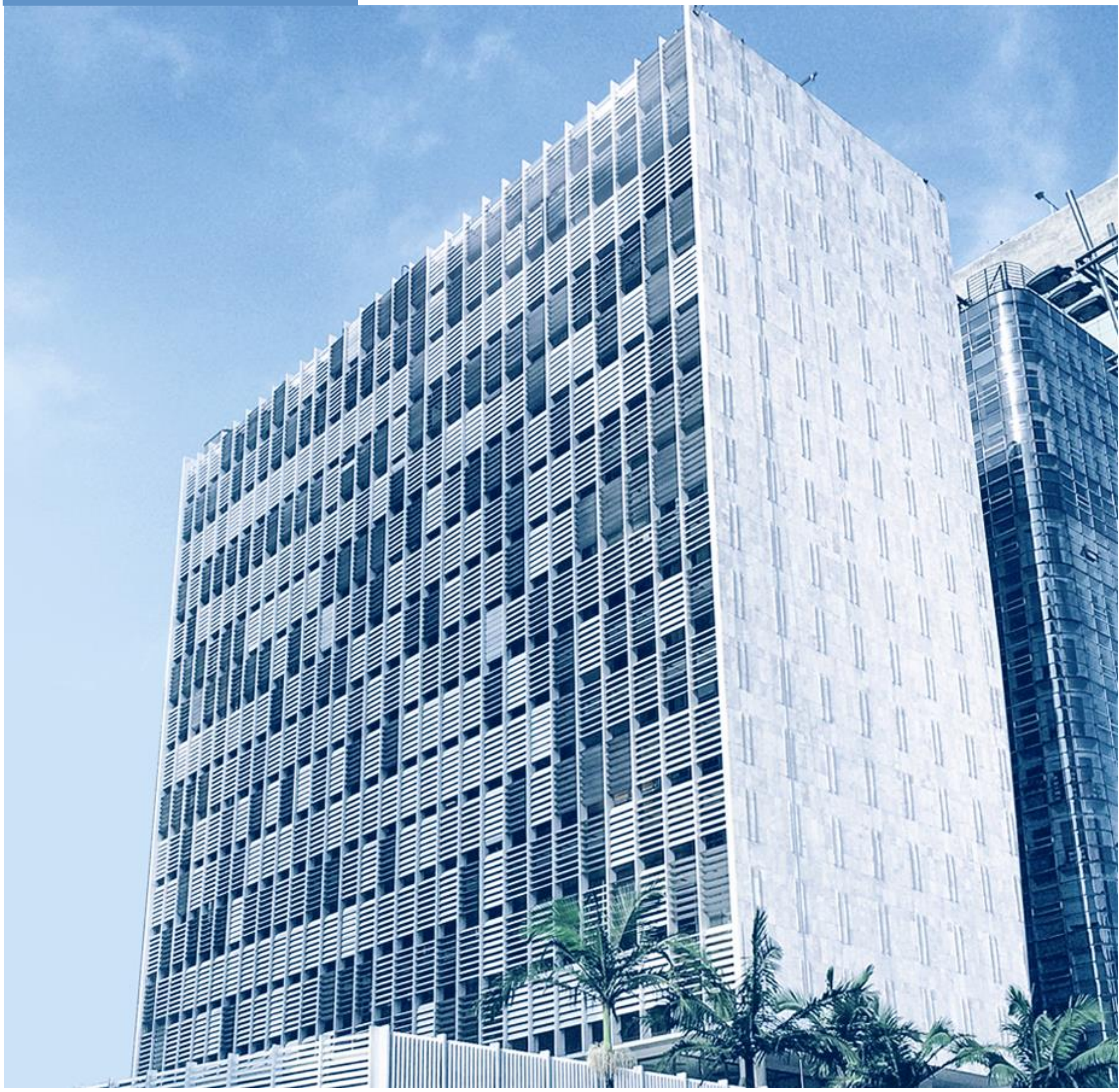

Itaúsa Headquarters | Av. Paulista - SP

Management Report

1st quarter of 2020 | 1Q20

Management Report

We present the Management Report and the Financial Statements of Itaúsa – Investimentos Itaú S.A. (Itaúsa) for the first quarter of 2020 (1Q20), prepared in accordance with the standards established by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

Independent auditor's report

The Financial Statements were audited by PricewaterhouseCoopers Auditores Independentes (PwC) and have received an unqualified opinion from the external auditor. The Financial Statements were approved by the Fiscal Council. The Financial Statements were made available to the market on the websites of Itaúsa, B3 S.A. – Brasil, Bolsa, Balcão (B3), and the CVM.

