



Transcript of the 2Q25 Earnings Video Conference

Caroline I. Colleto:

Good morning, ladies and gentlemen. Welcome to the video conference on the publication of Randoncorp Results about the second Quarter 2025. Our event has Simultaneous translation into English and Libra's Interpretation. To listen in English, you click the button Interpretation at the bottom of the screen, and to listen to the translation, select 'mute original audio'.

We'll record this and made it available on our investor relations website, ri.randoncorp.com. On the screen, we have our disclaimers. Remember, the information presented in this video conference are not a guarantee of performance, they involve risks and uncertainties because they're about future events. Therefore, they depend on circumstances that may or may not happen.

In our agenda, we'll have the message from our CEO Sergio Carvalho, the highlights of the quarter by CFO, Paulo Prignolato, the detailing of the results, addressed by the director of IR and finance, Esteban Angeletti, and our Q&A sessions, led by the IR and finance manager, Davi Bacichette, also with Hemerson Souza from Frasle Mobility. And last, but not least, we'll have present from a message from our President, Daniel Randon.

On the Screen, you see how you can take part in the Q&A session. You're all invited to take part — you can signal your participation at any time during the event. Now, we'll listen to Sergio.

Sérgio L. Carvalho:

Thank you, Carol. Good morning, everyone.

In early July, we met at Randoncorp Day. At that event, we shared not only our transformation and the relevance of our revenues, but we also talked about the scenario we are experiencing in 2025 — from the foreign perspective, with the relevant demand fall in important markets, as well as in the domestic market, where we are adopting a number of measures to adapt our structures to the current context, especially in the OEM Vertical.

We are sure — and the numbers show this — that our company is much stronger and more solid to face hard times, because today the majority of our revenues allow us to adapt our business to periods of higher complexity, like in the past

months. That's why we're making our structures leaner, both productive and administrative. We reorganized our footprint, seeking to optimize our logistics and our sourcing; revisited our business model in some units; implemented anticipated holidays; and adopted flexible working hours to reduce the pace of production and avoid a high level of inventories.

Some measures generated additional spending, affecting our quarterly performance. I'd like to highlight, however, that most of them are specific and one-offs — they will not be repeated in the following months. If we hadn't adjusted, our margins would be at levels closer to the usual ones. Even with this challenging scenario, this is only possible because of the diversity of our revenues and our growth in the aftermarket and foreign markets.

Temporarily, we were more leveraged. Paul is going to explain better next. I'd like to highlight that we're focused on reducing this indicator by capturing synergy from the acquisitions we've made, cutting down Working Capital, disciplining investments and expenses, and working with the capital market.

In July, we completed the follow-on for Frasle Mobility. It was a successful operation that added 250 million reais to our cash flow through the primary offering of shares. We also announced an increase in our private capital at Randoncorp, which is ongoing and may add another 250 million reais in availability.

In addition, we are waiting for the approval of the Central Bank for the transaction we announced last quarter — a strategic partnership with funds that will bring resources once it is finalized. We are also adopting measures to reduce the cost of our debt and expand its terms, such as the 12th debenture issuance, which strengthened our cash flow.

We are committed to transparency and have published a revision of our guidance, now more in line with the current scenario. The premises are listed with the relevant factors.

We always see challenging moments — like the one we're going through now — as opportunities to revisit our processes and correct routes. There have always been complex factors in the business environment. Right now, we have a new component linked to tariffs imposed on a number of countries by the American government. But we are sure that we will always emerge stronger than before. We're ready for the next challenges.

This is the last video conference I will do as CEO of Randoncorp. It has been an honor to be with you throughout these years. I leave confident, knowing there are still many opportunities to capture synergies for our business. This is still ongoing

— a number of innovations are still maturing, and the long-term plan brings me conviction that Randoncorp will continue this beautiful trajectory, that started with Raul and Hercilio in a small workshop in Caxias do Sul and today is considered one of the largest global players in the automotive industry.

I'm so happy to have contributed in a relevant way to this growth and success. I will continue to be close to you. Thank you for your attention and for being with us. Please count on me as a Senior Advisor from now on.

Now, we'll hear from Paulo.

Paulo Prignolato:

Thanks, Sergio. Good morning, everyone.

Like Sergio said, the demand in some of our markets went down significantly in 25, in a more intense way in the second quarter.

