

## Q1 2022 Earnings Call

### Company Participants

- Carlos Emanuel Baptista Andrade, Vice-President of Strategy and Business Development
- Fernanda Nascimento Pires, Vice-President of Environmental, Social and Governance
- Henrique Manuel Marques Faria Lima Freire, Vice-President of Finance and Investor Relations
- Joao Manuel Verissimo Marques da Cruz, Chief Executive Officer
- Luiz Otavio Assis Henriques, Vice-President of Generation and Trading
- Marilia Nogueira, Director of Investor Relations

### Presentation

#### Operator

People are coming in. And I will start introducing our speakers soon after everybody comes in.

Good morning, everyone. We're still waiting for people to come in, so that, we can initiate our webinar with the earnings results of Q1, 2022. So, good morning, once again. I'm Maria[ph], the company's IR Officer and we are about to begin the earnings results conference of Q1, 2022. The presentation will be made by CEO, Joao Marques da Cruz; CFO, Henrique Freire, followed by a Q&A session with our integrated[ph] management questions may now be sent by (Inaudible). The webcast is being (Inaudible) over the internet and later it will be available at the IR website.

Before we begin, we would like to clarify the forward-looking statements made during the (Inaudible) based on our (Inaudible) from our management or information that has already been made available by the company. The forward-looking statements are no guarantees of performance that involves future risks and uncertainties.

I now give the floor to Joao, to initiate his presentation.

#### **Joao Manuel Verissimo Marques da Cruz** {BIO 18819434 <GO>}

Thank you, Maria, and good morning to everyone, and our earnings results presentation for Q1 of 2022. Oh, well, this music is to applaud our results. We've had sound results. I was going to ask to see the first slide of our PowerPoint. Here you can see that our figures on the left, the EBITDA that we have reported 20.8% above the EBITDA recorded last year. We're talking about BRL1.2 billion, a net income BRL523 million. What is important is to see the performance of PMTO cost increased 2.3%, which is very low. This 2.3% are a

PMTO with no contingency, nonetheless whatever PMTO indicated. Well, it's always below inflation that was 10.7%.

During this period net debt, and we spoke about adjusted net debt ratio, net debt over adjusted EBITDA 2.7x. All of us know that our target is to remain between 2.5x and 3x. So the figure is lower, but we carried out a number of adjustments to portray the reality of our EBITDA.

Okay. Important announcements. During Q1, our second solar project Novo Oriente partnering up with EDP Renewable. We will consolidate 50% of the SPVs of this project and the same thing will happen with EDP Renewable. We have made progress to the exclusivity on (Inaudible) sale. And we decided to choose an entity that is a Canadian fund CDPQ, that is exclusive and we believe they will close the deal with us, probably in the beginning of Q3. We will be able to sell (Inaudible). Partial operational startup of EDP Transmission Sao Paulo, Minas, which is lot 18. And in a number of weeks, we -- this lot will be totally operational Transmissao Alianca that is Lot 21 on the south of the country. It became operational during this Q, and we completed it in advance with the acquisition of EDP Goias. Our second buyback program continues and 38.5% have been completed.

Now, following slide. Here we always like to demonstrate the adjusted EBITDA. Our adjusted EBITDA is an EBITDA that is used for a number of effects. According to our dividend policy and our adjusted EBITDA increased 32%. During Q1 vis-a-vis Q1 last year, we had BRL258 million more in EBITDA. BRLs of EBITDA 70% are justified by distribution. As you will see, subsequently in the presentation of our CFO, Henrique Freire, we still haven't reached what we had in the past in distribution, but distribution represents greater growth.

I would just like to talk about our CapEx now. Our CapEx this year, if we understand CapEx as a tangible CapEx if we were to exclude the financial investments that are important in this quarter. Because as I said, we concluded the purchase of (inaudible) now EDP Goias. So if we think about the CapEx, including our financial investments -- so all of our investments, the values would increase significantly because the importance of EDP Goias wealth is BRL2.2 billion. Now, we are demonstrating a CapEx -- we're seeing tangible construction works because the construction work is coming to an end. During the upcoming weeks, a significant amount of our transmission works will be concluded. These are our figures by and large.

