

## **Videoconference Incorporation of Reserva Group by Arezzo&Co**

Good morning everyone, let's begin our techno-conference.

ALEXANDRE Good morning, it's a pleasure to be with you here today. And what a day! A Memorable day for our history. I'm here with my partner, brother, Rony. This moment will be a milestone for us. I hope that much beyond our strategy, our vision, our forecasts, that we can convey to you the essence of what has gotten us this far and what will be the flame that will move us towards the future. I hope that we can somehow touch everyone's hearts because we're here to announce much more than a transaction a deal, we're here to share a historical moment in our lives. The year of 2020 will, without a doubt, be a memorable year for planet earth, the year the history will tell us everything that happened and we as the stars in this moment are here and very proud to share that we were able to turn things around. To me, this year has been particularly heavier, and I turn weight into memory. And I am sure that what we are going to tell you today will be marked forever. I would like to thank the entire team, all of you, analysts, investors who supported us throughout this year, gave us a vote of confidence in the second quarter when we announced a series of changes that worked, led to very positive results. We will soon be together on November 13 presenting our third quarter results and the numbers will speak for themselves. There we will present all the steps that we went through this year and I had two great mantras to follow during the crisis management. One of them was the letter, here I'd like to take this opportunity to thank our founder, my father, Anderson Birmann. That letter from him about 5 steps that a CEO should take to get through a crisis. And the other one that was the material from Bain & Company at the very beginning of the crisis, around March 16, which was 6 steps and the last one after you managed to turn things back around, was about the opportunity to play offense and not only defense. That's why we have this bright red here on the slide "to play offense". You're probably thinking this doesn't make sense, why is Alexandre putting up a slide with Bruna Marquezine on it showing flip flops. On a side note, within all the initiatives that we achieved by playing offense in 2020, we'll still talk about ZZ Mall which is in its embryonic stage. This week we launched for our franchisees, this project that goes far beyond a product, it's the embryo of a new brand, is the Briza from Arezzo line, on November 5, schedule that, 9:00 am. The Arezzo team will present to you our entire strategy behind this great launch that

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will certainly change the basis of our sales volumes. A really challenging year, a lot of learning and many achievements. And now, really, this wonderful photo, and now I have to tell you that this photo is not just a sneaker, it's what Arezzo&Co was until the 23rd of October. This is already a Reserva brand sneaker, showing that what is supporting us are our steps. And to take steps, shoes are essential, obviously. But we would like to go beyond that. We want to use our base, which was built over practically five decades, in such a sustainable way, so that it is the foundation of this moment, that in so important, to reach new markets, new consumers, and really build what will be the largest "house of brands" in Latin America. This chart may seem a little repetitive when I present it, I'm sure that most of you who accompany us, during all the Investor's Day events, probably know it by heart. This is the famous one-page that translates our strategy. This graphic in the shape of a spider web, which has six axes, and which we are always present, as we're entering, growing new brands, increasing categories, customer segments, social class positioning, geographies we operate in and our distribution channels . The darker gray, was the addressable market that Arezzo&Co had to act on until the 23rd of October. From now on, and I think that any child, just by seeing the colors will understand that light gray is much bigger than dark gray, in such a simple way, to really show what today means in terms of our growth drivers. I mentioned that the passion driver is essential, but looking at figures, revenue growth, our addressable market, it has an exponential growth right now. We are going through a moment, a path for humanity that will always be remembered. There's a very interesting fashion news article, I recommend in case anyone is curious, in Vogue America this October, it says that fashion is really political in the sense of dictating phases, moments in history. Considering most recent times, the 19th century, moment of war, post-war, emergence of trends, Woodstock, the hippie movement that changed the way women and everyone dresses. This year of 2020 is certainly beginning this new era, a transformation and the role of fashion to comprise this moment is fundamental. However, we know that, despite the importance of shoes and bags, it is difficult to imprint a stance, a message through them. The famous fashion with purpose, which is what we are here to talk about, it's difficult with shoes and bags. It's just a very small part of your body to express something so profound. So the "full look"

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placed so prominently in the middle of this slide really shows why we are here to become a company that will have, as you see there, accessories, women, men, sneakers, shoes, apparel, full plastic, children, handbags, in short, today we are a “full look” company. And here our baptism, 11:23, Oct. 23, 11:23 we have the baptism of AR&Co. AR&Co. means many things. First, a way of showing the attitudes of what verbs ending in “ar” in Portuguese can do, such as an attitude of testing, executing, improving, scaling, humanizing, multiplying. We will put these 28 commandments that will accompany us, printed here, on our chest, which will accompany our entire trajectory, especially in terms of raising awareness. That's what the main purpose is. There's also the AR as in Arezzo and Reserva. I would also say and there is no coincidence, in Alexandre and Rony. The styled R, Rony will talk about that red woodpecker. Which actually is not a woodpecker. I love that red woodpecker. That 'R' is nicely styled. Entrepreneurs, and the best part here, Rony, this t-shirt shows us a small example of our co-creation ability.

RONY That's right!

ALEXANDRE Like I said it's difficult to express your stance through shoes, but the t-shirt says it all. I provoked you to create something different for my sentence that's here. It's a simple and creative way to invert what we always say: "from head to feet," but no, it's from "feet to head." That's amazing. Hey! There may be a 'style it' for that t-shirt, I wonder if that's a spoiler? Will there be a limited edition for people that are listening to us? Well, to end and then hand over to Rony, I have two more specific slides to show you the numbers. To really show the size of the addressable Market, the balls speak for themselves. That small ball on the left side of the page, market for women's shoes class A/B, 11.6 billion. So, Arezzo&Co, has a 25% market share including bags. Now on the right side, the ball is on steroids, it grows exponentially, it jumps from 11.6 to 40.1 billion. And that's better, our market share now drops to 8.8%, which is wonderful. You can bet on it, that gray ball that has such a tiny slice of the pie, in red and black, just give us some time that over the years we will reach the 25% real fast. Now for the last slide, before moving on to this very important moment of listening to my partner Rony, talking about the size of these markets. As I said, Arezzo&Cos

