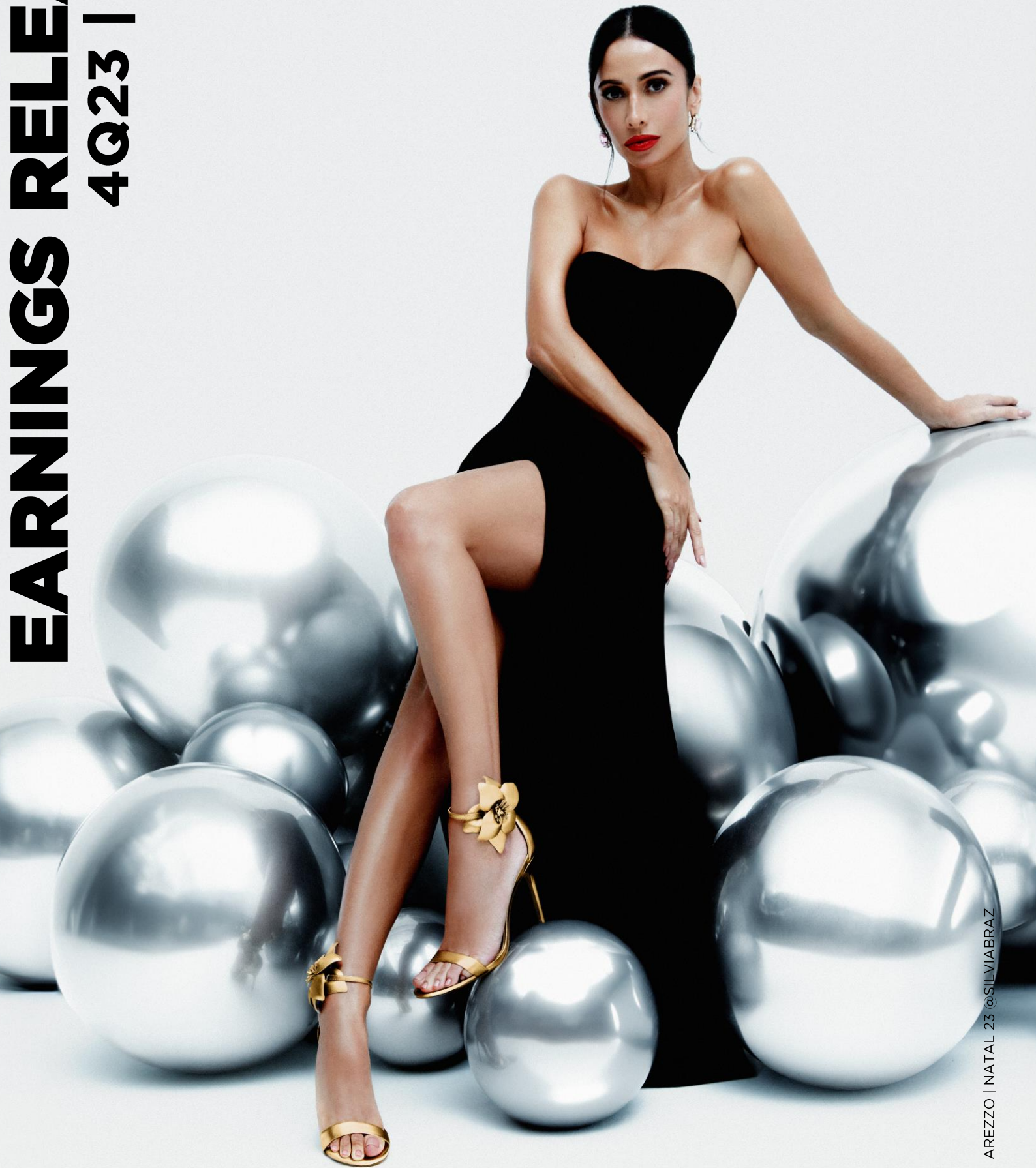


# EARNINGS RELEASE

## 4Q23 | 2023

# AREZZO & CO



AREZZO | NATAL 23 @SILVIABRAZ

# 4Q23 AND 2023 EARNINGS RELEASE

São Paulo, March 07, 2024.

Arezzo&Co (B3 - Brasil, Bolsa e Balcão: ARZZ3), the largest fashion *house of brands* in Brazil, announces its 4Q23 and 2023 results.

## HIGHLIGHTS

### GROSS REVENUES

**R\$1.8B** +11.3% vs 4Q22

**R\$6.1B** +16.4% vs 2022  
+66.9% vs 2021

### GROSS MARGIN

**56.2%** GROSS RECURRING MARGIN IN 4Q23 (+240 BPS)

GROSS INCOME OF R\$ 801M, +13.6% VS 4Q22

### RECURRING EBITDA

**R\$221M** +16.0% vs 4Q22,  
EBITDA MARGIN OF **15.5% (+90 BPS)**

**R\$801M** +22% vs 2022,  
FROM +16.4% IN 2023 GROSS REVENUES  
EBITDA MARGIN OF **16.5% (+100 BPS)**

### RECURRING NET INCOME

**R\$126M** +22.5% vs 4Q22,  
NET MARGIN OF **8.8% (+100 BPS)**

**R\$420M** +8.7% vs 2022

### DOMESTIC MARKET

**57.4%** GROSS RECURRING MARGIN IN 4Q23 (+340 BPS)

**17.6%** RECURRING EBITDA MARGIN IN 4Q23 (+220 BPS)

### ROIC

**27.4%** RECURRING ROIC IN 4Q23

### SELL OUT DTC

**R\$ 1.6B** +14.9% vs 4Q22  
(FRANCHISES, E-COMMERCE E OWNED STORES)

### OPERATING INDICATORS

**5.6M** ACTIVE CUSTOMERS

**1,062** STORES  
(OWNED STORES AND FRANCHISES)

**7,878** MULTI-BRAND POINTS

**20.6M** PAIRS SOLD IN 2023

#### EARNINGS VIDEOCONFERENCE

March 08, 2024  
11:00 a.m. (Brasília) / 9:00 a.m. (New York)

Videoconference in Portuguese  
with simultaneous translation into English



#### SHARE PRICE AND MARKET CAP

March 07, 2024

Price per Share : R\$ 58.72  
Market Cap: R\$ 6.5 billion

# MESSAGE FROM MANAGEMENT

The year of 2023 was a remarkable year for Arezzo&Co, where once again we demonstrated our ability to adapt. An year where we overcame external obstacles, together with important gains in our organic growth strategy. We posted R\$ 6.1 billion in sales, up 16.4%, setting a new all-time record, despite the strong comparative baseline from 2022's results. This was result of our ability to manage the brands portfolio, together with our team's execution and delivery capabilities.

In the face of a challenging early months of the year, we made a decision to carry out structural changes, including downsizing our brands portfolio and restructuring corporate support areas. This provided added operational efficiency and, therefore, improved returns in the period, leading to R\$801 million in recurring EBITDA, with a 16.5% margin and 27.4% ROIC. Also, we invested R\$235 million in organic growth projects, plus R\$195 million in the acquisitions of Vicenza and Paris Texas - our first international acquisition, as well as paid out R\$ 296 million in dividends and IOC to our shareholders.

In the fiscal year, our brands platform once again proved its strength, with every main brand posting sales growth. The highlights in terms of growth from 2022 were Vans (+27%), AR&CO (+26%), Arezzo (+14%), and Anacapri (+21%). As for channels, the highlight was e-commerce which was up 24.7% YoY.

The international market, however, was affected by the wholesale channel's performance, in line with the retraction of department stores in the US market. Against this backdrop, and once again reinforcing our decision-making ability and diligent capital allocation, we closed two Schutz stores - Madison (NY) and Beverly Hills (CA) - in December 2023. We also restructured the international operation's corporate team, adding efficiency and integration with the Brazilian operation.

In the domestic market, we continued to grow at levels far above the market and to expand our market share. In the Footwear and Handbags segment, considering the A/B demographic, Arezzo&Co reached 38.4% market share, up 3.5 percentage points from 2022.

We continue to strengthen our OMNI capabilities with excellence. We achieved a 23% increase in revenues from clients shopping both on and off-line in 2023. Furthermore, this consumer type in 2023 displayed twice the shopping frequency of the typical Arezzo&Co customer.

# MESSAGE FROM MANAGEMENT

In 2023, we advanced our commitment to the ESG agenda with important recognitions, including (i) being named a component of the ISE portfolio for the third consecutive year and being recognized as a B Corp.; (ii) earning an A- grade in the CDP (Carbon Disclosure Project), positioning us as a Leadership; and (iii) receiving the ABRASCA award for Best Sustainability Annual Report in the Listed Companies category.

In early 2024, we announced a historic move for Arezzo&Co and the Brazilian fashion industry: the Association Agreement between Arezzo&Co and SOMA Group, creating the largest brands platform in Latin America. The new company has sales of approximately R\$ 12 billion with a 15.6% EBITDA margin (considering 3QLTM), 34 brands, 21.8 thousand employees, more than 2 thousand stores – own and franchises –, 21.5 thousand multi-brand customers and an active base of 11 million clients – without considering potential overlaps. After the close, the new company will have four business shafts under CEO Alexandre Birman: (i) footwear and handbags; (ii) women's apparel and lifestyle; (iii) men's apparel and lifestyle; and (iv) democratic apparel; as well as a C-level structure of matrix-reporting support areas that will uphold the business shafts and preparation of the new company to plug in other shafts, exploring even more growth avenues.

The association with the SOMA Group will enable increased penetration in the AB+ apparel segment, a R\$ 97 billion market, in addition to creating great opportunities to generate added value, such as the development of footwear and handbag categories for the SOMA Group, leveraging revenues, optimizing management of the multi-brand, e-commerce and, above all, the franchises channels, as well as optimizing the Hering industrial garments plant, among others.

Finally, we would like to express our profound thanks to all of our investors and analysts for their confidence. This is just the beginning!

On to 2154!

ALEXANDRE BIRMAN, CEO & CCO  
AREZZO&CO



AREZZO  
& CO

# KEY INDICATORS



# 4Q23 KEY FINANCIAL INDICATORS

Main Financial indicators	4Q23	4Q23 Recurring	4Q22 Recurring	Δ (%) 23 x 22
<b>Gross Revenues</b>	1.801.249	1.801.249	1.617.670	11,3%
<b>Net Revenues</b>	1.424.631	1.424.631	1.311.413	8,6%
<b>COGS</b>	(627.634)	(624.071)	(606.428)	2,9%
<b>Depreciation and amortization (cost)</b>	(1.324)	(1.324)	(1.225)	8,0%
<b>Gross Profit</b>	796.997	800.560	704.985	13,6%
<b>Gross margin</b>	55,9%	56,2%	53,8%	2,4 p.p
<b>SG&amp;A*</b>	(643.709)	(640.280)	(571.986)	11,9%
<b>% of net revenues</b>	(45,2%)	(44,9%)	(43,6%)	(1,3 p.p)
<b>Selling expenses</b>	<b>(487.704)</b>	<b>(474.008)</b>	<b>(423.504)</b>	<b>11,9%</b>
<b>Owned stores and web commerce</b>	(244.203)	(242.953)	(183.696)	32,3%
<b>Selling, logistics and supply</b>	(243.501)	(231.055)	(239.808)	(3,6%)
<b>General and administrative expenses</b>	(106.210)	(103.169)	(93.244)	10,6%
<b>Other operating revenues (expenses)</b>	10.030	(3.278)	1.414	331,8%
<b>Depreciation and amortization (expenses)</b>	(59.825)	(59.825)	(56.653)	5,6%
<b>EBITDA</b>	214.437	221.428	190.877	16,0%
<b>EBITDA Margin</b>	15,1%	15,5%	14,6%	0,9 p.p
<b>Financial Income</b>	(51.465)	(51.465)	(37.716)	36,5%
<b>Net Income</b>	121.168	125.782	102.702	22,5%
<b>Net Margin</b>	8,5%	8,8%	7,8%	1,0 p.p

