UNICASA

Management Report
2020

BOARD OF DIRECTORS

Gelson Luis Rostirolla
Chairman

Alexandre Grendene Bartelle
Vice Chairman

Gustavo Dall Onder
Director

Rodrigo Silva Marvão
Independent Director

Giuliano Silvio Dedini Zorgniotti
Independent Director

DIRECTORS

Gustavo Dall Onder
Chief Executive, Financial and Investor Relations Officer

Alexandre Narvaes Figueira
Commercial Officer

Luciano André Merigo
Manufacturing Officer

Ivanir Moro
Accountant
CRC/RS-053351/O-7

To the Shareholders,

In compliance with applicable laws and Bylaws of the company, the Management of **Unicasa Indústria de Móveis S.A.** hereby presents the **Management Report** and the **Financial Statements** prepared according to the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), the generally accepted accounting principles in Brazil and the rules issued by the Securities and Exchange Commission of Brazil (CVM). The Company adopted all the standards, revisions of standards and interpretations issued by IASB and which are effective for the Financial Statements ended on December 31, 2020.

MESSAGE FROM MANAGEMENT

Dear Shareholders,

In late 2019, when we looked at 2020 during the company's budget preparation process, we envisioned a promising year on account of the results expected from the actions we took to increase the Company's profitability. However, the pandemic that broke out at the end of the first quarter and its impacts on the Brazilian economy, caused by the lockdown of commercial establishments, led us to a confusing scenario. Initially, the Company expected to navigate through the pandemic without the need for borrowings to finance the minimum possible working capital. Measures were taken to reduce expenses and to cut payroll costs, as permitted by law. We also took actions to contain the spread of the virus, banned plant visits and business travel, and encouraged home office and virtual meetings.

Early in the third quarter, the economic scenario improved and our results showed that the effects on our business were indeed weaker than expected. This trend culminated in the Company registering in 4Q20 its highest revenue growth since it went public. In addition, in 4Q20, the Company posted its highest quarterly revenue since 2016, when we had a distribution network that was more than twice bigger than what we had in 4Q20.

Apart from the impacts on the domestic market, the pandemic also affected the Company's expansion plans in the U.S. market, kicked off in the second half of 2019. Store openings were postponed and recently inaugurated stores spent most of the year closed due to the restrictions imposed by the pandemic. Nevertheless, we maintained our investment plan. At the end of the year, though not yet fully matured, it helped drive revenues from the export channel, which grew 47% in the year.

We expected a more severe scenario for 2020; however, our revenue remained stable in comparison with 2019.

The domestic market picked up momentum in the third and fourth quarters, and the Company recouped the revenue lost in the second quarter. We ended the year with net opening of three exclusive operations, a fact not witnessed since the Company went public.

Since the third quarter, the furniture sector has been impacted by the imbalance in its supply chain, delayed deliveries, shortage of products and increase in raw material prices. Due to the appreciation of the U.S. dollar, declining interest rates and contingency measures to contain the economic impacts of the pandemic on the Brazilian economy, our suppliers have had to meet the growing demand for exports, as well as from the construction and furniture sectors. These challenges are being overcome without any major impact on our consumers, since the Company has an inventory policy that permits us to spread out the increase in raw material prices, besides minimizing the impacts of the shortage of some products.

Operating expenses increased 8%, mainly due to investments in the U.S. operation (R$3.4 million), an increase of R$2.0 million in the allowance for doubtful accounts that practically did not exist in 2019, and an increase of R$1.5 million in variable selling expenses, mainly due to the growth in export revenues. These increases were offset by the reduction of R$2.0 million in travel and marketing expenses due to direct actions to combat the pandemic, R$1.3 million in expenses with own stores due to the shutdown of operation, and R$0.7 million in customer service expenses.

As such, we ended the year with EBITDA margin of 17.6% and net margin of 9.9%. ROIC came to 11.1%.

On February 14, 2020, the Company reduced its capital and refunded approximately R$24.3 million to shareholders. On December 16, 2020, the Company distributed dividends of R$16.5 million pertaining to fiscal year 2019. At the next shareholders meeting scheduled for April 27, we will propose the payment of R$14.0 million as dividends related to the results of fiscal year 2020, which represents a payout of 100% of adjusted net income.

In early January, the Company borrowed a loan of R$17 million to acquire machinery. It is aimed at modernizing the production facilities to keep up with the changes in the consumption profile of our products.

