

**Earnings  
Release  
1Q22**



## Webcast

**May 16, 2022**

11 a.m. (Brasília) / 10 a.m. (NYC) / 15 p.m. (London)

[Click here](#) to access the link

Presentation available at [ri.aurenenergia.com.br](http://ri.aurenenergia.com.br)

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On March 31, 2022

AURE3: R\$15.99

Market Cap: R\$16.0 billion

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## The Company

Auren was born from the merger of energy assets of Votorantim S.A. and CPP Investments and came to the market as one of Brazil's largest renewable energy and trading platforms.

The Company has a clean and diversified matrix. It also has a broad portfolio of clients, products and solutions focused on clients' needs and based on continuous investment in market intelligence and digitalization.

Auren relies on its 100-year history and knowledge of the sector and is led by a team of experts ready to innovate and create shared value for shareholders, clients, partners and society.

## Asset Portfolio

### ASSETS IN OPERATION<sup>1</sup>

Asset	Source	Installed Capacity <sup>2</sup> (MW)	Physical Guarantee <sup>1</sup> (MWavg)	Indirect economic interest <sup>3</sup>
Porto Primavera	Hydroelectric	1,540.0	886.8	100.0%
Paraibuna	Hydroelectric	87.0	47.5	100.0%
Barra Grande (BAESA)	Hydroelectric	71.2	39.2	11.0%
Campos Novos (Enercan) <sup>4</sup>	Hydroelectric	143.9	61.9	17.4%
Campos Novos (Enercan) <sup>5</sup>	Hydroelectric	131.9	57.1	17.5%
Amador Aguiar I e II	Hydroelectric	40.6	25.7	10.5%
Igarapava	Hydroelectric	35.9	22.9	19.9%
Picada	Hydroelectric	35.7	22.1	83.3%
Machadinho	Hydroelectric	38.8	16.2	75.0%
Ventos do Piauí I	Wind	205.8	106.3	100.0%
Ventos do Araripe III	Wind	357.9	178.5	100.0%
<b>Total</b>	<b>-</b>	<b>2,688.6</b>	<b>1,464.2</b>	<b>-</b>

### ASSETS UNDER CONSTRUCTION

Asset	Source	Installed Capacity <sup>1</sup> (MW)	Physical Guarantee (MWavg) <sup>1</sup>	Economic interest
Ventos do Piauí II and III	Wind	409.2	197.0	100%
<b>Total</b>	<b>-</b>	<b>409.2</b>	<b>197.0</b>	<b>-</b>

<sup>1</sup> Includes assets in which the Company has investments: CBA Energia, Pollarix and VC Pinheiro Machado.

<sup>2</sup> Installed capacity proportional to indirect ownership interest held by the Company in the assets.

<sup>3</sup> Indirect economic ownership interest held by the Company in the assets. At the holding company level, Auren has a differentiated dividend stake (CBA Energia +10%; Pollarix +25%; Pinheiro Machado +50%).

<sup>4</sup> Holding: CBA Energia

<sup>5</sup> Holding: Pollarix

## PIPELINE

Asset	Source	Installed Capacity <sup>6</sup> (MW)	Physical Guarantee (MWavg) <sup>2</sup>	Economic interest
Sol do Piauí (Hybrid)	Solar	68.7	17.9	100%
Jaíba V	Solar	516.0	154.2	100%
Helios	Solar	1,210.0	355.3	100%
Corumbá	Hydroelectric	81.6	51.5	51%
<b>Total</b>	<b>-</b>	<b>1,876.3</b>	<b>578.9</b>	<b>-</b>

For more details about our asset portfolio, [click here](#)

<sup>6</sup> Installed capacity proportional to interest held by the Company in the assets.

## Management Message

On March 28, we started the operation of a new company and a new chapter in the history of the electricity sector.

Auren was born with a total installed capacity of 3.3 GW<sup>7</sup>, a portfolio of hydroelectric and wind assets, and one of the largest trading companies in Brazil. We are immensely proud of what we have built so far and we are ready to grow much more. The Company's growth strategy is mainly based on developing its project pipeline (1.9 GW), mostly solar projects. Moreover, we actively analyze the merger and acquisitions market, seeking projects and assets that complement our portfolio and reduce the volatility of our results, in order to create value for our shareholders. Currently, the Company has a capital structure ready to support this growth.

This is the first quarter that we are reporting the Company's results in a consolidated manner. Starting with hydroelectric power generation, note that our energy balance, is equalized since mid-2021, when the Company, in line with its commercial strategy, proactively purchased all the energy necessary for balancing the structural exposure in 2022.

In the wind power segment, 2021 was a particularly challenging year due to the incident with the transformers of the Collector Substation at Ventos do Araripe III wind complex, which was resolved and currently the asset is 100% operational. Since this quarter had above average rain in the region where the wind farms are installed, generation of these assets was affected in the first two months of the year, but, in March, the production returned to the level expected for this season.

In addition, we continue to progress on the construction of the Ventos do Piauí II and II wind complex and on April 19, 2022, we obtained authorization for operational startup in test mode of its first wind turbines. The construction schedule and budget are strictly in accordance with the original plan, which guarantees the competitive financial returns from the project. Total investment in the complex is R\$2.1 billion.

On the energy trading pillar, we advanced in our strategy of expanding our portfolio of clients and diversification of solutions offered. We developed and amplified the sale of new products focused on smaller customers. We advanced in the relationship with our current customers as well in attending energy managing companies spread throughout Brazil. Regarding energy telemetry services, we consolidated our partnership with Way2 Technology through our 50% stake in the company. Our trading company continues to advance in the sale of green products such as carbon credits and i-RECs. Finally, we continue to invest in technology, digitalization and data science to sophisticate and automate our processes, products and services.

We closed the first quarter of the year with Adjusted EBITDA of R\$340 million versus R\$356 million in 1Q21, mainly reflecting the hydrology improvement, with consequent

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<sup>7</sup> Considers the capacity at holding level of the hydroelectric assets in which the company has investments.

price reduction, impacting the energy balance strategy, in addition to the increase related to the corporate restructuring.

Our governance agenda also made significant progress. In April, the Board of Directors meeting approved the Dividend Policy and Long-Term Incentive Policy of the Company, underlining our commitment to transparency of information.

Together with the approval of our new policy, we announced to the market the distribution of R\$100 million (R\$0.10/share) as dividends, considering the minimum mandatory dividends, as approved at Auren's Annual Shareholders Meeting held on April 29, 2022, and the complementary dividends approved at the Board of Directors Meeting held on April 11, 2022.

We thank everyone who is with us in this journey of creating a leading renewable energy platform in Brazil.

**Fabio Rogério Zanfelice**

Chief Executive Officer

**Mario Bertoncini**

CFO and  
Investor Relations Officer



# 1Q22 Highlights

Financial Highlights <sup>8</sup>			
<i>R\$ thousand</i>	<b>Q122</b>	<b>1T21</b>	<b>Var. %</b>
Net Revenue	1,384,187	1,410,333	-1.9%
EBITDA	294,200	519,221	-43.3%
Adjusted EBITDA <sup>9</sup>	340,362	356,130	-4.4%
Adjusted EBITDA Margin	25%	25%	-0.7 p.p.
Net profit	17,791	135,904	-86.9%
Free cash flow	1,420,957	207,896	-
Net debt <sup>10</sup>	1,553,881	2,949,301	-47.3%
Leverage ratio <sup>11</sup>	1.53x	2.20x	-

(a) **Adjusted EBITDA** of R\$340 million, reflecting:

- **Hydroelectric Power Generation:** net revenue increase brought by contracts price adjustment and termination of the financial hedge contract to protect part of the company's revenue linked to foreign currency. This effect partially offset by the increase in the average energy purchase price to manage the energy balance;
- **Wind Power Generation:** revenue increase also due to contract price adjustment and the impact of the quadrennial adjustment mechanism related to the regulated contracts of Ventos do Araripe III;
- **Trading:** result impacted by higher energy purchase price to equalize the balance; and
- **Holding and Pipeline:** result reflects an increase in expenses with third-party services, mainly linked to the corporate reorganization process.

(b) **Operating cash generation** (after debt service) of R\$201 million, which represents a cash conversion ratio<sup>12</sup> of 59%.

(c) **Net debt** of R\$1.6 billion, reflecting the contribution of R\$1.5 billion received from the controlling shareholder CPP Investments within the scope of the corporate reorganization, resulting in a leverage ratio of 1.5x in 1Q22.

<sup>8</sup> The financial performance reflects unaudited proforma consolidated results of Auren, and has been prepared to reflect the corporate reorganization effects, as if the combination had taken place on January 1<sup>st</sup>, 2021.

<sup>9</sup> Adjusted EBITDA excludes provision /reversal of provision for litigation and write-off of judicial deposits

<sup>10</sup> Net debt considers loans and financings, leases, cash and cash equivalents, financial investments, liquidity fund and financial derivative instruments.

<sup>11</sup> Net debt / Adjusted EBITDA in the last 12 months

<sup>12</sup> Cash conversion ratio = Operating cash flow (after debt service)/Adjusted EBITDA

#### (d) Subsequent events:

- **Ventos do Piauí II and III:** start-up of operational test of the first wind turbines, reaffirming our commitment to the original schedule and budget.
- **Vivest:** beginning of VIVEST pension plan migration process, expected to occur on July 1, 2022.
- **Litigation Liabilities:** after the end of 1Q22, decrease of R\$13.4 million in probable litigation and R\$124.9 million in total litigation liabilities<sup>13</sup>, up to the date of publication of this report.

## Operating Performance

### HYDROELECTRIC POWER GENERATION

Production from the Company's wholly owned hydroelectric assets			
(MWavg)	1Q22	1Q21	Var. %
Porto Primavera	802	867	-7%
Paraibuna	19	3	-
<b>Total</b>	<b>821</b>	<b>870</b>	<b>-6%</b>

Power generation at hydroelectric power plants, which are 100% owned by the Company, came to 821 MW average in 1Q22, down 6% from 1Q21 (870 MW average). The decline in the first quarter still reflects the effects of the water crisis in the country in 2021, which mainly affected the Paraná River Basin where the Porto Primavera HPP, the Company's flagship hydroelectric power generation asset, is located.

In 1Q22, expressive recovery of inflows in the reservoir during the rainy season in Southeast/Mid-West Brazil were observed. However, complying with the decisions of the Exceptional Water & Energy Management Rules Chamber (CREG) and the Electricity Sector Monitoring Committee (CMSE), the National Electricity System Operator (ONS) maintained the flexible minimum flow rates at Porto Primavera HPP and restricted outflow to help recover the reservoirs upstream and to reestablish the Tietê-Paraná waterway.

