ENGIE BRASIL ENERGIA S.A.
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RESULT OF THE SECOND QUARTER 2021
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RAFAEL BÓSIO: Hi and good morning! Welcome to you all and welcome to the video-conference on second quarter results 2021 of ENGIE Brasil Energia. I am Rafael Bósio, the Company's Investor Relations Manager. So we can better interact with you without masks and in safety, I would like to point out that we shall be in separate rooms, preserving social distancing and respecting occupational health and safety protocols. People connected by phone are in listening mode now but later when we open the questions and answers session, participants will be able to send questions by telephone as well as by platform chat. It is worth remembering that this video-conference is being recorded. We have made available in our website both the files of the results presentation as well as the results release wherein are published a more detailed analysis of the variations between periods analyzed.

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 ENGIE Brasil Energia 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 second quarter 2021. 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.

EDUARDO ANTONIO GORI SATTAMINI: Thank you Rafael, good morning to all and it is a pleasure to be with you for one more quarter – a quarter which despite the serious hydrological crisis which we are experiencing, a very difficult period, the company continues to report good results for its regular businesses.

I am going to move onto slide 05 - I'm not sure if we are transmitting the presentation as I am unable to see, but I have it here in my hands. Let's talk first about the highlights which

were the drivers of our business in the quarter. There were some positive highlights, for example, the increased generation from wind sources, principally good wind density and the entry into operation of Campo Largo 2. You are going to see more about Campo Largo 2 later on in the presentation but suffice is to say that at the end of the quarter, installation work was well advanced, the complex with all 86 turbines in commercial operations, either fully or on a test basis.

Also from the positive point of view in our result was the reduction of energy purchases for portfolio management, an amount of about R$ 129 million. This is indicative that for some time now we have been working on a more conservative basis with lower levels of GSF in relation to our hydroelectric portfolio. On the other hand, we had a worse CCEE result, albeit an amount much lower than we had in savings from energy purchases. R$ 55 million is the negative result of the CCEE in the quarter.

We also saw a contribution from the energy transmission segment, naturally in line with the progress of work on the project as we book these assets. Malta can give you a little more in depth information during his explanations, it generates revenue, it generates EBITDA. And the more resources we expend in CAPEX, the greater the result we bring to the Company. The two projects are going well and we shall have cause to talk a little later on about these two projects of Gralha Azul and Novo Estado.

And we are already beginning to feel the effects of inflation on our prices. Our prices rose on average 4.9%. I should point out that we have agreements, a part of our agreements indexed to the IGPM, a part of our contracts in IPCA, and this will also be explained a little later on.

What else did we have... well, we also had greater uptime at Pampa Sul. Pampa Sul is a plant which went into operation in 2019. Obviously as with all coal-fired plants, there is a period of adaptation which we call in Portuguese the bathtub curve. And today Pampa is at a very high level of maturity.

We still have a few things to address in the case of Pampa Sul, mainly the connection with Candiota 2. We ended up having to connect up with Candiota 1, which is a substation owned by UTE, a Uruguayan thermal energy power plant. And when there are exports from Uruguay to Brazil, we have to reduce Pampa's dispatch. However, this situation is going to be sorted out now by the end of November when we shall be hooked up to Candiota 2 substation once and for all, the substation itself being built by Cymi Construções e Participações, a member of the the Chimarrão Consortium.

In terms of negative aspects, let's move on quickly to the impact of variation of the IGPM and IPCA on monetary restatement and reflected in the line below EBITDA. Financial expenses increase substantially with the acceleration in inflation since not only is our debt adjusted to the IPCA, but also our liabilities payable in relation to concessions are indexed to the IGPM. In fact, just yesterday we delivered an evaluation and an analysis for this coming October to the Board involving an option at one of our concessions to switch indexer. Perhaps we may decide to change in order to diminish this mismatch between revenue and expenses.

As we already mentioned, our result for transactions across the CCEE was a net negative R$ 55 million. And clearly with greater uptime and more generation at Pampa Sul, we had greater fuel consumption.

What we also had this quarter affecting our result were non-recurring items. When you compare quarter with quarter, they are quite significant. During the quarter, we had an impairment of R$ 163 million, in readiness to sell the Jorge Lacerda asset. We are in fact in the final stages of negotiations. Today we are at the discussion stage of the purchase and sale of the quotas agreement. The negotiations in relation to conditions have already been effected. And since there is the intention of selling, we decided to take an impairment charge against the fair value of the asset in our balance sheets.

And when we also look at the second quarter 2020, we had some positive non-recurring items, producing a substantial difference between the second quarter 2020 and the second quarter 2021.