Note: "Recurring" excludes one-off effects as detailed in the Annexes hereto

# 2023 KEY FINANCIAL INDICATORS

Main Financial indicators	2023	2023 Recurring	2022 Recurring	Δ (%) 23 x 22
<b>Gross Revenues</b>	6.087.569	6.087.569	5.229.907	16,4%
<b>Net Revenues</b>	4.846.768	4.846.768	4.233.726	14,5%
<b>COGS</b>	(2.217.707)	(2.207.461)	(1.950.092)	13,2%
<b>Depreciation and amortization (cost)</b>	(5.538)	(5.538)	(4.388)	26,2%
<b>Gross Profit</b>	2.629.061	2.639.307	2.283.634	15,6%
<b>Gross margin</b>	54,2%	54,5%	53,9%	0,6 p.p
<b>SG&amp;A</b>	(2.070.277)	(2.052.250)	(1.788.195)	14,8%
<b>% of net revenues</b>	(42,7%)	(42,3%)	(42,2%)	(0,1 p.p)
<b>Selling expenses</b>	(1.542.371)	(1.504.238)	(1.332.493)	12,9%
<b>Owned stores and web commerce</b>	(733.826)	(725.596)	(478.702)	51,6%
<b>Selling, logistics and supply</b>	(808.545)	(778.642)	(853.790)	(8,8%)
<b>General and administrative expenses</b>	(357.952)	(338.071)	(302.795)	11,7%
<b>Other operating revenues (expenses)</b>	38.926	(1.062)	4.382	124,2%
<b>Depreciation and amortization (expenses)</b>	(208.880)	(208.880)	(157.290)	32,8%
<b>EBITDA</b>	773.202	801.474	657.117	22,0%
<b>EBITDA Margin</b>	16,0%	16,5%	15,5%	1,0 p.p
<b>Financial Income</b>	(182.843)	(131.378)	(77.258)	70,1%
<b>Net Income</b>	398.673	419.937	386.444	8,7%
<b>Net Margin</b>	8,2%	8,7%	9,1%	(0,4 p.p)

Note: "Recurring" excludes one-off effects as detailed in the Annexes hereto

# GROSS REVENUES 4Q23

Gross Revenue	4Q23	Part%	4Q22	Part%	Δ	Δ (%) 23 x 22	3Q21	Part%	Δ (%) 23 x 21
<b>Total Gross Revenue</b>	1,801,249		1,617,670		183,579	11.3%	1,352,404		33.2%
<b>Foreign Market</b>	146,131	8.1%	154,324	9.5%	- 8,193	(5.3%)	142,417	10.5%	2.6%
<b>Domestic Market</b>	1,655,118	91.9%	1,463,346	90.5%	191,772	13.1%	1,209,987	89.5%	36.8%
<b>By Brand</b>									
<b>Arezzo</b>	433,000	26.2%	381,684	26.1%	51,316	13.4%	375,406	31.0%	15.3%
<b>Schutz<sup>1</sup></b>	223,576	13.5%	214,375	14.6%	9,201	4.3%	194,187	16.0%	15.1%
<b>AR&amp;CO<sup>2</sup></b>	525,233	31.7%	455,397	31.1%	69,836	15.3%	342,677	28.3%	53.3%
<b>Anacapri</b>	137,112	8.3%	121,748	8.3%	15,364	12.6%	98,642	8.2%	39.0%
<b>Others<sup>3</sup></b>	336,197	20.3%	290,142	19.8%	46,055	15.9%	199,075	16.5%	68.9%
<b>By Channel</b>									
<b>Franchises</b>	360,993	21.8%	341,590	23.3%	19,403	5.7%	337,108	27.9%	7.1%
<b>Multibrand</b>	377,567	22.8%	375,855	25.7%	1,712	0.5%	299,577	24.8%	26.0%
<b>Owned Stores</b>	461,988	27.9%	401,278	27.4%	60,710	15.1%	296,435	24.5%	55.8%
<b>Web Commerce</b>	452,472	27.3%	349,728	23.9%	102,744	29.4%	275,728	22.8%	64.1%
<b>Others<sup>4</sup></b>	2,098	0.1%	5,105	(0.3%)	7,203	N/A	1,139	0.1%	N/A

(1) Ex- revenues from international operations.

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

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

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

# GROSS REVENUES 2023

Gross Revenue	2023	Part%	2022	Part%	Δ	Δ (%) 23 x 22	2021	Part%	Δ (%) 23 x 21
<b>Total Gross Revenue</b>	6,087,569		5,229,907		857,662	16.4%	3,647,442		66.9%
<b>Foreign Market</b>	564,555	9.3%	549,840	10.5%	14,715	2.7%	391,319	10.7%	44.3%
<b>Domestic Market</b>	5,523,014	90.7%	4,680,067	89.5%	842,947	18.0%	3,256,123	89.3%	69.6%
<b>By Brand</b>									
<b>Arezzo</b>	1,575,772	28.5%	1,381,048	29.5%	194,724	14.1%	1,065,330	32.7%	47.9%
<b>Schutz<sup>1</sup></b>	840,524	15.2%	804,735	17.2%	35,789	4.4%	607,365	18.7%	38.4%
<b>AR&amp;CO<sup>2</sup></b>	1,516,102	27.5%	1,200,287	25.6%	315,815	26.3%	770,692	23.7%	96.7%
<b>Anacapri</b>	446,325	8.1%	368,964	7.9%	77,361	21.0%	292,071	9.0%	52.8%
<b>Others<sup>3</sup></b>	1,144,291	20.7%	925,033	19.8%	219,258	23.7%	520,665	16.0%	119.8%
<b>By Channel</b>									
<b>Franchises</b>	1,309,236	23.7%	1,169,821	25.0%	139,415	11.9%	886,834	27.2%	47.6%
<b>Multibrand</b>	1,469,185	26.6%	1,278,812	27.3%	190,373	14.9%	886,700	27.2%	65.7%
<b>Owned Stores</b>	1,373,966	24.9%	1,133,505	24.2%	240,461	21.2%	659,195	20.2%	108.4%
<b>Web Commerce</b>	1,357,778	24.6%	1,089,189	23.3%	268,589	24.7%	816,285	25.1%	66.3%
<b>Others<sup>4</sup></b>	12,849	0.2%	8,740	0.2%	4,109	47.0%	7,109	0.2%	80.7%

(1) Ex- revenues from international operations.

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

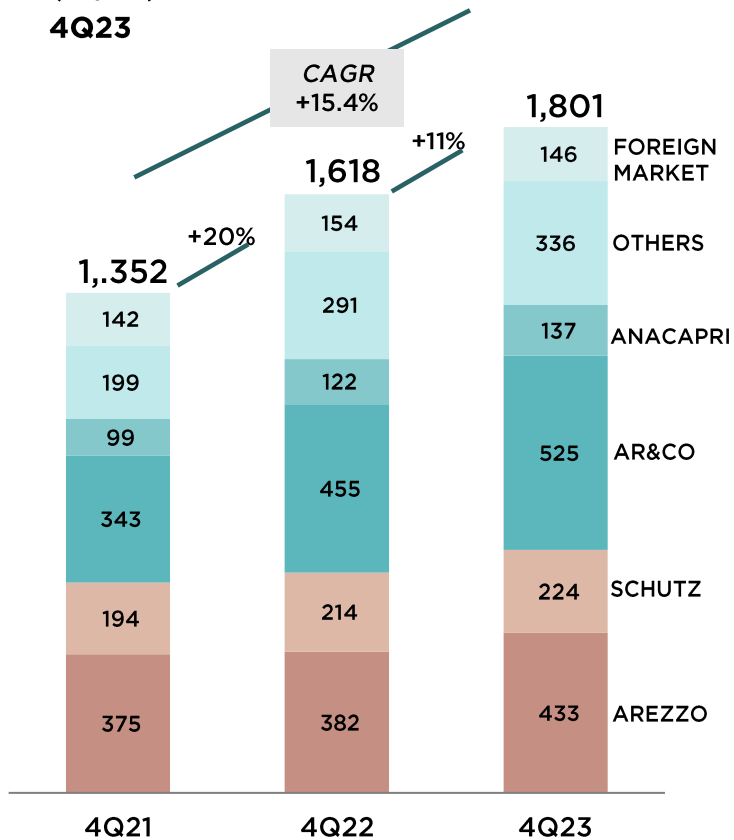
(3) Includes the brands Vans, A. Birman, Fiever, Alme, TROC, My Shoes, Carol Bassi and Vicenza, domestic market only, and other unspecified brand revenues.

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



# 4Q23 GROSS REVENUES BREAKDOWN

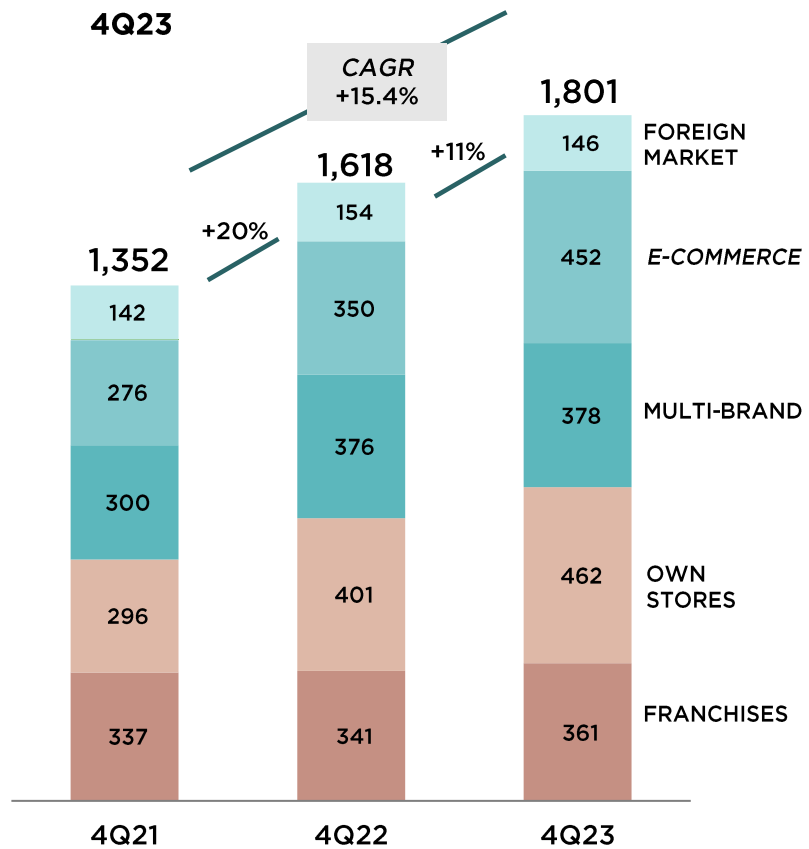
## GROSS REVENUES BY BRAND (R\$ M) 4Q23



% change vs 4Q22

- AREZZO +13.4%
- SCHUTZ +4.3%
- AR&CO +15.3%
- ANACAPRI +12.6%
- OTHERS +15.9%
- FOREIGN MARKET -5.3%

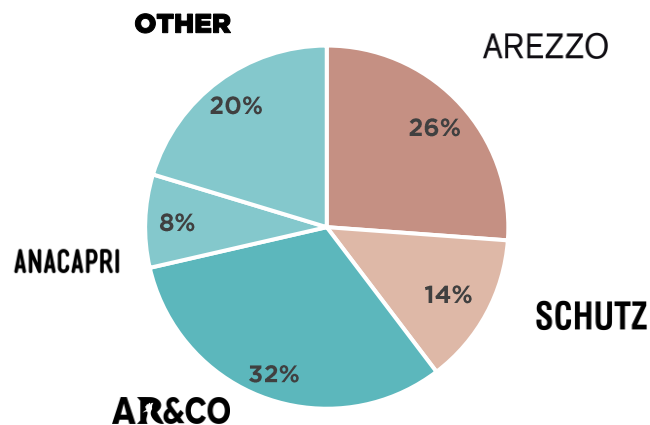
## GROSS REVENUES BY CHANNEL (R\$ M) 4Q23