On the screen, you can see that trailers had a volume reduction in production and in sales of around 20%, and in trucks it was a smaller reduction — especially a reduction sustained supported by the advancement of exports.

Like I mentioned in the last quarter, these numbers do not reflect the real impact that we're feeling in our businesses, given that there was a product mix change, where the heavy products are going down at a superior level compared to others. In trailers, for example, there was a retraction of around 40% in grain trailers and dump trucks, which are usually the most representative products of our OEM Vertical.

This is an impact of the slowdown in agribusiness. Even with a record crop, they are feeling the effects of high interest rates for loans, low commodity prices, and political-economic instability in our country. There is no signal right now of recovery in this industry. The greater volumes come from industrial and consumer goods, but the aftermarket keeps a good level because of the stability of workshop service volumes.

Generally speaking, we can state that in all industries — even in the aftermarket — it's a more challenging scenario because of the interest rates in Brazil and tariff disputes with the US. We're monitoring all this very closely, keeping a good eye on it, and making the necessary adaptations in our business to face this and other challenges.

Now, let's go through the main indicators, the growth of our net revenue, especially because of the addition of new businesses and the evolution of sales to

the foreign market. The drop in our EBITDA and net, result because of the reduction in volumes that I mentioned and the addition of unusual expenses connected with the adaptations that we did. A light drop in the ROIC because of the necessity to use more cash flow.

Talking about that level, you can see here the increase in our leverage, the reduction in EBITDA, and the impact of the volume reduction, as well as the increase in working capital. We're adopting a number of measures to improve these indicators — such as discipline in costs and investments, and capturing synergies in the companies we acquired.

We have a greater focus on reducing our debt level, reducing its average cost, and increasing our debt terms. These are movements together with actions close to the capital market. After analyzing in detail all our capital structure, we executed three important movements to have a structural adaptation.

In July, we finished the follow-on of Frasle Mobility, our controlled company, with a primary and secondary offering of shares totaling 400 million reais. In the primary offering, we captured 240 million reais, which corresponded to the issuance of 103 million new ordinary shares. In the secondary offering, we sold around 6.3 million FRAS3 shares belonging to DRAMD, totaling 152 million reais, at the same price level as the primary offering. With the net resources captured here, DRAMD wants to take part in the increase of private capital, and Randoncorp has published the relevant fact of the operation, realizing the subscription of the shares. The controller will add important resources to the cash flow of our company.

In addition, we also had our 12th debentures issuance: 1.2 billion reais in two series with payment terms from five to seven years, at a very competitive rate. The great highlight of this operation was the demand above expectations in the bookbuilding, which enabled us to compress this rate. All the details may be consulted in the documents that we published at the CVM and on our IR website.

The numbers that we show you right now do not reflect the last capture that we had, because the conclusion was in July. Nevertheless, the cost was lower than the SELIC interest rate and it reduced even further after its completion.

I'd like to highlight, in relation to our debt level, that our financial commitments enabled 3.5 times leverage, excluding Randon Bank numbers and pro forma EBITDA in the last 12 months of the acquired companies. Additionally, they have as a basis the figures from December 31.

To finish my part, I'd like to show you some information about the shares. In the history of payment to our shareholders, in the last quarter, our market cap reflects the drop in our share price. Their daily liquidity had an advance in relation to dividends and interest. We did not release payments regarding 25.

I'd like to thank you for your attention so far, and now we will hear from Esteban, who will further detail the economic indicators of the company. Thank you.

Esteban M. Angeletti:

Good morning, everyone. I'd like to start with the net revenues and its distribution. On the chart, you can see that the verticals most representative were Motion Control and Auto Parts. Together, they accounted for almost 70% of the total. The OEM vertical gave more room to other verticals not just because of the reduction in market volumes, but also due to the expansion of revenues in the aftermarket. Now, here are the details.

There was a strong drop in the revenues of products sold to the agribusiness, as mentioned by Paulo, and an increase in sales of financial solutions and services, especially by expanding the credit portfolio of the Coop-payment Plans unit and Randon Bank. There was also an increase in revenues from the foreign market, both organic and inorganic, all of which are detailed further.

Now, let's take a look at revenues from the foreign market. We grew the representativeness in the consolidated to close to 34% in the second quarter. With the acquisition of Dacomsa, EBS, and AXN, we added around 80 million dollars to the indicator just in this quarter. I'd also like to highlight the advances we had from the recovery of trailer sales in Argentina and the United States compared to the previous quarter, and the good sales performance in Europe, especially in Motion Control.