Examining the graphs on the page in the center, when analyzing the EBITDA, we preferred to show here the adjusted EBITDA and eliminate recurring effects. The result is a year-on-year increase of 19.7% of our EBITDA, and when comparing the consecutive first halves 2020 x 2021, an improvement of 23.2%. In the case of net income, not making this distinction and exclusion, we come out with a decline of 58.4% between last year and this. And if we exclude the non-recurring items we would have a reduction of about 28%.

Let's now move on to the next slide with highlights, Slide 6. In the first highlight: we continue to pursue our social initiatives in relation to the communities where we operate in order to generate income, donation of inputs for the hospitals as part of tackling COVID. We have been noting a reduction in requirements, a return to normal activities, diminishing needs of hospitals. This is good news and what we are seeing nationwide.

We have also installed the first large-sized Brazilian made wind turbine with a 4.2 megawatt capacity. This our project with Weg and with the participation of Celesc as well. We began this project with a smaller capacity turbine, after a while including Celesc in the project and beginning work on a larger capacity turbine. The turbine is located at our photovoltaic plant in Tubarão and is to be unveiled shortly. I should point out that on this very day, ANEEL is authorizing the simple bus connection allowing a start to be made on tests with the turbine and commercial operations to begin soon.

Also on this page, we mention the launch of one more new product – the Modulation Swap, where we transform a generation profile curve into a flat curve for the generators. As we have a large energy portfolio, we have the potential to manage this generation risk in our portfolio, providing a service for other small generators. In this way we can also capture value added, creating value for the other generator but also generating value for our Company and managing a larger energy portfolio.

At the end of the quarter, the Campo Largo Wind Complex had reached nearly 70% of the total potential installed capacity. And as of now, we can say that it will be 100% in commercial operations by the end of this month. The Complex already has all turbines either operating on a commercial or on a test basis.

Moving on to Slide 07, where we talk about the approval of Law 14.182 which extends the compensation for the losses of the plants which renegotiated the hydrological risk prior to 2015, a demand of the hydroelectric generators, accepted by ANEEL, subsequently discussed by the TCU and now agreed as part of the Eletrobras Law. It will bring additional benefits to the Company through compensation for a larger volume of energy and in addition, the extension of the concession maturity of our plants.

We still have to determine the numbers, ANEEL has to indicate the calculations to the CCEE, and prepare them. We expect the calculations to be concluded by the end of August. By then, we will have an overview of this GSF soap opera, a definition at the end of this month or the beginning of next.

We also have a sad incident which has to be mentioned here – namely the accident which occurred on July 16 with various fatalities. As a result, work was halted on the northern section of our Novo Estado transmission line and inspections are being carried out and the final report expected this week. We are also taking steps to test all transmission tower foundations, all the towers erected in this section as well as other sections of the

transmission line. We have also done tests, and these are 100% complete, for the Gralha Azul line. We are coming to the conclusion that an error was made in execution. However, we have to take all necessary measures so that the return to high level assembly work and cable clamping can be conducted in safety.

We also have as a further highlight: the company's record wind generation in July. Over an average of five minutes we totaled an output of 1,105.19 MW, representing 89.2% of the instantaneous capacity factor.

And one more highlight. As we have mentioned, negotiations with FRAM Capital have gone well and the Company expects to sign a sales agreement for the Jorge Lacerda Thermoelectric Complex by the end of August, albeit still with conditions precedent to be fulfilled. In other words, by the end of August, we will sign the contract but with certain conditions precedent. These mainly relate to some actions which the state and federal governments are taking so that we can ensure a hassle-free sale to this new operator, and that there can then be a fair transition phase for the coal mining activities in the south of the state of Santa Catarina. This was a source of major concern for the state government and with which we agreed to analyze the sale of the Complex rather than closing the plant down.

So on to Slide 08, we come to another of the quarter's highlights: that of replacing thermoelectric capacity which we will talk about now. And this will also include the Pampa project, the Pampa plant is also to be divested over the next few months. We have installed an Independent Committee for Transactions with Related Parties for evaluating the acquisition of the Paracatu and Floresta photovoltaic complexes with an installed capacity of 259.8 megawatts/peak. We are going to talk about this a little more later although it had already been mooted, this potential transfer of assets between a subsidiary company of ENGIE S/A and ENGIE Brasil Energia. We feel this is an appropriate moment to go for an asset rotation at a time when I am selling coal-fired assets to bring in renewable ones to replace the divested capacity.

And the Board of Directors has approved the distribution of intermediate dividends of R$ 789.5 million, the shares to be traded ex-dividend as from August 17 with payout date to be set by the management board in due course.

