ENGIE BRASIL ENERGIA S.A.

VIDEO CONFERENCE TRANSCRIPTION
ACQUISITION OF PHOTOVOLTAIC COMPLEXES
NOVEMBER 1, 2023 – 5:00 P.M. (BRASÍLIA TIME)

ADRIANA WAGNER: Good afternoon. We are now beginning ENGIE Brasil Energia's video conference for discussing the key points relative to the signature of the agreement covering the acquisition of the photovoltaic complexes disclosed to the market on Monday October, 30. I am Adriana Wagner, Investor Relations Analyst at the Company and I would like to make some announcements prior to beginning the video conference.

Currently, those who are connected are in listening mode only. Later, when we open the questions and answers session to participants, you may submit your questions via the Zoom Q&A tool. Please note that this video conference is being recorded.

Before proceeding further, I would like to clarify that any statements that may be made during this video conference with respect to the business outlook for the Company, should be treated as forecasts contingent on the economic scenario for the country, performance, and electric sector regulations as well as other variables and are therefore subject to change. Please note that this presentation was released to the CVM a few minutes ago.

We would remind you that journalists wishing to ask questions should do so via e-amil, sending their questions to the Company's Press Relations office.

With us today to comment on the acquisition of the photovoltaic complexes are Eduardo Takamori, Chief Financial and Investor Relations Officer, and Rafael Bósio, Investor Relations Manager.

I would now like to pass the floor to Takamori to begin the presentation. Takamori, please go ahead.

EDUARDO TAKAMORI: Hi, a good afternoon to all. Let me say it is a pleasure to be here with you. As Adri has said, we published a Material Fact on Monday with regard to this operation which we have denominated Cruzeiro. It carries a purchase price of R$ 2.3 billion plus an additional net debt of approximately R$ 1 billion, totaling R$ 3.2 billion

— all this being included in the contents of the Material Fact.

Since we are looking at an operation with characteristics which are slightly peculiar involving a contracted asset and one already in operation, we have decided to make room here for an exchange of ideas with you and provide a little more information and color to the operation.

In this context, let's with no further delay pass the floor to Rafael to give us an overview of the assets. Can you carry on, Rafael?

RAFAEL BÓSIO: That classic mistake of not switching off mute… Good afternoon to all and thank you, Taka, everyone, thanks for your attention. Let's briefly revisit the main characteristics of the assets that were the objective of this acquisition.

I think that initially it is worth highlighting the installed capacity of the acquired project in megawatt-peak is 661 MWp, and equivalent to 545 MWac of alternating current. This is worth pointing out because we have detected a little confusion on this in some analyses. This is an important fact which can lead to giving an impression of CAPEX per installed megawatt greater than has been effectively paid. That is a question that arose.

Another factor is that, even so, even when using the correct number, this is still not a good benchmark because we are talking about projects which have already been contracted. For this reason, the acquisition value has built in a premium which sweeps up several factors besides CAPEX as such. However, even when arriving at a more accurate number, this is still not the best multiple to be used as a basis for comparison.

I think that another point which is worthy of mention is that these are assets situated in the states of Minas, Bahia, Ceará, … in other words the Northeast Region, close to other assets that we own. And we are talking about contracted assets. In the published Material Fact, we broke down the price of the PPAs in the regulated contracting environment. These have an average… the assets contracted in the reserve auction ….. an average of R$ 435/MWh; and in the new energy auction, more than R$ 180.

Naturally, we cannot give the breakdown of price of the project for energy sold in the free contracting environment in view of a confidentiality clause with our customer, although you will see that it is a self-production project.

I would also observe that these are prices, baseline December 2022 and therefore need readjusting to the present.

I'll hand you back to Takamori since he can comment more on these and other points that will give you a good and more in depth understanding of this acquisition. Takamori, the floor is yours now.

