



Automotive Industry in Brazil

An overview

February 2026

MIROW & CO.



AGENDA

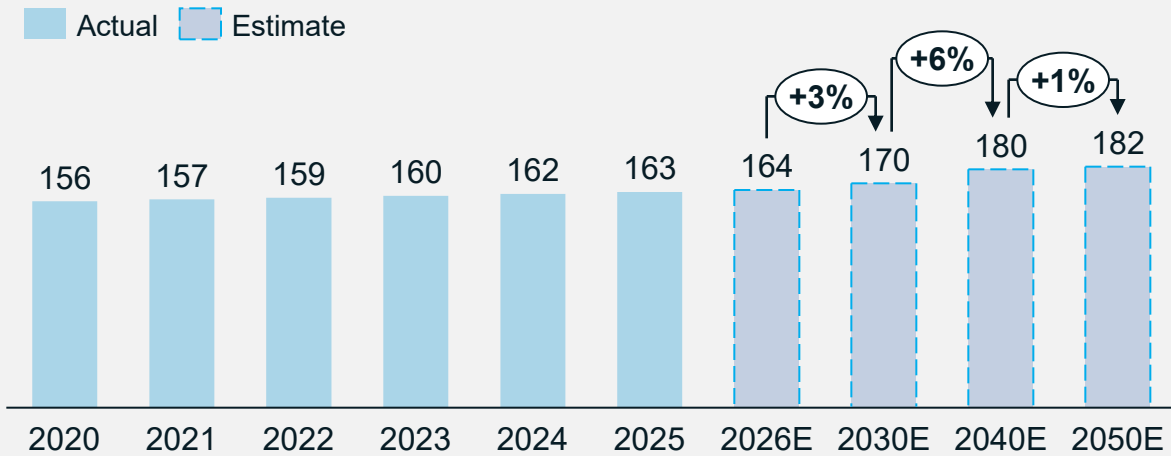
1. Country information
2. Brazilian automotive OEM market overview
3. Assessment of Brazilian automotive supplier market
4. Market regulation

Growth dynamic is supported by the country's demographics and the prevalence of trucking as the main mode of cargo transportation

Key facts about Brazil

Evolution of Brazilian adult population

Millions of Brazilians above the age of 18, 2020-2026E



- Brazilian population **able to drive¹** is expected to rise by **~3%** in the **next 4 years**, **~6%** between 2030 and 2040 and then **~1%** onwards, indicating **population growth** albeit at a **declining rate**
- The **opportunity to capture this growing market** has a **limited timeframe**, given the country's **declining birth rate**
- An increase of **6MM Brazilians at driving age** in the **next 4 years** represents a market opportunity for car manufacturers

Map of Brazilian highways



- In 1956, Brazilian government incentivized massive construction of highways to attract **automakers**, which has made **Road Transport Brazil's main mode of transportation for cargo**
- Road infrastructure is best around the **south-east** – the **most economically developed** region in the country

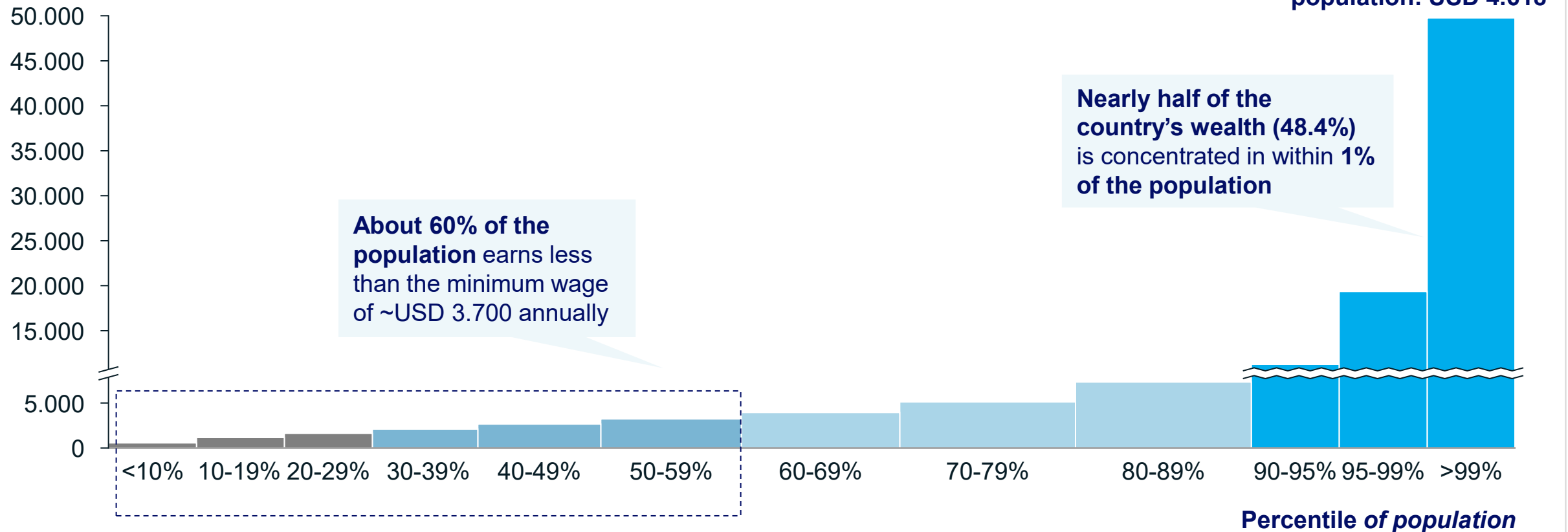
1. Above the age of 18, as required by Brazilian Transit Code (CTB)
Source: IBGE demographics projections, Mirow & Co.

48.4% of Brazil's wealth is held by just 1% - while 60% of the population earns less than the minimum wage of USD 3700 per year

Real average annual income per capita in 2024, in USD¹

Income by simple percentil classes of people

Annual income (USD)



1. Adopting exchange rate of R\$5,25/USD as of 04/02/2026

Fonte: IBGE, Mirow & Co.



AGENDA

1. Country information

2. Brazilian automotive OEM market overview

1.1 Cars

1.2 Trucks

1.3 Buses

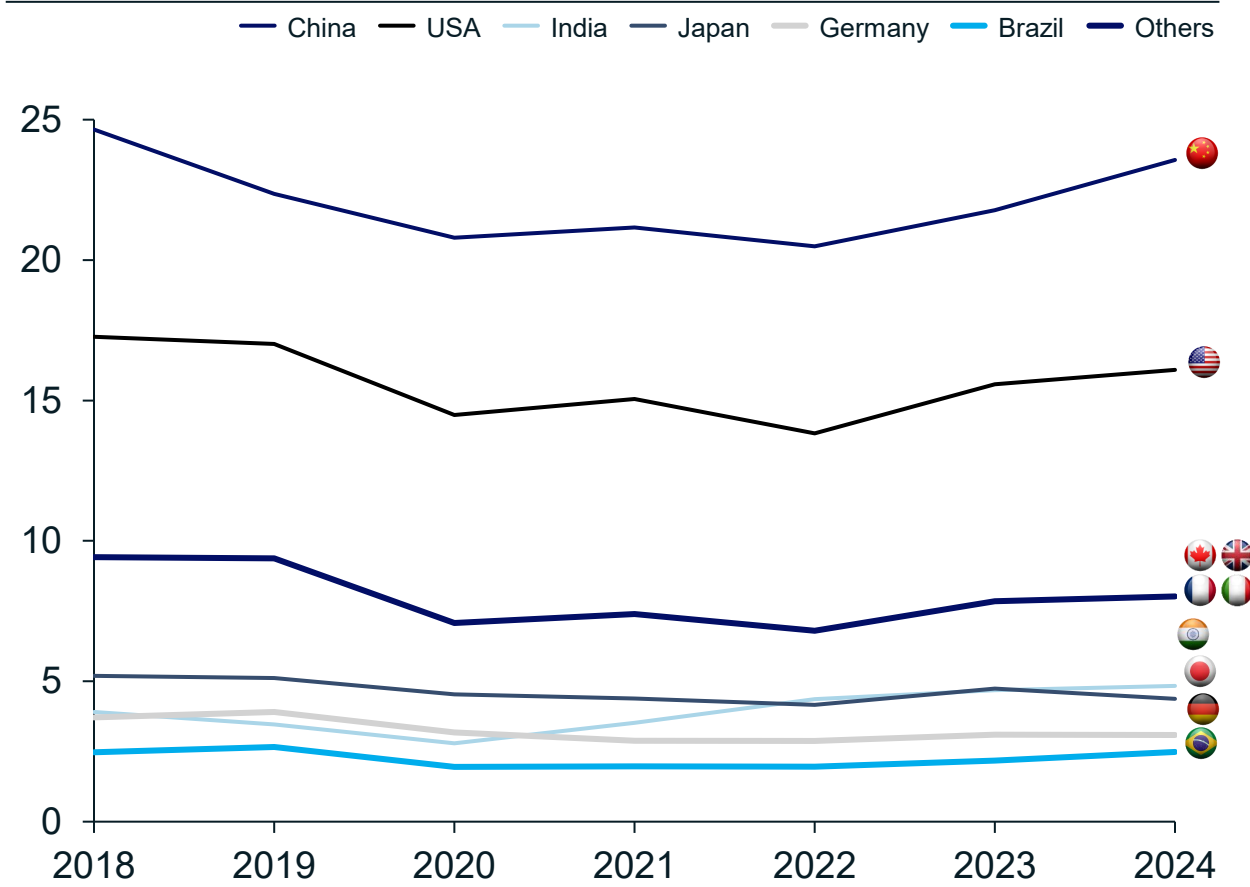
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4. Market regulation

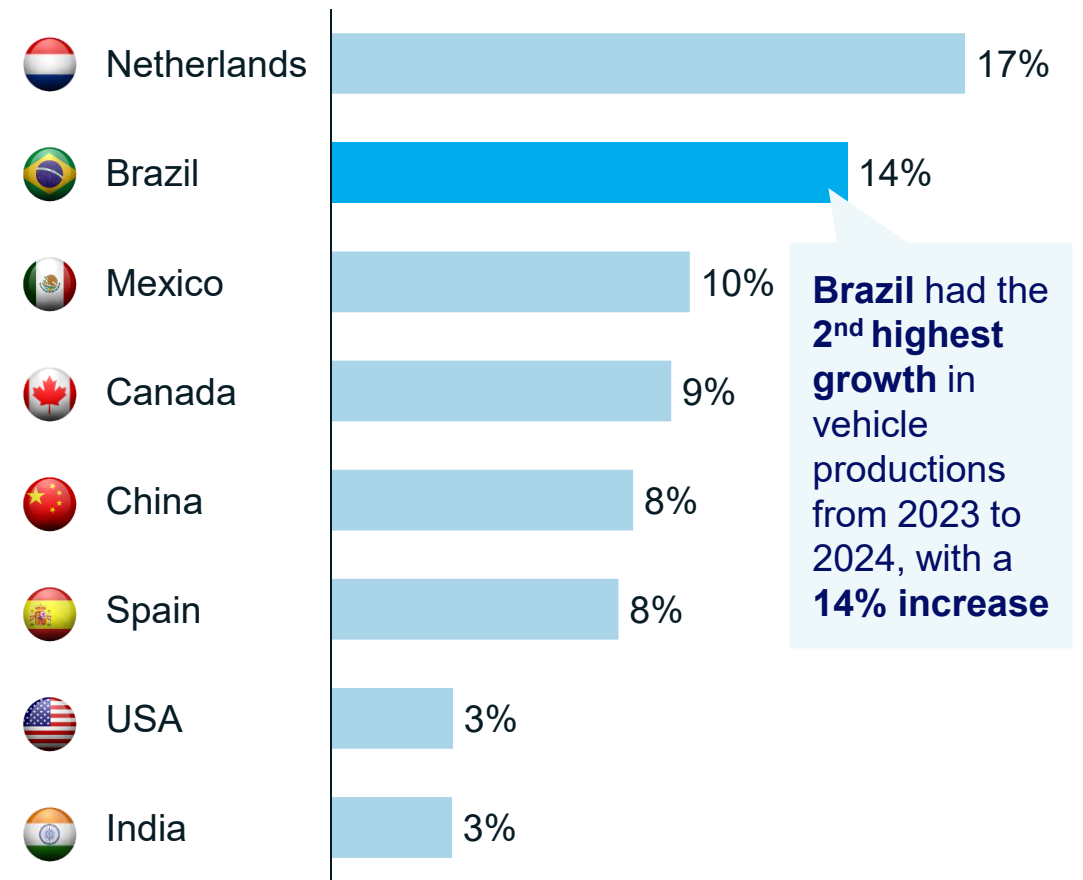
Brazil is the 6th largest market for passenger cars and light commercial vehicles in the world and the 2nd in vehicle production growth, with 14% from 23' to 24'

Light vehicle production per country 2018-2024

Millions of units produced



Growth in vehicle production per country 23'-24'

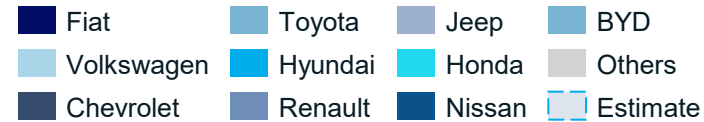


Brazil had the 2nd highest growth in vehicle productions from 2023 to 2024, with a 14% increase

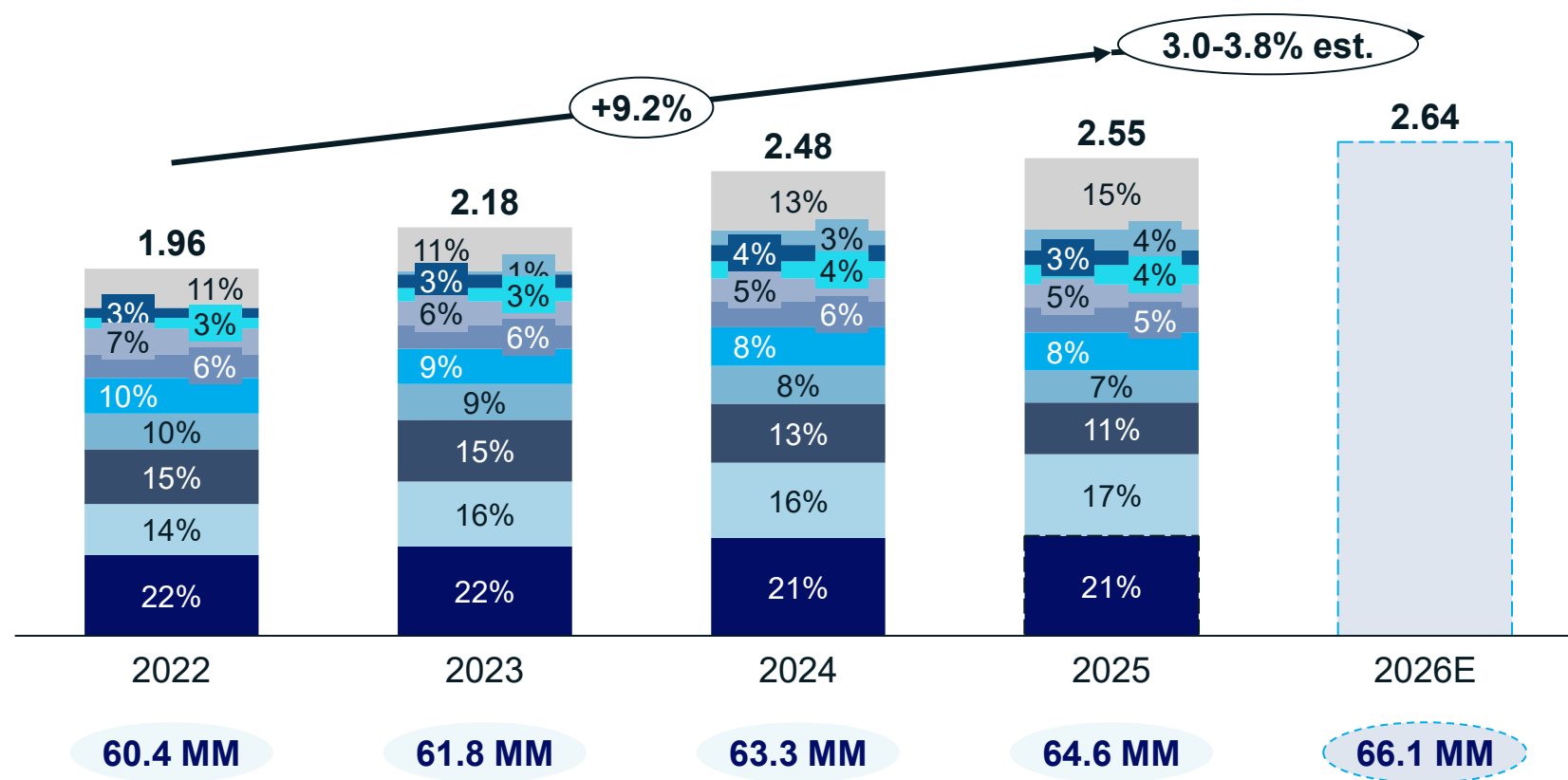
Around 2.6 MM light vehicles were registered in Brazil in 2025, with an estimated market growth of 3.0-3.8% in 2026 – Chinese electric automakers are gaining share within the industry