Here, on the chart, you can see the distribution of revenues in the foreign market. USMCA went beyond 50% of the total due to the expansion in the region. In terms of adjusted EBITDA and its margin, indicators showed a drop compared to the previous quarter. As you can see on the chart, COGS had an increase explained mainly by the drop in volumes, which led to fixed costs going up, and unusual spending, such as costs to adapt structures and expenses with sales and administration.

We also had coop-payment plans sales going up, given the more challenging macroeconomic environment, and provisions for contingencies. The amounts of unusual spending in COGS and SG&A went beyond 60 million reais in the period, affecting EBITDA by around 2.2 percentage points.

It's important to highlight that in COGS and SG&A, we had the accountability of surplus inventories, mobilized brands, and portfolios. These values did not impact EBITDA because there was amortization, but they did impact net profit.

Now, let's take a look at the investments. I'd like to stress that we're taking caution here. In the period, the greater investments were in maintenance of equipment in the industrial verticals, to improve Frasle Mobility, Controil, Fremax, and to continue building the substation, the power plant, and also Mogi Guaçu.

To finish, I'd like to invite you all to take part in the site visit that will be held in some of our facilities on September 3rd. There are limited numbers for registration, and August 22nd is the last day to register.

Now we'll listen to Carol for Q&A.

Caroline I. Colleto:

Thanks, Esteban. Now we'll start our Q&A session. Now here we have some instructions on the screen there are a number of people that signal that they would like to take part. Our first question today is from Gabriel Tinem, Santander analyst.

Gabriel Tinem - Santander:

Good morning, everyone. Thanks. There are two questions here. First, on the restructuring, I'd like to hear more about this process — If you could update us about trailers, timing, and auto parts with a similar process — and comment more on what's driving this. The second point is more focused on the foreign market. There was an improvement in some industries, especially with some volume increases in other geographies. Could you comment on whether this improvement is also boosting what you saw in terms of your guidance for the foreign market? Thanks.

Davi C. Bacichette:

Thanks, Gabriel, for your question. There are two important points there. Talking of all this restructuring that we're going through in our OE verticals, business verticals — not only the OEM, but as a group — we're looking very carefully at our structure. So, not just trailers, but also other actions in terms of the foreign market. The trailers are more favorable, not just looking from the perspective of the US, but we see South America doing better, and we can detail the countries here. Esteban, I count on you to address these first two questions, and Paulo, feel free to comment on this — especially the restructuring, not just the businesses, but as a company discipline with cost investments. It would be important to address this.

Esteban M. Angeletti:

Thanks, Gabriel, for the question. Thanks for being with us. Our video conference on results — let's talk about exports. First, the foreign market, and then I'll talk about restructuring.

So, the foreign market is representative. We could see that in the quarter we're close to 34 percent, and yeah, a good part of this amount, of this revision of the guidance, is linked to the fact that we see a better environment for exports — especially for Latin American countries. Argentina is one of the countries that is demanding more products right now, but also Hercules in the US, that anticipated parts of the deliveries of that order by the port of South Carolina.

Another important point would be that, right now, they're having better margin than the domestic market. This is part of our business model; it's not chance by chance. It was something that we built in the past five years, and the outlook is still good. Of course, as a whole, the exports to Argentina are small amounts, but they help us to support our revenues and our margin.

In relation to the processes, in terms of restructuring, we can break this down into many parts. We can see this from the economic and financial part, and Paulo can comment on this about the financial part, especially cash flow. From the economic point, we're talking about COGS, revenues and SG&A. The main focus here is to cut down fixed costs. We have a mission here to reduce by 20% the fixed costs in the OEM vertical, and we have equivalent challenges in auto parts to make operations leaner, so we can face this moment in the market.

That's not all. We're also looking at products. One of the main points that is hurting us this year is the product mix in trailers. We're focusing on this. There, we had a year last year where grain trailers and dump trucks had gone down by 50%, and this year 40%. So, over 10 years, it's a very significant drop, and there's no way to get away from this right now.

So, what we're doing now is looking at product mix and making this product smarter, in the sense that we leave the added value where the client will pay the value and reduce the cost where they don't see value, where they're not paying for this. Therefore, we want to defend our margins, and we're also looking at processes, especially trying to speed up automation in the factories, in the plants, so that when we recover, we keep our productive level. And when we recover our levels, we become more efficient.