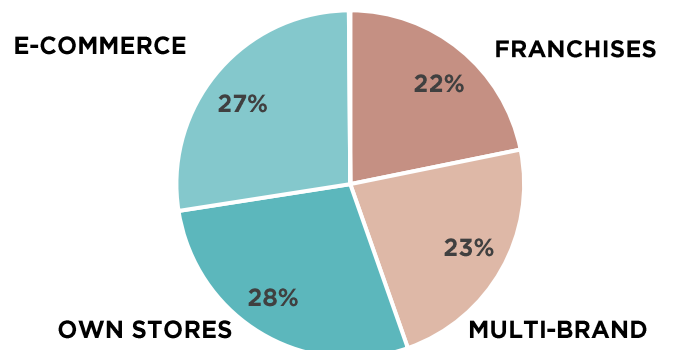
% change vs 4Q22

- FRANCHISES +5.7%
- OWN STORES +15.1%
- MULTI-BRAND +0.5%
- E-COMMERCE +29.4%
- FOREIGN MARKET -5.3%

## BRANDS | DOMESTIC MARKET 4Q23

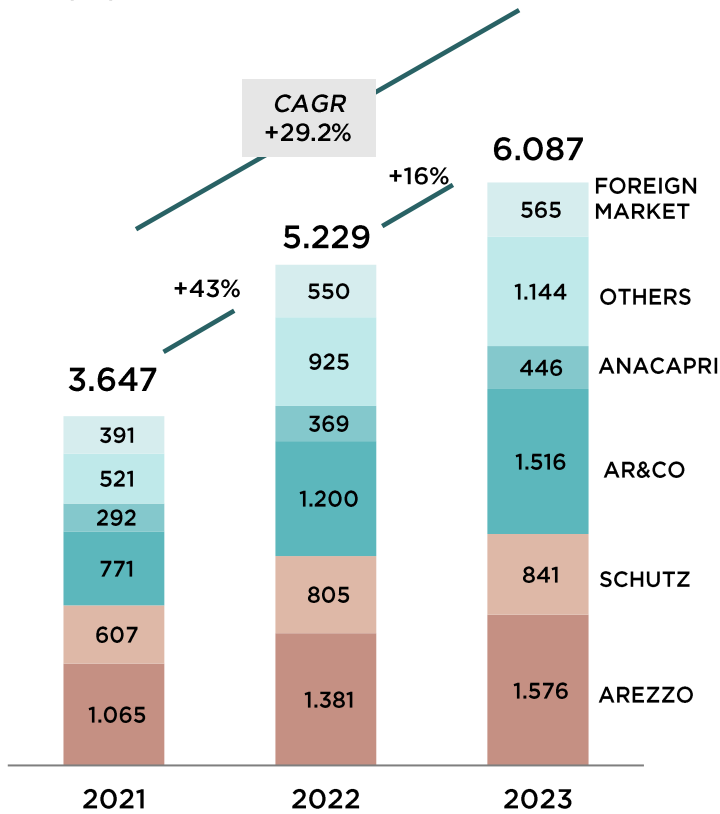


## CHANNELS | DOMESTIC MARKET 4Q23

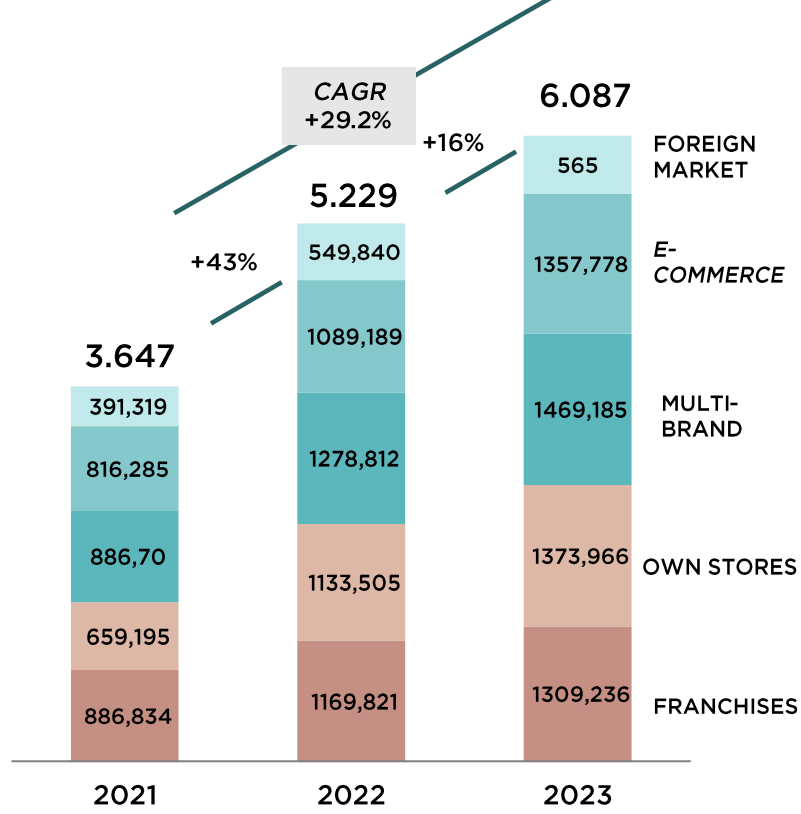


# 2023 GROSS REVENUES BREAKDOWN

## GROSS REVENUES BY BRAND (R\$ M) 2023



## GROSS REVENUES BY CHANNEL (R\$ M) 2023



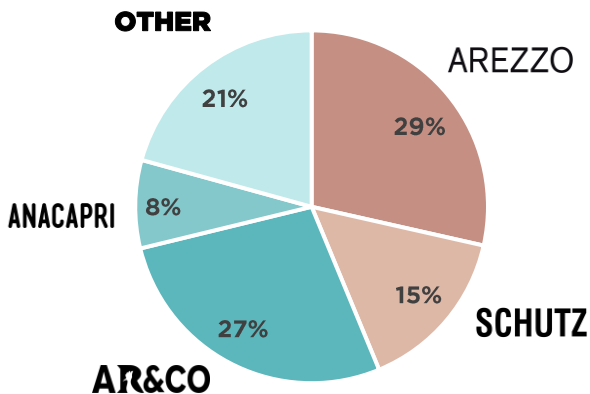
% change vs 2022

- AREZZO +14.1%
- SCHUTZ +4.4%
- AR&CO +26.3%
- ANACAPRI +21.0%
- OTHERS +23.7%
- FOREIGN MARKET +2.7%

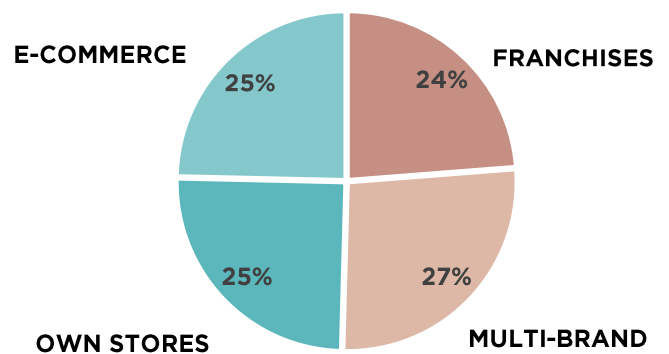
% change vs 2022

- FRANCHISES +11.9%
- OWN STORES +21.2%
- MULTI-BRAND +14.9%
- E-COMMERCE +24.7%
- FOREIGN MARKET +2.7%

## BRANDS | DOMESTIC MARKET 2023



## CHANNELS | DOMESTIC MARKET 2023



# 4Q23 OPERATIONAL INDICATORS

Operating Indicators	4Q23	4Q22	Δ (%) 23 x 22
<b># of pairs sold ('000)</b>	6.177	6.548	-5,7%
<i>Part. (%)</i>	59,4%	64,8%	-5,4 p.p
<b># of handbags sold ('000)</b>	878	798	10,0%
<i>Part. (%)</i>	8,4%	7,9%	0,5 p.p
<b># of clothes sold ('000)<sup>1</sup></b>	3.352	2.755	21,7%
<i>Part. (%)</i>	32,2%	27,3%	4,9 p.p
<b># of employees</b>	8.379	7.450	12,5%
<b># of stores<sup>3</sup></b>	1.062	1.013	49
<b><i>Owned Stores</i></b>	212	190	22
<b><i>Franchises</i></b>	850	823	27
<b>Shoes &amp; Handbags Outsourcing (as % of total production)<sup>4</sup></b>	85,3%	84,1%	1,2 p.p
<b>Shoes &amp; Handbags Insourcing (as % of total production)<sup>4</sup></b>	14,7%	15,9%	-1,2 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>	-4,8%	-2,2%	-2,6 p.p
<b>SSS<sup>2</sup> sell-out (owned stores + franchises + web)</b>	13,8%	12,0%	1,8 p.p

(1) Considers apparel sold by AR&CO, Vans, Schutz e Carol Bassi.

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

(3) Includes overseas stores

(4) Revised and adjusted 4Q22 figures.

\*Drop in pairs partly explained by the impact of the discontinuation of the Myshoes and Fiever brands. Excluding the discontinued brands and acquired brands – Vicenza and Paris Texas – from the base would produce a 3.3% drop instead of 5.7%.

# 2023 OPERATIONAL INDICATORS

Operating Indicators	2023	2022	Δ (%) 23 x 22
<b># of pairs sold ('000)</b>	20.580	21.220	-3,0%
<i>Part. (%)</i>	61,5%	66,4%	-4,9 p.p
<b># of handbags sold ('000)</b>	3.076	3.013	2,1%
<i>Part. (%)</i>	9,2%	9,4%	-0,2 p.p
<b># of clothes sold ('000)<sup>1</sup></b>	9.809	7.706	27,3%
<i>Part. (%)</i>	29,3%	24,1%	5,2 p.p
<b># of employees</b>	8.379	7.450	12,5%
<b># of stores<sup>3</sup></b>	1.062	1.013	49
<b><i>Owned Stores</i></b>	212	190	22
<b><i>Franchises</i></b>	850	823	27
<b>Shoes &amp; Handbags Outsourcing (as % of total production)<sup>4</sup></b>	84,1%	82,8%	1,3 p.p
<b>Shoes &amp; Handbags Insourcing (as % of total production)<sup>4</sup></b>	15,9%	17,2%	-1,3 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>	16,7%	26,5%	-9,8 p.p
<b>SSS<sup>2</sup> sell-out (owned stores + franchises + web)</b>	15,2%	31,9%	-16,7 p.p

(1) Considers apparel sold by AR&CO, Vans, Schutz e Carol Bassi.

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

(3) Includes overseas stores

\*Drop in pairs partly explained by the impact of the discontinuation of the Myshoes and Fiever brands. Excluding the discontinued brands and acquired brands – Vicenza and Paris Texas – from the base would produce a 0.5% drop instead of 3.0%.

# BRANDS PERFORMANCE

AREZZO  
& CO





# AREZZO

Arezzo posted R\$ 1.6 billion in gross revenues in Brazil in 2023, with solid 14.1% growth versus 2022. All sales channels grew, emphasis on the multi-brand (+16.1% vs. 2022) and owned stores (+53.8% vs 2022) channels.

In November 2023, Arezzo launched its high summer campaign, called “Solare” and starring digital influencer Livia Nunes. The collection registered material turnover and full-price sales gains in a period where the market at large operates based on mark-down sales.

For December, the most important month in the year, the brand launched an unprecedented Christmas campaign with digital influencer Silvia Braz, resulting in strong sell-out growth in the period. Emphasis on the performance of the owned stores channel, with 21% same-store sales in December.

In the quarter, the e-commerce channel was a highlight as well, with 13.1% growth from the same period in 2022, reaching 21.6% of the brand’s total sales.





Schutz brand had gross sales of R\$ 841 million in fiscal year 2023, posting 4.4% growth versus 2022. It is worth underscoring the strong comparative baseline, with 38% growth in 2022 from 2021.

In the quarter, the spotlight shines on the franchise channel, up 23.2% from the previous year, followed by the multi-brand channel at 18.3%.