Let's now move on to Slide 10, and talk quickly about our commercialization strategy which you all know very well. We sell energy little by little so that we can dilute the specific risk of a sudden dip or a spike in prices. So we end up with an average price, which accelerates

when the price is higher and decelerates when the price is lower but tends to have a continuous flow of energy so that we can serve our clients and at the same time continue renewing the contracts, reducing the client churn rate.

On the left hand side, you can see, as I have said, how we manage our portfolio, always leaving a volume of uncontracted energy, the volume of the latter has been increasing as we continue to see the hydrological situation becoming more dire. The situation is very bad, and with this we manage to protect ourselves.

As you can see, we have 12% in our total portfolio, 713 megawatts of protection. This may seem low when you compare with a GSF this year of about 70 and a bit, 75%. However, you have to understand that in here you have energy sold in the regulated environment which carries insurance protection which was contracted back in 2015 and in this case you have purchases which are exempt from the effects of GSF. And here as well you have non-hydraulic sources which would be thermal and intermittent wind and solar. So we believe that this level of protection is an appropriate level of protection and for this reason the management of our portfolio has not been unduly affected. Management, which is conducted on a day to day basis, but management which has evolved over the last few years. It is our belief that this is a very satisfactory form of management. One again, we show the diversification of our free clients, with a little more exposure now to the steel sector in relation to other sectors but still below what we would call a risk threshold. So we have a limit of 15% in any given industry and we are below that and remaining alert to ensure that we do not surpass this limit.

In the next slide we talk a little about commercialization, continue to talk a little about commercialization, of energy. We have the general data for consumer units and the participation of free clients in our portfolio. But perhaps the critical point here is to note that we had a growing number of clients and as a function of this decrease in our propensity to sell due to the hydrological outlook, since last year, we have reduced a little the number of clients served. I cannot be growing the number of clients if I am diminishing the availability of energy for sale. So we screened clients, reduced a little, but now intend to recompose our portfolio and, in a very conservative manner, again increase the number of clients. This principally when we see a greater opening in the market and with this, smaller clients that need greater support and who are also more inclined to pay slightly wider margins for the energy from our portfolio.

Now on to Slide 13, to talk about our expansion. We have already talked a lot about our

Campo Largo Complex. This is a photograph in June, with eight of the eleven wind farms already in commercial operations and the last three operating on a test basis during the second quarter. At the end of the second quarter 2021, of a total of 86 machines, 71 were completely assembled. So today, we have the commercial operations totally assembled in commercial operations, or being tested, as I have said before, and the expectation is for the Complex to be in full commercial operations by the end of the month.

Moving on to the next slide, Slide 14, where we discuss Santo Agostinho. No major developments here at Santo Agostinho during the period. Licensing is in order and we are beginning earthmoving, topographic, drilling, brush clearance work together with the development of the engineering project. So we are already at the beginning of the project, with licensing, with the beginning of construction so for some time there will be little news to recount in relation to this complex.

Let's move on to the next slide, Slide 15 the Gralha Azul transmission line. What is important here is that on July 18, the 230 kv Ponta Grossa-São Mateus transmission line was authorized to begin tests. And that probably on August 20, this section will be going into commercial operations. So this Ponta Grossa – São Mateus part will begin to generate RAP, about 16% of the project's total RAP.

And this here also shows how we are anticipating the construction schedule deadline despite all the difficulties and all the challenges that we have with our projects, considering the pandemic which we have had and we are still experiencing but which reached its peak last year.

Very well, that said, our idea is that this project should be totally operational by the middle of August... sorry, of October, middle of November in accordance with our plan.

In the next slide, we talk a little of Novo Estado with 85% of the foundations, 60% of assembling, 20% of the cable stringing complete. As I said, we had this accident and we are reevaluating some things although we imagine that the impact we are going to have on the schedule will be readily absorbed by the original deadline that we had estimated. We were already working on the basis of anticipating delivery of the project so perhaps now this anticipation will be consumed. But what for us is important is that our subcontractors should resume work in a safe manner and that we can identify very well the causes of the accident and attend the families appropriately.

Let's go onto the next slide, which is Slide 17. We have already mentioned the Paracatu and Floresta photovoltaic complexes in this presentation. These complexes were sold in the auction of 2015, the 2015 reserve auction with a 20-year agreement in the name of Solar Direct and when at the time the company was being acquired by the ENGIE Group. These projects were then implemented, Floresta going into operation in December 2017, and Paracatu in February 2019. We have come to the conclusion that these assets should now be incorporated into ENGIE Brasil Energia. This proposal was made to the Board, which has installed a Related Parties Committee with the specific purpose of executing this evaluation. The Related Parties Committee is made up of two and already appointed, two independent directors, Manoel Eduardo Lima Lopes who is Banco Clássico's representative, Karin Koogan Breitman, who is also our director and an officer of Rio Tinto Zinc in Canada. And these two members of the Board will be helped and supported, complemented by the Company's executive officer, José Luiz Jansson Laydner, who will access resources, engage advisers and will then recommend a proposed price for this acquisition.

