



CORPORATE PARTICIPANTS

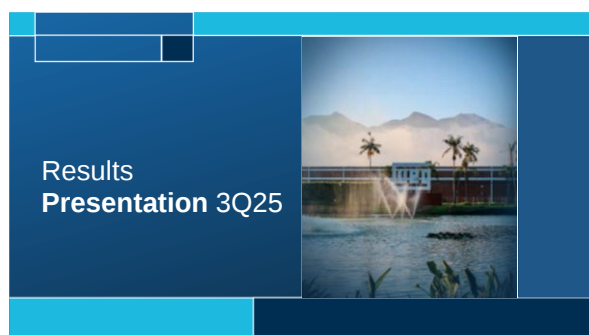
Mr. André Luís Rodrigues – Chief Financial Officer

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

Mr. Felipe Scopel Hoffmann – IR Manager

PRESENTATION

Operator: Good morning and welcome to WEG's 3rd Quarter 2025 Earnings Conference Call.



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.

We would like to inform you that this conference call is being streamed live and the audio will be available afterward on our Investor Relations website. During the Company's presentation, all participants will be on mute. Following the presentation we will begin the Q&A Session.

To ask a question, please click on the 'Raise Hand' icon at the bottom of your screen to join the queue. When announced, a request to unmute your mic will appear on the screen, and then you should activate your mic to ask your question. 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, please feel free to send you question to our e-mail at: ri@weg.net, and we will answer after the completion of our conference call.

Disclaimer

This is a support document for the WEG S.A. conference call. Any forecasts contained in this document or statements that may eventually be made during this conference call relating to WEG's business perspectives, projections and operating and financial goals and to WEG's potential future growth are management beliefs and expectations, as well as information that is currently available.

These statements involve risks, uncertainties and the use of assumptions, as they relate to future events and, as such, depend on circumstances that may or may not be present. Investors should understand that the general economic conditions, conditions in the industry and other operating factors may affect WEG's future performance and lead to results that may differ materially from those expressed in such future considerations.

We would like to emphasize that any forward-looking statements contained in this document or any statements that may be made during the conference call regarding future events, business outlook, operational and financial projections and goals and WEG's potential future growth, are merely beliefs and expectations of WEG's management based on currently available information. Forward-looking statements involve risks and uncertainties and therefore, depend on circumstances that may or may not occur.

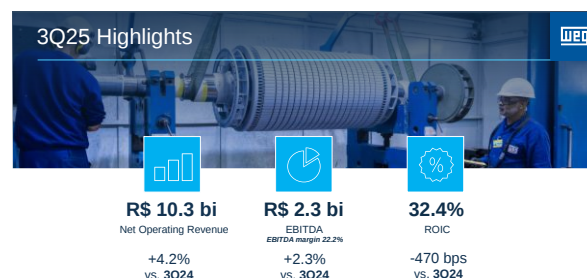
Investors should understand that general economic conditions, industry conditions and other operational factors could affect WEG's future performance and lead to results that will be materially different from those in the forward-looking statements.

Joining us today from Jaraguá do Sul are André Luís Rodrigues, Chief Administrative and Financial Officer; André Meneguetti Salgueiro, Finance and Investor Relations Officer; and Felipe Scopel Hoffmann, Investor Relations Manager.

Please, Mr. André Rodrigues, you may proceed.

Mr. André Luís Rodrigues – Chief Financial Officer

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



I'll begin with the highlights of the quarter on slide 3, where net operating revenue grew 4.2% compared to 3Q24.

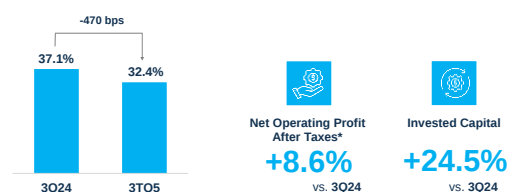
In Brazil, performance was driven by solid industrial activity, continued deliveries in transmission and distribution projects and healthy demand for commercial motors and appliances. Growth was partially offset by a significant year-on-year decline in wind power generation revenue.

In the external market, industrial activity remained strong in our main regions of operation, especially in Europe. In the power generation, transmission and distribution businesses, T&D operations in North America continued to show solid delivery volumes, despite some fluctuations in general project deliveries.

