
# RENNER

(B3: LREN3)

Recommendation: **SELL**

Target Price: BRL 12.3 Downside: 18.1%

Team 2: João Nóbrega | Leonardo Bianco | Pedro Spotti | Rafael Rezende

CFA Institute® Research Challenge

# Business Overview

## The national apparel retail leader

| Enterprise Value | Market Cap | Revenue LTM | EBITDA[1] LTM | ROIC LTM | SSS |
|---|---|---|---|---|---|
| 12,638 | 13,898 | 15,606 | 2,377 | 8.1 | 10.5 |
| BRL mm | BRL mm | BRL mm | BRL mm | % | % |

Renner's core is in apparel retail, with its main brand accounting for over 90% of revenue

Retail revenue LTM per segment (BRL mm)

586
4.3% of revenue

12,395
91.6% of revenue

556
4.1% of revenue


realize
Financial arm

ASHUA
Plus size apparel

UELLO
Digital "logtech"

*Store Distribution*

***Malls:** 660*

***Street:** 51*

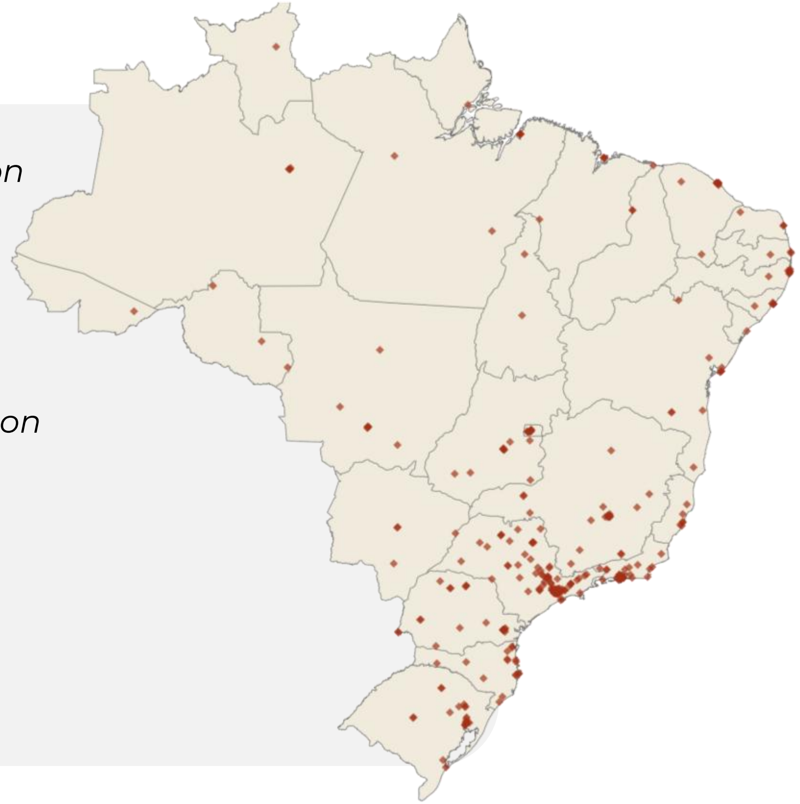
*Brand Distribution*

***Renner:** 437*

***YouCom:** 152*

***Camicado:** 104*

***Ashua:** 18*



Note: (1) Disregarding IFRS16 effects. Source: Company, Team 2

# Decoding the Leader

## A historical trajectory to the top

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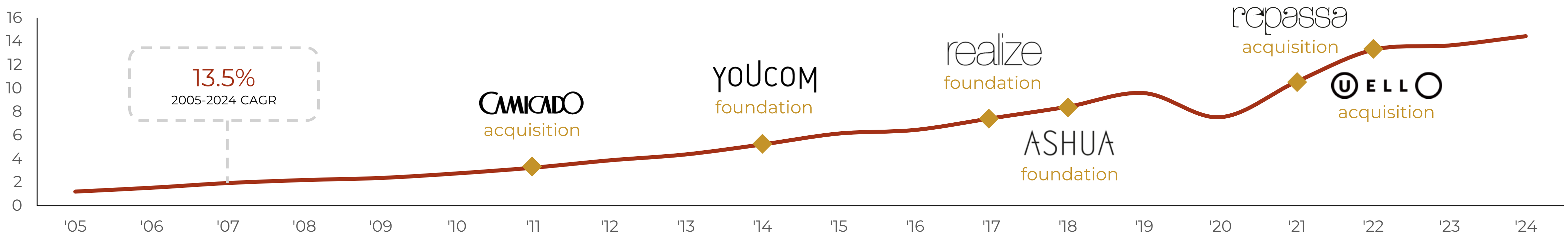
### Renner comes from a long-term growth and diversification trend

Annual net revenue (BRL bn)



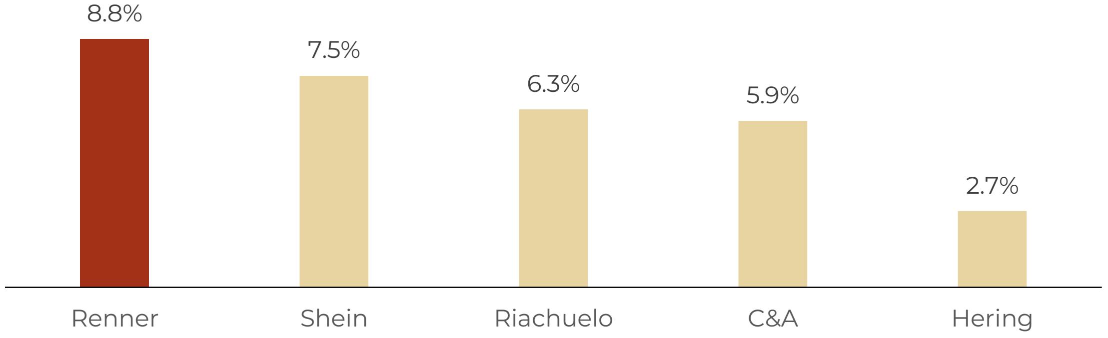

### But after decades, still is a mainly physical retailer…

Revenue by segment (%)

| 74% | 14% | 12% |
|---|---|---|
| B&M Retail | E-Commerce | Financial Services |

### Currently positioned ahead of peers

Main players apparel market share (%)




Source: Company, Euromonitor, Team 2

# Investment Summary

We are initiating coverage with a **SELL** recommendation and a BRL **12.3** target price

RENNER

**Overdressed Market:** Competitive Landscape Affecting Operations

**Limited Expansion:** The Leader is Out of Moves

**Past Its Prime:** Renner is Trailing Behind

**1M VWAP**
BRL 15.0

Downside: **18.1%**

**Target Price**
BRL 12.3

**SELL Recommendation**


# Overdressed Market

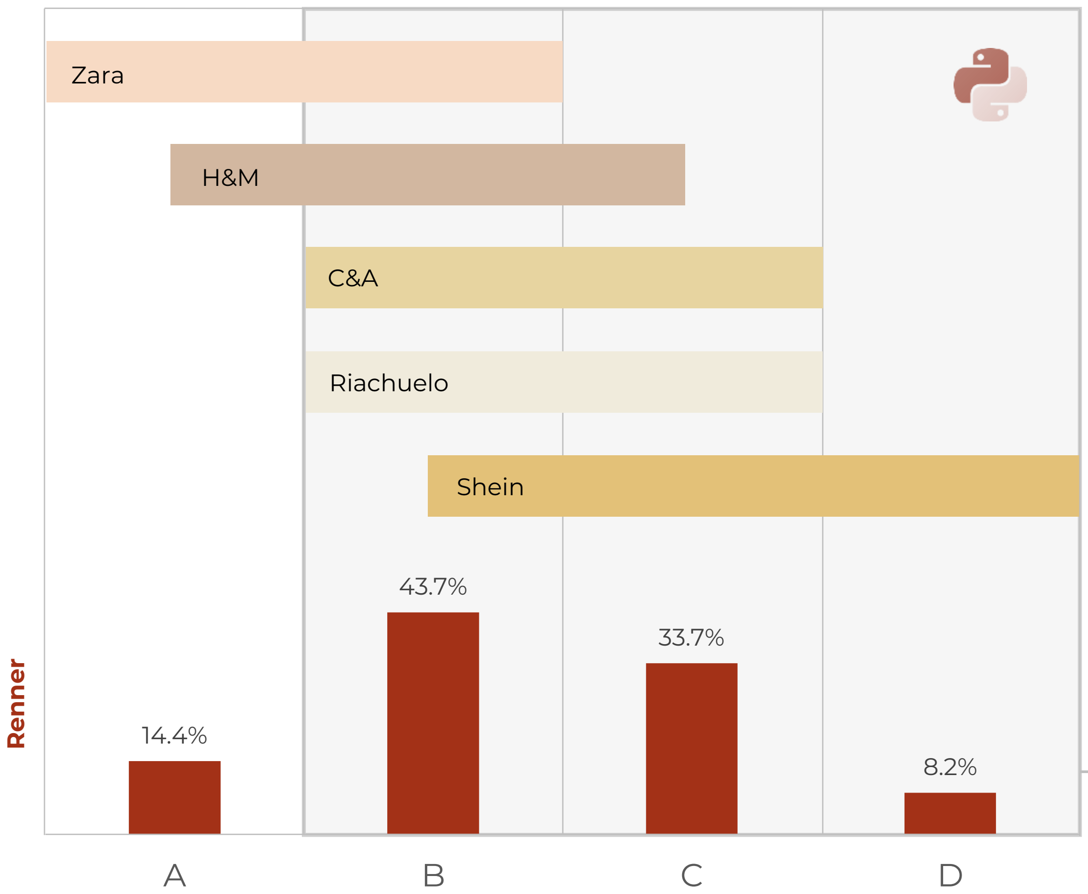
High competition is creating a challenging environment, pressuring Renner

# Pressure on Prices

The already fragile retail sector now must deal with fiercer competition

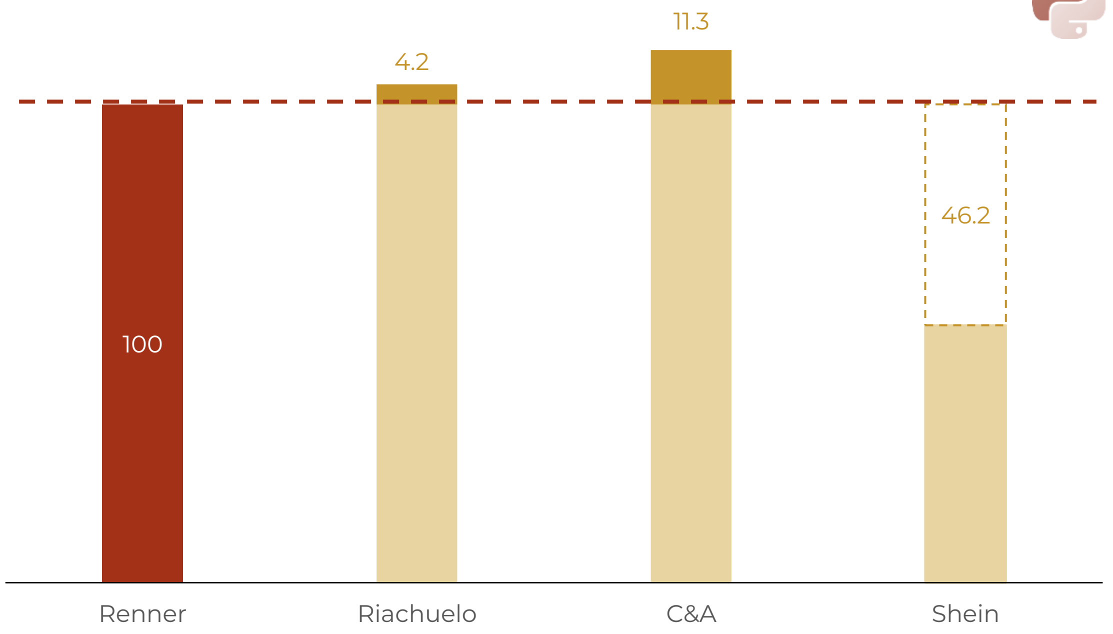
The competitors challenge Renner's different consumer classes

Renner's social class consumer profile (%) vs peers




Shein's pricing challenges the dispute for price sensitive consumers

Price index (Renner = 100)




**B-C-D consumers** 85.6%

Higher apparel **commoditization**

Shein leads the sector's **pricing**

Source: Abrasce, Companies, IBGE, Team 2

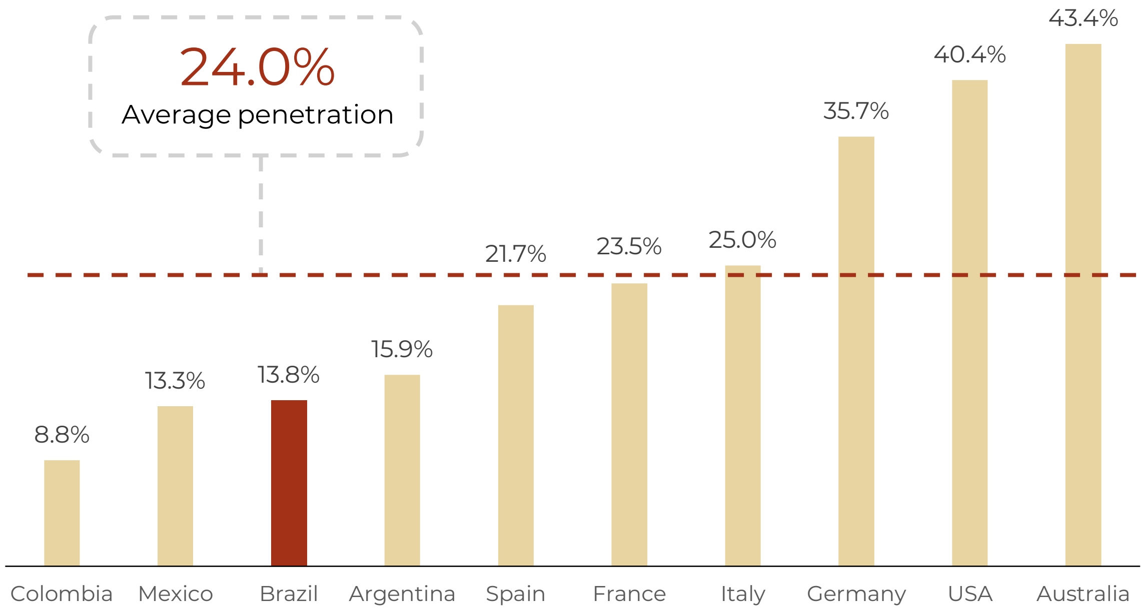
# Digitalization Process

## E-commerce distances from Renner's B&M business model

RENNER

### Brazil is still underpenetrated by e-commerce

E-commerce penetration by country (%)

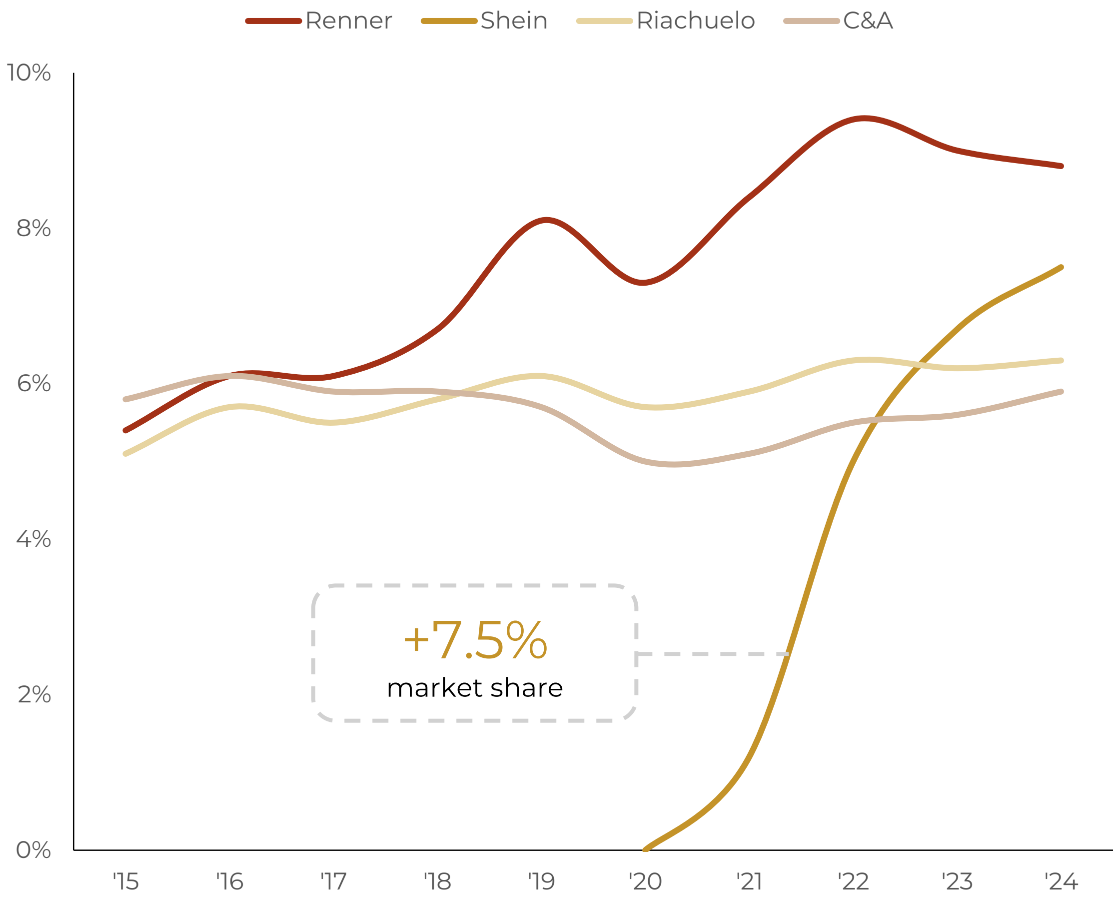



E-commerce went from **2.4% to 13.8%** of retail in 6 years

**Distancing** from Renner's business model and **reducing barriers to entry**

### The sector's market share dynamics changed with Shein's entrance

Main players apparel market share (%)




Source: Euromonitor

# Shrinking Sector

## The market overestimates Renner's short term profitability

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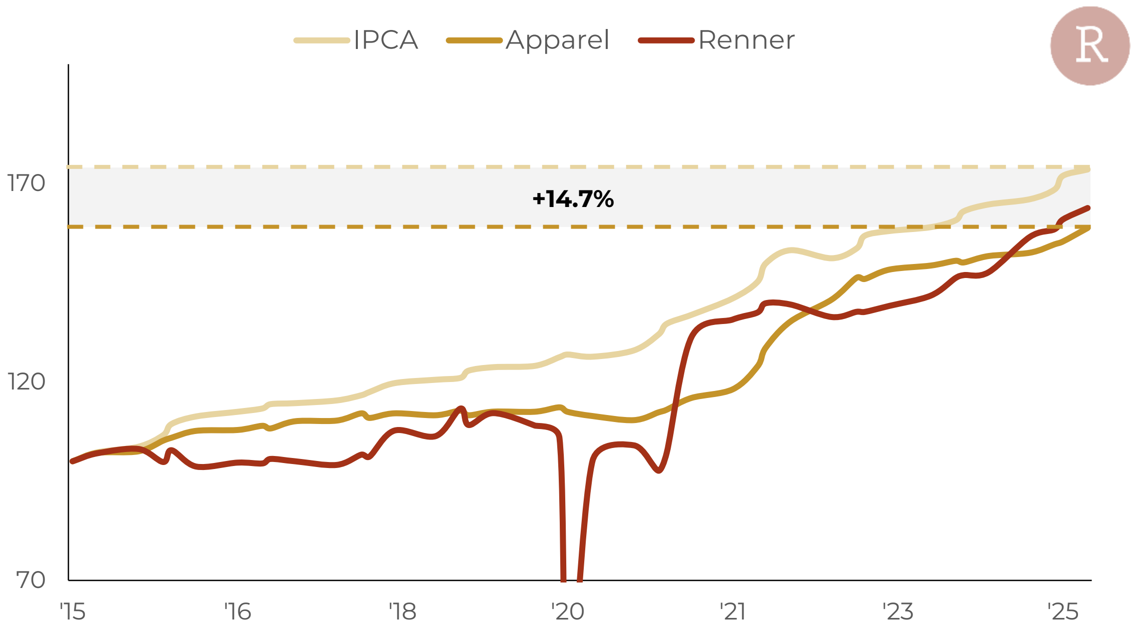
### The imminent margin pressure from inflation continues

IPCA vs Apparel prices vs Renner rev/m² seasonally adjusted growth (Index 2015 = 100)



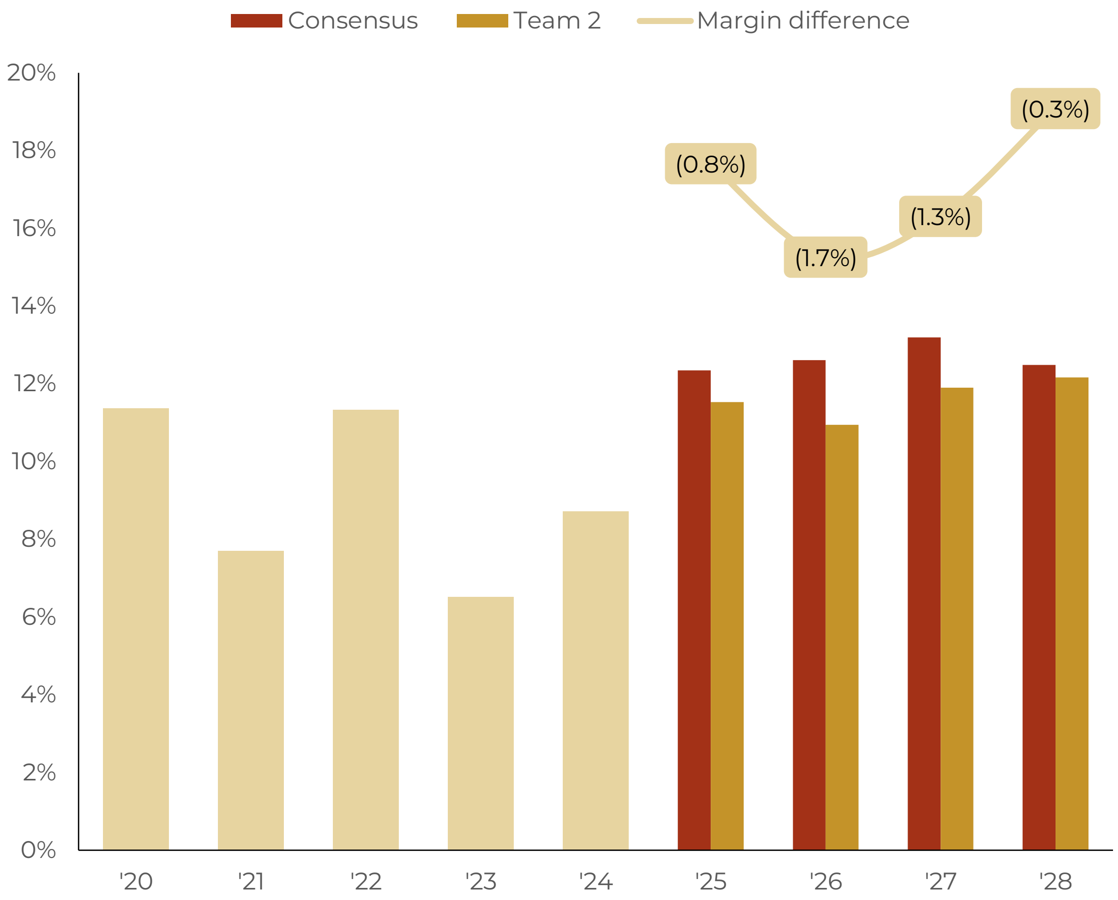

**Impact on Renner's operations**

Ticket growth below IPCA due to less pricing power

Imminent **margin pressure** from growing expenses

### But the market still believes in superior profitability in the short term

EBIT margin projected vs Consensus vs Market overestimation (%)




Source: FactSet, IBGE

# Renner's Cost of Competition

## Current scenario of value destruction will continue until normalization

Overall, we don't see Renner going back to its golden era of value generation

Renner ROIC - WACC spread (%)

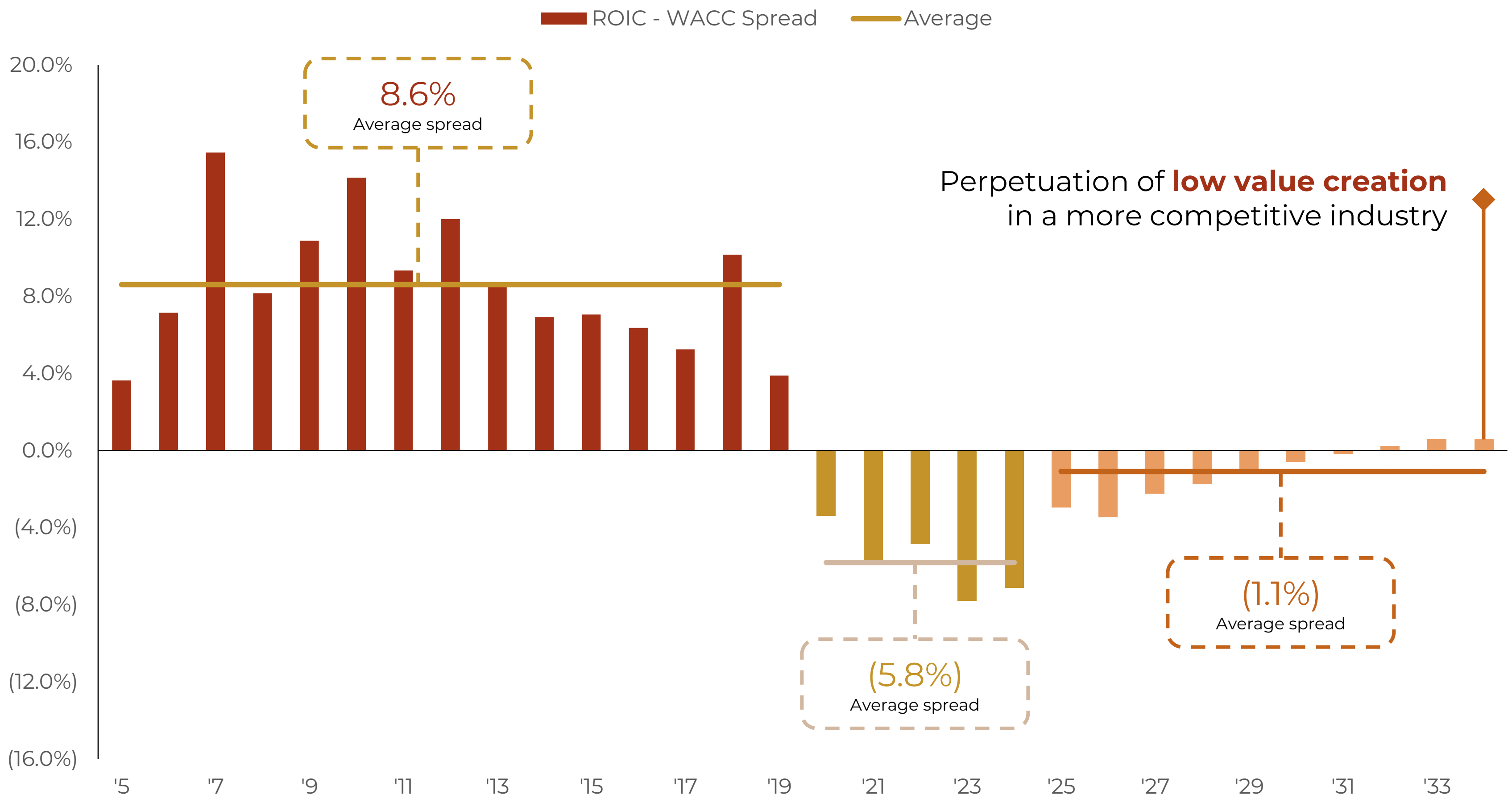
1 **Pricing Competition**
Reduced prices to retain consumers

2 **Falling Barriers to Entry**
Digital asset-light models disrupts retail

3 **Margin Pressure**
Inflation & slow growth squeeze

Main takeaway

Structural competitive pressures create a **less profitable industry** for B&M retailers




Source: Team 2

# Limited Expansion

After years based on shopping mall expansion, Renner is running out of new points of sale

# Shifting Strategies

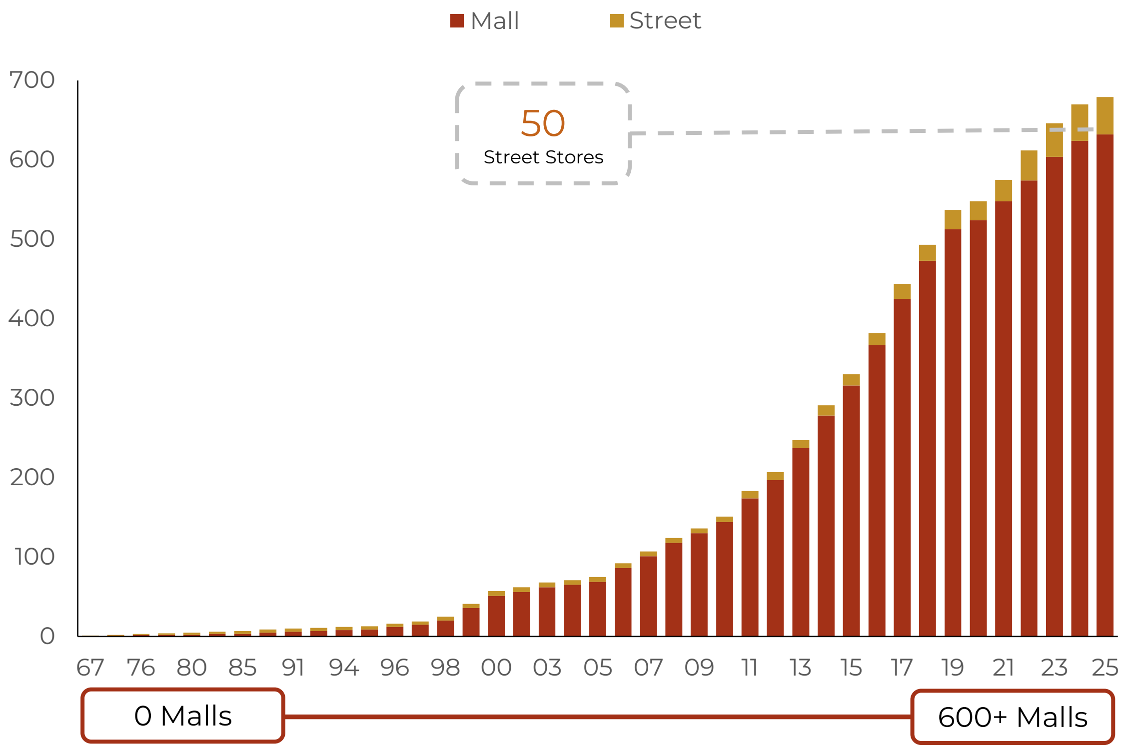
After two decades of mall led growth, Renner occupies 57% of all shopping centers in Brazil

RENNER

## Renner surfed the shopping mall boom in Brazil perfectly

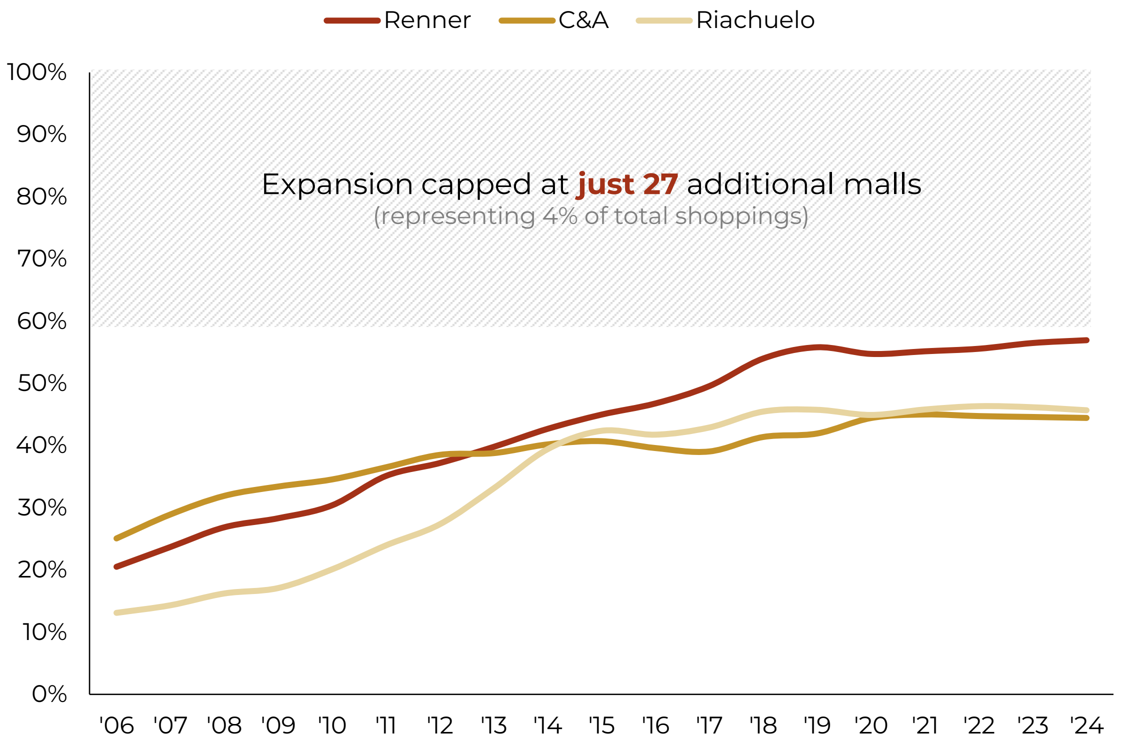
Stores breakdown (#)

Historically, an expansion focused on **Shopping Mall**




## Lojas Renner is more penetrated inside malls than peers

Total malls in Brazil presence (%)




But what about **street stores** expansion?

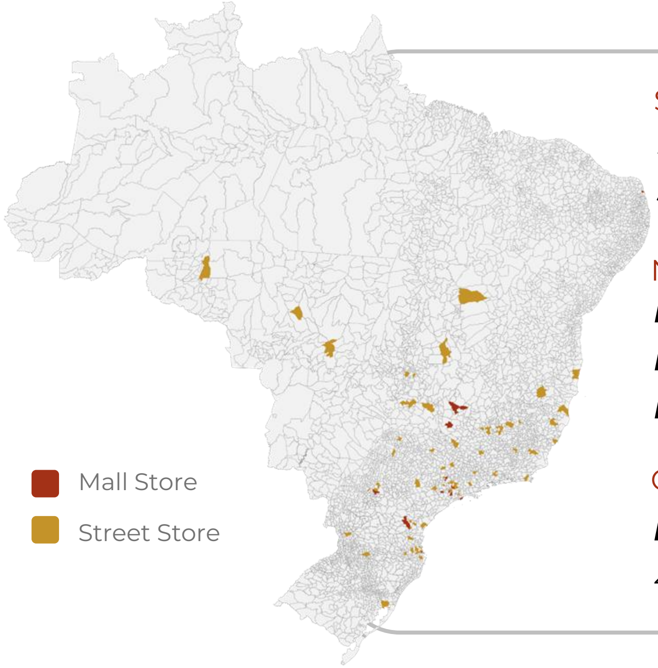
Source: Abrasce, Company, Team 2

# Limited B&M Growth

## There is limited room for Renner to grow, with doubts on profitability

### We mapped the new stores Renner can expand in Brazil

New stores (#)




Store type:

***Malls:*** *27*

***Street:*** *83*

New cities constraints:

***Min. Population:*** *50,000*

***Min. Consumer Mass:*** *BRL 109.5 mm*

***Min. Median Income PC:*** *BRL 808*

Occupied cities constraints:

***Min. Population/Renner:***

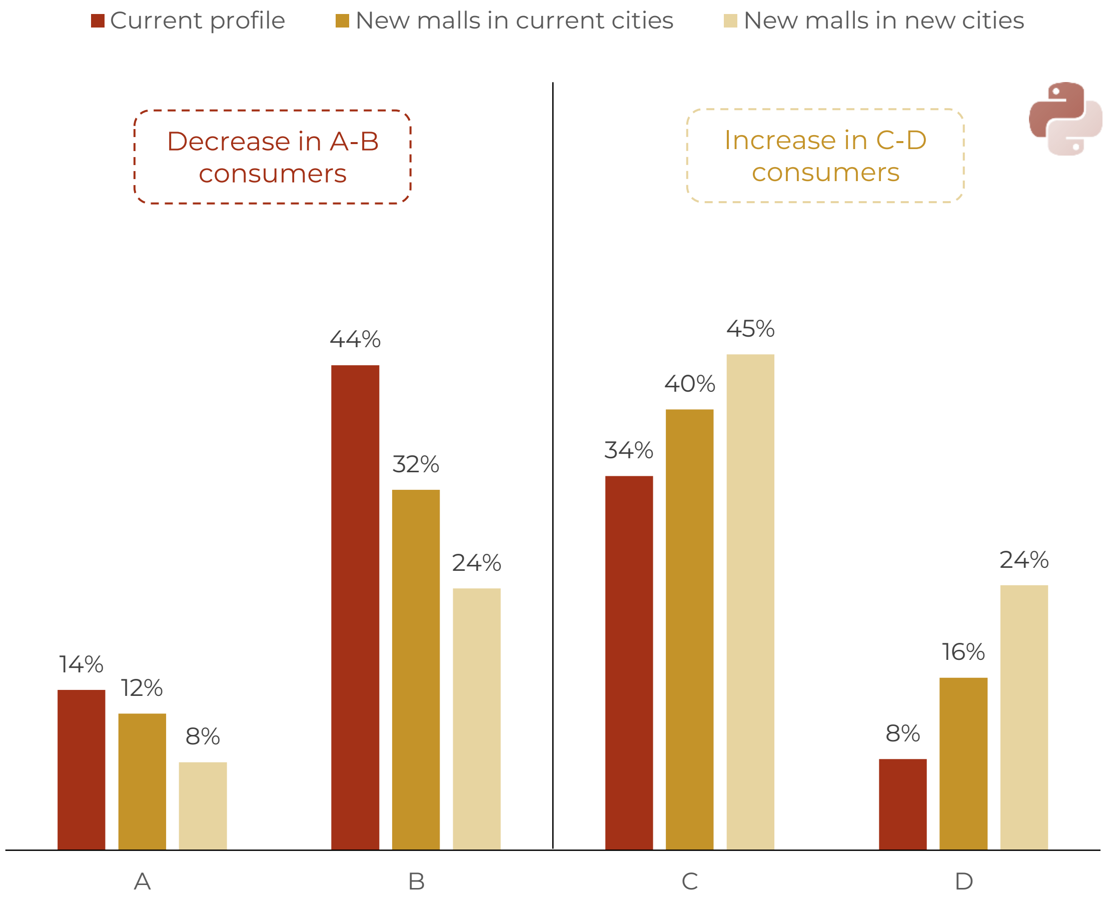
*422,855 (1)* *634,282 (2)*

**Base Case Assumptions**

All possible Renner stores opening amount to **110 locations**

### But the new stores raise concerns about the consumer quality

Renner's social class consumer profile by category of malls (%)



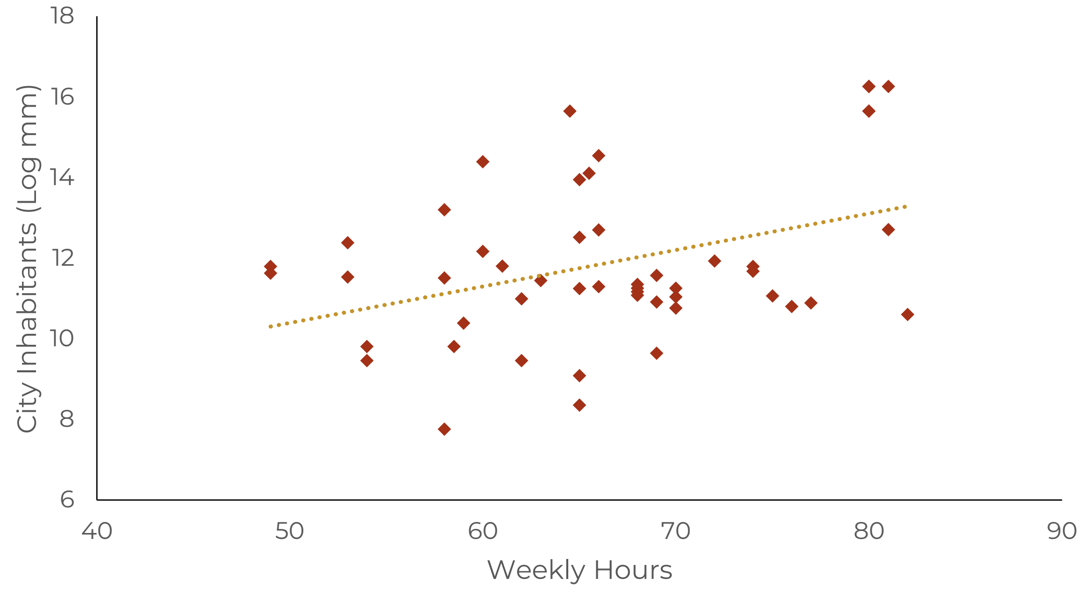

Source: Abrasce, Company, Team 2

# Unit Economics

## In contrast to mall-based locations, street stores exhibit weaker FCF generation

### Small cities operate less hours

Operating hours (hrs) vs city inhabitants (log mm)

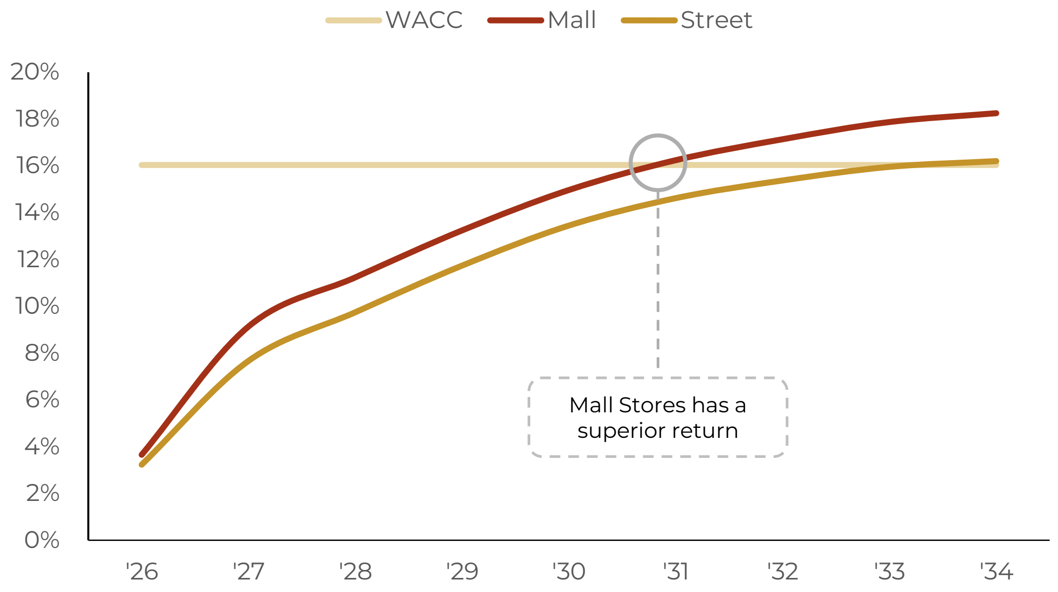



**(16.3%)**
Working Hours compared to Mall Store

**(12.6%)**
Traffic flow in holiday dates compared to Malls

### Mall stores benefit with higher revenue/m² and returns above WACC

Return on invested capital (%)





**Mall Store** | Payback: **5 y** | NPV: **7.5 mm** | IRR: **21.1%**

**Street Store** | Payback: **7 y** | NPV: **1.2 mm** | IRR: **16.3%**

Source: Company, IBGE, Team 2


# Past its Prime

Pioneering best practices in the industry, but with a red flag in management incentives

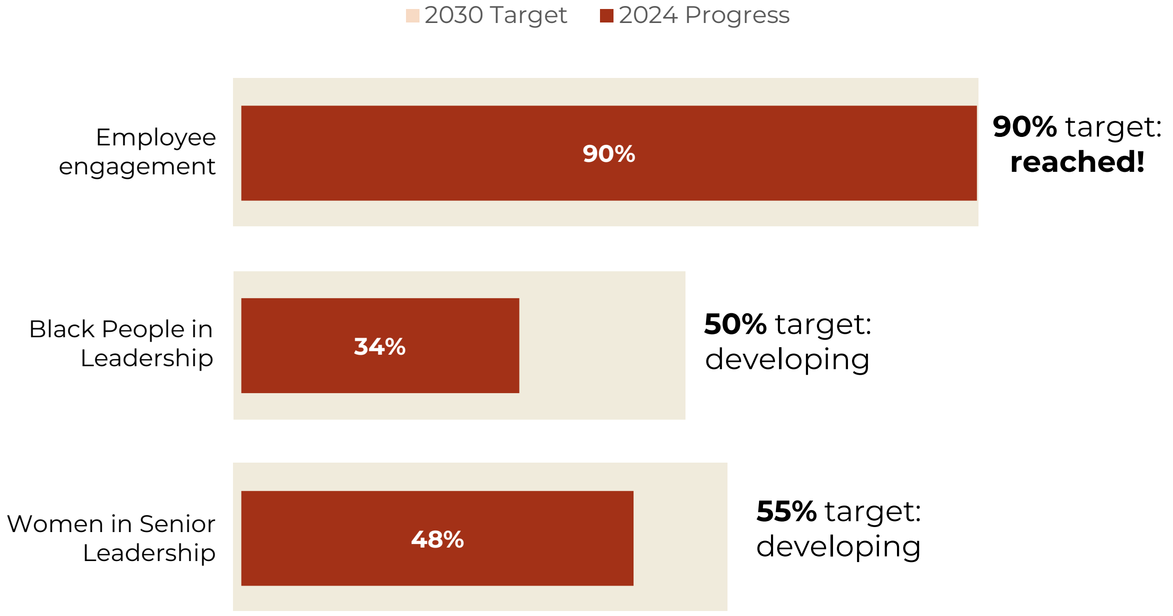
# Drilling Down: Social Execution

RENNER

## Robust internal culture and supply chain oversight mitigate structural risks

### Ambitious public targets drive long-term DE&I advancement

DE&I advancements and target




### Rigorous oversight extends corporate standards to the value chain

Classification of suppliers based on compliance and ESG standards

| Supply Chain Management | % of total suppliers (Tier 1 + 2) |
|---|---|
| Alfa: Protagonist | 2.5% |
| Beta: Model | 8.3% |
| A: High management | 39.7% |
| B: Medium management | 29.5% |
| C: Low management | 4.2% |
| D: Insufficient management | 0.5% |
| Unrated | 15.3% |

**96%** Talent retention rate

**64%** of leadership roles filled internally

**6.9 mm** invested in social impact & RS relief in 2024

**214 k** people directly benefited by social programs

**84%** supply chain engagement

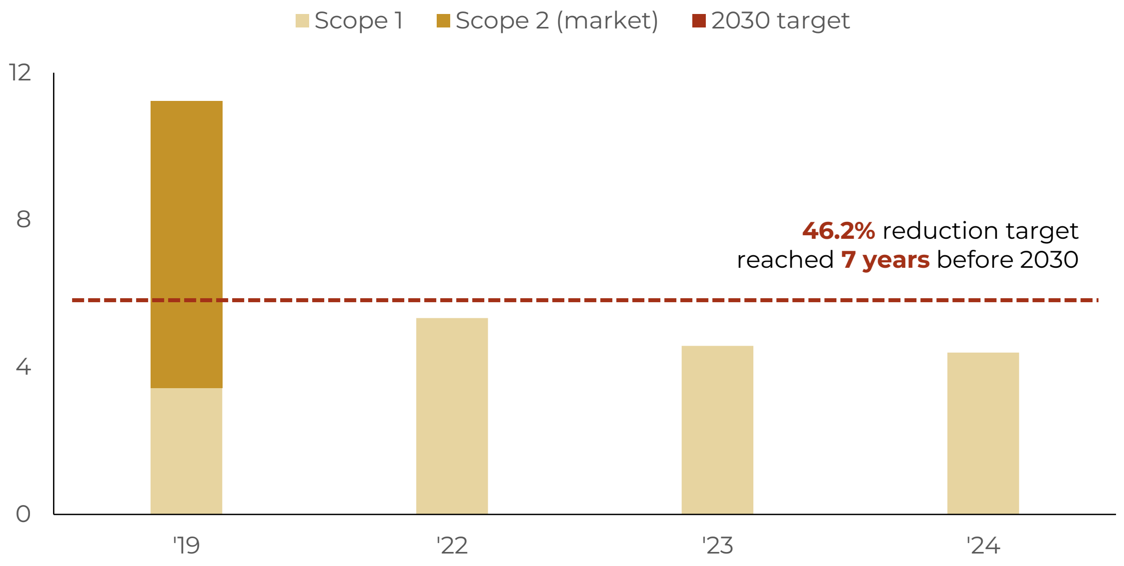
Source: Company

# Drilling Down: Environmental Execution

Operations decarbonized; emissions now sit in the supply chain

## Operational emissions target already met, shifting focus to Scope 3

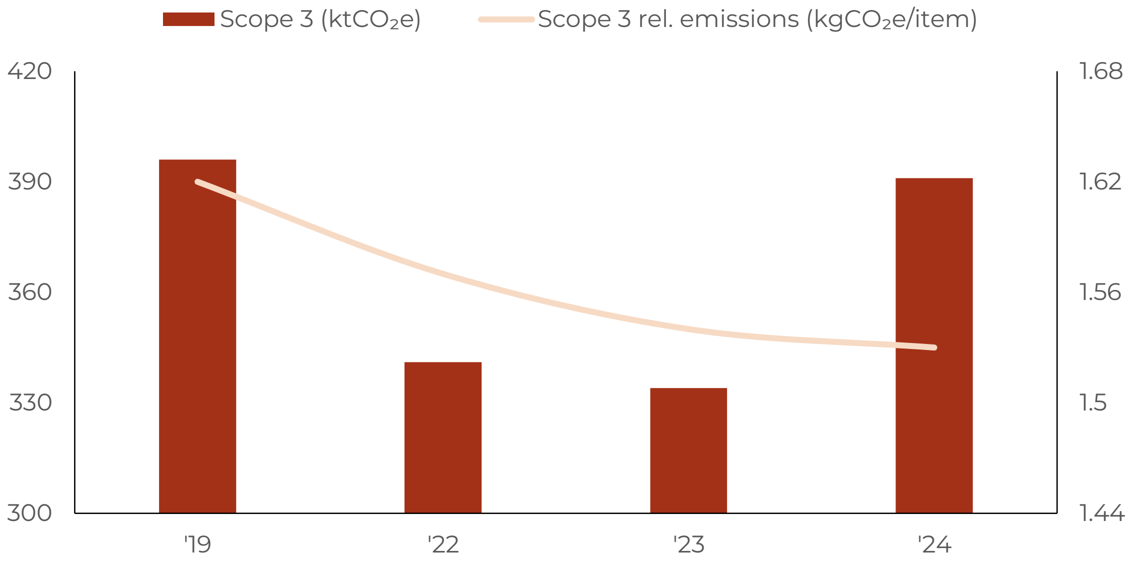
Scope 1 and 2 emissions ($ktCO_2e$) and target




| | | |
|---|---|---|
| **100% renewable power** | ››› | All electricity sourced from low-impact renewables since 2021. Market-based Scope 2 = 0 $ktCO_2e$ |
| **Eco-efficient store network** | ››› | 54 circular stores and 55% of Renner stores with automated energy management |
| **Credible climate framework** | ››› | Verified GHG inventory and SBTi-validated 2030 & Net-Zero 2050 targets (1.5°C-aligned). |

## Renner's scope 3 emissions remain the harder challenge

Scope 3 emissions (absolute and relative values)




Still, the company's environmental programs are Brazilian references

| | |
|---|---|
| repassa | Brazil's largest online thrift platform |
| PROGRAMA REDE RESPONSÁVEL | Guarantees 100% of the resell supply chain is certified with socio-environmental audits |

Source: Company

# Governance: a "Benchmark on Paper" With Cracks in Practice

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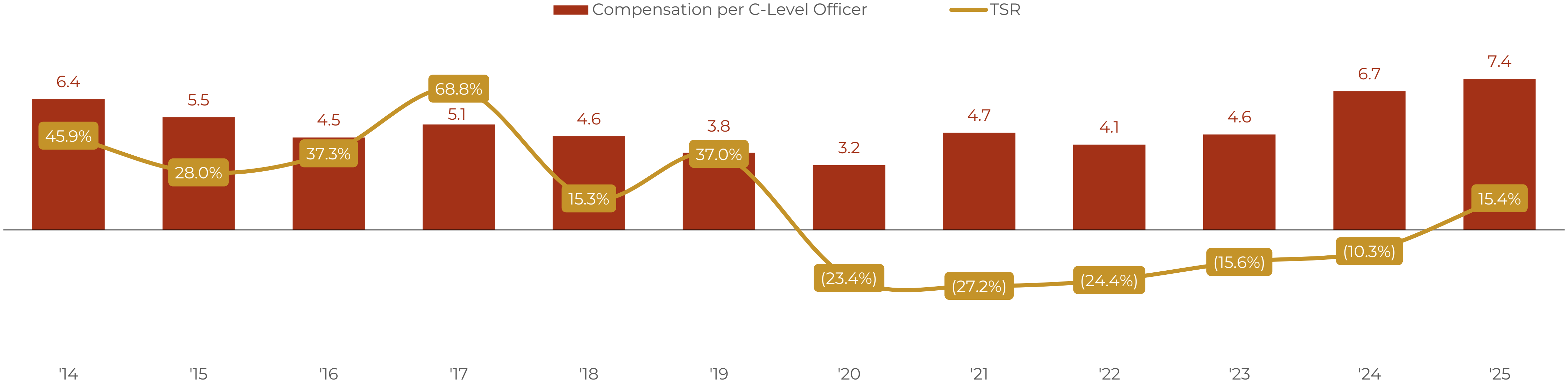
## Ideal structure masks growing misalignment

1. **True Corporation:** A 'Novo Mercado' company with no controlling shareholder
2. **Fully Independent Board:** All members of the Board are classified as independent
3. **Robust Oversight:** Strong G: split Chair/CEO roles and three strategic committees

A fully independent board and true corporation status showcase Renner's **theoretical governance strength**

However, this 'textbook' structure has failed to prevent high management turnover and a structural break from pay-for-performance

Compensation per Director (BRL mm) vs Total Shareholder Return (%)




Source: Company, Factset, Team 2

# Management Alignment Declined Over The Years

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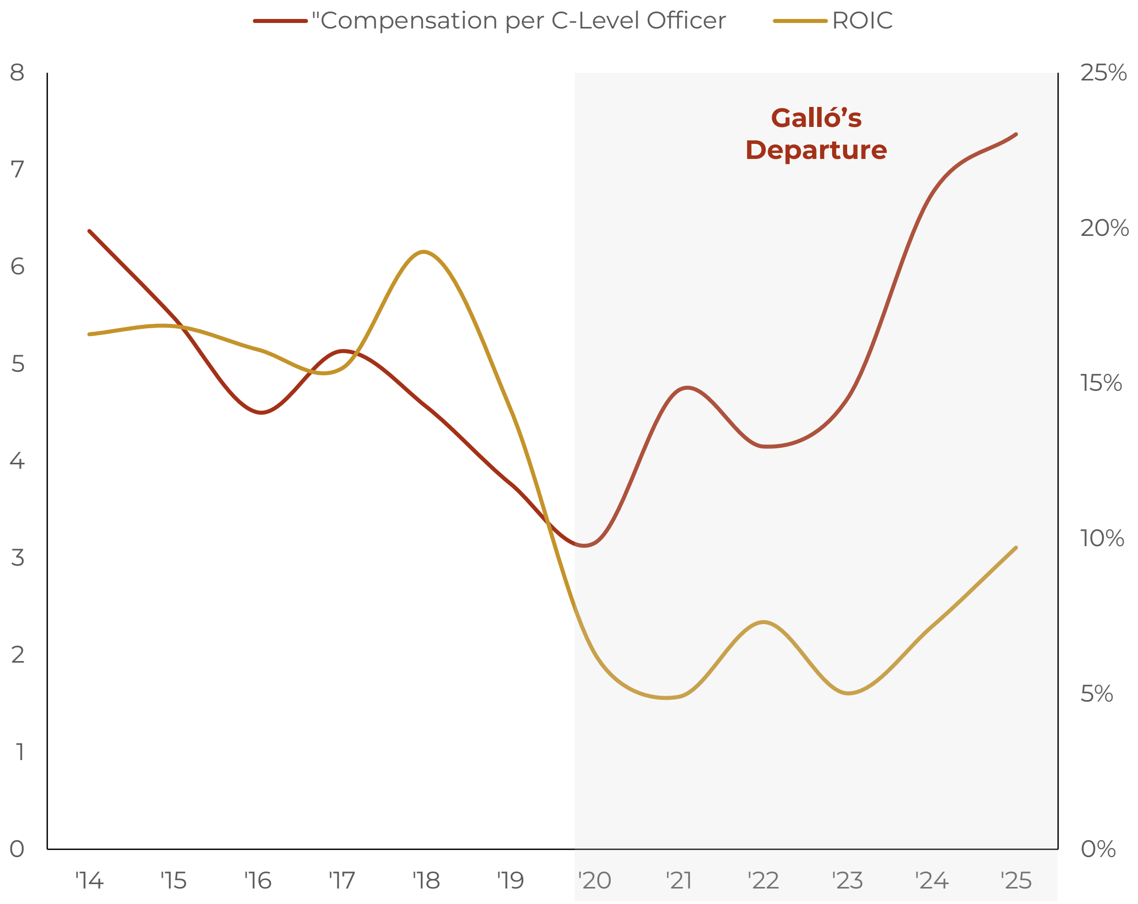
## We see the current C-Level Officers with wrong incentives to manage Renner

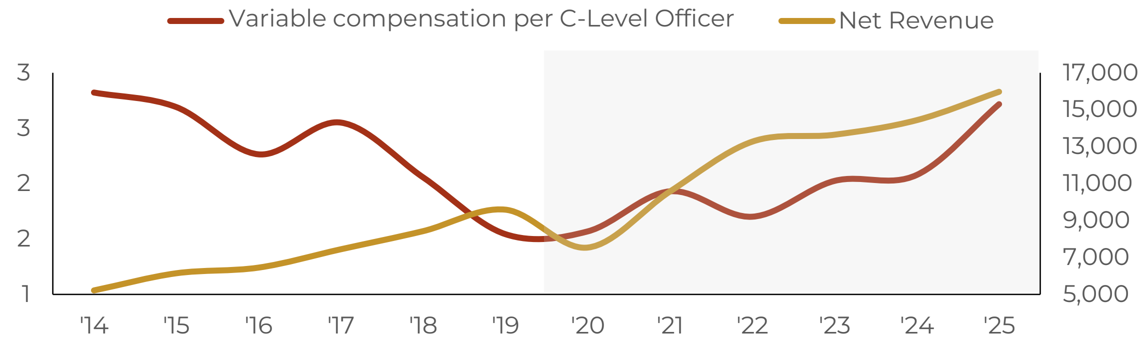
### After Galló's exit, the gap between payments and ROIC just increased

Compensation per Director (BRL mm) vs ROIC (%)



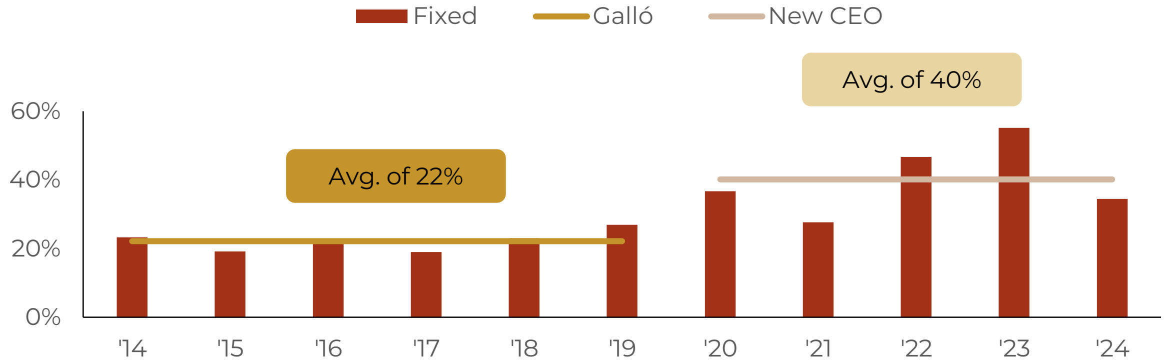

### Variable compensation changed its foundation

Variable compensation per C-Level Officer (BRL mm) vs Net Revenue (BRL mm)




### And Retention Talent Plan increases increase fixed payments in 18%

Fixed portion as % of total C-Level Officer Compensation (%)



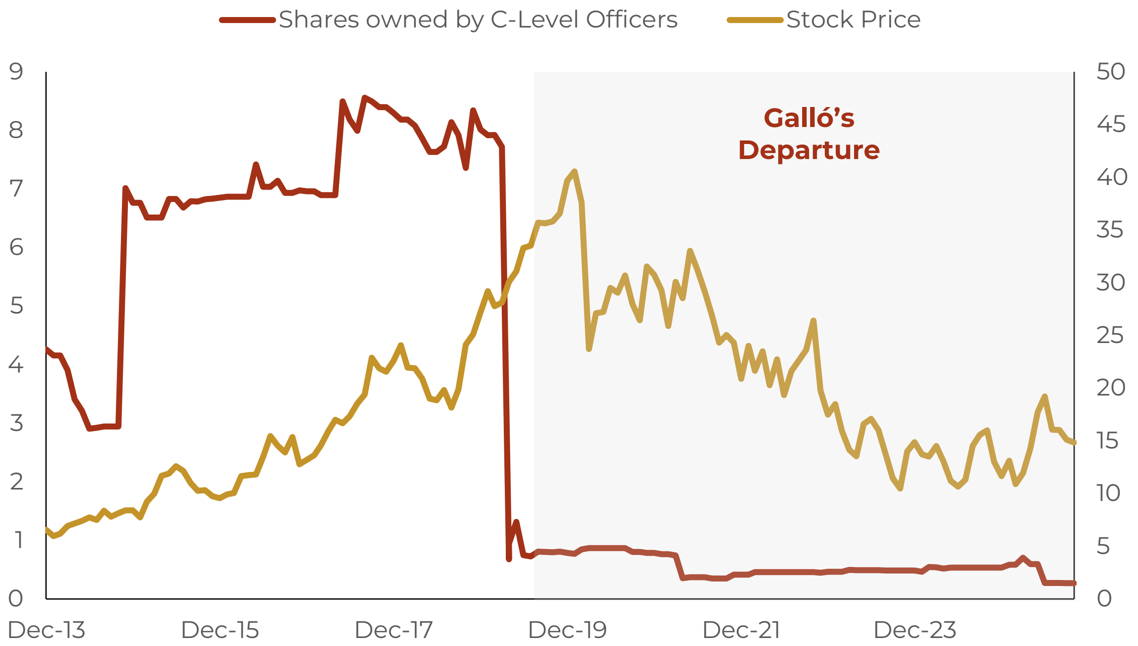

Source: Company, Team 2

# Unrecognized Payment Policy and Low Profit Future

The market fails to see the alignment decline due to ignoring poor compensation policies

## There is a structural break when Galló leaves

Shares detained by C-Level Officers (# mm) and Stock Price (BRL)




Former CEO **211.8** *BRL mm position*

Current CEO **2.7** *BRL mm position*

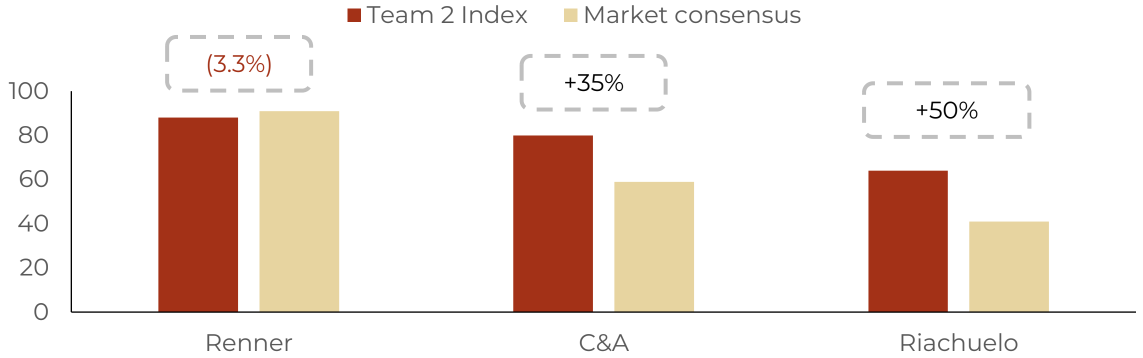
## Rating companies fails to incorporate Governance issues

Summary of Renner's Governance Ratings

| Company | Renner | C&A | Guararapes |
|---|---|---|---|
| LSEG | 92 | 58 | 18 |
| Bloomberg | 93 | 46 | 44 |
| **Team 2** | **81** | **74** | **47** |

ESG ratings overestimates Renner's Governance, despite problems in Compensation Policy

ESG Proprietary Score vs Market Consensus (Renner and Peers)




Source: Company, LSEG, Bloomberg, Team 2


# Valuation and Investment Risks

Despite attractive multiples below historical average, our DCF indicates the opposite scenario

# Our DCF Output is a 18.1% Downside over 1M VWAP

## Summary of valuation methodologies and assumptions

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| | Illustrative Price per Share (Low) | Illustrative Price per Share (High) | Comments |
|---|---|---|---|
| Economic Value Added | 9.0 | 14.4 | • Invested Capital (PP&E + NOWC + Leases)<br>• ROIC (13.1% in 2025 to 16.8% in 2034)<br>• WACC of 15.8% in whole period |
| Dividend Discount Model | 10.3 | 13.6 | • Sensitized by Bear and Bull Case<br>• Payout from 52.2% in 2025 to 80.0% in 2034<br>• Cost of Equity of 16.0% via CAPM |
| Public Comps - Brazil | 10.1 | 13.1 | • Tier 1: C&A, Guararapes<br>• Tier 2: Alpargatas, Azzas, SBF, and Track&Field |
| Discounted Cash Flow | 10.6 | 16.6 | • Bull and Bear Sensitized<br>• WACC of 15.8%, Perpetuity Growth of 3.5%<br>• Terminal Value by Gordon method |
| Brokers Estimates | 17.0 | 22.0 | • High: 22.00 BRL (Nov 6th, 2025)<br>• Low: 17.00 BRL (Nov 7th, 2025) |
| 52 Week Range | 10.8 | 19.9 | • High: 19.65 BRL (July 1st , 2025)<br>• Low: 10.81 BRL (Feb 26th, 2025) |

**Target Price:** 12.3 BRL

**1M VWAP:** 15.0 BRL

Source: FactSet, Team 2

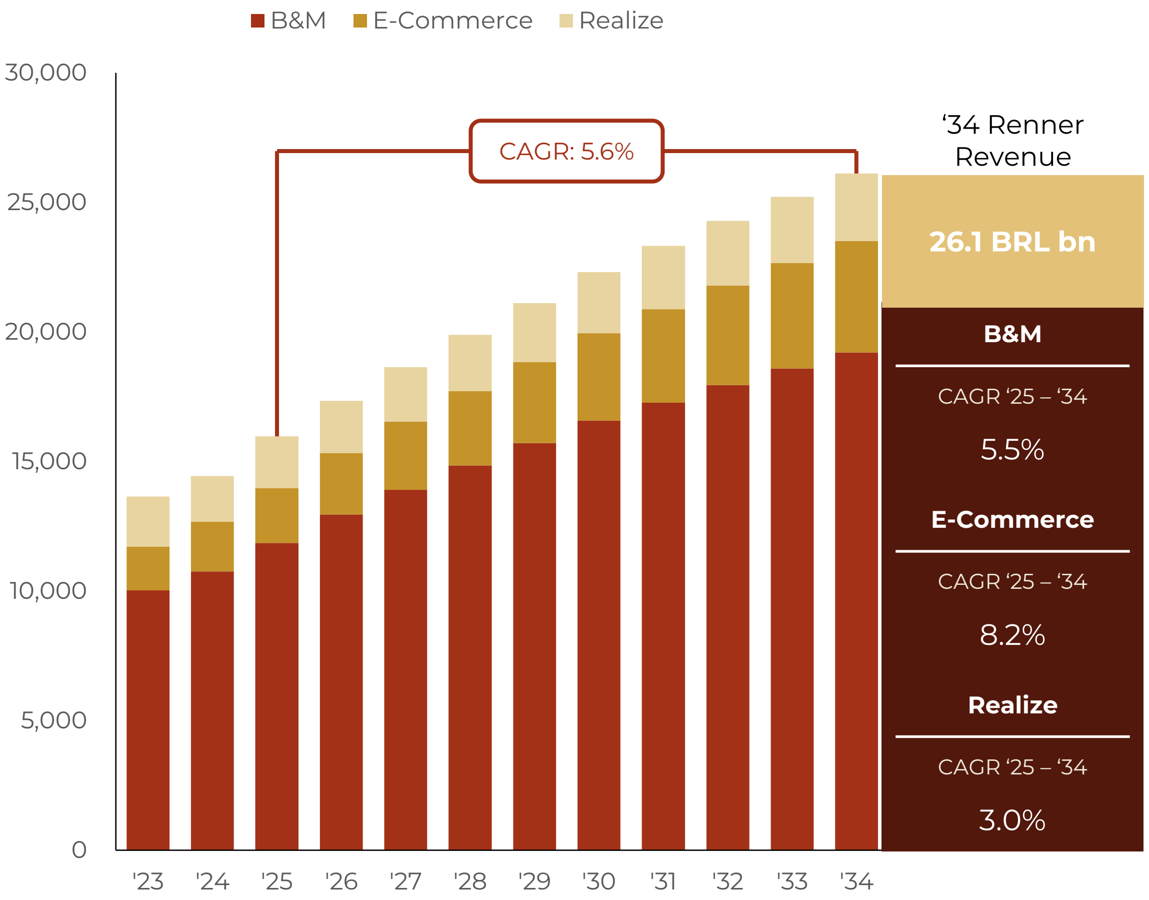
# Revenue and Forecast

Top-line growth remains anchored to apparel inflation

RENNER

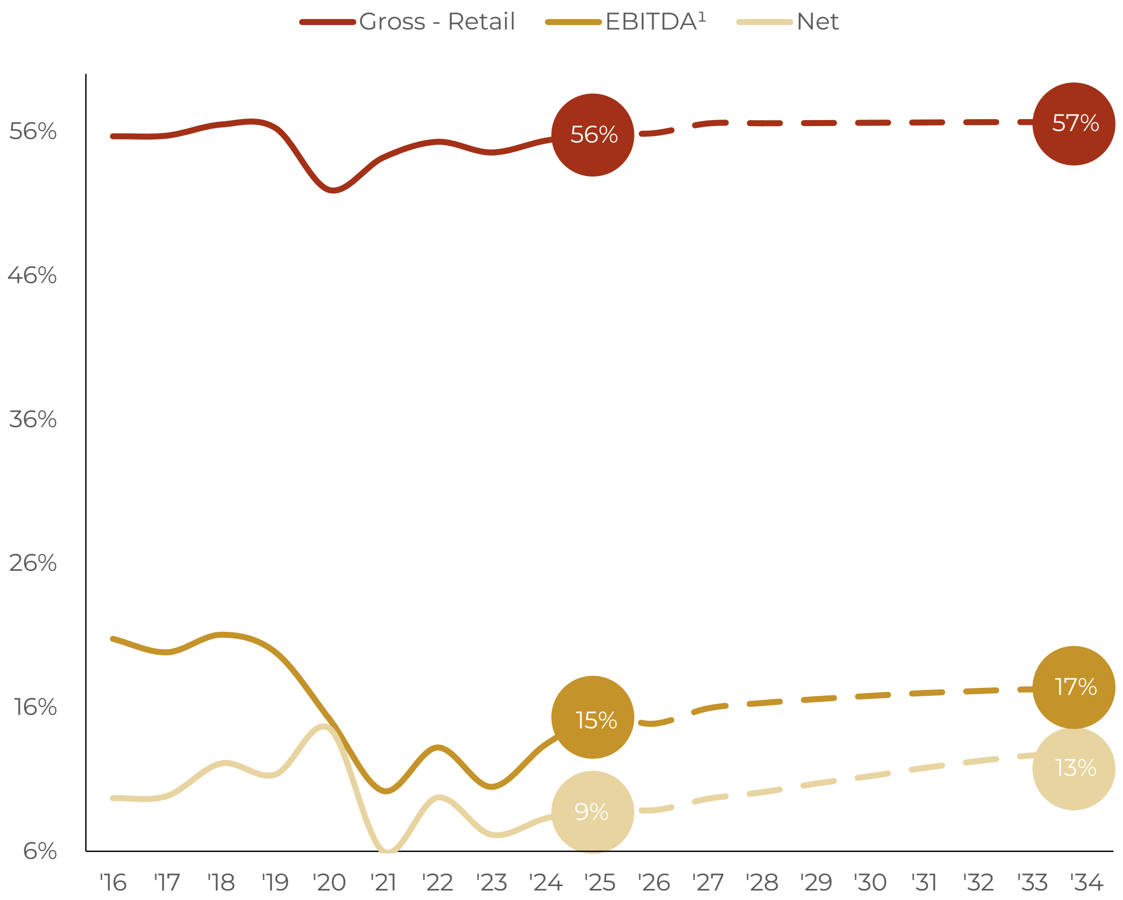
## Revenue is in line with inflation

Net Revenue (BRL mm)




## And should stabilize onwards

Renner’s Margins (%)




Note: (1) Disregarding IFRS-16 effects. Source: Company, Team 2

# Financial Forecast

Our theses are directly linked to the financial forecast of Renner

RENNER

| Theses | Linkage with Financials | | Impact on Valuation |
|---|---|---|---|
| **Overdressed Market** | OpEx | 1.2% decrease in margin | No real gains in productivity and consequently, compressing margins |
| | Rev / m² | 0.0% spread over Inflation | |
| **Limited Expansion** | Stores | +110 Renner Stores, 27 in malls | Street stores NPV is BRL 1.2 mm against BRL 7.5 mm from Mall stores |
| | ROIC | (2.0%) compared to mall stores | |
| **Past its Prime** | Net Openings | All possible openings: 110 new Renner stores | Lower value creation store openings pushing up management compensation |

| 5.6% | 9.8% | 3.6% | 4.8% | 8.0x |
|---|---|---|---|---|
| **Revenue CAGR** | **EPS CAGR** | **Revenue/m² CAGR** | **EBITDA[1] CAGR** | **P/E 2026** |
| 25-34E | 25-34E | 25-34E | 25-34E | DCF Implicit |

Note: (1) Disregarding IFRS -16 effects. Source: Team 2

# Outcome Scenarios

## Our scenarios analysis help to understand the impact of sensible variables

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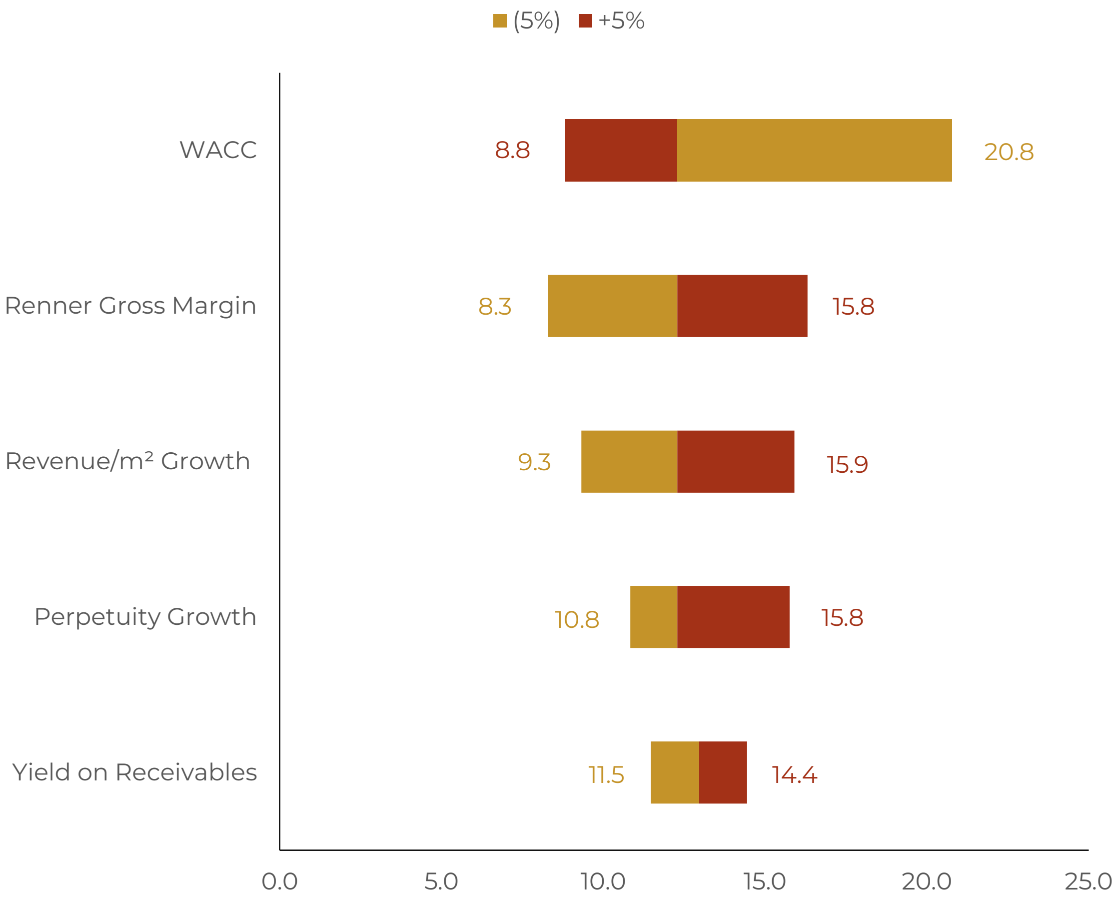
### Our most sensitive assumptions are WACC and Revenue/m²

Tornado Analysis (BRL)




### Evaluating our output from different assumptions

Scenario Analysis

| Scenarios | Bear Case | Base Case | Bull Case |
|---|---|---|---|
| Total Stores Openings (#) | 117 | 213 | 240 |
| Store Productivity (BRL mm / m²) | IPCA[1] – 2% | IPCA[1] | IPCA[1] + 4% |
| DC Ramp-up | 4Q27 | 1Q27 | 2Q26 |
| Target Price (BRL) | 10.6 | 12.3 | 16.6 |
| Upside (Downside) | (29.3%) | (18.1%) | 10.7% |

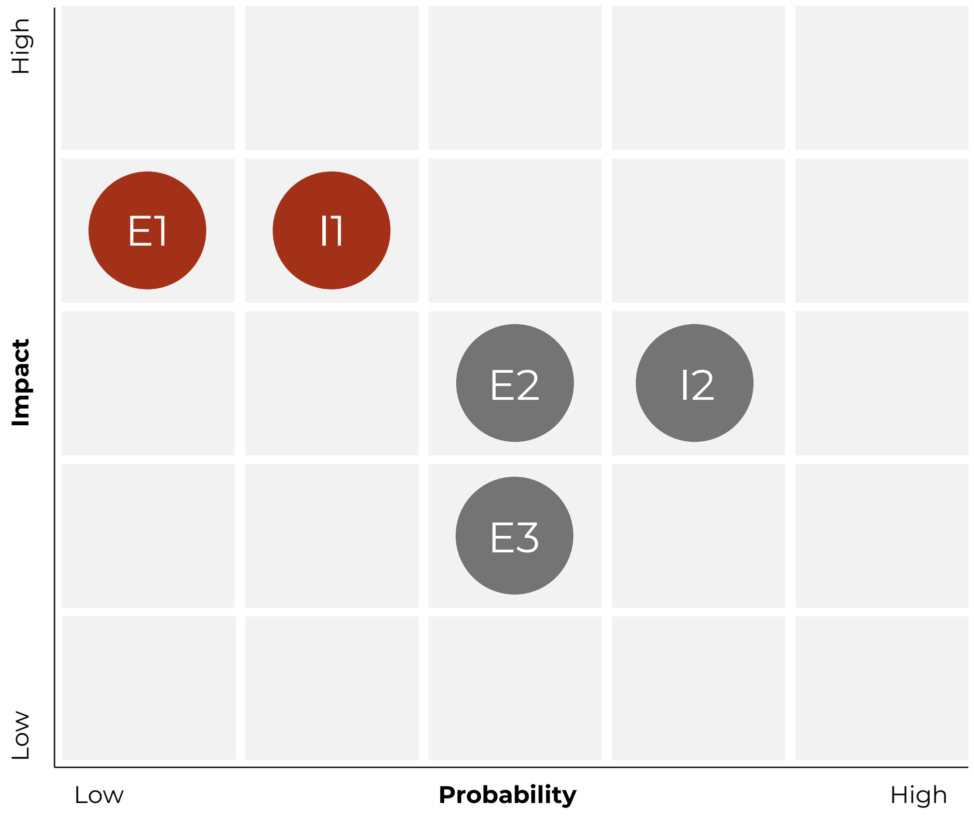
Note: (1) Apparel Inflation | Source: Team 2

# Investment Risks

## The key upside risks to consider for our theses

We highlight three primary risks to our SELL recommendation, while classifying 5 of them as both External [E] and Internal [I]

Risk matrix




| | Risk | Driver | Impact |
|---|---|---|---|
| E1 | **Decreased competition**<br>Isolation of Renner as the undisputed leader amongst peers | (1%) in sales exp. as % of revenue | Share price ▲ 8.5% |
| I1 | **Increase of pricing premiums**<br>Perfectly placed strategies increase Renner's capability to increase prices | Maintenance of current expenses structure | Share price ▲ 8.4% |
| E2 | **Consumer shifts to sustainability**<br>Gain in digital market share from an ESG compliant operation | +2% of e-commerce CAGR from "stolen" customers | Share price ▲ 6.7% |
| I2 | **Excess returns from Cabreúva DC**<br>Further logistical improvements of the new DC increase | +1% in Renner's gross margin | Share price ▲ 6.2% |
| E3 | **Macroeconomic Improvement**<br>Lower rates than projected could increase the company's sales and favor default rates | (0.5%) in quarterly write offs on total portfolio | Share price ▲ 5.1% |

Source: Team 2

# Investment Summary

We are initiating coverage with a **SELL** recommendation and a BRL **12.3** target price

**Overdressed Market:** Competitive Landscape Affecting Operations

**Limited Expansion:** The Leader is Out of Moves

**Past Its Prime:** Renner is Trailing Behind

| **1M VWAP** | | **Target Price** |
| --- | --- | --- |
| BRL 15.0 | Downside: **18.1%** | BRL 12.3 |

**SELL Recommendation**


# Q&A

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Research Challenge

# Presentation Network


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Appendix Network I


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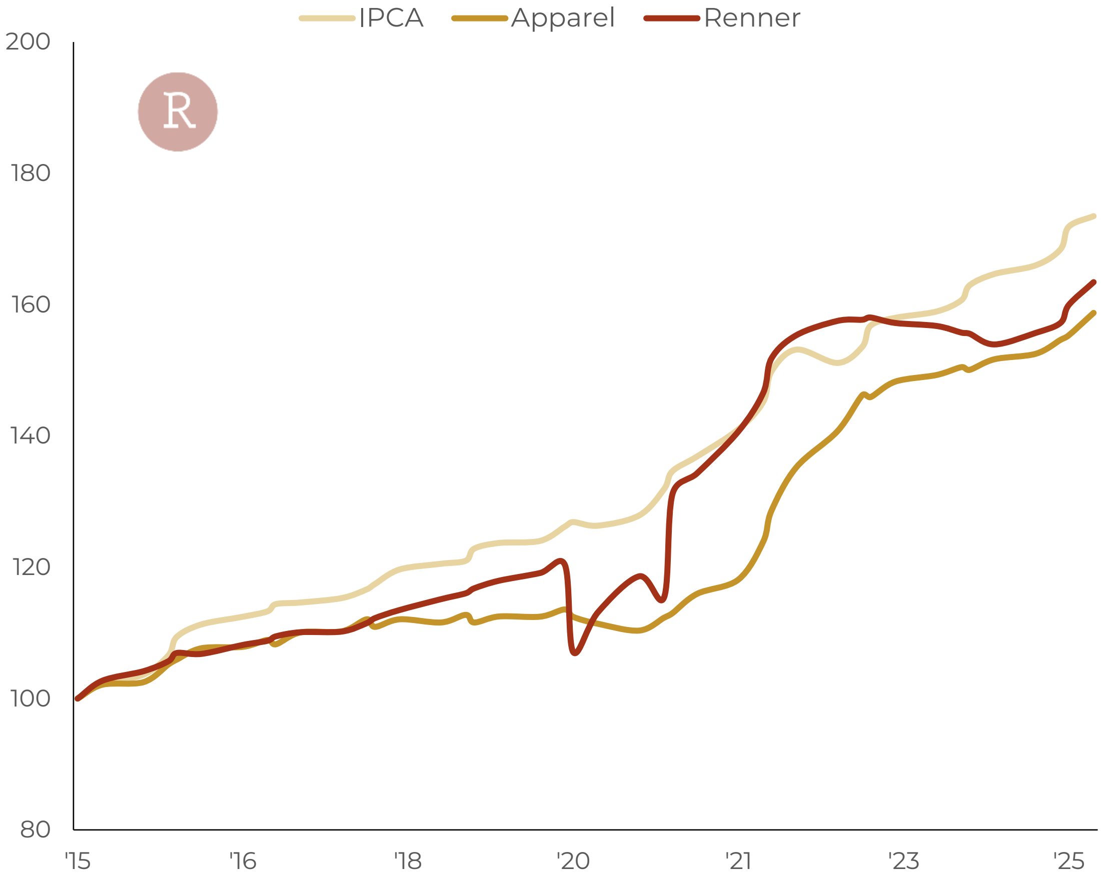
# *Main Appendix*

# Profitability Growth

We believe in lower profitability, in line with historical performance

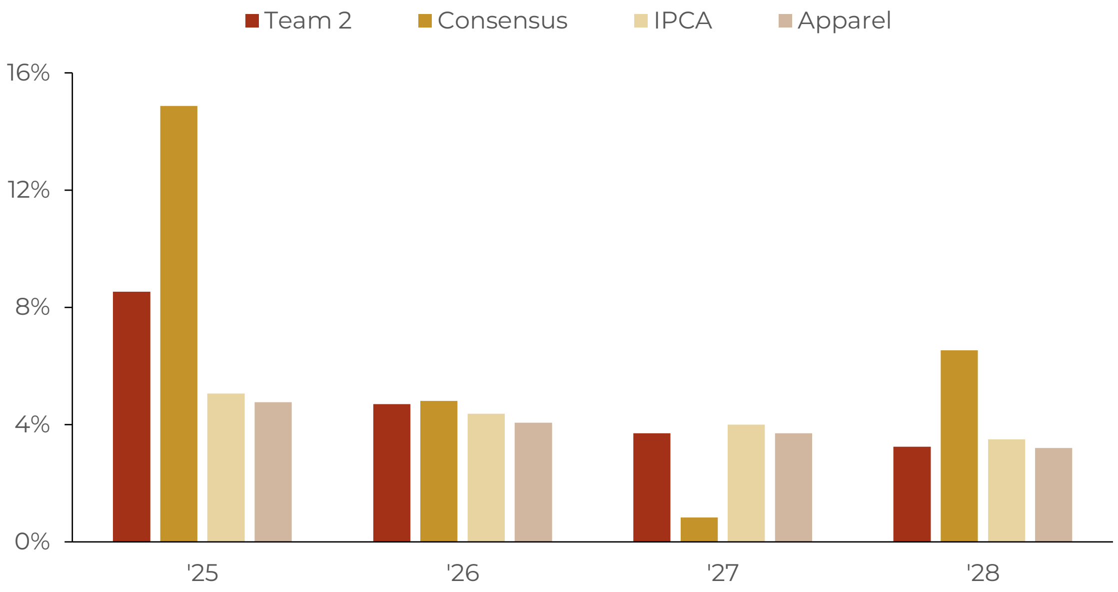
### Historical data stays below IPCA, but with a premium to the sector

IPCA vs Apparel prices vs Renner Average Ticket growth (Index 2015 = 100)




### We still project real gains on the short-term, but market overestimates

Revenue/m² growth vs IPCA vs Apparel inflation (%)




**Cumulative growth ('25-'28)**

| 29.3% | 21.7% | 18.0% | 16.7% |
|---|---|---|---|
| Consensus | Team 2 | IPCA | Apparel |

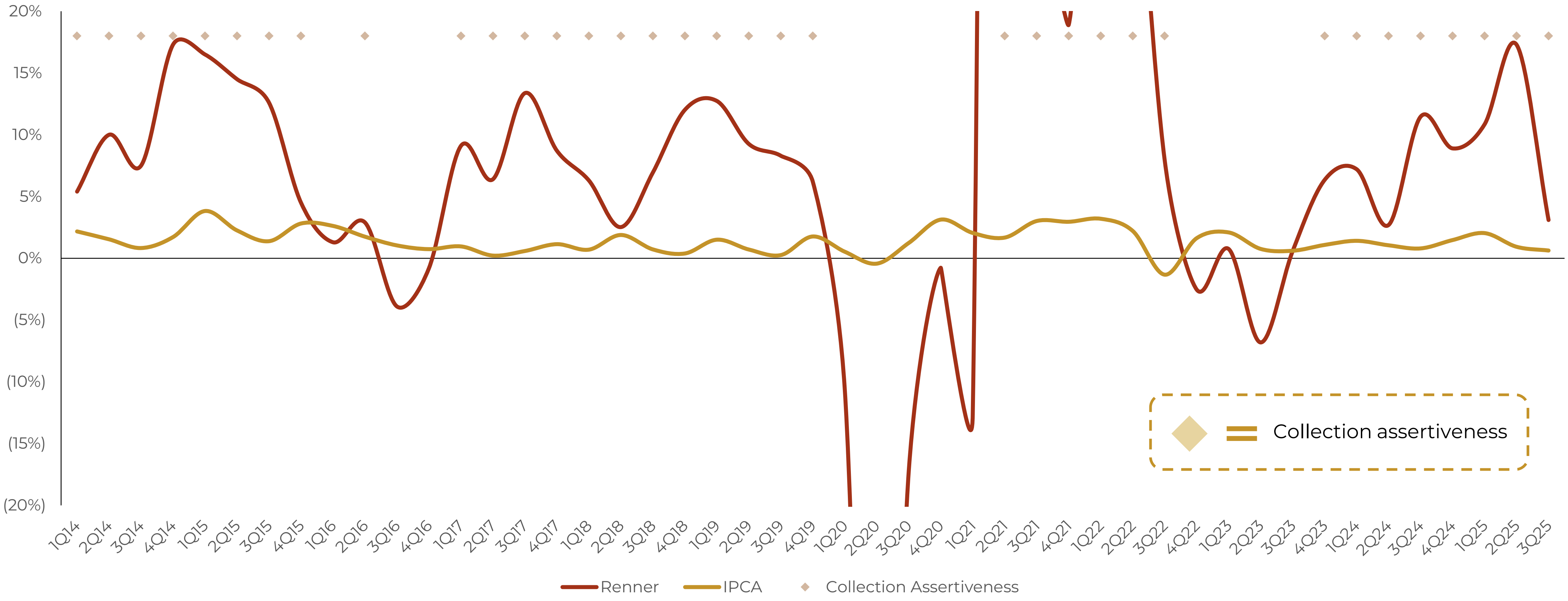
Source: Company, Euromonitor, IBGE, Team 2

# Same Stores Sales

## The SSS exceeding the IPCA demonstrates the effectiveness of the collection

The Same Stores Sales outperformed the Brazilian CPI for the quarter in 35 quarters

Same Stores Sales (%)



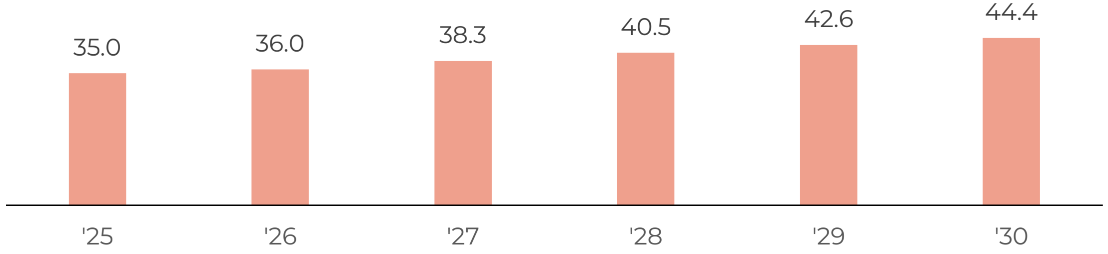

Source: Company, Team 2

# Is Digitalization Still Going To Increase?

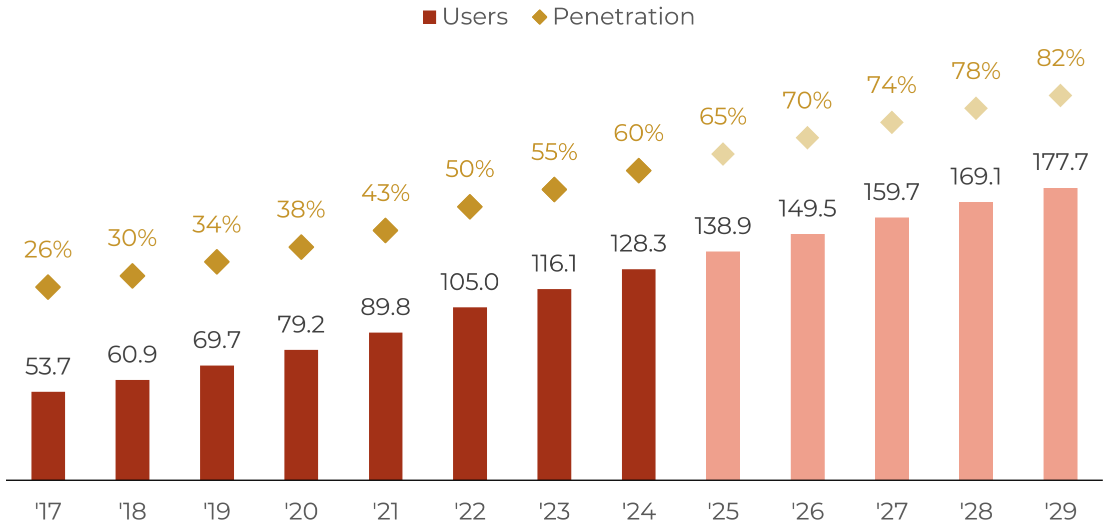
Growing acceptance of e-commerce and logistics advancements corroborate for it

## Revenue grows as e-commerce increases penetration

Forecast B2C retail e-commerce revenue in Brazil (USD bn)

