

EARNINGS CONFERENCE CALL 2Q24



AREZZO
& CO

AREZZO | ONBOARD | @SASHA

AGENDA

- 1. MESSAGE FROM MANAGEMENT 2Q24**
- 2. BRAND AND CHANNEL HIGHLIGHTS**
- 3. FINANCIAL HIGHLIGHTS**
- 4. Q&A**

DISCLAIMER

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MESSAGE FROM MANAGEMENT

HIGHLIGHTS

2Q24

- CONCLUSION OF THE MERGE WITH GRUPO SOMA, CREATING THE BIGGEST FASHION BRANDS MANAGER IN LATIN AMERICA, WITH R\$ 12.7 B IN REVENUES AND EBITDA OF R\$ 1.7 B IN THE LAST 12 MONTHS.
- HEALTHY GROWTH: +8.5% IN GROSS REVENUES, BESIDES A STRONG BASELINE COMPARISON OF MORE THEN 22% IN 2Q23 VS O 2Q22.
- DTC SELL-OUT (FRANCHISES, OWN STORES AND E-COMMERCE) REACHED R\$ 1.3 B IN THE QUARTER, A 10,0% GROWTH VS 2Q23. HIGHLIGHT TO E-COMMERCE CHANNEL, WITH A STRONG INCREASE OF +22.4%.
- REGARDING THE BRANDS, THE GROWTH HIGHLIGHTS VS 2Q23 ARE: VANS (+26%), AR&CO +(13%) AND ANACAPRI (+9%).
- STRUCTURING OF AZZAS 2154: BUSINESS MODEL, GOVERNANCE, ORGANIZATION STRUCTURE AND SINERGIES PRIORITIZATION.
- MORE DETAILS TO BE GIVEN TOMORROW, AUGUST 15 2024, IN OUR AZZAS 2154 DAY, IN HERING'S HEADQUARTERS, BLUMENAU, SC. THE EVENT WILL BE ALSO BROADCASTED LIVE. I INVITE YOU ALL TO ATTEND!

IT IS ONLY THE BEGGINING.

TO 2154!

2Q24 RESULTS

GROSS REVENUES

R\$ 1.5 B 2Q24
+8.5% VS 2Q23
+32.0% VS 2Q22

R\$ 2.9 B 1H24
+7.1% VS 1H23
+31.2% VS 1H22

GROSS MARGIN*

54.9% IN 2Q24
R\$ 677 M IN GROSS EARNINGS, **+9%** VS 2Q23

RECURRING EBITDA

R\$ 203 M (**+2.6%** VS 2Q23)

RECURRING NET EARNINGS

R\$ 135 M
NET MARGIN OF **10,0%**

ROIC

25.1% DE RECURRING ROIC

DOMESTIC MARKET

55.9% RECURRING GROSS MARGIN* IN
2Q24 (**+40BPS**)

INTERNATIONAL MARKET

+250 BPS INCREASE **IN RECURRING**
EBITDA MARGIN IN 2Q24 VS 2Q23

(*) NOTE: DATA EX-SUBSIDIES AS DETAILED ON PAGE 5 OF THE RESULTS REPORT.



