

**AREZZO**

**& CO**

**DAY**

**13<sup>TH</sup> EDITION**

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# AGENDA

**2:30 p.m.** **AGENDA OF THE DAY**  
RAFAEL SACHETE

**2:35 p.m.** **OPENING SESSION**  
ALEXANDRE BIRMAN

**2:55 p.m.** **STRATEGIC VISION**  
RAFAEL SACHETE

**3:15 p.m.** **BRAND HIGHLIGHTS**  
LUCIANA WODZIK

**3:40 p.m.** **AR&CO**  
RONY MEISLER

**4:10 p.m.** **COFFEE BREAK**

**4:40 p.m.** **BUSINESS SUPPORT**  
MAURÍCIO BASTOS, CASSIANO LEMOS, JOÃO FERNANDO HARTZ, MARCO VIDAL AND RAFAEL SACHETE

- DIGITAL TRANSFORMATION
- SUPPLY CHAIN
- PEOPLE & ESG
- FINANCIAL MANAGEMENT

**6:00 p.m.** **Q&A**

**6:30 p.m.** **CLOSING / HAPPY HOUR**

# AREZZO&CO DAY

# OPENING SESSION



ALEXANDRE BIRMAN

**ANDERSON BIRMAN**

**WITH EVERY STEP**



**BY ARIANE ABDALLAH**

EM DEPOIMENTO A ARIANE ABDALLAH

## ANDERSON BIRMAN

A CADA PASSO



Se eu encontrasse o "Mr. IPO", eu não o mandaria matar - como muitos que conheço gostariam de fazer. Mandaria fazer uma estátua em homenagem a ele, porque acredito que as imposições do mercado, como publicar resultados trimestrais e agir sempre com transparência, são fatores positivos para qualquer companhia. Uma empresa de capital aberto caminha no sentido de perpetuar o negócio. Isso não significa, no entanto, que não enfrentamos desafios na condição de empresa pública. Nem sempre o caminho é suave ou em linha reta. Houve e ainda há momentos difíceis e situações com as quais estamos sempre aprendendo a lidar.

# EXPECTATIONS FOR THE DAY

1

**CONSISTENCY: A WINNING TRACK RECORD**

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2

**AREZZO&CO'S ERAS**

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3

**2019 - 2023 TIMELINE**

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4

**MANAGEMENT FROM UP CLOSE**

5

**SHARING MANAGEMENT RITES**

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6

**STRATEGIC VISION**

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7

**BUSINESS MODEL DISTINCTIONS**  
OMNI/DIGITAL/SUPPLY CHAIN/PEOPLE MANAGEMENT/  
SUSTAINABILITY

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8

**ADDITIONAL TIME FOR DISCUSSION AND  
Q&A**

# PRINCIPLES

## TRANSPARENCY

ANYTHING THAT CANNOT BE DONE TRANSPARENTLY IS BEST NOT DONE.

## AUTHENTICITY

BE TRUE AT ALL TIMES SO THAT YOU ARE NOT FALSE TO YOUR JOB. BE AUTHENTIC AT ALL TIMES.

## MERITOCRACY

NEGOTIATE YOUR GOALS AND RESPONSIBILITIES CLEARLY AND UNDERSTAND THAT MEETING THEM IS A REQUIREMENT FOR YOUR PERMANENCE AND GROWTH.

## INVOLVEMENT

DON'T JUST FIND PROBLEMS. BLAMING OTHERS IS NEVER THE ANSWER. TAKE CHANCES. OFFER SOLUTIONS. WHEN IN DOUBT, ACT!

## ALIGNMENT

FORMALIZE EVERYTHING, EVEN IF INFORMALLY.

## FLEXIBILITY

BE FLEXIBLE AT ALL TIMES. ALWAYS BE WILLING AND READY FOR CHANGE.

## UNITY

UNITED WE WILL CONQUER! DISAGREEMENT IS CONSTRUCTIVE, CONFLICT IS DESTRUCTIVE.

## HUMILITY

HUMILITY WITH ASSERTIVENESS: THE RAW-MATERIAL FOR OUR SUCCESS.

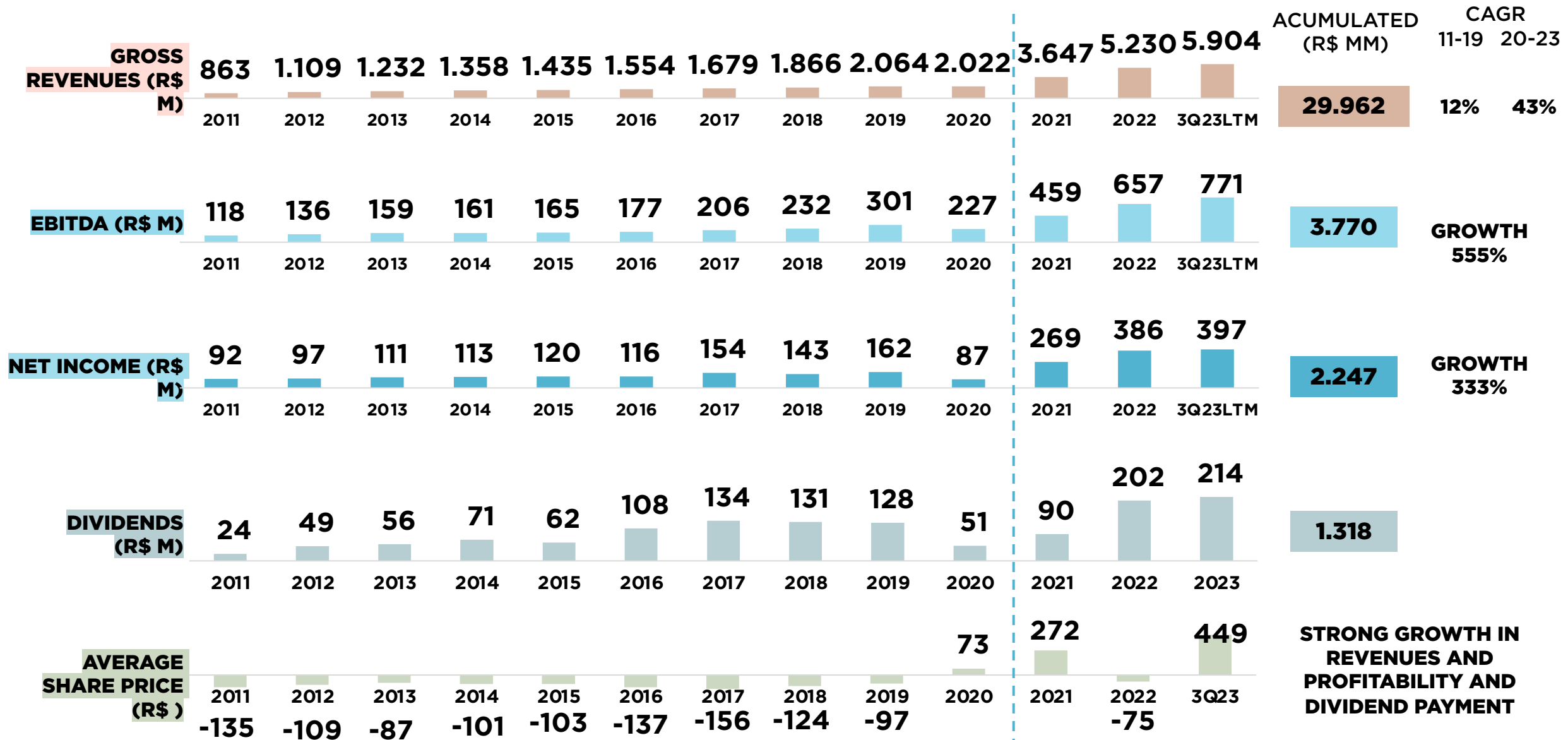
## CHALLENGE

GOALS MET ARE, AT LEAST, THE BASELINE FOR THE NEXT GOAL.

## PASSION

HAVE FUN. ENJOY. GET INVOLVED. AND BE HAPPY AT ALL TIMES!

# WE DELIVER PERFORMANCE AND RESILIENCY





# OVERVIEW 2023

## FOUNDING AND STRUCTURING

70s

- FOUNDED IN 1972
- FIRST PHYSICAL STORE
- FIRST SUCCESSFUL MODEL - ANABELA AREZZO

## INDUSTRIAL ERA

80s

- VERTICAL MANUFACTURING MODEL
- 1.5 MILLION ANNUAL PAIRS
- 2,000 EMPLOYEES

## RETAIL ERA

90s

- FOCUS ON RETAIL
- FRANCHISES EXPANSION
- FAST FASHION CONCEPT
- FLAGSHIP STORES
- OPENING SESSION OF THE OSCAR FREIRE STORE

## CORPORATE ERA

00s

- DISTRIBUTION CHANNELS EXPANSION
- CREATION OF THE ALEXANDRE BIRMAN AND ANACAPRI BRANDS
- SUPPLY CHAIN EVOLUTION
- AREZZO AND SCHUTZ MERGER
- ENTER TARPON

## CONSOLIDATION ERA

10s

- SAP
- PLANNING AND MERCHANDISING
- NEW DC
- CORPORATE GOVERNANCE
- IPO: FEB/2011
- INTERNATIONAL EXPANSION

## PLATFORM AND BRANDS CREATION

20s

- LICENSING - VANS
- M&A/NEW BUSINESS - RESERVA, BAW CLOTHING, CAROL BASSI, HG & SUNSET, VICENZA, PARIS TEXAS
- DIGITAL SALES GROWTH



# TIMELINE 2019 - 2022 | UNDER CONSTRUCTION

**GOR: R\$ 2,064 M**  
**(+10.6% YOY)**

**GOR: R\$ 2,022 M**  
**(-2.0% YOY)**

**GOR: R\$ 3,647 M**  
**(+80.4% YOY)**

**GOR: R\$ 5,230 M**  
**(+43.4% YOY)**

**2019**

**2020**

**2021**

**2022**

**OCT/19:**  
**VANS LICENSING**

**MAR/20:**  
**COVID EMERGES**

**JUN/21:**  
**M&A BAW**

**JAN/22:**  
**FOLLOW-ON (R\$ 830M)**

**APR/22:**  
**M&A HG & SUNSET**



- 80% SELL-OUT RECOVERY THROUGH OMNI AND DIGITAL INITIATIVES
- DIGITAL SHOWROOM INCREASES CAPILLARITY BY MULTI-BRAND

**OCT/20:**  
**M&A AR&CO & TROC**

- JAN/21:**
- AR&CO GROWTH PRIORITIES SET:
  - 1. NEW STORE MODEL
  - 2. STRONG SNEAKERS CATEGORY
  - 3. NEW B2B MODEL

**NOV/21:**  
**M&A: CAROL BASSI**



- SEP/22:**
- PMI PLAYBOOK STRUCTURED IN PARTNERSHIP WITH INTEGRATION
  - FIRST PULSAR

**GROSS REVENUE: R\$ 1.3 B**  
**% EBITDA MG +0.1 P.P VS**  
**1Q22**

**GROSS REVENUE: R\$ 1.4 B**  
**% EBITDA MG +0.3 P.P VS**  
**2Q22**

**GROSS REVENUE: R\$ 1.6 B**  
**% EBITDA MG +2.3 P.P VS**  
**3Q22**

## 1Q23

## 2Q23

## 3Q23

## 4Q23



**JAN/23:**  
**M&A**  
**VICENZA**



**MAR/23:**  
 • **ACQUISITION**  
**OF PARIS**  
**TEXAS**



**MAY/23:**  
 • **PULSAR**  
**EVENT**



• **INVESTMENT IN AREZZO'S**  
**BRANDING**



**NOV/23:**  
 • **LAUNCH OF THE**  
**BOOK "WITH EVERY**  
**STEP", ON**  
**ANDERSON BIRMAN**

- BRANDS PORTFOLIO REDUCTION
- FOCUS ON AB DEMOGRAPHIC
- CORPORATE AREAS RESTRUCTURING
- FOCUS ON PROFITABILITY
- MOTHERS' DAY SELL IN

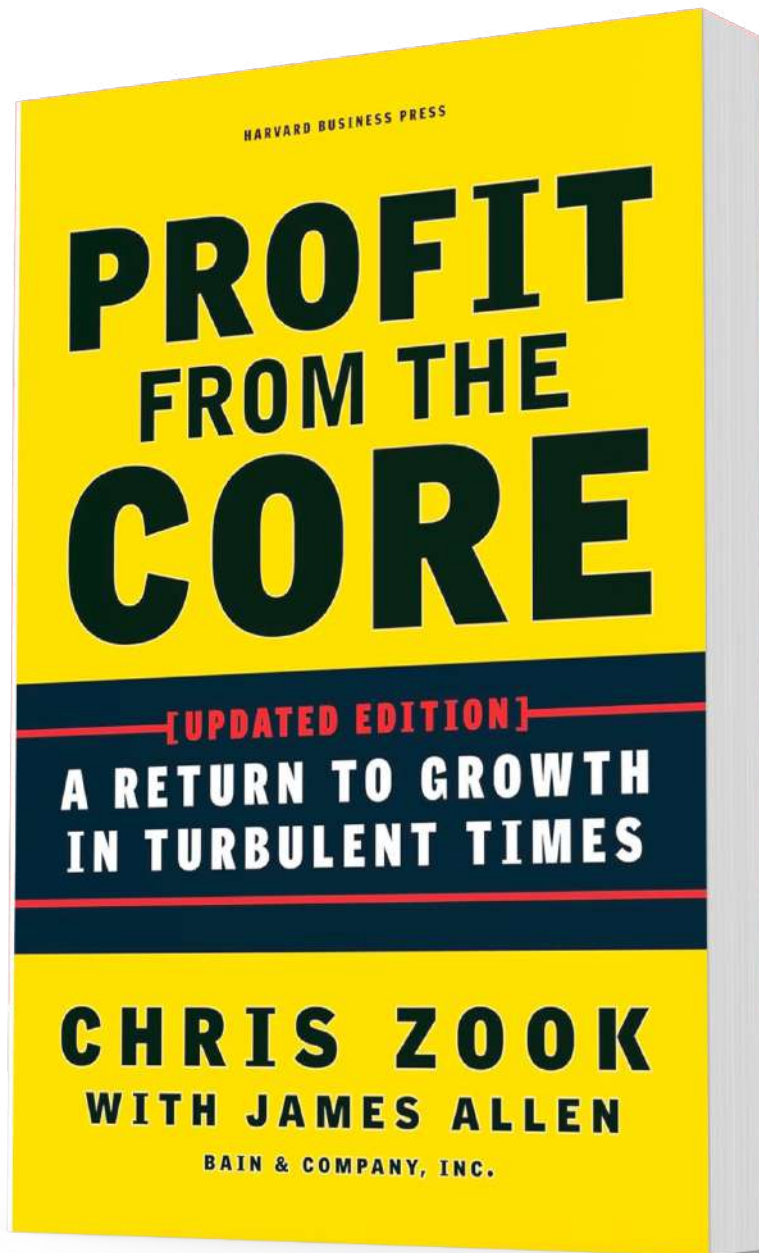
- FOCUS ON CORE
- MOTHERS' DAY (RECORD-SETTING)
- NEW DC LAUNCH
- WORKING CAPITAL EFFICIENCY ADJUSTMENT
- CAPTURING SYNERGIES

- INVESTMENT IN CORE BRANDS: SCHUTZ HAUS AND CASA BIRMAN
- FULL OPERATIONAL STARTUP OF THE NEW DC
- CAPTURING WK EFFICIENCIES
- STRONG GROSS MARGIN EXPANSION

- FRANCHISING PROJECT STRUCTURED
- BLACK FRIDAY WITH RECORD-SETTING RESULTS
- BUDGET STRUCTURING
- PREPARATION AND ROADSHOW FOR CHRISTMAS

# OPERATIONAL EFFICIENCY

**THIS YEAR'S FOCUS**



BASED ON MORE THAN 10 YEARS OF STUDIES AT BAIN&COMPANY, THE AUTHORS SOUGHT TO ANSWER THE QUESTIONS, “HOW TO GROW A BUSINESS PROFITABLY AND SUSTAINABLY?”

SEVERAL THEMES EMERGED FROM THOSE STUDIES:

1. GROWTH COMPANIES ARE ALWAYS THOSE THAT BUILD UNIQUE STRENGTHS ON A SHARPLY FOCUSED CORE BUSINESS - AND AVOID DISTRACTIONS.
2. MOST MANAGEMENT TEAMS UNDERESTIMATE THEIR CORE BUSINESS’S POTENTIAL FOR PROFIT, AND OFTEN LEAVE POTENTIAL UNTAPPED.
3. GROWTH ALWAYS REQUIRES CHANGE - WHICH IS HARD BECAUSE EVERY ORGANIZATION NATURALLY PROTECTS ITS STATUS QUO.

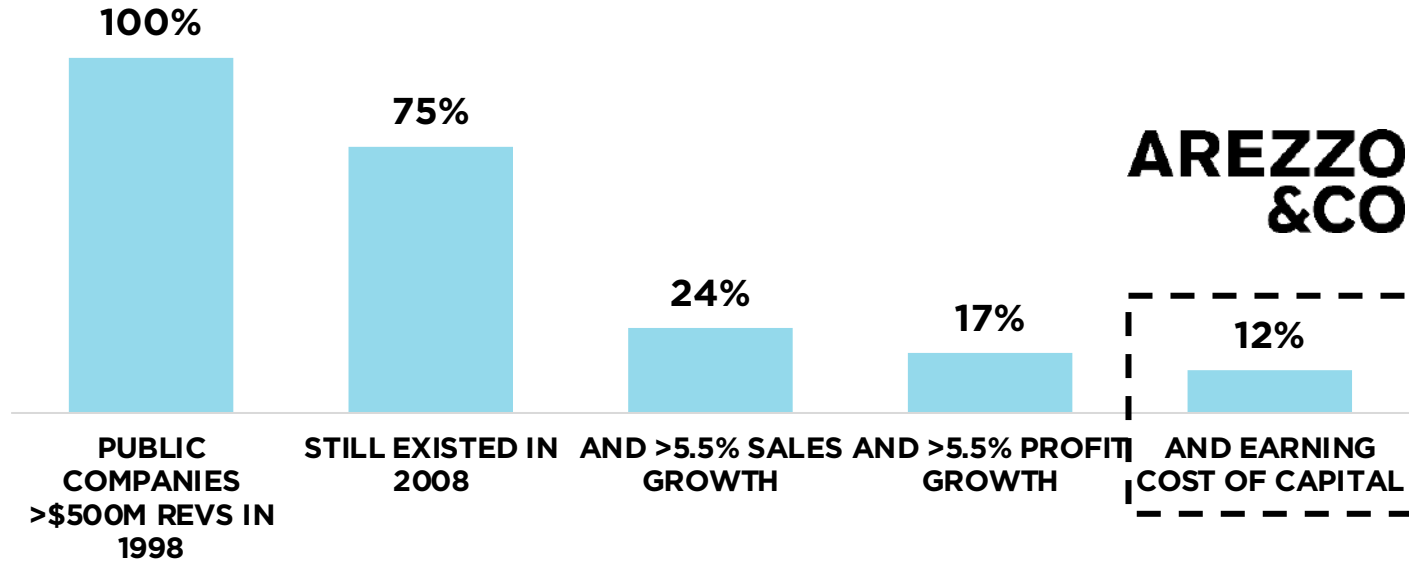
THE STUDY SHOWS THAT GROWTH ORGANIZATIONS:

1. CONSISTENTLY FIND NEW WAYS TO EXPLORE THEIR FULL POTENTIAL FOR PROFIT BASED ON THE EXISTING CORE BUSINESS.
2. SYSTEMATICALLY EXPAND ADJACENTLY TO THE BUSINESS - INTEGRATING BUSINESSES THAT STRENGTHEN THEIR CORE.
3. PERIODICALLY AND PREEMPTIVELY REDEFINE THEIR CORE BUSINESS WHEN MARKET TURBULENCE SO REQUIRES.

FOCUSING ON THE CORE IS MORE CRITICAL THAN EVER, AS COMPANIES NEED TO REBUILD THEIR COMPETITIVE ADVANTAGES IN TURBULENT ECONOMIC ENVIRONMENTS.

# GROWTH PERFORMANCE

1998 - 2008 | PERCENTAGE OF COMPANIES



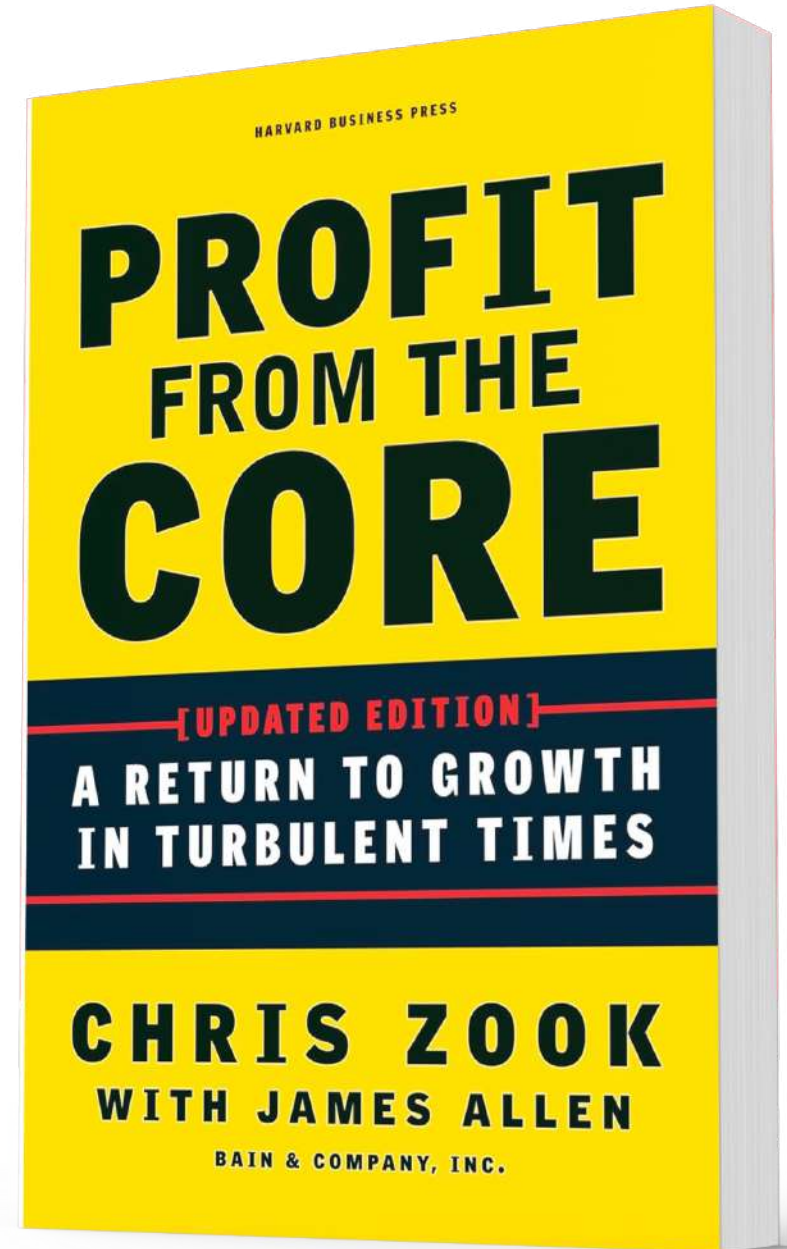
**AREZZO & CO**

“12%, OR APPROXIMATELY ONE COMPANY OUT OF TEN, REACH SUSTAINABLE AND PROFITABLE GROWTH (OR COULD BE DEEMED AS SUSTAINABLE VALUE CREATORS) OVER THE COURSE OF A DECADE THAT MANY REGARD AS ONE OF THE BEST FOR THE WORLD ECONOMY.”

“WE FOUND THAT COMPANIES THAT GREW THEIR REVENUES, BUT NOT THEIR PROFITS, CREATED NO LONG-TERM ECONOMIC VALUE.”

“COMPANIES THAT GREW BOTH THEIR REVENUES AND THEIR PROFITS, BUT DID NOT EARN THEIR COST OF CAPITAL, EVENTUALLY LOST THE ABILITY TO ATTRACT INVESTORS.”

“PROFIT FROM THE CORE”, BY CHRIS ZOOK & JAMES ALLEN

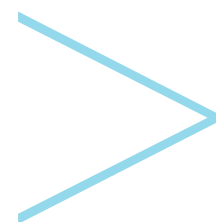


NOTE: EARNING COST OF CAPITAL DEFINED AS ABOVE AVERAGE TOTAL SHAREHOLDERS RETURN 5.5% REQUIRED GROWTH RATE IS IN REAL TERMS (I.E AFTER CORRECTIONS FOR INFLATION) ANALYSIS OF 2.000+ COMPANIES IN 12 DEVELOPED AND EMERGING ECONOMIES.

## 2. AREZZO&CO HAS BEEN DELIVERING SHAREHOLDER RETURNS ABOVE ITS COST OF CAPITAL

14.4%

AREZZO&CO SHAREHOLDER'S RETURN  
2011 - 2023  
(ANNUAL AVERAGE)



5.0%

PERFORMANCE IBOV  
2011 - 2023\*  
(ANNUAL AVERAGE)

10.1%

PERFORMANCE CDI  
2011 - 2023\*  
(ANNUAL AVERAGE)

ON  
TO 2154

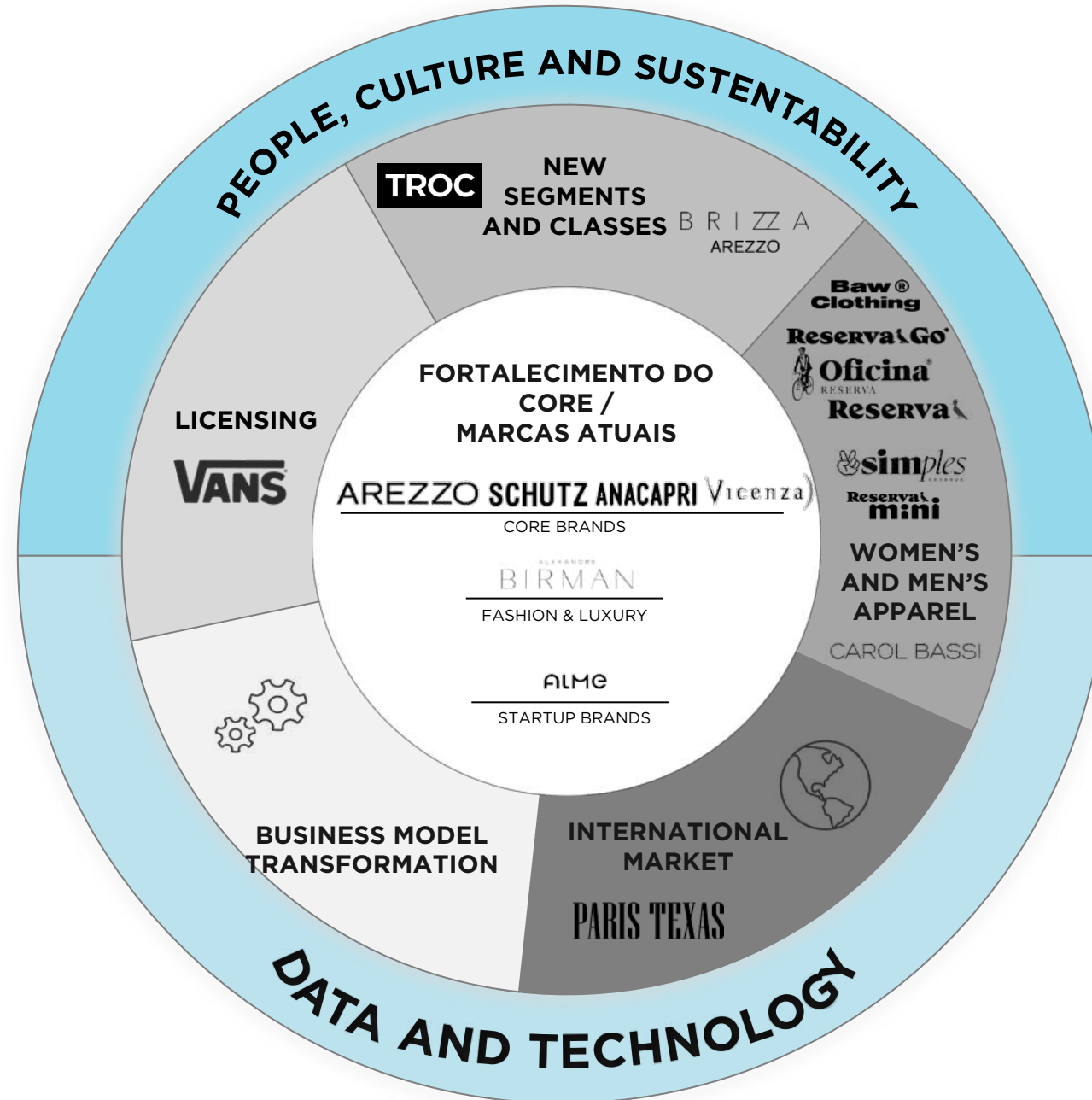


# STRATEGIC VISION



RAFAEL SACHETE

# STRATEGY STRATEGIC PILLARS



# STRATEGY

## GROWTH AVENUES

### POSITIONING IN 2019

- OWN STORES
- MULTI-BRAND
- FRANCHISES
- E-COMMERCE
- EXPORTS
- OUTLET

#### CHANNELS

- DEPARTMENT STORES
- KIOSK
- OUTLETS
- EXPORTS
- WEB-COMMERCE
- OWN STORES
- MULTI-BRAND
- FRANCHISES

- BRAZIL
- LATIN AMERICA
- NORTH AMERICA

#### GEOGRAPHY

- INC BRCKT A1
- INC BRCKT A2

#### POSITIONING

#### BRANDS

- ANACAPRI
- ALEXANDRE BIRMAN
- SCHUTZ
- AREZZO
- FIEVER
- ALME

**AREZZO & CO**

- ALME
- FIEVER
- ALEXANDRE BIRMAN
- ANACAPRI
- SCHUTZ
- AREZZO
- INC BRCKT A1
- INC BRCKT A2
- INC BRCKT B1
- INC BRCKT B2
- INC BRCKT C1
- INC BRCKT C2

#### CATEGORIES

- HANDBAGS
- FOOTWEAR
- ACCESSORIES

- ATHLEISURE
- LEATHER ACCESSORIES
- APPAREL
- OTHER ACCESSORIES
- HANDBAGS
- FOOTWEAR

- WOMEN'S
- MEN'S

#### SEGMENTS

- WOMEN'S
- MEN'S
- WHITE SOLE
- CHILDREN'S
- TEENAGER
- FULL PLASTIC

POSITIONING IN 19  
UNTAPPED

# STRATEGY GROWTH AVENUES

## POSITIONING IN 2023

- OWN STORES
- MULTI-BRAND
- FRANCHISES
- E-COMMERCE
- EXPORTS
- OUTLET



### CHANNELS

- DEPARTMENT STORES
- KIOSK
- OUTLETS
- EXPORTS
- WEB-COMMERCE
- OWN STORES
- MULTI-BRAND
- FRANCHISES

- BRAZIL
- LATIN AMERICA
- NORTH AMERICA
- EUROPE

+1



### GEOGRAPHY

- INC BRCKT A1
- INC BRCKT A2
- INC BRCKT B1

+1



### POSITIONING

**AREZZO & CO**



- ANACAPRI
  - ALEXANDRE BIRMAN
  - SCHUTZ
  - AREZZO
  - ALME
  - VANS
- +7
- RESERVA
  - BAW
  - TROC
  - CAROL BASSI
  - VICENZA
  - PARIS TEXAS

### CATEGORIES

- HANDBAGS
  - FOOTWEAR
  - ACCESSORIES
  - APPAREL
- +1

- WOMEN'S
  - MEN'S
  - WHITE SOLE
  - CHILDREN'S
- +2

POSITIONING IN 19  
POSITIONING IN 23  
UNTAPPED

# MARKET

## ANNUAL BUDGETING CYCLE

# SHARE

# MARKET SHARE 2023

## METHODOLOGY



TOTAL DOMESTIC MARKET FOR  
**FOOTWEAR | HANDBAGS | APPAREL**

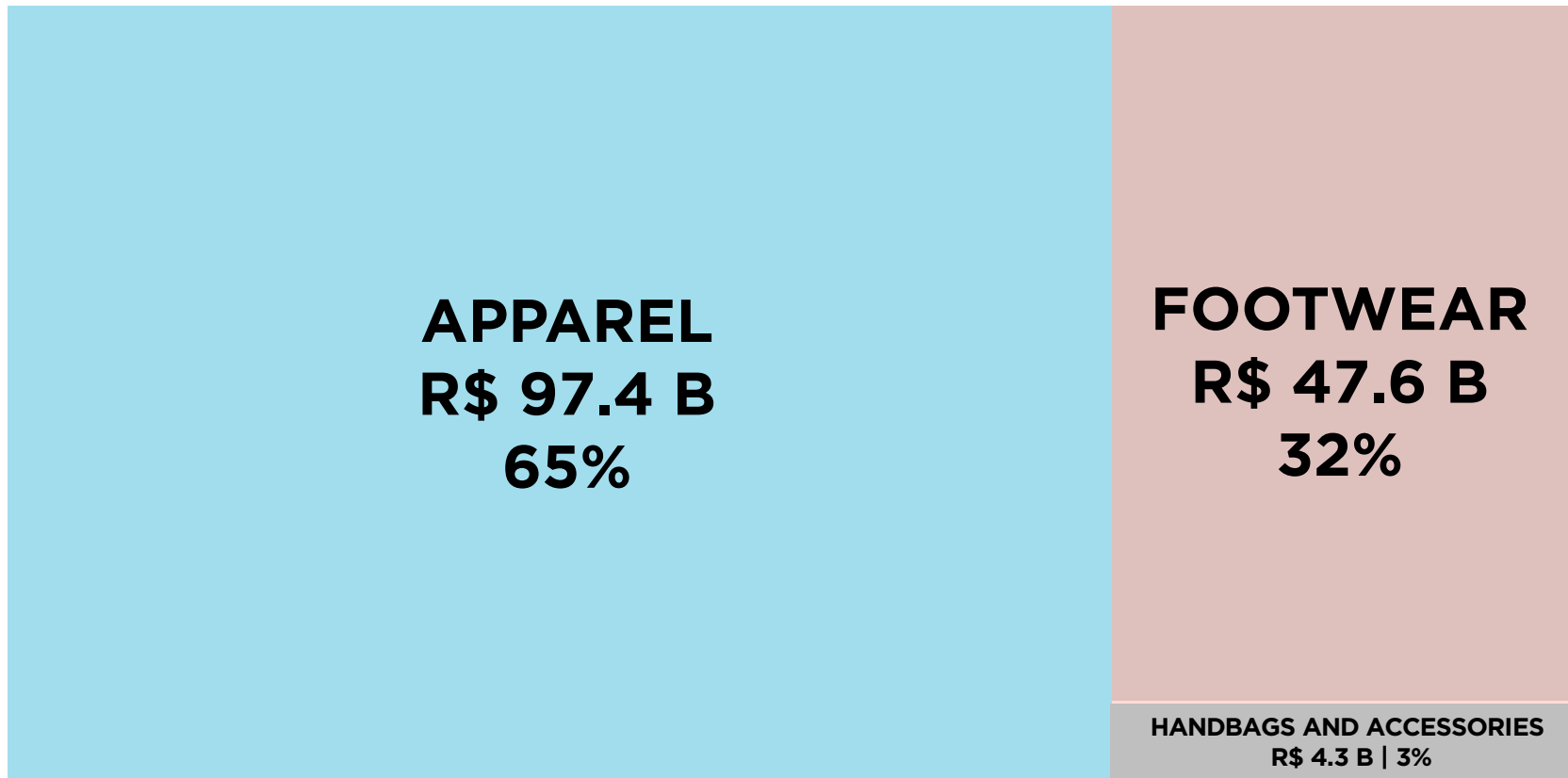
AM CONSIDERING POTENTIAL  
CONSUMPTION BY **INCOME BRACKET**  
AND **GENDER**

MARKET SHARE BY:

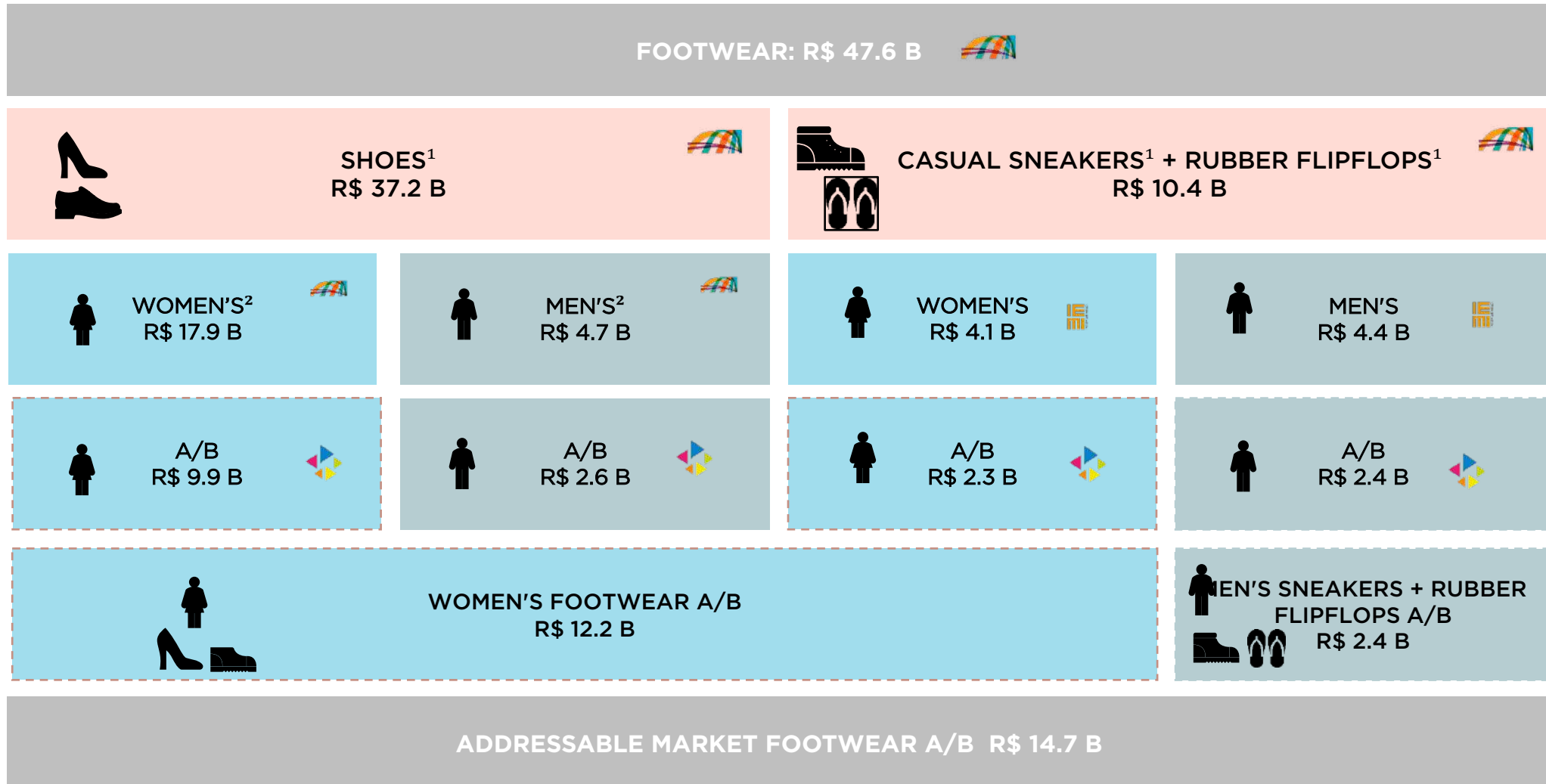
- **BRAND**
- **GENDER**
- **CATEGORY**
- **REGION**
- **CITY (GEO-LOCATION)**

**TOTAL MARKET**  
**BRAZIL 2023**

**TOTAL DOMESTIC MARKET**  
(APPAREL + FOOTWEAR + HANDBAGS)  
**R\$ 149.3 B**



# ADDRESSABLE MARKET FOOTWEAR





# ADDRESSABLE MARKET HANDBAGS AND ACCESSORIES

HANDBAGS AND ACCESSORIES: R\$ 4.3 B 🌈



HANDBAGS AND  
SHOULDER BAGS  
R\$ 3.1 B 🌈



BACKPACKS  
R\$ 858 MM 🌈



PORTFOLIOS AND OTHER  
SMALL HANDBAGS  
R\$ 337 MM 🌈

A/B  
R\$ 1.7 B 🌈

A/B  
R\$ 476 MM 🌈

A/B  
R\$ 187 MM 🌈

ADDRESSABLE MARKET HANDBAGS AND ACCESSORIES UNISEX A/B  
R\$ 2.4 B

# ADDRESSABLE MARKET APPAREL

APPAREL: R\$ 97.4 B 



WOMEN'S<sup>1</sup>  
R\$ 34.7 B 



MEN'S<sup>1</sup>  
R\$ 32.3 B 



CHILDREN'S<sup>2</sup>  
R\$ 24.0 B 



WOMEN'S APPAREL A/B  
R\$ 25.1 B 



MEN'S APPAREL A/B  
R\$ 23.3 B 

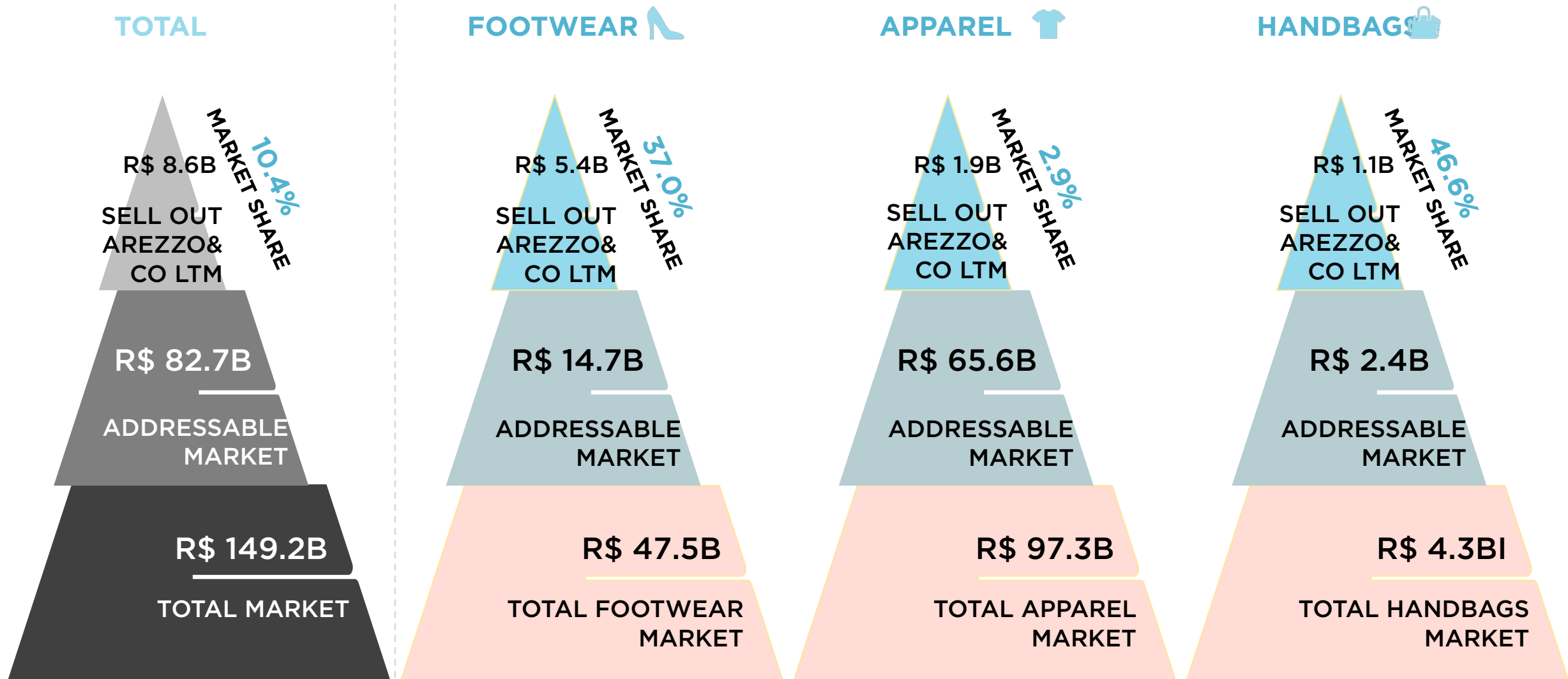


CHILDREN'S APPAREL A/B  
R\$ 17.3 B 



ADDRESSABLE MARKET APPAREL A/B R\$ 65.6 B

# MARKET SHARE 2023 BY CATEGORY

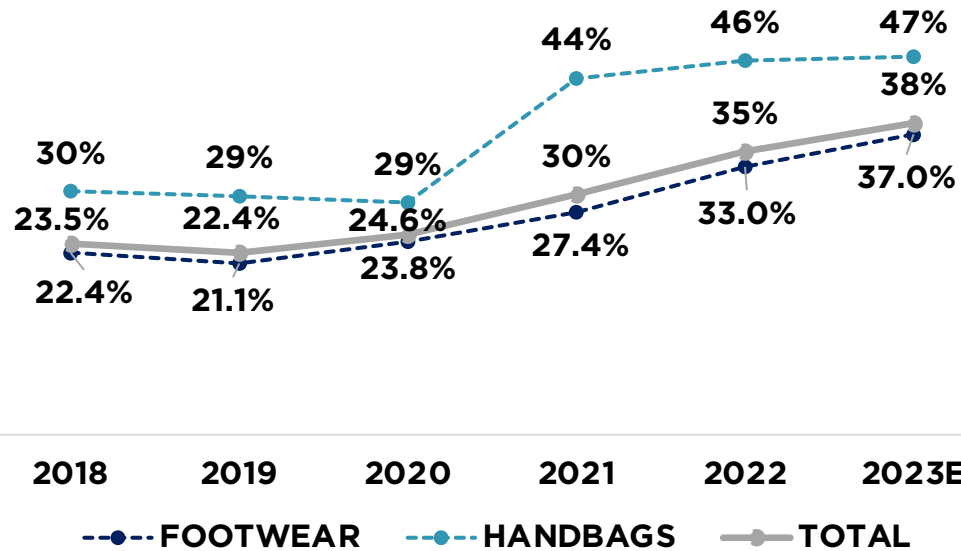


# MARKET SHARE 2023 | CATEGORIES EVOLUTION

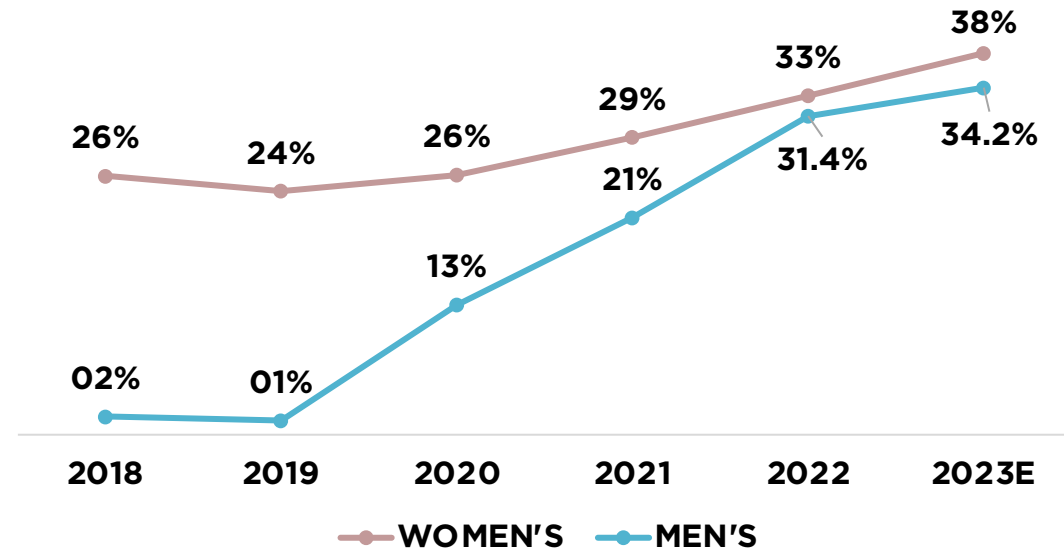
3.5PP EXPANSION OF AREZZO&CO'S FOOTWEAR AND HANDBAGS MARKET SHARE IN 2023

## MARKET SHARE EVOLUTION

FOOTWEAR AND HANDBAGS MARKET SHARE (%)



FOOTWEAR MARKET SHARE: WOMEN'S AND MEN'S (%)



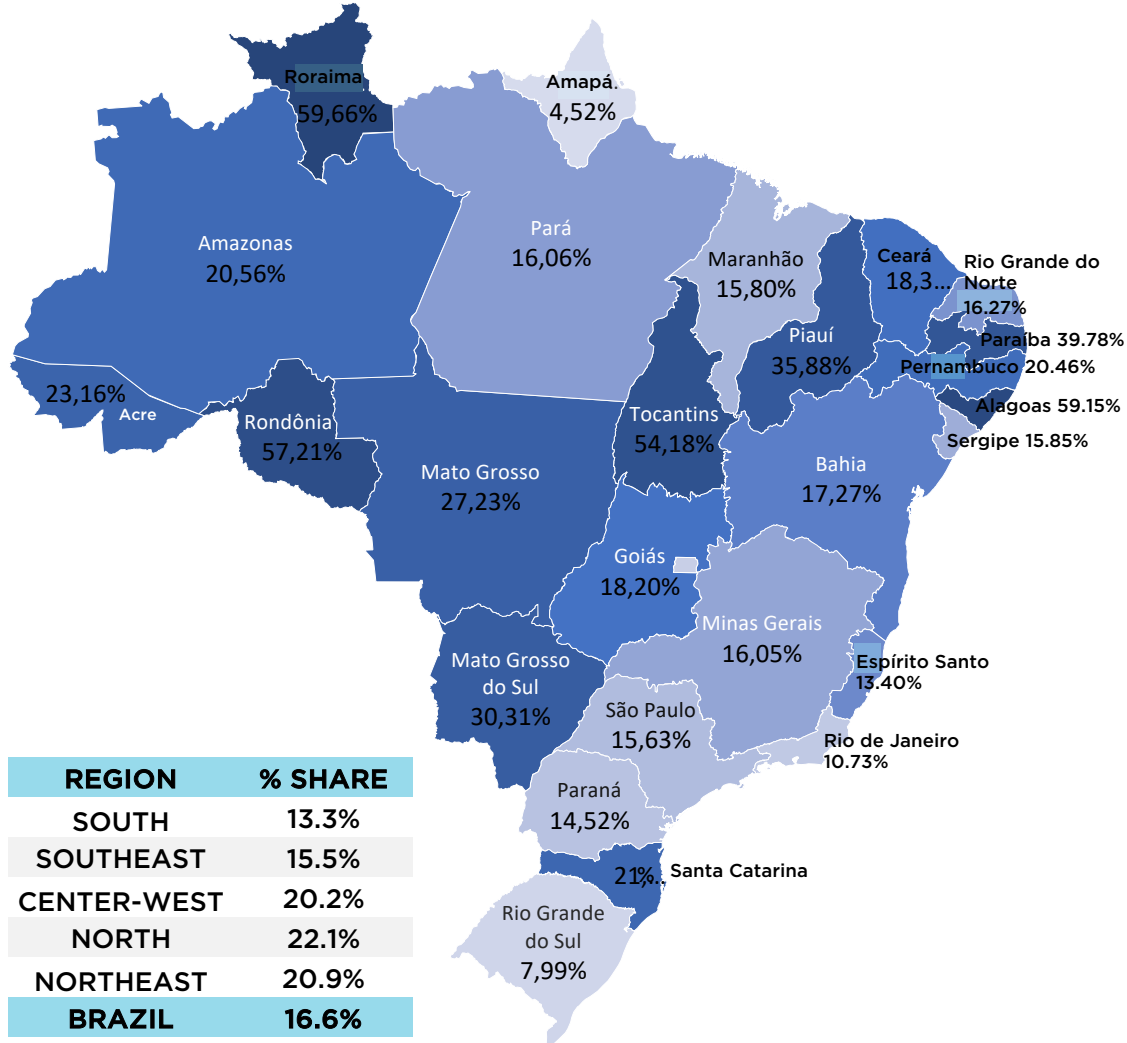
- ✓ TOTAL MKT OF HANDBAGS AND FOOTWEAR EXPANDED FROM 34.9% IN 2022 TO 38.4% IN 2023E, UP 3.5PP.
- ✓ THE SHARE GAIN MAINLY REFLECTS THE 4.0PP EXPANSION IN FOOTWEAR.
- ✓ THE HANDBAGS CATEGORY'S SHARE GAIN WAS 0.5PP. THE ADDRESSABLE MARKET FOR HANDBAGS GREW 20% IN THE SAME PERIOD.

- ✓ THE FOOTWEAR MARKET SHARE GREW MAINLY DUE TO THE 4.2PP GAIN IN THE WOMEN'S FOOTWEAR MARKET, INFLUENCED BY THE GROWTH OF CORE BRANDS AREZZO, SCHUTZ AND ANACAPRI

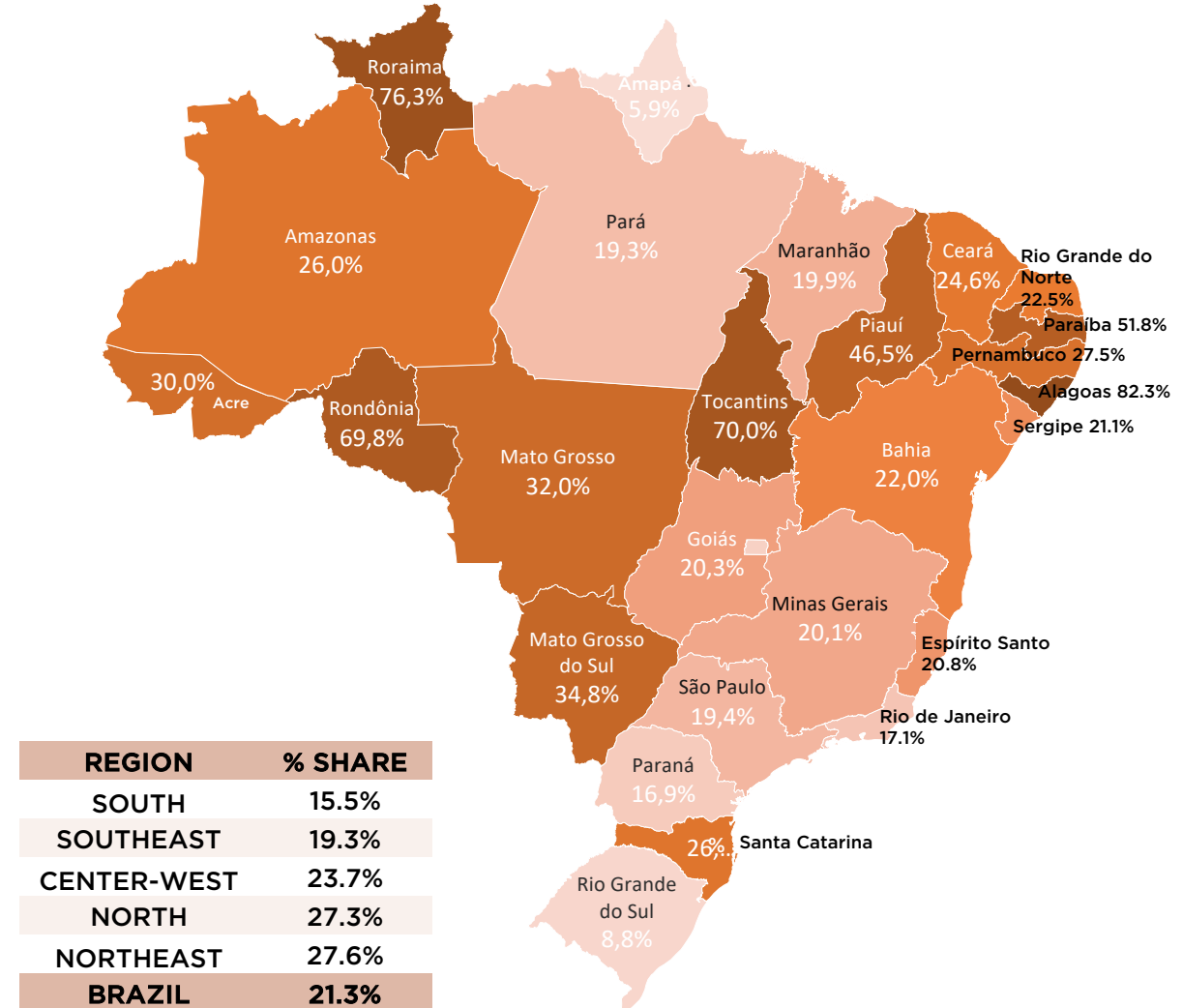
# MARKET SHARE 2023 | BY BRAND

	FOOTWEAR+ HANDBAGS	FOOTWEAR	HANDBAGS & ACCESSORIES	APPAREL
AREZZO	18.3%	17.7%	21.3%	NA
BRIZZA	4.3%	11.1%	0.7%	NA
SCHUTZ	10.2%	8.7%	16.9%	0.0%
ANACAPRI	6.2%	6.8%	4.1%	NA
A. BIRMAN	1.7%	1.7%	NA	NA
VANS	14.8%	21.2%	2.3%	0.3%
AR&CO	2.3%	2.4%	1.7%	6.6%
CAROL BASSI	NA	NA	NA	0.6%
VICENZA	NA	1.3%	NA	NA

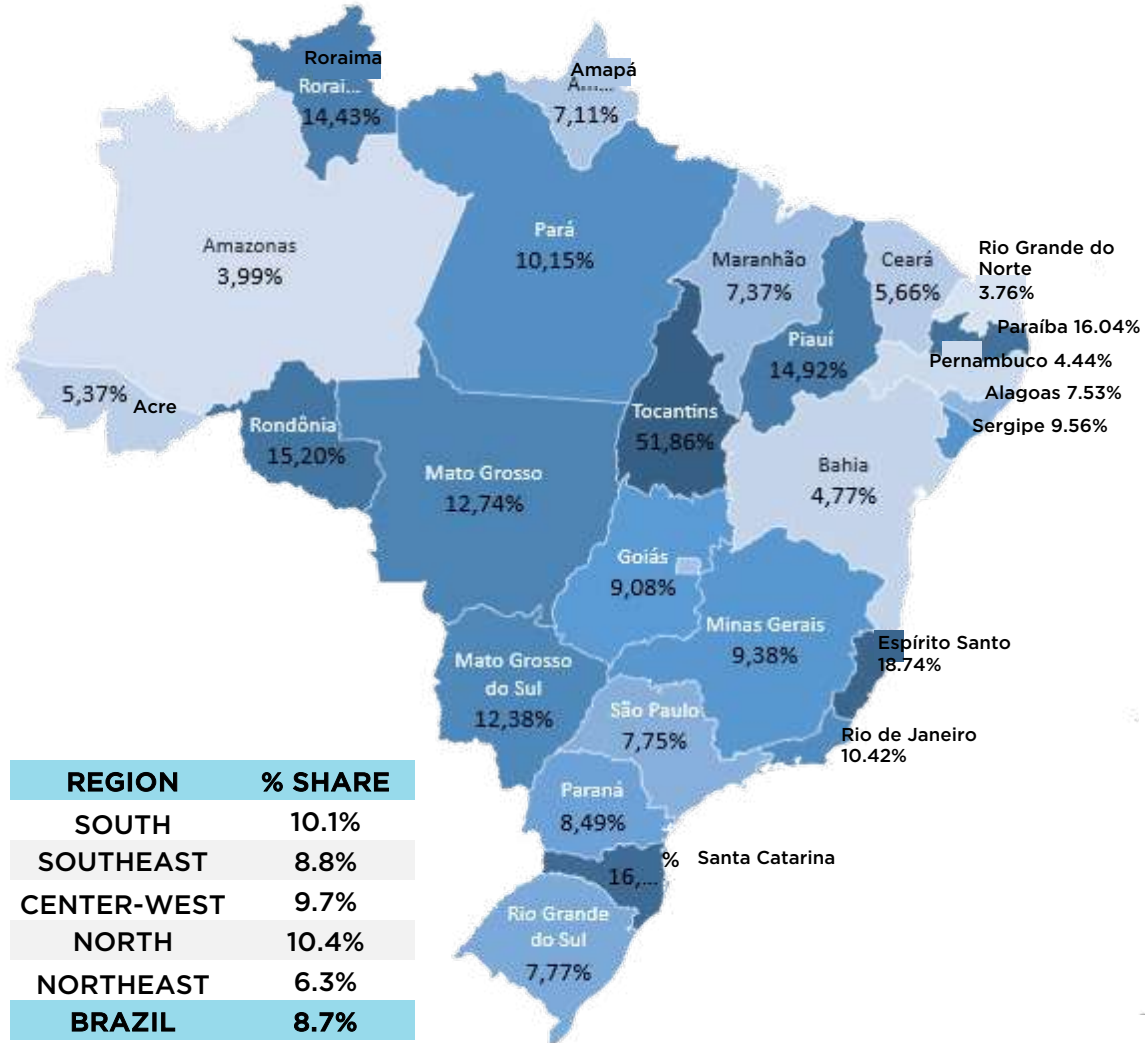
## FOOTWEAR



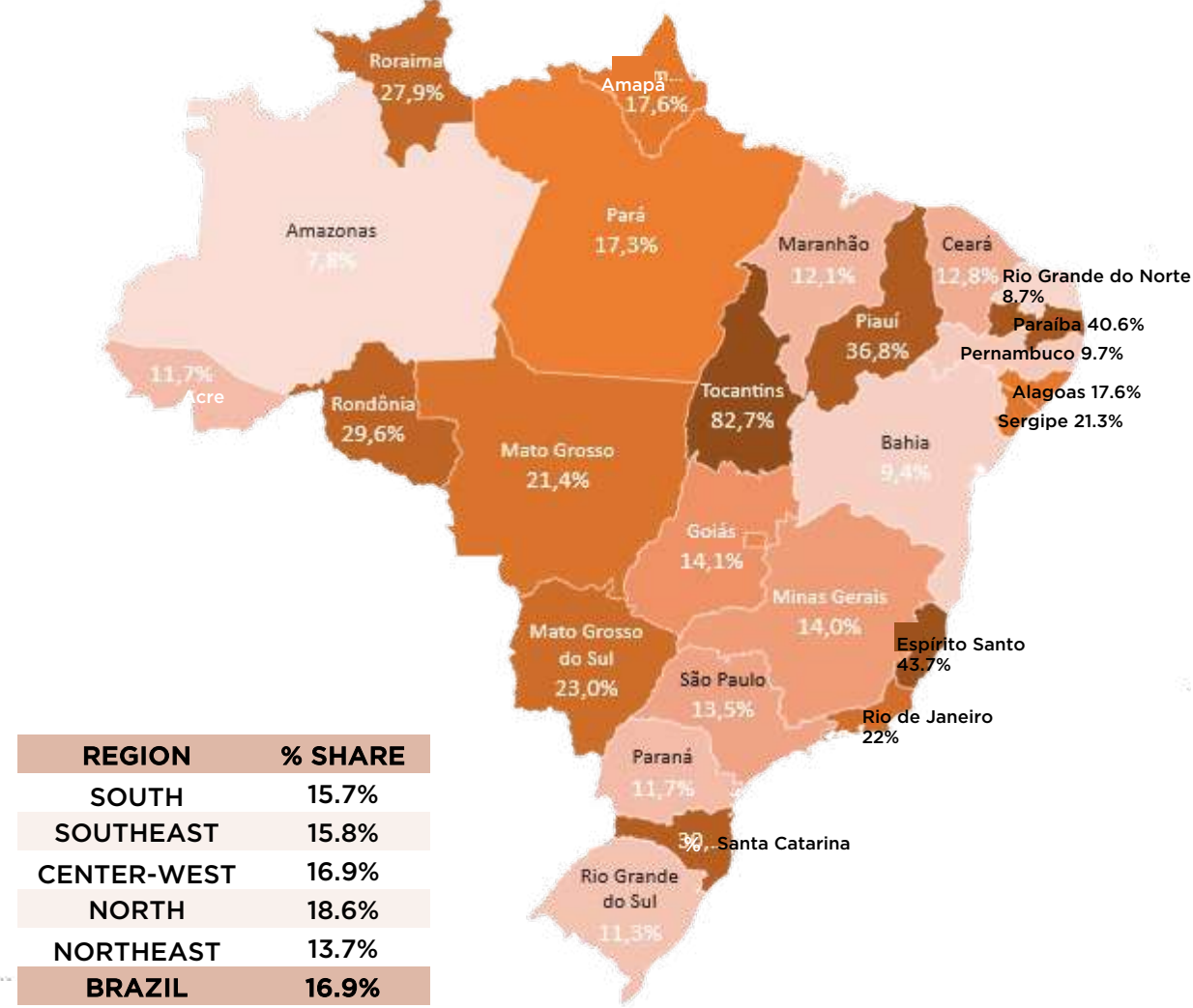
## HANDBAGS



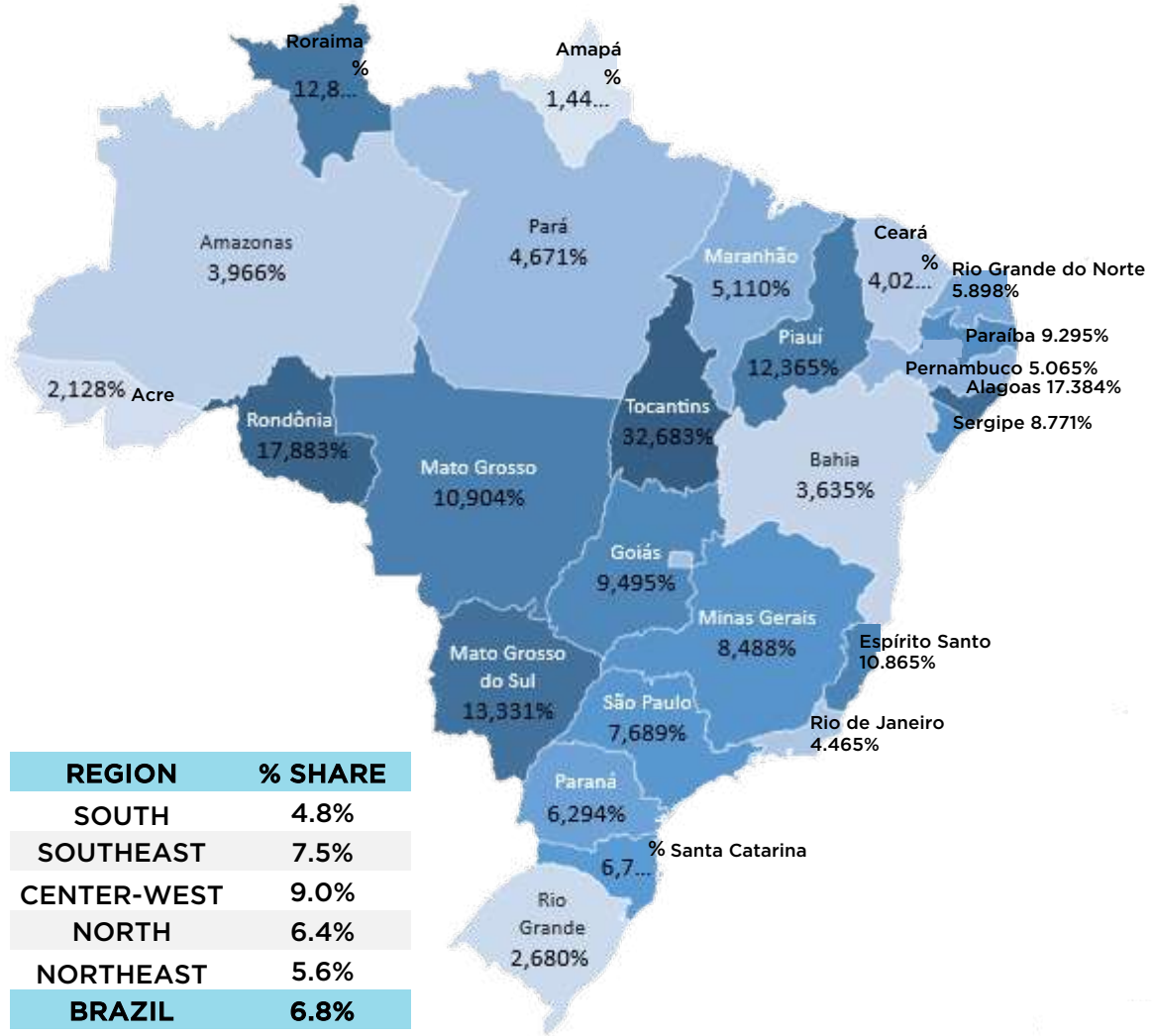
## FOOTWEAR



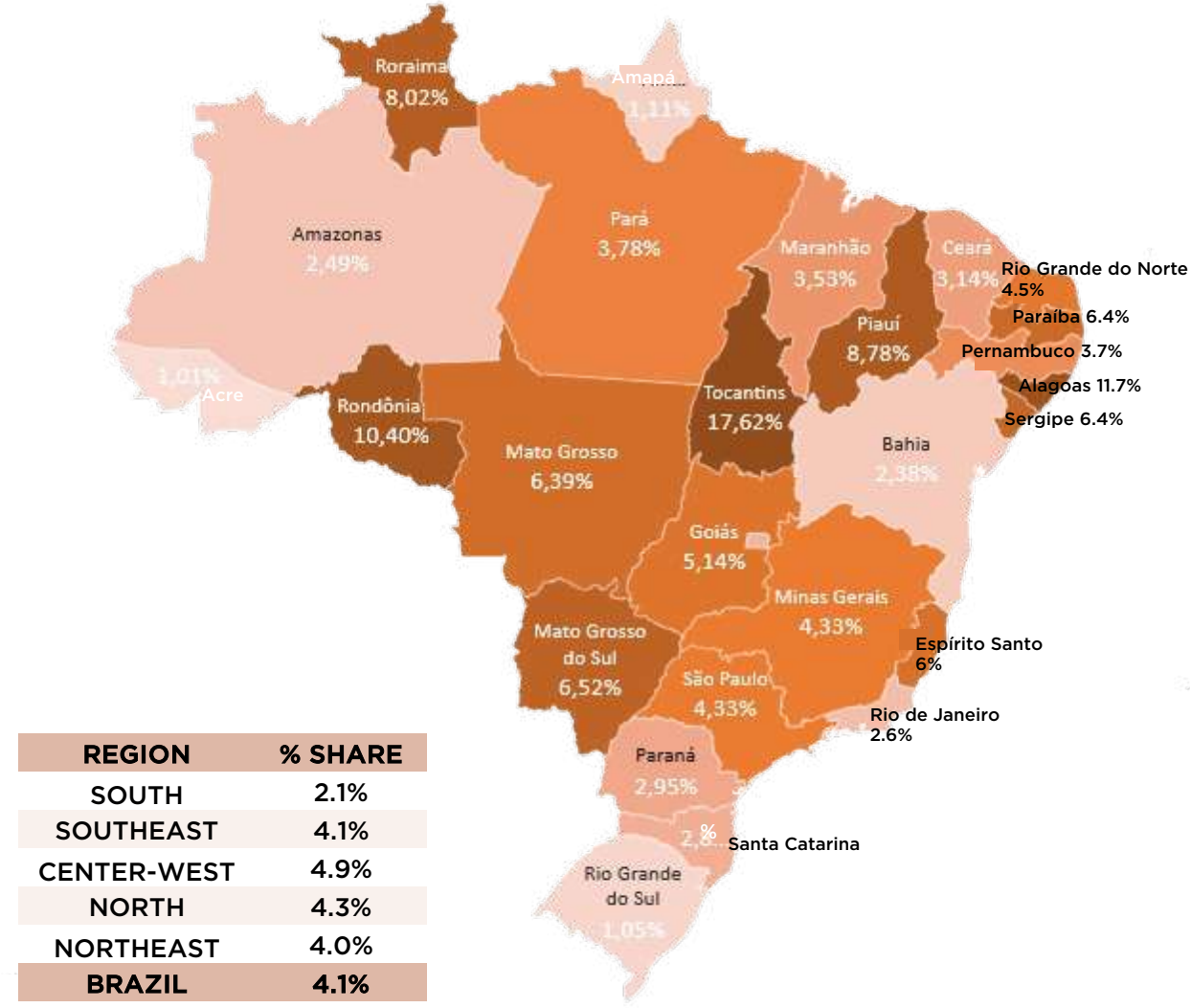
## HANDBAGS



## FOOTWEAR



## HANDBAGS

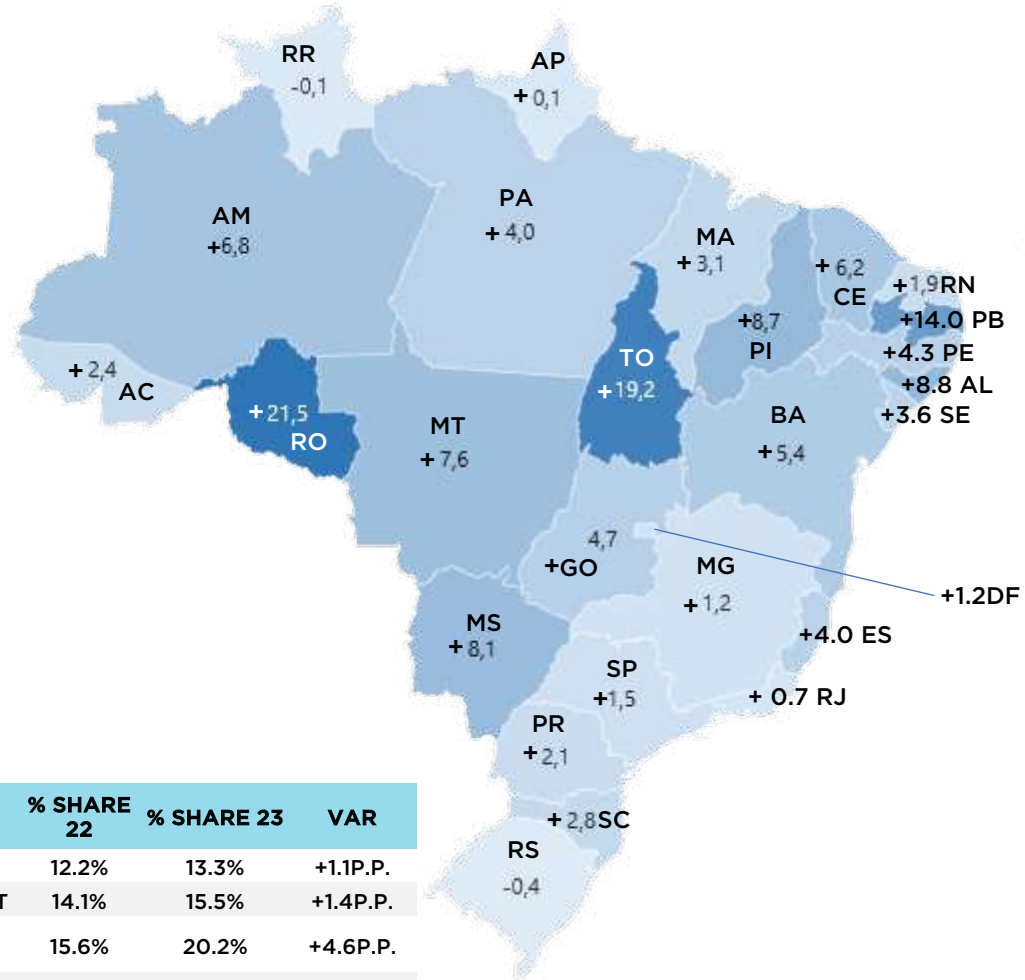




**ILLUSTRATIVE**

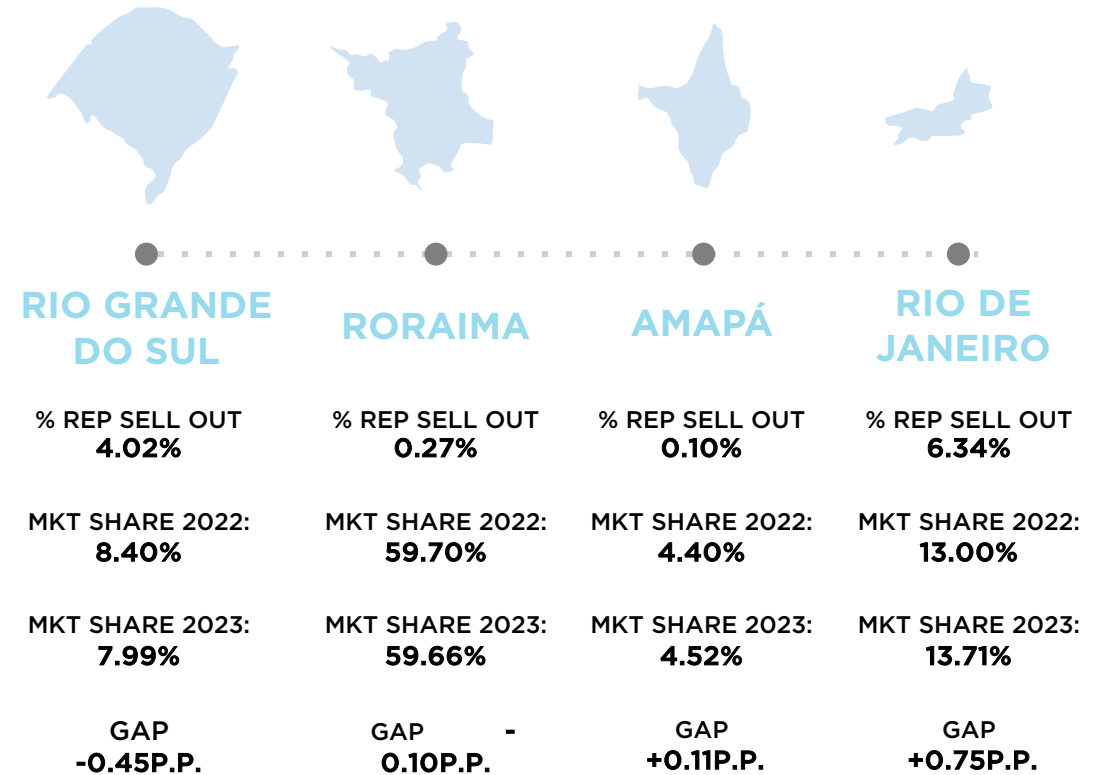
# GRANULAR ANALYSIS

## MARKET SHARE VARIATION 23 VS 22 (P.P.)



REGION	% SHARE 22	% SHARE 23	VAR
SOUTH	12.2%	13.3%	+1.1P.P.
SOUTHEAST	14.1%	15.5%	+1.4P.P.
CENTER-WEST	15.6%	20.2%	+4.6P.P.
NORTH	16.5%	22.1%	+5.6P.P.
NORTHEAST	15.2%	20.9%	+5.7P.P.
<b>BRAZIL</b>	<b>14.2%</b>	<b>16.6%</b>	<b>+2.4P.P.</b>

## STATES WITH MARKET SHARE LOSS AND/OR LOWER GAIN VS 2022



# ANALYSIS BY CITY FOOTWEAR | AREZZO

MARKET SHARE GAIN IN BRAZIL OVERALL, EMPHASIS ON 3.9 P.P. GROWTH IN CITIES UNDER 100K INHABITANTS

## ANNUAL MARKET SHARE CHANGE BY TIER

	2022	2023	CHG	SELL OUT 2023 (IN R\$ B)	% SELL OUT 2023
<b>BRAZIL</b>	14.2 %	16.6 %	+2.4P.P	2.03	100%
<b>TIER 1 - &gt; 2M INH.</b> 7 CITIES	14.0 %	15.5 %	+1.5P.P	0.46	22.84%
<b>TIER 2 - 1M-2M INH.</b> 8 CITIES	15.2%	15.8 %	+0.6P.P	0.16	8.00%
<b>TIER 3 - 500K -1M INH.</b> 29 CITIES	14.4%	17.1 %	+2.7P.P	0.27	13.16%
<b>TIER 4 - 250K-500K INH.</b> 78 CITIES	15.5 %	17.6 %	+2.1P.P	0.31	15.15%
<b>TIER 5 - 100K-250K INH.</b> 194 CITIES	14.5 %	17.0 %	+2.4P.P	0.30	14.69%
<b>TIER 6 - &lt;100K INH.</b> 5,254 CITIES	13,1%	16.9 %	+3.9P.P	0.53	26.15%



**MARKET SHARE FOOTWEAR**

**25.2%**

**TOTAL 5 STORES**

**ALL FRANCHISES**

**SELL-OUT BREAKDOWN:**

**87.3% FQ**

**12.5% WEB**

**0.2% MB**

# 2023 STUD CONCLUSIONS | OPPORTUNITY GAPS

## CATEGORY



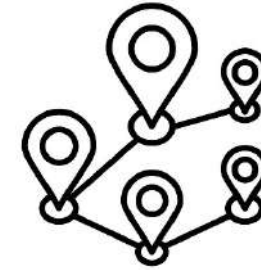
- ✓ **AREZZO&CO'S TOTAL ADDRESSABLE MARKET IS R\$ 82.7B. CONSIDERING THE HANDBAGS AND FOOTWEAR CATEGORIES, THE MARKET IS R\$ 17.1B**
- ✓ **AREZZO&CO'S MARKET SHARE OF THE FOOTWEAR AND HANDBAGS CATEGORIES IS 37.0% AND 46.6%, RESPECTIVELY.**

## GENDER



- ✓ **AREZZO&CO'S ADDRESSABLE MARKET FOR WOMEN'S FOOTWEAR IS 12.2B, 5X MEN'S.**

## REGION



- ✓ **AREZZO&CO HAS A CONSOLIDATED PRESENCE IN THE TOP 10 CITIES WITH THE HIGHEST POTENTIAL CONSUMPTION**
- ✓ **YOY MARKET SHARE EXPANSION OF THE CORE BRANDS IN CITIES < 100K INHABITANTS.**

## OVERVIEW

- ✓ **THE APPAREL MARKET IS R\$ 65.6B, ~4X THE MARKETS FOR FOOTWEAR AND HANDBAGS PUT TOGETHER**
- ✓ **OPPORTUNITY TO EXPAND THE CATEGORY WITHIN THE GROUP**

- ✓ **WOMEN'S APPAREL MARKET SHARE IS SIGNIFICANTLY SMALLER THAN MEN'S, AT 1.1% VS 6.2%**
- ✓ **EXPANSION OPPORTUNITY IN THE APPAREL CATEGORY, PARTICULARLY WOMEN'S.**

- ✓ **MAIN OPPORTUNITY FOR AREZZO AND ANACAPRI**
- ✓ **INCREASED SHARE AND CAPILLARITY IN CITIES < 100K INHABITANTS.**
- ✓ **BRAND CONSOLIDATION OPPORTUNITY THROUGH THE FRANCHISES AND MULTI-BRAND CHANNELS.**

## GAPS

# GROWTH AVENUES

# GROWTH AVENUES

WE HAVE OPPORTUNITIES TO EXPAND THE GROWTH AVENUES AND THEREBY EXPAND OUR ADDRESSABLE MARKET

## R\$ 50.9B

EXPAND APPAREL AND FOOTWEAR SEGMENTATION (BEACHWEAR, KIDS WOMEN'S, UNDERWEAR AND FITNESS)

**BRANDS  
CATEGORIES  
SEGMENTS**



**GEOGRAPHY**



## US\$ 11.3B

CONTINUED GROWTH OF CORE BRANDS' INTERNATIONALIZATION AND EXPANSION OF PARIS TEXAS IN THE USA, IN ADDITION TO POTENTIAL M&As.

