

EARNINGS RELEASE
1Q 2023

AREZZO
&CO



SCHUTZ | @HELENABORDON

AREZZO &CO | AREZZO SCHUTZ ANACAPRI ALEXANDRE BIRMAN FEVER ALME VANS "OFF THE WALL" ZZ'MALL CAROL BASSI VICENZA) PARIS TEXAS
AR&CO | Reserva mini Oficina RESERVA ReservaGo INK Reversa Baw® TROC

1Q23 EARNINGS RELEASE

São Paulo, May 02, 2023. Arezzo&Co (B3 - Brasil, Bolsa and Balcão: ARZZ3), Brazil's largest fashion house of brands, announces its 1Q23 results.

Arezzo&Co again reached record-setting first quarter sales - R\$ 1.3 billion in revenues (+23.4%), on the same comparison basis, with recurring EBITDA of R\$ 164 million (+22.8%) and margin of 16.0%.

FINANCIAL/OPERATIONAL HIGHLIGHTS

1. **R\$1.3B** in Gross Revenue (+**23.4%** vs 1Q22);
2. **R\$947M** in DTC *Sell Out* (Franchises, Web and Owned Stores) (+**22%** vs 1Q22)
3. **5.5** million of customers in the active base* (+**19%** vs 1Q22);
4. **15%** core brands growth in Brazil vs 1Q22;
5. **13%** Arezzo brand growth vs 1Q22;
6. **R\$287M** in AR&CO Gross Revenues (+**46%** vs 1Q22);
7. **52.4%** Gross Margin in 1Q23;
8. **R\$164M** recurring EBITDA (excluding non-recurring effects) (+**23%** vs 1Q22), with **16.0%** recurring EBITDA Margin. Reported EBITDA was **R\$152M**;
9. **R\$73M** in recurring Net Income (excluding non-recurring effects), growth of **+27%** vs 1Q22. Reported Net Income was **R\$63M**;
10. **27.2%** recurring ROIC in the period.

**active purchases in the last 12 months*

EARNINGS CONFERENCE CALL

May 03, 2023
11:00 a.m. (Brasília) / 10:00 a.m. (New York)

Conference call in Portuguese
with translation into English

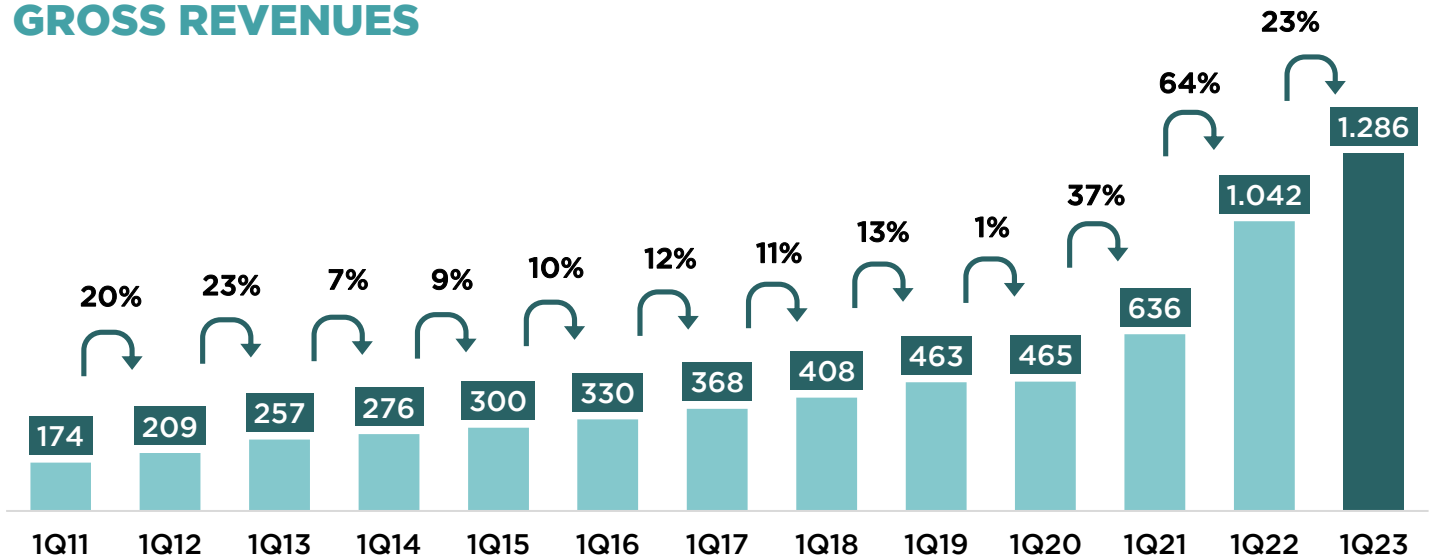


SHARE PRICE AND MARKET CAP

May 02, 2023
Share Price: BRL 63.93
Market Cap: BRL 7.0 billion

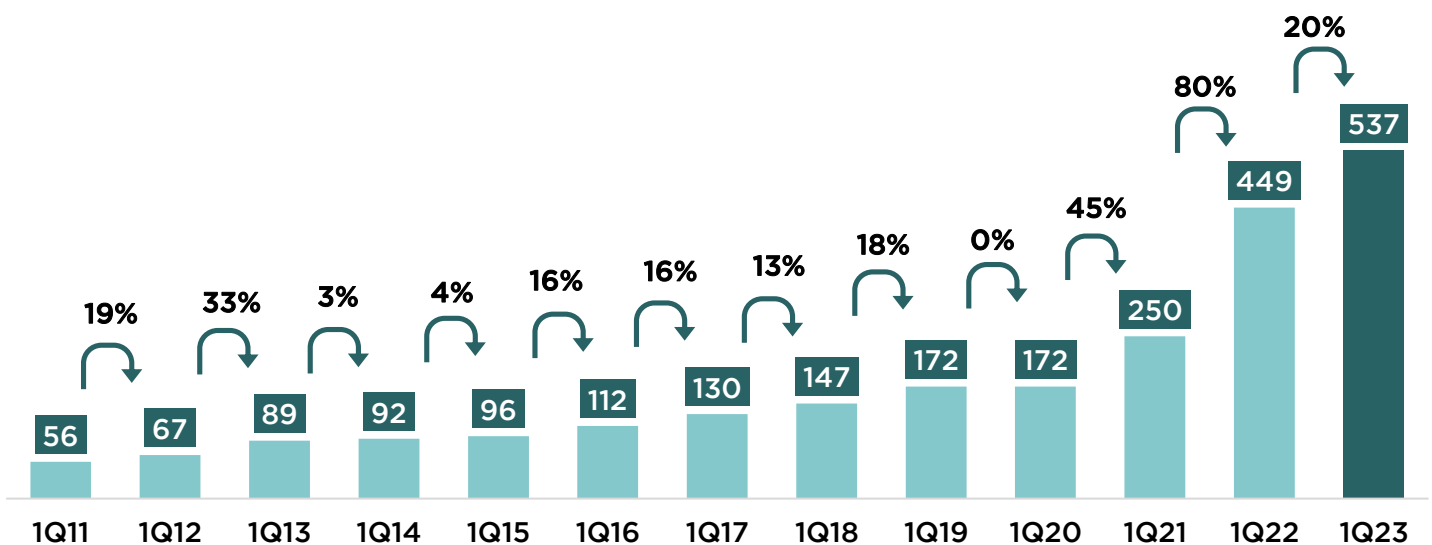
KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