Important to highlight that the Porto Primavera HPP is located at the end of the cascade of reservoirs on the Paraná River, downstream from the Jupia HPP and upstream from the Itaipu HPP. The three plants operate under the run-of-the-river system, which means that they do not have significant capacity to regulate the flows in their reservoirs. Hence, their power generation depends on flows from the hydroelectric power plants

<sup>13</sup> Considers estimates of probable and possible loss.

located upstream. This reservoir cascade configuration means that the reduction inflows at run-of-the-river plants helps to preserve water levels in the reservoirs located upstream of such assets, mainly those located in the basins of the Paranaíba, Grande, Tietê and Paraná rivers.

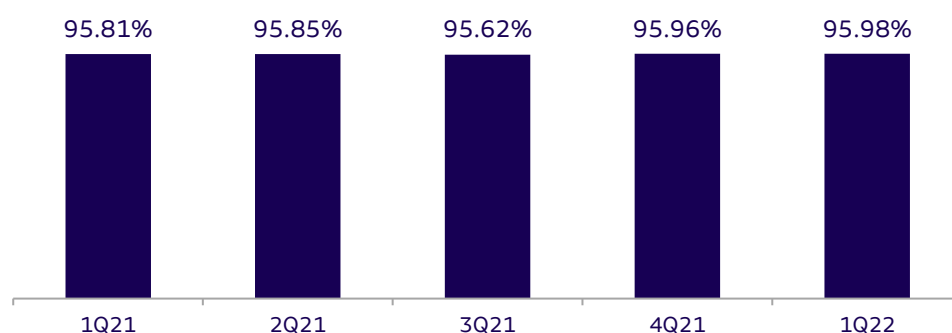
Regarding Paraibuna HPP, the generation schedule of the plant is based on the control of flows in the Paraíba do Sul River. The dispatch and the definition the flow rate of the cascade plants is established by ONS in order to meet the hydraulic restrictions of the basin. In 1Q22, rainfall was less intense in the Paraíba do Sul River basin than in the same period the previous year, which did not prevent ONS from reducing the generation by plants at the headwaters of the basin. In 1Q21, ONS maintained the minimum generation guideline in the headwaters of the Paraíba do Sul river basin.

## AVAILABILITY

In 1Q22, the Porto Primavera and Paraibuna plants maintained the average availability factor at 96.0%, in line with 4Q21 and 0.2 p.p. higher than in 1Q21 (95.8%), maintaining the Company's normal levels.

The availability factors of Auren's plants in 1Q22 remain significantly higher than the reference values defined by the Brazilian Electricity Regulatory Agency (ANEEL) and have remained relatively stable, demonstrating the quality of operations, maintenance of operational assets and effective management of operational risks.

### Consolidated HPP Availability Factor<sup>14</sup> (%)



## WIND POWER GENERATION

Production from the Company's wholly-owned wind power assets			
(MWavg)	1Q22	1Q21	Var. %
Ventos do Piauí I	58	61	-5%
Ventos do Araripe III	74	47	59%
<b>Total</b>	<b>132</b>	<b>108</b>	<b>22%</b>

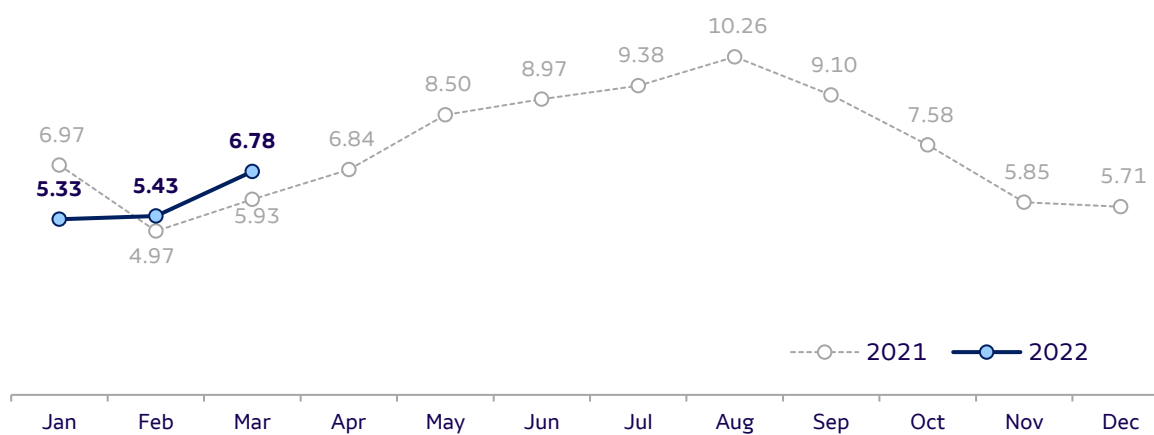
<sup>14</sup> 60-month moving average - availability index is calculated through the Calculated Equivalent Rate of Forced Availability ("TEIFa") and the Programmed Unavailability Equivalent Rate ("TEIP"), defined by ANEEL.

Power generation at the wind farms operated by Auren in 1Q22 totaled 132 MW average, up 22% from 1Q21 (108 MW average).

## VENTOS DO PIAUÍ I

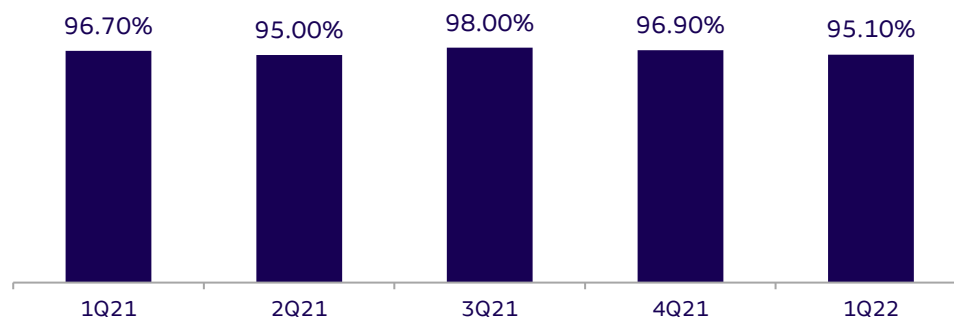
In 1Q22 Ventos do Piauí I registered an average wind speed below expectations for January, affected by rainfall above forecasts. On the other hand, in February and March the average was higher in relation to 2021 (5.9 m/s in 1Q22 versus 6.0 m/s in 1Q21).

### Ventos do Piauí I – Average monthly wind speed (m/s)



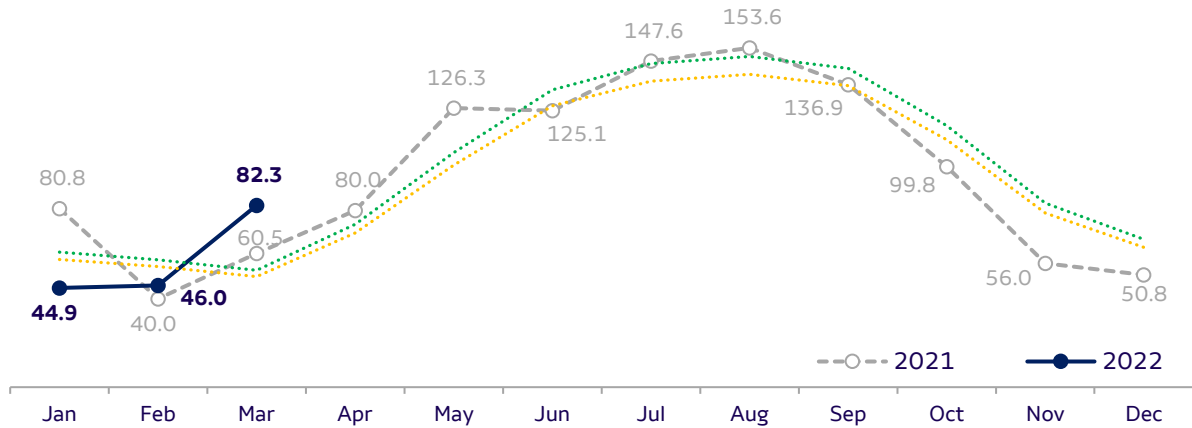
The average time availability factor of the complex reached 95.1% in 1Q22, down 1.6 p.p. from 1Q21 (96.7%) and 1.8 p.p. from 4Q21 (96.9%). The decline in the factor during the period is due to the scheduled shutdowns at Curral Novo do Piauí's Sectioning Substation for constructions (connection of Ventos do Piauí II and III projects).

### Ventos do Piauí I – Average Time Availability Factor (%)



With that, generation in 1Q22 decreased 5% in comparison to the same period the previous year (58 MWavg in 1Q22 versus 61MWavg in 1Q21).

## Ventos do Piauí I – Energy generation and certified values<sup>15</sup> for P50 and P90 (MWavg)



### Ventos do Piauí I – Average generation

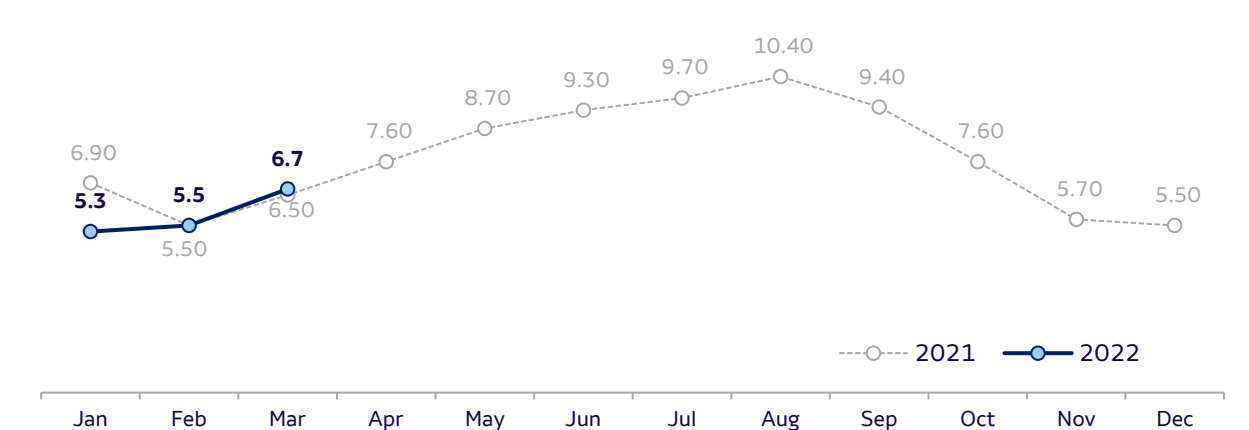
	Average generation (MWavg)	Var. (P90)	Var. (P50)
1Q21	61.1	13%	7%
1Q22	58.1	7%	2%
P90	54.1		
P50	57.2		

<sup>15</sup> P50 and P90 values according to recertification by the UL company performed after the park was put into operation.

