EARNINGS RELEASE

AREZZO &CO

3Q 2020

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

3Q20 EARNINGS RELEASE

São Paulo, November 12, 2020. Arezzo&Co (BM&FBOVESPA: ARZZ3), a leading company in the Brazilian industry of women's footwear, handbags and accessories, announces its results for the 3rd quarter of 2020.

PRICE AND MARKET CAP

11/12/2020
Share Price R$64,15
Market Cap R$5,8 billion

EARNINGS VIDEOCONFERENCE

Friday, November 13, 2020
12:00 p.m. (Brasília) / 10:00 a.m. (New York)

Videoconference in Portuguese with Simultaneous Translation into English

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HIGHLIGHTS

- Gross Revenue in 3Q20 reached R$525.4 million, down by 2.4% versus 3Q19;
- Growth of 172.2% in web commerce (revenue of R$151.4 million), representing 32.7% of the company's domestic revenues in the quarter;
- EBITDA amounted to R$63.1 million in 3Q20 (EBITDA margin of 15.2%);
- Arezzo&Co's POS network (Owned Stores + Franchises + Web Commerce) was equivalent to 81.9% of the sell out recorded in 3Q19, attesting to a performance recovery after the stores reopened;
- The North American operation posted positive EBITDA of R$6.0 million, with gross revenue growth of 4.0% in BRL;
- Total cash position of R$566.2 million on September 30, with net cash of R$19.0 million.

INVESTOR RELATIONS

Rafael Sachete – CFO
Aline Penna – IRO, Strategy and M&A Director
Victoria Machado – IR Manager
Marcos Benetti – IR, Strategy and M&A Specialist

E-mail: ri@arezzo.com.br
Phone: +55 11 2132-4357 / 2132-4303

PRESS OFFICE | INDEX

Taciana Veloso and Erika Sena
taciana@indexconectada.com.br / erika@indexconectada.com.br

Message from Management

As the third quarter of 2020 began, Arezzo&Co kick-started the second half of the "game" after learning and evolving the business model to adapt to changes imposed by the pandemic. On this date of November 12th, Arezzo&Co can say it won during the year 2020. The company was only made stronger by the crisis, while adjusting rapidly and making positive permanent changes to the business. Arezzo&Co's resilience during the crisis is demonstrated by the expansion in market share, which is predicted to go from 24.8% to 30.9% in 2020[1], an increment of 6.2 p.p., reflecting the differential of having a multichannel operation and our remarkable ability to react to adversity by launching new collections every two weeks, constantly offering new items to storeowners and attracting consumers in a recurring manner. **The good news is not only limited to the third quarter. In October, the company reached 128% of 2019's revenue, with over 100% of non-default levels from early payments. In November (until 11/11), the Company recorded revenue of 138% compared to 2019.** It is also important to mention the resilience of the online channel's growth, despite the reopening of stores: **within nine months, web commerce revenue was 70% higher than in the whole of 2019, reaching R$364 million.**

As stores reopened, the online channel grew, and operations resumed, Arezzo&Co entered the second half of the year focused on getting its strategic planning back on track, guided by the consolidation of the fashion market for the A/B classes. The first step towards consolidation started with the company's first inorganic move to license the Vans brand in Brazil. This move delivered excellent results within the first nine months of operation, despite a challenging scenario. Successful sales performances, plus the integration of systems, processes, and structures, were crucial for Arezzo&Co to feel prepared to sell products that customers could wear, quite literally, "from head to toe".

Driven by past achievements and current determination, **on October 23rd, Arezzo&Co entered the clothing market by announcing the merger of Grupo Reserva**: a Rio de Janeiro-based company founded in 2004 by Rony Meisler and Fernando Sigal. Reserva started out with door-to-door sales in 2006, and has always used fashion and technology to improve peoples lives while constantly pursuing innovation. Today, it is considered as one of the most relevant fashion brands in Brazil. The transaction involves 6 brands - Reserva, Reserva Mini, Oficina Reserva, Reserva Go, EVA and Ink – and will expand Arezzo&Co Group's portfolio to 13 brands, while consolidating the strategy to become a true "House of Brands."

As such, **Arezzo&Co, a leader in the footwear and handbag segment for classes A/B in Brazil, now aims to become a leader in the clothing segment as well**, which includes clothing and accessories catered towards all genders and children. The merger will also expand the company's addressable market by 3.5 times the original size by appealing to more target consumers through selling "full looks" to its customers.

As the transaction concluded, AR&Co was born: an exclusive lifestyle brand with Rony Meisler as CEO. Reserva's main shareholders and executives - Fernando Sigal in products; Jayme Nigri as COO; and José Alberto Silva in technology - remain in the group, with head office in Rio de Janeiro, and they will be deeply involved in the building of AR&Co. Reserva's partners and investors will become partners of Arezzo&Co, holding approximately 8.7% of the company stock.

[1] *Arezz&Co's internal estimate based on indicators such as Euromonitor, IBGE and ICVA - Cielo*

Message from Management

Reserva will also bring new digital skills and technology to be applied to Arezzo&Co's operations. The companies will also join forces in ESG: environmental, social and governance. Since foundation, the main pillars of Reserva's strategy surround people and social issues. Reserva was one of the first fashion companies in Brazil to receive a *B Corp* certification.

Grupo Reserva currently has 78 stores and 33 franchises, with a presence in 1,500 multi-brand clients. In 2019, revenue amounted to R$400 million. The operation is still subject to conditions precedent, including the approval by CADE (Brazil's antitrust authority) expected at the end of the month.

Lastly, Arezzo&Co emphasizes its confidence in regards to strategic planning, to become a major, globally-renowned "*House of Brands*."

2154 is now!

