Contents

Company information / Capital composition

Number of shares (thousands)	Current quarter 9/30/2020
Paid-up capital	
Common shares	90,954
Preferred shares	0
Total	90,954
Treasury shares	
Common shares	-4
Preferred shares	0
Total	-4

Parent company financial statements / Balance sheet - Assets (In thousands of reais)

Account code	Account title	Current quarter 9/30/2020	Prior year 12/31/2019
1	Total assets	1,548,866	1,093,447
1.01	Current assets	948,312	628,975
1.01.01	Cash and cash equivalents	1,092	1,686
1.01.02	Cash investments	458,762	222,677
1.01.02.01	Cash investments at fair value through profit or loss	458,762	222,677
1.01.02.01.03	Cash investments at fair value	458,762	222,677
1.01.03	Trade and other receivables	346,315	285,679
1.01.03.01	Trade receivables	326,525	285,679
1.01.03.02	Other receivables	19,790	0
1.01.03.02.01	Dividends receivable	19,790	0
1.01.04	Inventories	93,820	63,287
1.01.06	Taxes recoverable	24,138	41,953
1.01.06.01	Current taxes recoverable	24,138	41,953
1.01.08	Other current assets	24,185	13,693
1.01.08.03	Other	24,185	13,693
1.02	Non-current assets	600,554	464,472
1.02.01	Long-term receivables	140,271	64,320
1.02.01.04	Trade and other receivables	5,512	10,402
1.02.01.04.01	Trade receivables	5,512	10,402
1.02.01.07	Deferred taxes	44,855	15,196
1.02.01.07.01	Deferred income tax and social contribution	44,855	15,196
1.02.01.09	Receivables from related parties	70,318	23,736
1.02.01.09.02	Receivables from subsidiaries	33,090	23,736
1.02.01.09.05	Loans to related parties	37,228	0
1.02.01.10	Other non-current assets	19,586	14,986
1.02.01.10.03	Judicial deposits	19,271	14,669
1.02.01.10.04	Other	315	317
1.02.02	Investments	356,826	301,573
1.02.02.01	Equity investments	353,809	298,556
1.02.02.01.02	Investments in subsidiaries	353,809	298,556
1.02.02.02	Investment properties	3,017	3,017
1.02.02.02.01	Investment properties	3,017	3,017
1.02.03	Property, plant and equipment	51,867	57,199
1.02.03.01	Property, plant and equipment in operation	51,867	57,199
1.02.04	Intangible assets	51,590	41,380
1.02.04.01	Intangible assets	51,590	41,380
1.02.04.01.02	Trademarks and patents	5,509	5,336
1.02.04.01.04	Software licenses	46,081	36,044

Parent company financial statements / Balance sheet - Liabilities and equity (In thousands of reais)

Account code	Account title	Current quarter 9/30/2020	Prior year 12/31/2019
2	Total liabilities	1,548,866	1,093,447
2.01	Current liabilities	629,312	268,138
2.01.01	Salaries, vacation pay and social charges payable	29,581	42,855
2.01.01.01	Social charges	5,832	3,798
2.01.01.02	Salaries and vacation pay	23,749	39,057
2.01.02	Trade payables	195,868	121,687
2.01.02.01	Domestic suppliers	195,092	120,732
2.01.02.02	Foreign suppliers	776	955
2.01.03	Taxes payable	13,757	8,894
2.01.03.01	Federal taxes payable	13,705	8,584
2.01.03.01.01	Income tax and social contribution payable	5,580	0
2.01.03.01.02	Other federal taxes payable	8,125	8,584
2.01.03.02	State taxes payable	40	302
2.01.03.03	Municipal taxes payable	12	8
2.01.04	Borrowings	354,366	45,419
2.01.04.01	Borrowings	354,366	45,419
2.01.04.01.01	In local currency	82,366	5,118
2.01.04.01.02	In foreign currency	272,000	40,301
2.01.05	Other liabilities	35,740	49,283
2.01.05.02	Other	35,740	49,283
2.01.05.02.01	Dividends and interest on capital payable	0	22,675
2.01.05.02.04	Other	29,523	19,782
2.01.05.02.05	Lease liabilities	6,217	6,826
2.02	Non-current liabilities	222,295	79,238
2.02.01	Borrowings	100,066	3,839
2.02.01.01	Borrowings	100,066	3,839
2.02.01.01.01	In local currency	100,066	3,839
2.02.02	Other liabilities	18,206	25,615
2.02.02.01	Payables to related parties	0	3,795
2.02.02.01.04	Payables to subsidiary	0	3,795
2.02.02.02	Other	18,206	21,820
2.02.02.02.04	Lease liabilities	18,206	21,820
2.02.04	Provisions	103,770	49,411
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	6,416	5,508
2.02.04.01.02	Provision for social security and labor contingencies	4,704	3,608
2.02.04.01.04	Provision for civil contingencies	37	225
2.02.04.01.05	Provision for tax contingencies	1,675	1,675
2.02.04.02	Other provisions	97,354	43,903
2.02.04.02.04	Provision for net capital deficiency	97,354	43,903
2.02.06	Deferred profit and revenue	253	373
2.02.06.02	Deferred revenue	253	373
2.03	Equity	697,259	746,071
2.03.01	Paid-up capital	352,715	352,715
2.03.02	Capital reserves	48,801	50,538
2.03.02.02	Special reserve for goodwill arising from merger	21,470	21,470
2.03.02.05	Treasury shares	-191	-195

Parent company financial statements / Balance sheet - Liabilities and equity (In thousands of reais)

Account code	Account title	Current quarter 9/30/2020	Prior year 12/31/2019
2.03.02.09	Reserve for share option and restricted stock plans	27,522	29,263
2.03.04	Revenue reserves	335,998	335,998
2.03.04.01	Legal reserve	55,082	50,839
2.03.04.05	Retained earnings reserve	67,036	43,437
2.03.04.07	Tax incentive reserve	213,880	213,880
2.03.04.08	Proposed additional dividend	0	27,842
2.03.05	Accumulated deficit/retained earnings	-26,363	0
2.03.08	Other comprehensive loss/income	-13,892	6,820

Parent company financial statements / Statement of operations (In thousands of reais)

Account code	Account title	Current quarter 7/1/2020 to 9/30/2020	First nine months of the current year 1/1/2020 to 9/30/2020	Same quarter of the previous year 7/1/2019 to 9/30/2019	First nine months of the previous year 1/1/2019 to 9/30/2019
3.01	Revenue from sales of goods and/or services	310,205	680,991	335,633	928,030
3.02	Cost of sales and/or services	-210,459	-459,444	-208,338	-583,702
3.03	Gross profit	99,746	221,547	127,295	344,328
3.04	Operating expenses/income	-65,535	-259,495	-73,624	-219,216
3.04.01	Selling expenses	-49,725	-161,626	-45,490	-126,778
3.04.02	General and administrative expenses	-25,507	-81,561	-28,429	-90,915
3.04.05	Other operating expenses	-1,194	-2,761	5,335	18,373
3.04.06	Equity in the earnings of equity-accounted subsidiaries	10,891	-13,547	-5,040	-19,896
3.05	Profit before finance costs and taxes	34,211	-37,948	53,671	125,112
3.06	Finance costs – net	-2,201	-10,445	-2,135	-3,830
3.06.01	Finance income	5,464	24,475	6,168	14,436
3.06.01.01	Interest income	3,339	10,793	3,946	12,028
3.06.01.02	Foreign exchange gains	2,125	13,682	2,222	2,408
3.06.02	Finance costs	-7,665	-34,920	-8,303	-18,266
3.06.02.01	Interest expense	-6,543	-19,464	-2,895	-8,717
3.06.02.02	Foreign exchange losses	-1,122	-15,456	-5,408	-9,549
3.07	Profit/loss before income tax and social contribution	32,010	-48,393	51,536	121,282
3.08	Income tax and social contribution	-4,063	19,929	-11,761	-17,798
3.08.01	Current	-5,737	-9,730	-13,581	-23,537
3.08.02	Deferred	1,674	29,659	1,820	5,739
3.09	Profit/loss for the period from continuing operations	27,947	-28,464	39,775	103,484
3.11	Profit/loss for the period	27,947	-28,464	39,775	103,484
3.99	Earnings per share (expressed in R$ per share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.30730	-0.31300	0.43990	1.14450
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.30730	-0.31300	0.43970	1.14400

Parent company financial statements / Statement of comprehensive income/loss (In thousands of reais)

Account code	Account title	Current quarter 7/1/2020 to 9/30/2020	First nine months of the current year 1/1/2020 to 9/30/2020	Same quarter of the previous year 7/1/2019 to 9/30/2019	First nine months of the previous year 1/1/2019 to 9/30/2019
4.01	Profit/loss for the period	27,947	-28,464	39,775	103,484
4.02	Other comprehensive loss/income	-1,727	-20,712	-1,469	1,446
4.02.01	Exchange differences on translation of foreign operations	-1,727	-20,712	-1,469	-1,821
4.02.02	Net investment hedge	0	0	0	3,267
4.03	Total comprehensive income/loss for the period	26,220	-49,176	38,306	104,930

Parent company financial statements / Statement of cash flows - Indirect method (In thousands of reais)

Account code	Account title	First nine months of the current year 1/1/2020 to 9/30/2020	First nine months of the previous year 1/1/2019 to 9/30/2019
6.01	Net cash provided by operating activities	12,250	124,387
6.01.01	Cash from operations	11,220	168,200
6.01.01.01	Loss/profit for the period	-28,464	103,484
6.01.01.02	Depreciation and amortization	16,063	20,555
6.01.01.03	Loss/profit on disposal of property, plant and equipment and intangible assets	333	-58
6.01.01.04	Interest paid on loans	-3,069	-2,212
6.01.01.05	Equity in the earnings of equity-accounted subsidiaries	13,547	19,896
6.01.01.06	Provision for labor, tax and civil contingencies	909	-326
6.01.01.07	Finance charges and foreign exchange losses on borrowings	23,457	11,486
6.01.01.08	Interest income on cash investments	-7,877	-8,535
6.01.01.09	Provision for impairment of trade receivables	10,358	-1,457
6.01.01.10	Addition to provision for inventory losses	2,863	3,775
6.01.01.11	Share option and restricted stock plans	1,935	3,086
6.01.01.12	Interest expense on lease liabilities	1,094	710
6.01.01.13	Income tax and social contribution	-19,929	17,796
6.01.02	Changes in assets and liabilities	1,030	-28,912
6.01.02.01	Trade receivables	-46,314	-32,011
6.01.02.02	Inventories	-33,395	-19,202
6.01.02.03	Changes in other current and non-current assets	-10,152	-1,847
6.01.02.04	Taxes recoverable	25,485	-4,421
6.01.02.05	Judicial deposits	-4,599	-4,444
6.01.02.07	Trade payables	74,532	35,791
6.01.02.08	Salaries and vacation pay	-15,307	-4,238
6.01.02.09	Taxes and social charges payable	1,158	-2,114
6.01.02.10	Other liabilities	9,622	3,574
6.01.03	Other	0	-14,901
6.01.03.01	Income tax and social contribution paid	0	-14,901
6.02	Net cash used in/provided by investing activities	-303,285	8,518
6.02.01	Purchases of property, plant and equipment and intangible assets	-20,425	-13,786
6.02.02	Proceeds from sale of property, plant and equipment and intangible assets	21	405
6.02.03	Cash investments	-958,801	-431,247
6.02.04	Withdrawal of cash investments	729,670	437,917
6.02.05	Capital contribution to subsidiaries	-53,750	0
6.02.06	Dividends received	0	15,229
6.03	Net cash provided by/used in financing activities	290,441	-133,784
6.03.01	Proceeds from borrowings	444,171	0
6.03.02	Repayments of borrowings	-59,384	-6,681
6.03.04	Related parties	-61,119	-17,629
6.03.05	Interest on capital paid	-15,436	-41,175
6.03.06	Dividends paid	-7,239	-75,000
6.03.09	Acquisition of treasury shares	-3,672	11,642
6.03.10	Principal elements of lease payments	-6,880	-4,941
6.05	Decrease in cash and cash equivalents	-594	-879
6.05.01	Cash and cash equivalents at the beginning of the period	1,686	1,102

Parent company financial statements / Statement of cash flows - Indirect method

(In thousands of reais)

Account code	Account title	First nine months of the current year 1/1/2020 to 9/30/2020	First nine months of the previous year 1/1/2019 to 9/30/2019
6.05.02	Cash and cash equivalents at the end of the period	1,092	223

Parent company financial statements / Statement of changes in equity - 1/1/2020 to 9/30/2020 (In thousands of reais)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings or accumulated deficit	Other comprehensive income	Equity
5.01	Opening balances	352,715	50,538	308,156	27,842	6,820	746,071
5.03	Adjusted opening balances	352,715	50,538	308,156	27,842	6,820	746,071
5.04	Equity transactions with shareholders	0	-1,737	0	0	0	-1,737
5.04.04	Acquisition of treasury shares	0	-3,672	0	0	0	-3,672
5.04.08	Share options and restricted stock granted	0	1,935	0	0	0	1,935
5.05	Total comprehensive loss	0	0	0	-28,464	-20,712	-49,176
5.05.01	Loss for the period	0	0	0	-28,464	0	-28,464
5.05.02	Other comprehensive loss	0	0	0	0	-20,712	-20,712
5.05.02.06	Exchange differences on translation of foreign operations	0	0	0	0	-20,712	-20,712
5.06	Internal changes in equity	0	0	27,842	-25,741	0	2,101
5.06.05	Retained earnings reserve	0	0	27,842	-27,842	0	0
5.06.06	Reversal of expired dividends of related party	0	0	0	2,101	0	2,101
5.07	Closing balances	352,715	48,801	335,998	-26,363	-13,892	697,259

Parent company financial statements / Statement of changes in equity - 1/1/2019 to 9/30/2019 (In thousands of reais)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings or accumulated deficit	Other comprehensive income	Equity
5.01	Opening balances	341,073	46,725	301,476	17,726	4,342	711,342
5.03	Adjusted opening balances	341,073	46,725	301,476	17,726	4,342	711,342
5.04	Equity transactions with shareholders	11,642	3,085	-75,000	-45,344	0	-105,617
5.04.06	Dividends paid	0	0	0	-17,726	0	-17,726
5.04.07	Interest on capital paid	0	0	0	-20,344	0	-20,344
5.04.08	Share options and restricted stock granted	0	3,085	0	0	0	3,085
5.04.09	Issue of shares	11,642	0	0	0	0	11,642
5.04.13	Interim dividends paid	0	0	-75,000	-7,274	0	-82,274
5.05	Total comprehensive income	0	0	0	103,484	1,446	104,930
5.05.01	Profit for the period	0	0	0	103,484	0	103,484
5.05.02	Other comprehensive income	0	0	0	0	1,446	1,446
5.05.02.06	Exchange differences on translation of foreign operations	0	0	0	0	-1,821	-1,821
5.05.02.07	Net investment hedge	0	0	0	0	3,267	3,267
5.07	Closing balances	352,715	49,810	226,476	75,866	5,788	710,655

