(Convenience Translation into English from the Original Previously Issued in Portuguese)

WEG S.A.

Individual and Consolidated Financial Statements for the Year Ended December 31, 2020 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte Touche Tohmatsu
Rua Orestes Guimarães, 538,
6º andar, salas 602, 603 e 604
89204-060 - Joinville - SC
Brasil

Tel.: + 55 (47) 3025-5155
Fax: + 55 (47) 3328-5155
www.deloitte.com.br

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Board of Directors and Management of
WEG S.A.

Opinion

We have audited the individual and consolidated financial statements of WEG S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2020, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of WEG S.A. as at December 31, 2020, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of intangible assets and property, plant and equipment

Why it is a KAM

As described in notes 12 and 14 to the individual and consolidated financial statements, the Company has significant balances of property, plant and equipment and intangible assets, the latter basically comprising goodwill arising on acquisition of control of investees in Brazil and abroad. These assets should be tested for impairment annually or whenever there is indication of impairment. As a result mainly of the global impacts caused by the Covid-19 pandemic on the economic activities of various markets in which the Company operates, in our opinion these assets may pose risks of realization and, consequently, they might be impaired. The assessment as to whether or not to recognize a provision for impairment of goodwill and an allowance for losses on property, plant and equipment was carried out on a quarterly basis by the Company in the year ended December 31, 2020 and were supported by estimates of future discounted cash flow projections that considered the local and global economic scenarios, the effects of the pandemic and the business plans and budget prepared by the Company and approved at its governance levels.

This matter was considered a key audit matter because: (i) the amounts recognized for goodwill and property, plant and equipment are considered material for the audit; (ii) the determination of estimates of future discounted cash flow projections and the definition of assumptions of discount rate and sales growth rate in the projection period and in perpetuity involves a high degree of judgment by the Company, especially in a scenario of uncertainties caused by the Covid-19; and (iii) there was a strong interaction with the Company's Management in the assessment of the matter during the year.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to: (i) assessing the design and implementation of the relevant internal controls determined by Management with respect to the impairment testing of goodwill; (ii) analyzing the Company's business plans by cash-generating unit; (iii) quarterly assessing the impairment testing of property, plant and equipment and intangible assets allocated to the cash-generating units; (iv) involving our corporate finance specialists in the assessment and challenge of the significant assumptions, such as the discount rates, and the calculation methodologies used by Management.

Based on our audit procedures described and on the audit evidence obtained supporting our tests, we believe that the impairment testing of goodwill and property, plant and equipment conducted by the Company is acceptable in the context of the individual and consolidated financial statements for the year ended December 31, 2020.

We also assessed the appropriateness of the Company's disclosures about the accounting practices and the balances of goodwill and property, plant and equipment, which are presented in notes 2.8, 2.10, 12 and 14 to the individual and consolidated financial statements, respectively.

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Revenue from contracts with customers

Why it is a KAM	How the matter was addressed in our audit
As described in notes 2.21 and 2.22 to the individual and consolidated financial statements, sales revenue is recognized when the Company and its subsidiaries satisfy their performance obligations when transferring the control over products to the customer and as services are performed. The high volume of transactions requires a robust internal control system that relies on information technology to capture, record and process information related to the revenue cycle. This matter was considered a key audit matter because: (i) the amounts of sales revenues represent a material balance in the Company's set of individual and consolidated financial statements; (ii) the volume of transactions and the product portfolio are high and their processing relies on the proper functioning of the internal control activities and automated systems; (iii) part of the Company's revenue derives from the execution of construction projects and contracts whose performance obligation is satisfied over time; (iv) there is an inherent risk that revenue is recognized without meeting the minimum criteria for their recognition.	Our audit procedures included, but were not limited to: (i) obtaining an understanding of the sales transactions flow considering the nature of the Company's different operations; (ii) identifying the relevant internal control activities determined by Management and related to sales transactions and assessing the design, implementation and effectiveness test of these control activities; (iii) involving our information technology specialists to understand the internal controls related to the computer environment, as well as performing specific tests related to access security, management of system changes and the monitoring of processing routines for the main application systems and their related databases and operating systems used for revenue recognition. In addition, to obtain sufficient and appropriate audit evidence, based on sampling, we performed specific tests in certain revenue transactions, inspecting the evidence of their occurrence, completeness, accuracy and proper recording. We believe that the procedures adopted by Management for revenue recognition are adequate in the context of the individual and consolidated financial statements taken as a whole. We have also assessed the appropriateness of the disclosures about revenue recognition, which are presented in notes 2.21, 2.22, 22 and 23 to the individual and consolidated financial statements.

Consolidation of the financial statements

Why it is a KAM	How the matter was addressed in our audit
As described in notes 2.1, 2.3 and 11 to the individual and consolidated financial statements, the Company's individual and consolidated financial statements consolidate the financial statements of various subsidiaries located in Brazil and abroad. The large number of subsidiaries requires a structured internal control system relying on information technology to ensure that the information related to the various subsidiaries is properly captured and processed and that the balances, revenues, expenses, and unrealized gains and losses arising from intragroup transactions are properly eliminated. This matter was considered a key audit matter since: (i) the volume of subsidiaries in Brazil and abroad is significant; (ii) the volume of transactions is high and its processing relies on the proper functioning of internal control activities and automated systems; (iii) the Company's transactions abroad are conducted in functional currencies different from the functional and presentation currency of the parent company in Brazil; (iv) the participation of component auditors requires our supervision and the sending of instructions to these teams; (v) there is an inherent risk that the information related to the various subsidiaries is not properly captured and processed and that the balances, revenues, expenses and unrealized gains and losses arising from intragroup transactions are not properly eliminated.	Our audit procedures included, but were not limited to: (i) obtaining an understanding of the processes performed and the consolidation system used by the Company; (ii) identifying relevant internal control activities determined by Management and related to the capture and processing of financial information of subsidiaries; (iii) performing tests on currency conversion of foreign subsidiaries from functional currency to the parent company's functional and presentation currency; (iv) performing tests on the elimination of balances, revenues, expenses, and unrealized gains and losses arising from intragroup transactions; (v) sending instructions and supervising the work of the component auditors in the performance of audit procedures in certain subsidiaries of the Group. We believe that the procedures adopted by Management for the consolidation of its financial statements are appropriate in the context of the individual and consolidated financial statements taken as a whole. We also assessed the appropriateness of the disclosures about the basis of consolidation of the Group companies included in the consolidated financial statements and about the translation of balance sheets of foreign subsidiaries, which are presented in notes 2.1, 2.3 and 11 to the individual and consolidated financial statements.

Other matters

Statements of value added

The individual and consolidated statements of value added ("DVA"), for the year ended December 31, 2020, prepared under the responsibility of the Company's Management and disclosed as supplemental information for IFRS purposes, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we evaluated whether these individual and consolidated statements of value added are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

Management is responsible for the other information comprising the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the (IFRS), issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

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Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Joinville, February 23, 2021

Deloitte Touche Tohmatsu

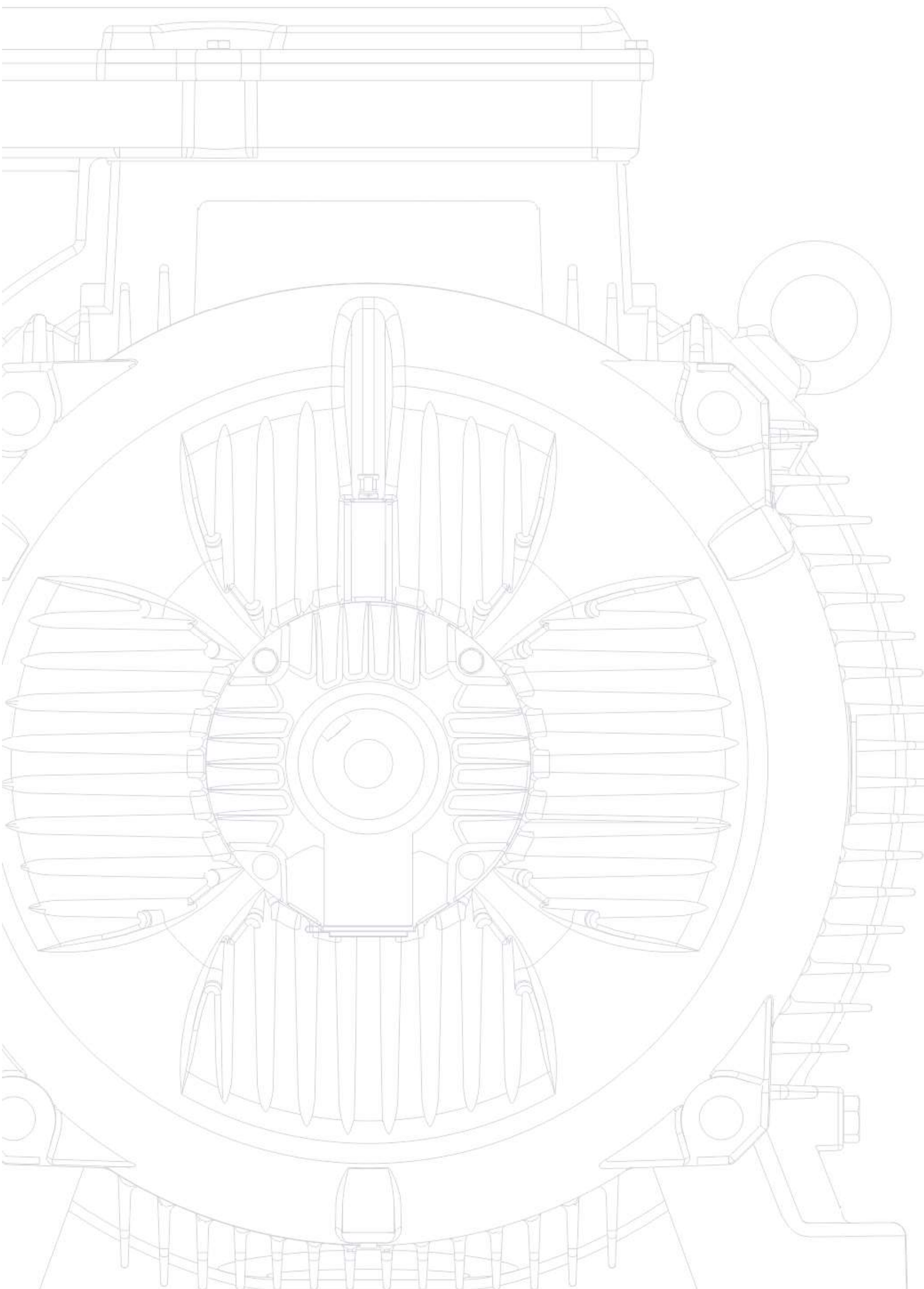
DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Otávio Ramos Pereira
Engagement Partner

Motors | Automation | Energy | Transmission and Distribution | Paints

WEG S.A.
Financial Statements

December 31, 2020 and 2019



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WEG S.A.
MANAGEMENT'S REPORT
In December 31, 2020

We present to our shareholders the Consolidated Financial Statements of the WEG Group and WEG S.A. for the year ended December 31, 2020.

OUTLOOK

2020 was atypical, with expectations that existed at the beginning of the year changing due to the health and economic crisis caused by the COVID-19 pandemic, officially declared by the WHO (World Health Organization) on March 11, 2020.

The effects of the pandemic on the world economy were considerable, leading to significant reductions in business in important sectors. After many uncertainties and volatility during the year, especially in the second quarter, some economic sectors, such as manufacturing, retail and agribusiness industries, had less relevant impacts than originally expected, partly due to government incentives and actions. Even so, according to the projections of the International Monetary Fund (IMF, October 2020), both developed and emerging economies should show declines in Gross Domestic Product (GDP), with the exception of China. The world GDP is projected to decline by 4.4% in the year, against a growth of 2.8% in 2019.

In Brazil, despite government incentives to the economy and the adoption of interest rates at the lowest level since the implementation of the Real plan, the economy was still impacted. The expectation for the Brazilian GDP is a 5.8% drop in the year, according to the IMF, against a 1% growth reported in 2019. It is worth noting that some sectors of the economy initially impacted showed a rapid recovery, reaching pre-pandemic activity levels even during the year, such as agribusiness, consumption of durable goods and infrastructure.

ECONOMIC AND FINANCIAL FACTORS

REVENUE

In 2020, Consolidated Net Operating Revenue (NOR) reached R$ 17,469.6 million, a growth of 30.9% year-on-year.

Domestic market: The net operating revenue in the domestic market reached R$ 7,629.8 million, representing 43.7% of the total net operating revenue, a growth of 37.2% in relation to the previous year. If adjusted by the acquisitions of Geremia Redutores, PPI-Multitask, V2COM, MVISIA and BirminD, revenue growth would be 35.3% in 2020.

External Market: In the external market, there was a 26.4% growth in net operating revenue, which reached R$ 9,839.8 million, 56.3% of total net revenue. If adjusted by the aforementioned acquisitions and the consolidation of TGM Kanis Turbinen, revenue growth would be 25.7% in 2020. In local currencies, weighted by the weight of each market, external market revenue decreased by 0.7% in the year.

Below, we set out the performance in each of WEG's business areas:

Electronics Equipment

The Industrial Electro-Electronic Equipment businesses include low and high voltage electric motors, reducers, *drives & controls*, industrial automation equipment and services, solutions for Industry 4.0, and maintenance services Electric motors and other equipment are used in practically all industrial segments, in equipment such as compressors, pumps and fans, for example. We compete with our products and solutions in the main world markets.

At the beginning of the year, the solid portfolio of long cycle products and good growth prospects for the Brazilian economy, despite signs of a slowdown in the global economy, signaled a positive year for this business area.

The unexpected impacts of the pandemic significantly affected the demand for short cycle products in the second quarter of the year, limiting the revenue from these products both in Brazil and abroad. However, from the third quarter, we observed a rapid recovery of these businesses in Brazil, with emphasis on the serial automation products and low voltage motors, partly explained by the high demand in the sectors of civil construction, agribusiness, mining and consumer goods. In the external market, we also observed a gradual resumption of economic activity after the initial impacts of the pandemic, however, sales volumes were still below when compared to the same period of the previous year, with the exception of operations in China, which showed significant growth, due to high industrial activity in the domestic market.

The long cycle equipment contributed significantly to the good results of this business area in the year, with the maintenance of deliveries of important projects on a global level, especially in segments such as mining, oil and gas, water and sanitation, and pulp and paper.

Energy Generation, Transmission and Distribution (GTD)

The products and services included in GTD are electric generators, hydraulic and thermal steam turbines (biomass), wind turbines, solar generation, transformers, substations, control panels and system integration services. In general, the maturation times of the processes in this sector are longer, with longer investment decisions and more extensive design and manufacturing lead time.

This area showed significant growth in Brazil, where a large part of the revenues are linked to long cycle equipment. Main highlight for the transformers and substations delivered for projects linked to the auctions for generation and transmission of energy carried out in recent years. The distributed solar generation (GD) business was another major highlight, despite the drop in revenues in the second quarter due to the pandemic, it showed a rapid recovery and normalization of demand in the third quarter of the year, ending 2020 with an important growth in relation to the last year.

In the external market, we had another year of good results, with the continuity of relevant deliveries being made in the business of transformers and substations in the USA and Mexico, with an important contribution of synergy between our operations in North America.

Commercial Engines and Appliances

In the last few years, we started the internationalization of this business area, with a complete portfolio of products to serve our global customers. In Brazil, we have a good share in the market of single-phase motors for durable consumer goods, such as washing machines, air conditioning units, water pumps, among others. In this short cycle business, changes in consumer demand are quickly transferred to industry, with almost immediate impacts on production and revenue.

The demand for Commercial Engines and Appliances in the domestic market was significantly impacted between the first and the second quarter, a period in which important customers had their operations affected due to the consequences of the pandemic. However, the rapid improvement observed, partly explained by the economic stimulus promoted by the local authorities, boosted sales in important segments in Brazil such as white goods, motor pumps and commercial compressors. In the external market, despite the slower recovery presented during the year, we managed to present a good performance, reflecting gains in share of markets such as the USA and Mexico.

Paints and Varnishes

In this area of operation, which includes liquid paints, powder paints and electro-insulating varnishes, we have a very clear focus on industrial applications and the Brazilian market, with gradual expansion to Latin America. Target markets range from manufacturers of white goods to the shipbuilding industry. We seek to maximize the scale of production and the effort to develop new products and new segments. Characterized as a short cycle business, variations in demand from our customers are quickly felt on our production and revenue.

The positive performance in the domestic market is justified by the demand in several important segments, with emphasis on road implements, agricultural machinery, appliances and civil construction. This performance was possible due to the rapid recovery observed at the end of the second quarter, after the sharp drop in demand in this business area due to the beginning of the pandemic in March. In the external market, despite the restrictions imposed by the pandemic, we were able to advance our sales strategy in Latin America, both in industrial paints and in automotive refinish paints.

COST OF GOODS SOLD

Cost of Goods Sold (COGS) increased by 28.1%, reaching R$ 12,032.1 million, with a gross margin of 31.1%, representing an important improvement in relation to the gross margin of 29.6% in 2019. Efforts to reduce costs and improve processes, which resulted in productivity gains in conjunction with the operational adjustments implemented since the beginning of the pandemic, were decisive factors in improving performance.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Consolidated selling, general and administrative expenses totaled R$ 2,161.3 million an increase of 20.0% year-on-year, influenced mainly by foreign exchange fluctuation on expenses of operations abroad. When analyzed in terms of operating revenue the expenses show a reduction year-on-year reaching 12.4% (13.5% in 2019) the result of efforts to increase productivity implemented in recent years. It is also worth mentioning the adjustments made since the beginning of the pandemic, mainly in relation to the reduction in expenses such as business trips and the reduction of expenses in general during the year.

EBITDA

The increase in Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA), has been the main highlight in the year. EBITDA calculated in accordance with the methodology established in CVM Ruling No. 527/2012 reached R$ 3,267.7 million, a 45.6% increase on the prior year with EBITDA margin of 18.7% (16.8% in 2019).