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target market until then, 11.6 Billion, let us go to the first market that is still the core of Reserva today, which is A/B1 men's apparel, three brands acting on that growth, a market of 5.8 billion. Here we go, for the biggest stake, the biggest piece of this waterfall chart, which is the women's market A/B1. And that is where the Reserva group already has a step in the door, a very well planted beginning that is just the beginning and I am sure that we will not be adding, we will be multiplying the market for women's clothing A/B1, bringing together all the expertise of Reserva in men's clothing and all the expertise of Arezzo&Co in Women's fashion. This union will be pure nitroglycerin. Entering another super-important market, the children's market, which is the object of desire. I have an older daughter, Olga, who is passionate about fashion. And she was following, I'm glad she doesn't have access to the market, because she had "insider information" so we passed by a Mini store and she says, "Daddy, very nice, but they only have boy's clothes, let me help you create girl's clothes that will be a success." So, girls in Brazil, just wait and see, because Mini will grow. And lastly, adjacent categories such as watches, glasses, which are very important categories for the Reserva brand. And speaking of lifestyle, I could add a lot of bars here talking about services, talking about content, which has a lot to offer. But I'll stop here because with 40.1 billion, 25% is easy to calculate there, exactly the 10 billion that we talk about so much. I think that 10 billion is cabalistic for many things. Moving on to you now, Rony, it's a pleasure to hear you. For those who have been following Rony on Instagram in several videos, now watching him live and in color, founder of this brand that has such a profound iconography, that any human being, 200 million inhabitants in Brazil, when you see the red pupo you know that it's Reserva. Welcome.

RONY First, I am very happy to talk to everyone today, in short, it's a very special day for all of us. A moment when we come together because if we were strong when we were apart, now, together we are unbeatable. And we come together to build the best and consequently biggest Brazilian "house of brands". If we can look ahead, 10 years from now or less, we will have built a "house of brands" that

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will rescue the pride of Brazilian fashion and will prove to the world that we make great fashion here.

ALEXANDRE You sent me this message in the middle of the night and that phrase is really deep, and now it's on record.

RONY Yes, it is a good moment. Anyway, before I tell you our story, of our group of brands, I wanted to start off the conversation to talk about how this business was born, and Alexandre. Still in the middle of the pandemic, our two companies had recovered very quickly. He called me with this idea of creating a fashion branch here at Arezzo&Co. And that arm would continue in Rio de Janeiro, with us, with Reserva, led by our team, with our culture. And that would be the platform that we could use to expand our brands. There is still a lot to expand, much to be done and to consolidate the market. That was the perfect match. We always like to say: "rockets don't move in reverse." And here at Arezzo&Co, it's the same thing, "let's move up."

ALEXANDRE Exactly, let's do it.

RONY We met with that vision, and after many months of exchanging information, getting to know each other, testing the partnership, we came to the conclusion that this wedding will surely be very, very successful.

ALEXANDRE We even played the wedding march at the last board meeting.

RON There was a wedding march, it was wonderful. Before talking about and getting into more details about our culture, just some big figures, we have 6 brands today on our platform, they operate in multi-channel, we have 78 own stores, 32 franchises and 1500 multi-brands. 37% of the sales based on the tools that we have been developing across time, today's snapshot comes from Omni-Channel, pre-Covid, it was 22%, which was already high compared to the average market base. And we are currently present in all those channels, well dispersed all over Brazil, but with the opportunity to grow upwards in the country. A great opportunity for growth. That said, first of all, the greatest raw material we have at Reserva today, before cotton, before any product, is our people. This business started with these four guys, we took that picture a few years ago, "the guilty." We started this business here, from left to right, Fernando who takes care

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of the product, sales, my partner, founder of the brand with me; Zé Alberto who takes care of technology, every digital part of the business is touched by him; Jayme Nigri who is our COO and takes care of all of our operations, and me. So, this partnership was born with the four of us, it grows later as a partnership, which was born very early at Reserva, on the 2nd, 3rd year we set up the partnership with the objective of having people as partners that would deliver a brand legacy. They really made products that made a difference to our business. And today we have 29 partners who came from the operation, working on the operation in the group of brands.

ALEXANDRE Increasing the individual shareholder base at Arezzo&Co.

RONY That's right, 29 new partners, and more, entrepreneurs of potential brands that this company may come to create or consolidate. That said, now a little bit of our history, Jayme and Fernando and I are childhood friends, that is a picture of us at school, and in a gym, Fernando and I in 2004, we saw five men wearing the same Bermuda shorts, and it started as a game. We call that "D" day, because we said we were wearing the same clothes because there was a problem of repressed demand. And so we made the first pair of Bermuda shorts, we started selling door to door, from the car trunk. We fell in love with that process, then, importantly, the phrase that was written on the Bermuda shorts was: "be yourself but not always the same", the desire to do things differently. Anyway, we started, Fernando and I, the entrepreneurship bug bit us, we lived at my parents' house at the time, we stayed there. We set up a business plan, and we believed that if we started with multibrands, started with business to business, that we could generate cash flow to expand in a sustainable way in retail. And that is what we did. In 2006, we opened our first store in Ipanema, 33 square meters.

ALEXANDRE Then you can tell me who is in that photo.

RONY It doesn't look like me or Fernando, but I promise it's us, but my hair... But we have a very unique way of working, the company's culture is very strong, it is anchored in the purpose of caring, moving, and surprising people every day. I have already mentioned here the Notables Program, the Reserva Days, which are our brand events, that we celebrate with our people.

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ALEXANDRE The kick-off is small right? Because Dia de Reserva was in a “tiny little stadium”. You occupied a relevant percentage of it, which one is it?

RONY Maracanã. We really celebrate people, we put them in the middle of the Maracanã stadium, the sales professionals. In this country some are not always proud of being a sales professional. Here we are proud of our salespeople.

ALEXANDRE So I guess there's a lot of room to grow there, bring in a lot of salespeople, right?

RONY A lot of salespeople. The more the salespeople, the better. There is the put it in the window, which is a program that makes dreams come true for people who deliver value to business areas that are not their own to encourage collaboration between departments. The best internship in the world, which is our internship program, bringing in 30 young people every year. Most of the Notables came from the internship programs. And the School of Rebellion, which is a multidisciplinary school focused on entrepreneurship, agility, and productivity. Then there is the overview of our brands, we have Reserva which is a young men's brand, we have Reserva Mini which is our children's brand with apparel from newborns to twelve years age. Oficina Reserva that makes new and basic high-quality workwear. EVA that makes young women upscale apparel, and INK, which is a full-commerce platform. We have a textile printing center at our headquarters with several textile printers. They print just like you would a print sheet of paper, but we print on t-shirts instead. We print on demand, so we have a much more efficient inventory management. And on top of that, a platform that allows every entrepreneur to set up their own T-shirt shop and worry only about digital marketing.

