

EARNINGS CONFERENCE CALL 4Q23 | 2023

AREZZO & CO



AREZZO | CHRISTMAS'23 @SILVIABRAZ

AREZZO

SCHUTZ

ANACAPRI

ALEXANDRE
BIRMAN

ALME

VANS
"OFF THE WALL"

Reserva

Baw®

TROC

CAROL BASSI

Vicenza)

PARIS TEXAS

CALL AGENDA

- 1. MESSAGE FROM MANAGEMENT**
- 2. HIGHLIGHTS**
- 3. CHANNELS AND BRANDS HIGHLIGHTS**
- 4. FINANCIAL HIGHLIGHTS**
- 5. Q&A**
- 6. APPENDIX | BRANDS**

DISCLAIMER

Any statements regarding future business prospects and any forecasts of the Company's operational and financial results are mere estimates and forecasts, and, as such, are subject to various risks and uncertainties, including, without limitation, market conditions, the domestic and international economic performance in general and in the Company's industry. Such risks and uncertainties cannot be controlled or sufficiently forecast by the Company's management and may significantly affect its prospects, estimates and forecasts.

Any statements on prospects, forecasts and estimates do not represent, and shall not be considered as performance guarantees. The herein provided operational information, as well as any information not directly obtained from the financial statements, have not been subject to audit or special review by the Company's independent auditors, and may involve assumptions and estimates adopted by management, and may be subject to change.

MESSAGE FROM MANAGEMENT

- 2023 WAS REMARKABLE FOR AREZZO&CO. WE OVERCOME OBSTACLES AND ADVANCED IN OUR GROWTH STRATEGY.
- WE POSTED R\$ 6.1 BILLION IN SALES, UP 16.4%, SETTING A NEW ALL-TIME RECORD, DESPITE A STRONG COMPARATIVE BASELINE FROM 2022'S.
- WE ADJUSTED OUR BRANDS PORTFOLIO AND RESTRUCTURED CORPORATE SUPPORT AREAS, ADDING OPERATIONAL EFFICIENCY
- WE RECORDED R\$801 MILLION IN RECURRING EBITDA, WITH A 16.5% MARGIN AND 27.4% ROIC.
- WE INVESTED R\$235 MILLION IN ORGANIC GROWTH PROJECTS, R\$195 MILLION IN THE ACQUISITIONS AND PAID OUT R\$ 296 MILLION IN DIVIDENDS AND IOC.
- IN 2023, HIGHLIGHTS FOR THE GROWTH OF AR&CO (+26%), AREZZO (+14%), VANS (+27%) AND ANACAPRI (+21%).
- THE INTERNATIONAL MARKET WAS AFFECTED BY THE WHOLESALE CHANNEL'S PERFORMANCE. WE CLOSED TWO SCHUTZ STORES - MADISON (NY) AND BEVERLY HILLS (CA) - IN DECEMBER 2023.

MESSAGE FROM MANAGEMENT

- IN BRAZIL, IN THE A/B FOOTWEAR AND HANDBAGS SEGMENT, WE REACHED 38.4% MARKET SHARE, UP 3.5 P.P. FROM 2022.
- IN 2023, WE ADVANCED OUR COMMITMENT TO THE ESG AGENDA: WE WERE NAMED A COMPONENT OF THE ISE PORTFOLIO FOR THE THIRD CONSECUTIVE YEAR, WERE RECOGNIZED AS A 'B CORP', EARNED AN 'A-' GRADE IN THE CDP AND RECEIVED THE ABRASCA AWARD FOR BEST SUSTAINABILITY ANNUAL REPORT.
- IN FEBRUARY 2024, WE ANNOUNCED THE ASSOCIATION AGREEMENT WITH 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, 21.5 THOUSAND MULTI-BRAND CUSTOMERS AND AN ACTIVE BASE OF 11 MILLION CLIENTS - WITHOUT CONSIDERING POTENTIAL OVERLAPS.
- THE ASSOCIATION WITH SOMA GROUP WILL ENABLE INCREASED PENETRATION IN THE AB+ APPAREL SEGMENT, A R\$ 97 BILLION MARKET, IN ADDITION TO CREATE GREAT OPPORTUNITIES TO GENERATE ADDED VALUE THROUGH SINERGIES, AS PRESENTED IN FEBRUARY 5TH.