The period was marked by the consolidation of the new best-seller, the ST-001 sneakers, which was sold out.

As for branding, the brand strengthened its identity through initiatives like the partnership with ambassador Malu Borges for the launch of the exclusive collection of Italian pumps. In addition, October saw the unveiling of a pop-up store focusing on full looks at the Iguatemi Faria Lima shopping mall.

Schutz has important plans in place for 2024, including, to name a few, the return to femininity, consolidating its position as a brand of desire, a branding project with the Macciotti agency, and a new architectural design with Studio Boom.





AR&CO's brands once again posted solid performance. In 2023, total gross revenues were R\$ 1.5 billion, up 26% from the previous year. In 4Q23, gross revenues were up 15%, emphasis due on B2C, which achieved 30% growth from 4Q22. In addition, the segment's active customer base increased by 39%.

Over the period, the brand launched the Reserva Praia line, an innovative proposal with exclusive products devised for coastal cities, hotels, and resorts.

Strategically located in the famed Fairmont Copacabana hotel, the first store offers guests and visitors a unique experience with classic and exclusive items. In January 2024, we opened the first Casa Reserva in the Morumbi shopping mall, a space that collects every brand in the roster: Reserva, Reversa, Mini and Go, plus a selection of partner brands.



# ANACAPRI

**AREZZO  
& CO**

In 2023, Anacapri celebrated 15 years of history marked by solid growth and a clear positioning as a democratic and comfortable brand. In the year, the brand posted R\$446 million in sales, up 21% from the previous year. All channels reported two-digit growth rates in the period, boosting the brand's expansion.

In 4Q23, the main highlight was the e-commerce channel, which posted 35.7% growth vs. 4Q22, and already answers for 16% of the brand's total sales.

In November 2023, we unveiled Estação Anacapri, a revolutionizing retail space with unprecedented experiences that strengthens the brand's culture and identity.

The 1,500 sqm space features the brand's flagship store, a model-store that franchisees can replicate, an Omni distribution center that serves the entire state of São Paulo, a showroom, and office space.





ALEXANDRE  
BIRMAN

In the year, Alexandre Birman brand posted total revenues of R\$230 million. Domestic growth was 34.1%, boosted by the e-commerce and multi-brand channels, which were up 54.6% and 37.4%, respectively, versus 2022.

The quarter saw an important step in the brand's history, with the release of the "Handcrafted in Italy" collection, with footwear made entirely in Italy, the cradle of international fashion. The move adds distinction to the brand, placing it at a new market level as a benchmark and synonymous of inspiration, design and desire.





# VANS

## "OFF THE WALL"

# AREZZO & CO

2023 was a year of strong growth for Vans, with the brand's gross revenues up 26.5% from 2022. The year was also marked by new store openings, reaching a total of 41 stores and expanding the brand into new regions, such as Campo Grande. The brand's omnichannel aspect was a highlight, with 23% growth in 2023 vs 2022.

In the quarter, Vans posted 17.1% gross revenues growth, particular emphasis due on the e-commerce channel (+28.6% vs 4Q22). In November, VANS Brasil reached 1 million Instagram followers, consolidating its strong brand awareness and forming a connection with its consumers. That same month, the brand launched a connection together with Disney, celebrating 100 years of stories, with sneaker, apparel and accessory choices for fans of all ages.

In addition, a collection was released with Brazilian skateboarder Pedro Barros, a member of the global team of VANS athletes.

Finally, the new product franchises, such as the Neo VR3 and the re-launched '90s classic Knul Skool, showed excellent performance and contributed to the brand's sell-out growth domestically.



Over the course of 2023, Alme brand, which bears the concept of low environmental impact and comfort, displayed growth, with emphasis on the e-commerce channel, which posted 46.1% growth from 2022. In December, the brand reached record results for its DTC channels, at 45% growth.

The High Summer collection was marked by the release of an unprecedented collab with Arezzo brand, emphasis on the Lume sneakers, an Alme icon, produced with recycled rubber and cotton.

The collection was present at all Arezzo franchises in Brazil, as well as multi-brand points and own operations. The successful partnership attained turnover over 90%, selling out in most stores and underlining the fact that fashion and sustainability go hand-in-hand.

Furthermore, Alme unveiled its first kiosk model in Florianópolis, a state capital that connects with the aware and technological lifestyle that is in the brand's DNA.





In 2023, Carol Bassi brand posted 33.3% growth from 2022.

The brand held its first e-commerce Black Friday in the fourth quarter, setting a sales record for the channel.

The year was marked by strategic store openings for the brand, such as its second store in the city of Rio de Janeiro, at the Leblon mall, the first store in Curitiba, at Pátio Batel, and the brand's first outlet unveiled at the Catarina mall.

In 2024, Carol Bassi celebrates its 10th anniversary with the release of the CB Icons campaign, revisiting its best sellers over time and starring Isabella Fiorentino.



# Vicenza)



In early 2023, Arezzo&Co acquired Vicenza, a brand that has been active for over 30 years, with a presence in more than 470 multi-brand points across Brazil. It also has vast expertise in the export market, with a presence in more than 50 countries.

In the fourth quarter of 2023, emphasis due on the e-commerce channel, which answered for 15.4% of revenues.

In the same year, the brand entered a new category with the successful release of its first line of handbags.

In December, Vicenza unveiled its first flagship store at 903 Oscar Freire, a milestone in its history at one of the choicest spots in Brazilian retail.

# INTERNATIONAL BUSINESS

**AREZZO  
& CO**

In 2023, Arezzo&Co's international operation was impacted by the US Market's adverse scenario, particularly in the wholesale channel.

It is worth emphasizing that the year saw Arezzo&Co's first international M&A deal, with the acquisition of Paris Texas.

**PARIS**

**TEXAS**

Also in September, the Arezzo brand entered the US market through the major multi-brand chains Macy's and Belk. Because of the sales success, the brand will increase its presence in the chain, with a higher number of stores served in 2024.

The brand was launched with great repercussion, in a private event in Miami with the "organic" presence of celebrities such as

Victoria Beckham, Antonela Messi and Camila Coelho, with the potential to achieve more than 100 million people.



# PERFORMANCE BY CHANNEL



ANACAPRI | PRE FALL 24 | @GIOVANNA LANCELLOTTI

AREZZO  
&CO

# 4Q23 OMNICHANNEL HIGHLIGHTS

## 1. E-COMMERCE SALES

4Q23 SALES: **R\$ 452 MILLION** (+29.1% vs 4Q22)

2023 SALES: **R\$ 1.4 BILLION** (+24.7% vs 2022)

TOTAL TRAFFIC: **97 MILLION** (+9.2% vs 4Q22)

TOTAL APP REVENUES: **R\$ 131 MILLION** (+29.7% vs 4Q22)

TOTAL APP SHARE OF REVENUES : **28.9%**

E-COMMERCE TICKETS: **+32.6%** vs 4Q22

## 2. OMNICHANNEL SALES

DIGITAL SHARE OF PHYSICAL STORES SELL OUT : **59%** (+8 p.p. vs 4Q22)

STORE PICKUP AND DELIVERY REVENUES : **R\$ 109.9 MILLION**

**19.5 MILLION** CONTACTS MADE VIA APP IN 4Q23 (INFLUENCED REVENUES)

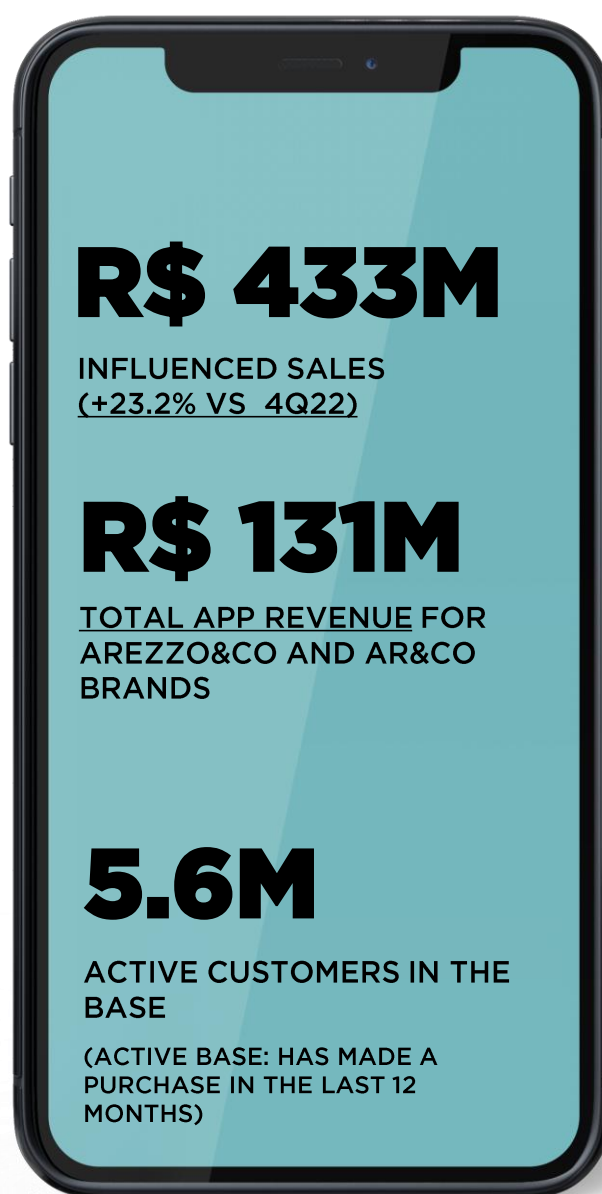
## 3. CRM

ACTIVE CUSTOMER BASE GROWTH : **+7.1%** vs 4Q22

NUMBER OF OMNI CUSTOMERS : **+7.3%** vs 4Q22

**36.3%** OF CUSTOMERS SHOP ONLINE;

**11.3%** OF CUSTOMERS ARE OMNI;





# CHANNELS

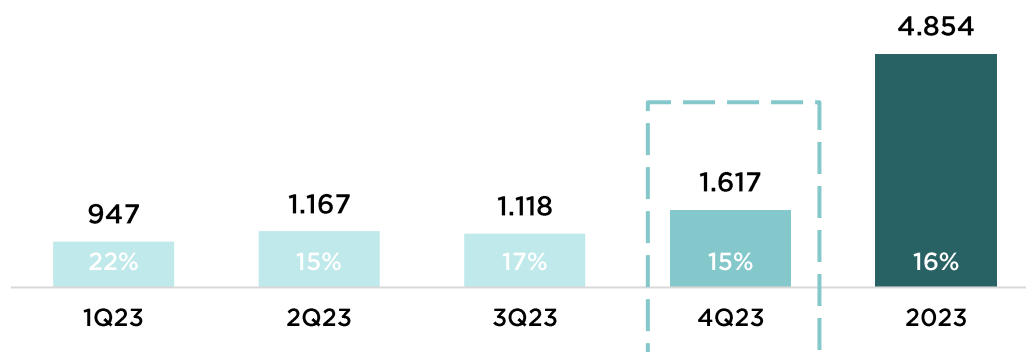
## SELL OUT – FRANCHISES, OWNED STORES AND E-COMMERCE

DTC sell out (Owned Stores + Franchises + E-Commerce) was R\$ 1.6 billion in 4Q23, including R\$ 410 million from owned stores (+19.8%), R\$ 773 million from franchises (+7.4%), and R\$ 434 million from e-commerce (+25.8%), equivalent to 14.9% total growth versus the strong comparative baseline of 4Q22. In 2023, sell out was R\$ 4.8 billion, up 15.9% YoY, despite the strong comparative baseline of 38.1% growth in 2022 vs 2021.

The digital channel maintained the strong performance shown in recent periods, and posted 25.8% growth in 4Q23. Physical stores (franchises + owned stores) grew 11.4% in 4Q23 vs 4Q22.

