WEG S.A.
Financial statements

December 31, 2023 and 2022

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WEG S.A.
MANAGEMENT REPORT
December 31, 2023

We hereby present to our shareholders the Consolidated Financial Statements of the WEG Group and WEG S.A. for the fiscal year ended December 31, 2023.

SCENARIO

The year 2023 started with a challenging scenario; however, we observed positive performance in most of our operations, even with the global economy still recovering and the volatility between regions due to the inflation rates that are at high levels in many economies and geopolitical events whose conclusion is not expected yet.

According to the projection of the International Monetary Fund (IMF[1]), world GDP grew 3.1%, a lower expansion when compared to 2022, which had presented a 3.5% growth. Even with the basic interest rate at a high level in Brazil, the economy showed a performance above the expectations. According to the IMF, Brazilian GDP grew by 3.1% in 2023.

We were able to benefit from favorable conditions for several long-cycle products, such as high-voltage motors and automation panels and also grow in short-cycle businesses, such as low-voltage electric motors and automation components in our main market segments. We had good results in the Energy Generation, Transmission, and Distribution (GTD) segment due to the excellent performance of Transmission & Distribution (T&D) projects and turbine deliveries throughout the year despite the lowest level of revenue in the distributed solar generation business.

The continuity of our internationalization process and consequent growth in revenues in the foreign market contributed significantly to the result achieved in 2023. Such performance was even better if analyzed in US dollars, since we had a negative impact from the average USD rate, which went from R$ 5.16 in 2022 to R$ 4.99 in 2023, accounting for a devaluation of 3.3% in relation to the real. Another highlight was a very positive performance in operational margins and return on invested capital, result of operational efficiency maintenance in our industrial units in Brazil and abroad, along with a strong demand for our products and services in the main regions where we operate.

ECONOMIC AND FINANCIAL ASPECTS

OPERATING REVENUE

In 2023, the consolidated net operating revenue reached R$ 32,503.6 million with the growth of 8.7% over 2022. The revenue growth would be 7.9% in 2023 if adjusted for the acquisitions of Balteau and Gefran's Motion Control business.

Foreign market: R$ 15,312.1 million, a 3.0% growth in relation to the prior year, accounting for 47.1% of total NOR.

Foreign market: R$ 17,191.5 million, a 14.3% growth in relation to the prior year, accounting for 52.9% of total NOR. In Dollars, the growth of foreign market revenue was 18.3%. In local currencies, weighted by the importance of each market, revenue from the foreign market grew 25.5% in the year.

We present below the performance in each of WEG's business areas.

Industrial electro-electronic equipment

This area includes low and high voltage electric motors, gearboxes, drives & controls, industrial automation equipment, systems and services, solutions for electric mobility, for Industry 4.0, electrical infrastructure for civil construction and maintenance services. Electric motors and other products and solutions in this area are used in practically all industrial segments (i.e., compressors, pumps and fans). We compete with our products and solutions in the main worldwide markets.

We observed a constant demand for short-cycle equipment, such as low-voltage electric motors and serialized automation products. The industrial activity was positive in the domestic market, mainly in important segments such as oil & gas, mining, pulp & paper and water & sanitation. We observed a spread demand through different industrial segments in the foreign market. Even with the slowest-paced growth recovery in Europe, and fluctuations in demand in China, we continued achieving good results in most of the operating markets, specially in North America.

[1]. World Economic Outlook (WEO) Report, January 2024

We also observed a good performance in long-cycle equipment, such as automation panels and high voltage motors. This is a consequence of a good order portfolio built throughout the year, specially in the oil and gas, mining, water and sanitation segments.

Energy Generation, Transmission, and Distribution (GTD)

Products and services included in this area are electric generators, alternators, wind turbines, solar generation, hydraulic and thermal steam turbines (biomass), substations, transformers, measuring instruments, control panels and systems integration services. Generally, process maturation times in this industry are longer, with longer investment decisions and longer design and manufacturing times.

In Brazil, we had a great performance in the T&D business, a continuous strong demand for long-cycle equipment in the industry, in addition to a constant volume of turbine deliveries, which also contributed in a positive manner. On the other hand, the decreased demand for distributed solar generation impacted the 2023 revenue, an influence not only by regulatory changes in the industry, but also by high financing costs, and more recently by the decreased raw material costs and the consequent impact on sold product prices.

In the foreign market, taking advantage of the opportunities in the T&D market, our year was a year of growth, mainly in the sale of transformers to renewable energy generation farms (wind and solar) and major concessionaires in the USA, and we also had a good demand in other markets, specially in Mexico. In the generation business, we emphasize the good performance in our operations in India and Europe, which also contributed to the good performance in 2023.

Commercial and appliance motors

Businesses in this area mainly include single-phase motors for consumer durables such as washing machines, air conditioners, water pumps, etc. In Brazil, we are market leaders with the main manufacturers of this type of equipment. And abroad, we offer a broad portfolio of products to meet our global clients. In this short-cycle business, changes in consumer demand are quickly transferred to the industry, with almost immediate impacts on production and revenue.

Even with the volatility in demand throughout the year, we observed good results in 2023 due to the recovery in demand in industries such as washing machines and air conditioning motors in the domestic market. In the foreign market, we had a market share gain in most regions we operate, with emphasis on the good performance of our operations in North America.

Paints and varnishes

In this area of business, products are liquid paints, powder paints and electro-insulating varnishes focused on industrial applications and on the Brazilian market, with a gradual expansion to Latin America. Target markets range from white goods manufacturers to the shipbuilding industry, among others. We seek to maximize the scale of production and the effort to develop new products and new segments. Characterized as a short cycle business, changes in our clients' demand are quickly reflected on our production and revenue.

Despite the lower growth compared to recent years, with emphasis on important segments, such as oil & gas and maintenance, the demand remained positive throughout the year in Brazil. Revenues from foreign operations grew in the foreign market even with the impact of the exchange-rate changes in the period and lowest export activity in Brazil.

COST OF GOODS SOLD

Cost of Goods Sold (COGS) increased 2.3%, reaching R$ 21,702.7 million, representing a gross margin of 33.2%. When compared to prior years, we observed the stable prices of the main raw materials that comprise our cost structure, specially steel and copper, which, combined with the change in product mix, contributed to the lowest increase in costs during this year. Additionally, we continue making our efforts to reduce the operating margins this year, despite the continued cost reduction efforts and process improvements, which provided productivity gains, especially in our operations abroad.

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Consolidated Sales, General and Administrative Expenses totaled R$ 3,471.3 million, accounting for an increase of 14.3% compared to 2022. When analyzed in terms of operating revenue, expenses account for 10.7%, a 0.5 p.p. increase in relation to the prior year. Despite continuous actions to increase productivity and optimize the administrative structure, some expenses that were reduced during the pandemic were normalized, in addition to non-recurring expenses with consulting and advisory services related to the acquisitions carried out throughout the year.

EBITDA

The breakdown of the EBITDA (earnings before interest, taxes, depreciation and amortization) calculation, according to CVM Resolution 156/2022, as well as the EBITDA margin, are presented in Table 1.

Table 1 – EBITDA and EBITDA margin calculation

Amounts in R$'000	2023	2022	%	2021	%
Net operating revenue	32,503,601	29,904,722	8.7%	23,563,338	37.9%
Net income for the year	5,731,670	4,208,084	36.2%	3,585,947	59.8%
Net income before minority	5,867,615	4,272,872	37.3%	3,657,480	60.4%
(+) IRPJ and CSLL	723,182	842,770	-14.2%	672,555	7.5%
(+/-) Financial income (loss)	(128,672)	(64,055)	100.9%	(171,693)	-25.1%
(+) Depreciation/amortization	628,042	565,557	11.0%	520,178	20.7%
EBITDA	**7,090,167**	**5,617,144**	**26.2%**	**4,678,520**	**51.5%**
EBITDA margin	**21.8%**	**18.8%**	**3.0 p.p.**	**19.9%**	**1.9 p.p.**

FINANCIAL INCOME (LOSS)

The net financial income (loss) was positive by R$ 128.7 million in 2023 (R$ 64.1 million in 2022), mainly derived from the increase in remuneration on interest earning bank deposits during the period. Financial revenues reached R$ 1,553.6 million in 2023 (R$ 1,197.3 million in 2022), while financial expenses totaled R$ 1,425.0 million (R$ 1,133.2 million in 2022).

NET INCOME

The Consolidated Net Income of WEG S.A. reached R$ 5,731.7 million, 36.2% above the amount of R$ 4,208.1 million obtained in 2022. The return on initial shareholders' equity (December 31, 2022) was 38.6% in 2023 (30.9% in 2022) and the net margin reached 17.6% (14.1% in 2022). This performance was positively impacted by the recognition of tax incentives related to the formation of a new subsidiary in Switzerland. Excluding this non-recurring effect, net income would have been R$ 5,388.9 million in 2023, with a net margin of 16.6%.

RETURN ON INVESTED CAPITAL

The Return on Invested Capital (ROIC) in 2023 had an increase by 9.8 p.p. compared to 2022, reaching 39.2%. Growth of Net Operating Income After Taxes (NOPAT), mainly due to the improvement in operating margins, more than offset the increase in capital employed, which expanded mainly due to investments in property, plant and equipment and intangible assets made throughout the last 12 months and due to a best control of the working capital need in the period. Tax incentives related to the new subsidiary in Switzerland positively impacted the ROIC. Excluding this non-recurring effect, ROIC would be 36.0%.

CASH AND CASH EQUIVALENTS AND INDEBTEDNESS

The ability to identify and take advantage of investment opportunities with attractive returns is one of the main characteristics of WEG's business model. Said ability is provided by our financial flexibility, which allows us to take advantage of investment opportunities when they emerge, which is evidenced by the solid capital structure and the maintenance of access to competitive resources and sources of financing with the main financial institutions in Brazil and abroad.

Cash and cash equivalents, interest earning bank deposits and derivative financial instruments, invested in top-tier banks and mostly in local currency, are presented in Table 2. Likewise, the total gross financial debt is presented with a breakdown between short and long term in reais (R$) and other currencies, resulting in the Company's net cash at the end of 2023.

Table 2 – Cash and cash equivalents and Financing

Amounts in R$'000	December 2022		December 2022		December 2021	
Cash and cash equivalents and interest earning bank deposits	**7,091,927**		**4,995,115**		**3,217,135**	
Short-term	7,081,224		4,982,828		3,217,135	
Long-term	10,703		12,287		-	
Derivative financial instruments	**(141,917)**		**(101,597)**		**392,013**	
Short-term assets	22,423		33,647		409,337	
Long-term assets	605		-		-	
Short-term liabilities	(73,082)		(87,831)		(17,324)	
Long-term liabilities	(91,863)		(47,413)		-	
Financings	**(2,835,061)**	**100%**	**(3,459,692)**	**100%**	**(1,789,115)**	**100%**
Short-term	(2,170,324)	77%	(2,307,817)	67%	(1,052,044)	59%
In *reais* (R$)	(158,814)		(8,494)		(7,769)	
In other currencies	(2,011,510)		(2,299,323)		(1,044,275)	
Long-term	(664,737)	23%	(1,151,875)	33%	(737,071)	41%
In *reais* (R$)	(91,192)		(31,691)		(35,818)	
In other currencies	(573,545)		(1,120,184)		(701,253)	
Net cash	**4,114,949**		**1,433,826**		**1,820,033**	

INVESTMENTS (CAPEX)

Investments in property, plant and equipment for the expansion and modernization of production capacity totaled R$ 1,658.6 million in 2023, 47% of which were allocated to assets in Brazil and 53% to industrial parks and other subsidiaries abroad.

We highlight investments in expanding the production capacity of industrial engines, electric traction motors, and battery packs in Brazil. Abroad, we increased the production capacity of the motor and transformer factories in Mexico, built an engine factory in Portugal, and expanded the high-voltage motor and generator factory in India.

We also announced new investments, such as the acquisition of a new US$ 40 million plot of land in Mexico with a total area of 640,000 m², in addition to investments to expand the production capacity of transformers and investments in the Automation field in new factories in Itajaí/SC, Brazil.

We emphasize that our ability to adjust the speed of execution of the investment program to the actual market demand, in our modular expansion strategy, always seeking to maximize the return on invested capital.

INVESTMENTS IN RESEARCH, DEVELOPMENT AND INNOVATION

We spent R$ 832.5 million in research, development and innovation (RD&I) in 2023, accounting for 2.6% of net operating revenue. The RD&I program focuses on the development of new products, the continuous improvement of products already available, application engineering and the improvement of industrial processes seeking to maintain our technological leadership position in the market.

DIVIDENDS AND INTEREST ON OWN CAPITAL

Management will propose to the Annual Shareholders' Meeting the allocation of R$ 2,880.0 million as dividends and interest on own capital, as remuneration to shareholders on the income for the year 2023, representing 50.2% of net income before statutory adjustments.

As of August 16, 2023, we paid dividends related to shareholder remuneration that were declared during the first semester of the year (interim dividends and interest on own capital), totaling R$ 1,077.3 million. The payment of dividends referring to the second semester (complementary) of R$ 1,802.7 million will occur on March 13, 2024.

Pursuant to our profit sharing policy, we declare interest on own capital quarterly and dividends based on the profit obtained each semester; that is, six proceeds each year, paid semi-annually.

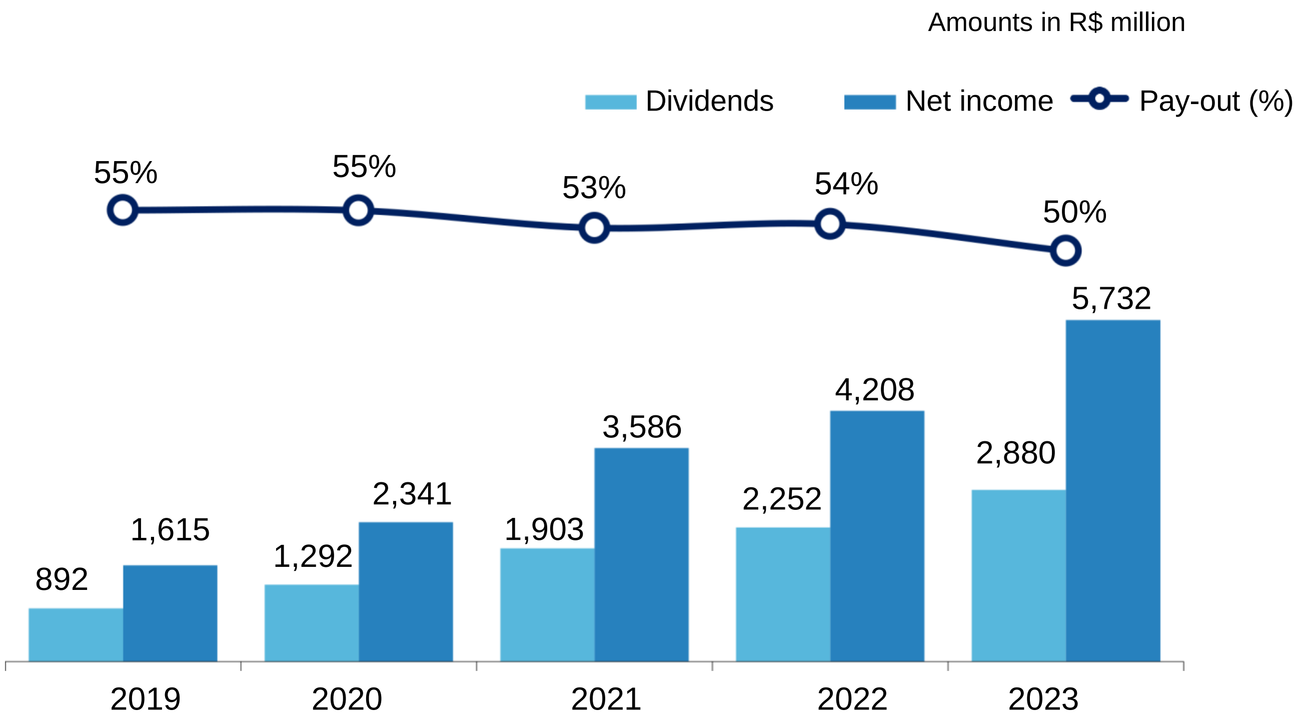

Figure 1 – Net Income, Dividends and Pay-out (%)

CAPITAL MARKET

As of December 31, 2023, the Company had a total of 4,197,317,998 common shares, traded on B3 S.A. – Brasil, Bolsa, Balcão under the ticker WEGE3. The performance of the Company's shares at the end of the last trading day of 2023, considering dividends and interest on own capital declared in the period, is presented in Table 3.

Table 3 – Capital Market

	2023	2022	HA %
Quotation (R$)	36.91	38.51	-4.15%
Traded financial amount (R$'000)	66,662,251	66,197,048	0.70%
Number of traded shares (R$'000)	1,790,348	2,126,814	-15.82%
Equity value per share (VPA)	4.26	3.63	17.36%
Market value (R$ billion)	154.9	161.6	-4.15%

ACQUISITIONS

Acquisition of all shares from BirminD

As of July 27, 2023, we announced an agreement to acquire BirminD, a technology company that operates in the artificial intelligence market for industrial processes. WEG already held a 51% controlling interest in the company and now assumes full ownership of the shares.

The acquisition is included in the WEG's digital business growth strategy, and uses the BirminD's technology in its solutions since 2020, including products and services such as B-WISE and Motion Drive Operation Center (MDOC), which is an industrial asset monitoring service that uses data sensing and diagnostics based on artificial intelligence insights and machine learning algorithms.

Acquisition of industrial electric motors and generators business from Regal Rexnord

As of September 25, 2023, we announced the execution of the contract with Regal Rexnord Corporation to acquire industrial electric motors and generators business. This transaction focuses on the industrial electric motors and generators business, sold under the Marathon, Cemp and Rotor brands.

Aligned with the WEG Group's strategy of continuous and sustainable growth, international expansion and diversification of industrial operations, such transaction includes the acquisition of 10 plants in seven countries (United States, Mexico, China, India, Italy, the Netherlands and Canada), commercial branches in 11 countries, and a team of approximately 2,800 employees worldwide. The geographic distribution of these operations complements the WEG Group's current presence and will help to achieve a greater scale and efficiency in cost reduction as we integrate new operations into the ones that already exist. The completion of the transaction is subject to the fulfillment of certain precedent conditions, including the necessary regulatory approvals related to the transaction.

Acquisition of minority interest at Anemus Wind Holding S.A.

Reinforcing WEG's commitment to reducing greenhouse gas emissions in its operations and contributing to the energy transition on July 5, 2023, the Company announced an agreement with 2W Ecobank S.A. for the joint self-production of energy at the Anemus Wind Farms I, II and III.

