



## CORPORATE PARTICIPANTS

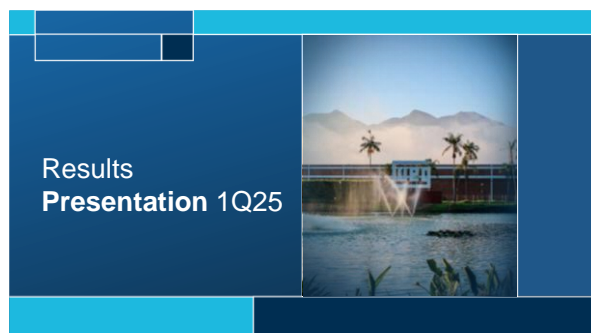
**Mr. André Luís Rodrigues** – Chief Financial Officer

**Mr. André Meneguetti Salgueiro** – Finance Director and Investor Relations Officer

**Mr. Felipe Scopel Hoffmann** – IR Manager

## PRESENTATION

**Operator:** Good morning and welcome to the conference Call on WEG and to release the results of 1Q25.



I would like to highlight that simultaneous translation is available on the platform on the 'Interpretation' button, via the 'Globe' icon at the bottom of the screen. Please be advised that we are streaming this conference call and upon its conclusion, the audio will be available on our IR website.

During the company's presentation, all participants will have their microphones disabled. After that, we'll start the Q&A session.

To ask questions, click the 'Raise Hand' icon at the bottom of the screen to join the queue. When you are announced, a prompt to activate your microphone will appear on the screen, and you activate your microphone to ask questions.

If you have more than one question, we recommend that you ask them all at once. If we do not have time to answer all questions live, feel free to send your question to our e-mail: [ri@weg.net](mailto:ri@weg.net), which will be answered after the end of the conference.



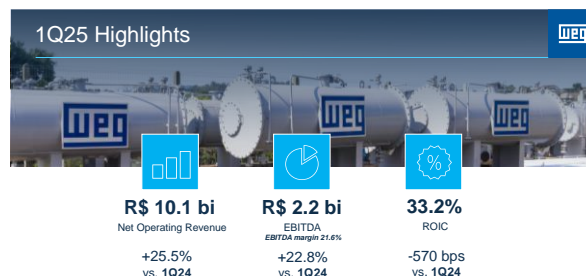
We emphasize that any forecasts contained in this document or any statements that may be made during this conference call regarding future events, the business outlook, operational and financial projections and targets and WEG's future growth potential are merely beliefs and expectations of WEG's management based on currently available information. These statements involve risks and uncertainties and therefore, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions, and other operating factors may affect WEG's future performance and lead to results that differ significantly from those expressed in such forward-looking statements.

With us in Jaraguá do Sul are André Luís Rodrigues, Administrative and Financial Superintendent; André Meneguetti Salgueiro, Finance and Investor Relations Officer; and Felipe Hoffmann, Investor Relations Manager.

Mr. Rodrigues, you may proceed.

## Mr. André Luís Rodrigues – Chief Financial Officer

Good morning, everyone. It's a pleasure to be once again for WEG's earnings conference call.



We'll start with the highlights of the quarter on Slide 3, in which the net operating revenue grew 25.5% compared to 1Q24.

In Brazil, the energy generation, transmission and distribution area were the highlight of growth with the



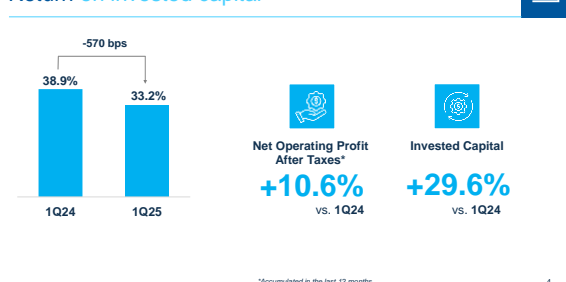
concentration of centralized solar generation businesses and the continuity of deliveries of transmission and distribution projects.

