

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

# **WEG S.A.**

Individual and Consolidated  
Interim Financial Information for the  
Quarter Ended September 30, 2020 and  
Report on Review of Quarterly Information

Deloitte Touche Tohmatsu Auditores Independentes

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## REPORT ON REVIEW OF QUARTERLY INFORMATION

To the Shareholders and Management of  
WEG S.A.

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of WEG S.A. (the "Company"), identified as Parent and Consolidated, respectively, included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2020, which comprises the balance sheet as at September 30, 2020, and the related statements of profit and loss and of comprehensive income for the three- and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information (ITR) referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Quarterly Information (ITR), and presented in accordance with the standards issued by the CVM.

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## Other matters

### *Statements of value added*

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2020, prepared under the responsibility of the Company's Management and disclosed as supplemental information for international standard IAS 34 purposes. These statements were subject to review procedures performed together with the review of the Interim Financial Information (ITR), in order to conclude as to whether they are reconciled with the interim financial information 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. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added are not prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and in relation to the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Joinville, October 19, 2020

  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

  
Otávio Ramos Pereira  
Engagement Partner

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**Company information/Composition of capital****Number for shares  
(Units)****Current quarter  
09/30/2020****Paid-in capital**

Common shares	2,098,658,999
Preferred shares	0
Total	2,098,658,999

**Treasury shares**

Common shares	918,948
Preferred shares	0
Total	918,948

**Company information/Cash dividends**

<b>Event</b>	<b>Approval</b>	<b>Type</b>	<b>Date of payment</b>	<b>Type of share</b>	<b>Class of share</b>	<b>Amount per share - (Reais/share)</b>
Board of Directors' Meeting	03/17/2020	Interest on capital	08/12/2020	Ordinary		0.02570
Board of Directors' Meeting	06/23/2020	Interest on capital	08/12/2020	Ordinary		0.03250
Board of Directors' Meeting	07/21/2020	Dividend	08/12/2020	Ordinary		0.12680
Board of Directors' Meeting	09/22/2020	Interest on capital	03/10/2021	Ordinary		0.02930

**Individual Financial Statements/Balance Sheet - Assets**

(R\$ in thousands)		Current Quarter	Prior Year
Code	Description	09/30/2020	12/31/2019
1	Total assets	11,213,109	8,876,294
1.01	Current assets	957,161	1,029,025
1.01.01	Cash and cash equivalents	123,655	69,046
1.01.01.01	Cash and banks	15	7
1.01.01.02	Short-term investments	123,640	69,039
1.01.02	Short-term investments	749,830	817,630
1.01.06	Taxes recoverable	15,658	6,063
1.01.06.01	Current taxes recoverable	15,658	6,063
1.01.08	Other current assets	68,018	136,286
1.01.08.03	Others	68,018	136,286
1.01.08.03.01	Dividends	0	2,880
1.01.08.03.02	Interest on capital	68,018	133,406
1.02	Noncurrent assets	10,255,948	7,847,269
1.02.01	Long-term receivables	9,489	9,523
1.02.01.07	Deferred taxes	4,829	4,863
1.02.01.07.01	Deferred income tax and social contribution	4,829	4,863
1.02.01.09	Receivables from related parties	3	3
1.02.01.09.02	Receivables from subsidiaries	3	3
1.02.01.10	Other noncurrent assets	4,657	4,657
1.02.01.10.03	Judicial deposits	4,657	4,657
1.02.02	Investments	10,242,306	7,833,527
1.02.02.01	Equity interests	10,242,306	7,833,527
1.02.02.01.02	Interest in subsidiaries	10,242,306	7,833,527
1.02.03	Property, plant and equipment	4,153	4,219
1.02.03.01	Property, plant and equipment in operation	4,153	4,219

**Individual Financial Statements/Balance Sheet - Liabilities and Equity**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>Current Quarter 09/30/2020</b>	<b>Prior Year 12/31/2019</b>
2	Total liabilities	11,213,109	8,876,294
2.01	Current liabilities	85,909	154,317
2.01.01	Social and labor obligations	8,512	7,595
2.01.01.01	Social obligations	8,512	7,595
2.01.03	Tax obligations	10,698	90
2.01.03.01	Federal tax obligations	10,698	90
2.01.03.01.01	Income tax and social contribution payable	0	34
2.01.03.01.02	Other tax obligations	10,698	56
2.01.05	Other obligations	66,699	146,632
2.01.05.02	Others	66,699	146,632
2.01.05.02.01	Dividends and interest on capital payable	65,611	144,611
2.01.05.02.04	Others	1,088	2,021
2.02	Noncurrent liabilities	4,730	4,730
2.02.04	Provisions	4,730	4,730
2.03	Equity	11,122,470	8,717,247
2.03.01	Paid-in capital	5,504,517	5,504,517
2.03.02	Capital reserves	(132,724)	(103,868)
2.03.02.04	Options granted	9,487	12,857
2.03.02.05	Treasury shares	(15,779)	(11,419)
2.03.02.07	Premium on capital transaction	(126,432)	(105,306)
2.03.03	Revaluation reserves	3,630	3,630
2.03.04	Earnings reserves	1,707,252	2,059,144
2.03.04.01	Legal reserve	147,645	147,645
2.03.04.02	Statutory reserve	1,559,607	1,559,607
2.03.04.08	Additional dividend proposed	0	351,892
2.03.05	Retained earnings/accumulated losses	1,135,154	-
2.03.06	Carrying value adjustments	350,404	359,298
2.03.06.01	Deemed cost	350,404	359,298
2.03.08	Other comprehensive income	2,554,237	894,526
2.03.08.01	Derivative financial instruments	11,299	(11,180)
2.03.08.02	Change in equity interests	(4,288)	(6,070)
2.03.08.03	Cumulative translation adjustments	2,547,226	911,776

**Individual Financial Statements/Income Statements**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>Current Quarter 07/01/2020 to 09/30/2020</b>	<b>YTD current year 01/01/2020 to 09/30/2020</b>	<b>Prior Quarter 07/01/2019 to 09/30/2019</b>	<b>YTD prior year 01/01/2019 to 09/30/2019</b>
3.04	Operating income/expenses	655,205	1,605,102	409,052	1,086,555
3.04.02	General and administrative expenses	(2,385)	(4,947)	(1,238)	(3,903)
3.04.02.01	Management fees	(680)	(2,065)	(679)	(2,037)
3.04.02.02	Other administrative expenses	(1,705)	(2,882)	(559)	(1,866)
3.04.05	Other operating expenses	6,314	(48)	(2,499)	(5,444)
3.04.06	Share of profit or loss of investees	651,276	1,610,097	412,789	1,095,902
3.05	Profit before finance income (costs) and taxes	655,205	1,605,102	409,052	1,086,555
3.06	Finance income (costs)	(11,296)	(6,377)	9,232	26,976
3.06.01	Finance income	(10,566)	(4,460)	9,459	27,530
3.06.02	Finance costs	(730)	(1,917)	(227)	(554)
3.07	Profit before taxes on income	643,909	1,598,725	418,284	1,113,531
3.08	Income tax and social contribution	337	(81)	(41)	563
3.08.01	Current	13	(47)	(431)	(586)
3.08.02	Deferred	324	(34)	390	1,149
3.09	Profit for the period from continuing operations	644,246	1,598,644	418,243	1,114,094
3.11	Profit/loss for the period	644,246	1,598,644	418,243	1,114,094
3.99	Earnings per share – (real/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares	0.30711	0.76209	0.19939	0.53116
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares	0.30699	0.76177	0.19928	0.53084

**Individual Financial Statements/Statement of Comprehensive Income**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>Current Quarter 07/01/2020 to 09/30/2020</b>	<b>YTD current year 01/01/2020 to 09/30/2020</b>	<b>Prior Quarter 07/01/2019 to 09/30/2019</b>	<b>YTD prior year 01/01/2019 to 09/30/2019</b>
4.01	Profit for the period	644,246	1,598,644	418,243	1,114,094
4.02	Other comprehensive income	374,124	1,674,008	164,609	149,479
4.02.01	Cumulative translation adjustments	360,964	1,635,450	174,161	144,944
4.02.02	Hedge Accounting	7,295	22,479	(9,552)	4,535
4.02.03	Change in equity interests	0	1,782	-	-
4.02.04	Foreign exchange differences – deemed cost	5,865	14,297	-	-
4.03	Total comprehensive income for the period	1,018,370	3,272,652	582,852	1,263,573

**Individual Financial Statements/Cash Flow Statement – Indirect Method**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>YTD current year 01/01/2020 to 09/30/2020</b>	<b>YTD prior year 01/01/2019 to 09/30/2019</b>
6.01	Net cash from operating activities	(26,067)	(6,509)
6.01.01	Cash from operations	(31,062)	(11,435)
6.01.01.01	Profit before taxes	1,598,725	1,113,531
6.01.01.02	Depreciation and amortization	66	64
6.01.01.03	Share of profit or loss of investees	(1,610,097)	(1,095,902)
6.01.01.04	Stock option plan expenses	(2,408)	2,827
6.01.01.06	Income from financial investments	(17,348)	(31,955)
6.01.02	Changes in assets and liabilities	4,995	4,926
6.01.02.01	(Increase)/decrease in trade receivables	(15,094)	(3,594)
6.01.02.02	Increase/(decrease) in trade payables	20,171	9,168
6.01.02.03	Income tax and social contribution paid	(82)	(648)
6.02	Net cash from investing activities	966,221	816,542
6.02.01	Dividends and interest on capital received	881,073	604,299
6.02.04	Held-to-maturity financial investments	(269,550)	(326,919)
6.02.05	Income from financial investments	354,698	539,162
6.03	Net cash from investing activities	(885,545)	(677,302)
6.03.01	Dividends and interest on capital paid	(881,185)	(680,879)
6.03.02	Treasury shares	(4,360)	3,577
6.05	Increase (decrease) in cash and cash equivalents	54,609	132,731
6.05.01	Cash and cash equivalents at the beginning of the period	69,046	200,693
6.05.02	Cash and cash equivalents at the end of the period	123,655	333,424

## Individual Financial Statements /Statements of Changes in Equity - 01/01/2020 to 09/30/2020

R\$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	5,504,517	(100,238)	1,707,252	351,892	1,253,824	8,717,247
5.03	Adjusted opening balances	5,504,517	(100,238)	1,707,252	351,892	1,253,824	8,717,247
5.04	Capital transactions with shareholders	-	(28,856)	-	(487,583)	-	(516,439)
5.04.03	Options granted recognized	-	(3,370)	-	(5,654)	-	(9,024)
5.04.04	Treasury shares acquired	-	(11,762)	-	-	-	(11,762)
5.04.05	Treasury shares sold	-	14,006	-	-	-	14,006
5.04.06	Dividends	-	-	-	(265,992)	-	(265,992)
5.04.07	Interest on capital	-	-	-	(215,937)	-	(215,937)
5.04.08	Capital transactions	-	(27,730)	-	-	-	(27,730)
5.05	Total comprehensive income	-	-	-	1,621,835	1,650,817	3,272,652
5.05.01	Profit for the period	-	-	-	1,598,644	-	1,598,644
5.05.02	Other comprehensive income	-	-	-	23,191	1,650,817	1,674,008
5.05.02.04	Translation adjustments for the period	-	-	-	-	1,635,450	1,635,450
5.05.02.06	Hedge Accounting - Cash flow, net of taxes	-	-	-	-	22,479	22,479
5.05.02.07	Realization of deemed cost	-	-	-	23,191	(8,894)	14,297
5.05.02.09	Change in equity interests	-	-	-	-	1,782	1,782
5.06	Internal changes in equity	-	-	-	(350,990)	-	(350,990)
5.06.04	Payment of dividends	-	-	-	(351,892)	-	(351,892)
5.06.05	Time-barred dividends	-	-	-	902	-	902
5.07	Closing balances	5,504,517	(129,094)	1,707,252	1,135,154	2,904,641	11,122,470

## Individual Financial Statements /Statements of Changes in Equity - 01/01/2019 to 09/30/2019

R\$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	5,504,517	(83,472)	959,255	173,867	1,160,107	7,714,274
5.03	Adjusted opening balances	5,504,517	(83,472)	959,255	173,867	1,160,107	7,714,274
5.04	Capital transactions with shareholders	-	(16,105)	-	(460,828)	-	(476,933)
5.04.03	Options granted recognized	-	1,752	-	(905)	-	847
5.04.05	Treasury shares sold	-	6,852	-	-	-	6,852
5.04.06	Dividends	-	-	-	(186,888)	-	(186,888)
5.04.07	Interest on capital	-	-	-	(273,035)	-	(273,035)
5.04.08	Capital transactions	-	(24,709)	-	-	-	(24,709)
5.05	Total comprehensive income	-	-	-	1,132,751	130,822	1,263,573
5.05.01	Profit for the period	-	-	-	1,114,094	-	1,114,094
5.05.02	Other comprehensive income	-	-	-	18,657	130,822	149,479
5.05.02.04	Translation adjustments for the period	-	-	-	-	144,944	144,944
5.05.02.06	Hedge Accounting - Cash flow, net of taxes	-	-	-	-	4,535	4,535
5.05.02.07	Realization of deemed cost	-	-	-	18,657	(18,657)	-
5.06	Internal changes in equity	-	-	-	(172,930)	-	(172,930)
5.06.04	Payment of dividends	-	-	-	(173,867)	-	(173,867)
5.06.05	Time-barred dividends	-	-	-	937	-	937
5.07	Closing balances	5,504,517	(99,577)	959,255	672,860	1,290,929	8,327,984

**Individual Financial Statements/ Statements of Value Added**R\$ (in  
thousands)

<b>Code</b>	<b>Description</b>	<b>YTD current year 01/01/2020 to 09/30/2020</b>	<b>YTD prior year 01/01/2019 to 09/30/2019</b>
7.02	Inputs acquired from third parties	1,766	(3,636)
7.02.02	Materials, electric power, third-party services and others	(642)	(809)
7.02.03	Loss/recovery of assets	2,408	(2,827)
7.03	Gross value added	1,766	(3,636)
7.04	Retentions	(66)	(64)
7.04.01	Depreciation, amortization and depletion	(66)	(64)
7.05	Wealth created by the Company	1,700	(3,700)
7.06	Wealth received in transfer	1,605,637	1,123,432
7.06.01	Share of profit or loss of investees	1,610,097	1,095,902
7.06.02	Finance income	(4,460)	27,530
7.07	Wealth for distribution	1,607,337	1,119,732
7.08	Wealth distributed	1,607,337	1,119,732
7.08.01	Personnel	5,670	4,570
7.08.01.01	Salaries and wages	4,459	4,372
7.08.01.02	Benefits	1,065	152
7.08.01.03	Severance pay fund (FGTS)	146	46
7.08.02	Taxes, fees and contributions	1,106	515
7.08.02.01	Federal <sup>1</sup>	1,106	515
7.08.03	Lenders and lessors	1,917	553
7.08.03.01	Interest	1,917	553
7.08.04	Lenders and lessors	1,598,644	1,114,094
7.08.04.01	Interest on capital	215,937	273,035
7.08.04.02	Dividends	265,992	186,888
7.08.04.03	Retained earnings / Loss for the period	1,116,715	654,171

