



EARNINGS RELEASE

1Q 2022

Consistent growth supported by demand for renewable energy and international expansion

Highlights



Net Operating Revenue (NOR) was **R\$ 6,828.1 million** in 1Q22, 34.5% higher than 1Q21 and 4.4% higher than 4Q21.



EBITDA⁽¹⁾ reached **R\$ 1,232.9 million**, 21.3% higher than 1Q21 and 9.6% higher than 4Q21, while **EBITDA margin** was **18.1%**, 1.9 p.p. lower than 1Q21, and 0.9 p.p. higher than the previous quarter.



Return on Invested Capital (ROIC⁽²⁾) reached **29.7%** in 1Q22, up 1.5 p.p. from 1Q21 and down 0.8 p.p. from 4Q21.

Message from the Management

The results for the first quarter of 2022 confirm the good sales performance in the company's main lines of business. This move also reinforces our strategic direction of developing products and systems with greater added value for our customers and partners has proven increasingly efficient.

In Brazil, the growing quest for renewable energy generation sources and good industrial demand has provided revenue growth. Both in the short-cycle business, with highlights on distributed solar generation (DG), and in the long-cycle, focusing on wind generation and transmission line projects to connect new energy generation sources to consumer centers.

In the foreign market, industrial activity remains strong, mainly in sales of industrial equipment to important segments such as oil & gas, mining, and pulp & paper. We presented revenue growth in our main markets as a result of our good products availability and our ability to meet our customer's needs.

We continue to benefit from structurally favorable conditions in our markets, seeking to seize every opportunity. We believe that our long-term vision business model, diversification of products and solutions, together with our global presence, help us not only to expand our range of opportunities but also to minimize risks and uncertainties in times of political and economic turbulence such as what we are living today.

Table 1 – Main Highlights

	1Q22	4Q21	HA%	1Q21	HA%
Return on Invested Capital	29.7%	30.5%	-0.8 pp	28.2%	1.5 pp
Net Operating Revenue	6,828,106	6,540,010	4.4%	5,076,879	34.5%
Domestic Market	3,470,954	2,890,352	20.1%	2,343,108	48.1%
External Markets	3,357,152	3,649,658	-8.0%	2,733,771	22.8%
<i>External Markets in US\$</i>	<i>644,693</i>	<i>653,383</i>	<i>-1.3%</i>	<i>498,120</i>	<i>29.4%</i>
Net Income	943,900	874,055	8.0%	764,258	23.5%
Net Margin	13.8%	13.4%	0.4 pp	15.1%	-1.3 pp
EBITDA	1,232,938	1,124,940	9.6%	1,016,852	21.3%
EBITDA Margin	18.1%	17.2%	0.9 pp	20.0%	-1.9 pp
Earnings per Share (EPS)	0.22495	0.20831	8.0%	0.18211	23.5%

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 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. Share data is adjusted for split or bonus events.

Net Operating Revenue

Net operating revenue increased by 34.5% over 1Q21, up 48.1% in the domestic market and 22.8% in the external markets, as shown in Table 1. The evolution of revenue proportion between markets is shown in Figure 1.