(R$ million)

	2020	2019	%	2018	%
Net Operating Revenues	17,469,557	13,347,434	30.9%	11,970,090	45.9%
Net Income	2,340,873	1,614,581		1,338,319	
Net Income Before Minorities	2,395,957	1,632,455	46.8%	1,344,148	78.3%
(+) Income Taxes & Contributions	350,692	171,996	103.9%	153,394	128.6%
(+/-) Financial Income (Expenses)	69,676	43,283	61.0%	9,489	n.m
(+) Depreciation & Amortization	451,359	396,783	13.8%	317,022	42.4%
EBITDA	**3,267,684**	**2,244,517**	**45.6%**	**1,824,053**	**79.1%**
EBITDA Margin	**18.7%**	**16.8%**		**15.2%**	

FINANCIAL RESULT

The net financial result was negative by R$ 69.7 million in 2020 (negative in R$ 43.3 million in 2019). This net result is derived from financial revenues of R$ 1,020.4 million in 2020 (R$ 917.4 million in 2019) and financial expenses of R$ 1,090.1 million in 2020 (R$ 960.7 million in 2019). This result is mainly explained by the lower profitability on financial investments, mainly due to the lower interest rates in Brazil, and the inflation adjustment of provisions in the period.

NET INCOME

Consolidated Net Income attributable to WEG S.A. shareholders reached R$ 2,340.9 million 45.0% over the figure of R$ 1,614.6 million obtained in 2019. Return on equity (in December 31, 2019) was 26.9% in 2020 (20.9% in 2019) and net margin reached 13.4% (12.1% in 2019).

RETURN ON INVESTED CAPITAL

Return on Invested Capital (ROIC) in 2020 increased 5.3 p.p. in relation to 2019 reaching 25.5%. The growth in Operating Profit After Tax (NOPAT) given the growth in revenue and the improvement in margins, more than offset the growth in invested capital, the expansion of which is explained by the greater need for working capital and for investments in property, plant and equipment as well as intangible assets undertaken over 2020.

DEBT AND CASH POSITION

The capability to identify and benefit from investment opportunities with attractive returns is one of the main characteristics of the WEG business model. This capability is possible due to the financial stability, which allows us to take advantage of investment opportunities when these present themselves and is evidenced by a solid capital structure and maintenance of access to funds and competitive sources of financing with the main financial institutions both in Brazil and abroad.

At December 31, 2020 cash and cash equivalents, financial investments and derivative financial instruments totaled R$ 5,010.1 million applied in top-tier banks, mostly in local currency while gross financial debt totaled R$ 1,707.1 million where 38% of which is short-term and 62% is long-term. At the end of 2020 the net cash position was R$ 3,303.0 million.

R$ (Thousand)

	December 2020		December 2019		December 2018	
Cash & Financial Instruments	**5,010,074**		**3,581,442**		**4,483,366**	
- Current	4,691,783		3,414,373		3,753,662	
- Long Term	318,291		167,069		729,704	
Debt	**1,707,091**	**100%**	**2,305,527**	**100%**	**3,792,308**	**100%**
- Current	656,295	38%	950,249	41%	2,061,163	54%
- In Brazilian Reais	12,289		87,566		175,475	
- In other currencies	644,006		862,683		1,885,688	
- Long Term	1,050,796	62%	1,355,278	59%	1,731,145	46%
- In Brazilian Reais	48,193		107,930		315,291	
- In other currencies	1,002,603		1,247,348		1,415,854	
Net Cash	**3,302,983**		**1,275,915**		**691,058**	

INVESTMENTS (CAPEX)

The investment in property, plant and equipment to expand and modernize of production capacity totaled R$ 538.2 million in 2020 where 50% was earmarked for manufacturing parks and other subsidiaries abroad, while 50% was intended for assets in Brazil.

We highlight investments abroad, such as the continued expansion of the industrial electric motor plant in China, an increase in the production capacity of reducers in Austria and the construction of a new transformer plant in the USA, as well as investments in process improvement and automation in our operations in Brazil. In addition to these organic investments, we announced and completed the acquisitions of MVISIA and BirminD, in the digital business area, and the transformer plant in Betim in 2020.

It is important to stress our capability to adjust the pace of the performance of the investment program to effective market demand, we constantly seek to maximize the return on invested capital.

INVESTMENTS IN RESEARCH, DEVELOPMENT AND INNOVATION

In research, development and innovation, we spent R$ 468.9 million in 2020 or approximately 2.7% of net operating revenue. The RD&I program is focused on the development of new products, the continual improvement of existing products, applied engineering and in the improvement of industrial processes, constantly striving to maintain our technological leadership position in the market.

DIVIDENDS AND INTEREST ON CAPITAL

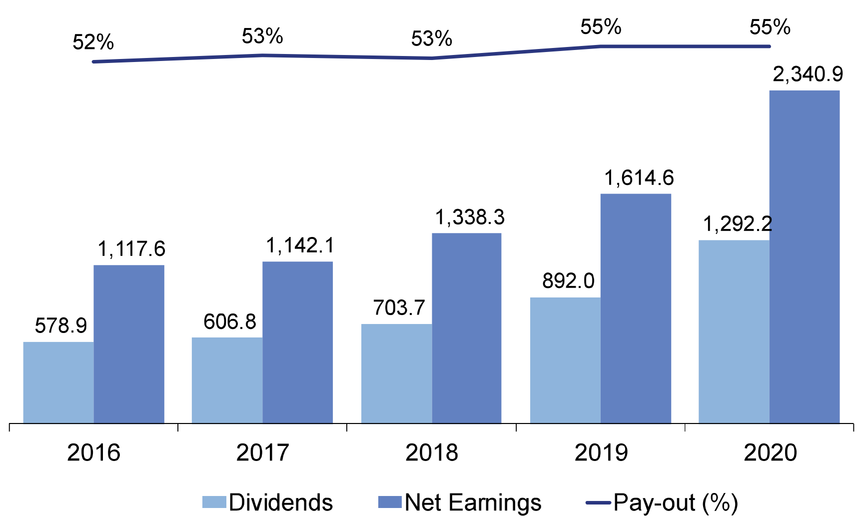
Management shall propose to the Annual General Meeting the allocation of R$ 1,292.2 million for the payment of dividends and interest on capital as remuneration to shareholders on profit for 2020 representing 55.2% of the profit for the year before statutory adjustments.

In August 12, 2020, we made payment of proceeds relating to remuneration of shareholders that were declared over the first six-month period of the year (interim dividends and interest on capital) in a total of R$ 409.6 million. Payment of proceeds relating to the second six-month period (supplementary) of R$ 882.6 million shall take place in March 10, 2021.

In accordance with our policy on the allocation of profit we report interest on capital on a quarterly basis and dividends based on profit obtained in each six-month period i.e. six proceeds payments per year which are paid on a biannual basis.

PROFIT, DIVIDENDS AND PAY-OUT

Amounts in R$ million



CAPITAL MARKET

The Company has 2,098,658,999 common shares traded on B3 S.A. - Brasil, Bolsa, Balcão stock exchange under the ticker WEGE3 and closed the last trading session of December 2020 valued at R$ 75.74, a nominal increase of 118.6% over the year and 120.3% when considering dividends and interest on capital declared in the period.

	2020	2019	Δ
Share Price (R$)	75.74	34.66	118.6%
Traded financial volume (R$ thousand)	83,878,118	18.354.296	357.0%
Number of shares traded (thousand)	1,534,870	797.654	92.4%
Book value per share	5.69	4.26	33.6%
Market cap (R$ billion)	159.0	72.7	118.6%

ACQUISITIONS

Acquisition of 51% of MVISIA's capital, in Brazil

On June 23, 2020, we announced an agreement to acquire control of the startup MVISIA, which specializes in artificial intelligence solutions applied to computer vision for the industry.

With the closing of the agreement, WEG now holds 51% of MVISIA's capital. The company was included in the consolidated balance sheet in October 2020.

Founded in 2012 at the Center for Innovation, Entrepreneurship and Technology, of the University of São Paulo (USP), MVISIA is one of the leading national companies in the field of Computer Vision for Industry, with its own software and vision systems, with strong know-how in embedded processing applications and machine learning algorithms for videos and images, with integration with MES systems used in the industry, as well as through cloud processing via mobile devices or integrated with the open WEGnology platform.

Acquisition of 51% of BirminD's capital, in Brazil

On July 2, 2020, we announced an agreement to acquire control of the startup BirminD, a technology company active in the Artificial Intelligence market applied to industrial analytics.

With the closing of the agreement, WEG now holds 51% of BirminD's capital. The company was included in the consolidated balance sheet in October 2020.

Founded in 2015 in Sorocaba / SP, BirminD is a company that provides industrial optimization solutions focused on bringing the most advanced concepts of industrial analytics, one of the pillars of industry 4.0. The company serves medium and large customers by offering industrial analysis solutions, optimization of control loops and evaluation of the financial return on services even before executing them and without the need for an automation or data science specialist, using machine learning and artificial intelligence.

Acquisition of a transformer factory in Betim / MG

On January 16, 2020, we announced an agreement with the company Transformadores e Serviços de Energia das Américas S.A. ("TSEA") for the acquisition of one of its transformer plants, located in the city of Betim, State of Minas Gerais. The transaction was approved by CADE (Brazilian Antitrust Agency) on October 13, 2020.

Built in 2013, the factory has 32,500 m² of built area and has state-of-the-art equipment and facilities. With a team of 250 employees, the unit is specialized in the manufacture of power transformers, shunt reactors and power auto-transformers with voltage class up to 800kV and power up to 500MVA.

SUCCESSORY PLANNING

Zest (South Africa)

On January 29, 2020, we announced the change in the Zest (South Africa) Board effective from April 1, 2020, with the departure of Mr. Siegfried Kreutzfeld, and appointment of Mr. Juliano Saldanha Vargas as Managing Director of Zest (South Africa).

International Corporate

On January 29, 2020, we announced the change in the International Corporate Board effective as of April 1, 2020, with the departure of Mr. Luis Gustavo Lopes Iensen, and appointment of Mr. Elder Jurandir Stringari as International Corporate Director.

Finance and Investor Relations

On October 20, 2020, we announced the resignation of the Chief Financial and Investor Relations Officer, Mr. Paulo Geraldo Polezi. Mr. André Luís Rodrigues, current Chief Administrative and Financial Officer, has accumulated this position since the announcement date.

HUMAN RESOURCES

The Company ended 2020 with a total of 33,342 employees, an increase of 4.7% compared to the previous year. The distribution of employees by geographic region is shown below.

	2020	2019	Δ
Total employees	33,342	31,830	4.7%
North America	4,450	4,077	9.1%
South America	23,939	22,950	4.3%
Europe	1,702	1,426	19.4%
Africa	640	648	-1.2%
Asia Pacific	2,611	2,729	-4.3%

PROSPECTS

The economic recovery scenario for 2021 is still surrounded by uncertainties and will probably not be enough to recover the drop in activity caused by the pandemic in several segments. Even so, we expect to seek growth opportunities for the Company, although not at the same levels observed in 2020. The projection for global GDP growth is 5.2%, according to the IMF, after an estimated decline of 4.4% in 2020.

The levels of economic stimulus in the main economies, in addition to the improvement in the business environment, mainly between the USA, Europe and China, can cause volatility in this scenario. Attention should be paid to industrial businesses, especially in the external market, where a recovery has been observed since the worst moment of the crisis, but the level of demand is still below pre-pandemic levels.

In Brazil, the prospects are positive, with the GDP projection for 2021 of 2.8%, according to the IMF. Low interest rates and inflation should contribute to a gradual resumption of investments, growth in industrial production and, consequently, in our industrial businesses. Important segments, such as water and sanitation, agribusiness and civil construction, which showed an important recovery in 2020, may continue to bring good results in 2021. The power transmission auctions that have been carried out in recent years may bring good prospects for the transmission and distribution unit, as well as the resumption of deliveries of wind generation projects, as well as the good performance of the solar generation businesses, in particular distributed solar generation.

That way, we will continue to expand our presence in new markets and the product line, both organically, with the

construction of new factories, modernization of existing operations and investing in research, development and innovation, and inorganically, with strategic partnerships and eventual acquisitions. In 2021, our capital budget foresees investments of R$ 986.9 million in fixed assets and R$ 29.2 million in intangible assets, amounts relatively higher than those practiced in 2020, since we need to continue investing to support the level of revenue growth in recent years and major investments that were postponed in 2020 due to the pandemic.
It is important to mention that we do not consider that the crisis caused by COVID-19 has been overcome. Uncertainties regarding the global economic recovery still exist and the future impacts on several segments of the industry may reflect on our business in the medium and long term, mainly on projects related to long cycle equipment.

AUDIT SERVICES

In accordance with CVM Ruling No. 381/03, we represent that the Company and its subsidiaries adopt a formal procedure to consult the independent auditors, Deloitte Touche Tohmatsu Auditores Independentes ("Deloitte"), in order to ensure that the provision of other services does not affect its independence and objectivity necessary for the performance of independent auditing services. Accordingly, Deloitte annually issues in its audit report a declaration of independence, pursuant to NBC TA 260 (R2) from the Federal Accounting Council (CFC), which states that, as provided by the rules of independence adopted by the Brazilian Securities and Exchange Commission (CVM), there is no relationship between Deloitte, its associates and affiliates and the Company that may affect its independence. This statement is submitted to WEG's Board of Directors. The policy of the Company and its subsidiaries in engaging independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.
During 2020, we made payments to Deloitte for the financial statements audit service, specific management consulting services and services for the translation of the financial statements into the English language, as follows:

R$ thousand

	2020	%
Audit of Financial Statements	4,451.4	97.8%
Management Consulting	97,9	2.2%
Grand Total	**4,549.3**	**100.0%**

ARBITRATION CHAMBER

The Company is bound to arbitration in the Market Arbitration Chamber, pursuant to the Arbitration Clause contained in its Bylaws.

Jaraguá do Sul (Santa Catarina State), February 2021.
THE MANAGEMENT.

FINANCIAL STATEMENTS 2020

Balance Sheets in December 31, 2020

In R$ thousands

	Notes	PARENT 12/31/20	PARENT 12/31/19	CONSOLIDATED 12/31/20	CONSOLIDATED 31/12/19
Assets					
Current assets					
Cash and cash equivalents	4	390,133	69,046	3,892,140	1,946,044
Financial investments	5	482,215	817,630	592,794	1,444,227
Derivative financial instruments	29	-	-	206,849	24,102
Trade receivables	6	-	-	3,417,251	2,747,084
Inventories	7	-	-	3,737,529	2,817,129
Recoverable taxes	8	2,978	6,063	339,283	394,839
Dividends and interest on capital receivable		379,596	136.286	-	-
Other current assets		-	-	370,297	387,477
		1,254,922	**1.029.025**	**12,556,143**	**9,760,902**
Noncurrent assets					
Derivative financial investments	29	-	-	318,291	167,069
Judicial deposits	17.d	4,657	4.657	70,155	68,506
Due from related parties	9	-	3	-	-
Deferred taxes	10	5,527	4,863	360,390	182,042
Recoverable taxes	8	-	-	31,214	78,708
Other noncurrent assets		-	-	117,995	101,472
Investments	11	10,443,777	7,833,527	1,023	28,012
Property, plant and equipment	12	4,132	4,219	4,598,730	3,776,561
Lease right of use	13	-	-	278,480	204,623
Intangible assets	14	-	-	1,595,475	1,319,746
		10,458,093	**7,847,269**	**7,371,753**	**5,926,739**
TOTAL ASSETS		**11,713,015**	**8,876,294**	**19,927,896**	**15,687,641**

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS 2020

Balance Sheets in December 31, 2020

In R$ thousands

	Notes	PARENT 12/31/20	PARENT 12/31/19	CONSOLIDATED 12/31/20	CONSOLIDATED 12/31/19
Liabilities and Equity					
Current Liabilities					
Trade payables	15	-	-	1,249,368	839,879
Borrowings and financing	16	-	-	642,284	936,370
Derivative financial instruments	29	-	-	14,011	13,879
Payroll and tax charges		8,115	7,651	496,185	390,119
Income and social contribution taxes		74	34	111,072	31,578
Dividens and interest on capital payable		134,987	144,611	136,007	145,376
Advances from customers		-	-	1,714,656	814,964
Profit sharing		-	-	335,428	212,608
Lease		-	-	63,994	49,168
Bill and hold sales		-	-	263,294	414,337
Provision for product warranties		-	-	251,595	168,338
Accounts payable - subsidiaries abroad		-	-	249,933	210,113
Other current liabilities		1,944	2,021	354,217	264,292
		145,120	**154,317**	**5,882,044**	**4,491,021**
Noncurrent liabilities					
Borrowings and financing	16	-	-	1,044,296	1,348,599
Derivative financial instruments	29	-	-	6,500	6,679
Lease		-	-	223,532	153,667
Provisions for contingencies	17,a	4,730	4,730	612,705	551,578
Deferred taxes	10	-	-	69,625	75,143
Other noncurrent liabilities		-	-	158,896	130,964
		4,730	**4,730**	**2,115,554**	**2,266,630**
Total liabilities		**149,850**	**159,047**	**7,997,598**	**6,757,651**
Equity					
Owners of the Company					
Share capital	19,a	5,504,517	5,504,517	5,504,517	5,504,517
Capital reserves		(124,345)	(101,676)	(124,345)	(101,676)
Stock option plan	21	11,512	12,857	11,512	12,857
Treasury shares	19,d	(15,779)	(11,419)	(15,779)	(11,419)
Earnings reserve		2,782,943	1,707,252	2,782,943	1,707,252
Carrying value adjustments		343,843	359,298	343,843	359,298
Other comprehensive income		2,331,007	894,526	2,331,007	894,526
Additional dividends proposed		729,467	351,892	729,467	351,892
		11,563,165	**8,717,247**	**11,563,165**	**8,717,247**
Noncontrolling interests		**-**	**-**	**367,133**	**212,743**
Total equity		**11,563,165**	**8,717,247**	**11,930,298**	**8,929,990**
Total liabilities and equity		**11,713,015**	**8,876,294**	**19,927,896**	**15,687,641**