GROSS REVENUES



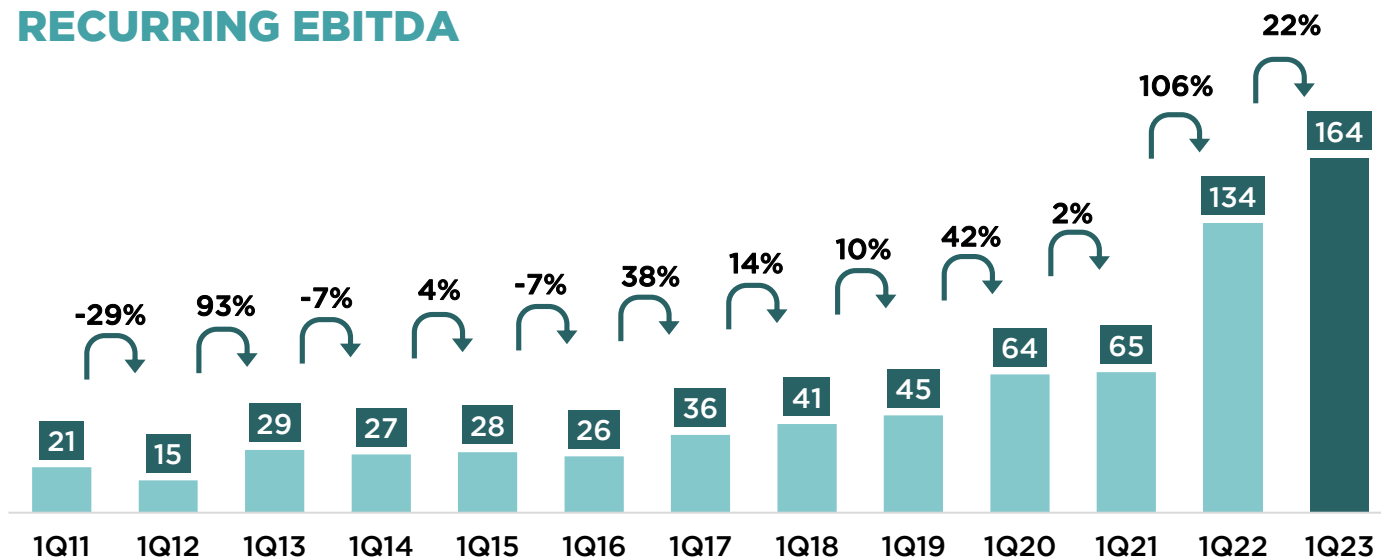
SINCE THE IPO, AREZZO&CO HAS REPORTED 50 QUARTERS, WITH 47 OF REVENUES GROWTH AND 46 OF GROSS PROFIT GROWTH

GROSS PROFIT



KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

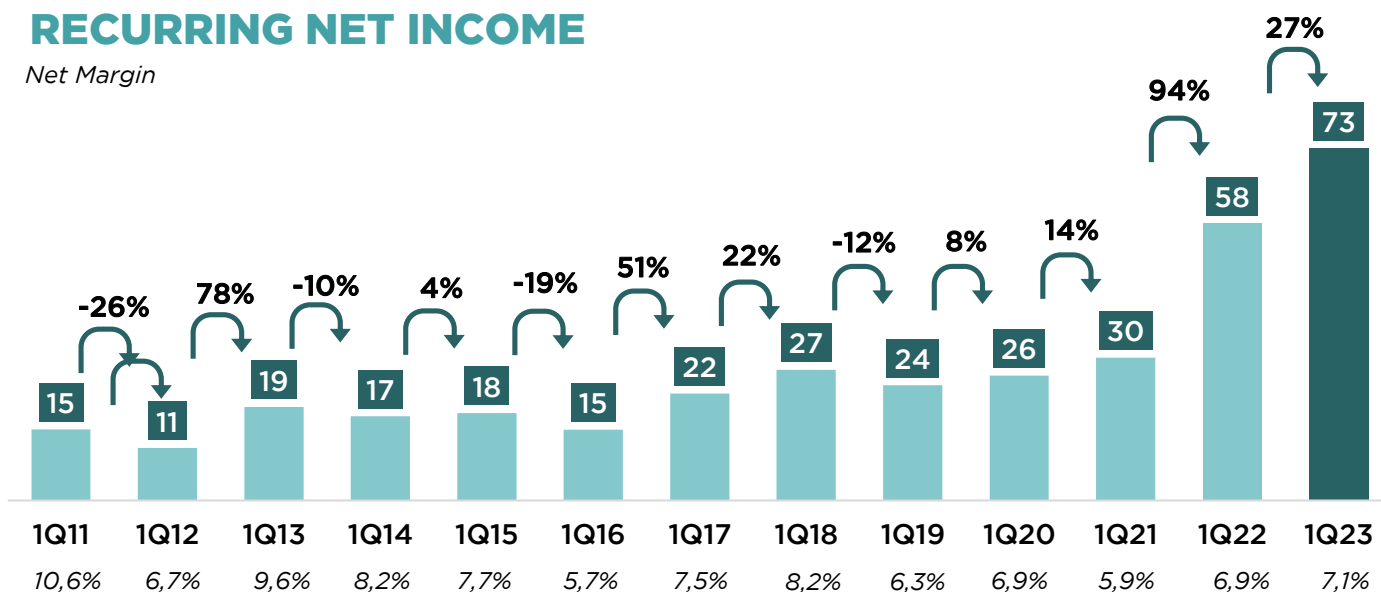
RECURRING EBITDA



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

RECURRING NET INCOME

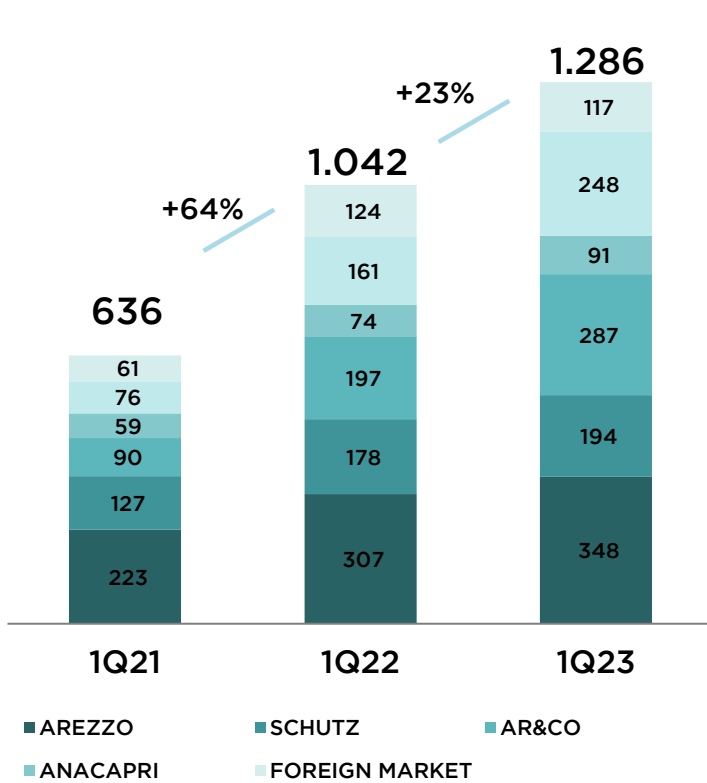
Net Margin



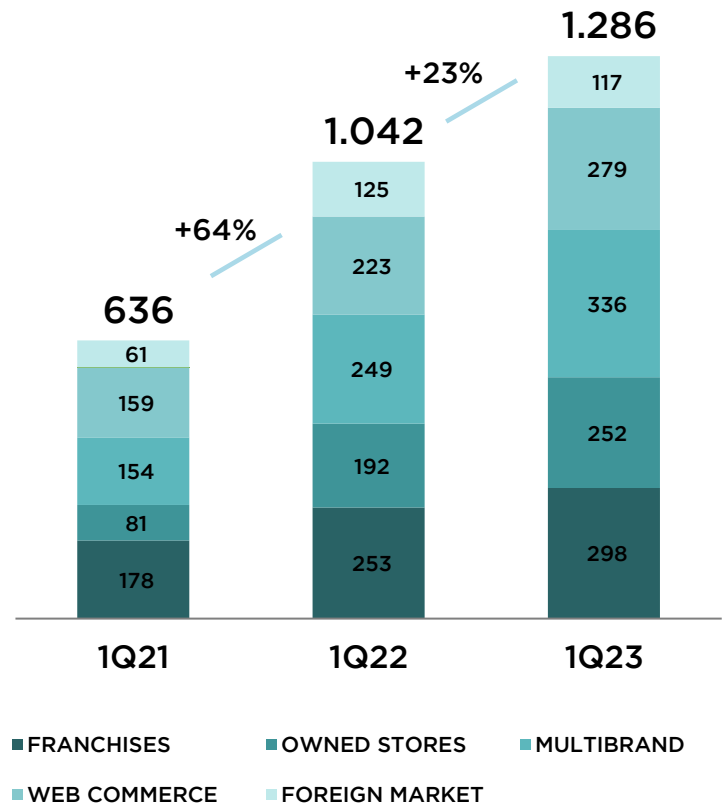
IN 1Q22, RECURRING NET INCOME REPRESENTED 15% OF CONSOLIDATED NET INCOME IN 2022 (R\$ 386 MILLION).