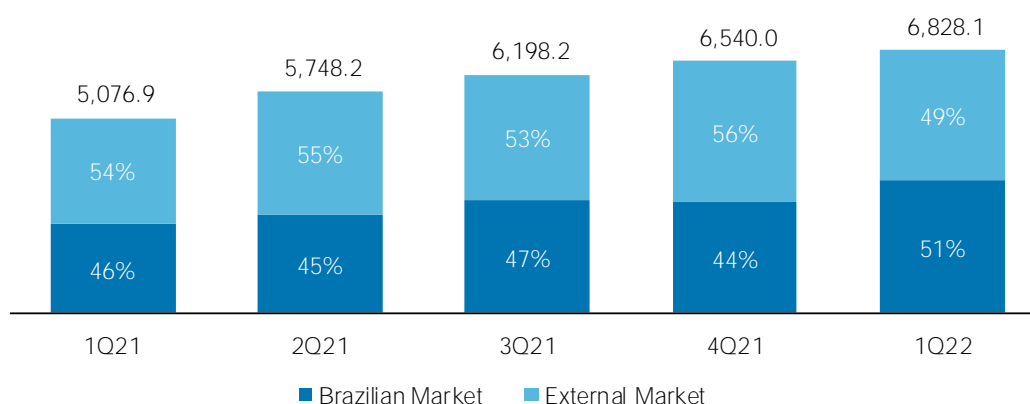


Figure 1 – Net Operating Revenue by Market (figures in R\$ million)

Net operating revenue from the external market, measured in the quarterly averaged US dollars, increased by 29.4% in relation to 1Q21 and decreased by 1.3% in relation to 4Q21. The distribution of net revenue by geographic markets is shown in Table 2.

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

	1Q22		4Q21		1Q21		HA% (A)/(B)	HA% (A)/(C)
	(A)	VA%	(B)	VA%	(C)	VA%		
<i>External Markets in US\$</i>	644,693	100.0%	653,383	100.0%	498,120	100.0%	-1.3%	29.4%
<i>North America</i>	283,992	44.1%	280,829	43.0%	213,758	42.9%	1.1%	32.9%
<i>South and Central America</i>	72,355	11.2%	79,136	12.1%	58,354	11.7%	-8.6%	24.0%
<i>Europe</i>	170,259	26.4%	178,976	27.4%	133,645	26.8%	-4.9%	27.4%
<i>Africa</i>	43,890	6.8%	42,126	6.4%	32,102	6.5%	4.2%	36.7%
<i>Asia-Pacific</i>	74,197	11.5%	72,316	11.1%	60,261	12.1%	2.6%	23.1%

Net operating revenue from the external market, measured in Brazilian Real, was impacted by the average Brazilian Real/US dollar Exchange rate that moved from R\$ 5.48 in 1Q21 to R\$ 5.23 in 1Q22, with a 4.6% appreciation of the Brazilian Real.

It is important to consider that we set our sales prices in different markets in local currency and according to their competitive conditions. Measured in local currencies, weighted by revenues in each market, net operating revenue from external market increased by 31.5% in relation to 1Q21.

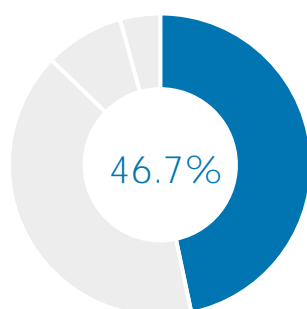
Consolidation and Acquisitions Adjustments

Adjusted for the consolidation effects of Balteau's acquisition, revenue would have grown by 34.0% vs. 1Q21.

Performance by Business Area

Industrial Electro-Electronic Equipment (EEI)

NOR	Domestic Market	External Market
1Q22	1,004,713	2,183,585
4Q21	988,128	2,271,211
$\Delta\%$	1.7%	-3.9%
1Q21	900,493	1,620,332
$\Delta\%$	11.6%	34.8%



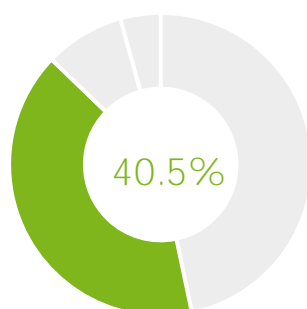
Share in NOR

- Domestic Market**
- Industrial activity remained in good demand in Brazil, mainly in important segments such as agricultural machinery & equipment, pulp & paper, and mining. Short-cycle goods, such as electric motors, gearboxes, and series automation products, continued to enjoy good demand in the period.
 - Revenue from long-cycle goods was in line with recent quarters, with good performance in segments such as mining, pulp & paper, and water & wastewater, where we highlight the supply of automation panels.

