



Free translation

AREZZO INDÚSTRIA E COMÉRCIO S.A.

(Publicly-Held Company)

Corporate Taxpayer ID (CNPJ): 16.590.234/0001-76

State Registry (NIRE): 31.300.025.91-8

MATERIAL FACT

AREZZO INDÚSTRIA E COMÉRCIO S.A. ("Company"), in compliance with the terms of Article 157, Paragraph 4 of Law No. 6,404, dated as December 15th, 1976, as amended ("Brazilian Corporate Law"), and of the Article 2 of CVM Instruction No. 358, dated as January 3rd, 2002, as amended, hereby informs its shareholders and the market in general that, at a meeting of the Company's Board of Directors held on this date, it was approved, among other matters, **(i)** the amendment to the management's proposal for the allocation of the Company's results for the fiscal year ended on December 31st, 2019, to propose the retention of part of the net profit for the fiscal year to execute the capital budget, pursuant to Article 196 of Law 6,404/76, replacing the previous proposal of this management included in the Company's Financial Statements disclosed on March 4th, 2020; and **(ii)** the application of profits and/or reserves to carry out a new share repurchase program of the Company, to be effective as from April 4th, 2020 ("Repurchase Program").

I. Amendment to the management's proposal for the allocation of the Company's results

The Company clarifies that the new proposal for the allocation of the Company's results for the fiscal year ended on December 31st, 2019, for the retention of part of the net profit for the fiscal year to execute the capital budget, pursuant to Article 196 of Law 6,404/76, was carried out in accordance with the Company's action and contingency plans in the context of the advances and developments of COVID-19, to face the applications described in the capital budget.

The capital budget and other applicable information related to the proposal for the allocation of results for the fiscal year 2019 will be disclosed in due course, together with the documents related to the Annual and Extraordinary Shareholders' Meeting of the Company to be held, on first call, on April 30, 2020.

II. Repurchase Program

The Repurchase Program was approved by the Board of Directors, in accordance with the following terms and conditions, observing the Company's Bylaws, the CVM Instruction No. 567, dated as September 17th, 2015 ("ICVM 567/15") and Brazilian Corporate Law:



(i) **Repurchase Program's Purpose:** The purpose of the Repurchase Program is to increase the generation of value for the Company's shareholders due to the current depreciation of its shares in the market, through the acquisition of common shares of its own issuance, to remain in treasury, cancellation or subsequent sale of shares in the market or their allocation to the eventual exercise of rights under the stock option plan or the Company's restricted shares plan, without reducing the Company's capital stock, in compliance with the provisions of Paragraph 1 of Article 30 of the Brazilian Corporate Law, and in the rules set forth in ICVM 567/15

(ii) **Outstanding Shares:** Currently, pursuant to Paragraph 3 of Article 8 of ICVM 567/15, there are 44,828,478 (forty-four million, eight hundred and twenty-eight thousand, four hundred and seventy-eight) common, registered, book-entry shares with no par value, issued by the Company in the market ("Outstanding Shares").

(iii) **Treasury Shares:** Currently, there are 65,207 (sixty-five thousand, two hundred and seven) common, registered shares with no par value held in treasury.

(iv) **Number of Shares to be acquired:** The number of shares to be acquired under the Repurchase Program will be limited to four million, four hundred and eighty-two thousand, eight hundred and forty-seven (4,482,847) common, registered, book-entry shares with no par value of the Company, representing 10% of the total Outstanding Shares on the market on this date, the actual repurchase of the total number of shares approved in this act will depend, among other aspects, on the number of treasury shares held by the Company at the time of trading and the balance of available reserves, in order to meet the limits provided for in Article 8 of ICVM 567/15 and other applicable rules.

(v) **Price and method of acquisition:** The acquisition transactions will be carried out at B3 S.A. - Brasil, Bolsa, Balcão ("B3"), at market price, with the Company's Executive Board deciding the timing and number of shares to be acquired, either in a single transaction or in a series of transactions, respecting the limits and other rules provided for in the applicable regulation.

