

EARNINGS CONFERENCE CALL 2Q 2023

AREZZO
& CO



AREZZO

SCHUTZ

ANACAPRI

ALEXANDRE
BIRMAN

ALME

VANS
"OFF THE WALL"

Reserva

Baw®

TROC

CAROL BASSI

Vicenza)

PARIS TEXAS

CALL AGENDA

1. HIGHLIGHTS
2. BRANDS AND CHANNELS HIGHLIGHTS
3. FINANCIAL HIGHLIGHTS
4. Q&A

DISCLAIMER

Statements regarding future prospects for the Company's businesses and projections of operating and financial results are mere estimates and projections and, as such, are subject to various risks and uncertainties, including, among others, market conditions, national economic performance and international market in general and the sector in which the Company operates. Such risks and uncertainties cannot be controlled or sufficiently foreseen by the Company's management and may significantly affect its perspectives, estimates and projections.

Statements about future prospects, projections and estimates do not represent and should not be construed as guarantees of performance. The operating information contained herein, as well as information not derived directly from the financial statements, was not audited or subject to special review by the Company's independent auditors and may involve assumptions and estimates adopted by management, which may be subject to change.

MESSAGE FROM MANAGEMENT

- ONGOING ABILITY TO MANAGE THE BRAND PORTFOLIO AND COMMERCIAL CALENDAR, WHICH, COUPLED WITH OUR ABILITY TO EXECUTE, RESULTED IN **SOLID AND CONSISTENT GROWTH**;
- **RECORD SALES ON MOTHER'S DAY**. ALL BRANDS BEAT 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 EFFECTIVENESS MAKING THE BRANDS ACHIEVE THEIR GOALS;
- **RECORD REVENUE IN A SECOND QUARTER: R\$1.4 BILLION** (+21.6% VS 2Q22 AND +100.8% VS 2Q21). WITH 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**;
- IN THE INTERNATIONAL MARKET, EVEN IN THE FACE OF A CHALLENGING EXTERNAL SCENARIO, THE SCHUTZ AND ALEXANDRE BIRMAN BRANDS SHOWED AN EVOLUTION OF **FULL-PRICE SALES** IN E-COMMERCE WITH A GROSS MARGIN ABOVE LAST YEAR;
- **STRENGTHENING OF THE RETAIL CHANNEL** (+20.5% IN 2Q23) MAINLY DRIVEN BY THE NEW SCHUTZ STORE IN NEW YORK, ON BROADWAY.
- PERFORMANCE OF THE WHOLESALE CHANNEL IN LINE WITH THE RETRACTION OF DEPARTMENT STORES OBSERVED IN THE US MARKET;

MESSAGE FROM MANAGEMENT

- THE SELL-IN CARRIED OUT DURING THE SECOND QUARTER, WHICH WILL HAVE AN IMPACT ON THE SECOND HALF OF THE YEAR, IS ALREADY SHOWING **SIGNS OF IMPROVEMENT**;
- **QUICK ABILITY TO ADAPT TO THE EXTERNAL SCENARIO**, AND AGILITY TO ADJUST OUR PLANS WHEN WE SEE A BETTER WAY FORWARD;
- WE MADE STRUCTURAL CHANGES, AMONG THEM, THE REDUCTION OF THE BRAND PORTFOLIO, FOCUSING ONLY ON THE AB+ PUBLIC, AND THE RESTRUCTURING OF CORPORATE SUPPORT AREAS, RESULTING IN THE DILUTION OF OUR FIXED COSTS AS A PERCENTAGE OF REVENUE, THUS GENERATING AN **IMPROVEMENT IN OPERATIONAL EFFICIENCY AND HIGHER PROFITABILITY** IN THE PERIOD.

