

EARNINGS CONFERENCE CALL 1Q23

AREZZO & CO



SCHUTZ | @HELENABORDON

CALL AGENDA

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

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.

**AREZZO
&CO**

HIGHLIGHTS

RESULTS 1Q23

+23%

GROSS REVENUE
GROWTH VS 1Q22

R\$1.3B GROSS REVENUE
(**+23.4%** VS 1Q22);

R\$947M IN SELL OUT DTC
(FRANCHISES, WEB AND OWNED
STORES) (**+22%** VS 1Q22)

5.5 MILION OF CUSTOMERS
IN THE ACTIVE BASE (**+19%**
VS 1Q22);

15% CORE BRANDS
GROWTH IN BRAZIL VS 1Q22;



R\$164M RECURRING EBITDA
(**+23%** VS 1Q22), WITH **16,0%**
RECURRING EBITDA MARGIN.

R\$73M IN RECURRING NET
INCOME, GROWTH OF **+27%** VS
1Q22.

27.2% RECURRING ROIC.

13% AREZZO BRAND
GROWTH VS 1Q22;

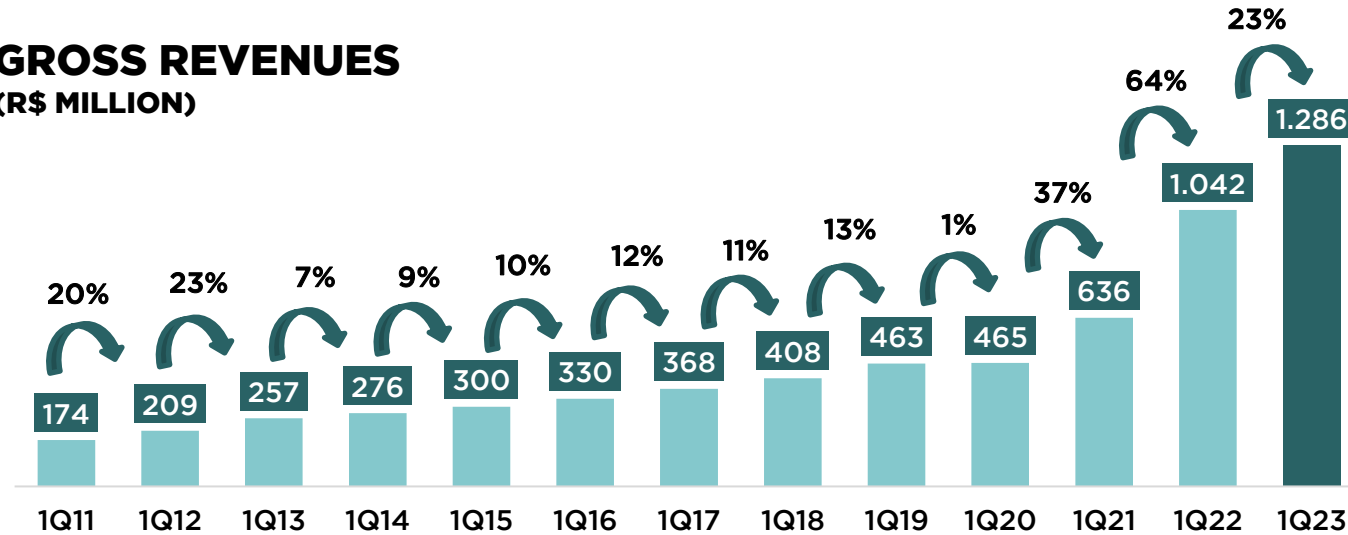
R\$287M IN AR&CO GROSS
REVENUES (**+46%** VS 1Q22);

52.4% GROSS MARGIN IN
1Q23;