- External Market**
- The continuity of industrial investment observed in recent quarters was an important factor for business in this area, despite the uncertainties present in the macroeconomic scenario. Sales of short-cycle goods to China and the US were the highlights, with important increases in revenue, notably in low-voltage electric motors, with demand highly dispersed among different industrial segments.
 - Long-cycle goods also showed sales growth due to the reported good order backlog, with revenues increasing in the oil & gas and mining segments.

Energy Generation, Transmission, and Distribution (GTD)

NOR	Domestic Market	External Market
1Q22	2,014,992	750,701
4Q21	1,399,039	974,982
$\Delta\%$	44.0%	-23.0%
1Q21	974,275	757,391
$\Delta\%$	106.8%	-0.9%



Share in NOR

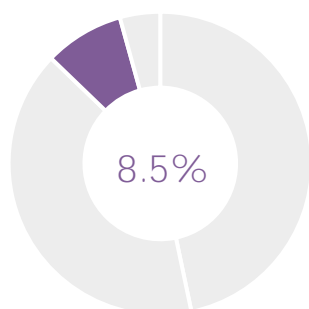
- Domestic Market**
- All businesses showed significant growth in Brazil this quarter. The increasing demand for distributed solar generation (DG), as expected due to the regulatory change in the sector, and the return of revenues from wind turbines, were the main factors for this performance.
 - The T&D business also had another quarter of high volume of deliveries, driven by large transformers and substations for projects linked to transmission auctions, together with sales of transformers for distribution networks and general industries.

- External Market**
- Revenues showed fluctuations, typical of long-cycle businesses, mainly after important T&D projects deliveries in Colombia and South Africa and steam turbines in Germany throughout 2021.
 - In North America, our primary operating region in this business area, we highlight the process of utilizing the capacity of the new transformer plant in the US, still in an early stage after opening at the end of last year.

Performance by Business Area

Commercial and Appliance Motors (MCA)

NOR	Domestic Market	External Market
1Q22	206,555	374,591
4Q21	265,021	347,038
Δ%	-22.1%	7.9%
1Q21	280,829	309,084
Δ%	-26.4%	21.2%



Share in NOR

Domestic Market

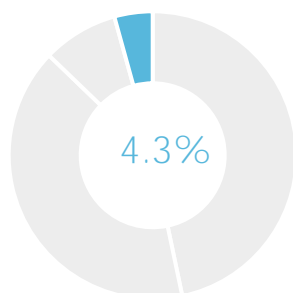
- As previously anticipated, the accommodation in demand, especially in motors used in the appliance segment, such as washing machines and air conditioning, caused an impact on this quarter's performance, despite the good sales volume presented in other segments, such as food & beverages and agribusiness.

External Market

- The growing demand for our products is explained by the acceleration of the economic recovery and market share gains in the US and Mexico. Applications such as pumps and compressors were the highlights of this quarter.

Paints and Varnishes (T&V)

NOR	Domestic Market	External Market
1Q22	244,694	48,275
4Q21	238,164	56,427
Δ%	2.7%	-14.4%
1Q21	187,511	46,964
Δ%	30.5%	2.8%



Share in NOR

Domestic Market

- Demand for paint and varnish products maintained a high level of sales, with highlights in segments such as agricultural implements, road implements, and wastewater.

External Market

- Exports from Brazil to Latin American countries remain positive. This quarter's lower growth is mainly explained by the setback in sales performance in Argentina, where we have an important operation for this business area.

Cost of Goods Sold

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

Table 3 – Costs

	1Q22	4Q21	HA%	1Q21	HA%
Net Operating Revenues	6,828,106	6,540,010	4.4%	5,076,879	34.5%
Cost of Goods Sold	(4,933,270)	(4,732,113)	4.3%	(3,457,140)	42.7%
Gross Margin	27.8%	27.6%	0.2 pp	31.9%	-4.1 pp

Increases in the costs of the primary raw materials that make up our cost structure, notably steel and copper, together with the change in the product mix, were decisive factors for the reduction of operating margins in relation to 1Q21, despite the continued efforts to reduce costs and improve processes, which provided productivity gains, especially in our operations abroad.