In the foreign market, we also highlight the GTD business represented another quarter with good performance, especially the T&D business in North America. In the Industrial segment, we observed continued demand for our products and services in important segments such as oil and gas and mining, in addition to the positive contribution of business acquired in 2024 from brands Marathon, Rotor, and Cemp and Volt Electric Motors.

The EBITDA was 2.2 billion BRL, a growth of 22.8% compared to 1Q24. The EBITDA margin ended the quarter at 21.6%, a reduction of 0.4 p.p. compared to the same period of last year. Throughout the presentation, André Salgueiro will give more details about these points.

ROIC, one of our main financial indicators, remained at a high level of 33.2%, as we can see in more detail on the next slide.

#### Return on invested capital



Even at a high level due to revenue and maintenance of operating margins healthy during the period, we presented a reduction in the quarter, mainly due to the fact that the ROIC in 1Q24 was positively impacted by the recognition of nonrecurring tax incentives related to the establishment of a new subsidiary in Switzerland, and by the growth of invested capital due to the investments in fixed and intangible assets, in addition to the acquisition of Marathon's businesses.

I'll now give the floor to André Salgueiro to continue.

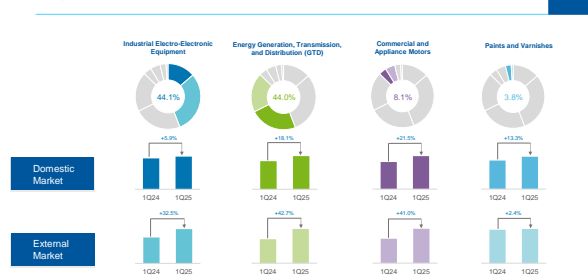
#### Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer

Thank you, André, good morning, everyone. On Slide 5, we present the evolution of revenue from our business areas.

In Brazil, we observed healthy industrial activity with maintenance and demand for short-cycle equipment, such as low-voltage electric motors and serial

automation products, despite the fluctuation in deliveries of long-cycle equipment projects, such as medium voltage electric motors and automation panels.

#### 1Q25 Business Area Performance



In GTD, the highlight was the delivery of centralized solar generation projects, in a movement that more than offset the decrease in revenue from new wind turbines.

Good performance also in the T&D business, driven mainly by deliveries of large transformers and substations linked to transmission projects and distribution networks.

In commercial motors and appliances, sales volume showed growth compared to the same period of the previous year, with good performance from relevant segments such as air conditioning, civil construction and compressor manufacturers.

In paints and varnishes, demand was positive, with emphasis on the water and sanitation and agricultural implement segments.

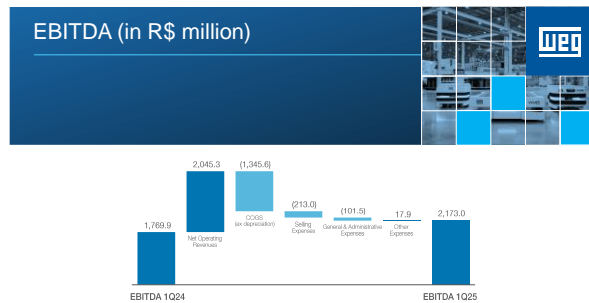
In the foreign market, highlighting the oil and gas and mining industrial segments, in addition to the positive contribution of Marathon, Cemp and Rotor and Volt Electric Motors businesses to revenue growth in the quarter.

For long-cycle equipment, such as high-voltage motors and automation systems, we observed the construction of a healthy order book for the coming quarters, despite fluctuations in the volume of project deliveries in the quarter.

In the GTD area, which continues to perform well, we continue to take advantage of the opportunities present in the T&D market in North America, together with good demand in Marathon's generator business.

In commercial and appliances motors, we observed growth in demand with emphasis on operations in China and North America, in addition to the contribution of Volt Electric Motors business.

