AREZZO SCHUTZ ANACAPRI ALEXANDRE BIRMAN FIEVER ALME VANS "OFF THE WALL"

EARNINGS RELEASE 1Q20

São Paulo, May 27, 2020. Arezzo & Co (BM & FBOVESPA: ARZZ3), leader in women's footwear, handbags and accessories sector in Brazil, announces the results for the 1st quarter of 2020.

PRICE AND MARKET CAP

05/27/2020
R$ 43.90 and R$ 4.0 billion

EARNINGS VIDEOCONFERENCE

Thursday, May 28, 2020
11:00am (Brazil) / 10:00am (NY)

Videoconference in Portuguese with Simultaneous Translation into English

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HIGHLIGHTS*

- Net Revenue in 1Q20 reached R$ 375.5 million, a 0,4% decrease against 1Q19;
- Record growth of 53.9% in the web commerce channel, representing 15,9% of the Company's domestic revenues;
- In 1Q20, Gross Profit totaled R$ 172.4 million (gross margin of 45.9%), a 20bps increase;
- EBITDA for 1Q20 totaled R$ 64.3 million (EBITDA margin of 17.1%), a 17.8% increase against 1Q19;
- In 1Q20, Net Income totaled R$ 25.9 million (net margin of 6.9%), an 11.9% increase;
- Same-Store-Sales sell out decrease of 10.6% in the quarter, due to temporary stores closure caused by the COVID-19 pandemic in March;
- Cash position of R$ 619.2 million on March 31.

** Information above includes Vans® brand licensing operation*

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Message from the Management

We started the year 2020 very positive and motivated, and with our strategic planning widely disclosed, guiding our next steps, giving clarity on the ways to consolidate the continuous growth of our business. Our first inorganic movement was a major highlight. We were successful in integrating the Vans® brand into our systems, processes, and structure, which gave us the conviction that we are prepared.

After the beginning of the year with sales at a very healthy pace, in March, we started to live with a new world reality caused by the pandemic of COVID-19, which, like for everyone else, also brought us challenges and situations never experienced. We were forged in the crisis, and we adapted (always) very quickly. Words like flexibility and agility are hallmarks of our culture - and at this moment, they are being the basis for strengthening our company in the market.

We are undoubtedly experiencing a time of great learning and fast evolution, which will accelerate in exponential proportions what was already planned. Within this context, we would like to list our actions implemented in the last months.

Summary of Measures Taken in the Crisis Caused by COVID-19

To better explain all the initiatives, we divided our crisis management planning in three stages:

From March 9 to April 14: Phase marked by the creation of a crisis committee, in-depth understanding of the scenario, definition of battles and action plans, funding of credit lines, implementation of a new dynamic of work (home office) and strong communication process, including employees and other stakeholders, such as franchisees, multibrands, investors and service providers.

Transparent and continuous communication set the tone for the period, with a focus on prevention and hygiene best practices, as well as the unrestricted support for our franchisees to make decisions on complex issues, such as employee management, adoption of government provisional measures, funding and working capital, negotiations with shopping malls and tenants, among others.

We took meticulous care in terms of product offering - and to avoid excessive inventories in the chain, we reduced a large part of the collections that would still be produced, such as Mother's and Valentine's Day - and suspended the invoicing for stores that were closed. In addition to the product offering and suppl, we offered 60 additional days for royalties payment by the franchisees. Still in terms of financial support, we created - on an exceptional basis - a fund that started to concentrate 5% of the revenue from web commerce sales made within a 20 km radius of physical stores, for future redemptions by franchisees.

Also, aware of the extreme importance of preserving cash in this period, we initiated several contingency actions, such as raising debt in the total amount of R$ 450 million, reprioritizing strategic investments for 2020, reducing operating expenses, besides the reduction of 30% in the compensation of the CEO, Executive Directors and Board Members and 25% of the Directors and Managers. We have also implemented actions with the same purpose in our United States operation - both in terms of organizational structure, fixed costs and negotiations for the closing of loss-making stores.

From April 15 to May 10: Acceleration of our digital channels, with a strong focus on Mother's Day, our main date in the first half of the year. During this period, we engaged and trained franchisees and salespeople from the entire network of stores in our digital tools, which included selling a via remote link via WhatsApp, product withdrawals scheduled via drive-thru in shopping malls and street stores, delivery at home by the stores and infinite shelf - with unrestricted access by physical stores to the web commerce products and inventory.

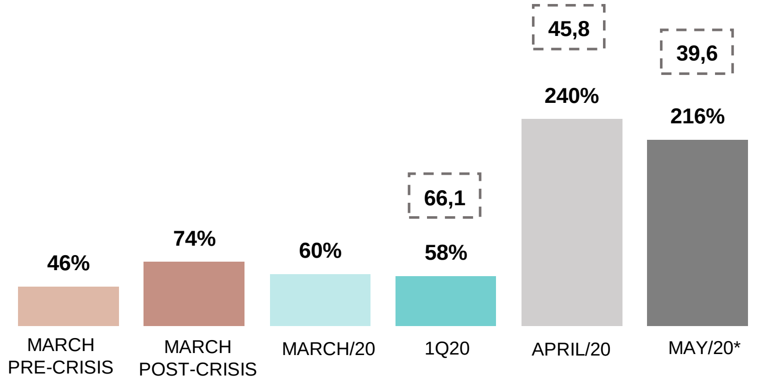
Message from the Management

Once again, using creativity in sales actions, we launched the “digital salesperson”, modality in which managers/salespeople send their discount codes to their customers to buy on the website, allowing commissioning to the franchisees and salespeople – the tool is also active in the multibrand channel. Besides the digital salesperson, we launched the #maisquevendas (#morethansales) campaign, where our employees became sellers and were able to revert their commissions to a fund created to help the salespeople of our owned stores.

Until the beginning of the second half of March, when the COVID-19 pandemic began to spread in Brazil, physical store sales showed significant growth. With the implementation of social isolation measures - culminating in the temporary closure of all stores on March 16 - we estimate that physical stores lost the equivalent of R$ 63.3 million in sales - which had an impact on both sales growth in the quarter (which would be around 4.2% under the SSS concept), as well as in the profitability. The mothers' day period's performance was impressive - from April 23 to May 10, we reached 55% of 2019 sales (in the Arezzo, Schutz, Anacapri brands) even with around 85-90% of physical stores closed in that period. Additionally, it is worth mentioning the 380% growth in web commerce. For comparison purposes, from May 1 to May 25, the brand achieved 43% of the sales of 2019. To achieve this result, we made intelligent and attractive campaigns, such as “buy a gift for your mother and get an Arezzo for you” and the establishment of maximum prices by product category in a few moments. Due to our vertical model, even with a higher discount level, we were able to maintain a healthy gross margin of 51.6% in the web commerce channel.