### VENTOS DO ARARIPE III

In 1Q22, Ventos do Araripe III registered lower average wind speed in January and February when compared to the same period in 1Q21, due to rainfall above forecasts. In March, average wind speed was in line with the expected, exceeding the historical average. In the quarter, the average stood at 5.8 m/s versus 6.3 m/s in 1Q21.

#### Ventos do Araripe III – Average Monthly wind speed (m/s)

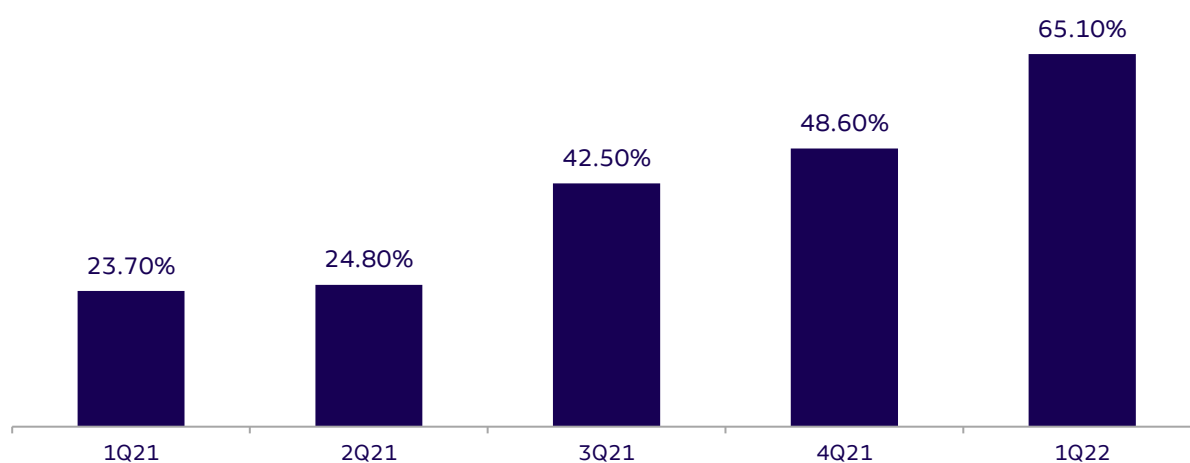


The complex's availability factor reached 65.1%, increasing 41.4 p.p. from 1Q21 (23.7%) and 16.5 p.p. from 4Q21 (48.3%), indicating the advances made in optimizing the asset's availability factor. The Company currently is taking efforts to normalize the indicator after two incidents, occurred in 2020 and 2021.

In June 2020, occurred the breakdown of the first transformer due to internal failure and was taken out of service for repair, which was completed in April 2021. This event was covered by the insurance policy and resulted in a reimbursement of R\$46 million for loss of profits, booked in 2021.

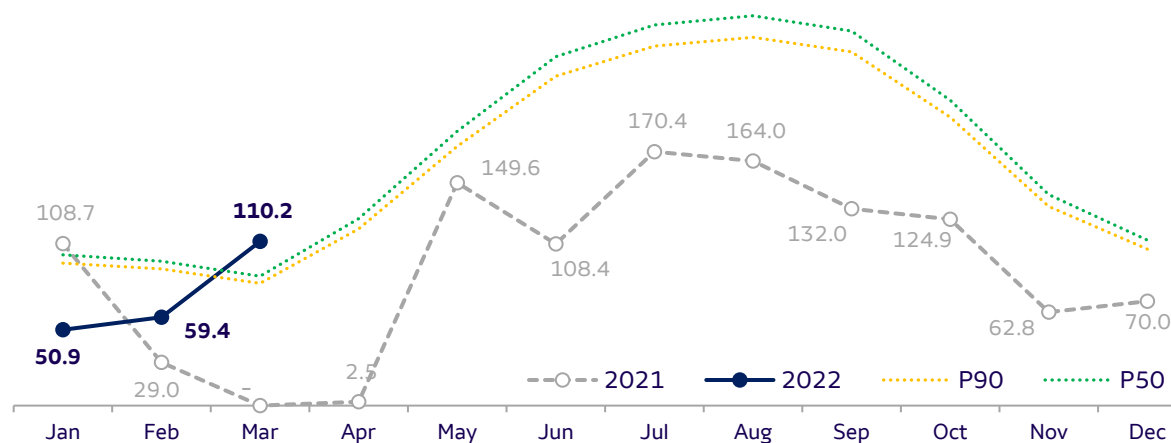
In February 2021, occurred the second transformer was taken out of service due to malfunction and the reimbursement of loss of profits, with the insurance company, is still under discussion. The accounting recognition in the result will be performed when the issue is defined. It is important to highlight that Auren has a specific Business Continuity Plan for its wind complexes that aims to establish the guidelines and procedures to be adopted for the continuity of critical activities. Besides that, the Company proactively performed a general revision of the substation and acquired a backup transformer, already on site.

## Ventos do Araripe III - Average Time Availability Factor (%)



With that, the generation of Ventos do Araripe III presented an increase of 59% (74 MWavg in 1Q22 versus 47MWavg in 1Q21) after the reestablishment of the transformers of the Collecting Substation.z

## Ventos do Araripe III – Energy generation and certified values<sup>16</sup> for P50 and P90 (MWavg)



### Ventos do Araripe III – Average generation

	Average generation (MWavg)	Var. (P90)	Var. (P50)
1Q21	46.5	-48%	-51%
1Q22	73.9	-18%	-22%
P90	89.7		
P50	94.9		

<sup>16</sup> P50 and P90 values according to recertification by the UL company performed after the park was put into operation.

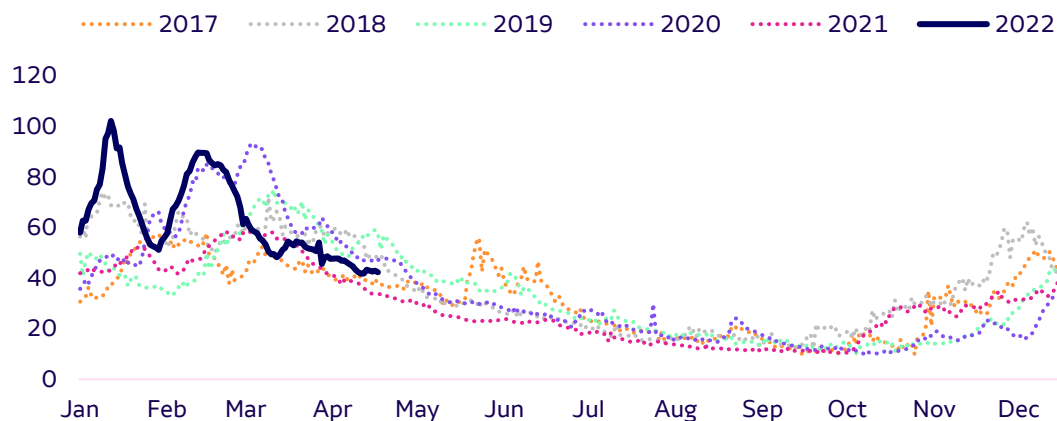
# Commercial Performance

## ENERGY MARKET

### INFLOWS, RESERVOIRS AND CONSUMPTION

The first months of 2022 presented a significant improvement in inflows, surpassing the values verified in the last years, as shown in the following graphic. This scenario is quite different from what was observed in 2021, where Affluent Natural Energy ("ENA") registered for the Southeast/Mid-West submarket was one of the worst in the historical 91-year period from January to December 2021, even below the values observed in years with adverse hydroelectric conditions, such as 2001 and 2014.

**ENA SE/CO (GWavg)**

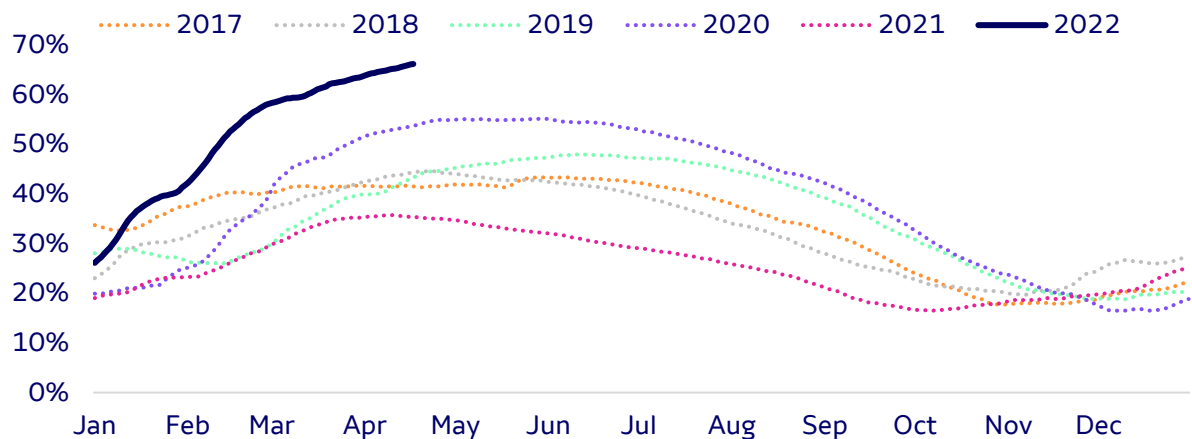


With that, the first quarter of 2022 was marked by the reversal of the very adverse hydrological scenario. As a consequence of the improvement of inflows, an important recovery of the main reservoirs of the National Interconnected System ("SIN") was observed, reflecting positively in the general scenario.

In March 2022, the reservoirs of the Southeast/Mid-West subsystem reached the level of 67% of maximum storage capacity versus 35% observed in the same period last year.



## Reservoir Levels Southeast/Mid-West (%)



From the consumption point of view, there was an increase of 4.3% in 2021 when compared to 2020. According to forecasts<sup>17</sup>, it is estimated that consumption for 2022 will exceed that verified in 2021 by 1.8%.

