



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 2Q25 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 broadcasted, and after its conclusion, the audio will be available 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 your screen, and then you should turn 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, feel free to send your question to our e-mail: ri@weg.net, and we will answer your questions after the conclusion of the conference call.

Disclaimer

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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.

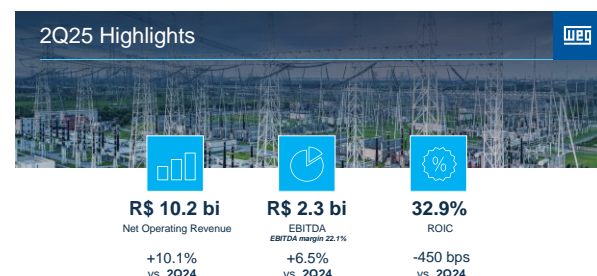
We would like to emphasize that any forward-looking statements contained in this document or any statements that may be made during the conference call regarding future events, business outlook, operational and financial projections, goals and WEG's potential future growth are merely the beliefs and 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 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.



Let me begin with the highlights for the quarter on slide 3, where net operating revenue grew 10.1% compared to 2Q24.

In Brazil, we had a positive performance in the solar generation business and continued delivery of



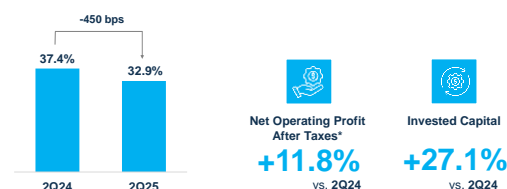
transmission and distribution projects, despite slower overall growth due mainly to a significant drop in revenue from the wind generation business.

Abroad, we saw another quarter of growth in the power generation, transmission and distribution businesses, particularly in North America, along with a healthy level of industrial activity and higher sales of short-cycle equipment across key regions where we operate.

Our operating result measured by EBITDA reached 2.3 billion BRL, up 6.5% from 2Q24. EBITDA margin closed the quarter at 22.1%, remaining at a very healthy level. Along the presentation, André Salgueiro will provide you more details on this point.

ROIC, one of our key financial indicators, remained at a high level of 32.9% as we'll see in more detail on the next slide.

Return on invested capital



*Accumulated in the last 12 months

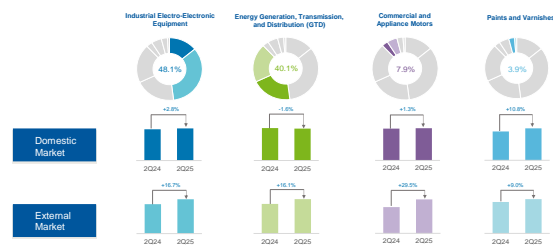
Revenue growth and operating margins in the period helped to maintain ROIC at a high level, even though there was a decline compared to the same period last year. In addition to the increase in invested capital due to investments in fixed assets and acquisitions during the period, it's important to note that 2Q24 return on invested capital was positively impacted by the recognition of nonrecurring tax incentives.

Now I'll turn to André Salgueiro.

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

Thanks, André, good morning, everyone. On slide 5, I will go over revenue trends across our business areas. In Brazil, we saw a strong demand for low-voltage electric motors spread across the various segments we serve.

2Q25 Business Area Performance



For serial automation equipment, demand fluctuated mainly due to high inventory levels at key clients. For long-cycle equipment, such as medium-voltage electric motors and automation panels, project delivered slowed down, reflecting a more cautious environment for large-scale investments.

In the GTD segment, despite lower wind projects revenues in 2025, we maintained a high volume of centralized solar generation project deliveries. Combined with solid performance in the T&D business, this contributed positively to the quarter. It's worth noting that excluding the wind generation business, all relevant segments posted double-digit growth this quarter.

In the commercial motors and appliance segment, we maintained sales in line with the same period last year, with solid results in key sectors such as air conditioning and motor pumps manufactures, although revenue in the washing machine segment declined.

In coats and varnishes, demand remained strong, particularly in the water and sanitation and agricultural equipment segments.