Parent company financial statements / Statement of value added (In thousands of reais)

Account code	Account title	First nine months of the current year 1/1/2020 to 9/30/2020	First nine months of the previous year 1/1/2019 to 9/30/2019
7.01	Revenue	784,439	1,079,984
7.01.01	Sales of goods, products and services	794,797	1,078,527
7.01.04	Provision for/reversal of impairment of trade receivables	-10,358	1,457
7.02	Inputs acquired from third parties	-693,519	-837,968
7.02.01	Cost of sales and services	-583,421	-741,209
7.02.02	Materials, electricity, outsourced services and other	-107,495	-93,359
7.02.04	Other	-2,603	-3,400
7.03	Gross value added	90,920	242,016
7.04	Deductions	-16,063	-20,555
7.04.01	Depreciation, amortization and depletion	-16,063	-20,555
7.05	Net value added generated by the entity	74,857	221,461
7.06	Value added received through transfer	11,499	17,400
7.06.01	Equity in the earnings of equity-accounted subsidiaries	-13,547	-19,896
7.06.02	Finance income	24,475	14,437
7.06.03	Other	571	22,859
7.07	Total value added to distribute	86,356	238,861
7.08	Distribution of value added	86,356	238,861
7.08.01	Personnel	86,993	86,419
7.08.01.01	Direct compensation	59,780	58,075
7.08.01.02	Benefits	8,668	6,776
7.08.01.03	Government severance indemnity fund for employees (FGTS)	7,222	5,719
7.08.01.04	Other	11,323	15,849
7.08.01.04.01	Employee profit sharing	2,000	3,337
7.08.01.04.02	Other	5,990	8,024
7.08.01.04.03	Share option and restricted stock plans	3,333	4,488
7.08.02	Taxes and contributions	-16,263	25,429
7.08.02.01	Federal	6,691	54,151
7.08.02.02	State	-23,444	-29,262
7.08.02.03	Municipal	490	540
7.08.03	Lenders and creditors	44,090	23,529
7.08.03.01	Interest	9,459	2,957
7.08.03.02	Rentals	9,170	5,262
7.08.03.03	Other	25,461	15,310
7.08.03.03.01	Finance costs	25,461	15,310
7.08.04	Shareholders	-28,464	103,484
7.08.04.01	Interest on capital	0	20,344
7.08.04.02	Dividends	0	7,274
7.08.04.03	Profits reinvested / loss for the period	-28,464	75,866

Consolidated financial statements / Balance sheet - Assets (In thousands of reais)

Account code	Account title	Current quarter 9/30/2020	Prior year 12/31/2019
1	Total assets	1,788,268	1,413,249
1.01	Current assets	1,344,102	980,665
1.01.01	Cash and cash equivalents	13,502	13,808
1.01.02	Cash investments	552,743	263,875
1.01.02.01	Cash investments at fair value through profit or loss	552,743	263,875
1.01.02.01.03	Cash investments at fair value	552,743	263,875
1.01.03	Trade and other receivables	406,902	413,412
1.01.03.01	Trade receivables	406,902	413,412
1.01.04	Inventories	241,895	179,499
1.01.06	Taxes recoverable	100,708	90,332
1.01.06.01	Current taxes recoverable	100,708	90,332
1.01.08	Other current assets	28,352	19,739
1.01.08.03	Other	28,352	19,739
1.02	Non-current assets	444,166	432,584
1.02.01	Long-term receivables	78,920	50,438
1.02.01.04	Trade and other receivables	5,512	10,402
1.02.01.04.01	Trade receivables	5,512	10,402
1.02.01.07	Deferred taxes	44,113	15,682
1.02.01.07.01	Deferred income tax and social contribution	44,113	15,682
1.02.01.10	Other non-current assets	29,295	24,354
1.02.01.10.03	Judicial deposits	26,381	21,863
1.02.01.10.04	Other	2,914	2,491
1.02.02	Investments	4,030	3,017
1.02.02.02	Investment properties	4,030	3,017
1.02.03	Property, plant and equipment	277,017	304,082
1.02.03.01	Property, plant and equipment in operation	277,017	304,082
1.02.04	Intangible assets	84,199	75,047
1.02.04.01	Intangible assets	84,199	75,047
1.02.04.01.02	Trademarks and patents	7,095	6,494
1.02.04.01.03	Store use rights	28,650	28,167
1.02.04.01.04	Software licenses	48,454	40,386

Consolidated financial statements / Balance sheet - Liabilities and equity (In thousands of reais)

Account code	Account title	Current quarter 9/30/2020	Prior year 12/31/2019
2	Total liabilities	1,788,268	1,413,249
2.01	Current liabilities	818,362	464,659
2.01.01	Salaries, vacation pay and social charges payable	41,013	52,944
2.01.01.01	Social charges	8,283	5,647
2.01.01.02	Salaries and vacation pay	32,730	47,297
2.01.02	Trade payables	226,053	134,967
2.01.02.01	Domestic suppliers	225,277	134,012
2.01.02.02	Foreign suppliers	776	955
2.01.03	Taxes payable	23,834	27,259
2.01.03.01	Federal taxes payable	19,299	22,734
2.01.03.01.01	Income tax and social contribution payable	9,020	12,086
2.01.03.01.02	Other federal taxes payable	10,279	10,648
2.01.03.02	State taxes payable	4,524	4,521
2.01.03.03	Municipal taxes payable	11	4
2.01.04	Borrowings	440,509	158,222
2.01.04.01	Borrowings	440,509	158,222
2.01.04.01.01	In local currency	100,742	5,191
2.01.04.01.02	In foreign currency	339,767	153,031
2.01.05	Other liabilities	86,953	91,267
2.01.05.02	Other	86,953	91,267
2.01.05.02.01	Dividends and interest on capital payable	0	22,675
2.01.05.02.04	Other	44,384	28,447
2.01.05.02.05	Lease liabilities	42,569	40,145
2.02	Non-current liabilities	272,647	202,519
2.02.01	Borrowings	106,736	22,562
2.02.01.01	Borrowings	106,736	22,562
2.02.01.01.01	In local currency	100,290	4,117
2.02.01.01.02	In foreign currency	6,446	18,445
2.02.02	Other liabilities	154,647	170,415
2.02.02.01	Payables to related parties	0	1,502
2.02.02.01.04	Payable to controlling shareholders	0	1,502
2.02.02.02	Other	154,647	168,913
2.02.02.02.03	Lease liabilities	154,647	168,913
2.02.04	Provisions	11,011	9,169
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	11,011	9,169
2.02.04.01.02	Provision for social security and labor contingencies	8,916	6,887
2.02.04.01.04	Provision for civil contingencies	51	238
2.02.04.01.05	Provision for tax contingencies	2,044	2,044
2.02.06	Deferred profit and revenue	253	373
2.02.06.02	Deferred revenue	253	373
2.03	Consolidated equity	697,259	746,071
2.03.01	Paid-up capital	352,715	352,715
2.03.02	Capital reserves	48,801	50,538
2.03.02.02	Special reserve for goodwill arising from merger	21,470	21,470
2.03.02.05	Treasury shares	-191	-195
2.03.02.09	Reserve for share option and restricted stock plans	27,522	29,263

Consolidated financial statements / Balance sheet - Liabilities and equity (In thousands of reais)

Account code	Account title	Current quarter 9/30/2020	Prior year 12/31/2019
2.03.04	Revenue reserves	335,998	335,998
2.03.04.01	Legal reserve	55,082	50,839
2.03.04.05	Retained earnings reserve	67,036	43,437
2.03.04.07	Tax incentive reserve	213,880	213,880
2.03.04.08	Proposed additional dividend	0	27,842
2.03.05	Accumulated deficit/retained earnings	-26,363	0
2.03.08	Other comprehensive loss/income	-13,892	6,820

Consolidated financial statements / Statement of operations (In thousands of reais)

Account code	Account title	Current quarter 7/1/2020 to 9/30/2020	First nine months of the current year 1/1/2020 to 9/30/2020	Same quarter of the previous year 7/1/2019 to 9/30/2019	First nine months of the previous year 1/1/2019 to 9/30/2019
3.01	Revenue from sales of goods and/or services	416,463	946,377	440,874	1,211,583
3.02	Cost of sales and/or services	-229,976	-507,358	-240,204	-654,106
3.03	Gross profit	186,487	439,019	200,670	557,477
3.04	Operating expenses/income	-142,031	-441,713	-139,413	-410,412
3.04.01	Selling expenses	-108,360	-357,862	-109,150	-303,158
3.04.02	General and administrative expenses	-32,366	-110,159	-39,000	-128,833
3.04.05	Other operating expenses	-1,305	26,308	8,737	21,579
3.05	Profit/loss before finance costs and taxes	44,456	-2,694	61,257	147,065
3.06	Finance costs – net	-6,834	-16,681	-3,882	-13,532
3.06.01	Finance income	5,234	60,612	15,105	25,299
3.06.01.01	Interest income	3,346	11,733	4,704	14,237
3.06.01.02	Foreign exchange gains	1,888	48,879	10,401	11,062
3.06.02	Finance costs	-12,068	-77,293	-18,987	-38,831
3.06.02.01	Interest expense	-12,068	-35,901	-7,586	-21,245
3.06.02.02	Foreign exchange losses	0	-41,392	-11,401	-17,586
3.07	Profit/loss before income tax and social contribution	37,622	-19,375	57,375	133,533
3.08	Income tax and social contribution	-9,675	-9,089	-17,600	-30,049
3.08.01	Current	-11,777	-37,520	-18,888	-36,338
3.08.02	Deferred	2,102	28,431	1,288	6,289
3.09	Profit/loss for the period from continuing operations	27,947	-28,464	39,775	103,484
3.11	Consolidated profit/loss for the period	27,947	-28,464	39,775	103,484
3.11.01	Attributable to owners of the Parent company	27,947	-28,464	39,775	103,484
3.99	Earnings per share (expressed in R$ per share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.30730	-0.31300	0.43990	1.14450
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.30730	-0.31300	0.43970	1.14400

Consolidated financial statements / Statement of comprehensive income/loss (In thousands of reais)

Account code	Account title	Current quarter 7/1/2020 to 9/30/2020	First nine months of the current year 1/1/2020 to 9/30/2020	Same quarter of the previous year 7/1/2019 to 9/30/2019	First nine months of the previous year 1/1/2019 to 9/30/2019
4.01	Consolidated profit/loss for the period	27,947	-28,464	39,775	103,484
4.02	Other comprehensive loss/income	-1,727	-20,712	-1,469	1,446
4.02.01	Exchange differences on translation of foreign operations	-1,727	-20,712	-1,469	-1,821
4.02.02	Net investment hedge	0	0	0	3,267
4.03	Consolidated comprehensive income/loss for the period	26,220	-49,176	38,306	104,930
4.03.01	Attributable to owners of the Parent company	13,165	-24,691	19,448	53,273
4.03.02	Attributable to non-controlling interests	13,055	-24,485	18,858	51,657

Consolidated financial statements / Statement of cash flows - Indirect method (In thousands of reais)

Account code	Account title	First nine months of the current year 1/1/2020 to 9/30/2020	First nine months of the previous year 1/1/2019 to 9/30/2019
6.01	Net cash provided by operating activities	44,681	143,430
6.01.01	Cash from operations	113,339	208,736
6.01.01.01	Loss/profit for the period	-28,464	103,484
6.01.01.02	Depreciation and amortization	59,796	60,051
6.01.01.03	Loss/profit on disposal of property, plant and equipment and intangible assets	20,784	-3,181
6.01.01.04	Interest paid on loans	-6,475	-3,400
6.01.01.06	Provision for labor, tax and civil contingencies	1,845	1,060
6.01.01.07	Finance charges and foreign exchange losses on borrowings	39,123	22,462
6.01.01.08	Interest income on cash investments	-8,806	-10,685
6.01.01.09	Provision for impairment of trade receivables	12,912	-1,121
6.01.01.10	Addition to provision for inventory losses	7,374	2,748
6.01.01.11	Share option and restricted stock plans	1,935	3,086
6.01.01.12	Interest expense on lease liabilities	4,227	4,185
6.01.01.13	Income tax and social contribution	9,088	30,047
6.01.02	Changes in assets and liabilities	-52,162	-36,722
6.01.02.01	Trade receivables	-1,512	-31,691
6.01.02.02	Inventories	-69,769	-32,623
6.01.02.03	Changes in other current assets	-38,533	-1,319
6.01.02.04	Taxes recoverable	-32,105	-5,894
6.01.02.05	Judicial deposits	-4,518	-5,375
6.01.02.07	Trade payables	91,977	42,712
6.01.02.08	Salaries and vacation pay	-14,567	-1,609
6.01.02.09	Taxes and social charges payable	1,056	-7,200
6.01.02.10	Changes in other current liabilities	15,809	6,277
6.01.03	Other	-16,496	-28,584
6.01.03.01	Income tax and social contribution paid	-16,496	-28,584
6.02	Net cash used in investing activities	-311,653	-68,341
6.02.01	Purchases of property, plant and equipment and intangible assets	-30,795	-43,566
6.02.02	Proceeds from sale of property, plant and equipment and intangible assets	345	6,910
6.02.03	Cash investments	-1,284,354	-773,203
6.02.04	Withdrawal of cash investments	1,003,151	741,518
6.03	Net cash provided by/used in financing activities	266,666	-76,148
6.03.01	Proceeds from borrowings	455,241	105,076
6.03.02	Repayments of borrowings	-121,428	-41,514
6.03.05	Interest on capital paid	-15,436	-41,175
6.03.06	Dividends paid	-7,239	-75,000
6.03.07	Receivables from/payables to shareholders	-1,502	108
6.03.08	Increase in share capital – issue of shares	0	11,642
6.03.09	Acquisition of treasury shares	-3,672	0
6.03.10	Principal elements of lease payments	-39,298	-35,285
6.04	Foreign exchange gains on cash and cash equivalents	0	215
6.05	Decrease in cash and cash equivalents	-306	-844
6.05.01	Cash and cash equivalents at the beginning of the period	13,808	8,501
6.05.02	Cash and cash equivalents at the end of the period	13,502	7,657