In paints and varnishes, despite the drop in sales in South America, we observed revenue growth in other regions, with emphasis on the good result of the operation in Mexico.



**Mr. André Luís Rodrigues – Chief Financial Officer**

Thank you, Salgueiro. On Slide 8, and before we move on to the Q&A session.

Slide 6 shows the evolution of EBITDA, which showed growth of 22.8%, while the EBITDA margin ended the quarter at 21.6%, showing a slight adjustment when compared to the same period of the previous year, mainly reflecting the change in the product mix, especially greater relevance of centralized solar generation business.

It's important to highlight that the solar generation business, due to the deliveries of centralized generation projects, more than doubled compared to 1Q24. This movement was important for revenue growth, but had a negative impact on the consolidated margin for quarter.

The other businesses together continue to have healthy margins and are above the company's historical averages.

**Recent Achievements**

Conclusion of the acquisition of REIVAX

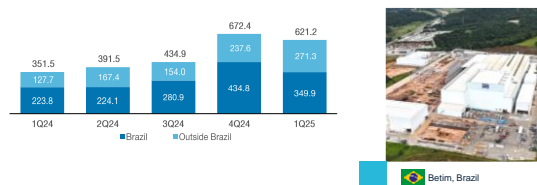
**Outlook**

Robust strategy allows expanding opportunities and mitigating risks

Healthy operating margin dynamics and positive returns

Demand remains positive, but global macroeconomic scenario requires attention

**Investments (CAPEX)**



Betim, Brazil

Finally, on Slide 7, we show the evolution of our investments, which totaled 621 million, 56% in Brazil and 44% abroad.

In Brazil, we continue to modernize and expand the production capacity of transformers at Betim and Blumenau units, in addition to increasing the production capacity of industrial motors in Jaraguá do Sul.

Abroad, we continue to invest in Mexico and Colombia with emphasis on progress in the construction of new transformer factories.

With that, I finish my part and give the floor back to André.

I would like highlight that in February, we announced the completion of the acquisition of REIVAX, a Brazilian company with global operations already consolidated in the power generation control systems market

Finally, I would like to talk about the outlook for the rest of the year. We are confident in our strategy of diversifying products and solutions and global presence, which allows us to take advantage of opportunities in the various markets where we operate and mitigate risks in times of market fluctuation.

We continue with healthy operation dynamics, our industrial strategy and constant search for operational efficiency should continue to support good operating margins and return on invested capital.

We continue to benefit from structurally favorable conditions, especially those linked to the energy transition, which should continue to support revenue growth throughout the year - but it's always important to remain attentive to the global macroeconomic scenario and possible volatility in the markets where we operate.

This ends our presentation, and we can proceed to the Q&A session.

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Driving efficiency and sustainability

**Q&A SESSION**

**Operator**

Thank you. We will now start the question-and-answer session. If you want to ask questions, click 'Raise Hand' icon on the bottom of your screen to join the queue. When you are announced the prompt to activate your microphone will appear on the screen and you must activate your microphone to ask questions. We kindly request that questions be asked at once.

Our first question comes from Lucas Marchiori, from BTG Pactual. Your audio has been enabled, go ahead.

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**Mr. Lucas Marchiori - BTG Pactual**

Good morning, thank you for the call. Two topics I'd like to hear to clarify our questions. If you could give us, André, if you could give us a map on your geography distribution in the world now with tariffs, and that may force you to relocate capacities. I'm talking mainly about Brazil, Mexico and the U.S., given these three sources of supply within WEG.

And the second question is more specific about SG&A. It has strong growth in this quarter based on Marathon, but just to shed some light, what would be the reason - structural reason, let's say, normalized - for SG&A, the ratio SG&A/Revenues, just for us to have an idea? Thank you.

