>>

# VULCABRAS

WE LIVE FOR THE SPORTS

Big companies take on big challenges, ours is to

# BUILD A BETTER COUNTRY THROUGH SPORT.

> Healthy bodies and minds focus on better habits, **increasing the quality of life.**

> Socializing and educating role of individuals: **respect, rules and discipline.**

VULCABRAS

# SINCE 1952 VULCABRAS INNOVATES IN THE NATIONAL INDUSTRY

Since 1973, we are the largest developer and manufacturer of sports products in Brazil.

| 1952 | 1973 | 1977 | 1988 | 2007 | 2008 | 2017 | 2018 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Vulcabras 752,** the footwear that marked Brazil and the beginning of Vulcabras | Starting to manage **international sports brands** and production of high performance sneakers | IPO **at BOVESPA** – a new growth cycle | Brothers Pedro and Alexandre Grendene Bartelle **acquire control of Vulcabras S.A.** | Vulcabras S.A. **acquires Azaléia S/A footwear** | Joint Venture Reebok brand with Adidas **for the domestic and Argentine markets** | **Re-IPO** in the Novo Mercado | Licensing of **Under Armor in Brazil** | Licensing of the women division and **focus on sports brand management** | Licensing of **Mizuno in Brazil** |

VULCABRAS

# BRAND MANAGEMENT HISTORY

The history of Brazilian sport is our history. The largest developer and manufacturer is also **the largest sports brand manager in the country.**

## SPORTS SEGMENT

| Vulcabras Management | 1973 - 1999 | 1975 - present | 1981 - 1992 | 1986 - 1999 | 1992 - 1996 | 1993 - 2015 | 2002 - 2006 | 2018 - present | 2021 - present |
|---|---|---|---|---|---|---|---|---|---|
| | adidas | OLYMPIKUS | le coq sportif | PUMA | LOTTO | Reebok | asics | UNDER ARMOUR | Mizuno |

## OTHER BRANDS

| 1965 - 2020 | 2001 - 2020 | 2001 - 2020 | 2001 - 2007 | 2001 - present |
|---|---|---|---|---|
| azaleia | dijean | OPANKA | Keds | Botas Vulcabras |