Amount in R$ MM

Evolution of Web Commerce SSS and OMNI Initiatives



- **+937%** growth in link sales modality in April/20;
- **22%** of the sales made through the web channel delivered by physical stores in the city of São Paulo;
- **20%** of sales from new customers in the web commerce
- **14%** from customers who hadn’t bought on the our web commerce for over a year

SSS of the web commerce channel includes Vans® sales in the channel
**As of May 25, 2020*

In the meantime, on May 23, we started the partial return of activities at our unit located in the city of Campo Bom, after careful data evaluation and the adoption of a series of security measures. With very similar measures - and also due to the very low evolution of the number of COVID-19 cases in the municipality, our distribution center in Cariacica (ES) remained in operation throughout the period, including an additional shift basis from last week of April, aiming to meet the increased demand of our web commerce channel.

Message from the Management

In terms of branding, we made a significant change in the way we communicate with our customers, adapting content and campaigns to a much more digital profile, to be consumed 100% online, with the frequent use of social media. To maintain our brands as “allies of women in fashion and life”, we offered content that has transcended products, such as entertainment tips, career and, Instagram lives with guests from various areas of knowledge - always connected to the purpose and identity of each brand.

Reflecting beyond our business, we felt an obligation to help society in this challenging time. Among our initiatives, we had the donation of 20,000 pairs of shoes to health professionals, and mothers in situations of social vulnerability, as well as the mobilization of raw material suppliers and manufacturers in the Rio Grande do Sul State to produce and distribute 75,000 masks - in addition to specific actions practiced by each of our seven brands. In addition to sustainability and social responsibility, pre-pandemic topics that have been widely discussed, as solidarity and collaboration between brands and companies, are here to stay.

From May 11th: the third stage, which started after Mother's Day and continues until now, consists of preparing and implementing the changes in our business to adapt to a new normal, a new way of operating, in a new world, increasingly digital and with shorter implementation deadlines. Changes in organizational structure, expense reengineering, and an unremitting focus on product development are some of the great highlights that will mark this new moment.

From now on, we will focus on one of our great strengths: the creation and development of products. For this, we will centralize the brands' actuation, R&D, and suppliers around our headquarters in Campo Bom (RS), thus expanding our capacity to develop, manufacture and deliver the product that our consumer wants even faster - with the active participation of analytics to define the best product assortment.

We will dismember our collections in biweekly cycles and speed up the time between the launched collection and the in-store delivery for four weeks - through shorter and 100% virtual showrooms, increasing the factories' productivity (by the concentration of orders), with consequent lead time reduction.

We will also increase our capacity in the online channel, which has answered exceptionally in recent months - not only as a stand-alone channel but also as a great source of incremental sales to our franchisees, which became even more prone to Omni and began to adhere to the digital sales tools firmly after the crisis. The marketing activations and communication with customers will become increasingly digital and segmented through our CRM, which has more than 9 million registered customers.

About our more than 700 physical stores, we understand that they will continue to be very important for our business, generating - in addition to sales - close relationships and enchantment to our consumers and that eventually will have as a part of the experience the payment and delivery of the product through digital ways. Besides, we will increasingly invest in their store shipping capacity, as we strongly believe in the importance of having them as distribution hubs throughout Brazil.

It is worth remembering that, currently, we have approximately 24% of our stores (178 stores) open, all following municipal and governmental decrees, in addition to all the necessary hygiene and safety measures. Since the reopening, these stores are showing an average performance of 46% compared to the same period of the previous year. It is possible to see positive outliers in certain cities and states and between street stores and malls.

Message from the Management

The health of our franchisees is also very important for our business, and we are creative in terms of solutions to mitigate the demand for working capital and increase the efficiency of inventories, which is very necessary in this moment of reduced demand. For this, we launched the concept of activation sample tool - which consists of sending stores just one pair for part of the collection. The variety will generate the desired enchantment - and if the customer wants to buy the product, the sale will be made through the infinite shelf, using the existing inventory in our web commerce.

We are undisputed market leaders in the categories of footwear and handbags for classes A and B. With our strength, resilience, and a highly engaged team; we will continue to deliver robust and consistent results, paving the way for our future. After all, some habits may change with the passing of the crisis, but fashion is very relevant to women's self-expression. Our products bring much more than functionality, but a powerful emotional component and women's genuine desire to feel good about themselves will never cease to exist.

And our big dream - the construction of a real digital fashion platform - is still alive - and even closer to its realization. With the crisis acceleration, it was necessary to deprioritize some initiatives momentarily. However, it never made so much sense to speed up efforts to make our platform viable, having our brands living together coexisting in the same environment, with a new loyalty program, and optimized investments in marketing, traffic, and downloads - as well as curating complementary brands through a "3P" marketplace.

We are very confident in the strength of our business model and our brands to go through this unique challenging moment, besides to our solid financial structure. Arezzo&Co will use all its experience and strength built over its 47 years of history to reinvent itself and emerge stronger and more adaptable from this crisis.

Towards 2154!

The Management

Summary of Results and Operational Indicators (IFRS)

Summary of Results	1Q20	1Q19	Δ (%) 20 x 19	1Q20 ex-Vans	Δ (%) 20 x 19
Net Revenues	375.471	377.163	-0,4%	336.380	-10,8%
Gross Profit	172.372	172.476	-0,1%	153.883	-10,8%
Gross Margin	45,9%	45,7%	0,2 p.p.	45,7%	0,0 p.p.
EBITDA¹	64.297	54.582	17,8%	59.609	9,2%
EBITDA Margin¹	17,1%	14,5%	2,6 p.p.	17,7%	3,2 p.p.
Net Income	25.888	23.141	11,9%	-	-
Net Margin	6,9%	6,1%	0,8 p.p.	-	-

Operating Indicators	1Q20	1Q19	Δ (%) 20 x 19
# of pairs sold ('000)	2.891	3.153	-8,3%
# of handbags sold ('000)	296	376	-21,4%
# of employees	2.596	2.477	4,8%
# of stores*	754	690	64
Owned Stores	55	52	3
Franchises	699	638	61
Outsourcing (as % of total production)	91,2%	90,0%	1,2 p.p
SSS² Sell in (franchises)	-17,6%	1,1%	-18,7 p.p
SSS² Sell out (owned stores + franchises + web)	-10,6%	3,8%	0,2 p.p

* Includes international stores

(1) On January 1, 2020, Arezzo & Co started operating exclusively the Vans® brand in Brazil in all its distribution channels - franchises, own stores, multibrand and web commerce.

(2) EBITDA = EBITDA = Earnings before interest, income tax and social contribution on net income, depreciation and amortization. EBITDA is not a measure used in accounting practices adopted in Brazil (BR GAAP), does not represent cash flow for the periods presented and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and Arezzo&Co's EBITDA definition may not be comparable to adjusted EBITDA of other companies. While EBITDA does not provide, in accordance with the accounting practices adopted in Brazil, a measure of operating cash flows, management uses it to measure operating performance. Additionally, the company believes that certain investors and financial analysts use EBITDA as an indicator of operating performance for a company and/ or its cash flow.