ALEXANDRE BIRMAN | CEO E CCO AREZZO&CO

HIGHLIGHTS

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RESULTS 2Q23

+22%

GROWTH OF
GROSS REVENUE
VS 2Q22

GROSS REVENUES

R\$1.4B

21.6% VS 2Q22

IN THE FIRST HALF OF 2023,
THE COMPANY REPORTED
22.5% GROWTH VS 1H22



NET INCOME

R\$114M RECURRING NET
INCOME

ROIC

26.3% RECURRING ROIC IN
THE PERIOD

VOLUME

7.2M OF PRODUCTS SOLD

+10,6% VS 2Q22, INCLUDING
4.4M PAIRS OF SHOES, 2.1M PIECES
OF CLOTHES AND 760K HANDBAGS



GROSS MARGIN

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

EBITDA

R\$198M IN RECURRING
EBITDA (**+22,1%** VS 2Q22), AND
RECURRING EBITDA MARGIN OF
17.5%



DTC SELL OUT

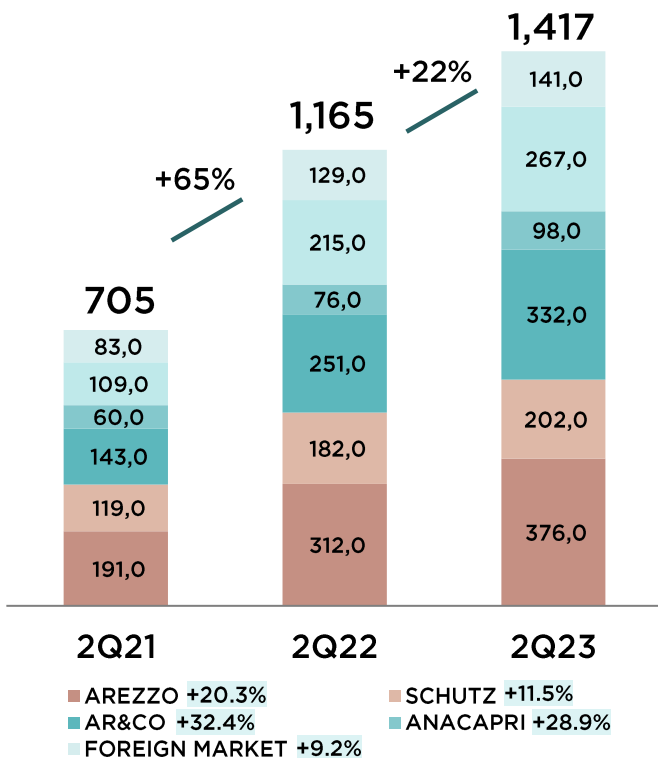
R\$1.2B

(FRANCHISES, WEB AND OWNED
STORES)

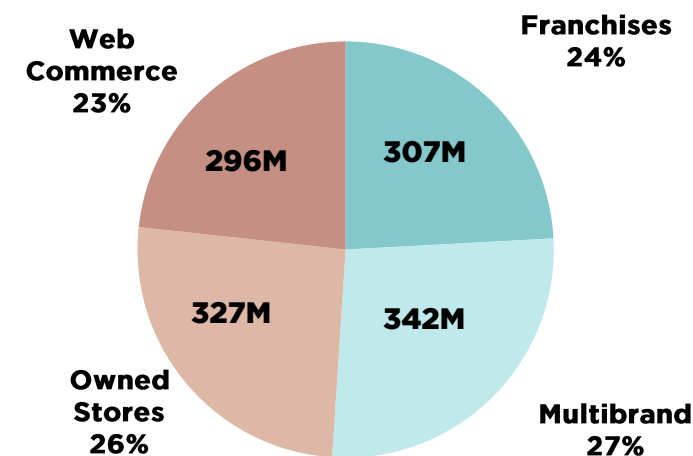
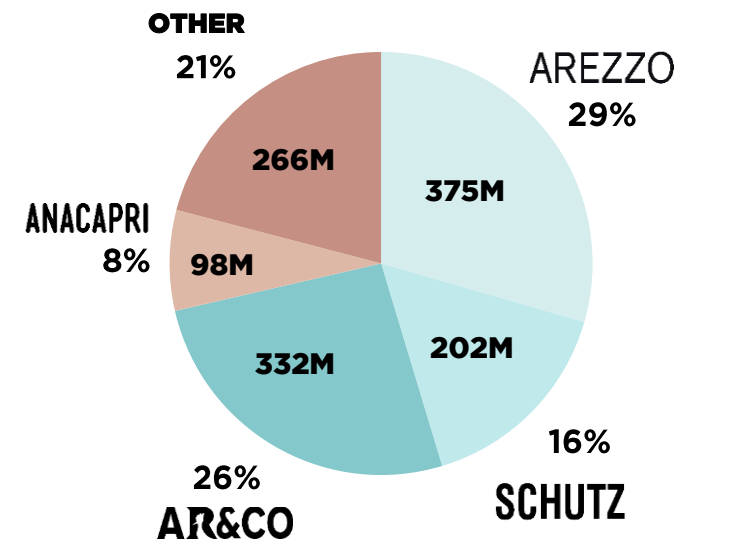
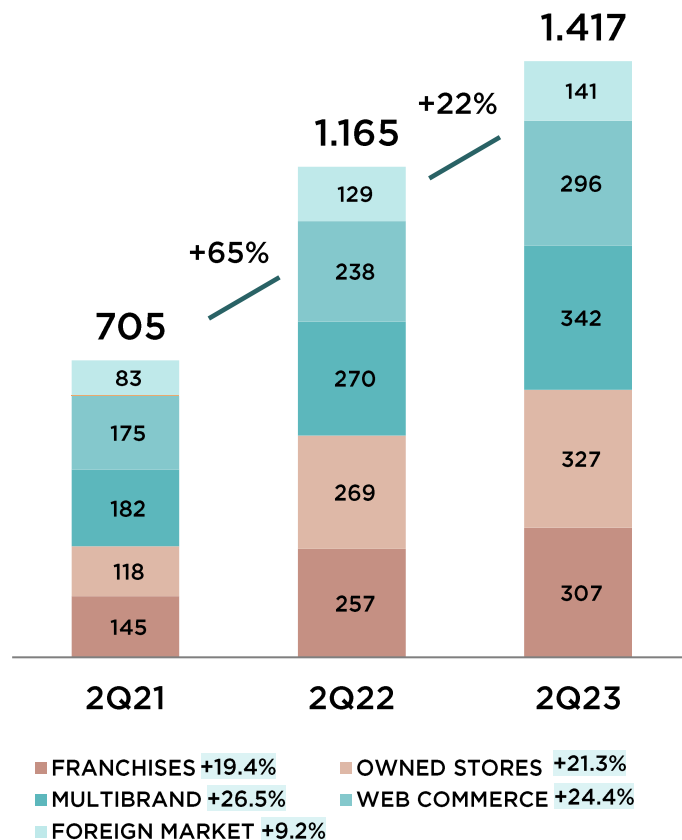
GROWTH OF **14.7%** VS 2Q22