Summary of Results and Operational Indicators (IFRS 16)

Summary of Results	3Q20	3Q19 [1] Adjusted	Δ (%) 20 x 19	9M20 Adjusted	9M19 [1] Adjusted	Δ (%) 20 x 19
Gross Revenues	525.240	538.187	-2,4%	1.223.997	1.490.199	-17,9%
Net Revenues	416.463	440.874	-5,5%	967.924	1.211.583	-20,1%
Gross Profit	186.487	200.670	-7,1%	450.170	557.477	-19,2%
Gross Margin	44,8%	45,5%	-0,7 p.p.	46,5%	46,0%	0,5 p.p.
EBITDA	63.123	77.102	-18,1%	104.678	187.288	-44,1%
EBITDA Margin	15,2%	17,5%	-2,3 p.p.	10,8%	15,5%	-4,7 p.p.
Net Income	27.947	35.523	-21,3%	(3.250)	94.147	-103,5%
Net Margin	6,7%	8,1%	-1,4 p.p.	-0,3%	7,8%	-8,1 p.p.

Operating Indicators	3Q20	3Q19 [1] Adjusted	Δ (%) 20 x 19	9M20 Adjusted	9M19 [1] Adjusted	Δ (%) 20 x 19
# of pairs sold ('000)	3.564	3.842	-7,2%	7.535	10.180	-26,0%
# of handbags sold ('000)	357	449	-20,4%	839	1.262	-33,5%
# of employees	2.287	2.463	-7,1%	2.287	2.463	-7,1%
# of stores*	735	715	20	735	715	20
Owned Stores	53	51	2	53	51	2
Franchises	682	664	18	682	664	18
Outsourcing (as % of total production)	88,2%	90,3%	-2,1 p.p	89,5%	90,3%	-0,8 p.p
SSS² Sell in (franchises)	-39,8%	1,2%	-41,0 p.p	-36,8%	1,2%	-38,0 p.p
SSS² Sell out (owned stores + franchises + web)	-24,7%	1,1%	-25,8 p.p	-30,0%	3,0%	-33,0 p.p

Note: LTM SSS Sell-in amounted to -24.5%, while the SSS sell out indicator was -19%

(1) Adjusted Results: Excluding *one-offs* (non-recurring items) from 2Q20 and extemporaneous credits in other quarters. In 3Q19, there was a positive impact of R$6.4 million from Extemporaneous Credits.

(2) SSS (same-store sales): the stores are included in SSS as from the 13th month of operation.

* Including stores abroad

Breakdown of gross revenue by brand and channel

Gross Revenue	3Q20	Part%	3Q19	Part%	Δ (%) 20 x 19	9M20	Part%	9M19	Part%	Δ (%) 20 x 19
Total Gross Revenue	**525.240**		**538.189**		**(2,4%)**	**1.219.326**		**1.490.201**		**(18,2%)**
Foreign Market	**62.732**	**11,9%**	**71.552**	**13,3%**	**(12,3%)**	**147.983**	**12,1%**	**192.724**	**12,9%**	**(23,2%)**
Exports	*6.159*	*9,8%*	*17.139*	*24,0%*	*(64,1%)*	*15.812*	*10,7%*	*46.089*	*23,9%*	*(65,7%)*
US Operation	*56.572*	*90,2%*	*54.413*	*76,0%*	*4,0%*	*132.171*	*89,3%*	*146.636*	*76,1%*	*(9,9%)*
Domestic Market	**462.508**	**88,1%**	**466.637**	**86,7%**	**(0,9%)**	**1.071.343**	**87,9%**	**1.297.477**	**87,1%**	**(17,4%)**
By Brand										
Arezzo	*202.190*	*43,7%*	*250.569*	*53,7%*	*(19,3%)*	*464.679*	*43,4%*	*701.489*	*54,1%*	*(33,8%)*
Schutz[1]	*113.087*	*24,5%*	*122.732*	*26,3%*	*(7,9%)*	*275.253*	*25,7%*	*352.345*	*27,2%*	*(21,9%)*
Anacapri	*60.707*	*13,1%*	*71.793*	*15,4%*	*(15,4%)*	*133.944*	*12,5%*	*182.930*	*14,1%*	*(26,8%)*
Vans	*69.914*	*15,1%*	-	-	*na*	*153.498*	*14,3%*	-	-	*na*
Others[2]	*16.610*	*3,6%*	*21.543*	*4,6%*	*(22,9%)*	*43.969*	*4,1%*	*60.713*	*4,7%*	*(27,6%)*
By Channel										
Franchises	*131.374*	*28,4%*	*224.282*	*48,1%*	*(41,4%)*	*311.228*	*29,1%*	*629.132*	*48,5%*	*(50,5%)*
Multibrand	*140.394*	*30,4%*	*126.948*	*27,2%*	*10,6%*	*292.308*	*27,3%*	*330.850*	*25,5%*	*(11,6%)*
Owned Stores	*39.154*	*8,5%*	*59.301*	*12,7%*	*(34,0%)*	*103.231*	*9,6%*	*189.328*	*14,6%*	*(45,5%)*
Web Commerce	*151.409*	*32,7%*	*55.628*	*11,9%*	*172,2%*	*363.982*	*34,0%*	*146.632*	*11,3%*	*148,2%*
Others[3]	*177*	*0,0%*	*476*	*0,1%*	*(62,8%)*	*594*	*0,1%*	*1.533*	*0,1%*	*(61,3%)*

(1) Excludes revenue from international operations.
(2) Includes the brands A. Birman, Fiever and Alme in the domestic market only, and other non-specific revenue from the brands.
(3) Includes revenues in the domestic market that are not specific to the distribution channels.

Brands Performance

The third quarter is marked by the transition from winter to summer collections in the Arezzo&Co network. Differently from 2019, this transition was more unusual as a result of the COVID-19 pandemic. Consequently, the summer collection was launched more gradually in the quarter, with accurate identification of best sellers in a new system of bi-weekly launches, enabling greater success at the stores and boosting sales. As an example of best sellers, the Arezzo brand had inspiring results with the launch of the ZZ Home line of shoes (47,000 pairs sold) and the ZZ Play vulcanized sneakers (228,000 pairs sold).

The Arezzo brand posted revenue of R$202.2 million for the third quarter: a 19.3% decrease from 3Q19. The brand's online channel grew 154% during the period, accounting for 33.8% of total revenue versus 10.7% the prior year.

During the quarter, Arezzo launched its summer 2021 campaign titled "I miss what we haven't lived," starring Brazilian actress Sheron Menezzes. The campaign's communication efforts focused on the holidays that weren't celebrated in 2020 due to the pandemic. Viewers were encouraged to celebrate important dates, even if only done so remotely. Among the top-selling products: the "Lily" sandal and "Culture" flat had the most inspiring results.