ALEXANDRE BIRMAN | CEO E CCO AREZZO&CO

**AREZZO
&CO**

HIGHLIGHTS

RESULTS

4Q23

GROSS REVENUE

R\$1,8B

+11.3% VS 4Q22

RECURRING GROSS MARGIN

56.2% GROSS MARGIN 4Q23 (+240BPS)
GROSS INCOME WAS R\$ 801M, +13.6% VS
4Q22

RECURRING EBITDA

R\$221M (+16% VS 4Q22)

EBITDA MARGIN OF **15.5%**

+90BPS EXPANSION

DOMESTIC MARKET

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

17.6% RECURRING EBITDA MARGIN (+220BPS)

RECURRING NET INCOME

R\$126M OF NET INCOME
+22.5% VS 4Q22

ROIC

27.4% RECURRING ROIC

RESULTS 2023

GROSS REVENUE

R\$6,1B

+16.4% VS 2022

+66.9% VS 2021

RECURRING GROSS MARGIN

54.5% OF GROSS MARGIN (+60BPS)

GROSS INCOME OF R\$2.6B **+15.6%** VS 2022

RECURRING EBITDA

R\$801M (+22% VS 2022)

EBITDA MARGIN OF **16.5%**

+100BPS OF EXPANSION

RECURRING NET INCOME

R\$420M OF NET INCOME **+8.7%**
VS 2022

OPERATING INDICATORS

5.6M ACTIVE CUSTOMERS

1,062 STORES (OWNED AND FRANCHISES)

7,878 MULTIBRAND SALE POINTS

20.6M PAIRS SOLD IN 2023

HIGHLIGHTS

BRANDS AND CHANNELS

AREZZO
& CO



SCHUTZ | PRE FALL | @MALUBORGES

DESTAQUES MARCAS



AREZZO

4Q23

- REVENUES: **R\$ 433M**
- GROWTH: **+13.4%**

2023

- REVENUES: **R\$ 1.6B**
- GROWTH: **+14.1%**



SCHUTZ

4Q23

- GLOBAL REVENUES: **R\$ 291M**
- BRAZIL REVENUES: **R\$ 224M**
- BRAZIL GROWTH: **+4.3%**

2023

- GLOBAL REVENUES: **R\$1.1B**
- BRAZIL REVENUES: **R\$ 841M**
- BRAZIL GROWTH: **+4.4%**



ANACAPRI

4Q23

- REVENUES: **R\$ 137M**
- GROWTH: **+12.6%**

2023

- REVENUES: **R\$ 446M**
- GROWTH: **+21.0%**



AR&CO

4Q23

- REVENUES: **R\$ 525M**
- GROWTH: **+15.3%**

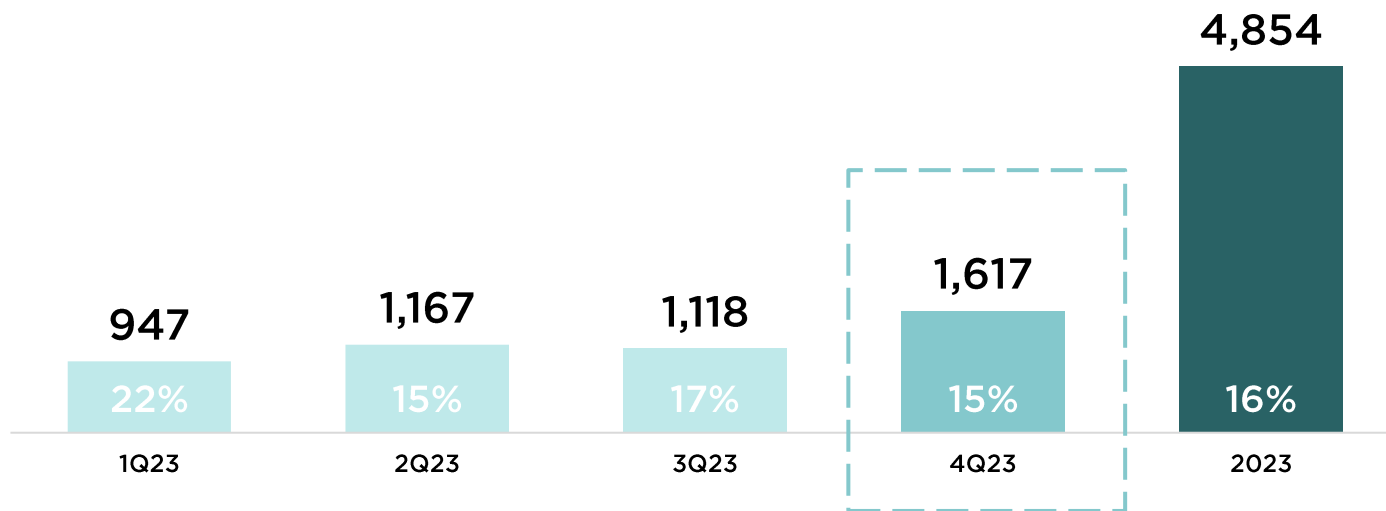
2023

- REVENUES: **R\$ 1,5B**
- GROWTH: **+26.3%**

EXPRESSIVE GROWTH OF SELL-OUT

PHYSICAL STORES + FRANCHISES + E-COMMERCE (R\$ - M)