GROSS REVENUES | DOMESTIC MARKET

GROSS REVENUE BY BRAND
(R\$ M)



GROSS REVENUE BY CHANNEL
(R\$ M)





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BRANDS AND CHANNELS HIGHLIGHTS

ALEXANDRE BIRMAN | PEPITTA FAMILY

HIGHLIGHTS

BRANDS AND CHANNELS



AREZZO

2Q23

- REVENUES: **R\$ 376M**
- GROWTH: **+20,3%**
- % WEB / SELL OUT: **16,6%**
- % OMNI-TO-WEB: **29,3%**



SCHUTZ

2Q23

- GLOBAL REVENUES: **R\$ 273M**
- BRAZIL REVENUES: **R\$ 202M**
- BRAZIL GROWTH: **+11,5%**
- % WEB / SELL OUT (DTC): **33,0%**
- % OMNI-TO-WEB: **20,8%**



ANACAPRI

2Q23

- REVENUES: **R\$ 98M**
- GROWTH: **28,9%**
- % WEB / SELL OUT: **15,5%**
- % OMNI-TO-WEB: **16,7%**



ALEXANDRE BIRMAN

2Q23

- GLOBAL REVENUES: **R\$ 63MM**
- BRAZIL REVENUES: **R\$ 42MM**
- BRAZIL GROWTH: **+34,0%**
- % WEB / SELL OUT (DTC): **24,6%**
- % OMNI-TO-WEB: **51,3%**



