



EARNINGS RELEASE

1Q 2024

Solid operating margins and return on invested capital

Highlights



Net Operating Revenue (NOR) was **R\$ 8.033,3 million** in 1Q24, 4.4% higher than 1Q23 and 6.2% lower than 4Q23.



EBITDA⁽¹⁾ reached **R\$ 1,769.9 million**, 4.8% higher than 1Q23 and 3.2% lower than 4Q23, while **EBITDA margin** was **22.0%**, 10 bps higher than 1Q23 and 60 bps higher than the previous quarter.



Return on Invested Capital (ROIC) reached **38.9%** in 1Q24, up 750 bps from 1Q23 and down 30 bps from 4Q23.

Message from the Management

We presented another quarter of positive performance in operating margins and return on invested capital, as a result of the good performance of long-cycle business, mix of products sold and maintenance of operational efficiency of our operations in Brazil and abroad.

In Brazil, we maintained a good performance, with highlight on revenues from long-cycle goods in the Energy Generation, Transmission and Distribution (GTD) area, especially in transmission & distribution (T&D) and wind power generation. In short-cycle goods, highlight to Commercial and Appliance Motors (MCA) businesses, combined with a good demand for automation equipment, despite the lower revenue level in the electric motors and distributed solar generation businesses, compared to the same period last year.

In the external market, we presented good results in the Energy Generation, Transmission and Distribution (GTD) area, with continued volume of deliveries in the T&D area in North America, and positive demand from the generation business, as a result of the robust order book built in recent quarters. Demand for industrial equipment declined this quarter, especially on short-cycle products.

We continue to benefit from structurally favorable conditions in several markets where we operate, especially those related to electrification and electrical infrastructure, such as the T&D business. In addition, the maintenance of raw material costs and better mix of products sold in the quarter positively contributed to the good margins achieved and to return on invested capital growth. We remain confident in our strategy of product diversification and internationalization of the company, a decisive factor for the presented results, despite lower growth environment for demand for some products, especially in the Industrial Electro-Electronic Equipment (EEI) area, and a scenario of appreciation of the real against the dollar when compared to the same period in the previous year, negatively impacting the revenues conversion from the external market.

Table 1 – Main Highlights

	1Q24	4Q23	HA%	1Q23	HA%
Return on Invested Capital	38.9%	39.2%	-30 bps	31.4%	750 bps
Net Operating Revenue	8,033,304	8,561,285	-6.2%	7,696,157	4.4%
Domestic Market	3,894,448	4,082,805	-4.6%	3,658,225	6.5%
External Markets	4,138,856	4,478,480	-7.6%	4,037,932	2.5%
<i>External Markets in US\$</i>	<i>835,623</i>	<i>903,784</i>	<i>-7.5%</i>	<i>777,213</i>	<i>7.5%</i>
Net Income	1,327,964	1,744,929	-23.9%	1,306,653	1.6%
Net Margin	16.5%	20.4%	-390 bps	17.0%	-50 bps
EBITDA	1,769,880	1,829,174	-3.2%	1,689,125	4.8%
EBITDA Margin	22.0%	21.4%	60 bps	21.9%	10 bps
Earnings per Share (EPS)	0.31653	0.41589	-23.9%	0.31139	1.7%

The following financial and operating data are presented on a consolidated basis, except when otherwise indicated, in thousands of Brazilian reais (R\$) according to accounting practices adopted in Brazil, including Brazilian Corporate Law in convergence with IFRS international norms. Except when otherwise indicated, growth rates and other comparisons are made to the same period of the previous year. Share data is adjusted for split or bonus events.

Net Operating Revenue

Net operating revenue grew by 4.4% compared to 1Q23, up 6.5% in the domestic market and 2.5% in the external market, as shown in Table 1. The evolution of revenue proportion between markets is shown in Figure 1.