And now, I will give the floor to Henrique to show our performance in detail.

### **Henrique Manuel Marques Faria Lima Freire** {BIO 19117781 <GO>}

Well, good morning to everyone. Well now, I would give you more details regarding our figures starting with our adjusted EBITDA. As it has been mentioned, we've had a growth of 32% going to BRL1.65 billion with BRL161 million -- BRL171 million. There is a growth of Parcel B because of Espirito Santo 24% and Sao Paulo. We verified this last year and this was expected and the market[ph] reacted. Although this growth wasn't significant as we

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would like, but there is certain rebound of the market in transmission in terms of regulatory EBITDA.

Let's say, not following the IFRS rules, but following the accounting rules. Here we have the initial of the initiated of the consolidation of EDP (inaudible). So we will see in the future that here transmission is a main player, but this will increase in the upcoming quarters. And the other business is hydro generation, with better performance base and we have the inflation effect although PSM[ph] didn't generate during the quarter. We have a PPA contract that is updated by the inflation.

Our trading, well, had good performance during Q1, although it's not as good as last year. Now, clients that we expected to grow and it has grown, and we have normal adjusted -- normal adjustments of the IRFS[ph] of -- we have the EBITDA of BRL1,267 billion[ph] EDP Espirito Santo is renewing ex-concession in brief. And then the delta between the EBITDA of the regulatory reference that is in the adjusted and the EBITDA IRFS. And this -- and here we simplify the model. This is why it is more elevated than the cash EBITDA.

So we could go to our next slide. Here, speaking of distribution, our first CapEx we will invest up to between BRL1.3 billion, BRL1.5 billion with the (Inaudible) between CapEx and (Inaudible) 2.5x, we've adjusted a good Parcel. We have to remember the EDP Espirito Santo has a date card in February. And is -- this has contributed losses evolved positively, although we are below the losses -- regulatory losses above, I'm sorry, he says, there is there is a gap that we must resolve, but we have been positive in both companies.

Now the volume, as I mentioned, has already recovered better in EDP Espirito Santo. Here we have two-point. One, I would like to highlight, the commercial area and in Sao Paulo is more moderate below our expectation. But -- although, we've seen a slight increase allowance for doubtful accounts to gross revenues. Well, here we see a growth. This is in our agenda, but this figure is under control. But in relative term, because revenue increases in megawatt-hours. And when we put this in our perspective, the ratio regarding gross value, we can see that the values are similar when we compare last year values with this year values.

Now speaking of distribution and the tariff revision of Espirito Santo. Now regarding the tariff revision here, we can present figures. These are preliminary figures prepared by Anil[ph], but there is a public hearing on May 26. So these figures are public and preliminary. But it's interesting to anticipate Parcel B is a result of our -- end -- of our strong investments throughout these period. We believe that there will be a maintenance. Although Parcel B has been corrected by EJ -- IGPM. Our idea would be to maintain the Parcel B at the same level. Now also losses and everything underpinned by BRE[ph] that is about BRL3.8[ph], which is net. This area will -- this will go up till August. And during August this will be closed. So today we have a number of processes that will continue normally.

A note about water shortage account. This was approved by the end of April. Now we have within our accounts this addition to BRL110 million between both distributors. So this is to lower the account, the consumers' account.

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Now talking about transmission and starting on the EBITDA on the left. Here -- there has been an increase in marginal accounting EBITDA, but when we see the regulatory EBITDA, we can see what is going into our portfolio. This has gone up to BRL75 million. And in terms of our portfolio rev[ph], we read the total rev of our portfolio is almost BRL800 million, BRL787 million and we observe that from this amount around 70% is our transmission lines in operation. Starting with EDP Goias, partially EDP Sao Paulo/Minas, the lots of Santa Catarina and partially the lots of the coast of Santa Catarina, Rio Grande do Sul. So we already have 70% of our rev in operation. So the growth of our results in transmission will become obvious in the upcoming quarter. This is the first quarter where we observed this, but we believe that this will be stronger in the upcoming quarters.