# THE EXECUTIVE BOARD

The stakeholders of a winning structure

## Board of Directors

CEO

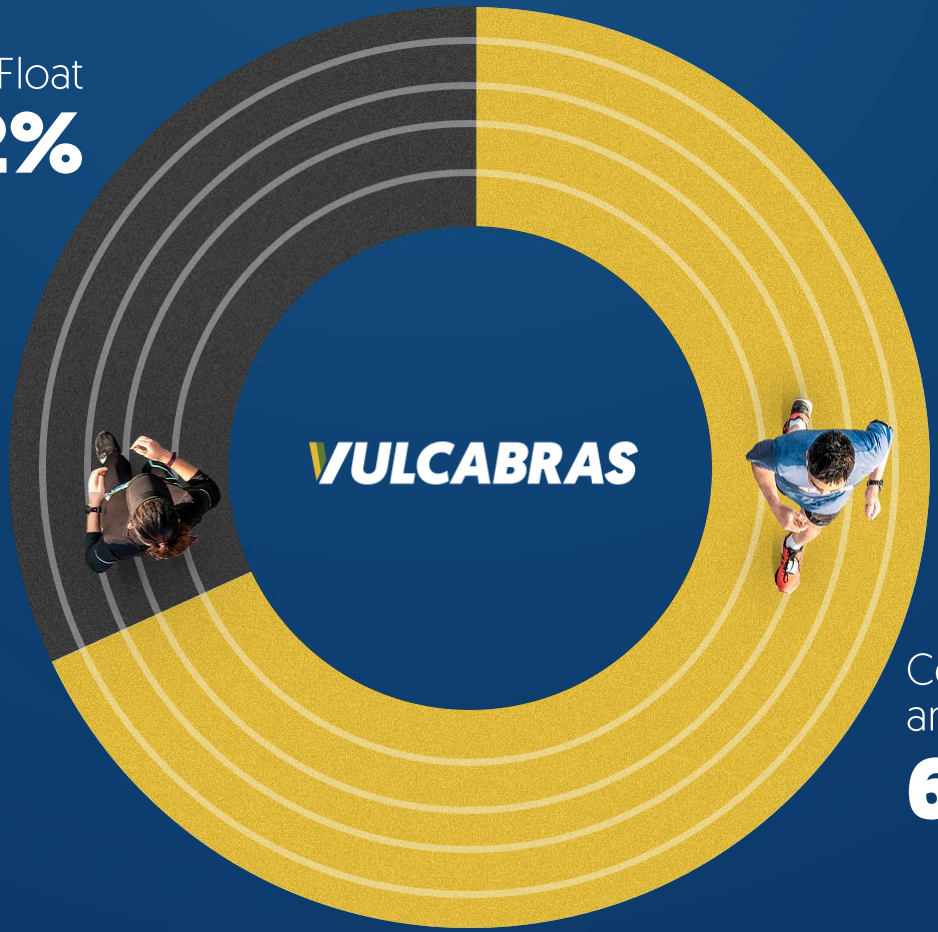
**Pedro Bartelle**

| Product, Research & Development | Industry and HR | Commercial and Commercial Operations | Marketing | Finance, Administrative and IR | Supply |
|---|---|---|---|---|---|
| **Evandro Kollet** | **Flavio Bento** | **Rafael Gouveia** | **Marcio Calage** | **Wagner Dantas** | **Rodrigo Miceli** |
| Research | Production | Commercial Wholesale | Brand communication | Finance | Purchasing |
| Development | Demand planning | Commercial DTC | PR | Controllership | Imports |
| Product Materials engineering | HR | Demand planning | Studio | Administrative | |
| | | Category | In House Agency | Legal | |
| | | Trade | | IT and Infrastructure | |

# SHAREHOLDING STRUCTURE

Free Float

**30.02%**



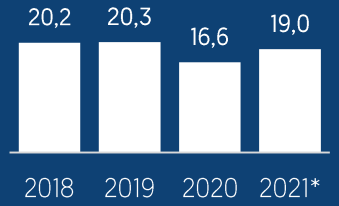

Controlling shareholder and related parties

**69.98%**

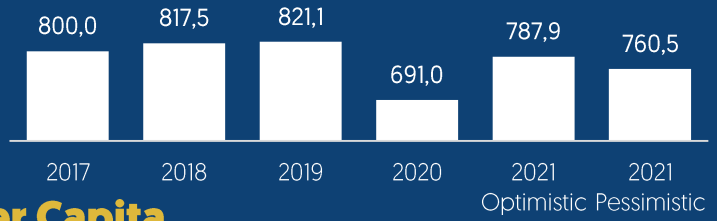
# THE FOOTWEAR MARKET

Brazil is the 5th largest consumer market in the world.

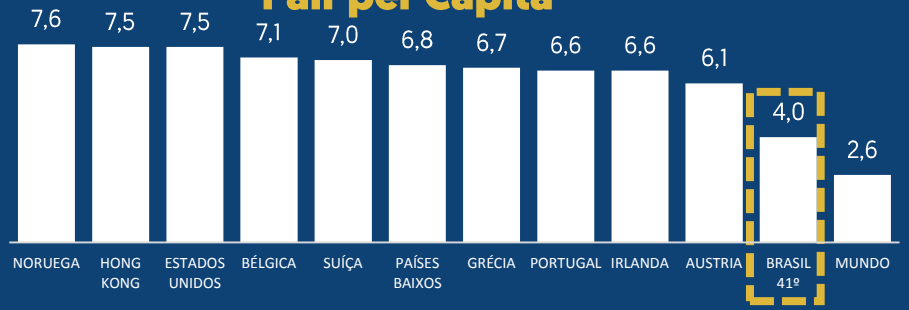
## World consumption
(billions of pairs)




## Apparent Consumption Brazil
(millions of pairs)




## Pair per Capita




## Market still expanding.

Market potential in Brazil compared to the USA is still a 90% increase in domestic consumption and expansion of local footwear production.