(vi) **Shares Repurchase Program's Duration:** The negotiations may be carried out for a period of up to eighteen (18) months from April 4th, 2020 including, and ending, therefore, on October 4th, 2021, including.

(vii) **Financial institutions that will act as intermediaries:** The transactions for the acquisition of the Company's shares will be carried out at market price and intermediated by the broker:

Credit Suisse S.A. Corretora de Títulos e Valores Mobiliários

Corporate Taxpayer ID 42.584.318/0001-07

Rua Leopoldo Couto de Magalhães Jr., n.º 700, 10º, 12º e 14º andares, Itaim Bibi, São Paulo, SP

Zip Code (CEP) 04542-000



(viii) **Available Funds:** Shares purchase transactions carried out under the Repurchase Program will be supported by the global amount (i) of the available profit and capital reserves, excluding the legal reserve, the realizable profits reserve, the special undistributed dividend reserve and the tax incentive reserve, as applicable; and (ii) the realized result for the current year, excluding the amounts to be allocated to the formation of the legal reserve, the unrealized profit reserve, the special undistributed dividend reserve and the tax incentive reserve and payment of mandatory dividend, as the case may be, in compliance with ICVM 567/15.

(ix) **Verification of available funds:** The existence of available funds to support the transactions for the acquisition of shares of own issuance must be verified based on the most recent annual, interim or quarterly financial statements disclosed by the Company prior to the effective transfer, to the Company, of the ownership of the shares of its own issuance.

(x) **Prudential Measures:** The use of interim financial statements and quarterly financial information to support transactions must observe, at least, the following prudential insurance measures: (a) segregation of amounts that, if it were the end of the fiscal year, would have to be separated to cover reserves necessarily and the amount that would be allocated to the mandatory dividend; (b) making the necessary deductions to ensure that the amounts to be used to pay the mandatory dividend at the end of the fiscal year and to repurchase the shares are fully backed by realized profits; and (c) analysis of the Company's past regarding the typical behavior of the result in the remaining phase of the fiscal year and a projection for the result of the current fiscal year, submitting such information to the Board of Directors.

(xi) **Projected values for the fiscal year result:** Under no circumstances will accepted the use of projected values for the current fiscal year result to support the transactions carried out under the Share Repurchase Program.

(xii) **Board Verifications:** The Board of Executive Officers will only be able to carry out the acquisitions if it has taken all necessary steps to ensure that: (a) the settlement of each transaction on its maturity is compatible with the Company's financial situation, without affecting the fulfillment of the obligations assumed with creditors nor the payment of the mandatory dividend; and (b) in the event of verification of the existence of available funds based on interim financial statements or reflected in the quarterly information forms – ITR, there are no predictable facts capable of giving rise to significant changes in the amount of such funds during the rest of the fiscal year.

(xiii) **Shares kept in treasury:** Under the terms of the applicable legislation, the shares, while kept in treasury, will not have patrimonial or political rights and, according to Paragraph 2 of Article 10 of ICVM 567/15, will be disregarded in the calculation of the installation and deliberation quorums provided for in the Brazilian Corporate Law and in the regulation of the securities market.



(xiv) Sell or cancellation of excess shares: The shares acquired under the terms of this Repurchase Program may, at the discretion of the Board of Directors, be allocated to the exercise of rights under the stock option plan or the Company's restricted shares, without reducing the Company's capital stock. The Company must cancel or sell the shares that exceed the balance of available profits and reserves, within six (06) months, as of the disclosure of the financial statements, annual and interim or quarterly financial information in which the excess is determined.

(xv) Bonus on shares, reverse split and split: If any reverse split, split or bonus on shares of the Company is approved, the number of treasury shares will be changed in order to correct the numerical expression of the volume of shares issued by the Company, without this having the effect of modifying the balance of the balance sheet that backed the acquisition.

São Paulo, March 30th, 2020.

ALINE FERREIRA PENNA PELI

Investor Relations Officer