The energy purchase contracts are worth approximately R$ 970 million, started in January 2024, effective for 20 years with a guarantee of 30 MW (average) of energy for WEG's industrial operations in the form of self-production by equivalence. After meeting precedent conditions, the deal was completed with the acquisition of a 6.50% interest in the company Anemus Wind Holding S.A. with the signing of the agreement on September 29, 2023.

Acquisition of minority interest at Eólica do Agreste Potiguar II S.A.

Reaffirming WEG's commitment to its decarbonization journey, ensuring even more sustainability for our operations as of July 5, 2023, the Company announced a binding agreement with Alupar, a company specialized in the generation and transmission of electric power, for the formation of a corporate partnership for the self-production of energy to be used in WEG's operations in Brazil.

The agreement provides for the annual delivery of about 15 MW (average), which will be used in WEG's manufacturing operations in the form of self-production by equalization for a period of 18 years. The energy supply to the plants started in January 2024, with energy purchase contracts estimated at R$ 460 million over the contractual period.

After meeting precedent conditions, the deal was completed with the acquisition of a 6.19% interest in the company Eólica do Agreste Potiguar II S.A., with the signing of the agreement on October 6, 2023.

Acquisition of Bewind's minority interest

On October 24, 2023, we announced the execution of the agreement to acquire a minority interest equivalent to 45% of Bewind GmbH's ("Bewind") capital, a company specialized in engineering and developing technologies for turbines and their components.

Headquartered in Germany, Bewind has a team of approximately 30 highly qualified professionals who operate in the development of new technologies and power generation equipment projects and also provides consulting and technology development services in the segment. The acquisition is included in WEG's energy generation growth solution strategy within the Energy Generation, Transmission and Distribution (GTD) business.

SUCCESSION PLANNING

Executive Presidency

On December 8, 2023, we announced the change in the Executive Presidency as of April 1, 2024, with the departure of Mr. Harry Schmelzer Junior, and the appointment of Mr. Alberto Yoshikazu Kuba as the Executive Chief Executive Officer.

The representatives of the Controlling Shareholder on the Board of Directors informed that they will appoint the name of Mr. Harry Schmelzer Junior for the Company's Annual General Meeting to be held in April 2024, as a candidate for one of the seats on the Board of Directors for the biennium 2024/2025.

HUMAN RESOURCES

The Company ended the year with a total of 40,793 employees, an increase of 4.2% compared to the prior year. The distribution of employees by geographic region is presented in Table 4.

Table 4 - Employees

	2023	2022	HA %
Total employees	40,793	39,137	4.2%
North America	5,746	5,644	1.8%
South America	29,336	27,844	5.4%
Europe	2,314	2,246	3.0%
Africa	666	615	8.3%
Asia Pacific	2,731	2,788	-2.0%

PROSPECTS

For 2024, we believe we are able to carry on with our continuous and sustainable growth mission despite of a world GDP growth forecast of 3.1%, according to the IMF, indicate a challenging scenario for the global economy. Recent investments in increasing capacity, improvements in processes and acquisitions made in the last year might help supporting this growth and gaining market share.

We have good business prospects in Brazil despite the GDP growth forecast of 1.5%, lower than in 2023. We will continue taking advantage of the opportunities in long-cycle businesses, with emphasis on Transmission and Distribution projects and also continue with turbines' deliveries. We also expect a growth (even if a slight one) in mature short-cycle businesses by seeking opportunities in the several segments where we operate. In the solar generation area, in spite of the additional challenges present in the market, we believe in constant revenue levels and in the potential for continued development of this industry. Moreover, we continue seeking opportunities to develop new technologies and solutions to contribute to building a more efficient and sustainable world, such as electric mobility, digital business, renewable energy generation and products and systems for a low-carbon economy.

Abroad, we believe that we still have a favorable scenario in North America, both in the industrial motor business, continuing to seek to gain market share and to develop our motion drive strategy and in the T&D business, that must continue with a strong demand, specially in businesses focused on renewable energies. In Europe, despite a scenario of uncertainties due to political tensions, we believe that we will still be able to seek greater market share and opportunities with more efficient equipment solutions. In the Asian market, we seek to take advantage of opportunities not only with the growth of the economy in China, but also seeking for an increase in the market share in the domestic market with a positive environment for high and low voltage industrial motors and automation components. And in India, with opportunities not only in the high voltage motor business already consolidated, but also in the development of low voltage motors and turbine business.

It is also important to emphasize that we expect to carry out the acquisition of Regal Rexnord's industrial motors and generators business throughout 2024 and start the acquired units' transition and integration process. Besides, we continue with the internationalization process, with recent investments announced in operations in Mexico, India, Colombia, Turkey and Algeria.

In 2024, our capital budget foresees investments of R$ 1,918.2 million in property, plant and equipment, in addition to R$ 28.5 million in intangible assets, amounts higher than those recorded in 2023; thus, supporting the Company's continuous and sustainable growth strategy.

AUDIT SERVICES

In conformity with CVM (Brazilian Exchange and Securities Commission) Resolution 162/22, we inform you that the Company and its subsidiaries and jointly-owned subsidiaries adopt the formal procedure of consulting independent auditors KPMG Auditores Independentes ("KPMG") to make sure that provision of other services does not affect its independence and objectivity required to perform independent audit services. In this sense, KPMG issues a declaration of independence in its audit report annually, pursuant to NBC TA 260 (R2) of the Federal Accounting Council, in which the company declares that, as provided for by the independence rules adopted by the Brazilian Securities and Exchange Commission, there is no relationship between KPMG, its associates and affiliates and the Company that could affect independence. This declaration is submitted to the Board of Directors of WEG. The policy of the Company and its subsidiaries of hiring independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.

During the year 2023, KPMG provided audit and non-audit services, as presented in Table 5.

Table 5 – Audit and non-audit fees

Amounts in R$'000	**2023**	**VA %**
Audit fees	5,006.6	89.9%
Non-audit fees	560.9	10.1%
Total fees	**5,567.5**	**100.0%**

ARBITRATION CHAMBER

The company is subject to arbitration in the court of arbitration of the market, pursuant to an arbitration clause contained in its bylaws.

Jaraguá do Sul (SC), February 2024.
THE MANAGEMENT.

FINANCIAL STATEMENTS IN 2023

Balance sheet at December 31, 2023 and 2022

In thousands of reais, unless otherwise indicated

	Notes	PARENT COMPANY 12/31/23	PARENT COMPANY 12/31/22	CONSOLIDATED 12/31/23	CONSOLIDATED 12/31/22
Assets					
Current assets					
Cash and cash equivalents	4	791,316	438,928	6,488,454	4,451,002
Interest earning bank deposits	5	592,770	531,826	592,770	531,826
Derivative financial instruments	28	-	-	22,423	33,647
Clients	6	-	-	6,070,556	5,614,423
Inventories	7	-	-	7,116,286	7,644,361
Recoverable taxes	8	-	-	420,284	552,704
Recoverable income tax/social contribution		18,160	8,240	120,818	104,876
Dividends and interest on own capital receivable		456,356	381,290	-	-
Other current assets		-	-	730,720	720,371
		1,858,602	**1,360,284**	**21,562,311**	**19,653,210**
Non-current assets					
Interest earning bank deposits	5	-	-	10,703	12,287
Derivative financial instruments	28	-	-	605	-
Judicial deposits	17.d	4,657	4,657	74,620	78,963
Deferred taxes	10	8,368	7,071	864,394	443,133
Recoverable taxes	8	-	-	74,010	52,274
Recoverable income tax/social contribution		-	-	12,733	14,535
Other non-current assets		-	-	53,332	72,534
Investments	11	15,990,943	13,852,181	77,481	1,056
Property, plant and equipment	12	3,871	3,958	6,707,545	5,687,629
Right-of-use in leases	13	-	-	587,291	595,024
Intangible assets	14	10	10	1,471,245	1,524,015
		16,007,849	**13,867,877**	**9,933,959**	**8,481,450**
TOTAL ASSETS		**17,866,451**	**15,228,161**	**31,496,270**	**28,134,660**

See the accompanying notes to the financial statements.

FINANCIAL STATEMENTS IN 2023

Balance sheet at December 31, 2023 and 2022

In thousands of reais, unless otherwise indicated

	Notes	PARENT COMPANY 12/31/23	PARENT COMPANY 12/31/22	CONSOLIDATED 12/31/23	CONSOLIDATED 12/31/22
Liabilities					
Current liabilities					
Suppliers	15	323	291	2,190,088	2,036,216
Loans and financing	16	-	-	2,170,324	2,307,817
Derivative financial instruments	28	-	-	73,082	87,831
Social and tax liabilities		28,088	22,333	760,609	656,500
Income tax and social contribution		32	81	238,202	269,990
Dividends and interest on own capital payable		481,008	360,331	482,903	361,838
Advance from clients		-	-	3,238,834	2,854,545
Profit sharing		-	-	563,436	447,150
Leases		-	-	72,872	103,036
Billing for future delivery		-	-	120,043	112,231
Provision for product warranty		-	-	427,072	353,203
Other current liabilities		9,463	5,600	882,224	672,520
		518,914	**388,636**	**11,219,689**	**10,262,877**
Non-current liabilities					
Loans and financing	16	-	-	664,737	1,151,875
Derivative financial instruments	28	-	-	91,863	47,413
Leases		-	-	484,027	446,594
Provision for contingencies	17.a	4,730	4,730	874,634	719,488
Deferred taxes	10	-	-	87,056	77,136
Taxes payable		-	-	13,650	9,393
Other non-current liabilities		722	-	205,838	171,529
		5,452	**4,730**	**2,421,805**	**2,623,428**
Total liabilities		**524,366**	**393,366**	**13,641,494**	**12,886,305**
Shareholders' equity					
Controlling shareholders					
Capital	19.a	6,504,517	6,504,517	6,504,517	6,504,517
Capital reserves		(89,606)	(102,315)	(89,606)	(102,315)
Stock option plan	20	17,831	15,829	17,831	15,829
Treasury shares	19.d	(55,983)	(18,736)	(55,983)	(18,736)
Profit reserves		8,329,343	5,460,314	8,329,343	5,460,314
Equity valuation adjustment		289,441	303,512	289,441	303,512
Other comprehensive income		1,096,602	1,722,093	1,096,602	1,722,093
Additional dividends proposed		1,249,940	949,581	1,249,940	949,581
		17,342,085	**14,834,795**	**17,342,085**	**14,834,795**
Non-controlling shareholders		**-**	**-**	**512,691**	**413,560**
Total shareholders' equity		**17,342,085**	**14,834,795**	**17,854,776**	**15,248,355**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**17,866,451**	**15,228,161**	**31,496,270**	**28,134,660**

See the accompanying notes to the financial statements.

FINANCIAL STATEMENTS IN 2023

Statement of income | Years ended December 31, 2023 and 2022

In thousands of reais, unless otherwise indicated

	Notes	PARENT COMPANY 12/31/23	PARENT COMPANY 12/31/22	CONSOLIDATED 12/31/23	CONSOLIDATED 12/31/22
Net revenue	21	**-**	**-**	**32,503,601**	**29,904,722**
Cost of products sold and services rendered	23	-	-	(21,702,737)	(21,209,235)
Gross income		**-**	**-**	**10,800,864**	**8,695,487**
Sales expenses	23	-	-	(2,426,459)	(2,164,802)
Provision (reversal) for impairment of trade accounts receivable		-	-	(17,939)	8,472
Other selling expenses		-	-	(2,408,520)	(2,173,274)
Administrative expenses	23	(9,994)	(8,142)	(1,044,888)	(872,935)
Other operating income (loss)	24	(16,998)	(11,614)	(867,505)	(606,163)
Equity in net income of subsidiaries	11	5,715,778	4,229,833	113	-
Income (loss) before financial income (loss) and taxes		**5,688,786**	**4,210,077**	**6,462,125**	**5,051,587**
Financial revenues	25	143,879	76,184	1,553,649	1,197,270
Financial expenses	25	(101,246)	(77,853)	(1,424,977)	(1,133,215)
Income before taxes		**5,731,419**	**4,208,408**	**6,590,797**	**5,115,642**
Current taxes	26	(1,047)	(1,596)	(1,127,937)	(885,055)
Deferred taxes	26	1,298	1,272	404,755	42,285
Net income for the year		**5,731,670**	**4,208,084**	**5,867,615**	**4,272,872**
Attributable to:					
Controlling shareholders	31			**5,731,670**	**4,208,084**
Non-controlling shareholders				135,945	64,788
Earnings per share attributable to controlling shareholders:	31				
Basic earnings per share (in R$)	31.a			**1.36608**	**1.00288**
Diluted earnings per share (in R$)	31.b			**1.36577**	**1.00264**

See the accompanying notes to the financial statements.

FINANCIAL STATEMENTS IN 2023

Statement of comprehensive income | Years ended December 31, 2023 and 2022

In thousands of reais

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	12/31/22	12/31/23	12/31/22
Net income	**5,731,670**	**4,208,084**	**5,867,615**	**4,272,872**
Amounts that may be subsequently reclassified to income (loss) for the year				
Hedge accounting (net of taxes)	(22,181)	(42,365)	(22,126)	(43,855)
Accumulated currency translation adjustments	(603,310)	(783,710)	(605,004)	(783,887)
Total comprehensive income attributable to:	**5,106,179**	**3,382,009**	**5,240,485**	**3,445,130**
Controlling shareholders			**5,106,179**	**3,382,009**
Non-controlling shareholders			**134,306**	**63,121**

See the accompanying notes to the financial statements.

FINANCIAL STATEMENTS IN 2023

Statement of changes in shareholders' equity | Years ended December 31, 2023 and 2022

In thousands of reais

	Capital	Capital reserve		Stock option plan	Treasury shares	Profit reserve		Equity valuation adjustment	Additional dividends proposed	Retained earnings (loss)	Other comprehensive income			Shareholders' equity		
		Goodwill reserve	Revaluation of subsidiaries' assets			Legal reserve	Capital Budget reserve	Deemed cost			Translation adjustment	Changes in equity interest	Hedge accounting	Controlling shareholders	Non-controlling shareholders	Total
January 01, 2022	**5,504,517**	**(123,191)**	**3,631**	**13,567**	**(11,216)**	**443,985**	**4,041,580**	**322,893**	**861,037**	**-**	**2,543,218**	**(4,288)**	**9,238**	**13,604,971**	**405,701**	**14,010,672**
Payment of dividends	-	-	-	-	-	-	-	-	(861,037)	-	-	-	-	(861,037)	-	(861,037)
Capital increase	1,000,000	-	-	-	-	(443,985)	(556,015)	-	-	-	-	-	-	-	-	-
Treasury shares sold	-	1,698	-	-	2,813	-	-	-	-	-	-	-	-	4,511	-	4,511
Treasury shares acquired	-	-	-	-	(10,333)	-	-	-	-	-	-	-	-	(10,333)	-	(10,333)
Pricing of stock options	-	-	-	2,262	-	-	-	-	-	(851)	-	-	-	1,411	-	1,411
Capital transactions	-	15,547	-	-	-	-	-	-	-	-	-	-	-	15,547	(55,262)	(39,715)
Reversal of dividends in prior years	-	-	-	-	-	-	-	-	-	1,012	-	-	-	1,012	-	1,012
Equity valuation adjustment:																
Realization of deemed cost, net of taxes	-	-	-	-	-	-	-	(19,381)	-	18,855	526	-	-	-	-	-
Accumulated translation adjustments	-	-	-	-	-	-	-	-	-	-	(784,236)	-	-	(784,236)	(177)	(784,413)
Hedge Accounting – Cash flow net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	(42,365)	(42,365)	(1,490)	(43,855)
Net income for the year	-	-	-	-	-	-	-	-	-	4,208,084	-	-	-	4,208,084	64,788	4,272,872
Proposed allocations:																
Legal reserve (Note 19.c)	-	-	-	-	-	210,404	-	-	-	(210,404)	-	-	-	-	-	-
Dividends (Note 19.b)	-	-	-	-	-	-	-	-	949,581	(1,503,231)	-	-	-	(553,650)	-	(553,650)
Interest on own capital (Note 19.b)	-	-	-	-	-	-	-	-	-	(749,120)	-	-	-	(749,120)	-	(749,120)
Capital budget reserve	-	-	-	-	-	-	1,764,345	-	-	(1,764,345)	-	-	-	-	-	-
December 31, 2022	**6,504,517**	**(105,946)**	**3,631**	**15,829**	**(18,736)**	**210,404**	**5,249,910**	**303,512**	**949,581**	**-**	**1,759,508**	**(4,288)**	**(33,127)**	**14,834,795**	**413,560**	**15,248,355**
Payment of dividends	-	-	-	-	-	-	-	-	(949,581)	-	-	-	-	(949,581)	-	(949,581)
Treasury shares sold	-	951	-	-	3,149	-	-	-	-	-	-	-	-	4,100	-	4,100
Treasury shares acquired	-	-	-	-	(40,396)	-	-	-	-	-	-	-	-	(40,396)	-	(40,396)
Pricing of stock options	-	-	-	2,002	-	-	-	-	-	-	-	-	-	2,002	-	2,002
Capital transactions	-	11,758	-	-	-	-	-	-	-	-	-	-	-	11,758	(35,175)	(23,417)
Reversal of dividends in prior years	-	-	-	-	-	-	-	-	-	1,800	-	-	-	1,800	-	1,800
Equity valuation adjustment:																
Realization of deemed cost, net of taxes	-	-	-	-	-	-	-	(14,071)	-	15,578	(1,507)	-	-	-	-	-
Accumulated translation adjustments	-	-	-	-	-	-	-	-	-	-	(601,803)	-	-	(601,803)	(1,694)	(603,497)
Hedge Accounting – Cash flow net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	(22,181)	(22,181)	55	(22,126)
Net income for the year	-	-	-	-	-	-	-	-	-	5,731,670	-	-	-	5,731,670	135,945	5,867,615
Proposed allocations:																
Legal reserve (Note 19.c)	-	-	-	-	-	286,584	-	-	-	(286,584)	-	-	-	-	-	-
Dividends (Note 19.b)	-	-	-	-	-	-	-	-	1,249,940	(1,859,243)	-	-	-	(609,303)	-	(609,303)
Interest on own capital (Note 19.b)	-	-	-	-	-	-	-	-	-	(1,020,776)	-	-	-	(1,020,776)	-	(1,020,776)
Capital budget reserve	-	-	-	-	-	-	2,582,445	-	-	(2,582,445)	-	-	-	-	-	-
December 31, 2023	**6,504,517**	**(93,237)**	**3,631**	**17,831**	**(55,983)**	**496,988**	**7,832,355**	**289,441**	**1,249,940**	**-**	**1,156,198**	**(4,288)**	**(55,308)**	**17,342,085**	**512,691**	**17,854,776**

See the accompanying notes to the financial statements.