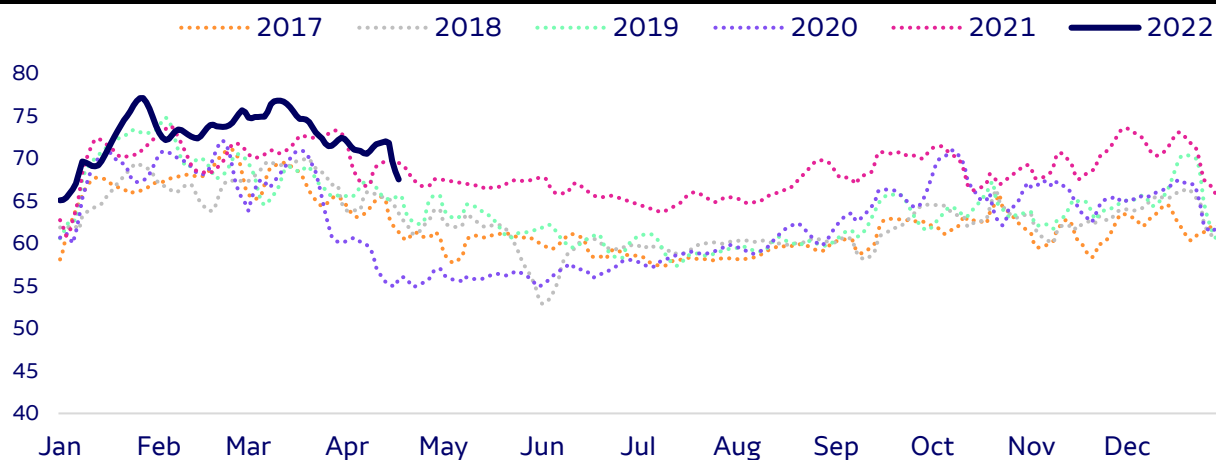
The achievement of favorable conditions for energy supply in 2022 allowed the dispatch of thermal plants outside the merit order to be reduced significantly until April 2022, as well as the reduction of various restrictions of outflow imposed for some hydroelectric plants.

Due to the improvements in the conditions of energy supply presented, the impacts on the price of energy were immediate. The average energy price (Spot Price - "PLD") for the first quarter of 2022 in the Southeast/Mid-West submarket was R\$58/MWh, close to the minimum PLD, 66% lower when compared to the same period of 2021 (R\$172/MWh).

With regard to the MRE's hydroelectric deficit index (GSF), it reached values close to 95% in the average of the months of the first quarter. According to the CCEE projections, the GSF should close the year 2022 at 86%, against 73% observed in 2021.

<sup>17</sup> Source: ONS.

## SIN's energy consumption (GWavg)



## ENERGY BALANCE

### AUREN'S CONSOLIDATED PORTFOLIO

Auren's portfolio is composed by assets that together accounts for 1,219.1 MWavg of physical guarantee, already considering the commercial operation of Ventos do Piauí II and III.

The sale of energy is distributed in contracts signed in the Free Contracting Environment (ACL) and in the Regulated Contracting Environment (ACR).

Currently, the assets that have contracts in the ACR are UHE Porto Primavera and the Ventos do Piauí I and Ventos do Araripe III complexes. All contracts are adjusted with the IPCA inflation index on their respective adjustment dates.

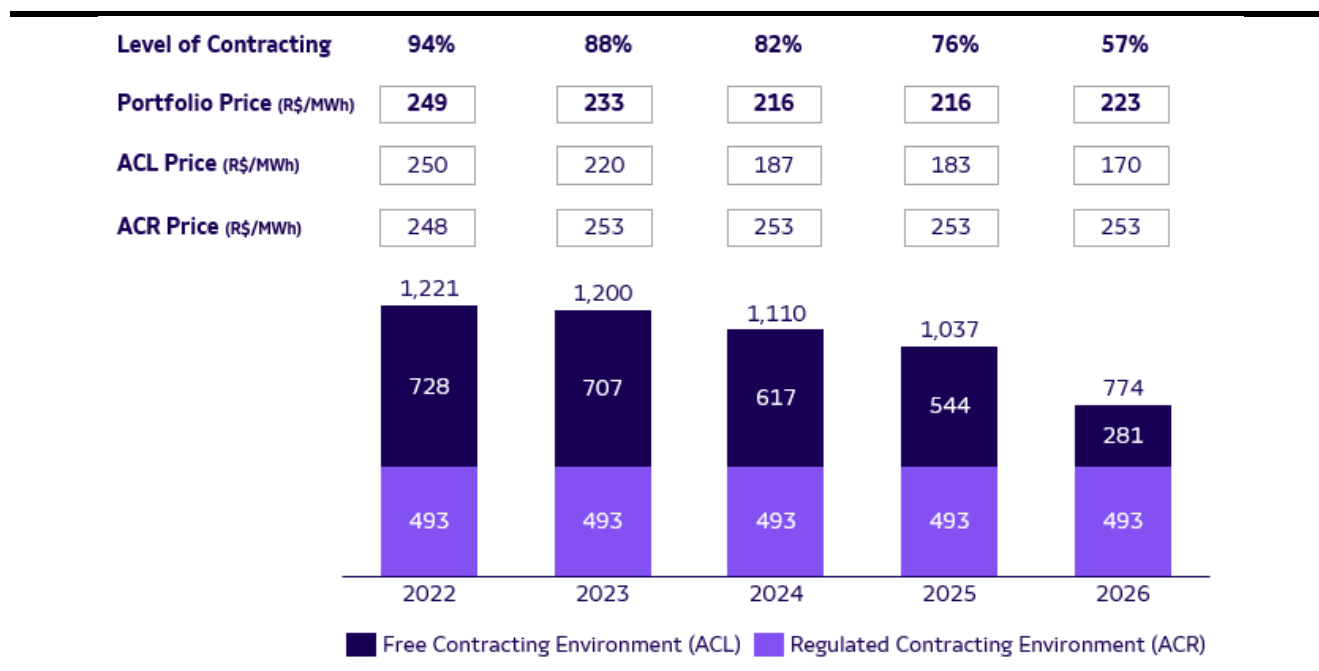
ACR Contracts				
Asset	Auction	Annual Volume (MWavg)	Current Price (R\$/MWh) <sup>18</sup>	End date
UHE Porto Primavera	1st LEN	148.0	268.05	12/31/2039
UHE Porto Primavera	2nd LEN	82.0	286.36	12/31/2038
Ventos do Piauí I	22nd LEN	93.0	267.51	12/31/2037
Ventos do Araripe III	20th LEN	15.4	220.19	12/31/2038
Ventos do Araripe III	18th LEN	102.5	203.32	12/31/2037
Ventos do Araripe III	6th LER	52.2	212.07	09/30/2037

<sup>18</sup> As of 03/31/2022.

The amount of physical guarantee of UHE Porto Primavera referring to the ACR contract (230 MWavg) is protected against hydrological risk exposure. In return, the company pays a monthly premium of R\$14.32/MWh as established by ANEEL Normative Resolution 684/2015.

For the year 2022, Auren's generation portfolio is practically all contracted.

### Auren's generation consolidated portfolio – Contracting Profile<sup>19</sup> (MWavg)



<sup>19</sup> Physical guarantee for the calculation of the 2022 contracting level considers the partial operation of VdP II and III and the extension of UHE Paraibuna's concession, according to the Administrative Rule no. 647/2022 published on 05/06/2022.

## Financial Performance

The financial performance presented herein considers Auren's non-audited proforma consolidated results, prepared to reflect the corporate reorganization effects, as if the combination had occurred on January 1<sup>st</sup>, 2021.

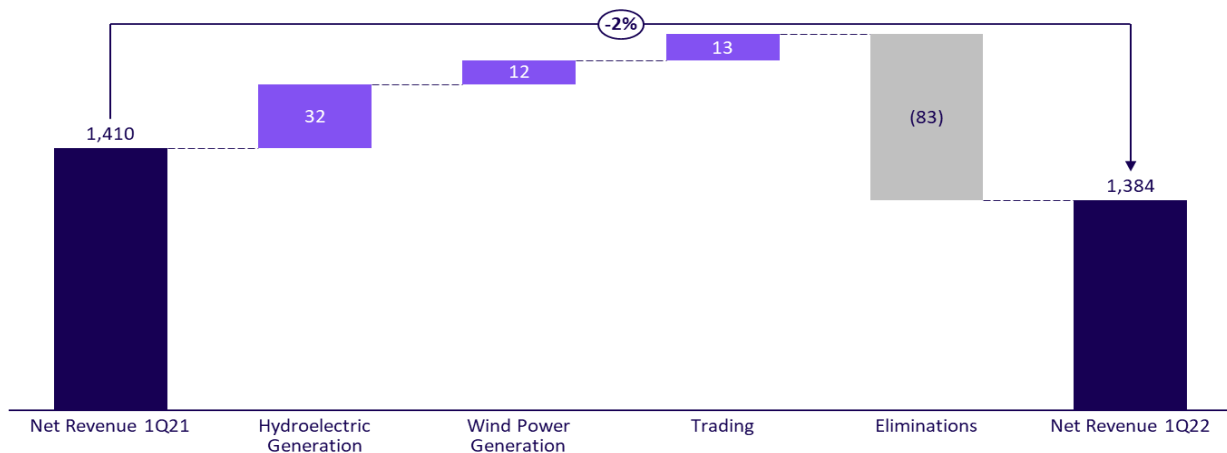
### NET REVENUE

Net operating revenue in 1Q22 amounted to R\$1,384 million, a decrease of R\$26 million, or 2%, from R\$1,410 million in 1Q21, mainly due to:

- (a) Hydroelectric Generation:** R\$32 million increase explained by the higher average price power of contracts and termination of the financial hedge contract to protect part of the company's revenue linked to foreign currency adjustment on December 31, 2021, totaling a revenue of R\$435 million in 1Q22 versus R\$403 million in 1Q21.
- (b) Wind Power Generation:** R\$12 million increase in net revenue, mainly due to the adjustment in prices of contracts and reduction of provision for reimbursement related to the quadrennial adjustment mechanism related to Ventos do Araripe III regulated contracts, totaling revenue of R\$114 million in 1Q22 versus R\$103 million in 1Q21.
- (c) Trading:** R\$13 million increase in revenues from energy trading operations, explained by higher average selling price, partially offset by the lower volume traded (2,013 MWm in 1Q22 versus 2,328 MWm in 1Q21), totaling R\$1,015 million in 1Q22 versus R\$1,002 million in 1Q21.
- (d) Eliminations:** R\$83 million increase (R\$180 million in 1Q22 versus R\$97 million in 1Q21), resulting in a negative effect on consolidated net revenue, mainly due to an increase in the volume of intercompany transactions between the generation assets and the trading company.

For a better understanding of these operations, please access the "Important Information" section of this document.