AR&CO

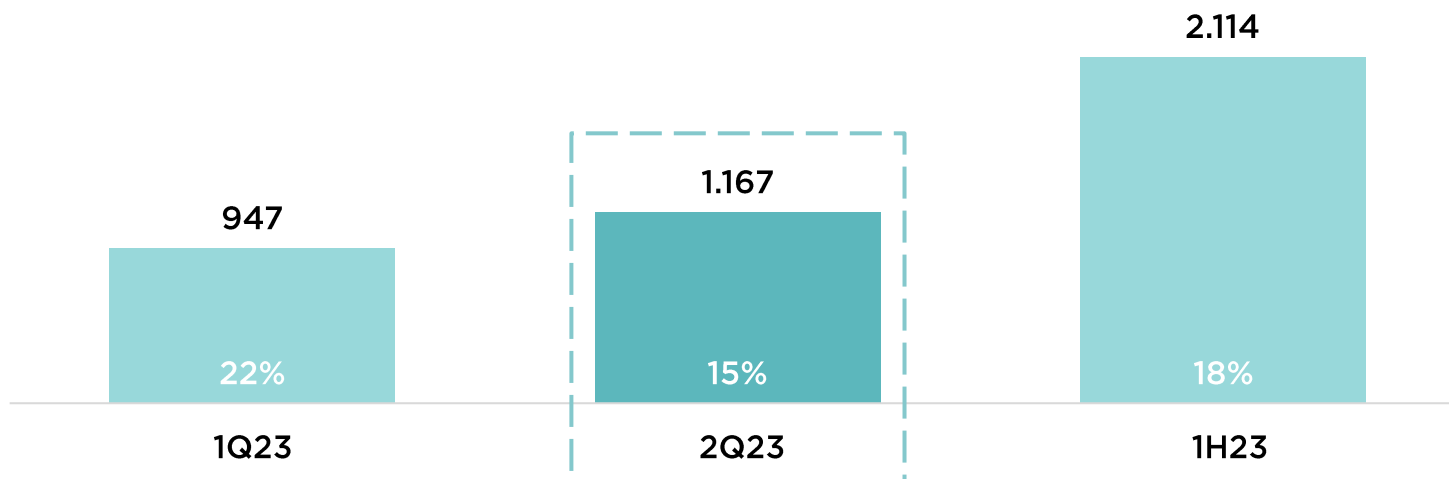
2Q23

- REVENUES: **R\$ 332M**
- GROWTH: **+32,4%**
- % WEB / SELL OUT: **32,8%**
- % OMNI-TO-WEB: **56,6%**

EXPRESSIVE GROWTH OF SELL OUT

OWNED STORES + WEB COMMERCE

+ R\$ 149 MILLION SELL OUT VS 2Q22



+15% OVER A 63% COMPARISON BASE

14.7%

OF GROWTH IN
2Q23 VS 2Q22

R\$ 1.2BI

DTC SELL OUT 2Q23

+35,7%

IN AR&CO GROUP

+30,9%

IN ALEXANDRE BIRMAN BRAND

EXPRESSIVE GROWTH ON ALL SELL OUT CHANNELS

MONOBRAND

FRANCHISES: **R\$307M** (+19,4% VS 2Q22) AND **R\$605M** IN 1H23

OWNED STORES: **R\$327M** (+21,3% VS 2Q22) AND **R\$579M** IN 1H23

- MONOBRANDS CHANNEL'S GROWTH OF 20,4% IN 2Q23.
- 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.

MULTIBRANDS

R\$342M (+26,5% VS 2Q22) AND **R\$ 678M** IN 1H23

- ALL THE GROUP'S BRANDS GREW, EMPHASIZING THE VANS (43.9%) AND AREZZO (24.0%) BRANDS.
- THE COMPANY'S BRANDS WERE DISTRIBUTED THROUGH 7,754 POINTS OF SALE (WITHOUT OVERLAP)

OMNICHANNEL HIGHLIGHTS

WEB COMMERCE SALES

TOTAL REVENUES: **R\$296M** (+24,4% VS 2Q22)

TOTAL TRAFFIC: **78M** (11,8% VS 2Q22)

TOTAL REVENUE FROM APPS: **R\$78M** (+36,0% VS 2Q22)

