

Contents

Company information

Capital composition	1
---------------------	---

Parent company financial information

Balance sheet – Assets	2
------------------------	---

Balance sheet – Liabilities and equity	3
--	---

Statement of income	5
---------------------	---

Statement of comprehensive income	6
-----------------------------------	---

Statement of cash flows – Indirect method	7
---	---

Statement of changes in equity

January 1, 2022 to September 30, 2022	9
---------------------------------------	---

January 1, 2021 to September 30, 2021	10
---------------------------------------	----

Statement of value added	11
--------------------------	----

Consolidated financial information

Balance sheet – Assets	12
------------------------	----

Balance sheet – Liabilities and equity	13
--	----

Statement of income	15
---------------------	----

Statement of comprehensive income	17
-----------------------------------	----

Statement of cash flows – Indirect method	18
---	----

Statement of changes in equity

January 1, 2022 to September 30, 2022	20
---------------------------------------	----

January 1, 2021 to September 30, 2021	21
---------------------------------------	----

Statement of value added	22
--------------------------	----

Management Commentary	23
-----------------------	----

Notes to the interim financial information	57
--	----

Commentary about Financial Projections	109
--	-----

Reports and Statements

Independent auditor's review report	110
-------------------------------------	-----

Report of the Supervisory Board or its equivalent	111
---	-----

Statement by the Company officers on the financial information	112
--	-----

Statement by the Company officers on the independent auditor's report	113
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Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Company information / Capital composition

Number of shares (units)	Current quarter ended September 30, 2022
Paid-up capital	
Common shares	110,186,077
Preferred shares	0
Total	110,186,077
Treasury shares	
Common shares	0
Preferred shares	0
Total	

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Balance sheet (In thousands of real)

Account code	Account title	Third quarter ended September 30, 2022	Prior year ended December 31, 2021
1	Total assets	3,851,411	2,664,878
1.01	Current assets	1,557,533	725,701
1.01.01	Cash and cash equivalents	54,325	2,448
1.01.02	Cash investments	157,878	69,775
1.01.02.01	Cash investments at fair value through profit or loss	157,878	69,775
1.01.02.01.03	Cash investments at fair value	157,878	69,775
1.01.03	Trade and other receivables	647,919	481,059
1.01.03.01	Trade receivables	647,919	481,059
1.01.04	Inventories	479,900	133,698
1.01.06	Taxes recoverable	146,204	16,942
1.01.06.01	Current tax assets	146,204	16,942
1.01.08	Other current assets	71,307	21,779
1.01.08.03	Other	71,307	21,779
1.02	Non-current assets	2,293,878	1,939,177
1.02.01	Long-term receivables	232,078	329,182
1.02.01.04	Trade and other receivables	565	2,016
1.02.01.04.01	Trade receivables	565	2,016
1.02.01.07	Deferred tax assets	170,414	178,775
1.02.01.07.01	Deferred income tax and social contribution	59,439	51,140
1.02.01.07.02	Taxes recoverable	110,975	127,635
1.02.01.09	Receivables from related parties	25,645	109,917
1.02.01.09.02	Receivables from subsidiaries	20,975	25,730
1.02.01.09.05	Loans to related parties	4,670	84,187
1.02.01.10	Other non-current assets	35,454	38,474
1.02.01.10.03	Judicial deposits	24,019	19,772
1.02.01.10.04	Other receivables	11,435	12,275
1.02.01.10.05	Derivative financial assets	0	6,427
1.02.02	Investments	897,636	1,458,891
1.02.02.01	Equity-accounted investees	894,775	1,456,431
1.02.02.01.02	Investments in subsidiaries	894,775	1,456,431
1.02.02.02	Investment properties	2,861	2,460
1.02.02.02.01	Investment properties	2,861	2,460
1.02.03	Property, plant and equipment	286,626	70,033
1.02.03.01	Property, plant and equipment in operation	286,626	70,033
1.02.04	Intangible assets	877,538	81,071
1.02.04.01	Intangible assets	877,538	81,071
1.02.04.01.02	Trademarks and patents	264,336	8,795
1.02.04.01.03	Key money	0	3,372
1.02.04.01.04	Software licenses	136,518	68,904
1.02.04.01.06	Goodwill	467,659	0
1.02.04.01.07	Customer relationships	9,025	0

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Balance sheet – Liabilities and equity (In thousands of real)

Account code	Account title	Third quarter ended September 30, 2022	Prior year ended December 31, 2021
2	Total liabilities	3,851,411	2,664,878
2.01	Current liabilities	978,216	977,542
2.01.01	Salaries, vacation pay and social charges payable	99,401	57,461
2.01.01.01	Social charges	4,882	4,741
2.01.01.02	Salaries and vacation pay	94,519	52,720
2.01.02	Trade payables	579,645	459,056
2.01.02.01	Domestic suppliers	570,518	454,050
2.01.02.02	Foreign suppliers	9,127	5,006
2.01.03	Taxes payable	7,408	18,433
2.01.03.01	Federal taxes payable	1,806	15,978
2.01.03.01.02	Other federal tax liabilities	1,806	15,978
2.01.03.02	State taxes payable	5,595	2,421
2.01.03.03	Municipal taxes payable	7	34
2.01.04	Loans and borrowings	170,450	337,348
2.01.04.01	Loans and borrowings	170,450	337,348
2.01.04.01.01	In local currency	235	165,070
2.01.04.01.02	In foreign currency	170,215	172,278
2.01.05	Other liabilities	121,312	105,244
2.01.05.02	Other	121,312	105,244
2.01.05.02.01	Dividends and interest on capital payable	50,033	55,962
2.01.05.02.04	Other	31,372	44,557
2.01.05.02.05	Lease liabilities	26,372	4,725
2.01.05.02.07	Derivative financial liabilities	13,535	0
2.02	Non-current liabilities	259,065	96,756
2.02.01	Loans and borrowings	9,500	9,500
2.02.01.01	Loans and borrowings	9,500	9,500
2.02.01.01.01	In local currency	9,500	9,500
2.02.02	Other liabilities	148,542	13,886
2.02.02.01	Payables to related parties	51,632	0
2.02.02.02	Other	96,910	13,886
2.02.02.02.04	Lease liabilities	96,910	13,886
2.02.04	Provisions	101,023	73,317
2.02.04.01	Provisions for tax, social security, labor and civil proceedings	11,183	7,785
2.02.04.01.02	Provision for social security and labor proceedings	7,606	6,060
2.02.04.01.04	Provision for civil proceedings	1,902	50
2.02.04.01.05	Provision for tax proceedings	1,675	1,675
2.02.04.02	Other provisions	89,840	65,532
2.02.04.02.04	Provision for net capital deficiency	0	65,532
2.02.04.02.05	Other payables	2,210	0
2.02.04.02.06	Provision for investment losses	87,630	0
2.02.06	Deferred profit and revenue	0	53
2.02.06.02	Deferred revenue	0	53
2.03	Equity	2,614,130	1,590,580
2.03.01	Paid-up capital	1,671,716	811,284
2.03.02	Capital reserves	161,596	196,925
2.03.02.02	Special reserve for goodwill arising from merger	0	21,470

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Balance sheet – Liabilities and equity (In thousands of real)

Account code	Account title	Third quarter ended September 30, 2022	Prior year ended December 31, 2021
2.03.02.05	Treasury shares	-46	-3,105
2.03.02.07	Capital reserve	161,642	158,239
2.03.02.09	Reserve for restricted stock plan	0	20,321
2.03.04	Revenue reserves	541,478	591,478
2.03.04.01	Legal reserve	57,511	57,511
2.03.04.05	Retained earnings reserve	174,861	174,861
2.03.04.07	Tax incentive reserve	309,106	309,106
2.03.04.08	Proposed additional dividend	0	50,000
2.03.05	Retained earnings	248,014	0
2.03.06	Other comprehensive loss	-8,674	-9,107

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Statement of income (In thousands of real)

Account code	Account title	Current interim period July 1, 2022 to September 30, 2022	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Interim period of the prior year July 1, 2021 to September 30, 2021	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
3.01	Revenue from sale of goods and/or services	891,010	2,195,689	469,593	1,099,549
3.02	Cost of sales and/or services	-482,949	-1,197,453	-299,803	-719,643
3.03	Gross profit	408,061	998,236	169,790	379,906
3.04	Operating expenses/income	-302,276	-670,989	-100,186	-107,588
3.04.01	Selling expenses	-241,699	-588,205	-82,526	-199,875
3.04.02	General and administrative expenses	-70,632	-202,273	-44,347	-110,826
3.04.04	Other operating income	3,633	52,238	-3,086	129,536
3.04.05	Other operating expenses	-6,686	-13,861	-3,427	-4,941
3.04.06	Share of profit of equity-accounted investees	13,108	81,112	33,200	78,518
3.05	Profit before finance income and costs and taxes	105,785	327,247	69,604	272,318
3.06	Net finance costs	-5,770	-14,329	-4,931	-18,526
3.06.01	Finance income	11,525	17,059	18,592	18,580
3.06.01.01	Interest income	11,120	37,005	3,592	9,246
3.06.01.02	Foreign exchange gains	405	-19,946	15,000	9,334
3.06.02	Finance costs	-17,295	-31,388	-23,523	-37,106
3.06.02.01	Interest expense	-11,703	-33,468	-9,181	-24,544
3.06.02.02	Foreign exchange losses	-5,592	2,080	-14,342	-12,562
3.07	Profit before taxes	100,015	312,918	64,673	253,792
3.08	Income tax and social contribution expense	-821	4,779	13,371	-12,691
3.08.01	Current	0	0	-5,472	-8,904
3.08.02	Deferred	-821	4,779	18,843	-3,787
3.09	Profit from continuing operations	99,194	317,697	78,044	241,101
3.11	Profit for the period	99,194	317,697	78,044	241,101
3.99	Earnings per share				
3.99.01	Basic earnings per share (R\$)				
3.99.01.01	Common shares	0.91	2.9	0.7833	2.4069
3.99.02	Diluted earnings per share (R\$)				
3.99.02.01	Common shares	0.89	2.83	0.782	2.4028

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Statement of comprehensive income (In thousands of real)

Account code	Account title	Current interim period July 1, 2022 to September 30, 2022	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Interim period of the prior year July 1, 2021 to September 30, 2021	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
4.01	Profit for the period	99,194	317,697	78,044	241,101
4.02	Other comprehensive income/loss	433	433	-1,212	-1,212
4.02.01	Foreign currency translation differences on foreign operations	433	433	-1,212	-1,212
4.03	Total comprehensive income for the period	99,627	318,130	76,832	239,889

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Statement of cash flows – Indirect method (In thousands of real)

Account code	Account title	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
6.01	Net cash used in/from operating activities	-184,102	10,548
6.01.01	Cash flows from operating activities	302,770	110,659
6.01.01.01	Profit for the period	317,697	241,101
6.01.01.02	Depreciation and amortization	60,670	18,203
6.01.01.03	Gain on sale of property, plant and equipment and intangible assets	-552	-253
6.01.01.05	Share of profit of equity-accounted investees	-81,112	-78,518
6.01.01.06	Provision for labor, tax and civil proceedings	1,984	2,293
6.01.01.07	Interest and foreign exchange loss on loans	1,920	23,480
6.01.01.08	Interest income on cash investments	-22,486	-5,237
6.01.01.09	Loss allowance for trade receivables	413	430
6.01.01.10	Complementary provision for inventory losses	3,103	4,105
6.01.01.11	Share option and restricted stock plan	11,525	1,218
6.01.01.12	Interest expense on lease liabilities	4,549	978
6.01.01.13	Income tax and social contribution expense	-4,779	12,691
6.01.01.14	Tax credits	-41,761	-126,134
6.01.01.15	Other	51,599	16,302
6.01.02	Changes in assets and liabilities	-486,872	-97,680
6.01.02.01	Trade receivables	-120,318	-6,550
6.01.02.02	Inventories	-224,305	-76,284
6.01.02.03	Changes in other current and non-current assets	-32,552	-25,848
6.01.02.04	Taxes recoverable	-37,119	-9,567
6.01.02.05	Judicial deposits	108	-2,242
6.01.02.06	Interest paid on borrowings	-7,674	-6,337
6.01.02.07	Trade payables	8,324	13,761
6.01.02.08	Salaries and vacation pay	-8,540	-1,007
6.01.02.09	Taxes and social charges payable	-26,055	4,872
6.01.02.10	Other liabilities	-38,741	11,522
6.01.03	Other	0	-2,431
6.01.03.01	Income tax and social contribution paid	0	-2,431
6.02	Net cash used in/from investing activities	-214,428	117,523
6.02.01	Acquisition of property, plant and equipment and intangible assets	-125,588	-48,960
6.02.02	Proceeds from sale of property, plant and equipment and intangible assets	0	335
6.02.03	Cash investments	-1,849,446	-1,017,832
6.02.04	Withdrawal of cash investments	1,778,444	1,259,154
6.02.05	Capital contribution to subsidiaries	-10,151	-90,158
6.02.06	Dividends received	0	14,984
6.02.07	Acquisition of subsidiary	1,719	0
6.02.08	Other receivables	-9,406	0
6.03	Net cash from/used in financing activities	450,407	-130,240
6.03.01	Proceeds from loans and borrowings	0	9,500
6.03.02	Repayment of borrowings	-207,585	-134,152
6.03.03	Share issue costs	-40,799	0
6.03.04	Repayment of loans by related parties	42,844	44,969
6.03.05	Interest on capital paid	-103,468	-29,590
6.03.06	Dividends paid	-26,215	-2,582

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Statement of cash flows – Indirect method (In**thousands of real)**

Account code	Account title	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
6.03.08	Repurchase of shares	-26.057	0
6.03.09	Acquisition of treasury shares	0	-11.166
6.03.10	Payment of lease liabilities	-23.786	-7.219
6.03.11	Proceeds from exercise of share options	1.680	0
6.03.12	Proceeds from issue of share capital	833.793	0
6.05	Net increase/decrease in cash and cash equivalents	51.877	-2.169
6.05.01	Cash and cash equivalents at the beginning of the period	2.448	3.291
6.05.02	Cash and cash equivalents at the end of the period	54.325	1.122

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Statement of changes in equity – January 1, 2022 to September 30, 2022 (In thousands of real)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive loss	Equity
5.01	Opening balances	811,284	196,925	541,478	50,000	-9,107	1,590,580
5.03	Adjusted opening balances	811,284	196,925	541,478	50,000	-9,107	1,590,580
5.04	Equity transactions with shareholders	860,432	-36,815	0	-119,683	0	703,934
5.04.01	Increases of share capital	833,794	0	0	0	0	833,794
5.04.02	Share issue costs	0	-40,799	0	0	0	-40,799
5.04.03	Share options granted	4,250	11,526	0	0	0	15,776
5.04.06	Dividends	0	0	0	-50,000	0	-50,000
5.04.07	Interest on capital	0	0	0	-69,683	0	-69,683
5.04.08	Acquisition of subsidiary	24,957	0	0	0	0	24,957
5.04.09	Advance for future capital increase	-2,569	0	0	0	0	-2,569
5.04.10	Share transaction related to business combination	0	18,515	0	0	0	18,515
5.04.11	Repurchase of shares	0	-26,057	0	0	0	-26,057
5.05	Total comprehensive income for the period	0	0	0	317,697	433	318,130
5.05.01	Profit for the period	0	0	0	317,697	0	317,697
5.05.02	Other comprehensive income	0	0	0	0	365	365
5.05.03	Reclassification to profit or loss	0	0	0	0	68	68
5.05.03.02	Cumulative translation adjustments	0	0	0	0	68	68
5.06	Internal changes in equity	0	1,486	0	0	0	1,486
5.06.01	Creation of reserves	0	1,486	0	0	0	1,486
5.07	Closing balances	1,671,716	161,596	541,478	248,014	-8,674	2,614,130

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Statement of changes in equity – January 1, 2021 to September 30, 2021(In thousands of real)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive loss	Equity
5.01	Opening balances	967,924	49,229	335,832	2,582	-6,970	1,348,597
5.03	Adjusted opening balances	967,924	49,229	335,832	2,582	-6,970	1,348,597
5.04	Equity transactions with shareholders	0	-9,947	0	-32,171	0	-42,118
5.04.03	Share options granted	0	1,218	0	0	0	1,218
5.04.04	Treasury shares acquired	0	-61,167	0	0	0	-61,167
5.04.07	Interest on capital	0	0	0	-29,589	0	-29,589
5.04.08	Share transaction related to business combination	0	50,002	0	0	0	50,002
5.04.09	Proposed additional dividends	0	0	0	-2,582	0	-2,582
5.05	Total comprehensive income for the period	0	0	0	241,101	-1,045	240,056
5.05.01	Profit for the period	0	0	0	241,101	0	241,101
5.05.02	Other comprehensive loss	0	0	0	0	-1,045	-1,045
5.05.02.06	Foreign currency translation differences on foreign operations	0	0	0	0	-1,212	-1,212
5.05.02.07	Other comprehensive income	0	0	0	0	167	167
5.06	Internal changes in equity	-159,209	159,209	0	0	0	0
5.06.04	Capital reserve	-159,209	159,209	0	0	0	0
5.07	Closing balances	808,715	198,491	335,832	211,512	-8,015	1,546,535

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial information / Statement of value added (In thousands of real)

Account code	Account title	Cumulatively for the current year to date	Year-to-date period of the prior year
		January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
7.01	Revenue	2,500,511	1,277,039
7.01.01	Sales of goods, products and services	2,499,532	1,277,469
7.01.04	Loss allowance for trade receivables/reversal	979	-430
7.02	Cost of bought-in goods and services	-1,935,134	-1,066,182
7.02.01	Cost of sales and services	-1,520,574	-913,833
7.02.02	Materials, electric power, outsourced services and other	-404,466	-149,756
7.02.04	Other	-10,094	-2,593
7.03	Gross value added	565,377	210,857
7.04	Deductions	-60,670	-18,203
7.04.01	Depreciation, amortization and depletion	-60,670	-18,203
7.05	Net value added produced by the entity	504,707	192,654
7.06	Value added received by transfer	171,344	220,516
7.06.01	Share of profit of investees accounted for using the equity method	81,112	78,518
7.06.02	Finance income	37,593	12,544
7.06.03	Other	52,639	129,454
7.07	Total value added to distribute	676,051	413,170
7.08	Distribution of value added	676,051	413,170
7.08.01	To employees	274,403	116,288
7.08.01.01	Direct compensation	177,447	64,662
7.08.01.02	Benefits	16,002	7,623
7.08.01.03	Government severance indemnity fund for employees (FGTS)	15,332	5,698
7.08.01.04	Other	65,622	38,305
7.08.01.04.01	Employee profit sharing	35,292	18,381
7.08.01.04.02	Other	16,069	15,065
7.08.01.04.03	Share options and restricted stock granted	14,261	4,859
7.08.02	To government (taxes and duties)	2,336	28,572
7.08.02.01	Federal	83,918	68,080
7.08.02.02	State	-85,054	-39,509
7.08.02.03	Municipal	3,472	1
7.08.03	To capital providers (creditors and lenders)	81,615	43,329
7.08.03.01	Interest	11,970	13,109
7.08.03.02	Rentals	29,693	12,259
7.08.03.03	Other	39,952	17,961
7.08.03.03.01	Finance costs	39,952	17,961
7.08.04	To shareholders/value retained in the business	317,697	224,981
7.08.04.01	Interest on capital	69,683	29,590
7.08.04.03	Profit retained	248,014	195,391

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Balance sheet – Assets (In thousands of real)

Account code	Account title	Third quarter ended September 30, 2022	Prior year ended December 31, 2021
1	Total assets	4,436,421	3,366,326
1.01	Current assets	2,291,856	1,646,786
1.01.01	Cash and cash equivalents	74,933	33,750
1.01.02	Cash investments	471,189	228,809
1.01.02.01	Cash investments at fair value through profit or loss	471,189	228,809
1.01.02.01.03	Cash investments at fair value	471,189	228,809
1.01.03	Trade and other receivables	722,016	790,302
1.01.03.01	Trade receivables	722,016	790,302
1.01.04	Inventories	755,060	450,487
1.01.06	Taxes recoverable	183,431	73,852
1.01.06.01	Current tax assets	183,431	73,852
1.01.08	Other current assets	85,227	69,586
1.01.08.03	Other	85,227	69,586
1.01.08.03.01	Other receivables	85,227	68,230
1.01.08.03.02	Derivative financial assets	0	1,356
1.02	Non-current assets	2,144,565	1,719,540
1.02.01	Long-term receivables	307,184	297,892
1.02.01.04	Trade and other receivables	1,927	4,276
1.02.01.04.01	Trade receivables	1,927	4,276
1.02.01.07	Deferred tax assets	97,542	90,225
1.02.01.07.01	Deferred income tax and social contribution	97,542	90,225
1.02.01.10	Other non-current assets	207,715	203,391
1.02.01.10.03	Judicial deposits	64,942	54,390
1.02.01.10.04	Other receivables	14,819	14,939
1.02.01.10.05	Taxes recoverable	127,954	127,635
1.02.01.10.06	Derivative financial assets	0	6,427
1.02.02	Investments	3,162	2,862
1.02.02.01	Equity-accounted investees	0	402
1.02.02.01.04	Interests in joint ventures	0	402
1.02.02.02	Investment properties	3,162	2,460
1.02.02.02.01	Investment properties	3,162	2,460
1.02.03	Property, plant and equipment	586,250	403,868
1.02.03.01	Property, plant and equipment in operation	586,250	403,868
1.02.04	Intangible assets	1,247,969	1,014,918
1.02.04.01	Intangible assets	1,247,969	1,014,918
1.02.04.01.02	Trademarks and patents	355,099	11,123
1.02.04.01.03	Key money	0	46,728
1.02.04.01.04	Software licenses	148,484	94,708
1.02.04.01.05	Intangible assets – fair value adjustments to the carrying amounts	0	301,463
1.02.04.01.06	Goodwill	729,944	560,896
1.02.04.01.07	Customer relationships	13,380	0
1.02.04.01.08	Other	1,062	0

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Balance sheet – Liabilities and equity (In thousands of real)

Account code	Account title	Third quarter ended September 30, 2022	Prior year ended December 31, 2021
2	Total liabilities	4,436,421	3,366,326
2.01	Current liabilities	1,501,073	1,519,000
2.01.01	Salaries, vacation pay and social charges payable	132,641	112,773
2.01.01.01	Social charges	8,889	13,761
2.01.01.02	Salaries and vacation pay	123,752	99,012
2.01.02	Trade payables	637,509	574,713
2.01.02.01	Domestic suppliers	626,729	567,737
2.01.02.02	Foreign suppliers	10,780	6,976
2.01.03	Taxes payable	35,025	77,212
2.01.03.01	Federal taxes payable	16,505	51,989
2.01.03.01.01	Income tax and social contribution	12,714	22,408
2.01.03.01.02	Other federal tax liabilities	3,791	29,581
2.01.03.02	State taxes payable	18,377	24,988
2.01.03.03	Municipal taxes payable	143	235
2.01.04	Loans and borrowings	401,433	496,861
2.01.04.01	Loans and borrowings	401,433	496,861
2.01.04.01.01	In local currency	309	181,377
2.01.04.01.02	In foreign currency	401,124	315,484
2.01.05	Other liabilities	294,465	257,441
2.01.05.02	Other	294,465	257,441
2.01.05.02.01	Dividends and interest on capital payable	50,039	55,962
2.01.05.02.04	Other	75,416	133,944
2.01.05.02.05	Lease liabilities	72,314	57,017
2.01.05.02.06	Payables for acquisition of subsidiaries	83,161	10,518
2.01.05.02.07	Derivative financial liabilities	13,535	0
2.02	Non-current liabilities	320,467	255,320
2.02.01	Loans and borrowings	10,053	37,733
2.02.01.01	Loans and borrowings	10,053	37,733
2.02.01.01.01	In local currency	10,053	37,108
2.02.01.01.02	In foreign currency	0	625
2.02.02	Other liabilities	290,331	198,033
2.02.02.02	Other	290,331	198,033
2.02.02.02.03	Lease liabilities	236,822	174,879
2.02.02.02.04	Other payables	2,510	1,813
2.02.02.02.05	Taxes payable in installments	0	197
2.02.02.02.06	Payables for acquisition of subsidiaries	50,999	21,144
2.02.03	Deferred tax liabilities	3,503	5,441
2.02.03.01	Deferred income tax and social contribution	3,503	5,441
2.02.04	Provisions	16,580	14,060
2.02.04.01	Provisions for tax, social security, labor and civil proceedings	16,580	14,060
2.02.04.01.02	Provision for social security and labor proceedings	12,243	11,580
2.02.04.01.04	Provision for civil proceedings	2,293	436
2.02.04.01.05	Provision for tax proceedings	2,044	2,044
2.02.06	Deferred profit and revenue	0	53
2.02.06.02	Deferred revenue	0	53
2.03	Equity	2,614,881	1,592,006