For high summer, focusing on the significant increase in sales and after six months of maturation of a very special project, Arezzo launched the BriZZa line (comprising 18 models). The launch involved a comprehensive marketing strategy, including the participation of Brazilian actress Bruna Marquezine (39.9 million Instagram followers) as the star and creative director of the campaign. Arezzo also engaged with a renowned advertising agency and broadcast commercials on Brazilian prime-time TV.

The BriZZa line is Arezzo&Co's debut in "full plastic", bringing a new category and addressable market. The collection features many SKUs, including handbags and shoes, with an average ticket price of R$79.90. The launch happened on November 5th, and strategically focused on Christmas and year-end holidays. This reinforced Arezzo's positioning as the best option for gifts at affordable and competitive prices. In addition to sales generated from the brand owned stores, franchisees, and e-commerce platform**, BriZZa will have approximately 35 dedicated pop-up stores within the country's main shopping malls and on the streets** for an estimated period of three months. Arezzo made the sell in for the franchise and multi-brand network in early October, with **excellent performance in the channels and stock-out in some of the stores in only a few days of sales**. Since the launch, i.e, within 7 days, Arezzo sold in its monobrand chain and web commerce a record-breaking 55,000 BriZZa products and 550,000 pairs in sell-in (multibrand channel and franchise). **This was better than expected, and restocking is already scheduled of, at least, 300,000 pairs.**

The brand also started a retrofit project for physical stores. **20 stores were already renovated in the last few months**, bringing a clean architectural concept to Arezzo that is more in line with post-pandemic trends.

The **Schutz** brand posted revenue of R$113.1 million in the third quarter for the Brazilian operations: a 7.9% decrease from 3Q19. Considering the brand's global results, Schutz saw a decrease in 5.6% versus 3Q19.

As a highlight for this period, Schutz launched a campaign titled "deep truth," starring model Valentina Sampaio: the first transgender model to be featured on the cover of Vogue Paris. The campaign focused on promoting dialogue amongst consumers over the multiple truths part of their everyday lives. All of the products were conceived to create a sense of enchantment and exclusivity. At the end of the campaign, the main items were sold out, and several requests for restocking were submitted by customers through the brand's e-commerce site.

Brands Performance

Apart from this campaign, Schutz launched another best seller during the quarter: the “smash” casual sneaker, to be used for any occasion. This model had an excellent sales performance, representing 29% of e-commerce’s sell out within the first week of the launch. Due to the success of the tie dye trend launched in the second quarter, the brand expanded the collection to handbags and saw high customer adherence.

In December, Schutz will launch an exclusive collection in collaboration with the new women’s brand Ginger, starring the Brazilian actress Marina Ruy Barbosa (37.5 million Instagram followers) as founder and creative director, raising relevant issues, such as conscious consumption and women entrepreneurship. Marina participated in entire creative process of Schutz x Ginger collaboration. This partnership was recorded in a 7-episode Reality Show, to be exhibited every week from today, until collection official launch. The objective is telling the history behind the product development, building enchantment and desire. The collection is composed of 11 shoe models, 4 handbags and 4 items of clothing.

The **Anacapri** brand posted revenue of R$60.7 million in the third quarter: a 15.4% decrease from 3Q19. The brand had many launches for sneakers and comfortable footwear in the quarter. Consumer demands required frequent replenishment of stock. Following previous quarter trends and other brands in the group, Anacapri had an excellent online performance, up 217.7%, attesting to the strong adhesion of customers to this shopping modality. On November 4, Anacapri launched its new summer collection, which relies on the co-creation and collaboration of the Brazilian young actress and singer, Manu Gavassi (15.9 million Instagram followers).

The **Alexandre Birman** brand posted revenue of R$6.6 million in the third quarter. The highlight for the brand was the 2MILE collection called “step in the clouds” that debuted a comfortable line. “Lolita slide” sales performed very well in the campaign. The brand also opened a temporary store at Fazenda Boa Vista: a luxury gated community in the state of São Paulo.

Newer brands **Fiever** and **Alme** performed very well across online channels, growing 125.8% and 163.3% respectively, while following the trends of the group’s more mature brands. Fiever launched another successful sneaker model, “melt,” that featured famous tourist spots in the city of São Paulo. Alme also launched more products focused on comfort, such as the Lis sneaker: a best seller for the brand.

Vans® became the 7th brand of the group after being licensed in 2019. Revenues reached R$69.9 million in 3Q20. One highlight of the period, following trends already observed in the second quarter, was the opening of a new franchise store at the Barra Shopping mall in Rio de Janeiro. Despite a challenging scenario, Vans maintained its expansion plans nationwide in Brazil, with new stores already opened along the fourth quarter of 2020. Store locations included Campinas (state of São Paulo) and Fortaleza (state of Ceará), as well as a flagship store in Rio de Janeiro expected to open on November 14.

Every quarter, **Vans** launches collaborations with iconic representatives in global pop culture such as bands, designers, movies, animations and artists, always connecting the brand’s pillars of authenticity and originality to the history and work of their collaborators. The brand closed two successful partnerships in the quarter: one with the hundred-year-old National Geographic magazine, and another with Lizzie Armanto: one of the greatest personalities in women’s contemporary skateboarding.

Channels

Monobrand – Franchises and Owned Stores

Arezzo&Co's POS network (Owned Stores + Franchises + Web Commerce) reached 81.9% of the *sell out* posted in 3Q19, due to the temporary closing of some physical stores and partial reopening, with reduced working hours at shopping malls. Note that approximately 71% of the network's stores are located in shopping malls. Same-store sales performance was -24.7% in 3Q20, with a gradual increase in performance per month, reaching -18.2% in September. **Arezzo&Co currently has 716 stores open (98.9% of the network), which recorded average revenue in September and October of 70.0% versus 2019. In November, stores recorded average revenue 84,5% vs. 2019.**

The franchise channel has been recovering, decreasing 41.4% compared to a decrease of 96.6% in 2Q20. This performance reflects the gradual reopening of stores over the course of the quarter, the higher confidence of franchisees, and the strong performance of stores due to successful collections, which are now launched on a bi-weekly basis. **The Company's expectation is for the franchise channel to end the fourth quarter of 2020 with results close to 2019.**

Multibrand

In 3Q20, revenue from the Multibrand channel grew 10.6% from 3Q19, mainly driven by the inclusion of the Vans® brand in total revenue.