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

% VS PREVIOUS YEAR



16% GROWTH FROM A 38% COMPARATIVE BASELINE IN 22 vs 21

**R\$ 1.6B**  
RECORD-SETTING  
DTC SELL OUT IN  
4Q23

**15%**  
DTC SELL OUT  
GROWTH  
vs 4Q22

## **MONOBRAND – FRANCHISES AND OWNED STORES**

Arezzo&Co's monobrand physical channels posted solid results in 4Q23, with 10.8% growth vs 4Q22. The franchises channel (sell in) posted R\$361 million in sales, up 5.7% vs 4Q22. The owned stores channel (sell out) had R\$ 462 million in gross revenues, posting strong 15.1% growth from the same period last year, particularly in same-store sales.

It is worth emphasizing that 59 stores opened in the fourth quarter of 2023. As a result, at yearend 2023 we had 1,062 physical stores in the monobrand channel.

## **MULTI-BRAND**

In the fourth quarter, the multi-brand channel reached R\$ 378 million in sales, steady from 4Q22. This was mainly a result of decreased Reserva brand sales on the channel as a response of the strategy of reviewing points of sale in the face of branding prioritization.

In the fourth quarter of 2023, the Company's brands were distributed by means of 7,878 points of sale (no overlap), up 5.4% from 3Q23 and down 0.9% vs 4Q22.

## **E-COMMERCE**

The Company's E-Commerce channel has been posting solid and continued growth quarter after quarter. In 4Q23, the channel posted strong 29.4% growth versus 4Q22, totaling R\$ 452 million in gross revenues. It is worth emphasizing that this growth took place against a strong comparative baseline, given the 64.1% growth in 4Q22 vs 4Q21.

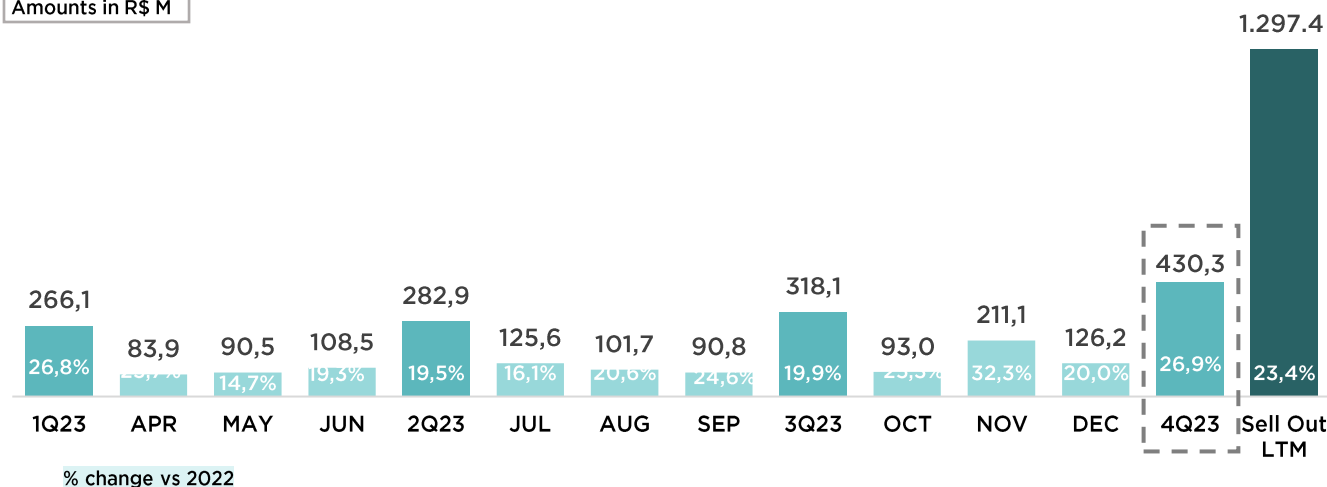
For the Black Friday sales event in November 2023, Arezzo&Co saw a record-setting number of online orders and a 41% increase forward in sales.

Sales through the Arezzo&Co brands' apps remain in constant expansion and were up 29.7% in the fourth quarter, answering for 30.4% of e-commerce sales. Apps achieved 1.8 million downloads in the period.

## E-COMMERCE SELL OUT EVOLUTION

Arezzo&Co and AR&Co

Amounts in R\$ M



## DIGITAL TRANSFORMATION

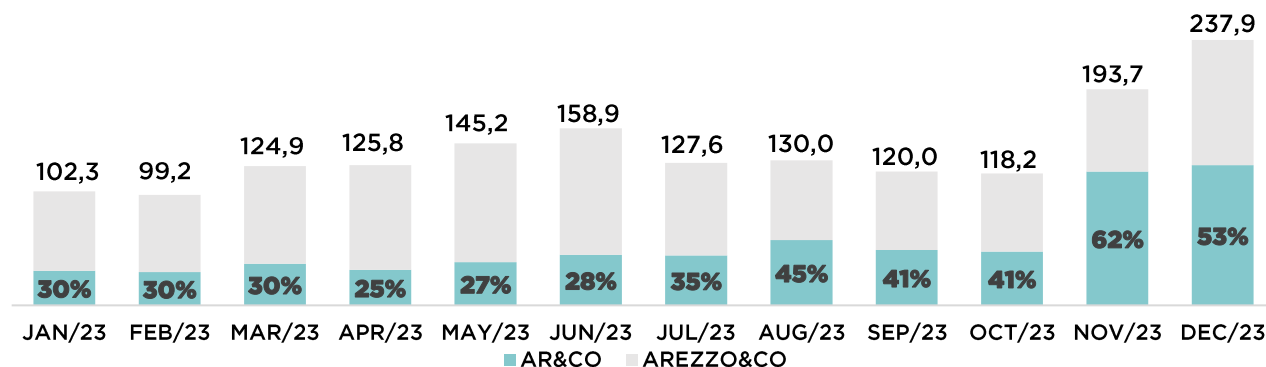
In 2023, sales made through a digital medium totaled R\$3.1 billion in sell-out revenues. Sales made through e-commerce, omnichannel tools or salesperson App were 59% of physical stores' sell out in the period. The "store delivery" and "store pickup" digital tools remained on their upwards trend and, together, achieved 54.2% growth in the period, equivalent to 8.1% of physical stores' sell out.

It is worth emphasizing the Company's commitment to omnichannel evolution by creating commercial incentives. For a highlight, Arezzo&Co implemented the "OMNI Seal", which recognizes franchisees for their digital-tool performance.

## AREZZO&CO GROUP DIGITAL REVENUES

Revenues from Digital Tools and + Salesperson App (proprietary)

Amounts in R\$ M



**R\$ 1.3B**

**2023**

E-COMMERCE SELL OUT

**R\$ 1.8B**

**2023**

REVENUES FROM DIGITAL TOOLS

**R\$ 3.1B**

**2023**

E-COM SELL OUT + DIGITAL TOOLS



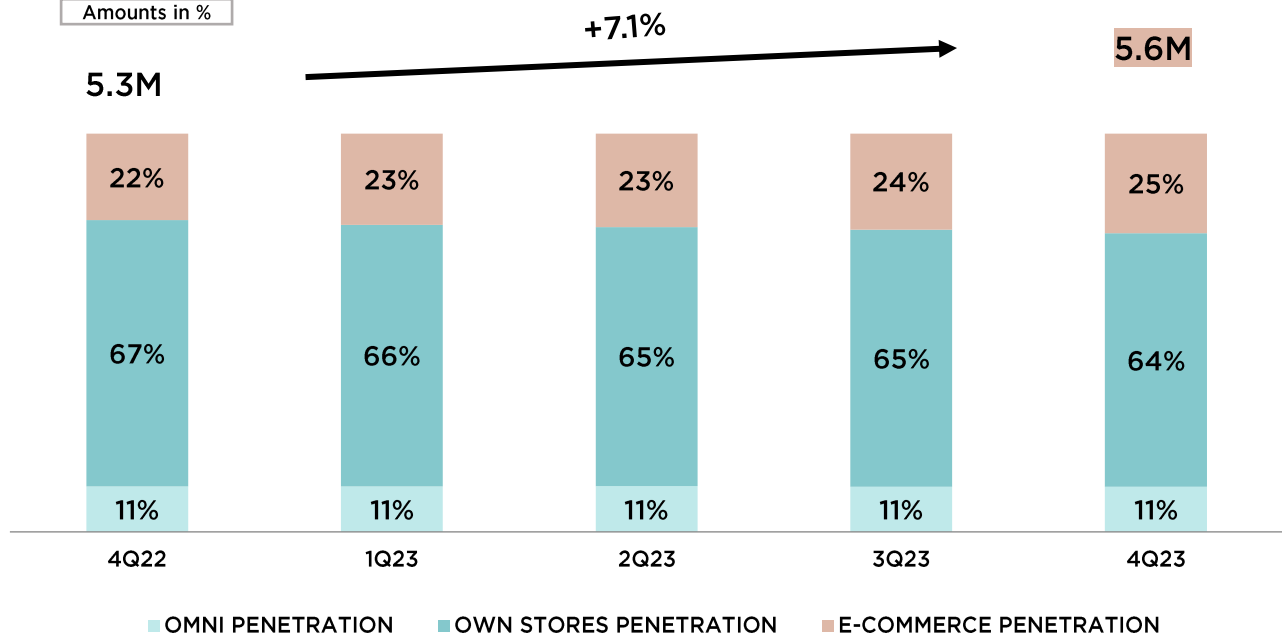
## DIGITAL TRANSFORMATION

### ACTIVE CUSTOMER BASE

- Arezzo&Co's active customer base (Taxpayer Ids with purchases made in the last 12 months) reached **5.6 million** in the quarter, up 7.1% vs 4Q22;
- **7.6%** of the active base came from new customers captured, **18.8%** from retained customers, and **7.7%** from reactivated customers;
- **36.3%** of Arezzo&Co's customers shop online;
- **11.3%** of customers are omnichannel (shop physically and online);
- The number of Omni customers was up 7.3% vs 4Q22, resulting in 23.3% sales growth
- **Shopping frequency for OMNI customers was 3.8x**, 91% above Arezzo&Co overall average.

### CUSTOMERS BY CHANNEL

Amounts in %



**+7.3%**  
OMNI CUSTOMERS  
vs 4Q22

**+23%**  
OMNI REVENUES  
vs 4Q22

Active base: customers making purchases in the last 12 months.

# MONOBRAND CHAIN

The Company reached the end of 4Q23 with **1,062 stores**, including 1,052 in Brazil and 10 abroad, considering all of the Group's brands.

Over the course of 4Q23, Arezzo&Co opened 59 net stores. Store openings concentrated mainly in the Anacapri, AR&CO e Vans brands, in line with the Company's store expansion strategy. In addition, Arezzo&Co had 12.5% growth in total selling area (m<sup>2</sup>) in 4Q23 versus 3Q23.

It is worth emphasizing that, over the course of 4Q23, the Company decided to close two of its Schutz stores in the US market – Beverly Hills (CA) and Madison (NY) – given the market's challenging outlook.

On its 2023 Investor Day, Arezzo&Co announced a guidance for opening 80 stores in 2023, 40 of which Anacapri brand.

