



ENGIE BRASIL ENERGIA S.A.

SCRIPT OF THE VIDEO-CONFERENCE

RESULTS OF THE THIRD QUARTER 2022

NOVEMBER 09, 2022 – 11:00 A.M. (BRASÍLIA TIME)

RAFAEL BÓSIO: Hi, good morning! We are beginning the conference call on the third quarter results 2022 of ENGIE Brasil Energia. I am Rafael Bósio, the Company's investor relations manager. I would like to inform you that those currently connected are in listening mode. Later when we open the questions and answers session to participants, you may submit your questions via the Zoom Q&A tool. It is worth remembering that this videoconference is being recorded. We have also made available in our website www.engie.com.br/investidores the files for the presentation and the results release as well as the ITR and other documents filed with the CVM where more detailed analysis of the financial statements for the quarter, operational results, progress with the implementation of our projects among other highlights of the period, are published.

Before proceeding further, I would like to clarify that eventual statements that may be made during this conference call with respect to the outlook for the Company's businesses should be treated as forecasts, contingent on the economic scenario for the country, performance and electric sector regulations as well as other variables, and, therefore subject to change.

With me today are **Eduardo Sattamini**, Chief Executive and Investor Relations Officer and **Marcelo Malta**, Chief Financial Officer, who will also comment on the performance of ENGIE Brasil Energia in the third quarter of 2022. We would remind you that journalists wishing to ask questions should do so via e-mail, sending their questions to the Company's Press Relations office.

Now I would like to hand over to **Eduardo Sattamini**. Please you may go ahead Sattamini.

EDUARDO SATTAMINI: Hi, good morning to all. It is a pleasure that I can be here again for one more quarter, having survived these nine months and the elections, we are all still alive. So let us move on to our presentation and slide 05, please.

Good, first let's talk about the highlights, financial highlights. Adjusted Ebitda reported a year-on-year decrease of 15.7%, albeit there is a very important aspect which you will



see on the right-hand side of the slide, more or less in the middle, recognition of GFOM in the third quarter 2021 totaling R\$ 372 million. If we exclude this GSF factor - which is a recurring result, although randomly booked in that quarter, we would have seen an Ebitda with an 8% improvement in the third quarter rather than 4.8% only and in the first nine months up 13.2%. This is indicative that the company continues its results growth trajectory, and this also is reflected in the first line on the right side, when we look at the increase of revenue as a result of enhanced prices and sales volume. The price increase was slightly below inflation for the period, so the increase was mainly because we have a higher volume due to the better hydrology we are seeing in 2022. When we look back at 2021, this was the most critical year for hydrology in Brazil since measurements of the reservoir affluence series began. And in 2022, we are having very positive hydrology. So, this makes the volume available for sale in the short term greater, depressing short-term sales prices. This is the cause of this small reduction which we can see here in relation to the increase in the twelve-month price and inflation. We can also see clearly that the results of the CCEE are very positive, exactly for this question of volumes due to hydrology. When we turn to the result, we have a result which is 17.2% greater year-on-year, 19.2% up if we compare the nine-month period for successive years. If we exclude the GFOM effect, we would be talking about a year-on-year increase for the third quarter of 97%. Basically, the inflationary effect on our debt. And here we make a correlation also on the right-hand side of the slide with the financial result R\$ 387 million positively higher than the same quarter in 2021. Other important points here for us to highlight include the increase in energy volume purchased and the increase - I mean decrease in volumes of coal purchased, the consumption of fuel, basically coal. Coal, the reduction of coal, basically is a reflection of the sale of Jorge Lacerda, of the Jorge Lacerda plants and also the maintenance work at Pampa Sul, which continued through to the middle of August, so there was no dispatch for part of the time and no consumption of coal at Pampa Sul in the third quarter. So, we had R\$ 83 million less fuel consumption. On the other hand, when we look at Jorge Lacerda, where we have an agreement to purchase energy, linked to the asset disposal, we have R\$ 236 million higher purchases of energy. 70% of this value relates to CTJL, to the Jorge Lacerda Thermoelectric Complex.

