

## Contents

### Company information

Capital composition	1
---------------------	---

### Parent company financial statements

Balance sheet – Assets	2
------------------------	---

Balance sheet – Liabilities and equity	3
--	---

Statement of income	5
---------------------	---

Statement of comprehensive income	6
-----------------------------------	---

Statement of cash flows – Indirect method	7
---	---

#### Statement of changes in equity

January 1, 2023 to March 31, 2023	9
-----------------------------------	---

January 1, 2022 to March 31, 2022	10
-----------------------------------	----

Statement of value added	11
--------------------------	----

### Consolidated financial statements

Balance sheet – Assets	12
------------------------	----

Balance sheet – Liabilities and equity	13
--	----

Statement of income	15
---------------------	----

Statement of comprehensive income	16
-----------------------------------	----

Statement of cash flows – Indirect method	17
---	----

#### Statement of changes in equity

January 1, 2023 to March 31, 2023	19
-----------------------------------	----

January 1, 2022 to March 31, 2022	20
-----------------------------------	----

Statement of value added	21
--------------------------	----

Management Discussion and Analysis	22
------------------------------------	----

Notes to the interim financial statements	57
---	----

### Reports and Statements

Independent auditor's review report – unqualified conclusion	103
--	-----

Report of the Supervisory Board or its equivalent	104
---	-----

Statement by the Company officers on the financial statements	105
---	-----

Statement by the Company officers on the independent auditor's report	106
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**Company information / Capital composition**

<b>Number of shares (units)</b>	<b>Current quarter ended March 31, 2023</b>
<b>Paid-up capital</b>	
<b>Common shares</b>	110,186,077
<b>Preferred shares</b>	0
<b>Total</b>	110,186,077
<b>Held in treasury</b>	
<b>Common shares</b>	0
<b>Preferred shares</b>	0
<b>Total</b>	0

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

<b>Account code</b>	<b>Account title</b>	<b>Current quarter ended March 31, 2023</b>	<b>Prior year ended December 31, 2022</b>
1	Total assets	4,667,781	4,084,636
1.01	Current assets	2,018,597	1,605,933
1.01.01	Cash and cash equivalents	5,093	8,006
1.01.02	Cash investments	542,923	178,204
1.01.02.01	Cash investments at fair value through profit or loss	542,923	178,204
1.01.02.01.03	Cash investments at fair value	542,923	178,204
1.01.03	Trade and other receivables	646,428	722,725
1.01.03.01	Trade receivables	646,428	722,725
1.01.04	Inventories	545,047	478,256
1.01.06	Taxes recoverable	189,119	165,562
1.01.06.01	Current tax assets	189,119	165,562
1.01.06.01.01	Income tax and social contribution recoverable	17,863	12,122
1.01.06.01.02	Taxes recoverable	171,256	153,440
1.01.08	Other current assets	89,987	53,180
1.01.08.03	Other	89,987	53,180
1.02	Non-current assets	2,649,184	2,478,703
1.02.01	Long-term receivables	252,189	326,325
1.02.01.04	Trade and other receivables	474	327
1.02.01.04.01	Trade receivables	474	327
1.02.01.07	Deferred tax assets	143,295	171,761
1.02.01.07.01	Deferred income tax and social contribution	89,804	83,669
1.02.01.07.02	Taxes recoverable	53,491	88,092
1.02.01.09	Receivables from related parties	73,350	117,841
1.02.01.09.02	Receivables from subsidiaries	19,695	20,242
1.02.01.09.05	Loans to related parties	53,655	97,599
1.02.01.10	Other non-current assets	35,070	36,396
1.02.01.10.03	Judicial deposits	26,646	25,282
1.02.01.10.04	Other receivables	8,424	11,114
1.02.02	Investments	1,034,293	927,670
1.02.02.01	Equity-accounted investees	1,031,433	924,810
1.02.02.01.02	Investments in subsidiaries	1,031,433	924,810
1.02.02.02	Investment properties	2,860	2,860
1.02.02.02.01	Investment properties	2,860	2,860
1.02.03	Property, plant and equipment	422,666	331,482
1.02.03.01	Property, plant and equipment in operation	422,666	331,482
1.02.04	Intangible assets	940,036	893,226
1.02.04.01	Intangible assets	940,036	893,226
1.02.04.01.02	Trademarks and patents	263,227	263,207
1.02.04.01.04	Software licenses	157,436	150,621
1.02.04.01.06	Goodwill	507,827	467,659
1.02.04.01.07	Customer relationships	11,546	11,739

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

<b>Account code</b>	<b>Account title</b>	<b>Current quarter ended March 31, 2023</b>	<b>Prior year ended December 31, 2022</b>
2	Total liabilities	4,667,781	4,084,636
2.01	Current liabilities	1,011,742	1,145,524
2.01.01	Salaries, vacation pay and social charges payable	63,421	132,497
2.01.01.01	Social charges	9,229	11,867
2.01.01.02	Salaries and vacation pay	54,192	120,630
2.01.02	Trade payables	517,840	649,454
2.01.02.01	Domestic suppliers	493,972	627,007
2.01.02.02	Foreign suppliers	23,868	22,447
2.01.03	Tax liabilities	17,925	17,527
2.01.03.01	Federal taxes	17,156	11,727
2.01.03.01.01	Income tax and social contribution payable	5,406	0
2.01.03.01.02	Other federal taxes	11,750	11,727
2.01.03.02	State taxes	700	5,654
2.01.03.03	Local taxes	69	146
2.01.04	Loans and borrowings	304,681	156,756
2.01.04.01	Loans and borrowings	304,681	156,756
2.01.04.01.01	In local currency	2,100	236
2.01.04.01.02	In foreign currency	302,581	156,520
2.01.05	Other liabilities	107,875	189,290
2.01.05.02	Other	107,875	189,290
2.01.05.02.01	Dividends and interest on capital payable	0	72,169
2.01.05.02.04	Other	42,377	81,054
2.01.05.02.05	Lease liabilities	39,315	34,294
2.01.05.02.06	Derivative financial liabilities	26,183	1,773
2.02	Non-current liabilities	939,378	285,320
2.02.01	Loans and borrowings	396,986	9,500
2.02.01.01	Loans and borrowings	396,986	9,500
2.02.01.01.01	In local currency	7,131	9,500
2.02.01.01.02	In foreign currency	389,855	0
2.02.02	Other liabilities	411,788	166,346
2.02.02.02	Other	411,788	166,346
2.02.02.02.04	Lease liabilities	186,662	114,838
2.02.02.02.05	Loans from related parties	225,126	51,508
2.02.04	Provisions	130,604	109,474
2.02.04.01	Provisions for tax, social security, labor and civil proceedings	11,310	11,726
2.02.04.01.02	Provision for social security and labor proceedings	7,950	8,353
2.02.04.01.04	Provision for civil proceedings	1,685	1,698
2.02.04.01.05	Provision for tax proceedings	1,675	1,675
2.02.04.02	Other provisions	119,294	97,748
2.02.04.02.04	Provision for net capital deficiency	116,574	95,284
2.02.04.02.05	Other payables	2,720	2,464
2.03	Equity	2,716,661	2,653,792
2.03.01	Paid-up capital	1,671,716	1,671,716
2.03.02	Capital reserves	174,295	176,094
2.03.02.05	Treasury shares	-6,237	-46
2.03.02.07	Capital reserve	180,532	176,140

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

<b>Account code</b>	<b>Account title</b>	<b>Current quarter ended March 31, 2023</b>	<b>Prior year ended December 31, 2022</b>
2.03.04	Revenue reserves	814,396	814,396
2.03.04.01	Legal reserve	78,746	78,746
2.03.04.05	Retained earnings reserve	174,861	174,861
2.03.04.07	Tax incentive reserve	560,789	560,789
2.03.05	Retained earnings	63,141	0
2.03.06	Carrying value adjustments	-6,887	-8,414

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

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
3.01	Revenue from sale of goods and/or services	810,430	608,046
3.02	Cost of sales and/or services	-434,524	-339,261
3.03	Gross profit	375,906	268,785
3.04	Operating expenses/income	-291,922	-142,283
3.04.01	Selling expenses	-208,608	-147,962
3.04.02	General and administrative expenses	-68,406	-65,137
3.04.04	Other operating income	4,753	44,582
3.04.05	Other operating expenses	-4,704	-3,485
3.04.06	Share of profit of equity-accounted investees	-14,957	29,719
3.05	Profit before finance costs and taxes	83,984	126,502
3.06	Net finance costs	-21,037	-8,843
3.06.01	Finance income	-13,828	-21,751
3.06.01.01	Interest income	10,790	12,214
3.06.01.02	Foreign exchange gains	-24,618	-33,965
3.06.02	Finance costs	-7,209	12,908
3.06.02.01	Interest expense	-26,249	-11,225
3.06.02.02	Foreign exchange losses	19,040	24,133
3.07	Profit before income taxes	62,947	117,659
3.08	Income tax and social contribution expense	194	-19,606
3.08.01	Current	-5,941	-12,054
3.08.02	Deferred	6,135	-7,552
3.09	Profit from continuing operations	63,141	98,053
3.11	Profit for the period	63,141	98,053
3.99	Earnings per share		
3.99.01	Basic earnings per share (R\$)		
3.99.01.01	Common shares	0.5735	0.9179
3.99.02	Diluted earnings per share (R\$)		
3.99.02.01	Common shares	0.5586	0.9008

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

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
4.01	Profit for the period	63,141	98,053
4.02	Other comprehensive income	1,527	8,116
4.02.01	Foreign currency translation differences for foreign operations	1,527	8,116
4.03	Total comprehensive income for the period	64,668	106,169

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

Account code	Account title	Current year to date	Prior year to date
		January 1, 2023 to March 31, 2023	January 1, 2022 to March 31, 2022
6.01	Net cash used in/from operating activities	-127,087	-159,371
6.01.01	Cash flows from operating activities	124,762	82,523
6.01.01.01	Profit before tax	63,141	98,053
6.01.01.02	Depreciation and amortization	28,736	18,553
6.01.01.03	Gain on sale of property, plant and equipment and intangible assets	209	0
6.01.01.05	Share of profit of equity-accounted investees	14,958	-29,719
6.01.01.06	Provision for labor, tax and civil proceedings	-416	-199
6.01.01.07	Interest and foreign exchange loss on loans	-13,743	-22,233
6.01.01.08	Interest income on cash investments	-4,845	-8,852
6.01.01.09	Loss allowance for trade receivables	-343	1,250
6.01.01.10	Complementary provision for inventory impairment	-1,963	4,734
6.01.01.11	Share option plan	4,390	3,436
6.01.01.12	Interest expense on lease liabilities	6,106	1,365
6.01.01.13	Income tax and social contribution expense	-194	19,606
6.01.01.14	Other	28,726	38,503
6.01.01.15	Tax credits	0	-41,974
6.01.02	Changes in assets and liabilities	-251,849	-241,894
6.01.02.01	Trade receivables	77,059	-2,273
6.01.02.02	Inventories	-64,828	-85,886
6.01.02.03	Changes in other current and non-current assets	-33,633	-40,500
6.01.02.04	Taxes recoverable	12,013	-18,677
6.01.02.05	Judicial deposits	-1,364	-290
6.01.02.07	Trade payables	-131,957	-50,563
6.01.02.08	Salaries and vacation pay	-71,512	-28,378
6.01.02.09	Taxes and social charges payable	1,282	-9,406
6.01.02.10	Other liabilities	-38,559	408
6.01.02.11	Interest paid on loans	-350	-6,329
6.02	Net cash used in investing activities	-538,784	-403,281
6.02.01	Acquisition of property, plant and equipment and intangible assets	-39,716	-36,639
6.02.03	Cash investments	-1,426,749	-1,088,825
6.02.04	Withdrawal of cash investments	1,065,906	725,289
6.02.05	Capital contribution to subsidiaries	-138,225	-4,769
6.02.07	Transactions with related parties	0	-56
6.02.08	Cash from acquired subsidiary	0	1,719
6.03	Net cash from financing activities	662,958	573,371
6.03.01	Proceeds from loans and borrowings	550,000	0
6.03.02	Repayment of borrowings	-496	-196,115
6.03.03	Proceeds from exercise of share options	0	389
6.03.04	Repayment of loans by related parties	217,441	39,771
6.03.05	Interest on capital paid	-82,107	-33,785
6.03.06	Dividends paid	0	-26,215
6.03.07	Proceeds from issue of share capital	0	833,794
6.03.08	Share issue costs	0	-36,776
6.03.10	Payment of lease liabilities	-15,689	-7,692
6.03.11	Repurchase of shares	-6,191	



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

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
6.05	Increase/decrease in cash and cash equivalents	-2,913	10,719
6.05.01	Cash and cash equivalents at the beginning of the period	8,006	2,448
6.05.02	Cash and cash equivalents at the end of the period	5,093	13,167

**Parent company financial statements / Statement of changes in equity – January 1, 2023 to March 31, 2023 (In thousands of Brazilian real)**

Account Code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Equity
5.01	Opening balances	1,671,716	176,094	814,396	0	-8,414	2,653,792
5.03	Adjusted opening balances	1,671,716	176,094	814,396	0	-8,414	2,653,792
5.04	Transactions with owners of the Company	0	-1,799	0	0	0	-1,799
5.04.03	Share options granted	0	4,392	0	0	0	4,392
5.04.04	Treasury shares acquired	0	-6,191	0	0	0	-6,191
5.05	Total comprehensive income	0	0	0	63,141	1,527	64,668
5.05.01	Profit for the period	0	0	0	63,141	0	63,141
5.05.02	Other comprehensive income	0	0	0	0	1,527	1,527
5.05.02.04	Cumulative translation adjustments	0	0	0	0	1,527	1,527
5.07	Closing balances	1,671,716	174,295	814,396	63,141	-6,887	2,716,661

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

Account code	Account title	Paid-up capital	Capital reserves share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	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	Transactions with owners of the Company	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 for 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

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

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
7.01	Revenue	925,135	699,249
7.01.01	Sales of goods, products and services	924,792	700,499
7.01.04	Loss allowance for trade receivables/reversal	343	-1,250
7.02	Cost of bought-in goods and services	-724,864	-532,929
7.02.01	Cost of sales	-551,777	-430,808
7.02.02	Materials, electric power, outsourced services and other	-168,490	-100,059
7.02.04	Other	-4,597	-2,062
7.03	Gross value added	200,271	166,320
7.04	Deductions	-28,736	-18,553
7.04.01	Depreciation, amortization and depletion	-28,736	-18,553
7.05	Net value added produced by the entity	171,535	147,767
7.06	Value added received by transfer	190	83,213
7.06.01	Share of profit of investees accounted for using the equity method	-14,957	29,719
7.06.02	Finance income	10,582	8,864
7.06.03	Other	4,565	44,630
7.07	Total value added to distribute	171,725	230,980
7.08	Distribution of value added	171,725	230,980
7.08.01	To employees	89,642	72,748
7.08.01.01	Salaries and wages	69,083	51,758
7.08.01.02	Benefits	7,862	3,810
7.08.01.03	Government severance indemnity fund for employees (FGTS)	6,391	4,630
7.08.01.04	Other	6,306	12,550
7.08.01.04.01	Employee profit sharing	0	-110
7.08.01.04.02	Other	1,790	9,128
7.08.01.04.03	Share option and restricted stock plans	4,516	3,532
7.08.02	To government (taxes and duties)	-19,332	34,799
7.08.02.01	Federal	6,761	50,470
7.08.02.02	State	-27,976	-17,107
7.08.02.03	Local	1,883	1,436
7.08.03	To capital providers (creditors and lenders)	38,274	25,380
7.08.03.01	Interest	11,010	4,606
7.08.03.02	Rentals	6,655	7,673
7.08.03.03	Other	20,609	13,101
7.08.03.03.01	Finance costs	20,609	13,101
7.08.04	To shareholders/value retained in the business	63,141	98,053
7.08.04.03	Profit retained	63,141	98,053

