

Grendene®

melissa

GRENDA

ZAXY

Ipanema

Grendene kids

rider

CARTAGO

PEGA FORTÉ

2Q23 & 1H23 Results

Date: August 11, 2023

Time: 10:30 a.m.

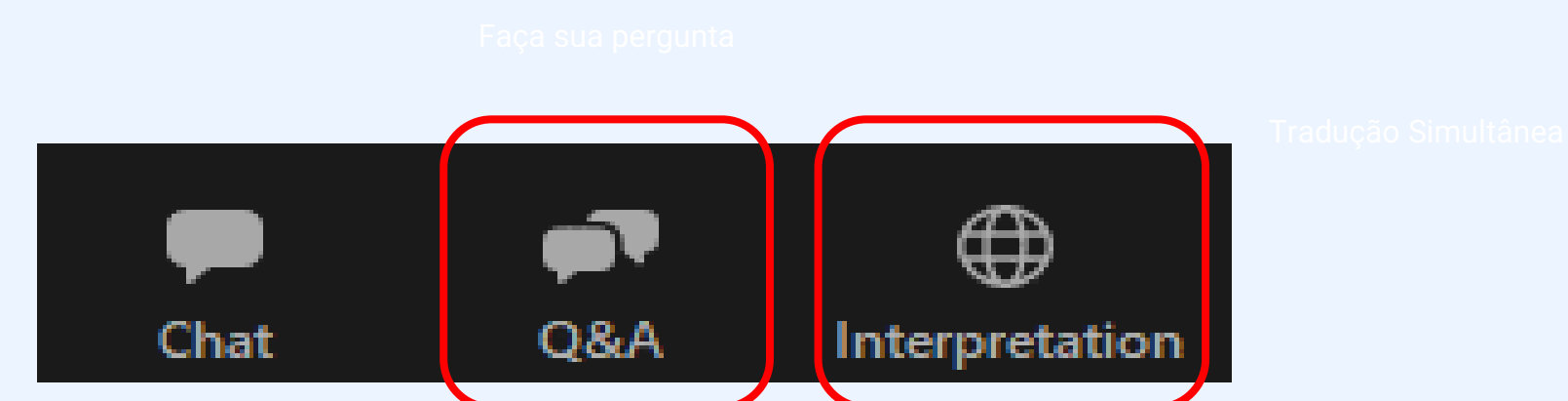


INSTRUCTIONS

This videoconference will be in Portuguese , with simultaneous translation into English.

Language settings: to enable the English simultaneous translation, click on the Interpretation button, at the bottom right of the screen, and choose the “English” option.

To ask questions: please click on the Q&A icon and write your question. If announced, a request to activate your microphone will show up on your screen; then, you should enable your audio to ask your question. We kindly ask you to make all questions at once.



DISCLAIMER

This presentation contains statements that can represent expectations about future events or results. These statements are based on certain suppositions and analyses made by the company in accordance with its experience, with the economic environment and market conditions, and expected future developments, many of which are beyond the company's control. Important factors could lead to significant differences between real results and the statements on expectations about future events or results, including the company's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the footwear industry, conditions of the financial market, and uncertainty on the company's future results from operations, plans, objectives, expectations and intentions – among other factors. In view of these aspects, the company's results could differ significantly from those indicated or implicit in any statements of expectations about future events or results.



