



AREZZO & CO

EARNINGS
VIDEOCONFERENCE
2Q20

AREZZO

SCHUTZ

ANACAPRI

FEVER

ALME

VANS
"OFF THE WALL"

ALEXANDRE
BIRMAN

AGENDA FOR THE CALL

1. OPENING REMARKS AND RETAIL SCENARIO
2. PILLARS OF OPERATION DURING THE CRISIS
3. 2Q20 FINANCIAL RESULTS
4. HIGHLIGHTS OF JULY
5. Q&A
6. CLOSING REMARKS

OPENING REMARKS

**ALEXANDRE
BIRMAN**

MACRO SCENARIO: STRUCTURAL CHANGES IN RETAIL

5 TRENDS BOOSTED BY THE COVID-19 CRISIS

CONSCIOUS CONSUMPTION



- CONSUMERS ARE MORE PRICE-SENSITIVE
- DECREASE IN IMPULSE SHOPPING
- PREFERENCE FOR BRANDS THAT MAKE A DIFFERENCE IN SOCIETY
- STRENGTHENING OF CIRCULAR ECONOMY AND SUSTAINABILITY

MORE TIME AT HOME



- CONSUMERS WILL SEEK MORE COMFORT: FOR THEMSELVES AND THEIR HOME (+ DELIVERY + HOME LEISURE)
- HOME OFFICE WILL GAIN MOMENTUM
- COMFORTABLE CLOTHING AND SHOES TO WEAR AT HOME
- HOME IMPROVEMENT SHOULD DRIVE THE DÉCOR MARKET

DIGITAL EXPLOSION



- ACCELERATION OF THE OMNICHANNEL AND DIGITAL CONTENT DEVELOPMENT
- E-COMMERCE BECOMES MORE RELEVANT AS CONSUMERS GET MORE USED TO SHOPPING ONLINE

ACCELERATED DEMAND FOR CONVENIENCE



- ACCELERATED ADDITION OF CONVENIENCE TO THE VALUE PROPOSAL
- COMPANIES OFFERING GREATER COMFORT WILL STAND OUT
- EASIER EXCHANGE, FAST DELIVERY, LOW SHIPPING FEES, EXCLUSIVE PRODUCTS ONLINE, PRE-SALE

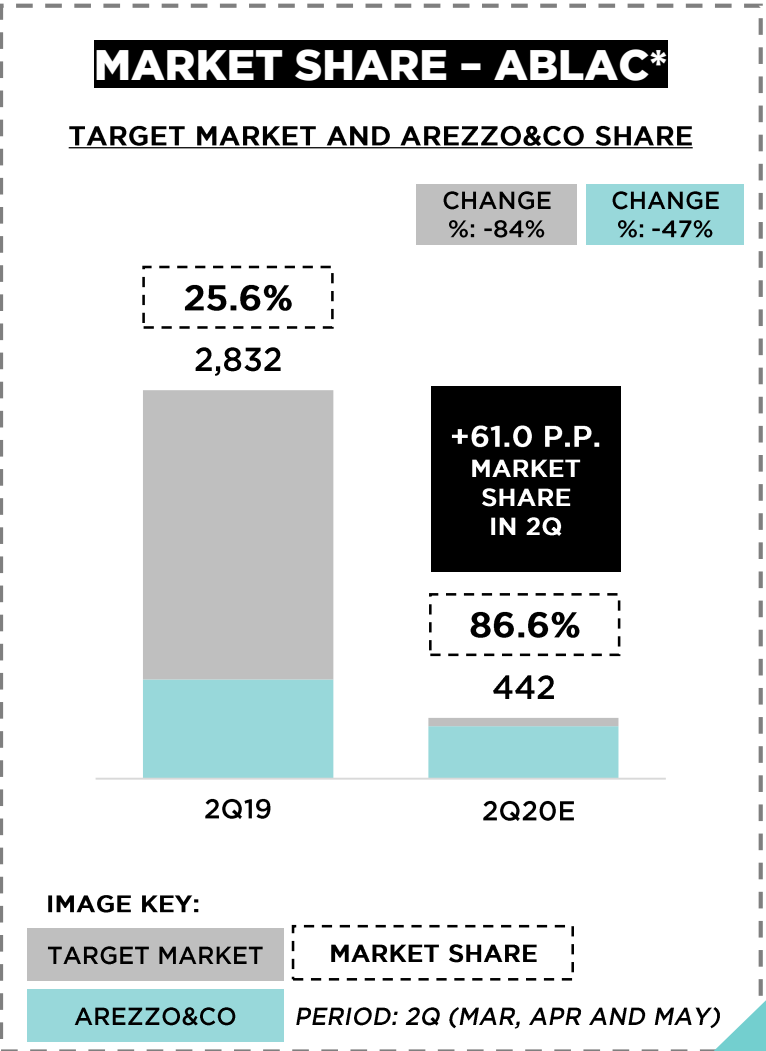
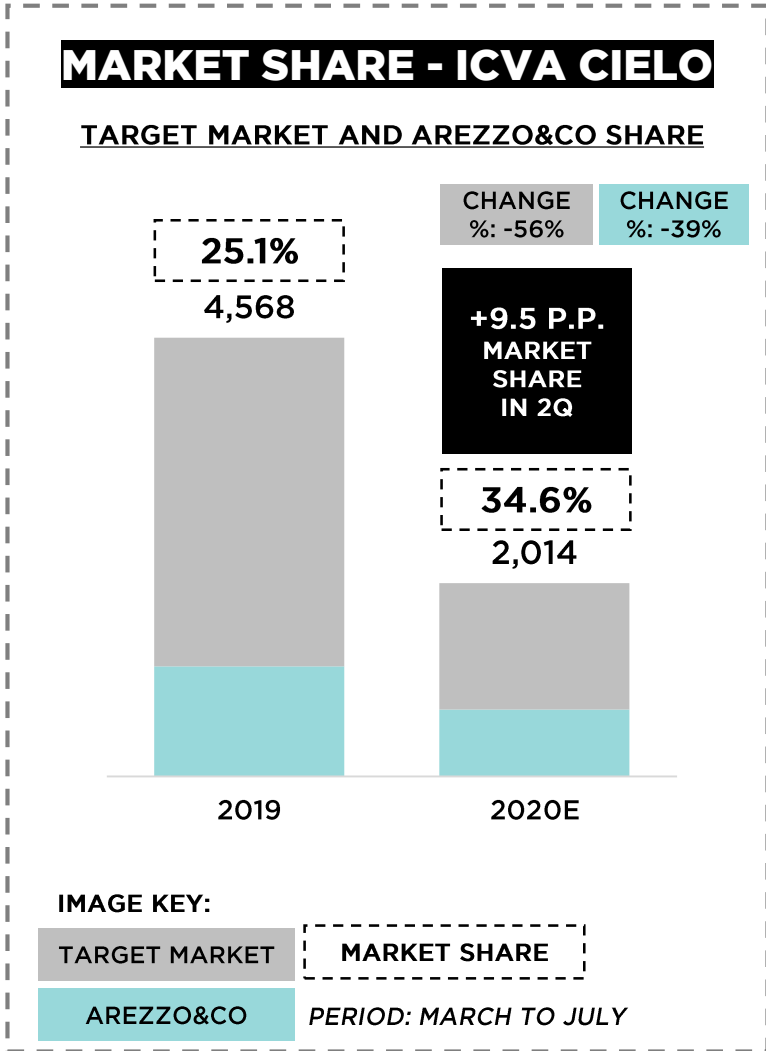
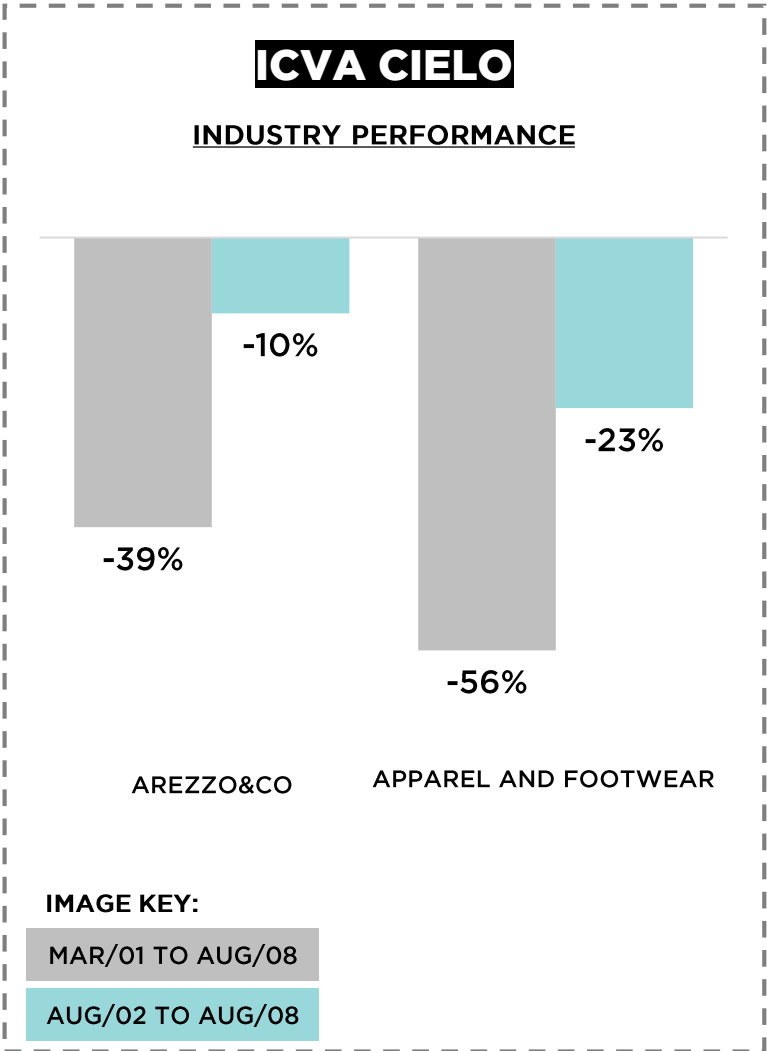
ADJUSTED STORE EXPERIENCE



- SOURCE OF DISTINGUISHED AND CUSTOMIZED EXPERIENCE, BASED ON EACH CUSTOMER'S SHOPPING PROFILE
- INVENTORIES ARE NOT NECESSARILY HIGH
- PREFERENCE FOR SAFER OPTIONS, WITH NO CLOSE CONTACT IN THE SHORT TERM (LOW TOUCH, DRIVE THRU)

RETAIL INDUSTRY AND MARKET SHARE

ALTHOUGH THE FOOTWEAR AND CLOTHING INDUSTRY WAS ONE OF THE MOST AFFECTED BY THE CRISIS, AREZZO&CO'S PERFORMANCE WAS ABOVE AVERAGE, TRANSLATING INTO SIGNIFICANT MARKET SHARE GAINS



*ABLAC: BRAZILIAN ASSOCIATION OF APPAREL AND FOOTWEAR STOREOWNERS

STRATEGIC MAP – PILLARS AND LEVERS

OUR 7 PILLARS OF OPERATION WILL REMAIN THE SAME AFTER THE PANDEMIC, WITH THE ADDITION OR STRENGTHENING OF SOME FRONTS



CORE GROWTH / EXPANSION OF CURRENT BRANDS

AREZZO FIEVER

CASUAL &
DEMOCRATIC

SCHUTZ ALEXANDRE
BIRMAN

FASHION & LUXURY

ANACAPRI ALME

COMFORT & FLATS

VANS
"OFF THE WALL"