## Net Revenue Evolution – 1Q21 versus 1Q22 (R\$ million)



## OPERATING COSTS AND EXPENSES

Operating costs and expenses totaled R\$1,253 million in 1Q22, compared to R\$1,046 million in 1Q21, a variation of R\$207 million between the periods, mainly due to the variation of f provision for contingent liabilities, among the factors detailed below:

**(a) Energy cost:** reduction of R\$47 million (R\$921 million in 1Q22 versus R\$968 million in 1Q21), explained mainly by:

- **Intercompany Operations:** increase in the volume of energy traded, totaling a reduction of R\$180 million in the total energy cost in 1Q22 versus R\$97 million in 1Q21;
- **Hydroelectric Generation:** reduction of R\$10 million in energy purchased to manage the energy balance due to the significant improvement in hydrology in the period, and consequent reduction in the need to purchase. This effect was partially offset by the higher average purchase price of this energy due to the strategy of anticipating purchases adopted by the Company throughout 2021. For 1Q22, 191 MWm of energy were purchased (versus 361 MWm in 1Q21) at a price of R\$315/MWh (versus R\$208/MWh in 1Q21); effects partially offset by
- **Trading:** R\$43 million increase due to the higher average purchase price in the period, when compared to the same period last year, totaling R\$992 million in 1Q22 versus R\$949 million in 1Q21;
  - **System use charges:** increase of R\$11 million in the period explained by the readjustment of approximately 24% in the energy transport tariffs (TUST and TUSD-g), totaling R\$55 million in 1Q22 versus R\$44 million in 1Q21; and

- **Wind Power Generation:** increase of R\$2 million, totaling R\$11 million in 1Q22 versus R\$8 million in 1Q21.

**(b) Operating expenses:** increase of R\$32 million (R\$111 million in 1Q22 versus R\$78 million in 1Q21), mainly due to the increase in expenses related to the corporate reorganization, considering labor indemnities and financial and legal consulting services, in addition to the readjustment of the O&M contracts of the wind power assets.

**(c) Other expenses:**

- **Reversal of provision for litigation:** negative impact of R\$248 million, due to the provision of R\$45 million in 1Q22 versus a provision reversal of R\$203 million in 1Q21, a non-cash effect. For more details on changes in the Company's contingent liabilities in the period, see the "Contingent Assets and Liabilities" section of this Earnings Release.
- **Write-off of judicial deposits:** expense incurred in 1Q21 that did not repeat in 1Q22, of R\$40 million, resulting from the revision process of contingent liabilities and judicial deposits of the subsidiary CESP.
- **Energy futures contracts (MtM):** positive effect of R\$2 million (R\$5 million in 1Q22 versus R\$7 million in 1Q21), a non-cash effect, mainly caused by the volatility in the assumptions used to calculate mark-to-market adjustments of operations.

**(d) Depreciation and amortization:** expense increase of R\$8 million (R\$163 million in 1Q22 versus R\$155 million in 1Q21) reflects the addition of intangible asset of extension of the concession period resulting from the renegotiation of hydrological risk.

## ADJUSTED EBITDA

Consolidated adjusted EBITDA totaled R\$340 million in 1Q22, with margin of 25%, down 4% from the same period in 2021 (R\$356 million). The variation in adjusted EBITDA in the quarter is mainly due to:

**(a) Hydroelectric Power Generation:** Increase of R\$39 million (totaling R\$302 million in 1Q22 versus R\$262 million in 1Q21), reflecting:

- Positive impact of R\$10 million given the lower need for energy purchasing to equalize the energy balance, offset by the increased average purchase price, in line with the Company's strategy; and
- R\$32 million increase in revenue due to higher average price of contracts for financial and derivative instruments and the finalization of the financial

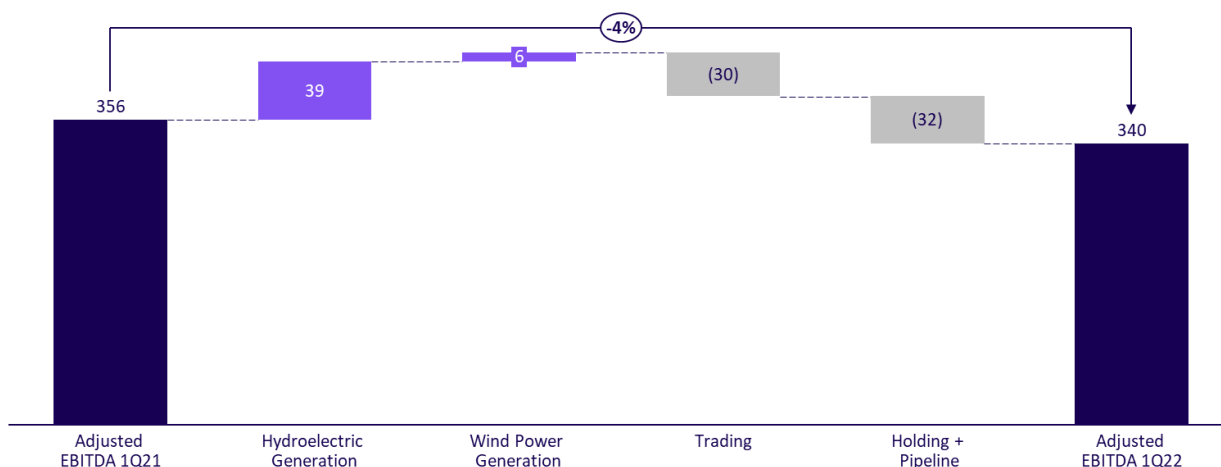
hedge contract to protect part of the company's revenue linked to the adjustment in foreign currency on December 31, 2021.

**(b) Wind Power Generation:** positive variation of R\$6 million, due to the adjustment of prices in LEN and LER contracts, combined with the decrease in provision for reimbursement referring to the quadrennial adjustment mechanism related to Ventos do Araripe III regulated contracts, totaling R\$82 million in 1Q22 versus R\$76 million in 1Q21.

**(c) Trading:** negative effect of R\$30 million in the comparison between the periods explained by higher energy purchase price to equalize the balance, totaling a negative result of R\$8 million versus a positive result of R\$22 million in 1Q21.

**(d) Holding and Pipeline:** negative impact of R\$32 million in the period, explained mainly by higher expenses with consultancy services to support the corporate reorganization process and increased expenses, non-capitalizable, with projects under structuring and construction, totaling a reduction of R\$35 million in EBITDA.

### Adjusted EBITDA Evolution – 1Q21 vs. 1Q22 (R\$ million)



The table breaking down Adjusted EBITDA by segment is included in the “Appendices” section.

## FINANCIAL INCOME (EXPENSES)

Financial Result			
R\$ mil	1Q22	1Q21	Var. %
<b>Financial Income</b>	<b>86,074</b>	<b>7,842</b>	<b>-</b>
<b>Financial Expenses</b>	<b>(250,510)</b>	<b>(218,011)</b>	<b>15%</b>
Debt charges	(64,724)	(52,131)	24%
Monetary update of debentures	(61,557)	(45,102)	36%
Balance update of provision for litigation	(46,701)	(65,723)	-29%
Judicial deposits write-off	(2,497)	(1,832)	36%
Balance update of postemployment benefits	(38,102)	(39,530)	-4%
Other financial expenses, net	(36,929)	(13,693)	-
<b>Total</b>	<b>(164,436)</b>	<b>(210,169)</b>	<b>-22%</b>

In 1Q22, the Company registered net financial expense of R\$166 million, compared to net financial expense of R\$211 million in 1Q21. The decrease in the quarterly comparison is mainly due to:

- (a) **Financial income:** increase of R\$80 million in financial income, mainly due to higher cash balance invested during the period (R\$3,280 million in 1Q22 vs. R\$1,780 million in 1Q21); and
- (b) **Balance update of provision for litigation:** decrease of R\$19 million, due to the significant reduction in the provision for contingent liabilities between the periods and the deceleration of IGP-M index during the period (5.39% in 1Q22 versus 8.04% in 1Q21), amounting to R\$47 million in 1Q22 versus R\$66 million in 1Q21; these effects were partially offset by:
- (c) **Debt charges and inflation adjustment of debentures:** increase of R\$44 million due to the rise in the average CDI rate in 1Q22 of 10.21% versus 2.01% in 1Q21 and the average annualized IPCA rate of 10.74% in 1Q22 versus 5.29% in 1Q21, used to calculate the remuneration and inflation adjustment of the Company's debentures, resulting in an expense of R\$141 million in 1Q22 vs. R\$97 million in 1Q21.
- (d) **Capitalized interest on loans:** R\$15 million refer to charges on loans and financing allocated as Capex, in accordance with CPC 20, in the Ventos do Piauí II and III projects.

## NET INCOME (LOSS)

In 1Q22, reported net income of R\$18 million, compared to net income of R\$136 million in 1Q21, mainly due to:



- (a) Adjusted EBITDA:** the Company registered consolidated adjusted EBITDA of R\$340 million, a reduction of R\$16 million from the R\$356 million registered in 1Q21, mainly due to expansion projects expenses increase and corporate restructuring.
- (b) EBITDA adjustments:** net loss was mainly impacted by the movement in the provision for litigation, a negative effect of R\$248 million (provision of R\$45 million in 1Q22 versus reversal of provision of R\$203 million).
- (c) Financial income (expense):** reduction of R\$45 million in net financial expense, due to the increase of R\$80 million in financial income, a decrease of R\$19 million in adjustment of balance of provision for litigations, partially offset by the increase in debt charges and inflation adjustment on debentures of R\$30 million.
- (d) Income tax:** decrease of R\$52 million, in line with the decrease in taxable income, using an effective rate of approximately 34%.
- (e) Equity income:** represents the results from hydroelectric plants in which Auren holds interest, through preferred shares. In 1Q22, equity income was R\$65 million, an increase of R\$19 million from the R\$46 million in 2Q21.

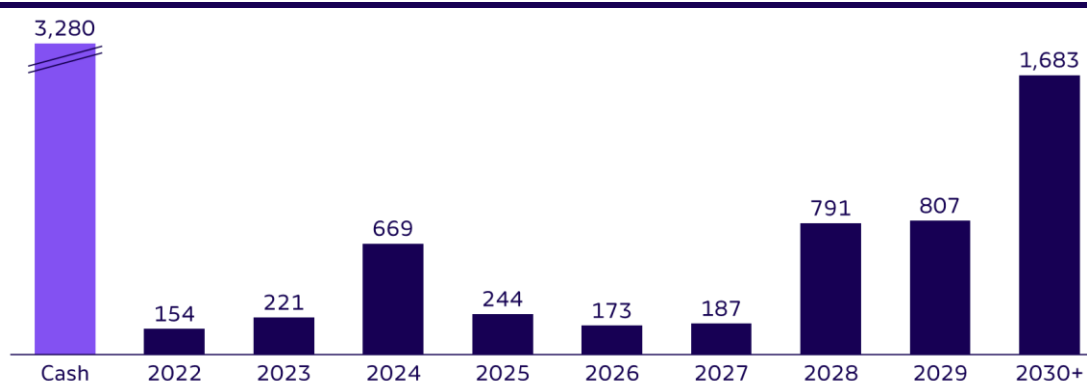
## Indebtedness

The Company's gross debt on March 31, 2022 was R\$4.8 billion, compared to R\$4.7 billion on March 31, 2021.