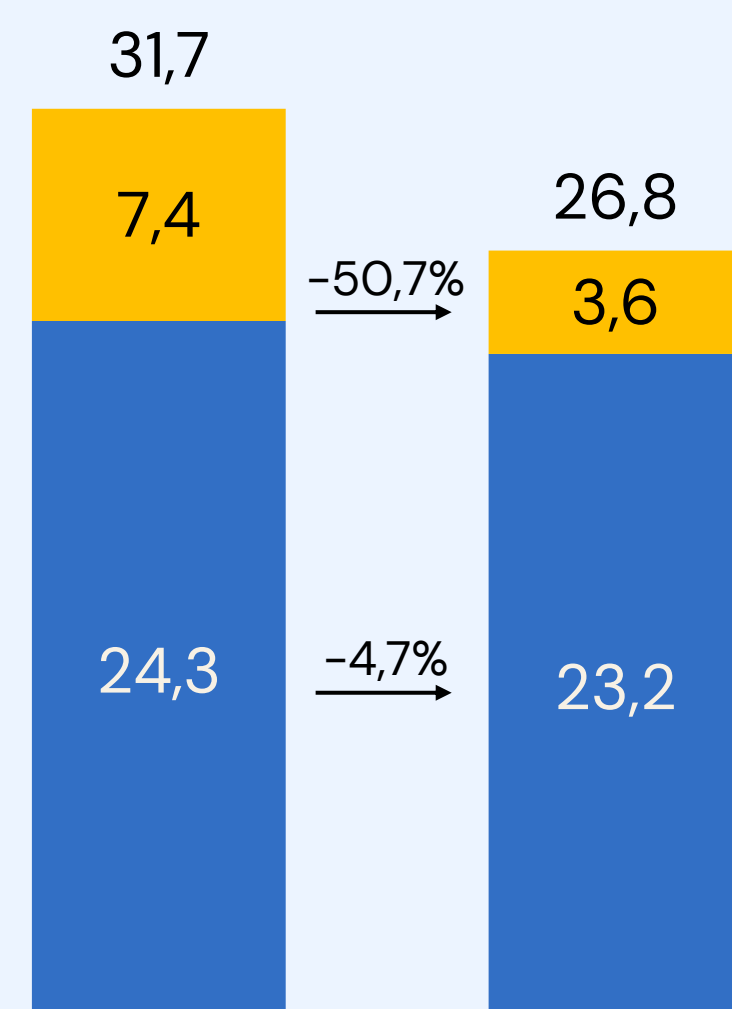
HIGHLIGHTS 2Q23 YOY

VOLUME

26.8

MILLION

-15,4% vs. 2Q22



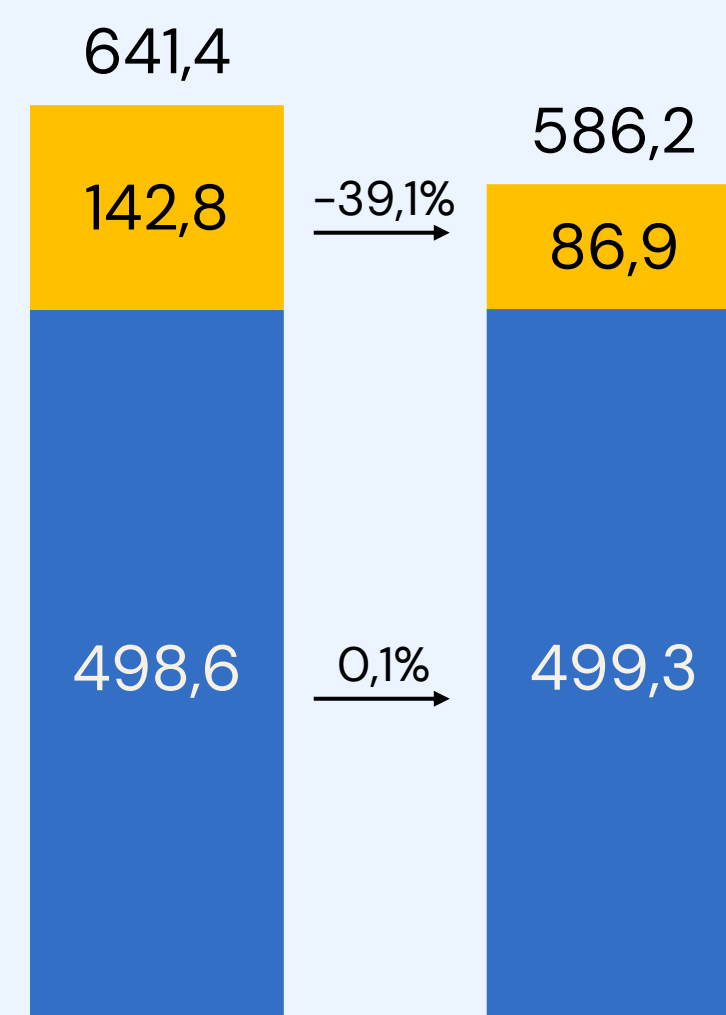
■ Export market
■ Domestic market

GROSS REVENUE

R\$ 586.2

MILLION

-8,6% vs. 2Q22



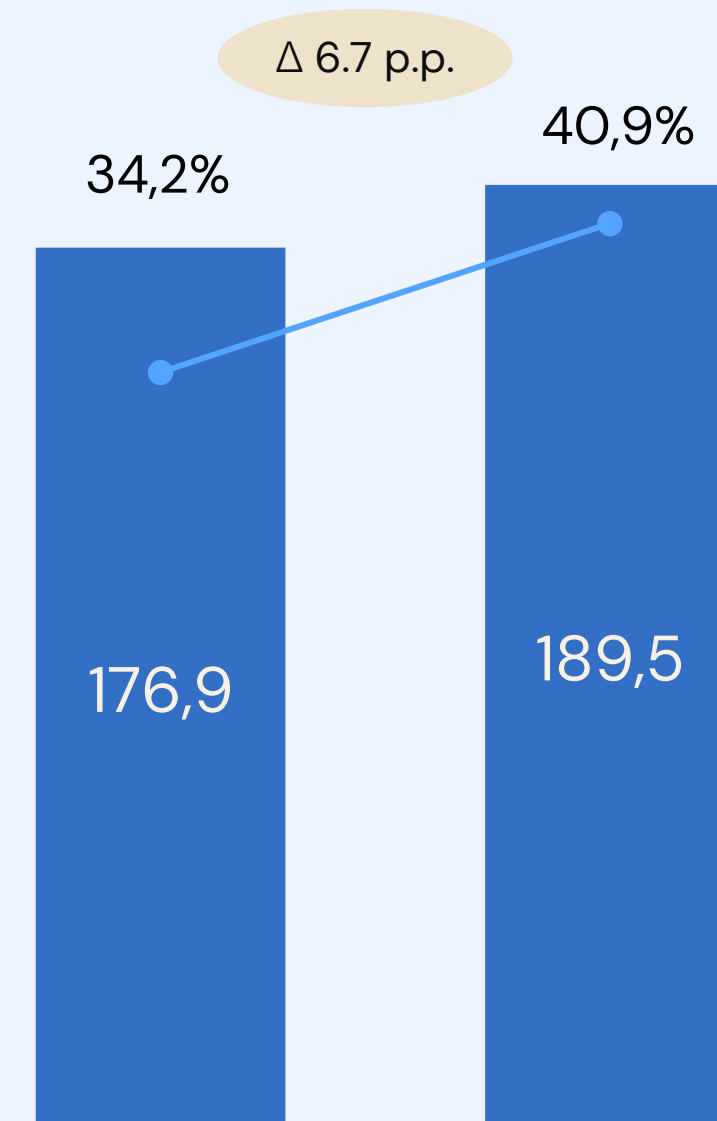
■ Export market
■ Domestic market

GROSS PROFIT

R\$ 189.5

MILLION

7,1% vs. 2Q22



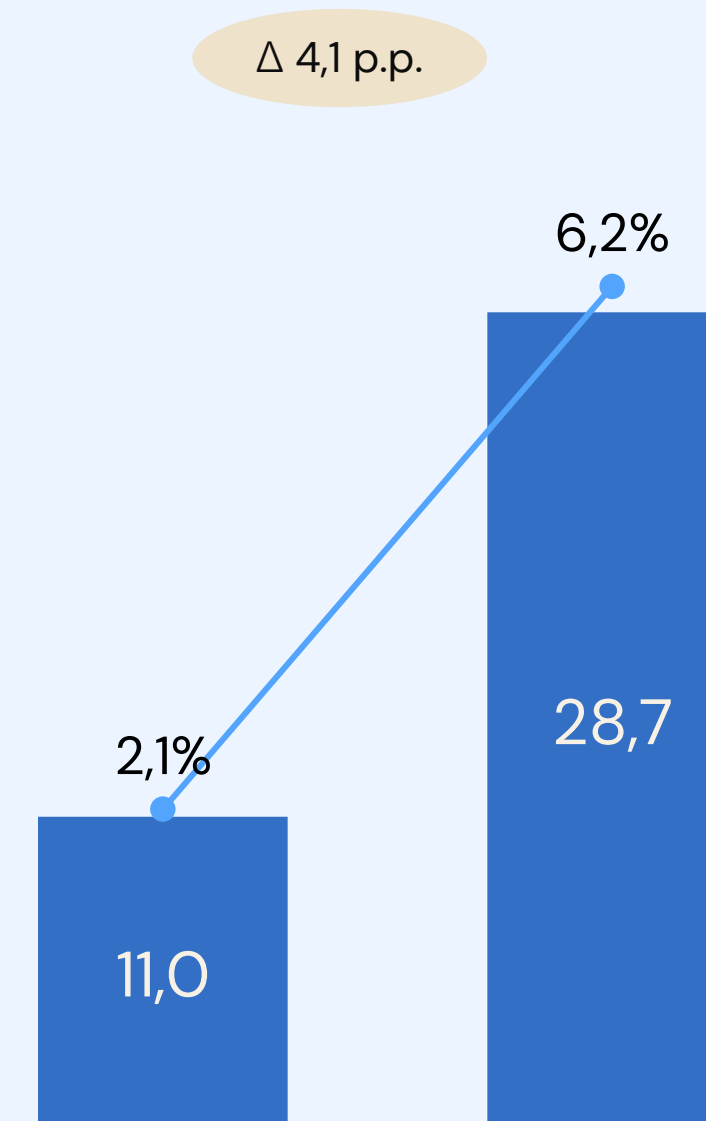
■ Gross profit
● Gross margin

RECURRING EBIT

R\$ 28.7

MILLION

160,2% vs. 2Q22



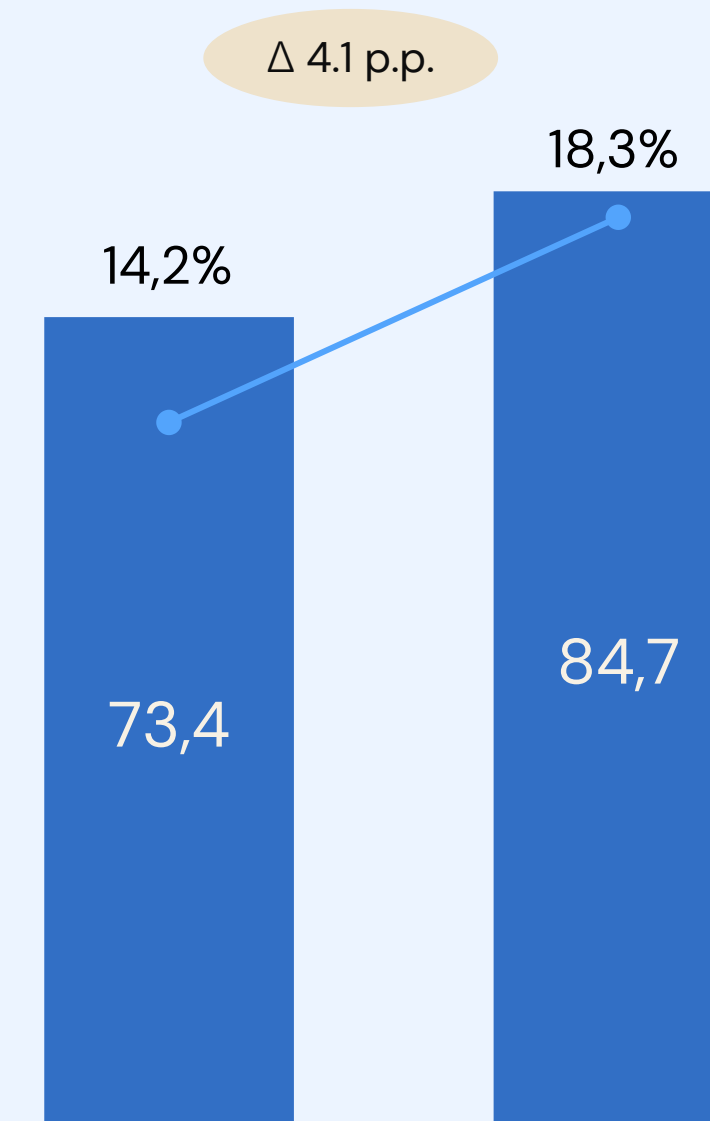
■ Recurring Ebit
● Recurring Ebit margin

RECURRING NET PROFIT

R\$ 84.7

MILLION

15,4% vs. 2Q22

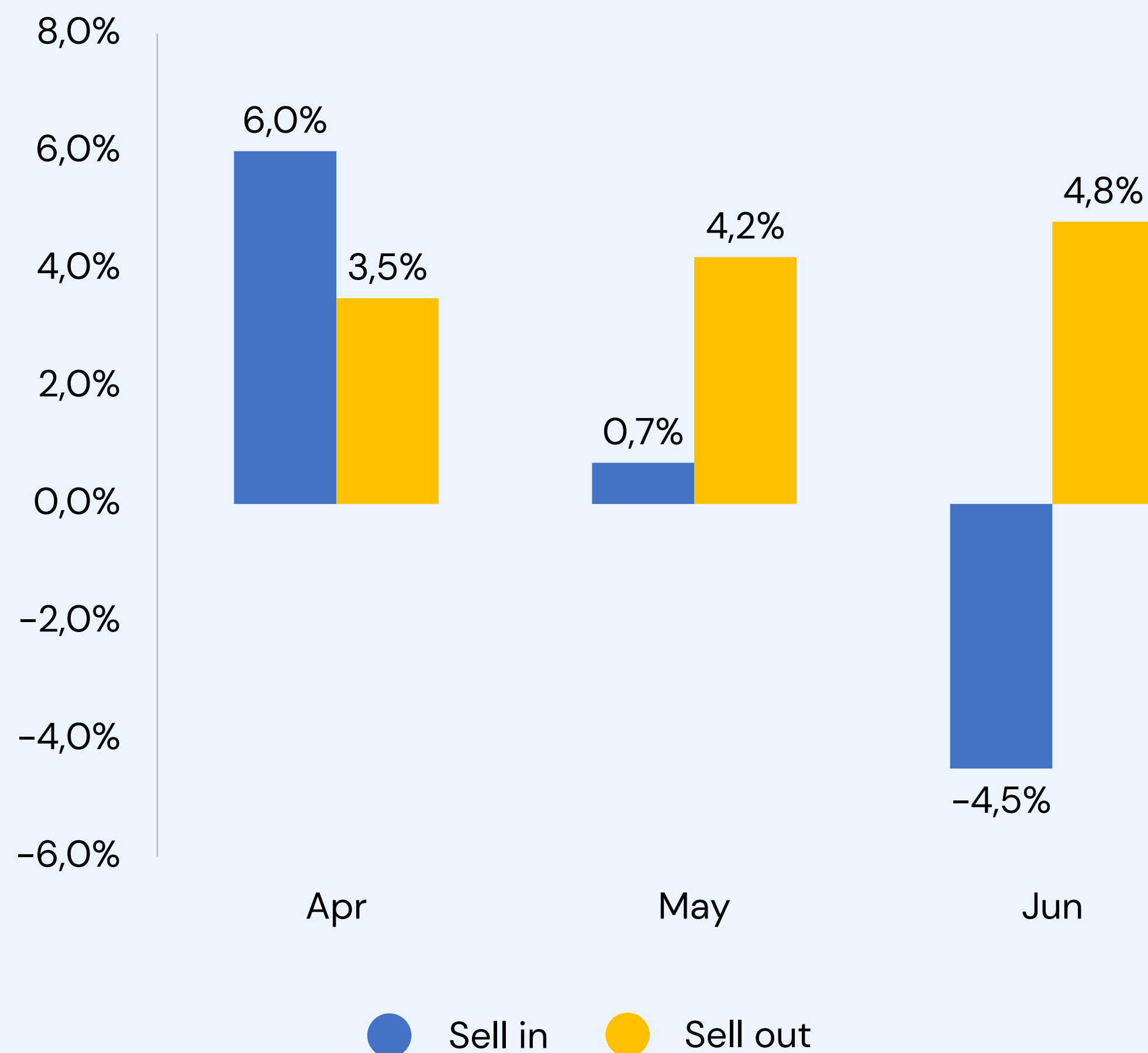


■ Recurring Net profit
● Recurring Net margin

Grendene®

DOMESTIC MARKET – DIVISION 1

Sell in x Sell out
(Δ % accumulated in pairs vs. 2Q22)



Sell in vs. 2Q22

+1.1%
Gross revenue

-4.5%
Volume

+5.9%
Gross revenue
per pair

+86.7%
Archetype
Sandals *

+17.1%
Archetypes
Closed*

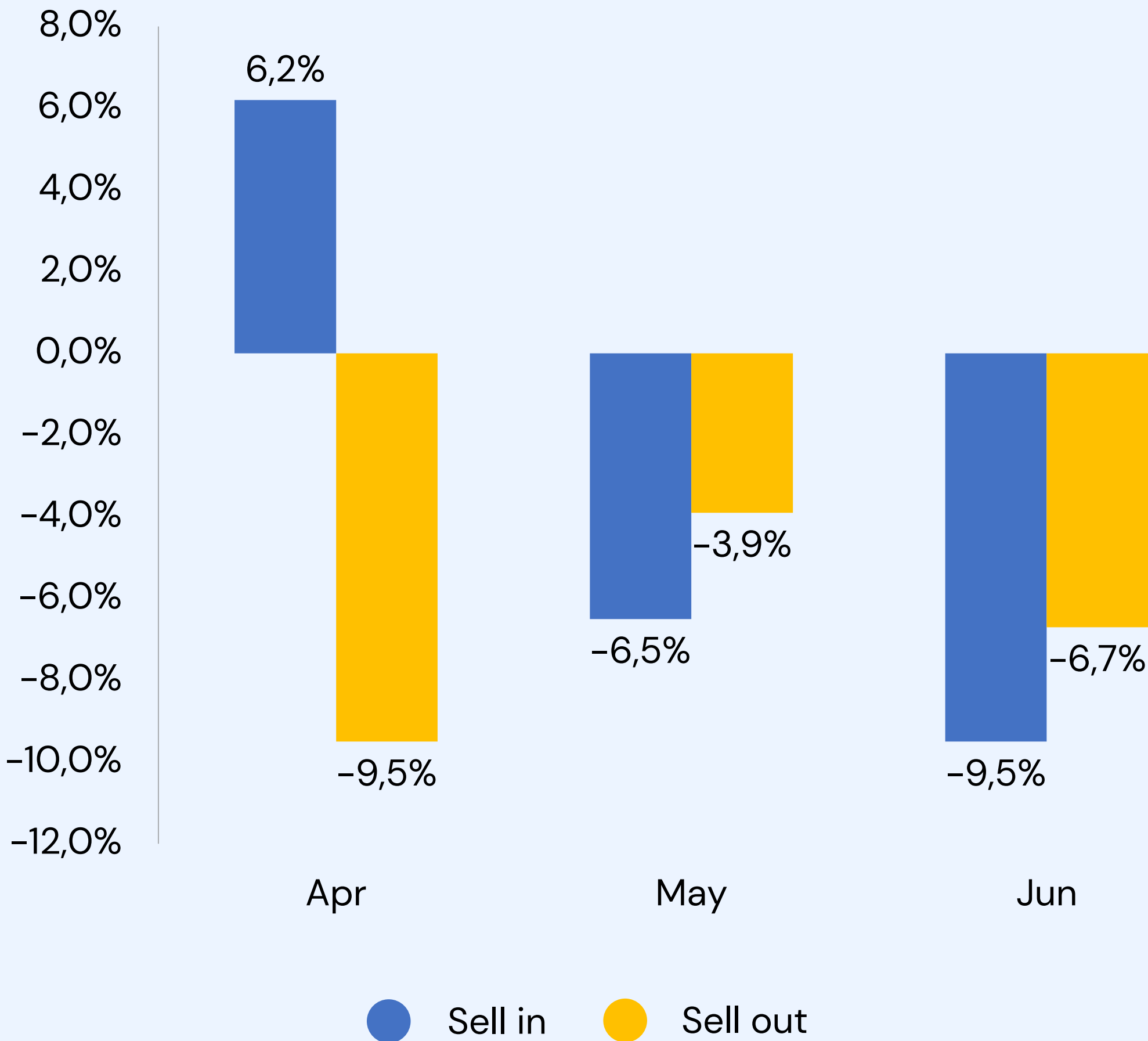
+0.3 p.p.
E-commerce **
share

- Up 0.8 p.p.* market share in the food channel.
- Ipanema and female protagonists in 2Q23.
- Sandals: up 11.7 p.p.* share over archetype mix.
- Growth of up 5% YoY (above the pre-pandemic level).
- Retail and Indirect channel customers with inventory levels below the historical average.