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

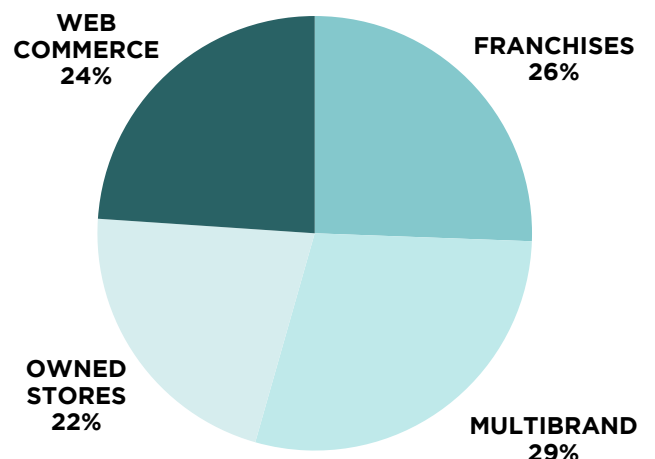
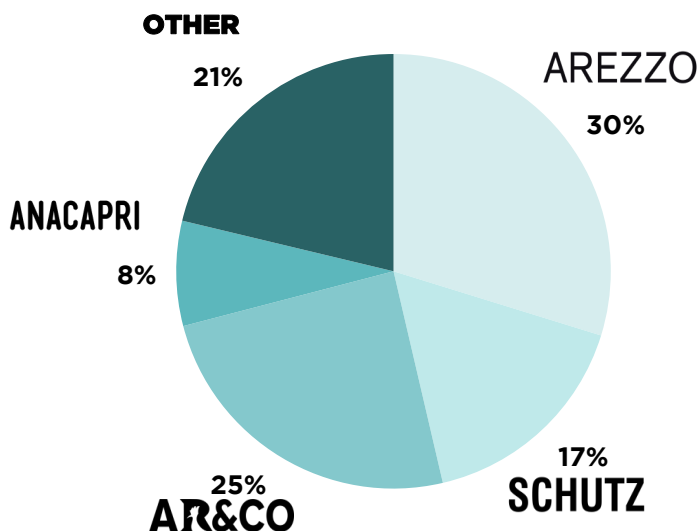
GROSS REVENUES BY BRAND (R\$ M)



GROSS REVENUES BY CHANNEL (R\$ M)



GROSS REVENUES BREAKDOWN



1Q23

OMNICHANNEL HIGHLIGHTS

1. WEB COMMERCE SALES

TOTAL REVENUES: **R\$ 279 MILLION** (+25% VS 1Q22)

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

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

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

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

2. OMNICHANNEL SALES

DIGITAL AS SHARE OF PHYSICAL STORES SELL OUT: **54%**

CLICK AND COLLECT AND STORE SHIPPING REVENUES: **+91%** VS 1Q22

6,2 MILLION CONTACTS MADE THROUGH THE APP IN 1Q23 (INFLUENCED REVENUES)

3. CRM

ACTIVE CUSTOMERS BASE GROWTH: **+19%** VS 1Q22

NUMBER OF OMNI CUSTOMERS: **+21%** VS 1Q22

32% OF CUSTOMERS SHOP ONLINE

9% OF CUSTOMERS ARE OMNI

OMNI REVENUE: **+28%** VS 1Q22

R\$ 235M

INFLUENCED SALES
(+42% VS 1Q22)

R\$ 82M

TOTAL REVENUE FROM APPS FOR THE AREZZO&CO AND AR&CO BRANDS

RECORD VOLUM

5.5M

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

1Q23 BRANDS HIGHLIGHTS

AREZZO

BRAZIL REVENUES: **R\$ 348M**
 GROWTH: **+13.4%** VS 1Q22
 WEB REVENUES: **R\$ 73M**
 WEB % OF SELL OUT (DTC): **19.4%**
 OMNI SALES: **R\$ 16.0M**
 % OMNI-TO-WEB: **22.1%**

ANACAPRI

BRAZIL REVENUES: **R\$ 91M**
 GROWTH: **+22.8%** VS 1Q22
 WEB REVENUES: **R\$ 15M**
 WEB % OF SELL OUT (DTC): **17.2%**
 OMNI SALES: **R\$ 2.8M**
 % OMNI-TO-WEB: **17.6%**

AR&CO

BRAZIL REVENUES: **R\$ 287M**
 GROWTH: **+45.8%** VS 1Q22
 WEB REVENUES: **R\$ 82M**
 WEB % OF SELL OUT (DTC): **37.6%**
 OMNI SALES: **R\$ 45.7M**
 % OMNI-TO-WEB: **55.7%**

SCHUTZ

GLOBAL REVENUE: **R\$ 272M**
 GROWTH: **+2.5%** VS 1Q22
 BRAZIL REVENUES: **R\$ 194M**
 WEB REVENUES: **R\$ 54M**
 WEB % OF SELL OUT (DTC): **40.2%**
 OMNI SALES: **R\$ 9.4M**
 % OMNI-TO-WEB: **17.3%**

ALEXANDRE BIRMAN

GLOBAL REVENUE: **R\$ 49M**
 GROWTH: **+4.7%** VS 1Q22
 BRAZIL REVENUES: **R\$ 28M**
 WEB REVENUES: **R\$ 5M**
 WEB % OF SELL OUT (DTC): **22.5%**
 % OMNI-TO-WEB: **61.8%**

KEY INDICATORS

AREZZO & CO



SCHUTZ | @LALARUDGE

1Q23 GROSS REVENUE

Gross Revenue	1Q23	Part%	1Q22	Part%	Δ	Δ (%) 23 x 22
Total Gross Revenue	1.285.947		1.042.083		243.864	23,4%
Foreign Market	117.308	9,1%	124.990	12,0%	- 7.682	(6,1%)
Domestic Market	1.168.639	90,9%	917.093	88,0%	251.546	27,4%
By Brand						
Arezzo	347.955	29,8%	306.724	33,4%	41.231	13,4%
Schutz¹	193.731	16,6%	178.416	19,5%	15.315	8,6%
AR&CO²	287.353	24,6%	197.055	21,5%	90.298	45,8%
Anacapri	91.195	7,8%	74.292	8,1%	16.903	22,8%
Others³	248.405	21,3%	160.606	17,5%	87.799	54,7%
By Channel						
Franchises	298.018	25,5%	252.978	27,6%	45.040	17,8%
Multibrand	335.791	28,7%	248.576	27,1%	87.215	35,1%
Owned Stores	252.238	21,6%	191.360	20,9%	60.878	31,8%
Web Commerce	278.764	23,9%	223.421	24,4%	55.343	24,8%
Others⁴	3.828	0,3%	758	0,1%	3.070	N/A

(1) Ex- revenues from international operations.

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

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

(3) Does not include revenue from the Vicenza brand, which was announced in January/23. The acquisition has already been accepted by CADE and is in the process of an EGM (incorporation of shares) to be completed.