Registration of new light vehicles in Brazil per year

Millions of vehicles registered per year, % sales per brand



XX MM Size of total registered fleet



Comments

- FENABRAVE¹ and ANFAVEA² estimate the growth of new registries in 2026 of 3.0-3.8%
- The market is relatively consolidated with the top 5 OEMs concentrating 2/3rds of sales
- Between 2024 and 2025 only **BYD**, **RAM**, **VW** and **JAC** have increased their market share
- **BYD** had the largest growth in market share - from 1% in 2023 to 4% in 2025

Estimated assuming the proportion of vehicles that will exit fleet is the average of said proportion between 2022-2025 (~60%)

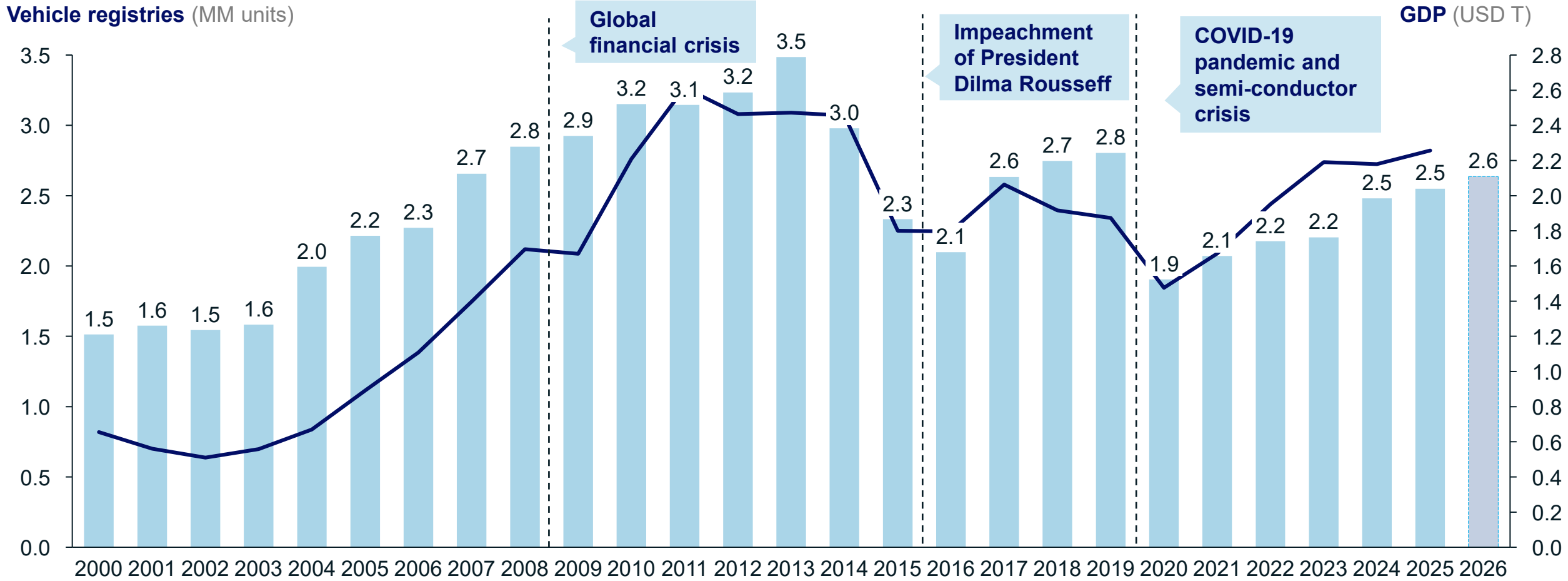
1. FENABRAVE: National association for auto distributors, 2. ANFAVEA: National association for automakers
Source: ANFAVEA 2025 yearly report, Light vehicle registry information on Autoo website, Mirow & Co.

Brazilian light vehicle market has fluctuated in line with GDP growth – an estimated 2.6 MM new light vehicles are expected to be sold in 2026

Light vehicle and light commercial vehicle registries in Brazil per year vs. GDP

Millions of vehicles registered per year, 2014-2026E, GDP in USD Trillion

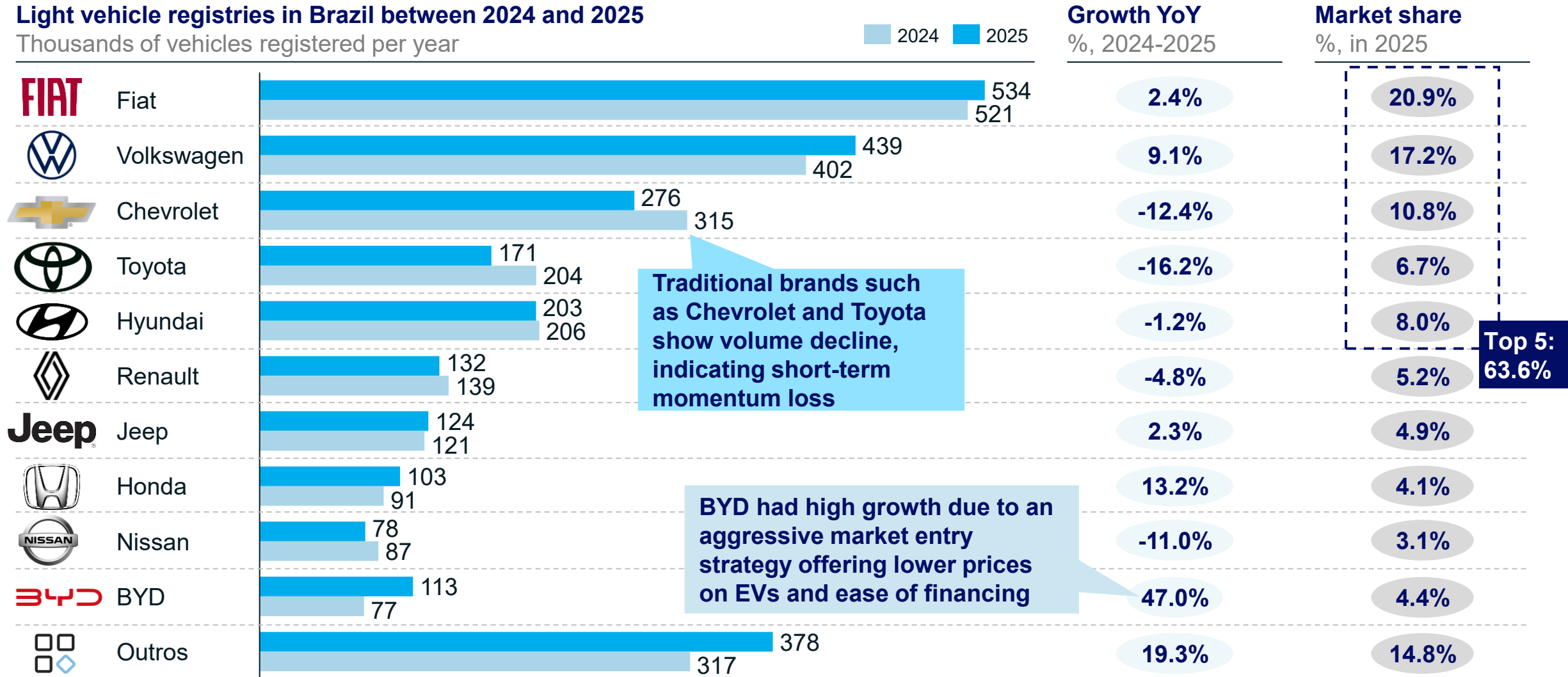
— GDP (USD) # registries Estimate¹



1. Estimates by FENABRAVE (National association for auto distributors) and ANFAVEA (National association for automakers)
 Source: ANFAVEA 2025 yearly report, Mirow & Co.

The auto market is consolidated within the top 5 brands, accounting for 63.6% of market share – new market entrants like BYD are challenging incumbents

Light vehicle registries in Brazil between 2024 and 2025
Thousands of vehicles registered per year



Top 10 most sold vehicles in 2025 were mainly hatchbacks and compact SUVs

Top 10 most registered light vehicle models in Brazil in 2025











Thousands of vehicles registered in 2025

Growth YoY
%, 2024-2025

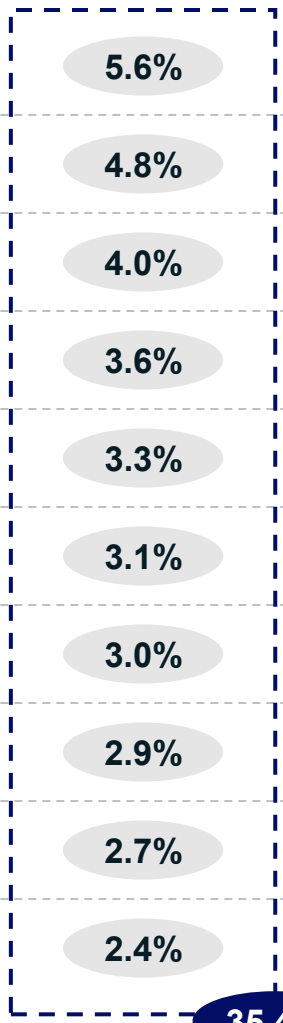
Price¹
in USDk

% of total registrations
Vehicles registered in 2025

Model
Category

Model	Thousands of vehicles registered in 2025	Growth YoY %, 2024-2025	Price ¹ in USDk	% of total registrations Vehicles registered in 2025	Model Category
 Fiat Strada	143	-1.2%	22	5.6%	Pick-up
 Volkswagen Polo	123	-12.5%	19	4.8%	Hatch
 Fiat Argo	103	12.6%	19	4.0%	Hatch
 Volkswagen T-Cross	93	10.5%	24	3.6%	Compact SUV
 Hyundai HB20	85	-12.4%	19	3.3%	Hatch
 Chevrolet Onix	80	-18.1%	20	3.1%	Hatch
 Hyundai Creta	76	10.2%	30	3.0%	Compact SUV
 Fiat Mobi	73	8.3%	16	2.9%	Hatch
 Volkswagen Saveiro	68	18.9%	22	2.7%	Compact pick-up
 Jeep Compass	61	22.4%	34	2.4%	Medium SUV

Jeep Compass has the greatest growth YoY within the top 10 most registered vehicle models between 2024 and 2025



1. Price of cheapest configuration as of April 2025, adopting exchange rate of R\$5,0/USD dolar
Source: Light vehicle registry information on Autoo website, Mirow & Co.

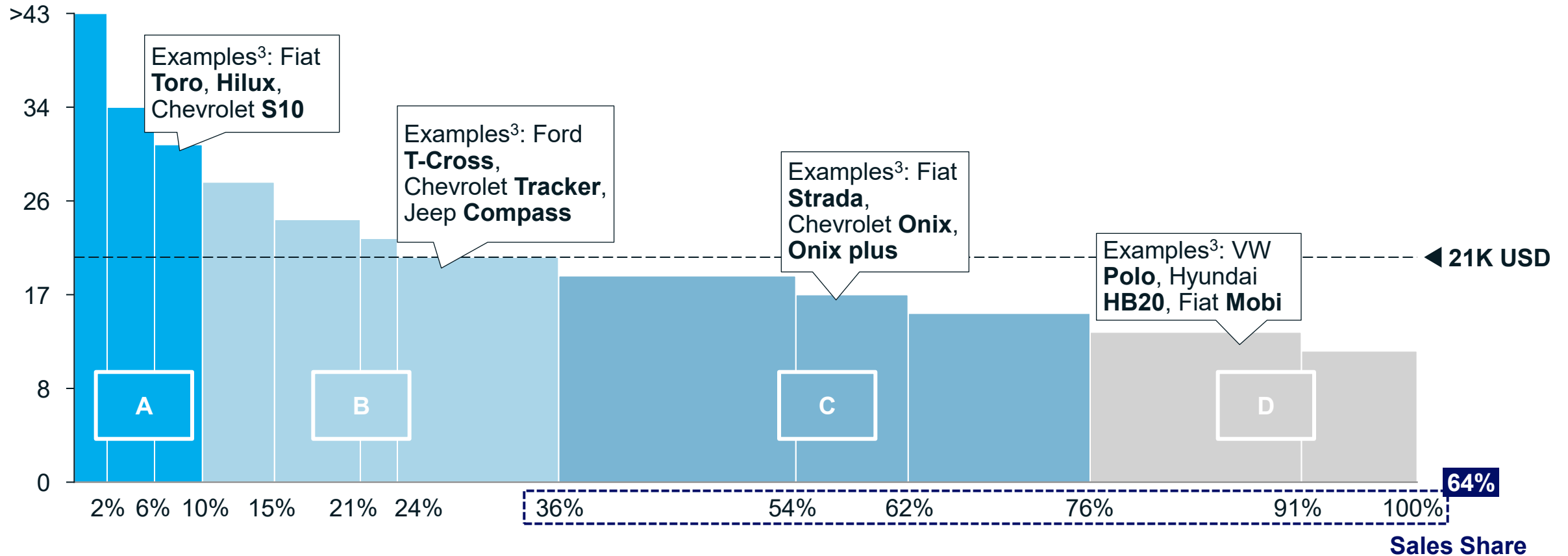
Nearly two-thirds of the market consisted of vehicles priced below USD 21K in 2023 – largest segment of sales is of smaller cars priced USD 15,5-19K

Light vehicles sales in Brazil by price range in 2023¹

Price versus Share of sales per range

Average price by range (USD² K)