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

<b>Account code</b>	<b>Account title</b>	<b>Current quarter ended March 31, 2023</b>	<b>Prior year ended December 31, 2022</b>
1	Total assets	5,131,922	4,659,264
1.01	Current assets	2,691,016	2,383,445
1.01.01	Cash and cash equivalents	83,603	28,826
1.01.02	Cash investments	699,465	447,608
1.01.02.01	Cash investments at fair value through profit or loss	699,465	447,608
1.01.02.01.03	Cash investments at fair value	699,465	447,608
1.01.03	Trade and other receivables	743,011	867,582
1.01.03.01	Trade receivables	743,011	867,582
1.01.04	Inventories	842,526	772,060
1.01.06	Taxes recoverable	222,504	201,212
1.01.06.01	Current tax assets	222,504	201,212
1.01.06.01.01	Income tax and social contribution recoverable	19,291	13,678
1.01.06.01.02	Taxes recoverable	203,213	187,534
1.01.08	Other current assets	99,907	66,157
1.01.08.03	Other	99,907	66,157
1.01.08.03.01	Other receivables	99,907	66,157
1.02	Non-current assets	2,440,906	2,275,819
1.02.01	Long-term receivables	297,353	317,663
1.02.01.04	Trade and other receivables	478	330
1.02.01.04.01	Trade receivables	478	330
1.02.01.07	Deferred tax assets	126,599	119,270
1.02.01.07.01	Deferred income tax and social contribution	126,599	119,270
1.02.01.10	Other non-current assets	170,276	198,063
1.02.01.10.03	Judicial deposits	93,210	81,108
1.02.01.10.04	Other receivables	11,065	14,405
1.02.01.10.05	Taxes recoverable	66,001	102,550
1.02.02	Investments	3,761	3,162
1.02.02.02	Investment properties	3,761	3,162
1.02.02.02.01	Investment properties	3,761	3,162
1.02.03	Property, plant and equipment	769,765	691,582
1.02.03.01	Property, plant and equipment in operation	769,765	691,582
1.02.04	Intangible assets	1,370,027	1,263,412
1.02.04.01	Intangible assets	1,370,027	1,263,412
1.02.04.01.02	Trademarks and patents	360,601	354,465
1.02.04.01.04	Software licenses	163,680	156,570
1.02.04.01.06	Goodwill	831,417	737,656
1.02.04.01.07	Customer relationships	13,267	13,659
1.02.04.01.08	Other	1,062	1,062

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

<b>Account code</b>	<b>Account title</b>	<b>Current quarter ended March 31, 2023</b>	<b>Prior year ended December 31, 2022</b>
2	Total liabilities	5,131,922	4,659,264
2.01	Current liabilities	1,589,572	1,635,360
2.01.01	Salaries, vacation pay and social charges payable	89,335	162,115
2.01.01.01	Social charges	13,397	16,679
2.01.01.02	Salaries and vacation pay	75,938	145,436
2.01.02	Trade payables	571,535	671,662
2.01.02.01	Domestic suppliers	547,570	648,322
2.01.02.02	Foreign suppliers	23,965	23,340
2.01.03	Tax liabilities	33,384	57,070
2.01.03.01	Federal taxes	14,369	28,953
2.01.03.01.01	Income tax and social contribution payable	8,538	14,300
2.01.03.01.02	Other federal taxes	5,831	14,653
2.01.03.02	State taxes	18,807	27,672
2.01.03.03	Local taxes	208	445
2.01.04	Loans and borrowings	663,004	392,254
2.01.04.01	Loans and borrowings	663,004	392,254
2.01.04.01.01	In local currency	104,798	642
2.01.04.01.02	In foreign currency	558,206	391,612
2.01.05	Other liabilities	232,314	352,259
2.01.05.02	Other	232,314	352,259
2.01.05.02.01	Dividends and interest on capital payable	0	72,169
2.01.05.02.04	Other	79,752	113,051
2.01.05.02.05	Lease liabilities	93,790	89,648
2.01.05.02.06	Payables for acquisition of subsidiaries	32,589	75,618
2.01.05.02.07	Derivative financial liabilities	26,183	1,773
2.02	Non-current liabilities	800,389	369,311
2.02.01	Loans and borrowings	397,089	9,619
2.02.01.01	Loans and borrowings	397,089	9,619
2.02.01.01.01	In local currency	7,234	9,619
2.02.01.01.02	In foreign currency	389,855	0
2.02.02	Other liabilities	384,546	338,495
2.02.02.02	Other	384,546	338,495
2.02.02.02.01	Share-based payments	41,904	51,141
2.02.02.02.03	Lease liabilities	339,922	284,889
2.02.02.02.04	Other payables	2,720	2,465
2.02.03	Deferred tax liabilities	1,651	3,421
2.02.03.01	Deferred income tax and social contribution	1,651	3,421
2.02.04	Provisions	17,103	17,776
2.02.04.01	Provision for tax, social security, labor and civil proceedings	17,103	17,776
2.02.04.01.02	Provision for social security and labor proceedings	12,992	13,655
2.02.04.01.04	Provision for civil proceedings	2,067	2,077
2.02.04.01.05	Provision for tax proceedings	2,044	2,044
2.03	Consolidated equity	2,741,961	2,654,593
2.03.01	Paid-up capital	1,671,716	1,671,716
2.03.02	Capital reserves	174,295	176,094
2.03.02.05	Treasury shares	-6,237	-46

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

<b>Account code</b>	<b>Account title</b>	<b>Current quarter ended March 31, 2023</b>	<b>Prior year ended December 31, 2022</b>
2.03.02.07	Capital reserves	180,532	176,140
2.03.04	Revenue reserves	814,396	814,396
2.03.04.01	Legal reserve	78,746	78,746
2.03.04.05	Profit reserve	174,861	174,861
2.03.04.07	Tax incentive reserve	560,789	560,789
2.03.05	Retained earnings	63,141	0
2.03.06	Carrying value adjustments	-6,887	-8,414
2.03.09	Non-controlling interests	25,300	801

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

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
3.01	Revenue from sale of goods and/or services	1,025,291	839,576
3.02	Cost of sales	-488,467	-390,836
3.03	Gross profit	536,824	448,740
3.04	Operating income/expenses	-432,000	-287,588
3.04.01	Selling expenses	-347,500	-289,081
3.04.02	General and administrative expenses	-82,774	-73,816
3.04.04	Other operating income	8,745	78,870
3.04.05	Other operating expenses	-10,471	-3,561
3.05	Profit before finance costs and taxes	104,824	161,152
3.06	Net finance costs	-39,591	-20,407
3.06.01	Finance income	-7,298	-13,751
3.06.01.01	Interest income	14,792	14,016
3.06.01.02	Foreign exchange gains	-22,090	-27,767
3.06.02	Finance costs	-32,293	-6,656
3.06.02.01	Interest expense	-50,586	-21,060
3.06.02.02	Foreign exchange losses	18,293	14,404
3.07	Profit before income taxes	65,233	140,745
3.08	Income tax and social contribution expense	-1,848	-43,460
3.08.01	Current	-10,947	-39,603
3.08.02	Deferred	9,099	-3,857
3.09	Profit from continuing operations	63,385	97,285
3.11	Consolidated profit for the period	63,385	97,285
3.11.01	Attributable to owners of the Parent company	63,141	98,053
3.11.02	Attributable to non-controlling interests	244	-768
3.99	Earnings per share		
3.99.01	Basic earnings per share (R\$)		
3.99.01.01	Common shares	0.5735	0.9179
3.99.02	Diluted earnings per share (R\$)		
3.99.02.01	Common shares	0.5586	0.9008



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

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
4.01	Consolidated profit for the period	63,385	97,285
4.02	Other comprehensive income	1,527	8,116
4.02.01	Foreign currency translation differences for foreign operations	1,527	8,116
4.03	Total consolidated comprehensive income for the period	64,912	105,401
4.03.01	Attributable to owners of the Parent company	64,668	106,169
4.03.02	Attributable to non-controlling interests	244	-768

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

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
6.01	Net cash from operating activities	-76,640	-4,515
6.01.01	Cash flows from operating activities	126,025	111,984
6.01.01.01	Profit before tax	63,385	97,285
6.01.01.02	Depreciation and amortization	49,396	33,433
6.01.01.03	Gain on disposal of property, plant and equipment and intangible assets	-146	45
6.01.01.06	Provision for labor, tax and civil proceedings	-673	159
6.01.01.07	Interest and foreign exchange gain on loans	-16,340	-39,504
6.01.01.08	Interest income on cash investments	-11,725	-10,672
6.01.01.09	Loss allowance for trade receivables	-1,140	2,179
6.01.01.10	Complementary provision for inventory impairment	1,765	2,782
6.01.01.11	Share option plan	4,390	3,436
6.01.01.12	Interest expense on lease liabilities	9,706	2,603
6.01.01.13	Income tax and social contribution expense	1,848	43,460
6.01.01.14	Tax credits	-3,166	-65,607
6.01.01.15	Other	28,725	42,385
6.01.02	Changes in assets and liabilities	-189,523	-93,813
6.01.02.01	Trade receivables	142,656	157,533
6.01.02.02	Inventories	-66,533	-106,509
6.01.02.03	Changes on other current assets	-30,962	-33,364
6.01.02.04	Taxes recoverable	21,483	-19,452
6.01.02.05	Judicial deposits	-12,102	-1,097
6.01.02.06	Interest paid on loans	-1,078	-7,178
6.01.02.07	Trade payables	-119,461	13,993
6.01.02.08	Salaries and vacation pay	-73,813	-42,620
6.01.02.09	Taxes and social charges payable	-14,833	-20,917
6.01.02.10	Changes in other current liabilities	-34,880	-34,202
6.01.03	Other	-13,142	-22,686
6.01.03.01	Income tax and social contribution paid	-13,142	-22,686
6.02	Net cash used in investing activities	-424,500	-446,224
6.02.01	Acquisition of property, plant and equipment and intangible assets	-50,998	-40,835
6.02.03	Cash investments	-1,747,817	-1,327,994
6.02.04	Withdrawal of cash investments	1,504,626	972,588
6.02.08	Acquisition of subsidiary	-130,311	-49,983
6.03	Net cash from financing activities	554,116	515,620
6.03.01	Proceeds from loans and borrowings	703,194	26,327
6.03.02	Repayment of borrowings	-27,556	-230,200
6.03.03	Proceeds from exercise of share options	0	389
6.03.04	Proceeds from issue of share capital	0	833,794
6.03.05	Interest on capital paid	-82,107	-33,785
6.03.06	Dividends paid	0	-26,215
6.03.08	Share issue costs	0	-36,776
6.03.10	Payment of lease liabilities	-33,224	-17,914
6.03.11	Repurchase of shares	-6,191	0
6.04	Effect of movements in exchange rates on cash held	1,801	8,116
6.05	Increase/decrease in cash and cash equivalents	54,777	72,997

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

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
6.05.01	Cash and cash equivalents at the beginning of the period	28,826	33,750
6.05.02	Cash and cash equivalents at the end of the period	83,603	106,747

**Consolidated financial statements / Statement of changes in equity – January 1, 2023 to March 31, 2023 (In thousands of Brazilian real)**

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	1,671,716	176,094	814,396	0	-8,414	2,653,792	801	2,654,593
5.03	Adjusted opening balances	1,671,716	176,094	814,396	0	-8,414	2,653,792	801	2,654,593
5.04	Transactions with owners of the Company	0	-1,799	0	0	0	-1,799	24,255	22,456
5.04.01	Increases of share capital	0	0	0	0	0	0	416	416
5.04.03	Share options granted	0	4,392	0	0	0	4,392	0	4,392
5.04.04	Treasury shares acquired	0	-6,191	0	0	0	-6,191	0	-6,191
5.04.08	Acquisition of subsidiary with non-controlling interests	0	0	0	0	0	0	23,839	23,839
5.05	Total comprehensive income	0	0	0	63,141	1,527	64,668	244	64,912
5.05.01	Profit for the period	0	0	0	63,141	0	63,141	244	63,385
5.05.02	Other comprehensive income	0	0	0	0	1,527	1,527	0	1,527
5.05.02.04	Cumulative translation adjustments	0	0	0	0	1,527	1,527	0	1,527
5.07	Closing balances	1,671,716	174,295	814,396	63,141	-6,887	2,716,661	25,300	2,741,961

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

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Equity	Non-controlling interests	Consolidated 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	Transactions with owners of the Company	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 for 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

**Consolidated financial statements / Statement of value added (In thousands of Brazilian real)**

<b>Account code</b>	<b>Account title</b>	<b>Current year to date January 1, 2023 to March 31, 2023</b>	<b>Prior year to date January 1, 2022 to March 31, 2022</b>
7.01	Revenue	1,164,574	962,525
7.01.01	Sales of goods, products and services	1,163,434	962,134
7.01.04	Loss allowance for trade receivables/reversal	1,140	391
7.02	Cost of bought-in goods and services	-846,763	-683,637
7.02.01	Cost of sales	-556,457	-459,105
7.02.02	Materials, electric power, outsourced services and other	-280,082	-216,126
7.02.04	Other	-10,224	-8,406
7.03	Gross value added	317,811	278,888
7.04	Deductions	-49,396	-33,433
7.04.01	Depreciation, amortization and depletion	-49,396	-33,433
7.05	Net value added produced by the entity	268,415	245,455
7.06	Value added received by transfer	19,904	95,715
7.06.02	Finance income	17,114	16,874
7.06.03	Other	2,790	78,841
7.07	Total value added to distribute	288,319	341,170
7.08	Distribution of value added	288,319	341,170
7.08.01	To employees	141,178	107,782
7.08.01.01	Salaries and wages	111,516	80,246
7.08.01.02	Benefits	11,861	6,979
7.08.01.03	Government severance indemnity fund for employees (FGTS)	9,272	6,547
7.08.01.04	Other	8,529	14,010
7.08.01.04.01	Employee profit sharing	447	-54
7.08.01.04.02	Other	3,566	10,532
7.08.01.04.03	Share option and restricted stock plans	4,516	3,532
7.08.02	To government (taxes and duties)	13,257	82,350
7.08.02.01	Federal	20,158	85,647
7.08.02.02	State	-9,578	-5,413
7.08.02.03	Local	2,677	2,116
7.08.03	To capital providers (creditors and lenders)	70,500	53,753
7.08.03.01	Interest	21,928	6,033
7.08.03.02	Rentals	13,795	16,483
7.08.03.03	Other	34,777	31,237
7.08.03.03.01	Finance costs	34,777	31,237
7.08.04	To shareholders/value retained in the business	63,384	97,285
7.08.04.03	Profit retained	63,141	98,053
7.08.04.04	Non-controlling interests in retained profit	243	-768

# 1Q23 EARNINGS RELEASE

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

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

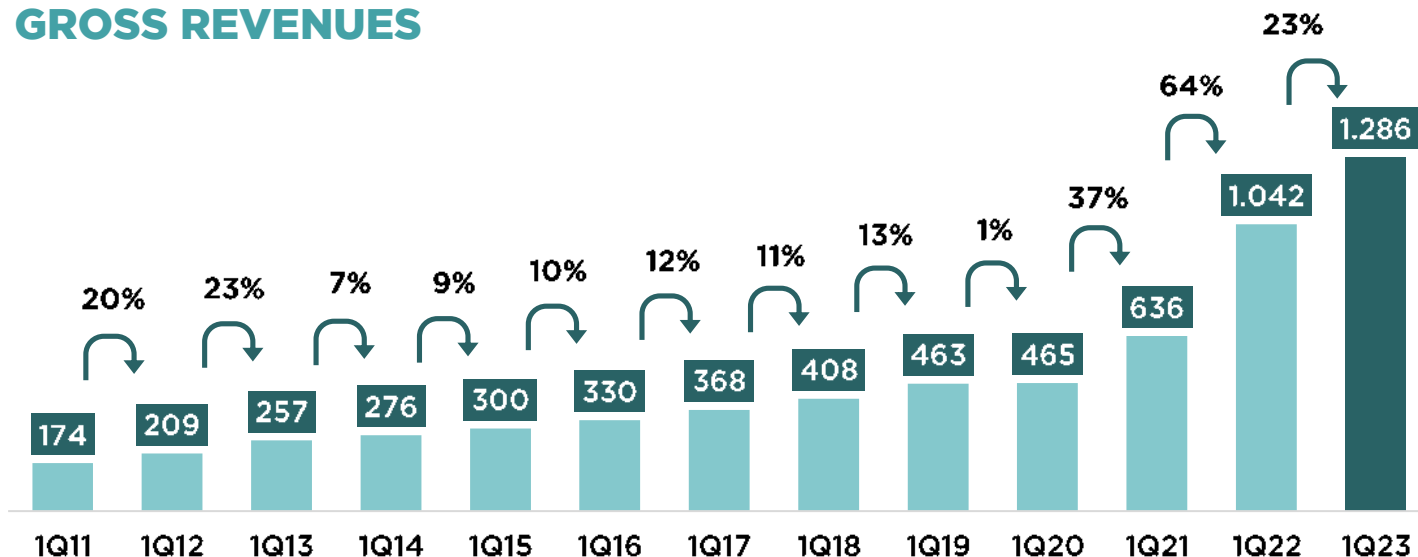
## FINANCIAL/OPERATIONAL HIGHLIGHTS

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

*\*active purchases in the last 12 months*

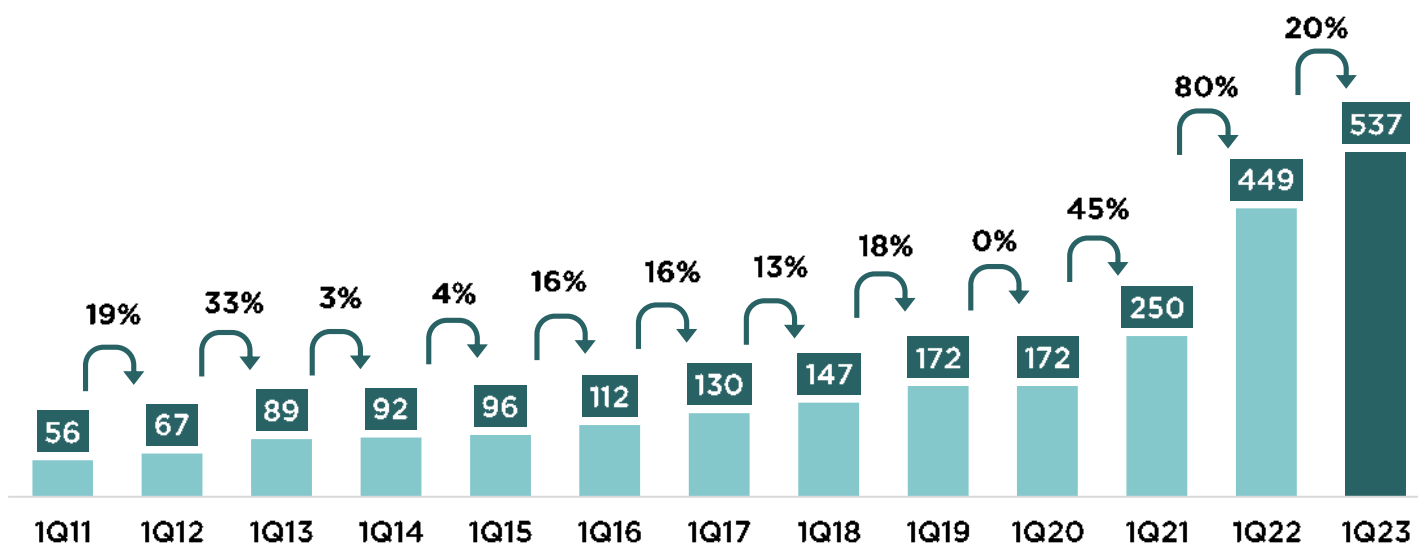
# KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