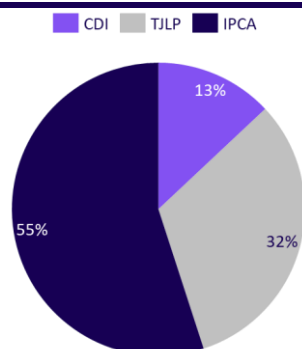
Cash and cash equivalents ended 1Q22 at R\$3.3 billion, versus R\$1.8 billion in the same period last year. This balance mainly reflects: (i) the investments of R\$1.5 billion from the controlling shareholder CPP Investments as part of corporate restructuring; (ii) the debenture issue in December 2021 in the amount of R\$300 million, for the acquisition of renewable energy projects and to strengthen the cash position; and (iii) receipt of first tranches of the loans from BNDES for the Ventos do Piauí II and III wind power complex (R\$537 million in December 2021 and R\$76 million in February 2021), with factors (ii) and (iii) above having positive effects on cash, but neutral effects on net debt.

As such, the Company's consolidated net debt on March 31, 2022 was R\$1.6 billion. The consolidated average term during the period was 6.9 years and the fixed average cost of the portfolio was 10.6% per year (IPCA + 4.2% per year or CDI -0.8% per year).

### Amortization Schedule (R\$ million)



### Gross Debt by Indexer<sup>20</sup> (R\$ million)



<sup>20</sup> IPCA includes debts linked to TLP.

The table breaking down the Company's debt portfolio is included in the Appendices section.

## LEVERAGE AND COVENANTS

Leverage, as measured by the ratio of net debt to adjusted EBITDA, ended 1Q22 at 1.5x.

## RATING

	<b>Agency</b>	<b>Rating</b>	<b>Outlook</b>	<b>Revision</b>
VTRM – Corporate	Fitch Ratings	AAA (bra)	Stable	11/21
Auren – Corporate	Fitch Ratings	BBB-   AAA (bra)	Negative   Stable	03/22
CESP – Corporate	Standards & Poor's	BB-   br.AAA	Stable	05/21
CESP – 12 <sup>th</sup> Debenture	Fitch Ratings	AAA (bra)	Negative   Stable	07/21
Ventos do Piauí I	Fitch Ratings	BB   AAA (bra)	Stable	03/22
Ventos do Araripe III	Fitch Ratings	BB   AA (bra)	Stable	10/21

[Click here](#) to access the latest report from Fitch Ratings dated April 26, 2022.

## Free Cash Flow

Free Cash Flow			
R\$ mil	1Q22	1Q21	Var. %
Adjusted EBITDA	340,362	356,130	-4%
Cash income tax and social contribution	(19,744)	(36,320)	-46%
Working Capital	(40,927)	15,852	-
CAPEX <i>sustaining</i>	(2,359)	(1,012)	133%
<b>Operating cash flow</b>	<b>277,331</b>	<b>334,650</b>	<b>-17%</b>
Debt service	(75,839)	(66,499)	14%
<b>Operating cash flow after debt service</b>	<b>201,492</b>	<b>268,151</b>	<b>-25%</b>
CAPEX projects	(265,586)	(17,646)	-
Payment of litigation	(65,082)	(11,934)	-
Funding	76,600	-	-
Amortization	(26,467)	(27,343)	-3%
Capital increase	1,500,000	-	-
Share Buyback (CESP ADR)	-	(3,332)	-
Dividends	-	-	-
<b>Free cash flow</b>	<b>1,420,957</b>	<b>207,896</b>	<b>-</b>
Initial cash balance	1,752,890	1,332,121	32%
Final cash balance	3,173,847	1,540,017	106%
Final cash balance, considering reserve	3,281,167	1,646,218	99%

The Company ended 1Q22 with R\$201 million of operational cash flow after debt service, which represents a cash conversion ratio of 59%. The change in operational cash flow between the quarters was mainly due to:

**(a) Working capital:** Increase of R\$57 million in disbursements (R\$41 million in 1Q22 versus reversal of R\$16 million in 1Q21), with the following main impacts:

- Start of payment of installment plan to equalize the pension plan (Vivest), in the amount of R\$15 million, without any effects on result;
- Mark-to-market adjustment of trading activity (R\$4 million), whose effect is non-cash; and
- Reduction of the working capital of wind power assets between the quarters (R\$21 million), an effect caused by the constrained-off process. For more details on this topic, see the “Regulatory Matters” section of this Earnings Release.

**(b) Cash income tax/social contribution:** Decrease of R\$17 million in expense (R\$20 million in 1Q22 vs. R\$36 million in 1Q21) due to the distribution of interest on equity in 1Q21, which did not repeat this year.

Free cash flow at the end of March 2022 was a positive R\$1.4 billion, resulting from the above-mentioned points and:

- (a) Positive impact of R\$1.5 billion in 1Q22, from the capital injection by the controlling shareholder CPP Investments in connection with corporate restructuring.
- (b) Positive impact of R\$77 million in 1Q22 related to the first installment of the loan from BNDES for the Ventos do Piauí II and III wind complex, as detailed in the Debt section of this earnings release; whose effects were partially offset by the:
  - a. Increase in the Capex allocated to the construction of projects currently under development (Ventos do Piauí II and III), in the amount of R\$266 million in 1Q22; and
  - b. Increase in litigation payments by R\$53 million in 1Q22.

## Dividends

The Company approved the distribution of one hundred million reais (**R\$100,000,000.00**), equivalent to ten centavos (R\$0.10) per share, for the fiscal year ended December 31, 2021.

The Board of Directors Meeting held on March 25, 2022 and the Annual Shareholders Meeting held on April 29, 2022 approved the distribution of minimum mandatory dividends of the Company, in the amount of thirteen million, nine hundred fifty thousand, five hundred seventy-two reais (R\$13,950,572.00), equivalent to R\$0.013950572000 per share, corresponding to twenty-five percent (25%) of the adjusted net income from the fiscal year.

The Board of Directors Meeting held on April 11, 2022, approved the distribution of: (i) additional dividends by the Company, in the amount of forty-one million, eight hundred fifty-one thousand, seven hundred sixteen reais (R\$41,851,716.00), corresponding to the retained earnings from the fiscal year ended December 31, 2021 (investment reserve) and equivalent to R\$0.041851716000 per share; and (ii) additional dividends by the Company in the amount of forty-four million, one hundred ninety-seven thousand, seven hundred twelve reais (R\$44,197,712.00), corresponding to the reserve for the retention of profits prior to the fiscal year ended December 31, 2021 and equivalent to R\$0.044197712000 per share.

Payment will be made to shareholders of record as of May 3, 2022, considering any trades made until such date, inclusive. The shares of the Company have been traded ex-dividends as from May 4, 2022, inclusive.

The effective payment of the dividends will be made in local currency on May 19<sup>th</sup>, 2022, as approved by the Board of Directors of the Company on May 13<sup>th</sup>, 2022 and disclosed via Notice to Shareholders.

# Contingent Liabilities and Assets

## CONTINGENT LIABILITIES

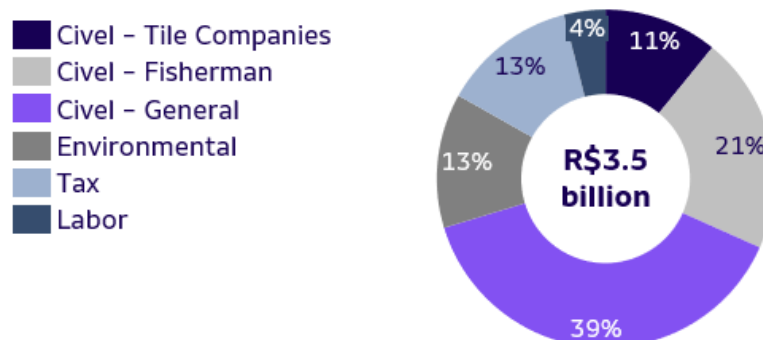
In line with Auren’s contingent liability strategy, starting from 1Q22 we are reporting total contingent liabilities excluding amounts in lawsuits whose likelihood of loss is considered remote.

The Company is currently a party to lawsuits that represent a total contingent liability of R\$3.5 billion, of which R\$1.4 billion pertains to lawsuits whose likelihood of loss is considered probable and, for the remaining balance, is possible.

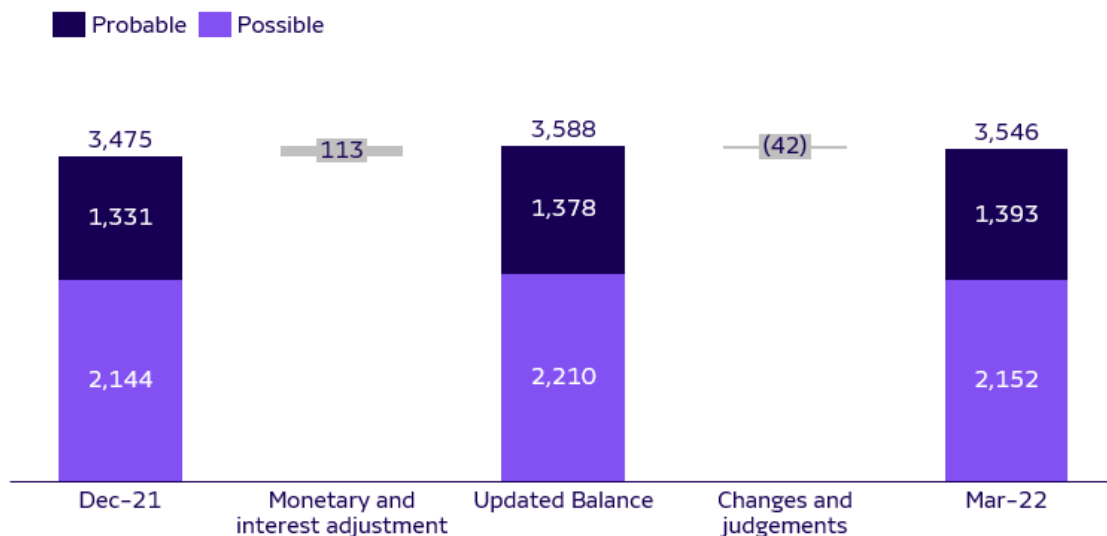
Compared to the previous quarter, total contingent liabilities, up to the date of publication of this report, decreased R\$129 million, after inflation adjustment and interest, which includes agreements, closing of lawsuits in a favorable way to the Company, adjustment of estimates and prognosis of other lawsuits.

Probable contingent liabilities ended the quarter increasing R\$2 million, after inflation adjustment and interest, due to the revision of estimates based on the progress of lawsuits.