Our operating result measured by EBITDA reached 2.3 billion BRL, an increase of 2.3% compared to 3Q24. EBITDA margin remained at a very healthy level, closing the quarter at 22.2%. Along the presentation, André Salgueiro will provide more details on these points.

As for our Return On Invested Capital, one of our main financial indicators, remained at the high level of 32.4%, as we can see in more details on the next slide.

Return on invested capital



*Accumulated in the last 12 months

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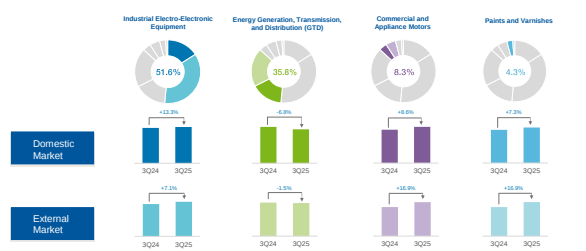
Revenue growth and sustained high operating margins contributed to maintaining our return on invested capital at healthy levels, despite the decrease compared to the same period last year. The reduction was mainly due to higher invested capital, driven by investments in fixed assets and acquisitions during the period. It's important to remember that the ROIC for 3Q25... 4 was positively impacted by the recognition of nonrecurring tax incentives in 4Q23.

Now I'll turn the floor over to André Salgueiro.

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

Thank you, André, good morning everyone. On slide 5, we show the evolution of net revenue by business area. In Brazil, demand for short-cycle products remained solid, particularly for low-voltage industrial motors and gearboxes, across several operating segments.

3Q25 Business Area Performance



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We also observed positive performance in long-cycle equipment deliveries, such as medium-voltage electric motors, especially in the oil and gas and mining sectors, despite an investment environment that remains somewhat restricted.

In GTD, the T&D business continued to perform well, driven by deliveries of large transformers and substations. The decline in revenue in this area was mainly due to the absence of new wind turbine deliveries, as the pipeline for 2025 had already been anticipated. There was also a reduction in solar generation revenue this quarter, mainly reflecting the completion of large centralized solar generation projects executed over the last three quarters.

In commercial motors and appliances, we continue to deliver positive results, with growth in sales to key segments, such as air conditioning, water pumps and compressors.

In coatings and varnishes, sales of our main products remained strong, with notable demand for liquid coatings used in the oil and gas segment.

In the external market, short-cycle equipment benefited from continued healthy industrial activity across multiple regions, with an improvement in the European market standing out. For long-cycle equipment, such as high-voltage motors and automation panels, delivery volumes contributed positively, although geopolitical uncertainty continues to weigh on new investment levels.

In GTD, we maintained good delivery volumes in T&D operations in North America, despite a lower volume of deliveries in another key region, South Africa. Revenue moderation in this area was mainly driven by fluctuations in generation project deliveries in Europe and in India, a typical dynamic for this type of business, even with strong performance from the Marathon generator operations in the United States and China.

In commercial motors and appliances, demand remained positive, particularly in China and North America, along with contributions from both electric motor operations in Turkey.

WEG S.A.
Conference Call - Earnings Results 3rd Quarter 2025
October 23rd, 2025 – 11:00 a.m. São Paulo (BRT)
Transcript of the simultaneous translation from Portuguese into English

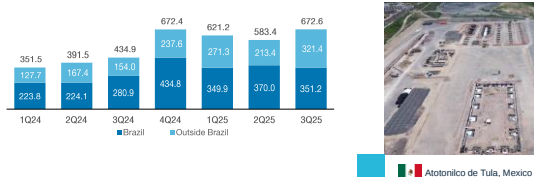


In coatings and varnishes, revenue growth was supported by strong performance in Mexico and the recent acquisition of the operations of Heresite in the United States.



Slide 6 show EBITDA evolution, which grew 2.3%, while EBITDA margin closed the quarter at 22.2%. Although slightly lower than the same period last year, mainly due to higher costs of some raw materials, EBITDA margin remains strong, supported by the current product mix.

Investments (CAPEX)



Finally, on slide 7, we show the evolution of our investments, which totaled 673 million BRL, with 72%... 52% in Brazil and 48% abroad. In Brazil, we continue to modernize and expand production capacity at T&D, while increasing capacity and productivity at our Jaraguá do Sul and Linhares sites.