(3)) SSS (Same-store sales): Stores are included in comparable stores' sales as of the 13th month of operation. Variations in comparable stores' sales in the two periods are based on sales, net of returns, for owned stores, and on gross sales for franchises in operation during both periods under comparison. As of 4Q16, the Company started to report the SSS sell-in net of discounts. If a store is included in the calculation of comparable stores' sales for only a portion of one of the periods under comparison, this store will be included in the calculation of the corresponding portion of the other period. When square meters are added to or deducted from a store included in comparable stores' sales, with an impact of over 15% on the sales area, the store is excluded from comparable stores' sales. When a store operation is discontinued, this store's sales are excluded from the calculation of comparable stores' sales for the periods under comparison. As from this period, if a franchisee opens a warehouse, its sales will be included in comparable stores' sales if its franchises operate during both periods under comparison. The so-called "SSS of Franchises – Sell In" refers to comparison of Arezzo&Co's sales with those of each Franchised Store in operation for more than 12 months, serving as a more accurate indicator for monitoring the Group's revenue. On the other hand, "SSS – Sell Out" is based on the point of sales' performance, which, in the case of Arezzo&Co, is a better indicator of Owned Stores' sales behavior and Franchises' sell out sales. The franchise sell-out figures represent the best estimate calculated on the basis of information provided by third parties. Starting in 1Q14, the Company begins to also report SSS sell-out including web commerce.

Gross Revenue

Gross Revenue	1Q20	Part%	1Q19	Part%	Δ (%) 20 x 19
Total Gross Revenue	**465.237**		**462.530**		**0,6%**
Foreign Market	**63.506**	**13,7%**	**55.226**	**11,9%**	**15,0%**
Exports	*9.643*	*15,2%*	*11.634*	*21,1%*	*(17,1%)*
US Operation	*53.865*	*84,8%*	*43.592*	*78,9%*	*23,6%*
Domestic Market	**401.731**	**86,3%**	**407.304**	**88,1%**	**(1,4%)**
By Brand					
Arezzo	*181.447*	*45,2%*	*222.806*	*54,7%*	*(18,6%)*
Schutz [1]	*103.477*	*25,8%*	*112.279*	*27,6%*	*(7,8%)*
Anacapri	*50.496*	*12,6%*	*54.362*	*13,3%*	*(7,1%)*
Vans	*49.729*	*12,4%*	-	–	*na*
Others [2]	*16.582*	*4,1%*	*17.857*	*4,4%*	*(7,1%)*
By Channel					
Franchises	*173.163*	*43,1%*	*208.336*	*51,2%*	*(16,9%)*
Multibrand	*114.231*	*28,4%*	*96.500*	*23,7%*	*18,4%*
Owned Stores [3]	*50.323*	*12,5%*	*60.566*	*14,9%*	*(16,9%)*
Web Commerce	*63.843*	*15,9%*	*41.485*	*10,2%*	*53,9%*
Others [4]	*171*	*0,0%*	*417*	*0,1%*	*(59,0%)*

By Channel (ex-Vans)	352.002		407.304		(13,6%)
Franchises	*171.719*	*48,8%*	*208.336*	*51,2%*	*(17,6%)*
Multibrand	*78.562*	*22,3%*	*96.500*	*23,7%*	*(18,6%)*
Owned Stores	*45.762*	*13,0%*	*60.566*	*14,9%*	*(24,4%)*
Web Commerce	*55.787*	*15,8%*	*41.485*	*10,2%*	*34,5%*
Others [4]	*171*	*0,0%*	*417*	*0,1%*	*(59,0%)*

(1) Does not include the revenues from the international operation.
(2) Includes only domestic markets for Alexandre Birman, Fiever and Alme brands and other revenues (not attributed to the brands).
(3) Excluding the effect of the conversion of 5 stores (LTM) from owned stores into franchises, the channel would have decrease 4.8% in the quarter.
(4) Includes domestic market revenues that are not specific for distribution channels.

Brands

The first quarter of the year counted with the transition from the Summer to the Winter collection in all stores across the Arezzo&Co network. In February, the brands launched their Pre Fall collections, a vital thermometer to measure consumer receptivity to new trends and products. The first half of March saw the launch of the Winter collections - however, a few days later, the vast majority of the stores were closed due to the pandemic of COVID-19.

The **Arezzo** brand achieved revenue of R$ 181.4 million in the first quarter, a decrease of 18.6% compared to 1Q19. Excluding the effect of the conversion from 5 owned stores to franchises in the last twelve months, the brand's revenue would have decreased by 15.7%. It is important to highlight that the Mother's Day collection has a substantial weight in the sales of the Arezzo brand - and due to the pandemic product orders that would be invoiced for the date in the second half of March have been suspended.

As a highlight of the quarter, the brand launched its winter campaign called “Our Winter Stars: Women Who Shine” with 24 women from different backgrounds as protagonists, who, through different stories, inspire other women, reinforcing concepts such as empathy, sorority and, self-esteem. The campaign was very well received by consumers, registering a reach of 22 million women and insertion in a series of national publications. Additionally, in 1Q20 the brand launched two sneaker models from the “ZZ” line, the “ZZJOY” and the “ZZ Girl” reinforcing that comfort and style can and should continue as allies, being also synonymous with femininity, regardless of the season or occasion (summer and winter, work and leisure).

Since the second half of March, already in the middle of the pandemic COVID-19, the Arezzo brand has adapted its communication to the client offering - beyond to its products - relevant content for the moment through thematic Instagram lives, fashion editorials, besides prevention and entertainment tips. The brand was also present in a series of social actions, such as the donation of 3,000 pairs of shoes at the end of March to health professionals and another 10,000 pairs on Mother's Day, this time for women in vulnerable situations, in partnership with the NGOs Gerando Falcões and CUFA / Mães da Favela, in the States of São Paulo, Rio de Janeiro and Bahia.

The **Schutz** brand had a stable overall performance (+ 0.1%) on a global basis in 1Q20. In the domestic market, the brand accounted for 25.8% of the Company's revenue and totaled R$ 103.5 million in gross revenue in 1Q20, down 7.8% to the same period last year. Following the trend of the previous quarter, the brand registered great results in the handbags category, representing 25.7% of the mix, with growth in all launched collections and excellent acceptance. After the store's closure in March, the brand made 360º communication actions to strengthen the online channel and remote sales through the stores with campaigns targeting different categories, such as sneakers, bags, and animal print. In early May, for Mother's Day, Schutz launched an unprecedented partnership with the male clothing brand Reserva, in a collaborative action between brands, with an exchange of e-mail marketings between its customer bases and discount coupons, both in favor of meal donations to needy entities. For each piece or pair sold, five dishes were donated in partnership with "Banco de Alimentos" and "Sesc.“

The **Anacapri** brand reached R$ 50.5 million in revenues, with a decrease of 7.1% vs. 1Q19, closing the quarter 12.6% of the Company’s revenues in the domestic market. In the period, the brand had as a highlight the growing relevance of the web commerce channel, which now represents 10.0% of its revenue, as well as the growth of the handbags category, which already represents 9.2% of the mix. Additionally, the 1Q20 was marked by the hiring of a new face for the brand, the Brazilian singer Iza, together with a team of inspiring women with a focus on self-esteem and self-knowledge.