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**Mr. André Luís Rodrigues – Chief Financial Officer**

Hi Lucas, this is André Rodrigues speaking, thank you for the question. Well, first about geography. As you put very well, our three main industrial sites, Brazil, Mexico and China to meet specific regions, and after all the geopolitical discussions on tariffs, right now, WEG has not changed anything in its strategic plan that involves investments in Mexico, more capacity in transformers, motors, new businesses such as industrial paints. We haven't changed a thing, because we consider that we have a very well-distributed industrial footprint ready to meet the needs of our customers in several geographies.

So, there are still many uncertainties regarding tariffs and volatility of industrial capacities, but we didn't have and we didn't need to make any changes so far. Brazil, South America and Europe, and of course, Brazil also supplies to North America. We also have our assets in China, India and Asia focused on domestic markets and in the region. So, we consider us to be very well positioned in this moment of uncertainty, and so far, WEG has not changed anything in the strategic plan because we always think about the long term.

As for SG&A, the main reason we had was increase in expenses to consolidate the business of Marathon, Rotor, Cemp, and that was not present in Volt that was not present in the last quarter, as well as actual costs.

There was an increase in international freight costs; as Salgueiro mentioned about the dynamic of the business, there was an important moment of sale of solar complexes in this 1Q; and the distribution of solar panel requires freight costs, and that adds to that.

And it's also important, when we compare the values of 1QTY with last year we have the depreciation of BRL that plays a role in that as well.

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**Mr. Lucas Marchiori - BTG Pactual**

Thank you, André, good morning, everyone.

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**Operator**

Thank you. The next question comes from Lucas Laghi from XP.

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**Mr. Lucas Laghi – XP Investimentos**

Good morning, thank you for the question. I have two questions, one is about profitability and trying to explore a bit better the margin issue in this 1Q, especially when we look at the breakup... breakdown of cost between labor and raw material. If we compare 4Q24, there was a significant effect of a worsening of EBITDA margin quarter-on-quarter due to labor costs and an improvement due to raw material.

So, I would like to understand the increased importance in labor line that had an effect in profitability, as well as raw material in the context of product mix may be related to that. But if you could give more details about labor, that would be nice.

And the second question is also related to uncertainties worldwide. We noticed a concern of investors regarding the risks of macroeconomic deceleration and the geopolitical risks, but it seems that your global partners have not felt the impacts of that yet. How do you see at the end, the perception of customers regarding appetite for new investments?

During the month of April, have you noticed a slowdown in terms of new orders coming? Have you talked to customers? Do they have a concern regarding appetite for CapEx and new investments forward that could impact your orders, especially on a short cycle? Trying to understand this scenario of uncertainty that makes it hard to understand the demand for the future, future





demand. So major things are raw material and orders, thank you.

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**Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer**

Well, this is Salgueiro speaking, thank you for the question. Something a bit more specific about profitability. As we said during the presentation, there was a mix effect that was the main effect during the quarter. Just for you to understand, solar, when compared to the 1QLY, it's more than doubled in terms of revenue, and it also had an important growth when compared to 4QLY. So, this is the main effect.

And there's a different breakdown in every business, in terms of labor, materials; it depends on the composition and the breakdown of each product. As for labor specifically, comparing the 1Q to 4QLY is that usually, in Brazil, we have wage increases that happens every year in 1Q. So, if you're comparing to 4Q that is the effect - but this is something that happens regularly.

So, when we look at the consolidated profitability, it is, in fact, a bit lower than we delivered last year and when compared to 4Q as well, mainly due to the effect on the mix, especially due to solar business.

And there's also an impact, effect in the cost of raw material, because there is an effect of the price of copper in USD year-on-year; and then the exchange rate effect; and other SG&A issues and other impacts due to the consolidation of Marathon, as André explained in the first question.

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**Mr. André Luís Rodrigues – Chief Financial Officer**

Lucas, speaking about the second question, a possible slowdown of the macroeconomic... economy all over the world, it's a bit too early to say something, to be certain about that.

Let's start with the things that continued positive, which is the demand for long-cycle equipment, especially T&D in Brazil and abroad; and also in construction, we're trying to build a healthy portfolio of generators. We had a chance to discuss that Marathon is in a business area that has a very high demand.

