

EARNINGS RELEASE
1Q24 | 2024

AREZZO
& CO



AREZZO | MÃE SEMPRE PRESENTE | @SILVIABRAZ

AREZZO & CO | AREZZO | SCHUTZ | ANACAPRI | BIRMAN | ALME | B.R.I.Z.Z.A AREZZO | VANS "OFF THE WALL" | ZZ MALL | CAROL BASSI | Vicenza | PARIS TEXAS
AR&CO | Reserva | Reserva mini | Oficina RESERVA | ReservaGo | INK | Reversa | simples | Baw® | TROC

1Q24 EARNINGS RELEASE

São Paulo, May 08, 2024.

Arezzo&Co (B3 - Brasil, Bolsa and Balcão: ARZZ3), Brazil's largest fashion house of brands, announces its 1Q24 results.

HIGHLIGHTS

GROSS REVENUES

R\$ 1.4B +5.6% vs 1Q23

GROSS REVENUES LTM

R\$ 6.2B +12.5% vs 1Q23 LTM

RECURRING GROSS MARGIN

53.2% MARGIN IN 1Q24 (+80 BPS)
GROSS PROFIT OF R\$ 570 M, **+6.3%** vs 1Q23

RECURRING EBITDA

R\$ 173M +5.5% vs 1Q23,
16.2% EBITDA MARGIN (+20 BPS)

RECURRING NET EARNINGS

R\$ 79M +7.7% vs 1Q23,
7.3% NET MARGIN (+20 BPS)

ROIC

25.3% RECURRING ROIC IN 1Q24

DOMESTIC MARKET

53.9% RECURRING GROSS MARGIN IN 1Q24 **(+144 BPS)**

17.9% RECURRING EBITDA MARGIN IN 1Q24 **(-24 BPS)**

FOREIGN MARKET

+295 BPS INCREASE IN **RECURRING EBITDA MARGIN** IN 1Q24 VS 1Q23

DTC SELL OUT

R\$ 1.0B +9.4% vs 1Q23
(FRANCHISES, E-COMMERCE AND OWN STORES)

OPERATING INDICATORS

5.8M ACTIVE CUSTOMERS

1,049 STORES (OS AND FR)

7.586 MULTI-BRAND POINTS

4.6M PAIRS SOLD IN 1Q24

EARNINGS CONFERENCE CALL

MAY 09, 2024
10:00 A.M. (BRASILIA) / 9:00 A.M. (NEW YORK)

CONFERENCE CALL IN PORTUGUESE WITH
SIMULTANEOUS TRANSLATION INTO ENGLISH



SHARE PRICE AND MARKET CAP

MAY 8, 2024

PRICE PER SHARE: R\$51,98
MARKET CAP: R\$ 5,8 BI

1Q24 KEY FINANCIAL INDICATORS

Main Financial indicators	1Q24	1Q24 Recurring	1Q23 Recurring	Δ (%) 1Q24 x 1Q23
Gross Revenues	1.358.586	1.358.586	1.285.947	5,6%
Net Revenues	1.072.182	1.072.182	1.025.291	4,6%
COGS	(505.325)	(501.732)	(488.467)	2,7%
Depreciation and amortization (cost)	(1.641)	(1.641)	(1.346)	21,9%
Gross Profit	566.857	570.450	536.824	6,3%
<i>Gross margin</i>	52,9%	53,2%	52,4%	0,80 p.p
SG&A*	(459.687)	(454.208)	(419.914)	8,2%
<i>% of net revenues</i>	(42,9%)	(42,4%)	(41,0%)	(1,4 p.p)
Selling expenses	(327.288)	(322.499)	(304.484)	5,9%
Owned stores and web commerce	(167.856)	(166.155)	(140.392)	18,4%
Selling, logistics and supply	(159.432)	(156.344)	(164.092)	(4,7%)
General and administrative expenses	(78.802)	(78.111)	(70.539)	10,7%
Other operating revenues (expenses)	1.793	1.793	1.141	57,1%
Depreciation and amortization (expenses)	(55.390)	(55.390)	(46.032)	20,3%
EBITDA	164.201	173.274	164.288	5,5%
<i>EBITDA Margin</i>	15,3%	16,2%	16,0%	0,2 p.p
Net Income	71.562	78.730	73.088	7,7%
<i>Net Margin</i>	6,7%	7,3%	7,1%	0,2 p.p

Note: "Recurring" excludes one-off effects, which are discussed in detail in the annexes hereto.

GROSS REVENUES BREAKDOWN

1Q24 GROSS REVENUES

Gross Revenue	1Q24	Part%	1Q23	Part%	Δ	Δ (%) 1Q24 x 1Q23	1Q22	Part%	Δ (%) 1Q24 x 1Q22
Total Gross Revenue	1.358.586		1.285.947		72.639	5,6%	1.042.083		30,4%
Foreign Market	112.518	8,3%	117.308	9,1%	- 4.790	(4,1%)	124.990	12,0%	(10,0%)
Domestic Market	1.246.068	91,7%	1.168.639	90,9%	77.429	6,6%	917.093	88,0%	35,9%
By Brand									
Arezzo	377.788	30,3%	347.955	29,8%	29.833	8,6%	306.724	33,4%	23,2%
Schutz¹	187.855	15,1%	193.731	16,6%	(5.876)	(3,0%)	178.416	19,5%	5,3%
AR&CO²	318.948	25,6%	287.353	24,6%	31.595	11,0%	197.055	21,5%	61,9%
Anacapri	93.868	7,5%	91.195	7,8%	2.673	2,9%	74.292	8,1%	26,4%
Others³	267.609	21,5%	248.405	21,3%	19.204	7,7%	160.606	17,5%	66,6%
By Channel									
Franchises	300.587	24,1%	298.018	25,5%	2.569	0,9%	252.978	27,6%	18,8%
Multibrand	321.904	25,8%	335.791	28,7%	- 13.887	(4,1%)	248.576	27,1%	29,5%
Owned Stores	287.999	23,1%	252.238	21,6%	35.761	14,2%	191.360	20,9%	50,5%
Web Commerce	332.457	26,7%	278.764	23,9%	53.693	19,3%	223.421	24,4%	48,8%
Others⁴	3.121	0,3%	3.828	0,3%	(707)	(18,5%)	758	0,1%	311,7%

(1) Ex- revenues from international operations.

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

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

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

GROSS REVENUES LTM

Gross Revenue	LTM24	Part%	LTM23	Part%	Δ	Δ (%) LTM24 x LTM23
Total Gross Revenue	6.160.208		5.473.771		686.437	12,5%
Foreign Market	559.765	9,1%	542.158	9,9%	17.607	3,2%
Domestic Market	5.600.443	90,9%	4.931.613	90,1%	668.830	13,6%
By Brand						
Arezzo	1.605.605	28,7%	1.422.279	28,8%	183.326	12,9%
Schutz¹	834.648	14,9%	820.050	16,6%	14.598	1,8%
AR&CO²	1.547.697	27,6%	1.290.585	26,2%	257.112	19,9%
Anacapri	448.998	8,0%	385.867	7,8%	63.131	16,4%
Others³	1.163.495	20,8%	1.012.832	20,5%	150.663	14,9%
By Channel						
Franchises	1.311.805	23,4%	1.214.861	24,6%	96.944	8,0%
Multibrand	1.455.298	26,0%	1.366.027	27,7%	89.271	6,5%
Owned Stores	1.409.727	25,2%	1.194.383	24,2%	215.344	18,0%
Web Commerce	1.411.471	25,2%	1.144.532	23,2%	266.939	23,3%
Others⁴	12.142	0,2%	11.810	0,2%	332	2,8%

(1) Ex- revenues from international operations.

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

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

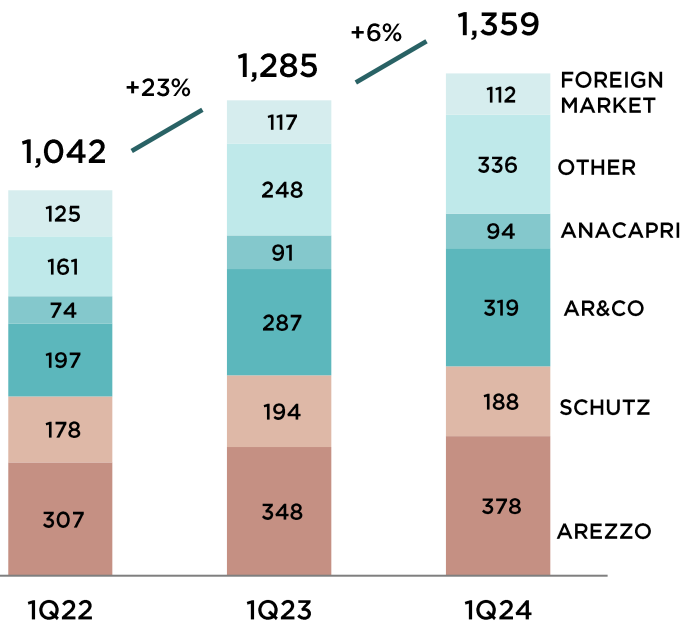
(4) Includes domestic market revenues not specific to distribution channels.