Here we have physical progress of our lots under construction. Here we have Sao Paulo/Minas lot is in operation. We have Mata Grande from Maranhao, this will also be concluded this year. And the south coast of Santa Catarina, Rio Grande do Sul will be concluded this year. And we will have a new auction. This is an auction that shows that the needs for transmission are big. And we will see more auctions in the upcoming years that are connected to the generation structure of Brazil. Taking into account renewable sources. So, we know that there is a lack of transmission and this will become relevant. There are three lots very relevant in this auction, but the total of investment is around BRL15 billion. And we see this as a growth opportunity in this area.

If we could see the next slide. Now speaking of EDP Goias. EDP Goias is totally integrated to our EDP structure therefore, we are -- we have implemented our 100-day plan that is being successful in all parameters. Nothing from our due diligence has surprises. We are happy with the acquisition and the results there is a certain part of investment expectation because this is a mature asset. Three cycles have been contracting '21, '22, we have BRL300 million captured, but we believe that will be stronger in the future. And we believe that this will continue its normal pathway of growth.

Now speaking of generation and trading. Here we want to highlight our results during this period. Obviously, the energetic needs were different from last year in December. It was a more generous period, but there was a hypothesis of shortage. We were discussing rationalization of energy. All these are scenarios from the past. We believe that the period has been generous, the reservoirs have recovered and we have good expectations this year. And after the next dry period, I believe that the system will not face problems. And this is good news not only for EDP but the system as a whole.

Our results, GSF during Q1 is higher than what we expected. Something that is relevant regarding trading broad fluctuation of results and result expectations and the price curve. We could have had a loss, but we were quick in changing things in long and short. Therefore, during this quarter, we were able to capture a relevant result and this has contributed significantly to our margin.

And I would like to highlight this. And here we have the GSF. We believe that the second quarter, we will have more significant GSF in comparison to last year, but not as deep as last year. And with this, we can position ourselves in our portfolio. And this is the right attitude to adopt before the second semester.

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Let's go, here we can talk -- we see our debt. Well, here, this quarter, where we had to issue, because of the acquisition of EDP Goias. So we had BRL2 billion in funding. So our net debt now, it is BRL10 billion. According to our plan, our net debt to EBITDA 2.7x, and the -- we would like to remind you that your dividend policy is to place a commercial leverage of 2.3x and 3x that is the balance between financial efficiency and risk.

Now, of course, there's an increase of interest rates back to inflation and therefore, our financial cost increased. It is true that with the conclusion, with the transmission lots some of the finance (Inaudible) lines before they come operational. Well, they are recognized and the results -- and we follow the accounting practices. And it is naturally to see an increase in our cost. Here there is a division B[ph] indexers. Here we have CDI, which accounts for 54%, and IPCA in our transmission business that are indexed to inflation and long-term contracts. So we don't run this financial risk and this is mitigated.

And I will conclude with (Inaudible) my financial comments.

### **Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}**

Thank you, Henrique. So now, we can talk about Novo Oriente and why do I highlight Novo Oriente. Well because our agenda is a growth agenda. Our company wants to grow, to grow in distribution, wants to grow in transmission, wants to grow in solar, also in generation. As you are aware, we want to create a swap in generation maintaining renewable generation less hydro, more solar. And this took place on Q1. This is Novo Oriente project. Here you have the figures, installed capacity 321 megawatts. This CapEx is generic because our policy is not to announce the CapEx values. But the utility projects in average have a unit cost per megawatt peak between BRL3.5 million and BRL4 million. In July of 2024, this will be done. The percentage of the allocated energy will be through independent production or through self-production. And the ACL, these are customers in the free[ph] market. And our solar project have a win-win partnership between EDP Brasil and EDP Renovaveis, which concerns -- which provide us 50%. It is obvious that the synergies with the build complex in (Inaudible) that is in the state of Sao Paulo, on the border with the state of Mato Grosso do Sul.

Now when we go to the next slide and we are coming, this is the most and we're coming close to the most interesting part of our conversation. That is the Q&A session. Now our future, in our Analyst Day we used this rationale that our future will be open and it will profitable, sustainable, connected in solar.

And I would like to say something of these five pillars focused on 2022. It will be open because we must prepare ourselves more to liberalize the market and anticipating a question EDP is favorable to a market liberalization? Extremely favorable. And we are prepared for this. We want to be a major player in this change of the service, change in the power sector, that will take place in the upcoming year in a sustainable fashion with the liberalization of the market.