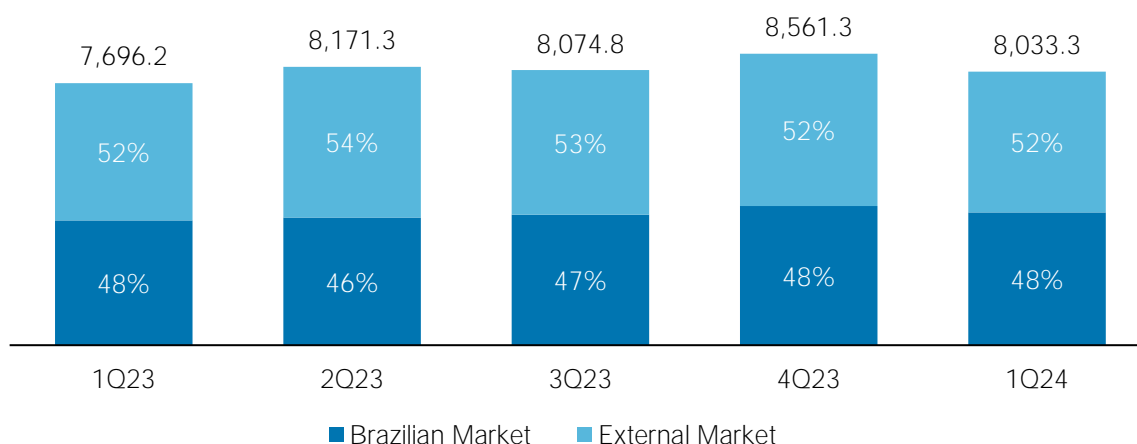


Figure 1 – Net Operating Revenue by Market (figures in R\$ million)

Net operating revenue from the external market, measured in the quarterly averaged US dollars (US\$), increased by 7.5% compared to 1Q23 and decreased 7.5% compared to 4Q23. The distribution of net revenue by geographic market is shown in Table 2.

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

	1Q24		4Q23		1Q23		HA% (A)/(B)	HA% (A)/(C)
	(A)	VA%	(B)	VA%	(C)	VA%		
<i>External Markets</i>	835,623	100.0%	903,784	100.0%	777,213	100.0%	-7.5%	7.5%
<i>North America</i>	400,546	47.9%	414,395	45.9%	380,816	49.0%	-3.3%	5.2%
<i>South and Central America</i>	91,947	11.0%	111,822	12.4%	86,837	11.2%	-17.8%	5.9%
<i>Europe</i>	206,473	24.7%	235,332	26.0%	188,437	24.2%	-12.3%	9.6%
<i>Africa</i>	61,859	7.4%	69,890	7.7%	45,577	5.9%	-11.5%	35.7%
<i>Asia-Pacific</i>	74,798	9.0%	72,345	8.0%	75,546	9.7%	3.4%	-1.0%

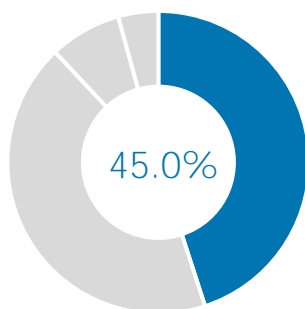
Net operating revenue from the external market was impacted by the average US dollar exchange rate that moved from R\$ 5.20 in 1Q23 to R\$ 4.95 in 1Q24, a 4.8% depreciation over the Brazilian Real.

It is important to consider that we set our sales prices in different markets in local currency and according to their competitive conditions. Measured in local currencies and weighted by revenues in each market, net operating revenue from the external market increased by 6.8%⁽²⁾ compared to 1Q23

Performance by Business Area

Industrial Electro-Electronic Equipment (EEI)

NOR	Domestic Market	External Market
1Q24	1,293,094	2,324,371
4Q23	1,356,039	2,571,859
Δ%	-4.6%	-9.6%
1Q23	1,206,553	2,541,095
Δ%	7.2%	-8.5%



Share in NOR

Domestic Market

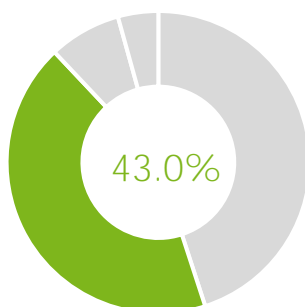
- In Brazil, industrial activity has shown good results in some of the markets where we operate, with short-cycle goods, such as serial automation equipment and gearboxes, showing good demand distributed across different segments.
- Good performance in the deliveries of long-cycle goods, such as medium-voltage electric motors and automation panels, with highlight to the oil & gas and mining segments.