Despite the challenging scenario, Arezzo&Co observed the channel's resilience due to its customer profile and store locations, mostly street stores in small towns, which are therefore less affected by the pandemic and its consequent restrictions. Over the last few months, Arezzo&Co, through frequent collection launches, and its unique capacity in developing high-frequency collections and short delivery terms, **captured the attention of storeowners and, consequently, considerably increasing their share of wallet, while competitors took longer to react to the crisis.**

The seven brands of the group are spread across 4,427 stores, growing 66.5% from 3Q19 (partially due to the Vans brand).

Strong Acceleration of the Digital Transformation

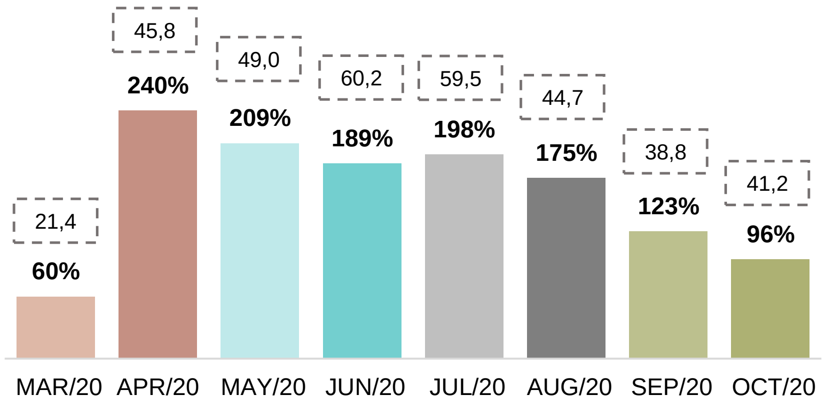
In 2018, Arezzo&Co started its Digital Transformation process, and one of the main action fronts was integrating the physical and online channels, with excellent progress in both the number of stores enabled with the technology and network engagement by owned stores and franchises.

As reported in the last few months, the channel integration tools were key for the survival of stores during the most critical period of the pandemic. Even after stores reopened, remote sales gained momentum and accounted for 11.7% of physical store sales in the third quarter of 2020, the highlight being the Schutz brand, which accounted for 18.4% of sales (while the state of São Paulo completed 25.3% of the sales remotely).

In addition to the excellent evolution of the channel integration front, web commerce ended the quarter representing 32.7% of Arezzo&Co's revenue, following the trend observed in 2Q20. **Performance was strong, with 172.2% growth (or 134.6% excluding revenue from Vans®) and nearly three times the volume sold in 2019.**

Amounts in R$ MM

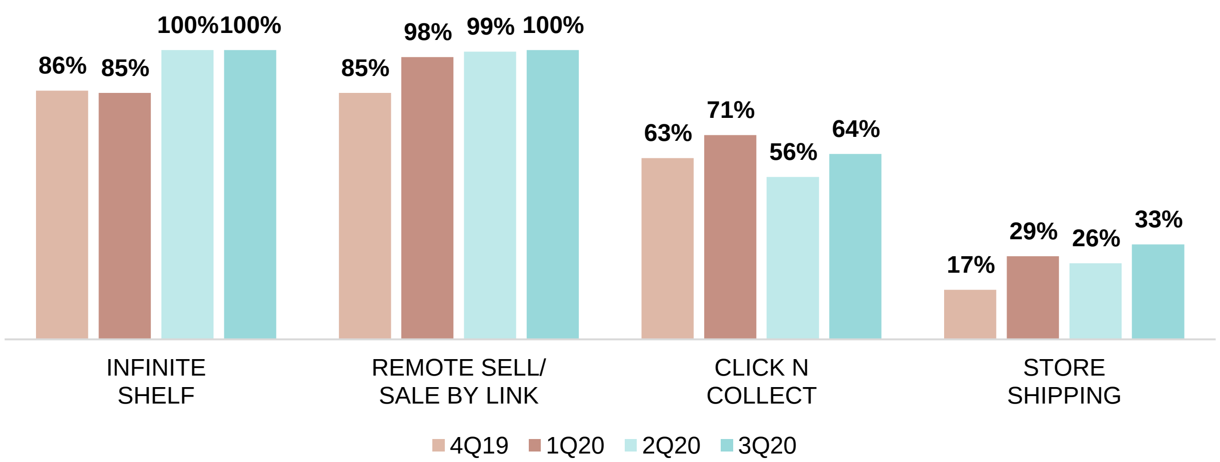
Evolution of Web Commerce SSS and OMNI Initiatives



- **+447%** growth in the "sale by link"/ remote sell modality in 3Q20;
- **364%** growth in the store shipping and click and collect modalities in 3Q20;
- **14.5%** new customers in web commerce;
- **39,000** customers reactivated, who had not shopped in over a year.

SSS of the web commerce channel, including the Vans® brand.

Evolution of Technology-enabled Stores – OMNI Initiatives



** Store shipping: number is growing, since stores are reopening and entering into partnerships with carrier companies.*

As mentioned in the last earnings release, the Company launched the pilot for Next-Day shipping at the beginning of August. The project consists in next-day delivery of web commerce orders by 3 p.m. The pilot is currently taking place in the city of São Paulo, soon to be extended to other capitals in the country. Since the pilot began, over 8,700 orders have been delivered.

Following the strategies to accelerate the digital fronts, **Arezzo&Co will officially launch its marketplace ZZMALL on November 19th, hosted by an internationally famous celebrity**. **The platform will have 30 "3P- third party seller" brands in its initial portfolio**, such as Vivara, TVZ, Livo, Hope, Zapalla and Jack Vartanian, and three brands of Grupo Reserva (Reserva, Eva and Reserva Mini). The online collection available in the marketplace already has over 500,000 items.