This park has 259.8 megawatts/peak output and a total commercial capacity of 59.1 megawatts/average. It sold energy - and this is an important factor - Paracatu sold 34 megawatt/average at R$ 364.13 per megawatt/hour, this as of the database of November 2020 while Floresta sold 25.1 megawatt/average at R$ 357.78 per megawatt/hour. This for 20-year agreements.

Good, let's go to the next slide 18, Jirau. Nothing new here, but it continues in our portfolio. It is worth remembering that the original idea of the controlling company was to build the plant to mitigate the risks for a future transfer. Since the project is still at an unbalanced stage, in other words a project still in search of financial equilibrium, the controller has still not delivered anything for our analysis, although it continues in these presentations as expansion potential. This is a demonstration of the respect of our controller for the minority shareholder, bringing only those projects which make sense and add value and not presenting problems for our company in operational terms.

In Slide 19, development projects, where we have nearly 1.5 gigawatts of potential projects, linked to projects already developed with greater synergy. So in the context of solar, we have Assú, which already has a unit installed there, Assú V. We also have four more plants with a total of 120 megawatts. We have Santo Agostinho, Umburanas, the solar part also, and we have the wind part, Campo Largo. So we have various projects which have great synergy with our portfolio. And at the right moment we going develop it. In addition, we are in negotiation also to acquire more capacity and increment this pipeline and for which we have great

ambitions for growth in renewables over the next few years for the very good reason that we are relinquishing our coal-fired thermal generation capacity.

Very well, we will now continue with our financial performance so I pass the floor to Malta, and he will conduct the presentation from now on.

MARCELO CARDOSO MALTA: Thank you Sattamini, good morning to all. Let's go then, moving on to Slide 21. This slide shows our financial performance. The return on net equity shows a decrease, this as a function of the important reduction in our net income. On the other hand, we had an increase in our return over invested capital, largely due to an improved EBITDA.

In the chart on the right, we show a statement of our financial performance over the past five years. Thus, we made total investments in this period of R$ 19 billion with elevated leverage, albeit maintaining comfortable levels of leverage. Our installed capacity increased by 24%, we had the acquisition of TAG as well as our entry into the transmission segment as a strategy of diversification of our business.

Our EBITDA rose 74% and net income reported an increase of 66%. Total dividends and interest on capital distributed over this period of five years was R$ 9.1 billion.

In Slide 22, we show here in graph form the evolution of our net operating revenue. It increased from R$ 2,687 billion in the second quarter of 2020 to R$ 3,133 billion in this quarter, an increase of 16.6%. The principal increase to which Sattamini has alluded, is due to our transmission assets. We had here an increase of R$ 342 million, representing an accounting-economic, non-financial impact, driven by progress in work in hand at the Gralha Azul and Novo Estado projects as well as monetary restatement of the financial assets linked to transmission.

We also saw an evolution in our revenue from trading operations, which added R$ 44 million to our revenue. On the other hand, these operations involved a cost of R$ 42 million. You are going to see there in the variations of EBITDA that our gross margin with trading operations was R$ 2 million.

The increase in our revenue was largely due to higher selling prices. We have agreements indexed to both the IGP-M and IPCA. Just by way of information, today we have a stock of agreements indexed to the IGP-M of R$ 5.5 billion, and this was one of the factors which

drove the increase in our average selling price. Added to this, we also had a small rise in our energy purchase volume.

Besides this, we received remuneration from our financial assets of Jaguara and Miranda in the amount of R$ 67 million. Having a reducing effect on our operating revenue, we had those non-recurring effects in the second quarter of 2020, the main one being successful legal action involving PIS and COFINS and booked in that quarter.

On the next slide here we show the result for TAG. As you can see, TAG ended the quarter with a profit of R$ 453 million and our participation in the profit was R$ 147 million.

The next Slide, 24, we show the evolution in EBITDA. And here we have segregated out the non-recurring effects in order to have a better comparative basis for EBITDA in the respective quarters. So our adjusted EBITDA in the second quarter of 2020 was R$ 1,280 billion and the adjusted figure in the second quarter of 2021 was R$ 1,532 billion, in other words, an increase of 19.7%. Here also, the principal impact was an economic one, the result of the variation in the result from TAG between quarters, R$ 57 million. We had the increase in the price and volume of energy as already mentioned and also the remuneration of financial assets of Jaguara and Miranda. Again there was an important reduction in energy volumes purchased for the portfolio, a significant reduction in purchased energy volumes for the portfolio when comparing quarters, largely a reflection of the entry into operations of Campo Largo 2.