* in Volume;
** in Gross revenue

DOMESTIC MARKET – MELISSA

Sell in x Sell out
(Δ % accumulated in pairs vs. 2Q22)



Sell in vs. 2Q22

-3.6%
Gross revenue

-9.5%
Volume

+6.5%
Gross revenue
per pair

403
Clubes Melissa

+28.6%
Gross revenue
E-commerce

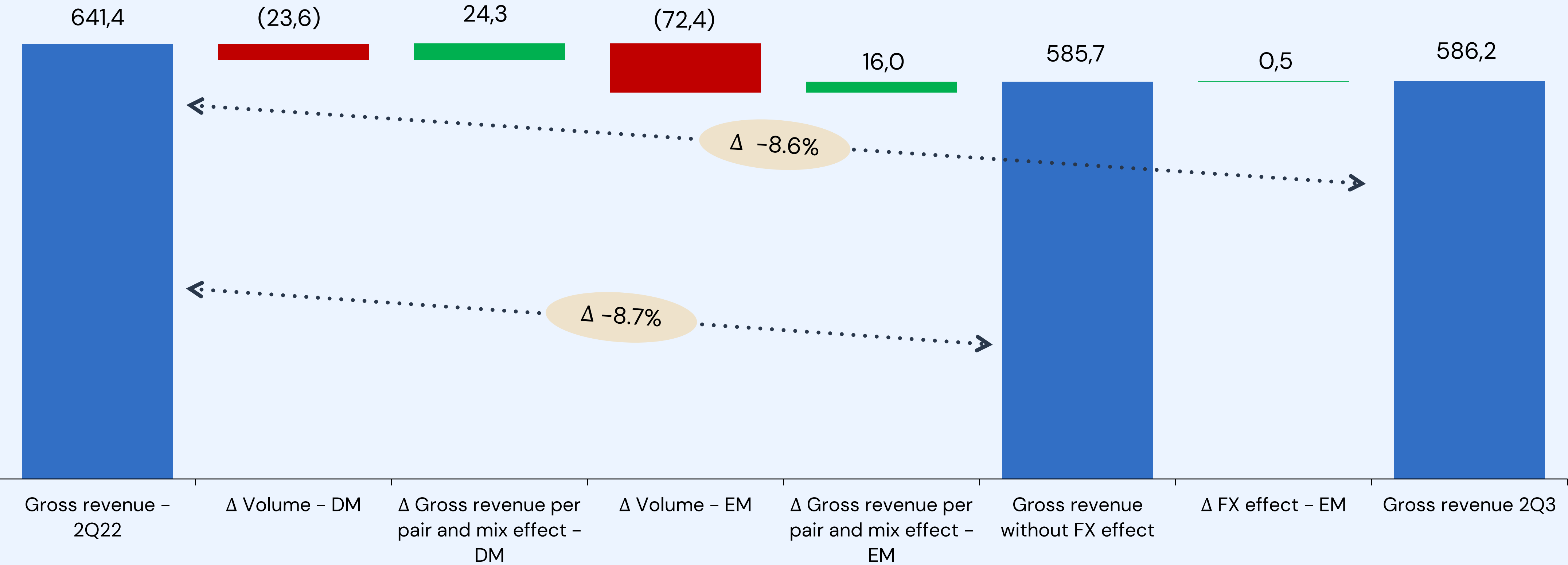
12.8%
Penetration
E-commerce*

- Up 2.9 p.p.** share of E-commerce;
- Melissa App launch;
- App represented 18.2%** of Melissa's online sales in Jun (3rd month)
- Melissa Clubs with inventory levels below historical average.

* in Volume;
** in Gross revenue

GROSS REVENUE

R\$ million



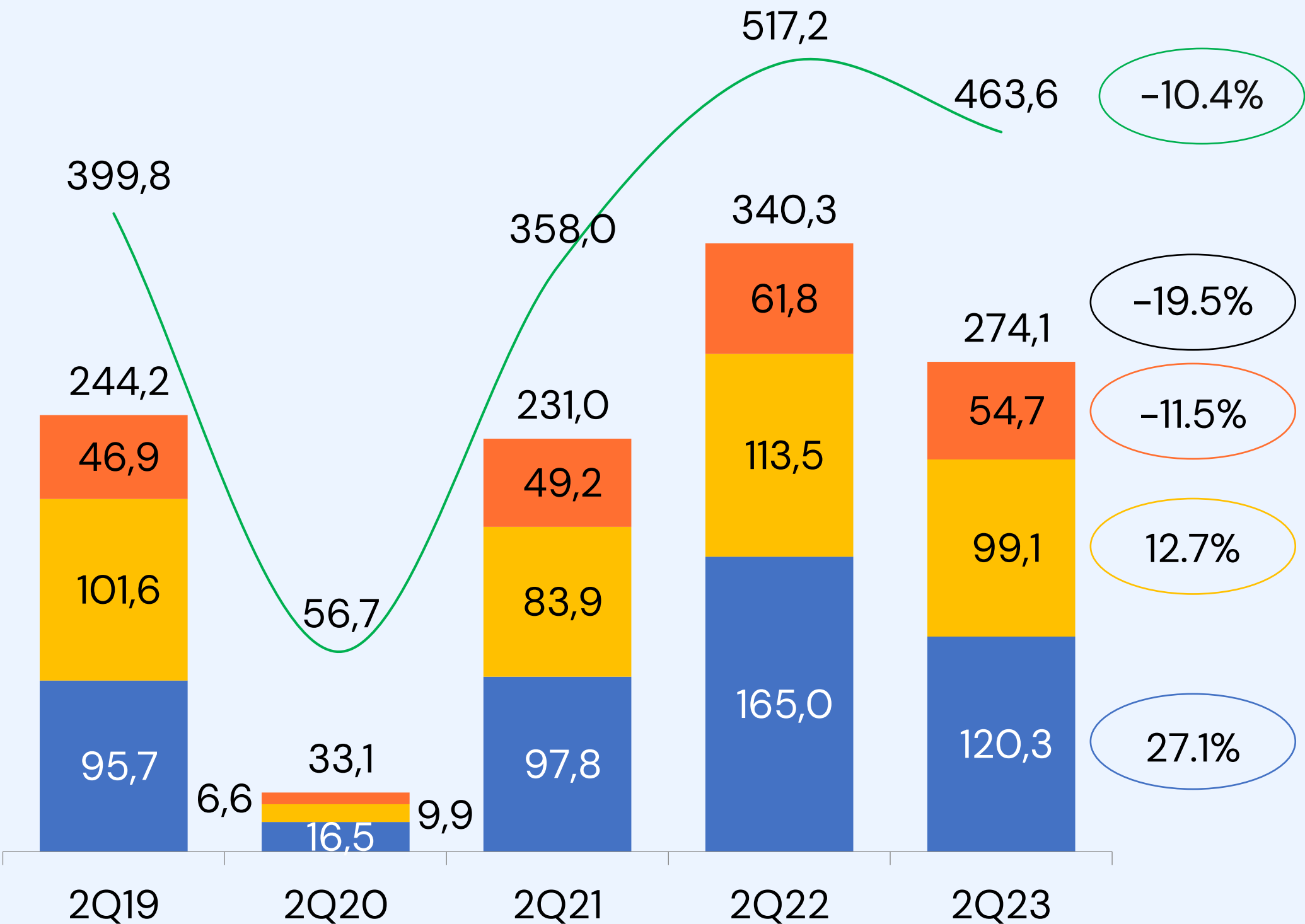
AVERAGE US DOLLAR: 2Q22 = R\$ 4.9208 / 2Q23 = R\$ 4.9514 – Δ 0.6%

COST OF GOODS SOLD

NET SALES AND COGS

(R\$ MILLION)

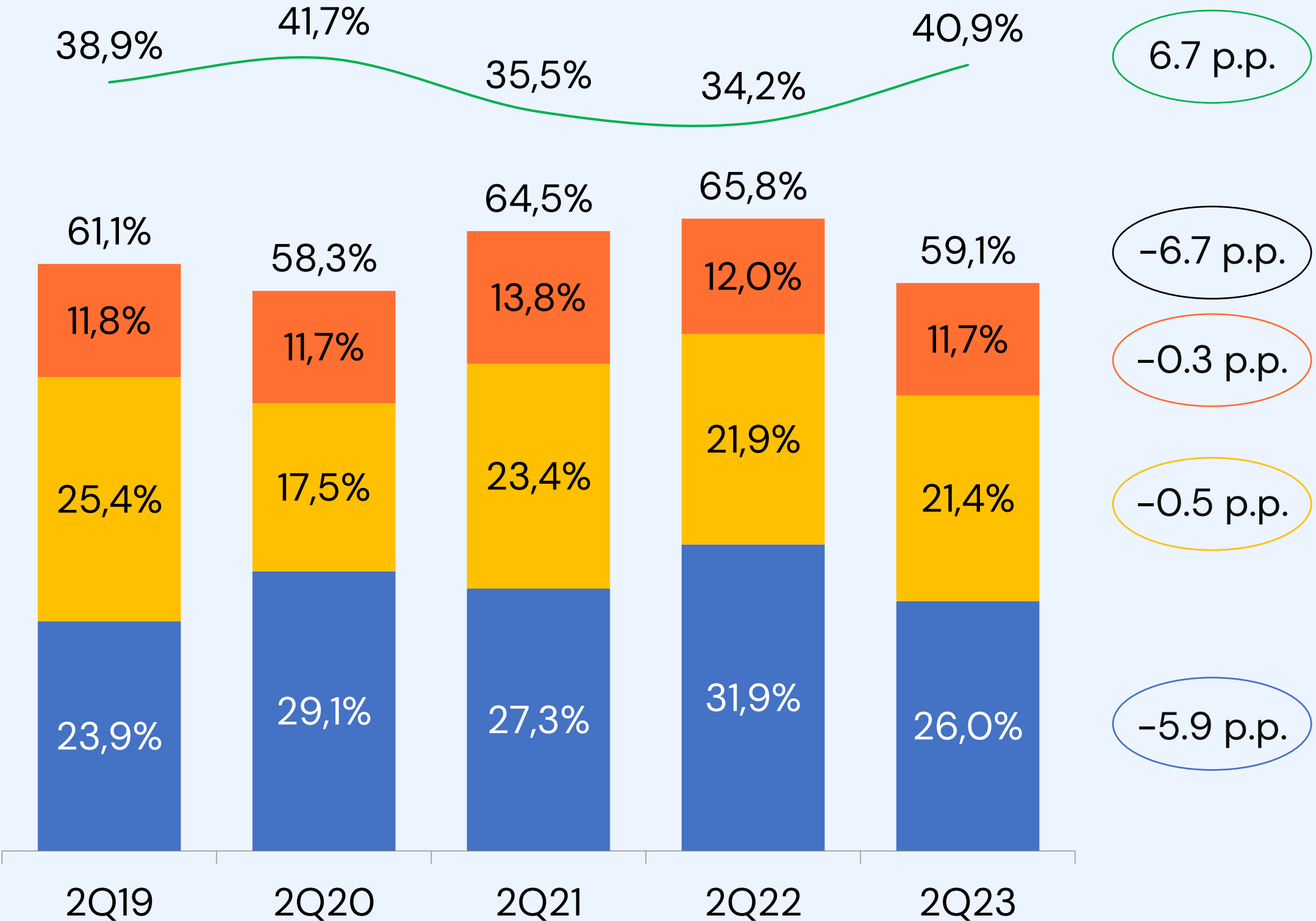
Δ%
2Q22 VS 2Q23



GROSS MARGIN AND COGS

(% NET SALES REVENUE)