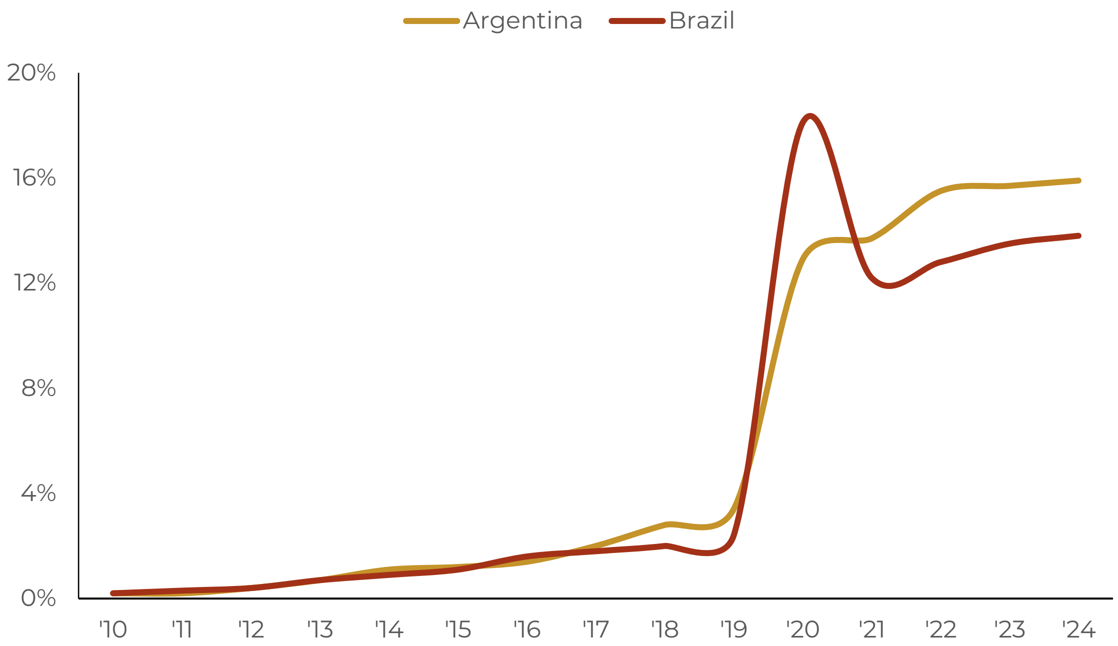



Number of users of e-commerce in Brazil (# mm) vs Penetration (%)




## And macro scenario can also accelerate this movement

E-commerce penetration in apparel retail (%)




Digitalization further increased by **inflationary scenario**

Higher price sensitivity

E-commerce increase

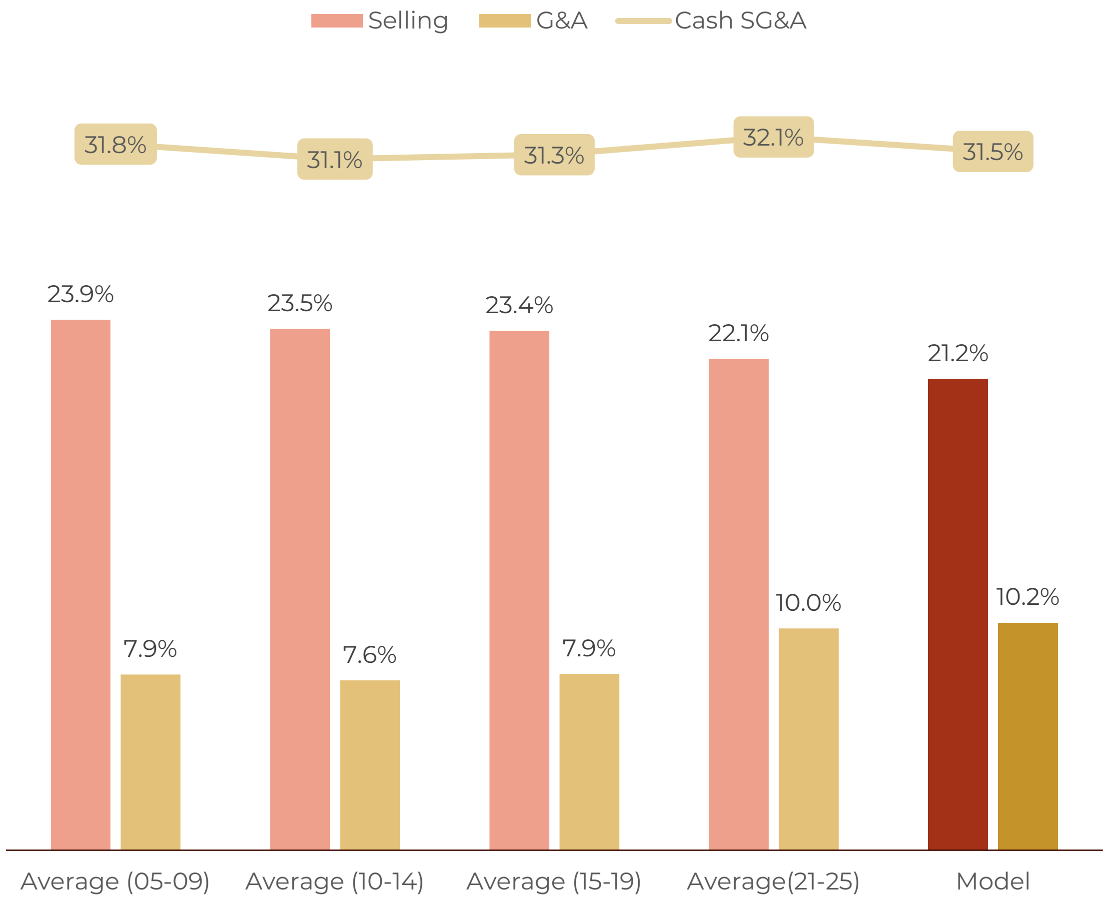
Source: Euromonitor, Statista, Team 2

# Margin Overestimation

The market still sees a higher margin gain from CD ramp up and one-off expenses

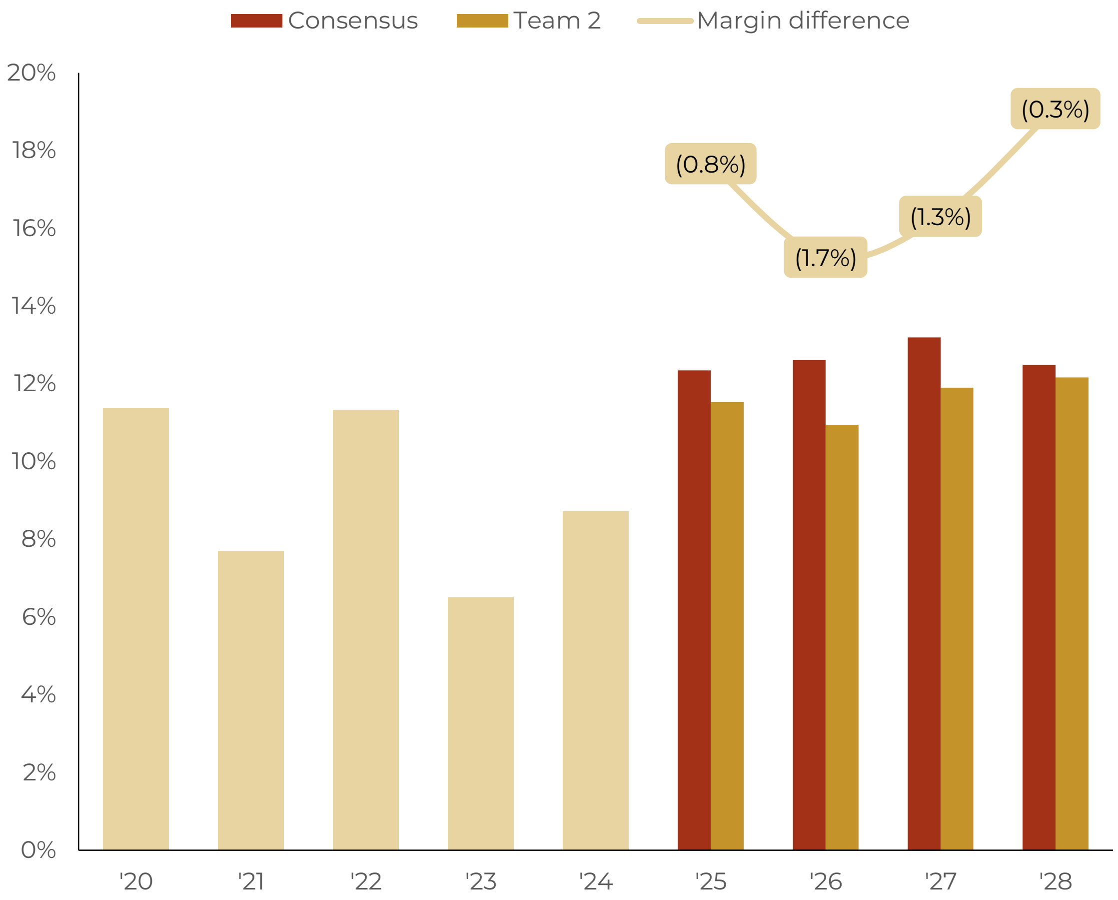
We project cash SG&A in line with historical performance

Expenses as % of revenue




And overall EBIT margin still bellow consensus

EBIT margin projected vs Consensus vs Market overestimation (%)




Source: Companies, FactSet, Team 2

# Expansion Analysis Methodology

## We mapped the current expansion capacity for Renner

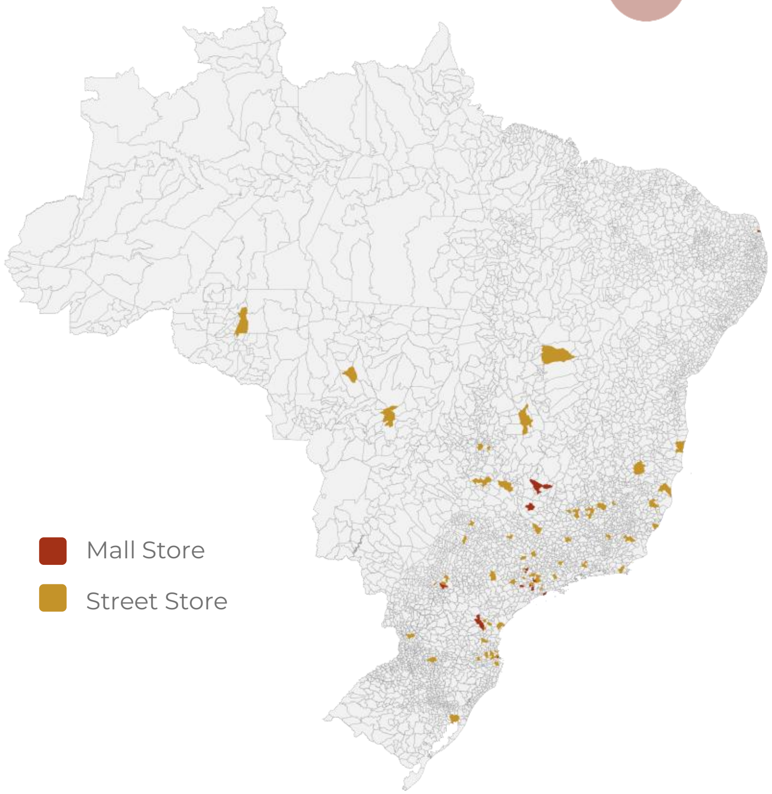
Our analysis selected the cities still underpenetrated by Renner's main brand

### New store - New cities

- Over 50,000 inhabitants
  *Company guidance*
- Over BRL 109.5 mm consumer mass
  *10th percentile of current store profile*
- Over BRL 808 median income per capita
  *10th percentile of current store profile*

### New store - Current cities

- Over 430,237 population per store
  *2x average current store profile*

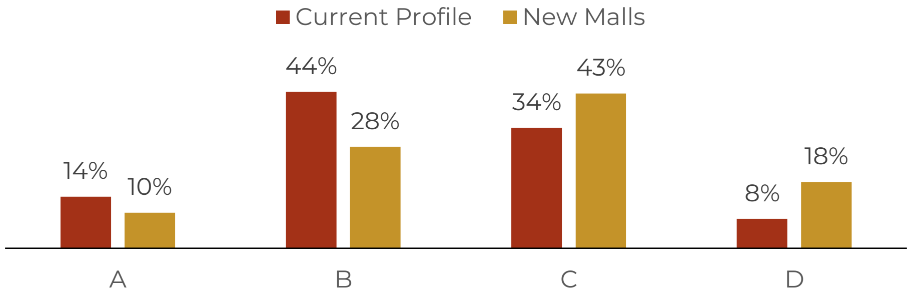



*Mall or Street store?*

We checked ABRASCE's data base to find available malls

| New malls | Shopping La Plage |
|---|---|
| Aparecida Shopping | Shopping Cidade das Artes |
| Partage Campos | Patio Central Shopping |
| Shopping Unigranrio | Ita Shopping |
| Boulevard Shopping | Paulinia Shopping |
| Shopping Pátio Guarulhos | Shopping Pinheiros |
| Amapá Garden | Shopping Centronorte |
| Plaza Shopping Niteroi | Shopping Iguatemi Esplanada |
| São Gonçalo Shopping | Shopping Franco da Rocha |
| Partage São Gonçalo | Itapecerica Shopping |
| Pátio Alcântara | Shopping Boulevard Araxá |
| Plaza Shopping Carapicuíba | Nilópolis Square |
| Shopping Hortolândia | Shopping Alegria |
| Shopping Cabo Verde | Calçadão Praia Shopping |

New malls vs current social class profile (%)



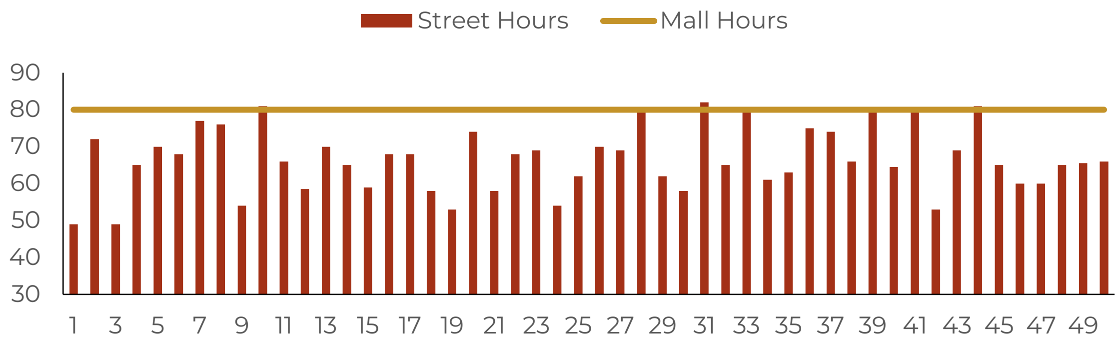

Source: Abrasce, Team 2

# Unit Economics – Assumptions

Mall stores have a lower revenue productivity, and consequently returns

## Street stores operates 16% less hours on average

Weekly Working Hours (Hrs) vs # of Street Stores

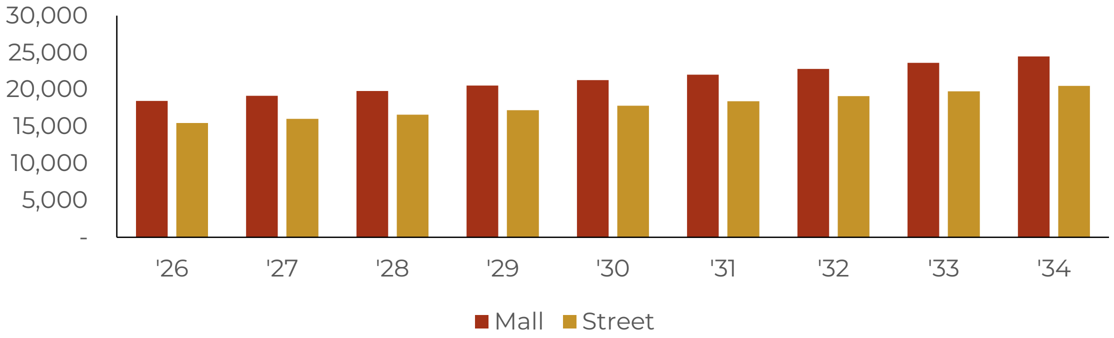



IC — **Operating Approach:** NOWC + Net PP&E + Leases

NOPAT — **EBIT*(1-t):** Adjusted for cash rent expenses

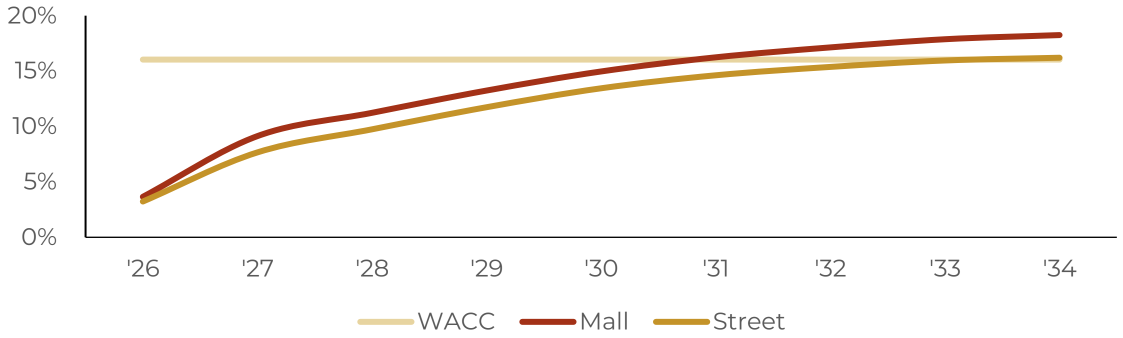
## Leading to a lower revenue productivity on our forecast

Revenue / m² (BRL)




## Street Stores ROIC is higher than Malls stores

ROIC (%)




Source: Abrasce, Team 2

# How Are We Against Investor Day?

We are skeptical on some variables presented in last investor day....

| Variables (2030) | Management | Team 2 |
|---|---|---|
| **Renner Stores** | 570-600 | 560 |
| **Cities (>200k)** | 100% | 100% |
| **Cities (100k-200k)** | 70% | 63% |
| **Revenue CAGR** | 9-13% | 6% |
| **CapEx / Retail Rev** | 6-7.5% | 6% |
| **Stores in New Cities** | 140-170 | 92 |
| **CapEx / m²** | 5.5-6k | 10k |
| **IRR New Cities** | 27% | 20% |
| **OpEx Reduction** | (2.5-3.5%) | +1.2% |
| **EBITDA Margin** | 18%-20% | 17% |
| **ROIC** | 20% | 15% |

### Overdressed Market

- Revenue CAGR: Pricing more indexed to apparel IPCA
- OpEx Reduction: Pressure in general IPCA

### Limited Expansion

- Revenue CAGR: Less stores openings and most in street and lower Rev/m²
- Lower ROIC and IRR

### Past Its Prime

- OpEx Reduction: Management Compensation will still be high
- Capital Allocation could be better

If we reduce CapEx / m² and open more 20 Mall stores

+ 720
BRL mm in EV

+0.73
BRL in Target Price
Still (13%) on 1M VWAP

Source: Company, Team 2

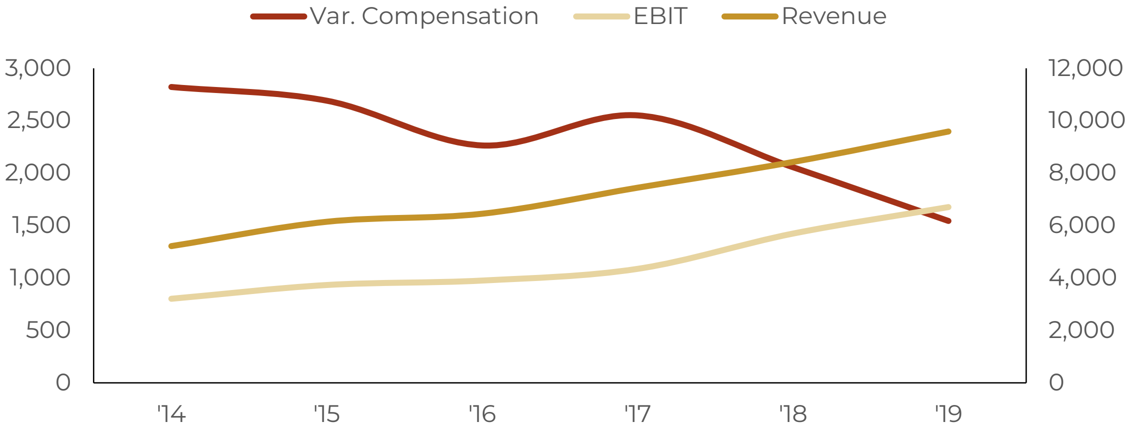
# Management Compensation Sensitivity Comparison

Comparison makes it possible to understand the difference between the executive directors



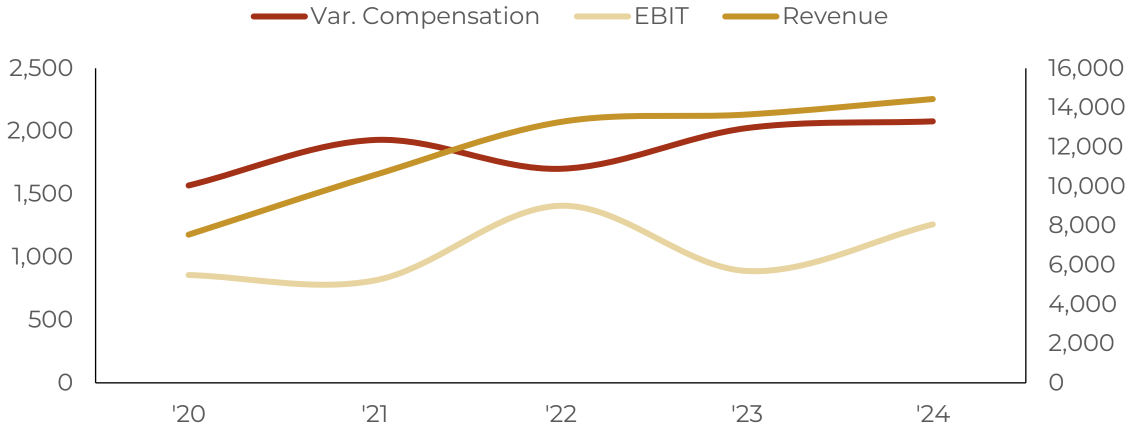
### Before, Renner's scale did not drive managements compensation

Revenue, EBIT (BRL mm) and variable compensation per C-Level Officer (BRL k) in Galló's era




### After, seems to only pure top line effects impacts in Compensation

Revenue, EBIT (BRL mm) and variable compensation per C-Level Officer (BRL k) post Galló's era




| **Correlation with** | **'14-'19** | **'20-'24** |
|---|---|---|
| Revenue | (0.91) | **0.73** |
| EBIT | (0.94) | 0.00 |
| ROIC | **0.26** | (0.28) |

## Main Takeaway

It appears that compensation is actually linked to **purely top-line factors**, such as **revenue**. This is evident in our comparative analysis of management styles.

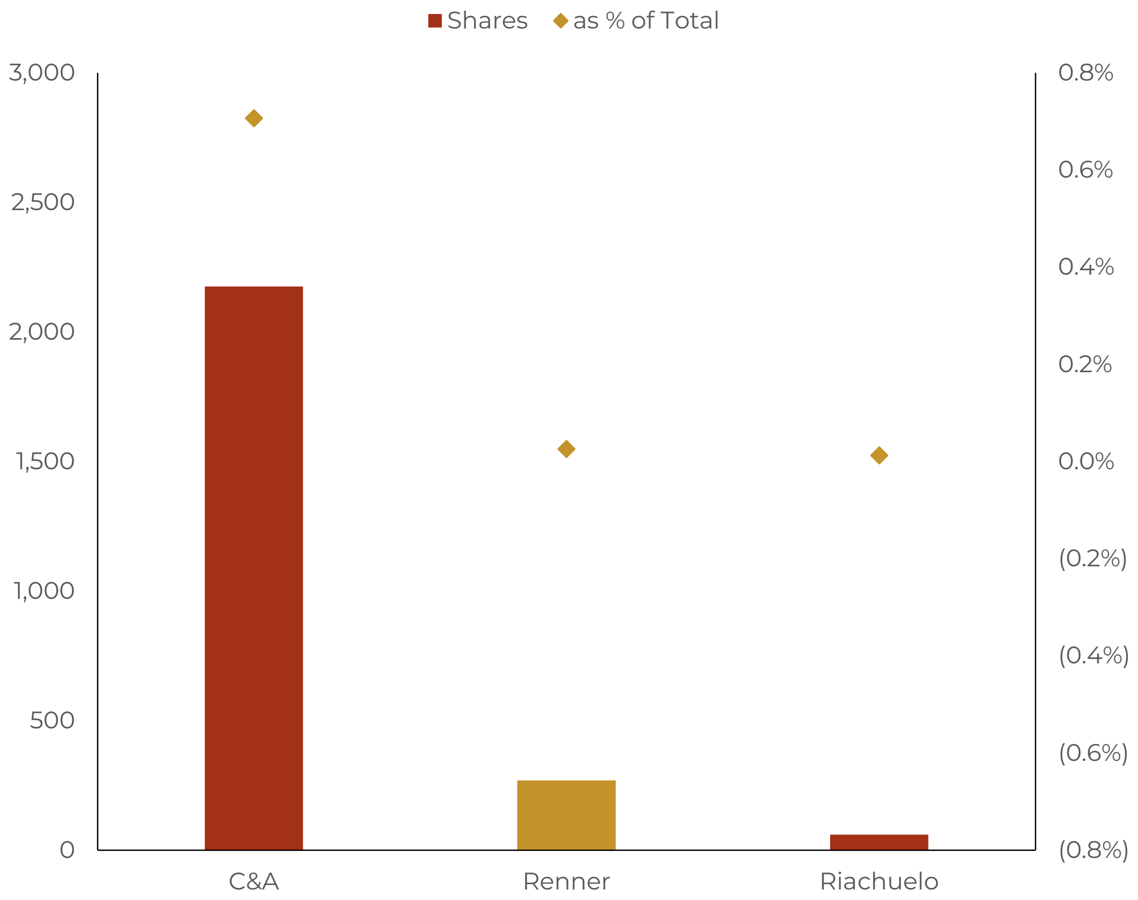
Source: Company, Team 2

# Management Exposure Among Peers

Static analysis of each management's exposure to the company

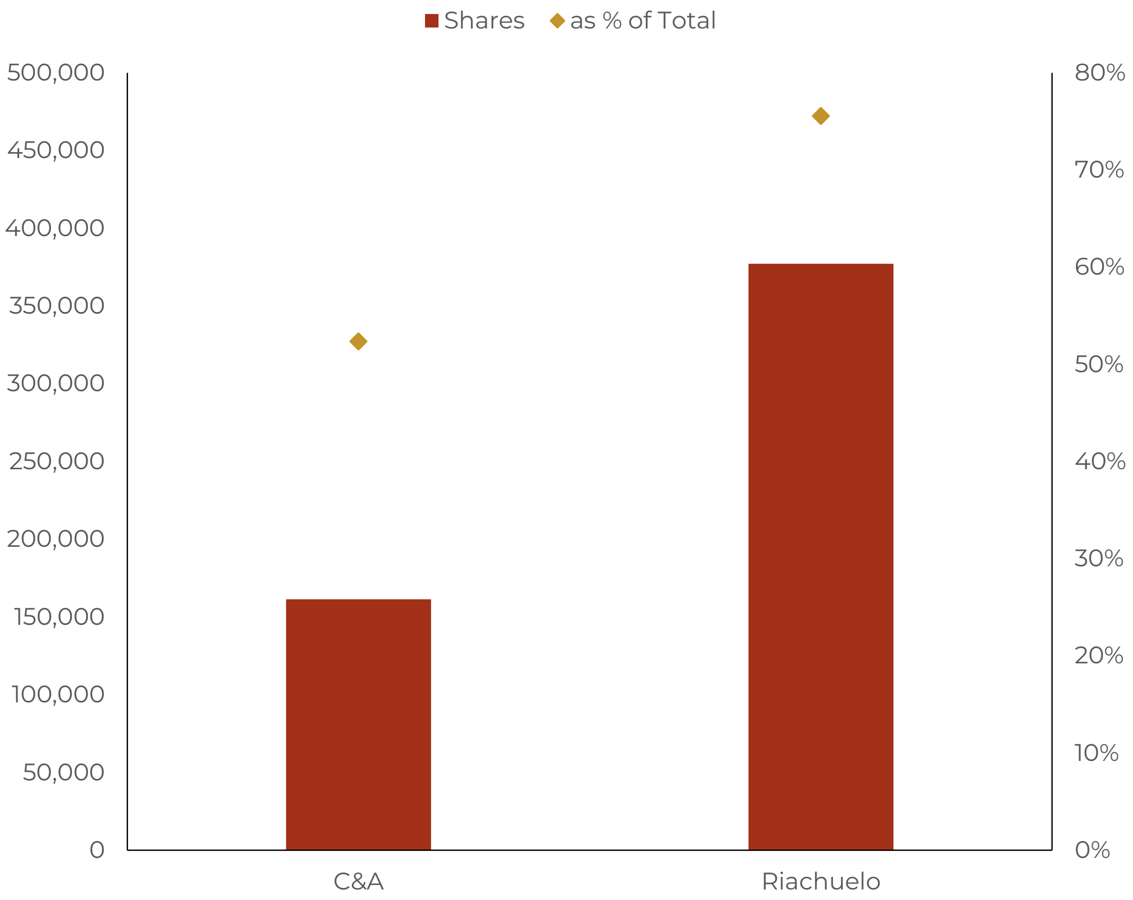
## C&A stands out, while Riachuelo appears to match Renner...

Shares owned by C-Level Officers (# k) and as % of total shares (%)




## Including the controlling shareholders, Renner lags far behind

Shares owned by controlling shareholder (# k) and as % of total shares (%)



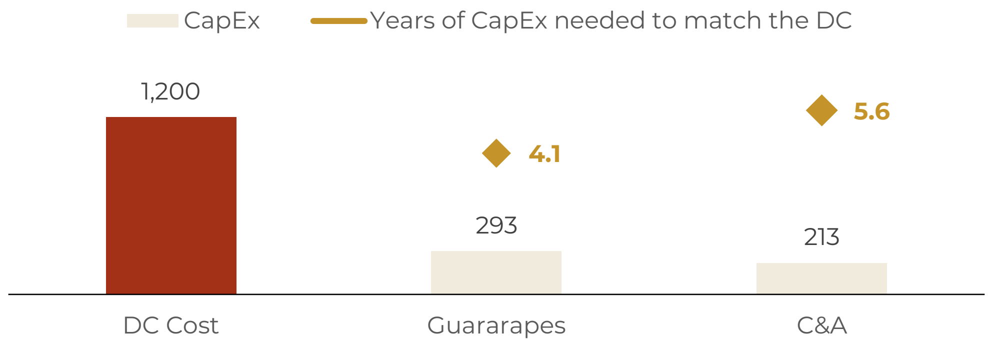

Source: Companies, Team 2

# Cabreúva Distribution Center

## The DC is an example of how management can make good capital allocations

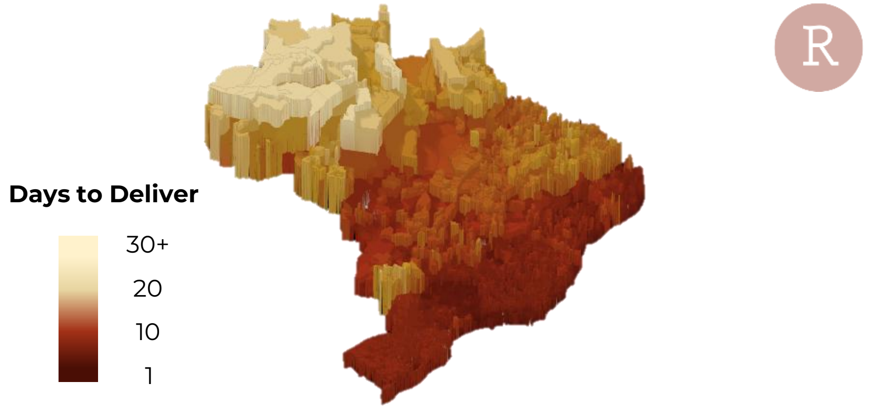
### It creates a logistical moat against peers

DC CapEx vs Peers' yearly average (BRL mm)



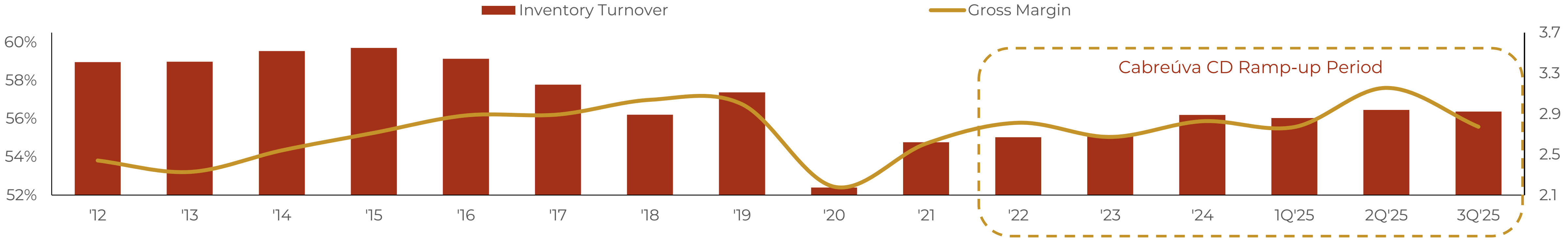

### And reduced delivery time, improving the customer experience

Companies' 'normal' delivery times




### In addition, it led to an improvement in gross margin and inventory turnover by reducing the need for markdowns through the push & pull model

Inventory Turnover and Retail Gross Margin (%)




Source: Companies, Team 2

# What Would Make Us Change Recommendation?

We may initiate coverage with a **BUY** recommendation if...

**Restructure of Compensation Policy**

**Better Collection Assertiveness**

**Conservative and Efficient Expansion**

- +4% spread over apparel IPCA
- Maintenance of variable costs
- (0.5%) payment policy costs
- (50%) street store operating discount
- (50%) street store openings
- (40%) new stores CapEx

| **1M VWAP** | | **Target Price** |
|---|---|---|
| 15.0 BRL | Upside: **21.9%** | 18.3 BRL |

**BUY Recommendation**

# Overview On Income Statement

Main lines forecast method

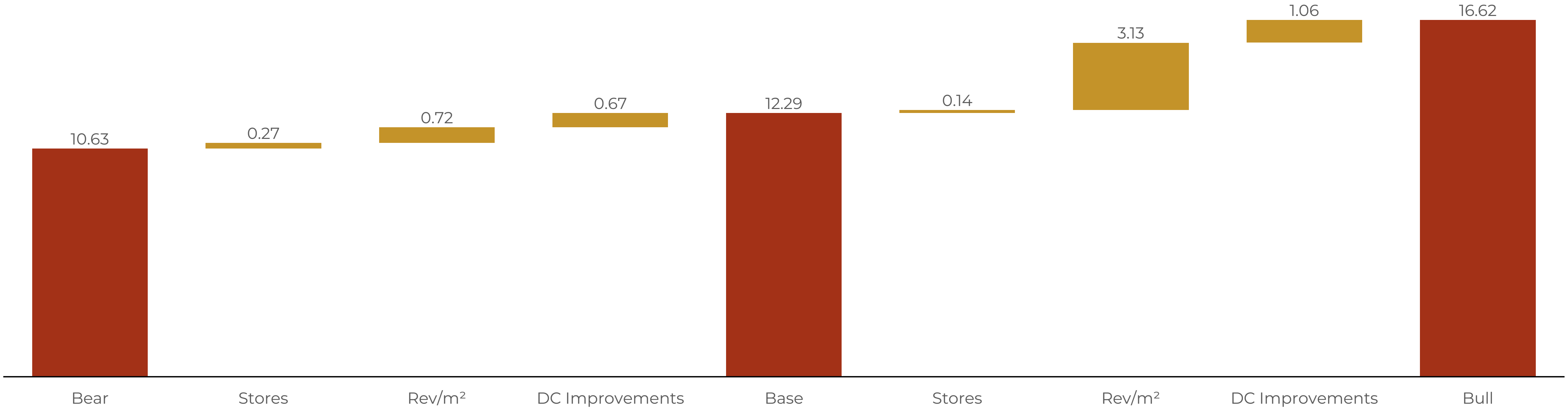
| | BRICK AND MORTAR | | E-COMMERCE | | FINANCIAL ARM |
|---|---|---|---|---|---|
| | Renner | Others | Renner | Others | Realize |
| Total Selling Area | Avg. Selling area Adj for Maturation | | E-Commerce Penetration | | Portfolio as % of Card Sales |
| Net Revenue/M² | Indexed to apparel IPCA | | | | |
| Net Revenue | Renner | Youcom + Camicado | | | Spread over Credit Portfolio |
| (-) COGS | Historical Gross Margin vs Revenue | | | | |
| (=) Gross Profit | Renner + Youcom + Camicado | | | | Realize |
| (-) SG&A | Personnel Expenses, Third-Party Services, Write-offs and Other Expenses<br>Fixed: IPCA Growth, Variable: % of Net Revenue | | | | |
| (=) EBITDA | EBITDA | | | | |

Source: Team 2

# Bear and Bull Assumptions

How can our cases' target prices be explained by different variables?

| Variable | Bear Case | Base Case | Bull Case |
|---|---|---|---|
| Stores Openings | 117 (61R, 0C, 56Y) | 213 (110R, 9C 94Y) | 240 (110R, 18C, 112Y) |
| Revenue / Square meter | (2.0%) Spread on IPCA until 2029, 0% further | 2.0% Spread on IPCA until 2029, 0% further | 4.0% Spread on IPCA to perpetuity, |
| DC Improvements: Gross Margin | Delay CD full ramp-up to 4Q27 | CD full ramp-up to 1Q27 | Speed up CD full ramp-up to 2Q26 |
| DC Improvements: Inventory Turnover | Delay target inventory turnover to 1Q30 4.0x | Target inventory turnover to 1Q29 4.0x | Target inventory turnover to 1Q28 4.0x |
| Upside / (Downside) on 1M VWAP | (29.1%) | (18.1%) | 10.7% |



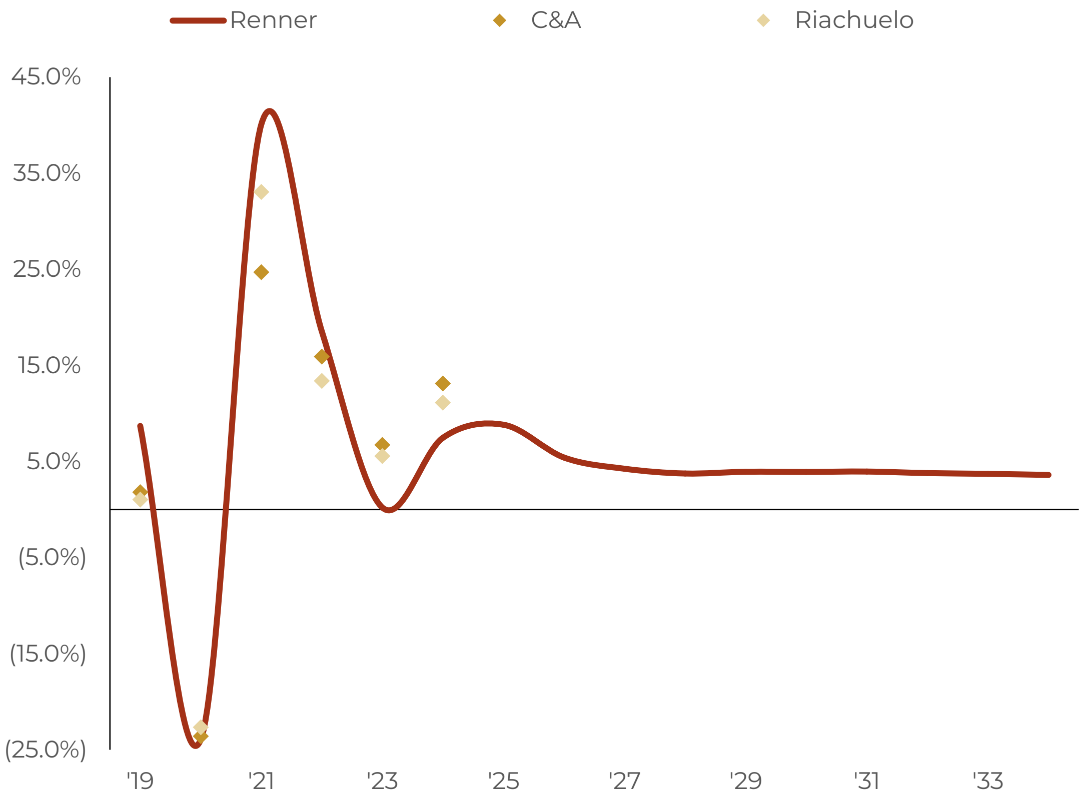

Source: Team 2

# Operational Metrics

We estimate Renner a decreasing SSS on inflation guided prices

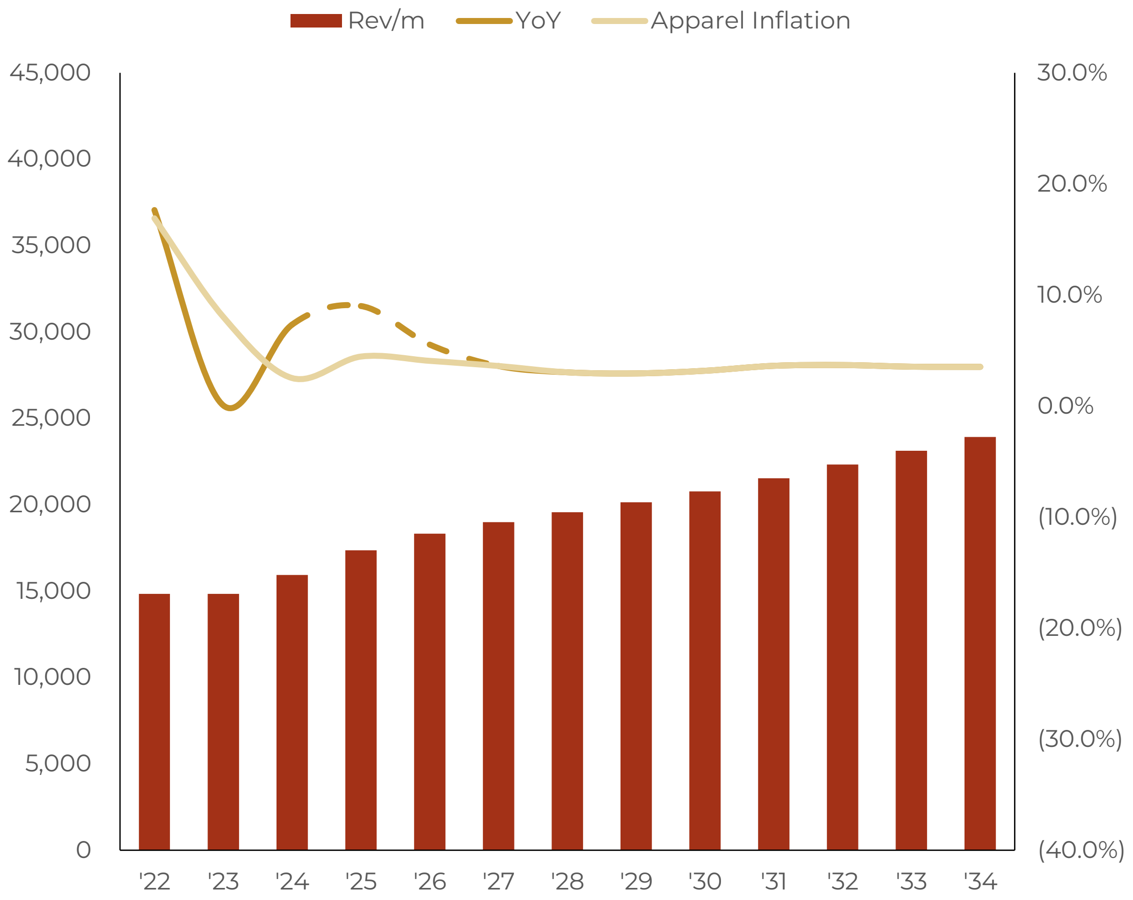
Same Store Sales in line with Brazil long term Inflation

Same Store Sales (%)




Revenue / m² indexed on apparel inflation

Revenue / m² (BRL), YoY (%) and Apparel Inflation (%)




Source: Team 2

# Team 2 ROIC vs Market ROIC

## Market is pricing a Much stronger ROIC for Renner in 2027

RENNER

| Variable | |
|---|---|
| **Current Market Cap@** | 13,968 |
| **Net Debt** | (1,260) |
| **Enterprise Value** | 12,707 |
| **Invested Capital 27E** | 11,132 |
| **EV / Invested Capital Market 27E** | 1.14x |
| **EV / Invested Capital Team 27E** | 0.95x |

$$\frac{EV}{Invested\ Capital} = \frac{ROIC - g}{WACC - g}$$

EV/Invested Capital 27E

| Implicit ROIC (%) \ Growth Rate (%) | 2.5% | 3.0% | 3.5% | 4.0% | 4.5% |
|---|---|---|---|---|---|
| **11.0%** | 0.64x | 0.63x | 0.61x | 0.59x | 0.58x |
| **12.0%** | 0.71x | 0.70x | 0.69x | 0.68x | 0.66x |
| **13.0%** | 0.79x | 0.78x | 0.77x | 0.76x | 0.75x |
| **14.0%** | 0.87x | 0.86x | 0.85x | 0.85x | 0.84x |
| **15.0%** | 0.94x | 0.94x | 0.94x | 0.93x | 0.93x |
| **16.0%** | 1.02x | 1.02x | 1.02x | 1.02x | 1.02x |
| **17.0%** | 1.09x | 1.09x | 1.10x | 1.10x | 1.11x |
| **18.0%** | 1.17x | 1.17x | 1.18x | 1.19x | 1.20x |
| **19.0%** | 1.24x | 1.25x | 1.26x | 1.27x | 1.28x |

Source: Team 2, Factset

# How Do Our Forecasts Compare To Market Ones?

## Team 2 vs Consensus

How do our forecasts compare to the market consensus?

Revenue, EBITDA, Net Income and Same Store Sales (BRL mm)

| | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| **Revenue Team 2** | **15,972** | **17,349** | **18,639** | **19,894** |
| Factset Consensus | 15,665 | 16,998 | 18,397 | 21,938 |
| vs. Consensus % | 2.0% | 2.1% | 1.3% | (9.3%) |
| **EBITDA Team 2** | **3,124** | **3,254** | **3,689** | **4,012** |
| Factset Consensus | 2,935 | 3,195 | 3,579 | 4,548 |
| vs. Consensus % | 6.4% | 1.8% | 3.1% | (11.8%) |
| **Net Income Team 2** | **1,445** | **1,464** | **1,717** | **1,929** |
| Factset Consensus | 1,494 | 1,641 | 1,854 | 2,170 |
| vs. Consensus % | (3.3%) | (10.8%) | (7.4%) | (11.1%) |
| **SSS Team 2** | **8.8%** | **5.4%** | **4.2%** | **3.8%** |
| Factset Consensus | 10.0% | 6.2% | 5.2% | 4.2% |
| vs. Consensus % | (12.0%) | (12.9%) | (19.2%) | (33.3%) |

Source: Factset, Team 2

# Short-Term Price Triggers

We expect the market to realize our theses when...

| | | | |
|---|---|---|---|
| 1. | **Deceleration of Stores Openings** | Lower profitability of the current projected stores, Leading to management re-think new stores | Materialization of **Thesis 2** |
| 2. | **Margin Loss/Stabilization** | Management efficiency gains on expenses do not realize | Materialization of **Thesis 1** |
| 3. | **Weaker Pricing** | Renner cannot impose prices due to competitive pressure from the market | Materialization of **Thesis 1** |

Source: Team 2

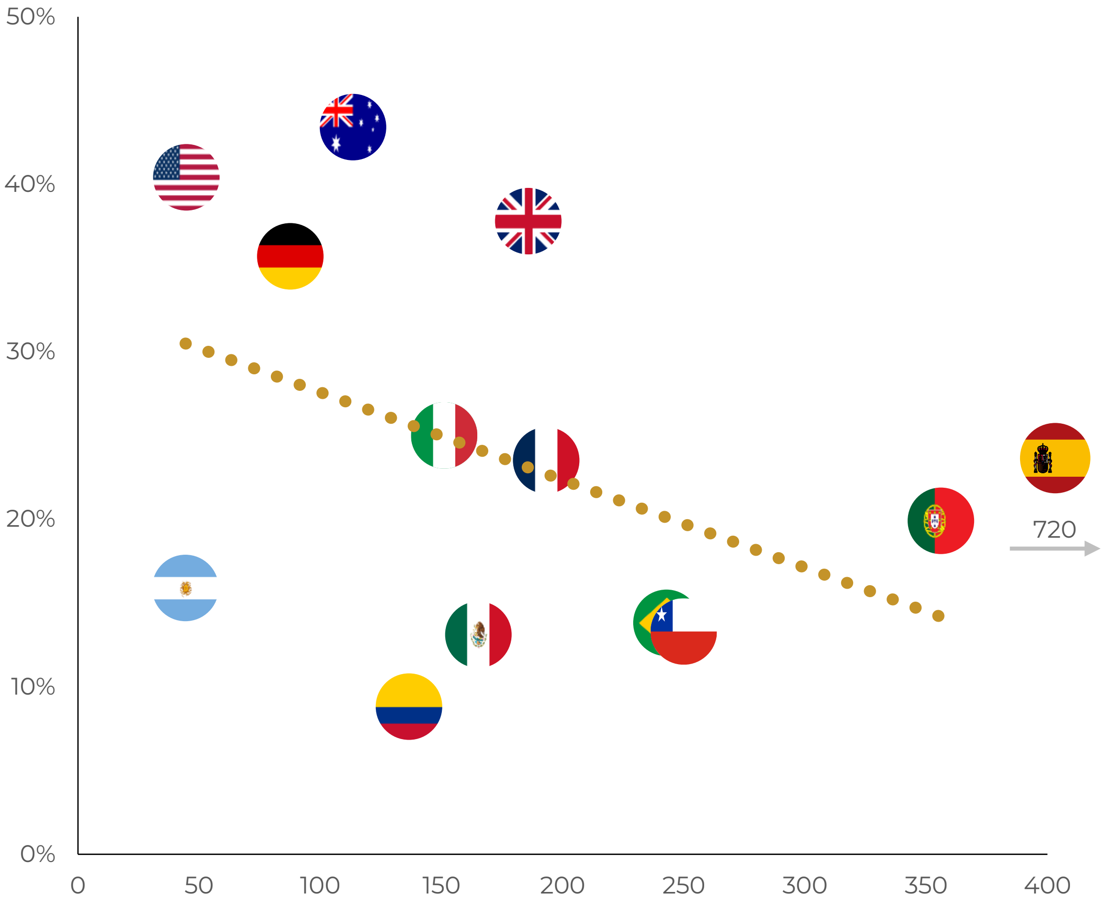
# *Thesis #1:*
# Overdressed Market

# E-commerce And Competition

Developed economies with higher digitalization also have more competitive markets

Undeveloped economies are in a clear trend of concentration

HHI vs E-commerce % in apparel retail per country (#)




$$HHI = \beta_0 + \beta_1 \times Ecommerce\ Penetration + \varepsilon$$

$\beta_0$: 299.84

$\beta_1$: -373.08

$R^2$: 0.37

We can see a **clear correlation** between companies with a more **developed e-commerce** and **less competitive market**. This shows not only a greater tendency of digitalization but a fiercer competitive, fostering our thesis.

Spain appears as a clear anomaly from the rest

Inditex (Owner of Zara, Massimo Duti, Oysho...) dominates the market


**Spain's Market Anomaly: Inditex Dominance**

- Historical: Long-standing national control
- Portfolio: Comprehensive reach (A- to D consumers)
- Pricing: Cost leadership in Europe

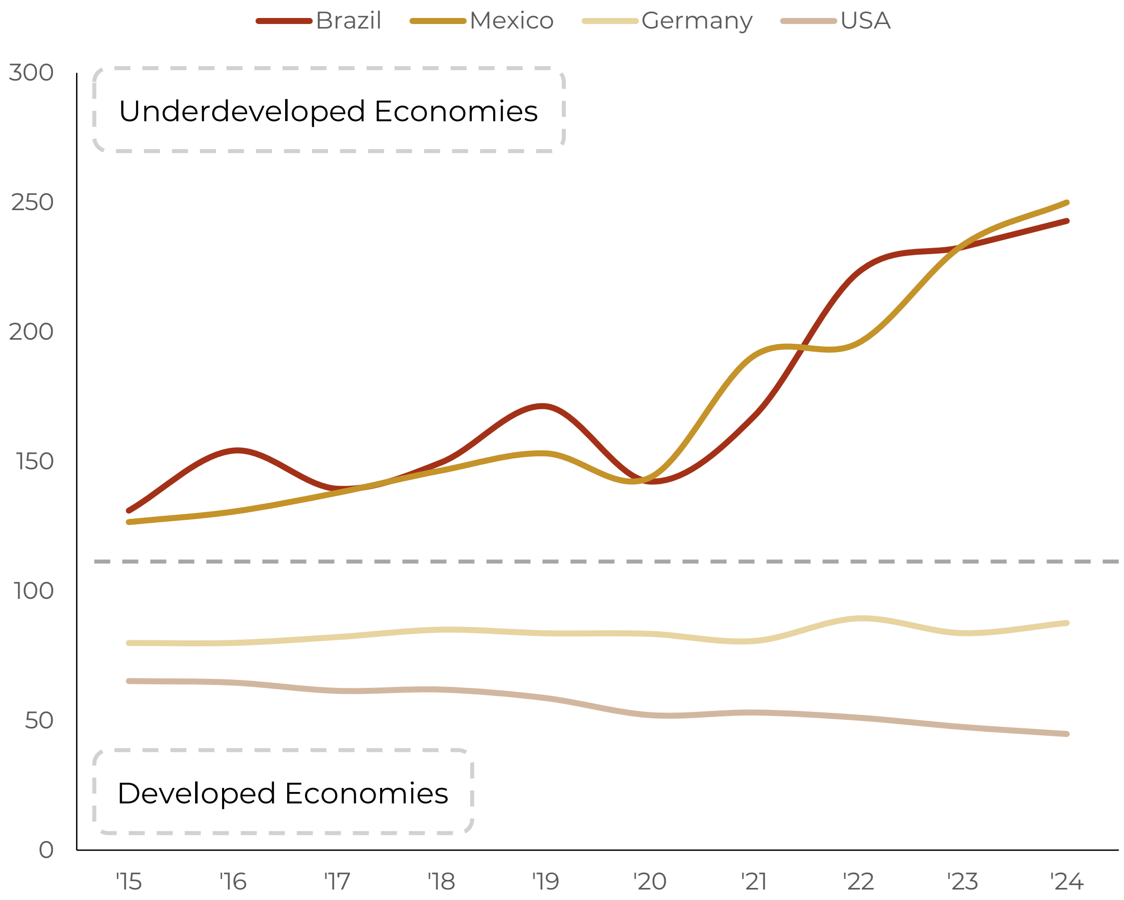
Source: FactSet, Team 2

# Changes In Competitiveness

## The final stage of apparel retail is a fragmented and competitive market

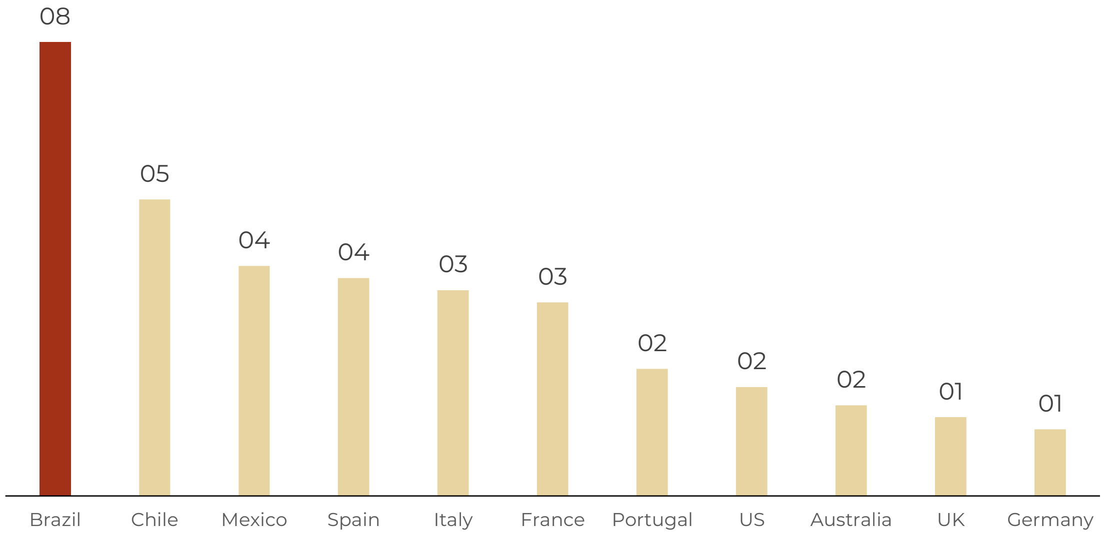
### Developed economies don't usually consolidate the market anymore

HHI per country (#)




### And we believe this is due to already consolidated digitalization

Gain in share from Shein after 2020 (%)




**Why was Brazil the better place?**

**1** Better pricing proposition

As explored, Shein achieves a over 40% pricing advantage targeting the price-sensitive consumers.

**2** High tax burden

Even with the late "taxa das blusinhas" Shein still operates in a lower tax burden from China.

Source: FactSet, Team 2

# Margin Pressure Calculation

Variable SG&A grows in increased proportion to revenue, but Renner still achieves a greater dilution

How we calculated the inputed margin pressure

$$\Delta \mathrm{Profit}_t = \frac{\Delta Apparel\ Inflation_t}{\Delta IPCA_t}$$

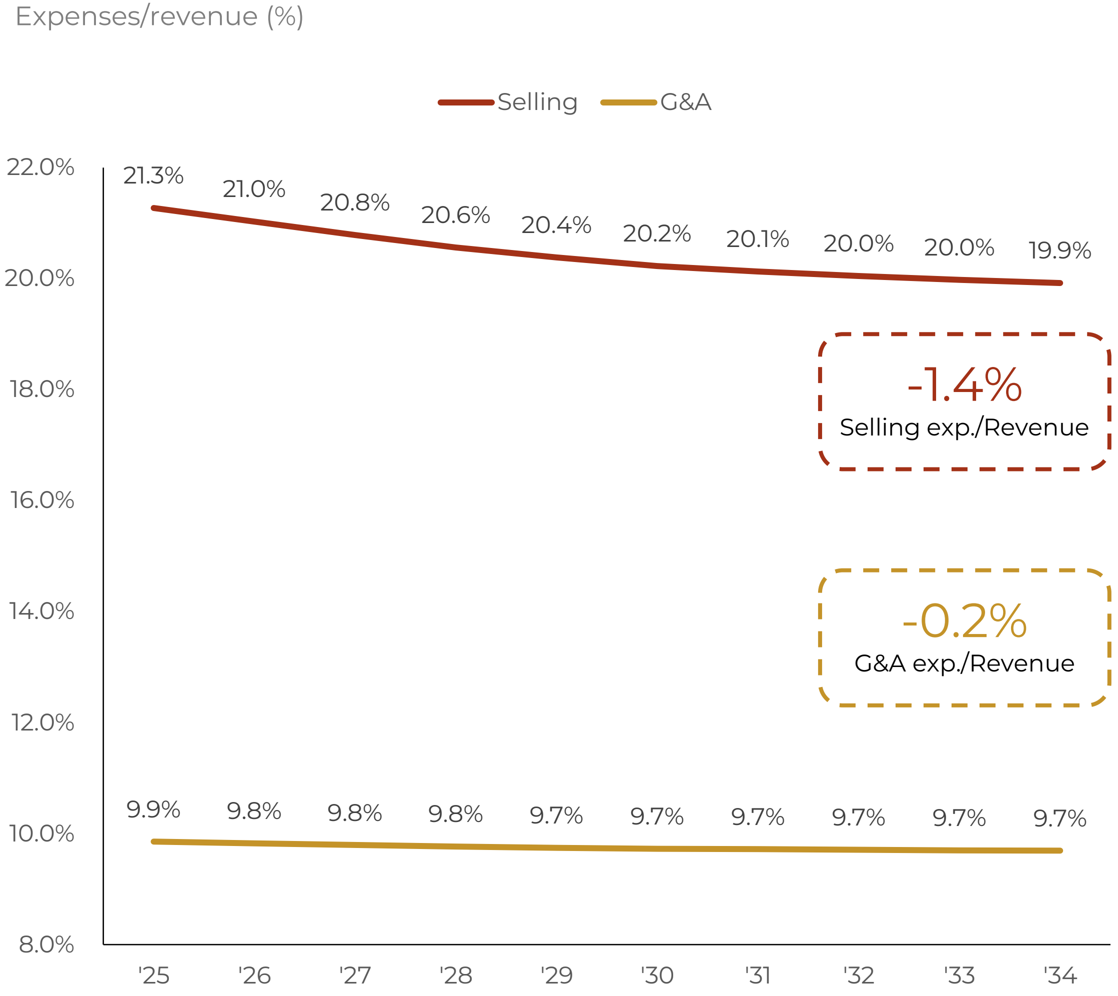
$$\Delta \mathrm{Contraction}_t = \Delta Profit_t - \Delta Profit_{t-1}$$

**Average Contraction of 0.089%**

+ premium for increased price lag

**Premised Contraction of 0.125%**

Impacting our model in increased SG&A costs




Source: IBGE, Team 2

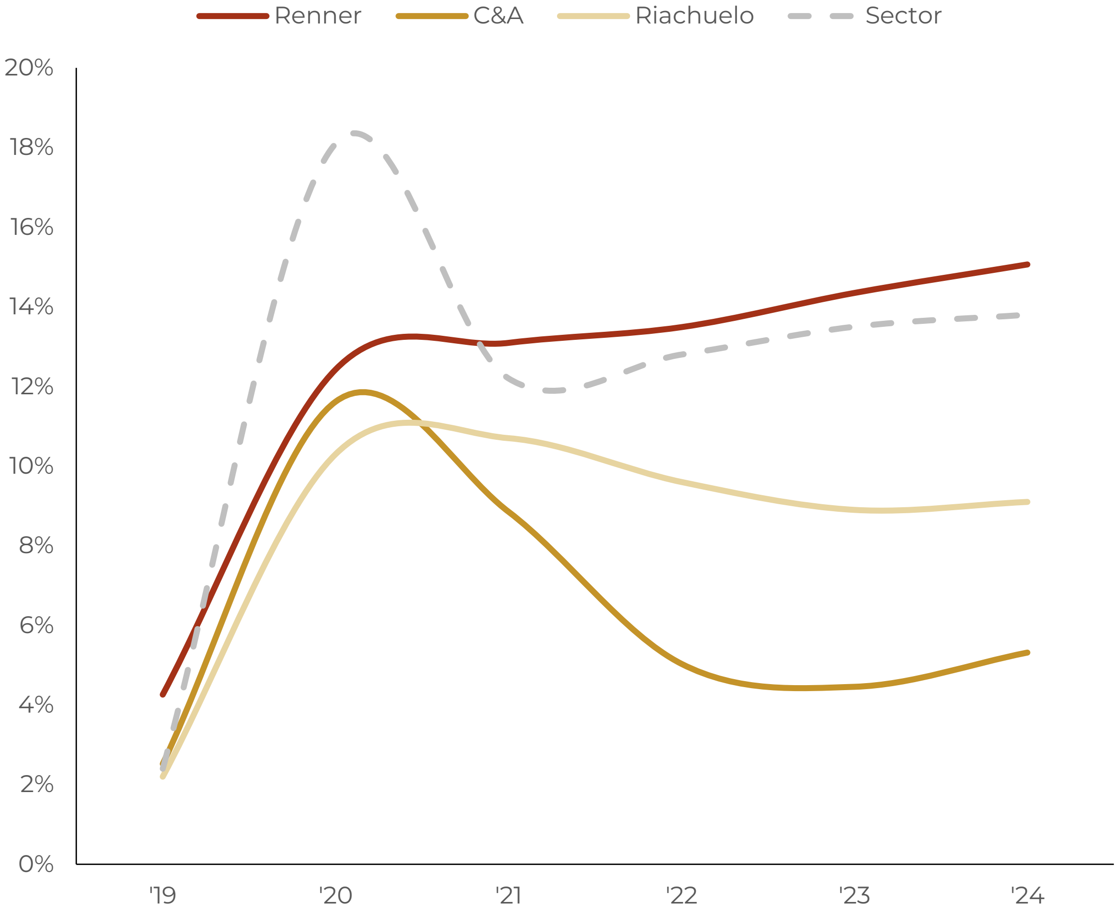
# Digitalization Trend

## Renner follows the trend to capture digital share

RENNER

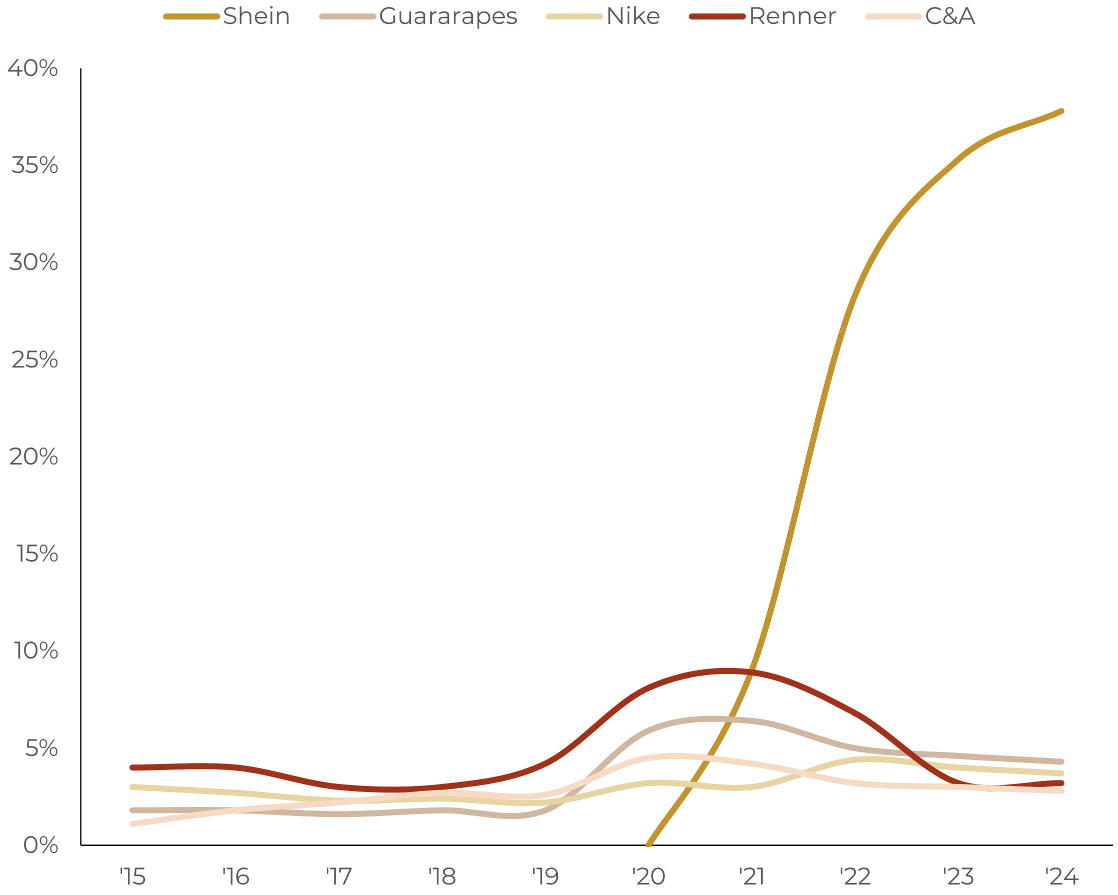
### Renner positions itself to capture the most share than national peers

E-commerce penetration in sales (%)




### But Renner becomes a challenger in the e-commerce sector

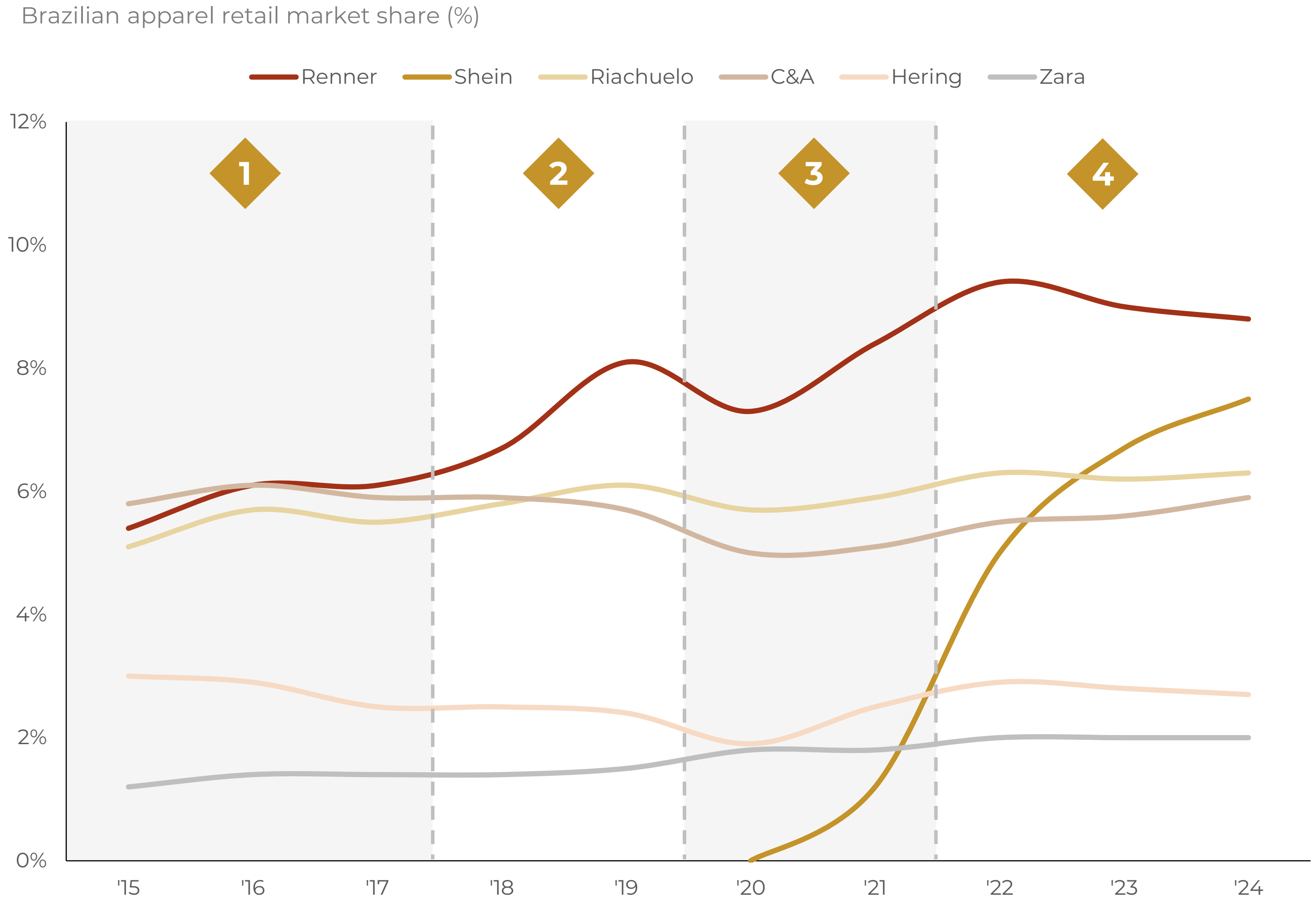
Brazilian retail e-commerce market share (%)




Source: Company, Euromonitor, Team 2

# Market Share History

## To becoming the leader to currently being contested by Shein




**1. Fragmented & competitive**
First years of Zara in Brazil as the three main players have the same share of the market and Hering starts its decline.

**2. New sector leader**
With the expansion plan being executed and the digital operations growing at 40% a year, Renner decoupled from its peers to become the sector's leader under Galló's management.

**3. COVID-19 crisis**
Renner suffered the largest market loss among peers, losing sales to e-commerce during the first pandemic years. This initiated the transition to digital retail as a core strategy for all companies in the sector.

**4. Recovery & digitalization**
Isolating itself as a leader with increased digital presence, Renner now has the close dispute with Shein, holding over 37% of the digital market and gaining 7.5% of total share in three years.

Source: Euromonitor, Team 2

# Price Index Methodology

## How we calculated Shein's price advantage

Prices were compared in mid-season, with low-impact of holidays or sales[1]

| | Product | Detailed Description for "Like-for-Like" Comparison | Renner | Riachuelo | C&A | Shein |
|---|---|---|---|---|---|---|
| Woman | 1. Basic White T-shirt | Short sleeve, round neck ("crew neck"), 100% cotton. | 39.90 | 29.99 | 49.99 | 18.99 |
| | 2. Ribbed Tank Top | Thin straps, ribbed fabric, cotton with elastane. | 19.90 | 44.99 | 45.99 | 19.99 |
| | 3. Skinny Jeans | Skinny fit, high waist, medium blue wash, no rips. | 79.90 | 99.99 | 99.99 | 59.99 |
| | 4. Plain Sweatpants | No print, with cuffed ankles and elastic waistband. | 59.90 | 90.99 | 79.99 | 40.99 |
| | 5. Black Ribbed Midi Dress | Midi length, ribbed fabric, sleeveless, black color. | 99.90 | 99.99 | 79.99 | 49.90 |
| | 6. Traditional Denim Jacket | Traditional blue wash, unlined, with pockets and metal buttons. | 199.90 | 199.99 | 159.99 | 79.90 |
| | 7. Basic Denim Shorts | High waist, light wash, no rips. | 99.90 | 99.99 | 69.99 | 49.00 |
| | 8. Black Tailored Blazer | Elongated fit, woven fabric (suiting), black color. | 219.90 | 249.99 | 299.99 | 52.00 |
| | 9. Basic Black Bodysuit (Polyamide) | No padding, with straps, knit fabric, black color. | 89.90 | 79.99 | 65.99 | 27.99 |
| | 10. Black Printed Cotton T-shirt | Cotton, front print of a famous singer. | 79.90 | 44.99 | 39.99 | 57.85 |
| Men | 11. Basic Black T-shirt | Short sleeve, round neck, 100% cotton. | 59.90 | 49.99 | 69.99 | 25.90 |
| | 12. Plain Pique Polo Shirt | Plain (one color), pique fabric (textured), with 2 or 3 buttons. | 65.90 | 69.99 | 79.99 | 39.99 |
| | 13. Slim Jeans | Slim fit, light blue wash, without many details. | 159.90 | 159.99 | 149.99 | 59.00 |
| | 14. Plain Twill Shorts | Twill fabric, basic colors (black), slash pockets. | 85.90 | 76.99 | 69.99 | 35.98 |
| | 15. Plain Pullover Hoodie | Closed (no zipper), with hood and kangaroo pocket. | 85.90 | 92.99 | 99.99 | 53.99 |
| | 16. White Slim Fit Oxford Shirt | Slim fit cut, oxford fabric, white color. | 159.90 | 159.99 | 159.99 | 89.90 |
| | 17. Cotton Boxer Briefs (3-pack) | Boxer style, cotton fabric with elastane, promotional pack. | 69.90 | 55.99 | 59.99 | 35.90 |
| Kids | 18. Boys' Sweatshirt Set | Sweatshirt + Sweatpants (1-5 years). | 79.90 | 84.99 | 99.99 | 29.90 |
| | 19. Boys' Character T-shirt | Popular licensed character print (5-14 years). | 29.90 | 29.99 | 59.99 | 26.91 |
| | 20. Girl's Plain Leggings | Cotton fabric, plain color (black). | 49.90 | 35.99 | 39.99 | 18.99 |
| | | **Index:** | **100** | **104.2** | **111.3** | **53.8** |

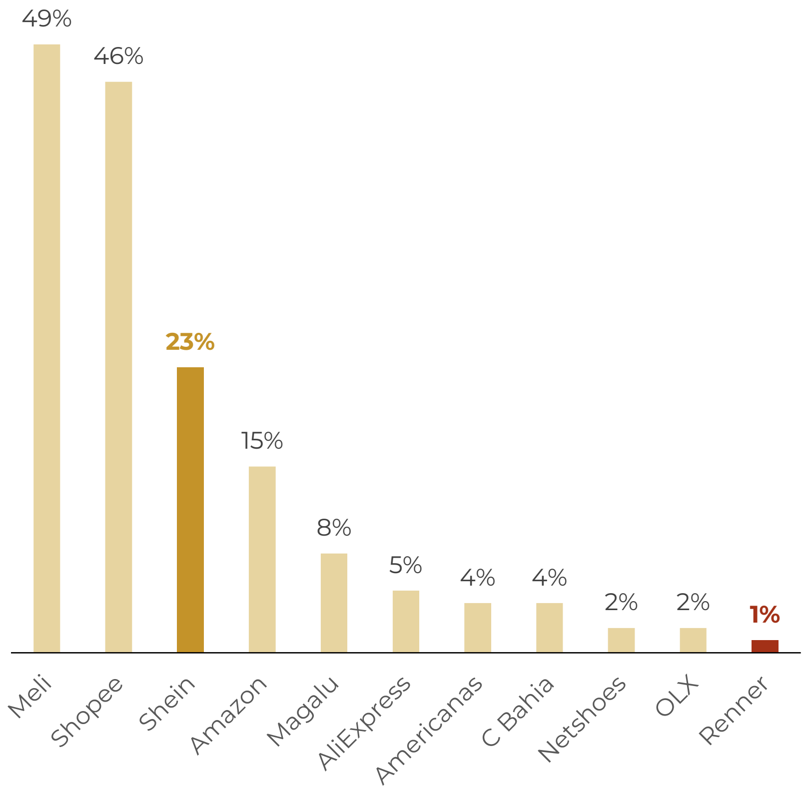
Notes: (1) Prices were analyzed on 10/21/2025 | Source: Companies, Team 2

# Digital Brand Awareness

## Way behind Shein, but above national peers

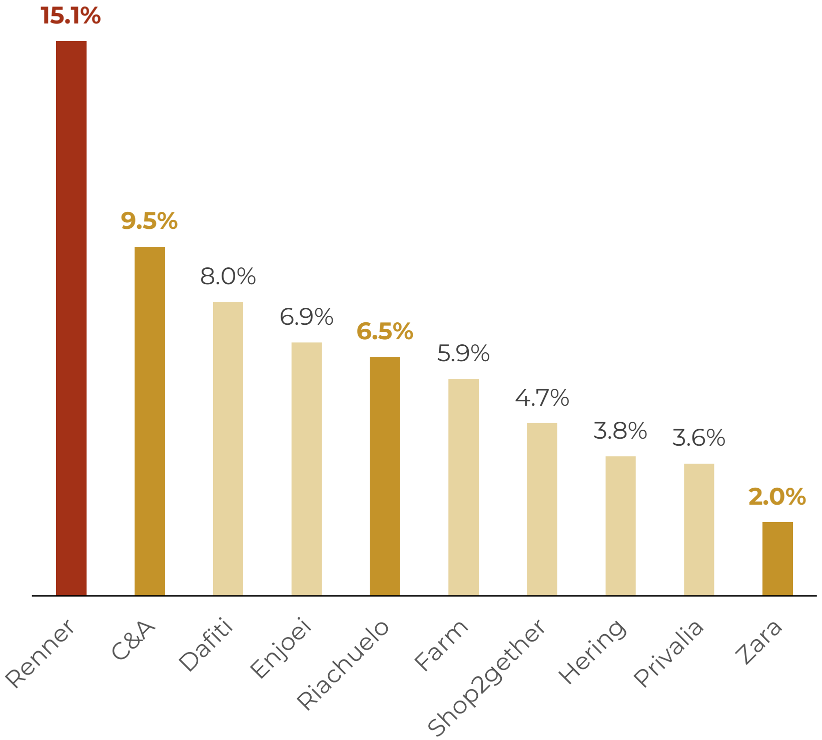
Renner is only remembered by 1% of people when buying online

Spontaneous awareness as a digital marketplace (%)




While it leads the national retail apparel market

Apparel and Accessories share of traffic – Brazil 2024 (%)




### Main takeaway

Although **in front of peers** due to continuous e-commerce growth after the pandemic, the digitalization process pushes away from Renner's core operations and historical brand awareness in Brazil. By being remembered by only 1% of digital consumers, **Shein is better positioned** to capture the future share of the market.

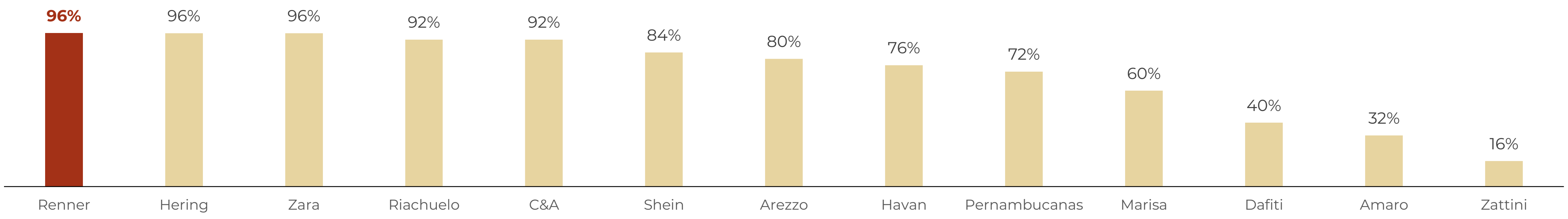
Source: DataFolha, SimilarWeb

# Proprietary Awareness Research

We conducted a field research with 300+ answers to understand consumer preferences

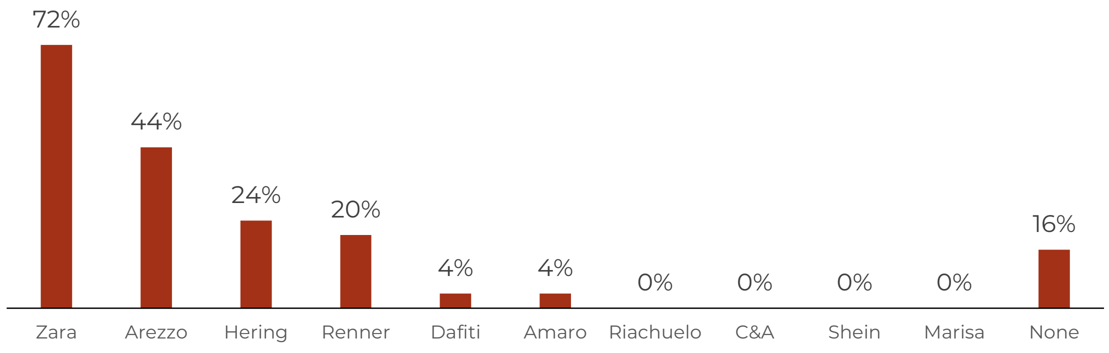
## Renner leads general awareness amongst peers

Brand awareness (%)



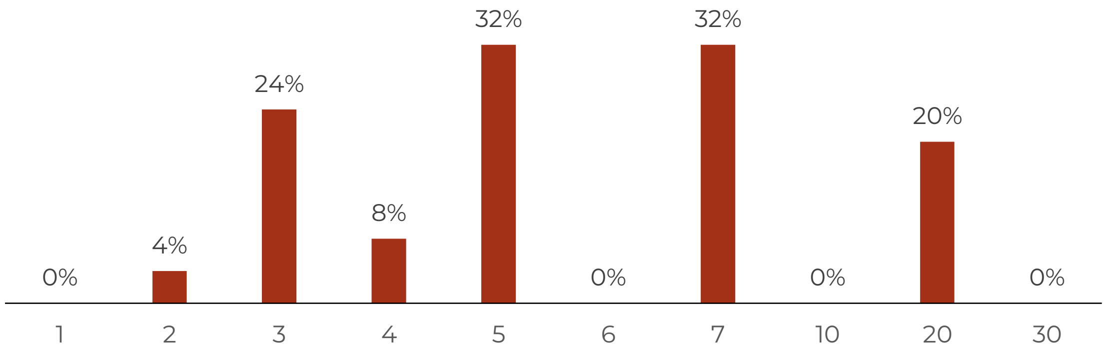

## But Zara leads quality perception

Quality perception (%)




## Most consumers accept up to 7 business days on delivery

Adequate days of delivery time opinion (%)



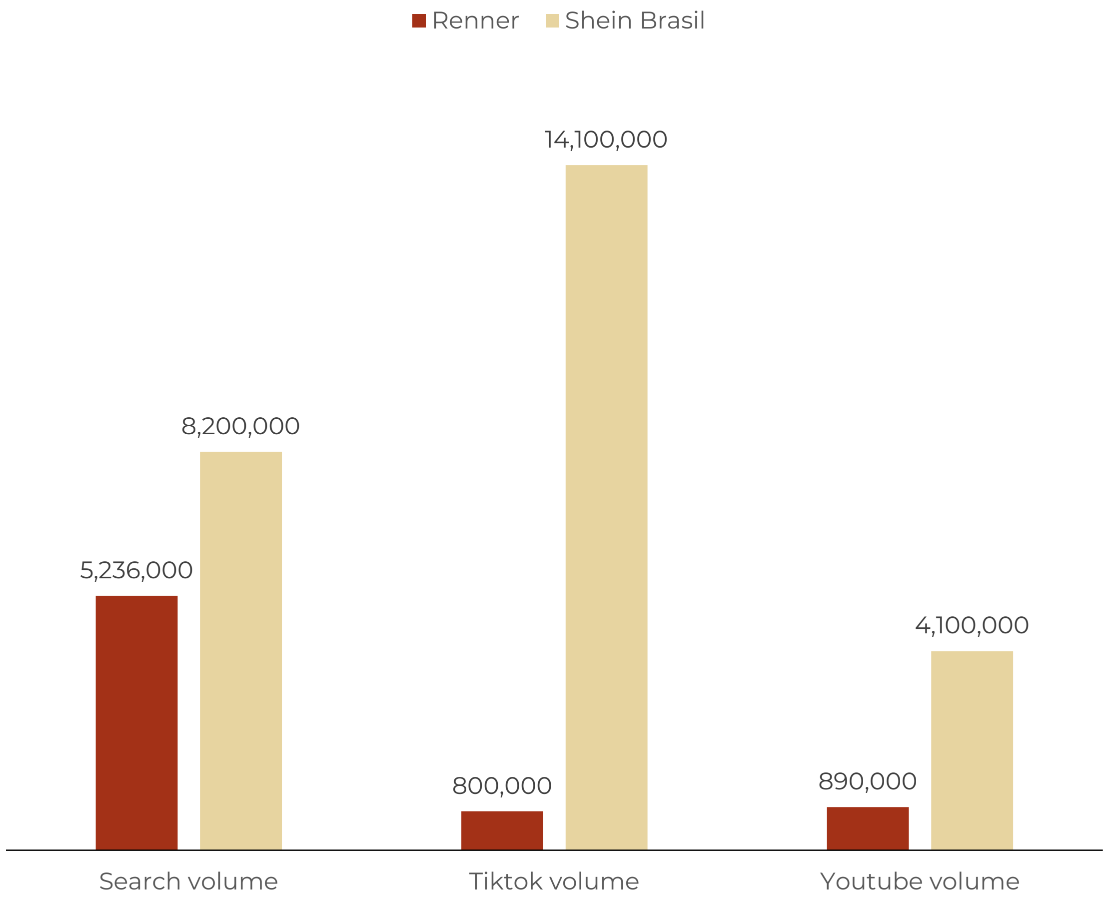

Source: Team 2

# Social Media Awareness

## Shein heavily invests in social media to capture the growing digital market

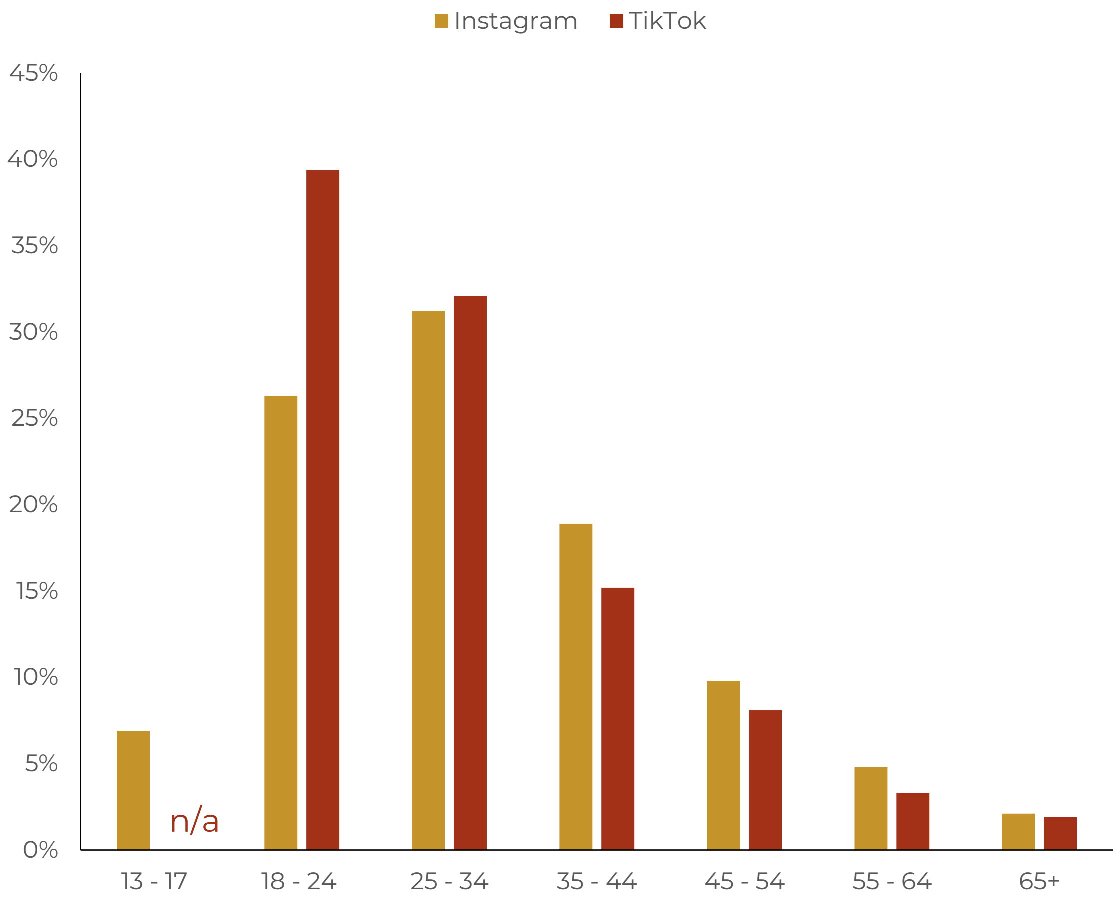
The digital player achieves a 10x higher volume on social medias

Volume of mentions by platform (#)




Focusing on its core consumer base: the younger generation

Audience age distribution (%)




Source: AnswerThePublic, DataReportal

# Why Doesn't Renner Become Premium?

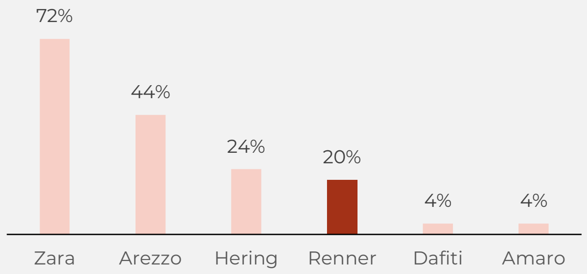
Renner has more to lose by changing its brand positioning

RENNER

## 1 Established Perception

- Renner has built a historical perception within the middle segment of the apparel market Shifting this perception to luxury would alienate its core customer base.

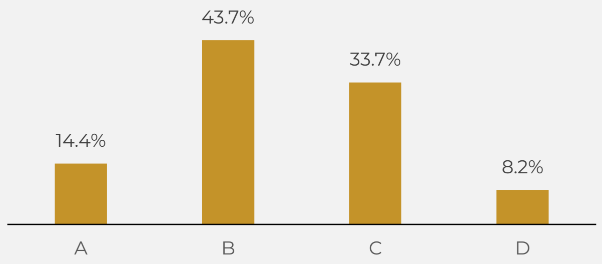
Quality perception (%)




## 2 Current Locations

- Renner has a massive and mass-positioned (86% B–D) store footprint. Considering the concepts of exclusivity of a premium brand, Renner would likely not be perceived as so.

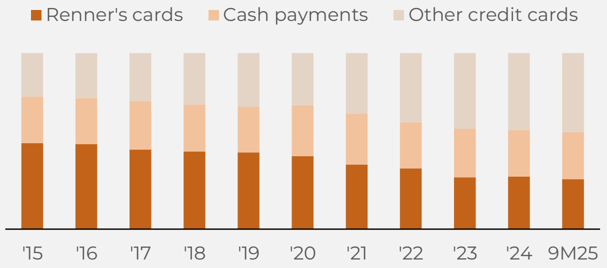
Current consumer class profile (%)




## 3 Financial Services

- The already degrading financial services arm Realize is more appealing to low-income brackets. A change to premium would further reduce its relevance.