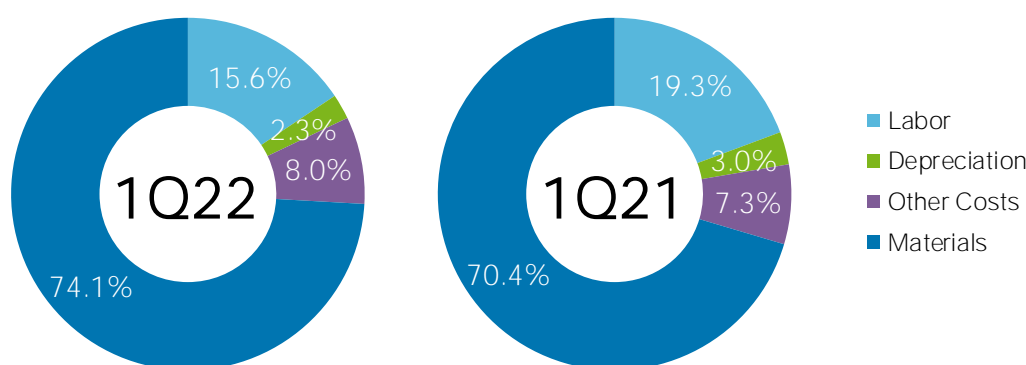


Figure 2 – COGS Composition

Sales, General, and Administrative Expenses

Consolidated Sales, General, and Administrative (SG&A) expenses totaled R\$ 692.8 million in 1Q22, an increase of 13.7% vs. 1Q21 and a decrease of 0.9% vs. 4Q21. When analyzed in relation to net operating revenue, these expenses accounted for 10.1%, down 1.9 p.p. vs. 1Q21 and down 0.6 p.p. vs. 4Q21.

EBITDA and EBITDA Margin

The composition of the EBITDA calculation, according to Instruction CVM 527/2012, and EBITDA margin are shown in Table 4. We highlight that EBITDA was positively impacted this quarter by the recognition of tax credits, referring to the exclusion of ICMS from the PIS and COFINS calculation basis. Excluding this non-recurring effect, EBITDA would have been R\$1,207.1 million, with an EBITDA margin of 17.7%.

The uncertainties and challenges in the global supply chain and the consequent increase in raw material costs, together with the change in the product mix, notably due to the return of revenues from wind generation projects, continued to pressure the company's operating margins.

Table 4 – Calculation of EBITDA and EBITDA Margin

	1Q22	4Q21	HA%	1Q21	HA%
Net Operating Revenues	6,828,106	6,540,010	4.4%	5,076,879	34.5%
Net Income	943,900	874,055	8.0%	764,258	23.5%
Net Income Before Minorities	953,482	893,926	6.7%	778,921	22.4%
(+) Income Taxes & Contributions	199,370	108,748	83.3%	124,796	59.8%
(+/-) Financial Income (Expenses)	(54,264)	(17,527)	209.6%	(10,535)	415.1%
(+) Depreciation & Amortization	134,350	139,793	-3.9%	123,670	8.6%
EBITDA	1,232,938	1,124,940	9.6%	1,016,852	21.3%
EBITDA Margin	18.1%	17.2%	0.9 pp	20.0%	-1.9 pp

Net Income

Net Income in 1Q22 was R\$ 943.9 million, an increase of 23.5% vs. 1Q21 and an increase of 8.0% vs. 4Q21. The net margin reached 13.8%, 1.3 p.p. lower than 1Q21 and 0.4 p.p. higher than 4Q21.

