

AREZZO & CO

INCORPORATION OF RESERVA GROUP

OCTOBER 2020

HOW WE WON 2020

A LANDMARK YEAR IN THE HISTORY OF AREZZO&CO

PILLARS – BAIN COMPANY CHECKLIST

1. PROTECT YOUR EMPLOYEES AND CUSTOMERS
2. STRESS TEST P&L AND LIQUIDITY
3. DEFEND AGAINST REVENUE DECLINES
4. STABILIZE OPERATIONS FOR THE NEW NORMAL
5. PLAN URGENT COST CUTS TO CONSERVE CASH

6. PLAY OFFENSE



MARCH 09 TO APRIL 14

ORGANIZATION AND
CRISIS MANAGEMENT

APRIL 15 TO MAY 10

ACCELERATION OF
DIGITAL CHANNELS AND
FOCUS ON MOTHER'S DAY

MAY 11 TO MAY 31

BUSINESS RE-STABILIZATION
TO A NEW NORMAL

JUNE 01 TO JUNE 30

RESUMPTION OF
STRATEGIC PLANNING

JULY 01 ONWARD

BEGINNING OF THE 2ND HALF:
FLEXIBILITY AND ADAPTATION
TO WIN

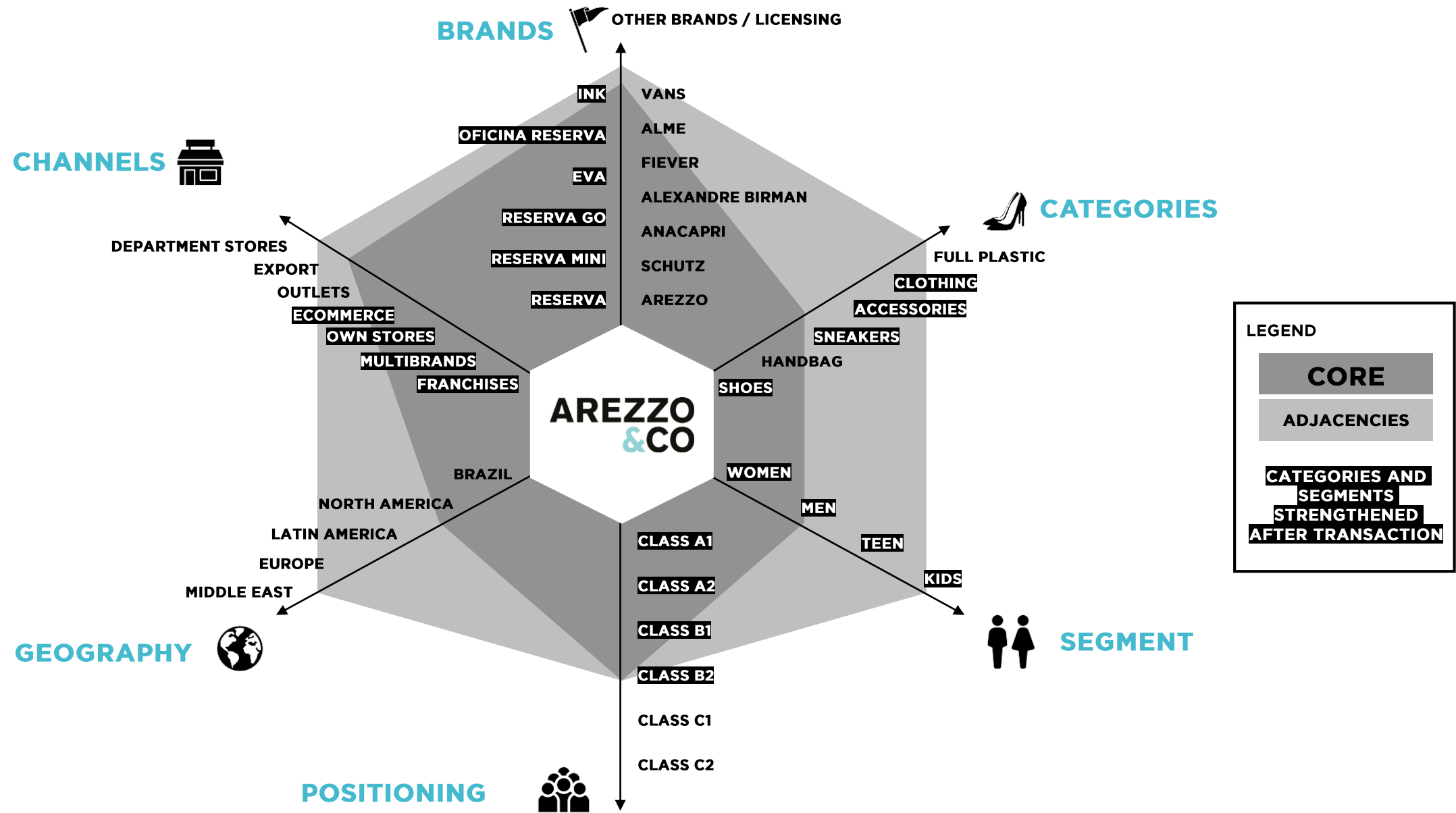


