

EARNINGS RELEASE 2Q2023

AREZZO & CO



SCHUTZ SS24

2Q23 RESULTS

EARNINGS RELEASE

São Paulo, August 10, 2023. Arezzo&Co (B3 - Brasil, Bolsa e Balcão: ARZZ3), Brazil's largest fashion house of brands, announces its 2Q23 results.

FINANCIAL/OPERATIONAL HIGHLIGHTS

VOLUME

7.2M

PRODUCTS SOLD
+10.6% VS 2Q22, INCLUDING 4.4M PAIRS OF SHOES, 2.1M PIECES OF CLOTHES AND 760K HANDBAGS.

GROSS REVENUES

R\$1.4B

GROWTH OF **21.6%** VS 2Q22
 IN THE FIRST HALF FO 2023, THE COMPANY REPORTED **22.5%** GROWTH VS 1H22.

EBITDA

R\$198M IN RECURRING EBITDA,

GROWTH OF **22.1%** VS 2Q22, AND RECURRING EBITDA MARGIN OF **17.5%**. REPORTED EBITDA WAS **R\$ 178M**. IN THE FIRST HALF OF 2023, THE RECURRING EBITDA WAS R\$ 363MM (+22,4%).

DTC SELL OUT

R\$1.2B

(FRANCHISES, WEB AND OWNED STORES)
 GROWTH OF **14.7%** VS 2Q22.

GROSS MARGIN

54.9% RECURRING GROSS MARGIN IN 2Q23. THE GROSS INCOME WAS R\$621M, GROWTH OF 17.5%.

NET INCOME

R\$114M RECURRING NET INCOME REPORTED NET INCOME WAS **R\$100M**. IN THE FIRST HALF OF 2023, THE NET INCOME WAS R\$ 187MM (+3,4%).

ROIC

26.3% RECURRING ROIC IN THE PERIOD.

EARNINGS CONFERENCE CALL

August 11, 2023
 11:00 a.m. (Brasília) / 10:00 a.m. (New York)

Conference call in Portuguese
 with English translation



SHARE PRICE AND MARKET CAP

August 10, 2023
 Share Price: R\$ 81.15
 Market Cap: R\$ 9.0 billion

MESSAGE FROM MANAGEMENT

The second quarter of 2023 was marked by our continued ability to manage the brand portfolio and the commercial calendar, which, coupled with our ability to execute, resulted in solid revenue growth for Arezzo&Co, even in an adverse external scenario and having a historical results base on the same period of the previous year.

The period highlights our core footwear brands' most important date of the year – Mother's Day in May. In addition, the period also relies mainly on winter collections. In another year, we achieved our Mother's Day sales record. All brands hit their targets, and the Saturday before the date was marked as the biggest sales day in our history.

Our strong ability to interpret trends and awaken desires was once again executed with extreme efficiency, making the brands, despite a strong comparison base, reach their goals. The apparel brands also registered excellent results every month of the quarter, emphasizing the Valentine's Day collection of AR&CO brands.

All brands showed sell-out and revenue growth in 2Q23, following the trend of previous quarters, registering a record-setting revenue in a second quarter: R\$ 1.4 billion (+21.6% vs. 2Q22 and +100.8% vs. 2Q21). It is worth highlighting the strong comparison base of +65.1% in 2Q22 vs 2Q21. In the month of July, Arezzo&Co had the launch of the Cruise and Resort collections, which presented excellent results.

Regarding international operations, even in the face of a challenging external scenario, the Schutz and Alexandre Birman brands showed an evolution in full-price sales in the e-commerce channel with a gross margin above last year - excluding the impact of the exchange rate. We are also strengthening the retail channel, which grew by 20.5%, driven mainly by the new Schutz store in New York on Broadway Avenue. In the quarter, the performance of the wholesale channel remained in line with the retraction of department stores observed in the North American market, and the sell-in carried out during the second quarter, which will have an impact in the second half, already shows signs of improvement.

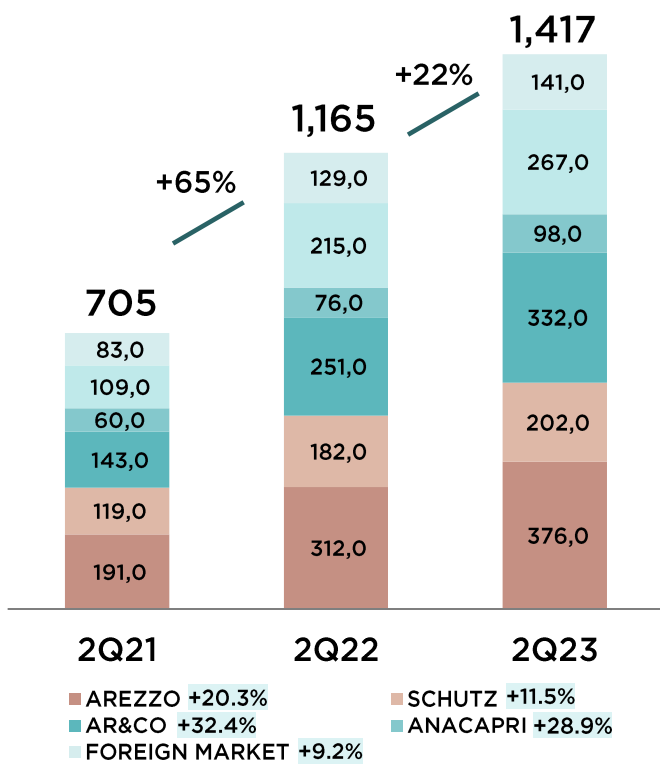
In the second quarter, we once again demonstrated our ability to quickly adapt to the external scenario and agility in adjusting our plans when we see a better path. Based on this principle, we implemented structural changes, including reducing our brand portfolio, focusing only on the AB+ public, and restructuring corporate support areas. This movement allowed us to dilute fixed costs as a percentage of the revenues, thus improving operational efficiency and greater profitability in the period.

Towards 2154!