The **Alexandre Birman** brand showed a growth of 14.0% in a global basis. In February, the brand held its traditional winter presentation at Paris Fashion Week, at the Ritz Hotel, with art nouveau influences. In the collection, some models were made from recycled material demonstrating the brand's commitment to reducing environmental impact. In March, with its 6 stores temporarily closed, the brand established a closer communication to its customers through social media with the motto “we are with you in every step”, giving messages of positivity during the pandemic, through lives and daily content.

The **Fiever** brand performance decreased 16.4% in the quarter, impacted by the temporary closure of the owned stores, and lower revenue for the multibrand channel due to the COVID-19 pandemic (despite an excellent capture of sell in orders at the Couromoda shoe fair in January). On the other hand, the brand grew 48.3% in the online channel, representing 20.9% of its revenue. As a highlight of the quarter, following the performance of the end of 2019, the best seller sneaker “BEAT” had a high representation in sales. It featured activations by the famous DJ Alok during carnival events in February. The brand has also been very present in its social media through lives reinforcing its three pillars: art, music, and fashion.

The **Alme** brand grew by 5.9% in the period. As the brand Fiever, Alme had excellent growth in sell in orders in the quarter, but due to COVID-19, the revenues usually concentrated at the end of the quarter were suspended. In 1Q20, the brand launched its first campaign, with a personality from the artistic world, the Brazilian actress Camila Pitanga. The winter campaign brought a lot of visibility to the brand through its positioning of comfort + beauty. Alme also made a series of actions with its consumers during the pandemic, and for the Mother's Day collection, the brand signed a partnership with the NGO Orientavida.

Lastly, the newest brand of the group - Vans®, recorded revenues of R$ 49.7 million, representing 12.4% of Arezzo&Co's gross revenue in the domestic market. Vans establish partnerships (collabs) with renowned designers and skateboarders every semester, besides supporting important causes of awareness, such as autism and breast cancer. These partnerships help to position the brand among loyal consumers and more connected to early adoption. At the same time, each year, one of the five Vans classic models is elevated within a deep icon management strategy, to maintain a healthy and balanced offer towards the multibrand customer and the final consumer, reinforcing the brand's recall and strengthening the turnover in all channels. As for highlights of the quarter, Vans® launched the "Rowan Pro" sneaker model signed by the professional skater Rowan Zorilla, which has new technologies for practicing the sport - and in the first week of sales had already a stock out of the main sizes. Also, Vans® launched a collab with the American designer Sandy Liang; the most popular models were sold out in just one day. Besides, the brand registered a 78.7% increase in engagement on its social media to the same period in 2019.

Channels

Monobrand - Owned Stores and Franchises

Reflecting the Company's strategy to strengthen its monobrand stores, the Arezzo&Co point of sales network (Owned Stores + Franchises + web commerce) posted a retraction of 7.4% in sell-out sales in 1Q20 compared to 1Q19, mainly due to the temporary closure of physical stores as of the third week of March. **As previously informed, we currently have 178 stores open, which are operating with average revenue of 46% compared to the same period in 2019**. Same-store sales performance was -10.6% in 1Q20, with the main impact in March due to the pandemic. **The performance in January and February followed the positive trend in the fourth quarter of 2019.**

Following the Company's asset-light strategy and reinforcing the attractiveness of the franchise model for our franchisees, in the last twelve months, five owned stores of the Arezzo brand were converted into franchises, implying a revenue decline in the owned stores channel. Excluding this effect, the Owned Stores channel would have declined 4.8% instead of 16.9%.

Multibrand

In 1Q20, the revenues of the multibrand channel grew by 18.4% compared to 1Q19, driven mainly by the addition of the Vans® brand. Excluding the Vans® brand, the channel declined 18.6%.

Since the beginning of the pandemic, the Company has sought to reflect a good part of the support actions also announced for the franchisees in this challenging moment, including weekly alignment calls, proactive cancellation of some orders, postponement of payment deadlines and implementation of digital sales tools for remote sales through the use of coupons.

The customer profile for this channel has become more qualified, composed of stores located in smaller cities, but with a high market share in their areas of influence. Additionally, the group's brands have a high index of shelf space in such customers, which results in the prioritization of Arezzo&Co's brands under challenging times.

The group's seven brands were distributed through 3,793 stores in 1Q20, an increase of 45.2% over 1Q19, and are present in 2,739 cities. Excluding the Vans® brand, the number of clients would still have grown by 6.8%.

Strong Acceleration of Digital Transformation

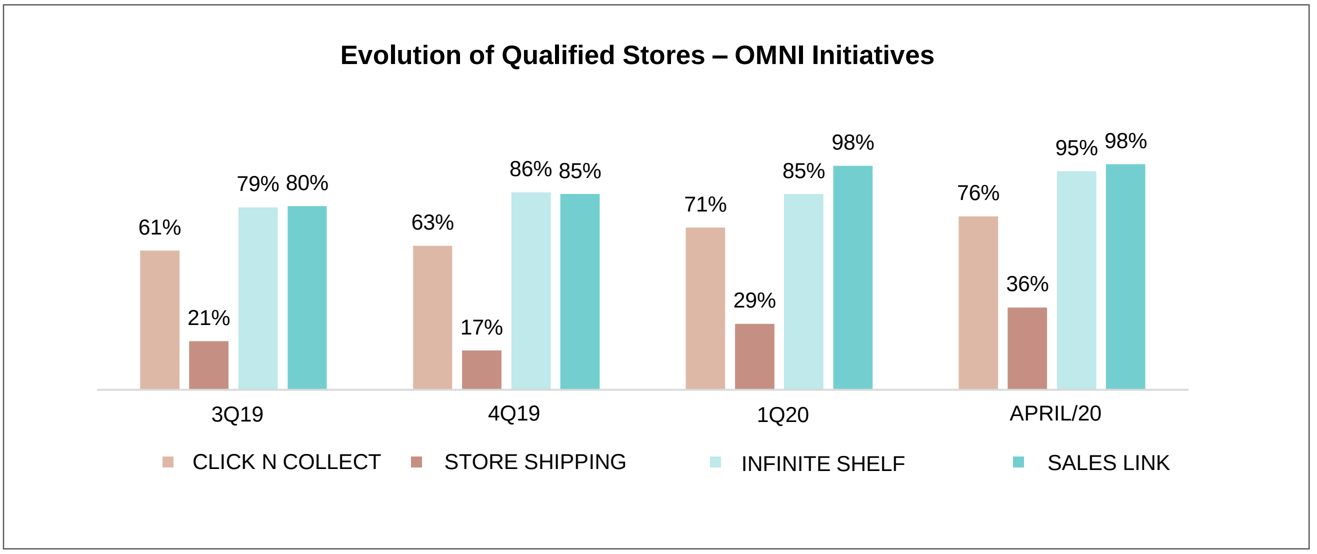
In 2018, Arezzo&Co started its Digital Transformation process, and one of the major fronts of operation was the integration of the physical and online channels, with excellent progress, both in the number of stores enabled with the technology as in terms of network engagement, both in owned stores and franchises.