We saw a similar scenario in 2014, 2015, and 2016 — there were three hard years for trailers — and we did all this work. Then it's work we know how to do; it's work that we have to continue doing, and it's comfortable, and we believe in this. We're more — we'll be more qualified to go through this harder moment in the market. As we recover, we have a double moment of gain because our operations will be more efficient.

The only point that really differentiates us from 2015 and 2016 is that, back then, the OEM represented 35 or 40%, and now it represents less than 25% — only 22% of our revenues. The remaining part comes from other businesses that have greater resilience.

In relation to auto parts tinning, we're adapting our structure as well, but like Paulo said, the market of trucks is more resilient because of the exports. So, we have to make adjustments, of course, especially to adapt to the domestic demand, but they end up having a smaller effort, let's say, in terms of adaptation, because the demand is still supported by part of the exports.

Now, Paulo, feel free to comment on working capital — that would add to the quality of our answer.

Paulo Prignolato:

Perfect. Thanks, Esteban. Gabriel, thanks a lot for your question. Thanks for being with us. No doubt, right now, with high interest rates, working capital is one of our main priorities. We finished December 24 with around 62 days equivalent of turnover in our working capital. This figure in July is around 100 days.

It's important to stress that we have new operations in our portfolio. Right now, Dacomsa and EBS — they have a characteristic that naturally they carry more inventory for the aftermarket. But it's important to highlight as well that, right now, with the adaptations that we had in our production level and adaptations in terms of supplies, manufacturing, raw materials, and labor, we saw in July already stability, stabilization, with a reduction trend with this working capital. With actions in inventories and clients and suppliers and taxes, we expect to cut down by 20 to 25 days of our equivalent revenues from now until the end of the year.

So, we're working strongly on this point, mapping all the verticals so we can deliver this reduction to stabilize our working capital close to what we used to have before this moment of market crisis.

Gabriel Tinem - Santander:

Perfect, very clear. Thank you so much. Thank you, good morning.

Caroline I. Colleto:

Now, let's move on to the next question. It's from Lucas Lagi, XP analyst. Lucas, feel free to ask your question.

Lucas Laghi - XP:

Good morning, everyone. I'd like to go back to some points with you about this more challenging moment in the market and the guidance revision for 25. If we take a look at the bit of the first quarter, we saw a margin around 12%, not considering the adjustments of the restructuring, and comparing with the middle 13% for the year, that would imply a margin of 14% to reach this mid-range for 25.

This starts with the 13%. If we exclude all the effects of restructuring, we know the 4th quarter has a weaker seasonality. I'd like to hear from you, from your mindset, what you're thinking about the likelihood of where we can think about this interval of the guidance as more feasible. Do you see leverage of improvement in terms of results for the third and fourth quarter that will bring about improvements in

profitability? Not considering the restructuring, and perhaps the lower guidance range is more feasible considering the profitability level you're now operating. I'd like to hear to understand a little better this interval of your guidance for profitability revenue. I think it's half-half, 50-50, but what do you think is missing for this industry to really catch on? If the strong crop is already good enough, or if you need any other effects from the outside to leverage the farmers, or perhaps elections?

I'd like to hear from you what's missing for this industry to really catch on. And the second point is about the net debt. We know that there are follow-on effects. There is a lot of potential of other factors, but nevertheless, if we think about a lower range of the guidance, the leverage level is closer to 13 to 3.5. You mentioned the working capital, right, Paulo? I'd like to understand how comfortable you are in relation to the initiatives to reduce the net debt, not relying so much on a bit, trying to think about the covenants and leverage by the end of the year. Thank you.

Davi C. Bacichette:

Thank you, Lucas, for your question. So, we'll hear Step on if you can address the first question about the sector, the drivers, the industry drivers that potentially could help the market to recover.

Paulo, there are two questions for you: one about guidance, about the revision of the guidance. We discontinued our guidance based on what we said about the follow on of Frasle, and now we have a new guidance with adjusted figures, adjusted to the scenario. And Esteban to talk more about what we saw in the figures to adjust the guidance.

And next, the debt and covenants. As we can see, the movements that we're doing, we know in the second half of the year, will have a positive impact. You can detail more about this, Esteban, with you about market drivers, and then Paulo for guidance and leverage.