1Q24 GROSS REVENUES BREAKDOWN

GROSS REVENUES BY BRAND (R\$M)

1Q24

CAGR +14.2%



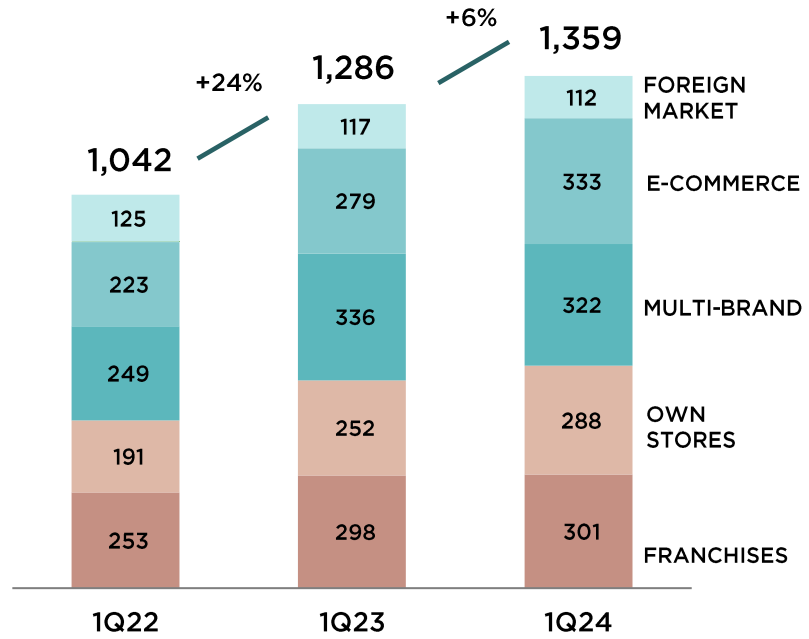
% change from 1Q23

- AREZZO +9%
- AR&CO +11%
- OUTROS +8%
- SCHUTZ -3%
- ANACAPRI +3%
- FOREIGN MARKET -4%

GROSS REVENUES BY CHANNEL (R\$M)

1Q24

CAGR +14.2%

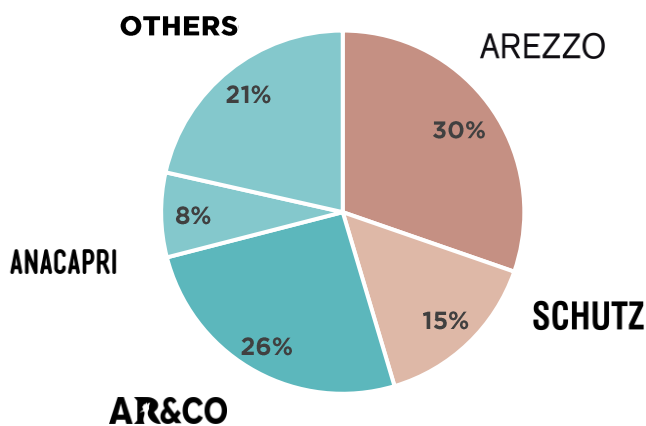


% change from 1Q23

- FRANCHISES +1%
- MULTI-BRAND -4%
- FOREIGN MARKET -4%
- OWN STORES +14%
- E-COMMERCE +19%

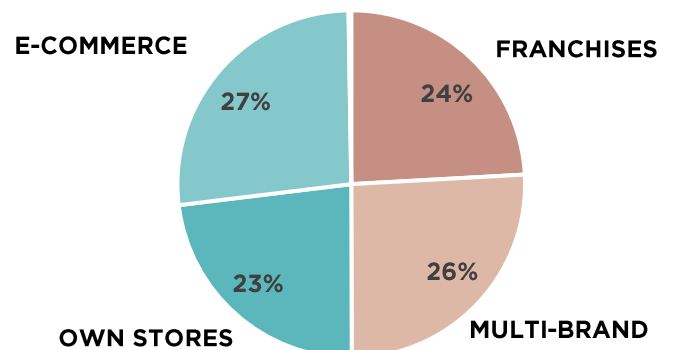
BRAND | DOMESTIC MARKET

1Q24



CHANNEL | DOMESTIC MARKET

1Q24



KEY INDICATORS

AREZZO
& CO



SCHUTZ | SHINE ON, MOMS! @MALUBORGES

1Q24 OPERATIONAL INDICATORS

Operating Indicators	1Q24	1Q23	Δ (%) 1Q24 x 1Q23
# of pairs sold ('000)	4.653	4.595	1,3%
<i>Part. (%)</i>	64,9%	65,1%	-0,2 p.p
# of handbags sold ('000)	709	673	5,3%
<i>Part. (%)</i>	9,9%	9,5%	0,4 p.p
# of clothes sold ('000)¹	1.805	1.792	0,7%
<i>Part. (%)</i>	25,2%	25,4%	-0,2 p.p
# of employees²	9.303	7.553	23,2%
# of stores³	1.049	1.005	4%
Owned Stores	210	188	12%
Franchises	839	817	3%
Shoes & Handbags Outsourcing (as % of total production)⁴	84,2%	81,7%	2,5 p.p
Shoes & Handbags Insourcing (as % of total production)⁴	15,8%	18,3%	-2,5 p.p
Clothes Outsourcing (as % of total production)	100,0%	100,0%	0,0 p.p
SSS² sell-in (franchises)	-6,7%	10,2%	-16,9 p.p
SSS² sell-out (owned stores + franchises + web)	6,4%	18,5%	-12,1 p.p

(1) Revised and adjusted 1Q23 information. Considers apparel sold by AR&CO, Vans, Schutz and Carol Bassi.

(2) Significant growth due to the consolidation of two additional plants: ZZSAP Parobé and ZZSAO CE.

(3) Includes overseas stores.

(4) SSS (Same-store sales): stores are included in comparable store sales from the 13th month in operation.

Note: Results include AR&CO.

LTM OPERATIONAL INDICATORS

Operating Indicators	LTM24	LTM23	Δ (%) 1Q24 x 1Q23
# of pairs sold ('000)¹	20.638	21.165	-2,5%
<i>Part. (%)</i>	62,5%	65,9%	-3,4 p.p
# of handbags sold ('000)	3.112	2.983	4,3%
<i>Part. (%)</i>	9,4%	9,3%	0,1 p.p
# of clothes sold ('000)²	9.285	7.958	16,7%
<i>Part. (%)</i>	28,1%	24,8%	3,3 p.p
# of employees³	9.303	7.553	23,2%
# of stores⁴	1.049	1.005	4,4%
Owned Stores	210	188	11,7%
Franchises	839	817	2,7%
Shoes & Handbags Outsourcing (as % of total production)	84,7%	82,5%	2,2 p.p
Shoes & Handbags Insourcing (as % of total production)	15,3%	17,5%	-2,2 p.p
Clothes Outsourcing (as % of total production)	100%	100%	0,0 p.p
SSS² sell-in (franchises)⁵	-0,4%	19,0%	-19,4 p.p
SSS² sell-out (owned stores + franchises + web)⁵	12,3%	25,0%	-12,7 p.p

(1) Number includes pairs sold by discontinued brands MyShoes and Fiever. Disregarding the two discontinued brands and also the two acquired brands - Vicenza and Paris Texas - from the base, the variation would be +0.2%, instead of -2.5%.

(2) Revised and adjusted LTM information. Considers apparel sold by AR&CO, Vans, Schutz and Carol Bassi.

(3) Significant growth due to the consolidation of two additional plants, ZZSAP Parobé and ZZSAO CE.

(4) Includes overseas stores.

(5) SSS (Same-store sales): stores are included in comparable store sales from the 13th month in operation.

Note: Results include AR&CO.

BRAND PERFORMANCE

RESERVA | ON THE ROAD

AREZZO
& CO

Arezzo reached R\$378 million in gross revenues in Brazil this quarter, up 8.6% from 1Q23, despite a solid comparative baseline of +13% in 1Q23 vs 1Q22.

The own store and e-commerce channels stood out in the quarter, up 38% and 28%, respectively. The digital channel already answers for 25% of the brand's sales.

Gisele Bündchen starred the winter campaign, called "On My Way", which was the brand's first global launch. The campaign's handbags posted 57% turnover in March - month of the launch.

The handbags business consolidated as a growth avenue for the brand. The category's performance was up 11.9% vs 1Q23 and its B/S (bags sold for every pair of shoes sold) was 18%, up 1.7 p.p. YoY.