**AREZZO  
& CO**

## R\$ 74.1B

INC BRCKT A/B CONSOLIDATION IN THE APPAREL, FOOTWEAR AND HANDBAGS CATEGORIES

**INC BRCKT**



**CHANNELS**



## R\$ 19.5B

FOCUS ON E-COMMERCE: TOTAL REVENUE NOT CAPTURED BY AREZZO&CO

# STRATEGY | GROWTH AVENUES

## BRANDS AND SEGMENTATIONS

### RETAIL | FASHION



		R\$ 65.6B <sup>1</sup>		R\$ 17.1B <sup>1</sup>		R\$ 50.9B <sup>1</sup>				
		APPAREL		FOOTWEAR & HANDBAG		FITNESS		BEACHWEAR	UNDERWEAR	KIDS WOM
WOMEN		SCHUTZ		Vicenza) ALME		<b>MARKET OPPORTUNITY</b>				
		CAROL BASSI		ANACAPRI						
		Reversa®		AREZZO						
		simples		B R I Z Z A AREZZO						
		VANS		ALEXANDRE BIRMAN						
MEN / UNISEX		Reserva		TROC						
				Baw® Clothing						
				Go®						
		Oficina RESERVA								

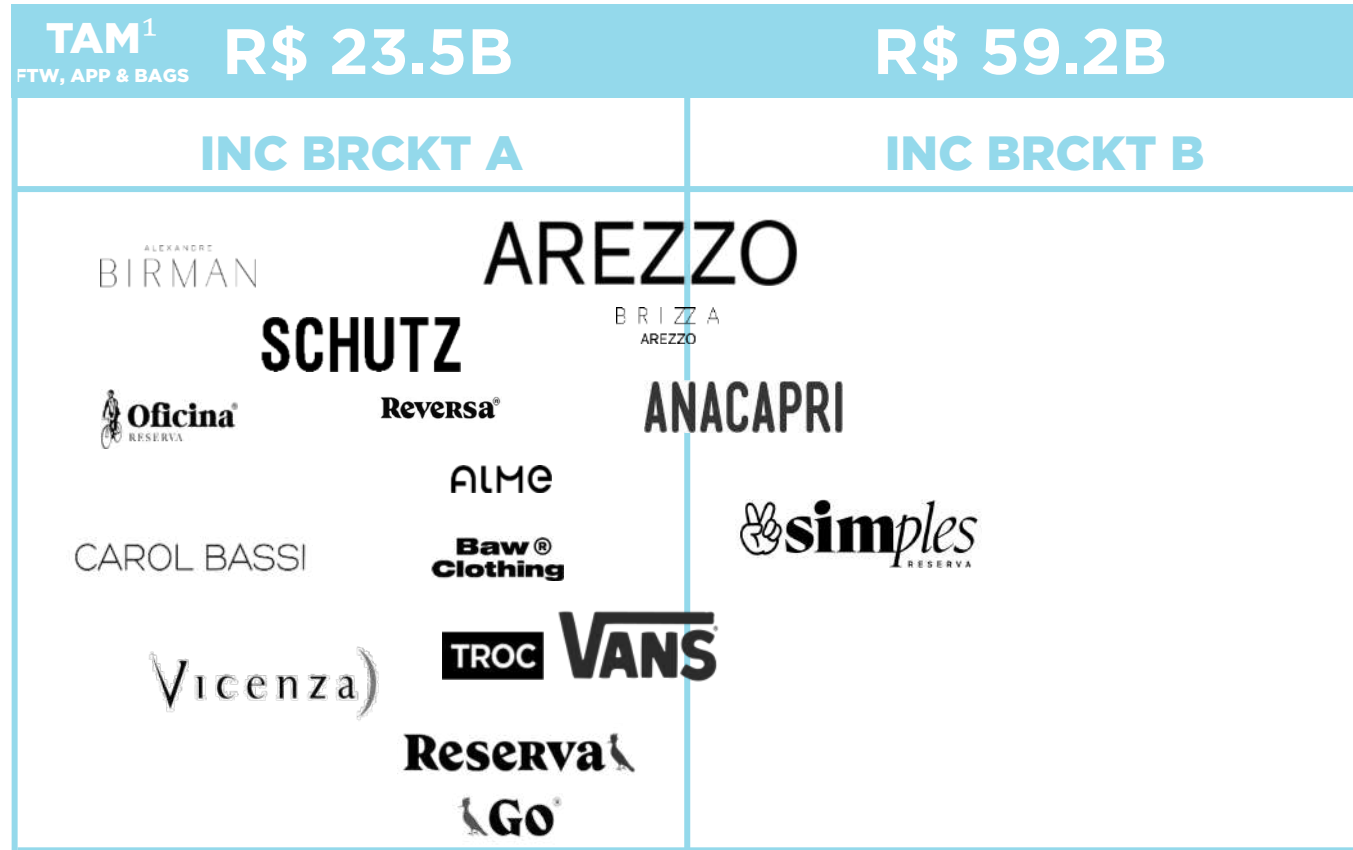
SOURCE: GEOFUSION, EUROMONITOR, IEMI  
 (1) CONSIDERING THE A/B MARKET



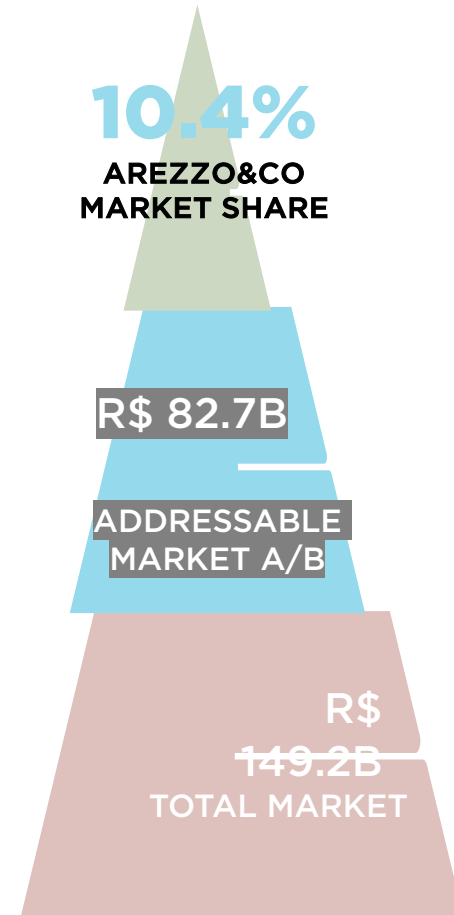
# STRATEGY | GROWTH AVENUES POSITIONING



POSITIONING



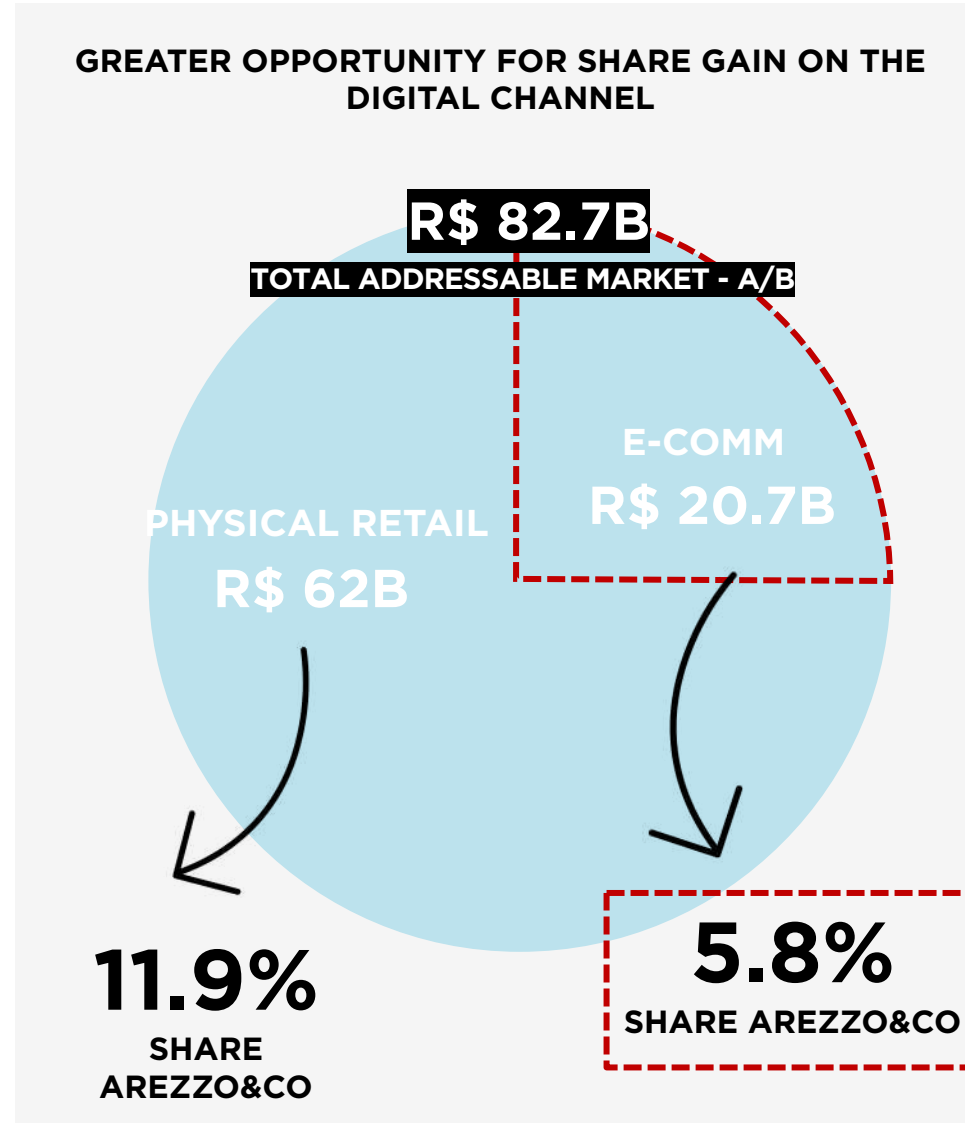
**STRATEGY: TO REINFORCE OUR POSITIONING IN THE A/B INC BRCKT FOR APPAREL/FOOTWEAR/HANDBAGS THROUGH ORGANIC GROWTH OF OUR CORE BRANDS, EXPANSION OF NEWLY ACQUIRED BRANDS, AND NEW ACQUISITIONS/LICENSING**



SOURCE: GEOFUSION, EUROMONITOR, IEMI  
(1) CONSIDERING THE SAME SEGMENTATION AS AREZZO&CO'S ADDRESSABLE MARKET

# STRATEGY | GROWTH AVENUES

## CHANNELS

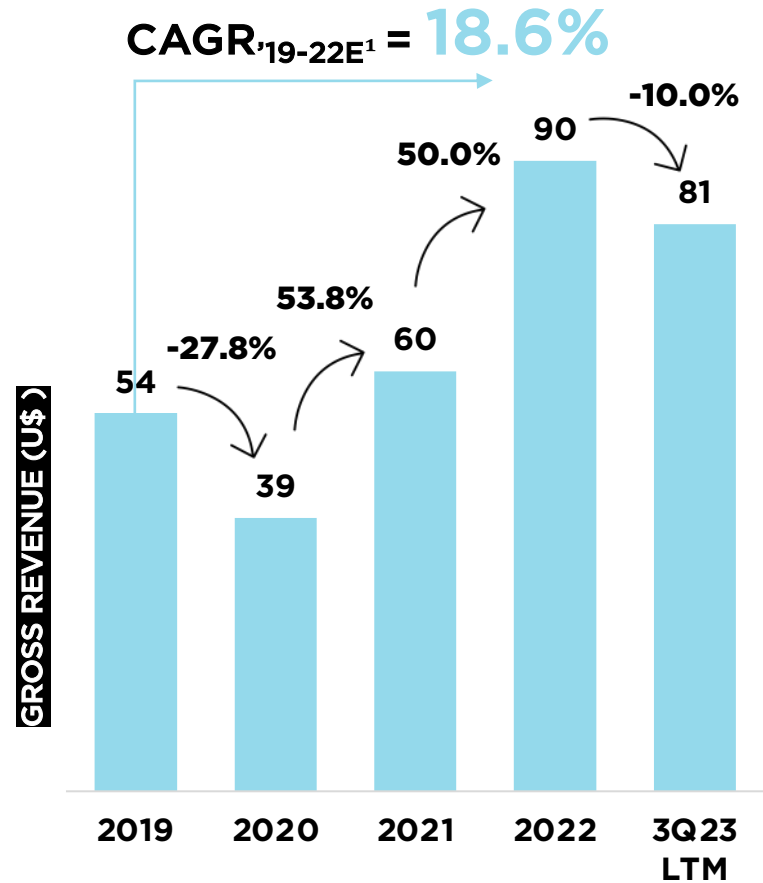
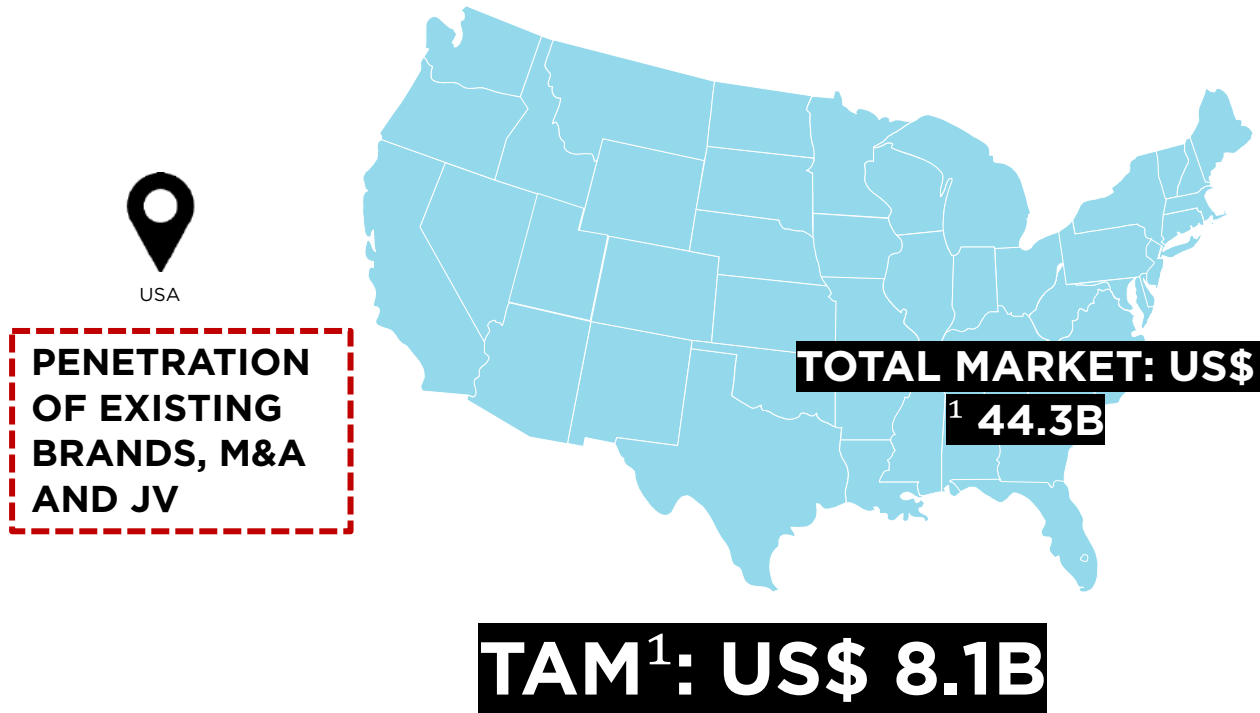


- ✓ E-COMMERCE GROWTH THROUGH **OMNICHANNEL INITIATIVES** FOR CORE BRANDS
- ✓ STRENGTHENING THE FRANCHISES CHANNEL BY **EXPANDING ANACAPRI AND AR&CO**
- ✓ INCREASED **CAPILLARITY FOR AREZZO AND ANACAPRI ON THE MULTI-BRAND CHANNEL**
- ✓ EXPANDING THE **STORE CHAINS OF ACQUIRED BRANDS**

SOURCE: GEOFUSION, EUROMONITOR, IEMI  
(1) CONSIDERING THE A/B WOMEN'S AND MEN'S MARKET FOR APP/FOOTWEAR/HANDBAGS

# STRATEGY | GROWTH AVENUES

## USA



**WHOLESALE**  
50% OF SALES  
9M23 GENERATING  
EBTIDA AND CASH

**ECOMMERCE**  
29% OF SALES  
9M23 PROFITABLE  
CHANNEL

**RETAIL**  
11% OF SALES  
9M23 NON-  
PROFIT

SOURCE: EUROMONITOR  
(1) WOMEN'S FOOTWEAR

# STRATEGY | GROWTH AVENUES

## EUROPE

### PARIS TEXAS

- ✓ ITALIAN BRAND PRESENT IN 50+ COUNTRIES
- ✓ STRENGTHENING THE INTERNATIONAL LUXURY FOOTWEAR PORTFOLIO TOGETHER WITH THE ALEXANDRE BIRMAN BRAND
- ✓ OPPORTUNITY TO EXPAND THE BRAND IN THE US MARKET, WHERE IT STILL SHOWS LOW PENETRATION RELATIVE TO ITS BRAND AWARENESS
- ✓ ACCELERATING THE INTERNATIONALIZATION PROCESS OF AREZZO&CO BRANDS IN THE EU MARKET



EUROPE<sup>2</sup>

PENETRATION OF EXISTING BRANDS, M&A AND JV



TAM<sup>1</sup>: US\$ 3.2B



SOURCE: EUROMONITOR  
 (1) WOMEN'S FOOTWEAR.  
 (2) CONSIDERING: FRANCE, GERMANY, ITALY, NETHERLANDS, SPAIN AND UNITED KINGDOM

# INORGANIC GROWTH

# M&A AND LICENSING

DATE OF ACQUISITION

**OCT/19**

**OCT/20**

**NOV/20**

**JUN/21**

AMOUNT PAID

**R\$ 0M**

**R\$ 715M**

**R\$ 24M**

**R\$ 115M**

GOR CAGR AS OF 3QLTM

**41.7%**

**60.7%**

**76.5%**

**30.4%**

EV/SALES ON THE DATE OF THE DEAL

**NA**

**2.2X**

**12.0X**

**2.9X**

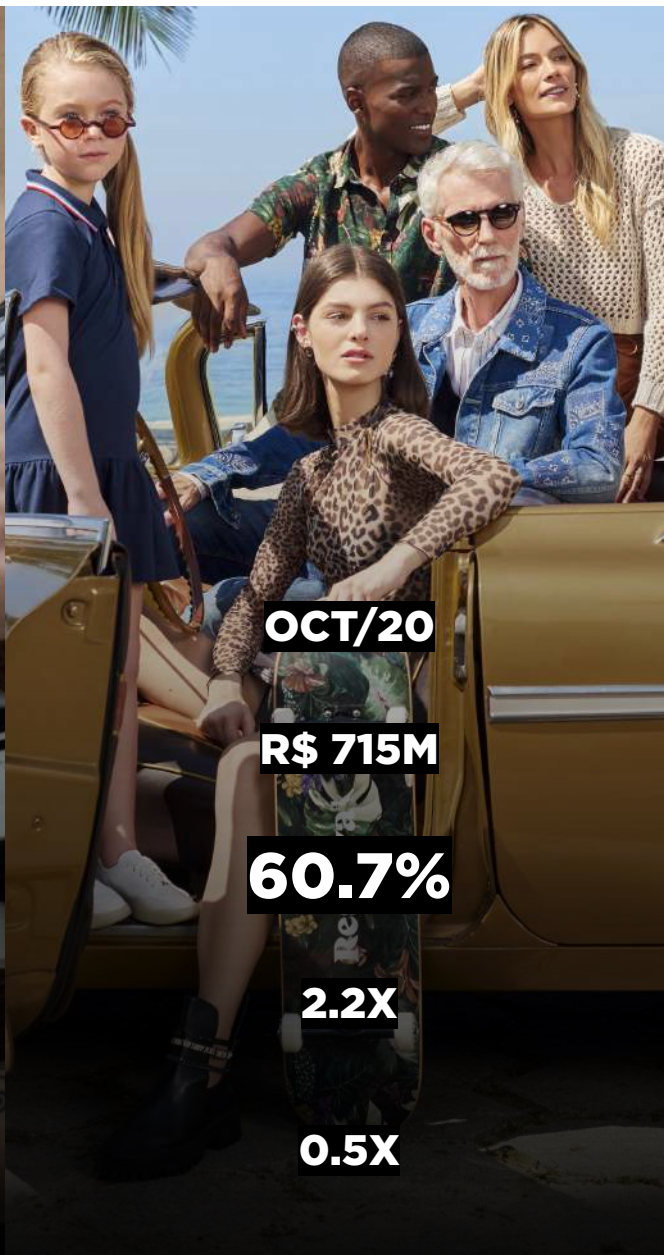
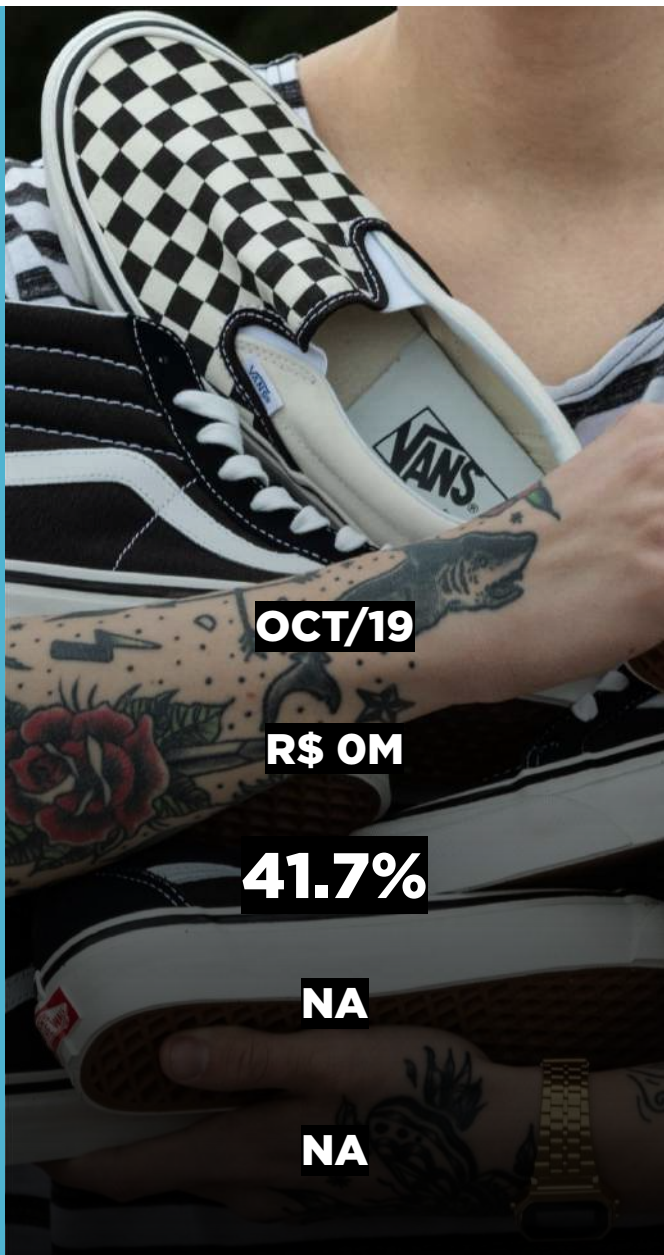
CURRENT EV/SALES

**NA**

**0.5X**

**2.2X**

**1.7X**



# M&A AND LICENSING

DATE OF ACQUISITION

AMOUNT PAID

GOR CAGR AS OF 3QLTM

EV/SALES ON THE DATE OF THE DEAL

CURRENT EV/SALES



**DEC/21**

**R\$ 220M**

**49.5%**

**4.3X**

**1.9X**



**APR/22**

**R\$ 44M**

**NA**

**NA**

**NA**



**JAN/23**

**R\$ 173M**

**25.0%**

**2.2X**

**1.7X**



**MAR/23**

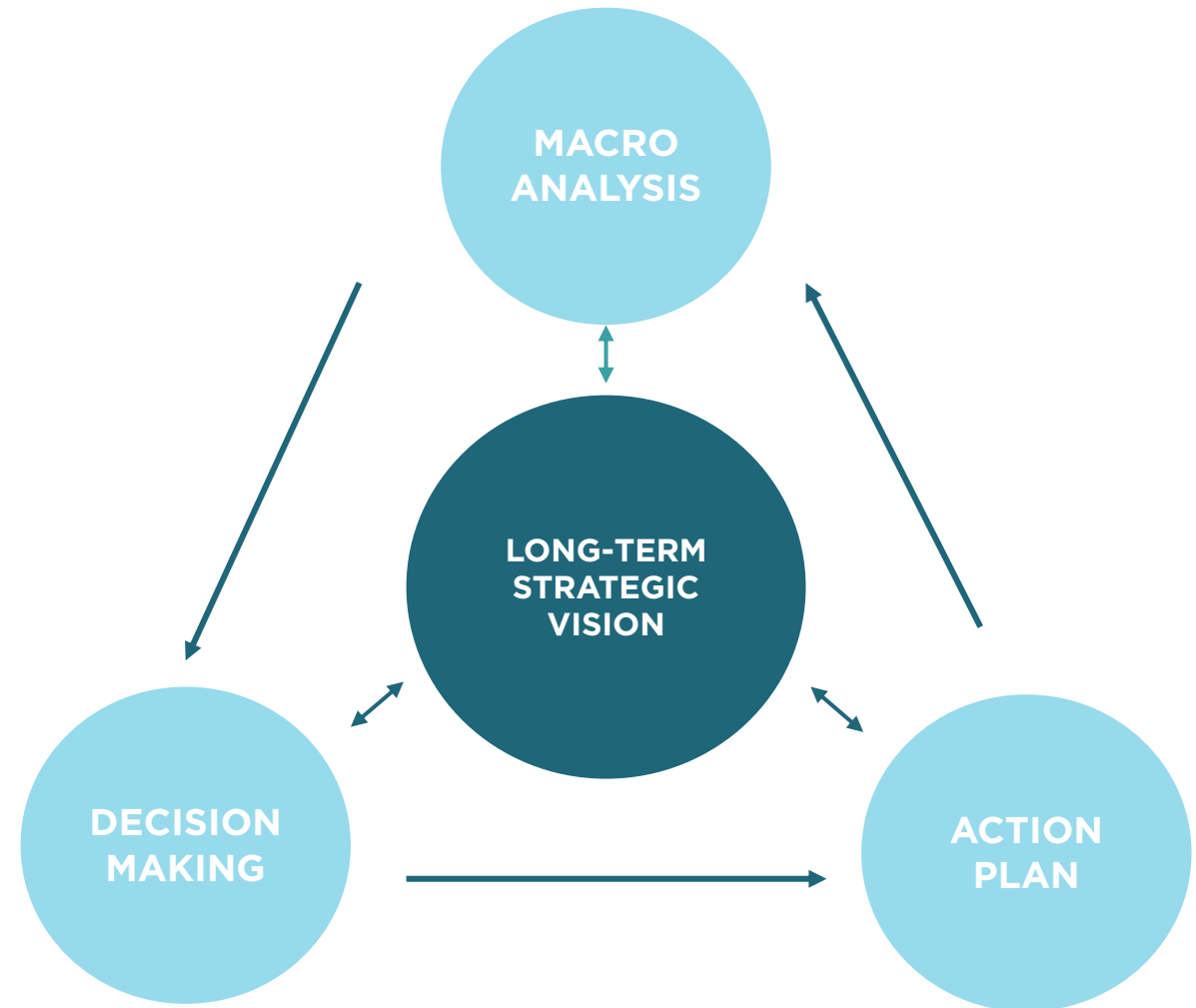
**EUR25M**

**13.3%**

**1.7X**

**1.5X**

**STRENGTHEN OUR POSITION  
AS THE MAIN BRAND  
PLATFORM IN BRAZIL, WITH  
CONTINUOUS FOCUS ON THE  
PREMIUM FASHION  
SEGMENT, AND AT THE SAME  
TIME CONTINUE OUR  
EXPANSION**

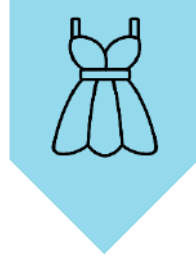






## CONSOLIDATION OF THE FOOTWEAR SECTOR

CONSOLIDATION IN THE AB WOMEN'S FOOTWEAR MARKET



## COUPLE'S CLOSET

OPPORTUNITY FOR AREZZO&CO TO EXPAND ITS ADDRESSABLE MARKET THROUGH THE ACQUISITION OF NEW BRANDS IN THE WOMEN'S AND MEN'S CLOTHING CATEGORY



## INTERNATIONAL EXPANSION WITH LUXURY FOOTWEAR BRANDS

OPPORTUNITY TO ENRICH THE PORTFOLIO OF LUXURY BRANDS AT AREZZO&CO AND EXPAND ITS INTERNATIONAL PRESENCE



## LICENSING

OPPORTUNITY TO USE AREZZO&CO'S SKILLS AND COMPETENCE IN MANAGING INTERNATIONAL BRANDS WITH HIGH AWARENESS IN BRAZIL

## LICENSING OPPORTUNITY

### AREZZO&CO'S EFFICIENCY AS A BRANDS AND RETAIL OPERATOR

- ✓ HIGH CONNECTION AND ENGAGEMENT LEVEL WITH A/B BRACKET CONSUMERS
- ✓ LOGISTIC CAPACITY BASED ON SUPPLY CHAIN EFFICIENCY
- ✓ TECHNOLOGY AND OMNICHANNEL LEVERS
- ✓ MULTICHANNEL MANAGEMENT MODEL

### STRONG TRACK RECORD ON RESULTS FROM VANS

**+303%**      **+5.3X**

GROSS REVENUE  
(2019 - 3Q23LTM)

# STORES (2019 - 3Q23LTM)

## GLOBAL BRANDS ARE COMING BACK TO BRAZIL



Home > Negócios

### A Loewe, do grupo LVMH, reforça o portfólio internacional do Iguatemi

A marca centenária espanhola abre primeira loja no País, onde já tem público desde 2020, quando começou a ser vendida na multimarcas NK

Angela Klinke e Moacir Draka 05/12/23 08:00



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E-mail

Inscriva-se

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Home > Finde

### As marcas de luxo voltam a apostar no Brasil. Será que agora vai?

Numa nova rodada de luxo, o grupo JHSF abre loja da Louis Vuitton e flagships de Bulgari e Valentino. Depois do frenesi da década anterior, as grifes investem em novo contexto

Angela Klinke 02/12/23 09:53



#### Newsletter

Receba o Neofeed no seu e-mail

E-mail

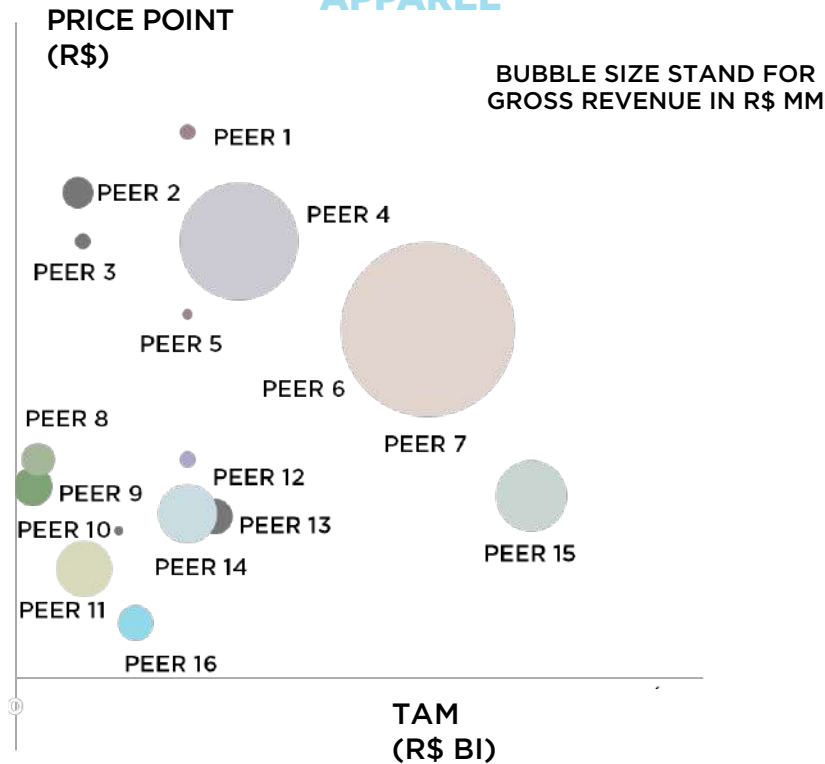
Inscriva-se

Li, compreendi e concordo com os Termos de Uso e Política de Privacidade do site.

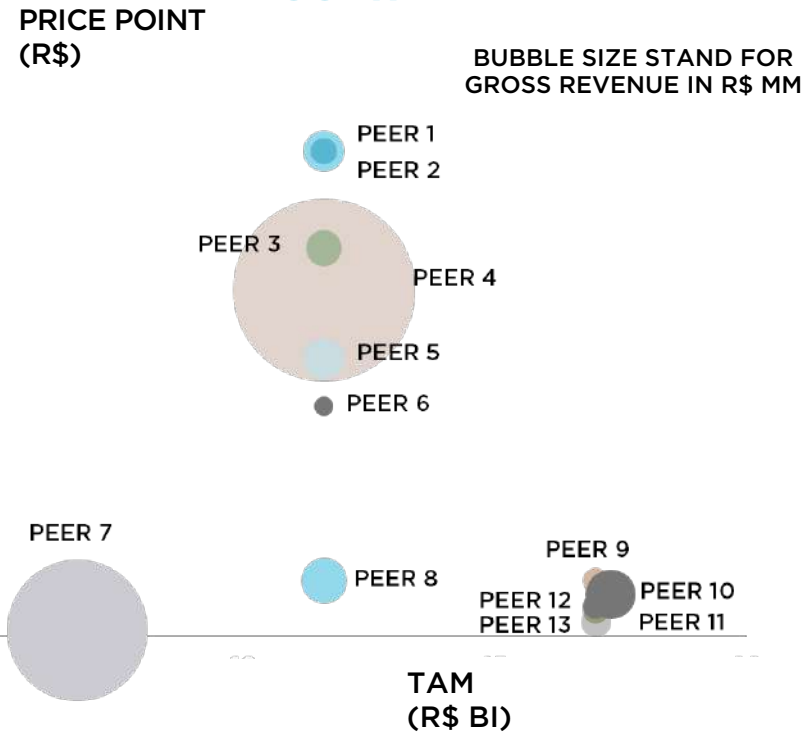
# POTENTIAL OPPORTUNITIES

## M&A AND LICENSING

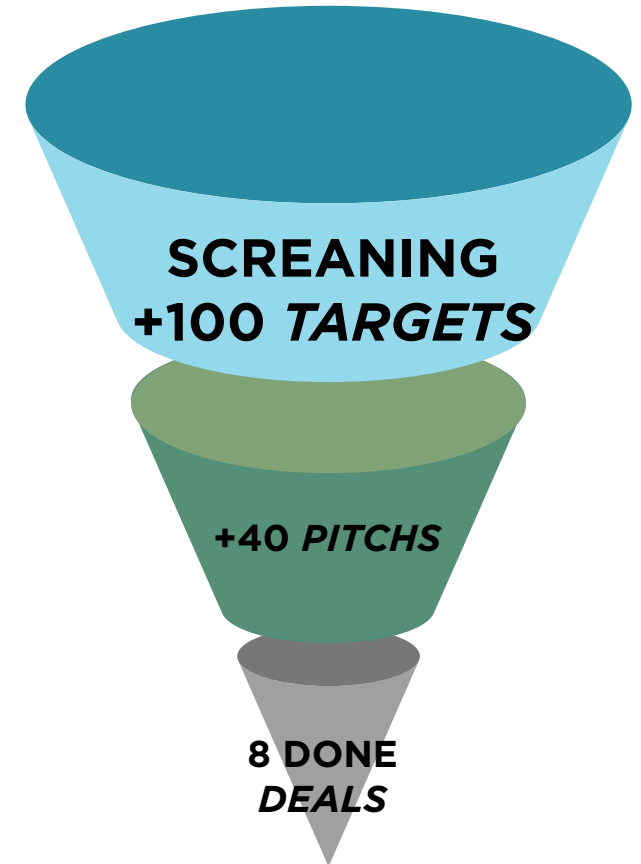
### APPAREL



### FOOTWEAR



## DEDICATED TEAM FOR MAPPING THE MARKET



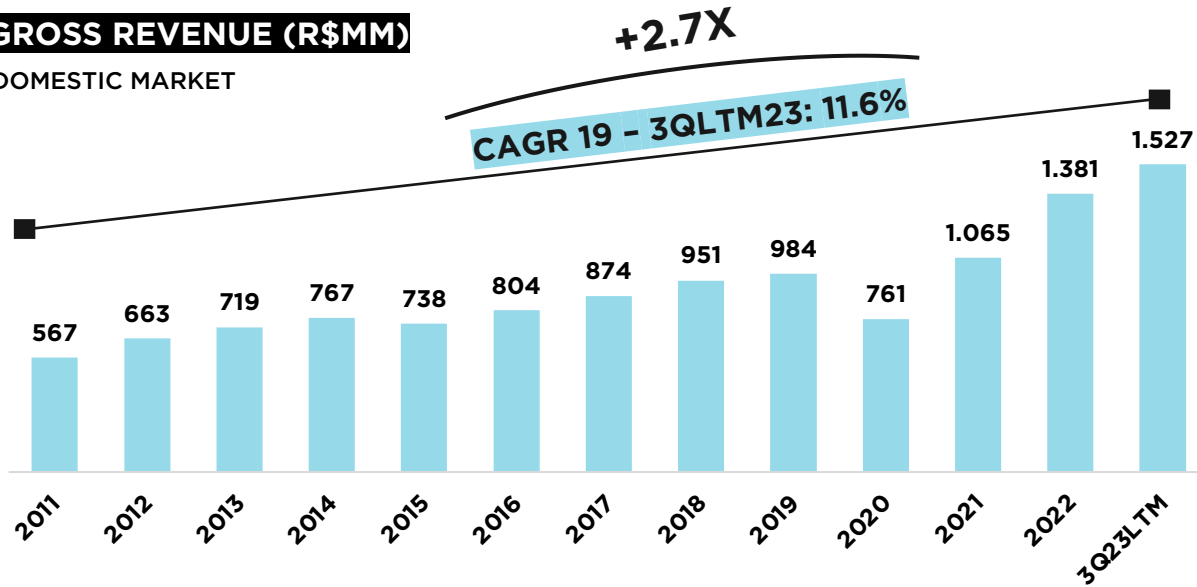
# BRAND HIGHLIGHTS



LUCIANA WODZIK

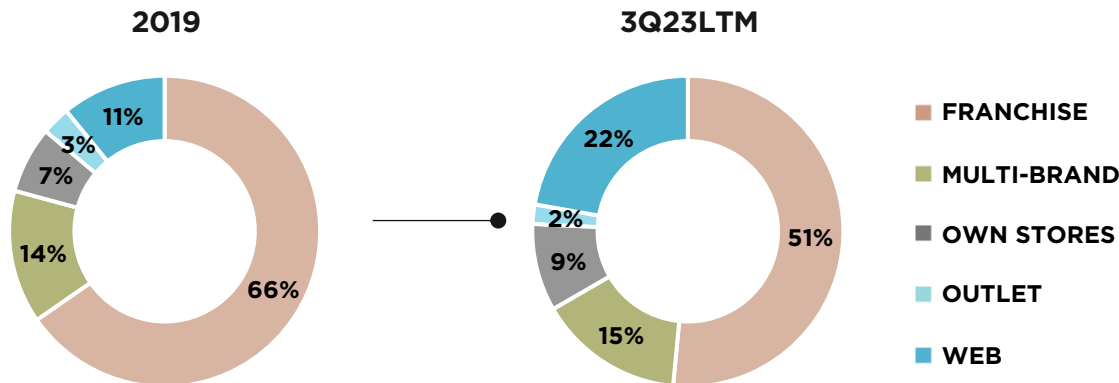
## GROSS REVENUE (R\$MM)

DOMESTIC MARKET



## SHARE BY CHANNEL

REPRESENTATIVENESS GAIN ON THE WEB.  
FRANCHISES REMAIN THE MAIN CHANNEL.