ACTION SPORTS



PEOPLE AND CULTURE

GOVERNANCE

CULTURE

FRONT-LINE EMPOWERMENT



TRANSFORMATION OF THE BUSINESS MODEL

MERCHANDISING AND SUPPLY EVOLUTION

SOURCING AND LOGISTICS 2.0

CUSTOMER'S OMNICHANNEL EXPERIENCE

SUSTAINABILITY AS A NORM



ENGINE 2: BUSINESS DIGITALIZATION

MARKETPLACE - OWN BRANDS AND 3P

CONTENT AND SERVICES

DIGITAL RESELLERS

CIRCULAR ECONOMY

E-COMMERCE ACCELERATION



DATA AND TECHNOLOGY

DATA AND ANALYTICS

TECHNOLOGY



NEW BRANDS BRAZIL

CONSOLIDATION OF THE FASHION MARKET (AB)

INSURGENT BRANDS



INTERNATIONAL MARKET

USA MARKET

PILLARS OF OPERATION

DURING THE CRISIS

5 PHASES OF OPERATION DURING THE CRISIS

**MARCH 09 TO
APRIL 14**

ORGANIZATION
AND CRISIS
MANAGEMENT

**APRIL 15 TO
MAY 10**

ACCELERATION OF
DIGITAL CHANNELS AND
FOCUS ON MOTHER'S
DAY

**MAY 11 TO
MAY 31**

BUSINESS RE-
STABILIZATION TO A
NEW NORMAL

**JUNE 01 TO
JUNE 30**

RESUMPTION OF
STRATEGIC PLANNING

**JULY 01
ONWARD**

BEGINNING OF THE 2ND
HALF: FLEXIBILITY AND
ADAPTATION TO WIN

PILLAR #1

**OPERATIONAL
CHANGES**

BUSINESS RE-STABILIZATION TO A NEW NORMAL

- RIO GRANDE DO SUL BECOMES THE MAJOR **OPERATING HUB**
- **POSITIONS RESTRUCTURED** IN BRAZIL AND IN THE US, REDUCING LAYERS FOR GREATER AGILITY
- **BI-WEEKLY COLLECTIONS** SOLD REMOTELY
- NEW LEVEL OF ONLINE/WEB SALES
- FRANCHISEES PLAYING **A NEW ROLE IN DIGITAL SALES**
- ACCELERATION OF THE **FASHION PLATFORM WITH “3P” BRANDS** ALREADY IN THE FIRST YEAR OF OPERATION
- NEW POSITIONING OF THE **SCHUTZ BRAND IN THE US**
- FOCUS ON **NEW BUSINESSES, NEW AVENUES OF GROWTH**
 - APPEALING TO NEW FASHION BRANDS, INCLUDING ACCESSORIES AND CLOTHING
 - FOSTERING TECHNOLOGY, CONTENT AND TRAINING FRONTS RELATED TO THE PLATFORM
- **100% VIRTUAL** SHOWROOMS
- **ACTIVATION SAMPLES** FOR FRANCHISEES, WITH LOWER WORKING CAPITAL INJECTION
- ALME AND FIEVER = TEMPORARY DECREASE IN FOCUS, WITH REDUCTION OF THE DEDICATED TEAM
- **FOCUS REMAINS ON THE CARIACICA DC** VS. DECENTRALIZATION FOR FASTER DELIVERY (PHYSICAL STORES AS DISTRIBUTION HUBS)

KEY OPERATING CHANGES...

FROM SELL-IN/SELL-OUT TO “FROM DESIGN TO CUSTOMER” VIA DIGITAL MEDIA



FROM FOCUSING ON THE “SELL-OUT/SELL-IN”
CALENDAR...



TO FOCUSING ON THE OMNICHANNEL – WEB-COMMERCE, DIGITAL
TOOLS AND NETWORK COLLABORATION



FROM BIG MARKETING CAMPAIGNS...



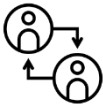
TO STRONGLY DIGITAL MARKETING ACTIONS AND SEGMENTED
COMMUNICATION



FROM 12 COLLECTIONS PER YEAR...



TO BI-WEEKLY LAUNCHES



FROM STORES AS A PLACE WITH ALL PRODUCTS IN
STOCK FOR IMMEDIATE DELIVERY...



TO STORES WITH A PORTION OF THE INVENTORY AT THE STORE
AND ANOTHER PORTION VIA INFINITE SHELF SPACE



FROM SALESPEOPLE INTERACTING “ANALOGICALLY”
WITH CUSTOMERS AT THE STORE...



TO SALESPEOPLE WHO BUILD DIGITAL RELATIONSHIPS WITH
CUSTOMERS



FROM MULTI-BRANDS WITH ON-SITE INTERACTION AND
SALE AT SHOWROOMS...



TO MULTI-BRANDS WITH FULLY-ONLINE SALES AND INTERACTION
(E-SHOWROOM)



FROM A SELL-IN PERIOD (SALES TO FRANCHISES AND
MULTI-BRANDS) OF 2-3 WEEKS...



TO A ONE-WEEK SELL-IN ONLY, 100% ONLINE, INCREASING
PRODUCTIVITY AND REDUCING LEAD TIME

...WITH FULL SUPPORT FROM OUR FRANCHISEES

ENGAGEMENT SURVEY WITH FRANCHISEES IN THE NETWORK IN JULY

MAIN GOALS

- UNDERSTANDING THE PERCEPTION OF FRANCHISEES REGARDING AREZZO&CO'S MANAGEMENT OF THE BUSINESS DURING THE CRISIS;
- MEASURING HOW FRANCHISEES CLASSIFY THEIR OWN ENGAGEMENT LEVEL.

MAIN RESULTS

- **75% ADHESION;**
- STRENGTHS: **FAST RESPONSE** TO THE CRISIS, **PROXIMITY** AND TRANSPARENCY, **TRAINING AND SUPPORT MATERIALS**, TRAINING OF "DIGITAL SALESPEOPLE," AID INITIATIVES TO GUARANTEE THE SUSTAINABILITY OF THE BUSINESS AND THE **ROLE OF THE CEO** - ALEXANDRE BIRMAN.

FINAL
AVERAGE
AREZZO&CO
(SCALE 0 TO 5)
4.2!



QUOTES FROM FRANCHISEES:

"THE GROUP WAS QUICK TO DO SOMETHING TO HELP FRANCHISEES. I WORK WITH OTHER OPERATIONS AND NOTICED THAT AREZZO WAS AHEAD, JOINING PARTNERS IN SEEKING SOLUTIONS AND A POSITIVE OUTLOOK FOR THIS CHALLENGING SCENARIO"

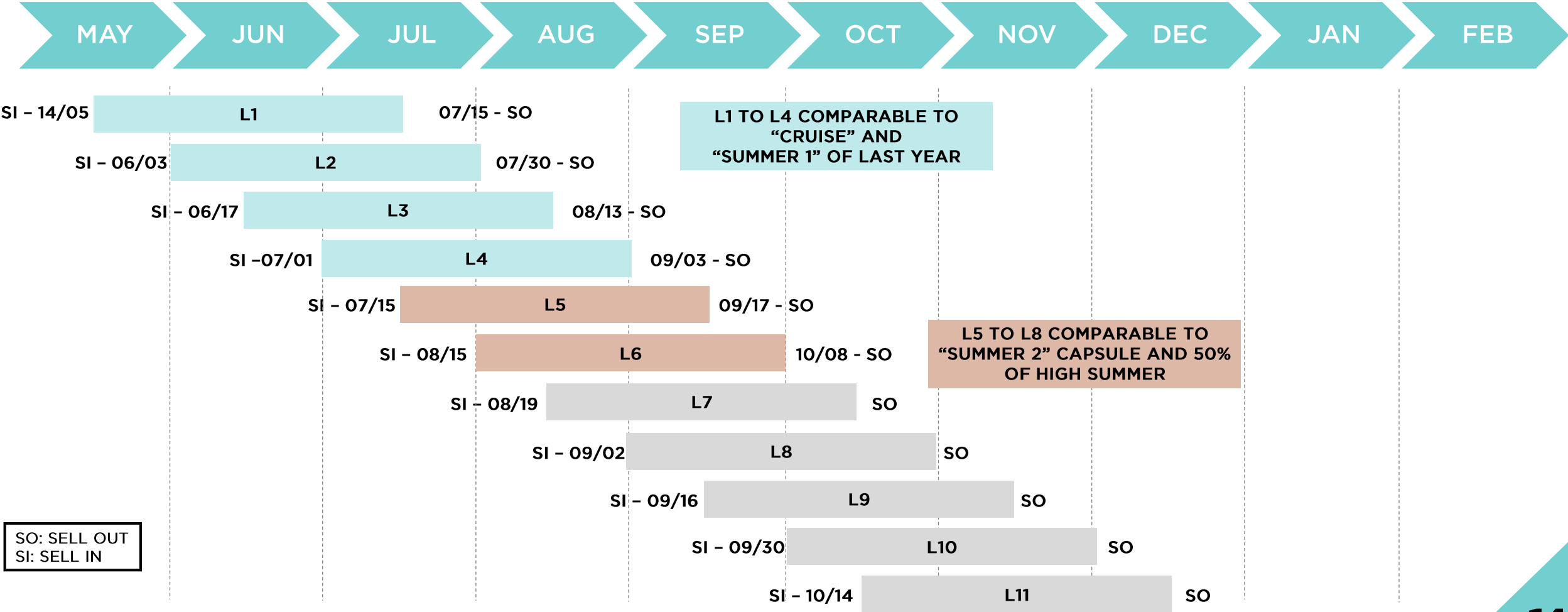
"CAUTIOUS AND TRANSPARENT POSITIONING, CONSTANT COMMUNICATION VIA DIGITAL CHANNELS, TRAINING TO ADHERE TO OMNICHANNEL SALES, FINANCIAL AID AND MAKING US BELIEVE WE WILL OVERCOME THIS CRISIS"

PILLAR #2

**FULL SUPPORT OF
INNOVATION**

NEW CALENDAR OF SUMMER LAUNCHES THROUGH BI WEEKLY CICLES, WITH STRONG CREATION OF BEST SELLERS

EVERY TWO WEEKS WE MAKE THE ORDERS OF A LAUNCH
("CAPSULE COLLECTION"), THAT WILL BE ACTIVATED ON THE DIGITAL CHANNELS AND STORES.



COORDINATION BETWEEN PRODUCT, SUPPLY, MARKETING AND BI-WEEKLY COLLECTION CYCLES

✓ **# COLLECTIONS:** 11 COLLECTIONS (6 UNTIL NOW)

✓ **# MODELS:** 1,196 MODELS E 3,545 SKUS

✓ **# PAIRS AND HANDBAGS:** 2.5 MILLION OF PAIRS AND 355,7 THOUSAND OF HANDBAGS

✓ **FINANCIAL VOLUME SOLD:** R\$ 224.1 MILLION

✓ **VOLUME DELIVERED:** 1 MILLION OF PAIRS AND 120 THOUSAND HANDBAGS

✓ **ACTIVATIONS VOLUME:** APROX. 11 EACH BRAND

✓ **NUMBER OF REPLACEMENTS ALREADY:** APROX. 20 (130 THOUSAND PAIRS)