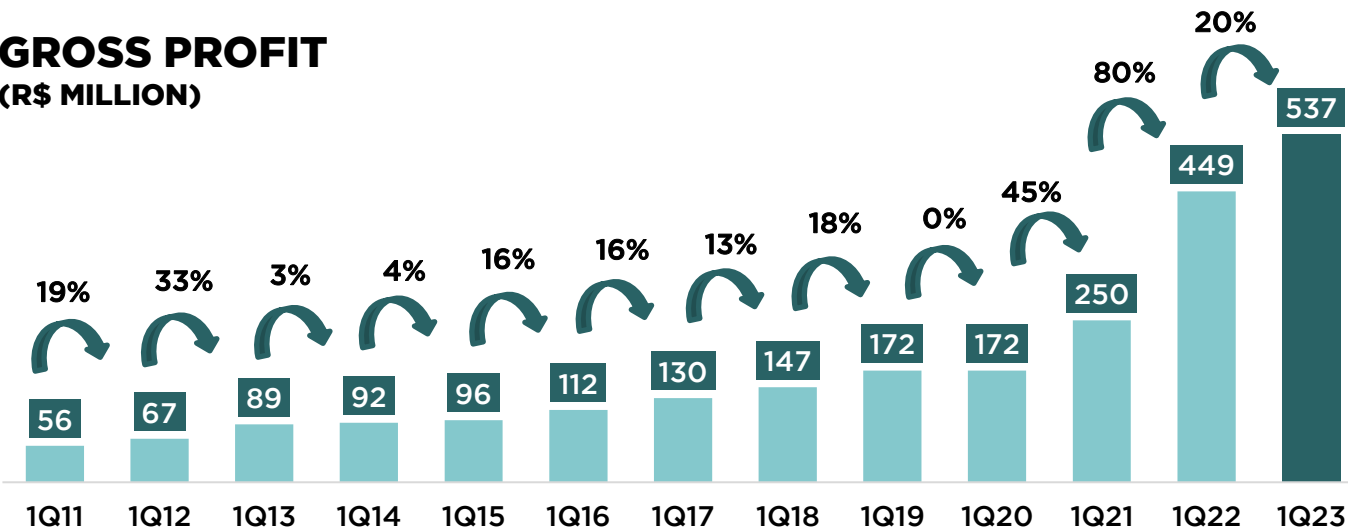


FINANCIAL AND OPERACIONAL HIGHLIGHTS

GROSS REVENUES (R\$ MILLION)



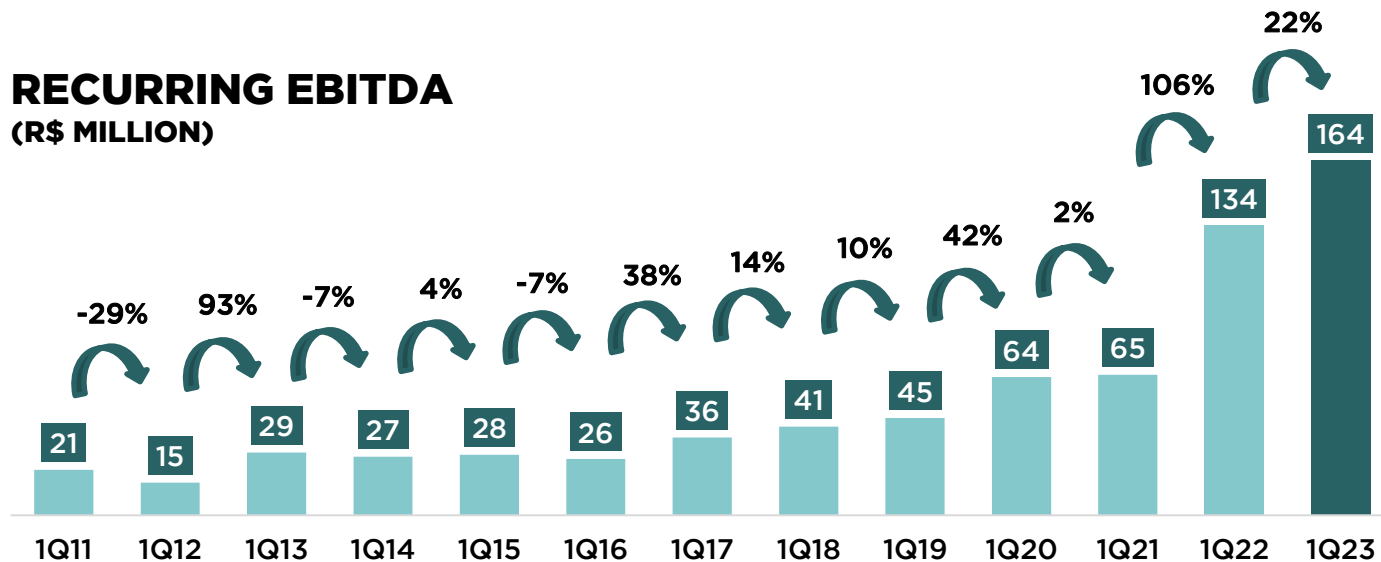
GROSS PROFIT (R\$ MILLION)