## Sports shoes per capita

Considering the apparent consumption only of sports shoes*, we have an average of 0.5 pairs per capita, which shows the great growth potential of the market.

*Source: footwear industry sector report | Brazil 2020
**World Footwear estimate

VULCABRAS

# SPORTS PRACTICE GROWTH

Only 30.1% of the Brazilian population practices any physical activity as leisure

**Growth of 22.7% to 30.1% between 2013 and 2019.**
Data from PNS 2019, from IBGE, show growth in physical activity in the country, reflecting the search for a healthier lifestyle.

**68% increase in marathon participants in Brazil in the last 5 years*.**
Growth in physical activity in the country, reflecting the search for a healthier lifestyle.

*source: BlogRecorrido.com in numbers-of-Brazilian-marathons accessed on 02/21

VULCABRAS

# OUR BUSINESS MODEL

Innovation and agility for better brand management

**R&D** Largest footwear R&D center in Latin America

Industry with **cutting edge technology**

**Broad commercial and marketing structure** dedicated by brand

**Interconnected service** (19,000 multi-brand points-of-sale)

Direct sales channel to the consumer - **DTC**

# RESEARCH AND INNOVATION

The largest footwear Research & Development center in Latin America, focused on bringing the best innovations and technologies to Brazilian athletes.

**Largest R&D center in** Latin America

**+600 people** dedicated to R&D

**800 new sports models** per year

**Award-winning and certified products** by the main market appraisers and appraising institutes - Olympikus Corre 1

**Local production of global technologies** from brands like UA Hovr (Under Armor)

VULCABRAS

# INDUSTRY WITH CUTTING EDGE TECHNOLOGY

The guarantee of agility in supplying points of sale.
**Smaller time-to-market compared to international competitors.**

- **Direct connection** with market demands
- Lead Time between ordering and production of **just 5 weeks**
- More of **20 million** pairs per year
- **Modernized industrial park**, with world-class production technology
- Production concentrated in two units - Horizonte/CE and Itapetininga/BA greater **efficiency** between processes
- **+300 Mil CAPEX**, invested to modernize factories

VULCABRAS

# WIDE COMMERCIAL STRUCTURE

Direct service to more than 10,000 customers with **constant sell-out monitoring to ensure assertiveness and speed of replacement**

**39** representation **offices**

**331 sellers** of all brands

**10,000** customers served

**Mapping of all ports**, identifying profile, assortment offered, SWOT analysis and potential design of each account

VULCABRAS

# INTERCONNECTED SERVICE

Direct retail service **increases**
**the speed and interconnectivity in the supply**

**+4725 NF's**
issued every day

**355**
trucks per month

**19,000**
Active PDVs

**Distribution**
to all Brazilian states

VULCABRAS

# ACTIVE PRESENCE AT THE POINT OF SALE

Larger merchandising team in the sports market

**19,000 points of sale**
Supported by the trade structure

**250,000** merchandising pieces produced annually

**40,000 salespeople**
trained on all brands

**National coverage**
with team of promoters

# E-COMMERCE MANAGEMENT

E-commerce with dedicated logistics operation and team to expand the digital presence of brands

**+ 141%** growth in net revenue (2020 x 2019)

**8,000** participants in the Affiliate Program

Presence in the **15 largest** marketplaces in Brazil

**Dedicated logistics operation** started in Mar / 21 exclusively to serve the company's e-commerce (Location: Extrema/MG)