**Consolidated Financial Statements Balance Sheet – Assets**

(R\$ in thousands)		Current Quarter	Prior Year
Code	Description	09/30/2020	12/31/2019
1	Total assets	19,048,875	15,687,641
1.01	Current assets	11,581,761	9,760,902
1.01.01	Cash and cash equivalents	2,616,485	1,946,044
1.01.01.01	Cash and banks	386,530	396,233
1.01.01.02	Short-term investments	2,229,955	1,549,811
1.01.02	Short-term investments	981,085	1,444,227
1.01.03	Trade receivables	3,564,454	2,747,084
1.01.03.01	Customers	3,564,454	2,747,084
1.01.04	Inventories	3,586,598	2,817,129
1.01.06	Taxes recoverable	353,672	394,839
1.01.06.01	Current taxes recoverable	353,672	394,839
1.01.08	Other current assets	479,467	411,579
1.01.08.03	Others	479,467	411,579
1.01.08.03.01	Derivative financial instruments	40,374	24,102
1.01.08.03.02	Others	439,093	387,477
1.02	Noncurrent assets	7,467,114	5,926,739
1.02.01	Long-term receivables	1,107,252	597,797
1.02.01.07	Deferred taxes	292,342	182,042
1.02.01.07.01	Deferred income tax and social contribution	292,342	182,042
1.02.01.10	Other noncurrent assets	814,910	415,755
1.02.01.10.03	Judicial deposits	68,158	68,506
1.02.01.10.04	Taxes recoverable	51,371	78,708
1.02.01.10.05	Derivative financial instruments	575,966	167,069
1.02.01.10.06	Others	119,415	101,472
1.02.02	Investments	45,670	28,012
1.02.02.01	Equity interests	45,670	28,012
1.02.02.01.01	Interests in associates	44,851	28,007
1.02.02.01.05	Other investments	819	5
1.02.03	Property, plant and equipment	4,709,772	3,981,184
1.02.03.01	Property, plant and equipment in operation	4,406,791	3,776,561
1.02.03.02	Right-of-Use Assets	302,981	204,623
1.02.04	Intangible assets	1,604,420	1,319,746
1.02.04.01	Intangible assets	254,856	201,431
1.02.04.01.02	Others	254,856	201,431
1.02.04.02	Goodwill	1,349,564	1,118,315

**Consolidated Financial Statements Balance Sheet – Liabilities and Equity**

(R\$ in thousands)

<b>Code</b>	<b>Description</b>	<b>Current Quarter 09/30/2020</b>	<b>Prior Year 12/31/2019</b>
2	Total liabilities	19,048,875	15,687,641
2.01	Current liabilities	4,924,701	4,491,021
2.01.01	Social and labor obligations	564,222	287,187
2.01.01.01	Social obligations	564,222	287,187
2.01.02	Trade payables	1,239,930	839,879
2.01.03	Tax obligations	228,293	134,510
2.01.03.01	Federal tax obligations	228,293	134,510
2.01.03.01.01	Income tax and social contribution payable	90,564	31,578
2.01.03.01.02	Others	137,729	102,932
2.01.04	Borrowings and financing	296,413	936,370
2.01.04.01	Borrowings and financing	296,413	936,370
2.01.04.01.01	In local currency	55,414	87,566
2.01.04.01.02	In foreign currency	240,999	848,804
2.01.05	Other obligations	2,595,843	2,293,075
2.01.05.02	Others	2,595,843	2,293,075
2.01.05.02.01	Dividends and interest on capital payable	67,736	145,376
2.01.05.02.04	Advances from customers	1,216,807	814,964
2.01.05.02.05	Profit sharing	212,781	212,608
2.01.05.02.06	Derivative financial instruments	21,189	13,879
2.01.05.02.07	Leases	56,242	49,168
2.01.05.02.08	Payables - subsidiaries abroad	338,075	210,113
2.01.05.02.09	Provision for product warranties	243,908	168,338
2.01.05.02.10	Bill and hold sales	171,936	414,337
2.01.05.02.11	Others	267,169	264,292
2.02	Noncurrent liabilities	2,724,139	2,266,630
2.02.01	Borrowings and financing	1,673,573	1,348,599
2.02.01.01	Borrowings and financing	1,673,573	1,348,599
2.02.01.01.01	In local currency	62,605	107,930
2.02.01.01.02	In foreign currency	1,610,968	1,240,669
2.02.02	Other obligations	398,914	291,310
2.02.02.02	Others	398,914	291,310
2.02.02.02.04	Derivative financial instruments	7,583	6,679
2.02.02.02.05	Leases	247,157	153,667
2.02.02.02.06	Others	144,174	130,964
2.02.03	Deferred taxes	77,660	75,143
2.02.03.01	Deferred income tax and social contribution	77,660	75,143
2.02.04	Provisions	573,992	551,578
2.03	Consolidated equity	11,400,035	8,929,990
2.03.01	Paid-in capital	5,504,517	5,504,517
2.03.02	Capital reserves	(132,724)	(103,868)
2.03.02.04	Options granted	9,487	12,857
2.03.02.05	Treasury shares	(15,779)	(11,419)
2.03.02.07	Premium on capital transaction	(126,432)	(105,306)
2.03.03	Revaluation reserves	3,630	3,630
2.03.04	Earnings reserves	1,707,252	2,059,144
2.03.04.01	Legal reserve	147,645	147,645
2.03.04.02	Statutory reserve	1,559,607	1,559,607
2.03.04.08	Additional dividend proposed	-	351,892
2.03.05	Retained earnings/accumulated losses	1,135,154	-
2.03.06	Carrying value adjustments	350,404	359,298
2.03.06.01	Deemed cost	350,404	359,298
2.03.08	Other comprehensive income	2,554,237	894,526
2.03.08.01	Derivative financial instruments	11,299	(11,180)
2.03.08.02	Change in equity interests	(4,288)	(6,070)
2.03.08.03	Cumulative translation adjustments	2,547,226	911,776
2.03.09	Noncontrolling interests	277,565	212,743

**Consolidated Financial Statements/Income Statements**

R\$ (in thousands)

Code	Description	Current Quarter 07/01/2020 to 09/30/2020	YTD current year 01/01/2020 to 09/30/2020	Prior Quarter 07/01/2019 to 09/30/2019	YTD prior year 01/01/2019 to 09/30/2019
3.01	Revenue from sale of products and/or services	4,801,260	12,579,639	3,349,604	9,568,588
3.02	Cost of sales and services	(3,289,688)	(8,738,431)	(2,344,433)	(6,760,544)
3.03	Gross profit	1,511,572	3,841,208	1,005,171	2,808,044
3.04	Operating income/expenses	(694,088)	(1,885,322)	(527,082)	(1,524,488)
3.04.01	Selling expenses	(395,780)	(1,101,071)	(309,062)	(896,136)
3.04.02	General and administrative expenses	(169,122)	(470,802)	(135,468)	(410,559)
3.04.02.01	Management fees	(6,178)	(19,219)	(6,630)	(19,899)
3.04.02.02	Other administrative expenses	(162,944)	(451,583)	(128,838)	(390,660)
3.04.04	Other operating income	3,821	15,665	4,473	14,974
3.04.05	Other operating expenses	(139,855)	(331,731)	(87,025)	(235,606)
3.04.06	Share of profit or loss of investees	6,848	2,617	-	2,839
3.05	Profit before finance income (costs) and taxes	817,484	1,955,886	478,089	1,283,556
3.06	Finance income (costs)	(31,980)	(78,896)	(15,508)	(56,169)
3.06.01	Finance income	196,626	770,116	219,642	757,684
3.06.02	Finance costs	(228,606)	(849,012)	(235,150)	(813,853)
3.07	Profit before taxes on income	785,504	1,876,990	462,581	1,227,387
3.08	Income tax and social contribution	(131,892)	(242,886)	(38,041)	(99,380)
3.08.01	Current	(161,867)	(319,162)	(45,360)	(126,298)
3.08.02	Deferred	29,975	76,276	7,319	26,918
3.09	Profit for the period from continuing operations	653,612	1,634,104	424,540	1,128,007
3.11	Consolidated profit/loss for the period	653,612	1,634,104	424,540	1,128,007
3.11.01	Attributable to owners of the Company	644,246	1,598,644	418,342	1,114,094
3.11.02	Attributable to noncontrolling interests	9,366	35,460	6,297	13,913
3.99	Earnings per share – (real/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.30711	0.76209	0.19939	0.53116
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.30699	0.76177	0.19928	0.53084

**Consolidated Financial Statements/Statement of Comprehensive Income**

R\$ (in thousands)

Code	Description	Current Quarter 07/01/2020 to 09/30/2020	YTD current year 01/01/2020 to 09/30/2020	Prior Quarter 07/01/2019 to 09/30/2019	YTD prior year 01/01/2019 to 09/30/2019
4.01	Consolidated profit for the period	653,612	1,634,104	424,540	1,128,007
4.02	Other comprehensive income	376,227	1,678,233	168,659	152,273
4.02.01	Cumulative translation adjustments	362,754	1,638,894	178,211	147,738
4.02.02	Hedge Accounting	7,608	23,260	(9,552)	4,535
4.02.03	Change in equity interests	-	1,782	-	-
4.02.04	Foreign exchange differences – deemed cost	5,865	14,297	-	-
4.03	Consolidated comprehensive income for the period	1,029,839	3,312,337	593,199	1,280,280
4.03.01	Attributable to owners of the Company	1,018,370	3,272,652	582,852	1,263,573
4.03.02	Attributable to noncontrolling interests	11,469	39,685	10,347	16,707

**Consolidated Financial Statements/Cash Flow Statement – Indirect Method**

R\$ (in thousands)

Code	Description	YTD current year 01/01/2020 to 09/30/2020	YTD prior year 01/01/2019 to 09/30/2019
6.01	Net cash from operating activities	2,554,183	1,075,480
6.01.01	Cash from operations	2,662,655	1,706,773
6.01.01.01	Profit before taxes	1,876,990	1,227,387
6.01.01.02	Depreciation, amortization and depletion	330,781	294,520
6.01.01.03	Employee profit sharing	281,048	188,626
6.01.01.04	Stock option plan expenses	7,873	5,316
6.01.01.05	Provision for credit risk	16,072	5,251
6.01.01.06	Provision for tax, civil and labor liabilities	22,414	12,496
6.01.01.07	Provision for inventory losses	62,575	3,872
6.01.01.08	Provision for product warranty	75,571	2,517
6.01.01.09	Loss on disposal of property, plant and equipment and intangible assets	6,164	7,785
6.01.01.10	Accrued interest on borrowings	19,207	46,513
6.01.01.11	Share of profit or loss of investees	(2,617)	(2,839)
6.01.01.12	Income from financial investments	(33,423)	(84,671)
6.01.02	Changes in assets and liabilities	(108,472)	(631,293)
6.01.02.01	(Increase)/decrease in trade receivables	428,081	96,060
6.01.02.02	Increase/(decrease) in trade payables	209,333	26,296
6.01.02.03	(Increase)/decrease in inventories	(205,628)	(394,769)
6.01.02.04	Income tax and social contribution paid	(260,177)	(123,674)
6.01.02.05	Employee profit sharing paid	(280,081)	(235,206)
6.02	Net cash from investing activities	121,482	258,570
6.02.01	Property, plant and equipment	(345,414)	(325,797)
6.02.02	Intangible assets	(34,400)	(18,237)
6.02.03	Proceeds on disposal of property, plant and equipment	4,731	15,292
6.02.09	Held-to-maturity financial investments	(516,648)	(505,551)
6.02.10	Redemption of financial investments	1,013,213	1,092,863
6.03	Net cash from financing activities	(2,198,973)	(1,447,637)
6.03.01	Proceeds from borrowings and financing	71,451	1,192,356
6.03.02	Repayment of borrowings and financing	(1,378,472)	(1,904,770)
6.03.03	Interest paid on borrowings and financing	(7,579)	(57,496)
6.03.04	Treasury shares	(4,360)	3,577
6.03.05	Dividends/Interest on capital paid	(880,013)	(681,304)
6.04	Exchange rate changes on cash and cash equivalents	193,749	8,291
6.05	Increase (decrease) in cash and cash equivalents	670,441	(105,296)
6.05.01	Cash and cash equivalents at the beginning of the period	1,946,044	2,205,700
6.05.02	Cash and cash equivalents at the end of the period	2,616,485	2,100,404

## Consolidated Financial Statements/Statements of Changes in Equity - 01/01/2020 to 09/30/2020

R\$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	5,504,517	(100,238)	1,707,252	351,892	1,253,824	8,717,247	212,743	8,929,990
5.03	Adjusted opening balances	5,504,517	(100,238)	1,707,252	351,892	1,253,824	8,717,247	212,743	8,929,990
5.04	Capital transactions with shareholders	-	(28,856)	-	(487,583)	-	(516,439)	25,137	(491,302)
5.04.03	Options granted recognized	-	(3,370)	-	(5,654)	-	(9,024)	-	(9,024)
5.04.04	Treasury shares acquired	-	(11,762)	-	-	-	(11,762)	-	(11,762)
5.04.05	Treasury shares sold	-	14,006	-	-	-	14,006	-	14,006
5.04.06	Dividends	-	-	-	(265,992)	-	(265,992)	-	(265,992)
5.04.07	Interest on capital	-	-	-	(215,937)	-	(215,937)	-	(215,937)
5.04.08	Capital transactions	-	(27,730)	-	-	-	(27,730)	25,137	(2,593)
5.05	Total comprehensive income	-	-	-	1,621,835	1,650,817	3,272,652	39,685	3,312,337
5.05.01	Profit for the period	-	-	-	1,598,644	-	1,598,644	35,460	1,634,104
5.05.02	Other comprehensive income	-	-	-	23,191	1,650,817	1,674,008	4,225	1,678,233
5.05.02.04	Translation adjustments for the period	-	-	-	-	1,635,450	1,635,450	3,444	1,638,894
5.05.02.06	Hedge accounting - Cash flow hedge, net of taxes	-	-	-	-	22,479	22,479	781	23,260
5.05.02.07	Realization of deemed cost	-	-	-	23,191	(8,894)	14,297	-	14,297
5.05.02.09	Change in equity interests	-	-	-	-	1,782	1,782	-	1,782
5.06	Internal changes in equity	-	-	-	(350,990)	-	(350,990)	-	(350,990)
5.06.04	Payment of dividends	-	-	-	(351,892)	-	(351,892)	-	(351,892)
5.06.05	Time-barred dividends	-	-	-	902	-	902	-	902
5.07	Closing balances	5,504,517	(129,094)	1,707,252	1,135,154	2,904,641	11,122,470	277,565	11,400,035

# Consolidated Financial Statements/Statements of Changes in Equity - 01/01/2019 to 09/30/2019

R\$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	5,504,517	(83,472)	959,255	173,867	1,160,107	7,714,274	138,983	7,853,257
5.03	Adjusted opening balances	5,504,517	(83,472)	959,255	173,867	1,160,107	7,714,274	138,983	7,853,257
5.04	Capital transactions with shareholders	-	(16,105)	-	(460,828)	-	(476,933)	6,607	(470,326)
5.04.03	Options granted recognized	-	1,752	-	(905)	-	847	-	847
5.04.05	Treasury shares sold	-	6,852	-	-	-	6,852	-	6,852
5.04.06	Dividends	-	-	-	(186,888)	-	(186,888)	-	(186,888)
5.04.07	Interest on capital	-	-	-	(273,035)	-	(273,035)	-	(273,035)
5.04.08	Capital transactions	-	(24,709)	-	-	-	(24,709)	6,607	(18,102)
5.05	Total comprehensive income	-	-	-	1,132,751	130,822	1,263,573	16,707	1,280,280
5.05.01	Profit for the period	-	-	-	1,114,094	-	1,114,094	13,913	1,128,007
5.05.02	Other comprehensive income	-	-	-	18,657	130,822	149,479	2,794	152,273
5.05.02.04	Translation adjustments for the period	-	-	-	-	144,944	144,944	2,794	147,738
5.05.02.06	Hedge Accounting - Cash flow, net of taxes	-	-	-	-	4,535	4,535	-	4,535
5.05.02.07	Realization of deemed cost	-	-	-	18,657	(18,657)	-	-	-
5.06	Internal changes in equity	-	-	-	(172,930)	-	(172,930)	-	(172,930)
5.06.04	Payment of dividends	-	-	-	(173,867)	-	(173,867)	-	(173,867)
5.06.05	Time-barred dividends	-	-	-	937	-	937	-	937
5.07	Closing balances	5,504,517	(99,577)	959,255	672,860	1,290,929	8,327,984	162,297	8,490,281

**Consolidated Financial Statements/Statements of Value Added**

R\$ (in thousands)