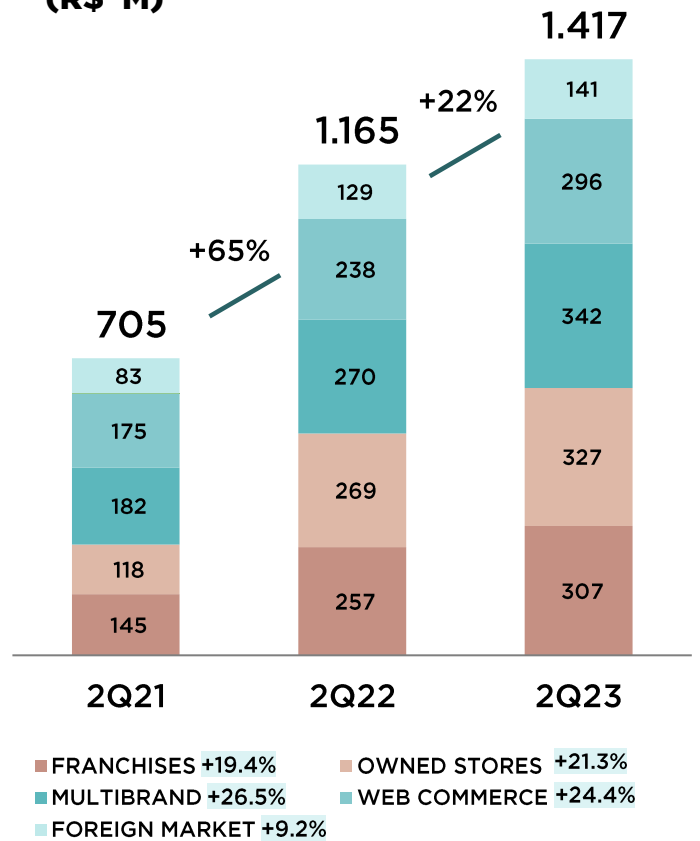
ALEXANDRE BIRMAN, CEO AND CCO
AREZZO&CO

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

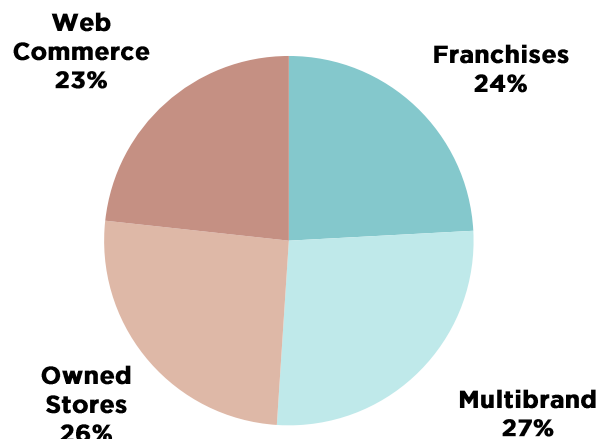
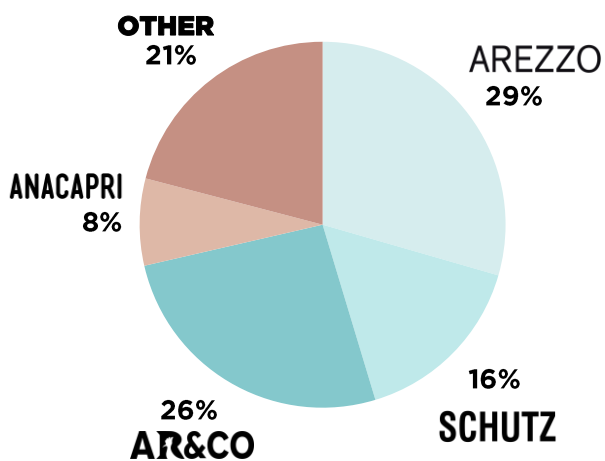
GROSS REVENUE BY BRAND (R\$ M)



GROSS REVENUE BY CHANNEL (R\$ M)



GROSS REVENUES BREAKDOWN



2Q23 OMNICHANNEL HIGHLIGHTS

1. WEB COMMERCE SALES

TOTAL REVENUES: **R\$ 296 MILLION** (+24.4% VS 2Q22)

TOTAL TRAFFIC: **78 MILLION** (+11.8% VS 2Q22)

TOTAL REVENUE FROM APPS: **R\$ 78 MILLION** (+36.0% VS 2Q22)

TOTAL APP SHARE OF REVENUES: **28.2%**

WEB COMMERCE TICKETS: **+36.2%** VS 2Q22

2. OMNICHANNEL SALES

DIGITAL AS SHARE OF PHYSICAL STORES SELL OUT: **55.8%**

STORE PICKUP AND DELIVERY REVENUES: **+60.8%** VS 2Q22

13.4 MILLION CONTACTS MADE VIA APP IN 2Q23 (INFLUENCED REVENUES)

3. CRM

ACTIVE CUSTOMER BASE GROWTH: **+12.7%** VS 2Q22

NUMBER OF OMNI CUSTOMERS: **+14.9%** VS 2Q22

34.9% OF CUSTOMERS SHOP ONLINE;

11.5% OF CUSTOMERS ARE OMNI;

OMNI REVENUES: **+21.7%** VS 2Q22





AREZZO | CRUISE/SPORT

KEY INDICATORS

AREZZO
& CO

2Q23 GROSS REVENUE

Gross Revenue	2Q23	Part%	2Q22	Part%	Δ	Δ (%) 23 x 22
Total Gross Revenue	1.417.020		1.165.187		251.833	21,6%
Foreign Market	141.307	10,0%	129.399	11,1%		9,2%
Domestic Market	1.275.713	90,0%	1.035.788	88,9%	239.925	23,2%
By Brand						
Arezzo	375.938	29,5%	312.470	30,2%	63.468	20,3%
Schutz¹	202.448	15,9%	181.604	17,5%	20.844	11,5%
AR&CO²	332.409	26,1%	251.068	24,2%	81.341	32,4%
Anacapri	97.952	7,7%	76.003	7,3%	21.949	28,9%
Others³	266.966	20,9%	214.643	20,7%	52.323	24,4%
By Channel						
Franchises	307.077	24,1%	257.124	24,8%	49.953	19,4%
Multibrand	341.998	26,8%	270.259	26,1%	71.739	26,5%
Owned Stores	326.677	25,6%	269.267	26,0%	57.410	21,3%
Web Commerce	296.003	23,2%	237.882	23,0%	58.121	24,4%
Others⁴	3.958	0,3%	1.256	0,1%	2.702	N/A

(1) Ex- revenues from international operations.

(2) AR&CO includes the brands: Reserva, Reserva Mini, Oficina Reserva, Reserva Go, INK, Simples, Reversa and BAW.

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

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

2Q23 OPERATING INDICATORS

Operating Indicators	2Q23	2Q22	Δ (%) 23 x 22
# of pairs sold ('000)	4.408	4.263	3,4%
<i>Part. (%)</i>	60,9%	65,1%	-4,2 p.p
# of handbags sold ('000)	763	686	11,2%
<i>Part. (%)</i>	10,5%	10,5%	0,0 p.p
# of clothes sold ('000)¹	2.066	1.595	29,5%
<i>Part. (%)</i>	28,6%	24,4%	4,2 p.p
# of employees	7.449	6.559	13,6%
# of stores*	1.005	950	55
Owned Stores	194	168	26
Franchises	811	782	29
Shoes & Handbags Outsourcing (as % of total production)	83,4%	88,9%	-5,5 p.p
Shoes & Handbags Insourcing (as % of total production)	16,6%	11,1%	5,5 p.p
Clothes Outsourcing (as % of total production)	100,0%	100,0%	0,0 p.p
SSS² sell-in (franchises)	16,9%	58,8%	-41,9 p.p
SSS² sell-out (owned stores + franchises + web)	10,0%	54,4%	-44,4 p.p

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

(2) SSS (same-store sales): store are included in comparable store sales from the 13th month in operation.

Results include AR&CO

* Includes overseas stores

1H23 GROSS REVENUE

Gross Revenue	1H23	Part%	1H22	Part%	Δ	Δ (%) 23 x 22
Total Gross Revenue	2.702.967		2.207.270		495.697	22,5%
Foreign Market	258.615	18,3%	254.389	11,5%		1,7%
Domestic Market	2.444.352	172,5%	1.952.881	88,5%	491.471	25,2%
By Brand						
Arezzo	723.893	29,6%	619.194	31,7%	104.699	16,9%
Schutz¹	396.179	16,2%	360.020	18,4%	36.159	10,0%
AR&CO²	619.762	25,4%	448.123	22,9%	171.639	38,3%
Anacapri	189.147	7,7%	150.295	7,7%	38.852	25,9%
Others³	515.371	21,1%	375.249	19,2%	140.122	37,3%
By Channel						
Franchises	605.095	24,8%	510.102	26,1%	94.993	18,6%
Multibrand	677.789	27,7%	518.835	26,6%	158.954	30,6%
Owned Stores	578.915	23,7%	460.627	23,6%	118.288	25,7%
Web Commerce	574.767	23,5%	461.303	23,6%	113.464	24,6%
Others⁴	7.786	0,3%	2.014	0,1%	5.772	N/A

(1) Ex- revenues from international operations.

(2) AR&CO includes the brands: Reserva, Reserva Mini, Oficina Reserva, Reserva Go, INK, Simples, Reversa and BAW.

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

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

1H23 OPERATING INDICATORS

Operating Indicators	1H23	1H22	Δ (%) 23 x 22
# of pairs sold ('000)	9.002	8.980	0,2%
<i>Part. (%)</i>	61,6%	66,4%	-4,8 p.p
# of handbags sold ('000)	1.436	1.416	1,4%
<i>Part. (%)</i>	9,8%	10,5%	-0,7 p.p
# of clothes sold ('000)¹	4.165	3.135	32,8%
<i>Part. (%)</i>	28,5%	23,2%	5,3 p.p
# of employees	7.449	6.559	13,6%
# of stores*	1.005	950	55
<i>Owned Stores</i>	194	168	26
<i>Franchises</i>	811	782	29
Shoes & Handbags Outsourcing (as % of total production)	83,4%	88,9%	-5,5 p.p
Shoes & Handbags Insourcing (as % of total production)	16,6%	11,1%	5,5 p.p
Clothes Outsourcing (as % of total production)	100,0%	100,0%	0,0 p.p
SSS² sell-in (franchises)	21,1%	50,2%	-29,1 p.p
SSS² sell-out (owned stores + franchises + web)	13,6%	56,2%	-42,6 p.p

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

(2) SSS (same-store sales): store are included in comparable store sales from the 13th month in operation.