FINANCIAL STATEMENTS IN 2023

Statement of cash flows – Indirect method | Years ended December 31, 2023 and 2022

In thousands of reais

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	12/31/22	12/31/23	12/31/22
Operating activities				
Income (loss) before taxes	5,731,419	4,208,408	6,590,797	5,115,642
Depreciation, amortization and depletion	87	87	628,042	565,557
Stock option plan expenses	2,002	2,263	10,908	12,035
Equity in net income of subsidiaries	(5,715,778)	(4,229,833)	(113)	-
Provision for credit risk	-	-	17,939	(8,472)
Provision for tax, civil and labor liabilities	-	-	154,489	72,362
Provision for inventory losses	-	-	41,357	31,520
Provision with product warranty	-	-	87,732	108,947
Write-off of non-current assets	-	-	20,964	15,318
Accrued interest on loans and financing	-	-	150,062	78,366
Provision for / settlement of derivative financial instruments	-	-	17,889	454,636
Yield on interest earning bank deposits	(64,950)	(43,947)	(64,950)	(43,947)
Profit sharing – employees	-	-	737,547	569,352
Tax credit - Exclusion of ICMS from PIS/COFINS calculation basis	-	-	(28,933)	(69,740)
	(47,220)	**(63,022)**	**8,363,730**	**6,901,576**
(Increase)/decrease in clients	-	-	(689,737)	(1,435,059)
(Increase) decrease in inventories	-	-	142,764	(1,424,939)
(Increase)/decrease in recoverable taxes	140,454	112,035	246,397	655,045
Increase/(decrease) in suppliers	32	(15)	194,660	(82,620)
Increase/(decrease) in social/tax obligations	(144,181)	(100,680)	(162,284)	(184,475)
Increase/(decrease) in advances from clients	-	-	456,271	618,377
Increase/(decrease) in other accounts receivable/payable	157,702	120,654	325,871	(843,728)
Income tax and social contribution	(1,096)	(1,560)	(1,159,725)	(744,674)
Payment of profit sharing – employees	-	-	(568,469)	(466,705)
Receipt of dividends/interest on own capital	2,739,358	2,135,351	-	-
Interest paid on loans and financing	-	-	(127,655)	(55,867)
Net cash flow originated from (invested in) investment activities	**2,845,049**	**2,202,763**	**7,021,823**	**2,936,931**
Investment activities				
Investments	-	(134)	-	-
Acquisition of property, plant and equipment	-	-	(1,586,001)	(1,111,431)
Acquisition of intangible assets	-	-	(72,624)	(62,979)
Acquisition of company - business combination (net of cash)	-	-	(7,414)	(195,052)
Acquisition of equity interest - associated companies	-	-	(71,584)	-
Interest earning bank deposits	-	-	-	(12,287)
Redemption of interest earning bank deposits	4,006	14,829	5,590	14,829
Receipt in the sale of property, plant and equipment and intangible assets	-	-	17,827	10,658
Net cash flow originated from (invested in) investment activities	**4,006**	**14,695**	**(1,714,206)**	**(1,356,262)**
Financing activities				
Loans and financing obtained	-	-	2,916,805	4,253,529
Payment of loans and financing	-	-	(3,534,389)	(2,110,718)
Acquisition of treasury shares	(40,396)	(10,333)	(40,396)	(10,333)
Settlement of treasury shares	3,149	2,813	3,149	2,813
Payment of dividends/interest on own capital	(2,459,420)	(2,003,558)	(2,308,620)	(1,887,512)
Net cash flow originated from (invested in) investment activities	**(2,496,667)**	**(2,011,078)**	**(2,963,451)**	**247,779**
Exchange rate change on cash and cash equivalents	-	-	(306,714)	(91,873)
Net increase (decrease) in cash and cash equivalents	**352,388**	**206,380**	**2,037,452**	**1,736,575**
Cash and cash equivalents at January 1st	438,928	232,548	4,451,002	2,714,427
Cash and cash equivalents at December 31st	**791,316**	**438,928**	**6,488,454**	**4,451,002**

See the accompanying notes to the financial statements.

FINANCIAL STATEMENTS IN 2023

Statement of added value | Years ended December 31, 2023 and 2022

In thousands of reais

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	12/31/22	12/31/23	12/31/22
Revenues	-	-	**36,009,947**	**33,461,723**
Sale of goods, products and services	-	-	35,949,525	33,404,891
Other revenues	-	-	78,361	48,360
Provision with loss with clients' credits	-	-	(17,939)	8,472
Inputs acquired from third parties	**(4,662)**	**(3,565)**	**(20,181,554)**	**(19,860,377)**
Cost of products and services, energy, outsourced services and others	(2,641)	(1,303)	(20,096,575)	(19,839,331)
Other	(2,021)	(2,262)	(84,979)	(21,046)
Gross added value	**(4,662)**	**(3,565)**	**15,828,393**	**13,601,346**
Depreciation, amortization and depletion	(87)	(87)	(628,042)	(565,557)
Net added value produced by the Entity	**(4,749)**	**(3,652)**	**15,200,351**	**13,035,789**
Added value received as transfers	**5,859,657**	**4,306,017**	**1,920,434**	**1,241,567**
Equity in net income of subsidiaries	5,715,778	4,229,833	113	-
Financial revenues	143,879	76,184	1,553,649	1,197,270
Tax credit - Exclusion of ICMS from	-	-	23,865	44,297
Tax incentive (note 10.c)	-	-	342,807	-
Total added value payable	**5,854,908**	**4,302,365**	**17,120,785**	**14,277,356**
Distribution of added value	**5,854,908**	**4,302,365**	**17,120,785**	**14,277,356**
Personnel	**21,249**	**14,182**	**6,376,762**	**5,695,390**
Direct remuneration	20,694	13,731	5,542,640	4,939,265
Benefits	386	284	647,127	586,376
FGTS	169	167	186,995	169,749
Taxes, duties and contributions	**743**	**2,246**	**3,433,452**	**3,161,167**
Federal	743	2,246	3,014,626	2,812,481
State	-	-	385,166	314,913
Municipal	-	-	33,660	33,773
Third-party capital remuneration	**101,246**	**77,853**	**1,442,956**	**1,147,927**
Interest	101,246	77,853	1,419,419	1,124,446
Rentals	-	-	23,537	23,481
Remuneration of own capital	**5,731,670**	**4,208,084**	**5,867,615**	**4,272,872**
Dividends	1,859,243	1,503,231	1,859,243	1,503,231
Interest on own capital	1,020,776	749,120	1,020,776	749,120
Retained earnings	2,851,651	1,955,733	2,851,651	1,955,733
Non-controlling retained earnings	-	-	135,945	64,788

See the accompanying notes to the financial statements.

1 COMPANY'S INFORMATION

WEG S.A. ("Company") is a publicly-held corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, in Jaraguá do Sul - State of Santa Catarina (SC), Brazil, holding company comprising the WEG Group ("Group"), which is primarily engaged in the production and sale of capital goods such as electric motors, generators and transformers; gear units and geared motors; hydraulic and steam turbines; frequency converters, motor starters and maneuver devices; control and protection of electric circuits for industrial automation; power sockets and switches; electric traction solutions for heavy vehicles, SUV vehicles, locomotives, and sea transportation electric propelling; solutions for the generation of renewable and distributed energy, in small hydro, thermal, biomass, wind and solar energy power plants; solutions for the industry 4.0; UPSs and alternators for groups of generators; conventional and movable electric substations; industrial electrical and electronic systems; and industrial paint & varnish, and paints for automotive repainting. The operations are performed through manufacturing facilities located in Brazil, Argentina, Colombia, Mexico, United States, Portugal, Spain, Austria, Germany, South Africa, Algeria, India, Italy, Turkey and China, with commercial activities carried out in more than 135 countries.
The Company's shares are traded on B3 under the ticker "WEGE3" and has been listed in the corporate governance segment called Novo Mercado (New Market) since June 2007.
The Company has American Depositary Receipts (ADRs) – Level I that are traded on the over-the-counter or OTC market in the United States, under the ticker "WEGZY".

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

The individual and consolidated financial statements ("financial statements") were prepared considering every relevant information of the Company that corresponds to those used by the Management on its administration and prepared in accordance with the International Financial Reporting Standards (IFRS) and accounting practices adopted in Brazil (BR GAAP) implemented in Brazil by the Accounting Pronouncement Committee ("CPC"), approved by the Brazilian Securities and Exchange Committee ("CVM") and the Federal Accounting Committee ("CFC").

The financial statements were prepared using historical cost as the value base, except for the fair value appraisal of certain financial instruments, when required by the standard.

The approval and authorization of these individual and consolidated financial statements was given by the Board of Directors in a meeting held on February 20, 2024.

2.1 Consolidation basis

The consolidated financial statements are prepared jointly with those of the parent company, using consistent accounting policies, and are composed of the financial statements of the direct and indirect subsidiaries.
All balances, unrealized revenues, expenses, gains and losses arising from transactions among Group's subsidiaries.
A change in the ownership interest in a subsidiary which does not result in loss of control is accounted for as a transaction between shareholders in shareholders' equity.
Income (loss) for the year and comprehensive income are attributed to the parent company's shareholders and non-controlling shareholders.
The subsidiaries that comprise the consolidated financial statements are presented in the Note 11.

2.2 Business combinations

When acquiring a business, the Company evaluates assets and liabilities assumed with the purpose of classifying and allocating them according to contractual covenants, economic circumstances and pertinent conditions, up to one year after the acquisition date.
Goodwill is initially measured as being the excess of consideration transferred in relation to net assets acquired (identifiable assets and assumed liabilities). If consideration is lower than fair value of net assets acquired, the difference is recognized as gain in statement of income.
After initial recognition, the goodwill is carried at cost less any accumulated loss for the impairment losses, which is tested on an annual basis. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating units of the Company that are expected to benefit by the synergies of combination, regardless of other assets or liabilities of the acquiree being allocated to those units.
The financial statements of subsidiaries are recognized under the equity method in the parent company's individual financial statements.

2.3 Foreign currency translation

a) Functional currency of Group's companies

Consolidated financial statements are being presented in *real* (R$), functional currency of the parent company and subsidiaries located in Brazil.

The functional currency of subsidiaries abroad is determined based on the country in which it operates, and is translated into the presentation currency (R$) on the date of the financial statements.

b) Transactions and balances

Transactions in foreign currency are recorded at the exchange rate of the functional currency in force on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate of the functional currency in force on the date of financial statements. All differences are reported in the statement of income or other comprehensive income. Non-monetary items measured based on historical cost in a foreign currency are translated using the foreign exchange rate prevailing on the dates of the initial transactions. Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

c) Translation of balance sheets of Group's foreign companies

The assets and liabilities of foreign subsidiaries are translated into reais (R$) at the exchange rate on the date of financial statements, and the corresponding statements of income are translated based on average monthly foreign exchange rate. Foreign exchange differences derived from this translation are accounted for in other comprehensive income as accumulated translation adjustment in shareholders' equity. In a possible sale of a foreign subsidiary, the accumulated translation amount recognized in shareholders' equity, referring to said foreign subsidiary, is recognized in the statement of income.

2.4 Cash and cash equivalents

They include balances in checking accounts and short-term interest earning bank deposits with 90-day liquidity that are recorded at cost plus income earned up to the balance sheet closing date, in accordance with the rates agreed with the financial institutions and do not exceed their market or realization value. For the purposes of better comparability in balances, the Company made non-material reclassifications in the Statement of Cash Flows of December 31, 2022.

2.5 Interest earning bank deposits

These are investments with liquidity of over 90 days, classified as fair value through profit or loss, considering that they may be held to maturity. However, they can be used for other purposes. These interest earning bank deposits are recorded at cost plus income earned up to the balance sheet closing date, in accordance with the rates agreed with the financial institutions and represent its fair values.

2.6 Clients

They correspond to trade accounts receivable for the sale of goods or provision of services in the normal course of activities, stated at the present and realization value. The allowance for doubtful accounts is calculated based on an analysis of credit risk, market liquidity and credit level, and is sufficient to cover expected losses on amounts receivable.

2.7 Inventories

Inventories are valued and stated at the average acquisition or production cost that does not exceed the net realizable value. The Company and its subsidiaries cover the costs of its inventories by absorption using the weighted moving average.

Provision for inventories due to: realization, low turnover and obsolete inventories are recorded in accordance with the Company's policies. Imports in transit are stated at the accumulated cost of each import.

2.8 Property, plant and equipment

Property, plant and equipment are valued at acquisition and/or construction cost, net of depreciation, except for land, which is not depreciated.

Expenses with maintenance or repairs, which do not materially increase the useful life of the assets, are expensed when incurred. Gains and losses due to the disposal are calculated by comparing sales price with book value, and are recognized in the statement of operations.

Depreciation is calculated by the straight-line method, which considers the estimated useful lives of the assets and it is periodically reviewed to adapt the depreciation rates according to the need.

The book values of property, plant and equipment assets are reviewed on each balance sheet date for indication of impairment. If such indication occurs, the Company recognizes a reduction in the book balance of this asset, if necessary.

2.9 Right-of-use in leases

All leases in which the Company and its subsidiaries act as lessees are recognized in the balance sheet under right-of-use asset, with a contra entry to lease liabilities, except for short-term and low-value leases, which are recognized as an expense in a straight-line basis during the lease term.
The right-of-use asset is measured at cost, net of accumulated depreciation and impairment loss, adjusted for any remeasurement of the lease obligation. Depreciation is calculated based on the useful life of the asset or the contractual term. The lease obligation is measured at the present value of the lease payments of the agreement, restated monthly by the discounted interest and settled by the lease payments made.
The agreements signed for energy self-production with the companies Anemus Wind Holding S.A. and Eólica do Agreste Potiguar II S.A., disclosed in the investment note are not characterized as lease.

2.10 Intangible assets

They are valued at the acquisition cost, less amortization. Intangible assets with defined useful lives are amortized taking into consideration estimated period for generation of future economic benefits. Goodwill from expected future earnings, with no defined useful life, is subject to impairment test on an annual basis or whenever there are signs of possible loss in economic value.

2.11 Research, development and innovation

Expenses on research activities are recorded in income (loss) when incurred, and development and innovation expenses comprising opportunities to gain scientific and technological knowledge or product and process improvements are capitalized and amortized over the estimated benefit period.

2.12 Provisions for contingencies

Provision is recognized when the Company and its subsidiaries have a present obligation, as a result of past events, and it is likely that an outflow of funds will be necessary to settle the obligation; and the amount can be reliably estimated. Provision is periodically reviewed, observing its nature and based on the opinion of legal advisors.

2.13 Provision for guarantees

A provision for warranties is recognized when the products or services to which they refer are sold, based on historical data and warranty periods.

2.14 Profit sharing

The Company and its subsidiaries provide for profit sharing for employees and management based on programs that establish annual operating targets and are approved by the Board of Directors. The amount of profit sharing is recognized in the income (loss) for the year in accordance with the achievement of targets.

2.15 Dividends and interest on own capital

Dividends and interest on own capital are recognized in liabilities based on the minimum dividends defined by the Company's Bylaws. Any amount above minimum mandatory amount is recognized as liability when approved by the Board of Directors and ad referendum of Ordinary General Meeting.
Dividends proposed to the Board of Directors remain recorded in shareholders' equity under additional dividends.

2.16 Pension plan

The Company and its subsidiaries sponsor a supplementary pension plan, which ensures risk benefits and a programmed term benefit. Risk benefits (disability, death pension, sickness benefit and annuity for death) are structured as a defined benefit plan and fully funded by the sponsor, under the PAYG financial system. The programmed term benefit (reversible monthly lifetime income and permanent financial monthly income) is structured in the form of variable contribution and paid for by the participants and the sponsor, under the financial capitalization system. The actuarial commitments with the benefit plan are recorded and provisioned based on actuarial calculations, periodically prepared by an independent actuary, and are covered by the collateral assets of the benefit plan. Actuarial calculations are made using actuarial, financial and economic assumptions, such as mortality table, mortality table of individuals with permanent disability, effective annual interest rate and historical data on events, death, disability and illness, occurred in the periods prior to the calculation of the corresponding costs.

2.17 Financial instruments

The main financial instruments of the Company and its subsidiaries include:

a) **Cash and cash equivalents:** Presented at cost plus income, which is equivalent to fair value;

b) Interest earning bank deposits: The fair value of such assets nears the values recorded in the balance sheets. Interest earning bank deposits are classified as fair value through profit or loss, as they are held to maturity;

c) Loans and financing: The main purpose of this financial instrument is to generate funds for the expansion projects of the Company and its subsidiaries and occasionally meet its short-term cash flow requirements.

- Loans and financing in domestic currency: they are classified as financial liabilities measured at amortized cost and recorded at their restated amounts, in accordance with the contracted rates. These loans' market values are equivalent to their book values as they are financial instruments with exclusive financial lease characteristics from specific funding sources.
- Loans and financing in foreign currency: are contracted to support the working capital of commercial operations in Brazil and in subsidiaries abroad and are updated according to the contracted rates.

d) Derivatives:

- Operations with Non Deliverable Forwards (NDF) and SWAPs - recognized at fair value in assets and/or liabilities with a corresponding entry in the financial result in the statement of income.
- Transactions designated as hedge accounting - Derivative financial instruments are held to hedge risk exposures of foreign currency. This hedge, as well as the economic relationship, are documented on the date of hedge accounting designation. The effective portion of changes in the fair value of these derivative financial instruments is recognized immediately in other comprehensive income, while the non-effective portion is immediately recognized in the income (loss).

2.18 Treasury shares

They are recognized at cost, and deducted from shareholders' equity. No gain or loss is recognized in the statement of income on the purchase, sale, issuance or cancellation of the Company's equity instruments. Any difference between the book value and the remuneration is recognized in other capital reserves.

2.19 Share-based plan – Long-term incentive plan ("ILP Plan")

The Company grants shares to its directors and managers, which will only be delivered after grace periods. The shares are measured at the share value based on the grant date and are recognized as expenses under Other income (loss) in the statement of income for the year, with a contra entry to a capital reserve in shareholders' equity as the grace periods for deliveries of actions are carried out.

Changes and reversals subsequent to the acquisition calculation are measured prospectively only when there are: (i) change in strike price of granted shares; and (ii) change in the number of shares expected to be transferred.

2.20 Government grants and assistance

Government grants are recognized when all corresponding contractual conditions have been met. When the benefit is related to an expense item, the grant is recognized as revenue for the period the benefit was granted, on a systematic basis in relation to the costs offset by such benefit. When the benefit is related to an asset, it is recognized as deferred revenue and recorded in the income (loss) equal amounts throughout the estimated useful life of the corresponding asset.

2.21 Revenue from contracts with customers

Revenue is recognized when the company transfers control of the goods and services to the client, usually when the client receives the product or service.

It is measured at fair value of received or receivable consideration, excluding discounts, rebates, taxes or charges over sales.

2.22 Revenue from contract with customer - Construction contracts

When the results of a construction contract are reliably estimated, revenues and costs are recognized based on the stage of completion of the contract at the end of the period, considering the legal possibility of requiring payment by the client or the delivery of the product to the client (transfer of control), and measured based on the proportion of costs incurred in relation to the estimated total costs of the contract. There is no alternative use for the assets sold.