Internationally, we continue investments in Mexico, particularly the progress in building the new transformer factory, and in the expansion of motor production capacity in China. That concludes my section and now I'll hand it back to André.

Mr. André Luís Rodrigues – Chief Financial Officer

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

Recent Achievements

- Investments for manufacturing site expansion and vertical integration
- Climate commitments certified by SBTi
- Acquisition of Tupinambá Energia

Outlook

- Global geopolitical and macroeconomic scenario demands attention and brings challenges
- Robust capital budget to sustain the company's growth in Brazil and abroad
- International presence and diversification of products and solutions contribute to growth

I would like to highlight a few points: first, during the quarter we announced several important investments, including a 1.1 billion BRL plan in Santa Catarina to expand the Energies Unit's product portfolio and production capacity; and also a 77 million USD investment in the special transformers plant in Washington, Missouri; and 160 million investments to further integrate and expand the electric motor production at the Linhares unit in Espírito Santo.

In September, we also announced a target to address greenhouse gas emissions reduction in Scope 3, in addition to having our Scope 1, 2 and 3 targets for 2030 validated by the Science Based Targets Initiative.

More recently, we announced the acquisition of a controlling stake in Tupinambá Energia, a company with a strong presence in software and services for electric vehicle charging network management, aligned with our strategy presented at the last WEG Day to provide complete solutions for the e-mobility market.

Finally, a few words on our outlook for the remainder of the year. Despite mitigation measures already under way, the geopolitical and macroeconomic environment requires close attention and brings short-term challenges. We remain focused on our investment plan to support growth in Brazil and abroad, both to strengthen our market mature businesses and to develop opportunities in new markets.

Even amid a complex geopolitical backdrop, we continue to expect annual revenue growth and high operating margins, supported by our international presence and diversified product and solutions portfolio. This concludes our presentation and we can now move on to the Q&A session.



Q&A SESSION

Operator

We'll now begin the Q&A Session. As a reminder, to ask a question, please click on the 'Raise Hand' icon at the bottom of the screen to join the queue. When announced, a request to unmute your mic will appear on the screen, then you should activate your mic to ask your questions. We kindly ask you that all questions are asked at once.

Starting, our first question comes from Lucas Esteves from Santander. Mr. Esteves, you can ask your question.

Mr. Lucas Esteves - Santander

Thanks everyone, congratulations on your results. I have two topics that I would like to approach, starting with the results acquired from Regal that you did not disclose this quarter. So I'd like you to give a bit more color on this business, how it behaved.

Then I ask that because previously, you said that you were increasing capacity with generators, so I would like to understand that this is already reversing in an increasing volumes and results, or this is to be seen in the coming quarters?

Second question, how WEG is positioning itself as a solution provider more than an equipment supplier. I ask that because when talking to stakeholders, we hear more and more that WEG is offering complete solutions, a generator instead of solar panels. So all that said, I would like to understand your strategy, if the company is going to position more and more as an OEM to products, if that can expand your market and if that somehow connects to the company's strategy to expand its footprint in the aftermarket. Thank you very much.

Mr. André Luís Rodrigues – Chief Financial Officer

Hi Lucas, this is André Rodrigues speaking, thanks for your questions. It's a long question, if we forget something, please just remind us of the main points. I will start talking a bit about the integration of Regal. It is going on, it is as expected. When we talk about Regal... Marathon, I'm sorry, when we talk about the businesses of Marathon, we are basically talking about two businesses: low-voltage motors and alternators.

For low-voltage motors, we saw an accommodation in the market, and I think the main focus now of the entire industrial team of WEG Motors is gain synergies in the stage where we are, without many investments in terms of verticalization. So optimizations of products, opportunities to reduce costs, all following as expected.

The alternators business, as we mentioned on WEG Day, is a business that is developing very well. João Paulo, right after the acquisition, focused to try and increase capacity the most. We are making investments to increase capacity, this is probably to be completed at the end of this year, beginning of next year, to continue developing the business, given the markets that demand this equipment and that have contributed positively for this business.

So Marathon businesses have a very strong, recognized brand in the U.S. market, particularly. Integration of admin areas, we are also evolving relatively well. We did have a huge challenge in terms of the carve-out of systems, we are talking about more than 150 systems.