Results include AR&CO.

* Includes overseas stores

2Q23 KEY FINANCIAL INDICATORS

Main Financial indicators	2Q23	2Q23 Recurring	2Q22 Recurring	Δ (%) 23 x 22
Gross Revenues	1.417.020	1.417.020	1.165.187	21,6%
Net Revenues	1.131.023	1.131.023	944.752	19,7%
COGS	(516.509)	(509.825)	(416.145)	22,5%
Depreciation and amortization (cost)	(1.510)	(1.510)	(1.022)	47,7%
Gross Profit	614.514	621.198	528.607	17,5%
Gross margin	54,3%	54,9%	56,0%	(1,1 p.p)
SG&A*	(489.047)	(475.383)	(400.313)	18,8%
% of net revenues	(43,2%)	(42,0%)	(42,4%)	0,4 p.p
Selling expenses	(359.935)	(351.659)	(304.267)	15,6%
Owned stores and web commerce	(164.615)	(161.395)	(77.837)	107,3%
Selling, logistics and supply	(195.320)	(190.265)	(226.430)	(16,0%)
General and administrative expenses	(79.019)	(73.154)	(67.357)	8,6%
Other operating revenues (expenses)	811	335	4.367	92,3%
Depreciation and amortization (expenses)	(50.904)	(50.904)	(33.055)	54,0%
EBITDA	177.882	198.230	162.371	22,1%
EBITDA Margin	15,7%	17,5%	17,2%	0,3 p.p
Financial Income	(43.674)	(43.674)	(6.655)	556,3%
Net Income	100.462	113.891	123.367	(7,7%)
Net Margin	8,9%	10,1%	13,1%	(3,0 p.p)

1H23 KEY FINANCIAL INDICATORS

Main Financial indicators	1H23	1H23 Recurring	1H22 Recurring	Δ (%) 23 x 22
Gross Revenues	2.702.967	2.702.967	2.207.270	22,5%
Net Revenues	2.156.314	2.156.314	1.784.328	20,8%
COGS	(1.004.976)	(998.292)	(806.981)	23,7%
Depreciation and amortization (cost)	(2.856)	(2.856)	(2.000)	42,8%
Gross Profit	1.151.338	1.158.022	977.347	18,5%
<i>Gross margin</i>	53,4%	53,7%	54,8%	(1,1 p.p)
SG&A	(921.047)	(895.297)	(748.110)	19,7%
<i>% of net revenues</i>	(42,7%)	(41,5%)	(41,9%)	0,4 p.p
Selling expenses	(669.659)	(656.144)	(553.359)	18,6%
Owened stores and web commerce	(306.707)	(301.787)	(151.805)	98,8%
Selling, logistics and supply	(362.952)	(354.357)	(401.554)	(11,8%)
General and administrative expenses	(153.537)	(143.693)	(133.903)	7,3%
Other operating revenues (expenses)	(915)	1.476	4.068	63,7%
Depreciation and amortization (expenses)	(96.936)	(96.936)	(64.915)	49,3%
EBITDA	330.084	362.518	296.152	22,4%
<i>EBITDA Margin</i>	15,3%	16,8%	16,6%	0,2 p.p
Financial Income	(83.265)	(83.265)	(27.062)	207,7%
Net Income	163.847	186.978	180.914	3,4%
<i>Net Margin</i>	7,6%	8,7%	10,1%	(1,4 p.p)

EBITDA RECONCILIATION

The EBITDA reconciliation comprehends non-recurring effects recognized in the second quarter, as well as the reported effects of IFRS 16.

	2Q23	2Q22	1H23	1H22
Consolidated EBITDA	177.882	156.999	330.084	350.989
EBITDA Mg. (After IFRS)	15,7%	16,6%	15,3%	19,7%
1. Closure of Operations and Layoffs	(13.984)	-	(13.984)	-
2. M&A Expenses	(3.976)	(5.359)	(8.850)	(9.250)
3. Logistics Expenses (DC Espírito Santo)*	(3.648)	-	(8.668)	-
4. Legal Expenses	(1.116)	213	(3.131)	(1.296)
4. Extemporaneous Credits	610	(226)	3.776	65.382
HG Incorporation Goodwill	-	-	(5.413)	-
Other adjustments	-	-	(290)	-
Lease (one off)	1.767	-	4.127	-
Net Effect Non-recurring Items	(20.348)	(5.372)	(32.434)	54.836
Adjusted Consolidated EBITDA (IFRS 16)	198.230	162.371	362.518	296.152
Adjusted EBITDA Mg. (IFRS 16)	17,5%	17,2%	16,8%	16,6%
SG&A Lease (IFRS 16)	29.156	17.630	57.626	34.245
COGS Lease (IFRS 16)	334	453	841	868
Adjusted Consolidated EBITDA (Before IFRS)	168.739	144.288	304.051	261.043
Adjusted EBITDA Mg. (Before IFRS)	14,9%	15,3%	14,1%	14,6%

ADJUSTMENTS

- 1. Closure of Operations and Layoffs:** expenses related to the restructuring of the corporate team (layoffs) and discontinuation of operations and brands - Veranópolis factory, MyShoes, Fiever, Bambini, and Unbrand brands. These expenses include layoffs, inventory/asset write-offs, and store closures.
- 2. M&A expenses:** expenses related to consultancies, external audits, and lawyers.
- 3. Logistics expenses:** extra expenses related to the Cariacica - ES DC relocation on the lease and people fronts.
- 4. Extemporaneous Credits and Legal Expenses:** income from the recognition of tax credits (unconstitutionality of including ICMS in the PIS/COFINS calculation basis). The legal expenses refer to obtaining such credits (lawyers) that are eventually paid in the following months.

NET INCOME RECONCILIATION

The Net Income reconciliation comprehends non-recurring effects recognized in the second quarter, as well as the reported effects of IFRS 16.

	2Q23	2Q22	1H23	1H22
Consolidated Net Income	100.461	119.821	163.846	217.106
Net Mg. (After IFRS)	8,9%	12,7%	7,6%	12,2%
Net Effect Non-recurring Items	(13.430)	(3.546)	(23.131)	36.192
Adjusted Consolidated Net Income (IFRS 16)	113.891	123.367	186.978	180.914
Adjusted Net Mg. (IFRS 16)	10,1%	13,1%	8,7%	10,1%
SG&A (IFRS 16)	(30.873)	(17.621)	(61.703)	(34.236)
Cost Of Goods Sold (IFRS 16)	(384)	(453)	(788)	(899)
Depreciation and amortization (IFRS 16)	26.526	15.934	51.905	31.568
Financial Income (IFRS 16)	9.612	2.775	18.802	5.289
Current Corporate Tax (IFRS 16)	1.083	192	2.118	520
Deferred Corporate Tax (IFRS 16)	(1.083)	-	(5.800)	-
Adjusted Consolidated Net Income (Before IFRS 16)	118.771	124.195	191.512	183.157
Adjusted Net Mg. (Before IFRS 16)	10,5%	13,1%	8,9%	10,3%

RESERVA | VALENTINES DAY

PERFORMANCE BY CHANNEL

AREZZO
& CO

CHANNELS

SELL OUT – FRANCHISES, OWNED STORES AND WEB COMMERCE

The DTC sell-out (Owned Stores + Franchises + Web Commerce) reached **R\$ 1.2 billion in 2Q23** and, despite the solid comparison base, posted **14.7% growth vs 2Q22**. In the first half of 2023, sell-out was R\$ 2.1 billion, an increase of 17.6% year over year.