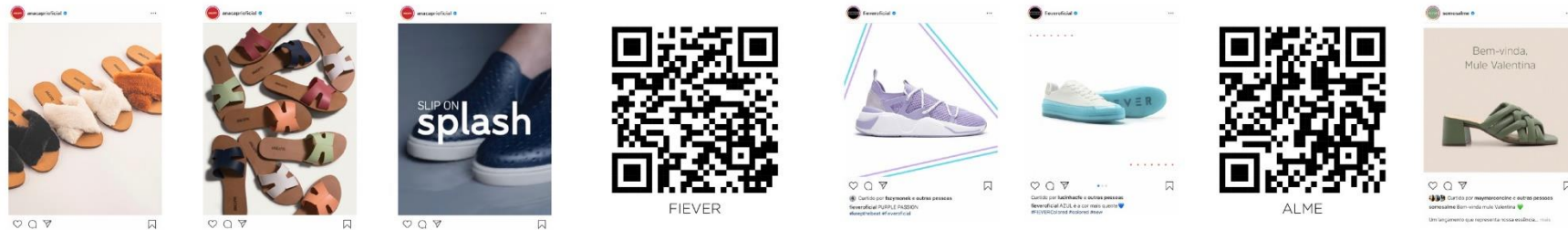
AREZZO



SCHUTZ



ANACAPRI



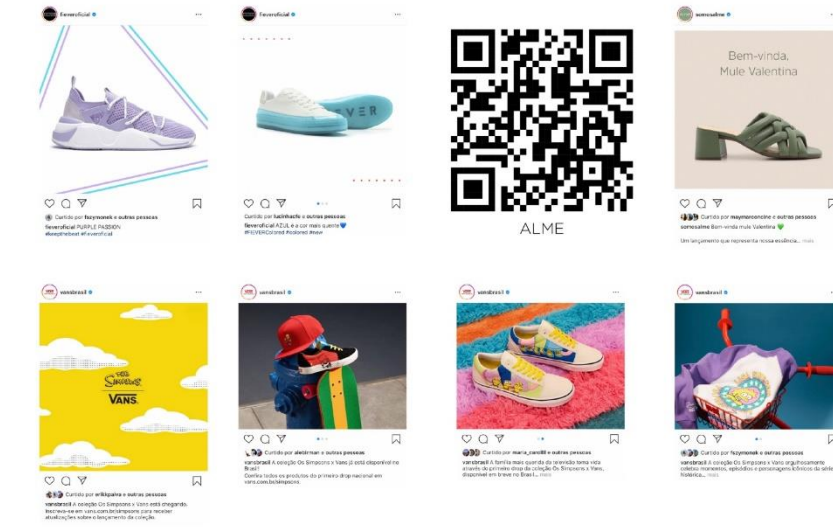
AB



FIEVER



VANS



ALME



HOMEWEAR: ADJUSTING TO THE NEW NORMAL

AREZZO
&CO

LAUNCH OF THE HOMEWEAR LINE DURING THE PANDEMIC

- FAST ADJUSTMENT TO THE NEW NORMAL;
- LAUNCH OF HOMEWEAR/ LOUNGEWEAR PRODUCTS IN ALL BRANDS; THE HIGHLIGHTS WERE “AREZZO HOME AND LIVE IN SCHUTZ”
- AFFORDABLE PRICE POINTS
 - ANACAPRI: STARTING AT R\$99.90
 - AREZZO: STARTING AT R\$159.90
 - SCHUTZ: STARTING AT R\$220.00
- SALE OF 15,000 PAIRS
- SELL THROUGH OF 50%

LIVE IN
SCHUTZ



AREZZO
HOME



AREZZO
HOME



FOCUS ON TRAINING AND PEOPLE ENGAGEMENT

**AREZZO
&CO**

LIVE SALES CONVENTION, 100% ONLINE

PRESENTATION OF THE **STRATEGY AND TRENDS** FOR UPCOMING COLLECTIONS TO SALESPeOPLE WITH STRONG ENGAGEMENT

IZZA - OUR DIGITAL SALESPERSON

SUPPORT TO THE SALES TEAM **ON A DAILY BASIS**

10 LIVE STREAMS WITH ALEXANDRE BIRMAN AT 6:26AM

SERIES OF 10 LIVE STREAMS ON THE @AREZZOTIME PROFILE, WITH GUESTS HELPING IMPROVE AND TRANSFORM THE AREZZO&CO TEAM SKILLS

AREZZO&CO UNIVERSITY

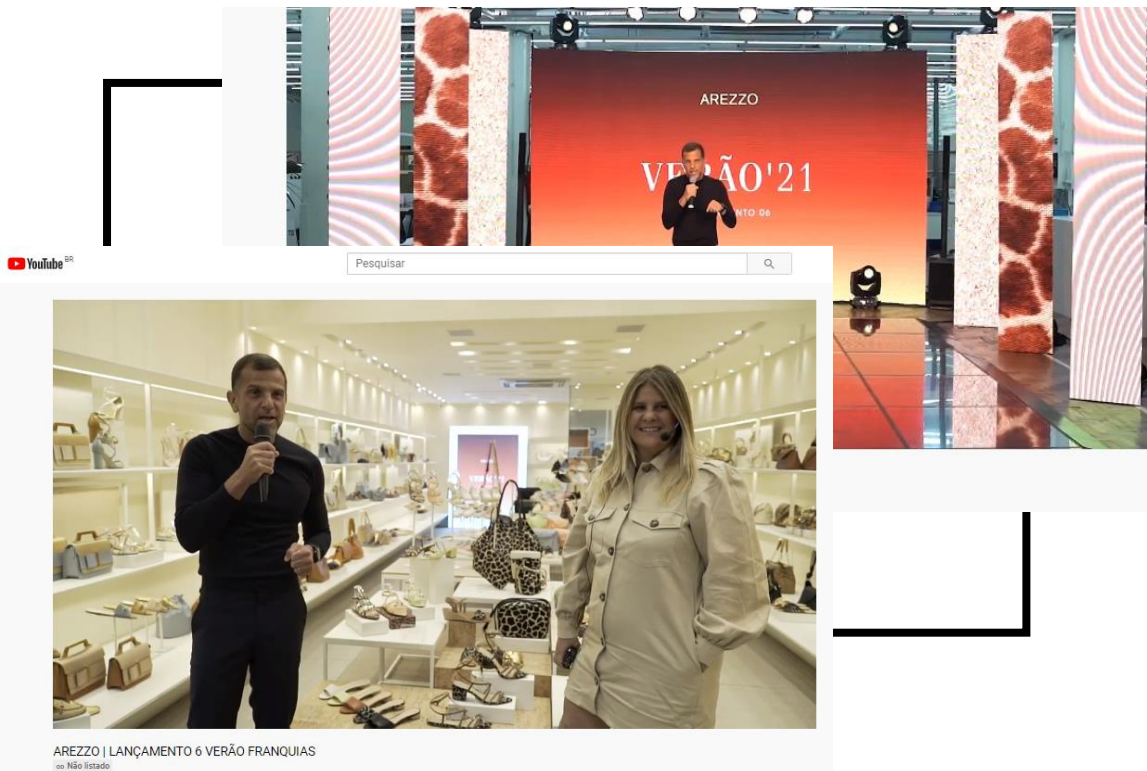
THE BEST DIGITAL CONSULTANTS DISSEMINATING **GOOD PRACTICES** LAUNCH AT THE END OF AUG 2020



INNOVATIVE ACTIONS FOR SELL-IN AND SELL-OUT

FULLY-DIGITAL AREZZO SELL-IN

- 100% ONLINE, STREAMING LIVE TO THE FRANCHISEE AND MULTI-BRAND NETWORK VIA YOUTUBE
- TIME, ENERGY AND FINANCIAL RESOURCES SAVED, WITH STRONG ENGAGEMENT



SCHUTZ LIVE SHOPPING

- LIVE STREAM ON YOUTUBE AND INSTAGRAM FOR SIMULTANEOUS PRODUCT SALES DIRECTLY TO END CONSUMERS
- REVENUE PEAKS IN WEB COMMERCE DURING THE LIVE STREAM, WITH A 15% INCREASE IN TRAFFIC ON THE DAY AND 22% INCREASE IN NEW CUSTOMERS - SELL-OUT OF R\$1 MILLION IN A SINGLE DAY (WEB)



INNOVATIVE ACTIONS

DIGITAL STORE AREZZO MORUMBI

- **FIRST DIGITAL FLAGSHIP**
SHOPPING MORUMBI, IN SÃO PAULO
- INNOVATIVE AND TECHNOLOGICAL CONCEPT - CUSTOMIZED EXPERIENCE **BRINGING THE ONLINE AND OFFLINE UNIVERSES TOGETHER**
- SERVICE AND ORDERS **VIA QR CODE AVAILABLE**
- DEDICATED AREAS:
 - SNEAKERS CATEGORY
 - PRODUCT CUSTOMIZATION
 - OMNICHANNEL SALES
- LAUNCHED AT A FULLY DIGITAL EVENT ON AREZZO'S INSTAGRAM PROFILE (LIVE)

PERFORMANCE AFTER
OPENING

67% OF THE 2019 REVENUE

**AREZZO
&CO**



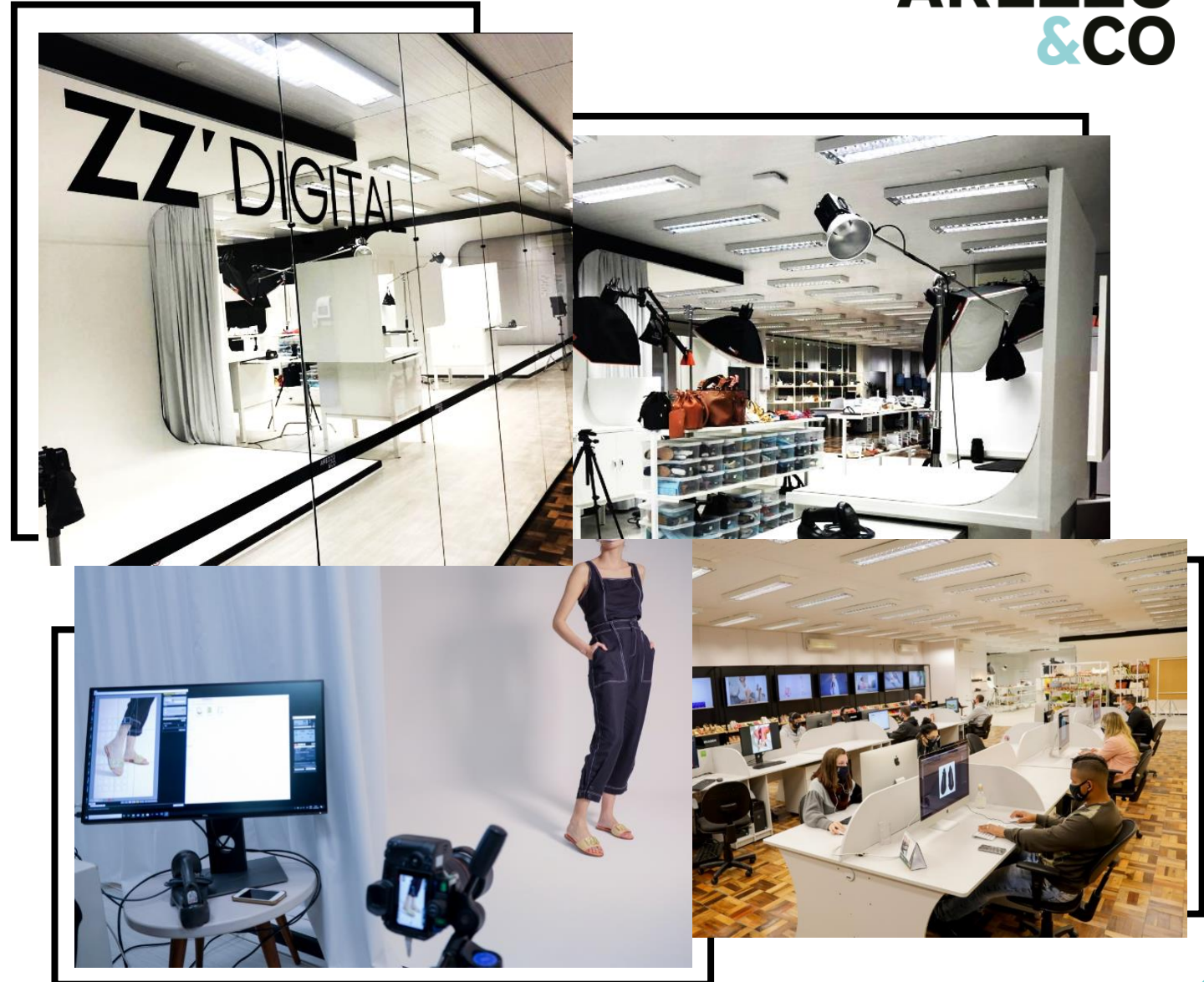
**ROLL OUT TO
OTHER STORES
SOON**

ZZ DIGITAL LAUNCH

AREZZO&CO'S DIGITAL INNOVATION HUB

- THE COMPLEX WILL OPERATE INSIDE THE PLANT IN THE CITY OF CAMPO BOM, STATE OF RIO GRANDE DO SUL.
- FULLY-EQUIPPED PHOTOGRAPHY STUDIOS FOR **CONTENT CREATION** AND BRAND ACTIVATIONS.
- **INTEGRATION OF TEAMS** - PRODUCT, PLANNING, MERCHANDISING AND TECHNOLOGY FOR ALL AREZZO&CO BRANDS.

