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Company information / Capital composition

Number of shares (in thousands)	Current interim period ended March 31, 2022
Paid-up capital	
Common shares	109,796,219
Preferred shares	0
Total	109,796,219
Treasury shares	
Common shares	41,025
Preferred shares	0
Total	41,025

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Balance sheet – Assets (In thousands of real)

Account code	Account title	March 31, 2022	December 31, 2021
1	Total assets	3,554,161	2,664,878
1.01	Current assets	1,479,463	725,701
1.01.01	Cash and cash equivalents	13,167	2,448
1.01.02	Cash investments	447,512	69,775
1.01.02.01	Cash investments at fair value through profit or loss	447,512	69,775
1.01.02.01.03	Cash investments at fair value	447,512	69,775
1.01.03	Trade and other receivables	531,640	481,059
1.01.03.01	Trade receivables	531,640	481,059
1.01.04	Inventories	339,849	133,698
1.01.06	Taxes recoverable	91,660	16,942
1.01.06.01	Current taxes recoverable	91,660	16,942
1.01.08	Other current assets	55,635	21,779
1.01.08.03	Other	55,635	21,779
1.01.08.03.01	Derivative financial instruments	515	0
1.01.08.03.02	Other receivables	55,120	21,779
1.02	Non-current assets	2,074,698	1,939,177
1.02.01	Long-term receivables	251,166	329,182
1.02.01.04	Trade and other receivables	1,629	2,016
1.02.01.04.01	Trade receivables	1,629	2,016
1.02.01.07	Deferred tax assets	190,109	178,775
1.02.01.07.01	Deferred income tax and social contribution	47,108	51,140
1.02.01.07.02	Taxes recoverable	143,001	127,635
1.02.01.09	Receivables from related parties	22,935	109,917
1.02.01.09.02	Receivables from subsidiaries	17,308	25,730
1.02.01.09.05	Loans to related parties	5,627	84,187
1.02.01.10	Other non-current assets	36,493	38,474
1.02.01.10.03	Judicial deposits	24,417	19,772
1.02.01.10.04	Other receivables	12,076	12,275
1.02.01.10.05	Derivative financial instruments	0	6,427
1.02.02	Investments	1,498,473	1,458,891
1.02.02.01	Equity-accounted investees	1,495,612	1,456,431
1.02.02.01.02	Investments in subsidiaries	1,495,612	1,456,431
1.02.02.02	Investment properties	2,861	2,460
1.02.02.02.01	Investment properties	2,861	2,460
1.02.03	Property, plant and equipment	203,982	70,033
1.02.03.01	Property, plant and equipment in operation	203,982	70,033
1.02.04	Intangible assets	121,077	81,071
1.02.04.01	Intangible assets	121,077	81,071
1.02.04.01.02	Trademarks and patents	9,578	8,795
1.02.04.01.03	Key money	0	3,372
1.02.04.01.04	Software licenses	111,499	68,904

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Balance sheet – Liabilities and equity (In thousands of real)

Account code	Account title	March 31, 2022	December 31, 2021
2	Total liabilities	3,554,161	2,664,878
2.01	Current liabilities	863,748	977,542
2.01.01	Salaries, vacation pay and social charges payable	55,148	57,461
2.01.01.01	Social charges	4,216	4,741
2.01.01.02	Salaries and vacation pay	50,932	52,720
2.01.02	Trade payables	520,757	459,056
2.01.02.01	Domestic suppliers	509,184	454,050
2.01.02.02	Foreign suppliers	11,573	5,006
2.01.03	Taxes payable	40,815	18,433
2.01.03.01	Federal taxes payable	22,389	15,978
2.01.03.01.01	Income tax and social contribution payable	11,409	0
2.01.03.01.02	Other federal tax liabilities	10,980	15,978
2.01.03.02	State taxes payable	18,424	2,421
2.01.03.03	Municipal taxes payable	2	34
2.01.04	Loans and borrowings	153,152	337,348
2.01.04.01	Loans and borrowings	153,152	337,348
2.01.04.01.01	In local currency	5,935	165,070
2.01.04.01.02	In foreign currency	147,217	172,278
2.01.05	Other liabilities	93,876	105,244
2.01.05.02	Other	93,876	105,244
2.01.05.02.01	Dividends and interest on capital payable	0	55,962
2.01.05.02.04	Other	47,276	44,557
2.01.05.02.05	Lease liabilities	22,973	4,725
2.01.05.02.06	Derivative financial instruments	23,627	0
2.02	Non-current liabilities	192,821	96,756
2.02.01	Loans and borrowings	15,460	9,500
2.02.01.01	Loans and borrowings	15,460	9,500
2.02.01.01.01	In local currency	12,973	9,500
2.02.01.01.02	In foreign currency	2,487	0
2.02.02	Other liabilities	105,628	13,886
2.02.02.01	Payables to related parties	49,935	0
2.02.02.02	Other	55,693	13,886
2.02.02.02.04	Lease liabilities	55,693	13,886
2.02.04	Provisions	71,720	73,317
2.02.04.01	Provisions for tax, social security, labor and civil proceedings	9,000	7,785
2.02.04.01.02	Provision for social security and labor proceedings	6,902	6,060
2.02.04.01.04	Provision for civil proceedings	423	50
2.02.04.01.05	Provision for tax proceedings	1,675	1,675
2.02.04.02	Other provisions	62,720	65,532
2.02.04.02.04	Provision for net capital deficiency	62,720	65,532
2.02.06	Deferred profit and revenue	13	53
2.02.06.02	Deferred revenue	13	53
2.03	Equity	2,497,592	1,590,580
2.03.01	Paid-up capital	811,284	811,284
2.03.02	Capital reserves	997,768	196,925
2.03.02.02	Special reserve for goodwill arising from merger	21,470	21,470

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Balance sheet – Liabilities and equity (In thousands of real)

Account code	Account title	March 31, 2022	December 31, 2021
2.03.02.05	Treasury shares	-3,105	-3,105
2.03.02.07	Capital reserve	124,899	158,239
2.03.02.08	Increase of share capital	834,183	0
2.03.02.09	Reserve for share option and restricted stock plans	20,321	20,321
2.03.04	Revenue reserves	591,478	591,478
2.03.04.01	Legal reserve	57,511	57,511
2.03.04.05	Retained earnings reserve	174,861	174,861
2.03.04.07	Tax incentive reserve	309,106	309,106
2.03.04.08	Proposed additional dividend	50,000	50,000
2.03.05	Retained earnings	98,053	0
2.03.06	Other comprehensive loss	-991	-9,107

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Statement of income (In thousands of real)

Account code	Account title	Current financial year to date January 1, 2022 to March 31, 2022	Year-to-date period of the prior financial year January 1, 2021 to March 31, 2021
3.01	Revenue from sale of goods and/or services	608,046	327,292
3.02	Cost of sales and/or services	-339,261	-209,448
3.03	Gross profit	268,785	117,844
3.04	Operating expenses/income	-142,283	-81,270
3.04.01	Selling expenses	-147,962	-55,816
3.04.02	General and administrative expenses	-65,137	-28,442
3.04.04	Other operating income	44,582	1,068
3.04.05	Other operating expenses	-3,485	-718
3.04.06	Share of profit of equity-accounted investees	29,719	2,638
3.05	Profit before finance costs and taxes	126,502	36,574
3.06	Net finance costs	-8,843	-1,166
3.06.01	Finance income	-21,751	30,953
3.06.01.01	Interest income	12,214	2,664
3.06.01.02	Foreign exchange gains	-33,965	28,289
3.06.02	Finance costs	12,908	-32,119
3.06.02.01	Interest expense	-11,225	-6,690
3.06.02.02	Foreign exchange losses	24,133	-25,429
3.07	Profit before taxes	117,659	35,408
3.08	Income tax and social contribution expense	-19,606	-5,632
3.08.01	Current	-12,054	-4,574
3.08.02	Deferred	-7,552	-1,058
3.09	Profit from continuing operations	98,053	29,776
3.11	Profit for the period	98,053	29,776
3.99	Earnings per share		
3.99.01	Basic earnings per share (R\$)		
3.99.01.01	Common shares	0.9179	0.2989
3.99.02	Diluted earnings per share (R\$)		
3.99.02.01	Common shares	0.9008	0.2989

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Statement of comprehensive income (In thousands of real)

Account code	Account title	Current financial year to date	Year-to-date period of the prior financial year
		January 1, 2022 to March 31, 2022	January 1, 2021 to March 31, 2021
4.01	Profit for the period	98,053	29,776
4.02	Other comprehensive income/loss	8,116	-4,806
4.02.01	Foreign currency translation differences on foreign operations	8,116	-4,806
4.03	Total comprehensive income for the period	106,169	24,970

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Statement of cash flows (Indirect method) (In thousands of real)

Account code	Account title	Current financial year to date January 1, 2022 to March 31, 2022	Year-to-date period of the prior financial year January 1, 2021 to March 31, 2021
6.01	Net cash used in/from operating activities	-159,371	50,731
6.01.01	Cash flows from operating activities	85,994	48,987
6.01.01.01	Profit before income tax and social contribution	98,053	29,776
6.01.01.02	Depreciation and amortization	18,553	5,298
6.01.01.03	Loss on sale of property, plant and equipment and intangible assets	0	9
6.01.01.05	Share of profit of equity-accounted investees	-29,719	-2,637
6.01.01.06	Provision for labor, tax and civil proceedings	-199	537
6.01.01.07	Interest and foreign exchange gain/loss on loans	-22,233	6,937
6.01.01.08	Interest income on cash investments	-8,852	-998
6.01.01.09	Provision for impairment of trade receivables	1,250	2,474
6.01.01.10	Complementary provision for inventory losses	4,734	1,193
6.01.01.11	Share option plan	3,436	428
6.01.01.12	Interest expense on lease liabilities	1,365	339
6.01.01.13	Income tax and social contribution expense	19,606	5,631
6.01.02	Changes in assets and liabilities	-245,365	1,744
6.01.02.01	Trade receivables	-2,273	103,002
6.01.02.02	Inventories	-85,886	-48,380
6.01.02.03	Changes in other current and non-current assets	-9,885	-3,718
6.01.02.04	Taxes recoverable	-60,651	-6,166
6.01.02.05	Judicial deposits	-290	-1,765
6.01.02.07	Trade payables	-50,563	-26,268
6.01.02.08	Salaries and vacation pay	-20,490	-8,530
6.01.02.09	Taxes and social charges payable	-9,406	-1,277
6.01.02.10	Other liabilities	408	-3,133
6.01.02.11	Interest paid on borrowings	-6,329	-2,021
6.02	Net cash used in/from investing activities	-403,281	134,169
6.02.01	Acquisition of property, plant and equipment and intangible assets	-36,639	-7,971
6.02.02	Proceeds from sale of property, plant and equipment and intangible assets	0	75
6.02.03	Cash investments	-1,088,825	-270,374
6.02.04	Withdrawal of cash investments	725,289	415,892
6.02.05	Capital contribution to subsidiaries	-4,769	-16,014
6.02.07	Transactions with related parties	-56	12,561
6.02.08	Cash acquired from merged company	1,719	0
6.03	Net cash from/used in financing activities	573,371	-40,311
6.03.02	Repayment of borrowings	-196,115	-37,913
6.03.03	Proceeds from exercise of share options	389	0
6.03.04	Loan payment received from related parties	39,771	0
6.03.05	Interest on capital paid	-33,785	0
6.03.06	Dividends paid	-26,215	0
6.03.07	Proceeds from issue of shares	833,794	0
6.03.08	Share issue costs	-36,776	0
6.03.10	Payment of lease liabilities	-7,692	-2,398
6.05	Net increase in cash and cash equivalents	10,719	144,589
6.05.01	Cash and cash equivalents at the beginning of the period	2,448	3,291
6.05.02	Cash and cash equivalents at the end of the period	13,167	147,880

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Statement of changes in equity – January 1, 2022 to March 31, 2022 (In thousands of real)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income/loss	Equity
5.01	Opening balances	811,284	196,925	541,478	50,000	-9,107	1,590,580
5.03	Adjusted opening balances	811,284	196,925	541,478	50,000	-9,107	1,590,580
5.04	Equity transactions with shareholders	834,183	-33,340	0	0	0	800,843
5.04.01	Increases of share capital	833,794	0	0	0	0	833,794
5.04.02	Share issue costs	0	-36,776	0	0	0	-36,776
5.04.03	Share options granted	2,958	3,436	0	0	0	6,394
5.04.08	Advance for future capital increase	-2,569	0	0	0	0	-2,569
5.05	Total comprehensive income	0	0	0	98,053	8,116	106,169
5.05.01	Profit for the period	0	0	0	98,053	0	98,053
5.05.02	Other comprehensive income	0	0	0	0	8,116	8,116
5.05.02.06	Foreign currency translation differences on foreign operations	0	0	0	0	8,116	8,116
5.07	Closing balances	1,645,467	163,585	541,478	148,053	-991	2,497,592

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Statement of changes in equity – January 1, 2021 to March 31, 2021(In thousands of real)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive loss	Equity
5.01	Opening balances	967,924	49,229	335,832	2,582	-6,970	1,348,597
5.03	Adjusted opening balances	967,924	49,229	335,832	2,582	-6,970	1,348,597
5.04	Equity transactions with shareholders	-159,209	428	0	-2,582	0	-161,363
5.04.01	Increases of share capital	-159,209	0	0	0	0	-159,209
5.04.08	Share options and restricted stock granted	0	428	0	0	0	428
5.04.10	Proposed dividends	0	0	0	-2,582	0	-2,582
5.05	Total comprehensive income	0	0	0	29,776	-4,806	24,970
5.05.01	Profit for the period	0	0	0	29,776	0	29,776
5.05.03	Reclassifications to profit or loss	0	0	0	0	-4,806	-4,806
5.05.03.01	Financial instrument adjustments	0	0	0	0	-4,806	-4,806
5.06	Internal changes in equity	0	159,209	0	0	0	159,209
5.06.05	Retained earnings reserve	0	159,209	0	0	0	159,209
5.07	Closing balances	808,715	208,866	335,832	29,776	-11,776	1,371,413

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Parent company financial statements / Statement of value added (In thousands of real)

Account code	Account title	Current financial year to date January 1, 2022 to March 31, 2022	Year-to-date period of the prior financial year January 1, 2021 to March 31, 2021
		March 31, 2022	March 31, 2021
7.01	Revenue	699,249	375,824
7.01.01	Sales of goods, products and services	700,499	378,298
7.01.04	Provision for/reversal of impairment of trade receivables	-1,250	-2,474
7.02	Cost of bought-in goods and services	-532,929	-305,651
7.02.01	Cost of sales and services	-430,808	-265,966
7.02.02	Materials, electric power, outsourced services and other	-100,059	-38,990
7.02.04	Other	-2,062	-695
7.03	Gross value added	166,320	70,173
7.04	Deductions	-18,553	-5,298
7.04.01	Depreciation, amortization and depletion	-18,553	-5,298
7.05	Net value added produced by the entity	147,767	64,875
7.06	Value added received by transfer	83,213	10,178
7.06.01	Share of profit of investees accounted for using the equity method	29,719	2,638
7.06.02	Finance income	8,864	6,549
7.06.03	Other	44,630	991
7.07	Total value added to distribute	230,980	75,053
7.08	Distribution of value added	230,980	75,053
7.08.01	To employees	72,748	30,056
7.08.01.01	Direct compensation	51,758	19,245
7.08.01.02	Benefits	3,810	2,241
7.08.01.03	Government severance indemnity fund for employees (FGTS)	4,630	1,571
7.08.01.04	Other	12,550	6,999
7.08.01.04.01	Employee profit sharing	-110	-65
7.08.01.04.02	Other	9,128	6,424
7.08.01.04.03	Share option and restricted stock plans	3,532	640
7.08.02	To government (taxes and duties)	34,799	3,973
7.08.02.01	Federal	50,470	16,463
7.08.02.02	State	-17,107	-12,664
7.08.02.03	Municipal	1,436	174
7.08.03	To capital providers (creditors and lenders)	25,380	11,248
7.08.03.01	Interest	4,606	4,027
7.08.03.02	Rentals	7,673	3,533
7.08.03.03	Other	13,101	3,688
7.08.03.03.01	Finance costs	13,101	3,688
7.08.04	Value retained in the business	98,053	29,776
7.08.04.03	Profit retained	98,053	29,776

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Balance sheet – Assets (In thousands of real)

Account code	Account title	March 31, 2022	December 31, 2021
1	Total assets	4,024,213	3,366,326
1.01	Current assets	2,109,403	1,646,786
1.01.01	Cash and cash equivalents	106,747	33,750
1.01.02	Cash investments	603,562	228,809
1.01.02.01	Cash investments at fair value through profit or loss	603,562	228,809
1.01.02.01.03	Cash investments at fair value	603,562	228,809
1.01.03	Trade and other receivables	631,278	790,302
1.01.03.01	Trade receivables	631,278	790,302
1.01.04	Inventories	556,685	450,487
1.01.06	Taxes recoverable	130,015	73,852
1.01.06.01	Current taxes recoverable	130,015	73,852
1.01.08	Other current assets	81,116	69,586
1.01.08.03	Other	81,116	69,586
1.01.08.03.01	Other receivables	80,601	68,230
1.01.08.03.02	Derivative financial instruments	515	1,356
1.02	Non-current assets	1,914,810	1,719,540
1.02.01	Long-term receivables	315,470	297,892
1.02.01.04	Trade and other receivables	3,589	4,276
1.02.01.04.01	Trade receivables	3,589	4,276
1.02.01.07	Deferred tax assets	83,870	90,225
1.02.01.07.01	Deferred income tax and social contribution	83,870	90,225
1.02.01.10	Other non-current assets	228,011	203,391
1.02.01.10.03	Judicial deposits	55,487	54,390
1.02.01.10.04	Other receivables	14,396	14,939
1.02.01.10.05	Taxes recoverable	158,128	127,635
1.02.01.10.06	Derivative financial instruments	0	6,427
1.02.02	Investments	2,860	2,862
1.02.02.01	Equity-accounted investees	0	402
1.02.02.01.04	Interests in joint ventures	0	402
1.02.02.02	Investment properties	2,860	2,460
1.02.02.02.01	Investment properties	2,860	2,460
1.02.03	Property, plant and equipment	446,326	403,868
1.02.03.01	Property, plant and equipment in operation	446,326	403,868
1.02.04	Intangible assets	1,150,154	1,014,918
1.02.04.01	Intangible assets	1,150,154	1,014,918
1.02.04.01.02	Trademarks and patents	10,924	11,123
1.02.04.01.03	Key money	0	46,728
1.02.04.01.04	Software licenses	116,490	94,708
1.02.04.01.05	Intangible assets – fair value adjustments to the carrying amounts	666,306	301,463
1.02.04.01.06	Goodwill	356,434	560,896

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Balance sheet – Liabilities and equity (In thousands of real)

Account code	Account title	March 31, 2022	December 31, 2021
2	Total liabilities	4,024,213	3,366,326
2.01	Current liabilities	1,269,342	1,519,000
2.01.01	Salaries, vacation pay and social charges payable	76,551	112,773
2.01.01.01	Social charges	8,214	13,761
2.01.01.02	Salaries and vacation pay	68,337	99,012
2.01.02	Trade payables	588,706	574,713
2.01.02.01	Domestic suppliers	574,687	567,737
2.01.02.02	Foreign suppliers	14,019	6,976
2.01.03	Taxes payable	79,142	77,212
2.01.03.01	Federal taxes payable	50,318	51,989
2.01.03.01.01	Income tax and social contribution	38,090	22,408
2.01.03.01.02	Other federal tax liabilities	12,228	29,581
2.01.03.02	State taxes payable	28,737	24,988
2.01.03.03	Municipal taxes payable	87	235
2.01.04	Loans and borrowings	268,463	496,861
2.01.04.01	Loans and borrowings	268,463	496,861
2.01.04.01.01	In local currency	6,613	181,377
2.01.04.01.02	In foreign currency	261,850	315,484
2.01.05	Other liabilities	256,480	257,441
2.01.05.02	Other	256,480	257,441
2.01.05.02.01	Dividends and interest on capital payable	0	55,962
2.01.05.02.04	Other	74,624	133,944
2.01.05.02.05	Lease liabilities	58,229	57,017
2.01.05.02.06	Payables for acquisition of subsidiaries	100,000	10,518
2.01.05.02.07	Derivative financial instruments	23,627	0
2.02	Non-current liabilities	256,621	255,320
2.02.01	Loans and borrowings	15,576	37,733
2.02.01.01	Loans and borrowings	15,576	37,733
2.02.01.01.01	In local currency	13,088	37,108
2.02.01.01.02	In foreign currency	2,488	625
2.02.02	Other liabilities	223,870	198,033
2.02.02.02	Other	223,870	198,033
2.02.02.02.01	Share-based payments	52,040	21,144
2.02.02.02.03	Lease liabilities	168,765	174,879
2.02.02.02.04	Other payables	2,057	1,813
2.02.02.02.05	Taxes payable in installments	1,008	197
2.02.03	Deferred tax liabilities	2,943	5,441
2.02.03.01	Deferred income tax and social contribution	2,943	5,441
2.02.04	Provisions	14,219	14,060
2.02.04.01	Provisions for tax, social security, labor and civil proceedings	14,219	14,060
2.02.04.01.02	Provision for social security and labor proceedings	11,373	11,580
2.02.04.01.04	Provision for civil proceedings	802	436
2.02.04.01.05	Provision for tax proceedings	2,044	2,044
2.02.06	Deferred profit and revenue	13	53
2.02.06.02	Deferred revenue	13	53
2.03	Equity	2,498,250	1,592,006