We're able to develop all the efforts before the deadline of the TSA that we had with them and also in terms of shared services that was provided, especially in the North America region by the Regal organization, Rexnord. We also were able before the deadline to migrate to our shared service model, which is called WEG Business Services.

So in this migration, we had especially gains in IT and to bring the business to our model - and with this, we had already a reduction of approximately 6 million USD in annual costs.

Consequently, with this, together with all efforts in the industrial area, the good performance of alternators, Regal's margins are improving quarter-on-quarter - and we highlight that it is an integration process that will take 4 to 5 years. But the message is positive, and it is following as scheduled.

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



This is Salgueiro speaking. As for your second question, WEG's model of becoming more and more focused on solutions, this is a reality. This was the main focus of our presentations on WEG Day, the last WEG Day that we held recently.

And there, we brought three major topics: one, solutions for e-mobility. So WEG not only focusing on manufacturing powertrains or recharge stations or batteries for buses, but rather being more and more focused on following a complete solution, integrating it all.

And this comes from the service center that we announced in São Bernardo do Campo for support, and also the acquisition that we released, recently announced of Tupinambá to complement the ecosystem. So we have been working to integrate more and more services and solutions.

And the three main topics of WEG Day was e-mobility, microgrid and network reliability. That is, to have more and more complete solutions for the market, not only focused on the product, but on the whole solutions and how we can help our clients on their journey.

Mr. Lucas Esteves - Santander

Thank you very much Rodrigues, Salgueiro, thanks for your answers and have a good day.

Operator

Moving on, our next question comes from Gabriel Rezende from Itaú BBA. Gabriel, you can activate your mic.

Mr. Gabriel Rezende - Itaú BBA

Hi André Rodrigues, André Salgueiro, good morning, thanks for taking my question. I have two questions, first, I would like to understand about the added capacity for transformers in U.S. I think this is going to be effective by '26, beginning of '27, and the market is more and more thinking of what '27 is going to be like for WEG.

So are you selling already the additional capacity that you're going to have in transformers for '27? What is your pipeline for transformers? If you could talk about prices and volumes that would be very good, especially about the additional capacity.

And the second question, we have been monitoring yourself and the competitors, and prices are going up in the U.S. because of tariffs and some inflation in the

sector. I would like to know if you understand price increases in the U.S. offset loss in competitiveness or if you could have a drop in volume as price increases take place, thank you very much.

Mr. André Luís Rodrigues – CFO

Hi Gabriel, I'm going to talk a bit about transformers, okay? Well, we have been announcing for some time now, three years, I would say, every year, a new package of investments of the business given the demand and how the market is heated in several segments: energy efficiency, generative AI.

So WEG by the end of '23 made a solution, and in the beginning of the '27, we would have double global capacity for WEG in the transformer business. We are following the investment plans unchanged, whenever we see a new opportunity, we reinforce the plan. We had a recent announcement, the modernization and increase of capacity in the special transformers plant in Missouri, an investment of 77 million USD.

In addition, we have the new plant in Mexico; a new plant in Colombia; increasing capacity in Gravataí and Betim to use the opportunities in the market.

And when we have visibility, as we are having now, of the completion of the projects, we start already to have a backlog. So the answer is, yes, we are building our backlog in all the units in where we have visibility of completion. That is going to be by 1H26 to the end of '26 for us to seize opportunities as of '27. Of course, perhaps enjoying opportunities in 2H26.

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

As for prices in the U.S., Gabriel, I think the whole process, when the tariffs started to be discussed, made it clear that inflation would happen, not only for WEG, but for the whole American market as a whole. So it's just natural in our strategy to try and mitigate impacts is to use our commercial strategy in prices in the U.S. - and you did say it's not only WEG's, it is WEG and almost all the players in the market.

And so this is a movement, especially the most relevant part that happened more recently, that we still cannot measure in terms of details of impacts because in practice, it came into force in October. So we have to see how the activity is going to evolve from now on.

So this is something that we'll have to monitor in the coming months: how the market will respond to the commercial strategy. But again, it's not only motors, transformers or other products; it is the U.S. economic



activity as a whole, due to tariffs and price adjustments are being made throughout the industry.

Mr. Gabriel Rezende - Itaú BBA

Very clear, thank you very much for your answers.