Retail sales by payment method (%)



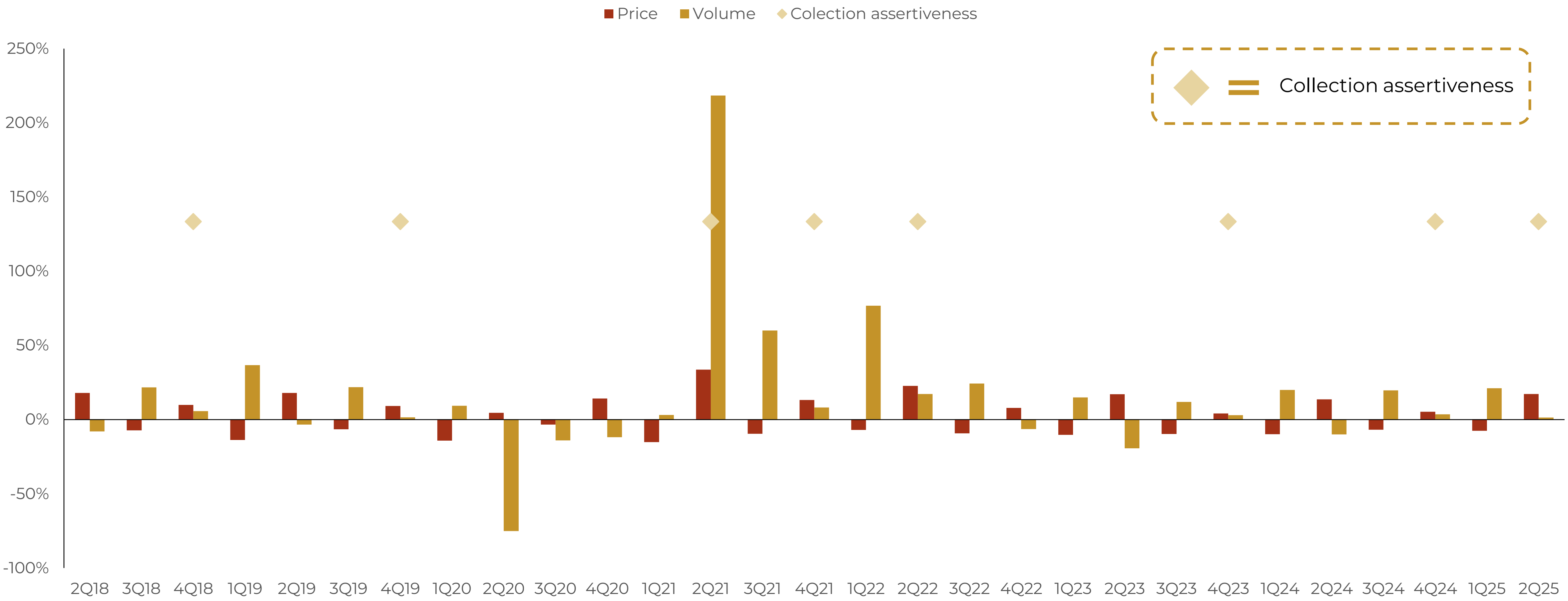

Source: Team 2

# Renner Collection Assertiveness

## We analyzed when Renner increased both its average ticket and volume simultaneously

Renner got the collection right in 8 quarters since 2018, mostly in the fourth quarter

Renner Average Price Growth and Volume Growth (%)



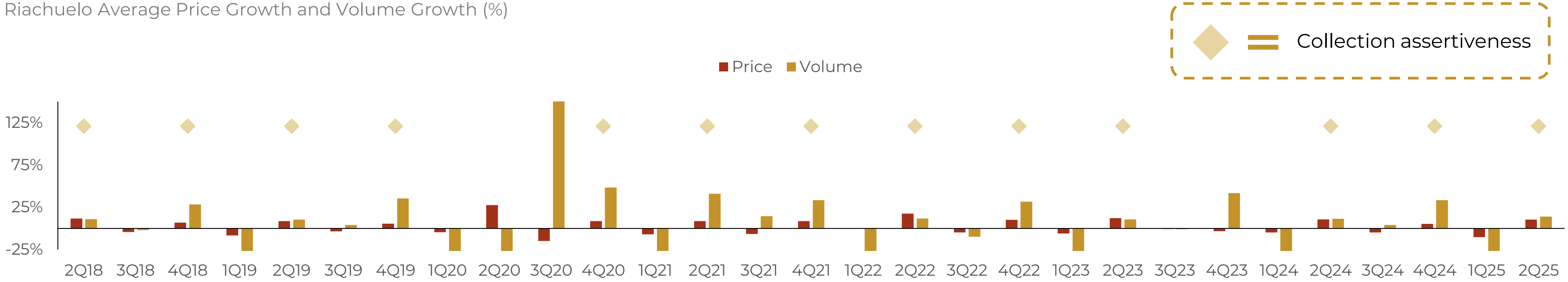

Source: Company, Team 2

# Peers Collection Assertiveness

## Collection success comparison with Riachuelo and C&A

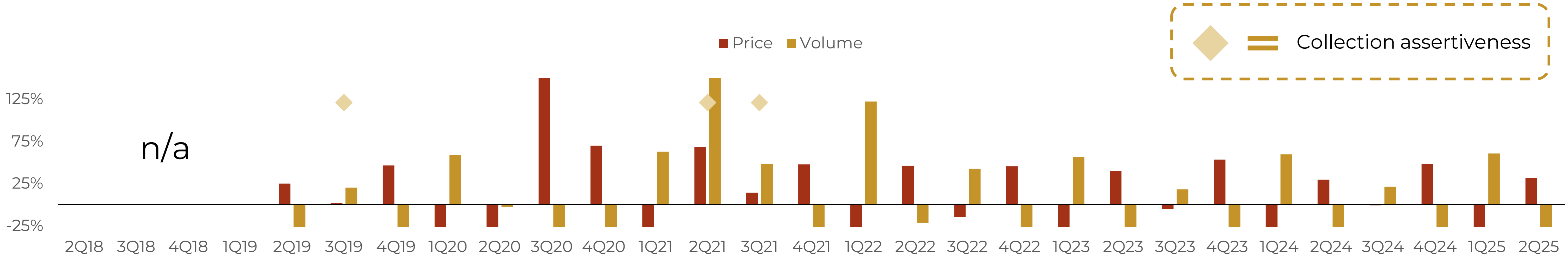
Riachuelo got the collection right in 13 quarters, predominantly in the fourth and second quarters

Riachuelo Average Price Growth and Volume Growth (%)




C&A had the worst performance, succeeding with only 3 collections

C&A Average Price Growth and Volume Growth (%)




Source: Companies, Team 2

# Impact of Income Tax Exemption on Renner

Although alarming, the reform will have little impact on the sector's bottom line

RENNER

**Who will pay more and who will pay less with the income tax exemption**

CNN

"The text establishes total income tax exemption for those earning up to R$ 5,000, and discounts for those earning up to R$ 7,350, on a sliding scale starting in 2026"

- The reform increases households' disposable income
- Creates a potential market of BRL 1.1 billion in '26
- However, we still see only a limited impact for Renner

## Potential Incremental Revenue

| | |
|---|---|
| Estimated Loss of Government Revenue[a] | BRL 25,840 mm |
| Income Earmarked for Clothing[b] | 4.3% |
| Renner's Market Share[c] | 8.8% |
| **Incremental Revenue per Year[d]** | **BRL 97.8 mm** |

+0.06 BRL on Share Price

*(17.7%) Downside on 1M-VWAP*

Note: (a)*(b)*(c) = (d) | Source: Brazil Government, IBGE, Team 2

# Shein Tax Advantage

With Shein's planned nationalization, we estimate limited tax avoidance

**Shein UK accused of moving 'vast bulk of income' to Singapore to cut British tax**

The Guardian

"The company, which had been considering a 50bn float on the London stock exchange but is expected to list in Hong Kong, paid just 9.6m is corporation tax despite taking 2bn in sales last year"

- The payment is equivalent to 25% of the £38.2m in pre-tax profits it made in the UK in 2024, according to accounts filed at Companies House, in line with the UK corporation tax
- However, the bill was low relative to Shein's £2bn sales because about 84% or £1.72bn of the sales figure is transferred to its parent in Singapore as a "purchasing" cost
- Singapore not only operates a lower headline corporate income tax rate than the UK, 25% versus 17%, but also offers special incentives to attract corporates to establish there and these can see profits taxed at rates as low as 5%

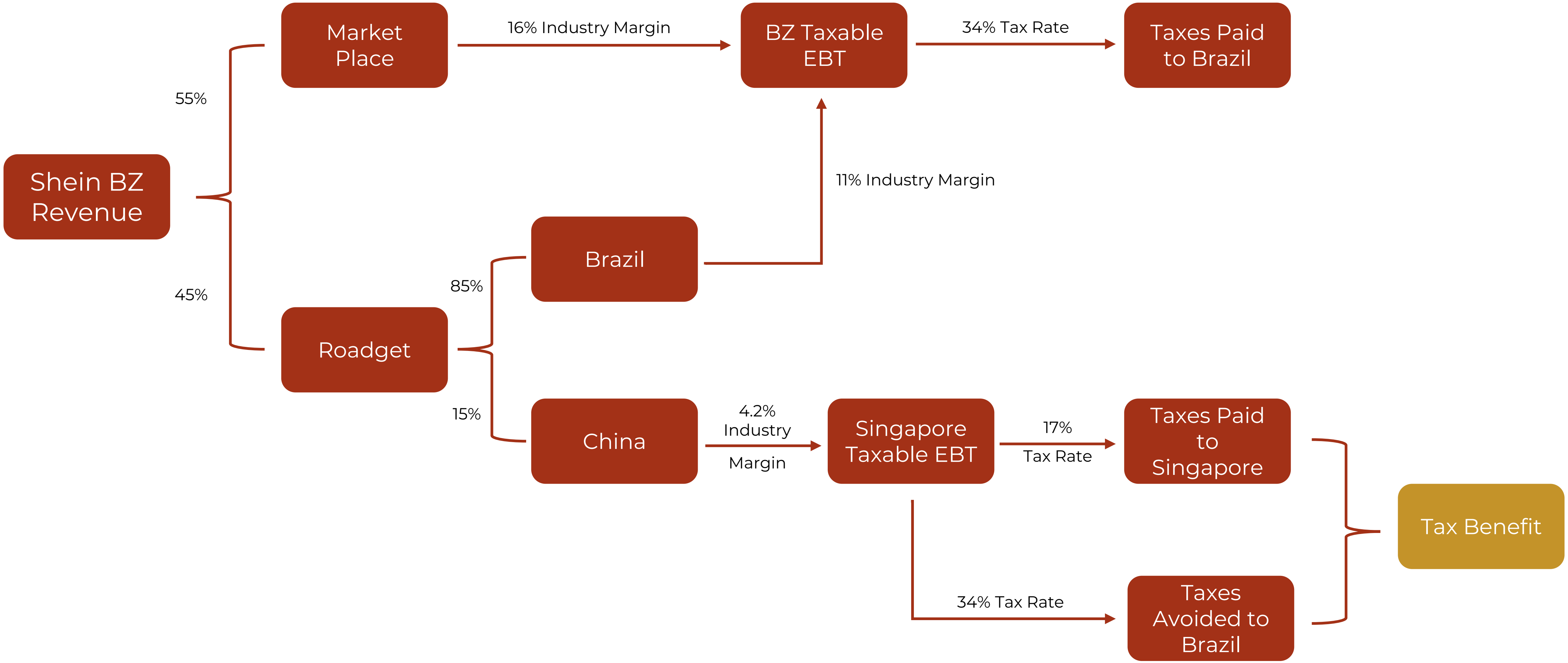
## Estimated Taxes Benefit

| | |
|---|---|
| Shein BZ Revenue | BRL 15,000 mm |
| Singapore Tax Rate | 17% |
| Brazil Tax Rate | 34% |
| Taxes Paid to Sing. | BRL 7 mm |
| Taxes Paid to Bz | 649 |
| **Tax Benefit** | **BRL 7 mm** |

Source: Brazilian Society of Retail and Consumption, Forbes, The Guardian, Team 2

# Shein Tax Benefit Calculation

We estimated Shein's advantage on Renner over tax benefits




Source: Forbes, Team 2, The Economist

# Apparel Inflation vs. IPCA

Global competition keeps clothing inflation structurally below headline CPI

## Structural drivers: tradables vs. non-tradables

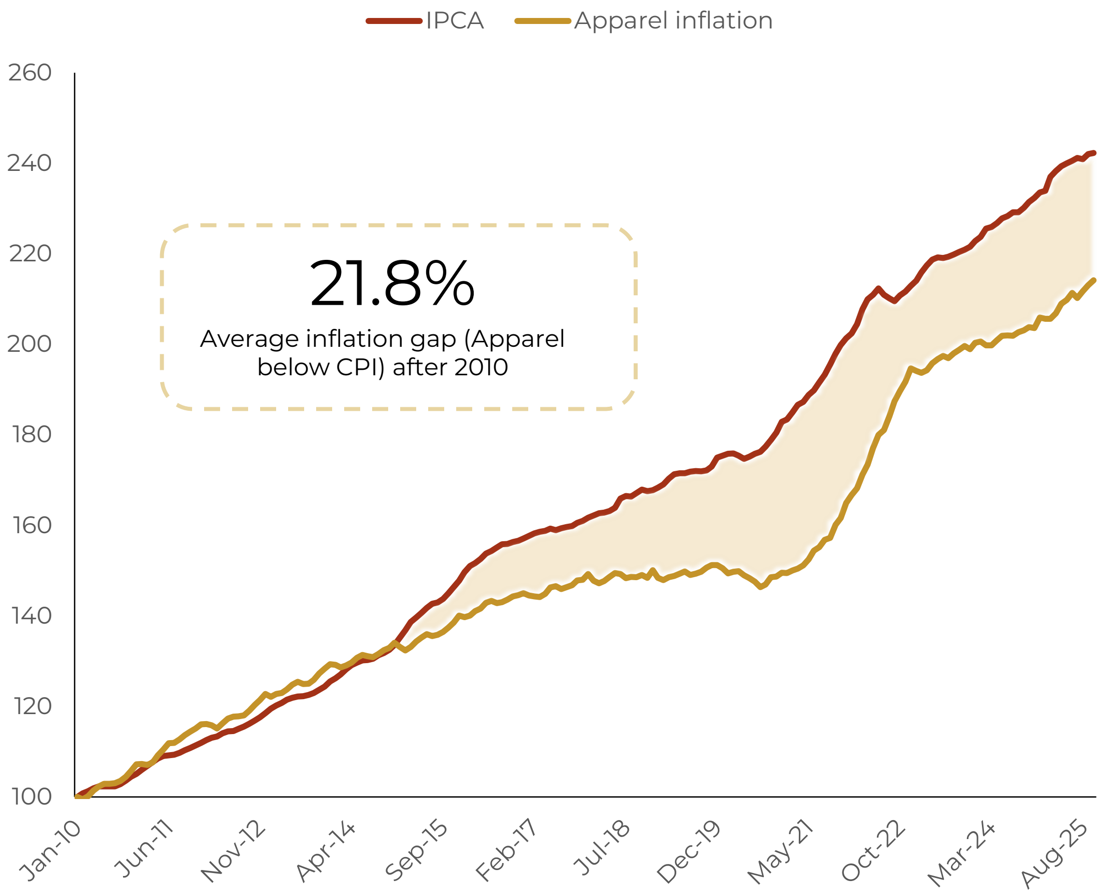
| Apparel (Tradables) | IPCA (Services-heavy) |
|---|---|
| **Global** price benchmark | **Locally** priced, non-tradable |
| Fast collection turnover | Contracted pricing |
| **High** price elasticity | **Low** price elasticity |
| **Low** cost pass-through | **High** wage pass-through |

## The new shock: cross-border competition

| Cross-border influx | Price anchoring | Margin squeeze |
|---|---|---|
| SHEIN | | RENNER |
| Aggressive Asian players (Shein/Shopee) get into the market | Prices capped by import parity. No pass-through power | Forced markdowns to maintain market share |

Apparel inflation structurally trails IPCA due to price competition

IPCA vs. Apparel inflation (Jan/2010 = 100)



# "Taxa das blusinhas"

Tariff of 20% on imports over 50 USD have its efficiency and continuity reviewed

**Chamber discusses proposal to end 'taxa das blusinhas' about a year after approval**

g1

"The tax had no measurable impact on job creation and ended up mainly penalizing low-income consumers, who began to pay more for products and consume less."

- In August 2024, the month in which the measure was implemented, there was a 43% drop in imports of consumer goods by shipment
- One year after the tariff was introduced, in July 2025, Brazil imported US$246 million in products, half of what was projected
- The tax affects the poorest segments of the population, Classes C, D, and E are the ones that consume the most on international shopping platforms

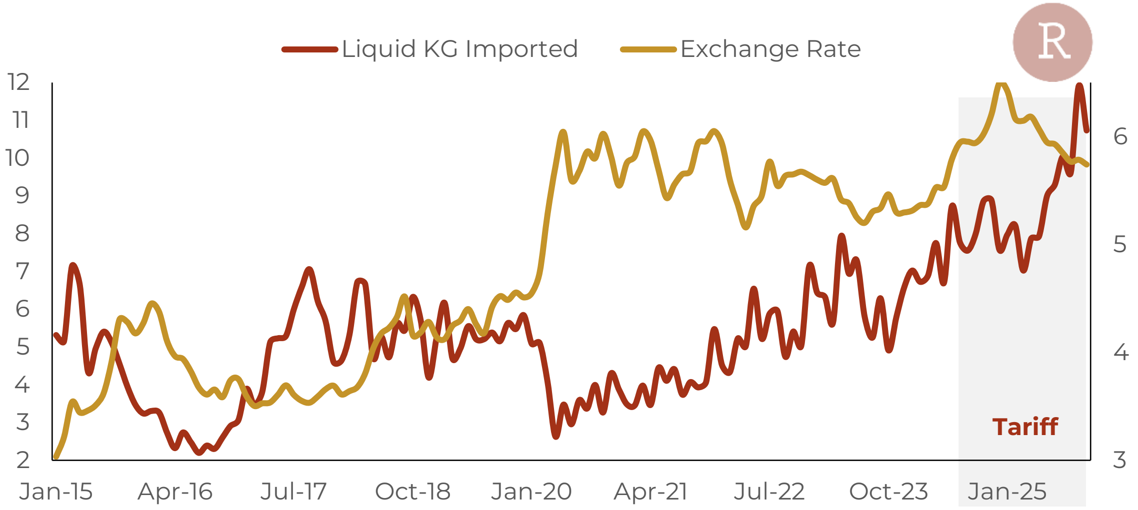
Shein already made moves to hedge against the tariff

"**75%** of the products available on Shein's marketplace are **produced locally**, and 85% of women's and men's clothing and footwear items are already manufactured in Brazil."

**-Felipe Feistler, Country Manager for Shein in Brazil**

But the tariff cut would further increase Shein's sales by imports

Apparel import volume seasonally adjusted (mm kg) and Exchange Rate (BRL/US$)



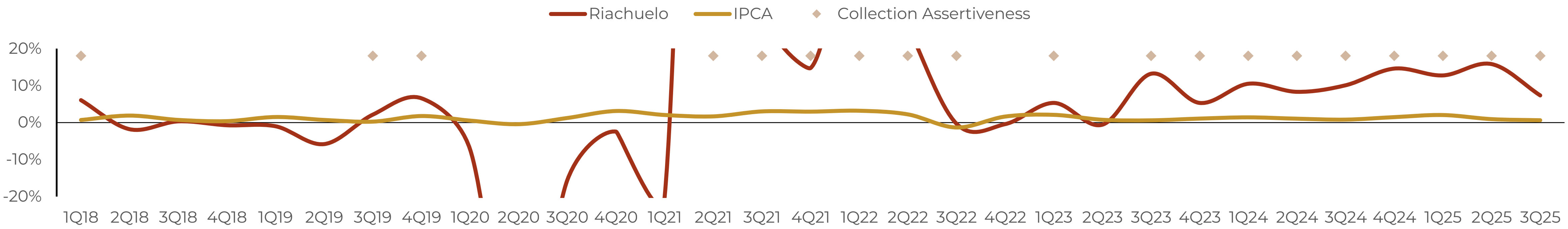

Source: Amobitec, Forbes, g1

# Peers Same Stores Sales

## The SSS exceeding the IPCA demonstrates the effectiveness of the collection

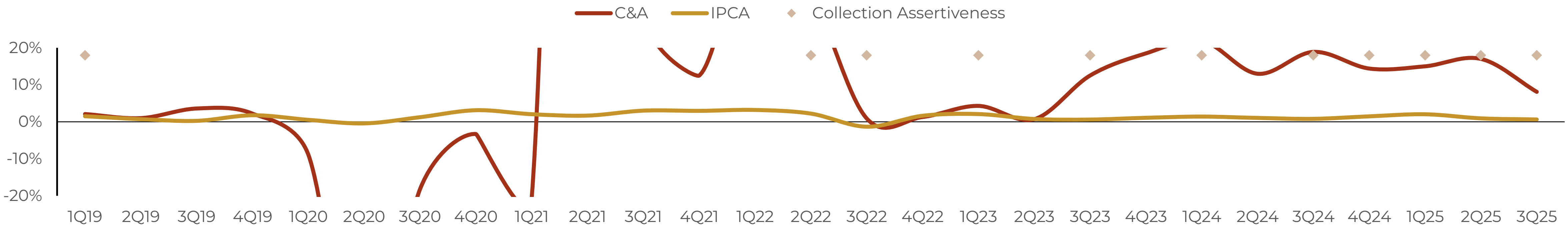
The SSS outperformed the IPCA for the quarter in 19 quarters.

Riachuelo Same Stores Sales (%)




The SSS outperformed the IPCA for the quarter in 11 quarters.

C&A Same Stores Sales (%)



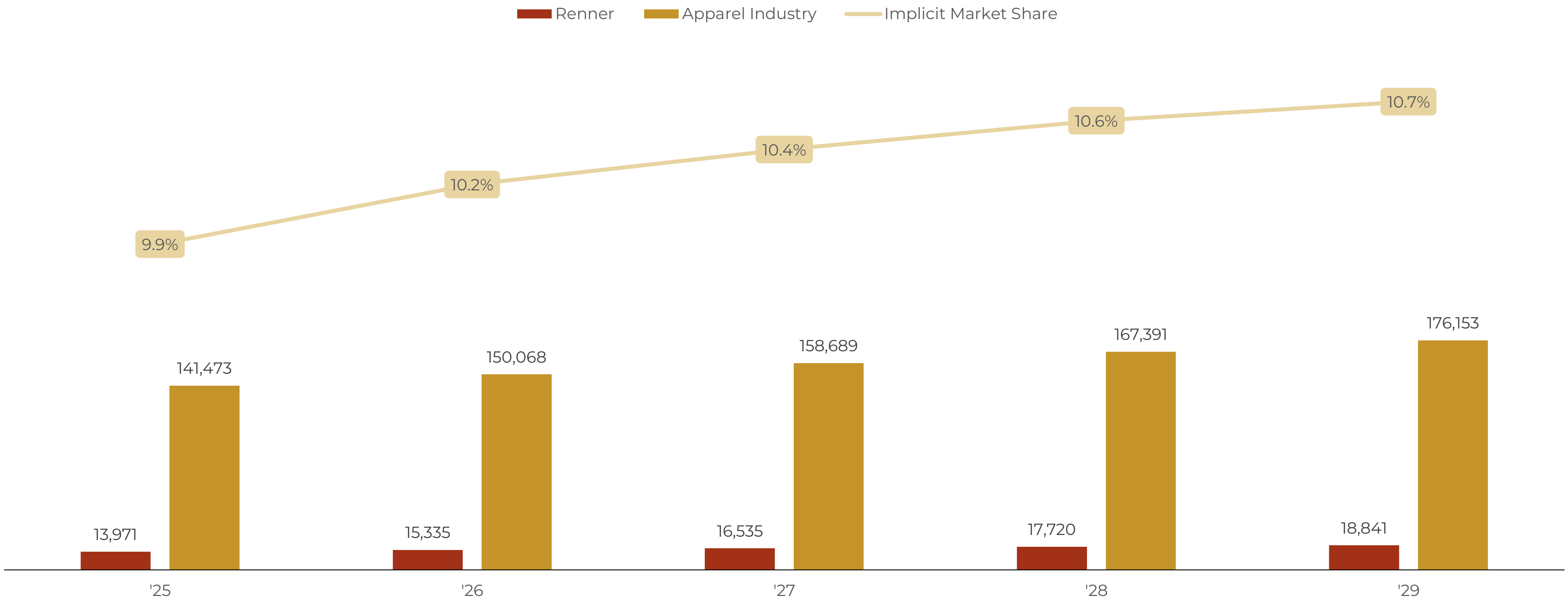

Source: Companies, Team 2

# Implicit Market Share

## Implied value based on the model and market projection

We project a gain of up to 1.9% in market share, following the trend of diminishing share returns

Renner Retail Net Revenue (BRL mm), Apparel Industry Total Market (BRL mm) and Implicit Market Share (%)




Source: Euromonitor, Team 2

# Porter's Five Forces

## We analyzed the competitive scenario with a quantitative view (1-5)

Porter's 5 Forces (1-5)

***Threat of New Entrants***

*5 – Very High*

As explored in Shein's case, the digitalization erodes barriers to entry the sector, making this threat as one of the most relevant

***Bargaining Power of Suppliers***

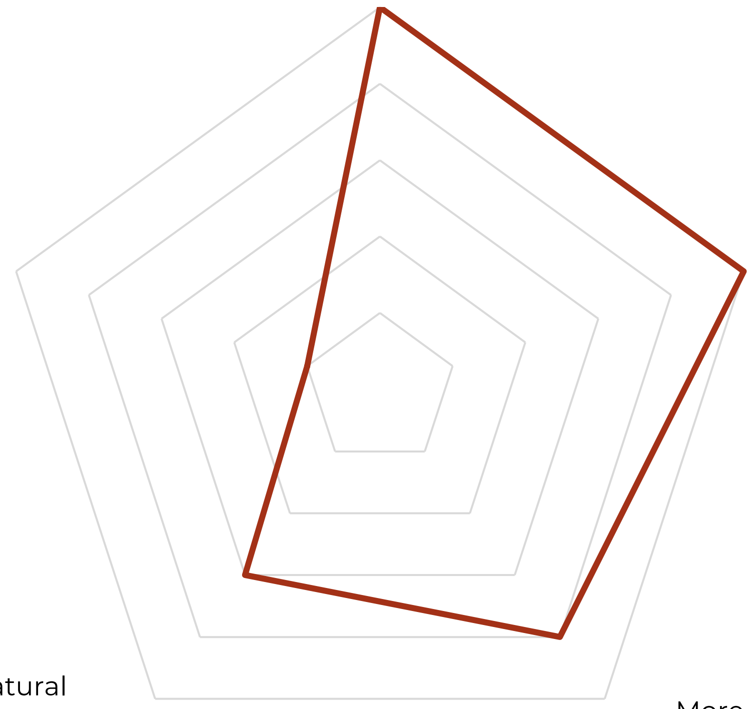
*1 – Very Low*

Renner's primary competitive advantage is scale, which grants the company a natural higher bargaining power as the sector leader

***Competitive Rivalry***

*5 – Very High*

The main pillar to our first thesis: the competitive rivalry gets each day more intense as pricing disputes favor digital players



***Threat of Substitutes***

*3 – Medium*

Higher commoditization and the sector's natural pressure on collection assertiveness creates a medium threat of substitutes for Renner's products

***Bargaining Power of Buyers***

*4 – High*

More present in lower-income brackets, consumers can choose between different stores by comparing mainly the price tag

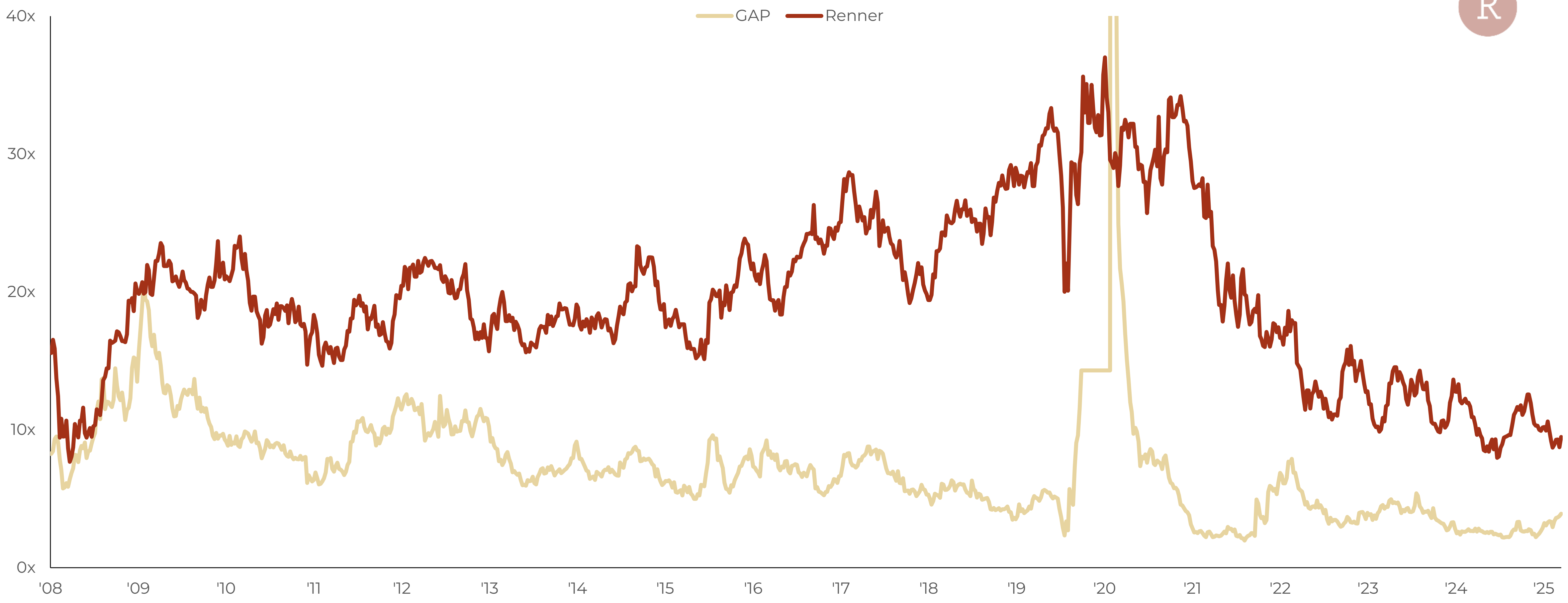
Source: Team 2

# Multiple Overrating

## Long-term profitability and growth are still overestimated by the market

Comparing Renner's multiple to GAP, after normalized to Brazilian standards, it is expressively higher

Renner P/E vs GAP Brazilian-normalized P/E




Source: FactSet, Team 2

# *Thesis #2:*
# *Limited Expansion*

# Why Renner Expanded In Shopping Centers?

Once in a lifetime opportunity to expand in excellent points of sale

## Unique Opportunities

**Renner compra 28 pontos da Mesbla e Mappin e acelera expansão no Sudeste, dobrando o número de lojas**

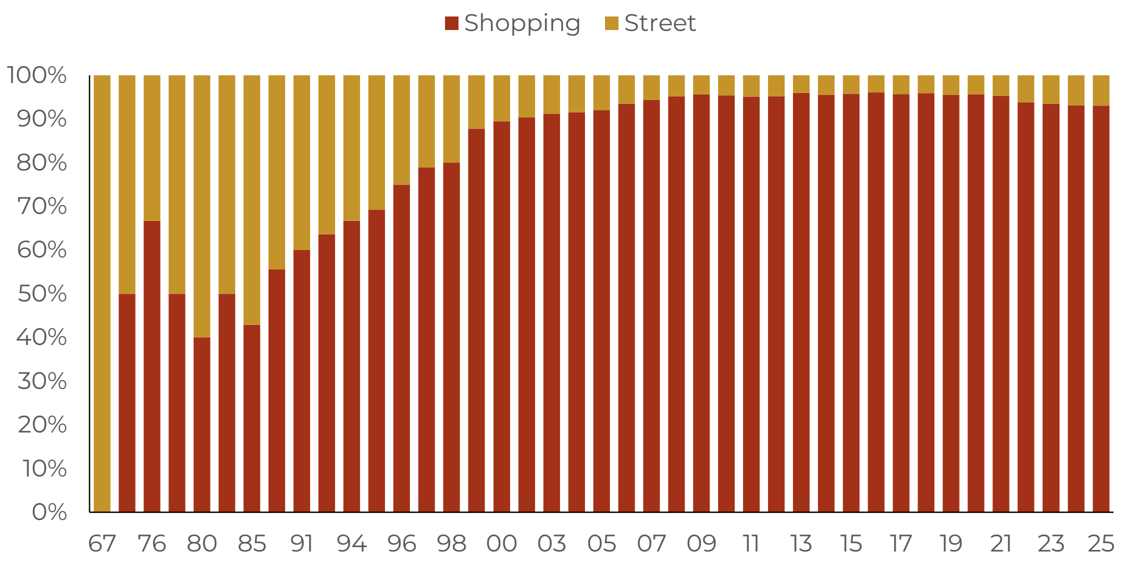
**Por** Valor, 1999

## 'Anchor Store' Status

- Significantly **lower rent** per square meter vs. satellite stores → lower occupancy costs and **higher store-level returns**.
- **High and diversified mall traffic** boosts national market-share gains and reinforces private-label dominance.

Traffic Flow (Jan-19=100)


Stores Breakdown (%)



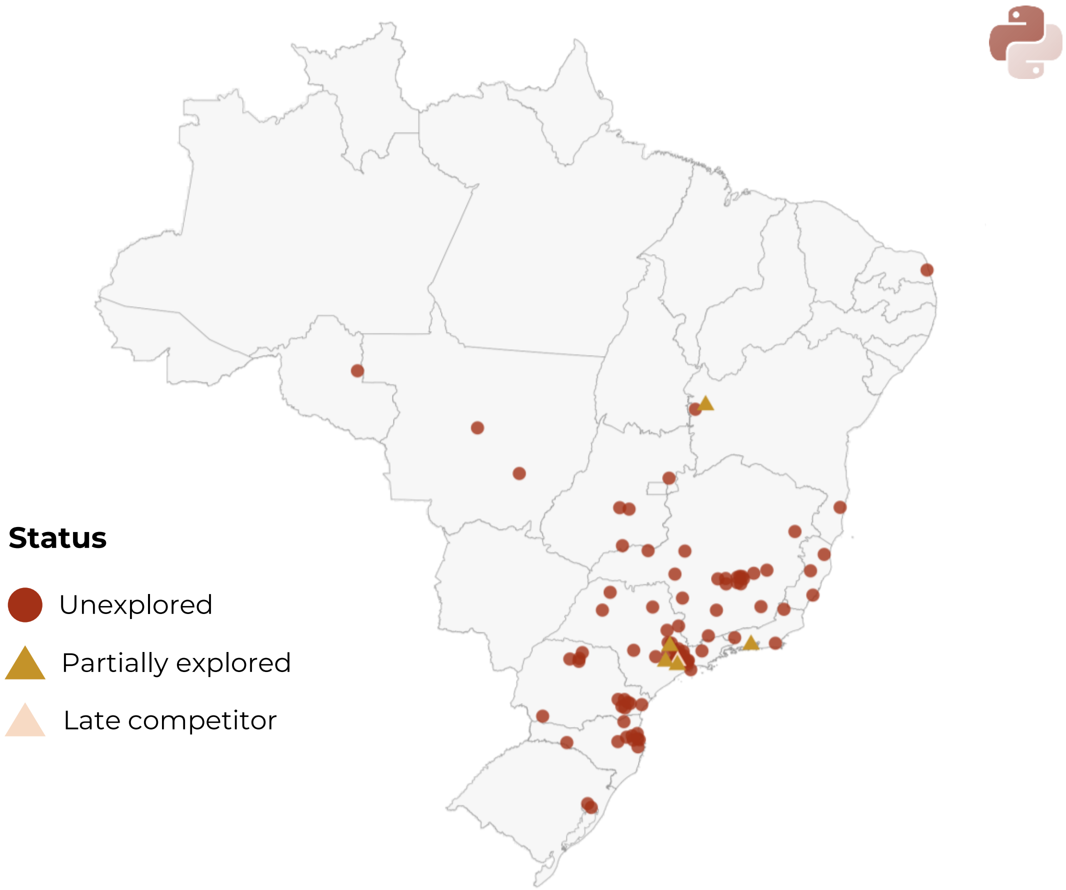

Source: Team 2, HIPartners

# New Cities' Profile

Most projected openings in new cities are unexplored territory

Our model outputs 92 new cities for Renner to enter

New cities map by competition profile



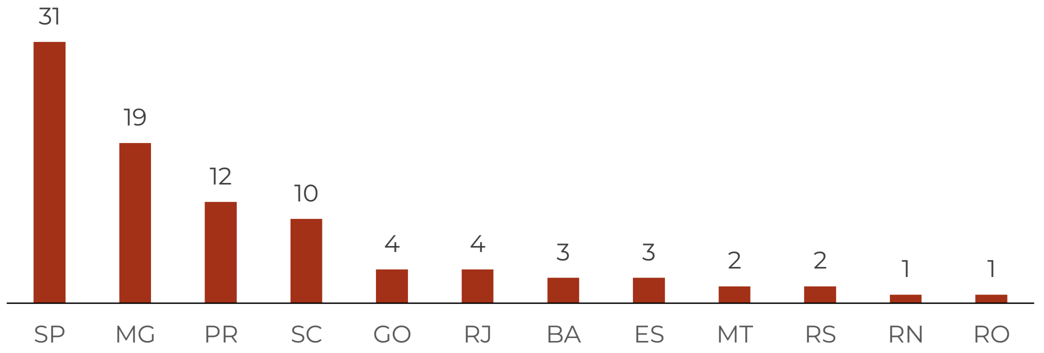

And in most of them, peers have still not entered

New cities classification

| Type | Quantity |
|---|---|
| Cities with C&A | 5 |
| Cities with Riachuelo | 1 |
| Cities with both | 0 |
| Unexplored cities | 86 |
| Total | 92 |

Concentrated in the Southeast region

New cities by state (#)




Source: Companies, Team 2

# Underestimation of Expansion Analysis

We stress-tested our constraints to see what could happen at the best scenario for Renner

RENNER

We reduced the constraints for new cities, understanding the full capacity

### Constraints for new cities

- Over 50,000 inhabitants
  *Company guidance*
- Over BRL 109.5 mm consumer mass
  *10th percentile of current store profile*
- Over BRL 808 median income PC
  *10th percentile of current store profile*

### Stressed Constraints for new cities

- Over 50,000 inhabitants
  *Company guidance*
- **Over BRL 56.9 mm consumer mass**
  *Minimum of current store profile*
- **Over BRL 621 median income PC**
  *Minimum of current store profile*

### Constraints for current cities

- Over 430,237 population per store
  *2x average current store profile*

### Stressed Constraints current cities

- **Over 317,141 population per store**
  *1.5x average current store profile*

| | Base Case | Perfect Case |
|---|---|---|
| New cities | 92 | 276 |
| Current cities | 18 | 48 |
| New stores | 110 | 324 |
| Added NPV BRL mm | 302 | 725 |
| Impact on price | +2.6% | +6.2% |

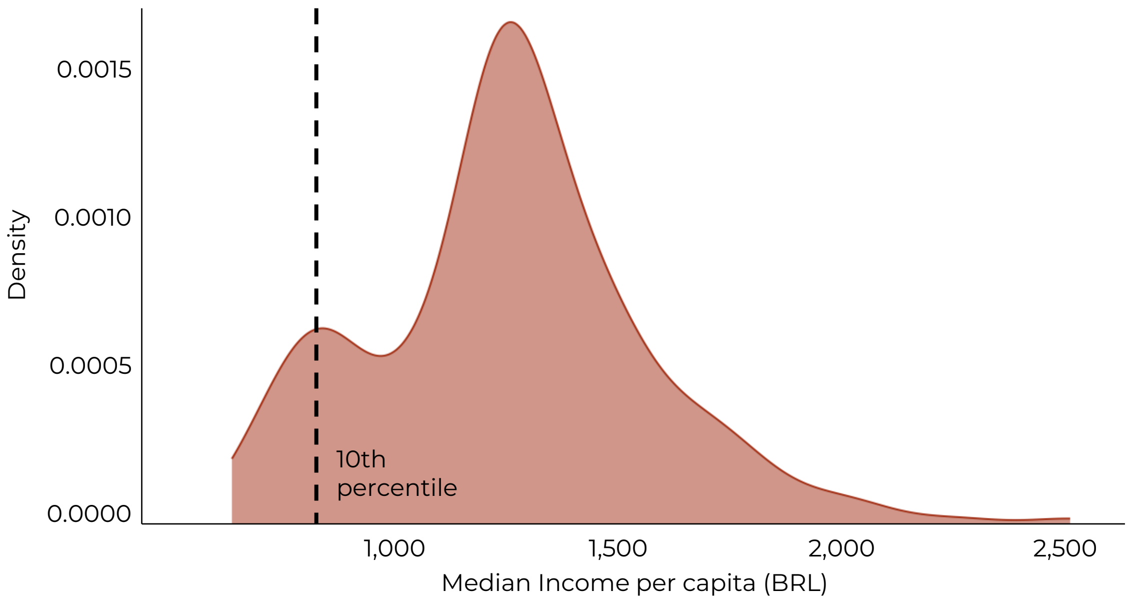
Source: Team 2

# Constraints Rationale

Why did we choose the 10th percentile to build the expansion analysis?

## P10 acts as a credit risk shield, rejecting low-income outliers

Median income per capita distribution (BRL)




**Min. value**

BRL 621

City:
Sobral - CE

**10th perc. value**

BRL 808

City:
Campina Grande - PB

**Bimodal Safety:** The distribution is bimodal. The P10 cutoff filters the bottom of the lower cluster, acting as a **credit risk shield** against regions with severely limited purchasing power.

## P10 guarantees sufficient aggregate demand to new stores

Consumption mass distribution (log scale)


**Min. value**

BRL 56.9 mm

City:
Campos do Jordão - SP

**10th perc. value**

BRL 109 mm

City:
Caldas Novas - GO

**Problem with Minimum:** The absolute minimums often represent specific outliers, such as **touristic cities** (Campos do Jordão) or historical legacies that don't reflect current expansion criteria.

# Street Stores Opening Times

We calculated the exact time each street Renner store stays open

RENNER

Street store present considerably lower operating hours, specially in smaller cities

Hours open in a week per store (h)

| Store | Hours open |
|---|---|
| Loja Passos | 49 |
| Loja Toledo | 72 |
| Loja Conselheiro Lafaiete | 49 |
| Loja Santana do Livramento | 65 |
| Loja Campos do Jordão | 70 |
| Loja Montenegro | 68 |
| Loja Taquara | 77 |
| Loja Canela | 76 |
| Loja Alfenas | 54 |
| Loja São Vicente | 81 |
| Loja Cachoeira do Sul | 66 |
| Loja Alegrete | 59 |
| Loja Carazinho | 70 |
| Loja Esteio | 65 |
| Loja São Bento | 59 |
| Loja Santa Rosa | 68 |
| Loja Ijuí | 68 |
| Loja Campo Mourão | 58 |
| Loja Assis | 53 |
| Loja Sapucaia do Sul | 74 |
| Loja Araras | 58 |
| Loja Farroupilha | 68 |
| Loja Bagé | 69 |
| Calle Florida | 54 |
| Calle Santa Fé | 62 |

| Store | Hours open |
|---|---|
| Loja de Santo Ângelo | 70 |
| Loja de Tramandaí | 69 |
| Loja Rua Oscar Freire | 80 |
| Loja de Cruz Alta | 62 |
| Loja Centro de Floripa | 58 |
| Loja de Gramado | 82 |
| Loja 18 de Julio | 65 |
| Loja Domingos de Moraes | 80 |
| Loja Santa Cruz do Sul | 61 |
| Loja de Guaíba | 63 |
| Loja em Capão da Canoa | 75 |
| Loja de Uruguaiana | 74 |
| Loja Manaus Centro | 66 |
| Loja Largo do Machado | 80 |
| Loja Sete de Setembro | 65 |
| Loja Nossa Senhora de Copacabana | 80 |
| Loja centro de Marília | 53 |
| Loja de rua Erechim | 69 |
| Loja Avenida Paulista | 81 |
| Loja centro de Campinas | 65 |
| Loja centro de Curitiba | 60 |
| Loja Rio Grande | 60 |
| Loja Santa Maria | 65 |
| Otávio Rocha | 66 |
| Loja Pelotas | 66 |

Average hours open: 66.5

÷

Mall average hours: 80.0

=

% of time open: 83.1%

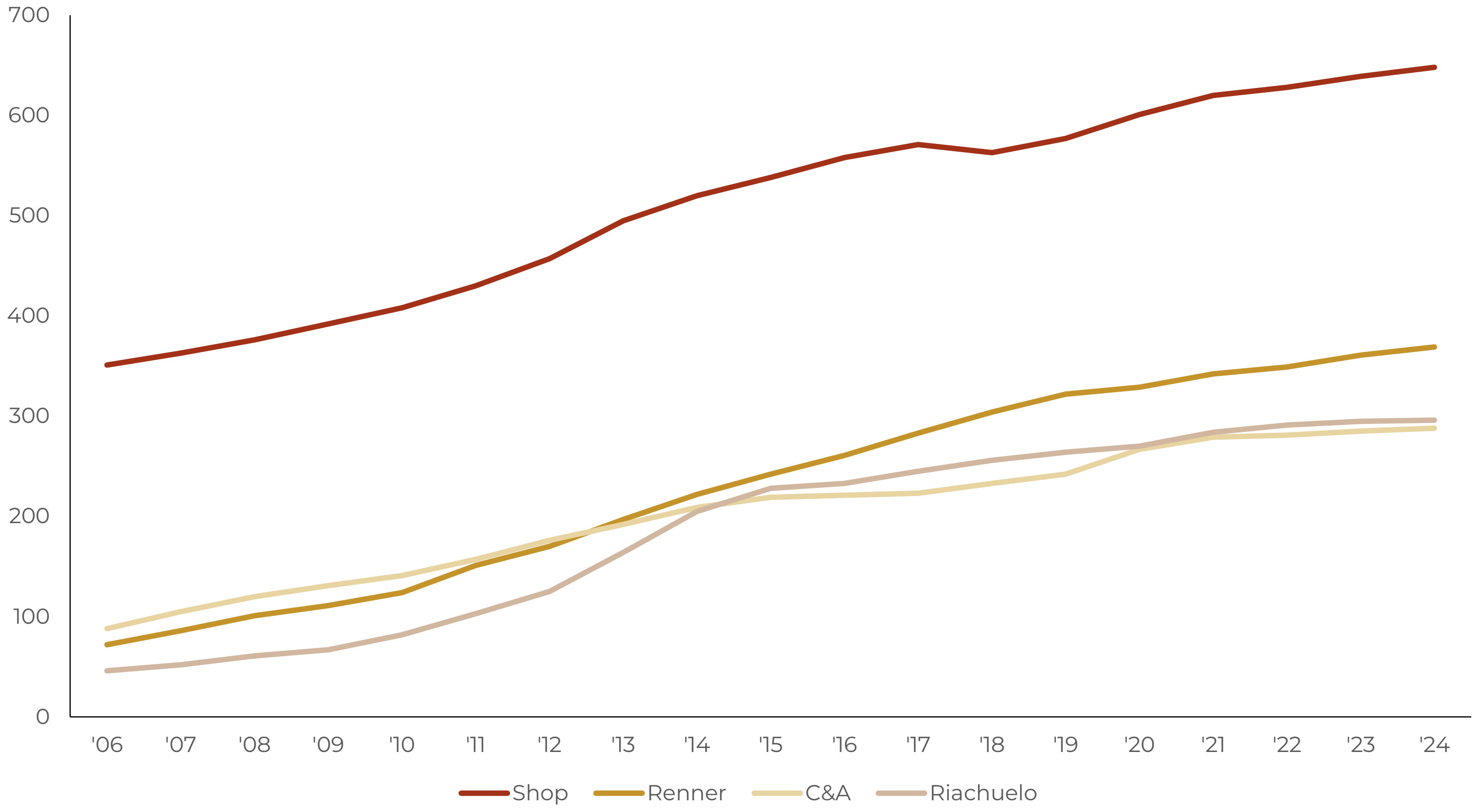
Source: Team 2

# Total Malls vs Retail Companies

## Renner is the company that most follow shopping growth

Renner is the most penetrated apparel retailer among peers

Total Shoppings vs Companies stores in Shoppings




1 **Shopping Mall Boom**

2006-2013 nearly doubled favored by Macroeconomics

2 **Competition for POS**

Better POS drive sales, efficiency and returns

3 **Forward Expansion Limited**

Stagnation of malls, enhancing competition for malls and cities

Main takeaway

Best points of sale deliver higher sales

Source: Abrasce, Companies, Team 2

# Forgotten Internationalization

## Renner’s plans to expand outside Brazil have been stagnated

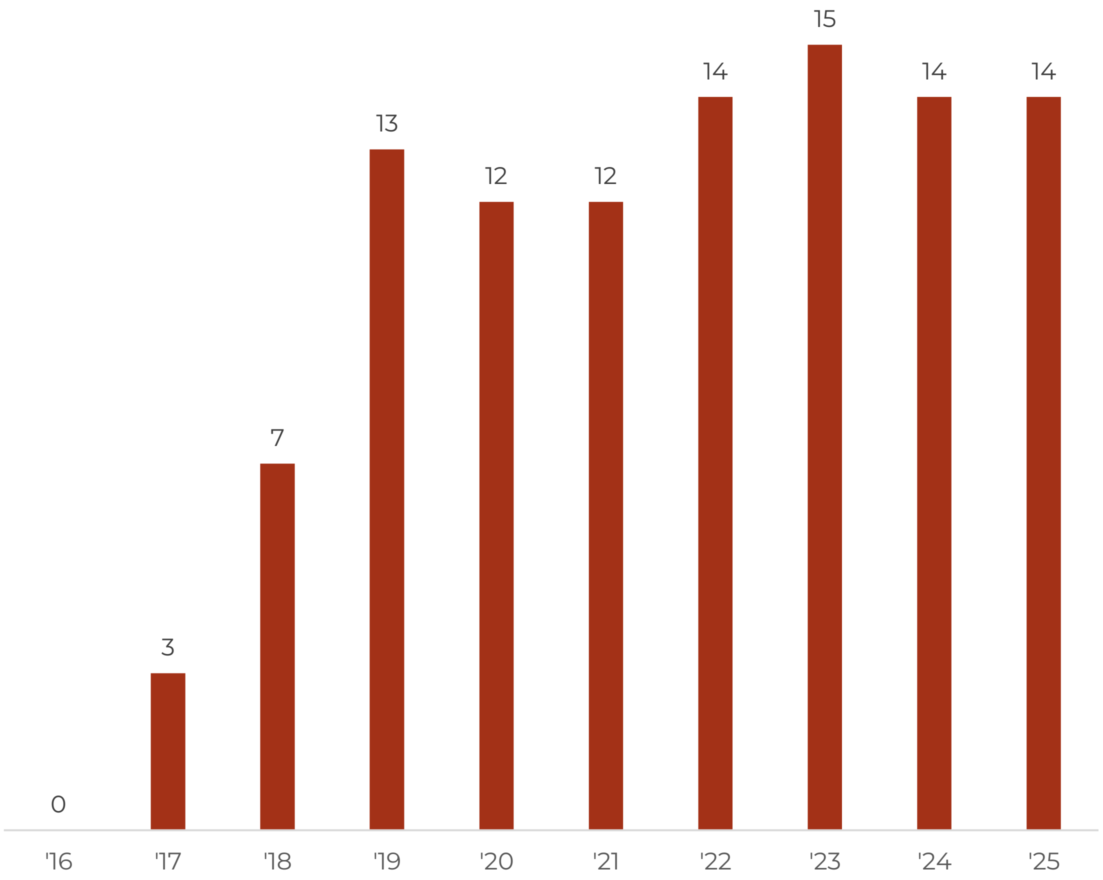
Instead of continuing an aggressive expansion, Renner now focuses on protecting their operations from digitalization in Brazil, as they should

**Renner closes another store in Argentina due to lack of inventory**

“After announcing the temporary closure of one of its two stores in Buenos Aires due to “lack of stock,” Brazilian retailer Renner announced another closure, that of its physical store in the city of Córdoba.”

- Although Renner has stated that it will continue working to reopen its stores soon and reaffirmed its commitment to Argentina and its customers and suppliers, there is some concern about the continuity of local business due to problems importing its products.
- Renner arrived in Argentina in 2019, announcing an investment of around US$11 million to open four stores, two in Buenos Aires and two in the province of Córdoba, inside the Pátio Olmos and Paseo del Jockey shopping malls.

Number of international stores[1] (#)



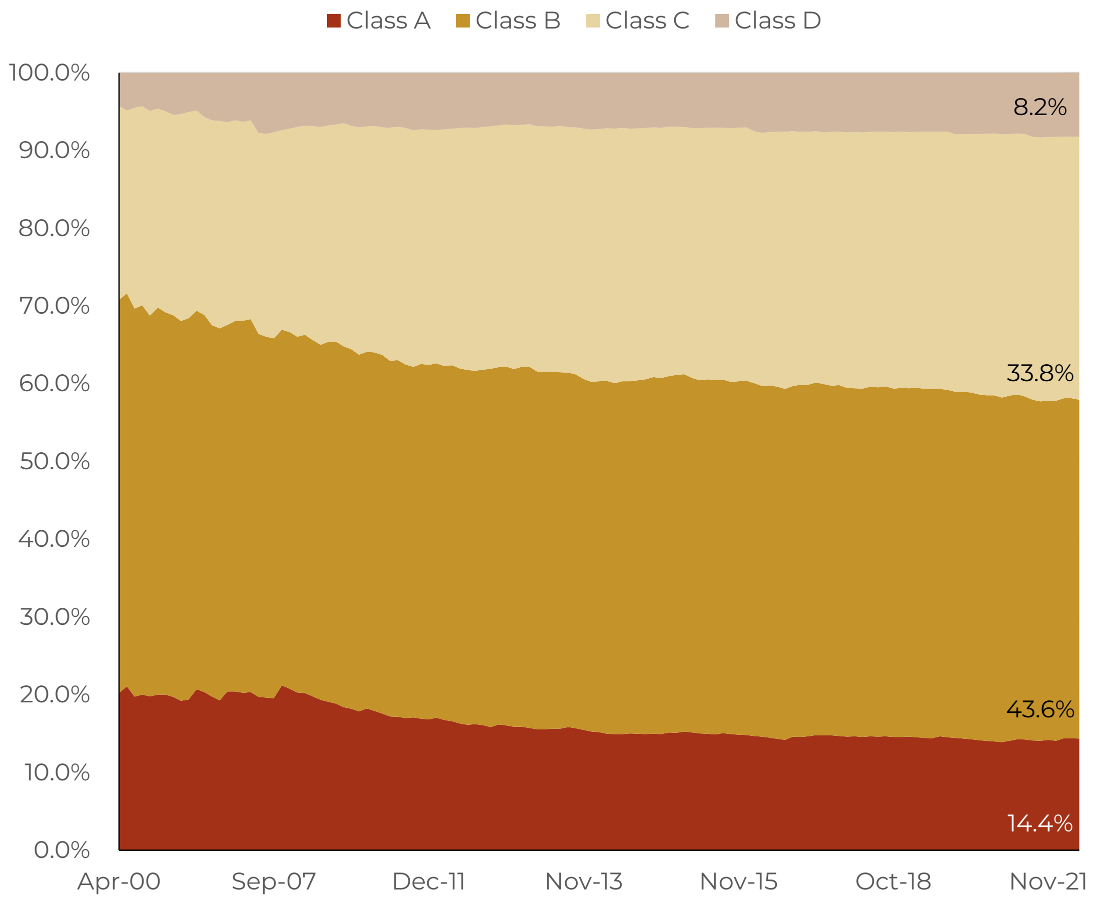

Notes: (1) 10 stores in Uruguay and 4 in Argentina. | Source: Company

# Historical Consumer Profile of Renner Shopping

## Expansion plan modeled consumer profile

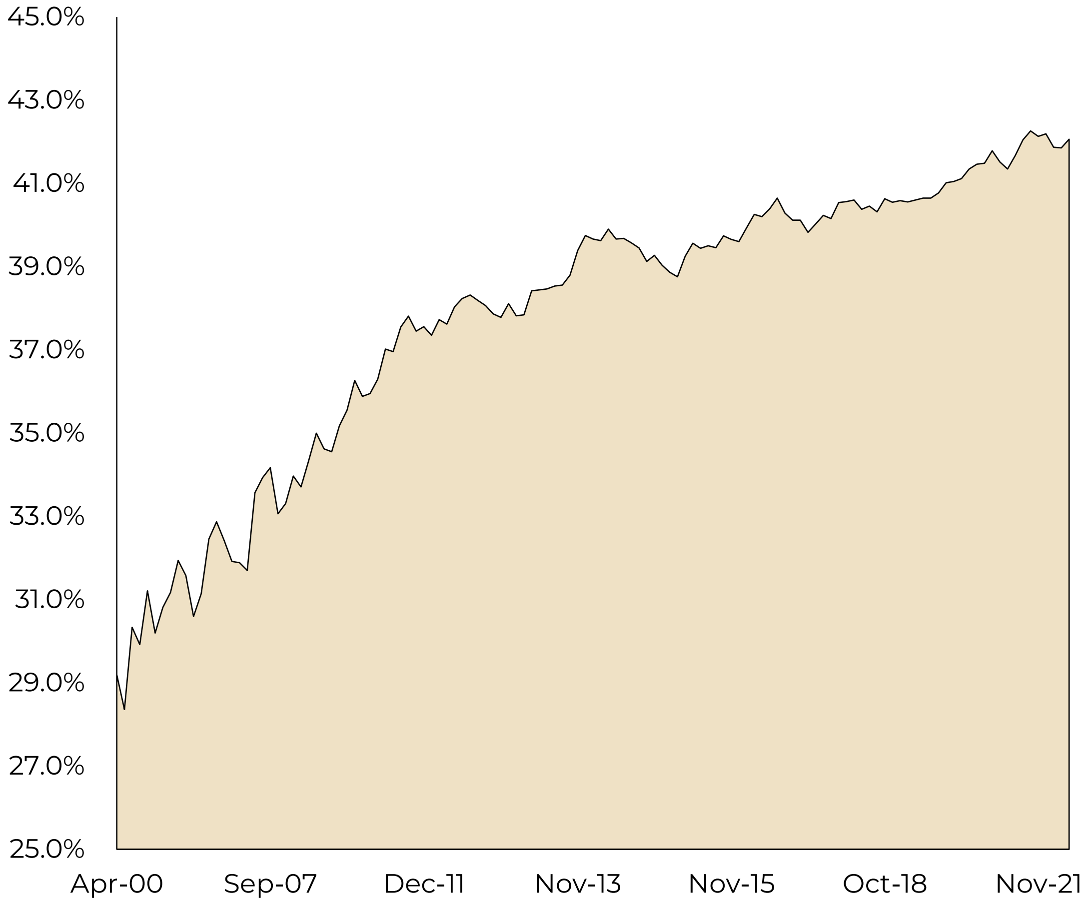
Class A loses representativeness on Renner consumer profile...

Moving Average Social Class Breakdown by Renner Mall (%)




... Class C and D expanded significantly as the company grew

Class C and D Penetration on Renner Malls (%)



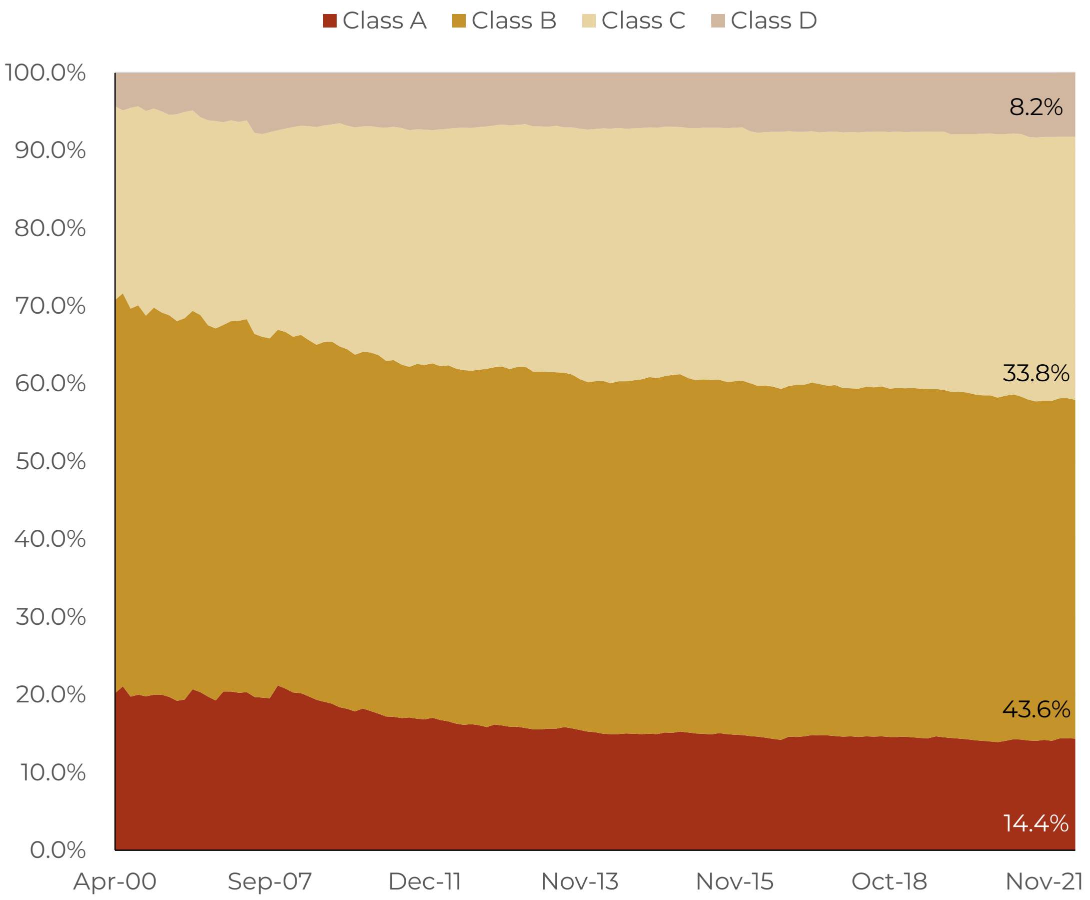

Source: Abrasce, Company, Team 2

# Renner vs C&A – Mall Consumer Profile

C&A mall profile is very similar to Renner's

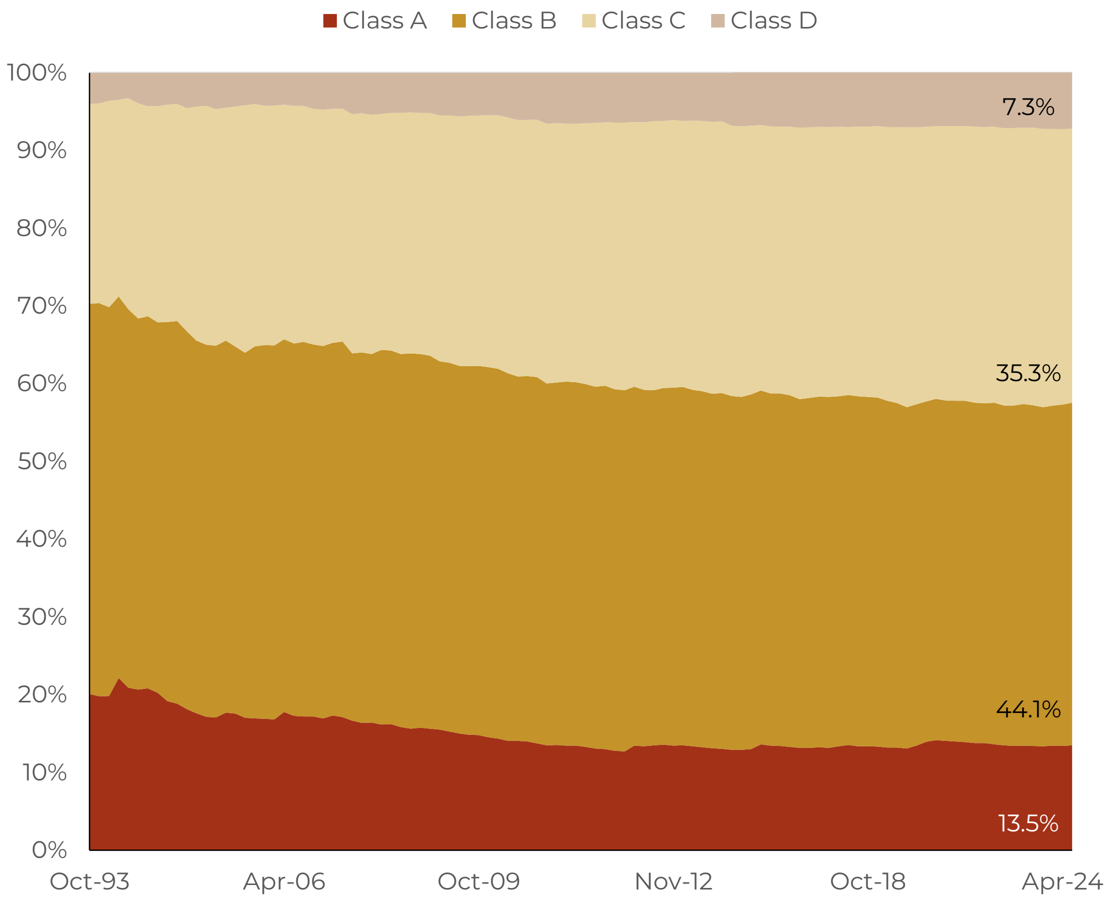
## Renner mall profile breakdown

Moving Average Social Class Breakdown by Renner Mall (%)




## C&A mall profile breakdown

Moving Average Social Class Breakdown by C&A Mall (%)



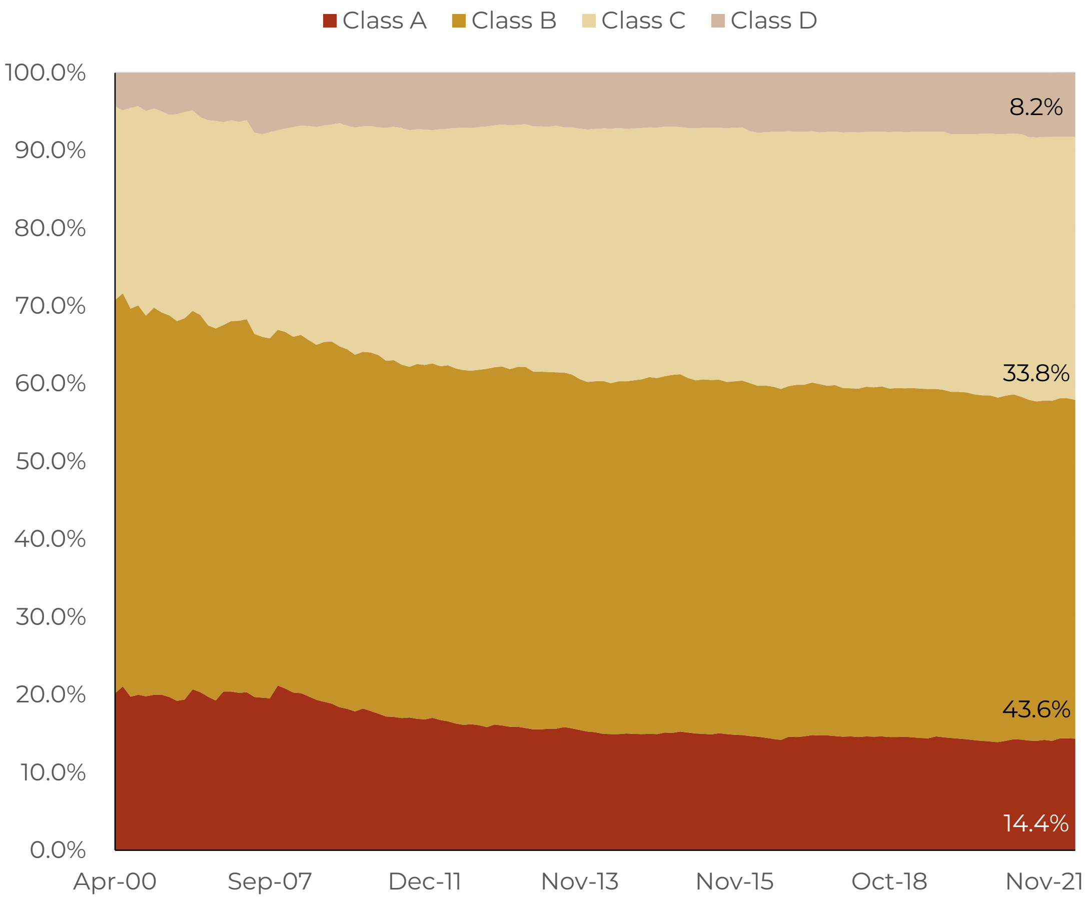

Source: Abrasce, Companies, Team 2

# Renner vs Riachuelo – Mall Consumer Profile

Riachuelo's mall profile is very similar to Renner's

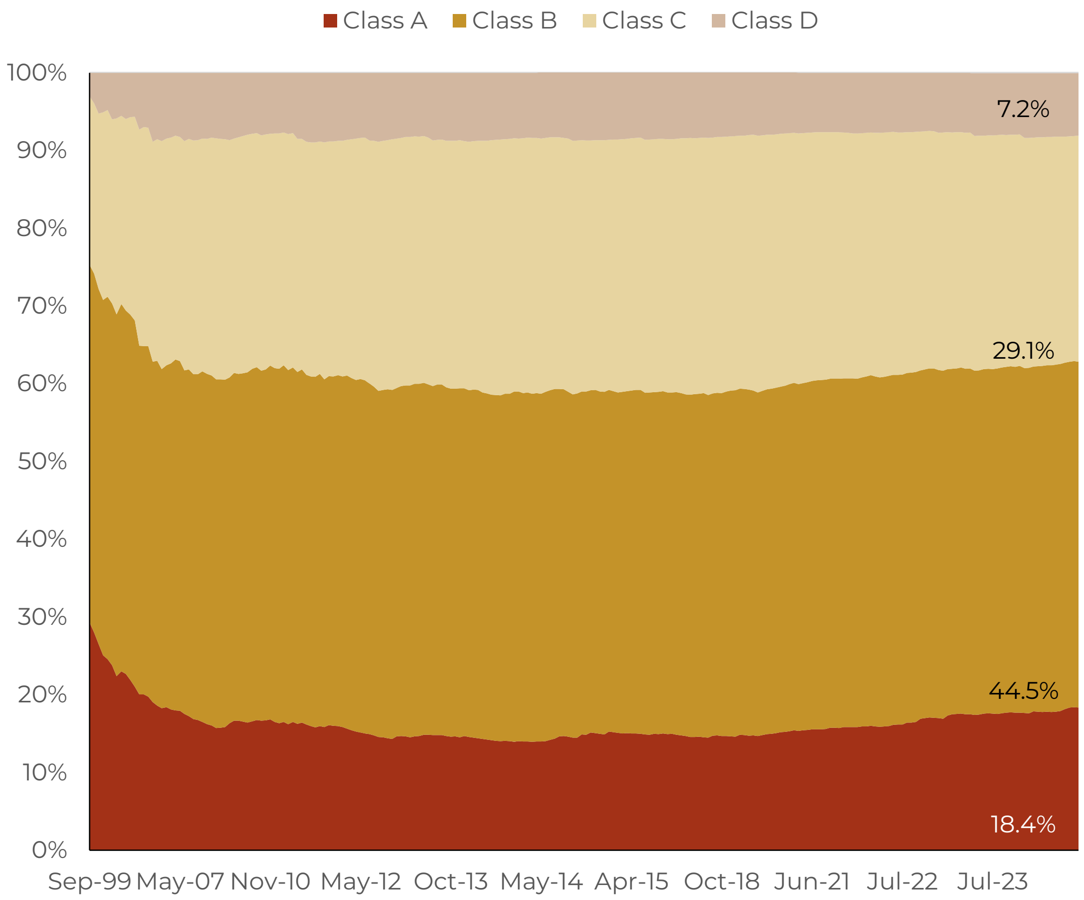
## Renner mall profile breakdown

Moving Average Social Class Breakdown by Renner Mall (%)




## Riachuelo mall profile breakdown

Moving Average Social Class Breakdown by Riachuelo Mall (%)



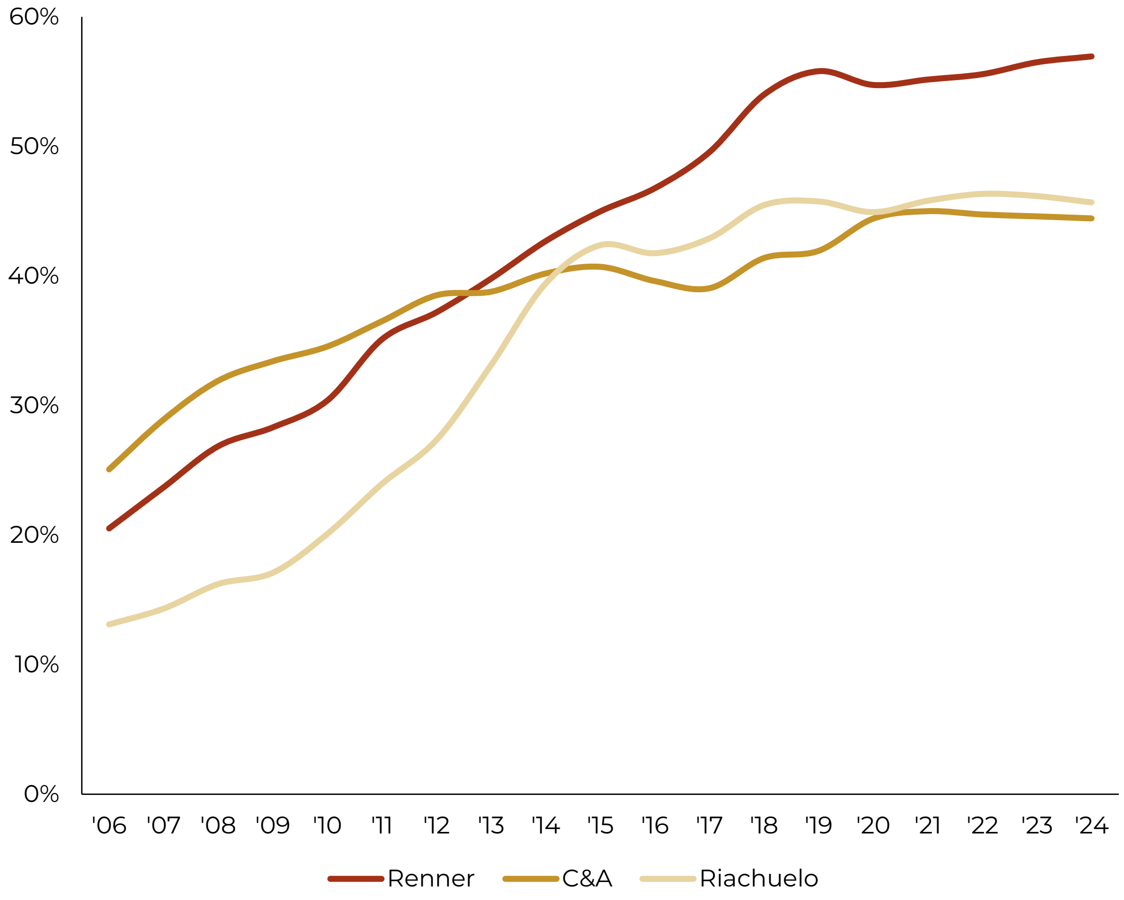

Source: Abrasce, Companies, Team 2

# Peers Presence on Shopping Malls

Renner is a step ahead competitors in mal presence

Lojas Renner is more penetrated inside malls than peers

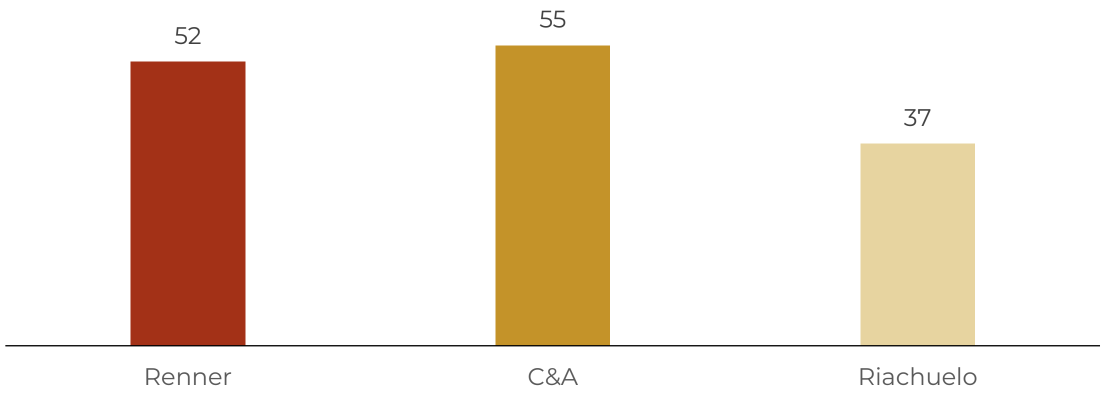
Mall Store Saturation (%)




Peers seem to  have noticed the lag on expansion

Renner historically is **more aggressive** on mall expansion than peers. In periods of crisis or growth, the company did not decelerate expansion. And peers seem to have noticed the drag...

Store Openings in Malls after 2020 (#)




"We are not referring to a standalone site; we consistently need to find spaces between **1,500 and 2,000 square meters** in **existing shopping malls**"

*Paulo Correa, C&A CEO – 3Q25 Conference Call*

Source: Companies, Team 2

# What Scenario Would Bring Street Stores ROIC Above Mall Stores?

We see as unlikely to street stores to have a higher ROIC than mall

| | Catalysts | Driver explanation | Financial Explanation | Likelihood |
|---|---|---|---|---|
| *NOPAT* | Superior Sales/M² | In a case with a higher traffic flow and higher spending by consumers | Traffic flow in street stores are 13% lower, new cities street stores are in cities with lower GDP/Capita than current Renner Average | Low |
| *Invested Capital* | Lower CapEx/M² | Lower expansion CapEx, due to conserved points of sale | Expansion capex does not seem to lower. In addition, mal stores have sponsored Capex | |
| | Lower Rent/M²<br>Lower SG&A Expenses | Reduction in rent expenses due to Renner size and lower labor costs | Renner is very selective on points of sale, we see a lower rent scenario to be very unlikely for the company. However, smaller cities may indeed have lower labor costs | Medium / Medium |
| | Lower NOWC | High Inventory Turnover | New distribution center capillarity and distribution 100% SKU could effectively decrease Working Capital requirements | High |

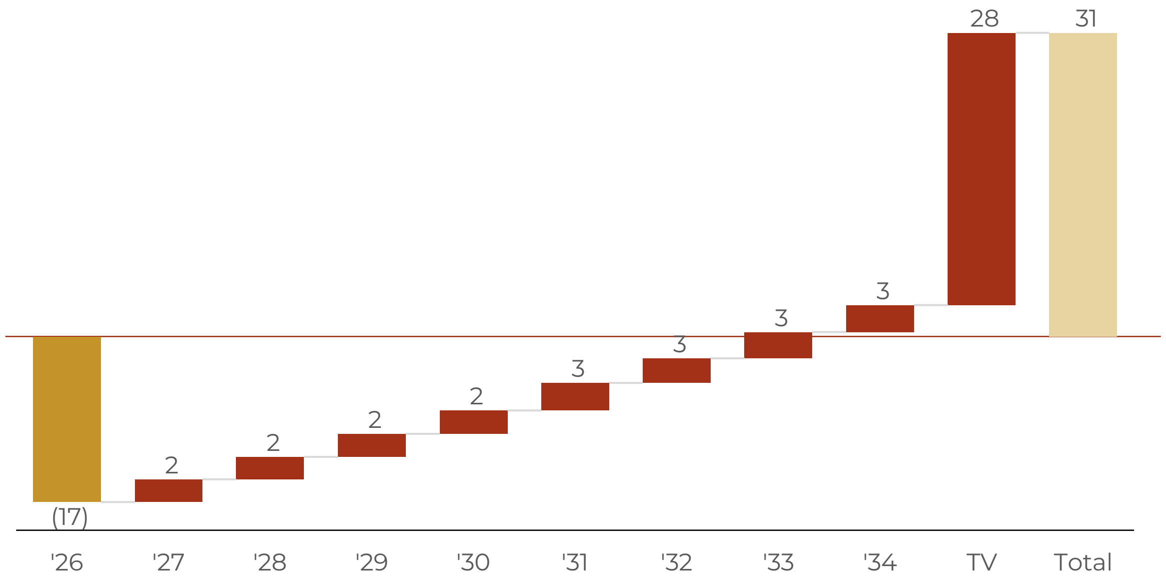
Source: Company, Team 2

# Unit Economics – Assumptions (2/2)

Mall stores generates a higher FCF

Street Store FCFF is significantly lower than mall stores

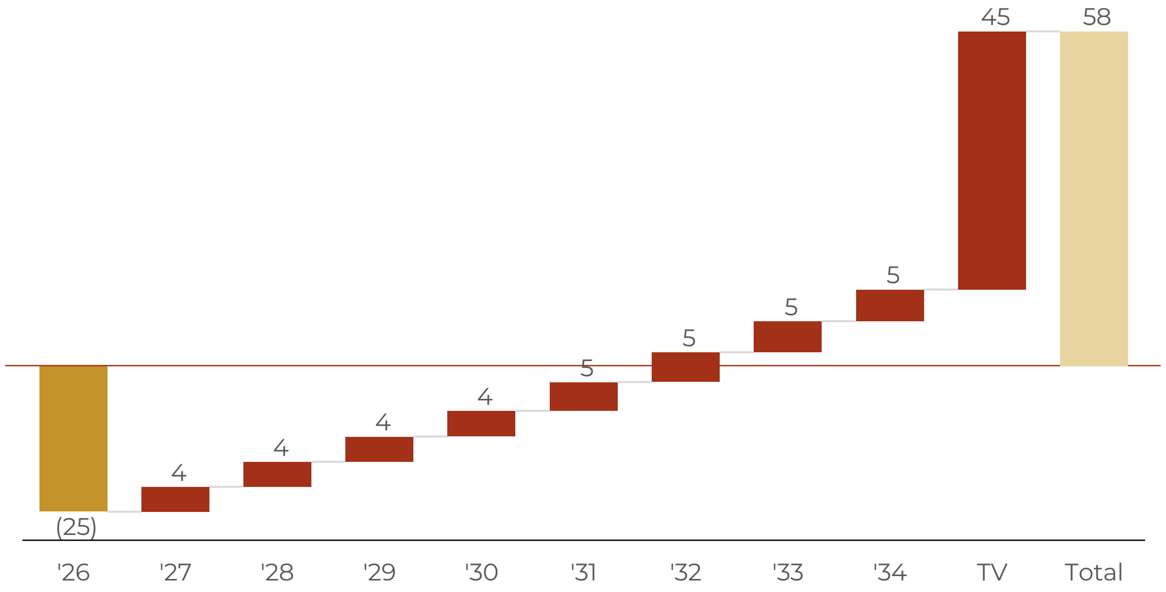
Street Store FCFF (BRL mm)




Street Store | Payback: **7 y** | NPV: **1.2 mm** | IRR: **16.3%**

Mall Store FCFF is significantly higher than street stores

Mall Store FCFF (BRL mm)




Mall Store | Payback: **5 y** | NPV: **7.5 mm** | IRR: **21.1%**

Source: Team 2

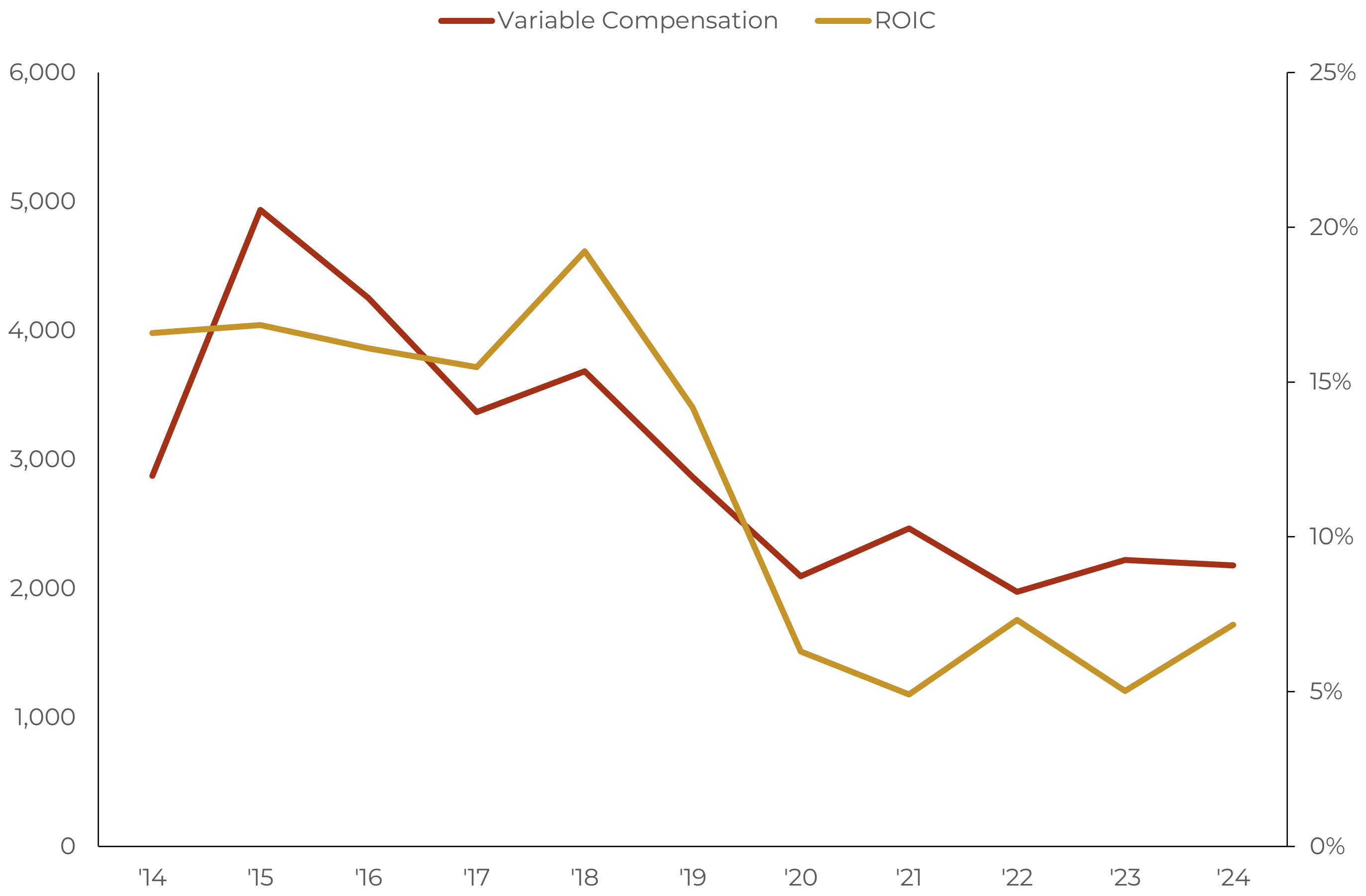
# Thesis #3:
# Past its Prime

# Real Variable Compensation and ROIC

## Controlling for inflation

Even considering the actual compensation, the result remains the same

Real Variable Compensation (BRL mm) and ROIC (%)




### Correlation

| | |
|---|---|
| ’14 – ’24 | 0.80 |
| ’14 – ’19 | 0.34 |
| **’20 – ’25** | **(0.76)** |

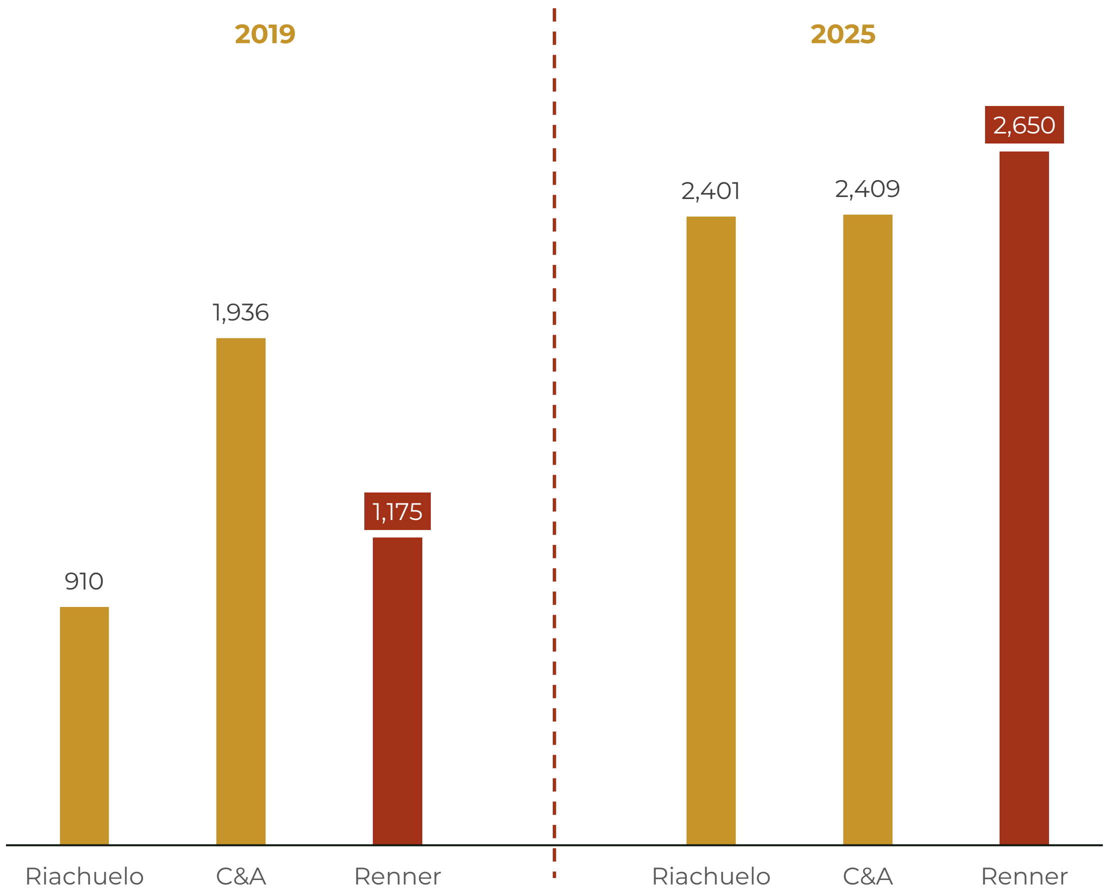
Source: Company, IBGE, Team 2

# Executive Compensation Analysis

## Renner is losing what made her outstanding

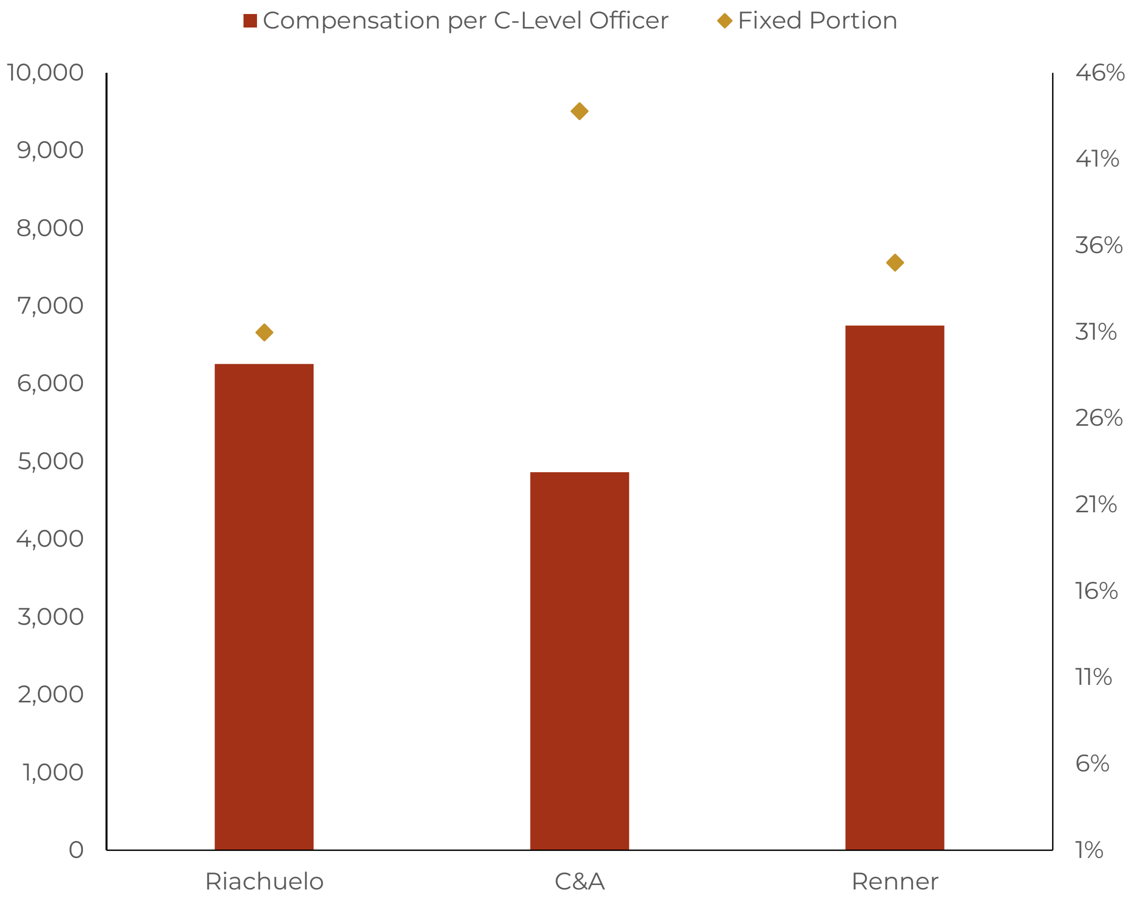
### Renner increased its Fixed Compensation above peers

Fixed Compensation per C-Level Officer (BRL k)




### Lowering the bar for incentives

Compensation per Director (BRL k) and Fixed Portion (%)



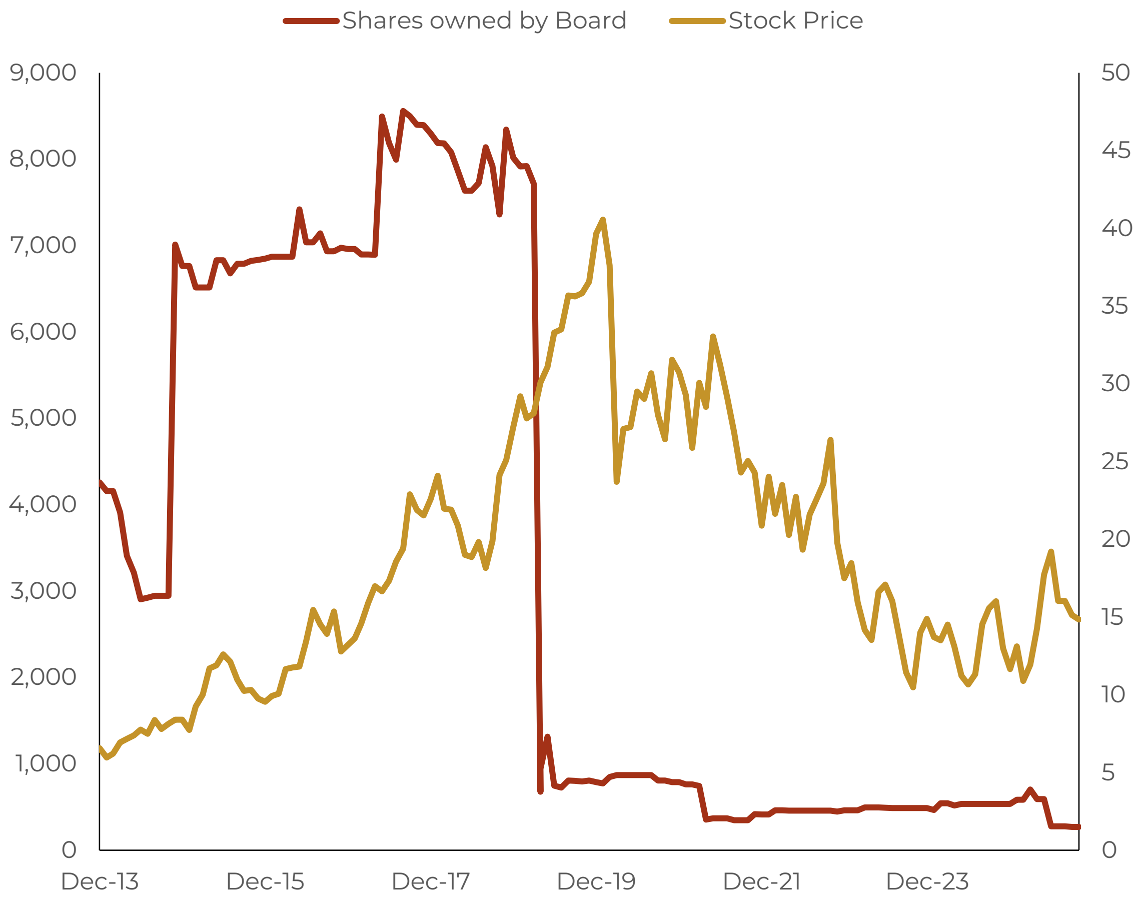

Source: Companies, Team 2

# How Many Shares Does The Statutory Directors Own?

## Historical analysis according to CVM Resolution No. 44

### There is a structural break when Galló leaves

Shares Owned by C-Level Officer (# k) and Stock Price (BRL)




