on forward exchange rates, quoted on the balance sheet date.

It is assumed that balances of trade accounts receivable and trade accounts payable, recorded at book value, approximate their market fair values, due to the short-term of transactions made.

The Company and its subsidiaries adopt hierarchical rules to determine the fair values of its financial instruments, which requires disclosure of the measurements of fair value according to the level of the following hierarchy:

- Prices quoted (not adjusted) in active markets for identical assets and liabilities (Level 1).
- In addition to quoted prices, information included in Level 1 that is adopted by the market for the asset or liability, either directly (such as prices) or indirectly (derived from prices) (Level 2).
- Exemptions for assets or liabilities that are not based on data adopted by the market (non-observable inputs) (Level 3).

Specific evaluation techniques used to measure the financial instruments pursuant to Level 2 rules include:

- Quoted market prices or quotes from financial institutions or brokerage firms for similar instruments.
- The fair value of "swaps" of interest rate is calculated at the present value of future cash flows estimated based on yield curves adopted by the market, as well as of options.
- The fair value of future exchange agreements is determined based on future exchange rates on the balance sheet date, whose result is discounted at present value.
- Other techniques, such as analysis of discounted cash flows, are used to determine the fair value of the remaining financial instruments.

The Company does not have financial instruments classified as Level 1 and 3.

Accounting classification and fair values

December 31, 2024

	<u>Fair value through profit or loss</u>	<u>Amortized cost</u>	<u>Total</u>
Financial assets			
Cash and cash equivalents	13,165	-	13,165
Judicial deposit	-	36,827	36,827
Accounts receivable for the sale of subsidiary	-	-	-
Trade accounts receivable	-	997,875	997,875
Other receivable accounts	-	37,867	37,867
	<u>13,165</u>	<u>1,072,569</u>	<u>1,085,734</u>

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

December 31, 2024	Fair value through profit or loss	Amortized cost	Total
Financial liabilities			
Suppliers	-	(455,388)	(455,388)
Forfeiting	-	(170,842)	(170,842)
Loans and financing	(193,667)	(1,229,857)	(1,423,524)
Lease liabilities	-	(189,760)	(189,760)
Long-term incentive plan	-	(10,373)	(10,373)
Interest on shareholders' equity and dividends payable	-	(19,344)	(19,344)
Accounts payable for acquisition of companies	(39,371)	(43,430)	(82,801)
	(233,038)	(2,118,994)	(2,352,032)

December 31, 2023	Fair value through profit or loss	Amortized cost	Total
Financial assets			
Cash and cash equivalents	11,898	-	11,898
Judicial deposit	-	31,336	31,336
Accounts receivable for the sale of subsidiary	-	48,527	48,527
Trade accounts receivable	-	883,735	883,735
Other receivable accounts	-	79,888	79,888
	11,898	1,043,486	1,055,384

December 31, 2023	Fair value through profit or loss	Amortized cost	Total
Financial liabilities			
Suppliers	-	(395,067)	(395,067)
Forfeiting	-	(159,889)	(159,889)
Loans and financing	(150,178)	(1,335,428)	(1,485,605)
Lease liabilities	-	(184,985)	(184,985)
Long-term incentive plan	-	(9,578)	(9,578)
Interest on shareholders' equity and dividends payable	-	(2,185)	(2,185)
Accounts payable for acquisition of companies	(39,371)	(39,508)	(78,879)
	(189,549)	(2,126,640)	(2,316,188)

31.7. Sensitivity analysis of financial instruments**Foreign exchange risk**

For the sensitivity analysis of the consolidated foreign exchange exposure on December 31, 2024, whose effects reflect only the impacts on monetary assets and liabilities, the balances of trade accounts receivable and of loans and financing held by the foreign subsidiaries were not considered, which are denominated in local functional currencies of each of these subsidiaries, and for this reason, the Company's Management believes that there is no risk of exchange exposure to these subsidiaries.

The Company considers as a scenario, a valuation of the Dollar of 2.69% against the Reais, considering a future exchange rate of R\$ 6.0256.

Interest rate risk

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

As of December 31, 2024, 100% of the parent company's investments were indexed at CDI (Interbank Deposit Certificate). Loans comprised 100% of the balance tied to the variable interest curve.