TOTAL APP SHARE OF REVENUES: **28,2%**

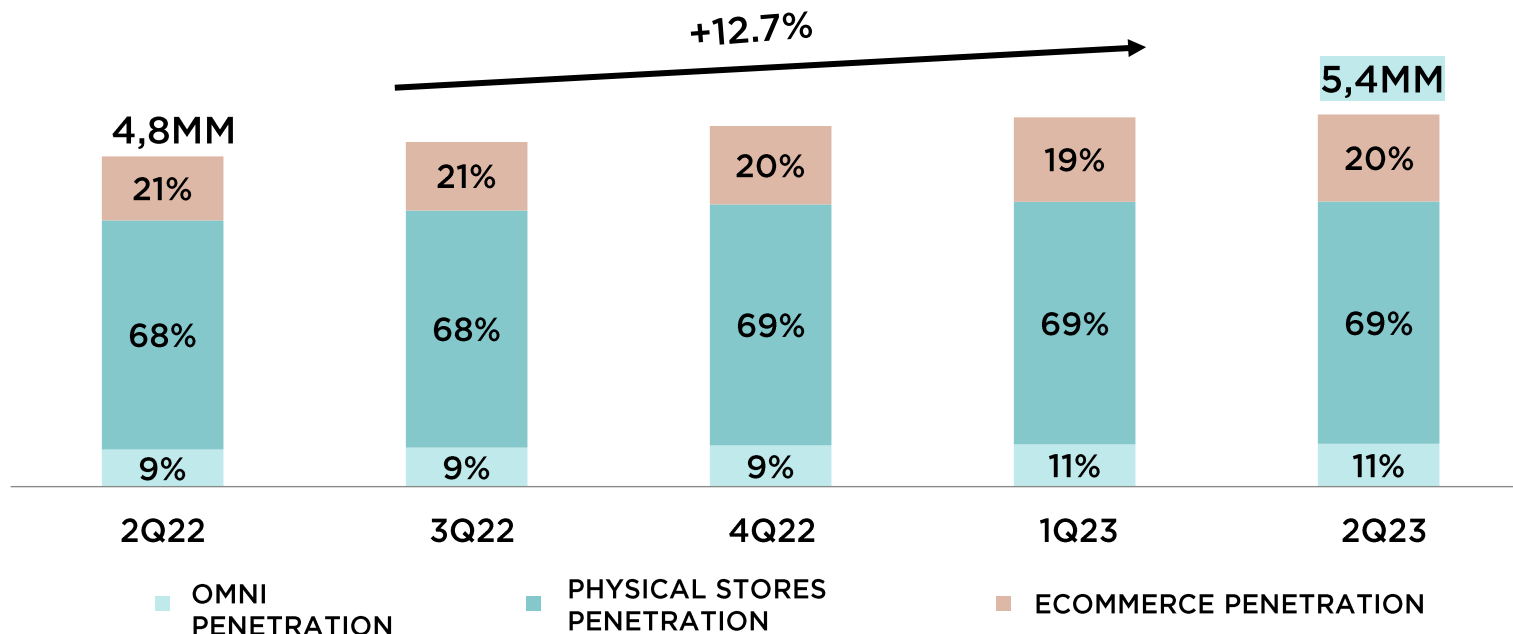
WEB COMMERCE TICKETS: **+36,2%** VS 2Q22

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CLIENTS

ACTIVE BASE COSTUMERS: **5.4M**



- **11,5%** OF CUSTOMERS ARE OMNICHANNEL (PURCHASES FROM PHYSICAL STORES AND ONLINE)
- **19%** OF THE ACTIVE BASE WAS REPRESENTED BY NEW CUSTOMERS ACQUISITION, **22%** BY RETAINED CUSTOMERS AND **9%** BY REACTIVE CUSTOMERS
- **34,9%** OF AREZZO&CO'S CUSTOMERS PURCHASES ONLINE
- **+14,9%** OF OMNI CUSTOMERS AND THAT AND RESULTED IN A REVENUE INCREASE OF **+21,7%**

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**FINANCIAL
HIGHLIGHTS**

ANACAPRI | JULIETTE

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)

HIGHLIGHTS

- **SOLID GROWTH OF 21,6%**
- **RECURRING GROSS MARGIN: -110BPS**
 - STRONG COMPARISON BASE (56,0%)
 - 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 EBITDA MARGIN: +30BPS**
 - POSITIVELY IMPACTED BY THE CONSISTENT GROWTH OF ALL BRANDS AND CHANNELS OF THE GROUP AND THE DILUTION OF SG&A AS A PERCENTAGE OF REVENUE
- **RECURRING MARGIN NET: -300BPS**
 - NEGATIVELY IMPACTED BY THE FINANCIAL RESULTS AND THE EXCHANGE RATE VARIATION IN THE PERIOD.

SG&A

FIXED, VARIABLE AND EVENTUAL EXPENSES

- THE COMPANY'S EXPENSES - EXCLUDING DEPRECIATION AND AMORTIZATION - TOTALED **R\$ 425 MILLION**, AN INCREASE OF 15.6% VS 2Q22
- SG&A INCREASE BELOW THE GROSS REVENUE GROWTH OF 21.6%.
- FIXED EXPENSES **DECREASED BY 90BPS** VS. 2Q22 AS A PERCENTAGE OF NET REVENUE - **FROM 17.7% TO 16.8%**.