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Balance sheet – Liabilities and equity (In thousands of real)

Account Code	Account title	March 31, 2022	December 31, 2021
2.03.01	Paid-up capital	811,284	811,284
2.03.02	Capital reserves	997,768	196,925
2.03.02.02	Special reserve for goodwill arising from merger	21,470	21,470
2.03.02.05	Treasury shares	-3,105	-3,105
2.03.02.07	Capital reserves	124,899	158,239
2.03.02.08	Increase of share capital	834,183	0
2.03.02.09	Reserve for share option and restricted stock plans	20,321	20,321
2.03.04	Revenue reserves	591,478	591,478
2.03.04.01	Legal reserve	57,511	57,511
2.03.04.05	Retained earnings reserve	174,861	174,861
2.03.04.07	Tax incentive reserve	309,106	309,106
2.03.04.08	Proposed additional dividend	50,000	50,000
2.03.05	Retained earnings	98,053	0
2.03.06	Other comprehensive loss	-991	-9,107
2.03.09	Non-controlling interests	658	1,426

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Statement of income (In thousands of real)

Account code	Account title	Current financial year to date January 1, 2022 to March 31, 2022	Year-to-date period of the prior financial year January 1, 2021 to March 31, 2021
3.01	Revenue from sale of goods and/or services	839,576	499,952
3.02	Cost of sales and/or services	-390,836	-250,027
3.03	Gross profit	448,740	249,925
3.04	Operating expenses/income	-287,588	-208,824
3.04.01	Selling expenses	-289,081	-155,629
3.04.02	General and administrative expenses	-73,816	-53,433
3.04.04	Other operating income	78,870	2,348
3.04.05	Other operating expenses	-3,561	-2,110
3.05	Profit before finance costs and taxes	161,152	41,101
3.06	Net finance costs	-20,407	-8,616
3.06.01	Finance income	-13,751	40,942
3.06.01.01	Interest income	14,016	5,107
3.06.01.02	Foreign exchange gains	-27,767	35,835
3.06.02	Finance costs	-6,656	-49,558
3.06.02.01	Interest expense	-21,060	-16,793
3.06.02.02	Foreign exchange losses	14,404	-32,765
3.07	Profit before taxes	140,745	32,485
3.08	Income tax and social contribution expense	-43,460	-2,709
3.08.01	Current	-39,603	-6,441
3.08.02	Deferred	-3,857	3,732
3.09	Profit from continuing operations	97,285	29,776
3.11	Profit for the period	97,285	29,776
3.11.01	Attributable to owners of the Parent company	98,053	29,776
3.11.02	Attributable to non-controlling interests	-768	0
3.99	Earnings per share		
3.99.01	Basic earnings per share (R\$)		
3.99.01.01	Common shares	0.9179	0.2989
3.99.02	Diluted earnings per share (R\$)		

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Statement of comprehensive income (In thousands of real)

Account code	Account title	Current financial year to date January 1, 2022 to March 31, 2022	Year-to-date period of the prior financial year January 1, 2021 to March 31, 2021
4.01	Profit for the period	97,285	29,776
4.02	Other comprehensive income/loss	8,116	-4,806
4.02.01	Foreign currency translation differences on foreign operations	8,116	-4,806
4.03	Total comprehensive income for the period	105,401	24,970
4.03.01	Attributable to owners of the Parent company	106,169	24,970
4.03.02	Attributable to non-controlling interests	-768	0

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Statement of cash flows (Indirect method) (In thousands of real)

Account code	Account title	Current financial year to date January 1, 2022 to March 31, 2022	Year-to-date period of the prior financial year January 1, 2021 to March 31, 2021
6.01	Net cash used in/from operating activities	-4,515	42,957
6.01.01	Cash flows from operating activities	135,206	85,387
6.01.01.01	Profit before income tax and social contribution	97,285	29,776
6.01.01.02	Depreciation and amortization	33,433	24,865
6.01.01.03	Loss/gain on sale of property, plant and equipment and intangible assets	45	-96
6.01.01.06	Provision for labor, tax and civil proceedings	159	-533
6.01.01.07	Interest and foreign exchange gain/loss on loans	-39,504	18,324
6.01.01.08	Interest income on cash investments	-10,672	-1,559
6.01.01.09	Provision for impairment of trade receivables	2,179	2,184
6.01.01.10	Complementary provision for inventory losses	2,782	7,238
6.01.01.11	Share option plan	3,436	428
6.01.01.12	Interest expense on lease liabilities	2,603	2,051
6.01.01.13	Income tax and social contribution expense	43,460	2,709
6.01.02	Changes in assets and liabilities	-117,035	-41,827
6.01.02.01	Trade receivables	157,533	117,398
6.01.02.02	Inventories	-106,509	-64,383
6.01.02.03	Changes in other current assets	-2,749	-9,838
6.01.02.04	Taxes recoverable	-85,059	-10,302
6.01.02.05	Judicial deposits	-1,097	-10,370
6.01.02.06	Interest paid on borrowings	-7,178	-2,813
6.01.02.07	Trade payables	13,993	-17,206
6.01.02.08	Salaries and vacation pay	-30,850	-12,469
6.01.02.09	Taxes and social charges payable	-20,917	-11,592
6.01.02.10	Changes in other current liabilities	-34,202	-20,252
6.01.03	Other	-22,686	-603
6.01.03.01	Income tax and social contribution paid	-22,686	-603
6.02	Net cash used in/from investing activities	-446,224	152,932
6.02.01	Acquisition of property, plant and equipment and intangible assets	-40,835	-12,545
6.02.02	Proceeds from sale of property, plant and equipment and intangible assets	0	175
6.02.03	Cash investments	-1,327,994	-457,467
6.02.04	Withdrawal of cash investments	972,588	634,097
6.02.08	Acquisition of subsidiary	-49,983	-11,328
6.03	Net cash from/used in financing activities	515,620	-6,782
6.03.01	Proceeds from loans and borrowings	26,327	65,612
6.03.02	Repayment of borrowings	-230,200	-51,508
6.03.03	Proceeds from exercise of share options	389	0
6.03.04	Proceeds from issue of shares	833,794	0
6.03.05	Interest on capital paid	-33,785	0
6.03.06	Dividends paid	-26,215	0
6.03.07	Receivables from shareholders	0	1,000
6.03.08	Share issue costs	-36,776	0
6.03.10	Payment of lease liabilities	-17,914	-21,886
6.04	Effect of movements in exchange rates on cash and cash equivalents	8,116	-4,806
6.05	Net increase in cash and cash equivalents	72,997	184,301
6.05.01	Cash and cash equivalents at the beginning of the period	33,750	38,297

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Statement of cash flows (Indirect method) (In thousands of real)

Account code	Account title	Current financial year	Year-to-date period of the
		to date January 1, 2022 to March 31, 2022	prior financial year January 1, 2021 to March 31, 2021
6.05.02	Cash and cash equivalents at the end of the period	106,747	222,598

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Statement of changes in equity – January 1, 2022 to March 31, 2022 (In thousands of real)

Account code	Account title	Paid-up capital	Capital share options granted and treasury shares	reserves, grants	Revenue reserves	Retained earnings	Other comprehensive loss	Equity attributable to owners of the Company	Non-controlling interests	Total equity
5.01	Opening balances	811,284		196,925	541,478	50,000	-9,107	1,590,580	1,426	1,592,006
5.03	Adjusted opening balances	811,284		196,925	541,478	50,000	-9,107	1,590,580	1,426	1,592,006
5.04	Equity transactions with shareholders	834,183		-33,340	0	0	0	800,843	0	800,843
5.04.01	Increases of share capital	833,794		0	0	0	0	833,794	0	833,794
5.04.02	Share issue costs	0		-36,776	0	0	0	-36,776	0	-36,776
5.04.03	Share options granted	2,958		3,436	0	0	0	6,394	0	6,394
5.04.08	Advance for future capital increase	-2,569		0	0	0	0	-2,569	0	-2,569
5.05	Total comprehensive income	0		0	0	98,053	8,116	106,169	-768	105,401
5.05.01	Profit for the period	0		0	0	98,053	0	98,053	-768	97,285
5.05.02	Other comprehensive income	0		0	0	0	8,116	8,116	0	8,116
5.05.02.06	Foreign currency translation differences on foreign operations	0		0	0	0	8,116	8,116	0	8,116
5.07	Closing balances	1,645,467		163,585	541,478	148,053	-991	2,497,592	658	2,498,250

Quarterly Financial Information (ITR) at March 31, 2022 - AREZZO INDÚSTRIA E COMÉRCIO S.A.

Consolidated financial statements / Statement of changes in equity – January 1, 2021 to March 31, 2021 (In thousands of real)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive loss	Equity attributable to owners of the Company	Non-controlling interests	Total equity
5.01	Opening balances	967,924	49,229	335,832	2,582	-6,970	1,348,597	0	1,348,597
5.03	Adjusted opening balances	967,924	49,229	335,832	2,582	-6,970	1,348,597	0	1,348,597
5.04	Equity transactions with shareholders	-159,209	428	0	-2,582	0	-161,363	0	-161,363
5.04.01	Increases of share capital	-159,209	0	0	0	0	-159,209	0	-159,209
5.04.08	Share options and restricted stock granted	0	428	0	0	0	428	0	428
5.04.10	Proposed dividends	0	0	0	-2,582	0	-2,582	0	-2,582
5.05	Total comprehensive income	0	0	0	29,776	-4,806	24,970	0	24,970
5.05.01	Profit for the period	0	0	0	29,776	0	29,776	0	29,776
5.05.03	Reclassifications to profit or loss	0	0	0	0	-4,806	-4,806	0	-4,806
5.05.03.01	Financial instrument adjustments	0	0	0	0	-4,806	-4,806	0	-4,806
5.06	Internal changes in equity	0	159,209	0	0	0	159,209	0	159,209
5.06.05	Retained earnings reserve	0	159,209	0	0	0	159,209	0	159,209
5.07	Closing balances	808,715	208,866	335,832	29,776	-11,776	1,371,413	0	1,371,413

EARNINGS RELEASE

1Q22



São Paulo, May 5, 2022. Arezzo&Co (B3 - Brasil, Bolsa and Balcão: ARZZ3), the leader of the Brazilian women's footwear, handbags and accessories industry, announces its 1Q22 results.

Arezzo&Co had R\$ 1.042 billion in revenues, a new record for a first quarter – this magnitude had only been previously reached in the fourth quarter of 2021 and 2020. The solid results reinforce the assertive positioning of all of the brands held by the Group, which now stands as one of the largest “house of brands” in Brazil.

FINANCIAL / OPERATIONAL HIGHLIGHTS

- 1 - **R\$1.042BN** in Gross Revenue (+64% vs 1Q21 and +125% vs 1Q19);
- 2 - **R\$ 771M** in DTC Sell Out (Franchises, Web and Owned Stores) (+66% vs 1Q21 and +51% vs 1Q19);
- 3 - **+7M** of products sold in 1Q22: 4.7M of pairs of shoes (+40% vs 1Q21), 1.5M of pieces of clothes (+116% vs 1Q21) and 730k of handbags (+83% vs 1Q21);
- 4 - **39%** growth in organic brands in Brazil vs 1Q21 (+46% vs 1Q19);
- 5 - **53%** of Gross Margin, growth of +340bps vs 1Q21 (+770bps vs 1Q19);
- 6 - **R\$194M** in EBITDA with expansion of +200% vs 1Q21 (+255% vs 1Q19) and EBITDA Margin of 23.1%;
- 7 - **R\$97M** in Net Income, growth of +229% vs 1Q21 (+320% vs 1Q19);
- 8 - **R\$134M** in Adjusted EBITDA (excluding non-recurring effects), growth of +107% vs 1Q21 (+145% vs 1Q19) and Adjusted EBITDA Margin of 15.9%;
- 9 - **R\$58M** in Adjusted Net Income, growth of +94% vs 1Q21 (+149% vs 1Q19);
- 10 - **R\$197M** AR&CO Gross Revenue (+118% vs 1Q21 and +145% vs 1Q19);
- 11 - **R\$110M** in Revenues of the US Operation (+104% vs 1Q21 and +153% vs 1Q19);
- 12 - **66%** Sell Out growth in the quarter (vs 2021), of 39% in January, 56% in February and 116% in March.

EARNINGS VIDEOCONFERENCE

May 06, 2022
11:00 a.m. (Brasília) / 10:00 a.m. (New York)

Videoconference in Portuguese with
simultaneous translation into English



SHARE PRICE AND MARKET CAP

May 05, 2022
Share Price: R\$ 84.35
Market Cap: R\$ 9.3 billion

INVESTOR RELATIONS

Rafael Sachete – CFO and IRO
Victoria Machado – IR Manager
Maria Lucia Remigio – IR Specialist

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MEDIA RELATIONS | INDEX

Taciana Veloso
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1Q22 OMNICHANNEL HIGHLIGHTS

1 - WEB COMMERCE SALES

- TOTAL REVENUES: **R\$223M** (+41% VS 1Q21, +439% VS 1Q19)
- TOTAL TRAFFIC: **70 MILLION** (+42% VS 1Q21)
- TOTAL APPS DOWNLOADS: **2.1 M** (+238% VS 1Q21)
- TOTAL APPS SHARE OF REVENUES: **28%**
- WEB COMMERCE TICKETS: **+11.5%** VS 1Q21

2 - OMNICHANNEL SALES

- DIGITAL SHARE OF PHYSICAL STORES' SELL OUT: **42%**
- CLICK AND COLLECT AND STORE SHIPPING REVENUES : **+91%** VS 1Q21
- **6.0 MILLION** CONTACTS MADE IN 1Q22 (INFLUENCED REVENUES)

3 - CRM* (AREZZO&CO)

- ACTIVE CUSTOMERS IN THE AREZZO&CO BASE (RECORD VOLUME): **3.8 MILLION**
- REACTIVATED CUSTOMERS: **+39%** VS 1Q21
- SALES REVENUES FROM OMNI CUSTOMERS : **+44%** VS 1Q21
- CAPTURED CUSTOMERS (NEW CUSTOMERS): **+42%** VS 1Q21

*EX- AR&CO DATA

R\$167M

INFLUENCED SALES
(+72% vs 1Q21)

+ 91%

RECORD GROWTH IN CLICK AND COLLECT AND STORE SHIPPING REVENUES

+30%

GROWTH OF THE ACTIVE CUSTOMERS BASE

+9%

GROWTH OF THE HEAVY USERS CUSTOMERS BASE

BRAND HIGHLIGHTS 1Q22

AREZZO

- Brazil Revenues: **R\$ 306.7M**
- Growth: **+37.4%** vs 1Q21
- Web Revenues: **R\$ 69.3M**
- Web % of Sell Out (DTC): **19.7%**
- OMNI Sales: **R\$ 14.2M**
- OMNI-to-Web Ratio: **20.5%**

SCHUTZ

- Global Revenues: **R\$ 264.9M**
- Growth: **+55.2%** vs 1Q21
- Brazil Revenues: **R\$ 178.4M**
- Web Revenues: **R\$ 57.4M**
- Web % of Sell Out (DTC): **43.0%**
- OMNI Sales: **R\$ 7.6M**
- OMNI-to-Web Ratio: **13.2%**

AR&CO

- Brazil Revenues: **R\$ 197.1M**
- Growth: **+118.3%** vs 1Q21
- Web Revenues: **R\$ 49.5M**
- Web % of Sell Out (DTC): **28.7%**
- OMNI Sales: **R\$ 19.5M**
- OMNI-to-Web Ratio: **50.8%**

*AR&CO Sell Out and OMNI data does not consider BAW

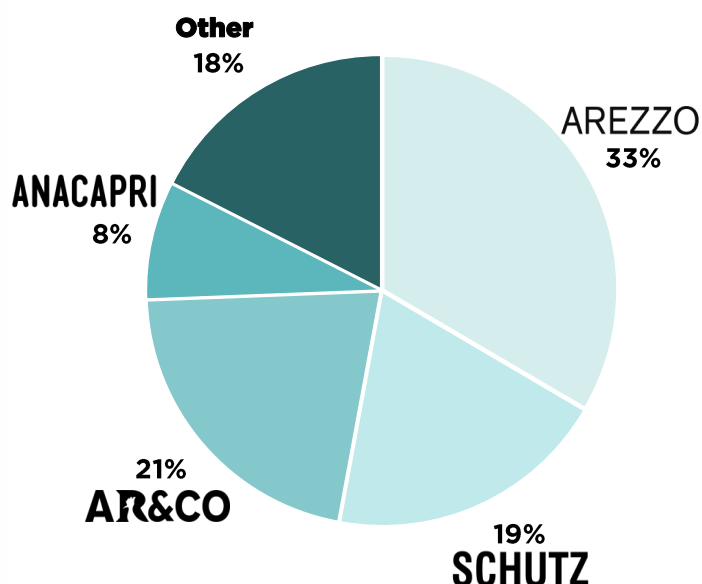
ANACAPRI

- Brazil Revenues: **R\$ 74.3M**
- Growth: **+26.3%** vs 1Q21
- Web Revenues: **R\$ 13.3M**
- Web % of Sell Out (DTC): **20.0%**
- OMNI Sales: **R\$ 2.1M**
- OMNI-to-Web Ratio: **15.7%**

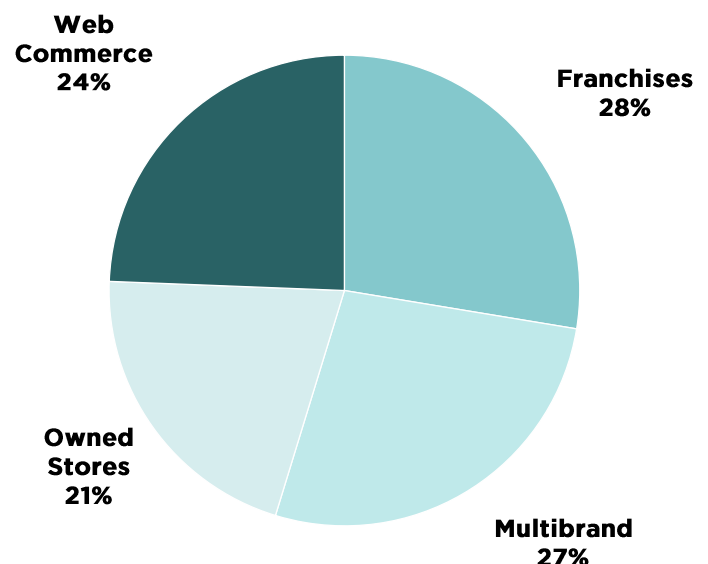
ALEXANDRE BIRMAN

- Global Revenues: **R\$ 46.5M**
- Growth: **+102.8%** vs 1Q21
- Brazil Revenues: **R\$ 16.9M**
- Web Revenues: **R\$ 3.6M**
- Web % of Sell Out (DTC): **24.6%**
- OMNI-to-Web Ratio: **36.8%**

GROSS REVENUE - DOMESTIC MARKET



GROSS REVENUE - CHANNELS



1Q22 GROSS REVENUE

Gross Revenue	1Q22	Part%	1Q21	Part%	Δ (%) 22 x 21	1Q19	Part%	Δ (%) 22 x 19
Total Gross Revenue	1.042.083		635.802		63,9%	462.530		125,3%
Foreign Market	124.990	12,0%	61.132	9,6%	104,5%	55.226	11,9%	126,3%
Exports	14.691	11,8%	6.950	11,4%	111,4%	11.634	21,1%	26,3%
US Operation	110.299	88,2%	54.181	88,6%	103,6%	43.592	78,9%	153,0%
Domestic Market	917.093	88,0%	574.670	90,4%	59,6%	407.304	88,1%	125,2%
By Brand								
Arezzo	306.724	33,4%	223.231	38,8%	37,4%	222.806	54,7%	37,7%
Schutz¹	178.416	19,5%	126.684	22,0%	40,8%	112.279	27,6%	58,9%
AR&CO²	197.055	21,5%	90.262	15,7%	118,3%	-	-	145,2%
Anacapri	74.292	8,1%	58.820	10,2%	26,3%	54.362	13,3%	36,7%
Others³	160.606	17,5%	75.673	13,2%	112,2%	17.857	4,4%	799,4%
By Channel								
Franchises	252.978	27,6%	178.092	31,0%	42,0%	208.336	51,2%	21,4%
Multibrand	248.576	27,1%	153.841	26,8%	61,6%	96.500	23,7%	157,6%
Owned Stores	191.360	20,9%	81.150	14,1%	135,8%	60.566	14,9%	216,0%
Web Commerce	223.421	24,4%	158.930	27,7%	40,6%	41.485	10,2%	438,6%
Others⁴	758	0,1%	2.657	0,5%	(71,5%)	417	0,1%	81,8%

(1) Ex- revenues from international operations.