SINCE THE IPO, AREZZO&CO HAS REPORTED 50 QUARTERS, WITH 47 OF REVENUES GROWTH AND 46 OF GROSS PROFIT GROWTH

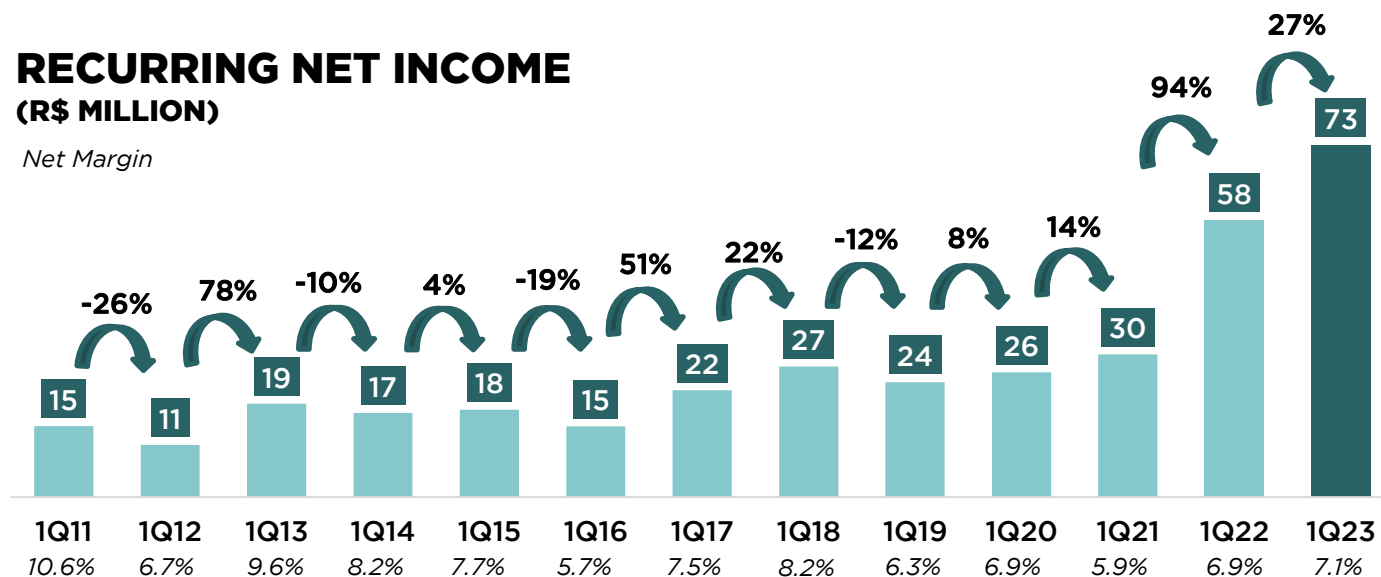
FINANCIAL AND OPERACIONAL HIGHLIGHTS

RECURRING EBITDA (R\$ MILLION)



SINCE THE IPO, AREZZO&CO HAS REPORTED 50 QUARTERS, WITH 42 OF REVENUES GROWTH, AND 39 OF GROSS PROFIT GROWTH.

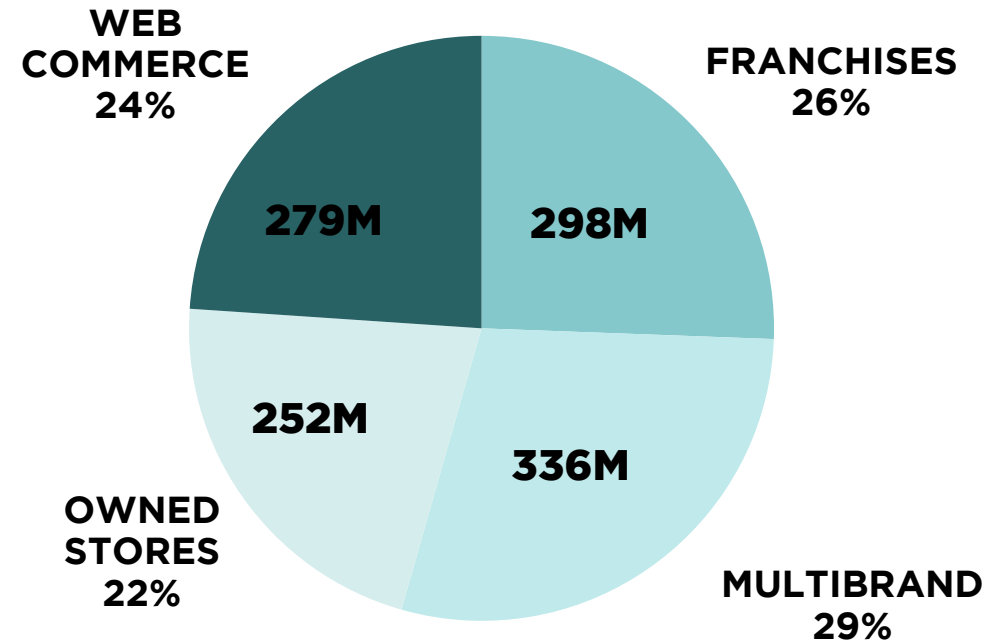
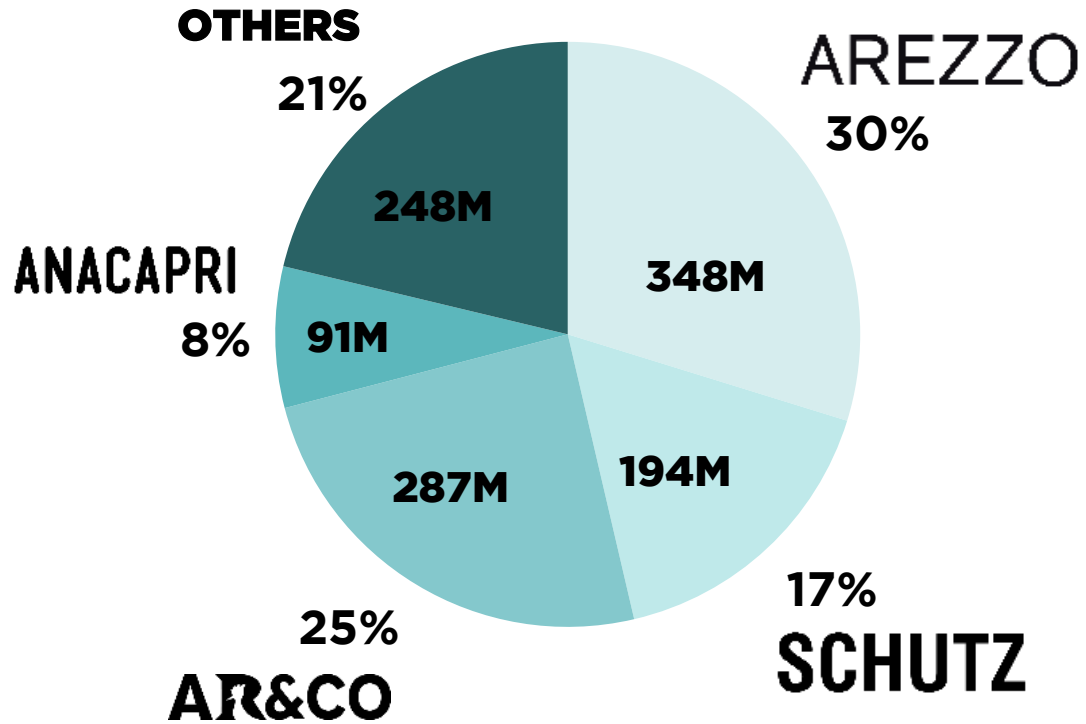
RECURRING NET INCOME (R\$ MILLION)