As negative impacts on our EBITDA, we had both GSF and PLD in this quarter. By way of information, the PLD in the second quarter of 2020 was in the region of R$ 75 and in the second quarter of this year, R$ 233. So this began to have a small negative impact on our result. Considering the variations between the quarters, the amount of R$ 59 million.

A further factor in driving down our EBITDA and already expected was an increase in the consumption of fuel, in turn a function of greater thermoelectric generation, primarily due to the hydrological crisis we are witnessing.

Other variations in our result, other reductions in our EBITDA also already expected with a greater consumption of materials and third party services due to maintenance work during the quarter. We also had greater hydroelectric generation than in the preceding quarter with a corresponding increase in the cost of royalties as well as higher charges for use of the network due to the startup in commercial operations at Campo Largo.

Finally, we are investing in the structure in readiness for the operation of Gralha Azul and Novo Estado requiring a new personnel structure. And it also has meant an elevation in labor costs. So the foregoing are among the main factors which caused the negative variation in our EBITDA, as I mentioned but already anticipated.

In Slide 25, we have a variation in our net income, as already mentioned by Sattamini, an important reduction caused by certain key factors. The main one is monetary restatement and interest which we had this quarter, more particularly, the variation in IGP-M on our outstanding balance of concessions payable. We have somewhere in the region of R$ 4 billion in concessions payable. All of them indexed to the IGP-M, which resulted in an increase in our financial expenses of R$ 181 million.

Other effects were the application of IPCA on outstanding debt indexed to the IPCA, which generated a result or an increase in financial expenses of R$ 230 million, and an elevation in interest on debt and concessions payable, adding more than R$ 100 million to our financial expenses. In addition to the evolution in inflationary indices, one of the justifications for reduced net income is the greater leverage in this period.

Besides the impact on our financial result, we had the impairment already cited by Sattamini. This relates to our expectation that we will suffer a loss of capital with the sale of Diamante which shelters Jorge Lacerda assets. Excluding these effects and those non-recurring ones as well - booked in the second quarter of 2020 - there would have been an impact on our net income of 28%, that is a reduction of 28% in our net income, eliminating the non-recurring effects.

Slide 26 shows our debt. We had a slight increase in gross debt due to the drawdown of loans from the BNDES and the Banco da Amazônia to finance Campo Largo, Gralha Azul and Novo Estado. And we also had additional withdrawals from BASA, as a complement to the financing of Novo Estado. Very well, our cash in the quarter closed at five billion thus producing a net debt also at the quarter end of approximately R$ 13 billion.

Slide 27 shows our debt profile and this is an indication of an equilibrium in the way it is distributed over the years. Worth pointing out I think is that the amounts that fall due over the next 12 months are indexed to the IPCA and a good part at a fixed rate. And in the remaining years an important portion at the IPCA. Of our total debt, today we have 70% indexed to the IPCA and smaller amounts of 12%, 6% and 11% at the TJLP, fixed rate and CDI

respectively. The nominal cost of our debt increased as a function of inflation to 11.2% annually while the average term was 6 years 9 months.

Slide 28 illustrates our investment plan. We can see a significant volume of investments historically. The outlook for the year 2021 is to invest R$ 3.7 billion, largely in the construction of Novo Estado and Gralha Azul, the completion of Campo Largo and the start of work on Santo Agostinho. In 2022 and 2023, we have investment scheduled for Santo Agostinho only.

And lastly, in Slide 29, we show here the Company's record for dividend distribution. For this half year, we are to distribute the total amount of our adjusted net income worth R$ 790 million. For my part that is what I have to say and I will now pass you over to Rafael.

RAFAEL BÓSIO: Hi, thank you Malta and Sattamini. I think with this we can open the questions and answers session. Let's begin with the questions received by phone and then move on to questions coming by chat. Relax and we are here to help you.

BEGINNING OF THE QUESTIONS AND ANSWERS

Operator: Thank you ladies and gentlemen. We are now beginning the questions and answers session. To ask a question, please touch asterisk 1 (*1): to withdraw a question from the list, please touch asterisk 2 (*2). Please wait while we collect the questions

RAFAEL BÓSIO: I don't think we have any questions by phone but I am getting questions via chat platform and I am going to come to them now. Sattamini, the first question comes from John Wine, a private individual and investor, who asks us about the gas sector and TAG. He asks us what the perspectives for TAG are with respect to the new Gas Law. Over the medium and long-term could we see a significant increase in volume transmitted? And he adds by asking if natural gas will achieve greater dissemination in Brazil thus helping to improve the competitiveness of Brazilian industry.