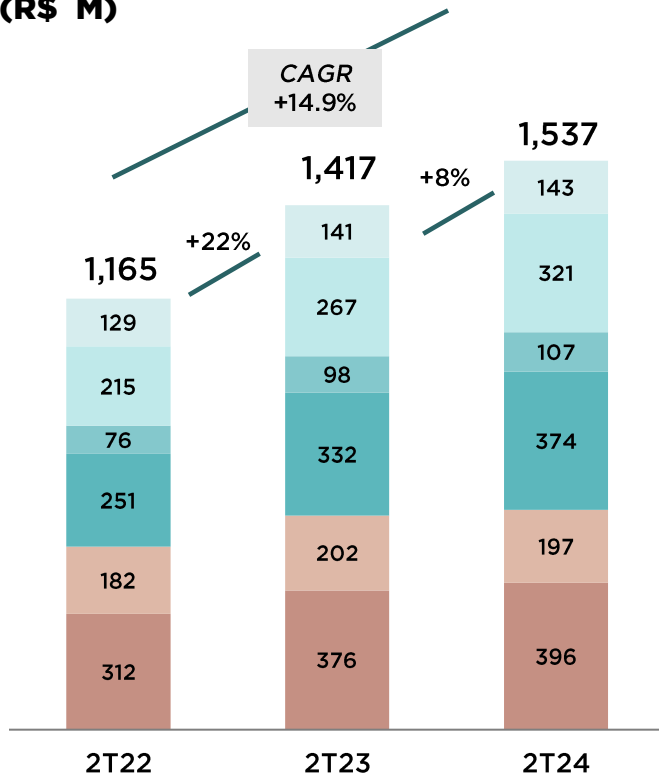
BRAND AND CHANDEL HIGHLIGHTS



GROSS REVENUES | DOMESTIC MARKET

2Q24

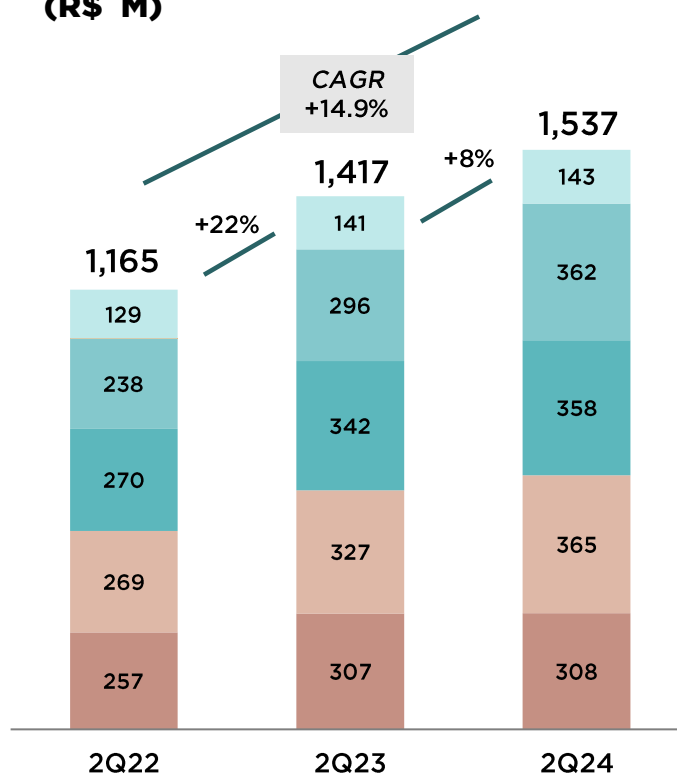
GROSS REVENUES BY BRAND (R\$ M)



% change vs 2Q23

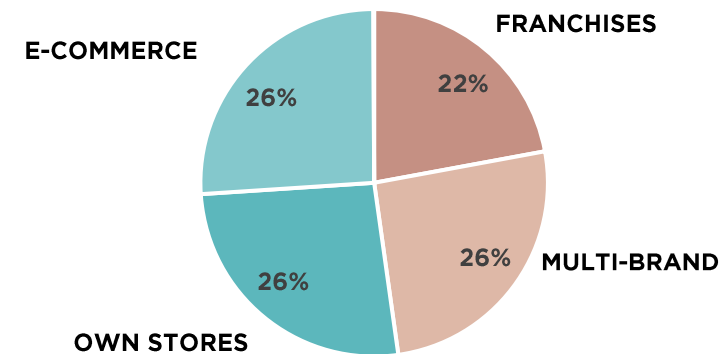
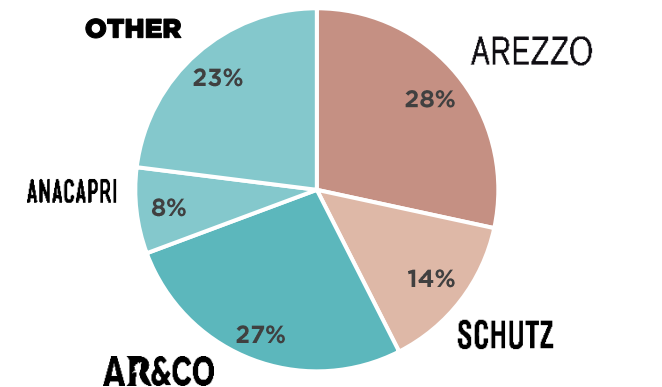
- AREZZO +5%
- AR&CO +13%
- OTHERS +20%
- SCHUTZ -3%
- ANACAPRI +9%
- INTL MARKET +1%