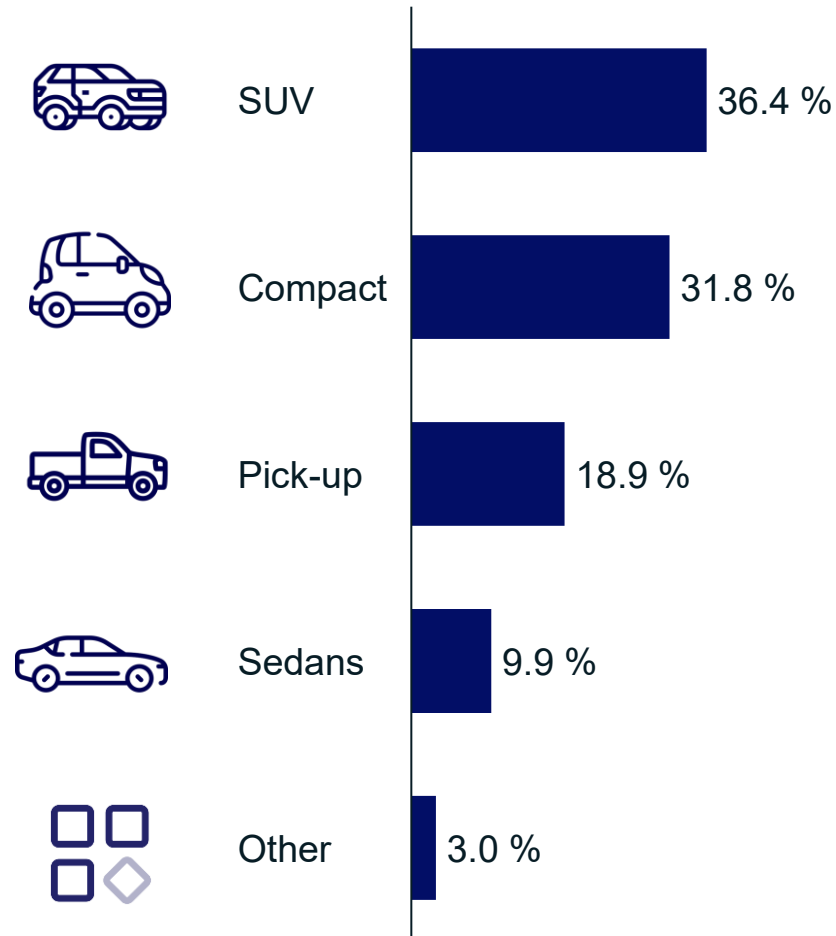
Total sales: 2.2 MM vehicles



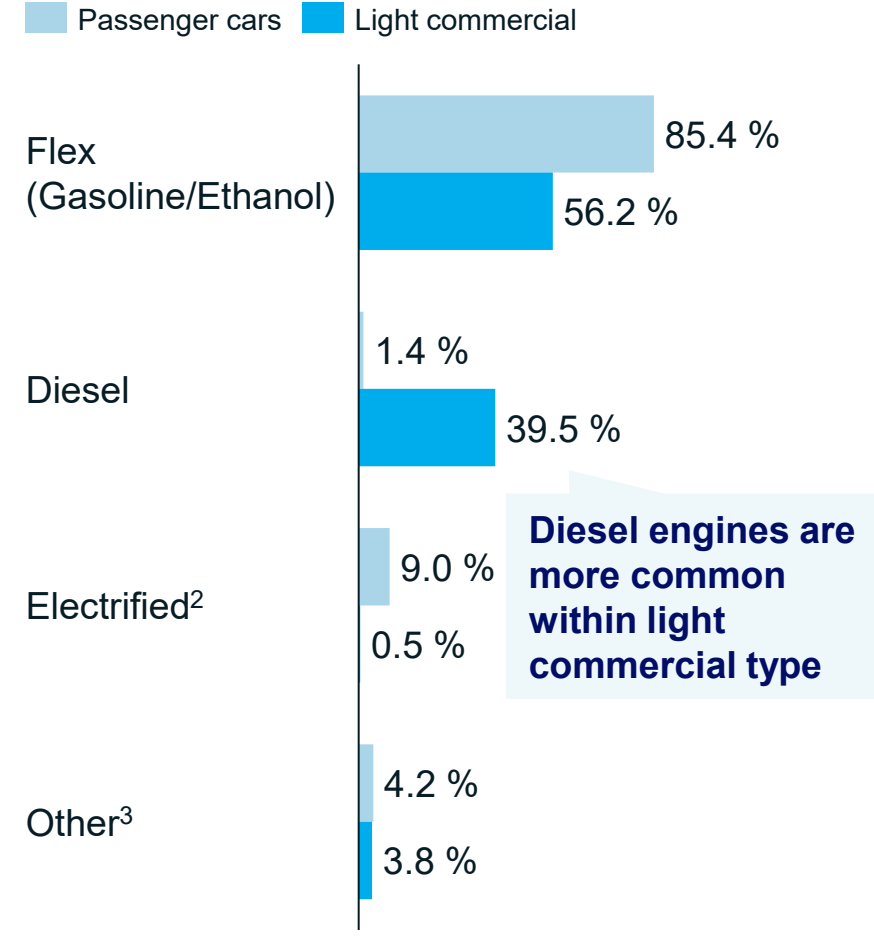
1. The analysis included the 39 best-selling models, covering 86% of total sales, 2. Adopting exchange rate of R\$5,80/USD as of 28/03/2025, 3. Top 3 best-selling vehicles in the segment
Source: Fenabrave, Anfavea, FIPE, Mirow & Co.

In 2025, SUVs led vehicle registrations at 36.4% – Flex-fuel vehicles dominate fuel use, while electric passenger cars remained at 9.0% in 2024 but are expected to grow due to new entrants

Registrations per light vehicle category
% of total registrations in 2025



% of registrations per vehicle type and fuel
% within vehicle type in 2024¹



Insights

- **SUVs** were the **most registered** light vehicle category in 2025, accounting for **36.4% of total registries**, followed by **compact cars** and **pick-up trucks**
- Most light vehicles can consume **both Gasoline and Ethanol** (so-called **Flex** vehicles) due to a **strong internal production of crude oil and sugarcane ethanol** and **government incentives** for these fuels
- **Diesel** engines are most common within **light commercial** vehicles after Flex – but **uncommon** within **passenger cars**
- **Electrical** cars made up only **9.0% of registries** in 2024 – number is **expected to grow** due to **new Chinese entrants**

1. ANFAVEA report most recent fuel breakdown is in 2024, 2. 'Electrified' category includes electrical with internal/external electric power source and hybrid vehicles, 3. 'Other' category comprised of Gasoline-only and Ethanol-only vehicles; Source: ANFAVEA 2025 report, Mirow & Co.

Upcoming vehicle launches in Brazil continue to focus on SUVs, pick-ups and hybrids

NON-EXHAUSTIVE

Upcoming vehicle launches in Brazil		Expected launch year	Model Category	Description	
		Renault Koleos	2026	Mid-size SUV	New generation SUV (ICE / hybrid TBD)
		Renault Niagara	2026	Compact/Mid Pick-up	New unibody pick-up
		Volkswagen Amarok	2027	Pickup	New gen, based on Ranger
		Toyota Corolla Cross (Pickup)	2026	Compact/Mid Pick-up	Urban hybrid pick-up
		Honda Civic	2027	Sedan	Updated hybrid Civic
		GAC GS3	2026	Compact SUV	New Chinese compact SUV
		BYD Shark	2026	Mid-size Pick-up	Plug-in hybrid pick-up
		Jeep Avenger	2026	Subcompact SUV	Jeep's first EV

Recently announced investments show that automakers are adopting a hybrid decarbonization strategy betting on both electricity and bio-fuels

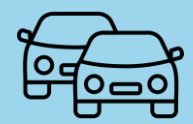
Investments	Average annual investment ¹	Duration	Timeframe	Vehicle type	Nationality
	USD ² B/year	years	year		
STELLANTIS	1.03	5	2030	BEV PHEV E-Flex	
BYD	0.95	1	2025	BEV PHEV	
Volkswagen	0.46	6	2028	BEV PHEV HEV E-Flex	
TOYOTA	0.31	6	2030	HEV E-Flex	
gm	0.31	4	2028	BEV PHEV	
GWM	0.17	10	2032	BEV PHEV HEV	
RENAULT	0.15	6	2027	PHEV HEV	
HYUNDAI	0.12	8	2032	BEV PHEV HEV E-Flex	
CHERY	0.1	5	2028	PHEV HEV	
MITSUBISHI®	0.08	8	2032	E-Flex	
	0.03	3	2024	PHEV	
Total invested	USD16,9				

1. Calculated based on the total announced investment and implementation period, 2. Adopting exchange rate of R\$5,80/USD; BEV: battery electric vehicle; PHEV: plug-in hybrid electric vehicle; HEV: hybrid electric vehicle; E-Flex: flex-fuel hybrid

Source: Press clippings, Mirow & Co.

Brazil's shift towards EVs is projected to reach 86-91% of car sales by 2040 – trend drives major investments into local supply chains, from lithium mining to EV battery production

Brazilian auto market trends in for the coming years



- Electric vehicles may reach **40-55%** of new registries by **2030**, and **86-91%** by **2040**, providing an estimated annual revenue of **US\$65B**
- **xEV¹** fleet could represent **35-40%** of **total light vehicle circulation**



- In 2022, **Brazilian government incentivized** lithium mining and trade, allowing **Sigma Lithium (SL)**, a top global producer of lithium, to lead exploration with eco-friendlier methods
- SL uses dry-stack tailings, recycles mine waste, and operates a closed-loop water system – it aims for **770K tons** lithium/year by **2025**



- **WEG**, a prominent Brazilian electrical equipment manufacturer, plans to invest **US\$300MM** in **EV battery production**, under the incentives of the **Brazilian New Industry (NIB)**, a government program that targets to attract **US\$260B** in investments by **2029**
- WEG expects **33%** of **EVs** to use locally manufactured batteries by **2033**, **strengthening local supply chains**

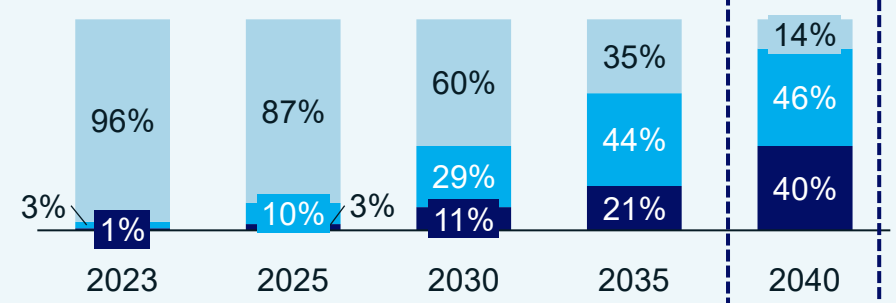


- With the entrance of **Chinese electric car manufacturers** such as **BYD**, **demand for lithium** is expected to **rise** – BYD expects a demand increase of **40x** by **2040**
- BYD will invest **US\$60MM** on the Camaçari (BA) factory for **lithium exploration** and **refinement**, as well as **EVs and battery production**, with additional plans for an R&D center and lithium mining operations

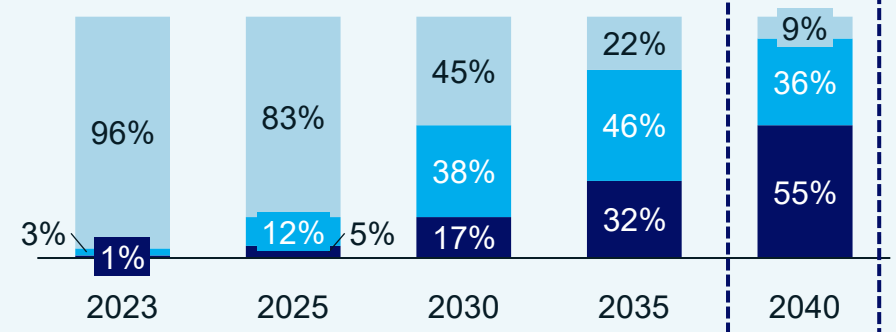
Projected share of electric light vehicles in Brazil
% of newly registered vehicles per fuel type

■ Electric ■ Hybrid ■ Combustion

Scenario 1: Gradual adoption (conservative)



Scenario 2: Accelerated adoption (aggressive)



86-91% electric by 2040

1. Electric and Hybrid vehicles

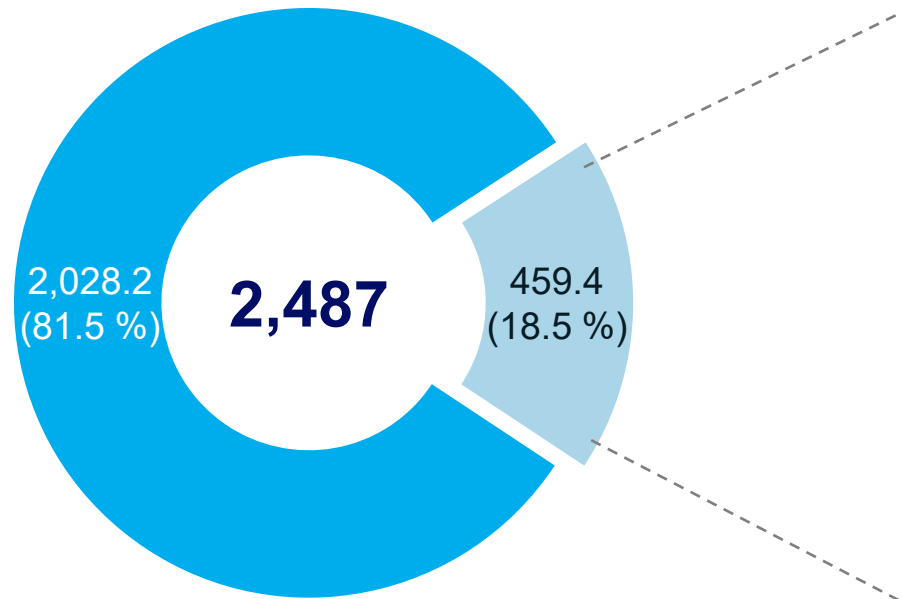
Source: ANFAVEA, BCG, McKinsey, International Energy Agency, ABVE, Mirow & Co.

Import tariffs incentivize local production or import from other Mercosul countries – Chinese automakers have been benefiting from exemptions but are also setting up operations in Brazil

Light vehicles in Brazil in 2024 by origin

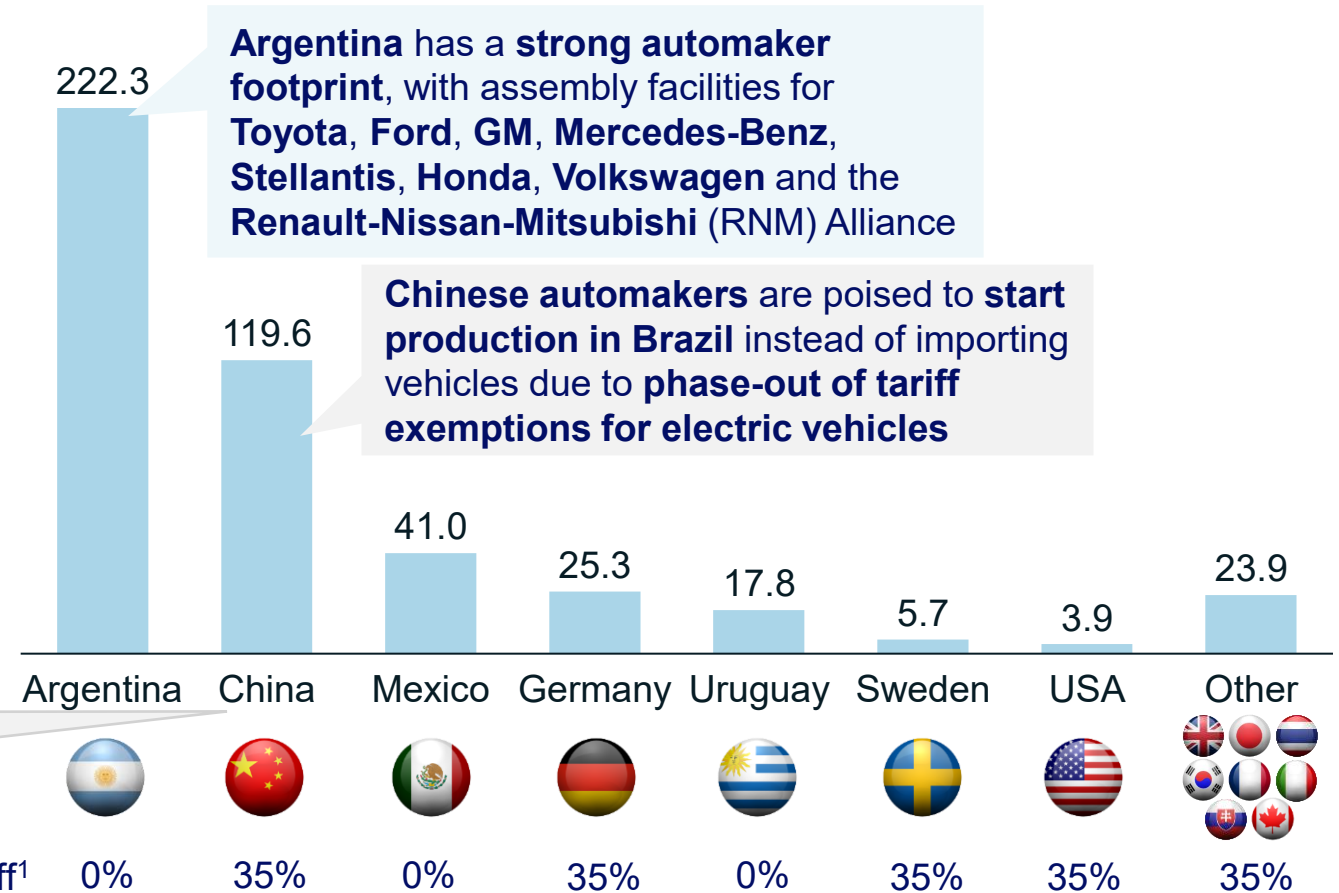
Thousands of newly registered vehicles

Imported (light blue) Nationally assembled (dark blue)



Imported light vehicles in 2024 by country of origin

Thousands of newly registered vehicles



1. Argentina, Uruguay and Mexico have commercial agreements with Brazil, that implies in zero tariffs for importations, with rules about minimum regional content rules and trade balance mechanisms for Argentina

Source: ANFAVEA 2025 report, Federal Government of Brazil, Mirow & Co.