<b>Code</b>	<b>Description</b>	<b>YTD current year 01/01/2020 to 09/30/2020</b>	<b>YTD prior year 01/01/2019 to 09/30/2019</b>
7.01	Revenues	14,029,155	10,701,324
7.01.01	Sales of goods, products and services	14,013,051	10,672,759
7.01.02	Other revenues	32,176	33,816
7.01.04	Allowance for / Reversal of allowance for doubtful debts	(16,072)	(5,251)
7.02	Inputs acquired from third parties	(7,439,513)	(5,784,143)
7.02.02	Materials, electric power, third-party services and others	(7,401,533)	(5,744,455)
7.02.04	Others	(37,980)	(39,688)
7.03	Gross value added	6,589,642	4,917,181
7.04	Retentions	(330,781)	(294,520)
7.04.01	Depreciation, amortization and depletion	(330,781)	(294,520)
7.05	Wealth created by the Company	6,258,861	4,622,661
7.06	Wealth received in transfer	772,733	760,523
7.06.01	Share of profit or loss of investees	2,617	2,839
7.06.02	Finance income	770,116	757,684
7.07	Wealth for distribution	7,031,594	5,383,184
7.08	Wealth distributed	7,031,594	5,383,184
7.08.01	Personnel	3,031,769	2,333,878
7.08.01.01	Salaries and wages	2,690,774	1,963,029
7.08.01.02	Benefits	262,202	299,791
7.08.01.03	Severance pay fund (FGTS)	78,793	71,058
7.08.02	Taxes, fees and contributions	1,512,569	1,101,447
7.08.02.01	Federal	1,388,901	983,569
7.08.02.02	State	109,227	108,039
7.08.02.03	Municipal	14,441	9,839
7.08.03	Lenders and lessors	853,152	819,852
7.08.03.01	Interest	845,889	811,542
7.08.03.02	Rentals	7,263	8,310
7.08.04	Lenders and lessors	1,634,104	1,128,007
7.08.04.01	Interest on capital	215,937	273,035
7.08.04.02	Dividends	265,992	186,888
7.08.04.03	Retained earnings / Loss for the period	1,116,715	654,171
7.08.04.04	Noncontrolling interests	35,460	13,913

## Short-cycle recovery and long-cycle growth drives operational performance

### Highlights



**Net Operating Revenue (NOR)** were **R\$ 4,801.3 million** in 3Q20, 43.3% higher than 3Q19 and 18.1% higher than 2Q20;



**EBITDA<sup>(1)</sup>** reached **R\$ 935.3 million**, 61.5% higher than 3Q19 and 27.7% higher than 2Q20, while **EBITDA margin** was **19.5%**, 2.2 p.p. higher than 3Q19 and 1.5 p.p. higher than the previous quarter;



**Return on Invested Capital (ROIC)** reached **23.3%** in 3Q20, up 4.1 p.p. from 3Q19 and up 1.7 p.p. from 2Q20.

### Message from the Management

This quarter was marked by the resumption of demand for short-cycle equipment, both in Brazil, where we observed a significant improvement in all business units, and abroad, where the recovery, although slower, has remained constant since April/May, worst months of the pandemic's impact on our business. This recovery, combined with the maintenance of the good performance of the long-cycle businesses and our efforts to control costs and operational efficiency, were determining factors for the good results presented in this quarter.

Demand improvement for short-cycle equipment occurred in all business areas, though at different pace between them. The Commercial and Appliance Motors, Paints and Varnishes and Distributed Solar Generation businesses (included in GTD), linked to the Brazilian market, showed rapid recovery, reaching volumes at the end of the quarter similar to pre-pandemic levels. Businesses in the Industrial Electro-Electronic Equipment area showed a good evolution compared to the previous quarter, although slowly in the external market when compared to domestic market.

Another highlight was the performance of our long-cycle businesses, which continue to contribute positively to the result, as a result of the important order book built both in Brazil and abroad. Projects for relevant industries such as mining, pulp & paper, water & wastewater and oil & gas, as well as in the Transmission & Distribution (T&D) area, were mainly responsible for the good performance in the quarter.

Despite the improvement in business dynamics this quarter, we reinforce that the pandemic caused by COVID-19 is yet to be overcome. Uncertainties regarding the global economic recovery still remain, and future impacts in different industry segments can reflect on our business in the medium and long term, especially in projects related to long-cycle equipment.

**Table 1 – Main Highlights**

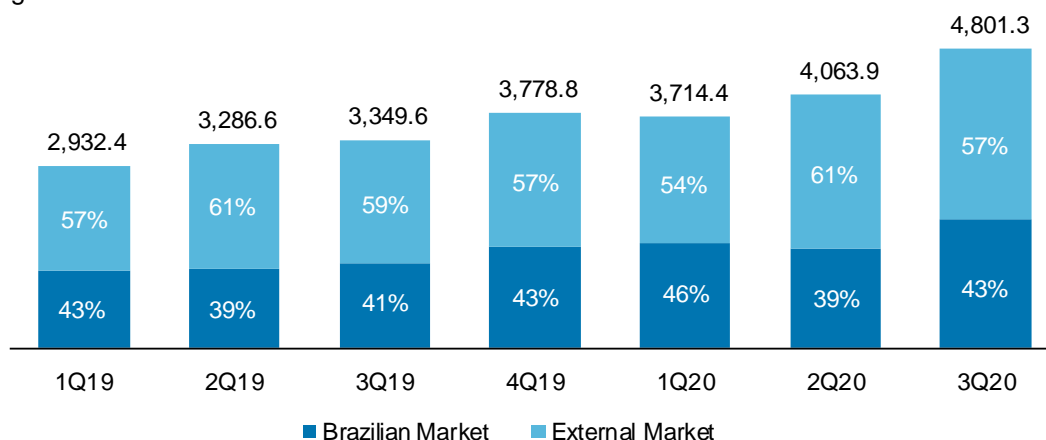
	3Q20	2Q20	%	3Q19	%	09M20	09M19	%
<b>Return on Invested Capital</b>	<b>23.3%</b>	<b>21.6%</b>	<b>1.7 pp</b>	<b>19.2%</b>	<b>4.1 pp</b>	<b>23.3%</b>	<b>19.2%</b>	<b>4.1 pp</b>
<b>Net Operating Revenue</b>	<b>4,801,260</b>	<b>4,063,943</b>	<b>18.1%</b>	<b>3,349,604</b>	<b>43.3%</b>	<b>12,579,639</b>	<b>9,568,588</b>	<b>31.5%</b>
Domestic Market	2,085,192	1,604,279	30.0%	1,378,136	51.3%	5,381,871	3,919,960	37.3%
External Markets	2,716,068	2,459,664	10.4%	1,971,468	37.8%	7,197,768	5,648,628	27.4%
External Markets in US\$	505,040	457,014	10.5%	496,584	1.7%	1,413,813	1,451,054	-2.6%
<b>Net Income</b>	<b>644,246</b>	<b>514,375</b>	<b>25.2%</b>	<b>418,243</b>	<b>54.0%</b>	<b>1,598,644</b>	<b>1,114,094</b>	<b>43.5%</b>
Net Margin	13.4%	12.7%	0.7 pp	12.5%	0.9 pp	12.7%	11.6%	1.1 pp
<b>EBITDA</b>	<b>935,332</b>	<b>732,222</b>	<b>27.7%</b>	<b>579,073</b>	<b>61.5%</b>	<b>2,286,668</b>	<b>1,578,076</b>	<b>44.9%</b>
EBITDA Margin	19.5%	18.0%	1.5 pp	17.3%	2.2 pp	18.2%	16.5%	1.7 pp
Earnings per Share (EPS)	0.30711	0.24521	25.2%	0.19939	54.0%	0.76209	0.53116	43.5%

(1) Earnings before Interest, Taxes, Depreciation and Amortization

The following financial and operating data are presented on a consolidated basis, except when otherwise indicated, in thousands of Brazilian Reals (R\$) according to accounting practices adopted in Brazil, including Brazilian Corporate Law and in convergence with IFRS international norms. Except when otherwise indicated, growth rates and other comparisons are made to the same period of the previous year.

## Net Operating Revenue

Net operating revenue increased by 43.3% over 3Q19, up 51.3% in the domestic market and up 37.8% in the external markets as shown in the table 1 above. The evolution of the revenue proportion between markets is shown in figure 1 below.



**Figure 1 – Net Operating Revenue by Market (figures in R\$ million)**

Net operating revenue from the external market, measured in the quarterly averaged US dollars, increased by 1.7% in relation to 3Q19 and grew 10.5% in relation to 2Q20. The distribution of net revenue by geographic market is shown in table 2 below.

**Table 2 – Net operating revenue from external market by geographic region, in US dollars**

	3Q20		2Q20		3Q19		HA%	HA%
	(A)	VA%	(B)	VA%	(C)	VA%	(A)/(B)	(A)/(C)
<i>External Markets in US\$</i>	505,040	100.0%	457,014	100.0%	496,584	100.0%	10.5%	1.7%
<i>North America</i>	221,583	43.9%	214,340	46.9%	231,905	46.7%	3.4%	-4.5%
<i>South and Central America</i>	55,851	11.1%	44,787	9.8%	60,087	12.1%	24.7%	-7.0%
<i>Europe</i>	143,533	28.4%	133,448	29.2%	115,207	23.2%	7.6%	24.6%
<i>Africa</i>	34,141	6.8%	23,765	5.2%	42,210	8.5%	43.7%	-19.1%
<i>Asia-Pacific</i>	49,932	9.9%	40,674	8.9%	47,175	9.5%	22.8%	5.8%

Net operating revenue from the external market, measured in Brazilian Real, was positively impacted by the average Brazilian Real/US dollar exchange rate that moved from R\$ 3.97 in 3Q19 to R\$ 5.38 in 3Q20, with 35.5% depreciation of the Brazilian Real.

It is important to consider that we set our sales prices in different markets in local currency amounts, according to local competitive conditions. Measured in local currencies, weighted by revenues in each market, net operating revenue from external market decreased by 4.5% in relation to 3Q19.

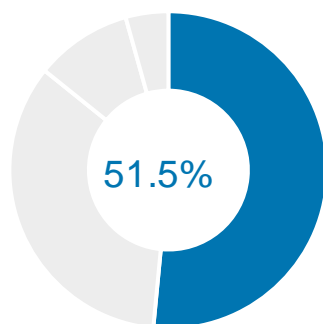
### Acquisition Adjustments

Adjusted for the consolidation effects of recent acquisitions of Geremia Redutores, PPI-Multitask and V2COM, revenue would have grown by 42.3% vs. 3Q19. The growth in the domestic market would have been 48.8%, while in the external market it would be in line with the reported values.

## Performance by Business Area

### Industrial Electro-Electronic Equipment

NOR	Domestic Market	External Market
3Q20	795,313	1,678,359
2Q20	635,641	1,583,637
Δ%	25.1%	6.0%
3Q19	530,024	1,298,831
Δ%	50.1%	29.2%



#### Domestic Market

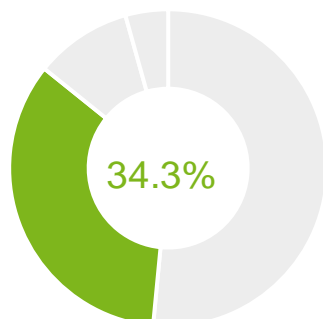
- Important recovery in the Brazilian industrial activity linked to short-cycle equipment, with emphasis on the serial automation products and low voltage motors, partly associated with the high demand in the construction and agribusiness sectors.
- Deliveries of important projects contributed to the good long-cycle equipment quarter, especially for the mining, oil & gas and pulp & paper segments.

#### External Market

- Continuity in the gradual resumption of global economic activity after the initial impacts of the pandemic, but still lower when compared to the same period last year for short-cycle equipment. Except for our operations in China, which showed significant growth, associated with the high industrial activity in the Chinese domestic market.
- Long-cycle equipment maintained good revenue performance this quarter, with orders being delivered to relevant segments such as oil & gas and water & wastewater.
- It is important to highlight that throughout 3Q20, we observed a decrease in order entry for long-cycle equipment in several regions. Important industries, such as oil & gas, pulp & paper and water & wastewater, reduced the pace of investment, reflecting the effects of the pandemic.

### Energy Generation, Transmission, and Distribution (GTD)

NOR	Domestic Market	External Market
3Q20	867,383	777,722
2Q20	755,710	700,600
Δ%	14.8%	11.0%
3Q19	526,221	506,817
Δ%	64.8%	53.5%



#### Domestic Market

- A recurring highlight in recent quarters, the transmission and distribution (T&D) business continues to be a main driver for reported growth, with large transformers and substations being delivered for projects linked to the transmission line auctions carried out in recent years.
- The distributed solar generation (GD) business, after the initial impact of the pandemic felt in 2Q20, showed a good recovery, reaching activity levels similar to 1Q20 at the end of this quarter, contributing to the good results of the GTD area.

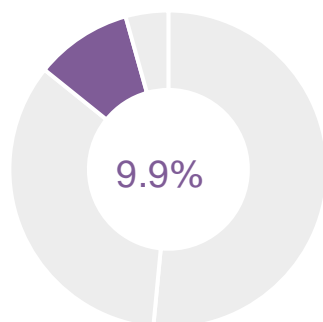
#### External Market

- We presented another quarter of good results, with the continuation of relevant deliveries being made in the USA and Mexico, with an important contribution from the synergy between our operations in North America.

## Performance by Business Area

### Commercial and Appliance Motors

NOR	Domestic Market	External Market
3Q20	253,321	220,709
2Q20	106,285	153,889
Δ%	138.3%	43.4%
3Q19	188,023	145,720
Δ%	34.7%	51.5%



#### Domestic Market

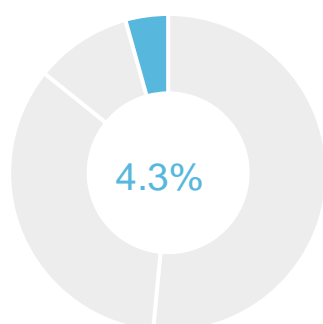
- Following the movement observed at the end of 2Q20, demand for products in this business area showed a rapid improvement, after a sharp drop at the beginning of the pandemic, especially in the segments of motors for durable goods (white goods), motor pumps and commercial compressors. This movement can be explained in part by the economic stimulus promoted by the local authorities.

#### External Market

- Sales recovered well this quarter, especially in North America, where we continue to increase our market share in the USA and Mexico.

### Paints and Varnishes

NOR	Domestic Market	External Market
3Q20	169,175	39,278
2Q20	106,643	21,538
Δ%	58.6%	82.4%
3Q19	133,868	20,100
Δ%	26.4%	95.4%



#### Domestic Market

- An increase in demand in several important segments, especially in road implements, agricultural machinery, home appliances and construction, confirmed the road to recovery which began in the second half of last quarter.

#### External Market

- The good performance was driven by the improvement in economic activity in Argentina after slow months due to the pandemic, as well as the increase in sales in other Latin American countries, both in industrial paints and in automotive refinish paints.

## Cost of Goods Sold

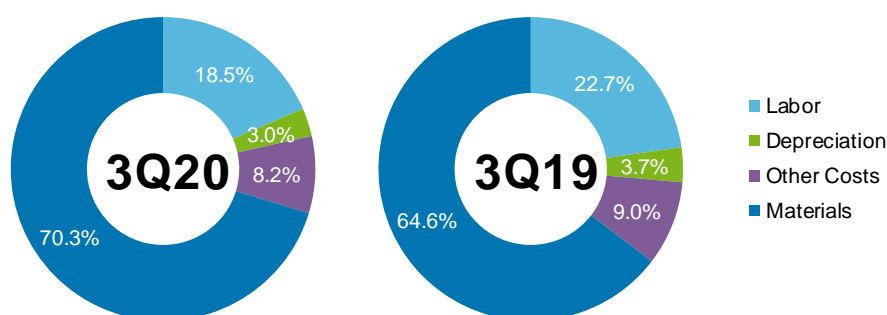
Cost of Goods Sold (COGS) and gross margin for the quarter are shown in table 3 below.