Abroad, industrial activity improved across all our main regions of operation, with solid performance in short-cycle equipment, such as electric motors and serial automation products.

For long-cycle equipment, we continue to see good demand in the oil and gas and water and sanitation sectors. However, the current global political and economic scenario has been impacting decision-making for new investments.

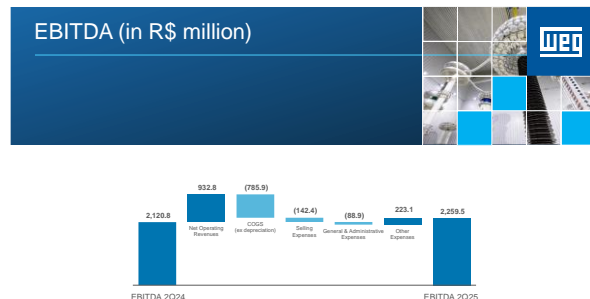
In GTD, we continue to benefit from opportunities in the T&D market in North America, despite a lower concentration of project deliveries this quarter. It's important to highlight that the T&D order backlog remains healthy and plants are running at full capacity.

Generator business from Marathon in the United States and China also contributed to segment growth.

In commercial motors and appliance, we saw revenue growth in several key regions, especially in China and North America.

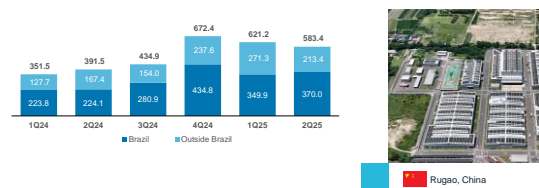


In coatings and varnishes, demand growth was mainly driven by the strong performance of our operations in Mexico, along with exports from Brazil to other Latin American countries.



Slide 6 shows EBITDA evolution, which grew 6.5%, while EBITDA margin closed the quarter at 22.1%, improving compared to 1Q25 and slightly down versus the same period last year. This is mainly due to the change in the product mix as well as the consolidation of acquired businesses during the period.

Investments (CAPEX)



Finally, on slide 7 we show the evolution of our investments, which totaled 583 million BRL, with 63% allocated in Brazil and 37% abroad. In Brazil, we continue to modernize and expand T&D production capacity, as well as increase capacity and productivity gains in Jaraguá do Sul.

Abroad, we are moving forward with investments in Mexico, particularly with the construction of a new transformer plant. That concludes my remarks, and I'll turn the floor 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

- Acquisition of the assets of Heresite Protective Coatings, an industrial coatings company
- Improved performance in the FTSE4Good Index

Outlook

- Healthy operating margin dynamics
- Global presence allows risk mitigation and expansion of opportunities
- Global geopolitical and macroeconomic scenario demands attention

I would like highlight the following: first, in May, we announced the acquisition of the assets of Heresite Protective Coatings, a US-based industrial coatings company founded in 1935. Heresite is well established in the industrial coatings market with operations in the US and strong international presence.

Last week, we also announced our continued and significant improvement in the FTSE4Good Index, one of the world's leading benchmarks for corporate sustainability performance. WEG has been part of the index since 2016, and this recognition reflects our ongoing efforts to foster sustainable business practices, both within and outside the company.

Finally, a few words on the outlook for the rest of the year. We continue to see healthy operational dynamics, and the product mix should keep supporting good operation margins. We remain confident in our strategy based on global presence, a diversified product portfolio and operations across several segments. This allows us to respond quickly to changing scenarios and mitigate potential macroeconomic impacts.

Lastly, it's essential to keep a close eye on the geopolitical and macroeconomic context, as shifts in this environment could affect business dynamics throughout the rest of the year.

This concludes our presentation and we can now proceed to the Q&A session.

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Driving efficiency and sustainability

Q&A SESSION

**Operator**

We'll now start the Q&A Session. To ask a question, click on the 'Raise Hand' icon to join the queue. If announced, a request to activate your mic will show up on your screen, then you should enable your audio to ask your question. We kindly ask you to make all questions at once.