## GROSS REVENUES



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

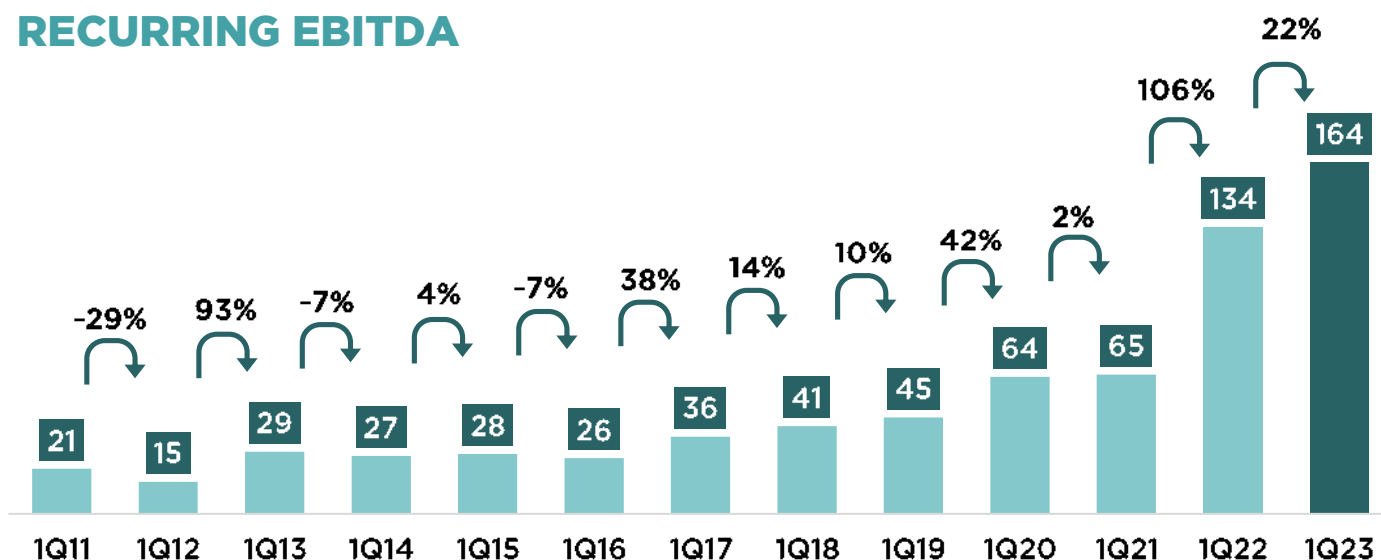
## GROSS PROFIT





# KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

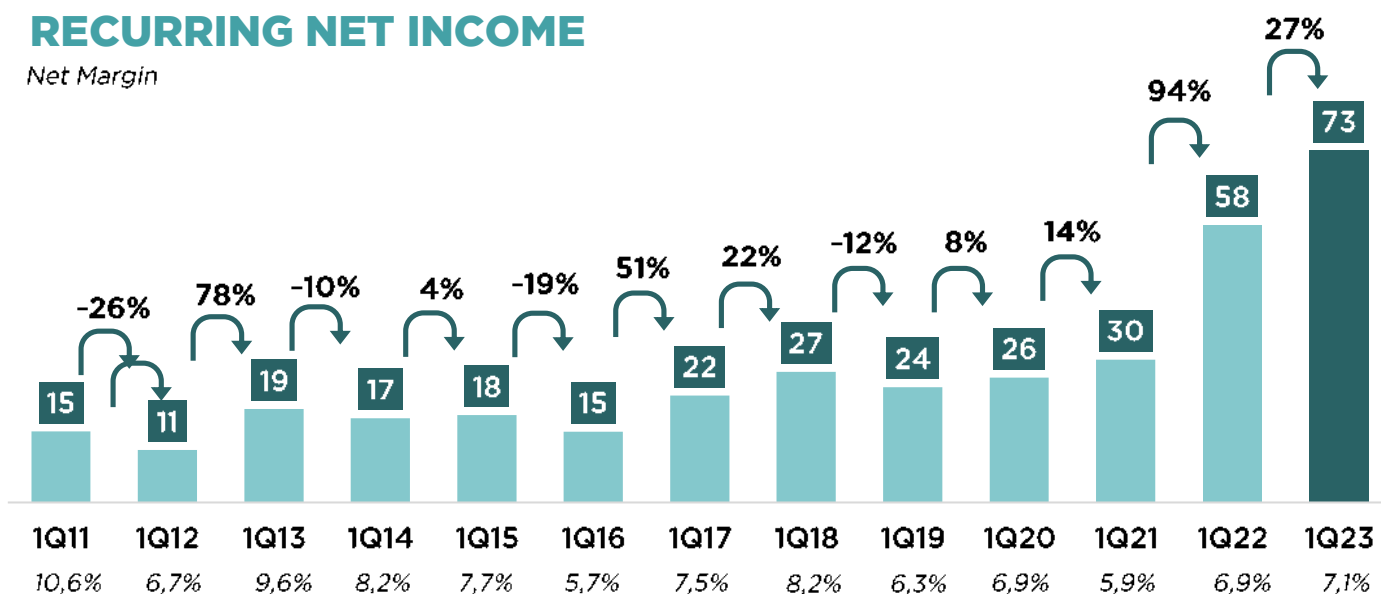
## RECURRING EBITDA



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

## RECURRING NET INCOME

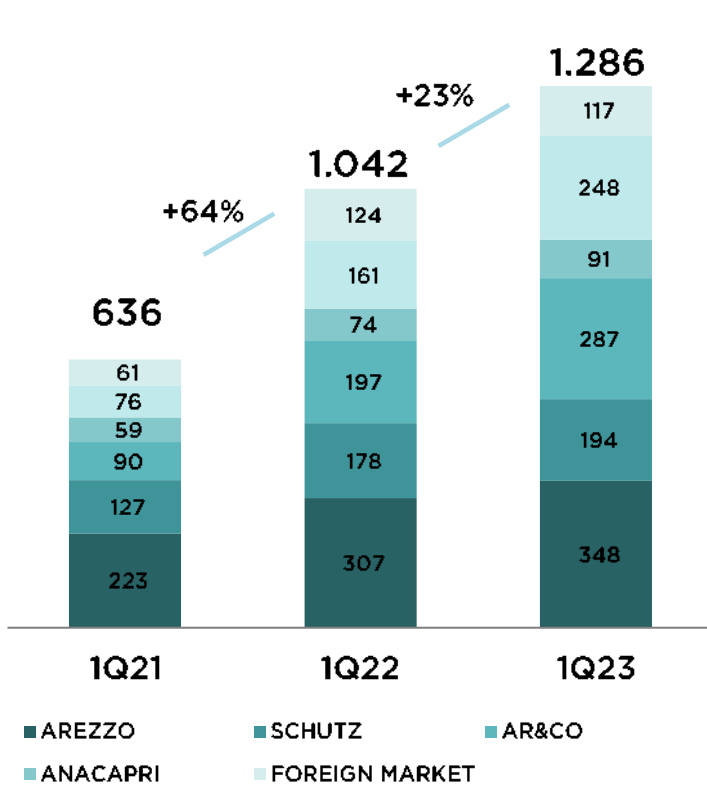
Net Margin



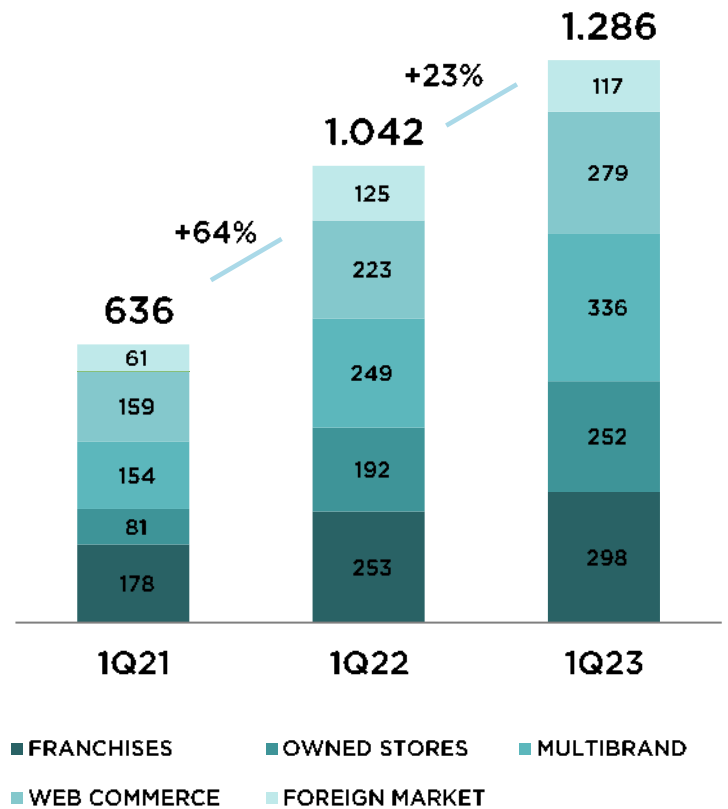
IN 1Q22, RECURRING NET INCOME REPRESENTED 15% OF CONSOLIDATED NET INCOME IN 2022 (R\$ 386 MILLION).

# KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

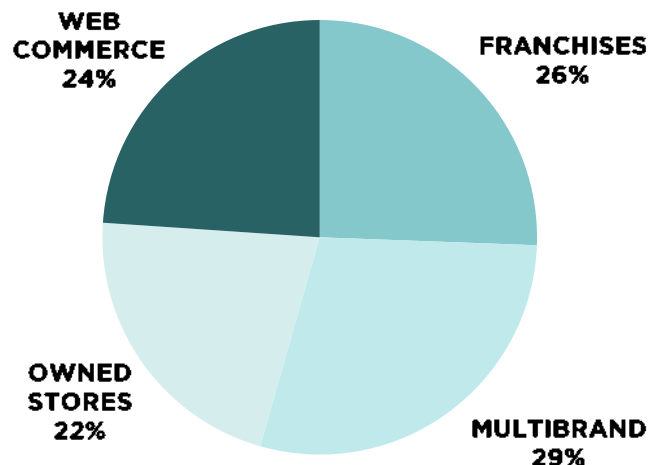
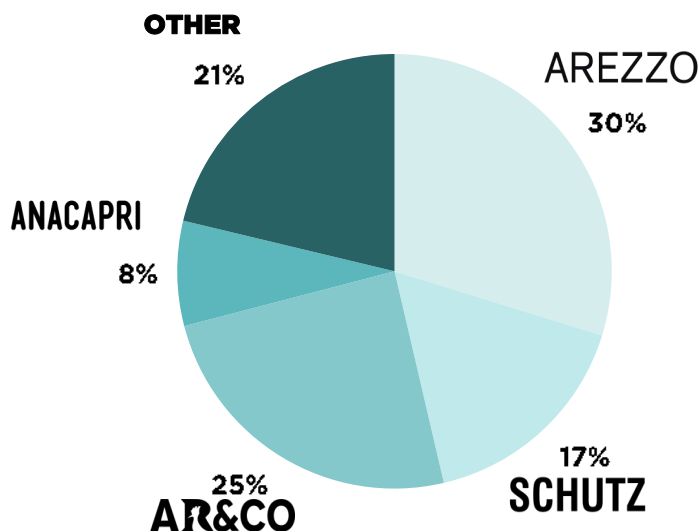
**GROSS REVENUES BY BRAND**  
(R\$ M)



**GROSS REVENUES BY CHANNEL**  
(R\$ M)



## GROSS REVENUES BREAKDOWN



# 1Q23

## OMNICHANNEL HIGHLIGHTS

### 1. WEB COMMERCE SALES

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

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

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

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

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

### 2. OMNICHANNEL SALES

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

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

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

### 3. CRM

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

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

**32%** OF CUSTOMERS SHOP ONLINE

**9%** OF CUSTOMERS ARE OMNI

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

# R\$ 235M

INFLUENCED SALES  
(+42% VS 1Q22)

# R\$ 82M

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

RECORD VOLUM

# 5.5M

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

# 1Q23 BRANDS HIGHLIGHTS

## AREZZO

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

## ANACAPRI

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

## AR&CO

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

## SCHUTZ

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

## ALEXANDRE BIRMAN

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

# 1Q23 GROSS REVENUE

Gross Revenue	1Q23	Part%	1Q22	Part%	Δ	Δ (%) 23 x 22
<b>Total Gross Revenue</b>	1.285.947		1.042.083		243.864	23,4%
<b>Foreign Market</b>	117.308	9,1%	124.990	12,0%	- 7.682	(6,1%)
<b>Domestic Market</b>	1.168.639	90,9%	917.093	88,0%	251.546	27,4%
<b>By Brand</b>						
<b>Arezzo</b>	347.955	29,8%	306.724	33,4%	41.231	13,4%
<b>Schutz<sup>1</sup></b>	193.731	16,6%	178.416	19,5%	15.315	8,6%
<b>AR&amp;CO<sup>2</sup></b>	287.353	24,6%	197.055	21,5%	90.298	45,8%
<b>Anacapri</b>	91.195	7,8%	74.292	8,1%	16.903	22,8%
<b>Others<sup>3</sup></b>	248.405	21,3%	160.606	17,5%	87.799	54,7%
<b>By Channel</b>						
<b>Franchises</b>	298.018	25,5%	252.978	27,6%	45.040	17,8%
<b>Multibrand</b>	335.791	28,7%	248.576	27,1%	87.215	35,1%
<b>Owned Stores</b>	252.238	21,6%	191.360	20,9%	60.878	31,8%
<b>Web Commerce</b>	278.764	23,9%	223.421	24,4%	55.343	24,8%
<b>Others<sup>4</sup></b>	3.828	0,3%	758	0,1%	3.070	N/A

(1) Ex- revenues from international operations

(2) AR&CO includes the brands: Reserva, ReservaMini, Ohana Reserva, Reserva Go, INK, Simplex, Reversa, TROC and BAW

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

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

(5) Includes domestic market revenues not specific to distribution channels

# 1Q23 OPERATING INDICATORS

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

(1) Includes apparel sold by the brands AR&CO, Vans, Schutz and Carol Bassi

(2) SSS (same-store sales) store are included in comparable store sales from the 13th month in operation

Results include AR&CO

\* Includes overseas stores

# GROSS REVENUE LTM

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

(1) Ex-revenues from international operations

(2) AR&CO includes the brands: Reserva, ReservaMini, Ocinia Reserva, Reserva Go, INK, Simples, Reversa, TROC and BAW

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

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

(5) Includes domestic market revenues not specific to distribution channels

# OPERATING INDICATORS LTM

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

(1) Includes apparel sold by the brands AR&CO, Vans, Schutz and Carol Bassi

(2) SSS (same-store sales) store are included in comparable store sales from the 13th month in operation  
Results include AR&CO

\* Includes overseas stores

# 1Q23 MAIN FINANCIAL INDICATORS

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

\* More disclosure in the expenses section on page 20

# EBITDA AND NET INCOME RECONCILIATION

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

It is worth emphasizing that 1Q22 results had a R\$ 64.1 million positive impact from the appropriation of one-off PIS/COFINS credits on certain marketing expenses, software, and others, that the Company incurred in the pursuit of its corporate purpose.