Store Information	4Q22	1Q23	2QT23	3Q23	4Q23	Δ 4T23 x 3T23
<b>Sales Area<sup>1,3</sup> - Total (m<sup>2</sup>)</b>	69,607	69,204	69,458	69,860	73,960	4,101
<b>Sales area - franchises (m<sup>2</sup>)</b>	49,660	49,470	48,848	49,306	50,847	3.13%
<b>Sales area - owned stores<sup>2</sup> (m<sup>2</sup>)</b>	19,946	19,734	20,610	20,554	23,113	12.45%
<b>Total number of domestic stores</b>	1,002	994	993	993	1,052	59
<b>Arezzo</b>	457	447	444	439	443	4
<b>Schutz</b>	84	83	81	81	81	0
<b>Anacapri</b>	228	231	232	235	254	19
<b>Alme</b>	2	2	2	2	3	1
<b>Vans</b>	32	33	36	37	41	4
<b>Brizza</b>	0	0	0	0	2	2
<b>AR&amp;CO</b>	179	180	182	184	207	23
<b>Alexandre Birman</b>	12	12	11	11	13	2
<b>Carol Bassi</b>	5	4	3	4	7	3
<b>Vicenza</b>	-	1	1	0	1	1
<b>Total number of international stores</b>	11	11	12	12	10	-2
<b># of franchises</b>	6	6	6	6	6	0
<b># of owned stores<sup>4</sup></b>	5	5	6	6	4	-2

(1) Includes overseas stores' floor area

(2) Includes Outlet-type stores

(3) Includes floor area from expanded stores

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

Total stores in Brazil include =Franchises and Own Stores



# FINANCIAL INDICATORS

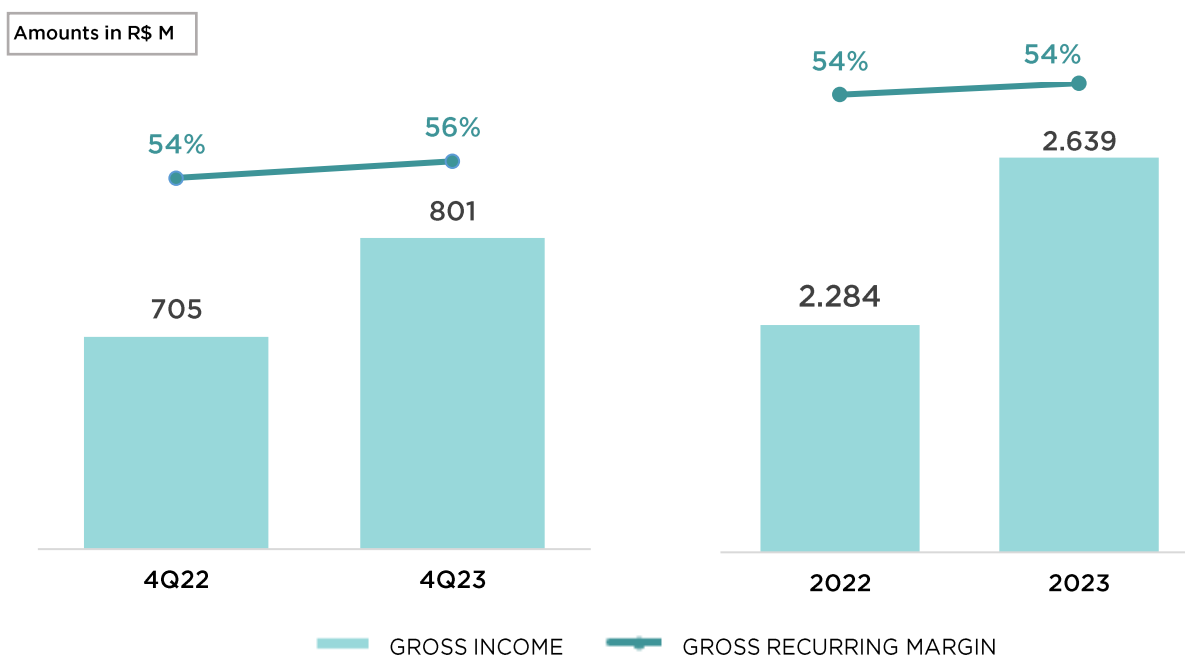
AREZZO  
& CO



# RECURRING GROSS INCOME AND GROSS MARGIN

The Company posted R\$ 801 million in recurring gross income in 4Q23 (+13.6% vs 4Q22), and 56.2% gross margin, up 240 bps vs 4Q22.

In the period, gross margin had positive influence from the increased representativeness of B2C channels – owned stores and e-commerce – in the revenues mix, in addition to increased full-price sales. On the other hand, it is worth underscoring the negative impact of the drop in gross margin from the US operation (ARZZ), which was down 720bps in the period.





# RECURRING OPERATING EXPENSES

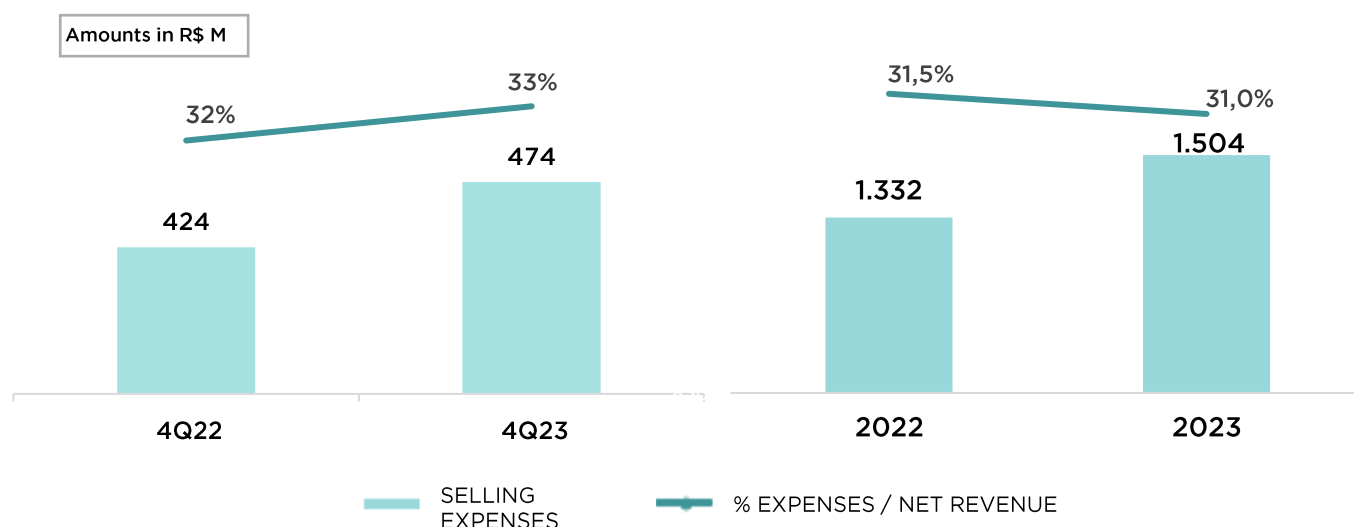
Arezzo&Co holds performance gains as a continuous objective, through improved efficiency and operational leverage. In line with its strategic plans, the Company invests to maintain its brands' sold growth, but remains diligent towards fixed and one-time costs.

Arezzo&Co's SG&A was R\$580.5 million in 4Q23, up 12.6% from 4Q22. It is worth emphasizing, however, that 4Q22's SG&A had a positive impact in the amount of R\$20.8M due to an adjustment in the "Leases" line; ex- this effect, the increase in SG&A in 4Q23 vs 4Q22 would be 8.3% instead of 12.6%, that is, in line with the increase in Net Revenues.

## Recurring Commercial Expenses

In the fourth quarter of 2023, Arezzo&Co's recurring commercial expenses were R\$ 474 million, up 11.9% vs 4Q22, almost in line with revenues growth. Excluding the effect mentioned above, which impacted 4T22 commercial expenses in the amount of R\$18.2mm, the increase in this line would be 7.3%, that is, below the increase in Net Revenues.

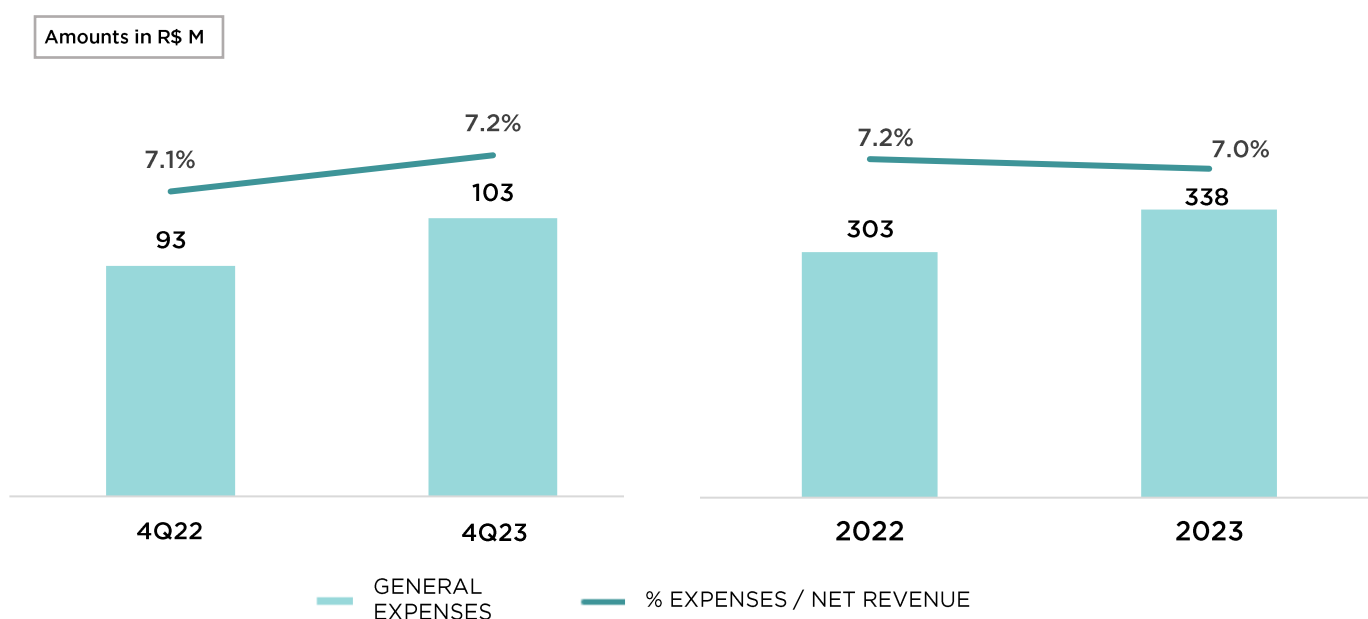
- i. Owned store and e-commerce (sell-out channels) expenses were R\$ 243 million - up 32.3% (or 22,5% excluding the impact mentioned above). Some of the main impacts include expenses associated with the operation of own stores, given the opening of new ones in the period and, therefore, increased personnel and CTO expenditures. In addition, the e-commerce channel also impacted the line due to increased spending on performance marketing and shipping versus sales, given the channel's good performance in the period, boosted by the Black Friday and Christmas events.
- ii. Selling, Logistics and Suppliers expenses were R\$ 231 million in the quarter, down 3.6% vs 4Q22 (or 5% excluding the impact mentioned above) . Some of the main reasons for this include lower marketing expenses from the international operation because of the challenging macroeconomic situation in the United States, as well as the closing of two Schutz stores in Beverly Hills (CA) and Madison (NY).



# RECURRING OPERATING EXPENSES

## Recurring General and Administrative Expenses

In the fourth quarter, the Company's recurring general and administrative expenses were R\$ 103 million, up 10.6% vs o 4Q22. Disregarding the adjustment described previously, which positively impacted this line by R\$2.6 million in 4Q22, the increase would have been 7.6%, that is, below the Net Revenue increase, generating operational leverage.





# RECURRING OPERATING EXPENSES

SG&A Analysis	4Q23 Recurring	4Q22 Recurring	Δ (%) 23 x 22
<b>Total SG&amp;A</b>	(580.455)	(515.334)	12,6%
<b>Fixed</b>	(227.526)	(223.650)	1,7%
<b>Eventual</b>	(89.268)	(86.586)	3,1%
<b>Variable</b>	(302.363)	(251.245)	20,3%
<b>Leasing</b>	38.702	46.147	(16,1%)

## Fixed, Variable and One-Time Expenses

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

In 4Q, the Company's expenses – ex depreciation and amortization – were R\$ 580 million, up 12.6% vs the same period in 2022.

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

Some of the reasons that explain the change in Variable Expenses above Net Revenues include: (i) increased representativeness of the e-commerce channel in the overall mix, up from 23% of Net Revenues in 4Q22 to 27% in 4Q23, as well as the 15.1% growth of owned stores/outlets sales, leading to a raise on variable rent expenses, commissions, personnel, digital marketing and freight; (ii) increased percentage of Royalties over Net Revenues associated with the licensing of the Vans brand, in line with the royalties fee scaling under the agreement; (iii) expenses related to the opening of 19 new owned stores during Q4.