EDUARDO ANTONIO GORI SATTAMINI: Thank you then for the question. I think so, the new Gas Law has been enacted to create a business environment which is more favorable to commercialization of gas, transportation, distribution. In other words, to ensure that the gas segment has the opportunity for growth in the wake of a process of dismantling a quasi-monopoly. So we believe that the Law brings with it some important elements so that an effective gas market is created. We are already beginning to see some signs of this at TAG

itself. We have already begun to sign agreements. Even though total capacity under these agreements is destined for Petrobras itself, we have begun to participate in flexible agreements for some users of the pipelines so that they can use the gas for their own production purposes. This is the case with Unigel at its fertilizer manufacturing plants, these being reopened the moment we assumed control of the TAG operation. And this is happening little by little. Obviously, the market is not going to be created overnight, to develop a structure, but we are seeing some very interesting movements in the direction of opening up a wider market. This indeed tends to increase volumes, disseminate the use of gas, create an environment where price is more accessible, the price of the molecule, the price of transportation and so on. I believe the existence of a monopoly is always damaging since it does not demand the efficiency of the operators and ends up allocating margins unequally. So I think it is a good question and we have great expectations that TAG can be a platform for investments in gas infrastructure in the next few years and that we can also share in this market growth.

RAFAEL BÓSIO: Thank you, Sattamini. One more question coming from a private individual and investor, Bruno Teixeira. Sattamini, I think this is for you as well. Good morning, thank you for the information. Despite this being counterintuitive at the time of a hydrological crisis, does ENGIE have an interest in acquiring any of the hydroelectric assets which EDP has announced it is ready to divest?

EDUARDO ANTONIO GORI SATTAMINI: It's like this, this is an interesting and intelligent question, the hydrological crisis characterizes a condition and acquisition leads to a consideration of an expectation, our expectations as to the hydrological future. And it also leads to the outlook for prices as well as leading to a consideration of an expectation of market growth. Our perception is that we should always look for assets which have some type of synergy, which are part of our core. It is true that we cannot look at everything but we look at good assets. EDP's assets are good assets, we have been talking but that does not mean that we will necessarily buy them. We have to have a return equation, risk return which would justify that. And we are discussing. There is no sign of finalization in relation to the process but we continue to watch this movement.

RAFAEL BÓSIO: Thanks Sattamini. We have here some strategic questions and for this reason I am putting them to you. The third question, again from a private investor, is on solar generation. He asks us if ENGIE intends continuing to expand – I believe we have shown this with the proposal to acquire the new projects – but I will leave it with you to answer. And an

additional question poses, which is: could the dependence on China for the manufacture of solar panels be a threat to the profitability of the projects should there be a significant hike in prices? And he asks us what we think about this.

EDUARDO ANTONIO GORI SATTAMINI: Let's go on this one. Solar, yes is absolutely part of our strategy. The strategy of ENGIE Brasil Energia is to grow in renewables and in energy infrastructure. So it is totally appropriate that we are looking to buy solar farms, that we are acquiring solar farms from the controlling company. We are developing new expectations, new perspectives for our pipeline. And obviously all, the whole world depends on China in some way or other as the workshop of the world. So, we are going to adapt to this and if in some way China exerts strong market power in relation to this kind of material and this inflates the price for this type of equipment and technology, this is clearly going to be reflected in the competitivity of this source relative to the others. So it is going to be a natural thing, there is going to be a reduction. If you have an exaggerated increase in solar panels due to the exercising of market power on the part of China, solar energy is going to be less competitive and you will have fewer solar farms and China will be obliged to reverse their prices. This is my perception. Today, we see that wind, up to last year, wind had a greater efficiency, had a lower installation cost, it was more competitive, in fact generated the cheapest megawatt hour. This however is little by little going into reverse, although this process still has to run its course. It could be that we will soon be producing panels on a larger scale, an even larger scale, with cheaper prices. We have also had a weighty component in the past few months and that is logistics which have become significantly more expensive. So long-distance transportation of equipment has also been influencing and impacting equipment costs. We are currently at a moment of considerable lack of clarity in relation to cost. There was a very abrupt increase in price post pandemic, I mean, I would say not even after the pandemic, but post the peak of the pandemic in about June and July last year, we began to see a recovery in the markets, we began to see a growth in the prices of commodities and this has done much to upset this equation for various technologies. So I think we will have to wait for the dust to settle a little to get a clearer long-term vision in relation to the competitivity of each one of the technologies.