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%

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

- CLOSURE OF OPERATIONS AND LAYOFFS:**
RESTRUCTURING OF THE CORPORATE TEAM 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.
- M&A EXPENSES:**
CONSULTANCIES, EXTERNAL AUDITS, AND LAWYERS.
- LOGISTICS EXPENSES:**
EXTRA EXPENSES RELATED TO THE CARIACICA - ES DC RELOCATION ON THE LEASE AND PEOPLE FRONTS.
- EXTEMPORANEOUS CREDITS AND LEGAL EXPENSES:**
INCOME FROM THE RECOGNITION OF TAX CREDITS AND LEGAL EXPENSES REFER TO OBTAINING SUCH CREDITS (LAWYERS)

ROIC

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.

- **RECURRING ROIC OF 26,3% IN THE QUARTER;**
- 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.

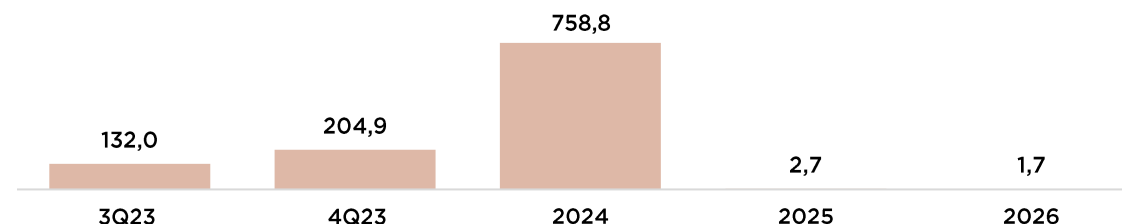
CASH AND DEBT POSITION

- 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

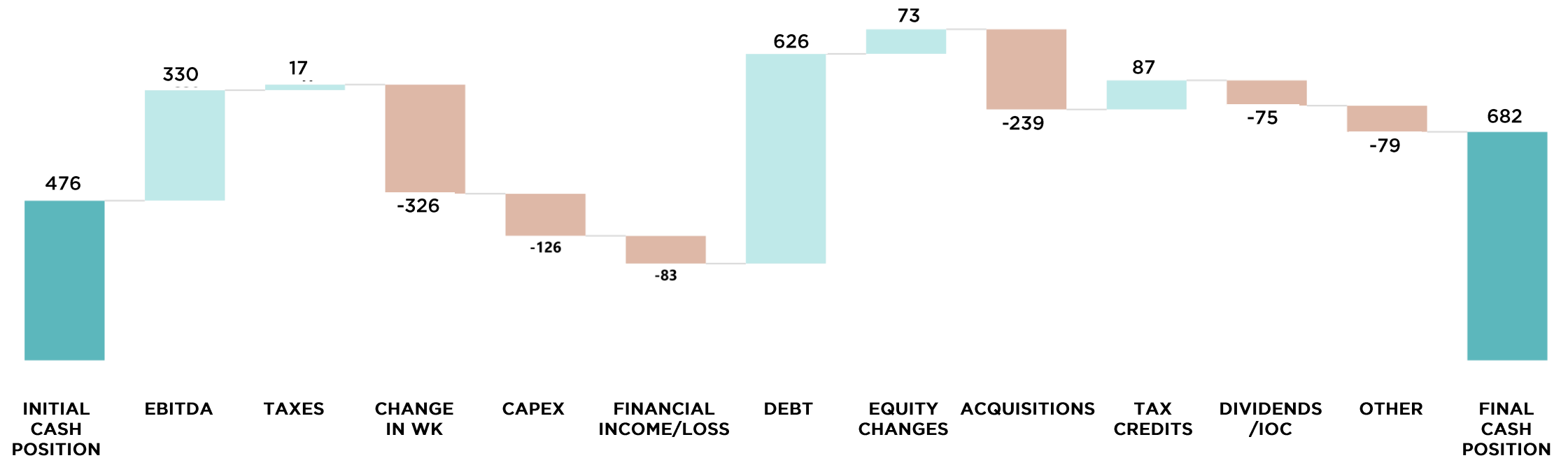
DEBT MATURITY SCHEDULE WITH INTEREST UNTIL 06/31/2023

(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.