We can now move on to the next slide where we list other non-financial highlights. Important was that in September, the Company signed the agreement to sell the Pampa Sul Thermoelectric Plant in Candiota. In this case, satisfactory performance of the conditions precedent is contingent for closing to take place as well as approval of the BNDES, the anti-trust authority CADE, some internal elements and this, you as analysts are going to notice, the reclassification from an asset to an asset to be sold with some modifications in the lines of account classification. This is going to have a certain impact on the configuration of the balance sheet which will be noted by the analysts. We saw a reasonable volume of sales in the quarter, 88 average megawatts for future delivery between 2023 and 2026, indicating our activity continues apace. Remember, we have a policy - and you are going to see more later on - of energy sales throughout the year, for



future years, with the purpose of having a very high level of contracting as the end of the year draws near. And this is the strategy which we continue to pursue despite our awareness that there is downward pressure on prices at present, we are successfully managing to sell at reasonable levels. On the right of the slide, we mention the signature of the wind turbine supply contract with Vestas do Brasil, a total of 188 wind turbines to be used for installing the Serra do Assuruá Wind Complex. This is ENGIE's largest wind park to be implemented in a single phase in the world at a total capacity of 846 megawatts. When we talk clusters, we have a larger cluster in Bahia, where Umburanas and Campo Largo (Campo Largo I and II) are situated, today with approximately 1.2 GW installed but Assuruá as a single project, is the largest we have ever developed here in Brazil and ENGIE's largest in the world.

Let's move on to slide 07 where we also highlight the contracting of suppliers for the Gavião Real project. Gavião Real is the substation connected to our Serra Pelada substation, the bid for which we won at the last transmission auction; being related to our existing asset, we were able to give a reasonable discount in function also of this proximity of the synergies we have there on the ground. With this and the closing of these supply contracts, we guarantee price and an adequate term compatible with the assumptions we employ in our business plan, permitting us to calibrate our bid at the auction which took place in the last quarter. We also had an important event in this quarter which was the Ministry of Mines' Ordinance allowing high voltage consumers to sign up to the free market as from January 2024. An important event, one for which we had been waiting, and which will leverage our position as a retail trading company, increasing the return on all that investment we have been making in digitalization for the creation of sales platforms and channels and which we expect to be totally up and running from 2024. We already have our platforms but deploying and using these platforms more effectively with the large potential volume of clients expected to join the free market. We are talking today of the order of 15 thousand consumer units in the free market. With this decision, we are going up to about 120, 130 thousand units. And with these numbers, we will need this digitalization, all this automation in our sales process so that we can handle the management of these clients, not only the sales process, but also management of the client, back-office and so on. On the right-hand side, we cite the Transparency Trophy. Every year we guarantee the quality of our statements had we have been recognized with this award which we call the Oscar of Domestic Accounting and organized by Anefac-Fipecafi. And the last important highlight on this page is the approval of the distribution of complementary dividends for the first half of this year. We had already decided on the distribution of 55%, but now understanding that the Company's financial situation is conducive to increasing the payout by a further 45%, allowing us to reach 100% of the distributable net profit in the first half of 2022. Payout date will be decided in due course by the Executive Board, the dividend distribution being approved at this last meeting of the Board of Directors. Thus, once more we are combining the growth of our activities with dividends, a unique characteristic of ENGIE in the energy generation, transmission



and infrastructure market in Brazil.

On page 08, we showcase the endorsement of ENGIE Brasil Energia and ENGIE S/A of the Corporate Knights and Global 100 Council initiative for companies which have committed to combating climate change and supporting the Paris Agreement. This is in line with what we have been demonstrating to be a leader in ESG in the Brazilian market and we are going to continue doing so. And on the right-hand side, we have the approval in the change in denomination of the administrative office of the Company to the People, Processes and Sustainability Office, also strengthening the sustainability pillar of our businesses in the direction of more adequate, more up to date governance and sustainability. Finally, we mention the Inside ENGIE event, to take place on December 7 from 9 in the morning and open to all via web and with the onsite participation of institutional investors and market analysts. With about 270 thousand shareholders of ENGIE Brasil Energia, unfortunately we are unable to invite all and cater for all at our headquarters in Florianópolis, so this answers some inquiries we have received during the past few weeks from people asking why some of the shareholders are unable to take part in loco. They can take part of course but due to lack of space, they will have to do so via web. We are very grateful for the interest and would encourage individual investors to participate via the web.