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The launch of Amélia pumps, a new best-seller icon, reached sell out over 22 thousand pairs and a 54% turnover, with replenishment on every channel (sold out).

The period was also marked by gains in franchising initiatives, providing the necessary support for the franchise channel's business model. The brand also began implementing its new architectural design with renovations of the flagship store at the Iguatemi Faria Lima Mall. Since the reopening on April 25th, the revenues were up 24% compared to the same period last year.

SCHUTZ

Schutz brand posted R\$ 188 million in gross revenues in 1Q24, down 3% from 1Q23.

The quarter saw significant progress in the brand strategy reformulation by means of the branding project with the Macsiotti agency. The turnaround will take place with the Summer 2025 collection.

For the winter campaign, the protagonist was Amélia Gray, an influencer and model that has been gaining more and more clout on international runways. The campaign, called “All Eyes On”, positioned Schutz as a brand of desire, with a collection full of attitude and elements that evoke femininity and sensuality.

Products carrying the brand’s DNA were the quarter’s highlight, a positive response to the improvements made to the product pyramid. The “Pumps” category was up 250% and sneakers was up 71%, boosted by the best-seller ST-001.



The brand has important plans for the coming months, including a new architectural project by Studio Boom; reinforcing marketing with a new influencers squad; focus on customer experience; and improvements to digital fronts.

AR&CO's brands continue to display consistent performance, posting 11% gross revenues growth vs 1Q23. Spotlight on the performance of B2C channels revenue, which were up 16% from 1Q23. In addition, the active customer base was up 29% over the same period.



The launch of Casa Reserva, held in January 2024 at the Morumbi Mall, transcends the concept of a store to become a true meeting point.

There, for the first time, we brought together all the Woodpecker brands, as well as a careful selection of partner brands, enabling the sale of complementary products for the whole family.

The results exceeded expectations in its first month of operation: more than R\$1.5 million in sales and more than 3,700 pieces sold.

ANACAPRI

Anacapri brand posted R\$94 million in gross revenues, up 3% from the same period last year from a strong comparative baseline of +22.8% in 1Q23 vs 1Q22.

The e-commerce channel posted record-setting results, up 52.4% vs 1Q23, reaching a 34.3% representativeness in the brand's sales.

The own stores channel's highlight is Estação Anacapri case - the brand's replicable model store and service model benchmark -, which reached R\$1 million in sell out.

It is worth pointing out that the brand has already begun rolling out Anacapri model franchise stores.

The brand's winter campaign starred Web phenomenon Virgínia Fonseca. The launch video for the choreography that the influencer created exclusively for Anacapri had 4 million Instagram views.

Milena slipper was the period's highlight, reaching sell out of 4 thousand pairs in 30 days, with turnover over 50%.

Alexandre Birman brand reached R\$49 million in global revenues. Domestically, it posted strong +20.6% expansion vs 1Q23 and +99.5% vs 1Q22, with all channels boasting two-digit growth rates.

Quarterly results were boosted by the performance of the e-commerce channel which was up 39% vs 1Q23 and already answers for 20.7% of total sales. Own stores, the brand's main channel were up 14% vs 1Q23.

Alexandre Birman reinforced its global position this first quarter as one of the most ubiquitous brands at the Awards Season. Worn by more than 15 celebrities, including Emily Blunt, Audrey Plaza and Sandra OH on the top red carpets of Hollywood, the brand achieved over 300 publications and over 50 million impressions.

The Spring collection's highlight was the "Slim Lolita" product family, a new model that showed relevant sell out, with 75% turnover. Sport sandals and flats in neutral colors posted 98% turnover, leading the replenishment for all channels (Brazil and USA).



This quarter, Vans brand posted 1.8% gross revenues growth from the same period last year, on a strong comparative baseline of +56% in 1Q23 vs 1Q22. As for gross income, growth vs 1Q23 was 5.7% due to a better margin product mix. As consequence, gross margin was up 3.8 p.p YoY.

In January, the brand formed a partnership with skateboarder Rowan Zorilla.

In February, we underscored the importance of the classics and, in March, we launched the spitfire campaign, with Vans joining forces with one of the main wheel brands in worldwide skateboarding.

Finally, the Knu Skool line, which emphasizes classic 1990s style with a touch of modernity and stood out as a new Vans best seller.

CAROL BASSI

In 1Q24, Carol Bassi brand posted gross revenues growth of 16% vs 1Q23.

In the year of the brand's 10th anniversary, a special collection was developed, revisiting 10 of its iconic items.

The first two icons released, the Efigênia trousers and the 'casaquetes' – one of the top success stories in Brazilian women's fashion and present in every collection since 2014 –, saw 100% of inventory sold before the collection's official release date.

Another important landmark was the launch of the 5th Carol Bassi-Maria Rudge collab to celebrate Mothers' Day. The Cidade Jardim store set a new record for in-person sales, reaching sell out close to seven figures in a single day. E-commerce and Belo Horizonte store also posted record-setting sales at more than twice forecast.

This year, the brand consolidates its 3 newly opened stores and celebrate another recent opening in Goiânia, at the Flamboyant mall, held in late April.

Reflecting Arezzo&Co's commitment to the brand integration process and the absorption of mapped synergies, Vicenza performed well in 1Q24, emphasis due on the multi-brand channel, whose net revenues were up 98%¹ vs 1Q23. The e-commerce channel has also been evolving strongly, up +318%¹ from 1Q23, reaching record-setting sales in the quarter.

In addition, the handbags category proved a sales success, with over 4 thousand units sold and earning a position of notice in the brand's product mix.

Finally, the Oscar Freire flagship store held activations focusing on the GEORGINA icon, the winter best seller, including the presence of content creators, journalists and customers of the brand.



Note (1): 1Q23 considers pre-acquisition managerial data on Vicenza.

INTERNATIONAL BUSINESS

AREZZO
&CO

Arezzo&Co's international operation continues to be impacted by the US market's adverse scenario, particularly when it comes to the wholesale channel, resulting in a 4.1% drop in 1Q24 sales versus 1Q23. On the other hand, the operation's returns have been evolving, with a 295bps gain in the quarter's EBITDA margin over the same period.

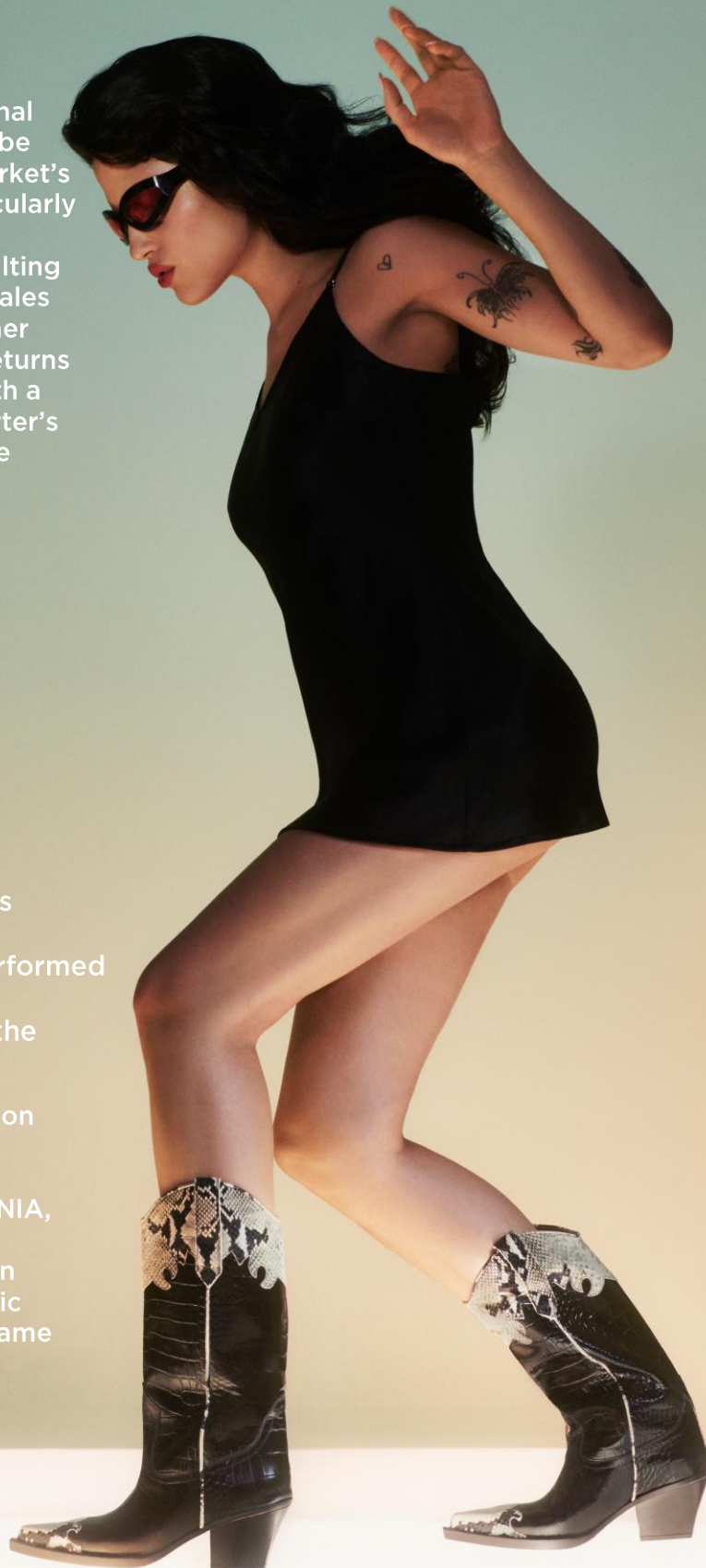
PARIS

Concerning Paris Texas brand, in 1Q24, the e-commerce channel performed well, gaining representativeness in the channels mix.