Net Income was also positively impacted by the recognition of tax credits referring to the exclusion of ICMS from the PIS and COFINS calculation basis. Excluding these non-recurring effects, net income would have been R\$918.1 million this quarter, with a net margin of 13.4%.

Cash Flow

Operating activities consumed BRL 136.9 million in the first three months of 2022, reflecting the greater need for working capital in the period, notably in relation to the increase in the company's inventories. This move was necessary due to the volatility and uncertainty scenario in the global supply chain.

The level of investment (CAPEX⁽²⁾) in modernization and expansion of production capacity showed an increase compared to the same period of last year, continuing investments in our factories in Brazil, the US, India, China, and Mexico.

The company raised R\$ 1,739.4 million in financing activities and made amortizations of R\$ 91.8 million, including interest on loans, resulting in net funding of R\$ 1,647.6 million. Payments to equity holders (dividends and interest on capital) totaled R\$ 1,048.2 million. The final result was net funding of R\$ 593.4 million in financing activities in the period.

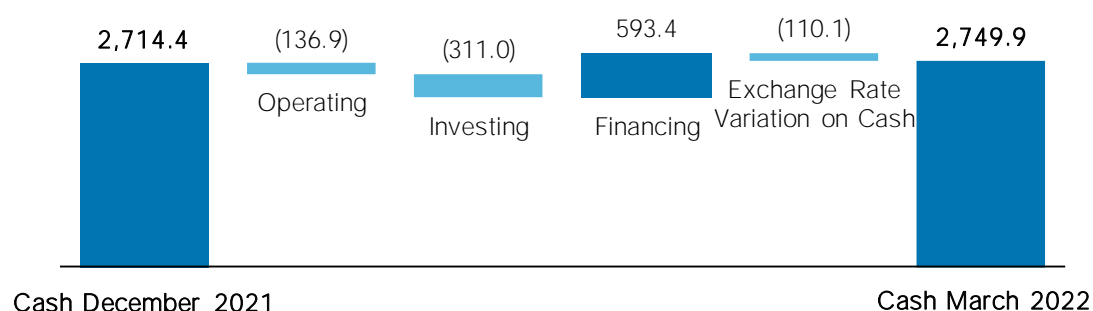


Figure 3 – Cash flow reconciliation (figures in R\$ million)

Note that the chart in Figure 3 shows the cash and cash equivalents positions classified as current assets. Furthermore, the company has R\$ 835.4 million in financial investments with no immediate liquidity, including derivatives (R\$ 912.0 million in December 2021).

Return on Invested Capital

The ROIC in 1Q22, accumulated in the last 12 months, increased by 1.5 p.p. over 1Q21, reaching 29.7%. The growth of Net Operating Profit After Taxes (NOPAT), mainly due to revenue growth, more than offset the increase 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 1Q22, we invested R\$ 209.6 million in modernization and expansion of production capacity, machinery and equipment, and software licenses, 52% of which are for production units in Brazil and 48% for industrial plants and other facilities abroad.

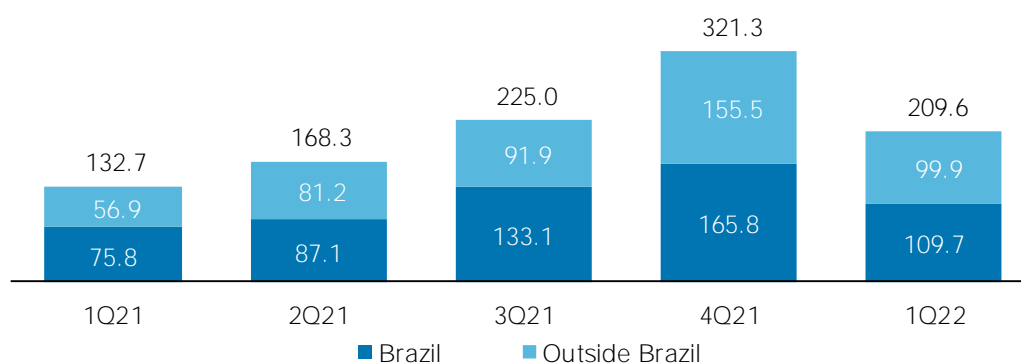


Figure 4 – CAPEX Evolution (figures in R\$ million)

Research, Development, and Innovation

Expenditures on research, development, and innovation activities totaled R\$ 157.3 million, representing 2.3% of net operating revenue in 1Q22.