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS 2020

Statement of Profit and Loss | Years ended December 31, 2020 and 2019

In R$ thousands, except when stated otherwise

		PARENT		CONSOLIDATED	
	Notes	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**
Net revenue	22	**-**	**-**	**17,469,557**	**13,347,434**
Cost of goods sold and services rendered	24	-	-	(12,032,050)	(9,394,166)
Gross profit		**-**	**-**	**5,437,507**	**3,953,268**
Selling expenses	24	-	-	(1,506,817)	(1,253,165)
Administrative expenses	24	(3,404)	(2,408)	(628,918)	(521,798)
Management fees	9	(2,760)	(2,715)	(25,551)	(26,609)
Other operating expenses	25	(2,942)	(7,937)	(463,767)	(314,397)
Share of profit of investees	11	2,359,471	1,594,481	3,870	10,435
Profit before finance income (costs)		**2,350,365**	**1,581,421**	**2,816,324**	**1,847,734**
Finance income	26	(7,063)	33,189	1,020,426	917,382
Finance costs	26	(2,769)	(820)	(1,090,101)	(960,665)
Profit before taxes on income		**2,340,533**	**1,613,790**	**2,746,649**	**1,804,451**
Current taxes	27	(324)	(751)	(500,450)	(217,098)
Deferred taxes	27	664	1,542	149,758	45,102
Profit for the year		**2,340,873**	**1,614,581**	**2,395,957**	**1,632,455**
Attributable to:					
Owners of the Company	32			**2,340,873**	**1,614,581**
Noncontrolling interests				55,084	17,874
Earnings per share attributable to the owners of the Company	32				
Basic earnings per share (in R$)	32,a			**1.11592**	**0.76978**
Diluted earnings per share (in R$)	32,b			**1.11545**	**0.76931**

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS 2020

Statement of Comprehensive Income | Years ended December 31, 2020 and 2019

In R$ thousands

	PARENT		CONSOLIDATED	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
Profit for the year	**2,340,873**	**1,614,581**	**2,395,957**	**1,632,455**
Amounts that may be subsequently reclassified to income statement				
Hedge accounting	16,360	7,477	18,310	7,477
Change in equity interest	1,782	(6,070)	1,782	(6,070)
Cumulative translation adjustments	1,418,339	117,792	1,420,588	122,796
Total comprehensive income attributable to:	**3,777,354**	**1,733,780**	**3,836,637**	**1,756,658**
Owners of the Company			**3,777,354**	**1,733,780**
Noncontrolling interests			**59,283**	**22,878**

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS 2020

Statement of Changes in Equity | Years ended December 31, 2020 and 2019

In R$ thousands

	Paid-in capital	Capital reserves		Stock option plan	Treasury shares	Earnings reserves		Carrying value adjustment	Additional dividends proposed	Retained earnings	Other comprehensive income			Equity		
		Goodwill reserve	Revaluation of subsidiaries' assets			Legal reserve	Reserve for capital budget	Deemed cost			Translation adjustment	Change in equity interest	Hedge Accounting	Owners of the Company	Noncontrolling interests	Total
At January 1, 2019	**5,504,517**	**(81,456)**	**3,630**	**9,615**	**(15,261)**	**66,916**	**892,339**	**380,781**	**173,867**	**-**	**797,983**	**-**	**(18,657)**	**7,714,274**	**138,983**	**7,853,257**
Payment of dividends	-	-	-	-	-	-	-	-	(173,867)	-	-	-	-	(173,867)	-	(173,867)
Treasury shares sold	-	3,626	-	-	3,842	-	-	-	-	-	-	-	-	7,468	-	7,468
Pricing of stock options	-	-	-	3,242	-	-	-	-	-	(989)	-	-	-	2,253	-	2,253
Capital transactions	-	(27,476)	-	-	-	-	-	-	-	-	-	-	-	(27,476)	50,882	23,406
Reversal of prior year dividends	-	-	-	-	-	-	-	-	-	938	-	-	-	938	-	938
Carrying value adjustments:																
Realization of deemed cost, net of taxes	-	-	-	-	-	-	-	(21,483)	-	25,482	(3,999)	-	-	-	-	-
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	-	117,792	-	-	117,792	5,004	122,796
Hedge accounting - Cash flow net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	7,477	7,477	-	7,477
Change in equity interest	-	-	-	-	-	-	-	-	-	-	-	(6,070)	-	(6,070)	-	(6,070)
Profit for the year	-	-	-	-	-	-	-	-	-	1,614,581	-	-	-	1,614,581	17,874	1,632,455
Proposed allocations:																
Legal reserve (Note 19,c)	-	-	-	-	-	80,729	-	-	-	(80,729)	-	-	-	-	-	-
Dividends (Note 19,b)	-	-	-	-	-	-	-	-	351,892	(538,780)	-	-	-	(186,888)	-	(186,888)
Interest on capital (Note 19,b)	-	-	-	-	-	-	-	-	-	(353,235)	-	-	-	(353,235)	-	(353,235)
Reserve for capital budget	-	-	-	-	-	-	667,268	-	-	(667,268)	-	-	-	-	-	-
At December 31, 2019	**5,504,517**	**(105,306)**	**3,630**	**12,857**	**(11,419)**	**147,645**	**1,559,607**	**359,298**	**351,892**	**-**	**911,776**	**(6,070)**	**(11,180)**	**8,717,247**	**212,743**	**8,929,990**
Payment of dividends	-	-	-	-	-	-	-	-	(351,892)	-	-	-	-	(351,892)	-	(351,892)
Treasury shares sold	-	6,604	-	-	7,402	-	-	-	-	-	-	-	-	14,006	-	14,006
Treasury shares acquired	-	-	-	-	(11,762)	-	-	-	-	-	-	-	-	(11,762)	-	(11,762)
Pricing of stock options	-	-	-	(1,345)	-	-	-	-	-	(5,653)	-	-	-	(6,998)	-	(6,998)
Capital transactions	-	(29,273)	-	-	-	-	-	-	-	-	-	-	-	(29,273)	95,107	65,834
Reversal of prior year dividends	-	-	-	-	-	-	-	-	-	902	-	-	-	902	-	902
Carrying value adjustments:																
Realization of deemed cost, net of taxes	-	-	-	-	-	-	-	(15,455)	-	31,742	(16,287)	-	-	-	-	-
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	-	1,434,626	-	-	1,434,626	2,249	1,436,875
Hedge accounting - Cash flow net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	16,360	16,360	1,950	18,310
Change in equity interest	-	-	-	-	-	-	-	-	-	-	-	1,782	-	1,782	-	1,782
Profit for the year	-	-	-	-	-	-	-	-	-	2,340,873	-	-	-	2,340,873	55,084	2,395,957
Proposed allocations:																
Legal reserve (Note 19,c)	-	-	-	-	-	117,043	-	-	-	(117,043)	-	-	-	-	-	-
Dividends (Note 19,b)	-	-	-	-	-	-	-	-	729,467	(998,866)	-	-	-	(269,399)	-	(269,399)
Interest on capital (Note 19,b)	-	-	-	-	-	-	-	-	-	(293,307)	-	-	-	(293,307)	-	(293,307)
Reserve for capital budget	-	-	-	-	-	-	958,648	-	-	(958,648)	-	-	-	-	-	-
As at December 31, 2020	**5,504,517**	**(127,975)**	**3,630**	**11,512**	**(15,779)**	**264,688**	**2,518,255**	**343,843**	**729,467**	**-**	**2,330,115**	**(4,288)**	**5,180**	**11,563,165**	**367,133**	**11,930,298**

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS 2020

Statement of Cash Flows – Indirect Method | Years ended December 31, 2020 and 2019

In R$ thousands

	PARENT		CONSOLIDATED	
	12/31/20	12/31/19	12/31/20	12/31/19
Operating activities				
Profit before taxes	2,340,533	1,613,790	2,746,649	1,804,451
Depreciation and amortization	87	86	451,359	396,783
Stock option plan expenses	(383)	4,451	12,118	6,940
Share of profit of investees	(2,359,471)	(1,594,481)	(3,870)	(10,435)
Provision for credit risk	-	-	8,064	2,722
Provision for tax, civil and labor liabilities	-	-	61,127	3,941
Provision for inventory losses	-	-	54,031	3,803
Provision for product warranty	-	-	83,257	12,806
Write-off of noncurrent assets	-	-	7,869	13,998
Accrued interest on borrowings and financing	-	-	8,269	78,383
Income from financial investments	(19,015)	(39,195)	(35,423)	(99,966)
Profit sharing - employees	-	-	406,706	282,231
	(38,249)	**(15,349)**	**3,800,156**	**2,495,657**
(Increase)/decrease in trade receivables	(1,162)	11,247	487,751	(150,828)
(Increase)/decrease in inventories	-	-	(439,340)	(311,532)
Increase/(decrease) in trade payables	11,922	(3,953)	785,538	321,190
Income tax and social contribution paid	(285)	(795)	(420,956)	(210,488)
Payment of profit sharing - employees	-	-	(283,117)	(236,146)
Net cash flow from operating Activities	**(27,774)**	**(8,850)**	**3,930,032**	**1,907,853**
Investing activities				
Investments	-	(250,000)	-	-
Acquisition of property, plant and equipment	-	-	(481,104)	(496,115)
Acquisition of intangible assets	-	-	(77,442)	(28,367)
Acquisition of company - business combination (net of cash)	-	-	(144,335)	(121,830)
Financial investments	(269,550)	(367,353)	(604,346)	(676,688)
Redemption of financial investments	623,980	567,545	1,491,202	1,219,397
Proceeds from the sale of property, plant and equipment and intangible assets	-	-	23,400	43,855
Dividends and interest on capital received	880,011	604,299	-	-
Net cash flow from investing Activities	**1,234,441**	**554,491**	**207,375**	**(59,748)**
Financing activities				
Proceeds from borrowings and financing	-	-	211,487	1,407,993
Repayment of borrowings and financing	-	-	(1,674,612)	(2,778,344)
Interest paid on borrowings and financing	-	-	(11,784)	(68,008)
Treasury shares	(4,360)	3,842	(4,360)	3,842
Dividends and interest on capital paid	(881,220)	(681,130)	(881,332)	(680,924)
Net cash flow from financing Activities	**(885,580)**	**(677,288)**	**(2,360,601)**	**(2,115,441)**
Exchange rate changes on cash and cash equivalentes	-	-	169,290	7,680
Increase/(decrease) in cash and cash equivalentes	**321,087**	**(131,647)**	**1,946,096**	**(259,656)**
Cash and cash equivalents at January 1	69,046	200,693	1,946,044	2,205,700
Cash and cash equivalents at December 31	**390,133**	**69,046**	**3,892,140**	**1,946,044**

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS 2020

Statement of Value Added | Years ended December 31, 2020 and 2019

In R$ thousands

	PARENT		CONSOLIDATED	
	12/31/20	12/31/19	12/31/20	12/31/19
Revenues	**-**	**-**	**19,593,434**	**14,942,787**
Sales of goods, products and services	-	-	19,544,415	14,900,758
Other revenues	-	-	57,083	44,751
Allowance for / Reversal of allowance for doubtful debts	-	-	(8,064)	(2,722)
Inputs purchased from third parties	**(439)**	**(5,458)**	**(10,542,543)**	**(8,222,395)**
Materials, electric power, third-party services and others	(840)	(1,008)	(10,466,072)	(8,179,720)
Others	401	(4,450)	(76,471)	(42,675)
Gross value added	**(439)**	**(5,458)**	**9,050,891**	**6,720,392**
Depreciation, amortization and depletion	(87)	(86)	(451,359)	(396,783)
Wealth created by the Company	**(526)**	**(5,544)**	**8,599,532**	**6,323,609**
Wealth received in transfer	**2,352,408**	**1,627,670**	**1,024,296**	**927,817**
Share of profit of investees	2,359,471	1,594,481	3,870	10,435
Finance income	(7,063)	33,189	1,020,426	917,382
Wealth for distribution	**2,351,882**	**1,622,126**	**9,623,828**	**7,251,426**
Wealth distributed	**2,351,882**	**1,622,126**	**9,623,828**	**7,251,426**
Personnel	**7,028**	**6,215**	**4,251,902**	**3,173,416**
Salaries and wages	5,772	5,958	3,608,543	2,699,186
Benefits	1,078	174	513,339	379,830
Severance pay fund (FGTS)	178	83	130,020	94,400
Taxes, fees and contributions	**1,212**	**514**	**1,877,758**	**1,476,632**
Federal	1,212	514	1,658,582	1,314,646
State	-	-	187,984	147,353
Municipal	-	-	31,192	14,633
Lenders and lessors	**2,769**	**816**	**1,098,211**	**968,923**
Interest	2,769	816	1,085,327	958,081
Rentals	-	-	12,884	10,842
Shareholders	**2,340,873**	**1,614,581**	**2,395,957**	**1,632,455**
Dividends	998,866	538,780	998,866	538,780
Interest on capital	293,307	353,235	293,307	353,235
Retained earnings	1,048,700	722,566	1,048,700	722,566
Retained earnings - noncontrolling interests	-	-	55,084	17,874

The accompanying notes are an integral part of these financial statements.

1 INFORMATION ABOUT THE COMPANY

WEG S.A. ("Company") is a publicly-held limited liability corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, in Jaraguá do Sul - State of Santa Catarina (SC), Brazil, holding company comprising the WEG Group ("Group"), whose main activity is the production and trade of capital goods such as electric motors, generators and transformers; gear units and geared motors; hydraulic and steam turbines; frequency converters; motor starters and maneuver devices; control and protection of electric circuits and industrial automation; power sockets and switches; electric traction solutions for heavy vehicles, utility vehicles and locomotives, and urban and sea transportation; solutions for the generation of renewable and distributed energy, exploring all opportunities in small hydro, thermal biomass, wind and solar energy powerplants; solutions for Industry 4.0; no-breaks and alternators for groups of generators; conventional and movable electric substations; industrial electro electronic equipment systems; industrial paint & varnish and paints for automotive repainting. The operations are performed through manufacturing facilities located in Brazil, Argentina, Colombia, Mexico, United Stated, Portugal, Spain, Austria, Germany, South Africa, India, and China, with commercial activities carried out in more than 135 countries.
The Company has shares traded on B3 under ticker symbol “WEGE3” and has been listed since June 2007 in the special segment of corporate governance called Novo Mercado.
The Company has American Depositary Receipts (ADRs) - Level 1 that are traded on the over-the-counter (OTC) market in the United States under the ticker symbol “WEGZY”.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated and company financial statements ("financial statements") have been prepared taking into consideration all the Company's significant information, which corresponds to that information used by the Management in its management, prepared in accordance with the International Financial Reporting Standards - "IFRS", which have been implemented in Brazil by the Committee for Accounting Pronouncements ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and the Brazilian Federal Accounting Council ("CFC").

The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, when required by the standard.

These individual and consolidated financial statements were approved and authorized for issue at the Executive Board's meeting held on February 23, 2021.

2.1 Basis of consolidation

The consolidated financial statements have been jointly prepared with the parent company's, using consistent accounting policies, and are comprised of the direct and indirect subsidiaries' financial statements.
All unrealized balances, revenues, expenses, gains and losses arising from intercompany transactions among the Group's subsidiaries.
Changes in the corporate interest in a subsidiary that do not result in a loss of control are accounted for as transactions between shareholders in equity.
Profit and loss for the year and comprehensive income are attributable to the parent company's shareholders and noncontrolling interest of the consolidated companies. Losses are attributable to minority interest, even if they result in a negative balance.
The subsidiaries that comprise the consolidated financial statements are presented in Note 11.

2.2 Business Combinations

When the Company acquires a business, it assesses the assets and liabilities assumed aiming at classifying them and allocating them in accordance with the contractual terms, the economic circumstances, and the relevant conditions, in up to one year subsequent to the acquisition date.
The goodwill is initially measured as the excess of the consideration transferred in relation to net assets acquired (identified assets and assumed liabilities). If the consideration is less than the fair value of the net assets acquired, the difference is recognized as gain in the income statement.
Subsequent to the initial recognition, the goodwill is measure at cost, minus any accumulated losses of the recoverable value, which is tested on a yearly basis. For recoverable value testing purposes, the goodwill acquired in a business combination is, as from the date of acquisition, allocated to each one of the Company's cash generating units (CGUs) which are expected to benefit from the combination synergies, regardless of other acquiree's assets or liabilities being attributable to those units.

Financial information of subsidiaries is recognized in the individual financial statements of the parent company using the equity method.

2.3 Foreign currency translation

a) Functional currency of the Group's companies

These consolidated financial statements are presented in Reais (R$), which is the Company's and its located-in-Brazil subsidiaries' functional currency.
The functional currency of subsidiaries located abroad is determined based on the principal economic environment in which they operate, and translated into Real (R$) as of the reporting date.

b) Transactions and balances

Transactions in foreign currency are recognized using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency in force at the reporting date. All differences are recognized in the statement of profit or loss or in other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate in force at the date of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate in force at the date on which the fair value was determined.

c) Translation of balance sheets regarding the Group's companies located abroad

Foreign currency assets and liabilities recognized by the foreign subsidiary are translated into Reais using the exchange rate of the reporting date, and the corresponding income statements are translated using monthly average exchange rates. Foreign exchange differences resulting from the aforementioned translation are separately recorded in the account cumulative translation adjustments in equity. At the time of sale of a subsidiary abroad, the cumulative translation amount recognized in equity, related to this subsidiary abroad, is recognized in the income statement.

2.4 Cash and cash equivalents

Includes balances in checking account and short-term investments with liquidity in up to 90 days, which are recorded at cost value plus income earned up to the balance sheet closing date, in accordance with the rates agreed upon with the financial institutions, which do not exceed their market or realization value.