B R I Z Z A
AREZZO



**LANDMARK STEP TOWARDS THE
FASHION MARKET CONSOLIDATION
FOR A/B CLASSES**

STRATEGIC RATIONALE: SCALING THE BUSINESS MODEL OF AREZZO&CO



ACCESSORIES **WOMEN** **MENSWEAR** **TEENAGER**
A/B CLASSES **LEATHER ACCESSORIES**
SNEAKERS SHOES
FULL LOOK
CLOTHING **FULL PLASTIC**
CHILDREN **HANDBAGS**

AR&CO

AREZZO
&CO

+

Reserva 

CRIAR TESTAR EXECUTAR
MELHORAR ESCALAR ESTUDAR
COLABORAR DIGITALIZAR
INOVAR HUMANIZAR FOCAR
ENCORAJAR JUNTAR DOAR
COMPARTILHAR LIDERAR
ACREDITAR MULTIPLICAR
RENOVAR DIFERENCIAR AMAR
EMPODERAR CUSTOMIZAR
ALIMENTAR CONSCIENTIZAR
LUTAR ACREDITAR REALIZAR
EMPREENDER

AR&CO



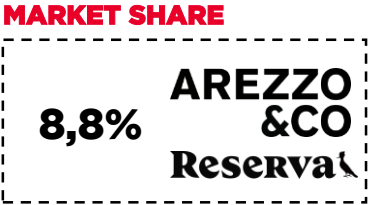
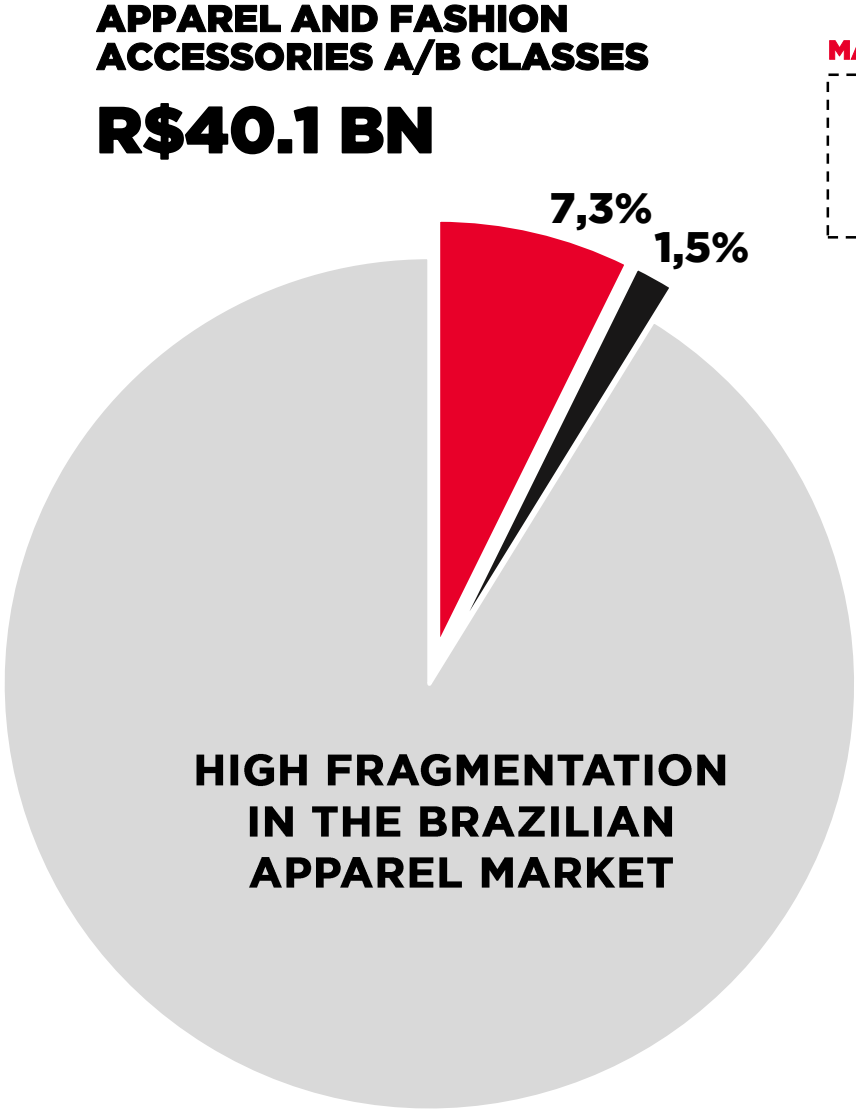
ENTREPRE NEURS;