Debt and Cash Position

Cash, cash equivalents, invested in first-tier banks and denominated in Brazilian currency, and financial investments and derivatives are presented in Table 5. 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 at the end of the quarter.

Table 5 – Cash and Debt

	March 2022		December 2021		March 2021	
Cash & Cash Equivalents	3.275.271		3.217.135		3.874.562	
Current	3.264.759		3.217.135		3.872.111	
Long Term	10.512		-		2.451	
Derivatives	110.473		392.013		610.984	
Short Term Assets	309.960		409.337		235.954	
Long Term Assets	-		-		392.678	
Short Term Liabilities	(62.439)		(17.324)		(11.688)	
Long Term Liabilities	(137.048)		-		(5.960)	
Debt	(3.078.716)		(1.789.115)		(1.747.597)	
Current	(2.466.445)	80%	(1.052.044)	59%	(634.679)	36%
In Brazilian Reais	(12.240)		(7.769)		(8.427)	
In other currencies	(2.454.205)		(1.044.275)		(626.252)	
Long Term	(612.271)	20%	(737.071)	41%	(1.112.918)	64%
In Brazilian Reais	(40.500)		(35.818)		(42.862)	
In other currencies	(571.771)		(701.253)		(1.070.056)	
Net Cash	307.028		1.820.033		2.737.949	

The total duration of our indebtedness was 7.8 months at the end of the quarter, with a duration of 17.3 months in the long term. In December 2021, these figures were 12.2 months and 19.7 months, respectively.

Dividends and Interest on Stockholders' Equity

At a meeting held on March 22, the Board of Directors decided to declare interest on equity in the total amount of R\$ 154.3 million before withholding income tax, with payment expected on August 17, 2022.

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.

Results Conference Call

On April 28, 2022 (Thursday), WEG will hold a teleconference in Portuguese, with simultaneous translation into English, also available on the internet webcast, at the following times:

- 11:00 a.m. – São Paulo (BRT)
- 10:00 a.m. – New York (EDT)
- 03:00 p.m. – London (BST)

Connecting phone numbers:

- Dial-in for connections in Brazil: +55 11 4090-1621 / +55 11 3181-8565
- Dial-in for connections in the United States: +1 412 717-9627
- Toll-free for connections in the United States: +1 844 204-8942
- Code: WEG

Access to HD Web Phone (webphone connection):

- Conference call in Portuguese: [click here](#)
- Conference call in English: [click here](#)

Access to Webcasting:

- Slides and original audio in Portuguese: <https://choruscall.com.br/weg/1t22.htm>
- Slides and simultaneous translation into English: <https://choruscall.com.br/weg/1q22.htm>
- The presentation will also be available on our Investor Relations website (ir.weg.net). Please, call approximately 10 minutes before the conference call time.

Forward-Looking Statements

The statements contained in this report relating to WEG's business prospects, projections, and results and the company's growth potential are projected forecasts based on management's expectations regarding the future of WEG. These expectations are highly dependent on changes in the market, overall national economic performance, sector performance, and international markets and are subject to change.