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

\* Logistics expenses in duplicity related to the expansion of the Distribution Center in Caracica

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



# CHANNELS

## SELL OUT - FRANCHISES, OWNED STORES AND WEB COMMERCE

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

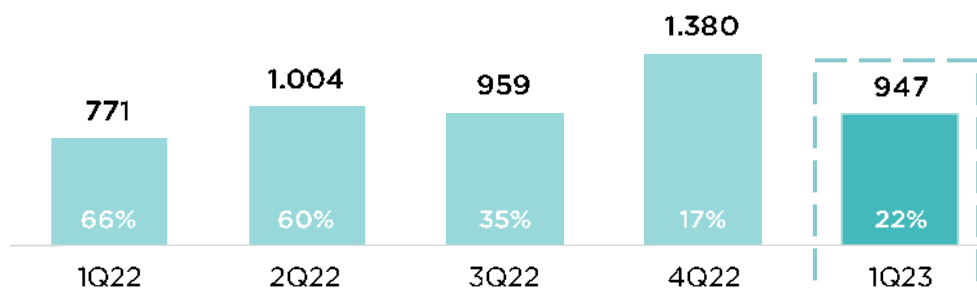
All of the Company's brands posted increase first-quarter sell out. The Vans brand, once again, posted strong growth levels, at 48.8% vs 1Q22, followed by AR&CO, which grew 44.1% compared to the same period of last year.

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

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

VS PREVIOUS YEAR

+ R\$ 176 MILLION IN SELL OUT VS 2022



**+22% GROWTH OVER A 66% COMPARASION BASE**

**R\$947M**  
DTC SELL OUT  
IN 1Q23

**+22%**  
SELL OUT  
GROWTH  
vs 1Q22

# CHANNELS

## MONOBRAND - FRANCHISES AND OWNED STORES

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

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

## MULTIBRANDS

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

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

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

## WEB COMMERCE

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

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

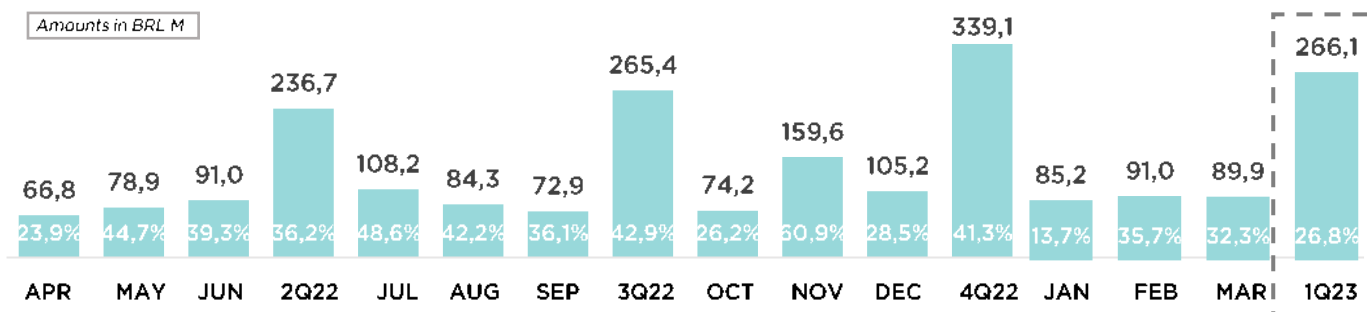
For yet another quarter, Arezzo&Co's digital channel displayed evolution on its key indicators, such as traffic growth, tickets and sales through the brands' apps. The app sales were R\$ 82 million in 1Q23, growth of 40.1% vs the previous year. This sales mode already answers for 30.9% of web commerce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

# CHANNELS

## WEB COMMERCE SELL OUT EVOLUTION

Arezzo&CO and AR&Co

Amounts in BRL M



## DIGITAL TRANSFORMATION

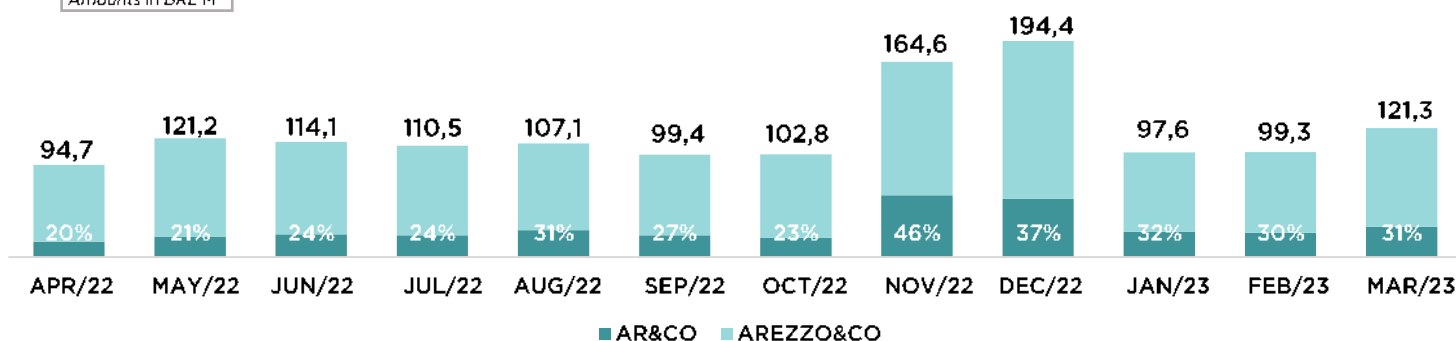
The sell out through Arezzo&Co's digital tools - web commerce, omnichannel and the salesperson app -, reached **R\$ 2.5 billion in sell out revenues** in the last 12 months. The sales through physical stores' digital tools stood for 53.8% of physical stores' sell out in the period. The digital tools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

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

## AREZZO&CO GROUP DIGITAL REVENUES

Revenues from Digital Tools + Salesperson App (Proprietary)

Amounts in BRL M



**R\$1.1B**

WEB COMMERCE  
SELL OUT (LTM)

**R\$1.4B**

DIGITAL REVENUES  
(LTM)

**R\$2.5B**

WEB SELL OUT +  
DIGITAL TOOLS (LTM)

# CHANNELS

## DIGITAL TRANSFORMATION

### ONLINE CHANNEL PENETRATION

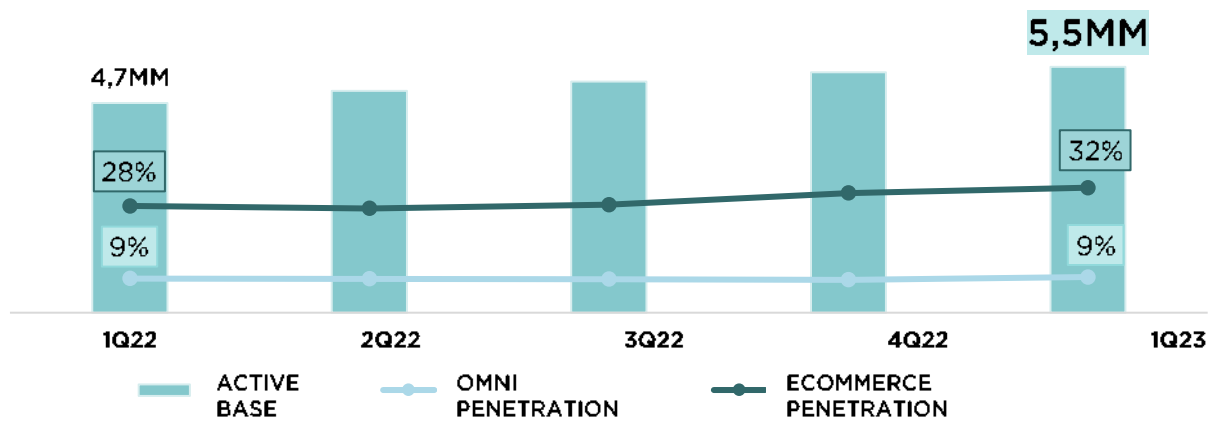
Record-setting volume of active customers in Arezzo&Co's base in the quarter: **5.5 million**, growth of 19% in the quarter.

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

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

**32%** of Arezzo&Co customers buy online;

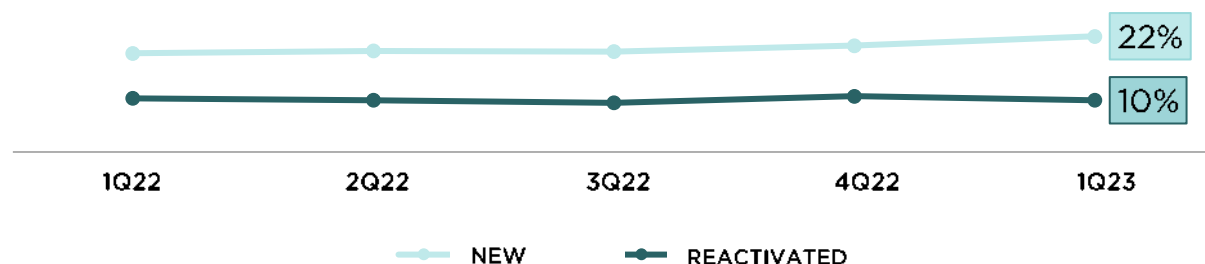
**9%** of customers are omnichannel (they buy both physically and online).



**+21%**  
OMNI CUSTOMERS

**+28%**  
CUSTOMER REVENUES

### NEW CUSTOMERS AND RETENTION



# MONOBRANDS CHAIN

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

In the last 12 months, Arezzo&Co opened **80 net stores**, including 45 franchises and 35 owned stores. The store openings were mainly concentrated in the AR&CO, Anacapri and Vans brands, in line with the Company's store expansion strategy. In addition, Arezzo&Co posted a 8% total sales area growth (m<sup>2</sup>).

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

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

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

(1) Includes overseas stores' floor area

(2) Includes twenty Outlet-type stores with total floor area of 3.635 m<sup>2</sup>

(3) Includes floor area of expanded stores

(4) Includes 3 Schutz brand stores, as follows: (i) New York, Madison Avenue; (ii) Miami, in the Aventura Mall, and (iii) Los Angeles,

Beverly Drive. Also includes 2 Alexandre Birman stores, as follows: (i) New York, Madison Avenue and (ii) Miami, Bal Harbour Mall

# GROSS INCOME AND GROSS MARGIN

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

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

## RECURRING OPERATING EXPENSES

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

### Recurring Commercial Expenses

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

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

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

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

# RECURRING OPERATING EXPENSES

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

## Recurring General and Administrative Expenses

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

## Fixed, Variable and Occasional Expenses

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

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

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

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

# RECURRING EBITDA AND RECURRING EBITDA MARGIN

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

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

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

ARZZ *International* includes foreign-market revenues (exports and own operations in the United States and Europe)  
\*Amounts in BRL - M // Amounts in line with IFRS 16 / CPC 06 (R2)

# NET INCOME AND RECURRING NET MARGIN

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

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

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



# ROIC - RETURN ON INVESTED CAPITAL

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

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

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

(2) Minus deferred Income tax and Social Contribution

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

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

## INVESTMENTS - CAPEX

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

### Stores

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

### Corporate

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

# INVESTMENTS - CAPEX

## Others

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

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

# CASH AND DEBT POSITION

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

- **Gross cash position: R\$ 783 million**
  - Impact of acquisitions: R\$ 199 million (Paris Texas, Carol Bassi and HG).
  - Impact of the payment of Interest on Equity in Jan/23 of R\$ 72 million.
  - Excluding these non-operating items, **net debt would have been R\$ 6 million.**
- The Company's indebtedness level has changed due to preemptive contracting of lines of credit in the light of recent months' macroeconomic scenario. These lines did not materially change the total cost of debt, which remains very healthy.

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

## BRANDS PERFORMANCE

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

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

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

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



# AREZZO

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

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

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

# SCHUTZ

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

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

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



# AR&CO

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

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

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

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

**VANS**

**"OFF THE WALL"**

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

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



# ANACAPRI

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

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

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



ALEXANDRE

# BIRMAN

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

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

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

# CAROL BASSI

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

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

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

# ALME

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

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

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

# INTERNATIONAL BUSINESS

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

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

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

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

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

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

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



# BALANCE SHEET

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

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

# INCOME STATEMENT

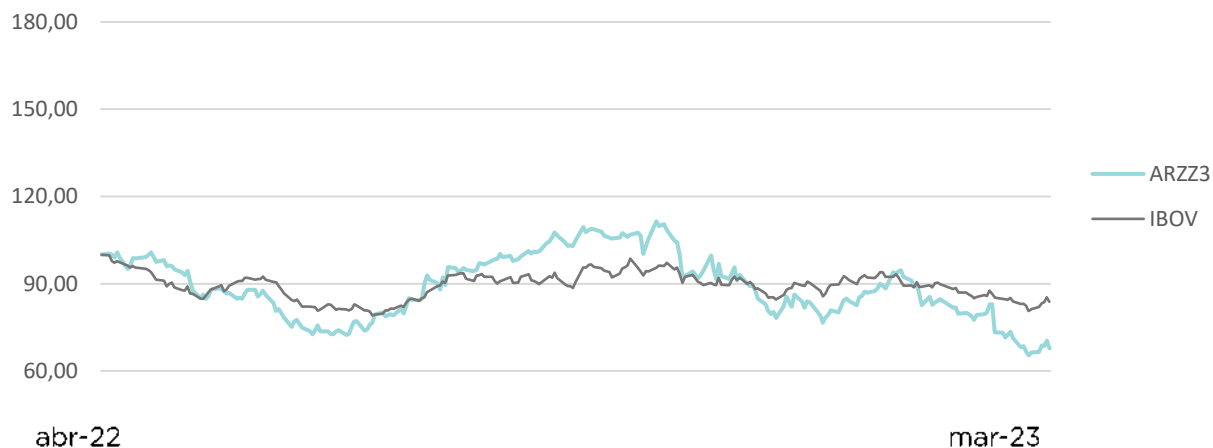
Income Statement - IFRS	1Q23	1Q22	Var. %
<b>Net operating revenue</b>	1.025.291	839.576	22,1%
<b>Cost of goods sold</b>	(488.467)	(390.836)	25,0%
<b>Gross profit</b>	536.824	448.740	19,6%
<b>Operating income (expenses):</b>	(432.000)	(287.588)	50,2%
<b>Selling</b>	(347.500)	(289.081)	20,2%
<b>Administrative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

# CASH FLOW

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

### 3. Capital Markets and Corporate Governance

On March 31, 2023, the Company's market capitalization was R\$6.9 billions (R\$ 63.51), an decrease of 32.2% when compared to the same period of 2022.



Arezzo&Co	
Number of Shares	110.186.077
Ticker	ARZZ3
Listing	02/02/2011
Share Price (30/09/2022)	63,51
Market Cap	6.997.917.750
<b>Performance</b>	
2011 <sup>1</sup>	20%
2012 <sup>2</sup>	71%
2013 <sup>3</sup>	(24%)
2014 <sup>4</sup>	(9%)
2015 <sup>5</sup>	(22%)
2016 <sup>6</sup>	27%
2017 <sup>7</sup>	118%
2018 <sup>8</sup>	(2%)
2019 <sup>9</sup>	16%
2020 <sup>(10)</sup>	7%
2021 <sup>11</sup>	13%
2022 <sup>12</sup>	8%
2023 <sup>13</sup>	(14%)

(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 29/12/2022

(13) From 02/01/2023 to 31/03/2023



## **4. Independent Auditors**

Arezzo&Co's financial statements relative to the business year ending on March 31, 2023, 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](http://www.arezzoco.com.br), CVM webpage, [www.cvm.gov.br](http://www.cvm.gov.br), and at BM&FBovespa webpage, [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br).

For further information, direct contact can be made with IR department by the e-mail [ri@arezzoco.com.br](mailto: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 March 31st, 2023, 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 statements

(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 publicly traded company that, since February 2, 2011, has its shares listed on the *Novo Mercado* listing segment of the Brazilian stock exchange (B3) under the ticker symbol ARZZ3. The Company's registered office is at Rua Fernandes Tourinho, 147 – sala 402, in the city of Belo Horizonte, State of Minas Gerais.

The Company and its subsidiaries are primarily involved in designing, developing, manufacturing and selling shoes, handbags, accessories and clothing for women principally, men and children.