GROSS REVENUES BY CHANNEL (R\$ M)



% change vs 2Q23

- FRANCHISES 0%
- MULTI-BRAND +5%
- INTL MARKET +1%
- OWN STORES +12%
- E-COMMERCE +22%



CORE BRANDS

AREZZO AND SCHUTZ



5.4% GROWTH VS 2023

VS STRONG COMPARATIVE BASELINE: +20.3% (2Q23 VS 2Q22)

EMPHASIS ON THE GROWTH OF THE **E-COMMERCE (+24.2%)** AND **MULTI-BRAND (+16.9%)** CHANNELS VS 2023

MOTHERS' DAY CAMPAIGN BEAT A RECORD IN SELL OUT: **R\$167 MILLION** AND **500 THOUSAND ITEMS** SOLD IN 26 DAYS.

ANOTHER MAJOR MILESTONE WAS THE **UNVEILING OF THE IGUATEMI FARIA LIMA FLAGSHIP STORE**, WITH A NEW ARCHITECTURAL DESIGN AND WHICH HAS SINCE APRIL POSTED **12% SALES INCREASE VS 2023**.



PROGRESS ON REFORMULATING THE BRAND'S STRATEGY

HIGHLIGHT FOR THE **MULTI-BRAND** CHANNEL: WITH **8% GROWTH** VS 2023.

GAINS MADE IN THE BRANDING, COMMUNICATION AND STRATEGY PROJECT. THE TURNAROUND WILL COME WITH THE LAUNCH OF THE SUMMER 2025 CAMPAIGN WITH MODEL BRUNA MARQUEZINE.

THE **HANDBAGS** CATEGORY **ANSWERED FOR 30% OF SELL OUT**, AND THE **SNEAKERS** CATEGORY **WAS UP 34% VS 2023**.

SCHUTZ JK IGUATEMI WAS RETROFITTED AND NOW INCLUDES APPAREL. THE STORE POSTED **+12% DTC GROWTH VS 2023**.

BRANDS

ANACAPRI AND RESERVA BRANDS



UP +8.9% VS 2Q23

STRONG COMPARATIVE BASELINE: +28.9% (2Q23 VS 2Q22)

HIGHLIGHT FOR THE **E-COMMERCE** CHANNEL WITH **EXPANSION OF 37% VS 2Q23.**, AS A RESULT OF THE COMPANY'S STRATEGY FOCUSED ON **DIGITAL AND OMNICHANNEL.**

POSITIVE TRANSITION TO SUMMER: **JUNE SELL OUT WAS UP 8.3% VS JUN/23,** EVEN WITH STRON BASELINE COMPARISON OF 32,5% (JUN/23 VS JUN/22).

ESTAÇÃO ANACAPRI REACHED SELL OUT OF R\$ 1.3 MILLION IN 2Q24, A 63% GROWTH VS 2Q23. THE MODEL REMAINS A SUCCESS CASE.



UP +12.5% VS 2Q23

VS A STRONG COMPARATIVE BASELINE: +32.4% (2Q23 VS 2Q22)

CHANNEL PERFORMANCE SPOTLIGHT ON **E-COMMERCE AND OWN STORES,** BOTH UP 19% YEAR ON YEAR.