(2) AR&CO brands include: Reserva, Reserva Mini, Oficina Reserva, Reserva Go, INK, and BAW Clothing.

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

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

1Q22 OPERATING INDICATORS

Operating Indicators	1Q22	1Q21	Δ (%) 22 x 21	1Q19	Δ (%) 22 x 19
# of pairs sold ('000)	4.717	3.363	40,3%	3.153	49,6%
Part. (%)	67,5%	75,1%	-7,6 p.p	89,3%	-21,8 p.p
# of handbags sold ('000)	730	400	82,6%	376	94,1%
Part. (%)	10,5%	8,9%	1,6 p.p	10,7%	-0,2 p.p
# of clothes sold ('000)¹	1.540	713	115,9%	-	-
Part. (%)	22,0%	15,9%	6,1 p.p	-	-
# of employees	5.380	3.730	44,2%	2.477	117,2%
# of stores*	925	883	42	690	235
Owned Stores	152	134	18	52	100
Franchises	773	749	24	638	135
Outsourcing (as % of total production)	87,4%	90,7%	-3,3 p.p	90,0%	-2,6 p.p
SSS² sell-in (franchises)	42,8%	4,7%	38,1 p.p	1,1%	41,7 p.p
SSS² sell-out (owned stores + franchises + web)	58,4%	-2,5%	60,9 p.p	3,8%	54,6 p.p

(1) Includes clothing items sold by Vans, AR&CO and Carol Bassi

(2) SSS (same-store sales): stores are included in comparable store sales from the 13th month of operations.

Results include AR&CO.

* Includes overseas stores

1Q22 KEY FINANCIAL INDICATORS

Main Financial indicators	1Q22	1Q22 Adjusted	1Q21 Adjusted	Δ (%) 22 x 21	1Q19	Δ (%) 22 x 19
Gross Revenues	1.042.083	1.042.083	635.802	63,9%	462.530	125,3%
Net Revenues	839.576	839.576	499.952	67,9%	377.163	122,6%
COGS	(390.836)	(390.836)	(250.027)	56,3%	(204.687)	90,9%
Depreciation and amortization (cost)	(978)	(978)	(746)	31,1%	(613)	59,5%
Gross Profit	448.740	448.740	249.925	79,5%	172.476	160,2%
Gross margin	53,4%	53,4%	50,0%	3,4 p.p	45,7%	7,7 p.p
SG&A	(287.588)	(347.796)	(209.079)	66,3%	(135.789)	156,1%
% of net revenues	(34,3%)	(41,4%)	(41,8%)	0,4 p.p	(36,0%)	(5,4 p.p)
Selling expenses	(262.982)	(249.091)	(133.516)	86,6%	(83.372)	198,8%
Owned stores and web commerce	(87.205)	(73.968)	(47.811)	54,7%	(29.038)	154,7%
Selling, logistics and supply	(175.777)	(175.124)	(85.705)	104,3%	(54.334)	222,3%
General and administrative expenses	(68.055)	(66.546)	(52.396)	27,0%	(36.562)	82,0%
Other operating revenues (expenses)	75.309	(299)	(15)	1.891,0%	1.427	(120,9%)
Depreciation and amortization (expens	(31.860)	(31.860)	(23.152)	37,6%	(17.282)	84,4%
EBITDA	193.990	133.782	64.744	106,6%	54.582	145,1%
EBITDA Margin	23,1%	15,9%	13,0%	2,9 p.p	14,5%	1,4 p.p
Net Income	97.285	57.548	29.608	94,4%	23.141	148,7%
Net Margin	11,6%	6,9%	5,9%	1,0 p.p	6,1%	0,8 p.p

*Breakdown of non-recurring adjustments relevant to the "Adjustments" line can be seen in the table below – 1Q22 Non-Recurring Adjustments.

1Q22 NON-RECURRING ADJUSTMENTS

	1Q22	1Q21
Consolidated EBITDA	193.990	64.998
Non-Recurring Items		
Extemporaneous Credits ¹	65.608	254
Legal Expenses	(1.509)	-
M&A Expenses	(3.891)	-
Net Effect of Non-Recurring Items	60.208	254
Adjusted Consolidated EBITDA	133.782	64.744

(1) Adjustment for recognition of one-time tax credits (PIS/COFINS) mainly related to marketing expenses, software and advertising fund, among others.

BRANDS PERFORMANCE

The early year at Arezzo&Co is characterized by the end of the Summer season and the beginning of Winter season sales at stores. The brands entered into 2022 with highly assertive collections generating consumer enchantment and offering the main global fashion trends for the chilliest time of the year. The brands of the Group presented strong marketing campaigns that, by consequence, had a positive impact on the sell-out sales.

After closing the final quarter of 2021 with record-breaking revenues, Arezzo&Co exceeded expectations once again. The Company reached R\$ 1 billion in gross revenues (63.9% vs 1Q21 and 125.3% vs 1Q19) for the first time in a first quarter – this level had only previously been reached in the fourth quarter of earlier years. This performance reflects the Company's solid strategy, which covers all business areas, showing strong expertise in terms of products (R&D) and brand equity generation, also at physical and online operations and customer relations.

The AREZZO brand posted R\$ 307 million in revenues, growth of 37.4% vs 1Q21 and 37.7% vs 1Q19. For the period's highlight, the franchise channel grew 38.6% vs 1Q21 and 13.2% vs 1Q19, showing the physical channel's recovery after a period of re-adaptation to the format. The brand's online channel also posted excellent results, booking 17.7% growth vs the previous year.

For another highlight, March was marked by a historic campaign in celebration of the Arezzo brand's 50th anniversary. To convey the meaning of this significant moment, the brand released the #AREZZONEXT slogan, which aims to portray the diversity of Arezzo clients. Based on the reflection "what's next?", the brand invited thousands of women from different generations to look back upon the past and dream of the future. The collection's performance was excellent, achieving significant share in the winter period.

It is worth emphasizing that all of the collections released in the period met with excellent results, reinforcing the Arezzo brand as the leading choice in meeting the wishes of women of all ages and styles over the course of 50 years.

Continuing the series of significant releases, Mothers' Day – one of the top dates in Arezzo's calendar – featured a collab between the brand and the Bussade Braz family, of the renowned Brazilian Silvia Braz. The campaign, titled "Mothers Always Present" offered products that represent the brand's plurality, bringing together mothers and daughters of three different generations.

The **SCHUTZ** brand maintained the past quarter's trend and posted strong results in 1Q22. The brand reached global revenues of R\$ 265 million, up 55.2% vs 1Q21 and 81.6% vs 1Q19. In the domestic market, the brand booked R\$ 178 million, up 40.8% vs 1Q21 and 58.9% vs 1Q19.

BRANDS PERFORMANCE

In the early Winter season, Schutz released collections with strong fashion content, loyal to the brand's DNA. The products led to strong revenues growth on the digital channel, at 30.8% vs 1Q21 and 242.4% vs 1Q19. For mothers' day, Schutz featured an unprecedented launch, the brand's first children's footwear collection. The collection, developed specifically for the celebrations, has been called "New Gen", in reference to a new generation of Schutz consumers.

In April, as discussed in previous disclosures, the brand reach an important milestone: the launch of Schutz Full Look. The release of Schutz's clothing category was marked by the creation of the Schutz Band and its first song - "Perigosa". The unusual launch was devised to represent the construction of the brand' overall look, in terms of both products (footwear, handbags and clothing), and of aesthetics and attitude. The merger of fashion and desire, on the one hand, and entertainment on the other addresses the announcement of a new age at Schutz to frequent customers, and also arouses younger audiences' interest and curiosity.

On the sales channels front, the brand opened up a Temp Store on Oscar Freire St. in São Paulo offering all of the brand's categories. In addition, in line with its history as a disruptive fashion brand, it reformulated its web commerce with innovative technology in Brazil that aims to provide the best online shopping experience for clothing, footwear and handbags alike.

At May 5, 2022, the second Schutz Full Look store were launched, located on Leblon Mall in Rio de Janeiro, another step of the launch strategy of the brand's new category.

Since the release, quantitative and qualitative perceptions were above the expectations of Arezzo&Co. The collection gained positive reviews from Brazilian fashion media and posted impressive results - about R\$ 300 thousand in sales in the first two days.

AR&CO posted R\$ 197 million in revenues in 1Q22, a growth of 118.3% vs 1Q21 and 145.2% vs 1Q19. The Reserva Group (BAW Clothing excluded) registered impressive performance both on sell-out channels, where the owned stores channel had 113.9% revenues growth compared to 1Q21, and sell-in channels, where the multibrand channel's revenues were up 160.1% vs 1Q21. It is worth emphasizing the Reserva Group's expressive growth despite strong comparative baselines.

As has been the case in previous quarters, Reserva's collabs front posted excellent results. The highlight was the release of the "Gotta be juicy!" collection, in partnership with the "Do Bem" juices brand. The collab featured colorful, fun and beachy products that leaned on "Do Bem's" characteristic coolness. The partnership's results exceeded expectations, with 80% of inventories sold in a few days.

BRANDS PERFORMANCE

In March, Reserva launched its first winter collection for the year, and sold over 35 thousand items in less than one month. For the season's strategy, the brand invested in new features for its shirt, polo shirt and Pima t-shirt lines – Reserva's best sellers. The collection mixed together items reminiscent of *vintage rock* placing its classics with side by side with modern products.

In addition to the above, Reserva also launched its mothers' day collection. Through the campaign "não dá pra ser perfeita, mas dá pra ser possível" ("you can't be perfect, but you can be possible"), the brand honored mothers, who sometimes take on countless responsibilities, particularly under the scenario that emerged during the pandemic. The campaign starred the actress Giovanna Antonelli and offered five models of the Simples sneakers, in addition to t-shirts and sweatshirts developed specifically for the date, also embracing the seasonal style of rock.

In April, there was an important launch for the brand: "Reserva + Clube de Regatas do Flamengo" collab. The collection "of race, love and people we understand" marks the entry of the football club into casual fashion through the Reserva's know-how, which adds sophisticated elements in order to attend different occasions of use, from the stadium to the office. The limited-edition pieces, created at the invitation of Flamengo, translate the emotion of the sport into the Reserva lifestyle. The publicity actions impacted more than eighteen million people, and the sell-out results were surprising, with some pieces that were sold out in a few hours.

The **VANS** brand showed excellent performance in the first quarter, with strong growth on every channel.

Vans entered into 2022 with an unusual release – a collection in partnership with Warner Bros. called "Horror", in honor of classic horror movies. The products included footwear and clothing and depicted iconic scenes from the genre's most popular titles. The brand, with its culture-oriented and fun DNA, frequently attempts to promote global-level assertive actions that enable diving into its universe. Vans' Off The Wall culture is already widespread in Brazil, as well as worldwide.

The quarter also had an important milestone – the 56th anniversary of the first Vans store in Santa Monica, California (USA). To celebrate the event, the brand announced four new members of the Vans sports family in Brazil: skateboarding, surfboarding and bike athletes. The brand's sports-oriented front, associated mainly with skateboarding, is an important pillar of its strength-building strategy in Brazil and around the world.

The **ANACAPRI** brand posted R\$ 74 million in gross revenues in 1Q22, with 26.3% growth vs 1Q21 and 36.7% vs 1Q19. For a highlight, the franchises channel posted strong sales, reflecting the channels recovery – 43.4% vs 1Q21 and 20.7% vs 1Q19.

In the period, Anacapri launched its Winter campaign with the slogan "Reinventando seus dias" ("Reinventing your days"), starring women who inspire the brand's public, such as influenced Isa Domingues and synchronized swimming twins Bia and Branca Feres.

BRANDS PERFORMANCE

The ALEXANDRE BIRMAN brand had global revenues of R\$ 46 million, up 102.8% vs 1Q21 and 112.6% vs 1Q19.

For the period's highlight, the Alexandre Birman brand joined forces with luxury women's clothing label Paula Raia to release an exclusive shows collection introduced during the designer's Winter 2022 fashion show. The products - items with meticulous detailing and rich in textures and ornaments - were a huge sales hit.

Globally, the brand held its traditional Press Presentation in Paris, during the Fashion Week, to introduce its Fall 2022 collection to the world's major fashion powerhouses.

The latest brand acquisition the group, CAROL BASSI, was finished in early 2022, thereby integrating its results with Arezzo&Co. Despite the recent acquisition, the integration of Carol Bassi has already made important progress. In addition to the release of the brand's first shoes line - a sales hit -, CB posted record-setting Winter sell-in results on the multibrand channel, with growth of 59.6% vs 1Q21. Its main store, located in the Cidade Jardim Mall, in São Paulo, boasted 27.3% sell-out growth vs 1Q21, over strong comparison basis.

The period was also marked by the brand's eighth anniversary. The milestone was celebrated with an event in São Paulo with key personalities from Brazilian fashion in attendance, and featured the release of the "Evening" line, of sophisticated evening clothes designed for customers to wear to special occasions. The launch of the shoes and evening lines shows the different avenues for growth that the brand has available.

mySHOES posted sales in line with expectations, with particular emphasis on the brand's online channel, which had record-setting sales for March. The brand's first Winter collection proved itself extremely consistent with consumers' expectations and featured best-sellers products boasting 90% sell-through in the first 15 days on sale.

The FIEVER and ALME brands posted good levels of growth at their own stores. Fiever grew 14.5% growth vs 1Q21. Alme, by its turn, had a recent positioning change and featured 35.8% store-revenues growth in the first quarter.

For the period's highlight, Alme launched the "Quadra Verde" ("Green City Block") movement, representing brands collaborating to foster conscious consumption in the Jardins region in São Paulo. In addition, Alme joined forces with Reserva for an unprecedented collab leading to the launch of the RSV Recover sneakers, which, in addition to being comfortable, are also 100% carbon-neutral.

INTERNATIONAL BUSINESS

Arezzo&Co's US Operation posted strong results in the first quarter of 2022. The gross revenue were R\$ 110 million – a new record for the period – with strong growth of 103.6% vs 1Q21 (116.9% in US Dollars).

For the quarter's highlight, the online channel kept up 2021's strong sales, with monthly revenues above US\$ 2.5 million every month. In Brazilian Reais, the channel posted R\$ 42 million in sales, up 140.5% vs 1Q21. All of the channel's performance indicators showed significant evolution – the number of pairs sold was up 115% vs 2021, and website traffic grew by 85%. The conversion rate was up 20%, reaching the end of the period at 1.6%. As for orders, volume was up 122% from 1Q21.

The wholesale channel, which is highly representative for international operations, posted R\$ 60 million in sales, up 82.7% vs 1Q21. The sell-in for the Spring and Summer collections, which will be at the stores in the second quarter, showed significant sales volume growth vs 2021. Aside from the seasonal collections, the essentials products with quick replenishment also showed significant growth. The brands of the US Operation are available at 108 Nordstrom doors, 43 Bloomingdales doors, 19 Saks, among other important department stores in USA.

As discussed in previous quarters, the Company remains diligent as concerns the profitability on the US Operation and maintained its positive results at EBITDA level, with R\$ 4 million in 1Q22 and a 4.8% margin.

The Exports channel to the rest of the world (ex- United States) – posted gross revenues of R\$ 15 million, up 111.4% vs 1Q21. The recovery of the channel's sales reflects resumed exports in the wake of easing pandemic-related restrictions. For a highlight, the Schutz and Arezzo brands posted strong revenues increase in the United Arab Emirates and Latin America.

ACQUISITION OF SUNSET AND HG

On April 14, Arezzo&Co announced the acquisition of HG and Sunset, two important Brazilian companies in the supply chain of the footwear and handbags segment.

With the transaction, Arezzo&Co affirms the ongoing strategy of deepening its supply chain management, particularly in the handbags category, which represents 17% of the Group's footwear brands' revenues. The move is part of the strategy announced to the market in the early months of 2022, during the follow-on process that raised over R\$ 830 million.

Sunset has been active in exports for over 50 years and, due to its track record and customer base, will enable the expansion of exports in Arezzo&Co's revenues. In addition, the deal will also improve the Company's profitability through gains from agency synergies.

Arezzo&Co is known for its unique footwear R&D model, having become the owner of the industrial know-how, thereby achieving complete chain management. The acquisition of HG will enable implementing the same model in the handbags portfolio category, with a positive impact on profitability.

Its founding partner, João Fernando, will join Arezzo&Co's executive team, focusing on the production and suppliers fronts in all Group's brands that has the footwear and handbags categories. João Fernando is vastly experienced and has been active in the industry for more than 35 years, 25 of which in close proximity with Arezzo&Co.

The price for the entire equity stock of Sunset and HG was paid, in large part, in shares of the Company. As a result, as a means to align interests, João Fernando will become a shareholder of Arezzo&Co under a 5-year lock-up contract.

CHANNELS

Sell Out – Franchises, Own Stores and Web Commerce

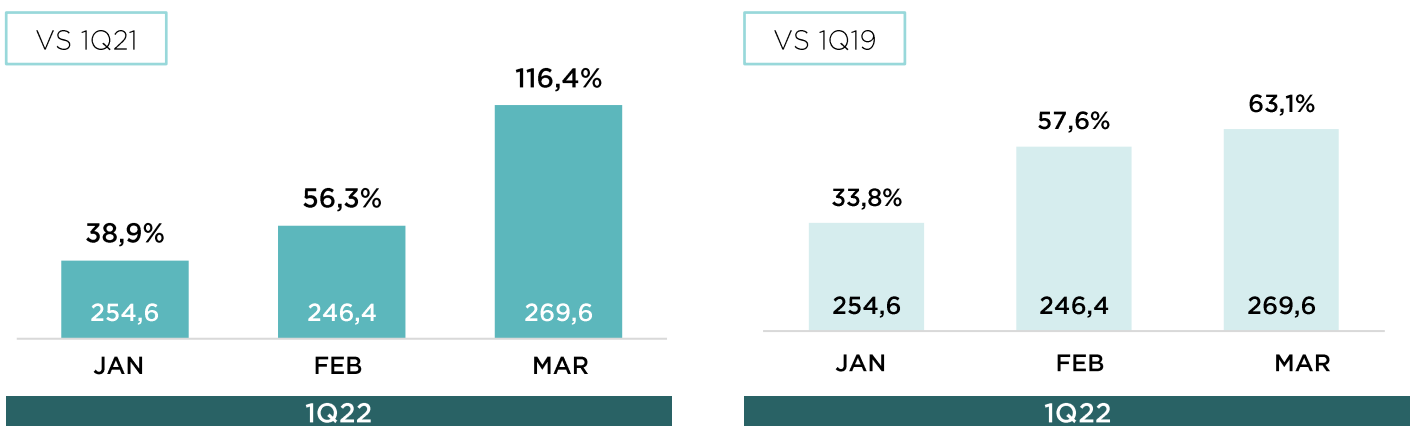
The DTC sell-out (Owned Stores + Franchises + Web Commerce) was R\$ 771 million in 1Q22, up significantly 65.6% vs 1Q21 and 50.5% vs 1Q19. The sales performance improved month after month. In March, sell-out increased by 63.1% vs 1Q19 and 116.4% vs 1Q21, with a positive impact from the 2021 closure of physical stores in line with pandemic-related restrictions.