2.23 Taxes and contributions

a) Current and deferred income tax and social contribution

The current and deferred income tax and social contribution of the Company and its subsidiaries in Brazil are calculated based on the rates of 25% and 9%, respectively, and consider the offsetting of tax losses and negative basis limited to 30% of taxable income, except for subsidiaries located abroad, where the tax rates valid in the countries in which these subsidiaries are located are followed.

Deferred taxes are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement purpose and the related amounts used for taxation purposes.

b) Other taxes

Revenues, expenses and assets are net of taxes, except when taxes on purchases of assets or services are not recoverable from tax authorities, in which case, the tax is recognized as part of the acquisition cost of the asset or expense item, as applicable.

2.24 Segment information

Management defines the operating and geographic segments of the Company and its subsidiaries based on reports internally generated as business management information. The Company's Management is structured and systematized with information on operations considering the industry, energy, foreign and consolidated segments.

2.25 Statement of added value

The Company prepares the Statements of Added Value as required by Brazilian legislation, as part of its individual and consolidated financial statements and as supplementary information for IFRS purposes.

2.26 Hyperinflationary economy

Non-monetary items are monetarily restated as of the acquisition or revaluation date to the closing date of the financial statements, with the exception of non-monetary items recognized at current values at the end of the financial statements period, which are not monetarily restated. Deferred taxes are measured after the restatement of non-monetary items, as of the date of acquisition or revaluation to the date of the opening balances, and then restated until the closing date of the financial statements.

Monetary items are not restated as they are already expressed in terms of the current currency unit at the end of the reporting period.

Gains and losses in net cash position are recognized in the income (loss).

The Company adopts said procedures in Argentina, a country with a hyperinflationary economy.

2.27 New pronouncements to become effective as of January 1, 2024

Management has been monitoring the pronouncements that have already been issued, which will be effective as of January 1, 2024 and concluded that it should not have a significant impact on the Company's financial statements.

(Amounts expressed in thousands of reais unless otherwise indicated)

3 ACCOUNTING ESTIMATES

Financial statements include the use of estimates that considered evaluations and judgments of the Management, past and current events, assumptions about future events, and other objective and subjective factors. Significant items subject to these estimates are:
a) analysis of credit risk to determine the allowance for doubtful accounts (Notes 6 and 28.1a);
b) determination of provision for inventory losses (Note 7);
c) recoverability analysis of non-financial assets: main assumptions related to the determination of values in use (Note 14);
d) deferred income tax and social contribution: considering the availability of future taxable income against which deductible temporary differences and tax losses can be used (Note 10); and
e) provision for contingencies (Note 17).

The settlement of transactions involving these estimates may result in significantly different amounts described in the financial statements due to the lack of precision inherent to the process of their estimate. These estimates are periodically reviewed.

4 CASH AND CASH EQUIVALENTS

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
a) Cash and banks	**7**	**6**	**1,308,781**	**710,905**
b) Interest earning bank deposits	**791,309**	**438,922**	**5,179,673**	**3,740,097**
In domestic currency:	**791,309**	**438,922**	**4,015,299**	**3,481,091**
Bank deposit certificate (CDB) and Financial Bill	791,309	438,922	4,015,299	3,481,091
In foreign currency:	**-**	**-**	**1,164,374**	**259,006**
Overnight	-	-	644,407	41,822
Time deposit	-	-	346,423	99,858
Other	-	-	173,544	117,326
TOTAL	**791,316**	**438,928**	**6,488,454**	**4,451,002**

Investments in Brazil:
Interest earning bank deposits in Brazil are mainly represented by funds invested in private securities of top-tier institutions.
They are remunerated at the average rate of 102.21% of CDI (102.16% of CDI as of December 31, 2022).

Foreign investments:
Investments are comprised of overnight, funds, time deposit and investment in government bonds. Remuneration ranges from country to country, ranging 0.21−11.15% p.a. (0.21−9.97% p.a. as of December 31, 2022).

5 INTEREST EARNING BANK DEPOSITS

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
In domestic currency	**592,770**	**531,826**	**592,770**	**531,826**
Investment funds	592,770	531,826	592,770	531,826
In foreign currency	**-**	**-**	**10,703**	**12,287**
TOTAL	**592,770**	**531,826**	**603,473**	**544,113**
Current assets	592,770	531,826	592,770	531,826
Non-current assets	-	-	10,703	12,287

Interest earning bank deposits include investment funds that are recorded at fair value and held until maturity, being remunerated at an average floating rate of 105.47% of CDI rate (105.09% of the CDI rate in December 31, 2022).

(Amounts expressed in thousands of reais unless otherwise indicated)

6 CLIENTS

	CONSOLIDATED	
	12/31/23	**12/31/22**
a) Breakdown of balances:		
Domestic market	2,846,998	2,191,072
Foreign market	3,280,545	3,463,368
SUBTOTAL	**6,127,543**	**5,654,440**
Provision for losses on clients' credits	(56,987)	(40,017)
TOTAL	**6,070,556**	**5,614,423**
b) Actual losses with client credits in the year	**9,357**	**20,122**
c) Maturity date of trade notes:		
Falling due	5,391,709	5,055,040
Overdue (days):	735,834	599,400
≤30	410,539	394,082
31−90	180,807	102,279
91−180	55,005	43,681
>180	89,483	59,358
TOTAL	**6,127,543**	**5,654,440**

Changes in provision with losses on clients' credits are as follows:

Balance at 01/01/2022	**(48,766)**
Losses written-off in the year	20,122
Formation of provision for the period	(22,590)
Reversal of provision for the year	10,940
Acquisition of Balteau and Gefran	(1,977)
Exchange-rate change	2,254
Balance at 03/31/2022	**(40,017)**
Losses written-off in the year	9,357
Formation of provision for the period	(43,481)
Reversal of provision for the year	16,185
Exchange-rate change	969
Balance at 12/31/2023	**(56,987)**

(Amounts expressed in thousands of reais unless otherwise indicated)

7 INVENTORIES

	CONSOLIDATED	
	12/31/23	**12/31/22**
Finished goods	1,056,059	944,297
Work in process	916,133	792,801
Raw materials and other	1,381,827	1,724,045
Imports in transit	226,522	268,003
Provision for losses with low turnover inventories	(66,109)	(62,541)
Total inventories in domestic market	**3,514,432**	**3,666,605**
Finished goods	1,883,664	2,267,601
Work in process	956,636	867,740
Raw materials and other	918,317	970,349
Provision for losses with low turnover inventories	(156,763)	(127,934)
Total inventories in foreign market	**3,601,854**	**3,977,756**
OVERALL TOTAL	**7,116,286**	**7,644,361**

Changes in the provision for slow-moving inventory are as follows:

Balance at 01/01/22	**(157,670)**
Formation of provision for the year	(163,378)
Reversal of provision for the year	131,858
Acquisition of Balteau and Gefran	(11,255)
Exchange-rate change	9,970
Balance at 03/31/22	**(190,475)**
Formation of provision for the year	(216,342)
Reversal of provision for the year	174,985
Exchange-rate change	8,960
Balance at 12/31/23	**(222,872)**

Inventories are insured and their coverage is determined according to values and involved risk level. The recording and reversal of provision for low-turnover inventory losses are recorded under cost of goods sold.

8 RECOVERABLE TAXES

	CONSOLIDATED	
	12/31/23	**12/31/22**
BRAZIL	**368,538**	**485,249**
IPI	68,155	64,539
PIS/COFINS	66,400	55,781
PIS/COFINS - Exclusion of ICMS from calculation basis	-	161,031
ICMS	91,324	95,246
ICMS over acquisitions of property, plant and equipment	87,148	60,544
Financial credit of Information Technology Act	37,914	25,041
REINTEGRA	14,537	13,963
Other	3,060	9,104
FOREIGN	**125,756**	**119,729**
VAT	110,318	107,610
Other	15,438	12,119
TOTAL	**494,294**	**604,978**
Current assets	420,284	552,704
Non-current assets	74,010	52,274

The credits will be realized by the Company and its subsidiaries during the normal tax calculation process, and there are also credits subject to refund and/or offsetting.

(Amounts expressed in thousands of reais unless otherwise indicated)

9 RELATED PARTIES

Products and raw materials purchase and sale and service contracting transactions were carried out, as well as loans and fund raising financial transactions between the Group's companies, which are eliminated in the consolidation and Management's remuneration.

Amount of existing balances:

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
ASSETS AND LIABILITIES				
Current liabilities	**7,451**	**4,520**	**92,929**	**71,172**
Contracts with Administrators	-	-	14,934	8,869
Bonus from management	7,451	4,520	77,995	62,303
Non-current liabilities	**722**	**-**	**7,108**	**-**
Bonus from management	722	-	7,108	-

STATEMENT OF INCOME ACCOUNTS	PARENT COMPANY		CONSOLIDATED	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
Management fees:				
a) Fixed (fees)	**3,690**	**3,417**	**36,996**	**35,168**
Board of Directors	1,942	1,827	3,884	3,653
Statutory Board	1,748	1,590	17,484	18,442
Non-Statutory Executive Board	-	-	15,628	13,073
b) Variable (bonus)	**12,160**	**7,722**	**125,007**	**96,615**
Board of Directors	6,400	4,122	12,800	9,654
Statutory Board	5,760	3,600	57,540	41,981
Non-Statutory Executive Board	-	-	54,667	44,980

Additional information:

a) Commercial operations
The purchase and sale of inputs and products are carried out under conditions established between the parties;

b) Management of funds
Financial and commercial transactions between the Group's companies are recorded and supported by the Group's convention. The contracts entered into with Administrators are remunerated at 95.0% of the CDI change;

c) Sureties and guarantees
WEG S.A. granted guarantees and sureties to subsidiaries abroad, with no financial costs in the amount of US$ 176.7 million (US$ 162.8 million on December 31, 2022);

d) Management remuneration
The members of the Board of Directors were remunerated in the amount of R$ 3,884 (R$ 3,653 as of December 31, 2022) and the Statutory Executive Board in the amount of R$ 17,484 (R$ 18,442 as of December 31, 2022), and the Statutory Executive Board in the amount of R$ 15,628 (R$ 13,073 as of December 31, 2022).
A bonus of up to 2.5% of the consolidated net income is expected to be distributed to the Directors, provided that minimum operational performance targets are met. Performance targets refer to Return on Invested Capital, EBITDA growth, employee health and safety performance indicators and reduction of Greenhouse Gas (GHG) emissions. The corresponding provision is recognized in the income (loss) for the year in the amount of R$ 125,007 (R$ 96,615 on December 31, 2022) under "other operating expenses". Administrators receive usual market benefits.
The Company deferred the amount of R$ 7,108 related to the performance bonus owed to the Administrators, to be paid in subsequent years, and the deferred fraction is subject to positive or negative change in the market price of Company's shares throughout the period.

(Amounts expressed in thousands of reais unless otherwise indicated)

10 DEFERRED TAXES

Deferred Income Tax and Social Contribution credits and debits were calculated in accordance with CVM Resolution 109/22, which approved Technical Pronouncement CPC 32 (IAS 12) – Income taxes.

a) Breakdown of amounts:

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
Tax losses of IRPJ	-	-	44,829	81,950
CSLL negative calculation basis	538	584	538	10,769
Temporary differences:				
Provisions:				
Labor and civil contingencies	-	-	153,926	113,818
Taxes challenged in court	1,608	1,608	66,174	59,264
Losses with clients' credits	-	-	11,805	9,503
Losses with inventories without turnover	-	-	44,065	33,096
Product warranties	-	-	111,543	103,259
Indemnities with labor and contractual terminations	-	-	107,174	76,059
Freight and sales commissions	-	-	15,222	26,571
Outsourced services	-	-	75,678	60,460
Projects in progress – Foreign subsidiaries	-	-	79,464	54,293
Employees' profit sharing	-	-	79,771	132,257
Derivatives – Hedge accounting	-	-	26,489	15,998
Unearned revenues	-	-	64,842	46,612
Incentivized accelerated depreciation	-	-	(8,456)	(7,679)
Difference in amortization of tax x accounting goodwill	(3)	(3)	(54,405)	(50,792)
Difference for tax vs accounting depreciation (useful life)	(10)	(12)	(313,127)	(299,492)
Other	7,462	6,150	55,998	34,885
Deemed cost of property, plant and equipment	(1,227)	(1,256)	(126,999)	(134,834)
Tax incentive (c)	-	-	342,807	-
TOTAL	**8,368**	**7,071**	**777,338**	**365,997**
Non-current assets	8,368	7,071	864,394	443,133
Non-current liabilities	-	-	(87,056)	(77,136)

In 2023, net deferred taxes totaling R$ 411,341 were recorded in the consolidated, with a revenue of R$ 404,755 in the statement of income and R$ 6,586 in shareholders' equity.

b) Estimated term for realization

Management estimates that deferred taxes arising from temporary differences will be realized in the proportion to the realization of contingencies, losses and projected obligations.

Regarding the deferred tax credits, recorded on tax losses and negative basis of social contribution, Management estimates that they should be realized in the next 5 years, in view of the projection of future taxable income.

c) Tax incentive – Switzerland

As of December 7, 2023, the company WEG International GmbH was established in Switzerland aiming at representing an international hub for trading activities, logistics operations management, market development, marketing and other related functions.

The Subsidiary presented a business plan and received a tax incentive on December 21, 2023 to reduce income tax of up to US$ 165,000 thousand, which will be maintained for a ten-year period and a possibility to be extended for more 10 years, according to the local government body's assessment.

Considering the transfer of operations of WEG International Trading GmbH from Austria to Switzerland, as of 2024, and based on the average revenue growth of WEG International Trading GmbH and other producers abroad and constant margins in these operations, the amount of R$ 342,807 thousand (US$ 70,000 thousand) in tax incentives was recognized in deferred taxes on December 21, 2023 and the estimated realization is in a 10-year period.

This business structure is aligned with the Organization for Economic Cooperation and Development – OECD (Pillar 2) guidelines and the new Brazilian transfer pricing rules.

(Amounts expressed in thousands of reais unless otherwise indicated)

11 INVESTMENTS

11.1 - Investments in subsidiaries

Company	Country	Shareholders' equity	Income (loss) for the year	Interest in capital (%)				Equity in net income of subsidiaries		Equity value of the investment	
				12/31/23		12/31/22		12/31/23	12/31/22	12/31/23	12/31/22
				Direct	Indirect	Direct	Indirect				
WEG Equipamentos Elétricos S.A. (*)	Brazil	14,141,786	4,869,351	100.00	-	100.00	-	4,773,616	3,723,742	14,141,786	12,290,029
RF Reflorestadora Ltda.		150,216	3,798	100.00	-	100.00	-	3,798	3,024	150,216	149,816
WEG Amazônia S.A.		100,787	28,163	0.02	99.98	0.02	99.98	4	3	16	14
WEG Administradora de Bens Ltda.		14,707	442	79.33	20.67	79.33	20.67	351	144	11,667	11,406
WEG Equipamentos e Logística Ltda.		404,144	81,468	-	100.00	-	100.00	39,203	-	-	-
Balteau Produtos Elétricos Ltda.		92,759	34,931	-	100.00	-	100.00	9,212	-	-	-
WEG Linhares Equips. Elétr. S.A.		678,374	211,908	-	100.00	-	100.00	1	1	3	3
WEG Drives & Controls Aut. Ltda.		1,447,338	672,510	100.00	-	100.00	-	672,510	424,665	1,447,338	1,193,894
WEG Partner Holding Ltda.		1	-	-	100.00	0.10	99.90	-	-	-	-
WEG-Cestari Redut.Motorredut. S.A.		155,995	34,634	-	50.01	-	50.01	4,601	742	-	-
WEG Turbinas e Solar Ltda.		919,981	302,658	-	100.00	-	100.00	58,223	-	-	-
Agro Trafo Adm. de Bens Ltda. (**)		-	-	-	-	-	-	-	2,717	-	-
Paumar S.A. Indústria e Comércio		583,085	239,437	38.87	61.13	38.87	61.13	140,161	61,832	226,647	182,178
WEG-Jelec Oil and Gas Sol.Aut.Ltda.		8	(1)	-	100.00	-	100.00	-	-	-	-
PPI Multitask Sistem. e Autom. S.A.		8,440	1,867	-	51.00	-	51.00	-	-	-	-
V2COM Participações S.A.		39,017	4,208	-	51.00	-	51.00	-	-	-	-
V2 Tecnologia Ltda.		45,205	4,301	-	51.00	-	51.00	-	-	-	-
Mvisia Desenv. Inovadores Ltda.		50,472	5,086	-	100.00	-	100.00	-	-	-	-
Birmind Automação e Serviços Ltda.		53,613	(251)	-	100.00	-	51.00	-	-	-	-
WEG Group Africa (PTY) Ltd.	South Africa	243,320	36,084	-	100.00	-	100.00	-	-	-	-
WEG Africa (Pty) Ltd.		20,632	15,941	-	100.00	-	100.00	-	-	-	-
WEG South Africa (Pty) Ltd.		173,542	15,491	-	74.80	-	74.80	-	-	-	-
ENI Electric/Instrumentations Eng. Cont.(Pty)		5,404	3,156	-	86.67	-	86.67	-	-	-	-
ZEST WEG Investment Company (Pty) Ltd.		129,810	13,369	-	64.70	-	64.70	-	-	-	-
WEG Germany GmbH	Germany	66,594	(30,555)	-	100.00	-	100.00	-	-	-	-
Wurttembergische Elektromotoren GmbH		25,296	541	-	100.00	-	100.00	-	-	-	-
Antriebstechnik KATT Hessen GmbH		(52,819)	(5,314)	-	100.00	-	100.00	-	-	-	-
TGM Kanis Turbinen GmbH		95,936	10,803	-	42.86	-	42.86	-	-	-	-
WEG Automation GmbH		7,003	176	-	100.00	-	100.00	-	-	-	-
WEG Arabia for Business Services LLC	Saudi Arabia	289	-	-	100.00	-	-	-	-	-	-
WEG Algeria Motors SpA	Algeria	1,032	(402)	-	51.00	-	51.00	-	-	-	-
WEG Equipamientos Electricos S.A.	Argentina	57,553	(50,650)	10.45	89.55	10.45	89.55	11,632	11,486	6,011	19,363
Pulverlux S.A.		13,558	5,433	-	100.00	-	100.00	-	-	-	-
WEG Australia Pty Ltd.	Australia	86,771	10,922	-	100.00	-	100.00	-	-	-	-
Watt Drive Antriebstechnik GmbH	Austria	96,330	(16,154)	-	100.00	-	100.00	-	-	-	-
WEG International Trade GmbH		1,404,196	1,395,534	-	100.00	-	100.00	-	-	-	-
WEG Holding GmbH		6,912,898	2,427,821	-	100.00	-	100.00	-	-	-	-
WEG Benelux S.A.	Belgium	103,959	11,597	-	100.00	-	100.00	-	-	-	-
WEG Central Asia LLP	Kazakhstan	16,745	13,321	-	100.00	-	100.00	-	-	-	-
WEG Chile S.p.A.	Chile	90,374	30,755	8.00	92.00	8.00	92.00	2,460	1,472	7,230	5,461
WEG (Nantong) Elec. Mot. Man. Co., Ltd.	China	447,651	50,596	-	100.00	-	100.00	-	-	-	-
Changzhou Sinya Electromotor Co., Ltd.		(3,450)	15,674	-	100.00	-	100.00	-	-	-	-
Changzhou Yatong Jiewei Elect., Ltd.		(42,976)	(3,435)	-	100.00	-	100.00	-	-	-	-
WEG (Changzhou) Aut. Equip. Co., Ltd.		(2,319)	18,316	-	100.00	-	100.00	-	-	-	-
WEG (Jiangsu) Electric Equip. Co., Ltd.		554,251	94,647	-	100.00	-	100.00	-	-	-	-
WEG Singapore Pte. Ltd.	Singapore	11,099	5,644	-	100.00	-	100.00	-	-	-	-
WEG Colombia S.A.S.	Colombia	184,212	33,188	-	100.00	-	100.00	-	-	-	-
WEG Egypt LLC	Egypt	673	(79)	1.00	99.00	-	-	-	-	7	-
WEG Electric Egypt LLC		1,053	(88)	-	100.00	-	-	-	-	-	-
WEG Ecuador S.A.S	Ecuador	20,762	8,389	-	100.00	-	100.00	-	-	-	-
WEG Middle East Fze.	United Arab Emirates	36,313	16,697	-	100.00	-	100.00	-	-	-	-
WEG Iberia Industrial S.L.	Spain	119,159	18,912	-	100.00	-	100.00	-	-	-	-
Autrial S.L.U.		(5,265)	3,877	-	100.00	-	100.00	-	-	-	-
WEG Electric Corp.	United States	1,873,147	482,269	-	100.00	-	100.00	-	-	-	-
Electric Machinery Company LLC		162,780	22,664	-	100.00	-	100.00	-	-	-	-
WEG Transformers USA LLC		468,214	213,614	-	72.00	-	72.00	-	-	-	-
WEG France SAS	France	59,235	7,877	-	100.00	-	100.00	-	-	-	-