Moving on to slide 09, about our ESG indicators, a new element that we have introduced this year and an important one to be discussed with our investors. We continue along the trajectory of renewable installed capacity, and in 2023 it is our expectation that with the sale of Pampa, we can reach 100% of renewable energy in our portfolio, although we have been steadily increasing over these last few years the percentage of renewable energy in the portfolio. The intensity of emissions has obviously reduced, reduced for two reasons, the sale of Jorge Lacerda and second, the maintenance stoppage at Pampa Sul, which also had an influence on total emissions. And besides total emissions, also water withdrawal, since water capture is mainly necessary for our thermoelectric plants which have either been sold or are in the process of being sold. As to women in our labor force, we have also been making investments and growing and increasing the opportunity for women to take up positions in the Company as part of an affirmative hiring policy. Recently, we have been working two important projects that we consider fundamental, namely the insertion of women in the operational area of the Company. It is the area where there is the least presence of women, although we are running with specific projects for training and hiring female labor for plant operations as engineering trainees. Thus, for female operators, both technical and engineering, there are programs specifically aimed at achieving diversity as in the administrative part of the Company - where we have a nearly fifty-fifty ratio -, although in the operational area, only approximately 20%. So, we want to increase this percentage and for this reason it is critical that we have affirmative policies in place. As for investments in social responsibility, we have a target of using 100% of tax break resources. This therefore is our target for our social responsibility area. And we have been successful in reaching this target year after year, obviously as a function of profit, that is



book profit, the volume of resources, and this sometimes varies with... sorry, not book profit, taxable profit, and this varies sometimes with exchange rate fluctuations, etc. Thus, we hold off allocating these resources until the moment nearest to the fourth quarter. We select work and choose the projects throughout the entire year so that we can then allocate the resources adequately in the right amounts for maximum and efficient use of the resources.

Let's go to slide 11, energy commercialization, with nothing much which is new here. The message that we gave at the outset of our conversation in the highlights that we sold 88 average megawatts of uncontracted energy, continues to be our strategy, that of gradual energy sales for one year in the future with a view to always having a reasonable level of contracted volume for the year ahead. You can see in the left side of the energy balance there that we have 11% in 2022, 13% in 2023, 20% in 2024, representing a very reduced available energy volume when we consider that despite the favorable hydrology in 2022, we traversed very bad periods of hydrology which, although not necessarily, could arise in future years. So, we need to have energy backup if only due to our major dependence, our large dependence on hydropower in our portfolio. This dependence is declining as we grow in other renewable sources such as wind and solar. However, we still have a highly significant percentage of hydropower in our portfolio.

Going back to this slide here, sorry, on the question of sales to free customers, we have the distribution between economic sectors, with two important segments for us, which are food and steel. But the overall view is that we have limited the specific risk of any one industrial segment so that we are not exposed to a particular segment and are not subject to systemic problems.

Let's go to the next slide and a continuation of commercialization strategy. We had been experiencing major expansion in consumer units, free consumers and volumes to these markets. However, with the hydrology crisis in 2021, we had to reduce a little volume allocated to free customers. Even so, we were obliged to maintain a certain standard in terms of customer numbers. And we expect that in the next few years with the opening up of the high voltage market as a result of the Ministerial Ordinance, that we shall see significant growth in these clients, and this is what we are preparing for. We currently serve about 2.5 thousand consumer units. We are talking not only about a market of 15 thousand consumer units being attended but 120, 130 thousand units able to operate in high voltage, consuming conventional energy. Our market share is about 10% while our generation is somewhere in the region of 6%, indicative of our strength in the market, in the free market, our commercial strength. 35% of our sales revenue comes from the free market and that means that we have 65% of our revenues derived from the regulated market, with long-term agreements made in the era of major hydroelectric power plants and some also concluded during the period of the early wind auctions, but nor forgetting our share in the transmission business. Thus, we have part of our portfolio dedicated to



free customers and part of it involving more stable business, guaranteeing the resilience of our long-term results. Good, for this slide, that's it.

We can now move on to expansion. Here we look at wind projects under construction, Santo Agostinho. At Santo Agostinho, we are having some problems along the supply chain with Siemens Gamesa, and this is involving some delay. However, we have already adjusted our portfolio for this energy having little impact on our profitability while there are other factors which will also improve returns - mainly macro-economic ones. So, we still have a very interesting return from this project. And the same goes for the Novo Estado transmission project. You may remember that in 2021, we had a very serious accident, work being suspended along the northern section and the supplier replaced. However, construction proceeds and the expectation is for Transmissora Novo Estado to become fully operational - there is still about 45% of the RAP to kick in - by January 2023.