ALEXANDRE you have a kiosk.

RONY There's a kiosk at Barra Shopping in Rio de Janeiro, just one. And the goal is to grow that format. And our youngest daughter, Reserva Go. The pictures we see are the shoe store, Reserva Go, we have two stores, it is brand new, an operation that is going very well, which makes shoes and accessories for men and children and very soon for women too.

ALEXANDRE Very soon.

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RONY Our vision, to be an ecosystem of conscious and innovative desired brands, connected by the purpose of delivering a better experience to its consumers. The matter of conscientiousness has been part of our DNA since day one. To understand, obviously, that financial profit is fundamental, but it must also come with social and environmental concern. Our purpose is to care and thrill, surprise people every day, we work to deliver purpose to people and to all stakeholders. I spoke a little about the employees and I will talk about the other stakeholders a little later. And the mission, how we do it, using fashion and technology to improve people's self-esteem and consequently scale our business. And the purpose, as I said, manifests itself to different stakeholders. So, how do we deliver "care, thrill and surprise" to our customers? We call the Ipanema store our Lab, every time we'd get inventory wrong, we'd go crazy. We went out to research and understood that the best logistics model for us was Push and Pull. And there was no system at the time, in 2007-2008, to service us. So, we decided to develop our own WMS. Currently our WMS operates Push and Pull for retail, cross-docking for business to business, with a very high level of efficiency and in our own distribution center located in Rio de Janeiro. Then we developed Now, Now is perhaps one of the main tools of our company, it was also born inside the Ipanema store, that's why I say that the Ipanema store is our Lab. Because I had the salespeople notebook and they wrote down in there that they had to call Alexandre, a week after Alexandre bought something at Reserva.

ALEXANDRE That's true. The e-mail, we can talk about it later, you found an e-mail from 2009, me asking for a t-shirt they I didn't have at the store. You sent me that yesterday.

RONY Alexandre you are a visionary, you already knew what you wanted in 2009.

ALEXANDRE So Now has been working since 2009.

RONY Yes, 2009. I like to say that Now is a turbocharged CRM because it is easier to explain. Because CRMs usually automate the relationship between brands and businesses with customers. Our Now automates the relationship between people, salespeople, salespeople with our customers. It creates that based on an algorithm.



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ALEXANDRE I don't think you need to explain, Rony, because whoever is listening to us here gets SMSs, WhatsApp messages, straight from the team.

RONY In 2008, we developed a "Social Selling" platform, moving heaven and earth for our customers, a retail award for those who deliver a better story of enchantment, stores as a meeting point as well as a point of sale. So, our stores have a barber shop, cafes, bars, even spas in the EVA stores. Many customers go there and sometimes they don't buy anything, but as the affective memory exists they come back.

ALEXANDRE And I can make a side note here, what touched me the most when I discovered Reserva? Did I even tell you that what's missing is a beer? The thing about how retail is going much beyond just selling merchandise. It's the experience, especially after resuming the normal flow of shopping malls, that you had that red refrigerator there. I told you a nice cold beer was missing. That was instinctive. There was no mention of retail with the experience, and the first Reserva store here at Iguatemi, the very large one, the size of this stage, they actually had cold beer there.

RONY Vintage red fridge full of beer. And the Faça Você (Do it yourself), a product also focused on servicing consumers, anyone who goes on the web, it's spelled "faca" because it does not have cedilla, [faca.vc](http://faca.vc), so I can sell it here. You can create, design the t-shirt you want, write whatever you want, upload the art, which we deliver in ten business days to your home. You can also do that with the touchpad at the points of sale.

ALEXANDRE And I was there, visiting that framework, before Father's Day, that Friday and the shirt was coming out, the one that could speak, it was a great case.

RONY Exactly. We made a T-shirt that came with a QR Code hidden in the art, and if you pointed your cell phone, a recorded message from your son or daughter would play.

ALEXANDRE I tested it right there to see if it worked. It worked right away.

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RON: It was proof. We make basic items. We assume that no one will wear the way we dress, this mix and match, our basic and essential clothes to dress yourself. Entrepreneurship is in our veins. We use entrepreneurs as role models and tell the story of this entity that is so relevant to our country. We have Penetras (Party Crashers), which is a product line, from partner brands. We call them Penetras because we sell them online, and in our stores. It's like other brands crashing the party: Vans, New Balance, Vert, Timberland, Adidas, etc.

ALEXANDRE And another thing, a spoiler, speaking of Vans, it wasn't added because of Arezzo&Co, it was there long before Arezzo&Co.

RONY Yep for a while. Total synergy, cross-selling everywhere.

ALEXANDRE You can calculate how much you can grow Vans there.

RON Definitely, I was already talking about that backstage here. And Techstyle, which is a cell that develops textile technology, which has already developed Resist, which is a completely waterproof, odor-proof, wrinkle-proof fabric. The refreshing agent that removes up to 5 degrees of thermal sensation from the fabric. All of that are out products, our textiles that we can and use for all our brands.

ALEXANDRE And now the recyclable. I saw that last launch, this shirt is trash, that's a strong statement.

RONY Strong. We use leftover collections to shred the product and make new thread and with that thread make a new product collection. All of this is our technology that we have been developing over time. Our suppliers, our product is made primarily in Brazil, 96% of the production is here, we are members of ABVTEX that guarantees the certification of the entire chain up to the 5th generation. And to summarize, what is that platform? We say that there was a Big Bang in retail. In other words, we had two touchpoints, media and store, which became millions of touchpoints, cell phones, stores, applications, people, people walking around. And we understand that mandala, we say at Reserva that everyone should get a tattoo of that mandala. At the center is the customer, in the middle all the touch points of the brand with that customer, and at the edge we have inventory, which have to have a single view. The inventory is like the

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sun, regardless of where the customer is, you have to have access to it. In summary, the platform has the proprietary WNS that operates in multi-channel with a very high level of efficiency. As a result, the WNS platform has been omni-channel since 2010. So, ship from store, buy online, pick up in store, infinite shelf, tools that we have used for many years. And delivery and efficiency over that period using all these technologies. That's why here at Arezzo&Co, in theory we have a huge opportunity to consolidate the market and expand the brand.