The sales results in early 2022 were remarkable for all of the Group's brands. The Arezzo brand posted sell-out growth of 52.2% vs 1Q21. The Schutz and Anacapri brands also performed at similar levels, growing 53.0% and 57.6%, respectively, vs 1Q21. AR&CO stood out for almost doubling its sales (+99.4%) year over year.

All sell-out channels performed positively in 1Q22. As a highlight, physical stores – both franchises and owned – taken together posted 80.8% growth vs 1Q21 and 22.6% vs 1Q19.

In April, the first month of the second quarter, sales performance remained at high growth levels compared with 2021 and 2019 – up 94.3% and 73.5%, respectively.

Arezzo&Co + AR&CO Sell-Out Growth (Franchises, Own Stores and Web Commerce)



+66%
SELL-OUT
GROWTH VS
1Q21

+51%
SELL-OUT
GROWTH VS
1Q19

R\$771M
DTC SELL OUT
IN 1Q22

CHANNELS

Monobrand – Franchises and Owned Stores

The Company's physical channels posted significant revenues growth in 1Q22.

The franchises channel had R\$ 253 million in gross revenues, up 42.0% vs 1Q21, and 21.4% vs 1Q19. Ex-AR&CO, the channel's growth was 37.9% vs 1Q21 and 13.8% vs 1Q19. The positive performance is the result of assertive strategies in terms of products, customer relations, and excellent operational support to the Arezzo&Co franchisee network.

The owned stores also posted excellent results in the period. The revenues growth in 1Q22 was 135.8% vs 1Q21 and 216.0% vs 1Q19. Even excluding AR&CO, the channel's growth would have been 160.6% vs 1Q21 and 63.7% vs 1Q19, showing the organic brands' strong performance.

Multibrand

In the past quarters, Arezzo&Co's multibrand channel showed an extremely accelerated pace of growth. In 1Q22, the channel remained on this trend and posted gross revenues of R\$ 249 million, up 61.6% vs 1Q21 and 157.6% vs 1Q19.

All of the Group's brands, with particular emphasis on Arezzo, Schutz, Vans and Reserva, grew two digits or more on the channel. It is worth emphasizing the increasing demand for Arezzo&Co's brands for their assertive products and collections, with higher sell through levels comparing to other brands.

In the first quarter of 2022, the Arezzo&Co and AR&CO brands were distributed through 5,515 points of sale, up 8.4% vs 1Q21.

Web Commerce

In 1Q22, the online channel presented R\$ 223 million of revenues, a growth of 40.6% vs 1Q21, even in the presence of a strong baseline for comparison. (temporary closing of physical stores on May 2021 due to COVID-19). The channel already represents 24.4% of Company's gross domestic revenues.

The online sales had a relevant share for all brands, showing the Group's omnichannel capabilities. The channel maintained its high revenue representativeness consistently and sustainably since the level shift had in 2020.

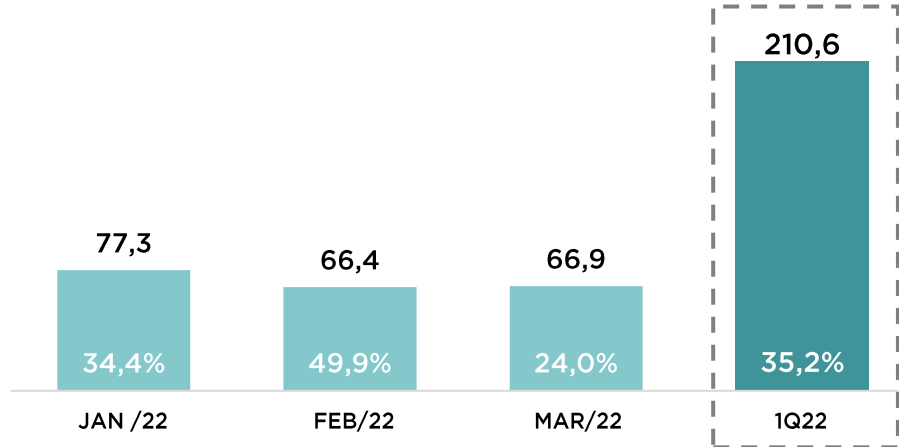
The Arezzo&Co brands' APPs are constantly expanding on digital sales and reached significant 27.6% representativeness in 1Q22. The number of APP downloads reached 2.1 million, with strong evolution in the period (+237,9% vs 1Q21).

CHANNELS

Web Commerce Sell Out Evolution

Arezzo&CO and AR&CO

Amounts in R\$ M



Digital Transformation

The sales through digital means – online channel, omnichannel tools, or the influence of activities generated through the salesperson APP – reached R\$ 1.8 billion in sell-out revenues in cumulated terms over the past 12 months. These sales represented 41.7% of the physical stores' sell-out revenue in 1Q22, up 7 p.p vs 4Q21.

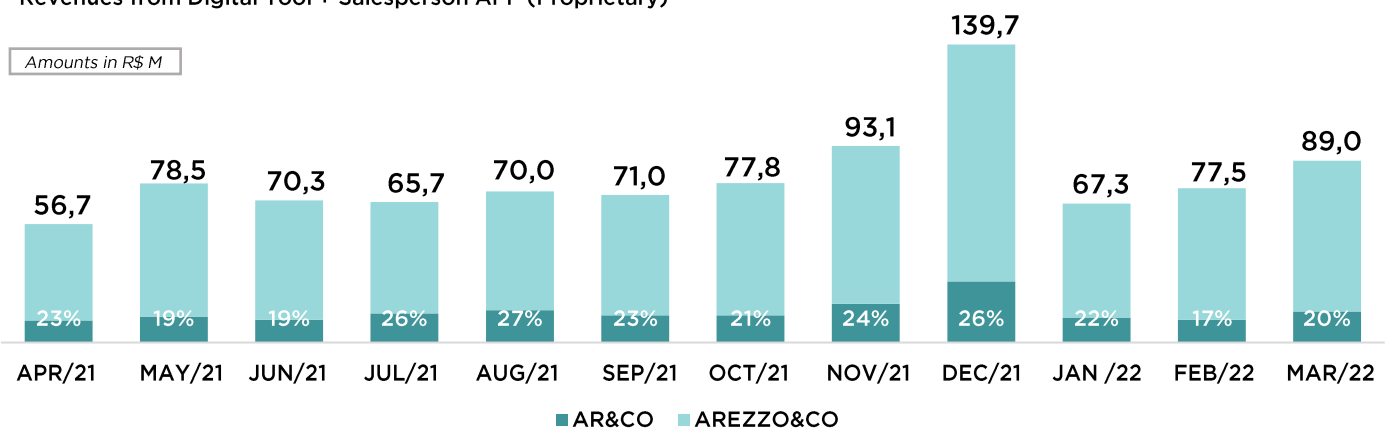
In the first quarter, the revenues with influence from the Salesperson APP were up 71.6% vs 1Q21.

The main tools used at Arezzo&Co are Store Shipping, Click and Collect, Sales by Link, Infinite Shelf/Salesperson Voucher, Malinha ("Reserved") and Salesperson APP.

Arezzo&Co Group DiGital Revenues

Revenues from Digital Tool + Salesperson APP (Proprietary)

Amounts in R\$ M



R\$810M

WEB COMMERCE
SELL-OUT (LTM)

R\$957M

DIGITAL REVENUES
(LTM)

R\$1.8 B

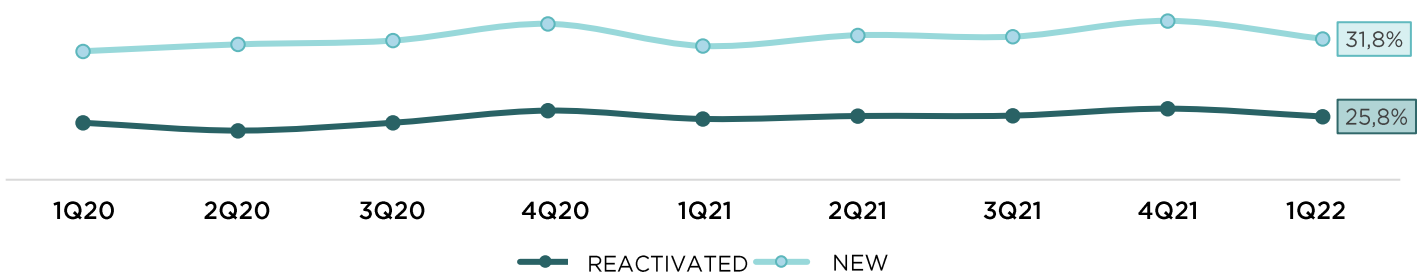
WEB SELL OUT +
DIGITAL TOOLS (LTM)

CHANNELS

Digital Transformation

Customer Capture and Retention*

- The OMNI customers showed high purchase frequency in the period, **107%** higher than overall frequency;
- The number of OMNI customers was up **23%** in the period vs 1Q21, and sales revenues from these customers grew **44%**;
- There was also a **20%** increase in the heavy user customer base, with growth of **52%** in revenues vs 1Q19.



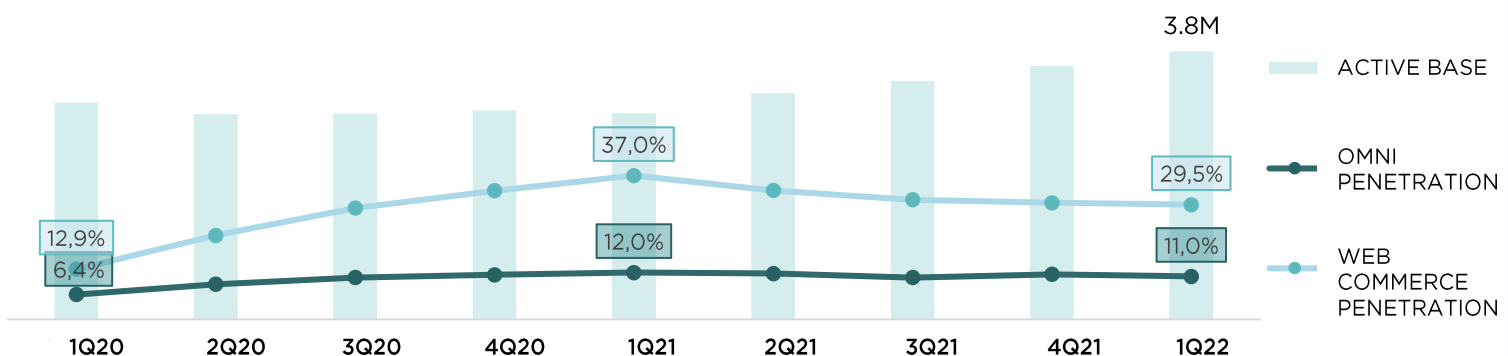
*Ex- AR&CO



*1Q22 VS. 1Q21 data

Online Channel Penetration*

- Increasing growth of the active base of Arezzo&Co online customers;
- **29.5%** of Arezzo&Co customers buy online;
- **11.0%** of customers are omnichannel (buy physically and online).



*Ex- AR&CO

CHANNELS

ZZ Ventures

In the first quarter of 2022, Arezzo&Co made strategic investments through ZZ Ventures, the Company's venture capital vehicle.

For a highlight, the investment in the startup company Growdev illustrates the Company's prioritization of technology-related fronts.

Founded by Manoel Roldão and Marcelo Eltz, who have more than 30 years of experience in IT and software-development, Growdev is an edtech that focuses on creating and delivering trade education courses in the technology and programming areas. In addition to training IT professionals, Growdev is also active in software development, leveraging the workforce that Growdev itself develops, and in talent selection and trainee allocation for other companies.

The Company's investment, which is convertible into a 15% equity stake in the target company, provides for a series of actions intended to make Arezzo&Co a benchmark for best IT professionals. Some of the actions include: (i) lessons taught at ZZ-Hub – Innovation Campus; (ii) programmatic and deliverable content of courses that reflects the daily reality of technology professionals; (iii) development of customized courses to meet specific needs; and (iv) teaching scholarships quotas for students nominated by Arezzo&Co.

Through these actions, the Company expects to meet the growing demand for IT professionals supporting the evolution of Digital Transformation fronts. The move aims to reinforce the internalization of professionals in strategic fronts, achieve lower development costs, significantly decrease the hiring, training and induction lead time, and gain access to highly skilled professionals familiar with the Company from their training.

With the proceeds from the investment, Growdev's main focus is to expand its capillarity and courses offered, and structure its team and faculty.

In addition to Growdev, in March 2022, Arezzo&Co also invested in Play9, a digital content startup and digital influencer agency founded in 2016.

Play9 fills a gap left by traditional media, expanding the influence of people and brands through content curatorship, trend anticipation and efficient distribution channels. The investment's rationale is to develop influencer brands, carry out joint affiliate marketing initiatives, deepen the Company's targeted marketing capabilities, gain access to potential businesses of interest, and the growth of Play9 itself.

For increased involvement of Arezzo&Co in Play9's everyday business, Rony Meisler – CEO of AR&CO – became a member of its board.

MONOBRANDS CHAIN

The Company closed the first quarter of 2022 with 925 stores, 914 in Brazil and 11 abroad, considering all of the brands in the Arezzo&Co Group.

In the last twelve months, Arezzo&Co opened 42 net stores, of which 24 are new franchises and 18 are owned stores. The main openings are mainly concentrated in the following brands: AR&CO, Anacapri and Vans, in line with the Company's store expansion strategy. In addition, Arezzo&Co had a growth of 12.8% in the total sales area (sqm).

It is worth mentioning that in 1Q22, the Eva brand was terminated, and as a result, some stores were closed. Among these, two were reopened for Schutz Apparel project.

Arezzo&Co reforces that the guidance of 70-90 net stores openings for 2022 announced at the Investor Day 2021 remains the same.

Store Information	1Q21	2Q21	3Q21	4Q21	1Q22
Sales Area^{1, 3} - Total (m²)	56.906	58.199	59.917	64.182	64.172
Sales area - franchises (m²)	42.621	43.818	44.711	47.844	47.378
Sales area - owned stores² (m²)	14.285	14.381	15.206	16.337	16.795
Total number of domestic stores	872	879	883	930	914
# of franchises	743	746	743	777	767
Arezzo	441	437	429	433	431
Schutz	67	62	64	64	62
Anacapri	187	192	193	207	204
Fiever	1	1	1	1	-
Alme	3	3	2	2	-
Vans	7	9	10	13	13
AR&CO	37	42	44	57	57
# of owned stores	129	133	140	153	147
Arezzo	15	15	18	18	17
Schutz	17	20	20	20	20
Alexandre Birman	8	8	8	8	8
Anacapri	3	3	3	2	2
Fiever	2	2	2	2	2
Alme	2	2	2	2	2
Vans	7	7	9	12	12
AR&CO	75	76	78	89	82
Carol Bassi	-	-	-	-	2
Total number of international stores	11	11	11	11	11
# of franchises	6	6	6	6	6
# of owned stores⁴	5	5	5	5	5

(1) Includes overseas stores' floor area

(2) Includes twenty Outlet stores with a total area of 3,635 square meters

(3) Includes expanded stores' floor area

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

GROSS INCOME AND GROSS MARGIN

In the first quarter of 2022, Arezzo&Co posted R\$ 448.7 million in gross income, with a 53.4% gross margin, up 340 bps vs 1Q21 and 770 bps vs 1Q19.

The result is mainly due to: (i) the stabilized margin of the franchise channel given the effects of the pandemic in the 1Q22, (ii) the increased share of full-price sales on sell-out channels in the period, and (iii) the increased revenues from the US operation, with a positive influence on gross margin.

ADJUSTED OPERATING EXPENSES

The first quarter of 2022 was marked by strong results. Arezzo&Co has a solid strategic planning in place and devotes efforts towards its implementation. The diligent allocation of investments to the Company's strategic fronts supports the accelerated growth and development of new avenues that will be essential in the future.

In addition to investment in sales growth and new brands, the Company remains diligent in terms of fixed and operating costs to continuously improve its EBITDA margin.

Commercial Expenses

In the first quarter, Arezzo&Co's commercial expenses were R\$ 249 million, up 86.6% vs 1Q21. The main factor leading to this expansion was the operational leverage of the Company's sell-out channels, through the opening of new owned stores and investments to support the continued revenues expansion of web commerce channel.

The gross Revenue growth on the Owned Stores and Web Commerce channels was 72.8% vs 1Q21. The revenues and expenses levels are similar, but the increase in expenses is justified by strategic projects which are still in their development stages, with low contribution to revenues.

- i. Arezzo&Co's Owned Stores and Web-Commerce expenses (sell-out channels) were R\$ 74 million - a growth of 54.7% vs 1Q21. The main factors responsible for the increase includes the net opening of 18 owned stores vs 1Q21, with more impact concentrating on occupancy and payroll expenses. The expenses inherent to expansion of web commerce revenues also contributed to the period's higher expenses, the main ones being of a variable nature - digital marketing and shipping.

ADJUSTED OPERATING EXPENSES

- ii. Arezzo&Co's Selling, Logistics and Supplies expenses were R\$ 175 million in the period - up 104.3% vs 1Q21. The highlights in this line include investments in AR&CO, particularly on the logistics (new DC) and payroll fronts; these have been diligently allocated to support the robust expansion that the brands (Reserva in particular) have been showing in recent periods.

The selling, Logistics and Supplies expenses in the United States were R\$ 38 million in 1Q22, a growth of 158.4% vs 1Q21. The US Operation is undergoing continued and sustainable expansion, mainly through the web commerce and wholesale channels. Both channels require investments to boost sales, while keeping the operation's return rate in sight.

General and Administrative Expenses

In 1Q22, Arezzo&Co general and administrative expenses were R\$ 66 million, up 27.0% vs 1Q21, due mainly to the level of provisions for profit-sharing payments due to the significant growth of the Company's sales and profitability. It is worth mentioning that this is Arezzo&Co's main line of fixed expenses, and as a result, greater leverage is noted.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

The company posted EBITDA of R\$ 194 million in 1Q22 and adjusted EBITDA of R\$ 134 million in 1Q22, a growth of 106.6% vs 1Q21 and 145.1% vs 1Q19, with particular emphasis due on:

- Strong sales performance of all of the group's brands in the period;
- Accelerating sales on physical channels which posted growth in terms of both sell-out and sell-in;
- Gross Margin growth;
- Positive EBITDA level maintained for the US Operation.

	1Q22 EBITDA			1Q21 EBITDA			1Q19 EBITDA		
	&Co	Brazil	EUA	&Co	Brazil	EUA	&Co	Brazil	EUA
Net Revenues	839,6	752,2	87,4	500,0	455,4	44,6	377,2	341,1	36,1
EBITDA	133,8	129,6	4,2	64,8	63,2	1,6	54,6	62,6	(8,0)
EBITDA Mg.	15,9%	17,2%	4,8%	13,0%	13,9%	3,6%	14,5%	18,3%	-

Amounts in R\$ M // Amounts consistent with IFRS 16 / CPC 06 (R2)

NET INCOME AND ADJUSTED NET MARGIN

The Company's adjusted net income in the period was R\$ 58 million, up 94.4% vs 1Q21 and 148.7% vs 1Q19, with a 6.9% net margin, up 100 bps vs 1Q21.

The net income was positively affected by Arezzo&Co's strong operational performance in the period, and negatively so by the exchange rate variations and the higher financial expenses, due mainly to credit-card fee expenses, which grew in line with sales.

ROIC – RETURN ON INVESTED CAPITAL

The adjusted return on invested capital (ROIC) – that is, excluding the goodwill from the latest acquisitions of Arezzo&Co (AR&CO, Carol Bassi and BAW), and also extemporary credits and non-recurring elements – reached 30.7%, up from 18.5% at 1Q21. It is important to note that ROIC is one of the most important KPIs analyzed by Arezzo&Co's management.

The book ROIC, by its turn, reached 25.6% in 1Q22. The factors responsible for this performance include 111.6% NOPAT growth from 1Q21. On the other hand, it is worth emphasizing that the dynamics of working capital lines (inventories, suppliers and accounts receivable) have changed with the December 2020 consolidation of AR&CO.

