EARNING RELEASE

4Q20

VULCABRAS

BUILDING
A BETTER COUNTRY
FROM SPORT.

Jundiaí, March 9, 2021

Vulcabras Azaleia S.A. (B3: VULC3) announces today its results for the fourth quarter of 2020 (4Q20). The Company's operating and financial information is presented based on consolidated figures and in millions of reais, prepared in accordance with accounting practices adopted in Brazil and international financial reporting standards (IFRS). The data in this report refers to the performance for the fourth quarter of 2020, compared to the same period of 2019, unless specified otherwise.

HIGHLIGHTS

Gross Volume

9.7 million pairs/pieces in 4Q20, an **increase of 31.5%** over 4Q19, and **25.1 million pairs/pieces** in 2020, **down 7.6%** over 2019

Net Revenue

R$ 459.1 million in 4Q20, an **increase of 22.8%** compared to 4Q19 and **R$ 1,179.2 million** in 2020, **down 13.3%** over 2019.

Gross Profit

R$ 150.3 million in 4Q20, an **increase of 12.4%** compared to 4Q19 and **R$ 348.2 million** in 2020, a **reduction of 26.2%** in relation to the amount recorded in 2019.

Gross Margin

32.7% in 4Q20, **down 3.1 p.p.** compared to 4Q19, and **29.5%** in 2020, **down 5.2 p.p.** compared to the 2019 margin.

Net Income

R$ 54.6 million in 4Q20, an **increase of 21.1%** compared to that reported in 4Q19, and **R$ 31.5 million** in 2020, a decrease of R$ 111.6 million against the **R$ 143.1 million** in 2019.

EBITDA

R$ 73.9 million in 4Q20, an **increase of 22.8%** compared to **R$ 60.2 million** in 4Q19, and **R$ 112.2 million** in 2020, a **decrease of 49.6%** in relation to that obtained in 2019.

VULC3 Quote (12/30/2020)
R$ 7.99 per share

Number of shares
Common: 245,756,346

Market Value
R$ 2.0 billion

Investor Relations
Wagner Dantas da Silva (CFO e DRI)

Conference Call:
03/10/2021 às 10h00 (Brasília)

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MESSAGE FROM MANAGEMENT

Vulcabras discloses hereby its financial results for the fourth quarter of 2020 at a time when retailers are still looking for stability and sales recovery.The company reports a positive performance in the last three months of the year, with growth of more than 20% in most of its financial indicators.

According to the Brazilian Institute of Geography and Statistics (IBGE), retail sales in Brazil fell in November and December 2020, after a few months of recovery. In December, sales decreased 6.1% compared to November 2020, and 0.1% in November compared to October 2020.

Following the same trend, a study carried out by the Brazilian Association of Handicraft and Footwear Retailers (ABLAC) with 3,000 stores, including medium and large footwear chains in the country, points out that the Brazilian footwear retailer closed 2020 in a 33% drop in turnover compared to 2019. Revenue fell from R$ 51 billion to R$ 34 billion in the period. According to the association, the numbers are still a reflection of the pandemic that hit business worldwide.

Against this backdrop, Vulcabras presents a healthy quarter with sales growth above double digits. In the fourth quarter of 2020, the Company posted net revenue of R$ 459.1 million, an increase of 22.8% compared to 4Q19, an increase in gross profit of 12.4% compared to 4Q19, with R$ 150.3 million in 4Q20, a net income of R$ 54.6 million, an increase of 21.1% in relation to that reported in 4Q19. EBITDA reached R$ 73.9 million, an increase of 22.8% compared to R$ 60.2 million in 4Q19.

> **"Against the Market backdrop in 4Q20, Vulcabras presented growth of more than 20% in our main indicators"**
>
> Pedro Bartelle

This growth above the sector is mainly due to the company's decision not to demobilize its operations and to adapt very quickly to the new market conditions. The Company maintained the prices of its products in the new collections sold in the second half of the year and also granted longer payment terms in order to support its customers in the process of resuming retail. Vulcabras' accelerated response reinforced its position as a strategic partner in the resumption of retail and provided the market share growth for its brands.

The collections launched for the second half of 2020 had excellent market support and absorbed retail demand at the time of resumption of activities, increasing the share of the Company's brands in national retail. Adapting their product collections to the current moment was a strategy that proved to be effective. The Company understands that having adequate products for each moment is important to guarantee the preference of the consumer and partners. During the quarter, the brands' e-commerce continued to expand in 2020 and increased 141.1% compared to 2019.

Moreover, the Company has invested in a new distribution center, in Extrema (MG), which will enter into full operation in the second half of March. This new distribution center will have a logistics operation dedicated to all the brands' e-commerce and also with the operation of distribution of finished products purchased from third parties (imported and domestic). The strategic choice of location, which includes logistical facilitators, labor and specialized services, will give Vulcabras even more efficiency and competitiveness for its business.

FOCUS ON SPORT

On January 29, 2021, Vulcabras completed the acquisition of Mizuno's operation in Brazil, starting to develop, produce and import branded products, including footwear, clothing and accessories, exclusively in the national territory for retail distribution and direct marketing to the consumer through its own stores or e-commerce (www.mizuno.com.br) until December 2033. With the integration of the Mizuno brand into its sports brand portfolio, as well as the licensing of the Azaleia brand to Grendene, Vulcabras concludes a strategic transition, which began in 2018 with the acquisition of Under Armour, and consolidates itself as the largest manager of sports brands in the country.

Olympikus, Under Armour and Mizuno will have at their disposal all the technology and innovation of the Company's shoe development center, the largest in Latin America, its modernized industrial park, with production technology worldwide, a large commercial team that serves more 10,000 customers nationwide and marketing strategies dedicated to each brand. This composition of brands allows Vulcabras to offer products that meet all the profiles of consumers and athletes and their respective needs, with shoes ranging from R$ 149 to R$ 1,600 and sports clothing and accessories from R$ 49 to R$ 999.

Today Vulcabras is the largest sports brand management company in Brazil, this is due to the investments made and the constant search for growth. Today the company has a relevant portfolio of brands, a modern structure for development, production and distribution and a team of highly qualified employees. Therefore, we are convinced that we are ready to grow even faster and faster. We continue to seek the growth of our brands and see a future with gains in sales and profitability, which will provide increasingly better results.

> **"The agility of Vulcabrás business model and knowledge of the sports market allowed a quick response to the challenges imposed by the pandemic"**
>
> Pedro Bartelle

We are Vulcabras and we live for the sport!

>
INSTITUTIONAL

Vulcabras has been operating in the Brazilian footwear sector for more than six decades. The Company uses all the knowledge already acquired together with the constant search for innovation, to bring to the Brazilian consumer the best proposal for technologically developed products and fashion icons.

During this period, the Company consolidated itself as the largest athletic footwear industries in Brazil and has become a leading brand manager in its respective segments, such as Olympikus, the national sneaker sales champion, Under Armour, one of the largest major apparel, footwear and athletic accessories brand in the world, and Mizuno from 2021, the brand that believes in the value of sports and supports the journey of all who give their best regardless of who they are, level and type of sport.

That expertise began in July 1952, with the establishment of Companhia Industrial Brasileira de Calçados Vulcanizados S.A., in São Paulo, a manufacturer of leather shoes with vulcanized rubber soles and Vulcabras 752 was one of its first icons, the name of which is in reference to the month and year of the Company's foundation.

Vulcabras' business model also ensures significant competitiveness, which results in better services to customers. The Company master all production process stages, from research to production, as well as from marketing to sale to retailers.

The shoes produced are found in stores all over Brazil, with a wide commercial team that serves more than 10,000 customers in the national territory and in more than 20 countries, especially in South America. Consumers can also find Olympikus, Under Armour and Mizuno on their online channels.

There are more than 800 new models per year, designed and developed in one of the largest centers for footwear technology and development in Latin America, located in the municipality of Parobé in the Rio Grande do Sul State.

The products are made in two modern factories in Brazil's Northeast region; namely, in the cities of Horizonte in the Ceará State, and Itapetinga in the Bahia State. The Company's administrative centers are located in the city of Jundiaí-SP and in the city of São Paulo-SP. These five units in Brazil directly employ more than 14,500 workers. There are also two branches and distribution centers in Peru and Colombia.

Besides mastering this process, Vulcabras also knows how to transform itself. With these values in tune with its day-to-day operations, the Company is working on a strategy of portfolio diversification and expansion of its base in South America. The focus is on business continuity, constantly seeking innovation and refinement.

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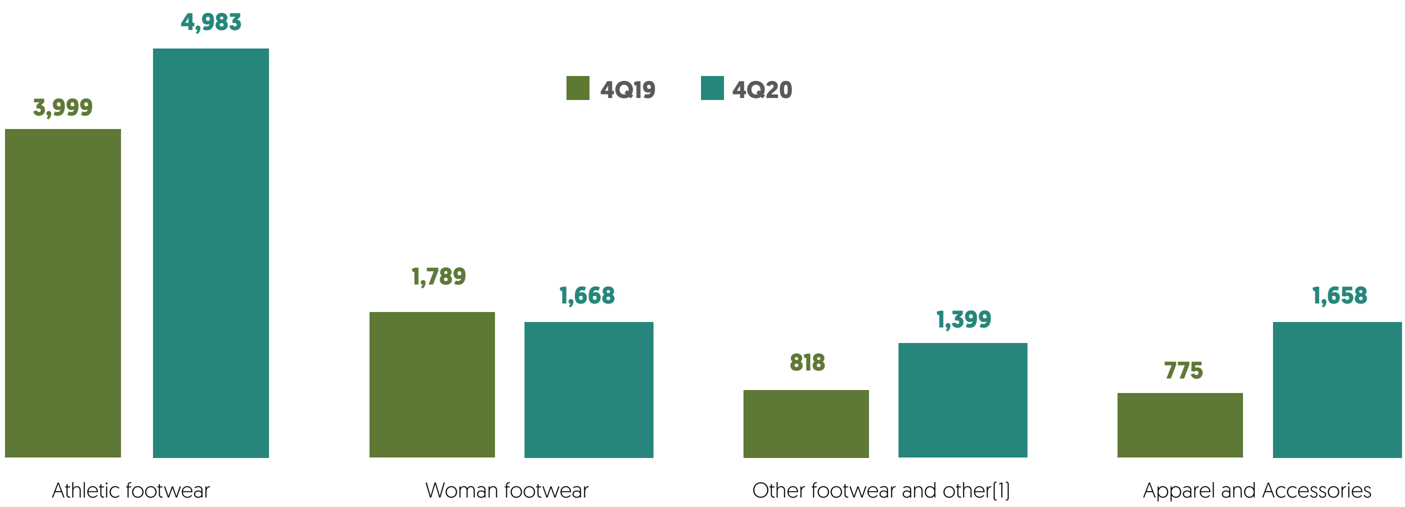
GROSS VOLUME

In 4Q20, gross volume totaled 9.7 million pairs/pieces, an increase of 31.5% compared to the total in 4Q19 of 7.4 million pairs/pieces. The volume sold grew in almost all categories in 4Q20, with the only exception being the category of women's footwear, which presented a retraction due to the licensing of the Azaleia brand to Grendene and consequent phase out of our own production during the quarter. The production capacity released by the decrease in women's shoes was fully occupied by the production of sports shoes, which showed a 24.6% growth in sales in 4Q20 compared to the same period in 2019.