ALEXANDRE And also migrate to Arezzo&Co. with all that evolution.

RONY Definitely. Migrating all that technology and cross-selling, the opportunity that cross-selling has between brands, as they are very complementary to each other, is huge.

ALEXANDRE And speaking of cross-selling, when you told us why we are here, there was a step before that which was the idea of cross-selling on Mother's Day, right? Brazilian Valentine's Day.

RONY Mother's and Valentine's Day in Brazil.

ALEXANDRE That we did cross-selling with Schutz activating the bases of each one. So, the cross-selling was the origin of our partnership.

RONY That is the summary of the technologies that I talked about here that we developed over time, the Faça.Vc, Reserva INK, Now, our application. There's one I didn't mention, which is the Home Try-on, we've had it for 6 years.

ALEXANDRE The suitcase.

RONY We digitized the suitcase. So, Now generates a call queue or sends messages to consumers, and also generates a call queue to schedule the delivery of these suitcases, which are algorithmically proposed to sellers to pick items and leave at the consumers' home. Reservado (Reserved) has been a branded product for many years and represents a lot in terms of revenues and will certainly be explored by all the brands in the group. And an affiliate platform that we developed in the middle of the quarantine and it worked very well. That said, that photo is a historic photo.

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ALEXANDRE You know the countless motivations, mainly by the people at Reserva, but you know that I am a Reserva brand aficionado. The meaning of it is infinite. I never saw a word like it, and even in the contract I kept seeing the word Reserva (reserve) and I'm like "reserve" what... Every time I signed there was a "reserve" something, I thought it was from the brand, but no, it was from the legal contract. That awesome idea of the "banco de reserva" (the Reserva bench). When you showed me that photo that I hadn't seen yet, until two months ago I didn't know about this sponsorship. But for me it exemplifies the plurality that Reserva has, especially in this very important moment of environmental awareness, it's something that we will explore a lot. We are prepared, Sachete has spent a lot of money now, I trying to get little bit of money for an environmental reserve for Reserva.

RONY So I've heard.

ALEXANDRE It will be the real welcome gift for us to have a Reserva reservation. The name is plural. You had the idea of Reserva, reserve your table, reserved. Reserva here, just to finish and invite Aline here to tell us a little bit, tell us about that idea of putting in Maracanã. To me this picture is emblematic, it is historical.

RON It was by chance, I was watching a game, I don't know if fortunately, or unfortunately, I'm a Vasco soccer team fan. And I was in the stands of the Maracanã stadium, which has its back to the bench, there were no sponsors. At the time I met the president of the Maracanã, Marcelo. He said, we had to do something together, I think it's a very popular product for us to do something here. I looked down and saw the bench. And I said, "banco de, Reserva" (the Reserva bench). He didn't get the play on words. Man! I can do that? I don't have much money, the business here is tough. And he said, "nobody uses it, nobody does it because the television cameras don't see it."

ALEXANDRE But whoever is in the stadium can see it, it's 20,000 people who see it.

RONY Exactly, and more, when we put it there, we advertised the space, so several other advertisers wanted it later.

ALEXANDRE Incredible. Are you there?

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RONY Right in the middle.

ALEXANDRE Did you play soccer?

RONY I used to play around when I was young.

ALEXANDRE Awesome. Congratulations Rony. Welcome, great story. And to give a more serious feel that we need to give here, to talk about hard data, nothing better than female blood, because it's the women who run this business. And we're here talking too much.

RONY We are on duty.

ALEXANDRE One day I said, I was really excited and I said the parrot is going to fly. It's not a parrot, it's a woodpecker, but I talk a lot like a parrot. And how about the two of us together, right? Now let's move on to those who really understand data and facts here, Aline, I wanted to congratulate you in public for your brilliant work. We really needed a woman to make this more subtle side of the sixth female sense, female empowerment, you know you were really the great godmother of this deal. Congratulations on the work of your entire team, together with Rafael Sachete, our CFO, giving you this whole vision that was fundamental. Welcome, tell us a little bit about the parameters of our agreement.

ALINE Good morning, very happy to be able to talk to you, congratulations to the both of you, it will be a great game, it will be great. I'm going to present some hard data as Alexandre said. I think some things are already there in the material fact, but what is important for us to mention here, is that we are making a transaction that is primarily based on shares. There's 8.7% of Arezzo&Co capital that is going to the current Reserva shareholders. It's worth noting that this is a transaction that will still be submitted to CADE, we'll give you the timeline. So, Arezzo is disbursing 175 Million in cash. One year from now, on the first anniversary of the transaction, there will be another 50 million, we will finance it with the company's own cash, there will be no need to take on more debt, we have a very favorable net cash position. We are issuing 8.7 Million shares. The reference price we used was BRL 52.61 which was the VWAP share price of the share on the day we signed the MOU, which was on August 8. Now about the Reserva revenues, we used the numbers for 2019, little by little we are talking to analysts about future

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projections. Reserva in 2019 already considering some synergies that are almost a given from the transaction, had revenues of approximately 435 Million, EBITDA adjusted for synergy, I will explain what they are, which is about 40 to 50 Million BRL. So when we look at the multiple EV/EBITDA, we are still talking about a multiple that is a discount in relation to the multiple that Arezzo&Co traded in the market today. Today we have a multiple of 19, and today this range of Reserva, of course, we have some synergies that need to be captured. We are talking about a discount from 5% to 15%. It is important to say that this transaction is made through an incorporation by shares, and with that we will earn goodwill on the transaction. The goodwill has a net present value of approximately 80 to 90 Million BRL. And all of this will be in the documentation that you will have access to at the Shareholders' Meeting. When we talk about synergies, I'm going back a little, Alexandre, and there are a lot of questions about that. There is a synergy that we talked about here, which is almost a given because today 12% of the Reserva revenue already comes from footwear. So, we can add our expertise into that directly.

ALEXANDRE Which is a good number for a predominantly clothing brand, we usually see 7% to 9%. So 12% already shows the adherence that the brand has. And a partner who was very important and will continue to be a partner, but only changing the bases. I agree 100% with what you did, which is a complex product to develop. So it was better to hand it over to a manufacturer who had all the production know-how and who had the license, receiving royalties from Reserva and now we are going to internalize this process using the entire R&D and Sourcing framework, but probably maintaining this manufacturer that is exceptional on an equal basis, the other 60 manufacturers from Arezzo&Co, supplying to Arezzo&Co, that we add our margins to and bill. The internalization of footwear in itself is already that given synergy.