At March 31, 2023, the Company had 811 franchise stores in Brazil and 6 abroad; 183 Company-operated stores in Brazil and 5 abroad; and an e-commerce channel to sell its products under the brands Arezzo, Schutz, Anacapri, Alexandre Birman, Fiever, Alme, Vans, Reserva, Reserva Mini, Reserva Go, Oficina, Brizza, Troc, Baw, MyShoes, Carol Bassi, Reversa, Simples Reserva and Unbrand Reserva.

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', so it does not need to consider reporting additional information under CPC 21 (R1)/IAS 34 *Interim Financial Reporting*.

#### 1.2. Significant events during the interim period

On January 1, 2023, Sunset Agenciamento e Intermediação S.A. was merged into the Company.

On March 2, 2023, ARZZ Itália S.r.l., which is incorporated under the laws of Italy and a former direct subsidiary of ARZZ USA, began to be consolidated as a direct subsidiary of the Company.

## Notes to the interim financial statements

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



### 2. Accounting policies

#### 2.1. Basis of accounting

The condensed parent company and consolidated interim financial statements included in the Quarterly Financial Information Form (ITR) have been prepared and are being presented for the three months ended March 31, 2023, in accordance with 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 statements comply with the standards as issued by the Brazilian Securities Commission (CVM) and that apply to preparing the ITR.

The accounting policies, estimates and methods of computation applied in these condensed interim financial statements are consistent with those applied in the Company's financial statements as at and for the year ended December 31, 2022 unless otherwise stated.

These condensed interim financial statements 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 statements 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, 2022.

In order to comply with article 29 of CVM Instruction 480/09 and also to avoid repetition of information previously reported, these interim financial statements do not duplicate in full or in part the following notes to the annual financial statements for the year ended December 31, 2022: 2- Accounting policies (part), 5 – Business combinations (part), 11 – Other receivables, 15 - Property, plant and equipment (part), 16 - Intangible assets (part), 20 – Salaries and vacation pay, 21 – Taxes and social charges payable, 22 – Provisions for labor, tax and civil proceedings, 23 – Other payables, 24 - Share capital (part), 25 - Dividends and interest on capital paid and proposed (part), 33 – Insurance, and 34 – Share-based payment arrangements (part) .

These condensed interim financial statements for the three months ended March 31, 2023 were approved by the Company's Board of Directors on May 2, 2023.

## Notes to the interim financial statements

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



### 2. Accounting policies--Continued

#### 2.2. Basis of consolidation

The condensed consolidated interim financial statements comprise the Company and the following subsidiaries directly or indirectly owned by the Company as of the balance sheet date:

Subsidiaries	Country of incorporation	Total ownership interest			
		March 31, 2023		December 31, 2022	
		Direct	Indirect	Direct	Indirect
ZZAB Comércio de Calçados Ltda. ('ZZAB')	Brazil	99.99%	-	99.99%	-
ZZSAP Indústria e Comércio de Calçados Ltda. ('ZZSAP')	Brazil	99.99%	-	99.99%	-
ZZEXP Comercial Exportadora S/A ('ZZEXP')	Brazil	100.00%	-	99.99%	-
ARZZ International INC. ('ARZZ')	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 (ii)	Italy	100.00%	-	-	100.00%
Paris Texas	Italy	-	65.00%	-	-
Tiferet Comércio de Roupas Ltda. ('Tiferet')	Brazil	100.00%	-	100.00%	-
Troc.com.br Atividades de Internet S.A. ('Troc')	Brazil	-	81.06%	-	81.06%
Guaraná Brasil Difusão de Moda Ltda. ('Guaraná Brasil')	Brazil	-	100.00%	-	100.00%
Sunset Agenciamento e Intermediação S.A. (i)	Brazil	-	-	100.00%	-
HG Indústria e Comércio de Calçados Ltda	Brazil	-	100.00%	-	100.00%

(i) Sunset Agenciamento e Intermediação S.A. was merged into the Company on January 1, 2023.

(ii) On March 2, 2023, ARZZ Italia S.r.l., which is incorporated under the laws of Italy and a former direct subsidiary of ARZZ USA, began to be consolidated as a direct subsidiary of the Company.

Subsidiaries are consolidated from the date on which control commences until the date on which 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.

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.

## Notes to the interim financial statements

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



### 2. Accounting policies--Continued

#### 2.2. Basis of consolidation--Continued

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

The Company reviewed key judgments, estimates and assumptions for the current interim period compared with those applied to the financial statements for the year ended December 31, 2022 and updated the disclosures in the notes to these interim financial statements accordingly.

### 4. New or amended standards

Forthcoming requirements are as follows:

- a) Classification of Liabilities as Current or Non-current (Amendments to CPC 26/IAS 1) – effective from January 1, 2024

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after January 1, 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the amendments to annual periods beginning on or after January 1, 2024.

Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the parent company and consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

#### 4.1 New currently effective requirements – effective date January 1, 2023:

- b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CPC 32/IAS 12)

Under the amendments, the Company recognized deferred tax assets in relation to its lease liabilities. As at March 31, 2023, the recognized deferred tax assets are R\$2,606 - Parent company and R\$4,716 – Consolidated (Note 11).

- c) Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2)

The amendments are intended to help entities disclose their material accounting policy information rather than their significant accounting policies.

## Notes to the interim financial statements

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



### 4. New or amended standards--Continued

#### 4.1 New currently effective requirements - effective date January 1, 2023:--Continued

The Company assessed that these amendments did not have any impact on its financial statements as it discloses only material accounting policy information.

##### d) Other standards

- *IFRS 17 Insurance Contracts*; and
- *Definition of Accounting Estimates (Amendments to CPC 23/IAS 8)*

These amended standards did not have a significant impact on the parent company and consolidated financial statements.

There are no other standards and interpretations issued but not yet adopted that would be expected to have a significant impact on the Company's results or equity.

## Notes to the interim financial statements

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



### 5. Business combination

#### 5.1 Paris Texas

On March 2, 2023, the Company, through its subsidiary ARZZ Italia, acquired a 65% majority stake in Paris Texas, an Italian brand founded in 2015 and specializing in the creation, production and sale of luxury women's shoes.

This acquisition is part of the Company's strategy to expand its business in the fashion and retail sector, diversify its product assortment and increase its brand portfolio. With its first acquisition outside Brazil, the Company is driving its internationalization forward and taking an important step in the strategy to create a global luxury shoe platform alongside the Alexandre Birman brand.

The fair values of the identifiable assets acquired and liabilities assumed have been measured on a provisional basis. The initial accounting for the business combination was determined only provisionally and must be finalized within twelve months of the acquisition date, in accordance with CPC 15 *Business Combinations*.

The following table presents the recognized amounts for the business combination made on March 2, 2023:

	<u>Fair value</u>
<b>Assets acquired</b>	
Cash and cash equivalents	63,073
Trade receivables	14,019
Advances to suppliers	293
Inventory	7,110
Taxes recoverable	5,140
Other receivables	1,063
Property, plant and equipment	228
Intangible assets	6,639
<b>Total assets acquired</b>	<b><u>97,565</u></b>
<b>Liabilities assumed and non-controlling interests</b>	
Trade payables	22,354
Other liabilities	7,084
Non-controlling interests	23,845
<b>Total liabilities assumed and non-controlling interests</b>	<b><u>53,283</u></b>
<b>Total net assets</b>	<b><u>44,282</u></b>
<b>Consideration</b>	
Cash	138,043
<b>Total consideration transferred</b>	<b><u>138,043</u></b>
<b>Goodwill</b>	<b><u>93,761</u></b>

## Notes to the interim financial statements

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



### 5. Business combination --Continued

#### 5.1 Paris Texas--Continued

The fair value of the consideration transferred comprises the following:

- i. an increase of share capital of Paris Texas through subscription by ARZZ Italia for a 26% stake in Paris Texas at a total cash consideration of R\$55,217; and
- ii. acquisition by ARZZ Italia, under a sale and purchase agreement, of a 39% stake in Paris Texas at a total cash consideration of R\$82,826.

As a result, ARZZ Italia acquired 65% of the shares in Paris Texas and became the controlling shareholder of Paris Texas.

The trade receivables comprise contractual amounts due of R\$14,019, measured at fair value.

The Company incurred acquisition-related costs of R\$1,780. These costs have been included in 'administrative expenses. Paris Texas contributed net revenue of R\$11,454 and profit of R\$1,438 to the Company's results for the period between the acquisition date and March 31, 2023.

If the acquisition had been completed on the first day of the three-month period ended March 31, 2023, the Company's net revenue for the period would have been R\$1,043,618 and the Company's profit for the period would have been R\$65,975.



## Notes to the interim financial statements

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



### 6. Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Cash and banks</b>				
Cash on hand	818	2,049	1,665	3,225
Cash at banks	3,283	4,075	77,377	21,864
<b>Cash equivalents</b>				
Automatic investments	992	1,882	4,561	3,737
<b>Total cash and cash equivalents</b>	<b>5,093</b>	<b>8,006</b>	<b>83,603</b>	<b>28,826</b>

At March 31, 2023, the average rate of interest is 5% of the Interbank Deposit Certificate rate (CDI) (December 31, 2022 – 5%).

### 7. Cash investments

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Exclusive investment fund</b>				
Financial Treasury Bills (LFT)	261,080	76,079	341,300	213,464
Securities purchased under resale agreements	109,050	39,864	142,499	114,879
Private securities (CEF)	91,518	19,228	119,590	55,412
Certificates of bank deposit (CDB)	81,275	43,033	96,076	63,853
<b>Total cash investments</b>	<b>542,923</b>	<b>178,204</b>	<b>699,465</b>	<b>447,608</b>

#### 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 operating expenses.

## Notes to the interim financial statements

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



### 7. Cash investments--Continued

#### Exclusive investment fund--Continued

This investment fund is exclusive to the Company and its subsidiaries and was thus included in the consolidated financial statements in accordance with CVM Instruction 408/04.

As of March 31, 2023, the investment fund provides average interest of 103.5% of the interbank deposit rate (CDI) (December 31, 2022: 102.5%). It has 51% of assets in treasury bills (LFTs) (December 31, 2022: 51%). Seventy-one percent of the fund's assets provide daily liquidity (December 31, 2022: 70%).

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, 2023, the Company has not pledged any investment as collateral to financial institutions.

## Notes to the interim financial statements

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



### 8. Trade receivables

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b><u>Domestic customers</u></b>	<b>626,411</b>	611,849	<b>580,991</b>	564,373
Trade notes receivable	<b>538,802</b>	529,482	<b>580,991</b>	564,373
Trade notes receivable from related parties (Note 12a)	<b>87,609</b>	82,367	-	-
<b><u>Foreign customers</u></b>	<b>462</b>	220	<b>49,891</b>	66,633
Trade notes receivable	<b>462</b>	220	<b>49,891</b>	66,633
<b><u>Others</u></b>	<b>47,216</b>	139,069	<b>121,606</b>	246,105
Credit cards	<b>47,060</b>	138,913	<b>120,890</b>	245,348
Checks and other amounts	<b>156</b>	156	<b>716</b>	757
	<b>674,089</b>	751,138	<b>752,488</b>	877,111
(-) Loss allowance	<b>(7,492)</b>	(7,844)	<b>(8,999)</b>	(9,199)
<b>Total trade receivables</b>	<b>666,597</b>	743,294	<b>743,489</b>	867,912
Current	<b>646,428</b>	722,725	<b>743,011</b>	867,582
Non-current	<b>20,169</b>	20,569	<b>478</b>	330

Third-party credit cards – sales through credit card can be paid in a lump sum or in installments. The credit risk from these transactions is borne 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 from these transactions is borne 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 contractual relationship with the Company, are included in 'trade notes receivable – domestic customers'.

Trade receivables from foreign customers by currency are as follows:

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
USD	<b>462</b>	220	<b>49,270</b>	66,359
EUR	-	-	<b>621</b>	274
<b>Balance at the end of the period</b>	<b>462</b>	220	<b>49,891</b>	66,633

## Notes to the interim financial statements

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



### 8. Trade receivables--Continued

The movement in the loss allowance for trade receivables during the period was as follows:

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Balance at the beginning of the period	<b>(7,844)</b>	(8,844)	<b>(9,199)</b>	(11,306)
(Additions) reversals	<b>(1,755)</b>	(8,189)	<b>(1,907)</b>	(14,408)
Merger of subsidiary	-	(1,393)	-	-
Write-offs	<b>2,107</b>	10,582	<b>2,107</b>	16,515
<b>Balance at the end of the period</b>	<b>(7,492)</b>	(7,844)	<b>(8,999)</b>	(9,199)

The aging analysis of these trade receivables is as follows:

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Current (not past due)	<b>638,829</b>	727,794	<b>705,910</b>	844,022
1-30 days past due	<b>10,657</b>	5,889	<b>16,351</b>	10,109
31-60 days past due	<b>7,148</b>	5,851	<b>9,664</b>	7,914
61-90 days past due	<b>4,421</b>	3,609	<b>6,341</b>	4,222
91-180 days past due	<b>8,979</b>	3,705	<b>9,857</b>	5,265
181-360 days past due	<b>2,791</b>	3,825	<b>3,849</b>	3,963
More than 360 days past due	<b>1,264</b>	465	<b>516</b>	1,616
	<b>674,089</b>	751,138	<b>752,488</b>	877,111

Delinquent accounts receivable can be a sign that the customer is in financial difficulty. The Company has been closely monitoring the performance of accounts receivable and the inventory of customers and has identified to date no risk of non-payment. Depending on the market reaction, we can consider an extension of payment terms for our customers and reassess the need to record an allowance for credit losses.

The Company assesses the risk of loss on outstanding accounts receivable on a periodic basis and recognized an additional loss allowance of R\$1,907 for trade receivables for the three months ended March 31, 2023 (December 31, 2022: R\$14,408). This allowance was included in 'selling expenses'.

## Notes to the interim financial statements

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



### 9. Inventories

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Finished goods	400,696	364,152	633,934	603,409
Raw materials	120,297	106,479	164,077	133,166
Work in progress	3,738	1,312	31,064	27,380
Advances to suppliers	30,529	18,489	35,006	28,195
(-) Allowance for impairment	(10,213)	(12,176)	(21,555)	(20,090)
<b>Total inventories</b>	<b>545,047</b>	<b>478,256</b>	<b>842,526</b>	<b>772,060</b>

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

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Balance at the beginning of the period	(12,176)	(6,408)	(20,090)	(11,501)
(Additions) reversals	(2,999)	(8,330)	(6,427)	(15,572)
Realized	4,962	6,983	4,962	6,983
Merger of subsidiary	-	(4,421)	-	-
<b>Balance at the end of the period</b>	<b>(10,213)</b>	<b>(12,176)</b>	<b>(21,555)</b>	<b>(20,090)</b>

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

## Notes to the interim financial statements

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



### 10. Taxes recoverable

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Direct taxes</b>	<b>17,863</b>	12,122	<b>19,291</b>	13,678
Corporate income tax (IRPJ)	<b>14,609</b>	8,894	<b>16,034</b>	10,376
Social contribution on net income (CSLL)	<b>3,254</b>	3,228	<b>3,257</b>	3,302
<b>Indirect taxes</b>	<b>224,747</b>	241,532	<b>269,214</b>	290,084
State value-added tax on sales and services (ICMS)	<b>169,547</b>	146,051	<b>188,506</b>	168,334
Social integration program (PIS) and Social contribu	<b>53,491</b>	88,092	<b>74,332</b>	110,599
Excise tax (IPI)	-	-	<b>2,541</b>	2,482
Others	<b>1,709</b>	7,389	<b>3,835</b>	8,669
<b>Total</b>	<b>242,610</b>	253,654	<b>288,505</b>	303,762
<b>Current</b>	<b>189,119</b>	165,562	<b>222,504</b>	201,212
<b>Non-current</b>	<b>53,491</b>	88,092	<b>66,001</b>	102,550

### 11. Income tax and social contribution

#### a) Deferred taxes

	Parent company					
	March 31, 2023			December 31, 2022		
	IRPJ base	CSLL base	IRPJ/CSLL	IRPJ base	CSLL base	IRPJ/CSLL
<b>Tax triggering events</b>						
Tax losses	<b>246,161</b>	<b>315,714</b>	<b>89,955</b>	254,615	321,115	92,554
Unrealized profit on inventories	<b>65,920</b>	<b>65,920</b>	<b>22,413</b>	52,419	52,419	17,822
Loss allowance for trade receivables	<b>8,336</b>	<b>8,336</b>	<b>2,834</b>	8,407	8,407	2,858
Provision for commissions	<b>17,051</b>	<b>17,051</b>	<b>5,797</b>	16,786	16,786	5,707
Provision for labor, tax and civil proceedings	<b>11,309</b>	<b>11,309</b>	<b>3,845</b>	11,727	11,727	3,987
Provision for inventory impairment	<b>10,213</b>	<b>10,213</b>	<b>3,472</b>	12,176	12,176	4,140
Lease liabilities (ii)	<b>7,666</b>	<b>7,666</b>	<b>2,606</b>	-	-	-
Other provisions	<b>19,933</b>	<b>19,933</b>	<b>6,776</b>	10,755	10,755	3,657
<b>Deferred tax assets</b>	<b>386,589</b>	<b>456,142</b>	<b>137,698</b>	366,885	433,385	130,725
Provision for tax credits (i)	<b>(36,526)</b>	<b>(36,526)</b>	<b>(12,417)</b>	(56,532)	(56,532)	(19,221)
Tax amortization of goodwill arising from acquisition of subsidiary	<b>(104,344)</b>	<b>(104,344)</b>	<b>(35,477)</b>	(81,868)	(81,868)	(27,835)
<b>Deferred tax liabilities</b>	<b>(140,870)</b>	<b>(140,870)</b>	<b>(47,894)</b>	(138,400)	(138,400)	(47,056)
<b>Total</b>	<b>245,719</b>	<b>315,272</b>	<b>89,804</b>	228,485	294,985	83,669

(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 decision.