EDUARDO TAKAMORI: Ok. In the next slide, I would like to recall a point about which Rafael made a comment, which is the synergy with our other assets. Here, you are going to see a cloud of colors, little balls with different colors, showing our footprint. We are spread across the entire country, and it is worth noting that these points in yellow are the assets we are acquiring now — these photovoltaic plants here. And you can see that, whether in Ceará or Bahia and Minas, we have other assets which are already operational: and we already have field teams in position, we already have administrative backup and so on.

So, this clearly shows that we have a gigantic operational synergy with integration and totally integrated with the EBE portfolio. We have just concluded the sale of a thermoelectric asset which is also freeing up our team. And consequently, it is natural that this capital recycling allows us to take on new operating assets without further burdening our cost structure.

And it is worth remembering as well that the assets are fully operational — Rafael has already spoken about this. This naturally brings immediate contributions to the Company's result: a high degree of long-term contracting at very interesting prices indexed to inflation.

So this is very much in line with what we have been talking about in these last quarters when disclosing results: if on the one hand, we are a little more cautious in the development of greenfield projects, on the other from now on in the light of market conditions this project here makes a great deal of sense due to its synergies and high degree of contracting.

So it is our belief that when we reach the moment of decontraction, when these long-term agreements mature — that is in 38, 40 and 42 —, we believe that there will already be market equilibrium. And the long-term price is going to reflect or is going to strongly correlate with the expansion price and, thus, naturally much above the price which we see today in the short-term.

Here we have added a table with the structure that… this is also a very critical point, which adds a lot of value to the project, which is that it already has contracted debt with the BNB for an amount of slightly more than R$ 1 billion at a cost of IPCA + 2.36%,

as well as a debenture issue for R$ 212 million, at IPCA + 4.4%. This generates a gross debt of R$ 1.2 billion, more or less priced at an average rate of IPCA + 2.7%. It is worth noting that this is much more efficient than contracting debt under current conditions. This generates a very high value also and naturally it is impossible to anticipate or forecast without this disclosure on our part here. So, this is very significant.

Another point which I would like to touch on, besides the long-term price, is the wire discount. All these projects are eligible for a wire discount both at the generator end well as in relation to a pass-through to the final consumer. In this context, we believe that in the long-term, the availability of incentivized projects will decrease as the projects see their concessions and authorizations expire.

This means that you are going to have an increasingly tighter balance in the availability of projects of an incentivized nature as well as demand for this resource. This means that the premium will increase over time. This will not come about in the immediate future. We know that there is a super offering of incentivized projects although naturally over time, the premium will rise, generating value as well.

A further point we commented here relates to the characteristics of the existing debt, which has a very interesting rate, although you must be thinking that since these assets are highly contracted, there is still space for additional leverage. This means clearly that we can visualize an increase in return. Although the level of return of the project (IRR) is already established by revenue and in terms of cost, there is scope for optimizing the capital structure as well.

And on the topic of leverage, it is also worth remembering that we published an announcement yesterday reporting that Fitch had reaffirmed our AAA rating. This is worth mentioning as well.

And, last but not least, I want to underscore that Engie continues to focus very closely on a disciplined allocation of capital, financial returns, risk management and we can confirm here that this project obtained a double digit return in real terms and has fulfilled all Group criteria with respect to return and management of risks. So, we are very comfortable and very happy to have had the opportunity to access such a synergetic project and one which matches our existing portfolio so well.

Rafael, would you like to add something?

RAFAEL BÓSIO: No, I think there is little more to add, Takamori. I think we could go

straight to the questions and answers session. I think we have a question, right Adriana? I don't know if we can answer it right now, Taka — it's on debt.

ADRIANA WAGNER: Yes. We have already commented on this today, Taka. If you would like to add something more, but I think we have already commented on this.

The question comes from Guilherme Lima at Santander, and he says: "Could we comment a little on what we consider is the potential for releveraging the asset and what is the cost of debt? How would the amortization schedule of the current debt at a lower cost and the raising of fresh debt potentially at a higher cost work?"

EDUARDO TAKAMORI: That's a good question, Guilherme. In fact, we cannot disclose much in the way of detail at the moment, but naturally you have the choice of doing this at the financial control level… so in this way you can finance the equity of this here, that is what we are paying for the acquisition excluding debt. So, there are various ways open for doing this.