**Table 3 – Costs**

	3Q20	2Q20	HA%	3Q19	HA%
Net Operating Revenues	4,801,260	4,063,943	18.1%	3,349,604	43.3%
Cost of Goods Sold	(3,289,688)	(2,831,840)	16.2%	(2,344,433)	40.3%
Gross Margin	31.5%	30.3%	1.2 pp	30.0%	1.5 pp

With the return of normal operating activity in most of our operations, especially those related to short-cycle equipment, gross margin improved compared to that of the previous year. Despite the exchange rate variation in the period, the operational adjustments implemented since the beginning of the pandemic, the efforts to reduce costs and improve processes that provided productivity gains, were decisive factors for this performance.

In 3Q20 the average price of copper in the spot Market on London Metal Exchange (LME) in US dollars increased 21.6% vs. 2Q20 and increased 12.3% vs. 3Q19. In addition, throughout the year, the average price of steel has been lower the same period in 2019 in our main markets outside Brazil. On the other hand, when analyzed in Brazilian Reais, it showed significant increase due to the impact of the exchange rate variation in the period.



**Figure 2 – COGS Composition**

## Sales, General, and Administrative Expenses

Consolidated Sales, General, and Administrative (SG&A) expenses totaled R\$ 564.9 million in 3Q20, an increase of 27.1% vs. 3Q19 and an increase of 12.5% vs. 2Q20. When analyzed in relation to net operating revenue, these expenses accounted for 11.8%, down 1.5 p.p. vs. 3Q19 and down 0.6 p.p. vs. 2Q20.

It is worth mentioning that part of the adjustments made since the beginning of the pandemic continue to contribute to the control of expenses, although in less intensity when compared to 2Q20. Mainly in relation to the reduction in selling expenses, such as business trips and reduced labor hours and wages still present in some operations this quarter.

## EBITDA and EBITDA Margin

The composition of the EBITDA calculation, according to Instruction CVM 527/2012, and the EBITDA margin are shown in table 4 below. The EBITDA margin showed another quarter of growth, reflecting the rationalization of expense and costs, described above, together with the improvement in the margin in long-cycle operations and in some important operations abroad.

It is worth mentioning that this quarter we had a non-recurring impact on EBITDA, referring to financial credits from the IT law, in the amount of R\$ 29.2 million. Normalized by this effect, the 3Q20 EBITDA margin would have been 18.9%.

**Table 4 – Calculation of EBITDA and EBITDA Margin**

	3Q20	2Q20	HA%	3Q19	HA%
Net Operating Revenues	4,801,260	4,063,943	18.1%	3,349,604	43.3%
Net Income	644,246	514,375	25.2%	418,243	54.0%
Net Income Before Minorities	653,612	526,517	24.1%	424,541	54.0%
(+) Income Taxes & Contributions	131,892	46,784	181.9%	38,041	246.7%
(+/-) Financial Income (Expenses)	31,980	46,164	-30.7%	15,508	106.2%
(+) Depreciation & Amortization	117,848	112,757	4.5%	100,984	16.7%
<b>EBITDA</b>	<b>935,332</b>	<b>732,222</b>	<b>27.7%</b>	<b>579,074</b>	<b>61.5%</b>
<b>EBITDA Margin</b>	<b>19.5%</b>	<b>18.0%</b>	<b>1.5 pp</b>	<b>17.3%</b>	<b>2.2 pp</b>

## Net Income

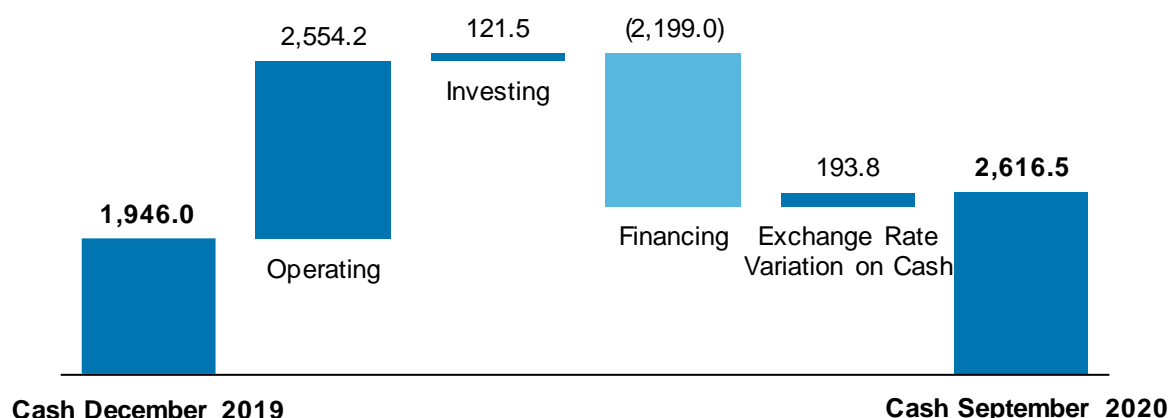
Net Income in 3Q20 was R\$ 644.2 million, an increase of 54.0% vs. 3Q19 and increase of 25.2% vs. 2Q20. Net margin reached 13.4%, 0.9 p.p. higher than 3Q19 and 0.7 p.p. higher than 2Q20.

## Cash Flow

Cash generation in operating activities was R\$ 2,554.2 million in the first nine months of 2020, an increase of 137.5% compared to the same period of the previous year. This growth is driven by the growth in operating income and less need for working capital in the period.

The level of investment (CAPEX<sup>(2)</sup>) in modernization and expansion of production capacity increased compared to 2019, primarily due to the continuity of investments in our factories in Brazil, US, Mexico and China. In addition, movements in long-term financial investments, included in this group in the accounting cash flow statement, were largely responsible for the generation of R\$ 121.5 million in investment activities.

In financing activities, the company raised R\$ 71.5 million and made amortizations of R\$ 1,378.5 million, resulting in a net amortization of R\$ 1,307.0 million. Interest on loans consumed R\$ 7.6 million while payments to equity holders (dividends and interest on capital) totaled R\$ 880.0 million. The final result was consumption of R\$ 2,199.0 million in financing activities this year so far.



**Figure 3 – Cash flow reconciliation (figures in R\$ million)**

Chart of figure 3 above shows the cash and cash equivalents positions classified as current assets. Furthermore, the company has R\$ 1,597.4 million in financial investments with no immediate liquidity (R\$ 1,635.4 million in December 2019).

## Return on Invested Capital

The Return on Invested Capital (ROIC) in 3Q20 (accumulated in the last 12 months) increased by 4.1 p.p. over 3Q19, reaching 23.3%. Growth of Net Operating Profit After Taxes (NOPAT), due to revenue growth and lower costs and expenses, more than offset the growth in capital employed, which expanded due to a greater need for working capital, and investments in fixed and intangible assets over the last 12 months.

## Investments (CAPEX)

In 3Q20, we invested R\$ 148.7 million in modernization and expansion of production capacity, machinery and equipment, and software licenses, 49% of which are for production units in Brazil and 51% for industrial plants and other facilities abroad. We highlight the resumption of investments in this quarter, which were partially suspended at the beginning of 2Q20 due to the scenario of great uncertainty brought about by the pandemic.

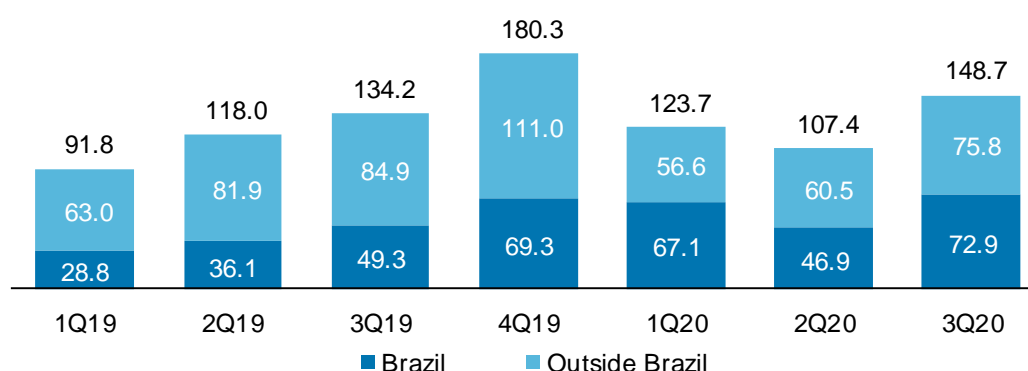


Figure 4 – CAPEX Evolution (figures in R\$ million)

Expenditures on research, development, and innovation activities totaled R\$ 322.1 million, representing 2.6% of net operating revenue in the first nine months of 2020.

## Debt and Cash Position

Cash, cash equivalents, and financial investments and derivatives, invested in first-tier banks and denominated in Brazilian currency, are presented in table 5 below. Likewise, the company demonstrates the total gross financial debt, with details between short and long term, in Brazilian Reais and other currencies, resulting in the company's net cash (debt) at the end of the quarter.

Table 5 – Cash and Debt

	september 2020		december 2019		september 2019	
<b>Cash &amp; Financial Instruments</b>	<b>4,213,910</b>		<b>3,581,442</b>		<b>3,739,055</b>	
Current	3,637,944		3,414,373		3,499,054	
Long Term	575,966		167,069		240,001	
<b>Debt</b>	<b>1,998,758</b>	<b>100%</b>	<b>2,305,527</b>	<b>100%</b>	<b>2,996,603</b>	<b>100%</b>
Current	317,602	16%	950,249	41%	1,479,081	49%
In Brazilian Reais	55,414		87,566		169,830	
In other currencies	262,188		862,683		1,309,251	
Long Term	1,681,156	84%	1,355,278	59%	1,517,522	51%
In Brazilian Reais	62,605		107,930		232,467	
In other currencies	1,618,551		1,247,348		1,285,055	
<b>Net Cash</b>	<b>2,215,152</b>		<b>1,275,915</b>		<b>742,452</b>	

The characteristics of our indebtedness at the end of September were:

- Total duration of 18.9 months, with duration of 21.2 months in the long term. In December 2019, these figures were 19.5 months and 29.1 months, respectively.
- Weighted average cost of debt denominated in Brazilian Reais is approximately 5.22% p.a. (vs. 5.41% p.a. in December 2019). The post-fixed contracts are indexed mainly to the Brazilian long-term interest rate (TJLP).

## Dividends and Interest on Stockholders' Equity

From August 12, 2020, onwards, we started to pay dividends declared during the first half of 2020, as below:

- On March 17, as interest on stockholders' equity, to the gross amount of R\$ 63.4 million.
- On June 23, as interest on stockholders' equity, to the gross amount of R\$ 80.2 million.
- On July 21, as dividends referring to profit recorded in the first half of 2020, to the total amount of R\$ 266.0 million.

Also, on September 22, the Board of Directors approved interest on stockholders' equity, to the gross amount of R\$ 72.3 million. We will pay this interest from March 10, 2021.

Our practice is to declare interest on capital quarterly and dividends based on the profit obtained each half year, that is, six proceeds each year, paid semi-annually.

**Table 6 – Dividends and Interest on Stockholders' Equity**

Event	Board Meeting Date	Gross amount per share
Interest on Stockholders' Equity	17/03/2020	0.030235294
Interest on Stockholders' Equity	23/06/2020	0.038235294
Dividends	21/07/2020	0.126801590
Interest on Stockholders' Equity	22/09/2020	0.034470588
<b>Total</b>		<b>0.229742766</b>



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## **1. INFORMATION ON THE COMPANY**

WEG S.A. ("Company") is a publicly-held 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"), which is primarily engaged in the production and sale 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 for industrial automation; power sockets and switches; electric traction solutions for heavy vehicles, SUV vehicles, locomotives, and sea transportation electric propelling; solutions for the generation of renewable and distributed energy, exploring all opportunities in small hydro, thermal, biomass, wind and solar energy powerplants; solutions for the industry 4.0; no-breaks and alternators for groups of generators; conventional and movable electric substations; industrial electrical and electronic systems; and industrial paint & varnish, and paints for automotive repainting. The operations are performed through manufacturing facilities located in Brazil, Argentina, Colombia, Mexico, United States, 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".

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## **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The Company's interim financial information, included in the Quarterly Information Form – ITR for the quarter ended September 30, 2020 includes the individual and consolidated interim financial information prepared considering all significant information on the Company, which corresponds to that used by Management in managing the activities, with CPC 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standard Board ("IASB") and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission ("CVM") applicable to the preparation of Quarterly Information - ITR.

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 meeting held on October 19, 2020.

The accounting policies, bases of consolidation and methods of calculation adopted in the preparation of the interim financial information, as well as the key estimates and judgments used in applying the accounting policies are the same as those adopted in the preparation of the individual and consolidated financial statements for the year ended December 31, 2019, including the adoption of the new accounting standards, as applicable.

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## **3. ACCOUNTING ESTIMATES**

The interim financial information includes 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) recognition 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 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 interim financial information due to the inaccuracies inherent in the estimate process. These estimates are periodically reviewed.

#### 4. CASH AND CASH EQUIVALENTS

	PARENT		CONSOLIDATED	
	09/30/20	12/31/19	09/30/20	12/31/19
a) Cash and banks	15	7	386,530	396,233
b) Short-term investments	123,640	69,039	2,229,955	1,549,811
In local currency:	123,640	69,039	1,903,669	1,483,551
Bank Certificate of Deposit (CDB) and Repurchase Agreements	123,640	69,039	1,903,669	1,483,551
In foreign currency:	-	-	326,266	66,260
<b>TOTAL</b>	<b>123,655</b>	<b>69,046</b>	<b>2,616,485</b>	<b>1,946,044</b>

Investments in Brazil:

Short-term investments in Brazil refer mainly to funds invested in private securities with first tier financial institutions.

These investments yield an average rate of 101.74% of the Interbank Deposit Rate - CDI (100.35% of the CDI as at December 31, 2019).

#### 5. SHORT-TERM INVESTMENTS

	PARENT		CONSOLIDATED	
	09/30/20	12/31/19	09/30/20	12/31/19
Bank Certificate of Deposit (CDB) and Funds	749,830	817,630	981,085	1,444,227
<b>TOTAL</b>	<b>749,830</b>	<b>817,630</b>	<b>981,085</b>	<b>1,444,227</b>
<b>Current assets</b>	<b>749,830</b>	<b>817,630</b>	<b>981,085</b>	<b>1,444,227</b>
Floating rate	749,830	817,630	925,636	1,393,944
Fixed rate	-	-	55,449	50,283

Short-term investments yield average fixed rates of 15.41% p.a. (15.41% p.a. as at December 31, 2019) and floating average rate of 105.28% of the CDI rate (102.77% of the CDI as at December 31, 2019).

