



Vulcabras Azaleia



**VULCABRAS AZALEIA S.A.**

CNPJ/MF nº 50.926.955/0001-42

NIRE 35.300.014.910

**MATERIAL FACT**

Vulcabras Azaleia S.A. ("Company") informs the shareholders and the market in general that on January 7, 2020, its subsidiaries – Vulcabras Azaleia – RS, Calçados e Artigos Esportivos S.A. and Vulcabras Azaleia – BA, Calçados e Artigos Esportivos S.A. entered into an agreement for purchase and sale of equity interest and other covenants (*Contrato de Compra e Venda de Quotas e Outras Avenças*) with Dok Participações Societárias Ltda. ("Buyer") and others ("Agreement"), by which they intend to sell of all the quotas issued by Vulcabras Azaleia – SE, Calçados e Artigos Esportivos Ltda. ("Vulcabras SE"). The approximate amount involved in the transaction is R\$ 25,000,000 (twenty five million *reais*), including the assumption of liabilities by the Buyer. The amount of the transaction does not include working capital assets and liabilities.

The consummation of the transactions provided in the Agreement are subject to the fulfillment of certain conditions precedent typical in similar transactions.

In the context of the transaction, other documents were executed in order to ensure a proper functioning of the plant currently operated by Vulcabras SE, including a manufacturing agreement, by which Vulcabras SE will continue to manufacture products from Vulcabras portfolio for a certain period. The plant's capacity will be gradually assigned to the manufacture of Buyer's products, exclusively.

The action aims to consolidate as operations manufactured in fewer locations, thus generating less operational complexity and opportunities for synergy and scale gains. Vulcabras gradually absorbs Sergipe plant production between the Ceará and Bahia plants throughout 2020.

Jundiaí/SP, January 7, 2020.

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**Wagner Dantas da Silva**  
Investor Relations Officer