% VS PREVIOUS YEAR



R\$ 1.6B
SELL OUT DTC 4Q23

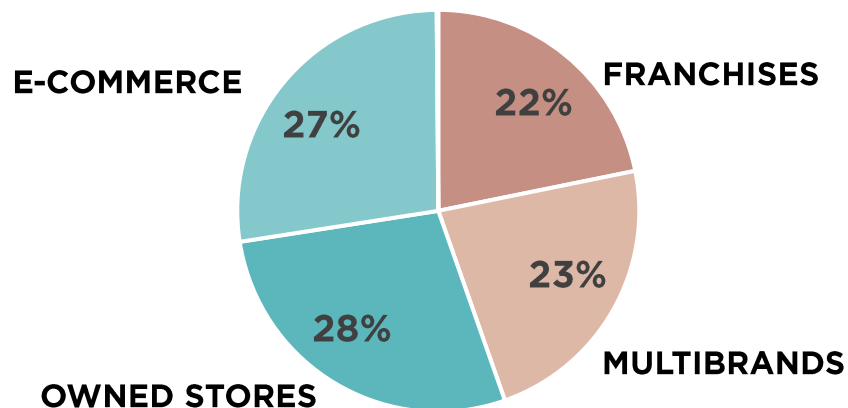
15.0%
GROWTH IN
4Q23 VS 4Q22

+16.0%
IN 2023

➤ 15% GROWTH OVER A STRONG COMPARATIVE BASE OF +38% IN 2022 VS 2021

SALES CHANNELS HIGHLIGHTS

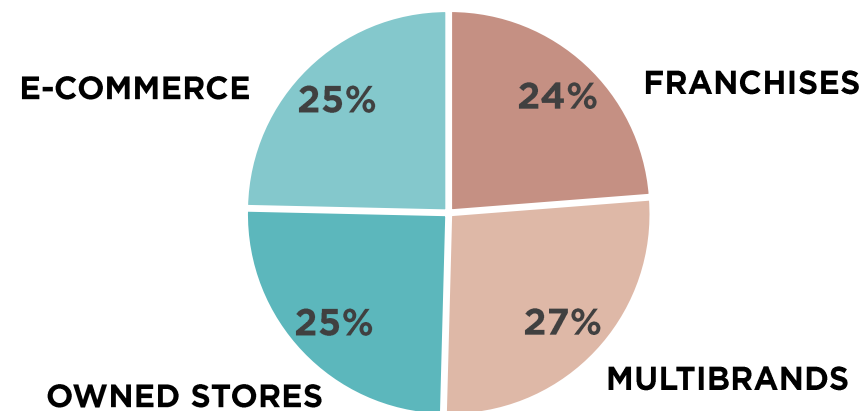
4Q23



4Q23 HIGHLIGHTS

- ✓ **+15,1%** GROWTH IN **OWNED STORES CHANNEL**
- ✓ **59** NEW **STORES** IN 4Q23
- ✓ **+29.4%** GROWTH IN **E-COMMERCE** GROSS REVENUES
- ✓ **+29.7%** GROWTH IN **APPS** TOTAL REVENUES

2023



2023 HIGHLIGHTS

- ✓ **+16.5%** GROWTH IN **MONOBRAND CHANNEL**
- ✓ **TOTAL OF 1,062 STORES** IN 2023
- ✓ **+24.7%** IN **E-COMMERCE** REVENUES
- ✓ **+14.9%** GROWTH IN **MULTIBRAND** GROSS REVENUES