ALINE We already consider it a given, which is why it is being applied for 2019. There are other synergies that we can talk about here, credit card fees, occupancy costs, there are a number of synergies there, costs and expenses, but I think that the greatest synergy in this deal is revenue. So, let's talk a little bit about the options that this deal offers us.

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ALEXANDRE In all the work that has been done over several months and dozens of hands, right, Rony? We've identified some potential and our conversations were very in line with each other, the ideas just came. You can call me Xande, you see, you switched from Xande to Alexandre, people are afraid of calling me Xande in public, it seems that it is very intimate, that it's not professional, but what really matters is reality. When you showed that picture on the right, you will talk a little about it, the new Reserva model, I will even give you a name that we used at Arezzo and that was a great success, which is Arezzo Light. When Arezzo arrived in the main shopping centers in Brazil, with its 380 stores already, we felt that we needed to create lighter models to expand. Here's the project that you inaugurated today at the Downtown, it's the only store that has this concept, you'll explain a little, and from there on our great space for expanding the base of the chain. And we've identified, and I'll hand over to you to talk about it, countless other opportunities that the Reserva umbrella can really generate.

RONY We have an opportunity for women's clothing, Reserva is a men's brand, we have another brand called EVA, which makes young upscale women's clothing. But Reserva doesn't have a women's clothing line yet. That is certainly a huge opportunity.

ALEXANDRE And several brands around the world started out as men's and became unisex. Ralph Lauren I would say is the main one.

RONY Excellent reference. Tommy Hilfiger, Calvin Klein. So, I think that women's clothing is a huge opportunity, there's a track record, the conclusion I reach is that since men's is a smaller market, when you start a brand in the men's market maybe you have a less crowded market and then you expand to women's with the brand already established, it makes perfect sense. We have a great opportunity, a fact that today we are focused, we are top of mind for segment A, but we understand that we have it there, and we even have room to do it, we have it there...

ALEXANDRE You even did some tests in September and the sales exploded.

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RONY It is because it is the famous three P's, a very good product, product with service, an incredible purpose and a price slightly below the level of expectation that the first two Ps generates. That last P is what we still need to solve.

ALEXANDRE Then the woodpecker gains a wing.

Rony It will fly big time.

ALEXANDRE If you allow me I will speak about Reserva Go, I will be honest with you, when I saw the first store in Rio Sul Mall I was jealous. I said, shoot, we're screwed. If I didn't tell you, now I can tell you, now you are powerful, you are a partner, I have to inflate your value here. I said, it looks really good, I told my team, I called everyone. Remember Luciano? He is watching us here, he manages our main brands, I said, dude, Reserva is pulling out the big guns, we have to improve our business a lot, they're going into women's clothing. So, it started very well, second store at Shopping Leblon, wonderful.

RONY Joana and Pedro manage it.

ALEXANDRE The problem with that store at Shopping Leblon is the view, the day you go there you will see it, it is the only store in Brazil that you can see the Christ the Redeemer.

Rony: It's in the armpit of the Christ. Literally.

ALEXANDRE Reserva Go. There's a brand that I can talk about because it no longer exists in the market, a pity, but I'm sure that all of you will remember what it was to create Reserva Go at that moment, it was what the brand Company was in the 80s. A brand that was basically sneakers and backpacks, and every teenager who went to school had to have a new Company backpack to start the school year. Reserva Go is going to be a great success, I have no doubt about it. And then I think we can talk about Megastores, right Rony? Because there are many concepts, and one day I called you, at Shopping Leblon, there are 6 stores there, explain that.

RONY The idea is that we will be able to consolidate these operations in some specific positioning malls, so that the consumer can experience the brand's entire ecosystem and thus better understand them. And in addition to the expansion,



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the remodeling, we have to adapt the remodeling to a single store model, the model that we showed there, from our own stores, with this rationale we still have the greater capillarity that we talked about here, the third P. We have a huge opportunity in franchising.

ALEXANDRE Exactly, it's our main synergy. Arezzo&Co has more than 670 franchising operations, a legacy of having franchising as a business and not as a channel, for more than 30 years. It will be practically plug and play. In fact, Arezzo's franchisees, we have a group, they are all watching us here. And today we have a call with the Arezzo franchisees that will be a success.

RONY And we are only talking about the main brands here, apart from what may still come.

ALEXANDRE And Mini, how did the children's clothing start?

RONY This is a cool story, a story of entrepreneurship, Mini started from a mistake, one of our buyers typed two more zeros in a polo shirt order that we had to sell to a wholesale customer, multi-brand, business to business, and we didn't know what to do with that amount of shirts, we had 8 stores at the time. We put a children's polo rack in each store, those shirts sold like hell.

ALEXANDRE First product?

RONY First product, a polo shirt in various colors. And it became Reserva Mini, which is a newborn to 12-year-old clothing line, we have 14 stores.

ALEXANDRE You have to go with Reserva Mini sneakers, it will be a success.

RONY We already have it, just a little, but it will grow a lot.

ALEXANDRE Perfect. So here is a little bit of what awaits us.

RONY Yes, what the future holds.

ALEXANDRE Everyone knows the Reserva, RR, think of Reserva, think of Rony. But I wanted us as new partners now, I wanted to invite a co-founder and two partners to come here on stage and introduce themselves. Nandão, what a moment. Welcome

FERNANDO Thank you.

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ALEXANDRE Every collective of experience must have the wise man, the youngest one who brings us their experience, Zé, welcome. And one who doesn't even have hair anymore, Jayme. Welcome If you want to talk a little about what you are feeling, our new partners, make yourself at home, it is an honor to have you, this photo is incredible, everyone booked. Are they wanted?

RONY The guilty.

FERNANDO We are super happy, tired, establishing an address is not easy, we know the work it takes. But we are very excited, the business we have been doing here, and that makes us even happier, to see the two entrepreneurial cultures in our companies. And then we are sure that this combination will be very cool, it will multiply our business a lot. And when we set up this business, we didn't know where it was going. I remember us signing the articles of organization together, without having the slightest idea of what was going to happen. And this journey now, what most excites us, the new paths. We are super happy, two companies, you and your father set it up back then. In the same spirit, nobody sets up this business. We didn't set it up with a market analysis, we just started doing it and things started to happen.