### Since then, Renner's owner mindset hasn't returned

Total Shares Owned by C-Level Officer (%)

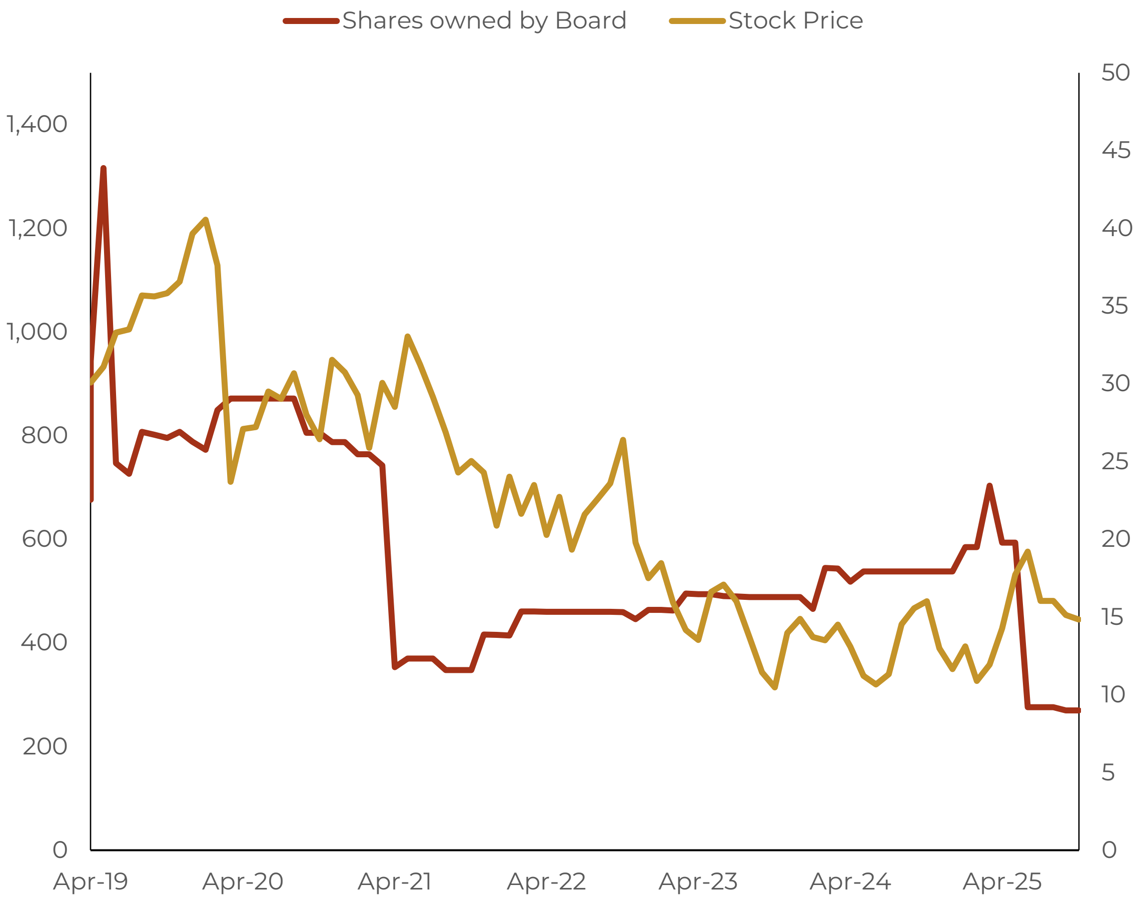

Source: Company, Team 2

# Closer Look To Board Post Galló

## Historical analysis according to CVM Resolution No. 44

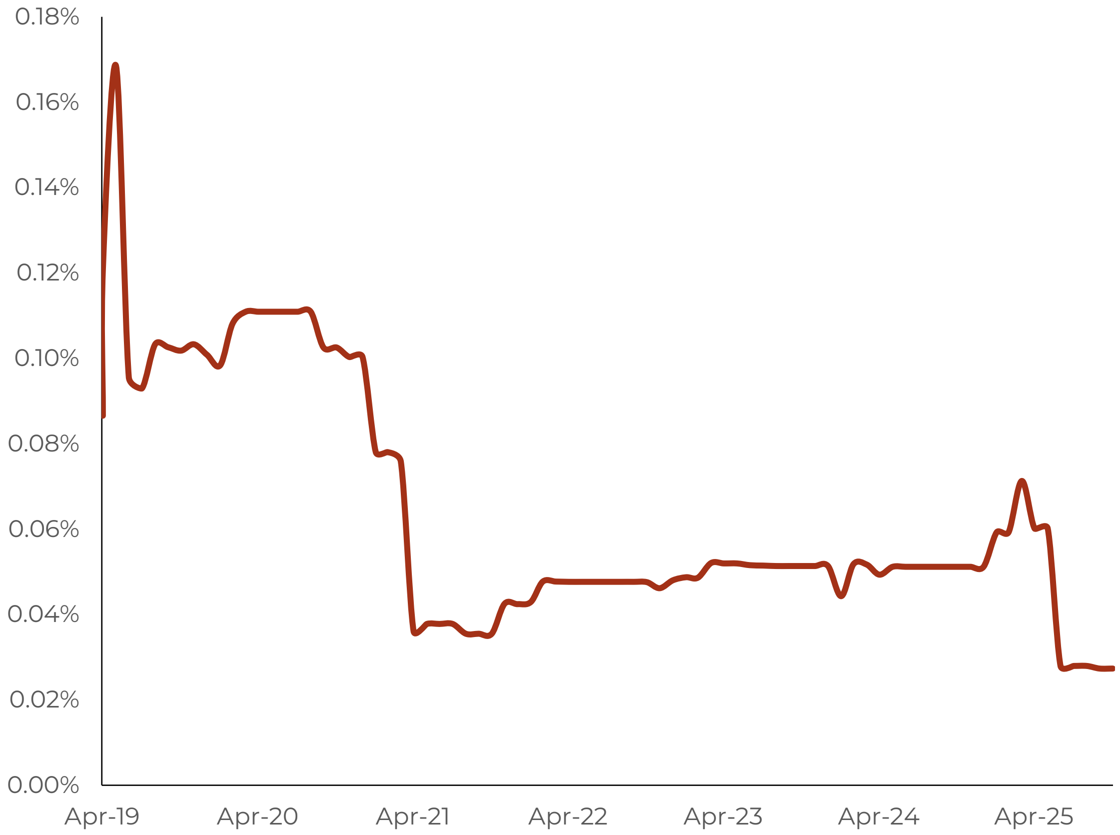
### Management becomes even more detached from the company

Shares Owned by C-Level Officer (# k) and Stock Price (BRL)




### Reducing to one quarter of its peak

Total Shares Owned by C-Level Officer (%)



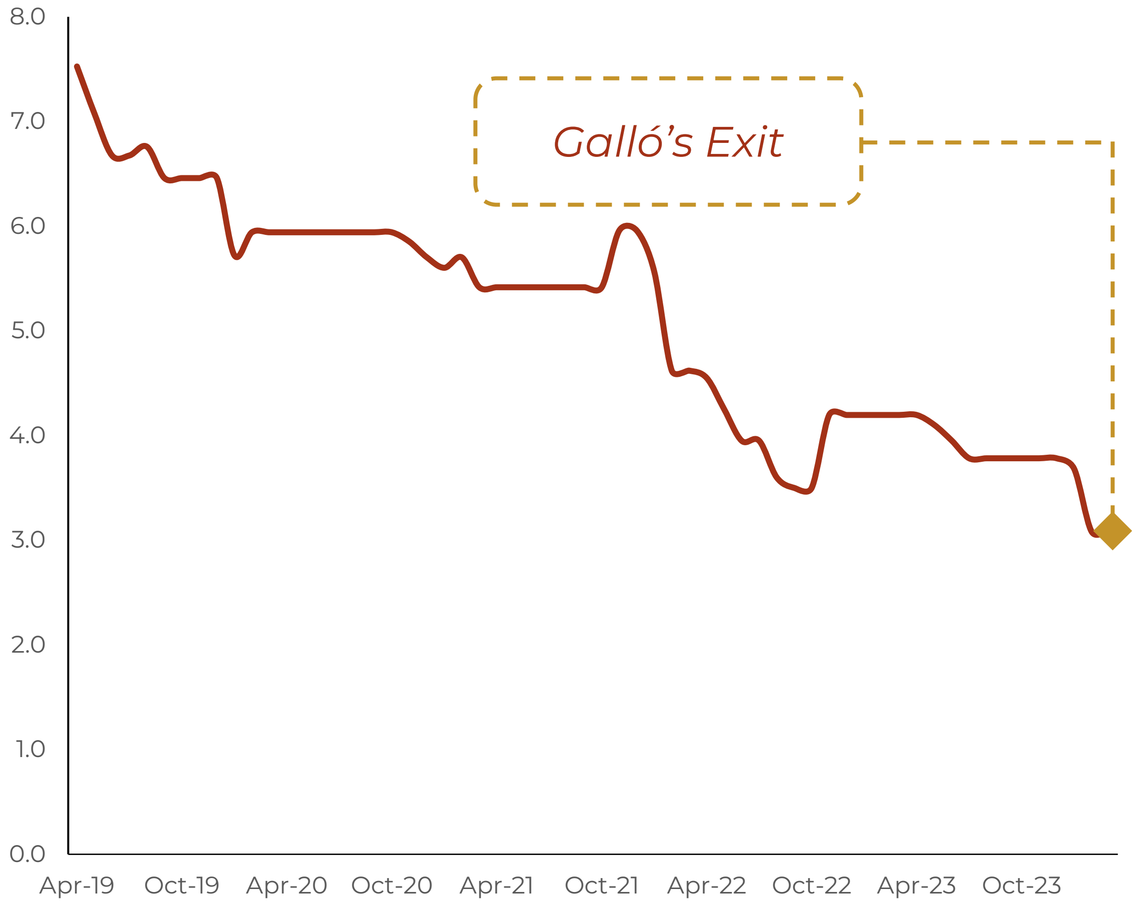

Source: Company, Team 2

# CEO Exposition

There has been a drastic change in the CEO's involvement in the company

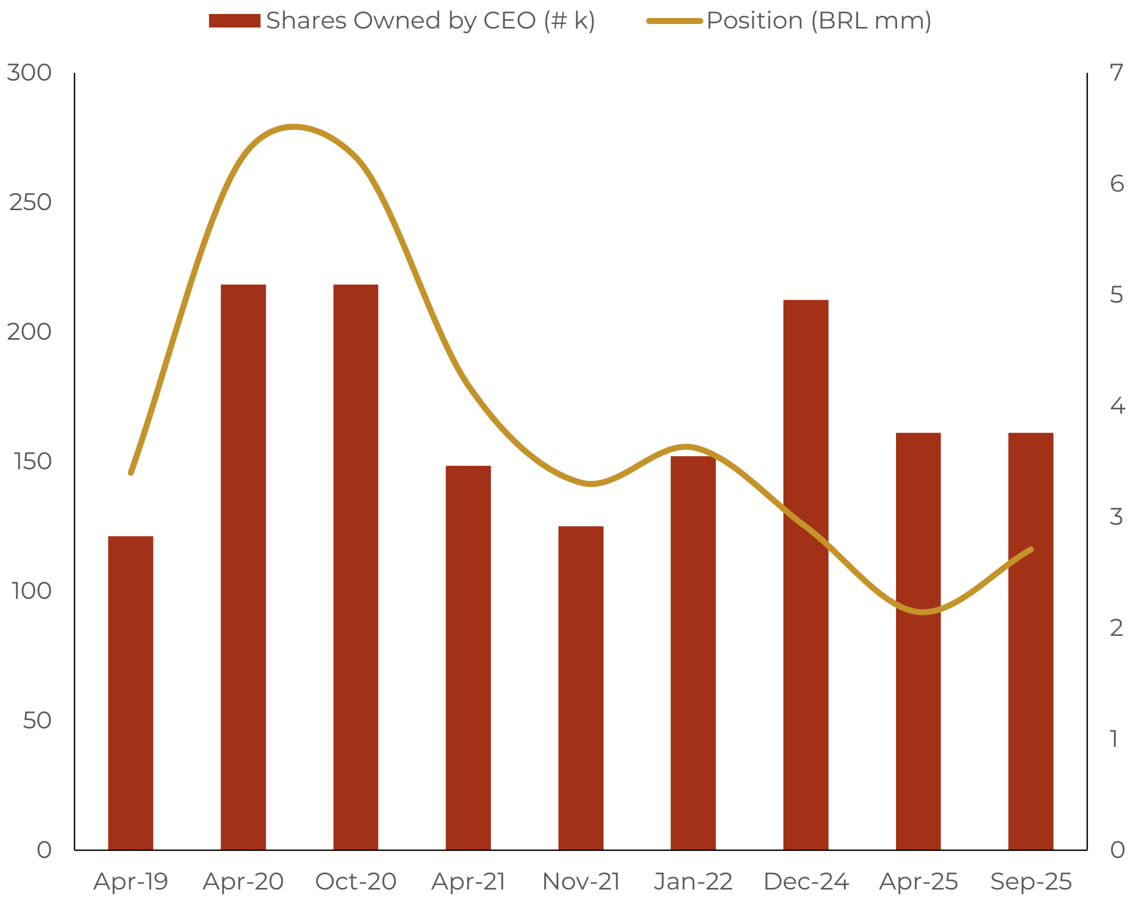
### Galló started selling shares after leaving his position

Shares owned by Former CEO (# mm)




### Faccio never had the same exposure

Shares owned by Current CEO (# k) and Position




Source: Company, Team 2

# Shearn's Classification System

## Management Quality according to The Investment Checklist

RENNER

**OO** — **LT** — **HH**

Most knowledgeable and passionate about business

Least knowledgeable and passionate about business

| Classfication | Description |
|---|---|
| OO1 | Passionate founder, stakeholder-focused, long-term view. High ownership. |
| OO2 | Owner split between stakeholders and self-interest. Higher pay than OO1. |
| OO3 | Owner focused only on self-interest, ignores stakeholders. Extremely high pay. |
| LT1 | "Homegrown" manager (internally promoted). Risk of failing in the new role. |
| LT2 | Long-tenured external manager, but from the same industry or a competitor. |
| HH1 | "Hired hand" from a related industry. Short-term focused, often a cost-cutter. |
| HH2 | "Hired hand" from a completely unrelated industry. No experience, steep learning curve. |

Source: Investment Checklist, Team 2

# Shearn's Classification System

## Management Quality according to The Investment Checklist


Source: Investment Checklist, Team 2

# C-Level Officer Background 2025

## Management Members

Executives with varied experience in the sector and a wide range of field expertise

Overview of Renner's Executive Board

| Name | Position | Field of Expertise | Years of Industry Experience | Shearn's Classification | Background |
|---|---|---|---|---|---|
| **Fábio Adegas Faccio** | CEO | Business Administration , Retail Management | 25+ | **OO3** | Business Administration graduate (PUC/SP) with an MBA in Retail (FGV/SP). Joined Renner in 1999 as a Trainee and ascended through various management roles (Store Manager, Regional Manager, Stores Director). Served as COO (2015) and Chief Product Officer (2017) before being appointed CEO in April 2019. Previously, was an Admin/Financial Manager at Fasica Construtores (1988-1998). |
| **Fabiana Silva Taccola** | Product and Operations | Data Processing, Financial Products, Operations | 24+ | **LT1** | Data Processing graduate (Mackenzie, 1989). Joined the company in 2012 as General Manager of Financial Products, becoming Director of Financial Products (non-statutory) in 2014. Was responsible for establishing Realize CFI. Took over as Operations Director in 2018 and was appointed VP in May 2025. |
| **Alessandro Santiago Pomar** | Technology and Data | Systems Analysis, IT Management, Digital Transformation | 5+ | **HH2** | Systems Analysis graduate (UCPel, 1994) with an MBA (FGV/SP) and PMDs (IESE, FDC). Over 30 years in IT, including 23 in the Telecom industry (at Oi S.A. and Telefônica S.A., as IT Transformation Director and Architecture/Digital Director). Joined the company in May 2019 as CIO (Technology Director) and was appointed VP in May 2025. |
| **Daniel Martins dos Santos** | Finance, Administration, and Relations | Business Administration, Corporate Finance, Relations | 3+ | **HH1** | Business Administration graduate (USP, 1996) with an MBA (University of Michigan – Ross, 2004) and IBGC certification (2021). Has over 20 years of finance experience at Unilever, serving as VP of Finance (Switzerland), CFO (Spain), and Finance Director (Brazil). Joined Renner as Director in January 2022 and was appointed VP in May 2025. |
| **Regina Frederico Durante** | People, Sustainability, and Institutional Relations | Business Management, People & ESG, Talent Consulting | 10+ | **LT1** | Journalism graduate (Metodista SP) with a postgraduate degree in Business Management (FSA) and an MBA (Ibmec-SP). Began in business (HP Brazil) and moved to HR (Orbitall, Santander, Serasa Experian). From 2012, worked at Korn Ferry International, leading Leadership & Talent practices. Served as a consultant to Renner for 4 years before joining as an executive in 2018. Appointed Director in 2021 and VP in May 2025. |

Source: Company, Team 2

# C-Level Officer Background 2015

## Management Members

Executives with extensive experience in fashion retail and with high skin in the game

Overview of Renner's Executive Board

| Name | Position | Field of Expertise | Years of Industry Experience | Shearn's Classification | Background |
|---|---|---|---|---|---|
| **José Galló** | CEO | Business Administration, Retail Management | 43+ | **OO1** | Business Administration graduate (PUC/RS) with an MBA focused on Retail Management. He joined Lojas Renner in 1991 as a consultant and rose through leadership roles over three decades, including Director of Operations and CEO from 2001 to 2021. Prior to Renner, Galló gained varied experience in retail and agribusiness in southern Brazil since the early 1970s. |
| **Fábio Adegas Faccio** | Operations | Business Administration, Retail Management | 15+ | **LT1** | Business Administration graduate (PUC/SP) with an MBA in Retail (FGV/SP). Joined Renner in 1999 as a Trainee and ascended through various management roles (Store Manager, Regional Manager, Stores Director). Served as COO (2015) and Chief Product Officer (2017) before being appointed CEO in April 2019. Previously, was an Admin/Financial Manager at Fasica Construtores (1988-1998). |
| **Clarice Martins Costa** | Human Resources | People Management, Human Resources, Sustainability | 27+ | **OO3** | Psychology graduate (PUC/RS) with a postgraduate degree in Human Resources Management from Fundação Getúlio Vargas (FGV). She spent around 30 years at Lojas Renner, where she was responsible for Human Resources, Sustainability, and Shared Services. Clarice was the first woman to lead ABRH-RS (Regional Association of Human Resources) and has been recognized for her leadership in people management. Currently, she is an independent board member in various companies and author of the book "Gestão de Pessoas na Estratégia Empresarial" (People Management in Business Strategy). |
| **Haroldo Luiz Rodrigues Filho** | Purchasing | Business Administration, Operations and Supply Chain Management. | 10+ | **LT1** | Degree in Administration and built a substantial career at Lojas Renner, where he joined in the early 2000s. He progressed through key leadership positions, including Director of Operations and Director of Purchasing. By 2015, he had been with Renner for about a decade, playing a critical role in the company's operations and supply chain management before leaving around 2018. |
| **Emerson Silveira Kuze** | Chief Information Officer | Accounting, Audit & IT Management | 17+ | **LT1** | Graduated accountant who joined Lojas Renner in 1998 as an internal auditor. He progressed to Manager of Audit and Loss Prevention in 2007 and was appointed Director of Information Technology and Management in 2012. By 2015, he accumulated 17 years of experience at Renner and played a crucial role in technological operations. After leaving Renner, Kuze pursued roles as CEO of IKStech and startup . |

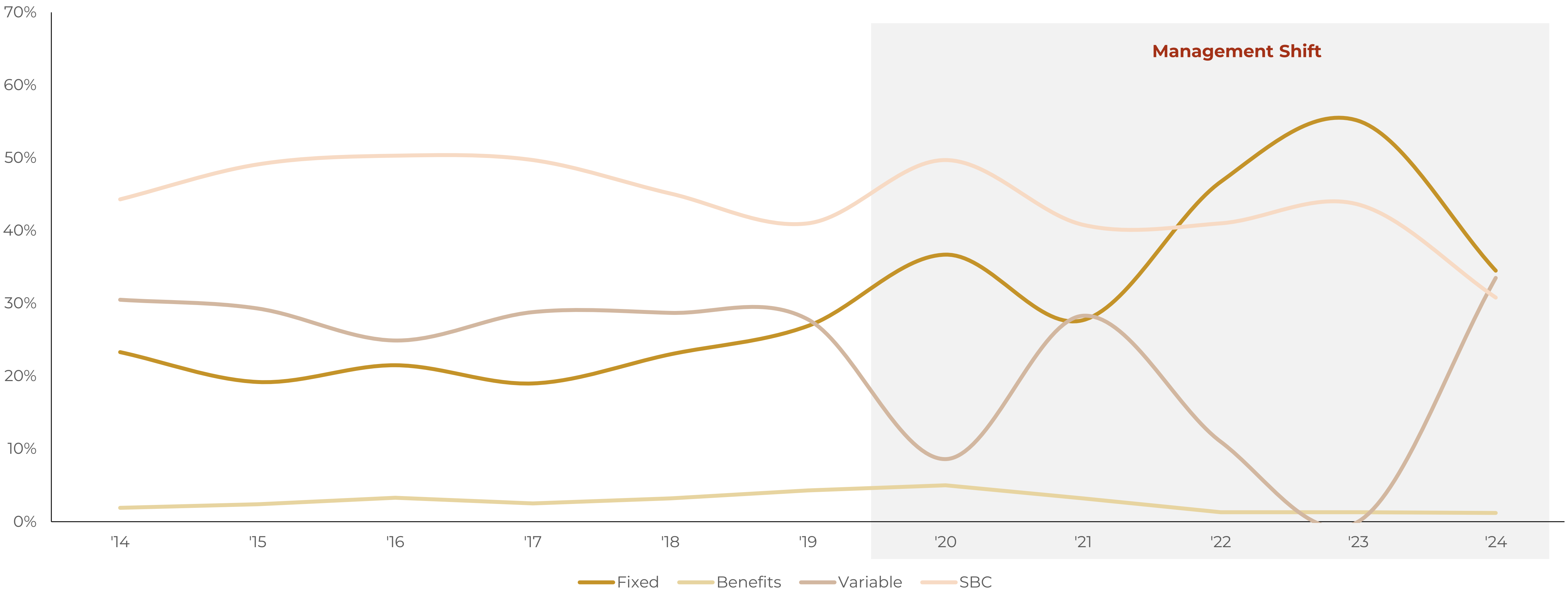
Source: Company, Team 2

# Management Payment Breakdown

## New Renner's era seems to be less predictable

After Galló's Departure, all compensation components began to vary significantly

C-Level Officer Compensation Breakdown (%)



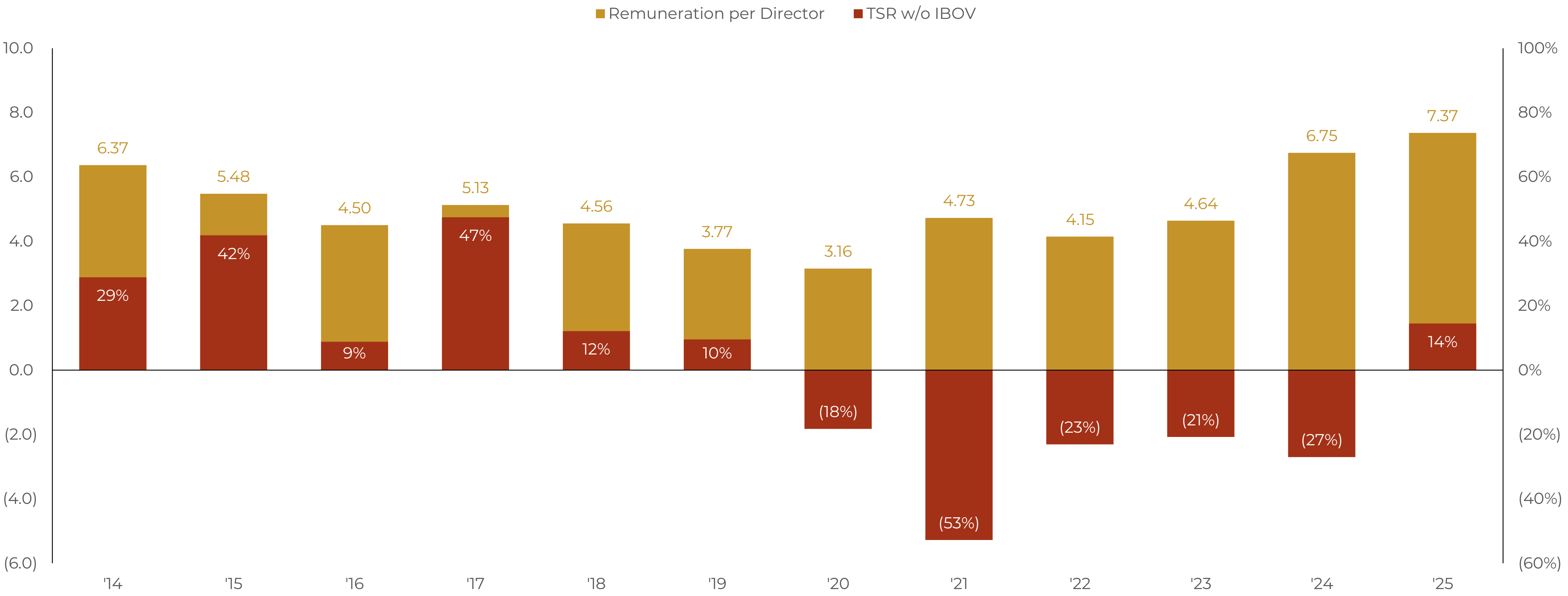

Source: Company

# Total Shareholder Return Against IBOV

## Using IBOVESPA as Benchmark

By controlling for the IBOV return, the result not only holds but is more pronounced

Compensation per C-Level Officer (BRL mm) vs Total Shareholder Return without IBOV (%)




Source: Company, Factset, Team 2

# Talent Retention Program

## The plan that contributed to the declining in Renner's Executive Board Alignment

RENNER

"The company is undergoing a significant **transformation in its business model**, with restructuring and expansion being developed within the context of the ecosystem, as well as increased market competitiveness, particularly in the digital world, making it necessary to revise the company's strategy for **attracting and retaining executives**."

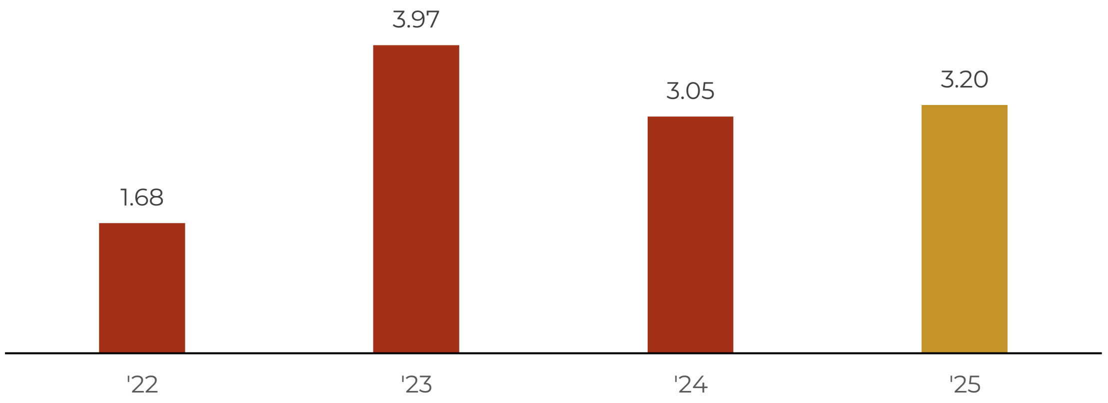
**- 2022 Reference Form**

1. Restructuring and Expansion
2. Increase in market competitiveness, especially in the digital

The main problem in Renner's Compensation comes from Talent Retention Program

| Talent Retention Program | |
|---|---|
| **Method** | The program pays board members to stay for +4 years, with repayment required if they leave early |
| **Total Expenditure ("22-"25)** | 11.9 BRL mm |
| **As % of Fixed Compensation** | 23.3% |

Retention Talent Program Compensation (BRL mm)




Source: Company, Team 2

# José Galló And Lojas Renner

## The trajectory of Renner's greatest CEO in history

Galló's successful history at Lojas Renner was driven by excellent capital allocation and radical transparency

History of Galló as Lojas Renner' CEO

1991 – '98

- He took over Renner with only 8 stores
- Repositioned Renner to women in classes A-C
- Completely changed the company's positioning and culture

'98 – '04

- Strategic sale to J.C. Penny
- Maintained strategic autonomy and attracted s even under external control
- 7 years of consistent growth

'05

- Instead of selling to a competitor, facilitated share sale via follow-on offering
- First Brazilian Corporation
- Successful capital raising – about $378 million

'05 – '12

- From 4-5 to 15-20 stores / year after J.C. Penny exit
- Reach North and Northeast regions
- New Distribution Center in Santa Catarina

'12 – 2019

- Owner's mindset despite dispersed control
- Radical transparency
- Human capital investment

Source: "O Poder do Encantamento" by José Galló, Team 2

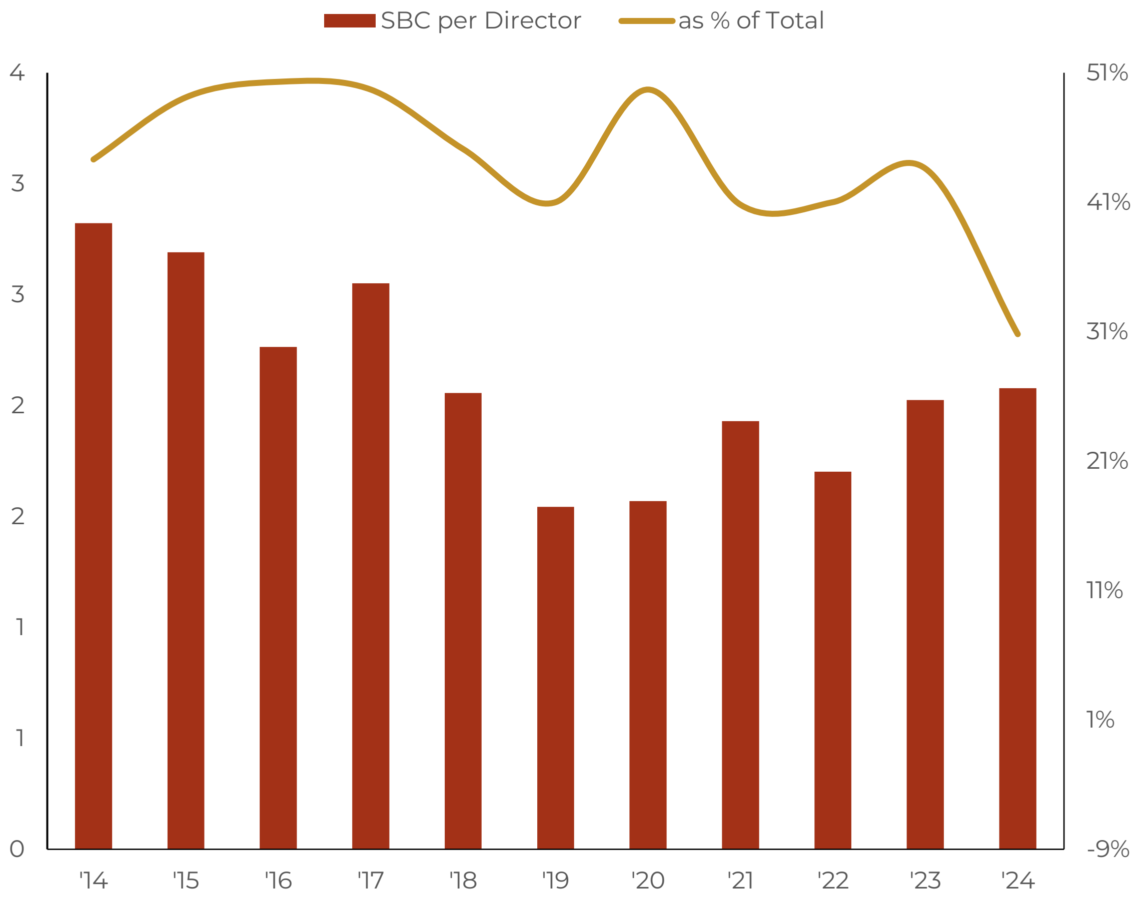
# Stock Based Compensation

SBC was declining, but it seems it will return to stable



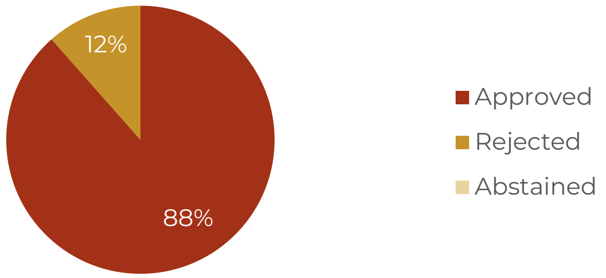
We see the SBC's relevance falling in recent years

Stock Based Compensation (BRL mm) and as % of Total Compensation (%)




However, recently a new incentive plan was approved

Voting breakdown on the new incentive policy (%)




Which brings a longer-term incentive policy, focused on targets

1. **Performance Shares:** Promise of future company stock grants, conditioned on meeting performance metrics
2. **Restrict Shares:** Promises of future grants in case of meeting targets in the previous fiscal year

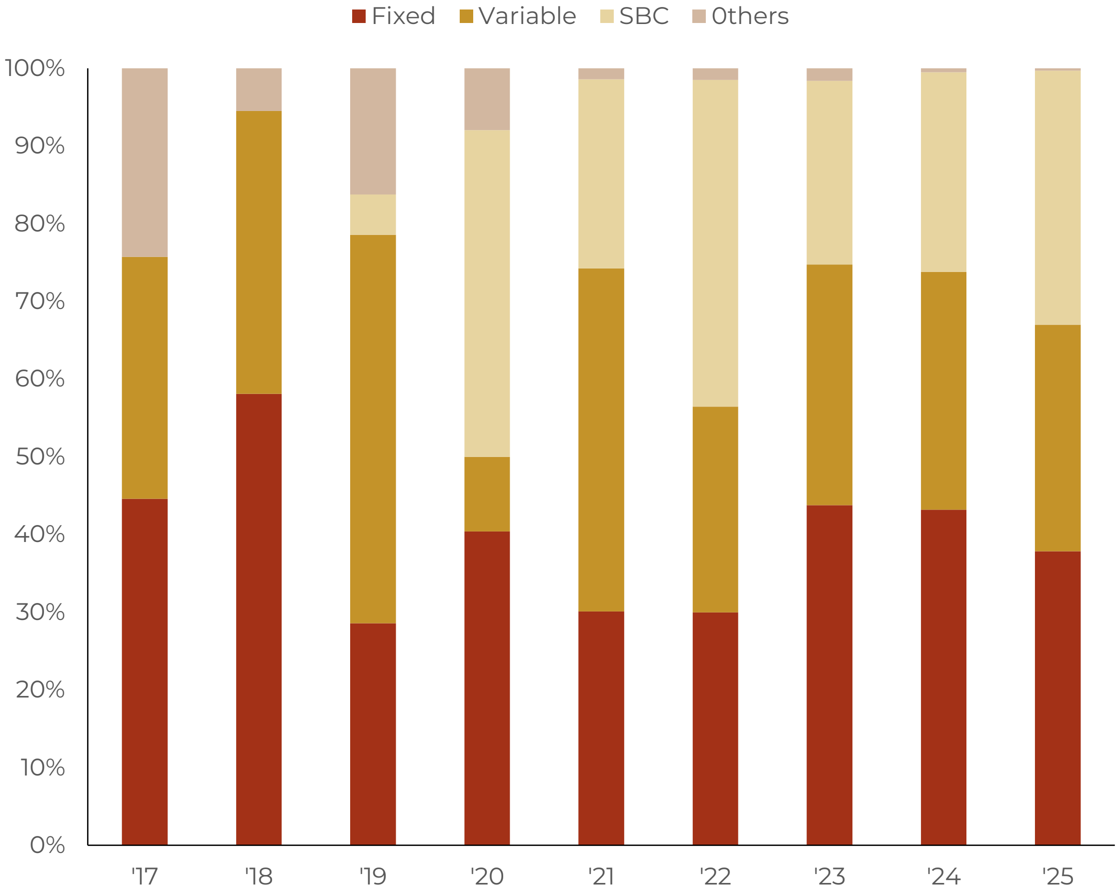
Source: Company, Team 2

# Compensation Among Peers

Breakdown of management compensation among competitors

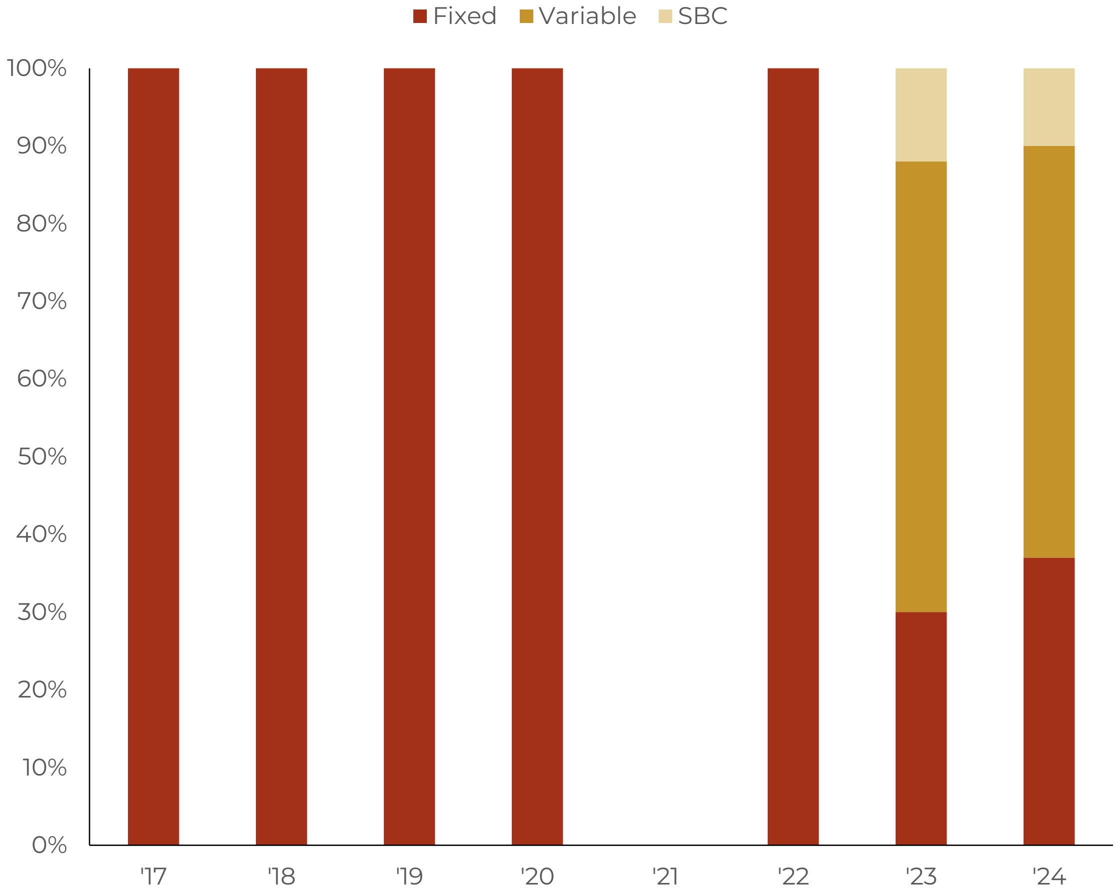
C&A features high fixed compensation

C&A Executive Director's Payment Breakdown (%)




Riachuelo followed this trend but is changing its current policy

Riachuelo Executive Director's Payment Breakdown (%)



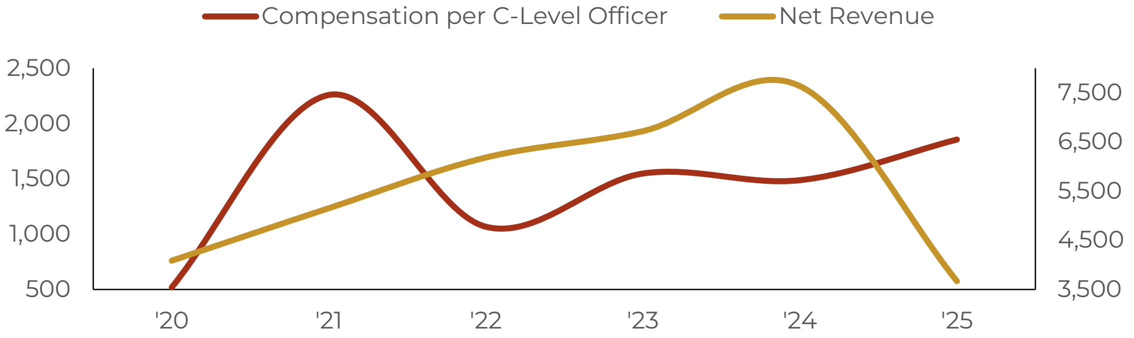

Source: Companies, Team 2

# Variable Compensation Among Peers

## What affects competitors' variable compensation?

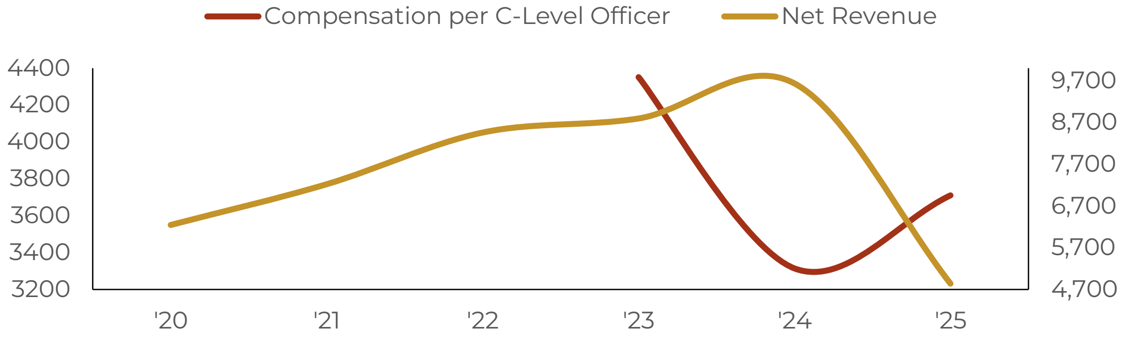
### C&A's compensation appears independent of revenue...

C&A Variable Compensation per C-Level Officer (BRL k) and Net Revenue (BRL mm)



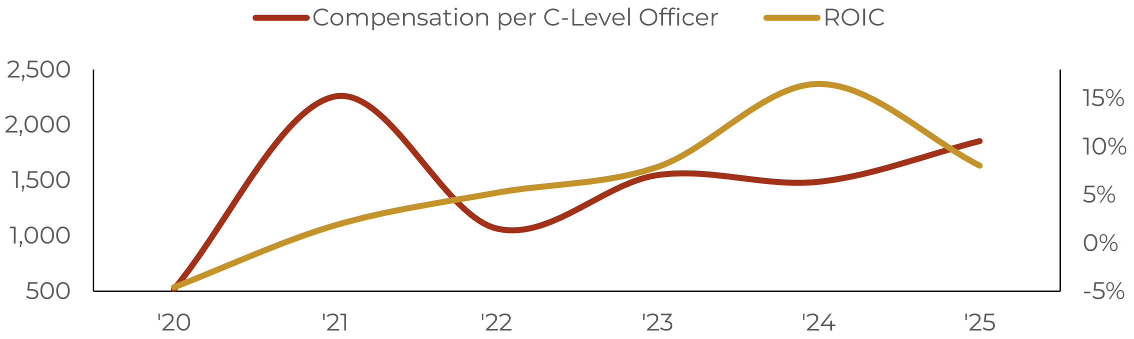

### For Riachuelo, revenue also appears not to affect it...

Riachuelo Variable Compensation per C-Level Officer (BRL k) and Net Revenue (BRL mm)



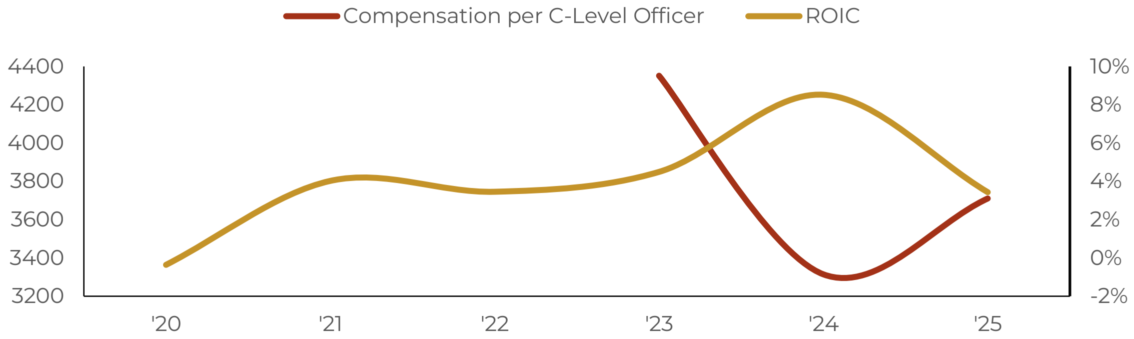

### ... but with the same trend as ROIC

C&A Variable Compensation per C-Level Officer (BRL k) and ROIC (%)




### ... and neither does ROIC

Riachuelo Variable Compensation per C-Level Officer (BRL k) and ROIC (%)



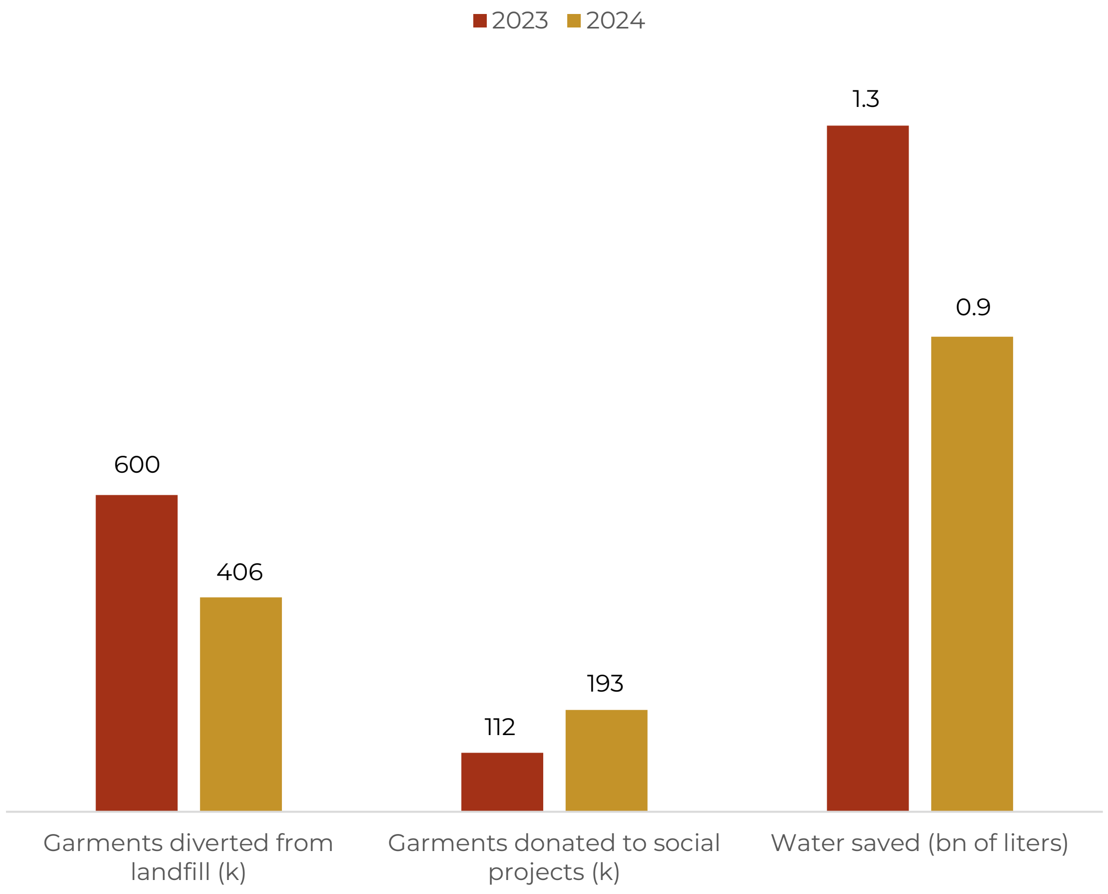

Source: Companies, Team 2

# Repassa

## Circular fashion from customers to consumers

Repassa drives measurable circular impact at scale

Repassa environmental impact – 2023 vs 2024




### How does Renner benefit from Repassa, besides environmental factors?

**Step 1: Capture (Supply)**
Customers send used items via "Sacola do Bem". Renner handles curation, photography, and logistics.

repassa

**Step 2: Monetize (Sales)**
Items are sold on the platform. Seller retains 50-60% of the value; Renner captures commission fee.

**Step 3: Reinvest (Lock-in)**
Sellers use their balance to buy new Renner products, creating a loop revenue stream with zero CAC

Source: Company filings

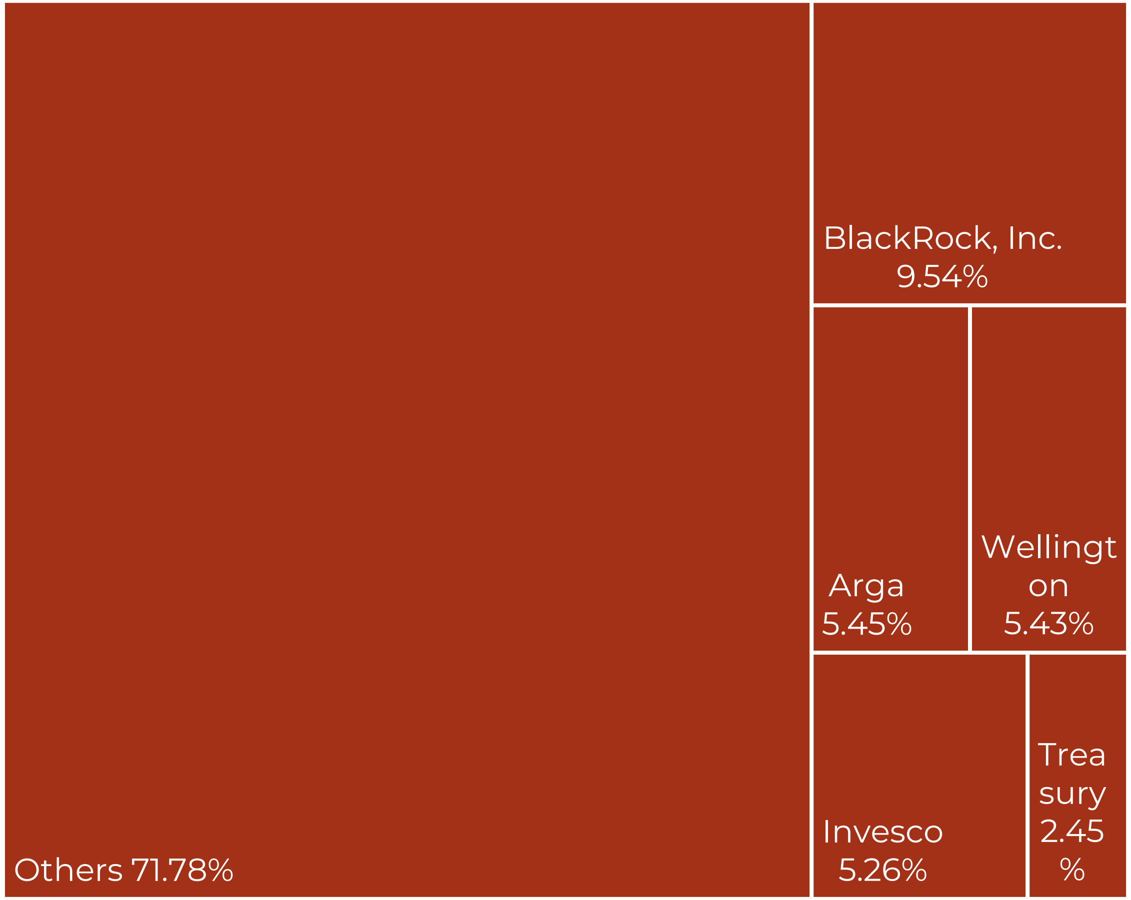
# Cap Table

## The company's shareholding position is highly diversified

RENNER

As a corporation, it has a diverse shareholder base

Shareholder Structure




Main points of Renner's Governance

**Independent and Diversity Board**

+

**Ethic and Business Conduct**

+

**Shareholders Right**

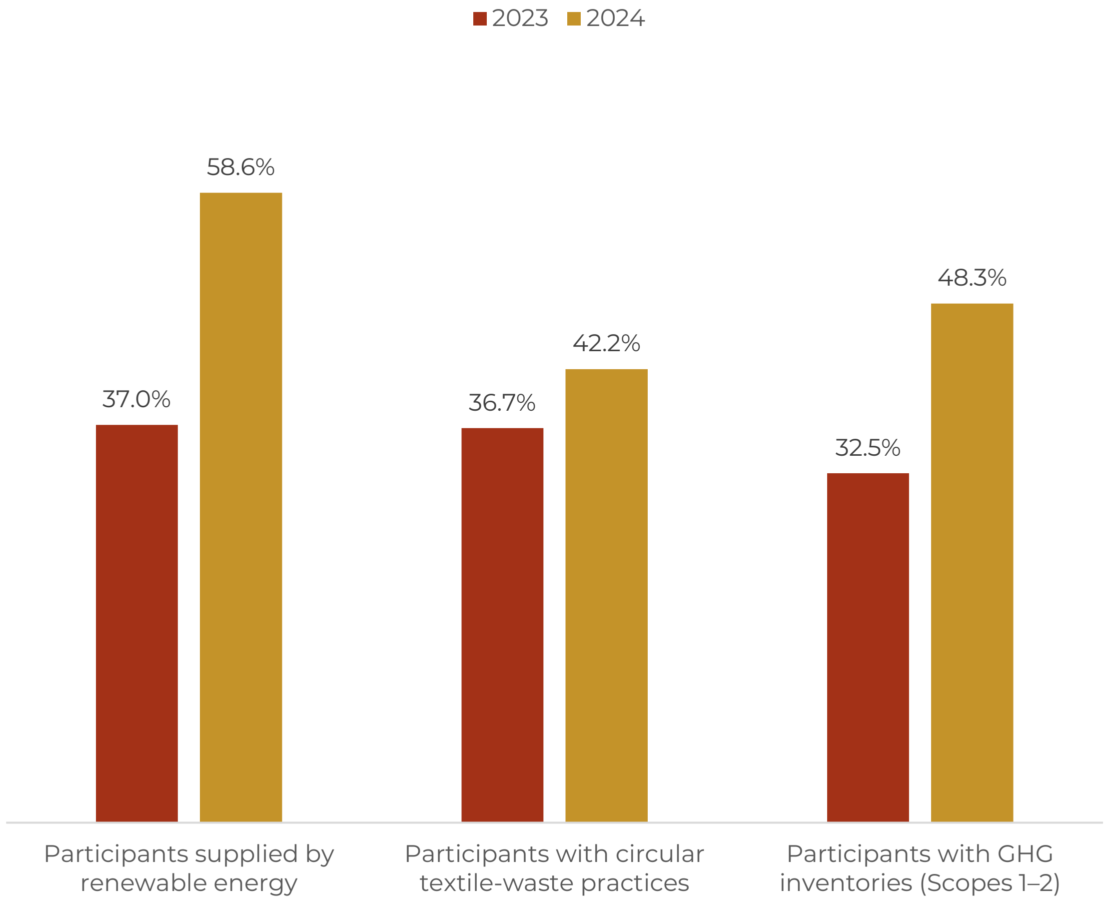
Source: Company

# Rede Responsável

## How the initiative supports Renner

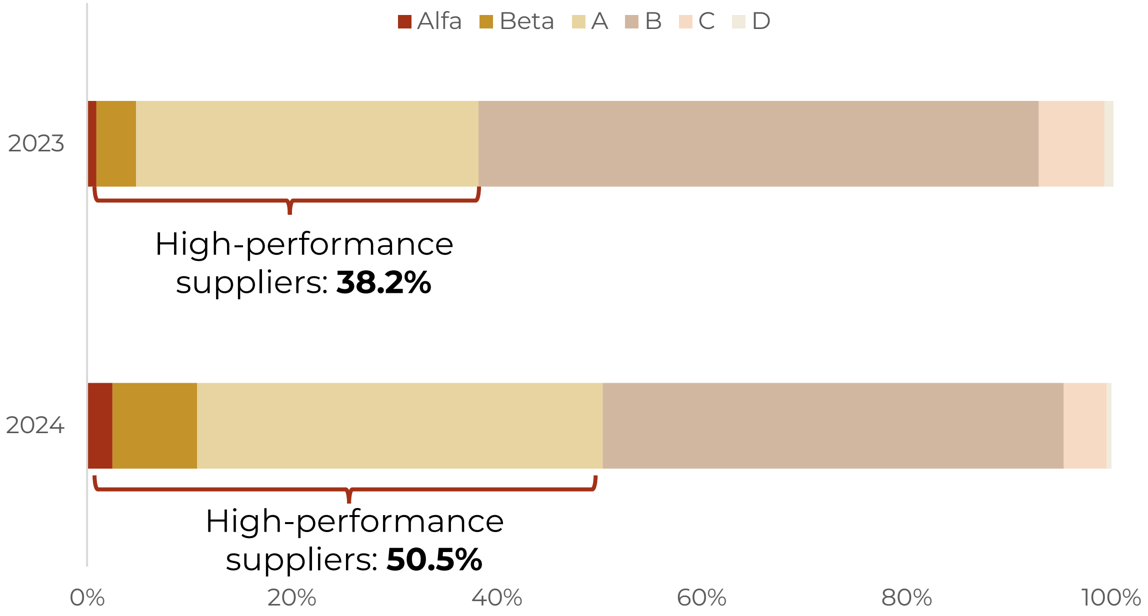
### Suppliers are rapidly adopting renewables, circular and GHG reporting

Rede Responsável adoption of practices – 2023 vs 2024




### Supplier base is shifting toward high-ESG performance tiers

Supplier compliance levels – 2023 vs 2024




**57%** of Renner's active suppliers engaged in Rede Responsável

**96%** of B&M purchase volume concentrated in RR suppliers

**Classification system**

1. **Alpha** – E&S performance protagonists
2. **Beta** – E&S performance role models
3. **A** – high management of compliance
4. **B/C** – medium/low management of compliance
5. **D** – insufficient E&S compliance

Source: Company, Team 2

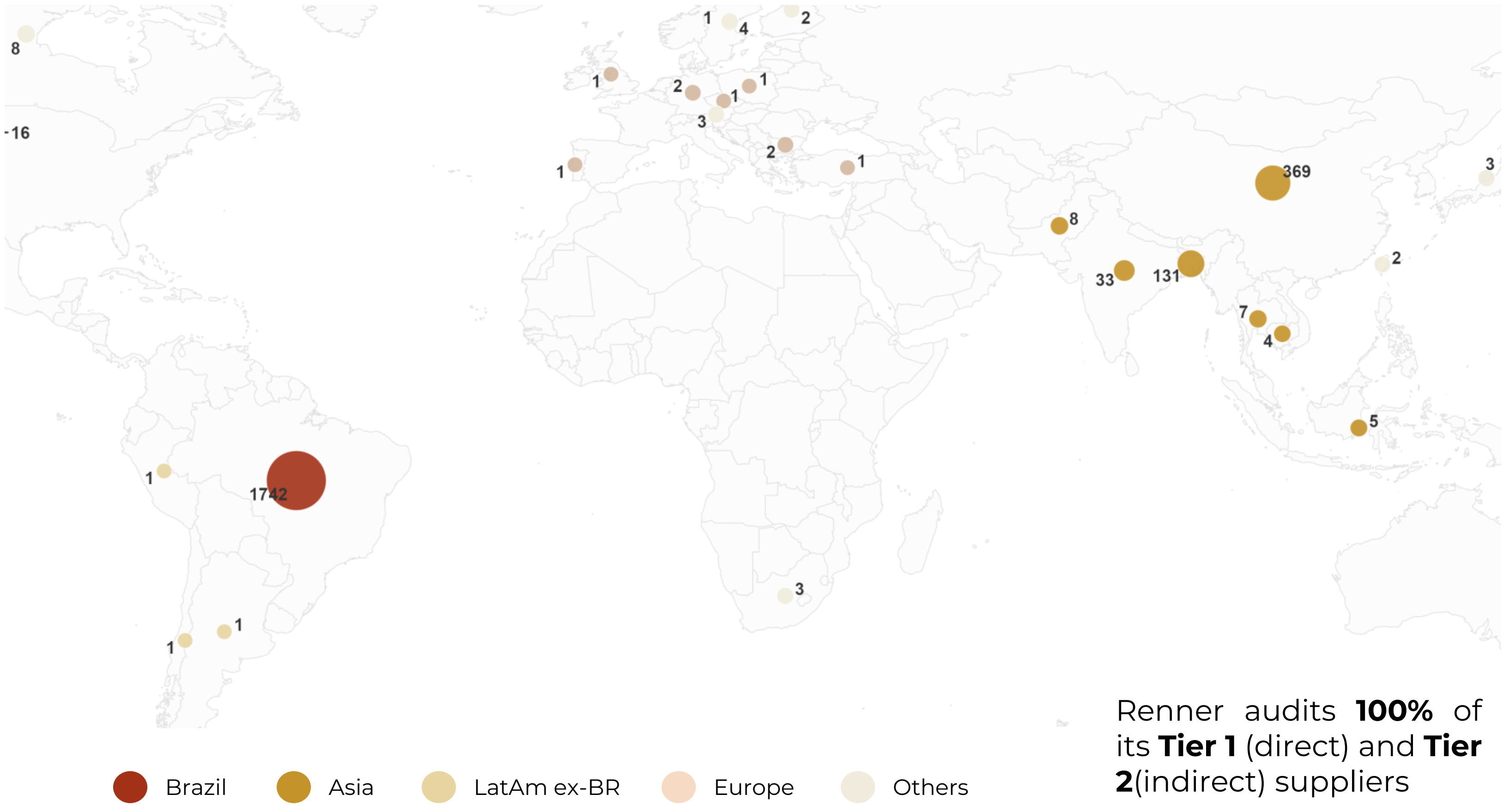
# Supply Chain

## Renner's supply chain is extensive

RENNER

A geographically concentrated Tier 1 & 2 network shapes Renner's supply-chain risk profile

# of Tier 1&2 suppliers by country (March of 2025)




Renner audits **100%** of its **Tier 1** (direct) and **Tier 2**(indirect) suppliers

### Apparel & Footwear

# of suppliers

**57.7%** vs. **42.3%**
Brazil International

Production volume

**59.0%** vs. **41.0%**
Brazil International

### Home & Décor

# of suppliers

**33.7%** vs. **66.3%**
Brazil International

Production volume

**32.0%** vs. **68.0%**
Brazil International

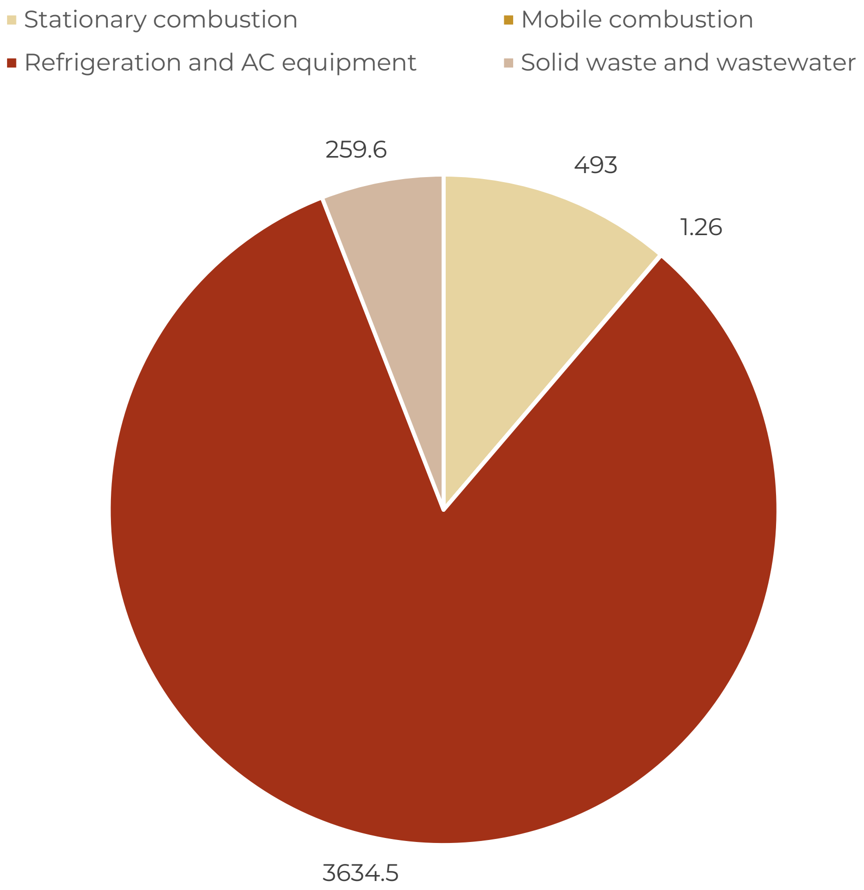
Source: Company, Team 2

# Operational Emissions

## Scopes 1 + 2 Emissions have been reduced throughout the years

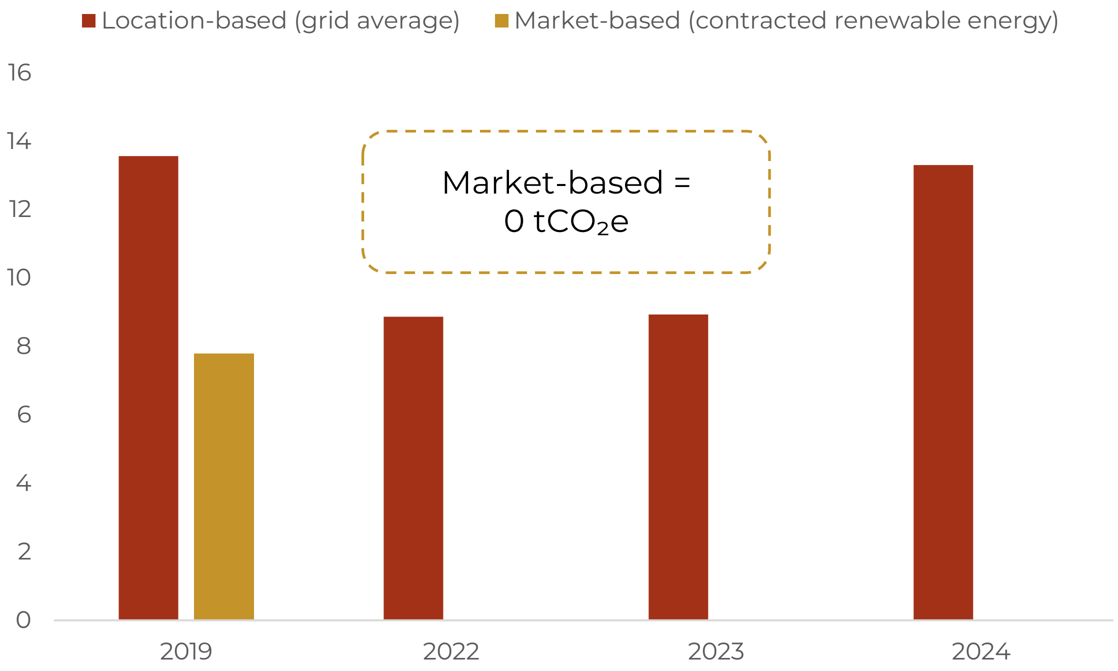
### Scope 1 is small and driven by refrigerant leaks from HVAC systems

Sources of Scope 1 GHG Emissions (tco₂e)




### Renewable electricity contracts eliminate market-based emissions

Comparison of Scope 2 GHG Metrics of Emissions (ktco₂e)




Market-based Scope 2 reflects Renner's renewable power contracts (I-RECs/PPA), resulting in **zero emissions**

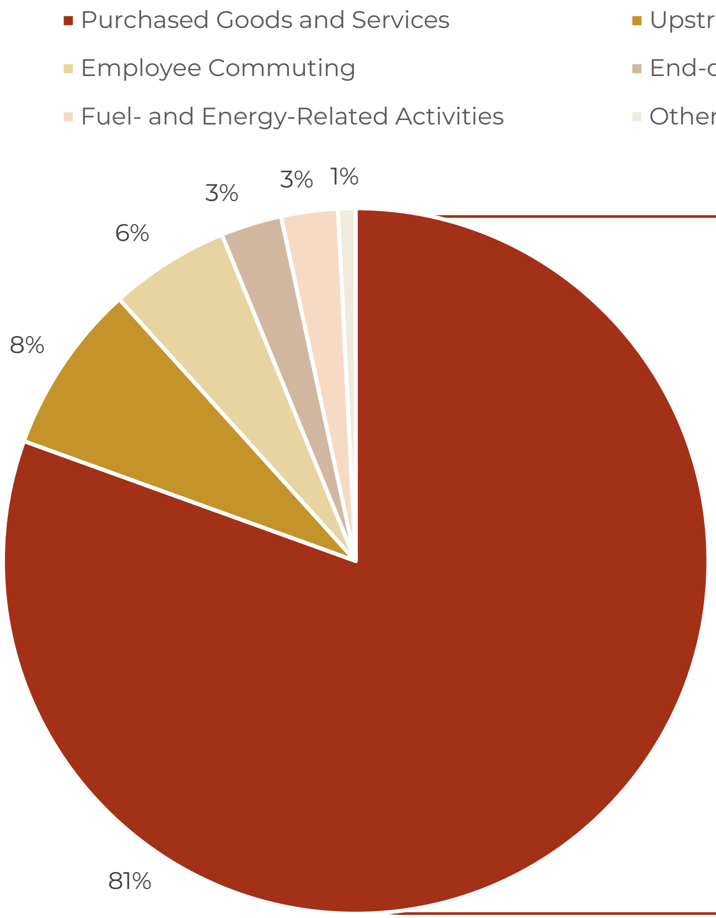
Source: Company filings

# Scope 3

## Scope 3 dominates emissions and remains the core decarbonization challenge

### Emissions concentrate in raw materials and manufacturing stages

Contribution of Scope 3 sources of GHG Emissions (%)



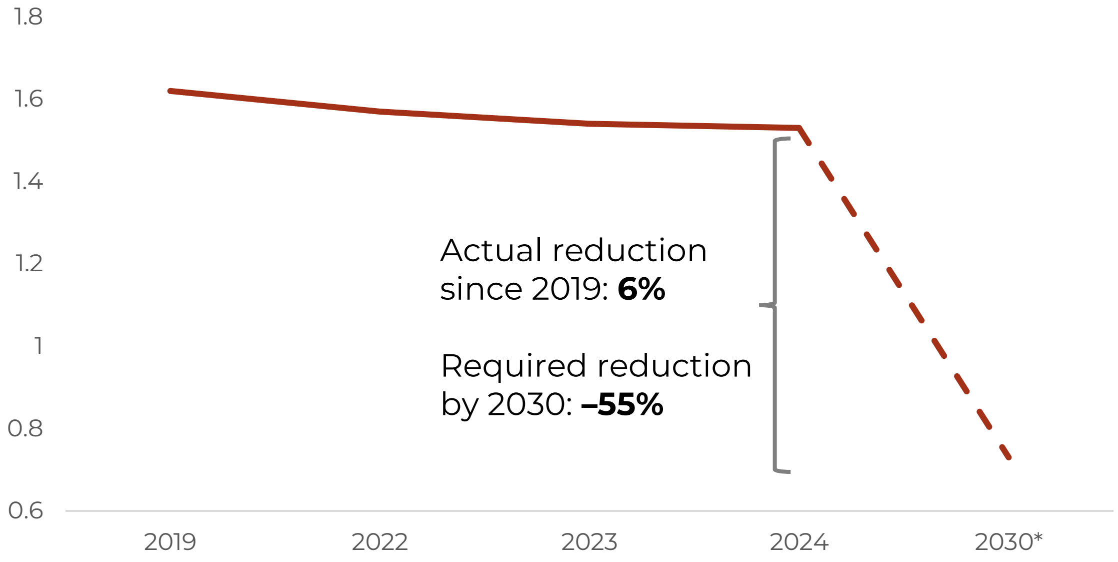

**81%**
Purchased goods and services

Supply chain is responsible by most emissions

Climate risk is embedded in **Raw Materials & Production** (Cotton/Viscose), not Logistics

### Progress is slow relative to the steep SBTi reduction path

Scope 3 Emission Intensity ($kgCO_2e$ per item) and 2030 SBTi-target




**1.53**
$kgCO_2e$ per item emitted in 2024

**391k**
$tCO_2e$ Scope 3 emitted in 2024

Scope 3 reductions depend on supplier data and process improvements across the value chain

Source: Company, Team 2

# ESG Index vs. Consensus

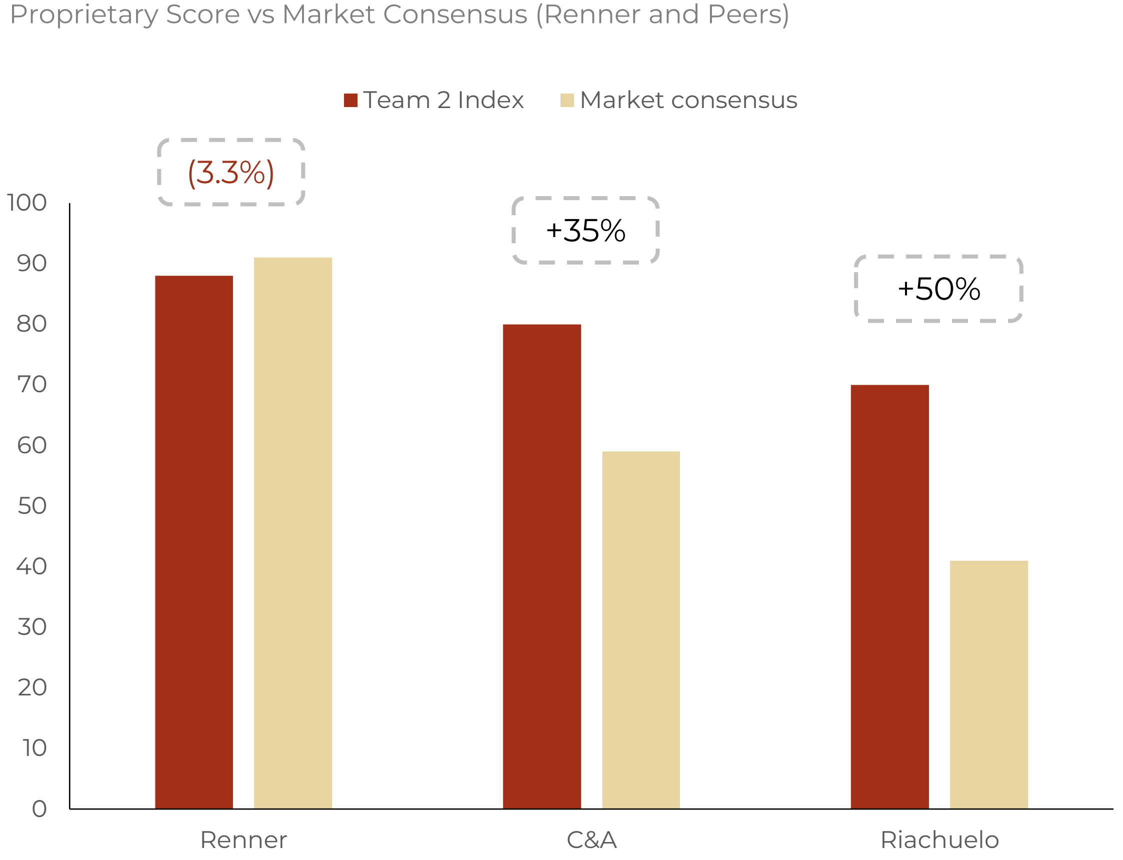
Global standout in E and S, but G deserves a closer look

| Score (0-5) | Key Points |
|---|---|
| 4.2 | • Scope 1 and 2 efficient<br>• Scope 3 (96%) remains risk<br>• SBTi-approved Net Zero target |
| 4.6 | • Aggressive 2030 diversity goals<br>• BRL +100M social investment<br>• 460k+ people benefited directly |
| 3.9 | • Benchmark 'on paper' structure<br>• 100% independent Board<br>• Pay for Performance misalignment |

Overall score: **4.4**

(out of 5)

Proprietary Score vs Market Consensus (Renner and Peers)




Renner has been **overvalued** in ESG by the market, while C&A and Riachuelo have been **undervalued**

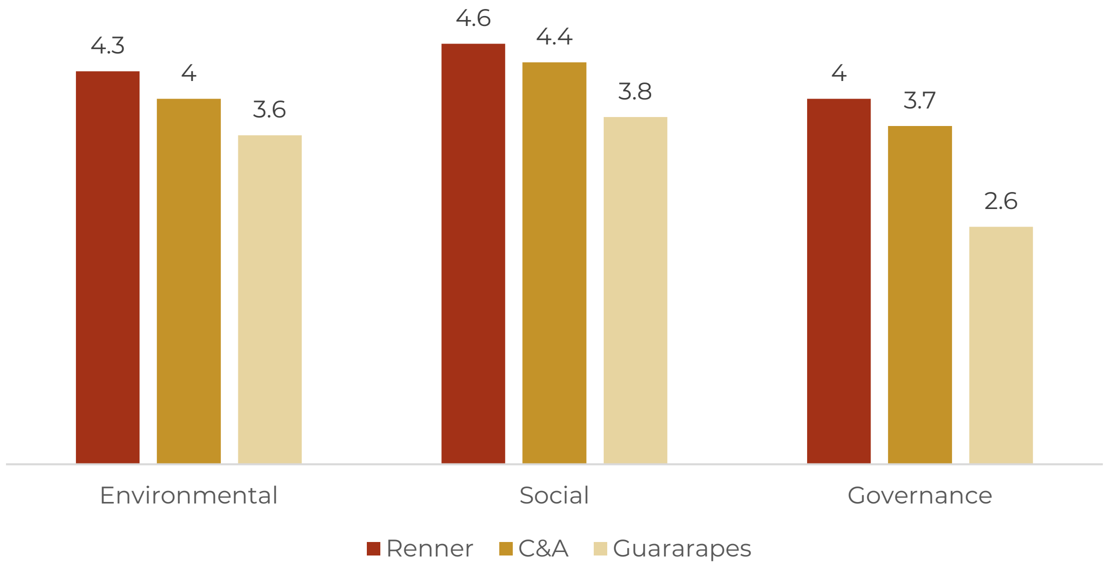
Source: LSEG, Team 2

# ESG Index Summary

Consolidated results and rationale

We compared Renner to its 2 main peers using available data

Companies' ESG Scores (0-5)




## Index build-up

**Current efforts** regarding the best business practices

Weight: 75%

+

**Future commitments** towards strategic ESG goals in Apparel

Weight: 25%

=

**Team 2 ESG Score**

To do so, we established weights and rationale for each ESG pillar

## Grading Criteria

**1 Environmental** — **Weight:** 25% of total efforts

1. Scope 1-3 emissions reporting quality
2. Sustainable fibers mix and targets
3. Supply chain compliance standards
4. Energy and water intensity reduction

**2 Social** — **Weight:** 25% of total efforts

1. Supply chain labor audit coverage
2. Leadership diversity and public targets
3. Workforce safety and injury reduction
4. Talent develop. and internal mobility

**3 Governance** — **Weight:** 25% of total efforts

1. Board independence and diversity
2. Executive pay linked to ESG
3. Minority shareholder rights protection
4. Pay policy clarity and rigor

**4 Future commitments** — **Weight:** 25% of the total score

1. SBTi-aligned decarbonization targets
2. Circular economy transition plan
3. Extended supply chain traceability goals
4. Fair living wage long-term pledges

Sources: SASB, Team 2

# ESG Index Breakdown

## Proprietary Index scores, weights and rationale

| Index | Criteria | Weight | Renner | C&A | Riachuelo | Grade rationale | Mean | Median |
|---|---|---|---|---|---|---|---|---|
| | **ESG Score** | | **4.4** | **4.0** | **3.2** | | 3,9 | 4,0 |
| **E** | **Environmental** | | | | | | | |
| E1 | Climate & Emissions (GRI 305) | 10% | 4.3 | 3.8 | 3.7 | Emissions reporting quality (Scopes 1-3) and alignment of reduction targets (SBTi). | 3,9 | 3,8 |
| E2 | Sustainable Fibers Mix (GRI 301) | 6% | 4.2 | 4.5 | 3.4 | Penetration of sustainable fibers (certified/recycled) in total mix and clarity of 2030 targets. | 4,0 | 4,2 |
| E3 | Energy & Water Intensity (GRI 302, 303) | 4% | 4.5 | 3.2 | 3.6 | Intensity and reduction trajectory for energy and water consumption. | 3,8 | 3,6 |
| E4 | Chemicals & Effluents (ZDHC) (GRI 306) | 3% | 4.2 | 4.0 | 3.5 | Supply chain (Tiers 1-2) compliance with chemical/effluent standards (ZDHC). | 3,9 | 4,0 |
| E5 | Circularity & Waste (GRI 2-23, 2-27) | 2% | 4.5 | 4.5 | 3.3 | Effectiveness of operational waste management and post-consumer circularity programs. | 4,1 | 4,5 |
| **S** | **Social** | | | | | | | |
| S1 | Supply-chain Labor Compliance (GRI 414-1, 408-1, 409) | 10% | 4.7 | 4.3 | 3.9 | Supply chain due diligence: audit coverage (% ABVTEX), non-conformities, and transparency (Tier 1 list). | 4,3 | 4,3 |
| S2 | DE&I in Leadership (GRI 405-1, 405-2) | 6% | 4.5 | 4.5 | 2.8 | Representation of women & Black/indigenous people in leadership; clarity of public targets. | 3,9 | 4,5 |
| S3 | Worker Health & Safety (GRI 403) | 4% | 4.3 | 4.0 | 4.0 | Effectiveness of safety: TFIR/LTIFR rates, coverage, and Y-o-Y reduction. | 4,1 | 4 |
| S4 | Learning & Mobility (GRI 404) | 3% | 4.2 | 3.8 | 3.3 | Investment in talent: average training hours per employee and internal promotion rates. | 3,8 | 3,8 |
| S5 | Community & Customer Impact (GRI 413-1, 203-1) | 2% | 4.8 | 4.8 | 4.5 | Community investment ($/beneficiaries), social programs, and product safety/recall performance. | 4,7 | 4,8 |
| **G** | **Governance** | | | | | | | |
| G1 | Board Independence & Diversity (GRI 2-9, 405-1) | 8% | 4.5 | 4.0 | 2.2 | Board quality: % independence, CEO/Chair separation, and diversity (gender/race). | 3,6 | 4,0 |
| G2 | ESG Oversight & Pay Linkage (GRI 2-12/13, 2-19/20) | 4% | 3.7 | 3.5 | 2.0 | Incentive alignment: ESG Board Committee and % of executive variable pay linked to ESG. | 3,1 | 3,5 |
| G3 | Ethics and Business Conduct (Anti-corruption) (GRI 205) | 2% | 4.6 | 4.0 | 3.3 | Robustness of anti-corruption training and whistleblower channel effectiveness. | 4,0 | 4,0 |
| G4 | Shareholder rights & capital structure (GRI 2-24, 2-25) | 4% | 4.6 | 3.8 | 2.3 | Minority shareholder protection: capital structure (1 share=1 vote) and RPT policy | 3,6 | 3,8 |
| G5 | Transparency & Reporting Quality (GRI 2, 3) | 2% | 4.5 | 4.0 | 3.4 | Reporting quality: Level of external assurance and adherence to GRI/SASB/IFRS. | 4,0 | 4,0 |
| G6 | Pay for Performance Discipline (GRI 2-19, 2-20) | 5% | 2.7 | 3.1 | 2.0 | Pay policy clarity and rigor of executive performance targets. | 2,6 | 2,7 |
| **FC** | **Future commitments** | | | | | | | |
| FC1 | Long-Term Decarbonization Strategy | 8% | 4.7 | 4.3 | 4.0 | Ambition and credibility of long-term decarbonization targets (e.g., validated SBTi). | 4,3 | 4,3 |
| FC2 | Transition to a Circular Economy | 8% | 4.8 | 4.3 | 3.0 | Commitment level (clear targets, $ invested) to a circular economy transition. | 4,0 | 4,3 |
| FC3 | Commitment to a Transparent and Fair Supply Chain | 8% | 4.7 | 4.1 | 3.0 | Commitment to supply chain traceability (beyond Tier 1) and fair pay (living wage). | 3,9 | 4,1 |

Source: Company filings, Team 2

# ESG Index Results

## Pillar-by-pillar comparison with peers

Renner is ahead of its peers in every single ESG aspect

ESG Scoreboard weighted results

| | RENNER | C&A | Guararapes |
|---|---|---|---|
| Environmental | 4.3 | 4.0 | 3.6 |
| Social | 4.5 | 4.4 | 3.6 |
| Governance | 4.0 | 3.7 | 2.3 |
| Present effort (75%) | 4.3 | 4.0 | 3.1 |
| Future effort (25%) | 4.7 | 4.2 | 3.3 |
| **ESG Score** | **4.4** | **4.1** | **3.2** |

**Methodology:** Our proprietary ESG index is built upon publicly available sustainability data for the Brazilian fashion retail sector. The framework's criteria are defined by the Global Reporting Initiative (GRI) standards to ensure comprehensive and consistent disclosure analysis. To more accurately capture the sector-specific dynamics, the index introduces a risk-adjustment methodology. Each criterion is assigned a specific weight based on its materiality to the "Apparel, Accessories & Footwear" industry, as defined by the Sustainability Accounting Standards Board (SASB). This weighted-average approach results in a final score that reflects each company's performance on the ESG issues most significant to their operations and long-term value creation.

| Rating | Position | Description |
|---|---|---|
| 1 | Laggard | No evidence of action or disclosure; significant gap versus industry practice or regulation. |
| 2 | Emerging | Initial efforts are visible but lack structure, targets, or significant results. |
| 3 | Average | Performance meets industry benchmarks or minimum regulatory requirements; consistent effort is demonstrated. |
| 4 | Outstanding | Shows above-average dedication and superior results; proactive management and clear strategic integration. |
| 5 | Sector leader | Sets the benchmark through innovation and exemplary performance; demonstrates clear leadership and positive outcomes that create a competitive advantage. |

Source: Companies, Team 2

# Financial Analysis

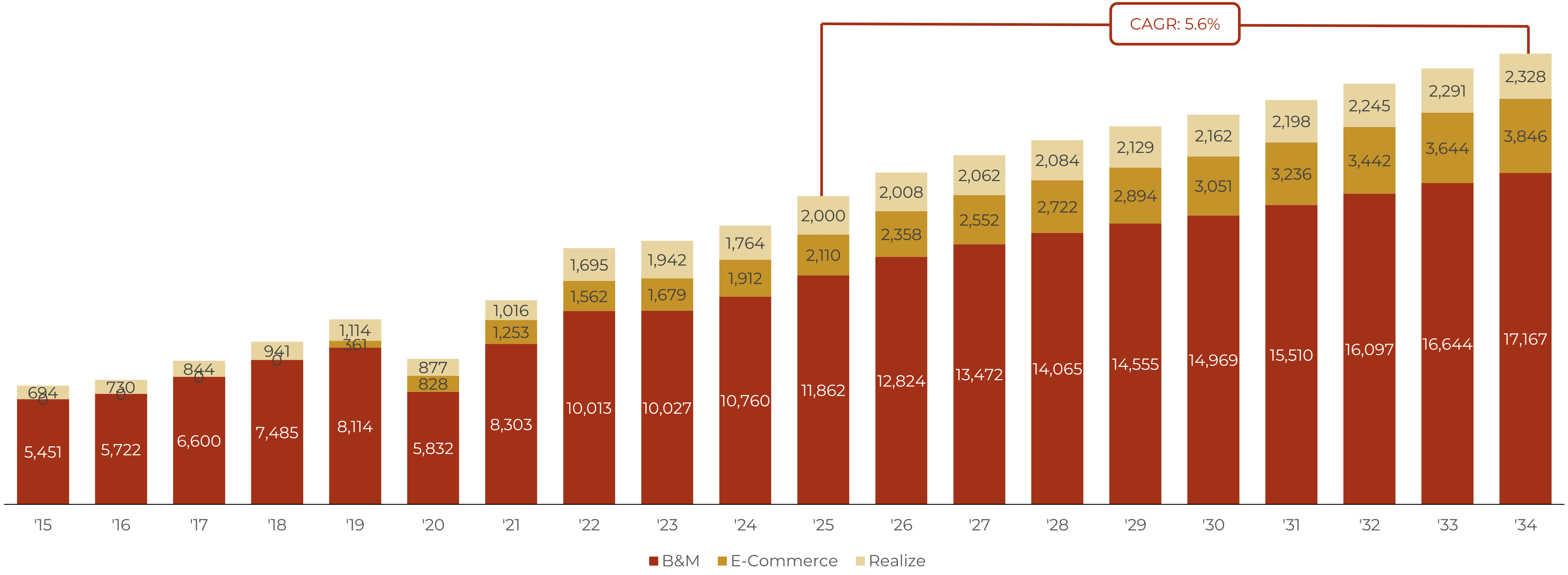
# Revenue Forecast

We estimate Renner will have a consistent growth in revenue

RENNER

We projected a CAGR of 5.6% until 2034, driven by ticket growth and store openings

Net Revenue Evolution (BRL mm)



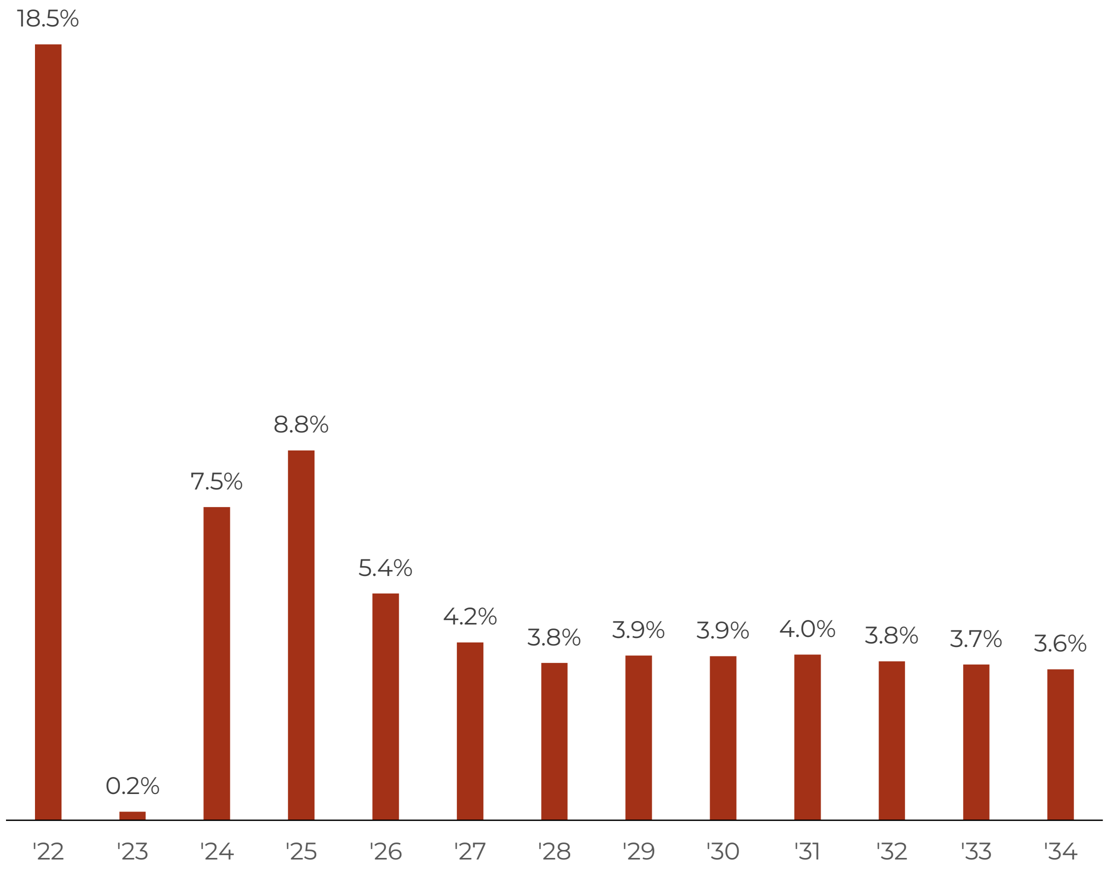

Source: Team 2

# Operational Metrics

## We estimate Renner a decreasing SSS on inflation guided prices

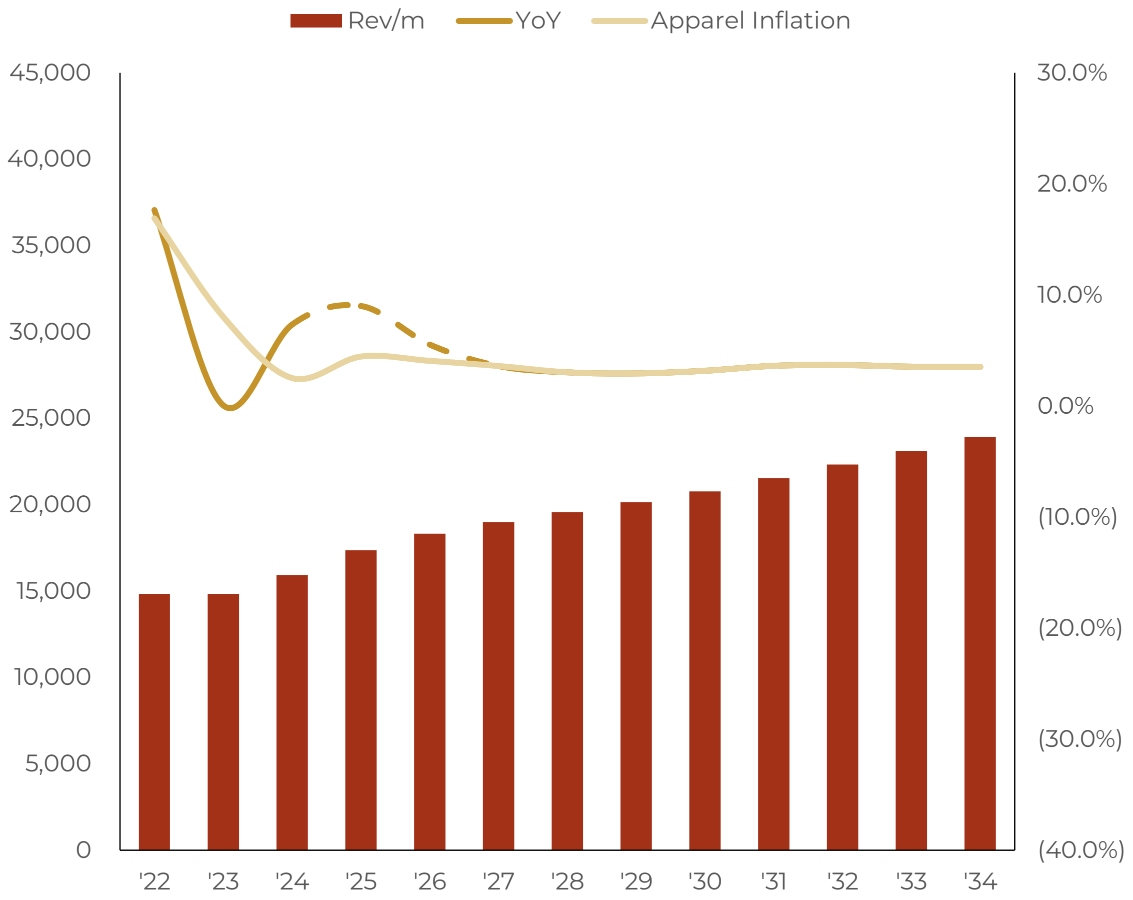
### Same Store Sales in line with Brazil long term Inflation

Same Store Sales (%)




### Revenue / m² indexed on apparel inflation

Revenue / m² (BRL), YoY (%) and Apparel Inflation (%)




Source: Team 2

# Return on Invested Capital

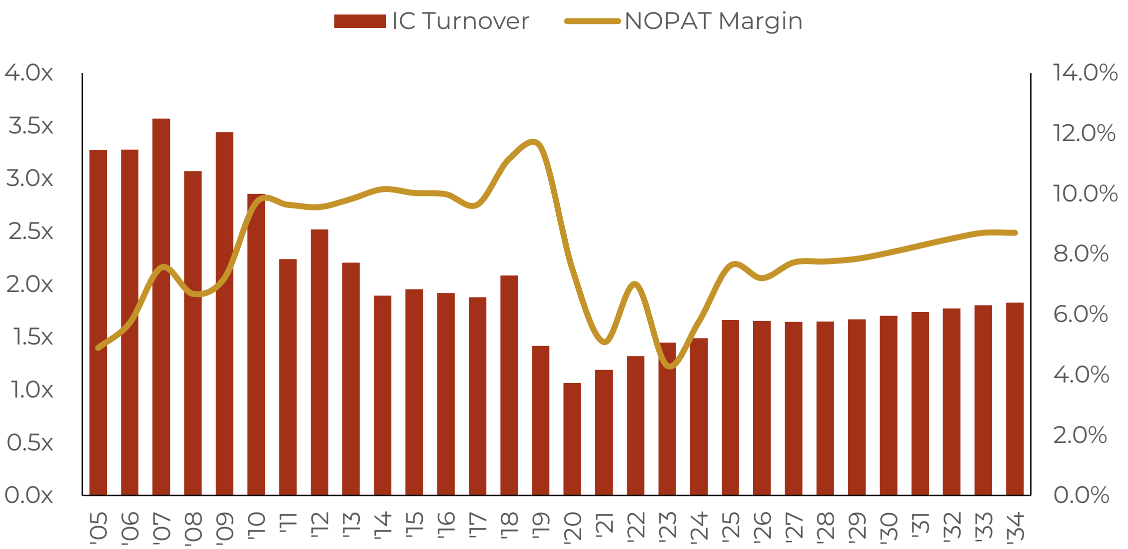
Renner ROIC will not comeback to 'golden years' level

## Renner dupont ROIC changed profile over the years

IC Turnover (x) x NOPAT Margin (%)

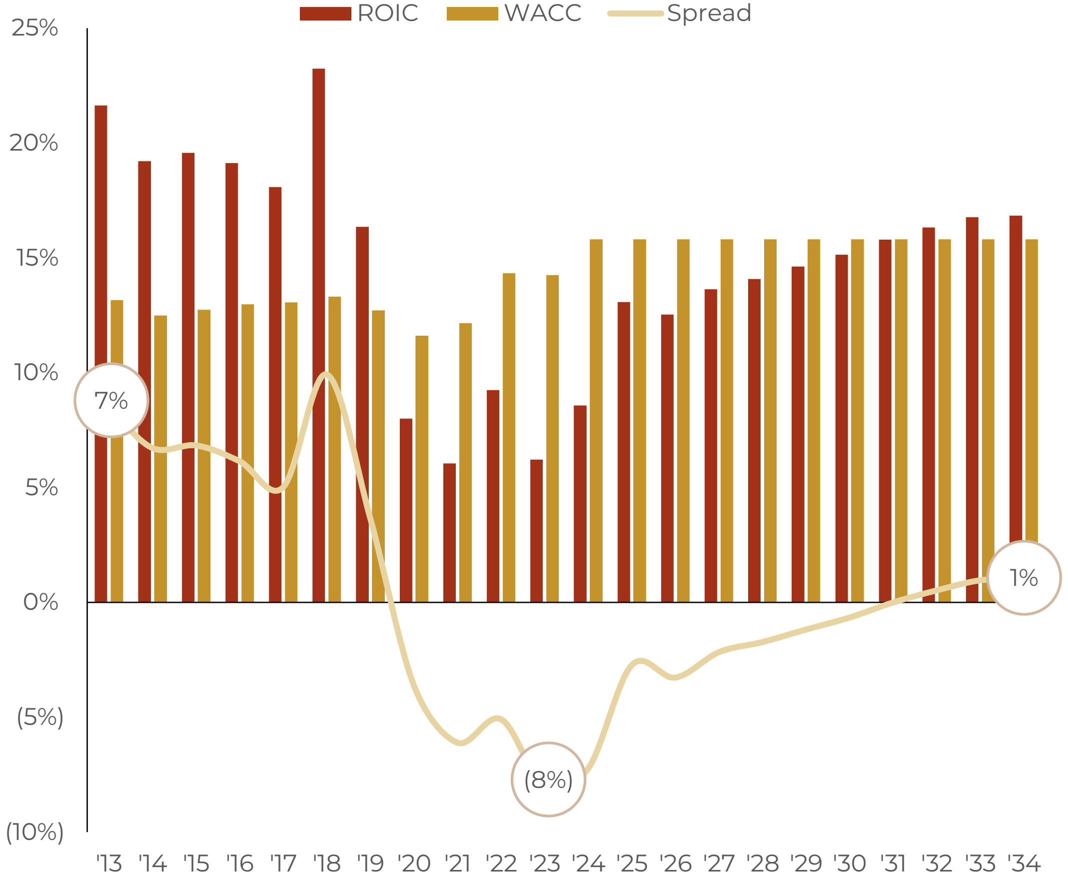
**1.** We calculated the ROIC using adjusted NOPAT as a fraction of Invested Capital

**2.** For the Invested Capital, we calculated through the **Asset-Side**




## ROIC will return above WACC in the last years of forecast

ROIC vs WACC Spread (%)



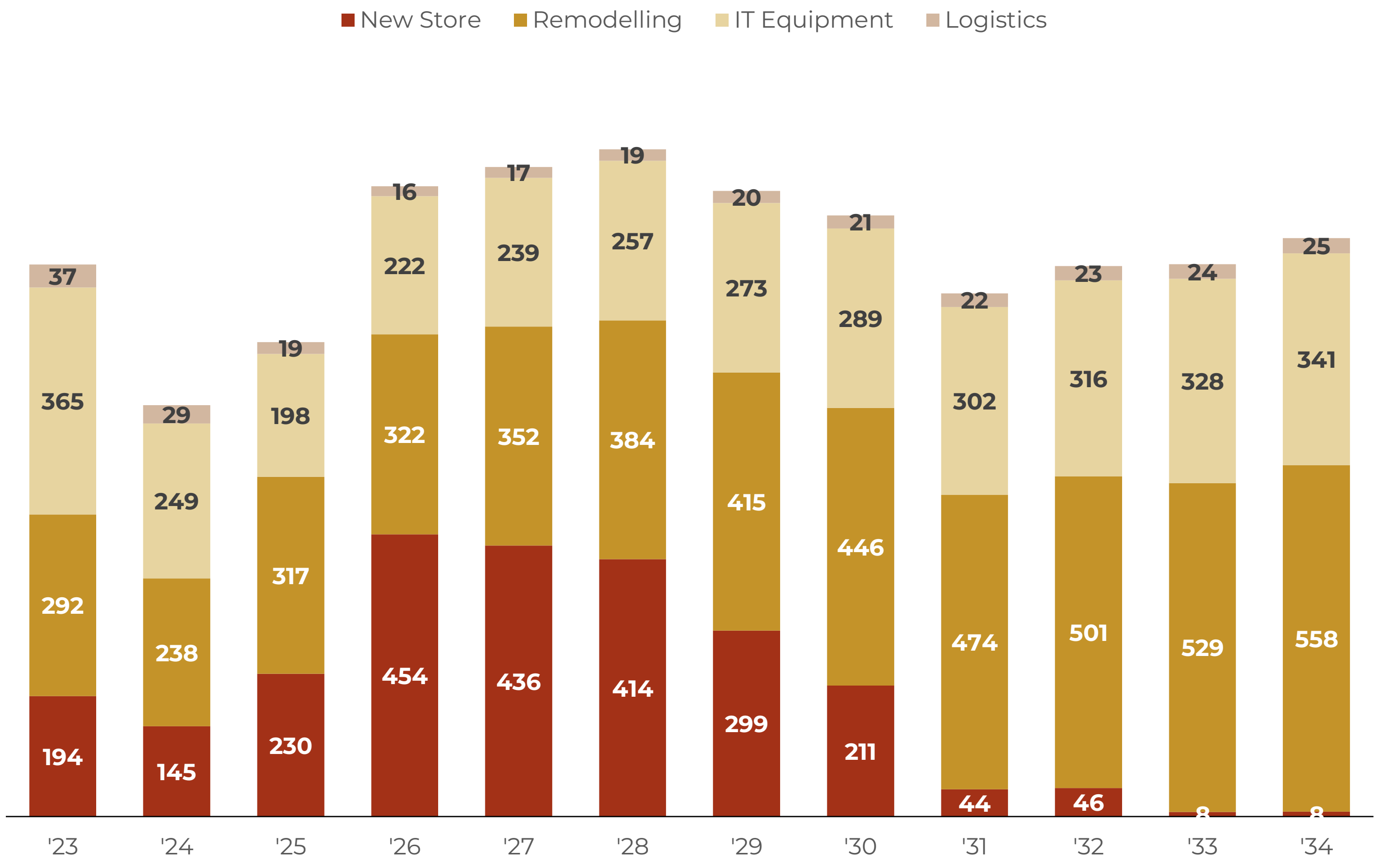

Source: Team 2

# CapEx Forecast

## Transitioning from expansion to maintenance over the years

We projected a normalization of expansion CapEx post 2030, driven by the unavailability of POS for opening Renner stores

CapEx Breakdown (BRL mm)




| Capital Expenditures | Approach | Indexed to |
|---|---|---|
| **New Stores** | Per net square meter added | INCC[1] |
| **Remodelling** | Per mature square added | INCC[1] |
| **IT Equipment** | % of Revenue | - |
| **Logistics** | % of Revenue | - |

Note: INCC is the equivalent of Producer Price Index: Construction Materials for Brazil. Source: Team 2

# Working Capital

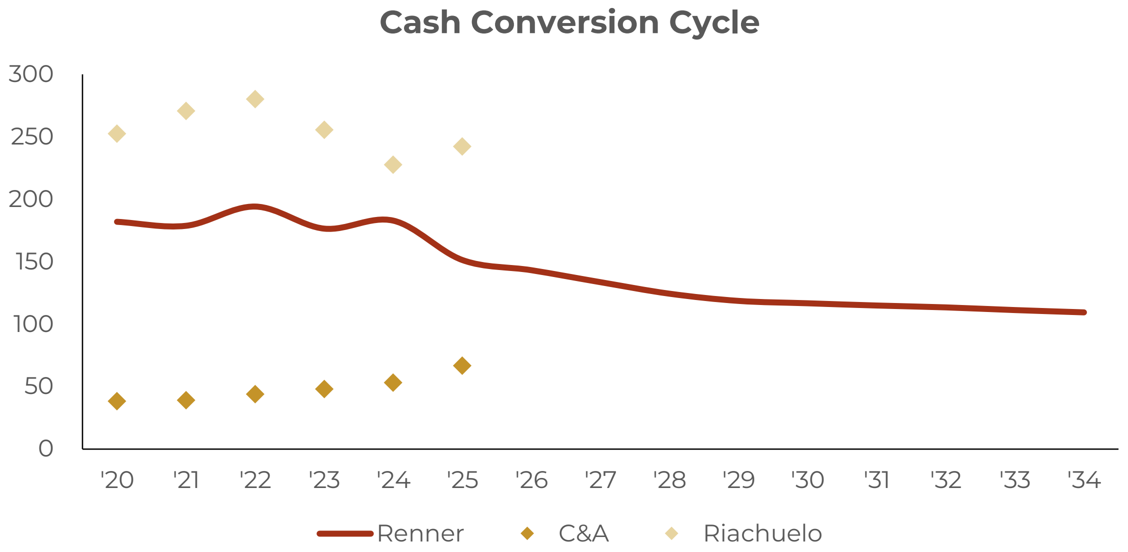
## Renner maintains a competitive cash conversion cycle

RENNER

- Renner maintains a good level of cash conversion cycle, just behind C&A but well ahead of Riachuelo.