FINANCIAL HIGHLIGHTS

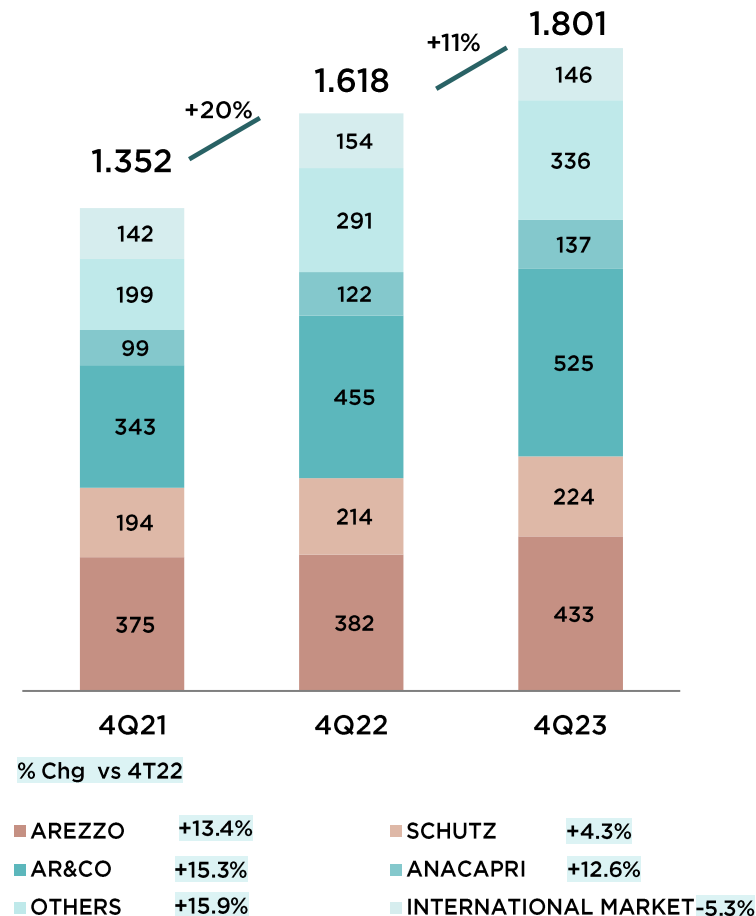
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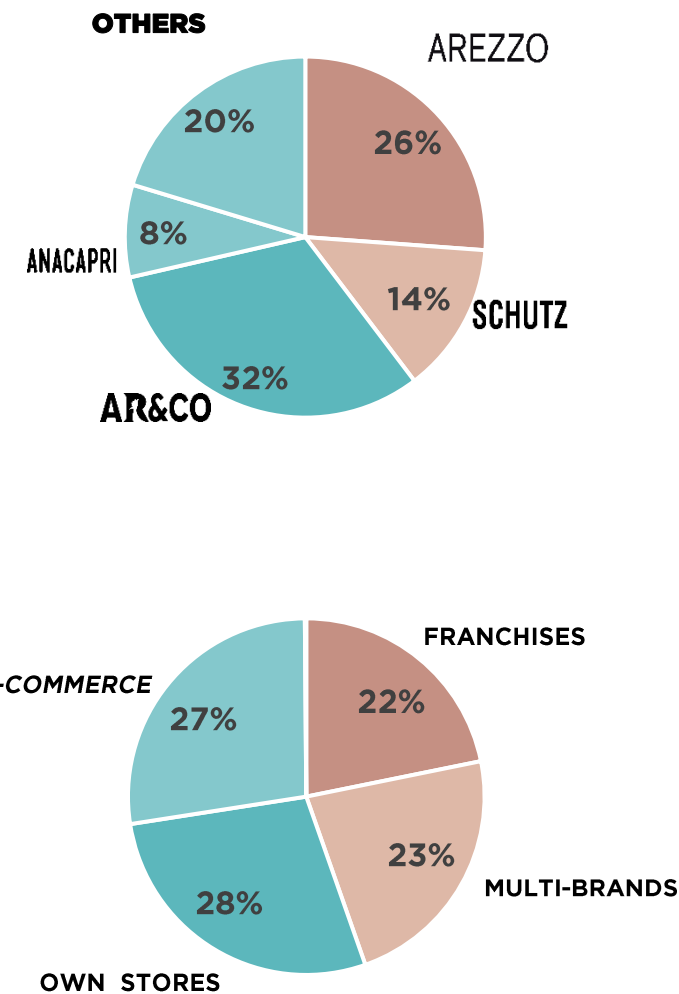
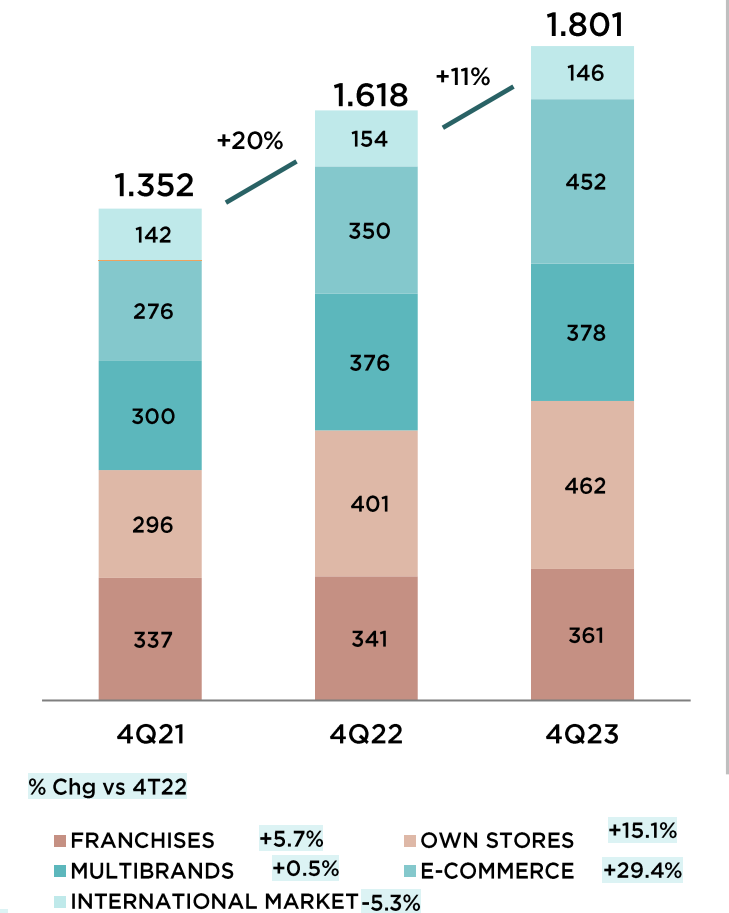
GROSS REVENUES | DOMESTIC MARKET