During the Milano Fashion Week, the brand held a striking event in partnership with ANTONIA, one of the most highly renowned wholesalers in Italy, to launch the iconic LIDIA MULE, which became a sales success.

TEXAS

Finally, it is worth emphasizing that Arezzo brand has been expanding in the US market and has already increased its Macy's doors by 20% since its market launch.



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PERFORMANCE BY CHANNNEL

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1Q24 OMNICHANNEL HIGHLIGHTS

1. E-COMMERCE SALES

1Q24 REVENUES: **R\$332 MILLION** (+19.3% vs 1Q23)

TOTAL TRAFFIC: **92 MILLION** (+24.5% vs 1Q23)

TOTAL REVENUES FROM APPS: **R\$98 MILLION** (+20.5% vs 1Q23)

E-COMMERCE TICKETS: **+8.4%** vs 1Q23

TOTAL APP SHARE OF E-COMMERCE REVENUES: **29.6%**

2. OMNICHANNEL SALES

DIGITAL SHARE ON PHYSICAL STORES' SELL OUT : **59.8%**

STORE PICKUP AND DELIVERY REVENUES: **R\$67.7 MILLION** (+29.7% vs 1Q23)

22.3 MILLION CONTACTS MADE VIA APP IN 1Q24 (INFLUENCED REVENUES)

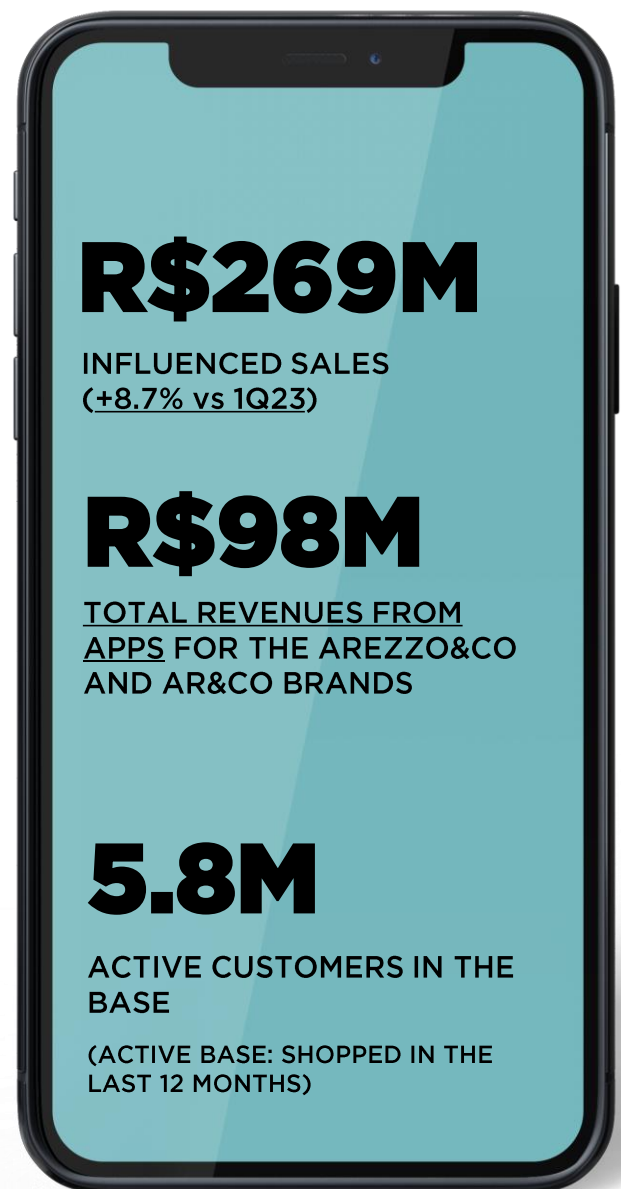
3. CRM

ACTIVE CUSTOMER BASE GROWTH: **+8.0%** VS 1Q23

NUMBER OF OMNI CUSTOMERS: **+8.7%** VS 1Q23

26.4% OF CUSTOMERS SHOP ONLINE;

11.4% OF CUSTOMERS ARE OMNI;



CHANNELS

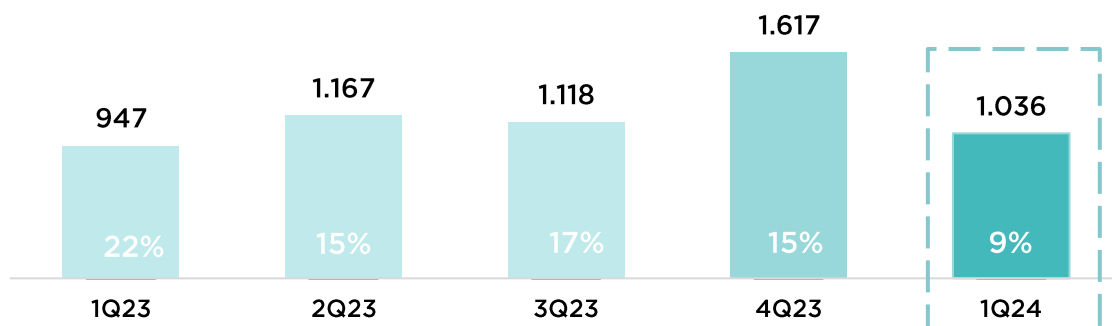
SELL OUT – FRANCHISES, OWN STORES AND E-COMMERCE

DTC sell out (Own Stores + Franchises + E-Commerce) was **R\$1.0 billion in 1Q24**, of which R\$249 million from own stores (+10.9%), R\$ 478 million from franchises (+4.8%), and R\$308 million from e-commerce (+15.9%), totaling a **growth of 9.4%** vs 1Q23 .

The digital channel maintained the strong performance shown in recent periods and was up 15.9% in 1Q24 vs 1Q23. By their turn, physical stores (franchises and own stores) were up 6.9% in 1Q24 vs 1Q23.

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

% VS PREVIOUS YEAR



9% GROWTH ON A COMPARATIVE BASELINE OF +22% IN 23 vs 22

R\$ 1.0 B
DTC SELL OUT
IN 1Q24

9.4%
SELL OUT
GROWTH vs
1Q23

SINGLE BRAND – FRANCHISES AND OWN STORES

Arezzo&Co's single brand physical channels posted solid results in 1Q24, up 7.0% vs 1Q23. The franchise channel (sell in) posted R\$301 million in sales, up 0.9% vs 1Q23. The own store (sell out) channel, by its turn, posted R\$288 million in gross revenues, up 14.2% from 1Q23.

MULTI-BRAND

In 1Q24, the multi-brand channel posted R\$322 million in revenues, down 4.1% from 1Q23. This was mainly result of the decrease in Reserva brand sales on the channel, reflecting the revised points of sales from the second half of 2023 in the light of the branding strategy.

This quarter, the Company's brands were distributed by means of 7,586 doors (no overlap), up 1.3% from 1Q23 and down 3.7% vs 4Q23.