## 6. TRADE RECEIVABLES

	<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>12/31/19</b>
<b>a) Breakdown of balances:</b>		
Domestic market	1,328,382	1,119,107
External market	2,305,662	1,681,495
<b>SUBTOTAL</b>	<b>3,634,044</b>	<b>2,800,602</b>
Allowance for doubtful debts	(69,590)	(53,518)
<b>TOTAL</b>	<b>3,564,454</b>	<b>2,747,084</b>
<b>b) Losses on trade receivables in the period</b>	<b>13,700</b>	<b>13,144</b>
<b>c) Maturity of trade notes:</b>		
Not past due	3,227,805	2,426,922
Past due:	406,239	373,680
Up to 30 days	229,040	206,483
From 31 to 90 days	70,840	75,735
From 91 to 180 days	44,367	29,234
Over 180 days	61,992	62,228
<b>TOTAL</b>	<b>3,634,044</b>	<b>2,800,602</b>

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

<b>Balance at 01/01/2019</b>	<b>(50,796)</b>
Losses written off in the year	13,144
Recognition of provision in the year	(25,500)
Reversal of provision in the year	9,634
<b>Balance at 12/31/2019</b>	<b>(53,518)</b>
Losses written off in the period	13,700
Recognition of provision in the period	(41,472)
Reversal of provision in the period	11,700
<b>Balance at 09/30/2020</b>	<b>(69,590)</b>

## 7. INVENTORIES

	<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>12/31/19</b>
Finished goods	563,327	411,427
Work in progress	542,495	421,598
Raw materials and others	689,974	521,760
Imports in transit	69,836	61,638
Provision for slow-moving inventory losses	(41,008)	(33,150)
<b>Total inventories - domestic market</b>	<b>1,824,624</b>	<b>1,383,273</b>
Finished goods	960,476	828,787
Work in progress	461,639	317,816
Raw materials and others	475,697	368,374
Provision for slow-moving inventory losses	(135,838)	(81,121)
<b>Total inventories – external market</b>	<b>1,761,974</b>	<b>1,433,856</b>
<b>GRAND TOTAL</b>	<b>3,586,598</b>	<b>2,817,129</b>

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

<b>Balance at 01/01/2019</b>	<b>(110,468)</b>
Recognition of provision in the year	(43,852)
Reversal of provision in the year	40,049



<b>Balance at 12/31/2019</b>	<b>(114,271)</b>
Recognition of provision in the period	(99,135)
Reversal of provision in the period	36,560
<b>Balance at 09/30/2020</b>	<b>(176,846)</b>

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. TAXES RECOVERABLE

	<b>PARENT</b>		<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
<b>BRAZIL</b>	<b>15,658</b>	<b>6,063</b>	<b>246,428</b>	<b>319,271</b>
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income)	14,487	3,607	46,033	81,006
IRRF (Withholding Income Tax) on financial investments)	1,171	2,456	9,161	22,878
Financial credit from the IT Law – IRPJ/CSLL	-	-	21,575	-
ICMS (State VAT)	-	-	44,108	90,509
ICMS on purchases of property, plant and equipment	-	-	25,272	22,271
IPI (Federal VAT)	-	-	56,948	57,624
PIS/COFINS (Taxes on Revenue)	-	-	25,510	24,890
Reintegra	-	-	14,772	14,932
Others	-	-	3,049	5,161
<b>FOREIGN</b>	<b>-</b>	<b>-</b>	<b>158,615</b>	<b>154,276</b>
Income Tax	-	-	33,781	52,078
IVA / VAT	-	-	111,254	98,907
Others	-	-	13,580	3,291
<b>TOTAL</b>	<b>15,658</b>	<b>6,063</b>	<b>405,043</b>	<b>473,547</b>
Current assets	15,658	6,063	353,672	394,839
Noncurrent assets	-	-	51,371	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:

	<b>PARENT</b>		<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
<b>BALANCE SHEET ACCOUNTS</b>				
<b>Noncurrent assets</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
Management of funds				
WEG Equipamentos Elétricos S.A.	3	3	-	-
<b>Current liabilities</b>	<b>794</b>	<b>1,525</b>	<b>15,554</b>	<b>22,053</b>
Contracts with Management	-	-	7,634	4,857
Profit sharing - Management	794	1,525	7,920	17,196

PROFIT & LOSS ACCOUNTS	PARENT		CONSOLIDATED	
	09/30/20	09/30/19	09/30/20	09/30/19
<b>Management compensation:</b>				
<b>a) Fixed (fees)</b>	<b>2,065</b>	<b>2,037</b>	<b>19,219</b>	<b>19,899</b>
Board of Directors	1,036	1,022	2,072	2,044
Board of Executive Officers	1,029	1,015	17,147	17,855
<b>b) Variable (profit sharing)</b>	<b>2,065</b>	<b>2,037</b>	<b>18,952</b>	<b>19,613</b>
Board of Directors	1,036	1,022	2,072	2,044
Board of Executive Officers	1,029	1,015	16,880	17,569

**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 credit/debit agreements entered into with Management are subject to interest of 95.0% of the CDI variation (95.0% of the CDI variation as at December 31, 2019);

**c) Sureties and guarantees**

WEG SA granted sureties and guarantees for foreign subsidiaries in the amount of US\$ 19.9 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\$ 2,072 (R\$ 2,044 as at September 30, 2019) and the executive officers received R\$ 17,147 (R\$ 17,855 as at September 30, 2019) for their services, corresponding to a total amount of R\$ 19,219 (R\$ 19,899 as at September 30, 2019).

A share 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 a minimum performance of 11%, and growth of EBITDA (weight of 30%), with a minimum performance of 5.6%. The corresponding provision is recognized in profit or loss for the period in the amount of R\$ 18,952 (R\$ 19,613 as at September 30, 2019), in the other expenses line item. 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	
	09/30/20	12/31/19	09/30/20	12/31/19
Income tax losses	508	-	104,425	84,907
Social contribution losses	660	246	15,519	15,625
Temporary differences:				
Provisions:				
Labor and civil contingencies	-	-	86,926	93,274
Taxes under litigation	1,608	1,608	53,964	50,955
Losses on trade receivables	-	-	16,032	13,348
Losses on slow-moving inventories	-	-	31,496	21,244
Indemnities on labor and contractual terminations	-	-	54,060	39,623
Freight and sales commissions	-	-	13,420	10,555
Third-party services	-	-	111,927	72,642

Projects in progress – foreign subsidiaries	-	-	40,709	11,381
Employee profit sharing	-	-	63,409	64,413
Unrealized gains on derivatives	-	-	9,591	4,868
Derivatives - hedge accounting	-	-	(4,184)	5,596
Deferred revenue	-	-	29,990	10,910
Accelerated depreciation	-	-	(6,852)	(7,008)
Difference between tax and accounting amortization of goodwill	(2)	(2)	(35,391)	(28,497)
Difference between tax and accounting depreciation (useful life)	(13)	(13)	(241,732)	(204,259)
Others	3,389	4,367	27,631	12,216
Deemed cost of property, plant and equipment	(1,321)	(1,343)	(156,258)	(164,894)
<b>TOTAL</b>	<b>4,829</b>	<b>4,863</b>	<b>214,682</b>	<b>106,899</b>
Noncurrent assets	4,829	4,863	292,342	182,042
Noncurrent liabilities	-	-	(77,660)	(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

	Country	Equity	Profit (loss) for the period	Equity interest (%)				Share of profit (loss) of investees		Investment book value	
				09/30/20		12/31/19		09/30/20	09/30/19	09/30/20	12/31/19
				Direct	Indirect	Direct	Indirect				
WEG Equipamentos Elétricos S.A. (*)	Brazil	9,176,475	1,672,364	100.00	-	100.00	-	1,444,231	991,217	9,176,475	6,863,221
RF Reflorestadora Ltda.		150,657	699	100.00	-	100.00	-	702	1,935	150,656	149,954
WEG Amazônia S.A.		70,093	16,867	0.02	99.98	0.02	99.98	3	2	11	9
WEG Administradora de Bens Ltda.		13,094	269	99.06	0.94	99.06	0.94	266	254	12,971	12,947
WEG Logística Ltda.		187,855	11,020	-	100.00	-	100.00	-	-	-	-
WEG Linhares Equip. Elétricos S.A.		399,071	95,164	-	100.00	-	100.00	-	-	2	1
WEG Drives & Controls Aut. Ltda.		724,785	148,375	100.00	-	100.00	-	148,390	91,327	724,795	644,930
WEG Partner Holding Ltda.		1	(0)	0.10	99.90	0.10	99.90	-	-	-	-
WEG-Cestari Redut. Motorreduct. S.A.		87,496	10,193	-	50.01	-	50.01	-	-	-	-
Hidráulica Indl.- Ind. e Com. Ltda.		219,610	(641)	-	100.00	-	100.00	-	-	-	-
Agro Trafo Adm. de Bens Ltda.		1,201	133	91.75	8.25	91.75	8.25	122	15	1,102	980
Paumar S.A. Indústria e Comércio		405,059	29,404	38.87	61.13	38.87	61.13	11,432	8,032	157,447	149,627
WEG-Jelec Oil and Gas Sol. Aut. Ltda.		11	(0)	-	100.00	-	100.00	-	-	-	-
Transformadores do Nordeste Ltda.		-	(462)	-	-	0.01	99.99	-	-	-	-
Geremia Redutores Ltda.		47,294	7,800	-	50.01	-	50.01	-	-	-	-
DJG Participações Ltda.		-	948	-	-	-	50.01	-	-	-	-
H.Geremia Participações Societárias Ltda.		-	195	-	-	-	50.01	-	-	-	-
W.R.G. Participações Societárias Ltda.		-	349	-	-	-	50.01	-	-	-	-
PPI Multitask Sistemas e Automação S.A.		2,487	566	-	51.00	-	51.00	-	-	-	-
Multitask Soluções em Automação S.A.		128	2	-	51.00	-	51.00	-	-	-	-
Multitask Automação Industrial S.A.		-	44	-	-	-	51.00	-	-	-	-
V2COM Participações S.A.		22,945	(1,315)	-	51.00	-	51.00	-	-	-	-
V2 Tecnologia Ltda.		(675)	(5,744)	-	51.00	-	51.00	-	-	-	-
V2 Ind. e Com. de Equip. Elet. Ltda.		20,028	4,335	-	51.00	-	51.00	-	-	-	-
Zest WEG Group Africa (Pty) Ltd.	South Africa	214,018	(1,997)	-	100.00	-	100.00	-	-	-	-
Zest Energy (Pty) Ltd.		261	(6)	-	100.00	-	100.00	-	-	-	-
Zest WEG Manufacturing (Pty) Ltd.		(65,064)	(11,111)	-	100.00	-	100.00	-	-	-	-
Zest WEG Electric (Pty) Ltd.		159,530	12,307	-	74.80	-	74.80	-	-	-	-
ENI Electric/Instrumentations Eng. Cont.(Pty)		(3,784)	4,636	-	86.67	-	86.67	-	-	-	-
Zest WEG Group Namibia Ent. (Pty) Ltd.		(518)	(22)	-	100.00	-	100.00	-	-	-	-
Zest WEG Investment Company (Pty) Ltd.		119,329	9,190	-	64.70	-	64.70	-	-	-	-
WEG Germany GmbH	Germany	80,113	4,229	-	100.00	-	100.00	-	-	-	-
Watt Drive GmbH		8,167	(353)	-	100.00	-	100.00	-	-	-	-
Wurtembergische Elektromotoren GmbH		24,316	292	-	100.00	-	100.00	-	-	-	-
Antriebstechnik KATT Hessen GmbH		(22,500)	(10,479)	-	100.00	-	100.00	-	-	-	-
WEG Equipamientos Electricos S.A.	Argentina	130,030	14,384	10.45	89.55	10.45	89.55	4,289	2,779	13,577	8,479
Pulverlux S.A.	Australia	14,451	1,893	-	100.00	-	100.00	-	-	-	-
WEG Australia Pty Ltd.		80,080	5,475	-	100.00	-	100.00	-	-	-	-

**WEG S.A.**  
**NOTES TO THE INTERIM FINANCIAL INFORMATION AS AT SEPTEMBER 30, 2020**  
*(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*



Watt Drive Antriebstechnik GmbH		136,361	9,832	-	100.00	-	100.00	-	-	-	-
WEG International Trade GmbH	Austria	992,193	866,896	-	100.00	-	100.00	-	-	-	-
WEG Holding GmbH		5,045,890	1,134,690	-	100.00	-	100.00	-	-	-	-
WEG Benelux S.A.	Belgium	88,874	5,898	-	100.00	-	100.00	-	-	-	-
WEG Central Asia LLP	Kazakhstan	1,237	268	-	100.00	-	100.00	-	-	-	-
WEG Chile S.A.	Chile	65,707	8,266	8.00	92.00	8.00	92.00	661	341	5,257	3,371
WEG (Nantong) Electric Motor Co., Ltd.		397,307	35,314	-	100.00	-	100.00	-	-	-	-
Changzhou Sinya Electromotor Co., Ltd.		2,745	(22,974)	-	100.00	-	100.00	-	-	-	-
Changzhou Yatong Jiewei Elect., Ltd.		(10,676)	(8,133)	-	100.00	-	100.00	-	-	-	-
Wuxi Ecovi Technology Co., Ltd.	China	5,771	(920)	-	100.00	-	100.00	-	-	-	-
WEG (Changzhou) Aut. Equip. Co., Ltd.		(9,438)	(6,131)	-	100.00	-	100.00	-	-	-	-
The First Drive Technology Co., Ltd.		(3,560)	(2,573)	-	100.00	-	100.00	-	-	-	-
WEG (Jiangsu) Electric Equip. Co., Ltd.		354,613	28,541	-	100.00	-	100.00	-	-	-	-
WEG Singapore Pte. Ltd.	Singapore	5,871	3,954	-	100.00	-	100.00	-	-	-	-
WEG Colombia S.A.S.	Colombia	117,004	(26,546)	-	100.00	-	100.00	-	-	-	-
WEG Middle East Fze.	Arab Emirates	(28,947)	(1,107)	-	100.00	-	100.00	-	-	-	-
WEG Iberia Industrial S.L.	Spain	101,848	8,595	-	100.00	-	100.00	-	-	-	-
Autrial S.L.		(11,533)	(678)	-	100.00	-	100.00	-	-	-	-
WEG Electric Corp.		1,046,454	68,754	-	100.00	-	100.00	-	-	-	-
Electric Machinery Company LLC		132,925	8,966	-	100.00	-	100.00	-	-	-	-
FTC Energy Group Inc.	United States	1,402	(12)	-	100.00	-	100.00	-	-	-	-
Bluffton Motor Works, LLC		430,740	369	-	100.00	-	100.00	-	-	-	-
WEG Transformers USA LLC		200,452	37,690	-	72.00	-	72.00	-	-	-	-
WEG Investment North America Inc.		181,504	26,418	-	100.00	-	100.00	-	-	-	-
WEG France SAS	France	56,101	624	-	100.00	-	100.00	-	-	-	-
Zest WEG Group Ghana Ltd.	Ghana	11,686	(3,636)	-	100.00	-	100.00	-	-	-	-
E & I Electrical Ghana Ltd.		(2,067)	175	-	90.00	-	90.00	-	-	-	-
WEG Industries (India) Private Ltd.	India	275,531	(5,452)	-	100.00	-	100.00	-	-	-	-
WEG (UK) Ltd.	England	36,194	1,757	-	100.00	-	100.00	-	-	-	-
WEG Italia S.R.L.	Italy	67,043	8,532	-	100.00	-	100.00	-	-	-	-
WEG Electric Motors Japan Co. Ltd.	Japan	5,822	919	-	95.00	-	95.00	-	-	-	-
WEG South East Asia SDN BHD	Malaysia	(661)	(713)	-	100.00	-	100.00	-	-	-	-
WEG México S.A. de C.V.		933,438	45,801	-	100.00	-	100.00	-	-	1	-
WEG Transform. México S.A. de C.V.		123,885	28,612	-	72.00	-	72.00	-	-	-	-
Voltran S.A. de C.V.	Mexico	123,851	23,769	-	72.00	-	72.00	-	-	-	-
WEG Equipos Eléctricos S.A. de C.V.		19,486	1,099	-	100.00	-	100.00	-	-	-	-
WEG Power Systems S.A. de C.V.		5,083	645	-	72.00	-	72.00	-	-	-	-
Zest WEG Group Mozambique, Lda.	Mozambique	(1,010)	(561)	-	100.00	-	100.00	-	-	-	-
WEG Peru S.A.C.	Peru	23,010	1,951	0.05	99.95	0.05	99.95	1	-	12	8
WEGEuro Ind. Eléctrica S.A.	Portugal	181,024	21,073	-	100.00	-	100.00	-	-	-	-
WEG Rus LLC	Russia	18,787	12,577	-	100.00	-	100.00	-	-	-	-
WEG Scandinavia AB	Swedish	27,790	5,527	-	100.00	-	100.00	-	-	-	-
ENI Electrical Tanzania (Pty) Limited	Tanzania	(101)	(78)	-	100.00	-	100.00	-	-	-	-
WEG Industrias Venezuela C.A.	Venezuela	(3)	25	-	100.00	-	100.00	-	-	-	-
E & I Zambia Ltd.	Zambia	863	(58)	-	50.00	-	50.00	-	-	-	-
<b>TOTAL</b>								<b>1,610,097</b>	<b>1,095,902</b>	<b>10,242,306</b>	<b>7,833,527</b>

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

The Company's consolidated interim financial information includes the individual interim financial information 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 Investment in associate

	Country	Equity	Profit (loss) for the period	Equity interest (%)				Share of profit (loss) of investees		Investment book value	
				09/30/20		12/31/19		09/30/20	09/30/19	09/30/20	12/31/19
				Direct	Indirect	Direct	Indirect				
TGM Kanis Turbinen GmbH	Germany	104,653	6,107	-	42.86	-	42.86	4,010	2,839	44,851	28,007

## 1.3 Other investments

The Company and its subsidiaries have recorded other investments of R\$ 819 (R\$ 5 as at December 31, 2019).