## HIGHLIGHTS 23'

- ✓ REVENUE - STRONG GROWTH ON ALL CHANNELS
- ✓ FRANCHIZZING - BUSINESS MODEL SUPPORT
- ✓ SUMMER COLLECTION - SIGNIFICANT GROWTH IN SELL THROUGH AND FULL PRICE
- ✓ ON-SITE TRAINING - CONNECTION TO THE FRONTLINE
- ✓ TEAM - SOLID AND MATURE LEADERSHIP STRUCTURE

## LOWLIGHTS 23'

- ✓ OMNI - OPPORTUNITY FOR THE TOOLS WITH THE FRANCHISES CHAIN / USAGE CULTURE
- ✓ TRANSITION COLLECTION - CRUISE COLLECTION | LOW PERFORMANCE AT FIRST, QUICK RECOVERY

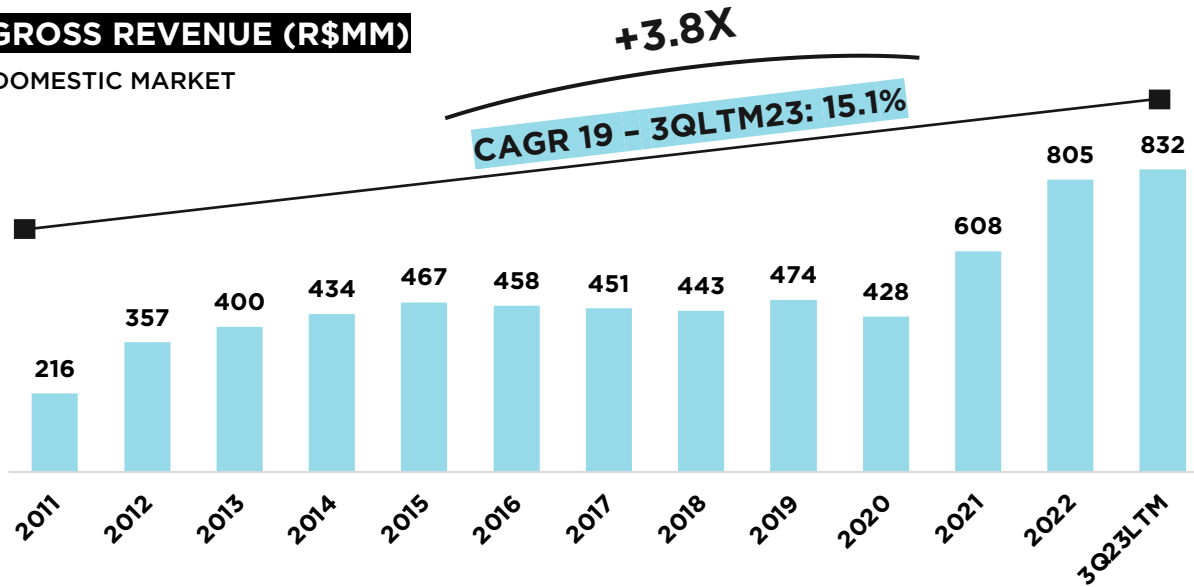
## PRIORITIES 24'

- ✓ FRANCHIZZING - FRANCHISES CHAIN LONGEVITY
- ✓ POTENCIALIZZE - BOOST SALES AND MODERNIZE WITH NEW ARCHITECTURAL DESIGN
- ✓ HANDBAGS - GROWTH AVENUE FOR THE BRAND
- ✓ MULTI-BRAND - ACCELERATION AND CAPILLARITY

# KEY MESSAGES | SCHUTZ

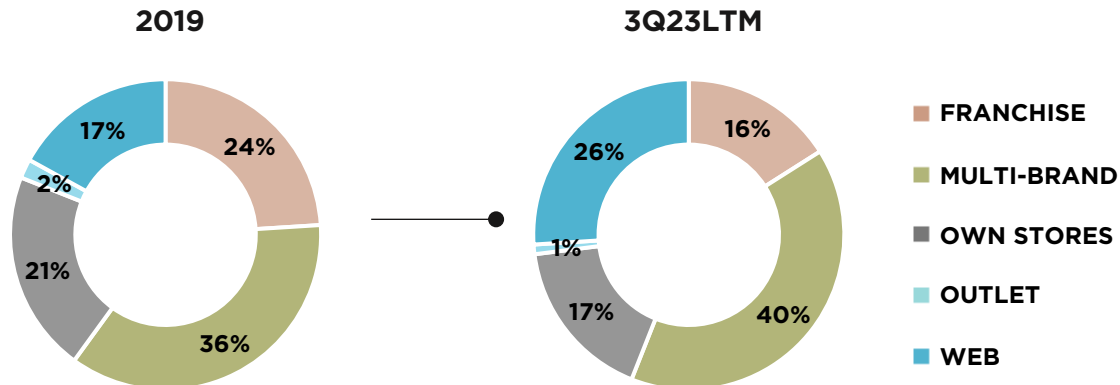
## GROSS REVENUE (R\$MM)

DOMESTIC MARKET



## SHARE BY CHANNEL

REPRESENTATIVENESS GAIN ON THE WEB AND MULTI-BRAND, WITH A SMALLER FRANCHISE CHAIN.



## HIGHLIGHTS 23'

- ✓ NEW BEST SELLER - ST-001 (SOLD OUT)
- ✓ TEAM - NEW HEAD OF STYLE, BRINGING BACK THE BRAND'S DNA
- ✓ MULTI-BRAND - STRONG GROWTH AT +14,5% VS LY
- ✓ IMPROVEMENT IN PRODUCT PYRAMID - SMALLER LOGOS AND POSITIVE RESPONSE ALREADY IN INVERNO 1, WITH MULTI-BRAND UP +32% VS LY
- ✓ POP UP IGUATEMI FARIA LIMA - SPOILER OF WHAT'S TO COME

## LOWLIGHTS 23'

- ✓ E-COMMERCE CUSTOMERS BASE
- ✓ TIMID GAINS ON THE SCHUTZ LIFESTYLE PROJECT

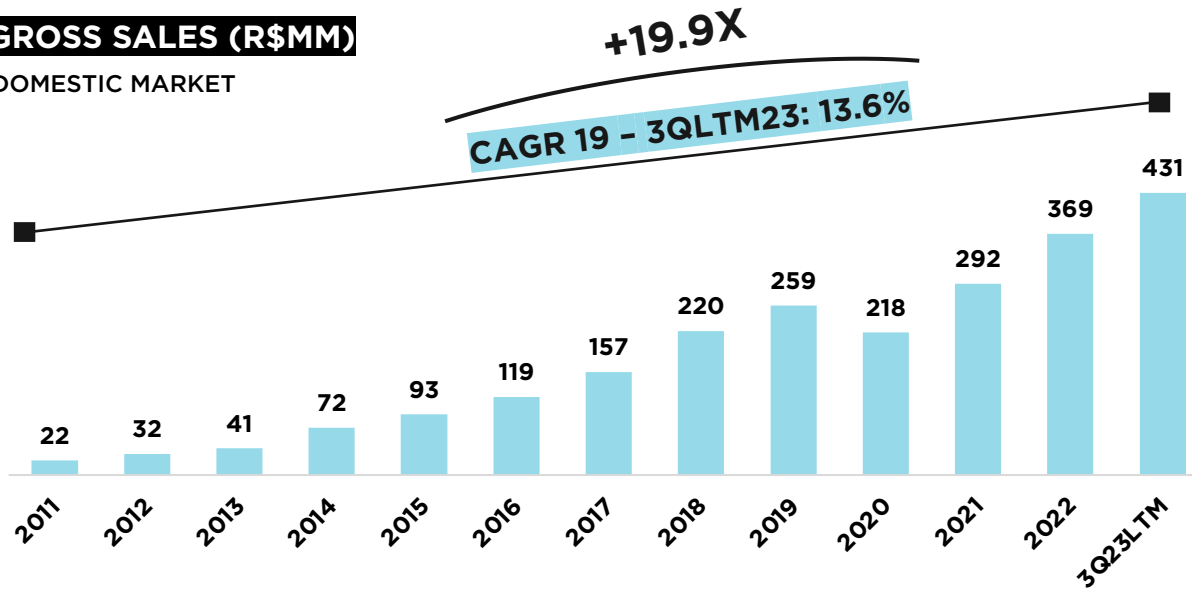
## PRIORITIES 24'

- ✓ RETURN TO FEMININITY AND CONSOLIDATION AS A BRAND OF DESIRE
- ✓ BRAND PROJECT WITH THE MACSIOTTI AGENCY
- ✓ MARKETING AND PRODUCT STRENGTHENING
- ✓ NEW SQUAD OF INFLUENCERS AND NEW FACE
- ✓ NEW ARCHITECTURAL DESIGN FROM STUDIO BOOM
- ✓ IMPROVEMENT OF WEB AND OMNI EXPERIENCE, BUILDING THE LOYALTY OF EXISTING CUSTOMERS AND ADDING NEW ONES TO THE BASE

# KEY MESSAGES | ANACAPRI

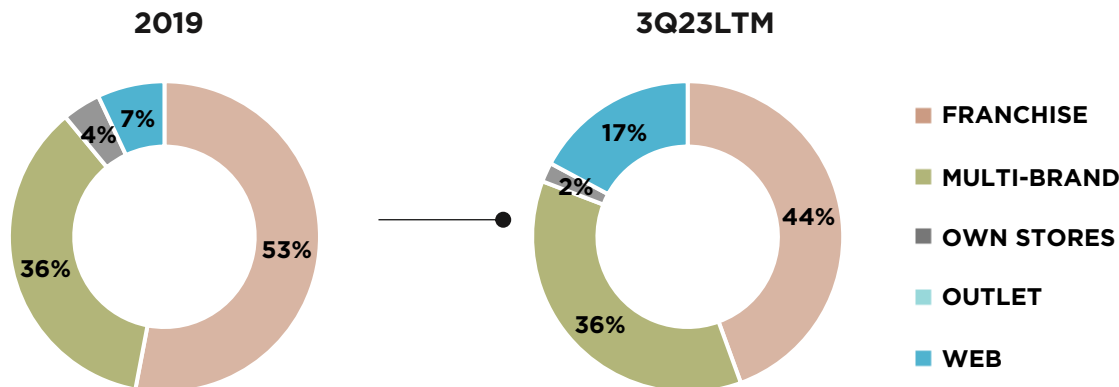
## GROSS SALES (R\$MM)

DOMESTIC MARKET



## SHARE BY CHANNEL

REVENUE EQUALIZATION ON 3 MAIN CHANNELS:  
FRANCHISE, MULTI-BRAND, WEB



## HIGHLIGHTS 23'

- ✓ HIGHEST % GROWTH IN THE AREZZO&CO GROUP
- ✓ BRANDING AND POSITIONING EVOLUTION
- ✓ NEW STORE FORMATS (POP UP + KIOSK)
- ✓ REVOLUTIONIZED RETAIL WITH THE UNVEILING OF ESTAÇÃO ANACAPRI

## LOWLIGHTS 23'

- ✓ CATEGORY HANDBAGS | SHOWS GROWTH, BUT WITH NO INVESTMENT
- ✓ RESORT COLLECTION TURNOVER (JUL/23)

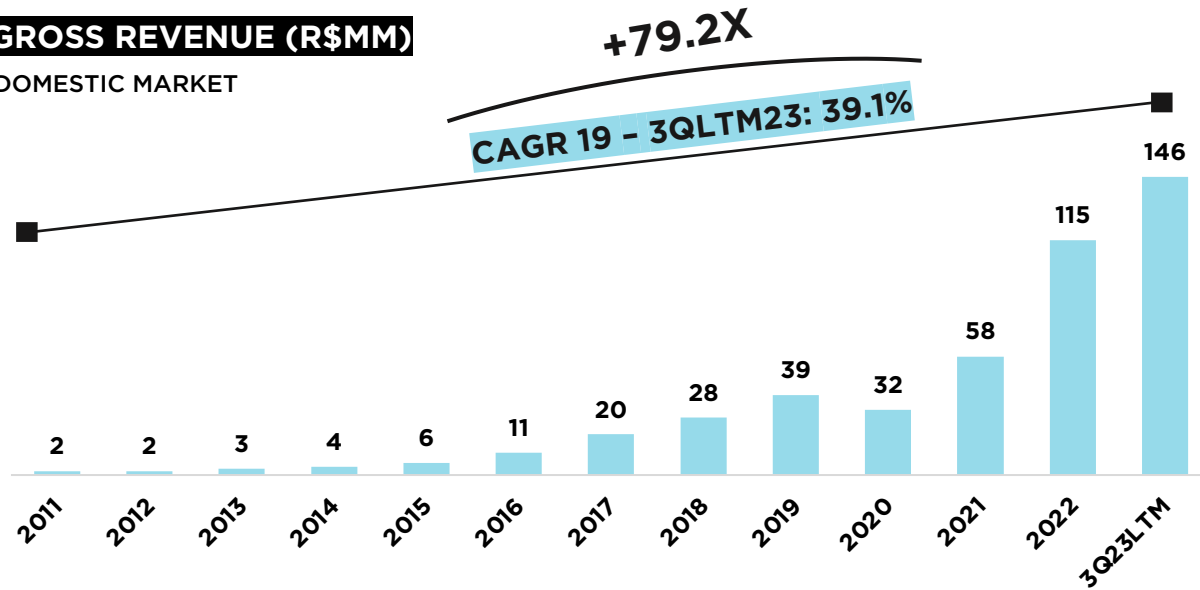
## PRIORITIES 24'

- ✓ EXPANSION - EXTENSIVE EFFORTS TO INCREASE BRAND CAPILLARITY
- ✓ OPENING SESSION FOR NEW SUPPLIERS WITH FOCUS ON NET PRICE VALUE
- ✓ OWN STORES - SERVICE MODEL BENCHMARK
- ✓ SSS VOLUME GROWTH

# PRINCIPAIS MENSAGENS | ALEXANDRE BIRMAN

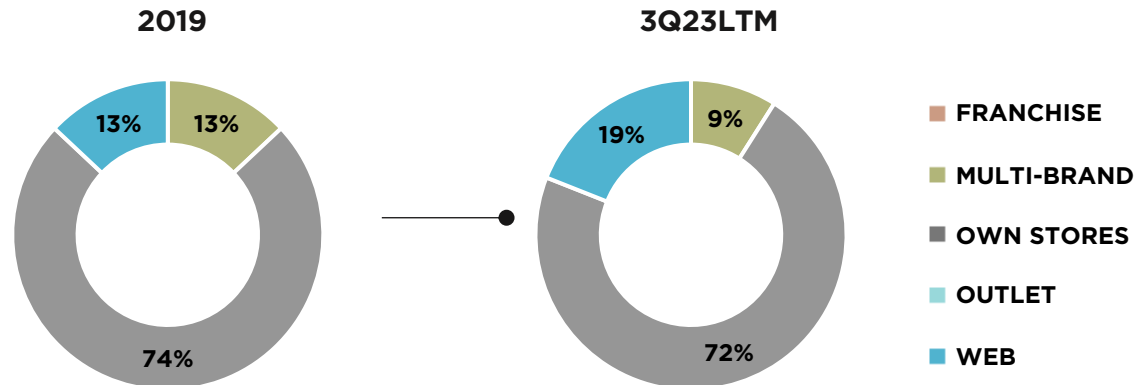
## GROSS REVENUE (R\$MM)

DOMESTIC MARKET



## SHARE BY CHANNEL

OWN STORES REMAINS THE MAIN CHANNEL, WITH GAINS ON WEB.



## HIGHLIGHTS 23'

- ✓ CASA BIRMAN OPENING
- ✓ 41% TOTAL REVENUES GROWTH VS LY
- ✓ 67% GROWTH IN OMNICHANNEL SALES
- ✓ STRUCTURING THE MERCHANDISING AREA
- ✓ 56% RECURRING CUSTOMERS RETENTION

## LOWLIGHTS 23'

- ✓ GLOBAL CALENDAR ADJUSTMENT
- ✓ IMPROVE INVENTORY MANAGEMENT INTELLIGENCE
- ✓ PRE-FALL SELL THROUGH BELOW EXPECTATIONS

## PRIORITIES 24'

- ✓ GLOBAL MARKETING STRUCTURING, WITH A NEW HIRE THAT WILL ADD VISIBILITY AND RELEVANCE TO THE BRAND
- ✓ 360-DEGREE MARKETING PLAN WITH THE MACSIOTTI AGENCY, FOCUS ON AWARENESS AND EXPERIENCE
- ✓ CONSOLIDATE CASA BIRMAN AS A POINT FOR CUSTOMER EXPERIENCE AND CONNECTIONS
- ✓ PROVIDE LUXURY EXPERIENCE ON THE NEW WEBSITE



# CHANNEL STRATEGY | BY BRAND

AREZZO

SCHUTZ

ANACAPRI

ALEXANDRE  
BIRMAN



**FRANCHISES**

STRENGTHENING RELATIONSHIP WITH FRANCHISEES THROUGH FRANCHIZING AND CHAIN RENEWAL WITH POTENTIALIZE

MAINTAIN CHAIN AND IMPROVE PROFITABILITY

INTENSIVE CHAIN EXPANSION

NA



**MULTI-BRAND**

CHANNEL AND CAPILLARITY ACCELERATION

MAINTAIN CHAIN

CHANNEL AND CAPILLARITY ACCELERATION

MAINTAIN CONSISTENT POSITION IN EXCLUSIVENESS AND LUXURY



**OWN STORES**

NEW ARCHITECTURAL DESIGN IMPROVED STORE CHAIN B/S

NEW ARCHITECTURAL DESIGN

ESTAÇÃO ANACAPRI SERVICE MODEL BENCHMARK

DISTINCTIVE SERVICE, LUXURY EXPERIENCE, CONNECTING WITH CUSTOMERS (CASA BIRMAN)



**WEB COMMERCE**

MAINTAIN CUSTOMER BASE, CRM PROJECT TO INCREASE ITEMS PER SERVICE

REVISIT STRATEGY

TRAFFIC AND CONVERSION GROWTH

PROVIDE LUXURY EXPERIENCE ON THE NEW WEBSITE



**FOREIGN MARKET**

CONSOLIDATE OPERATION FOR THE USA

STRENGTHEN THE BRAND IN THE US MARKET

NA

RECOVERY IN THE US MARKET  
DEVELOP THE OPERATION IN EUROPE

# AR&CO



**RONY MESILER**

# investor

*day 2023*

AR&CO



# Our values and purpose



**A great, big, dream**

Trying and evolving to strike it big.



**An open mind**

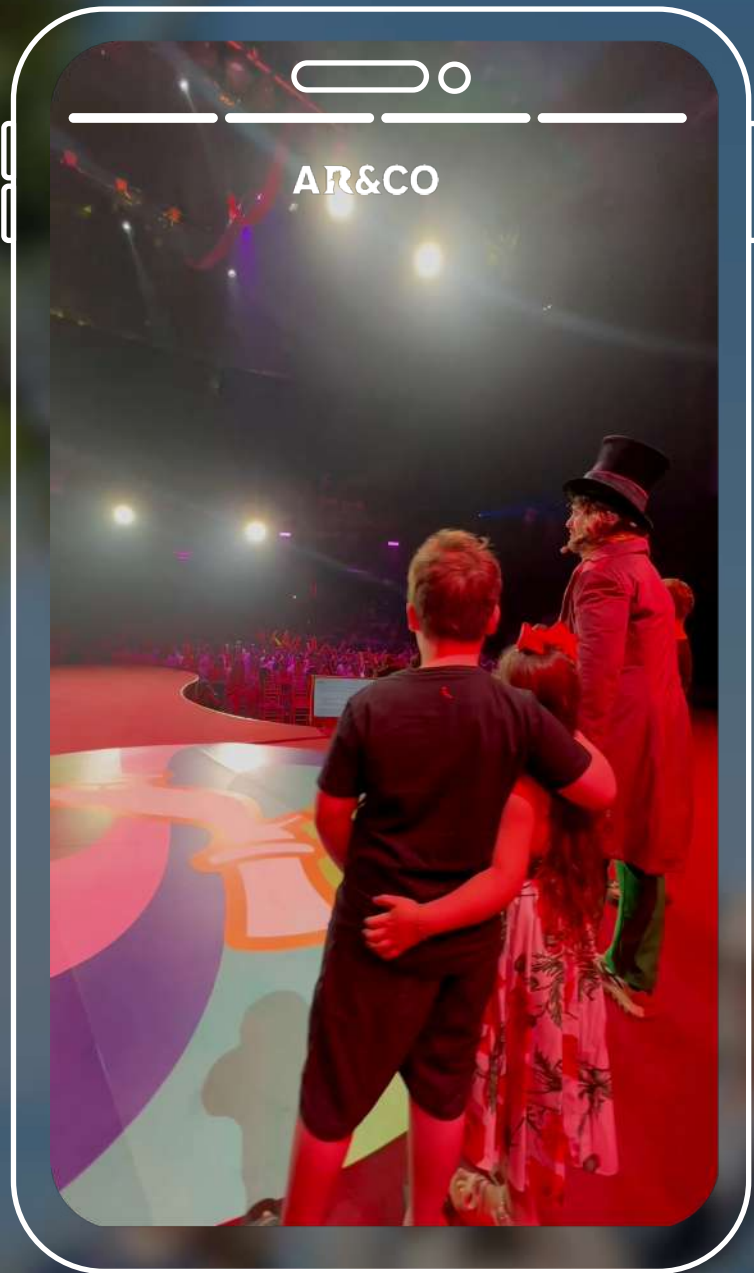
To not be a know-it-all, to be entrepreneurial.



**Commitment to people and results**

Making the impossible real.

***Caring & Moving & Surprising  
People every day.***



OUR VISION

*To be the best  
and largest  
lifestyle  
platform in  
Brazil*

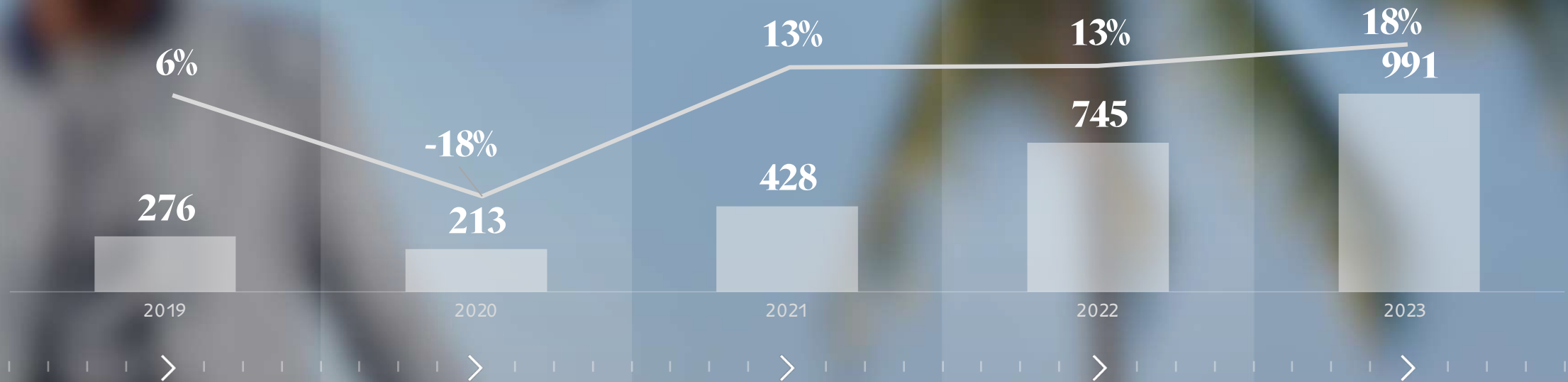
# Lifestyle platform



# Our trajectory!

CAGR: 37.6%

■ GOR 9M — MG EBITDA % 9M



- Creation of a strong culture and brand

- The AR&CO Group arises from a merger with AREZZO&CO

- Integration with AREZZO&CO
- BAW acquisition
- Store renovations and openings
- Reserva Go integration
- New B2B model
- Governance adaptation

- BAW integration
- Investment in logistics and POD capacity expansion
- Tech investment
- Brand expansions

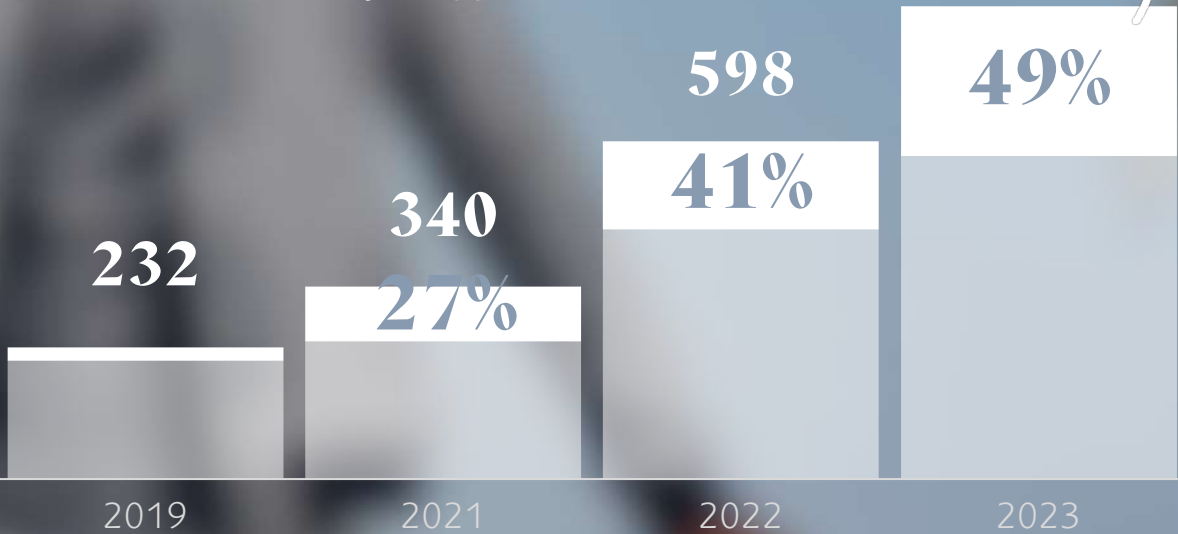
- Efficiency gains in cost, cash and inventories
- Facilities expansion: print on demand

\*The Covid-19 pandemic affected 2020 results

# Sell-Out Strength

# RS\$ 836.4M

Sell out sales by Sep/23



Physical stores    Digital and % of omni orders (SFS+BOPIS)

**40%**  
Gross Revenue Growth vs 2022

**15%**  
SSS GOR Growth vs 2022 (physical stores)

**69%**  
Online GOR Growth vs 2022 (online)

**1.5M**  
LTM-active customer base

**46%**  
Active base growth vs 2022



# Sell-in Strength

AR&CO

R\$ **301.6** M

Sell-in sales by  
Sep/23

**3.6k**

MB POS

**12%**

MB POS growth vs  
2022

**26%**

Revenues  
growth vs  
2022

# Business *KPIs*

**AR&CO**

**ADI**

**2.9 days**

down 3.2 days in 2 years

>

Every day decrease

**+3%**

in sales

**Influenced Sales**

**36%**

of e-comm sales

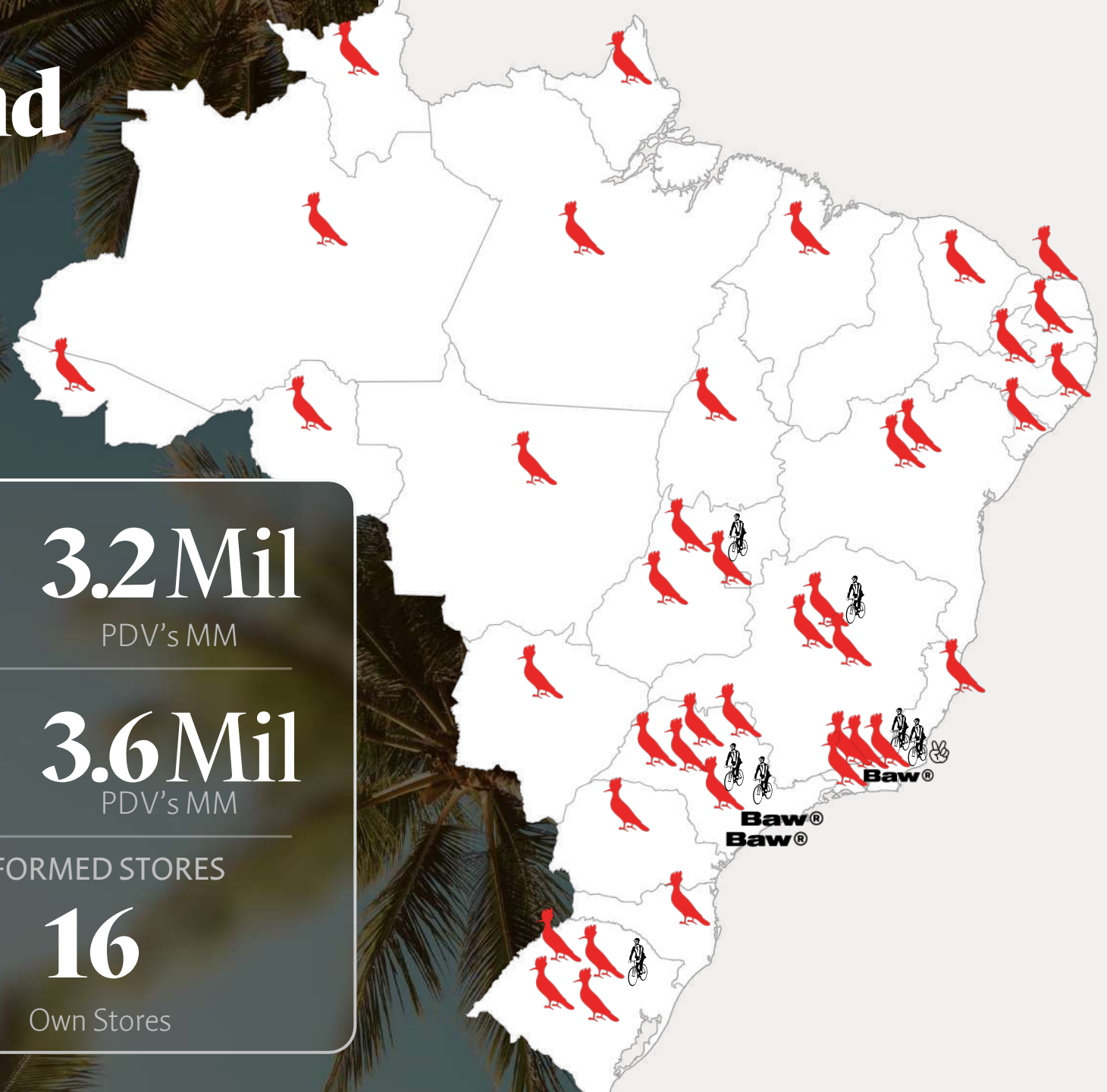
**No. of items sold**

**5.8M items**

+37.5% vs LY  
(apparel)

JAN-SEP/23 VIEW

# Gaining more and more *capillarity* across Brazil



2022  
VISION JAN-SET

94

Own Stores

63

Franchises

3.2 Mil

PDV's MM

2023  
VISION JAN-SET

106

Own Stores

78

Franchises

3.6 Mil

PDV's MM

OPEN STORES

12

Own Stores

15

Franchises

REFORMED STORES

16

Own Stores

# Strategic highlights *pica-pau* brands

AR&CO

Frete Grátis nas compras acima de R\$699

Reserva Prime RESERVA

O que você procura?

<b>2.0</b>	X	<b>10.0</b>
Avg Customer Freq		Prime Customer Freq
<b>R\$430</b>	X	<b>R\$1.0K</b>
Avg Customer TKM		Prime Customer TKM
<b>1.0M</b>	>	<b>49k</b>
Pica-Pau Brands' Active Base (ON+OFF)		Prime costumers base
<b>299</b>		<b>15M</b>
Annual subscription price		Recurring subscription revenues/year

Reserva

OFFICIAL FASHION PARTNER

FLAMENGO	In first-month sell-out sales
<b>+R\$2.1M</b>	
VASCO	In first-month sell-out sales
<b>+R\$1.4M</b>	
Squad to release 8 more teams in the next 12 months	Each team has 4 sell-in launches/year
Market Size Sports-Inspired Apparel	<b>R\$5.0B</b> (Euromonitor, 2023)
Official FLAMENGO stores <b>175</b>	Official VASCO stores <b>38</b>

# Strategic highlights *pica-pau* brands

AR&CO

**R** Reserva

## Reserva *Sunglasses*

Sales

**+R\$1.5M**

In sell-out  
sales

MVP

Own management  
model

**7**

Models

**23**

SKUs

**R** Reserva

## Reserva Beachwear

1st store to open | Fairmont Rio

Mix devised entirely for this store:  
beach shorts, premium tailoring,  
exclusive prints, linen and pima cotton  
shirts.

Expansion plan hotels, beach resorts,  
airports

# Strategic highlights new brands

AR&CO



## Quiet luxury

+67%

GOR growth vs LY

11%

Share of Group GOR  
+6pp in 2 years

10% greater sales per m<sup>2</sup> with  
50% smaller mix than Reserva

630tkm  
Average  
customer

1.1Ktkm  
Prime  
customer

17LP

+50% vs LY

262 Multi-brand  
stores



## Strategic Moves 2024

Entry of dress footwear category

Launch of the brand's cross-border site

Brand expansion plan execution  
through own stores, Internet and multi-  
brand stores.

# Strategic highlights new brands

AR&CO

**Baw®** **Baw®**

*2023: integration and strategic positioning*

Shared areas integration and efficiency gain

Gross Margin gain

**11pp**  
vs LY

**Baw®** **Baw®**

*Multi-channel strategy*

Brand app launch: significant digital sales representativeness in just 4 months

**35%** Online sales

Opening

**03** Own stores

Entry into MB

**582** POS



## The best basic in Brazil

Democratic basics with the Reserva experience.

Entry price

R\$69

Sales/m<sup>2</sup>

1st STORE  
BARRA SHOPPING

2.8x  
sales of peers in the  
same mall



## Expansion plan

Up to 120 m2 stores, focus on basics, assisted and digitalized sales with great added value in UX

3 stores opened in 2023

FROM 2024

Focus on Own Stores  
expansion Southeast Region  
and Digital

FROM 2025

Expanding Franchises to other  
Regions

ESTIMATED  
OPPORTUNITY

377 physical  
stores

Future: The brand that Brazilians love

Benchmark



havaianas®

MUJI





# Strategic highlights INK

AR&CO



## Print On Demand Business

### BENCHMARKS



U\$ **1.5B**

### CASES CREATORS ECONOMY

Bianca Andrade



Mr Beast



Kim Kardashian



Logan Paul



## AR&CO's Print-On-Demand Business

### BUSINESS MODEL

Platform for creation, production and sales for fashion brands and products.