> **"Not demobilize our operations allowed us to promptly meet the market demand"**
>
> Pedro Bartelle

GROSS VOLUME OF PAIRS AND PARTS/ THOUSAND - 4Q20 VS. 4Q19

Pairs and itens (thousand)	4Q20	Share %	4Q19	Share %	Var. % 4Q20/4Q19
Athletic footwear	4,983	51.3%	3,999	54.2%	24.6%
Woman footwear	1,668	17.2%	1,789	24.2%	-6.8%
Other footwear and other (1)	1,399	14.4%	818	11.1%	71.0%
Apparel and Accessories	1,658	17.1%	775	10.5%	113.9%
Total	9,708	100.0%	7,381	100.0%	31.5%

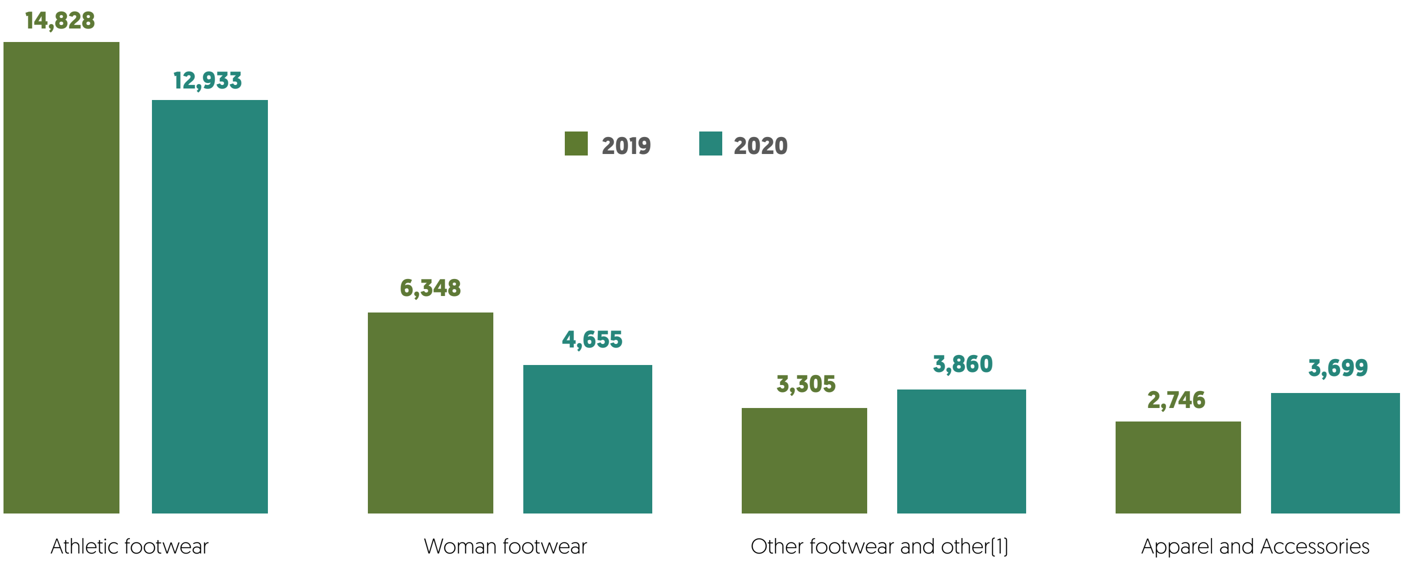


[1] Slippers, boots and shoe components

In 2020, the gross volume billed amounted to 25.1 million pairs/pieces, a decrease of 7.6% as opposed to the volume in 2019, of 27.2 million pairs/pieces. The decrease observed in 2020 is due to the generalized halt in industrial and commercial activities throughout the first half of the year in almost all countries in the world as a measure to combat the spread of the Covid-19 pandemic. Even in the face of this extremely difficult scenario, the categories of Apparel and Accessories and Other Footwear and Other (mainly composed of Boots for professional use) showed growth in comparison with 2019.

GROSS VOLUME OF PAIRS AND PARTS/ THOUSAND - 2020 VS 2019

Pairs and itens (thousand)	2020	Share %	2019	Share %	Var. % 2020/2019
Athletic footwear	12,933	51.4%	14,828	54.5%	-12.8%
Woman footwear	4,655	18.5%	6,348	23.3%	-26.7%
Other footwear and other (1)	3,860	15.3%	3,305	12.1%	16.8%
Apparel and Accessories	3,699	14.8%	2,746	10.1%	34.7%
Total	25,147	100.0%	27,227	100.0%	-7.6%



[1] Slippers, boots and shoe components

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NET OPERATING REVENUE

CATEGORY

In 4Q20, net revenue was R$ 459.1 million, a 22.8% increase over R$ 373.9 million in 4Q19.

The robust order book created after the launch of the new collections at the end of July, added to the easing of social isolation measures in all Brazilian states and the reopening, even with some restrictions from most physical retail, it was essential for the excellent performance of revenue during the 4th quarter

Athletic footwear revenue increased by 21.7% in 4Q20, with all orders fulfilled and an important presence in Black Friday and Christmas sales. The revenue from Olympikus shoes as well as that from Under Armour shoes increased in relation to the same quarter of the previous year.

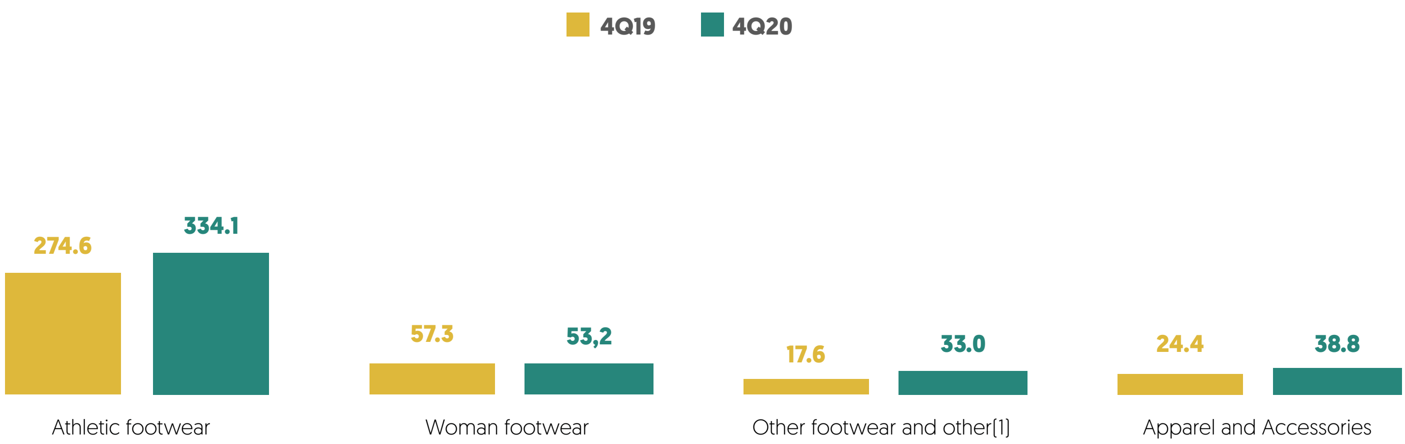
The Women Footwear category recorded a decrease of 7.2% when compared to the same period of 2019. The downturn is due to the licensing strategy of the Azaleia brand and the consequent decrease in the production of women footwear with the transfer of production capacity to athletic footwear.

The Apparel and Accessories category recorded an increase of 59.0% when compared to 4Q19. Both revenue from Under Armour brand and Olympikus brand increased.

The Other footwear and other category increased by 87.5%, mainly driven by the growth in sales in the boots category, mainly due to the rapid resumption of the pace of full production after the shutdown that occurred in the peak months of the Covid-19 pandemic.

NET REVENUE BY CATEGORY - 4Q20 VS. 4Q19

R$ Milion	4Q20	Share %	4Q19	Share %	Var. % 4Q20/4Q19
Athletic footwear	334.1	72.8%	274.6	73.4%	21.7%
Woman footwear	53.2	11.5%	57.3	15.3%	-7.2%
Other footwear and other (1)	33.0	7.2%	17.6	4.7%	87.5%
Apparel and Accessories	38.8	8.5%	24.4	6.6%	59.0%
Total Net Revenue	459.1	100.0%	373.9	100.0%	22.8%

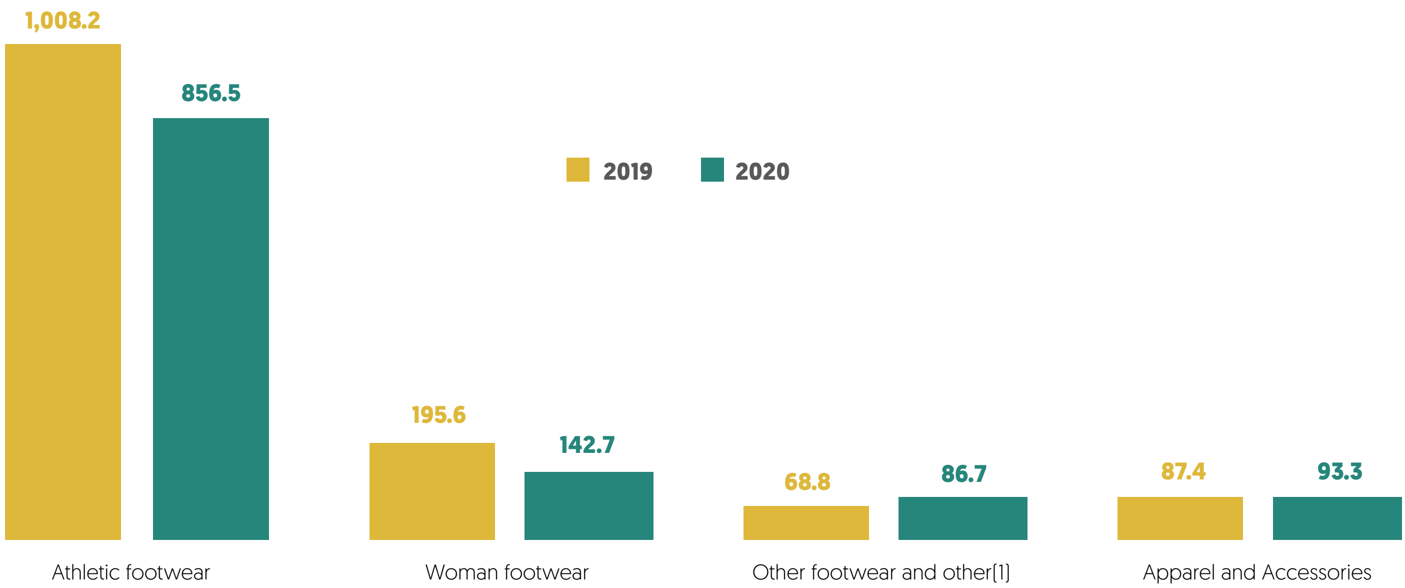


[1] Slippers, boots and shoe components

In 2020 net revenue was R$ 1,179.2 million, 13.3% lower than in 2019, when it was R$ 1,360.0 million. The decrease observed in 2020 is due to the generalized halt in industrial and commercial activities observed throughout the first half of the year in almost all countries in the world as a measure to combat the spread of the Covid-19 pandemic. The positive highlights were the Apparel and Accessories and Other Footwear and Other (mainly professional boots) categories, which showed positive performance even in the face of all the difficulties experienced throughout the year.