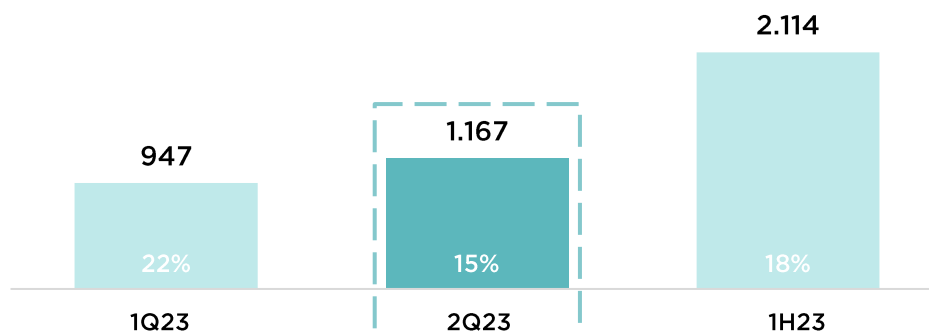
The digital channel maintained the strong performance shown in recent periods, a growth of 19.5%. The physical stores (franchises + owned stores) grew 13.2% in 2Q22.

Regarding the performance of the brands, AR&CO stands out with a growth of 35.7% vs. 2Q22. The Anacapri and Alexandre Birman brands also showed strong results: 23.1% and 30.9%, respectively, compared to last year.

AREZZO&CO + AR&CO SELL OUT GROWTH (FRANCHISES, OWNED STORES AND WEB COMMERCE)

VS PREVIOUS YEAR

+ R\$ 149 MILLION SELL OUT VS 2Q22



+15% OVER A 63% COMPARISON BASE

R\$1.2B
DTC SELL OUT
IN 2Q23

15%
SELL OUT
GROWTH vs
2Q22

CHANNELS

MONOBRAND – FRANCHISES AND OWNED STORES

The Arezzo&Co's monobrand channels posted strong results in 2Q23: 20.4% growth vs. 2Q22. The franchise channel recorded revenues of R\$ 307 million, up 19.4% vs. 2022. The owned stores channel totaled R\$ 327 million in gross revenue, 21.3% above the previous year.

The performance of the franchise channel was driven by the AR&CO, Anacapri, and Arezzo brands, which grew 50.9%, 40.1%, and 17.8%, respectively. In the semester, the monobrand channels had similar revenue levels: R\$605 million (franchises) and R\$579 million (owned stores), representing approximately 50% of the Company's gross revenue in the domestic market.

MULTIBRAND

In recent quarters, the multibrand channel has registered increasing expansion. In 2Q23, the channel reached R\$ 342 million in sales, a growth of 26.5% vs. 2022, representing 26.8% of Arezzo&Co's revenues. All the group's brands grew, emphasizing the Vans (43.9%) and Arezzo (24.0%) brands.

In May, the Company held the second edition of PulsAR - a sell-in event with all the group's brands. PulsAR has become one of the most significant events in the Brazilian fashion scene and reinforces Arezzo&Co's positioning as a house of brands.

In the second quarter of 2023, the Company's brands were distributed through 7,754 points of sale (without overlap), a growth of 13.7% compared to 2Q22.

WEB COMMERCE

The Company's web commerce channel recorded R\$ 296 million in gross revenue in the quarter, an increase of 24.4% over the same period last year. In 2Q22, web commerce grew 35.7% - with a solid comparison base.

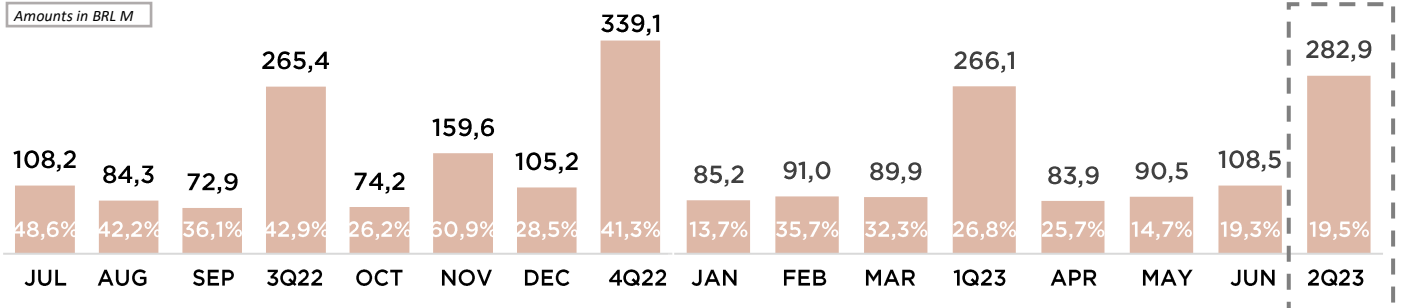
The brands that stood out in terms of e-commerce performance were AR&CO (+88.8%), Alexandre Birman (+73.4%), and Anacapri (+21.1%).

The sales through Arezzo&Co's brands' APPs continued to expand and grew 36.0% in the quarter, representing 28.2% of e-commerce sales. The APPs totaled 1.3 million downloads in the period.

CHANNELS

WEB COMMERCE SELL OUT EVOLUTION

Arezzo&CO AND AR&Co



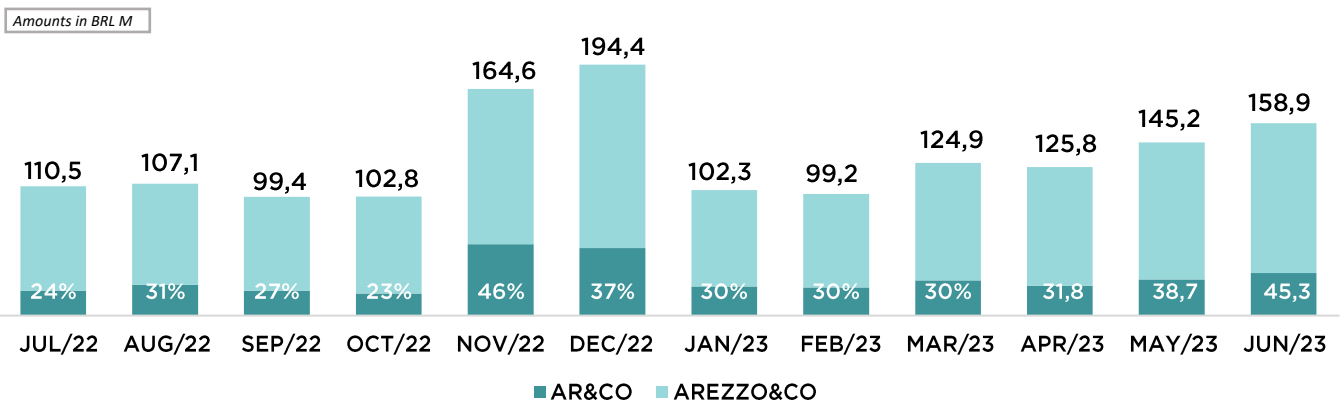
DIGITAL TRANSFORMATION

The sales through digital tools - web commerce, omnichannel, and the salesperson's APP - totaled R\$ 2.7 billion in sell-out revenue in the last twelve months. The digital sales accounted for 55.8% of the sell-out of physical stores in the period. The digital tools "store shipping" and "pick up in the store" followed the expansion trend and combined recorded growth of 60.8% in the period, representing 6.2% of the sell-out of physical stores.

In the second quarter, revenue influenced by the salesperson's APP grew by 24.3% vs. 2Q22. The constant evolution of digital indicators confirms the strength of Arezzo&Co's omnichannel sales.