ALEXANDRE Even Rony said business plan, there was no business.

RONY: There was only a plan.

ALEXANDRE There was a dream.

JAYME I had no plan, no business and very little plan. This business plan promised that in 6 months we would do an IPO.

(speaking over each other)

JAYME And thank God the experience showed me that there has to be a lot of work, a lot of effort, a lot of focus.

Old school.

JAYME Yes, old school. Super happy, special thanks to your team, Aline, Sachete. They worked very hard with the whole team, everyone engaged. It is

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not easy at all, there is a lot of backstage work that is highly valued at both companies.

FERNANDO Me too, like Jayme, I'm super happy to be here with you today. One thing that really impressed me was when I went to Campo Bom, we live our reality. And when you live your reality you are sometimes closed off. When I entered that world I saw the amount of opportunities that we have to learn from you. And so, it opens up a horizon for us that is something out of the ordinary. What's the coolest thing about this business? We can see a much bigger horizon to fly to. I think this is a milestone for something much bigger and I can feel it...

ALEXANDRE With this vibe, this emotion, that will be a fact, welcome.

JOSÉ What I have to say is that I have a lot of work experience time, and again, I'm very, very happy and thrilled to be participating in a business that after so many years of work I can be sure that I will have much more successful work. This I think makes me very at ease. And to know that we did it, the 4 of us from Reserva and the entire Reserva team. It is a mutual trust between everyone, I think it is the big success that Rony was talking about. And we are entering, not entering, we are joining another group that we are sure of this trust, which is what will really make this business fly high.

ALEXANDRE Welcome, wonderful. (applause) To conclude, we are going to talk about something very important, now it's up to you, Aline.

ALINE. I think it's important to say that we introduced the partners from Reserva here and they will all continue with us, we have a long-term contract with them, a non-compete, so, we are very happy that they will stay with us for a long time, there is no deadline to end. And then addressing some governance questions that are coming in, the Reserva group as a whole will appoint a board member. This board member will be elected for our next Assembly next year. We do not have a name defined, but we will let you know.

ALEXANDRE And you can talk about this slide, the wider part...

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ALINE And here we also have Dynamo and Joá, they were partners, both, the two funds owned 35% of Reserva group. We would like to thank Dynamo and Joá for their patience since the negotiation process started.

ALEXANDRE Of course. Dynamo and Joá, I think a lot of people know who is behind Joá.

RONY Yes.

ALEXANDRE He is really a great partner, I received a message from him earlier today, Luciano Huck, very cool to work with him. He is here with us as an Arezzo&Co shareholder.

RONY I also thank them for their trust, partnership, everything. I've been lucky in life, I knew how to choose my partners, we know when it is not so it's tough. I'm lucky, I don't have anything bad to say about them, they've always strengthened us, encouraged us, were on our side in bad times and good times. A perfect marriage.

ALINE here a more technical part, today we announced the transaction, between October 30th and November 15th we will call the shareholders' meeting so that minority shareholders can vote on the deal, we will have an appraisal report and all legal procedures, the assembly should take place very close to that period. And remember that it is a transaction subject to CADE. Between November 25th and December 25th we should have the final approval

ALEXANDRE Formality only because our market share is minimal.

ALINE Then we will be able to create our business plan, we are a very complementary transaction, it is a summary proceeding at CADE, maximum of 45 days and we are ready to start integrating operations. We have a question, yes, are going to do a structured integration process, but obviously, some steps we cannot be skipped. We have to do things by the book.

ALEXANDRE Can the integration of the heart start?

ALINE That ship has sailed.

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ALEXANDRE So this is a very important point, Rony. You were super visionary together with your team, to bring this vision of putting sustainability into practice. We hired B Corp for a report, our company had a proposal, and I know how complex it is to be a B Corp company. Arezzo&Co has evolved a lot in recent times with investments in product lines, such as ZZBio, a series of social initiatives mainly during the pandemic. But Reserva's experience on this topic is enormous and I am sure that we will add a lot of value. This 'this shirt is trash' was what really got to me, if you can talk a little about this topic, it is important.

RONY We always believed in more conscious capitalism. And I think that what we are seeing around the world, even with the ESGs event, what is happening in the capitals market, is very cool.

ALEXANDRE As the G in governance, in Arezzo&Co, you saw that we are very sensitive about that...

RONY Otherwise we wouldn't have done it. There is no other way. If we don't have a planet in the future, it is useless to live on it now doing nothing or just destroying it. A capitalism that is concerned with profit beyond the financial one, that leaves a socio-environmental legacy, that's what we believe in. I was president of a cycle of the Conscious Capitalism Movement in Brazil. A Global movement that was founded by John Mackey who is the founder of Whole Foods in the USA. He invited me from the USA to take over here for a cycle. Now Hugo Bethlem is spearheading it, he's fantastic.

ALEXANDRE Ah, Hugo was from Pão de Açúcar.

RONY Yes, it's true, from Pão de Açúcar. And system B, B Corporation, system B Brazil is a certification that guarantees the highest levels of socio-environmental sustainability at the company and thus offers confidence and tranquility so that the consumer can consume with peace of mind knowing that that company follows these practices .

ALEXANDRE Certainly a platform highly committed to ESG will be important for our stakeholders.

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ALEXANDRE So, in summary, we are reaching the end of our presentation, I talked about an extremely relevant step. I hope that in some way we have touched everyone who is watching in building the platform of the largest 'house of brands' in Brazil and Latin America. An exponential increase in the addressable market, larger by 3.5 times. An adherence to targeting, Arezzo&Co presented it at its Investor's Day in December to consolidate itself as a platform. The acquisition of a talent pool, with three examples here, but there are hundreds and thousands of talents that are now Arezzo&Co. Generating extremely fundamental value through synergies, especially expansion, is what we are here for, to grow our sales a lot. And from then on, Rony, creating what we can talk a little bit about, AR&CO, which is this really new branch, I want to make it clear, you are our CEO of this arm, of our vertical of fashion and life style. A hub for the acquisition of new brands, which is our wish.

RONY Yeah, AR&CO, as we introduced the brand here, the combination of Arezzo with Reserva, and all this great team from both brands, it will be a company based in Rio de Janeiro, where we are today, we ended up calling it Grupo Reserva, much more for the occasion than for the strategy. Our group never had a name. So the name of Grupo Reserva is now called AR&Co. And the objective of this group, in addition to scaling the company's current brands with greater speed, is also to consolidate itself in the market, using these products.