The next slide, slide 16, relates to Gavião Real. We have already mentioned that suppliers and the civil construction contractor have been hired, and we shall move forward in alignment with our business plan, notifying you over the coming months accordingly. Assuruá is the most recently approved project, with Vestas as supplier of these wind farms as we have already had cause to mention. The forecast is for construction to begin in 2023 and operations be gradually ramped up as from the second semester of 2024.

Let's talk again about expansion at Jirau. Jirau with the reduction in TUST, that is the revision in TUST in 2022, together with operational improvements made in the last two years with the arrival of Edson Silva in the position of CEO at Jirau, we now have a project which is a cash generator and less dependent on the project sponsors. And this begins to resurrect the discussion about an eventual transfer of the asset to ENGIE Brasil Energia in line with the original forecast. Remembering that all this will be done from an arms' length position coordinated by a Related Parties Committee, taking into consideration the voice of minority shareholders, in an economic and adequate way in terms of pricing for both parties concerned. In the same way as last year with the transfer of the two solar assets, Floresta and Paracatu, also yielding interesting returns for us as purchasers and adequate ones for the seller. So this should be the key: while we still have not received any signal from the controller to begin the process, we are beginning to see - and I am on the board of Jirau - we are beginning to see a possibility given that the asset is now a cash generator and we would be adding a healthy asset to our portfolio.

19, slide 19, projects under development to show you the pipeline of projects that we have, and in which we are investing. We are growing and we have a pipeline to continue growing. Obviously, we shall be dependent on market conditions. If we do not have price for the asset to develop these new projects, they will be mothballed in portfolio for future development. It is important to have prices which are compatible with the cost of development and implementation of these projects. Today, there is a small mismatch due



to growth in the costs of raw materials, logistics, etc., in relation to the prices we are seeing in the market - there is an excess of supply which we visualize persisting for some years to come. We are very well sold in these periods. And we expect this mismatch to be eliminated through the compatibilizing of future energy auctions, discrimination between new and old energy no longer existing. I think today we have the model for permitting this regulatory modification and for which we have requested the regulator, the Ministry, so that there should be no more discrimination and that the auctions should be auctions common to the two types of energy. After all, the energy is the electron so there is no need to know if it is old or new. The important thing is that it is generated.

We now move on to look at financial performance. Malta will take you through this part of the presentation and I will come back shortly for the questions and answers session.

MARCELO MALTA: Thank you, Sattamini. Good morning to all. This slide shows our financial performance with continuing high return on equity and invested capital as well. This is fruit of our financial discipline and efficient allocation of capital we have been practicing. The chart on the right-hand side shows a little of our track record we have been reporting each quarter. So, in this period from 2016 to 2021, we have invested something like R\$ 22 billion with high leverage, reaching to around 82%. Our total proprietary installed capacity increased by 17% and was not even higher because of the sale of the Jorge Lacerda Thermoelectric Complex assets, and at the same time increasing our installed capacity in renewables by 34%. In the period, we acquired a stake of 32.5% in TAG, and joining the gas transportation market. We also made our debut in transmission operations with the construction of two lines, the first, Gralha Azul and already concluded, and Novo Estado in the construction phase still with expectation of conclusion, as Sattamini said, in the first quarter of 2023. Our adjusted Ebitda rose in the period by 113% and profit by 34%, highlighting here I think that the increase in this profit was not more significant due to impairments we provisioned for the Jorge Lacerda and Pampa Sul assets. And we distributed dividends and interest on equity in this same period of a little over R\$ 11 billion.

In this next slide, we show the evolution in net operating revenue. Some of these impacts have been mentioned by Sattamini, the increase in revenue from energy price and volume; as already mentioned there was an 8% increase in our average price, a 9.3% growth in volumes. Remuneration of our financial assets of the Jaguará and Miranda hydropower plants had a negative impact on a comparative year-on-year basis due to the decline in inflation in this quarter. In CCEE revenue, there was a negative R\$ 109 million although you will see that in Ebitda, we recorded a positive impact of R\$ 188 million. In trading operations, we also recorded a decline in volume in the period, albeit in Ebitda, the impact was positive at R\$ 4 million. Transmission revenue fell R\$ 677 million, although we shall see that with Ebitda the net impact was R\$ 229 million. And here it is worth pointing out that the effect of transmission assets on the result is merely economic, reflecting the



adoption of an accounting practice specific to transmission assets, and in the Ebitda bridge, we are undertaking an evaluation excluding these impacts of the transmission assets and including the RAP we generated during the period.