### Contingent Liabilities Profile (R\$ % Total)



## Evolution of Legal Actions<sup>21</sup> (R\$ million)



The Company clarifies that the amount of contingent liabilities is subject to constant reassessment precisely because its measurement is linked to the actual progress of the lawsuits.

## CONTINGENT ASSETS - TRÊS IRMÃOS

The lawsuit disputing the indemnification for the reversibility of the Três Irmãos HPP (case no. 45939-32.2014.4.01.3400) is in the lower court in the evidentiary phase, with discussions on the latest report from the legal expert, who valued the reversible assets at R\$4.7 billion (June 2012 values). The valuation consists of: Plant: R\$1.9 billion; Floodgates and Canal: R\$1.0 billion; and Land: R\$1.8 billion.

Currently, the parties are awaiting the judge's decision.

<sup>21</sup> Amount shown includes the combined legal actions portfolio of the companies after corporate restructuring.



## Pension Fund – Vivest

### **VOLUNTARY MIGRATION PLAN**

In December 2021, the Union of Electricity Sector Workers of Campinas, Adecon Institute, Union of Engineers of the São Paulo State and the Union of Employees in Electricity Generation, Transmission and Distribution in the City of Bauru/São Paulo State, filed a lawsuit (case No. 1139986-11.2021.8.26.0100) to suspend the voluntary migration process of beneficiaries.

In January 2022, a provisory decision (interlocutory relief) suspended the voluntary migration process but was partially revoked by the São Paulo State Court of Appeals based on an appeal filed by CESP, Company's subsidiary.

With this, the beneficiaries who joined the voluntary migration did so until March 24, 2022, and these represent 1,211 migrations, corresponding to 17.6% of the total actuarial liabilities totaling R\$ 1.4 billion of RMI.

In May 2022, the lawsuit was decided in Company's favor, refuting all the allegations brought by the plaintiffs in the case, so that the migration is being processed normally, and is scheduled to take place on July 1, 2022. The discussion about the issue remains in the Judiciary, responsible for finally deciding on the issue.

# Regulatory Matters

## CURRENT ISSUES

This section presents issues that are currently affecting the Company's business and the results in the quarter, bringing historic information and updates.

### GENERATION OUTSIDE OF MERIT ORDER (GFOM):

Authorized by the Electricity Sector Monitoring Committee (CMSE), the Generation Outside of Merit Order of Cost (GFOM) enables the National Electricity System Operator (ONS) to dispatch thermoelectric plants, whose Unit Variable Cost (CVU) of operation is higher than the Marginal Operating Cost (CMO) indicated by the chain of operational planning models and the short-term pricing used by ONS to operate and dispatch the generation resources to meet the energy demand from the National Interconnected System (SIN), and hence, these are thermoelectric resources that would not be activated according to the cost merit criterion according to the operational planning procedures, but are assessed as necessary in certain situations of higher risk of energy supply and fulfillment of demand.

The decision on dispatch pertains to the ONS, with prior authorization from the CMSE, which constantly evaluates the system's supply conditions and the risk of energy shortages. Since October 2020, the ONS has been using the GFOM mechanism, especially during the water crisis in 2021. These dispatches helped in the accelerated recovery of the reservoirs starting from the onset of the rainy season in October 2021. Consequently, the GFOM had been scaled down since the beginning of 2022, due to the reversal and sharp reduction in the risk of deficit in meeting the consumption demand from the SIN. In April 2022, the CMSE revoked the authorization for activating thermoelectric plants outside the order of merit due to better storage conditions at the reservoirs.

Since this mechanism is a risk aversion measure that is not incorporated into the pricing and operation models, hydroelectric generators agents are entitled to financial compensation established by ANEEL Normative Resolution 784/2017, which corresponds to the volume of energy that the plant ceased to generate due to the CMSE's decision to prioritize dispatch outside the order of merit, based on its stake in the Energy Reallocation Mechanism (MRE). This compensation is paid monthly to the generators and corresponds to the difference between the short-term price (PLD) in effect at the time of dispatch and a reference price (PLDx) defined by the regulatory agency, which is currently R\$178.44/MWh. PLDx is the price associated with the opportunity cost of generation arising from the incremental storage in reservoirs. Since this is a purely financial transaction with the Electricity Trading Chamber (CCEE), no volume of energy is linked to this reimbursement.

This compensation is covered by the System Services Charge (ESS).

## PORTO PRIMAVERA HPP – WATER RESTRICTIONS

In view of the persisting hydrology crisis in Brazil during 2021 (especially in the Paraná River Basin, where the Porto Primavera HPP is located) caused by significantly below average rainfall in the main watersheds with hydroelectric plants that are part of the National Interconnected System (SIN) between 2020 and 2021, which have suffered the worst hydrological sequences, with inflows among the lowest in the last 91 years, authorities have determined measures to ensure the hydraulic governability of the basin, which include reducing the minimum release flows.

Among the various measures taken during the critical water scarcity, declared by the National Water and Basic Sanitation System (ANA), are the creation of the Exceptional Water & Energy Management Rules Chamber (CREG), with powers to define mandatory guidelines, on an exceptional and temporary basis, to set the limits of use, storage and flow of hydroelectric plants and which, in its final meetings in 2021 prior to its dissolution (given that Provisional Presidential Decree 1055/2021 was not made into law), resolved on measures for the flexibilization of the release flows of the Porto Primavera HPP in 2022.

The current scenario of favorable hydrological conditions, indicating a recovery in reservoir storage levels, which are currently on Southeast/Mid-West of approximately 70%, did not require the adoption of all the emergency measures previously approved by CREG (in 2022, the minimum release flow of Porto Primavera HPP was reduced), with the Ministry of Mines and Energy establishing, on April 15, 2022, the end of the specific tariff called “water shortage,” aimed at covering the additional costs of the system incurred to meet demand.

## PARAIBUNA HPP

The Company operates the Paraibuna HPP under a concession, pursuant to the concession agreement for generation of electricity as public utility 3/2004, which ends on June 3, 2022, considering the term extension due to the compensation for non-hydrological factors established in Law 14,052/2020. Considering the imminent expiring concession, the Company informed the Concession Authority that it is not interested in extending the concession term, as disclosed to the market on February 12, 2021.

On May 06, 2022, the Diário Oficial da União the Ordinance of the Ministry of Mines and Energy No. 647/2022, which defined CESP, Company’s subsidiary, as the temporary operator of the Paraibuna Hydroelectric Power Plant (“Paraibuna HPP”), from June 04, 2022. The operation of the Paraibuna HPP will continue in accordance with all the norms applicable, being that, as of the date mentioned will also become applicable the generation of energy in quota system. During the temporary period of operation, the asset remuneration will be based in an Annual Generation Revenue, under existing legislation and as provided in the Ordinance mentioned.

## REGULATORY RADAR

### REVISION OF PHYSICAL GUARANTEE

Pursuant to Decree 2,655/1998, rules were defined for revising the physical guarantee of the energy from hydroelectric plants dispatched centrally, which ordinarily occur every 5 years or extraordinarily upon the occurrence of material events, such as, for example, changes of technical characteristics, of installed capacity and of number of generating units. In the terms of the methodology for calculating new projects, defined by MME Ordinance No. 101/2016, the eventual reductions in physical guarantee must observe the limit of 5% established in the previous revision and 10% of the physical guarantee originally established, as per the methodology for calculating new projects, defined by Ordinance 101/2016 of the MME.

The last ordinary revision was made in 2017 by the MME and the physical guarantees revised were defined to be effective from 01.01.2018, with duration of five years. In compliance with the periodicity defined in the Decree, the MME started the process on March 28, 2022 as per Public Consultation ("CP") 123/2022 launch, which received inputs from the players and society up to 05.02.2022.

As per the scope defined in the Public Consultation, the proposal includes the exclusion of plants whose physical guarantee had been defined and became effective for less than 5 years as of 12.31.2022. As such, HPP Porto Primavera, whose physical guarantee has been effective since 04.15.2019, due to the new definition within the scope of the privatization of CESP will be excluded from this revision process.

### BILL 414/2021

Bill 414/21, the new name of Senate Bill 232/16, is seen as the main route for rolling out the project to modernize the electricity sector in Brazil, covering issues such as:

- (a) Opening up of market - by reducing and subsequently removing the minimum contracted demand limits for consumer access to the Free Trading Environment ("ACL");
- (b) Separation of guarantee and energy;
- (c) Separation of regulated trading and distribution activities;
- (d) Renewal of generation concessions;
- (e) Legal definition of self-production; and
- (f) Energy pricing.

The Bill, which was already approved by the Senate, must undergo changes in the Chamber of Deputies before being voted upon, since a few provisions are outdated due to laws and resolutions published since its presentation. As such, a fresh approval by the Senate will be required for the Bill to be sent for presidential sanction.

The last formal development in the Bill was the indication that a special commission will be formed in the Chamber, since it had been analyzed by more than three permanent commissions, which, according to the internal charter, envisages the formation of a

special commission. Moreover, the Bill was included in the Federal Government's priority agenda for 2022.

The Company continues to monitor the issue and will keep the market updated in due course.

### **CONSTRAINED-OFF EVENTS OF WIND FARMS**

Due to temporary physical limitations on energy flows through transmission systems and necessity of guaranteeing the stability of the system's real time operation, the ONS occasionally determines a reduction in generation by wind farms, mainly in northeastern Brazil. This restriction on generation is called constrained-off or curtailment. Following are the main effects of this restriction:

- (i) Reimbursement: since constrained-off events affect the generation of wind farms, there is a provision for compensation to mitigate the effects of this lesser energy generated on the business results of generators and the consequent payment of reimbursements established in the regulated energy sales contracts resulting from auctions. This treatment has been discussed by ANEEL and was partially regulated through REN no. 927/21
- (ii) Revision of physical guarantee: since constrained-off events have an effect on the generation of wind farms, this lower generation would imply an increase in the exposure of the asset to the revision of its physical guarantee.

In light of these impacts and since no details are available so far on the methodology for calculating this energy not supplied due to external restrictions, the plants affected by constrained-off events were excluded from the revision of physical guarantee and the application of the annual and quadrennial adjustment mechanism provided for in the energy purchase and sale agreements in the Regulated Environment is suspended.

With the approval of the Trading Rules on the subject on 05.03.2022, it is expected that claims for the reimbursements established in the regulated energy contracts be made for the wind farms in the Ventos do Araripe III and Ventos do Piauí I complexes in the coming months.

## ESG Agenda

For us, the future involves innovative ideas and sustainable actions. Our environmental, social and governance (ESG) strategy guides the company's projects and strategic plans to determine our values and to reduce long-term risks. Our actions are based on the guidelines of the UN Global Compact.