To accelerate the results of omnichannel initiatives, Arezzo&Co, with the support of Brazilian consulting firm Falconi, kick-started the project OMNI 2.0 in October, with the purpose of implementing a new performance management model to increase sales in channel integration tools.

External Market

Revenue in the United States grew 4.0% (in USD, the decrease was 22.6%). Similarly to Brazil, the North American operation posted revenue growth after being impacted by the global COVID-19 pandemic in the second quarter. Note that the recovery trend remains for the fourth quarter. **In October, revenue grew 20.4% in BRL.**

As shown in the last earnings release, the Company revisited the pricing strategy for Schutz, which is now part of the "*Contemporary Shoes*" segment, resulting in a 60% expansion of its addressable market in the United States. The pricing change was passed on to department stores in the second quarter of 2020 (*sell in*) and to end customers in the second half of September and early October, under the slogan "*Same Schutz, New Price*". **Perception in both channels were highly positive, leading to a 109.9% expansion in the web commerce channel in the quarter** (56.7% in USD) and **an increase of 44.0% (in USD) in Nordstrom's sell in between August and October**, keeping the same growth trend observed in the previous quarter. The brand's website also saw an increase of 103.0% in traffic since the launch of the new price communication. Furthermore, the brand's more digital strategy, combined with the new price positioning, improved the performance on websites such as Shopbob, Revolve and Zappos.

Sales growth continued in the first week of November, with a volume 105% higher than that of 2019 in Schutz's web commerce, and revenue growth of +54% vs. the same period in 2019. 78.0% of Schutz's web commerce sales were full price, reflecting the presence of new customers who used to have a discount profile. In the same period, Nordstrom's wholesale recorded an increase of 20.0% in product sell out, demonstrating the strong turnover of sold items from the immediately prior collection).

Following the same trend as June and July, when the North-American operation reached EBITDA breakeven, **the third quarter saw positive EBITDA at R$6.0 million, despite higher investments in marketing. This result should be maintained throughout the fourth quarter of 2020.**

Footwear exports to the rest of the world saw a decrease of 65.7% in revenue in the third quarter of 2020, due to the global effects of the COVID-19 pandemic, as it continued to significantly impact European and Latin-American clients since February 2020.

Monobrand Network

The Company ended the quarter with 735 stores (724 in Brazil and 11 abroad), increasing sales area by 0.4%, with 20 net openings in Brazil and abroad in the last 12 months.

In 3Q20, Arezzo&Co posted net closing of 6 stores, including the opening of 4 franchises under the Arezzo brand, 2 Anacapri franchises, 1 temporary Alexandre Birman store, and 1 franchise for Vans® in Rio de Janeiro, at Barra Shopping. In the fourth quarter, Vans® opened two new franchises, one in Campinas (state of São Paulo) and another in Fortaleza (state of Ceará).

Despite the impacts of the COVID-19 pandemic, **Arezzo&Co will be able to deliver a net number of openings in 2020 of more than 30 stores**, the highlight being the new Vans® stores, BriZZa kiosks, and reversals of closings made during the most critical periods of 2020.

Store Information	3Q19	4Q19	1Q20	2Q20	3Q20
Sales area¹,³ - Total (m²)	**44.835**	**45.925**	**46.265**	**45.544**	**45.012**
Sales area - franchises (m²)	38.739	39.752	39.794	39.302	38.816
Sales area - owned stores² (m²)	6.096	6.173	6.472	6.242	6.196
Total number of domestic stores	**700**	**737**	**739**	**730**	**724**
# of franchises	**658**	**693**	**693**	**682**	**676**
Arezzo	419	432	432	428	423
Schutz	73	72	70	68	67
Anacapri	165	185	184	179	179
Fiever	–	1	1	1	–
Alme	1	3	3	3	3
Vans	–	–	3	3	4
# of owned stores	**42**	**44**	**46**	**48**	**48**
Arezzo	10	10	9	9	9
Schutz	17	17	16	16	16
Alexandre Birman	4	6	6	6	7
Anacapri	3	3	3	3	3
Fiever	5	5	5	5	4
Alme	3	3	3	3	3
Vans	–	–	4	6	6
Total number of international stores	**15**	**15**	**15**	**11**	**11**
# of franchises	6	6	6	6	6
# of owned stores⁴	9	9	9	5	5

(1) Includes store area abroad
(2) Includes eleven outlet stores with total area of 2,450 square meters
(3) Includes expanded store area
(4) Includes 3 Schutz stores in (i) New York at Madison Avenue, (ii) Miami at Shopping Aventura, and (iii) Los Angeles at Beverly Drive. Also includes 2 Alexandre Birman stores in (i) New York at Madison Avenue, and (ii) Miami at Shopping Bal Harbour.

Main Financial Indicators

Key financial indicators	3Q20	3Q19 Adjusted	Δ (%) 20 x 19	9M20 Adjusted	9M19 Adjusted	Δ (%) 20 x 19
Gross Revenues	525.240	538.187	(2,4%)	1.223.997	1.490.199	(17,9%)
Net Revenues	416.463	440.874	(5,5%)	967.924	1.211.583	(20,1%)
COGS	(229.976)	(240.204)	(4,3%)	(517.754)	(654.106)	(20,8%)
Depreciation and amortization (cost)	(805)	(748)	7,6%	(2.428)	(2.104)	15,4%
Gross Profit	186.487	200.670	(7,1%)	450.170	557.477	(19,2%)
Gross margin	*44,8%*	*45,5%*	*(0,7 p.p)*	*46,5%*	*46,0%*	*0,5 p.p*
SG&A	(142.031)	(145.856)	(2,6%)	(403.511)	(430.240)	(6,2%)
% of net revenues	*(34,1%)*	*(33,1%)*	*(1,0 p.p)*	*(41,7%)*	*(35,5%)*	*(6,2 p.p)*
Selling expenses	**(95.150)**	**(92.052)**	**3,4%**	**(258.934)**	**(259.435)**	**(0,2%)**
Owned stores and web commerce	(37.153)	(28.013)	32,6%	(92.177)	(86.060)	7,1%
Selling, logistics and supply	(57.997)	(64.039)	(9,4%)	(166.757)	(173.375)	(3,8%)
General and administrative expenses	**(27.713)**	**(35.132)**	**(21,1%)**	**(85.842)**	**(115.182)**	**(25,5%)**
Other operating revenues (expenses)	**(1.306)**	**2.869**	**(145,5%)**	**(3.144)**	**2.324**	**(235,3%)**
Depreciation and amortization (expenses)	**(17.862)**	**(21.540)**	**(17,1%)**	**(55.591)**	**(57.947)**	**(4,1%)**
EBITDA	63.123	77.102	(18,1%)	104.678	187.288	(44,1%)
EBITDA Margin	*15,2%*	*17,5%*	*(2,3 p.p)*	*10,8%*	*15,5%*	*(4,7 p.p)*
Net Income	27.947	35.523	(21,3%)	(3.250)	94.147	(103,5%)
Net Margin	*6,7%*	*8,1%*	*(1,4 p.p)*	*(0,3%)*	*7,8%*	*(8,1 p.p)*