ALEXANDRE the pipeline they have there, the people, a system process to add new brands. We have just introduced a platform with a very high level of commitment to Environment, Social and Governance, and digital skills that are highly complementary. You have seen our robust SAP. How much that helps with information security, management, and you are super advanced on Omni, the merger of our digital capabilities, it will be a great success, I am sure of that. These are complementary advances that we have and that together will really generate levers for our growth, who knows, maybe one day, we may even later supply the market with what we are going to create with technology. And I'll let you invite them, I think that there is no coincidence, in my opinion.

RONY Synchronicity.

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Alexandre Great! The 26th is here, Monday, you created a gigantic movement, you dedicated yourself a lot. I know it was the result of a one of our chats, it was very fast, as you say, you area a sponge and it is already happening. Today is Friday the 23rd, you have 48 hours to get ready. And my name is not there yet, strategically, we are defining whether I will be at the opening or closing, but I am invited, right? There are important names there, but I imagine I can say a few words.

RONY Several, for God's sake. The idea was to shed light on your participation at the end of the event, after a week talking about what the future of retail will be. Because today we read on the internet a lot of things, opinions, different people talking about what the future will be. Thank God, I've established relationships and friendships with Xande, and, dude, at Reserva, during this pandemic, I've talked to these people, they gave me advice and we applied it, and it was great. We were talking and had the idea of holding an event for which we would invite people we admire and who understand retail consumption, so that we can exchange ideas, like at a bar table, about what we understand the future will be. Because only collaborating, only co-creating will we have a more reliable theory. It will be from Monday the 26th to the 30th.

ALEXANDRE How many people are already registered?

RONY Over 50,000 registered.

ALEXANDRE Can you fit one more, there?

RONY There's a QR Code there, just point your phone at it. Or access [futurodovarejo.usereserva.com](http://futurodovarejo.usereserva.com), the casting is wonderful, the largest retailers in the country and people from all areas of business, technology, consumer goods.

ALEXANDRE On this slide it was the coincidence of having Edu Lyra from Gerando Falcões, we have been great partners with them for many years. Guilherme Benchimol is another common friend we have, he will also be in our call today that I have scheduled with the franchisees to talk about entrepreneurship. I scheduled it 2 months ago. And then Luiza Helena, our board member, your godmother. The only one I don't know is Lisiane Lemos, she must be a very important person.

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RONY She's from Google, fantastic.

ALEXANDRE It will be a pleasure to listen to her, we're always learning. And you can already put a box with me in it, you just invited me. It will be a pleasure. Thank you for listening to us, we just reached the one-hour mark on this call as we scheduled, I'm very happy to be here celebrating AR&Co, and the continuity in Arezzo&Co growth. Let's open for some questions now, Aline. We are here live in a very natural way and I need to say, within that naturalness, you ask Rony a question because I have to go to the restroom.

ALINE Most of the questions were answered during the presentation. We had a lot of questions about synergy, and we've already talked about it, mostly because we see a lot in terms of revenue, a lot of optionality. And this question of the internalization of shoes. Of course there will be shopping, there will be a series of streamlining and best practices between both companies, we are very complementary.

RONY Yes.

ALINE You certainly have a lot of digital things to teach us.

RONY Yes.

ALINE We have a lot of methodology, management, which we will pass on to you, we have already mentioned this. People are asking about a store potential. We cannot say anything about that, but obviously we are not talking here about adding, but multiplying. You can look at the footprint by brand and we are really talking about multiplying that number of stores, although we cannot give any guidance yet. People are also asking about your digital strategy, I think you already mentioned at the beginning, but it is worth mentioning how it was during the pandemic. How much did you have before Omni's participation and how much you have now.

RONY Yes. We joke that in this pandemic we decided to land the plane on the Hudson. Recalling 'Sully', the movie. When the pandemic started, the plane was flying high, January and February were very good months, growing the store base, digital, everything. And the birds hit the turbine and there was a huge play



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book to be done. At first we were going to offer more aggressive discounts, so that we could make cash to ensure the pandemic times. But when we looked at our chain, our supply chain, our Multibrand partners, it didn't make a lot of sense to us and it could be bad for them. So, we decided to invest heavily in our technologies, in our people for a strategy focused on social selling. We already had a very robust tool for that which was Now. Now was used inside the point of sale before, at a time when the sales teams were anxious, they weren't working, they took the iPads from the stores and followed the list of tasks that Now recommended. And the decision we made was, the inventories are integrated, we are able to operate sales in all stores, logistically we are ready, we are going to upload the platform and everyone works full-time, remote from their homes. We knew that the snapshot, sales of the following month would not be the best because it took a while for people to learn the ropes, but the story for 3, 4, 5 months would be a faster recovery. And that was what was done... As I said, digital was almost 25% of our revenue in March, in April it was 35%, in May it was 50 something, in June it was 60 something, and July 90 something, in August 90 something and in September we grew, we achieved almost 120% of the business to consumer sales, adding both digital and store year over year, we considered both together. This also strengthened the theory for this conversation that we have a platform here that can scale.

ALEXANDRE And you talked about social selling, the culture that created a seller who can really activate the base through Now, we will now just plug and play it in 750 stores because it's very cool.

Rony We will definitely do that.

ALINE I'm going to ask you a question, Alexandre, the question is, are we going to use EVA as our great vehicle for women's clothing or is the idea to use our footwear brands and make line extensions in clothing.

ALEXANDRE is that question from you?

ALINE No.

ALEXANDRE We talked a lot about this subject, right Rony? First, as we showed the size of the market opportunities, A/B women's clothing is the largest market

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there is, a highly dispersed market in Brazil, and as with several other entrepreneurial initiatives, you created a greenfield brand. All the brands we've created here were greenfield except for Vans. And I know how difficult it is to create a brand. It is an embryonic process, it takes time, maturation, fertilizing, watering, you have to test it, you will make mistakes, you will correct them. Today we still are at a maturation stage that we call Start&co with Fiever and Alme. And EVA is also in this embryonic stage at Reserva. However, you are looking like an EVA top model, right Aline?

ALINE I'm already a fan.