1. Message from Management

The Brazilian social and economic environment experienced a major change in course in the first months of 2020, with the COVID-19 confirmed as a pandemic. Uncertainties as to how great will be the impacts on the global economy have affected economic growth expectations, with a sharp fall in commodities prices and increased volatility in financial asset prices. The main equities index of the Brazilian stock exchange (B3), Ibovespa fell by 37% in the first quarter of 2020, the third worst performance among the world's major stock exchange indexes. Against this backdrop, despite the monetary and fiscal stimulus measures adopted by the world's top economies, a challenging scenario is expected for emerging countries, including Brazil, in the medium term.

Market expectations in the short term have substantially worsened, with GDP falling by 4.1% in 2020, as measured by market consensus for economic activity an outlined in the Focus Market Readout disclosed by the Central Bank of Brazil on May 11, 2020. Unemployment rate in Brazil, measured by Pnad Contínua, reached 12.2% in 1Q20 (from 11% in 4Q19), partially driven by restrictions on economic activities and increased uncertainties caused by the pandemic.

Therefore, the Central Bank of Brazil (BACEN) has been cautious in the monetary policy guidance, suggesting that the basic interest rate be kept below the structural level (currently at 3.0% per year), since it has not yet been able to measure the magnitude of the pandemic effects on inflation, which has been under the target (12-month IPCA to March 2020 totaled 3.3%).

The portfolio's investees are monitoring the pandemic's economic effects on Brazil and the other countries where they operate, which may adversely impact their results. Nevertheless, progress in the optimization of processes and assets, elimination of complexities and technology and process automation investments made over the past few years should minimize part of these adverse impacts, as these measures help business to become more prepared and resilient to challenging environments.

Itaúsa strengthens its belief that a culture based on capital-allocation discipline tends to bring about higher returns in the long term, and remains cautious and diligent in the short term, particularly with the management of its own and investees' cash, as well as with their employees' health and wellbeing. It also remains attentive to opportunities and challenges arising from potential changes in economy and society in the aftermath of the pandemic.

2. Itaúsa Highlights

COVID-19 impacts and relief efforts

Under the scope of its strategy to operate by way of shared culture and influence and jointly with its investees, Itaúsa has undertaken efforts to minimize the impacts arising from the current pandemic on its operations and on society.

Itaúsa and investees have set up Crisis Management Committees and adopted operating protocols to ensure the health, wellbeing and safety of employees, management members and third parties, particularly those who are in a high-risk group according to the Brazilian Ministry of Health. Solutions have been implemented and home-office work equipment and devices have been made available at Itaúsa and at the administrative operations in the whole group, influenza vaccination campaigns have been brought forward, and a number of social distancing practices have been adopted, such as cancelling in-person meetings, events, field visits, and travel. Itaúsa has also come together with some investees by joining the *#NãoDemita* (don't sack anyone) initiative, strengthening the commitment to retain staff and avoid dismissals without cause during the pandemic.

Aware of the social and economic impacts on the communities where they are present, investees have also carried out many initiatives to battle COVID-19 by donating funds to buy ventilators and carrying out other public health projects, from bathroom fixtures and fittings to be used in field hospitals, protective equipment to health professionals, to basic product and hygiene kits, among other initiatives.

From the economic and financial impact viewpoint, our non-financial investees have undertaken efforts to strengthen their liquidity by raising new and renegotiating current financing lines, bracing themselves for any long-lasting stress scenarios. Moreover, negotiations with suppliers and clients have been conducted to preserve the financial health of not only the companies but also of the whole chain required for sustaining activities in the long term.

Measures such as the partial suspension of manufacturing activities and the temporary closure of stores and bank branches in some cities, as well as the economic downturn, have been closely monitored for a prompt response to scenario changes.

In banking operations, Itaú Unibanco has focused on solutions to preserve the financial health of its customers, with approximately 850 thousand credit operations with individuals and companies having already been renegotiated. In addition, exemptions from fees were granted, such as current account fees and credit cards, grace periods of up to 180 days for companies and up to 120 days for individuals, extension of payment periods of up to 5 years for companies and up to 6 for individuals and expansion of services provided digitally, such as paying INSS pensioners via the 24-hour network, depositing a check and recovering a card password using the Itaú app. In addition, Itaú Unibanco suspended the termination of its employees and placed 95% of the workforce at headquarters, call centers and digital branches in the home office.

Despite the arrangements made to mitigate the pandemic impacts on the investees' operations, the results of these companies and thus of Itaúsa itself will be adversely impacted and their performance will be worse than expected originally for this year and on a year-on-year basis, as can already be noted with the publication of the results for the first quarter of 2020. However, it is not possible to measure these impacts as a whole, since at the moment this report is disclosed, the situation has not returned to normal.