PLANS	BASIC	INTERMEDIATE	FULL
Monthly fee	R\$ 159	R\$ 599	R\$ 1,416
Price per item sold	R\$ 59	R\$ 46	R\$ 44

### NUMBER OF STORES

**65K**



**6X LY**

### GROWTH

### GMV GROWTH VS LY

**269%**

### INTEGRATED PLATFORMS IN 2023



### OPPORTUNITIES

Wider product mix for integrating new platforms worldwide



Facility Investment AR&CO prototyping



**Let's go!**  
**POR#4!**

**AR&CO**

# COFFEE BREAK

# BUSINESS SUPPORT

# DIGITAL TRANS FORMATION



MAURÍCIO BASTOS

# CUSTOMERS AT THE CENTER

GRANULAR KNOWLEDGE “IN THE PALMS OF OUR HANDS” WITH EVOLUTION ON ALL METRICS



**ACTIVE BASE**

**5.5M**

UNIQUE TAX IDS

2022 - 5.0M

AREZZO & CO + AR&CO

**+9%**

ACTIVE BASE GROWTH  
FROM 2022 TO 2023

**CAPTURE**

**+29%**

**RETENTION**

**+8%**

**REACTIVATION**

**+2%**

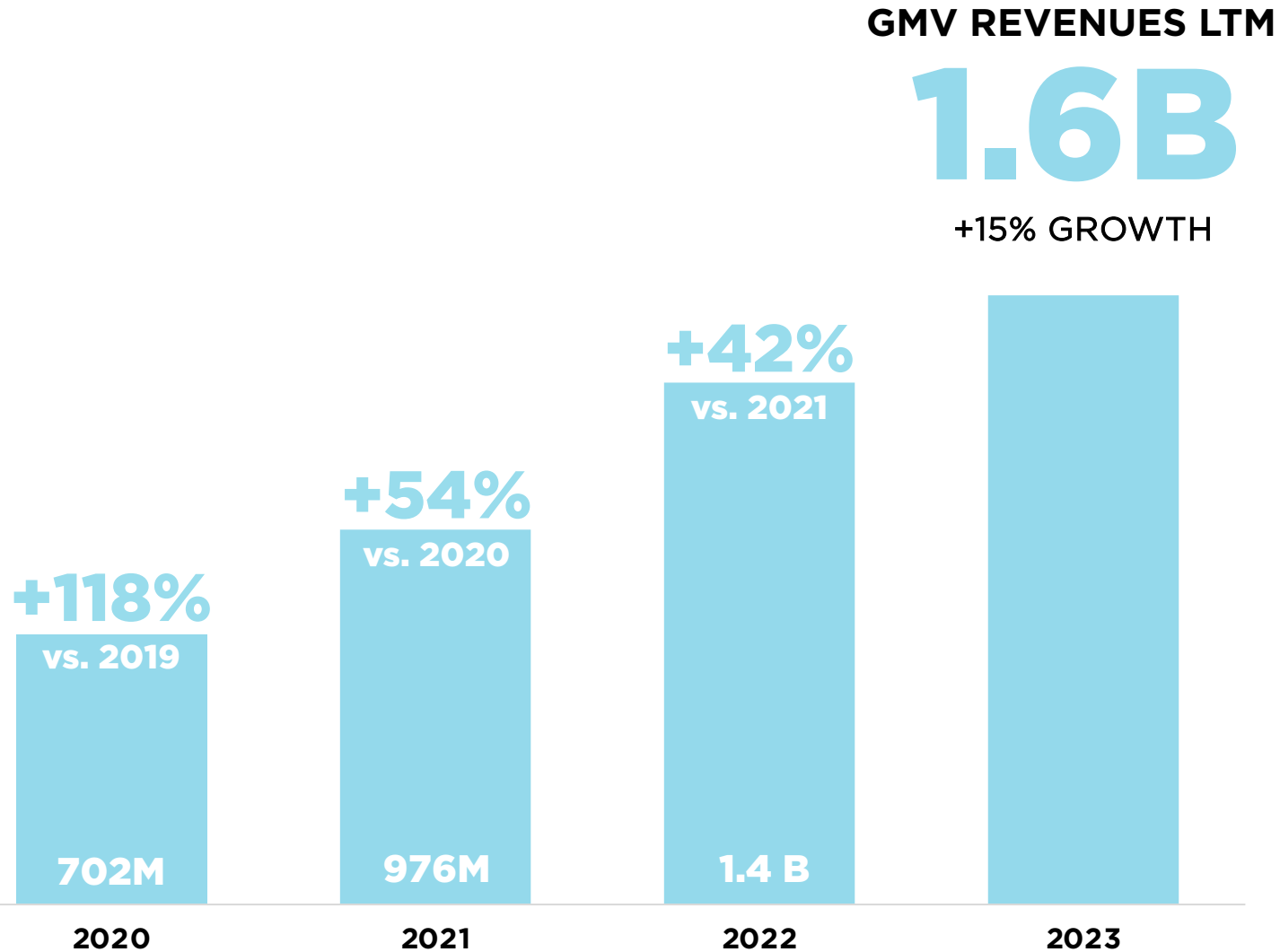
# E-COMMERCE

DIGITAL CONNECTION  
PROMOTING  
RELATIONSHIP,  
ENGAGEMENT AND  
CONVERSION



# AREZZO&CO + AR&CO E-COMMERCE

## CONTINUED DIGITAL GROWTH OVER THE YEARS



**CAGR**  
2020-2023

AREZZO & CO + AR&CO

**+23%**

**VISITS** 377M  
GROWTH X 22 +14%

**ORDERS** 3.8M  
GROWTH X 22 +20%

\* CONSIDERING AR&CO REVENUE DATA FROM 2020 | 2023 = 4Q22-3Q23



# BLACK FRIDAY AREZZO&CO + AR&CO

2023 RECORD UNDERSCORES THE POTENTIAL FOR SCALE

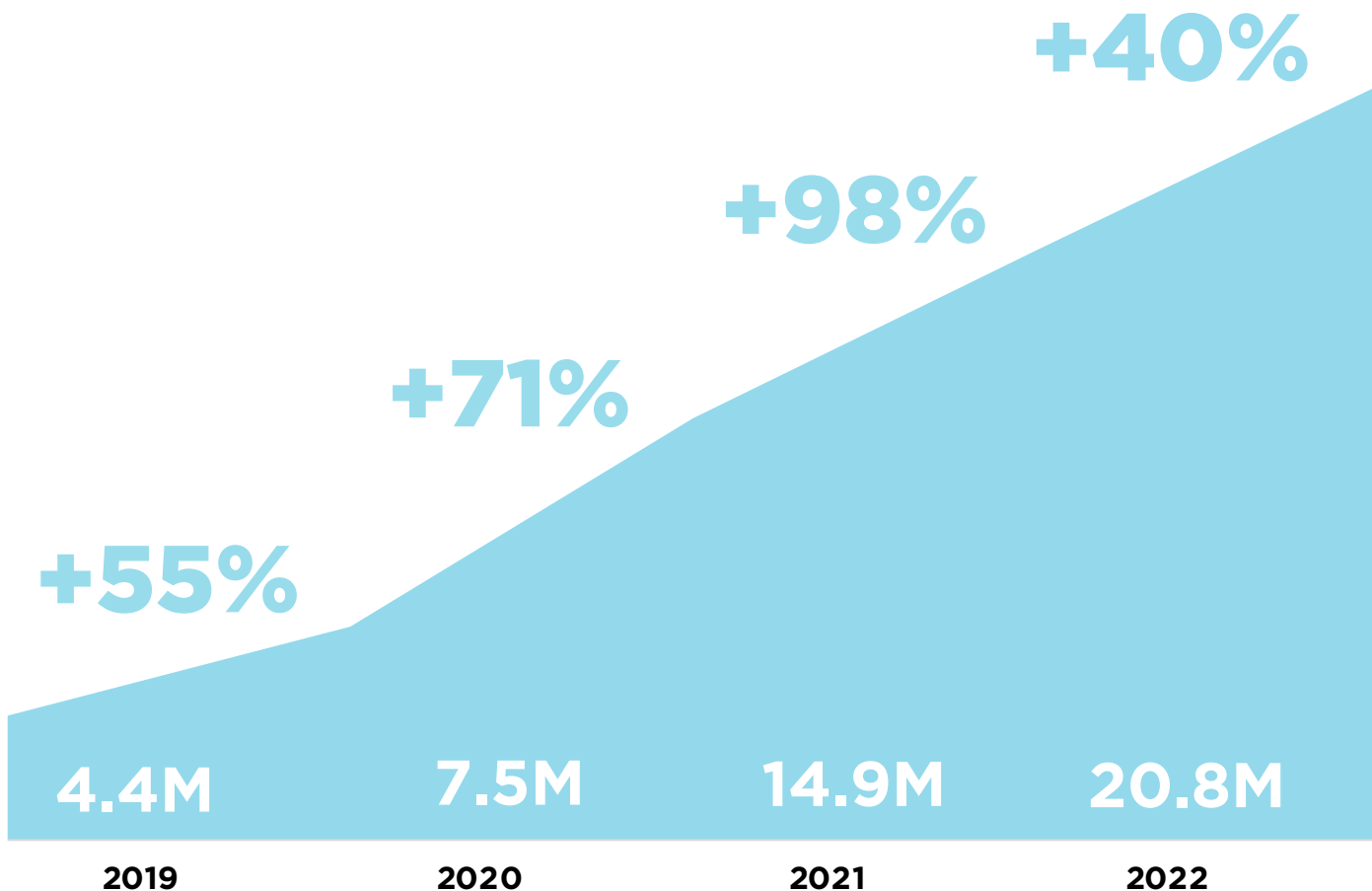
GMV REVENUES  
(24/11/2023)

# 26.7M

UP

## +28%

### AREZZO & CO + AR&CO



## VISITS

## 2.5M

BF GROWTH X 22

+19%

## VOLUME

## 217K

BF GROWTH X 22

+44%

## APPS

## 3.4M




BF GROWTH X 22

+21%

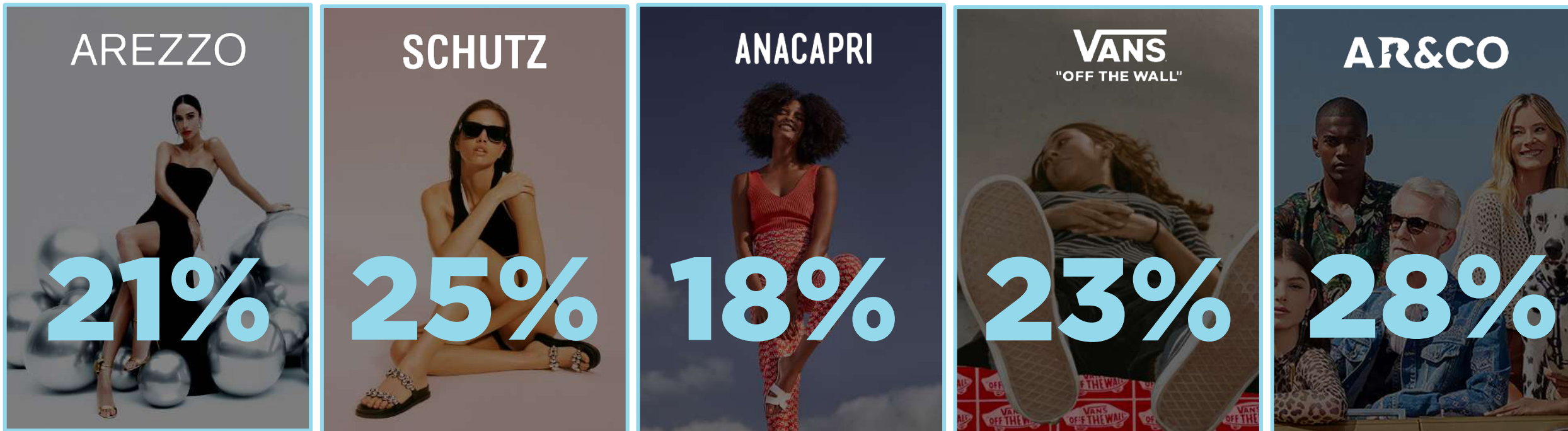
# E-COMMERCE AREZZO&CO + AR&CO

**DIGITAL POWER: THE CONSOLIDATION OF OUR AUDIENCE PUTS US AT THE TOP OF THE MOST VISITED FASHION WEBSITES IN THE COUNTRY**

## MONTHLY AVERAGE AUDIENCE (VISITS) OF THE TOP 10 MOST VISITED FASHION SITES IN BRAZIL

1		27.2 MM
2		13.1 MM
3		12.1 MM
4	<b>AREZZO &amp; CO</b>	<b>10.8 MM</b>
5		8.4 MM
6		4.7 MM
7		4.6 MM
8		3.6 MM
9		3.3 MM
10		3 MM

### SHARE OF E-COMMERCE BY BRAND



# OUR APPS: A BRAND STRENGTH

## IMMERSIVE EXPERIENCES BOOST SHOPPING FREQUENCY

**+419MM**

**APPS REVENUES\***

**+4.1MM**

**DOWNLOADS**

**30%**

**WEB SHARE**



## OUR APPS: A BRAND STRENGTH

IMMERSIVE EXPERIENCES BOOS SHOPPING FREQUENCY

# NEW VANS APP

LAUNCHED SEP/23

150K

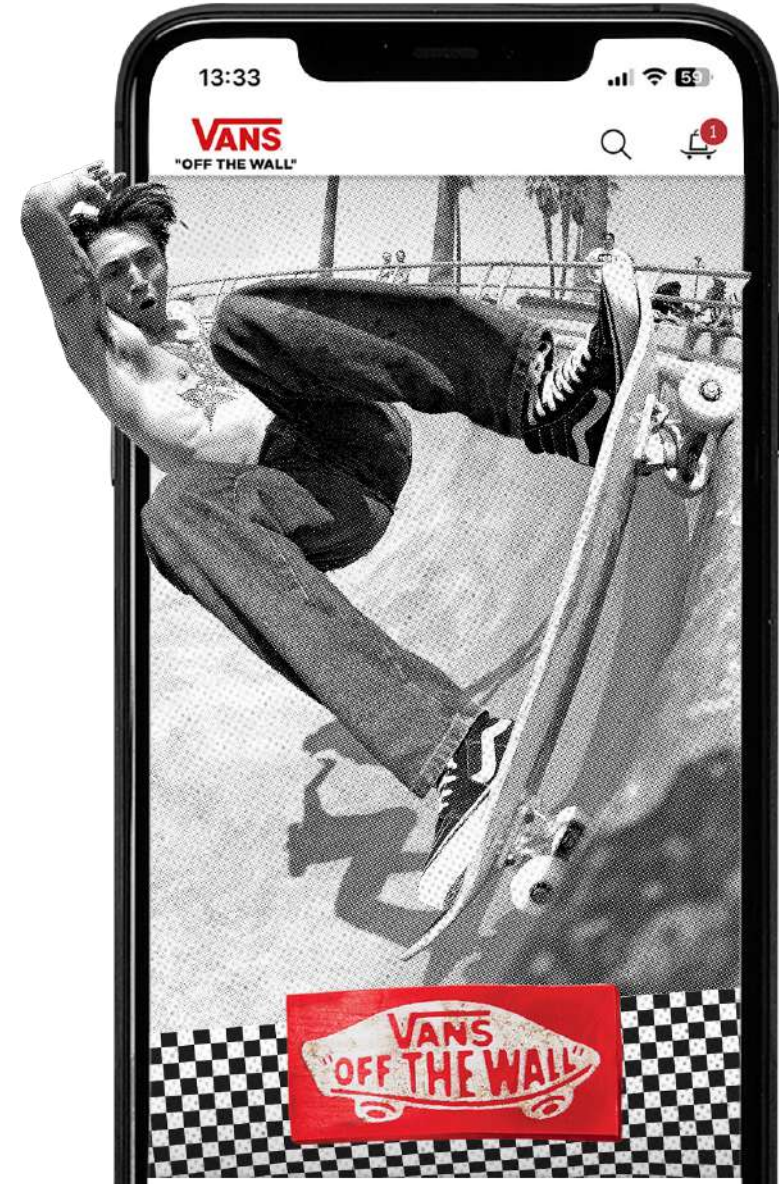
DOWNLOADS

+5M

REVENUES

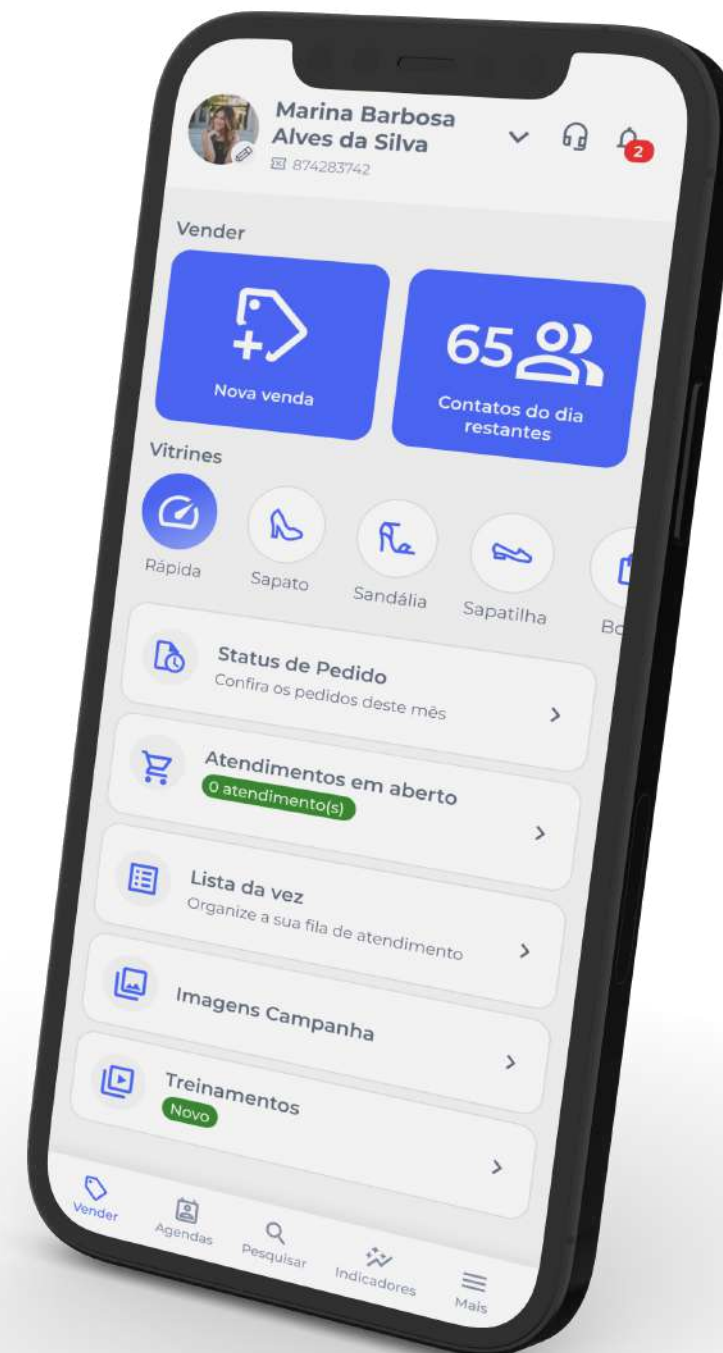
18%

WEB SHARE



# OMNICHANNEL

FOCUS ON  
OPERATIONAL  
EXCELLENCE AND  
PLATFORM  
STRENGTHENING



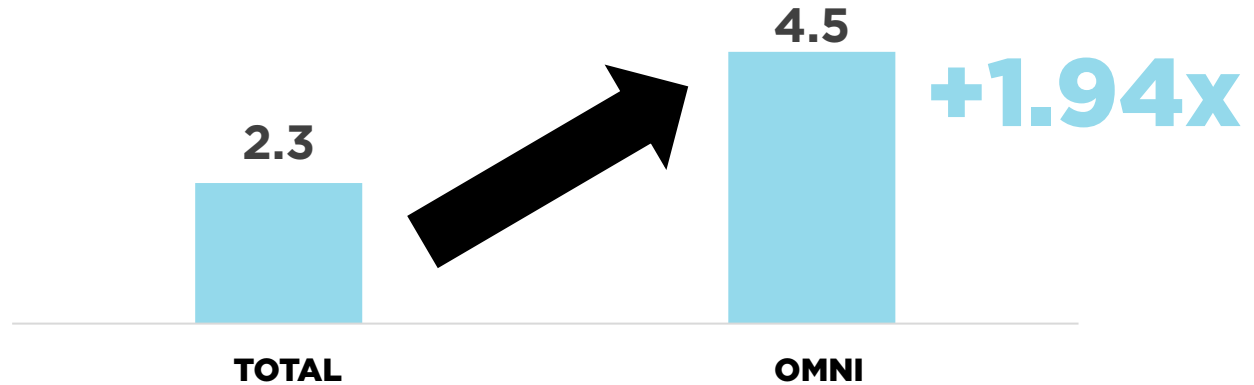
# OMNI CUSTOMERS: HIGH LOYALTY

HIGH LOYALTY AND SPENDING INDICATORS VIS-À-VIS REGULAR CUSTOMERS  
INDICATE POTENTIAL FOR EXPANSION

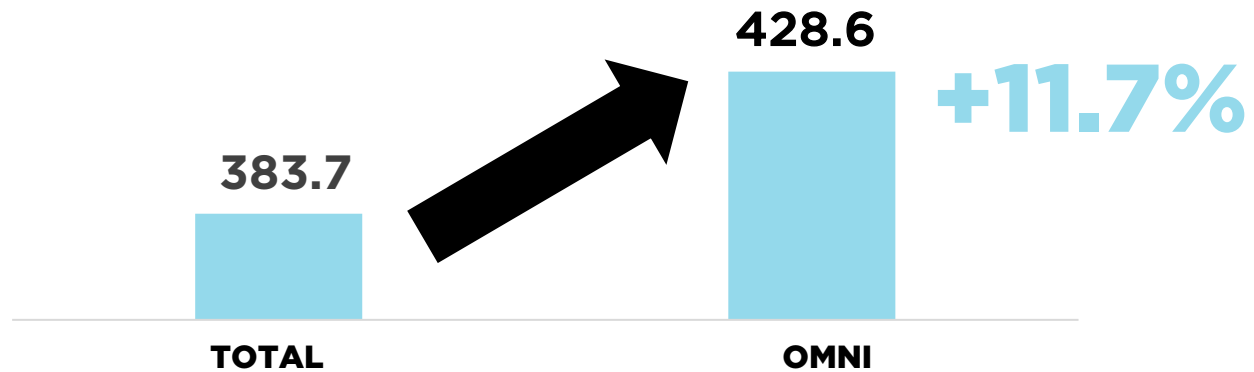
# 11.3%

OF THE  
CUSTOMER BASE  
IS OMNICHANNEL

AVERAGE FREQUENCY  
REGULAR CUSTOMER X OMNI CUSTOMER



AVERAGE TICKET (R\$ )  
REGULAR CUSTOMER X OMNI



### STORE PICKUP

Customer shops online and picks up their order directly at an own or franchise store



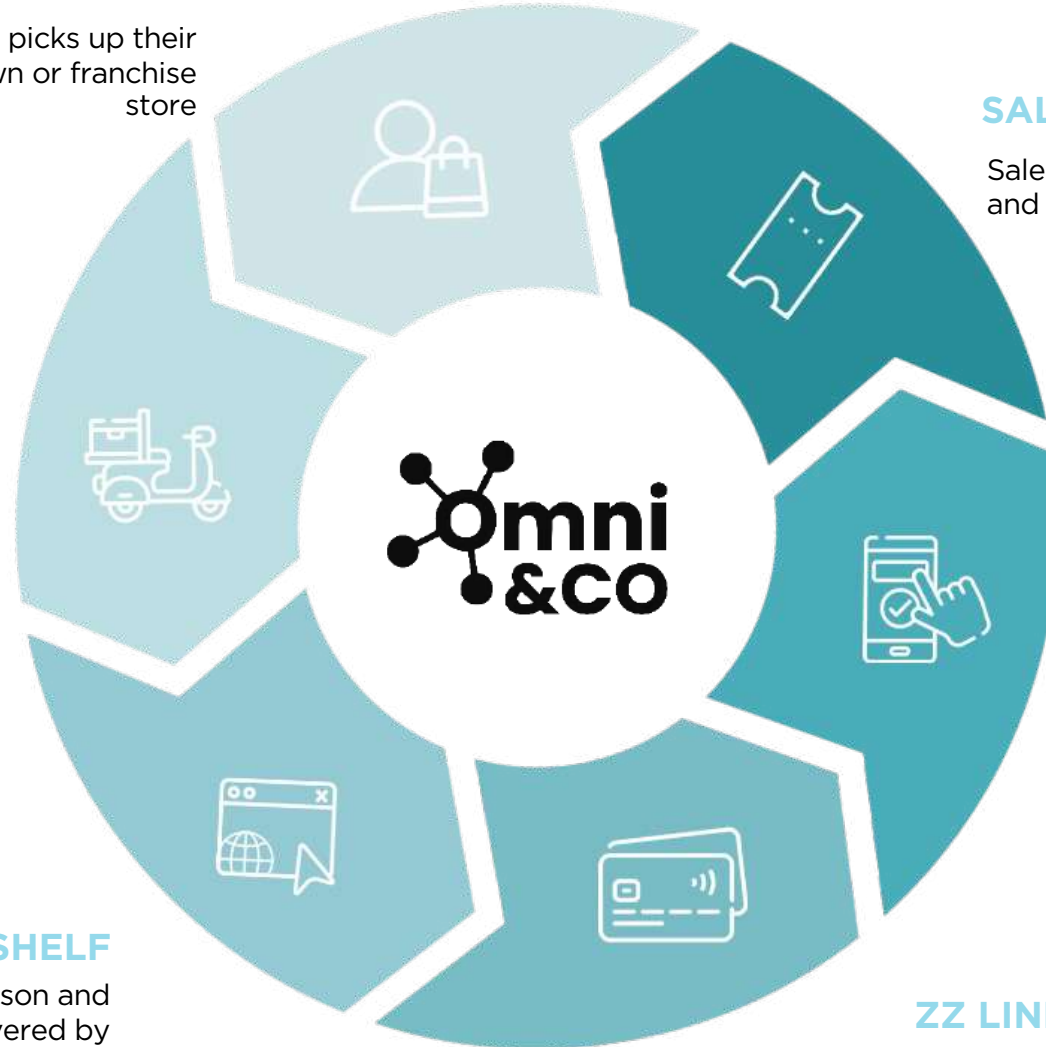
### STORE DELIVERY

Customer shops online and receives the order at home, delivered by an own or franchise store



### INFINITY SHELF

Customer ships with salesperson and receives their order at home, delivered by the e-commerce inventory



### SALESPERSON VOUCHER

Salesperson voucher improves offerings and boosts e-commerce sales



### ZZ APP

Sales team app used to built relationships with the customer base through CRM activations, remote and OMNI sales



### ZZ LINK

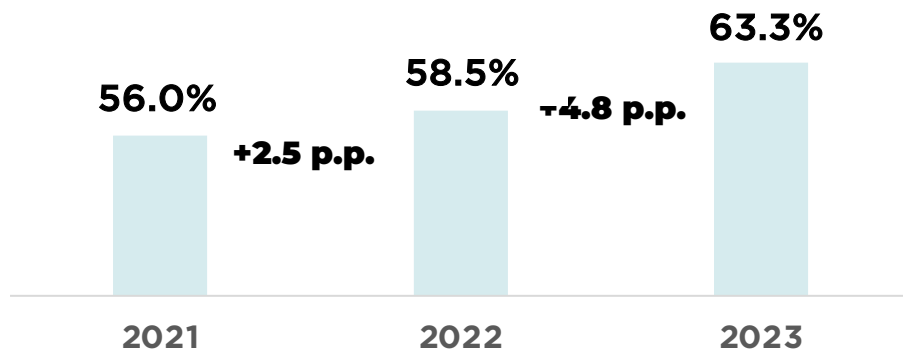
Remote-payment link for store or e-commerce sales



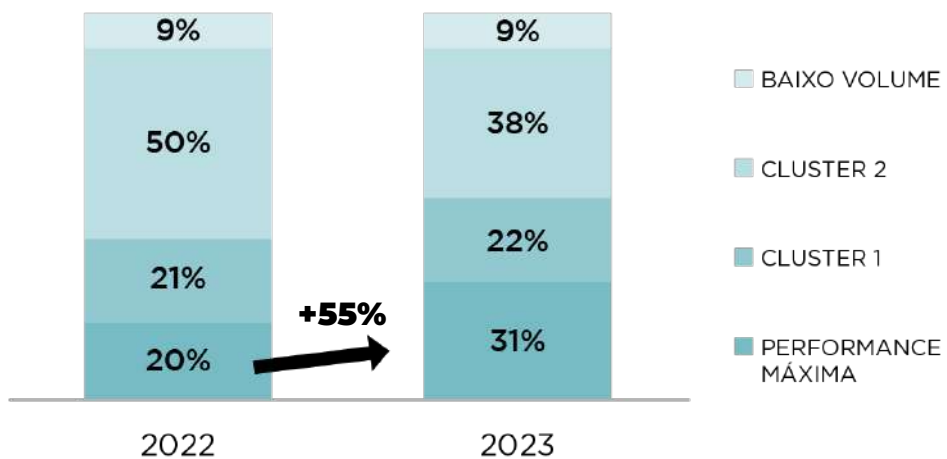
# OMNICHANNEL: CONTINUED EVOLUTION AND INNOVATION

## FOCUS ON CUSTOMER SATISFACTION WITH IMPROVED OPERATIONS AND NEW FORMAT TESTING

DIGITAL SHARE OF SELL OUT  
EVOLVING CONTINUOUSLY SINCE THE PANDEMIC



SERVICE PERFORMANCE EVOLUTION  
BOOSTS THE OMNI EXPERIENCE



STORE BREAKDOWN BY OMNI PERFORMANCE CLUSTER

### ANACAPRI STATION

NEW FORMAT WITH EXPRESSIVE RESULTS

SELL OUT GROWTH VS SAME STORE 2022

5X

R/E REPRESENTATIVENESS  
IN STORE SELL OUT

32%

AVERAGE R/E  
REPRESENTATIVENESS FOR THE  
ANACAPRI CHAIN

5%



# NEW ZZAPP: TECHNOLOGICAL EVOLUTION TO BOOST SELL OUT

## IMPROVED CUSTOMER AND SALESPERSON EXPERIENCE AND CRM THROUGH DATA USABILITY

INFLUENCED SELL OUT  
9M23

670 M

GROWTH  
9M23 VS 9M22

+22.2%

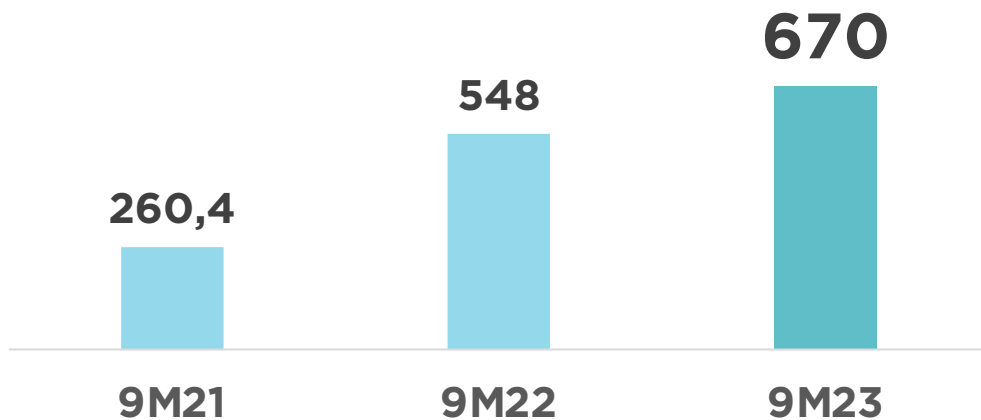
% SELL OUT  
AREZZO&CO

36.5%

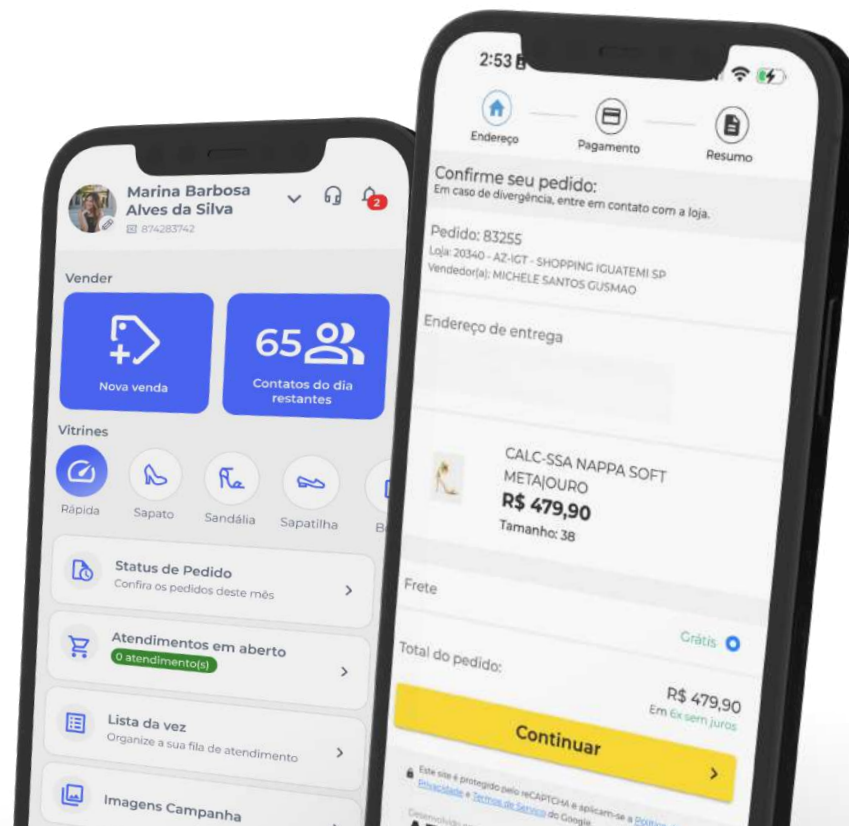
IMPROVED  
ZZ LINK CONVERSION

+10p.p

### INFLUENCED SALES EVOLUTION (JAN-SEP | IN R\$ M)

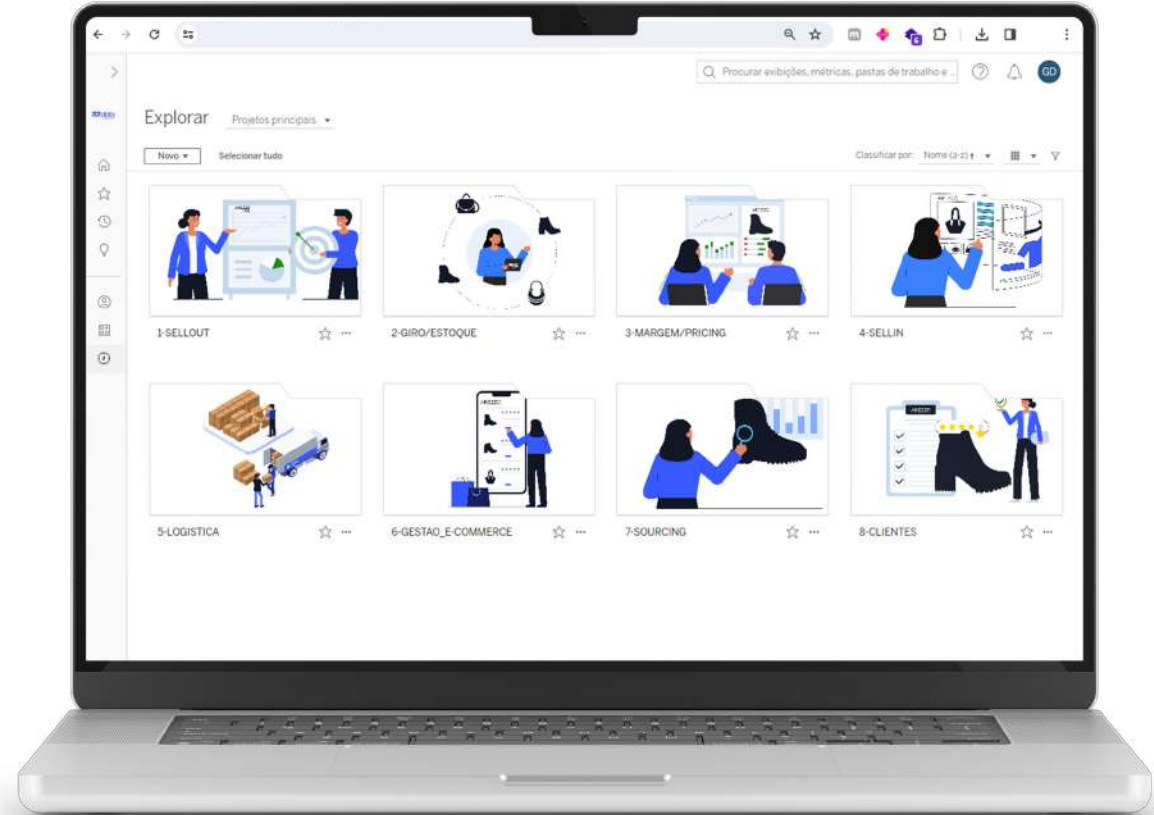


TECHNOLOGICAL EVOLUTION AND ENGAGEMENT BOOSTED  
INFLUENCED REVENUES GROWTH



# DATA

## NEW PLATFORM WITH VALUE ACCELERATION



# DATA: NEW PLATFORM WITH VALUE ACCELERATION

## REDUCED DECISION-MAKING TIME AND BASIS TO SCALE NEW SOLUTIONS

### STRATEGIC RELEVANCE

**+68%**

JAN-SEP 23 vs JAN-SEP 22

INCREASED DAILY USAGE OF COMPANY DATA

### SPEED AND AVAILABILITY

**-84%**

vs 2022

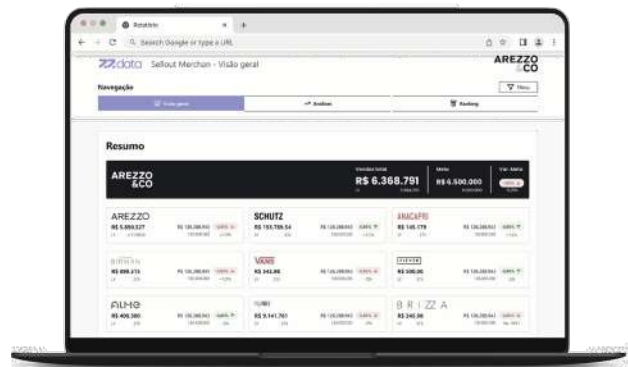
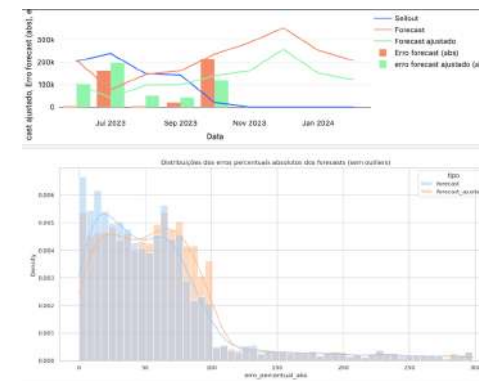
DECREASED TIME PROCESSING ALL OF THE COMPANY'S DATA

### AI USAGE

**+53%**

JAN-SEP 23 vs JAN-SEP 22

INCREASE IN INCREMENTAL REVENUES FROM PROJECTS USING AI

### ADVANCED ANALYSIS UPSKILL

**42**

EMPLOYEES TRAINED TO USE ADVANCED DATA ANALYSIS



CREATION OF AN IN-COMPANY COURSE DEVELOPED THE SKILLS OF EMPLOYEES IN 13 **AREAS** TO EXPLORE DATA ON A NEW PLATFORM



# DATA: USE OF ARTIFICIAL INTELLIGENCE RAISING SELL IN AND SELL OUT

## CREATION AND OPTIMIZATION OF PROPRIETARY ALGORITHMS APPLIED TO B2B AND B2C JOURNEY

### SELL IN | SER PLATAFORM

#### Z Planning

Sales volume forecasting model for product subcategories and stores, transforming sell-out forecasts into purchase planning in SELL IN

4 algorithms

From 56% to 85% accuracy in the model

#### Z Assortment

Optimizing sales potential and reducing excess inventory through a model for recommending the ideal size grid based on potential sales by size

2 algorithms

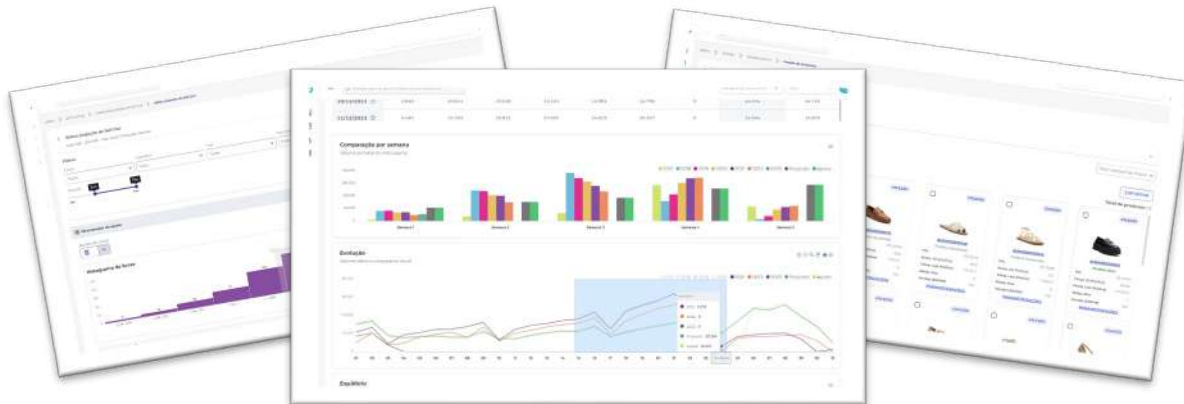
Franchisee Adherence: From 50% to 78% of the suggestions

#### Z Repa

Sales projection and optimal inventory model for each store to optimize replenishment

6 algorithms

Calculation time reduced from 28 hours to 2 hours



### SELL OUT | CRM AND RECOMENDATION

#### [CRM DATA] CUSTOMER SEGMENTATION

Customer segmentation model by brand and corporate, utilizing various characteristics to understand consumption profiles and enhance CRM strategies

2 algorithms

#### PRODUCTS RECOMENDATION

Model of personalized recommendations based on search patterns and purchase profiles to offer products with potential preferences for customers