If we look at what GTD accounted for in the quarter, 44% of revenue as a whole, even though we don't have a portfolio for wind, because it was centralized energy, or was more concentrated as we already mentioned in the last quarter in this 1H, there is an important volume of our revenues with a portfolio that is pretty much guaranteed for the year.

Another business is short cycle, in which we have a visibility that is two or three quarters into the future, there was a certain accommodation in the 1Q - but the new orders during this 1Q came in a positive way, despite all the uncertainties. So, we still expect to have another year of two-digit growth. Our expectation hasn't changed.

As of May, this year, we'll no longer have the comparative effect of the consolidation of Marathon, Cemp and Rotor, because as of May next year this growth will be lower, but we still expect a two-digit growth rate for this year. That has not changed.

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**Mr. Lucas Laghi – XP Investimentos**

Okay, thank you, have a good day.

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**Operator**

Thank you. Our next question comes from Rogerio Araujo from Bank of America.

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**Mr. Rogerio Araujo - Bank of America**

Hello André, Salgueiro, thank you for the opportunity. I have two questions, first, regarding the organic revenue in the segment of electronic... electric and electronic segment abroad. We saw a drop and a drop in the last quarter.

What do you attribute this fluctuation to? In the last quarter, elections played a role; and what should we expect for the next quarters in this segment? You mentioned long cycle with less deliveries, but an increase in the backlog. Should we see an improvement in organic revenue as of 2Q? Could you shed some light on that, please?

And the second question is about current bottleneck in capacity. Where are you operating at full capacity, and what are the next steps or the next openings of growth, an expansion in which segments? And what's the timing? I know you're investing, but what's the timing? So that we can understand where we may have production leaps for 2025, 2026 and 2027, thank you.

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**Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer**

Good morning, Rogerio, this is Salgueiro speaking, thank you for your questions. Regarding the foreign market, industrial electric and electronic equipment, with the acquisitions of Marathon... excluding Marathon



and exchange rate, revenue was slightly below the 1QLY. The effect was explained in the release, which was the lower concentration of deliveries of long-cycle projects. Although the dynamics is positive for the quarter, the deliveries were lower than last year.

And in the short cycle the demand is not very high. So, in the United States, there was a continuity of this effect that you said last year, demand was down due to elections and that continued. So, although orders started coming better in this 1Q, the performance of revenue in the 1Q was still not positive.

And also, there is a situation of Europe, mainly. The short-cycle demand in Europe, as we have said for some time, is not positive, and there are some fluctuations in important markets, mainly Germany, that has suffered with the macroeconomic conditions, and we saw revenue lower in this quarter.

Looking forward, we may say that in North America, we've seen better dynamics of entry, new orders coming that should improve from now on. Of course, there are the impacts of tariffs. As André said, it's very hard to see what will happen now. So, we have to monitor that on a monthly basis to see how that would impact the demand in the future.

And there's another region that's showing positive demand signs, which is Asia-Pacific. It's had a positive performance in the recent months and shows growth potential for the future. In Europe, we see more orders, but that's one of the regions that will probably take longer to grow. So, let's wait and see how this will unfold.

As for the second question, we have a capital budget approved for the year of 2.6 billion, which is an important CapEx for this year. It's right to say that a large amount of that is related to T&D investments that we have announced - and we highlighted that in WEG Day last year - to grow the plants of Betim and Gravataí mainly, here in Brazil; building a greenfield plant in Colombia; building a new plant in Mexico; and some investments to increase capacity in the United States.

So, I'd say that this is where we are running with full capacity here, and we depend on new investments to expand capacity given that the market is high. We've been running at good capacity, but we don't have pressure as in T&D. So, there's a lot of investments being announced in Brazil and verticalization for motors and transformers; investments in foundry in Guaramirim; in the wire factory in Itajaí; and there are some important investments in automation in Brazil in Itajaí. That's basically that.

As for capacity, like I said T&D is running at full capacity and we depend on investments to add more capacity.