Consolidated financial statements / Statement of changes in equity - 1/1/2020 to 9/30/2020 (In thousands of reais)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings or accumulated deficit	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	352,715	50,538	308,156	27,842	6,820	746,071	0	746,071
5.03	Adjusted opening balances	352,715	50,538	308,156	27,842	6,820	746,071	0	746,071
5.04	Equity transactions with shareholders	0	-1,737	0	0	0	-1,737	0	-1,737
5.04.04	Acquisition of treasury shares	0	-3,672	0	0	0	-3,672	0	-3,672
5.04.08	Share options and restricted stock granted	0	1,935	0	0	0	1,935	0	1,935
5.05	Total comprehensive loss	0	0	0	-28,464	-20,712	-49,176	0	-49,176
5.05.01	Loss for the period	0	0	0	-28,464	0	-28,464	0	-28,464
5.05.02	Other comprehensive loss	0	0	0	0	-20,712	-20,712	0	-20,712
5.05.02.06	Exchange differences on translation of foreign operations	0	0	0	0	-20,712	-20,712	0	-20,712
5.06	Internal changes in equity	0	0	27,842	-25,741	0	2,101	0	2,101
5.06.05	Retained earnings reserve	0	0	27,842	-27,842	0	0	0	0
5.06.06	Reversal of expired dividends of related party	0	0	0	2,101	0	2,101	0	2,101
5.07	Closing balances	352,715	48,801	335,998	-26,363	-13,892	697,259	0	697,259

Consolidated financial statements / Statement of changes in equity - 1/1/2019 to 9/30/2019 (In thousands of reais)

Account code	Account title	Paid-up capital	Capital reserves, share options granted and treasury shares	Revenue reserves	Retained earnings or accumulated deficit	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	341,073	46,725	301,476	17,726	4,342	711,342	0	711,342
5.03	Adjusted opening balances	341,073	46,725	301,476	17,726	4,342	711,342	0	711,342
5.04	Equity transactions with shareholders	11,642	3,085	-75,000	-45,344	0	-105,617	0	-105,617
5.04.06	Dividends paid	0	0	0	-17,726	0	-17,726	0	-17,726
5.04.07	Interest on capital paid	0	0	0	-20,344	0	-20,344	0	-20,344
5.04.08	Share options and restricted stock granted	0	3,085	0	0	0	3,085	0	3,085
5.04.09	Issue of shares	11,642	0	0	0	0	11,642	0	11,642
5.04.13	Interim dividends paid	0	0	-75,000	-7,274	0	-82,274	0	-82,274
5.05	Total comprehensive income	0	0	0	103,484	1,446	104,930	0	104,930
5.05.01	Profit for the period	0	0	0	103,484	0	103,484	0	103,484
5.05.02	Other comprehensive income	0	0	0	0	1,446	1,446	0	1,446
5.05.02.06	Exchange differences on translation of foreign operations	0	0	0	0	-1,821	-1,821	0	-1,821
5.05.02.07	Net investment hedge	0	0	0	0	3,267	3,267	0	3,267
5.07	Closing balances	352,715	49,810	226,476	75,866	5,788	710,655	0	710,655

Consolidated financial statements / Statement of value added (In thousands of reais)

Account code	Account title	First nine months of the current year 1/1/2020 to 9/30/2020	First nine months of the previous year 1/1/2019 to 9/30/2019
7.01	Revenue	1,101,000	1,404,864
7.01.01	Sales of goods, products and services	1,114,534	1,403,743
7.01.04	Provision for/reversal of impairment of trade receivables	-13,534	1,121
7.02	Inputs acquired from third parties	-824,521	-983,180
7.02.01	Cost of sales and services	-601,573	-760,843
7.02.02	Materials, electricity, outsourced services and other	-214,975	-215,808
7.02.04	Other	-7,973	-6,529
7.03	Gross value added	276,479	421,684
7.04	Deductions	-59,796	-60,051
7.04.01	Depreciation, amortization and depletion	-59,796	-60,051
7.05	Net value added generated by the entity	216,683	361,633
7.06	Value added received through transfer	90,252	51,363
7.06.02	Finance income	60,612	25,299
7.06.03	Outros	29,640	26,064
7.07	Total value added to distribute	306,935	412,996
7.08	Distribution of value added	306,935	412,996
7.08.01	Personnel	154,777	144,335
7.08.01.01	Direct compensation	115,878	100,858
7.08.01.02	Benefits	14,876	14,264
7.08.01.03	Government severance indemnity fund for employees (FGTS)	10,492	9,750
7.08.01.04	Other	13,531	19,463
7.08.01.04.01	Employee profit sharing	2,000	3,345
7.08.01.04.02	Other	8,198	11,630
7.08.01.04.03	Share option and restricted stock plans	3,333	4,488
7.08.02	Taxes and contributions	59,629	80,655
7.08.02.01	Federal	51,572	80,297
7.08.02.02	State	6,511	-1,253
7.08.02.03	Municipal	1,546	1,611
7.08.03	Lenders and creditors	120,993	84,522
7.08.03.01	Interest	13,458	5,301
7.08.03.02	Rentals	43,700	45,691
7.08.03.03	Other	63,835	33,530
7.08.03.03.01	Finance costs	63,835	33,530
7.08.04	Shareholders	-28,464	103,484
7.08.04.01	Interest on capital	0	20,344
7.08.04.02	Dividends	0	7,274
7.08.04.03	Profits reinvested / loss for the period	-28,464	75,866

1. Company Overview

Arezzo&Co is the leader in the women's footwear, handbags and accessories A/B market in Brazil. With a history of 48 years, it currently sells over 14.5 million pairs of shoes a year, in addition to handbags and accessories. It has seven relevant brands - Arezzo, Schutz, Anacapri, Alexandre Birman, Fiever, Alme and Vans®.

Its product lines are distinguished by their innovation, design, comfort and excellent value for money.

The multichannel strategy enhances the group's capillarity through owned stores, franchises, multibrand stores and Web Commerce, with a presence in every Brazilian state. Internationally, the brand products are also sold in franchises, owned stores, multibrand stores and department stores.

The company ended 3Q20 with a presence through 682 franchises, 53 owned stores and 4,427 multibrand stores in Brazil.

AREZZO

Founded in 1972 by the brothers Anderson and Jefferson Birman, the brand is top of mind of consumers of Brazilian ladies' shoes in Brazil. The brand has a trendy positioning, combining concept, high quality, contemporary design and consumer satisfaction. It is the benchmark in launching trends in Brazil and is always to be found in the editorials of the most prestigious magazines, newspapers and sites in Brazil as a reference for fast fashion in ladies' footwear, handbags and accessories.

SCHUTZ

The Schutz brand was founded in 1995 and its mission is to offer the public a concept of products where design, quality, fashion and freedom of expression all come together. The result is collections developed to reflect the spirit of the young, contemporary woman who makes na impact, is irreverent and has her own style. It is an invitation to be daring and to challenge the norm.

ANACAPRI

The Anacapri brand, specializing in flats of the Arezzo&Co Group, was founded in 2008 with the purpose of simplifying the lives of its consumers with versatile fashion full of personality, but without relinquishing comfort.

ALEXANDRE BIRMAN

The Alexandre Birman brand, founded in 2009, is a reference among Brazilian brands of ladies' luxury shoes, vying for room with the top fashion names in well-know retail chains around the world. The brand is widely recognized by the concept of exclusiveness and sophistication, which is widely recognized abroad.

FIEVER

A wordplay on FIVE (the group's 5th brand) and FEVER was launched in December 2015 as an urban, cool brand dedicated to a younger public focused on casual sneakers. The path it has traveled includes an effort to always innovate and keep up with this generation's pace.

ALME

The Alme brand was created in 2018 after a year of qualitative and quantitative. The brand seeks to attend a growing demand of consumers that wants comfortable and beautiful shoes for all occasions.

VANS
"OFF THE WALL"

As announced at 2019, Arezzo&Co signed a contract to become the exclusive distributor of the Vans® brand in Brazil. Originally "Off the Wall" since 1966, the Vans brand creates shoes, clothes and accessories focused on skaters, surfers, bikers and snowboarders around the world. The brand connects the young culture to promote the self-expression, creative authenticity and progression, while linking the brand's deep roots in action sports to art, music and street culture.

2. Operational and Financial Performance

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

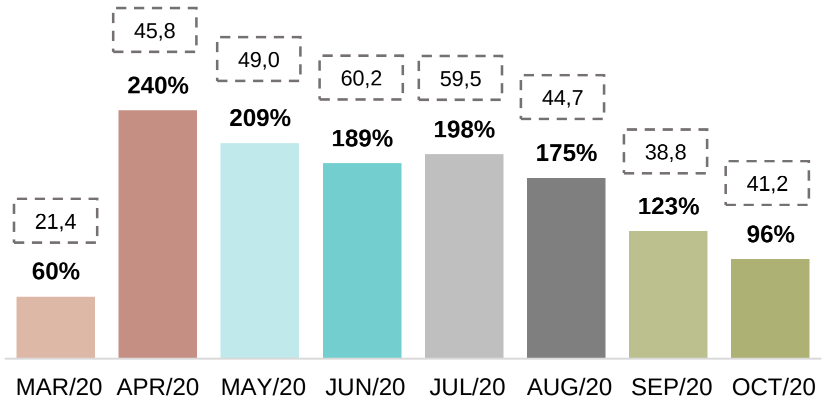
In 2018, Arezzo&Co started its Digital Transformation process, and one of the main action fronts was integrating the physical and online channels, with excellent progress in both the number of stores enabled with the technology and network engagement by owned stores and franchises.

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

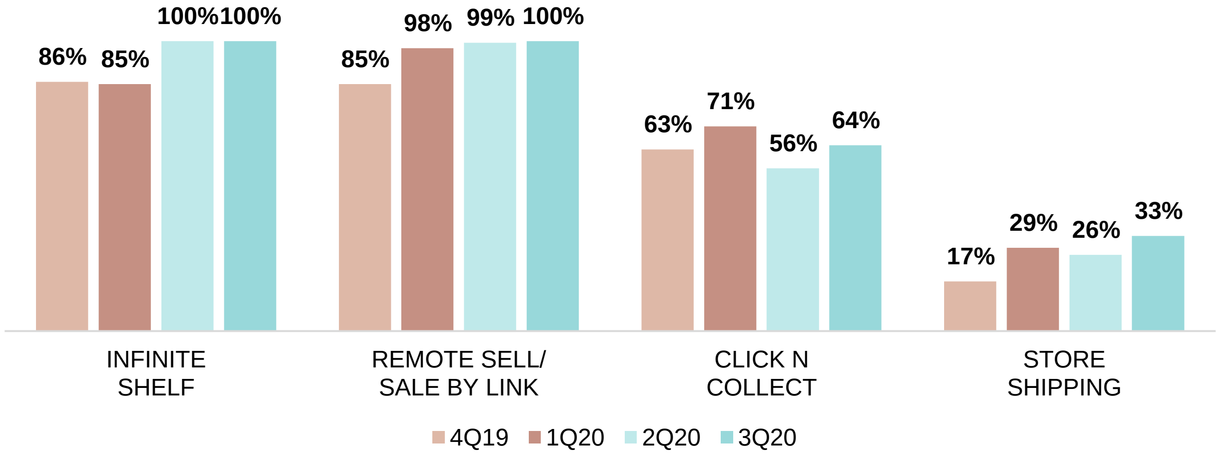
Evolution of Web Commerce SSS and OMNI Initiatives



- **+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 area[1],[3] - Total (m^2)	**44.835**	**45.925**	**46.265**	**45.544**	**45.012**
Sales area - franchises (m^2)	38.739	39.752	39.794	39.302	38.816
Sales area - owned stores[2] (m^2)	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 stores[4]	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

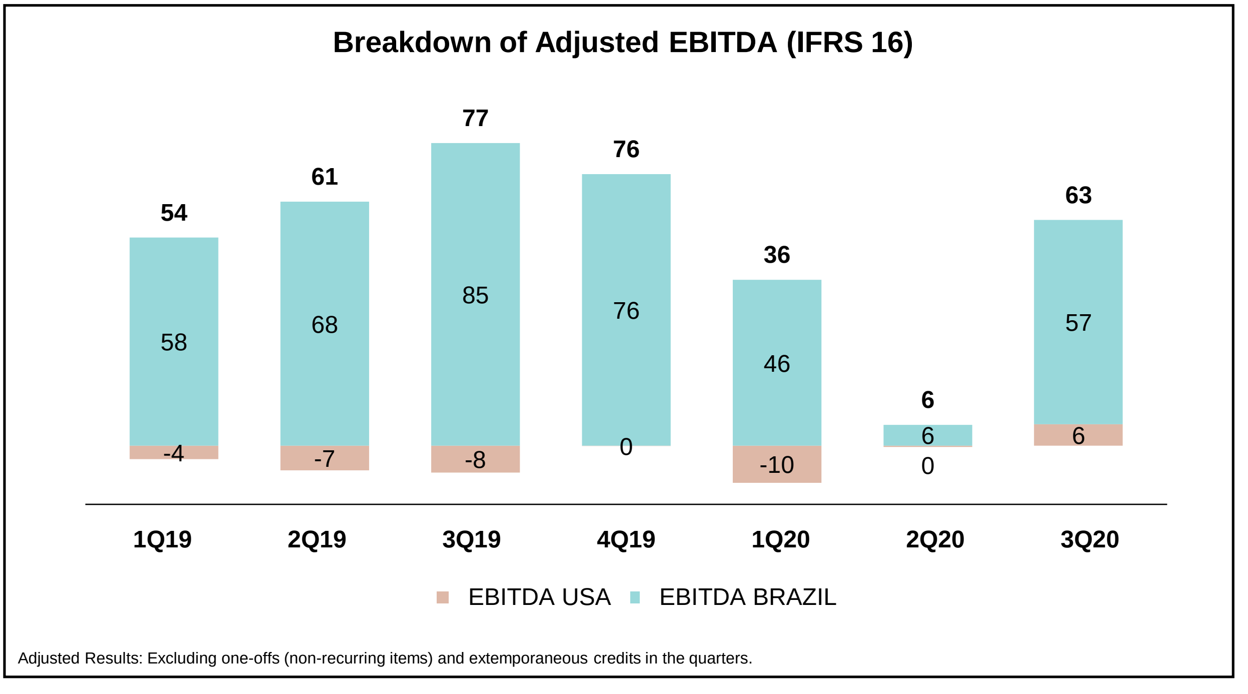
In 3Q20, general and administrative expenses amounted to R$27.7 million, down by 21.1% from 3Q19, primarily due to the reorganization of Brazilian and North American operations to reduce layers and positions, seeking greater efficiency and operational agility. These expenses were also impacted by a significant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



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 Capital[1]	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 assets[2]	34.807	37.149	35.180	(6,3%)
Invested capital	**800.057**	**819.910**	**585.796**	**(2,4%)**
Average invested capital[3]	**809.984**	**702.853**		**15,2%**
ROIC[4]	**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.