E-COMMERCE

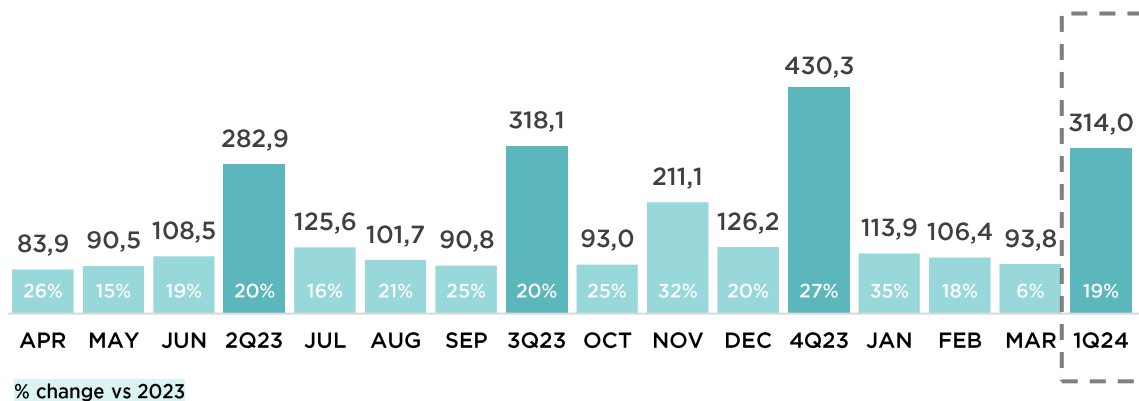
The Company's e-commerce channel has been posting solid and continuous growth over the past quarters. In 1Q24, the channel logged strong 19.3% growth versus 1Q23, totaling R\$332 million in gross revenues.

Sales through apps of Arezzo&Co brands continue to expand constantly and were up 20.5% in the first quarter, equivalent to 29.6% of Web sales. Apps achieved 1.3 million downloads in the period.

E-COMMERCE SELL OUT EVOLUTION

Arezzo&CO and AR&Co

Amounts in R\$M



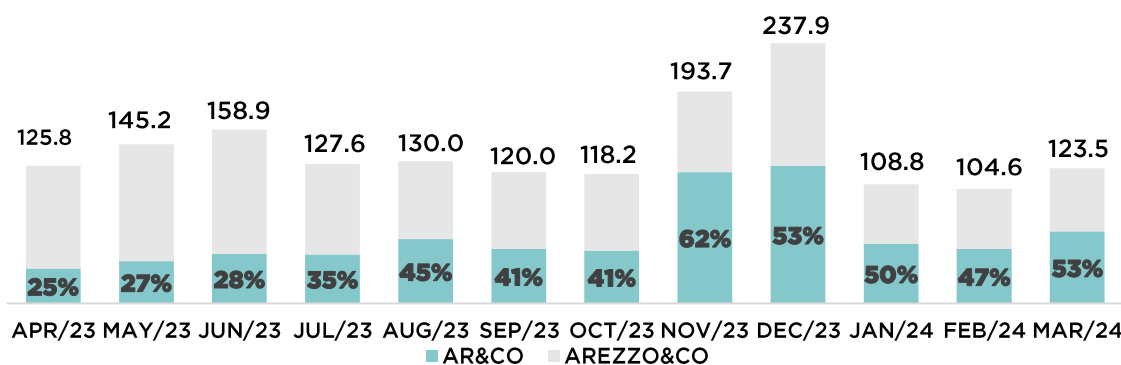
DIGITAL TRANSFORMATION

In 1Q24, sales made through digital means were R\$644 million of sell out revenues. Sales made through e-commerce, omni-channel tools or salesperson App represented 59.7% of physical stores' sell out in the period. The "store delivery" and "store pickup" digital tools continued on their upwards trend and grew a collective 29% in 1Q24 vs 1Q23, answering equivalent to 10.5% of physical store' sell out.

DIGITAL REVENUES OF THE AREZZO&CO GROUP

Digital Tool Revenues + Salesperson APP (proprietary)

Amounts in R\$M



R\$1.3B
E-COMMERCE SELL OUT
LTM

R\$2.5B
DIGITAL TOOL
REVENUES
LTM

R\$3.8B
E-COM SELL OUT + DIGITAL
TOOLS
LTM

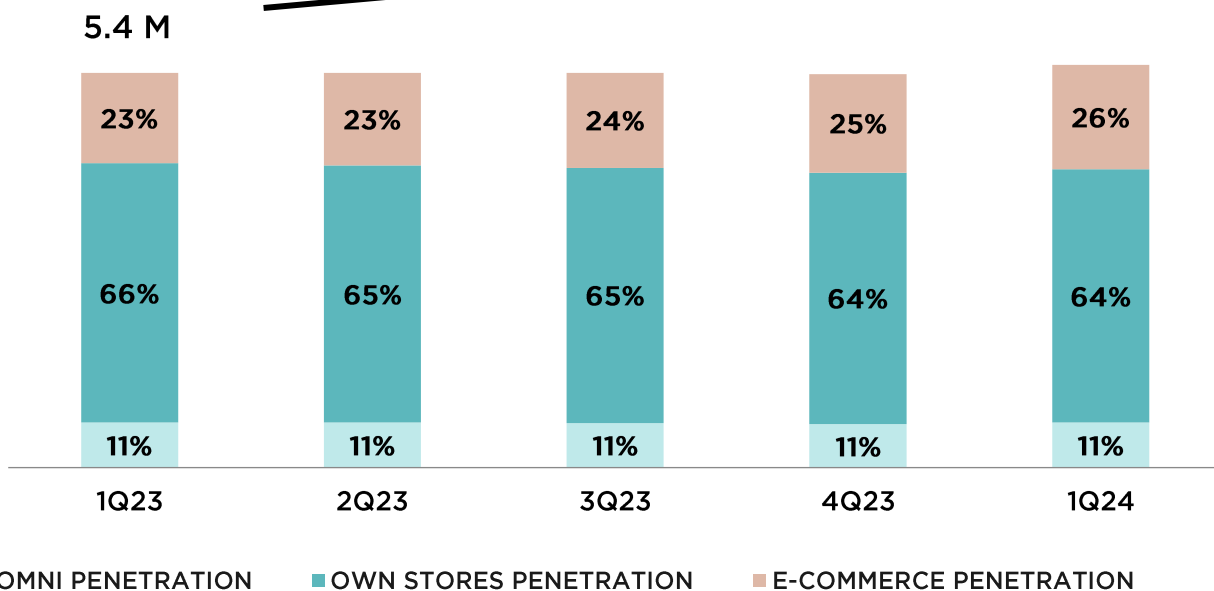
ACTIVE CUSTOMER BASE

- Arezzo&Co’s active customer base (CPFs shopping in the last 12 months) was **5.8 million** in the quarter, up 8.0% vs 1Q23;
- **19.8%** of the active base were represented by new customers, **23.1%** by retained customers and **9.6%** by reactivated customers;
- **26.4%** of Arezzo&Co customers shop online;
- **11.4%** of customers are omnichannel (shopping at physical stores and online);
- The number of OMNI customers was up 8.7% vs 4Q22;
- **OMNI customer’s shopping frequency was 3.8x**, 90% higher than Arezzo&Co’s overall average.

CUSTOMERS BY CHANNEL

Amounts in %

+8.0%



SINGLE BRAND CHAIN

The Company reached the first quarter of 2024 with **1,049 stores**, of which 1,039 in Brazil and 10 abroad, considering all of the group's brand.

Over the course of 1Q24, Arezzo&Co's chain posted a 13-store negative variation. Closures concern mainly seasonal pop-up stores, which are part of the strategy for evaluating new markets and new commercial corridors in the late-year period, and concentrated mainly on the Arezzo, Anacapri and Schutz brands. On the other hand, total sales area (square meters) of Arezzo&Co group's stores in 1Q24 remained steady vs 4Q23.

Store Information	1Q23	2Q23	3Q23	4Q23	1Q24	Δ 1Q24 x 4Q23
Sales Area^{1,3} - Total (m²)	69.204	69.458	69.860	73.960	73.620	0,5%
Sales area - franchises (m²)	49.470	48.848	49.306	50.847	50.442	-0,8%
Sales area - owned stores² (m²)	19.734	20.610	20.554	23.113	23.178	0,3%
Total number of domestic stores	994	993	993	1.052	1.039	-13
Arezzo	447	444	439	445	439	-6
Schutz	83	81	81	81	77	-4
Anacapri	231	232	235	254	249	-5
Alme	2	2	2	3	3	0
Vans	33	36	37	41	41	0
AR&CO	180	182	184	207	209	2
Alexandre Birman	12	11	11	13	13	0
Carol Bassi	4	3	4	7	7	0
Vicenza	1	1	0	1	1	0
Total number of international stores	11	12	12	10	10	0
# of franchises	6	6	6	6	6	0
# of owned stores⁴	5	6	6	4	4	0

(1) Includes overseas stores' floor area.

(2) Includes Outlet-type stores.

(3) Includes floor area from expanded stores.

(4) Includes 2 Schutz brand stores, (i) Miami at the Aventura mall, and (ii) New York, in Soho. Also includes 2 Alexandre Birman stores, (i) New York on Madison Avenue, and (ii) Miami at the Bal Harbour mall.

Note: Total stores in Brazil include Franchises and Own Stores.