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Balance sheet – Liabilities and equity (In thousands of real)

Account code	Account title	Third quarter ended September 30, 2022	Prior year ended December 31, 2021
2.03.01	Paid-up capital	1,671,716	811,284
2.03.02	Capital reserves	161,596	196,925
2.03.02.02	Special reserve for goodwill arising from merger	0	21,470
2.03.02.05	Treasury shares	-46	-3,105
2.03.02.07	Capital reserves	161,642	158,239
2.03.02.09	Reserve for restricted stock plan	0	20,321
2.03.04	Revenue reserves	541,478	591,478
2.03.04.01	Legal reserve	57,511	57,511
2.03.04.05	Retained earnings reserve	174,861	174,861
2.03.04.07	Tax incentive reserve	309,106	309,106
2.03.04.08	Proposed additional dividend	0	50,000
2.03.05	Retained earnings	248,014	0
2.03.06	Other comprehensive loss	-8,674	-9,107
2.03.09	Non-controlling interests	751	1,426

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Statement of income (In thousands of real)

Account code	Account title	Current interim period July 1, 2022 to September 30, 2022	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Interim period of the prior year July 1, 2021 to September 30, 2021	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
3.01	Revenue from sale of goods and/or services	1,137,985	2,922,313	777,949	1,830,877
3.02	Cost of sales and/or services	-536,683	-1,343,664	-372,864	-882,895
3.03	Gross profit	601,302	1,578,649	405,085	947,982
3.04	Operating expenses/income	-474,127	-1,167,400	-311,684	-624,508
3.04.01	Selling expenses	-394,178	-1,016,874	-225,874	-554,440
3.04.02	General and administrative expenses	-78,850	-226,068	-78,638	-203,669
3.04.04	Other operating income	5,721	89,563	-2,651	143,158
3.04.05	Other operating expenses	-6,820	-14,021	-4,521	-9,557
3.05	Profit before finance income and costs and taxes	127,175	411,249	93,401	323,474
3.06	Net finance costs	-9,665	-39,542	-12,754	-40,158
3.06.01	Finance income	25,074	40,004	7,000	19,032
3.06.01.01	Interest income	20,917	55,679	7,000	19,032
3.06.01.02	Foreign exchange gains	4,157	-15,675	0	0
3.06.02	Finance costs	-34,739	-79,546	-19,754	-59,190
3.06.02.01	Interest expense	-26,484	-72,544	-21,736	-58,705
3.06.02.02	Foreign exchange losses	-8,255	-7,002	1,982	-485
3.07	Profit before taxes	117,510	371,707	80,647	283,316
3.08	Income tax and social contribution expense	-15,846	-55,752	-3,117	-43,514
3.08.01	Current	-14,267	-65,007	-20,373	-41,429
3.08.02	Deferred	-1,579	9,255	17,256	-2,085
3.09	Profit from continuing operations	101,664	315,955	77,530	239,802
3.11	Profit for the period	101,664	315,955	77,530	239,802
3.11.01	Attributable to owners of the Parent company	99,194	317,697	0	0
3.11.02	Attributable to non-controlling interests	-345	-1,742	-514	-1,299
3.99	Earnings per share				
3.99.01	Basic earnings per share (R\$)				
3.99.01.01	Common shares	0.9111	2.9021	0.7833	2.4069
3.99.02	Diluted earnings per share (R\$)				

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Statement of income (In thousands of real)

Account code	Account title	Current interim period July 1, 2022 to September 30, 2022	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Interim period of the prior year July 1, 2021 to September 30, 2021	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
3.99.02.01	Common shares	0.8878	2.8279	0.782	2.4028

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Statement of comprehensive income (In thousands of real)

Account code	Account title	Current interim period July 1, 2022 to September 30, 2022	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Interim period of the prior year July 1, 2021 to September 30, 2021	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
4.01	Profit for the period	98,849	315,955	77,530	239,802
4.02	Other comprehensive income/loss	433	433	-1,045	-1,045
4.02.01	Foreign currency translation differences on foreign Operations	433	433	-1,212	-1,212
4.02.03	Investment gains	0	0	167	167
4.03	Total comprehensive income for the period	99,282	316,388	76,485	238,757
4.03.01	Attributable to owners of the Parent company	99,282	318,130	76,485	240,056
4.03.02	Attributable to non-controlling interests	0	-1,742	0	-1,299

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Statement of cash flows – Indirect method (In thousands of real)

Account code	Account title	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
6.01	Net cash from operating activities	55,448	105,065
6.01.01	Cash flows from operating activities	474,410	268,894
6.01.01.01	Profit for the period	315,955	239,802
6.01.01.02	Depreciation and amortization	106,265	74,879
6.01.01.03	Loss/gain on sale of property, plant and equipment and intangible assets	86	-1,042
6.01.01.06	Provision for labor, tax and civil proceedings	2,507	1,149
6.01.01.07	Interest and foreign exchange loss on loans	13,771	22,747
6.01.01.08	Interest income on cash investments	-41,369	-9,657
6.01.01.09	Loss allowance for trade receivables	-351	2,037
6.01.01.10	Complementary provision for inventory losses	10,142	5,839
6.01.01.11	Share option and restricted stock plans	11,525	1,218
6.01.01.12	Interest expense on lease liabilities	8,758	6,521
6.01.01.13	Income tax and social contribution expense	55,752	43,512
6.01.01.14	Tax credits	-65,382	-138,427
6.01.01.15	Other	56,751	20,316
6.01.02	Changes in assets and liabilities	-348,157	-159,593
6.01.02.01	Trade receivables	83,514	-14,395
6.01.02.02	Inventories	-297,326	-163,155
6.01.02.03	Changes in other current assets	-16,133	-36,546
6.01.02.04	Taxes recoverable	-33,610	-9,463
6.01.02.05	Judicial deposits	-10,096	-20,240
6.01.02.07	Trade payables	56,144	64,506
6.01.02.08	Salaries and vacation pay	-20,498	3,680
6.01.02.09	Taxes and social charges payable	-42,067	-6,514
6.01.02.10	Changes in other current liabilities	-58,508	34,485
6.01.02.11	Interest paid on borrowings	-9,577	-11,951
6.01.03	Other	-70,805	-4,236
6.01.03.01	Income tax and social contribution paid	-70,805	-4,236
6.02	Net cash used in/from investing activities	-466,774	81,079
6.02.01	Acquisition of property, plant and equipment and intangible assets	-160,536	-104,837
6.02.02	Proceeds from sale of property, plant and equipment and intangible assets	0	435
6.02.03	Cash investments	-2,992,981	-1,607,726
6.02.04	Withdrawal of cash investments	2,775,878	1,889,528
6.02.05	Acquisition of subsidiary	-89,135	-96,321
6.03	Net cash from/used in financing activities	451,617	-174,182
6.03.01	Proceeds from loans and borrowings	188,320	128,180
6.03.02	Repayment of borrowings	-318,294	-204,986
6.03.05	Interest on capital paid	-103,468	-29,590
6.03.06	Dividends paid	-26,215	-2,582
6.03.07	Receivables from shareholders	0	1,000
6.03.09	Acquisition of treasury shares	-26,057	-11,166
6.03.10	Payment of lease liabilities	-57,344	-55,038
6.03.12	Proceeds from exercise of share options	1,680	0
6.03.13	Proceeds from issue of share capital	833,794	0
6.03.14	Share issue costs	-40,799	0

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Statement of cash flows – Indirect method (In thousands of real)

Account code	Account title	Cumulatively for the current year to date January 1, 2022 to September 30, 2022	Year-to-date period of the prior year January 1, 2021 to September 30, 2021
6.04	Effect of movements in exchange rates on cash and cash equivalents	892	-1,212
6.05	Net increase in cash and cash equivalents	41,183	10,750
6.05.01	Cash and cash equivalents at the beginning of the period	33,750	38,297
6.05.02	Cash and cash equivalents at the end of the period	74,933	49,047

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Statement of changes in equity – January 1, 2022 to September 30, 2022 (In thousands of real)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive loss	Equity	Non-controlling interests	Equity
5.01	Opening balances	811,284	196,925	541,478	50,000	-9,107	1,590,580	1,426	1,592,006
5.03	Adjusted opening balances	811,284	196,925	541,478	50,000	-9,107	1,590,580	1,426	1,592,006
5.04	Equity transactions with shareholders	860,432	-36,815	0	-119,683	0	703,934	1,067	703,934
5.04.01	Increases of share capital	833,794	0	0	0	0	833,794	1,067	833,794
5.04.02	Share issue costs	0	-40,799	0	0	0	-40,799	0	-40,799
5.04.03	Share options granted	4,250	11,526	0	0	0	15,776	0	15,776
5.04.06	Dividends	0	0	0	-50,000	0	-50,000	0	-50,000
5.04.07	Interest on capital	0	0	0	-69,683	0	-69,683	0	-69,683
5.04.08	Acquisition of subsidiary	24,957	0	0	0	0	24,957	0	24,957
5.04.09	Advance for future capital increase	-2,569	0	0	0	0	-2,569	0	-2,569
5.04.10	Share transaction related to business combination	0	18,515	0	0	0	18,515	0	18,515
5.04.11	Repurchase of shares	0	-26,057	0	0	0	-26,057	0	-26,057
5.05	Total comprehensive income for the period	0	0	0	317,697	433	318,130	-1,742	317,455
5.05.01	Profit for the period	0	0	0	317,697	0	317,697	-1,742	317,022
5.05.02	Other comprehensive income	0	0	0	0	365	365	0	365
5.05.03	Reclassifications for profit or loss	0	0	0	0	68	68	0	68
5.05.03.02	Cumulative translation adjustments	0	0	0	0	68	68	0	68
5.06	Internal changes in equity	0	1,486	0	0	0	1,486	0	1,486
5.06.01	Creation of reserves	0	1,486	0	0	0	1,486	0	1,486
5.07	Closing balances	1,671,716	161,596	541,478	248,014	-8,674	2,614,130	751	2,614,881

Quarterly Financial Information (ITR) at September 30, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial information / Statement of changes in equity – January 1, 2021 to September 30, 2021(In thousands of real)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive loss	Equity	Non-controlling interests	Equity
5,01	Opening balances	967,924	49,229	335,832	2,582	-6,970	1,348,597	0	1,348,597
5,02,01	Opening balance of equity attributable to non-controlling interests	0	0	0	0	0	0	341	341
5,03	Adjusted opening balances	967,924	49,229	335,832	2,582	-6,970	1,348,597	0	1,348,597
5,04	Equity transactions with shareholders	0	-9,947	0	-32,171	0	-42,118	0	-42,118
5,04,03	Share options granted	0	1,218	0	0	0	1,218	0	1,218
5,04,04	Treasury shares acquired	0	-61,167	0	0	0	-61,167	0	-61,167
5,04,07	Interest on capital	0	0	0	-29,589	0	-29,589	0	-29,589
5,04,08	Share transaction related to business combination	0	50,002	0	0	0	50,002	0	50,002
5,04,09	Proposed additional dividends	0	0	0	-2,582	0	-2,582	0	-2,582
5,05	Total comprehensive income for the period	0	0	0	241,101	-1,045	240,056	763	240,819
5,05,01	Profit for the period	0	0	0	241,101	0	241,101	1,299	242,400
5,05,02	Other comprehensive loss	0	0	0	0	-1,212	-1,212	0	-1,212
5,05,02,06	Foreign currency translation differences on foreign operations	0	0	0	0	-1,212	-1,212	0	-1,212
5,05,03	Reclassification to profit or loss	0	0	0	0	167	167	0	167
5,06	Internal changes in equity	-159,209	159,209	0	0	0	0	0	0
5,06,04	Capital reserve	-159,209	159,209	0	0	0	0	0	0
5,07	Closing balances	808,715	198,491	335,832	211,512	-8,015	1,546,535	1,640	1,548,175

Consolidated financial information / Statement of value added (In thousands of real)

Account code	Account title	Cumulatively for the current year to date	Year-to-date period of the prior year
		January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
7.01	Revenue	3,324,989	2,106,475
7.01.01	Sales of goods, products and services	3,321,636	2,106,957
7.01.04	Loss allowance for trade receivables/reversal	3,353	-482
7.02	Cost of bought-in goods and services	-2,341,137	-1,443,890
7.02.01	Cost of sales and services	-1,562,597	-1,020,211
7.02.02	Materials, electric power, outsourced services and other	-748,378	-409,479
7.02.04	Other	-30,162	-14,200
7.03	Gross value added	983,852	662,585
7.04	Deductions	-106,265	-74,879
7.04.01	Depreciation, amortization and depletion	-106,265	-74,879
7.05	Net value added produced by the entity	877,587	587,706
7.06	Value added received by transfer	154,112	162,863
7.06.01	Share of profit of investees accounted for using the equity method	696	0
7.06.02	Finance income	63,551	24,403
7.06.03	Other	89,865	138,460
7.07	Total value added to distribute	1,031,699	750,569
7.08	Distribution of value added	1,031,699	750,569
7.08.01	To employees	397,274	258,544
7.08.01.01	Direct compensation	276,322	172,445
7.08.01.02	Benefits	26,009	18,354
7.08.01.03	Government severance indemnity fund for employees (FGTS)	22,288	14,143
7.08.01.04	Other	72,655	53,602
7.08.01.04.01	Employee profit sharing	37,627	22,394
7.08.01.04.02	Other	20,767	26,349
7.08.01.04.03	Share option and restricted stock plans	14,261	4,859
7.08.02	To government (taxes and duties)	158,426	149,704
7.08.02.01	Federal	189,930	154,119
7.08.02.02	State	-36,800	-5,947
7.08.02.03	Municipal	5,296	1,532
7.08.03	To capital providers (creditors and lenders)	160,045	118,639
7.08.03.01	Interest	23,430	21,984
7.08.03.02	Rentals	56,952	54,077
7.08.03.03	Other	79,663	42,578
7.08.03.03.01	Finance costs	79,663	42,578
7.08.04	To shareholders/value retained in the business	315,954	223,682
7.08.04.01	Interest on capital	69,683	29,590
7.08.04.03	Profit retained	248,014	195,391
7.08.04.04	Non-controlling interests in retained profit	-1,743	-1,299

3Q22 EARNINGS RELEASE



São Paulo, November 08, 2022. Arezzo&Co (B3 - Brasil, Bolsa and Balcão: ARZZ3), Brazil's largest fashion house of brands, announces its 3Q22 results.

The Company once again reached record-setting sales for a quarter - R\$ 1.4 billion (+47% vs 3Q21). The exceptional and consistent results presented are a consequence of our strategic planning, diligence and execution discipline, and mainly of the deliveries made during the quarter by the strong team of Arezzo&Co.

FINANCIAL/OPERATIONAL HIGHLIGHTS

- 1 - **R\$1.4B** in Gross Revenue (+47% vs 3Q21 and +161% vs 3Q19);
- 2 - **R\$5.0B** in Gross Revenue LTM;
- 3 - **R\$959M** DTC Sell Out (Franchises, Web and Owned Stores) (+35% vs 3Q21 and +65% vs 3Q19);
- 4 - **+8.8M** of products sold in 3Q22 (+31% vs 3Q21): **5.8M** of pairs of shoes, **2.2M** pieces of clothes and **826K** of handbags;
- 5 - **43%** growth in core-brands in Brazil vs 3Q21 (+66% vs 3Q19);
- 6 - **52.8%** Gross Margin, growth of **60bps** vs 3Q21 (+730bps vs 3Q19);
- 7 - **R\$170M** adjusted EBITDA (excluding non-recurring effects) (+36% vs 3Q21 and +121% vs 3Q19), with adjusted EBITDA Margin of **14.9%**. Reported EBITDA was **R\$ 164M**. The adjusted EBITDA LTM was **R\$ 652M** (+64% vs the previous period) with adjusted EBITDA Margin expansion (+16,2% in the period);
- 8 - **R\$103M** adjusted Net Income, growth of +26% vs 3Q21 (+190% vs 3Q19). Reported Net Income was **R\$99M**. The adjusted Net Income LTM totaled **R\$394M**, growth of **63%** vs the previous period;
- 9 - **R\$297M** in AR&CO Gross Revenue (+52% vs 3Q21 and +182% vs. 3Q19);
- 10 - **R\$121M** in Revenues of the US Operations (+28% vs 3Q21 and +122% vs. 3Q19).

3Q22 OMNICHANNEL HIGHLIGHTS

1 - WEB COMMERCE SALES

- TOTAL REVENUES: **R\$ 278 MILLION** (+35% VS 3Q21, +400% VS 3Q19)
- TOTAL TRAFFIC: **76 MILLION** (+32% VS 3Q21)
- RECORD-SETTING TOTAL REVENUES FROM APPS: **R\$122 MILLION** (+196% VS 3Q21)
- TOTAL APP SHARE OF REVENUES: **46%**
- WEB COMMERCE TICKETS: +**28%** VS 3Q21

2 - OMNICHANNEL SALES

- DIGITAL SHARE OF PHYSICAL STORES' SELL OUT: **44%**
- CLICK AND COLLECT AND STORE SHIPPING REVENUES: +**52%** VS 3Q21
- **6 MILLION** CONTACTS MADE THROUGH THE APP IN 3Q22 (INFLUENCED REVENUE)

3 - CRM* (AREZZO&CO)

- AREZZO&CO ACTIVE CUSTOMER BASE GROWTH : +**21%** VS 3Q21
- CAPTURED CUSTOMERS (NEW CUSTOMERS): +**14%** VS 3Q21
- OMNI CUSTOMERS SHOPPING FREQUENCY : +**111%** VS OVERALL
- ACTIVE BASE CUSTOMER RETENTION: +**15%** VS 3Q21

*EX- AR&CO DATA



3Q22 BRANDS HIGHLIGHTS

AREZZO

- Brazil Revenues: **R\$ 380.2M**
- Growth: **+37.7%** vs. 3Q21
- Web Revenues: **R\$ 92,0M**
- Web % of Sell Out (DTC): **20.6%**
- OMNI Sales: **R\$ 16.9M**
- % OMNI-to-Web: **18.4%**

SCHUTZ

- Global Revenues: **R\$ 332.2M**
- Growth: **+38.3%** vs. 3Q21
- Brazil Revenues: **R\$ 230.3M**
- Web Revenues: **R\$ 62.1M**
- Web % of Sell Out (DTC): **42.8%**
- OMNI Sales: **R\$ 6.8M**
- % OMNI-to-Web: **11.0%**

AR&CO

- Brazil Revenues: **R\$ 296.8M**
- Growth: **+52.4%** vs. 3Q21
- Web Revenues: **R\$ 56.6M**
- Web % of Sell Out (DTC): **30.4%**
- OMNI Sales: **R\$ 29.2M**
- % OMNI-to-Web: **58.7%**

*AR&CO Sell-Out and OMNI data ex- BAW

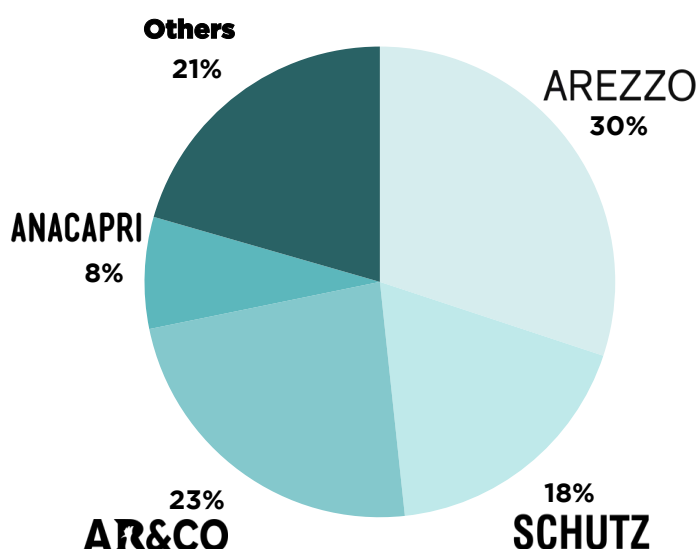
ANACAPRI

- Brazil Revenues: **R\$ 96.9M**
- Growth: **+30.6%** vs. 3Q21
- Web Revenues: **R\$ 16.3M**
- Web % of Sell Out (DTC): **18.1%**
- OMNI Sales: **R\$ 2.5M**
- % OMNI-to-Web: **15.2%**

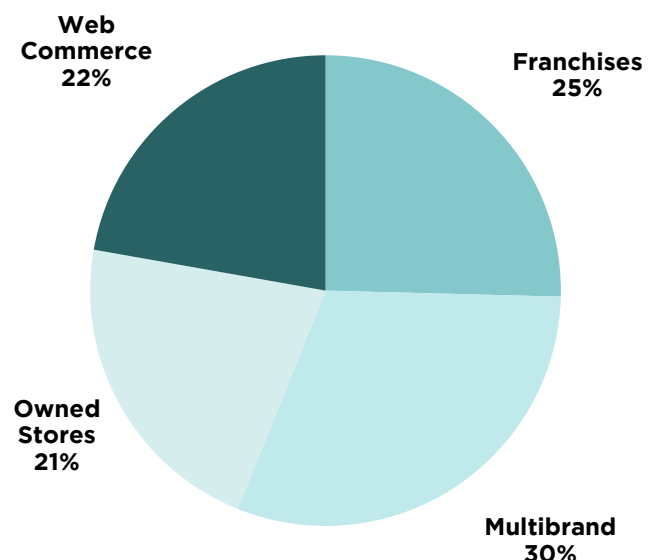
ALEXANDRE BIRMAN

- Global Revenues: **R\$ 53.6M**
- Growth: **+37.3%** vs. 3Q21
- Brazil Revenues: **R\$ 28.7M**
- Web Revenues: **R\$ 5.2M**
- Web % of Sell Out (DTC): **20.4%**
- % OMNI-to-Web: **40.0%**

GROSS REVENUE - DOMESTIC MARKET



GROSS REVENUE BY CHANNEL



3Q22 GROSS REVENUE

Gross Revenue	3Q22	Part%	3Q21	Part%	Δ (%) 22 x 21	3Q19	Part%	Δ (%) 22 x 19
Total Gross Revenue	1.404.967		953.609		47,3%	538.189		161,1%
Foreign Market	141.127	10,0%	104.835	11,0%	34,6%	71.552	13,3%	97,2%
Exports	20.447	14,5%	10.670	10,2%	91,6%	17.139	24,0%	19,3%
US Operation	120.680	85,5%	94.165	89,8%	28,2%	54.413	76,0%	121,8%
Domestic Market	1.263.840	90,0%	848.774	89,0%	48,9%	466.637	86,7%	170,8%
By Brand								
Arezzo	380.170	30,1%	276.042	32,5%	37,7%	250.569	53,7%	51,7%
Schutz ¹	230.340	18,2%	167.392	19,7%	37,6%	122.732	26,3%	87,7%
AR&CO ²	296.767	23,5%	194.732	22,9%	52,4%	-	-	182,4%
Anacapri	96.921	7,7%	74.204	8,7%	30,6%	71.793	15,4%	35,0%
Others ³	259.642	20,5%	136.404	16,1%	90,3%	21.543	4,6%	1.105,2%
By Channel								
Franchises	318.129	25,2%	226.580	26,7%	40,4%	224.282	48,1%	41,8%
Multibrand	384.122	30,4%	251.030	29,6%	53,0%	126.948	27,2%	202,6%
Owned Stores	271.600	21,5%	163.534	19,3%	66,1%	59.301	12,7%	358,0%
Web Commerce	278.158	22,0%	206.382	24,3%	34,8%	55.628	11,9%	400,0%
Others ⁴	11.831	0,9%	1.248	0,1%	848,2%	476	0,1%	2.385,5%

(1) Ex- revenues from international operations.