For further information on the performance of each investee, please see Section 5 (Comments on the Performance of Investees).

Enhanced presentation of the financial statements

Proceeding with its financial reporting enhancement process, aimed to make the review and interpretation of results more objective, Itaúsa reinforces that, as from this quarter (1Q20) on, its explanatory notes are being prepared in a reduced format in conformity with CPC 21 (R1) and international standard IAS 34, consistent with the standards issued by CVM applicable to the preparation of Financial Statements.

Management is pleased to invite readers of this report to track the progress of this document, available on the websites of Itaúsa (http://www.itausa.com.br/en/financial-information/financial-statements) and of CVM, and to share your insights and suggestions for improvement via email investor-relations@itausa.com.br.

Subsequent Events

Increased interest in Alpargatas' capital stock

Between March 19, 2020 and April 16, 2020, Itaúsa acquired 1.8 million Alpargatas preferred shares, at the average price of R$22.72 per share, thus increasing its interest in the Company's capital[1] by 0.3% to 29.2%. This move reinforces Itaúsa's trust in the long-term value creation of this investment.

Annual and Extraordinary General Meeting: Recall and Proposal to change the name of Itaúsa

In conformity with the provisions of Provisional Measure No. 931/20 and CVM Resolution No. 849/20, which have amended procedures on how general meeting are held, on April 8, 2020 Itaúsa announced that its Board of Directors had decided to cancel its Annual and Extraordinary General Stockholders' Meeting scheduled to be held on April 24, 2020 with in-person attendance.

On May 11, 2020, the Board of Directors decided to call this Meeting again for June 17, 2020, with online attendance only, in accordance with CVM Instruction No. 622/20, in view of the current restrictions on movement and meeting of people due to the COVID-19 pandemic.

It should also be noted that one of the Management's proposals at the AEGM will be to change the company's corporate name, which, if approved, will be renamed Itaúsa S.A.

The Call Notice and the General Stockholders' Meeting Manual will be disclosed to the market on a timely basis.

3. Itaúsa's performance

As a holding company, Itaúsa's results are basically derived from its Equity in the Earnings of Investees, determined based on the net income of its subsidiaries and revenues from investments in financial assets.

As a result of the merger of wholly-owned subsidiary Itaúsa Empreendimentos into Itaúsa, carried out on August 30, 2019, the Individual Statement of Income of Itaúsa, presented in the pro-forma table below, had the 1Q19 figures adjusted in the lines for better comparability of the data submitted, without, however, resulting in any change in profit.

[1] The interest presented consider the outstanding shares.

Main Indicators of Results and Capital Markets

	R$ million			R$ per share		
	1Q20	1Q19	Change	**3/31/2020**	31/03/2019	Change
PROFITABILITY						
Net income	**1,012**	2,486	-59.3%	**0.12**	0.30	-59.3%
Recurring net income	**1,062**	2,280	-53.4%	**0.13**	0.27	-53.4%
Return on Equity (annualized)	**7.6%**	18.8%	- 11.3 p.p.			
Recurring Return on Equity (annualized)	**7.9%**	17.3%	- 9.4 p.p.			
BALANCE SHEET (1)						
Total assets	**55,598**	54,323	2.3%			
Stockholders' equity	**51,962**	50,402	3.1%	**6.18**	5.99	3.1%
CAPITAL MARKET						
Market Value (2)	**73,763**	100,760	-26.8%			
Average Daily Traded Volume (ADTV) on B3 (3)	**341**	380	-10.4%			

(1) For better comparability, all periods include the merger of Itaúsa Empreendimentos.

(2) Calculated based on the closing price of preferred shares in the last day of the period.

(3) Includes Itaúsa's preferred shares (ITSA4)

Pro-Forma Individual Result of Itaúsa [(1)]