In this next slide, we show the financial performance of TAG. The company reported a year-on-year increase in profit of R\$ 50 million with the motivation for this increase basically a reflection of the readjustment in tariffs introduced by TAG, nearly all revenue being indexed to inflation indices. The impact of the inhousing of the O&M operation was also significant.

And here in this next one is the evolution in Ebitda. This chart is a detailed one, the purpose being to show the variations, excluding non-recurring effects which correspond largely to the reversal of part of the impairment we constituted for the assets of Jorge Lacerda in 2021 and in 2022, also a reversal of the impairment recorded for Pampa Sul. Thus, with the exclusion of these non-recurring effects, we have a negative variation in Ebitda of 15.7%, but as already cited by Sattamini, expurgating the positive result from GFOM in the third quarter 2021, we would have seen an increase of 8% in Ebitda. As mentioned previously, we also excluded the economic aspects of the transmission assets and with this exclusion, there was a 7.3% increase in this adjusted Ebitda. And if we exclude the management impact of GFOM, this same variation would be 41%. I think it important to mention this negative effect of comparing quarters in the consecutive years for the transmission asset is due basically to a reduction in CAPEX in the third quarter 2022 in relation to the same quarter in 2021, generating a reduction in the transmission margin. Furthermore, we have an increase in our CAPEX for account of the effects of the renegotiation of the agreement with the supplier, responsible for that accident which we had last year and generating a need for additional CAPEX. And as an additional consequence of the accident, we had a delay in the COD for the asset. So, these were the main reasons for this negative effect in the transmission segment, again remembering that this impact is purely economic. So here in this chart as mentioned, these effects have been excluded while including RAP from transmission, where the increase year-on-year was R\$ 121 million. Total RAP from the two assets, Gralha Azul and Novo Estado, is about R\$ 700 million annually. Thus, in addition to the effect of the transmission assets, we had as already mentioned, the increase in sales price and volume and as mentioned previously, the net positive impact of R\$ 188 million from transactions conducted through the CCEE. And this is due largely to better hydrology combined with a significant reduction in PLD. Sattamini just mentioned the reduction in fuel consumption as well due to the sale of the Jorge Lacerda assets and also the maintenance work on Pampa Sul. The reduction in headcount costs is largely driven by the disposal of Jorge Lacerda, and the renegotiation of hydrological risk has already been cited. Sattamini has also mentioned an increase in purchase volumes for the portfolio, basically in the light of the agreement signed with Diamante as a commitment in the process for selling the asset. And there was also the factor of lower remuneration of the financial assets of Jaguará and Miranda due



to lower inflation. We had a positive effect of R\$ 58 million from the result of TAG as well as a similar effect of R\$ 4 million from trading operations.

The improvement in net income mentioned by Sattamini was also very significant, stemming from an improved financial result due to the reduction in inflation indices in the comparable periods.

Our debt reveals levels similar to the preceding quarter. The ratio of net debt and gross debt/Ebitda are also consistent. This decrease in gross debt/Ebitda arises from the exclusion of Pampa Sul's debt. As indicated by Sattamini, given specific accounting practices due to the signature of the sales agreement, the Pampa Sul asset has now been reclassified in the balance sheet as an asset held for sale. Consequently, all Pampa Sul's assets and liabilities are registered in a specific line of assets and liabilities denominated "asset held for sale".

And in this slide is the debt profile and breakdown. Our maturity profile is very well distributed across the years. The composition of our debt as you know is made up of very defensive indexers, 72% of the total being indexed to the IPCA. The nominal cost of our debt at the end of the quarter is 12.3%, equivalent to an IPCA plus 4.8%.

Here is our investment plan, which continues robust and reflects our expansion plan and growth ambitions. From 2018 to 2021, we invested something in the region of R\$ 20 billion and the outlook from 2022 through 2024 is an investment of R\$ 11.5 billion. Noteworthy is that in 2022, we had outgoings for the construction of Santo Agostinho and Novo Estado. There was also the cost of the acquisition of Serra do Assuruá and also Floresta and Paracatu. In 2023, we will have largely Assuruá and Santo Agostinho and in 2024, Serra do Assuruá only.

Here is a track record of distributed dividends, payout for the vast majority of fiscal years being 100%. And as Sattamini also said, we have decided to distribute 45% in addition to those dividends of 55% which we had approved in the preceding quarter.

With this, I conclude the presentation on financial aspects and return the floor to Rafael Bósio.

