



**AREZZO INDÚSTRIA E COMÉRCIO S.A.**

*(Publicly-held Company)*

National Corporate Taxpayers Register (CNPJ/MF) No. 16.590.234/0001-76

Company Registry Identification (NIRE) 31.300.025.918

CVM Code 22349

**NOTICE TO THE MARKET**

**COVID-19 AND MEASURES ADOPTED BY THE COMPANY**

**AREZZO INDÚSTRIA E COMÉRCIO S.A.** (“Company”), communicates to its shareholders and the market in general that, due to the progress and developments of COVID-19, on March 9, 2020, Arezzo&Co structured a Multidisciplinary Crisis Committee formed by the Company's management. The Committee interacts daily with the purpose of (i) taking preventive measures, (ii) structuring action and contingency plans, and (iii) monitoring the daily evolution of COVID-19 and the decisions made by government agencies and retail associations, both in Brazil and abroad.

Since then, several measures have been taken to significantly reduce the impact on the operation and ensure the safety of all direct and indirect employees:

People:

- Preventive actions to raise employees’ awareness since the beginning of March;
- Since March 6, adoption of remote work (home office), besides the anticipation of annual leave and compensatory time;
- Suspension of travels, meetings and on-site training;
- Extensive guidance to employees, franchisees, and suppliers, with the dissemination of good practices against the virus and support related to the current labor legislation.

Relationship with franchisees:

- Full support and transparency with the network;
- Intensive communication through thematic calls made every two days, with the participation of the CEO and executive directors;
- Payment terms and supply adjustments, given the expected retraction in demand, including the postponement of payments related to the provision of services by the franchisor (“royalties”) and reduction in the volume of outcoming collections.

Relationship with the industry:

- Active role with Abicalçados (Brazilian Association of Footwear Industries) to minimize effects on footwear activity;
- Definition of claims to be taken to the Federal Government for job preservation;



- Suspension of manufacturing activities as of March 23, with the concession of collective holidays for employees.

Actions to generate revenue:

- Strong support for migration from physical sales to online;
- Owned web commerce in full operation for all brands;
- Creativity in remote and omnichannel sales actions with the involvement of franchisees, store managers, and salespeople.
  - Centralized stocks through distribution hubs;
  - Digital seller: salespeople send discount codes to their customers to make their purchases on the website - enabling commissioning to the franchisee and the salesperson;
  - Evaluation of temporary partnerships with marketplaces with selected product mix.

Operation and capital structure

- Reprioritization of strategic investments for 2020;
- Focus on reducing expenses;
- Contingency actions in the United States;
- 30% reduction in the remuneration of the CEO, Executive Directors, and Board members;
- Preventive strengthening of cash position through capturing bank debt at a favorable cost.

The Company is following all the guidelines of the World Health Organization and the Ministry of Health. Thus, stores are temporarily closed in all locations indicated by the municipal or state authorities. It is worth remembering that the network, composed of 749 stores, has 215 street stores. The situation is being monitored, and action plans allow quick adjustments to mitigate impacts.

Arezzo & Co has strong confidence in its asset-light business model, solid financial structure, and cash position to go through this challenging moment. Additionally, the group's brands - its main pillar of activity - were quick to position themselves as partners of consumers in this unprecedented moment - and are more connected than ever. The Company reinforces its commitment to transparency for its shareholders and other stakeholders and will keep them duly informed in the event of significant changes in the scenario and the consequent impact on its business.

São Paulo, March 23, 2020.

**Aline Ferreira Penna Peli**

Investor Relations Officer