Esteban M. Angeletti:

Thanks, Lucas, for your question. Thanks, Lucas, for being with us. So, the drivers — what can change the compass in terms of demand? I think it's good to take a step back and to remember how our demand is broken. Traditionally, there are two main drivers: expanding the fleets and renewal of fleets.

This year in agribusiness, we don't see any of those — expansion or renewal of fleet — but we know that the crop is a record crop. What does that mean? When we consider it, Brazil does not have the capability of storage, and we need to transport all of this crop, all of the harvest, with the existing fleet, which means that the usage level is probably much higher than the normal numbers. The machinery they have is depreciated; the trailers in the market increase their age, their wear and tear.

And as we recover — and we saw this in the past, in 2016 — there's a double positive effect that has an impact on the demand: to renew everything that they didn't renew in the past two or three years, plus the expense expansion of the fleet. So, the impact on the volume is pretty strong.

What needs to happen for this to start? According to our rating, there are three factors. First, interest rates: the SELIC at 15% really blocks a lot of investments, hinders the investments the clients need, but they decide to postpone this. They don't want to do this right now; they don't want to commit their capital right now.

The second factor is the grain prices. We don't have the best quotations for corn, for example, for soybeans, which makes our agribusiness client wait longer on their investments.

And all the uncertainties that we see in the market — it's truly hard to make a business decision in the long run right now, when we have important decisions in both political and economic areas in Brazil and around the world still being debated. They need to wait for this, to accommodate these new premises, the new scenario, so the clients can make their investment decisions.

But I'd like to stress once again: if there is any positive outlook here, that's what it is — this repressed demand. Everything we didn't sell in the past two years, at some point, will turn into market demand.

Sérgio L. Carvalho:

And, if you allow me, I'd like to comment on something here: the railroad, true.

Davi C. Bacichette:

Another positive point is that we have our rail cars. There is an order of 280 rail cars, which will be delivered in the third quarter — very good, as pointed out by Sergio — because in 2016, the year when the trailers market went down in a similar way, the rail cars helped us to pay our fixed costs of our OEM and even added margin to our OEM.

There are other bids, other orders that are being negotiated, that will be translated into revenues in the future, coming up next year. Even though the domestic — especially the trailers industry — is not so positive for next year, we see the railroad, the rail cars industry, contributing to our business in the foreign market, supporting our sales and our margins.

Thanks, Sergio. Great point. Paulo, over to you now to talk about leverage and guidance.

Paulo Prignolato:

OK, thanks, Esteban. Lucas, thanks for your question. No doubt, as commented by Sergio, Esteban, and Davi, we're going through a lot of uncertainty right now, but the first half of the year counted on a number of one-offs and unusual impacts

because we have very rigorous criteria about one-offs that we publish — but really a high amount of those. And when we defined the EBITDA margin for the guidance, around 12 to 14%, we took all of this into account. So, we do not expect the second half to have unusual impacts at the same levels that we had in the first half this year. That's why, right now, we're comfortable with this range of guidance, a bit of the margin from 12 to 14%.

So, if at any time in the following months we feel there is a change that is either higher or lower in relation to this range, we will inform the market about this. But right now, we are comfortable with this range from 12 to 14%.

Now, in relation to our debt level, of course, it's worth stressing some important points. First of all, the synergy of the companies we acquired and working capital — it's an important amount that we're working on all fronts: suppliers, taxes, clients, and especially inventory levels — will see reductions starting in the third quarter and fourth quarter. Financial discipline in relation to our management of costs and CAPEX, and capital market operations that we mentioned — follow-on resources coming in private investment going up, that will finish in the following weeks, as well as resources coming from the Operation with Patria, that will be integrated in the last quarter.

Right now, based on this EBITDA level and these actions, we expect to finish this year with a leverage below 3 times.

Lucas Laghi - XP:

Perfect. Thanks, Paulo and Esteban.

Caroline I. Colleto:

Thanks for your participation. Now, let's move on to our next question, coming from Southside analyst Gabriel Rezende. Good morning, Gabriel. Your mic is open now.

Gabriel Rezende - Itaú:

Good morning, everyone. I'd like to apologize — I think my internet connection had a problem with the first question. So, please, I'd like a follow-up about this market challenge. You made it clear that it's leveraged by the demand on grain, grain trailers.

So, I'd like to see midterm and long-term measures. What would be the possibility of Randoncorp migrating their portfolio to have more market share with other equipment, perhaps? And taking into account new challenges in the future, to make up for this, to get into other areas in addition to agri-business?