2.5 Financial investments

Financial investments are investments with liquidity over 90 days classified as at fair value through profit or loss as they have the characteristic of being held to maturity, and they are recorded at cost value plus income earned up to the balance sheet closing date, in accordance with the rates agreed upon with the financial institutions, which do not exceed their market or realization value.

2.6 Trade receivables

Trade receivables consist of cash receivable from clients for goods sold or services rendered over the normal course of the Company's activities, stated at present and realization value. The allowance for losses on trade receivables is calculated based on the assessment of the credit, market liquidity and credit level risks, being sufficient to cover expected losses on such receivables.

2.7 Inventories

Inventories are stated at average cost of acquisition or production, which does not exceed their net realizable value. The Company and its subsidiaries determine the cost of their inventories using the absorption method, based upon the weighted moving average.
Provisions for inventories due to: realization; slow moving; and obsolete inventories, are recorded in accordance with the Company's policies. Imports in progress are stated at the accumulated cost of each import.

2.8 Property, plant and equipment

Fixed assets are assessed at the cost of acquisition and/or construction, minus the corresponding depreciation, except for land which is not depreciated.
Maintenance or repair expenditures which do not significantly increase the useful life of the assets are recorded as expenses, when incurred. Gains and losses on disposals are determined by comparing the sale amount and the residual amount, and are recognized in the income statement.
Depreciation is calculated using the straight-line method and it takes into account the economic useful life of assets, and it is reviewed periodically aiming at adapting the depreciation rates as required.

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the Company recognizes a reduction in the carrying amount of this asset.

2.9 Right of use of leased assets

All leases in which the Company and its subsidiaries participate as lessees are recognized in the balance sheet in the right-of-use asset line item against the lease liability line item in liabilities, excepting short-term and low-value leases, which are recognized as expense on a straight line basis over the lease term.
The right-of-use asset is measured at cost, less accumulated depreciation and impairment, if any, adjusted by any remeasurement of the lease liability. Depreciation is calculated based on the useful life of the asset or lease term. Lease liability is initially measured at present value of lease installments payable, monthly restated by interest discounted and settled for lease payments made.

2.10 Intangible assets

They are stated at cost of acquisition, minus amortization. Intangible assets with defined useful lives are amortized taking into account the estimated time of future economic benefit generation. Goodwill due to expectations of future profitability, without a definite useful life, was amortized up to December 31, 2008. As from 2009 goodwill is subject to recoverability testing on a yearly basis, or whenever there are signs of a possible loss of economic value.

2.11 Research, development and innovation

Expenses on research activities are recognized in profit or loss when incurred, and expenses on development and innovation that include opportunities to gain scientific and technological knowledge or improvements in products are capitalized and amortized over the estimated benefit period.

2.12 Provision for contingencies

Provisions are recognized when the Company and its subsidiaries have a current liability resulting from past events, and it is probable that an outflow of funds will be required to settle the obligation, and a reliable estimate of the value may be made. Provisions are reviewed periodically, respecting their nature and substantiated by the opinion of legal advisors.

2.13 Provision for warranties

A provision for warranties is recognized when products are sold or services rendered based on historical data and warranty periods.

2.14 Profit sharing

The Company and its subsidiaries provide profit sharing to the employees and the Management based on programs which establish operating goals, approved by the Board of Directors, on a yearly basis. The amount shared is recognized as profit or loss as goals are accomplished.

2.15 Dividends and interest on capital

Dividends and interest on shareholders' equity are recognized as a liability based on the minimum dividends established by the Company's Bylaws. Any amount above the minimum non-discretionary dividends is only recognized as liability when approved by the Board of Directors and ad referendum at the Ordinary General Meeting.
Dividends proposed for the Board of Directors remain recorded in equity in the caption Additional Dividends.

2.16 Private pension plan

The Company and its subsidiaries sponsor a supplementary private pension fund, which ensures risk benefits and programmed term benefits. Risk benefits (disability, death pension, sickness benefit, and monetary death reserve) are structured in the mode of defined benefit, and fully financed by the sponsor, by the financial allocation system. The programmed term benefit (reversible monthly income for life and the permanent monthly financial income) are structured in the mode of variable contribution and financed by the participants and by the sponsor, by the financial capitalization system. The actuarial commitments to the benefit plan are recorded and provided for based on actuarial calculations, which are periodically prepared by an independent actuary, and they are covered by the benefit plan's guarantee assets. Actuarial calculations are performed using actuarial, financial and economic assumptions such as the mortality chart, mortality chart for disabled persons, actual annual interest rate and historical data of events, death, disability and sickness, occurred in periods prior to the determination of the corresponding costs.

2.17 Financial instruments

The Company's and its subsidiaries' main financial instruments include the following ones:

a) **Cash and cash equivalents:** Cash and cash equivalents are stated at market value, which is equivalent to their carrying value;

b) **Financial investments:** Fair value is reflected in the amounts recorded in the balance sheets. Financial investments are classified as at fair value through profit or loss, as they have the characteristic of being held to maturity;

c) **Borrowings and financing:** The main purpose of this financial instrument is to generate funds to finance the Company's and its subsidiaries' expansion programs, and possibly cover the needs for its cash flow in the short term:
   - Borrowings and financing in local currency: are classified as financial liabilities measured at amortized cost and are accounted for at their adjusted amounts based on the contractual rates. The market values of these borrowings are equivalent to their carrying values, as they are financial instruments which have exclusive characteristics, resulting from specific financing sources.
   - Borrowings and financing in foreign currency: they are financially contracted to provide support to working capital of sales operations performed in Brazil, and of subsidiaries located abroad, and are corrected according to the rates contracted.

d) **Derivative financial instruments:**
   - Operations with Non Deliverable Forwards (NDF) and SWAPs - recognized at fair value in assets and/or liabilities in contra-entry to the financial profit or loss in the income statement.
   - Hedge accounting - these operations are recognized at fair value in assets and/or liabilities against the financial profit or loss in the income statement. The amount recorded in equity is immediately transferred to the statement of profit or loss when the transaction subject to hedge affects profit or loss.

2.18 Treasury shares

Treasury shares are recognized at cost, and deducted from equity. No gains or losses on the purchase, sale, issue or cancelation of the Company's own equity instruments are recognized in the income statement. Any difference between the carrying amount and the compensation is recognized in capital reserves.

2.19 Share-based plan

a) **Long-Term Incentive Plan –** The Company grants shares to its officers and managers, which will only be delivered after grace periods. Shares are measured based on the share value at the grant date, and are recognized as expenses in the caption Other Income in the income statement for the year against the capital reserve in equity as the terms of the periods for exercising the options are performed.

b) **Stock call option plan –** The Company grants stock call options to its officers, who will only exercise the option subsequent to the vesting period. Options are measured at fair value based on the date of the grant, using the Black-Scholes-Merton pricing model, and recognized as expenses in the caption Other Income in the income statement for the year against the capital reserve in equity as the terms of the periods for exercising the options are performed.

Changes and reversals subsequent to the acquisition calculation are made only when there is: (i) reduction in the exercise price of the granted options; and (ii) reducing the number of options that are expected to be granted.

2.20 Government subsidies and grants

Government subsidies are recognized when all corresponding conditions associated with the subsidy have been met. When the benefit refers to an expense item, the subsidy is recognized as revenue during the course of the benefit period, on a systematic basis, in relation to the costs whose benefit aims at offsetting. When the benefit refers to an asset, it is recognized as deferred income and entered into profit or loss at equal amounts over the expected useful life of the corresponding asset.

2.21 Revenue from contract with customer

Revenue is recognized to the extent which the company transfers the control over goods and services to the customers, which generally occurs at the moment the customer receives the product or the service is provided.
It is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and taxes or charges over sales.

2.22 Revenue from contract with customer - Construction contracts

When the results of a construction contract are accurately estimated, revenues and costs are recognized based on the completion stage of the contract at the end of the period, considering the legal possibility of demanding payment by the customer or delivery of the product to the customer (transfer of control), and measured on the basis of the proportion of costs incurred in relation to the total costs estimated in the contract.

2.23 Taxes

a) Current and deferred income and social contribution taxes

Current and deferred income and social contribution taxes of the Company and its subsidiaries in Brazil are calculated based on the 25% and 9% rates, respectively, and take into account tax losses and negative basis limited to 30% of the taxable profit, except for the subsidiaries located abroad, in which the tax rates valid in the countries where these subsidiaries are located are complied with.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the corresponding amounts used for taxation purposes.

b) Other taxes

Revenues, expenses and assets are net of taxes on sales, except when the taxes on purchases of goods or services are not recoverable with the tax authorities, in which event the tax is recognized as part of the acquisition cost of the asset or expense item, as the case may be.

2.24 Segment information

Management determines the Company's and its subsidiaries' operating and geographic segments base on reports issued internally as business management information. The Company's management is structured, using the operations' information, taking into account the industry, energy, foreign and consolidated segments.

2.25 Statement of value added

The Company prepares the Statements of Value Added (DVAs), as required by the Brazilian legislation, as a part of its individual financial statements and supplementary information to the consolidated financial statements.

2.26 Hyperinflationary economy

Non-monetary items are adjusted for inflation from the acquisition or remeasurement date through the reporting dates, except for non-monetary items recognized at present value at the reporting dates, which are not adjusted for inflation. Deferred taxes are measured subsequent to the adjustment of non-monetary items, from the acquisition or remeasurement date through the opening balance dates, and subsequently adjusted through the reporting dates.
Monetary items are not adjusted, since these are already expressed in the current monetary unit at the end of the reporting periods.
Gains and losses on the net monetary position are recorded in profit or loss.

The Company adopts these procedures in countries considered as hyperinflationary economies.

2.27 New standards effective beginning on January 1, 2020

In 2020, the following revisions of Accounting Pronouncements were issued, already effective for 2020:

a) CPC 00 (R2) - Conceptual Framework for Financial Reporting.
b) Review of Technical Pronouncements No. 15/2020: Amendments to Technical Pronouncements CPC 38, 40 (R1) and CPC 48 (IAS 39, IFRS 7 and IFRS 9, respectively) resulting from the Reform of the Interest Rate Benchmark.
c) Revision of Technical Pronouncements No. 16/2020: Amendments to Technical Pronouncement CPC 06 (R2) - Leases (IFRS 16 - Leases*)*, referring to COVID-19-related rent concessions granted to lessees under lease agreements.

The amendments were assessed by the Company's management, with no impact on the Financial Statements.

(Amounts in thousands of Reais, except otherwise stated)

2.28 New pronouncements effective beginning January 1, 2021

Management assessed the pronouncements that: i) have already been issued, but will only be effective as of January 1, 2021; and (ii) are being studied by regulatory bodies and are public knowledge, and concluded that none of these pronouncements should have significant impacts on the Company's financial statements.

3 ACCOUNTING ESTIMATES

The financial statements include the use of estimates that took into consideration Management's assessments and judgments, past and current experiences, assumptions related to future events and other objective and subjective factors. The significant items subject to those estimates are:

a) analysis of the credit risk to determine the allowance for doubtful debts;
b) determination of the allowance for inventory losses;
c) review of the economic useful life of fixed assets and their recovery in operations;
d) impairment test of tangible and intangible assets;
e) fair value measurement of financial instruments;
f) commitments to employee benefit plan;
g) share-based plan transactions;
h) deferred income and social contribution taxes; and
i) provision for contingencies.

The settlement of transactions involving those estimates may lead to amounts different from those recorded in the financial statements due to the inaccuracies inherent in the estimate process. These estimates are periodically reviewed.

4 CASH AND CASH EQUIVALENTS

	PARENT		CONSOLIDATED	
	12/31/20	12/31/19	12/31/20	12/31/19
a)Cash and banks	**6**	**7**	**584,332**	**396,233**
b)Financial investments	**390,127**	**69,039**	**3,307,808**	**1,549,811**
In local currency:	**390,127**	**69,039**	**2,756,033**	**1,483,551**
Bank Certificate of Deposit (CDB) and Repurchase Operations	390,127	69,039	2,756,033	1,483,551
In foreign currency:	**-**	**-**	**551,775**	**66,260**
TOTAL	**390,133**	**69,046**	**3,892,140**	**1,946,044**

Investments in Brazil:
Investments in Brazil refer mainly to funds invested in private securities with first tier financial institutions.
They yield average rate of 102.41% of the Interbank Deposit Rate - CDI (100.35% of the CDI as at December 31, 2019).

5 FINANCIAL INVESTMENTS

	PARENT		CONSOLIDATED	
	12/31/20	12/31/19	12/31/20	12/31/19
Bank Certificate of Deposit (CDB) and Funds	482,215	817,630	592,794	1,444,227
TOTAL	**482,215**	**817,630**	**592,794**	**1,444,227**
Current assets	**482,215**	**817,630**	**592,794**	**1,444,227**
Floating rate	482,215	817,630	592,794	1,393,944
Fixed rate	-	-	-	50,283

Financial investments yield an average floating rate of 103.20% of CDI (102.77% of CDI as at December 31, 2019).

(Amounts in thousands of Reais, except otherwise stated)

6 TRADE RECEIVABLES

	CONSOLIDATED	
	12/31/20	**12/31/19**
a)Breakdown of balances:		
Domestic market	1,399,934	1,119,107
External market	2,078,899	1,681,495
SUBTOTAL	**3,478,833**	**2,800,602**
Allowance for doubtful debts	(61,582)	(53,518)
TOTAL	**3,417,251**	**2,747,084**
b)Losses on trade receivables in the period	**19,562**	**13,144**
c)Maturity of trade notes:		
Not past due	3,097,118	2,426,922
Past due:	381,715	373,680
Up to 30 days	217,894	206,483
From 31 to 90 days	69,990	75,735
From 91 to 180 days	34,928	29,234
Over 180 days	58,903	62,228
TOTAL	**3,478,833**	**2,800,602**

The movement in the allowance for doubtful debts is as follows:

Balance at 1/1/2019	**(50,796)**
Losses written off in the year	13,144
Recognition of provision in the year	(25,500)
Reversal of provision in the year	9,634
Balance at 12/31/2019	**(53,518)**
Losses written off in the year	19,562
Recognition of provision in the year	(48,466)
Reversal of provision in the year	20,840
Balance at 12/31/2020	**(61,582)**

7 INVENTORIES

	CONSOLIDATED	
	12/31/20	**12/31/19**
Finished goods	619,886	411,427
Work in progress	537,750	421,598
Raw materials and others	616,709	521,760
Imports in transit	74,603	61,638
Provision for slow-moving inventory losses	(43,019)	(33,150)
Total inventories - domestic market	**1,805,929**	**1,383,273**
Finished goods	899,065	828,787
Work in progress	692,901	317,816
Raw materials and others	464,917	368,374
Provision for slow-moving inventory losses	(125,283)	(81,121)
Total inventories – external market	**1,931,600**	**1,433,856**
GRAND TOTAL	**3,737,529**	**2,817,129**

The movement in the provision for slow-moving inventory losses is as follows:

Balance at 1/1/2019	**(110,468)**
Recognition of provision in the year	(43,852)
Reversal of provision in the year	40,049
Balance at 12/31/2019	**(114,271)**
Recognition of provision in the year	(112,879)
Reversal of provision in the year	58,848
Balance at 12/31/2020	**(168,302)**

(Amounts in thousands of Reais, except otherwise stated)

Inventories are insured and their coverage is determined considering the values and level of risk involved. The recognition and reversal of provision for slow-moving inventory losses are recorded in cost of sales.

8 RECOVERABLE TAXES

	PARENT		CONSOLIDATED	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
BRASIL	**2,978**	**6,063**	**215,569**	**319,271**
IRPJ (Corporate Income Tax) /CSLL (Social Contribution on Net Income)	1,989	3,607	50,348	81,006
IRRF (Withholding Income Tax) on financial investments	989	2,456	3,807	22,878
Financial Credit from the IT Law - IRPJ/CSLL	-	-	21,772	-
ICMS (State VAT)	-	-	7,169	90,509
ICMS on purchases of property, plant and equipment	-	-	28,808	22,271
IPI (Federal VAT)	-	-	55,798	57,624
PIS/COFINS (Taxes on Revenue)	-	-	26,380	24,890
REINTEGRA	-	-	14,640	14,932
Others	-	-	6,847	5,161
EXTERIOR	-	-	**154,928**	**154,276**
Income tax	-	-	30,402	52,078
IVA / VAT	-	-	105,216	98,907
Others	-	-	19,310	3,291
TOTAL	**2,978**	**6,063**	**370,497**	**473,547**
Current assets	2,978	6,063	339,283	394,839
Noncurrent assets	-	-	31,214	78,708

The credits will be realized by the Company and its subsidiaries during the normal process of tax calculation and there are also credits subject to refund and/or offsetting.

9 RELATED PARTIES

The Company carried out trading transactions involving purchase and sale of goods and raw materials and contracting of services as well as financial transactions relating to loans and fundraising among Group companies, which are eliminated on consolidation, and Management compensation.