The other businesses are running at high-capacity rates, and Marathon has the capacity as announced at the acquisition moment.

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**Mr. Rogerio Araujo - Bank of America**

Okay, thank you, Salgueiro. Could you give us an estimate of, estimate for this increase in capacity in Betim, Gravataí, Colombia and Mexico?

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**Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer**

Well, most of it will be operational at the end of next year. It's gradual because of investments we announced in the back; something is becoming operational now, but it's not relevant. The most important greenfield in Mexico, the new plant in Colombia and increased capacity in Betim will be more concentrated in the end of next year and beginning of 2027.

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**Mr. Rogerio Araujo - Bank of America**

Thank you, that's very clear.

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**Operator**

Excuse me, our next question comes from João from Goldman Sachs.

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**Mr. João Frizo - Goldman Sachs**

Thank you. I have two questions; one is a follow-up regarding solar generation. You mentioned that there was an acceleration when comparing the quarters. I would like to understand what would be the rhythm of deliveries until the end of the year. Should it remain stable or accelerate until the end of the year?

And the second question is about your suppliers. We hear that the supply chain as a whole is very tight. How has that affected you? Have you had any limitations on orders? What about prices? Because you mentioned that copper was a margin detractor in 1Q. Is there any reason related to suppliers that may play, have played a role in that? Thank you.

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**Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer**



Hello, João Frizo, this is Salgueiro speaking. I'll answer the solar question, and then André will talk about suppliers. As for solar, this has been an important and strong quarter, it more than doubled when compared to 1QLY. There is a component of deliveries of centralized generation projects that we have mentioned already, and with the concentration of deliveries of such projects in 1Q and something to be delivered in 2QTY.

It's important to comment that with the current portfolio, we have some time for new projects to come for 2HTY. We expect a deceleration of revenue for solar in 2HTY, it's running at a high level now.

The GD is growing, GC has grown; but with the visibility of portfolio, we have today, that should go down for 2HTY, implying in a lower, slightly lower revenue from solar in 2H25 as compared to 1H.

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**Mr. André Luís Rodrigues – Chief Financial Officer**

Hello, João. As for supply chain, the fact that we have a global distribution of suppliers that's very helpful, because we can look for diversified suppliers in every geography we operate in. We had a chance to comment on the last quarter that our main concern back then was anything related to the supply chain of transformers. All the companies are investing in new capacity, as we already detailed, and it's important that suppliers of components follow the same trend.

Back then, we've mentioned that that might be the highest risk for WEG in terms of supply chain. So far, we have tried to develop long-term contracts, and we have not felt any downturns regarding that. Our chain, supply chain continues to work regularly as usual, meeting our demand - but this is something we need to monitor in order to prevent any problems in the future.

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**Mr. João Frizo - Goldman Sachs**

Okay, thank you, have a good day.

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**Operator**

Thank you. The next question comes from Alberto Valerio from UBS.

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**Mr. Alberto Valerio - UBS**

Good morning, Salgueiro and Rodrigues, thank you for the question. I have two quick questions: I would like to know about demand elasticity in the

United States. Probably a price transfer has already started there; how much it stays with the company; how much is transferred to customers?

And the second question: although these are less core regions for you, we noticed lower or weaker results for Africa, South America and Asia. In South America, you have plants in Colombia, Argentina. Is that that only applies to Colombia? Is it more about panels or transformers too? Thank you.

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**Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer**

Hello Alberto, this is Salgueiro speaking, thank you for the question. Well, commenting on demand elasticity in the United States, especially due to tariffs and pricing issues in the market, it's a bit too early for that. What we can see, and André commented in his previous answers, is that we did have a quarter - if we separate short cycle -, there was some oscillation or fluctuation in demand, but new orders coming that signal an improvement looking forward.

And the long cycle part, especially T&D market that performed very well, in which we have a very robust portfolio and will continue to perform well in coming quarters with no concerns about slowdown.