IN MAY AND JUNE, ATTENTION FOCUSED ON THE **"MANIA DE VOCÊ"** VALENTINES' DAY CAMPAIGN, FEATURING HEARING-IMPAIRED COUPLES. DURING THE CAMPAIGN, SALES WERE **UP 20% YEAR ON YEAR.**

ACQUIRED BRAND

VANS



ACCELERATED GROWTH

ALL CHANNELS POSTED GROWTH IN THE QUARTER, EMPHASIS DUE ON **FRANCHISES (+95.6%) AND E-COMMERCE (+41.5%)**.

IN LINE WITH THE EXPANSION PLANS, THE BRAND **OPENED UP 3 STORES IN THE STATE OF SÃO PAULO (OUTLET IMIGRANTES, SP MARKET AND SHOPPING LIGHT)**.

THE "MAMA OFF THE WALL" MOTHERS' DAY CAMPAIGN GENERATED **R\$ 36.4 MILLION IN SELL OUT, UP 23% FROM LY**.

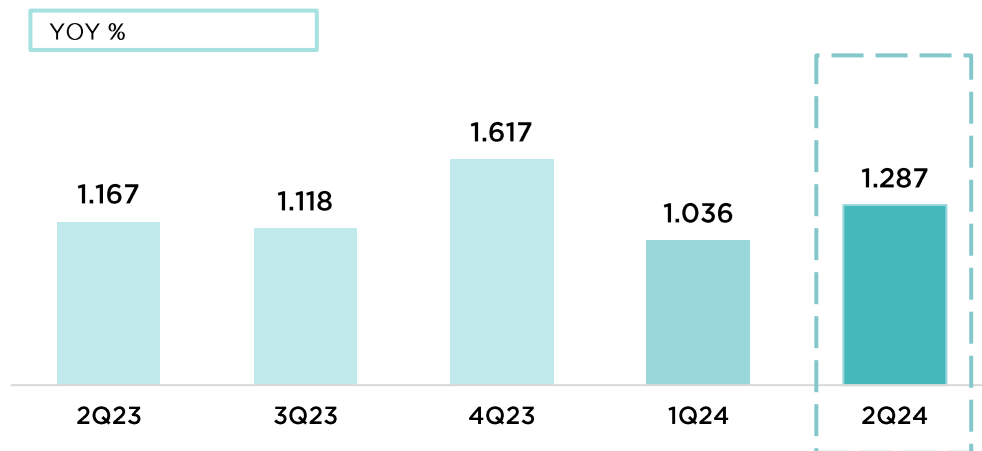
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MATERIAL SELL-OUT GROWTH

SELL OUT

PHYSICAL STORES (FRANCHISES, OWN STORES) + E-COMMERCE
(R\$ M)