AREZZO
&CO



PILLAR #3

STRONG

ACCELERATION OF THE

OMNI DEVELOPMENT

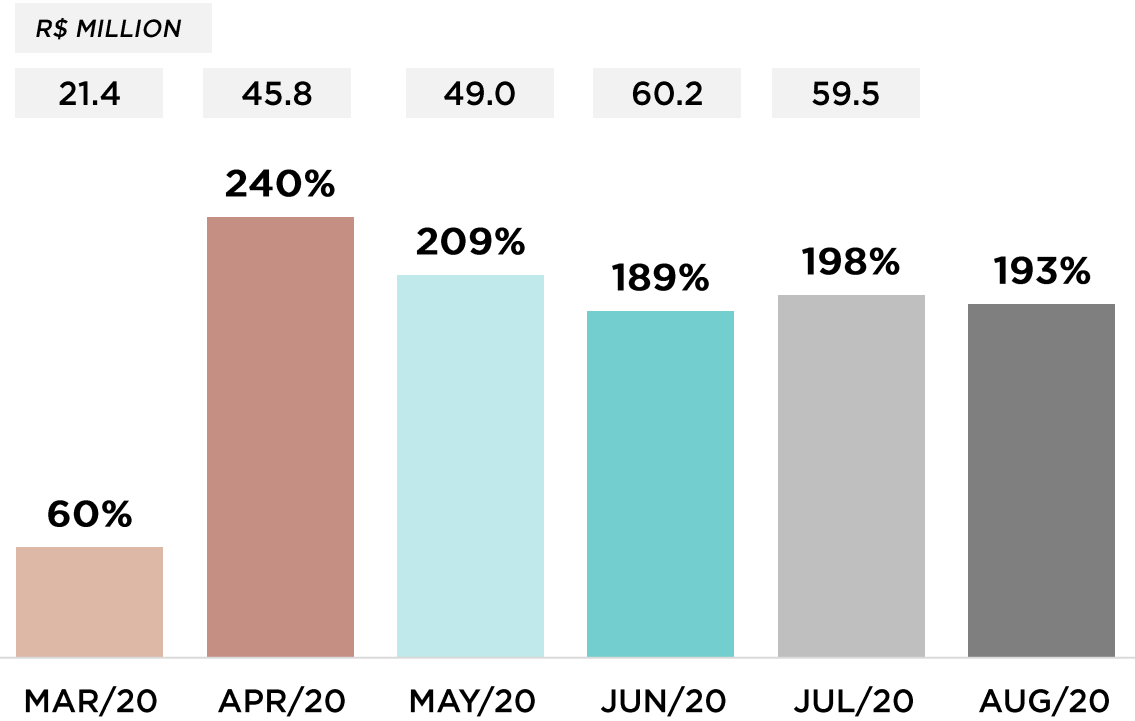
RELEVANT GROWTH IN E-COMMERCE

CONSISTENT GROWTH DESPITE THE OPENING OF MOST PHYSICAL STORES

CHANNEL EVOLUTION*

REFERENCE DATE: 08/09/2020

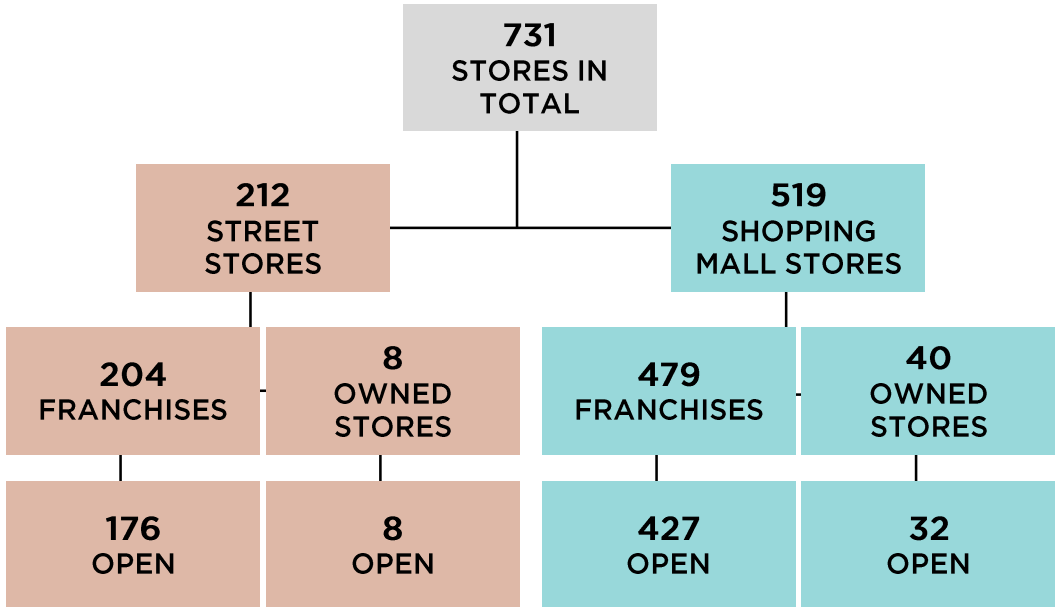
*SSS OF THE WEB COMMERCE CHANNEL, INCLUDING THE VANS BRAND



STORE OPENING OVERVIEW

REFERENCE DATE: 08/11/2020

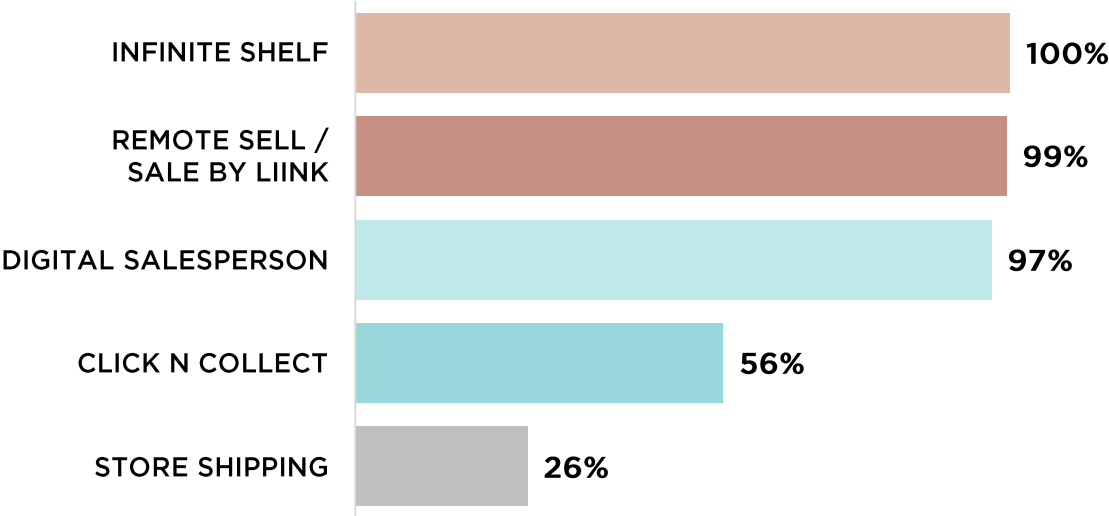
643 STORES OPEN (88% OF THE NETWORK)



STRONGER CHANNEL INTEGRATION

- ✓ ACCELERATION OF DIGITAL CHANNELS;
- ✓ LINK AND WHATSAPP SALE, SCHEDULED PICK-UP, STORE SHIPPING AND INFINITE SHELF;
- ✓ STRONG TRAINING OF FRANCHISEES AND SALESPEOPLE;
- ✓ MORETHANSALES – SALE BY EMPLOYEES WITH EXCELLENT ENGAGEMENT;
- ✓ LOGISTICS AND DC HAVE ADAPTED WELL TO SERVE END FINAL CUSTOMERS WITHIN THE PRE-ESTABLISHED DEADLINES;
- ✓ CUSTOMER SERVICE RAMP-UP (MORE THAN 60 PEOPLE HIRED) FOR A BETTER CUSTOMER EXPERIENCE.

STORES ENABLED WITH OMNI INITIATIVES (% STORES)