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

1Q23 OPERATING INDICATORS

Operating Indicators	1Q23	1Q22	Δ (%) 23 x 22
# of pairs sold ('000)	4.595	4.717	-2,6%
<i>Part. (%)</i>	62,4%	67,5%	-5,1 p.p
# of handbags sold ('000)	673	730	-7,9%
<i>Part. (%)</i>	9,1%	10,5%	-1,4 p.p
# of clothes sold ('000)¹	2.098	1.540	36,3%
<i>Part. (%)</i>	28,5%	22,0%	6,5 p.p
# of employees	7.553	5.380	40,4%
# of stores*	1.005	925	80
<i>Owned Stores</i>	188	153	35
<i>Franchises</i>	817	772	45
Shoes & Handbags Outsourcing (as % of total production)	82,5%	87,4%	-4,9 p.p
Shoes & Handbags Insourcing (as % of total production)	17,5%	12,6%	4,9 p.p
Clothes Outsourcing (as % of total production)	100,0%	100,0%	0,0 p.p
SSS² sell-in (franchises)	10,2%	42,8%	-32,6 p.p
SSS² sell-out (owned stores + franchises + web)	18,5%	58,4%	-39,9 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

GROSS REVENUE LTM

Gross Revenue	LTM23	Part%	LTM22	Part%	Δ	Δ (%) 23 x 22
Total Gross Revenue	5.473.771		4.053.723		1.420.048	35,0%
Foreign Market	542.158	42,2%	455.177	11,2%		19,1%
Domestic Market	4.931.613	383,5%	3.598.546	88,8%	1.333.067	37,0%
By Brand						
Arezzo	1.422.279	28,8%	1.148.823	31,9%	273.456	23,8%
Schutz¹	820.050	16,6%	659.097	18,3%	160.953	24,4%
AR&CO²	1.290.585	26,2%	877.485	24,4%	413.100	47,1%
Anacapri	385.867	7,8%	307.543	8,5%	78.324	25,5%
Others³	1.012.832	20,5%	605.598	16,8%	407.234	67,2%
By Channel						
Franchises	1.214.861	24,6%	961.720	26,7%	253.141	26,3%
Multibrand	1.366.027	27,7%	981.435	27,3%	384.592	39,2%
Owned Stores	1.194.383	24,2%	769.405	21,4%	424.978	55,2%
Web Commerce	1.144.532	23,2%	880.776	24,5%	263.756	29,9%
Others⁴	11.810	0,2%	5.210	0,1%	6.600	N/A

(1) Ex- revenues from international operations.

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

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

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

OPERATING INDICATORS LTM

Operating Indicators	LTM23	LTM22	Δ (%) 23 x 22
# of pairs sold ('000)	21.165	19.788	7,0%
<i>Part. (%)</i>	<i>64,5%</i>	<i>71,3%</i>	<i>-6,8 p.p</i>
# of handbags sold ('000)	2.983	2.528	18,0%
<i>Part. (%)</i>	<i>9,1%</i>	<i>9,1%</i>	<i>0,0 p.p</i>
# of clothes sold ('000)¹	8.667	5.431	59,6%
<i>Part. (%)</i>	<i>26,4%</i>	<i>19,6%</i>	<i>6,8 p.p</i>
# of employees	7.553	5.380	40,4%
# of stores*	1.005	925	80
<i>Owned Stores</i>	188	153	35
<i>Franchises</i>	817	772	45
Shoes & Handbags Outsourcing (as % of total production)	82,5%	87,4%	-4,9 p.p
Shoes & Handbags Insourcing (as % of total production)	17,5%	12,6%	4,9 p.p
Clothes Outsourcing (as % of total production)	100,0%	100,0%	0,0 p.p
SSS² sell-in (franchises)	19,0%	17,2%	1,8 p.p
SSS² sell-out (owned stores + franchises + web)	25,0%	49,1%	-24,1 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

1Q23 MAIN FINANCIAL INDICATORS

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

* More disclosure in the expenses section on page 20.

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%
Extemporaneous Credits (one offs)	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%

* Logistics expenses in duplicity related to the expansion of the Distribution Center in Cariacica.

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%

**CHANNELS
PERFORMANCE**

**AREZZO
& CO**



CHANNELS

SELL OUT - FRANCHISES, OWNED STORES AND WEB COMMERCE

The DTC sell out (Owned Stores + Franchises + Web Commerce) reached **R\$ 947 million in 1Q23** and, despite the strong comparison base, registered growth of **21.5% vs 1Q22**.

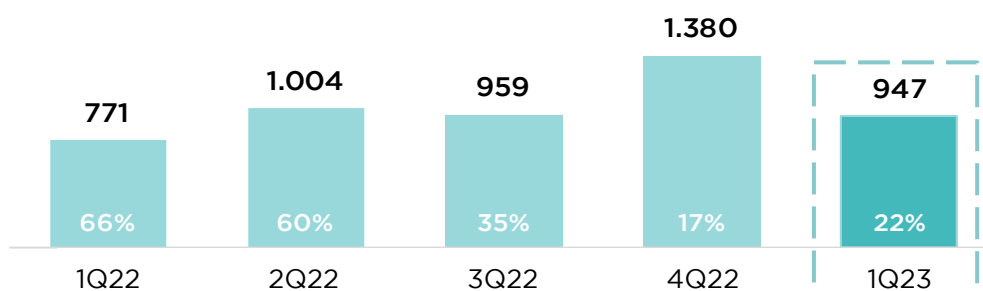
All of the Company's brands posted increase first-quarter sell out. The Vans brand, once again, posted strong growth levels, at 48.8% vs 1Q22, followed by AR&CO, which grew 44.1% compared to the same period of last year.

For a period highlight, the sell out maintained solid growth, despite the strong comparative baseline, increase of 26.8% at the end of the quarter. As for physical stores' sell out (franchises + owned stores), the combined channels reached R\$ 681 million in the period, growth of 19.6% vs 1Q22.

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

VS PREVIOUS YEAR

+ R\$ 176 MILLION IN SELL OUT VS 2022



+22% GROWTH OVER A 66% COMPARASION BASE

R\$947M
DTC SELL OUT
IN 1Q23

+22%
SELL OUT
GROWTH
vs 1Q22

CHANNELS

MONOBRAND – FRANCHISES AND OWNED STORES

The Company's monobrand channels posted strong results in 1Q23 – growth of **23.6%** vs 1Q22. The franchises channel reached **R\$ 298 million** in sales, increase of 17.8% vs 2022. The owned stores channel, had a total **R\$ 252 million** in gross revenues, growth of **31.8%** vs the previous year. It is worth noting that single-brand channels faced strong comparative baselines in the period.

It is also worth emphasizing that Arezzo brand's franchises channel posted solid 10.0% growth vs 1Q22. The owned stores channel's performance was mainly increased by Vans, Arezzo and Anacapri brands, whose results exceeded 1Q22's by 57.3%, 41.1% and 24.4%, respectively.

MULTIBRANDS

In last quarters, the multibrand channel posted increasing expansion. In 1Q23, the channel reached **R\$ 335 million** in revenues, growth of **35.1%** vs 2022 and answering for 28.7% of Arezzo&Co's sales.

All of the group's brands posted growth, particular emphasis on AR&CO (+84.1%), Arezzo (+21.8%) and Anacapri (+20.1%). The brands featured several best-selling products on the channel, leading to increased replenishment, with particular emphasis on Arezzo and Schutz brands.

In the first quarter of 2023, the Company's brands were distributed through **7,491 points of sale** (no overlap), increase of 14.7% vs 1Q22.

WEB COMMERCE

The Company's web commerce channel posted **R\$ 279 million** in gross sales for the quarter, grew 24.8% year on year. In 1Q22, web commerce posted 40.6% growth over a strong comparison base.

For a highlight, AR&CO's brands reported excellent results on this channel: increase of 65.6% vs 1Q22.