Now profit. There are three points that we will see this year, that will be important for our profit. Tariff review in Espirito Santo in August. The readjustment in October of EDP Sao

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Paulo. These efforts are under way. They are technically positive. The teams of the regulator and anticipating questions regarding this point. We trust the regulation of our country called Brazil. Brazil has taught lessons not this year, not this decade, I could say, it wasn't only in this century. But past century, because it has a robust regulatory sector that is a worldwide reference. And I know, what I'm saying. I know that the European Union uses Brazil as a benchmark for -- as a regulatory system with that gives importance to renewable energy which is above 80%. Most of it is hydro, but -- and this is why the regulatory system is robust. It's technically strong and technically -- we work technically and we trust the technical results of this study that is underway after selling hydro plants, we want to sell that. I announced the name of the entity that wants to be an exclusive buyer and this is a contract that we want to celebrate in June, CDPQ. And this year we would like to sell (Inaudible), is to conclude the sale of (Inaudible).

Now also opportunities of those auctions of capacity in (Inaudible). This is, we are going to the capacity auction that we believe will take place by the end of the year. And as always, we want to win.

Our ESG strategy. We never forget our ESG strategy. ESG is always present. And in our Q&A, I would like to clarify our actions on our ESG agenda.

Another auction is not of capacity, but it's a transmission auction that will take place in June. We will participate in the auction. We intend to win -- it's good to win one lot, two lot. We are going to focus on a number of lots and we are studying which are of our interest. And this is why we will participate on June 30 in Sao Paulo in B3. So, all the conclusion of transmission, portfolio, construction. Our crew will be initiated this year because we won this lot last year. And we believe that we will conclude this lot in 2024.

And finally, our commitment, our target this year is announced one more utility-scale solar project by the end of the year.

So these are our results of Q1 and we are very proud of announcing this results. Thanks to this team of 3,300 people with thousands of outsourced employees. And collectively we have delivered these results to our shareholders in a very successful (Inaudible)

Now, we (Inaudible) thank you for your presentation. Now we will initiate our Q&A session. I would like to (Inaudible) that you may poll your questions through your chatter.

## Questions And Answers

### Operator

(Question And Answer)

### A - Marilia Nogueira {BIO 22039088 <GO>}

First question from (inaudible). These are two questions. One broader, talking about tariff pressures, but (inaudible) has been answered to talk about tariff pressure in 2022. And

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(inaudible) suspension the distributors (inaudible) if the distributors are talking to the regulator what are possible solutions to adopt, if there is a possibility of a new sectorial low initiative (inaudible). And question two from (inaudible) the water situation -- this is a price expectation of GSF and hydro.

### **A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}**

Well, I am going to make a comment. And then, I will hand it over to the VP that is responsible for this area. Now in terms of your question and the first part of your question, Bruno, I would like to state, I believe that in my presentation, I hinted that we trust Brazil. There is no reason for not trusting Brazil. Well, we trust. Many times when you say that you trust, this may sound ironic. There is no irony in my words. We do trust. We are technically working in reality on a daily basis. Our technical teams work with the technical teams of the regulator and this is a normal process that is natural. We trust what we do. We trust the quality of the regulator and it is okay. Therefore, this is not a big deal for us. Now, of course, we've read the newspaper. When you read the newspaper, you have to be very rationale. But we believe that this is -- there is no major issue, there are no risks and we will continue doing what we do.

Luiz Otavio can answer after my generic answer.

### **A - Luiz Otavio Assis Henriques {BIO 15977792 <GO>}**

Well, I would like to say that there is a conversation through our sectorial area that is (inaudible), but we fully trust. Nothing shows us that Brazil at a given moment will not fulfill its contracts. There is a robust legislation. There is a robust way of doing readjustments of how to carry out tariff reviews and there is no reason to believe that we will have problems. We've undergone difficult moments like the pandemic and this provides soundness regarding sectorial loan that is a consequence.