(Amounts expressed in thousands of reais unless otherwise indicated)

Company	Country	Shareholders' equity	Income (loss) for the year	Interest in capital (%)				Equity in net income of subsidiaries		Equity value of the investment	
				12/31/23		12/31/22		12/31/23	12/31/22	12/31/23	12/31/22
				Direct	Indirect	Direct	Indirect				
Zest WEG Group Ghana Ltd.	Gana	13,672	5,163	-	100.00	-	100.00	-	-	-	-
E & I Electrical Ghana Ltd.		(131)	204	-	90.00	-	90.00	-	-	-	-
WEG Holding B.V.	Holland	323,882	324,932	-	100.00	-	-	-	-	-	-
WEG Industries (India) Private Ltd.	India	232,357	38,819	-	100.00	-	100.00	-	-	-	-
WEG (UK) Ltd.	England	50,084	5,410	-	100.00	-	100.00	-	-	-	-
WEG Italia S.R.L.	Italy	233,886	27,711	-	100.00	-	100.00	-	-	-	-
WEG Automation Europe S.R.L.		107,058	7,201	-	100.00	-	100.00	-	-	-	-
WEG Electric Motors Japan Co. Ltd.	Japan	4,952	321	-	95.00	-	95.00	-	-	-	-
WEG South East Asia SDN BHD	Malaysia	6,703	(5,646)	-	100.00	-	100.00	-	-	-	-
WEG México S.A. de C.V.	Mexico	1,389,376	111,997	-	100.00	-	100.00	-	-	-	-
Voltran S.A. de C.V.		461,191	156,035	-	72.00	-	72.00	-	-	-	-
Zest WEG Group Mozambique, Lda	Mozambique	(1,703)	(155)	-	100.00	-	100.00	-	-	-	-
Zest WEG Group Namibia Ent. (Pty) Ltd.	Namibia	159	(1)	-	100.00	-	100.00	-	-	-	-
WEG Peru S.A..	Peru	44,364	12,880	0.05	99.95	0.05	99.95	6	5	22	17
WEG Poland Sp. z.o.o.	Poland	3,494	2,292	-	100.00	-	100.00	-	-	-	-
WEGEURO, S.A.	Portugal	258,583	29,334	-	100.00	-	100.00	-	-	-	-
WEG Rus LLC	Russia	12,039	(130)	-	100.00	-	100.00	-	-	-	-
WEG Scandinavia AB	Sweden	42,031	6,332	-	100.00	-	100.00	-	-	-	-
WEG International GmbH	Switzerland	322,116	325,593	-	100.00	-	-	-	-	-	-
ENI Electrical Tanzania (Pty) Limited	Tanzania	68	605	-	100.00	-	100.00	-	-	-	-
WEG Elektrík Sanayí Anonim Şírketi	Turkey	16,767	2,969	-	100.00	-	100.00	-	-	-	-
E & I Zambia Ltd.	Zambia	2,225	146	-	50.00	-	50.00	-	-	-	-
TOTAL								**5,715,778**	**4,229,833**	**15,990,943**	**13,852,181**

(*) Equity in net income of subsidiaries companies adjusted for unrealized profits on related party transactions.
(**) In October 2022, it was merged by the company WEG Equipamentos Elétricos S.A.

The Company's consolidated financial information includes the individual financial information of WEG S.A. and all its subsidiaries. The subsidiaries are fully consolidated as of the date control is obtained.
Dividends and interest on own capital received from subsidiaries are considered and valued as operating activities in individual financial statements.
Subsidiaries with negative shareholders' equity are capitalized periodically according to each country's legislation.

11.2 Investments in associated companies

Company	Country	Shareholders' equity	Income (loss) for the year	Interest in capital (%)				Equity in net income of subsidiaries		Equity value of the investment	
				12/31/23		12/31/22		12/31/23	12/31/22	12/31/23	12/31/22
				Direct	Indirect	Direct	Indirect				
Anemus Wind Holding S.A.	Brazil	382,040	5,520	-	6.50	-	-	(158)	-	59,842	-
Eólica do Agreste Potiguar II S.A.		165,031	(5,505)	-	6.19	-	-	(272)	-	10,383	-
Bewind GmbH	Germany	13,754	9,575	-	45.33	-	-	543	-	6,235	-
TOTAL								**113**	**-**	**76,460**	**-**

11.3 Other investments

The Company and its subsidiaries have recorded other investments in the amount of R$ 1,021 (R$ 1,056 as of December 31, 2022).

11.4 Acquisition

(i) Anemus Wind Holding S.A.

On July 5, 2023, the Company announced an agreement with 2W Ecobank S.A. for the joint self-production of energy at the Anemus Wind Farms I, II and III, in the municipality of Currais Novos, state of Rio Grande do Norte, which have 33 WEG AGW147/4.2 model wind turbines. Together, they total 138.6 MW of installed capacity, being considered the acquisition of an associated company as we have significant influence through participation in its main financial and operational decisions.
The energy purchase contracts are worth approximately R$ 970 million, effective for 20 years and starting in January 2024. The initiative will guarantee 30 MW (average) of renewable energy for WEG's industrial operations in the form of self-production by equivalence.
After meeting precedent conditions, the deal was completed with the acquisition of a 6.50% interest in the company Anemus Wind Holding S.A. for the amount of R$ 60,000, with the signing of the agreement on September 29, 2023.

(ii) Eólica do Agreste Potiguar II S.A

As of July 5, 2023, the Company announced a binding agreement with Alupar, a company specialized in the generation and transmission of electric power, for the formation of a corporate partnership for the self-production of energy to be used in WEG's operations in Brazil. Located in the municipality of Jandaíra, in the state of Rio Grande do Norte, in the Agreste Potiguar Wind Complex, the AW Santa Régia (EAP II) wind farm will have an installed capacity of 37.8 MW, physical guarantee of 21.7 MW (average), and will operate with nine WEG wind turbines model AGW 147 with a nominal power of 4.2 MW, and the acquisition of the associated company is considered since we have a significant influence due to participation in its main financial and operating decisions.

The agreement provides for the annual delivery of about 15 MW (average), which will be used in WEG's manufacturing operations in the form of self-production by equalization for a period of 18 years. The start of energy supply to the plants will start in January 2024, with energy purchase contracts estimated at R$ 460 million over the contractual period. The AW Santa Régia wind farm is located in the same wind farm complex as the AW São João wind farm, which has six other WEG wind turbines. Both parks are under implementation and will total 63 MW of installed capacity, connected to the National Interconnected System (SIN).

After meeting precedent conditions, the deal was completed with the acquisition of a 6.19% interest in the company Eólica do Agreste Potiguar II S.A. for the amount of R$ 10,656, with the signing of the agreement on October 6, 2023.

(iii) Birmind Automação e Serviços Ltda.

On July 27, 2023, the Company announced to the market that it had signed an agreement to acquire the remaining portion of Birmind Automação e Serviços Ltda. for the amount of R$ 3,479. The technology company operates in the artificial intelligence market for industrial processes.

The goodwill recorded was R$ 2,303.

(iv) Bewind GmbH

On September 25, 2023, the Company, through its subsidiary WEG Germany GmbH, signed an agreement to acquire 45.33% of Bewind GmbH for the amount of EUR 175,000. Such transaction was considered the acquisition of an associated company as we have significant influence through participation in its main financial and operational decisions. The Germany-based company specializes in engineering and developing technologies for wind turbines and their components.

(v) Regal Rexnord Corporation – Industrial electric motors and generators business

On September 25, 2023, the Company announced that its indirect subsidiaries abroad entered into an agreement with Regal Rexnord Corporation ("Regal Rexnord") for the acquisition of the industrial electric motors and generators business, in the amount of US$ 400.0 million (Enterprise Value - EV), to be paid once the transaction is concluded, which will be subject to price adjustments, common to this type of operation. The acquisition will be carried out by WEG Electric Corp and WEG Holding B.V., companies owned by WEG Equipamentos Elétricos S.A., a direct subsidiary of the Company.

This transaction focuses on the industrial electric motors and generators business, sold under the Marathon, Cemp and Rotor brands, from the Industrial Systems operating segment of Regal Rexnord, a company headquartered in the United States and listed on the New York Stock Exchange (NYSE: RRX). The net operating revenue of these businesses was US$ 541.5 million in 2022, with an adjusted EBITDA margin of 9.5%.

Aligned with the WEG Group's strategy of continuous and sustainable growth, international expansion and diversification of industrial operations, such transaction includes the acquisition of 10 plants in seven countries (United States, Mexico, China, India, Italy, the Netherlands and Canada), commercial branches in 11 countries, and a team of approximately 2,800 employees worldwide.

The completion of the transaction is subject to the fulfillment of certain precedent conditions, including the necessary regulatory approvals related to the transaction.

11.5 Incorporations

(i) WEG Arabia for Business Services LLC

As of November 27, 2022, the company WEG Arabia for Business Services LLC was established in Saudi Arabia. The establishment took place in November 2023 with the capitalization. The establishment aims to provide greater sustainability to the Company's business in this country.

(ii) New companies in Egypt

On March 15 and April 19, 2023, the companies WEG Egypt LLC and WEG Electric Egypt LLC were incorporated, respectively. The incorporation took place in September 2023 with the capitalization of both. The incorporations aim to provide greater sustainability to the Company's business in this country.

(Amounts expressed in thousands of reais unless otherwise indicated)

(iii) WEG Holding B.V.
On August 25, 2023, the company WEG Holding B.V. was incorporated in the Netherlands, specifically engaged in carrying out holding company activities.

(iv) WEG International GmbH
As of December 7, 2023, the company WEG International GmbH was established in Switzerland aiming at representing an international hub for trading activities, logistics operations management, market development, marketing and other related functions.

11.6 Corporate event in 2023
(i) Voltran S.A. de C.V.
As of February 1, 2023, the company WEG Transformadores México S.A. de C.V. was taken over by the company Voltran S.A. de C.V., with the aim of simplifying the corporate structure and improving operational organization.

(ii) PPI Multitask Sistemas e Automação S.A.
On May 1, 2023, the company Multitask Soluções em Automação S.A. was merged by the company PPI Multitask Sistemas e Automação S.A., aiming to simplify the corporate structure.

12 PROPERTY, PLANT AND EQUIPMENT

		PARENT COMPANY		CONSOLIDATED	
		12/31/23	12/31/22	12/31/23	12/31/22
Land		1,440	1,440	707,007	503,318
Constructions and facilities		5,639	5,639	2,517,688	2,349,827
Equipment		-	-	6,832,339	6,328,368
Furniture and fixtures		-	-	240,987	241,226
Hardware		-	-	232,734	222,527
Construction in process		-	-	797,172	590,565
Reforestation		-	-	69,987	63,817
Other		-	-	312,951	292,464
Total property, plant and equipment		**7,079**	**7,079**	**11,710,865**	**10,592,112**
Accumulated depreciation/depletion	**Annual depreciated rate (%)**	**(3,208)**	**(3,121)**	**(5,003,320)**	**(4,904,483)**
Constructions and facilities	02–03	(3,208)	(3,121)	(824,123)	(785,663)
Equipment	05–20	-	-	(3,813,489)	(3,738,560)
Furniture and fixtures	07–10	-	-	(152,419)	(161,512)
Hardware	20–50	-	-	(144,793)	(151,791)
Reforestation	-	-	-	(33,906)	(29,847)
Other	-	-	-	(34,590)	(37,110)
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET		**3,871**	**3,958**	**6,707,545**	**5,687,629**

a) Summary of changes in property, plant and equipment - Consolidated:

Class	12/31/22	Transfer between classes	Allocation of PPA – Gefran	Acquisitions	Net write-offs	Deprec. and depletion	FX effect	12/31/23
Land	503,318	(819)	3,134	198,165	-	-	3,209	707,007
Buildings/Facilities	1,564,164	141,524	(401)	98,822	(6,485)	(69,336)	(34,723)	1,693,565
Equipment	2,589,808	184,375	4,980	636,267	(23,110)	(347,475)	(25,995)	3,018,850
Furniture and fixtures	79,714	2,528	-	24,812	(2,345)	(13,709)	(2,432)	88,568
Hardware	70,736	1,547	-	42,007	(1,751)	(23,057)	(1,541)	87,941
Construction in process	590,565	(329,838)	-	543,391	-	-	(6,946)	797,172
Reforestation	33,970	-	-	6,170	-	(4,059)	-	36,081
Advances to suppliers	219,634	-	-	16,678	-	-	427	236,739
Other	35,720	683	-	19,689	(3,285)	(7,812)	(3,373)	41,622
Total	**5,687,629**	**-**	**7,713**	**1,586,001**	**(36,976)**	**(465,448)**	**(71,374)**	**6,707,545**

(Amounts expressed in thousands of reais unless otherwise indicated)

Prior year:

Class	12/31/21	Transfer between classes	Acquisition of Balteau and Gefran	Allocation of PPA - Balteau	Acquisitions	Net write-offs	Deprec. and depletion	FX effect	12/31/22
Land	498,296	(367)	10,958	-	4,370	-	-	(9,939)	503,318
Buildings/Facilities	1,555,060	29,494	47,430	1,791	54,668	(330)	(59,458)	(64,491)	1,564,164
Equipment	2,467,897	106,522	29,844	17,627	404,992	(18,001)	(322,462)	(96,611)	2,589,808
Furniture and fixtures	65,080	(118)	1,441	-	27,978	(231)	(12,527)	(1,909)	79,714
Hardware	62,531	287	91	-	31,632	(821)	(21,225)	(1,759)	70,736
Construction in process	298,537	(131,331)	361	-	436,102	-	-	(13,104)	590,565
Reforestation	33,444	-	-	-	2,574	-	(2,048)	-	33,970
Advances to suppliers	87,308	(4,632)	-	-	136,716	-	-	242	219,634
Other	32,898	260	178	-	12,399	(1,514)	(6,333)	(2,168)	35,720
Total	**5,101,051**	**115**	**90,303**	**19,418**	**1,111,431**	**(20,897)**	**(424,053)**	**(189,739)**	**5,687,629**

b) Construction in progress – As of December 31, 2023, the Company has investments in progress in property, plant and equipment for expansion and modernization, in the amount of R$ 797,172 (R$ 590,565 as of December 31, 2022), with the most relevant investments in the unit of Mexico, totaling R$ 258,367 (R$ 164,860 as of December 31, 2022), at the India unit, totaling R$ 95,711 (R$ 99,892 as of December 31, 2022) and at the Portugal unit, totaling R$ 23,423 (R$ 53,171 as of December 31, 2022).

c) Amounts offered as collateral - Property, plant and equipment were offered as collateral for loans, financing, and labor- and tax-related lawsuits, at the acquisition cost of the assets, in the consolidated amount of R$ 12,284 (R$ 32,977 at December 31, 2022).

d) Impairment test – The assessment of the recoverability indicators of the property, plant and equipment of the Company and its subsidiaries did not result in the need to recognize a loss in the financial year ended December 31, 2023.

13 RIGHT-OF-USE IN LEASES

The Company and its subsidiaries adopted the Technical Pronouncement CPC 06 (R2) (IFRS 16) Leases, which introduces a single model of accounting of leases in the balance sheet to lessees.