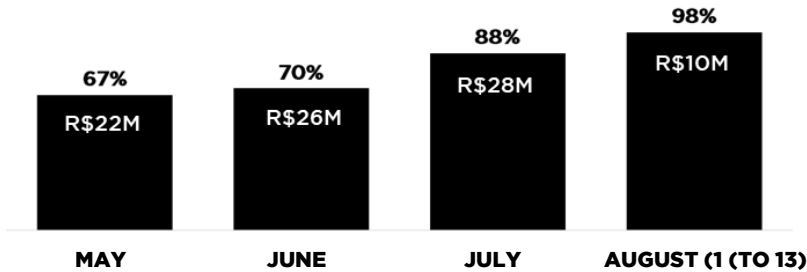


SELL OUT ACCELERATION

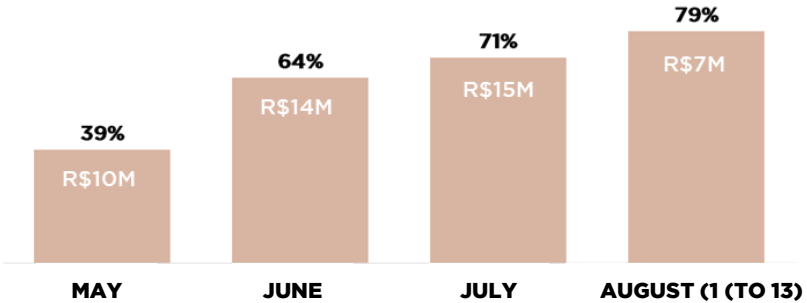
BY BRAND - OPEN AND CLOSED STORES

SUBTITLE:
% PART. 20 VS. 19
R\$ SALE OF 2020

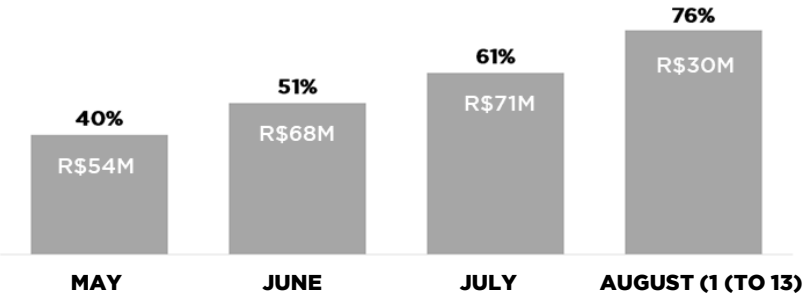
SCHUTZ



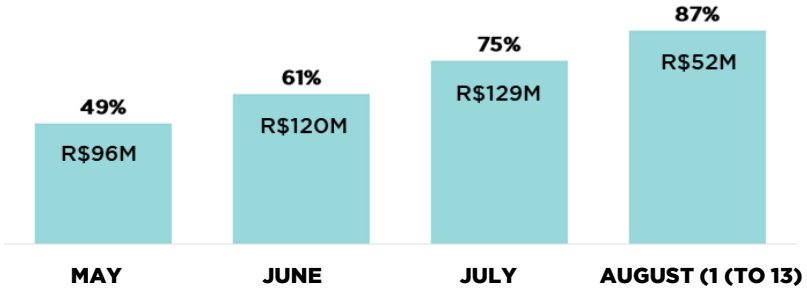
ANACAPRI



AREZZO



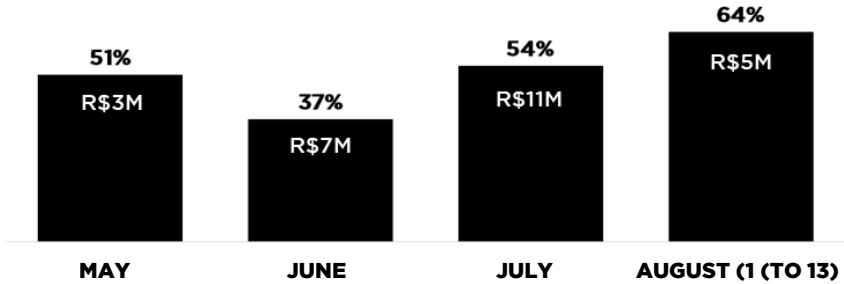
AREZZO&CO



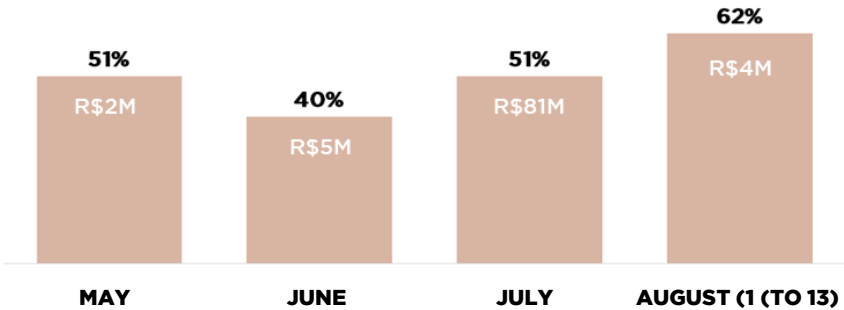
PHYSICAL STORES - ONLY OPEN STORES

SUBTITLE:
% PART. 20 VS. 19
R\$ SALE OF 2020

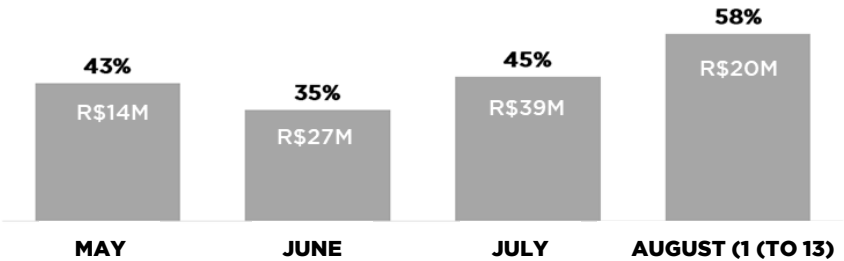
SCHUTZ



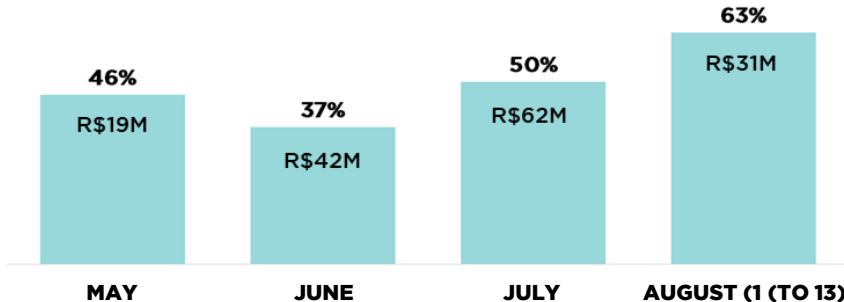
ANACAPRI



AREZZO



AREZZO&CO



A black and white photograph of a Space Shuttle launching, viewed from below, with bright flames and smoke trailing from the engines.

**IN JUST 4 MONTHS OUR BRANDS
ACHIEVED THE SAME
WEB REVENUES OF 2019
(R\$ 215 MILLION)**

PILLAR #4

**RESTRUCTURING OF
USA OPERATIONS**

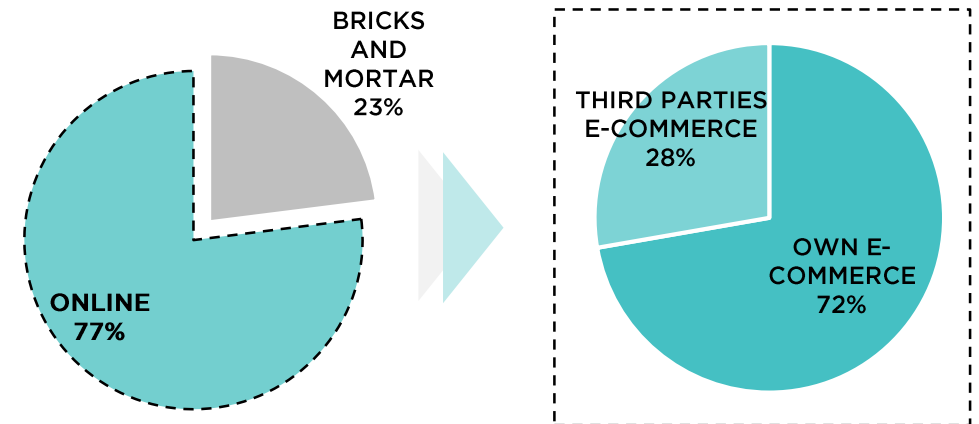
US OPERATIONS

STRUCTURAL CHANGES ENABLING BREAK-EVEN IN JUNE AND JULY

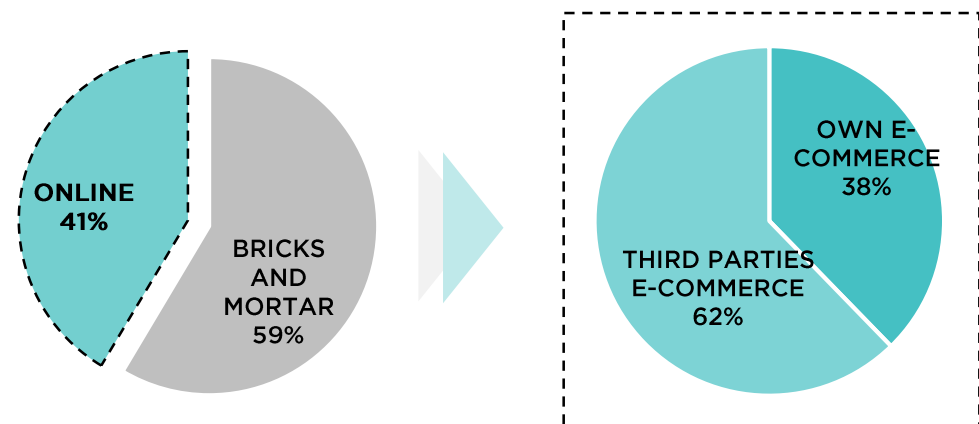
+41.3% BRL GROWTH IN JULY

- **GROWTH STRATEGY REVISITED** – INCREASINGLY FOCUSED ON THE DIGITAL CHANNEL (CLOSURE OF 5 STORES);
- **NEW POSITIONING FOR THE SCHUTZ BRAND** – ADDRESSABLE MARKET EXPANDED;
- **CORPORATE RESTRUCTURING** – LEADERSHIP UNIFICATION (BRAZIL/US), SIMPLIFICATION OF PROCESSES AND MIGRATION OF OPERATING POSITIONS TO BRAZIL;
- **SELL-IN CALENDAR REVISITED**, LEVERAGING THE BRAZILIAN STRUCTURE AND REDUCING LEAD TIME;
- **STRONG ADHERENCE OF DEPARTMENT STORES TO THE NEW PRICING PROPOSED**, WITH SIGNIFICANT INCREASE IN SELL-IN SALES WITH THE LARGEST CLIENTS IN THE WHOLESALE CHANNEL.

US OPERATIONS SHARE OF GROSS REVENUE 2Q20



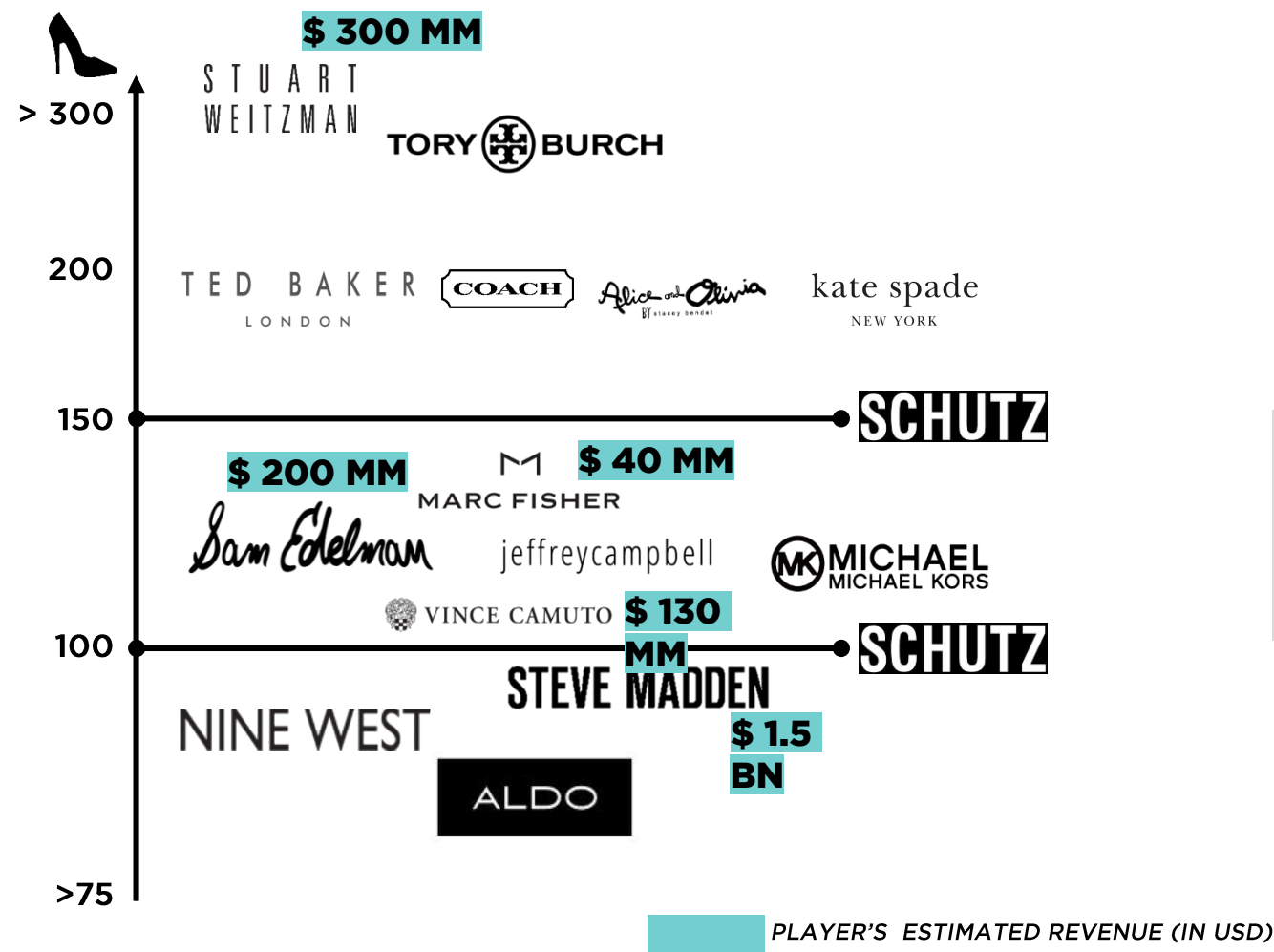
US OPERATIONS SHARE OF GROSS REVENUE 2019