(2) AR&CO brands include : Reserva, Reserva Mini, Oficina Reserva, Reserva Go, INK, Simples, Reversa, Unbrand and BAW Clothing.

(3) Includes the brands Vans, A. Birman, Fiever, Alme, TROC, My Shoes and Carol Bassi, domestic market only, and other non-brand specific revenues.

(4) Includes domestic market revenues not specific to the distribution channels.

3Q22 OPERATING INDICATORS

Operating Indicators	3Q22	3Q21	Δ (%) 22 x 21	3Q19	Δ (%) 22 x 19
# of pairs sold ('000)	5.758	5.030	14,5%	3.842	49,9%
Part. (%)	65,4%	74,7%	-9,3 p.p	89,5%	-24,1 p.p
# of handbags sold ('000)	826	484	70,8%	449	84,0%
Part. (%)	9,4%	7,2%	2,2 p.p	10,5%	-1,1 p.p
# of clothes sold ('000)¹	2.218	1.224	81,3%	-	-
Part. (%)	25,2%	18,2%	7,0 p.p	-	-
# of employees	6.983	4.388	59,1%	2.463	183,5%
# of stores*	963	894	69	715	248
Owned Stores	174	145	29	51	123
Franchises	789	749	40	664	125
Shoes & Handbags Outsourcing (as % of total production)	86,1%	90,5%	-4,4 p.p	90,3%	-4,2 p.p
Shoes & Handbags Insourcing (as % of total production)	13,9%	9,5%	4,4 p.p	9,7%	4,2 p.p
Clothes Outsourcing (as % of total production)	100,0%	100,0%	0,0 p.p	-	-
SSS² sell-in (franchises)	33,1%	40,9%	-7,8 p.p	1,2%	31,9 p.p
SSS² sell-out (owned stores + franchises + web)	28,9%	43,4%	-14,5 p.p	1,1%	27,8 p.p

(1) Includes clothing items sold by the AR&CO, Vans, Schutz and Carol Bassi brands.

(2) SSS (same-store sales): stores included in sales of comparable stores from the 13th month of operations. Results include AR&CO.

* Includes overseas stores

9M22 GROSS REVENUE

Gross Revenue	9M22	Part%	9M21	Part%	Δ (%) 22 x 21	9M19	Part%	Δ (%) 22 x 19
Total Gross Revenue	3.612.237		2.295.039		57,4%	1.490.201		142,4%
Foreign Market	395.516	10,9%	248.902	10,8%	58,9%	192.724	12,9%	105,2%
Exports	44.048	11,1%	26.991	10,8%	63,2%	46.089	23,9%	(4,4%)
US Operation	351.468	88,9%	221.912	89,2%	58,4%	146.636	76,1%	139,7%
Domestic Market	3.216.721	89,1%	2.046.136	89,2%	57,2%	1.297.477	87,1%	147,9%
By Brand								
Arezzo	999.364	31,1%	689.924	33,7%	44,9%	701.489	54,1%	42,5%
Schutz¹	590.360	18,4%	413.178	20,2%	42,9%	352.345	27,2%	67,6%
AR&CO²	744.890	23,2%	428.015	20,9%	74,0%	-	-	169,5%
Anacapri	247.216	7,7%	193.429	9,5%	27,8%	182.930	14,1%	35,1%
Others³	634.891	19,7%	321.590	15,7%	97,4%	60.713	4,7%	945,7%
By Channel								
Franchises	828.231	25,7%	549.726	26,9%	50,7%	629.132	48,5%	31,6%
Multibrand	902.957	28,1%	587.123	28,7%	53,8%	330.850	25,5%	172,9%
Owned Stores	732.227	22,8%	362.760	17,7%	101,8%	189.328	14,6%	286,8%
Web Commerce	739.461	23,0%	540.557	26,4%	36,8%	146.632	11,3%	404,3%
Others⁴	13.845	0,4%	5.970	0,3%	131,9%	1.533	0,1%	803,1%

(1) Ex- revenues from international operations.

(2) AR&CO brands include : Reserva, Reserva Mini, Oficina Reserva, Reserva Go, INK, Simples, Reversa, Unbrand and BAW Clothing.

(3) Includes the brands Vans, A. Birman, Fiever, Alme, TROC, My Shoes and Carol Bassi, domestic market only, and other non brand-specific revenues.

(4) Includes domestic market revenues not specific to the distribution channels.

9M22 OPERATING INDICATORS

Operating Indicators	9M22	9M21	Δ (%) 22 x 21	9M19	Δ (%) 22 x 19
# of pairs sold ('000)	14.738	11.654	26,5%	10.180	44,8%
Part. (%)	66,0%	73,8%	-7,8 p.p	89,0%	-23,0 p.p
# of handbags sold ('000)	2.242	1.247	79,8%	1.262	77,7%
Part. (%)	10,0%	7,9%	2,1 p.p	11,0%	-1,0 p.p
# of clothes sold ('000)¹	5.354	2.899	84,7%	-	-
Part. (%)	24,0%	18,3%	5,7 p.p	-	-
# of employees	6.983	4.388	59,1%	2.463	183,5%
# of stores*	963	894	69	715	248
Owned Stores	174	145	29	51	123
Franchises	789	749	40	664	125
Shoes & Handbags Outsourcing (as % of total production)	86,9%	89,6%	-2,7 p.p	90,3%	-3,4 p.p
Shoes & Handbags Insourcing (as % of total production)	13,1%	10,4%	2,7 p.p	9,7%	3,4 p.p
Clothes Outsourcing (as % of total production)	100,0%	100,0%	0,0 p.p	-	-
SSS² sell-in (franchises)	42,9%	59,4%	-16,5 p.p	1,2%	41,7 p.p
SSS² sell-out (owned stores + franchises + web)	45,2%	33,7%	11,5 p.p	3,0%	42,2 p.p

(1) Includes clothing items sold by the AR&CO, Vans, Schutz and Carol Bassi brands.

(2) SSS (same-store sales): stores included in sales of comparable stores from the 13th month of operations.

Results include AR&CO.

* Includes overseas stores

3Q22 KEY FINANCIAL INDICATORS

Main Financial indicators	3Q22	3Q22 Adjusted	3Q21 Adjusted	Δ (%) 22 x 21	3Q19 Adjusted	Δ (%) 22 x 19
Gross Revenues	1.404.967	1.404.967	953.609	47,3%	538.187	161,1%
Net Revenues	1.137.985	1.137.985	777.949	46,3%	440.874	158,1%
COGS	(536.683)	(536.683)	(372.066)	44,2%	(240.204)	123,4%
Depreciation and amortization (cost)	(1.163)	(1.163)	(770)	51,0%	(748)	55,5%
Gross Profit	601.302	601.302	405.883	48,1%	200.670	199,6%
<i>Gross margin</i>	52,8%	52,8%	52,2%	0,6 p.p	45,5%	7,3 p.p
SG&A	(474.128)	(468.099)	(306.051)	52,9%	(145.857)	220,9%
<i>% of net revenues</i>	(41,7%)	(41,1%)	(39,3%)	(1,8 p.p)	(33,1%)	(8,0 p.p)
Selling expenses	(365.548)	(355.629)	(204.624)	73,8%	(92.052)	286,3%
Owned stores and web commerce	(150.841)	(143.201)	(98.073)	46,0%	(28.013)	411,2%
Selling, logistics and supply	(214.707)	(212.428)	(106.552)	99,4%	(64.039)	231,7%
General and administrative expenses	(71.758)	(75.648)	(74.364)	1,7%	(35.132)	115,3%
Other operating revenues (expenses)	(1.100)	(1.100)	(2.612)	57,9%	2.869	(138,3%)
Depreciation and amortization (expens)	(35.722)	(35.722)	(24.450)	46,1%	(21.540)	65,8%
EBITDA	164.059	170.088	125.052	36,0%	77.101	120,6%
<i>EBITDA Margin</i>	14,4%	14,9%	16,1%	(1,2 p.p)	17,5%	(2,6 p.p)
Lucro líquido	98.849	102.828	81.775	25,7%	35.523	189,5%
<i>Net Margin</i>	8,7%	9,0%	10,5%	(1,5 p.p)	8,1%	0,9 p.p

* Breakdown of non-recurring adjustments relevant to the "Adjustments" line can be seen in the table below - 3Q22 Non-Recurring Adjustments.

3Q22 NON-RECURRING ADJUSTMENTS

	3Q22	3Q21	3Q19
Consolidated EBITDA	164.059	118.621	83.545
Non-Recurring Items			
Surplus Value (Impact on Gross Profit)¹	-	(798)	-
Extemporaneous Credits²	3.890	(4.560)	5.869
Legal Expenses	-	(495)	574
M&A Expenses	(9.919)	(578)	-
Net Effect of Non-Recurring Items	(6.029)	(6.431)	6.444
Adjusted Consolidated EBITDA	170.088	125.052	77.101

- (1) Value Added - impact on gross income from amortization of the value added of AR&CO inventories.
(2) Adjustment for recognition of one-time tax credits (ICMS as part of the PIS/COFINS taxable base declared unconstitutional).

9M22 KEY FINANCIAL INDICATORS

Main Financial indicators	9M22	9M22 Adjusted	9M21 Adjusted	Δ (%) 22 x 21	9M19 Adjusted	Δ (%) 22 x 19
Gross Revenues	3.612.237	3.612.237	2.295.038	57,4%	1.490.199	142,4%
Net Revenues	2.922.313	2.922.313	1.830.877	59,6%	1.211.583	141,2%
COGS	(1.343.664)	(1.343.664)	(877.264)	53,2%	(654.106)	105,4%
Depreciation and amortization (cost)	(3.163)	(3.163)	(2.262)	39,8%	(2.104)	50,3%
Gross Profit	1.578.649	1.578.649	953.613	65,5%	557.477	183,2%
<i>Gross margin</i>	54,0%	54,0%	52,1%	1,9 p.p	46,0%	8,0 p.p
SG&A	(1.167.401)	(1.216.209)	(752.920)	61,5%	(430.240)	182,7%
<i>% of net revenues</i>	(39,9%)	(41,6%)	(41,1%)	(0,5 p.p)	(35,5%)	(6,1 p.p)
Selling expenses	(935.670)	(908.989)	(493.885)	84,0%	(259.435)	250,4%
Owened stores and web commerce	(315.884)	(295.006)	(197.973)	49,0%	(86.060)	242,8%
Selling, logistics and supply	(619.786)	(613.983)	(295.912)	107,5%	(173.375)	254,1%
General and administrative expenses	(206.636)	(209.551)	(184.134)	13,8%	(115.182)	81,9%
Other operating revenues (expenses)	75.542	2.968	(3.899)	(176,1%)	2.324	27,7%
Depreciation and amortization (expens)	(100.637)	(100.637)	(71.002)	41,7%	(57.947)	73,7%
EBITDA	515.048	466.240	273.957	70,2%	187.288	148,9%
<i>EBITDA Margin</i>	17,6%	16,0%	15,0%	1,0 p.p	15,5%	0,5 p.p
Net Income	315.955	283.742	158.767	78,7%	94.147	201,4%
<i>Net Margin</i>	10,8%	9,7%	8,7%	1,0 p.p	7,8%	1,9 p.p

* Breakdown of non-recurring adjustments relevant to the "Adjustments" line can be seen in the table below - 9M22 Non-Recurring Adjustments.

9M22 NON-RECURRING ADJUSTMENTS

	9M22	9M21	9M19
Consolidated EBITDA	515.048	396.737	207.116
Non-Recurring Items			
Surplus Value (Impact on Gross Profit)¹	-	(5.631)	-
Extemporaneous Credits²	69.498	137.499	19.255
Legal Expenses	(1.509)	(7.147)	574
M&A Expenses	(19.182)	(1.941)	-
Net Effect of Non-Recurring Items	48.807	122.780	19.828
Adjusted Consolidated EBITDA	466.240	273.957	187.288

(1) Value Added - impact on gross income from amortization of the value added of AR&CO inventories.

(2) Adjustment for recognition of one-time tax credits (ICMS as part of the PIS/COFINS taxable base declared unconstitutional).

BRANDS PERFORMANCE

The third quarter each year is traditionally marked by the transition of collections from winter to summer at Arezzo&Co stores. July is the winter mark down period, together with the introduction of transition collections – *Cruise* and *Resort*. In the next months, August and September, the brands focus their summer collections, which relied on extremely assertive and engaging marketing campaigns.

The quarter's results exceeded expectations for all brands, showing strong consumer receptiveness for the summer collection's products and providing an excellent thermometer for the following season – the high summer.

In the quarter, Arezzo&Co again exceeded all expectations and reached R\$ 1.4 billion in gross revenue (47.3% vs 3Q21 and 161.1% vs 3Q19) – setting a new record for a quarter sales. In the accumulated result of the last nine months, the Company posted R\$ 3.6 billion in sales, growth of 57.4% vs 9M21. In the last twelve months, Arezzo&Co posted an impressive R\$ 5.0 billion in gross revenue.

This result reflects the assertiveness of the products and collections, combined with the Company's robust strategic planning.



AREZZO

The Arezzo brand posted R\$ 380 million in gross revenue in 3Q22, growth of 37.7% vs 3Q21 and 51.7% vs 3Q19. All sales channels showed excellent performance in the period, particular emphasis due on the sell in channels - which grew 35.4% vs 3Q21 and 40.2% vs 3Q19, respectively.

The collections that the brand released in the period performed above expectations. In August, Arezzo introduced the “Summer 23 Premiere” collection, starring the digital influencer Lívia Nunes and which became a hit in terms of engagement. In a few days, the products saw 52% sell through at stores.

The month of September brought Arezzo an important milestone: its 50th anniversary. The brand held several actions in celebration, including the opening of Galeria Arezzo, at the iconic flagship store on Oscar Freire street, in São Paulo. In addition, the brand launched a commemorative collection that sought to portray each decade in which it was a part of its consumers’ lives.

Another remarkable action in the period was the release of the “Arezzo 50 Years” book, that concentrates the main developments throughout the brand’s lifetime so far.



B R I Z Z A AREZZO

BriZZa Arezzo - an Arezzo-endorsed brand - entered into summer and high summer, the most important time of the year in terms of sales for the brand because of its products' characteristics.

At the end of August, the sell in of the high summer campaign to franchisees and multibrand stores was sold in, starting with the PulsAR event. The sell in sales exceeded expectations and showed excellent receptiveness for the new injected/rubberized footwear.

For the period's highlight, BriZZa reached 1,800 multibrand customers, demonstrating its relevance in this channel.

In the coming months, BriZZa will launch summertime pop-up stores in strategic cities like Fortaleza, Recife, Salvador and Natal. For the high summer, the brand launched a strong campaign featuring two of Brazil's biggest celebrities: Anitta and Bruna Marquezine.



SCHUTZ

The Schutz brand posted global revenues of R\$ 332 million in the third quarter, growth of 38.3% vs 3Q21 and 97.9% vs 3Q19. In the domestic market, the brand reported R\$ 230 million, growth of 37.6% vs 3Q21 and 87.7% vs 3Q19.

The foreign market already represents 31% of the brand's revenue.

For a highlight, the multibrand channel showed substantive gross revenue growth of 57.7%, with the brand's products being distributed through 1,284 customers.

The web commerce channel posted R\$ 62 million in sales in 3Q22, growth of 22.1% vs 3Q21, reaffirming Schutz's status as one of the most digital brands in the fashion market. In fact, the brand's APP posted a 123% increase in downloads.

For the high summer, Schutz launched an unprecedented campaign with the global model Candice Swanepoel.



AR&CO

AR&CO posted R\$ 297 million in revenues in 3Q22, growth of 52.4% vs 3Q21 and 182.4% vs 3Q19. In the first nine months of 2022, AR&CO already reached R\$ 745 million. The Reserva Group (ex- BAW Clothing) grew 57.7% vs 3Q22 and 174.3% vs 3Q19.

The Reserva Group performed strongly for yet another period, both on sell in and sell out channels. The franchise channel posted impressive growth of 110.1% vs 3Q21, and the owned stores channel, which answered for 46% of the brand's total sales in 3Q22, grew 55.6% vs 3Q21.

The third quarter includes one of the most important dates in AR&CO's sales calendar: Fathers' Day. For this year's date, Reserva paid honor to fathers with Concerto Reserva®, conducted by Maestro João Carlos Martins & Orquestra Bachiana at Rio de Janeiro's Theatro Municipal. The "Reserva Fathers" collection posted 52% growth from the same period last year.

In sequence, Reserva launched another successful collaborative collection: NBA & Reserva. With the slogan "The biggest score ever", the collection featured jackets, t-shirts and caps for some of the world's main basketball squads. The products were developed based on a re-reading of the brand, which added its classic traits to the pieces of clothes.

Reserva Go, the AR&CO's footwear sub-label, posted R\$ 42 million in sales in 3Q22, growth of 37.5% vs 3Q21 - a significant result given the strong basis of comparison.





In yet another quarter, Vans posted strong sales performance across all channels, particular emphasis due on the sell out ones - owned stores and web commerce.

In the period, Vans launched global-reach campaigns in Brazil, such as the collection of models with original illustrations by artist and musician Daniel Johnston, raising the banner of mental health awareness.

In addition, this quarter Vans launched the first of a series of collaborative collections Vans & Sailor Moon - a world-famous anime. The brand's partner influencers and athletes disseminated the collab, which held prime space at Vans stores in the period and showed strong sales performance.

VANS | CLASSICS





ANACAPRI

Anacapri posted R\$ 97 million in gross revenue in 3Q22, growth of 30.6% vs 3Q21 and 35.0% vs 3Q19. The franchise channel represented 42% of the brand's total sales, growth of 39.3% vs the same period last year.

For the summer season, Anacapri launched the first of a series of campaigns starring the brand's new poster-girl, the celebrity Juliette, who boasts record-setting engagement figures on Instagram. Some of the most relevant products by sales volume include sports sandals, and the flatforms, the brand's first heeled shoes.

The releases led to sell out gains in every month, which ended the quarter with a growth of 35.9% vs 3Q21 and 38.9% vs 3Q19.

ALEXANDRE
BIRMAN

The Alexandre Birman brand reached global revenues of R\$ 54 million, growth of 37.3% vs 3Q21 and 88.9% vs 3Q19. In the domestic market, the brand grew 112.5% vs 3Q21 and 184.7% vs 3Q19 – showing strong market share gain in the Brazilian luxury market, which answered for 54% of the brand’s total revenue in the period.

For the quarter’s highlight, Alexandre Birman, in keeping with its expansion plans, opened a new store in Goiânia, a strategic venue for the brand. In its first month of operations, the store exceeded its sales target by more than 40%.

In addition, the brand launched the new Clarita sneaker, a best-selling model, with the attendance of globally influential fashion personalities at the final match of the US Open, an important tennis tournament held in the United States.



CAROL BASSI

Carol Bassi had yet another strong quarter. The brand's physical stores posted revenues gain of 45.0% vs the same period last year. The multibrand channel, by its turn, also performed strongly, with revenues up 23.4% vs. 3Q21.

Carol Bassi reached an important milestone in August - the launch of its own e-commerce. The channel will be key to increasing the brand's capillarity in Brazil. The channel exceeded its goal in its very first month of operations.

In keeping with its expansion plans, Carol Bassi will open two physical stores in November - one in Rio de Janeiro and the other in Belo Horizonte.



MY SHOES

In the third quarter, My Shoes had 1,000 active customers on the multibrand channel, highlighting the strong receptivity of its products in this channel. The Multibrand revenues exceeded expectations in the period.

As discussed in the latest Earnings Release, in August, the brand concluded its web commerce internalization project with the launch of a new platform for the brand's consumers. Among its priority fronts, My Shoes' e-commerce aims to offer the best customer experience, in addition to maximizing the brand's profitability. The first months of operations show promising results.

AREZZO &CO

FIEVER

In the third quarter of 2022, Fiever, a sneaker brand that Arezzo&Co founded in 2015, introduced re-readings of its classic sneakers, *Fiever Beats* and *Blink*, in new color combinations for the summer season.

In the period, the brand's products were distributed through approximately 300 points of sale on the multibrand channel.

FIEVER | AREZZO+FIEVER COLLAB



ALME

In the quarter, Alme, the sustainable brand of the Arezzo&Co group - expanded the line of its best-selling sneaker lume, with more structured and high-top versions. The model, which has high representativeness in the overall mix, features sustainable rubber outsoles, EVA insoles and recycled cotton upper. It is a genderless product in sizes 33-44.

INTERNATIONAL BUSINESS

The US operation posted gross revenue of R\$ 121 million, growth of 28.2% vs 3Q21 and 121.8% vs 3Q19. In US Dollars, revenue was up 23.5% vs 3Q21.

The web commerce channel had R\$ 45 million in sales, growth of 36.8% vs 3Q21, and +36.2% in US Dollars - a positive result despite the strong basis of comparison. The channel's performance indicators reflect the quarter's expressive results: the number of pairs sold increased by 91%, the website traffic was up 65%, and the number of orders was up 75%, with 6% higher conversion rate, for a total 1.7% in the quarter.

The wholesale channel's representativeness was 55% of the US operation's total gross revenue in 3Q22, underscoring its strategic relevance for international business. The channel had R\$ 63 million in sales revenues, growth of 19.7% vs 3Q21, and +20.2% in US Dollars.

Due to a retraction of department stores, Arezzo&Co deliberately decided to increase the investments in cost of acquisitions of new customers, which in the long term tends to increase its base, but which in the short term impacts profitability.

In addition to foreign market revenues, the exports channel - international sales ex- the United States - posted gross revenue of R\$ 20 million in 3Q22, growth of 91.6% vs 3Q21 and 19.3% vs 3Q19, indicating a recovery of the channel's pace of sales.