(ii) As at March 31, 2023, the Company recognized deferred tax assets in relation to its lease liabilities, in accordance with amendments to CPC 32/IAS 12 effective from January 1, 2023. The recognized deferred tax assets are R\$2,606 (Parent company) and R\$4,716 (Consolidated).

## Notes to the interim financial statements

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



### 11. Income tax and social contribution--Continued

#### a) Deferred taxes--Continued

	Consolidated					
	March 31, 2023			December 31, 2022		
	IRPJ base	CSLL base	IRPJ/CSLL	IRPJ base	CSLL base	IRPJ/CSLL
<b>Tax triggering events</b>						
Tax losses	354,963	424,516	126,947	361,681	428,181	128,957
Unrealized profit on inventories	65,920	65,920	22,413	52,419	52,419	17,822
Loss allowance for trade receivables	8,408	8,408	2,859	8,407	8,407	2,858
Provision for commissions	17,051	17,051	5,797	16,786	16,786	5,707
Provision for labor, tax and civil proceedings	17,093	17,093	5,812	17,776	17,776	6,044
Provision for inventory impairment	11,358	11,358	3,862	12,878	12,878	4,379
Lease liabilities (ii)	13,871	13,871	4,716	-	-	-
Provision for employee profit sharing	459	459	156	-	-	-
Other provisions	23,865	23,865	8,114	13,840	13,840	4,706
<b>Deferred tax assets</b>	<b>512,988</b>	<b>582,541</b>	<b>180,676</b>	<b>483,787</b>	<b>550,287</b>	<b>170,473</b>
Provision for tax credits (i)	(36,526)	(36,526)	(12,418)	(56,532)	(56,532)	(19,221)
Provision for exchange rate fluctuations	(9,334)	(9,334)	(3,174)	(7,310)	(7,310)	(2,485)
Gain on bargain purchase	(1,194)	(1,194)	(407)	(6,608)	(6,608)	(2,248)
Tax amortization of goodwill arising from acquisition of subsidiary	(116,851)	(116,851)	(39,729)	(90,206)	(90,206)	(30,670)
<b>Subtotal</b>	<b>(163,905)</b>	<b>(163,905)</b>	<b>(55,728)</b>	<b>(160,656)</b>	<b>(160,656)</b>	<b>(54,624)</b>
<b>Total</b>	<b>349,083</b>	<b>418,636</b>	<b>124,948</b>	<b>323,131</b>	<b>389,631</b>	<b>115,849</b>
<b>Deferred tax assets</b>			<b>126,599</b>			<b>119,270</b>
<b>Deferred tax liabilities</b>			<b>(1,651)</b>			<b>(3,421)</b>

(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 decision.

(ii) As at March 31, 2023, the Company recognized deferred tax assets in relation to its lease liabilities, in accordance with amendments to CPC 32/IAS 12 effective from January 1, 2023. The recognized deferred tax assets are R\$2,606 (Parent company) and R\$4,716 (Consolidated).

## Notes to the interim financial statements

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



### 11. Income tax and social contribution--Continued

#### a) Deferred taxes--Continued

The following table shows a reconciliation of deferred tax assets and liabilities:

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Opening balance	83,669	51,140	115,849	84,784
Deferred income tax recognized in the statement of income	6,135	29,010	9,099	31,065
Merger of subsidiary	-	3,519	-	-
<b>Balance at the end of the period</b>	<b>89,804</b>	<b>83,669</b>	<b>124,948</b>	<b>115,849</b>
<b>Deferred tax assets</b>	<b>89,804</b>	<b>83,669</b>	<b>126,599</b>	<b>119,270</b>
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(1,651)</b>	<b>(3,421)</b>

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, 2023	December 31, 2022	March 31, 2023	December 31, 2022
2023	34,987	36,354	34,733	36,450
2024	40,875	39,357	51,848	49,997
2025	27,071	26,450	53,607	51,312
2026	24,353	23,880	29,897	28,030
2027	5,073	4,684	5,252	4,684
After 2027	5,339	-	5,339	-
<b>Total deferred tax assets</b>	<b>137,698</b>	<b>130,725</b>	<b>180,676</b>	<b>170,473</b>



## Notes to the interim financial statements

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



### 11. Income tax and social contribution--Continued

#### 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:

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Profit before income tax and social contribution	62,947	117,659	65,233	140,745
Statutory tax rate	34.0%	34.0%	34.0%	34.0%
<b>Expected income tax and social contribution expense at the statutory tax rate</b>	<b>(21,402)</b>	<b>(40,004)</b>	<b>(22,179)</b>	<b>(47,853)</b>
Tax benefits from technological innovation and research expenses - Law No. 11,196/05	3,706	3,073	3,706	3,073
Share of profit of equity-accounted investees	(5,085)	10,104	-	-
Tax-exempt income	457	-	457	-
Unrecognized deferred tax assets relating to tax losses of subsidiaries	-	-	(8,709)	(10,072)
Government subsidies (i)	21,128	13,580	24,672	16,477
Share-based payment expenses	(1,535)	(1,110)	(1,535)	(1,110)
Other permanent differences	2,925	(5,249)	1,740	(3,975)
<b>Income tax and social contribution expense</b>	<b>194</b>	<b>(19,606)</b>	<b>(1,848)</b>	<b>(43,460)</b>
Current	(5,941)	(12,054)	(10,947)	(39,603)
Deferred	6,135	(7,552)	9,099	(3,857)
Effective tax rate	<b>(0.31)%</b>	16.7%	<b>2.83%</b>	30.9%

(i) ICMS tax incentives considered to be investment subsidies under Complementary Law No. 160/2017. See Note 29 for details.

At March 31, 2023, the Company had unrecognized deferred tax assets in respect of tax losses of one subsidiary. The unrecognized deferred tax assets, which do not expire, are R\$8,709 for the three months ended March 31, 2023 (March 31, 2022: R\$10,072). The accumulated amount of deferred tax assets is R\$135,565.

## Notes to the interim financial statements

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



### 11. Income tax and social contribution--Continued

#### 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 determined that the tax treatment used by the Company is more likely than not to be accepted by the taxation authority as described below:

- I. 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 aim of demonstrating that the transaction carried out at the time of the acquisition of the shares by BRICS showed significant economic vitality and business purpose. The likelihood of loss is considered possible, in the amount of approximately R\$35,956 (December 31, 2022: R\$34,630).

## Notes to the interim financial statements

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



### 12. Related parties

#### a) Balances and transactions with subsidiaries:

	March 31, 2023									
	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Transactions	
	Accounts receivable	Accounts receivable	Loans to subsidiaries	Trade payables	Loans from subsidiaries	Sales	Purchases			
<b>Parent company</b>										
ARZZ International INC	-	19,695	-	-	-	-	-	-	-	-
ZZAB Comércio de Calçados Ltda.	58,320	-	-	22,160	-	158,437	3,098			
ZZSAP Indústria e Comércio de Calçados Ltda.	82	-	50,541	-	-	459	71,448			
ZZEXP Comercial Exportadora S/A	8,256	-	-	-	17,374	621	-			
TIFERET Comércio de Roupas Ltda	-	-	-	-	207,752	-	-			
HG Ind.e Com.de Calçados Ltda	18	-	-	17,877	-	-	-			
Carol Bassi	1,238	-	3,114	-	-	-	-			
<b>Total - Parent company</b>	<b>67,914</b>	<b>19,695</b>	<b>53,655</b>	<b>40,037</b>	<b>225,126</b>	<b>159,517</b>	<b>74,546</b>			

	December 31, 2022						March 31, 2022			
	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Transactions	
	Accounts receivable	Accounts receivable	Loans to subsidiaries	Trade payables	Loans from subsidiaries	Sales	Purchases			
<b>Parent company</b>										
ARZZ International INC	-	20,242	-	-	-	-	-	-	-	-
ZZAB Comércio de Calçados Ltda.	52,246	-	-	18,013	-	106,059	395			
ZZSAP Indústria e Comércio de Calçados Ltda.	852	-	94,439	14,004	-	1	44,231			
ZZEXP Comercial Exportadora S/A	7,636	-	-	-	-	60	-			
TIFERET Comércio de Roupas Ltda	-	-	-	-	51,508	-	-			
HG Ind.e Com.de Calçados Ltda	10	-	-	17,094	-	-	-			
Sunset Agenciamento e Int.S/A	-	-	120	-	-	-	-			
Carol Bassi	1,381	-	3,040	-	-	-	-			
<b>Total - Parent company</b>	<b>62,125</b>	<b>20,242</b>	<b>97,599</b>	<b>49,111</b>	<b>51,508</b>	<b>106,120</b>	<b>44,626</b>			

## Notes to the interim financial statements

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



### 12. Related parties--Continued

#### 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.

As at March 31, 2023, loans granted to subsidiaries are R\$53,655 (December 2022: R\$97,599). 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; and
- 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. For the three months ended March 31, 2023, key management personnel compensation totaling R\$3,280 (March 31, 2022: R\$3,836) comprised the following:

	March 31, 2023	March 31, 2022
Annual fixed remuneration (salaries and fees)	2,524	1,895
Variable remuneration (bonus)	-	924
Share-based payments	1,023	1,017
<b>Total compensation paid to key management perso</b>	<b>3,547</b>	<b>3,836</b>

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-sharing payments are recognized in liabilities within 'salaries and social charges' and in the statement of income within 'selling expenses' and 'general 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, 2023, certain Company officers and directors directly own a total interest of 43.4% in the Company (December 31, 2022: 43.7%).

## Notes to the interim financial statements

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



### 12. Related parties--Continued

#### 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 period ended March 31, 2023, this firm received R\$280 (December 31, 2022: R\$157).

### 13. Equity-accounted investees

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

Subsidiaries	March 31, 2023					
	Assets	Liabilities	Equity	Share capital	Net revenue	Profit (loss) for the period
ARZZ	223,524	340,098	(116,574)	262,401	70,690	(24,244)
ZZAB	881,202	283,170	598,034	168,516	235,534	7,037
ZZSAP	161,959	111,628	50,331	22,822	84,109	(6,627)
ZZEXP	265,320	211,594	53,745	2,000	17,423	(1,505)
TIFERET	358,887	169,935	188,952	64,441	29,851	9,629
ARZZ Italia	139,095	306	138,789	138,225	-	753

Subsidiaries	December 31, 2022			March 31, 2022		
	Assets	Liabilities	Equity	Share capital	Net revenue	Profit (loss) for the period
ARZZ	249,873	345,157	(95,284)	262,401	87,380	(9,817)
ZZAB	980,951	388,621	592,330	168,516	194,762	32,813
ZZSAP	209,085	152,127	56,958	22,822	69,634	2,115
ZZEXP	225,623	170,373	55,250	2,000	54,986	5,693
TIFERET	288,527	109,205	179,322	64,441	(5)	(966)
TROC	-	-	-	-	1,037	(119)
SUNSET	1,128	1,833	(705)	150	-	-

## Notes to the interim financial statements

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



### 13. Equity-accounted investees--Continued

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

	Investments		Share of profit of equity-	
	March 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022
ZZAB Comércio de Calçados Ltda.	598,034	592,330	3,091	32,813
ZZSAP Ind. E Com. De Calçados Ltda.	50,331	56,958	(6,881)	2,115
ZZEXP Comercial Exportadora S.A.	53,745	55,250	(1,525)	5,693
Tiferet Comércio de Roupas Ltda	188,952	179,322	9,629	(966)
TROC - Atividades de Internet S.A.	-	-	-	(119)
Sunset Agenciamento e Intermediação S.A.	-	(705)	-	-
ARZZ Italia	138,884	-	753	-
Goodwill arising from acquisition of subsidiary	-	40,168	-	-
Fair value adjustments arising on acquisition of subsidiary	1,487	1,487	-	-
<b>Total investments in subsidiaries</b>	<b>1,031,433</b>	<b>924,810</b>	<b>5,067</b>	<b>39,536</b>
ARZZ	(116,574)	(95,284)	(24,244)	(9,817)
<b>Total</b>	<b>914,859</b>	<b>829,526</b>	<b>(19,177)</b>	<b>29,719</b>

## Notes to the interim financial statements

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



### c) Movements in investments

	March 31, 2023	December 31, 2022
<b>Balance at the beginning of the period, net of loss allowance</b>	<b>829,526</b>	1,392,344
Capital contribution	<b>138,225</b>	30,151
Acquisition of subsidiary	-	1,578
Goodwill arising from acquisition of subsidiary	-	41,655
Distribution of dividends	-	(8,037)
Transfer of goodwill arising from acquisition of subsidiary	<b>(40,168)</b>	(467,660)
Transfer of fair value adjustments arising on acquisition of subsidiary	-	(263,533)
Share of profit of equity-accounted investees	<b>(14,957)</b>	102,402
Write-off of investment due to merger of subsidiary VQV	-	(175,867)
Other comprehensive income	<b>1,528</b>	693
Investment arising from merger of subsidiary Sunset	<b>705</b>	175,800
<b>Balance at the end of the period, net of loss allowance</b>	<b>914,859</b>	829,526

## Notes to the interim financial statements

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



### 14. Property, plant and equipment

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

<b>Parent company</b>	<b>Computers and peripherals</b>	<b>Furniture and fittings</b>	<b>Machinery and equipment</b>	<b>Facilities and showroom</b>	<b>Vehicles</b>	<b>Right-of-use assets</b>	<b>Key money</b>	<b>Total</b>
Balance at December 31, 2021	11,737	9,552	6,066	26,048	6	16,624	-	70,033
Purchases	10,546	13,633	6,386	63,800	270	111,986	510	207,131
Depreciation	(5,131)	(6,336)	(3,516)	(11,042)	(35)	(34,152)	(1,662)	(61,874)
Disposals	-	-	-	-	-	(14,230)	-	(14,230)
Transfers	-	-	-	-	-	-	3,371	3,371
Merger of subsidiary	3,739	18,988	4,394	28,852	5	64,202	6,871	127,051
<b>Balance at December 31, 2022</b>	<b>20,891</b>	<b>35,837</b>	<b>13,330</b>	<b>107,658</b>	<b>246</b>	<b>144,430</b>	<b>9,090</b>	<b>331,482</b>
<b>Purchases</b>	<b>4,266</b>	<b>11,407</b>	<b>2,560</b>	<b>6,673</b>	<b>-</b>	<b>89,006</b>	<b>30</b>	<b>113,942</b>
<b>Merger of subsidiary</b>	<b>128</b>	<b>91</b>	<b>8</b>	<b>253</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>585</b>
<b>Depreciation</b>	<b>(1,647)</b>	<b>(1,554)</b>	<b>(741)</b>	<b>(3,555)</b>	<b>(31)</b>	<b>(12,636)</b>	<b>(392)</b>	<b>(20,556)</b>
<b>Disposals</b>	<b>-</b>	<b>(270)</b>	<b>-</b>	<b>(30)</b>	<b>-</b>	<b>(2,487)</b>	<b>-</b>	<b>(2,787)</b>
<b>Balance at March 31, 2023</b>	<b>23,638</b>	<b>45,511</b>	<b>15,157</b>	<b>110,999</b>	<b>320</b>	<b>218,313</b>	<b>8,728</b>	<b>422,666</b>
Average depreciation rate	20%	10%	10%	10%	20%	25%	Indefinite	