With the worsening of COVID-19, **the omnichannel and remote sales tools were essential to guarantee a minimum level of sales, even with stores 100% closed**. The network's engagement increased as the quarantine measures were adopted (and postponed), as well as the level of its sales, which reached a sharp peak on the week before Mother's Day.

Besides the existing initiatives - which include link sales, infinite shelf, and store shipping - **during the quarter we launched the concept of “digital salesperson,”** where store managers and salespeople are encouraged to send their discount codes to their customers, thus enabling the commissioning. The tool has shown significant growth since its launch and has been extended to our employees. **The Company intends to expand the scope and reach of the “digital salesperson,”** allowing anyone to contribute to the direct sale of our products to the final consumer.

Another major highlight of the period was the web commerce channel, which grew by 53.9% compared to 1Q19 (or 34.5% excluding revenues from the Vans® brand), representing 15.9% of Arezzo&Co's revenues, vs. 10.2% in 1Q19. It is worth mentioning that the substantial growth of the channel was verified as of the second half of March, **with a steady increase in sales in April and May, when the channel reached in some days ten times the average daily volume, or even 2x the amount sold on Black Friday period of 2019.**

We continue to believe that there is much room to grow through our brands, Vans®, and others that may be incorporated - through market share gains and market consolidation in the post-pandemic scenario. Additionally, it is worth highlighting **that investments in the creation of our fashion platform have been accelerated over the past few months** - and the first deliveries should be seen throughout the second half of 2020. As announced last year, we want to be the customer's ally in fashion and life, **bringing our brands together in the same ecosystem, with content, services, loyalty and complementary brands through a "3P" marketplace** - which will undoubtedly be one of our significant differentials in the fashion market for the A/B classes in Brazil.



External Market

In the United States, the revenues recorded a 23.6% growth. In dollars, the increase was 5.6%. In January and February, the operation showed a steady growth of 57.0% in reais and 38% in dollars. Like Brazil, the North American operation was also impacted by the pandemic of COVID-19. It temporarily closed the nine-owned stores in the middle of March, with store traffic already suffered a sharp decline in the two previous weeks. **It is important to note that even with the pandemic impacts, web commerce and wholesale channels grew by 78.6% and 26.0%**, respectively.

The Company made contingency actions, focusing on restructuring the organizational chart, reducing expenses, evaluating the closure of some loss-making physical stores, and finally, **revisiting its growth strategy, which will be increasingly oriented towards the digital channel.** This is because, even before the pandemic hit the country**, the online sales already accounted for 45% of the revenue**, through sales of the Schutz and Alexandre Birman's owned websites and third-party websites, such as department stores and pure online players, like Revolve, Shopbop, and Zappos.

The physical stores that reopen after the pandemic will continue to play an important role in strengthening brand awareness and providing support for omnichannel initiatives since they act as distribution hubs in the store shipping modality. In April, with the partial closing of the DC in New Jersey, the stores were crucial to guarantee the final customer's delivery without any interruption.

The exports to the rest of the world, had a retraction of 17.1% in reais in 1Q20 compared to the same period of 2019, mainly explained by the effects of the COVID-19 pandemic in the world, which significantly impacted European and Latin American customers in the first quarter of the year.

On a consolidated basis, in the 1Q20, the Company's revenue in the foreign market was 15.0% higher than 1Q19, representing 13.7% of total revenue compared to 11.9% in the same period of the previous year.

Expansion of the Monobrand Channel

Arezzo&Co ended the quarter with 754 stores - 739 in Brazil and 15 abroad - an increase in sales area of 3.2%, with 62 net openings in Brazil and abroad in the last 12 months.

In 1Q20, the Company had the net opening of 2 stores, including 7 Vans® stores, 1 Anacapri and the closure of 3 Schutz stores, 2 Anacapri and 1 Arezzo.

Store Information	1Q19	2Q19	3Q19	4Q19	1Q20
Sales area[1,3] - Total (m^2)	**44.086**	**44.322**	**44.835**	**45.925**	**46.265**
Sales area - franchises (m^2)	37.704	37.768	38.739	39.752	39.794
Sales area - owned stores[2] (m^2)	6.382	6.553	6.096	6.173	6.472
Total number of domestic stores	**677**	**681**	**700**	**737**	**739**
# of franchises	**632**	**636**	**658**	**693**	**693**
Arezzo	405	406	419	432	432
Schutz	74	73	73	72	70
Anacapri	153	157	165	185	184
Fiever	–	–	–	1	1
Alme	–	–	1	3	3
Vans	–	–	–	–	3
# of owned stores	**45**	**45**	**42**	**44**	**46**
Arezzo	14	14	10	10	9
Schutz	17	17	17	17	16
Alexandre Birman	4	4	4	6	6
Anacapri	3	3	3	3	3
Fiever	5	5	5	5	5
Alme	2	2	3	3	3
Vans	–	–	–	–	4
Total number of international store	**13**	**15**	**15**	**15**	**15**
# of franchises	6	6	6	6	6
# of owned stores[4]	7	9	9	9	9

(1) Includes areas in square meters of the stores overseas
(2) Includes seven outlet type stores with a total area of 2,450 m^2
(3) Includes areas in square meters of expanded stores
(4) Includes Alexandre Birman and Schutz stores, 2 in New York, 2 in Miami, 1 in Los Angeles, 1 in Las Vegas, 1 in New Jersey, and 1 in San Francisco and 1 in Dallas.