CHANNELS

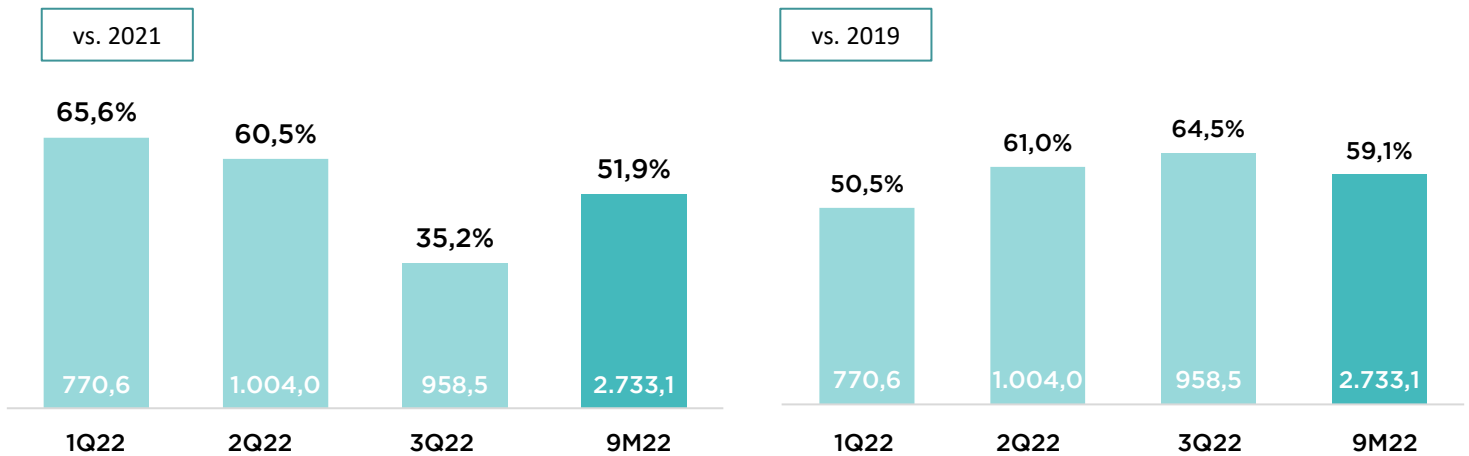
Sell Out - Franchises, Owned Stores and Web Commerce

The DTC sell out (Owned Stores + Franchises + Web Commerce) was R\$ 959 million in 3Q22 - significantly growth of 35.2% vs 3Q21 and 64.5% vs 3Q19. In the year to date, sell out totaled R\$ 2.7 billion. The physical stores (franchises + owned stores) posted R\$ 693 million in sell out, growth of 35.6% vs 3Q21 and 32.5% vs 3Q19. The online channel also showed great results, with 42.9% revenues increase.

in relation to the performance of the brands, AR&CO stands out, which again presented surprising results: 55.7% sell out growth vs 3Q21. The Anacapri and Arezzo brands also had strong results - growth of 35.9% and 25.5% vs 3Q21, respectively.

It is worth emphasizing that the second half of 2022 faces a strong basis of comparison due to results in 2021, and still Arezzo&Co displayed high levels of growth for all of its brands in the third quarter.

Sell Out Growth Arezzo&Co + AR&CO (Franchises, Owned Stores and Web Commerce)



+35%
SELL OUT
GROWTH vs
3Q21

+65%
SELL OUT
GROWTH vs
3Q19

R\$959M
DTC SELL OUT
IN 3Q22

CHANNELS

Single brand – Franchises and Owned Stores

The Company's single-brand channels performed strongly in the third quarter of 2022. The franchise channel's revenues were up 40.4% vs 3Q21, and the owned stores channel was up 66.1%.

In August, the Company held the PulsAR, a pioneering sell in event for all of the group's brands. In addition to standing as an important milestone for the Brazilian fashion scene, PulsAR was key to reinforcing Arezzo&Co's positioning as Brazil's largest house of brands. It is worth mentioning that sell in sales goals for the period were met.

By its turn, the owned stores channel's results had a boost from AR&CO, which grew 54.3% vs 3Q21, and by the Schutz brand, which posted a growth of 25.4% vs 3Q21. The Vans brand also displayed strong performance on the channel in the period, contributing to the quarter's results.

Multibrand

The multibrand channel had yet another quarter of expressive results. The gross revenue were R\$ 384 million – growth of 53.0% vs 3Q21 and 202.6% vs 3Q19 – and answered for 30.4% of the Company's total domestic market revenues. The Arezzo&Co's brands were distributed through 6,166 points of sale in 3Q22, up 18.2% from 3Q21.

The channel continues to show solid and consistent results, despite the strong basis of comparison. It is worth underscoring that all of the group's brands posted revenues gains in the quarter, particular emphasis due on Schutz, Reserva, Vans and Arezzo, which answer collectively for more than 80% of the channel's revenues.

Web Commerce

The Company's web commerce channel had R\$ 278 million in gross revenue in the quarter (+34.8% vs 3Q21), a highly resilient rate of growth given the performance in 2021. For a period highlight, AR&CO and the Arezzo brand grew 41.4% and 34.8% vs 3Q21, respectively.

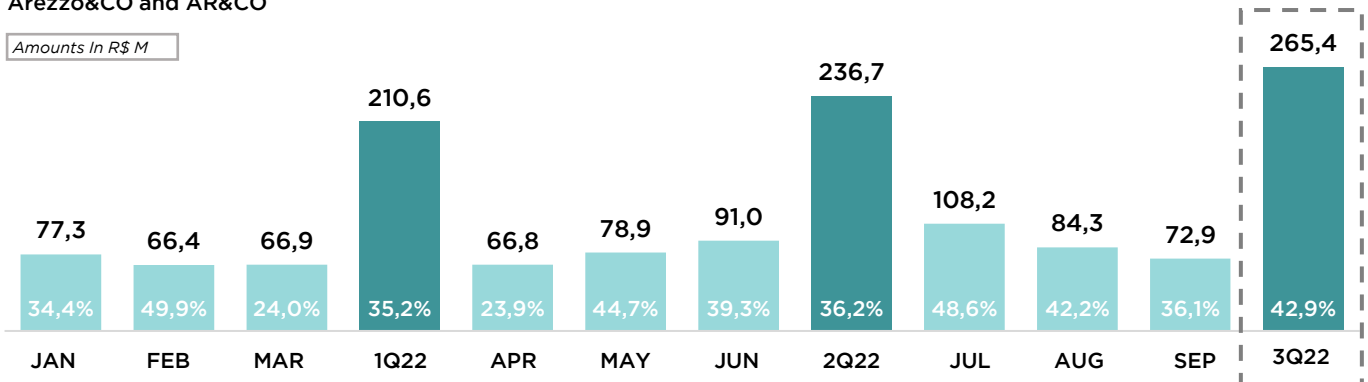
Arezzo&Co's brand APPs totaled record-setting revenues of R\$ 122 million in the third quarter. The APPs' share of online channel sales has been gaining strong relevance in recent periods. The number of APP downloads was up 161.8% from 3Q21, bearing witness to the solid user base expansion.

CHANNELS

Web Commerce Sell Out Evolution

Arezzo&CO and AR&CO

Amounts in R\$ M



Digital Transformation

The sales through digital tools and the web commerce channel, taken together, reached sell out of R\$ 2.1 billion in the past 12 months – a record-setting level. The representativeness of digital-tool sales was 44.4% of physical stores' sell out in the period. For a highlight, revenues from the “store shipping” and “pick up in stores” tools were collectively up 52.1% vs 3Q21, showcasing the potential of OMNI tools.

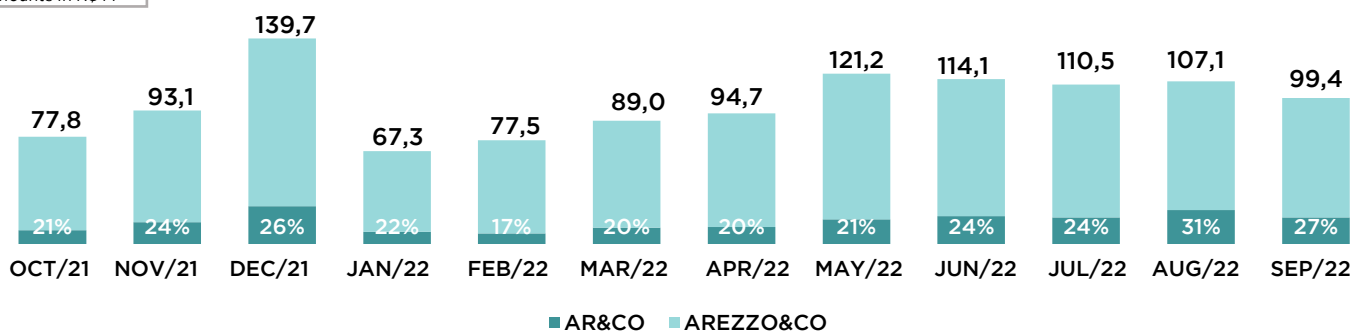
The influenced revenues by the salesperson APP were R\$ 243 million in the third quarter, up 72.4% compared with the same period last year. The APP has become the main supporting tool for salespersons' routines. In the period, the main goals of APP upgrade actions were efficiency gains and evolving integration. Seventy-seven new features were developed to increase the productivity of the Company's sales teams.

More than 19 million WhatsApp contacts were made in the first nine months of 2022.

Digital Revenues - Arezzo&Co Group

Revenues from Digital Tools + Salesperson App (Proprietary)

Amounts in R\$ M



R\$953M
WEB COMMERCE SELL OUT (LTM)

R\$1.2B
DIGITAL REVENUES (LTM)

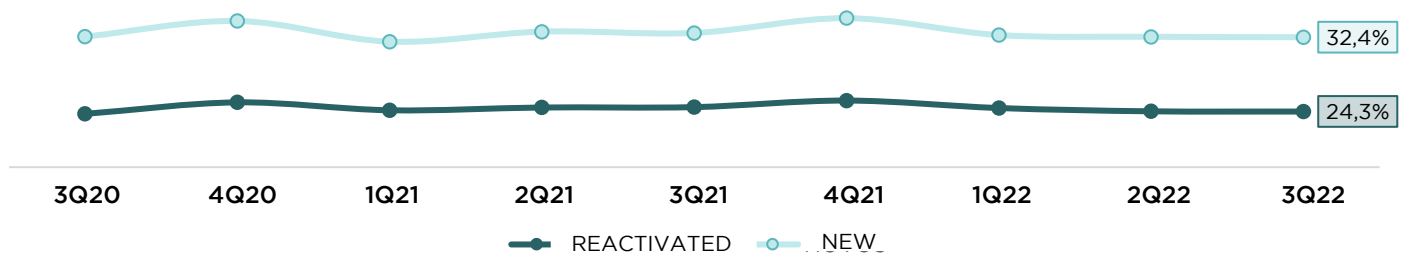
R\$2.1B
WEB + DIGITAL TOOLS SELL OUT (LTM)

CHANNELS

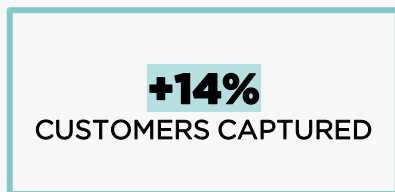
Digital Transformation

Customer Capture and Retention*

- Record-setting volume of customers in Arezzo&Co's active base this quarter: **4.2 million**;
- The number of OMNI customers was up **19%** vs 3Q21 and led to a 42% increase in sales revenues therefrom;
- OMNI customers showed high shopping frequency in the period, **111%** higher than overall frequency.



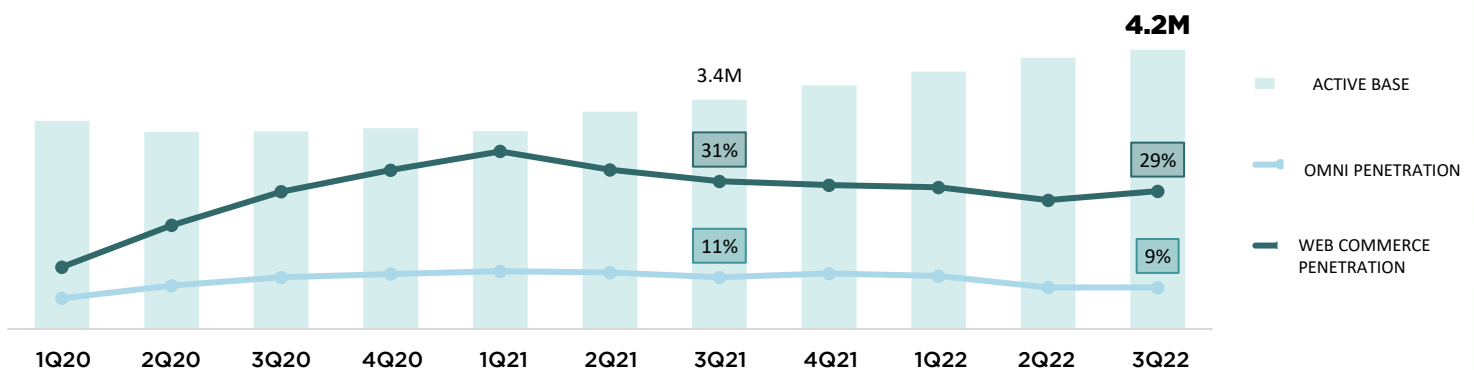
*Ex- AR&CO



*3Q22 vs 3Q21 Data

Online Channel Penetration*

- Arezzo&Co's active online customer base remained steady in the period;
- **29%** of Arezzo&Co customers shop on the online channel;
- **9%** of customers are *omnichannel* (shopping at physical stores and online).



*Ex- AR&CO

MONOBRANDS CHAIN

The Company closed the third quarter of 2022 with 963 stores, 952 of which in Brazil and 11 overseas, considering all of the Group's Brands.

In the period, Arezzo&Co opened 13 net stores, in line with the Company's strategic and footprint expansion plans. The store openings were concentrated on the AR&CO (6), Anacapri (5), Alexandre Birman (1), and Arezzo (1) brands.

In the year to date, the Company opened 22 net stores, including 15 owned stores and 7 franchises.

Store Information	3Q21	4Q21	1Q22	2Q22	3Q22
Sales Area^{1,3} - Total (m²)	59.917	64.182	64.172	65.904	66.406
Sales area - franchises (m ²)	44.711	47.844	47.378	47.901	47.996
Sales area - owned stores ² (m ²)	15.206	16.337	16.795	18.002	18.410
Total number of domestic stores	883	930	914	939	952
# of franchises	743	777	767	777	783
Arezzo	429	433	431	430	431
Schutz	64	64	62	62	62
Anacapri	193	207	204	210	215
Fiever	1	1	-	-	-
Alme	2	2	-	-	-
Vans	9	12	12	12	12
AR&CO	44	57	57	62	63
# of owned stores	140	153	147	162	169
Arezzo	18	18	17	18	18
Schutz	20	20	20	22	22
Alexandre Birman	8	8	8	10	11
Anacapri	3	2	2	2	2
Fiever	2	2	2	2	2
Alme	2	2	2	2	2
Vans	10	13	13	16	16
AR&CO	78	89	82	89	94
Carol Bassi	-	-	2	2	2
Total number of international stores	11	11	11	11	11
# of franchises	6	6	6	6	6
# of owned stores⁴	5	5	5	5	5

(1) Includes overseas stores' floor area

(2) Includes eleven Outlet stores with a total area of 3,635 square meters

(3) Includes expanded stores' floor area

(4) Includes 3 Schutz-brand stores, as follows (i) New York on Madison Avenue, (ii) Miami in the Aventura Mall, and (iii) Los Angeles, on Beverly Drive. Also includes 2 Alexandre Birman-brand stores, as follows: (i) New York on Madison Avenue and (ii) Miami in the Bal Harbour Mall.

GROSS INCOME AND GROSS MARGIN

Arezzo&Co registered R\$ 601 million in gross income in the third quarter, and a gross margin of 52.8% – expansion of 60 bps vs 3Q21 and 730 bps vs 3Q19.

Among the main responsible factors, stands out (i) the increase in the representativeness of the owned stores channel in the revenue mix, as well as better margins due to increased full-price sales in the period; and (ii) improvement in the franchise channel's margin, influenced by the growth of the apparel category, which by its nature has higher margins than footwear, in the channel's sales.

ADJUSTED OPERATING EXPENSES

Arezzo&Co posted expressive revenue growth in the quarter. Aiming to boost this growth, the Company allocated investments across its brands extremely diligently, in line with its strategic planning.

In addition to investments in sales growth and new brands, the Company remains diligent as concerns fixed and operating costs, with a constant purpose to leverage its EBITDA margin.

Adjusted Commercial Expenses

In the third quarter, 2022, Arezzo&Co's adjusted commercial expenses totaled R\$ 356 million, growth of 73.8% vs 2021. Some of the main factors that led to this increase include the accelerated growth of AR&CO, the higher number of owned stores and the investments in the Company's strategic projects and new brands.

- i. Arezzo&Co owned stores and web commerce expenses (sell out channels) were R\$ 143 million – growth of 46.0%. The increase in gross revenue for the two channels combined was 48.6% vs 2021, and exceeded the increase in expenses. Some of the main impacts include personnel and occupancy expenses, which are directly associated with the 28 owned stores opened compared with 2021 – in line with the Company's expansion plans. The web commerce channel also contributed to the period's higher commercial expenses, with the main ones being variable expenses – digital marketing and shipping.

ADJUSTED OPERATING EXPENSES

- ii. Arezzo&Co's Selling, Logistics and Supplies expenses were R\$ 212 million in the quarter - growth of 99.4% vs 3Q21. Some of the factors that contributed to this growth in the period include investments in the AR&CO operation, directly associated with the accelerated pace of growth of the Reserva Group's brands. It is worth emphasizing the opening of its new distribution center, the increased of the multibrand commercial team, the investments in performance marketing on the web commerce channel, and the IT investments - which are also connected with the online channel.

Selling, Logistics and Supplies Expenses in the United States were R\$ 49 million in the period, up 89.6% vs. 3Q21. The US Operation's expansion is one of the Company's strategic priorities, and the allocated investments are intended to boost this growth, mainly in clients acquisition front.

Adjusted General and Administrative Expenses

In 3Q22, Arezzo&Co's adjusted general and administrative expenses were R\$ 76 million, maintaining the same level as in the third quarter of last year (growth of 1.7%). Maintaining the level of G&A expenses reflects the company's diligence in relation to its fixed costs.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

The Company reached R\$ 170 million in adjusted EBITDA, growth of 36.0% vs 3Q21 and 120.6% vs 3Q19, for an adjusted margin of 14.9% in the period.

Some of the main factors with a positive impact on the quarter's adjusted EBITDA margin include record-setting gross revenue for a third quarter, up 47.3% vs the previous period, the increase of revenue from the multibrand and web commerce channels, despite strong basis of comparison, and the higher gross margin, under impact from the improved margin on the owned stores and franchise channels. On the other hand, the US operation's margin had a negative contribution for adjusted EBITDA in the period. Due to a retraction of department stores, Arezzo&Co deliberately decided to increase the investments in cost of acquisitions of new customers, which in the long term tends to increase its base, but which in the short term impacts profitability.

	3Q22 EBITDA			3Q21 EBITDA			3Q19 EBITDA		
	&Co	Brazil	EUA	&Co	Brazil	EUA	&Co	Brazil	EUA
Net Revenues	1.138,0	1.045,8	92,2	777,9	701,8	76,1	440,9	394,5	46,4
Adjusted EBITDA	170,1	172,4	-2,3	125,1	112,8	12,3	77,1	84,6	(7,5)
Adjusted Mg. EBITDA	14,9%	16,5%	(2,5%)	16,1%	16,1%	16,1%	17,5%	21,5%	-

In R\$ M // Amounts in line with IFRS 16 / CPC 06 (R2)

NET INCOME AND ADJUSTED NET MARGIN

The Company's adjusted net income in the period was R\$ 103 million, growth of 25.7% vs 3Q21 and 189.5% vs 3Q19, with 9.0% net margin.

Net income enjoyed positive impact from the strong operating performance of Arezzo&Co in the period, as well as from increased financial revenues arising from a larger volume of financial investments, because of the Company's cash position attained after the Follow-on process (February, 2022).

ROIC - RETURN ON INVESTED CAPITAL

Adjusted return on invested capital (ROIC) - excluding the added value from Arezzo&Co's latest acquisitions (AR&CO, Carol Bassi and BAW), as well as credits from other fiscal years and non-recurring elements - reached 29.7%, vs 27.6% in 3Q21. It is worth emphasizing that ROIC is one of the most important KPIs that Arezzo&Co's management tracks.

Reported ROIC reached 20.6% in 3Q22. Some of the factors responsible for the strong performance is the 28.1% increase in NOPAT from 3Q21. On the other hand, it is worth underscoring that the dynamics of working capital lines (inventory, suppliers and accounts receivable) have changed with the December, 2020, consolidation of AR&CO.

Income from operations	3Q22 Reported	3Q22 Adjusted	3Q21	3Q19	Δ 22 x 21 (%)	Δ 22 x 19 (%)
EBIT (LTM)	556.299	517.422	418.276	198.182	23,7%	161,1%
+ IR and CS (LTM)	(72.372)	(65.026)	(40.399)	(35.598)	61,0%	82,7%
NOPAT (LTM)	483.927	452.396	377.877	162.584	19,7%	178,3%
Working Capital¹	709.669	789.663	396.752	399.559	99,0%	97,6%
Accounts Receivable	722.016	722.016	605.881	415.431	19,2%	73,8%
Inventory	755.060	755.060	448.212	180.736	68,5%	317,8%
Suppliers	(637.508)	(637.508)	(457.912)	(148.756)	39,2%	328,6%
Others	(129.899)	(49.905)	(199.429)	(47.852)	(75,0%)	4,3%
Permanent assets	1.837.381	863.646	1.345.839	383.202	(35,8%)	125,4%
Other long-term assets²	209.642	209.642	200.135	37.149	4,8%	464,3%
Invested capital	2.756.692	1.862.951	1.942.726	819.910	(4,1%)	127,2%
Average invested capital³	2.349.709	1.520.895	1.371.392		10,9%	
ROIC⁴	20,6%	29,7%	27,6%			

(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.

INVESTMENTS - CAPEX

In 3Q22, Arezzo&Co invested R\$ 64 million in CAPEX, steady relative year-on-year (up 1.5%), particular emphasis due on:

- Stores
 - Investment in new stores for the AR&CO, Carol Bassi and Vans brands;
 - Reserva store innovations for alignment with the new architectural standard.
- Corporate
 - Squads - technology fronts focusing on digital sales project;
 - Development and implementation of upgrades to the web commerce channel;
 - Expansion of the Cariacica distribution center.
- Other
 - Investments associated with the purchase of machinery for the new plants.

Summary of Investments	3Q22	3Q21	Δ 22 x 21 (%)	9M22	9M21	Δ 22 x 21 (%)
Total CAPEX	63.697	62.738	1,5%	160.536	104.837	53,1%
Stores - expansion and refurb	31.062	31.014	0,2%	65.276	45.944	42,1%
Corporate	24.191	24.112	0,3%	79.144	48.961	61,6%
Others	8.444	7.612	10,9%	16.116	9.932	62,3%

CASH AND DEBT POSITION

At the end of 3Q22, the Company had R\$ 135 million in net cash. The period's highlights include:

- **R\$ 546 million cash position;**
- R\$ 411 million in total debt, from R\$ 568 million in 3Q21;
- Net Cash-to-EBITDA: 0.2x.