## Notes to the interim financial statements

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



### 14. Property, plant and equipment--Continued

Consolidated	Computers and peripherals	Furniture and fittings	Machinery and equipment	Facilities and showroom	Vehicles	Right-of-use assets	key money	Total
Balance at December 31, 2021	18,028	48,884	20,273	94,895	96	221,692	-	403,868
Acquisition of subsidiary	265	1,050	1,695	2,614	322	-	-	5,946
Purchases	12,644	25,802	14,645	87,740	347	254,995	3,619	399,792
Depreciation	(6,292)	(10,890)	(5,893)	(19,693)	(261)	(89,975)	(2,713)	(135,717)
Disposals	(33)	(5)	-	(6)	-	(22,927)	-	(22,971)
Effect of exchange rate fluctuations	(21)	(364)	39	(682)	-	(6,385)	-	(7,413)
Transfers	-	-	-	-	-	42	42,949	42,991
Acquisition through business combination	-	-	3,599	556	931	-	-	5,086
Balance at December 31, 2022	24,591	64,477	34,358	165,424	1,435	357,442	43,855	691,582
Acquisition of subsidiary	54	174	-	-	-	-	-	228
Purchases	5,055	15,277	8,576	6,733	-	92,680	29	128,350
Depreciation	(1,983)	(3,263)	(1,541)	(5,977)	(42)	(27,178)	(392)	(40,376)
Disposals	-	(270)	-	(30)	-	(6,945)	-	(7,245)
Effect of exchange rate fluctuations	(18)	(25)	-	(168)	-	(2,563)	-	(2,774)
Balance at March 31, 2023	27,699	76,370	41,393	165,982	1,393	413,436	43,492	769,765
Average depreciation rate	20%	10%	10%	10%	20%	25%	Indefinite	

## Notes to the interim financial statements

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



### 15. Intangible assets

Details of the movement in intangible assets are as follows:

Parent company	Trademarks and patents	Key money	Customer relationships	Goodwill	Software licenses	Total
Balance at December 31, 2021	8,794	3,371	-	-	68,906	81,071
Acquisitions	328	-	-	-	84,105	84,433
Amortization	(734)	-	(34)	-	(26,496)	(27,264)
Merger of subsidiary	254,820	-	11,772	467,659	24,106	758,357
Transfers	-	(3,371)	-	-	-	(3,371)
<b>Balance at December 31, 2022</b>	<b>263,208</b>	<b>-</b>	<b>11,738</b>	<b>467,659</b>	<b>150,621</b>	<b>893,226</b>
<b>Acquisitions</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,761</b>	<b>14,780</b>
<b>Amortization</b>	<b>-</b>	<b>-</b>	<b>(192)</b>	<b>-</b>	<b>(7,988)</b>	<b>(8,180)</b>
<b>Merger of subsidiary</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,168</b>	<b>42</b>	<b>40,210</b>
<b>Balance at March 31, 2023</b>	<b>263,227</b>	<b>-</b>	<b>11,546</b>	<b>507,827</b>	<b>157,436</b>	<b>940,036</b>
Average amortization rate	Indefinite	Indefinite	20%	7%		

Consolidated	Trademarks and patents	Key money	Key money	Customer relationships	Goodwill	Software licenses	Others	Total
<b>Balance at December 31, 2021</b>	300,764	28,652	14,297	11,823	560,894	98,486	-	1,014,916
Acquisitions	330	-	-	-	-	88,016	-	88,346
Amortization	(466)	-	-	(34)	-	(29,813)	-	(30,313)
Effect of exchange rate fluctu	(47)	-	-	-	-	(206)	-	(253)
Acquisition of subsidiary	53,885	-	-	1,869	176,762	87	1,062	233,665
Transfers	-	(28,652)	(14,297)	-	-	-	-	(42,949)
<b>Balance at December 31, 2022</b>	<b>354,466</b>	<b>-</b>	<b>-</b>	<b>13,658</b>	<b>737,656</b>	<b>156,570</b>	<b>1,062</b>	<b>1,263,412</b>
Acquisitions	21	-	-	-	-	15,307	-	15,328
Amortization	-	-	-	(391)	-	(8,629)	-	(9,020)
Acquisition of subsidiary	6,151	-	-	-	93,761	488	-	100,400
Effect of exchange rate fluctu	(37)	-	-	-	-	(56)	-	(93)
<b>Balance at March 31, 2023</b>	<b>360,601</b>	<b>-</b>	<b>-</b>	<b>13,267</b>	<b>831,417</b>	<b>163,680</b>	<b>1,062</b>	<b>1,370,027</b>
Average amortization rate	Indefinite	Indefinite	Finite	7%	Indefinite	20%		

## Notes to the interim financial statements

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



### 16. Loans and borrowings

Loans and borrowings can be summarized as follows:

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Total in local currency</b>	<b>9,231</b>	9,736	<b>112,032</b>	10,260
FINAME (a)	-	-	<b>115</b>	133
Working capital (b)	<b>9,231</b>	9,736	<b>9,231</b>	9,736
Working capital (c)	-	-	<b>301</b>	391
NCE (d)	-	-	<b>102,385</b>	-
<b>Total in foreign currency</b>	<b>692,436</b>	156,520	<b>948,061</b>	391,613
Working capital - Law No. 4,131 (e)	<b>692,436</b>	156,520	<b>692,437</b>	156,520
ACC (f)	-	-	<b>255,624</b>	235,093
<b>Total loans and borrowings</b>	<b>701,667</b>	166,256	<b>1,060,093</b>	401,873
Current	<b>304,681</b>	156,756	<b>663,004</b>	392,254
Non-current	<b>396,986</b>	9,500	<b>397,089</b>	9,619

At March 31, 2023, 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% per annum.
- b)** Working capital: This loan is repayable until December 2026 and has an average interest rate based on the interbank deposit rate (CDI) + 1.80% per annum.
- c)** Working capital: This loan is denominated in Brazilian real and matures in September 2024. Interest is paid at the average rate of 7.25% per annum.
- d)** Export financing (NCE): This financing facility is denominated in Brazilian real and has an average interest rate based on CDI + 1.0% per annum and matures in January 2024.
- e)** Working capital – Law No. 4,131: This loan is denominated in U.S. dollar with a fixed interest rate of 6.32% per annum and a swap to BRL with CDI rate + 1.77% per annum at March 31, 2023. The loan matures in September 2024.
- f)** Advance on foreign exchange contract (ACC): This facility is denominated in U.S. dollar and has an average interest rate of 5.40% per annum plus the effect of changes in exchange rates. There are various agreements with maturities until March 2024.

## Notes to the interim financial statements

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



### 16. Loans and borrowings--Continued

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

Parent company	Facility 4131	Working capital	Total
Balance at December 31, 2021	337,205	9,643	346,848
Merger of subsidiary	46,441		46,441
Payment of principal	(207,585)		(207,585)
Payment of interest	(15,387)	(1,104)	(16,491)
Accrued interest and effect of exchange rate fluctuations	(4,154)	1,197	(2,957)
<b>Balance at December 31, 2022</b>	<b>156,520</b>	<b>9,736</b>	<b>166,256</b>
<b>Proceeds from loans and borrowings</b>	<b>550,000</b>	<b>-</b>	<b>550,000</b>
<b>Payment of principal</b>	<b>-</b>	<b>(496)</b>	<b>(496)</b>
<b>Payment of interest</b>	<b>-</b>	<b>(350)</b>	<b>(350)</b>
<b>Accrued interest and effect of exchange rate fluctuations</b>	<b>(14,083)</b>	<b>341</b>	<b>(13,742)</b>
<b>Balance at March 31, 2023</b>	<b>692,437</b>	<b>9,231</b>	<b>701,668</b>

Consolidated	FINAME	NCE	ACC	Facility 4131	Working capital	Total
Balance at December 31, 2021	206	-	141,094	383,645	9,649	534,594
Proceeds from loans and borrowings	-	-	214,339	-	602	214,941
Acquisition of subsidiary	-	-	2,161	-	509	2,670
Payment of principal	(73)	-	(127,664)	(207,585)	(745)	(336,067)
Payment of interest	(10)	-	(2,365)	(15,387)	(1,105)	(18,867)
Accrued interest and effect of exchange rate fluctuations	10	-	7,528	(4,153)	1,217	4,602
<b>Balance at December 31, 2022</b>	<b>133</b>	<b>-</b>	<b>235,093</b>	<b>156,520</b>	<b>10,127</b>	<b>401,873</b>
<b>Proceeds from loans and borrowings</b>	<b>-</b>	<b>100,000</b>	<b>53,194</b>	<b>550,000</b>	<b>-</b>	<b>703,194</b>
<b>Payment of principal</b>	<b>(18)</b>	<b>-</b>	<b>(26,937)</b>	<b>-</b>	<b>(600)</b>	<b>(27,555)</b>
<b>Payment of interest</b>	<b>(2)</b>	<b>-</b>	<b>(728)</b>	<b>-</b>	<b>(350)</b>	<b>(1,080)</b>
<b>Accrued interest and effect of exchange rate fluctuations</b>	<b>2</b>	<b>2,385</b>	<b>(4,998)</b>	<b>(14,083)</b>	<b>355</b>	<b>(16,339)</b>
<b>Balance at March 31, 2023</b>	<b>115</b>	<b>102,385</b>	<b>255,624</b>	<b>692,437</b>	<b>9,532</b>	<b>1,060,093</b>

## Notes to the interim financial statements

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



### 16. Loans and borrowings--Continued

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

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
2023	<b>305,360</b>	159,126	<b>663,683</b>	394,624
2024	<b>391,891</b>	2,714	<b>391,994</b>	2,833
2025	<b>2,714</b>	2,714	<b>2,714</b>	2,714
2026	<b>1,702</b>	1,702	<b>1,702</b>	1,702
<b>Total loans and borrowings</b>	<b>701,667</b>	166,256	<b>1,060,093</b>	401,873

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.

#### 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 loans through a surety bond when contracted by store owners. At March 31, 2023, these loans amounted to R\$171 (December 31, 2022: R\$264).

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 loans. At March 31, 2023, the balance of loans guaranteed by the Company was R\$511 (December 31, 2022: R\$595).

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

## Notes to the interim financial statements

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



### 17. Trade payables

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Domestic suppliers	<b>188,693</b>	210,307	<b>282,328</b>	280,733
Supply chain financing arrangement <sup>(i)</sup>	<b>265,242</b>	367,589	<b>265,242</b>	367,589
Trade payables due to related parties (Note 12.a)	<b>40,037</b>	49,111	-	-
Foreign suppliers	<b>23,868</b>	22,447	<b>23,965</b>	23,340
<b>Total trade payables</b>	<b>517,840</b>	649,454	<b>571,535</b>	671,662

(i) The Company has supply chain financing arrangements 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.

### 18. Leases

At March 31, 2023, the Company assessed its portfolio of rental contracts for stores, offices, plants and distribution centers and identified 302 contracts that contain a lease. Of these 302 contracts, 76 qualify for the exemptions prescribed by the lease standard and 226 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 varying from 1.8% to 2.5% in the United States of America and 3.6% to 16.5% in Brazil at March 31, 2023.

## Notes to the interim financial statements

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



### 18. Leases--Continued

#### a) Right-of-use assets

	Parent company	Consolidated
<b>Total right-of-use assets at December 31, 2021</b>	<b>16,624</b>	<b>221,692</b>
Merger of subsidiary	64,202	-
Additions to right-of-use assets	111,986	254,995
Derecognition of right-of-use assets	(14,230)	(22,927)
Depreciation charge for the period	(34,152)	(89,975)
Effect of changes in foreign exchange rates	-	(6,385)
Transfer	-	42
<b>Total right-of-use assets at December 31, 2022</b>	<b>144,430</b>	<b>357,442</b>
<b>Total right-of-use assets at December 31, 2022</b>	<b>144,430</b>	<b>357,442</b>
Additions to right-of-use assets	89,006	92,680
Derecognition of right-of-use assets	(2,487)	(6,945)
Depreciation charge for the period	(12,636)	(27,178)
Effect of changes in foreign exchange rates	-	(2,563)
<b>Total right-of-use assets at March 31, 2023</b>	<b>218,313</b>	<b>413,436</b>

## Notes to the interim financial statements

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



### b) Lease liabilities

	Parent company	Consolidated
<b>Lease liabilities at December 31, 2021</b>	<b>18,611</b>	<b>231,896</b>
Additions to lease liabilities	111,986	254,995
Merger of subsidiary	65,018	-
Effect of changes in foreign exchange rates	-	(6,711)
Derecognition of lease liabilities	(14,905)	(23,795)
Payment of lease liabilities	(40,274)	(105,422)
Interest on lease liabilities	8,696	23,574
<b>Lease liabilities at December 31, 2022</b>	<b>149,132</b>	<b>374,537</b>
<b>Lease liabilities at December 31, 2022</b>	<b>149,132</b>	<b>374,537</b>
Additions to lease liabilities	89,006	92,680
Effect of changes in foreign exchange rates	-	(2,596)
Derecognition of lease liabilities	(2,578)	(7,391)
Payment of lease liabilities	(15,689)	(33,224)
Interest on lease liabilities	6,106	9,706
<b>Lease liabilities at March 31, 2023</b>	<b>225,977</b>	<b>433,712</b>
Current	39,315	93,790
Non-current	186,662	339,922



## Notes to the interim financial statements

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



### 18. Leases--Continued

#### c) Future commitments

In compliance with CVM Circular 02/2019 and CPC 06 (R2)/IFRS 16, given the fact that the Company 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, the following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments as of March 31, 2023:

	Cash flow (present value)		Gross contractual cash flow	
	Parent company	Consolidated	Parent company	Consolidated
2023	(30,404)	(71,078)	(47,613)	(97,664)
2024	(36,868)	(89,346)	(56,532)	(118,402)
2025	(35,530)	(83,416)	(51,644)	(105,691)
2026	(32,381)	(71,764)	(44,972)	(87,323)
After 2027	(90,794)	(118,108)	(124,441)	(152,972)
<b>Total</b>	<b>(225,977)</b>	<b>(433,712)</b>	<b>(325,202)</b>	<b>(562,052)</b>
Potential PIS and COFINS tax credits	(20,903)	(40,118)	(30,081)	(51,990)

### 19. Capital and reserves

#### 19.1. Share capital

At March 31, 2023 and December 31, 2022, the Company's capital consisted of 110,186 thousand common shares.

	Number of shares (thousands)	Share capital R\$
<b>Balance at December 31, 2021</b>	<b>99.631</b>	<b>811.284</b>
Subscription of new shares	10,125	833,794
Acquisition of shares	372	24,957
Issue of new shares	58	1,681
<b>Balance at December 31, 2022</b>	<b>110,186</b>	<b>1,671,716</b>
<b>Balance at March 31, 2023</b>	<b>110,186</b>	<b>1,671,716</b>

## Notes to the interim financial statements

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



### 19. Capital and reserves--Continued

#### 19.2. Treasury shares

As at March 31, 2023, the balance of treasury shares is R\$6,237 (December 31, 2022 – R\$46), consisting of 90,618 common shares at an average acquisition cost of R\$68.82.

### 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, when calculated, is considered as distribution of profits for purposes of determination of the minimum dividend to be distributed.

On November 29, 2021, the Board of Directors of the Company approved the payment of R\$26,215 of interim dividends. The dividends were paid on January 13, 2022.

#### 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% on 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 of the Company approved the payment of R\$33,784 of interest on capital. The amount was paid on January 13, 2022.

On December 12, 2022, the Board of Directors of the Company approved the payment of R\$82,107 of interest on capital. The payment was made on January 27, 2023.

## Notes to the interim financial statements

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



### 20. 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, 2023 and 2022.

#### a) Basic earnings per share

	March 31, 2023	March 31, 2022
Profit for the period	63,141	97,285
Weighted average number of common shares outstanding	110,095	106,828
<b>Basic earnings per share - R\$</b>	<b>0.4878</b>	0.9107

#### b) Diluted earnings per share

	March 31, 2023	March 31, 2022
Profit for the period	63,141	97,285
Weighted average number of common shares (basic)	110,095	106,828
Adjustment for share options	2,940	2,021
Weighted average number of common shares (diluted)	113,035	108,849
<b>Diluted earnings per share - R\$</b>	<b>0.4751</b>	0.8938

### 21. Net operating revenue

The breakdown of net sales revenue is as follows:

	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Gross sales revenue</b>	<b>986,362</b>	735,330	<b>1,285,947</b>	1,042,083
Domestic market	<b>986,207</b>	735,082	<b>1,168,639</b>	917,093
Foreign market	<b>155</b>	248	<b>117,308</b>	124,990
Sales returns	<b>(59,902)</b>	(34,193)	<b>(112,629)</b>	(79,305)
Discounts and rebates	<b>(1,669)</b>	(637)	<b>(1,678)</b>	(637)
Taxes on sales	<b>(114,361)</b>	(92,454)	<b>(146,349)</b>	(122,565)
<b>Net sales revenue</b>	<b>810,430</b>	608,046	<b>1,025,291</b>	839,576

## Notes to the interim financial statements

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



### 22. 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, Carol Bassi, Brizza, Reversa, Simples Reserva, Unbrand Reserva) 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 a single business segment, and the performance thereof is managed and evaluated centrally.