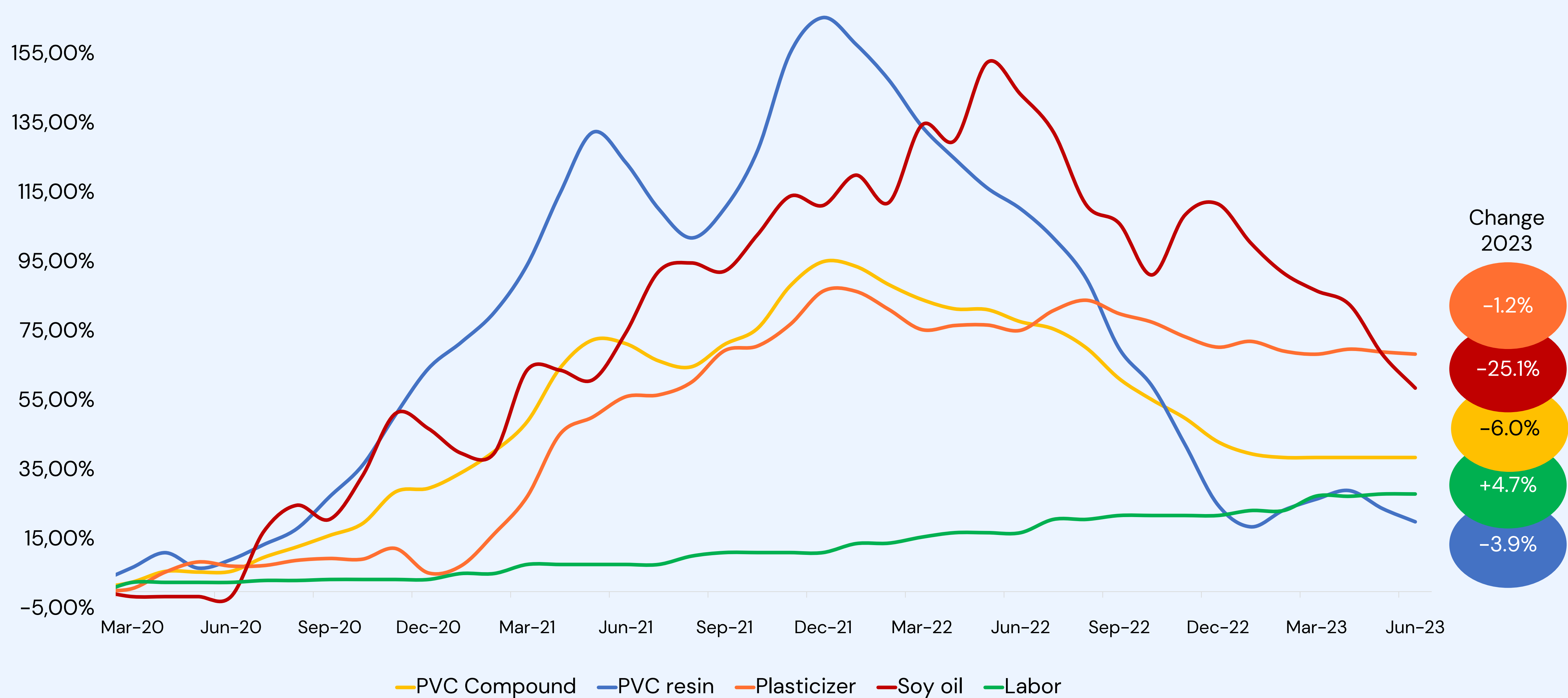
Δ%
2Q22 VS 2Q23



OGF Labor Raw material Net sales

OGF Labor Raw material Gross margin

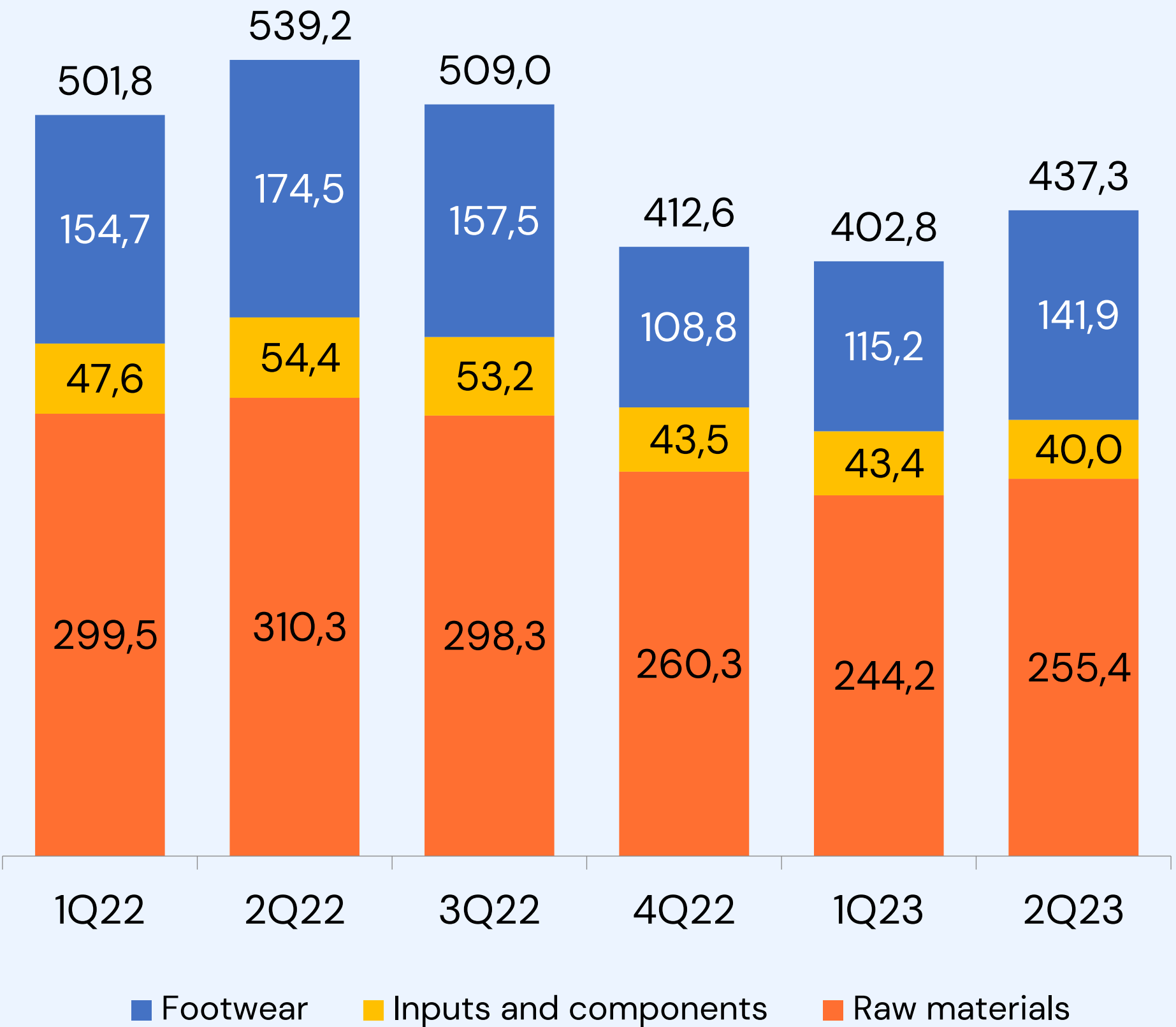
VARIATION OF THE MAIN COMPONENTS OF COGS



INVENTORY

R\$ million

INVENTORY BALANCE



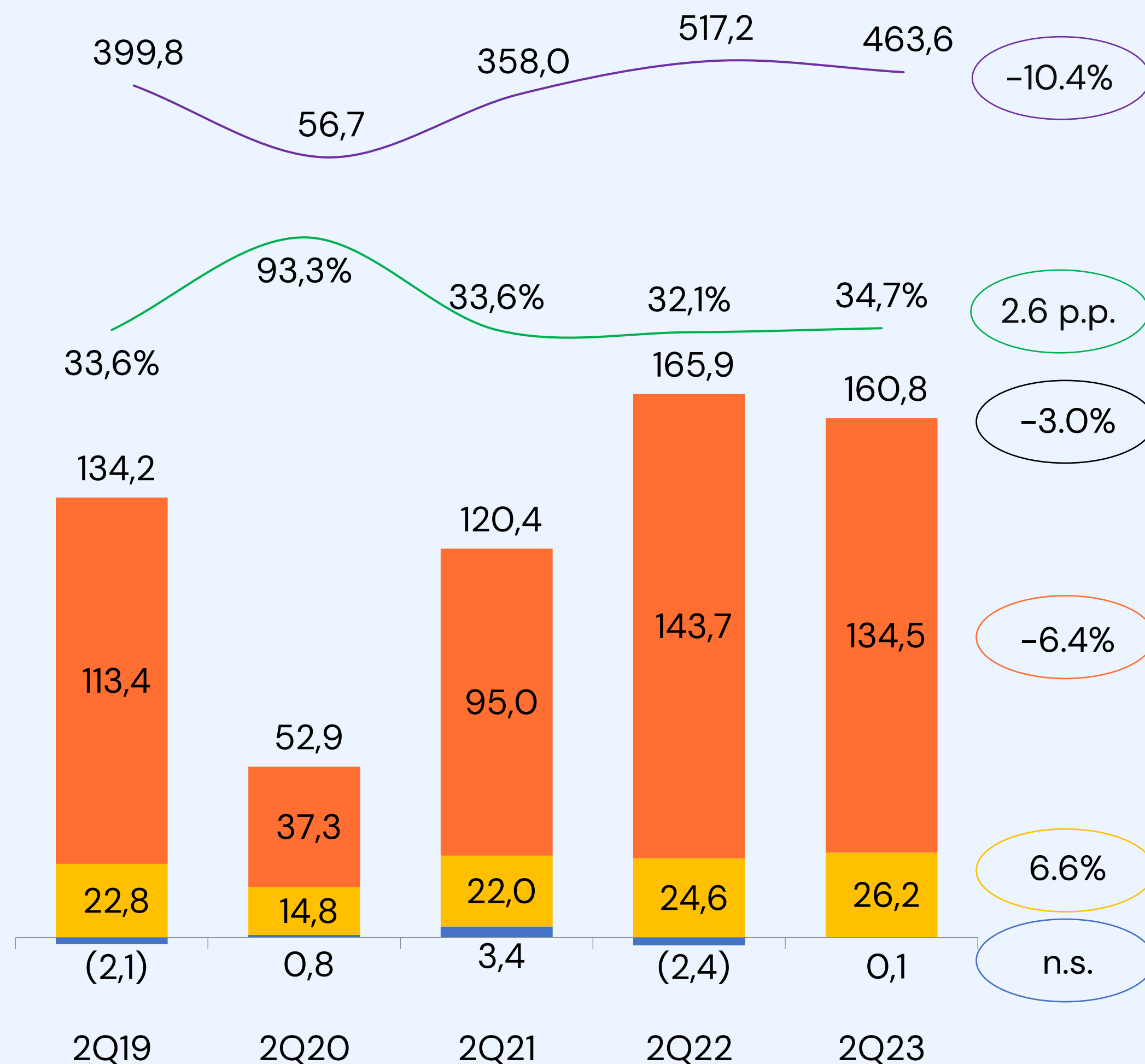
- Inventory of finished footwear corresponds mostly to "strategic inventory".
- Average inventory cost of PVC compound is ~4% above replacement costs.
- Opportunity to improve COGS in the raw material component.
- Inventory levels in the chain below historical levels (from 30 to 45 days).