✓ UP 10.1% ON A COMPARATIVE BASELINE OF +15% IN 2Q23 vs 2Q22

R\$ 1.3 B

DTC SELL OUT 2Q24

10.1%

GROWTH VS 2Q23

- ✓ **E-COMMERCE SELL OUT: UP 20.1%** VS 2Q23
 - ✓ TOTAL APP REVENUES: +44% VS 2Q23
 - ✓ TOTAL TRAFFIC: +29.5% VS 2Q23

- ✓ **OWN STORES SELL OUT: UP 12%** VS 2Q23

- ✓ **FRANCHISES SELL OUT: UP 4.5%** VS 2Q23

AZZAS DAY ONE AGENDA

8H30-10H

**TRANSFER FROM NAVEGANTES
AIRPORT TO BLUMENAU**

14H45-15H45

Q&A
IN THE PLENARY

10H-10H30

CRENCIAMENTO
BRUTALISTA BUILDING

15H45-16H45

TOUR

WELCOME COFFEE
BETWEEN THE YELLOW HOUSE
AND THE TREE

→ PROTOTYPING CENTER

→ COLLECTION

10H45-13H15

PRESENTATIONS
IN THE PLENARY

16H45-17H

COFFEE BREAK

13H30-14H30

BRUNCH
CONCEPT STORE

16H30-17H30

**TRANSFER FROM
BLUMENAU TO
NAVEGANTES AIRPORT**

**AREZZO
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**FINANCIAL
HIGHLIGHTS**

INCOME STATEMENT

2Q24 VS 2Q23 HIGHLIGHTS

Main Financial indicators	2Q24	2Q24 Recurring	2Q24 Ex Subventions	2Q23 Recurring	Δ (%) 2Q24 x 2Q23
Gross Revenues	1.537.419	1.537.419	1.537.419	1.417.020	8,5%
Net Revenues	1.357.108	1.357.108	1.232.650	1.131.023	9,0%
COGS	(681.460)	(679.963)	(555.505)	(509.825)	9,0%
Depreciation and amortization (cost)	(1.758)	(1.758)	(1.758)	(1.510)	16,4%
Gross Profit	675.648	677.145	677.145	621.198	9,0%
Gross margin	49,8%	49,9%	54,9%	54,9%	-
SG&A*	(542.317)	(532.216)	(532.216)	(475.383)	12,0%
% of net revenues	(40,0%)	(39,2%)	(43,2%)	(42,0%)	(1,2 p.p)
Selling expenses	(397.248)	(388.429)	(388.429)	(351.659)	10,5%
Owned stores and web commerce	(190.421)	(189.171)	(189.171)	(161.395)	17,2%
Selling, logistics and supply	(206.827)	(199.258)	(199.258)	(190.265)	4,7%
General and administrative expenses	(91.925)	(90.643)	(90.643)	(73.154)	23,9%
Other operating revenues (expenses)	3.554	3.554	3.554	335	960,9%
Depreciation and amortization (expenses)	(56.698)	(56.698)	(56.698)	(50.904)	11,4%
EBITDA	191.787	203.385	203.385	198.230	2,6%
EBITDA Margin	14,1%	15,0%	16,5%	17,5%	(1,0 p.p)
Net Income	127.910	135.078	93.608	113.891	(17,8%)
Net Margin	9,4%	10,0%	7,6%	10,1%	(2,5 p.p)

8.5% GROSS REVENUES GROWTH

- EMPHASIS ON E-COMMERCE (+22.4%) AND OS (+11.9%)
- EMPHASIS ON VANS (+26%), AR&CO (+12.5%) AND ANACAPRI (+9%) BRANDS

RECURRING GROSS MARGIN: STEADY

- POSITIVE IMPACT FROM INCREASED REPRESENTATIVENESS OF B2C CHANNELS IN THE DOMESTIC MARKET. NEGATIVE IMPACT FROM THE US OPERATION'S RETRACTING GROSS MARGIN (-370BPS)

RECURRING EBITDA MARGIN: -100BPS

- POSITIVE IMPACT FROM ARZZ INTERNATIONAL, WITH 250 BPS INCREASE IN REC EBITDA MARGIN.
- NEGATIVE IMPACT FROM INCREASED EXPENSES PRESSURE IN THE DOMESTIC MARKET DUE TO HIGHER INVESTMENTS MADE IN CORPORATE STRUCTURING AND STRATEGIC INVESTMENTS.

RECURRING NET MARGIN : -250BPS

- NEGATIVE IMPACT FROM THE HIGHER EFFECTIVE INCOME TAX RATE VS 2Q23 BECAUSE NO IOC WERE DISTRIBUTED IN 2Q24.

Operational Result	2Q24 Reported	2Q24 Recurring	2Q23 Reported	2Q23 Recurring	Δ 24 x 23 Rec. (%)
EBIT (LTM)	568.990	586.422	496.345	528.928	10,9%
+ IR e CS (LTM)	56.644	58.120	6.393	5.822	898,3%
NOPAT (LTM)	625.634	644.542	502.738	534.750	20,5%
Working Capital¹	1.066.463	1.022.460	1.102.638	1.094.279	(6,6%)
Accounts Receivable	963.304	963.304	781.486	781.486	23,3%
Inventory	968.239	881.190	864.459	856.100	2,9%
Suppliers	(744.981)	(744.981)	(483.389)	(483.389)	54,1%
Others	(120.100)	(77.054)	(59.919)	(59.919)	28,6%
Permanent assets	2.455.569	1.133.395	2.377.950	1.180.575	(4,0%)
Other long-term assets²	483.926	483.926	213.430	213.430	126,7%
Invested capital	4.005.959	2.639.781	3.694.018	2.488.285	6,1%
Average invested capital³	3.849.989	2.564.033	3.055.713	2.035.724	26,0%
ROIC⁴	16,3%	25,1%	16,5%	26,3%	