Operator

Our next question comes from Lucas Marchiori from BTG Pactual. Mr. Marchiori, you may go on.

Mr. Lucas Marchiori - BTG Pactual

Thanks. I have just one question, but perhaps with some items. Still about tariffs, I was a bit lost in terms of times. Probably you already had an impact of the tariff this quarter. You are saying that you are having an effort of repricing of products, and then you have the waiver of what was shipped until mid-October. So perhaps the full impact in costs and margins is just going to show in 4Q. I would just like to see if my understanding is correct.

So the full quarter is just going to be in 4Q and how far you are in terms of passing on prices? You mentioned 10% in 2Q, then we said mid-teens for the next quarter. Just to understand how long the curve is.

And finally, the passing on costs to balance tariffs, this is something that the whole market changed the price dynamics. If you have a decrease in tariffs, you don't necessarily have to return that to clients, you can keep it in margin. So do you think this is standing if and... if tariffs are renegotiated next year? So just the question with the same topic, tariffs.

Mr. André Luís Rodrigues – CFO

Thanks for your question, Lucas. I'll try to answer all the parts. The first point, what you mentioned is correct: we are going to have the full impact in 4Q. We did have some impact in 3Q, particularly the last month of the quarter, in the month of October, we did have this impact. But throughout this moment when we had the information of tariffs, we started working on several fronts to mitigate the impact. There is not a silver bullet. You talked about recomposition or realigning prices, WEG's logistics chain to minimize that, and the company continues to work along these lines.

Our expectation for 4Q is to have a greater impact because of the tariffs - but again, we have lots of action plans and initiatives to mitigate the impact. In the end of the quarter, we are going to have a clearer view of whatever was possible to be mitigated and the impact.

As for price realignment, well, the thing is we have to know what the market is going to be pricing. I cannot say that this is a given, because if the tariffs change, if there is a change in process, a change in dynamics, we have to adjust according to the wind.

Mr. Lucas Marchiori - BTG Pactual

Okay, very clear, thank you very much.

Operator

Moving on, our next question comes from Alberto Valerio from UBS. Mr. Valerio, you may turn you mic on and go on.

Mr. Alberto Valerio - UBS

Thanks for the opportunity, good morning Salgueiro, Rodrigues. A follow-up on tariffs, because we are seeing lots of news on WEG suiting its capacity in Mexico, United States, Brazil, Mexico. What is missing in Brazil for WEG to eliminate 100% of its tariffs? That is, not producing anything in Brazil to be exported to the U.S.?

And second question: the exposure of BESS in WEG. There is an auction now in December, another larger auction for June next year. What should we expect from WEG for '26? Thank you.

Mr. André Luís Rodrigues – CFO

Hi Alberto, thanks for your questions. Okay, one point that is very important to reinforce is the investments that WEG is making in the U.S. Along the recent years, the revenue that is produced and generated in the U.S. is increasing and WEG is doing that. In transformers alone, we expanded in the last five years our two existing plants; we had a greenfield project; we are renovating a new one and increasing capacity.

So added to everything we mentioned: restructuring, logistic chains and other initiatives that we are talking about, also the increase in capacity in the U.S. will help us to minimize the impact.

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

Alberto, as for BESS, we did show on WEG Day our solutions for microgrid, even home use, the monogrid,



industrial use, commercial agribusiness, until getting to that.

So it's important to mention that WEG has a full portfolio today of products to serve the different segments, and we have been working very hard in this project of the small - medium size, which is a good market demand. To give an estimate for the next year, perhaps it's too early, because that depends on the development of the market from now on.

And you did mention two important things: the auctions that are expected to happen this year and next year - and indeed, if they do happen, they may be a very interesting opportunity, much greater than we have today, because today opportunities are concentrated on mid, small-sized projects.

We are seeing people wanting projects perhaps with a greater scale that we are having, but different from utility projects, which are the large projects that generally take place. So if the auctions happen, that can change. The market as a whole can grow, and that will depend on how much WEG is going to capture of this market along the next years.

Mr. Alberto Valerio - UBS

Very good, thank you very much.

Operator

Moving on, our next question comes from Rogerio Araujo from Bank of America. Rogerio Araujo, you may go on.