Brazil has 21 light vehicle assembly facilities, 17 of them located in the South-East and Southern regions – Chinese automakers have acquired factories from Mercedes-Benz and Ford in SP, BA

Active automotive industrial facilities per Brazilian region in 2025

Light vehicle assembly facilities








Insights

- Most assembly facilities are found in the **South-East** and **Southern** regions, which boast **better infrastructure** and **larger consumer markets** than other regions – there are a **total of 21 light vehicle facilities** in Brazil
- Some automakers **produce engines locally**, and have several **spare parts warehouses** spread around the country to meet demand
- BYD** acquired **Ford** facility in BA in 2023, and plans for it to be their **2nd largest assembly facility worldwide**
- GWM** acquired **Mercedes-Benz** facility in SP in 2022 and have **started hiring in 2024**
- Chinese automakers** such as **BYD, Omoda Jaeco, GWM** and **JAC** foresee assembly footprint **expansion** in Brazil within coming years

Chinese electric automakers such as Leapmotor, BYD, GWM and Omodo Jaecoo have plans to locally assemble vehicles in Brazil and expand operations in the following years

NON-EXHAUSTIVE

	Vehicles manufactured	Facility locations	Impact
 	<ul style="list-style-type: none"> ▪ Fiat, Jeep, Peugeot, Citroën, RAM passenger vehicles ▪ Fiat Strada was the most sold vehicle in Brazil for past years and Fiat Argo is currently the 3th in 2025 	<ul style="list-style-type: none"> ▪ Betim, MG ▪ Porto Real, RJ ▪ Goiana, PE 	<ul style="list-style-type: none"> ▪ Stellantis announced a US\$5MM investment in Brazil from 2025 to 2030, focusing on developing flex and hybrid technologies ▪ Strategic partnership with chinese electric automaker Leapmotor, fighting for EV¹ market-share against BYD and GWM
	<ul style="list-style-type: none"> ▪ BYD produces the Dolphin, Han, King, Seal, Shark, Song, Tan and Yuan models 	<ul style="list-style-type: none"> ▪ Camaçari, BA (ex-Ford facility) 	<ul style="list-style-type: none"> ▪ Assembly facility bought from Ford in 2023, shifting to local production instead of importing due to higher tariffs on EVs¹ ▪ BYD aims for a production capacity of 150 thousand passenger vehicles by 2025 and 300 thousand by 2026 ▪ Implements aggressive pricing in Brazil, with attractive financing options to boost consumer adoption
	<ul style="list-style-type: none"> ▪ GWM produces the Haval, Tank, Ora models 	<ul style="list-style-type: none"> ▪ Iracemápolis, SP (ex-Mercedes-Benz facility) 	<ul style="list-style-type: none"> ▪ Assembly facility bought from Mercedes-Benz Cars & Vans in 2022, with production started in 2025 ▪ The automaker plans to produce 20,000 vehicles annually in 2025, scaling up to 50,000 by 2028.
	<ul style="list-style-type: none"> ▪ Omoda Jaecoo (OJ) produces the E5, C5 and J7 models, which are Chery's luxury line – OJ is a Chery subsidiary 	<ul style="list-style-type: none"> ▪ Jacareí, SP (CAOA Chery facility) 	<ul style="list-style-type: none"> ▪ Jacareí plant is closed since 2022 for renovations and relations between the JV partners Chery and CAO A have been unwell due to the involvement of CAO A into a tax evasion and bribery scandal ▪ OJ is expected to locally produce EV luxury cars in Jacareí in the near future

1. EV: Electric Vehicle
Source: Mirow & Co.

In the coming years, the Brazilian light vehicle market is expected to be shaped by four key trends

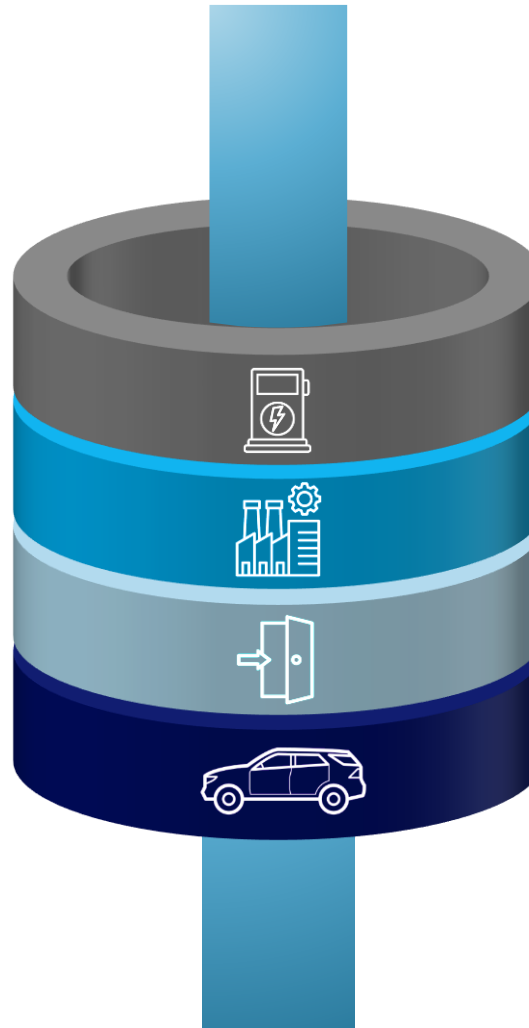
NON-EXHAUSTIVE

Technological & Regulatory transitions

- **Government incentives** (e.g., **Mover program**) encouraging electrification and hybrid technologies
- Local content rules (**40% regional value**) shaping where automakers source parts and assemble cars
- Legacy automakers (Volkswagen, Stellantis, Toyota) shifting investments into hybrid and electric tech to stay competitive

Industrial growth & Localization

- **Light vehicle production in Brazil increased 4% in 2025**, fueled by factory expansions
- **New factories and production shifts**
 - **GWM launched** local factory in 2025
 - **Omoda & Jaecoo** planning to produce **30,000 cars annually** in Brazil before 2028
- Localization efforts increasing to meet export rules and reduce costs



Demand shifts & Consumer preferences

- **Shift toward SUVs:** SUVs already represent **42.8% of sales**, and 52 new models were launched in 2025
- **EV market share** is projected to grow from 4% in 2025 to **~30% by 2030**, driven by affordability, fuel prices and regulation

Competitive dynamics & Market entry

- **Asians automakers expanding aggressively**
 - **BYD:** 47% growth in 2025
 - **GWM:** Expanding with Haval H6 Hybrid & SUVs
 - **Omoda & Jaecoo** entering with EVs and hybrids
- **Traditional players** responding with **new models** and **local production investments**



AGENDA

1. Country information

2. Brazilian automotive OEM market overview

1.1 Cars

1.2 Trucks

1.3 Buses

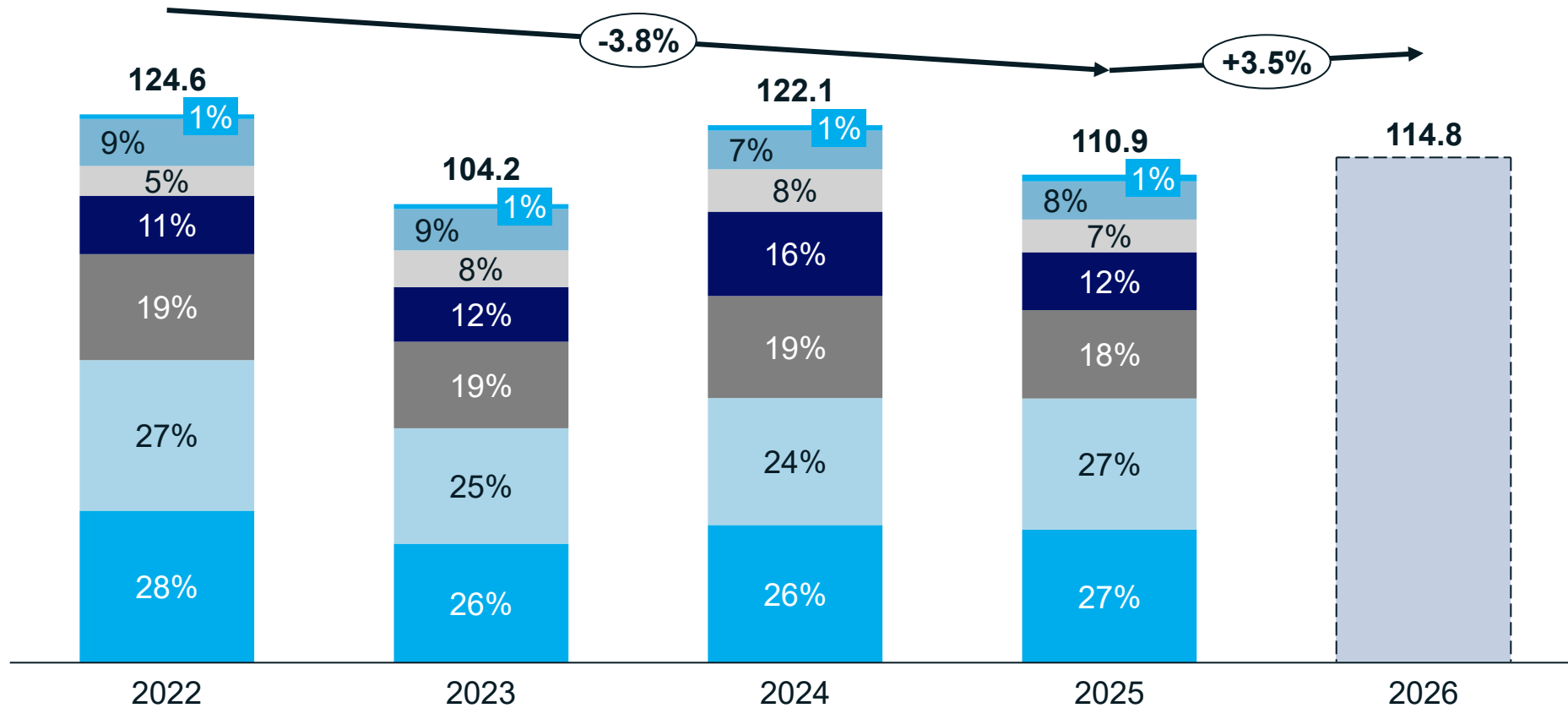
3. Assessment of Brazilian automotive supplier market

4. Market regulation

Truck sales declined amid the Euro 6 transition and high interest rates, with a policy-driven rebound expected in 2026

Total quantity of new trucks¹ sold in Brazil by brand
Thousands of new vehicle registrations, 2022 – 2026

■ VW Trucks & Bus
 ■ Volvo
 ■ DAF
 ■ Others
■ Mercedes-Benz
 ■ Scania
 ■ Iveco
 Estimate



Comments

- The introduction of the Move Brasil program is expected to support a ~3.5% increase in truck registrations, from 110.9k units in 2025 to ~114.8k units in 2026, according to Fenabrave
- The program provides R\$10bn in BNDES-backed financing for new and used trucks, cutting effective interest rates by roughly half
- High interest rates had delayed fleet renewal decisions, and the program is expected to unlock pent-up replacement demand

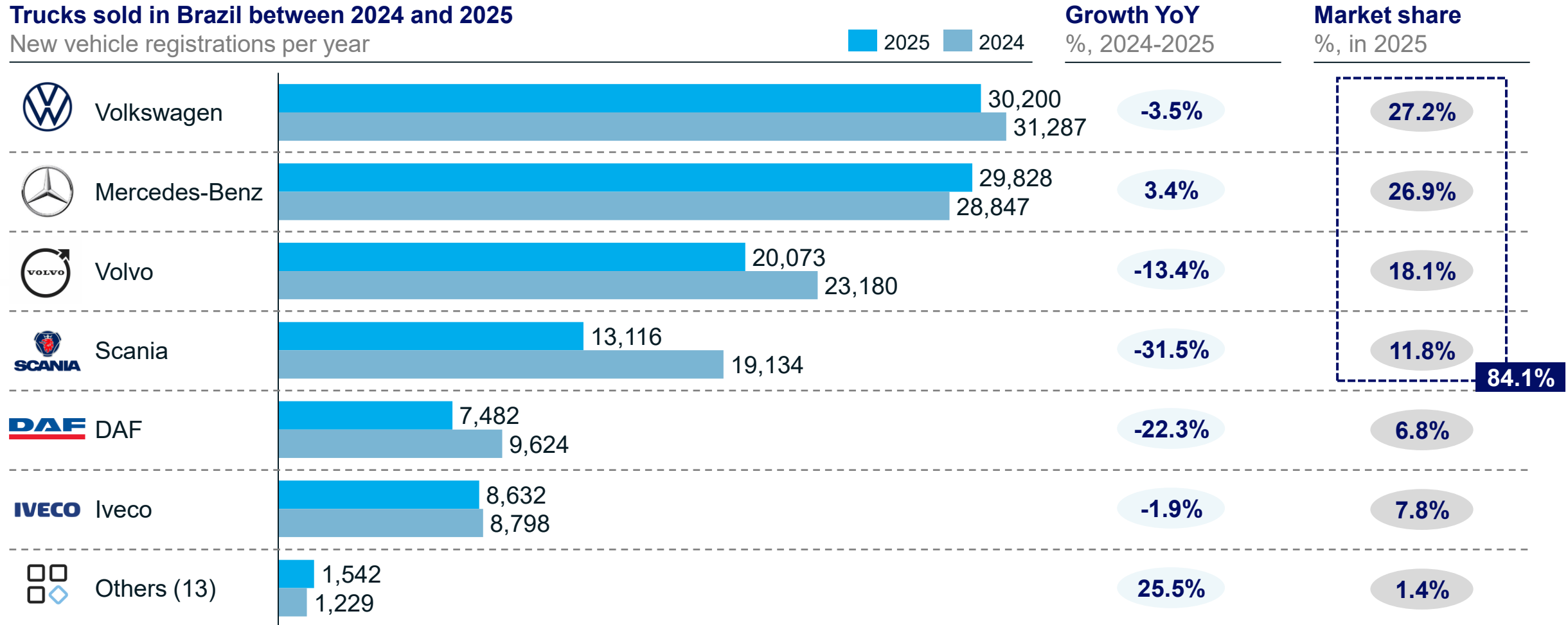
Brazil's truck fleet has more than **3.9 million vehicles**, with an average age of 21.0 years²

1. Truck segmentation also considers some vans; 2. 2024 data
Source: Fenabrave registration data reports, Estradão, Mirow & Co.