External Market

- Fluctuation observed in short-cycle goods, mainly for low-voltage industrial motors, driven by lower demand in some regions where we operate, China and Europe among them, and a reduction in inventories from important customers following the global supply chain normalization, in addition to the relevant exchange rate impact when compared to the same period of the previous year.
- Good results in the delivery of long-cycle goods, such as high-voltage motors and automation systems, especially in the oil & gas and water & wastewater segments.

Energy Generation, Transmission, and Distribution (GTD)

NOR	Domestic Market	External Market
1Q24	2,022,146	1,434,920
4Q23	2,093,998	1,469,082
Δ%	-3.4%	-2.3%
1Q23	1,948,118	1,014,932
Δ%	3.8%	41.4%



Share in NOR

Domestic Market

- Positive performance in T&D business, mainly driven by the delivery of large transformers and substations for projects linked to transmission auctions and distribution networks.
- In the generation business, the continued delivery of wind turbines contributed to the quarter. In contrast to the revenue of distributed solar generation (GD) business, that despite the growth in the volume of projects sold, showed revenues below the same period of the previous year, mainly influenced by the reduction in prices of solar panels and the consequent impact on prices of products sold.

External Market

- The main highlight of the quarter, the T&D market remains strong, especially in transformers for renewable energy generation and reinforcement of the electricity grid infrastructure in the US, combined with a good demand in all other markets where we operate.
- In the generation business, the highlight was the performance of our operations in Europe and India, due to the good order backlog built in recent quarters.

Performance by Business Area

Commercial and Appliance Motors (MCA)

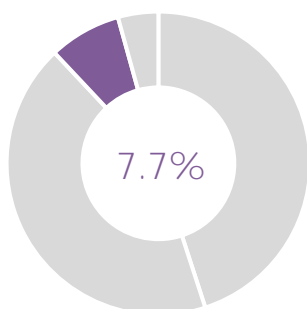
NOR	Domestic Market	External Market
1Q24	293,707	322,621
4Q23	328,634	360,361
Δ%	-10.6%	-10.5%
1Q23	218,917	426,498
Δ%	34.2%	-24.4%

Domestic Market

- Positive start to the year, with significant growth in sales when compared to the same period of the previous year. The results show an improvement in demand in several markets, with highlight to relevant market segments such as air conditioner manufacturers and pump motors for residential use.

External Market

- Fluctuation in demand on the main markets where we operate, such as Mexico and China, combined with lower inventory replenishment of our customers in the US.



Share in NOR

Paints and Varnishes (T&V)

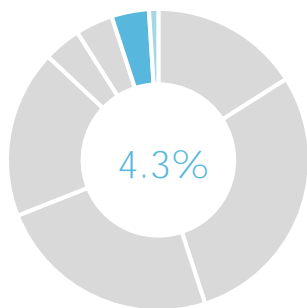
NOR	Domestic Market	External Market
1Q24	285,500	56,944
4Q23	304,134	77,178
Δ%	-6.1%	-26.2%
1Q23	284,637	55,407
Δ%	0.3%	2.8%

Domestic Market

- Maintenance of demand for paint and varnish products, spread among different segments, with highlight to oil & gas and maintenance segments.

External Market

- Growth in revenues from operations abroad, offsetting Brazil's lower export activity in the quarter.