Adjusted Results: Excluding one-offs (non-recurring items) from 2Q20 and extemporaneous credits in other quarters. In 3Q19, there was an impact of R$6.4 million from Extemporaneous Credits (unconstitutionality of the inclusion of ICMS in the calculation basis for PIS/COFINS).

Gross Income and Gross Margin

Gross profit in 3Q20 amounted to R$186.5 million, with margin of 44.8% and a decrease of 70 bps compared to last year. Gross margin was positively affected by the higher share of the web commerce channel in the mix, and negatively affected by (i) the longer mark-up/mark-down period in the Web Commerce channel, and (ii) the lower consolidated margin in the North American market, due to the channel mix (closing of some owned stores) and residual mark-up/mark-down of old inventories.

Operating Expenses

Arezzo&Co intends to keep fixed expenses lower than in the last few quarters, while continuing to follow its strategic plan. The plan's main pillars include ongoing market share growth, omnichannel operations, and consolidation in the Brazilian fashion market.

Selling Expenses

In 3Q20, selling expenses grew by 3.4% compared to 3Q19, reaching R$142.0 million. Note that excluding the Vans brand and additional investments in marketing due to a decrease in proceeds from the franchisee advertising fund, **the Brazilian operation saw a decrease of 18.4% in fixed expenses.**

(i) expenses with Owned Stores and Web Commerce (sell-out channels), totaling R$95.2 million – a 32.6% increase from 3Q19 – lower than the 172.2% growth in web commerce and in line with the lower share of the owned stores channel in the mix. This amount includes expenses related to Vans® Owned Stores operations. Excluding this effect, these expenses would have grown 17.6%, due to investments in performance marketing (customer capture and social media) for the web commerce of the brands, and the launch of ZZMALL (the group's marketplace). These expenses were also impacted by the increase in online orders and, consequently, an increase in transportation expenses.

(ii) Selling, Logistics and Supply expenses, which amounted to R$57.9 million in the period – down 9.4% from 3Q19.

Expenses in the North American market dropped by R$12.2 million, or 53.6%, due to reduced organizational adjustments and occupancy costs of owned stores and offices. Selling, logistics and supply expenses in the United States amounted to R$10.5 million in 3Q20.

The Brazilian operation had the highest savings on the following fronts: (i) transport, due to the decrease in sell-in sales in the period, (ii) lower expenses with sell-in events (showroom) in the franchise and multibrand channels, which are now 100% online, and (iii) corporate travel. **Excluding Vans®, which was not included in last year's comparison basis, expenses would have amounted to R$36.3 million, down 12.0% from 3Q19.** Note that due to the actions taken to help franchisees during the pandemic, there was a significant decrease in revenue from the advertising funds for the brands. Still, the Company continued to invest in marketing at the same levels as in 2019, primarily focusing on year-end campaigns (especially Christmas). **Excluding this effect, expenses would have decreased by 21.7% in the Brazilian operation.**

General and Administrative Expenses

In 3Q20, general and administrative expenses amounted to R$27.7 million, down by 21.1% from 3Q19, primarily due to the reorganization of Brazilian and North American operations to reduce layers and positions, seeking greater efficiency and operational agility. These expenses were also impacted by a significant contraction in travel and external consulting, at a lower ratio.

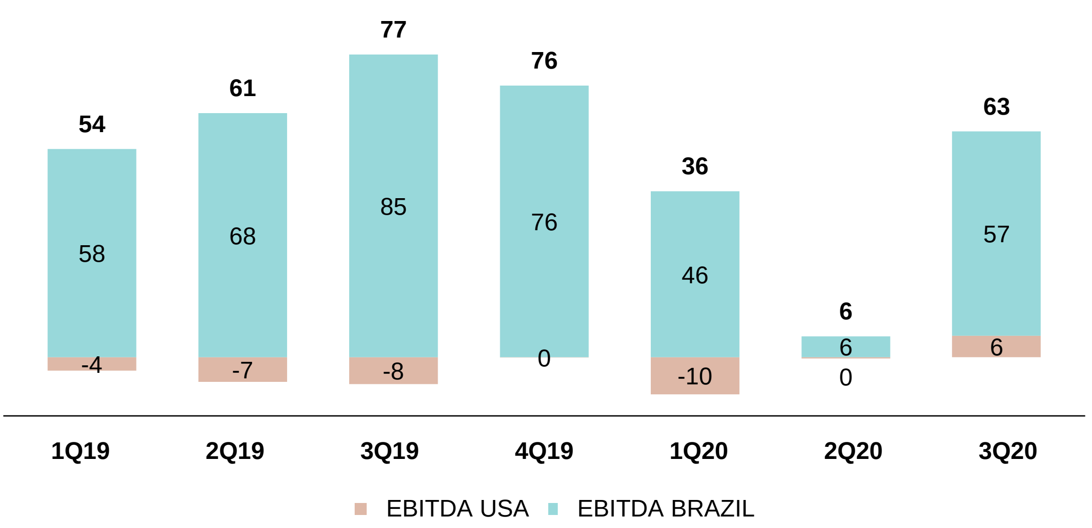
EBITDA and EBITDA Margin

The Company posted EBITDA of R$63.1 million in 3Q20, 18.1% lower than in 2019. Despite the challenging scenario faced by the country, Arezzo&Co delivered positive EBITDA in the period, mainly due to the resilient and profitable performance of the web commerce channel, which posted higher margins than other channels because it sells directly to the end consumer. There was also a positive impact from (i) the North American operation, which posted EBITDA of R$6.0 million in the period, with margin of 13.4% (ii) and the Vans® brand.