- Our projection for the company's Cash Conversion Cycle (CCC) is aligned with its **current state and management expectations** for inventory (Turnover = 4.0x). For DSO, the reduction is due to **less penetrated Realize on Renner**.

- This leads us to retain a certain level of skepticism when evaluating any signs of improvement in its Working Capital.




| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CCC** | **176** | **183** | **151** | **143** | **134** | **124** | **119** | **117** | **115** | **113** | **111** | **109** |
| DSO | 178 | 175 | 158 | 158 | 157 | 155 | 153 | 151 | 149 | 148 | 146 | 144 |
| DIO | 119 | 124 | 118 | 110 | 102 | 94 | 90 | 90 | 90 | 90 | 90 | 90 |
| DPO | 120 | 116 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |

Source: Team 2

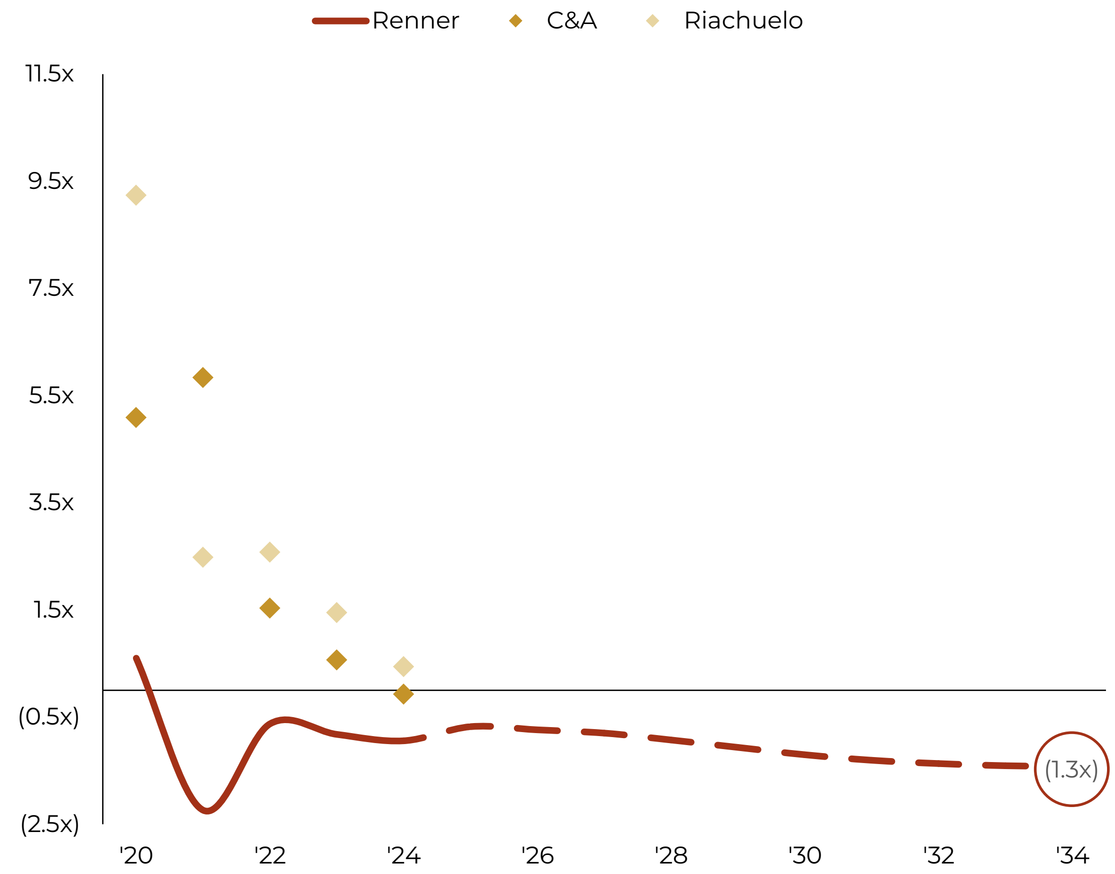
# Debt And Capital Structure

We see Renner in a net cash position, surpassing peers

RENNER

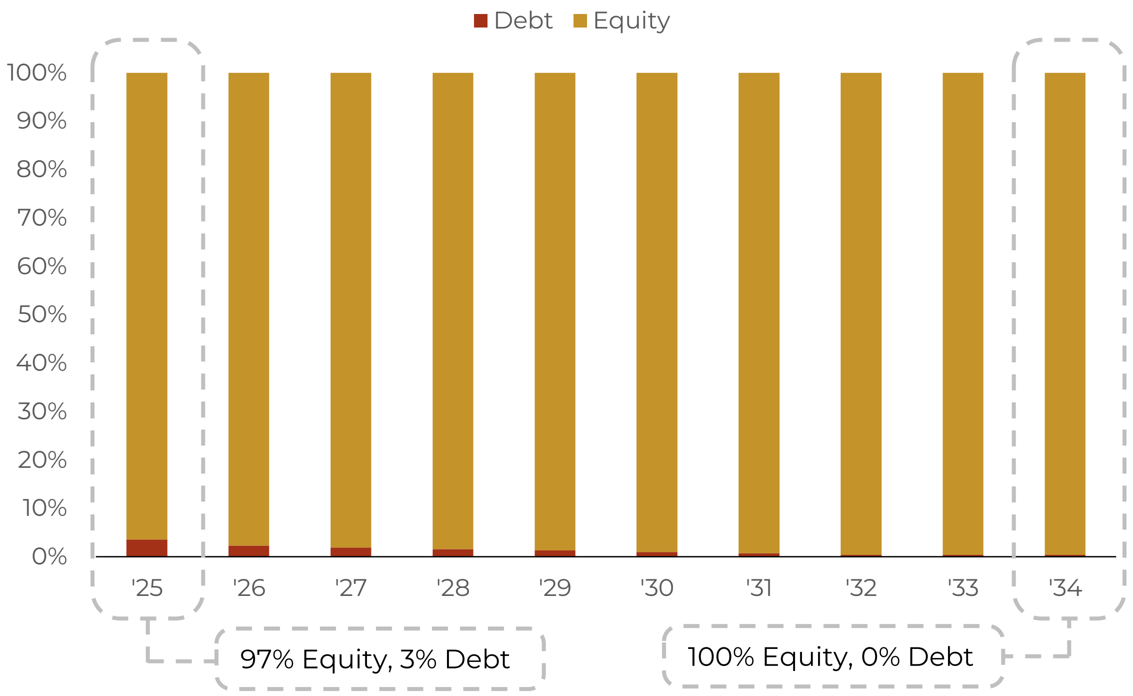
## Renner has the lowest Net Debt / EBITDA[1] among main peers

Net Debt / EBITDA[1] (x)




## We expect the company to be 100% Equity by 2032

Rolling Capital Structure (%)




"The Company's Management believes that the **Company's capital structure is adequate for its business model**"

*Reference Form, as of 19/11/2025*

Note (1): Disregarding IFRS16 effects. Source: Company, Team 2

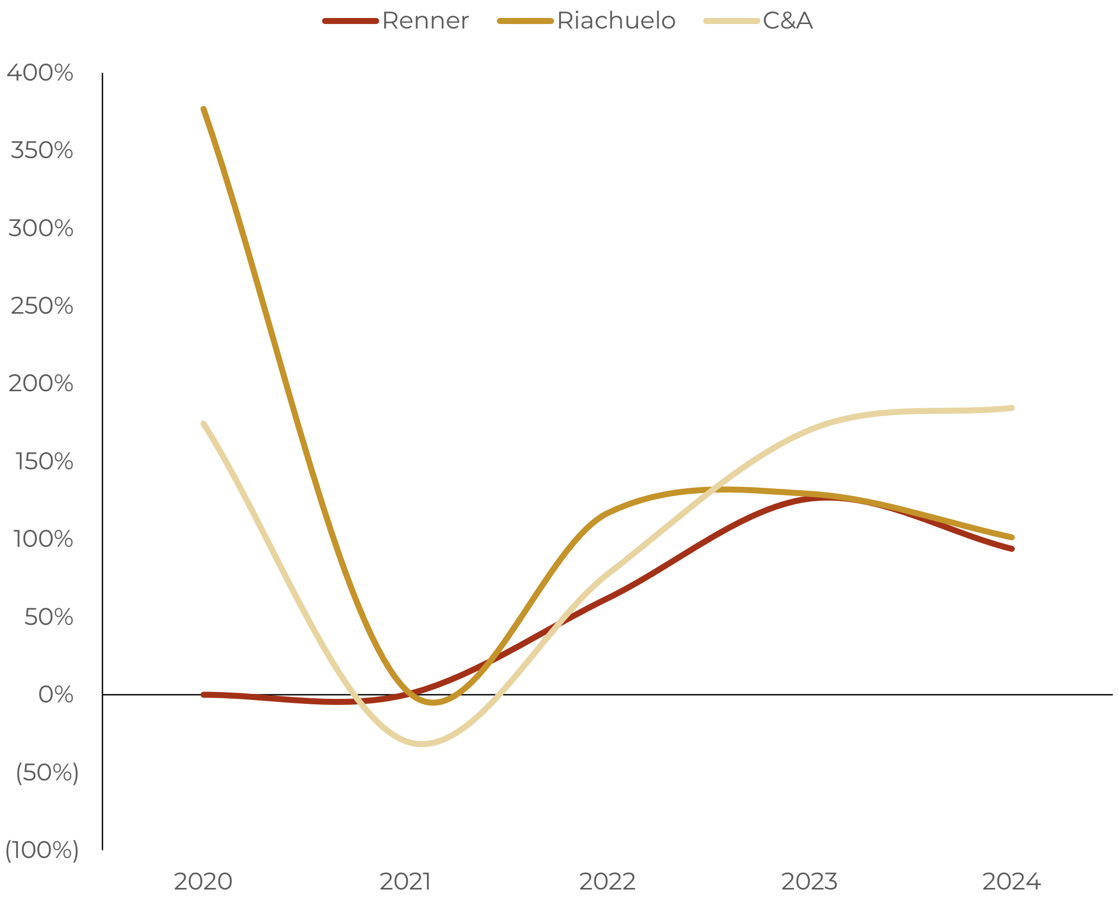
# Cash Generation

Renner generates a lot in cash

RENNER

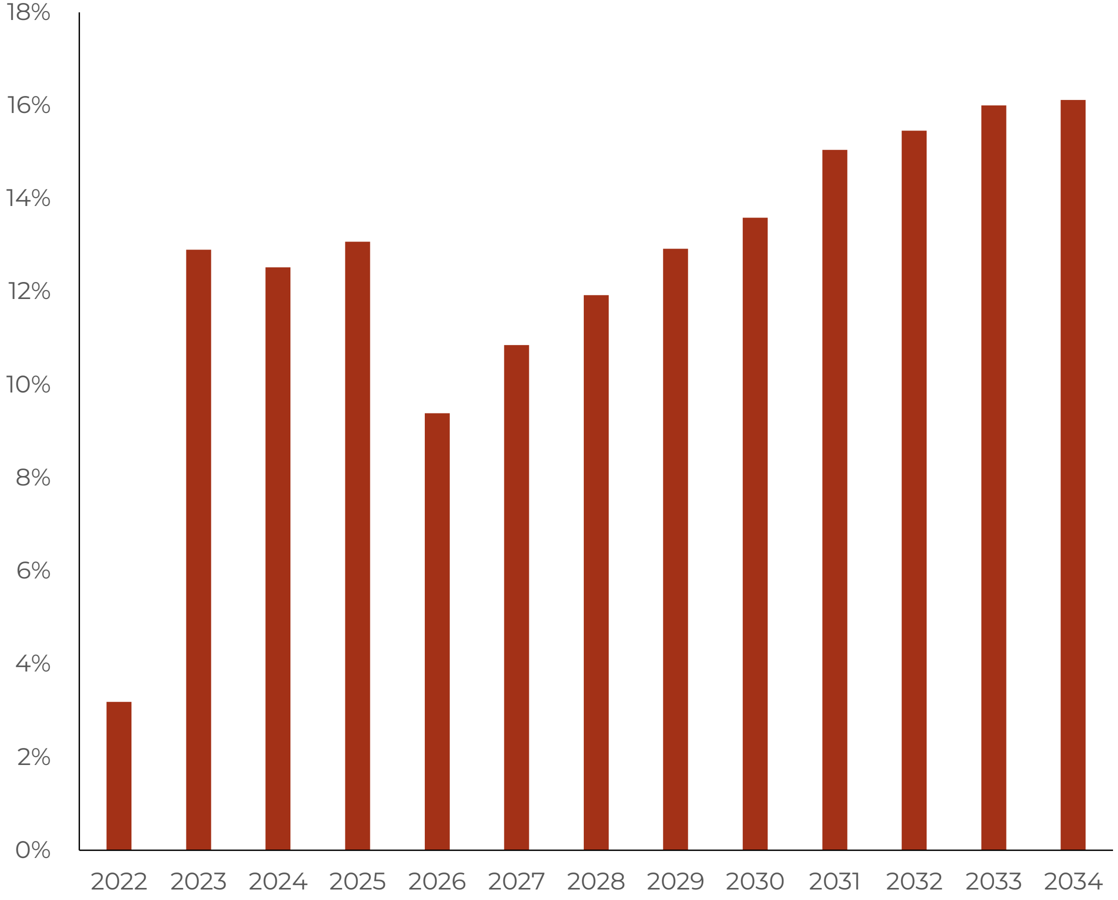
EBITDA cash conversion still high

CFO/EBITDA (%)




With a significantly high FCF Margin

FCF Margin (%)



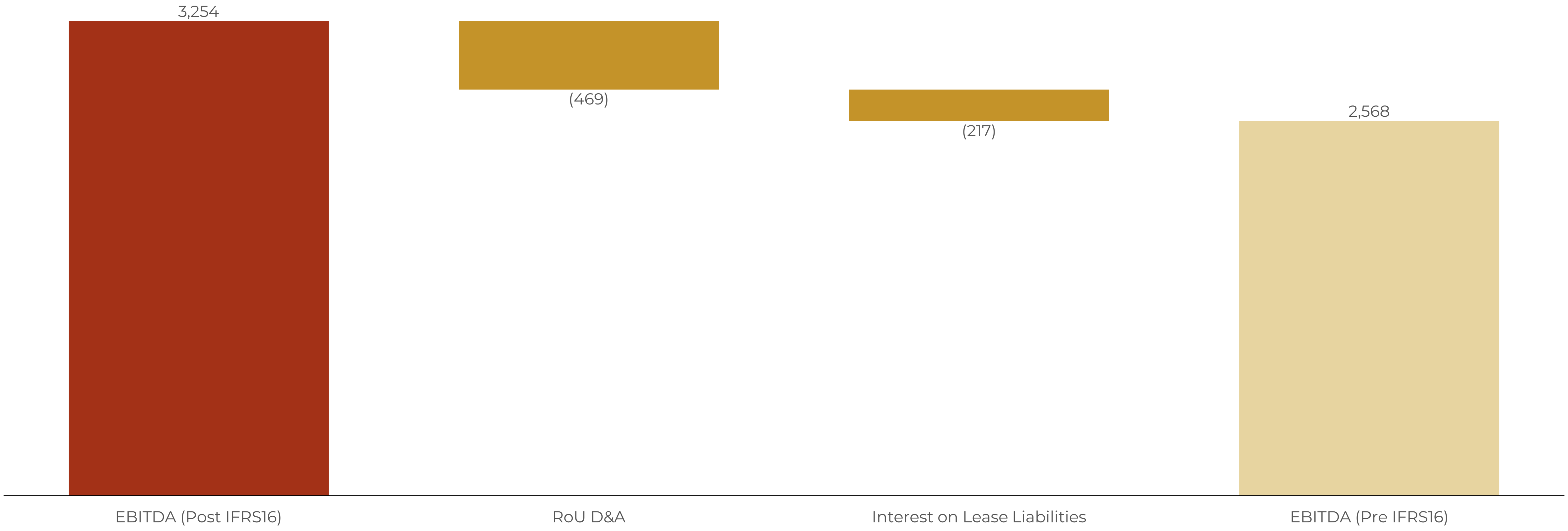

Source: Team 2

# Adjusted EBITDA

We adjusted the EBITDA to reflect operational expenses from lease liabilities

2026 EBITDA pre IFRS-16 build-up

(BRL mm)




Source: Team 2

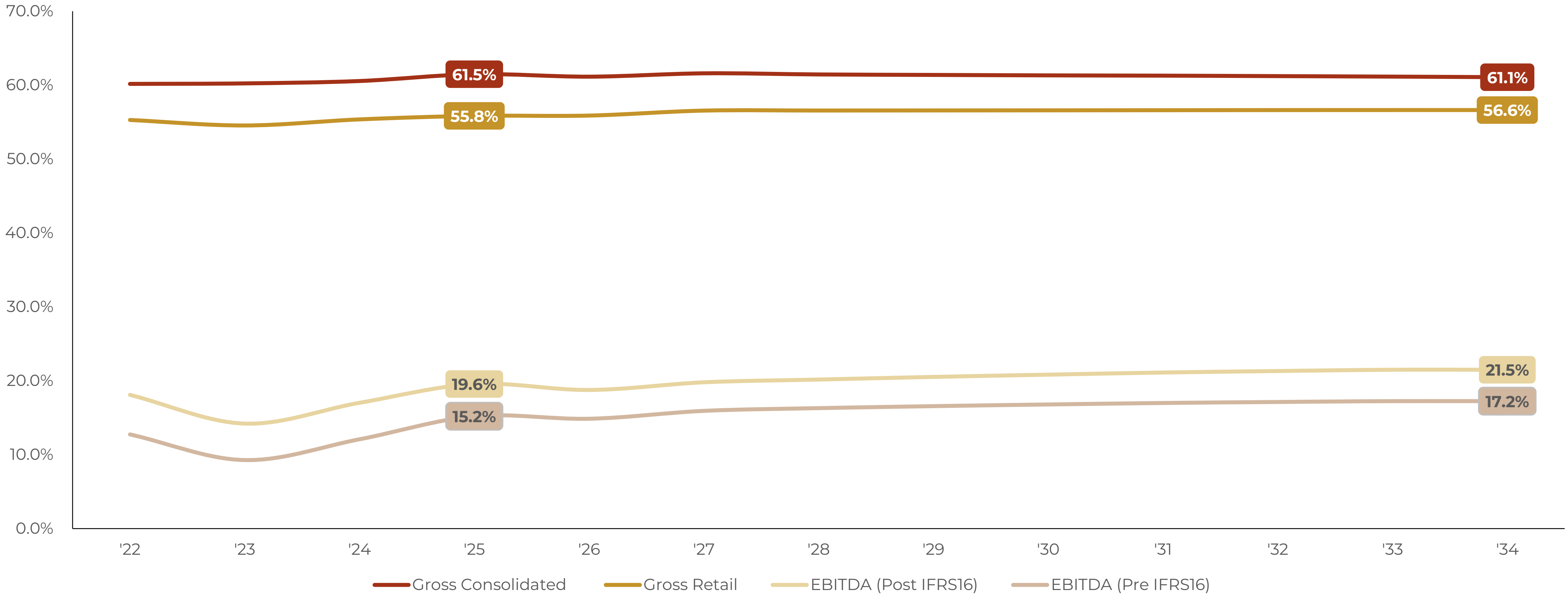
# Renner Margins Breakdown

Analysis of the company's key margins



## Margins Breakdown

Breakdown (%)




Source: Company, Team 2

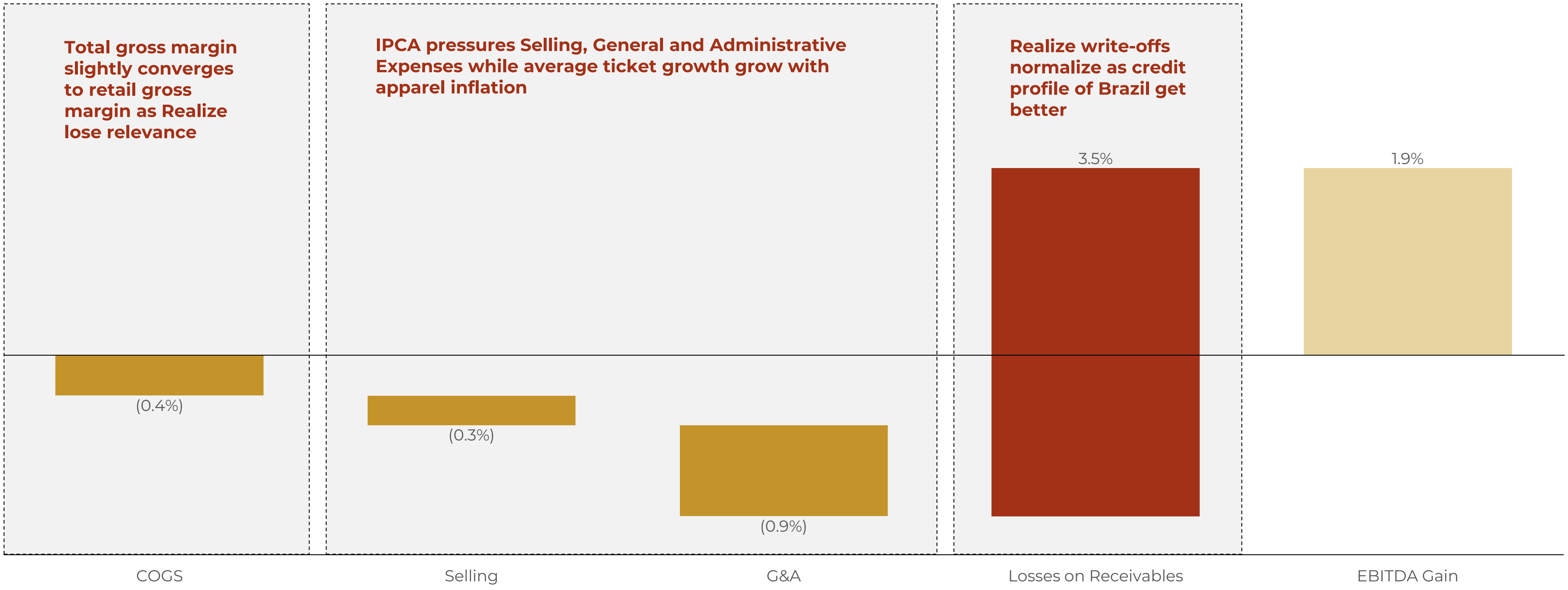
# EBITDA Margin Gain Breakdown

We expect Renner to gain 1.9% in EBITDA margin



Margin gain mostly driven by less losses on realize receivables

2024-2034E EBITDA Margin gain (%)



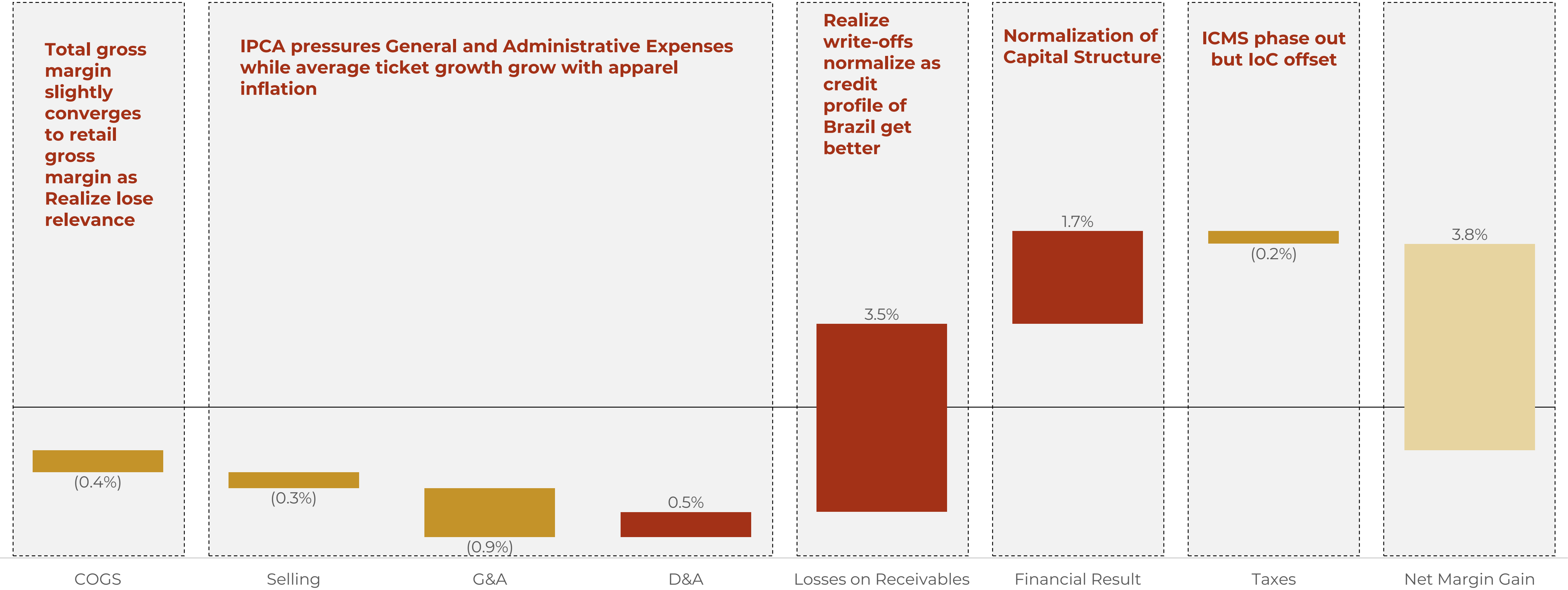

Source: Team 2

# Net Margin Gain Breakdown

## We expect Renner to gain 3.8% in net margin

Margin gain mostly driven by less losses on realize receivables and financial result

2025-2034E EBITDA Margin gain (%)



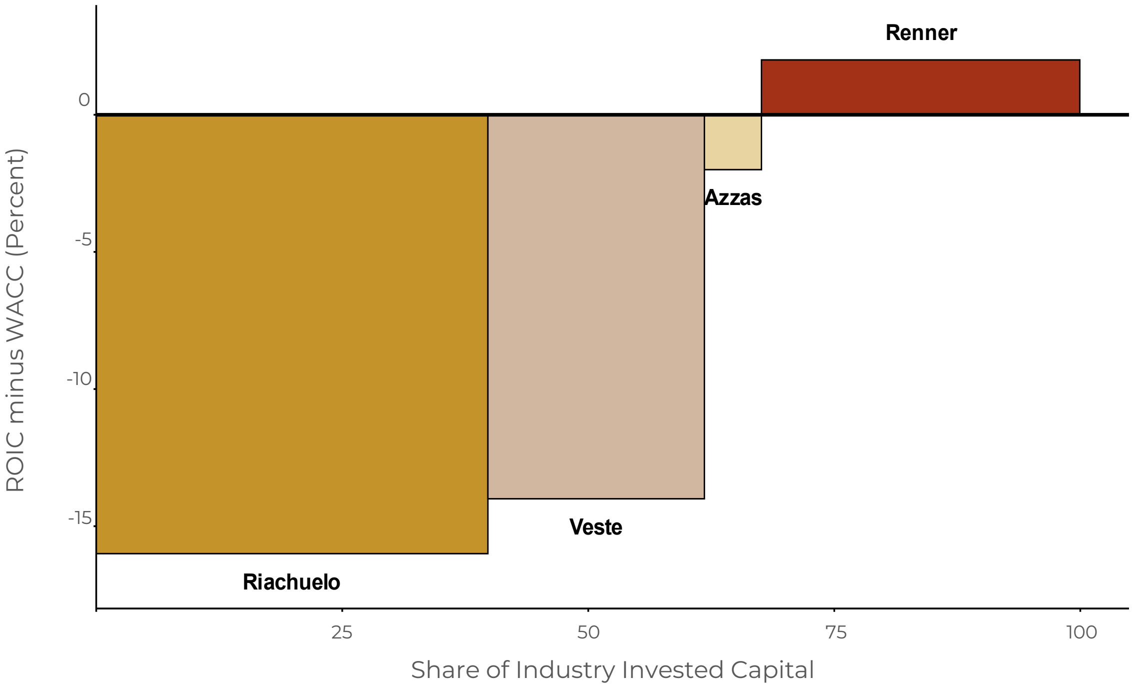

Source: Team 2

# Profit Pool

## ROIC analysis based on each company's invested capital

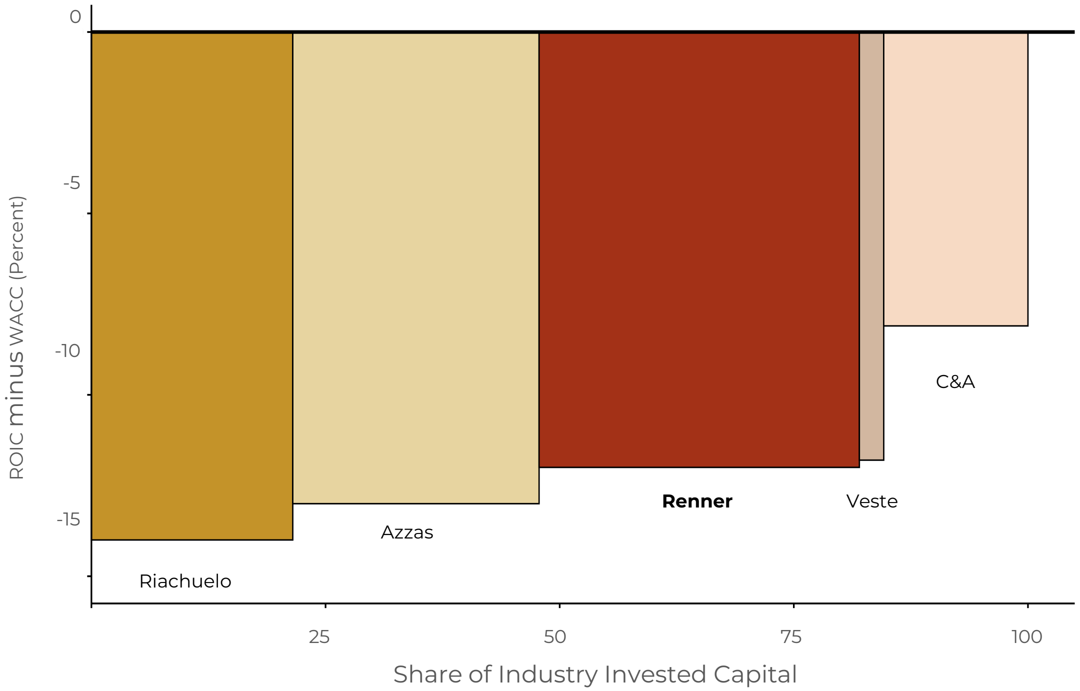
### In the past, only Renner generated value

ROIC spread in ‘15 (%)




### Currently, all companies have negative spreads

ROIC spread in ‘25 (%)




Source: Companies, Team 2

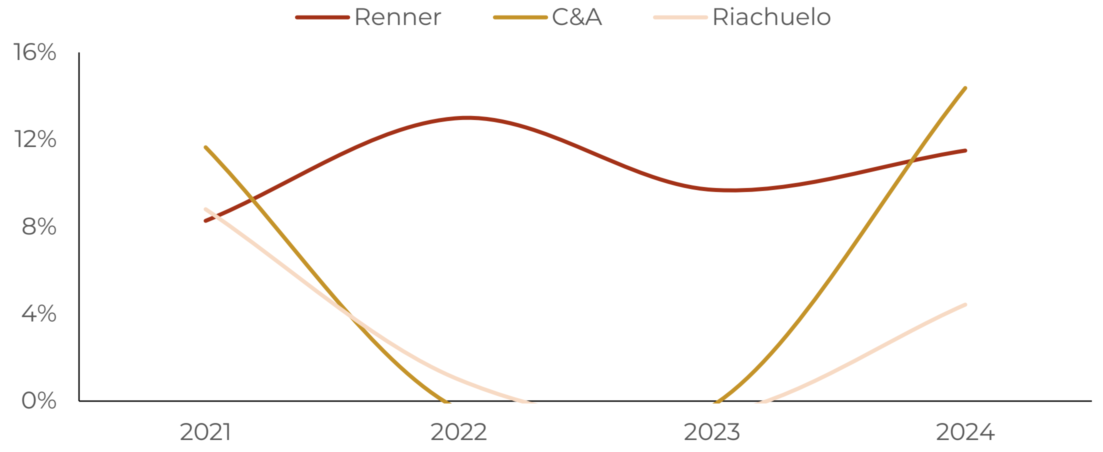
# 5-Step DuPont

## Renner favors of low leverage, but suffers with lower

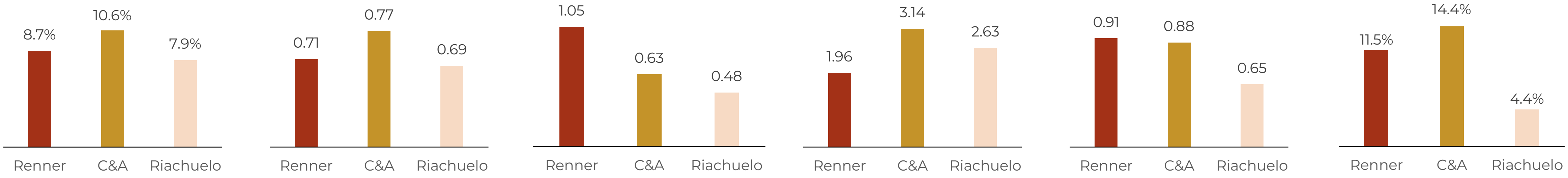
Currently, C&A leads returns as the whole sector present unfavorable ROE when compared to the current cost of capital

DuPont analysis highlights Renner's stability versus the higher-leverage models of C&A and Riachuelo. Renner's net-cash position protects its ROE against sector headwinds. While safer, we see returns normalizing with limited upside potential.

ROE (%)




EBIT Margin X Asset Turnover X Interest Burden X Equity Multiplier X Tax Burden = **ROE**




Source: Companies, Team 2

# Valuation & Risks

# How Did We Value Renner?

## Valuation methodologies

RENNER

### FCFF DCF

**EBIT**
(-) Cash Lease Payments
(+) D&A RoU Asset
**Adjusted EBIT**
(-) Taxes

**NOPAT**
(+) D&A (ex, RoU)
(-) CapEx
(-) Change in NOWC

**FCFF**

**WACC: 15.8%** **g: 3.5%**

**Target Price** = $\frac{\textbf{(EV – Net Debt)}}{\textbf{\# of Shares}}$

**Target Price: 12.3 BRL**

Downside: 18.1%

### Relative Valuation

| **2026 P/E** | **BR** *Tier 1* | **BR** *Tier 2* |
|---|---|---|
| Current P/E Median: | 8.0x | 6.0x |
| Tier Weight | 75% | 25% |
| **Weighted P/E:** | 6.0x | 1.5x |
| **Fair P/E:** | **7.5x** | |

**Equity value = Earnings 2026E * 7.5x**

**Target Price** = $\frac{\textbf{Equity Value}}{\textbf{\# of Shares}}$

**Target Price: 11.6 BRL**

Downside: 22.6%

### DDM

**Net Income**

| 2025 | 2029 | 2034 |
|---|---|---|
| 50% Payout → | 62% Payout → | 80% Payout |

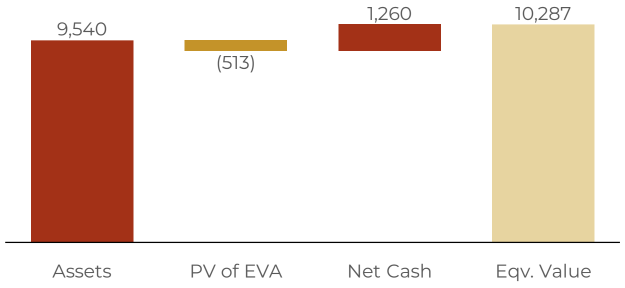
**Ke: 16.0%** **g: 3.5%**

**Target Price** = $\frac{\textbf{Equity Value}}{\textbf{\# of Shares}}$

**Target Price: 11.4 BRL**

Downside: 23.8%

### EVA Valuation




**WACC: 15.8%** **g: 3.5%**

**TV ROIC : 16.8%**

**Target Price** = $\frac{\textbf{Equity Value}}{\textbf{\# of Shares}}$

**Target Price: 10.4 BRL**

Downside: 30.5%

| | |
|---|---|
| % of Enterprise Value in Period | 61.8% |
| % of Enterprise Value in Perp | 38.2% |

| | |
|---|---|
| % of Enterprise Value in Period | 51.9% |
| % of Enterprise Value in Perp | 48.1% |

Source: Team 2

# Summary Of Operational And Financial Data

## We forecast slight margin gains

RENNER

All values in BRL mm

| Operational and Financial Data | | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **[BRL mm]** | **13,271** | **13,648** | **14,436** | **15,972** | **17,349** | **18,639** | **19,894** | **21,111** | **22,314** | **23,319** | **24,293** | **25,215** | **26,112** |
| Y/Y | [%] | | 2.8% | 5.8% | 10.6% | 8.6% | 7.4% | 6.7% | 6.1% | 5.7% | 4.5% | 4.2% | 3.8% | 3.6% |
| Gross Profit | [BRL mm] | 7,985 | 8,221 | 8,742 | 9,819 | 10,608 | 11,481 | 12,223 | 12,958 | 13,683 | 14,290 | 14,872 | 15,419 | 15,947 |
| EBITDA (pre IFRS16) | [BRL mm] | 1,753 | 1,430 | 1,937 | 2,454 | 2,579 | 2,969 | 3,243 | 3,498 | 3,748 | 3,963 | 4,162 | 4,348 | 4,468 |
| Net Income | [BRL mm] | 1,292 | 976 | 1,197 | 1,438 | 1,536 | 1,798 | 2,009 | 2,260 | 2,504 | 2,750 | 2,981 | 3,193 | 3,343 |
| Margins | | | | | | | | | | | | | | |
| Gross Margin | [%] | 60.2% | 60.2% | 60.6% | 61.5% | 61.1% | 61.6% | 61.4% | 61.4% | 61.3% | 61.3% | 61.2% | 61.2% | 61.1% |
| **EBITDA[1]** | **[%]** | **13.2%** | **10.5%** | **13.4%** | **15.4%** | **14.9%** | **15.9%** | **16.3%** | **16.6%** | **16.8%** | **17.0%** | **17.1%** | **17.2%** | **17.2%** |
| Net Margin | [%] | 9.7% | 7.2% | 8.3% | 9.0% | 8.9% | 9.6% | 10.1% | 10.7% | 11.2% | 11.8% | 12.3% | 12.7% | 12.8% |
| Operations | | | | | | | | | | | | | | |
| Same Store Sales | [%] | 18.5% | 0.2% | 7.5% | 8.8% | 5.4% | 4.2% | 3.8% | 3.9% | 3.9% | 4.0% | 3.8% | 3.7% | 3.6% |
| Sales Area Adj for Mat. | [m] | 790,886 | 792,949 | 798,097 | 810,617 | 843,737 | 873,379 | 904,719 | 930,284 | 953,373 | 964,935 | 974,323 | 980,409 | 983,219 |
| Productivity | [BRL] | 16,780.1 | 17,211.5 | 18,088.5 | 19,703.3 | 20,562.5 | 21,341.0 | 21,988.9 | 22,693.2 | 23,405.0 | 24,165.9 | 24,933.6 | 25,718.9 | 26,557.5 |
| Y/Y | [%] | | 2.6% | 5.1% | 8.9% | 4.4% | 3.8% | 3.0% | 3.2% | 3.1% | 3.3% | 3.2% | 3.1% | 3.3% |

Source: Team 2

# Income Statement Summary

## Annual Forecast Summary

All values in BRL mm

| Income Statement | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **13,271** | **13,648** | **14,436** | **15,972** | **17,349** | **18,639** | **19,894** | **21,111** | **22,314** | **23,319** | **24,293** | **25,215** | **26,112** |
| COGS (-) | (5,286) | (5,427) | (5,694) | (6,153) | (6,741) | (7,158) | (7,670) | (8,153) | (8,631) | (9,029) | (9,421) | (9,796) | (10,165) |
| **Gross Profit** | **7,985** | **8,221** | **8,742** | **9,819** | **10,608** | **11,481** | **12,223** | **12,958** | **13,683** | **14,290** | **14,872** | **15,419** | **15,947** |
| OpEx (-) | (6,577) | (7,332) | (7,483) | (7,930) | (8,636) | (9,181) | (9,711) | (10,217) | (10,713) | (11,102) | (11,479) | (11,841) | (12,254) |
| **EBIT** | **1,407** | **889** | **1,259** | **1,890** | **1,972** | **2,300** | **2,513** | **2,741** | **2,970** | **3,188** | **3,393** | **3,578** | **3,693** |
| Financial Result | (23) | (48) | 62 | (100) | (31) | (6) | 27 | 77 | 113 | 161 | 211 | 253 | 288 |
| **EBT** | **1,384** | **841** | **1,321** | **1,790** | **1,941** | **2,293** | **2,540** | **2,817** | **3,083** | **3,349** | **3,604** | **3,832** | **3,981** |
| Tax (-) | (93) | 136 | (124) | (352) | (405) | (495) | (531) | (557) | (579) | (599) | (623) | (639) | (638) |
| **Net Income** | **1,292** | **976** | **1,197** | **1,438** | **1,536** | **1,798** | **2,009** | **2,260** | **2,504** | **2,750** | **2,981** | **3,193** | **3,343** |
| **EPS** | **1.31** | **0.99** | **1.21** | **1.46** | **1.56** | **1.82** | **2.04** | **2.29** | **2.54** | **2.79** | **3.02** | **3.23** | **3.39** |
| **EBITDA (pre IFRS16)** | **1,753** | **1,430** | **1,937** | **2,454** | **2,579** | **2,969** | **3,243** | **3,498** | **3,748** | **3,963** | **4,162** | **4,348** | **4,468** |

Note: (1) Disregarding IFRS16 effects. Source: Company, Team 2

# Balance Sheet Summary

## Annual Forecast Summary

All values in BRL mm

| Balance Sheet | | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash & Cash Equivalents | [BRL mm] | 2,848 | 2,532 | 1,926 | 1,887 | 1,709 | 1,956 | 2,389 | 2,885 | 3,363 | 3,983 | 4,502 | 4,941 | 5,190 |
| Trade Accounts Receivable | [BRL mm] | 6,525 | 6,639 | 6,903 | 6,923 | 7,513 | 7,994 | 8,453 | 8,866 | 9,258 | 9,554 | 9,832 | 10,077 | 10,304 |
| Inventories | [BRL mm] | 1,837 | 1,774 | 1,930 | 1,984 | 2,031 | 1,999 | 1,974 | 2,017 | 2,135 | 2,234 | 2,331 | 2,423 | 2,514 |
| Others | | 1,833 | 1,246 | 1,558 | 724 | 770 | 809 | 849 | 886 | 922 | 953 | 983 | 1,012 | 1,040 |
| **Current Assets** | **[BRL mm]** | **13,043** | **12,192** | **12,317** | **11,518** | **12,023** | **12,759** | **13,664** | **14,654** | **15,678** | **16,724** | **17,647** | **18,453** | **19,048** |
| Property and Equipment | [BRL mm] | 2,831 | 2,890 | 2,900 | 2,979 | 3,217 | 3,429 | 3,614 | 3,693 | 3,702 | 3,586 | 3,518 | 3,454 | 3,429 |
| Right of use | [BRL mm] | 2,610 | 2,397 | 2,253 | 2,197 | 2,576 | 2,943 | 3,299 | 3,644 | 3,979 | 4,298 | 4,601 | 4,890 | 5,167 |
| Intangible | [BRL mm] | 1,639 | 1,702 | 1,613 | 1,536 | 1,493 | 1,473 | 1,473 | 1,489 | 1,516 | 1,552 | 1,595 | 1,642 | 1,693 |
| Others | | 1,026 | 1,310 | 1,282 | 1,299 | 1,299 | 1,299 | 1,299 | 1,299 | 1,299 | 1,299 | 1,299 | 1,299 | 1,299 |
| **Non-Current Assets** | **[BRL mm]** | **8,105** | **8,299** | **8,048** | **8,010** | **8,584** | **9,144** | **9,685** | **10,124** | **10,496** | **10,734** | **11,013** | **11,285** | **11,587** |
| **Total Assets** | **[BRL mm]** | **21,149** | **20,491** | **20,365** | **19,528** | **20,608** | **21,903** | **23,349** | **24,778** | **26,175** | **27,458** | **28,660** | **29,738** | **30,635** |
| Suppliers | [BRL mm] | 1,624 | 1,790 | 1,807 | 2,100 | 2,307 | 2,450 | 2,624 | 2,790 | 2,953 | 3,089 | 3,223 | 3,351 | 3,477 |
| Obligations with Card Administrators | [BRL mm] | 2,465 | 2,526 | 2,610 | 2,396 | 2,588 | 2,741 | 2,884 | 3,010 | 3,127 | 3,209 | 3,284 | 3,347 | 3,402 |
| Others | | 2,917 | 3,176 | 3,230 | 1,662 | 1,770 | 1,845 | 1,936 | 2,023 | 2,108 | 2,180 | 2,250 | 2,317 | 2,383 |
| **Current Liabilities** | **[BRL mm]** | **7,006** | **7,493** | **7,648** | **6,157** | **6,665** | **7,035** | **7,445** | **7,822** | **8,188** | **8,478** | **8,757** | **9,015** | **9,262** |
| Financing - Financial Products Operations | [BRL mm] | 655 | 336 | 14 | 314 | 113 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 |
| Financing Lease | [BRL mm] | 2,190 | 2,009 | 1,848 | 2,529 | 2,494 | 2,452 | 2,397 | 2,334 | 2,263 | 2,187 | 2,107 | 2,022 | 1,932 |
| Others | | | | | | | | | | | | | | |
| **Non-Current Liabilities** | **[BRL mm]** | **4,056** | **2,951** | **1,944** | **2,919** | **2,682** | **2,593** | **2,538** | **2,475** | **2,404** | **2,328** | **2,248** | **2,163** | **2,073** |
| **Total Liabilities** | **[BRL mm]** | **11,061** | **10,443** | **9,592** | **9,076** | **9,347** | **9,628** | **9,983** | **10,297** | **10,592** | **10,806** | **11,005** | **11,178** | **11,335** |
| Capital | [BRL mm] | 9,022 | 9,022 | 9,541 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 |
| Treasury Shares | [BRL mm] | (553) | (166) | (154) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) |
| Profit Reserve | [BRL mm] | 1,383 | 1,035 | 1,079 | 1,389 | 2,196 | 3,211 | 4,302 | 5,417 | 6,518 | 7,588 | 8,591 | 9,496 | 10,236 |
| Others | [BRL mm] | | | | | | | | | | | | | |
| **Shareholder's Equity** | **[BRL mm]** | **10,088** | **10,047** | **10,773** | **10,453** | **11,260** | **12,275** | **13,366** | **14,481** | **15,583** | **16,652** | **17,655** | **18,560** | **19,300** |
| *Check* | | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* |

Source: Company, Team 2

# Cash Flow Summary

## Annual Forecast Summary

All values in BRL mm

| Cash Flow | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | **1,292** | **976** | **1,197** | **1,438** | **1,536** | **1,798** | **2,009** | **2,260** | **2,504** | **2,750** | **2,981** | **3,193** | **3,343** |
| D&A | 1,041 | 1,098 | 1,244 | 1,269 | 1,282 | 1,390 | 1,499 | 1,592 | 1,678 | 1,736 | 1,786 | 1,841 | 1,896 |
| Working Capital | (1,488) | 171 | 63 | (488) | (175) | (119) | (62) | (116) | (182) | (135) | (126) | (109) | (99) |
| Others | 683 | 408 | (17) | 663 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CF from Operations** | **1,528** | **2,653** | **2,487** | **2,882** | **2,643** | **3,069** | **3,446** | **3,736** | **4,000** | **4,351** | **4,641** | **4,925** | **5,140** |
| Acquisitions of fixed and intangible assets | (1,105) | (893) | (679) | (794) | (1,015) | (1,046) | (1,074) | (1,008) | (968) | (843) | (887) | (890) | (932) |
| Others | (85) | (0) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CF from Investments** | **(1,190)** | **(893)** | **(679)** | **(794)** | **(1,015)** | **(1,046)** | **(1,074)** | **(1,008)** | **(968)** | **(843)** | **(887)** | **(890)** | **(932)** |
| Borrowing and amortization of loans and debentures | (1,124) | (505) | (941) | (574) | (201) | (47) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease installment payable | (678) | (754) | (793) | (732) | (877) | (946) | (1,020) | (1,087) | (1,153) | (1,207) | (1,258) | (1,308) | (1,356) |
| Interest on capital and dividends paid | (764) | (462) | (692) | (721) | (728) | (783) | (919) | (1,145) | (1,402) | (1,680) | (1,978) | (2,288) | (2,603) |
| Others | (410) | (288) | 0 | (857) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CF from Financing** | **(2,976)** | **(2,009)** | **(2,426)** | **(2,884)** | **(1,806)** | **(1,777)** | **(1,938)** | **(2,232)** | **(2,555)** | **(2,888)** | **(3,236)** | **(3,596)** | **(3,959)** |
| **Net Change in Cash** | **(2,639)** | **(249)** | **(618)** | **(796)** | **(178)** | **247** | **433** | **496** | **477** | **621** | **519** | **439** | **249** |

Source: Company, Team 2

# How Do Our Margins Compare To Market Ones?

## Team 2 vs Consensus

How do our  compare to the market consensus?

Breakdown (%)

| | 2026E | 2027E | 2028E |
|---|---|---|---|
| **EBITDA Margin – Team 2** | **18.8%** | **19.8%** | **20.2%** |
| Factset Consensus | 18.8% | 19.5% | 20.7% |
| vs. Consensus (p.p) | 0.0p.p | 0.3p.p | (0.5p.p) |
| **EBIT Margin – Team 2** | **11.4%** | **12.3%** | **12.6%** |
| Factset Consensus | 12.4% | 12.9% | 11.1% |
| vs. Consensus (p.p) | (1.0p.p) | (0.5p.p) | 1.5p.p |
| **Net Margin – Team 2** | **8.5%** | **9.3%** | **9.8%** |
| Factset Consensus | 9.7% | 9.8% | 8.5% |
| vs. Consensus (p.p) | (1.2p.p) | (0.5p.p) | 1.3p.p |

Source: Factset, Team 2

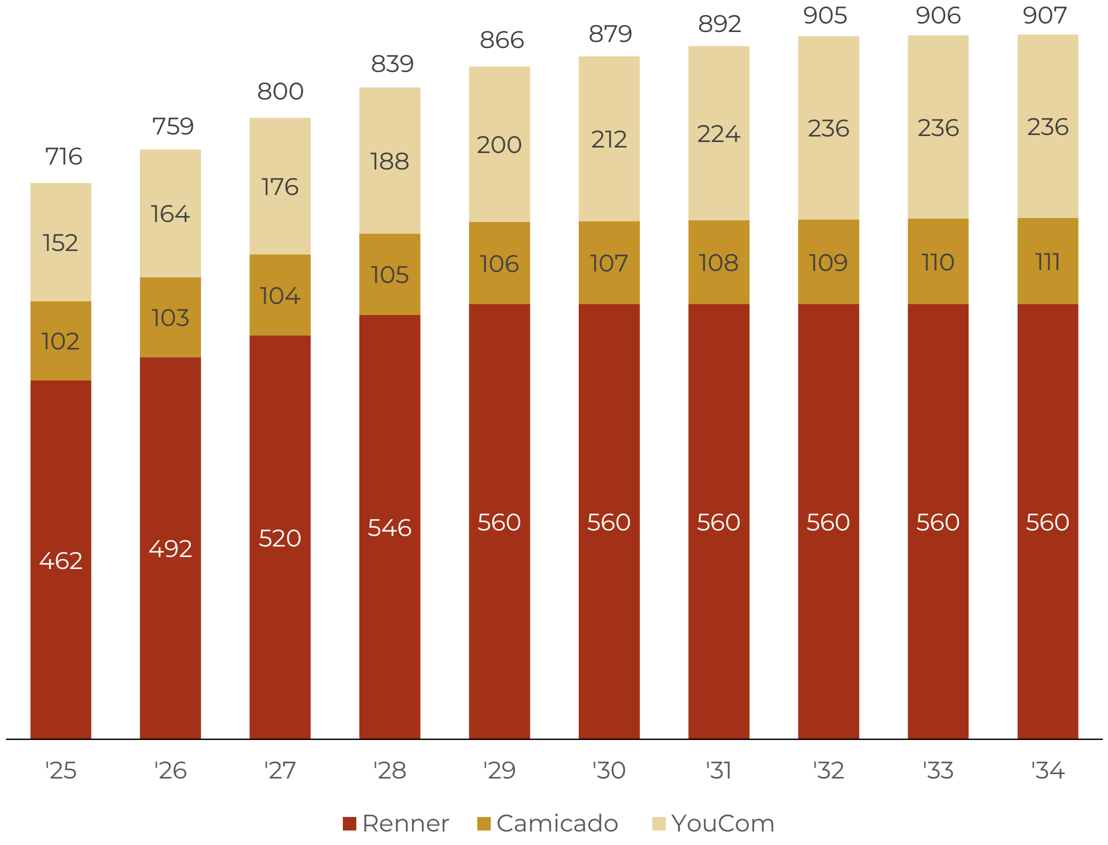
# Total Store And Net Openings

## Renner will pass through a small expansion cycle

RENNER

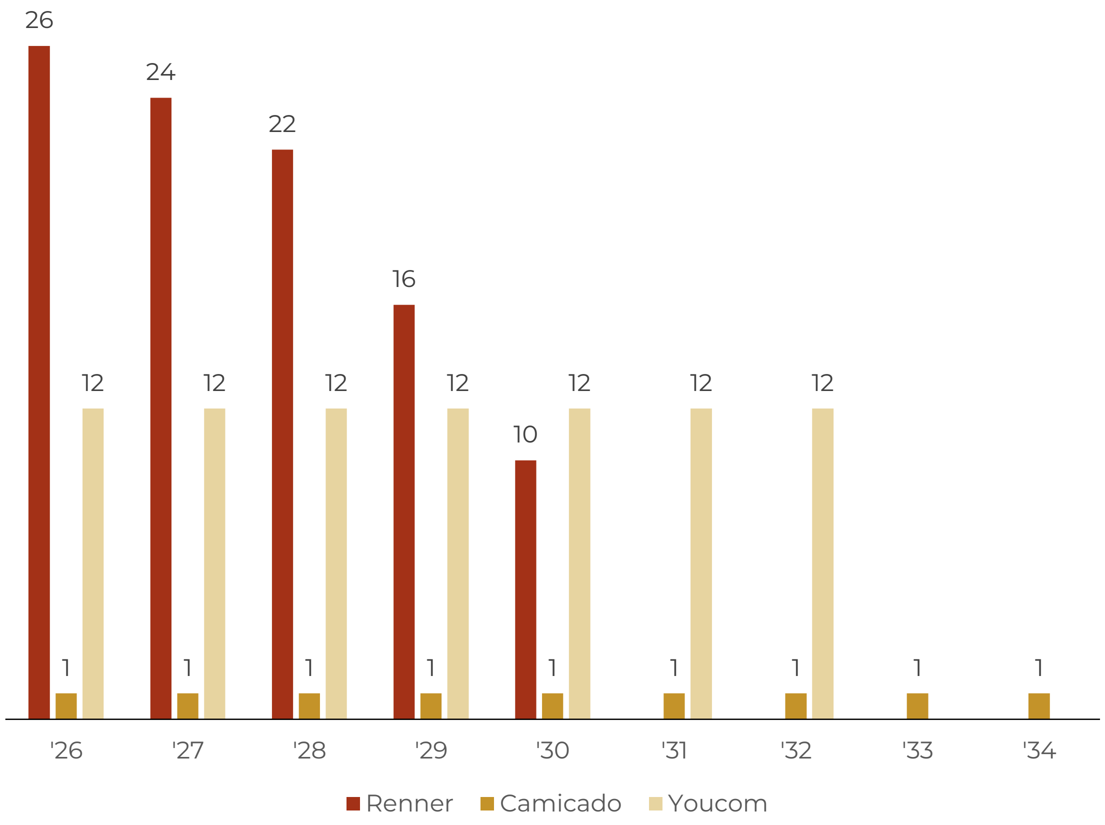
### We see a maximum number of stores at 907

Stores Breakdown (#)




### High expansion cycle in next three years and deceleration on Renner

Stores Openings (#)



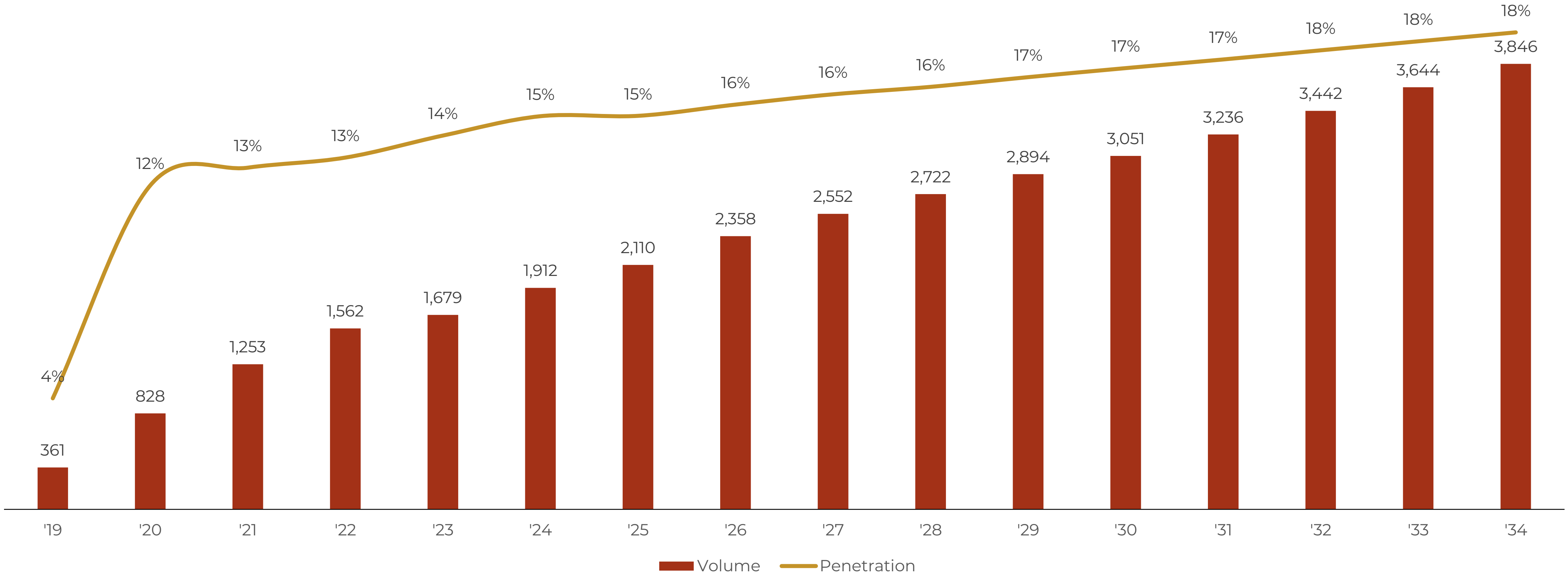

Source: Team 2

# E-Commerce

## As the company does not disclose e-commerce , we assumed the same

E-Commerce penetration is constant, and we expect this trend to continue for further years

E-Commerce Volume (BRL mm) and Penetration (%)



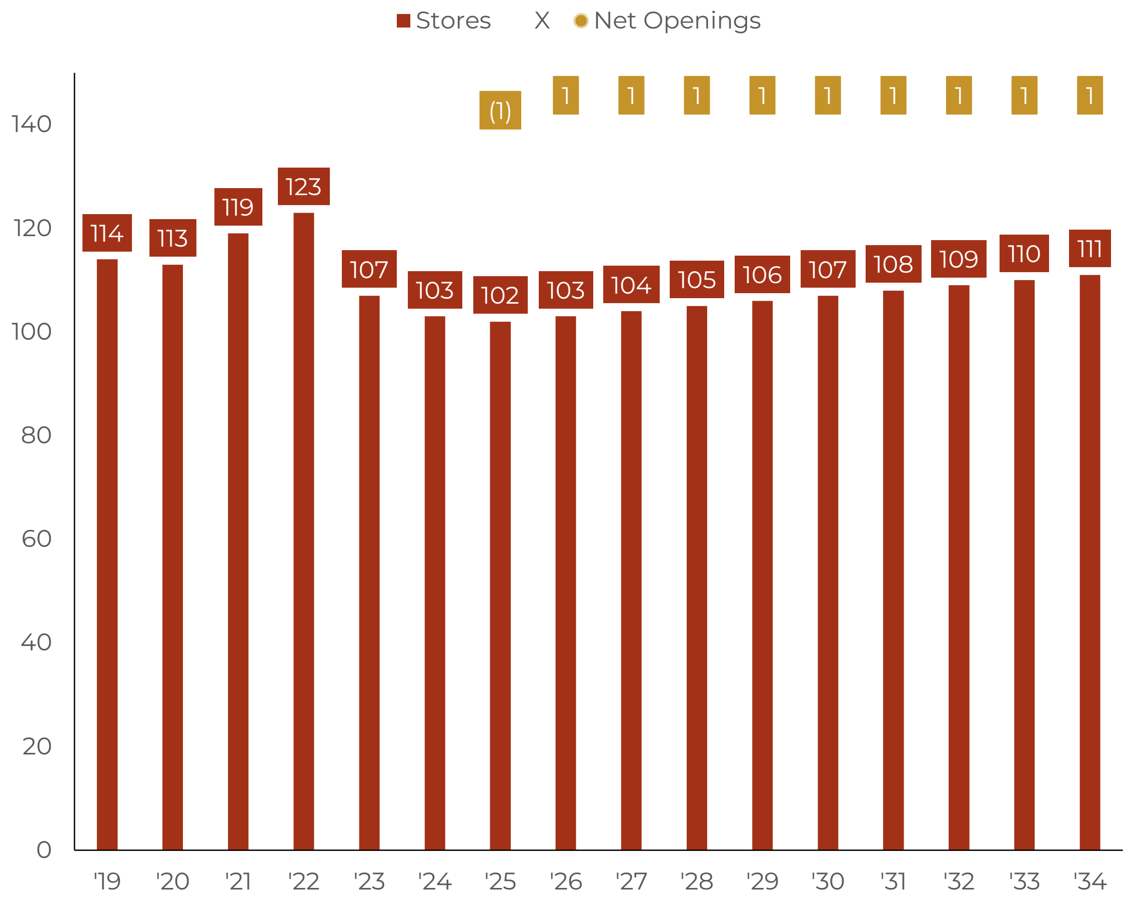

Source: Company, Team 2

# Camicado Main Assumptions

Main assumptions for forecasting Camicado's revenue

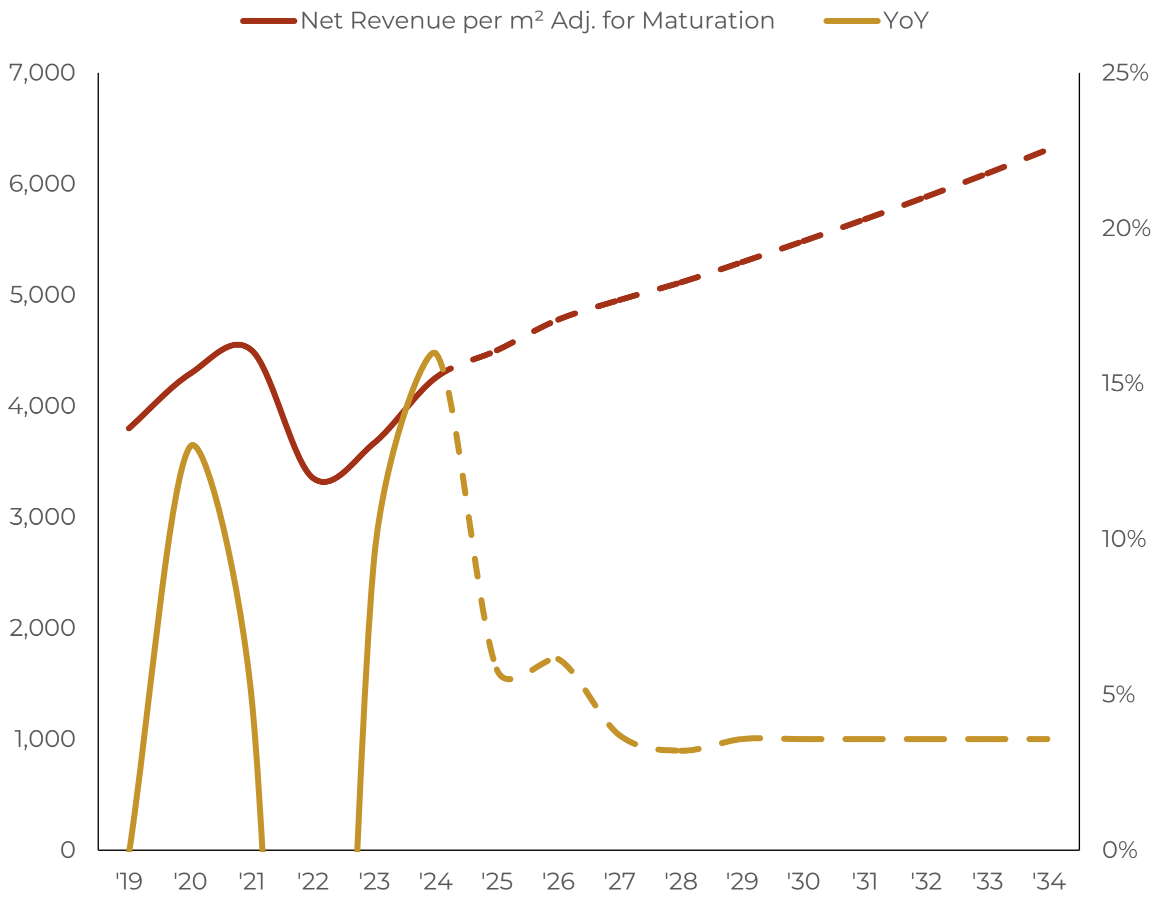
### We follow the company's trend for store growth

Total Camicado Stores (#) and Net Openings (#)




### We project growth equal to that of Lojas Renner

Net Revenue per m² Adj. for Maturation (BRL mm) and Growth YoY (%)



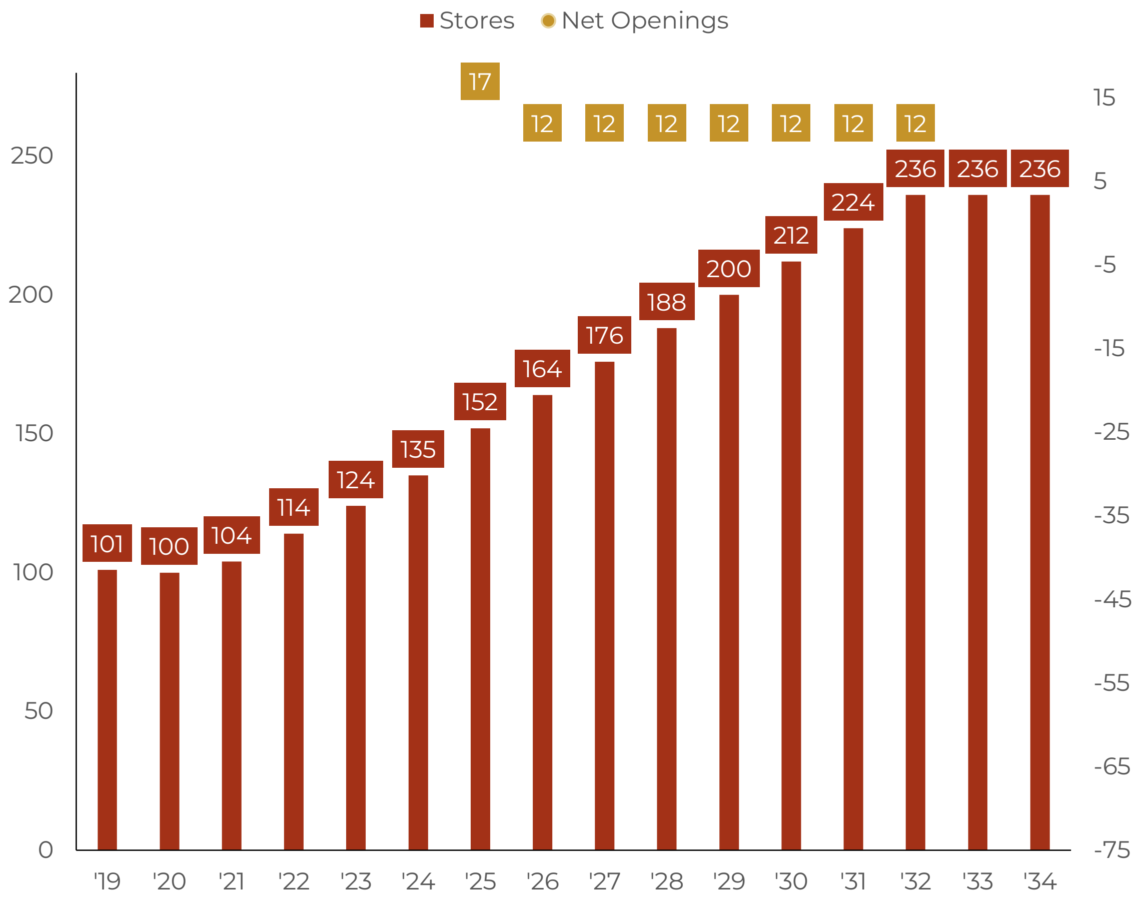

Source: Company, Team 2

# Youcom Main Assumptions

## Main assumptions for forecasting Youcom's revenue

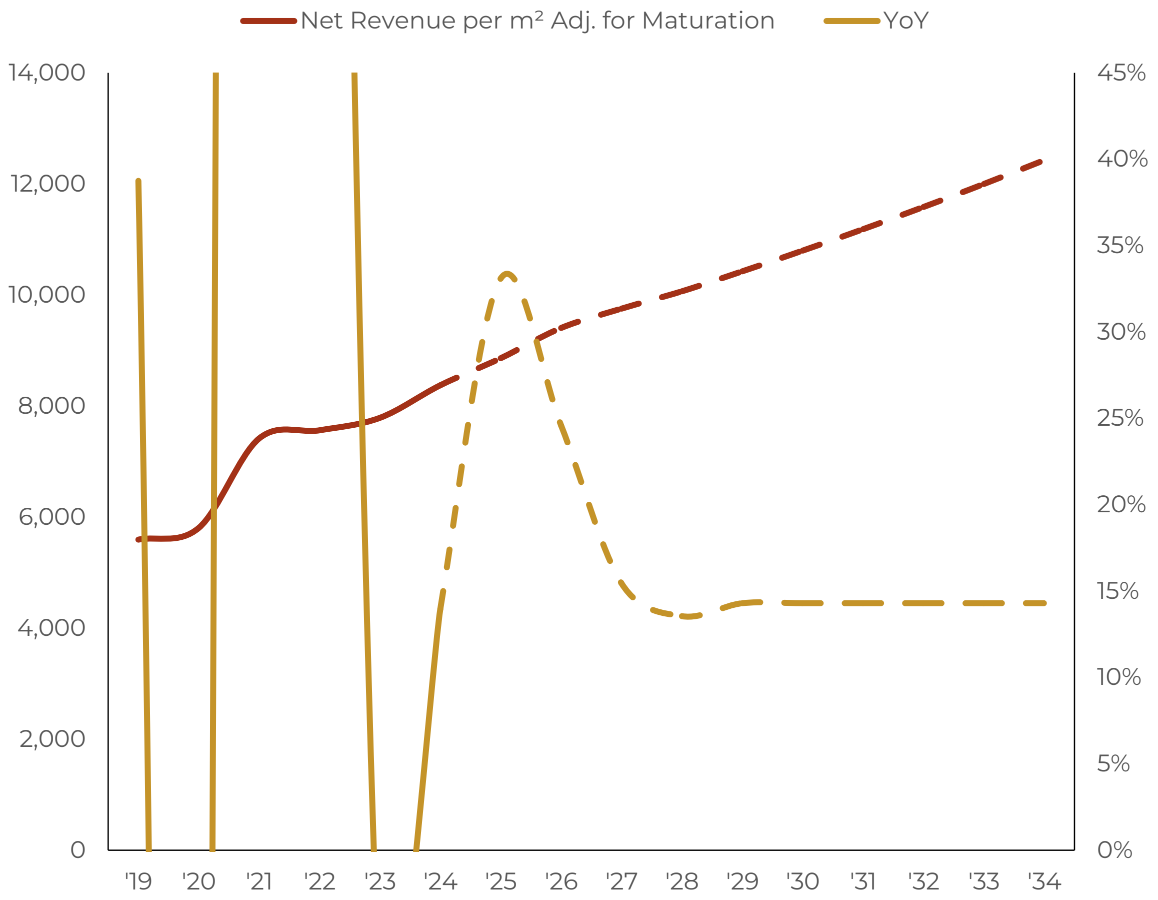
### We follow our proprietary expansion analysis

Total Youcom Stores (#) and Net Openings (#)




### We project growth equal to that of Lojas Renner

Net Revenue per m² Adj. for Maturation (BRL mm) and Growth YoY (%)




Source: Company, Team 2

# Trading Comps (1/2)

## Comparison of Renner's multiples with four geographical peer sets

| *All values in local currencies* | | EV/Revenue | | | EV/EBITDA | | | P/E | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Company Name | 2024A | 2025E | 2026E | 2024A | 2025E | 2026E | 2024A | 2025E | 2026E |
| **LREN3-BR** | **Lojas Renner S.A.** | **1.05x** | **0.98x** | **0.91x** | **5.65x** | **5.32x** | **4.91x** | **11.61x** | **9.30x** | **8.57x** |
| "Fair" | | | | | | | **5.03x** | | | **7.46x** |
| **Brazilian Peers - Tier 1 (Fast Fashion Retail)** | | | | | | | | | | |
| CEAB3-BR | C&A Modas SA | 0.79x | 0.73x | 0.67x | 3.84x | 3.81x | 3.50x | 9.20x | 7.67x | 7.29x |
| GUAR3-BR | Guararapes Confeccoes S.A. | 0.74x | 0.67x | 0.62x | 4.85x | 4.50x | 4.02x | 21.82x | 11.10x | 8.59x |
| **Average** | | **0.76x** | **0.70x** | **0.64x** | **4.35x** | **4.16x** | **3.76x** | **15.51x** | **9.39x** | **7.94x** |
| **Median** | | **0.76x** | **0.70x** | **0.64x** | **4.35x** | **4.16x** | **3.76x** | **15.51x** | **9.39x** | **7.94x** |
| **Brazilian Peers - Tier 2 (Retailers)** | | | | | | | | | | |
| ALPA4-BR | Alpargatas SA Pfd | 0.91x | 0.83x | 0.77x | 13.31x | 4.83x | 4.05x | 36.56x | 8.76x | 6.78x |
| AZZA3-BR | Azzas 2154 SA | 0.99x | 0.68x | 0.63x | 8.94x | 4.14x | 3.70x | 15.09x | 6.09x | 5.73x |
| SBFG3-BR | Grupo SBF S.A. | 0.75x | 0.70x | 0.63x | 4.90x | 5.62x | 4.77x | 5.76x | 7.99x | 6.33x |
| TFCO4-BR | Track & Field Co SA Pfd Registered Shs | 1.46x | 1.18x | 0.98x | 6.30x | 5.24x | 4.17x | 9.07x | 6.99x | 5.52x |
| **Average** | | **1.03x** | **0.85x** | **0.75x** | **8.36x** | **4.96x** | **4.17x** | **16.62x** | **7.46x** | **6.09x** |
| **Median** | | **0.95x** | **0.76x** | **0.70x** | **7.62x** | **5.04x** | **4.11x** | **12.08x** | **7.49x** | **6.03x** |
| **LatAm Peers** | | | | | | | | | | |
| FALABELLA-CL | Falabella S.A. | 1.51x | 1.40x | 1.33x | 12.54x | 9.55x | 9.11x | 31.93x | 17.28x | 18.25x |
| LIVEPOLC.1-MX | El Puerto de Liverpool SAB de CV | 0.84x | 0.78x | 0.74x | 4.78x | 4.94x | 4.60x | 5.80x | 6.64x | 6.04x |
| RIPLEY-CL | Ripley Corp S.A. | 1.38x | 1.29x | 1.21x | 16.64x | 12.96x | 11.60x | 15.36x | 10.74x | 9.41x |
| **Average** | | **1.24x** | **1.16x** | **1.09x** | **11.32x** | **9.15x** | **8.44x** | **17.69x** | **11.55x** | **11.23x** |
| **Median** | | **1.38x** | **1.29x** | **1.21x** | **12.54x** | **9.55x** | **9.11x** | **15.36x** | **10.74x** | **9.41x** |

Source: Factset

# Trading Comps (2/2)

## Comparison of Renner's multiples with four geographical peer sets

| | *All values in local currencies* | EV/Revenue | | | EV/EBITDA | | | P/E | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Company Name | 2024A | 2025E | 2026E | 2024A | 2025E | 2026E | 2024A | 2025E | 2026E |
| **LREN3-BR** | **Lojas Renner S.A.** | **1.05x** | **0.98x** | **0.91x** | **5.65x** | **5.32x** | **4.91x** | **11.61x** | **9.30x** | **8.57x** |
| "Fair" | | | | | | | **5.03x** | | | **7.46x** |
| **US Peers** | | | | | | | | | | |
| AEO-US | American Eagle Outfitters, Inc. | 1.12x | 1.09x | 1.05x | 8.95x | 11.32x | 9.86x | 12.43x | 17.51x | 14.58x |
| ANF-US | Abercrombie & Fitch Co. Class A | 1.09x | 1.03x | 0.98x | 6.11x | 6.59x | 6.57x | 8.67x | 10.32x | 10.47x |
| GAP-US | Gap, Inc. | 0.86x | 0.84x | 0.82x | 8.08x | 8.05x | 7.70x | 11.76x | 12.18x | 11.47x |
| ROST-US | Ross Stores, Inc. | 2.85x | 2.66x | 2.54x | 19.87x | 19.12x | 17.66x | 28.28x | 28.22x | 26.09x |
| BURL-US | Burlington Stores, Inc. | 2.11x | 1.95x | 1.78x | 21.14x | 17.77x | 15.62x | 33.76x | 26.72x | 24.13x |
| KSS-US | Kohl's Corporation | 0.57x | 0.63x | 0.63x | 7.44x | 7.78x | 8.01x | 24.32x | 16.85x | 18.28x |
| M-US | Macy's, Inc. | 0.48x | 0.51x | 0.53x | 6.08x | 6.18x | 6.21x | 10.73x | 10.73x | 10.49x |
| TGT-US | Target Corporation | 0.56x | 0.57x | 0.56x | 6.90x | 7.54x | 7.35x | 10.47x | 12.49x | 12.19x |
| **Average** | | **1.20x** | **1.16x** | **1.11x** | **10.57x** | **10.54x** | **9.87x** | **17.55x** | **16.88x** | **15.96x** |
| **Median** | | **0.97x** | **0.93x** | **0.90x** | **7.76x** | **7.92x** | **7.86x** | **12.10x** | **14.67x** | **13.38x** |
| **Europe Peers** | | | | | | | | | | |
| ITX-ES | Industria de Diseno Textil, S.A. | 4.26x | 4.14x | 3.86x | 15.26x | 14.75x | 13.65x | 29.06x | 27.78x | 25.34x |
| HM.B-SE | H&M Hennes & Mauritz AB Class B | 1.28x | 1.31x | 1.29x | 7.52x | 7.63x | 7.10x | 21.13x | 21.30x | 18.09x |
| **Average** | | **2.77x** | **2.72x** | **2.58x** | **11.39x** | **11.19x** | **10.38x** | **25.10x** | **24.54x** | **21.72x** |
| **Median** | | **2.77x** | **2.72x** | **2.58x** | **11.39x** | **11.19x** | **10.38x** | **25.10x** | **24.54x** | **21.72x** |
| **Asian Peers** | | | | | | | | | | |
| 9983-JP | FAST RETAILING CO., LTD. | 5.20x | 5.20x | 4.76x | 23.03x | 22.93x | 20.94x | 41.21x | 41.21x | 40.58x |
| 8227-JP | SHIMAMURA Co., Ltd. | 0.79x | 0.76x | 0.74x | 8.08x | 7.70x | 7.31x | 19.75x | 18.77x | 17.90x |
| 709-HK | Giordano International Limited | | | | | | | 11.15x | 10.61x | 10.08x |
| 7453-JP | Ryohin Keikaku Co., Ltd. | 2.10x | 2.10x | 1.89x | 15.47x | 15.51x | 14.00x | 33.01x | 33.01x | 29.80x |
| **Average** | | **2.70x** | **2.69x** | **2.46x** | **15.53x** | **15.38x** | **14.08x** | **26.28x** | **25.90x** | **24.59x** |
| **Median** | | **2.10x** | **2.10x** | **1.89x** | **15.47x** | **15.51x** | **14.00x** | **26.38x** | **25.89x** | **23.85x** |
| **Global Average** | | **1.46x** | **1.39x** | **1.30x** | **10.25x** | **9.30x** | **8.54x** | **19.08x** | **15.84x** | **14.67x** |
| **Global Median** | | **1.05x** | **0.98x** | **0.91x** | **8.08x** | **7.63x** | **7.31x** | **15.23x** | **11.64x** | **10.98x** |

Source: Factset

# How Does Renner Trade Historically Compared To BR Tier 1 Peers

RENNER

## Trading Comps to Brazilian peers

| | P/E | | |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| **LREN3** | **11.6x** | **9.3x** | **8.6x** |
| guararapes GUARARAPES CONFECÇÕES S/A | 21.3x | 11.1x | 8.6x |
| C&A | 9.2x | 7.7x | 7.3x |
| **Average** | **15.6x** | **9.4x** | **7.9x** |
| **Median** | **15.6x** | **9.4x** | **7.9x** |

Renner is trading at a discount when compared to Brazilian peers

Renner P/E NTM premium to BR peers' median


Source: Factset, Team 2

# How Does Renner Trade Historically Compared To BR Tier 2 Peers

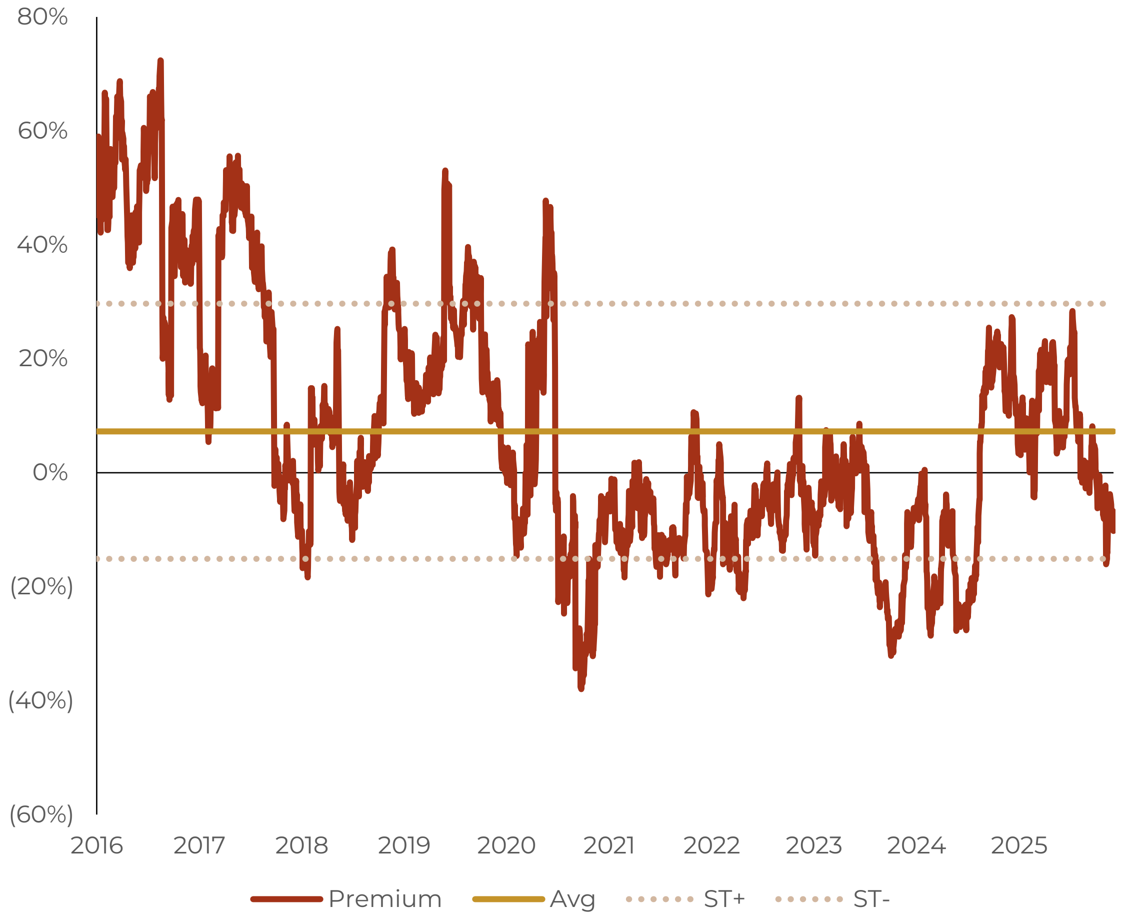
## Trading Comps to Brazilian peers

**P/E**

| | **2024** | **2025** | **2026** |
|---|---|---|---|
| **LREN3** | **11.6x** | **9.3x** | **8.6x** |
| TRACK & FIELD | 9.1x | 7.0x | 5.5x |
| SBF | 5.8x | 8.0x | 6.3x |
| AZZAS 2154 | 15.1x | 6.1x | 5.7x |
| ALPARGATAS | 36.6x | 8.8x | 6.8x |
| **Average** | **16.6x** | **7.5x** | **6.1x** |
| **Median** | **12.1x** | **7.5x** | **6.0x** |

Renner is trading at a discount when compared to Brazilian peers

Renner P/E NTM premium to BR peers' median




Source: Factset, Team 2

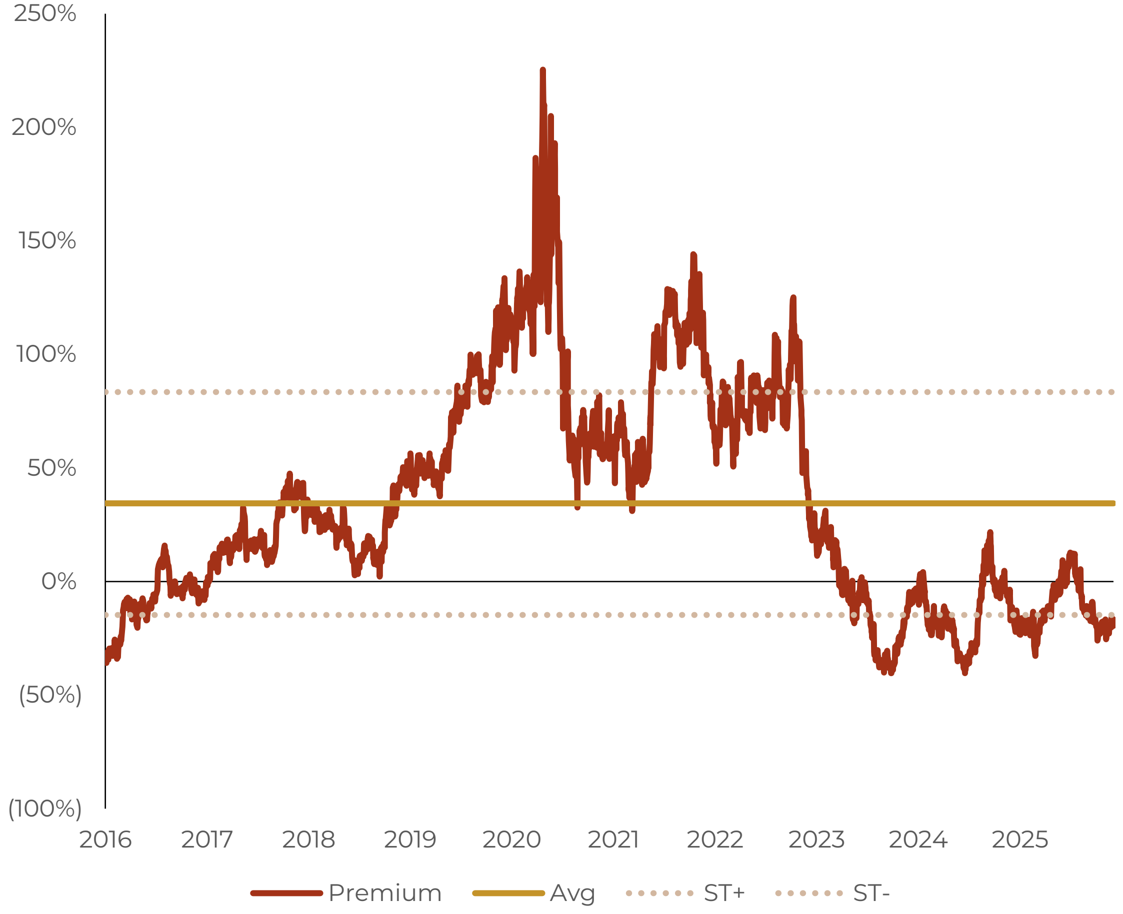
# How Does Renner Trade Historically Compared To Latam Peers

## Trading Comps to Latin America peers

| | P/E | | |
|---|---|---|---|
| | **2024** | **2025** | **2026** |
| **LREN3** | **11.6x** | **9.3x** | **8.6x** |
| falabella. | 31.9x | 17.3x | 18.25x |
| Liverpool | 5.8x | 6.6x | 6.0x |
| RIPLEY | 15.4x | 10.7x | 9.4x |
| **Average** | **17.7x** | **11.6x** | **11.2x** |
| **Median** | **15.4x** | **10.7x** | **9.4x** |

Renner is trading at a discount when compared to LatAm peers

Renner P/E NTM premium to LatAm peers' median




Source: Factset, Team 2

# How Does Renner Trade Historically Compared To US Peers?

## Trading Comps to North American peers

| | P/E | | |
|---|---|---|---|
| | **2024** | **2025** | **2026** |
| **LREN3** | **11.6x** | **9.3x** | **8.6x** |
| American Eagle Outfitters | 12.4x | 17.5x | 14.6x |
| Abercrombie & Fitch | 8.7x | 10.3x | 10.5x |
| GAP | 11.8x | 12.2x | 11.5x |
| Ross Dress for Less | 28.3x | 28.2x | 26.1x |
| Burlington | 33.8x | 26.7x | 24.1x |
| Kohl's | 24.3x | 16.8x | 18.3x |
| Macy's | 10.7x | 10.7x | 10.5x |
| Target | 10.5x | 12.5x | 12.2x |
| **Average** | **17.6x** | **16.9x** | **16.0x** |
| **Median** | **12.1x** | **14.7x** | **13.4x** |

Renner is trading at a discount when compared to US peers

Renner P/E NTM premium to US peers' median


Source: Factset, Team 2

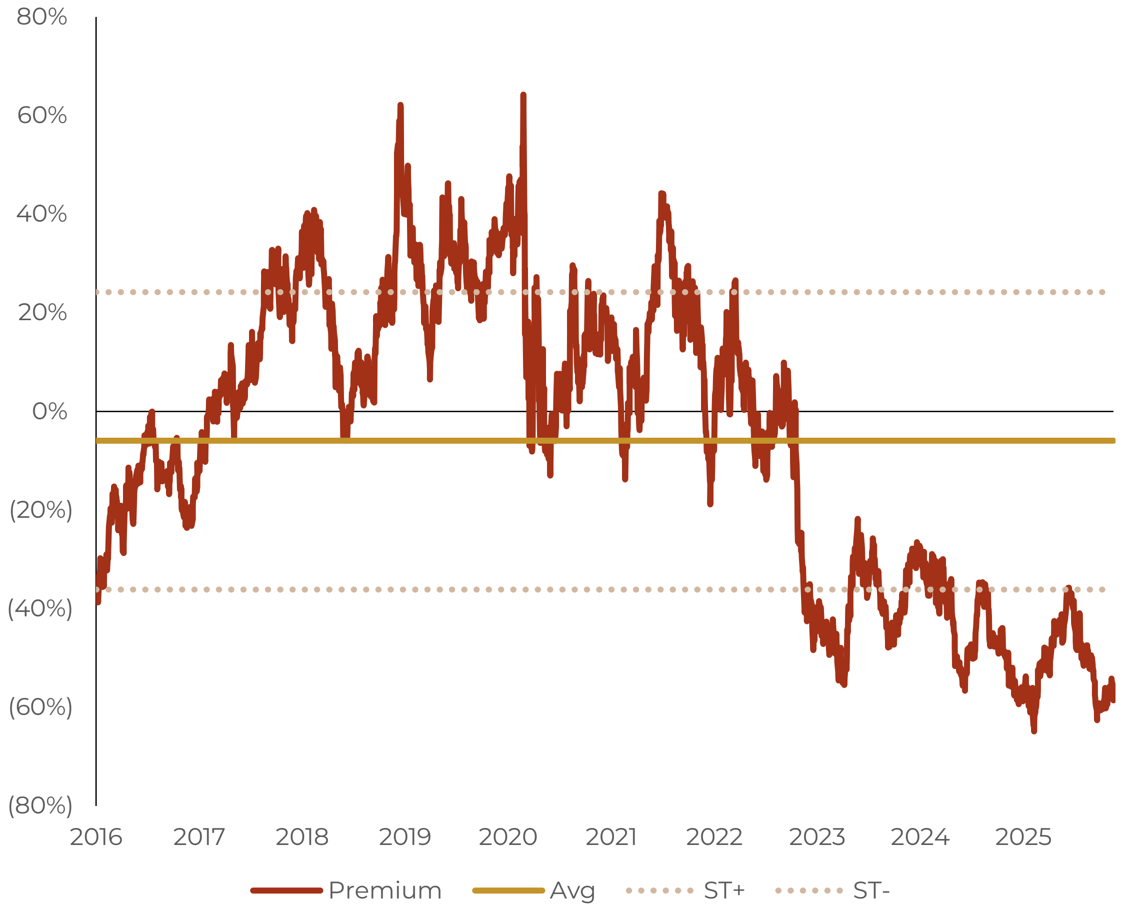
# How Does Renner Trade Historically Compared To EU Peers?