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Q&A

CORE BRANDS

AREZZO

SCHUTZ

ANACAPRI

ALEXANDRE
BIRMAN

ALME



CORE BRANDS

AREZZO AND SCHUTZ



SOLID GROWTH OF +20,3% VS 2022

VS STRONG COMPARISON BASE: +63,9%

HIGHLIGHT FOR THE GROWTH OF MULTIBRAND CHANNEL (24,0%)
AND FRANCHISES (+17,8%)

MOTHERS DAY RESULTED IN RECORD SALES FOR THE BRAND IN
THE PERIOD

MY TURN CAMPAIGN WITH THE GLOBAL MODEL GISELE BUNDCHEN,
IN ADDITION TO OTHER ACTIVATIONS FOR THE DATE



GROWTH OF +11,5% IN BRAZIL VS 2022

VS STRONG COMPARISON BASE: +52,5%

RECORD SALES ON THA SATURDAY BEFORE MOTHERS DAY

MORE THAN 1.200 MULTIBRAND CUSTOMERS

HIGHLIGHT FOR THE ONLINE CHANNEL THAT ALREADY
REPRESENTS 25% OF THE BRAND SALES

CORE BRANDS

ANACAPRI, ALEXANDRE BIRMAN AND ALME



GROWTH OF +28,9% VS 2Q22

HIGHLIGHT FOR THE FRANCHISE CHANNEL THAT REPRESENTED 43,3% OF THE REVENUE AND RECORDED A GROWTH OF 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

GROWTH OF +34,0% IN BRAZIL

THE BRAND RECORDED GROWTH IN ALL SALES CHANNELS

HIGHLIGHT FOR THE ONLINE CHANNEL WHICH ACHIEVED A 73.4% EXPANSION IN THE PERIOD.

LAUNCH OF THE NEW SNEAKER CARBON NEUTRAL - HIGHLIGHT IN SALES IN THE PERIOD.

LAUNCH OF THE ECOBAMBU MATERIAL, a TECHNOLOGICAL LAMINATE OF NATURAL AND RENEWABLE ORIGIN

ACQUIRED BRANDS

Reserva

**Reserva
mini**

ReservaGo

Oficina
RESERVA

Baw

VANS

CAROL BASSI



ACQUIRED BRANDS

RESERVA AND VANS



GROWTH OF +32,4% VS 2022

VS STRONG COMPARISON BASE: +75,5%

EXPANSION IN ALL SALES CHANNELS, EMPHASIZING THE ECOMMERCE (+88,8%) AND FRANCHISES (+50,9%)

ONLINE CHANNEL ALREADY REPRESENTS 28,6% OF AR&CO'S REVENUE

VALENTINE'S DAY COLLECTION RECORDED EXCELLENT RESULTS: +36,0% OF REVENUE AND +47,0% OF VOLUME VS 2Q22



GROWTH OF +22,9% VS 2022

VS STRONG COMPARISON BASE

EMPHASIZING THE MULTIBRAND CHANNEL THAT RECORDED GROWTH OF 43,9%

OPENING OF THREE NEW STORES IN SÃO PAULO

LAUNCH OF THE CAMPAIGN "CLASSICS SINCE FOREVER" THAT PAID HOMAGE TO THE BRAND'S FIVE MOST ICONIC MODELS

ACQUIRED BRANDS

CAROL BASSI, GO, MINI, OFICINA AND BAW



EXCELLENT PERFORMANCE IN THE QUARTER. HIGHLIGHT FOR THE MONTH OF MAY THAT REPRESENTED A HISTORIC MILESTONE FOR THE BRAND: R\$15M IN SALES IN A SINGLE MONTH

THE BRAND'S MOTHER'S DAY CAMPAIGN ONCE AGAIN FEATURED A COLLAB WITH MARIA RUDGE



RESERVA GO: REPRESENTED 20% OF AR&CO'S REVENUE

OFICINA: GROWTH OF 60,7% IN THE QUARTER - AS A HIGHLIGHT, THE NEW STORE AT THE JK IGUATEMI SHOPPING CENTER IN SÃO PAULO, RECORDED OVER R\$900K IN SALES IN THE FIRST MONTH

RESERVA MINI: CHILDREN'S LINE- LAUNCH IN JUNE OF THE NEW COLLECTION OF SWEATSHIRTS MR. HUG

BAW: GROWTH OF 52,1% IN 2Q23, WITH EXPANSION IN ALL SALES CHANNELS. AS A HIGHLIGHT THE BRAND LAUNCHED ITS APP AND STRENGTHENED ITS PARTNERSHIP STRATEGY WITH INFLUENCERS.

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THANK YOU!

#RUMOA2154