DIGITAL REVENUES, AREZZO&CO GROUP

Revenues from Digital Tools + Salesperson App (Proprietary)



R\$1.1B
WEB COMMERCE SELL-OUT (LTM)

R\$1.5B
DIGITAL REVENUES (LTM)

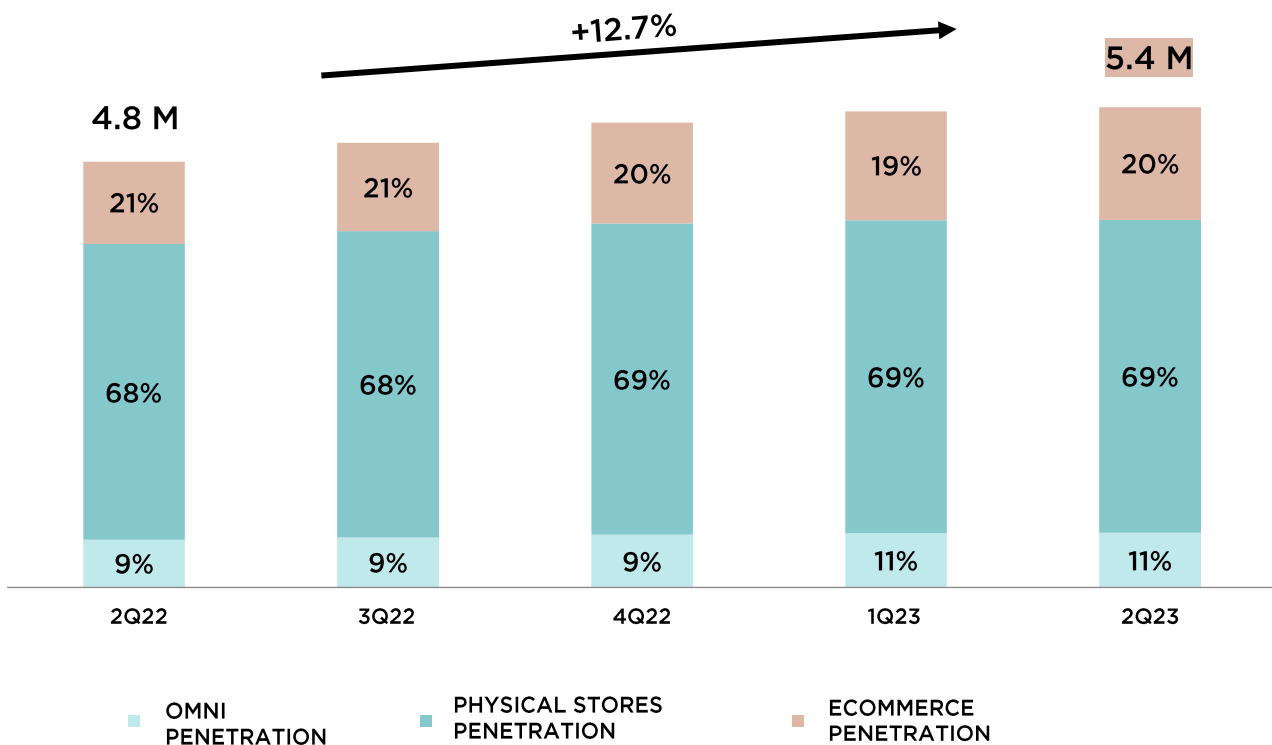
R\$2.7B
WEB + DIGITAL TOOLS SELL-OUT (LTM)

CHANNELS

DIGITAL TRANSFORMATION

ACTIVE CUSTOMER BASE

- Arezzo&Co's active customer base totaled 5.4 million in the quarter, an expansion of 12.7% vs. the same period in 2022;
- **19%** of the active base was represented by new customer acquisition, 22% by retained customers, and 9% by reactivated customers;*
- **34.9%** of Arezzo&Co's customers purchases online;
- **11.5%** of customers are omnichannel (purchases from physical stores and online);
- The OMNI customers grew 14.9% vs. 2Q22 and resulted in a revenue increase of **21.7%**;
- The OMNI customers had a purchase frequency **3.9x**, 7.0% above Arezzo&Co average.



+15%
OMNI CUSTOMERS

+22%
OMNI REVENUES

Active base: customers shopping in the last 12 months.

MONOBRANDS CHAIN

The Company closed the second quarter of 2023 with **1,005 stores**, 993 of which are in Brazil and 12 abroad, considering all the group's brands.

In the last 12 months, Arezzo&Co opened **55 net stores**, of which 29 franchises and 26 owned stores. The openings were mainly concentrated in the brands: AR&CO, Anacapri, and Vans, following the Company's store expansion strategy. In addition, Arezzo&Co had a 5.4% growth in total sales area (m²).

Arezzo&Co underscores that its guidance as announced on Investors Day 2022, of **50 to 70 net store openings** in 2023, remains unchanged.

Store Information	2Q22	3Q22	4Q22	1Q23	2Q23
Sales Area^{1, 3} - Total (m²)	65.904	66.406	69.607	69.204	69.458
Sales area - franchises (m²)	47.901	47.996	49.660	49.470	48.848
Sales area - owned stores² (m²)	18.002	18.410	19.946	19.734	20.610
Total number of domestic stores	939	952	1.002	994	993
# of franchises	776	783	817	811	805
Arezzo	430	431	439	430	421
Schutz	62	62	62	61	60
Anacapri	210	215	226	229	230
Vans	12	12	14	15	16
AR&CO	62	63	75	75	77
My Shoes	-	-	1	1	1
# of owned stores	163	169	185	183	188
Arezzo	18	18	18	17	23
Schutz	22	22	22	22	21
Alexandre Birman	10	11	12	12	11
Anacapri	2	2	2	2	2
Fiever	2	2	2	-	-
Alme	2	2	2	2	2
Vans	16	16	18	18	20
AR&CO	89	94	104	105	105
Carol Bassi	2	2	5	4	3
Vicenza	-	-	-	1	1
Total number of international stores	11	11	11	11	12
# of franchises	6	6	6	6	6
# of owned stores⁴	5	5	5	5	6

(1) Includes overseas stores' floor area

(2) Includes twenty Outlet-type stores with total floor area of 3.635 sq mt

(3) Includes floor area of expanded stores

(4) Includes 4 Schutz brand stores, as follows: (i) New York, Madison Avenue, (ii) Miami, Aventura Mall, (iii) Los Angeles, Beverly Drive and (iv) New York, SoHo.

Also includes 2 Alexandre Birman brand stores, as follows: (i) New York, Madison Avenue and (ii) Miami, Bal Harbour Mall.



FINANCIAL INDICATORS

RECURRING GROSS INCOME AND GROSS MARGIN

The Company reported a recurring gross profit of **R\$ 621 million** in 2Q23 (+17.5% vs 2Q22) and a gross margin of **54.9%**, down 110 bps vs 2022. It is worth noting that the gross margin of the second quarter of 2022 (56.0%) was leveraged by a higher volume of full-price sales last year.

In 2Q23, the margin was positively impacted by the growth of the apparel category in the multi brand channel and negatively affected by the margin decrease of the North American operation.

RECURRING OPERATIONAL EXPENSES

The investments made by Arezzo&Co in the quarter, which are detailed below, reflect the allocation of its resources in pursuit of driving solid growth of core brands and the development of strategic projects.

The Company remains diligent on fixed and operating costs - which have declined as a percentage of net revenue - with the continued objective of improving operational efficiency and leveraging EBITDA margin.

Recurring Commercial Expenses

In the second quarter of 2023, Arezzo&Co's recurring commercial expenses totaled R\$ 352 million, a growth of 15.6% vs 2022, below the gross revenue growth of 21.6%.

In the second quarter of 2022, AR&Co's commercial expenses lines were classified in a different cost center than Arezzo&Co. Therefore, the table below presents the mentioned lines with the correct classifications in 2Q22 to reflect their comparable growth.

Reconciliation	2Q23 Recurring	2Q22 Recurring	Δ (%) 23 x 22
Selling expenses	(351.659)	(304.267)	15,6%
Owned Stores and Web Commerce	(161.395)	(133.107)	21,3%
Selling, logistics and supply	(190.265)	(171.160)	11,2%

RECURRING OPERATIONAL EXPENSES

- i. The owned stores and web commerce expenses (sell-out channels) totaled R\$ 161 million - an increase of 21.3% (after the 2Q22 reconciliation). The gross revenue from both channels combined grew 22.8% vs. 2Q22, higher than the increase in expenses. Among the main impacts, it is worth highlighting the costs of operating the owned stores. In the last twelve months, the Company opened 35 new owned stores (18 Arezzo&Co and 17 AR&CO). In addition, the web commerce channel also impacted the line due to increased expenses related to performance marketing.
- i. The Arezzo&Co's Selling, Logistics and Supply expenses totaled R\$190 million in the quarter - a growth of 11.2% vs. 2Q22. Among the factors that impacted the line in the period, the highlights were the (i) investments in sell-in events, such as PulsAR (event focused on multibrand) and the launch of the summer collection, the (ii) expenses in the people line, due to the increase in commissions in the multibrand channel explained by revenue growth, and the (iii) addition of the Paris Texas brand operation in Italy.