Days of Net sales *	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	Change 2Q23/2Q22	Change 2Q23/1Q23
Inventories	78	79	73	60	58	65	(14)	7
Footwear	24	26	23	16	17	21	(5)	4
Inputs and componentes	7	8	8	6	6	6	(2)	-
Raw materials	47	45	43	38	35	38	(7)	3

* Nat sales revenue for the last 12 months

RECURRING OPERATIONAL EXPENSES

R\$ million



Other G&A Exp. Selling Exp. Net sales revenue % Net sales revenue

Recurring Selling expenses

	2Q22	% Net Sales	2Q23	% Net sales	Change %	Change R\$
Variable	(73.9)	(14.3%)	(56.9)	(12.3%)	(23.0%)	17.0
Advertising and publicity	(16.3)	(3.2%)	(21.4)	(4.6%)	31.1%	(5.1)
Personnel expenses	(18.4)	(3.6%)	(18.8)	(4.1%)	2.1%	(0.4)
Outsourced services	(5.7)	(1.1%)	(3.7)	(0.8%)	(35.2%)	2.0
Travel and accommodation	(1.4)	(0.3%)	(2.1)	(0.5%)	50.4%	(0.7)
Conventions	(3.6)	(0.7%)	(9.5)	(2.0%)	163.6%	(5.9)
Rentals	(0.6)	(0.1%)	(0.7)	(0.2%)	19.1%	(0.1)
Other	(23.7)	(4.6%)	(21.3)	(4.6%)	(10.2%)	2.4
TOTAL	(143.7)	(27.8%)	(134.5)	(29.0%)	(6.4%)	9.2

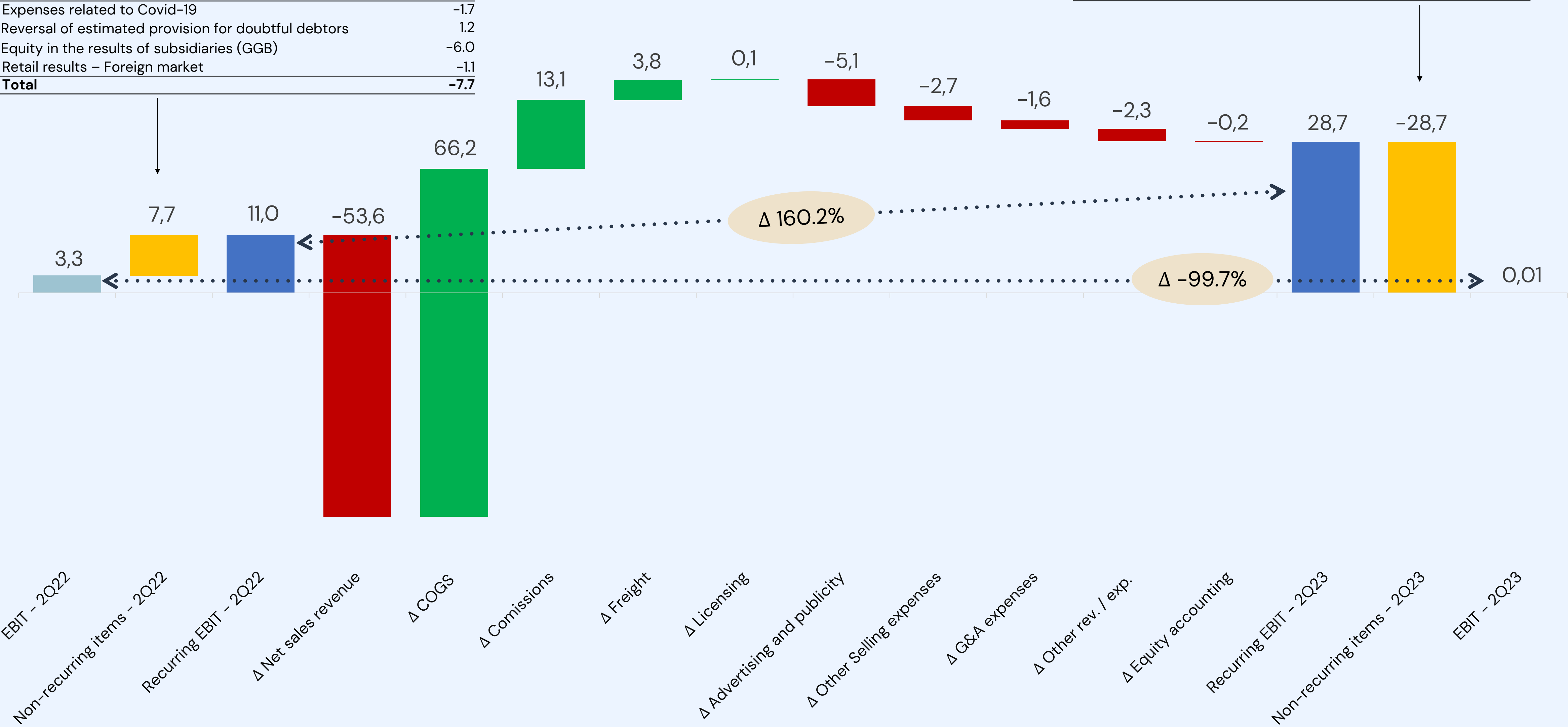
Recurring G&A expenses

	2Q22	% Net Sales	2Q23	% Net sales	Change %	Change R\$
Personnel expenses	(16.8)	(3.3%)	(17.7)	(3.8%)	5.0%	(0.9)
Outsourced services	(3.7)	(0.7%)	(3.1)	(0.7%)	(16.4%)	0.6
Travel and accommodation	(0.2)	(0.0%)	(0.1)	(0.0%)	(35.0%)	0.1
Tax expenses	(1.5)	(0.3%)	(3.2)	(0.7%)	116.2%	(1.7)
Other	(2.3)	(0.4%)	(2.0)	(0.4%)	(12.7%)	0.3
TOTAL	(24.6)	(4.7%)	(26.2)	(5.6%)	6.6%	(1.6)

EBIT
R\$ million

Non-recurring items 2Q22	R\$ million
Expenses related to Covid-19	-1.7
Reversal of estimated provision for doubtful debtors	1.2
Equity in the results of subsidiaries (GGB)	-6.0
Retail results – Foreign market	-1.1
Total	-7.7

Non-recurring itens 2Q23	R\$ million
Legal Counseling	-0.3
Franchise management	-3.1
Estimated provision for doubtful debtors	-5.1
Equity in the results of subsidiaries (GGB)	-20.2
TOTAL	-28.7

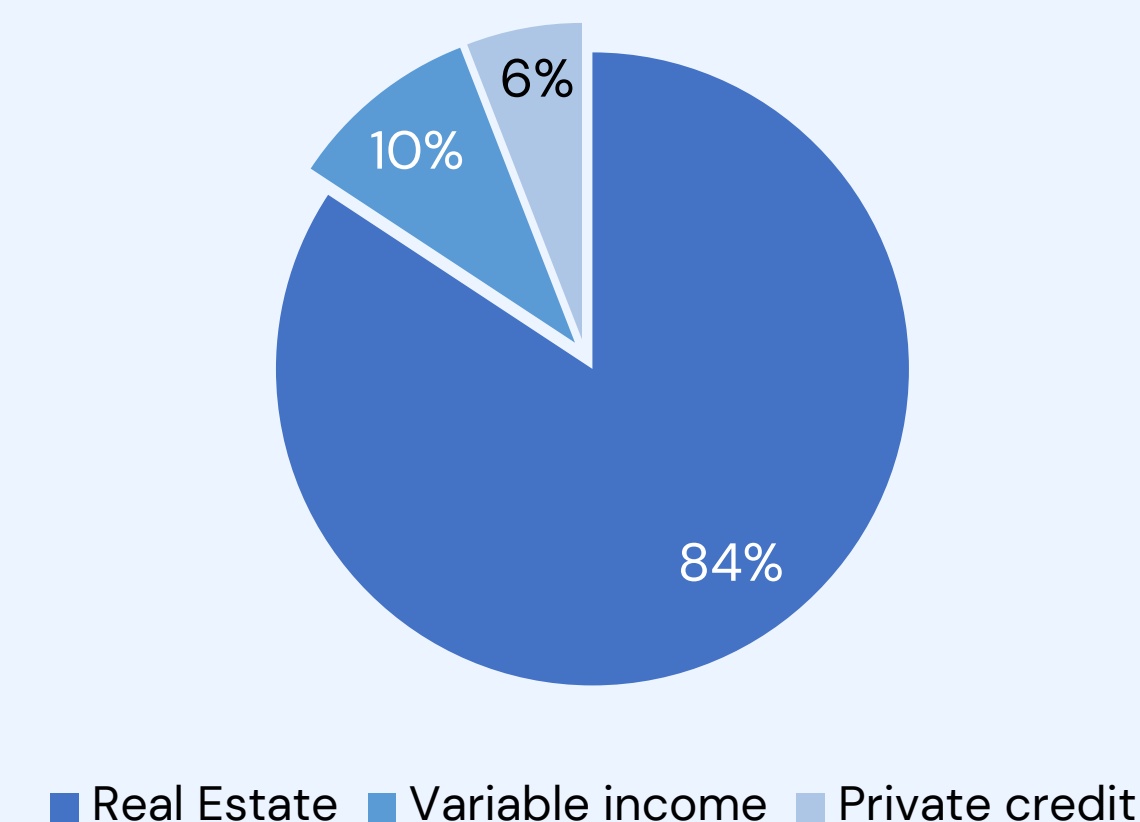


NET FINANCIAL REVENUE

In thousands of R\$, unless otherwise indicated

Account	2Q22	2Q23	Change % / Change p.p.	Change R\$
CDI - % p.a.	12.4%	13.6%	1.2 p.p.	-
Average US dollar - R\$	4.9208	4.9514	0.6%	0.0306
Cash and equivalents + financial investments - average - R\$	1,788,491	1,653,549	-7.5%	-134,942
Revenue from cash investments	55,073	56,184	2.0%	1,111
Gain on equity financial instruments	-28,678	-13,357	-53.4%	15,321
Net gain (loss) on FX variations	22,159	361	-98.4%	-21,798
Profit/loss on Other financial assets - SCP's	3,254	2,932	-9.9%	-322
Other financial transactions (*)	6,104	1,850	-69.7%	-4,254
Gains on adjustments to presente value - AVP	9,717	24,393	151.0%	14,676
Net financial revenue	67,629	72,363	7.0%	4,734

Portfolio Allocation - June 30, 2023
Balance: **R\$ 569.8 million**



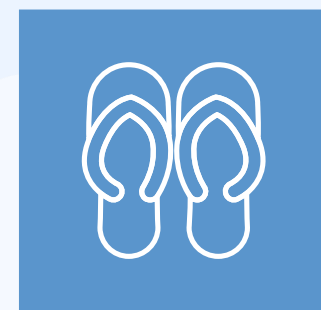
(*) Main item - Interest on lawsuits: Proceeding to exclude ICMS from the PIS and Cofins calculation base and update SELIC undue tax IRPJ/CSLL.