FINANCIAL INDICATORS



**AREZZO
& CO**

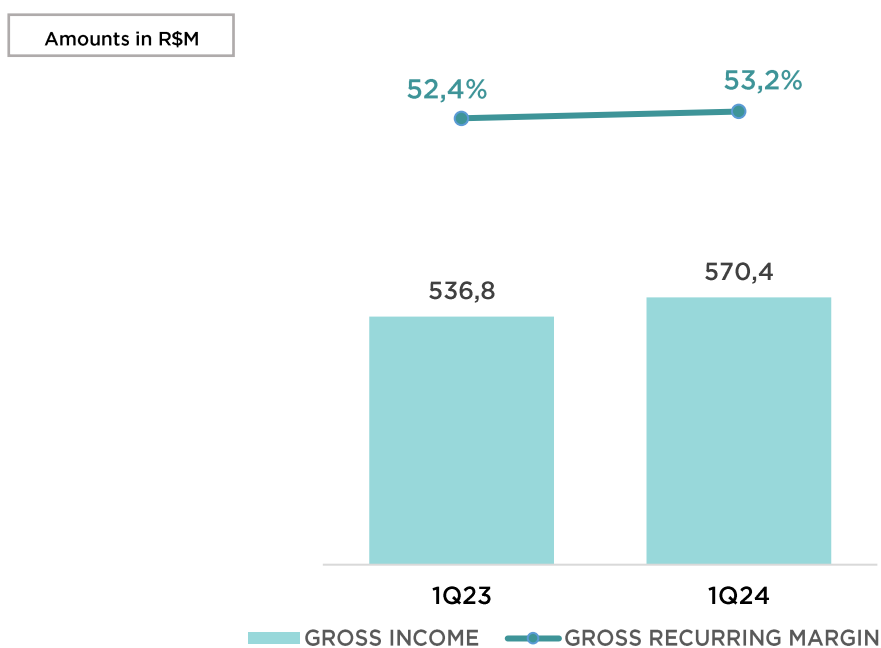
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GROSS INCOME AND RECURRING GROSS MARGIN

In 1Q24, the Company posted recurring gross income of R\$570 million (+6.3% versus 1Q23) and gross margin of 53.2%, up 80bps from 1Q23.

The quarter's gross margin was positively affected by the representativeness of B2C channels - own stores and e-commerce - in the revenues mix, at 49.5% of the domestic market's revenues, from 45.2% in 1Q23.

The increased domestic gross margin more than offset the contracting margin from the US operation (ARZZ), which was down 530bps in the same period.



RECURRING OPERATING EXPENSES

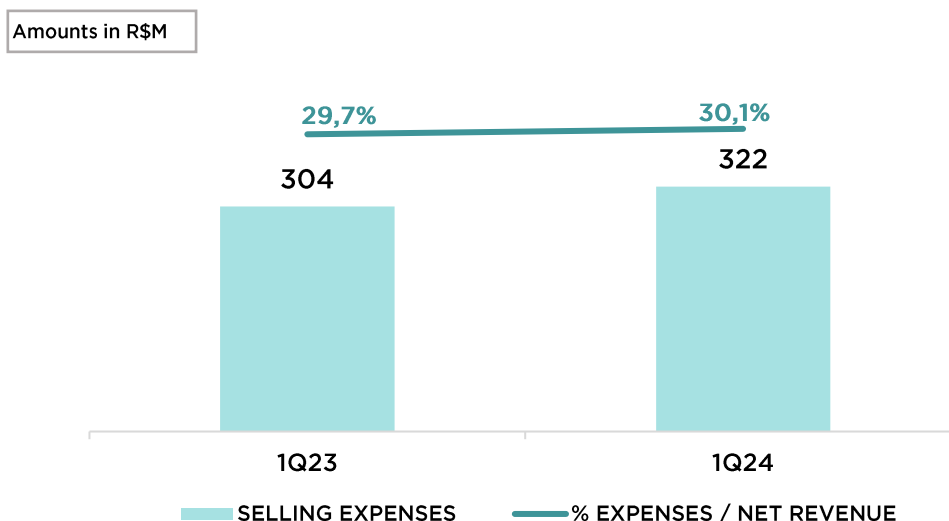
Arezzo&Co holds performance gains as a continuous objective, through improved efficiency and operational leverage. In line with its strategic plans, the Company invests to maintain its brands' solid growth, but remains diligent towards fixed and one-time costs.

Arezzo&Co's Recurring Operating Expenses were R\$399 million in 1Q24, up 6.7% from 1Q23.

Recurring Commercial Expenses

In 1Q24, Arezzo&Co's recurring commercial expenses were R\$322 million, up 5.9% vs 1Q23, under impact from an increase in own-store and e-commerce expenses.

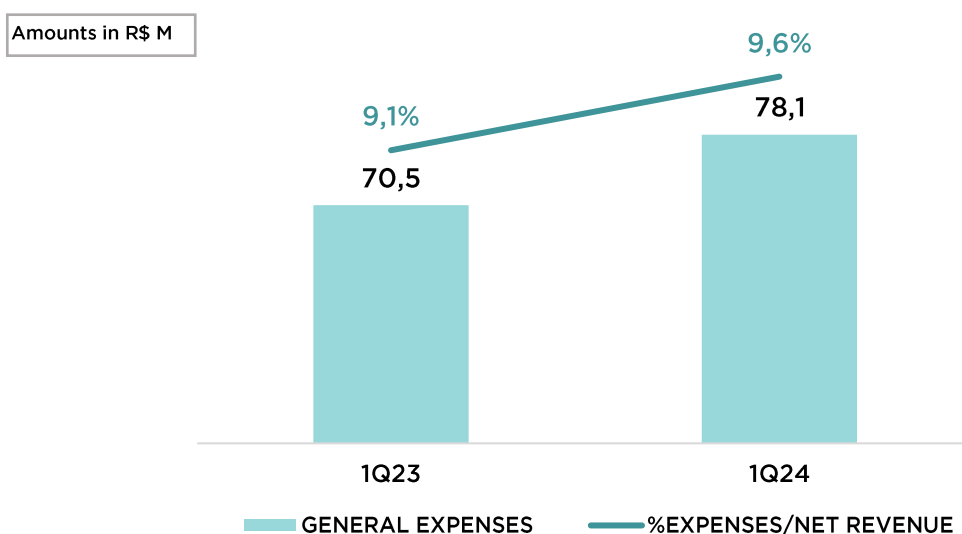
- i. Own-store and e-commerce (sell-out channels) expenses were R\$166 million, up 18.3% in the quarter. Some of the main causes for the change include expansion of the own-store channel, with 32 new stores opened (17 Arezzo&Co and 16 AR&CO) vs 1Q23, with direct impact on personnel expenses and operation-related costs, such as CTO. In addition, due to the e-commerce channel's good performance in the period, performance marketing expenses were up in the same comparative period.
- i. Sales, Logistics and Suppliers expenses totaled R\$ 156 million, down 4.7%, due mainly to lower marketing expenses in the international operation because of the challenging macroeconomic scenario in the United States, as well as the shutting down of two Schutz brand stores in Beverly Hills (CA) and Madison (NY) in late 2023.



RECURRING OPERATING EXPENSES

Recurring General and Administrative Expenses

Recurring general and administrative expenses totaled R\$78 million in the first quarter, up 10.7% vs 1Q23, due, among other reasons, to the consolidation of expenses from the acquired companies Vicenza and Paris Texas.



RECURRING OPERATING EXPENSES

SG&A Analysis	1Q24 Recurring	1Q23 Recurring	Δ (%) 23 x 22
Total SG&A	398.818	373.881	6,7%
Fixed	189.228	171.648	10,2%
Eventual	57.997	49.850	16,3%
Variable	188.131	180.853	4,0%
Leasing	(36.538)	(28.470)	28,3%

(1) 1Q23 data reflects between-lines reclassification that took place in 1Q24.

Fixed, Variable and One-Time Expenses

For additional transparency in the Company's SG&A structure, Arezzo&Co has since 1Q23 disclosed an analysis considering a breakdown of fixed, variable and one-time expenses.

In 1Q24, the Company's expenses – ex- depreciation and amortization – were R\$399 million, up 6.7% vs the same period in 2023.

- i. **Fixed:** expenses such as people, benefits, technology, fixed leases, property tax, condo charges, power and similar.
- ii. **One-Time:** expenses with short-term features, which can be managed expeditiously, such as consultancy fees, travel, launches and events.
- iii. **Variable:** expenses that are directly affected by sales, such as shipping and returns, commissions, packaging, supplementary leases, royalties and digital marketing.

Fixed expenses were up 10.2% in the quarter, due mainly to the new stores opened in the period, as mentioned before, in addition to the consolidation of expenses from the acquired companies (Vicenza and Paris Texas), and the expansion of the logistics capacity of AR&Co in Rio de Janeiro.