Despite high market concentration (~84% share), leading truck OEMs posted mostly negative YoY performance in 2025

Trucks sold in Brazil between 2024 and 2025









New vehicle registrations per year



Top truck models sold in 2025 shows dominance of heavy vehicles, with 35.5% of the market concentrated in top 10 models - VW has the number 1 model and one other in the ranking

Top 10 most sold trucks models in Brazil in 2025

Trucks registrations per year

			Cum. market share % %, in 2025	Growth YoY % %, 2024-2025	Model Category
	Volkswagen/11.180	6,543	5.9%	9.8%	Medium
	Volvo/FH 540	5,403	10.8%	-30.4%	Extra-heavy
	Volvo/VM 290	4,320	14.7%	7.3%	Semi-heavy
	Volvo/FH 460	3,613	17.9%	-27.1%	Extra-heavy
	DAF/XF 530	3,480	21.1%	-24.5%	Extra-heavy
	M.Benz/Atego 1719	3,331	24.1%	14.0%	Semi-heavy
	Volvo/VM 360	3,254	27.0%	66.5%	Extra-heavy
	M.Benz/Accelo 1017	3,210	29.9%	-29.9%	Medium
	M.Benz/Atego 2429	3,176	32.8%	22.2%	Semi-heavy
	Volkswagen/17.210	3,036	35.5%	18.2%	Semi-heavy

Heavy vehicles are predominant in Brazil due to the great need to transport **agricultural products**

The Brazilian truck industry could undergo dynamic changes with the arrival of four Chinese automakers

NON-EXHAUSTIVE

New entrants to the Brazilian trucks market

BYD

- China's global **leader in electric vehicles**, including passenger cars, buses and trucks

Company profile



HIGER

- Chinese company specializing in the manufacturing of **buses for public transport**, especially in Latin America



FOTON

- China's **largest manufacturer of trucks**, with recent prominence in public transportation in Chile and Mexico



GWM

- Chinese company, best known for its **SUVs and pickups**, operates several car brands such as Haval, ORA, Confidence and truck brand Changzheng

Strategy in Brazil

- The manufacturer is testing the BYD T5 model, a 100% **electric light truck**, in Brazil
- The vehicle is intended for **short-distance urban transportation**

- Higer is betting on **heavy-duty electric trucks**
- In 2025, Higer began operations in São Paulo with capacity of **400 units/year** after a **US\$ 110 million investment**

- Foton is increasing its relevance and product range in Brazil
- Multiple models approved and launched in 2024–2025

- The manufacturer intends to be a **pioneer in the hydrogen-powered truck sector** in Brazil
- Testing of a **heavy-duty model** in 2025

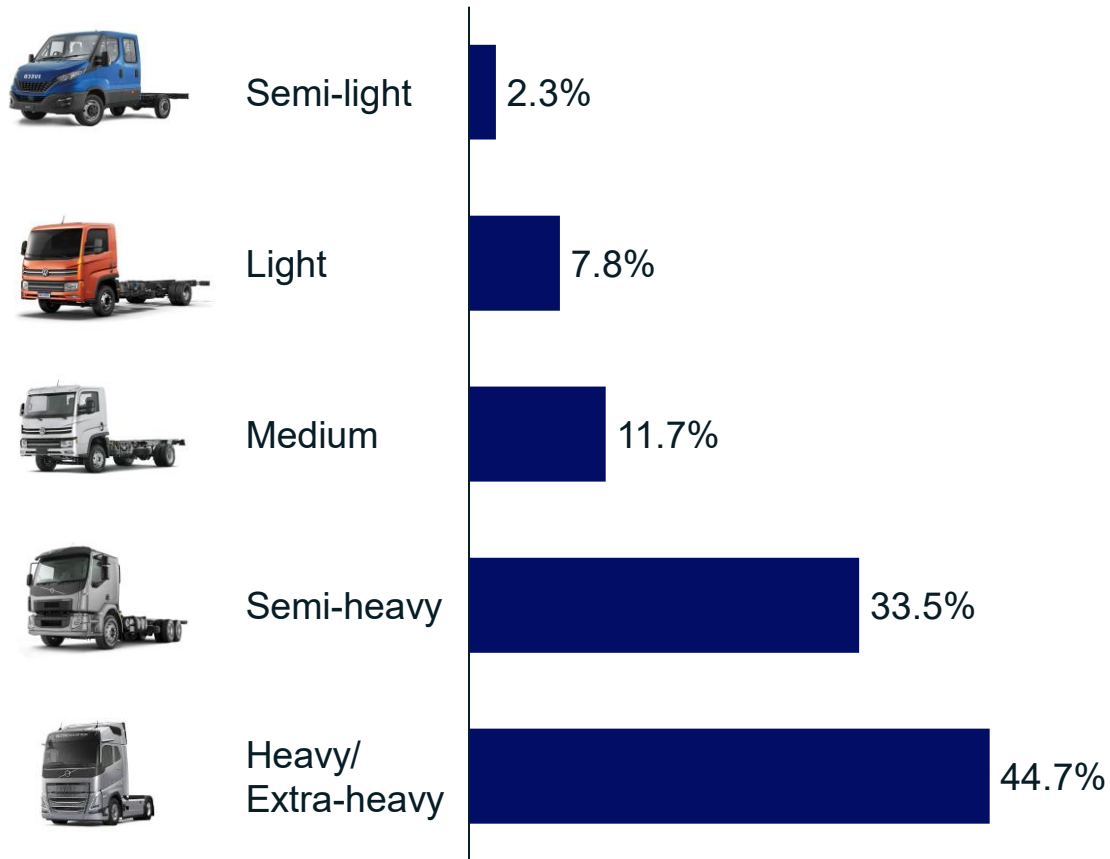
Comments

- Chinese automotive companies are targeting the Brazilian truck market with **different strategies**
 - BYD is focusing on light electric trucks
 - Higer will manufacture heavy electric vehicles nationally
 - Foton is looking to launch new truck models
 - GWM's focus is on heavy hydrogen-powered trucks

The most relevant truck segment in Brazil is heavy trucks, with diesel being the most widely used fuel – electric vehicles may gain a larger share of the market in the future

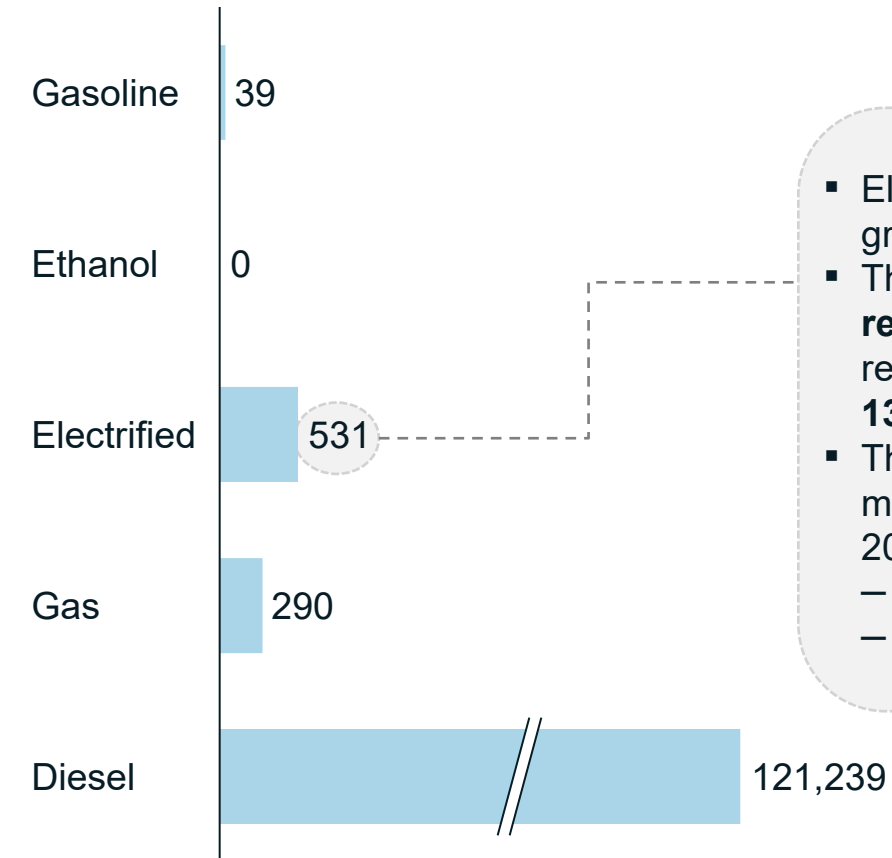
Trucks market segmentation in Brazil¹

% of total registrations in 2025



Trucks market share in Brazil by fuel²

New vehicle registrations in 2024



- Electric truck segment is growing in Brazil
- There were **369 registrations¹ in 2025**, representing a **growth of 13% vs 2023**
- The main brands and their market share in sales in 2025 were:
 - JAC: 44.6%
 - Volkswagen: 23.4%

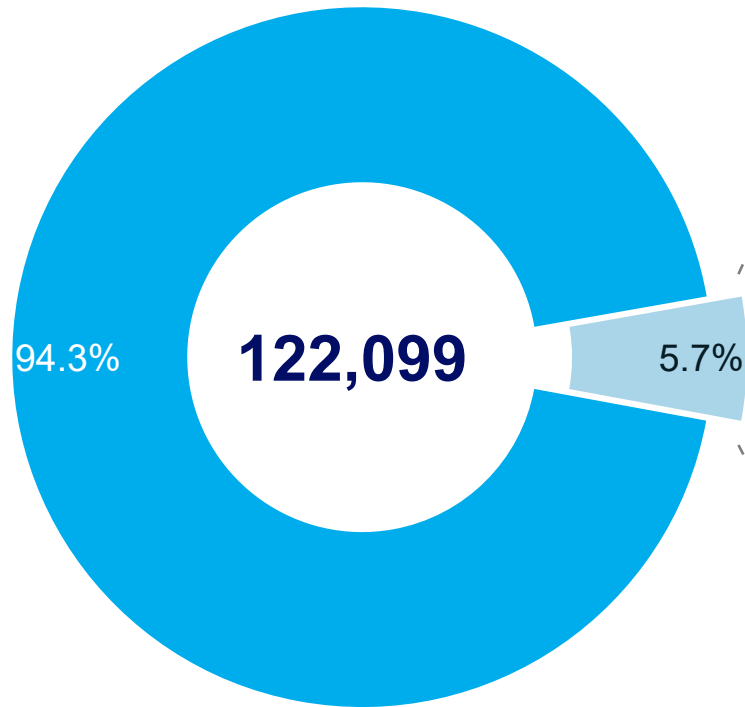
1. Based on Fenabrave registration data reports; 2. ANFAVEA 2025 report
Source: Fenabrave registration data reports, ANFAVEA 2025 report, Mirow & Co.

94% of vehicles sold in Brazil are produced domestically – the imported trucks usually come from Mexico and Argentina

Brazilian truck sales by origin

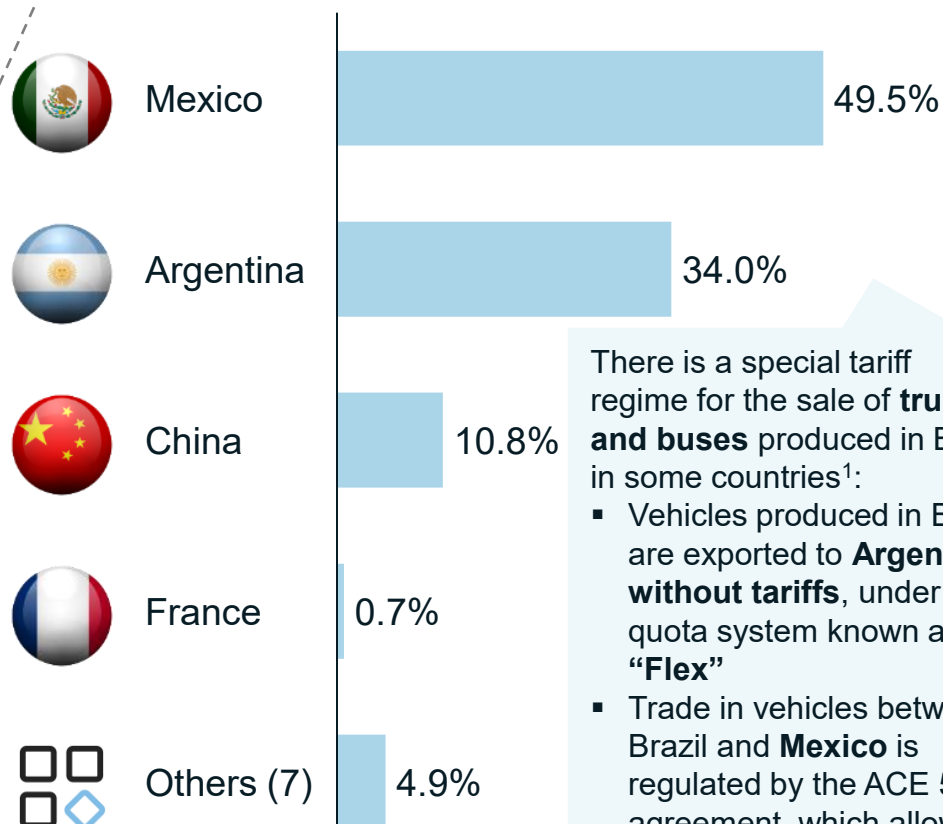
(% of total new vehicle registrations in 2024)

Imported Made in Brazil



Brazilian imported truck market by country of origin

(% of imported vehicles in 2024)



There is a special tariff regime for the sale of **trucks and buses** produced in Brazil in some countries¹:

- Vehicles produced in Brazil are exported to **Argentina without tariffs**, under a quota system known as “**Flex**”
- Trade in vehicles between Brazil and **Mexico** is regulated by the ACE 55 agreement, which allows for **reduced or zero tariffs** under certain conditions

Comments

- Although the Brazilian truck market is dominated by large foreign multinational OEMs such as Volkswagen, Mercedes-Benz and Volvo, around **94% of the trucks sold in Brazil are manufactured domestically**
- In addition, the majority of **imported vehicles** comes from **Mexico and Argentina** with which Brazil has **special tariff agreements**

1. Other tariffs may apply in addition to the import duty

Source: Fenabrave registration data reports, ANFAVEA 2025 report, Federal Government of Brazil, Mirow & Co.

There are ten truck manufacturing plants in Brazil, which are mostly located in Southeast and South regions of the country

Truck manufacturing facilities in Brazil in 2025



Truck manufacturing plants in Brazil by brand

- Goiás: 1 facility**
 - Hyundai/CAOA
- Paraná: 2 facilities**
 - Volvo
 - DAF
- Minas Gerais: 2 facilities**
 - Mercedes-Benz¹
 - Iveco
- Rio Grande do Sul: 1 facility**
 - Agrale
- Rio de Janeiro: 1 facility**
 - Volkswagen
- Bahia: 1 facility**
 - BYD: factory is under construction
- São Paulo: 2 facilities**
 - Mercedes-Benz
 - Scania

- There are ten facilities dedicated to manufacturing trucks in Brazil
- Most of the facilities are located in the Southeast and South regions of Brazil, which also concentrate a large part of sales

1. The facility is responsible for the production of truck cabins
Source: ANFAVEA 2025 report, Mirow & Co.

The Brazilian truck market will be shaped by three important trends

Main trends for trucks

Low-emission fuels



- Despite Brazil still having a large portion of its fleet powered by diesel, there is a **growing trend towards adopting lower-emission fuels**
 - Although still incipient with 369 new vehicles registered in 2025, the **EV truck segment** is expected to grow
 - Moreover, the **expansion of CNG/LNG¹ infrastructure** in Brazil increases the attractiveness of vehicles powered by this fuel

New entrants



- Brazilian truck market is **receiving new entrants**, mainly from China
 - Higer, Foton, and BYD are focusing on electric trucks
 - GWM is testing a heavy-duty hydrogen-powered model to start its participation in Brazilian market
- These new manufacturers offer **cost-effective trucks** and represent a new competition to traditional brands

Heavy trucks



- **Heavy trucks** lead the market, with a **44.7% share** of truck sales in 2025, driven by the surge in **agribusiness demand**
- This trend is partly explained by **Brazil's dependence on road transportation**, as there are few railroads in the country, making **trucks the primary mode of transport for agricultural products**

1) CNG: Compressed Natural Gas, LNG: Liquefied Natural Gas
Source: ANFAVEA, Foton, BYD, Mirow & Co.