New capacities can be added in Mexico and also in the US, we should continue to grow this business. In order to make some more real comment about tariffs, we need to wait how the market will accommodate in coming quarters.

And as for the geographies, there were some impacts in South America, especially due to Argentina. The dynamic in Argentina is slightly below what it was last year, and they are in a macroeconomic recovery process, but the market still is not responding.

In the industrial sector, we see fluctuations in revenue, and there was a fluctuation of deliveries of projects in Colombia. So, because of these two things, the dynamics of South America was slightly below; and deliveries of projects also happened, were a bit down in Africa, which affected the performance in Africa, especially South Africa.

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**Mr. Alberto Valerio - UBS**

Thank you.

**Operator**

Thank you. We have a question from Marcelo Motta from JP Morgan.

**Mr. Marcelo Motta – JP Morgan**

Good morning, two questions. The first one, could you comment on how much lower this margin of solar is compared to the average for the company? We're trying to make these calculations, but it would be nice to have some more detail to understand the normalized margin when solar is closer to the average.

And the second question: I would like to understand if there's any deficit between the sales price and raw material price? You commented on copper, there is a pass-through, sometimes it's a time issue.

But I would like to understand if this gap is much higher than historical levels or close to that and then wouldn't have an impact on margin. Just to understand these two points so that we can have an idea of margin to the rest of the year, for the rest of the year.

**Mr. André Luís Rodrigues – Chief Financial Officer**

Hello, thank you for the question. Solar business has lower margins compared to the rest of the company. In solar, we have distributed generation and centralized distribution. Centralized distribution tends to be lower than distributed generation. As it happened in the last quarter of last year, there was the same impact with a significant volume in centralized generation, which impacted the margin in 4Q.

As we have said in the quarter, last quarter call, Salgueiro mentioned in this presentation that the margin of solar... rather not the margin, but the strong concentration of the business in solar caused the revenues to more than double in this quarter when compared to the same period of last year. But we may say that if we have had a volume in solar close to the 1QLY, margins would have been higher than in LQ24 and 1Q24, as well.

That is, we always reinforce that among quarters there may be variations in margin, depending on the mix of products sold. And once again, this is what happened in this quarter.

The other businesses of WEG remain with margins according to the expected trends, and Marathon businesses are still to be, we have to work on them. Integration is going according to our expectations; we're

not delayed at all as compared to our plans - but there may be fluctuations on a quarterly basis.

**Mr. André Meneguete Salgueiro – Finance Director and Investor Relations Officer**

I think that the second part of the question, Motta, regarding the gap of raw material, if I understand it correctly, actually, we try to have some hedge, especially for copper, so... and the rest, we... when it's long cycle, we update project-by-project.

In the short cycle, as there is a need we recalculate the prices. It's important to mention regarding the 1QTY, we included the foreign exchange effect in the margin, because in Brazil in 4QLY exchange rate fluctuated a lot. So, a lot was internalized in terms of raw material at a very high exchange rate, and that was used during the quarter.

So in the middle to long-term, exchange rates tend to be normalized in terms of profitability in the margin, but we have some fluctuations in the short run and that happened in the 1Q, a strong depreciation of BRL in the end of last year that impacted our costs in Brazil in this 1Q25.

**Mr. Marcelo Motta – JP Morgan**

That's very clear, thank you.

**Operator**

Thank you. Our next question will be in English from Jens Spiess from Morgan Stanley.

**Mr. Jens Spiess – Morgan Stanley**

Yes, thank you for taking my question. We're doing like a back of the envelope calculation to see how much your external revenues grew, excluding Marathon. We were getting to a number of around 2% YoY, which I think is more or less in line with the number you disclosed of external revenues increasing, excluding the FX impact and consolidation impact, of 3.6%. So, looking at that number, how much do you expect to grow for the full year?

And secondly, just a follow-up on your like production base in North America and the materials that you, the equipment that you produce in Mexico and export to the





US. Just wondering, is all of that equipment USMCA compliant? In other words, do you pay tariffs on those products or not? Thank you.