	CONSOLIDATED	
	12/31/23	**12/31/22**
Real estate	850,174	816,429
Machinery and equipment	34,743	35,324
Hardware	600	759
Vehicles	36,236	35,499
Total leases	**921,753**	**888,011**
Accumulated depreciation	**(334,462)**	**(292,987)**
Real estate	(291,233)	(246,984)
Machinery and equipment	(22,579)	(22,011)
Hardware	(497)	(533)
Vehicles	(20,153)	(23,459)
TOTAL NET	**587,291**	**595,024**

a) Summary of changes in right-of-use in leases:

Class	12/31/22	Transfer between classes	Additions	Net write-offs	Depreciation	FX effect	12/31/23
Real estate	569,445	169	131,462	(11,558)	(91,874)	(38,703)	558,941
Machinery and equipment	13,313	(26)	6,173	(563)	(5,933)	(800)	12,164
Hardware	226	-	5	(7)	(115)	(6)	103
Vehicles	12,040	(143)	11,953	(351)	(7,423)	7	16,083
Total	**595,024**	**-**	**149,593**	**(12,479)**	**(105,345)**	**(39,502)**	**587,291**

Prior year:

Class	12/31/21	Transfer between classes	Gefran acquisition	Additions	Net write-offs	Depreciation	FX effect	12/31/22
Real estate	374,625	71	-	312,768	(5,174)	(80,522)	(32,323)	569,445
Machinery and equipment	15,693	693	493	4,838	(756)	(6,173)	(1,475)	13,313
Hardware	334	(495)	-	795	-	(182)	(226)	226
Vehicles	13,069	(384)	900	7,018	(585)	(6,810)	(1,168)	12,040
Total	**403,721**	**(115)**	**1,393**	**325,419**	**(6,515)**	**(93,687)**	**(35,192)**	**595,024**

(Amounts expressed in thousands of reais unless otherwise indicated)

14 INTANGIBLE ASSETS – CONSOLIDATED

	Amortization/number of years	Cost	Accumulated amortization	12/31/23	12/31/22
Software license	05	294,199	(221,182)	73,017	87,054
Trademarks and patents	05	78,053	(71,634)	6,419	8,273
Projects	05	187,395	(69,970)	117,425	77,242
Business combination - client portfolio	05	56,294	(35,595)	20,699	23,813
Other	05	254,875	(223,876)	30,999	42,438
Subtotal		**870,816**	**(622,257)**	**248,559**	**238,820**
Goodwill in the acquisition of subsidiaries	-	1,236,187	(13,501)	1,222,686	1,285,195
TOTAL		**2,107,003**	**(635,758)**	**1,471,245**	**1,524,015**

a) Summary of changes in intangible assets:

Class	12/31/22	Transfer between classes	Allocation of PPA – Gefran	Additions	Write-offs Net	Amortization	FX effect	12/31/23
Software license	87,054	170	-	15,156	(1,815)	(25,566)	(1,982)	73,017
Trademarks and patents	8,273	(170)	156	10	-	(1,820)	(30)	6,419
Projects	77,242	999	3,279	51,971	-	(17,378)	1,312	117,425
Business combination - client portfolio	23,813	-	-	-	-	(3,114)	-	20,699
Other	42,438	(999)	-	823	-	(9,371)	(1,892)	30,999
Subtotal	**238,820**	**-**	**3,435**	**67,960**	**(1,815)**	**(57,249)**	**(2,592)**	**248,559**
Goodwill in the acquisition of subsidiaries	1,285,195	-	(3,734)	4,664	-	-	(63,439)	1,222,686
Total	**1,524,015**	**-**	**(299)**	**72,624**	**(1,815)**	**(57,249)**	**(66,031)**	**1,471,245**

Prior year:

Class	12/31/21	Transfer between classes	Acquisition of Balteau and Gefran	Allocation of PPA - Balteau	Additions	Write-offs Net	Amortization	FX effect	12/31/22
Software license	74,960	(701)	31	-	37,481	(49)	(22,313)	(2,355)	87,054
Trademarks and patents	7,295	193	82	3,283	86	(5)	(2,548)	(113)	8,273
Projects	51,134	(753)	17,144	-	25,409	(5,025)	(10,876)	209	77,242
Other	54,691	1,261	-	24,544	3	-	(12,080)	(2,168)	66,251
Subtotal	**188,080**	**-**	**17,257**	**27,827**	**62,979**	**(5,079)**	**(47,817)**	**(4,427)**	**238,820**
Goodwill in the acquisition of subsidiaries	1,362,308	-	3,468	16,650	-	-	-	(97,231)	1,285,195
Total	**1,550,388**	**-**	**20,725**	**44,477**	**62,979**	**(5,079)**	**(47,817)**	**(101,658)**	**1,524,015**

b) Breakdown of the balance of goodwill per cash-generating unit:

	12/31/23	12/31/22
Electric Machinery Company LLC	236,993	255,418
Commercial motors and appliance – North America	197,496	212,851
WEG Equipamentos Elétricos S.A.	187,225	187,225
China Group	130,837	140,058
Industrial Gear Motors and Gear Trains	116,710	118,188
WEG Group Africa (Pty) Ltd.	79,197	92,763
WEG Colombia S.A.S.	60,694	52,439
Paumar S.A. Indústria e Comércio	65,498	65,498
Other	148,036	160,755
TOTAL	**1,222,686**	**1,285,195**

(Amounts expressed in thousands of reais unless otherwise indicated)

Amortization schedule of intangible assets (except for goodwill):

	12/31/23
2024	61,254
2025	56,729
2026	51,466
2027	29,206
2028	23,181
>2029	26,723
TOTAL	**248,559**

c) Recoverability test:

In 2023, the Company performed goodwill impairment tests. The tests are conducted annually, and are moved up if events or circumstances warrant such need.

The recoverable amount is calculated using the discounted cash flow method, according to existing information on the market in which each business operates, which have specific targets and goals based on conditions for achieving the assumptions in a way that shows improvement of consistent gradual performance. The main assumptions used by the Company to calculate the value in use are as follows:

- Evaluation period: the valuation of the cash-generating unit is performed for a five-year period, after which perpetuity of the operation is considered.

- Growth rate: the growth rate of revenues, costs and expenses was projected considering the budget for the first year, and, as of the second year, the forecast GDP and inflation specific to each market.

- Discount rate: the discount rate used was based on each country's Weighted Cost of Capital (WACC) of the average for companies in the same line of business; in the Americas the change was 8.03–60.05% (9.74–74.63% before taxes), in Europe 7.71–10.16% (10.85–13.07% before taxes), in Asia 9.31% (10.34% before taxes) and in Africa 16.99% (18.84% before taxes).

- Perpetuity: considering the same growth rates (GDP and inflation) used in the projection of revenues, costs and expenses.

- Investment: investment estimates were prepared according to the realization (depreciation) of the assets in operation, with the aim of keeping the industrial complex up to date.

- Sensitivity analysis: scenarios of 10% change were considered for the discount rate, growth rate and perpetuity; in all cases, the value in use exceeds the book values of the cash-generating unit.

The asset recoverability tests of the Company and its subsidiaries did not result in a need to recognize loss in the year ended December 31, 2023.

15 SUPPLIERS

	CONSOLIDATED	
	12/31/23	12/31/22
Breakdown of balances:		
Domestic market	1,001,182	880,818
Foreign market	1,188,906	1,155,398
TOTAL	**2,190,088**	**2,036,216**

(Amounts expressed in thousands of reais unless otherwise indicated)

16 LOANS AND FINANCING

Description	Annual charges at 12/31/23	CONSOLIDATED 12/31/23	12/31/22
IN DOMESTIC CURRENCY			
CURRENT		**158,814**	**8,494**
In *reais* (R$), fixed rate			
Working capital	12.15–13.62% p.a.	1,521	1,986
Property, plant and equipment	2.5–6% p.a.	301	506
In *reais* (R$), floating rate			
Working capital	IPCA + 6.84% p.a.	151,227	-
Working capital	116% CDI	5,765	6,002
NON-CURRENT		**91,192**	**31,691**
In *reais* (R$), fixed rate			
Working capital	12.15–13.62% p.a.	-	1,377
Property, plant and equipment	2.5–6% p.a.	14	314
In *reais* (R$), floating rate			
Working capital	0−4% p.a.	66,178	-
Working capital	116% CDI	25,000	30,000
IN FOREIGN CURRENCY			
CURRENT		**2,011,510**	**2,299,323**
In US Dollars			
Working capital (ACCs)	4.8% p.a.	258,397	4,939
Export pre-payment (PPE)	4.44% p.a.	249,149	532,463
In Euros−€			
Working capital	Euribor (+) 0.64−0.89%	1,093,347	1,417,283
In Mexican pesos−Mex$			
Working capital	TIIE (+) 0.9− 1.15% p.a.	177,932	52,030
In rand−R (South Africa)			
Working capital	7.5% p.a.	139,632	139,955
In Colombian Pesos−Col$			
Working capital		-	17,761
In Indian Rupee−₹			
Working capital	8.2–9.5% p.a.	91,431	132,004
Other currencies			
Working capital	Domestic market rates	1,622	2,888
NON-CURRENT		**573,545**	**1,120,184**
In US Dollars			
Working capital (ACCs)		-	260,855
Export pre-payment (PPE)	4.44% p.a.	484,070	782,565
In Euros−€			
Working capital		-	4,401
In Mexican pesos−Mex$			
Working capital		-	25,738
In Indian Rupee−₹			
Working capital	6.48–8.28% p.a.	89,469	46,549
Other currencies			
Working capital	Domestic market rates	6	76
TOTAL LOANS AND FINANCING		**2,835,061**	**3,459,692**
Total current		2,170,324	2,307,817
Total non-current assets		664,737	1,151,875

FINAME operations are guaranteed by sureties and liens.

a) Maturity date of long-term loans and financing:

	12/31/23	12/31/22
2024	-	599,510
2025	578,559	532,365
2026	5,000	5,000
2027	71,178	5,000
>2028	10,000	10,000
TOTAL	**664,737**	**1,151,875**

(Amounts expressed in thousands of reais unless otherwise indicated)

b) Changes in loans and financing are as follows:

Balance at 01/01/22	**1,789,115**
Funding	4,253,529
Provision for interest	78,366
Amortization	(2,110,718)
Interest payment	(55,867)
Acquisition of Balteau and Gefran	33,047
Exchange-rate change	(527,780)
Balance at 03/31/22	**3,459,692**
Funding	2,916,805
Provision for interest	150,062
Amortization	(3,534,389)
Interest payment	(127,655)
Exchange-rate change	(29,454)
Balance at 12/31/23	**2,835,061**

17 PROVISION FOR CONTINGENCIES

The Company and its subsidiaries are parties in tax, labor and civil lawsuits and administrative proceedings, deriving from the normal course of business. The respective provision was set up for lawsuits whose likelihood of loss was assessed as “probable” based on the estimate of the value at risk determined by the Company’s legal advisors. Company Management estimates that the provision that has been set up for contingencies is sufficient to cover possible losses from the lawsuits in progress.

a) Balance of provision for contingencies:

		PARENT COMPANY		CONSOLIDATED	
		12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
(i) Tax:		**4,730**	**4,730**	**339,490**	**304,897**
- IRPJ and CSLL	(a.1)	-	-	176,791	160,471
- INSS	(a.2)	4,730	4,730	69,346	68,579
- PIS and COFINS	(a.3)	-	-	66,509	57,033
- Other		-	-	26,844	18,814
(ii) labor		**-**	**-**	**306,204**	**263,605**
(iii) Civil		**-**	**-**	**225,286**	**147,332**
(iv) Other		**-**	**-**	**3,654**	**3,654**
TOTAL		**4,730**	**4,730**	**874,634**	**719,488**

b) Statement of changes for the year – Consolidated

	12/31/22	Additions	Interest	Write-offs/ Payments	Reversals	FX effect	12/31/23
a) Tax	304,897	16,487	22,121	(325)	(4,405)	715	339,490
b) Labor	263,605	89,979	16,822	(28,579)	(35,565)	(58)	306,204
c) Civil	147,332	100,823	47,014	(27,389)	(42,494)	-	225,286
d) Other	3,654	-	-	-	-	-	3,654
TOTAL	**719,488**	**207,289**	**85,957**	**(56,293)**	**(82,464)**	**657**	**874,634**

Prior year:

	12/31/21	Acquisition of Balteau	Additions	Interest	Write-offs/ Payments	Reversals	FX effect	12/31/22
a) Tax	292,232	3,888	34,641	9,397	-	(34,291)	(970)	304,897
b) Labor	214,732	-	47,147	15,109	(10,000)	(3,286)	(97)	263,605
c) Civil	132,337	1,134	49,574	5,439	(19,931)	(21,221)	-	147,332
d) Other	3,870	-	2	-	-	(218)	-	3,654
TOTAL	**643,171**	**5,022**	**131,364**	**29,945**	**(29,931)**	**(59,016)**	**(1,067)**	**719,488**

(Amounts expressed in thousands of reais unless otherwise indicated)

c) The provision recorded is mainly related to:

(i) Tax contingencies

(a.1) Refers to the lawsuit for the difference in the IPC of January 1989 ("Plano Verão") on inflation adjustment of 16.24% and the lawsuit to exclude expenditures on RD&I projects from taxable income ("Lei do Bem").

(a.2) Refers to Contributions owed to Brazilian Social Security. The legal discussions refer to social security charges levied on private pension, profit sharing, education allowance, and others.

(a.3) Refers to the non-approval – by Brazil's Federal Revenue Service – of the request for offsetting the PIS and COFINS credit balance against federal tax debits.

(ii) Labor contingencies

The Company and its subsidiaries are being sued in labor lawsuits mainly involving discussions about additional pay for unhealthy working conditions, hazardous working conditions, among others.

(iii) Civil contingencies

Correspond to civil lawsuits, characterized by two groups: (i) disputes arising from labor relations, especially involving discussions about unhealthy work, hazardous work, moral damages and related topics and, (ii) disputes arising from civil liability for products and services.

d) Judicial deposits:

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
Tax	4,657	4,657	61,188	61,674
Labor and civil	-	-	7,336	10,673
TOTAL AMOUNT OF RESTRICTED DEPOSITS	**4,657**	**4,657**	**68,524**	**72,347**
- Judicial deposits not pegged	-	-	6,096	6,616
TOTAL JUDICIAL DEPOSITS	**4,657**	**4,657**	**74,620**	**78,963**

Judicial deposits not linked to contingencies are awaiting a court order to release the funds.

e) Possible contingencies:

The Company and its subsidiaries are parties to other discussions whose likelihood of loss is considered "possible" and for which no provisions for contingencies were formed.
As of December 31, 2023, the estimated amounts of such discussions totaled R$ 1,349,862 (R$ 1,146,643 as of December 31, 2022).

(i) Tax

- Income taxes earned abroad: Refers to tax assessment notices issued by the Brazilian Federal Revenue Service for the years 2007, 2008, 2013, 2015, 2016 and 2017, in the estimated amount of R$ 879.5 million (R$ 807.5 million as of December 31, 2022). The Company is disputing these administrative and judicial tax assessment notices, and the interim decisions at the judicial level obtained thus far have validated the tax treatment applied, leading the Company to maintain the same tax practice for the years 2018 to 2023, keeping the same level of exposure to this matter. According to the intermediate decisions at the judicial level, the Company understands that tax legislation was complied with in an appropriate manner;
- Incidence of Social Security Contribution on Dental Assistance, School Allowance, Technical Courses and Education Allowance, in the amount of R$ 26.2 million (R$ 24.5 million at December 31, 2022);
- Non-approval of IPI credits in the amount of R$ 16.6 million (R$ 15.8 million as of December 31, 2022);
- Other tax contingencies in the amount of R$ 120.1 million (R$ 142.1 million as of December 31, 2022).

(ii) Civil

- Mapfre Seguros Gerais S.A. in the estimated amount of R$ 103.6 million (R$ 84.3 million as of December 31, 2022);
- Other civil contingencies in the amount of R$ 203.9 million (R$ 72.4 million as of December 31, 2022).

(Amounts expressed in thousands of reais unless otherwise indicated)

18 PENSION PLAN

The Company and its subsidiaries are sponsors of WEG Previdência, which is primarily engaged in supplementing the retirement benefits provided by Brazil's official Social Security system.
The Plan – administered by WEG Previdência – includes the benefits of monthly income (retirement), annual bonus, supplementary sickness pay, supplementation of disability retirement, supplementation of the pension for death, supplementation of annual bonus, and survivor benefits.
The number of participants is 24,850 (23,657 as of December 31, 2022). The Company and its subsidiaries made contributions totaling R$ 58,789 (R$ 52,251 as of December 31, 2022).
Based on actuarial calculations annually performed by independent actuaries, with the aim of defining the net liability between the defined benefit obligation and the fair value of plan assets, according to the procedures established by CVM Resolution 110/22 – CPC 33 (R1) (IAS 19) Employee Benefits, we have not identified post-employment liabilities to be recognized by the Company.

19 SHAREHOLDERS' EQUITY

a) Capital

The Company's capital is R$ 6,504,517 (R$ 6,504,517 as of December 31, 2022), represented by 4,197,317,998 nominative common shares with no par value, all with voting rights, including 2,083,696 shares under treasury as item "d".

At the Meeting of the Board of Directors held on February 20, 2024, the board members approved to submit – to the AGM/EGM – a capital increase from R$ 6,504,517 to R$ 7,504,517, by absorbing R$ 1,000 of the balance of profit reserve, without increasing the number of shares.

b) Dividends and interest on own capital

The Bylaws provides for the distribution of at least 25% of the adjusted net income, and Management proposed the following:

	12/31/23	12/31/22
NET INCOME FOR THE YEAR ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS	**5,731,670**	**4,208,084**
(-) Legal reserve	(286,584)	(210,404)
(-) Reversal/(complement) of provision for stock option plan	-	(851)
(+) Reversal of dividends from prior years	1,800	1,012
(+) Realization of revaluation reserve (1989) and deemed cost (2010)	15,578	18,855
CALCULATION BASIS FOR DIVIDENDS	**5,462,464**	**4,016,696**
Dividends paid for the first semester - R$ 0.14520/share (R$ 0.13195 in 2022)	609,303	553,650
Interest on own capital for the first semester paid R$ 0.09480/share (R$ 0.06805 in 2022), Withholding Tax (IRRF) R$ 70,199 (R$ 50,390 in 2022).	467,992	335,936
Dividends for the second semester - R$ 0.29794/share (R$ 0.22630 in 2022)	1,249,940	949,581
Interest on own capital for the second semester was R$ 0.11200/share (R$ 0.08370 in 2022), Withholding Tax (IRRF) R$ 82,918 (R$ 61,978 in 2022).	552,784	413,184
Total dividends/interest on own capital for the year	**2,880,019**	**2,252,351**

Interest on own capital for the 1st semester, pursuant to article 37 of the Bylaws and art. 9 of Law 9249/95, were attributed to mandatory dividends and will be paid on August 16, 2023.

Interest on own capital for the 2nd semester, pursuant to article 37 of the Bylaws and art. 9 of Law 9249/95, will be attributed to mandatory dividends to be paid on March 13, 2024.

c) Formation of profit reserves:

- **Legal reserve** – Recorded in the amount of R$ 286,584 (R$ 210,404 as of December 31, 2022), equivalent to 5% of net income for the year, complying with the limit of 20% of the capital;
- **Capital budget reserve** – Corresponds to the remaining amount of net income for the year R$ 2,565,067, plus the balance of retained earnings R$ 17,378 (due to the realization of deemed cost (2010), a complement of a provision of the stock option plan exercised and the reversal of dividends from prior years) that are allocated to the capital budget reserve for the investment plan for 2024.

d) Treasury shares

The shares acquired by the Company are held in treasury for use by the beneficiaries of the Company's Long-Term Incentive Plan (ILP Plan), or subsequent cancellation/disposal.
As of December 31, 2023, the beneficiaries of the Company's ILP Plan were exercised in the amount of 301,419 shares.
The Company holds 2,083,696 shares in treasury, at an average cost of R$ 26,867 per share, in the total amount of R$ 55,983 (R$ 18,736 at December 31, 2022).