Share in NOR

Cost of Goods Sold

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

Table 3 – Costs

	1Q24	4Q23	HA%	1Q23	HA%
Net Operating Revenues	8,033,304	8,561,285	-6.2%	7,696,157	4.4%
Cost of Goods Sold	(5,362,600)	(5,675,854)	-5.5%	(5,149,094)	4.1%
Gross Margin	33.2%	33.7%	-50 bps	33.1%	10 bps

The accommodation of prices on the main raw materials that make up our cost structure, mainly steel and copper, together with a good mix of products sold and the good performance of operations abroad were important factors for the maintenance of gross margin high levels in the quarter.

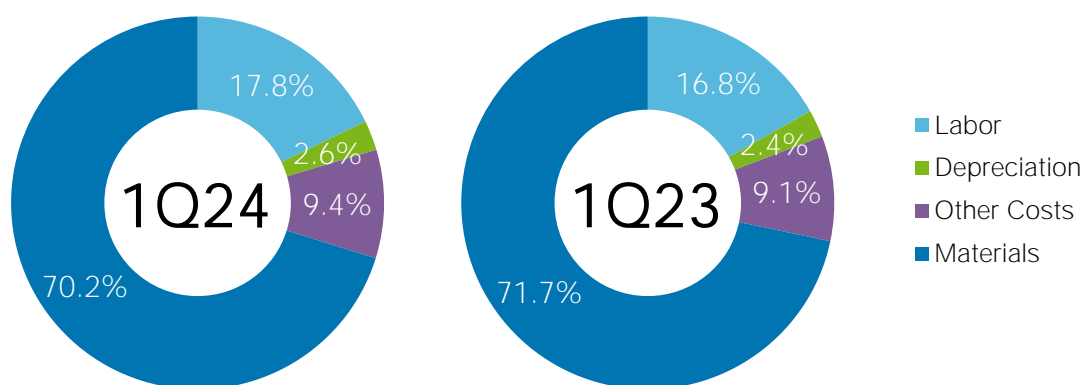


Figure 2 – COGS Composition

Sales, General, and Administrative Expenses

Consolidated Sales, General and Administrative (SG&A) expenses totaled R\$ 884.2 million in 1Q24, an increase of 6.9% vs. 1Q23 and a decrease of 5.0% vs. 4Q23. When analyzed in relation to net operating revenue, they represented 11.0%, up 30 basis points compared to 1Q23 and up 10 basis points compared 4Q23.

EBITDA and EBITDA Margin

The composition of the EBITDA calculation, according to Instruction CVM 156/2022, and the EBITDA margin are shown in Table 4. EBITDA margin showed another quarter of evolution when compared to the same period of the previous year, mainly reflecting the accommodation of raw materials costs combined with the change in the mix of products sold.

Table 4 – Calculation of EBITDA and EBITDA Margin

	1Q24	4Q23	HA%	1Q23	HA%
Net Operating Revenues	8,033,304	8,561,285	-6.2%	7,696,157	4.4%
Net Income	1,327,964	1,744,929	-23.9%	1,306,653	1.6%
Net Income Before Minorities	1,377,254	1,787,995	-23.0%	1,323,941	4.0%
(+) Income Taxes & Contributions	298,545	(135,643)	n.a.	282,760	5.6%
(+/-) Financial Income (Expenses)	(72,452)	9,138	n.a.	(68,508)	5.8%
(+) Depreciation & Amortization	166,533	167,684	-0.7%	150,932	10.3%
EBITDA	1,769,880	1,829,174	-3.2%	1,689,125	4.8%
EBITDA Margin	22.0%	21.4%	60 bps	21.9%	10 bps

Net Income

Net Income in 1Q24 was R\$ 1,328.0 million, an increase of 1.6% compared to 1Q23 and a decrease of 23.9% compared to 4Q23. The net margin reached 16.5%, 50 basis points lower than 1Q23 and 390 basis points lower than 4Q23.

We remind that net profit was positively impacted in the 1Q24 by the recognition of tax credits related to the creation of a new subsidiary in Switzerland.

Cash Flow

Cash generation in operating activities was R\$ 1,723.9 million in the 1Q24, result of continued revenue growth and improvement in our operating margins. It is important to highlight the continuity of the process of improving operational working capital indicators in the period.