The first and the second has been released, I believe that Henrique will talk about prices, but we see no -- nothing new in the short terms. Shortage last year is in the financing side. So we don't see a new financing because of an imbalance. It is a tool that we have used in the past, but we believe that we will not use it again in the short term.

So regarding the second part that is prices, market prices, GSF, EDP doesn't have a crystal ball to know if it's going to rain or if it isn't going to rain. Anyhow we are in a much more comfortable situation than what we were six, eight months ago here in Brazil. This being said, now I give the floor to Henrique for his comments.

### **A - Henrique Manuel Marques Faria Lima Freire {BIO 19117781 <GO>}**

Well, I mentioned this in our presentation. I believe we're embarking in the dry period, so we are facing a dry period, a situation that we hadn't seen in the past. The most important reservoir in the southeast has 67% of its capacity, the north is practically 100%, the northeast has 95% and the south has recovered, is 65% -- 85%.

So our expectation is that, thermal generation will be more moderate than other years and our expectation is that, we will have a reasonable energetic scenario and the average

price will be between BRL110 or BRL150. Of course, we will see GSF issues, because the format of the market, the GSF will be above 80% but below 90%. So this is why we have a yearly global hedge for a protection. This summarizes the water situation hydro situation for this year.

### **A - Marilia Nogueira {BIO 22039088 <GO>}**

Next question from Bruno. He commends the results and regarding the duration of debt of over three years, the company has said that they want to -- to expand the debt or are you going to have to exchange the debt for a more expensive (inaudible)? Are you going to extend it and what percentage of your debt will be extended? Is it natural to expect a deterioration of your financial results in the upcoming quarters?

### **A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}**

Henrique, well, I will start. I thank you for the question. It's a timely question. I would like to remind you that our management is highly proactive in all the funding process that considers our investments, that consider divestments that are not irrelevant, that take into account naturally the maturity of our debt. Therefore, this is an equation with a number of relevant variables and I can guarantee you that we manage this in a very proactive fashion. This is a generic comment that is absolutely true.

And now Henrique can elaborate more on this.

### **A - Henrique Manuel Marques Faria Lima Freire {BIO 19117781 <GO>}**

Well, the question is excellent, because of the current moment. Well, we have a business, where distribution and transmission is packed to inflation, which allows us to see the impact of the rates. And the objective of the company is to extend the duration of some of our debts, because the risk of refinancing is relevant. Well, when we analyze our debt portfolio, we have scheduled to spend 2022, specially the second semester. We do not want to carry out relevant issuances. This is true when we acquired Celg, we leveraged BRL2 billion to refinance it in two-year RIDS[ph] to spend this period.

There -- we know that there is a war in the world that there are changes that are unpredictable but we knew that we would have this instability. Our issuances were indexed to the CDI but with the expectation of refinancing them in two year.

Now another debt is lot 18, Here in the past, we issued IPCA and we have a BRL500 million that will mature in 2023 -- in November of 2023. And here we want to extend this. We want a longer extension associated to this lot. We don't know what the market will be, but we know that the second semester of 2022 is not a moment to acquire debt. But well, this is in our program and we are scheduled to do this.

### **A - Marilia Nogueira {BIO 22039088 <GO>}**

Thank you, Henrique. Now regarding (Multiple Speakers) growth revenue continues in good level. We verify in absolute term, significant increase in (Multiple Speakers) especially in EDP (Multiple Speakers) considering that high inflation (inaudible) income has



no show -- no signal of reversion. Are they relevant for your mechanism that can protect you against higher default like what was applied in Rio de Janeiro because of non-technical losses?

### **A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}**

I will start with a generic comment, and then I will hand it over to Luiz Otavio to talk about the regulation. My generic comment has three components. Number one, default is something that we analyze, not even daily, constantly. This is an important indicator and up till the moment, this indicator is totally under control because we are doing something about it. Those that know our concession areas are aware that we are carrying out throughout these days major trade shows with our customers. These are customers that face difficulties to pay their debts. This is why it is under control, and why because we're focusing on it.

Number two, it is true that the regulator from the technical point of view does not consider all the distributors in the same way. It recognizes the technical complexity, social complexity, and the complexity of the different distributors and this comment pertains more to Espirito Santo than Sao Paulo. But there are mechanisms that recognized and specificity. This is my second observation.

