



## AREZZO INDÚSTRIA E COMÉRCIO S.A.

*Publicly Held Company*

Corporate Taxpayer Registration (CNPJ) No.16.590.234/0001-76  
NIRE (Commercial Registry Number) 31.300.025.91-8 | CVM 02234-9

### MATERIAL FACT

**AREZZO INDÚSTRIA E COMÉRCIO S.A.** (“Company” or “Arezzo”), in compliance with article 157, paragraph 4, of Law No. 6.404, of 1976 amended, and with article 2 of CVM Instruction 358, of 2002, as amended, hereby informs its shareholders and the market in general the following.

#### 1. ASSOCIATION AGREEMENT

The Board of Directors, in a meeting held on October 22<sup>nd</sup>, 2020 (“BDM 10.22.2020”), approved the execution of the “Association Agreement and Other Covenants” among, on one hand, the Company, and, on the other hand, Vamoquevamo Empreendimentos e Participações SA (CNPJ 13.090.575/0001-94) (“VQV”) and Tiferet Comércio de Roupas Ltda. (CNPJ 07.308.705/0001-10) (“Tiferet” and, together with VQV, “Reserva”) and other parties (“Association Agreement”).

By means of the Association Agreement, which was signed on this date, the parties establish, among other matters, the main terms and conditions for the businesses combination of the Company and Reserva, so that: (i) the Company becomes the direct holder of all the shares issued by VQV, (ii) the Company becomes the indirect holder of all shares issued by Tiferet; and (iii) the shareholders of the Reserva, as identified in the Association Agreement, in consideration for their participation in VQV, receive portion in cash and shares issued by the Company representing approximately 8.7%] of the Arezzo's total share capital (“Transaction”). Within the scope of the Transaction, Reserva was appraised at R\$ 715 million.

The Transaction is part of the Company's strategy to complement its businesses in the fashion and retail sector, to expand its product offering and to expand its portfolio of brands, seeking the consolidation as a house of brands, with the inclusion in Arezzo&Co group's portfolio (upon the completion of the Transaction) of Reserva, Reserva Mini, Oficina Reserva, Reserva Go, INK and EVA brands.

With the implementation of the Transaction, in addition to footwear and bags, Arezzo&Co group will start selling men's, women's and children's fashion items, including clothing and accessories, with the possibility of expanding the Company's addressable market by 3.5 times.



Upon the completion of the Transaction, Reserva's current founding partner, Rony Meisler, and its executives and minority partners, Fernando Sigal, Jayme Nigri and José Alberto da Silva, will continue to act as Reserva's managers and will be involved in the development intended by the Company, through "AR&Co", of an exclusive arm of clothing and lifestyle of Arezzo&Co group, with highlights on the maximization of digital skills and technology, as well as attention to ESG criteria (environmental, social, governance).

Under the terms of the Association Agreement, the completion of the Transaction is subject to the verification of certain suspensive conditions, including the final approval of the Administrative Council for Economic Defense (*Conselho Administrativo de Defesa Econômica – CADE*) ("Suspensive Conditions").

Among other rights and obligations, the Association Agreement set forths the following main successive and related events for the implementation of the Transaction: (i) the conversion of VQV's preferred shares into common shares and the increase of VQV's capital, with the subscription by Arezzo of all the issued shares ("Conversion of Shares" and "Capital Increase"); (ii) the acquisition by Arezzo, by means of a purchase and sale, of shares issued by VQV ("Share Acquisition"); and (iii) the incorporation, by Arezzo, of shares issued by VQV ("Merger of Shares").

Conversion of Shares, Capital Increase, Share Acquisition and Merger of Shares will take effect sequentially, in that order, only on the date of implementation (or waiver, if applicable) of the Suspensive Conditions.

According to BDM 10.22.2020, observing the terms of the Association Agreement and upon obtaining the applicable appraisal reports, the Private Instrument of Protocol and Justification of the Merger of Shares will be executed, observing the draft contained in the Association Agreement, and the matters related to the Merger of Shares and the call for a general meeting to deal with matters related to the Merger of Shares will be timely evaluated by the Company's management and submitted to the assessment of the Company's Fiscal Council, as applicable. Accordingly, it will be timely disclosed to shareholders the information related to the submission of the Merger of Shares for consideration by the shareholders' general meeting, as well as the documents and information related to the call for the shareholders' general meeting, including the applicable terms and conditions for the Merger of Shares.

Without prejudice to the above mentioned, in compliance with CVM Instruction No 565, of 2015, Annex I hereto describes the available main terms and conditions of the Merger of Shares.