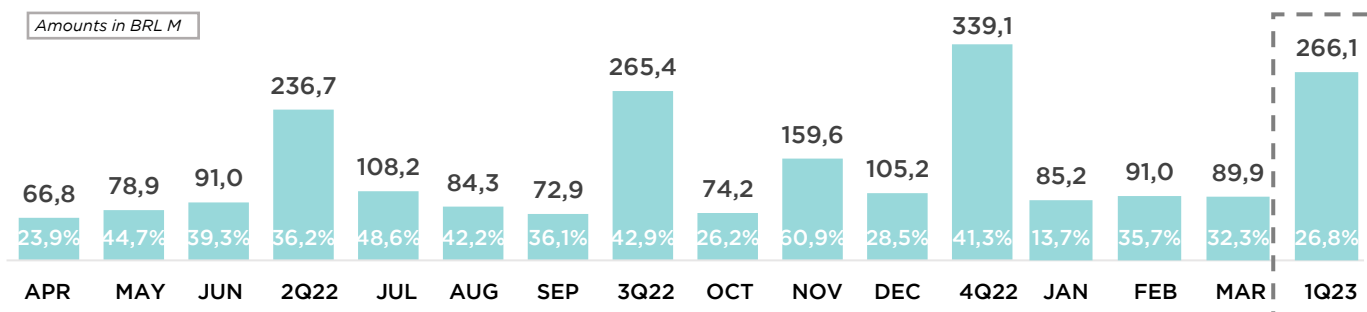
For yet another quarter, Arezzo&Co's digital channel displayed evolution on its key indicators, such as traffic growth, tickets and sales through the brands' apps. The app sales were R\$ 82 million in 1Q23, growth of 40.1% vs the previous year. This sales mode already answers for 30.9% of web commerce sales.

CHANNELS

WEB COMMERCE SELL OUT EVOLUTION

Arezzo&CO and AR&Co

Amounts in BRL M



DIGITAL TRANSFORMATION

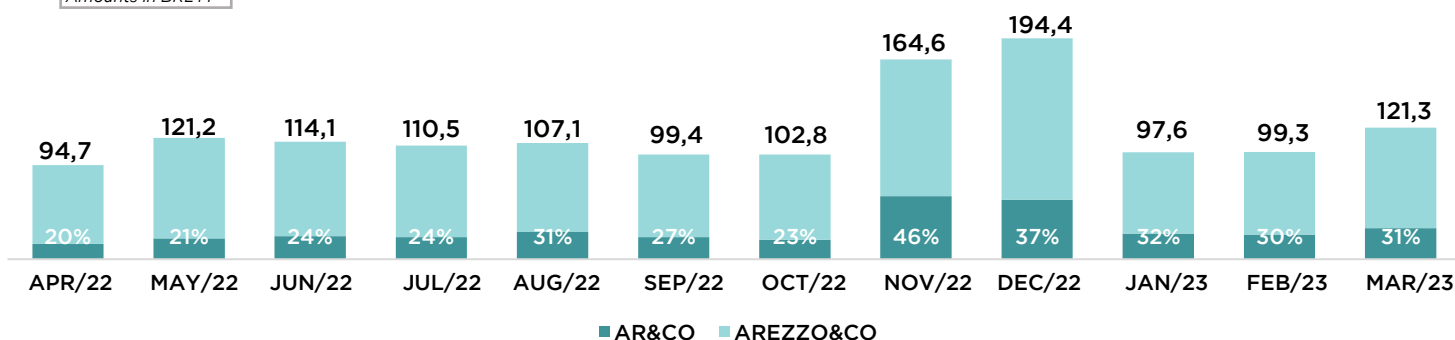
The sell out through Arezzo&Co’s digital tools – web commerce, omnichannel and the salesperson app –, reached **R\$ 2.5 billion in sell out revenues** in the last 12 months. The sales through physical stores’ digital tools stood for 53.8% of physical stores’ sell out in the period. The digital tools “store shipping” and “pick up in stores” kept on their expansion trend and reported 91.2% combined growth in the period, answering for 7.4% of physical stores’ sell out.

The revenues influenced by the salesperson App reached **R\$ 235 million** in the quarter, growth of 41.9% vs 1Q22. The evolution of the digital indicators reinforces the solidity of omnichannel sales on Arezzo&Co channels.

AREZZO&CO GROUP DIGITAL REVENUES

Revenues from Digital Tools + Salesperson App (Proprietary)

Amounts in BRL M



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

R\$1.4B
DIGITAL REVENUES
(LTM)

R\$2.5B
WEB SELL OUT +
DIGITAL TOOLS (LTM)

CHANNELS

DIGITAL TRANSFORMATION

ONLINE CHANNEL PENETRATION

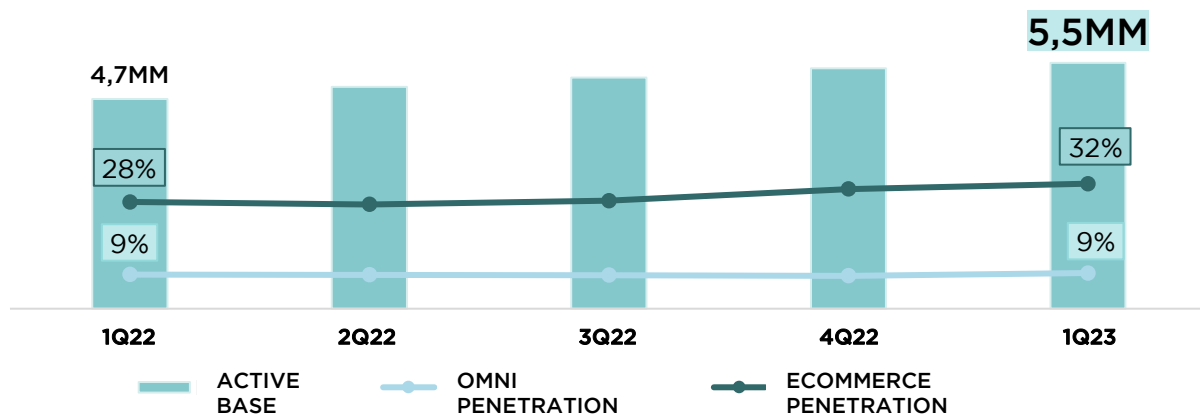
Record-setting volume of active customers in Arezzo&Co's base in the quarter: **5.5 million**, growth of 19% in the quarter.

22% of the active base came from new customers captured, and **10%** from reactivated customers.

The number of omni customers grew **21%** vs 1Q22, leading to a **28%** revenues increase in sales to them;

32% of Arezzo&Co customers buy online;

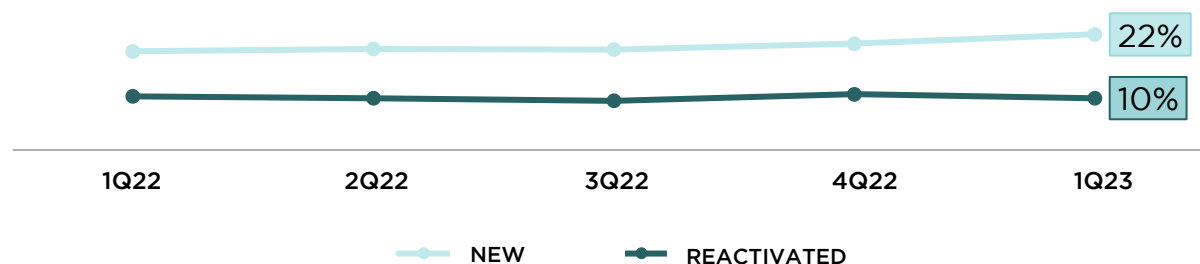
9% of customers are omnichannel (they buy both physically and online).



+21%
OMNI CUSTOMERS

+28%
CUSTOMER REVENUES

NEW CUSTOMERS AND RETENTION



MONOBRANDS CHAIN

At the end of the first quarter of 2023, the Company had **1,005 stores**, 994 in Brazil and 11 abroad, considering all of the group's brands.