Mr. Rogerio Araujo - Bank of America

Hello, good morning André, Salgueiro, thanks for the opportunity. I have two questions on my side, the first is the external GTD revenue. It did go down, despite the favorable T&D moment. We did some accounts with transformers in North America, some assumptions considering the revenue of generation abroad, it may have dropped from 30% to 50% YoY. Does it make sense? Are our accounts correct? And if you could talk about the deliveries in the past, until when this comparison basis is going to be kept? So this is my first question.

Second, about margins. I do not recall if it was one or two quarters ago, you said if it weren't for the renewables mix, especially solar farms, margin would have gone up; and now the mix is down, especially solar farms and the margin did not really show the difference. I would like to know what hurt you. You did talk about

tariffs affecting October; was it this? Any other factors? Just for us to understand margins in the short term, thank you very much.

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

Hello Rogerio, this is Salgueiro speaking, thanks for your question. I'll answer the first, GTD in the foreign market, and then André is going to talk about margins. We don't break down in our releases. What I can say is that indeed, generation did have a significant drop this quarter, especially because of a somewhat weaker performance in the joint venture that we have in Europe compared to last year.

And that especially for the fact that we did have some important projects and concentration of deliveries last year that were not replicated this year, and also because of reduction of revenue in generation in Asia - Pacific, especially for projects that are served by the Indian operation.

We did mention that in our release. I don't know if it was 100% clear, but in T&D, the quarter was slightly different. T&D had been growing in all operations in the external market this quarter. We continue with positive performance in T&D, North America continued with good performance.

But in Africa, it did have a drop in revenue in the quarter because some large transformers that we delivered last year, and that these projects were not replicated this year. So there is an effect of a lower growth in GTD, the external market, in generation, but also a portion of T&D in Africa.

So what is doing well, positive without changes is T&D North America and Colombia, altogether in this context.

Mr. André Luís Rodrigues – CFO

And Rogerio, about margins you are right. I think it was in 1Q that we broke down how much margin we would have consolidated excluding that movement that started in the last quarter last year about solar farms, and continued in 1Q and 2Q. I don't recall exactly the amount, but we can talk about that later on, but we did mention that and it is in the transcription of our last call. I think it was 1Q.

Undoubtedly, what we see in terms of margin behavior, it is according expected. We expected a 1H a bit more pressured because of the product mix. As the product mix with solar went down, the margin will improve, and it is improving. If you get year-to-date margins of WEG,

it is within expectation to fluctuate between what we had in '23 and '24.

Remember that when we are monitoring margins, we cannot talk about one quarter. This is very complicated because we have several business dynamics and everything. For instance, we did have the impact of the tariffs this quarter, not all action plans to mitigate that in place.

And what we saw this quarter, compared to what we had last year - and perhaps it is a bit of the result of the margins - is that there was a bit of an increase in prices of the main raw materials, especially steel and copper, which also impacted the margin of the quarter. But again, I would like to stress that margins are improving quarter-on-quarter as expected, and we want to... we believe that it's going to be fluctuating between what we had in the last two years.

Mr. Rogerio Araujo - Bank of America

Very clear gentlemen, thank you.

Operator

Our next question comes from Lucas Laghi from XP Investments. Mr. Laghi.

Mr. Lucas Laghi - XP Investments

Good morning Rodrigues, Salgueiro, Felipe, thanks for taking my question, I have two. Thinking about EEI performance, I think it was the highlight of the performance this quarter. I would like to know your dynamics for external markets, especially in the U.S. Any concentrated delivery, any anticipation of the purchases because of tariffs? So anything out of the ordinary? I'm thinking of industrial activity as a whole. When I take a look at the release of your competitors, you see a backlog that is very strong in 3Q from the U.S.

So in the U.S., some segments are doing very well, others are doing poorly. I would like to understand if you could have an acceleration of revenues driven by the U.S. So try and understand how you see industrial activity as a whole, especially the U.S.

And for internal GTD, and perhaps that was the downside in terms of revenues, especially

because of the drop in solar, as you had mentioned. So just to understand if we are already on a normal level, or if you think that you can still have a decline in solar.

How are things going on in GD residential? And do you think that 1/3 would be in T&D? I know that things are changing with solar, but how would you consider the internal GTD? So basically, external GTD and internal GTD, that's my question.