R$ million	1Q20		1Q19		Δ%
INVESTEES' RESULTS IN ITAÚSA	**1,264**	**100%**	**2,481**	**100%**	***-49.1%***
FINANCIAL SECTOR	1,331	105%	2,406	97%	*-44.7%*
NON-FINANCIAL SECTOR	(66)	-5%	79	3%	*-183.5%*
ALPARGATAS	10		14		*-28.6%*
DURATEX	19		7		*171.4%*
NTS [(2)]	(95)		58		*-263.8%*
OTHER COMPANIES	(1)	0%	(4)	0%	*-75.0%*
RESULTS OF ITAÚSA	**(219)**		**(289)**		*-24.2%*
FINANCIAL INCOME / EXPENSES	(11)		(13)		*-15.4%*
ADMINISTRATIVE EXPENSES	(38)		(34)		*11.8%*
TAX EXPENSES	(171)		(244)		*-29.9%*
OTHER OPERATING REVENUES	1		2		-
INCOME BEFORE INCOME TAX/SOCIAL CONTRIBUTION	**1,045**		**2,192**		*-52.3%*
INCOME TAX / SOCIAL CONTRIBUTION [(3)]	17		88		*-80.7%*
RECURRING INDIVIDUAL NET INCOME	**1,062**		**2,280**		***-53.4%***
NON-RECURRING RESULTS	**(50)**		**206**		***-124.3%***
FINANCIAL SECTOR	8		209		*-96.2%*
NON FINANCIAL SECTOR	(58)		(3)		-
NET INCOME	**1,012**		**2,486**		***-59.3%***

(1) For better comparability, all periods include the merger of Itaúsa Empreendimentos in the Statement of Income.

(2) Includes dividends/interest on capital received, adjustment to fair value of shares, interest on debentures convertible into shares (redeemed in May 2018), and expenses on time installment of the amount invested and respective foreign exchange variation.

(3) In 2019, the Company no longer recognizes deferred tax assets on tax losses carried forward and temporary differences.

Results of Investees, as Recorded by Itaúsa

Recurring equity in the earnings of investees in 1Q20 totaled R$1,264 million, down 49% on a year-on-year basis, and was mainly driven by the performance below par of **Itaú Unibanco**'s results caused by higher expected loan losses in connection with the change in the macroeconomic scenario from the second fortnight of March on. This effect was partially offset by the 9.6% increase in Commissions and Fees, in addition to the 4.3% decrease in General and Administrative Expenses. Furthermore, it is noteworthy mentioning the more challenging scenario experienced by **Alpargatas** with the closure of stores since early in the quarter due to the COVID-19 outbreak spreading around the world, which has led a contraction of the Brazil and International business activities (-8.8% in net revenue), partially offset by control over expenses. Despite the adverse impact on sales from the second fortnight of March on caused by the pandemic, **Duratex** took advantage of the full consolidation of Cecrisa's results and the better performance of the Wood division, mainly driven by the higher fair value of the biological asset, better management of costs and expenses. At last, the gains recorded at Itaúsa arising from the investment in **NTS** were adversely impacted by the effects of the periodic asset fair value adjustment, due to the rise in the discount rate used, and also by the foreign exchange variation on the time installment of the invested amount denominated in US dollars.

Further information on the performance of investees is described in section “5. Comments on the Performance of Investees” below.

Itaúsa’s Results

Administrative Expenses totaled R$38 million in 1Q20, up 11.8% on a year-on-year basis, mainly driven by the engagement of consulting firms to support M&A projects.

Tax expenses totaled R$171 million, down 29.9% on a year-on-year basis, mainly driven by lower PIS/COFINS expenses caused by lower income from interest on capital in 1Q20.

Finance Result totaled R$11 million in expenses in 1Q20, up 15.4% on a year-on-year basis, mainly driven by the adverse effect of mark to market of private credit assets to which Itaúsa’s exclusive investment fund had exposure, as a result of the high volatility in the period.

Profit totaled R$1,012 million in the quarter, down 59.3% on a year-on-year basis, mainly driven by the more challenging scenario of the results delivered by all investees – particularly Itaú Unibanco – and the non-recurring effects shown below. Recurring net income totaled R$1,062 million, up 53.4% from 1Q19.

Reconciliation of Recurring Net Income

	1Q20	1Q19
Recurring Net income	**1,062**	**2,280**
Addition/(Exclusion) of Non-Recurring Effects C = (A + B)	**(50)**	**206**
Arising from Ownership Interest in the Financial Sector (A)	**8**	**209**
Change of treasury shares	129	209
Mark to Market of Collateralized Securities	(115)	-
Others	(6)	-
Arising from Ownership Interest in the Non-Financial Sector (B)	**(58)**	**(3)**
Alpargatas	(58)	(5)
Duratex	-	2
Net Income	**1,012**	**2,486**

Main Indicators of Itaúsa Conglomerate Companies

We present below the main indicators of Itaúsa's investees companies, based on the Consolidated Financial Statements under IFRS.