US OPERATIONS

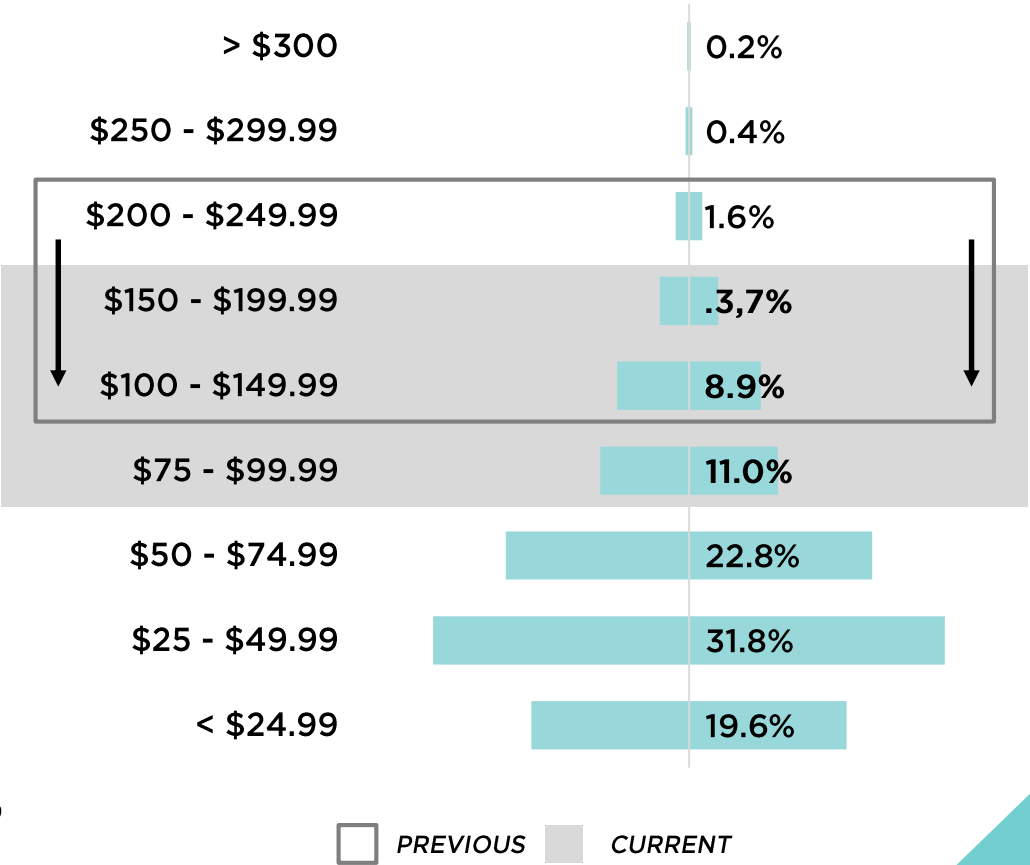
INCREASED EDGE AND EXPANSION OF ADDRESSABLE MARKET

AVERAGE PRICE



SALES VOLUME BY PRICE RANGE*

66.2% INCREASE IN ADDRESSABLE MARKET



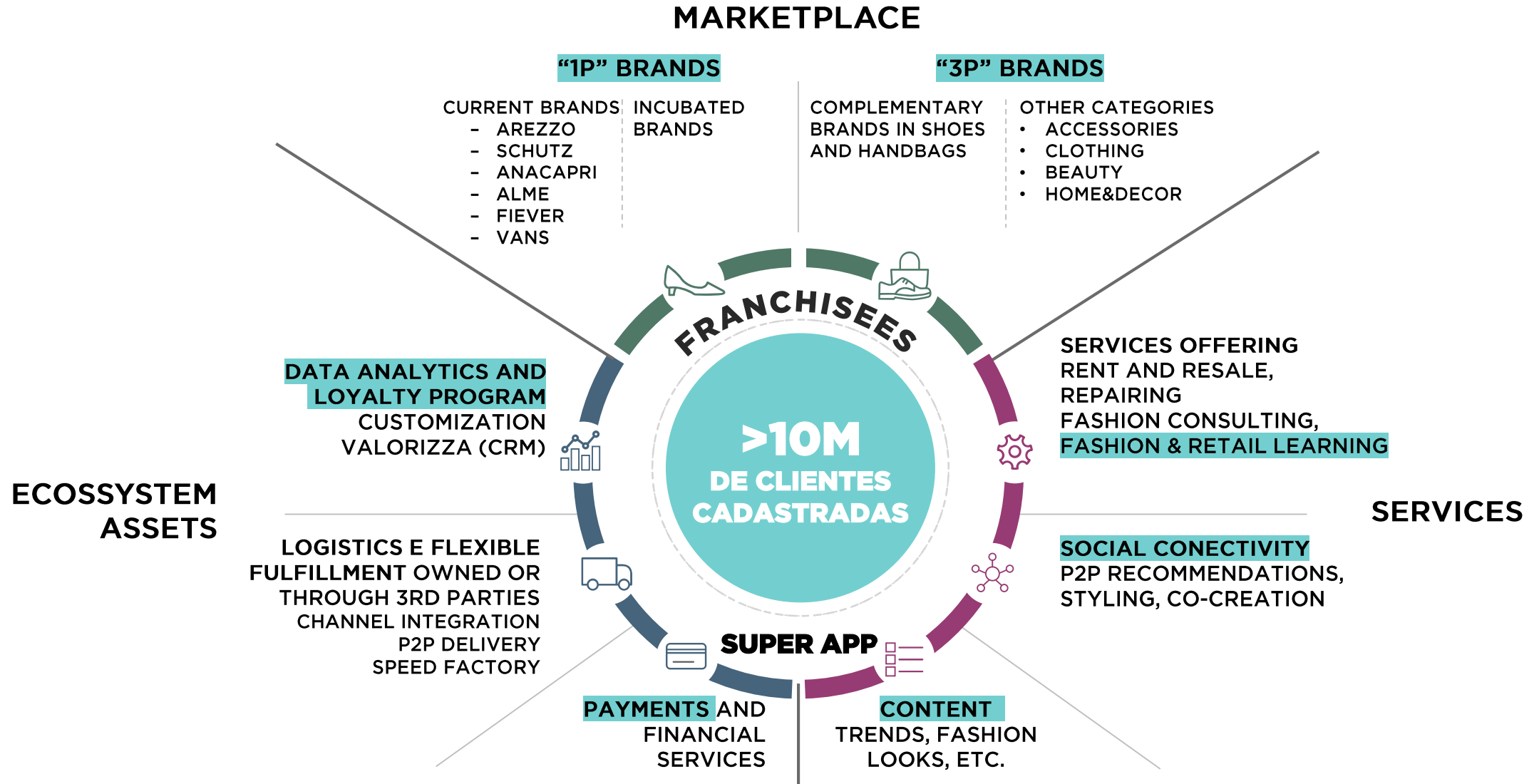
*NPD GROUP RESEARCH

PILLAR #5

**ADVANCES TOWARDS
BECOMING A BRAND PLATFORM**

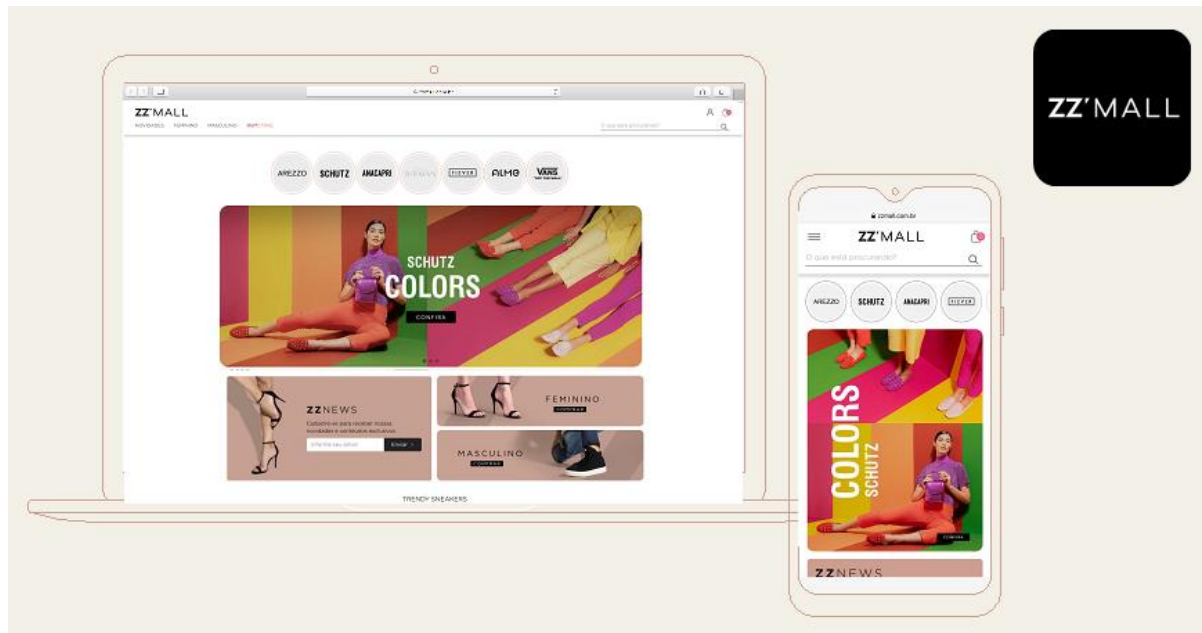
A TRUE FASHION BRANDS PLATFORM: AREZZO&CO

MARKETPLACE WITH THE BEST CURATORSHIP, WITH CONTENT AND SERVICES AS PART OF THE ECOSYSTEM



ZZ MALL - AREZZO&CO'S FASHION PLATFORM

WE HAVE A BIG DREAM OF TRANSFORMING OUR BUSINESS, AND WE HAVE WHAT IT TAKES TO PURSUE LEADERSHIP IN THE BRAZILIAN FASHION RETAIL MARKET!



- **“SOFT OPENING” – AUGUST 14** IN THE “1P” MODALITY
 - 7 BRANDS OF THE GROUP
- **MID-SEPTEMBER - 3P MODALITY (MARKETPLACE)**
 - **OFFERING “COMPLETE OUTFITS”** (CLOTHES AND ACCESSORIES)
 - IN ADDITION TO CATEGORIES LIKE HOME & DECOR, BEAUTY, AMONG OTHERS.
- POSSIBLE ACTIVATION OF OVER 10 MILLION CUSTOMERS REGISTERED IN OUR CRM TO LEVERAGE TRAFFIC IN THE EARLY MONTHS OF OPERATION;
- ADDITION OF **CIRCULAR ECONOMY** IN THE PLATFORM;
- **DIVERSE CONTENT POSTED DAILY** BY EXPERT PROFESSIONALS AND JOURNALISTS, GUARANTEEING RECURRING ACCESS.