In the last 12 months, Arezzo&Co opened **80 net stores**, including 45 franchises and 35 owned stores. The store openings were mainly concentrated in the AR&CO, Anacapri and Vans brands, in line with the Company's store expansion strategy. In addition, Arezzo&Co posted a 8% total sales area growth (m²).

It is worth emphasizing that the first quarter of 2023 was marked by the closure of 5 pop-up (temporary) stores of the BriZZa and Carol Bassi brands.

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

Store Information	1Q22	2Q22	3Q22	4Q22	1Q23
Sales Area^{1,3} - Total (m²)	64.172	65.904	66.406	69.607	69.204
Sales area - franchises (m ²)	47.378	47.901	47.996	49.660	49.470
Sales area - owned stores ² (m ²)	16.795	18.002	18.410	19.946	19.734
Total number of domestic stores	914	939	952	1.002	994
# of franchises	766	776	783	817	811
Arezzo	431	430	431	439	430
Schutz	62	62	62	62	61
Anacapri	204	210	215	226	229
Vans	12	12	12	14	15
AR&CO	57	62	63	75	75
My Shoes	-	-	-	1	1
# of owned stores	148	163	169	185	183
Arezzo	17	18	18	18	17
Schutz	20	22	22	22	22
Alexandre Birman	8	10	11	12	12
Anacapri	2	2	2	2	2
Fiever	2	2	2	2	-
Alme	2	2	2	2	2
Vans	13	16	16	18	18
AR&CO	82	89	94	104	105
Carol Bassi	2	2	2	5	4
Vicenza	-	-	-	-	1
Total number of international stores	11	11	11	11	11
# of franchises	6	6	6	6	6
# of owned stores⁴	5	5	5	5	5

(1) Includes overseas stores' floor area

(2) Includes twenty Outlet-type stores with total floor area of 3.635 m²

(3) Includes floor area of expanded stores

(4) Includes 3 Schutz brand stores, as follows: (i) New York, Madison Avenue, (ii) Miami, in the Aventura Mall, and (iii) Los Angeles, Beverly Drive. Also includes 2 Alexandre Birman stores, as follows: (i) New York, Madison Avenue and (ii) Miami, Bal Harbour Mall.

**FINANCIAL
INDICATORS**

**AREZZO
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GROSS INCOME AND GROSS MARGIN

The Company posted gross income of R\$ 536 million in the first quarter (+19.6% vs 1Q22), and gross margin of 52.4%, decrease of 110 bps vs 1Q22.

The gross margin had a positive impact from increase of the sell out channels and was negatively affected mainly by the decrease of gross margin of the international operation.

RECURRING OPERATING EXPENSES

The first quarter of 2023 was marked by strong results. Arezzo&Co is committed to maintain its fixed and operating expenses at lower levels than in recent quarters, remaining true to the diligent allocation of investments to its strategic pillars, which support the excellent performance seen in recent quarters.

Recurring Commercial Expenses

In the first quarter of 2023, Arezzo&Co's recurring commercial expenses were R\$ 304 million, increase of 22.2% vs 2022, in line with the period's 23.4% gross revenues growth.

In the first quarter of 2022, AR&CO's commercial expenses lines were allocated in different cost centers at Arezzo&Co. As such, the table below shows the lines mentioned with the correct allocation in 1Q22 to reflect each one's compared growth.

Reconciliation	1Q23 Recurring	1Q22 Recurring	Δ (%) 23 x 22
Selling expenses	(304.484)	(249.091)	22,2%
Owned Stores and Web Commerce	(140.392)	(124.165)	13,1%
Selling, logistics and supply	(164.092)	(124.926)	31,4%

- i. Owned stores and Web commerce expenses (sell out channels) totaled R\$ 140 million – growth of 13.1% (after 1Q22 reconciliation). The gross revenues from the two channels combined grew 28.0% vs 1Q22, exceeding the increase in expenses. Out of the main impacts, the highlight was owned-store operation costs. In the last 12 months, the Company opened 35 new owned stores. In addition, the web commerce channel also affected the line, due mainly to the increase of expenses.

RECURRING OPERATING EXPENSES

- ii. Arezzo&Co's Selling, Logistics and Suppliers expenses were R\$ 164 million in the quarter – growth of 31.4% vs 1Q22. Some of the main factors leading to the period's increase include (i) increase in the People line because of higher commissions on the multibrand channel, which the period's revenues growth explains, (ii) expansion of the shipping line (variable), reflecting the performance of sell-in channels, (iii) expenses related to revenues of Vans brand (sales commissions and royalties).

Recurring General and Administrative Expenses

In the first quarter, the Company's recurring general and administrative expenses were R\$ 71 million, increase of 6.0% vs 1Q22, generating good operating leverage. Some of the main factors that contributed to the period's expansion include investments in technology and people, with the acquisition of Sunset/HG, and additions to the corporate teams of Arezzo&Co and AR&CO.

Fixed, Variable and Occasional Expenses

In the first quarter, the Company's expenses - excluding depreciation and amortization - totaled R\$ 374 million, grew 18.3% vs the same period of 2022. It is worth noting that the total SG&A grows below the increase of the Company's revenue, which reached 23.4% in the period.

In the analysis below, expenses are shown between fixed, variable and eventual. Aiming at greater transparency in the Company's SG&A structure, as of 1Q23, Arezzo&Co will disclose the analysis:

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

SG&A Analysis	1Q23 Recurring	1Q22 Recurring	Δ (%) 23 x 22
TOTAL SG&A	373.882	315.936	18,3%
Fixed	171.613	139.185	23,3%
Eventual	51.361	48.776	5,3%
Variable	179.378	144.590	24,1%
Leasing	(28.470)	(16.615)	71,4%

RECURRING EBITDA AND RECURRING EBITDA MARGIN

The Company's recurring EBITDA was **R\$ 164 million**, increase of **22.8%** vs 1Q22, and its recurring EBITDA margin was **16.0%**, **+10bps** vs the same period in 2022.

Some of the main factors that contributed positively to the quarter's EBITDA margin include the strong sales performance of all of the group's brands and channels, and the decrease in SG&A as percentage of revenues. On the other hand, *ARZZ International* (foreign market) had a negative contribution on consolidated EBITDA due to a retraction in department stores in the United States. It is worth noting that throughout 1Q22, the Company made some structural changes aimed at improving the operational efficiency of the USA operation, such as synergy with the areas in Brazil, which will promote an improvement in profitability throughout the year.

	1Q23 EBITDA			1Q22 EBITDA		
	&Co	Brazil	ARZZ Intern.	&Co	Brazil	ARZZ Intern.
Net Revenues	1.025,3	932,7	92,6	839,6	737,5	102,1
Gross Profit	536,8	488,0	48,8	448,7	391,4	57,4
Adjusted Gross margin	52,4%	52,3%	52,7%	53,4%	53,1%	56,2%
Adjusted EBITDA	164,3	169,2	(4,9)	133,8	126,0	7,8
Adjusted Mg. EBITDA	16,0%	18,1%	(5,3%)	15,9%	17,1%	7,6%

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)*

NET INCOME AND RECURRING NET MARGIN

The Company posted recurring net income of **R\$ 73 million** in the first quarter, growth of **27.0%** vs 1Q22, and net margin of **7.1%** (**+20 bps**).

A positive highlight among the factors, includes the strong operational performance of Arezzo&Co; a negative one is the period's financial income. Financial income was mainly affected by the increase in financial expenses arising from the greater leverage (addressed in the Debt section), as well as increases in lease interest payments line and the credit card charge expenditures line, which grew proportionally to sales.

It is worth emphasizing that in 1Q23 the Company recognized deferred taxes on temporary lease differences, pursuant to CPC 32/IAS 12 changes with force from Jan/01/2023.

ROIC - RETURN ON INVESTED CAPITAL

The recurring return on invested capital (ROIC) – that is, ROIC ex- the added value from Arezzo&Co latest acquisitions, and minus non-recurring items – was **27.2%**. It is worth underscoring that ROIC is 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.