## 11.4 Acquisition

### (i) Transformadores e Serviços de Energia das Américas S.A. ("TSEA")

On January 16, 2020, the Company announced an agreement 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 autotransformers, located in the city of Betim, Minas Gerais state. The acquisition does not comprise the interim financial information as at September 30, 2020 as the Administrative Council for Economic Defense (CADE) has not yet approved the transaction.

**(ii) Mvisia Desenvolvimentos Inovadores Ltda.**

On June 23, 2020, the Company announced the execution of an agreement for the acquisition of 51% of the capital of the startup Mvisia Developments Inovadores Ltda., specialized in Artificial Intelligence (AI) solutions applied to computer vision for the industry. The acquisition is not included in the interim financial information as at September 30, 2020 due to the existence of conditions precedent established in the agreement that must still be fulfilled for consummation of the investment, which occurred in October 2020.

**(iii) BirminD Automação e Serviços Ltda. - ME**

On July 2, 2020, the Company announced the acquisition of 51% of the capital of the startup BirminD Automação e Serviços Ltda. - ME, a technology company operating in the market of artificial intelligence applied to Industrial Analytics, one of the pillars of Industry 4.0. The acquisition is not included in the interim financial information as at September 30, 2020 due to the existence of conditions precedent established in the agreement that must still be fulfilled for consummation of the investment, which is expected to occur in October 2020.

**11.5 Corporate Events 2020**

**(i) WEG-Cestari Redutores e Motorreductores S.A.**

In May 2020, the companies DJG Participações Ltda., H.Geremia Participações Societárias Ltda. and W.R.G. Participações Societárias Ltda. were merged with the assumption of its assets and liabilities by WEG-Cestari Redutores e Motorreductores S.A., in order to reduce the shareholding structure.

**(ii) PPI Multitask Sistemas e Automação S.A.**

In May 2020, Multitask Automação Industrial S.A. was merged into PPI Multitask Sistemas e Automação S.A.. This restructuring aimed at simplifying and increasing synergy of technical and administrative services and reducing operating costs and administrative expenses.

**(iii) WEG Equipamentos Elétricos S.A.**

In September 2020, the assets and liabilities of Transformadores do Nordeste Ltda. were merged into WEG Equipamentos Elétricos S.A., in order to reduce the corporate structure and improve the operating organization.

**12. PROPERTY, PLANT AND EQUIPMENT**

	<b>PARENT</b>		<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
Land	1,440	1,440	455,380	423,895
Constructions and facilities	5,639	5,639	2,011,277	1,531,699
Equipment	-	-	4,959,697	4,301,142
Furniture and fixtures	-	-	185,008	150,004
Hardware	-	-	176,013	141,694
Construction in progress	-	-	562,914	616,969
Reforestation	-	-	59,536	59,006
Others	-	-	107,350	97,196
<b>Total property, plant and equipment</b>	<b>7,079</b>	<b>7,079</b>	<b>8,517,175</b>	<b>7,321,605</b>
<b>Accumulated depreciation/depletion</b>	<b>(2,926)</b>	<b>(2,860)</b>	<b>(4,110,384)</b>	<b>(3,545,044)</b>
<b>Annual depreciation rate (%)</b>				

Constructions and facilities	02 to 03	(2,926)	(2,860)	(607,192)	(492,477)
Equipment	05 to 20	-	-	(3,189,985)	(2,795,652)
Furniture and fixtures	07 to 10	-	-	(129,017)	(102,538)
Hardware	20 to 50	-	-	(125,558)	(103,028)
Reforestation	-	-	-	(27,121)	(26,739)
Others	-	-	-	(31,511)	(24,610)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, NET</b>		<b>4,153</b>	<b>4,219</b>	<b>4,406,791</b>	<b>3,776,561</b>

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

Classification of the PP&E	12/31/19	Transfer between classes	PPA Geremia	Acquisitions	Write-offs	Depreciation and depletion	Effect of exchange rate changes	09/30/20
Land	423,895	-	522	-	-	-	30,963	455,380
Constructions and facilities	1,039,222	178,409	4,364	49,003	(167)	(36,572)	169,826	1,404,085
Equipment	1,505,490	131,786	10,877	123,375	(3,560)	(177,116)	178,860	1,769,712
Furniture and fixtures	47,466	47	-	9,355	(326)	(7,160)	6,609	55,991
Hardware	38,666	125	-	17,701	(296)	(10,578)	4,837	50,455
Construction in progress	616,969	(307,099)	-	147,740	(1,119)	-	106,423	562,914
Reforestation	32,267	-	-	531	-	(383)	-	32,415
Advances to suppliers	47,792	(3,348)	-	(5,501)	-	-	10,578	49,521
Others	24,794	(1)	-	3,210	(1,443)	(3,778)	3,536	26,318
<b>TOTAL</b>	<b>3,776,561</b>	<b>(81)</b>	<b>15,763</b>	<b>345,414</b>	<b>(6,911)</b>	<b>(235,587)</b>	<b>511,632</b>	<b>4,406,791</b>

Classification of the PP&E	12/31/18	Transfer between classes	PPA Geremia	Acquisitions	Write-offs	Depreciation and depletion	Effect of exchange rate changes	09/30/19
<b>TOTAL</b>	<b>3,541,954</b>	<b>-</b>	<b>-</b>	<b>325,797</b>	<b>(17,528)</b>	<b>(212,317)</b>	<b>77,191</b>	<b>3,715,097</b>

**b) Construction in progress** – the Company has investments in progress in property, plant and equipment items as at September 30, 2020 amounting to R\$ 562,914 (R\$ 616,969 as at December 31, 2019), and the most significant investments are in Mexico unit, which amount to R\$ 395,550 (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 introduces a single model for the recording of leases for lessees in the balance sheet.

	CONSOLIDATED	
	09/30/20	12/31/19
Properties	380,178	221,734
Machinery and equipment	61,229	26,640
Hardware	2,581	1,788
Vehicles	25,977	15,493

<b>Total leases</b>	<b>469,965</b>	<b>265,655</b>
<b>Accumulated depreciation</b>	<b>(166,984)</b>	<b>(61,032)</b>
Properties	(117,523)	(48,421)
Machinery and equipment	(36,175)	(7,406)
Hardware	(511)	(500)
Vehicles	(12,775)	(4,705)
<b>TOTAL NET</b>	<b>302,981</b>	<b>204,623</b>

**a) Summary of the movement in right of use of leased assets:**

Class	12/31/19	Additions	Write-offs	Depreciation	Foreign Exchange	09/30/20
Properties	173,313	84,872	(486)	(49,432)	54,388	262,655
Machinery and equipment	19,234	13,740	(2,221)	(6,006)	307	25,054
Hardware	1,288	322	-	(157)	617	2,070
Vehicles	10,788	3,075	(101)	(5,218)	4,658	13,202
<b>TOTAL</b>	<b>204,623</b>	<b>102,009</b>	<b>(2,808)</b>	<b>(60,813)</b>	<b>59,970</b>	<b>302,981</b>
	12/31/18	Additions	Write-offs	Depreciation	Foreign Exchange	09/30/19
<b>TOTAL</b>	<b>-</b>	<b>249,615</b>	<b>(3,173)</b>	<b>(44,039)</b>	<b>10,453</b>	<b>212,856</b>

**14. INTANGIBLE ASSETS - CONSOLIDATED**

	Amortization / No. of years	Cost	Accumulated amortization	09/30/20	12/31/19
Software license	5	189,356	(137,003)	52,353	47,773
Property right	30 – 80	114,868	(25,060)	89,808	63,669
Trademarks and patents	5	46,177	(28,636)	17,541	15,864
Others	5	336,440	(241,286)	95,154	74,125
<b>Subtotal</b>		<b>686,841</b>	<b>(431,985)</b>	<b>254,856</b>	<b>201,431</b>
Goodwill on acquisition subsidiaries	-	1,370,917	(21,353)	1,349,564	1,118,315
<b>TOTAL</b>		<b>2,057,758</b>	<b>(453,338)</b>	<b>1,604,420</b>	<b>1,319,746</b>

**a) Summary of the movement in intangible assets:**

	12/31/19	Transfer between classes	PPA Geremia	Additions	Write-offs	Amortization	Effect of exchange rate changes	09/30/20
Software license	47,773	153	-	11,628	(16)	(11,895)	4,710	52,353
Property right	63,669	-	-	95	-	(1,274)	27,318	89,808
Trademarks and patents	15,864	-	5,285	489	-	(7,001)	2,904	17,541
Others	74,125	(72)	5,251	22,188	(3,968)	(14,211)	11,841	95,154
<b>Subtotal</b>	<b>201,431</b>	<b>81</b>	<b>10,536</b>	<b>34,400</b>	<b>(3,984)</b>	<b>(34,381)</b>	<b>46,773</b>	<b>254,856</b>
Goodwill on acquisition of subsidiaries	1,118,315	-	(26,299)	-	-	-	257,548	1,349,564
<b>TOTAL</b>	<b>1,319,746</b>	<b>81</b>	<b>(15,763)</b>	<b>34,400</b>	<b>(3,984)</b>	<b>(34,381)</b>	<b>304,321</b>	<b>1,604,420</b>
	12/31/18	Transfer between classes	PPA Geremia	Additions	Write-offs	Amortization	Effect of exchange rate changes	09/30/19
<b>TOTAL</b>	<b>1,220,027</b>	<b>-</b>	<b>(6,601)</b>	<b>18,237</b>	<b>(5,549)</b>	<b>(38,164)</b>	<b>40,879</b>	<b>1,228,829</b>

**b) Purchase Price Allocation – PPA:**

In June 2020, the allocation of goodwill based on the Purchase Price Allocation - PPA report of the company Geremia Redutores Ltda. was completed. As a result of this PPA, the amount of R\$ 26,299 initially accounted for as goodwill was recognized 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:**

	09/30/20	12/31/19
Electric Machinery Company LLC	276,125	197,312
Bluffton Motor Works, LLC	230,107	164,428
TGM Ind. e Com, de Turbinas e Transm. Ltda. (Merged)	116,516	116,516
Changzhou Sinya Electromotor Co., Ltd,	107,842	75,157
Zest WEG Group Africa (PTY) Ltd.	103,208	86,704
Trafo Equipamentos Elétricos S.A. (Merged)	62,827	62,827
WEG Transformadores Colombia S.A.S. (Merged)	62,841	52,494
WEG-Cestari Redutores e Motorreductores S.A.	48,139	48,139
Stardur Tintas Especiais Ltda. (Merged)	43,402	43,402
Watt Drive Antriebstechnik GmbH	44,888	30,751
Geremia Redutores Ltda.	32,246	58,545
Changzhou Machine Master Co., Ltd, (Merged)	25,061	17,466
Others	196,362	164,574
<b>TOTAL</b>	<b>1,349,564</b>	<b>1,118,315</b>

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

	09/30/20
2020	12,267
2021	39,849
2022	29,038
2023	25,691
2024	22,700
From 2025 onwards	125,311
<b>TOTAL</b>	<b>254,856</b>

**e) Impairment test:**

In September 2020, the Company reviewed the impairment tests of certain relevant assets, in view of the effects from COVID-19 on its operations.

The calculation of the recoverable amount is carried out using the discounted cash flow method, based on information available on the market in which each business operates.

The impairment tests of these assets of the Company and its subsidiaries did not result in the need of recognizing impairment losses as at September 30, 2020.

## 15. TRADE PAYABLES

	<b>CONSOLIDATED</b>	
	09/30/20	12/31/19
<b>Balance breakdown:</b>		
Domestic market	578,799	356,307
External market	661,131	483,572
<b>TOTAL</b>	<b>1,239,930</b>	<b>839,879</b>

## 16. BORROWINGS AND FINANCING

Direct borrowings from BNDES are collateralized by the parent company WEG S.A. Direct borrowings from FINEP are collateralized by sureties and bank guarantees. FINAME transactions are collateralized by sureties and chattel mortgage. The covenants related to indicators of capitalization, which are exclusive to BNDES contracts, current liquidity and net debt/EBITDA ratio have been complied with.

Type	Annual charges at 09/30/20	CONSOLIDATED	
		09/30/20	12/31/19
<b>IN LOCAL CURRENCY</b>			
<b>CURRENT</b>		<b>55,414</b>	<b>87,566</b>
<b>In Brazilian Reais, fixed rate</b>			
Working capital	3.5% to 11.0% p.a.	45,519	79,512
Property, plant and equipment	2.5% to 8.7% p.a.	3,576	3,596
<b>In Brazilian Reais, floating rate</b>			
Working capital	TJLP (+) 2.4% p.a.	1,025	981
Working capital	UFIR (+) 1.0% to 4.0% p.a.	1,098	1,304
Working capital	116% of CDI	3,052	484
<b>Others</b>			
Others	Sundry	1,144	1,689
<b>NONCURRENT</b>		<b>62,605</b>	<b>107,930</b>
<b>In Brazilian Reais, fixed rate</b>			
Working capital	3.5% to 6.0% p.a.	9,764	46,300
Property, plant and equipment	2.5% to 8.7% p.a.	5,803	8,362
<b>In Brazilian Reais, floating rate</b>			
Working capital	TJLP (+) 2.4% p.a.	2,871	4,904
Working capital	UFIR (+) 4.0% p.a.	-	753
Working capital	116% of CDI	42,500	45,000
<b>Others</b>			
Others	Sundry	1,667	2,611
<b>IN FOREIGN CURRENCY</b>			
<b>CURRENT</b>		<b>240,999</b>	<b>848,804</b>
<b>In US Dollar</b>			
Working capital (ACCs)	US\$ variation (+) 2.53% to 2.63% p.a.	37,364	149,824
Export prepayment (PPE)		-	103,084
<b>In US Dollar</b>			
Working capital	Libor (+) 0.55% p.a. to 1.4% p.a.	84,504	181,020
<b>In Euros</b>			
Working capital	Euribor (+) 1.0% p.a.	6,453	230,696
Working capital (ACCs)	EUR variation (+) 0.10% to 0.70% p.a.	-	85,225
<b>In Colombian Pesos</b>			
Working capital	5.62% to 6.91% p.a.	36,683	15,495
<b>In Rand (South Africa)</b>			
Working capital	8.00% to 9.00% p.a.	71,480	74,790
<b>Other currencies</b>			
Working capital	Domestic market rates	4,515	8,670
<b>NONCURRENT</b>		<b>1,610,968</b>	<b>1,240,669</b>
<b>In US Dollar</b>			
Working capital	Libor (+) 1.40% p.a.	1,425,276	1,013,968
<b>In Euros</b>			
Working capital	Euribor	10,709	7,359
<b>In Mexican Pesos</b>			
Working capital	TIIE (+) 0.90% p.a.	172,469	185,353

**In Colombian Pesos**

Working capital - 31,198

**Other currencies**

Working capital Domestic market rates 2,514 2,791

**TOTAL BORROWINGS AND FINANCING**

**1,969,986 2,284,969**

TOTAL CURRENT

296,413 936,370

TOTAL NONCURRENT

1,673,573 1,348,599

**Maturity of noncurrent borrowings and financing:**

	<b>09/30/20</b>	<b>12/31/19</b>
2021	474,779	410,843
2022	966,755	692,070
2023	2,933	3,902
2024	184,648	194,270
2025	14	14
From 2026 onwards	44,444	47,500
<b>TOTAL</b>	<b>1,673,573</b>	<b>1,348,599</b>