E-COMMERCE



R\$ 17,9 MM

GMV
+28.7% vs. 2Q22



175,500

Pairs sold
+16.9% vs. 2Q22



~ 13.3 MM

Session
+14.3% vs. 2Q22



3.6%

General penetration *
2.8% in 2Q22

* Gross revenue – Domestic market



12.8%

Melissa penetration **
9.9% in 2Q22

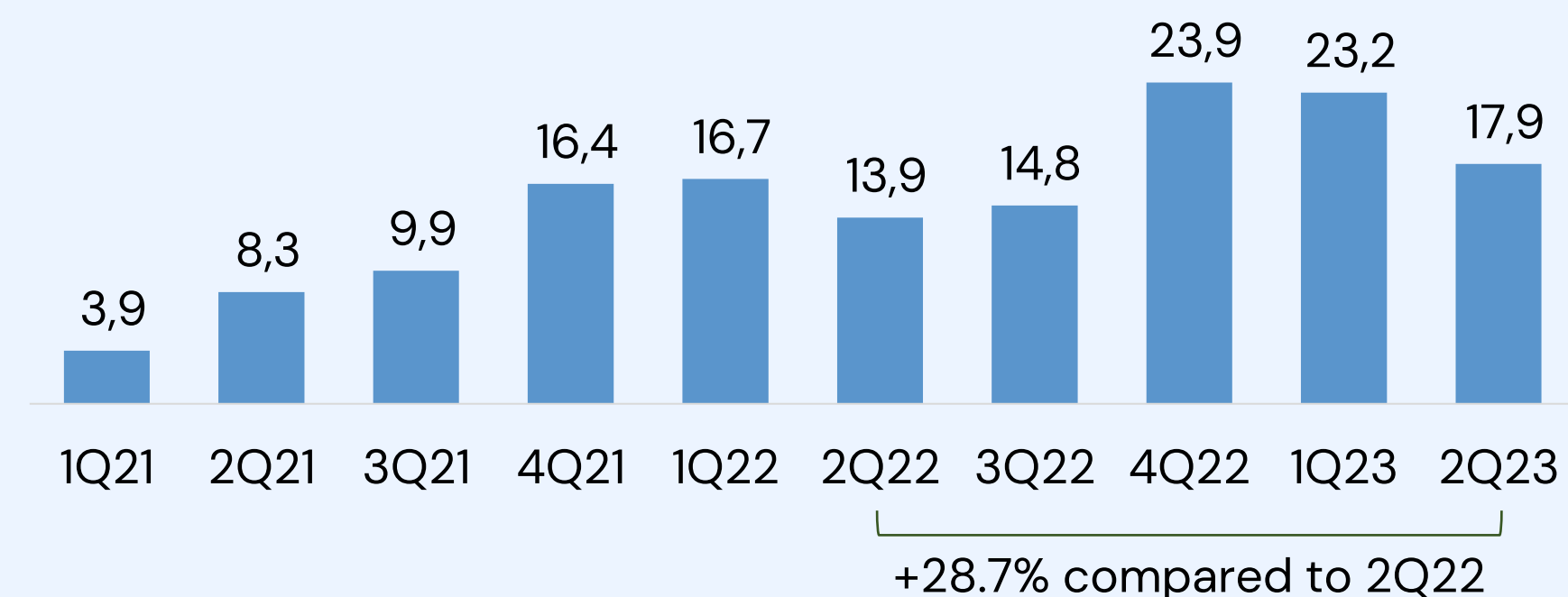
** Gross revenue – Melissa domestic market



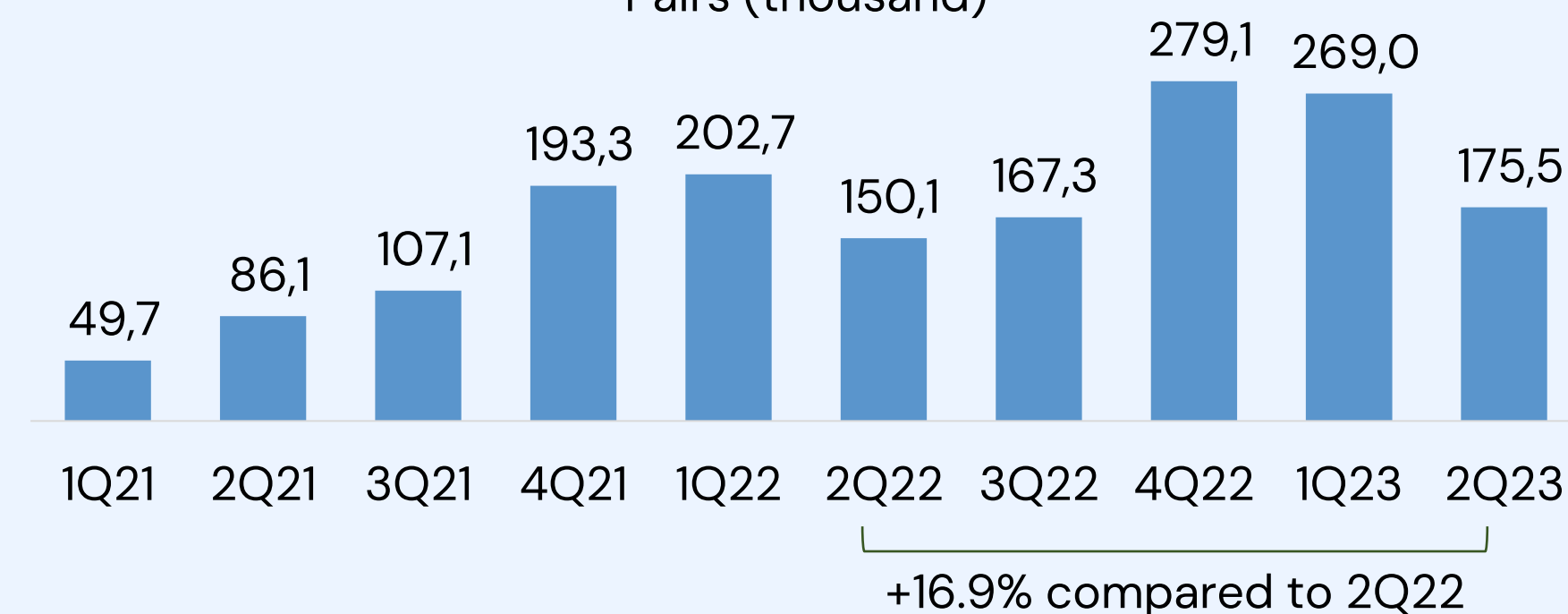
18.2%

Melissa APP
penetration on jun/23

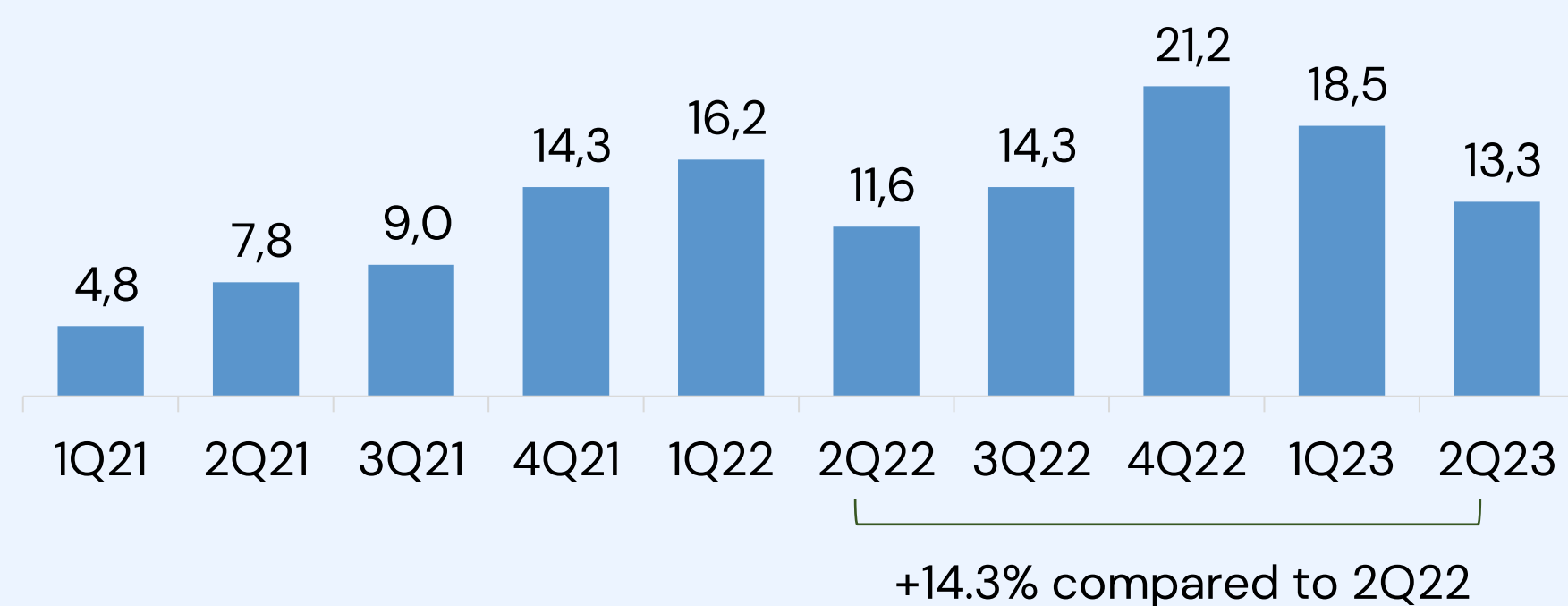
GMV (R\$ million)



Pairs (thousand)



Session (million)



GRENDENE GLOBAL BRANDS (GGB)

- Focus on strengthening our brands and building distribution channels.
- Investments in a digital influencer program in the US, focusing on a highly recognized group in the fashion community.
- Melissa USA editorial coverage
- Ipanema's endless summer road trips focused on expanding brand awareness.
- Hiring actress Rosy Zhao, an emerging celebrity in China, as Melissa's ambassador in the country.



Sell-out Total (Revenue) up **168%** YoY
\$7,3 MM (1S22) vs \$19,6 MM (1H23)

USA growth up 60% YoY

E-commerce Melissa up **4X** vs. 1H22;
\$1,3 MM (1H22) vs \$5,2 MM (1H23)

Ipanema is *growing consistently* on Amazon.
Sales are climbing month-on-month.

Wholesale and physical stores **point of attention**

China continues to evolve up **15X** vs. 1H22
Sales accelerating since the launch of celebrity campaign

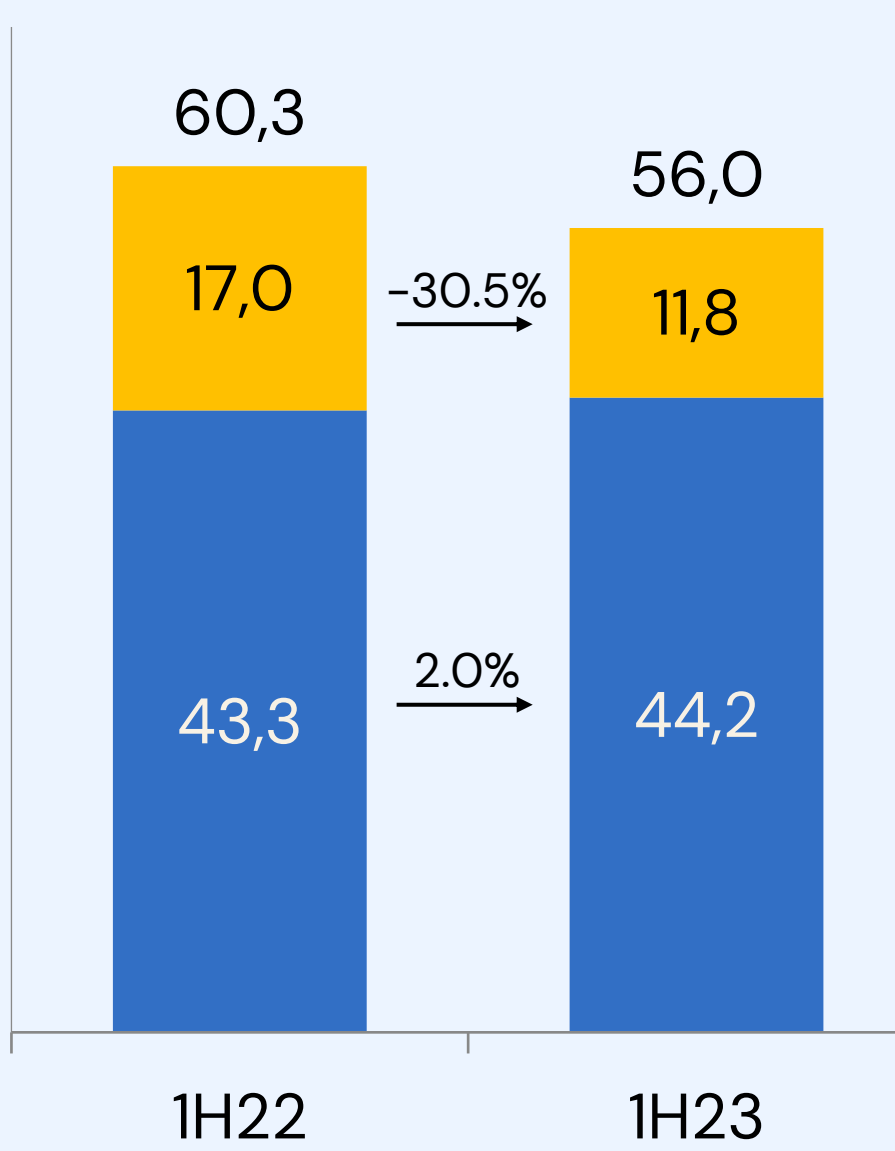
Melissa was the **#46** brand on Tmall at the 618 festival.
The brand was #350 in the previous year, the performance has increased due to the celebrity campaign.