NET REVENUE BY CATEGORY - 2020 VS. 2019

R$ Milion	2020	Share %	2019	Share %	Var. % 2020/2019
Athletic footwear	856.5	72.6%	1,008.2	74.1%	-15.0%
Woman footwear	142.7	12.1%	195.6	14.4%	-27.0%
Other footwear and other (1)	86.7	7.4%	68.8	5.1%	26.0%
Apparel and Accessories	93.3	7.9%	87.4	6.4%	6.8%
Total Net Revenue	1,179.2	100.0%	1,360.0	100.0%	-13.3%



[1] Slippers, boots and shoe components

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NET OPERATING REVENUE

MARKETS

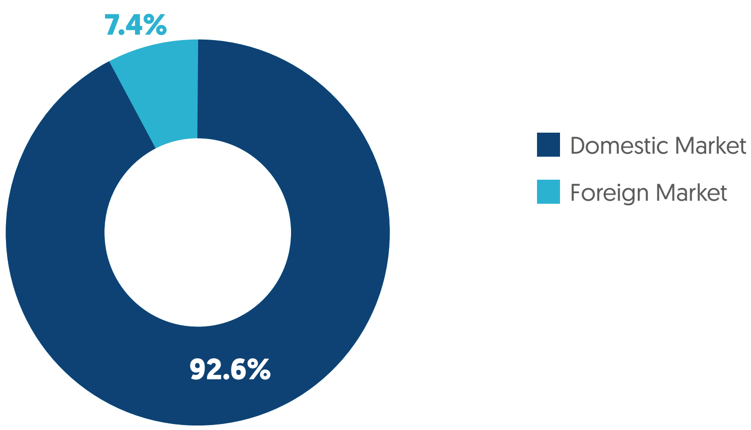
Net revenue in 4Q20, in the domestic market, totaled R$ 425.3 million, an increase of 24.3% compared to 4Q19, when it was R$ 342.2 million.
In the domestic market: the increase is due to the increase in almost all categories, with women footwear being the only exception. With the reopening of physical stores, even with restrictions on access and opening hours, retail sales once again took center stage in our revenues.
In the foreign market, net revenue in 4Q20 was R$ 33.8 million, an increase of 6.6% over the R$ 31.7 million posted in 4Q19.

In this quarter, there was an expansion in direct sales to the foreign market in relation to the same period of the prior year. The positive highlight was the growth of business with Argentina, despite the difficulties imposed by that country. In sales of subsidiaries abroad, there was a slight growth in revenue in relation to the same period of the prior year. The problems and effects resulting from the Covid-19 pandemic are still being felt in the economies of the countries where the Company's subsidiaries, Peru and Colombia, are located, which ends up significant in the performance of these branches.

NET REVENUE BY MARKET - 4Q20 VS. 4Q19

R$ Milion	4Q20	Share %	4Q19	Share %	Var. % 4Q20/4Q19
Domestic Market	425.3	92.6%	342.2	91.5%	24.3%
Foreign Market	33.8	7.4%	31.7	8.5%	6.6%
Total Net Revenue	459.1	100.0%	373.9	100.0%	22.8%

MARKET PARTICIPATION – 4Q20



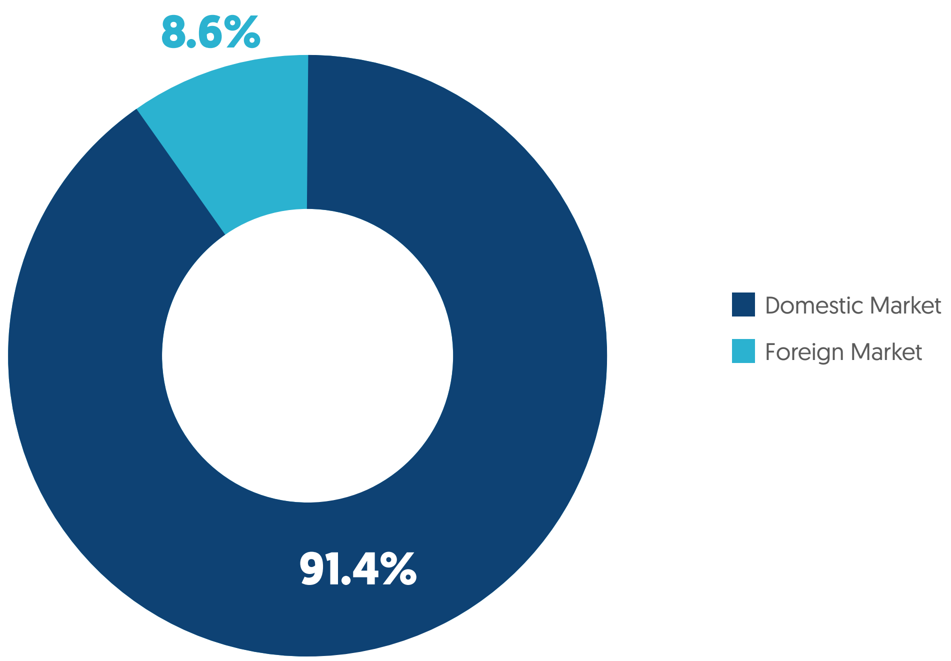
In 2020, the domestic market totaled R$ 1,078.1 million, a reduction of 13.8% in relation to 2019, when net revenue was R$ 1,251.3 million.

In the foreign market, net revenue for 2020 was R$ 101.1 million, 7.0% lower compared to the R$ 108.7 million obtained in 2019.

NET REVENUE BY MARKET - 2020 VS. 2019

R$ Milion	2020	Share %	2019	Share %	Var. % 2020/2019
Domestic Market	1,078.1	91.4%	1,251.3	92.0%	-13.8%
Foreign Market	101.1	8.6%	108.7	8.0%	-7.0%
Total Net Revenue	1,179.2	100.0%	1,360.0	100.0%	-13.3%

MARKET PARTICIPATION – 2020



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E-COMMERCE

In 4Q20, e-commerce with the Company's brands continued to expand and grew 81.3% over the same period last year. Net revenue in 4Q20 totaled R$ 14.5 million, against the R$ 8.0 million in 4Q19.

Although it still has a small share in the Company's total revenue, 4.1% in 2020, the growth of this channel and its potential represent a great lever for expansion

In 2020, e-commerce revenue totaled R$ 48.7 million, an increase of 141.1% over 2019, whose net revenue was R$ 20.2 million.

The "Corre Junto Brasil" affiliate program, which was born as a possibility of supplementing income for physical education professionals, through the indication or recommendation of the products available in our online stores, reached the number of 8,000 thousand affiliates enrolled at 12/31/2020. The Company believes in this channel's potential and has been making robust investments for its expansion. Aware of the moment experienced with the growing search for online sales, the Company made another important move to lay the foundations for this channel's growth. During the 4th quarter of 2020, the Company started the project to transfer the e-commerce logistics DC to the city of Extrema-MG, which has three times the area of the current DC, modern structures, automated operations and under its own management . The choice for the location of Extrema - MG is due to the fact that the region is transforming itself into a major logistics distribution pole and that offers important competitive advantages, such as proximity to the largest consumer markets, extensive network of carriers and relevant tax incentives. . All of these movements aim to provide the necessary conditions for the rapid growth of this important sales channel.

"Internalize our e-commerce operation for the group brands was an assertive decision in 2019 and at this moment of the pandemic and allowed the great increase of the channel this year"

Pedro Bartelle

E-commerce

R$ Milion	4Q20	4Q19	Var. % 4Q20/4Q19	2020	2019	Var. % 2020/2019
Total Net Revenue	14.5	8.0	81.3%	48.7	20.2	141.1%
Share Net Revenue %	3.2%	2.1%	1.1 p.p.	4.1%	1.5%	2.6 p.p.

COST OF GOODS SOLD (COGS)

In 4Q20, as a percentage of net sales revenue, cost of goods sold represented 67.3%, compared to 64.2% in the same period in 2019.

The predictability given by the robust order book that has existed since the beginning of 4Q20, significantly helped the positive performance of the factories. Due to the rigorous adoption of safety protocols against the spread of Covid-19, an increase in the level of absenteeism in the factories was observed. In view of this fact, the Company decided to hire some additional employees so that it could temporarily cover such absences. This increase in labor ended up burdening the cost of products, but also provides more fluidity to the pace of production. With the gradual normalization of operations, this additional contingent became part of the Company's effective staff and helped to expand production. Throughout 4Q20, occasional problems with the supply of some raw materials became more frequent and, on countless occasions, ended up interfering in the production flow. These events gradually decreased and at the end of the year, the full reestablishment of the supply chain can already be seen. The cost of the products produced was also impacted by the high prices of various raw materials. The most affected raw materials were those in which prices maintain some indexation to the US Dollar or are quoted as international commodities.

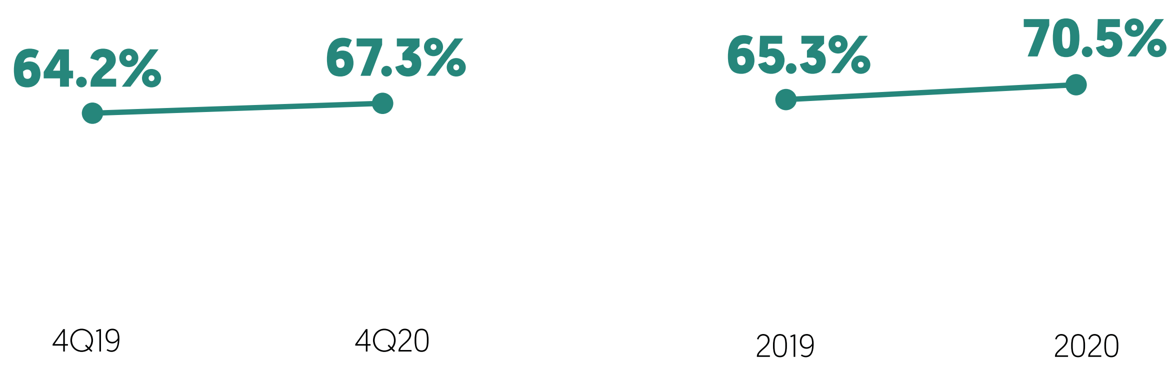
The increases in the workforce and in the prices of raw materials, caused the increase in the cost of the products produced and had a significant impact on the profitability of sales.

In 2020, as a percentage of net sales revenue, cost of goods sold represented 70.5% compared to 65.3% in the same period of 2019. In 2020, especially in the first half of the year, the general shutdown due to the fight against the Covid-19 pandemic had a negative impact on the production flow of the factories.

During the 2nd half of the year, despite the resumption of the production rhythm, the price increases in raw materials, the problems with supply and the rise in absenteeism ended up raising the cost of the products produced.

In 2020, production costs were directly recognized in COGS in the amount of R$ 36.4 million, related to the period in which the manufacturing plants were closed due to government restrictions as a measure to combat the Covid-19 pandemic. The Company had classified these costs as "Other expenses" in the periods ended June 30, 2020 and September 30, 2020 and reclassified to COGS in the financial statements as at December 31, 2020.

COGS/NET OPERATING REVENUE (%)



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GROSS PROFIT

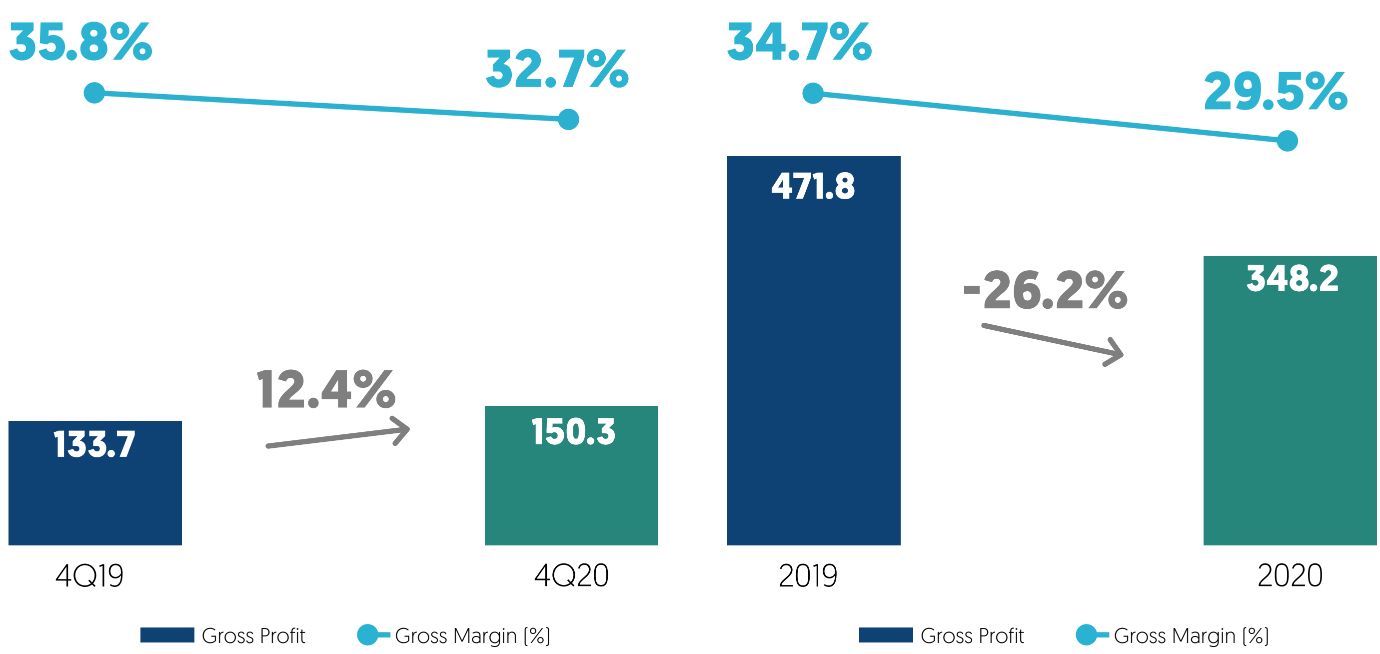
Gross profit in 4Q20 was R$ 150.3 million, an increase of 12.4% over the R$ 133.7 million recorded in 4Q19. The gross margin was 32.7% in 4Q20, 3.1 p.p. below the 35.8% recorded in 4Q19.