## 2. LETTER OF VOTE.

On this date, the controlling shareholders of the Company, Alexandre Café Birman and Anderson Lemos Birman (“Arezzo Controlling Shareholders”), signed a letter (“Letter of Vote”) addressed to VQV, Tiferet and to the controlling shareholders of Reserva and parties of the Agreement Association, Rony Meisler, Fernando Sigal, Jayme Nigri Moszkowics and José Alberto da Silva (“Reserva Controlling Shareholders”), pursuant which, among other matters, they undertake: (i) to attend Arezzo’s shareholders general meeting to be called to resolve on matters relating to the Merger Shares and vote in favor, without any reservations or restrictions, for the approval of the Protocol and Justification and other matters pertinent to the Merger of Shares; and (ii) to attend the first Arezzo’s shareholders ordinary general meeting held after the implementation of the Transaction and vote in favor, without any restrictions or restrictions, for the election of 1 member of the Arezzo’s Board of Directors to be appointed by Reserva Controlling Shareholders.

Pursuant to the Letter of Vote, Arezzo Controlling Shareholders also undertake not to dispose of shares issued by Arezzo in a manner that could result in the loss of the qualification of Arezzo's controlling shareholders until the implementation of the Transaction, pursuant to the Association Agreement, or until January 31<sup>st</sup>, 2021, whichever comes first.

A copy of the Letter of Vote will be made available on the website of the Company (<http://www.arezzoco.com.br>), the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM) (<http://www.cvm.gov.br>) and B3 SA – Brasil, Bolsa, Balcão (<http://www.b3.com.br>).

The Company will keep the market informed on the relevant updates regarding the matters mentioned herein.

Belo Horizonte, October 23, 2020.

**ALINE FERREIRA PENNA PELI**

Investor Relations Officer



## ANNEX I

### *Available Information regarding the Merger of Shares*

#### **1. Identification of the companies involved in the Merger of Shares and a brief description of the activities performed by them.**

1.1. Company identification. The Company is a corporation, headquartered in the City of Belo Horizonte, State of Minas Gerais, at Fernandes Tourinho Street, 147 floor, room 402, Savassi neighborhood, CEP 30112-000, registered with the CNPJ under the No 16.590.234/0001-76, registered with the CVM as a listed company "category A" under code no.2234-9.

1.2. Description of the Company's Main Activities. The Company's corporate purpose includes, among other activities, the modeling and trade of leather and plastic articles in general, including shoes and footwear of any nature and type and the industrialization and commercialization of articles and clothing of any nature and use.

1.3. VQV identification. Vamoquevamo Empreendimentos e Participações SA is a privately-held corporation, headquartered in the City of Rio de Janeiro, Rio de Janeiro State, at Rua Conde de Leopoldina Street, 670 (part), CEP 20930-460, registered with CNPJ under No. 13.090.575/0001-94.

1.4. Description of VQV's Activities. VQV's corporate purpose is to hold interests in other companies. Currently, VQV has a stake only in Tiferet, which develops retail, wholesale, industrialization and clothing manufacturing, clothing, footwear, accessories, and franchising, among other activities.

#### **2. Description and purpose of the Merger of Shares**

2.1. Merger of Shares. The Merger of Shares occurs within the context of the Transaction to combine the businesses of Reserva and of the Company, as established in the Association Agreement, which comprises, among its main stages, (i) the Conversion of Shares of VQV; (ii) the Capital Increase of VQV, with the subscription by Arezzo of all issued shares; (iii) the Share Acquisition of VQV's shares by Arezzo; and (iv) the Merger of Shares. All stages of the Transaction will be carried out in a subsequent and connected manner, so that the Conversion of Shares, the Capital Increase, the Share Acquisition and the Merger of Shares will produce effects sequentially, in that order, only on the date of the implementation (or waiver, if applicable) of the Suspensive Conditions. The Merger of Shares, within the scope of the Transaction and considering the implementation of the other stages, will consist of



the incorporation of approximately 66.88% of the shares issued by VQV. With the completion of the Transaction, the Company will become the holder and legitimate owner of all the shares issued by VQV.

2.2. Purpose. The Company's management believes that the combination of the businesses of the Company and VQV, by means of the Transaction, will allow the reinforcement of business and equity resources, allowing the parties to expand their potential of operation in the fashion, clothing and accessories national market through scale gains and expanding the expanding of the operation of its assets.

### **3. Main benefits, costs and risks of the operation.**

3.1. Benefits. The Company's management understand that the businesses combination of the Company and VQV through the Transaction may also have the positive effects of increasing the attractiveness of investments through the capital market, and improving the appreciation of its assets, thereby creating value for shareholders.

3.2. Transaction Costs. It is estimated that the total costs and expenses for the realization and execution of the Merger of Shares and other stages of the Transaction, including the fees of legal advisors, assessors and auditors, and the costs for the realization and publication of the corporate acts shall not exceed R\$ 12 million reais.