Third observation, we are active promoters of social tariffs. When we talk about default, we have to think about people that cannot afford and cannot buy -- cannot pay for an essential good. And this is why the social tariff is a very good mechanism. And I would like everybody to pay attention to the significant growth of the social tariff in our concession areas. This is a response -- a systemic response to default and also to delinquency that is associated to hookups or (inaudible) technically about regulatory protection in Espirito Santo.

One of the items is the comparison of the complexity of the concession area. Now there is an assessment that the regulator does and we went up six positions, this will give us our discount factor for (inaudible) more to Espirito Santo because of the deterioration of the situation. Yes, regulatory protection will be applied in the tariff review of Espirito Santo. Thank you.

### **A - Marilia Nogueira {BIO 22039088 <GO>}**

Our next question is (Multiple Speakers) need to improve. Other companies have portfolio projects approved by (inaudible). What is your situation? Do you have projects approved (inaudible)? Now about (inaudible) over CapEx, what is the situation for EDP in the southeast?

### **A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}**

Well number one, when we won the privatization of Celg, EDP Goias, when we -- in our bid, we included values to strengthen and to improve -- there our yearly values for strengthening and improve, I can say that the values during and in this privatization, these values are being materialized and if the results are better than the values that we saw in the past. If we wouldn't retrofit or we would have never bidded. Because our obligation is

to analyze everything, to analyze after we win and then analyze what we don't win or sometimes, because we don't participate. But our obligation is to analyze and we analyze the transmission portfolio.

We concluded that this transmission portfolio operationally as Celg, EDP Goias. Operationally, well, we saw that there was no interest, because there was no maintenance, so strengthening and improvement is key. And this is something that we take into account and this is part of our budget.

Luiz Otavio is the VP of transmission, will talk about this.

### **A - Luiz Otavio Assis Henriques** {BIO 15977792 <GO>}

Thank you for the question. Let's say the following. The first cycle that goes up to 23, the cycle of 23, we already have BRL300 million that have been duly anchored in my two models, by (inaudible) bio effects. That's the PMI. Now we are focusing on the next cycle in the upcoming two years with a tariff review, so currently we are collecting information for the tariff review and see the hydrology.

I request patience because we have to conclude the tariff review to talk about the second cycle. So in brief we will conclude the strategy of the review to give you the figures of the next cycle and the BRL300 million are valid for our PME and (inaudible) and CapEx.

### **A - Marilia Nogueira** {BIO 22039088 <GO>}

Thank you, Luiz. And next question detailed on the progress of our ESG agenda now on Q1 of 2022.

### **A - Joao Manuel Verissimo Marques da Cruz** {BIO 18819434 <GO>}

I thank you for the question. And I especially thank you because for us ESG is not just a slogan, it's not a buzzword, it's a continuous practice on a daily basis. But Fernanda Pires has the floor. She is the VP of ESG.

### **A - Fernanda Nascimento Pires** {BIO 22196628 <GO>}

Thank you, Joao for the question. Now talking about the ESG performances, there was drop in environmental impact because of the -- the non-dispatch. You can see some changes in the diversity indicators because the integration of EDP Goias. We increase in some indicators of racial diversification, but we are also dropped in the gender indicator. We're approaching the war, strongly focusing on safety.

We had a drop of accident with partners and third part in. There was an increase in the investment of social private volume. Also the purchase with local suppliers and we anticipated our target. That was a challenge for December of 2022, that was 20% of women in management positions, and we achieved this in March of 2022. So, we've achieved this target. Yesterday, we announced our ESG quarterly report where you will find the details of these highlights and other indicators connected to this agenda. Thank you.

## A - Marilia Nogueira {BIO 22039088 <GO>}

Thank you, Fernanda. So moving to (Multiple Speakers) the problems in China, are you facing problems to buy solar panels (Multiple Speakers). Do you believe that these problems may result (Multiple Speakers) projects? And my next question that is, solar, this is a CapEx (Multiple Speakers) this is contracted, is this (Multiple Speakers) or what we have in the market? What is (Multiple Speakers) level of price and period?