RAFAEL BÓSIO: Thanks Sattamini. We are receiving here various questions and I am going to try and deal with two in one which is relevant at the moment namely the issue of the hydric crisis. The question comes from Henrique Peretti of JP Morgan and Lilyanna Yang of HSBC. They ask basically as to the perspectives for the impacts of the crisis and the possibility of energy rationing for 2022. What is ENGIE's view at this time with respect to this question.

EDUARDO ANTONIO GORI SATTAMINI: Good, reservoir levels are very low, the perspectives for hydrology are not of the best. We are going to have to tread very carefully along the way. I believe that the government has many more tools to handle the hydrology crisis than it had back in 2001 when we had rationing.

Brazil has a much larger thermal capacity, it has renewable sources which already exist. And it has today also made use of some programs, begun some programs for adjusting demand, stimulating the reduction in consumption. I think it is very difficult to have rationing, at least officially announced rationing. What may happen is that we may have some specific blackouts, blackouts in the form of load shedding for some moments of the day at peak times. Then the operator will have to select some loads to cut if we continue with such a bad outlook for hydrology. But I would say as to rationing that the probability is small. For the hydroelectric generator, rationing would be even very positive, since the moment there is rationing, it obliges everyone to diminish their consumption and with that, it diminishes the pressure on the hydric generator. When the government diminishes consumption, it reduces the pressure on the system as a whole, but it does not reduce the contractual obligations of the generators. So this is more difficult to navigate than rationing. Except that rationing has a political cost principally in an election year, and 2022 could be very bad for the government. So, we imagine that, I think, there are better tools today for managing the electric energy system than there were twenty years ago.

RAFAEL BÓSIO: Perfect. Thanks Sattamini. Now a question on the Novo Estado project. Aline Paula, a private individual and investor, asks us as to what the financial impact of the accident will be on the project and what measures are being taken to avoid this occurring again.

EDUARDO ANTONIO GORI SATTAMINI: Good, for the time being we are not worried about the financial impact. At the moment our concern is to attend the families, accompany our subcontractor in the safety measures being adopted and understand the accident as best as possible. We already have some indication of the cause. And to prepare a program for mitigating the risk, an action plan so that we can return to work on assembling the cables – which is where the accident took place – in a secure way. So this is our concern. What I can tell you is the tranquil fashion with which this incident has been approached, how it has been done expeditiously and with great competence by our team and by the team at SKIC. We believe that the impact is one of timeframe basically, the financial impact not being so relevant, the most relevant impact is the impact on deadlines although in some ways this is absorbed by our fat which we had for completing the installation ahead of schedule. So you

had an agenda which is going, if it delays the project at all, to delay it very little. But this is what I, Sattamini, am saying. This is going to depend on the final report and all the actions which will be listed there. We are anticipating some of these actions, which we understand may be included in the recommendations of the specialists such as for example, testing all the foundations, the stress testing of all the foundations of this type which is a foundation with an L beam, which was the root cause of the accident.

RAFAEL BÓSIO: Ok, thank you Sattamini. A question now with relation to the policy of dividends, again coming from a private individual and investor, Paulo. Does the Management Board predict an impact on shareholder remuneration through the distribution of dividends as a result of income tax reform?

EDUARDO ANTONIO GORI SATTAMINI: Impacts on shareholder remuneration? Yes, and it's only natural and there is not much we can do to avoid it. The taxing of dividends plus the Corporate Income Tax, the sum of the two is going to produce the overall tax burden for the shareholder. If you distribute less, you are going to reduce this burden, if you distribute more you end up increasing the burden. If you distribute 100% of profits, today as the reform stands, it is going to mean to the investor a slight increase in tax burden. The company will have greater profit to distribute but part of this profit will no longer go to the shareholder but rather to the partner of all of us, that is the ferocious lion (Brazilian Internal Revenue Service) which we have in our pockets. So in some ways, maintaining the conditions, by distributing 100%, the probability is that there will be an increase in the tax burden for the shareholders, as opposed to a reduction in tax burden at the corporate level. Malta, do you want to add something as the specialist in this?

MARCELO CARDOSO MALTA: I think that's it, Sattamini, I think only adding as information in fact, taking it a little further than you mentioned, the company will certainly have a reduction in Income Tax. This reduction would be in a first year 7.5%, in a second year 10%, and in the third year of 12.5%. So this would generate an important reduction in Income Tax and an elevation in our profit. So the investors would be taxed at 20%, but on the other hand, would receive a larger portion of dividends. So the impact for the shareholder ends up being the net of these two effects when the company distributes 100% of its profits.

RAFAEL BÓSIO: Perfect Malta, many thanks. Malta and Sattamini, we have some questions now in relation to the sale of coal-fired assets, especially coming here from Daniel of Banco Safra. He is asking for an update in the selling process and the strategies for Pampa Sul. And

he adds by asking if there is a program for substituting this capacity which we would be losing with the sale of these assets via renewable energy.