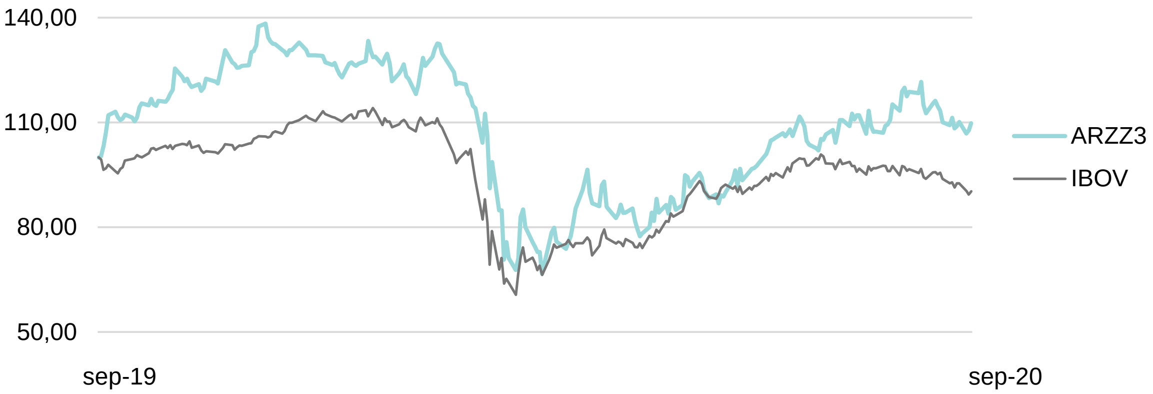
• The average interest rate of these credits was below the CDI + 2% p.a., with average term of 18 months;

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**

3. Capital Markets and Corporate Governance

On September 30, 2020, the Company's market capitalization was R$4.94 billion (R$ 54.34), an increase of 9,7% when compared to the same period of 2019.



Arezzo&Co	
Number of shares	90.954.280
Ticker	ARZZ3
Listing	02/02/2011
Share price (09/30/2020)	54,34
Market Cap	4.942.455.575
Performance	
2011[1]	20%
2012[2]	71%
2013[3]	(24%)
2014[4]	(9%)
2015[5]	(22%)
2016[6]	27%
2017[7]	118%
2018[8]	(2%)
2019[9]	16%
2020[10]	(15%)

(1) From 02/02/2011 to 29/12/2011
(2) From 29/12/2011 to 28/12/2012
(3) From 28/12/2012 to 30/12/2013
(4) From 30/12/2013 to 30/12/2014
(5) From 30/12/2014 to 30/12/2015
(6) From 04/01/2016 to 29/12/2016
(7) From 01/01/2017 to 28/12/2017
(8) From 01/01/2018 to 28/12/2018
(9) From 01/01/2019 to 30/12/2019
(10) From 01/01/2020 to 30/09/2020

To ensure greater predictability and transparency to shareholders, the Company has semiannual distribution of dividends for its shareholders.

Reference Date	Payment Date	Remuneration	R$	Gross amount by ordinary share (R$)
2020	23/12/2020	Interest on Equity	R$ 0,29662797786	R$ 26.978.492,86
2020	23/12/2020	Dividends	R$ 0,23409968605	R$ 21.291.507,14
2019	08/01/2020	Interest on Equity	R$ 0,19528978124	R$ 17.761.424,57
2019	08/01/2020	Dividends	R$ 0,07958932611	R$ 7.238.575,43

(1) Subject to tax withholding at a source rate of 15%, except for proven immune or exempt shareholders, or shareholders domiciled in countries or jurisdictions to which the rules establish different aliquot.

It also provides that the Company shall distribute the dividends, including interest on capital, dividends from other, equivalent to at least 25% of Net income to shareholders. For more information about Arezzo&Co's remuneration policy, please see: ri.arezzoco.com.br.

4. Independent Auditors

Arezzo&Co's financial statements relative to the business year ending on September 30, 2020, were audited by PricewaterhouseCoopers Auditores Independentes ("PwCAI").

5. Investor Relations

Shareholders, analysts and market participants have at their disposal information available on the Company's IR webpage, ri.arezzoco.com.br, CVM webpage, www.cvm.gov.br, and at BM&FBovespa webpage, www.bmfbovespa.com.br.

For further information, direct contact can be made with IR department by the e-mail ri@arezzoco.com.br, or telephone +55 (11) 2132-4300.

6. Officer's Statement

The Officers of Arezzo Indústria e Comércio S.A. state to have reviewed, discussed and agreed upon the Independent auditors' report and financial statements for the quarter ended on September 30, 2020, according and pursuant to CVM Normative Instruction No. 480/09.

Disclaimer

The information contained here may include forward-looking information and reflects the executive office's current perception and prospects for the macroeconomic environment, the industry situation, the Company's performance and financial results. Any statements, expectations, capacities, plans and projections contained here which do not describe historical facts, such as information about the dividend payment statement, the future course of operations, the introduction of relevant financial strategies, the investment program and the factors or trends affecting the financial condition, liquidity or the operating results are considered forward-looking information as defined by the "U.S. Securities Litigation Reform Act" of 1995 and involve a number of risks and uncertainties. These results are not guaranteed to materialize. These statements are based on several factors and expectations, including the economic and market conditions, level of competition in the industry and operating factors. Any changes in these expectations and factors may lead to real results materially different from the current expectations.

The consolidated financial information of Arezzo Indústria e Comércio S/A – Arezzo&Co presented here complies with the International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB, based on audited financial information. The non-financial information, as well as other operating information, was not audited by the independent auditors.

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1. Corporate information

1.1. General information

Arezzo Indústria e Comércio S.A. (the "Company" or "Parent company") is a listed company headquartered at Rua Fernandes Tourinho, 147 – sala 402, in the city of Belo Horizonte, State of Minas Gerais. The Company has shares traded on the "Novo Mercado" (New Market) listing segment of the São Paulo Commodities, Futures and Stock Exchange ("BM&FBOVESPA") under the ticker symbol ARZZ3 since February 2, 2011.

The Company and its subsidiaries design, develop, manufacture and market footwear, handbags, clothing and accessories principally for women.

At September 30, 2020, the Company had 676 franchise stores in Brazil and 6 abroad; 48 Company-operated stores in Brazil and 5 abroad; and an e-commerce channel to sell its products under the Arezzo, Schutz, Anacapri, Alexandre Birman, Fiever, Alme and Vans brands.

The franchise system is controlled by the Company and Company-owned stores form part of Company subsidiaries.

Given its characteristics, the footwear industry is subject to fluctuations in sales volume over the year, with sales usually expected to be higher in the second half of the year than in the first six months. Due to this seasonality, the balances of accounts receivable, inventories and accounts payable may vary significantly from one period to another according to the backlog of orders and delivery dates based on the calendar of collections and special sales. This information is provided to allow for a better understanding of the results, however, management has concluded that the Company's business is not impacted by these factors to be regarded as 'highly seasonal' in accordance with CPC 21 (R1)/IAS 34 Interim Financial Reporting, which would then require the presentation of additional financial information.

1.2. Impacts of COVID-19

In light of the COVID-19 global pandemic declared by the World Health Organization that is affecting Brazil and several countries around the world and posing a serious public health threat and impacts on the world economy, the Company has taken preventive and risk mitigation measures in line with guidance from local and international health authorities to minimize the impact of COVID-19 on the health and safety of employees and their families, business partners and communities, and on operations.

In this scenario, the Company performed a set of COVID-19 impact analyses which included:

a) Review of assumptions for impairment testing

Management has reviewed the net carrying amount of intangible assets and tangible assets with the objective of assessing events or changes in economic, operating or technological circumstances that indicate that the asset may be impaired (Note 14).

b) Expected credit loss estimation

Management has analyzed the potential risk of default of its customers during this unprecedented challenging time. We are in daily contact with all our customers and, based on credit analyses and more stringent collateral requirements, management has negotiated some extensions of payment terms and intensified collection efforts.

1. Corporate information-- continued

1.2. Impacts of COVID-19—continued

b) Expected credit loss estimation--continued

Furthermore, in light of the uncertainty in the economy caused by the COVID-19 pandemic, the Company has reviewed the variables for the measurement of expected credit losses (ECL), the effects on recoveries for the next months, which resulted in an increase in the ECL allowance expense, principally in the second quarter (Note 7).

c) Inventory write-downs

Since the Company took steps to advance the delivery of new products from its suppliers before they suspended production at their plants, management estimates that current inventory levels are sufficient to support a gradual resumption of sales across its network. In addition, possible promotional actions in the stores are not expected to have material impacts on the business' margin, thus management believes that the existing reserves are adequate.

The Company has assessed the potential impacts of COVID-19 on estimates of losses on inventory and maintains its currently adopted policy regarding inventory reserve. It did not identify any need to increase the existing inventory reserve (Note 8).

d) Review of assumptions for measuring financial instruments

The Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets did not change; hence the Company did not need to review the assumptions used in measuring financial instruments (Note 24).

e) Assessment of recoverability of deferred tax assets

The Company has recognized deferred tax assets on temporary differences and has not identified any indication that the carrying amount of the assets may not be recoverable (Note 10).

f) Analysis of fulfillment of obligations to customers and suppliers

Management has assessed its main agreements with customers and suppliers and has concluded that, despite the impacts of COVID-19, the contractual obligations are being fulfilled and there is no evidence of insolvency or any discontinuance.

g) Analysis of fulfillment of restrictive covenants

The Company does not have any contract containing restrictive covenants (Note 15).

h) Assessment of Company's liquidity

The Company closed 2019 with a comfortable cash position and took new loans in March and April 2020 (Note 15), which contributed further to an improved cash position. Preserving cash is of utmost importance at this moment, so the Company has taken a number of contingency actions, such as re-evaluation of its strategic investment plans for 2020, reduction of operating expenses, pay and hours cut for some employees, and measures for the U.S. operations which include organizational restructuring,

1. Corporate information--continued

1.2. Impacts of COVID-19--continued

h) Assessment of Company's liquidity--continued

reducing consulting costs, closing down stores and re-evaluating its strategic planning, principally in the second quarter.

There have been no material impacts from these analyses that are not reflected in the interim financial statements and accompanying notes for the period ended September 30, 2020.

2. Accounting policies

2.1. Basis of preparation and presentation of financial statements

The condensed parent company and consolidated interim financial statements included in the Quarterly Information Form (ITR) have been prepared and are being presented for the nine months ended September 30, 2020, in accordance with Brazilian Accounting Standard CPC 21 (R1), Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard IAS 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as according to the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the ITR.

The accounting policies, estimates, standards and methods of computation adopted in the preparation of the condensed interim financial statements included in the ITR are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2019 unless otherwise stated.

The condensed interim financial statements included in the ITR have been prepared under the historical cost convention, except for certain financial assets that are measured at fair value or amortized cost.

The condensed interim financial statements included in the ITR have been prepared by the Company to provide users with an update of the relevant information presented in the last annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019.

To avoid repetition of information previously reported and to comply with article 29 of CVM Instruction 480/09, the following notes to the annual financial statements at December 31, 2019 are not duplicated in part or in whole in this interim report: 2- Accounting policies (part), 10 – Other receivables, 18 – Salaries and vacation pay, 19 – Taxes and social charges payable, 20 – Provisions for labor, tax and civil contingencies, and 31 – Insurance.

The condensed interim financial statements included in the ITR for the nine months ended September 30, 2020 were approved by the Board of Directors at the meeting held on November 9, 2020.

(All amounts in thousands of reais unless otherwise stated)

2. Accounting policies--continued

2.2. Basis of consolidation

The condensed consolidated interim financial statements contained in the ITR includes the operations of the Company and the following subsidiaries in which the Company holds a controlling financial interest as of the balance sheet date:

ZZAB Comércio de Calçados Ltda.	Brazil	**99,99%**	**-**	99,99%	-
ZZSAP Indústria e Comércio de Calçados Ltda.	Brazil	**99,99%**	**-**	99,99%	-
ZZEXP Comercial Exportadora S/A	Brazil	**99,99%**	**-**	99,99%	-
ARZZ International INC.	USA	**100,00%**	**-**	100,00%	-
ARZZ Co. LLC	USA	**-**	**100,00%**	-	100,00%
Schutz 655 LLC	USA	**-**	**100,00%**	-	100,00%
Schutz Cali LLC	USA	**-**	**100,00%**	-	100,00%
ARZZ Itália SRL	Italy	**-**	**100,00%**	-	100,00%

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that control ceases. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is an assumption that the majority of voting rights results in control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies for all consolidated entities. All intragroup balances, income and expenses and unrealized gains or losses resulting from intragroup transactions are eliminated in full.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions within equity.

3. Significant accounting judgments, estimates and assumptions

In view of the COVID-19 pandemic, significant accounting judgments, estimates and assumptions have been reviewed for the current period as compared with those adopted in the preparation of the annual financial statements for the year ended December 31, 2019. The updates are provided in the respective notes to the interim financial statements.

4. New and amended standards

The amendments to accounting standards issued by the IASB and effective from January 1, 2020 did not have a significant impact on the Company's financial statements.

(All amounts in thousands of reais unless otherwise stated)

5. Cash and cash equivalents

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash on hand	**663**	450	**1.840**	1.175
Cash at banks	**429**	1.236	**11.661**	12.633
Total cash and cash equivalents	**1.092**	1.686	**13.501**	13.808

6. Cash investments

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Current				
Fixed income (a)	**168.944**	4.845	**169.711**	5.393
Exclusive investment fund				
Certificates of bank deposit (CDB)	**2.746**	2.984	**3.629**	3.540
Financial bills	**47.676**	40.784	**63.010**	48.395
Financial Treasury bills (LFT)	**239.396**	174.064	**316.393**	206.547
Total cash investments	**458.762**	222.677	**552.743**	263.875

(a) Include CDBs and securities.

Exclusive investment fund

ZZ Referenciado DI Crédito Privado is a private fixed-income investment fund under management, administration and custody of Banco Santander S.A. The fund has no lock-in period and therefore the investment can be withdrawn at any time without a material risk of losing money. The investment fund does not have significant financial obligations. Financial obligations include asset management fees, custody fees, audit fees and expenses.

The fund is for the exclusive benefit of the Company and its subsidiaries. Thus, in accordance with CVM Instruction 408/04, the exclusive investment fund in which the Company invests money has been consolidated.