WE WILL
REVOLUTIONIZE
THE FASHION MARKET
FOR CLASSES

AB

IN BRAZIL



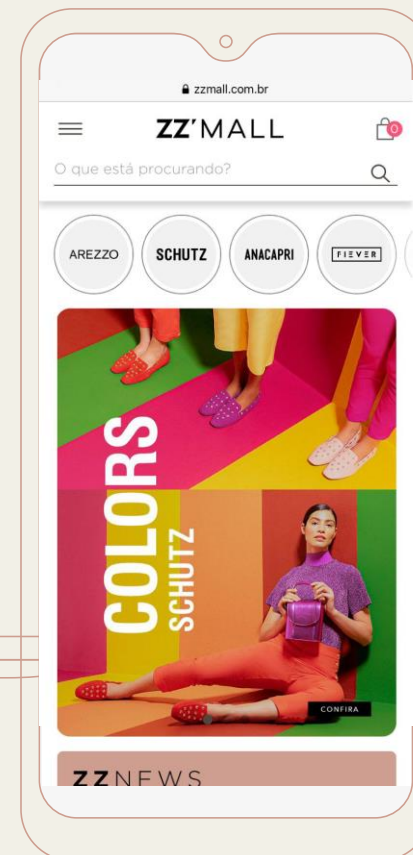
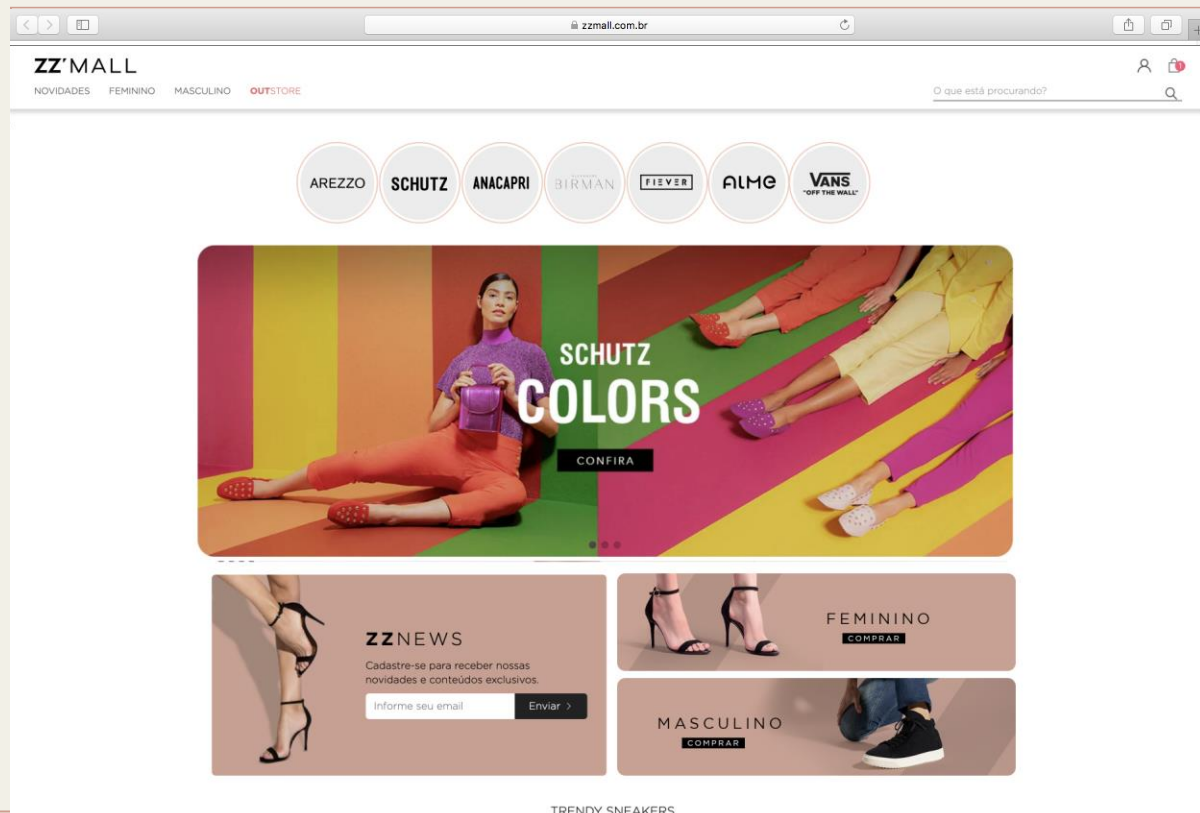


THE BEST BRANDS IN ONE PLACE



SCHUTZ
Tênis Schutz High Black Stu.
R\$490





ZZ'MALL

ZZ'MALL

WWW.ZZMALL.COM.BR



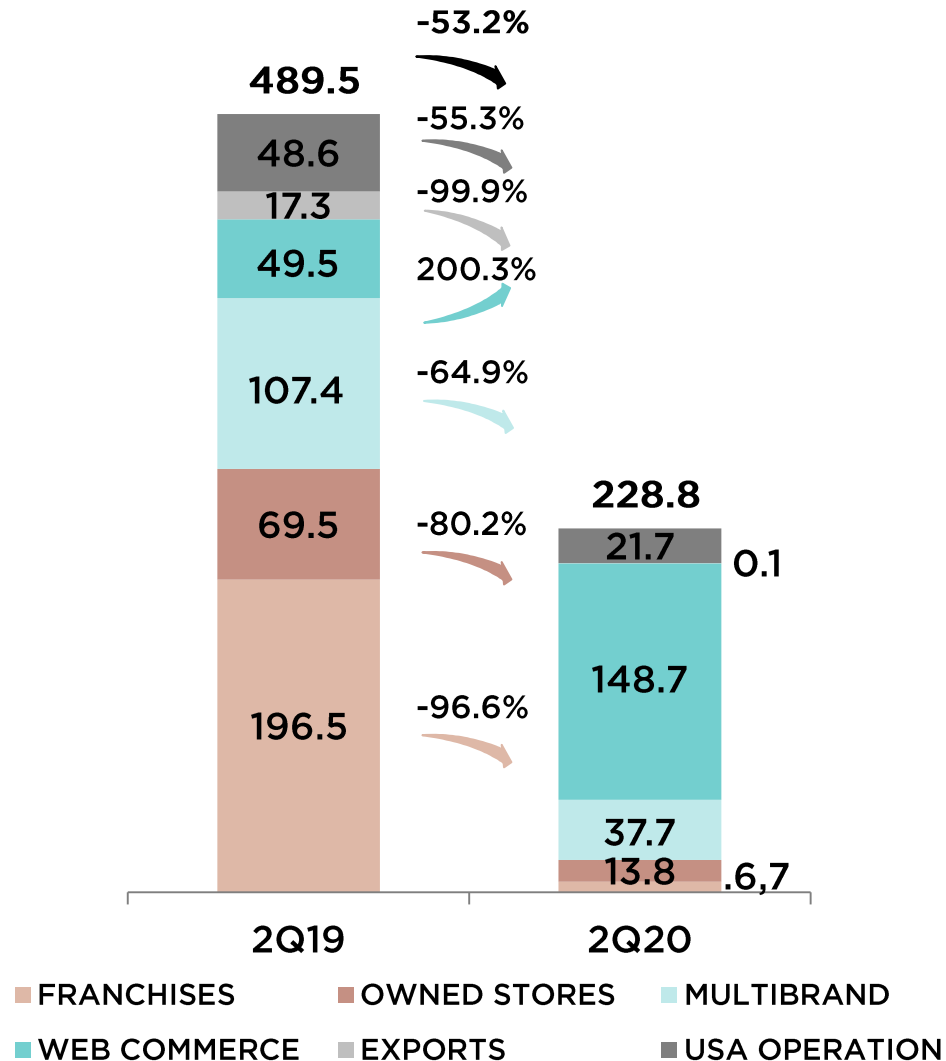
2Q20 FINANCIAL RESULTS

RAFAEL SACHETE

2Q20 GROSS REVENUE

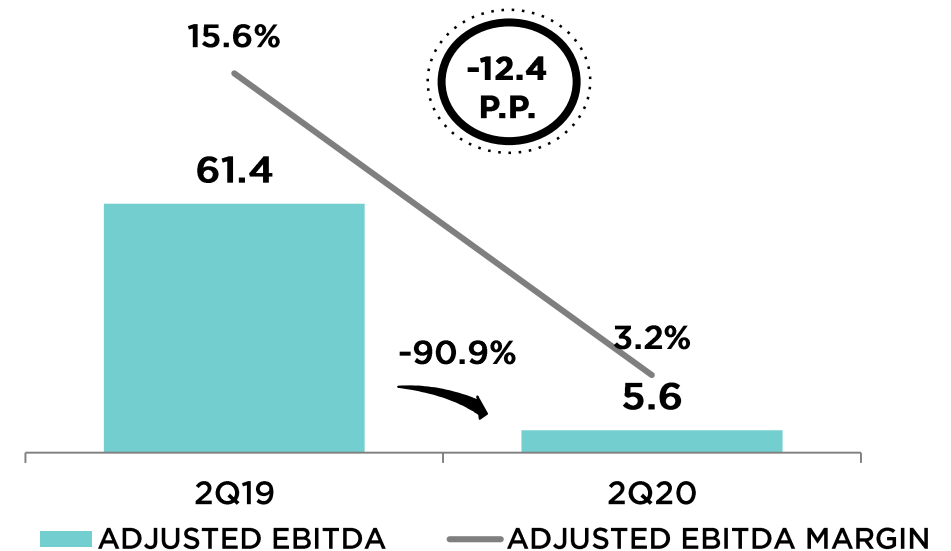
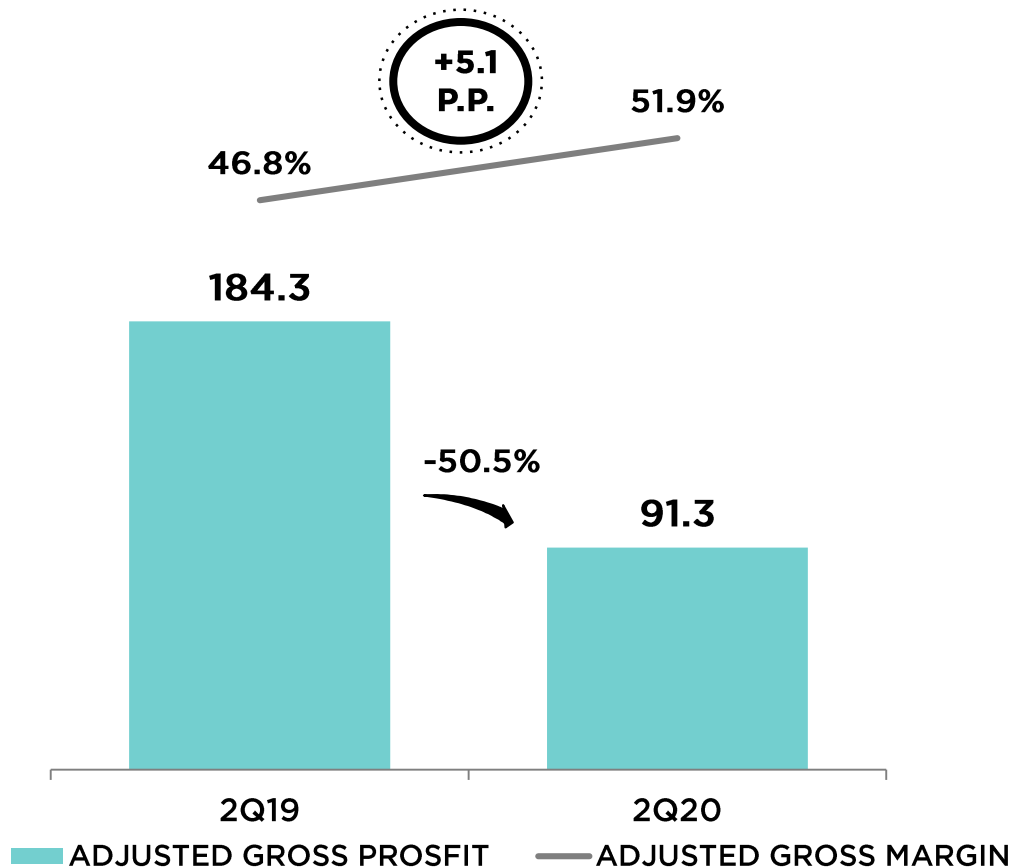
BY CHANNEL - DOMESTIC AND EXPORT MARKET

(R\$ MILLION)



- **RECORD-BREAKING GROWTH IN WEB COMMERCE OF 200.3%**
 - **3X THE VOLUME** SOLD IN 2019
- **SELL-IN (FRANCHISES AND MULTI-BRANDS) IMPACTED BY PREVENTIVE ORDER CANCELLATIONS IN 1Q20**
- 2Q20 GROSS REVENUE WAS R\$228.8 MILLION, **46.8% OF THE 2Q19 FIGURE**;
- DECREASES IN THE DOMESTIC MARKET BY 51.1% AND EXPORT MARKET BY 67.0%
- **643** STORES CURRENTLY OPEN (88% OF THE NETWORK)
 - **JULY:** AVERAGE REVENUE OF **50%** COMPARED TO 2019
 - **AUGUST:** **63%** COMPARED TO 2019

ADJUSTED GROSS PROFIT AND EBITDA - 2Q20



- HIGHER SHARE OF THE WEB COMMERCE CHANNEL IN THE REVENUE MIX, ACCOUNTING FOR 71.8% OF REVENUE;
- GROWTH OF 200.3% IN THE ONLINE CHANNEL, WHICH HAS HIGHER GROSS MARGINS (SELL-OUT SALE);
- DECREASE OF 85.4% IN SELL-IN CHANNELS (MULTI-BRANDS AND FRANCHISES).