(Amounts expressed in thousands of reais unless otherwise indicated)

20 LONG-TERM INCENTIVE PLAN (ILP PLAN)

The EGM held on June 28, 2016 approved the share-based compensation plan, called Long-Term Incentive Plan ("ILP" Plan) in favor of its directors and officers.

(i) Plan
The Plan – managed by the Board of Directors – aims to grant shares issued by WEG S.A. ("Company") characterized by B3 as "WEGE3" to directors and managers, with the objective of attracting, motivating and retaining them, as well as aligning their interests with the interests of the Company and its shareholders.

For the application of the ILP Plan, and the consequent granting of shares, each year it is an essential condition (trigger) that the Company – in the immediately preceding year – obtain at least the Return on Invested Capital (ROIC), defined by the Board of Directors.

The shares to be granted by the ILP Plan are limited to a maximum of 2% (two percent) of the total amount shares representing the Company's capital.

The availability of shares granted to participants is established in clauses 7 and 8 of the ILP Plan, which sets out the criteria for determining the amount of shares to be granted and the grace period to be fulfilled.

The Plan may be terminated, suspended or amended, at any time, through a proposal approved by the Company's Board of Directors.

(ii) Program
The Board of Directors may approve Long-Term Incentive Programs ("Programs") annually, whereby the participants, the number of shares, the value per share, and other specific rules for each Program will be defined.
Programs
The participants in the programs are the officers of the Company and its subsidiaries headquartered in Brazil, excluding the officers of subsidiaries with third-party ownership interest.

Summary of changes in plan's shares:

				Number of shares	
Program	**12/31/22**	**Granted**	**Exercised**	**In cash**	**12/31/23**
2016	101,762	-	(11,378)	-	90,384
2017	72,220	-	(7,656)	-	64,564
2018	202,838	-	(131,118)	-	71,720
2019	192,168	-	(82,272)	-	109,896
2020	141,668	-	(45,220)	-	96,448
2021	239,549	-	(15,755)	-	223,794
2022	-	297,336	(8,020)	(16,422)	272,894
TOTAL	**950,205**	**297,336**	**(301,419)**	**(16,422)**	**929,700**

As of December 31, 2023, expenses in the amount of R$ 10,009 (R$ 8,489 as of December 31, 2022) were recorded under "other operating income (loss)" in the statement of income for the year as a contra-entry of capital reserve in the shareholders' equity.

The shares exercised as at December 31, 2023 amounted to R$ 8,906 (R$ 9,773 as of December 31, 2022), and the amount of R$ 8,007 (R$ 6,227 as of December 31, 2022) was recorded under "Capital Reserve" in the shareholders' equity, and the amount of R$ 899 (R$ 3,546 as of December 31, 2022) as a complement to the provisioned amount was recorded under "Other operating income (loss)" in the statement of income for the year.

(Amounts expressed in thousands of reais unless otherwise indicated)

21 NET REVENUE

	CONSOLIDATED	
BREAKDOWN OF NET REVENUE	**12/31/23**	**12/31/22**
Gross revenue	**36,599,022**	**33,948,914**
Domestic market	18,760,890	18,285,633
Foreign market	17,838,132	15,663,281
Deductions	**(4,095,421)**	**(4,044,192)**
Taxes	(3,445,925)	(3,500,169)
Returns/Rebates	(649,496)	(544,023)
Net revenue	**32,503,601**	**29,904,722**
Domestic market	**15,312,071**	**14,864,338**
Foreign market	**17,191,530**	**15,040,384**
North America	8,094,506	6,978,604
South and Central America	2,020,580	1,732,926
Europa	4,449,504	3,766,782
Africa	1,145,635	981,627
Asia-Pacific	1,481,305	1,580,445

22 CONSTRUCTION AGREEMENTS

Revenues and costs from construction contracts are recognized according to the execution of each project by the percentage of costs incurred method, considering the legal possibility of demanding payment by the client or for the delivery of the product to the client (transfer of control).

	CONSOLIDATED	
	12/31/23	**12/31/22**
Gross operating revenues recognized	4,682,530	3,450,308
Incurred costs	(3,724,408)	(2,960,085)

	12/31/23	**12/31/22**
Advances received	954,918	1,174,717

23 OPERATING EXPENSES BY TYPE AND FUNCTION

	CONSOLIDATED	
	12/31/23	**12/31/22**
TYPE OF EXPENSE	**(26,041,589)**	**(24,853,135)**
Depreciation, amortization and depletion	(628,042)	(565,557)
Personnel expenses	(5,258,618)	(4,695,009)
Raw materials and use and consumption material	(15,328,410)	(15,399,936)
Freight insurance expenses	(935,928)	(1,047,633)
Maintenance of machinery, equipment, buildings and improvements	(334,376)	(291,409)
Electric power expenses	(248,642)	(254,617)
Profit sharing - employees	(737,547)	(569,352)
Other expenses	(2,570,026)	(2,029,622)
PURPOSE OF THE EXPENSE	**(26,041,589)**	**(24,853,135)**
Cost of products sold and services rendered	(21,702,737)	(21,209,235)
Sales expenses	(2,426,459)	(2,164,802)
Administrative and general expenses	(1,044,888)	(872,935)
Other operating revenues/expenses	(867,505)	(606,163)

(Amounts expressed in thousands of reais unless otherwise indicated)

24 OTHER OPERATING REVENUES/EXPENSES

The amounts recorded refer to profit sharing, reversal/provision of tax lawsuits, and others, as shown below:

	CONSOLIDATED	
	12/31/23	**12/31/22**
OTHER OPERATING REVENUE	**155,466**	**147,360**
Recognition of tax credit - Exclusion of ICMS from PIS/COFINS calculation basis	23,865	44,297
Negative goodwill in the acquisition of Subsidiaries	13,917	20,528
Other	117,684	82,535
OTHER OPERATING EXPENSES	**(1,022,971)**	**(753,523)**
Profit sharing - Employees	(737,547)	(569,352)
Bonus from management	(125,007)	(96,615)
Share-based plan	(10,908)	(12,035)
Capital Loss/Gain on investments	(69,077)	(11,914)
Other	(80,432)	(63,607)
TOTAL NET	**(867,505)**	**(606,163)**

25 NET FINANCIAL INCOME (LOSS)

	PARENT COMPANY		CONSOLIDATED	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
FINANCIAL REVENUES	**143,879**	**76,184**	**1,553,649**	**1,197,270**
Yield from interest earning bank deposits	**141,606**	**75,108**	**675,556**	**332,379**
Exchange rate change	**-**	**-**	**464,896**	**576,631**
Suppliers	-	-	62,894	61,727
Clients	-	-	152,479	173,592
Loans	-	-	121,781	148,150
Other	-	-	127,742	193,162
Derivatives	**-**	**-**	**210,173**	**144,533**
PROEX – Interest Rate Equaliz.	**-**	**-**	**68,598**	**26,311**
Accrued interest over tax credit - Exclusion of ICMS from PIS/COFINS calculation basis	**-**	**-**	**5,069**	**25,444**
Other revenues	**2,273**	**1,076**	**129,357**	**91,972**
FINANCIAL EXPENSES	**(101,246)**	**(77,853)**	**(1,424,977)**	**(1,133,215)**
Interest on loans and financing	**-**	**-**	**(150,062)**	**(78,366)**
Exchange rate change	**-**	**(11)**	**(732,029)**	**(617,100)**
Suppliers	-	-	(53,628)	(72,290)
Clients	-	-	(252,878)	(195,018)
Loans	-	-	(211,912)	(153,919)
Other	-	(11)	(213,611)	(195,873)
PIS/COFINS over interest on own capital	**(92,731)**	**(70,934)**	**(92,731)**	**(70,934)**
PIS/COFINS on financial revenues	**(6,690)**	**(3,543)**	**(30,419)**	**(20,342)**
Derivatives	**-**	**-**	**(171,649)**	**(241,837)**
Other expenses	**(1,825)**	**(3,365)**	**(248,087)**	**(104,636)**
NET FINANCIAL INCOME (LOSS)	**42,633**	**(1,669)**	**128,672**	**64,055**

In March 2023, Management reviewed the accounting of PIS/COFINS without interest on own capital and financial revenues, reclassifying it from financial revenue to financial expense. Said reclassification does not affect the Company's main indicators.

(Amounts expressed in thousands of reais unless otherwise indicated)

26 PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION

The Company and its subsidiaries in Brazil calculate corporate income tax and social contribution according to the “taxable income” method, except for WEG Administradora de Bens Ltda., which calculates said taxes according to the “presumed profit” method. Provision for income tax was formed at the rate of 15% plus a surcharge of 10% and social contribution with rate of 9%. The taxes of subsidiaries abroad are recorded pursuant to each country’s legislation.

Reconciliation of income tax and social contribution:	**PARENT COMPANY**		**CONSOLIDATED**	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
Income before income taxes	5,731,419	4,208,408	6,590,797	5,115,642
Nominal rate	**34%**	**34%**	**34%**	**34%**
IRPJ and CSLL calculated at nominal rate	(1,948,682)	(1,430,859)	(2,240,871)	(1,739,318)
Adjustments for calculation of effective income tax and social contribution:				
Income (loss) from investments in subsidiaries	1,943,365	1,438,143	39	-
Difference in tax rates on earnings abroad	-	-	507,947	326,128
Tax incentives	-	-	630,222	233,327
Interest on own capital	6,215	(6,030)	348,628	255,843
Other adjustments	(647)	(1,578)	30,853	81,250
IRPJ and CSLL on income (loss)	**251**	**(324)**	**(723,182)**	**(842,770)**
Current tax	(1,047)	(1,596)	(1,127,937)	(885,055)
Deferred tax	1,298	1,272	404,755	42,285
Effective rate - %	**0.00%**	**0.01%**	**10.97%**	**16.47%**

The Management assessed the “Pillar 2” (CPC 32 Income Taxes) new rules covered by the changes published by the Organization for Economic Cooperation and Development (OECD) and estimates that there will be no material impact, considering the countries whose rate is less than 15%.

In 2023, no new legislation of additional tax was enacted in the countries where the Company operates and none related deferred tax was recognized in the consolidated financial statements as of December 31, 2023.

(Amounts expressed in thousands of reais unless otherwise indicated)

27 INSURANCE COVERAGE

The Company and its subsidiaries have a Worldwide Insurance Program (WIP), within which we highlight the global policies implemented, including: Shipping (Exports, Imports, and Domestic), General Civil Liability and Products, Civil Liability - Directors and Officers (D&O), Operational/Property Risk, Environmental Pollution, Performance Bond, and Engineering Risk (Construction Work, Installation, Assembly and Commissioning).
Insurance policies are issued only with top-tier multinational insurance companies.
Below is the Maximum Indemnifiable Limit (MIL) of the policies that comprise the WIP:

Policy	Maximum Indemnity Limit (LMI)	Maturity
Operating risks (property)	US$ 36 million	09/30/2024
Loss of profit	US$ 15 million (for Paint companies with a six-month indemnity period)	09/30/2024
General civil liability	US$ 10 million	10/12/2024
Civil liability – products	US$ 40 million	10/12/2024
National Transportation	R$ 12 million per shipment/accumulation/voyage	11/01/2025
International transport import/export	US$ 9 million per shipment /accumulation/trip	11/01/2025
Environmental pollution	US$ 15 million	09/12/2024
Contractual guarantee	As provided for in the contract	Pursuant to agreement / delivery
Engineering Risk - Installation and Assembly	According to the value at risk of the supply	According to the work/supply schedule
Management civil liability (D&O)	US$ 30 million	09/12/2024

28 FINANCIAL INSTRUMENTS - CONSOLIDATED

The Company and its subsidiaries valuated their financial instruments (including derivatives) recorded in the financial statements, reporting the following amounts:

	BOOK VALUE	
	12/31/23	**12/31/22**
Cash and cash equivalents	**6,488,454**	**4,451,002**
Cash and banks	**1,308,781**	**710,905**
Interest earning bank deposits:	**5,179,673**	**3,740,097**
- In local currency	4,015,299	3,481,091
- In foreign currency	1,164,374	259,006
Interest earning bank deposits	**603,473**	**544,113**
- In local currency	592,770	531,826
- In foreign currency	10,703	12,287
Derivatives	**23,028**	**33,647**
- Non-deliverable forwards - NDF	19,921	16,849
- Designated as hedge accounting	3,107	16,798
Total assets	**7,114,955**	**5,028,762**
Loans and financing	**2,835,061**	**3,459,692**
- In local currency	250,006	40,185
- In foreign currency	2,585,055	3,419,507
Derivatives	**164,945**	**135,244**
- Non-deliverable forwards - NDF	4,074	8,314
- Designated as hedge accounting	160,871	126,930
Total liabilities	**3,000,006**	**3,594,936**

All financial instruments recognized in the consolidated financial statements at book value, which are, materially similar to amounts measured at fair value.

Category of financial instruments

Interest earning bank deposits and derivatives were classified as fair value through profit or loss; other financial instruments were classified as amortized cost.

(Amounts expressed in thousands of reais unless otherwise indicated)

Fair value hierarchy
Cash and banks were classified at level 1 of the hierarchy, while the other financial assets and liabilities were classified at level 2.

28.1 Risk factors
The risk factors of financial instruments are basically related to the following:

a) Credit risks
It arises from the possibility of subsidiaries not recovering amounts from transactions rendered or from credits held with financial institutions generated by interest earning bank deposits. To mitigate the risk derived from sales operations, Company's subsidiaries adopt the practice of analyzing its clients' economic and financial condition, defining a credit limit, and permanent following up on its outstanding positions. As for its interest earning bank deposits, the Company and its subsidiaries invest in low credit risk institutions. The maximum exposure to credit risk is the book values of the assets presented in the table above, in addition to the amount of R$ 6,070,556 classified as trade accounts receivable. The Company believes that for the assets derived from trade accounts receivable, there is a high risk of loss, in the amount of R$ 31,949 and an average risk of loss of R$ 25,038, considering the internal valuations performed from the perspective of the risk of non-receipt of these assets.

b) Foreign currency risks
The Company and its subsidiaries export and import goods in different currencies, and manage/monitor foreign exchange exposure, seeking to balance their financial assets and liabilities within the limits established by Management.
The short/long (net) exchange exposure limit may be up to the equivalent of one month's worth of exports in foreign currencies, as defined by the Company's Board of Directors.

As at December 31, 2023, the Company and its subsidiaries carried out exports in the amount of US$ 1,111.6 million (US$ 1,188.6 million at December 31, 2022), representing a natural hedge for part of the debt and other costs pegged to other currencies, mainly in US dollars.

c) Debt charge risks
These risks arise from the possibility of subsidiaries incurring in losses due to fluctuations in interest rates or other debt indexes that might increase its financial expenses on loans and financing obtained in the market or decrease the financial revenues from subsidiaries' interest earning bank deposits. The Company and its subsidiaries continuously monitor market interest rates to assess the possible need to protect against the risk of volatility in these rates.

d) Liquidity risk
It is the risk of the Company not having sufficient net funds to honor its financial commitments due to a time or volume mismatch between foreseen receipts and payments. The table below summarizes the contractual obligations that may impact the Company's liquidity:

Contractual obligations	≤01 year	01−05 years	>05 years	Total on 12/31/23
Loans and financing	2,170,324	659,737	5,000	2,835,061
Derivatives	73,082	91,863	-	164,945
Total liabilities	**2,243,406**	**751,600**	**5,000**	**3,000,006**

(Amounts expressed in thousands of reais unless otherwise indicated)

28.2 Derivative financial instruments

The Company and its subsidiaries have the following operations with derivative financial instruments:

Operation	Currency	Notional value	Purpose (hedge)
Non-Deliverable Forwards NDF	USD/ZAR	15,653	Fluctuation in foreign exchange-rates in exports
	USD/MXN	30,000	
	USD/CNY	3,000	
	USD/BRL	154,000	
	EUR/BRL	56,000	
	EUR/CNY	2,000	
	USD/EUR	88,000	
	USD/ZAR	239	Fluctuation in foreign exchange-rates in imports
	COP/USD	4,000	

The management of the Company and its subsidiaries maintains the permanent monitoring of derivative financial instruments through its internal controls.

The sensitivity analysis chart (item 28.3) should be read together with the other financial assets and liabilities expressed in foreign currency existing on December 31, 2023, since the effect of the estimated impacts of exchange rates on the NDFs and on the SWAPs presented will be offset, if effective, in whole or in part, with the oscillations on all assets and liabilities.

Management defined that, for the probable scenario (market value), the exchange rates used for the mark-to-market of financial instruments – valid as at December 31, 2023 – should be considered. These rates represent the best estimate for the future behavior of their prices, and represent the value at which the positions could be liquidated upon maturity.

The Company and its subsidiaries made the accounting records based on their market price on December 31, 2023 at fair value and on an accrual basis. These operations had a net positive impact of R$ 38,524 (negative of R$ 97,304 as of December 31, 2022), which were recognized as a financial income (loss). As of December 31, 2023, the Company and its subsidiaries do not have margins pledged as a collateral to outstanding derivative financial instruments.

Derivative financial instruments for hedge accounting

The Company formally assigned its transactions subject to hedge accounting to derivative financial instruments used to hedge the purchase of inputs and expenses denominated in foreign currency by documenting:

- Date of designation and identification of hedge relationship;
- Description of the purpose of the hedging and risk management strategy;
- Statement of compliance of hedge with the risk management;
- Description and identification of the derivative instrument and the hedged item;
- Description of covered risks and excluded risks;
- Description of actual hedge effectiveness assessment methods;
- Frequency of assessment of prospective effectiveness; and
- Description of hedge accounting policy

The Company and its subsidiaries have the following operations with derivative financial instruments for hedge accounting:

Operation	Currency	Notional value	Purpose (hedge)
Non-Deliverable Forwards NDF	USD/BRL	43,065	Fluctuation in foreign exchange-rates in imports
	EUR/BRL	5,384	
	USD	10,026	Fluctuation in copper quote rates
	COP/EUR	73,870,000	Fluctuation in foreign exchange-rates in financing
	GBP/EUR	12,000	
	USD/EUR	52,500	
	AUD/EUR	3,000	
SWAP	USD	200,000	Exchange-rate fluctuations in export prepayment financing (PPE)
	BRL	150,000	CDI fluctuations

The Company and its subsidiaries made the accounting record based on the fair value as of December 31, 2023 on the accrual basis. The accumulated amount net of taxes recorded as Other Comprehensive Income in shareholders' equity is negative R$ 55,308 (negative R$ 33,127 as of December 31, 2022).