At September 30, 2020, the average rate of return of the investment fund and other cash investments is 100.3% of the Interbank Deposit Certificate rate (CDI). 57% of the fund's assets are invested in LFTs and 89% of the assets provide daily liquidity.

The Company has cash investment policies in place that require it to concentrate its investments in low-risk securities that substantially provide a return based on the CDI variance and to place its investments with top-tier financial institutions (top 10 financial institutions in the country).

At September 30, 2020, the Company has not pledged any investment as collateral to financial institutions.

(All amounts in thousands of reais unless otherwise stated)

7. Trade receivables

	Parent company		Consolidated	
	9/30/2020	**12/31/2019**	**9/30/2020**	**12/31/2019**
Domestic customers				
Trade notes receivable	**295.059**	292.542	**305.532**	298.350
Trade notes receivable from related parties (Note 11a)	**44.895**	1.580	**-**	-
Foreign customers				
Trade notes receivable	**4.019**	3.574	**43.564**	54.242
Trade notes receivable from related parties (Note 11a)	**33.090**	23.736	**-**	-
Other				
Credit cards	**-**	-	**78.791**	73.775
Checks and other	**61**	24	**72**	80
	377.124	321.456	**427.959**	426.447
(-) Provision for impairment of trade receivables	**(11.997)**	(1.639)	**(15.545)**	(2.633)
Total trade receivables	**365.127**	319.817	**412.414**	423.814
Current	**326.525**	285.679	**406.902**	413.412
Non-current	**38.602**	34.138	**5.512**	10.402

The customer sales policies are subordinated to the credit policies established by management and are designed to minimize problems arising out of failure of customers to pay on due date. Sales transactions with retail customers are included in “credit cards”, and transactions with sales representatives and distributors (franchisees), which have a structured relationship with the Company, are included in the account “trade notes receivable – domestic customers”.

Trade receivables from foreign customers by currency are as follows:

	Parent company		Consolidated	
	9/30/2020	**12/31/2019**	**9/30/2020**	**12/31/2019**
USD	**37.109**	27.299	**43.890**	51.045
EUR	**-**	11	**295**	3.197
	37.109	27.310	**44.185**	54.242

(All amounts in thousands of reais unless otherwise stated)

7. Trade receivables--continued

Changes in the provision for impairment of trade receivables are as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
At the beginning of the period	**(1.639)**	(4.839)	**(2.633)**	(5.243)
Additions/reversals	**(10.964)**	(2.180)	**(14.140)**	(2.770)
Payments collected	**606**	5.380	**1.228**	5.380
At the end of the period	**(11.997)**	(1.639)	**(15.545)**	(2.633)

In calculating the expected credit losses, the Company considers the total amount of trade receivables using receivables turnover ratio, which is the main ratio used in the credit analysis. This ratio weights the amount of trade receivables and the sell out (sales from stores to end consumers), thus, customer's inventory volume usually is similar to the Company's accounts receivable from customers.

The aging analysis of these trade receivables is as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Not yet due	**351.679**	307.843	**403.136**	413.328
Up to 30 days past due	**1.319**	4.653	**1.319**	4.653
31-60 days past due	**1.511**	2.615	**1.511**	2.615
61-90 days past due	**3.114**	1.734	**3.114**	1.734
91-180 days past due	**9.432**	975	**9.432**	975
181-360 days past due	**7.630**	1.825	**7.630**	1.331
More than 360 days past due	**2.438**	1.811	**2.438**	1.811
	377.124	321.456	**428.581**	426.447

In the context of the ongoing COVID-19 pandemic, the default rate, though much higher than usual, decreased as compared to the last quarter, mainly due to the reopening of stores and a gradual increase in sales. We made a small increase in our loss allowance based on our parameter used in the credit risk analysis.

(All amounts in thousands of reais unless otherwise stated)

7. Trade receivables--continued

Default may be a warning sign that a customer is experiencing payment difficulties, however, the Company is monitoring in a timely manner the market value of the transaction and its customers' inventories and has not identified any signs of insolvency. Depending on the market reaction and the sell-out of stores, we can consider extended payment terms for our customers and re-evaluate the necessity of a loss allowance.

With the resumption of activities and reopening of stores, the need for new sales is subject to rigorous credit criteria with credit limit check, volume of clearance sales in the last months, always observing the amount of purchase compatible with the sell out, which has already been revised according to the new scenario.

The Company recognized in the period ended September 30, 2020 an additional loss provision for trade receivables of R$12,912 (September 30, 2019 - R$1,450), which was recorded in selling expenses. Management believes that the balance of the provision is sufficient to cover losses on uncollectible accounts.

8. Inventories

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Finished products	**90.883**	60.119	**224.600**	157.622
Raw materials	**3.583**	4.060	**17.493**	17.480
Work in process	**-**	-	**6.515**	6.219
Advances to suppliers	**3.693**	4.825	**3.873**	5.631
(-) Provision for losses	**(4.339)**	(5.717)	**(10.586)**	(7.453)
Total inventories	**93.820**	63.287	**241.895**	179.499

Changes in the provision for losses are as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/201
At the beginning of the period	**(5.717)**	(2.860)	**(7.453)**	(4.08
Additions/reversals	**(2.863)**	(4.060)	**(7.374)**	(4.56
Realized	**4.241**	1.203	**4.241**	1.20
At the end of the period	**(4.339)**	(5.717)	**(10.586)**	(7.45

(All amounts in thousands of reais unless otherwise stated)

9. Taxes recoverable

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Value-added tax on sales and services (ICMS)	**7.319**	9.243	**14.460**	14.560
Corporate income tax (IRPJ)	**11.171**	24.794	**11.693**	25.380
Social contribution (CSLL)	**3.905**	6.789	**4.091**	6.924
Social integration program (PIS) and Social contri	**-**	3	**65.894**	39.851
Excise tax (IPI)	**-**	-	**1.355**	1.425
Other	**1.743**	1.124	**3.215**	2.192
Total	**24.138**	41.953	**100.708**	90.332

(i) The Company obtained a favorable judgment in the lawsuit filed in the federal court concerning the exclusion of ICMS from the tax base of PIS and COFINS and gained the right to recover, through offsetting, the amounts determined for its subsidiaries ZZAB and ZZSAP, with both having tax credit claims approved by the Brazilian Revenue Service, which were recognized in the statement of operations (Note 26).

10. Income tax and social contribution

a) Deferred taxes

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Basis of calculation of deferred income tax (IRPJ) and social contribution (CSLL)				
Tax loss	**66.915**	-	**66.915**	-
Unrealized profit on inventories	**23.943**	20.732	**23.943**	20.732
Provision for impairment of trade receivables	**12.378**	1.887	**12.378**	1.887
Provision for commissions	**7.050**	3.461	**7.050**	3.461
Provision for labor, tax and civil contingencies	**6.417**	5.508	**11.015**	9.169
Provision for inventory losses	**4.339**	5.717	**4.842**	6.087
Bill and hold transactions, net	**4.070**	-	**6.455**	-
Provision for share option plan	**3.808**	4.879	**3.808**	4.879
Provision for employee profit sharing	**2.000**	-	**2.000**	-
Other provisions	**1.006**	757	**724**	1.781
Provision for foreign exchange losses	**-**	1.753	**(9.386)**	(1.871)
Deferred tax assets	**131.926**	44.694	**129.744**	46.125
Deferred income tax and social contribution	**44.855**	15.196	**44.113**	15.682

(All amounts in thousands of reais unless otherwise stated)

10. Income tax and social contribution--continued

a) Deferred taxes--continued

The reconciliation of deferred tax assets is as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Opening balance	**15.196**	15.746	**15.682**	17.491
Tax benefit (expense) recognized in the statement of opera	**29.659**	1.131	**28.431**	(128)
Deferred income tax recognized in other comprehensive income	-	(1.681)	-	(1.681)
Balance at the end of the period	**44.855**	15.196	**44.113**	15.682

The studies and projections carried out by the Company's management indicate that there will be sufficient future taxable profit to allow the related tax benefit to be utilized in the next years.

Based on projections of future taxable profits, deferred tax assets are expected to be recovered as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
2020	**13.645**	6.868	**12.588**	7.114
2021	**20.086**	4.164	**20.244**	4.284
2022	**11.123**	4.164	**11.280**	4.284
Total deferred income tax and social contribution	**44.855**	15.196	**44.113**	15.682

(All amounts in thousands of reais unless otherwise stated)

10. Income tax and social contribution--continued

b) Reconciliation of tax charges between statutory and effective tax rates

A reconciliation of tax expense calculated at the statutory tax rates to tax expense at the effective tax rate is as follows:

	Parent company		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
(Loss)/profit before income tax and social contribution	**(48.393)**	121.282	**(19.375)**	133.533
Statutory tax rate	**34,0%**	34,0%	**34,0%**	34,0%
Expected income tax and social contribution expense at the statutory tax rate	**16.454**	(41.236)	**6.588**	(45.401)
Deferred income tax and social contribution on unrecognized losses of subsidiaries	**-**	-	**(30.120)**	(17.833)
Tax benefit from technological innovation and research expenses - Law 11,196/05	**2.212**	4.516	**2.212**	4.516
Equity in the earnings of equity-accounted subsidiaries	**(4.606)**	(6.765)	**-**	-
Interest on capital	**-**	6.917	**-**	6.917
Government subsidies (i)	**8.460**	19.084	**15.022**	22.482
Share option plan expenses	**(983)**	(902)	**(983)**	(902)
Tax incentives (Workers' Meal Program (PAT), Rouanet Law, other)	**293**	565	**508**	665
Other permanent differences	**(1.901)**	23	**(2.316)**	(493)
Income tax and social contribution expense	**19.929**	(17.798)	**(9.089)**	(30.049)
Current	**(9.730)**	(23.537)	**(37.520)**	(36.338)
Deferred	**29.659**	5.739	**28.431**	6.289
Income tax and social contribution expense	**19.929**	(17.798)	**(9.089)**	(30.049)
Effective tax rate	**N/A**	**14,7%**	**N/A**	**22,5%**

(i) ICMS tax incentives are considered investment subsidy in accordance with Complementary Law 160/2017, as detailed in Note 28.

(All amounts in thousands of reais unless otherwise stated)

11. Balances and transactions with related parties

a) Balances and transactions with subsidiaries and controlling shareholders

	9/30/2020						
	Current assets		Non-current assets		Non-current liabilities	Transactions	
	Trade notes receivable	Dividends	Trade notes receivable	Loans	Trade payables	Revenues	Purchases
Parent company							
ARZZ International INC *	-	-	33.090	26.231	-	96	-
ZZAB Comércio de Calçados Ltda.	42.465	-	-	-	2.351	235.224	2.264
ZZSAP Indústria e Comércio de Calçados Ltda. **	250	-	-	10.336	3.477	20	67.431
ZZEXP Comercial Exportadora S/A	2.180	19.790	-	661	-	1.746	-
Total - Parent company	44.895	19.790	33.090	37.228	5.828	237.086	69.695

* Loan agreements entered into between April 2020 and July 2020 with an interest rate based on LIBOR and adjusted for changes in US dollar exchange rate and with maturities on December 31, 2020 and December 31, 2021.

** Loan agreements entered into between March 2020 and September 2020 with an interest rate of 3% p.a. and maturity at December 31, 2021.

	12/31/2019					9/30/2019	
	Current assets		Non-current assets	Current liabilities	Non-current liabilities	Transactions	
	Trade notes receivable	Dividends	Receivables	Trade payables	Loans	Revenues	Purchases
Parent company							
ARZZ Co International INC	-	-	23.736	-	3.795	249	-
ZZAB Comércio de Calçados Ltda.	950	-	-	1.992	-	152.027	4.523
ZZSAP Indústria e Comércio de Calçados Ltda.	196	-	-	(707)	-	490	83.632
ZZEXP Comercial Exportadora S/A	434	-	-	-	-	99	-
Total - Parent company	1.580	-	23.736	1.285	3.795	152.865	88.155
Consolidated							
Controlling shareholders	-	-	-	-	1.502	-	-

b) Nature, terms and conditions of transactions with subsidiaries

The transactions with related parties are conducted on commercial and financial terms agreed upon between the parties concerned.

The most common related-party transactions are:

- sales from the Parent company to subsidiaries ZZAB and ARZZ;
- sales from subsidiary ZZEXP to subsidiary ARZZ; and
- sales from subsidiary ZZSAP to the Parent company and to subsidiary ZZEXP.

(All amounts in thousands of reais unless otherwise stated)

11. Balances and transactions with related parties--continued

c) Management compensation

Management compensation is composed of salary, management fees, profit sharing and share option plan. At September 30, 2020, the compensation paid to management totaled R$10,361 (September 30, 2019 - R$8,947) as shown below:

	9/30/2020	9/30/2019
Annual fixed compensation -	**5.219**	4.031
Variable pay - bonus	**3.473**	2.618
Share-based payments	**1.669**	2.298
Total compensation paid to management personn	**10.361**	**8.947**

The expenses related to the share option and restricted stock plans (Note 27) are presented as operating expense before finance income and costs.

The Company and its subsidiaries do not provide post-employment benefits, termination benefits or other benefits to their management and employees.

d) Transactions or relationships with shareholders

At September 30, 2020, certain Company officers, directors and related parties directly own a total interest of 50.2% in the Company.

e) Transactions with other related parties

The Company has a service agreement with the firm Ethos Desenvolvimento S/C Ltda. owned by Mr. José Ernesto Beni Bolonha, a member of the Company’s Board of Directors. In the period ended September 30, 2020, this firm received R$503 (September 30, 2019 - R$559).

(All amounts in thousands of reais unless otherwise stated)

12. Investments in subsidiaries

a) Summary of balance sheet and statement of income of subsidiaries

Subsidiary	Assets	Liabilities	Equity	Capital	Net revenue	Profit/(loss) for the period
ARZZ International INC	239.225	336.579	(97.354)	180.894	105.469	(88.589)
ZZAB Comércio de Calçados Ltda.	391.981	110.558	281.423	93.614	340.629	61.046
ZZSAP Ind.e Com.de Calçados Ltda.	91.141	34.901	56.240	27.592	76.388	174
ZZEXP Comercial Exportadora S/A	144.266	128.120	16.146	2.000	52.739	13.822

b) Balances of investments and equity in the earnings/(loss) of equity-accounted subsidiaries

	Investments		Equity in the earnings/(loss) of equity-accounted subsidiaries	
Subsidiary	9/30/2020	12/31/2019	9/30/2020	9/30/2019
ZZAB Comércio de Calçados Ltda.	**281.423**	220.374	**61.046**	17.310
ZZSAP Indústria e Comércio de Calçados Ltda.	**56.240**	56.066	**174**	(2.063)
ZZEXP Comercial Exportadora S/A	**16.146**	22.116	**13.822**	17.305
Total investments	**353.809**	298.556	**75.042**	32.552
ARZZ International INC	**(97.354)**	(43.903)	**(88.589)**	(52.448)
Provision for net capital deficiency	**(97.354)**	(43.903)	**(88.589)**	(52.448)
Total	**256.455**	254.653	**(13.547)**	(19.896)

c) Changes in investments

	9/30/2020	12/31/2019
Balance at the beginning of the period	**254.653**	279.480
Capital contribution	**53.750**	-
Distribution of dividends	**(19.790)**	(28.188)
Equity in the earnings/(loss) of equity-accounted subsidi	**(13.547)**	4.150
Carrying value adjustments	**(20.712)**	(789)
Reversal of expired dividends of related party	**2.101**	-
Balance at the end of the period	**256.455**	254.653

d) Distribution of dividends

The subsidiary ZZEXP Comercial Exportadora S.A. proposed to pay dividends of R$19,790 to the Company out of the profit earned for the year ended December 31, 2019.