EDUARDO ANTONIO GORI SATTAMINI: Lets go on this one. Good, as I said, negotiations are at an extremely advanced stage, conditions decided, negotiations of the terms of the purchase and sale of quotas agreement. We believe that by the end of August, we will have finalized this. As to the question of energy, we still have an obligation for contracting energy through to 2024 as the condition for the purchaser so that he is guaranteed a minimum cash flow in the first years. From then on he is going to commercialize energy in the market, he is going to look for ways of extending the operation through existing auctions, he is going to be working on his own strategy for operating the plant. What we are doing is growing about 400, 500 MW of installed capacity annually, this is our target. And with this, we are going to be replacing little by little the energy we are losing from our portfolio. Today, with the exit of Jorge Lacerda and without the ACL purchase agreement it would have created a hole in our portfolio. Why this also? Because we did not have a clear idea as to the sale of the plant, we could not leave the energy uncontracted so we continued to purchase the plant's energy as part of our overall portfolio management. Pampa, as it is a plant totally sold in the regulated market, a capacity agreement, its sale does not interfere with my contracts, the plant exits our portfolio and the agreements likewise with no portfolio imbalance. The Pampa process is a process where there is going to be a little more delay, the process beginning with the receipt of non-binding offers. Some participants have been selected for the second phase, the due diligence phase, which is going to verify the plant technically. This takes time, there are visits, meetings with management to be arranged so that the interested parties can then make their final offers and at that point, we can decide to proceed with one of the parties to negotiate the final details of the agreement. Our estimate is that by the end of the year, we shall have this operation wrapped up, but also making time so that people can make their analyses and have the certainty of the plant's capacity to deliver. A crucial element which needs to be emphasized is that the transmission line, the connection with Candiota 2, which will only be ready in the month of November, will give additional assurance that the plant next year will not be displaced by importation, which should happen, as it is happening now. Now with the current hydrology situation and reservoir levels, I imagine the degree of risk is still high and the government's aversion to risk leads to continuing importation. So it is important for example that the purchaser has the certainty that some elements are in place to eliminate risk. So this process is a process that is going to evolve in accordance with this focus, with this definition that we are going to proceed as and when the risks are mitigated, so that the purchaser can have his security while the offer is the best possible one for us at the lowest risk possible for the purchaser.

RAFAEL BÓSIO: Thanks, Sattamini. We have a good number of questions but we are getting close to surpassing our allotted time. So I am going to choose a follow-up question so that we can move towards concluding the call. However, we shall reply to all the questions not addressed here directly via the investor relations area by e-mail. So the question which I am going to put also comes from a private individual and investor and he asks about our interest in continuing to invest in the transmission segment.

EDUARDO ANTONIO GORI SATTAMINI: Let's go on this one. We decided back in 2016 to diversify our businesses as a pool and generator into a company investor in energy infrastructure. This was a decision taken and as a function of this decision we entered the transmission segments and the gas transportation segment through TAG. We remain interested in this segment. Obviously there exists, we have seen how there is a greater difficulty in occupational safety because of the accident and due to the fact that work is stretched over various kilometers. For example, the Novo Estado line is 1,800 kilometers long. So we understand that despite having used all the technology, all the precautions, all the processes, the best occupational health and safety processes for monitoring the work, we still have more than 110 people involved with quality, occupational health and safety operating in the region. When we compare this with other companies in the sector, this is a very high number. While we were aware of the dangers and made the necessary investments in occupational safety, even this was not sufficient to avoid the drastic situation which arose. But this is not going to change our strategic focus. What it will do is to make us take steps so that our strategy is implemented in an increasingly secure manner.

RAFAEL BÓSIO: Ok. Thank you, Sattamini, thank you, Malta. I think with this, we can conclude the session of questions and answers. And I pass over to you to conclude.

FINAL CONSIDERATIONS

MARCELO CARDOSO MALTA: Good, everyone, thanks for the opportunity of talking about our results. And I look forward to talking to you in the next quarter.

EDUARDO ANTONIO GORI SATTAMINI: Well everyone, many thanks for taking part, for the questions. Unfortunately, time is short and we have other agendas here. However, I have to say that I am very impressed with the quality of the questions, the interest and this to me gives pleasure, makes me want to be here with you every quarter. Whenever I can be, I am available to answer questions. I look forward having you here again in the next quarter with

good news, OK.

CONCLUSION

Operator: Thank you. Engie Brasil Energia's conference call is concluded. We thank the participation of all, and we wish you a good afternoon. And thank you for using Voitel.