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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 No. 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, as amended (“Brazilian Corporate Law”), and with article 2 of CVM Instruction 358, of 2002, as amended, in addition to the material fact disclosed on October 23, 2020 (“Material Fact 10.23.20”), hereby informs its shareholders and the market in general the following.

In the meeting held on November 9th, 2020 (“BDM 11.09.2020”), the Board of Directors of the Company approved, among other matters, the execution of the Private Instrument of Protocol and Justification of the Merger of Shares Issued by Vamoquevamo Empreendimentos e Participações SA (CNPJ 13.090.575/0001-94) (“VQV”) by the Company (“Protocol and Justification”), which sets forth the terms, clauses and conditions of the merger of the shares issued by VQV by the Company (“Merger of Shares”).

The BDM 11.09.2020 also approved the call of the shareholders’ general meeting of the Company to resolve, among other, matters regarding the Protocol and Justification, the Merger of Shares, the increase of the capital stock of the Company due to the Merger of Shares and other matters related to the Merger of Shares (“SGM – Merger of Shares”).

As informed on the Material Fact 10.23.20, the Merger of Shares occurs within the context of the transaction agreed under the Association Agreement and Other Covenants executed among, on one hand, the Company, and, on the other hand, VQV and Tiferet Comércio de Roupas Ltda. (CNPJ 07.308.705/0001-10) (“Tiferet” and, together with VQV, “Reserva”) and other parties (“Association Agreement”) to combine the businesses of Reserva and of the Company (“Transaction”).

Pursuant the Association Agreement and the terms of the Protocol and Justification, the implementation of the Merger of Shares, as well as other steps of the Transaction, in addition to the applicable corporate approvals, 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”).



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Therefore, in case the Merger of Shares is approved by the SGM – Merger of Shares, it will be subject and will only produce effects upon the implementation (or waiver, if applicable) of the Suspensive Conditions, which shall be verified and stated by the Board of Directors of the Company.

Under the terms of the Protocol and Justification, upon the implementation of the Merger of Shares, subject to the verification of the Suspensive Conditions, the capital stock of the Company will be increased in the amount of R\$ 456,000,000.00, upon the issuance of 8.677.134 new common, registered, book-entry shares with no-par value of issuance of the Company, by the issuance price of R\$ 52,5519140306004 per share, to be subscribed by the managers of VQV, on the behalf of VQV's shareholders and paid-in through the merger of VQV's shares.

Also with the consummation of the Merger of Shares and other steps of the Transaction, VQV will be a wholly-owned subsidiary of the Company, and consequently, the totality of the shares of its issuance will be owned by the Company, and Reserva's shareholders, as identified in the Association Agreement will hold equity in the Company corresponding to approximately 8.7% of Arezzo's capital stock.

In case of approval of the Merger of Shares, the Company's shareholders that have not approved the Merger of Shares with the consequent conversion of VQV into a wholly-owned subsidiary of the Company, either by dissent, abstention or non-attendance, are entitled to withdrawal from the Company, pursuant to article 252, paragraph 1 of the Brazilian Corporate Law.

In this case, as set forth on the Protocol and Justification, observing the possibility of review of the reimbursement amount, the shareholders who exercise the withdrawal right shall receive as reimbursement the amount of R\$ 8.2029788802605 per share, corresponding to the equity value of the Company's shares, disregarding treasury shares, according to the financial statements of December 31, 2019 (base date of the last set of financial statements approved by the shareholders' general meeting), to be paid within 30 days counted from the implementation of the Merger of Shares. Subject to the other applicable terms and procedures, dissenting shareholders may exercise the right of withdrawal in relation to the Company's shares of which they evidently held on an uninterrupted basis, between October 23, 2020 (date of disclosure of the Material Fact 10.23.20, informing about the execution of the Transaction), respecting the negotiations held on such day, including, and the date of the effective exercise of the right of withdrawal.

Under the terms of the applicable law, the Merger of Shares and related matters were submitted to the analysis of the Fiscal Council of the Company, which, in a meeting held on



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November 6, 2020, provided a favorable opinion to the Merger of Shares and to the consequent increase of the capital stock of Arezzo.

The information and documents related to the SGM - Merger of Shares, including the Management Proposal, the Protocol and Justification and the opinion of the Fiscal Council regarding the Merger of Shares, as well as the information related to the right of withdrawal of dissenting shareholders regarding the resolution related to the Merger of Shares, will be disclosed to shareholders in due course, under the terms of the applicable law.

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

Belo Horizonte, November 11, 2020.

ALINE FERREIRA PENNA PELI
Investor Relations Officer