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:

<b>Brand</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>Sales channel</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Gross revenue</b>	<b>1,285,947</b>	1,042,083	<b>Gross revenue</b>	<b>1,285,947</b>	1,042,083
<b>Domestic market</b>	<b>1,168,639</b>	917,093	<b>Domestic market</b>	<b>1,168,639</b>	917,093
Arezzo	<b>347,955</b>	306,724	Multi-brand stores	<b>335,791</b>	248,576
AR&CO (i)	<b>287,353</b>	197,055	Franchise stores	<b>298,018</b>	252,978
Schutz	<b>193,731</b>	178,416	E-commerce	<b>278,764</b>	223,421
Anacapri	<b>91,195</b>	74,292	Company-owned st	<b>252,238</b>	191,360
Others (ii)	<b>248,405</b>	160,606	Others	<b>3,828</b>	758
<b>Foreign market</b>	<b>117,308</b>	124,990	<b>Foreign market</b>	<b>117,308</b>	124,990

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

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

## Notes to the interim financial statements

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



### 24. Expenses by nature

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

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Expenses by function</b>				
Cost of sales	<b>(434,524)</b>	(339,261)	<b>(488,467)</b>	(390,836)
Selling expenses	<b>(208,608)</b>	(147,962)	<b>(347,500)</b>	(289,081)
General and administrative expenses	<b>(68,406)</b>	(65,137)	<b>(82,774)</b>	(73,816)
Other operating income	<b>4,753</b>	44,582	<b>8,745</b>	78,870
Other operating expenses	<b>(4,704)</b>	(3,485)	<b>(10,471)</b>	(3,561)
	<b>(711,489)</b>	(511,263)	<b>(920,467)</b>	(678,424)
<b>Expenses by nature</b>				
Depreciation and amortization	<b>(28,736)</b>	(18,553)	<b>(49,396)</b>	(33,444)
Employee benefits expenses	<b>(107,504)</b>	(81,593)	<b>(143,767)</b>	(113,411)
Raw materials and consumables (iii)	<b>(440,250)</b>	(341,844)	<b>(494,820)</b>	(395,222)
Freight	<b>(22,679)</b>	(13,829)	<b>(39,451)</b>	(30,329)
Store occupancy expenses (i)	<b>(7,699)</b>	(9,212)	<b>(16,827)</b>	(19,715)
Advertising costs	<b>(45,308)</b>	(31,738)	<b>(86,666)</b>	(71,442)
Utilities and services (iii)	<b>(61,652)</b>	(59,124)	<b>(88,498)</b>	(93,702)
Tax credits - net (ii)	<b>(1,828)</b>	41,974	<b>1,150</b>	65,608
Other operating income	<b>4,751</b>	2,609	<b>166</b>	13,262
Other operating expenses	<b>(584)</b>	47	<b>(2,358)</b>	(29)
	<b>(711,489)</b>	(511,263)	<b>(920,467)</b>	(678,424)

(i) Includes rental, condominium fee, property tax (IPTU) and advertising fund.

(ii) Refers to income, net of tax credit-related expenses.

(iii) To improve presentation and disclosure of expenses by nature, we reviewed 23 accounts and identified the need to reclassify expenses between the income statement line items 'utilities and services' and 'raw materials and consumables' under CPC 26 *Presentation of Financial Statements*.

## Notes to the interim financial statements

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



### 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:

	Consolidated			
	March 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Cash and cash equivalents	83,603		28,826	
Cash investments	699,465	699,465	447,608	447,608
Trade receivables	743,489		867,912	
<b>Liabilities</b>				
Loans and borrowings	1,060,093		401,873	
Trade payables	571,535		671,662	
Derivative financial liabilities	26,183	26,183	1,773	1,773
Lease liabilities	433,712		374,537	
Payables for acquisition of subsidiary	74,493		126,759	

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).

## Notes to the interim financial statements

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



### 25. Financial risk management objectives and policies--Continued

#### a) Fair value--Continued

At March 31, 2023, 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
<b>Assets</b>		
Cash and cash equivalents	-	83,603
Cash investments	699,465	-
Trade receivables	-	743,489
<b>Liabilities</b>		
Loans and borrowings	-	1,060,093
Trade payables	-	571,535
Lease liabilities	-	433,712
Payables for acquisition of subsidiary	-	74,493
Derivative financial liabilities	26,183	-

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

Cash and cash equivalents, trade and other receivables, and trade and other 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.

## Notes to the interim financial statements

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



### 25. Financial risk management objectives and policies--Continued

#### 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, 2023 and December 31, 2022, the net exposure to changes in USD rate is as follows:

	Consolidated	
	March 31, 2023	December 31, 2022
Accounts receivable in foreign currency (i)	13,833	21,124
Loans and borrowings in foreign currency	(948,061)	(391,613)
Trade payables in foreign currency	(23,965)	(23,340)
<b>Net exposure</b>	<b>(958,193)</b>	<b>(393,829)</b>

(i) Excludes accounts receivable from unrelated parties.

A sensitivity analysis was performed with three different scenarios to demonstrate the sensitivity of foreign currency-denominated accounts receivable and accounts payable and loans to changes in the exchange rates at March 31, 2023.

The table below provides three scenarios, with the base-case scenario being adopted by the Company. The base-case scenario for 2023 was based on the US dollar's value at March 31, 2023. A set of increments was considered as +25% and +50% with respect to the assumed values in the base-case scenario.

	Currency	Base-case scenario	Scenario A	Scenario B
<b>Increase in foreign exchange rate</b>				
Accounts receivable in foreign currency	BRL	13,833	17,291	20,749
Loans and borrowings in foreign currency	BRL	(948,061)	(1,185,076)	(1,422,092)
Trade payables in foreign currency	BRL	(23,965)	(29,956)	(35,947)
<b>Effect on profit before tax</b>		-	<b>(239,548)</b>	<b>(479,097)</b>
<b>USD rate</b>		<b>5.08</b>	<b>6.35</b>	<b>7.62</b>



## Notes to the interim financial statements

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



### 25. Financial risk management objectives and policies--Continued

#### 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, 2023, the interest rate profile of the Company's interest-bearing loans and borrowings is as follows:

	<b>March 31, 2023</b>	<b>%</b>
Fixed interest rate	256,040	24.0
Interest rate based on CDI	804,053	76.0
	<b>1,060,093</b>	<b>100.0</b>

A sensitivity analysis was performed with three different scenarios to demonstrate the sensitivity of borrowings to changes in interest rates at March 31, 2023.

The table below provides three scenarios, with the base-case scenario being adopted by the Company. The base-case scenario for 2023 was based on the CDI rate at March 31, 2023. 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, disregarding taxes and the maturities of each agreement. The sensitivity analysis relates to the balance of borrowings at March 31, 2023, projecting the interest rates for one year.

	<b>Base-case scenario</b>	<b>Scenario A</b>	<b>Scenario B</b>
<b>Increase in interest expense</b>			
Borrowings with interest rate based on CDI	109,794	137,243	164,690
	<b>109,794</b>	<b>137,243</b>	<b>164,690</b>
Increase in interest rate for financial liabilities		25%	50%
CDI	13.65%	17.06%	20.48%

#### d) Credit risk

Credit risk arises from the difficulty in collecting the amounts due from customers for goods sold and 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 analyzes each new customer individually for creditworthiness but, as a usual market practice, only high-risk customers are required to make advance payments.

## Notes to the interim financial statements

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



### 25. Financial risk management objectives and policies--Continued

#### d) Credit risk--Continued

No single customer accounts for more than 5.0% of the Company's total accounts receivable at March 31, 2023 and December 31, 2022.

Management monitors its exposure to credit risk from trade receivables on a weekly basis and recognizes impairment losses in the statement of income when there is evidence of impairment. 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 year	One to five years	Total
Loans and borrowings	700,147	437,843	1,137,990
Trade payables	571,535	-	571,535
Lease liabilities	128,286	433,766	562,052

## Notes to the interim financial statements

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



### 25. Financial risk management objectives and policies--Continued

#### 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 so as 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 transactions. No changes were made in the objectives, policies or processes for managing capital during the interim period ended March 31, 2023 and the year ended December 31, 2022.

The Company's net debt to equity ratio at March 31, 2023 and December 31, 2022 was as follows:

	Consolidated	
	March 31, 2023	December 31, 2022
Loans and borrowings	(1,060,093)	(401,873)
Cash and cash equivalents	83,603	28,826
Cash investments	699,465	447,608
<b>Net (debt) cash</b>	<b>(277,025)</b>	<b>74,561</b>
<b>Total equity attributable to owners of the Parent</b>	<b>2,707,228</b>	<b>2,653,792</b>
<b>Net debt to equity ratio</b>	<b>(10.1%)</b>	-

## Notes to the interim financial statements

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



### 26. Net finance costs

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Finance income</b>				
Interest income on cash investments	4,703	8,873	11,298	10,694
Inflation adjustment	1,398	28	1,426	1,849
Interest income	1,773	1,147	1,797	1,202
Other finance income	2,916	2,166	271	271
	<b>10,790</b>	12,214	<b>14,792</b>	14,016
<b>Finance costs</b>				
Interest on borrowings	(8,373)	(3,642)	(22,249)	(6,033)
Bank charges	(2,558)	(3,113)	(2,682)	(3,426)
Notary public fees	(788)	(718)	(800)	(721)
Interest on lease liabilities	(6,106)	(1,365)	(9,706)	(2,603)
Interest on loans from related parties	(2,637)	(965)	-	-
Discounts granted	(134)	(86)	(207)	(138)
Credit card administration fee	(3,862)	(554)	(11,617)	(6,327)
Other finance costs	(1,791)	(782)	(3,325)	(1,812)
	<b>(26,249)</b>	(11,225)	<b>(50,586)</b>	(21,060)
Foreign exchange gains	19,041	24,133	18,292	14,404
Foreign exchange losses	(24,619)	(33,965)	(22,089)	(27,767)
	<b>(5,578)</b>	(9,832)	<b>(3,797)</b>	(13,363)
<b>Net finance costs recognized in profit or loss</b>	<b>(21,037)</b>	(8,843)	<b>(39,591)</b>	(20,407)

## Notes to the interim financial statements

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



### 27. Other operating income and expenses

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Other operating income</b>	<b>4,753</b>	44,582	<b>8,745</b>	78,870
Franchise fee	<b>558</b>	130	<b>558</b>	130
Reimbursement of return expenses	<b>553</b>	351	<b>553</b>	351
Tax credits (i)	-	41,974	<b>3,166</b>	65,608
Recovery of expenses	<b>2,501</b>	1,339	<b>2,838</b>	1,465
Miscellaneous income	<b>1,141</b>	788	<b>1,630</b>	11,316
<b>Other operating expenses</b>	<b>(4,704)</b>	(3,485)	<b>(10,471)</b>	(3,561)
Share options and restricted stock plans	<b>(4,516)</b>	(3,532)	<b>(4,516)</b>	(3,532)
Loss on sale of property, plant and equipment and intangible assets	<b>(188)</b>	-	<b>168</b>	(28)
Miscellaneous expenses (ii)	-	47	<b>(6,123)</b>	(1)
<b>Total</b>	<b>49</b>	41,097	<b>(1,726)</b>	75,309

(i) Tax credits recognized in the period ended March 31, 2023 refer to ICMS on sales and services, and tax credits recognized in the period ended March 31, 2022 refer to PIS and COFINS in respect of expenses that are essential to the Company's activities.

(ii) Partial reversal of the gain on bargain purchase recognized in the year ended December 31, 2022 and adjusted in the interim period ended March 31, 2023, after finalization of the acquisition of subsidiary HG Industria e Comércio de Calçados Ltda.

## Notes to the interim financial statements

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



### 28. Share-based payment arrangements

#### 28.1 Restricted stock plan

	First grant 2017	Second grant 2018	Third grant 2019	Fourth grant 2021	Fifth grant 2022
<b>Balance at December 31, 2019</b>	398,641	80,960	26,606	-	-
Exercised	(99,660)	(8,995)	(2,661)	-	-
Written off	(52,799)	-	-	-	-
<b>Balance at December 31, 2020</b>	<b>246,182</b>	<b>71,965</b>	<b>23,945</b>	-	-
Granted	-	-	-	45,492	-
Exercised	(123,091)	(17,992)	(2,661)	-	-
Written off	-	(8,205)	-	-	-
<b>Balance at December 31, 2021</b>	<b>123,091</b>	<b>45,768</b>	<b>21,284</b>	<b>45,492</b>	-
Granted	-	-	-	-	66,937
Exercised	(123,091)	(45,768)	(5,321)	(4,402)	-
Written off	-	-	-	(1,471)	-
<b>Balance at December 31, 2022</b>	-	-	<b>15,963</b>	<b>39,619</b>	<b>66,937</b>
Written off	-	-	-	-	(2,095)
<b>Balance at March 31, 2023</b>	-	-	<b>15,963</b>	<b>39,619</b>	<b>64,842</b>

In compliance with IFRS 2/CPC 10, the Company determined the fair value of the shares. In the interim period ended March 31, 2023, the Company determined R\$449 (March 31, 2022 – R\$349) of restricted stock plan expense, which was charged to profit or loss against the capital reserve account in equity.

## Notes to the interim financial statements

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



### 28. Share-based payment arrangements--Continued

#### 28.1 Restricted stock plan--Continued

Maximum number of shares	First grant	Second grant
Vesting schedule from the date of grant	2021	2022
Balance at December 31, 2022	1,818,892	965,272
Within 30 days from the date of grant	39,805	17,551
From the first anniversary	184,790	96,527
From the second anniversary	184,790	96,527
From the third anniversary	369,580	193,054
From the fourth anniversary	1,108,742	579,164
Total share options granted	1,887,707	982,823
Written off	(29,010)	-
Exercised	(39,805)	(17,551)
<b>Balance at March 31, 2023</b>	<b>1,818,892</b>	<b>965,272</b>

In compliance with IFRS 2/CPC 10, the Company determined the fair value of the share options, based on the vesting schedule. In the interim period ended March 31, 2023, the Company determined R\$4,067 (March 31, 2022 – R\$3,183) of share option plan expense, which was charged to profit or loss against the capital reserve account in equity. The fair value of the share options in 2021 and 2022 has been measured using the Black-Scholes formula for Lot I and the binomial model for Lot II.

## Notes to the interim financial statements

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



### 29. Government tax incentives

#### Presumed tax credit of State Value-added Tax on Sales and Services (ICMS)

At March 31, 2023, the Company determined the amount of R\$72,564 (March 31, 2022 – R\$48,462) of ICMS tax incentives, which were classified in net revenue, as follows:

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
ICMS tax benefits - State of Espírito Santo (a)	<b>26,524</b>	24,624	<b>36,028</b>	33,146
ICMS tax benefits - State of Rio de Janeiro (b)	<b>35,617</b>	15,316	<b>35,617</b>	15,316
ICMS tax benefits - State of Bahia (c)	-	-	<b>919</b>	-
<b>Total</b>	<b>62,141</b>	39,940	<b>72,564</b>	48,462

- 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 ICMS tax benefits to manufacturers of textile products, fabrics, garments, apparel accessories and notions.
- c) The State of Bahia, through Law No. 7,025 of January 24, 1997 regulated by Decree No. 6734 of September 9, 1997, granted ICMS tax benefits to manufacturers of shoes established in the State of Bahia.



## Notes to the interim financial statements

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



### 30. Subsequent events

#### Acquisition of Vicenza

According to a release on January 16, 2023, the Board of Directors of the Company approved at the meeting held on that same date a purchase and sale agreement ("Agreement") between the Company ("Buyer") and Ariovaldo Ceconello Furlanetto and Rosi Izabel Furlanetto ("Sellers") which specifies the terms and conditions on the acquisition of Calçados Vicenza Ltda. ("Vicenza"). Under the terms and conditions of the Agreement, after the conversion of Vicenza from a limited liability company to a corporation, the Sellers will sell and the Buyer will buy sixty percent (60%) of the total voting shares of Vicenza ("Acquisition") for consideration of R\$103,800. The Purchase Price shall be adjusted up or down according to certain customary conditions for a transaction of this nature. The remaining shares owned by the Sellers after the Acquisition, representing forty percent (40%) of Vicenza's total voting shares, will be incorporated by the Company ("Merger of Shares"). As a result of the Merger of Shares, the share capital of the Company will increase through the issue of 803,129 new registered, book-entry, common shares without par value, which will be subscribed by Vicenza's officers on behalf of the Sellers and paid up through the merger of Vicenza shares.

The transaction is yet to be recognized probably in the second quarter of 2023, pending fulfillment of conditions precedent in SPA.

The acquisition fits well into the Company's strategy to expand its business in the fashion and retail sector, its product offerings and brand portfolio with the goal of consolidating itself as a house of brands.



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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 parent company 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, 2023, which comprises the balance sheet as of March 31, 2023, 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 parent company and consolidated interim financial information in accordance with Technical Pronouncement *CPC 21 (R1) – Demonstração Intermediária* and 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 accordance 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 parent company and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company 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, parent company and consolidated, for the three-month period ended March 31, 2023, 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 parent company and consolidated interim financial information taken as a whole.

Porto Alegre, May 02, 2023

KPMG Auditores Independentes Ltda.  
CRC SP014428/F-7

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