4Q23

GROSS REVENUES BY BRAND (R\$ M)



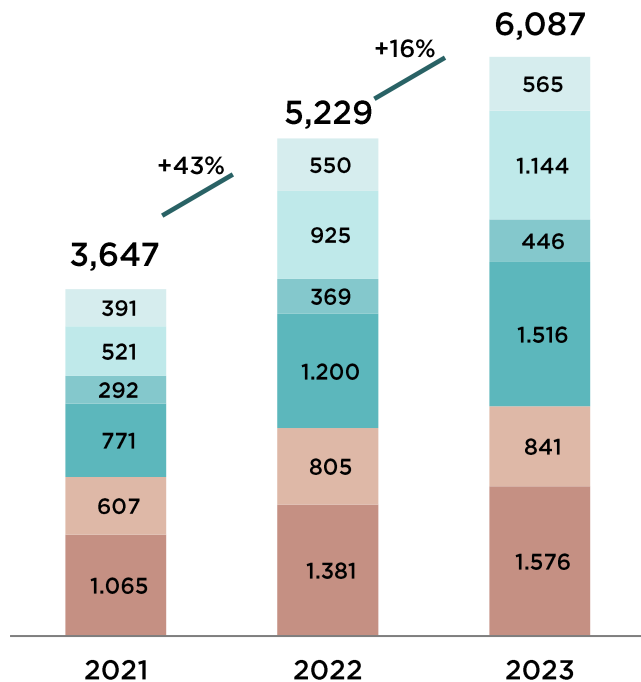
GROSS REVENUES BY CHANNEL (R\$ M)



GROSS REVENUES | DOMESTIC MARKET

2023

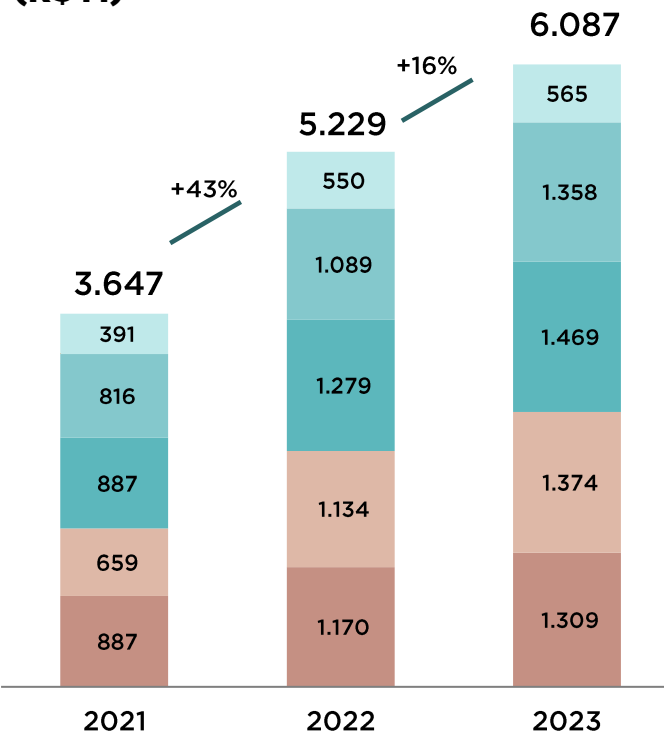
GROSS REVENUES BY BRAND (R\$ M)