The analysis considers the Company's financial assets and liabilities as of December 31, 2024 indexed to floating rates and projects the financial revenues and expenses calculated on this balance, using the future interest curve as of December 31, 2024 on the maturities of these operations. As a result, a increase of 3.26% in CDI (interbank deposit certificate) is verified.

Sensitivity of exchange and interest rate

<u>Risk</u>	<u>Instrument/Operation</u>	<u>Risk description</u>	<u>Impact</u>
Foreign exchange		USD rate decrease	
	Export receivables		(61)
	Trade accounts receivable		(11,442)
	Royalties and backoffice services receivable		(1,294)
	Suppliers		1,571
	Royalties payable		567
	Backoffice services payable		275
	Exchange-rate effect		(10,384)
Interest rate		CDI rate decrease	
	Revenue from interest earning bank deposits		23,737
	Expense with interest on loans		(16,449)
	Effect of interest		7,288
	Total effect		(3,096)

31.8. Sustainability Report

On July 4, 2024, the Company published its Annual Sustainability Report (2023 baseline), using the GRI, SASB and Integrated Report references, and was audited by an independent third party. The report, in addition to providing transparency on the evolution of the Company's environmental, social and corporate governance, also brings to the public the accountability of Alpargatas' Sustainability Strategy, covering its 3 major focuses of action (Circular Economy; Responsible Operations; D&I and Local Development), which are made tangible by 12 goals to be achieved by 2030. With regard to Climate Change, the Company presents a commitment to reduce its absolute emissions (direct and indirect) by 30% and has begun its strategic analysis of the path to be taken.

In the last published report, we highlighted our evolution in the measurement of our emissions in terms of their external disclosure – externally audited and appearing for the first time on CDP's platform.

As of December 31, 2024, the Company did not identify any significant risk linked to the topic that could impact its equity, as well as its operating performance in the short term. The work to strengthen and develop the agenda continues throughout 2025, with a focus on further integrating this agenda into our financial, strategic and governance processes, in line with IFRS (ISSB) guidelines in the management and disclosure of risks related to climate change.

ALPARGATAS S.A AND SUBSIDIARIES**Notes to the individual and consolidated financial statements****For the years ended December 31, 2024 and 2023**

In thousands of reais

32. EARNINGS/(LOSSES) PER SHARE

Earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Company and held as treasury shares.

	<u>12/31/2024</u>	<u>12/31/2023</u>
Basic numerator		
Income/(loss) for the year for each class of shares - Common shares	51,277	(937,790)
Income/(loss) for the year for each class of shares - Preferred shares	56,120	(928,830)
Income/(loss) for the year for each class of shares - Total	107,397	(1,866,620)
Diluted numerator		
Income/(loss) for the year for each class of shares - Common shares	50,461	(925,876)
Income/(loss) for the year for each class of shares - Preferred shares	56,936	(940,744)
Income/(loss) for the year for each class of shares - Total	107,397	(1,866,620)
Basic / diluted denominator		
Basic and diluted weighted average of the number of shares – Common shares	339,510,657	339,510,657
Basic weighted average of the number of shares - Preferred shares	336,431,808	344,962,691
Weighted average of the number of stock option - Preferred shares	10,389,299	8,695,827
Diluted weighted average of shares - Preferred shares	346,821,107	353,658,518
Basic earnings/(losses) per share – net income – Common shares	0.1510	(2.6254)
Basic earnings/(losses) per share – net income – Preferred shares	0.1668	(2.9003)
Diluted earnings/(losses) per share - net income - Common shares	0.1486	(2.5885)
Diluted earnings/(losses) per share - net income - Preferred shares	0.1642	(2.8634)

Preferred shares are entitled to dividend 10% higher than common shares.

33. ASSUMED COMMITMENTS

The Company has commitments derived from electric power supply agreement, according to which a minimum monthly volume of 18,137 MWh, equivalent to R\$ 2,887, should be acquired, which may be changed with minimum term of six months in case the Company does not use the total contracted power may sell the surplus on the market and because of this, does not expect to incur losses.