BEGINNING OF THE QUESTIONS AND ANSWERS SESSION

RAFAEL BÓSIO: Thanks, Sattamini, thank you Malta. We have two questions. The first from Rafael Nagano at Credit Suisse is: Good morning. In relation to projects in the development pipeline: have there been any changes in the expectation for implementing the projects considering current levels of CAPEX and energy prices? I will put the other question after the reply to this one. Sattamini, would you like to comment?



EDUARDO SATTAMINI: Certainly, this mismatch of realities of marginal cost of expansion of prices leads us to reflect on future projects to be implemented. We adopt a portfolio approach. We could eliminate from the portfolio albeit understanding that over the long-term a mismatch such as the current one cannot endure. Thus, either the prices are going to react positively over the long-term, if only for the fact that investments will be postponed or will be canceled. In this way, it is certain that this mismatch at some point in time will disappear. As I have already said during the presentation, we are well contracted for the next two/three years, and we expect in this context that we will see a reduction in this excess on the supply side, prices returning to adhere to the marginal cost of expansion. And let us see eventual price adjustments in the south. So, this is an equation that in the long run has to balance out. This is our view on the issue.

RAFAEL BÓRIO: Thank you, Sattamini. Rafael's second question is on the pipeline. Yes, does the Company continue to seek growth through M&A and if so, which segments do we see as having the most opportunities. In the case of generation would it be just solar and wind or might we expect to see something in hydro as well?

EDUARDO SATTAMINI: Good, let's look at this one. We have this limitation surrounding the greenfield pipeline. Growth opportunities through M&A may eventually be favorable if you have a reasonable level of contracting, otherwise you are going to accumulate more unsold energy in the portfolio and therefore perhaps now is not the most desirable moment when there is an excess of supply. So yes, we have the possibility of looking at M&As, albeit recalling that we work with a financial discipline that aims to add value and a premium return to our shareholders. In other words, in these circumstances, you can be sure that we shall be adding value to the shareholder. In relation to source, our vision for growth has been through renewable non-conventional energy so that we can balance our portfolio between wind and solar technologies, although we do not discount good growth possibilities from M&A involving the hydraulic segment. So, we do not have a problem - our focus is for a greater equilibrium between conventional and unconventional renewable sources in our matrix - but if the opportunities are good in the hydraulic part, then we shall seek to capture them.

RAFAEL BÓRIO: Thank you, Sattamini. The next question is from Marcelo Sá, sell-side at Itaú BBA. In relation to Santo Agostinho, is there a penalty fee to be paid by the supplier of the wind turbines due to the delay? He is asking you to give more details.



EDUARDO SATTAMINI: Yes, all our supply agreements provide for liquidated damages, and this is going to be discussed at the appropriate time. In all the projects where there is some sort of delay, be they in the intermediate or final stages, we collect penalties and with these in hand, part of our cost is defrayed. So far, so good. If this delay occurs at times of low energy prices, a liquidated damages agreement will probably be sufficient to cover our losses. At times when you have very high energy prices, perhaps this will not be the case, because with a very high PLD the price of energy, where there is a provision for liquidated damages, you will need to review/replace conditions for covering the difference between what was forecasted and the very high prevailing PLD if you are to recover your losses. However, in an environment of low prices this replacement process will take place naturally.

RAFAEL BÓRIO: Thanks, Sattamini. Now Marcelo has a question on Jirau. If there is the possibility of ENGIE selling a stake to Eletrobrás or buying a stake in Eletrobrás, since according to him, Eletrobrás comments for example, that it would make sense to operate Santo Antônio and Jirau jointly. And leads him to question us as to an interest in an eventual acquisition of the control of Copel's Foz d'Areia.

EDUARDO SATTAMINI: Here goes then. With respect to the Madeira plants, yes, it makes absolute sense. However, this is not the subject of discussion yet and Wilson is more concerned with other things, I think, other priorities at present. But some idea could evolve and eventually result in a joint operation, no need for the dismantling of the respective stakes held by the companies in Jirau. We are going to be open, we are going to be open for this kind of discussion since if this is good business for the two companies, maybe we could go down the path you imagined. In respect of Foz d'Areia, obviously we are looking at this and we have already discussed this in the past with Copel. It is going to depend on the manner, the price, the conditions that this asset is presented to the market in this new bidding round.

RAFAEL BÓRIO: Thanks, Sattamini. The next question comes from Henrique Peretti of JP Morgan. On the additional distribution of dividends, which totaled 100% of payout on distributable net profit for the first half. He asks what changed or the new circumstances in the last quarter which led the Company to distribute 100% of distributable profit. And if we can expect a payout of 100% for the whole year of 2022.