To start, our first question comes from Rogerio Araujo from Bank of America. Rogerio, your mic is on, you may go on.

Mr. Rogerio Araujo - Bank of America

Hello everyone, good morning, thanks for taking my question. I have two on my side. The first, I'd like to explore the GTD market abroad. We see that most of the segment comes from T&D, and we see a level of organic revenue in USD going down, low-teens lower than the 4Q24 and going up now 2% YoY in 2Q. That has been lower than what we have seen in global companies in the electrification segment.

However, when we see the profit for T&D in North America, it continues to go up. So it shows that you're probably having some incremental price increases in deliveries, which make us conclude that we might be seeing a drop in volume compared to 4Q and less growth than global peers.

Does it make sense what I'm saying? Is it a matter of mix? Is it because of generation and expectations for the coming quarters? This is my first question.

The second question is with regards to growth in revenue. Wind had a steep drop in 2Q, 3Q and 4Q24, now it is stable; and thinking of this expectation for centralized solar generation going down in the coming quarters, do we see a lower GTD for Brazil in the coming quarters? Do you think you have a more adjusted base? How do you see that?

And still in revenue growth, you talked in the release for less demand for long-cycle products and industrials, both in Brazil and abroad, and we do not see a drop in revenue in industrials in any of the regions. Can that be an advanced indicator of lower growth for this division for the coming quarters or not necessarily? That is it, thank you very much.

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

Hi Rogerio, good morning, this is Salgueiro, thanks for your questions. I'm going to start talking about GTD, the first part of your question. But first, it's important to

mention that we have GTD in abroad with a high exposure of T&D, but we also have generation. So in mega numbers, we are talking about 75% for T&D and 35% is generation.

When we see the performance in the last quarters mainly, specifically 1Q and 2QTY, we see performance that is very healthy in T&D, as we have been reporting for some time now. A full backlog, the plant is running at full operation; foreign operations full capacity, too, and showing growth comparing to last year. In practice, that can change a bit from quarter to quarter, depending on the level of deliveries that you have. So you might have some differences, it's natural in this kind of process - but when we look at T&D as a whole, the segment continues with a very good prospect for the year and growth for the year.

What is happening and is somehow interfering in our performance is generation. Generation had a weaker quarter in 1Q, and we also saw the same dynamic in 2Q.

So we have some operations, especially in India with our joint venture and also exports in Brazil, that are running at a slightly lower level than the previous year, so consolidated numbers showed a decelerated growth. But basically, this is because of generation and some delays in T&D delivery - but again, this is going to be offset as we move on to the next quarters.

As for the performance of GTD Brazil, indeed, we do have some important segments that are changing dynamics from one year to the other. Wind, as you mentioned, and we have been mentioning that since the end of last year that we wouldn't have a backlog for this year. If we take a look at the performance last year, it was a positive performance with higher concentration in the 1Q of the year. So the 1QLY and 2QLY were more relevant in terms of wind revenue - but then revenues started to go down as of 3Q. So for wind generation, we should have a lower impact from now on.

What I think is important to mention is that we do have solar, and solar is picking up in terms of relevance in centralized generation as of the 4QLY. So when we are looking at the 4QTY, you're going to have a stronger base of comparison for solar, but not as much for wind; 3Q... 3Q and 4Q, sorry, had a slower comparison base.

And finally, when you talked about long-cycle internationally or overall, in electric and electronic industrial equipment we have seen some fluctuation in revenues, but I would say that the most relevant impact, or at least the signs that we are having, is basically our backlog. And I think that with the new tariffs and geopolitical discussions, this is being a bit impacted, especially when people think of new projects. So we do



see a deceleration, but overall short cycles continue very positive.

When you think of electro-electronic industrial equipment, foreign market for 2QTY, we did see a significant improvement compared to 1Q. So it is more concentrated on long-term projects, and we have to see what happens in the coming days.

Mr. Rogerio Araujo - Bank of America

Very clear, very clear answers, thank you very much.