Income from operations	1Q22 Reported	1Q22 Adjusted	1Q21 Adjusted	1Q19	Δ 22 x 21 (%)	Δ 22 x 19 (%)
EBIT (LTM)	588.576	416.622	176.179	195.631	136,5%	113,0%
+ IR and CS (LTM)	(100.885)	(74.647)	(14.575)	(29.206)	412,2%	155,6%
NOPAT (LTM)	487.691	341.975	161.603	166.425	111,6%	105,5%
Working Capital¹	421.327	521.327	336.333	374.410	55,0%	39,2%
Accounts Receivable	631.278	631.278	477.929	394.770	32,1%	59,9%
Inventory	556.685	556.685	348.041	162.613	59,9%	242,3%
Suppliers	(588.706)	(588.706)	(376.757)	(148.825)	56,3%	295,6%
Others	(177.930)	(77.930)	(112.880)	(34.148)	(31,0%)	128,2%
Permanent assets	1.599.340	674.878	416.033	344.181	62,2%	96,1%
Other long-term assets²	231.600	231.599	48.188	39.990	380,6%	479,1%
Invested capital	2.252.267	1.427.804	800.555	758.581	78,4%	88,2%
Average invested capital³	1.908.355	1.114.179	874.621		27,4%	
ROIC⁴	25,6%	30,7%	18,5%			

(1) Working Capital: Current Assets minus Cash and cash equivalents, deducted from Current Liabilities minus Banks and Dividends Payable.

(2) Minus deferred Income tax and Social Contribution.

(3) Average capital employed in the period and in the same period in the previous fiscal year.

(4) ROIC: NOPAT of the past 12 months divided by average capital employed.

INVESTMENTS – CAPEX

In 1Q22, Arezzo&Co invested R\$ 41 million in CAPEX, particular emphasis due on:

- **Stores**
 - Opening of new stores under the Reserva, Schutz (apparel) and Vans brands;
 - Refurbishment of Reserva stores to adapt to the new architectural model.
- **Corporate**
 - Investments related to AR&CO, with emphasis on the new DC of Reserva Group;
 - Digital Transformation-related projects, such as consultants and software;
 - Infrastructure and IT projects.
- **Other**
 - Investments in new factories.

Summary of Investments	1Q22	1Q21	Δ 22 x 21 (%)
Total CAPEX	40.835	12.545	225,5%
Stores - expansion and refurbishing	10.917	3.805	186,9%
Corporate	27.698	7.972	247,4%
Others	2.220	768	189,1%

CASH AND DEBT POSITIONS

The Company reached the end of 1Q22 with R\$ 426 million in net cash. The period's highlights include:

- **R\$ 710 million cash position:**
- Total debt of R\$ 284 million, from R\$ 535 million in 4Q21;
- It is worth emphasizing that the cash and debt position changed due to the follow-on held in February 2022. With proceeds from the offering, the Company partly paid down its short-term debt.
- **0.6X Net Cash-to-EBITDA.**

Cash position and Indebtedness	1Q22	4Q21	1Q21
Cash and Cash Equivalents	710.309	262.559	570.746
Total debt	284.039	534.594	663.892
Short-term	268.463	496.861	364.786
% total debt	94,5%	92,9%	54,9%
Long-term	15.576	37.733	299.106
% total debt	5,5%	7,1%	45,1%
Net cash	426.270	(272.035)	(93.146)
Net Cash/EBITDA	0,6x	-0,5x	-0,6x

BALANCE SHEET

Assets	1Q22	4Q21	1Q21
Current assets	2.109.403	1.646.786	1.523.157
Cash and cash equivalents	106.747	33.750	222.598
Financial Investments	603.562	228.809	348.148
Trade accounts receivables	631.278	790.302	477.929
Inventory	556.685	450.487	348.041
Taxes recoverable	130.015	73.852	90.134
Other credits	80.601	68.230	36.307
Financial Instruments - Derivatives	515	1.356	0
Non-current assets	1.914.810	1.719.540	1.312.474
Long-term receivables	315.470	297.892	132.552
Trade accounts receivables	3.589	4.276	3.855
Deferred income and social contribution	83.870	90.225	84.364
Financial Instruments - Derivatives	0	6.427	0
Judicial deposits	55.487	54.390	41.340
Taxes recoverable	158.128	127.635	0
Other amounts receivable	14.396	14.939	2.993
Investments property	2.860	2.460	0
Investments	0	402	2.275
Property, plant and equipment	446.326	403.868	313.409
Intangible assets	1.150.154	1.014.918	864.238
Total assets	4.024.213	3.366.326	2.835.631

Liabilities	1Q22	4Q21	1Q21
Current liabilities	1.269.342	1.519.000	983.446
Loans and financing	268.463	496.861	364.786
Lease	58.229	57.017	50.749
Suppliers	588.706	574.713	376.757
Other liabilities	353.944	390.409	191.154
Non-current liabilities	256.621	255.320	480.772
Loans and financing	15.576	37.733	299.106
Other liabilities	66.259	35.204	15.939
Lease	168.765	174.879	161.669
Other amounts payable	2.057	1.813	4.058
Tax installment	1.008	197	0
Deferred Taxes	2.943	5.441	0
Deferred Income	13	53	0
Shareholder's Equity	2.497.592	1.590.580	1.371.413
Capital	1.645.467	811.284	808.715
Capital reserve	163.585	196.925	208.866
Profit reserve	541.478	541.478	107.895
Tax Incentives Reserve	0	0	227.937
Adjustment of Equity Valuation	-991	-9.107	-11.776
Period Profit	98.053	0	29.776
Proposed additional dividends	50.000	50.000	0
Total Shareholder's Equity	2.498.250	1.592.006	1.371.413
Non-controlling interest stake	658	1.426	0
Total liabilities and shareholders' equity	4.024.213	3.366.326	2.835.631

INCOME STATEMENT

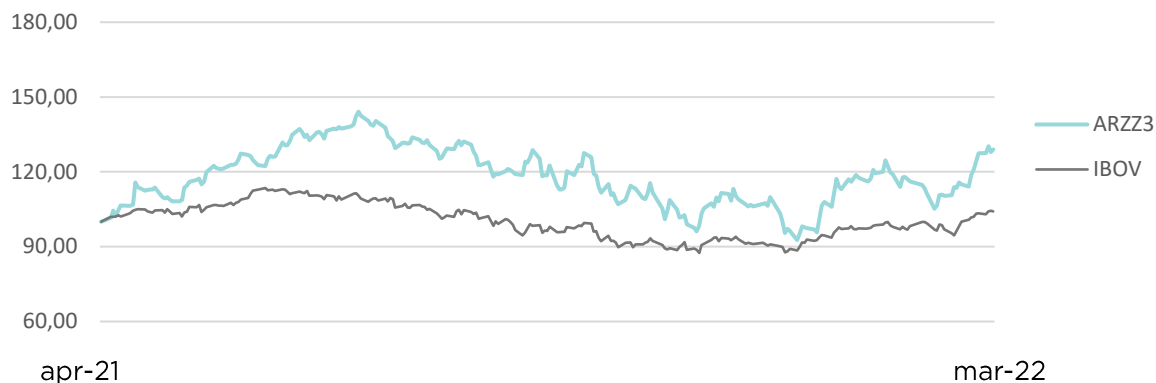
Income Statement - IFRS	1Q22	1Q21	Var.%
Net operating revenue	839.576	499.952	67,9%
Cost of goods sold	(390.836)	(250.027)	56,3%
Gross profit	448.740	249.925	79,5%
Operating income (expenses):	(287.588)	(208.824)	37,7%
Selling	(289.081)	(155.629)	85,8%
Administrative and general expenses	(73.816)	(53.433)	38,1%
Other operating income, net	75.309	238	31542,4%
Income before financial result	161.152	41.101	292,1%
Financial income	(20.407)	(8.616)	136,9%
Income before income taxes	140.745	32.485	333,3%
Income tax and social contribution	(43.460)	(2.709)	1504,3%
Current	(39.603)	(6.441)	514,9%
Deferred	(3.857)	3.732	-203,3%
Net income for period	97.285	29.776	226,7%
Results Attributed to:			
Controlling shareholders	98.053	29.776	229,3%
Non-controlling shareholders	(768)	-	-
Net income for period	97.285	29.776	226,7%

CASH FLOW

Cash Flow	1Q22	1Q21
Operating activities		
Net Income	97.285	29.776
Adjustments to reconcile the results according to the cash generated by operating activities:	37.921	55.611
Depreciation and amortization	33.433	24.865
Income from financial investments	(10.672)	(1.559)
Interest and exchange rate	(39.504)	18.324
Income tax and social contribution	43.460	2.709
Others	11.204	11.272
Decrease (increase) in assets		
Trade accounts receivables	157.533	117.398
Inventory	(106.509)	(64.383)
Recoverable taxes	(85.059)	(10.302)
Change in other current assets	(2.749)	(9.838)
Judicial deposits	(1.097)	(10.370)
(Decrease) increase in liabilities		
Suppliers	13.993	(17.206)
Labor liabilities	(30.850)	(12.469)
Fiscal and social liabilities	(20.917)	(11.592)
Variation in other liabilities	(34.202)	(20.252)
Payment of income tax and social contribution	(22.686)	(603)
Interest payment on loans	(7.178)	(2.813)
Net cash flow from operating activities	(4.515)	42.957
Investing activities		
Sale of fixed and intangible assets	-	175
Acquisition of fixed and intangible assets	(40.835)	(12.545)
Financial Investments	(1.327.994)	(457.467)
Redemption of financial investments	972.588	634.097
Acquisition of subsidiary, net cash obtained on acquisition	(49.983)	(11.328)
Net cash used for investment activities	(446.224)	152.932
Financing activities		
Loans and financing	26.327	65.612
Payments of loans	(230.200)	(51.508)
Consideration of Lease	(17.914)	(21.886)
Interest on Equity and Profit Distribution	(60.000)	-
Credits (debits) with Shareholders	-	1.000
Resources from Stocks Issue	833.794	-
Expenses from Stocks Issue	(36.776)	-
Resources from the Exercise of Stock Options	389	-
Net Cash used on Financing Activities	515.620	(6.782)
Increase (decrease) in cash and cash equivalents	64.881	189.107
Cash and cash equivalents		
Effect of Exchange Rate Variation on Cash and Cash Equivalent	8.116	(4.806)
Cash and cash equivalents - Initial balance	33.750	38.297
Cash and cash equivalents - Closing balance	106.747	222.598
Increase (decrease) in cash and cash equivalents	64.881	189.107

3. Capital Markets and Corporate Governance

On March 31, 2022, the Company's market capitalization was R\$9,9 billions (R\$ 90,18), an increase of 29,0% when compared to the same period of 2021.



Arezzo&Co	
Number of Shares	109.796.219
Ticker	ARZZ3
Listing	02/02/2011
Share Price (31/03/2022)	90,18
Market Cap	9.901.423.029
Performance	
2011 ¹	20%
2012 ²	71%
2013 ³	(24%)
2014 ⁴	(9%)
2015 ⁵	(22%)
2016 ⁶	27%
2017 ⁷	118%
2018 ⁸	(2%)
2019 ⁹	16%
2020 ⁽¹⁰⁾	7%
2021 ¹¹	13%
2022 ¹²	(100%)

(1) From 02/02/2011 to 29/12/2011

(2) From 29/12/2011 to 28/12/2012

(3) From 28/12/2012 to 30/12/2013

(4) From 30/12/2013 to 30/12/2014

(5) From 30/12/2014 to 30/12/2015

(6) From 04/01/2016 to 29/12/2016

(7) From 01/01/2017 to 28/12/2017

(8) From 01/01/2018 to 28/12/2018

(9) From 01/01/2019 to 30/12/2019

(10) From 02/01/2020 to 31/12/2020

(11) From 04/01/2021 to 30/09/2021

(12) From 03/01/2022 to 31/03/2022

4. Independent Auditors

Arezzo&Co's financial statements relative to the business year ending on March 31, 2022, were audited by KPMG Auditores Independentes ("KPMG").

5. Investor Relations

Shareholders, analysts and market participants have at their disposal information available on the Company's IR webpage, www.arezzoco.com.br, CVM webpage, www.cvm.gov.br, and at BM&FBovespa webpage, www.bmfbovespa.com.br.

For further information, direct contact can be made with IR department by the e-mail ri@arezzoco.com.br, or telephone +55 (11) 2132-4300.

6. Officer's Statement

The Officers of Arezzo Indústria e Comércio S.A. state to have reviewed, discussed and agreed upon the Independent auditors' report and financial statements for the period ended on June 30th, 2021, according and pursuant to CVM Normative Instruction No. 480/09.

7. Disclaimer

The information contained here may include forward-looking information and reflects the executive office's current perception and prospects for the macroeconomic environment, the industry situation, the Company's performance and financial results. Any statements, expectations, capacities, plans and projections contained here which do not describe historical facts, such as information about the dividend payment statement, the future course of operations, the introduction of relevant financial strategies, the investment program and the factors or trends affecting the financial condition, liquidity or the operating results are considered forward-looking information as defined by the "U.S. Securities Litigation Reform Act" of 1995 and involve a number of risks and uncertainties. These results are not guaranteed to materialize. These statements are based on several factors and expectations, including the economic and market conditions, level of competition in the industry and operating factors. Any changes in these expectations and factors may lead to real results materially different from the current expectations.

The consolidated financial information of Arezzo Indústria e Comércio S/A - Arezzo&Co presented here complies with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, based on audited financial information. The non-financial information, as well as other operating information, was not audited by the independent auditors.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



1. Corporate information

1.1. General information

Arezzo Indústria e Comércio S.A. (the 'Company' or 'Parent company') is a listed company headquartered at Rua Fernandes Tourinho, 147 – sala 402, in the city of Belo Horizonte, State of Minas Gerais. The Company has shares traded on the *Novo Mercado* (New Market) listing segment of the São Paulo Commodities, Futures and Stock Exchange ('BM&FBOVESPA') under the ticker symbol ARZZ3 since February 2, 2011.

The Company and its subsidiaries design, develop, manufacture and market shoes, handbags, accessories and clothing for women principally and men.

On January 1, 2022, VQV Empreendimentos e Participações S.A. ('VQV') was merged into the Company. VQV's principal asset is the equity interest in Tiferet Comércio de Roupas Ltda. ('Tiferet'). On the same date, Tiferet was partially spun off and also merged by the Parent company.

Following the merger, VQV's interest ceased to exist and the Parent company now owns a direct interest in the portion of Tiferet not spun off.

At March 31, 2022, the Company had 767 franchise stores in Brazil and 6 abroad; 147 Company-operated stores in Brazil and 5 abroad; and an e-commerce channel to sell its products under the Arezzo, Schutz, Anacapri, Alexandre Birman, Fiever, Alme, Vans, Reserva, Reserva Mini, Reserva Go, Oficina, Troc, Baw, MyShoes and Carol Bassi brands.

Given its characteristics, the retail sector experiences fluctuations in sales volume over the year; higher sales volume is usually expected in the second half of the year rather than in the first six months. Due to this seasonality, the balances of accounts receivable, inventories and accounts payable may vary significantly from one period to another according to the backlog of orders and delivery dates based on the calendar of collections and special sales. This information is provided to allow for a better understanding of the results; however, management has concluded that the Company's business is not 'highly seasonal' in accordance with CPC 21 (R1)/IAS 34 *Interim Financial Reporting* and, therefore, the reporting of additional financial information is not required.

2. Accounting policies

2.1. Basis of accounting

The condensed parent company and consolidated interim financial information included in the Quarterly Information Form (ITR) have been prepared and are being presented for the three months ended March 31, 2022, in accordance with Brazilian Accounting Standard CPC 21 (R1) *Interim Financial Reporting* issued by the Brazilian Accounting Pronouncements Committee (CPC) and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB). The condensed parent company and consolidated interim financial information are in compliance with the standards issued by the Brazilian Securities Commission (CVM) and applicable to the preparation of the ITR.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The accounting policies, estimates and methods of computation applied in these condensed interim financial information are consistent with those applied in the Company's financial statements as at and for the year ended December 31, 2021 unless otherwise stated.

These condensed interim financial information have been prepared on the historical cost basis, except for certain financial assets and liabilities that are measured at fair value. These condensed interim financial information have been prepared by the Company to provide an update on the latest complete set of annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

In order to comply with article 29 of CVM Instruction 480/09 and also to avoid repetition of information previously reported, these interim financial information do not duplicate in full or in part the following notes to the annual financial statements for the year ended December 31, 2021: 2- Accounting policies (part), 5 – Business combinations (part), 11 – Other receivables, 20 – Salaries and vacation pay, 21 – Taxes and social charges payable, 22 – Provisions for labor, tax and civil proceedings, 23 – Other payables, 33 – Insurance, and 34 – Share-based payments.

These condensed interim financial information for the three months ended March 31, 2022 were approved by the Company's Board of Directors on May 2, 2022.

2.2. Basis of consolidation

These condensed consolidated interim financial information comprise the Company and the following subsidiaries in which the Company holds a controlling financial interest as of the balance sheet date:

Subsidiaries	Country of incorporation	Total ownership interest			
		March 31, 2022		December 31, 2021	
		Direct	Indirect	Direct	Indirect
ZZAB Comércio de Calçados Ltda.	Brazil	99.99%	-	99.99%	-
ZZSAP Indústria e Comércio de Calçados Ltda.	Brazil	99.99%	-	99.99%	-
ZZEXP Comercial Exportadora S/A	Brazil	99.99%	-	99.99%	-
ARZZ International INC.	USA	100.00%	-	100.00%	-
ARZZ Co. LLC	USA	-	100.00%	-	100.00%
Schutz 655 LLC	USA	-	100.00%	-	100.00%
Schutz Cali LLC	USA	-	100.00%	-	100.00%
ARZZ Itália SRL	Italy	-	100.00%	-	100.00%
VQV Empreendimentos e Participações S.A.	Brazil	-	-	100.00%	-
Tiferet Comércio de Roupas Ltda.	Brazil	100.00%	-	-	100.00%
Troc.com.br Atividades de Internet S.A.	Brazil	-	75.00%	-	75%
Baw Clothing Indústria e Comércio de Vestuários Ltda	Brazil	-	100.00%	-	100%
Guaraná Brasil Difusão de Moda Ltda.	Brazil	-	100.00%	-	-

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that control ceases. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Generally, ownership of a majority of the voting rights presumptively results in control.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies for all consolidated entities. All intragroup balances, income and expenses, and any unrealized gains or losses arising from intragroup transactions, are eliminated.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions within equity.

3. Significant judgments, estimates and assumptions

Significant judgments, estimates and assumptions for the current interim period were reviewed and updated due to Covid-19 compared to those applied in the annual financial statements for the year ended December 31, 2021.

4. New or amended standards

A number of new standards are effective for future annual periods, as listed below.

4.1. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to CPC 25/IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

4.2. Other standards

The following new and amended standards are not expected to have a significant impact on the parent company and consolidated interim financial information:

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to CPC 27/IAS 16).*
- *Reference to Conceptual Framework (Amendments to CPC 15/IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to CPC 26/IAS 1).*
- *IFRS 17 Insurance Contracts.*

5. Business combinations

5.1. Acquisition of Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi')

On January 25, 2022, the Company acquired, through its subsidiary ZZAB Comércio de Calçados Ltda. ('ZZAB'), 100% of the shares in Guaraná Brasil Difusão de Moda Ltda. ('Carol Bassi'), obtaining control of Carol Bassi. Carol Bassi is a limited liability company primarily involved in the manufacture and retail of high-end womenswear. Carol Bassi has all elements of a business: inputs, processes and outputs.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The acquisition of the Carol Bassi brand fits well into the Company's strategy to grow its business in the fashion and retail sector, expand its market and diversify its portfolio.

Set out below are the fair values of the identifiable assets acquired and liabilities assumed, measured on a provisional basis. The measurements have been determined only provisionally, and must be finalized within 12 months of the acquisition date, as required by CPC 15 *Business Combination*. Management does not expect any material adjustments to the provisional accounting.