## A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}

Well, I will hand it over to Carlos Andrade, that is the solar VP. But I will comment now during the most difficult moments that our partnership with EDP renewables becomes more useful. Why? Because if everything were easy in the world any company could do it and deliver solar projects. So, this partnership with a worldwide leader that is from the same group of EDP Brazil but is a worldwide leader in renewable energies with projects in 28 countries, obviously, is very important for us, as so this is something important that we have now Carlos Andrade can give you an answer.

## A - Carlos Emanuel Baptista Andrade {BIO 17691736 <GO>}

Thank you, Joao. Regarding some feedback in addition to our partnership with (inaudible) we have a distributed generation in Asia, in the U.S. So there is no signaling in the delay of plates or panels. There has -- we have been price sensitive, because the price of the panels went up since the beginning of the pandemic. We use to buy at \$0.19 a megawatt peak, now they're \$0.27, \$0.28 since megawatt peak and this is a significant increase in dollars. So the market is price sensitive, the quicker you want them, because when you order for one year and three quarter, distributed generation is close to centralized with a longer period of time. In Novo Oriente, these panels will be delivered on Q3 of 2023, just for you to have an idea.

And we see no signals of a delay in the delivery, but yes, the market is price sensitive.

What Joao mentioned between BRL3.5 million and BRL4 million per megawatt peak, this is a market reference, it has increased and it increased, because the price changes, and because of the inflationary pressures in Brazil, like on service, developers and this is reflected on the local inflation and the dollar inflation.

Now regarding the contract terms, here in Novo Oriente and the solar project that we have announced, in the northeast we have contracts -- 15-year contracts with customers. Regarding the price, we have non-disclosure agreements with our customers and unfortunately we cannot disclose the price of these contracts. But this would be my answer. Thank you.

## A - Marilia Nogueira {BIO 22039088 <GO>}

Thank you, Carlos. Next question is, are you analyzing the acquisition of Celg whether the synergies with Celg? Do you have a balance for an M&A of this size?

## A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}

Excellent question. We have analyzed this opportunity because it is our obligations to analyze all the opportunities that exist in distribution and transmission. Currently, it is not clear if the opportunity is in the market, but we are not within the process.

So this is our answer. Now obviously, if we were to, which is not the case, if we were part of this process, we would have to find a solution because financial discipline is priceless. This is always above any kind of growth criteria.

**A - Marilia Nogueira {BIO 22039088 <GO>}**

So our next question, why (inaudible) went out of the sales --

**A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}**

It didn't leave. No, I didn't explain myself properly. There are two processes that run parallelly, the sale process of both plants of the north are contracted and the sales process of a plant in Espirito Santo in the southeast that is not contracted. So the energy is sold to them in the market.

These are two separate processes because the buyers like uncontracted plants by and large, do not like plants that are contracted. We're talking about two different worlds here. We are in both processes. Today, we announced we even gave you the name CDPQ, a credible entity. And our objective is to close the deal in July, but our objective is to close (inaudible) with financial closing to enter transmission or transaction this year with (inaudible).

**A - Marilia Nogueira {BIO 22039088 <GO>}**

So perfect. Our last question was about the consumption of power on Q2.

**A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}**

So I will give the floor to Henrique, our CFO.

**A - Henrique Manuel Marques Faria Lima Freire {BIO 19117781 <GO>}**

We generally do not disclose these figures, but anyhow, we see recovery in results in volumes actually, which is interesting and temperatures -- the temperatures helped us in April. Therefore, here we expect a growth above the average of Brazil -- the growth of April in Brazil.

Now the data of Q1 were more frustrating than what we expected. Although they were higher, we expected these results to be higher. And in April, we believe that here will be a growth above average, but it is too early to tell you what the second quarter will be like. So thank you.

**A - Joao Manuel Verissimo Marques da Cruz {BIO 18819434 <GO>}**

So Marilia, I believe we have come to an end. My final message is always, Marilia and our entire IR team is at your disposal. All of us work -- these 3,300 people work to add value

to the company and to deserve trust. Thank you.

## **A - Marilia Nogueira** {BIO 22039088 <GO>}

Thank you very much. We're bringing to an end our webinar with the earnings --

FINAL

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