The fact that we increase leverage at a cost higher than this here is not a problem as such, as long as the cost of debt is lower than my cost of equity. So, there is no problem there: you increase the shareholder's return when you do this even when increasing the average cost of the debt. I don't see any problem here. You must be noticing what a challenge this is these days, but this was obviously priced in at the time of our purchase.

ADRIANA WAGNER: Good. Thank you, Taka. There is one more question. If you all want to ask questions, just send them via the Zoom Q&A. We received this question from Naiane Mendes. She asks if this video will be available on the IR website. Yes, Naiane, it is going to be available following the recording of the call.

The next question comes from Felipe Moura, of Vinci Partners, and he is asking if we could comment on the recontraction of energy, post-PPA, what would be the implicit price level of energy.

RAFAEL BÓSIO: Million-dollar question. Right, Takamori?

EDUARDO TAKAMORI: We are unable to comment, Felipe. I already commented a little on the rationale we adopt in the light of the macro conditions, but naturally, each organization/bank has its own long-term vision, and it is not our practice to disclose this long- and very long-term price.

Our reasoning here is that indeed the effects of excess of subsidies are going to come to an end at some point in time and at some point in time as well you are going to see this rebalancing between supply and demand which makes the operational price, to a degree, converse with the price for developing a new project.

We know that this is seasonal but just as we have been doing for 20, 25 years here at Engie, good portfolio management successfully extracts value and transforms it into average values. To choose the right moment to contract is important as well. This is already becoming the norm for operations in our portfolio.

RAFAEL BÓSIO: Taka, if I could just add and reinforce something — you mentioned it — energy is contracted over the long-term. There is decontraction later on, so we have plenty of time for recontracting, for contracting the additional commercial capacity of these projects at prices, for example, much higher than… prices which we believe could be higher than we see today, for example. Isn't that the case, Takamori?

So, we have plenty of time. It is an effective advantage of these projects to be contracted long-term and when the right moment arises, we can make a move and contract the remaining commercial capacity of these assets.

EDUARDO TAKAMORI: That's it. And if you recall the slide which Rafael showed you, you can confirm that the first contract to expire is in 2037. Then the second one in 38; and after in 41, 42… So, that gives us at least 15 years for the market to reestablish equilibrium. More than enough time. We reckon it is going to take much less.

ADRIANA WAGNER: The next question comes from Luís Mussili of JGP, and he asks: "Given the high level of prices of the contracts, what is the reasonable EBITDA margin for the asset?"

EDUARDO TAKAMORI: Luís, we do not normally disclose this in detail. Naturally, these projects are to be included in our portfolio as soon as we can finalize the closing of the acquisition. So, if we consider that the conditions, the CPS (conditions precedent), are very traditional here in the market, we can expect this to happen soon. This is going to be incorporated in our portfolio and eventually you will be able to assess our portfolio, but we do not make a habit of disclosing asset by asset.

RAFAEL BÓSIO: Taka, also just by way of an additional comment, there are sell-side people on this call. We have seen some reports that have been published and they have

estimates on the level of EBITDA which may serve as a reference for you as well. I cannot evaluate any of them, but neither can I reveal what our own EBITDA calculations might be, because later on this could be used against us in a future deal right, Taka?

EDUARDO TAKAMORI: Right. Also, Fitch itself, yesterday in their case for maintaining rating, made some reference as well.

RAFAEL BÓSIO: Exactly.

EDUARDO TAKAMORI: On the same line, our disclaimer here: we cannot evaluate any of the reports but there are several numbers also being generated.

ADRIANA WAGNER: The next question comes from Victor Burke of J.P., and he would like to ask if we can detail the tax treatment of the plants.

EDUARDO TAKAMORI: Victor, I believe it is all presumed profits, but I will owe you an answer on this. But almost certainly it is all presumed.