IN 1Q22, RECURRING NET INCOME REPRESENTED 15% OF CONSOLIDATED NET INCOME IN 2022 (R\$ 386 MILLION).

GROSS REVENUES | DOMESTIC MARKET

MULTIBRANDS AND MULTICHANNELS



**AREZZO
&CO**

BRANDS AND CHANNELS HIGHLIGHTS



HIGHLIGHTS BRANDS AND CHANNELS



AREZZO

1Q23

- REVENUES: **R\$ 348M**
- GROWTH: **+13.4%**
- % WEB / SELL OUT: **19.4%**
- % OMNI-TO-WEB: **22.1%**



SCHUTZ

1Q23

- GLOBAL REVENUES: **R\$ 272M**
- GROWTH: **+2.5%**
- BRAZIL REVENUES: **R\$ 194M**
- % WEB / SELL OUT (DTC): **40.2%**
- % OMNI-TO-WEB: **17.3%**



ANACAPRI

1Q23

- REVENUES : **R\$ 91.2M**
- GROWTH: **22.8%**
- % WEB / SELL OUT: **17.2%**
- % OMNI / WEB: **17.6%**



ALEXANDRE BIRMAN

1Q23

- GLOBAL REVENUES: **R\$ 49M**
- GROWTH: **+4.7%**
- BRAZIL REVENUES: **R\$ 28M**
- % WEB / SELL OUT (DTC): **22.5%**
- % OMNI-TO-WEB: **61.8%**



AR&CO

1Q23

- REVENUES: **R\$ 287M**
- GROWTH: **+45.8%**
- % WEB / SELL OUT: **37.6%**
- % OMNI-TO-WEB: **55.7%**

CORE BRANDS

AREZZO
SCHUTZ
ANACAPRI
ALEXANDRE
BIRMAN
ALME



CORE BRANDS

SOLID AND RESILIENT GROWTH



SOLID GROWTH OF +13.4% VS 1Q22

VS STRONG COMPARISON BASE: +37.4%

HIGHLIGHTS FOR THE GROWTH OF THE SELL OUT CHANNELS:
+41.2% IN OWNED STORES AND +21.8% IN MULTIBRAND

LAUNCH OF WINTER CAMPAIGN "MY TURN" WITH GISELE BÜNDCHEN: 22% OF SELL THROUGH AND R\$ 2M OF GROSS REVENUES IN 15 DAYS

BRIZZA: GROWTH OF 50% IN MULTIBRAND CHANNEL WITH MORE THAN 1.500 CUSTOMERS



GROWTH OF +8.6 VS 1Q22

VS STRONG COMPARISON BASE: +40.8%

HIGHLIGHTS FOR FRANCHISE CHANNEL (+17.3%) AND MULTIBRAND (+12.7%)

MORE THAN 1.200 MULTIBRAND CUSTOMERS

LAUNCH OF THE WINTER CAMPAIGN WITH THE GLOBAL MODEL CANDICE SWANEPOEL.