ALEXANDRE You are a fan of the brand, so the brand already has a very rich product portfolio, but there's a lot of learning for us to launch a product category, merchandising, use of store space. But in Rio the store is strong and sales are good.

RONY: Very good.

ALEXANDRE I am impressed. The numbers I saw, I questioned several times if they were right, sales are good. I saw that in Icaraí, Niterói, it sells a lot. So, are there 6 stores?

RONY 8 stores.

ALEXANDRE In Rio there are 6. A strong local brand in Rio de Janeiro, in the south part of town, it's well located in Rio de Janeiro. Obviously there's one in Barra. It is a product with high added value and there are lots of adjustments to do. And we talked about that, those who follow Arezzo&Co for a long time know, we believe that Schutz, and Rony has been a partner at Schutz for a long time because Anne, his wife, she actually told me today, her son thought you were the owners. The way she went into the store and shopped there, it looked like she owned the store.

RONY Partner at the Ipanema store.

ALEXANDRE Rony has always thought, and so did we internally, that Schutz has the ability to be a full look brand. But the competences needed in women's clothing is really very specific and we did some testing, to this day we still haven't

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been able to take off. I think we both, we really believe in the potential of EVA. We really believe in the potential of EVA, despite being an embryonic brand, as it is part of the process of birth and creation of a brand from scratch, but bringing the competences needed ... we talked about this Saturday.

RONY Reserva Woman too.

ALEXANDRE Reserva Woman undoubtedly, on the more casual, more basic side. Including what we inspire to be like Uniqlo, but when speaking of fashion, it's EVA and Schutz. But for sure, from there, it will be a platform for new brands.

ALINE And when we talk about our 10 million consumers, they are potential consumers of EVA and Reserva Woman.

ALEXANDRE It is the cross-selling you mentioned there. Undoubtedly.

ALINE One more question for Rony, what he sees as a great advantage for Reserva being now with our group.

RONY One thing that caught my attention, Reserva is a retail-based company, we sell. We were born in the store. And Arezzo is an industrial-based company, born in the factory. A product made in Brazil with a passion for the product. Nandão commented here about our visit to Campo Bom, it was a turning point here in this conversation between us.

ALEXANDRE I insisted. Do you remember? Everyone has to go, it has to be week by week. The pandemic, take a flight. I hadn't left Rio de Janeiro, I had not left Rio de Janeiro for months.

Rony: Absolutely right. We were born at the point of sale and Arezzo&Co was born in the industry. What we have here is digital, technology, people, management, a brand that we all made. This is just our origin. I think there is a natural complementarity. When we got to know the people, there is a very similar culture, an entrepreneurial culture, a culture of passion that people have for both companies. For us, this joining made total sense because from that union, in addition to being born with a very representative group of brands in Brazil, we created an opportunity here, both within the mutual learning portfolio itself,

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exchange of mutual experience, outside the portfolio. Something that we can do in the market in order to consolidate it and make Brazil relevant.

ALEXANDRE And multiply.

RONY Multiply far beyond adding.

ALINE And lastly, we addressed all the issues, there are a lot of similar questions, it is a little bit of your view, Rony, about the competitive aspect of men's clothing, since this is something new for our investors.

RONY Look, the competitive men's clothing market, when we started, the first thing that came to your mind when you asked, when we started, the phrase I heard the most, was that men don't buy clothes. You're crazy, men don't buy clothes, what are you going to mess with? I think that when people say, that's what I learned from the business, that something is not possible, it is because it must be possible, because they are saying it to everyone and nobody tries. I think that the men's market exists, it is strong, it grows, we are proof of this, we were born in the men's market, we grew as much as we grew during this period and I think there is a giant space in Brazil. Especially because there are few players in this market for new brands.

ALEXANDRE If I can add to that, I think the great attribute that Reserva ... besides obviously believing and talking about the difference, we did a study, right Aline? I can say that I asked, right at the beginning of the transaction, because this theory of men's market is the same for shoes. However, I asked you to do an analysis of what it was like, if you remember the data by heart, you can tell us. Looking at shoes, and then the percentage of men's over the total of shoes x, and clothing, percentage of men's clothing over the total y.

ALINE I'm not going to have the data of the top of my head, but in clothing it is much more representative.

ALEXANDRE If men's footwear market is 10% of the total, clothing goes to 15 to 20%.

ALINE That's it, exactly.

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ALEXANDRE This is somewhat intuitive, because men obviously work and their clothes get dirty, they sweat, clothes wears out, they change clothes more often. They don't need to vary shoes as much. It's different. Men wear clothes almost as a necessity. It is not just for fashion, which is growing a lot today, but Reserva has an incredible line of basics, that's what we have been talking about. We want to explore the basics in Brazil for real. And shoes don't vary much, even more so with sneakers now, a white sneaker is for you to wear at work, go out in the evening, etc. I think, however, Reserva brand brings me an attribute that is very difficult to achieve and again speaking of the question of destiny, coincidence, which is iconography. The big brands that started in men's clothing and later became genderless, unisex brand. They have the icon. I don't need to talk about the crocodile, polo player and whatnot, so I don't mention more brand names. And let's say red woodpeckers, it's better. *Pupo* is very difficult to explain, you have to let everyone know that the bird exists, you can finish talking about this story that brings a little bit of your origin that we will always appreciate here, which is the red pupo. But the iconography of the red woodpecker, let's make it clear that it is red woodpecker, it alone on this stage says it all. You don't need to describe anything else, and women will for sure be delighted to carry the red woodpecker in some way. But it's a pupo right?

RONY it is a Jurassic cousin of the woodpecker, whose origin is from Israel. By a coincidence of fate, we are Jews.

ALEXANDRE Does Is there still?

RONY It exists, but it is in extinction in several places where it still exists. Reservation of Reserva.

ALEXANDRE Guys, thank you very much for your attention. Congratulations to our team, the energy here is just the beginning so that we are always feeding this spark that will turn into a great flame and that will set our Brazil on fire in a good way, to really create an impactful fashion with purpose and use our strengths for the common good. May God, be it God with GOD, G-d, those who are Jews will understand what I'm talking about, bless us, give us good vibes, and congratulations to the whole team. And I think there is another coincidence before we conclude that I have my # on my Instagram and you have yours, and the two

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are different but they mean the same thing. I conclude here saying, Let's move up, towards 2154.

Rony: Let's go get it.

**CLOSE**