In investment activities, which include changes in fixed and intangible assets, acquisition of subsidiaries, and financial investments, we consumed R\$ 386.2 million. The level of CAPEX⁽³⁾ in modernization and expansion of production capacity increased in relation to the same period of the previous year, continuing the investment of resources in factories in Brazil, Mexico, United States and China.

In financing activities, the Company raised R\$ 451.9 million and made amortizations of R\$ 678.4 million, resulting in a net amortization of R\$ 226.5 million. Payments to equity holders (dividends and interest on capital) totaled R\$ 1,720.3 million. The result was a consumption of R\$ 1,943.6 million in financing activities in the period.

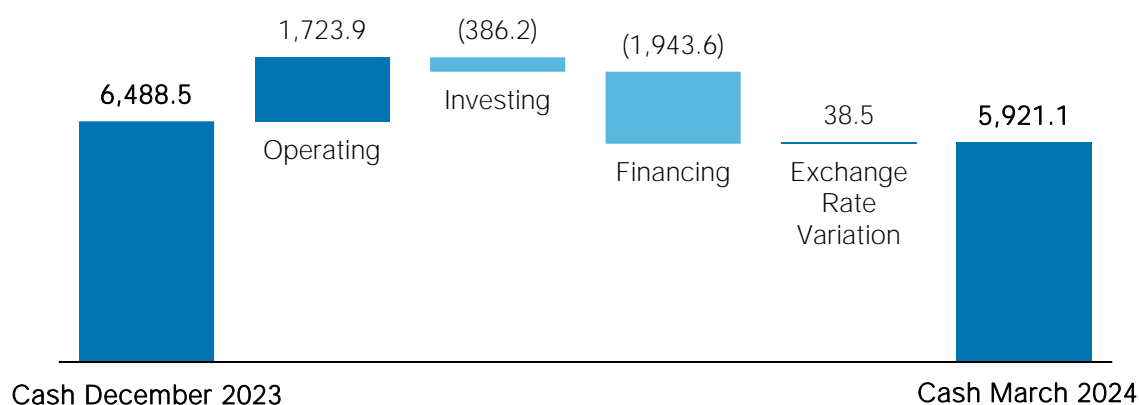


Figure 3 – Cash flow reconciliation (figures in R\$ million)

Note that the chart in Figure 3 shows the cash and cash equivalents positions classified as current assets. Furthermore, the Company has R\$ 665.5 million in financial investments with no immediate liquidity, including derivative financial instruments (R\$ 626.5 million in December 2023).

Return on Invested Capital

The ROIC for 1Q24, accumulated over the last 12 months, reached 38.9%, an increase of 750 basis points over 1Q23 and down 30 basis points over 4Q23. It is important to remind that ROIC was impacted by tax credits related to the new subsidiary in Switzerland recognized on 4Q23. Excluding this non-recurring effect, the ROIC would be 35.8%. The growth in Net Operating Profit after Taxes (NOPAT), mainly due to the stability in operating margins, more than offset the growth in capital employed, which expansion is mainly explained by investments in fixed and intangible assets made over the last 12 months, and for the better control of the need for working capital in the period.

Investments (CAPEX)

In 1Q24, we invested R\$ 351.5 million in the modernization and expansion of production capacity, machinery and equipment and software licenses, 64% for production units in Brazil and 36% for industrial plants and other facilities abroad.

In Brazil, we made progress with investments in the expansion of production capacity for industrial motors and electric traction motors. Abroad, we continued to increase the production capacity of the motors and transformers factories in Mexico and the low voltage motors factory expansion in China.