Grendene®

HIGHLIGHTS 1H23 YOY

VOLUME

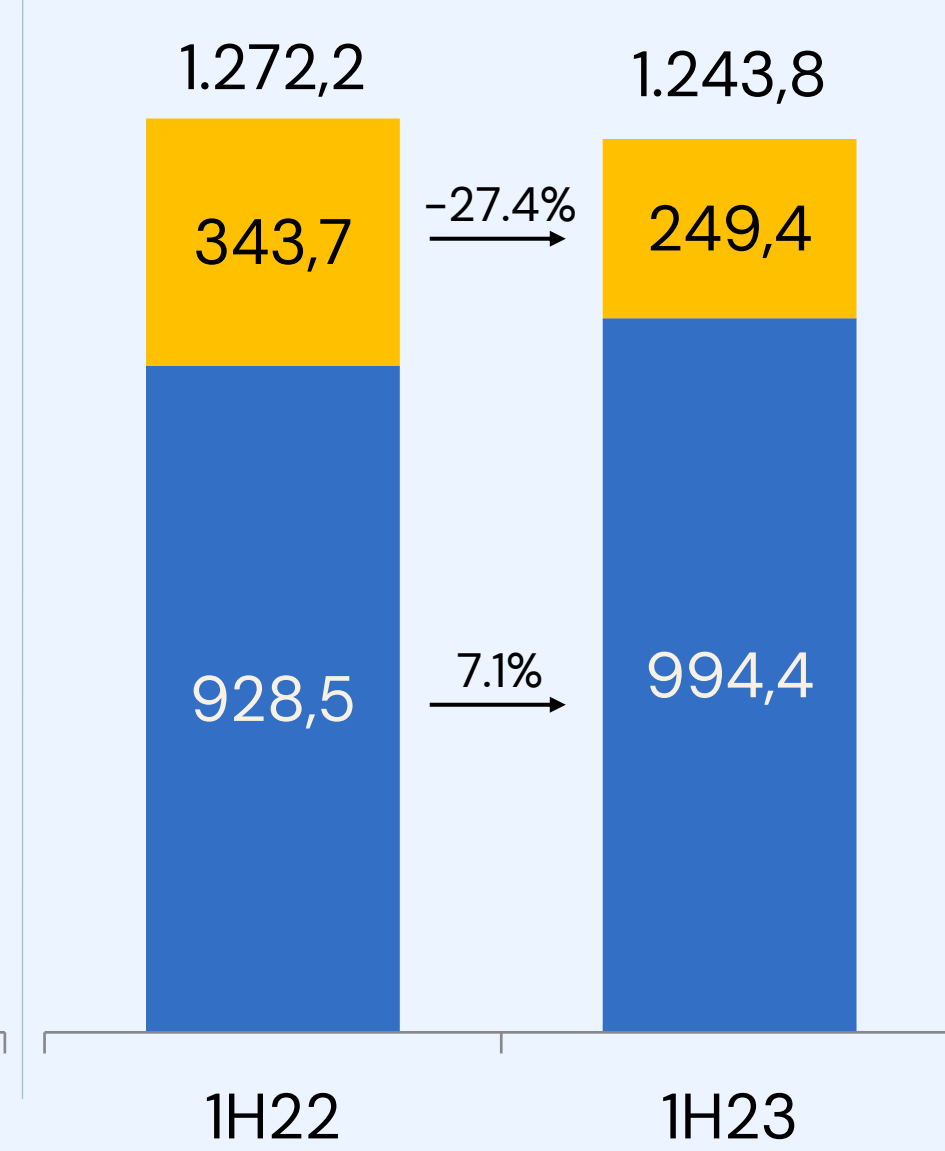
56.0
MILLION
-7.1% vs. 1H22



■ Export market
■ Domestic market

GROSS REVENUE

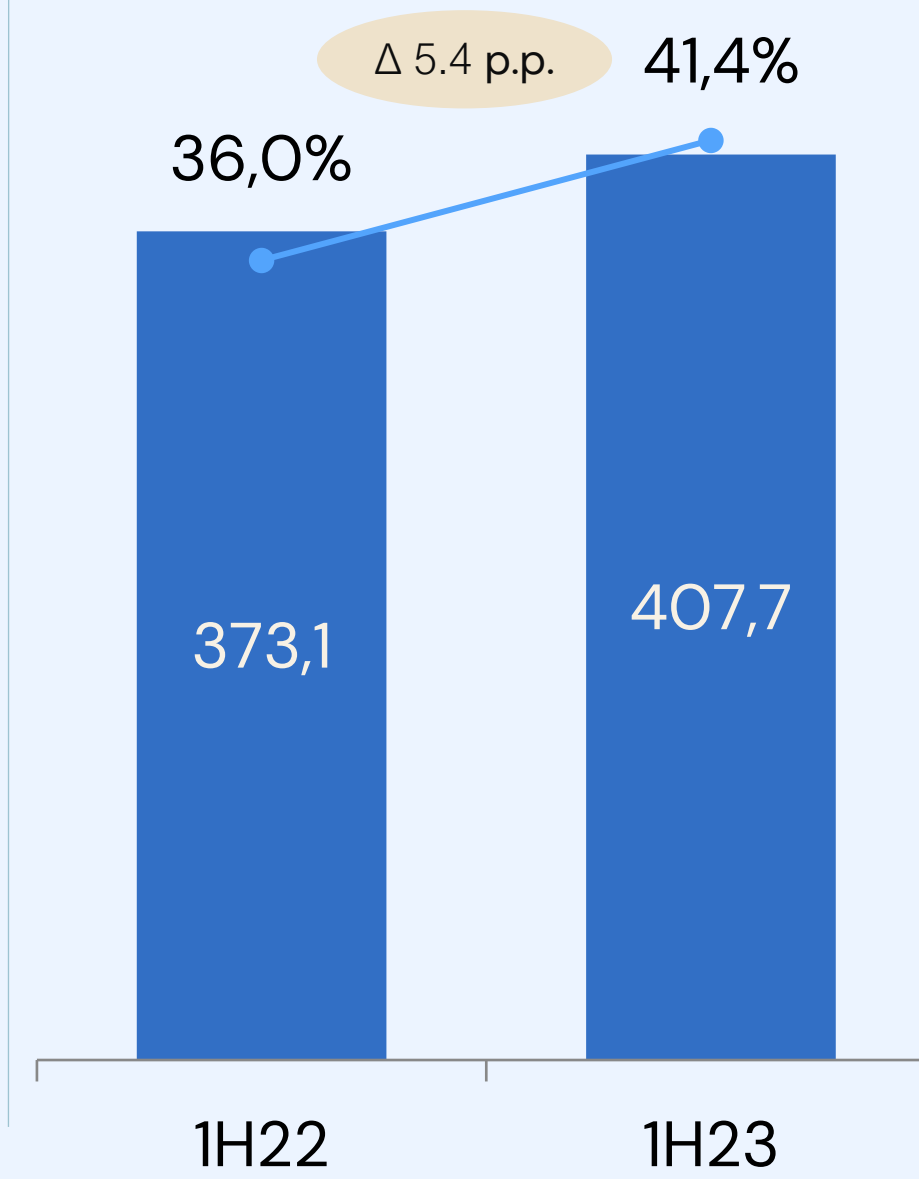
R\$ 1,243.8
MILLION
-2.2% vs. 1H22



■ Export market
■ Domestic market

GROSS PROFIT

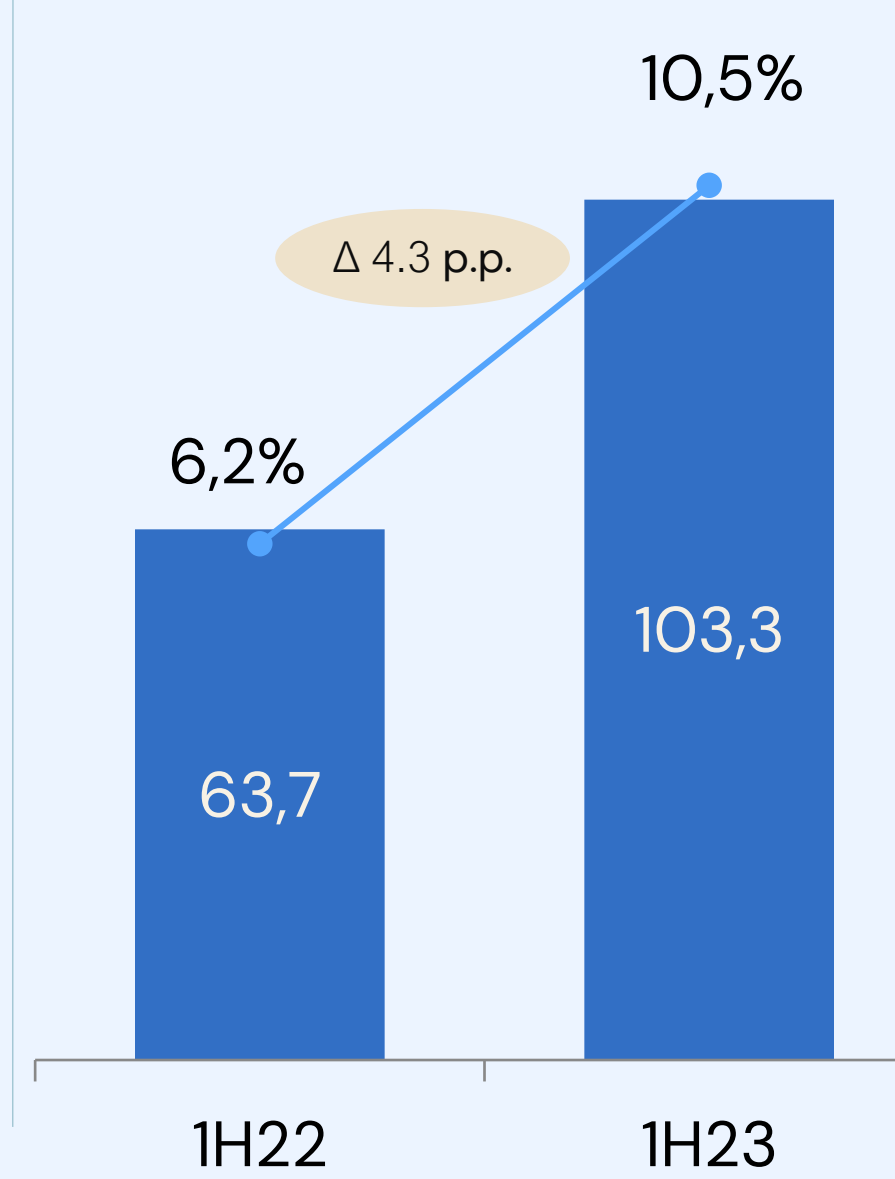
R\$ 407.7
MILLION
9.3% vs. 1H22



■ Gross profit
● Gross margin

RECURRING EBIT

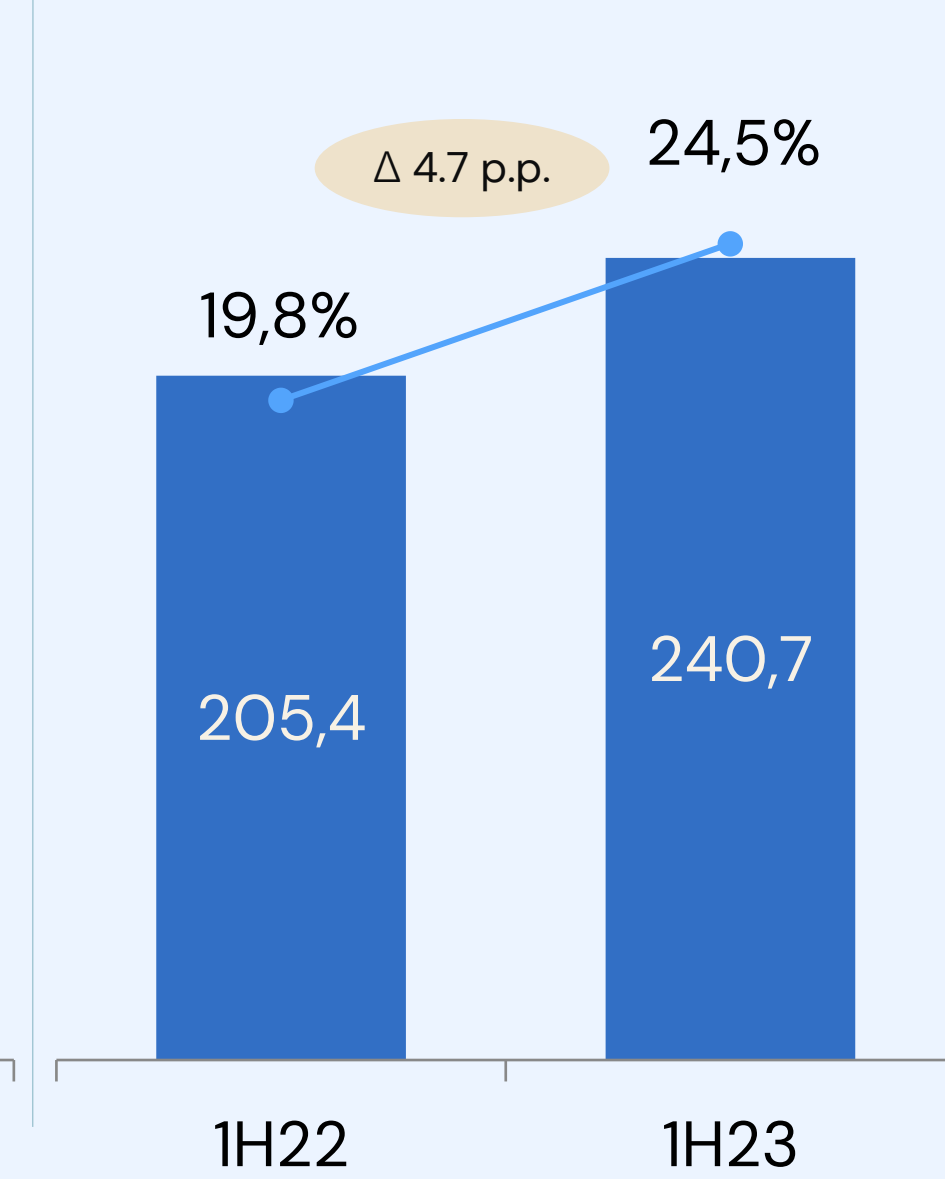
R\$ 103.3
MILLION
62.1% vs. 1H22



■ Recurring Ebit
● Recurring Ebit margin

RECURRING NET PROFIT

R\$ 240.7
MILLION
17.2% vs. 1H22



■ Recurring Net profit
● Recurring Net margin

DESTINATION OF DIVIDENDS

Grendene (holding company)	R\$
Net profit	180,363,085.02
(–) Tax incentive reserve	(95,108,957.01)
Basis for calculation of the Legal Reserve	85,254,128.01
(–) Legal Reserve	–
Amount of dividend for 1Q23 / calculation basis of the minimum mandatory dividend	85,254,128.01
(+) Prescribed dividends	3,901.54
Total of the dividend proposed by management	85,258,029.55
(–) Dividends paid in advance (1Q23)	(68,121,469.32)
Balance available for distribution	17,136,560.23

Dividends approved “*ad referendum*” of the Annual General Meeting that considers the Financial Statements for 2023 business year.

* The balance of the legal reserve reached 20% of the share capital, with no need to set up an additional reserve.

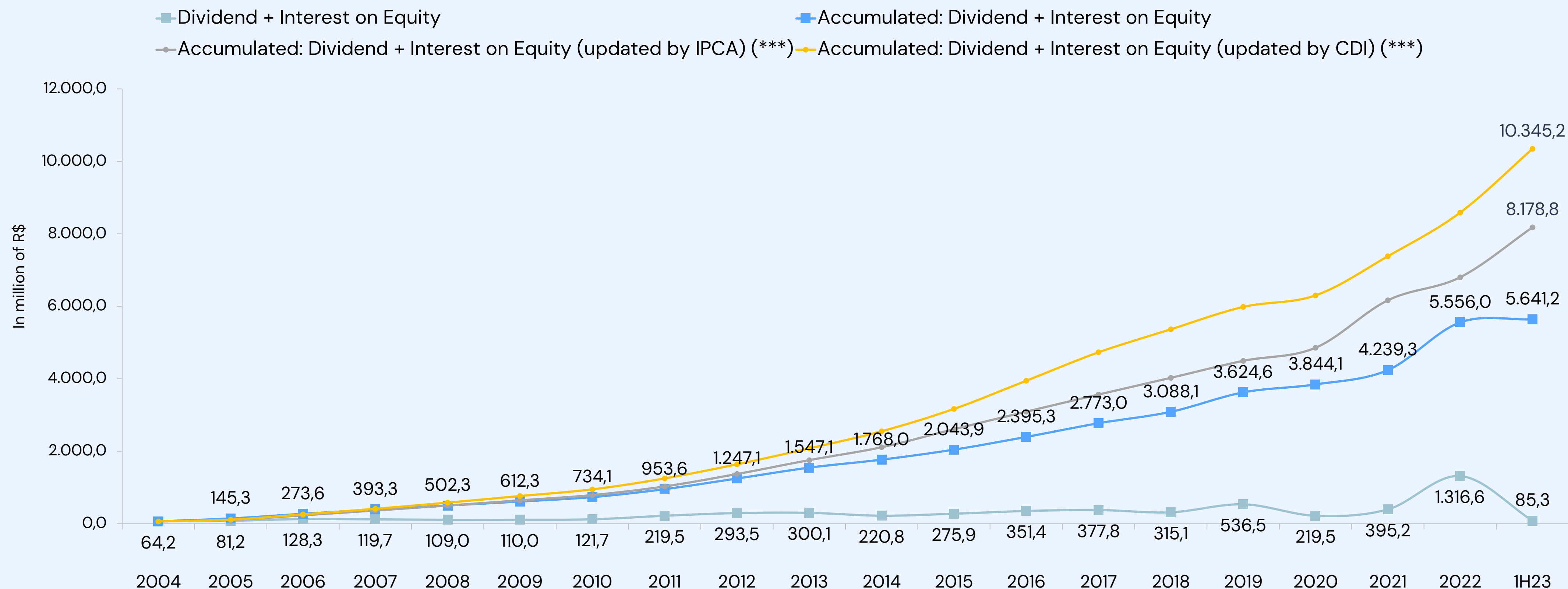
** Deliberate earnings that were not paid, as shareholders did not update their register. (Shareholders lose the right to receive these dividends after 3 years.)

Page 10 of 10

Dividend	Date approved	Ex-date	Date of start of payment	Gross value R\$	Gross value per share R\$	Net value R\$	Net value per share R\$
Dividend ¹	May 11, 2023	May 23, 2023	Jun. 7, 2023	68,121,469.32	0.075509523	68,121,469.32	0.075509523