Operator

Moving on, our next question comes from Lucas Laghi from XP. Mr. Laghi, you may go on.

Mr. Lucas Laghi – XP Investimentos

Good morning everyone, thanks for taking my question. I'd like also to touch some points with regards to revenue and a follow-up on the previous question, organic growth first. If you remove the effect of acquisitions and we adjust for FX, we do see a deceleration: it's 1% YoY excluding FX, if I'm not mistaken, with the greatest impact from wind.

But just to try and understand the prospects for the future, first, North America, and even thinking of the results of the competition, we do see a strong backlog especially for motion equipment, short-cycle equipment.

But what draws our attention is this difference of short-cycle and long-cycle equipment. Generally, short-cycle equipment decelerates before long-cycle, and we see just the opposite. So for North America, what do you think can explain this difference? Is it any movement of prebuy for short-cycle equipment, just expecting the tariffs to escalate?

Or how do you see in July these new orders for these two categories, again, in this context of higher tariffs? Just to understand the difference of performance because generally it's the opposite, short-cycle starts to decelerate before.

And in T&D, we understand that the capacity is full, so occupancy is very high. But given that the last orders came to your backlog in a context of lower supply, we would expect higher prices as you start billing these orders.

So thinking of revenue growth, can you consider an acceleration for 2H or in 2026 for T&D, even with a low idle capacity? Or should we see that more in 2025 when

the new capacities in Mexico and the US start operations? So basically short-cycle, long-cycle united in North America; and then thinking of acceleration or deceleration of revenues for the future.

Mr. André Luís Rodrigues – Chief Financial Officer

Okay Lucas, thanks for your questions. Well, as we did mention in 1Q, we did feel an accommodation of revenues in North America, but we were seeing a prospect for an improvement in orders for short-cycle. So what we are seeing is an opportunity in this process.

We have to remember that short-cycle, you have a visibility of portfolio, of your backlog for two, three months. So we do see an improvement in the coming up quarters, but we don't know if this is going to be sustainable along the year. So we do have a better prospect than 1Q for short-cycle, but long-cycle this is very much related to what André Salgueiro mentioned: it has to do with geopolitical uncertainties and tariffs, so we'll have to follow from close what's going on.

When we talk about T&D, this is something that we have also been saying, is that abroad, we see a certain price accommodation. So we are not working with a scenario of raising prices. I think prices are already at a high level, and we prefer to be a bit on the ground this time focused on the deliveries that we have in our backlog.

I think the main challenge of T&D for WEG today and for the coming quarters, especially in 2026, is to deliver as fast as possible the capacity that we are building and developing, eliminate bottlenecks in the United States, Mexico, Brazil. So the capacity will start to be delivered along 2026, and if everything goes right, the expectation is for the beginning of 2025... 27 to close with all the investment cycle. Remember, in the last two WEG Days, we announced the volume of investments of T&D, and in 2027 we are going to double the production capacity compared to what we had in 24.

So I think that's it. I think that's the main challenge of ours: to move faster to have capacity and really enjoy this extraordinary moment in the market - and this is also what we have been saying. We are operating at full capacity with our current facilities; and in T&D, except there is a difference in the price composition, we are going to have a lower growth rate until the capacity increase is finished.

Mr. Lucas Laghi – XP Investimentos

Okay, very good André, thank you very much.

**Operator**

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

Mr. Lucas Marchiori - BTG Pactual

Thank you everyone, good morning. My question is more with regards to tariffs. Could you quantify the impact of tariffs in 2Q, at least the tariffs that started to be applied in 2Q? So what did you have in terms of extra cost because of tariffs? We understand that WEG US imports most of the products, I think this is an internal cost.

And also hear from you about your plan. We are eventually at the verge of a drastic increase in tariffs, this is a relevant shock to the business. So what do you have in terms of mitigating factor to try and deal with that? Perhaps, I don't know, produce more in Mexico, ramp up capacity in the US? And when I say tariffs, I'm not talking only about import tariffs, but also tariffs on copper. So basically that's it.