Worth to mention that 4Q22 SG&A has been positively impacted by R\$20.8m from an adjustment on Leasing; excluding this effect, SG&A growth would have been 8.3% on 4Q23 vs 4Q22, instead of 12.6%, as mentioned above, and the Leasing, classified in the above table, would show an increase of 52.6% instead of a reduction of 16.1%.

# RECURRING EBITDA AND EBITDA MARGIN

The Company's recurring EBITDA in the fourth quarter was R\$ 221 million, up 16.0% vs 4Q22, and its recurring EBITDA margin was 15.5%, +90bps vs the same period in 2022.

Some of the main factors that made a positive contribution to the performance gain include the period's increased gross margin, due to the raise on representativeness of the B2C channels - owned stores and e-commerce - in the period's revenues mix, as well as an increase in full-price sales.

On the other hand, ARZZ International's (foreign market) contribution to consolidated EBITDA was negative, mainly due to the decrease in revenues and gross margin seen in the period.

It is important to underscore, however, that the domestic market's EBITDA margin was up by 220bps, from 15.4% in 4Q22 to 17.6% in 4Q23.

	4Q23 EBITDA				4Q22 EBITDA				Comparison 4Q23 vs. 4Q22		
	Arezzo&Co	Brazil	ARZZ Intern.	Var. Br x ARZZ	Arezzo&Co	Brazil	ARZZ Intern.	Var. Br x ARZZ	Arezzo&Co	Brazil	ARZZ
<b>Net Revenues</b>	1,424.6	1,299.7	124.9	940.4%	1,311.4	1,184.0	127.4	829.1%	8.6%	9.8%	-2.0%
<b>Gross Profit</b>	801.7	746.0	55.7	1239.8%	705.9	639.9	66.0	870.0%	13.6%	16.6%	-15.6%
<b>Gross Mg.</b>	56.3%	57.4%	44.6%	12.8pp	53.8%	54.0%	51.8%	2.3pp	2.4pp	3.4pp	-7.2pp
<b>Recurring EBITDA</b>	221.4	228.6	(7.2)	na	190.9	182.7	8.1	2147.4%	16.0%	25.1%	-188.1%
<b>Recurring Mg. EBITDA</b>	15.5%	17.6%	(5.7%)	23.3pp	14.6%	15.4%	6.4%	9.1pp	1.0pp	2.2pp	-12.1pp

ARZZ International considers foreign market revenues (exports and own operations in the United States and Europe)

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

# RECURRING NET INCOME AND NET MARGIN

The Company posted recurring net income of R\$ 125.7 million in the fourth quarter, up 22.5% vs 4Q22, and net margin of 8.8% (+100 bps).

Net income was negatively affected by net financial expense, which was up 36.5% in the period, mainly due to an increase in interest on financing because of the period's increased leverage. In addition, financial result was also negatively impacted by higher net FX rate variation in the period.

# ROIC - RETURN ON INVESTED CAPITAL

Recurring return on invested capital (ROIC) - which is, ex- the premium from Arezzo&Co's latest acquisitions, as well as credits from previous fiscal years and non-recurring elements - reached 27.4%.

Recurring ROIC was positively affected by the 34.5% increase in NOPAT in comparison to 2022. On the other hand, the indicator was also negatively affected by the increased capital used, due to greater investments and working capital.

It is worth emphasizing the significant improvement in days accounts payable (a 5-day increase from 4Q22 and 19 days from vs 3Q23) - due to the normalization of payment terms policy with suppliers - and the continued improvement on the inventory optimization front, with a positive impact on the fourth quarter's days' inventory from (down 2 days vs 4Q22).

	4Q23 Reported	4Q23 Recurring	4Q22 Reported	4Q22 Recurring	Δ 23 x 22 Rec. (%)
<b>EBIT (LTM)</b>	558,783	588,319	550,128	495,360	18.8%
<b>+ IR and CS (LTM)</b>	22,732	22,194	(50,333)	(41,311)	(153.7%)
<b>NOPAT (LTM)</b>	581,515	610,513	499,795	454,049	34.5%
<b>Working Capital<sup>1</sup></b>	816,029	879,452	737,848	737,848	19.2%
<b>Accounts Receivable</b>	1,125,449	1,125,449	849,590	849,590	32.5%
<b>Inventory</b>	828,557	823,180	772,060	772,060	6.6%
<b>Suppliers</b>	(834,464)	(765,664)	(671,660)	(671,660)	14.0%
<b>Others</b>	(303,513)	(303,513)	(212,142)	(212,142)	43.1%
<b>Permanent assets</b>	2,457,027	1,245,122	1,958,154	976,712	27.5%
<b>Other long-term assets<sup>2</sup></b>	410,741	410,741	198,393	198,393	107.0%
<b>Invested capital</b>	3,683,799	2,535,316	2,894,396	1,912,953	32.5%
<b>Average invested capital<sup>3</sup></b>	3,289,097	2,224,134	2,470,199	1,597,534	39.2%
<b>ROIC<sup>4</sup></b>	17.7%	27.4%	20.2%	28.4%	

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

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

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

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



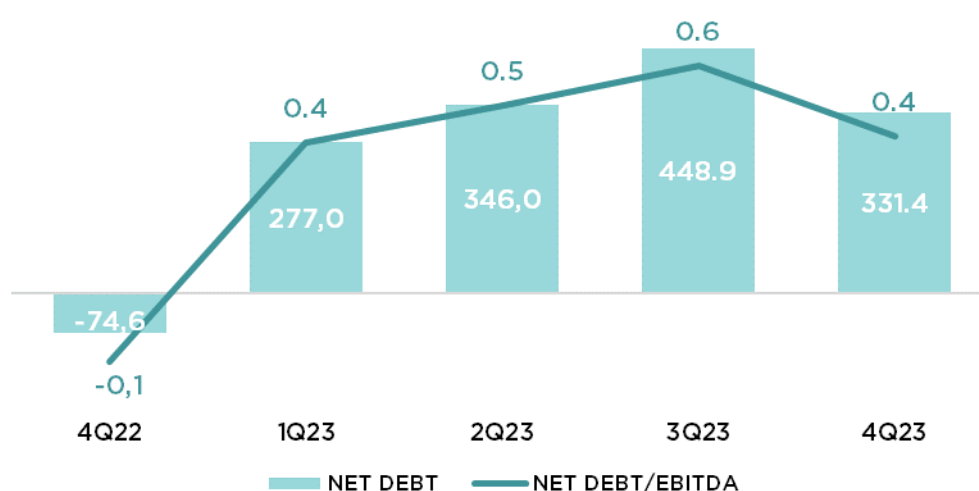
# CASH AND DEBT POSITION

The Company reached the end of 4Q23 with R\$ 331 million in net debt and a gross cash position of R\$ 750 million. It is also worth mentioning a gross debt restructuring in the period, which extended our debt's age profile: in 4Q23, long-term debt represented 18.4% of the total, versus 0.5% in 3Q23.

In the quarter, cash was positively impacted by operating income and working capital improvements. As a result, net leverage was down from 0.6x in 3Q23 to 0.4x in 4Q23.

Cash position and Indebtedness	4Q23	3Q23	4Q22
Cash and Cash Equivalents	749,714	643,566	476,434
<b>Total debt</b>	<b>1,081,124</b>	<b>1,092,501</b>	<b>401,873</b>
<b>Short-term</b>	882,205	1,087,400	392,254
% total debt	81.6%	99.5%	97.6%
<b>Long-term</b>	198,919	5,101	9,619
% total debt	18.4%	0.5%	2.4%
<b>Net debt</b>	<b>331,410</b>	<b>448,935</b>	<b>(74,561)</b>
<b>Net debt/EBITDA</b>	<b>0.4x</b>	<b>0.6x</b>	<b>-0.1x</b>

## Net debt and leverage evolution



# CAPEX

In 2023, CAPEX was R\$ 235 million, with a marginal growth of just 0.9% from 2022. In 4Q23, CAPEX investments were R\$ 62 million, 14.7% down from the same period in the previous year, emphasis due on the following:

## Stores

- Investments associated with Estação Anacapri – the brand’s flagship store and office on Oscar Freire street;
- Store renovations concentrating on the Reserva, Arezzo, AB and Schutz brands;
- Store openings concentrated on AR&CO’s brands (Oficina, Simples, Reserva and BAW), as well as opening Carol Bassi brand stores;

## Corporate

- Squads – projects associated with data, innovation, and integration of the e-commerce channel;
- Expansion of the distribution center in Espírito Santo;
- Integration of recent acquisitions;

## Other

- Plant maintenance and new machinery purchases.

Summary of Investments	4Q23	4Q22	Δ 23 x 22 (%)	2023	2022	Δ 23 x 22 (%)
<b>Total CAPEX</b>	61.957	72.607	(14,7%)	235.201	233.143	0,9%
<b>Stores - expansion and refurbishing</b>	25.648	28.097	(8,7%)	86.348	93.373	(7,5%)
<b>Corporate</b>	28.970	38.290	(24,3%)	122.666	117.434	4,5%
<b>Others</b>	7.339	6.220	18,0%	26.187	22.336	17,2%

# DIVIDENDS AND IOC

Over the years, Arezzo&Co consistently distributed proceeds, demonstrating its commitment to providing return on its shareholders' investment.

On January 30, 2023, the Company paid R\$ 82.1 million in IOC. These dividends were approved by the Board of Directors on December 12, 2022.

On September 01, 2023, the Company paid R\$ 94.2 million in IOC. These proceeds were approved by the Board of Directors on June 26, 2023.

On November 28, 2023, the Company paid R\$ 87 million in IOC and R\$ 33 million in interim dividends. These proceeds were approved by the Board of Directors on November 6, 2023.

Type	Total (R\$)	Dividend per Share	Date of Approval	Date of Payment
<b>Total Dividends 2023</b>	<b>214.2</b>	<b>1.54</b>		
<b>Dividends</b>	33.0	0.30	11/06/23	11/28/23
<b>IOC</b>	87.0	0.39	11/06/23	11/28/23
<b>IOC</b>	94.2	0.85	06/26/23	09/01/23
<b>Total Dividends 2022</b>	<b>201.8</b>	<b>1.83</b>		
<b>IOC</b>	82.1	0.75	12/12/22	01/30/23
<b>IOC</b>	69.7	0.63	06/27/22	07/14/22
<b>Dividends</b>	50.0	0.46	04/29/22	12/28/22
<b>Total Dividends 2021</b>	<b>89.6</b>	<b>0.90</b>		
<b>IOC</b>	33.8	0.34	11/29/21	01/14/22
<b>Dividends</b>	26.2	0.26	11/29/21	01/14/22
<b>IOC</b>	29.6	0.30	06/28/21	07/30/21



AREZZO  
& CO

# ANNEXES

RESERVA | PRE FALL 24

# BALANCE SHEET

Assets	4Q23	3Q23	4Q22
<b>Current assets</b>	<b>2,915,054</b>	<b>2,683,764</b>	<b>2,383,445</b>
Cash and cash equivalents	73,316	60,699	28,826
Financial Investments	676,398	582,867	447,608
Trade accounts receivables	1,125,449	921,776	867,582
Inventory	828,557	866,759	772,060
Taxes recoverable	17,910	4,975	13,678
Other taxes recoverable	111,728	145,003	187,534
Other credits	81,696	101,685	66,157
<b>Non-current assets</b>	<b>3,060,850</b>	<b>2,950,654</b>	<b>2,275,819</b>
Long-term receivables	525,612	463,884	317,664
Trade accounts receivables	3,238	2,684	330
Deferred income and social contribution	193,081	181,704	119,270
Judicial deposits	137,793	118,432	81,108
Taxes recoverable	183,695	152,294	102,550
Other amounts receivable	7,805	8,770	14,406
Investments property	4,192	4,192	3,162
Property, plant and equipment	890,929	835,209	691,581
Intangible assets	1,561,906	1,569,898	1,263,412
Financial Instruments - Derivatives	78,211	77,471	0
<b>Total assets</b>	<b>5,975,904</b>	<b>5,634,418</b>	<b>4,659,264</b>