Cash position and Indebtedness	3Q22	2Q22	3Q21
Cash and Cash Equivalents	546.122	715.247	297.205
Total debt	411.486	355.286	568.258
Short-term	401.433	345.023	271.040
<i>% total debt</i>	97,6%	97,1%	47,7%
Long-term	10.053	10.263	297.218
<i>% total debt</i>	2,4%	2,9%	52,3%
Net cash	134.636	359.961	(271.053)
Net Cash/EBITDA	0,2x	0,6x	-0,5x

BALANCE SHEET

Assets	3Q22	2Q22	3Q21
Current assets	2.291.856	2.192.913	1.495.473
Cash and cash equivalents	74.933	81.682	49.047
Financial Investments	471.189	633.565	248.158
Trade accounts receivables	722.016	613.690	605.881
Inventory	755.060	651.730	448.212
Taxes recoverable	183.431	161.845	87.897
Other credits	85.227	50.401	54.654
Financial Instruments - Derivatives	0	0	1.624
Non-current assets	2.144.565	2.001.494	1.629.771
Long-term receivables	307.184	319.559	283.932
Trade accounts receivables	1.927	2.952	5.200
Deferred income and social contribution	97.542	98.305	83.797
Judicial deposits	64.942	54.788	51.209
Taxes recoverable	127.954	148.494	126.434
Other amounts receivable	14.819	15.020	17.292
Investments property	3.162	2.860	7.078
Property, plant and equipment	586.250	492.475	348.244
Intangible assets	1.247.969	1.186.600	990.517
Total assets	4.436.421	4.194.407	3.125.244
Liabilities	3Q22	2Q22	3Q21
Current liabilities	1.501.072	1.433.019	1.070.932
Loans and financing	401.433	345.023	271.040
Lease	72.314	62.079	52.351
Suppliers	637.508	566.002	457.912
Other liabilities	389.817	459.915	289.629
Non-current liabilities	320.468	268.927	506.137
Loans and financing	10.053	10.263	297.218
Other liabilities	67.580	72.465	17.758
Lease	236.822	180.107	155.314
Other amounts payable	2.510	3.405	30.597
Deferred Taxes	3.503	2.687	5.250
Shareholder's Equity	2.614.130	2.492.432	1.546.535
Capital	1.671.716	1.645.467	808.715
Capital reserve	161.596	163.046	198.491
Profit reserve	541.478	541.478	107.895
Tax Incentives Reserve	0	0	227.937
Adjustment of Equity Valuation	-8.674	-6.379	-8.183
Period Profit	248.014	148.820	211.512
Comprehensive income	0	0	168
Total Shareholder's Equity	2.614.881	2.492.461	1.548.175
Non-controlling interest stake	751	29	1.640
Total liabilities and shareholders' equity	4.436.421	4.194.407	3.125.244

INCOME STATEMENT

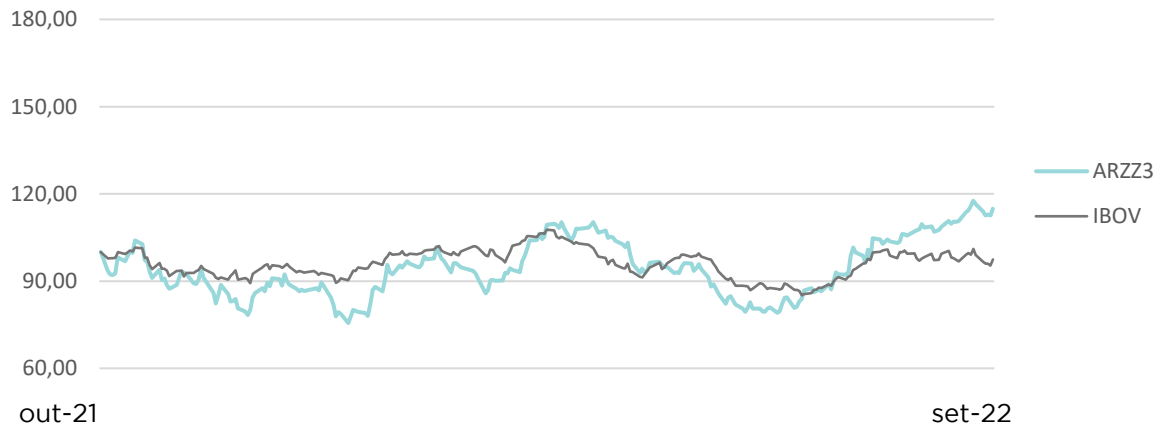
Income Statement - IFRS	3Q22	3Q21	Var.%	9M22	9M21	Var.%
Net operating revenue	1.137.985	777.949	46,3%	2.922.313	1.830.877	59,6%
Cost of goods sold	(536.683)	(372.864)	43,9%	(1.343.664)	(882.895)	52,2%
Gross profit	601.302	405.085	48,4%	1.578.649	947.982	66,5%
Operating income (expenses):	(474.127)	(311.684)	52,1%	(1.167.400)	(624.508)	86,9%
Selling	(394.178)	(225.874)	74,5%	(1.016.874)	(554.440)	83,4%
Administrative and general expenses	(78.850)	(78.638)	0,3%	(226.068)	(203.669)	11,0%
Other operating income, net	(1.099)	(7.172)	-84,7%	75.542	133.601	-43,5%
Income Before Financial Result	127.175	93.401	36,2%	411.249	323.474	27,1%
Financial Income	(12.480)	(12.754)	-2,1%	(39.542)	(40.158)	-1,5%
Income before income taxes	114.695	80.647	42,2%	371.707	283.316	31,2%
Income tax and social contribution	(15.846)	(3.117)	408,4%	(55.752)	(43.514)	28,1%
Current	(14.267)	(20.373)	-30,0%	(65.007)	(41.429)	56,9%
Deferred	(1.579)	17.256	-109,2%	9.255	(2.085)	-543,9%
Net income for period	98.849	77.530	27,5%	315.955	239.802	31,8%
Results Attributed to:						
Controlling shareholders	99.194	78.044	27,1%	317.697	241.101	31,8%
Non-controlling shareholders	(345)	(514)	-	(1.742)	(1.299)	-
Net income for period	98.849	77.530	27,5%	315.955	239.802	31,8%

CASH FLOW

Cash Flow	3Q22	3Q21	9M22	9M21
Operating activities				
Net Income	98.849	77.530	315.955	239.802
Adjustments to reconcile the results according to the cash generated by operating activities:	99.083	57.813	158.455	9.287
Depreciation and amortization	38.019	24.872	106.265	74.879
Income from financial investments	(14.849)	(3.957)	(41.369)	(9.657)
Interest and exchange rate	17.393	27.583	13.771	22.747
Income tax and social contribution	15.846	3.115	55.752	43.512
Others	42.674	6.200	24.036	(122.194)
Decrease (increase) in assets				
Trade accounts receivables	(103.350)	(149.555)	83.514	(14.395)
Inventory	(98.459)	(88.914)	(297.326)	(163.155)
Recoverable taxes	4.776	2.001	(33.610)	(4.903)
Change in other current assets	(33.031)	(25.949)	(16.133)	(37.086)
Judicial deposits	(9.698)	(2.778)	(10.096)	(20.240)
(Decrease) increase in liabilities				
Suppliers	65.916	114.105	56.144	64.506
Labor liabilities	7.823	24.349	(20.498)	18.925
Fiscal and social liabilities	(8.266)	18.244	(42.067)	(6.514)
Variation in other liabilities	3.184	14.307	(58.508)	34.485
Payment of income tax and social contribution	(21.426)	(2.431)	(70.805)	(4.236)
Interest payment on loans	(1.110)	(3.524)	(9.577)	(11.951)
Net cash flow from operating activities	4.291	35.198	55.448	104.525
Investing activities				
Sale of fixed and intangible assets	-	47	-	435
Acquisition of fixed and intangible assets	(63.697)	(62.738)	(160.536)	(104.837)
Financial Investments	(775.207)	(513.529)	(2.992.981)	(1.607.726)
Redemption of financial investments	941.424	584.618	2.775.878	1.889.528
Acquisition of subsidiary, net cash obtained on acquisition	(32.352)	(85.010)	(89.135)	(96.321)
Net cash used for investment activities	70.168	(76.612)	(466.774)	81.079
Financing activities				
Loans and financing	78.378	62.558	188.320	128.180
Payments of loans	(41.132)	(27.856)	(318.294)	(204.986)
Consideration of Lease	(20.897)	(18.628)	(57.344)	(55.038)
Interest on Equity and Profit Distribution	(69.683)	(32.172)	(129.683)	(32.172)
Credits (debits) with Shareholders	-	-	-	1.000
Resources from Stocks Issue	-	-	833.794	-
Expenses from Stocks Issue	(46)	40.190	(40.799)	40.190
Repurchase of Stocks	(26.057)	-	(26.057)	(51.356)
Resources from the Exercise of Stock Options	1.291	-	1.680	-
Net Cash used on Financing Activities	(78.146)	24.092	451.617	(174.182)
Increase (decrease) in cash and cash equivalents	(3.687)	(17.322)	40.291	11.422
Cash and cash equivalents				
Effect of Exchange Rate Variation on Cash and Cash Equivalent	(3.062)	(3.256)	892	(672)
Cash and cash equivalents - Initial balance	81.682	69.625	33.750	38.297
Cash and cash equivalents - Closing balance	74.933	49.047	74.933	49.047
Increase (decrease) in cash and cash equivalents	(3.687)	(17.322)	40.291	11.422

3. Capital Markets and Corporate Governance

On September 30, 2022, the Company's market capitalization was R\$10,8 bilions (R\$ 98,41), na increase of 14,8% when compared to the same period of 2021.



Arezzo&Co	
Number of Shares	110.186.077
Ticker	ARZZ3
Listing	02/02/2011
Share Price (30/09/2022)	98,41
Market Cap	10.843.411.838
Performance	
2011 ¹	20%
2012 ²	71%
2013 ³	(24%)
2014 ⁴	(9%)
2015 ⁵	(22%)
2016 ⁶	27%
2017 ⁷	118%
2018 ⁸	(2%)
2019 ⁹	16%
2020 ⁽¹⁰⁾	7%
2021 ¹¹	13%
2022 ¹²	36%

(1) From 02/02/2011 to 29/12/2011

(2) From 29/12/2011 to 28/12/2012

(3) From 28/12/2012 to 30/12/2013

(4) From 30/12/2013 to 30/12/2014

(5) From 30/12/2014 to 30/12/2015

(6) From 04/01/2016 to 29/12/2016

(7) From 01/01/2017 to 28/12/2017

(8) From 01/01/2018 to 28/12/2018

(9) From 01/01/2019 to 30/12/2019

(10) From 02/01/2020 to 31/12/2020

(11) From 04/01/2021 to 30/09/2021

(12) From 03/01/2022 to 30/09/2022

4. Independent Auditors

Arezzo&Co's financial statements relative to the business year ending on September 30, 2022, were audited by KPMG Auditores Independentes ("KPMG").

5. Investor Relations

Shareholders, analysts and market participants have at their disposal information available on the Company's IR webpage, www.arezzoco.com.br, CVM webpage, www.cvm.gov.br, and at BM&FBovespa webpage, www.bmfbovespa.com.br.

For further information, direct contact can be made with IR department by the e-mail ri@arezzoco.com.br, or telephone +55 (11) 2132-4300.

6. Officer's Statement

The Officers of Arezzo Indústria e Comércio S.A. state to have reviewed, discussed and agreed upon the Independent auditors' report and financial statements for the period ended on June 30th, 2021, according and pursuant to CVM Normative Instruction No. 480/09.

7. Disclaimer

The information contained here may include forward-looking information and reflects the executive office's current perception and prospects for the macroeconomic environment, the industry situation, the Company's performance and financial results. Any statements, expectations, capacities, plans and projections contained here which do not describe historical facts, such as information about the dividend payment statement, the future course of operations, the introduction of relevant financial strategies, the investment program and the factors or trends affecting the financial condition, liquidity or the operating results are considered forward-looking information as defined by the "U.S. Securities Litigation Reform Act" of 1995 and involve a number of risks and uncertainties. These results are not guaranteed to materialize. These statements are based on several factors and expectations, including the economic and market conditions, level of competition in the industry and operating factors. Any changes in these expectations and factors may lead to real results materially different from the current expectations.

The consolidated financial information of Arezzo Indústria e Comércio S/A - Arezzo&Co presented here complies with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, based on audited financial information. The non-financial information, as well as other operating information, was not audited by the independent auditors.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



1. Corporate information

1.1. General information

Arezzo Indústria e Comércio S.A. (the 'Company' or 'Parent company') is a listed company headquartered at Rua Fernandes Tourinho, 147 – sala 402, in the city of Belo Horizonte, State of Minas Gerais. The Company has shares traded on the *Novo Mercado* (New Market) listing segment of the São Paulo Commodities, Futures and Stock Exchange ('BM&FBOVESPA') under the ticker symbol ARZZ3 since February 2, 2011.

The Company and its subsidiaries design, develop, manufacture and market shoes, handbags, accessories and clothing for women principally, men and children.

On January 1, 2022, VQV Empreendimentos e Participações S.A. ('VQV') was merged into the Company. VQV's principal asset is the equity interest in Tiferet Comércio de Roupas Ltda. ('Tiferet'). On the same date, Tiferet was partially spun off and also merged by the Parent company.

Following the merger, VQV's interest ceased to exist and the Parent company now owns a direct interest in the portion of Tiferet not spun off.

On July 1, 2022, Baw Clothing Indústria e Comércio de Vestuários Ltda. ('BAW') was merged into the Company's subsidiary ZZAB.

At September 30, 2022, the Company had 783 franchise stores in Brazil and 6 abroad; 169 Company-operated stores in Brazil and 5 abroad; and an e-commerce channel to sell its products under the Arezzo, Schutz, Anacapri, Alexandre Birman, Fiever, Alme, Vans, Reserva, Reserva Mini, Reserva Go, Oficina, Brizza, Troc, Baw, MyShoes, Carol Bassi, Reversa, Simples Reserva and Unbrand Reserva brands.

Given its characteristics, the retail sector experiences fluctuations in sales volume over the year; higher sales volume is usually expected in the second half of the year rather than in the first six months. Due to this seasonality, the balances of accounts receivable, inventories and accounts payable may vary significantly from one period to another according to the backlog of orders and delivery dates based on the calendar of collections and special sales. This information is provided to allow for a better understanding of the results; however, management has concluded that the Company's business is not 'highly seasonal' in accordance with CPC 21 (R1)/IAS 34 *Interim Financial Reporting* and, therefore, the reporting of additional financial information is not required.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



2. Accounting policies

2.1. Basis of accounting

The condensed parent company and consolidated interim financial information included in the Quarterly Financial Information Form (ITR) have been prepared and are being presented for the nine months ended September 30, 2022, in accordance with Brazilian Accounting Standard CPC 21 (R1) *Interim Financial Reporting* issued by the Brazilian Accounting Pronouncements Committee (CPC) and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB). The condensed parent company and consolidated interim financial information comply with the standards as issued by the Brazilian Securities Commission (CVM) and that apply to preparing the ITR.

The accounting policies, estimates and methods of computation applied in these condensed interim financial information are consistent with those applied in the Company's financial statements as at and for the year ended December 31, 2021 unless otherwise stated.

These condensed interim financial information have been prepared on the historical cost basis, except for certain financial assets and liabilities that are measured at fair value. These condensed interim financial information have been prepared by the Company to provide an update on the latest complete set of annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

In order to comply with article 29 of CVM Instruction 480/09 and also to avoid repetition of information previously reported, these interim financial information do not duplicate in full or in part the following notes to the annual financial statements for the year ended December 31, 2021: 2- Accounting policies (part), 5 – Business combinations (part), 11 – Other receivables, 20 – Salaries and vacation pay, 21 – Taxes and social charges payable, 22 – Provisions for labor, tax and civil proceedings, 23 – Other payables, and 33 – Insurance.

These condensed interim financial information for the nine months ended September 30, 2022 were approved by the Company's Board of Directors on November 7, 2022.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



2. Accounting policies--Continued

2.2. Basis of consolidation

The condensed consolidated interim financial information comprise the Company and the following subsidiaries in which the Company holds a controlling financial interest as of the balance sheet date:

Subsidiaries	Country of incorporation	Total ownership interest			
		September 30, 2022		December 31, 2021	
		Direct	Indirect	Direct	Indirect
ZZAB Comércio de Calçados Ltda. ("ZZAB")	Brazil	99.99%	-	99.99%	-
ZZSAP Indústria e Comércio de Calçados Ltda. ("ZZSAP")	Brazil	99.99%	-	99.99%	-
ZZEXP Comercial Exportadora S/A ("ZZEXP")	Brazil	100.00%	-	99.99%	-
ARZZ International INC. ("ARZZ")	USA	100.00%	-	100.00%	-
ARZZ Co. LLC	USA	-	100.00%	-	100.00%
Schutz 655 LLC	USA	-	100.00%	-	100.00%
Schutz Cali LLC	USA	-	100.00%	-	100.00%
ARZZ Itália SRL	Italy	-	100.00%	-	100.00%
VQV Empreendimentos e Participações S.A. ("VQV") ⁽ⁱ⁾	Brazil	-	-	100.00%	-
Tiferet Comércio de Roupas Ltda. ("Tiferet")	Brazil	100.00%	-	-	100.00%
Troc.com.br Atividades de Internet S.A. ("Troc")	Brazil	-	81.06%	-	75.00%
Baw Clothing Indústria e Comércio de Vestuários Ltda ("Baw Clothing")(ii)	Brazil	-	-	-	100.00%
Guaraná Brasil Difusão de Moda Ltda. ("Guaraná Brasil")	Brazil	-	100.00%	-	-
Sunset Agenciamento e Intermediação S.A.	Brazil	100.00%	-	-	-
HG Indústria e Comércio de Calçados Ltda	Brazil	-	100.00%	-	-

(i) VQV Empreendimentos e Participações S.A. was merged into the Company on January 1, 2022.

(ii) Baw Clothing Indústria e Comércio was merged into ZZAB on July 1, 2022.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that control ceases. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Generally, ownership of a majority of the voting rights presumptively results in control.

The financial information of subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies for all consolidated entities. All intragroup balances, income and expenses, and any unrealized gains or losses arising from intragroup transactions, are eliminated.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions within equity.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



3. Significant judgments, estimates and assumptions

The Company reviewed the impact of COVID-19 on significant judgments, estimates and assumptions applied in its last annual financial statements for the year ended December 31, 2021 and updated the disclosures in the notes to these interim financial information accordingly.

4. New or amended standards

The following standard is effective for annual reporting periods beginning on or after January 1, 2022 and had no significant impact on the Group's consolidated interim financial information:

4.1. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to CPC 25/IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

The adoption of CPC 25/IAS 37 is not expected to have a significant impact on the Company.

4.2. Other standards

The following new and amended standards that are effective for annual periods beginning on or after January 1, 2023 are not expected to have a significant impact on the parent company and consolidated interim financial information:

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to CPC 27/IAS 16).*
- *Reference to Conceptual Framework (Amendments to CPC 15/IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to CPC 26/IAS 1).*
- *IFRS 17 Insurance Contracts.*

5. Business combinations

5.1. Acquisition of Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi')

On January 25, 2022, the Company acquired, through its subsidiary ZZAB Comércio de Calçados Ltda. ('ZZAB'), 100% of the shares in Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi'), obtaining control of Carol Bassi. Carol Bassi is a limited liability company primarily involved in the manufacture and retail of high-end womenswear. Carol Bassi has all elements of a business: inputs, processes and outputs.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.1. Acquisition of Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi')--Continued

The acquisition of the Carol Bassi brand fits well into the Company's strategy to grow its business in the fashion and retail sector, expand its market and diversify its portfolio.

The following table shows the fair values of identifiable assets acquired and liabilities assumed:

	Carrying amounts	Fair value adjustment	Fair value
Assets acquired			
Cash and cash equivalents	5,648	-	5,648
Trade receivables	8,786	304	9,090
Inventory	4,730	1,374	6,104
Property, plant and equipment	1,321	-	1,321
Intangible assets (revaluation surplus)	-	56,823	56,823
Other receivables	103	(103)	-
Liabilities assumed			
Trade payables	1,061	-	1,061
Taxes payable	1,555	385	1,940
Payroll and related charges	220	175	395
Other current liabilities	78	57	135
Total consideration			
Cash	-	-	50,000
Equity instruments (common shares in the Company)	-	-	77,073
Estimated consideration payable	-	-	50,000
Contingent consideration	-	-	20,000
Price adjustment (i)	-	-	(1,055)
Total consideration transferred	-	-	196,018
Total goodwill			120,563

(i) Price adjustment of R\$1,055 related to changes in the value of assets acquired and liabilities assumed.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.1. Acquisition of Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi')--Continued

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

a) Inventories: Refers to values of inventory of finished goods. The inventory was adjusted to fair value, taking into account an average realization period of 128 days, gross margin, selling expenses and projected benchmark interest rate (Selic).

b) Intangible assets: *Relief-from-royalty method, multi-period excess earnings method and with-without method:* The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets. The with-without method considers the value of the asset based on the difference between the cash flow with non-compete agreement and the cash flow without non-compete agreement. Intangible assets include the brand, customer relationships and non-compete agreement. Intangible assets include the trademark, customer relationships and non-compete agreement.

The total revaluation surplus of intangible assets and inventory is R\$58,995.

The key assumptions underlying the adjustments to the fair value estimates for intangible assets were as follows:

For customer relationships-- Multi-brand:

Revenue	Based on wholesale revenues, assuming a churn rate based on historical information for the period January 2019 to December 2021.
Churn rate	29% based on the average churn rate for Carol Bassi's multi-brand customers.
Useful life	Estimated at 7 years, considering a cash flow concentration of approximately 90% for the asset being valued.
Tax amortization benefit	The tax amortization benefit was calculated based on the statutory tax rate of 34% and amortization period equal to the remaining useful life of the asset.
Discount rate	13.8%, based on Carol Bassi's weighted average cost of capital (WACC) plus a risk premium.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.1. Acquisition of Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi')--Continued

For customer relationships – E-commerce:

Revenue	Based on Carol Bassi's revenues from e-commerce sales, assuming a churn rate based on historical information for the period January 2020 to December 2021.
Churn rate	63.8% based on the average customer churn rate observed in other transactions made by Arezzo.
Useful life	Estimated at 2 years, considering a cash flow concentration of approximately 90% for the asset being valued.
Tax amortization benefit	The tax amortization benefit was calculated based on the statutory tax rate of 34% and amortization period equal to the remaining useful life of the asset.
Discount rate	13.8%, based on Carol Bassi's WACC plus a risk premium.

The relief-from-royalty method was applied to the brands:

Revenue	The valuation of the Carol Bassi brand was based on assumptions and projections adopted by ZZAB's management in <i>Business Enterprise Valuation (BEV) for Carol Bassi</i> , which was used to determine the purchase price of the business combination.
Royalty rate	4.5% of projected net revenue of Carol Bassi, based on the royalties for similar transactions and existing contracts in the market.
Useful life	The remaining useful life of the brand acquired is indefinite.
Tax amortization benefit	The tax amortization benefit was calculated based on the statutory tax rate of 34% and amortization period equal to the remaining useful life of the asset for a possible amortization upon merger.
Discount rate	To calculate the present value of future cash flows from the intangible assets, the Company applied a discount rate of 14.0%, which was determined based on Carol Bassi's WACC plus a risk premium.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.1. Acquisition of Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi')--Continued

The with-without method was applied to the non-compete agreement:

Revenue	<p>The valuation of the non-compete agreement was based on assumptions and projections adopted by ZZAB's management in <i>Business Enterprise Valuation</i> (BEV) for the company, which was used to determine the purchase price of the business combination.</p> <p>The value of the asset is estimated based on the difference between the cash flow with non-compete agreement and the cash flow without non-compete agreement. In the 'without' scenario, total revenue of the operation is assumed to fall by 50% from 2022 to 2025, without a non-compete agreement and with the withdrawal of sellers by the end of 2021 based on ZZAB's management's expectation. The likelihood of sellers competing with ZZAB was estimated at 10%.</p>
Useful life	<p>The remaining useful life was estimated based on the 4-year term of the non-compete agreement, commencing in January 2022 pursuant to the Purchase and Sale Agreement.</p>
Tax amortization benefit	<p>The tax amortization benefit was calculated based on the statutory tax rate of 34% and amortization period equal to the remaining useful life of the asset.</p>
Discount rate	<p>To calculate the present value of future cash flows from the intangible assets, the Company applied a discount rate of 13.8%, which was determined based on Carol Bassi's WACC plus a risk premium.</p>

The amount of trade receivables is R\$9,090 measured at fair value.