The provisional amounts recognized in respect of the business combination made on January 25, 2022 are as follows:

	Carrying amount	Fair value adjustment	Fair value
Assets acquired			
Cash and cash equivalents	17	-	17
Cash investments	5,631	-	5,631
Trade receivables	8,786	-	8,786
Inventories	4,730	2,472	7,202
Property, plant and equipment	1,321	-	1,321
Intangible assets (revaluation surplus)	-	55,163	55,163
Other receivables	103	(103)	-
Liabilities assumed			
Trade payables	1,061	-	1,061
Taxes payable	1,555	385	1,940
Payroll and related charges	220	175	395
Other current liabilities	78	57	135
Total consideration			
Cash	-	-	50,000
Equity instruments (Company common shares)	-	-	80,000
Estimated consideration payable	-	-	50,000
Total consideration transferred	-	-	180,000
Total goodwill			105,411

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The acquisition of Carol Bassi involved the movement of cash out of the Company, then the Company presents all of the cash flows pertaining to the acquisition in the cash flow statement as “Acquisition of subsidiary, net of cash acquired”, as shown below:

	Parent company March 31, 2022	Consolidated March 31, 2022
Investment	180,000	-
Other assets acquired and liabilities assumed	-	16,954
Inventory (revaluation surplus) (a)	-	2,472
Intangible assets (revaluation surplus) (b)	-	55,163
Goodwill	-	105,411
Cash outflows	180,000	180,000
Realized	50,000	50,000
To be realized	130,000	130,000

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

a) Inventory: Refers to values of inventory of finished goods. The inventory was adjusted to fair value taking into consideration an average realization period of 128 days, gross margin, selling expenses and projected benchmark interest rate (Selic).

b) Intangible assets: *Relief-from-royalty method and multi-period excess earnings method:* The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets. Intangible assets include the brand and customer relationships.

The key assumptions underlying the adjustments to the fair value estimates for customer relationship intangible assets were as follows – Multi-brand:

Revenue	Based on wholesale revenues, assuming a churn rate based on historical information for the period 2016 to November 2020.
Churn rate	20.5% based on the average churn rate for Arezzo’s multi-brand customers.
Useful life	Estimated at 8 years, considering a cash flow concentration of approximately 90% for the asset being valued.
Tax amortization benefit	The tax amortization benefit was calculated based on the statutory tax rate of 34% and amortization period equal to the remaining useful life of the asset.
Discount rate	14.0%, based on Carol Bassi’s weighted average cost of capital (WACC) plus a risk premium.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



For customer relationships – E-commerce:

Revenue	Based on Carol Bassi's revenues from e-commerce sales, assuming a churn rate based on historical information for the period 2017 to July 2021.
Churn rate	69.8% based on the average customer churn rate observed in other transactions made by Arezzo.
Useful life	Estimated at 1 year, considering a cash flow concentration of approximately 90% for the asset being valued.
Tax amortization benefit	The tax amortization benefit was calculated based on the statutory tax rate of 34% and amortization period equal to the remaining useful life of the asset.
Discount rate	12.6%, based on Carol Bassi's WACC plus a risk premium.

The relief-from royalty method was applied to the brands:

Revenue	The valuation of the Carol Bassi brand was based on assumptions and projections adopted by ZZAB's management in <i>Business Enterprise Valuation (BEV) for Carol Bassi</i> , which was used to determine the purchase price of the business combination.
Royalty rate	4.5% of projected net revenue of Carol Bassi, based on the royalties for similar transactions and existing contracts of ZZAB.
Useful life	The remaining useful life of the brand acquired is indefinite.
Tax amortization benefit	The tax amortization benefit was calculated based on the statutory tax rate of 34% and amortization period equal to the remaining useful life of the asset.
Discount rate	To calculate the present value of future cash flows from the intangible assets, the Company applied a discount rate of 14.0%, which was determined based on Carol Bassi's WACC plus a risk premium.

The amount of trade receivables is R\$8,786 measured at fair value. The goodwill of R\$105,411 is attributable to the synergies expected to be achieved from integrating the entity into the Company's existing business and the expansion of the Company's addressable market. The transaction was carried out in Brazil and approved by the Brazilian antitrust authority CADE.

The fair value of the consideration transferred considers the following:

- (i) Acquisition by ZZAB, at the acquisition date, of 17,500,000 quotas, being 4,375,00 quotas from Arnaldo Martins Bassi, 4,375,00 quotas from Anna Pellegrini Bassi and 8,750,000 quotas from Anna Carolina Martinelli Martins Pellegrini Bassi, for R\$50,000 to be paid at the date of the transaction as follows: R\$12,500 to quotaholder Arnaldo, R\$12,500 to quotaholder Anna and R\$25,000 to quotaholder Anna Carolina.
- (ii) Payment of R\$50,000 in two installments: R\$25,000 within 180 days of the closing date and R\$25,000 on the first anniversary of the closing date, to be paid at the date of each installment as follows: R\$6,250 to quotaholder Arnaldo, R\$6,250 to quotaholder Anna and R\$12,500 to quotaholder Anna Carolina.
- (iii) Payment of R\$80,000 to be made by ZZAB or a third party designated by it, on behalf of and by order of ZZAB, through the delivery to Sellers of 991,940 shares of Arezzo common stock that equal the amount of the payment ("Arezzo Shares"), calculated based on the average stock price.

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(All amounts in thousands of Brazilian real unless otherwise stated)



Additionally, the payment will be made in five installments: the first installment totaling 247,986 shares in 180 days after the closing date, the second installment totaling 371,978 shares after 360 days, and the last three installments on the second, third and fourth year after the closing date, with each installment of 123,992 shares.

Based on the assumptions above, the Parties agree that the Purchase Price may be adjusted:

Downward if, at the closing date, the sum of the results of: (i.a) Base Net Debt less Net Debt at Closing; (i.b) Working Capital at Closing less Base Working Capital; and (i.c) Cash at Closing less Minimum Cash, is a negative figure; and upward if, at the closing date, the sum of the results of: (ii.a) Base Net Debt less Net Debt at Closing; (ii.b) Working Capital at Closing less Base Working Capital; and (ii.c) Cash at Closing less Minimum Cash, is a positive figure (in any of the hypotheses in items (i) or (ii) of this clause, "Price Adjustment").

The Company incurred acquisition-related costs of R\$725. These costs have been included in 'administrative expenses'. Carol Bassi contributed net revenue of R\$10,698 and profit of R\$4,827 to the Company's results for the period between the acquisition date and the end of the reporting period of March 31, 2022.

6. Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Cash and banks				
Cash on hand	2,065	198	3,582	3,058
Cash at banks	4,658	975	87,048	27,237
Cash equivalents				
Automatic investments	6,444	1,275	16,117	3,455
Total cash and cash equivalents	13,167	2,448	106,747	33,750

At March 31, 2022 and December 31, 2021, the average rate of interest on automatic investments classified as cash equivalents is 13% of the Interbank Deposit Certificate rate (CDI).

7. Financial investments

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Current				
Financial Treasury Bills (LFT)	228,536	23,478	312,157	84,337
Securities purchased under resale agreements	168,078	29,079	229,467	108,437
Private securities (CEF)	8,994	6,843	12,279	25,660
Certificates of bank deposit (CDB)	41,904	10,375	49,659	10,375
Total financial investments	447,512	69,775	603,562	228,809

Exclusive investment fund

ZZ Referenciado DI Credito Privado is a private fixed-income investment fund under management, administration and custody of Banco Santander S.A. The investment fund has no significantly high costs of operation. The fund's costs consist of asset management fees, custody fees, auditor fees, and other operational expenses.

This investment fund is exclusive to the Company and its subsidiaries and therefore was included in the consolidated financial statements as required by CVM Instruction 408/04.

As of March 31, 2022, the investment fund provides average interest of 101.8% of the interbank deposit rate (CDI) (December 31, 2021: 101%). It has 54% of assets in treasury bills (LFTs) (December 31, 2021: 38%), 39% in compromised operations (December 31, 2021: 50%), 5% in CDB, 2% in private securities (December 31, 2021: 12%). Ninety-five percent of the fund's assets provide daily liquidity (December 31, 2021: 86%).

The Company's financial investment policy is to hold a portfolio of low-risk securities with top-tier financial institutions (top 10 financial institutions in the country) with the objective of earning interest based principally on the CDI rate.

At March 31, 2022, the Company has not pledged any investment as collateral to financial institutions.

8. Trade receivables

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Domestic customers				
Trade notes receivable	401,012	404,710	421,297	470,132
Trade notes receivable from related parties (Note 13a)	96,618	81,650	-	-
Total domestic customers	497,630	486,360	421,297	470,132
Foreign customers				
Trade notes receivable	2,921	5,446	52,501	64,056
Trade notes receivable from related parties (Note 13a)	17,308	25,730	-	-
Total foreign customers	20,229	31,176	52,501	64,056
Other trade receivables				
Credit cards	44,088	-	174,284	271,562
Checks and other	117	113	270	134
Total other trade receivables	44,205	113	174,554	271,696
	562,064	517,649	648,352	805,884
(-) Loss allowance	(11,487)	(8,844)	(13,485)	(11,306)
Total trade receivables	550,577	508,805	634,867	794,578
Current	531,640	481,059	631,278	790,302
Non-current	18,937	27,746	3,589	4,276

Third-party credit cards – sales through credit card can be made for payment in a lump sum or in installments. The credit risk in these transactions is assumed by the credit card companies.

Trade notes receivable – The Company offers its customers that are legal entities an installment payment option through trade notes. The credit risk in these transactions is assumed by the Company.

The customer sales policies are subordinated to the credit policies established by management and are designed to minimize problems arising out of failure of customers to pay on due date. Sales transactions with retail customers are included in “credit cards”, and transactions with sales representatives and distributors (franchisees), which have a structured relationship with the Company, are included in “trade notes receivable – domestic customers”.

Trade receivables from foreign customers by currency are as follows:

	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
USD	20,229	31,176	52,146	63,413
EUR	-	-	355	643
	20,229	31,176	52,501	64,056

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Balance at the beginning of the period	(8,844)	(9,192)	(11,306)	(11,571)
Additions/reversals	(1,863)	(7,856)	(2,913)	(10,244)
Merger of subsidiary	(1,393)	-	-	-
Realized	613	8,204	734	10,509
Balance at the end of the period	(11,487)	(8,844)	(13,485)	(11,306)

The aging analysis of these trade receivables is as follows:

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Current (not past due)	540,555	505,065	617,131	774,606
1-30 days past due	5,631	3,081	6,431	7,940
31-60 days past due	3,527	4,300	4,727	9,890
61-90 days past due	4,850	1,231	6,900	2,934
91-180 days past due	3,153	1,821	4,540	3,928
181-360 days past due	2,230	482	3,385	1,104
More than 360 days past due	2,118	1,669	5,238	5,482
	562,064	517,649	648,352	805,884

Default may be a warning sign that a customer is experiencing payment difficulties, however, the Company is monitoring in a timely manner the market value of the transaction and its customers' inventories and has identified no signs of insolvency. Depending on the market reaction, we can consider extending payment terms for our customers and re-evaluate the necessity of a loss allowance.

The Company assesses the risk of loss on outstanding accounts receivable on a periodic basis and recognized an additional loss allowance of R\$2,913 for trade receivables for the three months ended March 31, 2022 (December 31, 2021: R\$10,244). This allowance was included in 'selling expenses'.

9. Inventories

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Finished goods	291,179	125,967	459,080	352,219
Raw materials	39,268	3,600	62,446	72,448
Work in progress	1,028	-	26,498	23,356
Advances to suppliers	17,508	10,539	20,936	13,965
(-) Allowance for impairment	(9,134)	(6,408)	(12,275)	(11,501)
Total inventories	339,849	133,698	556,685	450,487

The Parent's total balance of inventories includes R\$139,987 from the merged subsidiary: R\$107,443 in finished goods, R\$35,937 in raw materials and R\$1,027 in work in progress.

The movement in the allowance for impairment during the period was as follows:

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Balance at the beginning of the period	(6,408)	(4,546)	(11,501)	(7,214)
Additions/reversals	(4,734)	(4,666)	(2,782)	(7,091)
Realized	2,008	2,804	2,008	2,804
Balance at the end of the period	(9,134)	(6,408)	(12,275)	(11,501)

Inventory impairment is estimated based on obsolete or slow-moving inventory and unsold items.

10. Taxes recoverable

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
State value-added on sales and services	59,960	12,436	71,612	51,045
Corporate income tax (IRPJ)	1,531	1,494	1,621	1,583
Social contribution on net income (CSLL)	985	966	1,015	996
Social integration program (PIS) and Social Security (INSS)	169,954	127,635	208,706	143,230
Excise tax (IPI)	-	-	1,418	1,054
Other	2,231	2,046	3,771	3,579
Total	234,661	144,577	288,143	201,487
Current	91,660	16,942	130,015	73,852
Non-current	143,001	127,635	158,128	127,635

(i) During the quarter, tax credits (PIS and COFINS) were recognized in respect of expenses on goods and services that are essential to the Company's activities.

The Parent's total balance of taxes recoverable includes R\$28,336 from the merged subsidiary: R\$28,318 in ICMS and R\$18 in IRPJ.

11. Income tax and social contribution

a) Deferred taxes

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



Basis of calculation of deferred income tax (IRPJ) and social contribution (CSLL)	Parent company					
	March 31, 2022			December 31, 2021		
	IRPJ base	CSLL base	IRPJ/CSLL	IRPJ base	CSLL base	IRPJ/CSLL
Tax losses	135,310	164,904	48,669	151,212	179,218	53,933
Unrealized profit on inventories	34,683	34,683	11,792	32,809	32,809	11,155
Loss allowance for trade receivables	11,628	11,628	3,954	8,844	8,844	3,007
Provision for commissions	9,390	9,390	3,193	9,947	9,947	3,382
Provision for labor, tax and civil proceedings	8,999	8,999	3,060	7,785	7,785	2,649
Allowance for inventory impairment	9,134	9,134	3,106	6,293	6,293	2,140
Provision for employee profit sharing	7,888	7,888	2,682	-	-	-
Other provisions	13,170	13,170	4,476	5,119	5,119	1,739
Subtotal	230,202	259,796	80,932	222,009	250,015	78,005
Provision for tax credits (i)	(79,016)	(79,016)	(26,865)	(79,016)	(79,016)	(26,865)
Goodwill arising from acquisition of subsidiaries	(20,467)	(20,467)	(6,959)	-	-	-
Subtotal	(99,483)	(99,483)	(33,824)	(79,016)	(79,016)	(26,865)
Deferred tax assets	130,719	160,313	47,108	142,993	250,015	51,140

(i) Recognized tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS, excluding the portion exempted from IRPJ and CSLL on interest accrued on tax credits, according to the Supreme Court's recent decision.

Basis of calculation of deferred income tax (IRPJ) and social contribution (CSLL)	Consolidated					
	March 31, 2022			December 31, 2021		
	IRPJ base	CSLL base	IRPJ/CSLL	IRPJ base	CSLL base	IRPJ/CSLL
Tax losses	233,454	263,048	82,038	249,999	278,005	87,520
Unrealized profit on inventories	34,683	34,683	11,792	32,809	32,809	11,155
Loss allowance for trade receivables	12,545	12,545	4,265	10,510	10,510	3,573
Provision for commissions	9,390	9,390	3,193	9,947	9,947	3,382
Provision for labor, tax and civil proceedings	14,218	14,218	4,834	13,866	13,866	4,714
Allowance for inventory impairment	9,598	9,598	3,263	12,512	12,512	4,254
Employee profit sharing	7,913	7,913	2,691	-	-	-
Other provisions	17,451	17,451	5,933	7,893	7,893	2,687
Subtotal	339,252	368,846	118,009	337,536	365,542	117,285
Provision for tax credits (i)	(79,016)	(79,016)	(26,865)	(79,016)	(79,016)	(26,865)
Provision for foreign exchange losses	(9,583)	(9,583)	(3,258)	(16,575)	(16,575)	(5,636)
Goodwill arising from acquisition of subsidiaries	(20,467)	(20,467)	(6,959)	-	-	-
Subtotal	(109,066)	(109,066)	(37,082)	(95,591)	(95,591)	(32,501)
Total	230,186	259,780	80,927	241,945	269,951	84,784
Deferred tax assets			83,870			90,225
Deferred tax liabilities			(2,943)			(5,441)

(i) Recognized tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS, excluding the portion exempted from IRPJ and CSLL on interest accrued on tax credits, according to the Supreme Court's recent decision.

Set out below is a reconciliation of deferred tax assets and liabilities:

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(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Opening balance	51,140	48,850	84,784	80,632
Deferred income tax recognized in the statement of incor	(7,552)	2,290	(3,857)	4,152
Merger of subsidiary	3,520	-	-	-
Balance at the end of the period	47,108	51,140	80,927	84,784
Deferred tax assets	47,108	51,140	83,870	90,225
Deferred tax liabilities	-	-	(2,943)	(5,441)

The studies and projections carried out by the Company's management indicate that there will be sufficient future taxable profit to allow the related tax benefit to be utilized in the next years.

Based on projections of future taxable profits, deferred tax assets are expected to be recovered as follows:

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
2022	25,862	20,136	37,024	35,544
2023	17,764	18,228	29,460	28,752
2024	19,110	19,477	31,742	31,184
2025	13,019	14,427	14,620	16,067
2026	5,177	5,737	5,163	5,738
Deferred tax assets	80,932	78,005	118,009	117,285

b) Reconciliation of tax charges between statutory and effective tax rates

A reconciliation of tax expense calculated at the statutory tax rates to tax expense at the effective tax rate is as follows:

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(All amounts in thousands of Brazilian real unless otherwise stated)



	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Profit before income tax and social contribution	117,659	35,408	140,745	32,485
Statutory tax rate	34.0%	34.0%	34.0%	34.0%
Expected income tax and social contribution expense at the statutory tax rate	(40,004)	(12,039)	(47,853)	(11,045)
Tax benefits from technological innovation and research expenses - Law No. 11,196/05	3,073	1,356	3,073	1,356
Share of profit of equity-accounted investees	10,104	897	-	-
Unrecognized deferred tax assets relating to tax losses of subsidiaries	-	-	(10,072)	(3,344)
Government subsidies (i)	13,580	5,612	16,477	13,300
Share option plan expenses	(1,110)	(302)	(1,110)	(302)
Other permanent differences	(5,249)	(1,156)	(3,975)	(2,674)
Income tax and social contribution expense	(19,606)	(5,632)	(43,460)	(2,709)
Current	(12,054)	(4,574)	(39,603)	(6,441)
Deferred	(7,552)	(1,058)	(3,857)	3,732
Effective tax rate	16.7%	15.9%	30.9%	8.3%

(i) ICMS tax incentives considered to be investment subsidies under Complementary Law No. 160/2017. See Note 28 for details.

At March 31, 2022, deferred tax assets have not been recognized in respect of tax losses of a foreign subsidiary and two subsidiaries in Brazil because it is not probable that future taxable profit will be available against which such losses can be used. The unrecognized deferred tax assets, which do not expire, are R\$10,072 for the three months ended March 31, 2022 (March 31, 2021: R\$3,344) and R\$115,506 for the current financial year to date (December 31, 2021: R\$100,433).

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c) Assessment of impacts of ICPC 22/IFRIC 23 *Uncertainty over Income Tax Treatments*

Management assessed the impacts of applying ICPC 22/IFRIC23 that addresses the accounting for income taxes when there is uncertainty over income tax treatments. Based on its assessment, management concluded that it is probable that the tax authority will accept its tax treatment as described below:

Tax Debt Annulment Action No. 1015792-98.2017.4.01.3400 with the 4th Federal Court of the Federal District, to suspend and subsequently annul the debts claimed through notices of assessment subject of administrative proceeding No. 15504.725551/2013-17 (for alleged omissions of interest income from loan agreements with associates in calendar years 2008 and 2009; excess deduction of interest on capital payment expenses in calendar years 2008 and 2009, supposedly disproportionate to the equity interest, and allegedly undue tax amortization of goodwill paid on acquisition of the Company by BRICS on November 8, 2007), as well as for the Company to have the right to deduct goodwill amortization expense from, at least, the social contribution tax basis and to cancel fines for non-payment of amounts allegedly owed, pursuant to article 44, II, of Law No. 9,430/1996 (about 50%). The Company is awaiting an examination by an accounting expert with the objective of demonstrating that the transaction carried out at the time of the acquisition of the shares by BRICS had a substantial purpose and an economic effect.