## Trading Comps to European peers

| | P/E 2024 | P/E 2025 | P/E 2026 |
|---|---|---|---|
| **LREN3** | **11.6x** | **9.3x** | **8.6x** |
| INDITEX | 29.1x | 27.8x | 25.3x |
| H&M | 21.1x | 21.3x | 18.1x |
| **Average** | **25.1x** | **24.5x** | **21.7x** |
| **Median** | **25.1x** | **24.5x** | **21.7x** |

Renner is trading at a discount when compared to EU peers

Renner P/E NTM premium to EU peers' median




Source: Factset, Team 2

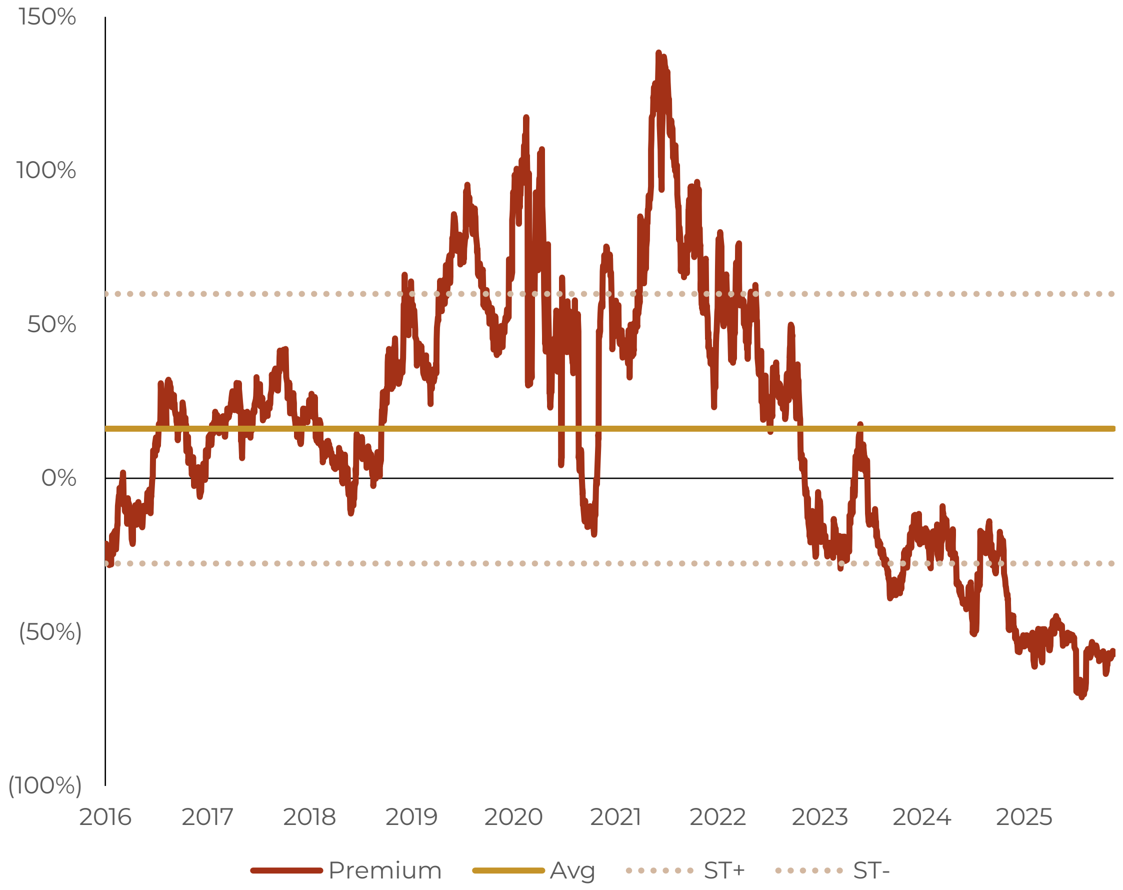
# How Does Renner Trade Historically Compared To Asian Peers?

## Trading Comps to Asian peers

| | P/E | | |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| LREN3 | 11.6x | 9.3x | 8.6x |
| FAST RETAILING | 41.2x | 42.2x | 40.6x |
| しまむら | 19.8x | 18.8x | 17.9x |
| GIORDANO | 11.1x | 10.6x | 10.1x |
| 株式会社 良品計画 | 33.0x | 33.0x | 29.8x |
| **Average** | **26.3x** | **25.9x** | **24.6x** |
| **Median** | **26.4x** | **25.9x** | **23.8x** |

Renner is trading at a discount when compared to Asian peers

Renner P/E NTM premium to Asian peers' median




Source: Factset, Team 2

# Implicit ROE

## Market is already pricing in growth and profitability new scenario

Historically, the market implicitly priced in a high ROE through P/BV and P/E ratios, and today it diverges from our analysis

Implicit ROE (%)


Market 26E

14.2%

Team 2 26E

13.6%

Source: Factset, Team 2

# Historical Multiples of Renner

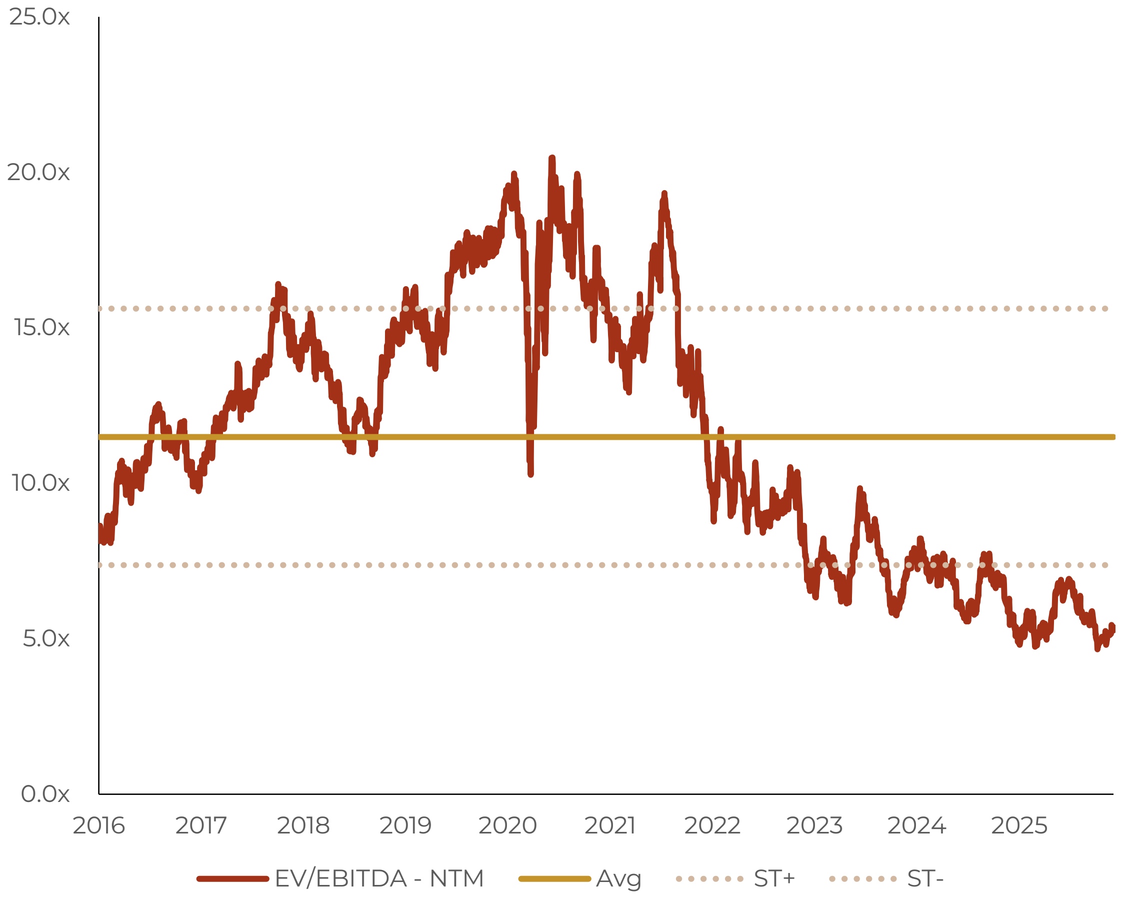
Renner is way below historical average

Renner is significantly below historical average

Renner P/E NTM (x)


Renner is significantly below historical average

Renner EV/EBITDA NTM (x)



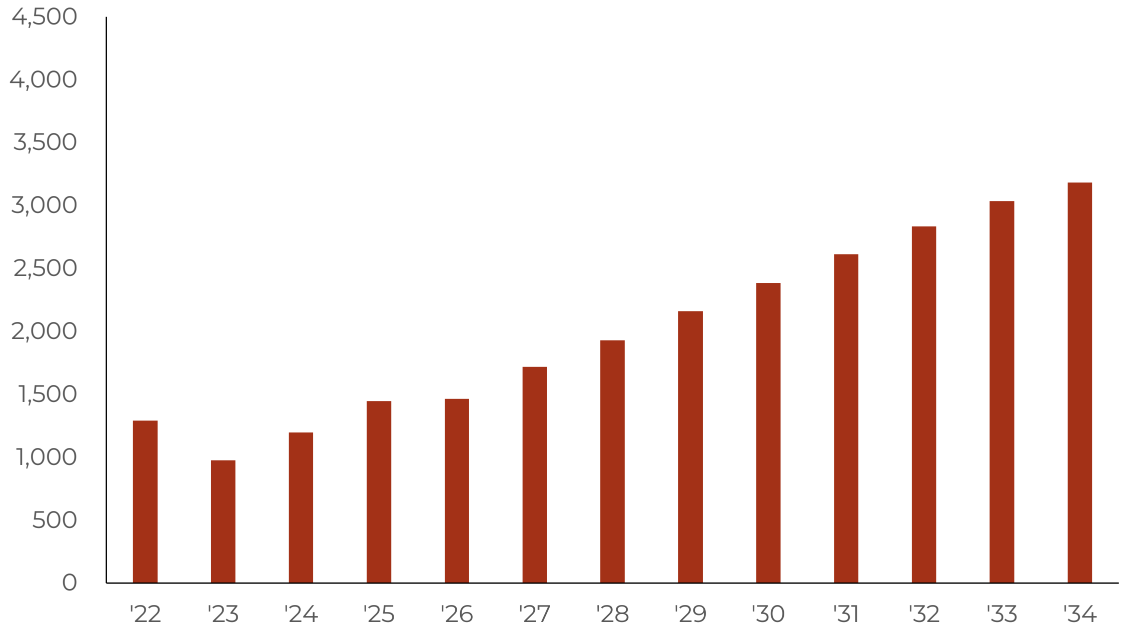

Source: Factset, Team 2

# Dividend Discount Model

We evaluated Renner in the dividend perspective, maintaining a downside

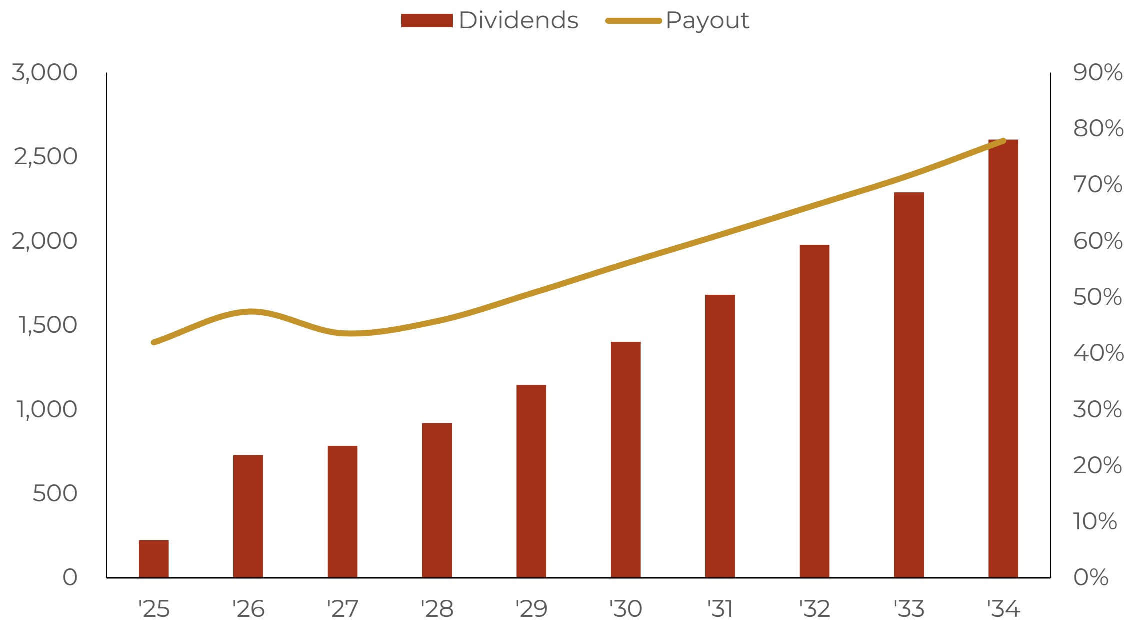
Net income rises substantially, with a 9.2% CAGR

Net Income (BRL mm)




Dividends increasing as payout increases, with a 14.5% 10Y CAGR

Dividends (BRL mm) and Payout (%)




| Valuation - DDM Methodology | Units | |
|---|---|---|
| **Equity Value** | **[BRL mm]** | **11,289** |
| Fully Diluted Shares OS | [# mm] | 987.1 |
| **Valuation per Share** | **[BRL]** | **11.44** |
| 1M VWAP | [BRL] | 15.00 |
| Upside (Downside) | [%] | (23.8%) |

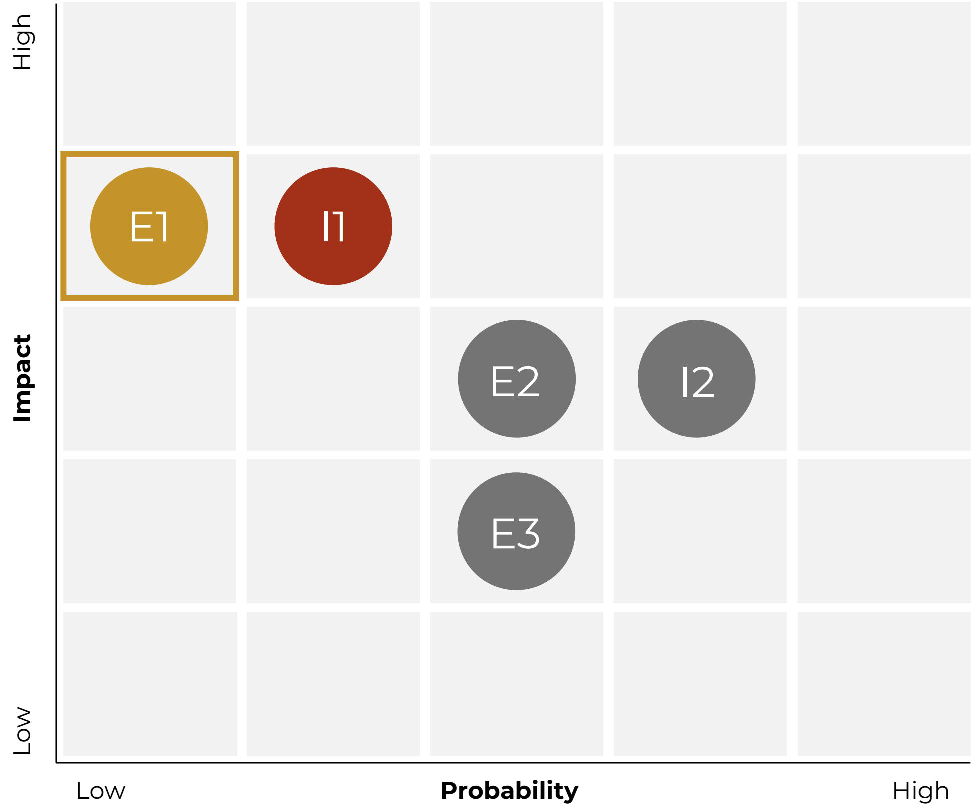
| Payout | Cost of Equity | Growth Rate | Perpetuity Payout |
|---|---|---|---|
| +4% Increase every year on average | 15.4% by CAPM | 3.5% Long Term BZ CPI | 84% |

Source: Team 2

# Risk E1: Decreased Competition

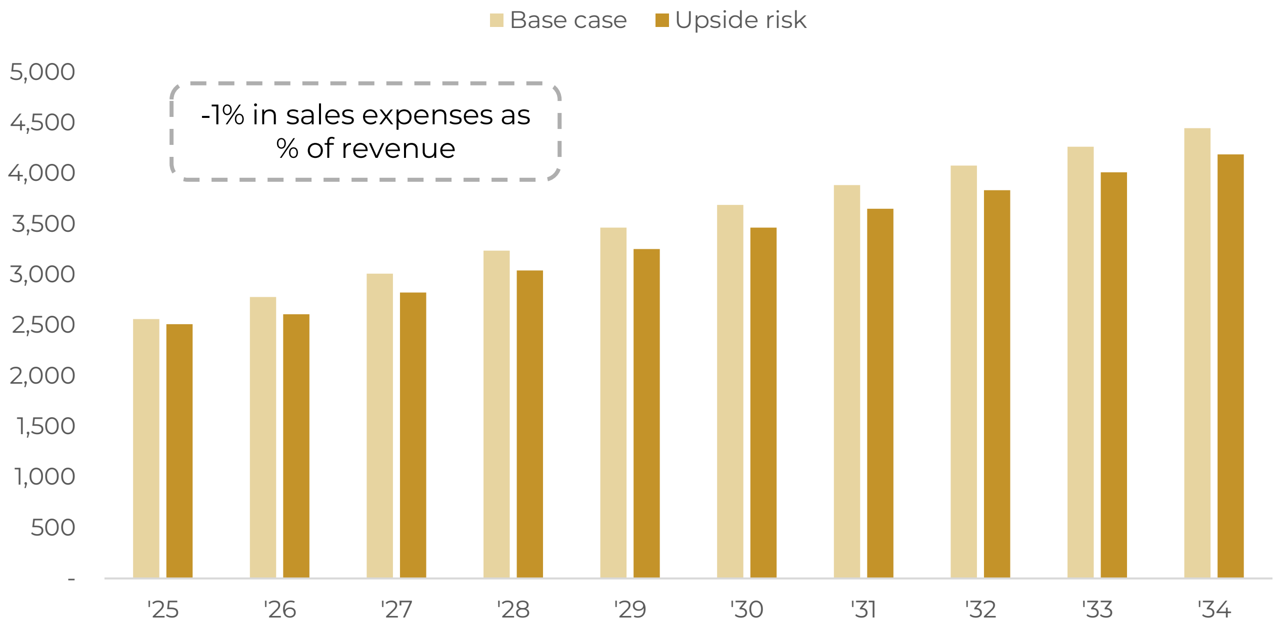
## Isolation of Renner as the undisputed leader amongst peers (+8.5%)

RENNER




A scenario of complete equality between Renner and Shein's tax burden and a financial distress of main peers could decrease competition and favor Renner

Variable selling costs (BRL mm)



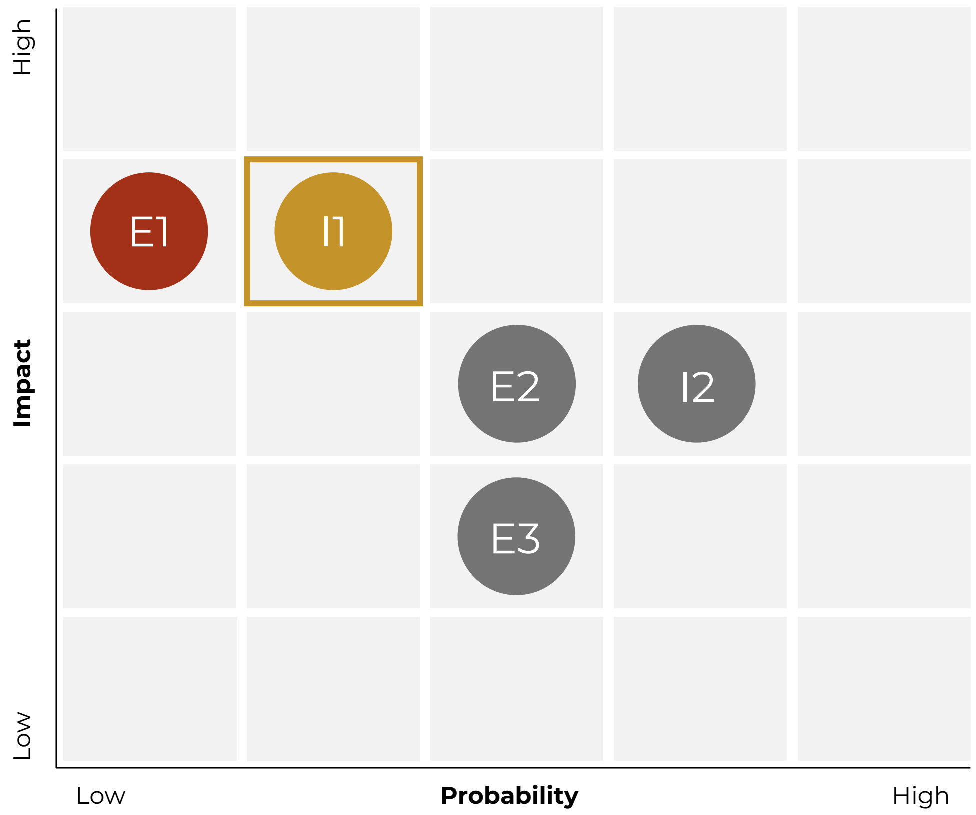

**Mitigation**

1. Overdressed Market Thesis
2. De-leveraging trend within main peers
3. Possible reduction of tax burden on Shein

Source: Team 2

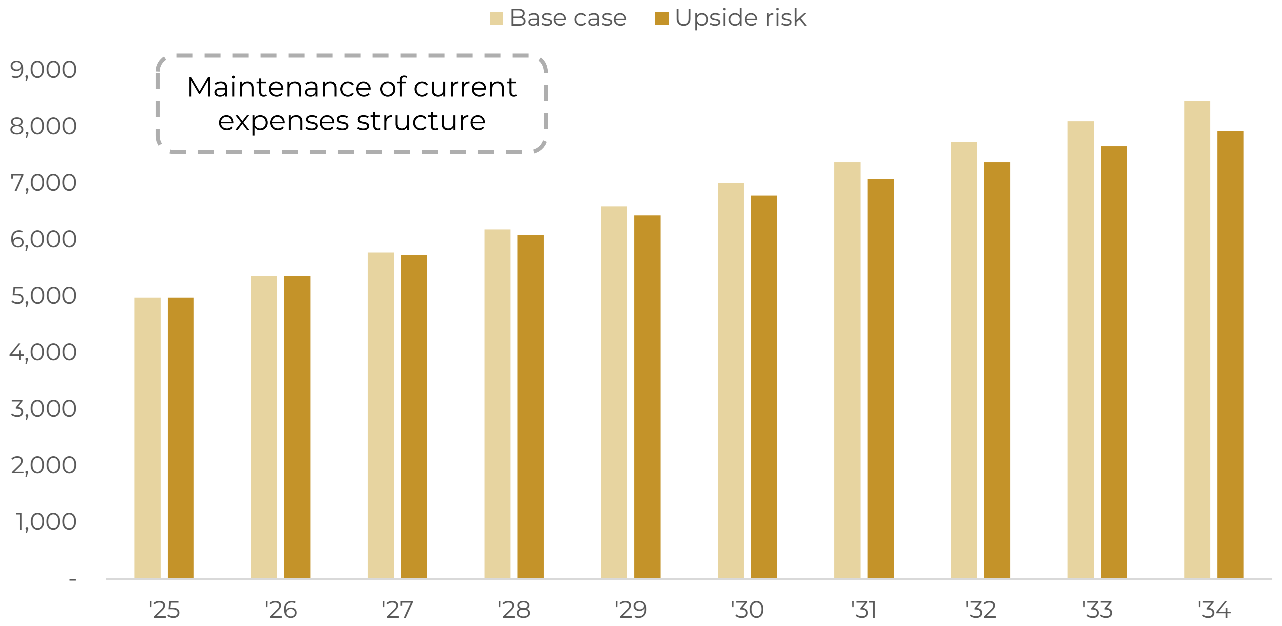
# Risk I1: Increase Of Pricing Premiums

Perfectly placed strategies increase Renner's capability to increase prices (+8.4%)




A closing of Shein's pricing gap or a close-to-perfect assertiveness in future collections allow Renner to increase prices without compromising its volume

SG&A expenses (BRL mm)



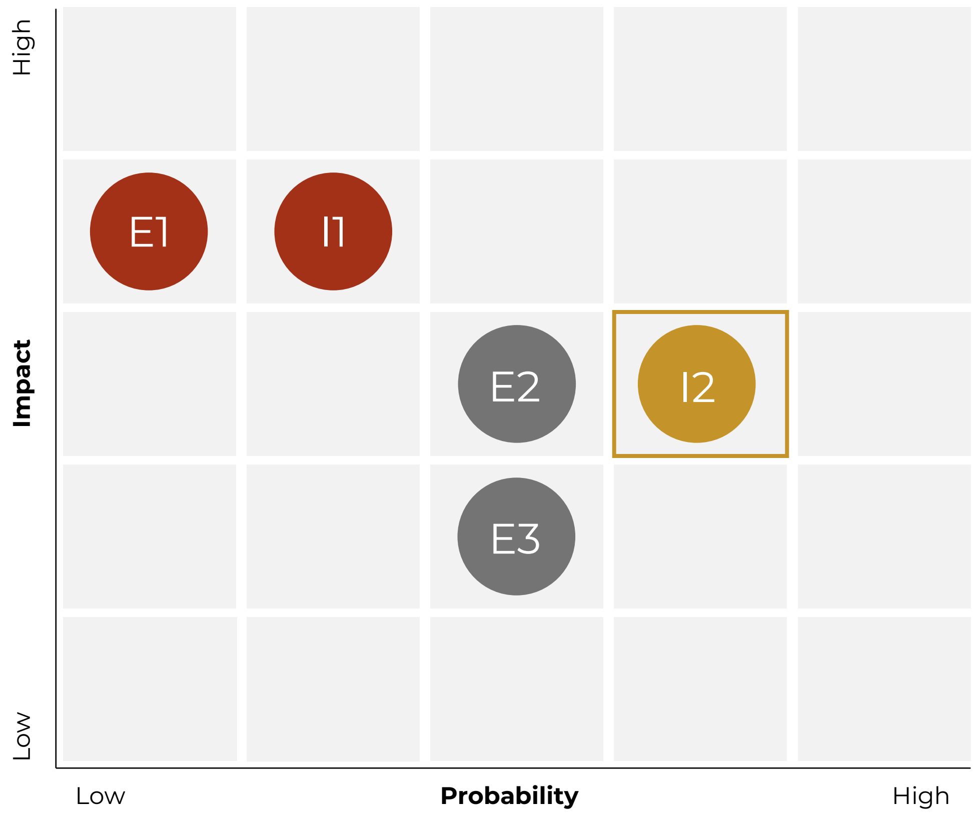

## Mitigation

1. 46% difference with Renner's pricing
2. Past its prime thesis (misalignment)
3. Historical 25% assertiveness rate

Source: Team 2

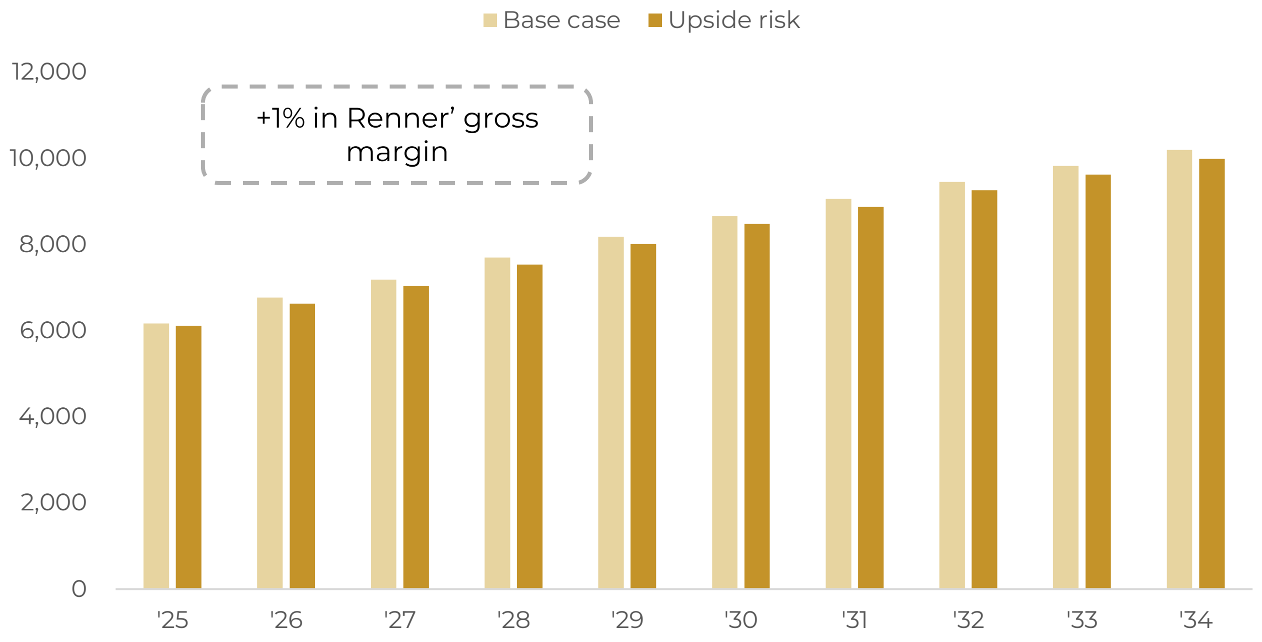
# Risk I2: Excess Returns From Cabreúva DC

Further logistical improvements of the new DC increase (+6.2%)




Greater operational gains from the Cabreúva DC, which can not be precisely predicted, could reduce markdowns and lead times

Retail COGS (BRL mm)



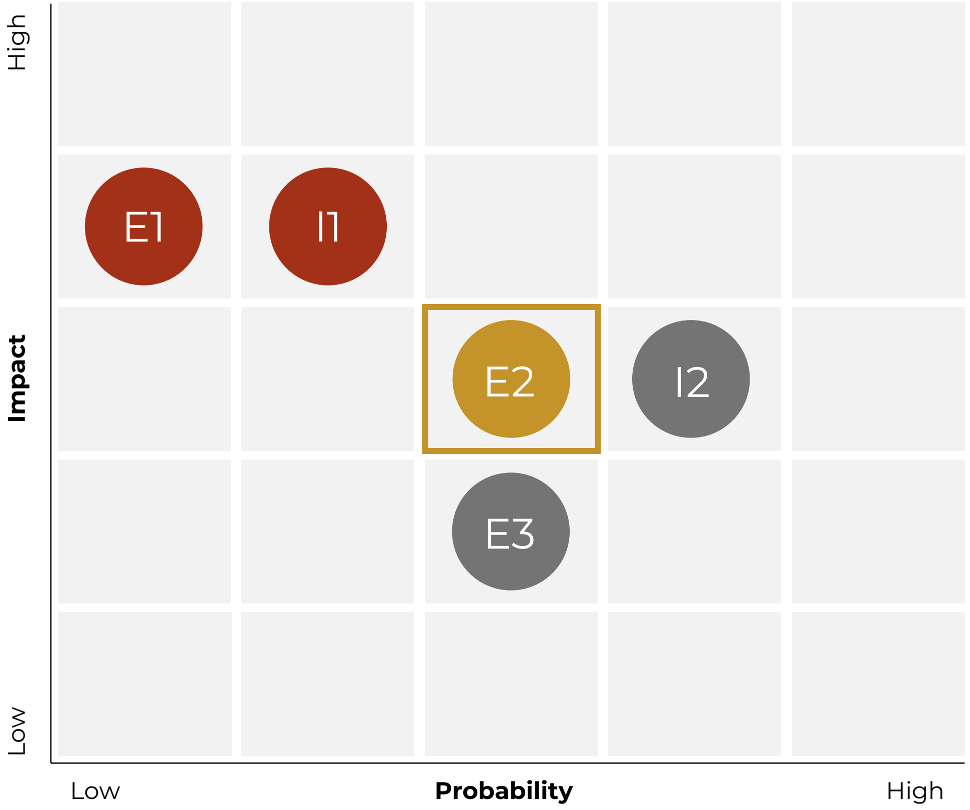

**Mitigation**

With the new distribution center already serving 100% of stores, including the digital channels, we believe that most of the results from the investment should already be reflected in the financials

Source: Team 2

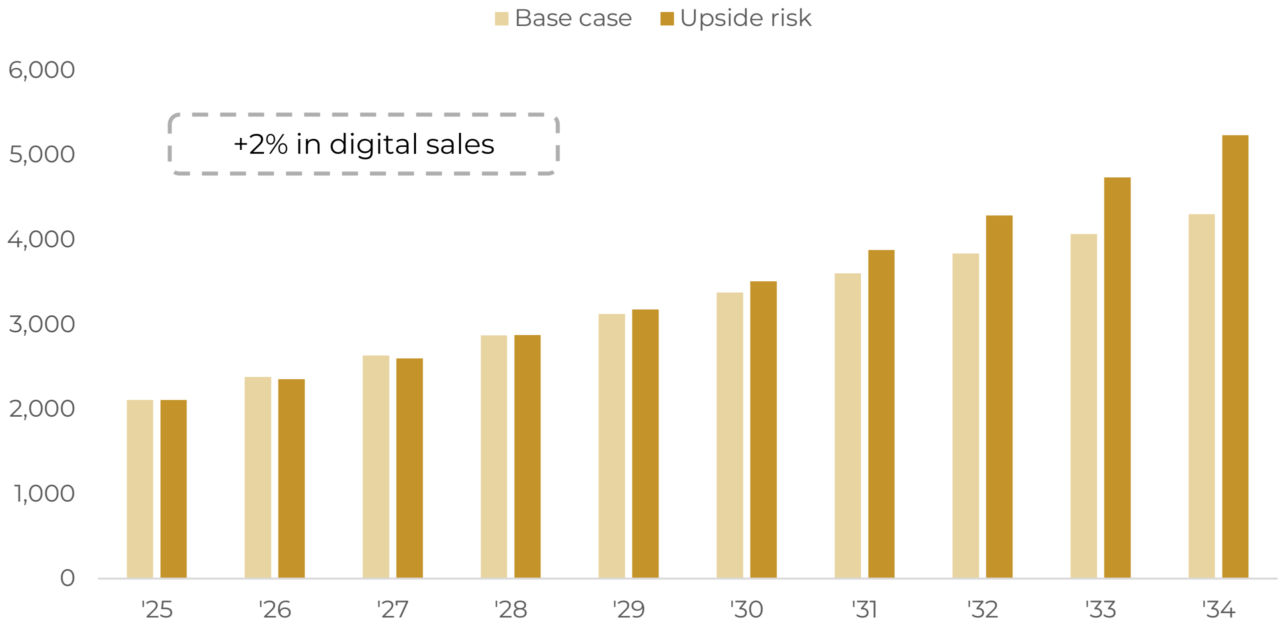
# Risk E2: Consumer Shifts to Sustainability

## Gain in digital market share from an ESG compliant operation (+6.7%)




A major social or environmental scandal from a key competitor could accelerate consumer demand for responsible fashion

E-commerce retail revenue (BRL mm)




**Mitigation**

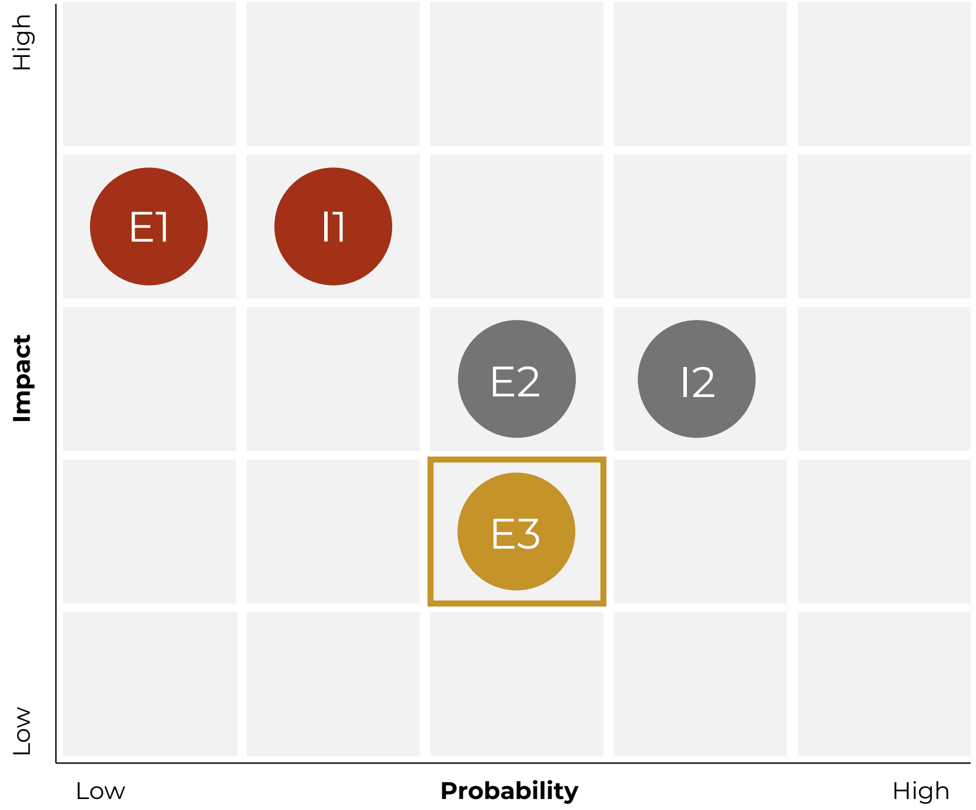
1. Brackets of price-sensitive consumers
2. Possible reduction in ESG evaluation
3. Continued difficulties in Scope 3 emissions

Source: Team 2

# Risk E3: Macroeconomic Improvement

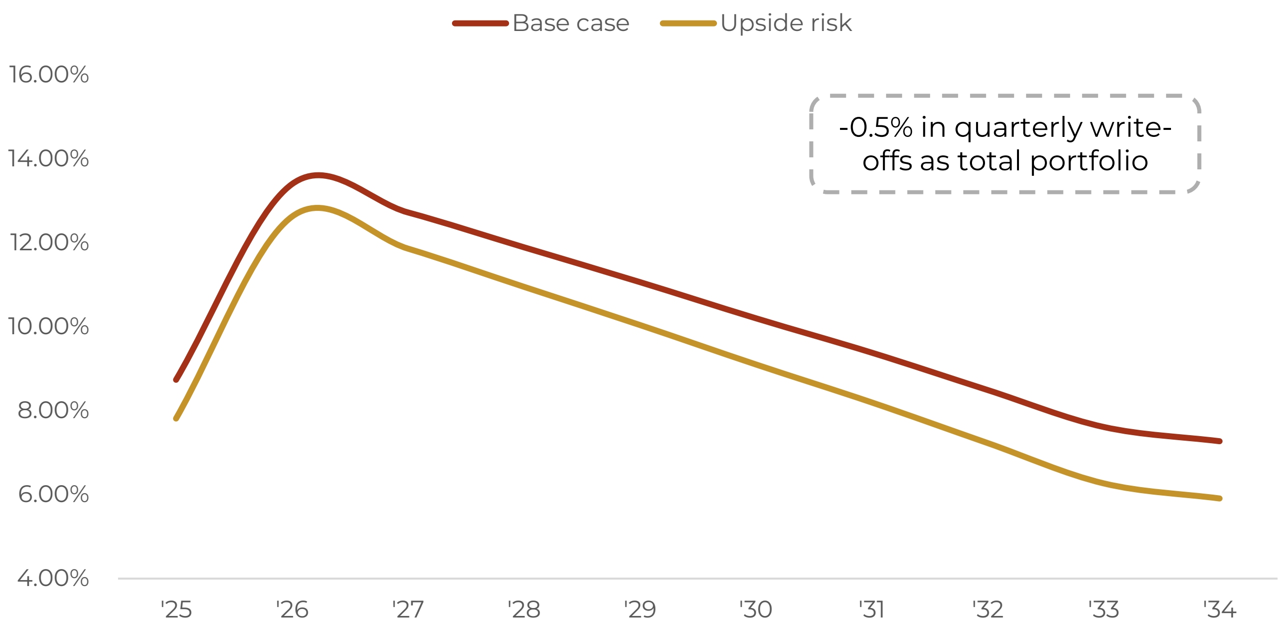
Lower rates than projected could increase the company’s sales and favor default rates (+4.9%)

RENNER




Lower rates than projected on our base case could increase the company’s interest-bearing sales and favor default rates

Write offs of co-branded portfolio (%)




**Mitigation**

Our base case valuation is already anchored on the current market projections for the yield curve. This upside scenario would require a significant positive deviation from this consensus, which we view as unlikely.

Source: Team 2

# DDM Sensitivity

How sensible is our DDM model?

### Our g is based on Brazil long term CPI and Ke by CAPM

Terminal growth rate vs Cost of Equity

Terminal Growth Rate (%)

| Cost of Equity (%) | 2.5% | 3.0% | 3.5% | 4.0% | 4.5% |
|---|---|---|---|---|---|
| **14.4%** | (22.4%) | (20.8%) | (19.0%) | (17.2%) | (15.1%) |
| **14.9%** | (24.6%) | (23.1%) | (21.4%) | (19.6%) | (17.7%) |
| **15.4%** | (26.8%) | (25.4%) | (23.8%) | (22.0%) | (20.1%) |
| **15.9%** | (28.9%) | (27.5%) | (26.0%) | (24.3%) | (22.5%) |
| **16.4%** | (30.9%) | (29.6%) | (28.1%) | (26.5%) | (24.8%) |

**Downside in every scenario**

### We see a high payout due to Renner big cash position

Terminal growth rate vs Terminal payout

Terminal Growth Rate (%)

| Terminal Payout (%) | 2.5% | 3.0% | 3.5% | 4.0% | 4.5% |
|---|---|---|---|---|---|
| **72%** | (31.7%) | (30.4%) | (29.0%) | (27.5%) | (25.9%) |
| **78%** | (29.1%) | (27.7%) | (26.5%) | (24.6%) | (22.9%) |
| **84%** | (26.8%) | (25.4%) | (23.8%) | (22.0%) | (20.1%) |
| **90%** | (24.2%) | (22.7%) | (20.8%) | (19.1%) | (17.1%) |
| **96%** | (21.3%) | (19.6%) | (17.8%) | (15.8%) | (13.6%) |

**Downside in every scenario**

Source: Team 2

# IRR Sensitivity

## IRR reiterates a low safety margin

### IRR is slightly above Cost of Equity

Sensibility according to exit multiple and year

*Exit Forward P/E*

| Exit Year | 7.5x | 8.0x | 8.5x | 9.0x | 9.5x |
|---|---|---|---|---|---|
| **2026** | 0.0% | 6.3% | 12.6% | 18.8% | 25.1% |
| **2027** | 11.0% | 14.3% | 17.6% | 20.7% | 23.8% |
| **2028** | 13.3% | 15.5% | 17.6% | 19.7% | 21.6% |
| **2029** | 14.8% | 16.4% | 18.0% | 19.5% | 20.9% |
| **2030** | 15.6% | 16.8% | 18.0% | 19.1% | 20.2% |
| **2031** | 16.0% | 17.0% | 18.0% | 18.9% | 19.8% |
| **2032** | 16.2% | 17.1% | 17.8% | 18.6% | 19.3% |

**IRR is only 2% higher than Ke in our base case**

### We assumed current NTM P/E multiple for Renner

Sensibility according to exit multiple and earnings

*Exit Forward P/E*

| *2030 Earnings* | 7.5x | 8.0x | 8.5x | 9.0x | 9.5x |
|---|---|---|---|---|---|
| **1,754** | 9.1% | 10.2% | 11.3% | 12.3% | 13.3% |
| **2,004** | 11.5% | 12.6% | 13.7% | 14.8% | 15.8% |
| **2,254** | 13.6% | 14.8% | 15.9% | 17.1% | 18.1% |
| **2,504** | 15.6% | 16.8% | 18.0% | 19.1% | 20.2% |
| **2,754** | 17.4% | 18.7% | 19.9% | 21.1% | 22.2% |
| **3,004** | 19.1% | 20.5% | 21.7% | 22.9% | 24.1% |
| **3,254** | 20.8% | 22.1% | 23.4% | 24.6% | 25.8% |

**IRR is only 2% higher than Ke in our base case**

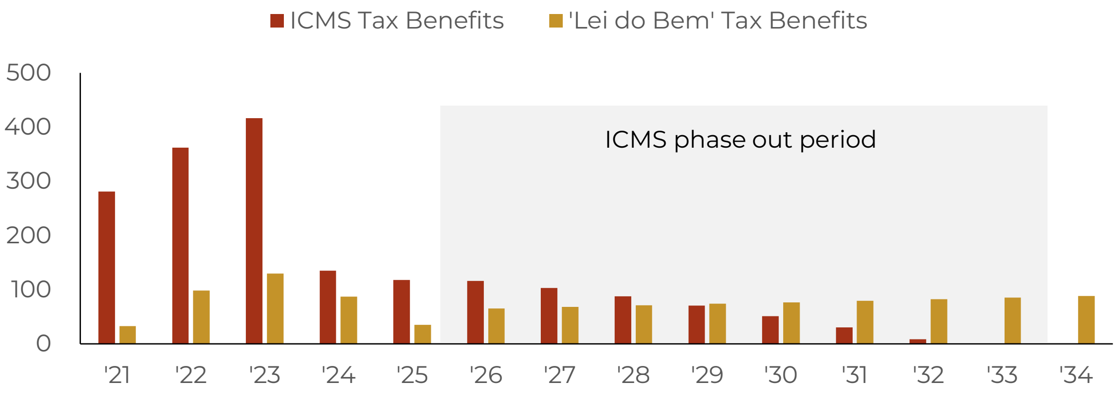
Source: Team 2

# Tax Rate – Fiscal Benefits (1/2)

Renner benefits should remain at 'Lei do Bem' instead of 'ICMS' in the long term

## ICMS Tax Benefits should end by 2033

Tax Benefits (BRL mm)



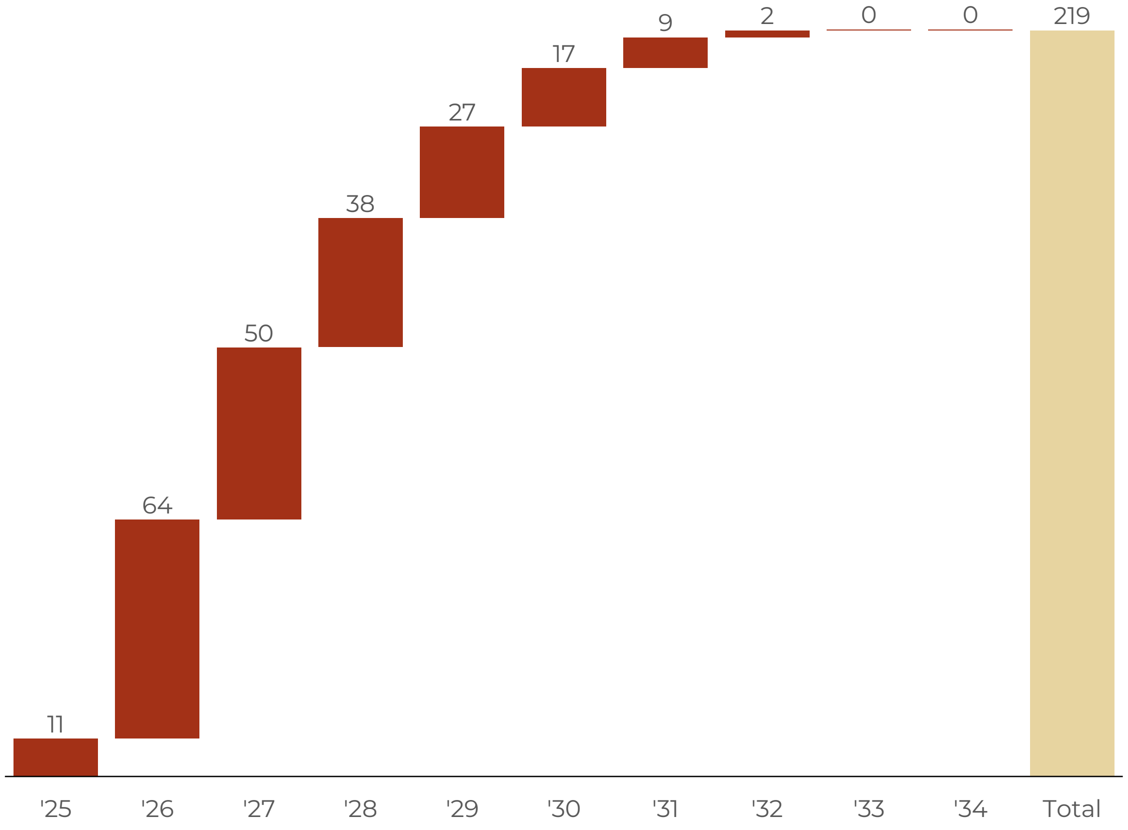


"The transition to the new system will begin in **2026** and be completed in **2033**, the year in which the current consumption taxes will be abolished and the new model will be fully in effect."

***-Ministry of Finance on Tax Reform and ICMS Benefits***

## ICMS generate a NPV of BRL 276 mm

NPV Tax Benefits (BRL mm)




Source: Ministry of Finance of Brazil, Team 2

# Tax Rate – Interest On Own Capital (2/2)

Renner tax rate stabilize around 17% reflecting tax Shield on IOC and ICMS benefits

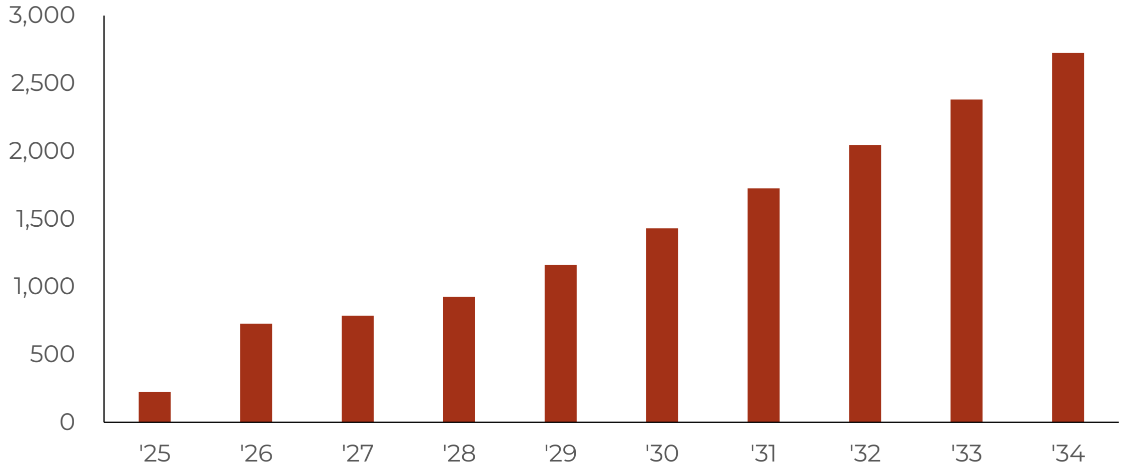
Maximum deduction increases substantially due to earnings

The deduction is limited to the **greater of:**

(i) 50% of the Company's net income for the period in which the payment is made;

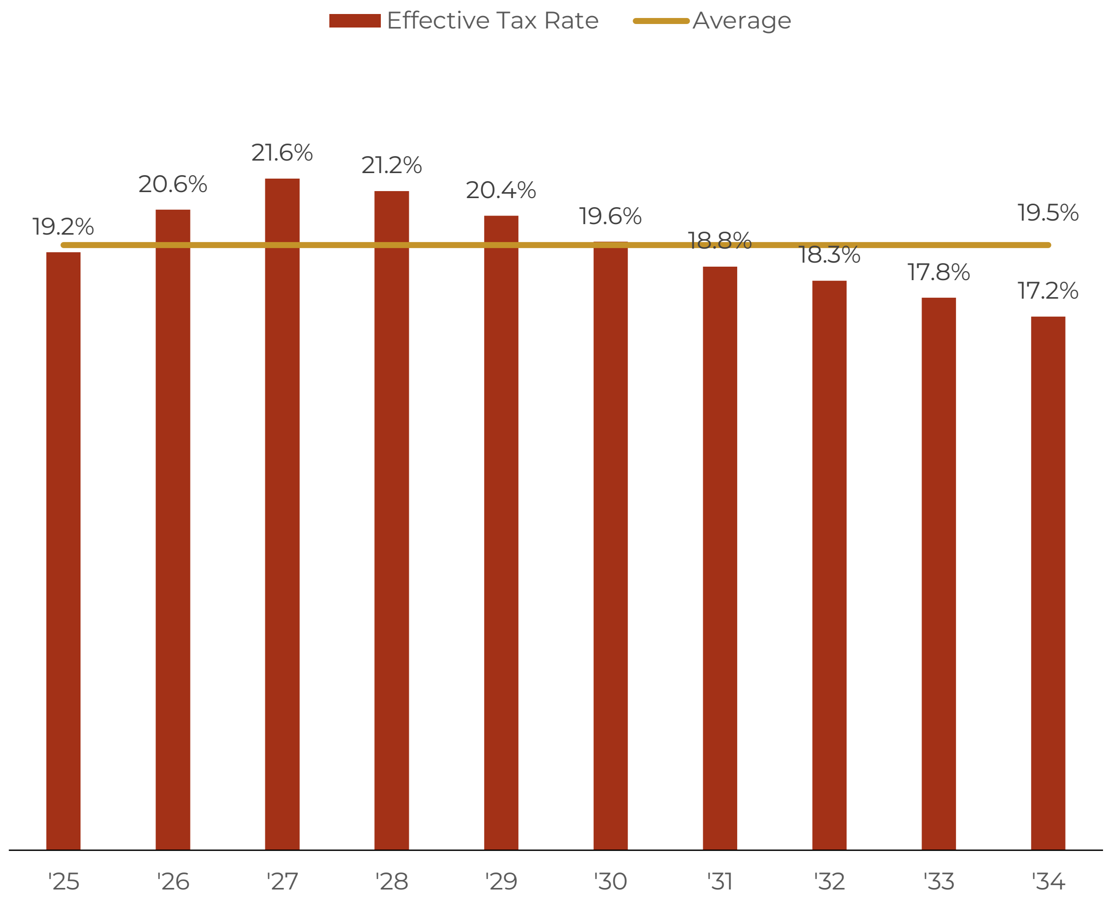
(ii) 50% of the Company's net income for the past period incorporated in retained earnings.

IoC Paid (BRL mm)




Lower tax rate due to IoC tax benefits

Tax Rate (%)




Source: Company, Team 2

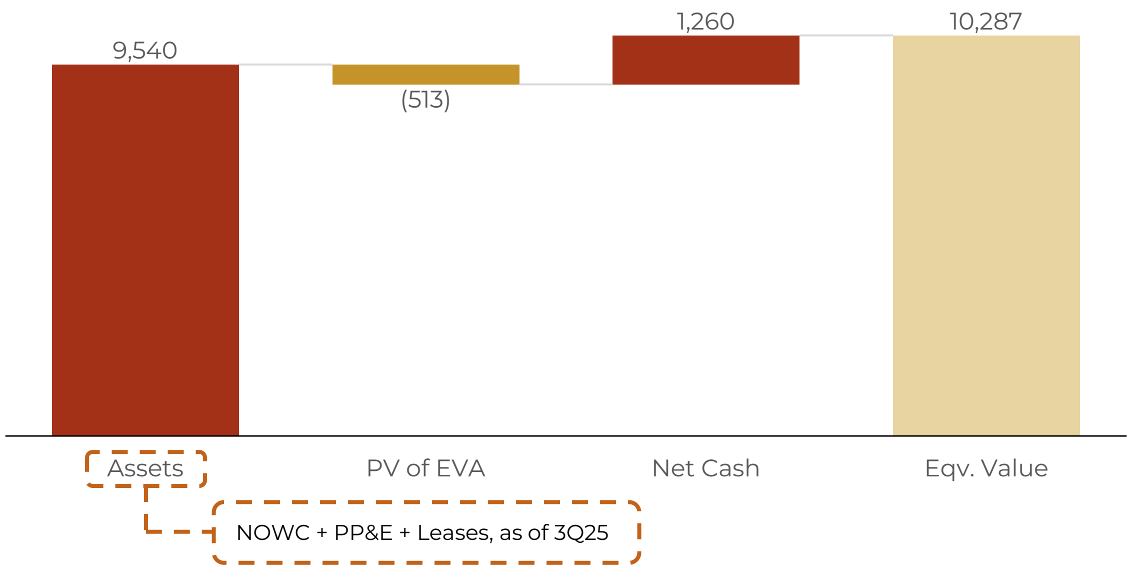
# EVA Valuation

We evaluated Renner using an EVA approach

RENNER

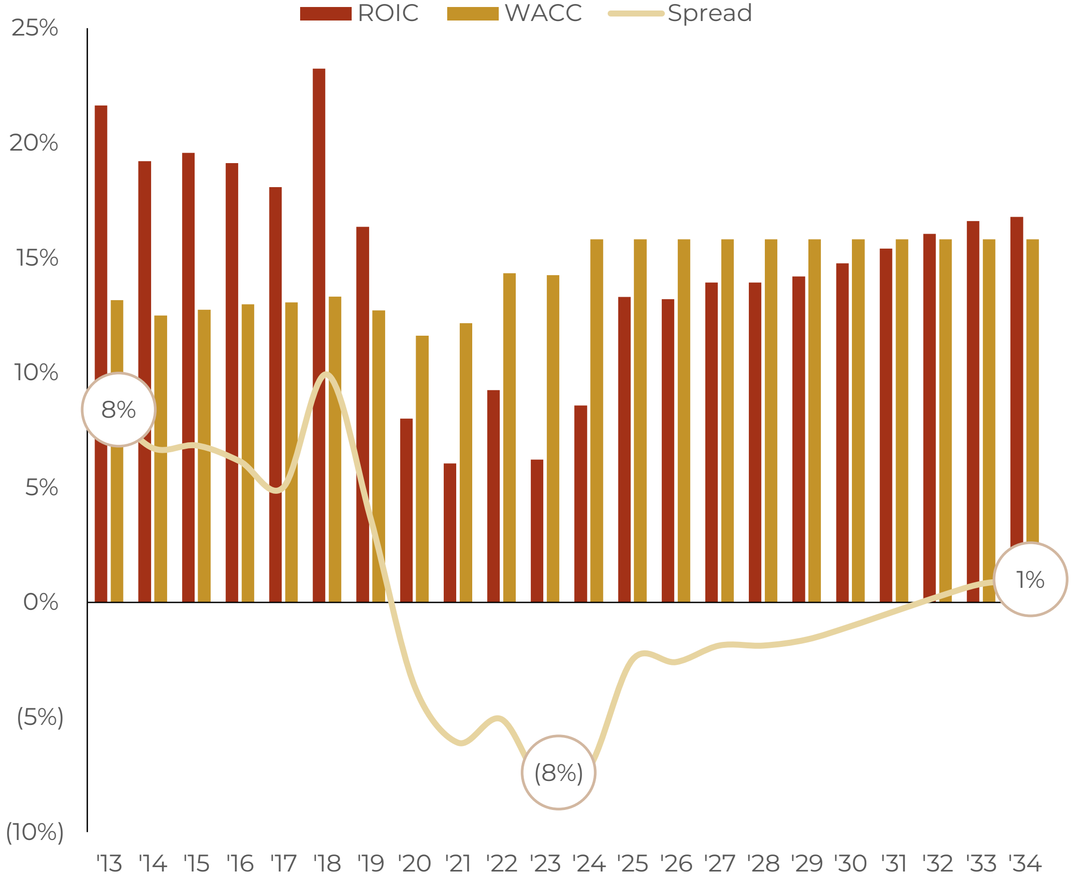
We expect Renner to **return to a ROIC above WACC** in the end of our projection. Despite that, the destroyed value in the period is not compensated by it.

In our projection, we output a **BRL 10.4** Target Price, a **30.5% downside**




ROIC will return above WACC in 2034, by 1.0%

ROIC-WACC Spread (%)




Source: Team 2

# Cost of Equity Calculation

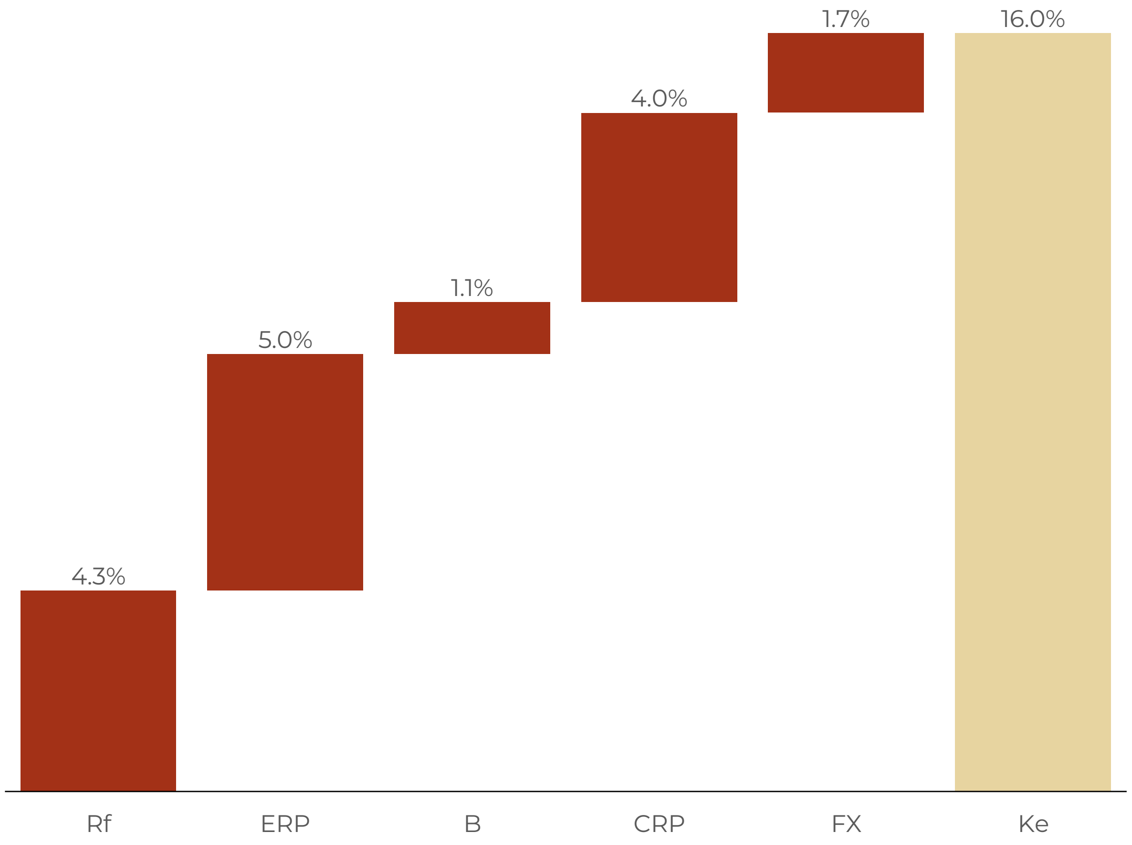
We calculated the cost of equity using the CAPM method

RENNER

| Ke Build-up | Methodology | |
|---|---|---|
| **Risk Free** | US-10Y Average YTD | **4.3%** |
| **Equity Risk Premium** | Duff & Phelps | **5.0%** |
| **Beta** | Bottom-up | **1.22** |
| **Country Risk Premium[1]** | CDS Spread Adj. for Volatility | **4.0%** |
| **FX Variation** | LT Forecast | **1.7%** |
| **Cost of Equity** | CAPM | **16.0%** |

We reached a 16.0% Cost of Equity in BRL

Ke breakdown (%)




Note (1): CRP = Default Spread (CDS 10y USD: 2.24%) × (σ IBOV USD 2Y: 15% / σ EMBI BR 2Y: 8.5%) = 2.24% × 1.76 = 4.0%. Source: Bloomberg, Team 2

# Beta Calculation

We used a bottom-up approach for Beta

| Beta x Ibov | B 5Y Lev | D/E | Tax | B 5Y Unl | Weight (Revenue) |
|---|---|---|---|---|---|
| Azzas 2154 | 1.24 | 55% | 34% | 0.91 | 26.5% |
| Alpargatas | 1.19 | 10% | 34% | 1.12 | 9.7% |
| C&A | 1.60 | 24% | 34% | 1.39 | 18.0% |
| Guararapes | 1.82 | 42% | 34% | 1.42 | 22.9% |
| SBF | 1.63 | 33% | 34% | 1.34 | 16.5% |
| Vivara | 1.22 | 7% | 34% | 1.17 | 6.5% |
| | | | | | |
| Renner | 1.22 | 0% | 34% | 1.22 | |

Source: Factset

# Cost of Debt Calculation

## We used past debt and synthetic rating

Based on Renner current capital structure

| Debt | Issuance | Due date | Index | Yield | Principal | Weight |
|---|---|---|---|---|---|---|
| CDI II | 30/05/2025 | 31/05/2027 | CDI | 106.30% | 156.8 | 42.6% |
| CDI III | 27/06/2025 | 28/06/2027 | CDI | 105.90% | 160.1 | 43.5% |
| CDB I | 15/07/2023 | 15/06/2026 | CDI | 106.50% | 38.3 | 10.4% |
| CDB II | 15/07/2024 | 15/06/2027 | CDI | 104.00% | 12.6 | 3.4% |

106% of CDI

14.35%
Pre-tax Kd

Synthetic cost of debt using Damodaran default rates

| Kd Build-up | Methodology | |
|---|---|---|
| **Interest Coverage Ratio** | EBIT/Interest Expense | **121x** |
| **Credit Rating / Default Spread** | BrAAA | **0.45%** |
| **Risk Free Rate** | SWAP DI PRE Fixed | **13.50%** |
| **Marginal Pre Tax Kd** | Synthethic Rating | **13.95%** |

Source: B3, Company, Damodaran, Team 2

# WACC - Calculation

Renner is almost 100% debt

RENNER

| WACC | Units | 2024A | 4Q25E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rolling WACC (1 = OFF, 2 = ON) | 1 | | | | | | | | | | | |
| **Kd (BRL) -- after-tax** | **[%]** | | **9.2%** | **9.2%** | **9.2%** | **9.2%** | **9.2%** | **9.2%** | **9.2%** | **9.2%** | **9.2%** | **9.2%** |
| Tax Rate | [%] | | 34.0% | 34.0% | 34.0% | 34.0% | 34.0% | 34.0% | 34.0% | 34.0% | 34.0% | 34.0% |
| **Ke (BRL)** | **[%]** | | | | | | | | | | | |
| Rf - (T 10 US) | [%] | | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% |
| B | [%] | | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 |
| Equity Risk Premium US | [%] | | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| CRP - CDS Adj for volatility | [%] | | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| **Ke USD** | [%] | | **14.4%** | **14.4%** | **14.4%** | **14.4%** | **14.4%** | **14.4%** | **14.4%** | **14.4%** | **14.4%** | **14.4%** |
| CPI BR | [%] | | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| CPI US | [%] | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| **Ke BRL** | [%] | | **16.0%** | **16.0%** | **16.0%** | **16.0%** | **16.0%** | **16.0%** | **16.0%** | **16.0%** | **16.0%** | **16.0%** |
| Capital Structure | | | | | | | | | | | | |
| Debt/Total Capital | [%] | | 4% | 2% | 2% | 2% | 1% | 1% | 1% | 0% | 0% | 0% |
| Equity/Total Capital | [%] | | 96% | 98% | 98% | 98% | 99% | 99% | 99% | 100% | 100% | 100% |
| Equity | [BRL mm] | | 16,060 | 16,060 | 16,060 | 16,060 | 16,060 | 16,060 | 16,060 | 16,060 | 16,060 | 16,060 |
| Debt | [BRL mm] | | 591 | 374 | 314 | 254 | 207 | 160 | 113 | 66 | 66 | 66 |
| Capital | [BRL mm] | | 16,651 | 16,434 | 16,374 | 16,314 | 16,267 | 16,220 | 16,173 | 16,126 | 16,126 | 16,126 |
| **WACC (BRL -- nominal)** | **[%]** | | **15.8%** | **15.8%** | **15.8%** | **15.8%** | **15.8%** | **15.8%** | **15.8%** | **15.8%** | **15.8%** | **15.8%** |

Source: Team 2

# Perpetuity Growth Rate

We believe that the used growth rate reflects Renner scenario

RENNER

**Why a 3.5% growth rate in perpetuity?**

1. **Long term IPCA used in our model**
2. **Margin of safety by not incorporating real growth**
3. **In our forecasts, Renner revenue is tied up to IPCA, as the company pass on in products**

Terminal Growth Rate (%)

| WACC (%) | 2.5% | 3.0% | 3.5% | 4.0% | 4.5% |
|---|---|---|---|---|---|
| 14.8% | (16.5%) | (15.2%) | (13.8%) | (12.2%) | (10.6%) |
| 15.3% | (18.6%) | (17.4%) | (16.0%) | (14.5%) | (12.9%) |
| 15.8% | (20.6%) | (19.4%) | (18.1%) | (16.7%) | (15.1%) |
| 16.3% | (22.6%) | (21.4%) | (20.1%) | (18.7%) | (17.2%) |
| 16.8% | (24.4%) | (23.3%) | (22.1%) | (20.7%) | (19.3%) |

**Our recommendation is not affected by g**

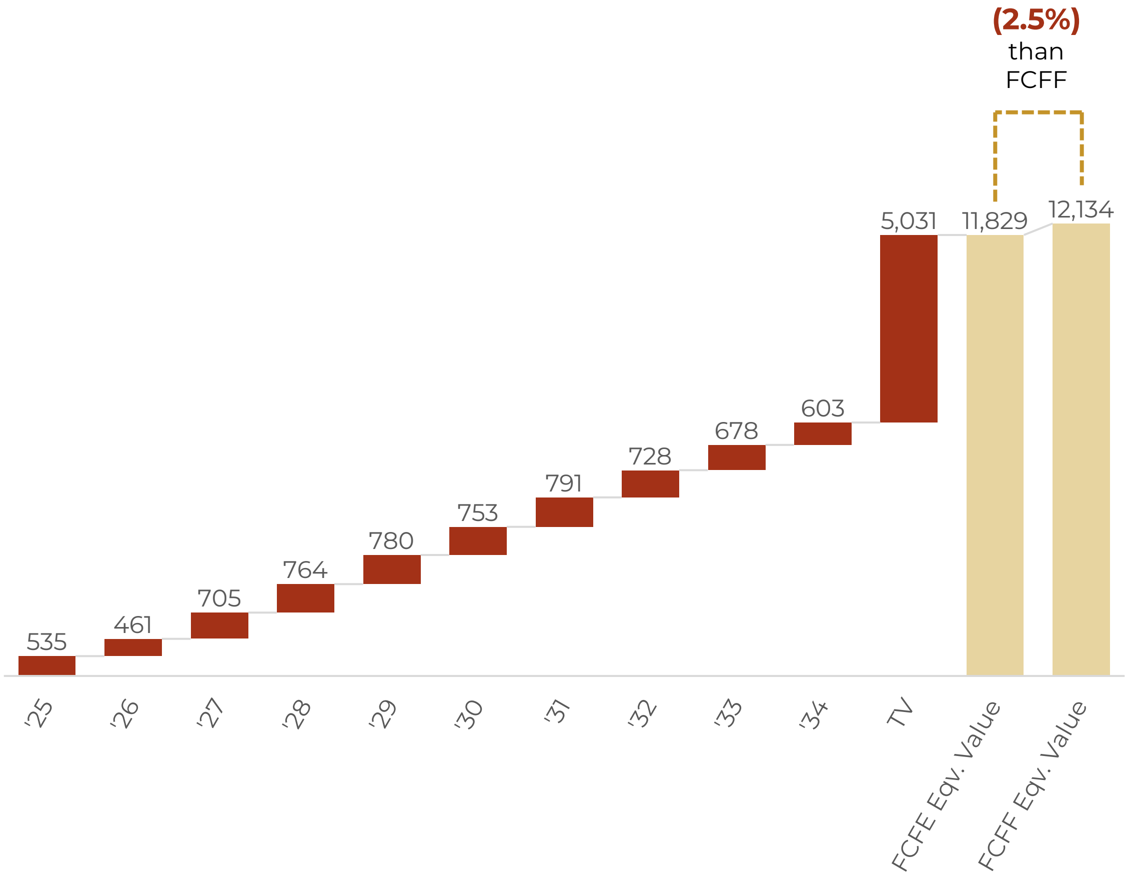
Source: Team 2

# Why Not A FCFE?

## Equity value is similar on both approach

Equity Value is similar in FCFE and FCFF

Free Cash Flow to Equity (BRL mm)




BRL 12.28
FCFF
Equity Value
Target Price

BRL 11.98
FCFE
Equity Value
Target Price

1. We could have used a FCFE approach to value Renner, as the company has a very stable capital structure

2. Theoretically, both approaches should yield the same Equity Value, and in fact the difference is small

Source: Team 2

# Realize Credit Portfolio

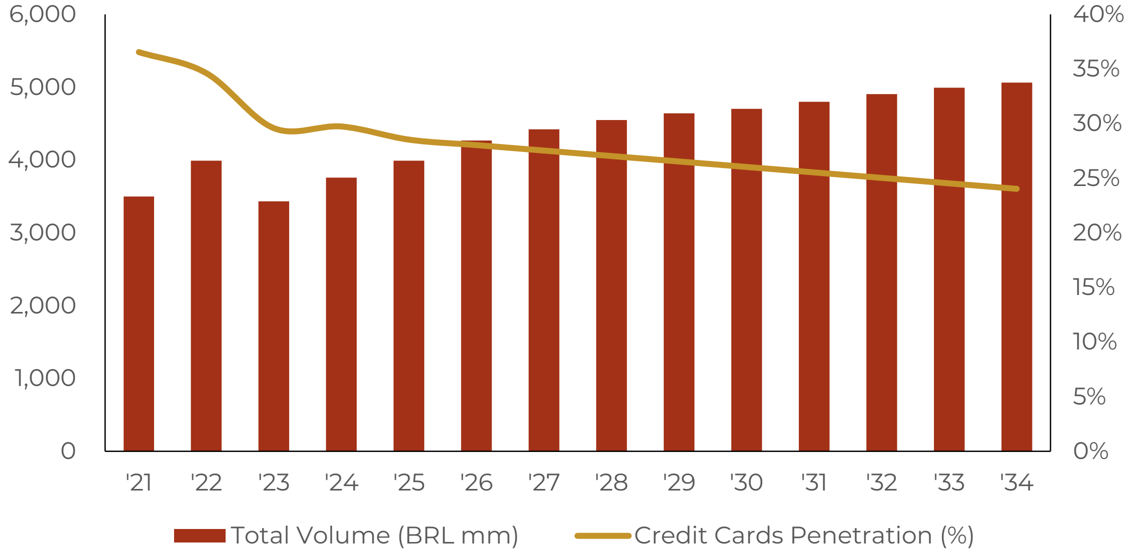
Credit Portfolio losing relevance as Realize lose retail sales share

## Historical trend is the main driver for Realize loss of relevance

Total Realize Volume (BRL mm) vs Credit Cards Penetration on Sales (%)

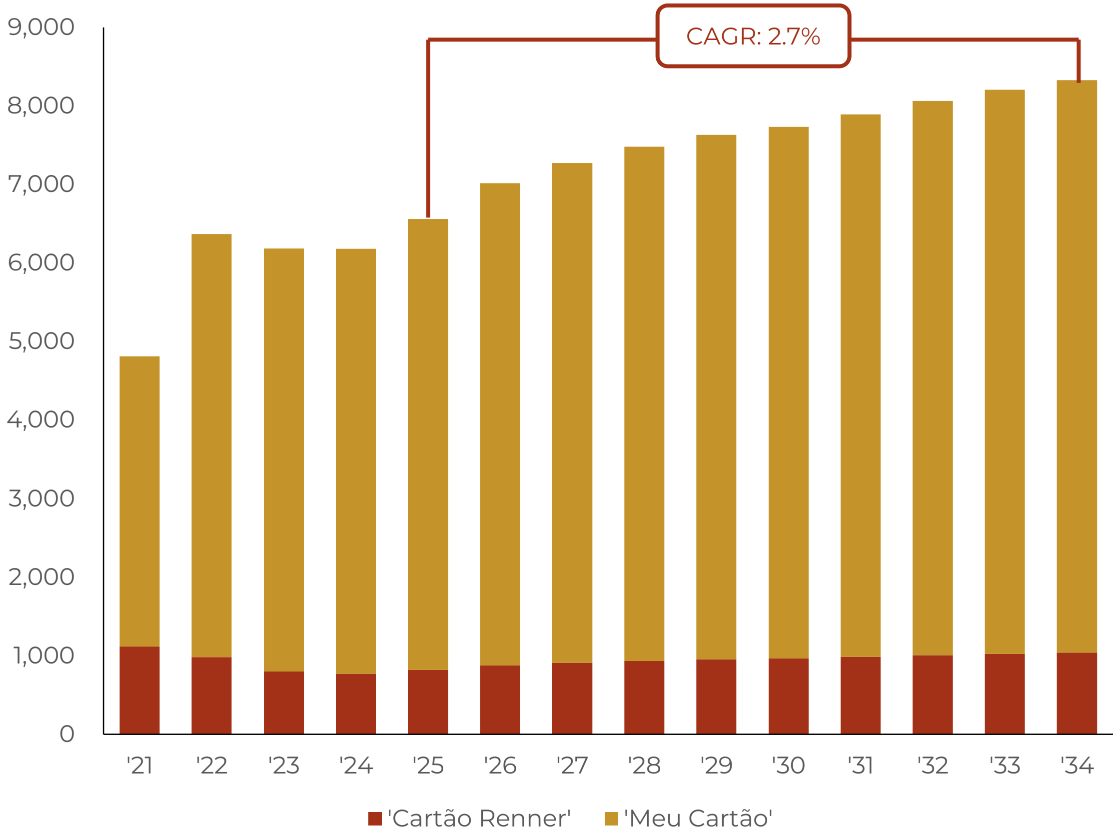
**1.** We forecast a Credit Cards Penetration decreasing over time to reflect the **uncompetitive benefits** of Realize and **historical trend**

**2.** Credit Portfolio calculated as a fraction of **retail card volume**, spread over SELIC based on historical data




## Portfolio growing at a timid 2.7%

Credit Portfolio (BRL mm)




Source: Team 2

# Interest Income On Credit

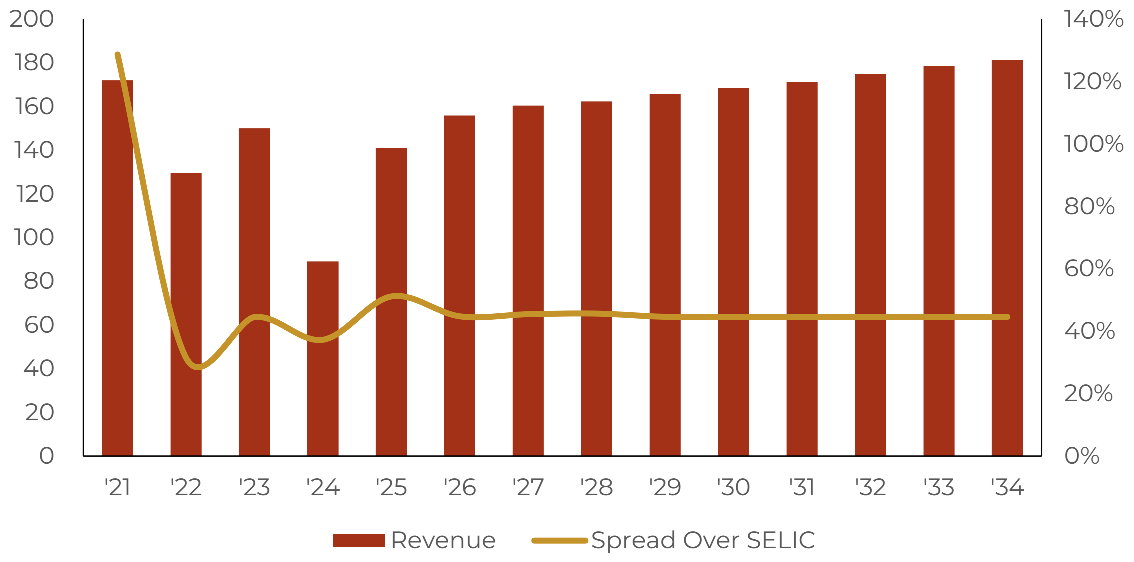
## We forecast interest spread over SELIC in line with historical

### 'Cartão Renner' spread over SELIC is in line with historical data

Revenue from yielding Receivables (BRL mm) and Spread over SELIC (%)

**44.6%**
Avg Spread over SELIC[1]

**+BRL 1.5 bn**
In Net Revenue
2025-2034E

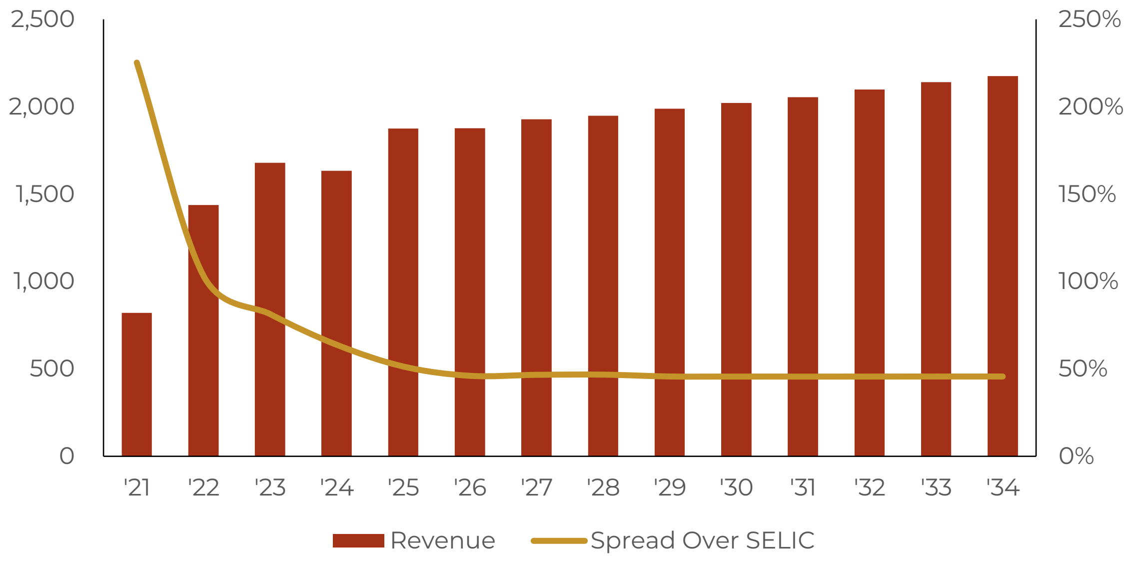



### 'Meu Cartão' spread over SELIC is in line with historical data

Revenue from yielding Receivables (BRL mm) and Spread over SELIC (%)