INVESTMENTS - CAPEX

The Company's CAPEX investments were **R\$ 51 million** in 1Q23 – growth of **24.9%**:

Stores

- Renovation and expansion of AR&CO owned stores (21 stores in the first quarter).

Corporate

- Squads – improvement and development projects for proprietary technologies, particularly on the data architecture and exploration, dashboard structuring and channel integration fronts.
- Investments in and expansion of the distribution center in Cariacica – Espírito Santo.

INVESTMENTS - CAPEX

Others

- Investment in owned factories, on the facilities maintenance, machinery acquisition and computer equipment fronts.

Summary of Investments	1Q23	1Q22	Δ 23 x 22 (%)
Total CAPEX	50.998	40.835	24,9%
Stores - expansion and refurbis	7.076	10.917	(35,2%)
Corporate	35.237	27.698	27,2%
Others	8.685	2.220	291,2%

CASH AND DEBT POSITION

The Company reached the end of 1Q23 with R\$ 277 million in net debt. The period's highlights include:

- Gross cash position: R\$ 783 million
 - 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\$ 6 million.**
- The Company's indebtedness level has changed due to preemptive contracting of lines of credit in the light of recent months' macroeconomic scenario. These lines did not materially change the total cost of debt, which remains very healthy.

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

**BRANDS
PERFORMANCE**

**AREZZO
&CO**

AREZZO | GRACE + CLARICE



BRANDS PERFORMANCE

The first quarter of each year is traditionally marked by the transition of summer to winter collections at Arezzo&Co's stores and web commerce.

All brands posted positive sell out results and gross revenues growth in the period - reflecting the assertiveness of their collections and marketing campaigns. In March, the brands launched their official winter collections - event that contributed significantly to the period's growth.

Arezzo&Co followed the trend seen in 2022 and started the first quarter of 2023 with historic results - **R\$ 1.3 billion (+23.4% vs 1Q22)** - a record-setting gross revenue level in a first quarter, despite the strong comparison base of +63.9% in 1Q22 vs 1Q21.

The Company's resilient performance comes from a solid strategy that covers all business areas - from product creation to physical, online and customer relations operations. Analyzing only the core brands in Brazil (excluding AR&Co, Vans and Carol Bassi), Arezzo&Co reported 14.7% growth in 1Q23, showcasing the resilient performance of the group's core brands.



AREZZO

The Arezzo brand posted R\$ 348 million in gross revenues in 1Q23, increase of 13.4% vs 1Q22. In the first quarter of 2022, the brand posted 37.4% in comparison with a strong comparative baseline. The owned-store and multibrand channels stood out for growth in the quarter, at 41.2% and 21.8%, respectively.

As a highlight of the period, in March, the brand Arezzo launched its winter campaign, called “*My Turn*” and featuring global model Gisele Bündchen. The campaign was signed by creative director Giovanni Bianco, and had Gisele showcasing female strength, wearing Arezzo’s hits for the Winter season. The collection performed excellently, with 22% sell through and approximately R\$ 2 million in revenue in just 15 days. The campaign launch video had more than 5 million views in the first few days.

BriZZa, an Arezzo-endorsed brand, continued to expand through Arezzo’s sales channels, and posted significant 50% growth on the multibrand channel. BriZZa is already present at more than 1,500 points of sale nationwide.

SCHUTZ

The Schutz brand reported gross revenues of R\$ 194 million in 1Q23, increase of 8.6%. It is worth emphasizing Schutz's strong comparison base in Brazil: 40.8% growth in 1Q22 vs 1Q21.

As a highlight, the multibrand channel posted 12.7% growth vs the previous year. Schutz is present at more than 1,249 customers across Brazil. The franchises channel, by its turn, reported 17.3% growth despite the strong comparison base.

For its winter campaign, Schutz launched a collection joining footwear and handbags with the season's apparel choices, once again starring global model Candice Swanepoel.



AR&CO

Despite the strong comparison base (+118.3% vs 1Q21), AR&CO posted R\$ 287 million in revenues in the first quarter of 2023, growth of 45.8% and reaching representativeness of 24.6% of Arezzo&Co's gross revenues.

For yet another quarter, AR&CO reported excellent results on all channels, both sell in and sell out, particular emphasis on the multibrand channel, which grew an expressive 78.0%. The online channel, that already represents 28.5% of AR&Co, grew 65.6% vs 1Q22.

For a quarter highlight, Reserva launched highly engaging campaigns. In January, it launched its Praia line, with men's women's and children's items. The collection's best-selling products were the shorts – plain, printed and with graphic patterns – to wear on the beach or in the city. By late March, the Praia line had reached R\$ 2.4 million in sell out.

In February, the brand launched its third collab, now with Samba group Mangueira (Reserva+Mangueira). The campaign, shot and filmed on the streets of Salvador, had a team of local citizens and members of the Mangueira community involved in production.

VANS

"OFF THE WALL"

Vans had excellent results in early 2023, maintaining its strong 2022 performance and grew 55.9% vs 1Q22. The brand posted growth on all channels - franchises, multibrand, web commerce and owned stores - particular emphasis on the digital channel, which already answers for 22.4% of sales.

Each quarter, Vans launches collabs with global pop-culture icons, such as bands, artists, and movies, connecting its authentic and original pillars with current topics. In January, the brand launched a thematic collab with Netflix's Stranger Things series. The collection included apparel, accessories and limited-edition sneakers.



ANACAPRI

Anacapri reported R\$ 91 million in gross revenues, grew strongly vs 1Q22: +22.8%. As a highlight, the online channel answered for 17.1% of gross revenues, increase of 18.3% vs previous year.

It is worth noting that Anacapri's strong performance, as already seen in 4Q22, reflects the strategic investments made in the brand over the course of 2022.

For its winter campaign, the brand once again had its new star – celebrity Juliette, who has record-setting engagement numbers on Instagram.

ALEXANDRE

BIRMAN

Alexandre Birman posted global revenues of R\$ 49 million in 1Q23. In Brazil, the brand reported R\$ 28 million in gross revenues – growth of 65.5% vs 1Q22. It is worth emphasizing the brand's relevant market share gain in the Brazilian luxury market, representing 57.1% of its revenues in the period.

In the quarter, the brand maintained its global expansion and positioning strategy, now on the European market through a partnership with the largest multibrand in Milan: Antonia, an iconic Italian contemporary fashion store, for an exclusive Spring-Summer capsule collection.

In Brazil, Alexandre Birman presented the "Tales of Itapuã" collection and celebrated its global launch with an event in Itapuã in the city of Salvador, Bahia. The brand also collaborated with the Craftswomen Association of Saubara, adding even more credit to the region's typical handiwork.

CAROL BASSI

In the first quarter of 2023, Carol Bassi reported a strong 76.0% growth vs 1Q22.

For a highlight, the multibrand channel grew 56.2% in 1Q23, 23.1% of the brand's gross revenues, demonstrating Carol Bassi's rising potential on this channel.

As for campaigns, Carol Bassi launched in early April its Fall/Winter collection, named "Mulheres" ("Women"), with 24 representatives who attempt to give the floor to the entire CB community and reflect the brand's essence.

ALME

In the first quarter of 2023, Alme, Arezzo&Co's sustainable brand, made launches in line with its positioning.

As a highlight, the brand launched the "Selva" ("Jungle") sandals, representing a new footwear category for Alme. The item is made from raw materials with low environmental impact, including Ecobambu - a vegan material made from 45% regenerated bamboo fiber. The product displayed excellent selling indicators, reaching 63% sell through in the first month of sales.

The sandal was launched in partnership with kite-surfer Marcela Witt, a healthy lifestyle enthusiast.

INTERNATIONAL BUSINESS

In the first quarter of 2023, Arezzo&Co's international operations reported R\$ 117.3 million in gross revenues, decrease of 6.1% vs 1Q22 that represents 9.1% of the Company's sales.

In the North American operation, the web commerce channel had gross revenues of R\$ 40 million, steady vs 1Q22, given the strong comparison base. The wholesale channel's representativeness was 48.9% of the operation's gross revenues, decrease of 18.6%, in line with market peers, without reducing the share of wallet in this channel.