FROM HEAD TO TOE



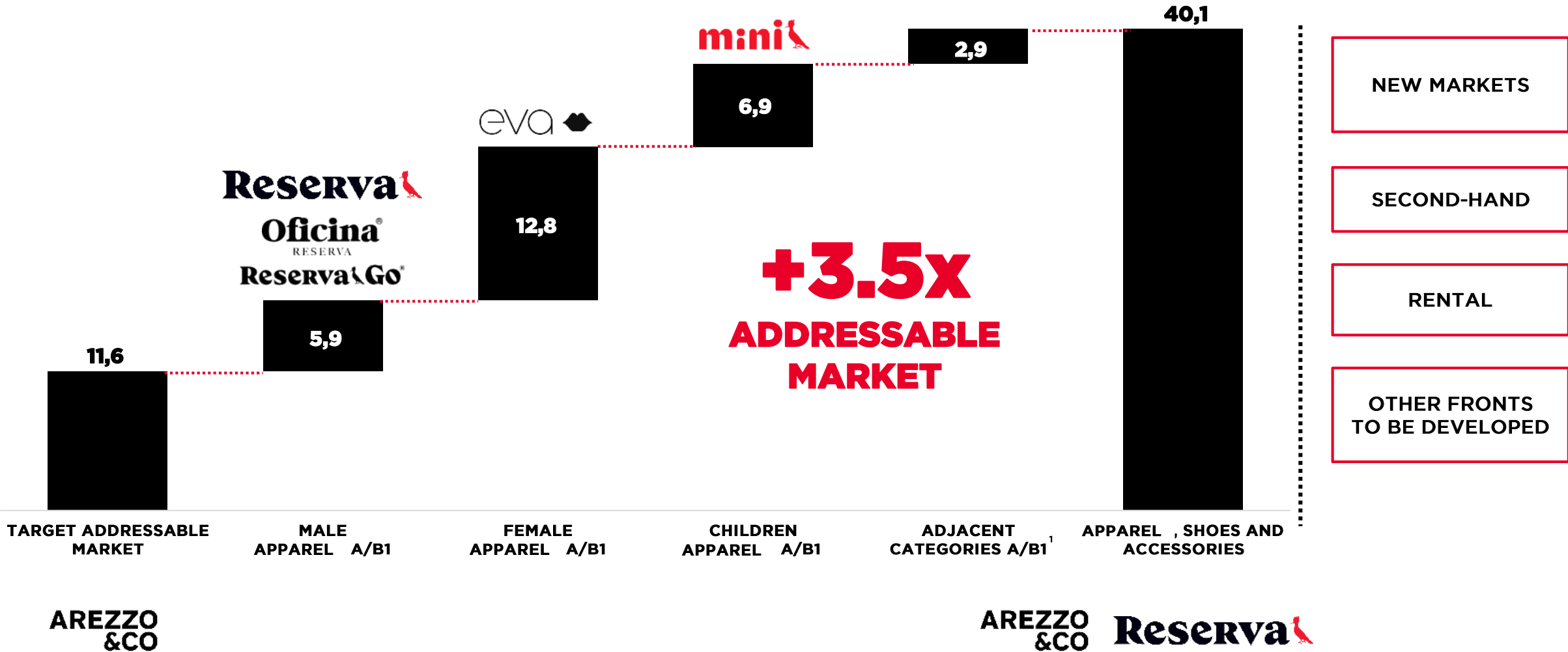
AR&CO

ROOM FOR CONSOLIDATION OF THE FASHION MARKET IN BRAZIL



MULTIPLYING AREZZO&CO'S ADDRESSABLE MARKET

TOTAL ADDRESSABLE MARKET (R\$ BN)