R$ million	January to March	Itaú	ALPARGATAS	Duratex
Operating revenues [1]	**2020**	**37,665**	**747**	**1,162**
	2019	46,717	819	1,073
Net income [2]	**2020**	**3,459**	**26**	**52**
	2019	6,747	53	24
Recurring Net Income [4]	**2020**	**3,784**	**48**	**51**
	2019	6,747	66	19
Stockholders' equity [2]	**2020**	**129,808**	**2,783**	**4,776**
	2019	124,754	2,423	4,670
Annualized return on average equity (%) [2] [3]	**2020**	**10.8%**	**3.8%**	**4.3%**
	2019	22.2%	8.8%	2.1%
Annualized recurring return on average equity (%) [3] [4]	**2020**	**11.8%**	**7.1%**	**4.2%**
	2019	22.2%	11.0%	1.6%
Internal fund generation [5]	**2020**	**22,163**	**89**	**239**
	2019	14,740	131	250
Interest of Itaúsa in companies [6] [7]	**2020**	**37.4%**	**29.1%**	**36.6%**
	2019	37.5%	27.6%	36.7%

(1) Operating revenue by area of operations was obtained as follows:
- Itaú Unibanco Holding: Interest and similar income, dividend income, adjustments to fair value of financial assets and liabilities, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Alpargatas and Duratex: Sales of products and services.

(2) Net Income, Stockholders' Equity and ROE correspond to the amounts attributable to controlling stockholders.

(3) Represents the ratio of net income for the period and the average equity ((Mar´2020 + Dec´2019)/2).

(4) Correspond to the amounts attributable to controlling stockholders (proforma).

(5) Refers to funds arising from operations as reported by the statement of cash flows.

(6) Represents the direct/ indirect Itaúsa interest in the Capital of Companies

(7) The Interest presented consider the outstanding shares.

4. Capital Markets

Share performance

Itaúsa's preferred shares (traded on B3 under ticker ITSA4) closed the first quarter of 2019 at R$8.77, down 35.5% in the period, when adjusted by earnings, whereas Ibovespa, B3's main index, dropped by 36.9% in the same period. In the last 12 months, Itaúsa's shares adjusted by earnings and Ibovespa index have dropped by 21.7% and 23.5%, respectively.

The daily average financial volume of Itaúsa's preferred shares traded in the first quarter of 2020 was R$341 million, with an average of 43,000 daily trades, down 10.4% and up 26.2%, respectively, on a year-on-year basis.

Return to stockholders

On March 6, 2020, Itaúsa paid out additional dividends of R$0.2260 per share and interest on capital for fiscal year 2019 in the amount of R$0.2234 per share (R$0.1898/share, net of withholding income tax).

Investors who remained as stockholders for the last 12-month period ended March 31, 2020 were entitled to receive R$0.8698 per share as earnings paid/declared (gross) which, divided by the share quoted on March 31, 2020, resulted in an 9.9% dividend yield.

The complete history of earnings paid and payable can be accessed at:
http://www.itausa.com.br/en/itausa-in-the-stock-market/dividends

A broader stockholder base

On March 31, 2020, Itaúsa had 596,900 stockholders, up 191.8% on a year-on-year basis.

Holding discount

Discount is an indicator resulting from the difference between the market price ascertained for Itaúsa's shares and the theoretical value obtained through the sum of the market values of the parts that compose the holding company's investments ("sum of the parts"). On March 31, 2020, Itaúsa's shares were traded at a 18.6% discount, down 480 bps on a year-on-year basis.

Part of this discount can be justified in view of the holding company's maintenance expenses, taxes levied on a fraction of the earnings received (tax inefficiency), and risk assessment, among other factors. Itaúsa's management believes that the discount reduction may be driven by the improvement in some of these factors and a better market perception of the foundations that justify it. It also understands that the current level does not reflect the proper indicator level.

Market capitalization on March 31, 2020, based on the price of the most liquid shares (ITSA4), was R$73.8 billion, whereas the sum of interests in investees at market value totaled R$90.6 billion.

The Investor Relations department discloses information about the discount, which may be received by email, on a monthly basis on its website. To receive it, please register on http://www.itausa.com.br/en/e-mail-alert.

5. Comments on the Performance of Investees

Itaú Unibanco Holding S.A.

Highlights

COVID-19 relief efforts, based on three approaches:

1. Searching for the best solutions in order to serve customers in the best way possible: Accordingly, we are extending payment terms, fee exemptions, and expanding services digitally provided.
2. Keeping operating normally under abnormal conditions: Technology and infrastructure investments have allowed that around 95% of employees work from home, without a significant impact on operations.

3. Ensuring the wellbeing of our employees: Protecting employees who self-declared to be in a high-risk group, paying in advance Christmas bonus, and suspending dismissals during the crisis period.