Variations in borrowings and financing were as follows:

<b>Balance at 01/01/2019</b>	<b>3,772,114</b>
Borrowings and financing raised	1,407,993
Accrued interest	78,383
Amortization	(2,778,344)
Interest payment	(68,008)
Exchange rate changes	(127,169)
<b>Balance at 12/31/2019</b>	<b>2,284,969</b>
Borrowings and financing raised	71,451
Accrued interest	19,207
Amortization	(1,378,472)
Interest payment	(7,579)
Exchange rate changes	980,410
<b>Balance at 09/30/2020</b>	<b>1,969,986</b>

**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:**

		<b>PARENT</b>		<b>CONSOLIDATED</b>	
		<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
<b>(i) Tax:</b>		<b>4,730</b>	<b>4,730</b>	<b>254,966</b>	<b>234,351</b>
- IRPJ and CSLL	(a,1)	-	-	116,840	99,937
- INSS	(a,2)	4,730	4,730	59,825	56,890
- PIS and COFINS	(a,3)	-	-	68,143	67,492
- Others		-	-	10,158	10,032
<b>(ii) Labor</b>		<b>-</b>	<b>-</b>	<b>195,735</b>	<b>214,094</b>

(iii) Civil	-	-	119,342	98,529
(iv) Others	-	-	3,949	4,604
<b>TOTAL</b>	<b>4,730</b>	<b>4,730</b>	<b>573,992</b>	<b>551,578</b>

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

	12/31/19	Additions	Interest	Write-offs	Reversals	09/30/20
a) Tax	234,351	23,408	635	-	(3,428)	254,966
b) Labor	214,094	16,151	3,640	(34,910)	(3,240)	195,735
c) Civil	98,529	32,548	858	(7,542)	(5,051)	119,342
d) Others	4,604	35	-	-	(690)	3,949
<b>TOTAL</b>	<b>551,578</b>	<b>72,142</b>	<b>5,133</b>	<b>(42,452)</b>	<b>(12,409)</b>	<b>573,992</b>

	12/31/18	Additions	Interest	Write-offs	Reversals	09/30/19
<b>TOTAL</b>	<b>547,637</b>	<b>53,057</b>	<b>19,805</b>	<b>(31,851)</b>	<b>(28,515)</b>	<b>560,133</b>

**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,

**d) Escrow deposits:**

	<b>PARENT</b>		<b>CONSOLIDATED</b>	
	09/30/20	12/31/19	09/30/20	12/31/19
Tax	4,657	4,657	38,526	37,858
Labor and civil	-	-	24,789	26,095
Others	-	-	117	150
<b>TOTAL RESTRICTED DEPOSITS</b>	<b>4,657</b>	<b>4,657</b>	<b>63,432</b>	<b>64,103</b>
- Non-restricted escrow deposits	-	-	4,726	4,403
<b>TOTAL ESCROW DEPOSITS</b>	<b>4,657</b>	<b>4,657</b>	<b>68,158</b>	<b>68,506</b>

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 September 30, 2020, the estimated amount of these lawsuits amounted to R\$ 401,378 (R\$ 256,942 as at December 31, 2019).

**(i) Tax**

- Taxation on profits earned abroad in total estimated amount of R\$ 244.9 million (R\$ 100.5 million as at December 31, 2019);
- Levy of ICMS-ST on purchases of raw material in the amount of R\$ 26.3 million (R\$ 26.0 million as at December 31, 2019);
- Levy of social security contribution on dental care, education allowance, technical courses and salary premium for education in the amount of R\$ 23.6 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 in the amount of R\$ 40.6 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. and Saraiva Engenharia Ltda. in the estimated amount of R\$ 17.1 million (R\$ 17.1 million as at December 31, 2019);
- Other civil lawsuits in the amount of R\$ 4.9 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 20,800 (20,444 as at September 30, 2019), The Company and its subsidiaries made contributions in the amount of R\$ 37,523 (R\$ 27,242 as at September 30, 2019).

Based on actuarial calculations made by independent actuaries in order to define the net liability value between the defined benefit obligation and the fair value of the plan assets, pursuant to the procedures established by CVM Resolution No. 695/12 – CPC 33 (R1) Employee Benefits, we did not identify any significant 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), comprising 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 "c".

**b) Shareholder compensation**

**b.1.) Interest on capital**

In 2020, the Company declared interest on capital in the gross amount of R\$ 215,937 (net R\$ 183,547), corresponding to 0.08750 per share, already deducting the withholding income tax, pursuant to the following approvals of the Board of Directors:

I. On March 17, 2020, in the gross amount of R\$ 63,421 (R\$ 97,338 in March 2019), net of R\$ 53,908 (R\$ 82,737 in March 2019) corresponding to R\$ 0.02570 per share, already deducting the withholding income tax of 15%, pursuant to paragraph 2 of Article 9 of Law 9,249/95, except for corporate shareholders who are exempt from this tax

II. On June 23, 2020, the Company declared interest on capital in the gross amount of R\$ 80,206 (R\$ 89,943 in June 2019), net of R\$ 68,175 (R\$ 76,452 in June 2019), corresponding to R\$ 0.03250 per share, already deducting the withholding income tax of 15%, pursuant to paragraph 2 of Article 9 of Law 9,249/95, except for corporate shareholders who are exempt from this tax.

On March 17, 2020 and June 23, 2020, pursuant to article 37 of the Bylaws and article 9 of Law 9,249/95, interest on capital was incorporated into mandatory dividends and paid on August 12, 2020.

III. On September 22, 2020, the gross amount was R\$ 72,310 (R\$ 85,751 in September 2019), and the net amount was R\$ 61,464 (R\$ 72,889 in September 2019), corresponding to 0.02930 per share, less withholding income tax of 15% pursuant to § 2, article 9 of Law 9,249/95, other than for shareholders that are legal entities not subject to such tax.

Interest on capital in September 22, 2020, pursuant to article 37 of the Bylaws and article 9 of Law 9,249/95, will be incorporated into mandatory dividends and paid beginning March 10, 2021.

#### **b.2.) Interim dividends**

On July 21, 2020, the Company approved the proposal for distribution of interim dividends on the profit earned in the first half of 2020, in the amount of R\$ 265,992 (0.12680 per share).

Pursuant to article 37 of the Bylaws, the interim dividends were paid on August 12, 2020.

#### **c) Treasury shares**

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 or subsequent cancellation or disposal.

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

Until September 30, 2020, the beneficiaries of the Company's Stock Option Plan and Plan ILP 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.

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% (thirty percent) 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\$)	Amount of expenses to be allocated over the program term (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 of the variation of the plan's shares:

Program	12/31/19	Granted	Exercised	Delivered in kind	Number of shares
					09/30/20
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
<b>TOTAL</b>	<b>865,875</b>	<b>184,468</b>	<b>(319,558)</b>	<b>(9,897)</b>	<b>720,888</b>

In September 30, 2020, expenses in the amount of R\$ 7,135 (R\$ 5,543 as at September 30, 2019) were posted to other income (expenses) line item in the income statement for the period matched against capital reserve in equity.

The shares exercised in September 30, 2020 amounted to R\$ 10,281 (R\$ 2,488 as at September 30, 2019) recording in capital reserve in equity the amount of R\$ 9,570 (R\$ 2,907 as at September 30, 2019) and R\$ 711 (R\$ 419 as at September 30, 2019) supplementing the amount provisioned recorded in other income (expenses) line item in the income statement for the period.

## 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% (thirty percent) 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.

Summary of the movement of the plan's shares:

Program	12/31/19	Exercised	Number of shares
			09/30/20
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
<b>TOTAL</b>	<b>337,649</b>	<b>(216,063)</b>	<b>121,586</b>

Expenses on stock options are accounted for over their vesting period.

In September 30, 2020, expenses in the amount of R\$ 27 (R\$ 191 as at September 30, 2019) were posted to other income (expenses) line item in the income statement for the period matched against capital reserve in equity.

The options exercised in September 30, 2020 amounted to R\$ 6,616 (R\$ 1,979 as at September 30, 2019) recognizing in capital reserve line item in equity the amount of R\$ 962 (R\$ 1,074 as at September 30, 2019) and R\$ 5,654 (R\$ 905 as at September, 2019) supplementing the amount provisioned recorded in retained earning line item.

## 22. NET REVENUE

BREAKDOWN OF NET REVENUE	CONSOLIDATED	
	09/30/20	09/30/19
<b>Gross revenue</b>	<b>14,312,831</b>	<b>10,907,963</b>
Domestic market	6,746,197	4,956,415
External market	7,566,634	5,951,548
<b>Deductions</b>	<b>(1,733,192)</b>	<b>(1,339,375)</b>
Taxes	(1,433,412)	(1,104,171)
Returns and rebates	(299,780)	(235,204)
<b>Net revenue</b>	<b>12,579,639</b>	<b>9,568,588</b>
Domestic market	5,381,871	3,919,960
External market	7,197,768	5,648,628

## 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).

	<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>09/30/19</b>
Gross operating revenues recognized	1,060,078	695,591
Costs incurred	(784,851)	(562,340)
	<b>09/30/20</b>	<b>12/31/19</b>
Advances received	245,409	126,738

## 24. OPERATING EXPENSES BY NATURE AND FUNCTION

	<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>09/30/19</b>
<b>EXPENSES BY NATURE</b>	<b>(10,626,370)</b>	<b>(8,287,871)</b>
Depreciation, amortization and depletion	(330,781)	(294,520)
Personnel expenses	(2,575,262)	(2,244,502)
Raw materials and consumables	(5,900,489)	(4,238,894)
Freight and insurance expenses	(318,758)	(292,511)
Other expenses	(1,501,080)	(1,217,444)
<b>EXPENSE BY FUNCTION</b>	<b>(10,626,370)</b>	<b>(8,287,871)</b>
Cost of sales and services	(8,738,431)	(6,760,544)
Selling expenses	(1,101,071)	(896,136)
General and administrative expenses	(451,583)	(390,660)
Management fees	(19,219)	(19,899)
Other operating income (expenses)	(316,066)	(220,632)

## 25. OTHER OPERATING INCOME (EXPENSES)

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

	<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>09/30/19</b>
<b>OTHER OPERATING INCOME</b>	<b>15,665</b>	<b>14,974</b>
<b>OTHER OPERATING EXPENSES</b>	<b>(331,731)</b>	<b>(235,606)</b>
Profit sharing – employees	(230,528)	(157,097)
Profit sharing – foreign subsidiaries	(50,520)	(31,529)
Profit sharing – management	(18,952)	(19,613)
Share-based plan	(7,873)	(5,315)
Others	(23,858)	(22,052)
<b>TOTAL, NET</b>	<b>(316,066)</b>	<b>(220,632)</b>

## 26. FINANCE INCOME (COSTS), NET

	<b>PARENT</b>		<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>09/30/19</b>	<b>09/30/20</b>	<b>09/30/19</b>
<b>FINANCE INCOME</b>	<b>(4,460)</b>	<b>27,530</b>	<b>770,116</b>	<b>757,684</b>
Income from short-term investments	17,516	52,833	62,790	156,992
Exchange rate changes	-	-	616,799	464,426
Exchange rate changes - Trade payables	-	-	58,832	36,191

Exchange rate changes - Trade receivables	-	-	258,108	130,784
Exchange rate changes – Borrowings	-	-	56,632	215,480
Exchange rate changes – Others	-	-	243,227	81,971
<b>PIS/COFINS on interest on capital</b>	<b>(21,454)</b>	<b>(23,484)</b>	<b>(21,454)</b>	<b>(23,484)</b>
<b>PIS/COFINS on finance income</b>	<b>(893)</b>	<b>(2,484)</b>	<b>(5,481)</b>	<b>(9,225)</b>
<b>Derivatives</b>	<b>-</b>	<b>-</b>	<b>92,624</b>	<b>127,765</b>
<b>PROEX - Equaliz, Interest rate</b>	<b>-</b>	<b>-</b>	<b>27,324</b>	<b>12,495</b>
<b>Other income</b>	<b>371</b>	<b>665</b>	<b>(2,486)</b>	<b>28,715</b>
<b>FINANCE EXPENSES</b>	<b>(1,917)</b>	<b>(554)</b>	<b>(849,012)</b>	<b>(813,853)</b>
<b>Interest on borrowings and financing</b>	<b>-</b>	<b>-</b>	<b>(65,783)</b>	<b>(133,911)</b>
<b>Exchange rate changes</b>	<b>-</b>	<b>-</b>	<b>(644,645)</b>	<b>(580,346)</b>
Exchange rate changes - Trade payables	-	-	(136,089)	(54,068)
Exchange rate changes - Trade receivables	-	-	(165,417)	(92,327)
Exchange rate changes – Borrowings	-	-	(183,146)	(332,574)
Exchange rate changes – Others	-	-	(159,993)	(101,377)
<b>Derivatives</b>	<b>-</b>	<b>-</b>	<b>(86,003)</b>	<b>(46,335)</b>
<b>Other expenses</b>	<b>(1,917)</b>	<b>(554)</b>	<b>(52,581)</b>	<b>(53,261)</b>
<b>FINANCE INCOME (EXPENSES), NET</b>	<b>(6,377)</b>	<b>26,976</b>	<b>(78,896)</b>	<b>(56,169)</b>

## 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, Multitask Automação Industrial S.A. e 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:

	<b>PARENT</b>		<b>CONSOLIDATED</b>	
	<b>09/30/20</b>	<b>09/30/19</b>	<b>09/30/20</b>	<b>09/30/19</b>
Profit before taxes on income	1,598,725	1,113,531	1,876,990	1,227,387
<b>Statutory rate</b>	<b>34%</b>	<b>34%</b>	<b>34%</b>	<b>34%</b>
IRPJ and CSLL calculated at statutory rate	(543,567)	(378,601)	(638,177)	(417,312)
<b>Adjustments for calculation of income tax and social contribution at effective rate:</b>				
Income from investments in subsidiaries	547,433	372,607	11,042	5,565
Difference in rates on income abroad	-	-	225,772	151,520
Tax incentives	-	-	109,090	77,759
Interest on capital	(5,438)	6,514	73,844	92,832
Other adjustments	1,491	43	(24,457)	(9,744)
<b>IRPJ and CSLL in the income statement</b>	<b>(81)</b>	<b>563</b>	<b>(242,886)</b>	<b>(99,380)</b>
Current tax	(47)	(586)	(319,162)	(126,298)
Deferred tax	(34)	1,149	76,276	26,918
<b>Effective rate - %</b>	<b>0.01%</b>	<b>-0.05%</b>	<b>12.94%</b>	<b>8.10%</b>

## 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	03/31/2021
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)	03/31/2021
General Civil liability	US\$ 10 million	09/12/2022
Civil Liability for Products	US\$ 40 million	09/12/2022
Domestic Transport	R\$ 12 million per shipment/accumulation/trip	11/01/2022
International Transport - Export/Import	US\$ 6 million per shipment/accumulation/trip	11/01/2022
Environmental Pollution	US\$ 15 million	09/12/2022
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	09/12/2021

## 29. FINANCIAL INSTRUMENTS - CONSOLIDATED

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

	CARRYING AMOUNT	
	09/30/20	12/31/19
<b>Cash and cash equivalents</b>	<b>2,616,485</b>	<b>1,946,044</b>
<b>Cash and banks</b>	<b>386,530</b>	<b>396,233</b>
<b>Short-term investments:</b>	<b>2,229,955</b>	<b>1,549,811</b>
- In local currency	1,903,669	1,483,551
- In foreign currency	326,286	66,260
<b>Short-term investments</b>	<b>981,085</b>	<b>1,444,227</b>
<b>Derivatives</b>	<b>616,340</b>	<b>191,171</b>
- Non-Deliverable Forwards – NDF	5,197	846
- Hedge accounting	611,143	190,325
<b>Total – Assets</b>	<b>4,213,910</b>	<b>3,581,442</b>
 <b>Borrowings and financing</b>	 <b>1,969,986</b>	 <b>2,284,969</b>
- In local currency	118,019	195,496
- In foreign currency	1,851,967	2,089,473
<b>Derivatives</b>	<b>28,772</b>	<b>20,558</b>

- Non- Deliverable Forwards – NDF	20,052	4,429
- SWAP	7,583	6,637
- Hedge accounting	1,137	9,492
<b>Total – Liabilities</b>	<b>1,998,758</b>	<b>2,305,527</b>

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

#### **Categories of financial instruments**

All financial instruments were classified as amortized cost, except for derivatives, which were classified as fair value through profit or loss.