# EXTREMA – MG – DC

**Operation dedicated to E-commerce**, started in March 2021

**11,500 m²** area

Capacity **of 7 million** parts

**+65,000** Storage Addresses

**120 employees** to the Extrema/MG operation

VULCABRAS

# DEDICATED MARKETING BY BRAND

We thrived in the detail.
**Better experience for each consumer profile.**

**3 exclusive teams**
dedicated to each brand

**20 campaigns / years**
Always on in the consumer's mind

**16.4 million followers**
on our social networks

**Sponsorship** of major events, clubs, confederations and Brazilian athletes

# COMPARATIVE STRUCTURE

| | National footwear from Vulcabras brands | International brands' Footwear | Benefit for the market |
|---|---|---|---|
| Term from development to market delivery | **4 months** | 12 months | Quick identification of the latest market trends and minimum term to launch the product at the point of sale |
| Service deadline | **5 weeks** | 6 months | Placing the order close to the sale increases the assertiveness of the purchase and enhances the sale |
| Delivery grid | **Flexible** (6 pairs or more) | Without flexibility (12 pairs or more) | Flexibility to the shopkeeper to adjust orders and reduce overstock leftovers |
| Stock out risk | **Low** | High | Higher margins for retail |
| Increase in business | **Immediate replenishment** | No replenishment in less than 6 months | Oriented replenishment based on product rotation |

VULCABRAS

# LEADING AND DESIRED BRANDS

Vulcabras brands Highlights

Source: YoyGov BrandIndex - Nilsen research

VULCABRAS

OLYMPIKUS

# THE RUNNING BRAND

VULCABRAS

OLYMPIKUS

## POSITIONING

Democratize access to technology and sports lifestyle, supporting the day-to-day running

## FOCUS CATEGORIES

Running and lifestyle

## HOW WE DO IT

We offer technology with the best cost benefit for that day-to-day running

## DIVISIONS

Footwear, Clothing and Accessories

VULCABRAS

UNDER ARMOUR

# THE HUMAN PERFORMANCE COMPANY

VULCABRAS

UNDER ARMOUR

## POSITIONING

Third largest multisport brand in the world that develops an ecosystem of sports products for the entire journey of the athlete

## FOCUS CATEGORIES

Training, Running and Team Sports (Basketball, Football, Golf)

## HOW WE DO IT

Apps, clothing, accessories and shoes for sports performance during training, competition and recovery

## DIVISIONS

Footwear, Clothing and Accessories

VULCABRAS

MIZUNO®

# REACH BEYOND

VULCABRAS

## POSITIONING

High performance products for all levels of athletes

## FOCUS CATEGORIES

Running

## HOW WE DO IT

Meeting the needs of all those who believe in the value of sport, offering quality products and services, whether for beginners or professionals