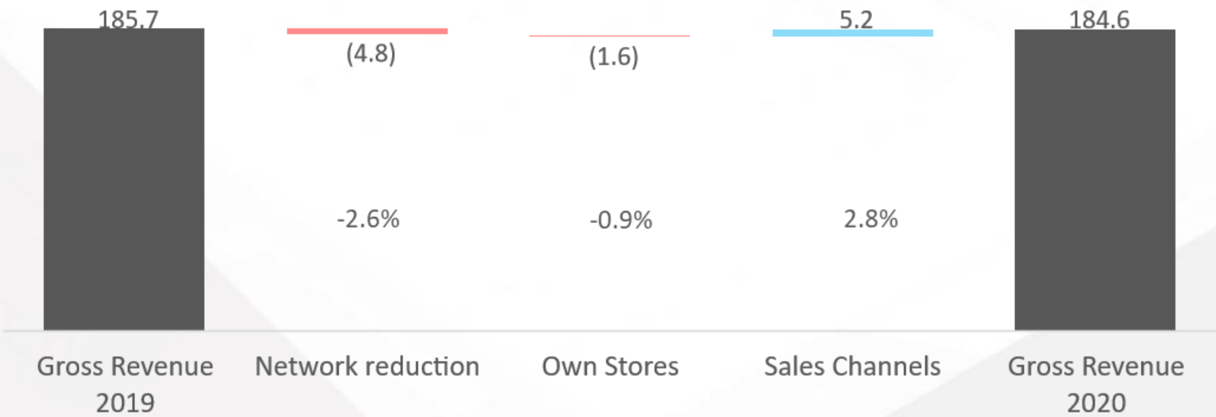
Based on the Company's recovery in the second half of 2020, improved projections for Brazil's GDP growth for 2021 and the rebound in the real estate sector, the Company remains confident about 2021. We will remain alert to changes and restrictions imposed by governments regarding the pandemic, as well as the measures we can take to minimize the spread of the virus. We thank our storeowners, employees and suppliers for their commitment and dedication in 2020 and are certain that it was a year of challenges overcome by everyone.

EXECUTIVE SUMMARY

Executive Summary	2019	2020	Δ
Gross Revenue ex-IPI	185,744	184,616	-0.6%
Net Revenue	**149,350**	**150,449**	**0.7%**
Cost of Goods Sold	(89,892)	(91,765)	+2.1%
Gross Income	**59,458**	**58,684**	**-1.3%**
Gross Margin	***39.8%***	***39.0%***	***-0.8 p.p.***
Selling and Administrative Expenses	(42,259)	(45,800)	+8.4%
Other Revenues and Operating Expenses	2,792	4,689	+67.9%
Operating Income	**19,991**	**17,573**	**-12%**
Operating Margin	***13.4%***	***11.7%***	***-1.7 p.p.***
Financial Income (Expenses) Net	5,185	2,810	-45.8%
Operating Income before Income Tax and Social Contribution	**25,176**	**20,383**	-19.0%
Income Tax and Social Contribution	(7,192)	(5,550)	-22.8%
Net Profit	**17,984**	**14,833**	-17.5%
Net Margin	***12.0%***	***9.9%***	***-2.1 p.p.***
EBITDA	28,741	26,452	-8.0%
EBITDA Margin	***19.2%***	***17.6%***	***-1.6 p.p.***

SALES PERFORMANCE

Gross revenue in the year decreased 0.6%. This variation is due to: (i) the reduction in the distribution network, responsible for 2.6% decline; (ii) the shutdown of the own store operation, which accounted for about 0.9% of the decline, partially offset by the decrease in operating expenses arising from this business unit; and (iii) Growth of 2.8% in other sales channels, mainly driven by the performance of the Exports and Corporative channel. The following chart presents the evolution of the Gross revenue 2019x2020[1]:



[1]In millions.

The Unicasa Corporate and Export Markets segments are affected by significant oscillations due to the specific characteristics of the projects sold in the period. The Export Markets segment is also impacted by exchange variation.