SOURCE: EUROMONITOR DATA AND STRATEGY ASSUMPTIONS BASED ON INFORMATION FROM POF / IBGE
NOTE 1: ADJACENT CATEGORIES: SUNGLASSES, WATCHES, MEN'S UNDERWEAR AND BACKPACKS

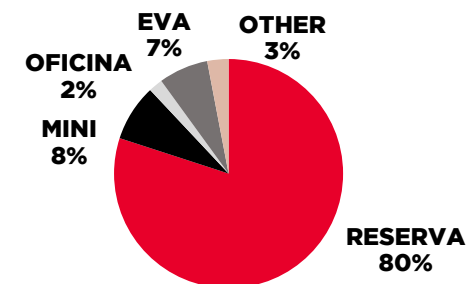
Hi, we are
Reserva 



6
BRANDS



SALES BY BRAND*



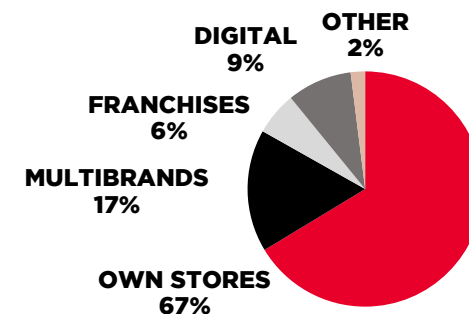
78
OWN STORES

32
FRANCHISES STORES

~1,500
MULTIBRANDS

NOW
37%
OMNICHANNEL
(SEP/20)

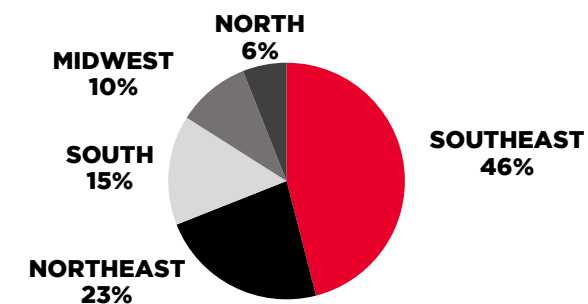
SALES BY CHANNEL*



**NATIONAL
FOOTPRINT**



SALES BY REGION*



*AS OF: 2019

It's all of us, together, **Reserva.**



+29

**"NOTABLE"
PARTNERS.**

The Day D.

outsiders e bootstrappers.



“Day D”

**Our first
product**

**“from house to
house”**

**Start of wholesale
operations**

**Ipanema Store
opening**

2004

2004

2005

2005

2006



employees



Notables Program



**29 partners /
“notables”**

Reserva Experience. #ReservaDay



**100% of store
managers and
supervisors
trained in the in-
house operation.**

“put it on the shop window”



Best Internship in the World



Rebellious School



**Focus on
entrepreneurship,
leadership,
productivity and
agile
management**

ECOSYSTEM OF COVETED, INNOVATIVE AND CONSCIOUS BRANDS

**AREZZO
&CO**

Reserva



mini



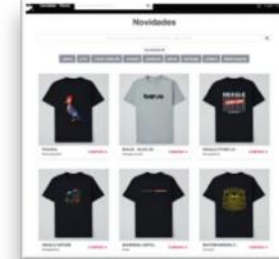
Oficina[®]
RESERVA



eva



INK



ReservaGo[®]



POSITIONING

**MENSWEAR
YOUNG AND ADULT**

KIDS

**NEW WORKWEAR AND
HIGH-QUALITY BASICS**

**WOMENSWEAR
UPSCALE BRAND**

**MARKETPLACE/
FULL-COMMERCE OF
WEB-TO-PRINT
FASHION BRANDS**

**BOYS AND MEN
SHOES AND
ACCESSORIES**

OF STORES

**53 OWN STORES
AND 32
FRANCHISES**

14 OWNED STORES

3 OWNED STORES

8 OWNED STORES

-

-

MULTIBRANDS

~900

~400

-

~200

-

-

% SALES¹ (2019)

80%

8%

2%

7%

-

-

AVERAGE TICKET (R\$)

291

167

417

1,011

-

-

¹ OTHERS REPRESENT 3%, TOTALING 100% OF TOTAL SALES.