28.3 Sensitivity analysis

The tables below present the “cash and expense” effects, in reais (R$), on the earnings from financial instruments in each of the scenarios.

a) Non-deliverable forwards (NDF) operations:

Operation	Risk	Currency/ Quotation	Notional value (in thousands)	Market value at 12/31/23		Possible scenario, 25%		Remote scenario, 50%	
				Average price	R$'000	Average price	R$'000	Average price	R$'000
Non-Deliverable Forwards – NDF	USD decrease	USD/ZAR	239	18.5336	9	13.8058	(320)	9.2680	(611)
	USD increase	USD/MXN	30,000	16.0780	3,191	20.0975	(23,266)	24.1169	(57,705)
	USD increase	USD/ZAR	15,653	19.8300	(1,826)	24.7875	(22,211)	29.7450	(42,597)
	USD increase	USD/CNY	3,000	7.0609	249	8.8308	(3,360)	10.5911	(6,969)
	USD increase	USD/BRL	154,000	4.8763	10,441	6.0954	(177,298)	7.3145	(365,037)
	EUR increase	EUR/BRL	56,000	5.3817	(347)	6.7271	(75,690)	8.0725	(151,033)
	EUR increase	EUR/CNY	2,000	7.8172	(172)	9.7712	(2,836)	11.7257	(5,500)
	USD decrease	EUR/USD	88,000	1.1059	5,396	0.8294	(136,559)	0.5529	(420,469)
	USD decrease	USD/COP	4,000	3,819.71	(1,295)	2,864.78	(5,961)	1,909.86	(10,736)
	TOTAL				**15,646**				

b) Hedge accounting operations:

Operation	Risk	Currency/ Quotation	Notional value (in thousands)	Market value at 12/31/23		Possible scenario, 25%		Remote scenario, 50%	
				Average price	R$'000	Average price	R$'000	Average price	R$'000
Non-Deliverable Forwards – NDF	USD decrease	USD/BRL	43,065	4.8833	(9,287)	3.6625	(61,861)	2.4416	(114,435)
	EUR decrease	EUR/BRL	5,384	5.4186	(255)	4.0639	(7,548)	2.7093	(14,841)
	COP decrease	EUR/COP	73,870,000	4,505.06	(10,905)	3,378.79	(40,159)	2,252.53	(98,668)
	GBP decrease	EUR/GBP	12,000	0.8729	(555)	0.6546	(25,080)	0.4364	(74,129)
	USD decrease	EUR/USD	52,500	1.1106	1,847	0.8329	(82,483)	0.5553	(251,141)
	AUD decrease	EUR/AUD	3,000	1.6297	(239)	1.2223	(3,523)	0.8149	(10,091)
	Copper decrease	USD	10,026	8,408.98	859	6,261.40	(12,208)	4,199.88	(24,318)
	TOTAL				**(18,535)**				
SWAP	USD decrease	USD	200,000	5.4066	(139,290)	3.6310	(367,549)	2.4207	(595,880)
	CDI incr.	BRL	150,000	11.87%	262	14.83%	(497)	17.80%	(996)
	TOTAL				**(139,028)**				

c) Loan and financing transactions:

(i) Exchange-rate change:

Operation	Risk	Currency/ Quotation	Notional value (in thousands)	Amount at 12/31/23		Possible scenario, 25%		Remote scenario, 50%	
				Average price	R$'000	Average price	R$'000	Average price	R$'000
Working capital	Argentine Peso increase	EUR/ARS	150	892.81	817	1,116.01	(42)	1,339.21	(84)
	Argentine Peso increase	USD/ARS	155	807.98	769	1,009.98	(40)	1,211.97	(79)
	TOTAL				**1,586**				
PPE	USD increase	USD/BRL	200,000	4.8413	991,616	6.0509	(218,559)	7.2611	(460,594)
	TOTAL				**91,616**				

(ii) Interest:

Operation	Risk	Currency/ Quotation	Notional value (in thousands)	Amount at 12/31/23		Possible scenario, 25%		Remote scenario, 50%	
				Average rate	R$'000	Average rate	R$'000	Average rate	R$'000
Working capital	TIIE increase	MXN	621,508	11.51%	177,416	14.38%	(439)	17.26%	(879)
	Increase of IPCA (IPCA + 6.84% p.a.)	BRL	150,000	11.46%	151,227	12.62%	(1,747)	13.77%	(3,493)
	CDI increase (116% CDI)	BRL	180,000	13.51%	30,765	16.89%	(1,013)	20.27%	(2,027)
	TOTAL				**359,408**				

29 GOVERNMENT GRANTS AND ASSISTANCE

The Company and its subsidiaries obtained grants in the amount of R$ 255,124 (R$ 238,952 on December 31, 2022) deriving from tax incentives, recognized in the income (loss) for the year:

	CONSOLIDATED	
	12/31/23	**12/31/22**
Total government grants and assistance	**255,124**	**238,952**
a) WEG Linhares Equipamentos Elétricos S.A.	**89,921**	**83,892**
- ICMS stimulus credit	61,835	56,422
- Decrease in IRPJ	28,061	27,445
- Municipal investment	25	25
b) WEG Drives & Controls – Automação Ltda.	**118,913**	**94,141**
- ICMS stimulus credit	118,913	94,141
c) WEG Equipamentos e Logística Ltda.	**22,256**	**37,409**
- ICMS stimulus credit	22,256	37,409
d) WEG Equipamentos Elétricos S.A.	**12,803**	**18,222**
- ICMS incentive credit	11,798	17,475
- Municipal investment	1,005	747
e) WEG Amazônia S.A.	**5,778**	**3,424**
- Decrease in IRPJ	5,432	3,037
- ICMS stimulus credit	346	387
f) V2 Tecnologia Ltda.	**3,685**	**1,864**
- ICMS stimulus credit	3,685	1,864
g) WEG Turbinas e Solar Ltda.	**1,768**	**-**
- ICMS stimulus credit	1,768	-

There are no contingencies linked to these grants, and all conditions for obtaining government grants have been met..

(Amounts expressed in thousands of reais unless otherwise indicated)

30 SEGMENT INFORMATION

	Brazil				Foreign		Eliminations and adjustments		Consolidated	
	Industry		Energy							
	12/31/23	12/31/22	12/31/23	12/31/22	12/31/23	12/31/22	12/31/23	12/31/22	12/31/23	12/31/22
Revenue from sales of goods and/or services	15,646,541	16,249,517	6,400,958	5,743,077	24,744,429	23,010,970	(14,288,327)	(15,098,842)	32,503,601	29,904,722
Income (loss) before income taxes	8,263,315	7,002,891	4,573,856	2,484,821	6,014,172	4,011,607	(12,260,546)	(8,383,677)	6,590,797	5,115,642
Depreciation/ Amortization / Depletion	212,899	200,797	89,210	78,423	335,160	296,776	(9,227)	(10,439)	628,042	565,557
	12/31/23	12/31/22	12/31/23	12/31/22	12/31/23	12/31/22	12/31/23	12/31/22	12/31/23	12/31/22
Identifiable assets	8,209,450	7,834,474	4,637,208	4,228,270	15,730,132	16,146,613	(5,809,963)	(6,232,773)	22,766,827	21,976,584
Identifiable liabilities	2,931,527	2,589,736	2,111,279	1,787,103	8,581,071	8,699,347	(4,983,893)	(5,493,307)	8,639,984	7,582,879

Industry: Low, medium and high voltage electric motors, gearboxes, drives & controls, industrial automation systems and services, solar generation, solutions for electric mobility, for industry 4.0, electrical infrastructure for civil construction and maintenance services, single-phase motors for durable consumer goods, such as washing machines, air conditioners, water pumps, among others, liquid paints, powder paints and electro-insulating varnishes.

Energy: Electric generators, alternators, wind turbines, hydraulic and thermal steam turbines (biomass), substations, transformers, measuring instruments, control panels and systems integration services.

Abroad: This consists of operations carried out through subsidiaries located in different countries.

The eliminations and adjustments column includes the eliminations applicable to the Company in the context of the consolidated financial information.
All operating assets and liabilities are presented as identifiable assets and liabilities.
Reporting information is reported consistently with managerial reports used by the Management to evaluate the performance of each Company's segment.

31 EARNINGS PER SHARE

a) Basic

Earnings per share are basically calculated by dividing net income for the period attributed to holders of the parent company's common shares by the weighted average number of common shares available during the year.

	12/31/23	12/31/22
Earnings attributable to controlling shareholders	5,731,670	4,208,084
Weighted average of common shares held by shareholders (shares/thousand)	4,195,717	4,196,013
Basic earnings per share – R$	1.36608	1.00288

b) Diluted

Net earnings per share are calculated by dividing net income attributed to the Parent Company's common shareholders by weighted average number of common shares available in the year plus weighted average number of common shares that would be issued upon conversion of stock option plans and Long-term incentive (ILP plan).

	12/31/23	12/31/22
Earnings attributable to controlling shareholders	5,731,670	4,208,084
Weighted average of potentially diluted common shares held by shareholders (shares/thousand)	4,196,661	4,196,987
Diluted earnings per share – R$	1.36577	1.00264

Board of Directors
Décio da Silva - President
Nildemar Secches - Vice-President
Dan Ioschpe
Martin Werninghaus
Sérgio Luiz Silva Schwartz
Siegfried Kreutzfeld
Tânia Conte Cosentino

Audit Committee
Dan Ioschpe – Coordinator
Douglas Conrado Stange
Estela Maris Vieira de Souza

Executive Board
Harry Schmelzer Junior - Chief Executive Officer
Alberto Yoshikazu Kuba - Director - Industrial Motors
André Luis Rodrigues - Administrative and Financial Director
André Menegueti Salgueiro - Chief Finance and Investor Relations Officer
Carlos Diether Prinz - Director - Transmission and Distribution
Carlos José Bastos Grillo - Director - Digital and Systems
Daniel Marteleto Godinho - Sustainability and Institutional Relations Director
Eduardo de Nóbrega - Director - China
Elder Stringari - International Director
João Paulo Gualberto da Silva – Director – Electricity
Juliano Saldanha Vargas - Human Resources Director
Julio Cesar Ramires - Director - Commercial Motors
Manfred Peter Johann – Director – Automation

Accountant
Marcelo Peters
CRC/SC 039928/O-0

Tax Council

Full members	**Alternate members**
Vanderlei Dominguez da Rosa - President	Paulo Roberto Franceschi
Lucia Maria Martins Casasanta	Silvia Maura Rodrigues Pereira
Patricia Valente Stierli	Giuliano Barbato Wolf

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Independent auditor's report on the Individual and Consolidated Financial Statements – Non-qualified

To the Shareholders, Board members and Administrators of
WEG S.A.
Jaraguá do Sul – SC

Opinion

We have examined the individual and consolidated financial statements of WEG S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2023 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the individual and consolidated financial position of WEG S.A. as of December 31, 2023, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in conformity with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in conformity with these standards, are described in the following section denominated "Auditor's responsibilities for the audit of the individual and consolidated financial statements". We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and in professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Main audit issues

The main audit matters are those who, in our professional judgment, were the most significant in our audit of current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not express a separate opinion on these matters.

Assessment of the recoverable value for goodwill

See Notes 2.10 and 14 of individual and consolidated financial statements

Key audit matters	How the audit addressed this matter
The Company has significant amounts of goodwill as a result of acquisitions made in prior years, which have an indefinite useful life and are subject to annual impairment testing with an annual minimum periodicity. The assessment of the recoverable value for goodwill involves uncertainties inherent to the process of determining the estimates used to calculate future cash flows and their discount to present value of sundry cash generating units, which is the basis for the evaluation of the recoverable amount, mainly regarding the assumptions, revenue and cost growth, and discount rates. Due to the relevance of the goodwill amount, judgment and sources of uncertainty inherent to the process of determining future cash flow estimates discounted to present value, and the impact that any changes in the assumptions could generate in the amounts recorded in consolidated financial statements and possible effects that could affect the investment amount recorder under the equity method in individual financial statements, we consider this matter material for our audit.	Our audit procedures included, among others: − - With the support of our corporate finance experts, we evaluated the preparation procedures for projections of discounted cash flow, the assumptions and methodologies used by the Company in preparing the studies that support the recoverability analysis for goodwill considered significant by us. We especially assess assumptions regarding revenue and cost growth, as well as discount rates. We have compared Company's assumptions with data obtained from external sources, such as projected economic growth, cost inflation and discount rates. and − Analyze whether the disclosures made in the financial statements are adequate. Based on the evidence obtained by means of procedures summarized above, we consider acceptable the assumptions and methodologies used to estimate the recoverable value of these assets, as well as related disclosures in the context of individual and consolidated financial statements taken as a whole.

Revenue from contracts with clients

See Notes 2.21, 2.22, 21 and 22 of individual and consolidated financial statements

Key audit matters	How the audit addressed this matter
The Company's subsidiaries have several types of revenue, which must be recognized if certain criteria are met, and this may occur over time, to reflect the fulfillment of their performance obligations, or at a specific moment in time, when control of the goods or services is transferred to the customer. Measuring the amount of revenue to be	Our audit procedures included, among others: − Obtaining an understanding of the flow of sales transactions considering the nature of the subsidiaries' different operations, and with the support of our information technology specialists, we assessed the design and implementation and effectiveness of the

recognized, and determining the appropriate timing to recognize such revenue by determining when the customer obtains control of the product for each sales transaction, and/or by measuring the advancement of Construction in Progress in relation to the fulfillment of the performance obligation satisfied over time, requires the exercise of judgment on the part of Management. This matter was considered significant for our audit, given the magnitude of the amounts involved and the risk of revenue recognition in an incorrect accounting period.	relevant internal controls, as determined by Management, that support revenue recognition; and – We conducted specific tests on a sample basis on certain revenue transactions, inspecting evidence of the occurrence, accuracy and adequate accounting thereof within the accrual period. As a result of evidence from the procedures summarized above, we consider that the recognition of revenue transactions and respective disclosures are as acceptable in the context of consolidated financial statements taken as a whole.

Other issues - Statements of added value

Individual and consolidated statements of added value (DVA) for the year ended December 31, 2023, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company's financial statements. To form our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Added Value. In our opinion, these statements of value added were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying individual and consolidated financial statements and the auditors' report

The Company's management is responsible for such other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not include the Management Report and we do not express any form of audit conclusion on such report.

Regarding the audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a material way, inconsistent with the financial statements or with our knowledge gained in the audit or otherwise appears to be materially misstated. If, based on the works performed, we conclude that there is a material misstatement in the Management Report, we are required to disclose this fact. We have nothing to report in this regard.

Responsibilities of management and governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of individual and consolidated financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company and its subsidiaries or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those charged with governance of the Company and its subsidiaries are the people responsible for overseeing the process of preparation of the financial statements.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our purposes are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue audit report containing our opinion. Reasonable assurance means a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detects any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may lead the Company and its subsidiaries to no longer remain as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other aspects, the planned scope, time of the audit and significant audit findings, including possible material weaknesses in internal controls identified by us during our work.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Joinville, February 20, 2024

KPMG Auditores Independentes Ltda.
CRC SC-000071/F-8

Felipe Brutti da Silva
Accountant CRC RS-083891/O-0 T-SC

CAPITAL BUDGET PROPOSAL

We propose to submit – for consideration at the AGM – a plan to set up a Capital Budget Reserve in the amount of R$ 2,582,445 (under article 196 of Brazil's Corporations Act and article 202, §6 of Law 10303/01), in view of the Investment Plan/Capital Budget.

The Investment Plan / Capital Budget for 2024 provides for the following:

a) Investments (Property, plant and equipment) planned in the 2024 budget	**1,918,248**
- Constructions and facilities	278,319
- Machinery, equipment, tools and devices	757,959
- IT (hardware)	26,596
- Foreign subsidiaries	834,238
Producers	746,030
Commercial	88,208
- Others	21,136
b) Intangible assets	**28,513**
c) Working Capital Increase planned in the 2024 budget	**792,203**
Total estimated investments (a + b + c)	**2,738,964**
Sources of funds	**2,738,964**
- Own (capital budget reserve)	2,582,445
- Third parties (financing)	156,519

TAX COUNCIL OPINION

The Tax Council of WEG S.A., in the performance of its legal duties, having examined the Management Report, the Financial Statements for the Fiscal Year ended 12/31/2023, and the proposals of the Management bodies for: (a) Allocation of net income; (b) Investment Plan/Capital Budget; (c) Capital increase and, based on the examinations carried out, also considering the information and clarifications provided by the Company's Management throughout the year and by the representatives of the Independent Auditors and, based on the examinations performed, also considering the information and clarifications provided by Company Management throughout the year and by the representatives of the Independent Auditors, and also based on the report issued by KPMG Auditores Independentes on the Financial Statements, without reservations, dated February 20, 2024, believes that the aforementioned documents are in a position to be examined and voted on at the Annual General Meeting of Shareholders.

Jaraguá do Sul (SC), February 20, 2024.

VANDERLEI DOMINGUEZ DA ROSA	**LUCIA MARIA MARTINS CASASANTA**	**PATRICIA VALENTE STIERLI**

AUDIT COMMITTEE OPINION

Annual financial statements in 2023

The members of the non-statutory Audit Committee of WEG S/A., gathered online on this date in the exercise of their duties as provided for in its Internal Regulation, have reviewed the Management Report and the financial statements for the fiscal year ended December 31, 2023, accompanied by the Independent Auditor's Report, without reservation, and considering the information provided by WEG S.A. Management and by KPMG Auditores Independentes, unanimously recommended the approval thereof by the Board of Directors.

Jaraguá do Sul, February 20, 2024.

DAN IOSCHPE **DOUGLAS CONRADO STANGE** **ESTELA MARIS VIEIRA DE SOUZA**

STATEMENT OF THE EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S REPORT

By this document, the Chief Executive Officer and other Directors of WEG S.A., a publicly-held company headquartered at Avenida Prefeito Waldemar Grubba, nº 3300, enrolled with EIN 84.429.695/0001-11, for purposes of the item V and VI of §1 of Article 27 of CVM Resolution 80, dated March 29, 2022, hereby declare that:

(i) reviewed, discussed and agreed with the opinions expressed in the report of KPMG Auditores Independentes dated February 20, 2024, relating to the Financial Statements of WEG S.A. and Consolidated for the fiscal year ended December 31, 2023; and

(ii) reviewed, discussed and agreed with the Financial Statements of WEG S.A. and Consolidated for the fiscal year ended December 31, 2023.

Jaraguá do Sul (SC), February 20, 2024.

Harry Schmelzer Junior - Chief Executive Officer
Alberto Yoshikazu Kuba - Director - Industrial Motors
André Luis Rodrigues - Administrative and Financial Director
André Menegueti Salgueiro - Chief Finance and Investor Relations Officer
Carlos Diether Prinz - Director - Transmission and Distribution
Carlos José Bastos Grillo - Director - Digital and Systems
Daniel Marteleto Godinho - Director of Institutional Relations and Marketing
Eduardo de Nóbrega - Director - China
Elder Stringari - International Director
João Paulo Gualberto da Silva – Director – Electricity
Juliano Saldanha Vargas - Human Resources Director
Julio Cesar Ramires - Director - Commercial Motors
Manfred Peter Johann – Director – Automation