ADRIANA WAGNER: The next question comes from Bruno Oyamata at Morgan Stanley, and this is a three-part question here. I will start with the first and then come back to the others, Taka. "The double-digit return in real terms which you commented, is leveraged and post-tax?"

EDUARDO TAKAMORI: Yes.

ADRIANA WAGNER: On the next from Bruno, he asks about the competitive process for this asset, if there were numerous bidders and finally, prospects for dividends in 2023 and 2024.

EDUARDO TAKAMORI: Naturally, we cannot go into details on the competitive process. But what we can say is that Engie always monitors market opportunities, opportunities for growth, and when these opportunities come to light, we have analyzed them with great care and diligence and on a timely basis, enabling us to successfully position ourselves. Having said that, this current operation was very typical of the market.

The second part on the dividends. Of course, we had already anticipated this in the preceding quarters: at a time of a series of investments, it is natural that we take a close look at our capital structure, and this also encompasses an evaluation of our payout.

It is worth remembering that the level of payout is set by the Board of Directors. However, given this significant operation is going to require R$ 2.3 billion of capital in the short-term, it is only natural that we should recommend to the Company's Board of Directors that we keep the payout at 55% this year.

Next year is another story; a lot can happen before then. We are naturally making a much deeper analysis of the Company's capital structure. However, we are at comfortable level still and have various options here to satisfactorily reach a solution for our entire commitment, our investment commitment.

ADRIANA WAGNER: Thank you, Taka. The next question comes from Giuliano Ajeje at UBS, and he asks "How do you consider the mismatch between solar generation that takes place at the end of the afternoon with the increase in demand which occurs early evening? This observation has been very important in recent times, since this gap is being covered by thermal generation. In your analysis of pricing these photovoltaic complexes, did you build in the need for purchasing energy? What is the price gap?"

EDUARDO TAKAMORI: Giuliano, excellent question as well. It is a point which deserves attention, and which unfortunately is also due to the excessive number of projects in process of implementation. This question of mismatching has two aspects: one of which is energy -related and the other, price-related.

It is a fact that you are going to have an excess of solar generation and a limited demand which means that there is a limitation on generation and this is priced in … we considered this in our valuation. And naturally each organization will also have an idea how this situation will evolve over the years. We have our very reasonable assumption here of curtailment for these projects — very reasonable, very rational.

And the other effect is price. Price is a little more difficult to predict and does not tend to be so significant, because recent prices have been driven by an excess of maintenance and a series of characteristics which are more conjunctural than structural.

You really do have a super offer, an excess of solar generation, but in general you do not need to have this mismatch covered by thermal generation. This can be easily done with water — with hydropower —, it is just that lately, there have been a large number of hydropower plants undergoing maintenance stoppages, but according to our preliminary analysis there may be another important driver at play here, but we see this as mainly caused by the absence of water and power at the hydropower plants, that is the power available from these plants, two or three factors culminating in this very

large price mismatch, although the tendency is for this not to be representative over the long-term.

RAFAEL BÓSIO: I don't think we have any more questions, right, Adri?

ADRIANA WAGNER: No. Thanks, Taka. We have no more questions here, so I will hand over to Takamori and Rafael for their final considerations.

RAFAEL BÓSIO: Let me say something before Taka. It is just to thank and underscore that the investor relations team continues at your service here, to clear up any doubts and to be able to help you understand not only this deal but also the Company's strategy and plans as a whole. Taka, the final words are with you. Thank you.

EDUARDO TAKAMORI: Perfect. First Rafa, to affirm that it was spot on to have taken the decision to use this channel — we have 82 participants here now listening in to us, which is indicative of the level of interest. This I believe will calm the hearts and minds of everyone here with this additional information.

And the final message is that at the beginning of next week, we shall be announcing our results. We look forward to receiving you for our call next Tuesday.

ADRIANA WAGNER: Thank you, Taka. We would like to thank the participation of all and have a good afternoon.

EDUARDO TAKAMORI: Best wishes everyone. And have a good holiday tomorrow.

RAFAEL BÓSIO: A good holiday to all. Regards.