**an eco-system of desired,
innovative and conscious
brands connected by the
purpose of delivering the best
experience for their
consumers.**



why

**care, thrill and
surprise people every
day.**



how

**use of fashion and
technology to improve
people's self-esteem.**





consumers

Reserva WMS



Data:
EFFECTIVENESS
P&P: 97%
3M UNITS / YEAR

Now / Em casa



Moving skies and earth to customers.



Data:
LTV/CAC: 6,5
NPS 71 (83)

Omnichannel Meeting Points



Do It Yourself Print on demand.



Data:
2018 – 176 thousand Tees
2019 – 300 thousand Tees



consumers

**#Humanwear.
FreeToBe**



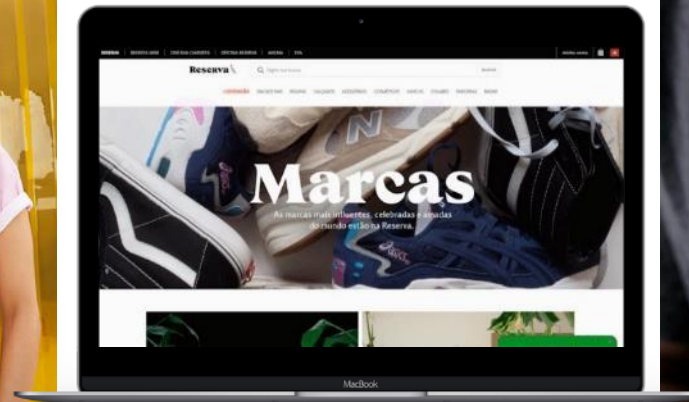
**Essential items &
bestsellers**

**Entrepreneurs
of Life.
Self-esteem**



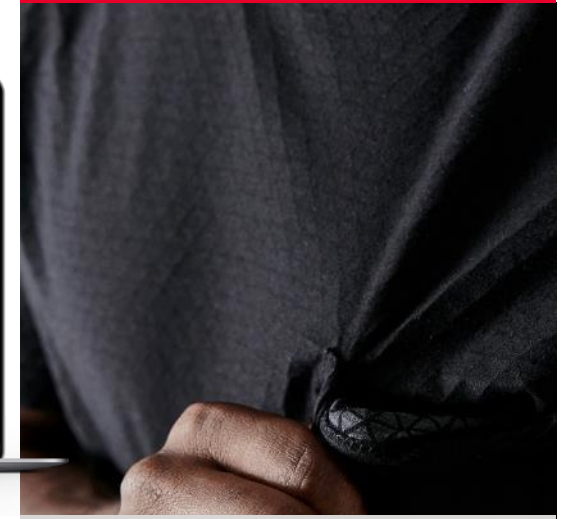
**Branded content channels:
400,000 unique users
quarantined livestreams.
> 3 million social media
followers**

**Penetras
(Future mktplace)**



**Vans, NewBalance, Vert,
Timberland, Adidas
and others**

**Techstyle
(Textile Innovation Laboratory.)**



**Resist™, Refrescante™,
Estique-se™, Máscara de
Proteção Reserva™, Melhor
Calça Do Mundo™, Melhor
Camisa Do Mundo™**



suppliers

**96% of production
is MADE IN BRAZIL.**

ABVTEX certificate





digital platform

Logistics platform & omnichannel solution

Wms own inventory management solution

- **Owned Stores Modality**
Automatic replenishment (dynamic proprietary algorithm)
- **Wholesale Modality**
Cross-docking
- **Internet Modality**
- **Print on Demand Modality**
- **Integrated industry**

Relevant Data

- **Capacity: 2.8 million units**
- **Expansion capacity: 5.0 million units**
- **Push & pull effectiveness: 97%**

Omnichannel

- **E-commerce**
- **Infinite Shelf**
- **100% of owned stores integrated**
- **60% of franchised stores integrated**