**46.1%**
Avg Spread over SELIC[1]

**+BRL 18 bn**
In Net Revenue
2025-2034E



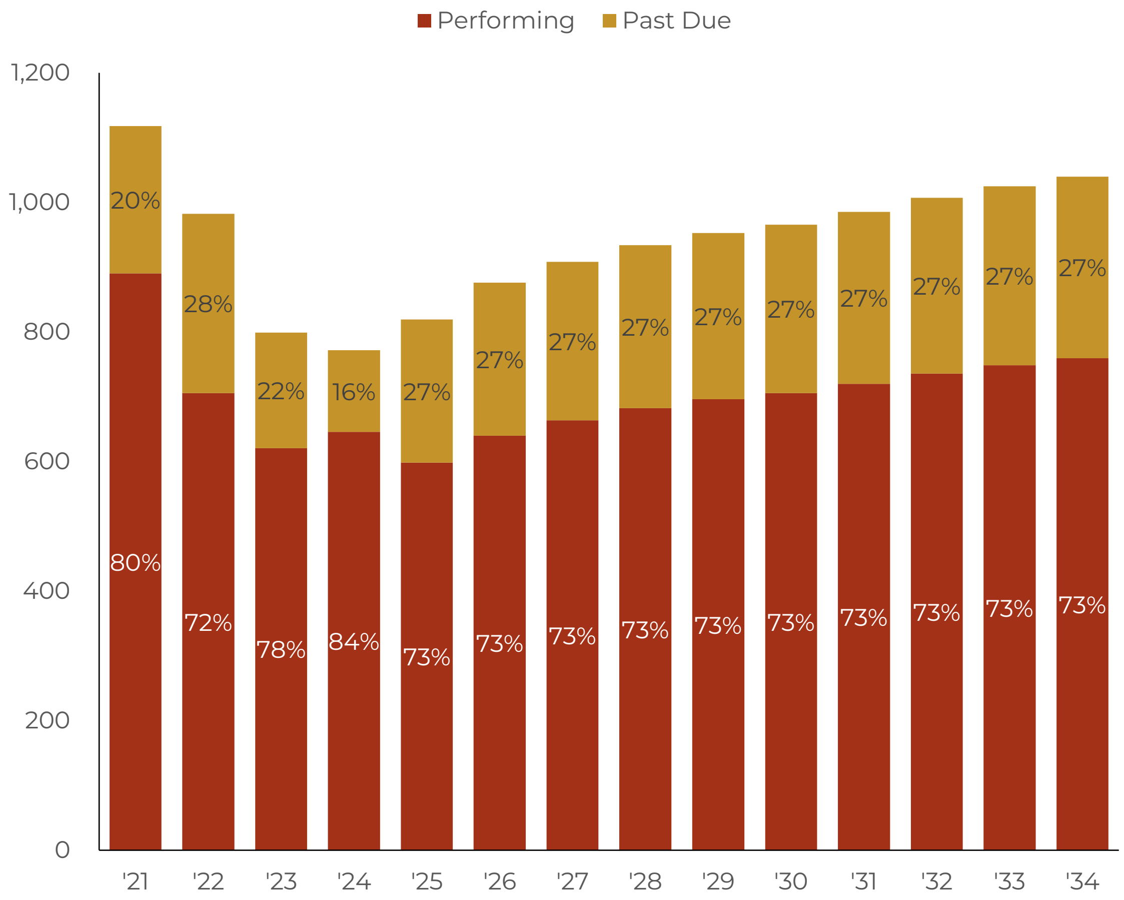

Note: (1) Total Interest rate for installments are around 40-60% per year according to Renner for 'Meu Cartão' and 'Cartão Renner'. Source: Company, Team 2

# Cartão Renner - Loans

## Forecasted Credit Portfolio and NPLs

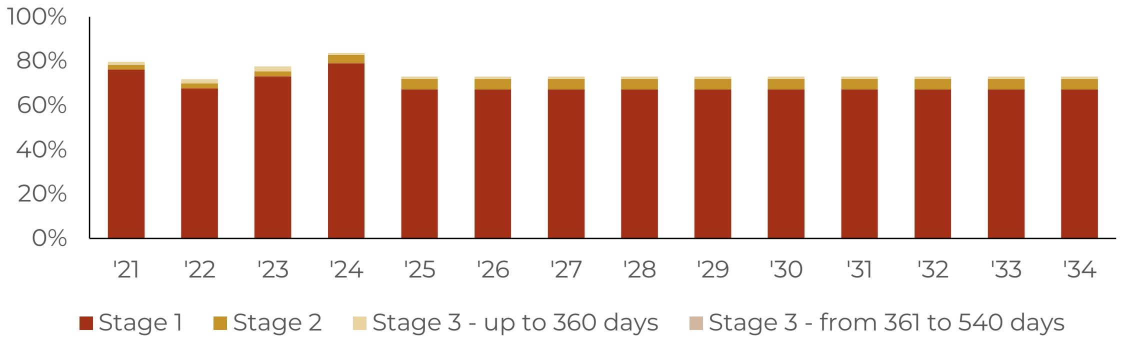
### We maintained the same ratios for Performing and Due loans

Credit Portfolio (BRL mm) and Breakdown (%)



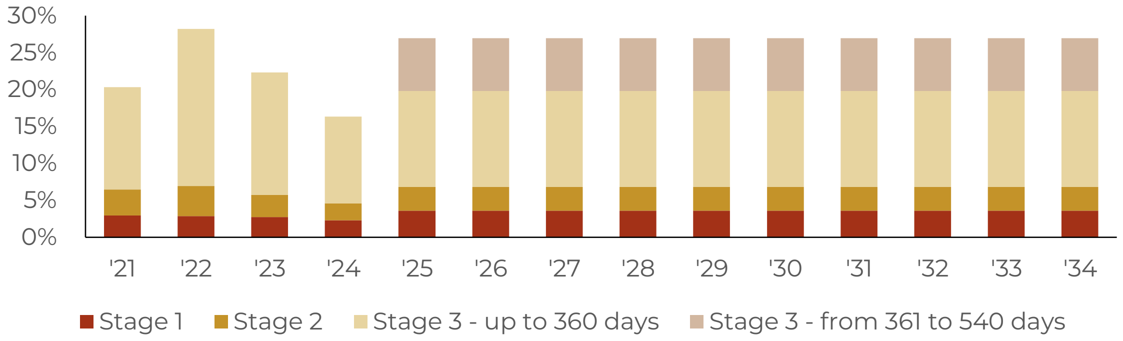

### We assumed the same proportion for S1, S2 and S3 loans

Performing Loans Breakdown (%)




### We assumed the same proportion for S1, S2 and S3 loans

Non-Performing Loans Breakdown (%)



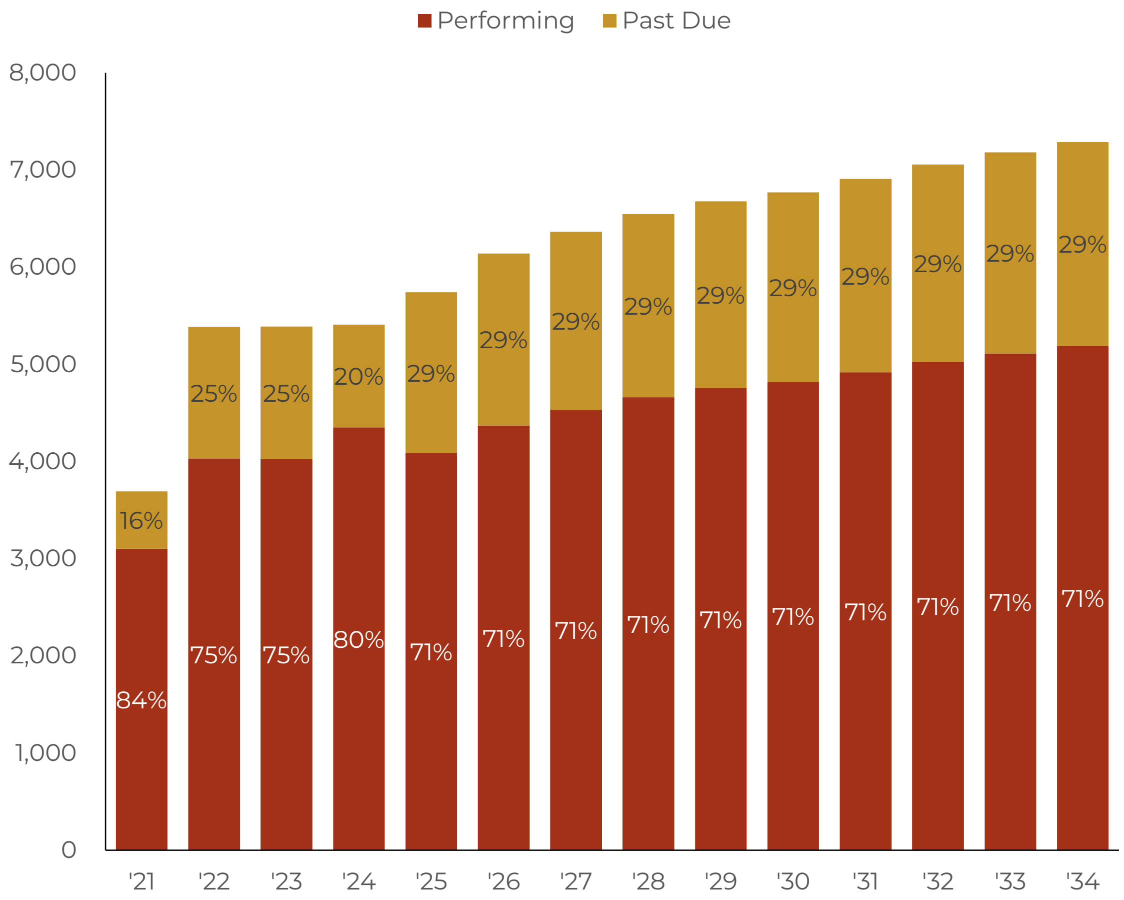

Source: Company, Team 2

# Meu Cartão - Loans

## Forecasted Credit Portfolio and NPLs

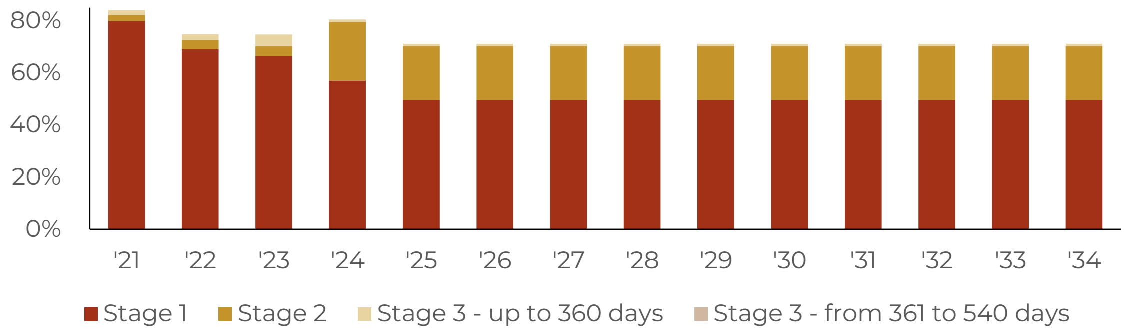
### We maintained the same ratios for Performing and Due loans

Credit Portfolio (BRL mm) and Breakdown (%)



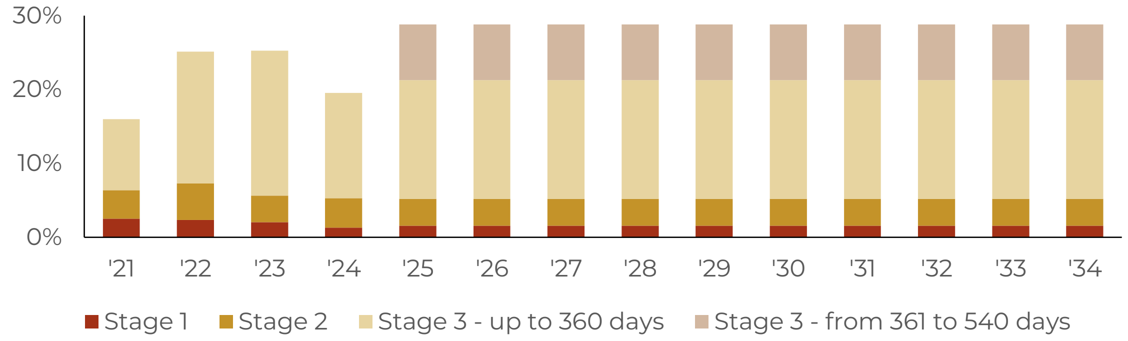

### We assumed the same proportion for S1, S2 and S3 loans

Performing Loans Breakdown (%)




### We assumed the same proportion for S1, S2 and S3 loans

Non-Performing Loans Breakdown (%)




Source: Company, Team 2

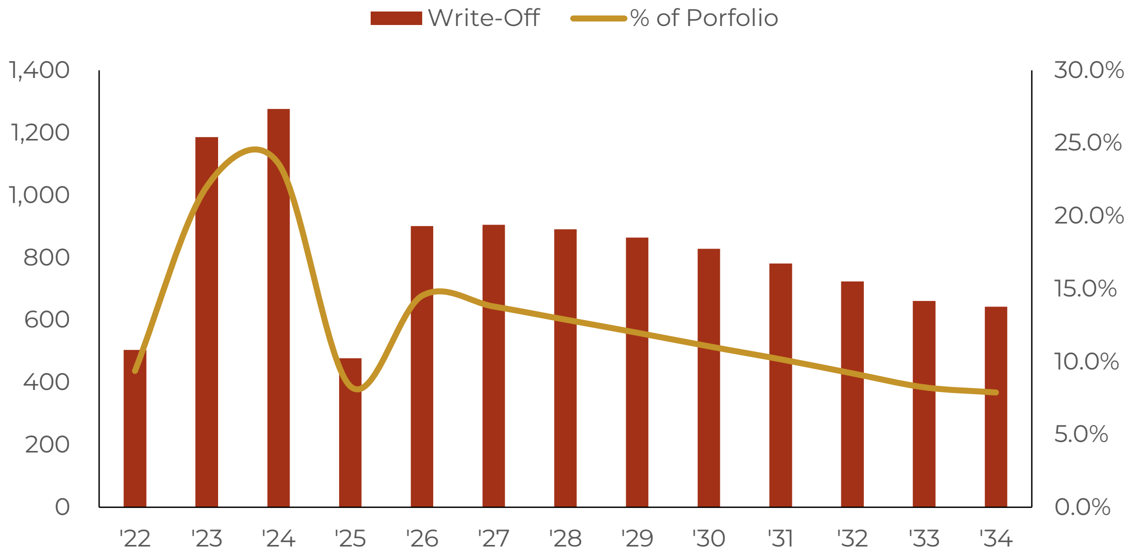
# Write-Off

## Realize loss on receivables will converge to average of Low-Income Unsecured

### Write-offs will be in line with Low-Income Unsecured data from CB

Meu Cartão Write Off (BRL mm) vs % of Portfolio (%)

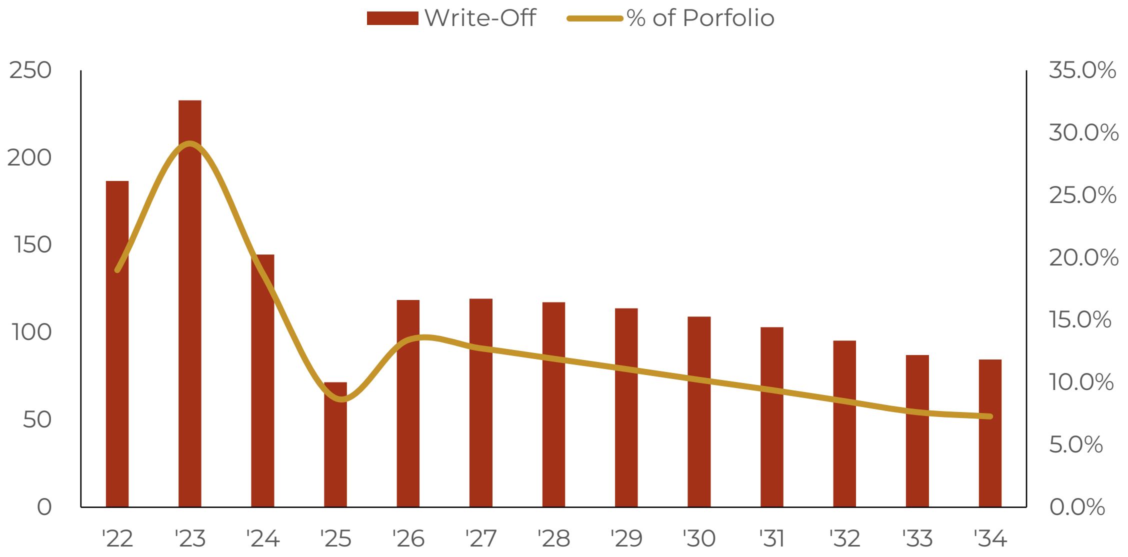
**We expect Write-Offs as a fraction of total portfolio to converge to a lower rate in perpetuity, in line with Low-Income Unsecured**




### Write-offs will be in line with Low-Income Unsecured data from CB

Cartão Renner Write Off (BRL mm) vs % of Portfolio (%)

| Category | ECL/PDD (%) | Write-Off (%) |
|---|---|---|
| Unsecured PF/Microcredit | 10-15% | 5-7% |
| **Low-Income Unsecured** | **12-18%** | **6-9%** |
| Revolving/Card | 15-25% | 8-12% |
| SFN PF Average | 6-10% | 3-5% |




Source: Central Bank of Brazil, Company, Team 2

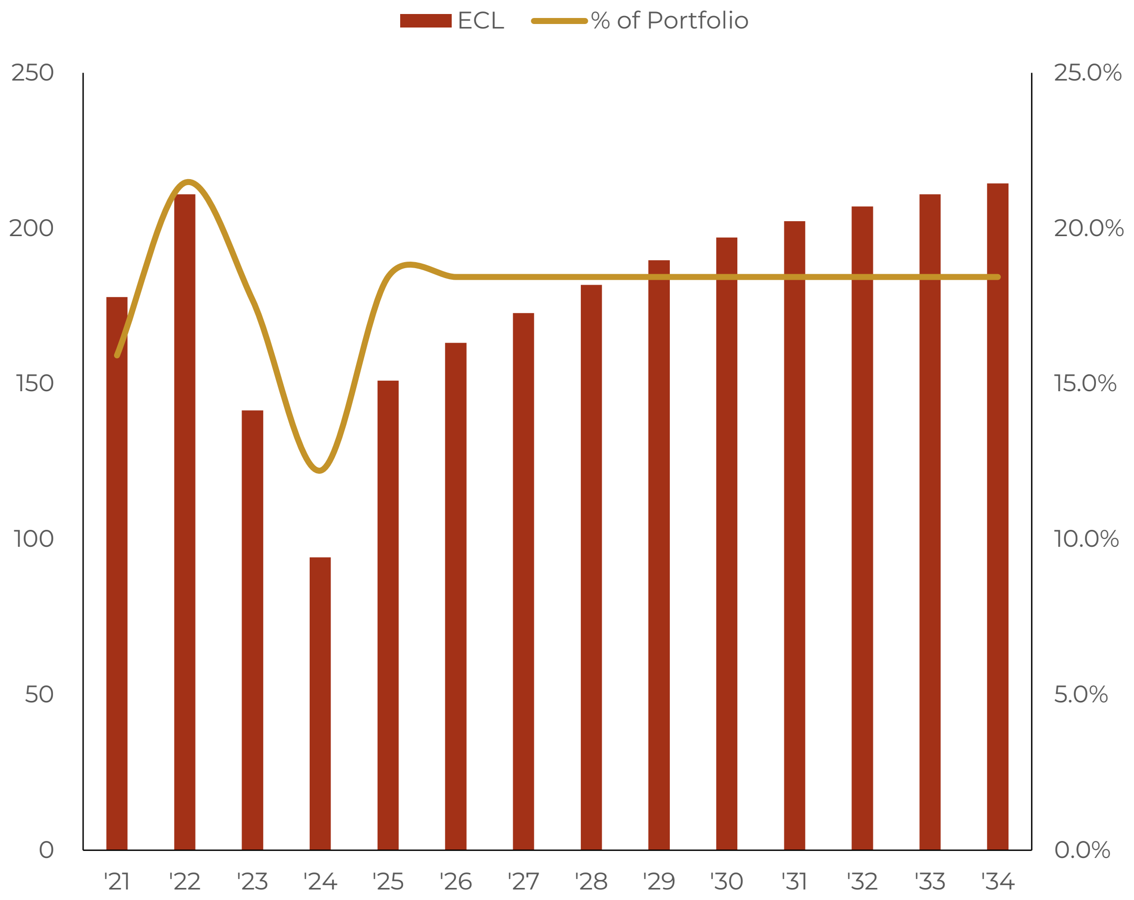
# Estimated Credit Losses – Cartão Renner

We assumed same Coverage Ratios and NPL as last quarter

RENNER

## Estimated Credit Losses grow in line with credit portfolio

ECL (BRL mm) vs as % of portfolio (%)




## We assumed last quarter Realize coverage ratios

Receivables Breakdown (%)

| Cartão Renner | Performing % total | Non-Performing % total | Coverage Ratios |
|---|---|---|---|
| **Stage 1** | 67.3% | 3.6% | 2.5% |
| **Stage 2** | 4.7% | 3.2% | 10.0% |
| **Stage 3 - up to 360 days** | 1.1% | 13.0% | 71.4% |
| **Stage 3 - from 361 to 540 days** | 0.0% | 7.1% | 73.5% |

**We dot not have a major assumption for it**

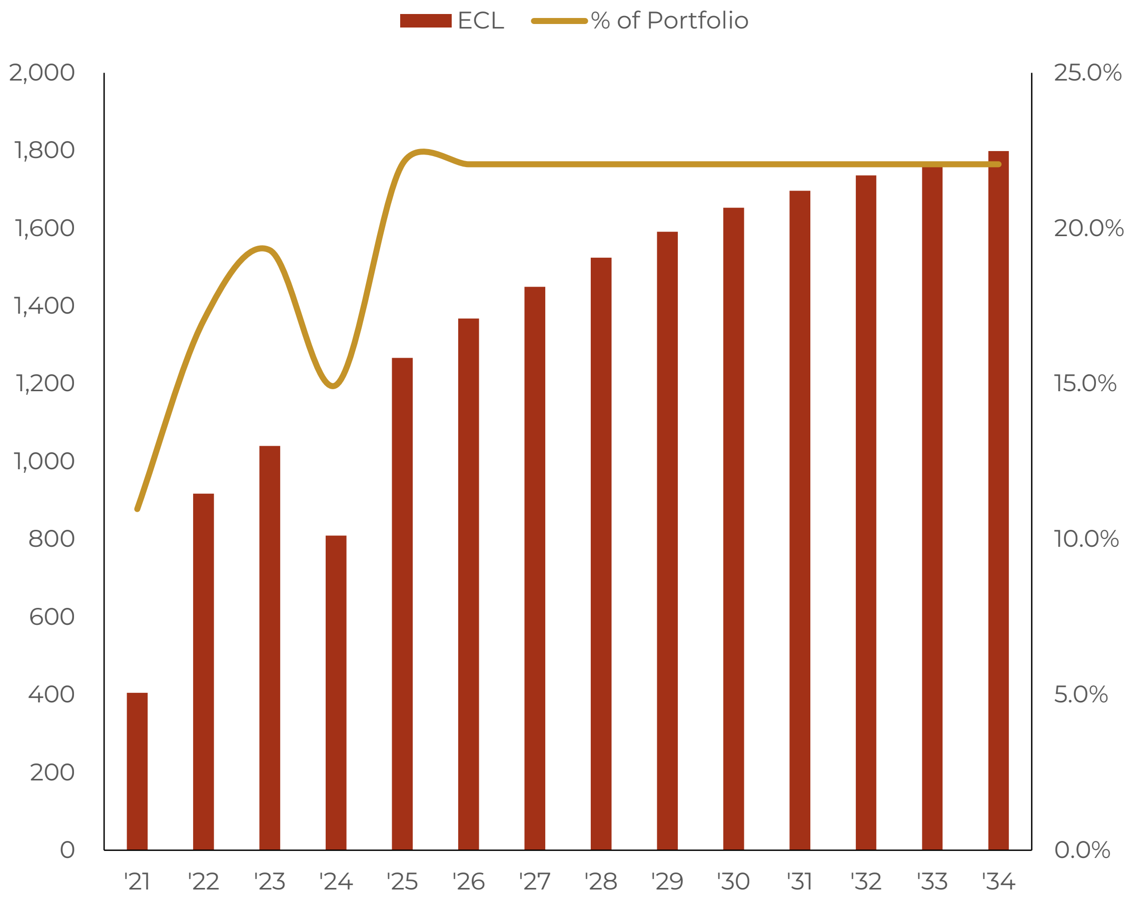
Source: Company, Team 2

# Estimated Credit Losses – Meu Cartão

We assumed same Coverage Ratios and NPL as last quarter

Estimated Credit Losses grow in line with credit portfolio

ECL (BRL mm) vs as % of portfolio (%)




We assumed last quarter Realize coverage ratios

Receivables Breakdown (%)

| Meu Cartão | Performing | Non Performing | Coverage Ratios |
|---|---|---|---|
| **Stage 1** | 49.6% | 1.6% | 1.2% |
| **Stage 2** | 20.5% | 3.6% | 8.6% |
| **Stage 3 - up to 360 days** | 1.1% | 16.1% | 77.1% |
| **Stage 3 - from 361 to 540 days** | 0.0% | 7.5% | 78.5% |

Source: Company, Team 2

# Why Not A Blended Valuation?

## We prefer a DCF Only approach

RENNER

1 Intrinsic Value

We believe our DCF is the best way to assess Renner intrinsic value

2 Benchmarking

We used other methodologies to benchmark our DCF, as a 'sanity check'

**We decided not to do a Blended Valuation approach**

But if we used...

BRL 11.44

(31.1%) downside on 1M VWAP

| 25% Weight | 25% Weight | 25% Weight | 25% Weight |
|---|---|---|---|
| DCF | DDM | EVA | Relative |
| BRL 12.3 | BRL 11.4 | BRL 10.4 | BRL 11.6 |
| (18.1%) Downside | (23.8%) Downside | (30.5%) Downside | (22.6%) Downside |

Source: Team 2

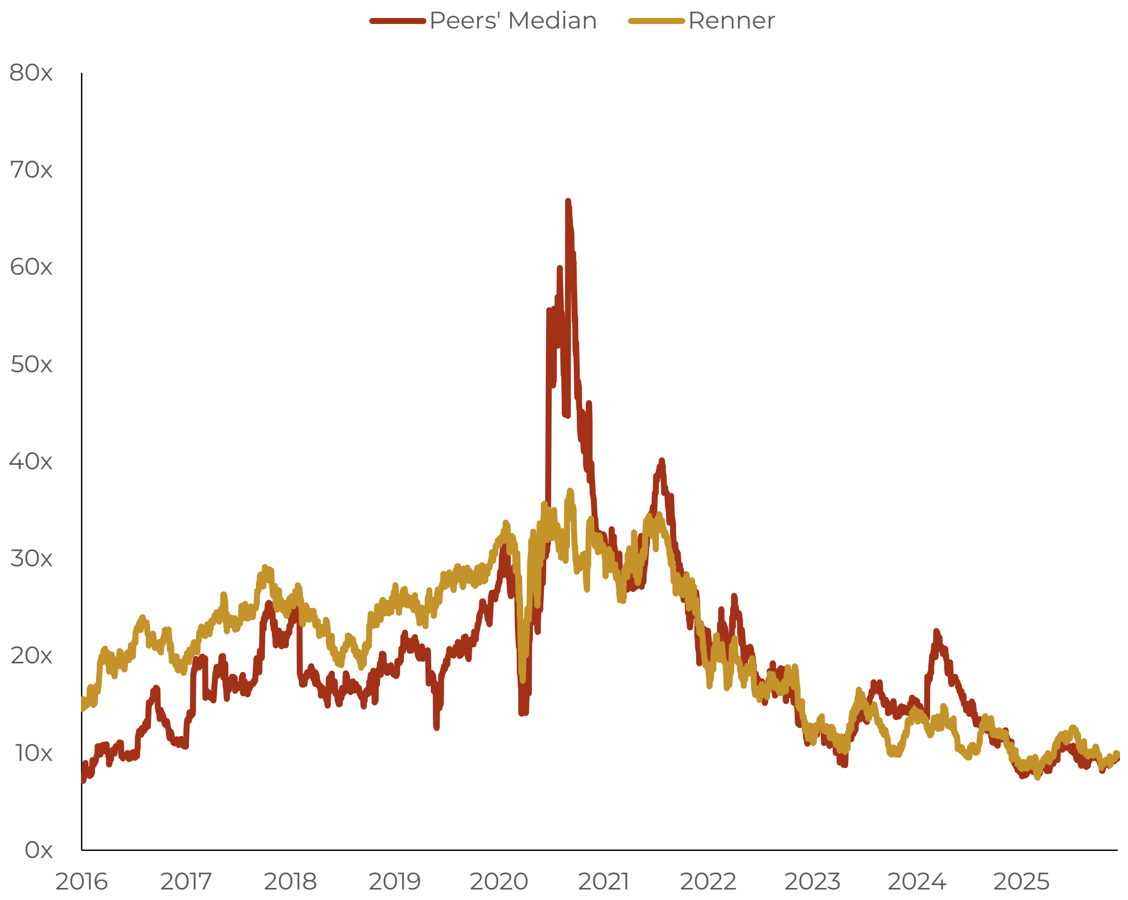
# Why Not Historical Multiples?

## Sector and Renner dynamics suffered a structural change after 2020

RENNER

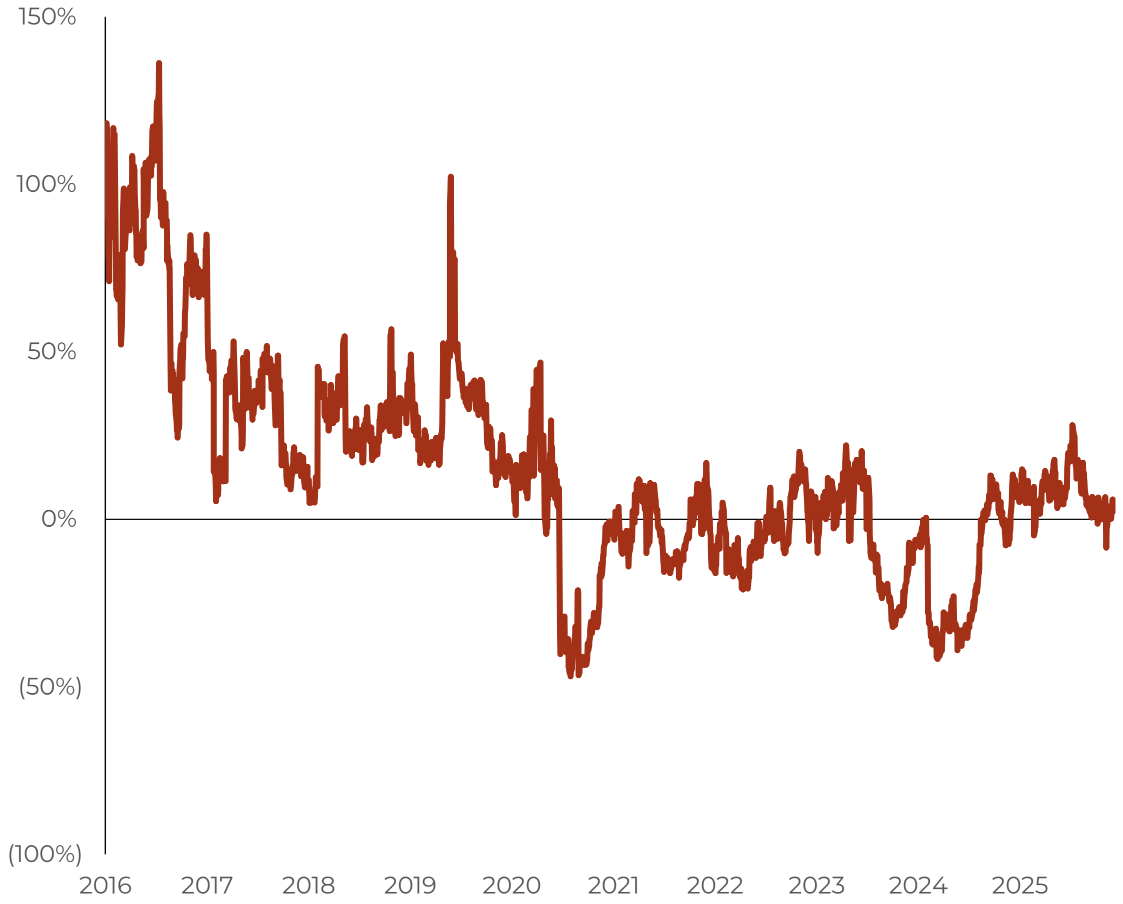
### Renner is a different company in a different sector

Renner P/E NTM (x)




### Premiums begin to erode

Renner P/E NTM premium to Tier 1 + Tier 2 peers' median



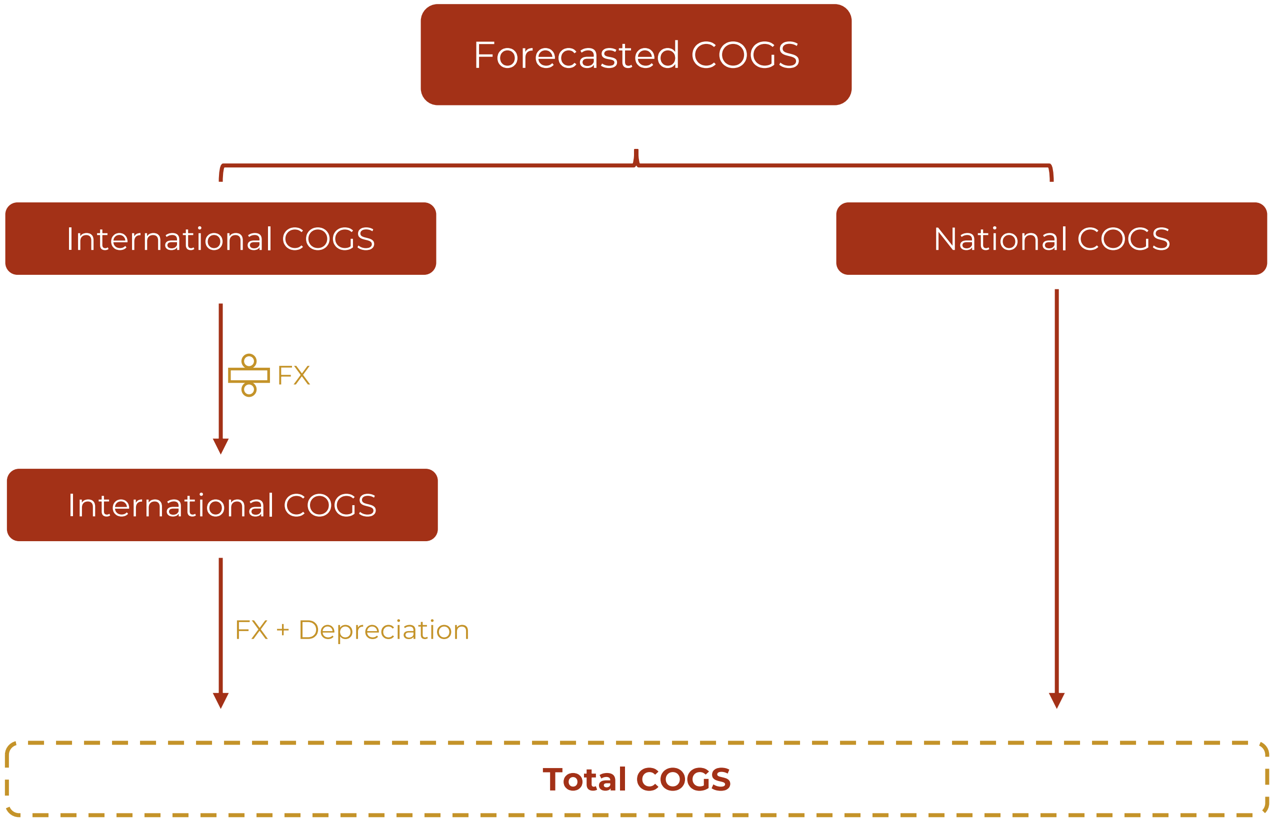

Source: Factset, Team 2

# Exchange Rate Impact

We assess the exchange rate impact on the company's costs and how it would affect the DCF

RENNER

How we estimated FX impact




We found a band of 11.32 - 13.26 BRL as the result

Target Price (BRL)

COGS Exposure to Imports

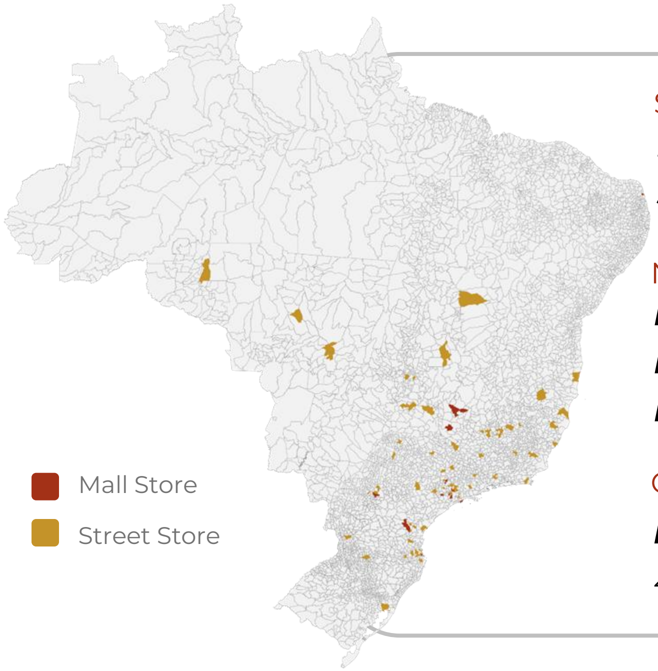
| FX Depreciation | 0% | 20% | 40% | 60% | 80% | 100% |
|---|---|---|---|---|---|---|
| (2.5%) | 12.29 | 12.49 | 12.68 | 12.88 | 13.07 | 13.26 |
| (2.0%) | 12.29 | 12.45 | 12.60 | 12.76 | 12.91 | 13.07 |
| (1.5%) | 12.29 | 12.41 | 12.53 | 12.64 | 12.76 | 12.88 |
| (1.0%) | 12.29 | 12.37 | 12.45 | 12.53 | 12.60 | 12.68 |
| (0.5%) | 12.29 | 12.33 | 12.37 | 12.41 | 12.45 | 12.49 |
| 0.0% | 12.29 | 12.29 | 12.29 | 12.29 | 12.29 | 12.29 |
| 0.5% | 12.29 | 12.25 | 12.21 | 12.18 | 12.14 | 12.10 |
| 1.0% | 12.29 | 12.21 | 12.14 | 12.06 | 11.98 | 11.90 |
| 1.5% | 12.29 | 12.18 | 12.06 | 11.94 | 11.83 | 11.71 |
| 2.0% | 12.29 | 12.14 | 11.98 | 11.83 | 11.67 | 11.52 |
| 2.5% | 12.29 | 12.10 | 11.90 | 11.71 | 11.52 | 11.32 |

Source: Company, Team 2

# Expansion Analysis Prints

We used R studio to map the possible openings for Renner

Expansion opportunities methodology and map




Store type:

***Malls:*** *27*

***Street:*** *83*

New cities constraints:

***Min. Population:*** *50,000*

***Min. consumer mass:*** *BRL 109.5 mm*

***Min. Median Income PC:*** *BRL 808*

Occupied cities constraints:

***Min. Population/Renner:***

*422,855 (1)* *634,282 (2)*

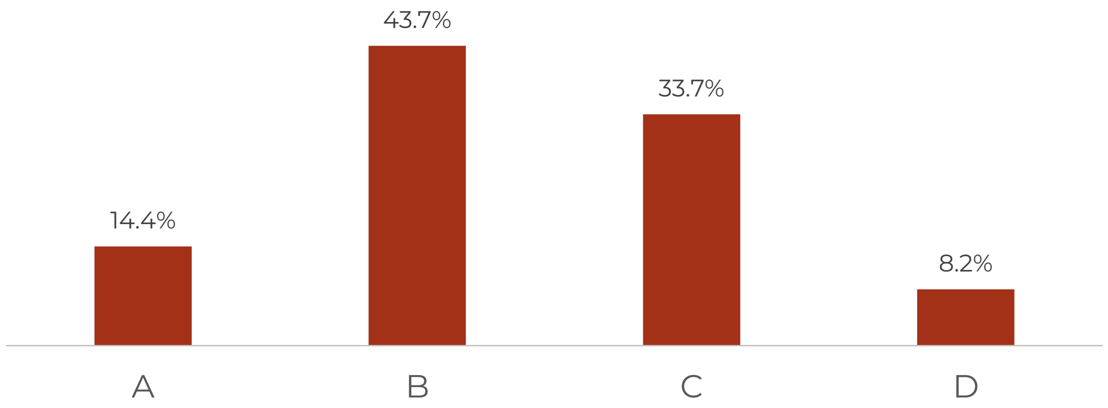
```
  azil <- df_income %>%
 nner_join(df_population, by = "ibge_code") %>%
  mutate(
    city_key        = paste0(str_to_upper(city_name), " - ", state),
    consumption_mass = population * median_income
  )


# Current Renner stores

stores_file <- "C:/Users/jhenr/OneDrive/Área de Trabalho/EESP/CJE/CFA/Apresentação/Expansão

current_stores <- read_excel(stores_file) %>%
  clean_names() %>%
  mutate(
    city      = str_to_upper(municipio),
    state     = str_to_upper(uf),
    city_key  = paste0(city, " - ", state)
  )

current_store_profile <- df_brazil %>%
  inner_join(current_stores, by = "city_key", suffix = c("_ibge", "_renner"))


# Expansion filters (P10 profile)

income_cutoff      <- quantile(current_store_profile$median_income,    0.10, na.rm = TRUE)
consumption_cutoff <- quantile(current_store_profile$consumption_mass, 0.10, na.rm = TRUE)

expansion_targets <- df_brazil %>%
  filter(
    population       >= 50000,
    median_income    >= income_cutoff,
    consumption_mass >= consumption_cutoff
```

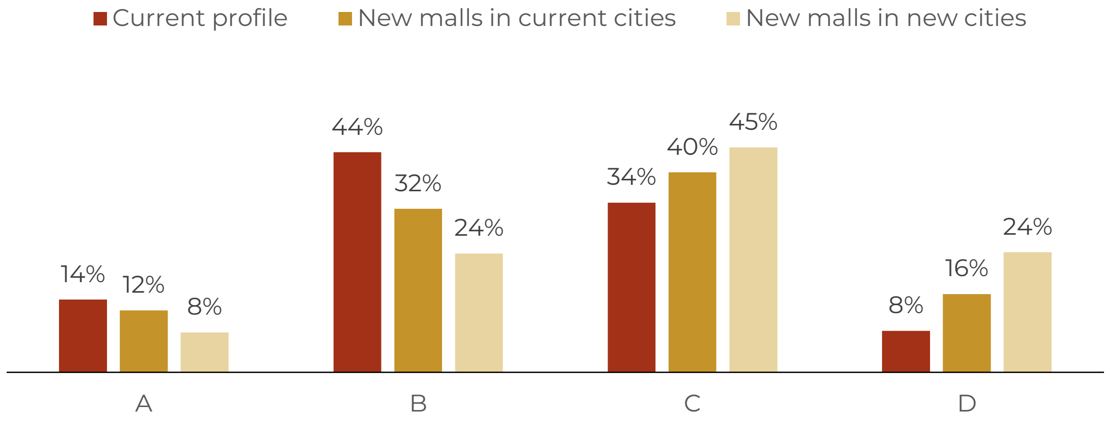
Source: Companies, Team 2

# Consumer Profile Prints

## We used Python to verify Renner's current exposure to social classes

Renner's current mall consumer profile (%)




```
# 3. Shopping type
type_match = re.search(
    r'Tipo de Shopping\s+Administração\s+.*\n([^\s]+)',
    page_text,
    re.IGNORECASE
)
data['Shopping_Type'] = type_match.group(1).strip() if type_match else None

# 4. Visitor profile
prof_a = re.search(r'A\s*(\d+%)', page_text)
prof_b = re.search(r'B\s*(\d+%)', page_text)
prof_c = re.search(r'C\s*(\d+%)', page_text)
prof_d = re.search(r'D\s*(\d+%)', page_text)

data['Class_A'] = prof_a.group(1) if prof_a else "0%"
data['Class_B'] = prof_b.group(1) if prof_b else "0%"
data['Class_C'] = prof_c.group(1) if prof_c else "0%"
data['Class_D'] = prof_d.group(1) if prof_d else "0%"
```

```
mall vs street

malls_file <- "C:/Users/jhenr/OneDrive/Área de Trabalho/EESP/CJE/CFA/Renner/Códi

df_malls <- read_excel(malls_file) %>%
  clean_names() %>%
  mutate(
    city_mall  = str_to_upper(cidade_api),
    state_mall = str_to_upper(uf_api),
    city_key   = paste0(city_mall, " - ", state_mall)
  ) %>%
  distinct(city_key) %>%
  mutate(has_mall = TRUE)

expansion_targets_final <- expansion_targets %>%
  left_join(df_malls, by = "city_key") %>%
  mutate(
    store_type = ifelse(is.na(has_mall), "STREET", "MALL")
  )
```

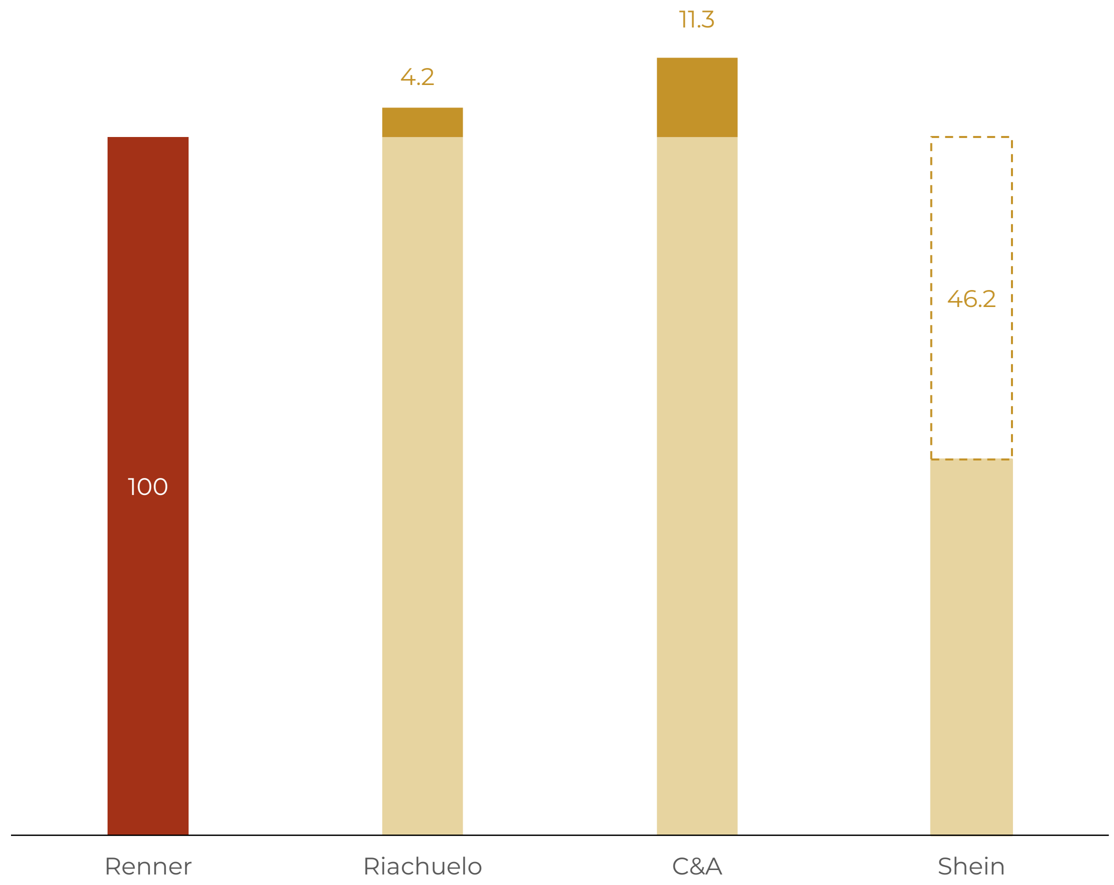
Source: Abrasce, Team 2

# Price Index Prints

We used Python to understand the competitor’s pricing

RENNER

Price index (Renner = 100)



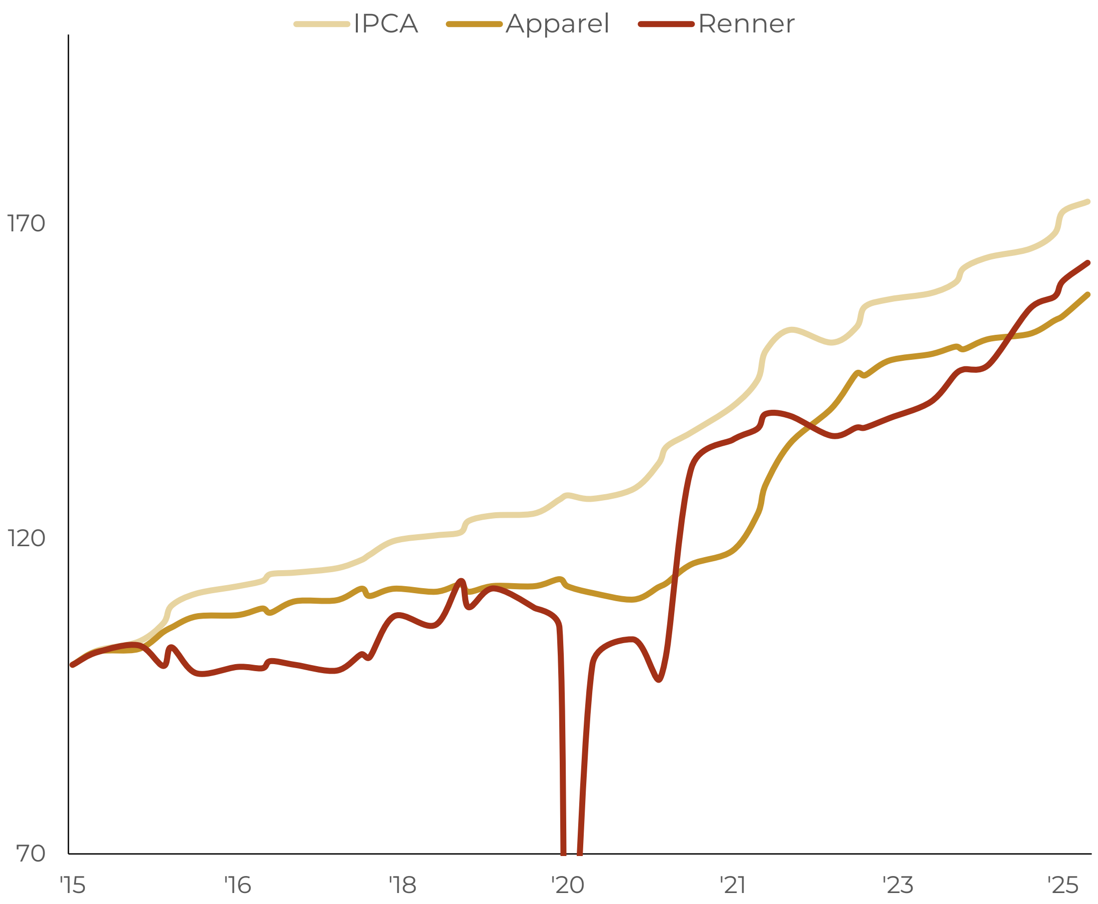

```
      . = parse_price(tag.get_text())
    .es.append(value)
  :cept Exception:
  continue

print(f"{brand_name}: {len(prices)} items collected")
return prices



# Scraping loop

rows = []

for brand, cfg in BRANDS.items():
  prices = scrape_brand(brand, cfg["url"], cfg["selector"])
for p in prices:
  rows.append({"brand": brand, "price": p})

df = pd.DataFrame(rows)


# Price index (Renner = 100)

avg_prices = df.groupby("brand")["price"].apply(mean).to_dict()
renner_avg = avg_prices["Renner"]

price_index = {
  brand: (avg / renner_avg) * 100
  for brand, avg in avg_prices.items()
}

index_df = (
  pd.DataFrame(
    [{"brand": b, "price_index": round(ix, 1)} for b, ix in price_index.items()]
  )
  .sort_values("price_index")
  .reset_index(drop=True)
```

Source: Companies, Team 2

# Seasonally Adjusted Revenue/m²

To better compare prices, we used R Studio to make it seasonally adjusted

IPCA vs Apparel prices vs Renner rev/m² seasonally adjusted growth (Index 2015 = 100)




```r
library(readxl)
library(seasonal)

dados <- read_excel("C:/Users/leobi/Downloads/Revm2.xlsx")

serie <- ts(dados[,2], start=c(2015, 1), frequency=4)


# Adjust the model X13-ARIMA to deseasonalization
adjust <- seas(serie)

deseasonalized_serie <- final(adjust)

summary(adjust)

plot(adjust)

# end.
```

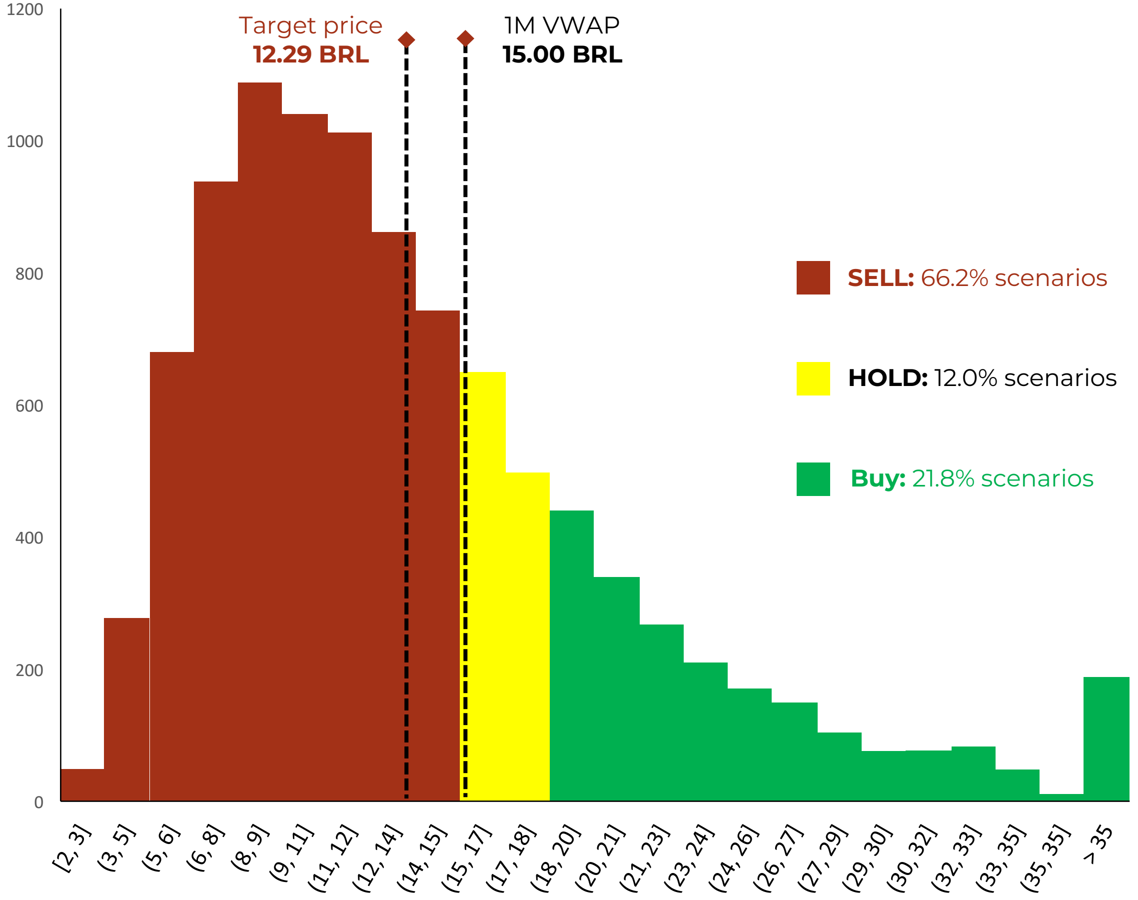
Source: Companies, IBGE, Team 2

# Monte Carlo

Monte Carlo analysis to sensitize valuation assumptions

Monte Carlo analysis indicates Sell in 62% of cases

Share Price (BRL)




Analysis of Stores, Write-offs, and Cost of Equity

Monte Carlo Main Assumptions

| Variable | Distribution | Mean | Stdev |
|---|---|---|---|
| Stores Opening | Normal | 67% | 25% |
| Realize Write-off | Normal | 50% | 14% |
| Cost of Equity | Normal | 16% | 3% |

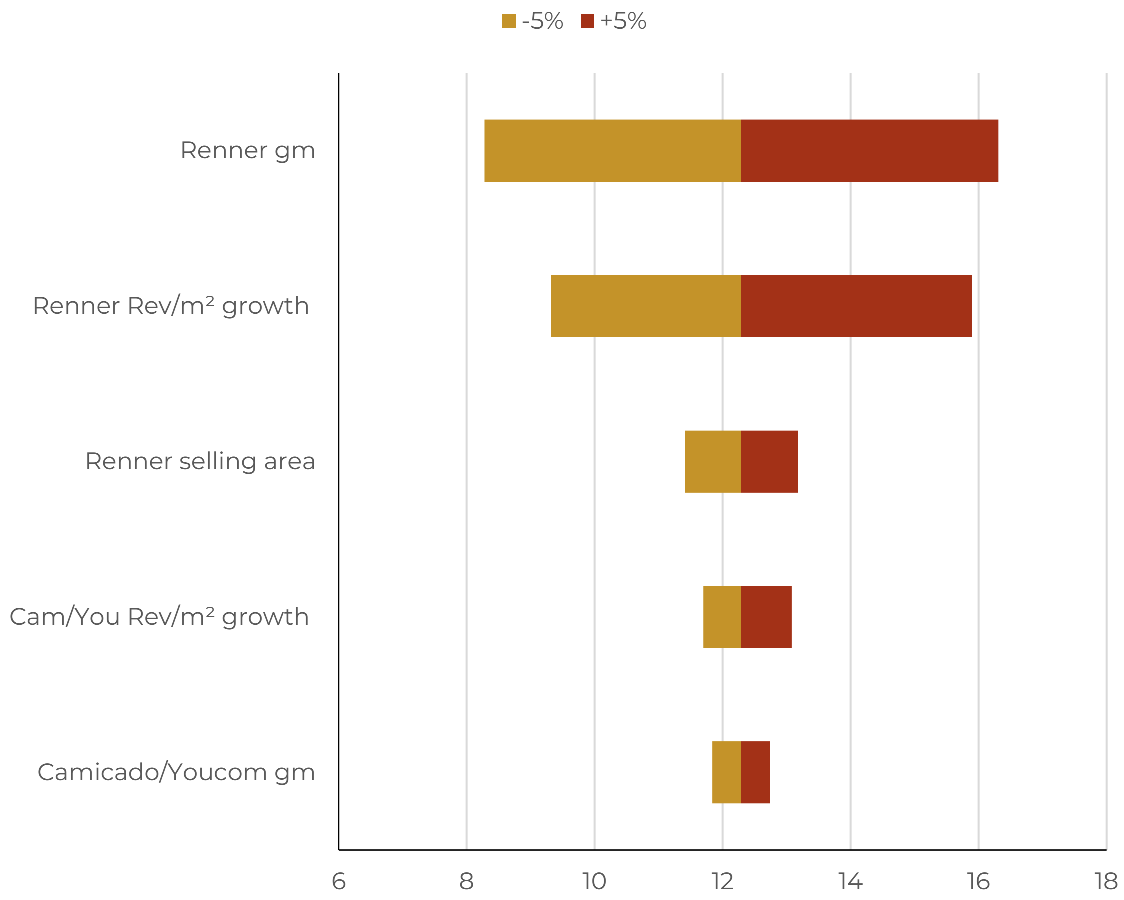
Source: Team 2

# Tornado Analysis

## What most affects our valuation in each sector

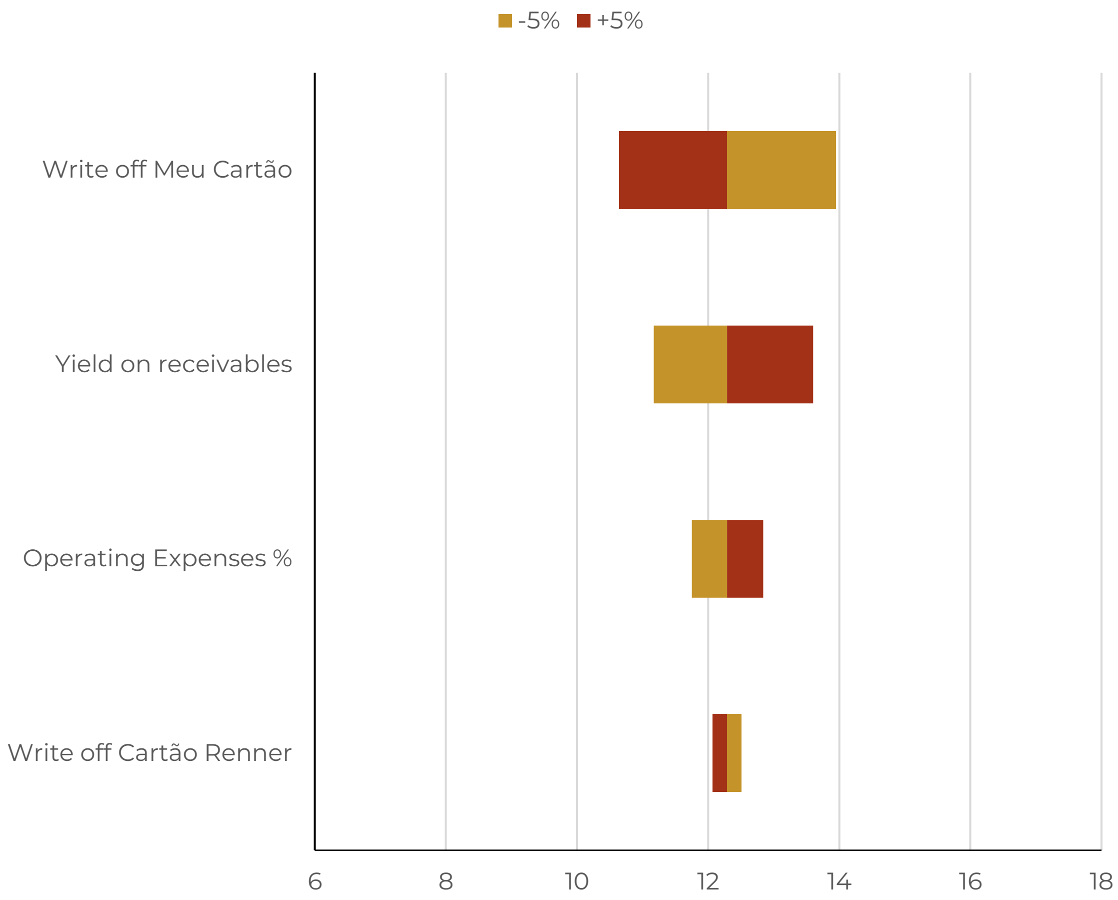
### Retail projections are the most sensitive in our model

Retail model tornado analysis – share price (BRL)




### Meu Cartão's credit portfolio is also relevant

Financial services model tornado analysis – share price (BRL)




Source: Team 2

# *General*

# Financial Services Comparison

Renner's card perks are behind peers, specially Riachuelo

RENNER

| Private Labels |  |  |  |
|---|---|---|---|
| Fee | - | - | - |
| Installment e-commerce | 7x | 10x | 5x |
| Installment physical | 5x | 5x | 5x |
| Grace period | 30 days | 90 days | 100 days |
| First-purchase Discount | 10% | 10% | 10% |
| Credit grace period | 60 days | 90 days | 60 days |
| Loan installment plan | 15x | 24x | 15x |

| Co-branded |  |  |  |
|---|---|---|---|
| Fee | 12x 24.99 | 12x 15.99 | - |
| Installment e-commerce | 7x | 10x | - |
| Installment physical | 5x | 5x | - |
| Interest installment | 12x | 10x | - |
| Grace period | 60 days | 90 days | - |
| Generic advantages | Visa/Mastercard | Mastercard | - |
| Partner discounts | ✓ | ✓ | - |
| | | | Discontinued |

Source: Companies

# The Future For Realize

RENNER

## The company can't track Renner's growth and tries to innovate

A new credit card was presented to increase the co-branded appeal


**New credit card**

- Pre-established "Private Label" limit
- With also a limit to use outside of Renner's group


What are Realize other Options?

| | SCFI Realize | Common Bank |
|---|---|---|
| **Funding** | Own | Broad Deposits |
| **Credit** | Cards / CDC | Full Range, several products |
| **Accounts** | Limited to payments, not full current | Full Current / PIX |
| **Products** | Retail Credit Card, quick cash | Wide Range |
| **Digital Innovation** | 100% eletronic | Hybrid Exposure |

**Should Realize become a bank?**

- Renner tried to launch a digital bank but **went wrong** (orbi bank)
- **Extremely** competitive, Renner may not have the expertise
- Management is **misaligned** with shareholders, **increasing risk**

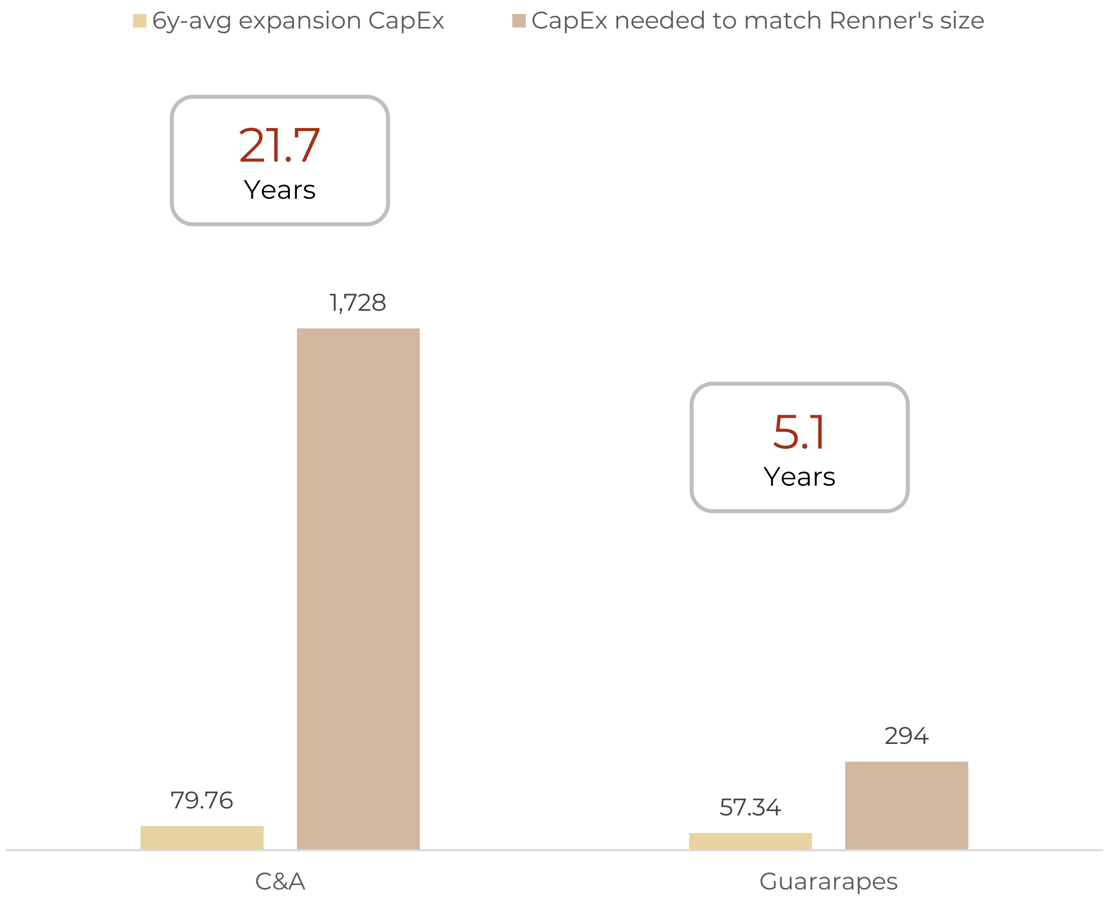
Source: Companies

# CapEx Moat

## Strong positioning, but less relevant in current market scenario

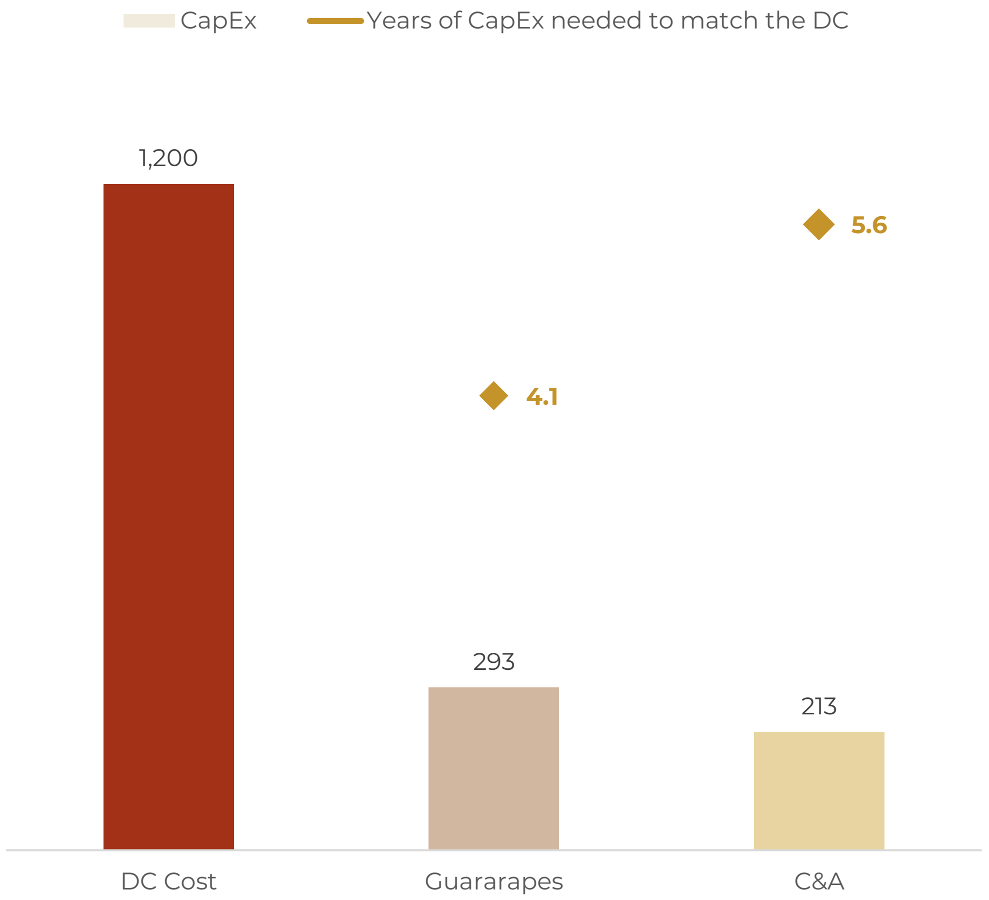
### Renner has a robust physical moat against national peers

Peers average CapEx vs Estimated difference from Renner's current size




### While also leading in logistics with the Cabreúva DC

DC CapEx vs Peers' yearly average (BRL mm)




Source: Companies, Team 2

# Stock Price Action

## LREN3 price's historical drivers

LREN3 vs BOVA11 (Index 2015 = 0)


**1. Good growth momentum**
Renner endures the 2015-16 crisis with its expansion plan being revised upwards and maintaining strong financials

**2. Sector leader & digital pioneer**
With the expansion plan being executed and the digital operations growing at 40% a year, Renner was the undisputed leader with clear growth avenues – the perfect stock for national retail

**3. COVID-19 crisis**
Sudden stop of its B&M operations, expressive increase in default risk for Realize, and intensive cash burn to cover expenses. The e-commerce wasn't enough to maintain the company healthy during the pandemic

**4. Recovery detour**
The price continued to fall. Overwhelming competition with Shein and other cross-borders, Realize's default crisis, and sustained high rates prevented Renner from recovering its value

Source: FactSet, Team 2

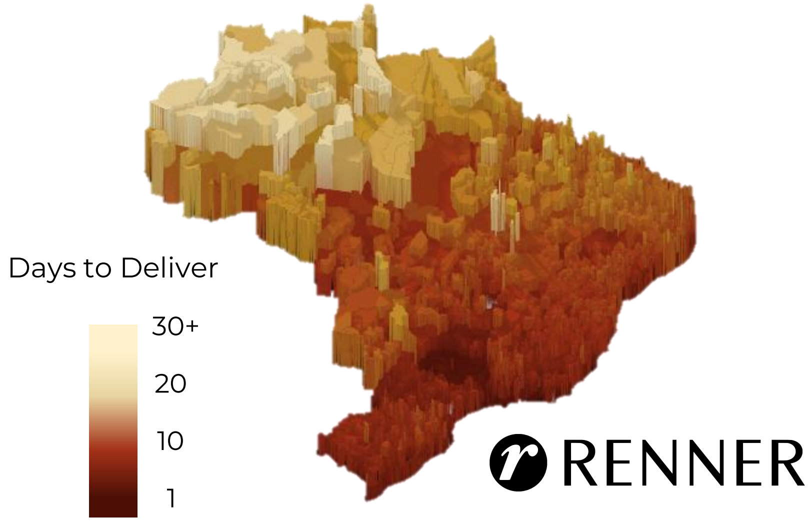
# Delivery Times

## Renner stands out against national and digital peers

RENNER

While Renner leads locally due to SP infrastructure, national delivery times show a tighter spread against C&A

Companies' 'normal' delivery times

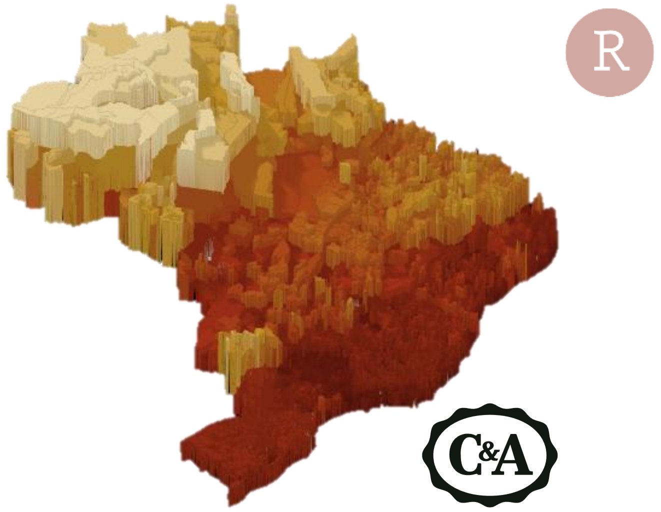



**8.2 days**
National average

**2.7 days**
São Paulo state average


**8.5 days**
National average

**3.7 days**
São Paulo state average




**11.5 days**
National average

**5.7 days**
São Paulo state average

Centralized Inventory (**Cabreúva DC**) ››› Proximity to SP Demand ››› **High disparity vs. national avg. and peers**

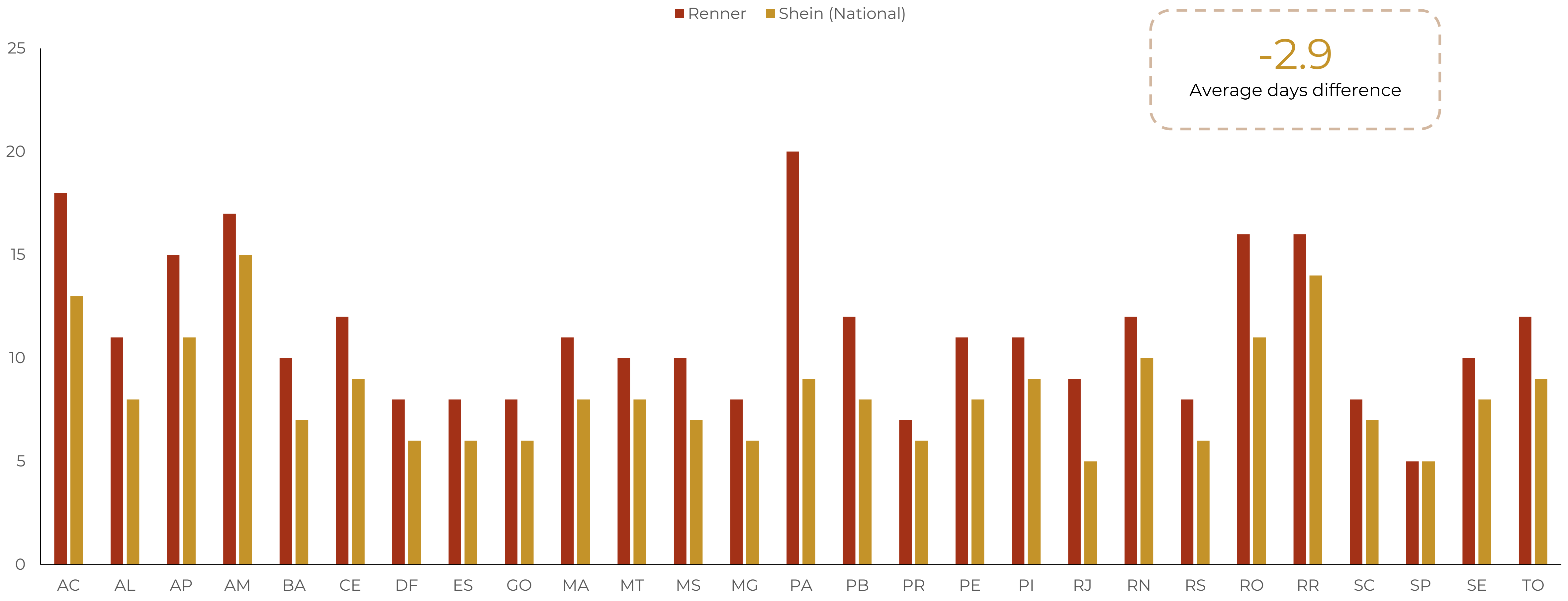
Source: Companies, Team 2

# Shein Not Behind In Logistics

National delivery poses a major advantage to Renner

Comparing delivery to main capitals, Shein's national products have an advantage[1]

Lowest possible time to deliver to each state's capital (days)[2]




Note: (1) delivery times were collected on 12/01/2025, after the Black Friday; (2) For Shein, a 25% delivery probability was considered | Source: Companies, Team 2

# Renner's Ecosystem Overview

## The company operates in Retail, Financial Services and Logistics

Lojas Renner S.A. connects with consumers through a portfolio of seven distinct brands, creating a comprehensive fashion and lifestyle ecosystem

| | |
|---|---|
| RENNER | The group's core omnichannel fashion and lifestyle retailer, operating in Brazil, Argentina, and Uruguay. Its value proposition is "feminine complicity," offering welcoming experiences and pioneering sustainable, circular collections. |
| CAMICADO | A retail network with over 35 years of experience in the "Casa & Decoração" (Home & Decoration) market. It offers a wide variety of products and specializes in gift registries for medium to high-income segments. |
| YOUCOM | A fashion brand with an urban, "young lifestyle-inspired" style. Operating over 100 stores and a national e-commerce site, its value proposition is to be the "friend brand" (marca amiga) for young people. |
| ASHUA | A *curve & plus size* fashion brand created in 2016 to inspire female empowerment and diversity. Its value proposition is to "liberate women from stereotypes" through specialized fashion that prioritizes cut, comfort, and style. |
| repassa | A digital *re-commerce* (resale) platform for apparel, acquired by Renner in 2021. As Brazil's largest online second-hand store, its purpose is to promote conscious, circular fashion by extending the life-cycle of garments. |
| realize | The ecosystem's financial institution (fintech) supporting the retail operation. Its portfolio includes the "Cartão Renner" (private label), "Meu Cartão" (international credit card), and insurance, integrated into the journey. |
| UELLO | A native-digital *logtech* (logistics technology) company acquired in 2022. It offers a customized platform for managing urban logistics, specializing in *last-mile* deliveries to enhance the e-commerce experience. |

**Consumer brands**

Core consumer-facing retail brands, including fashion and home decoration, that drive the majority of group revenue.

**Ecosystem Enablers**

Strategic platforms and services (Fintech, Re-commerce, Logtech) that enable and support the core retail operations.

Source: Company, Team 2

# Impact Of Bets

## How betting sites affected Renner's stock price

**Bets caused R$103 billion in losses to retail in 2024, says CNC**

Retail lost R$103 billion in revenue throughout 2024 due to the redirection of family resources to betting, as virtual sports betting and online casino platforms became known.

- Brazilians allocated approximately BRL 240 billion to betting in 2024.
- According to estimates, in the last year, approximately 1.8 million Brazilians fell into debt due to gambling.
- This is a sector that could potentially be regulated, representing a greater disposable income for spending on apparel, increasing the sector's value.

### Estimates

| | |
|---|---|
| Retail income for betting[a] | BRL 103 bn |
| % of Apparel[b][1] | 16.8% |
| Renner Market Share[c] | 8.8% |
| **Renner Estimated Gain[d]** | **BRL 1,521 mm** |

+1.49 BRL on Share Price

*(8.2%) Downside on 1M-VWAP*

Note: (a)*(b)*(c)*=(d), (1) Estimated from the Household Budget Survey | Source: IBGE, Company, Team 2

# Preliminary View On The Combined Company

A company with over 23 billion reais in Net Revenue pre-synergies

| **Selected Indicators** LTM 3Q25 figures | RENNER | C&A | NewCo | Share (Renner / C&A) |
|---|---|---|---|---|
| **Total Units (#)** | 711 | 333 | 1044 | 68% / 32% |
| **Net Revenues (BRL mm)** | 15,606 | 8,064 | 23,670 | 66% / 34% |
| **EBITDA[1] (BRL mm)** *EBITDA Margin* | 2,377 *15.2%* | 1,066 *13.2%* | 3,443 *14.5%* | 69% / 31% |
| **Net Revenue / Square Meter (BRL)** | 16,892 | 12,360 | 14,911 | N/A |
| **Net Debt[1] (BRL mm)** *Net Debt / EBITDA* | (1,260) *(0.5x)* | 69 *0.0x* | (1,191) *(0.3x)* | |

Renner | C&A

Note: (1) Disregarding IFRS16 effects. Source: Companies, Team 2

# Preliminary View On The Combined Company

A company with over 23 billion reais in Net Revenue pre-synergies

| **Selected Indicators** LTM 3Q25 figures | RENNER | guararapes (GUARARAPES CONFECÇÕES S/A) | NewCo | Renner / C&A split |
|---|---|---|---|---|
| **Total Units (#)** | 711 | 338 | 1049 | 68% / 32% |
| **Net Revenues (BRL mm)** | 15,606 | 10,318 | 25,924 | 60% / 40% |
| **EBITDA[1] (BRL mm)** *EBITDA Margin* | 2,377 *15.2%* | 1,284 *12.9%* | 3,661 *14.1%* | 65% / 35% |
| **Net Revenue / Square Meter (BRL)** | 16,892 | 10,944 | 13,790 | N/A |
| **Net Debt[1] (BRL mm)** *Net Debt / EBITDA* | (1,260) *(0.5x)* | 839 *1.5x* | (421) *(0.1x)* | |

Renner | C&A

Note: (1) Disregarding IFRS16 effects. Source: Companies, Team 2

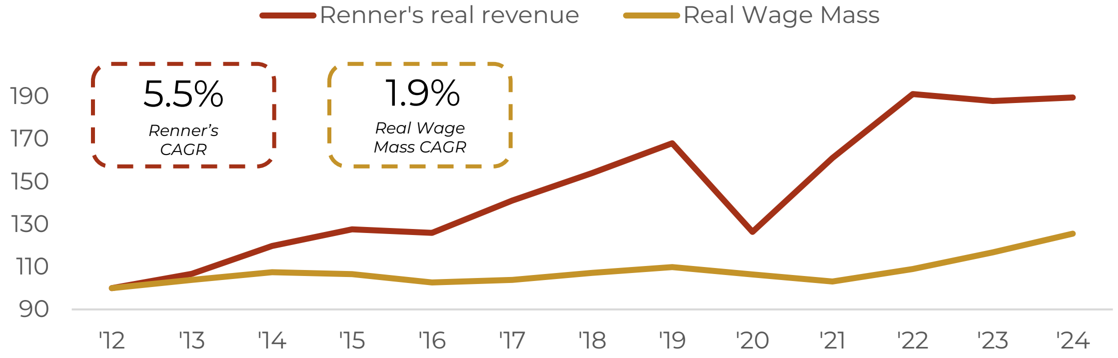
# Macro Sensitivity

## Upside under a Goldilocks macro is limited

RENNER

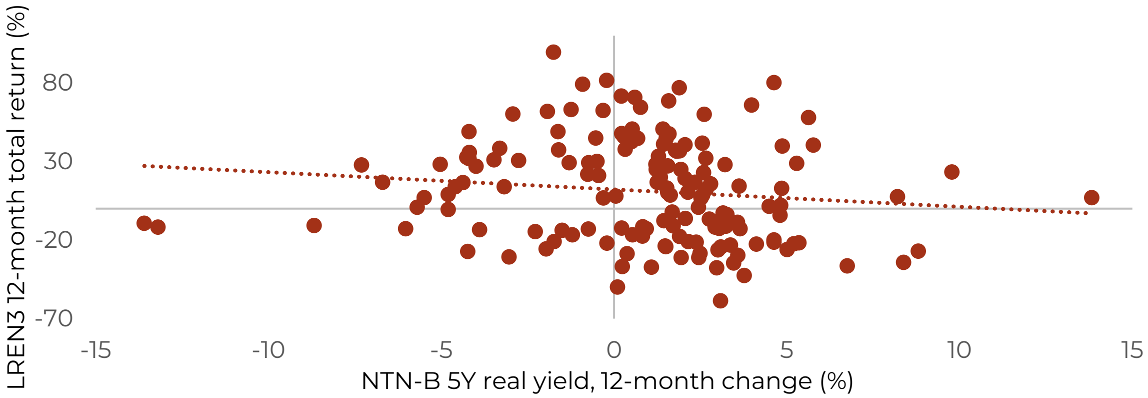
### Renner has outgrown real wage mass across economic cycles

Renner's real revenue vs. real wage mass growth (2012 = 100)




### Equity returns move opposite to changes in real rates

LREN3 12-month return vs. 12-month change in NTN-B 5Y real yield (2012-2025)




### What if Brazil's macroeconomic scenario improve drastically?

**Scenario:** real wage mass growth doubles and Selic rate suffers constant cuts

| Assumption change | Base case | Macro-upside case |
|---|---|---|
| **Real wage mass CAGR '26–'34** | 1.9% | 3.8% |
| **Renner real revenue CAGR '26–'34** | 2.0% | 4.0% |
| **Long-term g (real)** | 3.5% | 4.0% |
| **Cost of equity (Ke, real)** | 16.0% | 15.0% |

Could macro change our view?