Mr. André Luís Rodrigues – Chief Financial Officer

Hi Lucas, this is André Rodrigues again. The increase of 10% that we had along 2Q didn't show a large impact, because we did make some price adjustments in the North American market to offset that. So the impact on our results was not significant.

What is most important is to look into the future, the second part of your question. To start answering your question, I think it's very important to say that right now, it's very difficult to have a firm position because of all the uncertainty and volatility in the commercial structures that are being discussed.

But given the current situation, WEG has an action plan that can mitigate some of these impacts. I think it's very important to highlight that, first, we have global industrial presence, and along the last years we have been accelerating the amount of investments in production capacity in different geographies where we operate - and now, because we started doing that way back, that can help us in this process.

Just for everyone to be on the same page, today, we produce in Brazil a bit less than 1/3 of what we sell to the US and most of it are electric motors because transformers, for instance, that are produced in Brazil, the main market is not the US; it's basically Brazil and the neighboring countries.

So what we have today is basically the following: we may relocate export routes; for instance, we can use Brazil to meet the local demand in Mexico and use the production of Mexico to meet the demand in the American market. That can take us some months, but after the change is real we believe we can mitigate some of this impact.

And it's also important to mention that the scenario depends on the level of tariffs of other countries. Today, we are considering the scenario that Brazil is suffering the highest level of tariffs, but we have to assess that. Today, it's very difficult because we don't know if other movements are going to happen - but the idea is to continue monitoring market conditions and, as we did the first time, assess the commercial strategy and the price of our products.

But again, it's important to remember that the local American market depends on the import of finished products and supplies, and we see already an increase in price in that market. So it's very important to highlight that WEG, in the first Trump administration, did already have an action plan. The discussion at the time was, again, the tariffs. We had a very structured plan, what we would do to mitigate if something came a bit stronger in Mexico a few years ago; and today we are at a much better position, industrially speaking, to have the flexibility to relocate export chains.

And in terms of copper, we still do not have a position of what the increase is going to be.

Lucas Marchiori - BTG Pactual

Thank you, André, good morning everyone.

Operator

Our next question comes from Jens Spiess from Morgan Stanley. Mr. Spiess, you may go on.

Mr. Jens Spiess – Morgan Stanley

Yes, so thank you for taking my question. So I was just delving into the previous questions about the lower growth of GTD - and T&D in particular - in the external markets, more specifically in North America. You mentioned that you don't foresee any relevant price increases for T&D, which means that, as you already mentioned, capacity growth will be key for revenue growth going forward.

So I was just trying to figure out how capacity, the progression of capacity increases will evolve in the North American region for T&D. Is it 15%, is it 10? How



will it happen in, I don't know, for the rest of this year, 2026, 2027? So very interesting to understand that. Obviously, I know there are a lot of uncertainties, but any guidance would be much appreciated, thank you.

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

Hi Jens, thanks for your question. I'm going to continue speaking Portuguese so that we can have the simultaneous translation. But as for T&D in North America, and you asked about product prices, when we talk about T&D, most of it, especially in North America, are more long-cycle products, and pricing happens project by project. So I think the comment of André Rodrigues, when we see a plateau of prices, I would say that the prices is somewhat stable at a higher level for some time now.

But when we take a look at the backlog that we are performing today, transformers that are being delivered today were sold one year, eight months ago. So as time progresses, we do have some increase in prices that are going to be seen - but again, as we are seeing this price stable for some time, the increase is going to be more... less relevant from now on. So we are going to have some increase, but less relevant than previous years, just to make it clear.

As for production capacity, the number that we released for T&D considering all the investments, inclusively those in Brazil, is that we want to double T&D capacity to serve all geographies in which we operate, based on the capacity that we had in the end of '23, '24 and the capacity that we are going to have as of the 1Q27. Part of this capacity has already been added in Brazil and Mexico.