Liabilities	4Q23	3Q23	4Q22
<b>Current liabilities</b>	<b>2,292,283</b>	<b>2,173,156</b>	<b>1,635,359</b>
Loans and financing	882,205	1,087,400	392,254
Lease	107,671	101,619	89,648
Suppliers	834,464	569,095	671,662
Other liabilities	467,943	415,042	481,795
<b>Non-current liabilities</b>	<b>754,522</b>	<b>551,944</b>	<b>369,312</b>
Loans and financing	198,919	5,101	9,619
Other liabilities	69,878	59,490	68,917
Lease	407,514	401,929	284,889
Other amounts payable	0	6,688	2,466
Deferred Taxes	0	1,265	3,421
Financial Instruments - Derivatives	78,211	77,471	0
<b>Shareholder's Equity</b>	<b>2,909,553</b>	<b>2,891,405</b>	<b>2,653,792</b>
Social Capital	1,738,229	1,738,229	1,671,716
Capital reserve	183,853	164,490	176,140
Profit reserve	999,599	720,201	814,396
Adjustment of Equity Valuation	-12,128	-9,145	-8,460
Period Profit	0	277,630	0
<b>Total Shareholder's Equity</b>	<b>2,929,099</b>	<b>2,909,318</b>	<b>2,654,593</b>
Non-controlling interest stake	19,546	17,913	801
<b>Total liabilities and shareholders' equity</b>	<b>5,975,904</b>	<b>5,634,418</b>	<b>4,659,264</b>

# INCOME STATEMENT

Income Statement - IFRS	4Q23	4Q22	Var.%	2023	2022	Var.%
<b>Net operating revenue</b>	1,424,631	1,311,413	8.6%	4,846,768	4,233,726	14.5%
<b>Cost of goods sold</b>	(627,634)	(606,428)	3.5%	(2,217,707)	(1,950,092)	13.7%
<b>Gross profit</b>	796,997	704,985	13.1%	2,629,061	2,283,634	15.1%
<b>Operating income (expenses):</b>	(643,710)	(566,105)	13.7%	(2,070,277)	(1,733,505)	19.4%
<b>Selling</b>	(536,626)	(472,497)	13.6%	(1,713,632)	(1,489,371)	15.1%
<b>Administrative and general expenses</b>	(117,113)	(104,172)	12.4%	(395,572)	(330,240)	19.8%
<b>Other operating income, net</b>	10,029	10,564	-5.1%	38,927	86,106	-54.8%
<b>Income Before Financial Result</b>	153,287	138,880	10.4%	558,784	550,129	1.6%
<b>Financial Income</b>	(51,465)	(37,716)	36.5%	(182,843)	(77,258)	136.7%
<b>Income before income taxes</b>	101,822	101,164	0.7%	375,941	472,871	-20.5%
<b>Income tax and social contribution</b>	19,346	5,419	257.0%	22,732	(50,333)	-145.2%
<b>Current</b>	6,704	(16,391)	-140.9%	(54,500)	(81,398)	-33.0%
<b>Deferred</b>	12,642	21,810	-42.0%	77,232	31,065	148.6%
<b>Net income for period</b>	121,168	106,583	13.7%	398,673	422,538	-5.6%
<b>Results Attributed to:</b>						
<b>Controlling shareholders</b>	121,770	107,012	13.8%	399,400	424,709	-6.0%
<b>Non-controlling shareholders</b>	(602)	(429)	40.3%	(727)	(2,171)	-66.5%
<b>Net income for period</b>	121,168	106,583	13.7%	398,673	422,538	-5.6%



# EBITDA RECONCILIATION

The reconciliation of EBITDA and Net Income covers non-recurring effects recognized in the fourth quarter and year of 2023, as well as the book effects of IFRS 16.

	4Q23	4Q22	2023	2022
<b>Consolidated EBITDA</b>	214.437	196.757	773.202	711.805
<b>EBITDA Mg. (After IFRS)</b>	15,1%	15,0%	16,0%	16,8%
<b>Extemporaneous Credits</b>	15.310	2.543	40.977	67.925
<b>Legal Expenses</b>	(3.041)	(1.402)	(7.447)	1.185
<b>M&amp;A Expenses</b>	(1.721)	(1.868)	(13.078)	(21.031)
<b>Logistics Expenses (DC Espírito Santo)</b>	-	-	(11.034)	-
<b>Closure of Operations and Layoffs</b>	(17.494)	-	(31.478)	-
<b>HG Incorporation Goodwill</b>	-	6.608	(5.413)	6.608
<b>Other adjustments</b>	(45)	-	(6.057)	-
<b>Lease (one off)</b>	-	-	5.256	-
<b>Net Effect Non-recurring Items</b>	(6.991)	5.880	28.273	54.687
<b>Adjusted Consolidated EBITDA (IFRS 16)</b>	221.428	190.877	801.476	657.117
<b>Adjusted EBITDA Mg. (IFRS 16)</b>	15,5%	14,6%	16,5%	15,5%
<b>SG&amp;A Lease (IFRS 16)</b>	38.702	46.147	133.330	99.991
<b>SG&amp;A Lease (one off)</b>	-	-	(5.207)	-
<b>COGS Lease (IFRS 16)</b>	180	382	1.483	1.782
<b>COGS Lease (one off)</b>	-	-	(50)	-
<b>Adjusted Consolidated EBITDA (Before IFRS)</b>	182.545	144.348	671.917	555.343
<b>Adjusted EBITDA Mg. (Before IFRS)</b>	12,8%	11,0%	13,9%	13,1%

(1) In the quarter, concerns mainly the closing of two Schutz stores in the US market (Madison and Beverly Hills); in the year, aside from the closed stores, concerns structural changes had in 1H23. Including the brand portfolio pruning to focus on the AB+ demographic only, and the restructuring of corporate support areas.

# NET INCOME RECONCILIATION

The reconciliation of Net Income comprehends the non-recurring effects recognized in the fourth quarter and year of 2023, as well as book effects of IFRS 16.

	4Q23	4Q22	2023	2022
<b>Consolidated Net Income</b>	121.168	106.583	398.673	422.538
<b>Net Mg. (After IFRS)</b>	9,6%	9,4%	11,6%	14,5%
<b>Net Effect Non-recurring Items</b>	(4.614)	3.881	(21.264)	36.094
<b>Adjusted Consolidated Net Income (IFRS 16)</b>	125.782	102.702	419.937	386.444
<b>Adjusted Net Mg. (IFRS 16)</b>	9,9%	9,0%	12,3%	13,2%
<b>SG&amp;A (IFRS 16)</b>	(38.702)	(46.147)	(133.330)	(99.982)
<b>SG&amp;A one off (IFRS 16)</b>	-	-	5.207	-
<b>Cost Of Goods Sold (IFRS 16)</b>	(180)	(382)	(1.483)	(1.782)
<b>Cost Of Goods Sold one off (IFRS 16)</b>	-	-	50	-
<b>Depreciation and amortization (IFRS 16)</b>	29.549	35.866	108.728	85.150
<b>Depreciation and amortization one off (IFRS 16)</b>	-	-	(923)	-
<b>Financial Income (IFRS 16)</b>	11.667	14.443	40.548	22.880
<b>Financial Income one off (IFRS 16)</b>	-	-	(341)	-
<b>Current Corporate Tax (IFRS 16)</b>	628	1.345	3.677	2.063
<b>Current Corporate Tax one off (IFRS 16)</b>	-	-	(31)	-
<b>Deferred Corporate Tax (IFRS 16)</b>	(628)	-	(7.359)	-
<b>Deferred Corporate Tax one off (IFRS 16)</b>	-	-	31	-
<b>Adjusted Consolidated Net Income (Before IFRS 16)</b>	128.115	107.829	434.711	394.772
<b>Adjusted Net Mg. (Before IFRS 16)</b>	10,1%	9,5%	12,7%	13,5%

# CASH FLOW

Cash Flow	4Q23	4Q22	2023	2022
<b>Operating activities</b>				
Net Income	121,168	106,583	398,673	422,538
<b>Adjustments to reconcile the results according to the cash generated by operating activities:</b>	<b>7,519</b>	<b>68,943</b>	<b>209,837</b>	<b>227,398</b>
Depreciation and amortization	63,481	59,765	222,944	166,030
Income from financial investments	(14,252)	(13,070)	(59,201)	(54,439)
Interest and exchange rate	(16,052)	(9,166)	6,136	4,605
Income tax and social contribution	(19,346)	(5,419)	(22,732)	50,333
Others	(6,312)	36,833	62,690	60,869
<b>Decrease (increase) in assets</b>				
Trade accounts receivables	(203,964)	(142,213)	(235,857)	(58,699)
Inventory	28,633	(13,275)	(29,144)	(310,601)
Recoverable taxes	13,374	13,948	51,117	(19,662)
Change in other current assets	34,923	11,533	3,973	(4,600)
Judicial deposits	(19,361)	(16,166)	(56,685)	(26,262)
<b>(Decrease) increase in liabilities</b>				
Suppliers	265,369	34,152	135,914	90,296
Labor liabilities	27,852	(12,502)	(19,796)	(33,000)
Fiscal and social liabilities	51,337	12,869	43,113	(29,198)
Variation in other liabilities	9,855	37,585	(1,397)	(20,923)
Payment of income tax and social contribution	(27,837)	(9,364)	(58,926)	(80,169)
Interest payment on loans	(11,679)	(9,290)	(28,230)	(18,867)
<b>Net cash flow from operating activities</b>	<b>297,189</b>	<b>82,803</b>	<b>412,592</b>	<b>138,251</b>
<b>Investing activities</b>				
Sale of fixed and intangible assets	-	-	-	-
Acquisition of fixed and intangible assets	(61,967)	(72,607)	(235,201)	(233,143)
Financial Investments	(749,701)	(1,087,026)	(3,843,876)	(4,080,007)
Redemption of financial investments	666,390	1,119,759	3,659,954	3,895,637
Acquisition of subsidiary, net cash obtained on acquisition	(244)	(600)	(194,866)	(89,735)
Acquisition of business combination	-	-	-	-
<b>Net cash used for investment activities</b>	<b>(145,522)</b>	<b>(40,474)</b>	<b>(613,989)</b>	<b>(507,248)</b>
<b>Financing activities</b>				
Loans and financing	206,365	26,621	968,219	214,941
Payments of loans	(190,010)	(17,773)	(273,847)	(336,067)
Consideration of Lease	(41,771)	(48,078)	(143,892)	(105,422)
Interest on Equity and Profit Distribution	(112,047)	(50,000)	(296,302)	(179,683)
Credits (debits) with Shareholders	-	-	-	-
Resources from Stocks Issue	-	-	-	833,794
Expenses from Stocks Issue	-	39	-	(40,760)
Repurchase of Stocks	(2,033)	-	(11,248)	(26,057)
Resources from the Exercise of Stock Options	-	-	-	1,680
<b>Net Cash used on Financing Activities</b>	<b>(139,496)</b>	<b>(89,191)</b>	<b>242,930</b>	<b>362,426</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>12,171</b>	<b>(46,863)</b>	<b>41,533</b>	<b>(6,572)</b>
<b>Cash and cash equivalents</b>				
Effect of Exchange Rate Variation on Cash and Cash Equivalent	445	756	2,957	1,648
Cash and cash equivalents - Initial balance	60,699	74,933	28,826	33,750
Cash and cash equivalents - Closing balance	73,316	28,826	73,316	28,826
<b>Increase (decrease) in cash and cash equivalents</b>	<b>12,172</b>	<b>(46,863)</b>	<b>41,533</b>	<b>(6,572)</b>



**EARNINGS RELEASE**  
**4Q23 and 2023**

**AREZZO**  
**&CO**

**Investor Relations**

**Rafael Sachete**  
CFO and DRI

**Bianca Faim**  
Chief IR, M&A and Strategy  
Officer

**Mariana Guimaraes**  
IR Manager

**Ana Beatriz Aureliano**  
IR Analyst

**ri@arezzo.com.br**



ALEXANDRE BIRMAN | SPRING SUMER '24