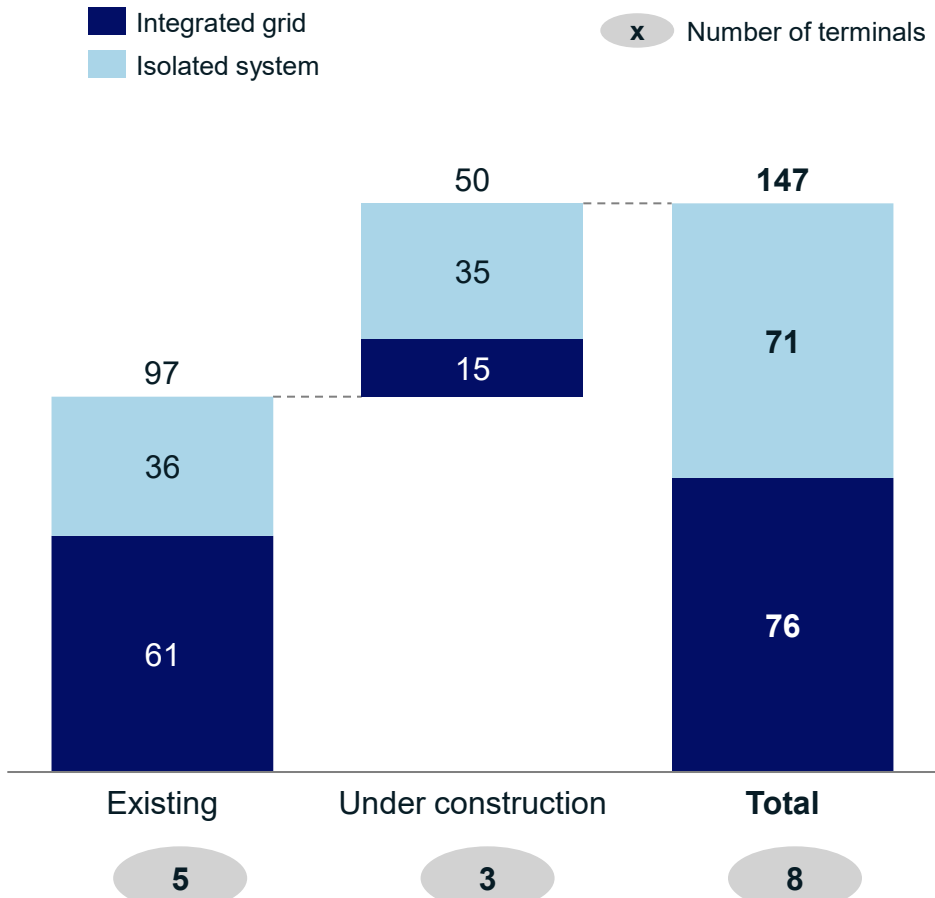
New LNG terminals have been emerging across the country, which can be used as a supply source for gas in its liquid form

LNG regasification terminals in Brazil



Regasification capacity in Brazil

MMm³/dc



Comments

- Regasification terminals have been linked to **thermal power plants** along the coast, with the ability to connect to the integrated pipeline network or operate independently. At some terminals, it is possible to load trucks directly with LNG
- At some terminals, it is possible to **load trucks** directly with LNG
- New domestic petrol exploration projects are expected to **drive prices for natural gas down**, turning CNG and LNG even more attractive economically over the next decade



AGENDA

1. Country information

2. Brazilian automotive OEM market overview

1.1 Cars

1.2 Trucks

1.3 Buses

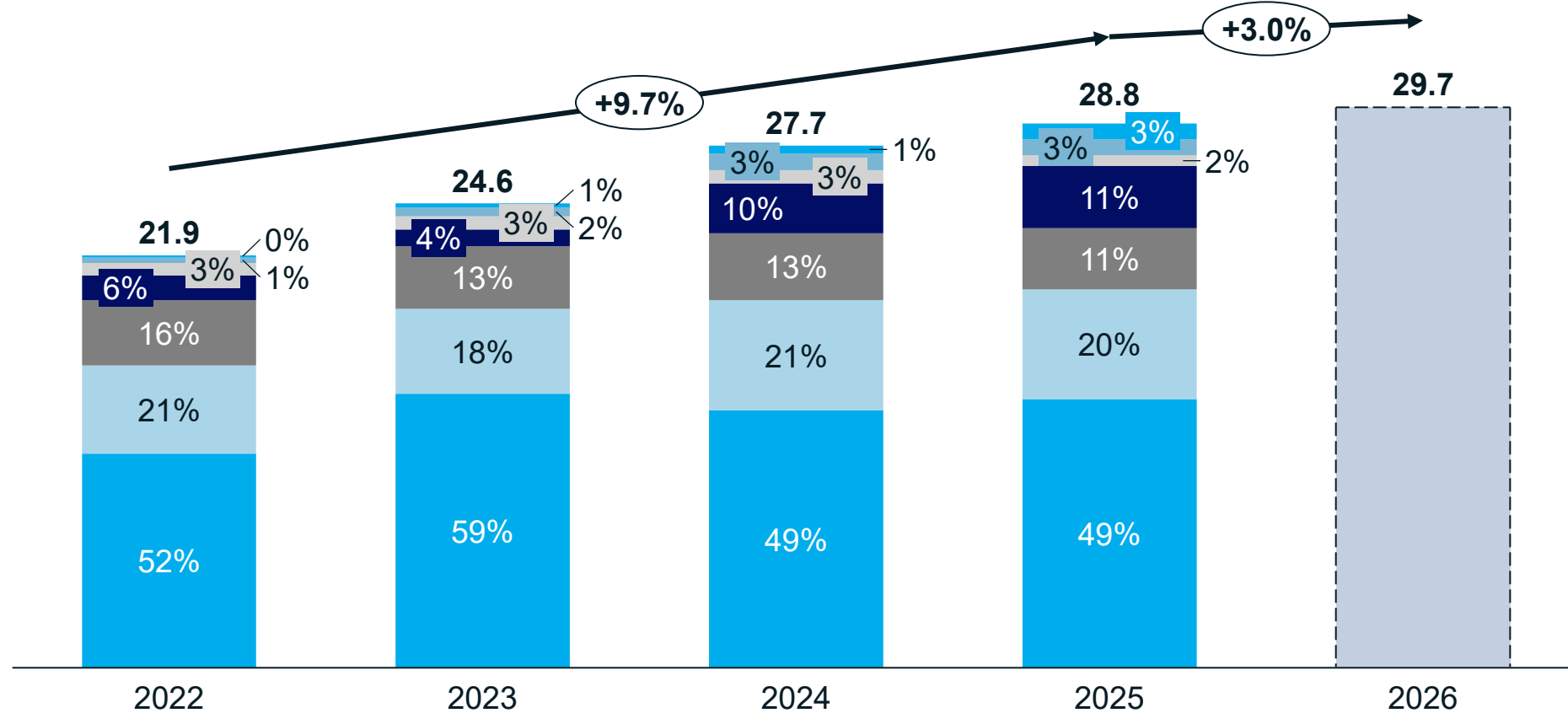
3. Assessment of Brazilian automotive supplier market

4. Market regulation

The bus market grew by an average of 9.7% per year between 2022-2025 – the outlook for 2026 is for a 3% increase in sales, driven by gradual urban fleet renewal

Total quantity of new buses sold in Brazil by brand
Thousands of buses registrations, 2022 – 2026

Mercedes-Benz Marcopolo Volvo Others
VW Trucks & Bus Iveco Scania Estimate



Comments

- The good performance is associated with the **post-Covid-19 recovery**, the **renewal of municipal fleets** and the **strengthening of domestic road tourism**
- For 2026, Fenabrave projects a more moderate ~3% growth, reflecting expectations of **urban fleet replacement**, but **no confirmed additional volumes from the Caminho da Escola program**

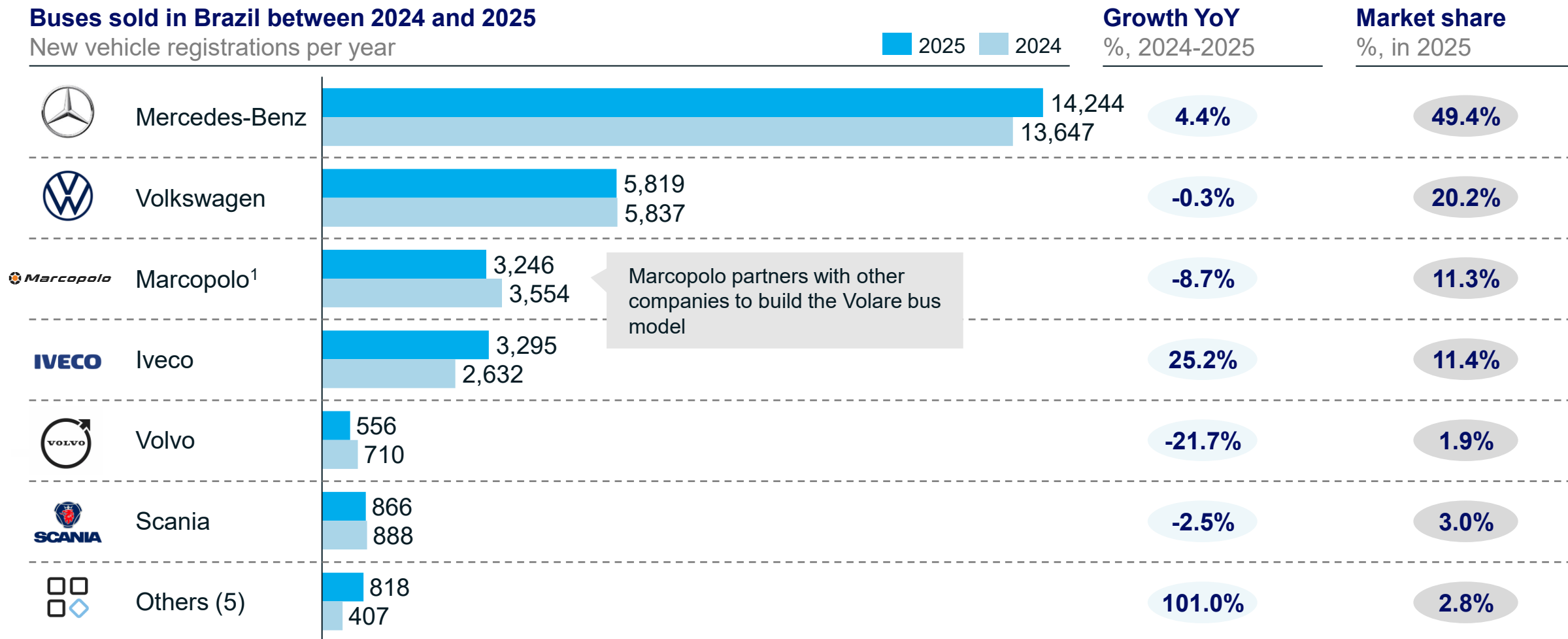
Brazil's bus fleet has more than **773 thousand vehicles**, with an average age of 18.1 years¹

1. 2024 data
Source: Fenabrave registration data reports, Estradão, Mirow & Co.

Mercedes-Benz dominates the Brazilian bus market with almost 50% of market share, while Iveco gains share and most competitors post flat or negative growth

Buses sold in Brazil between 2024 and 2025

New vehicle registrations per year



1. Marcopolo has strategic partnerships with other companies such as Agrale, Mercedes-Benz, and Iveco for the construction of the Volare bus
Source: Fenabrave registration data reports, Mirow & Co.

The two main new market entrants are the Chinese companies BYD and Higer, whose strategies focus on electric vehicles

NON-EXHAUSTIVE

New entrants to the Brazilian buses market



Company profile

- China's global **leader in electric vehicles**, including passenger cars, buses and trucks
- BYD buses represent **39% of all electric buses in Latin America**, with a focus on Colombia, Chile, and Brazil

- Chinese company specializing in the manufacture of **buses for public transport**, especially in Latin America
- Currently, it has its biggest presence in **Uruguai**, with 100 electric buses

Strategy in Brazil

- BYD is growing its share of the Brazilian **bus market** by pioneering the **electric segment**
- The main model is the **BYD D9W**, a 13-meter electric bus with an autonomy up to 250 km
- The company offers **three more models** in Brazil: the D9A Padron, D11B articulated and D11A superarticulated.
- In 2025 BYD reached a **fleet of 260** electric buses in São Paulo

- Higer is betting on **9-meter electric school bus**
- Higer plans to introduce its **fully electric EON E26EV bus in Brazil**, with operations **expected to begin in 2027**
- Initially in an SKD¹ operation, **Higer will bring partially assembled vehicles from China**, which will receive components such as the engine, gearbox, wheels and tires, among others

Comments



- The Brazilian bus sector is attracting attention from two **Chinese companies specialized in electric buses**
 - **BYD entered the top three electric bus manufacturers in Brazil in 2025**, with sales growing **315%** versus 2024
 - **Higer will invest US\$ 110 million in a plant in São Paulo** to support its entry into the Brazilian market

1. SKD: Semi Knocked Down

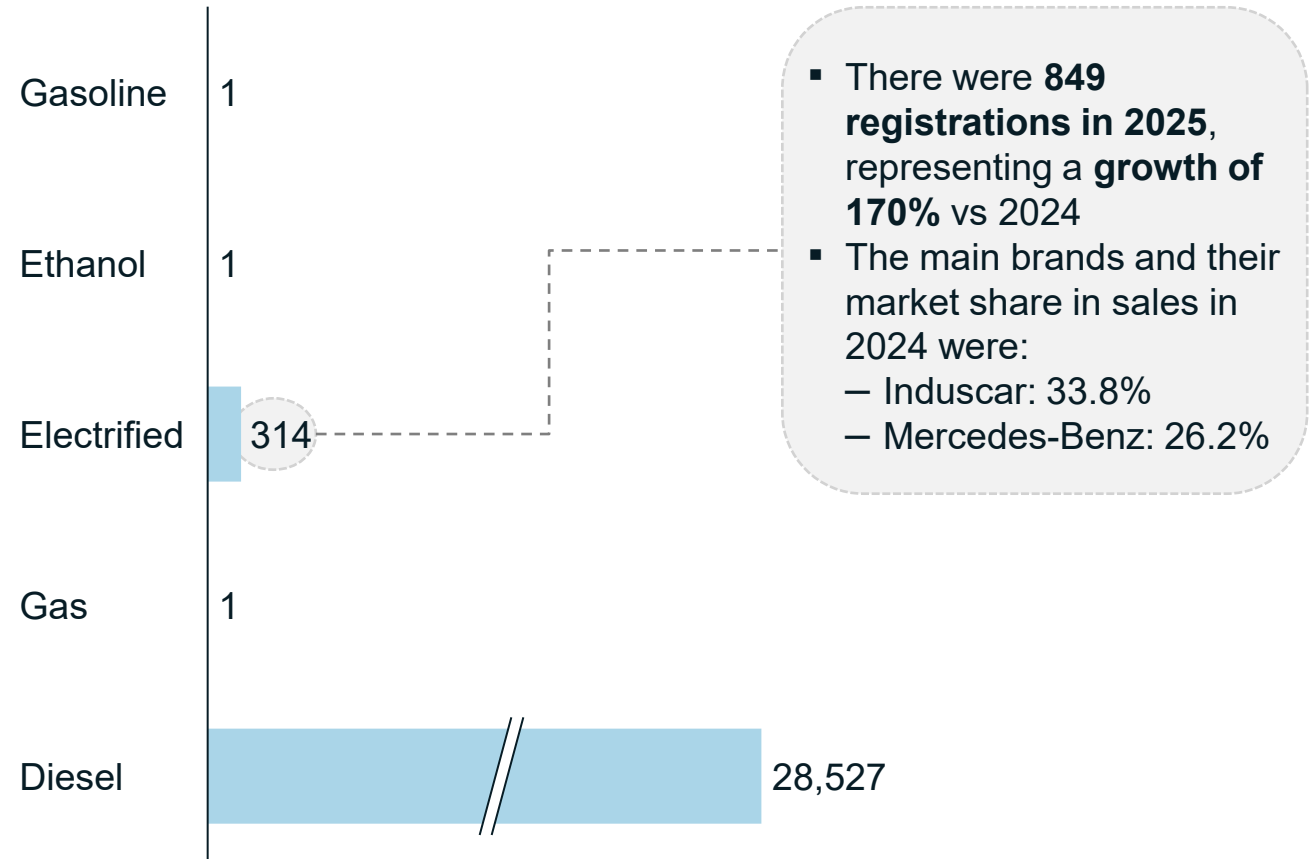
Source: Strategic Energy, Estradão, Notícias automotivas, Mirow & Co.