## DIVISIONS

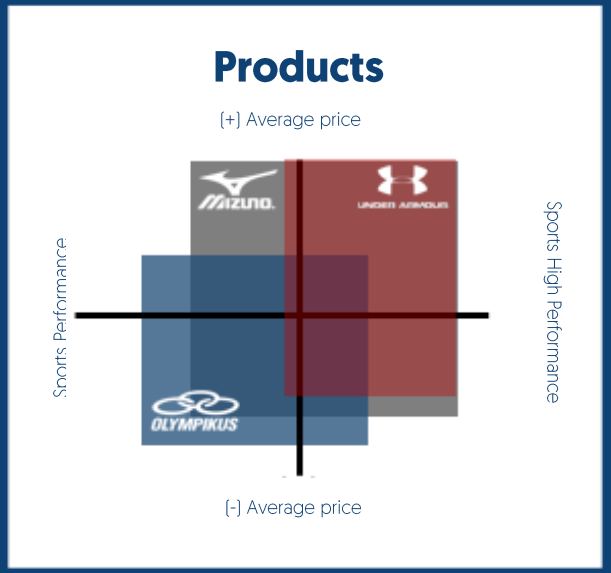
Footwear, Clothing and Accessories

# OPERATING STRATEGY
# THAT MEETS THE DEMAND OF EACH CONSUMER PROFILE

VULCABRAS

# PRICE STRATEGY FOR ALL CONSUMER PROFILES

Each brand has its price positioning, according to the consumer's profile




**Domestic and imported products guarantee sales potential in any exchange scenario**

# PORTFOLIO OF BRANDS WITH COMPLEMENTARY AUDIENCE AND SEGMENTS

Assortment for each **consumption occasion**

**Lifestyle**
Sports

>>>

**High performance**
sports

VULCABRAS

# WE DRESS THE ATHLETE FROM HEAD TO TOE

Our brands dress athletes with technology in all product categories

## Multicategory

VULCABRAS

# PORTFOLIO MULTI-SPORTS

Our brands offer products for **various sports practices.**

## Priority

Running

Training

## Secondary

Basketball

Golf

Lifestyle

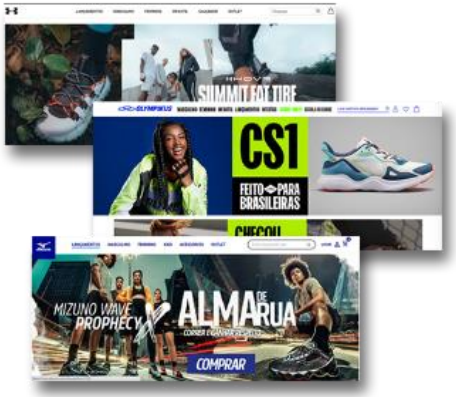
Soccer

VULCABRAS

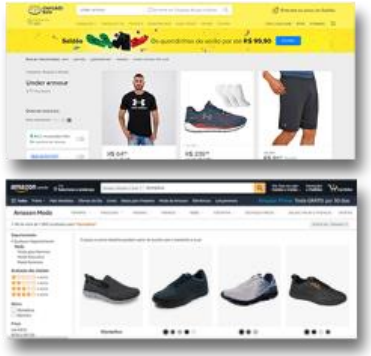
# MULTIPLE CHANNELS

**In several distribution channels**, to get to where the consumer in Brazil is.

## E-commerce




## Marketplace



## Own stores

## Multibrand Retail

# THE IMPACT OF OUR BUSINESS ON THE ENVIRONMENT AND SOCIETY

Our Social and Sustainability actions are based on 3 pillars

- **Our factories and offices**
- **People and Society**
- **Products**

VULCABRAS

# 1. OUR FACTORIES AND OFFICES

We have the commitment of minimizing the environmental and social impact of our factories and offices. In July 2021 we published our first Sustainability Report.

Our factories have an internal recycling plant, which transforms the waste that would be discarded into raw material for our shoes.

In addition, they have a sewage treatment plant that allows water to be reused.

**WATER REUSE**

- 100% reuse in Horizonte
- 40% in Extrema

**CLEAN ENERGY AND CO2 REDUCTION**

- Wind energy for all plants from 2022 onwards
- Supplier audit
- GHG inventory

**CIRCULAR ECONOMY**

- 100% reuse of waste in Itapetinga/BA
- 80% reuse of waste in Horizonte/CE

# 2. PRODUCT

Reduce the environmental impact of our products is fundamental. Therefore, we are committed to develop sustainable products or that have recycled materials in their production process

**USE OF RECYCLABLE INPUTS**

323 tons of recycled inputs used in our products per year

- Plastic – Reuse of waste bags that would be discarded in the production of the footwear buttress, totaling more than 127 tons of waste reused per year.
- EVA recycling - Reuse of more than 161 tons per year.
- TPU component - Reuse of more than 35 tons per year.

# 3. PEOPLE AND SOCIETY

We aim to contribute to the training and qualification of our employees and for the society around our units

**LEADERSHIP TRAINING PROGRAM**

- More than 1,000 hours per year of specialization courses and training of leaders in our units.