(All amounts in thousands of reais unless otherwise stated)

13. Property, plant and equipment

Changes in property, plant and equipment are as follows:

Parent company	**Computers and peripherals**	**Furniture and fittings**	**Machinery and equipment**	**Facilities and showroom**	**Vehicles**	**Land**	**Right-of-use assets**	**Total**
At December 31, 2018	**4.900**	**4.517**	**3.767**	**13.004**	**25**	**101**	**-**	**26.314**
Initial adoption of CPC	-	-	-	-	-	-	32.987	32.987
Purchases	1.650	895	461	2.376	-	-	1.258	6.640
Depreciation	(1.605)	(625)	(540)	(1.568)	(10)	-	(5.036)	(9.384)
Write-offs	(2)	-	-	-	-	(8)	(64)	(74)
At September 30, 2019	**4.943**	**4.787**	**3.688**	**13.812**	**15**	**93**	**29.145**	**56.483**
At December 31, 2019	**6.382**	**5.161**	**3.912**	**14.263**	**12**	**84**	**27.385**	**57.199**
Purchases	**2.018**	**461**	**707**	**1.585**	**-**	**-**	**3.141**	**7.912**
Depreciation	**(1.713)**	**(714)**	**(636)**	**(1.807)**	**(2)**	**-**	**(5.748)**	**(10.620)**
Write-offs	**(340)**	**-**	**(3)**	**(11)**	**-**	**-**	**(2.270)**	**(2.624)**
At September 30, 2020	**6.347**	**4.908**	**3.980**	**14.030**	**10**	**84**	**22.508**	**51.867**
Average depreciation rate	20%	10%	10%	10%	20%	-	25%	

Consolidated	**Computers and peripherals**	**Furniture and fittings**	**Machinery and equipment**	**Facilities and showroom**	**Vehicles**	**Land**	**Right-of-use assets**	**Total**
At December 31, 2018	**6.432**	**17.163**	**11.540**	**47.941**	**24**	**101**	**-**	**83.201**
Initial adoption of CPC	-	-	-	-	-	-	199.777	199.777
Purchases	2.221	8.866	1.513	21.172	-	-	39.063	72.835
Depreciation - CPC 06(R2)	-	-	-	-	-	-	(29.990)	(29.990)
Depreciation	(2.085)	(3.044)	(1.622)	(8.496)	(10)	-	-	(15.257)
Write-offs	(57)	(993)	(17)	(1.500)	-	(8)	(928)	(3.503)
Foreign exchange	54	242	-	1.351	-	-	9.076	10.723
At September 30, 2019	**6.565**	**22.234**	**11.414**	**60.468**	**14**	**93**	**216.998**	**317.786**
At December 31, 2019	**7.815**	**21.586**	**11.363**	**58.728**	**11**	**84**	**204.495**	**304.082**
Purchases	**3.229**	**5.544**	**1.692**	**1.452**	**-**	**-**	**16.327**	**28.244**
Depreciation	**(2.136)**	**(2.758)**	**(1.691)**	**(6.358)**	**(2)**	**-**	**(36.842)**	**(45.247)**
Write-offs *	**(807)**	**(5.219)**	**(18)**	**(13.933)**	**-**	**-**	**(44.675)**	**(64.652)**
Foreign exchange variation	**266**	**2.695**	**-**	**6.818**	**-**	**-**	**49.351**	**59.130**
At September 30, 2020	**8.367**	**21.848**	**11.346**	**46.707**	**9**	**84**	**188.656**	**277.017**
Average depreciation rate	20%	10%	10%	10%	20%	-	25%	

*The Company recognized in the period ended September 30, 2020 a net write-off of right-of-use assets of R$44,675, due to the termination of the lease of 4 properties in the USA and 4 properties in Brazil.

(All amounts in thousands of reais unless otherwise stated)

14. Intangible assets

Changes in intangible assets are as follows:

Parent company	Trademarks and patents	Store use rights	Store use rights	Software licenses	Total
At December 31, 2018	3.927	818	-	34.120	38.865
Transfers	-	(694)	694	-	-
Purchases	581	-	-	5.534	6.115
Amortization	-	-	(694)	(10.866)	(11.560)
Write-offs	-	(124)	-	(192)	(316)
At September 30, 2019	**4.508**	**-**	**-**	**28.596**	**33.104**
At December 31, 2019	**5.336**	**-**	**-**	**36.044**	**41.380**
Purchases	**173**	**-**	**-**	**15.480**	**15.653**
Amortization	-	-	-	**(5.443)**	**(5.443)**
At September 30, 2020	**5.509**	**-**	**-**	**46.081**	**51.590**
Average depreciation rate	Indefinite	Indefinite	Finite	20%	

Consolidated	Trademarks and patents	Store use rights	Store use rights	Software licenses	Total
At December 31, 2018	5.802	30.643	-	30.723	67.168
Transfers	-	(2.926)	2.926	-	-
Purchases	333	450	-	9.011	9.794
Amortization	-	-	(2.926)	(11.878)	(14.804)
Write-offs	-	-	-	(30)	(30)
Foreign exchange	77	-	-	194	271
At September 30, 2019	**6.212**	**28.167**	**-**	**28.020**	**62.399**
At December 31, 2019	**6.494**	**28.047**	**120**	**40.386**	**75.047**
Transfers	**-**	**120**	**(120)**	**-**	**-**
Purchases	**173**	**1.800**	**-**	**16.907**	**18.880**
Write-offs	**-**	**(1.317)**	**-**	**(5)**	**(1.322)**
Amortization	**-**	**-**	**-**	**(10.009)**	**(10.009)**
Foreign exchange	**428**	**-**	**-**	**1.175**	**1.603**
At September 30, 2020	**7.095**	**28.650**	**-**	**48.454**	**84.199**
Average depreciation rate	Indefinite	Indefinite	Finite	20%	

According to the annual Expansion Plan, the Company revised the useful life of certain intangible assets classified as store use rights from indefinite to finite and set an amortization period of up to one year.

At September 30, 2020, the Company recognized R$18,167 (September 30, 2019 - R$22,136) in expenses associated with the research and development of new products and technology within “General and administrative expenses” in the parent company and consolidated statement of operations and in intangible assets.

14. Intangible assets--continued

Impairment testing of intangible assets with indefinite useful lives

The Company tested intangible assets for impairment based on the value-in-use approach using a discounted cash flow model for cash-generating units, which represent its stores.

Determining the value in use involves the use of assumptions, judgments and estimates of cash flows, such as rates of growth of revenues, costs and expenses, estimates of future investments, working capital and discount rates. The assumptions related to growth, cash flows and future cash flows forecasts are based on the Company's business plan approved by management as well as on comparable market data and represent management's best estimate of economic conditions that will exist over the economic lives of the various cash-generating units, the group of assets that generate cash flows. Future cash flows were discounted based on the rate that represents the cost of capital.

Consistent with the economic valuation techniques, the value-in-use calculation is made for a period of five years and, thereafter, considering the perpetuity of the assumptions in view of the ability to continue to operate indefinitely.

The estimated future cash flows were discounted at a pre-tax discount rate of 14.9% p.a. (equivalent to WACC of 10.4% p.a.) for each cash-generating unit analyzed.

Key assumptions used in value in use calculations are as follows:

- Revenues – Revenues were forecasted for the period between 2020 and 2024 considering growth of the customer base of the various cash-generating units, the impacts of new architectural projects of certain stores and the level of each store and brand in the market. For the fiscal year 2020, the assumptions take into consideration the impact of COVID-19 with interruption of sales and gradual resumption of activities, with recovery to 2019 sales levels in 2021.
- Operating costs and expenses – Costs and expenses were forecasted in line with the Company's historical performance as well as with the historical growth of revenues and the Company's strategic planning.
- Capital expenditure – Capital expenditure was estimated considering the infrastructure needed for the Company to offer its products based on the Company's history and the revision of the investment plans due to the pandemic.
- Perpetuity growth rate: 5.0% p.a.

The key assumptions were based on the Company's historical performance and reasonable macroeconomic assumptions based on financial market projections and the impacts of COVID-19 on the Company and the global scenario.

The Company performed an impairment test as at September 30, 2020 for intangible assets and identified no impairment loss, since the estimated value in use exceeded the net carrying amount at the date of valuation. In addition, the Company performed a sensitivity analysis where changes in key assumptions did not result in impairment.

(All amounts in thousands of reais unless otherwise stated)

15. Borrowings

Borrowings can be summarized as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
In local currency	**207.181**	**8.957**	**207.477**	**9.307**
Machine and equipment financing (FINAME) (a)	**-**	-	**296**	350
Study and project financing (FINEP) (b)	**5.118**	8.957	**5.118**	8.957
Working capital - Law 4.131 (c)	**152.018**	-	**152.018**	-
Working capital - Law 4.131 (d)	**50.045**	-	**50.045**	-
In foreign currency	**247.252**	**40.301**	**339.768**	**171.477**
Working capital - Law 4.131 (e)	**113.109**	40.301	**113.109**	40.301
Working capital - Law 4.131 (f)	**171.208**	-	**171.208**	-
Advance on foreign exchange contract (ACC) (g)	**-**	-	**60.243**	66.453
Export prepayment (PPE) (h)	**-**	-	**32.273**	64.723
(+/-) Swap - working capital (i)	**(37.065)**	-	**(37.065)**	-
Total borrowings	**454.433**	49.258	**547.245**	180.784
Current	**354.367**	45.419	**440.509**	158.222
Non-current	**100.066**	3.839	**106.736**	22.562

The maturities and interest rate and charges on borrowings are as follows:

a) Finame: 6.0% p.a., with monthly installments and a final maturity in October 2024;
b) FINEP: rate of 4.0% p.a. limited to Long-Term Interest Rate (TJLP), with maturities until September 2021;
c) Working capital – Law 4.131: denominated in Brazilian reais plus average interest rate of CDI + 2.02% p.a. at September 30, 2020, with a maturity in March 2022;
d) Working capital – Law 4.131: denominated in Brazilian reais plus average interest rate of CDI + 1.90% p.a. at September 30, 2020, with a maturity in March 2022;
e) Working capital – Law 4.131: denominated in U.S. dollars plus average interest rate of CDI + 3.90% p.a. at September 30, 2020, with a maturity in September 2021;
f) Working capital – Law 4.131: denominated in U.S. dollars plus average interest rate of CDI + 1.40% p.a. at September 30, 2020, with a maturity in 2021;
g) ACC: denominated in U.S. dollars plus average interest rate of 4.37% p.a. at September 30, 2020 and foreign exchange variation. There are several agreements with a final maturity in July 2021.
h) PPE: denominated in U.S. dollars plus average interest rate of 3.17% p.a. at September 30, 2020 and foreign exchange variation, with a final maturity in December 2021;
i) Swap contracts in foreign currency (Law 4.131) to hedge foreign exchange risk of working capital loans “e” and “f”.

(All amounts in thousands of reais unless otherwise stated)

15. Borrowings--continued

The amounts classified as non-current liabilities mature as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
2021	**12.500**	3.839	**18.964**	22.357
2022	**87.566**	-	**87.639**	73
2023	**-**	-	**73**	73
2024	**-**	-	**61**	59
Total	**100.066**	3.839	**106.736**	22.562

Borrowings are secured by Group entities' guarantee and bank letters of guarantee, and do not contain restrictive covenants. Finame agreements are secured by the financed assets.

Other guarantees and commitments

The Company has a technical and financial cooperation agreement with Banco do Nordeste do Brasil S/A ("Bank"), to have borrowing facilities available for Arezzo franchisees that are located in the area where the Bank operates, using the funds from the Northeast Region Constitutional Finance Fund (FNE) to finance modernization of franchisees' stores, according to the standards established by the Company, as well as to finance operations of franchisees through working capital loans, if needed.

Under the terms of the agreement, the Company shall be the guarantor for these transactions through a surety bond when contracted by store owners. At September 30, 2020, these transactions amounted to R$1,182 (December 31, 2019 - R$1,392).

The Company has a technical and financial cooperation agreement with Banco Alfa, to have borrowing facilities available for Arezzo franchisees, using the funds from the National Bank for Economic and Social Development ("BNDES") to finance modernization of franchisees' stores, according to the standards established by the Company, as well as to finance operations of franchisees. The Company is the guarantor for these transactions. At September 30, 2020, the balance of transactions guaranteed by the Company was R$7,853 (December 31, 2019 - R$8,832).

The Company has no history of losses on such transactions.

(All amounts in thousands of reais unless otherwise stated)

16. Trade payables

	Parent company		Consolidated	
	9/30/2020	**12/31/2019**	**9/30/2020**	**12/31/2019**
Domestic suppliers	**64.480**	51.506	**100.493**	66.071
Reverse factoring (a)	**124.784**	67.941	**124.784**	67.941
Related parties (Note 11.a)	**5.828**	1.285	**-**	-
Foreign suppliers	**776**	955	**776**	955
Total trade payables	**195.868**	121.687	**226.053**	134.967

a) The Company has agreements with Banco Itaú Unibanco S.A. ("Bank") to structure with its main suppliers a reverse factoring arrangement. In this arrangement, the suppliers transfer the right to receive their invoices to the Bank which, in turn, will become the creditor in the transaction. Management has reviewed the portfolio of this transaction and identified a change in payment terms with suppliers from 50 to 120 days. The extended payment term was a production chain strategy adopted by the Company and hence did not change the substance of the reverse factoring transaction and did not result in additional costs or changes in prices. Thus, the Company believes that the presentation of this transaction within the account "Trade payables" is adequate.