CORE BRANDS

ANACAPRI, ALEXANDRE BIRMAN AND ALME



ANACAPRI

R\$
91M
IN 1Q23

GROWTH +22.8% VS 1Q22

HIGHLIGHT FOR THE WEB COMMERCE CHANNEL THAT REPRESENTED 17.1% OF GROSS REVENUES AND GREW 18.3% VS 2022

WINTER CAMPAIGN LAUNCH ONCE AGAIN WITH THE CELEBRITY JULIETTE, WHO HAS RECORD-SETTING ENGAGEMENT NUMBERS ON INSTAGRAM



ALEXANDRE
BIRMAN

R\$
49M
IN 1Q23

GROWTH OF +65.5% IN BRAZIL

DOMESTIC MARKET ALREADY REPRESENTS 57.1% OF GROSS REVENUES OF THE BRAND

RELEVANT MARKET SHARE GAIN THE BRAZILIAN LUXURY MARKET



ALME

LAUNCHES ALIGNED WITH THE BRAND'S POSITIONING OF SUSTENTABILITY

SANDALS "SELVA" ("JUNGLE") - NEW FOOTWEAR CATEGORY FOR ALME, MADE FROM RAW MATERIALS WITH LOW ENVIRONMENTAL IMPACT

THIS PRODUCT REPORTED 63% OF SELL THROUGH IN THE FIRST MONTH OF SALES

BRANDS ACQUIRED

Reserva

**Reserva
mini**

ReservaGo

Oficina
RESERVA

Baw

VANS

CAROL BASSI



RESERVA GO

BRANDS ACQUIRED

RESERVA AND VANS

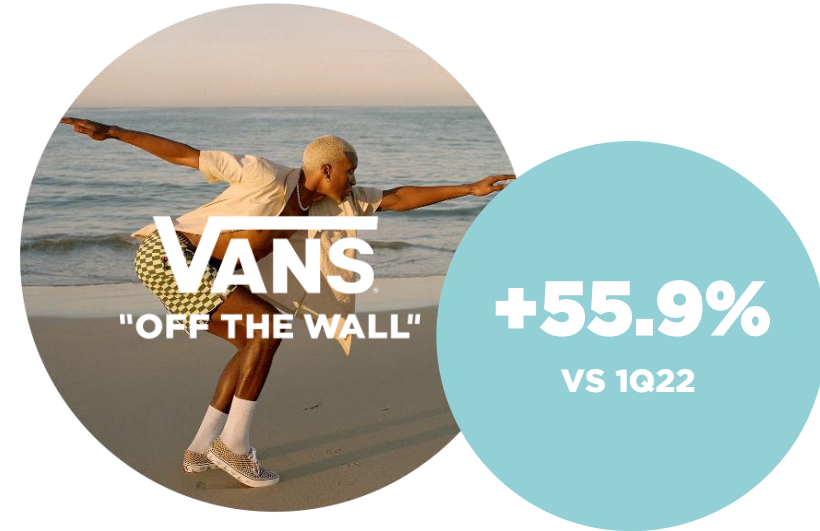


GROWTH OF +45.8% VS 1Q22

VS STRONG COMPARASION BASE: +118.3%

HIGHLIGHT FOR THE GROWTH OF MULTIBRAND (+78.0%) AND WEB COMMERCE (+65.5%) CHANNELS THAT REPRESENTS 28.5% OF BRAND'S GROSS REVENUES

LAUNCH OF PRAIA LINE: THE COLLECTION'S BEST-SELLING PRODUCTS WERE THE SHORTS TO WEAR ON THE BEACH AND IN THE CITY. BY LATE MARCH, THE PRAIA LINE HAD REACHED R\$ 2.4 MILLION OF SELL OUT



GROWTH OF +55.9% VS 1Q22

THE BRAND REPORTED GROWTH ON ALL CHANNELS - FRANCHISES, MULTIBRAND, WEB COMMERCE AND OWNED STORES

HIGHLIGHT FOR WEB COMMERCE CHANNEL THAT ALREADY REPRESENTS 22.4% OF SALES

BRANDS ACQUIRED

CAROL BASSI, GO, MINI, OFICINA AND BAW



GROWTH ON ALL CHANNELS

MULTIBRAND CHANNEL REPORTED GROWTH OF +56.2% IN 1Q23, 23.1% OF GROSS REVENUES, DEMONSTRATING CAROL BASSI'S RISING POTENCIAL ON THIS CHANNEL

LAUNCH, IN EARLY APRIL, OF ITS WINTER/FALL COLLECTION NAMED "MULHERES" ("WOMEN")