Dell Anno and Favorita - Exclusive Dealers	2019	2020	Δ
Gross Revenue. ex-IPI	87,051	77,227	-11.3%
Number of Modules Sold (thousand units)	210.7	170.0	-19.3%
New and Casa Brasileira - Exclusive Dealers	**2019**	**2020**	**Δ**
Gross Revenue. ex-IPI	45,354	49,143	+8.4%
Number of Modules Sold (thousand units)	186.1	197.2	+6.0%

Multibrands	2019	2020	Δ
Gross Revenue. ex-IPI	24,783	22,670	-8.5%
Number of Modules Sold (thousand units)	124.2	104.7	-15.7%
Unicasa Corporate	**2019**	**2020**	**Δ**
Gross Revenue. ex-IPI	11,943	12,987	+8.7%
Number of Modules Sold (thousand units)	24.5	31.3	+27.8%
Export Market	**2019**	**2020**	**Δ**
Gross Revenue. ex-IPI	13,508	19,898	+47.3%
Number of Modules Sold (thousand units)	47.4	50.6	+6.8%

Consolidated Indicators - Unicasa

Unicasa Indústria de Móveis	2019	2020	Δ
Gross Revenue. ex-IPI	185,744	184,616	-0.6%
Number of Modules Sold (thousand units)	594.8	554.3	-6.8%

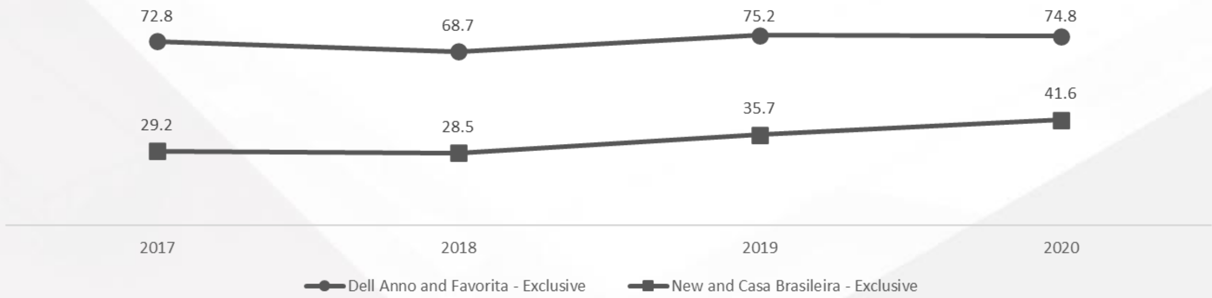
SALES AND DISTRIBUTION CHANNELS

Below is the breakdown of our distribution network by brand and channel:

Period	4Q19	1Q20	2Q20	3Q20	4Q20	Δ
Exclusive Stores	**195**	**196**	**198**	**199**	**198**	**(1)**
Dell Anno and Favorita	91	88	87	81	78	(3)
New and Casa Brasileira	94	98	96	103	105	2
Exterior	10	10	15	15	15	-
Multibrand	**195**	**192**	**187**	**136**	**123**	**(13)**
New and Casa Brasileira Multibrand	160	157	152	102	90	(12)
Exterior	35	35	35	34	33	(1)

(1) Variation compared to 3Q20.

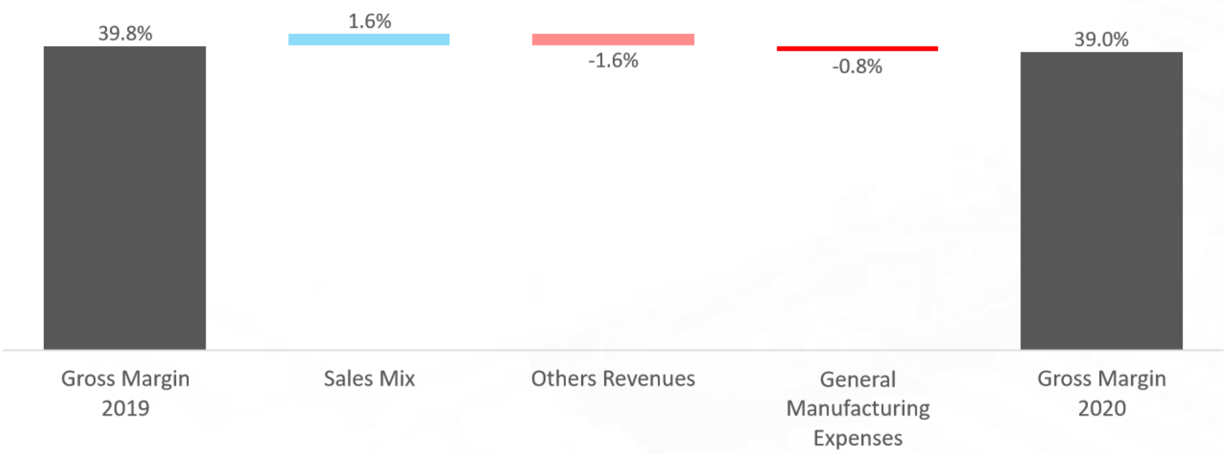
Average productivity per Dell Anno and Favorita store in 2020 was R$74,800/month, 0.5% lower than in 2019. Average productivity per New and Casa Brasileira store in 2020 was R$41,600/month, 16.5% higher than in 2019. The following chart shows annual historical productivity by store.