% Chg vs 2022

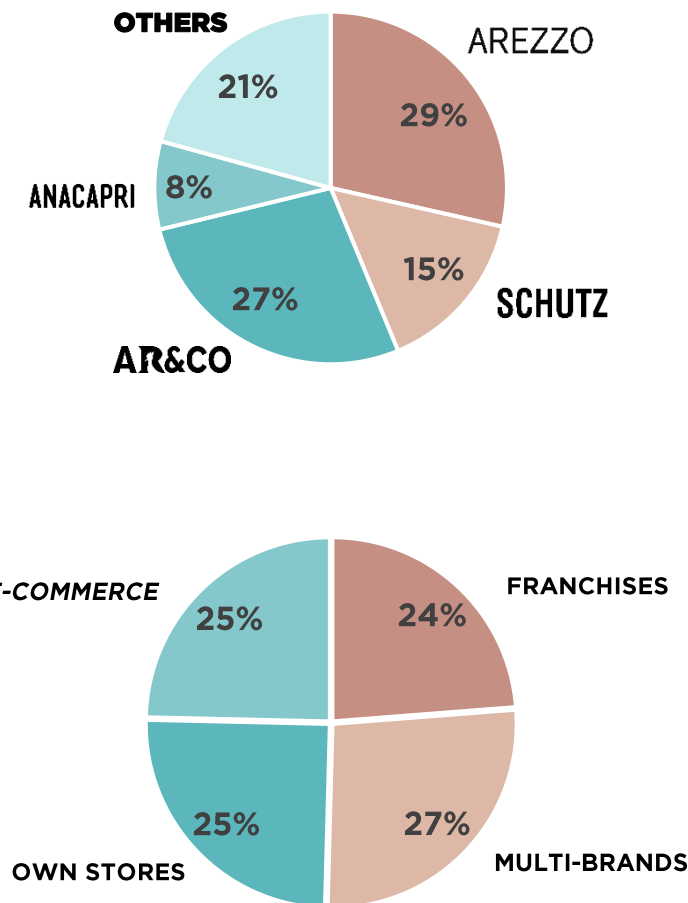
- AREZZO +14.1%
- AR&CO +26.3%
- OTHERS +23.7%
- SCHUTZ +4.4%
- ANACAPRI +21.0%
- INTERNATIONAL MARKET +2.7%

GROSS REVENUES BY CHANNEL (R\$ M)



% Chg vs 2022

- FRANCHISES +11.9%
- MULTIBRANDS +14.9%
- INTERNATIONAL MARKET +2.7%
- OWN STORES +21.2%
- E-COMMERCE +24.7%



INCOME STATEMENT

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

4Q23 HIGHLIGHTS (vs 4Q22)

- **11.3% GROWTH IN GROSS REVENUE**
 - HIGHLIGHTS TO ECOMMERCE (+29.4%) AND OWNED STORES (+15.1%) CHANNELS
 - EMPHASIS TO AREZZO (+13.4%); ANACAPRI (+12.6%) AND AR&CO (+15.3%) BRANDS
- **+240BPS IN RECURRING GROSS MARGIN**
 - POSITIVE IMPACT FROM THE INCREASED REPRESENTATIVENESS OF B2C CHANNELS AND INCREASED FULL PRICE SALES
 - NEGATIVE IMPACT FROM THE US OPERATION
- **+90BPS IN RECURRING EBITDA MARGIN**
 - POSITIVE IMPACT FROM GROSS MARGIN EXPANSION
 - NEGATIVE IMPACT FROM ARZZ
 - IMPORTANT TO NOTICE THAT GROSS MARGIN IN DOMESTIC MARKET GROWED +220BPS IN 4Q23 VS 4Q22
- **+100BPS IN RECURRING NET MARGIN**
 - NEGATIVE IMPACT FROM FINANCIAL RESULT AND FROM HIGHER NET FX RATE VARIATION IN THE PERIOD

	4Q23 Reported	4Q23 Recurring	4Q22 Reported	4Q22 Recurring	Δ 23 x 22 Rec. (%)
EBIT (LTM)	558.783	588.319	550.128	495.360	18,8%
+ IR and CS (LTM)	22.732	22.194	(50.333)	(41.311)	(153,7%)
NOPAT (LTM)	581.515	610.513	499.795	454.049	34,5%
Working Capital¹	816.029	879.452	737.848	737.848	19,2%
Accounts Receivable	1.125.449	1.125.449	849.590	849.590	32,5%
Inventory	828.557	823.180	772.060	772.060	6,6%
Suppliers	(834.464)	(834.464)	(671.660)	(671.660)	14,0%
Others	(303.513)	(234.713)	(212.142)	(212.142)	43,1%
Permanent assets	2.457.027	1.245.122	1.958.154	976.712	27,5%
Other long-term assets²	410.741	410.741	198.393	198.393	107,0%
Invested capital	3.683.799	2.535.316	2.894.396	1.912.953	32,5%
Average invested capital³	3.289.097	2.224.134	2.470.199	1.597.534	39,2%
ROIC⁴	17,7%	27,4%	20,2%	28,4%	

• RECURRING ROIC OF 27.4% IN 4Q23

- POSITIVE IMPACT FROM THE 34.5% INCREASE IN NOPAT VS 2022
- NEGATIVE IMPACT FROM THE INCREASED EMPLOYED CAPITAL, AS A RESULT OF GREATER INVESTMENTS AND WORKING CAPITAL
- IMPORTANT TO NOTICE THE RAISE ON DAYS ACCOUNTS PAYABLE (+5 DAYS VS 4Q22 AND +19 DAYS VS 3Q23) AND THE REDUCTION ON DAYS INVENTORY (-2 DAYS VS 4Q22).

(1) Working Capital: Current Assets minus Cash, Cash Equivalents and Financial Investments subtracted from Current Liabilities minus Loans and Financing and Dividends payable.

(2) Deducted from IR and deferred Social Contribution.