EDUARDO SATTAMINI: We adopted a conservative position given the climate of uncertainty, that is uncertainty as to the way forward from the political point of view



and as to how the electoral process would pan out. In our view, the electoral process was conducted in a secure, peaceful, and democratic manner and this provided the comfort to be able to take a decision based on the fact that irrespective of the degree of change and alternation in administrations, such would not represent an exaggerated risk for the market. So basically, it is in this context that we felt sufficiently comfortable to be able to liberate the 45% we had initially held back.

RAFAEL BÓSIO: Thanks, Sattamini and the next question is from André Sampaio at Santander. He asks us to comment a little on the offtake margin auction. How do we think this could impact the market.

EDUARDO SATTAMINI: Can you repeat the question?

RAFAEL BÓSIO: Offtake margin auction, access to transmission, Sattamini, how it could impact the market.

EDUARDO SATTAMINI: I think this question is going to be, is being used more to solve the number of projects there are today and not compatible with transmission capacity, mainly in the Northeast. You remember, we have here in ANEEL, we have at least 95 gigas more of wind, and, I don't know, 150 or more gigas of solar, in a country where our installed capacity is 180 approximately and such volume of demand for authorization grants is totally incompatible. To separate what effectively is possible from capacity on paper only, our understanding is that this is the end purpose of ANEEL in launching these offtake margin auctions. Hence, there is a natural selection process of projects where there are effective prospects for installation. We have many developers that sit on projects wanting to implement the project or sell it to someone without there being the conditions to conclude it later on. This generates an absurd workload for ANEEL and has created bottlenecks across the board at the regulator. I think it's a way of organizing demand on the part of ANEEL. It's a good idea, I think.

RAFAEL BÓSIO: Another question from André, he asks for an updating on the ordinary revision of the physical guarantee and the public hearing on the opening of the low voltage market, Sattamini.

EDUARDO SATTAMINI: Very well, just like André, I still have no information on this. I imagine that at some point in time, the Ministry will have to take a decision on this revision of ordinary guarantees, the ordinary revision of the physical guarantee. I



imagine they waited for the end of the election process and should at some point see what Ordinance sets out these new amounts.

RAFAEL BÓRIO: A question from Joana, an analyst at Studio Investimentos on CAPEX. I think we could give her a little more clarification. Because she says that we give nearly R\$ 4 billion for 2023 and 2024 in investments and CAPEX, I think perhaps that has not been made clear to her, that would be Serra do Assuruá alone. But I think that we could comment that we have other projects already at the phase of implementation, right Sattamini, Serra do Assuruá has R\$ 6 billion allocated to it, but we still have other projects being implemented.

EDUARDO SATTAMINI: You should have that with you.

RAFAEL BÓRIO: We still have investments in Santo Agostinho up to the end of 2022, in 2022 and 2023, we also have Novo Estado which goes into operation next year. And, we have investments in other assets which are being implemented, included in this total of investment for the next few years, Joana.

EDUARDO SATTAMINI: That's it. Assuruá, Santo Agostinho, and there is still a small amount of maintenance CAPEX.

RAFAEL BÓRIO: Modernization as well. Daniel from Banco Safra asks about the transmission auction which will take place in December. He asks if it is still worth evaluating and he also asked about the distribution of earnings.

EDUARDO SATTAMINI: Yes, why not? Obviously, we evaluate and do the sums, we participate and see whether the price is rational, and we can compete. If the motivation behind the discounts was driven by other factors not economic and return, we stay out of it. This is a core principle; we see this as being part and parcel of the energy transition because it viabilizes the offtake of renewable energy for delivery to major consuming hubs. And this today is part of our strategy, profitability, risk return, then we are going to participate. Ok, there are people that have other reasons for offering big RAP discounts - in our view, let them take it. But the auctions are going to continue to be part of our strategy.

RAFAEL BÓRIO: Thanks, Sattamini. And we have some questions here coming from



Gustavo Faria at Bank of America Merrill Lynch. The first of them has already been addressed, the question about the delay in the supply of wind turbines. I would also take the opportunity to encourage people to ask more questions because really these will be the last ones in this Q&A session. Very well, his question is also in relation to CAPEX of renewables, what we have seen in relation to the level of CAPEX and if we believe that we are at a phase of structurally higher CAPEX for the long-term. If you can comment Sattamini.