FINANCIAL PERFORMANCE

Gross Profit and Gross Margin

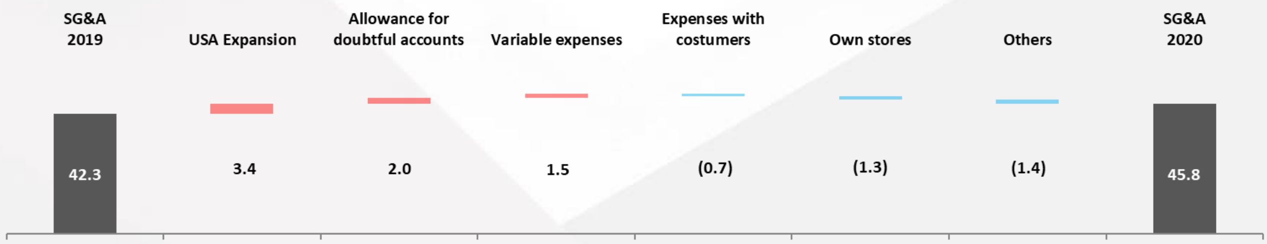
Gross Profit in the year was R$58.6 million. Gross margin decreased 0.8 p.p., from 39.8% to 39.0%, mainly due to the increase in general manufacturing expenses, notably: (i) extraordinary expenses with overtime in 4Q20 due to reduced manpower caused by the absence of employees in risk groups, or with symptoms or were infected by the COVID virus; (ii) higher depreciation; and (iii) the increase in the provision for obsolete inventories.



Selling, General and Administrative Expenses (SG&A)

Selling General and Administrative Expenses	2019	2020	Δ
Total	**(42,259)**	**(45,800)**	**+8.4%**
Selling Expenses	**(26,931)**	**(31,707)**	**+17.7%**
% of Net Revenue	18.0%	21.1%	+3.1 p.p.
Administrative Expenses	**(15,328)**	**(14,093)**	**-8.1%**
% of Net Revenue	10.3%	9.4%	-0.9 p.p.
SG&A % of Net Revenue	28.3%	30.5%	+2.2 p.p.

The following chart presents the evolution of Selling, General and Administrative Expenses in 2019 and 2020 [1]:



[1] In Million.

Expenses with the U.S. operation refer to personnel, occupancy, travel, insurance, advertising and other expenses related to the office opened in the United States to help drive the Company's expansion.

Allowance for doubtful accounts increased R$2.0 million, while in 2019 practically no expenses of this nature were registered. This increase was caused by the effects of higher defaults during the year.

Variable expenses chiefly refer to freight and customs expenses, which increased due to the growth in exports.

Expenses with own stores declined R$1.3 million due to the shutdown of the operation, as reported in the 4Q16 earnings release. This type of expense is still booked due to the costs related to the services provided to remaining consumers of the stores.

Expenses with consumers were R$0.7 million lower. These expenses comprise costs with merchandise, freight and assembly at end consumers who were not served by the closed stores and are being directly served by the plant, as well as lawsuits.

Other expenses decreased R$1.4 million. The cost-control measures taken by the Company resulted in a notable R$2.0 million reduction, which was offset mainly by higher taxes due to the increase in Other Revenues.

Other Operating Income and Expenses

Amounts recovered from tax lawsuits won by the Company deserve mention.

Other Operating Income and Expenses	2019	2020	Δ
Total	**2,792**	**4,689**	**67.9%**
Result from the sale of assets held for sale and of property, plant and equipment	(98)	(788)	704.1%
Bank Premium	1,271	1,443	13.5%
Trademark Rights	-	-	
Other Operating Income	1,619	4,034	149.2%
% of Net Revenue	**1.9%**	**3.1%**	**1.2 p.p.**

Financial Result

The main changes in this item refer to exchange variation and the reduction in earnings from financial investments. It results from the lower cash balance due to the capital reduction in February, in the amount of R$24.3 million.