RESERVA GO: R\$ 175M OF GROSS REVENUE AT THE END OF 2022

OFICINA: R\$ 100M OF GROSS REVENUE AT THE END OF 2022

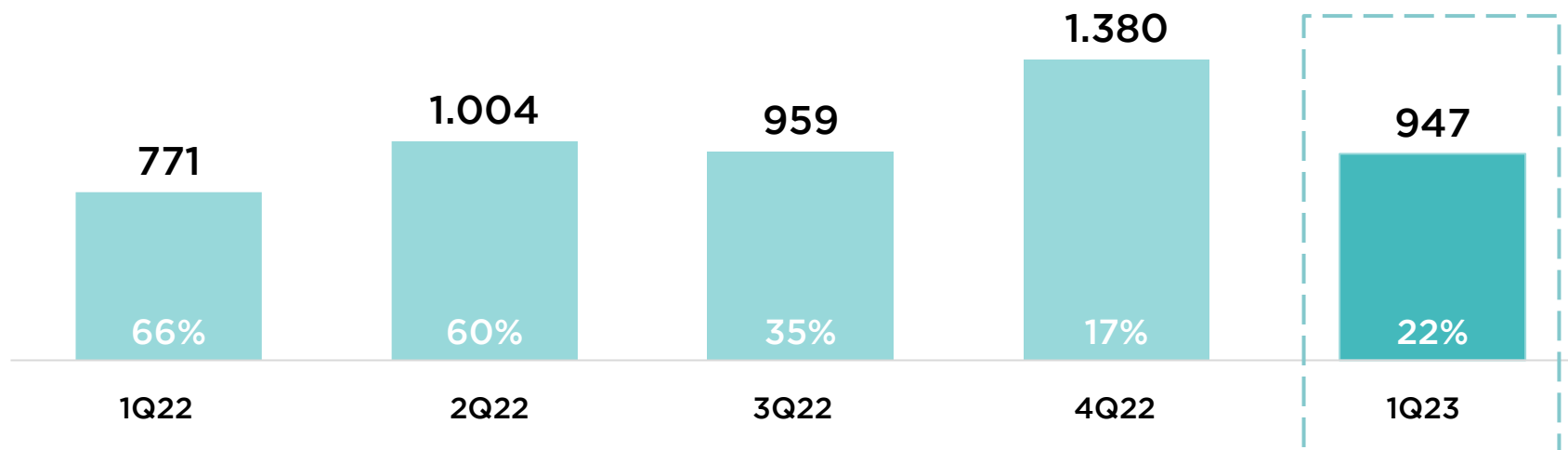
RESERVA MINI: CHILDREN'S LINE - LAUNCH IN MARCH OF THE COLLAB WITH "CAVERNA DO DRAGÃO" ("DRAGON'S CAVE")

BAW: LAUNCH OF THE COLLAB "BAW+SMILLEY" AND THE CAMPAIGN "LOGOMANIA MONOGRAM '23"

EXPRESSIVE GROWTH OF SELL OUT

OWNED STORES + WEB COMMERCE

+ R\$ 176 MILLION OF SELL OUT VS 2022



INCREASE OF 22% ON THE SAME COMPARISON BASE OF 66%

22%

GROWTH IN
1Q23 VS 1Q22

R\$ 947M

SELL OUT DTC 1Q23

+48%

IN THE VANS BRAND

+44%

IN THE AR&CO

EXPRESSIVE GROWTH ON ALL SELL OUT CHANNELS

MONOBRAND

FRANCHISES: **R\$298M** (+18% VS 1Q22) AND **R\$ 1.2B** IN LTM

OWNED STORES: **R\$252M** (+32% VS 1Q22) AND **R\$ 1.2B** IN LTM

- AREZZO'S FRANCHISES REPORTED SOLID GROWTH OF +10.0% VS 1Q22
- THE OWNED STORES CHANNEL WAS MAINLY INCREASED BY VANS, AREZZO AND ANACAPRI, WHOSE RESULTS EXCEED 1Q22'S IN, RESPECTIVELY, 57.3%, 41.1% AND 24.4%

MULTIBRANDS

R\$335M (+35% VS 1Q22) AND **R\$ 1.4B** IN LTM

- ALL OF THE GROUP'S BRANDS POSTED GROWTH, PARTICULAR EMPHASIS ON AR&CO (+84.1%), AREZZO (+21.8%) AND ANACAPRI (+20.1%)
- INCREASED REPLENISHMENT, WITH PARTICULAR EMPHASIS ON AREZZO AND SCHUTZ BRANDS

OMNICHANNEL HIGHLIGHTS

WEB COMMERCE SALES

TOTAL REVENUES: **R\$279M** (+25% VS 1Q22) AND **R\$ 1.1B** IN LTM

TOTAL TRAFFIC: **74 MILLION** (5% VS 1Q22)

TOTAL APP REVENUES: **R\$82 MILLION** (+40% VS 1Q22)

APP SHARE OF TOTAL REVENUES: **31%**

WEB COMMERCE TICKETS: **+27%** VS 1Q22

R\$235M

INFLUENCED SALES
(+42% VS 1Q22)