17. Leases

The Company has applied the practical expedient CVM 859/2020 issued on July 7, 2020 concerning COVID-19-Related Rent Concessions - amendments to CPC 06(R2) that permits lessees to not assess whether a COVID-19-related rent concession received is a lease modification and, instead, to account for that rent concession as if it was not a lease modification. The Company recognized the amounts of R$1,503 (Parent company) and R$11,404 (Consolidated) in profit or loss for the nine months ended September 30, 2020 arising from application of the practical expedient.

(All amounts in thousands of reais unless otherwise stated)

17. Leases--continued

a) Movements in right-of-use assets

	Parent company	Consolidated
Initial application at January 1, 2019		
Recognition under CPC 06(R2)	**32.987**	**199.777**
Additions	1.258	39.063
Write-offs	(64)	(928)
Depreciation	(5.036)	(29.990)
Foreign exchange variation	-	9.076
Total right-of-use assets at September 30, 2019	**29.145**	**216.998**
Total right-of-use assets at December 31, 2019	**27.385**	**204.495**
Additions	3.141	16.327
Write-offs	(2.270)	(44.675)
Depreciation	(5.748)	(36.842)
Foreign exchange variation	-	49.351
Total right-of-use assets at September 30, 2020	**22.508**	**188.656**

b) Movements in lease liabilities:

(All amounts in thousands of reais unless otherwise stated)

	Parent company	Consolidated
Lease liabilities at January 1, 2019	**36.640**	**218.607**
Discount to present value	(3.653)	(18.830)
Lease liabilities at January 1, 2019	**32.987**	**199.777**
Lease payments	(4.811)	(31.204)
Interest expense on lease liabilities	711	4.322
Additions	1.258	39.063
Foreign exchange variation	-	9.783
Write-offs	(64)	(943)
Lease liabilities at September 30, 2019	**30.081**	**220.798**
Lease liabilities at December 31, 2019	**28.646**	**209.058**
Additions	3.427	17.686
Additions discounted to present value	(286)	(1.360)
Write-offs, net	(1.931)	(45.568)
Lease payments	(6.527)	(38.407)
Interest expense on lease liabilities	1.094	4.227
Foreign exchange variation	-	51.580
Lease liabilities at September 30, 2020	**24.423**	**197.216**
Current	**6.217**	**42.569**
Non-current	**18.206**	**154.647**

(All amounts in thousands of reais unless otherwise stated)

17. Leases--continued

c) The amounts recorded in non-current liabilities at September 30, 2020 mature as follows:

	Cash flows (present value) Non-current liabilities		Gross contractual cash flows	
	Parent company	**Consolidated**	**Parent company**	**Consolidated**
2020	6.217	42.569	6.708	40.379
2021	1.471	9.775	6.992	45.500
2022	4.536	33.667	5.406	37.334
2023	3.580	31.057	4.206	33.570
2024	2.623	25.586	3.050	27.162
After 2025	5.996	54.562	6.575	56.683
Total	**24.423**	**197.216**	**32.937**	**240.628**
Potential tax credit (PIS and COFINS)	2.259	6.203	3.047	8.250

d) Reconciliation of lease payments:

	Parent company		Consolidated	
	9/30/2020	**9/30/2019**	**9/30/2020**	**9/30/2019**
Cash outflow (statement of cash	**(6.880)**	(4.941)	**(39.298)**	(35.285)
Lease payments in the period	**(6.527)**	(4.810)	**(38.407)**	(31.205)
Short-term contracts	**(353)**	(29)	**(412)**	(2.987)
Low-value contracts	**-**	(102)	**(7)**	(102)
Variable lease payments	**-**	-	**(472)**	(991)

(All amounts in thousands of reais unless otherwise stated)

18. Share capital and reserves

18.1 Share capital

At September 30, 2020, the Company's capital consisted of 90,954 thousand common shares.

	Number of shares (thousands)	Share capital R$
At December 31, 2018	90.303	341.073
Issue of shares under share option plan	651	11.642
At December 31, 2019	**90.954**	**352.715**
At September 30, 2020	**90.954**	**352.715**

18.2 Treasury shares

At September 30, 2020, the balance of treasury shares is R$191 (December 31, 2019 - R$195) consisting of 3,679 common shares at an average acquisition cost of R$52.03.

19. Dividends and interest on capital proposed and paid

19.1 Dividends

In accordance with the Company's bylaws, the shareholders are entitled to a mandatory minimum dividend of 25% of the profit for the year after transfer to legal reserve as required by the Brazilian corporate legislation. Interest on capital, when calculated, is considered as distribution of profits for purposes of determination of the minimum dividend to be distributed.

On January 8, 2020, the Company paid R$7,238 in dividends out of the profit for the year ended December 31, 2019.

19.2 Interest on capital – Law 9.249/95

In order to comply with tax rules, the Company recorded interest on capital paid in the year in "finance costs". For the purposes of these financial statements, this interest on capital was reversed from profit or loss to retained earnings, as determined by accounting practices. Income tax was withheld at the rate of 15% from the payment of this interest on capital, except for shareholders that are legally tax-exempt or shareholders that are domiciled in countries or jurisdictions in which the tax legislation establishes a different tax rate.

On January 8, 2020, the Company paid R$17,761 in interest on capital out of the profit for the year ended December 31, 2019.

(All amounts in thousands of reais unless otherwise stated)

20. Earnings/(loss) per share

In compliance with CPC 41/ IAS 33, the Company presents below earnings/(loss) per share information for the nine months ended September 30, 2020 and 2019:

a) Basic earnings/(loss) per share

	9/30/2020	9/30/2019
Profit/(loss) for the period	**(28.464)**	103.484
Weighted average number of outstanding common shares	**90.950**	90.420
Basic earnings/(loss) per share - R$	**(0,3130)**	1,1445

b) Diluted earnings/(loss) per share

	9/30/2020	9/30/2019
Profit/(loss) for the period	**(28.464)**	103.484
Weighted average number of outstanding common shares	**90.950**	90.420
Adjustment for share options	**-**	37
Weighted average number of common shares for diluted earnings per share	**90.950**	90.457
Diluted earnings/(loss) per share - R$	**(0,3130)**	1,1440

21. Net sales revenue

Breakdown of net sales revenue is as follows:

	Parent company		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Gross sales revenue	**841.476**	1.117.382	**1.219.326**	1.490.200
Domestic market	**840.934**	1.113.400	**1.071.343**	1.297.476
Foreign market	**542**	3.982	**147.983**	192.724
Returns	**(45.273)**	(35.954)	**(103.335)**	(83.559)
Discounts and rebates	**(1.406)**	(2.901)	**(1.457)**	(2.898)
Taxes on sales	**(113.806)**	(150.497)	**(168.157)**	(192.160)
Net sales revenue	680.991	928.030	**946.377**	1.211.583

(All amounts in thousands of reais unless otherwise stated)

22. Segment information

The Company has only one operating segment, which is the footwear, handbags and accessories segment. For operating, commercial, management and administrative purposes, the Company is organized, and has its performance assessed, as a single business unit.

This view is supported by the following factors:

- There is no segregation in its structure for the management of different product lines, brands or sales channels;
- Its manufacturing plant operates for more than one brand and sales channel;
- The Company's strategic decisions are based on studies that indicate market opportunities and not only on performance by product, brand or sales channel.

The Company's products are distributed through different brands (Arezzo, Schutz, Anacapri, Alexandre Birman, Fiever, Alme, Vans) and multiple channels (franchises, multi-brand stores, Company-operated stores and e-commerce), but they are controlled and run by management as a single operating segment, and the results therefrom are monitored and evaluated in a centralized way.

For management purposes, management monitors the consolidated gross revenue by brand and sales channel, as shown below:

Brand	9/30/2020	9/30/2019
Gross revenue	**1.219.326**	1.490.200
Domestic market	**1.071.343**	1.297.476
Arezzo	**464.679**	701.489
Schutz	**275.253**	352.345
Vans	**153.498**	-
Anacapri	**133.944**	182.930
Others	**43.969**	60.712
Foreign market	**147.983**	192.724

Sales channel	9/30/2020	9/30/2019
Gross revenue	**1.219.326**	1.490.200
Domestic market	**1.071.343**	1.297.476
E-commerce	**363.982**	146.633
Franchise stores	**311.228**	629.132
Multi-brand stores	**292.308**	330.850
Company-operated stores	**103.231**	189.328
Other s	**594**	1.533
Foreign market	**147.983**	192.724

(All amounts in thousands of reais unless otherwise stated)

The revenue from foreign market is not shown separately by geographic area as at September 30, 2020 it represents 12.1% of the gross revenue (September 30, 2019 – 12.9%). No single customer accounts for more than 5.0% of the sales on the domestic and foreign markets.

23. Expenses by nature

The Company's statement of operations classifies expenses by function. The expenses are also reported by nature below:

	Parent company		Consolidated	
	9/30/2020	**9/30/2019**	**9/30/2020**	**9/30/2019**
Expenses by function				
Cost of sales	**(459.444)**	(583.702)	**(507.358)**	(654.106)
Selling expenses	**(161.626)**	(126.778)	**(357.862)**	(303.158)
General and administrative expenses	**(81.561)**	(90.915)	**(110.159)**	(128.833)
Other operating income (expenses), net	**(2.761)**	18.373	**26.308**	21.579
	(705.392)	(783.022)	**(949.071)**	(1.064.518)
Expenses by nature				
Raw and consumable materials	**(462.911)**	(586.980)	**(514.562)**	(659.047)
Personnel expenses	**(102.905)**	(103.381)	**(175.658)**	(168.058)
Utilities and services	**(37.671)**	(36.936)	**(50.038)**	(44.867)
Sales bonus	**(21.412)**	(3.875)	**(21.412)**	(3.875)
Depreciation and amortization charges	**(16.063)**	(20.555)	**(59.796)**	(60.051)
Freight	**(12.512)**	(18.843)	**(37.136)**	(32.196)
Advertising costs	**(12.350)**	(4.682)	**(47.742)**	(26.746)
Store rental expenses	-	-	**(4.245)**	(16.066)
Other operating expenses	**(39.568)**	(7.770)	**(38.482)**	(53.612)
	(705.392)	(783.022)	**(949.071)**	(1.064.518)

(All amounts in thousands of reais unless otherwise stated)

24. Financial risk management objectives and policies

a) Fair value

The following table shows the carrying amounts of the Company's financial assets and financial liabilities and their fair values determined by the Company's management:

	9/30/2020		12/31/2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	**13.502**	13.502	**13.808**	13.808
Cash investments	**552.743**	552.743	**263.875**	263.875
Trade receivables	**412.414**	412.414	**423.814**	423.814
Borrowings	**547.245**	601.657	**180.784**	180.635
Trade payables	**226.053**	226.053	**134.967**	134.967
Lease liabilities	**197.216**	197.216	**209.058**	209.058

Set out below are the Company's consolidated financial instruments by category as at September 30, 2020:

	Measured at	
	Fair value through profit or loss	Amortized cost
Financial assets		
Cash and cash equivalents	-	13.502
Trade receivables	-	412.414
Cash investments	552.743	-
Financial liabilities		
Trade payables	-	226.053
Borrowings	-	547.245
Lease liabilities	-	197.216

The following methods and assumptions were used to estimate the fair values:

- Cash investments – The carrying amounts equal the fair values of cash investments because the interest rates are based on the variation of the Interbank Deposit Certificate (CDI), Certificate of Bank Deposit (CDB) and Financial Treasury Bills (LFT) (Note 6).
- Cash and cash equivalents, trade and other receivables, trade and other payables – These items arise directly from the operations of the Company and its subsidiaries and are measured at amortized cost. They are stated at original amount less provision for impairment, and are discounted to present value when applicable. The carrying amounts of these financial instruments approximate their fair value due to the short-term maturities of these instruments.

(All amounts in thousands of reais unless otherwise stated)

24. Financial risk management objectives and policies--continued

a) Fair value--continued

- Borrowings – They are classified as other financial liabilities not measured at fair value and are carried at amortized cost in accordance with the contractual terms. This classification was adopted because the amounts are not held for trading, which management understands is the most relevant financial information. The fair values of the borrowings are equivalent to their carrying amounts since these financial instruments have rates of interest based on market interest rates and have specific characteristics.

a.1) Fair value hierarchy

The Company uses the following fair value hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques that use inputs which have a significant effect on the recorded fair value and which are not based on observable market data.

The Company measures the fair values of its financial instruments based on quoted prices in active markets (Level 1) and observable inputs (Level 2).

b) Foreign exchange risk

The results of operations of the Company and its subsidiaries are affected by changes in USD exchange rates because a part of their sales revenue is linked to the U.S. dollar. To reduce the foreign exchange risk, almost all of the Company's and its subsidiaries' exports have financing in foreign currencies.

At September 30, 2020 and December 31, 2019, the net exposure to changes in USD rate is as follows:

	Consolidated	
	9/30/2020	**12/31/2019**
Trade receivables in foreign currency (i)	**16.974**	23.174
Borrowings in foreign currency	**(339.768)**	(171.477)
Net exposure	**(322.794)**	(148.303)

(i) Excludes related-party balances in foreign currency.

(All amounts in thousands of reais unless otherwise stated)

24. Financial risk management objectives and policies--continued

b) Foreign exchange risk--continued

A sensitivity analysis was performed with three different scenarios to demonstrate the sensitivity of foreign currency-denominated borrowings to changes in the exchange rates at September 30, 2020.

The table below provides three scenarios, with the most likely scenario being adopted by the Company. The most likely scenario for 2020 was defined based on the Long-term Interest Rate (TJLP) and the Interbank Deposit Certificate Rate (CDI) in effect at September 30, 2020, assuming changes of 25 percent and 50 percent as required by CVM Instruction 475.

In addition to the most likely scenario, CVM Instruction 475 of December 17, 2008 required two other scenarios with variations of +25 percent and +50 percent in each of the risk variables under analysis. All scenarios are presented in accordance with CVM regulation.

	Currency	**Most likely scenario**	**Scenario A**	**Scenario B**
Increase in exchange rates				
Trade receivables in foreign currency	R$	16.974	21.218	25.461
Borrowings in foreign currency	R$	(339.768)	(424.710)	(509.652)
Trade payables in foreign currency	R$	(776)	(970)	(1.164)
Increase in USD rate		-	25%	50%
USD rate		5,48	6,84	8,21
Effect on profit before tax	**R$**		**(80.892)**	**(161.785)**

c) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to the Company's borrowings with interest rates based on TJLP and CDI. The interest rates are disclosed in Note 15.