The goodwill of R\$120,563 is attributable to the synergies expected to be achieved from integrating the entity into the Company's existing business and the expansion of the Company's addressable market.

The goodwill is expected to be deductible for income tax purposes when the subsidiary is merged into the parent in the future since the transaction was carried out in Brazil and approved by the Brazilian antitrust authority CADE. The acquisition report will be filed with the Division of Corporations to claim a tax deduction on the amortization of goodwill arising from this transaction.

The fair value of the consideration transferred considers the following:

- (i) Acquisition by ZZAB, at the acquisition date, of 17,500,000 quotas, being 4,375,000 quotas from Arnaldo Martins Bassi, 4,375,000 quotas from Anna Pellegrini Bassi and 8,750,000 quotas from Anna Carolina Martinelli Martins Pellegrini Bassi, for R\$50,000 paid at the date of the transaction as follows: R\$12,500 to quotaholder Arnaldo, R\$12,500 to quotaholder Anna and R\$25,000 to quotaholder Anna Carolina;

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.1. Acquisition of Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi')--Continued

(ii) Payment of R\$50,000 in two installments: R\$25,000 within 180 days of the closing date and R\$25,000 on the first anniversary of the closing date, to be paid at the date of each installment as follows: R\$6,250 to quotaholder Arnaldo, R\$6,250 to quotaholder Anna and R\$12,500 to quotaholder Anna Carolina;

(iii) Payment of R\$77,073 to be made by ZZAB or a third party designated by ZZAB, on behalf of and by order of ZZAB, through the delivery to Sellers Arnaldo Martins Bassi, Anna Pellegrini Bassi and Anna Carolina Martinelli Martins Pellegrini Bassi of 991,940 shares of Arezzo common stock that equal the amount of the payment ("Arezzo Shares"), calculated based on the average stock price.

Additionally, the payment will be made in five installments: the first installment totaling 247,986 shares in 180 days after the closing date, the second installment totaling 371,978 shares after 360 days, and the last three installments on the second, third and fourth year after the closing date, with each installment of 123,992 shares.

The Company incurred acquisition-related costs of R\$725. These costs have been included in 'administrative expenses'. Carol Bassi contributed net revenue of R\$42,063 and net profit of R\$13,387 to the Company's results for the period between the acquisition date and September 30, 2022.

5.1. Calçados Malu Ltda.

On May 31, 2022, the Company acquired, through its subsidiary ZZSAP Indústria e Comércio de Calçados Ltda. ('ZZSAP'), 100% of the industrial park and assumed the outstanding labor liability of Calçados Malu Ltda. ('Malu') while continuing to work with current suppliers to keep the plant in operation during the transfer of control to ZZSAP. Malu is a limited liability company that manufactures two private women's shoes brands and renowned third-party brands both for domestic and international supply. Malu has all elements of a business: inputs, processes and outputs.

The acquisition of Malu fits well into the Company's strategy to grow its business in the fashion and retail sector, expand its market and diversify its portfolio. The shoes production processes were maintained and the workers who are responsible for these production processes were transferred to ZZSAP without any production stoppage at the plant during the transition period.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.2. Calçados Malu Ltda.--Continued

Set out below are the fair values of the identifiable assets acquired and liabilities assumed, measured on a provisional basis. The measurements have been determined only provisionally, and must be finalized within 12 months of the acquisition date, as required by CPC 15 *Business Combination*. Management does not expect any material adjustments to the provisional accounting.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	<u>Fair value</u>
Assets acquired	
Property, plant and equipment	3,599
Liabilities assumed	
Employee-related liabilities and social charges	2,056
Provision for contingencies	14
Other liabilities	16
Consideration	
Down payment made in December 2021	7,537
Payments in 2022	9,200
Cash to be transferred in installments	800
Total consideration transferred	17,537
Total goodwill	16,024

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

- a) **Machinery and equipment:** The values of machinery and equipment were obtained by reference to current market sales prices of several domestic and international manufacturers and Deloitte's valuation report based on Deloitte database with information about recent transaction prices for similar assets.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.2. Calçados Malu Ltda.--Continued

The values were adjusted at the date of the valuation using the index for machinery and equipment from Fundação Getúlio Vargas (FGV) and for the effect of exchange rate movements.

Thus, the replacement values of the equipment and facilities were determined, i.e. how much they would worth if they were assembled now, keeping the original and current location of installation, plus costs of installation, freight, insurance, management and engineering project (where applicable). All costs necessary to replace the assets were included in the calculation, considering exchange rate movements at the date of the valuation for assets of foreign origin.

The following criteria were also applied:

- (i) For assets of domestic or foreign origin, with a normal production line, we used the Direct Comparison Method of Replacement Cost to arrive at the asset's replacement value by reference to the price of the authorized manufacturer or distributor, including any taxes due where applicable;
- (ii) For discontinued assets, we used the Indirect Comparison Method of Replacement Cost, also known as Replacement Method, to arrive at the asset's replacement value by reference to the price of a similar asset in the market with similar technical and operational characteristics; and
- (iii) Cost-to-Capacity – When necessary, we applied concepts of correlation and the 6/10 rule to adjust the quoted values to nominal capacity for valuation base. The market value of each asset was derived from the result between the replacement value and the depreciation coefficient that was determined using the Present Worth Depreciation Method of Marston & Agg, taking into account the following parameters:
 - a) Useful life: the period of time from the date the asset is installed or placed in service to the time the service provided ceases to be economically profitable.
 - b) For the other assets, the useful life was determined by reference to the American Society of Appraisers – Machinery & Technical Specialties Committee's 2010 Estimated Normal Useful Life Study.

The goodwill of R\$16,024 arising from the acquisition is attributable to the synergies expected to be achieved from integrating the entity into the Company's existing business and the expansion of the Company's addressable market.

The fair value of the consideration transferred considers the acquisition by ZZSAP, at acquisition date, of industrial equipment and assumption of labor liabilities, to be paid at the date of the transaction, in the amount of R\$17,537.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.2. Calçados Malu Ltda.--Continued

The Company incurred acquisition-related costs of R\$410. These costs have been included in 'administrative expenses'. Malu contributed net revenue of R\$16,488 and loss of R\$4,802 to the Company's results for the period between the acquisition date and September 30, 2022.

5.3. HG Indústria e Comércio de Calçados Ltda.

On August 31, 2022 (closing date), the Company acquired, through its subsidiary ZZSAP Indústria e Comércio de Calçados Ltda. ('ZZSAP'), 100% of the shares in HG Indústria e Comércio de Calçados Ltda. ('HG'), obtaining control of HG. HG is a limited liability company primarily involved in manufacturing, selling, exporting and importing shoes, components, handbags, belts, wallets and clothing, as well as materials made from synthetic fabric in general.

The acquisition of HG fits well into the Company's strategy to deepen the management of its supply chain.

The measurements have been determined provisionally, and must be finalized within 12 months of the acquisition date, as required by CPC 15 *Business Combination*. Management does not expect any material adjustments to the provisional accounting. The fair values of the identifiable assets acquired and liabilities assumed and the consequent measurement of the goodwill and bargain purchase have been measured on a provisional basis.

The total consideration transferred was R\$3,706 in cash equivalents to Sellers João Fernando Hartz and Márcia Meneghetti at the closing date.

HG contributed net revenue of R\$5,579 and loss of R\$696 to the Company's results for the period between the acquisition date and September 30, 2022.

If the acquisition of HG had been completed on the first day of the nine-month period ended September 30, 2022, the Company's net revenue would have been R\$2,970,118 and the Company's profit for the period would have been R\$322,041.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.3. HG Indústria e Comércio de Calçados Ltda.--Continued

The following table sets out the recognized amounts of identifiable assets acquired and liabilities assumed, measured on a provisional basis:

	Carrying amount
Assets acquired	
Cash and cash equivalents	1,895
Trade receivables	2,076
Taxes recoverable	2,235
Inventory	11,285
Property, plant and equipment	3,819
Intangible assets	29
Other assets	1,237
Liabilities assumed	
Loans and borrowings	2,670
Trade payables	5,525
Taxes payable	2,619
Employee-related liabilities and social charge	1,224
Other liabilities	225
Consideration	
Cash	3,706
Total consideration transferred	3,706
Bargain purchase	(6,607)

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.4. Sunset Agenciamento e Intermediação S.A.

On August 31, 2022 (closing date), the Company acquired 100% of the shares in Sunset Agenciamento e Intermediação S.A. ('Sunset'), obtaining control of the acquiree. Sunset is a corporation primarily engaged in intermediation of services and business in general except real estate transactions, including (a) wholesale distribution of clothing and accessories, except safety workwear, (b) wholesale distribution of footwear, (c) wholesale distribution of handbags, travel suitcases and accessories.

The fair value of the consideration transferred includes:

- (i) The amount of R\$9,406 paid in cash equivalents to Sellers João Fernando Hartz and Márcia Meneghetti at the closing date;
- (ii) The issue of 372,307 new registered, book-entry, common shares without par value, in the total amount of R\$24,957, in the name of Sellers, for the acquisition of the shares in Sunset at the closing date. This amount resulted also in an increase of the share capital of the Company.

The acquisition of Sunset fits well into the Company's strategy to deepen the management of its supply chain.

The measurements have been determined provisionally, and must be finalized within 12 months of the acquisition date, as required by CPC 15 *Business Combination*. Management does not expect any material adjustments to the provisional accounting. The fair values of the identifiable assets acquired and liabilities assumed and the consequent measurement of the goodwill and bargain purchase have been measured on a provisional basis.

The goodwill of R\$32,461 arising from the acquisition is attributable to the synergies expected to be achieved from integrating the entity into the Company's existing business.

Sunset contributed net revenue of R\$1,825 and loss of R\$113 to the Company's results for the period between the acquisition date and September 30, 2022.

If the acquisition of Sunset had been completed on the first day of the nine-month period ended September 30, 2022, the Company's net revenue would have been R\$2,938,919 and the Company's profit for the period would have been R\$321,220.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



5. Business combinations--Continued

5.4. Sunset Agenciamento e Intermediação S.A.--Continued

The following table sets out the recognized amounts of identifiable assets acquired and liabilities assumed, measured on a provisional basis:

	Carrying amount
Assets acquired	
Cash and cash equivalents	720
Trade receivables	1,362
Taxes recoverable	107
Property, plant and equipment	804
Intangible assets	58
Other assets	449
Liabilities assumed	
Trade payables	65
Taxes payable	293
Employee-related liabilities and social charge	1,184
Other liabilities	56
Consideration	
Cash	9,406
Equity instruments	24,957
Total consideration transferred	34,363
Goodwill	32,461

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



6. Cash and cash equivalents

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Cash and banks				
Cash on hand	1,083	198	1,832	3,058
Cash at banks	371	975	12,696	27,237
Cash equivalents				
Certificates of bank deposit (CDB)	51,994	-	51,994	-
Automatic investments	877	1,275	8,411	3,455
Total cash and cash equivalents	54,325	2,448	74,933	33,750

At September 30, 2022, the average rate of interest is 91% of the Interbank Deposit Certificate rate (CDI) (December 31, 2021 – 13%).

7. Cash investments

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Current				
Investment fund				
Financial Treasury Bills (LFT)	72,081	23,478	247,955	84,337
Securities purchased under resale agreements	30,218	29,079	103,247	108,437
Private securities (CEF)	15,656	6,843	53,493	25,660
Certificates of bank deposit (CDB)	39,923	10,375	66,494	10,375
Total cash investments	157,878	69,775	471,189	228,809

Exclusive investment fund

ZZ Referenciado DI Credito Privado is a private fixed-income investment fund under management, administration and custody of Banco Santander S.A. The investment fund has no significantly high costs of operation. The fund's costs consist of asset management fees, custody fees, auditor fees, and other operational expenses.

This investment fund is exclusive to the Company and its subsidiaries and therefore was included in the consolidated financial information as required by CVM Instruction 408/04.

As of September 30, 2022, the investment fund provides average interest of 104.4% of the interbank deposit rate (CDI) (December 31, 2021: 101.1%). It has 57% of assets in treasury bills (LFTs) (December 31, 2021: 38%), 24% in resale agreements (December 31, 2021: 50%), 7% in CDB, 12% in private securities (December 31, 2021: 12%). Seventy-five percent of the fund's assets provide daily liquidity (December 31, 2021: 86%).

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



7. Cash investments--Continued

The Company's financial investment policy is to hold a portfolio of low-risk securities with top-tier financial institutions (top 10 financial institutions in the country) with the objective of earning interest based principally on the CDI rate.

At September 30, 2022, the Company has not pledged any investment as collateral to financial institutions.

8. Trade receivables

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Domestic customers				
Trade notes receivable	507,437	404,710	538,015	470,132
Trade notes receivable from related parties (Note 12a)	125,730	81,650	-	-
Total domestic customers	633,167	486,360	538,015	470,132
Foreign customers				
Trade notes receivable	1,249	5,446	57,203	64,056
Trade notes receivable from related parties (Note 12a)	-	25,730	-	-
Total foreign customers	1,249	31,176	57,203	64,056
Others				
Credit cards	44,147	-	139,172	271,562
Checks and other amounts	153	113	508	134
Total others	44,300	113	139,680	271,696
	678,716	517,649	734,898	805,884
(-) Loss allowance	(9,257)	(8,844)	(10,955)	(11,306)
Total trade receivables	669,459	508,805	723,943	794,578
Current	647,919	481,059	722,016	790,302
Non-current	21,540	27,746	1,927	4,276

Third-party credit cards – sales through credit card can be made for payment in a lump sum or in installments. The credit risk in these transactions is assumed by the credit card companies.

Trade notes receivable – The Company offers its customers that are legal entities an installment payment option through trade notes. The credit risk in these transactions is assumed by the Company.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



8. Trade receivables--Continued

The customer sales policies are subordinated to the credit policies established by management and are designed to minimize problems arising out of failure of customers to pay on due date. Sales transactions with retail customers are included in 'credit cards', and transactions with sales representatives and distributors (franchisees), which have a structured relationship with the Company, are included in 'trade notes receivable – domestic customers'.

Trade receivables from foreign customers by currency are as follows:

	Parent company		Consolidated	
	September	December	September	December
	30, 2022	31, 2021	30, 2022	31, 2021
USD	1,249	31,176	56,943	63,413
EUR	-	-	260	643
	1,249	31,176	57,203	64,056

The movement in the loss allowance for trade receivables during the period was as follows:

	Parent company		Consolidated	
	September	December	September	December
	30, 2022	31, 2021	30, 2022	31, 2021
Balance at the beginning of the period	(8,844)	(9,192)	(11,306)	(11,571)
(Additions) reversals	(2,949)	(7,856)	(6,373)	(10,244)
Realized	3,929	8,204	6,724	10,509
Merger of subsidiary	(1,393)	-	-	-
Balance at the end of the period	(9,257)	(8,844)	(10,955)	(11,306)

The aging analysis of these trade receivables is as follows:

	Parent company		Consolidated	
	September	December	September	December
	30, 2022	31, 2021	30, 2022	31, 2021
Current (not past due)	660,263	505,065	708,165	774,606
1-30 days past due	4,785	3,081	5,096	7,940
31-60 days past due	2,703	4,300	5,176	9,890
61-90 days past due	1,951	1,231	4,591	2,934
91-180 days past due	5,353	1,821	7,100	3,928
181-360 days past due	2,273	482	2,668	1,104
More than 360 days past due	1,388	1,669	2,102	5,482
	678,716	517,649	734,898	805,884

Default may be a warning sign that a customer is experiencing payment difficulties; however, the Company is monitoring in a timely manner the market value of the transaction and its customers' inventories and has identified

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)

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no signs of insolvency. Depending on the market reaction, we can consider extending payment terms for our customers and re-evaluate the necessity of a loss allowance.

8. Trade receivables--Continued

The Company assesses the risk of loss on outstanding accounts receivable on a periodic basis and recognized an additional loss allowance of R\$6,373 for trade receivables for the nine months ended September 30, 2022 (December 31, 2021: R\$10,244). This allowance was included in 'selling expenses'.

9. Inventories

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Finished goods	367,994	125,967	591,763	352,219
Raw materials	91,861	3,600	117,860	72,448
Work in progress	2,474	-	28,366	23,356
Advances to suppliers	31,503	10,539	38,715	13,965
(-) Allowance for impairment	(13,932)	(6,408)	(21,644)	(11,501)
total inventories	479,900	133,698	755,060	450,487

The Parent's total balance of inventories includes R\$139,987 from the merged subsidiary Tiferet Comércio de Roupas Ltda: R\$107,443 in finished goods, R\$35,937 in raw materials and R\$1,027 in work in progress.

The movement in the allowance for impairment during the period was as follows:

	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Balance at the beginning of the period	(6,408)	(4,546)	(11,501)	(7,214)
(Additions) reversals	(7,406)	(4,666)	(14,446)	(7,091)
Realized	4,303	2,804	4,303	2,804
Merger of subsidiary	(4,421)	-	-	-
Balance at the end of the period	(13,932)	(6,408)	(21,644)	(11,502)

Inventory impairment is estimated based on obsolete or slow-moving inventory and unsold items.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



10. Taxes recoverable

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
State value-added tax on sales and services (ICMS)	105,737	12,436	125,394	51,045
Corporate income tax (IRPJ)	8,869	1,494	11,022	1,583
Social contribution on net income (CSLL)	3,202	966	3,418	996
Social integration program (PIS) and Social contribution	133,392	127,635	162,981	143,230
Excise tax (IPI)	-	-	1,831	1,054
Other	5,979	2,046	6,739	3,579
Total	257,179	144,577	311,385	201,487
Current	146,204	16,942	183,431	73,852
Non-current	110,975	127,635	127,954	127,635

(i) In the nine-month period ended September 30, 2022, federal tax credits (PIS and COFINS) were recognized in respect of expenses on goods and services that are essential to the Company's activities (Note 27).

The Parent's total balance of taxes recoverable includes R\$28,336 from the merged subsidiary Tiferet Comércio de Roupas Ltda: R\$28,318 in ICMS and R\$18 in IRPJ.

11. Income tax and social contribution

a) Deferred taxes

Tax trigger events	Parent company					
	September 30, 2022			December 31, 2021		
	IRPJ base	CSLL base	IRPJ/CSLL	IRPJ base	CSLL base	IRPJ/CSLL
Tax losses	152,107	181,301	54,344	151,212	179,218	53,933
Unrealized profit on inventories	50,617	50,617	17,210	32,809	32,809	11,155
Loss allowance for trade receivables	9,679	9,679	3,291	8,844	8,844	3,007
Provision for commissions	12,395	12,395	4,214	9,947	9,947	3,382
Provision for labor, tax and civil proceedings	11,183	11,183	3,802	7,785	7,785	2,649
Allowance for inventory impairment	13,932	13,932	4,737	6,293	6,293	2,140
Provision for employee profit sharing	31,637	31,637	10,757	-	-	-
Other provisions	16,023	16,023	5,448	5,119	5,119	1,739
Deferred tax assets	297,573	326,767	103,803	222,009	250,015	78,005
Provision for tax credits (i)	(69,082)	(69,082)	(23,488)	(79,016)	(79,016)	(26,865)
Goodwill arising from acquisition of subsidiaries	(61,401)	(61,401)	(20,876)	-	-	-
Deferred tax liabilities	(130,483)	(130,483)	(44,364)	(79,016)	(79,016)	(26,865)
Total	167,090	196,284	59,439	142,993	170,999	51,140

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



(i) Recognized tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS, excluding the portion exempted from IRPJ and CSLL on interest accrued on tax credits, according to the Supreme Court's recent decision.

11. Income tax and social contribution--Continued

a) Deferred taxes--Continued

Tax trigger events	Consolidated					
	September 30, 2022			December 31, 2021		
	IRPJ base	CSLL base	IRPJ/CSLL	IRPJ base	CSLL base	IRPJ/CSLL
Tax losses	257,624	286,818	90,220	249,999	278,005	87,520
Unrealized profit on inventories	50,617	50,617	17,210	32,809	32,809	11,155
Loss allowance for trade receivables	9,862	9,862	3,353	10,510	10,510	3,573
Provision for commissions	12,395	12,395	4,214	9,947	9,947	3,382
Provision for labor, tax and civil proceedings	16,567	16,567	5,633	13,866	13,866	4,714
Allowance for inventory impairment	14,260	14,260	4,848	12,512	12,512	4,254
Provision for employee profit sharing	32,887	32,887	11,182	-	-	-
Other provisions	19,803	19,803	6,733	7,893	7,893	2,687
Deferred tax assets	414,015	443,209	143,393	337,536	365,542	117,285
Provision for tax credits (i)	(69,082)	(69,082)	(23,488)	(79,016)	(79,016)	(26,865)
Provision for foreign exchange losses	(10,509)	(10,509)	(3,572)	(16,575)	(16,575)	(5,636)
Goodwill arising from acquisition of subsidiaries	(65,570)	(65,570)	(22,294)	-	-	-
Subtotal	(145,161)	(145,161)	(49,354)	(95,591)	(95,591)	(32,501)
Total	268,854	298,048	94,039	241,945	269,951	84,784
Deferred tax assets			97,542			90,225
Deferred tax liabilities			(3,503)			(5,441)

(i) Recognized tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS, excluding the portion exempted from IRPJ and CSLL on interest accrued on tax credits, according to the Supreme Court's recent decision.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



11. Income tax and social contribution--Continued

a) Deferred taxes--Continued

The following table shows a reconciliation of deferred tax assets and liabilities:

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Opening balance	51,140	48,850	84,784	80,632
Deferred income tax recognized in the statement of incor	4,779	2,290	9,255	4,152
Merger of subsidiary	3,520	-	-	-
Balance at the end of the period	59,439	51,140	94,039	84,784
Deferred tax assets	59,439	51,140	97,542	90,225
Deferred tax liabilities	-	-	(3,503)	(5,441)

The studies and projections carried out by the Company's management indicate that there will be sufficient future taxable profit to allow the related tax benefit to be utilized in the next years.

Based on projections of future taxable profits, deferred tax assets are expected to be recovered as follows:

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
2022	35,725	20,136	40,313	35,544
2023	30,677	18,228	41,773	28,752
2024	17,383	19,477	26,880	31,184
2025	15,243	14,427	24,776	16,067
2026	4,775	5,737	9,651	5,738
Deferred tax assets	103,803	78,005	143,393	117,285

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



11. Income tax and social contribution--Continued

a) Reconciliation of tax charges between statutory and effective tax rates

A reconciliation of tax expense calculated at the statutory tax rates to tax expense at the effective tax rate is as follows:

	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit before income tax and social contribution	312,918	253,792	371,707	283,316
Statutory tax rate	34.0%	34.0%	34.0%	34.0%
Expected income tax and social contribution expense at the statutory tax rate	(106,392)	(86,289)	(126,380)	(96,327)
Tax benefits from technological innovation and research expenses - Law 11,196/05	4,539	6,437	4,539	6,437
Share of profit of equity-accounted investees	27,578	26,696	-	-
Unrecognized deferred tax assets relating to tax losses of subsidiaries	-	-	(21,702)	(10,642)
Interest on capital	23,692	10,060	23,692	10,060
Tax incentives (Workers' Meal Program (PAT), Rouanet Law)	-	183	286	354
Government subsidies (i)	59,620	18,376	69,835	40,296
Share-based payment expenses	(3,723)	(1,652)	(3,723)	(1,652)
Tax-exempt income	2,137	16,119	2,137	16,119
Other permanent differences	(2,672)	(2,621)	(4,437)	(8,159)
Income tax and social contribution expense	4,779	(12,691)	(55,753)	(43,514)
Current	-	(8,904)	(65,007)	(41,429)
Deferred	4,779	(3,787)	9,254	(2,085)
Effective tax rate	(1.5%)	5.0%	15.0%	15.3%

(i) ICMS tax incentives considered to be investment subsidies under Complementary Law No. 160/2017. See Note 29 for details.