• 25.1% RECURRING ROIC IN THE QUARTER

- POSITIVE IMPACT FROM THE 20.5% NOPAT GROWTH VS 2Q23
- NEGATIVE IMPACT FROM THE INCREASE IN CAPITAL USED
- POSITIVE HIGHLIGHT OF THE REDUCTION ON THE INDEX OF WORKING CAPITAL AS SHARE OF NOR: 20.8% (-3.1 P.P. VS 2Q23)
- WORKING CAPITAL (DAYS' CHANGE 2Q24 VS 2Q23):
 - ACCOUNTS RECEIVABLE: -7
 - INVENTORIES: -1
 - ACCOUNTS PAYABLE: +15

(1) Working Capital: current assets minus cash and cash equivalents, deducted from current liabilities minus banks and dividends payable.

(2) Minus deferred income tax and social contribution.

(3) Average capital employed in the period and in the same period in the previous fiscal year.

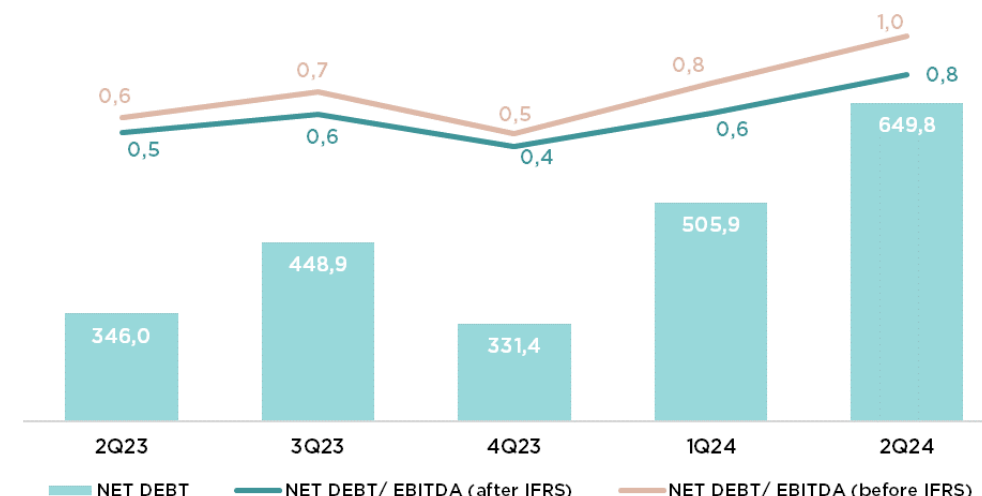
(4) ROIC: NOPAT of the past 12 months divided by average capital employed.

CASH AND DEBT POSITION

- **GROSS CASH POSITION 2Q24:** R\$ 563 MILLION
- **NET DEBT 2Q24:** R\$ 650 MILLION, WITH 0.8X NET LEVERAGE (AFTER-IFRS)
- **DEBT AGING:** LONG-TERM DEBT STEADY AT 32.1% OF TOTAL DEBT IN 2Q24

Cash position and Indebtedness	2Q24	1Q24	4Q23
Cash and Cash Equivalents	562.697	592.806	749.714
Total debt	1.212.509	1.098.748	1.081.124
Short-term	823.049	747.452	882.205
% total debt	67,9%	68,0%	81,6%
Long-term	389.460	351.296	198.919
% total debt	32,1%	32,0%	18,4%
Net debt	649.812	505.942	331.410
Net debt/EBITDA (after IFRS)	0,8x	0,6x	0,4x
Net debt/EBITDA (before IFRS)	1,0x	0,8x	0,5x

NET DEBT AND LEVERAGE EVOLUTION



**AREZZO
&CO**

Q&A