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

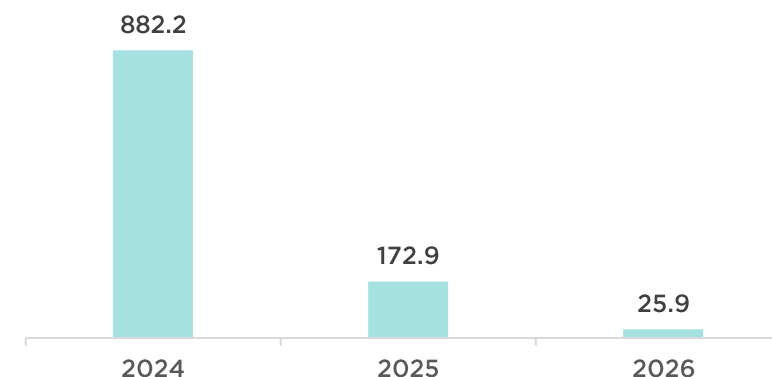
(4) ROIC: NOPAT of the last 12 months divided by the average capital employed.

CASH AND DEBT POSITION

- **NET DEBT 4Q23:** R\$331 MILLION WITH NET LEVERAGE OF 0.4X
- **GROSS CASH POSITION 4Q23:** R\$750 MILLION. CASH WAS POSITIVELY IMPACTED FROM OPERATIONAL RESULT AND FROM WORKING CAPITAL IMPROVEMENTS
- **DEBT AGING:** INCREASE OF THE LONG TERM DEBT, FROM 0.5% IN 3Q23 TO 18.4% IN 4Q23

Cash position and Indebtedness	4Q23	3Q23	4Q22
Cash and Cash Equivalents	749.714	643.566	476.434
Total debt	1.081.124	1.092.501	401.873
Short-term	882.205	1.087.400	392.254
% total debt	81,6%	99,5%	97,6%
Long-term	198.919	5.101	9.619
% total debt	18,4%	0,5%	2,4%
Net debt	331.410	448.935	(74.561)
Net debt/EBITDA	0,4x	0,6x	-0,1x

MATURITY SCHEDULE OF INTEREST-BEARING DEBT
(R\$ M)



**AREZZO
&CO**

Q&A

CORE BRANDS

AREZZO

SCHUTZ

ANACAPRI

ALEXANDRE
BIRMAN

ALME



CORE BRANDS

AREZZO AND SCHUTZ



SOLID GROWTH OF +14.1% VS 2022

VS STRONG COMPARISON BASELINE: +29.6% (2022 VS 2021)

ALL SALES CHANNELS **GREW**, EMPHASIS ON **MULTI-BRAND** (+16.1%) AND **OWNED STORES** (+53.8%) CHANNELS.

LAUNCH OF THE HIGH SUMMER CAMPAIGN “**SOLARE**” STARRING DIGITAL INFLUENCER LIVIA NUNES - MATERIAL TURNOVER GAINS AND FULL PRICE SALES

IN DEC/23, LAUNCH OF UNPRECEDENTED HOLIDAY CAMPAIGN WITH DIGITAL INFLUENCER SILVIA BRAZ: OWNED STORES REGISTERED SSS (SAME STORE SALES) OF 21% IN DECEMBER



GROWTH OF 4.4% IN BRAZIL VS 2022

VS STRONG COMPARISON BASELINE: +38% (2022 vs 2021)

IN 4Q23, SPOTLIGHT SHINES FOR THE FRANCHISE CHANNEL, **UP 23.2%** VS 4Q22

HIGHLIGHT TO THE CONSOLIDATION OF THE NEW BEST-SELLER, ST-001 SNEAKER, WHICH WAS SOLD-OUT

BRAND'S IDENTITY STRENGTHNESS - PARTNERSHIP WITH AMBASSADOR MALU BORGES FOR THE LAUNCH OF THE EXCLUSIVE COLLECTION OF ITALIAN PUMPS

CORE BRANDS

ANACAPRI, ALEXANDRE BIRMAN E ALME



+21.0% GROWTH VS 2022

ALL CHANNELS GREW **DOUBLE DIGIT** VS 2022.

E-COMMERCE CHANNEL WAS UP **35.7%** IN 4Q23 VS 4Q22

OPENING OF **ESTAÇÃO ANACAPRI**: THE **1,500 SQM SPACE** FEATURES THE BRAND'S FLAGSHIP STORE, AN OMNI DISTRIBUTION CENTER, A SHOWROOM AND AN OFFICE SPACE - **STRENGTHENING THE BRAND'S CULTURE AND IDENTITY**



+34.1% GROWTH IN BRAZIL

EMPHASIS ON THE **E-COMMERCE CHANNEL**, WHICH WAS UP **54,6%**, AND THE MULTI-BRAND CHANNEL, UP **37,4%** VS 2022

LAUNCH OF THE **"HANDCRAFTED IN ITALY" COLLECTION**, WITH FOOTWEAR MADE ENTIRELY IN ITALY, A MOVE THAT ADDS DISTINCTION TO THE BRAND - **SYNONYM OF INSPIRATION, DESIGN AND DESIRE.**