At September 30, 2020, the Company's borrowings have the following interest rates:

	Consolidated	
	9/30/2020	**%**
Fixed rate of interest	92.812	17
Interest rate based on TJLP	5.118	1
Interest rate based on CDI	449.315	82
	547.245	**100**

(All amounts in thousands of reais unless otherwise stated)

24. Financial risk management objectives and policies--continued

c) Interest rate risk--continued

A sensitivity analysis was performed with three different scenarios to demonstrate the sensitivity to changes in interest rates on that portion of borrowings affected at September 30, 2020.

The table below provides three scenarios, with the most likely scenario being adopted by the Company. The most likely scenario for 2020 was defined based on the Long-term Interest Rate (TJLP) and the Interbank Deposit Certificate Rate (CDI) in effect at September 30, 2020, assuming changes of 25 percent and 50 percent as required by CVM Instruction 475.

For each scenario, gross interest expense was calculated, disregarding taxes and the flow of maturities of each agreement. The interest rate sensitivity of borrowings as at September 30, 2020 was determined by projecting the interest rates for one year.

	Currency	Most likely scenario	Scenario A	Scenario B
Increase in interest expense				
Borrowings with interest rate based TJLP	R$	251	314	377
Borrowings with interest rate based on CDI	R$	16.397	20.496	24.595
		16.112	**20.140**	**24.168**
Increase in the interest rate			25%	50%
TJLP		4,91%	6,14%	7,37%
CDI		3,53%	4,41%	5,30%

d) Credit risk

Credit risk arises from the difficulty in collecting the amounts due from customers for goods sold and services rendered.

The Company and its subsidiaries are also exposed to credit risk from their cash investments.

Most of trade receivables are denominated in Brazilian reais and spread across various customers. To reduce credit risk, the Company performs an individual analysis for new customers but, as a usual market practice, only high-risk customers are required to make advance payments. No single customer accounts for more than 5% of the Company’s total accounts receivable at September 30, 2020 and December 31, 2019.

(All amounts in thousands of reais unless otherwise stated)

24. Financial risk management objectives and policies--continued

d) Credit risk--continued

Management monitors outstanding customer receivables in a timely manner and, based on a credit risk analysis, records adjusting entries on the income statement. The analysis covers outstanding receivables, customer payment history, guarantees provided and renegotiations completed with collaterals. The amounts recorded as actual losses or provision for losses reflect uncollectible accounts or receivables with low chance of recovery.

For banks and financial institutions, only top-tier entities are accepted.

e) Liquidity risk

Liquidity risk is the risk that Company and its subsidiaries will not have sufficient cash on hand to meet their obligations due to different currencies and maturities of their receipts and payments.

Management monitors the Company's and its subsidiaries' liquidity and cash flows on a daily basis to ensure that the amount of cash generated from their normal business operations and borrowing facilities, when needed, are sufficient to meet obligations when due, without exposing the Company and its subsidiaries to liquidity risk.

The following table shows contractual maturities of financial liabilities:

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Borrowings	440.518	106.727	-	**547.245**
Trade payables	226.053	-	-	**226.053**
Lease liabilities	42.569	100.085	54.562	**197.216**

f) Capital management

The Company's objective when managing capital is to maintain a strong credit rating with the institutions and an optimal capital structure to support the Company's business and maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, take new borrowings, issue debentures, issue promissory notes and enter into derivative transactions. No changes were made in the objectives, policies or processes for managing capital during the periods ended September 30, 2020 and December 31, 2019.

(All amounts in thousands of reais unless otherwise stated)

24. Financial risk management objectives and policies--continued

f) Capital management--continued

The gearing ratios at September 30, 2020 and December 31, 2019 were as follows:

	Consolidated	
	9/30/2020	12/31/2019
Borrowings	**(547.245)**	(180.784)
Cash and cash equivalents	**13.502**	13.808
Cash investments	**552.743**	263.875
Net cash	**19.000**	96.899
Total capital	**698.394**	746.071

25. Finance income and costs

	Parent company		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Finance income				
Interest income on cash investments	**7.985**	8.128	**8.916**	10.181
Interest received	**1.643**	2.684	**1.060**	2.707
Other finance income	**1.165**	1.216	**1.757**	1.349
	10.793	12.028	**11.733**	14.237
Finance costs				
Interest on borrowings	**(9.449)**	(2.563)	**(13.472)**	(5.301)
Bank charges	**(3.401)**	(2.471)	**(4.309)**	(3.644)
Notary public fees	**(2.891)**	(1.164)	**(2.901)**	(1.170)
Discounts granted	**(1.958)**	(1.176)	**(1.988)**	(1.412)
Interest expense on lease liabilities	**(1.003)**	(710)	**(3.964)**	(4.185)
Other finance costs	**(762)**	(633)	**(879)**	(355)
Credit card administration fee	**-**	-	**(8.389)**	(5.178)
	(19.464)	(8.717)	**(35.902)**	(21.245)
Foreign exchange (losses) gains, net	**(1.774)**	(7.141)	**7.487**	(6.524)
Total	**(10.445)**	(3.830)	**(16.682)**	(13.532)

(All amounts in thousands of reais unless otherwise stated)

26. Other operating income/(expenses), net

	Parent company		Consolidated	
	9/30/2020	**9/30/2019**	**9/30/2020**	**9/30/2019**
Share option and restricted stock plans	**(3.333)**	(4.488)	**(3.333)**	(4.488)
Franchise fees	**215**	1.448	**215**	1.448
Tax credits (i)	**(195)**	19.514	**48.884**	19.663
Recovery of expenses	**758**	1.219	**787**	1.219
(Loss)/gain on disposal of property, plant and equipmen	**(333)**	58	**(20.784)**	3.181
Other income/(expenses), net	**127**	622	**539**	556
Total	**(2.761)**	18.373	**26.308**	21.579

(i) The Company obtained a favorable final judicial resolution in the lawsuit challenging the illegality of the inclusion of ICMS in the PIS and COFINS tax base of one of its subsidiaries. As a result, the Company recognized the right to recover the amounts unduly paid, in the amount of R$49,079 classified as “other income/(expenses)” with a contra entry of R$2,715 of attorneys’ fees and other legal costs to “administrative expenses”, resulting in a net effect of R$46,364 on profit or loss for the period September 30, 2020.

(ii) In the period ended September 30, 2020 the Company recognized the amount of R$20,784 related to: (a) R$18,737 of write-off of fixed assets of 6 Company-operated stores that were permanently closed during the period, including one pop-up store, one office in the United States and one showroom; (b) R$1,781 of write-off of right-of-use assets of the closed stores; (c) R$1,221 of write-off of other fixed assets; and (d) a provision of R$2,607 related to the expected transfer of 7 Company-operated stores in Brazil.

(All amounts in thousands of reais unless otherwise stated)

27. Share-based payments

27.1 Restricted stock plan

Movements in the restricted stock plan are set out below:

	1st grant 2017	2nd grant 2018	3rd grant 2019	Total
Balance at December 31, 2018	465.876	110.664	-	576.540
Granted (*)	-	-	26.606	26.606
Exercised (**)	(49.830)	(8.995)	-	(58.825)
Written off (***)	(17.405)	(20.709)	-	(38.114)
Balance at December 31, 2019	**398.641**	**80.960**	**26.606**	**506.207**
Exercised (**)	(100.657)	(9.086)	(2.687)	(112.430)
Balance at September 30, 2020	**297.984**	**71.874**	**23.919**	**393.777**

(*) Grant before tax effects and performance conditions of the restricted stock plan.

(**) Upon satisfaction of performance conditions and with tax effects, in the 3rd tranche (1st grant 2017) 63,403 shares were exercised and in the 2nd tranche (2nd grant 2018) 6,588 shares were exercised, in the 1st tranche (3rd grant 2019) 1,949 shares were exercised.

(***) Write-off due to the termination of participant employees or non-exercise of shares.

In compliance with IFRS 2/CPC 10, the Company determined the fair value of the shares based on the stated vesting periods. In the period ended September 30, 2020, the Company determined R$3,333 (September 30, 2019 – R$4,016) in restricted stock plan expense, which was charged to profit or loss against the capital reserve account in equity.

(All amounts in thousands of reais unless otherwise stated)

28. Government tax incentives

Presumed tax credit of State Value-added Tax on Sales and Services (ICMS)

a) Under Regulations 088-R of October 29, 2015 and 077-R of June 1, 2016, the State of Espirito Santo has registered the Company, through its parent and one subsidiary, respectively, to receive ICMS tax benefits under the tax benefit arrangement called Competitiveness Agreement.

b) The State of Rio Grande do Sul, through state internal regulation, grants presumed credits of ICMS on sales of shoes to other states.

In the nine months ended September 30, 2020, the Company had R$44,182 (September 30, 2019 - R$55,317) in ICMS tax benefits, which were classified into net revenue, as shown below:

	Parent company		Consolidated	
	9/30/2020	**9/30/2019**	**9/30/2020**	**9/30/2019**
ICMS tax benefits - State of Espiri	**24.882**	45.105	**44.182**	55.078
ICMS tax benefits - State of Rio Gı	**-**	-	**-**	239
Total	**24.882**	45.105	**44.182**	55.317

29. Events after the reporting period

29.1 Business combination

At a meeting held on October 22, 2020, the Board of Directors of the Company approved the Business Combination Agreement and other Covenants ("Agreement") between the Company and Vamoquevamo Empreendimentos e Participações S.A. ("VQV") and Tiferet Comércio de Roupas Ltda. ("Tiferet" and, together with VQV, "Reserva").

The Agreement establishes, among other things, the main terms and conditions of the business combination between the Company and Reserva, pursuant to which the Company shall become the direct owner of 100% of the shares of VQV and the indirect owner of 100% of the shares of Tiferet, and the shareholders of Reserva shall receive a cash consideration and an approximate 8.7% interest in Arezzo (the "Transaction") for their equity interest in VQV. For the purposes of the Transaction, Reserva was valued at R$715 million.

The Transaction aligns well with the Company's strategy of complementing its businesses in the fashion retail sector, enlarging the range of products and expanding its portfolio of brands to become a house of brands, adding to the portfolio of Arezzo&Co Group (upon consummation of the Transaction) the Reserva, Reserva Mini, Oficina Reserva, Reserva Go, INK and EVA brands.

Following consummation of the Transaction, Arezzo&Co Group will sell, in addition to shoes and handbags, men's, women's and children's fashion items, including clothing and accessories, and the Company's addressable market is likely to expand by 3.5 times.

29.2 Subsequent impacts

The Company saw a revenue growth in its operations in Brazil and in the United States amid impacts of COVID 19. With the reopening of stores, the continued growth of online channels and the resumption of the business as a whole, the Company entered the second half of the year with the determination to resume its strategic plan to consolidate its position in the fashion market for classes A/B. Higher sales, coupled with the successful integration of systems, processes and structure, were crucial to the Company feeling prepared to pursue its big dream of consolidation and product offerings. We believe that these factors positively contribute to the growth plan of the Company.

(A free translation of the original in Portuguese)

Arezzo Indústria e Comércio S.A.

Quarterly Information (ITR) at September 30, 2020 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Arezzo Indústria e Comércio S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Arezzo Indústria e Comércio S.A ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2020, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Porto Alegre, November 09, 2020.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Adriano Machado
Contador CRC PR-042584/O-7

AREZZO INDÚSTRIA E COMÉRCIO S.A.
Public Held Company

CNPJ n.º 16.590.234/0001-76
NIRE 31.300.025.91-8

MINUTES OF FISCAL COUNCIL MEETING
AUGUST 07, 2020

Attachment

FISCAL COUNCIL OPINION

The Fiscal Council of AREZZO INDÚSTRIA E COMÉRCIO S.A. ("Company"), in the exercise of its attributions and legal responsibilities, at a meeting held on August 07, 2020, at the Company's office located in the City of Campo Grande, State of Rio Grande do Sul, at Liberato Salzano Vieira da Cunha Street, nº 108, CEP 93700-000, proceeded the quarterly financial information of the Company for the period from April 1, 2020, to June 30, and the independent auditor's special review report on said financial data, issued by PriceWaterhouseCoopers Auditores Independentes, according to documents filed and filed in the headquarters of the Company.

Based on the examination carried out and the information and clarifications received, the Fiscal Council is in favor of the quarterly financial information of the Company for the period from July 1, 2020, to September 30, 2020, and the independent auditor's special review report.

Campo Bom, November 6, 2020.

Martin da Silva Gesto	Clóvis José Ceretta

Ricardo Gus Maltz

ATTACHMENT I-A

OFFICER’S STATEMENTS

STATEMENT PURSUANT TO ARTICLE 25 OF CVM NORMATIVE INSTRUCTION No. 480/09

Officer’s Statement with regard to the Financial Statements

The undersigned Officers of AREZZO INDÚSTRIA E COMÉRCIO S.A., a publicly-held corporation with its principal place of business in the City of Belo Horizonte, State of Minas Gerais, at Rua Fernandes Tourinho, 147, suites 1301 and 1303, postal code 30112-000, enrolled with the CNPJ/MF under No. 16.590.234/0001-76, with its articles of incorporation filed with the Commercial Registry of the State of Minas Gerais under NIRE 31.300.025.91-8 (“Company”), hereby state that they reviewed, discussed and agree with the financial statements of the Company for the fiscal year ended September 30, 2020, as provided for and for the purposes of § 1, item VI of article 25 of CVM Ruling 480, of December 7, 2009, as amended.

São Paulo, November 12, 2020.

Alexandre Café Birman – Chief Executive Officer
Rafael Sachete da Silva – Vice President of Corporate and Chief Financial Officer
Aline Ferreira Penna Peli – Investor Relations Officer

ATTACHMENT II-B

OFFICER'S STATEMENTS

STATEMENT PURSUANT TO ARTICLE 25 OF CVM NORMATIVE INSTRUCTION No. 480/09

Officer's Statement with regard to the Independent Auditor's Report

The undersigned Officers of AREZZO INDÚSTRIA E COMÉRCIO S.A., a publicly-held corporation with its principal place of business in the City of Belo Horizonte, State of Minas Gerais, at Rua Fernandes Tourinho, 147, suites 1301 and 1303, postal code 30112-000, enrolled with the CNPJ/MF under No. 16.590.234/0001-76, with its articles of incorporation filed with the Commercial Registry of the State of Minas Gerais under NIRE 31.300.025.91-8 ("Company"), hereby state that they reviewed, discussed and agree with the opinions expressed in the independent auditors' report relating to the financial statements of the Company for the fiscal year ended September 30, 2020, as provided for and for the purposes of § 1, item V of article 25 of CVM Ruling 480, of December 7, 2009, as amended.

São Paulo, November 12, 2020.

Alexandre Café Birman – Chief Executive Officer
Rafael Sachete da Silva – Vice President of Corporate and Chief Financial Officer
Aline Ferreira Penna Peli – Investor Relations Officer