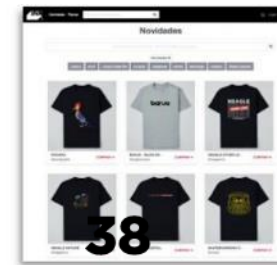
Delivery Reserva



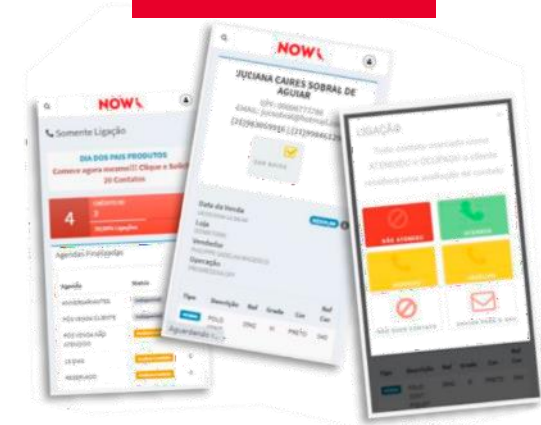
digital products.



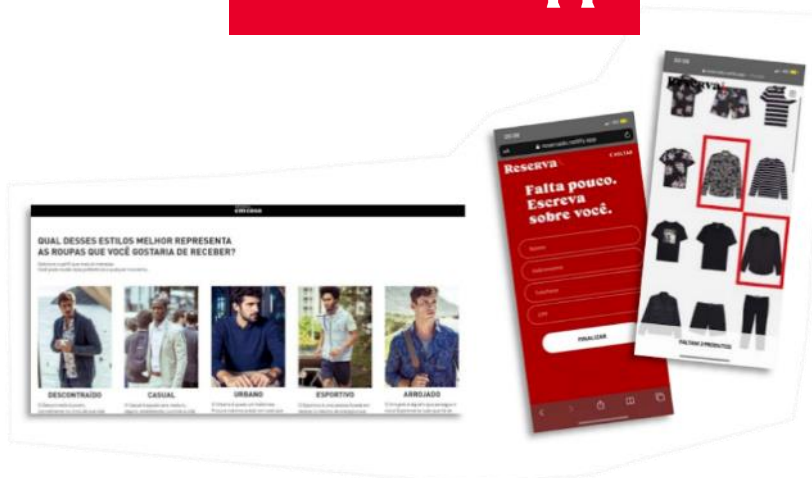
Do It Yourself Platform



NOW

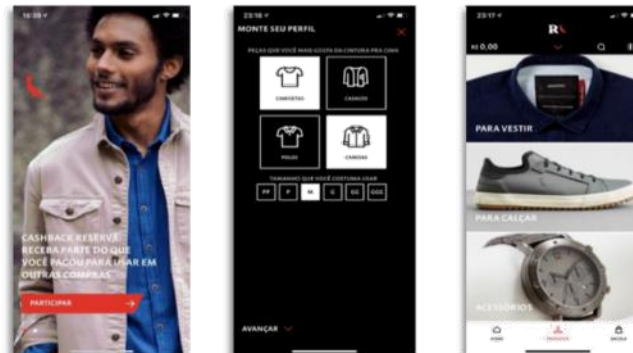


Reserva App



Reserva[do]

Na sua casa, Do seu jeito, Quando você quiser.



Affiliates Platform





BANCO DE
Reserva



104

105

Básicos

TRANSACTION RATIONALE

TRANSACTION DETAILS

SCOPE	<ul style="list-style-type: none"> ACQUISITION BY AREZZO&CO OF 100% OF RESERVA GROUP SHARES
PRICE AND PAYMENT	<div>ENTERPRISE VALUE OF R\$715 MM¹</div> <ul style="list-style-type: none"> PAYMENT OF R\$457 MILLION IN SHARES (8.7%) AND R\$225 MILLION IN CASH <ul style="list-style-type: none"> R\$175 MM (AT CLOSING) AND R\$50 MM ONE YEAR AFTER CLOSING FINANCING THROUGH THE COMPANY'S CASH NUMBER OF SHARES BASED ON 30-DAY VWAP OF R\$52.61³ ISSUE OF 8.7 MM NEW SHARES TO GRUPO RESERVA SHAREHOLDERS, REPRESENTING 8.7% OF AREZZO&CO
TERMS AND CLOSING	<ul style="list-style-type: none"> TRANSACTION CONCLUSION IS SUBJECT TO PRECEDENT CONDITIONS AND APPROVAL BY BRAZIL'S ANTITRUST AGENCY (CADE) CLOSING EXPECTED FOR NOVEMBER 30, 2020