Itaú Unibanco is monitoring the pandemic's economic effects on Brazil and the other countries where it operates, which may adversely affect its results. In view of the beginning of the COVID-19 outbreak in Brazil, the Institutional Crisis Management Committee was set up to daily monitor the effects of the pandemic spread and its impacts on its operations, in addition to the government actions to mitigate the pandemic's effects.

The Brazilian Government, by means of the National Monetary Council (CMN) and the Central Bank of Brazil, has been adopting measures to mitigate the impacts caused by COVID-19, particularly on loan transactions, funding operations, reduction of reserve requirements and capital-related issues. One of these measures was to limit, until September 30, 2020, the distribution of dividends and interest on equity to the mandatory minimum established by the bylaws of financial institutions. Itaú Unibanco established this percentage at 25% of its net profit.

Todos pela saúde (All for Health) Campaign

Itaú Unibanco announced the donation of R$ 1 billion for the "Todos pela Saúde" campaign. A team of seven recognized specialists was assigned to define the actions to be financed by these funds. This amount complements the R$ 250 million that had already been announced in donations to fight COVID-19 and its effects on the Brazilian society, of which R$ 150 million was through the Fundação Itaú para Educação e Cultura and Instituto Unibanco for support projects for the acquisition of respirators, masks, tests for the detection of COVID-19, construction and expansion of hospitals. Together, donations from Itaú Unibanco and foundations totaled approximately R$ 1.25 billion.

Results

Net Income[2] totaled R$3.5 billion in 1Q20, down 48.7% on a year-on-year basis, driven by nonrecurring effects on the amount of R$324.5 million. If we excluded these effects, net income would decrease by 46.5%, mainly driven by higher expected loan losses basically caused by estimated higher losses as a result of the change in the macroeconomic scenario and its impacts on the financial prospects of customers from the second fortnight of March 2020 on in Brazil and abroad.

R$ million (except where indicated)	**1Q20**	**1Q19**	**Δ%**
Operating Revenues[3]	28,400.0	28,406.0	-0.02%
Net Income[2]	3,459.0	6,747.0	-48.7%
ROE	10.8%	22.2%	- 11.4 p.p.
Recurring ROE	9.8%	22.2%	- 12.4 p.p.
Loan Portfolio	771,581	650,579	18.6%

In the first quarter of 2020, Itaú Unibanco reported no major change in Operating Revenues[3] on a year-on-year basis. Main factors leading to this result are as follows:

I. A 3.6% decrease in **Interest Income[2]** mainly driven by the impact of foreign exchange variation on finance expenses, mostly offset by the loan portfolio growth in all segments; and

II. **A 9.6% increase in Commissions and Fees and Result of Insurance Operations**, driven by a 45.0% increase in fund management fees, a 123.4% increase in revenues from economic-financial advisory and brokerage services, and a 4.2% increase in income from current account services.

Expected Loss on Financial Assets and Claims increased by R$6.4 billion on a year-on-year basis, mainly driven by higher expected losses due to the change in the macroeconomic scenario and its impacts on the financial prospects of customers from the second fortnight of March 2020 on.

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[2] Attributable to controlling stockholder.

[3] Adjusted to tax effects on hedge instruments for foreign investments.

General and Administrative Expenses were down 4.3% in the first quarter of 2020, mainly driven by the closure of physical branches, which resulted in reduced fixed costs and personnel expenses, which also decreased as a result of the voluntary termination program held in the third quarter of 2019. Furthermore, expenses on profit sharing and data processing and telecommunication also fell.

Capital management and liquidity

Capital management is vital, since it is a key element through which the bank seeks to optimize the application of funds and ensure the business soundness. At the end of March 2020, Tier I capital ratio was at 12.0%, above the minimum required by the Central Bank of Brazil.

For further information on Itaú Unibanco's results, please access www.itau.com.br/relacoes-com-investidores

ALPARGATAS

Highlights

COVID-19

Alpargatas has worked to ensure the continuity of operations and its employees' health and safety amid the COVID-19 pandemic effects. It has also joined home-office practices, respecting limitations, as well as the *#NãoDemita* (don't sack anyone) initiative. It has closed own stores in Brazil and around the world, significantly reduced factory operations by keeping only essential items, and has complied with strict safety and social distancing rules, so as to abide by the time limits and rules set out in the regions where it operates. It has also adjusted production lines to produce items for health professionals, such as lab coats, footwear and others. Alpargatas has strongly worked to properly manage its liquidity, costs and expenses. At the end of March 2020, it had R$1.4 billion in cash, amount sufficient to keep the company operating for over seven months in a hypothetical scenario of extreme stress in revenues. To support society, among its major initiatives noteworthy are the production of 1.3 million face masks to be donated to the public health service of the states of Paraíba, Pernambuco, Minas Gerais, and Rio de Janeiro; the donation of goggles, face masks and coveralls for hospital teams in Paraíba; 250,000 pairs of footwear for people living in vulnerable communities and additional 18,000 pairs of footwear suitable for use in health service environments by hospital professionals in São Paulo; and approximately 30,000 meters of fabric to make medical clothing for health professionals of the Health Departments of Paraíba and Maranhão states.