Despite the rapid resumption of production level and the excellent recovery of the order backlog, 4Q20 gross margin was still negatively impacted by the following factors: (i) rising costs of products produced, due to increased absenteeism, declines in production due to supply problems and an increase in raw materials; and, (ii) maintenance of sales prices, without the transfer of cost increases, since the collection pricing took place at the end of July and the capture of most orders for the 4th quarter along the months of July, August and September.

In 2020 gross profit was R$ 348.2 million, a decrease of 26.2% over the R$ 471.8 million in 2019. The margin for 2020 was 29.5%, 5.2 p.p. lower than in 2019 (34.7%). The factors that influenced the drop in gross margin in the year were: (i) direct recognition in COGS of costs incurred with the shutdown of manufacturing operations during the 2nd quarter of the year as a result of the Covid-19 pandemic; (ii) an increase in the cost of products produced due to the level of absenteeism throughout the second half of the year and also due to production losses due to the shortage of some inputs; and (iii) cost pressure due to the general increase in raw materials.

For comparative purposes only, if we disregard the R$ 36.4 million from the shutdown of manufacturing operations during 2Q20, gross profit for 2020 would total R$ 384.6 million and the gross margin would be 32.6% .

GROSS PROFIT AND GROSS MARGIN



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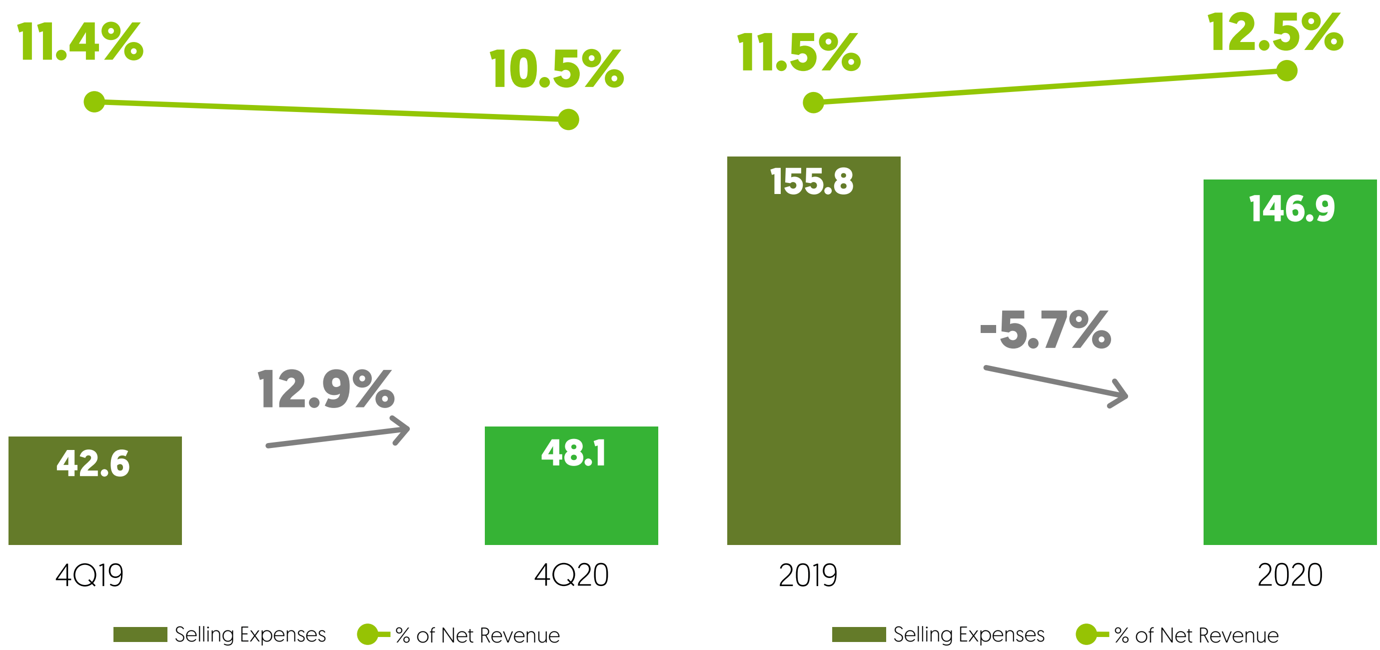
SELLING AND ADVERTISING EXPENSES

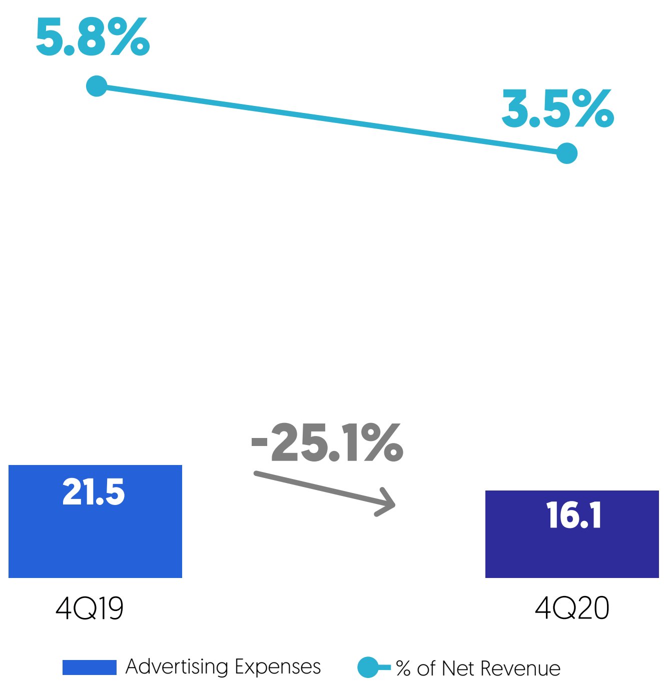
Selling and advertising expenses in 4Q20 totaled R$ 64.2 million, an increase of 0.2% compared to R$ 64.1 million in 4Q19.
Selling expenses (excluding advertising expenses) increased by 12.9% in 4Q20, compared to the expenses reported in 4Q19. R$ 48.1 million was recorded in 4Q20, against R$ 42.6 million in the same period last year. As a share of revenue, selling expenses (excluding advertising expenses) accounted for 10.5% in 4Q20, compared to the 11.4% of 4Q19, showing a decrease of 0.9%.
Variable commercial expenses remained at normal levels, in line with those presented in the last quarters.
In 2020, selling expenses (excluding advertising expenses) were R$ 146.9 million, a decrease of 5.7% compared to R$ 155.8 million in 2019. As a share of revenue, selling expenses increased by 1.0 p.p. compared to 2019, from 11.5% to 12.5%, due to the drop in revenue observed in the year due to the reduction over the course of the first half of the year, which provides a greater relative share of fixed costs, and the increase observed in the cost of freight for products partly due to the increased share of online sales, which have higher delivery costs and, in partly due to increases in transport costs that were absorbed throughout the year.

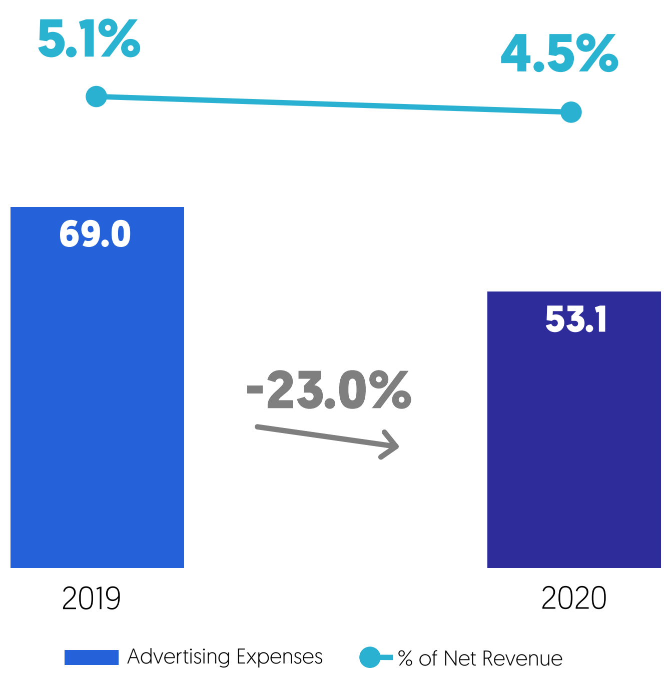
SELLING EXPENSES (EXCLUDING ADVERTISING EXPENSES)



In 4Q20, advertising and marketing expenses totaled R$ 16.1 million, a decrease of 25.1% over the R$ 21.5 million in 4Q19. The share of advertising and marketing expenses over net revenue represented 3.5% in 4Q20, compared to 5.8% in 4Q19, a reduction of 2.3 p.p.
The decrease in marketing expenses is due to the facat that it is not possible to carry out the planned schedule of events, due to the adoption of security protocols to combat the Covid-19 pandemic.
In 2020, expenses totaled R$ 53.1 million, a decrease of 23.0% compared to 2019, which totaled R$ 69.0 million. The share of advertising and marketing expenses over net revenue represented 4.5% in 2020, compared to 5.1% in 2019, a reduction of 0.6 p.p.