And now the second important time is going to happen next year. So that's why André Rodrigues mentioned that the expectation for '26 in terms of new volumes is a bit lower than what we added in previous years. We are going to have as of the end of '26 and beginning of '27 then a new increase in capacity, and then we are going to have growth again because of this capacity. Now we are at full capacity, the plants are full, the backlog is full and we have that until the end of '26.

Mr. Jens Spiess – Morgan Stanley

Perfect, thank you. So we can assume that growth, capacity growth, will again accelerate in 2027 relative to 2026. Is that correct? Just to be clear, thank you.

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

Yes, that's correct. That's correct, as of '27.

Mr. Jens Spiess – Morgan Stanley

Perfect, appreciated, thank you.

Operator

Moving on, our next question comes from Jonathan Koutras from JP Morgan. Mr. Koutras, you may go on.

Mr. Jonathan Koutras - JP Morgan

Good morning André, Salgueiro. I have just one question, if you could give me an update about the idle capacity that you have, especially for 2Q, and if you see any gap in your EBITDA margin, if the margin is at the double-digit level, thank you.

Mr. André Luís Rodrigues – Chief Financial Officer

Hi Jonathan, this is André Rodrigues. We have to separate, and you're asking specifically about Marathon. Remember, Marathon we have low-voltage motors and we have the generators. Low-voltage, we are more or less at this capacity that you mentioned - a bit lower than the acquisition -, but in generators we are running at full capacity.

We are expecting, for the end of September, the first investment to increase our production capacity in generators in North America and a new cycle of investments, given the demand and the new orders for this product - again, very much connected to generative artificial intelligence, the building of data centers. You need redundancy and therefore, you need generators.

So on one hand, we are moving forward to have a higher number of orders in low-voltage motors. But for generators, the more capacity in the short term the better, because as I mentioned, by the end of September, the idea is to have a new level of capacity, and in '26 new investments to continue growing in generators in North America.

Now when you talk about margin gains and integration, well, the plan is going on as planned. This is a long-term journey, it will take us some time. I think what we could capture in the short term has been done: synergy, the buying of inputs; backoffice for North America has also



been completed in 2Q, and now the teams are working to reevaluate our portfolio, see if it's possible to standardize components and also increase capacity for the production of components, so that we have a higher verticalization for Marathon businesses that will impact the business for the future.

Mr. Jonathan Koutras - JP Morgan

Very clear, thank you very much, André.

Operator

Our next question comes from João Frizo from Goldman Sachs. Mr. Frizo, you may go on.

João Frizo - Goldman Sachs

Good morning everyone, thanks for taking my questions. I have two, the first is a bit more related to the big picture. You mentioned that long cycle, both in Brazil and abroad, for electric industrial motors, is being impacted by a more uncertain scenario abroad and higher interest rates here.

I would like to know how this impacts your target of '26 to grow double digit, because I know this has always been your target. Because at the end of the day you have a lower long cycle, so you are projecting lower revenue for the coming years. So I would like to hear from you.

And also about margins, we did see an evolution of EBITDA margins quarter-on-quarter. Could you break down this margin to say how much is owed to a lower share of solar, an increase of prices, anticipating tariffs? Because we know this is one of the movements that we saw in different peers abroad. So just for you to elaborate on these movements.

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

Hi João, thanks for your questions. As for expected growth for '26, I think it's still a bit early for us to comment on that. We have our budget that is generally designed in October, November of the year, and we still have a lot to be changed.

When we talk about industrial long cycle, the lead time is not that long. You're talking about an order that we can have today or in the coming months, and that would already generate revenues for the next year. So that will depend a lot on the new orders coming in from here on,

and this is connected in Brazil and abroad to different reasons that can change along the year. So we have to monitor that and have our budget more towards the end of the year for us to have a bit more clarity for next year.

Consolidated numbers, we also have other businesses, other initiatives, and then we go back to diversification of WEG - because remember, when one part of the business is not doing so well, we see growth in other parts of the business.

And we have mentioned that, for some time, synchronous compensators we are having a very healthy order with a good backlog for next year; even electric mobility gaining a bit more momentum for electric buses, powertrain; and also the BESS business that somehow we did even have a higher expectation for this year because of the action that was delayed for next year - but we are seeing orders, smaller orders, coming in and we do have an expectation that this business is going to contribute positively to our growth.