And how can you anticipate the profitability, let's say, for implements, machinery, and parts, and take into account the restructuring movements that characterized the first half? You said you're confident about the guidance. I'd like to hear from you about this break in both parts and machinery. Thanks.

Davi C. Bacichette:

Thanks, Gabriel. Good questions. I'd like to join this with Lucas Barboza's question, who asked us to mention, for the second half, about the volume of grain trailers — if we see an improvement coming up — and about your migration in the sectors.

We know the agribusiness is a sector that grows a lot in Brazil. We can comment, right, Esteban, about the potential in other industries, and how this product mix can change over time and the profitability for the second half, due to potentially fewer adjustments compared to the first one, especially for the OEM.

Esteban M. Angeletti:

Thanks, Gabriel, for the opportunity. I really like to show figures and data. When we look at the agribusiness, in 2023 it represented 70% of the net revenues of our OEM. In 2024, it went down by 50%, and in 2025 it's around 40%. It shows the size of the drops in agribusiness. Traditionally, the whole market is focused not just on Randon, but it's focused on the agribusiness. That's why it's natural we chose this over the years.

But our mantra here, is that we want to be competitive across all product families. Right now, we're revisiting both design and the structural components of our products that are selling more industrial loads, retails, the drive, insurance, and so on. It's an exercise that takes time. We need to revisit our engineering designs. We are a structured company — that's why it takes some time to reach the market. I'd say it's a mission we have; we're going to harvest the outcome, the fruits, in the upcoming years.

Now, addressing Lucas Barboza's question about the outlook to recover agribusiness: what I mentioned is that we still need to see a drop in the interest rate and an improvement in the pricing of grains, which we cannot see happening in the short term. We don't see any signal that these two premises are going to happen and change, so the demand from the agribusiness will continue to be low.

Specifically, Gabriel, about profitability: first versus second quarter, actually, the first semester was, let's say, polluted by the one-offs. We cannot see visibility; we cannot see what's coming up in the second half. The one-offs are something that we're hardly able to forecast. But I can tell you that the majority of the actions that we could undertake, we undertook them, especially in the second quarter. That's why we believe that the second half should be cleaner.

We have two components: it's the market and the company efficiency. We believe that from the company efficiency, our actions are already yielding some outcomes, and in the fourth quarter, we'll have more. The other half is the market to recover its volumes, and this part is the one we cannot see in the third quarter, based on the figures we have today.

Now, talking about the domestic market: we need to take into account that we have the ramp-up of Mogi Guaçu. As they gain volume, they will reduce fixed cost

and will improve margin. This is more internal stuff; it will improve our consolidated figures.

Lucas Laghi - XP:

OK, very clear. Thanks.

Caroline I. Colleto:

Thank you, Gabriel. Let's move on to the next question. This one comes from Citi Sell-Side Analyst Kiepher Kennedy. Good morning, Kiepher. May I ask your question?

Kiepher Kennedy - Citi:

Good morning. Thanks, Sergio. I wish you success in your new challenges.

There are two questions here. One is about the Mogi plant. I'd like to hear more about the ramp-up of the company — what you're expecting for the next two years in terms of revenues and profitability, compared to what you've had so far.

The second one, as you mentioned in some answers, is about the work that you've done in relation to cutting fixed costs, which is very positive. I'd like to hear more about this evolution for the upcoming quarters. What can we expect, especially with the termination costs that will impact the results? This could help to have better results at the cost level, so the improvement of SG&A.

Davi C. Bacichette:

Thanks, Kiepher, for your question.

Yeah, our site, Mogi, is really very important because it's becoming more representative. In terms of a ramp-up, we're almost completing it. Esteban, if you could comment on how this ramp-up is going, and also the perspective we have for the next year for this contract.

And probably, if you could address the reductions in adaptations we've had, specifically about headcount — the personnel we have connected to our plans — if you can comment if this whole structure, we've had was in the first half, or if there's any more to come in the second half.

Esteban M. Angeletti:

Thanks, Kiepher, for your question.

So, just to provide some background: the Mogi site has two operations we have there — Suspensys and Castertech. Castertech is at a higher level of ramp-up. We expect this to reach almost its normal level of production by the end of this year, early next year.