12. Related parties

a) Balances and transactions with subsidiaries

	March 31, 2022					
	Current assets	Non-current assets		Current liabilities	Transactions	
	Accounts receivable	Accounts receivable	Loans to subsidiaries	Trade payables	Sales	Purchases
Parent company						
ARZZ International INC	-	17,308	-	-	-	-
ZZAB Comércio de Calçados Ltda.	91,328	-	13,387	1,016	106,059	395
ZZSAP Indústria e Comércio de Calçados Ltda.	245	-	-	1,416	1	44,231
ZZEXP Comercial Exportadora S/A	5,041	-	8,374	-	60	-
Tiferet Comércio de Roupas Ltda	4	-	49,935	-	-	-
Total - Parent company	96,618	17,308	71,696	2,432	106,120	44,626

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	December 31, 2021			March 31, 2021	
	Current assets	Non-current assets	Current liabilities	Transactions	
	Accounts receivable	Accounts receivable	Loans to subsidiaries	Sales	Purchases
Parent company					
ARZZ Co International INC	-	25,730	-	-	-
ZZAB Comércio de Calçados Ltda.	60,960	-	-	83,033	208
ZZSAP Indústria e Comércio de Calçados Ltda.	186	-	6,012	1	37,259
ZZEXP Comercial Exportadora S/A	4,982	-	-	623	-
Tiferet Comércio de Roupas Ltda	15,522	-	72,604	164	-
Baw Clothing Indústria e Comércio de Vestuários Ltda	-	-	13,776	-	-
Total - Parent company	81,650	25,730	92,392	83,821	37,467

b) Nature, terms and conditions of transactions with subsidiaries

The transactions with related parties are conducted on commercial and financial terms agreed upon between the parties concerned, which are not comparable to terms that could be obtained from an arm's length dealing with unrelated third parties.

Loans granted to subsidiaries are R\$71,696 as at March 31, 2022 (December 2021: R\$92,392). The loans are subject to the CDI rate in effect at the date of signing the agreement.

The most common related-party transactions are:

- sales from the Parent company to subsidiaries ZZAB and ARZZ.
- sales from subsidiary ZZEXP to subsidiary ARZZ.
- sales from subsidiary ZZSAP to the Parent company and to subsidiary ZZEXP.

c) Key management personnel compensation

Compensation of key management personnel includes salaries, fees, profit sharing and share-based payment. At March 31, 2022, key management personnel compensation totaling R\$3,836 (March 31, 2021: R\$8,703) comprised the following:

	March 31, 2022	March 31, 2021
Annual fixed remuneration (salaries and fees)	1,895	2,196
Variable remuneration (bonus)	924	4,410
Share-based payments	1,017	2,097
Total compensation paid to key management	3,836	8,703

The Company has a profit-sharing plan with the main goal of rewarding employee performance during the year. On a monthly basis, the Company recognizes a liability and an expense for profit sharing based on the estimates of achievement of the operating targets and specific goals established and approved by management. The profit-

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sharing payments are recorded in liabilities within 'salaries and social charges' and in the statement of income within 'general, selling and administrative expenses' (Note 24).

The Company and its subsidiaries do not provide post-employment benefits, termination benefits or other benefits to their management and employees.

d) Transactions or relationships with shareholders

At March 31, 2022, certain Company officers and directors directly own a total interest of 45.1% in the Company (December 31, 2021: 49.7%).

e) Other related-party transactions

The Company has a service agreement with the firm Ethos Desenvolvimento S/C Ltda. owned by Mr. José Ernesto Beni Bolonha, a member of the Company's Board of Directors. In the three months ended March 31, 2022, this firm received R\$157 (March 31, 2021: R\$168).

13. Equity-accounted investees

a) Summary of balance sheet and statement of income of subsidiaries

Subsidiaries	March 31, 2022					
	Assets	Liabilities	Equity	Capital	Net revenue	Profit (loss) for the period
ARZZ International Inc.	187,283	248,303	(61,020)	257,019	87,380	(9,817)
ZZAB Comércio de Calçados Ltda.	702,528	213,339	489,189	148,383	194,762	32,813
ZZSAP Ind. E Com. De Calçados Ltda.	126,395	65,772	60,623	22,822	69,634	2,115
ZZEXP Comercial Exportadora S.A.	189,810	149,629	40,181	2,000	54,986	5,693
Tiferet Comércio de Roupas Ltda	179,235	4,621	174,614	64,441	(5)	(966)
TROC - Atividades de Internet S.A.	155	53	102	654	1,037	(119)

Subsidiaries	December 31, 2021				March 31, 2021	
	Assets	Liabilities	Equity	Capital	Net revenue	Profit (loss) for the period
ARZZ International Inc.	224,598	288,685	(64,087)	252,250	44,567	(9,838)
ZZAB Comércio de Calçados Ltda.	645,866	189,490	456,376	148,383	123,725	7,276
ZZSAP Ind. E Com. De Calçados Ltda.	91,680	36,068	55,612	22,822	39,526	295
ZZEXP Comercial Exportadora S.A.	204,992	198,782	6,210	2,000	21,093	3,846
VQV Empreendimentos e participações	336,837	201,921	134,916	101,044	67,458	1,059

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b) Balances of investments and share of profit of equity-accounted investees

	Investments		Share of profit of equity-	
	March 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021
ZZAB Comércio de Calçados Ltda.	489,189	456,376	32,813	7,276
ZZSAP Ind. E Com. De Calçados Ltda.	60,623	58,508	2,115	295
ZZEXP Comercial Exportadora S.A.	40,181	34,488	5,693	3,846
VQV Empreendimentos e participações	-	175,867	-	1,059
Tiferet Comércio de Roupas Ltda	174,614	-	(966)	-
TROC - Atividades de Internet S.A.	102	-	(119)	-
Goodwill arising on the acquisition of VQV Empreendimentos e Participações S.A (i)	467,659	467,659	-	-
Fair value adjustments arising on acquisition of subsidiary VQV Empreendimentos e Participações S.A. (i)	263,244	263,533	-	-
Total investments	1,495,612	1,456,431	39,536	12,476
ARZZ International INC	(61,020)	(64,087)	(9,817)	(9,838)
Total	1,434,592	1,392,344	29,719	2,638

(i) The balance of goodwill and fair value adjustments arising on the acquisition of subsidiary VQV Empreendimentos e Participações S.A. was included in the Parent's equity after the merger.

c) Movements in investments

	March 31, 2022	December 31, 2021
Balance at the beginning of the period	1,392,344	1,186,515
Capital contribution	4,769	90,158
Distribution of dividends	-	(14,984)
Amortization of fair value adjustments arising on the acquisition of subsidiary	(289)	(6,459)
Share of profit of equity-accounted investees	29,719	139,251
Investment arising from merger of subsidiary - Tiferet	175,800	-
Other comprehensive income (loss)	8,116	(2,137)
Investment written off due to merger of subsidiary - VQV	(175,867)	-
Balance at the end of the period	1,434,592	1,392,344

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14. Property, plant and equipment

Details of the movement in property, plant and equipment are as follows:

	Computers and peripherals	Furniture and fittings	Machinery and equipment	Facilities and showroom	Vehicles	Land	Right-of- use assets	Key money	Total
Parent company									
Balance at December 31, 2020	5,827	4,755	4,066	13,730	9	84	20,597	-	49,068
Purchases	48	31	269	1,166	-	-	2,510	-	4,024
Depreciation	(519)	(243)	(242)	(620)	(1)	-	(1,730)	-	(3,355)
Write-offs	-	-	-	-	-	(84)	-	-	(84)
Balance at March 31, 2021	5,356	4,543	4,093	14,276	8	-	21,377	-	49,653
Balance at December 31, 2021	11,737	9,552	6,066	26,048	6	-	16,624	-	70,033
Purchases	1,442	1,020	890	9,388	-	-	1,364	-	14,104
Merger of subsidiary	3,633	22,718	4,671	27,250	6	-	64,203	6,871	129,352
Transfer	-	-	-	-	-	-	-	3,372	3,372
Depreciation	(1,127)	(1,321)	(619)	(2,599)	-	-	(6,771)	(442)	(12,879)
Balance at March 31, 2022	15,685	31,969	11,008	60,087	12	-	75,420	9,801	203,982
Average depreciation rate	20%	10%	10%	10%	20%	-	25%	Indefinite	

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Consolidated	Computers and peripherals	Furniture and fittings	Machinery and equipment	Facilities and showroom	Vehicles	Land	Right-of-use assets	key money	Key money	Total
Balance at December 31, 2020	8,632	27,457	13,267	61,776	15	84	205,070	-	-	316,301
Purchases	389	901	508	2,520	-	-	2,992	-	-	7,310
Depreciation	(819)	(1,438)	(602)	(3,808)	-	-	(15,246)	-	-	(21,913)
Write-offs	-	(1)	(7)	(65)	-	(84)	(185)	-	-	(342)
Effect of movements in exchange rates	49	426	(2)	993	-	-	10,425	-	-	11,891
Acquisition of subsidiary	58	55	1	49	-	-	-	-	-	163
Balance at March 31, 2021	8,309	27,400	13,165	61,465	15	-	203,056	-	-	313,410
Balance at December 31, 2021	18,028	48,884	20,273	94,895	96	-	221,692	-	-	403,868
Purchases	2,376	4,186	1,979	5,056	347	-	27,411	2,522	-	43,877
Transfer	-	-	-	-	-	-	-	28,652	14,297	42,949
Depreciation	(1,464)	(2,259)	(1,070)	(4,974)	(9)	-	(16,180)	-	(1,325)	(27,281)
Write-offs	(35)	(4)	-	(6)	-	-	(1,630)	-	-	(1,675)
Effect of movements in exchange rates	(122)	(802)	-	(1,296)	-	-	(14,517)	-	-	(16,737)
Acquisition of subsidiary	347	777	(24)	225	-	-	-	-	-	1,325
Balance at March 31, 2022	19,130	50,782	21,158	93,900	434	-	216,776	31,174	12,972	446,326
Average depreciation rate	20%	10%	10%	10%	20%	-	25%	Indefinite	10% to 20%	

15. Intangible assets

Details of the movement in intangible assets are as follows:

Parent company	Trademarks and patents	Key money	Software licenses	Total
Balance at December 31, 2020	5,582	-	51,928	57,510
Acquisitions	76	-	6,383	6,459
Amortization	-	-	(1,945)	(1,945)
Balance at March 31, 2021	5,658	-	56,366	62,024
Balance at December 31, 2021	8,794	3,371	68,906	81,071
Acquisitions	24	-	23,872	23,896
Merger of subsidiary	760	-	24,105	24,865
Transfer	-	(3,371)	-	(3,371)
Amortization	-	-	(5,384)	(5,384)
Balance at March 31, 2022	9,578	-	111,499	121,077
Average amortization rate	Indefinite	Indefinite	20%	

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(All amounts in thousands of Brazilian real unless otherwise stated)



Consolidated	Trademarks and patents	Key money	Key money	Customer relationships	Goodwill	Software licenses	Total
Balance at December 31, 2020	261,966	33,829	-	12,271	466,128	55,673	829,867
Acquisitions	76	-	-	-	26,812	8,151	35,039
Amortization	-	(144)	-	-	-	(2,800)	(2,944)
Effect of movements in exchange rates	132	-	-	-	-	126	258
Acquisition of subsidiary	351	-	-	(499)	1,966	200	2,018
Balance at March 31, 2021	262,525	33,685	-	11,772	494,906	61,350	864,238
Balance at December 31, 2021	300,764	28,652	14,297	11,823	560,896	98,486	1,014,918
Acquisitions	24	-	-	-	-	24,342	24,366
Amortization	-	-	-	(192)	-	(5,962)	(6,154)
Effect of movements in exchange rates	(224)	-	-	-	-	(377)	(601)
Transfer	-	(28.652)	(14.297)	-	-	-	(42,949)
Acquisition of subsidiary	52,789	-	-	2,374	105,411	-	160,574
Balance at March 31, 2022	353,353	-	-	14,005	666,307	116,489	1,150,154
Average amortization rate	Indefinite	Indefinite	10% to 20%	7%	Indefinite	20%	

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(All amounts in thousands of Brazilian real unless otherwise stated)



16. Loans and financings

Loans and borrowings can be summarized as follows:

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
In local currency				
FINAME (a)	-	-	188	207
Working capital (b)	9,676	9,643	9,681	9,648
Working capital (c)	-	-	602	43,703
Working capital - Law No. 4,131 (d)	9,232	164,927	9,232	164,927
In foreign currency				
Working capital - Law No. 4,131 (e)	149,704	172,278	149,704	172,278
Working capital	-	-	-	2,738
ACC (f)	-	-	114,632	141,093
Total loans and borrowings	168,612	346,848	284,039	534,594
Current	153,152	337,348	268,463	496,861
Non-current	15,460	9,500	15,576	37,733

At March 31, 2022, the maturities and interest rate and charges on outstanding loans are as follows:

- a) Machine and equipment financing (FINAME): This facility is repayable in monthly installments until October 2024 and has an interest rate of 6.0% p.a.
- b) Working capital: This loan is repayable until 2026 and has an average interest rate based on the interbank deposit rate (CDI) plus 1.80%.
- c) This facility has an interest rate of 21.69% p.a. and no maturity date.
- d) Working capital: This loan is denominated in Brazilian real and matures in November 2024. Interest is paid at the rate of CDI plus 2.40% p.a.
- e) Working capital – Law No. 4,131: This loan is denominated in U.S. dollar and matures in April 2023. Interest is paid at the rate of 3.6%, March 31, 2022
- f) Advance on foreign exchange contract (ACC): This facility is denominated in U.S. dollar and has an average interest rate of 2.52% p.a., March 31, 2022, plus the effect of changes in exchange rates. There are various agreements with maturities until February 2023.

Details of the movement in loans and borrowings are as follows:

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	FINEP	Facility 4131	Working capital	Total
Parent company				
Balance at December 31, 2020	3,839	456,932	-	460,771
Proceeds from loans and borrowings	-	-	9,500	9,500
Payment of principal	(3,839)	(142,813)	-	(146,652)
Payment of interest	-	(9,766)	(166)	(9,932)
Accrued interest and effect of changes in foreign exchange rates	-	32,852	309	33,161
Balance at December 31, 2021	-	337,205	9,643	346,848
Merger of subsidiary	-	46,441	-	46,441
Payment of principal	-	(196,115)	-	(196,115)
Payment of interest	-	(6,098)	(231)	(6,329)
Accrued interest and effect of changes in for	-	(22,497)	264	(22,233)
Balance at March 31, 2022	-	158,936	9,676	168,612

	FINAME	PPE	ACC	FINEP	Facility 4131	Working capital	Total
Consolidated							
Balance at December 31, 2020	279	23,788	61,164	3,839	545,199	-	634,269
Proceeds from loans and borrowings	-	4,646	113,982	-	20	9,531	128,179
Payment of principal	-	(30,014)	(21,067)	(3,839)	(188,441)	(25)	(243,386)
Payment of interest	(97)	10	(3,820)	-	(14,451)	(166)	(18,524)
Accrued interest and effect of changes in foreign exchange rates	25	1,570	(9,165)	-	41,318	308	34,056
Balance at December 31, 2021	207	-	141,093	-	383,646	9,648	534,594
Proceeds from loans and borrowings	-	-	25,725	-	-	602	26,327
Payment of principal	(20)	-	(34,065)	-	(196,115)	-	(230,200)
Payment of interest	(3)	-	(846)	-	(6,098)	(231)	(7,178)
Accrued interest and effect of changes in foreign exchange rates	3	-	(17,275)	-	(22,496)	264	(39,505)
Balance at March 31, 2022	187	-	114,632	-	158,937	10,283	284,039

The repayment schedule of amounts classified as non-current liabilities is as follows:

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
2023	7,183	2,489	7,238	17,356
2024	3,861	2,714	3,922	14,486
2025	2,714	2,714	2,714	4,308
2026	1,702	1,583	1,702	1,583
Total loans and borrowings	15,460	9,500	15,576	37,733

Loans are secured by guarantees issued by the Group entities and banks, and do not contain financial covenants. The equipment financing (FINAME) is secured by the financed equipment.

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(All amounts in thousands of Brazilian real unless otherwise stated)



Other guarantees and commitments

The Company has a technical and financial cooperation agreement with Banco do Nordeste do Brasil S/A ('Bank'), to have borrowing facilities available for Arezzo franchisees that are located in the area where the Bank operates, using the funds from the Northeast Region Constitutional Finance Fund (FNE) to finance modernization of franchisees' stores, according to the standards established by the Company, as well as to finance operations of franchisees through working capital loans, if needed. Under the terms of the agreement, the Company shall be the guarantor for these transactions through a surety bond when contracted by store owners. At March 31, 2022, these loans amounted to R\$539 (December 31, 2021: R\$631).

The Company has a technical and financial cooperation agreement with Banco Alfa, to have borrowing facilities available for Arezzo franchisees, using the funds from the National Bank for Economic and Social Development ('BNDES') to finance modernization of franchisees' stores, according to the standards established by the Company, as well as to finance operations of franchisees. The Company is the guarantor for these transactions. At March 31, 2022, the balance of transactions guaranteed by the Company was R\$1,159 (December 31, 2021: R\$1,318).

To date, the Company has experienced no loss on such transactions.

17. Trade payables

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Domestic suppliers	187,608	111,408	255,543	193,378
Supply chain financing arrangement (i)	319,144	336,415	319,144	374,359
Trade payables due to related parties (Note 12a)	2,432	6,227	-	-
Foreign suppliers	11,573	5,006	14,019	6,976
Total trade payables	520,757	459,056	588,706	574,713

(i) The Company has a supply chain financing arrangement with Banco Itaú Unibanco S.A. ("Bank") under which its suppliers may elect to receive early payment of their invoice from the Bank by factoring their receivable from the Company. Under the arrangement, the Bank agrees to pay amounts to a supplier in respect of invoices owed by the Company and receives settlement from the Company at a later date. There were no significant changes in the terms and other payment conditions originally agreed with suppliers and, therefore, the Company believes that the disclosure of amounts factored by suppliers within trade payables is adequate.

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18. Leases

At March 31, 2022, the Company assessed its portfolio of lease contracts for stores, offices, plants and distribution centers and identified 259 contracts. Of these 259 contracts, 87 qualify for the exemptions prescribed by the lease standard and 172 fall within the scope of the lease standard.

For contracts that fall in the scope of the lease standard, the Company recognized a right-of-use asset at an amount equal to the lease liability. The lease liability was recognized at the present value of the remaining lease payments, discounted using a market rate of interest of 1.8% for lease contracts in the United States and 6.1% for contracts in Brazil.

a) Right-of-use assets

	Parent company	Consolidated
Total right-of-use assets at December 31, 2020	20,597	205,070
Additions to right-of-use assets	2,510	2,992
Derecognition of right-of-use assets	-	(185)
Depreciation charge for the period	(1,730)	(15,246)
Effect of changes in foreign exchange rates	-	10,425
Total right-of-use assets at March 31, 2021	21,377	203,056
Total right-of-use assets at December 31, 2021	16,624	221,692
Additions to right-of-use assets	1,364	27,411
Merger of subsidiary	64,203	-
Derecognition of right-of-use assets	-	(1,630)
Depreciation charge for the period	(6,771)	(16,180)
Effect of changes in foreign exchange rates	-	(14,517)
Total right-of-use assets at March 31, 2022	75,420	216,776

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b) Lease liabilities

	Parent company	Consolidated
Balance at December 31, 2020	22,548	213,360
Additions to lease liabilities, net	2,510	2,992
Effect of changes in foreign exchange rates	-	10,839
Derecognition of lease liabilities	-	(188)
Payment of lease liabilities	(2,025)	(16,635)
Interest on lease liabilities	339	2,051
Balance at March 31, 2021	23,372	212,418
Balance at December 31, 2021	18,611	231,897
Additions to lease liabilities, net	1,364	27,411
Merger of subsidiary	65,018	-
Effect of changes in foreign exchange rates	-	(15,355)
Derecognition of lease liabilities	-	(1,649)
Payment of lease liabilities	(7,692)	(17,914)
Interest on lease liabilities	1,365	2,603
Balance at March 31, 2022	78,666	226,994
Current	22,973	58,229
Non-current	55,693	168,765

c) Future commitments

In compliance with CVM Circular 02/2019 and CPC 06 (R2)/IFRS 16, given the fact that the Group did not apply the nominal cash flow method because IFRS 16 prohibits future inflation projections and with the aim of providing users of the financial statements with additional information, set out below is the contractual maturity analysis of lease payments, showing the undiscounted lease payments as of March 31, 2022:

	Cash flow (present value)		Gross contractual cash flow	
	Parent company	Consolidated	Parent company	Consolidated
2022	17,546	44,167	21,068	51,305
2023	20,133	54,929	23,567	61,926
2024	16,799	47,113	18,960	51,533
2025	13,144	38,356	14,320	40,821
2026	7,913	22,864	8,321	23,813
After 2027	3,131	19,565	3,330	20,079
Total	78,666	226,994	89,566	249,476
Potential PIS and COFINS tax credit	7,277	13,158	8,285	14,822

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19. Capital and reserves

19.1. Share capital

At March 31, 2022, the Company's capital consisted of 109,796 thousand common shares (December 31, 2021: 99,631 thousand common shares).