Recurring General and Administrative Expenses

In the second quarter, the Company's recurring general and administrative expenses totaled R\$73 million, an increase of 8.6% vs. 2Q22, generating operating leverage. Among the factors that contributed to the expansion in the period, the incorporation of corporate teams from the recently acquired operations, such as HG and Sunset, stands out, mainly in engineering, samples, sourcing, and export departments.

Fixed, Variable and Eventual Expenses

In the second quarter, the Company's expenses - excluding depreciation and amortization - totaled R\$ 425 million, an increase of 15.6% vs. the same period in 2022. It is worth noting that Arezzo&Co's fixed expenses decreased by 90bps vs. 2Q22 as a percentage of net revenue - from 17.7% to 16.8%.

In the table on the next page, expenses are presented by the breakdown between fixed, variable and contingent. Aiming for greater transparency in the Company's SG&A structure, as of 1Q23, Arezzo&Co started to disclose the analysis described above.

Fixed, Variable and Eventual Expenses

- i. Fixed: expenses with fixed characteristics, such as: people, benefits, technology, fixed rent, municipal property tax, condominiums, electricity and others.
- ii. Variable: expenses directly impacted by sales, such as: shipping and returns, commissions, packaging, additional rent, royalties and digital marketing.
- iii. Eventual: expenses with short-term characteristics, which can be managed quickly, such as consulting, travel, launches and events.

SG&A Analysis	2Q23 Recurring	2Q22 Recurring	Δ (%) 23 x 22
Total SG&A	424.477	367.294	15,6%
Fixed	190.571	167.610	13,7%
Eventual	69.574	59.654	16,6%
Variable	193.489	157.659	22,7%
Leasing	(29.156)	(17.630)	65,4%

RECURRING EBITDA AND EBITDA MARGIN

The Company's recurring EBITDA totaled **R\$ 198 million**, up **22.1%** vs. 2Q22, and recurring EBITDA margin of **17.5%, +30bps** vs. the same period of 2022.

Among the main factors that contributed positively, the main factors are the consistent growth of all brands and channels of the group and the dilution of SG&A as a percentage of revenue. This reduction results from structural changes made by Arezzo&Co throughout the first half of the year to improve operational efficiency in all areas of the Company.

On the other hand, ARZZ International (foreign market) contributed negatively to consolidated EBITDA due to a retraction of department stores in the United States, even though it showed an evolution compared to 1Q23.

The domestic market margin went from 18.5% to 19.4%: a 90bps expansion.

	2Q23 EBITDA			2Q22 EBITDA		
	&Co	Brazil	ARZZ Intern.	&Co	Brazil	ARZZ Intern.
Net Revenues	1.131,0	1.007,9	123,1	944,8	841,7	103,0
Gross Profit	621,2	558,3	62,9	528,6	469,7	58,9
Gross Mg.	54,9%	55,4%	51,1%	56,0%	55,8%	57,1%
Recurring EBITDA	198,2	195,1	3,2	162,4	155,9	6,5
Recurring Mg. EBITDA	17,5%	19,4%	2,6%	17,2%	18,5%	6,3%

ARZZ International includes foreign-market revenues (exports and own operations in the United States and Europe)
*Amounts in BRL M // Amounts in line with IFRS 16 / CPC 06 (R2)

RECURRING NET INCOME AND NET MARGIN

The Company reported a recurring net income of **R\$ 114 million** in the second quarter, down 7.7% vs. 2Q22, and a net margin of **10.1% (-300 bps)**. The net income was negatively impacted by the financial results and the exchange rate variation in the period.

The financial result for the quarter was impacted by (i) the increase in interest on financing due to higher leverage in the period, (ii) the increase in interest on leases due to the increase in the number of rental contracts; and (iii) expenses with credit card fees, which grew in the same proportion as the increase in sales.

ROIC – RETURN ON INVESTED CAPITAL

The recurring return on invested capital (ROIC) - disregarding the goodwill from the latest acquisitions of Arezzo&Co, as well as extemporaneous credits and non-recurring elements - reached **26.3%**. The recurring ROIC was positively impacted by the growth of NOPAT and negatively affected by the working capital lines.

It is important to highlight the new operating dynamics of the Company due to the higher owned production (16.6% in footwear and handbags) and the higher representativeness of the sell-out channels and the apparel category. Nevertheless, the Company made efforts on the suppliers and inventory fronts, which will already be reflected in the next quarter's results.

Income from operations	2Q23 Reported	2Q23 Recurring	2Q22 Reported	2Q22 Recurring	Δ 23 x 22 Rec. (%)
EBIT (LTM)	496.344	528.928	522.526	484.051	9,3%
+ IR and CS (LTM)	6.393	5.822	(59.643)	(52.409)	(111,1%)
NOPAT (LTM)	502.737	534.750	462.883	431.642	23,9%
Working Capital¹	1.102.640	1.094.282	514.225	614.218	78,2%
Accounts Receivable	781.486	781.486	613.690	613.690	27,3%
Inventory	864.459	856.100	651.730	651.730	31,4%
Suppliers	(483.389)	(483.389)	(566.002)	(566.002)	(14,6%)
Others	(59.916)	(59.916)	(185.193)	(85.201)	(29,7%)
Permanent assets	2.377.950	1.180.575	1.681.935	747.690	57,9%
Other long-term assets²	213.430	213.430	221.254	221.255	(3,5%)
Invested capital	3.694.020	2.488.287	2.417.414	1.583.163	57,2%
Average invested capital³	3.055.717	2.035.725	2.050.598	1.251.527	62,7%
ROIC⁴	16,5%	26,3%	22,6%	34,5%	

(1) Working Capital: Current Assets minus Cash and cash equivalents, deducted from Current Liabilities minus Banks and Dividends Payable.

(2) Minus deferred Income tax and Social Contribution.

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

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

CASH AND DEBT POSITION

The Company ended 2Q23 with net debt of R\$ 346 million.

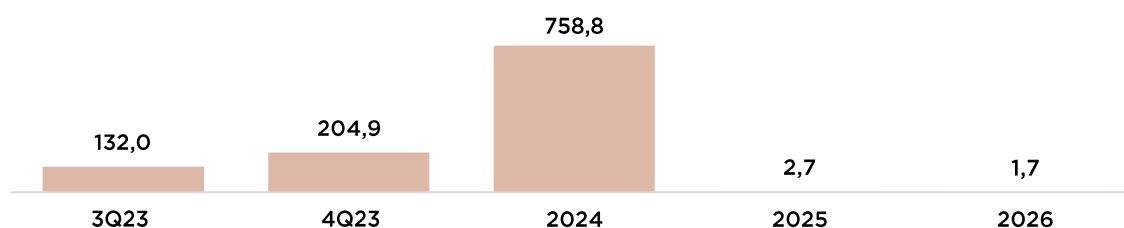
The gross cash position: R\$682 million. In the quarter, cash was impacted on a non-recurring basis by the payment for the acquisition of Vicenza and earn out of Carol Bassi in the amount of R\$63 million.