E-COMMERCE CHANNEL WITH 46.1% GROWTH VS 2022

RELEASE OF AN UNPRECEDENTED COLLAB WITH AREZZO BRAND, EMPHASIS ON THE **LUME SNEAKERS**: AN ALME ICON, PRODUCED WITH RECYCLED RUBBER AND COTTON

FIRST KIOSK MODEL UNVEILED IN FLORIANÓPOLIS - A STATE CITY THAT CONNECTS WITH THE AWARE AND TECHNOLOGICAL LIFESTYLE THAT'S IN THE BRAND'S DNA

ACQUIRED BRANDS

Reserva

Reserva
mini

ReservaGo

Oficina
RESERVA

Baw

VANS

CAROL BASSI

Vicenza)

PARIS TEXAS



PARIS

TEXAS

ACQUIRED BRANDS

RESERVA AND VANS



R\$1.5B
GROSS REVENUE
2023

26.0% GROWTH VS 2022

IN 4Q23, 15% OF GROSS REVENUE GROWTH, EMPHASIS DUE TO B2C CHANNEL, UP 30% VS 4T22

LAUNCH OF RESERVA PRAIA LINE, WITH EXCLUSIVE PRODUCTS DEVISED FOR COASTAL CITIES, HOTELS AND RESORTS. THE FIRST STORE WAS OPENED IN THE FAMED FAIRMONT COPACABANA HOTEL

OPENING OF THE FIRST RESERVA HOUSE AT SHOPPING MORUMBI, A SPACE THAT PUT TOGETHER ALL RESERVA BRANDS



26.5%
GROSS REVENUE
GROWTH VS 2022

GROSS REVENUES IN 4Q23 WERE UP 17.1% VS 4Q22

OPENING OF 41 STORES IN 2023

E-COMMERCE CHANNEL WITH 28.6% GROWTH IN 4Q23 VS 4Q22

IN NOV/23, THE BRAND REACHED 1M INSTAGRAM FOLLOWERS

LAUNCH OF COLLECTIONS: TOGETHER WITH DISNEY, CELEBRATING 100 YEARS OF STORIES; AND WITH THE BRAZILIAN SKATEBOARDER PEDRO BARROS

SELL-OUT GROWTH IN THE DOMESTIC MARKET WITH NEO VR3 E THE RELAUNCH OF '90s CLASSIC KNUL SKOOL

ACQUIRED BRANDS

VICENZA AND INTERNATIONAL BUSINESSES



MORE THAN 30 YEARS OF HISTORY

ACQUIRED IN EARLY 2023, WITH PRESENCE IN OVER 50 COUNTRIES AND IN MORE THAN **470 MULTI-BRANDS POINTS ACROSS BRAZIL**

REACHED R\$26M OF GROSS REVENUE IN 4Q23, WITH HIGHLIGHTS TO THE E-COMMERCE CHANNEL, THAT REPRESENTED 15.4% OF REVENUES

LAUNCH OF THE FIRST AND SUCCESSFUL HANDBAGS LINE

OPENING OF ITS FIRST **FLAGSHIP STORE** AT 903 OSCAR FREIRE, ONE OF THE CHOICEST SPOTS IN BRAZILIAN RETAIL



ARZZ IMPACTED BY WHOLESALE CHANNEL

FOUNDED IN 2015, IN MILAN, AND ACQUIRED BY AREZZO&CO IN THE BEGINNING OF 2023, AS ITS FIRST INTERNATIONAL M&A

IN SEPTEMBER, ENTERED THE **US MARKET** THROUGH THE MAJOR MULTI-BRAND CHAINS MACY'S AND BELK. DUE TO THE SALES SUCCESS, A HIGHER NUMBER OF STORES WILL BE SERVED IN 2024.

AREZZO 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 POTENTIAL TO ACHIEVE MORE THAN 100 MILLION PEOPLE.

ACQUIRED BRANDS

CAROL BASSI



STRATEGIC STORE OPENINGS IN 2023

FIRST BLACK FRIDAY OF THE BRAND, OPERATING IN E-COMMERCE CHANNEL, WITH RECORD REVENUE

THE YEAR WAS MARKED BY STRATEGIC STORE OPENINGS :

- I. SECOND STORE IN RIO DE JANEIRO, AT SHOPPING LEBLON;
- II. FIRST STORE IN CURITIBA, AT THE PRESTIGIOUS MALL PÁTIO BATEL
- III. FIRST OUTLET OF THE BRAND, IN SANTA CATARINA MALL

IN 2024, THE BRAND CAROL BASSI CELEBRATES 10 YEARS OF LIFE

**AREZZO
&CO**

THANK YOU!