Main Financial Indicators

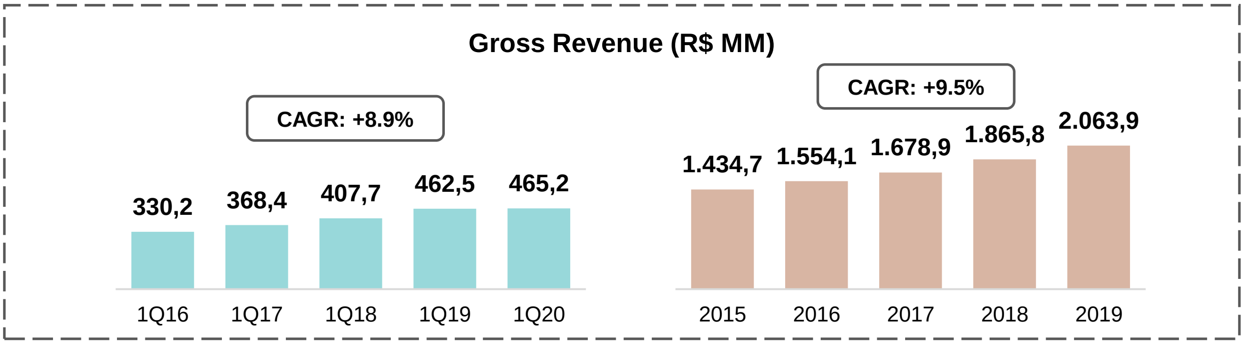
Key financial indicators	1Q20	1Q19	Δ (%) 20 x 19
Gross Revenues	465.237	462.530	0,6%
Net Revenues	375.471	377.163	(0,4%)
COGS	(203.099)	(204.687)	(0,8%)
Depreciation and amortization (cost)	(806)	(613)	n/a
Gross Profit	172.372	172.476	(0,1%)
Gross margin	*45,9%*	*45,7%*	*0,2 p.p*
SG&A	(128.354)	(135.789)	(5,5%)
% of net revenues	*(34,2%)*	*(36,0%)*	*1,8 p.p*
Selling expenses	**(102.152)**	**(83.372)**	**22,5%**
Owned stores and web commerce	(28.839)	(29.038)	(0,7%)
Selling, logistics and supply	(73.313)	(54.334)	34,9%
General and administrative expenses	**(34.856)**	**(36.562)**	**(4,7%)**
Other operating revenues (expenses)[1]	**28.127**	**1.427**	**n/a**
Depreciation and amortization (expenses)	**(19.473)**	**(17.282)**	**12,7%**
EBITDA	64.297	54.582	17,8%
EBITDA Margin	*17,1%*	*14,5%*	*2,6 p.p*
Net Income	25.888	23.141	11,9%
Net Margin	*6,9%*	*6,1%*	*0,8 p.p*
Working capital[4] - as % of revenues	28,4%	23,8%	4,6 p.p
Invested capital[2] - as % of revenues	50,9%	40,9%	10,0 p.p
Net cash/EBITDA LTM	**0,0x**	**0,5x**	**-**
Cash	619.181	299.755	106,6%
Total debt	615.959	174.253	253,5%
Net cash[3]	3.222	125.502	(97,4%)

(1) Includes revenue related to extemporaneous tax credits (the unconstitutionality of the insertion of "ICMS" in the calculation basis of "PIS/COFINS"), The positive net effect of such credits in the company's EBITDA was R$ 29.9 million.
(2) Invested Capital: working capital plus fixed assets and other long term assets less income tax and deferred social contributions.
(3) Net debt is equal to total interest bearing debt position at the end of a period less cash, cash equivalents and short-term financial investments.
(4) Working Capital: current assets minus cash, cash equivalents and financial investments less from current liabilities minus loans and financing and dividends payable.

Gross Revenue

The Company's gross revenue reached R$ 465.2 million in this quarter, an increase of 0.6% to 1Q19. Among the main factors driving this performance, worthy of mention are:

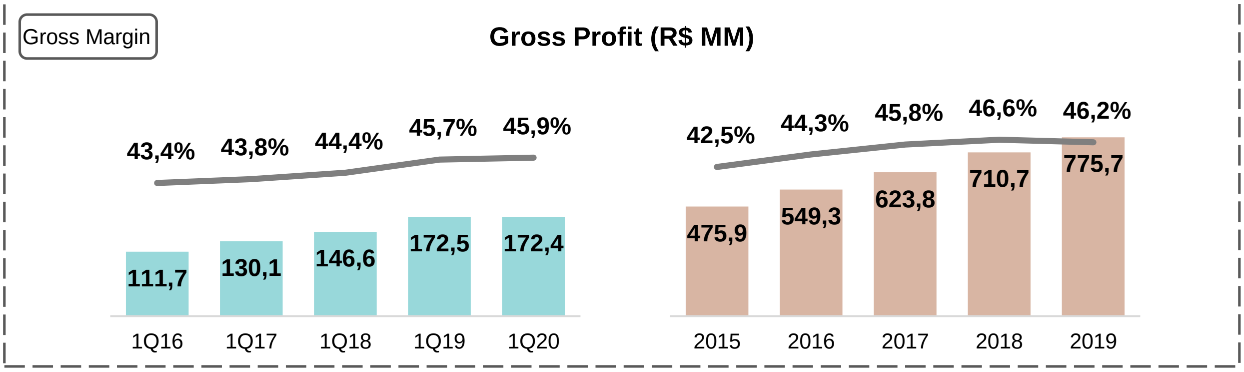
- Inclusion of the Vans brand in the Company's revenue, in the order of R$ 49.9 million;
- Growth of 53.9% in the web commerce channel, or 34.5% excluding the Vans® brand;
- Decrease of 16.9% in the revenues of franchises and owned stores channel, due to the effects already mentioned, related to the COVID-19.



Gross Profit and Gross Margin

The gross profit in 1Q20 totaled R$ 172.4 million, with a stable performance of -0.1% compared to 1Q19, and an increase of 20 bps in gross margin, reaching 45.9%.

The positive highlight goes to the increased web commerce relevance in the mix, compensated by the lower share of owned stores in the mix, due to the conversion of 5 owned stores into franchises (“sell-out ” sales exchanged for “ sell in ” sales) over the past 12 months.



Operational Expenses

Arezzo&Co remains faithful to its brand development policy, and most of the expenses presented below reflect the continuous investment in new brands and new markets/geographies.

Commercial Expenses

In 1Q20, there was an expansion of 22.5% in commercial expenses when compared to 1Q19, reaching R$ 102.2 million. Commercial expenses include:

(i) Owned stores and web commerce expenses ("sell out" channels), which totaled R$ 28.8 million - a decrease of 0.7% compared to 1Q19 - below the 53.9% web commerce's growth and in line with the lower share of the owned stores channel in the mix. It is worth highlighting that the expenses related to the Vans® owned stores are included in this amount.

(ii) Sales, Logistics, and Supplies expenses totaled R$ 73.3 million in 1Q20. **Considering only the Brazilian operation (excluding the Vans® brand), we would have had a total expense of R$ 35.1 million, retraction of 6.0% compared to 1Q19**. The incremental expenses related to the integration of the Vans® brand in our portfolio had a non-recurring effect of R$ 2.6 million in 1Q20 - and the incorporation of its structure on a recurring basis, which includes the full hiring of the team, absorption of office and showroom spaces, as well as marketing and product distribution expenses totaled R$ 9.9 million in 1Q20.

The incremental expenses related to the North American market, including the continuous investment of its three operating channels and the strengthening of its brands in the territory, to be detailed later in this document, amounted to R$ 25.5 million in 1Q20.

General and Administrative Expenses

In 1Q20, the general and administrative expenses totaled R$ 34.9 million, a reduction of 4.7% compared to 1Q19, partially explained by the non-provisioning of the Company's profit-sharing plan due to the current macroeconomic scenario, as well as savings in consulting firms expenses and in variable compensation in the United States, present in the 1Q19 comparison basis.