Amount of existing balances:

	PARENT		CONSOLIDATED	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
BALANCE SHEET ACCOUNTS				
Noncurrent assets	**-**	**3**	**-**	**-**
Management of funds				
WEG Equipamentos Elétricos S.A. (*)	-	3	-	-
Current liabilities	**1,462**	**1,525**	**19,319**	**22,053**
Contracts with Management	-	-	5,339	4,857
Profit sharing - Management	1,462	1,525	13,980	17,196

PROFIT & LOSS ACCOUNTS PARENT CONSOLIDATED	PARENT		CONSOLIDATED	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
Management compensation:				
a) Fixed (fees)	**2,760**	**2,715**	**25,551**	**26,609**
Board of Directors	1,394	1,366	2,788	2,733
Board of Executive Officers	1,366	1,349	22,763	23,876

(Amounts in thousands of Reais, except otherwise stated)

b) Variable (profit sharing)	**2,760**	**2,037**	**25,122**	**25,986**
Board of Directors	1,394	1,022	2,788	2,733
Board of Executive Officers	1,366	1,015	22,334	23,253

Additional Information:

a) Trading transactions
The purchase and sale of inputs and goods are conducted under conditions established between the parties;

b) Management of funds
The financial and trading transactions conducted among the Group companies are recorded and supported by the Group's policies. The agreements entered into with Management are subject to interest of 95% of the CDI variation (95.0% of the CDI variation at December 31, 2019);

c) Sureties and guarantees
WEG SA has sureties and guarantees for foreign subsidiaries in the amount of US$ 23.3 million (US$ 88.8 million at December 31, 2019);

d) Management compensation
The members of the Board of Directors received compensation in the amount of R$ 2,788 (R$ 2,733 as at December 31, 2019) and the executive officers received R$ 22,763 (R$ 23,876 as at December 31, 2019) for their services, corresponding to a total amount of R$ 25,551 (R$ 26,609 as at December 31, 2019).
It is expected the participation of 0% to 2.5% of the consolidated profit for the year is expected to be paid to Management as long as they achieve the minimum operating performance targets. The performance targets refer to the return on Invested Capital (weight of 70%), with minimum attainment of targets of 11% and EBITDA (weight of 30%), with minimum attainment of targets of 5.6%. The corresponding provision is recognized in profit or loss for the year in the amount of R$ 25,122 (R$ 25,986 as at December 31, 2019), in line item other operating expenses. Directors receive benefits for the performance of their function.

10 DEFERRED TAXES

The deferred tax assets and liabilities were determined in accordance with CVM Resolution 599/09, which approved Technical Pronouncement CPC 32 – Income Taxes.

a) Breakdown of amounts:

	PARENT		CONSOLIDATED	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
Income tax losses	418	-	109,219	84,907
Social contribution losses	628	246	14,949	15,625
Temporary differences:				
Provisions:				
Labor and civil contingencies	-	-	87,350	93,274
Taxes under litigation	1,608	1,608	56,185	50,955
Losses on trade receivables	-	-	14,289	13,348
Losses on slow-moving inventories	-	-	30,792	21,244
Product warranties	-	-	68,641	48,021
Indemnities on labor and contractual terminations	-	-	58,512	39,623
Freight and sales commissions	-	-	11,922	10,555
Third-party services	-	-	48,568	24,621
Ongoing projects - Foreign subsidiaries	-	-	40,939	11,381
Employee profit sharing	-	-	104,643	64,413
Unearned revenue	-	-	47,070	10,910
Accelerated depreciation	-	-	(6,695)	(7,008)
Difference between tax and accounting amortization of goodwill	(3)	(2)	(37,865)	(28,497)
Difference between tax and accounting depreciation (useful life)	(13)	(13)	(241,269)	(204,259)
Others	4,203	4,367	37,018	22,680
Deemed cost of property, plant and equipment	(1,314)	(1,343)	(153,503)	(164,894)

(Amounts in thousands of Reais, except otherwise stated)

TOTAL	**5,527**	**4,863**	**290,765**	**106,899**
Noncurrent assets	5,527	4,863	360,390	182,042
Noncurrent liabilities	-	-	(69,625)	(75,143)

b) Estimated realization period

Management estimates that the deferred taxes arising from temporary differences will be realized in proportion to the materialization of the contingencies, losses and forecast obligations.

In regard to deferred tax assets, recognized on income tax and social contribution losses, Management estimates that they will be realized within the next 5 years, taking into consideration the projection of future profits.

11 INVESTMENTS

11.1 Investments in subsidiaries

Company	Country	Equity	Profit (loss) for the year	Equity interest (%) 12/31/20 Direct	Equity interest (%) 12/31/20 Indirect	Equity interest (%) 12/31/19 Direct	Equity interest (%) 12/31/19 Indirect	Share of profit (loss) of investees 12/31/20	Share of profit (loss) of investees 12/31/19	Investment book value 12/31/20	Investment book value 12/31/19
WEG Equipamentos Elétricos S.A. **(*)**	Brazil	9,293,103	2,295,327	100.00	-	100.00	-	2,086,583	1,443,145	9,293,103	6,863,221
RF Reflorestadora Ltda.		149,910	2,233	100.00	-	100.00	-	2,236	1,970	149,910	149,954
WEG Amazônia S.A.		74,463	26,059	0.02	99.98	0.02	99.98	4	3	12	9
WEG Administradora de Bens Ltda.		13,050	295	99.06	0.94	99.06	0.94	292	295	12,928	12,947
WEG Logística Ltda.		192,142	15,308	-	100.00	-	100.00	-	-	-	-
WEG Linhares Equips. Elétricos S.A.		441,295	140,556	0.01	99.99	0.01	99.99	1	1	2	1
WEG Drives & Controls Aut. Ltda.		805,255	244,766	100.00	-	100.00	-	244,782	132,416	805,266	644,930
WEG Partner Holding Ltda.		1	-	0.10	99.90	0.10	99.90	-	-	-	-
WEG-Cestari Redut. Motorredut. S.A.		88,661	13,758	-	50.01	-	50.01	-	-	-	-
Hidráulica Indl.- Ind. e Com. Ltda.		219,155	(1,097)	-	100.00	-	100.00	-	-	-	-
Agro Trafo Adm. de Bens Ltda.		1,164	126	91.75	8.25	91.75	8.25	116	1	1,068	980
Paumar S.A. Indústria e Comércio		419,056	47,546	38.87	61.13	38.87	61.13	18,484	12,568	162,888	149,627
WEG-Jelec Oil and Gas Sol. Aut. Ltda.		11	-	-	100.00	-	100.00	-	-	-	-
Transformadores do Nordeste Ltda.		-	(462)	-	-	0.01	99.99	-	-	-	-
Geremia Redutores Ltda.		50,145	10,650	-	50.01	-	50.01	-	-	-	-
DJG Participações Ltda.		-	948	-	-	-	-	-	-	-	-
H. Geremia Participações Societárias Ltda.		-	195	-	-	-	-	-	-	-	-
W.R.G. Participações Societárias Ltda.		-	349	-	-	-	-	-	-	-	-
PPI Multitask Sistemas e Automação S.A.		3,302	1,381	-	51.00	-	51.00	-	-	-	-
Multitask Soluções em Automação S.A.		429	303	-	51.00	-	51.00	-	-	-	-
Multitask Automação Industrial S.A.		-	44	-	-	-	-	-	-	-	-
V2COM Participações S.A.		27,859	3,142	-	51.00	-	51.00	-	-	-	-
V2 Tecnologia Ltda.		1,843	(5,091)	-	51.00	-	51.00	-	-	-	-
V2 Ind. e Com. De Equip. Elet. Ltda.		24,280	8,131	-	51.00	-	51.00	-	-	-	-
Mvisia Desenv. Inovadores S.A.		9,422	(437)	-	51.03	-	-				
Birmind Automação e Serviços S.A.		9,056	(191)	-	51.00	-	-				
Zest WEG Group Africa (Pty) Ltd.	South Africa	228,921	4,920	-	100.00	-	100.00	-	-	-	-
Zest Energy (Pty) Ltd.		274	(6)	-	100.00	-	100.00	-	-	-	-
Zest WEG Manufacturing (Pty) Ltd.		2,592	(8,683)	-	100.00	-	100.00	-	-	-	-
Zest WEG Electric (Pty) Ltd.		172,656	18,929	-	74.80	-	74.80	-	-	-	-
ENI Electric/Instrumentations Eng. Cont.(Pty)		(3,086)	5,215	-	86.67	-	86.67	-	-	-	-
Zest WEG Group Namibia Ent. (Pty) Ltd.		(553)	(32)	-	100.00	-	100.00	-	-	-	-
Zest WEG Investment Company (Pty) Ltd.		129,147	14,143	-	64.70	-	64.70	-	-	-	-
WEG Germany GmbH	Germany	74,564	1,650	-	100.00	-	100.00	-	-	-	-
Watt Drive GmbH		8,132	(92)	-	100.00	-	100.00	-	-	-	-
Wurttembergische Elektromotoren GmbH		24,421	1,296	-	100.00	-	100.00	-	-	-	-
Antriebstechnik KATT Hessen GmbH		(25,057)	(13,916)	-	100.00	-	100.00	-	-	-	-
TGM Kanis Turbinen GmbH		107,602	3,787	-	42.86	-	-				
WEG Equipamientos Electricos S.A.	Argentina	124,988	21,062	10.45	89.55	10.45	89.55	6,141	3,707	13,050	8,479
Pulverlux S.A.		14,444	4,164	-	100.00	-	100.00	-	-	-	-
WEG Australia Pty Ltd.	Australia	70,482	(3,525)	-	100.00	-	100.00	-	-	-	-
Watt Drive Antriebstechnik GmbH	Austria	133,953	12,352	-	100.00	-	100.00	-	-	-	-
WEG International Trade GmbH		1,241,336	1,153,963	-	100.00	-	100.00	-	-	-	-
WEG Holding GmbH		5,130,515	1,521,896	-	100.00	-	100.00	-	-	-	-
WEG Benelux S.A.	Belgium	86,675	6,860	-	100.00	-	100.00	-	-	-	-

(Amounts in thousands of Reais, except otherwise stated)

Company	Country	Equity	Profit (loss) for the year	Equity interest (%)				Share of profit (loss) of investees		Investment book value	
				12/31/20		12/31/19		12/31/20	12/31/19	12/31/20	12/31/19
				Direct	Indirect	Direct	Indirect				
WEG Central Asia LLP	Kazakhstan	1,052	148	-	100.00	-	100.00	-	-	-	-
WEG Chile S.A.	Chile	69,217	10,350	8.00	92.00	8.00	92.00	828	373	5,537	3,371
WEG (Nantong) Electric Motor Co., Ltd.	China	387,160	42,795	-	100.00	-	100.00	-	-	-	-
Changzhou Sinya Electromotor Co., Ltd.		(9,824)	(35,338)	-	100.00	-	100.00	-	-	-	-
Changzhou Yatong Jiewei Elect., Ltd.		(14,825)	(12,963)	-	100.00	-	100.00	-	-	-	-
Wuxi Ecovi Technology Co., Ltd.		5,182	(1,268)	-	100.00	-	100.00	-	-	-	-
WEG (Changzhou) Aut. Equip. Co.,Ltd.		(12,113)	(9,272)	-	100.00	-	100.00	-	-	-	-
The First Drive Technology Co., Ltd.		(4,943)	(4,141)	-	100.00	-	100.00	-	-	-	-
WEG (Jiangsu) Electric Equip. Co., Ltd.		351,253	40,959	-	100.00	-	100.00	-	-	-	-
WEG Singapore Pte. Ltd.	Singapore	4,883	3,210	-	100.00	-	100.00	-	-	-	-
WEG Colombia S.A.S.	Colombia	106,996	(37,988)	-	100.00	-	100.00	-	-	-	-
WEG Middle East Fze.	Arab Emirates	(26,276)	(789)	-	100.00	-	100.00	-	-	-	-
WEG Iberia Industrial S.L.	Spain	97,455	7,850	-	100.00	-	100.00	-	-	-	-
Autrial S.L.		(14,093)	(3,646)	-	100.00	-	100.00	-	-	-	-
WEG Electric Corp.	United States	1,022,847	124,288	-	100.00	-	100.00	-	-	-	-
Electric Machinery Company LLC		123,665	10,177	-	100.00	-	100.00	-	-	-	-
FTC Energy Group Inc.		1,363	58	-	100.00	-	100.00	-	-	-	-
Bluffton Motor Works, LLC		398,528	2,088	-	100.00	-	100.00	-	-	-	-
WEG Transformers USA LLC		216,809	69,706	-	72.00	-	72.00	-	-	-	-
WEG Investment North America Inc		-	44,490	-	-	-	100.00	-	-	-	-
WEG France SAS	France	58,194	4,798	-	100.00	-	100.00	-	-	-	-
Zest WEG Group Ghana Ltd.	Ghana	10,178	(3,877)	-	100.00	-	100.00	-	-	-	-
E & I Electrical Ghana Ltd.		(2,035)	(24)	-	90.00	-	90.00	-	-	-	-
WEG Industries (India) Private Ltd.	India	253,444	(7,737)	-	100.00	-	100.00	-	-	-	-
WEG (UK) Ltd.	England	34,893	1,371	-	100.00	-	100.00	-	-	-	-
WEG Italia S.R.L.	Italy	71,258	15,095	-	100.00	-	100.00	-	-	-	-
WEG Electric Motors Japan Co. Ltd.	Japan	5,276	710	-	95.00	-	95.00	-	-	-	-
WEG South East Asia SDN BHD	Malaysia	(555)	(615)	-	100.00	-	100.00	-	-	-	-
WEG México S.A. de C.V.	Mexico	962,503	54,117	-	100.00	-	100.00	-	-	-	-
WEG Transform. México S.A. de C.V.		134,478	33,772	-	72.00	-	72.00	-	-	-	-
Voltran S.A. de C.V.		130,748	27,527	-	72.00	-	72.00	-	-	-	-
WEG Equipos Eléctricos S.A. de C.V.		19,128	315	-	100.00	-	100.00	-	-	-	-
WEG Power Systems S.A. de C.V.		4,946	400	-	72.00	-	72.00	-	-	-	-
Zest WEG Group Mozambique, Lda	Mozambique	(903)	(576)	-	100.00	-	100.00	-	-	-	-
WEG Peru S.A.	Peru	26,419	7,640	0.05	99.95	0.05	99.95	4	2	13	8
WEGEuro Ind. Eléctrica S.A.	Portugal	184,403	30,964	-	100.00	-	100.00	-	-	-	-
WEG Electric CIS	Russia	20,487	15,061	-	100.00	-	100.00	-	-	-	-
WEG Scandinavia AB	Sweden	28,412	5,882	-	100.00	-	100.00	-	-	-	-
ENI Electrical Tanzania (Pty) Limited	Tanzania	(181)	(170)	-	100.00	-	100.00	-	-	-	-
WEG Industrias Venezuela C.A.	Venezuela	(5)	40	-	100.00	-	100.00	-	-	-	-
E & I Zambia Ltd.	Zambia	(1,114)	(1,984)	-	50.00	-	50.00	-	-	-	-
TOTAL								**2,359,471**	**1,594,481**	**10,443,777**	**7,833,527**

(*) Share of profit (loss) of investees adjusted for unrealized profits on related-party transactions.

The Company's consolidated financial informations include the individual financial informations of WEG S.A. and all its subsidiaries. The subsidiaries are fully consolidated from the date on which the control is obtained.
Subsidiaries with negative equity are capitalized annually, in accordance with the legislation of each country.

11.2 Other investments

The Company and its subsidiaries have recorded other investments in the amount of R$ 1,023 (R$ 28,012 as at December 31, 2019).

11.3 Acquisitions

(i) Mvisia Desenvolvimentos Inovadores S.A.

On June 23, 2020, the Company announced the acquisition of 51% of Mvisia Desenvolvimentos Inovadores S.A. specialized in artificial intelligence solutions applied to computer vision for the industry, for R$ 10,437. Goodwill in the amount of R$ 4,988 and intangible assets (PPA) in the amount of R$ 418 were allocated as excess of the consideration transferred over the net assets acquired. The company has been consolidated since the date of the purchase, which occurred in October 2020.

(Amounts in thousands of Reais, except otherwise stated)

(ii) Birmind Automação e Serviços S.A.
On July 2, 2020, the Company announced the acquisition of 51% of Birmind Automação e Serviços S.A., a technology company active in the artificial intelligence market applied to Industrial Analytics, one of the pillars of Industry 4.0, for R$ 9,906. Goodwill in the amount of R$ 4,735 and intangible assets (PPA) in the amount of R$ 455 were allocated as excess of the consideration transferred over the net assets acquired. The company has been consolidated since the date of the purchase, which occurred in October 2020.

(iii) TSEA Betim Ltda.
On January 16, 2020, the Company announced a contract for the acquisition of one of the plants of Transformadores e Serviços de Energia das Américas S.A. TSEA", manufacturer of power transformers, shunt reactors and power auto-transformers, located in Betim, Minas Gerais, for R$ 168,275. Goodwill in the amount of R$ 2,831 and intangible assets (PPA) in the amount of R$ 22,691 were allocated as excess of the consideration transferred over the net assets acquired. The acquisition has been consolidated since the date of the purchase, which occurred in December 2020.

11.4 Corporate events in 2020
(i) WEG-Cestari Redutores e Motorredutores S.A.
In May 2020, the merger of DJG Participações Ltda., H.Geremia Participações Societárias Ltda. and W.R.G. Participacoes Societárias Ltda. was carried out, through the contribution of its assets and liabilities by WEG-Cestari Redutores e Motorredutores S.A., aiming to reduce the corporate structure.

(ii) PPI Multitask Sistemas e Automação S.A.
In May 2020, the merger of Multitask Automação Industrial S.A. into PPI Multitask Sistemas e Automação S.A. was carried out. The objective of this restructuring is the simplification and synergy of technical and administrative services, as well as the reduction of operating costs and administrative expenses.

(iii) WEG Equipamentos Elétricos S.A.
In September 2020, the merger of the assets and liabilities of Transformadores do Nordeste Ltda by WEG Equipamentos Elétricos S.A. was carried out, aiming to reduce the corporate structure and improve the operational organization.

(iv) TGM Kanis Turbinen GmbH
In October 2020, the WEG group started to consolidate the Balance Sheet and Statement of Profit and Loss of TGM Kanis Turbinen GmbH, in view of the creation of a Board of Directors and the right to decide on the relevant activities of the company.

(v) WEG Electric Corp.
In December 2020, the merger of WEG Investment North America Inc. was carried out with the objective of simplifying the corporate structure and reducing administrative expenses.

(vi) WEG Equipamentos Elétricos S.A.
In December 2020, the assets and liabilities of TSEA Betim Ltda were merged. The objective of this restructuring is the simplification and synergy of technical and administrative services, as well as the reduction of operating costs and administrative expenses.