And Suspensys Mogi Guaçu it's the plant that was designed to honor our agreement with Mercedes-Benz, 7 billion reais, approximately 10 years. So, these

two operations will add 1 billion reais, a little more depending on the market behavior.

In terms of ramp-up, this operation is running well; it's operating well. The first turnover was done in the first quarter this year. For Mercedes-Benz to honor this agreement, it's all a new operation. There are adjustments to be made that do not allow us to get all the margin that is expected.

And the fixed cost reduction — breaking down what's internal and what's external: internally, there are adjustments to be made in the production, but in terms of the market, obviously, we're following Anfavea. Even revisiting their guidance about sales, we have seen lower volumes. So, potentially, this will have an impact on the revenues of these operations, which will be made up in the upcoming years shortly.

Sérgio L. Carvalho:

Esteban, if you allow me, I'd like to add one point. In the next three months, Suspensys Mogi will see an increase — a substantial increase — in volumes. It's planning; it's operating at 120–130 a day, but there is the planning: the current plan for Suspensys is for a substantial increase to happen by the end of October. I don't remember if it's October or November right now, but in the upcoming months, Suspensys Mogi will see a relevant increase in its production level.

Davi C. Bacichette:

Thanks, Sergio. Paulo, can you comment a little bit about what we expect in terms of potential adjustments for the second half?

Paulo Prignolato:

Thanks, Davi, Kiepher. Thanks for your question. This question, structurally speaking, is complex because we made a lot of adaptations at the level, at the current level, current market level, as Esteban mentioned. If this changes once again to other drops, it would mean that we would have, unfortunately, that we would adapt further, that could have an impact on the results.

But if we have stability of the market to what we see right now, these adaptations we had would have been enough. I say the question is complex, but I wanted to qualify my answer so it's clear to help you in terms of these forecasts.

Kiepher Kennedy - Citi:

Thanks, guys.

Caroline I. Colleto:

That's your next question from Gabriel Frazão, from Bank of America. Morning, Gabriel. Feel free to ask your question.

Gabriel Frazao - BOFA:

Morning, everyone. Thanks for the opportunity. There's a question about the restructuring of the ROIC, especially if you could give us an idea of the level of margin, ROIC, or some other return metrics that will happen after the restructuring to reach these return levels; whether we should wait for the recovery of the trailers industry or if we could recover this level without recovery of the trailers industry. I think we addressed this question over the video conference, but if you want to give an additional answer or comment, I'd like to thank you for that.

Esteban M. Angeletti:

Thanks, Gabriel, for your question. Obviously, we're looking for ROIC above the capital cost. We're trying to increase the ROIC by means of resilient markets with greater margins. Traditionally, we know that the trailer industry should have a bit around 10 to 12% margin; in the normal domestic market, it would be around 10 to 12% in Brazil. There have been periods, quarters, specific quarters, where we reached OEM at around 14%, where we focused on some deliveries, some special lots. But the normal would be around 10 to 12%.

So, what's the expectation for our margin? What's the perspective? From internally, we're making all these actions, taking all the actions, and we're confident that we're preparing the company to keep its capability. As we recover, we become more efficient to contribute positively for this operational leverage, but there are other factors that depend on the market. And that's where we cannot see the visibility today. I mentioned some of the drivers that we may need to confirm to sense this market demand coming back, but we cannot see it happening right now.

Gabriel Frazao - BOFA:

Thanks.

Caroline I. Colleto:

Thanks, Esteban. OK, let's go to the next question from Andressa Varoto, sell-side analyst, UBS. Andressa, feel free to ask your question.

Andressa Varotto - UBS:

Thanks, Caroline. I have one question. I think we talked a lot about relevant points. The issue that affected the financial products vertical: you mentioned greater provision for doubtful debts and some expenses related to the sale of coop-payment plans. I'd like to hear more about the impact of these expenses and how you see the following quarters in relation to this, especially this issue about the debtors. We'll hear from Paulo about this, of how our vertical is. This is the brand hands; we'll have a high interest rate, it brings a benefit. We know it has good performance in years like this, but Paulo, the main topic that I'd like to address is the provision for doubtful debts. So, let's hear from you about this, the Rands. Thanks.