Cash position and Indebtedness	2Q23	1Q23	2Q22
Cash and Cash Equivalents	682.038	783.068	715.247
Total debt	1.028.025	1.060.093	355.286
Short-term	642.492	663.004	345.023
% total debt	62,5%	62,5%	97,1%
Long-term	385.533	397.089	10.263
% total debt	37,5%	37,5%	2,9%
Net debt	345.987	277.025	(359.961)
Net debt/EBITDA	0,5x	0,4x	-0,6x

Recent Fundraising

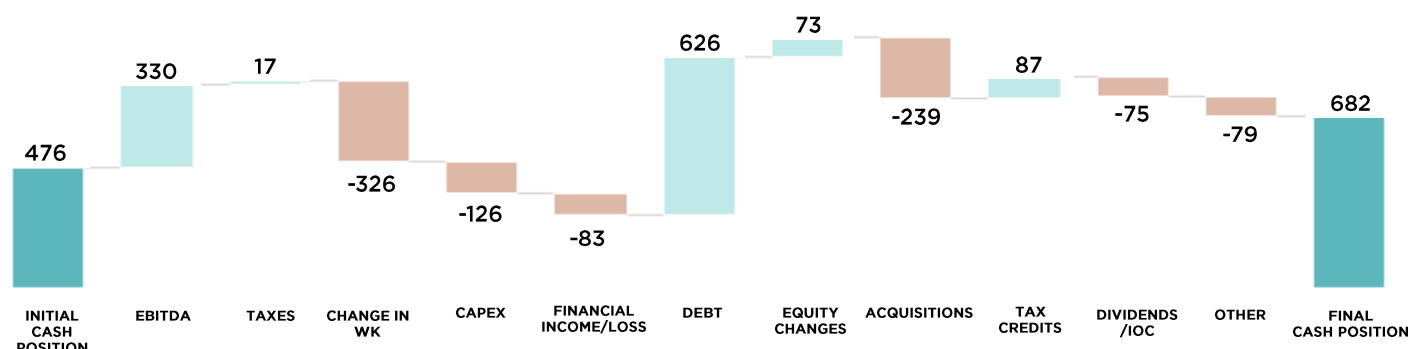
Date	Intermediary	Amount (R\$ MM)	Cost	Term
January/23	Bradesco	100	CDI+1,00%	Janeiro/24
March/23	Itaú	150	CDI+1,80%	Março/24
March/23	Santander	400	CDI+2,02%	Setembro/24

DEBT MATURITY SCHEDULE WITH INTEREST UNTIL 06/31/2023 (R\$ M)



CASH AND DEBT POSITION

1H23 CASH FLOW (R\$ M)



*OTHER: TAXES RECOVERABLE, OTHER AMOUNTS RECEIVABLE, TAXES AND CONTRIBUTIONS, LABOR LIABILITIES AND OTHER ACCOUNTS PAYABLE.

INVESTMENTS - CAPEX

The CAPEX investments totaled R\$ **75 million** in 2Q23 - growth of **33.1%**:

Stores

- Refurbishment and opening of AR&CO owned stores (21 renovations and 2 new stores);
- Conversion of 7 Arezzo brand franchises into owned stores.

Corporate

- *Squads* - channel integration-related projects, business digitalization (merchandising/planning, logistics and sourcing), data platform (electronic showroom and ZZNET), and digital business (Tableau and Salesperson App).
- Investments and expansion of the distribution center in Cariacica - Espírito Santo.

Other

- Opening the second Schutz store in New York;
- Stores refurbishing and the new Schutz and Alexandre Birman showroom in the United States.

Summary of Investments	2Q23	2Q22	Δ 23 x 22 (%)
Total CAPEX	74.524	56.004	33,1%
Stores - expansion and refurbishing	31.955	23.297	37,2%
Corporate	36.023	27.255	32,2%
Others	6.546	5.452	20,1%

**AREZZO
& CO**

**BRANDS
PERFORMANCE**

ALEXANDRE BIRMAN | CLARITA BASKETRY FAMILY



AREZZO

The Arezzo brand achieved gross revenue of R\$376 million in 2Q23, a growth of 20.3% vs. the same period of 2022. It is worth highlighting the brand's strong comparison base: 63.9% vs 2Q21. All the sales channels showed strong growth, emphasizing the multibrand and franchise channels: 24.0% and 17.8%, respectively.

The second quarter of the Arezzo brand was marked by various launches, which proved to be highly adherent to the demand of its consumers.

For Mother's Day, Arezzo had a robust calendar of activations, which resulted in record sales for the brand in the period. The Saturday before the date was Arezzo's biggest sales day.

In April, Arezzo continued its winter campaign - My Turn - launched with global model Gisele Bündchen. In addition, in partnership with Silvia Braz, a Brazilian influencer, the brand developed a collection focused on the season's leading trends with key fashion attributes.



SCHUTZ

The Schutz brand recorded gross revenue of R\$ 202 million in 2Q23, an expansion of 11.5%. In the period, the brand had a strong comparison base in Brazil: 52.5% growth vs 2Q21. Globally, the brand reached R\$ 273 million, stable revenue vs. the same period of 2022.

As a highlight of the period, Schutz launched its Mother's Day campaign entitled "The Mother through her son's eyes." The collection featured timeless shoes designed for the brand's consumers. As a highlight, Schutz launched the "Madison" leather jacket, created in the colors of the leading shoes in the collection. Like other brands, Schutz recorded record sales on the Saturday before Mother's Day of R\$ 202 million.

AR&CO

The AR&CO reached revenues of R\$ 332 million in 2Q23, an expansion of 32.4%, even on a strong comparison basis (+75.5% vs 2Q21).

In line with its accelerated growth, AR&CO recorded strong expansion in all sales channels, sell-in, and sell-out, emphasizing the e-commerce and franchise channels that grew 88.8% and 50.9%, respectively. The digital channel already represents 28.6% of AR&CO's revenue.

As a highlight of the quarter, Oficina Reserva grew 60.7%. The brand held its first opening of the year at the JK Iguatemi shopping center in São Paulo, totaling 14 stores in Brazil. The store recorded over R\$ 900 thousand in sales in the first month.

In April, the footwear sublabel Reserva Go launched the Yankee® sneaker, a new sneaker from the Type-R line. The sneaker is a reinterpretation of the jogging sneakers of the 80s, with a tractor sole. Reserva Go continued its expansion and already represented 20% of sales.

BAW Clothing registered growth in all its sales channels, reaching 52.1% expansion vs. 2Q22. As a highlight, the brand launched its APP, reinforcing its digital presence. In addition, BAW strengthened its partnership strategy with influencers, working with names such as Bruno Gagliasso, Rafa Kalimann, and Jade Picon.



VANS**"OFF THE WALL"**

The Vans brand recorded growth of 22.9% in the quarter, emphasizing the multi-brand channel, which recorded growth of 43.9%. In line with its expansion strategy in Brazil, the brand opened three new stores, two in São Paulo and the third in Campinas.

As a second quarter highlight, Vans launched the "Classics Since Forever" campaign that paid homage to the brand's five most iconic models - Authentic, Era, Old Skool, Slip-On, and Sk8-Hi.



ANACAPRI

The Anacapri brand recorded revenues of R\$ 98 million, a growth of 28.9% vs. the same period in 2022. As a highlight, the franchise channel grew 40.1% vs. 2Q22.

For Mother's Day, the brand launched a campaign with Juliette and her mother, being a great success in all sales channels.



ALEXANDRE

BIRMAN

The Alexandre Birman brand recorded global revenue of R\$ 63 million in the second quarter of 2023. In the domestic market, the brand grew 34.0%, emphasizing the online channel, which achieved a 73.4% expansion in the period.

During the quarter, reinforcing its positioning as a global brand, the brand was present at the 76th Cannes International Film Festival and launched the "Glam Capsule" capsule collection with sandal models that reflect the glamor of the event.

CAROL BASSI

The Carol Bassi brand continued the expansion of its sales and presented a growth of 80.1% vs. 2Q22. The month of May represented a historic milestone for the brand: R\$ 15 million in sales in a single month.

The brand's Mother's Day campaign once again featured a collab with Maria Rudge, composed of pieces with light prints mixed with classic fabrics.



ALME

In the second quarter, Alme, Arezzo&Co's sustainable brand, launched its new sneaker - the Carbon Neutral. The model tells the story of the brand's commitment on its sole, illustrating the topography of the Jari River Valley, the Amazon region in which Alme carries out its carbon offset.

In addition, the brand launched the Ecobambu material, a technological laminate with 45% bamboo fiber of natural and renewable origin. With an appearance, texture, and resistance reminiscent of leather, the material became part of the new categories created for the brand's winter collection. The new models launched with this technology, such as the Camp Boot, the Selva sandal, and the Carbon Neutral sneaker itself, were a highlight in sales in the period.