12 PROPERTY, PLANT AND EQUIPMENT

	PARENT		CONSOLIDATED	
	12/31/20	12/31/19	12/31/20	12/31/19
Land	1,440	1,440	508,645	423,895
Constructions and facilities	5,639	5,639	2,127,181	1,531,699
Equipment	-	-	5,142,824	4,301,142
Furniture and fixtures	-	-	186,089	150,004
Hardware	-	-	177,206	141,694
Construction in progress	-	-	449,906	616,969
Reforestation	-	-	59,816	59,006
Others	-	-	83,271	97,196
Total property, plant and equipment	**7,079**	**7,079**	**8,734,938**	**7,321,605**

(Amounts in thousands of Reais, except otherwise stated)

Accumulated depreciation/depletion	**Annual depreciation rate (%)**	**(2,947)**	**(2,860)**	**(4,136,208)**	**(3,545,044)**
Constructions and facilities	02 to 03	(2,947)	(2,860)	(630,519)	(492,477)
Equipment	05 to 20	-	-	(3,188,819)	(2,795,652)
Furniture and fixtures	07 to 10	-	-	(127,972)	(102,538)
Hardware	20 to 50	-	-	(124,484)	(103,028)
Reforestation	-	-	-	(27,166)	(26,739)
Others	-	-	-	(37,248)	(24,610)
TOTAL PROPERTY, PLANT AND EQUIPMENT		**4,132**	**4,219**	**4,598,730**	**3,776,561**

a) Summary of the movement in property, plant and equipment - consolidated:

Classification of the PP&E	**12/31/19**	**Transfer between classes**	**PPA Geremia**	**TGM Kanis consolidation**	**Acquisitions**	**Write-offs**	**Depreciation and depletion**	**Effect of exchange rate changes**	**31/12/20**
Land	423,895	-	522	38,492	14,608	-	-	31,128	508,645
Constructions and facilities	1,039,222	227,800	4,364	-	132,248	(286)	(52,508)	145,822	1,496,662
Equipment	1,505,490	241,037	10,877	1,073	278,822	(13,047)	(240,564)	170,317	1,954,005
Furniture and fixtures	47,466	259	-	1,627	13,360	(407)	(10,068)	5,880	58,117
Hardware	38,666	(577)	-	-	25,385	(464)	(14,644)	4,356	52,722
Construction in progress	616,969	(466,441)	-	1,613	191,697	(1,428)	-	107,496	449,906
Reforestation	32,267	-	-	-	810	-	(427)	-	32,650
Advances to suppliers	47,792	(2,291)	-	-	(35,450)	-	-	10,488	20,539
Others	24,794	131	-	-	4,171	(1,909)	(5,183)	3,480	25,484
TOTAL	**3,776,561**	**(82)**	**15,763**	**42,805**	**625,651**	**(17,541)**	**(323,394)**	**478,967**	**4,598,730**

Last year	**12/31/18**	**Transfer between classes**	**PPA Geremia**	**TGM Kanis consolidation**	**Acquisitions**	**Write-offs**	**Depreciation and depletion**	**Effect of exchange rate changes**	**12/31/19**
TOTAL	**3,541,954**	**-**	**-**	**-**	**515,947**	**(50,788)**	**(286,501)**	**55,949**	**3,776,561**

b) Construction in progress - The Company has investments in progress in property, plant and equipment items as at December 31, 2020 amounting to R$ 449,906 (R$ 616,969 as at December 31, 2019), and the most significant investments are in Mexico unit, which amount to R$ 316,558 (R$ 501,255 as at December 31, 2019).

c) Amount offered as guarantee – PP&E items were offered as guarantee of borrowings, financing, labor claims and tax lawsuits in the consolidated amount of R$ 31,166 (R$ 31,166 as at December 31, 2019).

13 RIGHT OF USE OF LEASED ASSETS

The Company and its subsidiaries adopt Technical Pronouncement CPC 06(R2) (IFRS 16) Leases, which introduct a single model for lease accounting in the balance sheet of lessees.

(Amounts in thousands of Reais, except otherwise stated)

	CONSOLIDATED	
	12/31/20	**12/31/19**
Furniture	391,123	221,734
Machinery and equipment	23,765	26,640
Hardware	885	1,788
Vehicles	26,703	15,493
Total leased assets	**442,476**	**265,655**
Accumulated depreciation	**(163,996)**	**(61,032)**
Furniture	(138,580)	(48,421)
Machinery and equipment	(11,049)	(7,406)
Hardware	(369)	(500)
Vehicles	(13,998)	(4,705)
TOTAL NET	**278,480**	**204,623**

a) Summary of changes in right of use of leased assets:

Class	12/31/19	Transfer between classes	Additions	Write-offs	Depreciation	Foreign Exchange	12/31/20
Properties	173,313	(1,893)	104,199	(4,018)	(66,394)	47,336	252,543
Machinery and equipment	19,234	1,596	4,212	(4,164)	(8,378)	216	12,716
Hardware	1,288	99	-	(1,446)	(206)	781	516
Vehicles	10,788	198	4,983	(64)	(7,422)	4,222	12,705
Total	**204,623**	**-**	**113,394**	**(9,692)**	**(82,400)**	**52,555**	**278,480**

Last year	12/31/18	Transfer between classes	Additions	Write-offs	Depreciation	Foreign Exchange	12/31/19
Total	**-**	**-**	**263,630**	**(6,311)**	**(60,770)**	**8,074**	**204,623**

14 INTANGIBLE ASSETS - CONSOLIDATED

	Amortization / No. of years	Cost	Amortization Accumulated	12/31/20	12/31/19
Software license	5	207,418	(141,884)	65,534	47,773
Property right	30 – 80	110,773	(25,536)	85,237	63,669
Trademarks and patents	5	93,797	(84,653)	9,144	15,864
Projects	5	89,741	(42,158)	47,583	11,058
Others	5	218,205	(148,938)	69,267	63,067
Subtotal		**719,934**	**(443,169)**	**276,765**	**201,431**
Goodwill on acquisition of subsidiaries	-	1,345,009	(26,299)	1,318,710	1,118,315
TOTAL		**2,064,943**	**(469,468)**	**1,595,475**	**1,319,746**

a) Summary of the movement in intangible assets:

Class	12/31/19	Transfer between classes	PPA Geremia	TGM Kanis consolidation	Additions	Write-offs	Amortization	Effect of exchange rate changes	12/31/20
Software license	47,773	1,433	-	8,022	21,093	(225)	(16,776)	4,214	65,534
Property right	63,669	-	-	-	95	-	(1,750)	23,223	85,237
Trademarks and patents	15,864	276	5,285	-	492	(6,975)	(7,929)	2,131	9,144
Projects	11,058	(2,412)	-	-	47,559	(6,528)	(3,007)	913	47,583
Others	63,067	785	5,251	-	8,205	-	(16,103)	8,062	69,267
Subtotal	**201,431**	**82**	**10,536**	**8,022**	**77,444**	**(13,728)**	**(45,565)**	**38,543**	**276,765**
Goodwill on acquisition of subsidiaries	1,118,315	-	(26.299)	-	12.554	-	-	214,140	1,318,710
TOTAL	**1,319,746**	**82**	**(15,763)**	**8,022**	**89,998**	**(13,728)**	**(45,565)**	**252,683**	**1,595,475**

(Amounts in thousands of Reais, except otherwise stated)

Last year	12/31/18	Transfer between classes	PPA Geremia	TGM Kanis consolidation	Additions	Write-offs	Amortization	Effect of exchange rate changes	12/31/19
TOTAL	**1,220,027**	**-**	**(6,601)**	**-**	**131,897**	**(7,065)**	**(49,512)**	**31,000**	**1,319,746**

b) *Purchase Price Allocation* – PPA:
In June 2020, the allocation of goodwill was finalized based on the purchase price allocation (PPA) report of the company Geremia Redutores Ltda. As a result from this PPA, the amount of R$ 26,299 initially recognized as goodwill was recorded in intangible assets (R$ 10,536) and in property, plant and equipment (R$ 15,763) due to its fair value.

c) Breakdown of goodwill generated on acquisition of subsidiaries:

	12/31/20	12/31/19
Electric Machinery Company LLC	254,390	197,312
Bluffton Motor Works, LLC	211,994	164,428
TGM Ind. e Com. De Turbinas e Transm. Ltda. (Merged)	116,516	116,516
Changzhou Sinya Electromotor Co., Ltd.	103,143	75,157
Zest WEG Group Africa (Pty) Ltd.	106,722	86,704
Trafo Equipamentos Elétricos S.A. (Merged)	62,827	62,827
WEG Transformadores Colombia S.A.S. (Merged)	64,978	52,494
WEG-Cestari Redutores e Motorredutores S.A.	48,139	48,139
Stardur Tintas Especiais Ltda. (Merged)	43,402	43,402
Watt Drive Antriebstechnik GmbH	43,291	30,751
Geremia Redutores Ltda.	32,246	58,545
Changzhou Machine Master Co., Ltd. (Merged)	23,969	17,466
Others	207,093	164,574
TOTAL	**1,318,710**	**1,118,315**

d) Amortization schedule of intangible assets (except goodwill):

	12/31/20
2021	48,623
2022	38,546
2023	35,455
2024	31,414
2025	26,056
From 2026 onwards	96,671
TOTAL	**276,765**

e) Impairment testing:

In 2020, the Company performed impairment tests of assets. The tests are annually performed, being anticipated if events or circumstances indicate the reason for that.

Management approved the following subsidiaries as cash-generating units, as they present synergies and integration in the operation: (i) Bluffton Motor Works, LLC and WEG México S.A. de C.V. and (ii) Watt Drive GmbH, WEG-Cestari Redutores e Motorredutores S.A. and Geremia Redutores Ltda.

The calculation of the recoverable amount is made through the discounted cash flow method, according to the information available on the market of each business, which have specific goals and objectives based on conditions to reach the premises in a way that improves performance. The main assumptions used by the Company to calculate the value in use are described below:

- **Valuation period:** the evaluation of the cash-generating unit is carried out for a period of 5 years and from then on, it is considered the perpetuity of the operation.

(Amounts in thousands of Reais, except otherwise stated)

- Growth rate: the growth rate of revenues, costs and expenses was projected considering budged for the first year, and from the second year the forecast of GDP and inflation specific to each market.

- Discount rate: the discount rate used, based on the WACC (Weighted Average Cost of Capital) of each country, of the average of companies in the same industry, being in the Americas a variation of 7.01% to 44.07%, Europe from 7.23% to 13.64%, Asia of 9.21% to 13.27% and Africa from 13.92%.

- Perpetuity: considered the same growth rates (GDP and inflation) used in the projection of revenues, costs and expenses.

- Investment: the investment estimates were prepared according to the realization (depreciation) of the assets in operation and aiming at maintaining the updated plant stock.

The impairment tests of assets in the Company and its subsidiaries did not result in the need to recognize loss in the year ended December 31, 2020.

15 TRADE PAYABLES

	CONSOLIDATED	
	12/31/20	**12/31/19**
Balance breakdown:		
Domestic market	558,899	356,307
External market	690,469	483,572
TOTAL	**1,249,368**	**839,879**

16 BORROWINGS AND FINANCING

Direct borrowings from BNDES are guaranteed by the parent company WEG S.A.'s sureties. Direct borrowings from FINEP are guaranteed by sureties or bank guarantees. FINAME transactions are collateralized by sureties and chattel mortgage.
Covenant clauses, which are exclusive to BNDES agreements, related to ratios of capitalization, current liquidity and net debt to EBITDA, are being complied with.

		CONSOLIDATED	
Type	**Annual charges at 12/31/20**	**12/31/20**	**12/31/19**
IN LOCAL CURRENCY			
CURRENT		**12,289**	**87,566**
In Reais, fixed rate			
Working capital	4.0% p.a.	3,931	79,512
Property, plant and equipment	2.5% to 8.7% p.a.	2,369	3,596
In Reais, floating rate			
Working capital		-	981
Working capital	UFIR (+) 1.0% to 4.0% p.a.	783	1,304
Working capital	116% do CDI	5,156	484
Others			
Others	Sundry	50	1,689
NONCURRENT		**48,193**	**107,930**
In Reais, fixed rate			
Working capital	4.0% p.a.	5,050	46,300
Property, plant and equipment	2.5% to 8.7% p.a.	3,044	8,362
In Reais, floating rate			
Working capital		-	4,904
Working capital		-	753
Working capital	116% do CDI	40,000	45,000
Others			
Others	Sundry	99	2,611

(Amounts in thousands of Reais, except otherwise stated)

IN FOREIGN CURRENCY			
CURRENT		**629,995**	**848,804**
In US Dollar			
Working capital (ACCs)		-	149,824
Export prepayment (PPE)		-	103,084
In US Dollar			
Working capital	Libor (+) 1.4% p.a.	442,044	181,020
In Euros			
Working capital	Euribor (+) 1.0% p.a.	16,069	230,696
Working capital (ACCs)		-	85,225
In Colombian Pesos			
Working capital	5.62% p.a.	37,141	15,495
In Rand (South Africa)			
Working capital	5.5% to 9.25% p.a.	80,160	74,790
Other currencies			
Working capital	Domestic market rates	54,581	8,670
NONCURRENT		**996,103**	**1,240,669**
In US Dollar			
Working capital	Libor (+) 1.40% p.a.	857,802	1,013,968
In Euros			
Working capital	Euribor	10,331	7,359
In Mexican Pesos			
Working capital	TIIE (+) 0.9% p.a.	125,942	185,353
In Colombian Pesos			
Working capital		-	31,198
Other currencies			
Working capital	Domestic market rates	2,028	2,791
TOTAL BORROWINGS AND FINANCING		**1,686,580**	**2,284,969**
TOTAL CURRENT		642,284	936,370
TOTAL NONCURRENT		1,044,296	1,348,599

a) Maturity of noncurrent borrowings and financing:

	12/31/20	12/31/19
2021	-	410,843
2022	864,701	692,070
2023	1,350	3,902
2024	136,854	194,270
From 2025 onwards	41,391	47,514
TOTAL	**1,044,296**	**1,348,599**

b) Variations in borrowings and financing were as follows:

Balance at 01/01/2019	**3,772,114**
Borrowings and financing raised	1,407,993
Accrued interest	78,383
Amortization	(2,778,344)
Interest payment	(68,008)
Exchange rate changes	(127,169)
Balance at 12/31/2019	**2.284.969**
Borrowings and financing raised	211,487
Accrued interest	8,269
Amortization	(1,674,612)
Interest payment	(11,784)
Exchange rate changes	868.251
Balance at 12/31/2020	**1,686,580**

(Amounts in thousands of Reais, except otherwise stated)

17 PROVISION FOR CONTINGENCIES

The Company and its subsidiaries are parties to administrative and judicial proceedings involving tax, labor and civil matters arising from the normal activities of their businesses. The corresponding provisions were recorded for proceedings the likelihood of loss of which was rated as “probable” based on the estimate of value at risk determined by the Company’s legal counsel. The Company's management estimates that the provision for contingencies recognized is sufficient to cover any losses on ongoing proceedings.

a) Balance of provision for contingencies:

		PARENT		CONSOLIDATED	
		12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
(i) Tax:		**4,730**	**4,730**	**285,528**	**234,351**
- IRPJ and CSLL	(a,1)	-	-	143,032	99,937
- INSS	(a,2)	4,730	4,730	59,803	56,890
- PIS and COFINS	(a,3)	-	-	69,452	67,492
- Others		-	-	13,241	10,032
(ii) Labor		**-**	**-**	**196,971**	**214,094**
(iii) Civil		**-**	**-**	**126,241**	**98,529**
(iv) Others		**-**	**-**	**3,965**	**4,604**
TOTAL		**4,730**	**4,730**	**612,705**	**551,578**

b) Statement of the movement for the year - consolidated:

	12/31/19	**Additions**	**Interest**	**Write-offs**	**Reversals**	**12/31/20**
a) Tax	234,351	53,856	855	-	(3,534)	285,528
b) Labor	214,094	21,198	5,466	(40,750)	(3,037)	196,971
c) Civil	98,529	42,822	1,126	(9,153)	(7,083)	126,241
d) Others	4,604	51	-	-	(690)	3,965
TOTAL	**551,578**	**117,927**	**7,447**	**(49,903)**	**(14,344)**	**612,705**

Last year	**31/12/18**	**Adições**	**Juros**	**Baixas**	**Reversões**	**31/12/19**
TOTAL	**547,637**	**117,891**	**21,131**	**(46,654)**	**(88,427)**	**551,578**

c) The provisions recognized refer mainly to:

(i) Tax contingencies

(a,1) Refers to the proceeding regarding the difference of the IPC (Consumer Price Index) for January 1989 (“Plano Verão”) on the 16.24% inflation adjustment and the proceeding on the deduction from the calculation basis of 2011 RD&I Project expenditures ("Lei do Bem" – Innovation Tax Incentive Law).

(a,2) Refers to contribution due to the Social Security. The litigation refers to social security charges levied on private pension plan, profit sharing, education allowance, among others.

(a,3) Refers to non-approval by the Brazilian Federal Revenue Office of the request for offset of the credit balance of PIS and COFINS against federal tax debts.

(ii) Labor contingencies

The Company and its subsidiaries are defendants in labor claims primarily involving discussions about health and risk exposure, among others.

(iii) Civil contingencies

Refer mainly to civil lawsuits, including pain and suffering, aesthetic damage, occupational diseases and indemnities arising from occupational accidents.