#### **Fair value hierarchy**

The financial instruments that were measured at fair value were classified at level 2 of the hierarchy.

### **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 September 30, 2020, the Company and its subsidiaries made exports in the amount of USD 416.5 million (USD 554.4 million as at September 30, 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 may 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 short-term 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:

<b>Contractual obligations</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total at 09/30/20</b>
Borrowings and financing	296,413	1,629,129	44,444	1,969,986
Derivatives	21,189	7,583	-	28,772
<b>Total - Liabilities</b>	<b>317,602</b>	<b>1,636,712</b>	<b>44,444</b>	<b>1,998,758</b>

## 29.2, Derivative financial instruments

The Company and its subsidiaries have the following derivative transactions:

### a) Non-Deliverable Forwards - NDF, in the notional amount of:

- (i) USD 45.8 million, held by its subsidiary WEG Equipamentos Elétricos S.A., with the purpose of partially hedging its exports against the risks of fluctuation in exchange rates;
- (ii) USD 7 million, held by its subsidiary WEG International Trade GmbH, with the purpose of hedging its product exports against the risks of fluctuations in exchange rates;
- (iii) USD 5.9 million, held by its subsidiary Zest WEG Group Africa (Pty) Ltd, aiming at hedging its product imports against the risks of fluctuations in exchange rates;
- (iv) EUR 34.3 million, held by its subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging its financing transactions against the risk of fluctuation in exchange rates.
- (v) EUR 6.9 million, held by its subsidiary WEG Colombia S.A.S., with the purpose of hedging its financing transactions against the risk of fluctuation in exchange rates.

### b) Swap transactions, in the notional amount of:

EUR 10.0 million, held by its subsidiary Watt Drive Antriebstechnik GmbH, with the purpose of hedging its financing against the risks of fluctuation of interest rates.

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

The sensitivity analysis table (item 29,3) should be read jointly with the other financial assets and liabilities expressed in foreign currency as at September 30, 2020 since the estimated effects of the exchange rates on NDFs and swaps will be offset, if materialized, in whole or in part, against the fluctuations of 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 September 30, 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 September 30, 2020 at fair value and on the accrual basis. These transactions had a net positive impact of R\$ 6,621 (positive R\$ 81,430 as at September 30, 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 September 30, 2020.

### c) Financial Derivatives instruments designated for hedge accounting:

The Company made the formal designation of its transactions subject to hedge accounting for hedging derivative 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.

The Company and its subsidiaries entered into the following transactions involving derivatives designated for hedge accounting:

**Non-Deliverable Forwards - NDF, in the notional amount of:**

- (i) USD 74.3 million, held by its subsidiary WEG Holding GmbH, with the purpose of hedging its intercompany financing transactions against the risks of fluctuation in exchange rates;
- (ii) USD 17.9 million, held by its subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging its imports of inputs against the risks of fluctuations in exchange rates;
- (iii) AUD 7.9 million, held by its subsidiary WEG Holding GmbH, with the purpose of hedging its intercompany financing transactions against the risks of fluctuations in exchange rates;
- (iv) GBP 8.5 million, held by its subsidiary WEG Holding GmbH, to provide hedge against exchange rate variation on its intercompany financing transactions;
- (v) MYR 10.8 million, held by its subsidiary WEG Holding GmbH, to provide hedge against exchange rate variation on its intercompany financing transactions;

**SWAP transactions, in the notional amount of:**

USD 250.0 million, held by its subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging the export prepayment (PPE's).

The Company and its subsidiaries made the recording based on their fair value as at September 30, 2020 on the accrual basis. The accumulated value, net of taxes, recognized in equity is R\$ 11,299 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) Financing:**

Transaction	Risk	Currency	Notional value (in thousands)	Market value at 09/30/2020		Possible scenario 25%		Remote scenario 50%	
				Average price	In R\$ thousand	Average price	In R\$ thousand	Average price	In R\$ thousand
Financing	Increase in TJLP (*)	R\$	3,896	Rate 4.91% p.a.	(191)	Rate 6.14% p.a.	(239)	Rate 7.37% p.a.	(287)
	<b>TOTAL</b>				<b>(191)</b>				

(\*) Sensitivity analysis of the variations in financing: The Company's risk in the event of increase in interest rate, considering static the position of financing based on TJLP at September 30, 2020.

**b) Non- Deliverable Forwards - NDF transactions:**

Transaction	Risk	Currency	Notional value (In thousands)	Market value at 09/30/2020		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\$	45,800	5.6430	(9,922)	7.0538	(74,535)	8.4645	(139,147)
	Decrease in Dollar	US\$/R\$	1,445	5.6558	(394)	4.2419	(1,649)	2.8279	(3,692)
	Decrease in Dollar	US\$/ZAR	5,970	16.4977	666	12.3732	(7,644)	8.2488	(15,962)
	Decrease in Dollar	US\$/EUR	7,000	1.1811	(194)	0.8858	(13,325)	0.5905	(39,587)
	Decrease in Dollar	US\$/AUD	776	1.3971	141	1.0478	(1,236)	0.6986	(2,331)
	<b>Total Dollar</b>		<b>60,991</b>		<b>(9,703)</b>				
	Increase in Euro	EUR/R\$	34,300	6.6153	(6,606)	8.2692	(63,332)	9.9230	(120,059)
	Decrease in Euro	EUR/COP	6,966	4,571.0626	3,271	3,428.2970	(8,266)	2,285.5313	(19,968)
	<b>Total Euro</b>		<b>41,266</b>		<b>(3,335)</b>				
	Decrease in Australian Dollar	AUD/EUR	2,000	1,6277	57	1.2207	(2,633)	0.8138	(8,012)
	<b>Total Australian Dollar</b>		<b>2,000</b>		<b>57</b>				
	Increase in Mexican Peso	MXN/USD	10,000	21,4055	(1,874)	26.7785	(13,674)	32.1326	(27,345)
	<b>Total Mexican Peso</b>		<b>10,000</b>		<b>(1,874)</b>				
	<b>TOTAL</b>				<b>(14,855)</b>				

**c) SWAP transactions:**

Operation	Risk	Currency	National Value (in thousands)	Market Value in 09/30/2020		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 - 0.81% p.a.	(7,583)	Interest - 1.01% p.a.	(7,873)	Interest - 1.21% p.a.	(8,163)
	<b>TOTAL</b>				<b>(7,583)</b>				

**d) Hedge accounting transactions:**

Operation	Risk	Currency	National Value (in thousands)	Market Value in 09/30/2020		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\$	17,901	5.6477	13,373	4.2358	(11,902)	2.8239	(37,178)
	Decrease in Dollar	USD/EUR	74,300	1.1481	12,505	0.8611	(126,143)	0.5740	(403,436)
	Decrease in Euro	EUR/R\$	4,022	6.6388	4,590	4.9791	(2,085)	3.3194	(8,761)
	Decrease in Australian Dollar	AUD/EUR	7,936	1.6355	251	1.2266	(10,361)	0.8178	(31,587)
	Decrease in Pound Sterling	GBP/EUR	8,570	0.9211	(531)	0.6909	(21,218)	0.4606	(62,593)
	Decrease in Singapore Dollar	SGD/EUR	800	1.6230	(40)	1.2173	(1,140)	0.8115	(3,341)
	Decrease in Ringgit Malaisio	MYR/EUR	10,800	4.7884	414	3.5913	(4,422)	2.3942	(14,094)
	Decrease in Copper	USD	7,744	6,675.54	3,479	5,006.68	(6,762)	3,337.79	(17,158)
	<b>TOTAL</b>				<b>34,041</b>				

### 30. GOVERNMENT SUBSIDIES AND GRANTS

The Company and its subsidiaries obtained subsidies in the amount of R\$ 114,649 (R\$ 95,263 as at September 30, 2019) arising from tax incentives, recognized in profit or loss for the period:

	CONSOLIDATED	
	09/30/20	09/30/19
<b>Total government subsidies and grants</b>	<b>114,649</b>	<b>95,263</b>
<b>a) WEG Linhares Equipamentos Elétricos S.A.</b>	<b>43,389</b>	<b>38,300</b>
- ICMS (state VAT) incentive credit	29,307	27,291
- Reduction of IRPJ	13,940	10,871
- Municipal investment	142	138
<b>b) WEG Drives &amp; Controls – Automata Ltda.</b>	<b>43,978</b>	<b>40,563</b>
- ICMS incentive credit	43,978	40,563
<b>c) WEG Logística Ltda.</b>	<b>12,687</b>	<b>12,360</b>
- ICMS incentive credit	12,687	12,360
<b>d) WEG Amazônia S.A.</b>	<b>3,831</b>	<b>3,067</b>
- Reduction of IRPJ	3,642	2,770
- ICMS (state VAT) incentive credit	189	297
<b>e) WEG Equipamentos Elétricos S.A.</b>	<b>10,764</b>	<b>973</b>
- ICMS incentive credit	9,758	-
- Municipal investment	1,006	973

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

### 31. SEGMENT INFORMATION

	Brazil				Abroad		Eliminations and Adjustments		Consolidated	
	Industry		Energy							
	09/30/20	09/30/19	09/30/20	09/30/19	09/30/20	09/30/19	09/30/20	09/30/19	09/30/20	09/30/19
Revenue from Sale of Products and/or Services	5,838,905	4,905,912	2,029,096	1,511,606	10,828,523	5,932,272	(6,116,885)	(2,781,202)	12,579,639	9,568,588
Profit (loss) before taxes on Income	2,664,693	1,891,587	1,029,879	560,434	1,307,629	765,760	(3,125,211)	(1,990,394)	1,876,990	1,227,387
Depreciation/Amortization/Depletion	120,144	110,755	46,767	61,348	173,182	129,465	9,312	(7,048)	330,781	294,520
	09/30/20	12/31/19	09/30/20	12/31/19	09/30/20	12/31/19	09/30/20	12/31/19	09/30/20	12/31/19
Identifiable Assets	4,416,755	3,753,075	2,029,858	1,685,418	8,409,770	7,123,905	-	(1,281,824)	14,856,383	11,280,574
Identifiable Liabilities	1,730,608	1,174,512	1,111,026	835,781	2,781,330	1,681,117	(905,104)	(618,184)	4,717,860	3,073,226

**Industry:** single and three phase low/medium voltage motors, drives and controls, industrial automation equipment and services, paint & varnish.

**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 Interim Financial Information.

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 profit for the period, attributable to the holders of the Company's common shares, by the weighted average number of common shares outstanding in the period.

	<b>09/30/20</b>	<b>09/30/19</b>
Profit attributable to the Company's shareholders	1,598,644	1,114,094
Weighted average number of potential diluting common shares (adjusted with bonuses) held by shareholders (shares/thousand)	2,097,712	2,097,454
Basic earnings per share - R\$	0.76209	0.53116

### **b) Diluted**

Diluted earnings per share are calculated by dividing profit for the year, attributable to the holders of the Company's common shares, by the weighted average number of common shares outstanding in the period plus the weighted average number of common shares that would be issued on conversion of potentially dilutive common shares.

	<b>09/30/20</b>	<b>09/30/19</b>
Profit attributable to the Company's shareholders	1,598,644	1,114,094
Weighted average number of potential diluting common shares (adjusted with bonuses) held by shareholders (shares/thousand)	2,098,583	2,098,746
Diluted earnings per share - R\$	0.76177	0.53084



**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 Officer  
Carlos Diether Prinz – Chief Transmission and Distribution Division Officer  
Daniel Marteleto Godinho – Chief Corporate Strategies Officer  
Eduardo de Nobrega - Chief China Division Officer  
Elder Stringari - Chief International Division Officer  
Hilton José da Veiga Faria - Chief Human Resources and Institutional Relations Officer  
João Paulo Gualberto da Silva - Chief Energy Officer  
Julio Cesar Ramires - Chief Commercial Motors Officer  
Manfred Peter Johann - Chief Automation Division Officer  
Paulo Geraldo Polezi – Chief Financial and Investor Relations 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**

Alidor Lueders – Chairman  
Adelino Dias Pinho  
Vanderlei Dominguez da Rosa

**Deputy members**

Ilário Bruch  
José Luiz Ribeiro de Carvalho  
Paulo Roberto Franceschi

**Opinions and Statements / Officers' Statement on the Quarterly Information**

By this instrument, the Chief Executive Officer and the other Officers of WEG S.A., a publicly-held corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, registered with the CNPJ (Corporate Taxpayer Register) under CNPJ 84.429.695/0001-11, for purposes of the provisions in item II of §1 of Article 29 of CVM Ruling 480, of December 7, 2009, state that they have reviewed and discussed and agree with the quarterly information of WEG S.A. and Consolidated as at September 30, 2020.

Jaraguá do Sul (SC), October 19, 2020

Harry Schmelzer Junior - Chief Executive Officer

Alberto Yoshikazu Kuba - Chief Industrial Motors Officer

André Luis Rodrigues - Chief Administrative and Financial Officer

Carlos Diether Prinz – Chief Transmission and Distribution Division Officer

Daniel Marteleto Godinho – Chief Corporate Strategies Officer

Eduardo de Nóbrega - Chief China Division Officer

Elder Stringari - Chief International Division Officer

Hilton José da Veiga Faria - Chief Human Resources and Institutional Relations Officer

João Paulo Gualberto da Silva - Chief Energy Officer

Julio Cesar Ramirez - Chief Commercial Motors Officer

Manfred Peter Johann - Chief Automation Division Officer

Paulo Geraldo Polezi – Chief Financial and Investor Relations Officer

Reinaldo Richter - Chief Paints Division Officer

Wilson José Watzko - Chief Controlling Officer

**Opinions and Statements / Officers' Statement on the Independent Auditor's Report**

By this instrument, the Chief Executive Officers and the other Officers of WEG S.A., a publicly-held corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, registered with the CNPJ (Corporate Taxpayer Register) under No. 84.429.695/0001-11, for purposes of the provisions in item II of §1 of Article 29 of CVM Ruling No. 480, of December 7, 2009, state that they have reviewed and discussed and agree with the opinions expressed in the independent auditor's report of Deloitte Touche Tohmatsu Auditores Independentes, dated October 19, 2020, in respect of the quarterly information of WEG S.A. and Consolidated as at September 30, 2020.

Jaraguá do Sul (SC), October 19, 2020

Harry Schmelzer Junior - Chief Executive Officer

Alberto Yoshikazu Kuba - Chief Industrial Motors Officer

André Luis Rodrigues - Chief Administrative and Financial Officer

Carlos Diether Prinz – Chief Transmission and Distribution Division Officer

Daniel Marteleto Godinho – Chief Corporate Strategies Officer

Eduardo de Nóbrega - Chief China Division Officer

Elder Stringari - Chief International Division Officer

Hilton José da Veiga Faria - Chief Human Resources and Institutional Relations Officer

João Paulo Gualberto da Silva - Chief Energy Officer

Julio Cesar Ramirez - Chief Commercial Motors Officer

Manfred Peter Johann - Chief Automation Division Officer

Paulo Geraldo Polezi – Chief Financial and Investor Relations Officer

Reinaldo Richter - Chief Paints Division Officer

Wilson José Watzko - Chief Controlling Officer