**LITERACY PROGRAM IN PARTNERSHIP WITH SESI AND SENAI**

- Literacy supplement for employees.

**TRAINING PROGRAM**

- More than 337,000 hours of training and education for employees.
- More than 1,000,000 hours invested in courses on occupational safety and health.

**VOLUNTEERING PROGRAM**

- Donation program for communities in Horizonte.

# FINANCIAL HIGHLIGHTS

Our performance.

VULCABRAS

# OUR NUMBERS

**Focus on the result.**
Our work in numbers.

**R$ 1.4 billion** gross revenue 2020

**21.5 million** of shoes sold (2020)

CAPEX for the modernization of the industrial park **+300 million** in the last 3 years

**+141%** (2020x2019) in e-com net revenue

Vulcabras brands' e-commerce among **top 100** with greater growth in access during the pandemic

**10,000** retail customers served in Brazil

**19,000** stocked points-of-sale

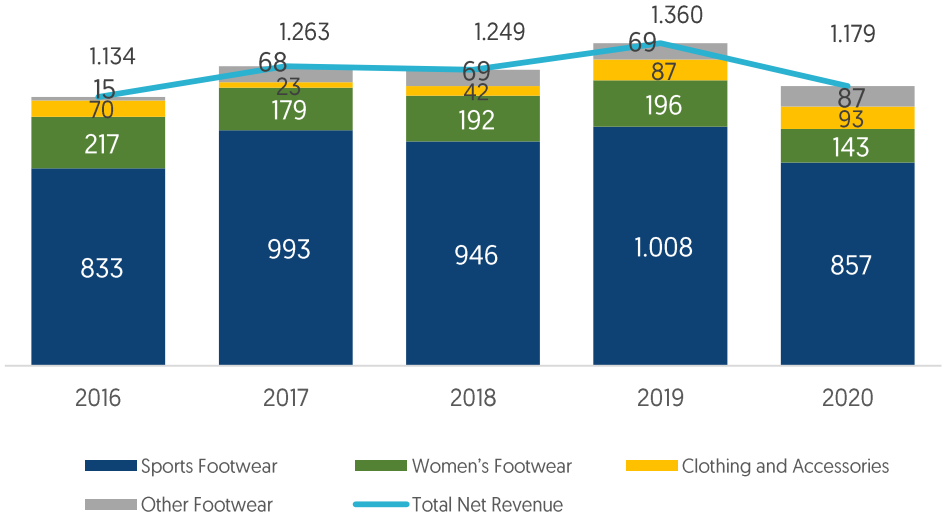
More than **15,000** employees

VULCABRAS

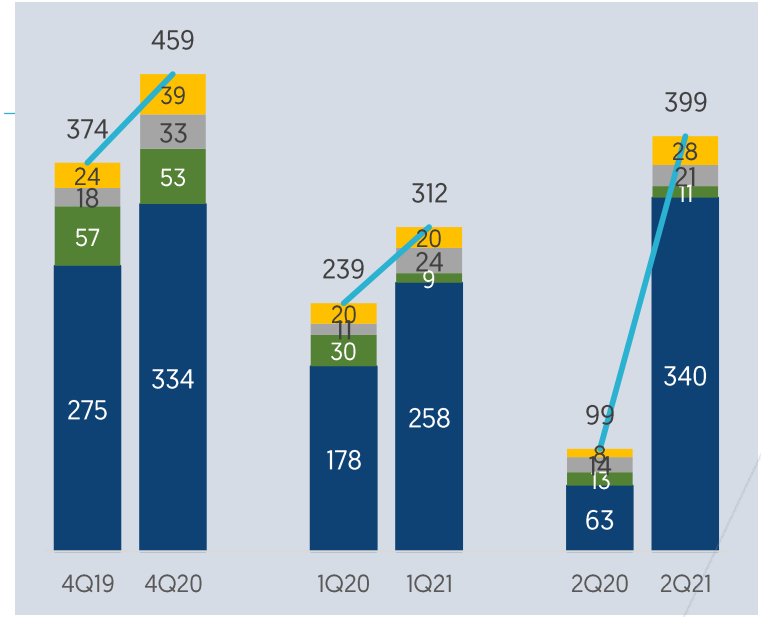
# NOR BY DIVISION

Growth in clothing in recent years, with the arrival of UA and new Olympikus collections