	3Q20 EBITDA			3Q19 EBITDA Adjust.		
	&Co	Brazil	USA	&Co	Brazil	USA
Net Revenue	416,5	371,6	44,9	440,9	394,5	46,4
EBITDA	63,1	57,1	6,0	77,1	84,6	(7,5)
EBITDA Mg.	***15,2%***	***15,4%***	***13,4%***	***17,5%***	***21,5%***	**-**
USA Impact	**-21 bps**			**-396 bps**		

Amounts in R$ million // Amounts in accordance with the adoption of IFRS 16 / CPC 06 (R2)

Breakdown of Adjusted EBITDA (IFRS 16)



Adjusted Results: Excluding one-offs (non-recurring items) and extemporaneous credits in the quarters.

Net Income and Net Margin

The Company posted net positive result, with net income in the period reaching R$27.9 million, decreasing by 21.3% compared to the prior year. Net margin was 6.7%, down by 140 bps from 3Q19.

Net income was positively impacted by (i) lower exchange variation associated to the USD variation; and negatively impacted by (i) higher financial expenses, due to a higher volume of interest on financing (debt contracted in 1Q20 and 2Q20) and (ii) higher credit card expenses due to a higher sell out volume in web commerce.

ROIC – Return on Invested Capital

Return on invested capital (ROIC) reached 6.4% compared to 23.1% in 3Q19, mainly due to a lower NOPAT, which was impacted by the pandemic but has been recovering in the quarter. Working capital has maintained the same level as last year, with higher inventory volume, due to (i) the incorporation of Vans® and (ii) higher volume in the suppliers account, due to the postponement of payment deadlines, still reflecting measures taken because of the pandemic.

Income from operations	3Q20	3Q19	3Q18	Δ 20 x 19 (%)
EBIT (LTM)	73.343	198.182	184.643	(63,0%)
+ IR e CS (LTM)	(21.827)	(35.598)	(8.247)	(38,7%)
NOPAT	**51.516**	**162.584**	**176.396**	**(68,3%)**
Working Capital¹	400.004	399.559	393.950	0,1%
Accounts Receivable	406.902	415.431	384.438	(2,1%)
Inventory	241.895	180.736	147.501	33,8%
Suppliers	(226.053)	(148.756)	(127.548)	52,0%
Others	(22.740)	(47.852)	(10.441)	(52,5%)
Permanet assets	365.246	383.202	156.666	(4,7%)
Other long-term assets²	34.807	37.149	35.180	(6,3%)
Invested capital	**800.057**	**819.910**	**585.796**	**(2,4%)**
Average invested capital³	**809.984**	**702.853**		**15,2%**
ROIC⁴	**6,4%**	**23,1%**		

(1) Working Capital: Current Assets less Cash, Cash Equivalents and Financial Investments, deducting Current Liabilities less Loans,
Financing and Dividends payable.
(2) Deducting deferred Income Tax and Social Contribution.
(3) Average capital invested in the period and in the same period of last year.
(4) ROIC: LTM NOPAT divided by average capital invested.

Investments - CAPEX

The Company invests in three fronts:

i) Expansion and remodeling of owned points of sale in Brazil;

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

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

In 3Q20, Arezzo&Co invested R$9.4 million in CAPEX, notably:

• Investments in Digital Transformation, including: channel integration, launch of ZZMALL, Customer Service squad, software and IT infrastructure;

• Renovation of the Arezzo Morumbi flagship store, focusing on the customer's digital experience.

Summary of Investments	3Q20	3Q19	Δ 20 x 19 (%)	9M20	9M19	Δ 20 x 19 (%)
Total CAPEX	**9.360**	**17.446**	**(46,3%)**	**30.796**	**43.566**	**(29,3%)**
Stores - expansion and refurbishing	955	5.538	(82,8%)	5.862	7.881	(25,6%)
Corporate	6.709	5.762	16,4%	20.426	13.786	48,2%
Other	1.696	6.146	(72,4%)	4.508	21.899	(79,4%)

Cash Position and Indebtedness

The Company ended 3Q20 with net cash of R$19.0 million. The highlights of the period include:

• Total indebtedness of R$547.3 million in 3Q20, compared to R$189.1 million in 3Q19.
• In the second half of March, the Company chose to contract preventive credit lines totaling R$394.1 million, to complement its cash position during the challenging scenario of the COVID-19 pandemic. In 2Q20, the Company contracted an additional R$50.0 million, totaling R$444.1 million.
• The average interest rate of these credits was below the CDI + 2% p.a., with average term of 18 months;
Net Debt/EBITDA ratio of 0.1x, compared to 0.3x in 3Q19.

Cash position and Indebtedness	3Q20	2Q20	3Q19
Cash	**566.245**	**565.619**	**275.344**
Total debt	**547.245**	**601.347**	**189.092**
Short-term	440.509	292.424	183.678
% total debt	80,5%	48,6%	97,1%
Long-term	106.736	308.923	5.414
% total debt	19,5%	51,4%	2,9%
Net debt	**19.000**	**(35.728)**	**86.252**
Net Debt/EBITDA	**0,1x**	**-0,2x**	**0,3x**

Balance Sheet

Assets	3Q20	2Q20	3Q19
Current assets	**1.344.102**	**1.276.801**	**949.191**
Cash and Banks	13.502	12.965	7.657
Financial Investments	552.743	552.654	267.687
Trade accounts receivables	406.902	283.071	415.431
Inventory	241.895	271.321	180.736
Taxes recoverable	100.708	124.430	56.891
Other credits	28.352	32.360	20.789
Non-current assets	**444.166**	**453.891**	**442.450**
Long-term receivables	78.920	79.656	59.248
Trade accounts receivables	5.512	8.416	10.829
Deferred income and social contribution	44.113	42.011	22.099
Other credits	29.295	29.229	26.320
Investments property	4.030	3.484	3.017
Property, plant and equipment	277.017	293.326	317.786
Intangible assets	84.199	77.425	62.399
Total assets	**1.788.268**	**1.730.692**	**1.391.641**