R\$82M

TOTAL APP REVENUES
FOR AREZZO&CO AND
AR&CO BRANDS

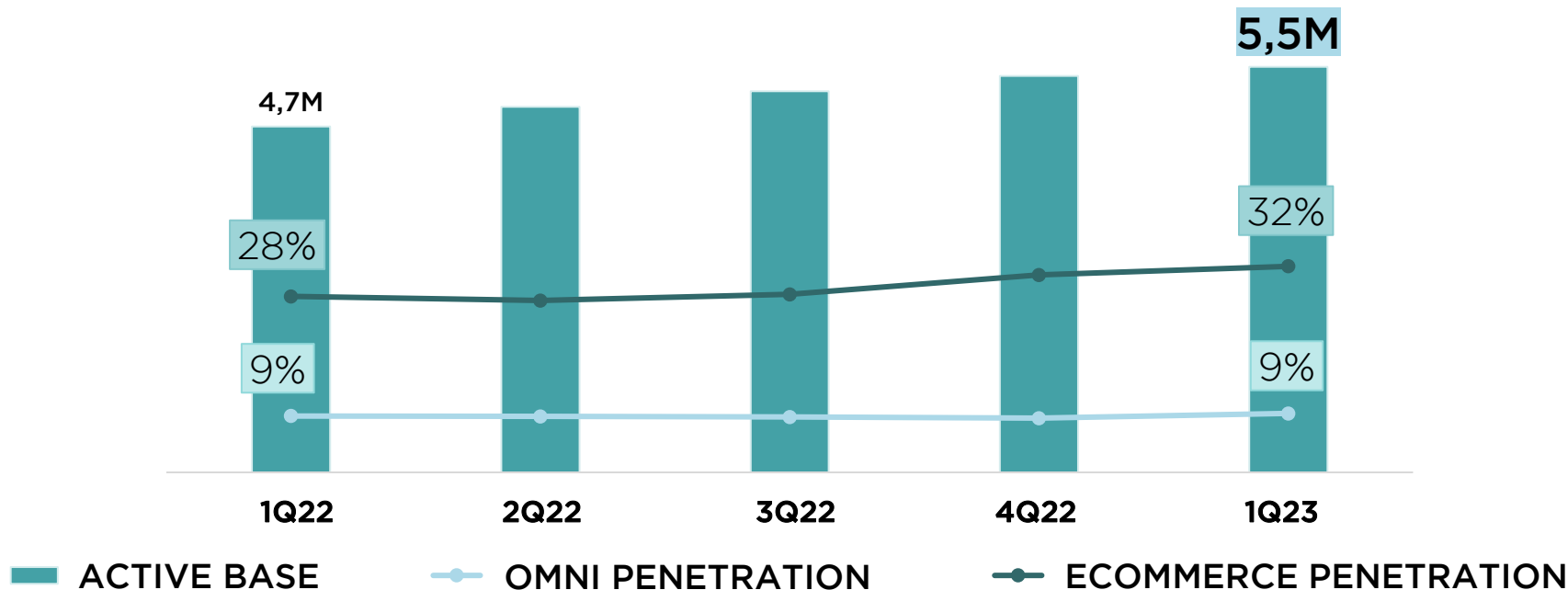
RECORD-SETTING

5.5M

CUSTOMERS IN THE ACTIVE
BASE
(ACTIVE BASE: SHOPPED IN
THE LAST 12 MONTHS)

CUSTOMERS

RECORD VOLUM OF ACTIVE-BASE CUSTOMERS*: 5.5M



- **9%** OF CUSTOMERS ARE OMNICHANNEL (THEY BUY BOTH PHYSICALLY AND ONLINE);
- **22%** OF THE ACTIVE-BASE CAME FROM NEW COSTUMERS AND **10%** FROM REACTIVATED CUSTOMERS;
- **32%** OF ONLINE ACTIVE-BASE CUSTOMERS (THEY BUY ONLY ONLINE);
- **+21%** OF OMNI CUSTOMERS GROWTH AND INCREASE OF REVENUE OF **+28%** IN SALES TO THEM

AREZZO
&CO

FINANCIAL HIGHLIGHTS

Main Financial indicators	1Q23	1Q23 Recurring	1Q22 Recurring	Δ (%) 23 x 22
Gross Revenues	1.285.947	1.285.947	1.042.083	23,4%
Net Revenues	1.025.291	1.025.291	839.576	22,1%
COGS	(488.467)	(488.467)	(390.836)	25,0%
Depreciation and amortization (cost)	(1.346)	(1.346)	(978)	37,6%
Gross Profit	536.824	536.824	448.740	19,6%
<i>Gross margin</i>	52,4%	52,4%	53,4%	(1,0 p.p)
SG&A *	(432.000)	(419.914)	(347.796)	20,7%
<i>% of net revenues</i>	(42,1%)	(41,0%)	(41,4%)	0,4 p.p
Selling expenses	(309.724)	(304.484)	(249.091)	22,2%
Owned stores and web commerce	(142.092)	(140.392)	(73.968)	89,8%
Selling, logistics and supply	(167.632)	(164.092)	(175.124)	(6,3%)
General and administrative expenses	(74.518)	(70.539)	(66.546)	6,0%
Other operating revenues (expenses)	(1.726)	1.141	(299)	482,2%
Depreciation and amortization (expenses)	(46.032)	(46.032)	(31.860)	44,5%
EBITDA	152.202	164.288	133.782	22,8%
<i>EBITDA Margin</i>	14,8%	16,0%	15,9%	0,1 p.p
Net Income	63.385	73.088	57.548	27,0%
<i>Net Margin</i>	6,2%	7,1%	6,9%	0,2 p.p

HIGHLIGHTS

- **23.4% REVENUE GROWTH**
- **GROSS MARGIN: -100BPS IMPACT BY THE GROWTH OF SELL OUT CHANNELS, AND MAINLY BY THE DECREASE OF INTERNATION BUSINESS' GROSS MARGIN**
- **EBITDA MARGIN: +10BPS POSITIVE IMPACT FROM THE SG&A REDUCTION AS A PERCENTAGE OF REVENUES AND OF AREZZO&CO'S STRONG DILIGENCE IN EXPENSES.**
- **NET MARGIN: +20BPS ARISING FROM THE GOOD LEVERAGE OF OPERATING EBITDA AND WAS AFFECTED BY THE INCREASE IN FINANCIAL EXPENSES**