**BRL 12.0**
Base case target price

**BRL 16.3**
Macro-upside target price

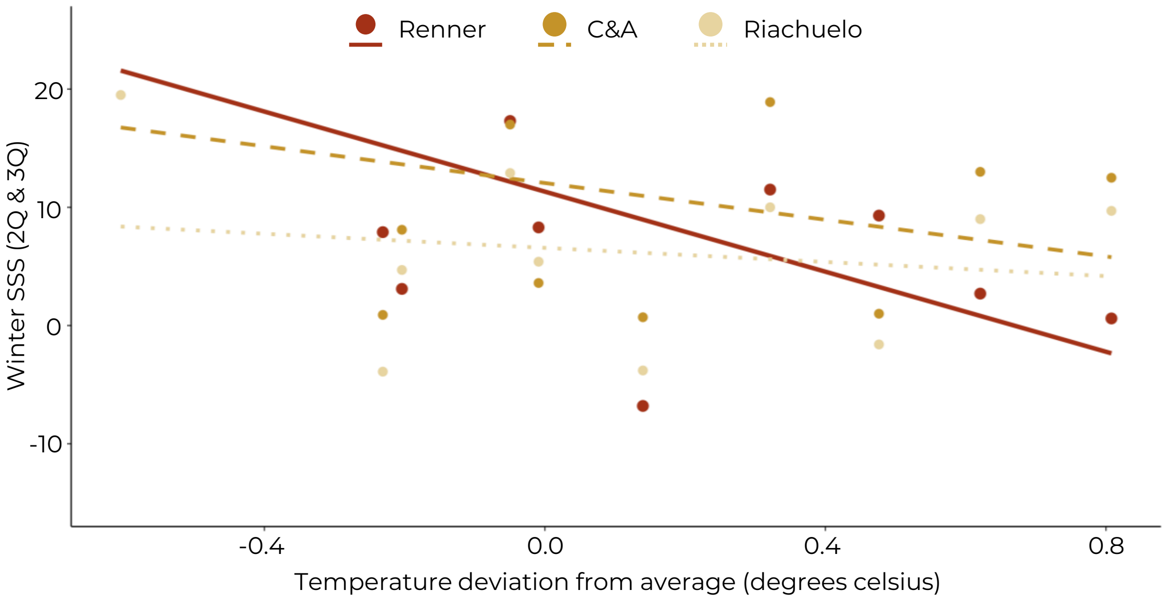
Source: Central Bank of Brazil, Factset, IBGE, Team 2

# Weather vs. Sector

## Weather impact on winter apparel demand

Companies struggle with warmer-than-expected cold seasons

Sector quarterly SSS in cold seasons vs. average quarterly (2019-2025, ex-2020-21)




**2Q24: warmer season**

**2.7%** Renner SSS vs. 8.2% Sector SSS

**2Q25: normal season**

**17.3%** Renner SSS vs. 15.7% Sector SSS

## Key Takeaways

### Small anomalies matter

Even small deviations from typical winter temperatures shift demand for seasonal categories such as knits, outerwear and heavy fabrics

### Climate explains the level, not the dispersion

Weather affects the *sector* uniformly, but most differences across players come from execution — particularly collection accuracy and pricing

### Winter volatility is amplified by timing

Warmer weeks during the peak of the season delay purchases and compress mix, while colder-than-expected weeks bring demand forward and support margins

Source: Companies, Copernicus, Team 2

# Best Case

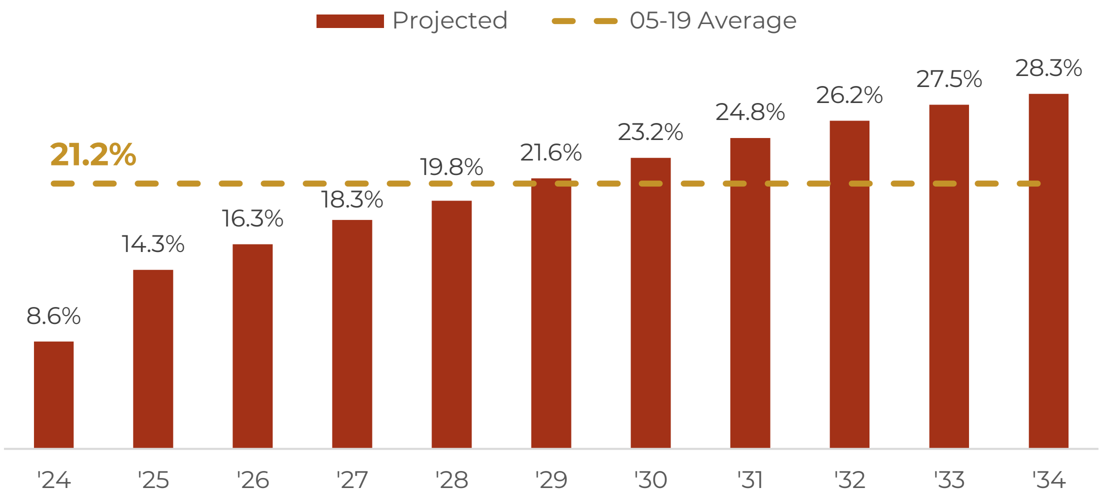
If everything goes better in our projection, our upside becomes favorable, although extremely unlikely

RENNER

Expressive growth in volume and prices, accompanied by historically high returns, can generate a favorable upside

| Catalyst | Impact |
|---|---|
| Near-perfect collection assertiveness | +4.0% LT spread over apparel IPCA |
| Reduction of one-off expenses | -2.0% selling expenses as % of revenue |
| Reestruction of compensation policy | -0.5% payment policy costs |
| Street stores with same profitability | -100% street store operating discount |
| Guidance expansion costs | -40% new stores CapEx |

Projected ROIC (%)




**1M VWAP**
15.0 BRL

Upside: **44.5%**

**Target Price**
21.7 BRL

**BUY Recommendation**

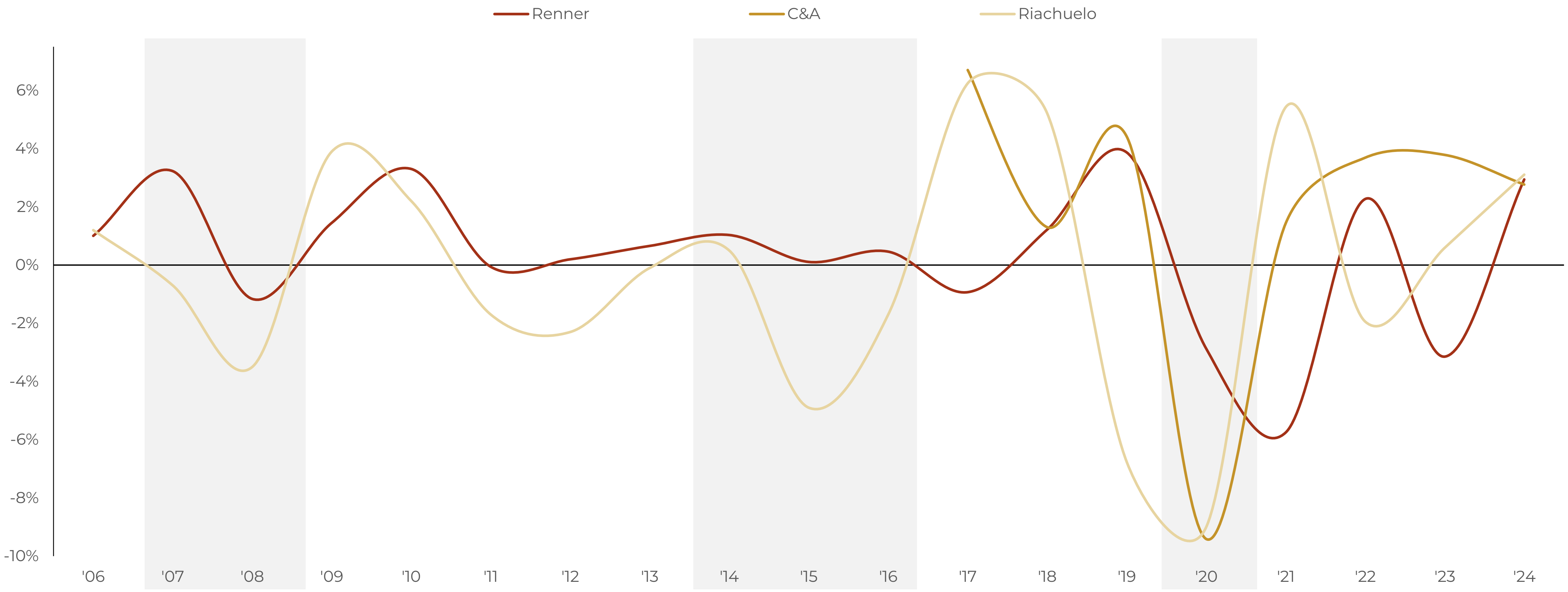
Source: Team 2

# Crisis Analysis

## Historical analysis shows Renner's resilience in crises

Despite greater past crisis resilience, this gap is shrinking, leading to smaller future advantages

EBITDA Margin Variation YoY (%)




Source: Companies

# Valuation Prints

# DCF

## Financial Model

RENNER

| DCF | Units | 4Q25E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | TV |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | [BRL mm] | 4,983 | 17,349 | 18,639 | 19,894 | 21,111 | 22,314 | 23,319 | 24,293 | 25,215 | 26,112 | 0 |
| **EBIT** | **[BRL mm]** | **780** | **1,972** | **2,300** | **2,513** | **2,741** | **2,970** | **3,188** | **3,393** | **3,578** | **3,693** | |
| (-) Cash Lease Payments | [BRL mm] | (208) | (877) | (946) | (1,020) | (1,087) | (1,153) | (1,207) | (1,258) | (1,308) | (1,356) | |
| (+) D&A RoU Asset | [BRL mm] | 103 | 462 | 537 | 609 | 679 | 747 | 812 | 875 | 934 | 990 | |
| **Adjusted EBIT** | **[BRL mm]** | **675** | **1,558** | **1,890** | **2,102** | **2,333** | **2,563** | **2,793** | **3,010** | **3,204** | **3,327** | **3,327** |
| (-) Taxes | | (230) | (530) | (643) | (715) | (793) | (871) | (950) | (1,023) | (1,089) | (1,131) | |
| **NOPAT** | **[BRL mm]** | **446** | **1,028** | **1,248** | **1,387** | **1,539** | **1,692** | **1,844** | **1,987** | **2,115** | **2,196** | **2,196** |
| (+) D&A (ex, RoU) | [BRL mm] | 197 | 820 | 853 | 890 | 913 | 931 | 923 | 912 | 907 | 906 | 932 |
| (-) CapEx | [BRL mm] | (337) | (1,015) | (1,046) | (1,074) | (1,008) | (968) | (843) | (887) | (890) | (932) | (932) |
| (-) Change in NOWC | [BRL mm] | 282 | (233) | (161) | (111) | (163) | (228) | (173) | (164) | (145) | (135) | (135) |
| **FCFF** | **[BRL mm]** | **587** | **600** | **894** | **1,091** | **1,282** | **1,427** | **1,751** | **1,848** | **1,987** | **2,035** | **17,352** |
| (+) Tax Shield | [BRL mm] | (24) | (41) | (38) | (39) | (46) | (50) | (55) | (61) | (65) | (67) | (67) |
| (+) Financial Result | [BRL mm] | 51 | 198 | 177 | 187 | 233 | 267 | 309 | 354 | 390 | 419 | 419 |
| (+) Change in Debt | [BRL mm] | (60) | (201) | (47) | - | - | - | - | - | - | - | - |
| **FCFE** | **[BRL mm]** | **555** | **555** | **986** | **1,240** | **1,469** | **1,644** | **2,005** | **2,140** | **2,312** | **2,387** | **19,921** |
| Time Steps | [#] | 0.25 | 1.25 | 2.25 | 3.25 | 4.25 | 5.25 | 6.25 | 7.25 | 8.25 | 9.25 | 9.25 |
| WACC | [%] | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% |
| Discount Factor | [x] | 96.4% | 83.2% | 71.9% | 62.1% | 53.6% | 46.3% | 40.0% | 34.5% | 29.8% | 25.8% | 25.8% |
| **Discounted FCF to Firm** | **[BRL mm]** | **566** | **499** | **642** | **677** | **687** | **661** | **700** | **638** | **593** | **524** | **4,468** |
| Ke | [%] | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% |
| Discount Factor | [x] | 96.3% | 83.0% | 71.5% | 61.7% | 53.1% | 45.8% | 39.5% | 34.0% | 29.3% | 25.3% | 25.3% |
| **Discounted FCF to Equity** | **[BRL mm]** | **535** | **461** | **705** | **764** | **780** | **753** | **791** | **728** | **678** | **603** | **5,031** |

| Valuation - DCF Methodology (FCFF) | Units | |
|---|---|---|
| **EV** | **[BRL mm]** | **10,656** |
| (-) Net Debt | [BRL mm] | 1,260 |
| (-) Minority Interest | [BRL mm] | 0 |
| (+) PV of Tax Benefits | [BRL mm] | 218 |
| **Equity Value** | **[BRL mm]** | **12,134** |
| Fully Diluted Shares OS | [# mm] | 987.1 |
| **Valuation per Share** | **[BRL]** | **12.29** |
| 1M VWAP | [BRL] | 15.00 |
| Upside (Downside) | [%] | (18.1%) |

| Valuation - DCF Methodology (FCFE) | Units | |
|---|---|---|
| **Equity Value** | **[BRL mm]** | **11,829** |
| Fully Diluted Shares OS | [# mm] | 987.1 |
| **Valuation per Share** | **[BRL]** | **11.98** |
| 1M VWAP | [BRL] | 15.00 |
| Upside (Downside) | [%] | (20.1%) |
| Share Price at Closing Date | [BRL] | 14.08 |
| Upside (Downside) | [%] | (14.9%) |

| Implied Multiples | Units | |
|---|---|---|
| - | | |
| EV/EBITDA (FY1 - 2025) | [x] | 3.4x |
| EV/EBITDA (FY2 - 2026) | [x] | 3.3x |
| EV/EBITDA (FY3 - 2027) | [x] | 2.9x |
| P/E (FY1 - 2025) | [x] | 8.4x |
| P/E (FY2 - 2026) | [x] | 7.9x |
| P/E (FY3 - 2027) | [x] | 6.7x |

Source: Team 2

# DDM

## Financial Model

| DDM | Units | 4Q25E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | TV |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Income | [BRL mm] | 533 | 1,536 | 1,798 | 2,009 | 2,260 | 2,504 | 2,750 | 2,981 | 3,193 | 3,343 | |
| Dividends Paid | [BRL mm] | 224 | 728 | 783 | 919 | 1,145 | 1,402 | 1,680 | 1,978 | 2,288 | 2,603 | 21,490 |
| *Payout %* | [%] | 41.9% | 47.4% | 43.6% | 45.7% | 50.7% | 56.0% | 61.1% | 66.4% | 71.7% | 77.9% | |
| *Cost of Equity* | [BRL mm] | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% |
| **Discounted Dividend Model** | **[BRL mm]** | **215.5** | **604.6** | **560.4** | **566.4** | **608.5** | **641.8** | **663.1** | **672.6** | **670.6** | **657.4** | **5,427.8** |

| Valuation - DDM Methodology | Units | |
|---|---|---|
| **Equity Value** | **[BRL mm]** | **11,288.7** |
| Fully Diluted Shares OS | [# mm] | 987.1 |
| **Valuation per Share** | **[BRL]** | **11.44** |
| 1M VWAP | [BRL] | 15.00 |
| Upside (Downside) | [%] | (23.8%) |

Source: Team 2

# EVA

## Financial Model

| EVA | Units | 2020A | 2021A | 2022A | 2023A | 2024A | 4Q25E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | TV |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ROIC | | 8.0% | 6.0% | 9.2% | 6.2% | 8.6% | 13.1% | 12.5% | 13.6% | 14.1% | 14.6% | 15.1% | 15.8% | 16.3% | 16.8% | 16.8% | 16.8% |
| WACC | | 11.6% | 12.1% | 14.3% | 14.2% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% | 15.8% |
| Invested Capital (Asset-side) | | 7,070 | 8,884 | 10,057 | 9,440 | 9,698 | 9,540 | 10,391 | 11,131 | 11,783 | 12,370 | 12,942 | 13,318 | 13,718 | 14,087 | 14,473 | |
| **EVA** | | **(254)** | **(540)** | **(509)** | **(755)** | **(701)** | **(260)** | **(339)** | **(240)** | **(203)** | **(145)** | **(84)** | **1** | **73** | **137** | **152** | **1,277** |
| Discount Factor | | | | | | 0.0% | 96.4% | 83.2% | 71.9% | 62.1% | 53.6% | 46.3% | 40.0% | 34.5% | 29.8% | 25.8% | 25.8% |
| **PV of EVA** | | | | | | | **(250)** | **(282)** | **(173)** | **(126)** | **(78)** | **(39)** | **0** | **25** | **41** | **39** | **329** |

| Valuation - EVA Methodology | Units | |
|---|---|---|
| Value of Assets in Place | [BRL mm] | 9,540.4 |
| PV of EVA | [BRL mm] | (513.2) |
| **Enterprise Value** | **[BRL mm]** | **9,027.2** |
| (-) Net Debt | [BRL mm] | (1,260.3) |
| **Equity Value** | **[BRL mm]** | **10,287.5** |
| Fully Diluted Shares OS | [# mm] | 987.1 |
| **Valuation per Share** | **[BRL]** | **10.42** |
| Upside (Downside) - 1M VWAP | [%] | (30.5%) |
| Upside (Downside) - Closing | [%] | (26.0%) |

Source: Team 2

# Income Statement

## Financial Model

| Income Statement | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Revenue** | **[BRL mm]** | **18,401** | **14,025** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Deductions | [BRL mm] | (3,965) | (3,036) | - | - | - | - | - | - | - | - | - |
| **Net Revenue** | **[BRL mm]** | **14,436** | **15,972** | **17,349** | **18,639** | **19,894** | **21,111** | **22,314** | **23,319** | **24,293** | **25,215** | **26,112** |
| Merchandise | [BRL mm] | 12,630 | 13,949 | 15,335 | 16,535 | 17,720 | 18,841 | 19,949 | 20,876 | 21,791 | 22,658 | 23,510 |
| Services | [BRL mm] | 42 | 23 | - | - | - | - | - | - | - | - | - |
| Financial Services | [BRL mm] | 1,764 | 2,000 | 2,014 | 2,103 | 2,174 | 2,270 | 2,364 | 2,442 | 2,502 | 2,557 | 2,602 |
| **Cost of Sales and Services** | **[BRL mm]** | **(5,694)** | **(6,153)** | **(6,741)** | **(7,158)** | **(7,670)** | **(8,153)** | **(8,631)** | **(9,029)** | **(9,421)** | **(9,796)** | **(10,165)** |
| Cost of Goods Sold | [BRL mm] | (5,639) | (6,158) | (6,766) | (7,184) | (7,697) | (8,181) | (8,660) | (9,059) | (9,452) | (9,827) | (10,197) |
| Cost of Services | [BRL mm] | (17) | (12) | - | - | - | - | - | - | - | - | - |
| Cost of Financial Services | [BRL mm] | (38) | 17 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 32 |
| **Gross Profit** | **[BRL mm]** | **8,742** | **9,819** | **10,608** | **11,481** | **12,223** | **12,958** | **13,683** | **14,290** | **14,872** | **15,419** | **15,947** |
| Goods Sold | [BRL mm] | 6,991 | 7,791 | 8,569 | 9,351 | 10,023 | 10,660 | 11,289 | 11,817 | 12,339 | 12,831 | 13,313 |
| Services | [BRL mm] | 25 | 11 | - | - | - | - | - | - | - | - | - |
| Financial Services | [BRL mm] | 1,726 | 2,017 | 2,039 | 2,129 | 2,200 | 2,298 | 2,394 | 2,473 | 2,533 | 2,588 | 2,634 |
| **Operating Expenses** | **[BRL mm]** | **(7,483)** | **(7,930)** | **(8,636)** | **(9,181)** | **(9,711)** | **(10,217)** | **(10,713)** | **(11,102)** | **(11,479)** | **(11,841)** | **(12,254)** |
| Selling | [BRL mm] | (3,119) | (3,400) | (3,657) | (3,924) | (4,185) | (4,446) | (4,710) | (4,945) | (5,178) | (5,407) | (5,636) |
| General and Administrative | [BRL mm] | (1,447) | (1,575) | (1,705) | (1,852) | (1,998) | (2,145) | (2,293) | (2,425) | (2,556) | (2,685) | (2,813) |
| Depreciation and Amortization | [BRL mm] | (1,198) | (1,235) | (1,282) | (1,390) | (1,499) | (1,592) | (1,678) | (1,736) | (1,786) | (1,841) | (1,896) |
| Other Operating Income / (Expenses) | [BRL mm] | (761) | (775) | (953) | (1,002) | (1,043) | (1,093) | (1,142) | (1,183) | (1,217) | (1,249) | (1,276) |
| Losses on Receivables, Net | [BRL mm] | (957) | (944) | (1,039) | (1,014) | (986) | (941) | (890) | (813) | (741) | (660) | (632) |
| Equity Pick-ups | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| **EBIT** | **[BRL mm]** | **1,259** | **1,890** | **1,972** | **2,300** | **2,513** | **2,741** | **2,970** | **3,188** | **3,393** | **3,578** | **3,693** |
| Financial Result | [BRL mm] | 62 | (100) | (31) | (6) | 27 | 77 | 113 | 161 | 211 | 253 | 288 |
| **EBT** | **[BRL mm]** | **1,321** | **1,790** | **1,941** | **2,293** | **2,540** | **2,817** | **3,083** | **3,349** | **3,604** | **3,832** | **3,981** |
| Taxes | [BRL mm] | (124) | (352) | (405) | (495) | (531) | (557) | (579) | (599) | (623) | (639) | (638) |
| **Net Income** | **[BRL mm]** | **1,197** | **1,438** | **1,536** | **1,798** | **2,009** | **2,260** | **2,504** | **2,750** | **2,981** | **3,193** | **3,343** |

Source: Team 2

# Balance Sheet - Assets

## Financial Model

RENNER

| Balance Sheet | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash & Cash Equivalents | [BRL mm] | 1,926 | 1,887 | 1,709 | 1,956 | 2,389 | 2,885 | 3,363 | 3,983 | 4,502 | 4,941 | 5,190 |
| Short-Term Investments | [BRL mm] | 845 | - | - | - | - | - | - | - | - | - | - |
| Trade Accounts Receivable | [BRL mm] | 6,903 | 6,923 | 7,513 | 7,994 | 8,453 | 8,866 | 9,258 | 9,554 | 9,832 | 10,077 | 10,304 |
| Inventories | [BRL mm] | 1,930 | 1,984 | 2,031 | 1,999 | 1,974 | 2,017 | 2,135 | 2,234 | 2,331 | 2,423 | 2,514 |
| Recoverable Taxes | [BRL mm] | 414 | 460 | 506 | 546 | 585 | 622 | 658 | 689 | 719 | 748 | 776 |
| Recoverable income tax and social contribution | [BRL mm] | 164 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 |
| Derivatives | [BRL mm] | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other assets | [BRL mm] | 107 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 |
| Prepaid Expenses | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| **Current Assets** | **[BRL mm]** | **12,317** | **11,518** | **12,023** | **12,759** | **13,664** | **14,654** | **15,678** | **16,724** | **17,647** | **18,453** | **19,048** |
| Recoverable Taxes | [BRL mm] | 306 | 301 | 301 | 301 | 301 | 301 | 301 | 301 | 301 | 301 | 301 |
| Recoverable income tax and social contribution | [BRL mm] | 31 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Deferred Taxes | [BRL mm] | 790 | 810 | 810 | 810 | 810 | 810 | 810 | 810 | 810 | 810 | 810 |
| Other assets | [BRL mm] | 98 | 103 | 103 | 103 | 103 | 103 | 103 | 103 | 103 | 103 | 103 |
| Judicial Deposits | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid Expenses | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Derivatives | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Long Term Assets Mantained for Sale | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Investments | [BRL mm] | 57 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| Property and Equipment | [BRL mm] | 2,900 | 2,979 | 3,217 | 3,429 | 3,614 | 3,693 | 3,702 | 3,586 | 3,518 | 3,454 | 3,429 |
| Right of use | [BRL mm] | 2,253 | 2,197 | 2,576 | 2,943 | 3,299 | 3,644 | 3,979 | 4,298 | 4,601 | 4,890 | 5,167 |
| Intangible | [BRL mm] | 1,613 | 1,536 | 1,493 | 1,473 | 1,473 | 1,489 | 1,516 | 1,552 | 1,595 | 1,642 | 1,693 |
| **Non-Current Assets** | **[BRL mm]** | **8,048** | **8,010** | **8,584** | **9,144** | **9,685** | **10,124** | **10,496** | **10,734** | **11,013** | **11,285** | **11,587** |
| **Total Assets** | **[BRL mm]** | **20,365** | **19,528** | **20,608** | **21,903** | **23,349** | **24,778** | **26,175** | **27,458** | **28,660** | **29,738** | **30,635** |

Source: Team 2

# Balance Sheet – Liabilities and Shareholder Equity

## Financial Model

| | [Units] | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Loans, Financing and Debentures | [BRL mm] | 522 | - | - | - | - | - | - | - | - | - | - |
| Financing - Financial Products Operations | [BRL mm] | 409 | - | - | - | - | - | - | - | - | - | - |
| Financing Lease | [BRL mm] | 784 | - | - | - | - | - | - | - | - | - | - |
| Imports Financing | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Suppliers | [BRL mm] | 1,807 | 2,100 | 2,307 | 2,450 | 2,624 | 2,790 | 2,953 | 3,089 | 3,223 | 3,351 | 3,477 |
| Obligations - Forfait | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Obligations with Card Administrators | [BRL mm] | 2,610 | 2,396 | 2,588 | 2,741 | 2,884 | 3,010 | 3,127 | 3,209 | 3,284 | 3,347 | 3,402 |
| Taxes obligations | [BRL mm] | 545 | 619 | 681 | 723 | 774 | 823 | 871 | 911 | 951 | 989 | 1,026 |
| Social and labor obligations | [BRL mm] | 488 | 480 | 528 | 560 | 600 | 638 | 676 | 707 | 737 | 767 | 795 |
| Liabilities Under Bylaws | [BRL mm] | 171 | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 192 |
| Reserve for Risks | [BRL mm] | 90 | 103 | 103 | 103 | 103 | 103 | 103 | 103 | 103 | 103 | 103 |
| Derivatives | [BRL mm] | - | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 |
| Other Accounts Payable | [BRL mm] | 220 | 201 | 201 | 201 | 201 | 201 | 201 | 201 | 201 | 201 | 201 |
| **Current Liabilities** | **[BRL mm]** | **7,648** | **6,157** | **6,665** | **7,035** | **7,445** | **7,822** | **8,188** | **8,478** | **8,757** | **9,015** | **9,262** |
| | | | | | | | | | | | | |
| Loans, Financing and Debentures | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Financing - Financial Products Operations | [BRL mm] | 14 | 314 | 113 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 |
| Financing Lease | [BRL mm] | 1,848 | 2,529 | 2,494 | 2,452 | 2,397 | 2,334 | 2,263 | 2,187 | 2,107 | 2,022 | 1,932 |
| Deferred Income Tax and Social Contribution | [BRL mm] | 6 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Suppliers | [BRL mm] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Reserve for Risks | [BRL mm] | 56 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 |
| Taxes and Contributions Payable | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Derivatives | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Other Accounts Payable | [BRL mm] | 19 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| **Non-Current Liabilities** | **[BRL mm]** | **1,944** | **2,919** | **2,682** | **2,593** | **2,538** | **2,475** | **2,404** | **2,328** | **2,248** | **2,163** | **2,073** |
| | | | | | | | | | | | | |
| **Total Liabilities** | **[BRL mm]** | **9,592** | **9,076** | **9,347** | **9,628** | **9,983** | **10,297** | **10,592** | **10,806** | **11,005** | **11,178** | **11,335** |
| | | | | | | | | | | | | |
| Capital | [BRL mm] | 9,541 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 | 9,545 |
| Treasury Shares | [BRL mm] | (154) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) | (1,003) |
| Capital Reserve | [BRL mm] | 166 | 187 | 187 | 187 | 187 | 187 | 187 | 187 | 187 | 187 | 187 |
| Profit Reserve | [BRL mm] | 1,079 | 1,389 | 2,196 | 3,211 | 4,302 | 5,417 | 6,518 | 7,588 | 8,591 | 9,496 | 10,236 |
| Other comprehensive income | [BRL mm] | 141 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Retained Earnings (Accumulated Deficit) | [BRL mm] | - | 294 | 294 | 294 | 294 | 294 | 294 | 294 | 294 | 294 | 294 |
| **Shareholder's Equity** | **[BRL mm]** | **10,773** | **10,453** | **11,260** | **12,275** | **13,366** | **14,481** | **15,583** | **16,652** | **17,655** | **18,560** | **19,300** |
| | | | | | | | | | | | | |
| **Total Shareholder's Equity + Liabilities** | **[BRL mm]** | **20,365** | **19,528** | **20,608** | **21,903** | **23,349** | **24,778** | **26,175** | **27,458** | **28,660** | **29,738** | **30,635** |
| Check | | - | - | - | - | - | - | - | - | - | - | - |

Source: Team 2

# Cash Flow

## Financial Model

| | [Units] | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | **[BRL mm]** | 1,197 | 1,438 | 1,536 | 1,798 | 2,009 | 2,260 | 2,504 | 2,750 | 2,981 | 3,193 | 3,343 |
| Adjustments | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation and amortization | [BRL mm] | 1,244 | 1,269 | 1,282 | 1,390 | 1,499 | 1,592 | 1,678 | 1,736 | 1,786 | 1,841 | 1,896 |
| **Adjusted net income** | **[BRL mm]** | **2,857** | **3,643** | **2,818** | **3,188** | **3,508** | **3,853** | **4,182** | **4,486** | **4,767** | **5,034** | **5,239** |
| **Working Capital** | **[BRL mm]** | **63** | **(488)** | **(175)** | **(119)** | **(62)** | **(116)** | **(182)** | **(135)** | **(126)** | **(109)** | **(99)** |
| Accounts receivable from customers | [BRL mm] | 14 | (500) | (590) | (481) | (458) | (413) | (393) | (295) | (278) | (245) | (227) |
| Inventories | [BRL mm] | (140) | (46) | (48) | 32 | 26 | (44) | (118) | (98) | (97) | (92) | (91) |
| Taxes recoverable | [BRL mm] | (78) | (52) | (46) | (40) | (39) | (37) | (37) | (31) | (30) | (29) | (28) |
| Other assets | [BRL mm] | 27 | (77) | - | - | - | - | - | - | - | - | - |
| Suppliers | [BRL mm] | 14 | 316 | 207 | 143 | 175 | 165 | 163 | 136 | 134 | 128 | 126 |
| Obligations - forfait (risco sacado) | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Obligations with card administrators | [BRL mm] | 84 | (214) | 192 | 153 | 143 | 126 | 117 | 82 | 75 | 63 | 55 |
| Fiscal obligations | [BRL mm] | 142 | 120 | 61 | 42 | 52 | 49 | 48 | 40 | 40 | 38 | 37 |
| Social Obligations | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| **Others** | **[BRL mm]** | **(159)** | **(351)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Other obligations | [BRL mm] | 169 | (74) | - | - | - | - | - | - | - | - | - |
| Payment of income tax and social contribution | [BRL mm] | (129) | (162) | - | - | - | - | - | - | - | - | - |
| Interest paid on loans, financing and debentures | [BRL mm] | (199) | (115) | - | - | - | - | - | - | - | - | - |
| **CF from Operations (ex, Financial Investments)** | **[BRL mm]** | **2,761** | **2,805** | **2,643** | **3,069** | **3,446** | **3,736** | **4,000** | **4,351** | **4,641** | **4,925** | **5,140** |
| Financial Investments | [BRL mm] | (274) | 78 | - | - | - | - | - | - | - | - | - |
| **CF from Operations** | **[BRL mm]** | **2,487** | **2,882** | **2,643** | **3,069** | **3,446** | **3,736** | **4,000** | **4,351** | **4,641** | **4,925** | **5,140** |
| Acquisitions of fixed and intangible assets | [BRL mm] | (679) | (794) | (1,015) | (1,046) | (1,074) | (1,008) | (968) | (843) | (887) | (890) | (932) |
| Capital paid-up in subsidiaries, net of cash acquired | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| **CF from Investments** | **[BRL mm]** | **(679)** | **(794)** | **(1,015)** | **(1,046)** | **(1,074)** | **(1,008)** | **(968)** | **(843)** | **(887)** | **(890)** | **(932)** |
| Capital increase net of issuance costs | [BRL mm] | - | 4 | - | - | - | - | - | - | - | - | - |
| Share buy-back | [BRL mm] | - | (861) | - | - | - | - | - | - | - | - | - |
| Borrowing and amortization of loans and debentures | [BRL mm] | (941) | (574) | (201) | (47) | - | - | - | - | - | - | - |
| Lease installment payable | [BRL mm] | (793) | (732) | (877) | (946) | (1,020) | (1,087) | (1,153) | (1,207) | (1,258) | (1,308) | (1,356) |
| Interest on capital and dividends paid | [BRL mm] | (692) | (721) | (728) | (783) | (919) | (1,145) | (1,402) | (1,680) | (1,978) | (2,288) | (2,603) |
| **CF from Financing** | **[BRL mm]** | **(2,426)** | **(2,884)** | **(1,806)** | **(1,777)** | **(1,938)** | **(2,232)** | **(2,555)** | **(2,888)** | **(3,236)** | **(3,596)** | **(3,959)** |
| **FX Variation** | **[BRL mm]** | 12 | (10) | - | - | - | - | - | - | - | - | - |
| **Net Change in Cash** | **[BRL mm]** | **(606)** | **(806)** | **(178)** | **247** | **433** | **496** | **477** | **621** | **519** | **439** | **249** |
| **Cash EoP** | **[BRL mm]** | **1,926** | **1,887** | **1,709** | **1,956** | **2,389** | **2,885** | **3,363** | **3,983** | **4,502** | **4,941** | **5,190** |
| Check | | - | - | - | - | - | - | - | - | - | - | - |

Source: Team 2

# Operational Expenses

## Financial Model

| Expenses | [Units] | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Selling (ex. D&A)** | **[BRL mm]** | **(3,119)** | **(3,400)** | **(3,657)** | **(3,924)** | **(4,185)** | **(4,446)** | **(4,710)** | **(4,945)** | **(5,178)** | **(5,407)** | **(5,636)** |
| Fixed % | [%] | 24.8% | 24.7% | 23.9% | 23.2% | 22.6% | 22.1% | 21.7% | 21.4% | 21.3% | 21.1% | 21.1% |
| Variable % | [%] | 75.2% | 75.3% | 76.1% | 76.8% | 77.4% | 77.9% | 78.3% | 78.6% | 78.7% | 78.9% | 78.9% |
| Fixed Costs | [BRL mm] | (774) | (839) | (875) | (912) | (945) | (982) | (1,020) | (1,060) | (1,101) | (1,143) | (1,188) |
| Y/Y | [%] | | 8.4% | 4.4% | 4.2% | 3.7% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| Variable Costs | [BRL mm] | | (2,561) | (2,782) | (3,012) | (3,239) | (3,464) | (3,690) | (3,885) | (4,078) | (4,264) | (4,448) |
| Y/Y | [%] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| as % of Net Revenue | [%] | 0.0% | (16.0%) | (16.0%) | (16.2%) | (16.3%) | (16.4%) | (16.5%) | (16.7%) | (16.8%) | (16.9%) | (17.0%) |
| **General and Administrative (ex. D&A)** | **[BRL mm]** | **(1,447)** | **(1,575)** | **(1,705)** | **(1,852)** | **(1,998)** | **(2,145)** | **(2,293)** | **(2,425)** | **(2,556)** | **(2,685)** | **(2,813)** |
| Fixed % | [%] | 7.7% | 6.5% | 6.3% | 6.1% | 5.8% | 5.6% | 5.5% | 5.4% | 5.3% | 5.2% | 5.2% |
| Variable % | [%] | 92.3% | 93.5% | 93.7% | 93.9% | 94.2% | 94.4% | 94.5% | 94.6% | 94.7% | 94.8% | 94.8% |
| Fixed Costs | [BRL mm] | (111) | (103) | (108) | (112) | (116) | (121) | (125) | (130) | (135) | (141) | (146) |
| Y/Y | [%] | | (7.4%) | 4.4% | 4.2% | 3.7% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| Variable Costs | [BRL mm] | (1,335) | (1,472) | (1,598) | (1,740) | (1,882) | (2,024) | (2,167) | (2,294) | (2,421) | (2,544) | (2,667) |
| Y/Y | | | 10.2% | 8.5% | 8.9% | 8.2% | 7.5% | 7.1% | 5.9% | 5.5% | 5.1% | 4.8% |
| as % of Net Revenue | | | (9.2%) | (9.2%) | (9.3%) | (9.5%) | (9.6%) | (9.7%) | (9.8%) | (10.0%) | (10.1%) | (10.2%) |
| **Financial Services Expenses** | **[BRL mm]** | **(599)** | **(609)** | **(739)** | **(772)** | **(798)** | **(833)** | **(868)** | **(896)** | **(918)** | **(938)** | **(955)** |
| Y/Y | **[%]** | | 1.8% | 21.3% | 4.4% | 3.3% | 4.4% | 4.1% | 3.3% | 2.5% | 2.2% | 1.8% |
| **Others** | **[BRL mm]** | **(118)** | **(149)** | **(214)** | **(230)** | **(245)** | **(260)** | **(275)** | **(287)** | **(299)** | **(310)** | **(321)** |
| Employee Profit Sharing Program | [BRL mm] | (151) | (196) | (214) | (230) | (245) | (260) | (275) | (287) | (299) | (310) | (321) |
| Y/Y | [%] | (1.0%) | (1.2%) | (1.2%) | (1.2%) | (1.2%) | (1.2%) | (1.2%) | (1.2%) | (1.2%) | (1.2%) | (1.2%) |
| as % of Net Revenue | [%] | (12.6%) | (13.7%) | (13.9%) | (12.8%) | (12.2%) | (11.5%) | (11.0%) | (10.4%) | (10.0%) | (9.7%) | (9.6%) |

Source: Team 2

# Financial Result

## Financial Model

| Financial Result | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Result** | **[BRL mm]** | **62** | **(100)** | **(31)** | **(6)** | **27** | **77** | **113** | **161** | **211** | **253** | **288** |
| Y/Y | | | | | | | | | | | | |
| **Financial Expenses** | **[BRL mm]** | **(486)** | **(393)** | **(230)** | **(184)** | **(160)** | **(156)** | **(153)** | **(148)** | **(143)** | **(137)** | **(131)** |
| Interest on Debt | [BRL mm] | (73) | (19) | (16) | (0) | - | - | - | - | - | - | - |
| Interest on Lease Liabilities | [BRL mm] | (244) | (241) | (213) | (184) | (160) | (156) | (153) | (148) | (143) | (137) | (131) |
| FX Variation | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Monetary Variation | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Others | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| **Financial Income** | [BRL mm] | **547** | **293** | **198** | **177** | **187** | **233** | **267** | **309** | **354** | **390** | **419** |
| Interest on Cash | [BRL mm] | 208 | 143 | 163 | 139 | 147 | 190 | 221 | 261 | 304 | 339 | 365 |
| Cash BoP | [BRL mm] | 1,784 | 867 | 1,891 | 1,995 | 2,361 | 2,896 | 3,310 | 3,929 | 4,462 | 4,902 | 5,186 |
| Short Term Investments BoP | [BRL mm] | 795 | 767 | - | - | - | - | - | - | - | - | - |
| **Total Available Cash** | **[BRL mm]** | **2,580** | **1,634** | **1,891** | **1,995** | **2,361** | **2,896** | **3,310** | **3,929** | **4,462** | **4,902** | **5,186** |
| Yield on Cash | [%] | 8.1% | 8.7% | 8.6% | 7.0% | 6.2% | 6.5% | 6.7% | 6.7% | 6.8% | 6.9% | 7.0% |
| as % of Selic | [%] | 70.7% | 58.3% | 67.4% | 61.9% | 60.6% | 60.0% | 61.1% | 60.9% | 62.3% | 63.3% | 64.5% |

Source: Team 2

# Taxes

## Financial Model

| Taxes | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Tax** | **[BRL mm]** | **(124)** | **(352)** | **(405)** | **(495)** | **(531)** | **(557)** | **(579)** | **(599)** | **(623)** | **(639)** | **(638)** |
| Deferred | [BRL mm] | | | | | | | | | | | |
| Provision | [BRL mm] | | | | | | | | | | | |
| **EBT - Total** | **[BRL mm]** | **1,259** | **1,890** | **1,972** | **2,300** | **2,513** | **2,741** | **2,970** | **3,188** | **3,393** | **3,578** | **3,693** |
| **Fiscal Taxes Retail** | **[BRL mm]** | **428** | **642** | **671** | **782** | **854** | **932** | **1,010** | **1,084** | **1,154** | **1,217** | **1,256** |
| **Adjustments** | **[BRL mm]** | **306** | **346** | **946** | **997** | **1,126** | **1,343** | **1,587** | **1,849** | **2,127** | **2,434** | **2,753** |
| IOC Shield | [BRL mm] | 634 | 834 | 728 | 783 | 919 | 1,145 | 1,402 | 1,680 | 1,978 | 2,288 | 2,603 |
| Stock Options | [BRL mm] | 32 | 32 | 35 | 37 | 40 | 42 | 44 | 46 | 48 | 50 | 52 |
| Statutory Participation | [BRL mm] | 13 | - | - | - | - | - | - | - | - | - | - |
| ICMS Tax Benefits | [BRL mm] | 135 | 118 | 117 | 106 | 93 | 76 | 56 | 34 | 9 | 0 | 0 |
| as % of Retail Net Rev | [%] | 1.1% | 0.8% | 0.8% | 0.6% | 0.5% | 0.4% | 0.3% | 0.2% | 0.0% | 0.0% | 0.0% |
| as % of Subvention | [%] | - | 25.0% | 91.1% | 76.8% | 62.5% | 48.2% | 33.9% | 19.6% | 5.4% | 0.0% | 0.0% |
| 'Lei do Bem' Tax Benefits | [BRL mm] | 87 | 35 | 66 | 70 | 75 | 80 | 84 | 88 | 92 | 95 | 99 |
| as % of Retail Net Rev | [%] | 2.4% | 0.9% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| as % of Subvention | [%] | - | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Fiscal Base | [BRL mm] | 953 | 1,543 | 1,027 | 1,302 | 1,387 | 1,397 | 1,485 | 1,594 | 1,697 | 1,789 | 1,847 |
| Effective Tax Rate | [%] | (34.0%) | (34.0%) | (34.0%) | (34.0%) | (34.0%) | (34.0%) | (34.0%) | (34.0%) | (34.0%) | (34.0%) | (34.0%) |
| **Taxes Paid** | **[BRL mm]** | **(182)** | **(363)** | **(405)** | **(495)** | **(531)** | **(557)** | **(579)** | **(599)** | **(623)** | **(639)** | **(638)** |
| Effective Tax Rate | [%] | (14.5%) | (19.2%) | (20.5%) | (21.5%) | (21.1%) | (20.3%) | (19.5%) | (18.8%) | (18.4%) | (17.8%) | (17.3%) |

Source: Team 2

# Dividends/IoC

## Financial Model

| Dividends/Interest on Shareholder's Equity | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | **[BRL mm]** | **1,197** | **1,438** | **1,536** | **1,798** | **2,009** | **2,260** | **2,504** | **2,750** | **2,981** | **3,193** | **3,343** |
| ICMS Tax Benefit | [BRL mm] | | | | | | | | | | | |
| **Net Income (ex. ICMS Benefit)** | **[BRL mm]** | **1,062** | **1,321** | **1,419** | **1,692** | **1,917** | **2,184** | **2,447** | **2,716** | **2,972** | **3,193** | **3,343** |
| Theoretical Payout | [%] | 65.2% | 54.6% | 51.3% | 46.3% | 47.9% | 52.4% | 57.3% | 61.9% | 66.6% | 71.7% | 77.9% |
| **Dividends/IOC Paid** | **[BRL mm]** | **692** | **721** | **728** | **783** | **919** | **1,145** | **1,402** | **1,680** | **1,978** | **2,288** | **2,603** |
| as % of Max IOC Payable | [%] | | | | | | | | | | | |
| Interest on Capital Base | [BRL mm] | 10,773 | 10,453 | 11,260 | 12,275 | 13,366 | 14,481 | 15,583 | 16,652 | 17,655 | 18,560 | 19,300 |
| Shareholder's Equity | [BRL mm] | 10,773 | 10,453 | 11,260 | 12,275 | 13,366 | 14,481 | 15,583 | 16,652 | 17,655 | 18,560 | 19,300 |
| TJLP | [%] | | 8.5% | 7.6% | 6.9% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% |
| **Max IOC Payable (TJLP)** | **[BRL mm]** | **772** | **893** | **855** | **844** | **890** | **966** | **1,042** | **1,115** | **1,185** | **1,248** | **1,301** |

Source: Team 2

# Working Capital

## Financial Model

RENNER

| Working Capital | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Working Capital Change** | **[BRL mm]** | **(34)** | **(181)** | **233** | **161** | **111** | **163** | **228** | **173** | **164** | **145** | **135** |
| **Total Working Capital** | **[BRL mm]** | **4,545** | **4,364** | **4,598** | **4,759** | **4,870** | **5,033** | **5,261** | **5,434** | **5,598** | **5,743** | **5,878** |
| Days of Net Rev | [# of Days] | 132 | 114 | 109 | 105 | 101 | 98 | 96 | 95 | 94 | 93 | 91 |
| % of Net Rev | [%] | 9.0% | 7.8% | 7.5% | 7.2% | 6.9% | 6.7% | 6.6% | 6.5% | 6.4% | 6.3% | 6.3% |
| **1. Current Assets** | **[BRL mm]** | **9,354** | **9,479** | **10,173** | **10,672** | **11,153** | **11,656** | **12,212** | **12,644** | **13,056** | **13,429** | **13,783** |
| **Accounts receivable from customers** | **[BRL mm]** | **6,903** | **6,923** | **7,513** | **7,994** | **8,453** | **8,866** | **9,258** | **9,554** | **9,832** | **10,077** | **10,304** |
| Cartão Renner | [BRL mm] | 772 | 819 | 885 | 937 | 986 | 1,029 | 1,069 | 1,097 | 1,123 | 1,144 | 1,163 |
| Expected Net Credit Losses | [BRL mm] | (94) | (151) | (163) | (173) | (182) | (190) | (197) | (202) | (207) | (211) | (214) |
| Meu Cartão | [BRL mm] | 5,410 | 5,742 | 6,203 | 6,569 | 6,912 | 7,213 | 7,494 | 7,691 | 7,872 | 8,022 | 8,154 |
| Expected Net Credit Losses | [BRL mm] | (809) | (1,267) | (1,368) | (1,449) | (1,525) | (1,591) | (1,653) | (1,697) | (1,736) | (1,770) | (1,799) |
| 3P Credit Card | [BRL mm] | 1,654 | 1,807 | 1,987 | 2,142 | 2,295 | 2,441 | 2,584 | 2,704 | 2,823 | 2,935 | 3,045 |
| Days | [# of Days] | 48 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 |
| Present Value Adj | [BRL mm] | (76) | (65) | (71) | (77) | (82) | (87) | (92) | (97) | (101) | (105) | (109) |
| % of Retail Sales | [%] | (0.6%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) | (0.5%) |
| Others | [BRL mm] | 46 | 38 | 41 | 45 | 48 | 51 | 54 | 56 | 59 | 61 | 63 |
| % of Retail Sales | [%] | 0.4% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| **Inventories** | **[BRL mm]** | **1,930** | **1,984** | **2,031** | **1,999** | **1,974** | **2,017** | **2,135** | **2,234** | **2,331** | **2,423** | **2,514** |
| Days of LTM COGS | [# of Days] | 125 | 118 | 110 | 102 | 94 | 90 | 90 | 90 | 90 | 90 | 90 |
| **Taxes recoverable** | **[BRL mm]** | **414** | **460** | **506** | **546** | **585** | **622** | **658** | **689** | **719** | **748** | **776** |
| Days of LTM Net Rev | [# of Days] | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| **Other assets** | **[BRL mm]** | **107** | **112** | **123** | **132** | **142** | **151** | **160** | **167** | **174** | **181** | **188** |
| Days of LTM Net Rev | [# of Days] | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| **2. Current Liabilities** | **[BRL mm]** | **4,808** | **5,115** | **5,576** | **5,913** | **6,283** | **6,622** | **6,951** | **7,209** | **7,458** | **7,686** | **7,905** |
| **Suppliers** | **[BRL mm]** | **1,807** | **2,100** | **2,307** | **2,450** | **2,624** | **2,790** | **2,953** | **3,089** | **3,223** | **3,351** | **3,477** |
| Days of LTM COGS | [# of Days] | 117 | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 |
| **Obligations with card administrators** | **[BRL mm]** | **2,456** | **2,396** | **2,588** | **2,741** | **2,884** | **3,010** | **3,127** | **3,209** | **3,284** | **3,347** | **3,402** |
| % of Renner Receivables | [%] | 45.4% | 41.7% | 41.7% | 41.7% | 41.7% | 41.7% | 41.7% | 41.7% | 41.7% | 41.7% | 41.7% |
| **Taxes obligations** | **[BRL mm]** | **545** | **619** | **681** | **723** | **774** | **823** | **871** | **911** | **951** | **989** | **1,026** |
| Days of LTM COGS | [# of Days] | 35 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 |
| **Social and Labor obgliations** | **[BRL mm]** | **488** | **480** | **528** | **560** | **600** | **638** | **676** | **707** | **737** | **767** | **795** |
| Days of LTM COGS | [# of Days] | 32 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 |

Source: Team 2

# Debt

## Financial Model

| Debt | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Retail Financing** | | | | | | | | | | | | |
| Loans, Financing and Debentures BoP | [BRL mm] | 507 | - | - | - | - | - | - | - | - | - | - |
| Issue / (Amortization) | [BRL mm] | 16 | - | - | - | - | - | - | - | - | - | - |
| Loans, Financing and Debentures EoP | [BRL mm] | 522 | - | - | - | - | - | - | - | - | - | - |
| Interest Paid | [BRL mm] | | | | | | | | | | | |
| as % of Debt BoP | [%] | | | | | | | | | | | |
| Gross Debt | [BRL mm] | 522 | - | - | - | - | - | - | - | - | - | - |
| Cash | [BRL mm] | 2,771 | 1,887 | 1,709 | 1,956 | 2,389 | 2,885 | 3,363 | 3,983 | 4,502 | 4,941 | 5,190 |
| **Retail Net Debt** | **[BRL mm]** | **(2,249)** | **(1,887)** | **(1,709)** | **(1,956)** | **(2,389)** | **(2,885)** | **(3,363)** | **(3,983)** | **(4,502)** | **(4,941)** | **(5,190)** |
| Net Debt / Retail EBITDA (pre IFRS-16) | [x] | (1.3x) | (0.9x) | (0.7x) | (0.7x) | (0.8x) | (1.0x) | (1.1x) | (1.2x) | (1.4x) | (1.5x) | (1.5x) |
| Net Debt / Shareholder's Equity | [%] | (20.9%) | (18.1%) | (15.2%) | (15.9%) | (17.9%) | (19.9%) | (21.6%) | (23.9%) | (25.5%) | (26.6%) | (26.9%) |
| **Consumer Financing** | | | | | | | | | | | | |
| Financing Debt BoP | [BRL mm] | 679 | 374 | 160 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 |
| Issue / (Amortization) | [BRL mm] | (256) | (60) | (47) | - | - | - | - | - | - | - | - |
| Financing Debt EoP | [BRL mm] | 423 | 314 | 113 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 |
| Certificados de Depósitos Interfinanceiros I EoP | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Interest | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Amortizaion | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Certificados de Depósitos Interfinanceiros II EoP | [BRL mm] | - | 112 | 22 | - | - | - | - | - | - | - | - |
| Interest | [BRL mm] | - | (4) | (1) | - | - | - | - | - | - | - | - |
| Amortizaion | [BRL mm] | - | (22) | (22) | - | - | - | - | - | - | - | - |
| Certificados de Depósitos Interfinanceiros III EoP | [BRL mm] | - | 114 | 23 | - | - | - | - | - | - | - | - |
| Interest | [BRL mm] | - | (4) | (1) | - | - | - | - | - | - | - | - |
| Amortizaion | [BRL mm] | - | (23) | (23) | - | - | - | - | - | - | - | - |
| Certificados de Depósitos Bancários I EoP | [BRL mm] | - | 13 | - | - | - | - | - | - | - | - | - |
| Interest | [BRL mm] | - | (0) | - | - | - | - | - | - | - | - | - |
| Amortizaion | [BRL mm] | - | (13) | - | - | - | - | - | - | - | - | - |
| Certificados de Depósitos Bancários II EoP | [BRL mm] | - | 9 | 2 | - | - | - | - | - | - | - | - |
| Interest | [BRL mm] | - | (0) | (0) | - | - | - | - | - | - | - | - |
| Amortizaion | [BRL mm] | - | (2) | (2) | - | - | - | - | - | - | - | - |

Source: Team 2

# Capital Expenditures

## Financial Model

| CapEx and Depreciation | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Expenditures** | | | | | | | | | | | | |
| New Stores | [BRL mm] | 145 | 230 | 454 | 436 | 414 | 299 | 211 | 44 | 46 | 8 | 8 |
| Remodeling | [BRL mm] | 238 | 317 | 322 | 352 | 384 | 415 | 446 | 474 | 501 | 529 | 558 |
| IT Equipment & Sistems | [BRL mm] | 249 | 198 | 222 | 239 | 257 | 273 | 289 | 302 | 316 | 328 | 341 |
| Logistics | [BRL mm] | 29 | 19 | 16 | 17 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Others | [BRL mm] | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Breakdown | | | | | | | | | | | | |
| **New Stores CapEx** | **[BRL mm]** | **145** | **230** | **454** | **436** | **414** | **299** | **211** | **44** | **46** | **8** | **8** |
| **Net Area Added** | **[m²]** | **1,955** | **18,587** | **41,542** | **37,942** | **34,342** | **23,542** | **15,883** | **3,120** | **3,120** | **480** | **480** |
| Renner | [m²] | 1,642 | 14,303 | 38,422 | 34,822 | 31,222 | 20,422 | 12,764 | - | - | - | - |
| Camicado | [m²] | (1,904) | (27) | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 |
| Youcom | [m²] | 2,217 | 4,312 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | - | - |
| Cost per sqr meter | [BRL] | 74,297 | 12,359 | 10,923 | 11,495 | 12,063 | 12,703 | 13,267 | 14,055 | 14,775 | 15,648 | 16,450 |
| YoY | [%] | | (83.4%) | (11.6%) | 5.2% | 4.9% | 5.3% | 4.4% | 5.9% | 5.1% | 5.9% | 5.1% |
| **Remodelling of Installations CapEx** | **[BRL mm]** | **238** | **317** | **322** | **352** | **384** | **415** | **446** | **474** | **501** | **529** | **558** |
| **Mature Selling Area** | **[m²]** | 798,097 | 820,562 | 856,550 | 890,075 | 922,064 | 946,736 | 965,173 | 972,538 | 978,738 | 982,794 | 984,389 |
| Renner | [m²] | 730,042 | 749,942 | 782,634 | 813,471 | 842,422 | 863,942 | 879,220 | 883,466 | 886,547 | 888,473 | 889,588 |
| Camicado | [m²] | 44,946 | 44,528 | 44,609 | 44,621 | 44,956 | 45,399 | 45,879 | 46,358 | 46,838 | 47,318 | 47,797 |
| Youcom | [m²] | 23,108 | 26,092 | 29,307 | 31,983 | 34,687 | 37,395 | 40,074 | 42,714 | 45,354 | 47,004 | 47,004 |
| Cost per mature sqr meter | [BRL] | 299 | 357 | 380 | 400 | 420 | 441 | 464 | 488 | 513 | 539 | 567 |
| YoY | [%] | | 19.5% | 6.4% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| **IT Equipment & Sistems** | **[BRL mm]** | **249** | **198** | **222** | **239** | **257** | **273** | **289** | **302** | **316** | **328** | **341** |
| as % of Retail Net Rev | [%] | 2.0% | 1.4% | 1.4% | 1.4% | 1.4% | 1.4% | 1.4% | 1.4% | 1.4% | 1.4% | 1.4% |
| **Logistics** | **[BRL mm]** | **29** | **19** | **16** | **17** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
| as % of Retail Net Rev | [%] | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| **Other Investments** | **[BRL mm]** | **0** | **1** | **1** | **1** | **1** | **1** | **1** | **1** | **1** | **1** | **1** |
| as % of Retail Net Rev | [%] | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |

Source: Team 2

# Depreciation

## Financial Model

| Schedule and Depreciation (ex. RoU Asset) | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **PP&E Schedule** | | | | | | | | | | | | |
| **BoP** | **[BRL mm]** | **11,434** | **11,330** | **12,167** | **13,025** | **13,885** | **14,379** | **14,697** | **14,405** | **14,003** | **13,726** | **13,517** |
| CapEx | [BRL mm] | 413 | 566 | 793 | 806 | 818 | 735 | 679 | 540 | 571 | 561 | 591 |
| Depreciation | [BRL mm] | (647) | (452) | (555) | (594) | (633) | (656) | (670) | (657) | (638) | (626) | (616) |
| Others | [BRL mm] | 245 | (35) | - | - | - | - | - | - | - | - | - |
| **EoP** | **[BRL mm]** | **11,445** | **11,409** | **12,405** | **13,237** | **14,069** | **14,458** | **14,706** | **14,289** | **13,935** | **13,661** | **13,492** |
| Depreciation as % of PPE BoP | [%] | 5.7% | 4.0% | 4.6% | 4.6% | 4.6% | 4.6% | 4.6% | 4.6% | 4.6% | 4.6% | 4.6% |
| **Intangibles** | | | | | | | | | | | | |
| **BoP** | **[BRL mm]** | **6,676** | **6,317** | **6,054** | **5,918** | **5,870** | **5,892** | **5,971** | **6,095** | **6,247** | **6,423** | **6,617** |
| CapEx | [BRL mm] | 249 | 198 | 222 | 239 | 257 | 273 | 289 | 302 | 316 | 328 | 341 |
| Amortization | [BRL mm] | (338) | (276) | (265) | (259) | (257) | (258) | (261) | (267) | (273) | (281) | (289) |
| **EoP** | **[BRL mm]** | **6,587** | **6,239** | **6,011** | **5,899** | **5,869** | **5,907** | **5,999** | **6,130** | **6,289** | **6,471** | **6,669** |
| Amortization as % of Intangibles BoP | [%] | 5.1% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% |

Source: Team 2

# Right of Use and Lease Liabilities

## Financial Model

| RoU Asset and Lease Liabilities | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Right of Use Assets** | | | | | | | | | | | | |
| **BoP** | **[BRL mm]** | **9,300** | **8,566** | **9,246** | **10,736** | **12,179** | **13,578** | **14,936** | **16,247** | **17,491** | **18,677** | **19,807** |
| Additions | [BRL mm] | 642 | 679 | 841 | 904 | 965 | 1,024 | 1,082 | 1,131 | 1,178 | 1,223 | 1,266 |
| Depreciation | [BRL mm] | (504) | (537) | (462) | (537) | (609) | (679) | (747) | (812) | (875) | (934) | (990) |
| Others | [BRL mm] | (282) | (198) | - | - | - | - | - | - | - | - | - |
| **EoP** | **[BRL mm]** | **9,156** | **8,510** | **9,625** | **11,103** | **12,535** | **13,923** | **15,272** | **16,565** | **17,794** | **18,966** | **20,083** |
| Additions | [BRL mm] | 642 | 679 | 841 | 904 | 965 | 1,024 | 1,082 | 1,131 | 1,178 | 1,223 | 1,266 |
| as % of Net Revenue | [%] | 4.4% | 4.3% | 4.9% | 4.9% | 4.9% | 4.9% | 4.9% | 4.9% | 4.9% | 4.9% | 4.9% |
| Depreciation | [BRL mm] | (504) | (537) | (462) | (537) | (609) | (679) | (747) | (812) | (875) | (934) | (990) |
| Depreciation as % of RoU BoP | [%] | (5.4%) | (6.3%) | (5.0%) | (5.0%) | (5.0%) | (5.0%) | (5.0%) | (5.0%) | (5.0%) | (5.0%) | (5.0%) |
| **Lease Liabilities** | | | | | | | | | | | | |
| **BoP** | **[BRL mm]** | **10,634** | **10,204** | **9,956** | **9,799** | **9,604** | **9,363** | **9,092** | **8,791** | **8,474** | **8,142** | **7,789** |
| Additions | [BRL mm] | 682 | 590 | 841 | 904 | 965 | 1,024 | 1,082 | 1,131 | 1,178 | 1,223 | 1,266 |
| Amortization | [BRL mm] | (793) | (732) | (877) | (946) | (1,020) | (1,087) | (1,153) | (1,207) | (1,258) | (1,308) | (1,356) |
| Interest Payment | [BRL mm] | 244 | 241 | 213 | 184 | 160 | 156 | 153 | 148 | 143 | 137 | 131 |
| Interest Incurred | [BRL mm] | (244) | (241) | (213) | (184) | (160) | (156) | (153) | (148) | (143) | (137) | (131) |
| Other | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| **EoP** | **[BRL mm]** | **10,523** | **10,102** | **9,921** | **9,757** | **9,549** | **9,300** | **9,021** | **8,715** | **8,395** | **8,057** | **7,699** |
| Interest Payment as % of Leasing Liabilities BoP | [%] | 2.3% | 2.4% | 2.1% | 1.9% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% |
| as % of SELIC | [%] | 18.7% | 15.8% | 16.8% | 16.7% | 16.3% | 15.5% | 15.7% | 15.7% | 15.7% | 15.7% | 15.7% |
| **Rent Cash Expenses** | **[BRL mm]** | (793) | (732) | (877) | (946) | (1,020) | (1,087) | (1,153) | (1,207) | (1,258) | (1,308) | (1,356) |
| Avg Selling Area | [$m^2$] | 799,734 | 807,121 | 840,270 | 874,693 | 909,083 | 936,313 | 959,840 | 970,794 | 977,568 | 981,841 | 983,843 |
| Installment per sq mt | [BRL] | (992) | (907) | (1,044) | (1,082) | (1,122) | (1,161) | (1,201) | (1,243) | (1,287) | (1,332) | (1,379) |
| YoY | [%] | | (8.5%) | 15.0% | 3.6% | 3.7% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| As % of Net Rev | [%] | (5.5%) | (4.6%) | (5.1%) | (5.1%) | (5.1%) | (5.1%) | (5.2%) | (5.2%) | (5.2%) | (5.2%) | (5.2%) |

Source: Team 2

# Summary of Retail

## Financial Model

| | [Units] | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **[BRL mm]** | **12,672** | **13,971** | **15,335** | **16,535** | **17,720** | **18,841** | **19,949** | **20,876** | **21,791** | **22,658** | **23,510** |
| Renner | [BRL mm] | 11,591 | 12,758 | 13,929 | 14,997 | 16,050 | 17,028 | 17,986 | 18,753 | 19,500 | 20,249 | 21,006 |
| Camicado | [BRL mm] | 574 | 593 | 627 | 658 | 688 | 720 | 754 | 789 | 825 | 863 | 903 |
| Youcom | [BRL mm] | 508 | 621 | 780 | 880 | 982 | 1,093 | 1,210 | 1,334 | 1,465 | 1,545 | 1,600 |
| **Net Revenue Y/Y** | **[%]** | **8.2%** | **10.3%** | **9.8%** | **7.8%** | **7.2%** | **6.3%** | **5.9%** | **4.6%** | **4.4%** | **4.0%** | **3.8%** |
| Renner | [%] | 7.7% | 10.1% | 9.2% | 7.7% | 7.0% | 6.1% | 5.6% | 4.3% | 4.0% | 3.8% | 3.7% |
| Camicado | [%] | 10.2% | 3.3% | 5.8% | 5.0% | 4.5% | 4.7% | 4.7% | 4.7% | 4.6% | 4.6% | 4.6% |
| Youcom | [%] | 18.6% | 22.3% | 25.5% | 12.9% | 11.6% | 11.3% | 10.7% | 10.3% | 9.9% | 5.4% | 3.6% |
| **Net Revenue Breakdown** | **[%]** | | | | | | | | | | | |
| Renner | [%] | 91.5% | 91.3% | 90.8% | 90.7% | 90.6% | 90.4% | 90.2% | 89.8% | 89.5% | 89.4% | 89.3% |
| Camicado | [%] | 4.5% | 4.2% | 4.1% | 4.0% | 3.9% | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% |
| Youcom | [%] | 4.0% | 4.4% | 5.1% | 5.3% | 5.5% | 5.8% | 6.1% | 6.4% | 6.7% | 6.8% | 6.8% |
| **Avg. Total Selling Area** | **[m²]** | **801,470** | **814,184** | **853,523** | **887,463** | **921,109** | **945,588** | **966,235** | **973,644** | **979,993** | **982,848** | **984,546** |
| Renner | [m²] | 733,312 | 743,040 | 778,490 | 809,310 | 839,836 | 861,195 | 878,724 | 883,013 | 886,241 | 888,287 | 889,506 |
| Camicado | [m²] | 43,973 | 43,720 | 44,200 | 44,679 | 45,159 | 45,639 | 46,118 | 46,598 | 47,078 | 47,557 | 48,037 |
| Youcom | [m²] | 24,185 | 27,424 | 30,834 | 33,474 | 36,114 | 38,754 | 41,394 | 44,034 | 46,674 | 47,004 | 47,004 |
| **Sales Area Adj Maturation** | **[m²]** | **798,097** | **810,617** | **843,737** | **873,379** | **904,719** | **930,284** | **953,373** | **964,935** | **974,323** | **980,409** | **983,219** |
| Renner | [m²] | 730,042 | 739,997 | 769,821 | 796,775 | 825,077 | 847,490 | 867,420 | 875,863 | 882,131 | 886,088 | 888,418 |
| Camicado | [m²] | 44,946 | 44,528 | 44,609 | 44,621 | 44,956 | 45,399 | 45,879 | 46,358 | 46,838 | 47,318 | 47,797 |
| Youcom | [m²] | 23,108 | 26,092 | 29,307 | 31,983 | 34,687 | 37,395 | 40,074 | 42,714 | 45,354 | 47,004 | 47,004 |
| **Net Revenue per m² Adj. for Maturation** | | **15,935** | **17,369** | **18,404** | **19,158** | **19,809** | **20,443** | **21,072** | **21,721** | **22,437** | **23,164** | **23,934** |
| Renner | [BRL] | 15,930 | 17,351 | 18,317 | 19,043 | 19,669 | 20,272 | 20,868 | 21,478 | 22,155 | 22,884 | 23,662 |
| Camicado | [BRL] | 12,692 | 13,347 | 14,112 | 14,802 | 15,376 | 15,949 | 16,520 | 17,109 | 17,719 | 18,352 | 19,006 |
| Youcom | [BRL] | 22,548 | 25,035 | 27,405 | 28,283 | 29,032 | 29,912 | 30,830 | 31,851 | 32,916 | 33,383 | 34,049 |
| **Number of Store** | **[#]** | **686** | **716** | **755** | **792** | **827** | **856** | **879** | **892** | **905** | **906** | **907** |
| Renner | [#] | 448 | 462 | 488 | 512 | 534 | 550 | 560 | 560 | 560 | 560 | 560 |
| Camicado | [#] | 103 | 102 | 103 | 104 | 105 | 106 | 107 | 108 | 109 | 110 | 111 |
| Youcom | [#] | 135 | 152 | 164 | 176 | 188 | 200 | 212 | 224 | 236 | 236 | 236 |
| **Channel Breakdown** | | | | | | | | | | | | |
| B&M | [BRL mm] | 10,760 | 11,862 | 12,954 | 13,903 | 14,848 | 15,717 | 16,572 | 17,272 | 17,952 | 18,589 | 19,207 |
| as % of Total | [%] | 84.9% | 84.9% | 84.5% | 84.1% | 83.8% | 83.4% | 83.1% | 82.7% | 82.4% | 82.0% | 81.7% |
| E-Commerce | [BRL mm] | 1,912 | 2,110 | 2,381 | 2,633 | 2,872 | 3,124 | 3,377 | 3,604 | 3,838 | 4,070 | 4,303 |
| as % of Total | [%] | 15.1% | 15.1% | 15.5% | 15.9% | 16.2% | 16.6% | 16.9% | 17.3% | 17.6% | 18.0% | 18.3% |
| **Same Store Sales** | **[%]** | **7.5%** | **8.8%** | **5.4%** | **4.2%** | **3.8%** | **3.9%** | **3.9%** | **4.0%** | **3.8%** | **3.7%** | **3.6%** |

Source: Team 2

# Renner Revenue

## Financial Models

RENNER

| | Units | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **[BRL mm]** | **11,591** | **12,758** | **13,929** | **14,997** | **16,050** | **17,028** | **17,986** | **18,753** | **19,500** | **20,249** | **21,006** |
| Shopping | [BRL mm] | - | 3,606 | 12,285 | 12,975 | 13,633 | 14,178 | 14,720 | 15,315 | 15,925 | 16,537 | 17,155 |
| Street | [BRL mm] | - | 430 | 1,644 | 2,022 | 2,417 | 2,851 | 3,266 | 3,438 | 3,575 | 3,713 | 3,851 |
| Y/Y | [%] | | 10.1% | 9.2% | 7.7% | 7.0% | 6.1% | 5.6% | 4.3% | 4.0% | 3.8% | 3.7% |
| Total Stores | [#] | 448 | 462 | 488 | 512 | 534 | 550 | 560 | 560 | 560 | 560 | 560 |
| Net Store Openings | [#] | 6 | 14 | 26 | 24 | 22 | 16 | 10 | - | - | - | - |
| Shopping | [#] | - | 3 | 10 | 8 | 6 | - | - | - | - | - | - |
| Street | [#] | - | 9 | 16 | 16 | 16 | 16 | 10 | - | - | - | - |
| Net Area Addition | [m²] | 1,642 | 14,303 | 38,422 | 34,822 | 31,222 | 20,422 | 12,764 | - | - | - | - |
| Shopping | [m²] | 0 | 5,400 | 18,000 | 14,400 | 10,800 | 0 | 0 | 0 | 0 | 0 | 0 |
| Street | [m²] | 0 | 11,487 | 20,422 | 20,422 | 20,422 | 20,422 | 12,764 | 0 | 0 | 0 | 0 |
| Avg. Sales Area per New Store - Street | [m²] | 1,185 | 1,276 | 1,276 | 1,276 | 1,276 | 1,276 | 1,276 | 1,276 | 1,276 | 1,276 | 1,276 |
| Avg. Sales Area per New Store - Shopping | [m²] | - | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| Avg Area Maturity Factor | [m²] | 99.6% | 99.6% | 98.9% | 98.5% | 98.2% | 98.4% | 98.7% | 99.2% | 99.5% | 99.8% | 99.9% |
| **Avg. Total Selling Area Adj. for Maturation** | **[m²]** | **730,042** | **739,997** | **769,821** | **796,775** | **825,077** | **847,490** | **867,420** | **875,863** | **882,131** | **886,088** | **888,418** |
| **Net Revenue per m² Adj. for Maturation - Shop** | **[m²]** | **15,930** | **17,389** | **18,458** | **19,168** | **19,814** | **20,522** | **21,256** | **22,015** | **22,802** | **23,618** | **24,462** |
| **Net Revenue per m² Adj. for Maturation - Street** | **[m²]** | **-** | **4,601** | **15,459** | **16,053** | **16,594** | **17,187** | **17,802** | **18,438** | **19,097** | **19,780** | **20,487** |
| Y/Y | [%] | 6.8% | 9.2% | 6.1% | 3.8% | 3.4% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |
| IPCA - Apparel | [%] | 2.5% | 4.5% | 4.1% | 3.9% | 3.4% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |
| Spread | [%] | 4.2% | 4.5% | 2.0% | (0.0%) | (0.0%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Shopping - Working Hours | | - | 80 | 320 | 320 | 320 | 320 | 320 | 320 | 320 | 320 | 320 |
| Street Store - Working Hours | | - | 67 | 268 | 268 | 268 | 268 | 268 | 268 | 268 | 268 | 268 |

Source: Team 2

# Camicado Revenue

## Financial Model

RENNER

| Camicado | Units | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **[BRL mm]** | **574** | **593** | **627** | **658** | **688** | **720** | **754** | **789** | **825** | **863** | **903** |
| Y/Y | [%] | | 3.3% | 5.8% | 5.0% | 4.5% | 4.7% | 4.7% | 4.7% | 4.6% | 4.6% | 4.6% |
| Total Stores | [#] | 103 | 102 | 103 | 104 | 105 | 106 | 107 | 108 | 109 | 110 | 111 |
| Net Store Openings | [#] | (4) | (1) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Selling Area | [m²] | 43,747 | 43,720 | 44,200 | 44,679 | 45,159 | 45,639 | 46,118 | 46,598 | 47,078 | 47,557 | 48,037 |
| Net Area Addition | [m²] | (1,904) | (27) | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 |
| Avg. Total Selling Area | [m²] | 43,973 | 43,720 | 44,200 | 44,679 | 45,159 | 45,639 | 46,118 | 46,598 | 47,078 | 47,557 | 48,037 |
| Avg. Sales Area per New Store | [BRL mm] | 338 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 |
| Avg. Sales Area per Store | [BRL mm] | 427 | - | - | - | - | - | - | - | - | - | - |
| Avg Area Maturity Factor | [m²] | 102.2% | 101.8% | 100.9% | 99.9% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% |
| Avg. Total Selling Area Adj. for Maturation | [m²] | 44,946 | 44,528 | 44,609 | 44,621 | 44,956 | 45,399 | 45,879 | 46,358 | 46,838 | 47,318 | 47,797 |
| **Net Revenue per m² Adj. for Maturation** | **[m²]** | **4,253** | **4,501** | **4,777** | **4,954** | **5,113** | **5,296** | **5,485** | **5,681** | **5,884** | **6,094** | **6,312** |
| Y/Y | [%] | | 5.8% | 6.2% | 3.7% | 3.2% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |

Source: Team 2

# Youcom Revenue

## Financial Model

| Youcom | [Units] | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **[BRL mm]** | **508** | **621** | **780** | **880** | **982** | **1,093** | **1,210** | **1,334** | **1,465** | **1,545** | **1,600** |
| Y/Y | [%] | | 22.3% | 25.5% | 12.9% | 11.6% | 11.3% | 10.7% | 10.3% | 9.9% | 5.4% | 3.6% |
| Total Stores | [#] | 135 | 152 | 164 | 176 | 188 | 200 | 212 | 224 | 236 | 236 | 236 |
| Net Store Openings | [#] | 11 | 17 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | - | - |
| Total Selling Area | [m²] | 24,212 | 28,524 | 31,164 | 33,804 | 36,444 | 39,084 | 41,724 | 44,364 | 47,004 | 47,004 | 47,004 |
| Net Area Addition | [m²] | 2,217 | 4,312 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | - | - |
| Avg. Total Selling Area | [m²] | 24,185 | 27,424 | 30,834 | 33,474 | 36,114 | 38,754 | 41,394 | 44,034 | 46,674 | 47,004 | 47,004 |
| Avg. Sales Area per New Store | [BRL mm] | 83 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 |
| Avg. Sales Area per Store | [BRL mm] | 179 | - | - | - | - | - | - | - | - | - | - |
| Avg Area Maturity Factor | [m²] | 95.5% | 95.1% | 95.0% | 95.5% | 96.0% | 96.5% | 96.8% | 97.0% | 97.2% | 100.0% | 100.0% |
| Avg. Total Selling Area Adj. for Maturation | [m²] | 23,108 | 26,092 | 29,307 | 31,983 | 34,687 | 37,395 | 40,074 | 42,714 | 45,354 | 47,004 | 47,004 |
| **Net Revenue per m² Adj. for Maturation** | **[m²]** | **8,374** | **8,861** | **9,406** | **9,754** | **10,066** | **10,426** | **10,798** | **11,184** | **11,584** | **11,998** | **12,427** |
| Y/Y | | | 5.8% | 6.2% | 3.7% | 3.2% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |

Source: Team 2

# Maturation Curve

## Financial Model

| Maturation Curve - Renner | Units | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year 1 | [%] | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% |
| Year 2 | [%] | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% |
| Year 3 | [%] | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% |
| Year 4 | [%] | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% |
| Year 5 (mature) | [%] | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| **Avg. Aged Area** | | | | | | | | | | | | |
| Year 1 | [m²] | 1,627 | 9,728 | 35,450 | 30,820 | 30,526 | 21,359 | 17,528 | 4,289 | 3,229 | 2,045 | 1,219 |
| Year 2 | [m²] | (856) | 1,627 | 9,728 | 35,450 | 30,820 | 30,526 | 21,359 | 17,528 | 4,289 | 3,229 | 2,045 |
| Year 3 | [m²] | 18,783 | (856) | 1,627 | 9,728 | 35,450 | 30,820 | 30,526 | 21,359 | 17,528 | 4,289 | 3,229 |
| Year 4 | [m²] | 23,892 | 18,783 | (856) | 1,627 | 9,728 | 35,450 | 30,820 | 30,526 | 21,359 | 17,528 | 4,289 |
| Year 5 (mature) | [m²] | 689,866 | 713,758 | 732,541 | 731,685 | 733,312 | 743,040 | 778,490 | 809,310 | 839,836 | 861,195 | 878,724 |

| Maturation Curve - Camicado | Units | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year 1 | [%] | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% |
| Year 2 | [%] | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% |
| Year 3 | [%] | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% |
| Year 4 | [%] | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% |
| Year 5 (mature) | [%] | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| **Avg. Aged Area** | [m²] | | | | | | | | | | | |
| Year 1 | [m²] | (1,679) | (253) | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 |
| Year 2 | [m²] | (5,981) | (1,679) | (253) | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 |
| Year 3 | [m²] | 1,845 | (5,981) | (1,679) | (253) | 480 | 480 | 480 | 480 | 480 | 480 | 480 |
| Year 4 | [m²] | 1,495 | 1,845 | (5,981) | (1,679) | (253) | 480 | 480 | 480 | 480 | 480 | 480 |
| Year 5 (mature) | [m²] | 48,293 | 49,788 | 51,633 | 45,652 | 43,973 | 43,720 | 44,200 | 44,679 | 45,159 | 45,639 | 46,118 |

| Maturation Curve | Units | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year 1 | [%] | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% |
| Year 2 | [%] | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% |
| Year 3 | [%] | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% | 90.0% |
| Year 4 | [%] | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% |
| Year 5 (mature) | [%] | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| **Avg. Aged Area** | | | | | | | | | | | | |
| Year 1 | [m²] | 2,535 | 3,238 | 3,410 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 330 | - |
| Year 2 | [m²] | 2,102 | 2,535 | 3,238 | 3,410 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 330 |
| Year 3 | [m²] | 1,868 | 2,102 | 2,535 | 3,238 | 3,410 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 |
| Year 4 | [m²] | 1,358 | 1,868 | 2,102 | 2,535 | 3,238 | 3,410 | 2,640 | 2,640 | 2,640 | 2,640 | 2,640 |
| Year 5 (mature) | [m²] | 16,323 | 17,680 | 19,548 | 21,650 | 24,185 | 27,424 | 30,834 | 33,474 | 36,114 | 38,754 | 41,394 |

Source: Team 2

# COGS

| | | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Renner** | | | | | | | | | | | | |
| **COGS** | **[BRL mm]** | 5,202 | 5,671 | 6,191 | 6,557 | 7,018 | 7,446 | 7,865 | 8,201 | 8,527 | 8,855 | 9,186 |
| Y/Y | [%] | | 9.0% | 9.2% | 5.9% | 7.0% | 6.1% | 5.6% | 4.3% | 4.0% | 3.8% | 3.7% |
| Gross Margin | [%] | 55.1% | 55.6% | 55.5% | 56.3% | 56.3% | 56.3% | 56.3% | 56.3% | 56.3% | 56.3% | 56.3% |
| **Camicado** | | | | | | | | | | | | |
| **COGS** | **[BRL mm]** | 259 | 260 | 276 | 289 | 302 | 316 | 331 | 347 | 363 | 379 | 397 |
| Y/Y | [%] | | 0.5% | 5.8% | 5.0% | 4.5% | 4.7% | 4.7% | 4.7% | 4.6% | 4.6% | 4.6% |
| Gross Margin | [%] | 54.8% | 56.1% | 56.1% | 56.1% | 56.1% | 56.1% | 56.1% | 56.1% | 56.1% | 56.1% | 56.1% |
| **Youcom** | | | | | | | | | | | | |
| **COGS** | **[BRL mm]** | 195 | 238 | 299 | 338 | 377 | 419 | 464 | 512 | 562 | 593 | 614 |
| Y/Y | [%] | | 21.9% | 25.5% | 12.9% | 11.6% | 11.3% | 10.7% | 10.3% | 9.9% | 5.5% | 3.6% |
| Gross Margin | [%] | 61.5% | 61.6% | 61.6% | 61.6% | 61.6% | 61.6% | 61.6% | 61.6% | 61.6% | 61.6% | 61.6% |

Source: Team 2

# Realize Income Statement

## Financial Model

| Income Statement | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Operating Revenue** | **[BRL mm]** | **1,764** | **2,000** | **2,014** | **2,103** | **2,174** | **2,270** | **2,364** | **2,442** | **2,502** | **2,557** | **2,602** |
| Financial Services | [BRL mm] | 1,764 | 2,000 | 2,014 | 2,103 | 2,174 | 2,270 | 2,364 | 2,442 | 2,502 | 2,557 | 2,602 |
| **Cost of Sales and Services** | **[BRL mm]** | **(38)** | **17** | **25** | **26** | **27** | **28** | **29** | **30** | **31** | **32** | **32** |
| Cost of Financial Services - Realize CFI | [BRL mm] | (66) | (49) | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 32 |
| Intercompany Operation Elimination | [BRL mm] | 27 | 65 | - | - | - | - | - | - | - | - | - |
| **Revenues, net from funding** | **[BRL mm]** | **1,726** | **2,017** | **2,039** | **2,129** | **2,200** | **2,298** | **2,394** | **2,473** | **2,533** | **2,588** | **2,634** |
| Private Label Card | [BRL mm] | 89 | 141 | 156 | 163 | 169 | 177 | 184 | 190 | 195 | 199 | 203 |
| Co-Branded Card | [BRL mm] | 1,633 | 1,875 | 1,883 | 1,966 | 2,031 | 2,122 | 2,210 | 2,282 | 2,338 | 2,389 | 2,431 |
| Personal Loans and Other Services | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| Other Operating Revenues | [BRL mm] | 4 | 1 | - | - | - | - | - | - | - | - | - |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Credit Losses, Net of Recoveries** | **[BRL mm]** | **(957)** | **(944)** | **(1,039)** | **(1,014)** | **(986)** | **(941)** | **(890)** | **(813)** | **(741)** | **(660)** | **(632)** |
| Private Label Card | [BRL mm] | (20) | (71) | (52) | (45) | (37) | (29) | (20) | (8) | 2 | 13 | 18 |
| Co-branded Card | [BRL mm] | (937) | (873) | (987) | (969) | (948) | (912) | (870) | (805) | (743) | (673) | (650) |
| Personal Loans and Other Services | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| | | 29.4% | 31.6% | 30.2% | 29.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Provision for Credit Losses** | **[BRL mm]** | **(1,143)** | **(1,057)** | **(1,133)** | **(1,115)** | **(1,092)** | **(1,053)** | **(1,006)** | **(933)** | **(863)** | **(785)** | **(760)** |
| Private Label Card | [BRL mm] | (97) | (128) | (131) | (129) | (126) | (122) | (116) | (108) | (100) | (91) | (88) |
| Co-branded Card | [BRL mm] | (1,046) | (929) | (1,002) | (986) | (966) | (931) | (890) | (825) | (763) | (694) | (672) |
| Personal Loans and Other Services | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - | - |
| **Recoveries** | **[BRL mm]** | **186** | **113** | **94** | **101** | **107** | **112** | **116** | **120** | **123** | **125** | **128** |
| Private Label Card | [BRL mm] | 77 | 57 | 79 | 84 | 89 | 93 | 97 | 100 | 102 | 104 | 106 |
| Co-branded Card | [BRL mm] | 109 | 56 | 16 | 17 | 18 | 19 | 19 | 20 | 20 | 21 | 21 |
| Personal Loans and Other Services | [BRL mm] | - | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - | - |
| | | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| **Net Interest Income** | [BRL mm] | **769** | **1,072** | **1,000** | **1,115** | **1,215** | **1,357** | **1,504** | **1,659** | **1,793** | **1,929** | **2,002** |
| | | - | - | - | - | - | - | - | - | - | - | - |
| **Operating Expenses** | **[BRL mm]** | **(601)** | **(611)** | **(739)** | **(772)** | **(798)** | **(833)** | **(868)** | **(896)** | **(918)** | **(938)** | **(955)** |
| **Financial Services Results** | **[BRL mm]** | **168** | **461** | **261** | **343** | **417** | **524** | **636** | **763** | **874** | **991** | **1,047** |

Source: Team 2

# Operating Data

## Financial Model

| Operating Data | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Retail Net Sales** | [BRL mm] | 12,630 | 13,949 | 15,335 | 16,535 | 17,720 | 18,841 | 19,949 | 20,876 | 21,791 | 22,658 | 23,510 |
| **Total Realize Volume** | **[BRL mm]** | **3,760** | **3,990** | **4,310** | **4,565** | **4,803** | **5,012** | **5,207** | **5,345** | **5,470** | **5,574** | **5,666** |
| as % of total | [%] | 29.8% | 28.6% | 28.1% | 27.6% | 27.1% | 26.6% | 26.1% | 25.6% | 25.1% | 24.6% | 24.1% |
| **Payment Method Breakdown %** | **[%]** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |
| Interest-free Credit Sales (0-5x) | [%] | 27.9% | 26.8% | 26.3% | 25.8% | 25.3% | 24.8% | 24.3% | 23.8% | 23.3% | 22.8% | 22.3% |
| Interest-bearing Credit Sales (0-8x) | [%] | 1.9% | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% |
| Cash | [%] | 26.5% | 27.0% | 27.0% | 27.0% | 27.0% | 27.0% | 27.0% | 27.0% | 27.0% | 27.0% | 27.0% |
| Other Credit Cards | [%] | 43.8% | 44.5% | 45.0% | 45.5% | 46.0% | 46.5% | 47.0% | 47.5% | 48.0% | 48.5% | 49.0% |
| **Payment Method Breakdown R$** | **[BRL mm]** | **12,630** | **13,949** | **15,335** | **16,535** | **17,720** | **18,841** | **19,949** | **20,876** | **21,791** | **22,658** | **23,510** |
| Interest-free Credit Sales (0-5x) | [BRL mm] | 3,525 | 3,745 | 4,040 | 4,274 | 4,491 | 4,681 | 4,856 | 4,977 | 5,086 | 5,175 | 5,252 |
| Interest-bearing Credit Sales (0-8x) | [BRL mm] | 235 | 245 | 270 | 291 | 312 | 332 | 351 | 367 | 384 | 399 | 414 |
| Cash | [BRL mm] | 3,355 | 3,762 | 4,135 | 4,459 | 4,779 | 5,081 | 5,380 | 5,630 | 5,877 | 6,111 | 6,341 |
| Other Credit Cards | [BRL mm] | 5,516 | 6,197 | 6,889 | 7,511 | 8,138 | 8,747 | 9,362 | 9,901 | 10,444 | 10,973 | 11,503 |
| **Operating Expenses** | **[BRL mm]** | (601) | (611) | (739) | (772) | (798) | (833) | (868) | (896) | (918) | (938) | (955) |
| as % of Net Operating Revenue | [%] | (34.1%) | (30.6%) | (36.7%) | (36.7%) | (36.7%) | (36.7%) | (36.7%) | (36.7%) | (36.7%) | (36.7%) | (36.7%) |
| **Average Ticket** | | | | | | | | | | | | |
| Renner Card + Co-Branded Card (R$) | [BRL] | 1,140.5 | 875.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Company (R$) | [BRL] | 809.1 | 625.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Delta | [%] | 1.6 | 1.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Team 2

# Revenue Realize

## Financial Model

| Consumer Finance | Units | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cards** | | | | | | | | | | | | |
| **Renner Card** | | | | | | | | | | | | |
| **Revenue, net from funding and taxes** | **[BRL mm]** | **89** | **141** | **156** | **163** | **169** | **177** | **184** | **190** | **195** | **199** | **203** |
| Yielding Receivables (ex Stage 1) | [BRL mm] | 144 | 238 | 257 | 273 | 287 | 299 | 311 | 319 | 327 | 333 | 338 |
| Portfolio Yield | [%] | 52.9% | 73.8% | 63.1% | 61.7% | 60.5% | 60.3% | 60.3% | 60.4% | 60.3% | 60.4% | 60.4% |
| SELIC (quarter) | [%] | 11.4% | 15.0% | 12.8% | 11.3% | 10.3% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% |
| Spread | [%] | 37.3% | 51.1% | 44.6% | 45.3% | 45.6% | 44.5% | 44.5% | 44.6% | 44.6% | 44.6% | 44.6% |
| | | | | | | | | | | | | |
| **Revenue, net from funding and taxes** | **[BRL mm]** | **1,633** | **1,875** | **1,883** | **1,966** | **2,031** | **2,122** | **2,210** | **2,282** | **2,338** | **2,389** | **2,431** |
| Yielding Receivables (ex Stage 1) | [BRL mm] | 2,257 | 2,805 | 3,030 | 3,209 | 3,376 | 3,523 | 3,660 | 3,757 | 3,845 | 3,918 | 3,983 |
| Portfolio Yield | [%] | 82.5% | 74.1% | 64.5% | 63.0% | 61.7% | 61.5% | 61.5% | 61.5% | 61.5% | 61.6% | 61.5% |
| SELIC (quarter) | [%] | 11.4% | 15.0% | 12.8% | 11.3% | 10.3% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% |
| Spread | [%] | 63.8% | 51.4% | 45.9% | 46.5% | 46.7% | 45.6% | 45.6% | 45.6% | 45.6% | 45.7% | 45.6% |

Source: Team 2

# Cartão Renner - Portfolio

## Financial Model

| Cartão Renner - Portfolio | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Performing** | **[BRL mm]** | **646** | **598** | **647** | **685** | **720** | **752** | **781** | **802** | **820** | **836** | **850** |
| Stage 1 | [BRL mm] | 610 | 551 | 596 | 631 | 664 | 693 | 720 | 739 | 756 | 770 | 783 |
| Stage 2 | [BRL mm] | 29 | 38 | 41 | 44 | 46 | 48 | 50 | 51 | 52 | 53 | 54 |
| Stage 3 - up to 360 days | [BRL mm] | 7 | 9 | 10 | 10 | 11 | 11 | 12 | 12 | 12 | 12 | 13 |
| Stage 3 - from 361 to 540 days | [BRL mm] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Past due** | **[BRL mm]** | **126** | **221** | **238** | **252** | **266** | **277** | **288** | **296** | **303** | **308** | **313** |
| Stage 1 | [BRL mm] | 18 | 30 | 32 | 34 | 36 | 37 | 39 | 40 | 40 | 41 | 42 |
| Stage 2 | [BRL mm] | 18 | 26 | 28 | 30 | 31 | 33 | 34 | 35 | 36 | 36 | 37 |
| Stage 3 - up to 360 days | [BRL mm] | 91 | 107 | 115 | 122 | 128 | 134 | 139 | 143 | 146 | 149 | 152 |
| Stage 3 - from 361 to 540 days | [BRL mm] | 0 | 58 | 63 | 67 | 70 | 73 | 76 | 78 | 80 | 82 | 83 |
| **Credit Portfolio (On balance)** | **[BRL mm]** | **772** | **819** | **885** | **937** | **986** | **1,029** | **1,069** | **1,097** | **1,123** | **1,144** | **1,163** |
| Y/Y | [%] | | 6.1% | 8.0% | 5.9% | 5.2% | 4.4% | 3.9% | 2.6% | 2.3% | 1.9% | 1.7% |
| as % of LTM Renner Card Sales | [%] | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% |
| Y/Y | [%] | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Credit Limit Available (Off Balance)** | **[BRL mm]** | **2,073** | **2,277** | **2,460** | **2,605** | **2,741** | **2,861** | **2,972** | **3,051** | **3,122** | **3,182** | **3,234** |
| Multiplier | [x] | 2.7x | 2.8x | 2.8x | 2.8x | 2.8x | 2.8x | 2.8x | 2.8x | 2.8x | 2.8x | 2.8x |
| **Portfolio Breakdown - %** | | | | | | | | | | | | |
| **Performing** | | | | | | | | | | | | |
| Stage 1 | [%] | 79.1% | 67.3% | 67.3% | 67.3% | 67.3% | 67.3% | 67.3% | 67.3% | 67.3% | 67.3% | 67.3% |
| Stage 2 | [%] | 3.7% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% |
| Stage 3 - up to 360 days | [%] | 0.9% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% |
| Stage 3 - from 361 to 540 days | [%] | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Past due** | | | | | | | | | | | | |
| Stage 1 | [%] | 2.3% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |
| Stage 2 | [%] | 2.3% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% |
| Stage 3 - up to 360 days | [%] | 11.8% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% |
| Stage 3 - from 361 to 540 days | [%] | 0.0% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% |

Source: Team 2

# Cartão Renner - ECL

## Financial Model

| Cartão Renner - Portfolio | [Units] | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Estimated Credit Losses** | **[BRL mm]** | **(94)** | **(151)** | **(163)** | **(173)** | **(182)** | **(190)** | **(197)** | **(202)** | **(207)** | **(211)** | **(214)** |
| Stage 1 | [BRL mm] | (16) | (14) | (15) | (16) | (17) | (18) | (19) | (19) | (20) | (20) | (20) |
| Stage 2 | [BRL mm] | (5) | (6) | (7) | (7) | (8) | (8) | (8) | (9) | (9) | (9) | (9) |
| Stage 3 - up to 360 days | [BRL mm] | (69) | (83) | (89) | (94) | (99) | (104) | (108) | (111) | (113) | (115) | (117) |
| Stage 3 - from 361 to 540 days | [BRL mm] | 0 | (43) | (46) | (49) | (52) | (54) | (56) | (57) | (59) | (60) | (61) |
| Credit Limit Available (Off Balance) | [BRL mm] | (5) | (5) | (5) | (5) | (6) | (6) | (6) | (6) | (7) | (7) | (7) |
| **Coverage Ratios** | | | | | | | | | | | | |
| Stage 1 | [%] | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Stage 2 | [%] | 9.7% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Stage 3 - up to 360 days | [%] | 71.1% | 71.4% | 71.4% | 71.4% | 71.4% | 71.4% | 71.4% | 71.4% | 71.4% | 71.4% | 71.4% |
| Stage 3 - from 361 to 540 days | [%] | 0.0% | 73.5% | 73.5% | 73.5% | 73.5% | 73.5% | 73.5% | 73.5% | 73.5% | 73.5% | 73.5% |
| Credit Limit Available (Off Balance) | [%] | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| **ECL BoP** | | **(95)** | **(132)** | **(137)** | **(147)** | **(155)** | **(162)** | **(168)** | **(173)** | **(178)** | **(181)** | **(184)** |
| (+) New Provisions | | (26) | (46) | (54) | (54) | (54) | (54) | (54) | (52) | (51) | (49) | (50) |
| (-) Net New Provisions | | (10) | (26) | (32) | (31) | (30) | (29) | (27) | (25) | (23) | (21) | (21) |
| (+) Recoveries | | 16 | 20 | 22 | 23 | 25 | 26 | 27 | 27 | 28 | 29 | 29 |
| as % of Total Credit On Balance | [%] | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| (+) Write Off | [%] | 144 | 72 | 119 | 119 | 117 | 114 | 109 | 103 | 95 | 87 | 85 |
| as % of Total Credit On Balance | [%] | 18.72% | 8.74% | 13.40% | 12.73% | 11.90% | 11.07% | 10.21% | 9.39% | 8.49% | 7.61% | 7.27% |
| **ECL BoP** | | **(94)** | **(151)** | **(163)** | **(173)** | **(182)** | **(190)** | **(197)** | **(202)** | **(207)** | **(211)** | **(214)** |
| Check | | (0) | - | - | - | - | - | - | - | - | - | - |

Source: Team 2

# Meu Cartão - Portfolio

## Financial Model

| Meu Cartão - Portfolio | [Units] | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Performing** | **[BRL mm]** | **4,353** | **4,088** | **4,416** | **4,677** | **4,921** | **5,135** | **5,335** | **5,476** | **5,604** | **5,711** | **5,805** |
| Stage 1 | [BRL mm] | 3,083 | 2,847 | 3,076 | 3,257 | 3,427 | 3,577 | 3,716 | 3,814 | 3,903 | 3,977 | 4,043 |
| Stage 2 | [BRL mm] | 1,219 | 1,179 | 1,274 | 1,349 | 1,420 | 1,481 | 1,539 | 1,580 | 1,617 | 1,648 | 1,675 |
| Stage 3 - up to 360 days | [BRL mm] | 51 | 62 | 67 | 70 | 74 | 77 | 80 | 83 | 84 | 86 | 87 |
| Stage 3 - from 361 to 540 days | [BRL mm] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Past due** | **[BRL mm]** | **1,057** | **1,654** | **1,787** | **1,892** | **1,991** | **2,078** | **2,159** | **2,216** | **2,267** | **2,311** | **2,349** |
| Stage 1 | [BRL mm] | 71 | 90 | 97 | 103 | 109 | 113 | 118 | 121 | 124 | 126 | 128 |
| Stage 2 | [BRL mm] | 215 | 208 | 225 | 238 | 250 | 261 | 271 | 279 | 285 | 291 | 295 |
| Stage 3 - up to 360 days | [BRL mm] | 771 | 923 | 997 | 1,056 | 1,111 | 1,159 | 1,204 | 1,236 | 1,265 | 1,289 | 1,310 |
| Stage 3 - from 361 to 540 days - pos resolution | [BRL mm] | 0 | 433 | 468 | 496 | 521 | 544 | 565 | 580 | 594 | 605 | 615 |
| **Total Available (On balance)** | **[BRL mm]** | **5,410** | **5,742** | **6,203** | **6,569** | **6,912** | **7,213** | **7,494** | **7,691** | **7,872** | **8,022** | **8,154** |
| Y/Y | [%] | | 6.1% | 8.0% | 5.9% | 5.2% | 4.4% | 3.9% | 2.6% | 2.3% | 1.9% | 1.7% |
| as % of LTM Renner Card Sales | [%] | 143.9% | 143.9% | 143.9% | 143.9% | 143.9% | 143.9% | 143.9% | 143.9% | 143.9% | 143.9% | 143.9% |
| **Credit Limit Available (Off Balance)** | **[BRL mm]** | **9,382** | **10,782** | **11,647** | **12,335** | **12,979** | **13,544** | **14,071** | **14,442** | **14,781** | **15,063** | **15,311** |
| Multiplier | [x] | 1.7x | 1.9x | 1.9x | 1.9x | 1.9x | 1.9x | 1.9x | 1.9x | 1.9x | 1.9x | 1.9x |

**Portfolio Breakdown - %**

| | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Performing** | | | | | | | | | | | | |
| Stage 1 | [%] | 57.0% | 49.6% | 49.6% | 49.6% | 49.6% | 49.6% | 49.6% | 49.6% | 49.6% | 49.6% | 49.6% |
| Stage 2 | [%] | 22.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% | 20.5% |
| Stage 3 - up to 360 days | [%] | 0.9% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% |
| Stage 3 - from 361 to 540 days | [%] | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Past due** | | | | | | | | | | | | |
| Stage 1 - up to 29 days | [%] | 1.3% | 1.6% | 1.6% | 1.6% | 1.6% | 1.6% | 1.6% | 1.6% | 1.6% | 1.6% | 1.6% |
| Stage 2 | [%] | 4.0% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |
| Stage 3 - up to 360 days | [%] | 14.3% | 16.1% | 16.1% | 16.1% | 16.1% | 16.1% | 16.1% | 16.1% | 16.1% | 16.1% | 16.1% |
| Stage 3 - from 361 to 540 days | [%] | 0.0% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |

Source: Team 2

# Meu Cartão - ECL

## Financial Model

| Meu Cartão - Portfolio | [Units] | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Estimated Credit Losses** | **[BRL mm]** | **(809)** | **(1,267)** | **(1,368)** | **(1,449)** | **(1,525)** | **(1,591)** | **(1,653)** | **(1,697)** | **(1,736)** | **(1,770)** | **(1,799)** |
| Stage 1 | [BRL mm] | (40) | (37) | (40) | (42) | (44) | (46) | (48) | (49) | (50) | (51) | (52) |
| Stage 2 | [BRL mm] | (120) | (119) | (129) | (136) | (144) | (150) | (156) | (160) | (163) | (167) | (169) |
| Stage 3 - up to 360 days | [BRL mm] | (638) | (759) | (820) | (869) | (914) | (954) | (991) | (1,017) | (1,041) | (1,061) | (1,078) |
| Stage 3 - from 361 to 540 days | [BRL mm] | 0 | (340) | (367) | (389) | (409) | (427) | (444) | (456) | (466) | (475) | (483) |
| Credit Limit Available (Off Balance) | [BRL mm] | (12) | (11) | (12) | (13) | (14) | (14) | (15) | (15) | (16) | (16) | (16) |
| **Coverage Ratios** | | | | | | | | | | | | |
| Stage 1 | [%] | 1.3% | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% |
| Stage 2 | [%] | 8.4% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% |
| Stage 3 - up to 360 days | [%] | 77.6% | 77.1% | 77.1% | 77.1% | 77.1% | 77.1% | 77.1% | 77.1% | 77.1% | 77.1% | 77.1% |
| Stage 3 - from 361 to 540 days | [%] | 0.0% | 78.5% | 78.5% | 78.5% | 78.5% | 78.5% | 78.5% | 78.5% | 78.5% | 78.5% | 78.5% |
| Credit Limit Available (Off Balance) | [%] | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| **ECL BoP** | | **(842)** | **(1,259)** | **(1,305)** | **(1,394)** | **(1,471)** | **(1,538)** | **(1,601)** | **(1,648)** | **(1,688)** | **(1,723)** | **(1,752)** |
| (+) New Provisions | | (232) | (236) | (285) | (276) | (271) | (263) | (252) | (235) | (221) | (203) | (205) |
| (-) Net New Provisions | | (205) | (223) | (281) | (272) | (266) | (258) | (247) | (230) | (216) | (197) | (200) |
| (+) Recoveries | | 27 | 13 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| as % of Total Credit On Balance | | 0.5% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| (+) Write Off | | 1,276 | 477 | 900 | 905 | 890 | 864 | 828 | 781 | 724 | 661 | 643 |
| as % of Total Credit On Balance | [%] | 23.6% | 8.3% | 14.5% | 13.8% | 12.9% | 12.0% | 11.0% | 10.2% | 9.2% | 8.2% | 7.9% |
| **ECL BoP** | | **(809)** | **(1,267)** | **(1,368)** | **(1,449)** | **(1,525)** | **(1,591)** | **(1,653)** | **(1,697)** | **(1,736)** | **(1,770)** | **(1,799)** |
| Check | | 0 | - | - | - | - | - | - | - | - | - | - |

Source: Team 2