FINANCIAL STATEMENTS

1Q 2022

Annex

Annex I – Consolidated Income Statement – Quarterly

	1Q22		4Q21		1Q21		HA%	HA%
	(A)	VA%	(B)	VA%	(C)	VA%	(A)/(B)	(A)/(C)
Net Operating Revenues	6,828,106	100.0%	6,540,010	100.0%	5,076,879	100.0%	4.4%	34.5%
Cost of Goods Sold	(4,933,270)	-72.2%	(4,732,113)	-72.4%	(3,457,140)	-68.1%	4.3%	42.7%
Gross Profit	1,894,836	27.8%	1,807,897	27.6%	1,619,739	31.9%	4.8%	17.0%
Sales Expenses	(493,016)	-7.2%	(497,901)	-7.6%	(434,281)	-8.6%	-1.0%	13.5%
Administrative Expenses	(199,747)	-2.9%	(201,498)	-3.1%	(174,928)	-3.4%	-0.9%	14.2%
Financial Revenues	424,099	6.2%	241,410	3.7%	163,865	3.2%	75.7%	158.8%
Financial Expenses	(369,835)	-5.4%	(223,883)	-3.4%	(153,330)	-3.0%	65.2%	141.2%
Other Operating Income	46,014	0.7%	11,227	0.2%	16,211	0.3%	309.9%	183.8%
Other Operating Expenses	(149,499)	-2.2%	(134,577)	-2.1%	(133,559)	-2.6%	11.1%	11.9%
Earnings Before Taxes	1,152,852	16.9%	1,002,675	15.3%	903,717	17.8%	15.0%	27.6%
Income Taxes & Contributions	(142,496)	-2.1%	(118,725)	-1.8%	(41,999)	-0.8%	20.0%	239.3%
Deferred Taxes	(56,874)	-0.8%	9,976	0.2%	(82,797)	-1.6%	n.a.	-31.3%
Minorities	(9,582)	-0.1%	(19,871)	-0.3%	(14,663)	-0.3%	-51.8%	-34.7%
Net Earnings	943,900	13.8%	874,055	13.4%	764,258	15.1%	8.0%	23.5%
EBITDA	1,232,938	18.1%	1,124,940	17.2%	1,016,852	20.0%	9.6%	21.3%
Earnings per Share (EPS)	0.22495		0.20831		0.18211		8.0%	23.5%