ADVERTISING AND MARKETING EXPENSES





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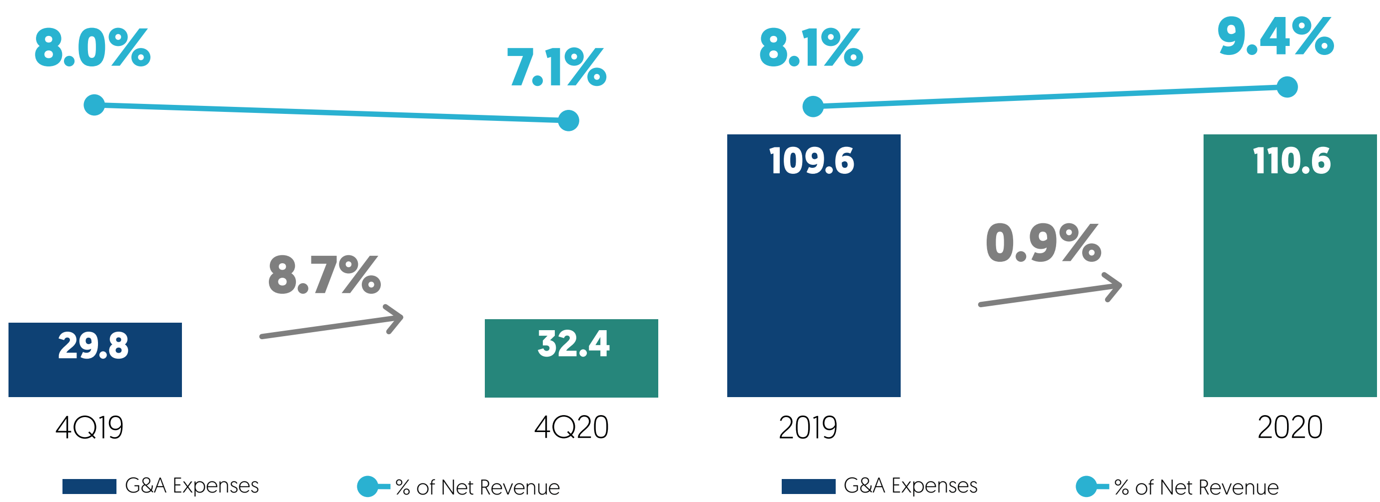
GENERAL AND ADMINISTRATIVE EXPENSES

Administrative expenses totaled R$ 32.4 million in 4Q20, an increase of 8.7% over the amount in 4Q19. As a percentage of net revenue, there was a reduction of 0.9 p.p., from 8.0% in 4Q19 to 7.1% in 4Q20.
During the quarter, there was stability in most of the components of this line item. The increases were observed in third-party services, due to the higher volume of expenses with the logistical operation of online sales, and in maintenance, cleaning and environment, due to the necessary adjustments to comply with the protocols to combat Covid-19.
In 2020, compared to 2019, there was an increase of 0.9% in general and administrative expenses, from R$ 109.6 million to R$ 110.6 million. When comparing the percentage of net revenue, there is an increase of 1.3 p.p. in 2020 in relation to the equivalent period of the prior year.

GENERAL AND ADMINISTRATIVE EXPENSES



OTHER NET OPERATING INCOME (EXPENSES)

In 4Q20, Other Net Operating Income (Expenses) resulted in income of R$ 2.3 million, compared to expenses of R$ 2.2 million in 4Q19. In the course of 4Q20, several events, but without much impact on the result of this line item, ended up interfering in the total of this line item. In the period, there was an increase in the recognition of provisions for contingencies, which were offset by the recognition of some tax credits.

In 2020, the amount generated an income of R$ 0.8 million compared to income of R$ 4.1 million in 2019.
In the financial statements at December 31, 2020, the Company reclassified to COGS the costs related to the period in which the manufacturing units were closed due to government restrictions as a measure to combat the Covid-19 pandemic, which had been classified as "Other Expenses" in the periods ended June 30, 2020 and September 30, 2020.

OTHER NET OPERATING INCOME (EXPENSES)

R$ Milion	4Q20	4Q19	Var. % 4Q20/4Q19	2020	2019	Var. % 2020/2019
Other Net Operating Income (Expenses)	**2.3**	**-2.2**	**-204.5%**	**0.8**	**4.1**	**-80.5%**

>

NET FINANCIAL INCOME (EXPENSES)

In 4Q20, the Company reported a net financial income of R$ 0.4 million in contrast to the same period in 2019, when it reported net financial income of R$ 7.5 million. In the comparison of the quarters, the main variation was observed in the increase in interest paid due to the increase in debt.

Net financial income (expense) changed from an income of R$ 5.1 million in 2019 to an expense of R$ 0.1 million in 2020. The main highlight of this variation was also the increase in interest paid due to the increase in debt.

NET FINANCE INCOME (EXPENSE)

R$ Milion	4Q20	4Q19	Var. % 4Q20/4Q19	2020	2019	Var. % 2020/2019
Capital Structure	-4.9	-1.9	157.9%	-16.8	-5.4	211.1%
Operating	-4.3	-2.8	53.6%	-8.7	-11.3	-23.0%
Exchange Differences	-4.7	-3.0	56.7%	-20.9	-11.7	78.6%
Financial Costs	-13.9	-7.7	80.5%	-46.4	-28.4	63.4%
Capital Structure	1.1	0.6	83.3%	4.9	4.1	19.5%
Operating	8.3	11.4	-27.2%	13.0	16.9	-23.1%
Exchange Differences	4.9	3.2	53.1%	28.4	12.5	127.2%
Financial Income	14.3	15.2	-5.9%	46.3	33.5	38.2%
Net Financial Income	0.4	7.5	-94.7%	-0.1	5.1	-102.0%

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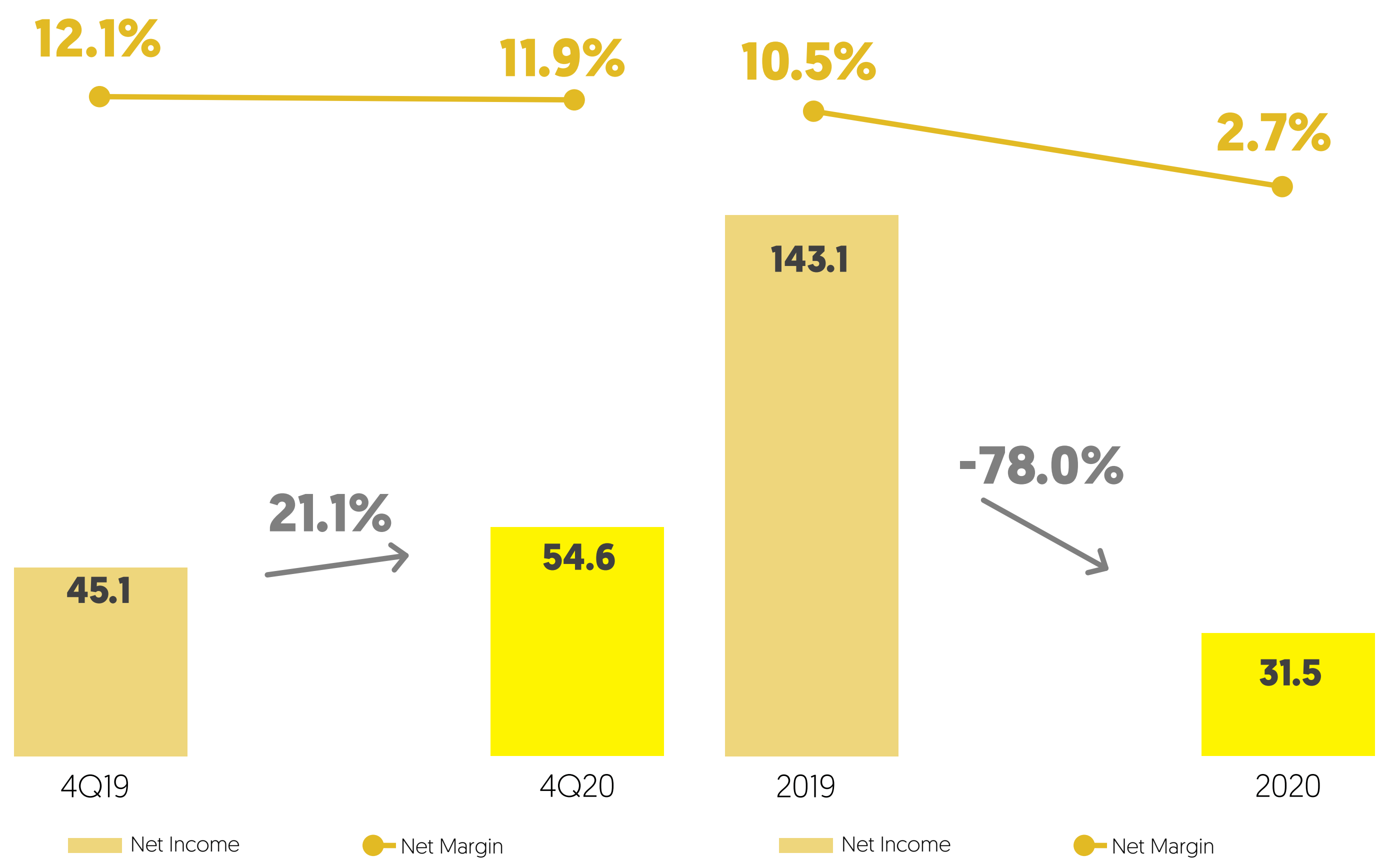
NET INCOME

In 4Q20 the Company posted a net income of R$ 54.6 million, an increase of 21.1% over the net income of R$ 45.1 million in 4Q19. The net margin reached 11.9% in 4Q20, compared to the 12.1% in 4Q19, a reduction of 0.2 p.p.
In 2020, net income was R$ 31.5 million, a decrease of 78.0% in relation to the R$ 143.1 in 2019. The net margin in the twelve-month comparison was reduced by 7.8 p.p., from 10.5% in 2019 to 2.7% in 2020. Despite the difficult 1st half of 2020 experienced by the Company, the quick resumption of business and the vertiginous recovery observed during the 2nd half of 2020, were decisive for the reversal of the negative results and the closing of the year with profit.

NET INCOME AND NET MARGIN



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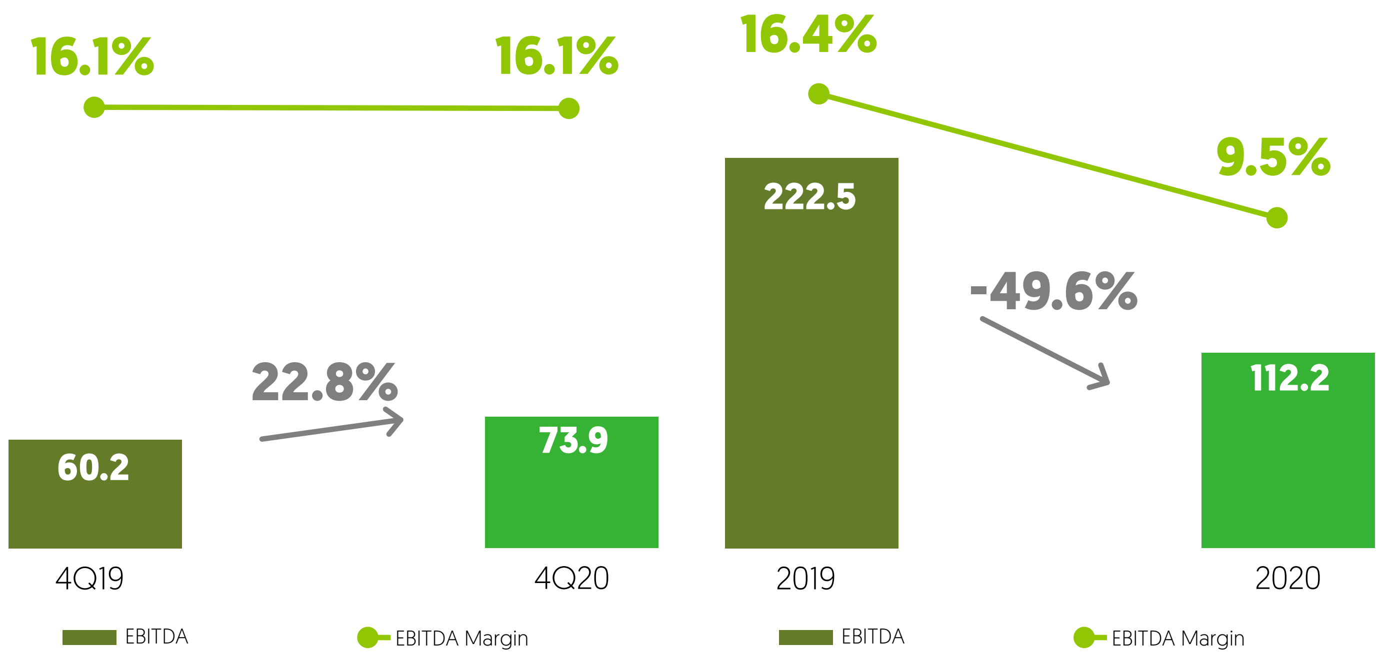
EBITDA

In 4Q20, EBITDA was R$ 73.9 million, an increase of 22.8% compared to the R$ 60.2 million in 4Q19. The EBITDA margin reached 16.1% in 4Q20, the same obtained in 4Q19.
With the adoption of IFRS 16/CPC 06 (R2) (Leases), 4Q20 EBITDA was positively impacted by R$ 3.4 million, the same amount recorded in 4Q19.