So we have to follow all these variables, but more towards the end of the year I think we are going to have a bit more clarity to understand the performance of next year, and then we are going to share the information with you. You know and we always say that we do not have... our objective is to grow at double-digit levels.

As for the margin of the quarter, there were many moving parts, it's very hard to say the one thing. It's a bit of everything that you said. We have two aspects about mix: one, well, if you consider 1Q this is basically solar, solar was lower in 2Q compared to the last year, we also have the wind; and we have all the other effects of the other businesses. So eventually, we are talking about price adjustments outside, abroad, other factors and better dynamics in terms of demand for short-cycle products, especially in the foreign market.

Mr. João Frizo - Goldman Sachs

Thank you André, very clear.

Operator

Our next question comes from Gabriel Rezende from Itaú BBA. Mr. Rezende, you may go on.

Mr. Gabriel Rezende - Itaú BBA

Hi everyone, can you hear me?

Operator



Yes, Gabriel, go ahead.

Mr. Gabriel Rezende - Itaú BBA

I would just like to go back to the tariff dynamics. We have a joke that some competitors of yours in Brazil are very much oriented to exports in the US, especially for transformers. I would like to understand if the competitive scenario in some specific segments, especially for transformers in Brazil, would be a problem. What could protect WEG if this competitive scenario deteriorates?

And the second point, we just discussed margins here, we talked about the price of transformers abroad. Could you mention how you and the competition have been behaving in terms of pass-through of prices abroad, and also for other products other than transformers? Thank you very much.

Mr. André Luís Rodrigues – Chief Financial Officer

Hi Gabriel, thanks for your questions. Okay, so how does this transformer, large transformer market operates? How our competitors based in Brazil are focused on? Because these are the products that they are exporting to the US.

Basically, from what we see is that they all have contracts, raw material, they are already under production planning for '27. So we do not see a change in the dynamics, not for the short term - even up to '27 - because that has already been ordered, under contract.

So WEG is going to continue its strategy to serve the markets in regions close to these markets as we have in Brazil, as we are increasing capacity in Colombia, in Mexico, in the US, and we can even rethink that a bit longer. But we do not see a scenario - not in the short term - where we are going to have a drastic change in the process of rerouting exports to the Brazilian market.

And if I understood your question in terms of the prices of transformers, this is a bit of what we mentioned before. We do see a situation in which we are not working with additional price increases compared to prices today, because I think prices are already well adjusted. And if we have a higher price in some geographies, you can even give room to new entrants. So the market is operating at good prices, margins for WEG in components are very suitable, so we do not see a change in that.

Mr. Gabriel Rezende – Itaú BBA

Very clear. If you could talk about other products abroad? Especially for motors, we saw the competition talking about good prices in the last quarter. Do you also see a healthy dynamics?

Mr. André Luís Rodrigues – Chief Financial Officer

Yes. Sorry, I forgot to mention the motors. We, not WEG, and the other competitors did adjust prices because of tariffs in the North American market, but not in other markets.

Mr. Gabriel Rezende – Itaú BBA

Okay, thank you very much.

Operator

Our next question comes from André Mazini from Citi. You may go on.

Mr. André Mazini – Citibank

Good morning everyone, thanks for taking my question. I just have a follow-up on the comments of André about the synchronous compensators. After the blackout that we had in Spain and Portugal, basically because of probably the lack of synchronous compensators there, are you seeing an increase in demand?

And yesterday in the call of Vernova, they talked about the market of synchronous compensators would be of 5 billion USD - I don't know if they are talking about the whole world - and there was an increase also in Saudi Arabia. So could you talk about this market, if you are in Saudi Arabia, if you were part of the bid for the synchronous compensators? Because they want to have clean energy until 2030 and they need the product. So this is the first question.

And then about domestic GTD. The line had a drop of 600 million BRL, and I think there is a lot of solar to leave, and so I would like to know how much in the solar has already an impact in the margin for the end of the year, thank you.