At September 30, 2022, deferred tax assets have not been recognized in respect of tax losses of subsidiaries because it is not probable that future taxable profit will be available against which such losses can be used. The unrecognized deferred tax assets, which do not expire, are R\$21,702 for the nine months ended September 30, 2022 (September 30, 2021: R\$10,642) and R\$122,135 for the current financial year to date (December 31, 2021: R\$100,433).

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



11. Income tax and social contribution--Continued

c) Assessment of impacts of ICPC 22/IFRIC 23 *Uncertainty over Income Tax Treatments*

Management assessed the impacts of applying ICPC 22/IFRIC23 that addresses the accounting for income taxes when there is uncertainty over income tax treatments. Based on its assessment, management determined that the tax treatment used by the Company is more likely than not to be accepted by the taxation authority as described below:

- I. Tax Debt Annulment Action No. 1015792-98.2017.4.01.3400 with the 4th Federal Court of the Federal District, to suspend and subsequently annul the debts claimed through notices of assessment subject of administrative proceeding No. 15504.725551/2013-17 (for alleged omissions of interest income from loan agreements with associates in calendar years 2008 and 2009; excess deduction of interest on capital payment expenses in calendar years 2008 and 2009, supposedly disproportionate to the equity interest, and allegedly undue tax amortization of goodwill paid on acquisition of the Company by BRICS on November 8, 2007), as well as for the Company to have the right to deduct goodwill amortization expense from, at least, the social contribution tax basis and to cancel fines for non-payment of amounts allegedly owed, pursuant to article 44, II, of Law No. 9,430/1996 (about 50%). The Company is awaiting an examination by an accounting expert with the objective of demonstrating that the transaction carried out at the time of the acquisition of the shares by BRICS had a substantial business purpose and an economic effect. The likelihood of loss is considered possible, in the amount of approximately R\$33,540 (December 31, 2021: R\$30,932).

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



12. Related parties

a) Balances and transactions with subsidiaries

	September 30, 2022						
	Current assets	Non-current assets		Current liabilities	Non-current liabilities	Transactions	
	Accounts receivable	Accounts receivable	Loans to subsidiaries	Trade payables	Loans from subsidiaries	Sales	Purchases
Parent company							
ARZZ	-	20,975	-	-	-	1,202	-
ZZAB	98,434	-	-	14,786	-	416,875	14,958
ZZSAP	661	-	4,670	-	-	240	173,462
ZZEXP	5,660	-	-	-	51,632	679	-
Total - Parent company	104,755	20,975	4,670	14,786	51,632	418,996	188,420

	December 31, 2021			September 30, 2021		
	Current assets	Non-current assets		Current liabilities	Transactions	
	Accounts receivable	Accounts receivable	Loans to subsidiaries	Trade payables	Sales	Purchases
Parent company						
ARZZ	-	25,730	-	-	-	-
ZZAB	60,960	-	-	853	277,528	908
ZZSAP	186	-	6,012	5,374	3	97,788
ZZEXP	4,982	-	-	-	1,543	-
Tiferet	15,522	-	72,605	-	-	-
Baw Clothing	-	-	5,570	-	-	-
Total - Parent company	81,650	25,730	84,187	6,227	279,074	98,696

b) Nature, terms and conditions of transactions with subsidiaries

The transactions with related parties are conducted on commercial and financial terms agreed upon between the parties concerned, which are not comparable to terms that could be obtained from an arm's length dealing with unrelated third parties.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



12. Related parties--Continued

As at September 30, 2022, loans granted to subsidiaries are R\$4,670 (December 2021: R\$84,186) and loans from subsidiaries are R\$51,632. The loans are subject to the CDI rate in effect at the date of signing the agreement.

The most common related-party transactions are:

- sales from the Parent company to subsidiaries ZZAB and ARZZ;
- sales from subsidiary ZZEXP to subsidiary ARZZ and
- sales from subsidiary ZZSAP to the Parent company and to subsidiary ZZEXP.

c) Key management personnel compensation

Compensation of key management personnel includes salaries, fees, profit sharing and share-based payment. For the nine-month period ended September 30, 2022, key management personnel compensation totaling R\$13,404 (September 30, 2021: R\$11,479) comprised the following:

	September 30, 2022	September 30, 2021
Annual fixed remuneration (salaries and fees)	6,871	6,000
Variable remuneration (bonus)	2,864	4,410
Share-based payments	3,669	1,069
Total compensation paid to key management person	13,404	11,479

The Company has a profit-sharing plan with the main goal of rewarding employee performance during the year. On a monthly basis, the Company recognizes a liability and an expense for profit sharing based on the estimates of achievement of the operating targets and specific goals established and approved by management. The profit-sharing payments are recorded in liabilities within 'salaries and social charges' and in the statement of income within 'selling expenses' and 'general and administrative expenses' (Note 24).

The Company and its subsidiaries do not provide post-employment benefits, termination benefits or other benefits to their management and employees.

d) Transactions or relationships with shareholders

At September 30, 2022, certain Company officers and directors directly own a total interest of 44.8% in the Company (December 31, 2021: 49.7%).

e) Other related-party transactions

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The Company has a service agreement with the firm Ethos Desenvolvimento S/C Ltda. owned by Mr. José Ernesto Beni Bolonha, a member of the Company's Board of Directors. In the period ended September 30, 2022, this firm received R\$461 (December 31, 2021: R\$671).

13. Equity-accounted investees

a) Summary of balance sheet and statement of income of subsidiaries

Subsidiaries	September 30, 2022					
	Assets	Liabilities	Equity	Share capital	Net revenue	Profit (loss) for the period
ARZZ	248,256	335,886	(87,630)	262,401	273,660	(34,057)
ZZAB	926,051	354,418	571,633	168,516	690,101	95,119
ZZSAP	158,639	102,993	55,646	22,822	232,505	(2,861)
ZZEXP	241,654	184,919	56,735	2,000	174,026	22,247
TIFERET	260,092	83,581	176,511	64,441	-	993
TROC	-	-	-	-	92	(216)
SUNSET	4,083	2,294	1,789	150	1,825	(113)

Subsidiaries	December 31, 2021			September 30, 2021		
	Assets	Liabilities	Equity	Share capital	Net revenue	Profit (loss) for the period
ARZZ	224,598	288,685	(64,087)	252,250	180,302	(26,104)
ZZAB	645,866	189,490	456,376	148,383	459,700	65,232
ZZSAP	110,502	51,994	58,508	22,822	136,210	2,459
ZZEXP	210,168	175,680	34,488	2,000	104,329	19,828
VQV	552,765	376,898	175,867	107,276	292,695	17,103

b) Balances of investments and share of profit of equity-accounted investees

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)

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	Investments		Share of profit of equity-	
	September 30, 2022	December 31, 2021	September 30, 2022	September 30, 2021
ZZAB	571,633	456,376	95,119	65,232
ZZSAP	55,646	58,508	(2,861)	2,459
ZZEXP	56,735	34,488	22,247	19,828
VQV	-	175,867	-	17,103
TIFERET	176,511	-	993	-
TROC	-	-	(216)	-
SUNSET	1,789	-	(113)	-
Goodwill arising on the acquisition of subsidiary VQV (i)	-	467,659	-	-
Goodwill arising on the acquisition of subsidiary Sunset	32,461	-	-	-
Fair value adjustments arising on acquisition of subsidiary	-	263,533	-	-
- VQV (i)	-	-	-	-
Total investments	894,775	1,456,431	115,169	104,622
ARZZ	(87,630)	(64,087)	(34,057)	(26,104)
Total	807,145	1,392,344	81,112	78,518

(i) VQV Empreendimentos e Participações S.A. was merged into the Company on January 1, 2022.

13. Equity-accounted investees--Continued

c) Movements in investments

	September 30, 2022	December 31, 2021
Balance at the beginning of the period, net of loss allowance	1,392,344	1,186,515
Capital contribution	30,151	90,158
Acquisition of subsidiary	1,902	-
Goodwill arising from acquisition of subsidiary	32,461	-
Distribution of dividends	-	(14,984)
Amortization of fair value adjustments arising on the acquisition of subsidiary	-	(6,459)
Transfer of goodwill arising from acquisition of subsidiary	(467,659)	-
Transfer of fair value adjustments arising from acquisition of subsidiary	(263,533)	-
Share of profit of equity-accounted investees	81,112	139,251
Investment written off due to merger of subsidiary VQV	(175,867)	-
Investment arising from merger of subsidiary Tiferet	175,800	-
Other comprehensive income (loss)	434	(2,137)
Balance at the end of the period, net of loss allowance	807,145	1,392,344

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



14. Property, plant and equipment

Details of the movement in property, plant and equipment are as follows:

	Computers and peripherals	Furniture and fittings	Machinery and equipment	Facilities and showroom	Vehicles	Land	Right-of-use assets	Key money	Total
Parent company									
Balance at December 31, 2020	5,828	4,755	4,066	13,732	9	84	20,598	-	49,072
Purchases	7,503	5,017	2,557	11,753	-	-	2,510	-	29,340
Depreciation	(1,807)	(810)	(861)	(1,943)	(2)	-	(6,151)	-	(11,574)
Write-offs	(68)	-	-	-	-	(14)	-	-	(82)
Balance at September 30, 2021	11,456	8,962	5,762	23,542	7	70	16,957	-	66,756
Balance at December 31, 2021	11,737	9,552	6,066	26,048	6	-	16,624	-	70,033
Purchases	6,419	12,245	4,124	39,445	-	-	71,164	-	133,397
Merger of subsidiary	3,632	22,718	4,671	27,250	5	-	64,202	-	122,478
Depreciation	(3,698)	(4,631)	(2,586)	(7,927)	(18)	-	(20,709)	-	(39,569)
Write-offs	-	-	-	-	-	-	(11,721)	-	(11,721)
Transfer	180	663	109	1,476	270	-	-	9,310	12,008
Balance at September 30, 2021	18,270	40,547	12,384	86,292	263	-	119,560	9,310	286,626
Average depreciation rate	20%	10%	10%	10%	20%	-	25%	Indefinite	

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)

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Consolidated	Computers and peripherals	Furniture and fittings	Machinery and equipment	Facilities and showroom	Vehicles	Land	Right-of-use assets	Key money	Total
Balance at December 31, 2020	8,632	27,455	13,267	61,777	15	84	205,070	-	316,300
Acquisition of subsidiary	182	212	58	58	91	-	-	-	601
Purchases	10,934	14,762	7,564	26,351	-	-	32,023	-	91,634
Depreciation	(2,862)	(2,634)	(2,210)	(14,291)	(3)	-	(44,509)	-	(66,509)
Write-offs	19	398	4	342	-	(14)	(296)	-	453
Effect of movements in exchange rates	20	160	-	481	-	-	4,924	-	5,585
Balance at September 30, 2021	16,925	40,353	18,683	74,718	103	70	197,212	-	348,064
Balance at December 31, 2021	18,028	48,884	20,273	94,895	96	-	221,692	-	403,868
Acquisition of subsidiary	263	1,050	1,695	2,614	322	-	-	-	5,944
Purchases	8,019	20,330	9,977	48,431	78	-	143,651	-	230,486
Acquisition through business combination	-	-	3,599	-	-	-	-	-	3,599
Transfer	180	663	109	1,476	270	-	-	39,721	42,419
Depreciation	(4,635)	(7,419)	(4,073)	(14,506)	(49)	-	(51,630)	-	(82,312)
Write-offs	(33)	(5)	1	(6)	-	-	(14,509)	-	(14,552)
Effect of movements in exchange rates	7	(114)	-	(432)	-	-	(2,663)	-	(3,202)
Balance at September 30, 2022	21,829	63,389	31,581	132,472	717	-	296,541	39,721	586,250
Average depreciation rate	20%	10%	10%	10%	20%	-	25%	Indefinite	

15. Intangible assets

Details of the movement in intangible assets are as follows:

Parent company	Trademarks and patents	Key money	Software licenses	Customer relationships	Goodwill	Total
Balance at December 31, 2020	5,582	-	51,928	-	-	57,510
Acquisitions	3,188	3,372	15,571	-	-	22,131
Amortization	-	-	(6,085)	-	-	(6,085)
Balance at September 30, 2021	8,770	3,372	61,414	-	-	73,556
Balance at December 31, 2021	8,794	3,371	68,906	-	-	81,071
Acquisitions	273	359	62,723	-	-	63,355
Merger of subsidiary	255,269	6,871	24,106	9,025	467,659	762,930
Transfers	-	(9,338)	621	-	-	(8,717)
Amortization	-	(1,263)	(19,838)	-	-	(21,101)
Balance at September 30, 2022	264,336	-	136,518	9,025	467,659	877,538
Average amortization rate	Indefinite	Indefinite	20%	7%		

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



Consolidated	Trademarks and patents	Key money	Key money	Customer relationships	Goodwill	Software licenses	Other (i)	Total
Balance at December 31, 2020	261,966	33,827	-	12,271	466,128	55,676	-	829,868
Acquisitions	3,188	-	13,151	-	88,882	28,707	-	133,928
Amortization	-	-	(485)	(256)	-	(8,753)	-	(9,494)
Effect of movements in exchange rates	65	-	-	-	-	103	-	168
Acquisition of subsidiary	7,347	-	-	-	-	260	-	7,607
Write-offs	(2,840)	-	446	(499)	-	-	-	(2,893)
Revaluation surplus	-	-	-	31,333	-	-	-	31,333
Transfers	-	(5,177)	5,177	-	-	-	-	-
Balance at September 30, 2021	269,726	28,650	18,289	42,849	555,010	75,993	-	990,517
Balance at December 31, 2021	300,764	28,652	14,297	11,823	560,896	98,486	-	1,014,918
Acquisitions	273	5,341	-	143	-	67,944	-	73,701
Amortization	174	(2,335)	-	(384)	-	(21,408)	-	(23,953)
Effect of movements in exchange rates	3	-	-	(76)	-	(86)	-	(159)
Acquisition of subsidiary	53,885	-	-	1,874	169,048	87	1,062	225,956
Transfers	-	(31,658)	(14,297)	-	-	3,461	-	(42,494)
Balance at September 30, 2022	355,099	-	-	13,380	729,944	148,484	1,062	1,247,969
Average amortization rate	Indefinite	Indefinite	10% to 20%	7%	Indefinite	20%		

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



16. Loans and borrowings

Loans and borrowings can be summarized as follows:

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Total in local currency	9,735	174,570	10,362	218,485
FINAME (a)	-	-	150	206
Working capital (b)	9,735	9,643	9,738	9,649
Working capital	-	-	-	43,703
Working capital - Law 4,131 (c)	-	164,927	474	164,927
Total in foreign currency	170,215	172,278	401,124	316,109
Working capital - Law 4,131 (d)	170,215	172,278	170,215	172,278
Working capital	-	-	-	2,738
ACC (e)	-	-	230,909	141,093
Total loans and borrowings	179,950	346,848	411,486	534,594
Current	170,450	337,348	401,433	496,861
Non-current	9,500	9,500	10,053	37,733

At September 30, 2022, the maturities and interest rate and charges on outstanding loans are as follows:

- a) Machine and equipment financing (FINAME): This facility is repayable in monthly installments until October 2024 and has an interest rate of 6.0% p.a.
- b) Working capital: This loan is repayable until December 2026 and has an average interest rate based on the interbank deposit rate (CDI) plus 1.80% p.a.
- c) Working capital: This loan is denominated in Brazilian real and matures in September 2024. Interest is paid at the rate of 7.25% p.a.
- d) Working capital – Law No. 4,131: This loan is denominated in U.S. dollar and matures in December 2022. Interest is paid at the rate of CDI plus 2.35% p.a.
- e) Advance on foreign exchange contract (ACC): This facility is denominated in U.S. dollar and has an average interest rate of 4.10% p.a. plus the effect of changes in exchange rates. There are various agreements with maturities until September 2023.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



16. Loans and borrowings--Continued

Details of the movement in loans and borrowings are as follows:

Parent company	FINEP	Facility 4131	Working capital	Total
Balance at December 31, 2020	3,839	456,932	-	460,771
Proceeds from loans and borrowings	-	-	9,500	9,500
Payment of principal	(3,839)	(142,813)	-	(146,652)
Payment of interest	-	(9,766)	(166)	(9,932)
Accrued interest and effect of movements in exchange rates	-	32,852	309	33,161
Balance at December 31, 2021	-	337,205	9,643	346,848
Merger of subsidiary	-	46,441	-	46,441
Payment of principal	-	(207,585)	-	(207,585)
Payment of interest	-	(6,831)	(843)	(7,674)
Accrued interest and effect of movements in exchange rates	-	985	935	1,920
Balance at September 30, 2022	-	170,215	9,735	179,950

Consolidated	FINAME	PPE	ACC	FINEP	Facility 4131	Working capital	Total
Balance at December 31, 2020	279	23,788	61,164	3,839	545,199	-	634,269
Proceeds from loans and borrowings	-	4,646	113,982	-	20	9,531	128,179
Payment of principal	-	(30,014)	(21,067)	(3,839)	(188,441)	(25)	(243,386)
Payment of interest	(97)	10	(3,820)	-	(14,451)	(166)	(18,524)
Accrued interest and effect of movements in exchange rates	24	1,570	(9,165)	-	41,318	309	34,056
Balance at December 31, 2021	206	-	141,094	-	383,645	9,649	534,594
Proceeds from loans and borrowing	-	-	187,718	-	-	602	188,320
Acquisition of subsidiary	-	-	2,161	-	-	509	2,670
Payment of principal	(54)	-	(110,014)	-	(207,585)	(640)	(318,293)
Payment of interest	(7)	-	(1,894)	-	(6,831)	(844)	(9,576)
Accrued interest and effect of movements in exchange rates	5	-	11,844	-	986	936	13,771
Balance at September 30, 2022	150	-	230,909	-	170,215	10,212	411,486

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



16. Loans and borrowings--Continued

The repayment schedule of amounts classified as non-current liabilities is as follows:

	Parent company		Consolidated	
	September	December	September	December
	30, 2022	31, 2021	30, 2022	31, 2021
2023	2,369	2,489	2,595	17,356
2024	2,714	2,714	3,040	14,486
2025	2,714	2,714	2,714	4,308
2026	1,703	1,583	1,704	1,583
Total loans and borrowings	9,500	9,500	10,053	37,733

Loans are secured by guarantees issued by the Group entities and banks, and do not contain financial covenants. The equipment financing (FINAME) is secured by the financed equipment.

Other guarantees and commitments

The Company has a technical and financial cooperation agreement with Banco do Nordeste do Brasil S/A ('Bank'), to have borrowing facilities available for Arezzo franchisees that are located in the area where the Bank operates, using the funds from the Northeast Region Constitutional Finance Fund (FNE) to finance modernization of franchisees' stores, according to the standards established by the Company, as well as to finance operations of franchisees through working capital loans, if needed. Under the terms of the agreement, the Company shall be the guarantor for these transactions through a surety bond when contracted by store owners. At September 30, 2022, these loans amounted to R\$353 (December 31, 2021: R\$631).

The Company has a technical and financial cooperation agreement with Banco Alfa, to have borrowing facilities available for Arezzo franchisees, using the funds from the National Bank for Economic and Social Development ('BNDES') to finance modernization of franchisees' stores, according to the standards established by the Company, as well as to finance operations of franchisees. The Company is the guarantor for these transactions. At September 30, 2022, the balance of transactions guaranteed by the Company was R\$765 (December 31, 2021: R\$1,318).

To date, the Company has experienced no loss on such transactions.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



17. Trade payables

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Domestic suppliers	216,307	111,408	287,303	193,378
Supply chain financing arrangement ⁽ⁱ⁾	339,425	336,415	339,425	374,359
Trade payables due to related parties (Note 12.a)	14,786	6,227	-	-
Foreign suppliers	9,127	5,006	10,780	6,976
Total trade payables	579,645	459,056	637,508	574,713

(i) The Company has supply chain financing arrangements with Banco Itaú Unibanco S.A. ("Bank") under which its suppliers may elect to receive early payment of their invoice from the Bank by factoring their receivable from the Company. Under the arrangement, the Bank agrees to pay amounts to a supplier in respect of invoices owed by the Company and receives settlement from the Company at a later date. There were no significant changes in the terms and other payment conditions originally agreed with suppliers and, therefore, the Company believes that the disclosure of amounts factored by suppliers within 'trade payables' is adequate.

18. Leases

At September 30, 2022, the Company assessed its portfolio of lease contracts for stores, offices, plants and distribution centers and identified 252 contracts. Of these 252 contracts, 83 qualify for the exemptions prescribed by the lease standard and 169 fall within the scope of the lease standard.

For contracts that fall in the scope of the lease standard, the Company recognized a right-of-use asset at an amount equal to the lease liability. The lease liability was recognized at the present value of the remaining lease payments, discounted using a market rate of interest varying between 1.8% and 16.5%.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



18. Leases--Continued

a) Right-of-use assets

	Parent company	Consolidated
Total right-of-use assets at December 31, 2020	20,598	205,070
Additions to right-of-use assets	2,510	32,023
Derecognition of right-of-use assets	-	(296)
Depreciation charge for the period	(6,151)	(44,509)
Effect of changes in foreign exchange rates	-	4,924
Total right-of-use assets at September 30, 2021	16,957	197,212
Total right-of-use assets at December 31, 2021	16,624	221,692
Additions to right-of-use assets	71,164	143,651
Merger of subsidiary	64,203	-
Derecognition of right-of-use assets	(11,717)	(14,466)
Depreciation charge for the period	(20,708)	(51,630)
Effect of changes in foreign exchange rates	-	(2,663)
Total right-of-use assets at September 30, 2022	119,566	296,584

b) Lease liabilities

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company	Consolidated
Lease liabilities at December 31, 2020	22,548	213,360
Additions to lease liabilities	2,510	32,023
Effect of changes in foreign exchange rates	-	5,134
Derecognition of lease liabilities	-	(118)
Payment of lease liabilities	(7,063)	(49,255)
Interest on lease liabilities	978	6,521
Lease liabilities at September 30, 2021	18,972	207,665
Lease liabilities at December 31, 2021	18,611	231,896
Additions to lease liabilities	71,164	143,651
Merger of subsidiary	65,018	-
Effect of changes in foreign exchange rates	-	(2,826)
Derecognition of lease liabilities	(12,274)	(14,999)
Payment of lease liabilities	(23,786)	(57,344)
Interest on lease liabilities	4,549	8,758
Lease liabilities at September 30, 2022	123,282	309,136
Current	26,372	72,314
Non-current	96,910	236,822

18. Leases--Continued

c) Future commitments

In compliance with CVM Circular 02/2019 and CPC 06 (R2)/IFRS 16, given the fact that the Company did not apply the nominal cash flow method because IFRS 16 prohibits future inflation projections and with the aim of providing users of the financial information with additional information, the following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments as of September 30, 2022:

	Cash flow (present value)		Gross contractual cash flow	
	Parent company	Consolidated	Parent company	Consolidated
2022	6,908	18,715	8,644	22,044
2023	25,933	71,647	31,871	82,806
2024	23,999	65,776	28,384	73,699
2025	21,995	59,081	24,968	64,217
2026	16,981	42,864	18,672	45,551
After 2027	27,467	51,053	29,459	53,460
Total	123,283	309,136	141,998	341,777
Potential PIS and COFINS tax credit	11,404	28,595	13,135	31,614

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



19. Capital and reserves

19.1. Share capital

At September 30, 2022, the Company's capital consisted of 110,186 thousand common shares (December 31, 2021: 99,631 thousand common shares).