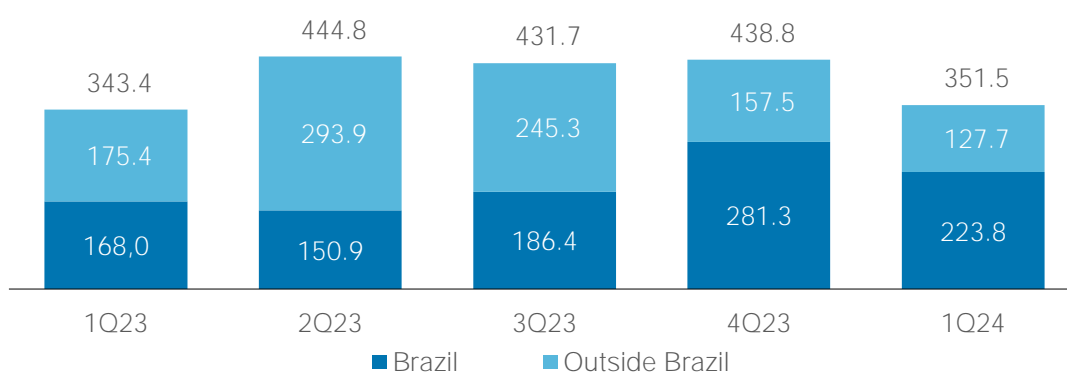


Figure 4 – CAPEX Evolution (figures in R\$ million)

Research, Development, and Innovation

Expenditures on research, development and innovation activities totaled R\$ 272.8 million, representing 3.4% of accumulated net operating revenue in 2024.

Debt and Cash Position

Cash, cash equivalents, invested in first-tier banks and denominated in Brazilian currency, and financial investments and derivatives are presented in Table 5. Likewise, the Company demonstrates the total gross financial debt, with details between short and long-term, in Brazilian reais and other currencies, resulting in the Company's net cash at the end of the quarter.

Table 5 – Cash and Debt

	March 2024		December 2023		March 2023	
Cash & Cash Equivalents	6,577,197		7,091,927		5,666,375	
Current	6,530,196		7,081,224		5,655,326	
Long Term	47,001		10,703		11,049	
Derivatives	(95,623)		(141,917)		(174,241)	
Short Term Assets	8,781		22,423		62,770	
Long Term Assets	624		605		1,102	
Short Term Liabilities	(104,404)		(73,082)		(141,951)	
Long Term Liabilities	(624)		(91,863)		(96,162)	
Debt	(2,685,099)	100%	(2,835,061)	100%	(3,439,139)	100%
Current	(2,073,519)	77%	(2,170,324)	77%	(2,572,739)	75%
In Brazilian Reais	(7,970)		(158,814)		(9,775)	
In other currencies	(2,065,549)		(2,011,510)		(2,562,964)	
Long Term	(611,580)	23%	(664,737)	23%	(866,400)	25%
In Brazilian Reais	(119,360)		(91,192)		(31,142)	
In other currencies	(492,220)		(573,545)		(835,258)	
Net Cash	3,796,475		4,114,949		2,052,995	

The total duration of our indebtedness was 9.4 months in March 2024 (10.7 months in December 2023).

Dividends and Interest on Stockholders' Equity

At a meeting held on March 19, the Board of Directors decided to declare interest on equity in the total amount of R\$ 242.3 million before withholding income tax, with payment expected on August 14, 2024.

Our practice is to declare interest on capital quarterly and dividends based on the profit obtained each half-year, that is, six proceeds each year, paid semi-annually.

Results Conference Call

On May 03, 2024 (Friday), WEG will hold a teleconference in Portuguese, with simultaneous translation into English, also available on the internet webcast, at the following times:

- 11:00 a.m. – São Paulo (BRT)
- 10:00 a.m. – New York (EDT)
- 3:00 p.m. – London (BST)

Access Link: [click here](#)

The presentation will also be available on our Investor Relations website (ri.weg.net).