(Amounts in thousands of Reais, except otherwise stated)

d) Escrow deposits:

	PARENT		CONSOLIDATED	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
Tax	4,657	4,657	41,514	37,858
Labor and civil	-	-	23,905	26,095
Others	-	-	117	150
TOTAL RESTRICTED DEPOSITS	**4,657**	**4,657**	**65,536**	**64,103**
- Non-restricted escrow deposits	-	-	4,619	4,403
TOTAL ESCROW DEPOSITS	**4,657**	**4,657**	**70,155**	**68,506**

The escrow deposits not restricted to contingencies are awaiting court authorization for withdrawal.

e)Contingencies assessed as possible losses:

The Company and its subsidiaries are parties to other lawsuits for which the likelihood of loss is classified as "possible", and for which no provision for contingencies was recognized.
As at December 31, 2020, the estimated amount of these lawsuits amounted to R$ 432,599 (R$ 256,942 as at December 31, 2019).

(i) Tax

- Taxation on profits earned abroad in the total estimated amount of R$ 276.6 million (R$ 100.5 million as at December 31, 2019);
- Levy of ICMS-ST on purchases of raw materials in the amount of R$ 26.4 million (R$ 26.0 million as at December 31, 2019);
- Levy of social security contribution on dental care, education allowance, technical courses and salary allowance in the amount of R$ 23.7 million (R$ 23.4 million as at December 31, 2019);
- Non-approval of IPI credits in the amount of R$ 14.8 million (R$ 14.6 million as at December 31, 2019);
- Other tax contingencies of R$ 37.5 million (R$ 41.2 million as at December 31, 2019).

(ii) Civil

- 3Z Movimentação Inteligente Ltda. in the estimated amount of R$ 29.2 million (R$ 29.2 million as at December 31, 2019);
- Saraiva Equipamentos Ltda. e Saraiva Engenharia Ltda. in the estimated amount of R$ 17.1 million (R$ 17.1 million as at December 31, 2019);
- Other civil contingencies of R$ 7.3 million (R$ 4.9 million as at December 31, 2019)

18 PRIVATE PENSION PLAN

The Company and its subsidiaries are sponsors of WEG Seguridade Social, which has as main purpose to supplement the retirement benefits offered by the official social security system.
The Plan, administered by WEG Seguridade Social, includes monthly income benefits (retirement), annual bonus, supplemental sickness benefit, supplemental disability retirement, supplemental pension, supplemental annual bonus and death benefit.
The number of participants is 21,043 (20,408 as at December 31, 2019). The Company and its subsidiaries made contributions in the amount of R$ 46,389 (R$ 35,425 as at December 31, 2019).
Based on the actuarial calculations made by independent actuaries, in order to define the net liability between the defined benefit liability and fair value of plan assets, pursuant to the procedures established by CVM Rule No. 695/12 – CPC 33 (R1) Employee Benefits, we have not identified material post-employment liabilities to be recognized by the Company.

19 EQUITY

a) Issued capital

The Company's capital is R$ 5,504,517 (R$ 5,504,517 as at December 31, 2019), represented by 2,098,658,999 registered book-entry common shares with no par value, all with voting rights, including the 918,948 shares held in treasury pursuant to item "d".

(Amounts in thousands of Reais, except otherwise stated)

b) Dividends and interest on capital

The Bylaws establish the allocation of at least 25% of the adjusted profit, and Management proposed the following:

	12/31/20	12/31/19
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS.	**2,340,873**	**1,614,581**
(-) Legal reserve	(117,043)	(80,729)
(-) Reversal/(Recognition) of provision for stock option plan	(5,653)	(989)
(+) Reversal of dividends from prior years	902	938
(+) Realization of revaluation reserve (1989) and deemed cost (2010)	31,742	25,482
CALCULATION BASIS FOR DIVIDENDS	**2,250,821**	**1,559,283**
Dividends for the 1st. semester = R$ 0.12680/share (R$ 0.08910/share in 2019)	265,992	186,888
Interest on capital for the 1st semester R$ 0.0582/share (R$ 0.07590/share in 2019), IRRF R$ 21,544 (R$ 28,093 in 2019)	143,627	187,284
Dividends for the 2nd semester = R$ 0.34936/share (R$ 0.16776/share in 2019)	732,874	351,892
Interest on capital for the 2nd semester R$ 0.06065/share (R$ 0.06725/share in 2019), IRRF R$ 22,452 (R$ 24,893 in 2019)	149,680	165,951
Total dividends and interest on capital	**1,292,173**	**892,015**

Under Article 37 of the Company's Bylaws and Article 9 of Law 9,949/95 interest on capital will be charged from mandatory dividends and will be paid as from March 10, 2021.

c) Recording of profit reserves:

- **Statutory reserve** - It was recorded in the amount of R$ 117,043 (R$ 80,729 as at December 31, 2019) equivalent to 5% of the profit for the year, in compliance with the 20% limit of capital;
- **Reserve for capital budget** - It corresponds to the amount remaining from the profit for the year R$ 931,657, plus the balance of retained earnings of R$ 26,991 (deriving from the realization of the deemed cost (2010), reversal of exercised shares of the provision for stock options and reversal of prior year dividends) aimed at the reserve for capital budget for the 2021 investment plan.

d) Treasury shares

On February 18, 2020, the Board of Directors approved the acquisition of 250,000 shares at the average cost of R$ 47.02 per share.

The shares acquired by the Company are held in treasury to be used by the beneficiaries of the Company’s Stock Option Plan and Long-Term Incentive Plan for subsequent cancelation or disposal.

Until December 31, 2020, the beneficiaries of the Company’s Stock Option Plan and ILP Plan had exercised 449,220 shares. The Company holds in treasury 918,948 shares at the average cost of R$ 17.17 per share, in the total amount of R$ 15,779 (R$ 11,419 as at December 31, 2019).

20 LONG-TERM INCENTIVE PLAN (LTIP)

The Extraordinary General Meeting (EGM) held on June 28, 2016 approved the share-based compensation plan called Long-term incentive plan (LTIP Plan) for its Management and officers.

(i) Plan

The Plan is managed by the Board of Directors and is aimed at granting shares issued by WEG S.A. (Company), classified as “WEGE3” on B3, to its management and officers in order to attract, motivate and retain them, as well as align their interests to those of the Company and its shareholders.

For the LIP Plan application in each year, and the consequent granting of shares, an essential condition (trigger) is that the Company has obtained, in the immediately preceding year, at least 10% of Return on Invested Capital (ROIC).

The shares to be granted under LIP Plan are limited to a maximum of 2% (two percent) of the total shares representing the Company’s capital.

The number of shares granted to the participants is included in clauses 7 and 8 of the LIP Plan, which establishes the criteria for the number of shares to be granted and the vesting period to be complied with.

(Amounts in thousands of Reais, except otherwise stated)

The Plan may be discontinued, suspended or altered at any time, upon a proposal approved by the Company's Board of Directors.

(ii) Program
The Board of Directors may approve, annually, Long-Term Incentive Programs ("Programs") in which the participants, number of shares, value of share, and other rules specific to each Program will be defined.

Programs
The program participants are the officers of the Company and of its subsidiaries based in Brazil, excluding the officers of subsidiaries with third party participation.

The programs were updated on April 24, 2018, due to the bonus of 30% on the number of shares, including the new market values in the strike price and the increase in shares for the number of shares granted. This update does not represent an impact in the calculation performed at the beginning of the program.

Program	Shares Granted		
	Number	Share value (R$)	Expense to be recognized during the plan period (R$ thousand)
2016	354,167	11.95	4,232
2017	297,069	19.25	5,719
2018	331,010	18.72	6,197
2019	184,468	37.48	6,914

Summary changes in program shares:

Quantity of shares

Program	12/31/19	Granted	Exercised	Delivered in cash	12/31/20
2016	254,461	-	(121,378)	-	133,083
2017	289,121	-	(117,808)	-	171,313
2018	322,293	-	(58,442)	-	263,851
2019	-	184,468	(21,930)	(9,897)	152,641
TOTAL	**865,875**	**184,468**	**(319,558)**	**(9,897)**	**720,888**

In December 31, 2020, expenses in the amount of R$ 9,600 (R$ 7,140 in December 31, 2019) were recognized in line item Other income (expenses) in the statement of profit and loss against Capital reserve in Equity.

The shares whose rights were exercised as at December 31, 2020 amounted to R$ 12,500 (R$ 2,489 in December 31, 2019), being recorded in capital reserve line item in equity in the amount of R$ 10,010 (R$ 2,908 in December 31, 2019) and in the amount of R$ 2,490 (R$ 419 in December 31, 2019) recorded as complement of the accrued amount in Other income (expenses) in the statement of profit and loss for the year.

21 STOCK OPTION PLAN

The EGM held on June 28, 2016 approved the discontinuance of the Company's Stock Option Plan which had been approved at the EGM of February 22, 2011, and subsequent amendments, complying with the agreements that had already been entered into and not yet completed.

The programs were updated on April 24, 2018, due to the bonus of 30% on the number of shares, increasing the number of shares granted. This update does not represent an impact in the calculation performed at the beginning of the program.

(Amounts in thousands of Reais, except otherwise stated)

Summary of the movement of the plan's shares:

			Number of shares
Program	**12/31/19**	**Exercised**	**12/31/20**
March/14	52,734	(52,734)	-
August/14	11,960	(11,960)	-
March/15	55,724	(27,862)	27,862
August/15	69,191	(34,555)	34,636
March/16	148,040	(88,952)	59,088
TOTAL	**337,649**	**(216,063)**	**121,586**

The expenses on stock options are recognized over the vesting period.

In December 31, 2020, expenses in the amount of R$ 27 (R$ 191 as at December 31, 2019) were recognized in line item Other income (expenses) in the statement of profit and loss against Capital reserve in Equity.

The options exercised in December 31, 2020 amounted to R$ 6,616 (R$ 2,198 as at December 31, 2019). The amount of R$ 962 (R$ 1,209 as at December 31, 2019) was recognized in line item capital reserve, in equity, and the amount of R$ 5,653 (R$ 989 as at December 31, 2019) related to the complement of the accrued amount was recorded in the retained earnings account.

22 NET REVENUE

	CONSOLIDATED	
BREAKDOWN OF NET REVENUE	**12/31/20**	**12/31/19**
Gross revenue	**19,926,694**	**15,229,088**
Domestic market	9,596,916	7,039,525
External market	10,329,778	8,189,563
Deductions	**(2,457,137)**	**(1,881,654)**
Taxes	(2,074,858)	(1,553,324)
Returns and rebates	(382,279)	(328,330)
Net revenue	**17,469,557**	**13,347,434**
Domestic market	7,629,787	5,563,048
External market	9,839,770	7,784,386

23 CONSTRUCTION CONTRACTS

The revenues and costs from construction contracts are recognized according to the percentage of completion method, based on the costs incurred, considering the legal possibility of requiring the payment by the customer or delivery of the product to the customer (transfer of control).

	CONSOLIDATED	
	12/31/20	**12/31/19**
Gross operating revenues recognized	1,286,258	986,684
Costs incurred	(1,011,372)	(753,815)

	12/31/20	**12/31/19**
Advances received	262,046	119,386

(Amounts in thousands of Reais, except otherwise stated)

24 OPERATING EXPENSES BY NATURE AND FUNCTION

	CONSOLIDATED	
	12/31/20	**12/31/19**
EXPENSES BY NATURE	**(14,657,103)**	**(11,510,135)**
Depreciation, amortization and depletion	(451,359)	(396,783)
Personnel expenses	(3,532,359)	(2,997,621)
Raw materials and consumables	(8,153,369)	(6,014,101)
Freight and insurance expenses	(431,254)	(434,625)
Other expenses	(2,088,762)	(1,667,005)
EXPENSE BY FUNCTION	**(14,657,103)**	**(11,510,135)**
Cost of sales and services	(12,032,050)	(9,394,166)
Selling expenses	(1,506,817)	(1,253,165)
General and administrative expenses	(628,918)	(521,798)
Management fees	(25,551)	(26,609)
Other operating income (expenses)	(463,767)	(314,397)

25 OTHER OPERATING INCOME (EXPENSES)

The amounts recorded refer to profit sharing, reversal of/provision for tax lawsuits and others, as shown below:

	CONSOLIDATED	
	12/31/20	**12/31/19**
OTHER OPERATING INCOME	**46,369**	**30,278**
OTHER OPERATING EXPENSES	**(510,136)**	**(344,675)**
Profit sharing - employees	(349,711)	(233,177)
Profit sharing – foreign subsidiaries	(56,995)	(49,054)
Profit sharing - management	(25,122)	(25,986)
Share-based plan	(12,118)	(6,940)
Others	(66,190)	(29,518)
TOTAL, NET	**(463,767)**	**(314,397)**

26 FINANCE INCOME (COSTS), NET

	PARENT		CONSOLIDATED	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
FINANCE INCOME	**(7,063)**	**33,189**	**1,020,426**	**917,382**
Income from financial investments	**22,713**	**66,048**	**84,885**	**196,230**
Exchange rate changes	**-**	**-**	**765,582**	**511,473**
Exchange rate changes - Trade payables	-	-	82,298	54,509
Exchange rate changes - Trade receivables	-	-	286,726	152,564
Exchange rate changes - Borrowings	-	-	85,878	229,470
Exchange rate changes - Others	-	-	310,680	74,930
PIS/COFINS on interest on capital	**(29,150)**	**(30,585)**	**(29,150)**	**(30,585)**
PIS/COFINS on finance income	**(1,141)**	**(3,107)**	**(7,203)**	**(12,273)**
Derivatives	**-**	**-**	**128,352**	**173,211**
PROEX - Equaliz. Interest rate	**-**	**-**	**37,936**	**25,530**
Other income	**515**	**833**	**40,024**	**53,796**
FINANCE COSTS	**(2,769)**	**(820)**	**(1,090,101)**	**(960,665)**
Interest on borrowings and financing Exchange rate changes	**-**	**-**	**(76,844)**	**(162,537)**
Exchange rate changes	**-**	**-**	**(843,166)**	**(662,761)**
Exchange rate changes - Trade payables	-	-	(151,728)	(71,936)
Exchange rate changes - Trade receivables	-	-	(242,139)	(124,672)
Exchange rate changes - Borrowings	-	-	(185,765)	(376,831)
Exchange rate changes - Others	-	-	(263,534)	(89,322)
Derivatives	**-**	**-**	**(98,174)**	**(66,942)**
Other expenses	**(2,769)**	**(820)**	**(71,917)**	**(68,425)**
FINANCE INCOME (COSTS), NET	**(9,832)**	**32,369**	**(69,675)**	**(43,283)**

(Amounts in thousands of Reais, except otherwise stated)

27 PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION

The Company and its subsidiaries in Brazil calculate income tax and social contribution based on taxable income, except for WEG Administradora de Bens Ltda, Agro Trafo Miner., Agric., Pec. e Administradora de Bens Ltda., and V2 Ind. e Com. de Equipamentos Eletrônicos Ltda., which adopt the calculation based on the deemed income. The provision for income tax was recognized at a 15% rate, plus a 10% surtax, and the social contribution at a 9% rate. The taxes of foreign subsidiaries are recognized according to the legislation of each country.

Reconciliation of income tax and social contribution:	**PARENT**		**CONSOLIDATED**	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**
Profit before taxes on income	2,340,533	1,613,790	2,746,649	1,804,451
Statutory rate	**34%**	**34%**	**34%**	**34%**
IRPJ and CSLL calculated at statutory rate	(795,781)	(548,689)	(933,861)	(613,513)
Adjustments for calculation of income tax and social contribution at effective rate:				
Income from investments in subsidiaries	802,220	542,123	14,882	(477)
Difference in rates on income abroad	-	-	318,611	217,057
Tax incentives	-	-	162,716	113,933
Interest on capital	(7,422)	7,680	100,557	120,406
Other adjustments	1,323	(323)	(13,597)	(9,402)
IRPJ and CSLL in the income statement	**340**	**791**	**(350,692)**	**(171,996)**
Current tax	(324)	(751)	(500,450)	(217,098)
Deferred tax	664	1,542	149,758	45,102
Effective rate - %	**-0.01%**	**-0.05%**	**12.77%**	**9.53%**

28 INSURANCE COVERAGE

The Company and its subsidiaries have a Worldwide Insurance Program - WIP, in which the following world policies established stand out: Transport (Export, Import and Domestic), Civil Liability for Products, Civil Liability of Directors and Officers (D&O), Property/Operational Risks, Environment Pollution, Performance Bond and Engineering Risk (Construction, Installation, Assembly and Commissioning).
The insurance policies are taken only with first-tier multinational insurance companies.
Below we highlight the Indemnity Limits (LMI) of the policies comprising the WIP:

Insurance policy	Maximum Insured Amount (MIA)	Maturity
Operational risks (Equity)	US$ 36 million	3/31/2021
Loss of Profits	US$ 15 million (for Paint companies and newly acquired companies for the first 12 months with an indemnity period of 6 months)	3/31/2021
General Civil liability	US$ 10 million	9/12/2022
Civil Liability for Products	US$ 40 million	9/12/2022
Domestic Transport	R$ 12 million per shipment/accumulation/trip	11/1/2022
International Transport - Export/Import	US$ 6 million per shipment/accumulation/trip	11/1/2022
Environmental Pollution	US$ 15 million	9/12/2022
Contractual Performance Bond	As stipulated in the contract	As per the agreement / delivery
Engineering, Installation and Assembly Risk	According to the value at risk of the contracts, limited to R$ 200 million in Brazil, US$ 30 million in Latin America (except Cuba) and US$ 5 million in the USA;	As per the construction schedule / supply
Civil Liability of Directors & Officers (D&O)	US$ 30 million	9/12/2021

(Amounts in thousands of Reais, except otherwise stated)

29 FINANCIAL INSTRUMENTS - CONSOLIDATED

The Company and its subsidiaries performed the valuation of its financial instruments, including derivatives recorded in the financial statements, presenting the following values:

	CARRYING AMOUNT	
	12/31/20	**12/31/19**
Cash and cash equivalents	**3,892,140**	**1,946,044**
Cash and banks	**584,332**	**396,233**
Financial investments:	**3,307,808**	**1,549,811**
- In local currency	2,756,033	1,483,551
- In foreign currency	551,775	66,260
Financial investments	**592,794**	**1,444,227**
Derivatives	**525,140**	**191,171**
- Non- Deliverable Forwards - NDF	2,919	846
- *Hedge Accounting*	522,221	190,325
Total - Assets	**5,010,074**	**3,581,442**
Borrowings and financing	**1,686,580**	**2,284,969**
- In local currency	60,482	195,496
- In foreign currency	1,626,098	2,089,473
Derivatives	**20,511**	**20,558**
- Non- Deliverable Forwards - NDF	8,221	4,429
- SWAP	6,500	6,637
- *Hedge Accounting*	5,790	9,492
Total - Liabilities	**1,707,091**	**2,305,527**

All financial instruments are recognized in the consolidated financial statements at their carrying amount, which approximates their fair value.