In 2020, EBITDA amounted to R$ 112.2 million, a decrease of 49.6% over the R$ 222.5 million recorded in 2019. The EBITDA margin decreased by 6.9 p.p., reaching 9.5% in 2020.
In 2020, EBITDA was impacted by the adoption of IFRS 16/CPC 06 by R$ 10.1 million, compared to the R $ 12.6 million registered in 2019.

EBITDA AND EBITDA MARGIN - 4Q20 VS. 4Q19 AND 2020 VS. 2019



ROIC (RETURN ON INVESTED CAPITAL)

Annualized return on invested capital – ROIC reached 2.8% in 4Q20 - LTM (last twelve months ended 12/31/2020), which represents a 10.8 p.p. decrease compared to 13.6% obtained at 12/31/2019.

ROIC	2017	2018	2019	2020
Net Income for the period(LTM)	188.9	152.1	143.1	31.5
(+) Net Financial Income(LTM)	49.6	6.2	(5.1)	0.1
NOPAT	**238.5**	**158.3**	**138.0**	**31.6**
Invested Capital				
Loans and Financing	94.8	60.0	43.1	311.6
(-) Cash and cash equivalents	(100.5)	(68.6)	(62.2)	(158.6)
(-) Financial Investments	(5.7)	(2.5)	(2.8)	(90.5)
(+) Related Parties	8.6	16.3	16.9	17.6
(+) Equity	784.6	941.5	1,087.4	1,125.4
Invested Capital	**781.8**	**946.7**	**1,082.4**	**1,205.5**
Average invested capital for the period [1]	**801.4**	**864.3**	**1,014.6**	**1,144.0**
Annualized ROIC [2]	**29.8%**	**18.3%**	**13.6%**	**2.8%**

Annualized adjusted return on invested capital (Adjusted ROIC) was 3.8% in 4Q20 - LTM (last twelve months ended 12/31/2020), a decrease of 14.5 p.p. over the result of 18.3 % obtained at 12/31/2019.

Adjusted ROIC	2017	2018	2019	2020
Net income for the period (LTM)	188.9	152.1	143.1	31.5
(+) Net Financial Income (LTM)	49.6	6.2	(5.1)	0.1
(-) Gain by advantageous acquisition (LTM)	(6.9)	(13.6)	–	–
(-) Equity Results (LTM)	(1.8)	(1.8)	(0.3)	2.0
NOPAT (Adjusted)	**229.8**	**142.9**	**137.7**	**33.6**
Invested Capital				
Loans and Financing	94.8	60.0	43.1	311.6
(-) Cash and cash equivalents	(100.5)	(68.6)	(62.2)	(158.6)
(-) Financial Investments	(5.7)	(2.5)	(2.8)	(90.5)
(+) Related Parties	8.6	16.3	16.9	17.6
(-) Goodwill on acquisition	(198.2)	(198.2)	(198.2)	(198.2)
(-) Investment in subsidiary	(40.1)	(61.8)	(62.0)	(60.0)
(+) Equity	784.6	941.5	1,087.4	1,125.4
Total Adjusted Invested Capital	**543.5**	**686.7**	**822.2**	**947.3**
Average adjusted invested capital for the period [1]	**568.3**	**615.1**	**754.5**	**884.8**
Adjusted Annualized ROIC [3]	**40.4%**	**23.2%**	**18.3%**	**3.8%**

ROIC: Return on invested capital. In Portuguese, return on invested capital.
(1) Average capital invested at the end of this period and the end of the previous year.
(2) ROIC calculation: NOPAT for the last 12 months divided by the average invested capital
(3) Adjusted ROIC is a non-accounting measure calculated by dividing Adjusted NOPAT (defined as net profit (loss) plus net financial result less equity income and the result of discontinued operations), divided by the adjusted average Invested Capital. Adjusted Invested Capital is defined as the sum of equity (shareholders' equity) and Net Debt (as defined below), less goodwill recorded in intangible assets and investment in non-controlled companies.

> CAPEX (CAPITAL EXPENDITURES)

In the fourth quarter of 2020, R$ 27.6 million was invested in property, plant and equipment. The highlights in the quarter were the investments made in the new logistics DC for e-commerce located in Extrema – MG, and the adjustments in the Ceará factory to receive the production of Mizuno shoes. The amounted invested in intangible assets in 4Q20 was R$ 0.8 million

"Investments made in the operation over the last 3 years allowed us to increase our production along the second semester with marginal investment in CAPEX"

Pedro Bartelle

In 2020, the amount invested in property, plant and equipment totaled R$ 85.1 million, a decrease of 26.6% compared to 2019, when it was R$ 115.9 million. In intangible assets, the amount invested in 2020 totaled R$ 2.6 million, with a total focus on new software.

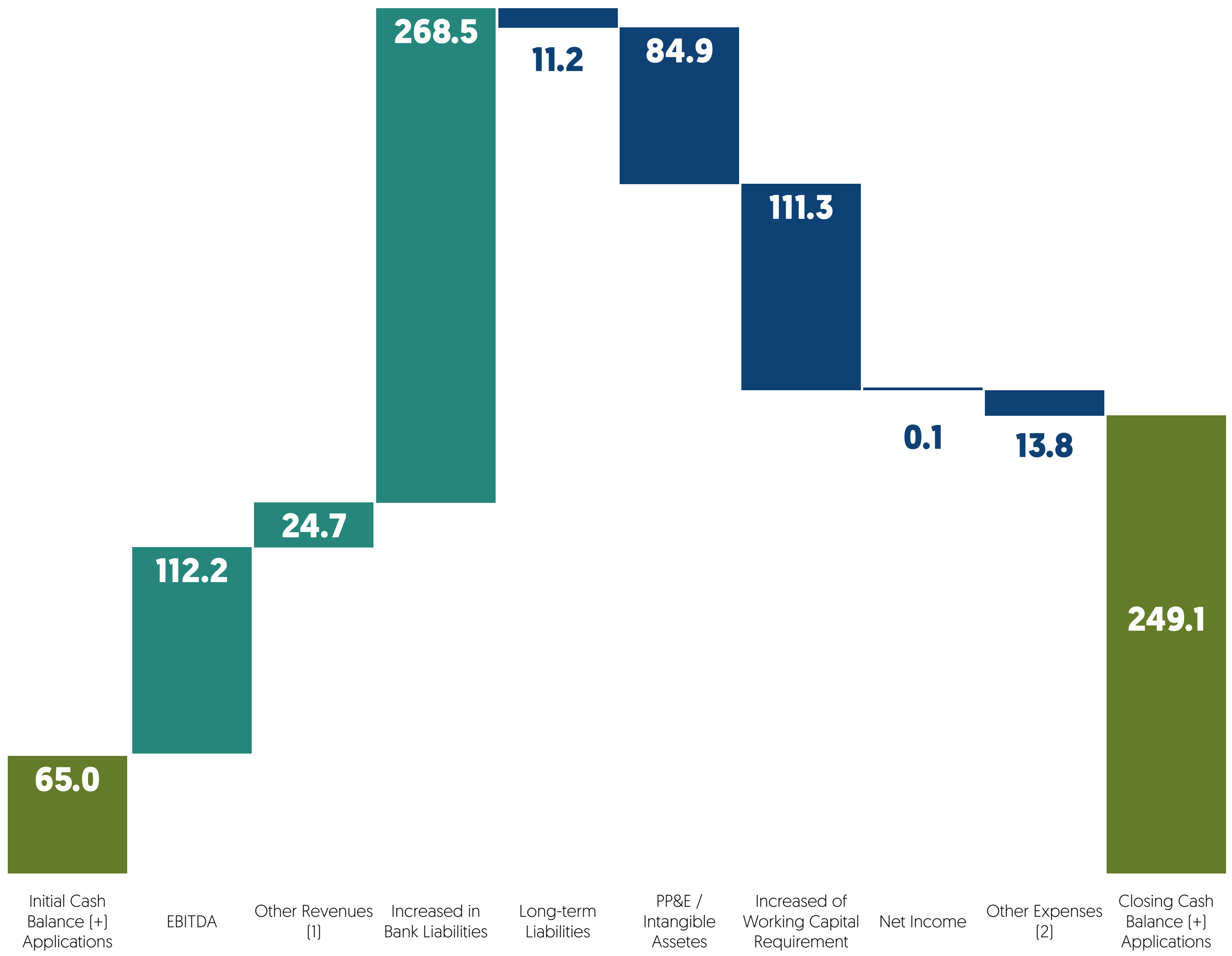
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

R$ Milion	4Q20	4Q19	Var. % 4Q20/4Q19	2020	2019	Var. % 2020/2019
molds	6.8	11.4	-40.4%	23.5	47.3	-50.3%
Machinery and equipment	9.8	3.1	216.1%	35.0	35.2	-0.6%
industrial Facilities	4.8	5.7	-15.8%	18.1	26.1	-30.7%
Othes	6.2	2.4	158.3%	8.5	7.3	16.4%
Property, plant and equipment	27.6	22.6	22.1%	85.1	115.9	-26.6%
Software	0.8	0.9	-11.1%	2.6	3.4	-23.5%
Assigment of right	0.0	0.1	-100.0%	0.0	0.1	-100.0%
Others	0.0	0.0	0.0%	0.0	0.0	0.0%
Intangible assets	0.8	1.0	-20.0%	2.6	3.5	-25.7%
Subtotal	28.4	23.6	20.3%	87.7	119.4	-26.5%

>
CASH FLOW

The cash variation in 2020 was R$ 184.1 million. The variation presented was essentially made up of the following events: (i) EBITDA of R$ 112.2 million; (ii) an increase in bank liabilities of R$ 268.5 million; (iii) growth in long-term liabilities of R$ 11.2 million; (iv) investments in property, plant and equipment and intangible assets of R$ 84.9 million; and (v) an increase in the need for working capital of R$ 111.3 million.

CASH FLOW - 2020



(1) Other Revenue: Disposal / Write-off of Fixed and Intangible Assets + Stock Options.
(2) Other Expenses: IR and CSLL + Effect of the conversion of investees abroad + Payment of financial lease liabilities.

NET DEBT

At the end of 4Q20, the Company had a net debt of R$ 62.5 million, R$ 84.4 million higher than that observed at the end of 12/31/2019
Since the initial impacts from the pandemic, the Company has maintained its financial discipline and has sought to reinforce its cash using pre-approved credit lines, prioritizing incentive operations and with extended terms. During the year 2020, the balance of loans and financing increased by R$ 268.5 million.

NET DEBT

R$ Million	12/31/2018	12/31/2019	12/31/2020	Var. % 12/31/2020 / 12/31/2019
Loans and Financing	60.0	43.1	311.6	623.0%
Cash and cash equivalents	68.6	62.2	158.6	155.0%
Financial investments	2.5	2.8	90.5	3132.1%
Net Debt	(11.1)	(21.9)	62.5	-385.4%

NET DEBT EVOLUTION

GROSS DEBT PER CURRENCY

R$ Milion	12/31/2019	12/31/2020	Var. % 12/31/2020 / 12/31/2019
Local currency	43.1	285.0	561.3%
Foreign currency	–	26.6	0.0%
total Loans and Financing	43.1	311.6	623.0%

BRAND MANAGEMENT

With the conclusion of the purchase of Mizuno's operation in Brazil in January 2021 and the concentration of business in sports brands, Vulcabras expands the profiles of consumers served by the Company's brands. From high-performance athletes to everyday Brazilians, the brands' product portfolio offers the best performance for each one.