Investment in Alpargatas Argentina Written Off

In the first quarter of 2020, Alpargatas carried out the definitive write-off of the investment it held in Alpargatas Argentina, as it has transferred shares to the Buyer in the period, upon the exercise in advance of his call option, which was announced to the market on December 27, 2019. Therefore, the Company has completed the process to discontinue operations in Argentina.

Results

R$ million (except where indicated)	1Q20	1Q19	Δ%
Net Revenue	747.0	819.0	-8.8%
EBITDA	(8.9)	137.3	-106.5%
Net Income[4]	26.4	53.1	-50.3%
Recurring Net Income[5]	48.0	66.0	-27.3%
ROE[4]	3.8%	8.8%	- 5.0 p.p.
Recurring ROE [5]	7.1%	11.0%	- 3.9 p.p.

Consolidated net revenue was down by 8.8% in 1Q20, as a result of the challenging scenario in all operations, caused by the COVID-19 spread around the world, which hit Brazil harder as from March on. In 1Q20, net revenue of the **Brazil** operations, represented by brands Havaianas, Mizuno and Osklen, totaled R$550 million, down 10% on a year-on-year basis, mainly driven by a lower volume caused by the COVID-19 effects, partially offset by the rise in prices and a better mix of products, a result of the Revenue Growth Management program. **Sandals International** recorded a net revenue of R$197 million, down 5% on a year-on-year basis, mainly driven by a drop in EMEIA (Europe, Middle East, India & Africa), a region that mostly impacted operations in the quarter, as a result of the pandemic impacts. Gross profit dropped by 12% in the same period, mainly driven by a worse performance of Sandals International, strongly impacted by the pandemic over the quarter.

Recurring EBITDA of the 1Q20 was down by 43.2%, totaling R$72.2 million, basically due to the effects of the pressure of COVID-19 spreading globally in the period, partially offset by the Revenue Growth Management program in Brazil and the better cost and expenses management by the Company as a result of the VIP 100% (Value Improvement Program) and ZBB (Zero-Base Budgeting) projects. Main non-recurring items impacting the 1Q120 are related to expenses arising from lower investments in Alpargatas Argentina, restructuring moves and the IFRS 16 adoption impacts.

In 1Q20, recurring net income was R$48.0 million, down 27.3% on a year-on-year basis, as a result of the factors mentioned above.

Operating cash generation in the last 12 months was R$348 million, and net cash position at the end of March 2020 was R$329.5 million.

For further information on Alpargatas' results, please access https://ri.alpargatas.com.br

Duratex

Highlights

COVID-19

Duratex has taken measures to prioritize its employees' health and safety, among them adopting home office practices. It has increased hygiene and cleanliness levels at its head office and units. It has revisiting the operating and production model to mitigate any risks of supply from suppliers and has worked to ensure supply to all its customers, by respecting government restrictions. Duratex has temporarily suspended operations in the Wood Division units, the electrical shower unit and the bathroom fixtures unit in Queimados (Rio de Janeiro state), in addition to reducing the production capacity of the remaining units of Deca and Ceramic Tiles Divisions. Aimed at ensuring proper liquidity levels, it has operated via liability management by raising R$635 million in March 2020 and rolling over short-term debts, in addition to keeping focused on optimizing the asset operation by reducing operating costs and expenses. In the social frontline, through its Deca and Hydra brands, it has donated to the São Paulo Municipality all bathroom fixtures and fittings used in the construction of the Pacaembu and

[4] Attributable to controlling stockholder.

Anhembi field hospitals. Furthermore, it has joined other partners to help the M'boi Mirim Hospital in the city of São Paulo.

New product lines launched at Expo Revestir 2020 trade fair

With the strategy of offering Solutions for Better Living, Duratex attended the Expo Revestir 2020 trade fair on March, 2020 through its Deca and Ceramic Tiles Units, which had the opportunity to introduce new product lines, and worth mentioning was the big size ceramic tiles line, boosting the ramp-up of the new production line.

Results

Consolidated net revenue in 1Q20 totaled R$1,162 million, up 8.3% on a year-on-year basis, mainly driven by the inclusion of Cecrisa's results, partially offset by the lower volume in all business lines, as a result of the COVID-19 impacts.