Liabilities	3Q20	2Q20	3Q19
Current liabilities	**818.362**	**576.827**	**482.982**
Loans and financing	440.509	292.424	183.678
Lease	42.569	44.836	39.617
Suppliers	226.053	128.762	148.756
Other liabilities	109.231	110.805	110.931
Non-current liabilities	**272.647**	**484.398**	**198.004**
Loans and financing	106.736	308.923	5.414
Related parties	0	2.040	1.551
Other liabilities	11.264	10.000	9.858
Lease	154.647	163.435	181.181
Shareholder's Equity	**697.259**	**669.467**	**710.655**
Capital	352.715	352.715	352.715
Capital reserve	48.801	49.330	49.810
Profit reserves	122.118	122.118	90.033
Tax incentive reserve	213.880	213.880	136.443
Other comprehensive income	-13.892	-12.165	5.788
Accumulated Profit	-26.363	-56.411	75.866
Total liabilities and shareholders' equity	**1.788.268**	**1.730.692**	**1.391.641**

Statement of Income

Income Statement - IFRS	3Q20	3Q19	Var.%	9M20	9M19	Var.%
Net operating revenue	**416.463**	**440.874**	**-5,5%**	**946.377**	**1.211.583**	**-21,9%**
Cost of goods sold	(229.976)	(240.204)	-4,3%	(507.358)	(654.106)	-22,4%
Gross profit	**186.487**	**200.670**	**-7,1%**	**439.019**	**557.477**	**-21,2%**
Operating income (expenses):	**(142.031)**	**(139.413)**	**1,9%**	**(441.713)**	**(410.412)**	**7,6%**
Selling	(108.360)	(109.150)	-0,7%	(357.862)	(303.158)	18,0%
Administrative and general expenses	(32.366)	(39.000)	-17,0%	(110.159)	(128.833)	-14,5%
Other operating income, net	(1.305)	8.737	-114,9%	26.308	21.579	21,9%
Income before financial result	**44.456**	**61.257**	**-27,4%**	**(2.694)**	**147.065**	**-101,8%**
Financial income	(6.834)	(3.882)	76,0%	(16.681)	(13.532)	23,3%
Income before income taxes	**37.622**	**57.375**	**-34,4%**	**(19.375)**	**133.533**	**-114,5%**
Income tax and social contribution	(9.675)	(17.600)	-45,0%	(9.089)	(30.049)	-69,8%
Current	(11.777)	(18.888)	-37,6%	(37.520)	(36.338)	3,3%
Deferred	2.102	1.288	63,2%	28.431	6.289	352,1%
Net income for period	**27.947**	**39.775**	**-29,7%**	**(28.464)**	**103.484**	**-127,5%**

Cash Flow

Cash Flow	3Q20	3Q19	9M20	9M19
Operating activities				
Income before income tax and social contribution	27.947	39.775	(28.464)	103.484
Adjustments to reconcile net income with cash from operational activities	**13.749**	**48.789**	**141.803**	**105.252**
Depreciation and amortization	19.201	22.288	59.796	60.051
Income from financial investments	(2.224)	(3.492)	(8.806)	(10.685)
Payments of Interest on loans	(1.108)	(2.393)	(6.475)	(3.400)
Interest and exchange rate	(18.110)	16.254	39.123	22.462
Income tax and social contribution	9.673	17.598	9.088	30.047
Other	6.317	(1.466)	49.077	6.777
Decrease (increase) in assets				
Trade accounts receivables	(121.063)	(42.433)	(1.512)	(31.691)
Inventory	27.104	(18.693)	(69.769)	(32.623)
Recoverable taxes	15.012	1.685	(32.105)	(5.894)
Change in other current assets	2.977	5.242	(38.533)	(1.319)
Judicial deposits	(154)	(1.073)	(4.518)	(5.375)
(Decrease) increase in liabilities				
Suppliers	94.882	37.404	91.977	42.712
Labor liabilities	10.567	2.580	(14.567)	(1.609)
Fiscal and social liabilities	(398)	(6.133)	1.056	(7.200)
Variation in other liabilities	(12.160)	(646)	15.809	6.277
Payment of income tax and social contribution	(2.496)	(7.170)	(16.496)	(28.584)
Lease	-	-	-	-
Net cash flow from operating activities	**55.967**	**59.327**	**44.681**	**143.430**
Investing activities				
Sale of fixed and intangible assets	7	5.923	345	6.910
Acquisition of fixed and intangible assets	(9.360)	(17.446)	(30.796)	(43.566)
Financial Investments	(255.211)	(243.094)	(1.284.354)	(773.203)
Redemption of financial investments	257.147	227.704	1.003.151	741.518
Net cash used in investing activities	**(7.417)**	**(26.913)**	**(311.654)**	**(68.341)**
Financing activities with third parties				
Increase in loans	-	25.111	455.241	105.076
Payments of loans	(34.449)	(25.837)	(121.428)	(41.514)
Créditos (débitos) com partes relacionadas, exceto sócios				
Instalment Lease	(10.485)	(11.916)	(39.298)	(35.285)
Net cash used in financing activities with third parties	**(44.934)**	**(12.642)**	**294.515**	**28.277**
Financing activities with shareholders				
Interest on equity	-	(20.328)	(22.675)	(116.175)
Receivables (payables) with shareholders	(2.040)	124	(1.502)	108
Issuing of shares	-	-	-	11.642
Repurchase of shares	(1.040)	-	(3.672)	-
Net cash used in financing activities	**(3.080)**	**(20.204)**	**(27.849)**	**(104.425)**
Increase (decrease) in cash and cash equivalents	**536**	**(432)**	**(306)**	**(1.059)**
Cash and cash equivalents				
Foreign exchange effect on cash and cash equivalents	-	247	-	215
Cash and cash equivalents - Initial balance	12.965	7.842	13.808	8.501
Cash and cash equivalents - Closing balance	13.502	7.657	13.502	7.657
Increase (decrease) in cash and cash equivalents	**537**	**(432)**	**(306)**	**(1.059)**

Disclaimer

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.

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