EDUARDO SATTAMINI: Look, I think so, I think we have higher CAPEX, we are going to have a... Good, first we understand that the companies, principally those in the wind turbine segment, have suffered enormously over the last few years, a good number of them reporting losses. This is unsustainable, to continue with losses for many years. They will have to reestablish a new price level so that the businesses are sustainable. This is the first point. The second point that we see is that with the energy crisis in Europe, you will have a greater demand for renewable energy replacing fossil energy by gas coming from Russia, which is not available, or LNG arriving in Europe in another way. So, it is very probable that we are already seeing and will see still more offshore wind projects, which is the alternative we have in Europe given the limited availability of land for implementation and also as a function of the differential between capacity factor which exists at sea and on land in Europe. So, we shall be looking at this. And what is this going to do? It is going to place pressure on global supplies of equipment for wind and solar generation as well. So, I think so, this is a new level, I think so, this is going to represent in the long-term prices higher and compatible with this marginal cost of greater expansion. This is our focus, our vision for the next few years. I think this vision is shared by the Group, which understands that energy prices will grow, if only due to ESG demands which we are experiencing with increasing force as a function of the climate discussions we have had.

RAFAEL BÓRIO: One last question which came from an individual shareholder, Sattamini, and is whether there has been any advance in the production of green hydrogen in the projects.

EDUARDO SATTAMINI: Look, the market is banking a lot on green hydrogen, I think. However, we are going to have to create the conditions so that this fuel is integrated. The major potential consumers of green hydrogen in the world today are perhaps at the initial energy transition phase which is the replacement of coal, for example, or other fossil sources, by gas. And to subsequent phase of hydrogen or molecule derivatives of green hydrogen which may be green-methane, natural gas derived from green hydrogen.



So, an example of this about which we have spoken and discussed, and which has even been the subject of a seminar which will be held in Mexico next week by the Latin American Steel Making Association, is the steel industry. Today, this industry is heavily dependent on coal, coke and as an initial step, converting to natural gas - already significantly reducing the industry's emissions. Not elimination. For the industry, it is a reference in the direction of being net zero. At some given moment in the future, they will have to use renewable energy and we must add in their process of different molecules of natural gas from fossil fuels. They are going to have to make synthesized gas, synthesized methane in order to reach their target. These are phases and we are beginning to see pilot operations on a reasonable scale with the definition of a construction project in Bahia, at a TAG pipeline client, Unigel, one of our major clients. We had an initial partnership with them for the Edit to Globo, a German initiative, but they decided to go it alone with the investment and independent of this Edit to Globo scheme. We ourselves have projects we are developing hydrogen offtakers with potential partners. However, it is something involving a journey which today is just beginning, and it is going to depend on a series of factors and support, perhaps governmental support. We are seeing other countries taking a similar kind of initiative, of supporting this industry. In Germany, we ourselves are going to see how this global team is to be. The United States has some initiatives as well. And here in Brazil it is going to happen at some point. Only it cannot be at the expense of the electricity sector as everyone wants, gas wanting to subsidize the pipelines in the electricity sector, the subsidy cannot come from the energy consumer for these sources. If it is to be done like this, it has to be with resources from the Treasury so as not to burden other agents.

RAFAEL BÓRIO: Perfect Sattamini, many thanks. I believe with that response, we conclude our questions and answers session. I return the floor for your final considerations.

FINAL CONSIDERATIONS

EDUARDO SATTAMINI: I was very happy with the number of questions and the interest shown. I believe it is one more quarter, one more quarter of solid results, demonstrating that our long-term strategy is very appropriate. And I look forward to some excellent news at the end of the year. I hope that we will see rational regulatory developments in Brazil and we can have technically based decisions for changing the regulatory framework, valorizing the functions of the hydropower plants, with the discussion of PL 414 resuming next year on a technical basis with less political bias, less emphasis on keeping subsidies in place because that only brings inefficiencies in the allocation of



resources in the sector, and ends up burdening the consumer. All of this we do not want, we want a healthy environment where the consumer pays for energy at a fair price without specifically benefiting any one segment of the sector.

RAFAEL BÓRIO: Ok. Many thanks to all for your attention, thank you for your participation. Feel free for getting in touch with the investor relations area should you have any additional questions. We are at your disposal. Thank you very much and good afternoon.

RAFAEL BÓRIO: Regards to all.

MARCELO MALTA: Regards everyone.