R$ million (except where indicated)	1Q20	1Q19	Δ%
Net Revenue	1,161.6	1,072.5	8.3%
EBITDA	266.3	228.8	16.4%
Net Income	52.0	23.9	117.6%
Recurring Net Income	50.6	19.3	162.5%
ROE	4.3%	2.1%	2.2 p.p.
Recurring ROE	4.2%	1.7%	2.5 p.p.

The **Wood Division**'s net revenue totaled R$648.0 million in 1Q20, down 4.4% on a year-on-year basis, due to lower volume shipped, mainly for the domestic market, as a result of the slow demand recovery early in the year and of the COVID-19 impacts as from March 2020 on.

The **Deca Division**'s net revenue totaled R$333.1 million, down 4.4% on a year-on-year basis, as a result of the 8.81% fall in volume shipped, mainly impacted by the heavy rainfalls in the City of São Paulo, which affected the production of one of the units located in that region, in addition to the pandemic effects.

The **Ceramic Tiles Division** posted net revenue of R$180.5 million, up 289.0% on a year-on-year basis, mainly driven by the full consolidation of Cecrisa's results and a greater sales volume, in line with the market growth, partially offset by the COVID-19 effects.

Consolidated EBITDA in 1Q20 totaled R$266.3 million, up 16.4% on a year-on-year basis, mostly caused by a higher variation in the fair value of the biological asset. Excluding these effects, consolidated recurring EBITDA would have increased by 11.6%, mainly driven by the better cost and expense management by Duratex and the full consolidation of Cecrisa's results, partially offset by the COVID-19 impacts. Net income totaled R$52 million, up 117.6%, as a result of the aforementioned factors.

Net debt was R$2.059 million at the end of March 2020 and represented 2.21 times the adjusted recurring EBITDA for 12 months, thus indicating a decrease in the company's leverage level on a year-on-year basis, as a result of greater operating cash generation and the successful liability management strategy.

ℹ *For further information on Duratex's results, please access www.duratex.com.br/ri*

COVID-19

NTS has undertaken efforts to mitigate the pandemic impacts on its operations, employees and surrounding communities. Therefore, it has set up the Crisis Committee, which meets weekly to monitor sensitive and critical issues, adopted home-office practices in the Business Continuity Plan for all administrative functions, and has set up an action protocol to control coronavirus spread in the Company, with guidelines and recommendations to all employees, monitoring those employees who are in the risk group. It has also donated hospital beds and equipment to hospitals in the cities of Nova Iguaçu and Japeri, Rio de Janeiro State, where NTS pipelines are located.

Results

In 1Q20, net revenue totaled R$1,148 million, up 5.9% on a year-on-year basis, mainly driven by the annual inflation adjustment of gas ship-or-pay agreements. Net income in 1Q20 totaled R$602 million, up 11.9% on a year-on-year basis, caused by a more favorable net finance result, mainly driven by lower financial expenses as a result of debt restructuring.

R$ million	1Q20	1Q19	Δ%
Net Revenue	1,148	1,084	5.9%
Net Income	602	538	11.9%

Dividends and interest on capital

In the January-March 2020 period, Itaúsa received dividends and interest on capital, gross, in the amount of $48.6 million.

For further information on NTS's results, please access https://ri.ntsbrasil.com

6. People management

Itaúsa Conglomerate had the support of approximately 124,000 employees on March 31, 2020, including 14,000 employees in foreign units. Its dedicated structure, intended to carry out the holding company's activities, had 88 professionals on that same date.

7. Independent Auditors – CVM Instruction No. 381

Procedures adopted by the Company

The policy adopted by Itaúsa, its subsidiaries and parent company, to engage non-audit services from our independent auditors is based on the applicable regulations and internationally accepted principles that preserve the auditors' independence. These principles include the following: (a) and auditor cannot audit his or her work; (b) an auditor cannot hold managerial positions at their client's; and (c) an auditor cannot promote the interests of its client.

In the January-March 2020 period, the independent auditors and related parties did not provide non-audit services in excess of 5% of total external audit fees.

Independent Auditors' Justification - PwC

The provision of non-audit services does not affect the independence or the objectivity of the external auditor of Itaúsa and its subsidiaries. The policy adopted for providing non-audit services to Itaúsa is based on principles that preserve the independence of the Independent Auditors, all of which were considered in the provision of the referred services.

8. Acknowledgements

We thank our stockholders for their trust, which we always try to repay by obtaining results differentiated from those of the market, and our employees, for their talent and dedication, which have enabled the sustainable growth of business.