## Consolidated year (R$ million)



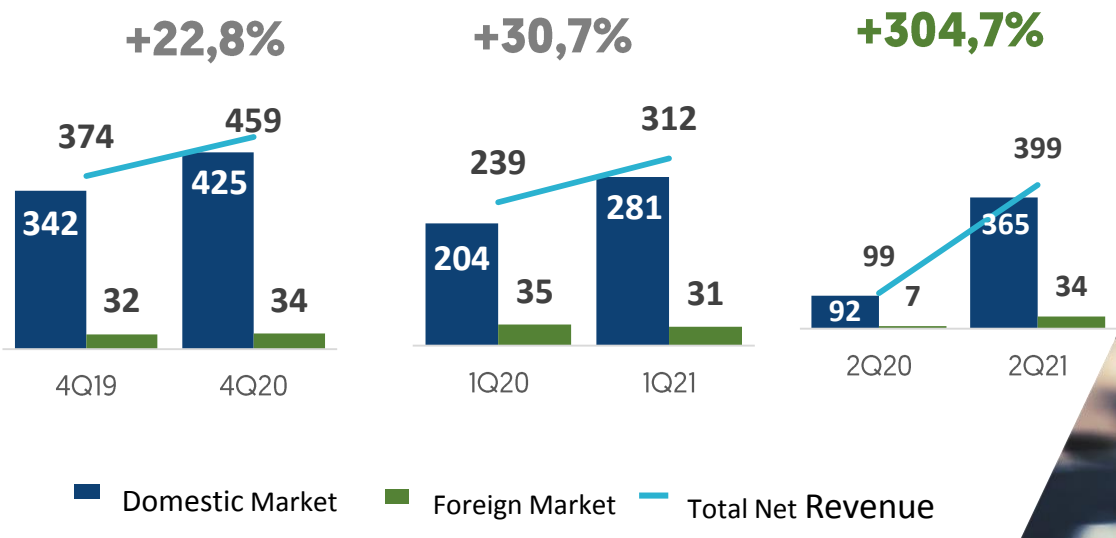

## Last tree quarters (R$ million)



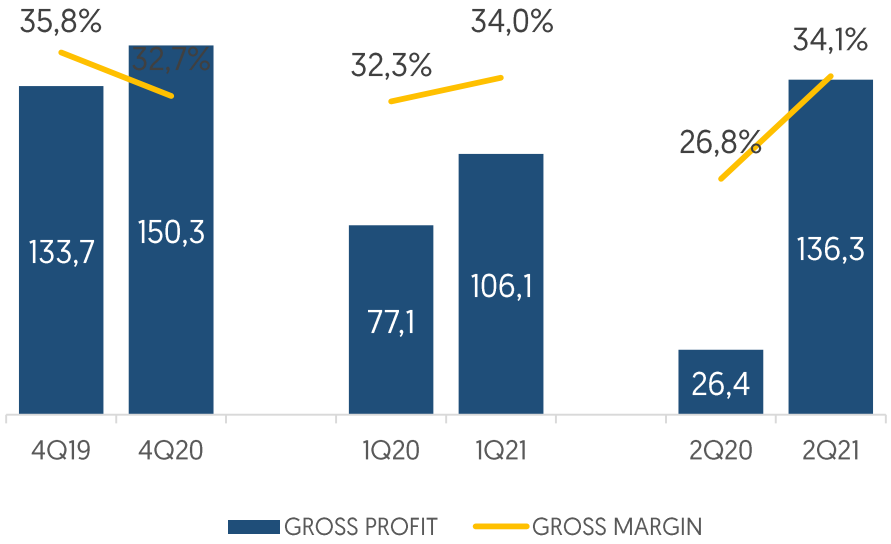

VULCABRAS

# NET REVENUE BY MARKETS

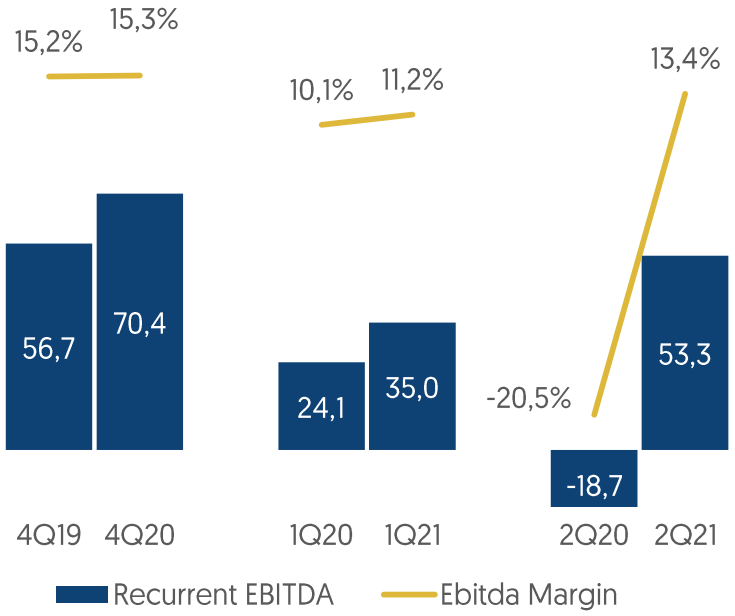
In 2Q21, the domestic market grew across the board in all categories. In the foreign market, growth was 381.7%.



# GROSS PROFIT AND GROSS MARGIN



# EBITDA
# AND EBITDA MARGIN



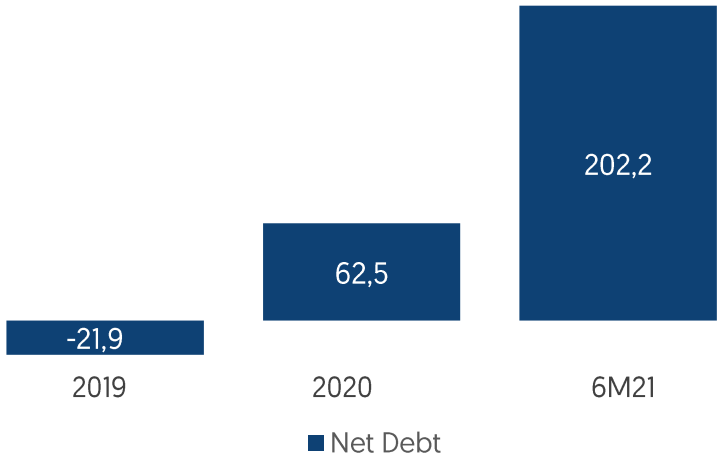

Recurring EBITDA (2Q21 x 2Q20) **+ 459,9 %**

VULCABRAS

# NET INDEBTEDNESS

Low leverage operation

## Ned Debt ( R$ Million)




**Ned Debt/EBITDA (6M21)**

1,4%

VULCABRAS

# THE FUTURE IS PROMISING

Sport generates value, employment, income and well-being. The more access and the better quality, the greater the return offered to society. Sport is in our DNA and it is from it that we build a better country. **Vulcabras, we live for the sport**

VULCABRAS

>>

# VULCABRAS

BUILDING A
BETTER COUNTRY
**THROUGH SPORTS.**