Forward-Looking Statements

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

FINANCIAL STATEMENTS

1Q 2024

Annex

Annex I – Consolidated Income Statement – Quarterly

	1Q24		4Q23		1Q23		HA%	HA%
	(A)	VA%	(B)	VA%	(C)	VA%	(A)/(B)	(A)/(C)
Net Operating Revenues	8,033,304	100.0%	8,561,285	100.0%	7,696,157	100.0%	-6.2%	4.4%
Cost of Goods Sold	(5,362,600)	-66.8%	(5,675,854)	-66.3%	(5,149,094)	-66.9%	-5.5%	4.1%
Gross Profit	2,670,704	33.2%	2,885,431	33.7%	2,547,063	33.1%	-7.4%	4.9%
Sales Expenses	(624,184)	-7.8%	(653,452)	-7.6%	(568,133)	-7.4%	-4.5%	9.9%
Administrative Expenses	(259,970)	-3.2%	(277,434)	-3.2%	(258,622)	-3.4%	-6.3%	0.5%
Financial Revenues	324,627	4.0%	418,987	4.9%	388,642	5.0%	-22.5%	-16.5%
Financial Expenses	(252,175)	-3.1%	(428,125)	-5.0%	(320,134)	-4.2%	-41.1%	-21.2%
Other Operating Income	16,934	0.2%	41,846	0.5%	54,812	0.7%	-59.5%	-69.1%
Other Operating Expenses	(200,210)	-2.5%	(335,014)	-3.9%	(236,927)	-3.1%	-40.2%	-15.5%
Earnings Before Taxes	1,675,799	20.9%	1,652,352	19.3%	1,606,701	20.9%	1.4%	4.3%
Income Taxes & Contributions	(344,340)	-4.3%	(252,440)	-2.9%	(254,699)	-3.3%	36.4%	35.2%
Deferred Taxes	45,795	0.6%	388,083	4.5%	(28,061)	-0.4%	-88.2%	n.a.
Minorities	(49,290)	-0.6%	(43,066)	-0.5%	(17,288)	-0.2%	14.5%	185.1%
Net Earnings	1,327,964	16.5%	1,744,929	20.4%	1,306,653	17.0%	-23.9%	1.6%
EBITDA	1,769,880	22.0%	1,829,174	21.4%	1,689,125	21.9%	-3.2%	4.8%
Earnings per Share (EPS)	0.31653		0.41589		0.31139		-23.9%	1.7%

Annex II Consolidated Balance Sheet

	March 2024		December 2023		March 2023		HA%	HA%
	(A)	VA%	(B)	VA%	(C)	VA%	(A)/(B)	(A)/(C)
Current Assets	21,484,977	67%	21,562,311	68%	20,149,777	70%	0%	7%
Cash & cash equivalents	6,530,196	20%	7,081,224	22%	5,655,326	20%	-8%	15%
Receivables	6,374,256	20%	6,070,556	19%	5,602,395	19%	5%	14%
Inventories	7,215,175	23%	7,116,286	23%	7,450,430	26%	1%	-3%
Other current assets	1,365,350	4%	1,294,245	4%	1,441,626	5%	5%	-5%
Noncurrent assets	10,496,719	33%	9,933,959	32%	8,770,306	30%	6%	20%
Long Term Assets	1,237,399	4%	1,090,397	3%	687,282	2%	13%	80%
Long term securities	47,001	0%	10,703	0%	11,049	0%	339%	325%
Deferred taxes	955,032	3%	864,394	3%	432,975	1%	10%	121%
Other non-current assets	235,366	1%	215,300	1%	243,258	1%	9%	-3%
Investment in Subs	76,029	0%	77,481	0%	1,042	0%	-2%	n.m.
Property, Plant & Equipment	7,686,654	24%	7,294,836	23%	6,586,075	23%	5%	17%
Right of use	638,503	2%	587,291	2%	654,598	2%	9%	-2%
Intangibles	1,496,637	5%	1,471,245	5%	1,495,907	5%	2%	0%
Total Assets	31,981,696	100%	31,496,270	100%	28,920,083	100%	2%	11%
Current Liabilities	11,688,883	37%	11,219,689	36%	11,095,417	38%	4%	5%
Social and Labor Liabilities	742,322	2%	515,538	2%	603,689	2%	44%	23%
Suppliers	2,332,032	7%	2,190,088	7%	2,298,669	8%	6%	1%
Fiscal and Tax Liabilities	810,326	3%	483,273	2%	588,812	2%	68%	38%
Short Term Debt	2,073,519	6%	2,170,324	7%	2,572,739	9%	-4%	-19%
Dividends Payable	219,416	1%	482,903	2%	200,860	1%	-55%	9%
Advances from Clients	3,561,017	11%	3,238,834	10%	3,077,645	11%	10%	16%
Profit Sharing	271,164	1%	563,436	2%	269,948	1%	-52%	0%
Derivatives	104,404	0%	73,082	0%	141,951	0%	43%	-26%
Leasing	72,240	0%	72,872	0%	106,283	0%	-1%	-32%
Other Short Term Liabilities	1,502,443	5%	1,429,339	5%	1,234,821	4%	5%	22%
Long Term Liabilities	2,325,647	7%	2,421,805	8%	2,524,337	9%	-4%	-8%
Long Term Debt	611,580	2%	664,737	2%	866,400	3%	-8%	-29%
Other Long Term Liabilities	216,835	1%	311,351	1%	314,556	1%	-30%	-31%
Leasing	536,525	2%	484,027	2%	510,127	2%	11%	5%
Deferred Taxes	92,739	0%	87,056	0%	77,604	0%	7%	20%
Contingencies Provisions	867,968	3%	874,634	3%	755,650	3%	-1%	15%
Equity	17,967,166	56%	17,854,776	57%	15,300,329	53%	1%	17%
Owners of the Company	17,407,339	54%	17,342,085	55%	14,867,453	51%	0%	17%
Noncontrolling interests	559,827	2%	512,691	2%	432,876	1%	9%	29%
Total Liabilities	31,981,696	100%	31,496,270	100%	28,920,083	100%	2%	11%