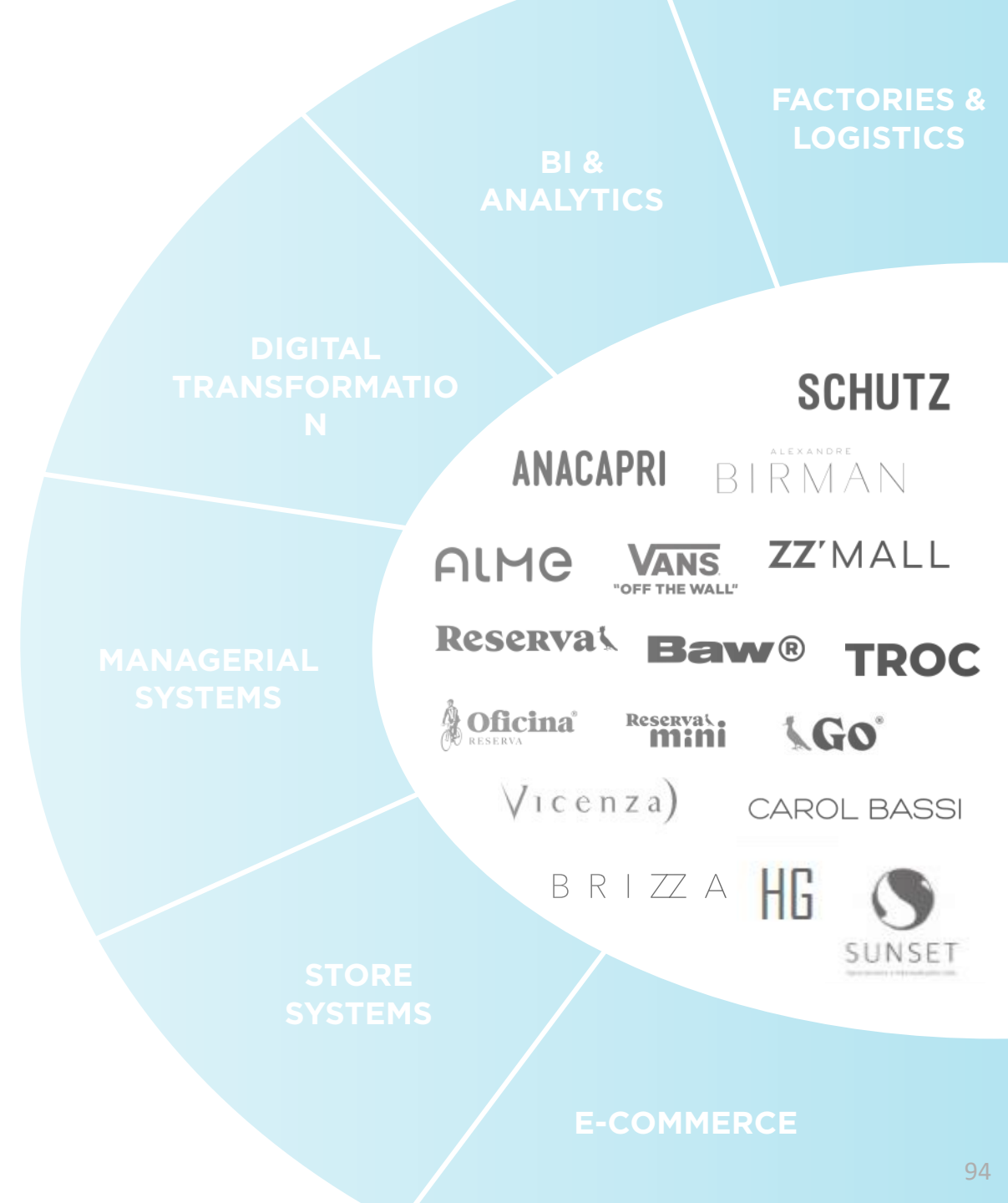
3 algorithms

Model Training: From 1X per week to 1X per day

	CONVERSION	REVENUE
AREZZO	+1.20%	+1.64%
SCHUTZ	+3.45%	+3.01%
ANACAPRI	+1.83%	+1.22%
VANS	+2.27%	+2.85%

# HOUSE OF TECH

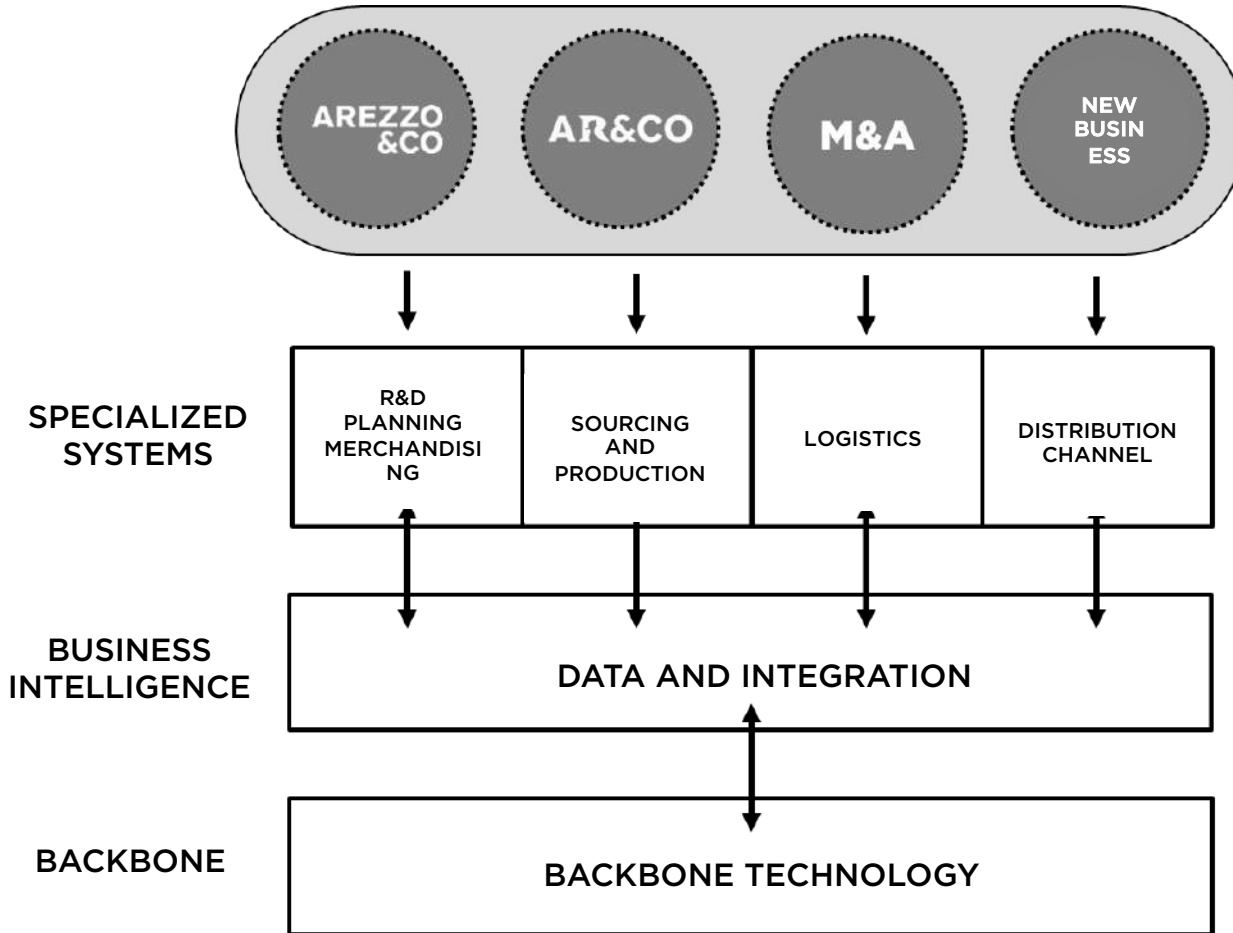
TECHNOLOGICAL  
FOUNDATION TO  
INTEGRATE AND  
ACCELERATE BUSINESS



# INTEGRATIVE TECHNOLOGICAL PLATFORM

ROBUST AND FLEXIBLE FRAMEWORK CAPABLE OF SUPPORTING AND ADAPTING TO DIFFERENT BUSINESS DYNAMICS

## INTEGRATIVE TECHNICAL TEMPLATE



## MODULARLY INTEGRATED NEW BUSINESS

SUNSET HG **5 MONTHS**

**TOTAL FINANCIAL MANAGEMENT UNIFICATION, IMPROVED INTERNAL CONTROLS**

Vicenza) **2 MONTHS**

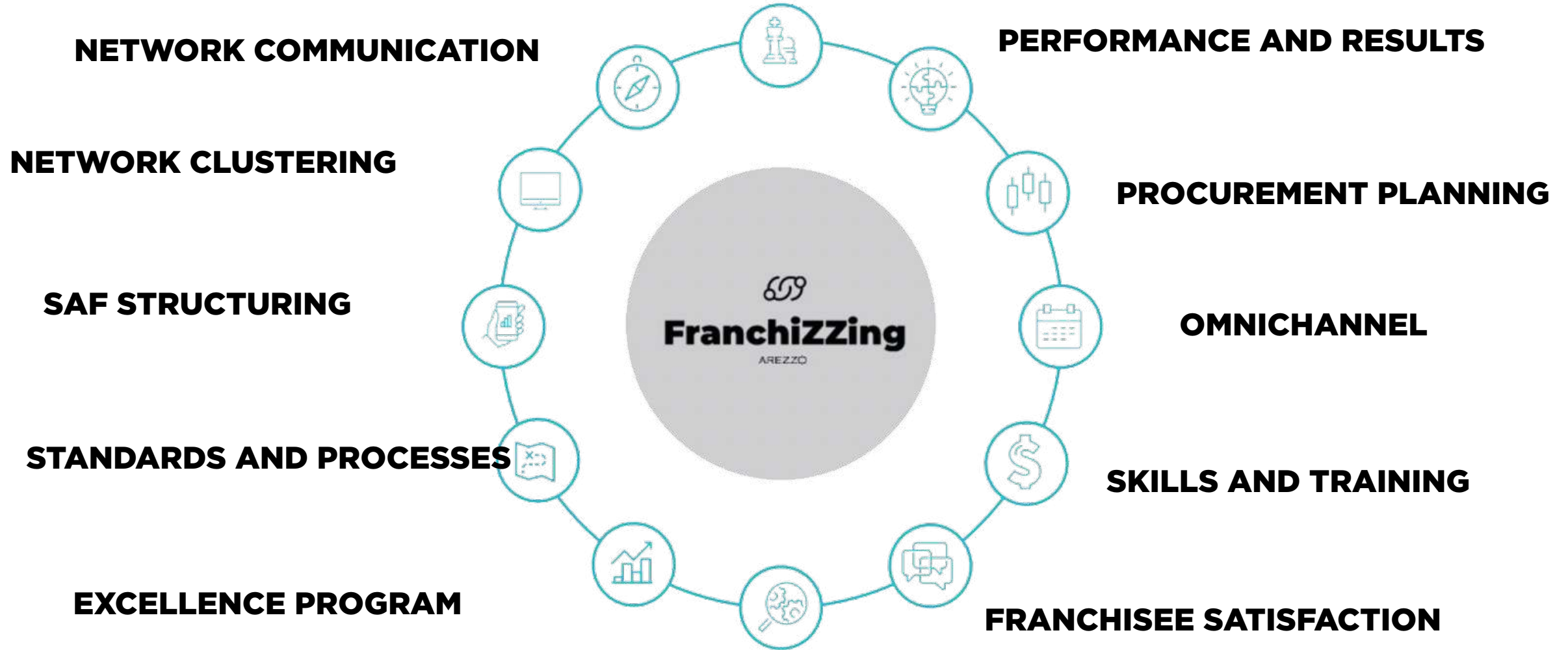
**DATA, COMMERCIAL, STORES AND E-COMMERCE INTEGRATION**

- + 100% MB REVENUES vs LY
- + 44% MB CUSTOMER BASE vs LY
- +3X E-COMMERCE REVENUE

# FRANCHIZZING

## TECHNOLOGY AS THE CENTRAL PILLAR WITHIN OUR FRANCHISING EVOLUTION STRATEGY

### WORK FRONTS SPORTING TECHNOLOGY DEVELOPMENT

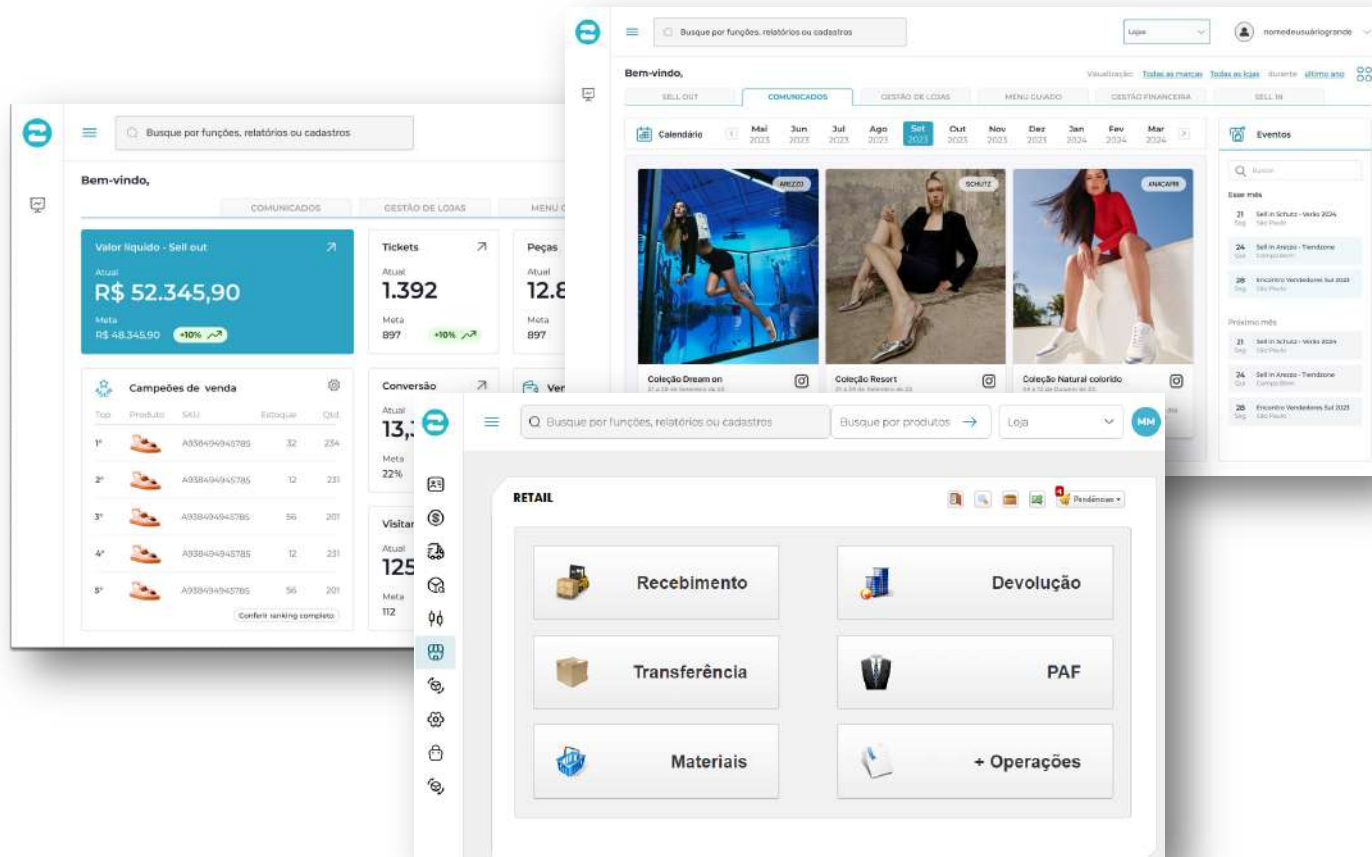




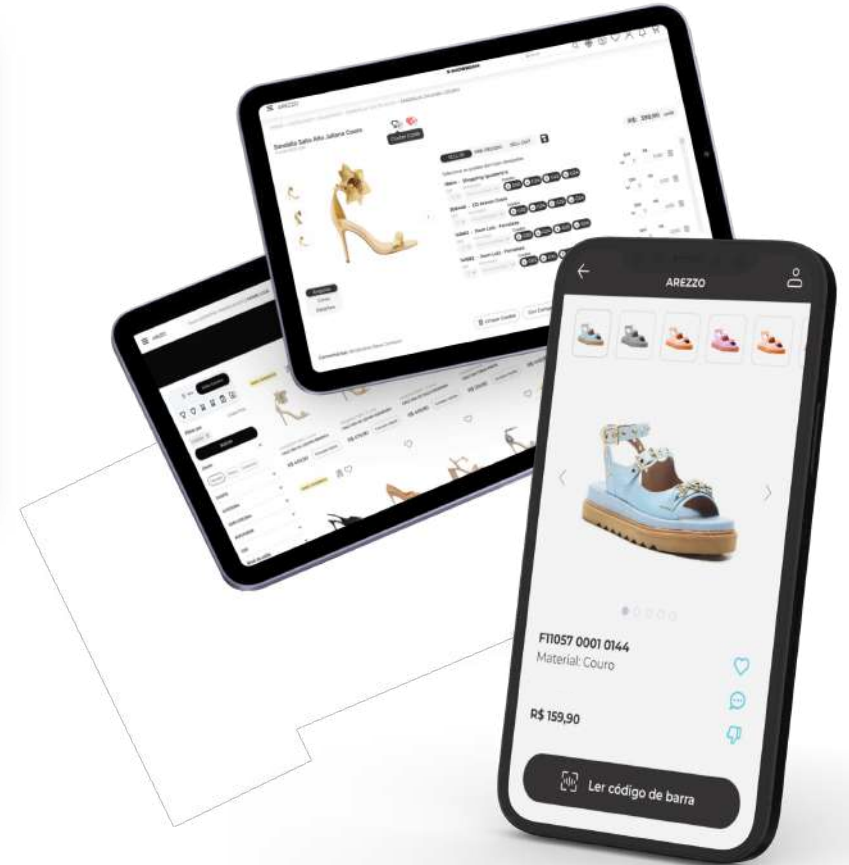
# FRANCHIZZING

## TECHNOLOGY AS THE CENTRAL PILLAR WITHIN OUR FRANCHISING EVOLUTION STRATEGY

### FRANCHISEE PORTAL



### E-SHOWROOM



# NEXT STEPS

# NEXT STEPS

## OPPORTUNITY TO CAPTURE SIGNIFICANT GAPS IN OPERATIONAL EFFICIENCY

EVEN WITH CONSTANT GROWTH OVER THE YEARS, WE ENVISION AN AVENUE FULL OF OPPORTUNITIES, WHERE A 5% INCREASE COULD PROPEL OUR TOTAL POTENTIAL TO 426.2 MILLION IN 2024

AREZZO  
& CO



AR&CO

PILARS	INDICADORES	POTENCIAL
<b>CLIENT VISION (+5%)</b>	CROSS BASE CAPTATION RETANTION REACTIVATION	R\$ 55.4 MM R\$ 22.5 MM R\$ 21.2 MM R\$ 6.9 MM
<b>WEB PERFORMANCE (+5%)</b>	PURCHASE FREQUENCY AVERAGE TICKET WEB CONVERSION INCREASE IN APP DOWNLOADS	R\$ 34.3 MM R\$ 21.7 MM R\$ 50.6 MM R\$ 13 MM
<b>OMNICHANNEL (+5%)</b>	PURCHASE FREQUENCY AVERAGE TICKET INFLUENCED REVENUE SELLER APP CONVERSION	R\$ 66.3 MM R\$ 46 MM R\$ 42.3 MM R\$ 46 MM

**TOTAL**

**R\$ 426.2 MM\***

## NEXT STEPS

**STRENGTHENING STRATEGIES FOR THE EVOLUTION OF THE CORE, CHANNEL INTEGRATION,  
AND OPERATIONAL EFFICIENCY**

### 1.CORE

FRANCHIZZING

SER

CD AUTOMATION

ARCHITECTURE  
EVOLUTION SAP

### 2.OMNI

E-COMMERCE

ZZAPP

LAST MILE

OPERATIONAL  
EXCELENCE

### 3.DATA

ARCHITECTURE 2.0

ARZZ

UPSKILL

IA

## 4.TECHNOLOGY PLATAFORM

DESIGNING FUTURE ARCHITECTURE

CICLE 2024-2026

# SUPPLY CHAIN



CASSIANO LEMOS AND JOÃO FERNANDO HARTZ

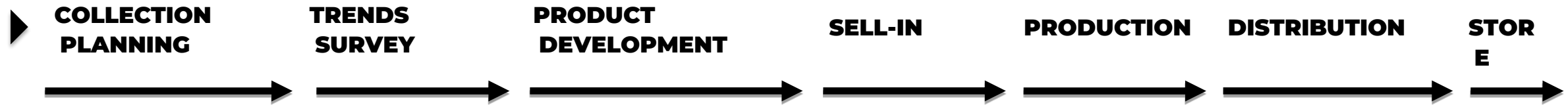
**SINCE 1972, FROM THE HANDS OF  
SHOEMAKERS TO CUSTOMERS' FEET**

**MANUFACTURING**

**SYMBIOSIS**

**RETAIL**

# FOOTWEAR “SOFTWARE FACTORY” + INTEGRATED SUPPLIES MANAGEMENT



**IN-HOUSE PRODUCT  
DEVELOPMENT**

**FOOTWEAR “SOFTWARE  
FACTORY”**

**INTEGRATED  
SUPPLIES  
MANAGEMENT**

**FIXED-MARGIN COST PLUS  
MODEL, WHERE EVERYONE  
WORKS WITH THE STORE SELLING  
PRICE FOR A TARGET**

**SELL-OUT DRIVEN  
MODEL**

**MONITORING AND  
RAPID RESPONSE**

**FEEDBACK FROM STORE SELL-OUT**

# WE HAVE 3 MAJOR EVOLUTION FRONTS TO MAKE OUR SUPPLY CHAIN EVEN MORE INTEGRATED AND AGILE

## FRONT 1

### MERCHANDISING & SUPPLIES

COLLABORATIVE  
COLLECTION  
CONSTRUCTION

DATA AND  
ANALYTICS FOR  
ASSORTMENT  
DEFINITION

IN-SEASON  
MANAGEMENT  
AND RAPID  
RESPONSE

## FRONT 2

### SOURCING AND LOGISTICS

SYNCHRONIZED  
DEMAND AND  
PRODUCTION  
CAPACITY

REDUCED LEAD  
TIME  
(B2B AND B2C)

## FRONT 3

### CHANNELS INTEGRATION

FULL STORES AND  
ONLINE INTEGRATION



**NIMBLY CONNECTING A CUSTOMER'S WISHES, WHEREVER THEY MAY BE, WITH THE DESIRED PRODUCT, WHEREVER IT MAY BE**

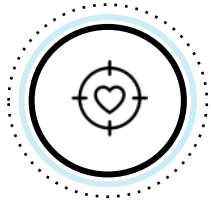


# MERCHANDISING AND SUPPLIES

**THE RIGHT PRODUCT,  
AT THE RIGHT TIME,  
AT THE RIGHT PLACE**

# SUPPLIES AND RELATIONSHIP MODEL - SER

## PROCUREMENT



### ASSERTIVE PROCUREMENT DECISIONS

INCREASED **ASSERTIVENESS OF THE ASSORTMENT DEFINITION MODEL** (WHAT TO BUY, WHEN TO BUY), INTEGRATING THE NETWORK'S WISDOM WITH ADVANCED ANALYTICS TOOLS

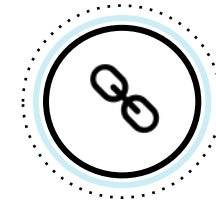
## RESTOCKING



### MORE AGILE AND FLEXIBLE RESTOCKING

REDUCED RESTOCKING TIMES AND MORE **AGILE RESPONSE TO DEMAND** BY MEANS OF OMNI INVENTORIES RESTOCKING THE ENTIRE CHAIN ON AN OPEN GRID

## RELATIONSHIP



### CAPTURING OMNICHANNEL POTENTIALITY

ADJUSTMENT OF THE **FRANCHISES CHAIN'S COMPENSATION AND COMMISSIONS MODEL**, LINKED WITH THE EXCELLENCE PROGRAM (OMNI FRANCHISE SEAL)

**PRE SEASON**

**IN SEASON**

**TECHNOLOGY DEVELOPMENT AND DECISION-MAKING SUPPORT SYSTEMS**

# SER PLATFORM

## DECISION-MAKING SUPPORT SYSTEM FOR PLANNING, ASSORTMENT AND RESTOCKING DEIGNED FOR THE AREZZO&CO MODEL

### ZZ Planning

- ✓ DEMAND AND OTBS PLANNING AND MANAGEMENT
- ✓ BUDGETING
- ✓ PREDICTIVE DEMAND ANALYSES
- ✓ RECOMMENDED BUY PLAN BY STORE AND SUB-CATEGORY
- ✓ INTEGRATED S&OP

### ZZ Assortment

- ✓ RECOMMENDED IDEAL GRID BUY PER STORE
- ✓ EDITING EACH STORE'S ORDERS USING THE NETWORK'S SELL-IN WISDOM
- ✓ EARLY IDENTIFICATION OF POTENTIAL BEST SELLER FOR BUFFER BUILDING AND BUY RECOMMENDATION

### ZZ Repa

- QUICK RESTOCKING OF CONTINUED AND COLLECTION ITEMS ON AN OPEN GRID
- MANAGEMENT OF PRODUCT ALLOCATION TO THE NETWORK IN THE LIGHT OF SELL-OUT READINGS AND FORECASTS

### ZZ 6R's

- 6RS MANAGEMENT:
  - 1 - RESTOCK
  - 2 - REPROMOTE
  - 3 - REARRANGE
  - 4 - REPRICE
  - 5 - RECALL
  - 6 - REACTIVATE

FRANCHISEE  
INTERFACE

E-SHOWROOM + ZZNET

PRODUCT  
LIFE CYCLE

PRE SEASON

ZZNET

IN SEASON

As basis for the platform, use of data and advanced analysis enable assertive use of scalable models for all of our Brands and stores

# SER PLATFORM RESULTS

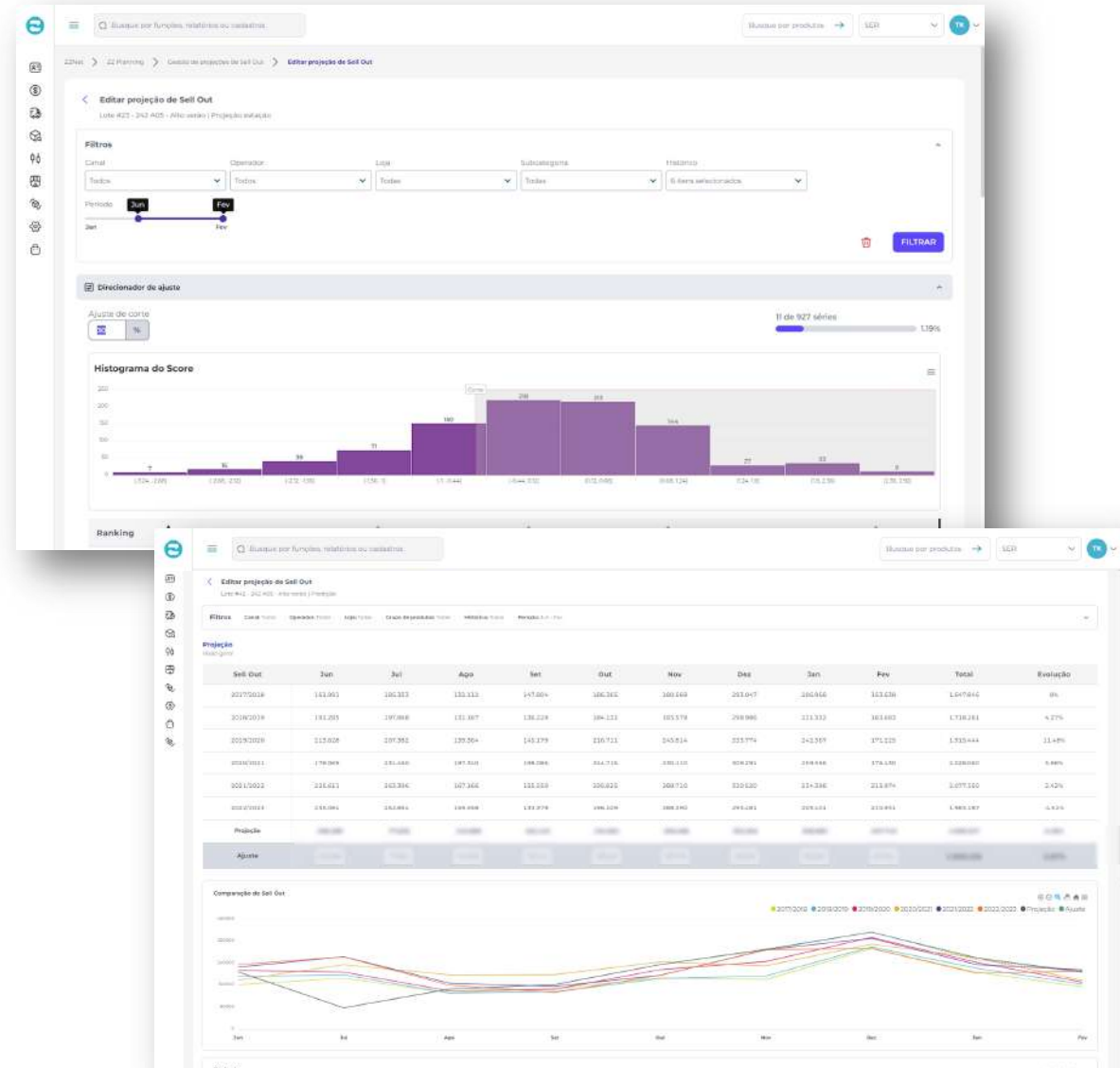
**Z Planning**

**+ 5 p.p.**

**IN FULL-PRICE TURNOVER FOR STORES THAT FOLLOW RECOMMENDATIONS**

**2 p.p.**

**DECREASE IN AVERAGE DISCOUNT, LEADING TO IMPROVED MARGIN**



# SER PLATFORM RESULTS

## Assortment Orders Editing

~ 75%

OF ADDED PRODUCTS  
PERFORMA LIKE BEST  
SELLERS ON SELL OUT

~ 25%

AVERAGE DECREASE IN  
THE MIX PRODUCED FOR  
COLLECTIONS, LEADING  
TO IMPROVED  
PRODUCTIVITY

The top screenshot shows the 'Validação de cancelamento' (Cancellation Validation) screen. It displays a summary of SKUs and cancellations:

- Quant. SKUs: 705
- Vol. pares total: 777764
- Quant. SKUs cancelados: 137
- Vol. pares cancelados: 66628
- Quant. SKUs cancelados final: 118
- Vol. pares cancelados final: 34308

The bottom screenshot shows the 'Validação de alteração' (Change Validation) screen. It displays a summary of changes and a table of product adjustments:

- Total quant. antes: 1305
- Total quant. depois: 1311
- Quant. SKUs cancelados: 12
- Vol. pares cancelados: 138
- Quant. SKUs realocados: 23
- Vol. pares realocados: 143
- Delta: 5

Produto	Ranking Besta	Quant. comp. modelo	Quant. antes	Quant. depois	Status	Desvio	Quant. ajuste	Quant. final	Desvio final
A1250900010002	3	3	15	15	Desativado	0	21	15	6
A1250300010001	6	4	27	27	Sem alteração	0	27	27	0
A1284800010001	4	1	24	24	Sem alteração	0	24	24	0
A1275700240001	7	1	24	24	Sem alteração	0	24	24	0
A1250900010001	2	3	30	30	Sem alteração	0	30	30	0
A1190001410001	9	2	24	24	Sem alteração	0	24	24	0

# SER PLATFORM RESULTS

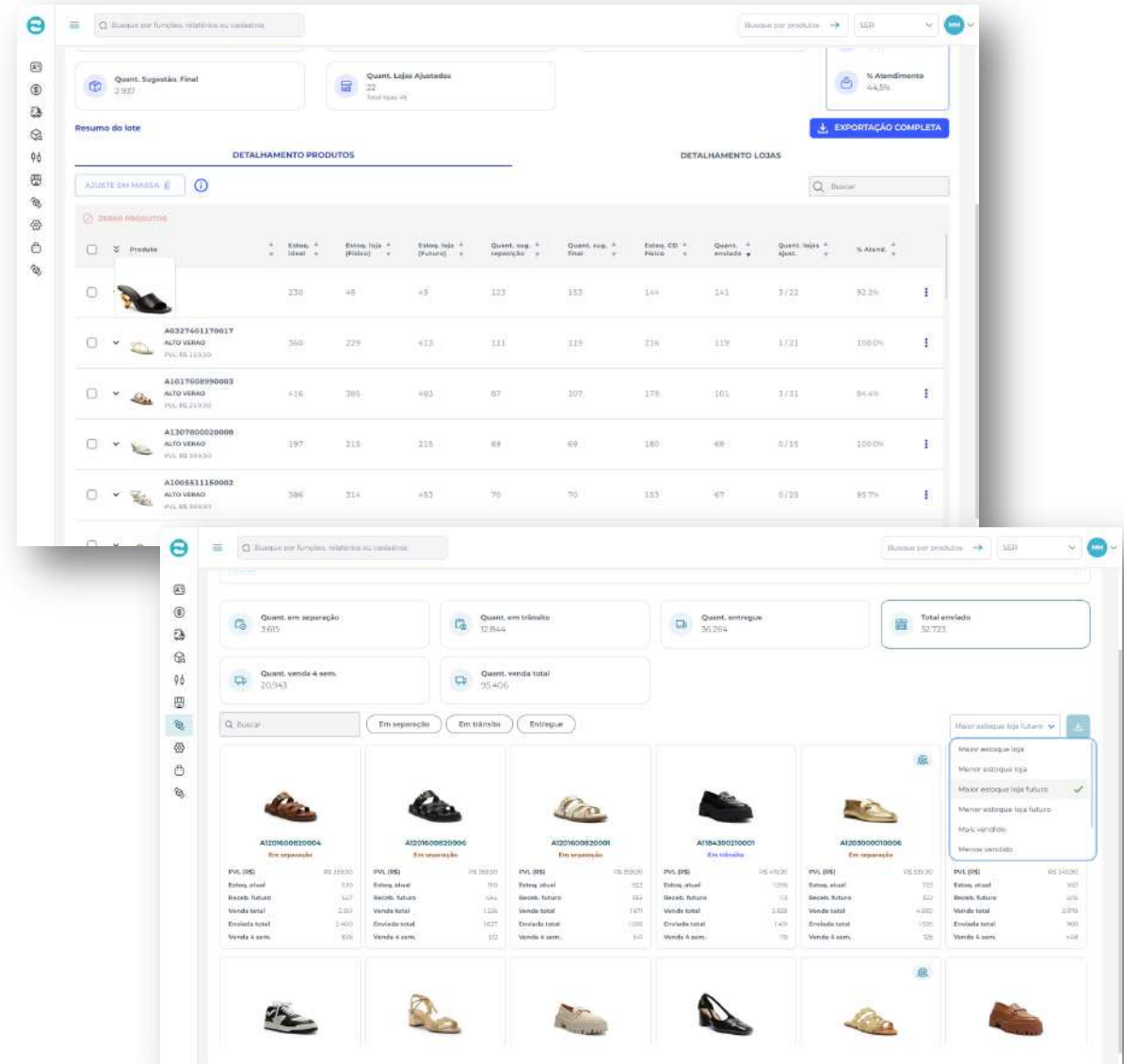
**ZZRepa**  
OG Restocking

**+ 6 %**

**INCREMENTAL SELL OUT  
ON LPS, COMPARED  
WITH THE CONTROL  
GROUP**

**10 p.p.**

**AVERAGE DECREASE  
IN STORE  
INVENTORIES OF  
RESTOCKED ITEMS**



# 2024 IMPLEMENTATION PLAN



## IMPLEMENTED FRONTS

### AREZZO

#### ZZ PLANNING

- DEVELOPMENT OF A PLANNING SYSTEM COVERING BUY PLANS BY SUB-CATEGORY. ALREADY IN USE AT 200 AREZZO STORES.

#### ZZ ASSORTMENT

- EDITING ORDERS AND IDEAL GRIDS BY SIZE AT 100% OF AREZZO BRAND STORES.

#### ZZ REPA

- OPEN-GRID COLLECTION RESTOCKING AT 90 AREZZO STORES.

## 1Q24 AREZZO SCHUTZ

#### ZZ PLANNING

- BUY PLANNING SYSTEM BY SUB-CATEGORY USED AT ALL AREZZO STORES AND PILOTING AT SCHUTZ STORES.

#### ZZ ASSORTMENT

- EDITING ORDERS AND IDEAL GRIDS BY SIZE AT 50% OF SCHUTZ BRAND STORES

#### ZZ REPA

- EXPANSION OF OPEN-GRID RESTOCKING TO 200 AREZZO STORES AND PILOTING WITH SCHUTZ

## 2Q24 AREZZO SCHUTZ ANACAPRI

#### ZZ PLANNING

- BUY PLANNING SYSTEM BY SUB-CATEGORY AAT 100% OF SCHUTZ STORES.
- BUDGET MODULE PILOT IMPLEMENTED AT ALL CORE BRANDS.