At Olympikus we have the position of democratizing the sport, offering the best cost-benefit for the "day-to-day run". With Under Armour, the third largest multisport brand in the world, we bring an ecosystem of sports products for the entire journey of the high performance athlete who wants to surpass his limits and at Mizuno we offer high technology products, whether for beginners or running professionals.

Thus, for the coming years, we will seek to expand the market share of these brands with an increase in sales and operating margins, the latter due to the greater efficiency of the business.

OLYMPIKUS

Olympikus, the largest sports brand in Brazil, with a 45-year history, had as the highlight in the 4th quarter of 2020 the launch of its campaign **BELIEVE IN THE RUN**, led by the singer IZA who joined the Olympikus team to reinforce even more the brand's umbrella campaign - "**MADE BY BRAZILIANS**", launched in 2020 to bring emotional involvement with the brand's consumers and strengthen the quality of national products and innovative technologies in our smart choices shoes, created, developed and produced in Brazil, by Brazilians for Brazilians.

Partnerships with local Brazilian influencers reinforce the concept "Made by Brazilians"

The partnership with the singer Iza, highlights and amplifies the strength and representativeness of Brazilian women. The campaign starring the artist highlighted the importance of comfort and respect for your body when it comes to physical activity. The partnership with the star also brought a feminine look to the collections through launches such as the OLY 001 and CS1 models, in the casual category.

In race, the brand's main sports pillar, we continued with the activation of the sponsorship of the Rio Marathon - of which Olympikus has been a sponsor since 2011 - which, due to the pandemic, had a virtual version in 2020. This was the first time that the event had this format and, despite the unusual model for a street competition, it presented expressive numbers, showing all its strength and the loyalty of its participants.

Always supporting national sports, Olympikus was present with a content strategy focused around the race, connecting its Bota Pra Correr running platform that aims to discover new places in Brazil while running, linked to the pillars of people and products. For this, through our Instagram (@olympikus) social network, we tell the story of two people who participated in the event, since the event became unique within this new reality of each person who participated. The chosen characters were Ademir and Neusa, who through the narrative of their stories showed that Olympikus, in addition to fulfilling its mission of democratizing the sport in the country, is still an active part of the Brazilian's "run".

Neusa´s Marathon

click here to access

Ademir´s Marathon

click here to access

Having the Marathon as a platform for launching new products, we continue to update our iconic product in running, Corre 1, with new colors, royal blue, tropical and tropical green, presented to consumers in an activation during the virtual run. Created in 2018 and launched in 2019, the model was developed by engineers, designers, masters in biomechanics and professional and amateur athletes with technology to provide even more performance when it comes to running.

In addition to the new colors of Corre 1, during the quarter Olympikus also presented its main releases:

For the casual category, with products developed to expand the occasions of use beyond sports, we launched CS Urbn: Sneakers made for running in the city. CS URBN has textures reminiscent of suede and synthetic laminate throughout the upper, materials that promote safety and a unique style to the sneakers. The knit fabric with Hypersox technology assists in the perfect fit to the feet. At the rear, Supporter technology provides stability during the stride. The sole joins the combination of Evasense, for greater lightness and flexibility, and the Gripper rubber to ensure better resistance to abrasion, in addition to being non-slip.

Still in the casual category, we launched Molécula, which has a unique look with suede laminate leather that brings better stability. Polyester fabric lining with foam. Pull handle in double-colored tape at the back, helping with the fitting. Anatomical insole, composed of polyester fabric and Eva. And sole in Evasense Plus, for softness and cushioning in the daily run.

In the 24/07 category, which brings products developed to accompany the Brazilian in everyday life, we launched Holograma, for those who seek a more modern and sophisticated lifestyle. The Olympikus Holograma has double-colored knit fabric, which ensures better breathability and comfort for the feet. The sole has a double layer of Evasense, which provides lightness and softness. What's more: translucent bubble looks with Zomax technology, guaranteeing a different design and greater stability for the feet.

Complementing the 24/7 line, and within the same visual identity as Holograma, we launched Cristal, aimed at daily activities with more comfort and technology. Olympikus Cristal has synthetic upper in high frequency with graphic application. Its double-colored knit fabric combined with Hypersox, brings more breathability and lightness to the feet. At the rear the reinforcement with Supporter technology, gives more stability to the step. The Evasense sole with the Zomax translucent bubble look offers greater flexibility and lightness in the daily run.

Olympikus also continued with its strategy of supporting multi-brand retailing on its digital channels, which expanded significantly during the pandemic. Various contents were developed to expand the brand's presence and to qualify this channel that proved to be so relevant in that period. Thus, new forms of contact with the consumer were created, increasing the frequency and quality of the content available, reinforcing the brand positioning and highlighting its products and technologies. The brand understands that this is an important tool, especially at a time when the consumer is increasingly connected.

Moreover, the brand continued to firmly train its salespeople during the quarter. For this, it also maintained the format of lives that were watched by spectators from all over Brazil during the period.

UNDER ARMOUR

In the fourth quarter of 2020, Under Armour – a global brand and a benchmark in innovation and creation of apparel, footwear and accessories for sports – continued with its activations to launch and reinforce its main product histories, positioning itself as a high performance brand, both in running and for other sports practices

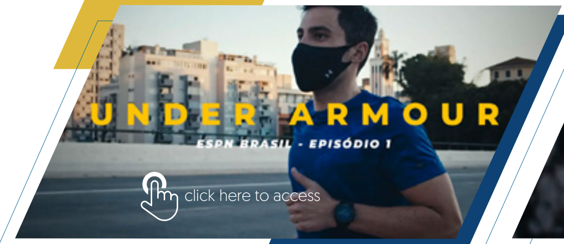
The brand continued with the activations of its premium damping technology, the UA HOVR, in a special series of three episodes on the ESPN channel programming grid. In the exhibits, the sports fan can follow the return to training and resumption of performance by host and amateur triathlete Bruno Vicari, and how UA HOVR Machina has helped him on this journey.

The expansion of the UA Hovr cushioning product line brought more alternatives for all types of performance runners.

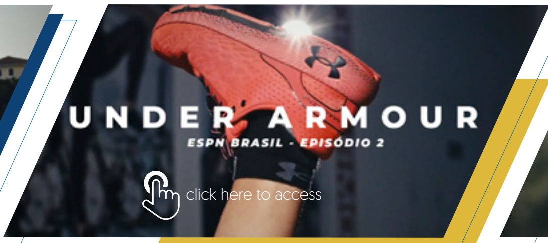
Throughout the series, Bruno Vicari, brand ambassador since 2019, underwent a series of physical evaluations to measure his performance and showed exactly how the technology and innovation of his new sneaker has been helping him in this resumption of training after the quarantine period imposed by the Covid-19 pandemic.

In addition to the three episodes of 1:30 aired in the three daily editions of SportsCenter, ESPN's main news program, the action also had repercussions on the social networks of the brand and the journalist, with posts showing the behind the scenes of the project.

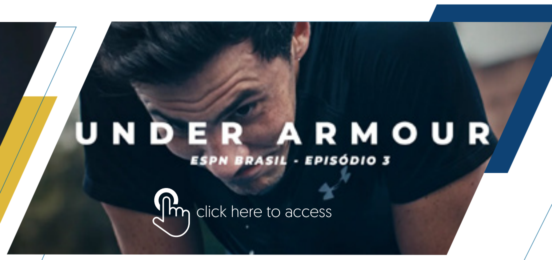
Check out the three episodes below:



Episode 1



Episode 2



Episode 3

Continuing with efforts to position the brand as a performance solution for runners looking to improve their times, Under Armour performed activations during the Just Run Race Experience, Just Run's first indoor race event, Brazil's 1st Running Class and Functional Studio, located in the city of São Paulo.

The brand offered runners the opportunity to test two of the brand's main running models, each for a different runner profile: the UA HOVR Machina, a shoe that combines the softness of a long-distance running shoe with a carbon prop plate that gives the speed and lightness of a sneaker; and the UA HOVR Infinite 2, ideal for runners looking for cushioning, softness and rebound in just the right amount for long runs.

Throughout the event, two promoters were responsible for presenting the technologies and innovations of the products and carrying out the cleaning of them, following all the necessary safety protocols. Under Armour also made official t-shirts available for the event's runners and held raffles during the sessions.

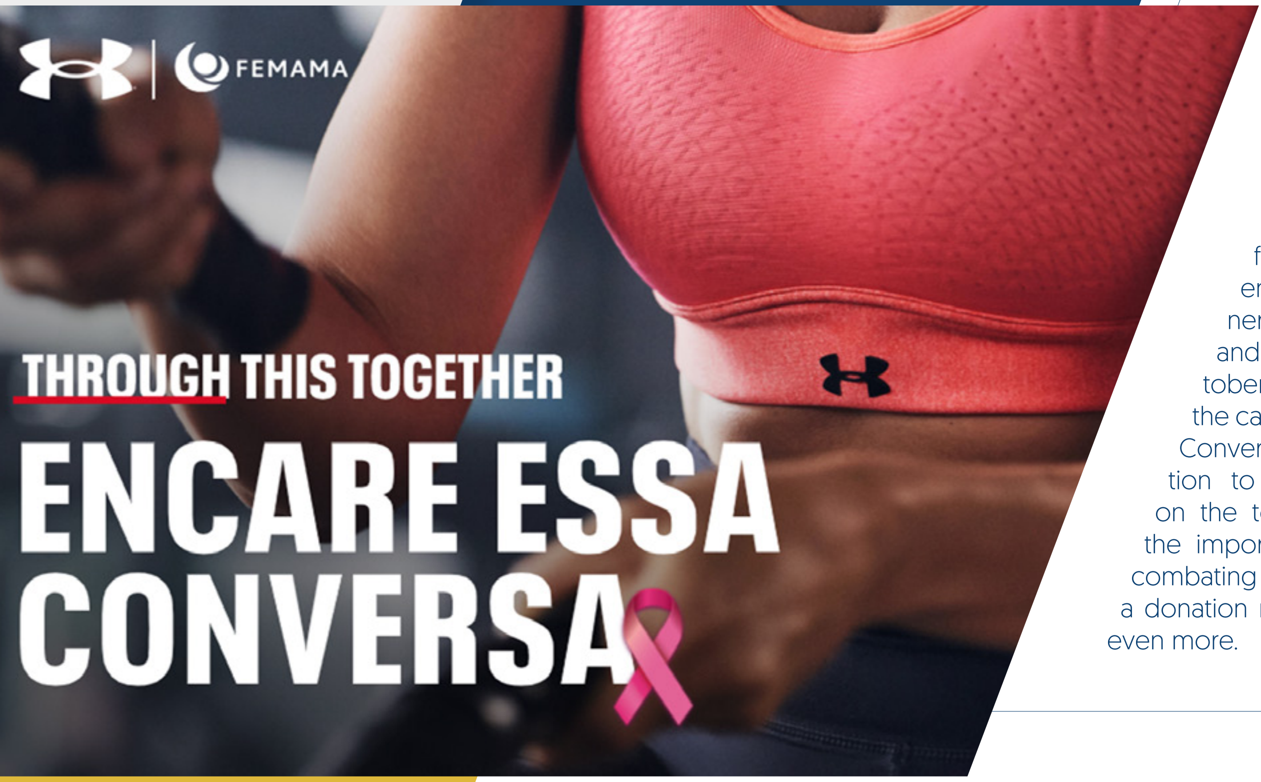
In December, Under Armour brought to the country the new UA HOVRTM Summit Fat Tire, a special and limited edition of the brand's new Fat Tire line, designed for trail runners and focused on hiking boots. The footwear offers technology and performance for the transition between urban life and the practice of outdoor exercises, meeting the trend of evolution of the modern athlete.