Category of financial instruments
Financial investments and derivatives were classified as at fair value through profit or loss, other financial instruments were classified as at amortized cost.

Fair value hierarchy
Financial investments and borrowings were classified at level 1 of the hierarchy, while derivatives were classified at level 2.

29.1 Risk factors

The risk factors of the financial instruments are basically related to:

a) Credit risks
Arises from the possibility of the Company's subsidiaries not receiving amounts from sales or credits held with financial institutions generated by financial investments. To mitigate the risk of the sales transactions, the Company's subsidiaries adopt a policy of analyzing the financial position of their customers, establishing a credit limit and performing an ongoing monitoring of their debt balance. As regards the financial investments, the Company and its subsidiaries invest with institutions with low credit risk.

b) Foreign currency risks
The Company and its subsidiaries conduct import and export transactions in various currencies, they manage and monitor the exchange exposure seeking to balance their financial assets and liabilities within the limits established by Management.
The limit of exchange exposure sold/purchased (net) may be equivalent to up to one month of exports in foreign currencies as established by the Company's Board of Directors.

As at December 31, 2020, the Company and its subsidiaries made exports in the amount of US$ 549.6 million (US$ 718.6 million as at December 31, 2019), representing a natural hedge for part of the indebtedness and other costs associated to other currencies, mainly the US dollar.

c) Debt charge risks

These risks arise from the possibility that the subsidiaries incur losses due to fluctuations in interest rates or other debt indexes, which would increase the finance costs related to borrowings and financing raised in the market, or decrease the finance income related to financial investments of subsidiaries. The Company and its subsidiaries perform an ongoing monitoring of the market interest rates aiming at assessing the need for hedging against the risk of volatility of these rates.

d) Liquidity risk

This is the risk of the Company not having sufficient liquid funds to honor its financial commitments as a result of the mismatch of terms or volumes between expected receipts and payments. The following table summarizes the contractual obligations that may impact the Company's liquidity:

Contractual obligations	Less than 1 year	1-5 years	Over 5 years	Total at 12/31/20
Borrowings and financing	642,284	1,002,905	41,391	1,686,580
Derivatives	14,011	6,500	-	20,511
Total - Liabilities	**656,295**	**1,009,405**	**41,391**	**1,707,091**

29.2 Derivative financial instruments

The Company and its subsidiaries have the following derivative transactions:

Transaction	Currency	Notional value (In thousands)	Purpose (Hedge)
Non Deliverable Forwards - NDF	US$/R$	22,300	Fluctuation in exchange rates on exports
	US$/EUR	30,500	
	US$/ZAR	73	
	US$/R$	663	Fluctuation in exchange rates on imports
	US$/ZAR	3,351	
	Total Dollar	**56,887**	
	EUR/R$	12,000	Fluctuation in exchange rates on exports
	EUR/COP	10,520	Fluctuation in exchange rates on financing
	Total Euro	**22,520**	
	AUD/EUR	2,000	Fluctuation in exchange rates on exports
	MXN/US$	1,000	
SWAP	EUR	10,000	Fluctuation in interest rates on financing

The management of the Company and its subsidiaries maintain, through their internal controls, an ongoing monitoring of the derivative financial instruments contracted.

The sensitivity analysis table (item 29,3) should be read jointly with the other financial assets and liabilities expressed in foreign currency as at December 31, 2020 since the estimated effects of the exchange rates on NDFs and SWAPs will be offset, if materialized, in whole or in part, with the oscillations on all assets and liabilities.

Management defined that, for the probable scenario (market value), the exchange rates used to mark to market the financial instruments, valid at December 31, 2020, should be considered. These rates represent the best estimate of the future behavior of their prices and represent the amount by which the positions could be settled on their maturity.

The Company and its subsidiaries made the recording based on their market price at December 31, 2020 at fair value and on the accrual basis. These transactions had a net positive impact of R$ 30,178 (positive R$ 106,269 as at December 31, 2019) which were recognized as finance income (cost). The Company and its subsidiaries have no margins given in guarantee for the derivative financial instruments outstanding at December 31, 2020.

Derivative financial instruments designated for hedge accounting:
The Company made the formal designation of its transactions subject to hedge accounting for hedging instruments related to purchase of inputs and expenses denominated in foreign currency, documenting:
- Date of designation and identification of the hedging relationship;
- Description of the purpose of hedging and risk management strategy;
- Statement of compliance with respect to hedge and risk management;
- Description and identification of the derivative instrument and the hedged item;
- Description of the hedged risks and excluded risks;
- Description of the method to evaluate the hedge effectiveness;
- Frequency of prospective and retrospective effectiveness assessment;
- Description of the hedge accounting policy.

A Companhia e suas controladas possuem as seguintes operações com instrumentos financeiros derivativos designados para contabilização de proteção (*hedge accounting*):

Transaction	Currency	Notional value (In thousands)	Purpose (Hedge)
Non Deliverable Forwards - NDF	US$/R$	28,277	Fluctuation in exchange rates on imports
	EUR/R$	3,330	
	US$/EUR	74,300	Fluctuation in exchange rates on financing
	AUD/EUR	7,936	
	GBP/EUR	8,570	
	MYR/EUR	10,800	
	USD	6,941	Fluctuation in copper quotation rates
SWAP	EUR	250,000	Fluctuation in exchange rates in export prepayment financing (PPE)

The Company and its subsidiaries made the recording based on their fair value as at December 31, 2020 on the accrual basis. The accumulated value, net of taxes, recognized as other comprehensive income in equity is R$ 5,180 positive (R$ 11,180 negative at December 31, 2019).

29.3 Sensitivity analysis
The tables below present in reads the effects of "cash and expense" relating to the results of the financial instruments in each of the scenarios.

a) Non- Deliverable Forwards - NDF transactions:

Transaction	Risk	Currency	Notional value (In thousands)	Market value at 12/31/2020		Possible scenario 25%		Remote scenario 50%	
				Average price	In R$ thousand	Average price	In R$ thousand	Average price	In R$ thousand
Non Deliverable Forwards - NDF	Increase in Dollar	US$/R$	22,300	5.1793	(1,059)	6.4741	(29,934)	7.7689	(58,808)
	Decrease in Dollar	US$/R$	663	5.0988	62	3.8241	(908)	2.5494	(1,753)
	Decrease in Dollar	US$/ZAR	3,424	15.1186	(1,727)	11.3389	(6,250)	7.5594	(10,831)
	Decrease in Dollar	US$/EUR	30,500	1.2212	780	0.9204	(52,056)	0.6136	(157,731)
	Total Dollar		**56,887**		**(1,944)**				
	Increase in Euro	EUR/R$	12,000	6.3483	(1,290)	7.9354	(20,335)	9.5224	(39,380)
	Decrease in Euro	EUR/COP	10,520	4,248.6655	(1,991)	3,146.7674	(19,014)	2,124.3328	(36,033)
	Total Euro		**22,520**		**(3,281)**				
	Decrease in Australian Dollar	AUD/EUR	2,000	1,6129	(133)	1.1897	(2,813)	0.7931	(8,174)
	Increase in Mexican Peso	MXN/USD	1,000	20,1365	56	25.1706	(1,311)	30.2047	(2,623)
	TOTAL				**(5,302)**				

b) SWAP transactions:

Operation	Risk	Currency	National Value (in thousands)	Market Value in 12/31/2020		Possible Scenario 25%		Remote Scenario 50%	
				Average Price	In R$ thousands	Average Price	In R$ thousands	Average Price	In R$ thousands
SWAP	Decrease of Euribor	EUR	10,000	Interest - 0.85% p.a.	(6,500)	Interest - 1.06% p.a.	(6,759)	Interest - 1.27% p.a.	(7,018)
	TOTAL				**(6,500)**				

c) Hedge accounting transactions:

Operation	Risk	Currency	National Value (in thousands)	Market Value in 12/31/2020		Possible Scenario 25%		Remote Scenario 50%	
				Average Price	In R$ thousands	Average Price	In R$ thousands	Average Price	In R$ thousands
NDF	Decrease in Dollar	USD/R$	28,277	5.1906	3,011	3.8929	(33,683)	2.5953	(70,376)
	Decrease in Dollar	USD/EUR	74,300	1.1514	27,341	0.9238	(100,902)	0.6159	(357,388)
	Decrease in Euro	EUR/R$	3,330	6.3534	3,577	4.7651	(1,712)	3.1767	(7,002)
	Decrease in Australian Dollar	AUD/EUR	7,936	1.6355	(878)	1.1928	(11,487)	0.7952	(32,704)
	Decrease in Pound Sterling	GBP/EUR	8,570	0.9211	(1,358)	0.6754	(21,592)	0.4503	(62,058)
	Decrease in Ringgit Malaio	MYR/EUR	10,800	4.7884	474	3.7118	(4,165)	2.4745	(13,444)
	Decrease in Copper	USD	6,941	7,763.03	6,855	5,822.20	(3,878)	3,881.47	(14,610)
	TOTAL				**39,022**				

30 GOVERNMENT SUBSIDIES AND GRANTS

The Company and its subsidiaries obtained subsidies in the amount of R$ 167,803 (R$ 129,051 as at December 31, 2019) arising from tax incentives, recognized in profit or loss for the year:

	CONSOLIDATED	
	12/31/20	**12/31/19**
Total government subsidies and grants	**167,803**	**129,051**
a) WEG Drives & Controls – Automata Ltda.	**65,291**	**54,917**
- ICMS incentive credit	65,291	54,917
b) WEG Linhares Equipamentos Elétricos S.A.	**64,029**	**52,589**
- ICMS incentive credit	42,963	36,762
- Reduction of IRPJ	20,917	15,682
- Municipal investment	149	145
c) WEG Logística Ltda.	**18,221**	**16,135**
- ICMS incentive credit	18,221	16,135
d) WEG Equipamentos Elétricos S.A.	**14,336**	**973**
- ICMS incentive credit	13,330	-
- Municipal investment	1,006	973
e) WEG Amazônia S.A.	**5,926**	**4,437**
- Reduction of IRPJ	5,636	4,059
- ICMS incentive credit	290	378

There are no contingencies related to the subsidies, and all the conditions for obtaining government subsidies have been met.

(Amounts in thousands of Reais, except otherwise stated)

31 SEGMENT INFORMATION

	Brazil									
	Industry		Energy		Abroad		Eliminations and Adjustments		Consolidated	
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**
Revenue form sale of products and/or services	8,320,484	6,754,428	2,706,028	2,081,103	14,684,123	8,176,034	(8,241,078)	(3,664,131)	17,469,557	13,347,434
Profit (loss) before taxes on income	3,812,098	2,761,955	1,492,574	794,135	1,776,834	1,070,356	(4,334,857)	(2,821,995)	2,746,649	1,804,451
Depreciation / amortization / depletion	159,931	149,856	64,332	82,158	239,740	174,168	(12,644)	(9,399)	451,359	396,783
	12/31/20	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**
Identifiable assets	4,571,164	3,735,126	2,698,026	1,749,599	11,188,936	7,304,020	(4,250,812)	(1,186,607)	14,207,314	11,602,138
Identifiable liabilities	1,718,765	1,254,141	1,294,934	885,293	5,474,767	1,978,415	(3,303,824)	(617,361)	5,184,642	3,500,488

Industry: Single phase and triple phase motors with low and medium tension, drives and controls, equipment and services for industrial automation, paints and varnishes.

Energy: Electric generators for thermal and hydraulic power plants (biomass), hydraulic turbines (PCHs), transformers, substations, wind power generators, control panels, integration services of renewable and distributed energy systems and solutions.

Foreign: Comprised of operations carried out by subsidiaries located in various countries.

The column of eliminations and adjustments includes the eliminations applicable to the Company in the context of the Consolidated Financial Statements.
All operating assets and liabilities are presented as identifiable assets and liabilities.
The segment information is presented consistently with the reports used by Management to assess the performance of each segment of the Company.

32 EARNINGS PER SHARE

a) Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to the holders of the Company's common shares by the weighted average number of common shares available during the year.

	12/31/20	**12/31/19**
Profit attributable to the Company's shareholders	2,340,873	1,614,581
Weighted average number of potential diluting common shares (adjusted with bonus) held by shareholders (shares/thousand)	2,097,712	2,097,460
Basic earnings per share - R$	1.11592	0.76978

b) Diluted

Diluted earnings per share are calculated by dividing the profit attributable to the holders of the Company's common shares by the weighted average number of common shares available during the year plus the weighted average number of common shares that would be issued upon the conversion of potential diluted common shares.

	12/31/20	**12/31/19**
Profit attributable to the Company's shareholders	2,340,873	1,614,581
Weighted average number of potential diluting common shares (adjusted with bonus) held by shareholders (shares/thousand)	2,098,583	2,098,746
Diluted earnings per share - R$	1.11545	0.76931

Board of Directors
Décio da Silva - Chairman
Nildemar Secches - Vice Chairman
Dan Ioschpe
Martin Werninghaus
Miguel Normando Abdalla Saad
Sérgio Luiz Silva Schwartz
Siegfried Kreutzfeld

Board of Executive Officers
Harry Schmelzer Junior - Chief Executive Officer
Alberto Yoshikazu Kuba – Chief Industrial Motors Officer
André Luis Rodrigues - Chief Administrative and Financial and Investor Relations Officer
Carlos Diether Prinz - Chief Transmission and Distribution Officer
Daniel Marteleto Godinho – Chief Corporate Strategies Officer
Eduardo de Nóbrega – Officer – China
Elder Stringari - Chief International Division Officer
Hilton José da Veiga Faria - Chief Human Resources and Sustentability Officer
João Paulo Gualberto da Silva – Chief Energy Officer
Julio Cesar Ramires – Chief Commercial Motors Officer
Manfred Peter Johann - Chief Automation Division Officer
Reinaldo Richter – Chief Paints Division Officer
Wilson José Watzko - Chief Controlling Officer

Accountant
Marcelo Peters
CRC/SC 039928/O-0

Supervisory Board

Sitting members	**Deputy members**
Alidor Lueders – Chairman	Ilário Bruch
Adelino Dias Pinho	José Luiz Ribeiro de Carvalho
Vanderlei Dominguez da Rosa	Paulo Roberto Franceschi

CAPITAL BUDGET PROPOSAL

We propose submitting to the analysis of the Annual General Meeting (AGM) the recognition of a Capital Budget Reserve in the amount of R$ 958,648 (article 196 of the Brazilian Corporate Law and article 202, § 6 of Law 10,303/01), pursuant to the Investment / Capital Budget Plan.

The 2020 Investment / Capital Budget Plan is broken down as follows:

a) Projected investments (Property, plant and equipment) – 2021 budget	**986,946**
- Machinery, equipment, tools and devices	299,148
- IT (hardware)	16,616
- Constructions and facilities	42,188
- Foreign subsidiaries	620,028
Producers	*582,186*
Commercial	*37,842*
- Other	8,966
b) Intangible assets	**29,215**
c) Projected investments (current) – 2021 budget	**483,232**
Total projected investments (a + b + c)	**1,499,393**
Sources of Funds	**1,499,393**
- Own (capital budget reserve)	958,648
- Third parties (financing)	540,745

WEG S.A.
FINANCIAL STATEMENTS
SUPERVISORY BOARD'S STATEMENT

The Supervisory Board of WEG S.A., in the performance of its legal duties, having examined the Management Report, the Financial Statements for the year ended 12/31/2020, and the proposals of the Board of Directors for: (a) the allocation of profit; and (b) the capital investment/ budget plan, and based on the examinations made and considering the explanations provided by the Company's Management, the Independent Auditor´s representatives and also based on the unqualified report issued by Deloitte Touche Tohmatsu Auditores on the Financial Statements, dated February 23, 2021, is of the opinion that these documents may be examined and voted on at the Annual General Meeting.

Jaraguá do Sul (Santa Catarina State), February 23, 2021.

ALIDOR LUEDERS **ADELINO DIAS PINHO** **VANDERLEI DOMINGUEZ DA ROSA**

BOARD OF DIRECTORS' STATEMENT

By this instrument, the Chief Executive Officer and the other Executive Officers of WEG S.A., a publicly-held company, headquartered at Avenida Prefeito Waldemar Grubba, No. 3,300, enrolled with the National Register of Legal Entities (CNPJ) under No. 84.429.695/0001-11, for the purpose established in items V and VI of paragraph 1 of article 25 of CVM Ruling No. 480 dated December 7, 2009, state that:

(i) We have reviewed, discussed and agreed with the opinions expressed in the report of Deloitte Touche Tohmatsu Auditores Independentes, dated February 23, 2021 regarding the individual and consolidated financial statements of WEG S.A. for the year ended December 31, 2020; and

(ii) We have reviewed, discussed and agreed with the individual and consolidated financial statements for WEG S.A. for the year ended December 31, 2020.

Jaraguá do Sul (Santa Catarina State), February 23, 2021.

Harry Schmelzer Junior - Chief Executive Officer
Alberto Yoshikazu Kuba – Chief Industrial Motors Officer
André Luis Rodrigues - Chief Administrative and Financial and Investor Relations Officer
Carlos Diether Prinz - Chief Transmission and Distribution Officer
Daniel Marteleto Godinho – Chief Corporate Strategies Officer
Eduardo de Nóbrega – Officer – China
Elder Stringari - Chief International Division Officer
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Wilson José Watzko - Chief Controlling Officer