Paulo Prignolato:

Thanks, Davi. Andresa, thank you for your question. In fact, there was an improvement of our operations of provision for doubtful debts in this last semester, but nothing that was alarming. So, we still have a provision for doubtful debts. When we compare to other institutions, financial institutions, percentage-wise, they're pretty low. Of course, as this interest rate is kept up high and we have a pressured market, this can continue pressuring our clients of our bank. But we don't see this; we don't see percentage levels that are higher than we had in the 1st half. So, hands continue strong with growth levels that are high. It entered into a partnership with Patria Group, with other growth opportunities, inorganic growth opportunities for the future. And the consortia, like Davi said, is a business that, really, with interest rates that are high or low interest rates, it's a good, very profitable business. And right now, with this partner Patria, we expect to continue growing at healthy levels. That's our expectation.

Caroline I. Colleto:

Thanks, Paulo. Let's move on to our last question in our Q&A session today: Marcelo Motta, sell-side analyst of JP Morgan. Go ahead.

Marcelo Motta – JP Morgan:

Thanks, Carol. Thanks, everyone. It's a quick question: if you could talk more about opportunities to monetize, monetization opportunity. We saw Rands and Patria, you have the Addiante and others in your umbrella of Randoncorp, a number of companies, JVs. So, we'd like to understand what's going on in your mind. Are you trying to monetize? Are you aiming at monetizing any of those? It's hard to say if the market is going to get worse. Your leverage is expected below 3 times by the end of this year, but have you been talking or listening to the market about any of those?

Davi C. Bacichette:

Thanks, Motta, for the encouragement. We know there are a lot of cool things to happen in the company, a lot of cool projects for the future, but addressing more the topic brought up by Motta in the short run, Paulo, over to you if there's anything that in our radar or if you're executing most of what we could for this year. Motta, thanks for your participation, thanks for your question, and of course, this topic is extremely important in moments like this.

So, we had been studying for a long time the operations of the capital market, and they ended up happening. So, in a moment where we had the follow-on of Frasle, we were diluted. The family had a secondary operation to unlock values at Frasle, and right now, by having capitals that help us to reduce this leverage, likewise with increasing private capital and operation with Patria, we always analyze opportunities and we say: is there a plot? Is that a non-operational asset that we could go for? And we are analyzing those possibilities, but these are values that

are not relevant for the whole, but we're always taking good care, keeping an eye on this.

You mentioned Addiante: this is a project that we are pretty excited about, about the future of these projects, the possibility of bringing another partner to the team or an IPO for this company. Perhaps this is on the table, but it's not the moment, especially because the market, the equity market, right now is closed. Right now, but it's something that we are taking into account. These are possibilities for the future.

Marcelo Motta – JP Morgan:

Perfect, Paulo. Thank you.

Caroline I. Colleto:

Thank you for your participation, not just Motta, but all of those that asked us your questions. Daniel Randon, our President, could not be with us today, but he wanted to leave you a message to all of the participants. So, now we'll hear from Daniel, the President, Daniel Randon.

Daniel R. Randon:

Hi everyone, I'd like to thank you all for your participation in your video conference on results of Randoncorp. I'd like to apologize. Unfortunately, I could not take part due to a conflict in my agenda. I'd like to leave you a special mention to Sergio Carvalho. Starting September, he will no longer be our CEO at Randoncorp and will be our consultant. In the past eight years, Sergio put Randoncorp at a new level in terms of technology and innovation, internationalization, and especially development of our leadership, so we can continue following our mission: going after mission, connecting people, and generating prosperity.

In relation to the results of our quarter, which represented below our expectation, I'd like to stress the work that was done in the past quarter so we can adapt our company to a more challenging scenario. I'd like to highlight the businesses that continue with good performance, and we know our history of 76 years. We went through other volatilities, harder times, more challenging times, but we took each moment to work and go back, being able to recover the competitiveness. I'd like to share with you confidence and to express our gratitude for your participation.

Caroline I. Colleto:

Sergio, would you like to close our event, please?

Sérgio L. Carvalho:

Thank you, Caroline and everyone else. As usual, our investor relations team is open to provide any further clarifications that are necessary. Thank you for your participation, for your interest, for your partnership, and personally, I'd like to thank you for your cooperation and the opportunity of working with you and all the messages that I got over this time. It was great being with you, and we'll continue

to be connected. I'm not going to leave Randoncorp; I'm just going to change my role, let's say. So, big thank you to all of you. Thank you, Carol, and all the team.

Caroline I. Colleto:

Thank you, Sergio. We finish our video conference on the results today. Thank you all for being with us, and I wish you a great weekend. See you next time. Bye-bye.