Reserva	2019 (BEFORE IFRS-16)
SALES AFTER SYNERGIES ² (R\$ MM)	435
ADJUSTED EBITDA AFTER SYNERGIES ² (R\$ MM)	40-50
NET DEBT 1Q20 ¹ (R\$ MM)	33
TRANSACTION IMPLIED MULTIPLES	2019 (BEFORE IFRS-16)
RESERVA EV ¹ (R\$ MM)	715
EV/SALES AFTER SYNERGIES ¹ (X)	1.65X
EV/EBITDA AFTER SYNERGIES ¹ (X)	14.3X-17.9X
EV/EBITDA OF AREZZO&CO ⁴ (X)	19.0X

ESTIMATED GOODWILL NPV AMORTIZATION (R\$80 MM) AND RESERVA'S OPTIONALITIES ESTIMATES WERE NOT ADJUSTED IN IMPLIED MULTIPLES

NOTES:

1. DOES NOT CONSIDER IFRS-16 EFFECT

2. CONSIDERS THE PRELIMINARY REVENUE SYNERGIES ESTIMATE (INTERNALIZATION OF SHOE PRODUCTION), CORPORATE COSTS AND EXPENSES REDUCTION

3. CONSIDERS 30-DAY VWAP OF R\$52.61 ON AUGUST 6, 2020 (SIGNING OF THE MEMORANDUM OF UNDERSTANDING)

4. DISCOUNT FOR AREZZO&CO MULTIPLE OF 6-25%. CONSIDERS ARZZ3 SHARE PRICE OF 54.18 AS OF OCTOBER 21, 2020 AND REPORTED EBITDA OF AREZZO&CO OF R\$ 262 MILLION. DOES NOT CONSIDER TREASURY SHARES

OPTIONALITIES FOR RESERVA

1 RESERVA GIRL

- ADDRESS WOMEN'S CASUAL MARKET USING THE STRENGTH OF THE "MOTHER BRAND"

2 RESERVA GO

- HUB OF RESERVA BRAND SHOES AND ACCESSORIES WITH GREAT POTENTIAL FOR EXPANSION AND SYNERGY VIA AREZZO&CO SOURCING (& ATHLEISURE)