Vicenza)

In early 2023, Arezzo&Co announced the acquisition of Vicenza - a Brazilian women's footwear brand.

In June, the Company closed the operation, thus integrating Vicenza's results with those of Arezzo&Co. In the quarter, the brand contributed R\$ 9 million in revenue.

On the integration front, Vicenza was adapted to Arezzo&Co's sell-in and sell-out calendar and already has its own multibrand sales team. In addition, the brand's e-commerce is also in the process of integration, with completion scheduled for the second half of the year.

It is worth noting that on March 13, Vicenza opened its first physical store (pop-up) at the JK shopping center in São Paulo, providing consumers with the brand's physical experience for the first time.



INTERNATIONAL BUSINESS

The Arezzo&Co's international operation posted revenues of R\$141 million, up 9.2% vs. 2Q22. The Paris Texas brand became part of the results of the international operation and reached R\$ 31 million in gross revenue in the quarter. In the United States, the owned stores channel grew 20.5% through the Schutz and Alexandre Birman brands, mainly driven by the new Schutz store in New York. The wholesale channel accounted for a 40.9% share of revenues.

As a highlight of the quarter, the Schutz brand opened its second store in New York on Broadway, in the SoHo neighborhood. In the first month of sales, the store recorded R\$ 2 million and had traffic three times higher than that observed in the Madison Avenue area. In addition, 80% of consumers who store at the new store are new to the base, thus helping to increase brand awareness.

Through the new store, Schutz started to offer same-day delivery in New York on purchases made on e-commerce. During the period, the store handled approximately 80 orders per day.

Regarding the Arezzo brand's entry into the North American market, the launch to the final public will take place in September. It will feature a 360° marketing plan in collaboration with Macy's and Belk. In addition, the department stores placed new orders in June for launch in the fourth quarter of 2023.



BALANCE SHEET

Assets	2Q23	1Q23	2Q22
Current assets	2.690.403	2.691.016	2.192.913
Cash and cash equivalents	73.466	83.603	81.682
Financial Investments	608.572	699.465	633.565
Trade accounts receivables	781.486	743.011	613.690
Inventory	864.459	842.526	651.730
Taxes recoverable	25.282	19.291	161.845
Other taxes recoverable	231.709	203.213	0
Other credits	105.429	99.907	50.401
Non-current assets	2.744.660	2.440.906	2.001.494
Long-term receivables	285.974	297.353	319.559
Trade accounts receivables	2.590	478	2.952
Deferred income and social contribution	153.279	126.599	98.305
Judicial deposits	104.945	93.210	54.788
Taxes recoverable	15.432	66.001	148.494
Other amounts receivable	9.728	11.065	15.020
Investments property	4.193	3.761	2.860
Property, plant and equipment	850.095	769.765	492.475
Intangible assets	1.523.662	1.370.027	1.186.600
Financial Instruments - Derivatives	80.736	0	0
Total assets	5.435.063	5.131.922	4.194.407

Liabilities	2Q23	1Q23	2Q22
Current liabilities	1.703.159	1.589.572	1.433.019
Loans and financing	642.492	663.004	345.023
Lease	97.480	93.790	62.079
Suppliers	483.389	571.535	566.002
Other liabilities	479.798	261.243	459.915
Non-current liabilities	926.218	800.389	268.927
Loans and financing	385.533	397.089	10.263
Other liabilities	61.365	59.007	72.465
Lease	394.957	339.922	180.107
Other amounts payable	2.801	2.720	3.405
Deferred Taxes	826	1.651	2.687
Financial Instruments - Derivatives	80.736	0	0
Shareholder's Equity	2.783.100	2.716.661	2.492.432
Social Capital	1.738.229	1.671.716	1.645.467
Capital reserve	168.410	174.295	163.046
Profit reserve	720.201	814.396	541.478
Adjustment of Equity Valuation	-7.507	-6.887	-6.379
Period Profit	163.767	63.141	148.820
Total Shareholder's Equity	2.805.686	2.741.961	2.492.461
Non-controlling interest stake	22.586	25.300	29
Total liabilities and shareholders' equity	5.435.063	5.131.922	4.194.407

INCOME STATEMENT

Income Statement - IFRS	2Q23	2Q22	Var.%
Net operating revenue	1.131.023	944.752	19,7%
Cost of goods sold	(516.509)	(416.145)	24,1%
Gross profit	614.514	528.607	16,3%
Operating income (expenses):	(489.046)	(405.685)	20,5%
Selling	(401.330)	(333.615)	20,3%
Administrative and general expenses	(88.527)	(73.402)	20,6%
Other operating income, net	811	1.332	-39,1%
Income Before Financial Result	125.468	122.922	2,1%
Financial Income	(43.674)	(6.655)	556,3%
Income before income taxes	81.794	116.267	-29,6%
Income tax and social contribution	18.668	3.554	425,3%
Current	(8.835)	(11.137)	-20,7%
Deferred	27.503	14.691	87,2%
Net income for period	100.462	119.821	-16,2%
Results Attributed to:			
Controlling shareholders	100.626	120.450	-16,5%
Non-controlling shareholders	(164)	(629)	-73,9%
Net income for period	100.462	119.821	-16,2%

CASH FLOW

Cash Flow	2Q23	2Q22
Operating activities		
Net Income	100.462	119.821
Adjustments to reconcile the results according to the cash generated by operating activities:	45.465	54.911
Depreciation and amortization	54.480	34.813
Income from financial investments	(17.379)	(15.848)
Interest and exchange rate	(19.720)	35.882
Income tax and social contribution	(38.452)	(3.554)
Others	66.536	3.618
Decrease (increase) in assets		
Trade accounts receivables	(35.528)	29.331
Inventory	13.389	(92.358)
Recoverable taxes	25.210	(18.935)
Change in other current assets	(2.345)	26.914
Judicial deposits	(11.735)	699
(Decrease) increase in liabilities		
Suppliers	(95.700)	(23.765)
Labor liabilities	15.671	14.299
Fiscal and social liabilities	22.129	(12.884)
Variation in other liabilities	4.094	(18.779)
Payment of income tax and social contribution	(2.775)	(26.693)
Interest payment on loans	(907)	(1.289)
Net cash flow from operating activities	77.430	51.272
Investing activities		
Sale of fixed and intangible assets	-	-
Acquisition of fixed and intangible assets	(74.524)	(56.004)
Financial Investments	(653.262)	(889.780)
Redemption of financial investments	757.686	861.866
Acquisition of subsidiary, net cash obtained on acquisition	(64.068)	-
Acquisition of business combination	-	(2.400)
Net cash used for investment activities	(34.168)	(86.318)
Financing activities		
Loans and financing	-	83.615
Payments of loans	(18.490)	(46.962)
Consideration of Lease	(33.744)	(18.533)
Interest on Equity and Profit Distribution	-	-
Credits (debits) with Shareholders	-	-
Resources from Stocks Issue	-	-
Expenses from Stocks Issue	-	(3.977)
Repurchase of Stocks	(3.024)	-
Resources from the Exercise of Stock Options	-	-
Net Cash used on Financing Activities	(55.258)	14.143
Increase (decrease) in cash and cash equivalents	(11.996)	(20.903)
Cash and cash equivalents		
Effect of Exchange Rate Variation on Cash and Cash Equivalent	1.859	(4.162)
Cash and cash equivalents - Initial balance	83.603	106.747
Cash and cash equivalents - Closing balance	73.466	81.682
Increase (decrease) in cash and cash equivalents	(11.996)	(20.903)

**EARNINGS RELEASE
2Q2023**

**AREZZO
&CO**



AREZZO &CO | AREZZO | **SCHUTZ** | ANACAPRI | BIRMAN | ALME | BRIZZA AREZZO | **VANS** "OFF THE WALL" | ZZ'MALL | CAROL BASSI | Vicenza) | PARIS TEXAS
AR&CO | Reserva | Reserva mini | Oficina RESERVA | ReservaGo | **INK** | REVERSA | &simples | **Baw**® | TROC