#### ZZ ASSORTMENT

- EDITING ORDERS AND IDEAL GRIDS BY SIZE AT 75% OF SCHUTZ BRAND STORES
- PRE-ORDERING TOOL FOR THE AREZZO BRAND

#### ZZ REPA

- EXPANSION OF OPEN-GRID RESTOCKING TO 100% OF AREZZO STORES AND OPERATION STARTUP AT SCHUTZ

#### ZZ 6 Rs

- 6R-METHOD REARRANGEMENT PILOT IN AREZZO OWN STORES

## 2H24 AREZZO SCHUTZ ANACAPRI

#### ZZ PLANNING

- AREZZO, SCHUTZ AND ANACAPRI WITH BUY PLAN AND BUDGETING MODULE IMPLEMENTED AT 100% OF STORES

#### ZZ ASSORTMENT

- EDITING ORDERS AND IDEAL GRIDS BY SIZE AT 100% OF SCHUTZ BRAND STORES AND 50% OF ANACAPRI STORES

#### ZZ REPA

- OPEN-GRID RESTOCKING AT 100% OF SCHUTZ STORES AND PILOTING AT ANACAPRI STORES

#### ZZ 6 Rs

- RESTOCKING FOR AREZZO AND SCHUTZ OWN STORES ON THE SER PLATFORM

# SOURCING

**AGILE,  
FLEXIBLE AND  
SCALABLE**

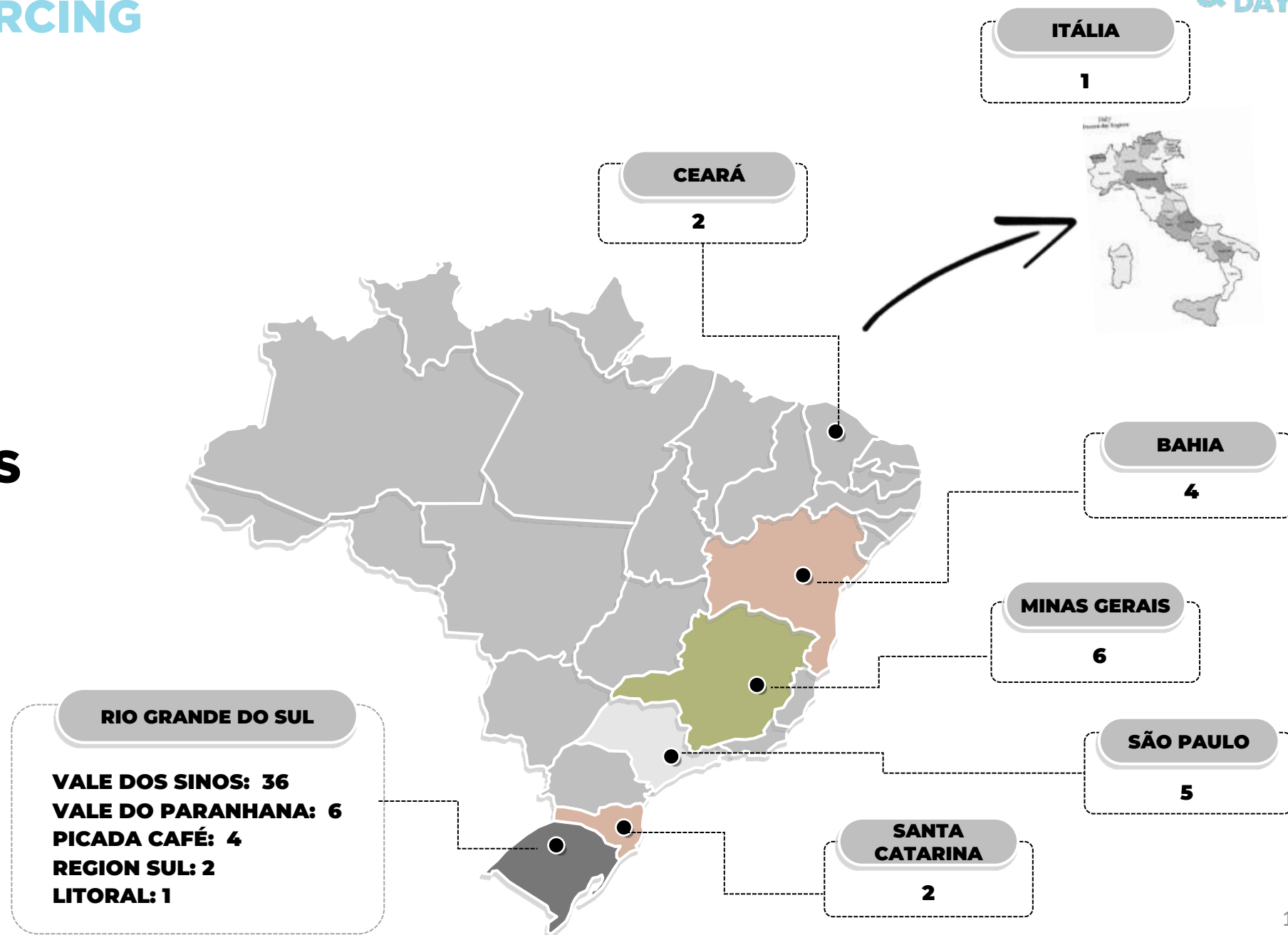


# AREZZO&CO SOURCING SUPPLIERS CHAIN

## PRODUCTION:

**18.6 M PAIRS**  
**2.1 M HANDBAGS**

(DATA BASE: 2023 LTM)



# IN THE LAST TWO YEARS, WE MADE SIGNIFICANT MOVES AS CONCERNS **OWN PRODUCTION**

## ZZSAP

**16% OF FOOTWEAR MADE IN OWN FACTORIES**

**ALAGOINHAS/BA**

**MATERIAL PRODUCTIVITY (OUTPUT PER PERSON) GAIN DUE TO INVESTMENTS IN MANUFACTURING PLANT MODERNIZATION**

**40% INCREASE IN DAILY PRODUCTION VOLUME IN 2023, WITH JUST 2% HEADCOUNT INCREASE**

## ZZ BAGS

**17% DA OF HANDBAGS MADE IN OWN FACTORIES**  
**R&D PROCESS VERTICALIZATION**

**~50% OF LEATHER HANDBAG PROTOTYPES DEVELOPED INTERNALLY**

**5% EFFICIENCY GAIN IN CONSUMPTION FROM NEW CUTTING TECHNOLOGY**

## SOURCING

**10% LEADTIME REDUCTION**

**4% IMPROVEMENT ON TIME DELIVERY**

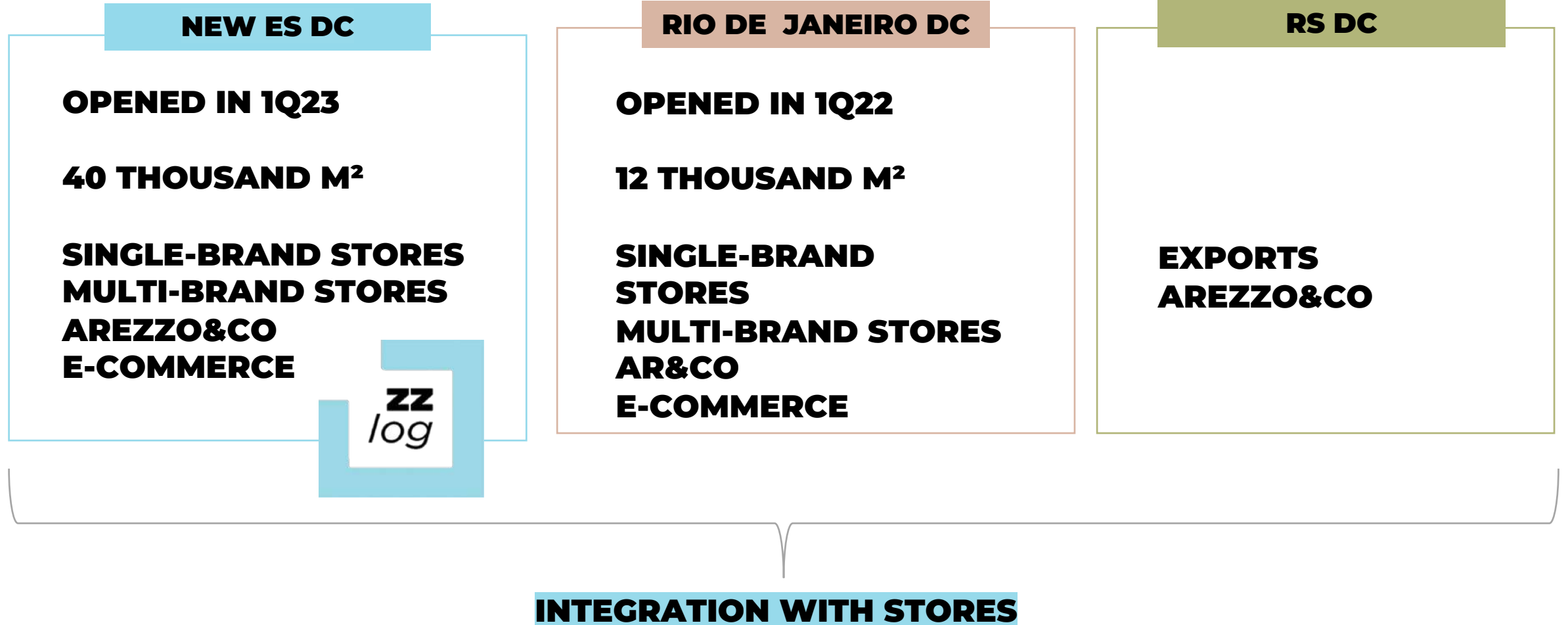
**ALL FOOTWEAR SUPPLIERS AND HANDBAG ABVTEX CERTIFICATED**

**STRENGTHENING OUR **PRODUCT CULTURE****

# LOGISTICS

**SPEED AND**  
**EFFICIENCY**

# ON THE LOGISTICS FRONT, WE HAVE BEEN INVESTING IN OPERATIONAL CAPACITY EXPANSION AND DISTRIBUTION MODEL EVOLUTION



**VIDEO**  
NEW ES DC



# CLOSING MESSAGES

1

## FOOTWEAR “SOFTWARE FACTORY“ AS A DISTINCTION

IN-HOUSE PRODUCT  
ENGINEERING AND  
INTEGRATED SUPPLY  
MANAGEMENT AS A  
MAJOR  
COMPETITIVE  
DISTINCTION

DEVELOPMENT OF  
THE HANDBAGS  
“SOFTWARE  
FACTORY” (“ZZ  
BAGS”)

2

## FLEXIBLE PRODUCTION

INVESTMENT IN BOTH  
NEW  
MANUFACTURING  
PLANTS AND  
STRENGTHENING  
SOURCING CAPACITY  
AND PRODUCT  
CULTURE

SOURCING MATRIX  
DIVERSIFICATION,  
EXPANDING  
PRODUCTION BEYOND  
RS

3

## LOGISTICAL EXPANSION

LOGISTICS  
TARGETED AT  
REDUCING STORE  
BREAKS THROUGH  
REDUCED LEAD  
TIME AND  
INCREASED OPEN-  
GRID RESTOCKING

New ES  
DC(“ZZLOG”)  
EXPANDING  
LOGISTICAL  
CAPACITY WITH  
ADDED SPEED AND  
EFFICIENCY

4

## PLUG&PLAY SUPPLIES PLATFORM

COLLABORATIVE  
AND SELLOUT  
DRIVE SUPPLIES  
MODEL IN  
CONSTANT  
EVOLUTION AND  
REPLICABLE

DEVELOPMENT OF  
PROPRIETARY  
PLANNING,  
ASSORTMENT AND  
RESTOCKING  
SYSTEM (“SER  
PLATFORM”)

5

## EVOLVING THE FRANCHISEE SUPPLIERS AND RELATIONSHIP MODEL

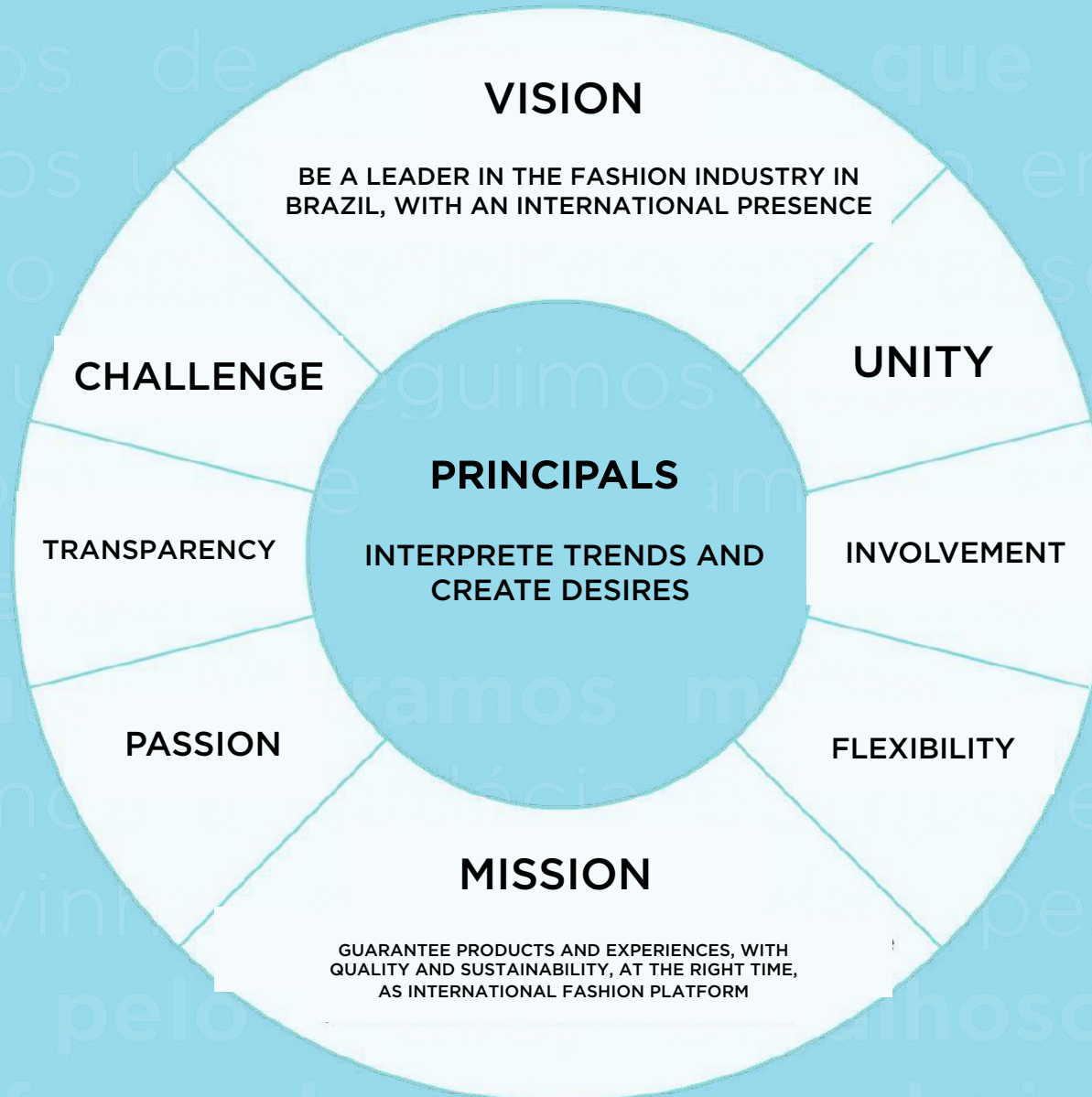
TECHNOLOGY AS A  
MEANS TO  
INTEGRATE THE  
STORES NETWORK  
AND SUPPORT THEM  
IN BOTH BUYING  
AND RESTOCKING  
AND CHANNELS  
INTEGRATION

# PEOPLE, MANAGEMENT, ESG AND EXPANSION



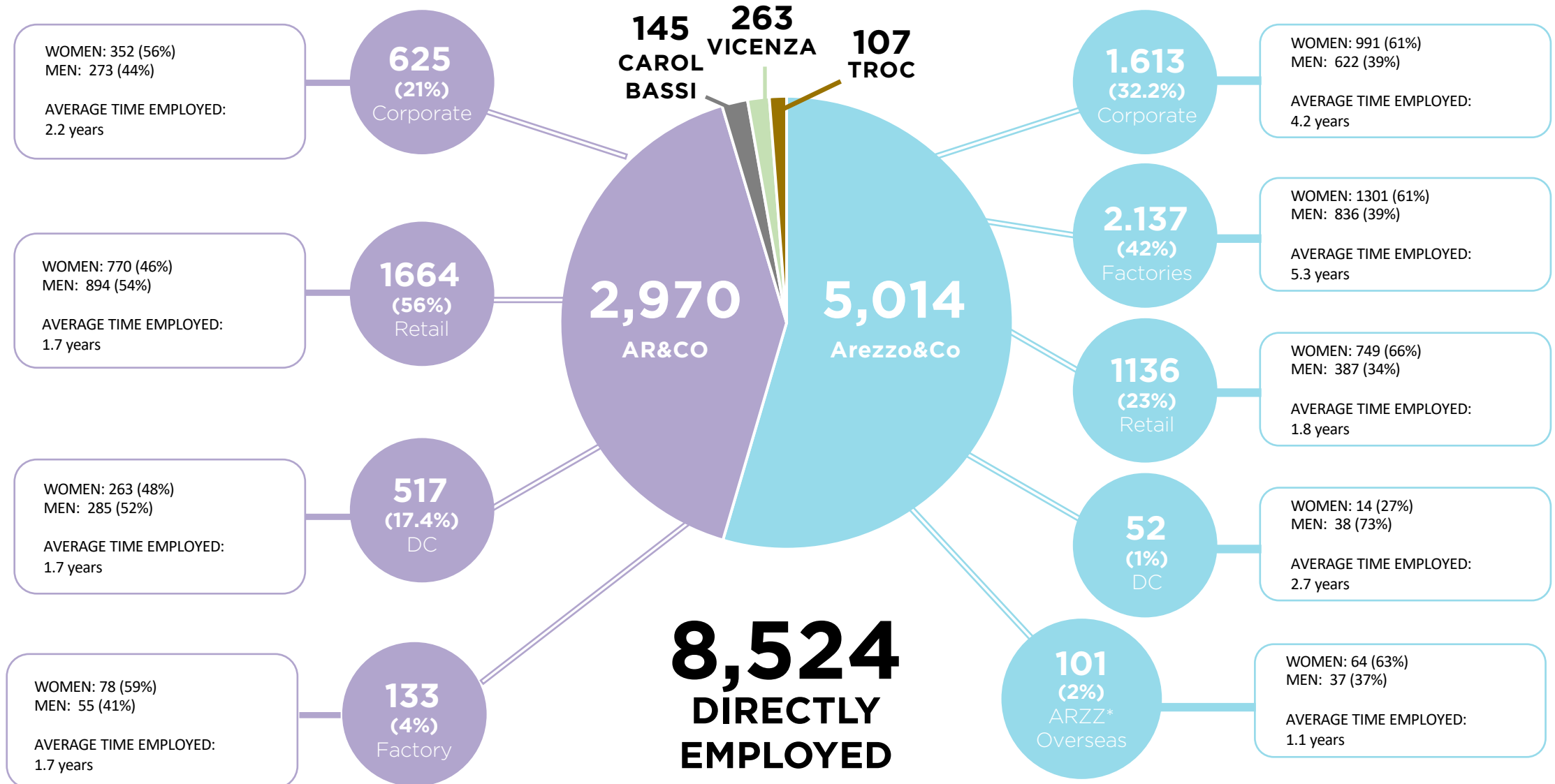
MARCO VIDAL

The Arezzo&Co Culture is our bedrock, our compass. It is based on it and on its constitutive elements that we find our north and grow strong, on to 2154.



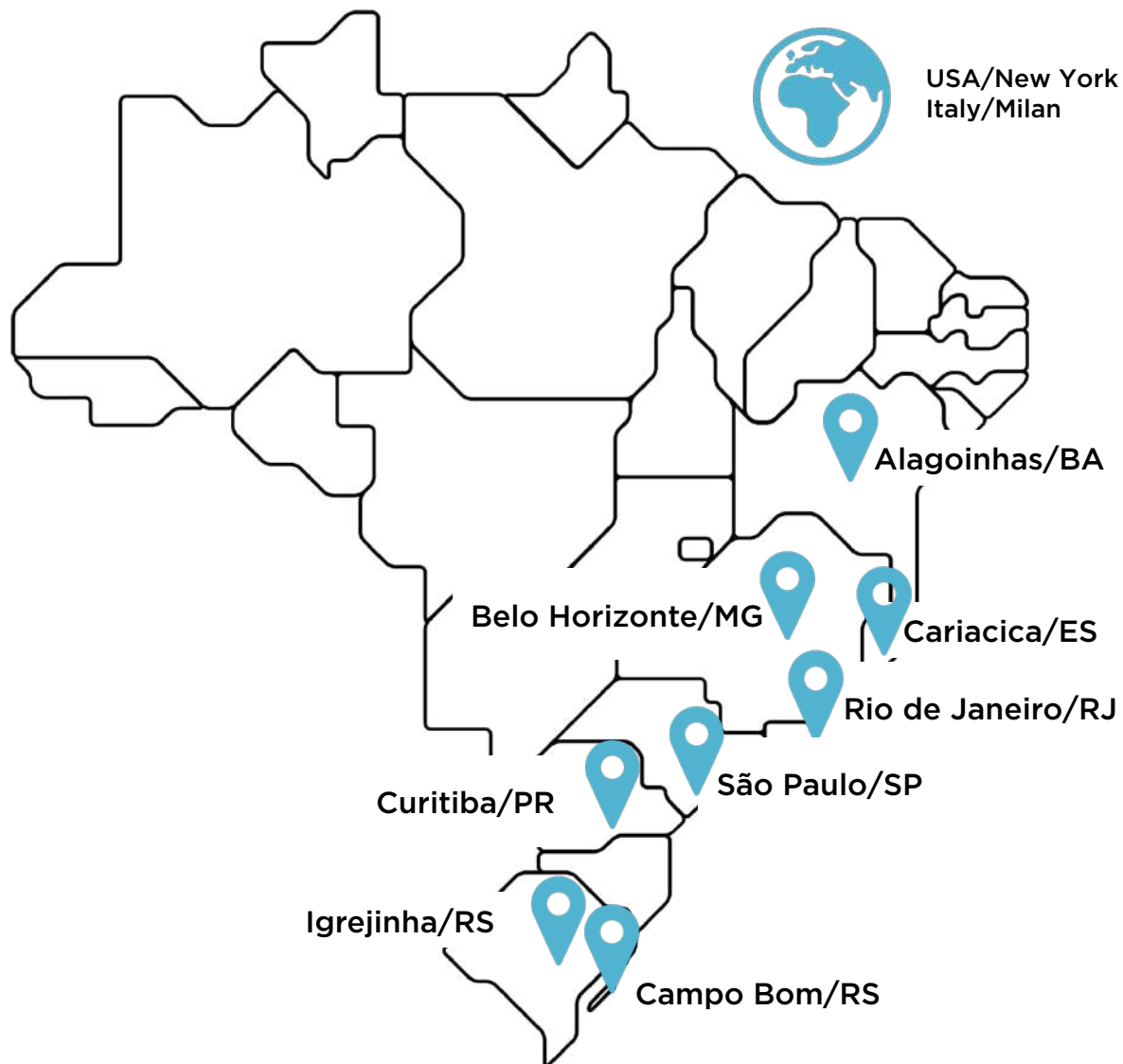


# WHO MAKES AREZZO&CO



\*ARZZ includes Paris Texas

# WHO MAKES AREZZO&CO



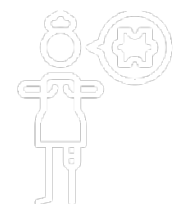
**52.3%**

de of women in leadership positions.



**40.9%**

of African-Brazilians in 2023.



**8.7%**

of employees in required quotas.

## Average employees by age range



**57.4%**  
Women



**42.6%**  
Men

## Average employees by gender

14-29  
y.o.

**3534**  
(45%)

30-39  
y.o.

**2418**  
(30.8%)

40-49  
y.o.

**1244**  
(15.9%)

+50  
y.o.

**652**  
(8.3%)

# INDIRECT EMPLOYEES IMPACTED

AREZZO  
& CO

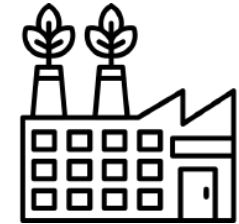
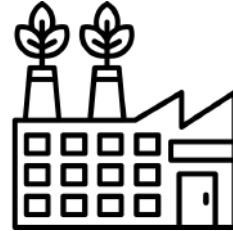
AR&CO

806 Franchises

129 Suppliers

89 Franchises

144 Suppliers



**4,301**

INDIRECT EMPLOYEES  
IN RETAIL

**28,574**

INDIRECT EMPLOYEES  
IN MANUFACTURERS

**586**

INDIRECT EMPLOYEES  
IN RETAIL

**17,101**

INDIRECT EMPLOYEES  
IN MANUFACTURERS



**50,562**

INDIRECT EMPLOYEES IMPACTED

# WHAT WE HAVE ACCOMPLISHED IN 2023

## Efficiency and Development

### ZZ in Balance

#### PILLARS:

- Emotional health
- Psychological health
- Dietary health
- Educational health
- Financial health
- Physical health
- Agreements

49%

Adherence to the services and products offered

### Training and development

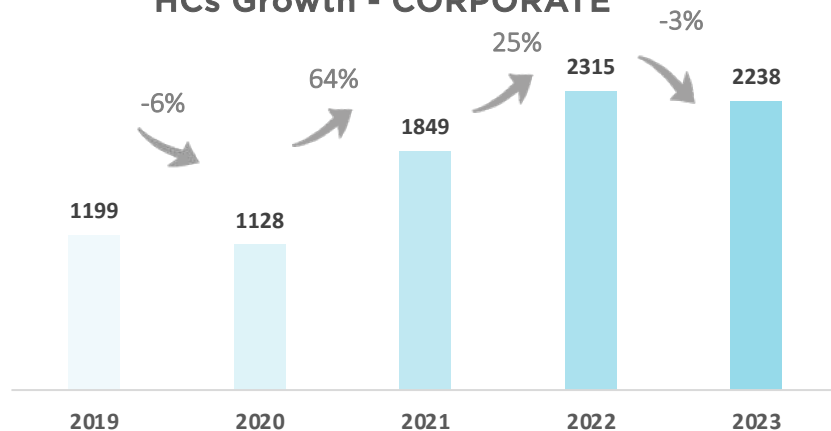


### D&I Programs

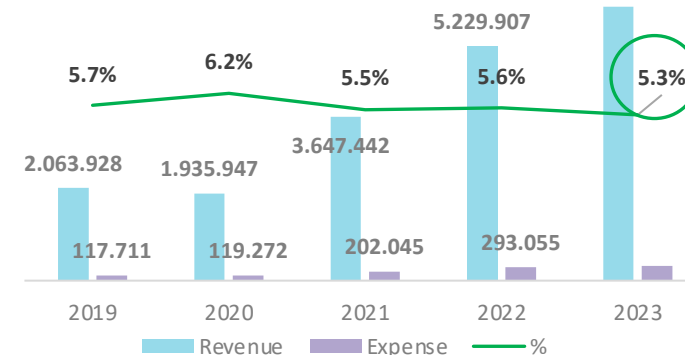
- ProtagonizZa+
- Career accelerator for African-Brazilians
- PSAI (Inclusion program for persons with intellectual and psycho-social disability)
- Selection of apprentices based on diverse talents

## HC Expenses to Gross Revenue

### HCs Growth - CORPORATE



### HC Expenses to GOR - CORPORATE

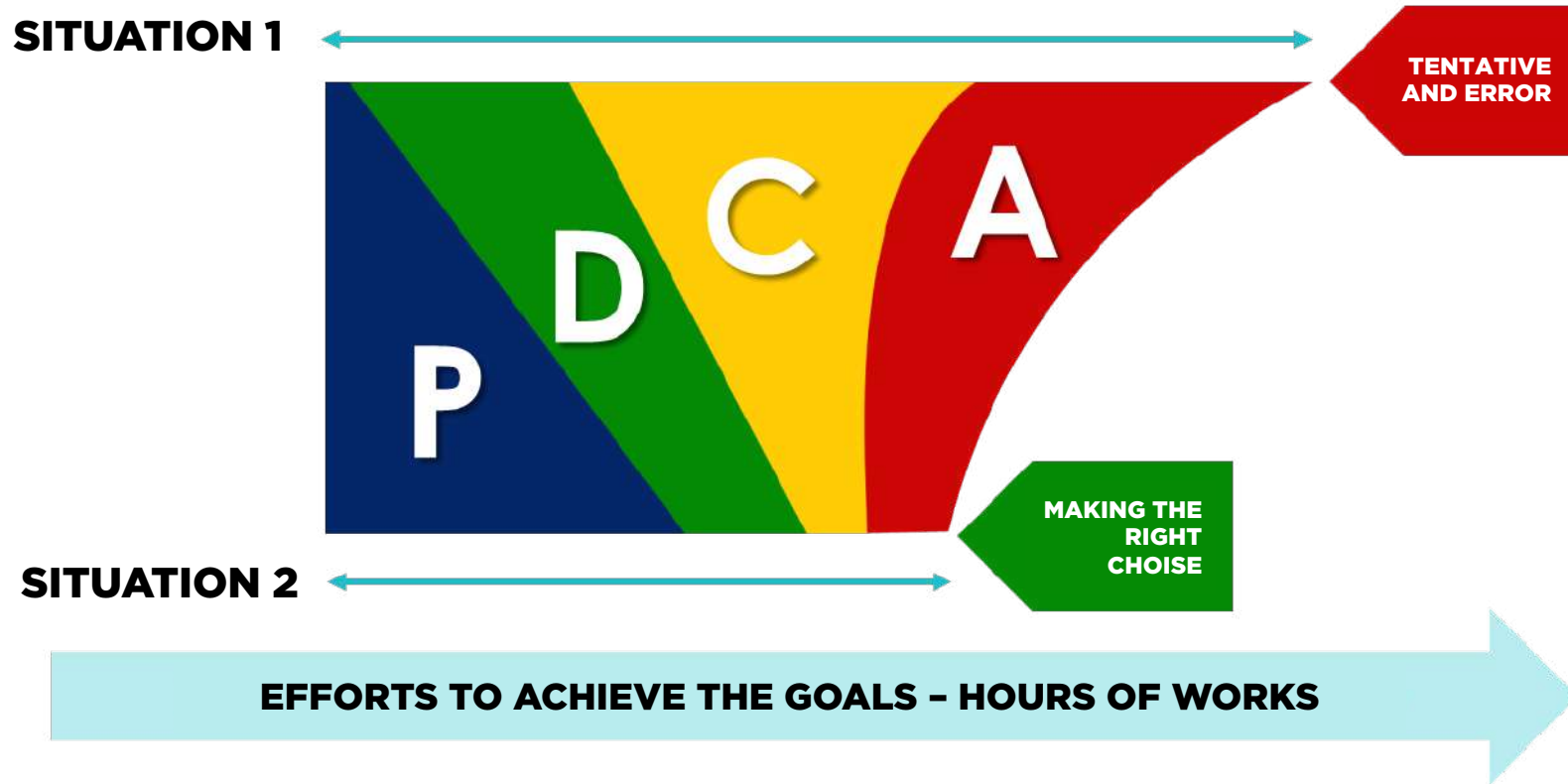


Efficiency Gains

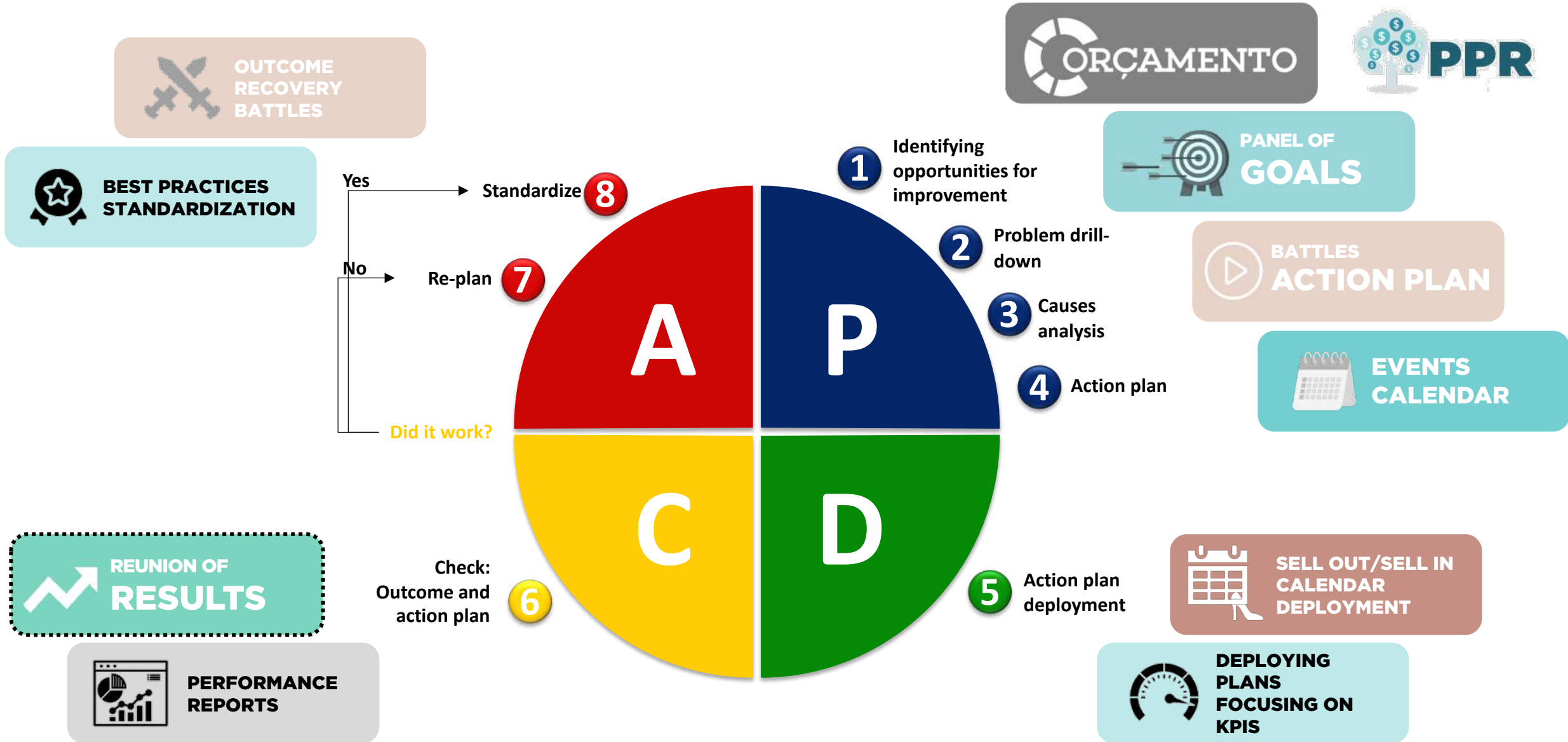
\* Expenses include: wages, labor charges (yearend bonus and paid vacations), social charges (INSS and FGTS), benefits, commissions and premiums.

# THE PDCA METHOD IN AREZZO&CO'S MANAGEMENT

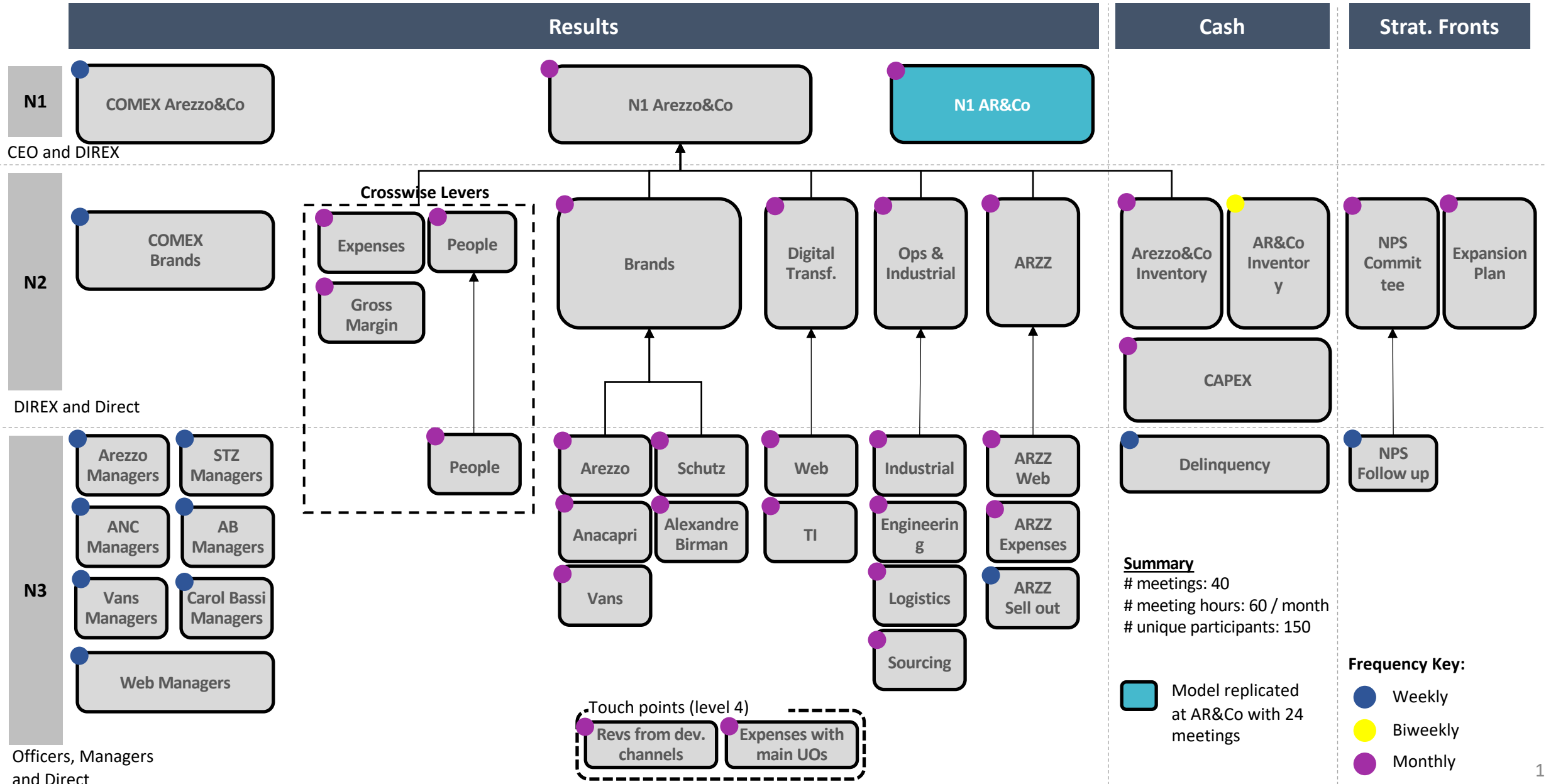
Properly conducted planning ensures well-defined goals, in addition to the shortest and most direct path to attaining the planned outcomes



# MANAGEMENT CYCLE | WORKING FRONTS BASED ON PDCA



# AREZZO&CO MANAGEMENT RITES | ECONOMIC AND FINANCIAL RESULTS



**Levels**   **Objectives**   **Rites**

**1**   Global results analysis and strategic decision making   • **N1** (monthly)  
• **COMEX** (weekly)

Company

**2**   Analysis of brand performance by channel, aligning actions and strategies to capture opportunities   • **N2** (monthly)  
• **Brand managers** (weekly)

Brand

**3**   Channel performance analysis, development of corrective actions and best practices dissemination   • **N3** (monthly)  
• **Web managers** (monthly)

Channel

**4**   Results drill-down by store and salesperson, daily and weekly analysis to develop actions and monitor   • **N4** (monthly)  
• **Meeting** (weekly)  
• **Store Checklist** (daily)

Regional/Consultant

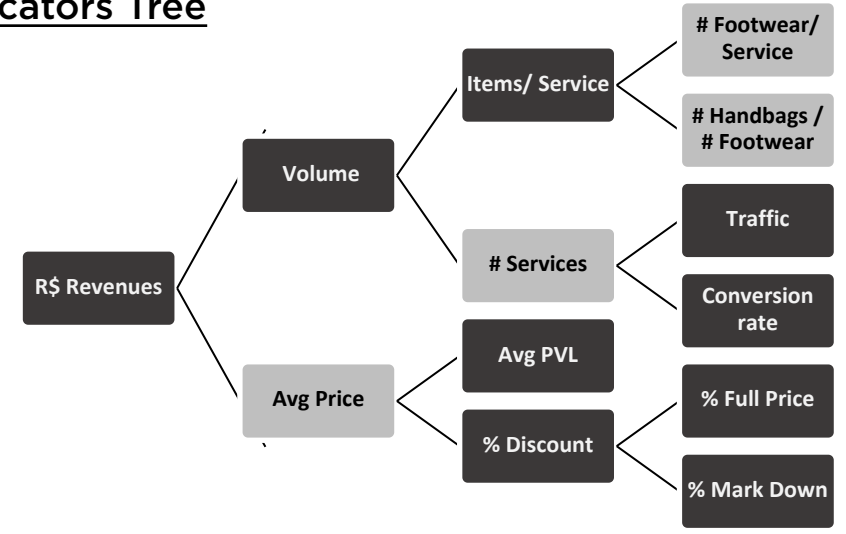
**5**   Results drill-down by salesperson, daily and weekly analysis to develop the operation's actions   • **Meeting** (monthly)  
• **Feedback** (weekly)  
• **Ten minutes** (daily)  
• **Mural** (daily)

Store

## Performance analysis backed by Indicator Trees



### Sell-Out Indicators Tree



## B (Tableau) and ZZ NET reports





# ANALYTICAL INCOME STATEMENT AREZZO&CO

\* FICTITIOUS DATA

ANALYTICAL DRE	REAL	BUDGET	2023 VS BUDGET	IMPACT VS BUDGET	REAL	2023 VS 2022	IMPACT VS 2022
	2023	2023	2023	2023	2022	2022	2022
CONSOLIDATED							
NET REVENUE	8	8	0,0%	-	8	0,0%	-
GROSS PROFIT	8	8	0,0%	-	8	0,0%	-
% GROSS MARGIN	800,0%	800,0%	0,0%		800,0%	0,0%	
SG&A (EX-CRÉ. EXT)	8	8	0,0%	-	8	0,0%	-
% NET REVENUE	800,0%	800,0%	0,0%		800,0%	0,0%	
EBITDA MATURE BRANDS	8	8	0,0%	↑	8	0,0%	↑
EBITDA MARGIN	800,0%	800,0%	0,0%		800,0%	0,0%	
CORPORATIVE	8	8	0,0%	↑	8	0,0%	↑
% NET REVENUE	800,0%	800,0%	0,0%		800,0%	0,0%	
STRATEGIC INVESTMENTS	8	8	0,0%	-	8	0,0%	-
% NET REVENUE	800,0%	800,0%	0,0%		800,0%	0,0%	
NEW BRANDS	8	8	0,0%	↑	8	0,0%	↑
ARZZ + AB ROW	8	8	0,0%	↑	8	0,0%	↑
DIGITAL TRANSF	8	8	0,0%	↑	8	0,0%	↑
ZZMALL	8	8	0,0%	↑	8	0,0%	↑
VANS	8	8	0,0%	↑	8	0,0%	↑
AR%CO + GO	8	8	0,0%	↑	8	0,0%	↑
MYSHOES	8	8	0,0%	↑	8	0,0%	↑
SUNSET + HG	8	8	0,0%	↑	8	0,0%	↑
BAW	8	8	0,0%	↑	8	0,0%	↑
CAROL BASSI	8	8	0,0%	↑	8	0,0%	↑
VICENZA	8	8	0,0%	↑	8	0,0%	↑
PARIS TEXAS	8	8	0,0%	↑	8	0,0%	↑
TROC	8	8	0,0%	↑	8	0,0%	↑
(+) FISCAL BENEFITS	8	8	0,0%	↑	8	0,0%	↑
% NET SALES	800,0%	800,0%	0,0%		800,0%	0,0%	
(+) LEASING	8	8	0,0%	↑	8	0,0%	↑
% NET SALES	800,0%	800,0%	0,0%		800,0%	0,0%	
EBITDA (EX-LEASING)	8	8	0,0%	-	8	0,0%	-
EBITDA MARGIN	800,0%	800,0%	0,0%		800,0%	0,0%	
EBITDA MARGIN	8	8	0,0%	-	8	0,0%	-
(+) CRÉDITS EXTEMP	8	8	0,0%	-	8	0,0%	-
(-) ONE OFFS	8	8	0,0%	-	8	0,0%	-
ACCOUNTING EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA MARGIN	800,0%	800,0%	0,0%		800,0%	0,0%	
NET PROFIT	8	8	0,0%	-	8	0,0%	-
NET MARGIN	800,0%	800,0%	0,0%		800,0%	0,0%	
ADJUSTED NET MARGIN	8	8	0,0%	-	8	0,0%	-
NET MARGIN	800,0%	800,0%	0,0%		800,0%	0,0%	

MATURE BRANDS

NEW BRANDS

AQUISITIONS

ANALYTICAL INCOME STATEMENT	REAL	Budget	2023 vs Budget	IMPACT vs Budget	REAL	2023 vs 2022	IMPACT vs 2022
	2023	2023	2023	2023	2022	2022	2022
CONSOLIDATED							
AREZZO							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
SCHUTZ							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
ANACAPRI							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
AB BR							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
ANALYTICAL INCOME STATEMENT	REAL	Budget	2023 vs Budget	IMPACT vs Budget	REAL	2023 vs 2022	IMPACT vs 2022
CONSOLIDATED							
FEVER							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
ALME							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
ANALYTICAL INCOME STATEMENT	REAL	Budget	2023 vs Budget	IMPACT vs Budget	REAL	2023 vs 2022	IMPACT vs 2022
CONSOLIDATED							
VANS							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
AR&CO							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
BAW							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑
MS							
Net Revenue	8	8	0,0%	-	8	0,0%	-
EBITDA	8	8	0,0%	-	8	0,0%	-
EBITDA margin	800,0%	100,0%	700,0%	↑	100,0%	700,0%	↑

# ACTION PLAN | OFFENSIVE OPERATORS OF SELL OUT

**10 offensive operators 40% of the negative deviation from the target and are distributed across the following clusters :**

<b>SELL IN</b>	<b>MANAGEMENT TIMELINE</b>	<b>EXTERNAL</b>	<b>FINANCIALS LIMITATIONS AND TRANSFERS</b>
<i>3 operators</i>	<i>2 operators</i>	<i>3 operators</i>	<i>2 operators</i>
<ul style="list-style-type: none"> <li>• Operator A</li> <li>• Operator G</li> <li>• Operator I</li> </ul>	<ul style="list-style-type: none"> <li>• Operator B</li> <li>• Operator D</li> </ul>	<ul style="list-style-type: none"> <li>• Operator C</li> <li>• Operator E</li> <li>• Operator F</li> </ul>	<ul style="list-style-type: none"> <li>• Operator H</li> <li>• Operator J</li> </ul>

**Action plans for the cluster “Sell in” :**

Operator	Diagnosis	Action	Responsible	Deadline
Operator A	Sell in: -XX%   Coverage: X,X   Sell out: -XX,X%   Volume: -XX,X%   P/A: XX%   Tickets: -XX%	Realize XPTO	Consultant X	XX/XX
Operator G	Sell in: -XX%   Coverage: X,X   Sell out: -XX,X%   Volume: -XX,X%   P/A: XX%   Tickets: -XX%	Buy YZ	Consultant Y	XX/XX
Operator I	Sell in: -XX%   Coverage: X,X   Sell out: -XX,X%   Volume: -XX,X%   P/A: XX%   Tickets: -XX%	Develop GD	Manager T	XX/XX

**AREZZO  
&CO**



**ESG**

## SUSTAINABILITY AS A NORM, SEEKING A LEVEL OF DIFFERENTIATION ACROSS THE BRANDS

MATERIALITY

### RESPONSIBLE PRODUCTION

- Working Conditions
- Suppliers Management
- Decent employment and wages

### HEALTHY ENVIRONMENT

- Waste Management
- Reverse Logistics
- Innovation
- Lower impact raw materials
- Climate change

### EMPOWERED PEOPLE

- Diversity and inclusion

### TRANSPARENT COMMUNICATION

Communicate responsibly and promote educommunication for all audiences.