Annex II – Consolidated Balance Sheet

	March 2022		December 2021		March 2021		HA%	HA%
	(A)	VA%	(B)	VA%	(C)	VA%	(A)/(B)	(A)/(C)
Current Assets	16.424.181	68%	15.945.946	67%	13.360.912	63%	3%	23%
Cash & cash equivalents	3.264.759	14%	3.217.135	13%	3.872.111	18%	1%	-16%
Receivables	4.430.633	18%	4.317.393	18%	3.835.893	18%	3%	16%
Inventories	7.018.367	29%	6.497.048	27%	4.376.561	21%	8%	60%
Other current assets	1.710.422	7%	1.914.370	8%	1.276.347	6%	-11%	34%
Noncurrent assets	7.745.069	32%	7.986.841	33%	7.800.288	37%	-3%	-1%
Long Term Assets	1.040.324	4%	930.416	4%	942.114	4%	12%	10%
Deferred taxes	370.093	2%	421.900	2%	327.360	2%	-12%	13%
Other non-current assets	659.719	3%	508.516	2%	612.303	3%	30%	8%
Investment in Subs	1.057	0%	1.265	0%	1.421	0%	-16%	-26%
Property, Plant & Equipment	5.239.800	22%	5.504.772	23%	5.179.661	24%	-5%	1%
Right of use	370.838	2%	403.721	2%	378.391	2%	-8%	-2%
Intangibles	1.463.888	6%	1.550.388	6%	1.677.092	8%	-6%	-13%
Total Assets	24.169.250	100%	23.932.787	100%	21.161.200	100%	1%	14%
Current Liabilities	9.300.954	38%	7.927.884	33%	6.488.389	31%	17%	43%
Social and Labor Liabilities	515.734	2%	388.190	2%	477.125	2%	33%	8%
Suppliers	2.171.283	9%	2.120.338	9%	1.726.734	8%	2%	26%
Fiscal and Tax Liabilities	365.868	2%	279.271	1%	298.671	1%	31%	22%
Short Term Debt	2.466.445	10%	1.052.044	4%	634.679	3%	134%	289%
Dividends Payable	139.743	1%	195.272	1%	67.189	0%	-28%	108%
Advances from Clients	2.178.944	9%	2.267.484	9%	1.910.482	9%	-4%	14%
Profit Sharring	201.611	1%	384.272	2%	166.077	1%	-48%	21%
Derivatives	62.439	0%	17.324	0%	11.688	0%	260%	434%
Leasing	60.550	0%	73.268	0%	72.103	0%	-17%	-16%
Other Short Term Liabilities	1.138.337	5%	1.150.421	5%	1.123.641	5%	-1%	1%
Long Term Liabilities	2.080.964	9%	1.994.231	8%	2.295.565	11%	4%	-9%
Long Term Debt	612.271	3%	737.071	3%	1.112.918	5%	-17%	-45%
Other Long Term Liabilities	470.066	2%	292.852	1%	164.474	1%	61%	186%
Leasing	249.231	1%	249.245	1%	314.732	1%	0%	-21%
Deferred Taxes	87.007	0%	71.892	0%	86.289	0%	21%	1%
Contingencies Provisions	662.389	3%	643.171	3%	617.152	3%	3%	7%
Equity	12.787.332	53%	14.010.672	59%	12.377.246	58%	-9%	3%
Owners of the Company	12.417.577	51%	13.604.971	57%	11.976.295	57%	-9%	4%
Noncontrolling interests	369.755	2%	405.701	2%	400.951	2%	-9%	-8%
Total Liabilities	24.169.250	100%	23.932.787	100%	21.161.200	100%	1%	14%

Annex III – Consolidated Cash Flow Statement

	3 Months 2022	3 Months 2021
Operating Activities		
Net Earnings before Taxes	1,152,852	903,717
Depreciation and Amortization	134,350	123,670
Provisions	170,392	185,326
Tax credit - ICMS exclusion from PIS/COFINS calculation basis	(34,420)	-
Changes in Assets & Liabilities	(1,560,115)	(808,260)
(Increase) / Reduction of Accounts Receivable	(819,605)	(464,873)
Increase / (Reduction) of Accounts Payable	724,659	484,123
(Increase) / Reduction of Inventories	(1,013,622)	(485,705)
Income Tax and Social Contribution on Net Earnings	(140,390)	(50,542)
Profit Sharing Paid	(311,157)	(291,263)
Cash Flow from Operating Activities	(136,941)	404,453
Investment Activities		
Fixed Assets	(200,454)	(116,754)
Intangible Assets	(9,151)	(15,985)
Results of sales of fixed assets	6,217	19,374
Aquisition of Subsidiaries	(98,441)	-
Financial investments held to maturity	(10,512)	(2,450)
Rescue of financial investments	1,318	110,578
Cash Flow From Investment Activities	(311,023)	(5,237)
Financing Activities		
Working Capital Financing	1,739,371	7,291
Long Term Financing	(80,359)	(114,231)
Interest paid on loans and financing	(11,429)	(14,347)
Treasury Shares	(5,896)	3,866
Dividends & Interest on Stockholders Equity Paid	(1,048,242)	(858,974)
Cash Flow From Financing Activities	593,445	(976,395)
Changes in Cash and Equivalents caused by FX Changes	(110,046)	72,781
Change in Cash Position	35,435	(504,398)
Cash & Cash Equivalents		
Beginning of Period	2,714,427	3,892,140
End of Period	2,749,862	3,387,742

Notes:

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

(2) Capital Expenditure

p.p. stands for percentage points

n.a. stands for not applicable

n.m. stands for not mentioned

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