	Number of shares (thousands)	Share capital R\$
Balance at December 31, 2020	99,631	808,715
Advance for future capital increase	-	2,569
Balance at December 31, 2021	99,631	811,284
Subscription of new shares (b)	10,125	833,794
Acquisition of shares (c)	372	24,957
Issue of new shares (a, d)	58	1,680
Balance at September 30, 2022	110,186	1,671,715

19. Capital and reserves—Continued

19.1. Share capital--Continued

The increase of the share capital of the Company occurred as follows:

- a)** On January 4, 2022, through the share option plan under the first program for lot I as disclosed in Note 34 to the financial statements for the year ended December 31, 2021. The advance was made by the participants in the share option plan on December 31, 2021, but the share capital was effectively raised on January 4, 2022 with the issuance of 40,000 new shares.
- b)** On February 3, 2022, through the follow-on offering, by resolution of the Board of Directors' meeting, there was the issuance of 10,125,000 new shares.
- c)** On August 29, the share capital of the Company was increased upon the acquisition of the shares in Sunset Agenciamento e Intermediação S.A, with the issuance of 372,000 new shares.
- d)** On September 1, 2022, the Company's Board of Directors approved a share capital increase of R\$1,291 due to the exercise by executives of the Company of options to subscribe 18,000 common shares under the share option program.

20. Dividends and interest on capital paid and proposed

20.1. Dividends

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



In accordance with the Company's bylaws, the shareholders are entitled to a mandatory minimum dividend of 25% of the profit for the year after transfer to legal reserve as required by the Brazilian corporate legislation. Interest on capital, if paid, is considered to be part of the minimum dividend payout.

On November 29, 2021, the Board of Directors approved the distribution of R\$26,214 of the profit for the year ending December 31, 2021 as dividends. The dividends were paid in a lump sum on January 14, 2022, without interest accrued thereon.

On April 29, 2022, the general meeting approved the payment of R\$50,000 of supplementary dividends declared in the fiscal year 2021. The payment will be made until December 2022.

20.2. Interest on capital – Law No. 9,249/95

In order to comply with tax rules, the Company recorded interest on capital paid in the year within 'finance costs'. For the purposes of these financial information, this interest on capital was reversed from profit or loss to retained earnings, as determined by accounting practices. Income tax was withheld at the rate of 15% from the payment of interest on capital, except for shareholders that are legally tax-exempt or domiciled in countries or jurisdictions in which the tax legislation establishes a different tax rate.

20. Dividends and interest on capital paid and proposed--Continued

20.2. Interest on capital – Law No. 9,249/95--Continued

On November 29, 2021, the Board of Directors approved the distribution of R\$33,784 of the profit for the year ended December 31, 2021 as interest on capital. The interest on capital was paid in a lump sum on January 14, 2022.

On June 27, 2022, the amount of R\$69,683 of interest on capital was approved for payment out of the profit for the year ending December 31, 2022. The payment was made in a lump sum on July 14, 2022, without interest accrued thereon.

21. Earnings per share

In compliance with CPC 41/ IAS 33, the Company presents below earnings per share information for the nine months ended September 30, 2022 and 2021.

a) Basic earnings per share

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)

**AREZZO
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	September 30, 2022	September 30, 2021
Profit for the period	315,955	239,802
Weighted average number of common shares outstanding	108,873	99,631
Basic earnings per share - R\$	2,9021	2,4069

b) Diluted earnings per share

	September 30, 2022	September 30, 2021
Profit for the period	315,955	239,802
Weighted average number of common shares (basic)	108,873	99,631
Adjustment for share options	2,985	170
Weighted average number of common shares (diluted)	111,858	99,801
Diluted earnings per share - R\$	2,8246	2,4028

22. Net operating revenue

The breakdown of net sales revenue is as follows:

	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Gross sales revenue	2,632,928	1,341,514	3,612,237	2,295,038
Domestic market	2,630,912	1,340,708	3,216,721	2,046,136
Foreign market	2,016	806	395,516	248,902
Returns	(124,288)	(47,003)	(281,491)	(171,033)
Discounts and rebates	(9,109)	(17,042)	(9,298)	(17,049)
Taxes on sales	(303,842)	(177,920)	(399,135)	(276,079)
Net sales revenue	2,195,689	1,099,549	2,922,313	1,830,877

23. Segment information

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)

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The Company's products are distributed under various brands (Arezzo, Schutz, Anacapri, Alexandre Birman, Fiever, Alme, Vans, Reserva, Reserva Mini, Reserva Go, Oficina, INK, EVA, Troc, Baw, MyShoes, Carol Bassi, Brizza, Reversa, Simples Reserva, Unbrand Reserva) and through different channels (franchises, multi-brand stores, company-owned stores and e-commerce), but they are managed and operated by the Company's management as one business, and the performance thereof is managed and assessed by a single management team.

For operating, commercial, management and administrative purposes, the Company is organized, and has its performance assessed, as a single operating segment, based on the following:

1. The Company does not have different divisions for managing different product lines, brands or sales channels.
2. The Company's plant operates more than one brand and sales channel.
3. The Company's strategic decisions are based on market opportunity assessments, and not only on performance by product, brand or sales channel.

23. Segment information--Continued

The consolidated gross revenue by brand and sales channel is as follows:

Brand	September 30, 2022	September 30, 2021	Sales channel	September 30, 2022	September 30, 2021
Gross revenue	3,612,237	2,295,038	Gross revenue	3,612,237	2,295,038
Domestic market	3,216,721	2,046,136	Domestic market	3,216,721	2,046,136
Arezzo	999,364	689,924	Multi-brand stores	902,957	587,123
AR&CO (i)	744,890	428,015	Franchise stores	828,231	549,726
Schutz	590,360	413,178	E-commerce	739,461	540,557
Anacapri	247,216	193,429	Company-owned st	732,227	362,760
Others (ii)	634,891	321,590	Others	13,845	5,970
Foreign market	395,516	248,902	Foreign market	395,516	248,902

(i) AR&CO includes the following brands: Reserva, Reserva Mini, Oficina Reserva, Reserva Go, EVA, INK, Reversa, Simples Reserva, Unbrand Reserva and Baw Clothing.

(ii) Others includes the following brands: Alexandre Birman, Alme, Fiever, MyShoes, Troc, Vans, Brizza and Carol Bassi.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



In the nine months ended September 30, 2022, 10.9% of the consolidated gross revenue (September 30, 2021: 10.8%) was derived from the foreign market, being 81.7% from direct operations in the United States and 18.3% from exports to the rest of the world. No single customer accounts for more than 10.0% of the net revenue.

24. Expenses by nature

The Company's statement of income classifies expenses by function. Set out below is the analysis of expenses by nature:

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Expenses by function				
Cost of sales	(1,197,453)	(719,643)	(1,343,664)	(882,895)
Selling expenses	(588,205)	(199,875)	(1,016,874)	(554,440)
General and administrative expenses	(202,273)	(110,826)	(226,068)	(203,669)
Other operating income	52,238	129,536	89,563	143,158
Other operating expenses	(13,861)	(4,941)	(14,021)	(9,557)
	(1,949,554)	(905,749)	(2,511,064)	(1,507,403)
Expenses by nature				
Depreciation and amortization	(60,670)	(18,203)	(106,265)	(74,879)
Employee benefits expenses	(290,856)	(136,557)	(385,318)	(289,602)
Raw materials and consumables	(1,305,120)	(723,134)	(1,478,234)	(895,992)
Freight	(45,232)	(20,532)	(98,978)	(61,966)
Store occupancy expenses (i)	(23,389)	-	(56,428)	(32,332)
Advertising costs	(150,941)	(71,476)	(264,520)	(130,199)
Utilities and services	(101,645)	(60,441)	(186,444)	(156,034)
Tax credits (Note 27)	41,761	126,134	65,382	126,133
Other operating income	10,478	3,402	24,180	14,950
Other operating expenses	(23,940)	(4,942)	(24,439)	(7,482)
	(1,949,554)	(905,749)	(2,511,064)	(1,507,403)

(i) Includes rental, condominium fee, property tax (IPTU) and advertising fund.

25. Financial risk management objectives and policies

a) Fair value

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	Consolidated			
	September 30, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents	74,933		33,750	
Cash investments	471,189	471,189	228,809	228,809
Trade receivables	723,943		794,578	
Derivative financial assets	-	-	7,783	7,783
Liabilities				
Loans and borrowings	411,486		534,594	
Trade payables	637,508		574,713	
Derivative financial liabilities	13,535	13,535	-	-
Lease liabilities	309,136		231,896	
Payables for acquisition of subsidiary	136,062		31,662	

When measuring the fair value of its financial instruments, the Company uses observable market data (Level 2).

Fair value hierarchy

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25. Financial risk management objectives and policies--Continued

a) Fair value--Continued

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



At September 30, 2022, the consolidated financial assets and financial liabilities of the Company are classified in the following measurement categories:

	As at fair value through profit or loss	As at amortized cost
Assets		
Cash and cash equivalents	-	74,933
Cash investments	471,189	-
Trade receivables	-	723,943
Liabilities		
Loans and borrowings	-	411,486
Trade payables	-	637,508
Lease liabilities	-	309,136
Payables for acquisition of subsidiary	-	128,301
Derivative financial liabilities	13,535	-

The methods and assumptions used in measuring fair values are as follows:

Cash and cash equivalents, trade and other receivables, and trade and other payables - These financial instruments arise directly from the operations of the Company and its subsidiaries and are measured at amortized cost. They are stated at original amount less loss allowance, and are discounted to present value when applicable. The carrying amount approximates fair value due to the short-term maturity of these instruments.

Loans and borrowings - They are classified as other financial liabilities not measured at fair value and are carried at amortized cost in accordance with the contractual terms. This classification was adopted because the amounts are not held for trading, which management understands is the most relevant financial information. The fair values of loans and borrowings equal their carrying amounts since these financial instruments have market interest rates and specific characteristics.

Lease liabilities – These liabilities arise from contracts that convey the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The fair values of lease liabilities equal their carrying amounts.

Payables for acquisition of subsidiary – These liabilities arise directly from the acquisitions made by the Company. The fair values equal the carrying amounts.

25. Financial risk management objectives and policies--Continued

b) Currency risk

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The results of operations of the Company and its subsidiaries are affected by changes in USD exchange rates because a part of their sales revenue is linked to the U.S. dollar. To hedge the currency risk, almost all of the Company's and its subsidiaries' exports have financing in USD.

At September 30, 2022 and December 31, 2021, the net exposure to changes in USD rate is as follows:

	Consolidated	
	September 30, 2022	December 31, 2021
Accounts receivable in foreign currency (i)	19,735	20,062
Loans and borrowings in foreign currency	(401,124)	(316,109)
Trade payables in foreign currency	(10,780)	(6,976)
Net exposure	(392,169)	(303,023)

(i) Excludes accounts receivable from related parties in foreign currency.

A sensitivity analysis was performed with three different scenarios to demonstrate the sensitivity of foreign currency-denominated accounts receivable and payable and loans to changes in the exchange rates at September 30, 2022.

The table below provides three scenarios, with the base-case scenario being adopted by the Company. The base-case scenario for 2022 was based on the US dollar's value at September 30, 2022. A set of increments was considered as +25% and +50% with respect to the assumed values in the base-case scenario.

	Currency	Base-case scenario	Scenario A	Scenario B
Increase in foreign exchange rate				
Accounts receivable in foreign currency	BRL	19,735	24,669	29,602
Loans and borrowings in foreign currency	BRL	(401,124)	(501,405)	(601,686)
Trade payables in foreign currency	BRL	(10,780)	(13,479)	(16,171)
Effect on profit before tax		-	(98,046)	(196,086)
US dollar rate		5,41	6,76	8,11

25. Financial risk management objectives and policies--Continued

c) Interest rate risk

The Company's interest rate risk arises from borrowings with rates linked to the Interbank Deposit rate (CDI). The interest rates are disclosed in Note 16.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)

**AREZZO
& CO**

At September 30, 2022, the interest rate profile of the Company's interest-bearing loans and borrowings is as follows:

	September 30, 2022	%
Fixed interest rate	231,059	56.0
Interest rate based on CDI	180,427	44.0
	411,486	100.0

A sensitivity analysis was performed with three different scenarios to demonstrate the sensitivity of borrowings to changes in interest rates at September 30, 2022.

The table below provides three scenarios, with the base-case scenario being adopted by the Company. The base-case scenario for 2022 was based on the CDI rate at September 30, 2022. A set of increments was considered as +25% and +50% with respect to the assumed values in the base-case scenario.

For each scenario, gross interest expense was calculated, ignoring taxes and the maturities of each agreement. The sensitivity analysis relates to the balance of borrowings at September 30, 2022, projecting the interest rates for one year.

	Base-case scenario	Scenario A	Scenario B
Increase in interest expense			
Borrowings with interest rate based on CDI	24,628	30,785	36,941
	24,628	30,785	36,941
Increase in interest rate for financial liabilities		25%	50%
CDI	13.65%	17.06%	20.48%

c) Credit risk

Credit risk arises from the difficulty in collecting the amounts due from customers for goods sold and services rendered.

The Company and its subsidiaries are also exposed to credit risk from their cash investments.

Most of trade receivables are denominated in Brazilian real and spread across various customers. To reduce credit risk, the Company performs an individual analysis for new customers but, as a usual market practice, only high-risk customers are required to make advance payments.

25. Financial risk management objectives and policies--Continued

c) Credit risk--Continued

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



No single customer accounts for more than 5% of the Company's total accounts receivable at September 30, 2022 and December 31, 2021.

Management monitors outstanding customer receivables on a timely basis and, in the case of impairment losses, they are recognized in the statement of income. The analysis covers outstanding receivables, customer payment history, guarantees provided and renegotiations completed with collaterals. The amounts recorded as actual losses or loss allowance represent uncollectible accounts or receivables with low chance of recovery.

The Company and its subsidiaries attempt to limit credit risk from balances with banks and financial institutions by only dealing with reputable banks and financial institutions.

d) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will not have sufficient cash on hand to meet their obligations due to currency and maturity mismatch between their assets and liabilities.

Management monitors the Company's and its subsidiaries' liquidity and cash flows on a daily basis to ensure that the amount of cash generated from their normal business operations and borrowing facilities, when needed, are sufficient to meet obligations when due, without exposing the Company and its subsidiaries to liquidity risk.

The following table sets out a contractual maturity analysis for the Company's financial liabilities:

	Projection including future interest		
	Less than one year	One to five years	Total
Loans and borrowings	401,433	10,053	411,486
Trade payables	637,508	-	637,508
Lease liabilities	84,323	257,454	341,777

25. Financial risk management objectives and policies--Continued

e) Capital management

The Company's objective when managing capital is to maintain a strong credit rating with the institutions and a strong capital base so as to sustain future development of the business and maximize the shareholder value.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, take new borrowings, issue debentures, issue promissory notes and enter into derivative transactions. No changes were made in the objectives, policies or processes for managing capital during the period ended September 30, 2022 and the year ended December 31, 2021.

The Company's net debt to equity ratio at September 30, 2022 and December 31, 2021 was as follows:

	Consolidated	
	September 30, 2022	December 31, 2021
Loans and borrowings	(411,486)	(534,594)
Cash and cash equivalents	74,933	33,750
Cash investments	471,189	228,809
Net debt	134,636	(272,035)
Total equity attributable to owners of the Parent	2,614,130	1,590,580
Net debt to equity ratio	-	(17.1%)

26. Net finance costs

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Finance income				
Interest income on cash investments	25,576	5,022	44,859	9,449
Inflation adjustment	6,448	761	6,554	1,098
Interest income	3,735	1,534	3,759	2,156
Other finance income	1,246	1,929	507	6,329
	37,005	9,246	55,679	19,032
Finance costs				
Interest on borrowings	(8,816)	(13,109)	(23,393)	(21,985)
Bank charges	(7,832)	(4,439)	(8,855)	(5,929)
Credit card administration fee	(5,121)	-	(24,705)	(14,047)
Interest on lease liabilities	(4,549)	(978)	(8,758)	(6,521)
Interest on loans from related parties	(3,155)	-	-	-
Notary public fees	(1,611)	(1,326)	(1,725)	(1,331)
Discounts granted	(291)	(4,078)	(477)	(6,420)
Other finance costs	(2,093)	(614)	(4,631)	(2,472)
	(33,468)	(24,544)	(72,544)	(58,705)
Foreign exchange gains	588	9,334	8,169	11,407
Foreign exchange losses	(18,454)	(12,562)	(30,846)	(11,892)
	(17,866)	(3,228)	(22,677)	(485)
Net finance costs recognized in profit or loss	(14,329)	(18,526)	(39,542)	(40,158)

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



27. Other operating income and expenses

	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Other operating income	52,798	129,536	90,123	144,473
Tax credits (i)	41,761	126,134	65,382	138,427
Recovery of income	5,411	292	5,558	307
Other income	2,782	1,327	16,339	2,485
Reimbursement of return expenses	1,453	751	1,453	751
Franchise fee	839	697	839	697
Gain on sale of property, plant and equipment and intangible assets	552	335	552	1,806
Other operating expenses	(14,421)	(4,941)	(14,581)	(10,872)
Share option and restricted stock plans	(14,261)	(4,859)	(14,261)	(4,859)
Loss on sale of property, plant and equipment and intangible assets	(156)	(82)	(316)	(90)
Other expenses	(4)	-	(4)	(5,923)
Total	38,377	124,595	75,542	133,601

- (i) During the period ended September 30, 2022, tax credits (PIS and COFINS) were recognized in respect of expenses on goods and services that are essential to the Company's activities.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



28. Share-based payment arrangements

28.1 Restricted stock plan

	1st grant 2017	2nd grant 2018	3rd grant 2019	4th grant 2021
Balance at December 31, 2019	398,641	80,960	26,606	-
Exercised (**)	(99,660)	(8,995)	(2,661)	-
Written off (***)	(52,799)	-	-	-
Balance at December 31, 2020	246,182	71,965	23,945	-
Granted (*)	-	-	-	45,492
Exercised (**)	(123,091)	(17,992)	(2,661)	-
Written off (***)	-	(8,205)	-	-
Balance at December 31, 2021	123,091	45,768	21,284	45,492
Exercised (**)	(123,091)	(45,768)	(5,321)	(4,402)
Written off (***)	-	-	-	(1,471)
Balance at September 30, 2022	-	-	15,963	39,619

(*) Grant before tax effects and performance conditions of the restricted stock plan.

(**) Upon satisfaction of performance conditions of the restricted stock plan and with tax effects, in the 4th tranche (1st grant 2017) 135,400 shares were exercised, in the 3rd tranche (2nd grant 2018) 19,792 shares were exercised, in the 2nd tranche (3rd grant 2019) 2,928 shares were exercised.

(***) Write-offs due to the termination of participant employees or non-exercise of shares.

In compliance with IFRS 2/CPC 10, the Company determined the fair value of the options, based on the vesting schedule. In the period ended September 30, 2022, the Company determined R\$3,410 (September 30, 2021 – R\$4,859) of share option plan expense, which was charged to profit or loss against the capital reserve account in equity. The fair value of the share options in 2021 and 2022 has been measured using the Black-Scholes formula for Lot I and the binomial model for Lot II.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



28. Share-based payment arrangements--Continued

28.1 Restricted stock plan--Continued

Maximum number of shares	1st grant	2nd grant
Vesting schedule from the date of grant	2021	2022
Within 30 days from the date of grant	39,805	-
From the first anniversary	184,790	-
From the second anniversary	184,790	-
From the third anniversary	369,580	-
From the fourth anniversary	1,108,742	-
Total options granted	1,887,707	-
Balance at December 31, 2021	1,887,707	-
Within 30 days from the date of grant	39,805	17,551
From the first anniversary	184,790	96,527
From the second anniversary	184,790	96,527
From the third anniversary	369,580	193,054
From the fourth anniversary	1,108,742	579,164
Total options granted	1,887,707	982,823
Options exercised	(39,805)	(17,551)
Balance at September 30, 2022	1,847,902	965,272

In compliance with IFRS 2/CPC 10, the Company determined the fair value of the options, based on the vesting schedule. In the period ended September 30, 2022, the Company determined R\$10,851 of share option plan expense, which was charged to profit or loss against the capital reserve account in equity. The fair value of the share options in 2021 and 2022 has been measured using the Black-Scholes formula for Lot I and the binomial model for Lot II.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



29. Government tax incentives

In the period ended September 30, 2022, the Company was granted ICMS tax incentives, amounting to R\$205,391 (September 30, 2021: R\$118,519), which were classified in net revenue, as follows:

	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
ICMS tax incentives - State of Espirito Santo	79,312	54,048	108,078	76,163
ICMS tax incentives - State of Rio de Janeiro	96,040	-	96,040	42,356
ICMS tax incentives - State of Bahia	-	-	1,273	-
Total	175,352	54,048	205,391	118,519

- a) Under Regulations 088-R of October 29, 2015 and 077-R of September 1, 2016, the State of Espirito Santo has registered the Company, through its parent and one subsidiary, respectively, to receive ICMS tax incentives under the tax benefit arrangement called Competitiveness Agreement.
- b) The State of Rio de Janeiro, through Law No. 6,331 of October 10, 2012, granted a reduction in the ICMS tax rate on sales for manufacturers of textile products, fabrics, garments, apparel accessories and notions.
- c) The State of Bahia, through Law No. 7,025 of January 24, 1997 regulated by Decree No. 6734 of September 9, 1997, grants presumed ICMS credit to manufacturers of shoes established in the State of Bahia.



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Report on the review of Quarterly Information Form - ITR

To the Board Members and Shareholders of
Arezzo Indústria e Comércio S.A.
Belo Horizonte – MG

Introduction

We have reviewed the accompanying parent company and consolidated interim financial information of Arezzo Indústria e Comércio S.A. (“Company”), included in the Quarterly Information Form – ITR, for the quarter ended September 30, 2022, which comprises the balance sheet as of September 30, 2022, and related statements of income and comprehensive income for the three and nine month periods then ended and changes in shareholders' equity and cash flows for the nine month periods then ended, including the explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim financial information in accordance with Technical Pronouncement *CPC 21 (R1) – Demonstração Intermediária* and with international standard IAS 34 – Interim Financial Reporting with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the *Comissão de Valores Mobiliários - CVM*, applicable to the preparation of the Quarterly Information Form – ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

Our review was carried out in accordance with the Brazilian and international standards on review engagements of interim financial information (*NBC TR 2410 – Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and *ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we became aware of all the significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the parent company and consolidated interim financial information

Based on our review, nothing has come to our attention that cause us to believe that the accompanying parent company and consolidated interim financial information included in the Quarterly Information Form – ITR referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Information Form - ITR, and presented in accordance with the standards issued by the *Comissão de Valores Mobiliários - CVM*.

Other matters - Statements of value added

The interim financial information above includes the statements of value added, parent company and consolidated, for the nine-month period ended September 30, 2022, prepared under the responsibility of Company's management and presented as supplementary information for the purposes of IAS 34. These statements were submitted to review procedures together with the review of the Quarterly Information Form - ITR, with the objective of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement *CPC 09 – Demonstração do Valor Adicionado (DVA)*. Based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in accordance with the criteria defined in this Pronouncement and consistent with the parent company and consolidated interim financial information taken as a whole.

Porto Alegre, November 08, 2022

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6

(Original review report in Portuguese signed by)
Cristiano Jardim Seguecio
Accountant CRC SP-244525/O-9 T-RS