The Brazilian bus market is segmented according to the capacity and size of the vehicles – almost the entire fleet is still powered by diesel

Bus market segmentation in Brazil¹

Segmentation	Capacity	Maximum length
Microbuses, minibuses, and midibuses 	10 – 40 passengers	7,4 – 11,5 meters
Basic bus and Padron bus ³ 	70 – 80 passengers	14,0 meters
Articulated and bi-articulated buses 	100 – 160 passengers	18,6 – 30,0 meters

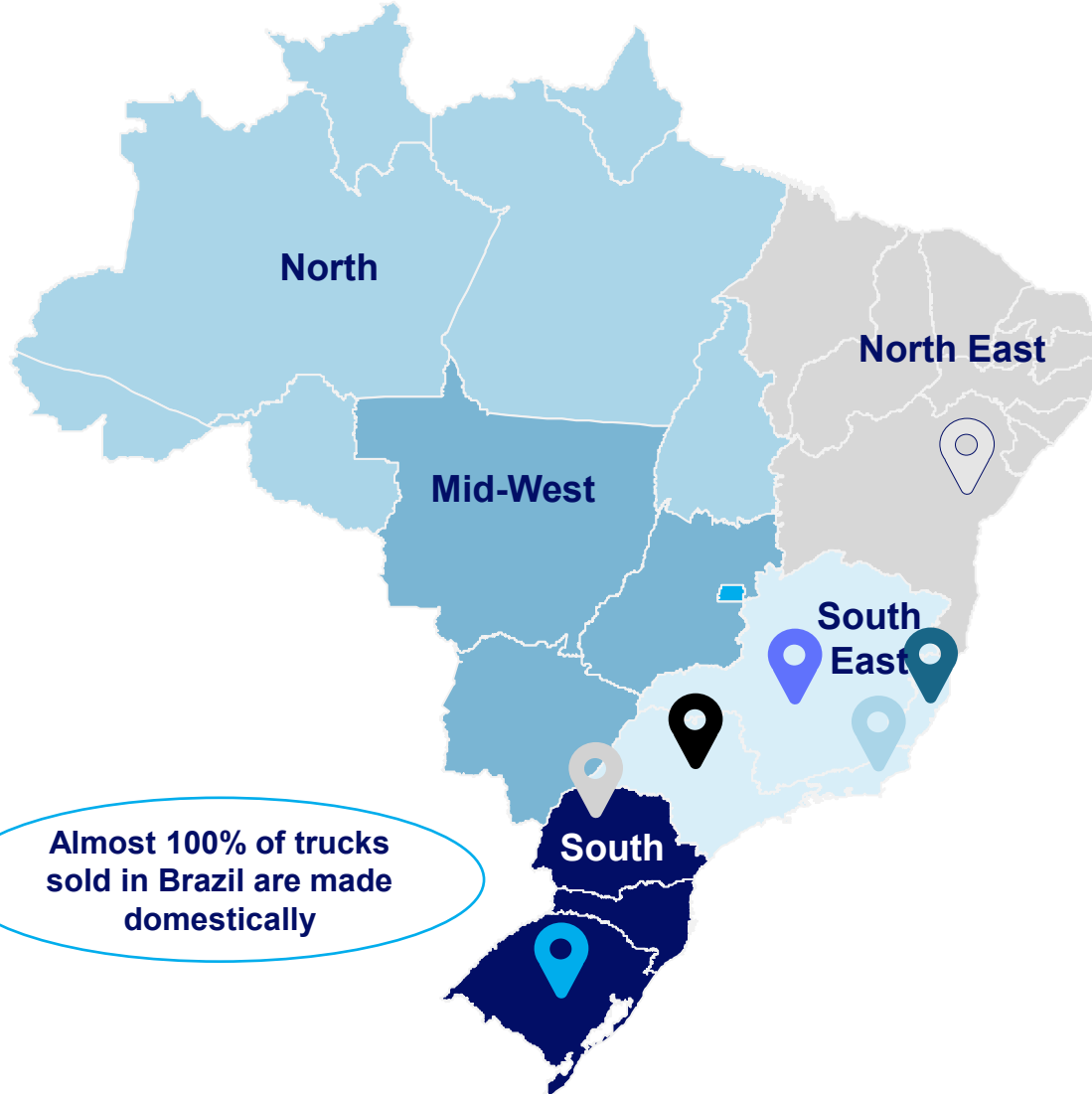
Bus market share in Brazil by engine type² New vehicle registrations in 2024



1. According to ABNT NBR 15570; 2. ANFAVEA 2025 report; 3. Padron bus is a category of bus used in Brazil, with a capacity of up to 80 people and a maximum length of 15 meters
Source: Fenabrave registration data reports, ANFAVEA 2025 report, Transporte – Especificações técnicas para fabricação de veículos de características urbanas para transporte coletivo de passageiros, Mirow & Co.

There are nine bus manufacturing plants in Brazil, which are mostly located in the southeast and south of the country - chassi production is usually at the same site as truck assembly

Bus manufacturing facilities in Brazil in 2025



Bus manufacturing plants in Brazil by brand



Rio de Janeiro: 1 facility

- Volkswagen



Paraná: 1 facility

- Volvo



São Paulo: 3 facilities

- Mercedes-Benz
- Scania
- Induscar/CAIO



Rio Grande do Sul: 1 facility

- Agrale/Marcopolo



Espírito Santo: 1 facility

- Agrale/Marcopolo



Bahia: 1 facility

- BYD: factory is under construction

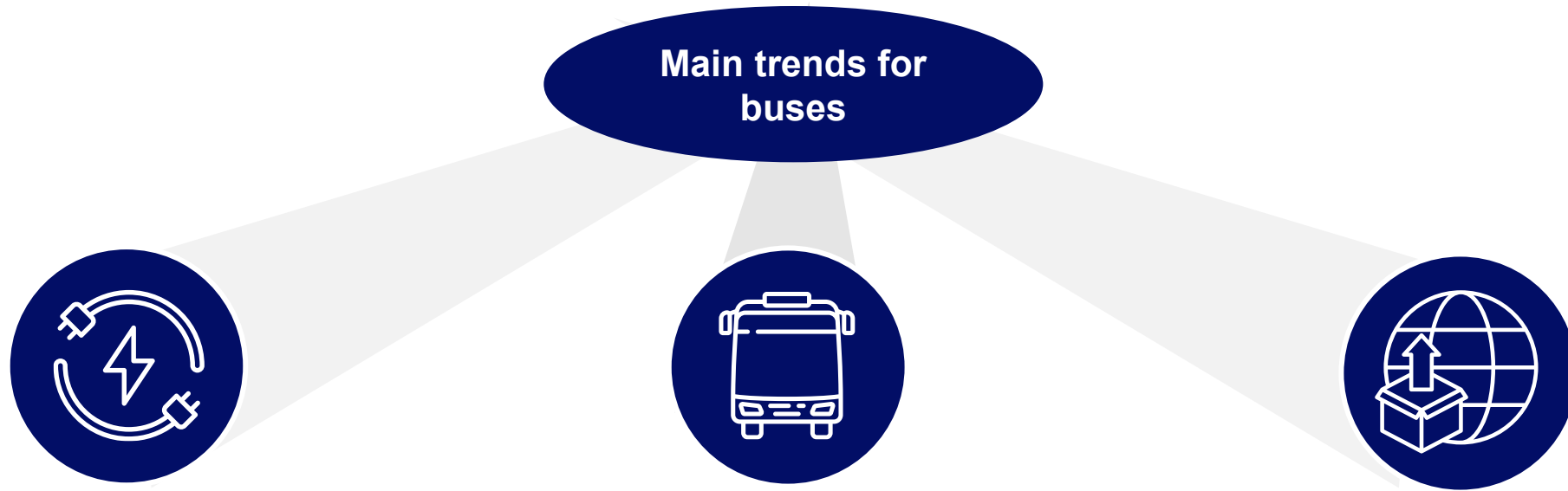


Minas Gerais: 1 facility

- Iveco

- There are nine facilities dedicated to manufacturing buses in Brazil
- Most of them are located in the Southeast and South regions of Brazil, which concentrate a large part of sales

The Brazilian bus market will be shaped by three major trends



Main trends for buses

Fleet electrification

- The adoption of **electric buses** is accelerating, with **several brands testing new models**
- **State and municipal** laws are encouraging the **fleet update** to electric vehicles – the city of **São Paulo** has a municipal law that mandates a **100% electric fleet by 2038**

Urban Mobility demand growth

- **Urban bus demand** in Brazil rises with a **10.8% in CAGR** projected through 2031
- Trend is driven by **rapid urbanization** and government initiatives like the **National Plan for Urban Mobility**

New players entering

- **Chinese companies with strong expertise** in electric vehicles are targeting Brazil
 - **BYD** already offers **four bus models** in Brazil and is securing important contracts
 - **Higer** has announced an investment in a **Brazilian plant** to support its expansion in the country



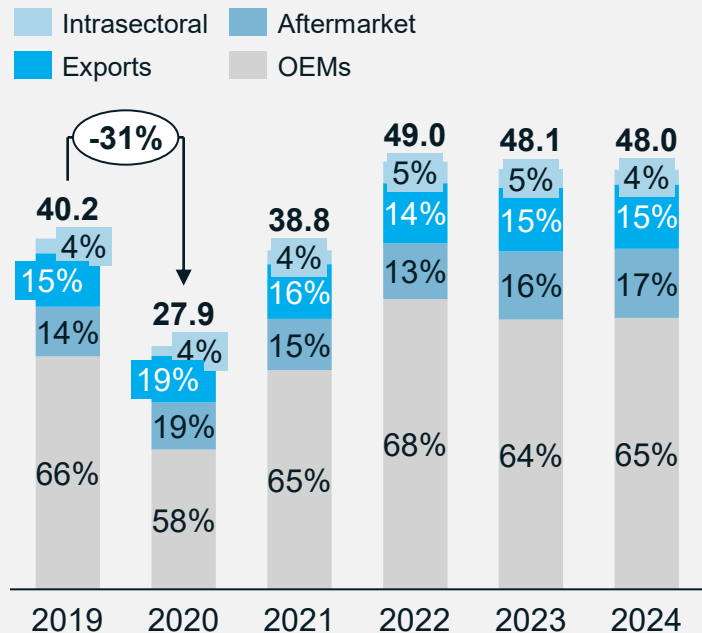
AGENDA

1. Country information
2. Brazilian automotive OEM market overview
- 3. Assessment of Brazilian automotive supplier market**
4. Market regulation

Brazilian automotive parts industry had revenue of USD 48 Billion in 2024, with a historic trade deficit due to the import of parts from international automakers who assemble vehicles locally

Car parts industry revenue in Brazil per destination of production

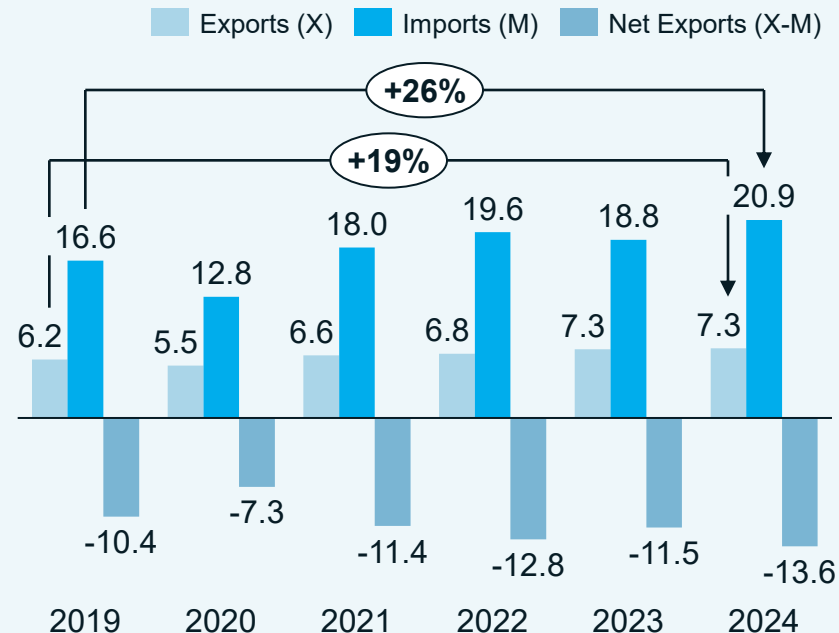
USD Billion per year, % per revenue stream



- Car parts industry has earned a **total revenue of USD 48 Billion** in 2024, being mostly directed towards attending **local OEMs**¹
- Covid-19 pandemic **reduced industry revenue by 31%** between 2019 and 2020 given work restrictions imposed – **revenue recovered in 2021**, with **similar mix** as before

Trade balance for car parts in Brazil

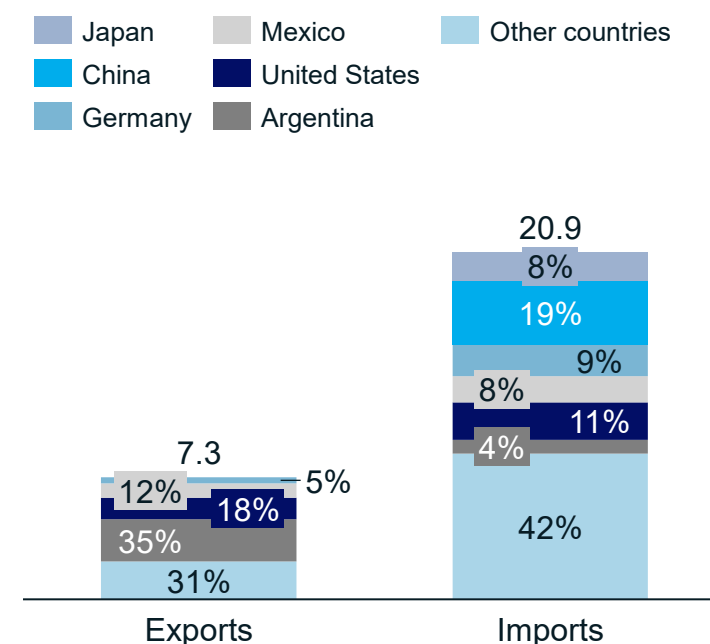
USD Billion per year



- Trade balance for car parts remains in **deficit** between 2019 and 2024, given that **many parts are not locally produced and must be imported**
- Trade deficit grew** from **USD 10.4 Billion** in 2019 to **USD 13.6 Billion** in 2024, with an increase of imports by **26%** in 5 years, while **exports grew 19%** in the same period