The brand's global design team has enhanced the new edition with UA HOVR technology, a proprietary damping platform designed to provide the ideal combination of damping and energy return. In its sole, the footwear also features 360 degrees of soft UA HOVR foam encapsulated by the Energy Web mesh, an extra layer of foam and a redesigned Michelin® rubber sole with sculpted knots for greater traction and elasticity.

Under Armour produced exclusive content in Brazil to support the launch. For that, it selected four models and amateur athletes and challenged them to face the Pedra Grande Trail, in São Paulo.

During the quarter, the brand also launched the UA HOVR Phantom 2 model, which absorbs the impact of the step and gives back energy to boost the runner. Moreover, it has a built-in chip that connects to the Map My Run app and gives you real-time training tips for a safer run, reducing the risk of injury. The footwear arrives to continue consolidating the brand's positioning as a performance solution for runners looking to improve their times and see the need to have the best technologies for their training and competitions.

Click here to check out the product campaign.



In October, along with the main female release of the brand in the year, the new top UA Infinity BRA, the brand entered into a partnership with FEMAMA, and joined the Pink October discussions with the campaign Encare Essa Conversa, which in addition to generate content on the topic and reinforce the importance of sports in combating the disease, it had a donation mechanism to help even more.

Throughout the month of October, Under Armour used the reach of its social networks to share content on the topic, in addition to holding a live with the participation of a specialist doctor on the subject and an amateur athlete who overcame breast cancer with the help of sport.

In addition to generating conversation and awareness on the topic, Under Armour also carried out a donation action in parallel throughout the month linked to the new UA Infinity BRA top. Developed with aerodynamic adjustments, the top provides greater support and breathability for the breasts, molding to the body for greater freedom of movement.

For each unit of the product sold in the month of October, the brand donated R$ 10 to FEMAMA, aiming to assist in the important work carried out by the institution in agile and adequate access to the diagnosis and treatment of breast cancer.

AZALEIA E DIJEAN

As a result of the licensing of the Azaleia brand to Grendene, in the last quarter of 2020 the brand focused on operational issues due to the transition between companies. In both Azaleia and Dijean's social networks we maintained support content giving focus to the products with the highest sales and desire among consumers.

>
ATTACHMENTS

BALANCE SHEET (R$ Milion)

Assets	12/31/2020	12/31/2019
Cash ans cash equivalents	158,552	62,164
Financial Investments	80,949	0
Trade accounts receivable	574,104	448,377
Inventories	256,924	241,238
Recoverable taxes	18,330	14,723
Income tax and social contribution	5,108	4,580
Amounts receivable fos disposal of operation	3,440	0
Other accounts receivable	13,478	23,150
CURRENT ASSETS	**1,110,885**	**794,232**
Interest earning bank deposits	9,594	2,833
Recoverable taxes	6,787	7,744
Deferred income tax and social contribution	1,359	330
Judicial deposits	15,080	17,952
Amounts receivable for disposal of operation	5,160	0
Other accounts receivable	2.702	2,902
Assets held for sale	194	194
LONG - TERM ASSETS	**40,876**	**31,945**
Investments	59,999	62,046
Investments property	2,121	2,530
Right to use	15,145	15,845
Property, plant and equipment (PP & E)	241,311	235,120
Intangible assets	208,917	213,440
	527,493	**528,981**
NON - CURRENT ASSETS	**568,369**	**560,926**
TOTAL ASSETS	**1,679,254**	**1,355,158**

Liabilities	12/31/2020	12/31/2019
Suppliers	62,457	40,993
Loans and financing	127,894	3,264
Taxes payable	11,938	8,402
Tax Recovery Program - REFIS	0	128
Salaries and vacation payable	30,105	41,394
Provisions	22,021	18,326
Lease liability	8,343	7,798
Comissions payable	16,121	13,536
Other accounts payable	26,296	15,356
CURRENT LIABILITIES	**305,175**	**149,197**
Loan and financing	183,735	39,789
Loans with related parties	17,632	16,930
Provisions	34,542	38,183
Deferred taxes on revaluation os PP & E	2,406	2,850
Lease liability	10,187	8,047
Other accounts payable	183	469
Taxes payable	0	12,265
NON-CURRENT LIABILITIES	**248,685**	**118,533**
LIABILITIES	**553,860**	**267,730**
Capital	1,106,717	1,106,717
Revaliation reserves	4,670	5,532
Capital reserves	3,034	1,517
equity valuation adjustments	21,114	16,281
Accumulated losses	-10,457	-42,909
Equity attributable to controlling shareholders	**1,125,078**	**1,087,138**
Non-controlling interests	**316**	**290**
SHAREHOLDERS´EQUITY	**1,125,394**	**1,087,428**
TOTAL LIABILITIES AND SHAREDHOLDERS´EQUITY	**1,679,254**	**1,355,158**

The accompanying notes are integral part of these financial statements.

INCOME STATEMENT (CONSOLIDATED) (In thousands of Reais)

	4Q20	4Q19	VAR (%)	2020	2019	VAR (%)
Net Revenue	**459,054**	**373,865**	**22.8%**	**1,179,227**	**1,359,985**	**-13.3%**
Costs of sales	-308,779	-240,158	28.6%	-831,045	-888,184	-6.4%
Gross Profit	**150,275**	**133,707**	**12.4%**	**348,182**	**471,801**	**-26.2%**
Gross Margin	*32.7%*	*35.8%*	*-3.1 p.p.*	*29.5%*	*34.7%*	*-5.2p.p.*
Sales expenses	-64,242	-64,108	0.2%	-200,075	-224,844	-11.0%
General ans Adminis-tratives expenses	-32,354	-29,848	8.4%	-110,561	-109,630	0.8%
Other net operating income (expenses)	2,298	-2,202	-204.4%	797	4,145	-80.8%
Equity net income os subsidiaries	86	685	-87.4%	-2,047	292	-801.0%
Net income before net financial income and taxes	**56,063**	**38,234**	**46.6%**	**36,296**	**141,764**	**-74.4%**
Financial income	14,211	15,249	-6.8%	46,345	33,552	38.1%
Financial expenses	-13,820	-7,745	78.4%	-46,406	-28,420	63.3%
Net Financial Income	391	7,504	-94.8%	-61	5,132	-101.2%
Net Income before Taxes	**56,454**	**45,738**	**23.4%**	**36,235**	**146,896**	**-75.3%**
Deferred income tax and social contribution	-1,871	-648	188.7%	-4,681	-3,816	22.7%
Net Income	**54,583**	**45,090**	**21.1%**	**31,554**	**143,080**	**-77.9%**
Net Income Margin	*11.9%*	*12.1%*	*-0.2 p.p.*	*2.7%*	*10.5%*	*-7.8 p.p.*
Income (loss) attributable to:						
Controlling Share-holders	54,549	45,082		31,590	143,065	
Non-controlling shareholders	34	8		-36	15	
Net Income	**54,583**	**45,090**		**31,554**	**143,080**	
Earnings (loss) per share						
Earnings per com-monshare - basic	0,2220	0,1834		0,1285	0,5821	
Earnings per com-monshare - diluted	0,2199	0,1824		0,1274	0,5788	
Number of shares at end of the year						
Outstanding common shares	245,756,346	245,756,346		245,756,346	245,756,346	
Outstanding common shares with a dilution effect	248,016,346	247,196,346		248,016,346	247,196,346	

The accompanying notes are integral part of these financial statements.

CASH FLOW STATEMENT (INDIRECT METHOD) (In thousands of Reais)

Cash flows from operating activities	2020	2019
Net Income for the period	31,554	143,080
Adjustments for:		
Depreciation and amortization	75,948	80,681
Change in the provision for impairment losses in inventory	-91	-11,904
Interest on provisioned leases	2,835	0
Net value of written off tangible and intangible assets	11,492	9,285
Income from financial investments	-776	-124
Change in provision for contingency losses	7,927	13,039
Equity in net income of subsidiaries	2,047	-292
Transaction with share-based payments	1,517	876
Estimated loss from allowance for doubtful accounts	9,593	9,013
Loss on sale of subsidiary	7,641	0
Financial charges and exchange-rate change recognized in income (loss)	14,846	4,463
Deferred taxes	-1,473	-477
Minority Interest	36	-15
Provision for impairment	-61	0
Ajusted Income for the period	**163,035**	**247,625**
Changes in assets and liabilities		
Financial Investments	0	-189
Account Receivable	-135,741	10,114
Inventories	-28,344	141
Recoverable taxes	-8,102	2,255
Other accounts receivable	9,364	-9,965
Judicial deposits	465	-4.618
Suppliers	19,894	-17,047
Commissions payable	2,585	45
Taxes payable	0	-9,931
Taxes and social contributions	8,410	4,487
Salaries and vacations payable	-9,986	4,842
Other accounts payable	11,002	-9,581
Provisons	-5,432	-9,492
	(135,885)	**(38,939)**
Interest paid	-5,309	-2,218
Payment of lease	-1,760	0
Taxes paid on profit	-3,617	-2,657
	-10,686	**-4,875**
Net cash Flow provided by (used in) operating activities	16,464	203,811
Chash flow from investing activities		
Acquisitions of property, plant and equipment	-82,305	-115,958
Financial Investments	-86,961	0
Resource from the sale os subsidiary, net of ach in the consolidated	-2,754	0
Funds from disposal os property, plant and equipment	949	946
Acquisitions of intangible assets	-2,630	-3,439
Payment for acquisition of subsidiary	0	-61,627
NetCash Flow used in financing activities	-173,701	-180,078
Cash flow from financing activities		
Loans obtained - Principal	285,779	4,793
Payment of loans obtained - Principal	-22,378	-22,810
Loans with related parties	702	671
Payment of financial lease liabilities	-9,794	-12,572
NetCash Flow used in financing activities	254,309	-29,918
Increase (decrease) in cash and cash equivalents	**97,072**	**-6,185**
Cash ans cash equivalents at beginning of the period	**62,164**	**68,626**
Effect from translation of foreign investees	-684	-277
Cash and cash equivalents at end of the period	158,552	62,164
Increase (decrease) in cash and cash equivalents	**97,072**	**-6,185**

The accompanying notes are integral part of these financial statements.

INDEPENDENT AUDITORS

Independent Auditors

In compliance with CVM Instruction 381/03, Vulcabras Azaleia S.A. informs that since 01/01/2017, it has appointed "KPMG Auditores Independentes" to audit its individual and consolidated financial statements.
For the audit services of December 31, 2020 (4Q20), fees of approximately R$ 214.0 thousand were disbursed.

Board Statement

Pursuant to article 25, paragraph 1, item 5 of CVM Instruction 480/09, the Board of Directors, at a meeting held on 03/09/2021, declares that it has reviewed, discussed and agreed with the financial information for the fourth quarter of 2020 for Vulcabras Azaleia S.A. and with the independent auditor´s review report on the individual and consolidated financial statements.

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MANAGEMENT

Members of the Board of Directors

Pedro Grendene Bartelle
Chairman

André de Camargo Bartelle
1 st Vice Chairman

Pedro Bartelle
2 nd Vice Chairman

Hector Nunez
Independent Member

Roberto Faldini
Independent Member

Members of the Board of Executive Officers

Pedro Bartelle
Chief Executive Officer

Rafael Carqueijo Gouveia
Superintendent - Director

Wagner Dantas da Silva
Chief Financial and Administrative Officer and Investor Relations Officer

Flávio de Carvalho Bento
Chief Industrial Officer

Evandro Saluar Kollet
Chief Product Development and Technology Officer

Márcio Kremer Callage
Chief Marketing Officer

Rodrigo Miceli Piazer
Chief Supply Officer

Members of Audit Committee

Benedito Alfredo Baddini Blanc
Member

Célio de Melo Almada Neto
Member

Marcelo Joaquim Pacheco
Chairman of Audit Committee

EARNING RELEASE

4Q20

VULCABRAS

BUILDING
A BETTER COUNTRY
FROM SPORT.