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**Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer**

This is André Salgueiro. I'll answer in Portuguese but thank you for the questions. As for the revenue, the number that you mentioned is pretty much aligned.

As for the expected growth forward, we don't give guidance for growth for the year, so we'll limit our comments here a bit, which will be limited to the comments made by André in previous answers that we continue with the expectation of growing at a two-digit rate - and that includes everything, including ForEx, debts, acquisitions that are part of the historical growth process of the company.

And there is a more relevant effect of consolidation of acquisitions until April, because as of May, we'll have the same base, especially Marathon that we started consolidating May last year. So, this benefit that we see now from consolidation will decrease. There will still be something due to the bridge of REIVAX that came into Brazil more recently - but the largest effect, which is the consolidation of Marathon, would only be until April.

As for what we produce here to meet, to be exported to the US, as we mentioned in the last conference call, everything we sell in the US, we sell, we produce one-third in the US, one-third in Mexico and one-third outside the region, especially in Brazil. Everything we produce in Mexico and sell to the US is compliant with USMCA. So, we comply with all requirements, and there is no tariff on those products.

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**Operator**

Excuse me, our next question comes from André Mazini from Citi.

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**Mr. André Mazini - Citibank**

Hello, I have two questions, thank you. It's about the capacity reserve for battery systems. Today, in a conference call from an energy transmission company, they say that the auction will only be in 2026. So, what's your opinion about that? Will the auctions be this year? And maybe in the size of the auction, we've seen some news and consulting companies saying that it would be around 300 mega and the total amount of BRL 3.5 billion. Does this ballpark figure make sense in terms of size?

And the second question is about transformers market in the US and competition. We've seen news about Hyundai Electric investing to increase its capacity in the plant in Alabama. So, the question is: all these news about increasing investments of Hyundai, Siemens, Hitachi, has that, is that already in operation? Or are they more for 2026 and 2027? Thank you.

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**Mr. André Meneguetti Salgueiro – Finance Director and Investor Relations Officer**

Good morning, Mazini, thank you for the question, this is Salgueiro speaking. As for the auction, we've been keeping track of all discussions. There is an expectation that the auction will happen. We see that the government is willing to try to have the auction still this year, but we've also seen more recent news that it may be postponed to next year. So, we have to keep track of that to see when the date will be defined.

We've seen that, we've said that the market of energy storage is developing in Brazil, but although slowly. We started with some P&D project, research and development projects by utility companies, now we're starting to have demand from industrial clients and other types of clients. But we do believe that auctions could be determining factors to unlock high volumes to help this market develop in Brazil in coming years. So, we have to keep a close eye on that to see when that will happen.

And since we don't have the exact date, commenting on size and prices, it's a bit premature. So, let's wait for the auction to be defined, and then we'll talk to you about that later.

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**Mr. André Luís Rodrigues – Chief Financial Officer**

Mazini, regarding T&D capacity, shortly after WEG started to increase its capacity, our competitors followed the same trend because demand is very high, and everybody that's operating in the U.S. market or even in Brazil, in Latin America, all companies are announcing increase capacity. So, there is no competitor that will launch a capacity differently from ours in the same time period that will... everybody will do that in 2027 or later on.

We are not aware of any other company starting increase capacity shorter than that, or earlier than that. There's an important phase of labor training; that's why the increase in capacity has to come a bit later. That's why all the companies are announcing that for 2027 or later on.



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**Mr. André Mazini - Citibank**

Thank you.

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**Operator**

The Q&A session has now ended. I remind you that if you have any further questions, please feel free to send questions to our e-mail: [ri@weg.net](mailto:ri@weg.net). I would like to turn the floor over to André Rodrigues for his final remarks.

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**Mr. André Luís Rodrigues – Chief Financial Officer**

Hello, I would like to thank you once more for being here and have an excellent day.

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**Operator**

The conference call of WEG has ended. We thank you all for attending and have an excellent day.

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