Dividend ¹	Aug. 10, 2023	Aug. 22, 2023	Sep. 6, 2023	17,136,560.23	0.018995091	17,136,560.23	0.018995091
			Total	85,258,029.55	0.094504614	85,258,029.55	0.094504614

¹ Dividends approved “*ad referendum*” of the Annual General Meeting that considers the Financial Statements for 2023 business year.

DIVIDENDS AND INTEREST ON EQUITY (I.E.) – ACCUMULATED



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	1H23
Payout (*)	96,4%	101,3%	100,4%	100,3%	45,9%	40,7%	39,8%	74,8%	71,1%	71,8%	46,1%	48,6%	53,1%	55,2%	52,0%	65,7%	51,6%	63,0%	233,4%	47,3%
Dividend yield (**)	2,0%	4,0%	6,6%	5,2%	7,0%	5,9%	4,7%	8,5%	8,4%	5,0%	4,8%	5,2%	6,3%	4,7%	4,0%	6,7%	2,7%	4,5%	17,9%	2,7%

(*) Payout: [Dividend plus net interest on equity], divided by [net profit after constitution of the Legal Reserves].

(**) Dividend yield: [Dividend per share plus net interest on equity per share in the period] divided by [weighted average price of the share in the period], annualized.

(***) Values updated from the date of payment of the proceeds.

Ipanema

Sempre Nova

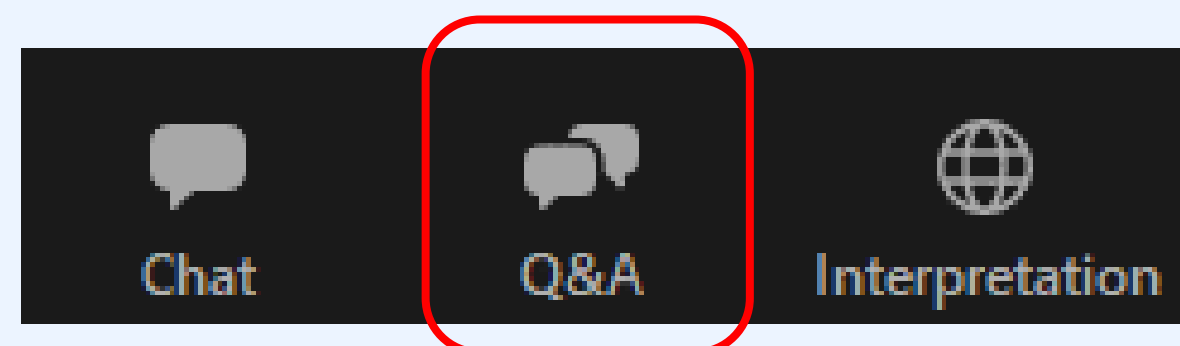
Shakira has been named as Ipanema's new global ambassador for the summer of 23–24.

The singer was chosen as the brand's new face due to her international reach, enthusiasm, brightness, and engagement with initiatives that affect the female universe.

With this partnership, the company hopes to increase its exposure and reach the nations in which it operates.

Q&A

To ask questions: please click on the **Q&A** icon and write your question. If announced, are quest to activate your microphone will show upon your screen; then, you should enable your audio to ask your question. We kindly ask you to make all questions at once.



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melissa

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ZAXY

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rider

CARTAGO

PEGA FORTE