34. INSURANCE COVERAGE

The Company maintains insurance contracts with coverage determined in accordance with the orientation of specialists, considering the nature and the degree of risk to cover possible losses on its assets and responsibilities.

The major insurance coverage included: Property Insurance (Operating Risks), Business Interruption, General Civil Liability (Property Damage, Bodily Damage and Moral Damage to third parties), D&O Civil Liability (D&O), Transport Insurance, etc. As of December 31, 2024, the insurance coverage was considered sufficient by Management to cover risks involved.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements
For the years ended December 31, 2024 and 2023

In thousands of reais

35. NON-CASH TRANSACTIONS

Statements of cash flows, by the indirect method, are prepared and presented in accordance with the accounting pronouncement CPC 03 (R2) / IAS 7 - Statement of cash flows.

The activities that do not involve cash movement and, therefore, are not reflected in any heading of the Statement of Cash Flows, are presented below:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Additions – IFRS 16	8,588	76,158	24,019	76,192
Write-offs – IFRS 16	-	3,587	(508)	3,839
Capitalized interest	-	21,102	-	21,102
Treasury shares	11,202	6,421	11,202	6,421

36. Subsequent events

On January 30, 2025, the Company made the advance payment to the debenture holders of the first series of five hundred and fifty thousand (550,000) debentures in the amount of R\$ 565,682, according to the Notice to the Market and Material Fact disclosed on January 22, 2025.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

Audit committee opinion

ALPARGATAS S.A.
Publicly-held company

CNPJ [EIN]: 61.079.117/0001-05

Audit committee opinion

Introduction

The Audit Committee ("Committee") of Alpargatas S.A. ("Alpargatas" or "Company") is a statutory and permanent advisory body and has technical functions and reports directly to the Board, and its recommendations are not binding. The body and Internal Regulations were approved on April 27, 2018 at the Ordinary Meeting of the Company's Board of Directors. It is composed of four (4) members, one (1) of whom shall be chosen from among the Board of Directors and the other independent members, who shall exercise the duties and responsibilities established by the applicable legislation and by the Board of Directors of Alpargatas through the Committee's Internal Regulations. It is important to inform of the existence of 2 (two) members with specialist knowledge in corporate accounting.

Without prejudice to other matters provided for in the applicable legislation or submitted to it by the Board of Directors, the Audit Committee is responsible for ensuring (i) the quality and integrity of the financial statements; (ii) the performance, independence and quality of the work of the independent auditors; (iii) the performance, independence and quality of the internal audit work; (iv) the quality and effectiveness of the internal control and risk management systems related to the Company and its subsidiaries; and (v) compliance with the legal requirements related to the tasks under its competence.

PricewaterhouseCoopers Auditores Independentes ("Independent Auditors") is the company responsible for auditing Alpargatas' financial statements, in accordance with professional standards issued by the Federal Accounting Council (CFC) ("CFC") and certain specific requirements of the Brazilian Securities and Exchange Commission (CVM). The Independent Auditors are also responsible for the special review of the quarterly reports (ITRs) sent to the CVM. The Independent Auditors' report reflects the result of their findings and presents their views on the reliability of the financial statements for the year in relation to the accounting principles derived from the CFC, in accordance with the standards issued by the International Accounting Standard Board (IASB) (currently referred to by the International Financial Reporting Standards Foundation - IFRS as "IFRS accounting standards"), CVM rules and precepts of Brazilian corporate law.

Audit Committee activities in 2024:

During the 2024 fiscal year, the Committee met on 11 occasions. Among the activities carried out, the following aspects should be highlighted:

- a) evaluation and monitoring of the Annual Internal Audit Plan and its reports, with the definition and implementation of the action plans within the pre-established deadlines;
 - b) monitoring of the Planning and activities of the Internal Controls area;
 - c) monitoring of the Company's financial indicators;
 - d) presentation of the main global Marketing deliverables and portfolio strategy for 2025;
 - e) monitoring of the Company's Litigation scenario;
 - f) evaluation of the planning of the Operational Risk Matrix;
 - g) presentation of the macro indicators of Supply Chain
-