One-Time expenses were up 16.3%. Impacts include consultancy retainers for the Franchizing project, which is intended to continuously improve the franchise channel, as well as fixed assets write-off impacts associated with the closure of the Schutz apparel popup store on Oscar Freire Street.

It is worth noting that variable expenses were up a mere 4.0% in the period, that is, there was an efficiency gain vis-à-vis revenues.

RECURRING EBITDA AND EBITDA MARGIN

The Company's recurring EBITDA was R\$173 million in 1Q24, up 5.5% vs 1Q23 and its EBITDA margin was 16.2%, up +20bps vs the same period in 2023.

One of the main factors that contributed to the positive performance was the period's gross margin expansion, a product of the increased representativeness of B2C channels - own stores and e-commerce - in the revenues mix.

On the other hand, ARZZ international (foreign market) made a negative contribution to the consolidated EBITDA of Arezzo&Co, due mainly to the drop in revenues and the quarter's reported gross margin. Meanwhile, it is important to emphasize that, in line with the Company's strategy to prioritize improving returns in the foreign market, ARZZ International's EBITDA margin was up 3 p.p., from -5.5% in 1Q23 to -2.5% in 1Q24.

	EBITDA 1Q24				EBITDA 1Q23				Comparison 1Q24 vs. 1Q23		
	Arezzo&Co	Brazil	ARZZ Intern.	Var. Br x ARZZ	Arezzo&Co	Brazil	ARZZ Intern.	Var. Br x ARZZ	Arezzo&Co	Brazil	ARZZ
Net Revenues	1.072,2	980,2	92,0	965,5%	1.025,3	932,7	92,6	907,1%	4,6%	5,1%	-0,7%
Gross Profit	571,5	527,9	43,6	1111,3%	537,8	488,9	48,8	901,3%	6,3%	8,0%	-10,8%
Gross Mg.	53,3%	53,9%	47,4%	6,5pp	52,4%	52,4%	52,7%	-0,3pp	0,9pp	1,4pp	-5,4pp
Recurring EBITDA	173,3	175,6	(2,3)	na	164,3	169,4	(5,1)	-3427,5%	5,5%	3,7%	-54,0%
Recurring EBITDA Mg.	16,2%	17,9%	(2,5%)	20,5pp	16,0%	18,2%	(5,5%)	23,7pp	0,2 pp	-0,3 pp	3,0pp

Note: ARZZ International considers foreign market revenues (exports and own operations in the United States and Europe).
*Amounts in R\$ M / Amounts in line with IFRS 16 / CPC 06 (R2).

RECURRING NET INCOME AND NET MARGIN

The Company's recurring net income in the first quarter was R\$78.8 million, up 7.7% vs 1Q23, and its net margin was 7.3% (+20bps).

Net income was under negative pressure from net financial expenses, which were up 20.3% in the period, due mainly to higher interest payments on financing associated with increased leverage in the period. In addition, there was a positive impact from the effective income tax rate, associated with improved tax efficiency.

ROIC - RETURN ON INVESTED CAPITAL

Recurring return on invested capital (ROIC) – that is, ex of goodwill from Arezzo&Co's latest acquisitions, as well as credits from previous fiscal years and non-recurring items – was 25.3%.

Recurring ROIC was under positive impact from the period's 24.6% increase in NOPAT versus 2023. On the other hand, the indicator was also negatively affected by the increase in capital used, due mainly to higher investment in Other long-term assets.

Operational Result	1Q24 Reported	1Q24 Recurring	1Q23 Reported	1Q23 Recurring	Δ 24 x 23 Rec. (%)
EBIT (LTM)	561.128	587.310	493.800	511.407	14,8%
+ IR e CS (LTM)	36.594	37.202	(8.721)	(10.289)	(461,6%)
NOPAT (LTM)	597.722	624.512	485.079	501.118	24,6%
Working Capital¹	978.733	1.140.312	1.007.566	1.007.566	13,2%
Accounts Receivable	902.621	902.621	743.011	743.011	21,5%
Inventory	920.200	920.200	842.526	842.526	9,2%
Suppliers	(647.535)	(647.535)	(571.535)	(571.535)	13,3%
Others	(196.553)	(34.974)	(6.436)	(6.436)	443,4%
Permanent assets	2.415.184	1.101.798	2.143.553	1.076.747	2,3%
Other long-term assets²	445.769	445.769	170.753	170.753	161,1%
Invested capital	3.839.687	2.687.880	3.321.872	2.255.066	19,2%
Average invested capital³	3.580.780	2.471.473	2.787.068	1.841.434	34,2%
ROIC⁴	16,7%	25,3%	17,4%	27,2%	

(1) Working Capital: Current Assets net of Cash, Cash Equivalents and Financial Investments, deduced from Current Liabilities net of Loans and Financing and Dividends Due.

(2) Deducted from deferred Income Tax and Social Contribution.

(3) Average of capital used in the period at hand and in the same period, last fiscal year.

(4) ROIC: NOPAT of the last 12 months divided by average capital used.

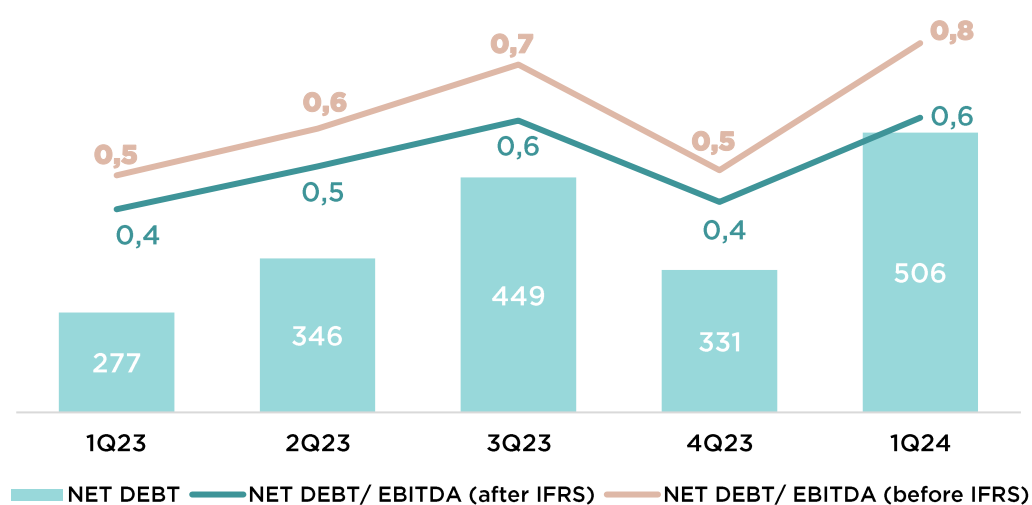
CASH AND DEBT POSITION

The Company reached the end of 1Q24 with R\$ 1.1 billion in gross debt. It is worth emphasizing the increased aging of gross debt, so that in 1Q24 long term debt was 32.0% of total debt, from 18.4% in 4Q23.

In the end of the quarter, cash position was R\$593 million. As a result, net leverage, considering after IFRS EBITDA, was up marginally from 0.4x in 4Q23 to 0.6x in 1Q24.

Cash position and Indebtedness	1Q24	4Q23	1Q23
Cash and Cash Equivalents	592.806	749.714	783.068
Total debt	1.098.748	1.081.124	1.060.093
Short-term	747.452	882.205	663.004
% total debt	68,0%	81,6%	62,5%
Long-term	351.296	198.919	397.089
% total debt	32,0%	18,4%	37,5%
Net debt	505.942	331.410	277.025
Net debt/EBITDA (after IFRS)	0,6x	0,4x	0,4x
Net debt/EBITDA (before IFRS)	0,8x	0,5x	0,5x

Net debt and leverage evolution



INVESTMENTS - CAPEX

CAPEX in 1Q24 was R\$ 41.5 million, down 18.6% YoY, due mainly to the 36% negative change in the corporate CAPEX line because of the strong comparative baseline, as 1Q23 saw investments in expanding the Espírito Santo Distribution Hub and higher investment in Squads.

Some of the main investments made in the quarter include:

Stores

- Investments associated with Casa Reserva in São Paulo's Morumbi Mall, a space that gathers together the main AR&CO brands and aims to provide a full experience to customers;
- Investments associated with the new Vans brand's offices on Largo da Batata, in São Paulo;
- Store openings, concentrating on AR&CO brands (Oficina and Reserva);
- Investments in the new Schutz store concept;
- Renovation to stores of the Reserva, Alexandre Birman, Arezzo and Schutz brands.

Corporate

- Squads - projects concerning data, innovation, and integration of the e-commerce channel;
- Integration of recent acquisitions;

Other

- Plant maintenance and purchase of new machinery.