Financial Result	2019	2020	Δ
Net Financial Result	**5,185**	**2,810**	**-45.8%**
Financial Expenses	**(2,392)**	**(6,019)**	**151.6%**
IOF charge and bank fees	(150)	(104)	-30.7%
Loans and financing expenses	-	-	n/a
Exchange variation expenses	(1,100)	(5,160)	369.1%
Present value adjustment - AVP	(600)	(548)	-8.7%
Other financial expenses	(542)	(207)	-61.8%
Financial Income	**7,577**	**8,829**	**16.5%**
Interest income	1,368	1,490	8.9%
Discounts	371	56	-84.9%
Yield from short-term investments	2,981	1,165	-60.9%
Exchange variation income	1,006	4,655	362.7%
Present value adjustment - AVP	1,494	1,235	-17.3%

Other financial income	357	228	-36.1%

EBITDA and EBITDA Margin

EBITDA	2019	2020	Δ
Net Income for the Period	**17,984**	**14,833**	**-17.5%**
Income Tax and Social Contribution	7,192	5,550	-22.8%
Financial Result	(5,185)	(2,810)	-45.8%
EBIT	**19,991**	**17,573**	**-12.1%**
Depreciation and Amortization	8,750	8,879	+1.5%
EBITDA	**28,741**	**26,452**	**-8.0%**
EBITDA Margin	***19.2%***	***17.6%***	***-1.6 p.p.***

Cash Flow

The Company's operations generated less cash, mainly due to investments made in the United States operation. Another highlight was the disbursement of R$40.7 million as dividends and capital reimbursement during the year. Excluding these payments, cash generation in 2020 came to R$21.7 million.

Cash Flow	2019	2020	Δ
Cash Flows from Operating Activities	31,742	29,003	-8.6%
Changes in Assets and Liabilities	392	(418)	-206.6%
Cash generated by investment activities	(3,857)	(7,198)	+86.6%
Cash generated by financing activities	-	(40,741)	+0.0%
Effect of exchange variation on cash and cash equivalents	59	274	+364.4%
Cash flow and Financial Investments	**28,336**	**(19,080)**	**-167.3%**
At the Beginning of the Period	41,598	69,934	+68.1%
At the End of the Period	69,934	50,854	-27.3%
Cash flow and Financial Investments	**28,336**	**(19,080)**	**-167.3%**

Net Cash

Net Cash	2019	2020	Δ
Short Term Debt	-	-	n/a
Long Term Debt	-	-	n/a
Gross Debt	**-**	**-**	**n/a**
Cash and Cash Equivalents	45,561	47,584	+4.4%
Financial Investments	24,373	3,270	-86.6%
Net Debt/(Cash Surplus)	**(69,934)**	**(50,854)**	**-27.3%**

Return on Invested Capital (ROIC)

NOPLAT (Net Operationg Profit Less Adjusted Taxes)	2020	2019	2018	2017
(=) EBITDA	**26,452**	**28,741**	**10,482**	**(4,107)**
Depreciation	8,879	8,750	9,085	10,489
(=) EBIT	**17,573**	**19,991**	**1,397**	**(14,596)**
Income Tax and Social Contribution	(5,550)	(7,192)	(3,175)	3,635
Financial Result Income Tax Reversal	955	1,763	1,758	1,565
(=) Operating Net Income (NOPLAT)	12,978	14,562	(20)	(9,396)
Invested Capital - LTM	116,982	119,502	131,093	112,258
ROIC - LTM	**11.1%**	**12.2%**	**0.0%**	**-8.4%**

ROE (Return on Equity)	2020	2019	2018	2017
Net Profit	14,833	17,984	3,394	(6,357)
Shareholders' equity	155,948	160,042	171,266	167,872
ROE - LTM	**9.5%**	**11.2%**	**2.0%**	**-3.8%**

ALLOCATION OF INCOME

The Board of Directors proposes to the Shareholders Meeting to be held on April 27, 2021, the distribution of 100% of adjusted net income.

Proposal for allocation of net income from the year	2020 R$
Net income from the period	14,833,094.86
Legal reserve (5%)	- 741,654.74
Adjusted net income	14,091,440.12
Minimum dividends - 25%	3,522,860.03
Additional proposed dividends	10,568,580.09
Total	**14,091,440.12**

The distribution will be paid as follows:

Interest on equity charged to mandatory dividends, totaling seven million, ninety-seven thousand, six hundred seventy-five reais and forty-nine centavos (R$7,097,675.49), corresponding to R$ 0.107399990, already declared, pursuant to the Board of Directors' meeting held on December 1, 2020. Income tax will be withheld at source in accordance with current laws. All common shareholders of record on December 4, 2020, will be entitled to interest on equity, and shares will be traded ex-interest on equity starting from December 7, 2020.