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

- h) presentation of the main deliverables of the Vice Presidency of People;
- i) presentation of the main deliverables of the Vice-Presidency of Industrial;
- j) monitoring of the Compliance Program and the Whistleblowing Channel;
- k) monitoring of the Company's Information Security and Data Privacy scenario;
- l) discussion, analysis and supervision of quarterly information (ITRs) through meetings with managers and Independent Auditors;
- m) monitoring and supervision of the Independent Auditors, evaluating the independence, planning, quality and adequacy of the services provided;
- n) approval and, when applicable, recommendation to the Board of Directors, for the contracting of services other than auditing of Alparbatas' Financial Statements to be provided by the Independent Auditors;
- o) evaluation and recommendation of the proposals of the external auditors;
- p) evaluation and approval of the planning of the external auditors;
- q) holding meetings with the Board of Directors to recommend the approval of the financial statements; and
- r) holding meetings to review the financial statements.

Conclusion

The members of the Committee, in the exercise of their legal duties and responsibilities, as provided for in the Committee's Internal Regulations, met on February 18, 2025, to discuss and analyze the quality and integrity of the Complete, Individual and Consolidated Financial Statements, accompanied by the Company's Management Report and the Independent Auditors' report, for the year ended December 31, 2024 and, considering the information and clarifications provided by the Company's management and the Independent Auditors, unanimously opined that the referred documents adequately reflect, in all material aspects, the Company's equity and financial position and understand that they were prepared in accordance with the accounting practices adopted in Brazil and with the IFRS accounting standards, which recommends their approval by the Board of Directors of Alparbatas.

There were no significant disagreements between the Company's management, the independent auditors and the Committee regarding Alparbatas' financial statements.

São Paulo, February 21, 2025.

Ricardo Baldin
Committee coordinator

Carlos A. Reis de Athayde Fernandes
Committee member

Rodolfo Villela Marino
Committee member

Estela Maris Vieira de Souza
Committee member

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

Audit Committee Opinion

ALPARGATAS S.A.
Publicly-held company

CNPJ [EIN]: 61.079.117/0001-05

Audit Committee Opinion

The Chief Financial and Investor Relations Officer presented the main financial indicators for the year ended December 31, 2024. Independent auditors presented independent auditors' report for the year ended December 31, 2024. After clarifying, analyzing and discussing the relevant aspects of these individual and consolidated financial statements together with the independent auditors, the members of the Audit Committee issued the following opinion: *"With the conclusion of the review of the Individual and consolidated financial statements for the year ended December 31, 2023 and after confirmation of the accuracy of all the elements analyzed, considering the unqualified report of PricewaterhouseCoopers Auditores Independentes, the effective members of the Audit Committee of Alpargatas S/A. believe that these documents fairly reflect the financial condition and the activities developed by the company in the period then ended and present conditions to be submitted to appreciation of the Board of Directors".*

São Paulo, February 21, 2025.

Ricardo Baldin
Committee coordinator

Carlos A. Reis de Athayde Fernandes
Committee Member

Rodolfo Villela Marino
Committee Member

Estela Maris Vieira de Souza
Committee Member

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

Opinions and Statements / Statement of the Executive Officers on the individual and consolidated financial statements

STATEMENT OF EXECUTIVE BOARD ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

In compliance with article 25, paragraph 1, item VI of CVM Instruction 480/09, the Executive Board states that reviewed and agreed with the individual and consolidated financial statements for the year ended December 31, 2024 of Alpargatas S.A.

São Paulo, February 21, 2025.

Liel Miranda
CEO

Adalberto Fernandes Granjo

José Roberto Martinez Daniello

André Corrêa Natal

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the individual and consolidated financial statements

For the years ended December 31, 2024 and 2023

In thousands of reais

Opinions and Statements / Statement of the Directors on Independent Auditor's Report

STATEMENT OF THE EXECUTIVE BOARD ON INDEPENDENT AUDITOR'S REPORT

In compliance with article 25, §1, item V of CVM Instruction 480/09, the Executive Board states that reviewed, discussed and agreed with the opinions expressed in the independent auditor's report on individual and consolidated financial statements for the year ended December 31, 2024 of Alpargatas S.A

São Paulo, February 21, 2025.