Annex III – Consolidated Cash Flow Statement

	3 Months 2024	3 Months 2023
Operating Activities		
Net Earnings before Taxes	1,675,799	1,606,701
Depreciation and Amortization	166,533	150,932
Equity accounting	(73)	-
Provisions	216,084	305,923
Tax credit - ICMS exclusion from PIS/COFINS calculation basis	-	(28,933)
Changes in Assets & Liabilities	(334,440)	260,387
(Increase)/decrease in clients	(260,115)	(29,407)
Increase/(decrease) in suppliers	125,292	265,193
(Increase)/decrease in inventories	(41,600)	114,233
(Increase)/decrease in taxes recoverable	(26,783)	83,938
Increase/(decrease) in social/tax obligations	325,613	230,871
Increase/(decrease) in advances from clients	282,135	234,453
Increase/(decrease) in other accounts receivable/payable	41,651	4,367
Income Tax and Social Contribution on Net Earnings	(166,600)	(279,696)
Profit Sharing Paid	(425,308)	(340,549)
Dividends & Interest on Stockholders Equity Paid	(188,725)	(23,016)
Cash Flow from Operating Activities	1,723,903	2,295,010
Investment Activities		
Fixed Assets	(334,447)	(331,874)
Intangible Assets	(17,087)	(11,551)
Results of sales of fixed assets	973	5,928
Acquisition of Subsidiaries	-	(7,414)
Acquisition of equity interest - affiliates	-	-
Financial investments held to maturity	(35,642)	-
Rescue of financial investments	-	1,238
Cash Flow From Investment Activities	(386,203)	(343,673)
Financing Activities		
Working Capital Financing	451,888	633,511
Long Term Financing	(678,384)	(603,187)
Interest paid on loans and financing	3,192	2,832
Treasury Shares	(1,720,339)	(1,300,955)
Cash Flow From Financing Activities	(1,943,643)	(1,267,799)
Changes in Cash and Equivalents caused by FX Changes	38,574	(27,705)
Change in Cash Position	(567,369)	655,833
Cash & Cash Equivalents		
Beginning of Period	6,488,454	4,451,002
End of Period	5,921,085	5,106,835

Notes:

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

(2) Not considering countries with hyperinflation.

(3) Capital Expenditure

n.a. stands for not applicable

n.m. stands for not mentioned

bps stands for basis points

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