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

Hi Lucas, good morning, this is Salgueiro, thanks for your questions. As for industrial electric-electronic equipment, first I would like to reinforce that we did see the market resuming, that's the upside: Brazil grew by 3.3%, and we do see also growth in the external market of 7.1% in BRL and even stronger in USD, almost 9%.

So that shows a market and an industrial activity that's quite interesting, and that is reflected in our numbers. We did highlight the performance of Europe. I think it was the main highlight in terms of recovery, because Europe was a region that was not doing well in recent quarters; and as of this quarter, we did see significant improvement. So that's an important point to highlight.

And in the U.S., well, the U.S. has a bit of a different dynamic because of tariffs and everything that we have discussed before, but also the performance of industrial activity, especially with motors and projects, is going on. It's happening, not at the same pace as before. We did mention in the call last year that the decision of new investment was on hold, with the dynamics we still do not see a major change.

But an important point that you did mention, and we can talk about that, is that when you see orders coming, the performance is better than in the past, which shows that we might have for the future an industrial activity in the external market with a more positive dynamics - and here considering all regions and also the U.S.

When we talk about GTD in the domestic market, you did mention two important points that justify the drop: the wind power, because we already knew that there was a lack of new projects and that continues; and the news this quarter, that we tried to address to you in the comments of last call, is that solar would be weaker in 2HTY, especially for the fact that we no longer have the GC projects, so that was the main reason.

And when we look into the performance of 3Q compared to 2Q, this is clear. When we compare 3Q and 3Q that's



not so relevant, because in 3QLY we didn't have these projects, they started in 4Q, and that's interesting.

Considering your question, when you look into the future, we do have a challenge for 4Q, which is when we started centralized generation a bit stronger, we don't have the projects this year.

And another point is that the GTD market, distributed generation, is not heated either. So we do have projects, they are evolving, but at a pace that's slightly slower than in the past. So putting together the factors, we have a solar dynamics already reflected this quarter with a weaker performance and the expectation, because of the comparison base of centralized generation of last year, this movement can be even accelerated in 4Q.

Mr Lucas Laghi - XP Investments

Very good, thank you very much, Salgueiro.

Operator

Our next question comes from André Mazini from Citi. Mr. Mazini, you may go on.

Mr. André Mazini – Citibank

Hello Rodrigues, Salgueiro, thanks for taking my question. My question is about the competitive scenario with the acquisition of 50% of Prolec. In yesterday's call of GE Vernova, they talked about commercial synergies. Do you think that changes anything in the North American market? And also in the call, they said 20% of the orders of Prolec comes from hyperscalers and data centers. So if you would have an estimate of how much T&D orders in the foreign market comes from this type of customer.

And finally, a follow-up of the last question. I don't know if you did mention that there was a pre-buy, I didn't understand that. That's it.

Mr. André Luís Rodrigues – Chief Financial Officer

Hi André, thanks for your question. Well, the competitive scenario, what we saw yesterday, I think does not change much. It's a competitor that has already been in the market, they are just acquiring the remainder of the business.

And we know that everyone is making investments to expand capacity and to enjoy demand. WEG positioned itself in the past. We believe that we started before the

competition if we compare most of the competitors, and we also understand that in '26, we are going to be one of the first in the main markets to add this new capacity.

As for supply to data centers, the number that you mentioned, WEG is very close to that in the U.S. So again, we do not see major changes considering the competition.

I did not understand the second part of your question.

Mr. André Mazini – Citibank

Of course, it's another topic. If there was a pre-buy in 3Q in EEI given the tariffs. If there was a pre-buy, if people advanced their orders.

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

Hi Mazini, this is Salgueiro. We cannot say that. The increase in tariffs started in the beginning of the year. The discussions and more concrete. Effect started with the 10%, then we had the 50%. So it's important to reinforce that the 50% was specific to Brazil.

And obviously, people know that WEG is a Brazilian company, it is based in Brazil - but it is very specific with its dynamics with local players. It can provide motors from different countries, Mexico, Asia. So we cannot say that this movement was relevant or if there was a significant effect on 3Q.

Mr. André Mazini – Citibank

Thank you very much.

Operator

Our next question comes from Marcelo Motta from JP Morgan. Marcelo.