EBITDA e EBITDA Margin

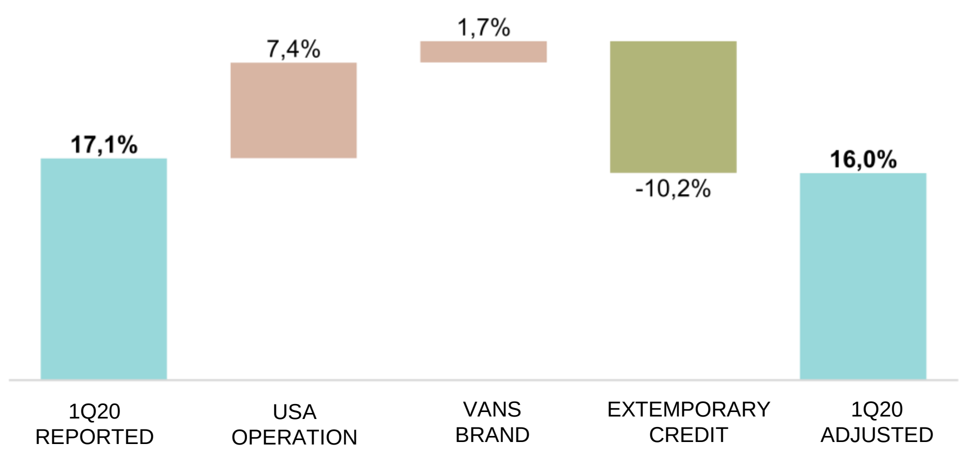
The Company's EBITDA totaled of R$ 64.3 million in 1Q20, an increase of 17.8% in relation to the 1Q19. Among the factors are:

- The incorporation of the exclusive license for the Vans brand in Brazil - a profitable operation, but with margin levels still lower than those of the Company in its first year of operation;
- The achievement of extemporaneous tax credits that had a positive impact of R$ 29.9 million;
- The impact of the North American operation on the Company's margin of 740bps, due to factors such as:
    - COVID-19 effects on wholesale channel orders and loss of revenues in the owned stores (temporarily closed), in the amount of R$ 4.6 million;
    - Exchange rates impact of R$ 3.0 million,
    - Expenses related to offices, showrooms and corporate structure, in the amount of R$ 2.8 million, which are already in the process of being scaled back to a leaner post-pandemic reality;
    - New stores (opened over the last 12 months) still not in breakeven, with a negative impact of R$ 2.1 million.

	1Q20			1Q19		
	&Co	Brasil	US	&Co	Brasil	US
Net Revenue	375,5	332,5	43,0	377,2	341,1	36,1
EBITDA	64,3	81,5	(17,2)	54,6	62,6	(8,0)
EBITDA Mg.	***17,1%***	***24,5%***	**-**	***14,5%***	***18,3%***	**-**
US Impact	**740 bps**			**388 bps**		

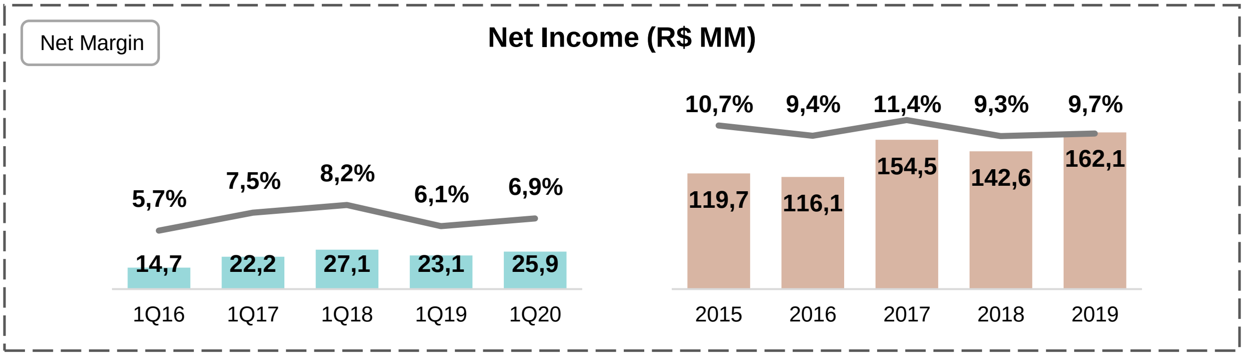
Amounts in R$ MM
Includes the adoption of IFRS 16 / CPC 06 (R2)

Brazil Adjusted EBITDA: Excluding Tax Credits, USA and Vans



Net Income and Net Margin

The net income for the period totaled R$ 25.9 million, 11.9% higher than in 1Q19, with a positive impact of the tax credits recovery, whose net effect of taxes was R$ 20.0 million. The Company had a net margin of 6.9% in 1Q20, 80bps higher than the same period of the last year.



ROIC – Return on Invested Capital

Return on invested capital (ROIC) reached 20.9% compared to 25.9% in 1Q19, due to the increase in working capital levels - caused by a higher inventory level due to: (i) the incorporation of the Vans® brand inventory, in the amount of R$ 28.0 million, and (ii) the higher volume of inventories in Brazil and the United States related to the COVID-19 pandemic. Besides the higher stock in the owned stores, the products destined to the sell-in channels (franchises and multi-brands) were not shipped on time, as the stores were temporarily closed, unable to receive their orders.

Income from operations	1Q20	1Q19	1Q18	Δ 20 x 19 (%)
EBIT (LTM)	230.433	195.631	176.611	17,8%
+ IR e CS (LTM)	(51.846)	(29.206)	(22.648)	77,5%
NOPAT	**178.587**	**166.425**	**153.963**	**7,3%**
Working Capital[1]	476.612	374.410	345.346	27,3%
Accounts Receivable	400.136	394.770	345.085	1,4%
Inventory	253.412	162.613	128.153	55,8%
Suppliers	(178.376)	(148.825)	(132.837)	19,9%
Others	1.440	(34.148)	4.945	(104,2%)
Permanet assets	433.430	344.181	148.267	25,9%
Other long-term assets[2]	38.647	39.990	33.917	(3,4%)
Invested capital	**948.689**	**758.581**	**527.530**	**25,1%**
Average invested capital[3]	**853.635**	**643.056**		**32,7%**
ROIC[4]	**20,9%**	**25,9%**		

(1) Working Capital: current assets minus cash, cash equivalents and financial investments less current liabilities minus loans and financing and
dividends payable.
(2) Less deferred income tax and social contribution.
(3) Average invested capital in the period and same period previous year.
(4) ROIC: NOPAT for the last 12 months divided by average invested capita.

Investments - CAPEX

The Company's investments are of three types:

i) Investments in expansion and remodeling of owned stores in Brazil;

ii) Corporate investments that include IT, facilities, showrooms and offices; and

iii) Other expenditures, mainly related to the US operation and the industrial operation.

In 1Q20, Arezzo&Co invested R$ 14.1 million in CAPEX, with emphasis on:

- Investments on Digital Transformation including software and IT infrastructure, channels integration, fashion platform and the pilot of the RFID project;
- Inclusion of the Vans® brand, including the incorporation of the 4 already existing owned stores;
- Adjustments in the distribution center to meet the growing demand for the web commerce channel.