	Number of shares (thousands)	Share capital R\$
Balance at December 31, 2020	99,631	808,715
Advance for capital increase	-	2,569
Balance at December 31, 2021	99,631	811,284
Subscription of new shares (i)	10,165	834,183
Balance at March 31, 2022	109,796	1,645,467

(i) New shares issued in order to increase the share capital of the Company were subscribed:

- On January 4, 2022, through the share option plan under the first program for lot I as disclosed in Note 34 to the financial statements for the year ended December 31, 2021. The advance was made by the participants in the share option plan on December 31, 2021, but the capital was effectively raised on January 4, 2022 with the issuance of 40,000 new shares.
- On February 3, 2022, through the follow-on offering, by resolution of the Board of Directors' meeting, with the issuance of 10,125,000 new shares.

20. Dividends and interest on capital paid and proposed

20.1. Dividends

In accordance with the Company's bylaws, the shareholders are entitled to a mandatory minimum dividend of 25% of the profit for the year after transfer to legal reserve as required by the Brazilian corporate legislation. Interest on capital, if paid, is considered to be part of the minimum dividend payout.

On November 29, 2021, the Board of Directors approved the distribution of R\$26,215 of the profit for the year ended December 31, 2021 as dividends. The dividends were paid in a lump sum on January 14, 2022, without interest accrued thereon.

20.2. Interest on capital – Law No. 9,249/95

In order to comply with tax rules, the Company recorded interest on capital paid in the year within 'finance costs'. For the purposes of these financial statements, this interest on capital was reversed from profit or loss to retained earnings, as determined by accounting practices. Income tax was withheld at the rate of 15% from the payment of interest on capital, except for shareholders that are legally tax-exempt or domiciled in countries or jurisdictions in which the tax legislation establishes a different tax rate.

On November 29, 2021, the Board of Directors approved the distribution of R\$33,785 of the profit for the year ended December 31, 2021 as interest on capital. The interest on capital was paid in a lump sum on January 14, 2022.

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21. Earnings per share

In compliance with CPC 41/ IAS 33, the Company presents below earnings per share information for the three months ended March 31, 2022 and 2021.

a) Basic earnings per share

	March 31, 2022	March 31, 2021
Profit for the period	97,285	29,776
Weighted average number of common shares outstanding	106,828	99,627
Basic earnings per share - R\$	0.9107	0.2989

b) Diluted earnings per share

	March 31, 2022	March 31, 2021
Profit for the period	97,285	29,776
Weighted average number of common shares (basic)	106,828	99,627
Adjustment for share options	2,019	248
Weighted average number of common shares (diluted)	108,847	99,875
Diluted earnings per share - R\$	0.8938	0.2981

There were no other transactions involving common shares or potential common shares between the balance sheet date and the date of completion of these financial statements.

22. Net operating revenue

The breakdown of net sales revenue is as follows:

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Gross sales revenue	735,330	394,569	1,042,083	635,802
Domestic market	735,082	394,493	917,094	574,670
Foreign market	248	76	124,989	61,132
Returns	(34,193)	(12,115)	(79,305)	(45,873)
Discounts and rebates	(637)	(4,156)	(637)	(4,157)
Taxes on sales	(92,454)	(51,006)	(122,565)	(85,820)
Net operating revenue	608,046	327,292	839,576	499,952

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(All amounts in thousands of Brazilian real unless otherwise stated)



23. Segment information

The Company's products are distributed under various brands (Arezzo, Schutz, Anacapri, Alexandre Birman, Fiever, Alme, Vans, Reserva, Reserva Mini, Reserva Go, Oficina, INK, EVA, Troc, Baw, MyShoes and Carol Bassi) and through different channels (franchises, multi-brand stores, company-owned stores and e-commerce), but they are managed and operated by the Company's management as one business, and the performance thereof is managed and assessed by a single management team.

For operating, commercial, management and administrative purposes, the Company is organized, and has its performance assessed, as a single operating segment, based on the following:

1. The Company does not have different divisions for managing different product lines, brands or sales channels.
2. The Company's plant operates more than one brand and sales channel.
3. The Company's strategic decisions are based on market opportunity assessments, and not only on performance by product, brand or sales channel.

The consolidated gross revenue by brand and sales channel is as follows:

Brand	March 31, 2022	March 31, 2021
Gross revenue	1,042,083	652,316
Domestic market	917,093	591,184
Arezzo	306,724	223,231
AR&CO (i)	185,883	90,262
Schutz	178,416	126,684
Anacapri	74,292	58,820
BAW	11,172	-
Others (ii)	160,606	92,187
Foreign market	124,990	61,132

(i) AR&CO includes the following brands: Reserva, Reserva Mini, Oficina Reserva, Reserva Go, EVA, INK and BAW Clothing.

(ii) Others includes the following brands: Alexandre Birman, Alme, Fiever, MyShoes, Troc, Vans and Carol Bassi.

Sales channel	March 31, 2022	March 31, 2021
Gross revenue	1,042,083	652,316
Domestic market	917,093	591,184
Franchise stores	252,978	178,092
Multi-brand stores	248,576	153,841
Company-owned stores	191,360	81,150
E-commerce	223,421	158,930
Others	758	19,171
Foreign market	124,990	61,132

In the three months ended March 31, 2022, 12% of the consolidated gross revenue (March 31, 2021: 9.6%) was derived from the foreign market, being 81.7% from direct operations in the United States and 18.3% from exports to the rest of the world. No single customer accounts for more than 10.0% of the net revenue.

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24. Expenses by nature

The Company's statement of income classifies expenses by function. Set out is the analysis of expenses by nature:

	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Expenses by functions				
Cost of sales	(339,261)	(209,448)	(390,836)	(250,027)
Selling expenses	(147,962)	(55,816)	(289,081)	(155,635)
General and administrative expenses	(65,137)	(28,442)	(73,816)	(53,427)
Other operating income	44,582	1,068	78,870	2,348
Other operating expenses	(3,485)	(718)	(3,561)	(2,110)
	(511,263)	(293,356)	(678,424)	(458,851)
Expenses by nature				
Depreciation and amortization	(18,553)	(5,298)	(33,433)	(24,438)
Employee benefits	(81,593)	(35,269)	(113,411)	(78,023)
Raw materials and consumables	(368,206)	(210,260)	(429,363)	(252,959)
Freight	(13,829)	(6,460)	(30,329)	(18,414)
Store occupancy expenses	(9,212)	-	(19,715)	(9,735)
Advertising costs	(31,738)	(6,314)	(71,442)	(28,511)
Utilities and services	(29,230)	(15,171)	(56,029)	(22,553)
Tax credits	41,974	324	65,608	960
Other operating income	2,609	(14,190)	13,262	(23,068)
Other operating expenses	(3,485)	(718)	(3,572)	(2,110)
	(511,263)	(293,356)	(678,424)	(458,851)

25. Financial risk management objectives and policies

a) Fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

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(All amounts in thousands of Brazilian real unless otherwise stated)



	Consolidated			
	March 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents	90,630		33,750	
Cash investments	619,678	619,678	228,809	228,809
Trade receivables	634,867		794,578	
Derivative financial assets	515	515	7,783	7,783
Liabilities				
Loans and borrowings	284,039	284,039	534,594	534,580
Trade payables	588,706		574,713	
Derivative financial liabilities	23,627		-	
Lease liabilities	226,994		231,896	
Payables for acquisition of subsidiary	22,100		31,662	

When measuring the fair value of its financial instruments, the Company uses observable market data (Level 2).

Fair value hierarchy

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At March 31, 2022, the consolidated financial assets and financial liabilities of the Company are classified in the following measurement categories:

	As at fair value through profit or loss	As at amortized cost
Assets		
Cash and cash equivalents	-	90,630
Cash investments	619,678	-
Trade receivables	-	634,867
Derivative financial assets	515	-
Liabilities		
Loans and borrowings	-	284,039
Trade payables	-	588,706
Lease liabilities	-	226,994
Payables for acquisition of subsidiary	-	22,100
Derivative financial liabilities	23,627	-

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



The methods and assumptions used in measuring fair values are as follows:

Cash and cash equivalents, trade receivables, and trade payables - These financial instruments arise directly from the operations of the Company and its subsidiaries and are measured at amortized cost. They are stated at original amount less loss allowance, and are discounted to present value when applicable. The carrying amount approximates fair value due to the short-term maturity of these instruments.

Loans and borrowings - They are classified as other financial liabilities not measured at fair value and are carried at amortized cost in accordance with the contractual terms. This classification was adopted because the amounts are not held for trading, which management understands is the most relevant financial information. The fair values of loans and borrowings equal their carrying amounts since these financial instruments have market interest rates and specific characteristics.

Lease liabilities – These liabilities arise from contracts that convey the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The fair values of lease liabilities equal their carrying amounts.

Payables for acquisition of subsidiary – These liabilities arise directly from the acquisitions made by the Company. The fair values equal the carrying amounts.

b) Currency risk

The results of operations of the Company and its subsidiaries are affected by changes in USD exchange rates because a part of their sales revenue is linked to the U.S. dollar. To hedge the currency risk, almost all of the Company's and its subsidiaries' exports have financing in USD.

At March 31, 2022 and December 31, 2021, the net exposure to changes in USD rate is as follows:

	Consolidated	
	March 31, 2022	December 31, 2021
Accounts receivable in foreign currency (i)	17,898	20,062
Loans and borrowings in foreign currency	(264,336)	(316,109)
Trade payables in foreign currency	(14,019)	(6,976)
Net exposure	(260,457)	(303,023)

(i) Excludes accounts receivable from related parties in foreign currency.

A sensitivity analysis was performed with three different scenarios to demonstrate the sensitivity of foreign currency-denominated assets and liabilities to changes in the exchange rates at March 31, 2022.

The table below provides three scenarios, with the base-case scenario being adopted by the Company. The base-case scenario for 2022 was based on the Long-term Interest Rate (TJLP) and Interbank Deposit rate (CDI) as at March 31, 2022. A set of increments was considered as +25% and +50% with respect to the assumed values in the base-case scenario.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)

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	Curren cy	Base-case scenario	Scenario A	Scenario B
Increase in foreign exchange rate				
Accounts receivable in foreign currency	BRL	17,898	22,373	26,847
Loans and borrowings in foreign currency	BRL	(264,336)	(330,420)	(396,504)
Trade payables in foreign currency	BRL	(14,019)	(17,518)	(21,040)
Effect on profit before tax			(65,108)	(130,240)

c) Interest rate risk

The Company's interest rate risk arises from borrowings with rates linked to the Interbank Deposit rate (CDI). The interest rates are disclosed in Note 16.

At March 31, 2022, the interest rate profile of the Company's interest-bearing loans and borrowings is as follows:

	Consolidated	
	March 31, 2022	%
Fixed interest rate	115,421	41.0
Interest rate based on CDI	168,617	59.0
	284,038	100.0

A sensitivity analysis was performed with three different scenarios to demonstrate the sensitivity of borrowings to changes in interest rates at March 31, 2022.

The table below provides three scenarios, with the base-case scenario being adopted by the Company. The base-case scenario for 2022 was based on the CDI rate at March 31, 2022. A set of increments was considered as +25% and +50% with respect to the assumed values in the base-case scenario.

For each scenario, gross interest expense was calculated, ignoring taxes and the maturities of each agreement. The sensitivity analysis relates to the balance of borrowings at March 31, 2022, projecting the interest rates for one year.

	Base-case scenario	Scenario A	Scenario B
Increase in interest expense			
Borrowings with interest rate based on	19,644	24,555	29,465
	19,644	24,555	29,465
Increase in interest rate		25%	50%
CDI	11.65%	14.56%	17.48%

d) Credit risk

Credit risk arises from the difficulty in collecting the amounts due from customers for goods sold and

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



services rendered.

The Company and its subsidiaries are also exposed to credit risk from their cash investments.

Most of trade receivables are denominated in Brazilian real and spread across various customers. To reduce credit risk, the Company performs an individual analysis for new customers but, as a usual market practice, only high-risk customers are required to make advance payments.

No single customer accounts for more than 5% of the Company's total accounts receivable at March 31, 2022 and December 31, 2021.

Management monitors outstanding customer receivables on a timely basis and, in the case of impairment losses, they are recognized in the statement of income. The analysis covers outstanding receivables, customer payment history, guarantees provided and renegotiations completed with collaterals. The amounts recorded as actual losses or loss allowance represent uncollectible accounts or receivables with low chance of recovery.

The Company and its subsidiaries attempt to limit credit risk from balances with banks and financial institutions by only dealing with reputable banks and financial institutions.

e) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will not have sufficient cash on hand to meet their obligations due to currency and maturity mismatch between their assets and liabilities.

Management monitors the Company's and its subsidiaries' liquidity and cash flows on a daily basis to ensure that the amount of cash generated from their normal business operations and borrowing facilities, when needed, are sufficient to meet obligations when due, without exposing the Company and its subsidiaries to liquidity risk.

The following table sets out a contractual maturity analysis for the Company's financial liabilities:

	Projection including future interest		
	Less than one	One to five	Total
	year	years	
Loans and borrowings	268,462	15,576	284,038
Trade payables	588,706	-	588,706
Lease liabilities	67,066	182,410	249,476

f) Capital management

The Company's objective when managing capital is to maintain a strong credit rating with the institutions and a strong capital base to sustain future development of the business and maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, take new borrowings, issue debentures, issue promissory notes and enter into derivative

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



transactions. No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2022 and the year ended December 31, 2021.

The Company's net debt to equity ratio at March 31, 2022 and December 31, 2021 was as follows:

	Consolidated	
	March 31, 2022	December 31, 2021
Loans and borrowings	(284,039)	(534,594)
Cash and cash equivalents	90,630	33,750
Cash investments	619,678	228,809
Net debt	426,269	(272,035)
Total equity attributable to owners of the Parent	2,497,592	1,590,580

26. Finance income and costs

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Finance income				
Interest income	1,147	473	1,202	1,393
Interest income on cash investments	8,873	1,625	10,694	2,451
Other finance income	2,194	566	2,120	1,263
	12,214	2,664	14,016	5,107
Finance costs				
Bank charges	(3,113)	(1,348)	(3,426)	(2,287)
Interest on borrowings	(3,642)	(4,027)	(6,033)	(7,526)
Interest on lease liabilities	(1,365)	(312)	(2,603)	(834)
Interest loans from related parties	(965)	-	-	-
Credit card administration fee	(554)	-	(6,327)	(3,667)
Notary public fees	(718)	(418)	(721)	(421)
Discounts granted	(86)	(148)	(138)	(839)
Other finance costs	(782)	(437)	(1,812)	(1,219)
	(11,225)	(6,690)	(21,060)	(16,793)
Foreign exchange gains	24,133	28,289	14,404	35,835
Foreign exchange losses	(33,965)	(25,429)	(27,767)	(32,765)
	(9,832)	2,860	(13,363)	3,070
Net finance costs recognized in profit or loss	(8,843)	(1,166)	(20,407)	(8,616)

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)

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27. Other operating income and expenses

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Other operating income	44,582	999	78,870	2,266
Franchise fee	130	160	130	160
Reimbursement of return expenses	351	127	351	127
Tax credits (i)	41,974	324	65,608	1,185
Recovery of income	1,339	88	1,465	88
Gain on sale of property, plant and equipment and intangible assets	-	-	-	96
Other income	788	300	11,316	610
Other operating expenses	(3,485)	(649)	(3,561)	(2,028)
Share option and restricted stock plans	(3,532)	(640)	(3,532)	(640)
Loss on sale of property, plant and equipment and intangible assets	-	(9)	(28)	-
Other expenses	47	-	(1)	(1,388)
Total	41,097	350	75,309	238

(i) During the quarter, tax credits (PIS and COFINS) were recognized in respect of expenses on goods and services that are essential to the Company's activities.

28. Government tax incentives

In the period ended March 31, 2022, the Company was granted ICMS tax incentives, amounting to R\$48,462 (March 31, 2021: R\$39,116), which were classified in net revenue, as follows:

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
ICMS tax incentives - State of Es	24,624	16,507	33,146	23,146
ICMS tax incentives - State of Ri	15,316	-	15,316	15,970
Total	39,940	16,507	48,462	39,116

a) Under Regulations 088-R of October 29, 2015 and 077-R of September 1, 2016, the State of Espírito Santo has registered the Company, through its parent and one subsidiary, respectively, to receive ICMS tax incentives under the tax benefit arrangement called Competitiveness Agreement.

b) The State of Rio de Janeiro, through Law No. 6,331 of October 10, 2012, granted a reduction in the ICMS tax rate on sales for manufacturers of textile products, fabrics, garments, apparel accessories and notions.

Notes to the interim financial information

(All amounts in thousands of Brazilian real unless otherwise stated)



29. Subsequent events

According to the corporate announcement released on April 14, 2022, the Board of Directors of the Company approved at a meeting held on the same date, among other issues, the execution of the share purchase and sale agreement by and between the Company and João Fernando Hartz e Marcia Meneghetti, which establishes the main terms and conditions for the acquisition of Sunset Agenciamento e Intermediação Ltda. ('Sunset') by the Company. Under the Agreement, initially Sunset will be transformed into a corporation and, subsequently, Sellers will sell to the Company shares representing thirty percent (30%) of Sunset's total and voting capital stock for the total price of R\$9,406, which may also be adjusted upward or downward based on certain assumptions set forth in the Agreement and which are common in private company acquisitions. Under the Agreement, the remaining shares representing seventy percent (70%) of Sunset's total and voting capital stock shall be merged by the Company with a consequent issue of 369,453 new registered, book-entry, common shares without par value, which shall be subscribed by Sunset's management on behalf of Sellers and paid up through the merger of the remaining Sunset shares.

On the same date, the Board of Directors also approved the execution of the share purchase and sale agreement by and between ZZSAP Indústria e Comércio de Calçados Ltda., a subsidiary of the Company, and Sellers, for the acquisition of HG Indústria e Comércio de Calçados Ltda. ZZSAP will acquire 100% of the shares in HG for the total price of R\$3,706, which may be adjusted upward or downward based on certain assumptions set forth in the Agreement and which are common in private company acquisitions.

The completion of the Transactions is subject to the fulfillment of certain conditions precedent, including obtaining clearance from the Brazilian antitrust authority CADE.



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Report on the review of Quarterly Information Form - ITR

To the Board Members and Shareholders of
Arezzo Indústria e Comércio S.A.
Belo Horizonte – MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Arezzo Indústria e Comércio S.A. ("Company"), included in the Quarterly Information Form – ITR, for the quarter ended March 31, 2022, which comprises the balance sheet as of March 31, 2022, and related statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Technical Pronouncement *CPC 21 (R1) – Demonstração Intermediária* and with international standard IAS 34 – Interim Financial Reporting with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the *Comissão de Valores Mobiliários - CVM*, applicable to the preparation of the Quarterly Information Form – ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

Our review was carried out in accordance with the Brazilian and international standards on review engagements of interim financial information (*NBC TR 2410 – Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we became aware of all the significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that cause us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information Form – ITR referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Information Form - ITR, and presented in accordance with the standards issued by the *Comissão de Valores Mobiliários - CVM*.

Other matters - Statements of value added

The interim financial information above includes the statements of value added, individual and consolidated, for the three-month period ended March 31, 2022, prepared under the responsibility of Company's management and presented as supplementary information for the purposes of IAS 34. These statements were submitted to review procedures together with the review of the Quarterly Information Form - ITR, with the objective of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement *CPC 09 – Demonstração do Valor Adicionado (DVA)*. Based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in accordance with the criteria defined in this Pronouncement and consistent with the individual and consolidated interim financial information taken as a whole.

Porto Alegre, May 05, 2022

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6

(Original review report in Portuguese signed by)
Cristiano Jardim Seguecio
Contador CRC SP-244525/O-9 T-RS