Mr. Marcelo Motta – JP Morgan

Thank you, good morning everyone. I have two questions, first a follow-up on tariffs. We have a meeting of Trump - Lula this weekend, we don't know if it's going to happen. But do you see anything, I don't know, considering information from the Ministry of Industry, what kind of a lobby is going on? Do you have backstage information for something that we should look into?



And also your effective tax rate along the year. It has been going down, 15 was the top compared to the 7.5. Do you think that this rate is going to continue to go down, or it was just something that happened this quarter? So just to understand its curve because it's now below what was last year.

Mr. André Luís Rodrigues – CFO

Thanks for your questions, Motta. We would love to have some additional information, but unfortunately we are also following the information with the same channels that you have. But when there is an opportunity to sit down and negotiate, we see it as a good time; and we hope that when it happens, when the meeting happens, it will help all of us to try and decrease tariffs to a more reasonable level.

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

As for the effective rate, we always say that this is a number that will continue to fluctuate quarter-on-quarter. It's natural that it happens, especially because of the mix of results that are generated in Brazil compared to what is generated in other regions. So I think that's very important to say.

When we compare it to last year, there are two effects: one, it is a better use of interest on equity for two reasons: we had an increase in our profit and loss. We had a capitalization this year and also an increase of TJLP, which is the rate that we use to calculate interest on equity; and in addition to that, we had the mix of growing results in the external market compared to Brazil, which also contributed to the positive fluctuation.

For the future, once again, fluctuations are part of the day-to-day. But from what we understand, considered TJLP and others, we don't think we are going to have any significant change, at least in the short term. In the mid-to-long term, it is hard to elaborate because there are too many variables, too many discussions going on that may change assumptions. So in the future, the scenario can change - but we do not expect major changes when we consider this year, beginning of next year. So more of the short term.

Mr. Marcelo Motta - JP Morgan

Thank you very much.

Operator

Moving on, our next question comes from Pedro Martins from Bradesco BBI. Mr. Martins.

Mr. Daniel Federle - Bradesco

Good morning everyone, thanks for taking my question, it's Daniel Federle from Bradesco asking. My question is about especially long cycles. It seems that past portfolios contributed to revenues, but sales are weaker at the front end. My question is should we expect a drop in long-cycle products for the coming quarters? And how long does it take from weaker orders to generate weaker revenues?

And the second question related to that: should we see a weakness in long-cycle products as an indicator of what's going to happen in short-cycle? That is, the projects that are not happening right now would generate for the future a drop in short-cycle products?

Mr. André Luís Rodrigues – CFO

Hi Daniel, thanks for your questions. You are correct. When we look into projects, considering Brazil and also the external market, we do see an environment in which products are running at a slightly lower level than what we had in the recent past; and abroad more concentrated in the U.S., because of uncertainties related to tariffs - and we did mention that in the last call, we were feeling that clients were postponing projects.

And in Brazil, because of higher interest rates. Some markets and remember, projects sometimes they are connected to commodity cycles - and we had a very important cycle of investments in pulp and paper two or three years ago, then it went down, now we are seeing some projects being resumed. But mining continues to be okay. Then we had a drop, we're seeing now some resumption. So it depends on the dynamic of each of the markets.

When we talk about leading indicators, generally, the normal cycle is to see a deceleration in the demand of short cycle that will impact in long-cycle projects. And quite often when long-cycle projects is being impacted, we see a resumption in short cycle. I did mention that, that the coming of orders in short cycle gives us positive signs for Brazil and the external market. So we already see a resumption in short cycle.

Eventually, we can see a resumption of projects for the coming quarters. We cannot say that because we still do not have hard numbers on that, but perhaps the natural cycle would be like this. So let's wait and see, and we are going to give you updates as months go by to see if the demand in the long-cycle portfolio starts to respond to what we are seeing in recent quarters.



Mr. Daniel Federle - Bradesco

Very good, thank you very much.

Operator

Well, we are now closing our Q&A session. Remember, if you have any more questions, you can send your questions to our e-mail: ri@weg.net. I'm going to turn to André Rodrigues for his final remarks. Mr. Rodrigues.

Mr. André Luís Rodrigues – CFO

Well, once again thank you so much for attending and I wish you all an excellent day.

Operator

WEG's conference call is now concluded. We thank you for your attendance and wish you a good day.