Additional dividends totaling six million, nine hundred ninety-three thousand, seven hundred sixty-four reais and sixty-three centavos (R$6,993,764.63), corresponding to R$ 0.105827650 per share. There will be no withholding income tax. The common shareholders of the Company will be entitled to additional dividends on May 11, 2021, and shares will be traded “ex-dividends” starting from May 12, 2021, inclusive.

All the payments will be made on May 28, 2021, without any interest or inflation adjustment.

HUMAN RESOURCES

Unicasa ended 2020 with 399 employees, 394 of them in Brazil and five in the United States, a 3.1% increase from the 2019 headcount of 387 employees.

ADMINISTRATIVE EVENTS

On February 3, 2020, the Company informed its shareholders of the conclusion of its capital reduction process, refunding approximately R$24.3 million to shareholders.
The Company maintained the market informed of the impacts of the pandemic through Material Fact notices published on March 20, April 8, May 18, June 25, June 9, 2020 and February 22, 2021.

In the Material Fact notice of April 8, 2020, the Company also announced the postponement of its Shareholders Meeting, scheduled for April 16, 2020, in accordance with Provisional Presidential Decree 931 of March 30, 2020.

At the Shareholders Meeting held on July 29, 2020 held completely virtually, pursuant to CVM Instruction 622 of April 17, 2020, the Board of Directors was elected for a term of office until the Shareholders Meeting of 2022. Also, as a pandemic-related measure, the meeting authorized the postponement of payment of dividends for fiscal year 2019, made on December 16, 2020.

On October 22, 2020, the Company informed the market of the amendment to its Shareholders Agreement due to the conclusion of the probate process of Frank Zietolie.

On November 12, 2020, we informed the market of the change in the Company's stock transfer agent. Starting from December 1, 2020, Banco Bradesco S/A is the stock transfer agent for the book-entry shares of the Company, substituting Itaú Unibanco S/A.

CAPITAL MARKETS

At the end of fiscal year 2020, the Company's share UCAS3 was quoted R$4.25, which represents market capitalization of around R$280.8 million, 15.8% less than at the end of fiscal year 2019, when market capitalization was R$333.7 million and the Company's share was quoted at R$5.05. In the year, 52.9 million Company shares were traded in around 138.400 trades, with financial volume of R$247.5 million. A total of 558 trades were conducted on average daily, involving 213,000 shares, with financial volume of R$998,000.

Unicasa's UCAS3 stock is listed on the Novo Mercado segment of B3, which consists of companies with the highest corporate governance standards. It is divided into 66,086,364 shares, of which approximately 44.4% are outstanding. The book value per share at the end of 2020 was R$2.36.

INDEPENDENT AUDITORS

In compliance with article 2 of CVM Instruction 381/03, the Company informs that BDO RCS Auditores Independentes SS ("BDO") provided only services related to the audit of the Financial Statements in 2020, under the following terms:

- Full audit conducted in accordance with Brazilian and international audit standards of the parent company and consolidated Financial Statements of the Company, prepared in accordance with the accounting practices adopted in Brazil (parent company and consolidated) and with IFRS (consolidated), for the fiscal year ended December 31, 2020, and review of the Company's Quarterly Financial Information on March 31, June 30 and September 30, 2020, for total fees of R$175,874.04. Date of contract: February 26, 2018.

BDO declared that it is not aware of any relationship other than that mentioned above, between BDO and Unicasa Indústria de Móveis S.A. or persons in positions of supervision over the financial information at Unicasa Indústria de Móveis S.A., which could be interpreted as having influenced its autonomy.

DECLARATION OF EXECUTIVE OFFICERS

In compliance with article 25 of CVM Instruction 480 of December 7, 2009, the Board of Executive Officers hereby declares that it reviewed, discussed and agreed with the opinion expressed in the Independent Auditor's Report on the Financial Statements and with the Financial Statements for the fiscal year ended December 31, 2020.

ARBITRATION CLAUSE

The Company, its shareholders, managers and members of the Audit Board undertake to resolve, through arbitration at the Market Arbitration Chamber, all and any dispute or controversy that may arise among them, related to or caused by, particularly, the application, validity, efficacy, interpretation, violation and effects of provisions of the Brazilian Corporations Law, the Bylaws of the Company, rules of the Brazilian Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as Listing Rules, Arbitration Rules, Sanction Rules and the Novo Mercado Listing Agreement.