- STRUCTURAL DECREASE IN EXPENSES, IN BRAZIL AND THE US (TO BE MAINTAINED IN THE FOLLOWING QUARTERS);
- VANS BREAK-EVEN IN BRAZIL.

KEY FINANCIAL INDICATORS 2Q20

KEY FINANCIAL INDICATORS	2Q20	NON RECURRENT ADJ.	2Q20 (ADJUSTED)	2Q19 (ADJUSTED)	Δ (%) 20 X 19 ADJ.
GROSS REVENUES	228.849	4.671	233.520	489.482	(52,3%)
NET REVENUES	154.443	21.547	175.990	393.546	(55,3%)
COGS	(74.283)	(10.396)	(84.679)	(209.215)	(59,5%)
D&A (COST)	(817)		(817)	(743)	10,0%
GROSS PROFIT	80.160		91.311	184.331	(50,5%)
GROSS MARGIN	51,9%		51,9%	46,8%	5,1 P.P
SG&A	(171.328)	66.502	(104.826)	(142.801)	(26,6%)
% OF NET REVENUES	(110,9%)		(59,6%)	(36,3%)	(23,3 P.P)
SELLING EXPENSES	(118.765)	56.797	(61.968)	(84.011)	(26,2%)
OWNED STORES AND WEB COMM.	(31.401)	4.879	(26.522)	(29.009)	(8,6%)
SELLING, LOGISTICS AND SUPPLY	(87.364)	51.917	(35.447)	(55.002)	(35,6%)
GENERAL AND ADM. EXPENSES	(33.793)	9.011	(24.782)	(37.842)	(34,5%)
OTHER OPER. REVENUES (EXPENSES)	(514)	694	180	(1.822)	(109,9%)
D&A (EXPENSES)	(18.256)		(18.256)	(19.125)	(4,5%)
EBITDA	(72.095)		5.558	61.398	(90,9%)
EBITDA MARGIN	-46,7%		3,2%	15,6%	(12,4 P.P)
NET INCOME	(82.299)		(31.048)	35.558	(187,3%)
NET MARGIN	(53,3%)		(17,6%)	9,0%	(26,6 P.P)

CONTINUED EFFORT TO PRESERVE CASH AND REDUCE EXPENSES

FOR 2Q20, WE IMPLEMENTED ACTIONS THAT RESULTED IN A DECREASE OF 30.0% IN SG&A VS. 2Q19

- SELLING, LOGISTICS AND SUPPLY EXPENSES
 - 63.6% DECREASE IN US (EQUIVALENT TO R \$ 12.2 MILLION)
 - 47.4% DECREASE IN BRAZIL, TOTALING R\$28.9 MILLION (EX-VANS).
- GENERAL AND ADMINISTRATIVE EXPENSES
 - DECREASE OF R\$13.0 MILLION (-34.5%).

NON RECURRING EVENTS 2Q20

IMPACT ON EBITDA

US OPERATIONS:

EVENT	AMOUNT (MILLION)	CASH EFFECT	IMPACT
ASSET WRITE-OFF	(R\$16,6)		SG&A
BUY OUT (RESCISSION)	(R\$14,8)	✓	SG&A
TERMINATIONS (PEOPLE)	(R\$5,6)	✓	SG&A
PDA	(R\$3,8)		SG&A
DISCOUNTS	(R\$1,3)	✓	GROSS PROFIT
TOTAL NORTH-AMERICAN OPERATIONS (R\$42.1)			

BRAZIL OPERATIONS:

EVENT	AMOUNT (MILLION)	CASH EFFECT	IMPACT
FRANCHISEES AID FUND	(R\$19,0)		SG&A
TERMINATIONS	(R\$12,4)	✓	SG&A
RETURNS	(R\$6,6)	PARTIAL	GROSS PROFIT
PDA	(R\$6,1)		SG&A
DISCOUNTS	(R\$3,7)	✓	GROSS REVENUE
ASSETS WRITE-OFF	(R\$3,0)		SG&A
EXTEMPORANEOUS TAX CREDITS	R\$15,2		SG&A
TOTAL BRAZILIAN OPERATIONS		(R\$35.6)	

TOTAL ONE-OFFS:
- R\$77.7 MILLION

CONTINUED EFFORT TO PRESERVE CASH IS SHOWING FIRST RESULTS

R\$12.4
MILLION

NET CASH POSITION IN JULY

- NET DEBT 2Q20: R\$35.7 MM
- JULY: POSITIVE NET CASH

104%

NON-DEFAULT RATE IN JULY

- 104% OF AMOUNTS PROVISIONED IN THE CASH FLOW FOR JULY WERE RECEIVED;
- 92% IN 2Q20

< CDI
+2%

COST OF DEBT CONTRACTED BEFORE COVID-19

- AVERAGE INTEREST RATE BELOW CDI + 2% P.A., WITH AVERAGE TERM OF 18 MONTHS

MAIN INITIATIVES TO PRESERVE CASH

- FOCUS ON NETWORK MANAGEMENT (SUPPLIERS AND FRANCHISEES)
- RENEGOTIATION OF DEADLINES AND CREATION OF A FRANCHISEE AID FUND
- EXPENSE REDUCTION AND INCREASED PROVISIONS
- CUSTOMER CREDIT CONTROL

HIGHLIGHTS

OF JULY

PERFORMANCE RECOVERY VS. 2019

JULY SAW DELIVERY OF SAME REVENUE LEVEL AS 2019

101%
(172 MM)

OF 2019 CONSOLIDATED
REVENUE

+42%

EBITDA GROWTH
VS. 2019

R\$
35MM

CASH GENERATION
IN JULY

+198%

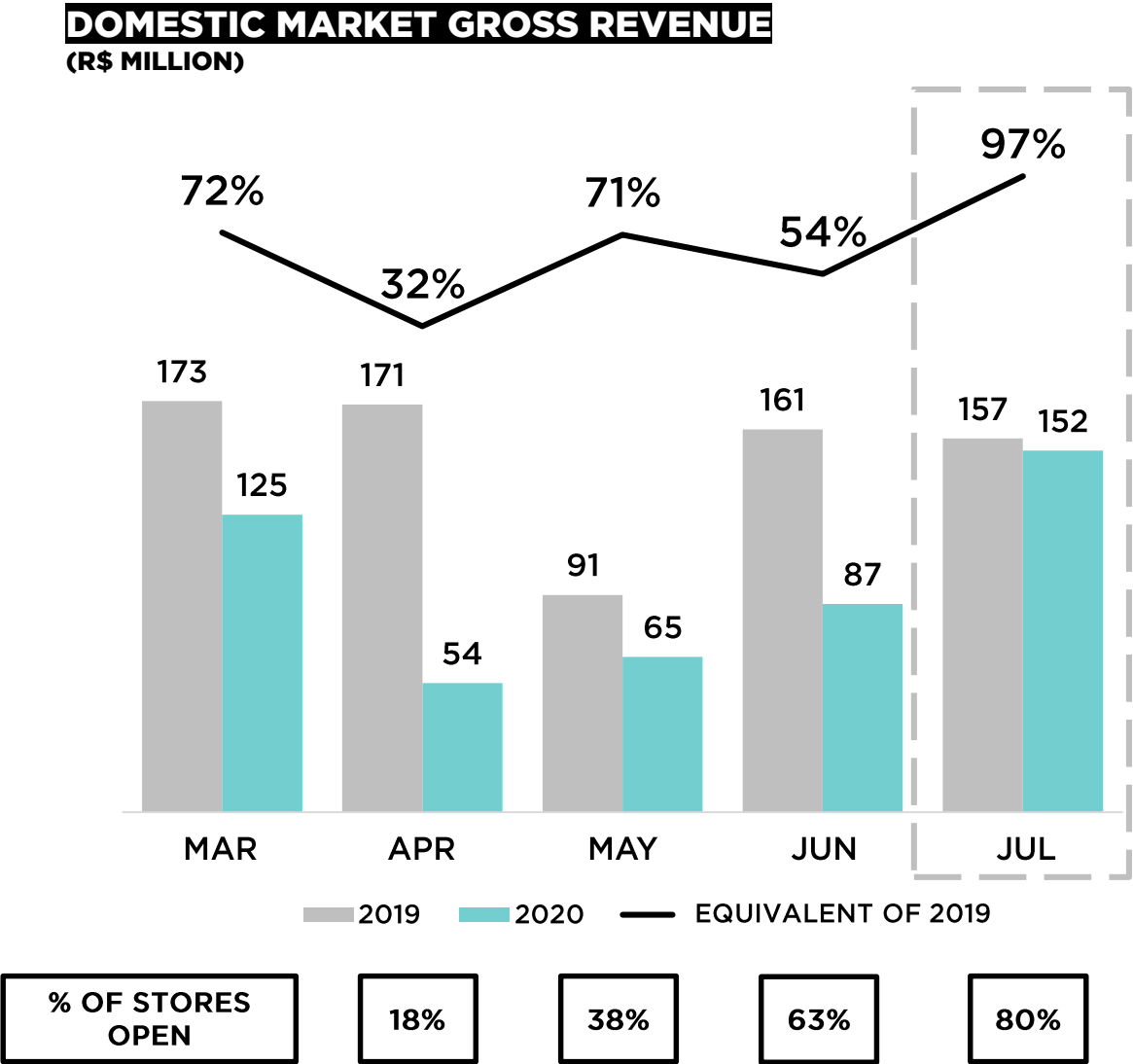
GROWTH OF
WEB COMMERCE

R\$
244MM

SELL-IN
ORDERS

72%

SELL-IN REVENUES
VS 2019



Q&A

CLOSING

REMARKS

**Great
Place
To
Work®**

CERTIFICATED

10/08/2020 - 10/08/2021

BRASIL

**AREZZO
&CO**

A REASON TO CELEBRATE!

**WE RECEIVED THE GPTW CERTIFICATION, QUALIFYING US AS
ONE OF THE BEST PLACES TO WORK IN BRAZIL!**

**FOR 3 YEARS, AREZZO&CO HAS
BEEN CONDUCTING THE GPTW
SURVEY WITH THE PURPOSE OF
LISTENING TO EMPLOYEES AND
BETTER UNDERSTANDING ITS
WORK ENVIRONMENT.**

**IN 2020, DESPITE THE MANY
CHALLENGES IMPOSED BY THE
PANDEMIC, WE WERE ABLE TO
ACHIEVE THIS MAJOR MILESTONE!**

**SOMOS
ORGULHO
SOMOS
GPTW**

THANK YOU
#TOWARDS2154