EBITDA AND NET INCOME RECONCILIATION

THE EBITDA AND NET INCOME RECONCILIATION COMPREHENDS NON-RECURRING EFFECTS RECOGNIZED IN THE FIRST QUARTER, AS WELL AS THE REPORTED EFFECTS OF IFRS 16

IT IS WORTH EMPHASIZING THAT 1Q22 RESULTS HAD A R\$ 64.1 MILLION POSITIVE IMPACT FROM THE APPROPRIATION OF ONE-OFF PIS/COFINS CREDITS ON CERTAIN MARKETING EXPENSES, SOFTWARE, AND OTHERS, THAT THE COMPANY INCURRED IN THE PURSUIT OF ITS CORPORATE PURPOSE

EBITDA Reconciliation	1Q23	1Q22	2022
EBITDA	152.202	193.990	711.805
EBITDA Mg. (After IFRS)	14,8%	23,1%	16,8%
Extemporaneos Credits (<i>one offs</i>)	3.166	65.608	72.040
Legal Expenses	(2.015)	(1.509)	(2.911)
M&A Expenses	(4.874)	(3.891)	(21.050)
Logistics Expenses (DC ES)*	(2.659)	-	-
HG Incorporation Goodwill	(5.413)	-	6.608
Other adjustments	(290)	-	-
Net Effect Non-recurring Items	(12.086)	60.208	54.687
Adjusted EBITDA (IFRS 16)	164.288	133.782	657.118
Adjusted EBITDA Mg. (IFRS 16)	16,0%	15,9%	15,5%
SG&A Lease (IFRS 16)	28.470	16.615	99.991
CMV Lease (IFRS 16)	506	415	1.782
Adjusted EBITDA (Before IFRS)	135.312	116.752	555.345
Adjusted EBITDA Mg. (Before IFRS)	13,2%	13,9%	13,1%

Net Income Reconciliation	1Q23	1Q22	2022
Net Income	63.385	97.285	422.538
Net Mg. (After IFRS)	6,2%	11,6%	10,0%
Net Effect Non-recurring Items	(9.702)	39.737	36.094
Adjusted Net Income (IFRS 16)	73.087	57.548	386.444
Adjusted Net Mg. (IFRS 16)	7,1%	6,9%	9,1%
Adjusted Net Income (Before IFRS 16)	72.621	58.556	394.772
Adjusted Net Mg. (Before IFRS 16)	7,1%	7,0%	9,3%

- RECURRING ROIC OF **27,2%** IN THE QUARTER
- ONE OF THE MOST IMPORTANT KPIS THAT AREZZO&CO'S MANAGEMENT TRACK

Income from operations	1Q23 Reported	1Q23 Recurring	1Q22 Reported	1Q22 Recurring	Δ 23 x 22 Rec. (%)
EBIT (LTM)	493.799	511.407	588.576	416.622	22,8%
+ IR and CS (LTM)	(8.721)	(10.289)	(100.885)	(74.647)	(86,2%)
NOPAT (LTM)	485.078	501.118	487.691	341.975	46,5%
Working Capital¹	1.007.563	1.007.566	421.327	521.327	93,3%
Accounts Receivable	743.011	743.011	631.278	631.278	17,7%
Inventory	842.526	842.526	556.685	556.685	51,3%
Suppliers	(571.535)	(571.535)	(588.706)	(588.706)	(2,9%)
Others	(6.436)	(6.436)	(177.930)	(77.930)	(91,7%)
Permanent assets	2.143.553	1.076.747	1.599.340	674.878	59,5%
Other long-term assets²	170.753	170.753	231.600	231.599	(26,3%)
Invested capital	3.321.869	2.255.066	2.252.267	1.427.804	57,9%
Average invested capital³	2.787.068	1.841.435	1.908.355	1.114.179	65,3%
ROIC⁴	17,4%	27,2%	25,6%	30,7%	

(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

- IMPACT OF ACQUISITIONS: R\$ 199 MILLION (PARIS TEXAS, CAROL BASSI AND HG)
- IMPACT OF THE PAYMENT OF INTEREST ON EQUITY IN JAN/23 OF R\$ 72 MILLION
- EXCLUDING THESE NON-OPERATING ITEMS, NET DEBT WOULD HAVE BEEN **R\$6MM**
- INDEBTEDNESS LEVEL WAS CHANGED DUE TO PREEMPTIVE CONTRACTING GIVEN THE MACROECONOMICS SCENARIO, SUCH LINES DID NOT CHANGE THE TOTAL COST OF DEBT SIGNIFICANTLY

Cash position and Indebtedness	1Q23	4Q22	1Q22
Cash and Cash Equivalents	783.068	476.434	710.309
Total debt	1.060.093	401.873	284.039
Short-term	663.004	392.254	268.463
<i>% total debt</i>	62,5%	97,6%	94,5%
Long-term	397.089	9.619	15.576
<i>% total debt</i>	37,5%	2,4%	5,5%
Net debt	277.025	(74.561)	(426.270)
Net debt/EBITDA	0,4x	-0,1x	-0,6x

Q&A

AREZZO
&CO

THANK YOU!

#RUMOA2154