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

Hi Mazini, thanks for your questions. Well, the synchronous compensator market or synchronous



condenser market, this is something that we have been talking for some time now. And it is connected to this idea of more renewable energy in the grid - and here, we are talking about wind, solar and energy storage that brings stability to the grid, and a way to work with that is the synchronous compensators or condensers.

So for some time, we realized a greater increase for this product. Remember, this is a product that WEG has had in its portfolio for some time now, but in practice, the market demand has been increasing a lot in recent years, especially because of renewable energy and also the problem that you mentioned in Spain and Portugal. So this is a problem that people have, and more and more we are going to see investments connected to that in several regions in the world.

Today, we have a backlog for the synchronous condensers that are very healthy. These are projects not only in Brazil. We do have projects in Brazil, but also we are selling to Portugal, the United States and Chile. In Chile, this is a project that we have a partnership with Alupar that we already announced to the market.

So it is a heated market, and we have positive expectations for the remainder of the year and for the coming years, especially considering that for the next auction, T&D auction, part of it is going to be of synchronous condensers in Brazil, which should help the market develop even more in Brazil - but it is as I mentioned, we do see good opportunities also in other markets where WEG is present.

As for GTD in Brazil, compared to last year we did have a drop in revenue, 1.5%. I think here it's important to say that the drop is basically because of wind, and we did mention that in the beginning of our presentation. If you exclude wind from the comparison base of GTD Brazil, we would have grown more than 20%. So we did have a concentration of wind in 2Q and lower revenue this year, because what we have this year is maintenance operations. We are not selling new machines.

As for the performance of 1Q, the greatest effect was solar, because we had a higher concentration of centralized solar farms in 1Q with good performance in 2Q, but below the level of the 2Q24.

Mr. André Mazini - Citibank

Very good Salgueiro, thanks a lot.

Operator

Our next question comes from Alberto Valerio from UBS. Mr. Valerio, you may go on.

Mr. Alberto Valerio - UBS

Good morning Salgueiro, Rodrigues, thanks for taking my question. I would like to ask a question more about your balance sheet - and you can have the follow-up later on, you don't have to answer now -, but basically R&D, and this line went up year-on-year at about 3% of the revenue. So if you could give us a bit more color on this line and if you capitalized part of this line and how.

And second about net equity. There was a change also, you had some accrued numbers to the company's capital. So why the change? So these are my two questions.

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

Hi Alberto, this is Salgueiro, thanks for your questions. Well, research and development, the 3% that you mentioned, is basically our usual number, generally 2.5% to 3%. So perhaps there was a slight increase this year, but I don't have all details here. I can then get back to you for a better follow-up, but nothing really comes to mind. We continue with investments for the development of new products, and this is what we have been doing regularly along the years.

As for the change in net equity, that was an increase in capital that we had in the beginning of the year. And then basically, we have an accounting issue that the profit reserve cannot be above the capital stock. So when it get part, when it gets close to this number, then we decided to have the capital increase - but this is something that happened along 1Q, basically a transfer of this line to capital stock.

Mr. Alberto Valerio - UBS

Okay, very clear, thank you very much.

Operator

We are now closing the Q&A session. Remember that if you have any questions, please feel free to send questions to our e-mail: ri@weg.net.

André Rodrigues, your mic is open for your final remarks.

Mr. André Luís Rodrigues – Chief Financial Officer

WEG S.A.

Conference Call - Earnings Results 2nd Quarter 2025

July 24, 2025 – 11:00 a.m. São Paulo (BRT)

Transcript of the simultaneous translation from Portuguese into English



I would like to thank you all for joining us in our earnings conference call for 2Q, and again we would like to once again invite you for our WEG Day 2025 in Jaraguá do Sul on the 3rd of October. I hope to see you in Jaraguá on the 3rd. Thank you very much, and have a wonderful day.

Operator

WEG's conference call is now concluded. We thank you all for attending and wish you an excellent day.