3.3. Transaction Risks. The Company's management believes that the completion of the Transaction and does not materially affect the risk of its respective shareholders, investors and interested third parties.

3.4. Conditions for carrying out the Merger of Shares. As indicated in item 10.1 below, the consummation of the Merger of Shares and the other stages of the Transaction are subject to verification (or waiver, as the case may be) of the Suspensive Conditions, as provided for in the Association Agreement.

### **4. Share exchange ratio.**

4.1. Replacement Ratio. Upon the completion of the Merger of Shares, VQV's shareholders (except the Company) will receive 10.327401050934 new common, registered, book-entry shares with no-par value issued by the Company for each 1 common, registered with no-par value share issued by VQV of its ownership, according to the replacement ratio calculated pursuant to item 5.1 below.

4.2. Number of shares to be issued. On the effective date of the Merger of Shares, the Company will issue 8.677.134 new common, registered, book-entry shares with no par value,



to be subscribed by the account and order of the shareholders of VQV in proportion to their respective holdings in VQV's capital stock on the date of the conclusion of Merger of Shares.

**5. Criteria for fixing the replacement ratio.**

5.1. Criteria for Fixing the Replacement Ratio. The replacement ratio was the subject of the Association Agreement and freely agreed between the management of Arezzo, of VQV and the shareholders of Reserva, which are independent parties and had the assistance of their respective financial advisors in the analysis of the financial parameters of the Transaction.

**6. Main assets and liabilities that will form each portion of equity, in the event of a spin-off.**

6.1. Asset and liability assets. In effecting the Merger of Shares and the Transaction, 840,205 shares issued by VQV will be merged by the Company, and the Company will become the holder of all shares issued by VQV.

**7. Whether the operation has been or will be submitted for approval by Brazilian or foreign authorities.**

7.1. Competition Defense Authorities. The Transaction is subject to obtaining by the parties of authorization of the Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica – CADE) for its consummation.

7.2. Authorizations from Government Authorities. The execution of the Transaction is not subject to the approval of any other governmental authority, either in Brazil or abroad.

**8. In operations involving controlling companies, subsidiaries or companies under common control, the share replacement ratio calculated in accordance with article 264 of Law No. 6,404, of 1976.**

8.1. Inapplicability. Not applicable, since the Company is not the parent company of VQV, the Company is not controlled by VQV nor is it under common control with VQV.

**9. Applicability of withdrawal rights and reimbursement value.**

9.1. Withdrawal Rights of Company's Shareholders. The right to withdraw from Arezzo, pursuant to article 252, paragraph 1 of the Brazilian Corporate Law, will be guaranteed to Arezzo shareholders dissenting from the resolution approving the Merger of Shares. The shareholders will be able to exercise the right of withdrawal in relation to Arezzo's shares, of



which, evidently, they held, uninterruptedly, since the final shareholding position of the day October 23, 2020, date of the first relevant fact about the Merger of Shares, effective exercise of the withdrawal right. The shareholders will have a period of 30 days to exercise the right to withdraw from the Company, counting this period of publication of the minutes of the general meeting dealing with the Merger of Shares.

- 9.1.1. The reimbursement amount will be R\$ 8.2029788802605 per share, calculated based on the book value of Arezzo's shares, disregarding treasury shares, according to the financial statements of 12.31.2019,
- 9.1.2. Shareholders may request a review of the reimbursement amount, subject to the provisions of article 45 of the Brazilian Corporate Law.
- 9.1.3. The Company will pay the reimbursement to the dissenting shareholders within 30 days from the end of the period for exercising the withdrawal right.

9.2. Withdrawal Rights of VQV Shareholders. Considering that VQV's shareholders, pursuant to the Association Agreement, obliged themselves to vote affirmatively for the approval of the Merger of Shares and of the other stages of the Transaction, there will be no dissenting shareholder in the resolution of the general meeting of VQV that approves the Merger of Shares legitimized to exercise the right of withdrawal provided for in article 137 and article 252, paragraph 2 of the Brazilian Corporate Law.

## **10. Other relevant information.**

10.1. Effective Date and Suspensive Conditions. The Merger of Shares will only take effect and will only be effective, with the transfer of the shares issued by VQV to the Company, on the date on which compliance with (or waiver, as the case may be) of the Suspensive Conditions provided for in the terms of the Association, including: (i) obtaining CADE's final approval for the consummation of the Transaction; and (ii) the non-occurrence of a material adverse event, under the terms defined in the Association Agreement. Upon the implementation of the Suspensive Conditions, among other acts to close the Transaction, it will be held a shareholders' general meeting of VQV and a meeting of the Board of Directors of Arezzo to confirm the implementation (or the waiver, as the case may be) of the Suspensive Conditions, and the effecting and homologation of the Transaction.