Summary of Investments	1Q24	1Q23	Δ 1Q24 x 1Q23 (%)
Total CAPEX	41.514	50.998	(18,6%)
Stores - expansion and refurbishing	12.648	7.076	78,7%
Corporate	22.681	35.237	(35,6%)
Others	6.184	8.685	(28,8%)

ANNEXES

AREZZO
& CO



BALANCE SHEET

Assets	1Q24	4Q23	1Q23
Current assets	2.676.632	2.915.054	2.691.016
Cash and cash equivalents	53.035	73.316	83.603
Financial Investments	539.771	676.398	699.465
Financial Investments derivatives	1.044	0	0
Trade accounts receivables	902.621	1.125.449	743.011
Inventory	920.200	828.557	842.526
Taxes recoverable	18.971	17.910	19.291
Other taxes recoverable	145.327	111.728	203.213
Other credits	95.663	81.696	99.907
Non-current assets	3.046.915	3.060.850	2.440.906
Long-term receivables	582.906	525.612	297.353
Trade accounts receivables	5.903	3.238	478
Deferred income and social contribution	185.962	193.081	126.599
Judicial deposits	140.545	137.793	93.210
Taxes recoverable	243.504	183.695	66.001
Other amounts receivable	6.992	7.805	11.065
Investments property	4.192	4.192	3.761
Property, plant and equipment	845.792	890.929	769.765
Intangible assets	1.565.200	1.561.906	1.370.027
Financial Instruments - Derivatives	48.825	78.211	0
Total assets	5.723.547	5.975.904	5.131.922

Liabilities	1Q24	4Q23	1Q23
Current liabilities	1.872.091	2.292.283	1.589.572
Loans and financing	747.452	882.205	663.004
Lease	94.482	107.671	93.790
Suppliers	647.535	834.464	571.535
Other liabilities	382.622	467.943	261.243
Non-current liabilities	893.995	754.522	800.389
Loans and financing	351.296	198.919	397.089
Other liabilities	172.230	69.878	59.007
Lease	370.469	407.514	339.922
Other amounts payable	0	0	2.720
Deferred Taxes	0	0	1.651
Financial Instruments - Derivatives	0	78.211	0
Shareholder's Equity	2.940.189	2.909.553	2.716.661
Social Capital	1.738.229	1.738.229	1.671.716
Capital reserve	149.169	183.853	174.295
Profit reserve	999.599	999.599	814.396
Adjustment of Equity Valuation	-19.908	-12.128	-6.887
Period Profit	73.100	0	63.141
Total Shareholder's Equity	2.957.461	2.929.099	2.741.961
Non-controlling interest stake	17.272	19.546	25.300
Total liabilities and shareholders' equity	5.723.547	5.975.904	5.131.922

INCOME STATEMENT

Income Statement - IFRS	1Q24	1Q23	Var.%
Net operating revenue	1.072.182	1.025.291	4,6%
Cost of goods sold	(505.325)	(488.467)	3,5%
Gross profit	566.857	536.824	5,6%
Operating income (expenses):	(459.688)	(432.000)	6,4%
Selling	(370.004)	(347.500)	6,5%
Administrative and general expenses	(91.477)	(82.774)	10,5%
Other operating income, net	1.793	(1.726)	-203,9%
Income Before Financial Result	107.169	104.824	2,2%
Financial Income	(47.621)	(39.591)	20,3%
Income before income taxes	59.548	65.233	-8,7%
Income tax and social contribution	12.014	(1.848)	-750,1%
Current	(13.781)	(10.947)	25,9%
Deferred	25.795	9.099	183,5%
Net income for period	71.562	63.385	12,9%
Results Attributed to:			
Controlling shareholders	73.100	63.141	15,8%
Non-controlling shareholders	(1.538)	244	-730%
Net income for period	71.562	63.385	12,9%

EBITDA RECONCILIATION

The reconciliation of EBITDA and Net Income covers non-recurring effects recognized in the first quarter of 2024, as well as the book effects of IFRS 16.

	1T24	1T23
Consolidated EBITDA	164.200	152.202
EBITDA Margin (After IFRS)	15,3%	14,8%
Extemporaneous Credits	-	3.166
Legal Expenses	(691)	(2.015)
M&A Expenses	(4.351)	(4.874)
Logistics Expenses (DC Espírito Santo)	-	(5.019)
Closure of Operations and Layoffs	(437)	-
Vicenza Acquisition Incorporation	(3.593)	
HG Incorporation Goodwill	-	(5.413)
Other adjustments	-	(290)
Lease (one-off)	-	2.360
Net Effect Non-recurring items	(9.072)	(12.086)
Adjusted Consolidated EBITDA (IFRS 16)	173.273	164.288
Adjusted EBITDA Mg. (IFRS 16)	16,2%	16,0%
SG&A Lease (IFRS 16)	36.538	30.830
SG&A Lease (one off)	-	(2.360)
COGS Lease (IFRS 16)	588	404
COGS Lease (one off)	-	-
Adjusted Consolidated EBITDA (Before IFRS)	136.147	135.414
Adjusted EBITDA Mg. (Before IFRS 16)	12,7%	13,2%

NET INCOME RECONCILIATION

The reconciliation of Net Income comprehends the non-recurring effects recognized in the first quarter of 2024, as well as book effects of IFRS 16.

	1T24	1T23
Lucro Líquido Consolidado	71.561	63.385
Margem Líquida (Pós IFRS)	6,7%	6,2%
Efeito Líquido dos Itens Não Recorrentes	(7.168)	(9.702)
Lucro Líquido Consolidado Ajustado (Pós IFRS)	78.729	73.087
Margem Líquida Ajustada (Pós IFRS)	7,3%	7,1%
SG&A (IFRS 16)	(36.538)	(30.830)
SG&A One Off (IFRS 16)		2.360
Custo de Mercadorias vendidas (IFRS 16)	(588)	(404)
Depreciação e Amortização (IFRS 16)	26.277	25.379
Resultado Financeiro (IFRS 16)	11.216	9.191
IRPJ e CSLL Corrente (IFRS 16)	1.045	1.035
IRPJ e CSLL Diferido (IFRS 16)	(8.404)	(4.716)
Lucro Líquido Consolidado Ajustado (Pré IFRS)	71.737	75.101
Margem Líquida Ajustada (Pré IFRS)	6,7%	7,3%

CASH FLOW

Cash Flow	1Q24	1Q23
Operating activities		
Net Income	71.562	63.385
Adjustments to reconcile the results according to the cash generated by operating activities:	64.340	62.639
Depreciation and amortization	59.355	49.396
Income from financial investments	(13.812)	(11.725)
Interest and exchange rate	50.247	(16.340)
Income tax and social contribution	(12.013)	1.848
Others	(19.437)	39.460
Decrease (increase) in assets		
Trade accounts receivables	216.266	142.656
Inventory	(91.507)	(66.533)
Recoverable taxes	(25.637)	21.483
Change in other current assets	(23.732)	(30.962)
Judicial deposits	(2.752)	(12.102)
(Decrease) increase in liabilities		
Suppliers	(186.929)	(119.460)
Labor liabilities	(18.047)	(73.813)
Fiscal and social liabilities	(22.546)	(14.833)
Variation in other liabilities	3.462	(34.880)
Payment of income tax and social contribution	-	(13.142)
Interest payment on loans	(40.215)	(1.078)
Net cash flow from operating activities	(55.735)	(76.640)
Investing activities		
Acquisition of fixed and intangible assets	(41.514)	(50.998)
Financial Investments	(849.996)	(1.747.817)
Redemption of financial investments	997.431	1.504.626
Acquisition of subsidiary, net cash obtained on acquisition	(8.800)	
Acquisition of business combination	-	(78.045)
Net cash used for investment activities	97.121	(372.234)
Financing activities		
Loans and financing	50.779	703.194
Payments of loans	(43.189)	(27.556)
Consideration of Lease	(36.730)	(33.224)
Interest on Equity and Profit Distribution	-	(82.107)
Resources from Stocks Issue	-	-
Expenses from Stocks Issue	-	-
Repurchase of Stocks	-	(6.191)
Payment of Acquisitions Obligations of Subsidiary	(31.900)	(52.266)
Resources from the Exercise of Stock Options	-	-
Net Cash used on Financing Activities	(61.040)	501.850
Increase (decrease) in cash and cash equivalents	(19.654)	52.976
Cash and cash equivalents		
Effect of Exchange Rate Variation on Cash and Cash Equivalent	(627)	1.801
Cash and cash equivalents - Initial balance	73.316	28.826
Cash and cash equivalents - Closing balance	53.035	83.603
Increase (decrease) in cash and cash equivalents	(19.654)	52.976

1Q24 EARNINGS RELEASE

Investor Relations

Rafael Sachete
CFO and DRI

Bianca Faim
Chief IR, M&A
and Strategy Officer

Mariana Guimaraes
IR Manager

Ana Beatriz Aureliano
IR Analyst

ri@arezzo.com.br