With the objective of reinforcing the distribution of the Schutz brand in the United States, Arezzo&Co will launch, in May/23, an important store located on Broadway, in the SoHo neighborhood of New York. From this store, Schutz will offer deliveries via web commerce within 2 hours in the city.

As announced in the second quarter of 2022, Arezzo&Co started operating the Arezzo brand in the US market through a proprietary e-commerce. In 1Q23, the Company executed agreements with department stores Macy's and Belk for distribution in more than 100 stores. Sales to the public will begin in the second semester.

On March 3, Arezzo&Co announced its first acquisition outside of Brazil, with the Italian brand Paris Texas. With the objective of increasing its participation in the global luxury footwear segment and its penetration in the European market.

Founded in Milan in 2015 by Annamaria Brivio and Massimo Baltimora, Paris Texas stands out for its ability to set trends, creating iconic products on a trajectory that brings together growth (+65.0% in 2022) and profitability.

In March, Paris Texas posted R\$ 11.6 million in gross revenues.



BALANCE SHEET

Assets	1Q23	4Q22	1Q22
Current assets	2.691.016	2.383.445	2.109.403
Cash and cash equivalents	83.603	28.826	106.747
Financial Investments	699.465	447.608	603.562
Trade accounts receivables	743.011	867.582	631.278
Inventory	842.526	772.060	556.685
Taxes recoverable	19.291	13.678	130.015
Other taxes recoverable	203.213	187.534	0
Other credits	99.907	66.157	80.601
Financial Instruments - Derivatives	0	0	515
Non-current assets	2.440.906	2.275.819	1.914.810
Long-term receivables	297.353	317.663	315.470
Trade accounts receivables	478	330	3.589
Deferred income and social contribution	126.599	119.270	83.870
Judicial deposits	93.210	81.108	55.487
Taxes recoverable	66.001	102.550	158.128
Other amounts receivable	11.065	14.405	14.396
Investments property	3.761	3.162	2.860
Property, plant and equipment	769.765	691.582	446.326
Intangible assets	1.370.027	1.263.412	1.150.154
Total assets	5.131.922	4.659.264	4.024.213

Liabilities	1Q23	4Q22	1Q22
Current liabilities	1.589.572	1.635.360	1.269.342
Loans and financing	663.004	392.254	268.463
Lease	93.790	89.648	58.229
Suppliers	571.535	671.662	588.706
Other liabilities	261.243	481.796	353.944
Non-current liabilities	800.389	369.311	256.621
Loans and financing	397.089	9.619	15.576
Other liabilities	59.007	68.917	66.259
Lease	339.922	284.889	168.765
Other amounts payable	2.720	2.465	3.065
Deferred Taxes	1.651	3.421	2.943
Deferred Income	0	0	13
Shareholder's Equity	2.716.661	2.653.792	2.497.592
Capital	1.671.716	1.671.716	1.645.467
Capital reserve	174.295	176.094	163.585
Profit reserve	814.396	814.396	541.478
Adjustment of Equity Valuation	-6.887	-8.414	-991
Period Profit	63.141	0	98.053
Proposed additional dividends	0	0	50.000
Total Shareholder's Equity	2.741.961	2.654.593	2.498.250
Non-controlling interest stake	25.300	801	658
Total liabilities and shareholders' equity	5.131.922	4.659.264	4.024.213

INCOME STATEMENT

Income Statement - IFRS	1Q23	1Q22	Var.%
Net operating revenue	1.025.291	839.576	22,1%
Cost of goods sold	(488.467)	(390.836)	25,0%
Gross profit	536.824	448.740	19,6%
Operating income (expenses):	(432.000)	(287.588)	50,2%
Selling	(347.500)	(289.081)	20,2%
Administrative and general expenses	(82.774)	(73.816)	12,1%
Other operating income, net	(1.726)	75.309	-102,3%
Income Before Financial Result	104.824	161.152	-35,0%
Financial Income	(39.591)	(20.407)	94,0%
Income before income taxes	65.233	140.745	-53,7%
Income tax and social contribution	(1.848)	(43.460)	-95,7%
Current	(10.947)	(39.603)	-72,4%
Deferred	9.099	(3.857)	-335,9%
Net income for period	63.385	97.285	-34,8%
Results Attributed to:			
Controlling shareholders	63.141	98.053	-35,6%
Non-controlling shareholders	244	(768)	-131,8%
Net income for period	63.385	97.285	-34,8%

CASH FLOW

Cash Flow	1Q23	1Q22
Operating activities		
Net Income	63.385	97.285
Adjustments to reconcile the results according to the cash generated by operating activities:	62.640	37.921
Depreciation and amortization	49.396	33.433
Income from financial investments	(11.725)	(10.672)
Interest and exchange rate	(16.340)	(39.504)
Income tax and social contribution	1.848	43.460
Others	39.461	11.204
Decrease (increase) in assets		
Trade accounts receivables	142.656	157.533
Inventory	(66.533)	(106.509)
Recoverable taxes	21.483	(19.452)
Change in other current assets	(30.962)	(33.364)
Judicial deposits	(12.102)	(1.097)
(Decrease) increase in liabilities		
Suppliers	(119.461)	13.993
Labor liabilities	(73.813)	(42.620)
Fiscal and social liabilities	(14.833)	(20.917)
Variation in other liabilities	(34.880)	(34.202)
Payment of income tax and social contribution	(13.142)	(22.686)
Interest payment on loans	(1.078)	(7.178)
Net cash flow from operating activities	(76.640)	(4.515)
Investing activities		
Sale of fixed and intangible assets	-	-
Acquisition of fixed and intangible assets	(50.998)	(40.835)
Financial Investments	(1.747.817)	(1.327.994)
Redemption of financial investments	1.504.626	972.588
Acquisition of subsidiary, net cash obtained on acquisition	(130.311)	(49.983)
Net cash used for investment activities	(424.500)	(446.224)
Financing activities		
Loans and financing	703.194	26.327
Payments of loans	(27.556)	(230.200)
Consideration of Lease	(33.224)	(17.914)
Interest on Equity and Profit Distribution	(82.107)	(60.000)
Credits (debits) with Shareholders	-	-
Resources from Stocks Issue	-	833.794
Expenses from Stocks Issue	-	(36.776)
Repurchase of Stocks	(6.191)	-
Resources from the Exercise of Stock Options	-	389
Net Cash used on Financing Activities	554.116	515.620
Increase (decrease) in cash and cash equivalents	52.976	64.881
Cash and cash equivalents		
Effect of Exchange Rate Variation on Cash and Cash Equivalent	1.801	8.116
Cash and cash equivalents - Initial balance	28.826	33.750
Cash and cash equivalents - Closing balance	83.603	106.747
Increase (decrease) in cash and cash equivalents	52.976	64.881

EARNINGS RELEASE
1Q 2023

AREZZO
&CO

house of brands

#



Brizza



Vicenza



AnaCapri



Vans



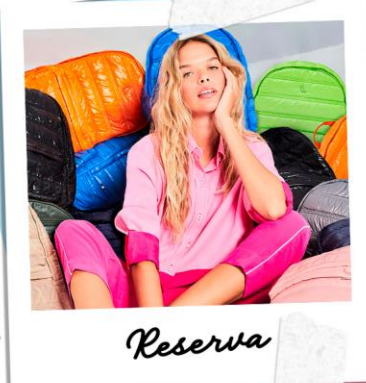
Schutz



Arezzo



Alexandre Birman



Reserva



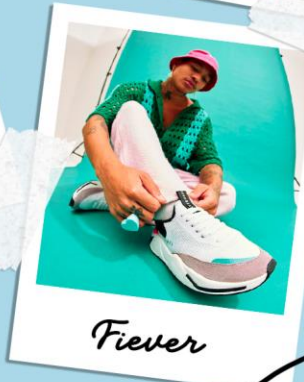
Troc



Baw



Carol Bassi



Fiever



Alme

Paris Texas



2023