Summary of Investments	1Q20	1Q19	Δ 20 x 19 (%)
Total CAPEX	**14.075**	**8.634**	**63,0%**
Stores - expansion and refurbishing	3.952	134	2.849,3%
Corporate	7.886	3.744	110,6%
Other	2.237	4.756	(53,0%)

Cash Position and Indebtedness

The Company ended 1Q20 with R$ 3.2 million in cash. During the period, it is worth highlighting:

- Total indebtedness of R$ 616.0 million in 1Q20 compared to R$ 174.3 million in 1Q19.
- In the second half of March, the Company opted for the preventive funding of credit lines in the total accumulated amount of R$ 394.1 million to complement the Company's cash position amid the challenging scenario caused by the pandemic of COVID-19.
- The average interest rate on funding was below CDI + 2% per year, with an average term of 18 months;
- Cash / EBITDA ratio of 0.0x compared to 0.5x in 1Q19

Cash position and Indebtedness	1Q20	4Q19	1Q19
Cash	**619.181**	**277.683**	**299.755**
Total debt	**615.959**	**180.784**	**174.253**
Short-term	307.081	158.222	81.827
% total debt	49,9%	87,5%	47,0%
Long-term	308.878	22.562	92.426
% total debt	50,1%	12,5%	53,0%
Net cash	**3.222**	**96.899**	**125.502**

Balance Sheet

Assets	1Q20	4Q19	1Q19
Current assets	**1.416.747**	**980.665**	**928.010**
Cash and Banks	7.597	13.808	5.691
Financial Investments	611.584	263.875	294.064
Trade accounts receivables	400.136	413.412	394.770
Inventory	253.412	179.499	162.613
Taxes recoverable	121.500	90.332	42.903
Other credits	22.518	19.739	27.969
Non-current assets	**488.433**	**432.584**	**404.581**
Long-term receivables	55.003	50.438	60.400
Trade accounts receivables	9.377	10.402	11.070
Deferred income and social contribution	16.356	15.682	20.410
Other credits	29.270	24.354	28.920
Investments property	3.074	3.017	3.324
Property, plant and equipment	354.778	304.082	275.874
Intangible assets	75.578	75.047	64.983
Total assets	**1.905.180**	**1.413.249**	**1.332.591**

Liabilities	1Q20	4Q19	1Q19
Current liabilities	**628.035**	**464.659**	**428.398**
Loans and financing	307.081	158.222	81.827
Lease	47.995	40.145	34.272
Suppliers	178.376	134.967	148.825
Other liabilities	94.583	131.325	163.474
Non-current liabilities	**521.650**	**202.519**	**260.079**
Loans and financing	308.878	22.562	92.426
Related parties	1.937	1.502	1.452
Other liabilities	9.607	9.542	9.130
Lease	201.228	168.913	157.071
Shareholder's Equity	**755.495**	**746.071**	**644.114**
Capital	352.715	352.715	341.073
Capital reserve	48.634	50.538	47.909
Profit reserves	122.118	94.276	90.033
Tax incentive reserve	213.880	213.880	136.443
Other comprehensive income	-7.740	6.820	5.515
Accumulated Profit	25.888	0	23.141
Proposed additional dividends	0	27.842	0
Total liabilities and shareholders' equity	**1.905.180**	**1.413.249**	**1.332.591**

Income Statement

Income Statement - IFRS	1Q20	1Q19	Var.%
Net operating revenue	**375.471**	**377.163**	**-0,4%**
Cost of goods sold	(203.099)	(204.687)	-0,8%
Gross profit	**172.372**	**172.476**	**-0,1%**
Operating income (expenses):	**(128.354)**	**(135.789)**	**-5,5%**
Selling	(117.123)	(96.100)	21,9%
Administrative and general expenses	(39.358)	(41.116)	-4,3%
Other operating income, net	28.127	1.427	1871,1%
Income before financial result	**44.018**	**36.687**	**20,0%**
Financial income	(772)	(5.247)	-85,3%
Income before income taxes	**43.246**	**31.440**	**37,6%**
Income tax and social contribution	(17.358)	(8.299)	109,2%
Current	(18.032)	(12.069)	49,4%
Deferred	674	3.770	-82,1%
Net income for period	**25.888**	**23.141**	**11,9%**

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Cash Flow

Cash Flow	1Q20	1Q19
Operating activities		
Income before income tax and social contribution	25.888	23.141
Adjustments to reconcile net income with cash from operational activities	**90.290**	**31.780**
Depreciation and amortization	20.279	17.895
Income from financial investments	(2.561)	(3.715)
Payments of Interest on loans	(1.418)	(817)
Interest and exchange rate	48.381	6.001
Income tax and social contribution	17.358	8.299
Other	8.251	4.117
Decrease (increase) in assets		
Trade accounts receivables	12.802	(12.646)
Inventory	(77.295)	(12.866)
Recoverable taxes	(30.811)	6.726
Change in other current assets	(25.944)	(8.250)
Judicial deposits	(4.235)	(4.768)
(Decrease) increase in liabilities		
Suppliers	46.591	41.946
Labor liabilities	(22.073)	(10.717)
Fiscal and social liabilities	(1.299)	(4.463)
Variation in other liabilities	4.784	141
Payment of income tax and social contribution	(12.882)	(7.105)
Lease	-	-
Net cash flow from operating activities	**5.816**	**42.919**
Investing activities		
Sale of fixed and intangible assets	(318)	-
Acquisition of fixed and intangible assets	(14.075)	(8.634)
Financial Investments	(778.819)	(287.097)
Redemption of financial investments	433.314	223.627
Net cash used in investing activities	**(359.898)**	**(72.104)**
Financing activities with third parties		
Increase in loans	405.241	73.607
Payments of loans	(17.028)	(13.450)
Instalment Lease	(15.470)	(12.959)
Net cash used in financing activities with third parties	**372.743**	**47.198**
Financing activities with shareholders		
Interest on equity	(22.675)	(20.847)
Receivables (payables) with shareholders	435	8
Repurchase of shares	(2.632)	-
Net cash used in financing activities	**(24.872)**	**(20.839)**
Increase (decrease) in cash and cash equivalents	**(6.211)**	**(2.826)**
Cash and cash equivalents		
Foreign exchange effect on cash and cash equivalents	-	16
Cash and cash equivalents - Initial balance	13.808	8.501
Cash and cash equivalents - Closing balance	7.597	5.691
Increase (decrease) in cash and cash equivalents	**(6.211)**	**(2.826)**

Important Notice

Information contained herein may include forward-looking statements and reflects management's current view and estimates concerning the evolution of the macro-economic environment, industry conditions, company performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this document that do not describe historical facts, such as statements regarding declaration or payment of dividends, the future course of operations, the implementation of material operational and financial strategies, the investment program, and the factors or trends affecting financial condition, liquidity or results from operations, are deemed forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually materialize. Statements are based on many assumptions and factors, including economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

Arezzo&Co's consolidated financial information presented herein complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), based on audited financial data. Non-financial and other operating information has not been audited by independent auditors