PLEDGES

2024 - 100% of the direct suppliers chain for finished products and their contractors certified on socio-environmental aspects.

2030 - 100% of the leather for all products traced to the breeding and/or fattening farms

2030 - 60% of sustainable materials for all products.

2030 - 42% reduction in scope 1, 2 and 3 emissions.

2030 - Implementation of reverse logistics for 100% of domestic own stores and franchises.

2050 - Net zero

2030 - 25% of African-Brazilians in leadership positions

## RESPONSIBLE PRODUCTION

- ABVTEX = Certification of direct suppliers (93%) contractors for own factories (23%)
- TRACED LEATHER = 33% (Schutz brand and AB through to the slaughterhouses)
- DEFORESTATION FREE = Call to Action signatory (only Brazilian company)

## HEALTHY ENVIRONMENT

- CLIMATE CHANGE
  - Production chain scope 3
  - Goal submitted to SBTi
  - B+ grade on CDP
  - Neutralization of 100% of scope 1 and 2 emissions
- MATERIALS = 31% of products made using sustainable materials
- CIRCULARITY = 8 footwear collection points and 20 Reserva (apparel) collection points

## EMPOWERED PEOPLE

- DIVERSITY AND INCLUSION
  - 39% African-Brazilian employees
  - 20.8% African-Brazilian leaders
  - Anti-Racism handbook
  - Acceleration program for 11 African-Brazilian talents
  - 50 scholarships for African-Brazilian employees
  - 11 Protagonizza hires
- SOCIAL RESPONSIBILITY
  - 02 Lojas dos Sonhos (Paraisópolis and Casa Transitória)
  - + 2000 monthly beneficiaries
  - + de R\$ 2.4M invested in Social Impact (Minas Tênis Clube, Gerando Falcões, Pacto contra a Fome)

## TRANSPARENT COMMUNICATION

- Component of B3's ISE portfolio
- Rising AREZZO&Co and AR&CO score on ITM (+19 and +14 respectively)
- We are a B company
- 1st CDP Water and Forest Safety Report

# RESPONSIBLE PRODUCTION

## ABVTEX

Certification of direct  
suppliers (93%)  
contractors to own  
factories (23%)

### 33%

Leather traced\*

## DEFORESTATION FREE

Call to Action for Leather

# HEALTHY ENVIRONMENT

## SBTi

Goal submitted

## GOLD SEAL

GHG protocol

## B+

CDP Grade

### 31%

Sustainable materials\*

## CIRCULARITY

8 footwear collection points  
20 Reserva (apparel) collection points

\*through to slaughterhouses for the Schutz and AB brands

\*According to our materials attributes schedule

# EMPOWERED PEOPLE

**20.8%**

African-Brazilian  
leaders

Launch

**ANTI-RACISM  
HANDBOOK**

**02**

Lojas dos Sonhos  
Paraisópolis and Casa  
Transitória

**50**

Scholarships for  
African-Brazilian  
talents

**+2000**

Monthly Beneficiaries

**11**

African-Brazilian talents  
in the Acceleration  
Program

**R\$ 2.4M**

Social Impact

Investment

Minas Tênis Clube  
Gerando Falcões  
Pacto contra a Fome

**11**

Protagonizza Hires

**FIGHTING  
HUNGER**

+ 110M meals SUPPLEMENTED ON  
1P5P

SUPPORT TO  
PACTO CONTRA A FOME

# TRANSPARENT COMMUNICATIONS

**ISE B3**

COMPONENT

**CDP**

1<sup>st</sup> WATER AND FOREST  
SAFETY REPORT

AREZZO&CO AND AR&CO  
ITM SCORE GAINS  
RESPECTIVELY

**+19 +14**

WE ARE A

**B**

COMPANY



# TROC

TROC impact indicators:



1.5 BILLION  
LITERS OF WATER  
SAVED



220.1 TONS OF  
CLOTHING DIVERTED  
FROM LANDFILLS



1,736.7 TONS  
LESS OF CO2 IN THE  
PLANET'S  
ATMOSPHERE



348 THOUSAND  
PEOPLE PARTICIPATE  
IN #EFEITOTROC



21 MILLION  
PEOPLE IMPACTED BY  
CIRCULAR FASHION



67 THOUSAND  
PIECES DONATED TO  
PARTNER NGOS

# 508 THOUSAND ITEMS

Circulated since 2016

# 30 THOUSAND ITEMS

Sold from inventories of past  
company collections

# EXPANSION

# FOOTPRINT AREZZO&CO 3Q23

**993 STORES IN BRAZIL**  
**806 FRANCHISES**  
**(477 FRANCHISEES)**  
**187 OWN STORES**

## BRANDS WITH FRANCHISE BUSINESS MODEL

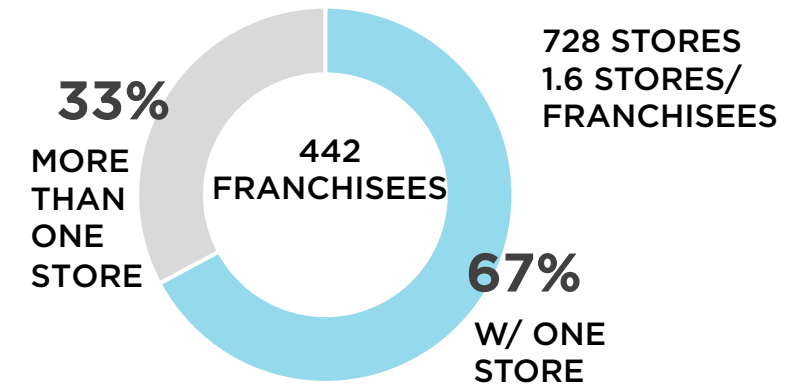
AREZZO **SCHUTZ** ANACAPRI **VANS** Reserva

## BRANDS WITH OWN STORES BUSINESS MODEL

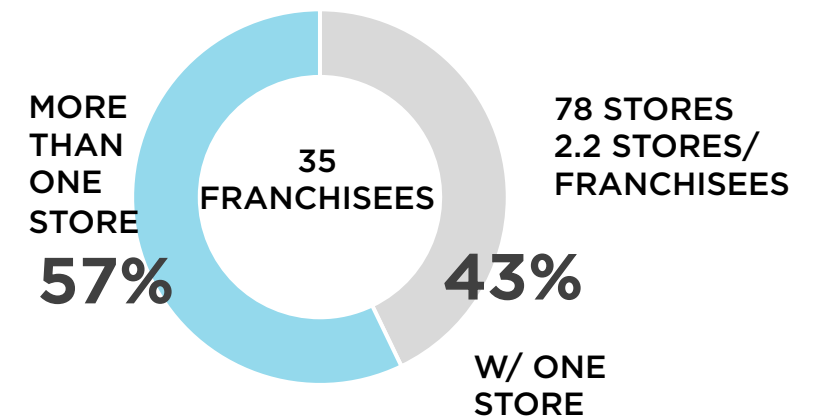
B R I Z Z A ALEXANDRE BIRMAN **ALME** CAROL BASSI (Vicenza) **TROC**

Reserva **mini** **Baw® Clothing** **Reversa®** **simples** **Go®**

### AREZZO&CO



### AR&CO



# POTENTIAL - BRANDS WITH FRANCHISE BUSINESS MODEL

## AREZZO&CO



AREZZO

+ XXX STORES

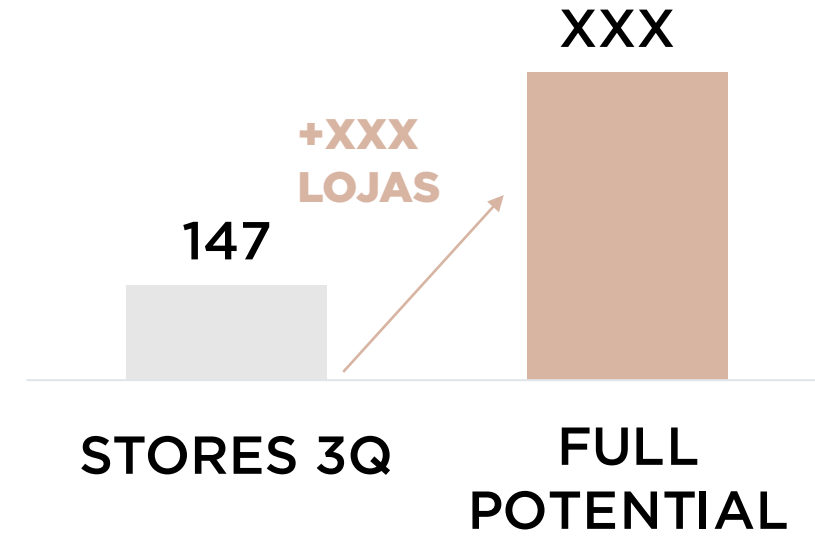
ANACAPRI

+ XXX STORES

VANS

+ XX STORES

## AR&CO



Reserva

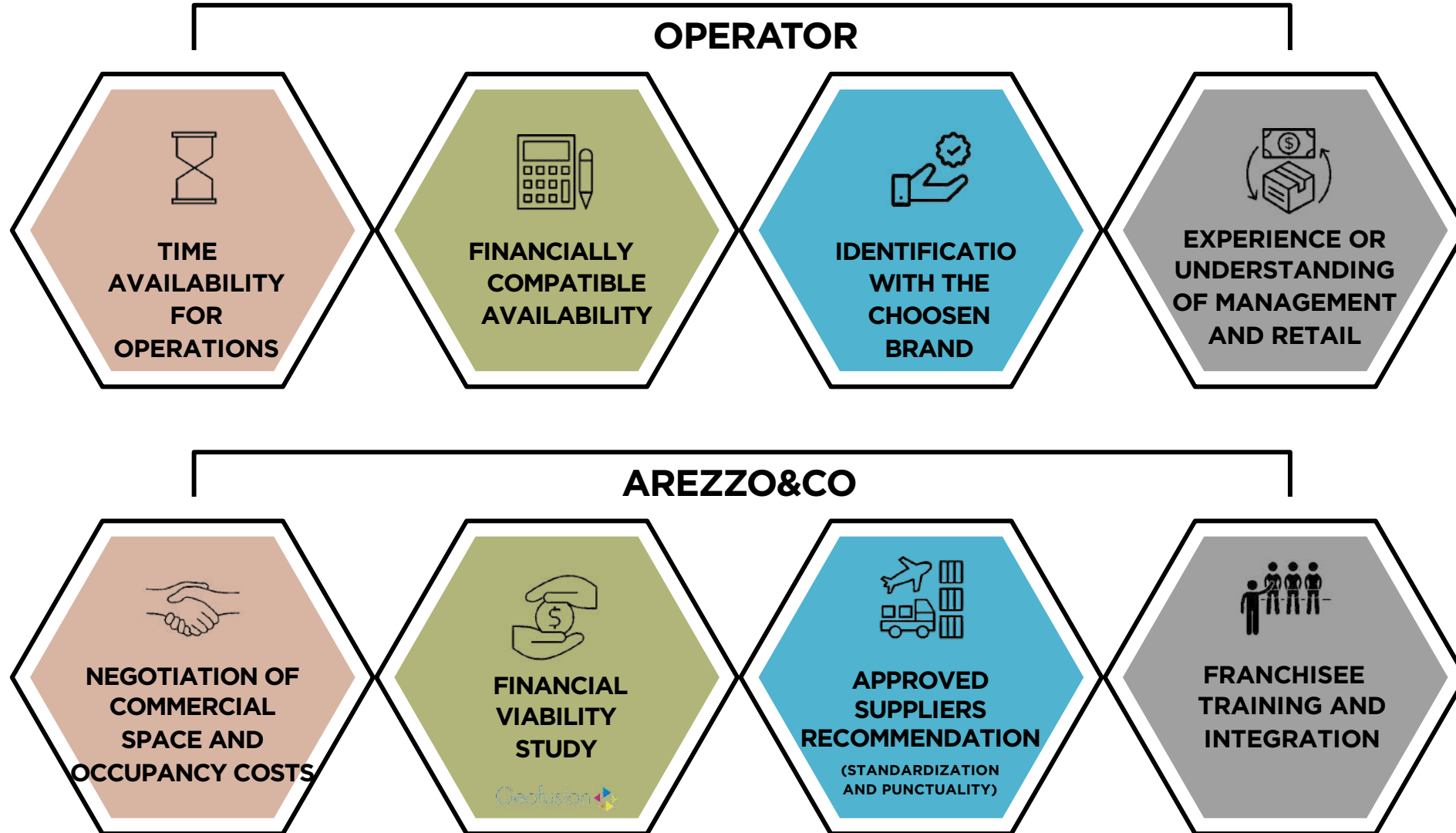
+ XXX STORES

# \* POTENTIAL STUDY - ANNUALLY UPDATED

POTENTIAL AND DEFINITION OF PRIORITIZED LOCATIONS ARE CONDUCTED ANNUALLY, PER BRAND, CONSIDERING MARKET SHARE ANALYSIS, AREZZO NETWORK, MULTIBRAND NETWORK, AND BENCHMARKING AGAINST A RETAILER WITH THE SAME TARGET AUDIENCE

Anacapri Expansion	Geographic Region	Municipal Segmentation	Cities	States	Tier	Arezzo	Market Share 2022	R\$ AREZZO 2022	R\$ ANACAPRI 2022	# ANACAPRI	BENCH SHOP	BENCH STREET	MB ANACAPRI R\$ 2023	# MB	
GROWTH	CENTRAL-WEST	METROPOLISES	Brasilia	DF	Tier 3	YES	20.032.082	31.652.116	8.729.494	6	12	5	182.464	1	
	NORTHEAST	METROPOLISES	Fortaleza	CE	Tier 3	YES	6.286.742	37.099.031	5.936.392	3	10	0	0	1	
			Joao Pessoa	PB	Tier 4	YES	3.965.960	17.286.515	2.360.854	1	2	1	0	1	
			Natal	RN	Tier 4	YES	5.161.780	17.780.770	3.820.127	2	2	1	110.444	1	
			Recife	PE	Tier 3	YES	4.402.768	46.147.500	4.028.515	2	3	1	0	1	
			Salvador	BA	Tier 3	YES	6.877.182	37.440.170	5.845.677	4	6	1	0	1	
	NORTH	METROPOLISES	Belem	PA	Tier 4	YES	2.068.404	21.176.121	3.245.439	2	2	1	49.404	1	
			Manaus	AM	Tier 3	YES	4.032.233	20.154.612	3.503.283	2	1	0	41.523	1	
	SOUTHEAST	CENTERS OF INFLUENCE	Juiz de Fora	MG	Tier 5	YES	3.658.112	6.617.279	1.241.568	1	2	0	2.125	1	
			Montes Claros	MG	Tier 5	YES	1.541.191	7.511.154	1.517.122	1	0	2	24.145	1	
			Uberlandia	MG	Tier 5	YES	4.377.371	8.516.645	3.397.015	2	2	1	590.584	1	
			Vitoria	ES	Tier 5	YES	2.723.947	7.532.416	1.710.489	1	1	1	309.254	1	
			METROPOLISES	Rio de Janeiro	RJ	Tier 2	YES	21.443.375	62.851.749	14.559.312	10	32	27	354.349	1
	December 7, 2023			Sao Paulo	SP	Tier 1	YES	94.996.833	163.812.227	53.678.514	28	43	59	624.826	1
	SOUTH	CENTERS OF INFLUENCE	Cascavel	PR	Tier 6	YES	1.480.200	9.637.030	853.283	1	1	1	128.327	1	
			Foz do Iguacu	PR	Tier 6	YES	1.029.934	12.104.139	1.452.029	1	1	0	158.742	1	
			Joinville	SC	Tier 5	YES	1.514.965	7.754.376	1.253.203	1	2	0	152.383	1	
		METROPOLISES	Porto Alegre	RS	Tier 4	YES	3.124.328	6.699.794	1.731.181	1	6	2	168.932	1	
		INDUSTRIAL HUBS	Balneario Camboriu	SC	Tier 7	YES	1.008.905	13.983.144	1.637.765	1	2	0	206.246	1	
<b>TOTAL</b>							<b>189.726.312</b>	<b>535.756.788</b>	<b>120.501.262</b>	<b>70</b>	<b>130</b>	<b>103</b>	<b>3.103.748</b>	<b>19</b>	
PROSPECTING							61.763.182	135.687.077	-	0	29	19	8.897.601	70	
DEEP DIVE1							58.241.828	49.030.549	-	0	3	23	10.885.734	86	
DEEP DIVE 2							266.942.997	607.764.814	201.339.439	170	140	97	11.163.845	126	
<b>TOTAL</b>							<b>576.674.319</b>	<b>1.328.239.228</b>	<b>321.840.701</b>	<b>240</b>	<b>302</b>	<b>242</b>	<b>34.050.928</b>	<b>301</b>	

# SUCCESS FACTORS FOR OPENING A FRANCHISE



# STEPS OF OPENING A FRANCHISE

1

## REGISTRATION AND ANALYSIS

COMPLETE THE REGISTRATION

2

## SCREENING

DATA ANALYSIS BASED ON CAPITAL DESTINED BY THE FRANCHISEE, OPPORTUNITIES WITHIN THE RETAIL NETWORK, EXPECTATIONS BASED ON OUR BUSINESS MODELS, ETC.

3

## PRESENTATION MEETING

TOPICS: OCCUPANCY COST, MERCHANDISING COLLECTIONS, EMPLOYEE SALARY, INCOME PROJECTION, ETC, VIA VIDEOCONFERENCE OR IN-PERSON.

4

## DOCUMENTATION

SENDING OF FINANCIAL DOCUMENTS TO PROVE LIQUIDITY OF THE INVESTMENT AND PERSONAL DOCUMENTS OF THE OPERATOR, SPOUSE PARTNER(S), AND GUARANTOR(S) TO PROVE INCOME AND PROPERTY.

5

## PROSPECTION AND EVALUATION OF THE VENUE

VENUE SEARCHING

6

## COMMITTEE ANALYSIS AND VALIDATION

INTERVIEW TO VALIDATE PROFILE, COF SENDING, SIGNATURE PRE-CONTRACT, PAYMENT OF FRANCHISE FEE.

7

## CONTRACT SIGNING

8

## TRAININGS

SUPPORT FOR OPENING AND OPERATION.

9

## OPENING

IMPLEMENTATION PROCESS TAKES ON AVERAGE 80 TO 100 DAYS.

## EXPANSION 2023

**20% NEW CITIES (9 STORES)**  
**20% IN STREET STORES (8 STORES)**  
**80% IN SHOPPINGS (42 STORES)**

**40% OWN STORES (20 STORES)**  
**60% FRANCHISE (30 STORES)**

**37% NEW FRANCHISEES**  
**63% NETWORK FRANCHISES**

**+ 50 STORES**





# FINANCIAL MANAGEMENT



**RAFAEL SACHETE**

# FINANCIAL MANAGEMENT

**1**

**MULTICHANNEL STRATEGY: FINANCIAL MANAGEMENT MODEL THAT LOOKS INDIVIDUALLY AT EACH BRAND AND CHANNEL**

---

**2**

**PROFOUND CORPORATE MANAGEMENT SUPPORT TO THE BUSINESS AND STAKEHOLDERS (SUPPLIERS AND FRANCHISEES)**

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**3**

**INTERNAL CONTROLS AND ROBUST SYSTEMS**

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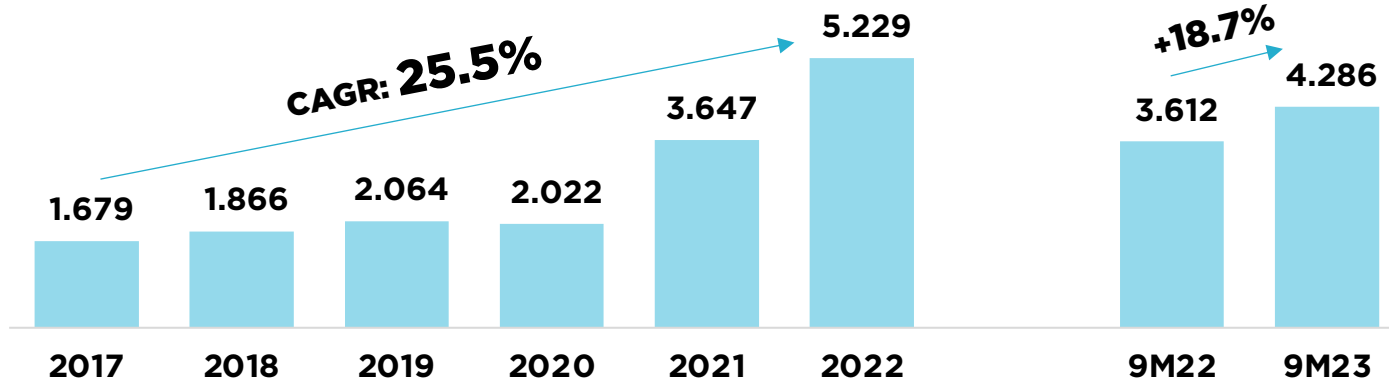
**4**

**STRICT CAPITAL ALLOCATION AND INVESTMENT PARAMETERS TRACKED MONTHLY**

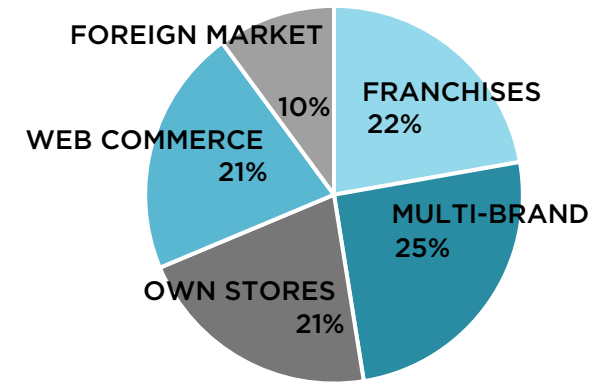
# FROM THE VERY BEGINNING, WE HAVE KEPT UP STRONG GROSS REVENUES AND PROFITABILITY GROWTH

## GROSS REVENUES EVOLUTION

R\$ M

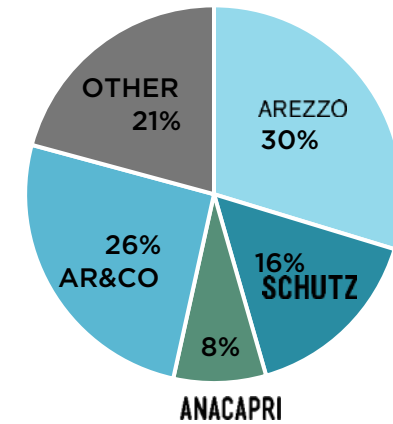
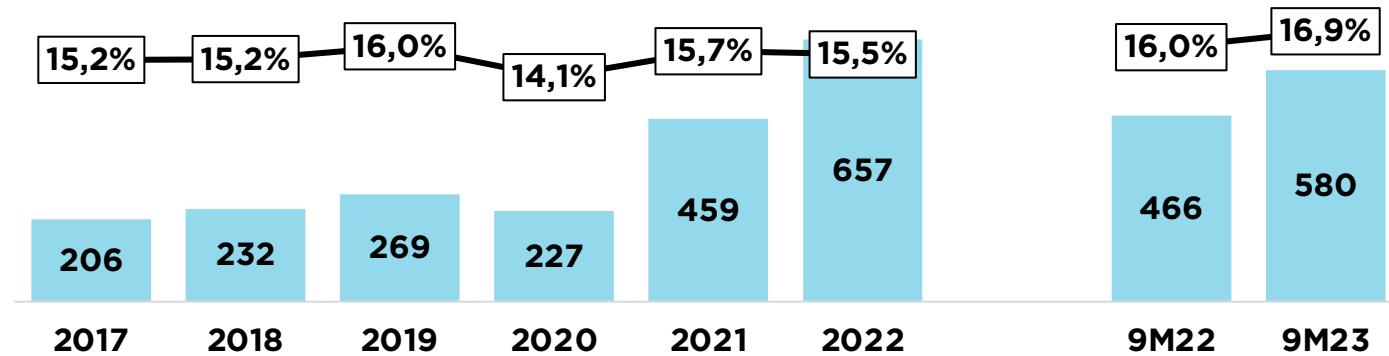


## SHARE OF GROSS REVENUES BY BRAND AND CHANNEL IN 9M23



## EBITDA AND RECURRING EBITDA MARGIN EVOLUTION

R\$ M AND (%)



**WE HAVE A SOLID BALANCE SHEET, WITH  
A HEALTHY NET CASH POSITION, TIED IN  
AT ALL TIMES TO  
STRONG OPERATIONAL CASH GENERATION  
AND DIVIDENDS PAYMENTS**

**EBITDA MARGIN  
(3Q23 LTM)**

**16.3%**

**NET DEBT-  
TO-EBITDA (3Q23)**

**0.6x**

**ROIC  
(3Q23)**

**25.8%**

**DIVIDEND  
PAYOUT (2022)**

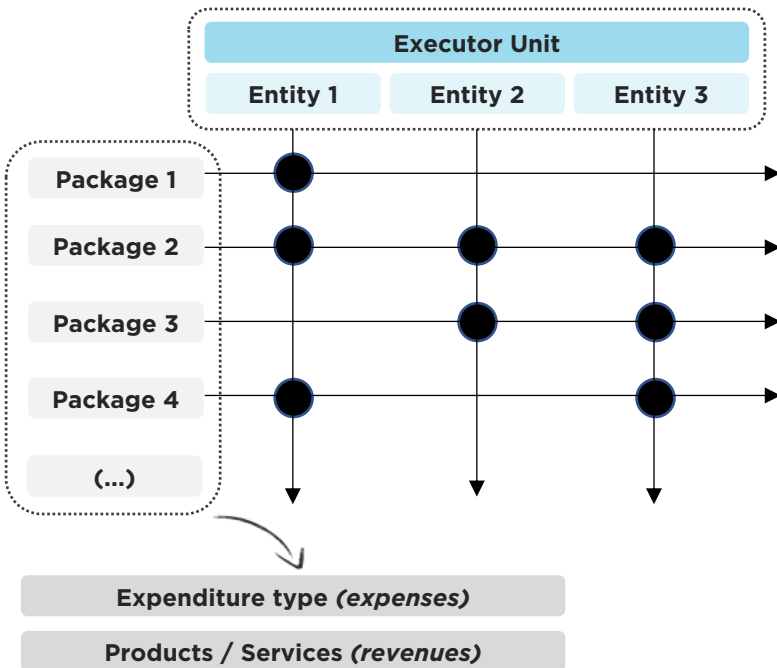
**90.2%**

**WORKING CAPITAL  
/ NOR (3Q23 LTM)**

**21.0%**

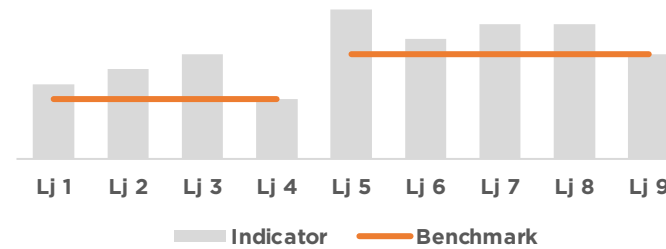
AREZZO&CO'S BUDGETING PROCESS IS BASED ON A METHODOLOGY (PDCA) AND ABIDES BY THREE BASIC PRINCIPLES:

## CONSTRUCTION AND MATRIX CONTROL OF REVENUES AND EXPENDITURES

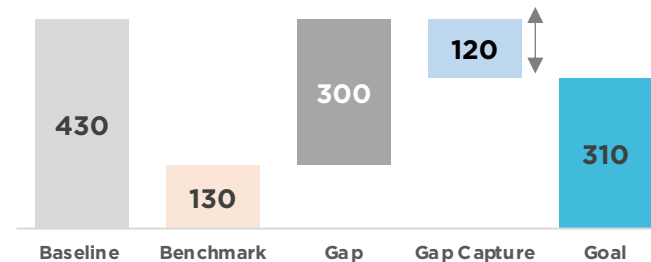


## CAPTURING OPPORTUNITIES BY MEANS OF INDICATOR GAPS

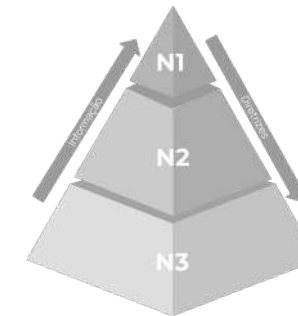
Analysis - Cleaning expenditures by store (R\$ /m<sup>2</sup>)



Target negotiations - Store 1  
Cleaning expenses by store (R\$ /m<sup>2</sup>)



## SYSTEMATIC OUTCOMES CONTROL



- Defined Management rituals
- Outcomes control
- Deviations treatment
- Actions control

Pacotes: O que é gasto	Entidade 1	Entidade 2	Entidade 3
Utilidades	\$\$\$	\$\$\$	\$\$\$
Manutenção	\$\$\$	\$\$\$	\$\$\$
Salários e encargos	\$\$\$	\$\$\$	\$\$\$
Benefícios	\$\$\$	\$\$\$	\$\$\$
Serviços de terceiros	\$\$\$	\$\$\$	\$\$\$
Facilidades	\$\$\$	\$\$\$	\$\$\$

# TAX CONTEXT

## JCP

- ✓ **CONTEXT:** THE LATEST PROPOSE BEFORE CONGRESS PROVIDES FOR LIMITING ISE PAYMENTS TO 50% OF NET INCOME.
- ✓ **IMPACT:** THERE WILL BE NO IMPACT IN AREZZO&CO'S CASE BECAUSE OUR CURRENT PAYMENTS LIE BELOW 50% OF NET INCOME.

## INCOME TAX AND SOCIAL CONTRIBUTION (IRPJ & CSLL) ON TAX BENEFITS

- ✓ **CONTEXT:** AREZZO&CO FILED SUITS WHICH FOUND FOR THE COMPANY BEYOND APPEAL IN 2019 AND 2022, RULING FOR NON-PAYMENT OF IRPJ AND CSLL ON ENJOYED TAX BENEFITS UNDER THE CENTRAL ARGUMENT, ENDORSED BY THE SUPREME COURT, THAT THIS IS A PRESUMED CREDIT AND IN BREACH OF THE FEDERATIVE COMPACT.
- ✓ **IMPACT:** IN THEORY, NO NEW LEGISLATION OTHER THAN A CONSTITUTIONAL AMENDMENT COULD LIMIT THIS RIGHT.

## COUNTERPARTY LEVERS OF TAX REFORM AND CHANGES

- 1 **LOGISTICS ADJUSTMENTS:**
  - ✓ RESTRUCTURING THE DISTRIBUTION CENTERS GRID AND FREIGHT GRID;
  - ✓ DC ADEQUACY AND UNIFICATION;
  - ✓ DECREASED OPERATING COSTS FROM MERCHANDISE HANDLING;
  - ✓ FREIGHT SAVINGS BRINGING DC CLOSER TO LARGE CONSUMER CENTERS OR LARGE PRODUCTION CENTERS.
- 2 **SG&A EFFICIENCY:**
  - ✓ STRUCTURE REVIEW AND CONSTANT PURSUIT OF SPENDING EFFICIENCY.
- 3 **PRICING STRATEGY REVISION:**
  - ✓ POTENTIAL END-CONSUMER PRICE INCREASE TO GENERATE A EBITDA AND NET INCOME TO OFFSET THE HIGHER TAXATION

# 2024 STRATEGIC DIRECTION



ALEXANDRE BIRMAN AND  
RAFAEL SACHETE

## 2024 STRATEGIC DIRECTION

1

CONTINUED EXPANSION OF THE GROUP'S BRANDS

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2

ANACAPRI EXPANSION

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3

INCOME AND CASH GENERATION EFFICIENCY

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4

OMNICHANNEL

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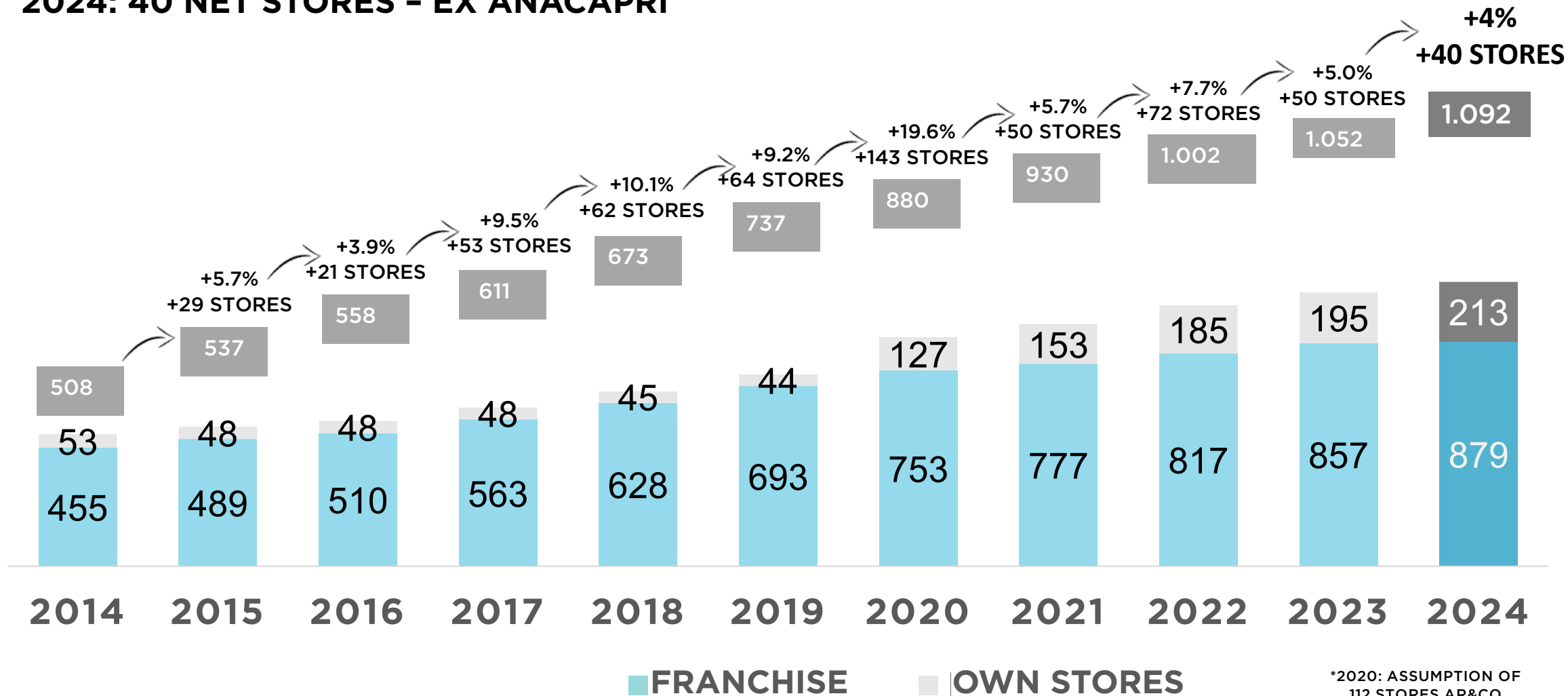
5

INORGANIC EXPANSION



# GUIDANCE

## 2024: 40 NET STORES - EX ANACAPRI



# ANACAPRI - ACCELERATED EXPANSION

## + 40 STORES IN 2024



1. **DEDICATED REGIONAL TEAM FOR ANACAPRI EXPANSION;**
2. **STORES OF 25M2;**
3. **FOCUS ON STREET LOCATIONS;**
4. **APPROX. R\$ 150,000 IN CAPEX;**
5. **IMPLEMENTATION TIME REDUCED FROM 60 DAYS TO 30 DAYS;**
6. **CUSTOMIZED SERVICE MODEL FOR THIS FORMAT.**
7. **STORE NETWORK TO GROW FROM 260 TO 300 UNITS IN 2024**

Q&A

## MANAGEMENT MESSAGE

**THIS IS AN IMPORTANT MOMENT TO CELEBRATE ACHIEVEMENTS! WE HAVE ACHIEVED SIGNIFICANT GROWTH FROM 2019 TO 2023, WITH EXCEPTIONAL RESULTS FROM OUR ORGANIC BUSINESS AND OUR ACQUISITIONS, WHICH HAVE BROUGHT ABOUT A SIGNIFICANT VALUE GENERATION THROUGH THE COMBINATION OF FORCES, KNOWLEDGE, SKILLS, AND PEOPLE FROM DIFFERENT COMPANIES, TOGETHER WITH AREZZO&CO'S IMPRESSIVE TRACK RECORD OF EXECUTION.**

**OUR FUTURE PERSPECTIVE IS TO CONTINUE CONSISTENTLY, CAPTURING OPPORTUNITIES FOR MARKET SHARE GAIN, EFFICIENCY IMPROVEMENTS, MANAGEMENT GAINS, GROWTH LEVERS, EXPANSION, OMNICHANNEL, SUPPLY, AND LOGISTICS. THIS OUTLOOK IS EXTREMELY RELEVANT AND REINFORCES OUR CONFIDENCE IN DELIVERING SOLID RESULTS WITH AN IMPRESSIVE PERCENTAGE OF GROWTH AND PROFITABILITY. FURTHERMORE, IT IS EXTREMELY IMPORTANT TO HIGHLIGHT OUR STRONG FOCUS ON EFFICIENCY, THE RIGOR IN CAPITAL ALLOCATION, AND, CONSEQUENTLY, CAPITAL RETURN THROUGH CASH GENERATION AND DIVIDENDS FOR OUR SHAREHOLDERS.**

**IN ADDITION TO ORGANIC OPPORTUNITIES ANCHORED IN THE BEST FOOTWEAR AND APPAREL BRANDS IN THE BRAZILIAN RETAIL MARKET, WE ALSO INCORPORATE NEW INITIATIVES INTO OUR STRATEGIC FRAMEWORK. THESE INCLUDE BRIZZA, SIMPLES, AND INITIATIVES IN WOMEN'S APPAREL. THESE ARE OPPORTUNITIES IN WHICH WE STRONGLY BELIEVE, BOTH DUE TO THE STRATEGIC POTENTIAL OF THE MARKET AND THE STRENGTH OF OUR BRANDS.**

**ADDITIONALLY, WE BRING OUR INORGANIC FRONTS OF M&A AND LICENSING, WHERE WE HAVE ALREADY DEMONSTRATED OUR TRACK RECORD OF EXCELLENCE IN EXECUTION, QUALITY DELIVERY, AND ROBUST REVENUE GROWTH.**

**IT IS IMPORTANT TO EMPHASIZE THAT WE WILL CONTINUE TO REGULARLY EVALUATE M&A AND LICENSING OPPORTUNITIES, ALWAYS RESPECTING OUR HIGH DISCIPLINE IN MANAGEMENT AND ASSESSING THESE ASSETS FROM DIFFERENT PERSPECTIVES. WE ALWAYS CONSIDER THE LONG-TERM VALUE GENERATION FOR OUR SHAREHOLDERS, THE RIGHT MOMENT, THE RIGHT COMPANY, THE RIGHT BRAND, WITH THE RIGHT PEOPLE.**

**THANK YOU!**