Main Brazilian trade partners in 2024

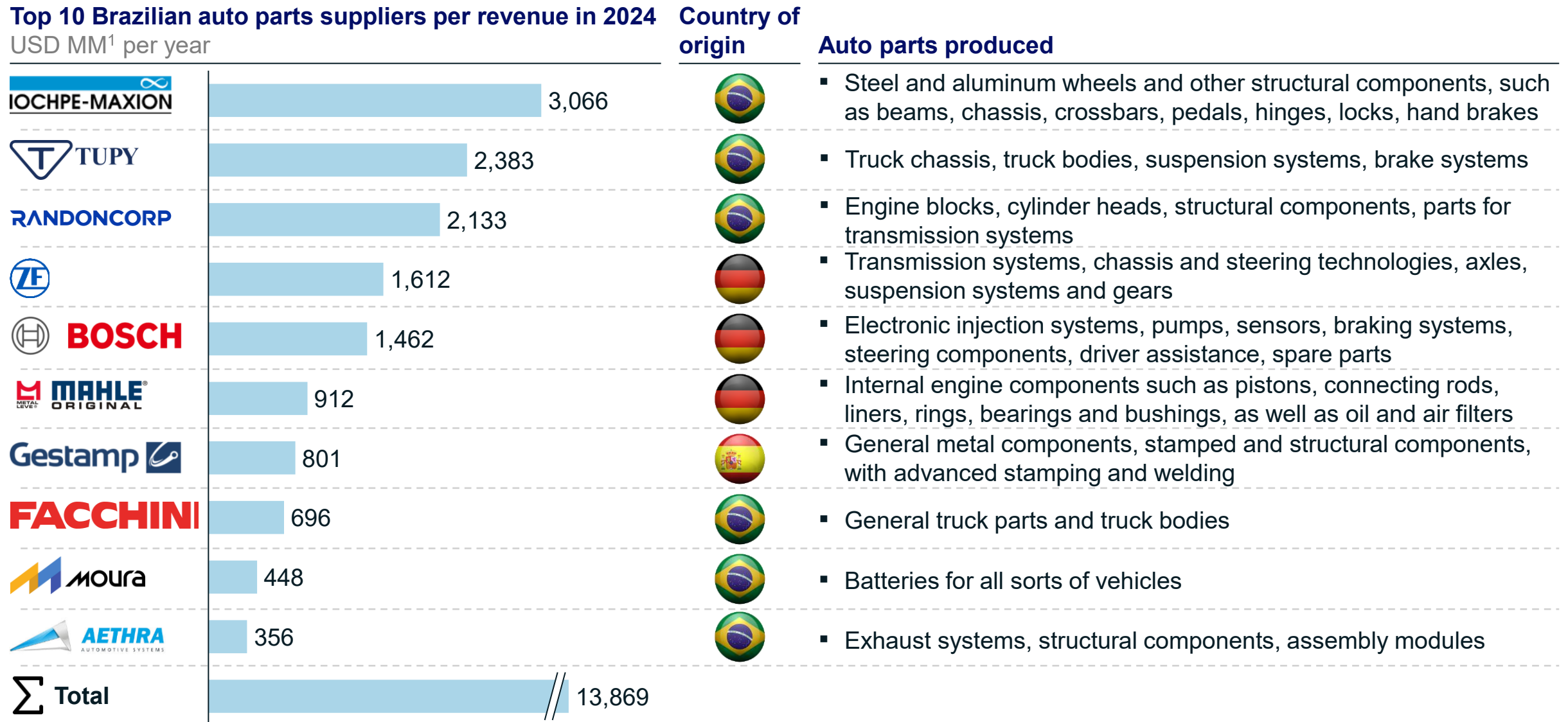
USD Billion in 2024, % per country



- Argentina** and the **USA** are the **main export destinations** for Brazilian-made car parts
- China, USA** and **Germany** are the **main import origins** for car parts Brazilian automakers use for their production – automakers include **BYD, Ford, Volkswagen, Chevrolet** and **Jeep**

1) OEM: Original Equipment Manufacturer
Source: Sindipeças 2025 yearly report, Mirow & Co.

The top 10 Brazilian auto part suppliers had a combined revenue of USD 13,9 Billion in 2024 – body, engine, transmission, suspension, electronic systems and batteries are produced locally



1. Adopting exchange rate of R\$5/USD
Source: Valor 1000 Top Brazilian companies

Reliable supply, innovative product development and production excellence could be good opportunities in the Brazilian automotive market

NON-EXHAUSTIVE

Main opportunities



1 Reliable supply

- Providing reliability in **delivery, meeting the quantity, quality and deadlines** agreed with the customer, ensuring that the manufacturer is always supplied with the parts needed for production.



2 Innovative product development

- Working together with manufacturers to **develop new parts**, investing in innovation for the **evolution of the sector and meeting new demands**, such as parts for electrified vehicles



3 Production excellence

- Standing out in the Brazilian market for **high-precision parts of excellent quality**, bringing **technology** and technical know-how to the country

These opportunities solve specific needs



Production interruptions due to lack of parts

- **Demand from manufacturers exceeding the available supply** of parts, as happened during the pandemic
- **Delays in parts production** due to poor supplier planning or interruptions in the supply chain due to a lack of raw materials for the supplier
- **Late deliveries of imported parts** due to logistical complications such as port closures and cargo losses



Innovation in parts due to electrification

- With the **trend towards electrification**, the demand for specific parts such as batteries and inverters, will increase, and there may be **more demand than supply** in a few years' time

New market entrants must comply with a series of legal requirements and industry standards

There are legal requirements for becoming a supplier in Brazil



Registrations with competent authorities: active CNPJ³, state and municipal registrations, fiscal and labor compliance



Quality Certification: to supply parts to the Brazilian automotive industry, the supplier must have IATF 16949 certification



Compliance with ANFAVEA Regulations: auto parts must comply with ANFAVEA specifications, which establish guidelines for the manufacturing of automotive components



Environmental Licensing: some products require obtaining environmental licenses from the competent authorities, such as IBAMA, ensuring compliance with environmental laws

Supplier homologation in Brazil varies from client to client, depending on specific needs

The supplier **homologation process for auto parts is not unified in Brazil**, as each **automaker has its own qualification process**, adapted to its specific needs and the characteristics of its products

The three most common steps are:



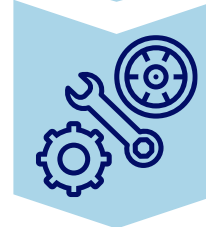
Initial qualification:

- Presentation of documentation proving compliance with quality standards, such as IATF 16949
- Demonstration of production capacity, infrastructure, technology, and technical expertise



Technical visit and audit:

- Conducting visits to factories to verify production conditions, equipment, processes, and compliance with standards



Product validation:

- Providing samples of components for testing.
- Identifying and developing a risk mitigation plan for potential failures or risks associated with supply

1. IATF 16949 is an international quality standard for the automotive sector; 2. ANFAVEA: Associação Nacional dos Fabricantes de Veículos Automotores; 3. CNPJ is the Brazilian identification number for businesses, similar to VAT Number in Europe; Source: O Mecânico, ANFAVEA, Randon, Mirow & Co.



AGENDA

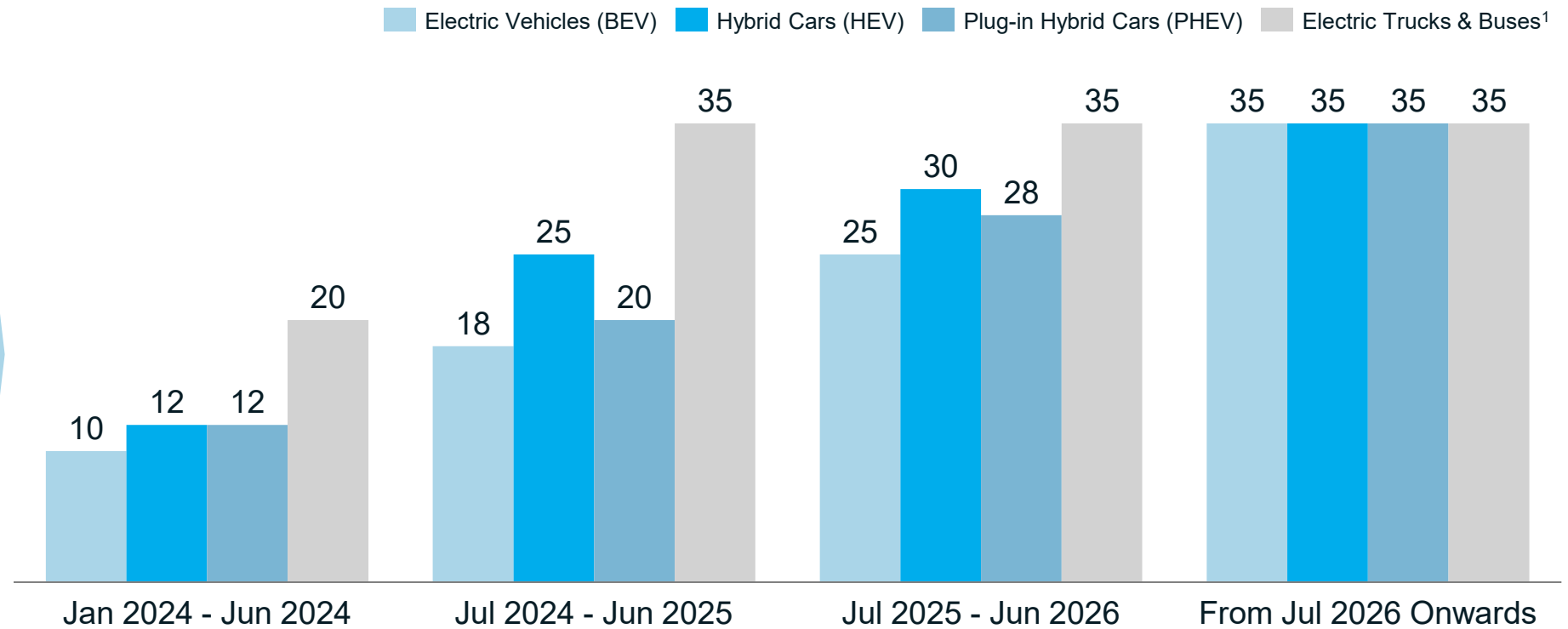
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The Brazilian has traditionally been relatively protectionist, incentivizing local production

- Brazil, as a member of the Mercosul Customs Union, applies the Common External Tariff (TEC) of 35% on vehicle imports
- For car parts, this tariff varies depending on the specific Mercosur Common Nomenclature (NCM)
- Brazil has implemented a progressive import tariff system for electrified vehicles aiming to stimulate local production and decarbonization.
- "Ex-Tarifário" is a product-specific benefit that aims to facilitate technological modernization.

Progressive import tariffs for electric vehicles



"Ex-Tarifário":

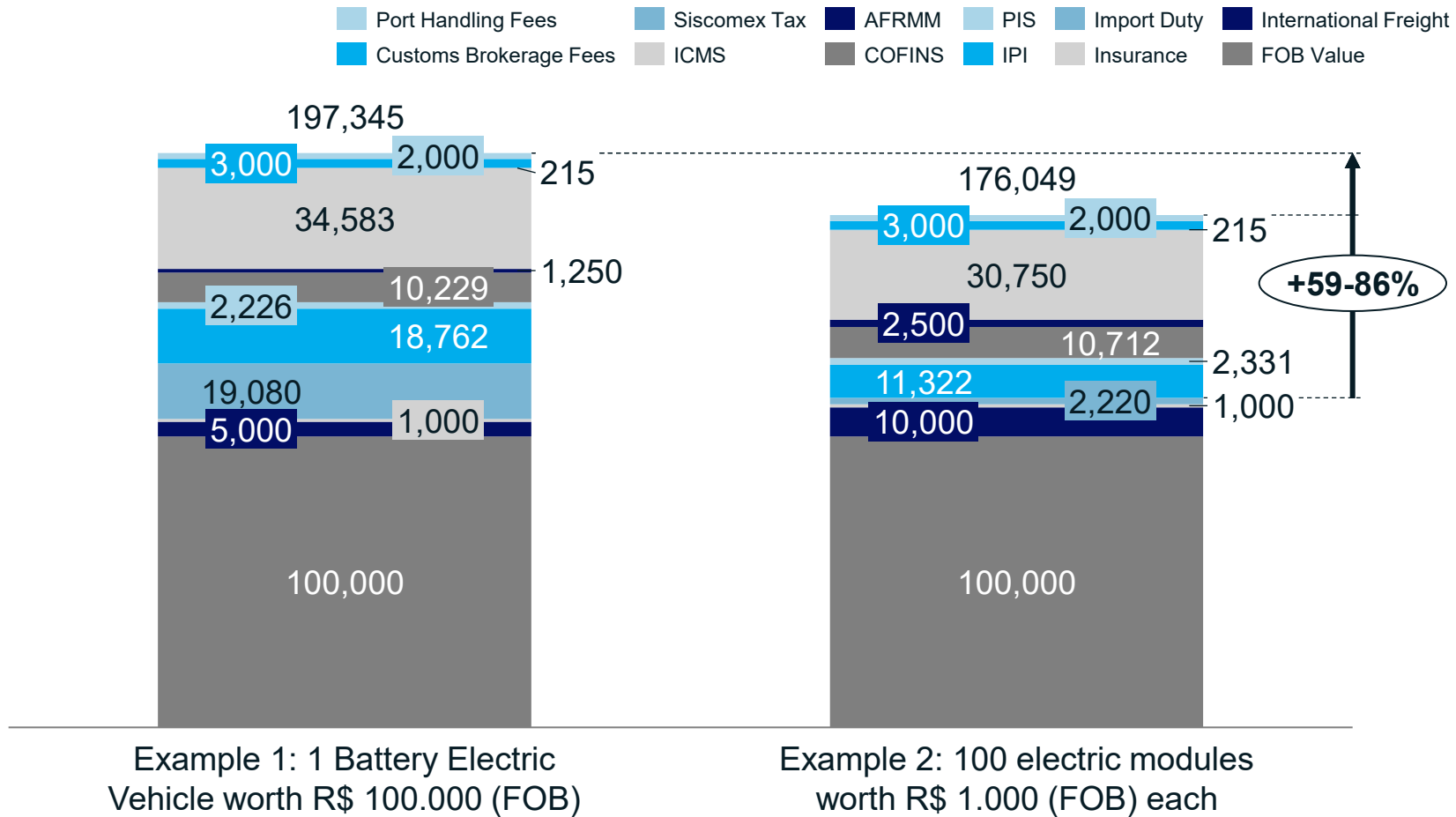
Specialized automotive components that have **no national equivalent**, particularly electrical and technological parts, can often qualify for a significantly reduced Import Tax (II) rate, sometimes as low as 2%.

Note for Electric Trucks: This category reached the 35% tariff faster due to considered higher domestic production capacity

Source: DatmarNews, Desk Research Mirow & Co.

The effective tax burden is often much greater than the nominal import tariff

Estimate of total taxes and fees for importation



- Many of Brazilian taxes and fees are cumulative and can effectively double the cost of imported goods compared to their FOB value
- For companies that resell or industrialize the product, IPI and ICMS often represent a credit to be offset against taxes due on subsequent sales or industrialization. In this case, they are cash outlays at import but not necessarily a final cost if fully utilized as credits.
- Drawbacks can be used to provide suspension or exemption of taxes on imported inputs (raw materials, components, parts, or even machinery) that are used in the manufacturing of products destined for export.

The Mover program is Brazil's strategic initiative to drive the industry towards decarbonization and technological innovation

Government uses tax credits as main lever:

- The program grants substantial tax credits to companies that invest in eligible projects related to sustainable mobility.
- These credits, totaling R\$ 19.3 billion (Brazilian Reais) over 2024-2028, can be used to offset various federal taxes.

Eligible Investments



Companies can receive incentives for investing in:

- Research & Development (R&D): Focusing on new technologies for decarbonization
- Local Production: Manufacturing electric, hybrid, and biofuel-compatible vehicles, as well as their components and systems
- Energy Efficiency: Implementing processes and technologies that improve the energy efficiency of vehicles and manufacturing
- Workforce Training: Developing skills for the new green automotive technologies

Decarbonization & Efficiency Standards



Mover introduces mandatory environmental standards for vehicles sold in Brazil. These include:

- Strict targets for carbon emissions reduction – requirements for energy efficiency improvements
- Emphasis on the use of sustainable fuels, particularly biofuels like ethanol, where Brazil has a strong domestic industry

Strengthening Local Industry



A crucial aspect of Mover is to encourage the nationalization of production and increase the local content of vehicles, especially those incorporating advanced sustainable technologies. This aims to bolster Brazil's industrial base and reduce reliance on imports over the long term.

M I R O W & C O.