Liel Miranda
CEO

Adalberto Fernandes Granjo

José Roberto Martinez Daniello

André Corrêa Natal

Certificado de Conclusão

Identificação de envelope: 1693EFCC-A0C9-43C9-AF5B-97C5F9E3B276
 Assunto: Complete com o Docusign: Alpa_DFP - free translation_31.12.2024
 LoS / Área: Assurance (Audit, CMAAS)
 Tipo de Documento: Relatórios ou Deliverables
 Envelope fonte:
 Documentar páginas: 72
 Certificar páginas: 2
 Assinatura guiada: Ativado
 Selo com Envelopeld (ID do envelope): Ativado
 Fuso horário: (UTC-03:00) Brasília

Status: Concluído

Remetente do envelope:
 Juliana Baronian
 Avenida Brigadeiro Faria Lima, 3732, 16º e 17º andares, Edifício Adalmiro Dellape Baptista B32, Itai São Paulo, São Paulo 04538-132
 juliana.baronian@pwc.com
 Endereço IP: 134.238.160.202

Rastreamento de registros

Status: Original
 17 de abril de 2026 | 13:32

Portador: Juliana Baronian
 juliana.baronian@pwc.com

Local: DocuSign

Status: Original
 17 de abril de 2026 | 14:27

Portador: CEDOC Brasil
 BR_Sao-Paulo-Arquivo-Atendimento-Team@pwc.com

Local: DocuSign

Eventos do signatário

Marcelo Orlando
 marcelo.orlando@pwc.com
 partner
 PwC BR

Nível de segurança: E-mail, Autenticação da conta (Nenhuma), Certificado Digital

Detalhes do provedor de assinatura:

Tipo de assinatura: ICP-Brasil
 Emissor: AC SERASA RFB v5
 Assunto: CN=MARCELO ORLANDO:05390848837

Assinatura

DocuSigned by:

 EFC9BAA8A6A1420...

Adoção de assinatura: Estilo pré-selecionado
 Usando endereço IP: 20.226.46.50

Política de certificado:
 [1]Certificate Policy:
 Policy Identifier=2.16.76.1.2.3.10
 [1,1]Policy Qualifier Info:
 Policy Qualifier Id=CPS
 Qualifier:
<http://publicacao.certificadodigital.com.br/registro/dpc/declaracao-rfb.pdf>

Registro de hora e data

Enviado: 17 de abril de 2026 | 13:39
 Visualizado: 17 de abril de 2026 | 14:26
 Assinado: 17 de abril de 2026 | 14:26

Termos de Assinatura e Registro Eletrônico:
 Não oferecido através da Docusign

Eventos do signatário presencial	Assinatura	Registro de hora e data
Eventos de entrega do editor	Status	Registro de hora e data
Evento de entrega do agente	Status	Registro de hora e data
Eventos de entrega intermediários	Status	Registro de hora e data
Eventos de entrega certificados	Status	Registro de hora e data
Eventos de cópia	Status	Registro de hora e data

Eventos de cópia	Status	Registro de hora e data
Juliana Baronian juliana.baronian@pwc.com PwC BR Nível de segurança: E-mail, Autenticação da conta (Nenhuma)	Copiado	Enviado: 17 de abril de 2026 14:27 Visualizado: 17 de abril de 2026 14:27 Assinado: 17 de abril de 2026 14:27
Termos de Assinatura e Registro Eletrônico: Não oferecido através da DocuSign		

Eventos com testemunhas	Assinatura	Registro de hora e data
-------------------------	------------	-------------------------

Eventos do tabelião	Assinatura	Registro de hora e data
---------------------	------------	-------------------------

Eventos de resumo do envelope	Status	Carimbo de data/hora
Envelope enviado	Com hash/criptografado	17 de abril de 2026 13:39
Entrega certificada	Segurança verificada	17 de abril de 2026 14:26
Assinatura concluída	Segurança verificada	17 de abril de 2026 14:26
Concluído	Segurança verificada	17 de abril de 2026 14:26

Eventos de pagamento	Status	Carimbo de data/hora
----------------------	--------	----------------------