3 MEGASTORES

- LARGER STORES TO BOOST SALES IN ALL CATEGORIES

4 RESERVA MINI FRANCHISES



RESERVA PARTNERS WILL REMAIN AS AREZZO&CO EXECUTIVES



**FERNANDO
SIGAL**

PRODUCT
DIRECTOR

14
YEARS OF
EXPERIENCE



**JOSÉ
SILVA**

TECH
DIRECTOR

40
YEARS OF
EXPERIENCE



**JAYME
NIGRI**

COO

11
YEARS OF
EXPERIENCE



**RONY
MEISLER**

CEO

14
YEARS OF
EXPERIENCE



RESERVA'S **HEADQUARTERS REMAIN** IN RIO DE JANEIRO

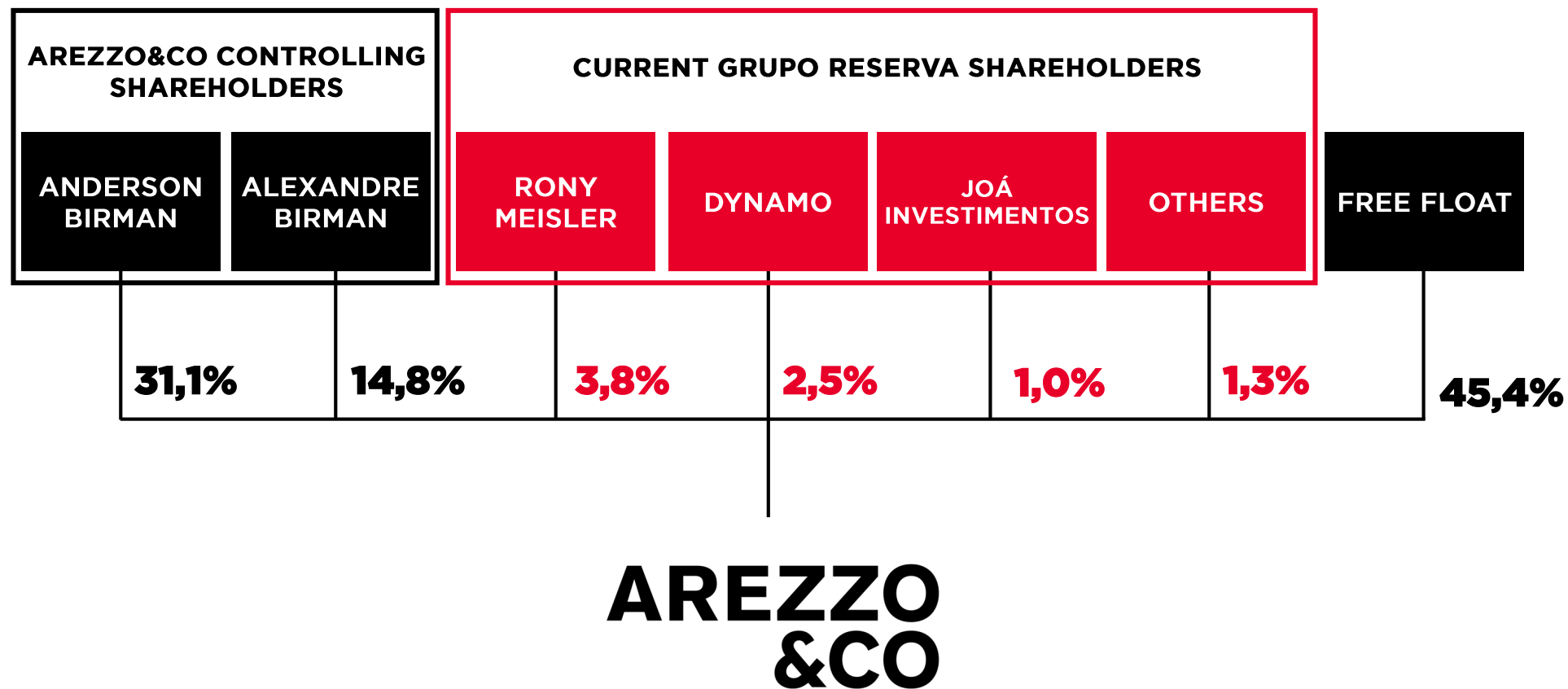
4-YEAR LOCK-UP FOR SHAREHOLDERS UPON CLOSING, WITH
PARTIAL RELEASE OF 1/3 PER YEAR (AS FROM SECOND YEAR)

2-YEAR NON-COMPETE UPON FULL SPLIT

APPOINTMENT OF **1 BOARD MEMBER** FOR AREZZO&CO
STARTING IN 2021

**“RESERVA IS NOT A COMPANY THAT SELLS
CLOTHES FOR PEOPLE; IT IS A COMPANY
OF PEOPLE WHO SELL CLOTHES”**

SHAREHOLDER STRUCTURE AFTER THE TRANSACTION



TRANSACTION NEXT STEPS



PLATFORM HIGHLY COMMITTED TO ESG



40,799,655

MEALS DONATED SINCE MAY 2016



WE ARE STRONGER TOGETHER!




**AREZZO
&CO**

AR&CO

#BRINGITON

#LETSDOTHIS

#TOWARDS2154

-  **RELEVANT STEP TOWARDS THE CONSOLIDATION OF THE AREZZO&CO FASHION PLATFORM**
-  **ADDRESSABLE MARKET EXPANSION BY 3.5 TIMES**
-  **ADHERENCE TO THE STRATEGIC PLANNING, VISION AND VALUES OF AREZZO&CO**
-  **TALENT POOL ACQUISITION**
-  **VALUE CREATION BY SHARING KEY CAPABILITIES AND SYNERGIES**
-  **ACQUISITION HUB FOR NEW APPAREL BRANDS**
-  **HIGHLY COMMITTED ESG PLATFORM**
-  **INCREASE IN DIGITAL COMPETENCES**

What does the future (of retail) *reserve to us?*

FROM OCT 26 TO OCT 30,
JOIN OUR FESTIVAL THAT WILL
BRING TOGETHER THE
GREATEST PLAYERS IN THE
MARKET TO DISCUSS AND
DISCOVER WHAT THE FUTURE
OF RETAIL HOLDS FOR US.

A promotional graphic for a festival. It features four portraits of speakers arranged in a 2x2 grid. In the center, overlapping the portraits, is a red starburst shape containing the text '100% online e gratuito Inscreva-se e participe!'. At the bottom left, there is a large white text overlay on a dark background.

Guilherme Benchimol
XP Inc

Edu Lyra
Gerando Falcões

Luiza Trajano
Magazine Luiza

Lisiane Lemos
Google

**O que o futuro (do varejo)
nos Reserva?**

AR&CO

**AREZZO
&CO**