The Annual and Sustainability Report of CESP and Votorantim Energia, the Company's subsidiaries, were published on March 28, 2022 and May 3, 2022, respectively, and are available on the IR website. [Click here](#) to access the CESP report and [here](#) to access the Votorantim Energia report.

### ENVIRONMENTAL (E) PILLAR

We take care of the environment surrounding our operations every day. Our environmental control and monitoring programs help to create a healthy ecosystem for the local flora and fauna. Based on the Sustainable Development Goals (SDG), our environmental management includes the correct disposal of solid waste and wastewater generated by plants and wind complexes, structured actions for recovering forests and reforestation, management of hydroelectric resources and atmospheric emissions, among others. With a responsible outlook and a commitment to the future, we create value for the entire chain.

We are aware of the importance of a balanced ecosystem and the impact of climate change on our business, and hence we have undertaken the challenge of moving forward from our renewable energy portfolio to go beyond reducing carbon emissions that are avoided in our operations. We manage our Greenhouse Gas (GHG) emissions, which are mapped and quantified in the GHG Inventory following the GHG Protocol guidelines. Moreover, we are constantly evolving by following the market trends and ourselves to always do more and better. As members of the Carbon Disclosure Project (CDP), we disclose our climate performance to evaluate economically feasible opportunities to reduce emissions using available technology. As a signatory to the Global Compact, we disclose our management practices associated with the Ten Principles of the UN that directly contribute to the achievement of the UN Sustainable Development Goals (SDGs).

Still on the climate front, we offer our clients sustainable solutions that avoid or offset GHG emissions through Carbon Credits and Renewable Energy Certificates (I-REC).

Our attention to climate issues is reflected in all our actions and projects since their planning phase: the operation of Ventos do Piauí II and III, for example, should avoid annual emissions of around 617,289 tCO<sub>2</sub>eq. The expansion of wind power, combined with the future solar power generation, will drive the consolidation of a diversified platform with the potential to accelerate our transition to a low-carbon economy.

We are also founders of Legado das Águas, Brazil's largest private Atlantic Forest reserve, managed by Votorantim Reserves and maintained by Votorantim S.A. and its investees.

In 2021, we started monitoring SDG-related indicators established in 2020 and published the first report about their progress. The unit combines the protection of forests and scientific research with the production of native plants for reforestation and landscaping, as well as ecotourism activities.

## **SOCIAL (S) PILLAR**

The social pillar involves building a legacy for the communities, prioritizing the safety of surrounding populations and our operations, and promoting a more inclusive and diverse company, besides encouraging and incorporating a culture of innovation.

The positive impact should permeate the entire ecosystem. We believe in the potential of communities and strive to intensify the drivers of social and economic development in the regions where we operate. We have implemented transformative initiatives in several regions across Brazil through sustainable actions that also value local culture. In 2021, we worked in several projects and developed stakeholder engagement plans in all out operations to strengthen partnerships with communities and support grassroots development. The key lines of initiatives in the regions are:

- (a) Improving the quality of public education;
- (b) Encouraging entrepreneurship and income generation;
- (c) Improving qualification and infrastructure in rural areas;
- (d) Protecting children and adolescents;
- (e) Promoting dialogue among local representatives;
- (f) Combating the pandemic and its consequences.

In 2022, we plan to execute 103 social environmental projects (42 social projects and 61 environmental projects), with a total investment of R\$33 million, in all regions where we have presence.

Internally, the issue of Inclusion & Diversity (I&D) is one of the Company's key strategic pillars. We consider diversity in its broadest sense, including race, gender, sexual orientation and different profiles. The inclusive culture permeates the Attraction, Training & Development, Engagement & Retention and Communication pillars through initiatives that provide an attractive environment for everyone. These actions are monitored in an integrated manner across the Company by the Diversity Committee consisting of employees from diverse areas and locations.

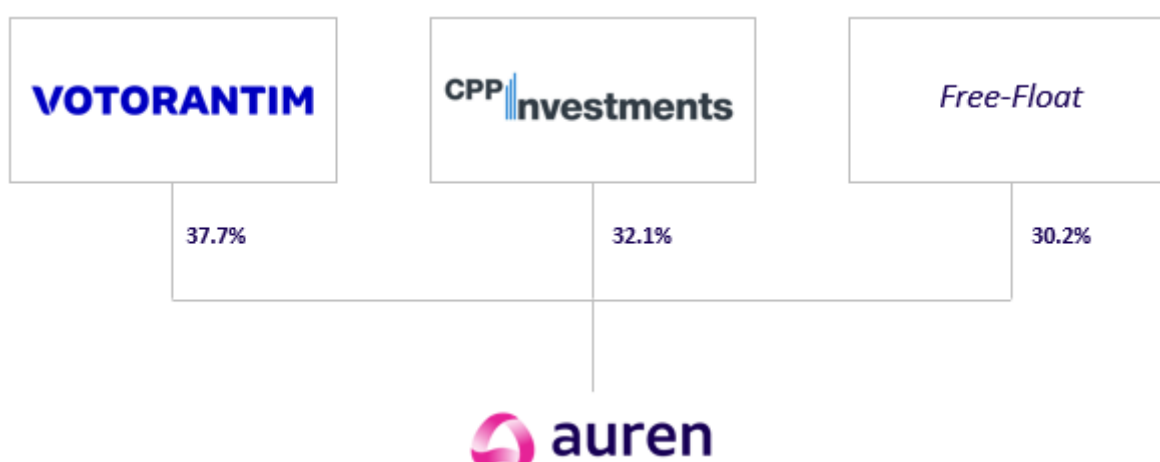
## GOVERNANCE (G) PILLAR

Our operations are based on principles that translate the best management practices, aligning the interests of our shareholders, clients, partners, employees, shareholders and community.

### LISTING SEGMENT

The shares of the Company are traded on the Novo Mercado listing segment of B3 S.A. – Brasil, Bolsa, Balcão ("B3") under the ticker AURE3.

### OWNERSHIP STRUCTURE



### RECENT HIGHLIGHTS

In these initial months of 2022, the Company continued its corporate restructuring process to create a leading renewable energy platform in Brazil by combining some energy assets in Auren Energia.

In February, the Company obtained its registration with the Securities and Exchange Commission of Brazil (CVM) as an "A" category publicly held company and the approval of its request to be listed on B3 – Brasil, Bolsa, Balcão, with its shares being admitted for trading in the Novo Mercado special segment, as mentioned above.

Since all the conditions precedent established in the Company's corporate restructuring were met, the consolidation of assets into Auren Energia was concluded, especially with the conclusion of merger of shares of CESP – Companhia Energética de São Paulo ("CESP"), with the latter becoming Auren's wholly-owned subsidiary on March 25, 2022.

Accordingly, said date was the last trading day of CESP's shares (CESP3/CESP5/CESP6) and on March 28, 2022, the Company's shares started trading on B3's Novo Mercado segment under the ticker "AURE3".

In addition to the above, the following highlights are related to the Company's governance:



- **Shareholders Agreement of Auren Energia:**

The Shareholders Agreement between Votorantim S.A. and Canada Pension Plan Investment Board was amended to govern, among others, their voting rights and the transfer of the Company shares. A copy of the Shareholders Agreement is available for consultation on the websites of the investor relations department of the Company, as well as the CVM and B3.

- **New composition of the Board of Directors, Board of Executive Officers and Statutory Audit Committee of the Company:**

The following were elected to the Board of Directors, Board of Executive Officers and Statutory Audit Committee of the Company:

#### BOARD OF DIRECTORS

Name	Position	Election Date	Due Date
Mateus Ferreira	Chairman	Mar/22	Aug/23
Fabio Rogério Zanfelice	Effective Member	Mar/22	Ago/23
Ricardo Szelejf	Effective Member	Mar/22	Ago/23
Megan Veronica Hansen	Effective Member	Mar/22	Ago/23
João Schmidt	Effective Member	Mar/22	Ago/23
Sergio Romani	Effective Independent Member	Mar/22	Ago/23
Marcos Pinto	Effective Independent Member	Mar/22	Ago/23

#### Statutory Directors

Name	Position	Election Date	Due Date
Fabio Rogério Zanfelice	Chief Executive Officer	Mar/22	Ago/23
Mario Bertoncini	VP of Finance & New Business and Investor Relations Officer (IRO)	Mar/22	Ago/23
Márcia Cunha	VP of Operations	Mar/22	Ago/23
Raul Cadena	VP of Customers and Trading	Mar/22	Ago/23

#### STATUTORY AUDIT COMMITTEE

Name	Position	Election Date	Due Date
Sergio Romani	Coordinator	mar/22	mar/24
Heraldo Oliveira	Member	mar/22	mar/24
Marcos Quintanilha	Member	mar/22	mar/24

- **Charters of management bodies, Code of Conduct and new policies approved:**

The Company approved new charters of the Board of Directors and the Statutory Audit Committee to establish the functioning procedures, duties and responsibilities of said bodies, in compliance with the Bylaws of the Company, the B3 Novo Mercado Rules and other applicable rules and guidelines.

The Company also approved the Code of Conduct, which reflects the most rigorous standards of integrity and professional conduct and the commitment to always act in the best interests of Auren Energia.

Lastly, the Company approved new policies, notably:

- Securities Trading Policy;
- Policy on Disclosure of Material Facts or Events;
- Dividend Policy;
- Energy Trading Policy; and
- Long-Term Incentive (ILP) Policy.

▪ **Declaration of dividends:**

The Company approved the distribution of dividends for the fiscal year ended December 31, 2021, totaling one hundred million reais (R\$100,000,000.00), equivalent to ten centavos (R\$0.10) per share, to be paid in fiscal year 2022. For more details on this item, refer to “Dividends” section of this Earnings Release.

▪ **Annual and Extraordinary Shareholders Meeting held on April 29, 2022:**

The Annual and Extraordinary Shareholders Meeting of the Company was held on April 29, 2022, exclusively digitally, in which the following matters were resolved: at the annual meeting – matters related to the financial statements of the Company, accompanied by the respective notes and the independent auditor’s report, for the fiscal year ended December 31, 2021, the management accounts and management report for the fiscal year ended December 31, 2021, the management proposal for the allocation of profit from the fiscal year ended December 31, 2021, and the establishment of annual overall compensation of directors, executive officers and members of the statutory audit committee for fiscal year 2022; and at the extraordinary meeting – matter related to the amendment and restatement of Bylaws.

# Important Information

## SEGMENTATION OF RESULTS

The business segmentation shown here reflects:

1. **Hydroelectric Generation:** Segment comprising CESP Geradora and other hydroelectric assets in which Auren holds indirect interest through CBA Energia (Baesa and Enercan), Pollarix (Enercan, Consórcio Capim Branco, Consórcio Igarapava and Usina Picada) and Pinheiro Machado (Consórcio Machadinho), whose balances are recognized under equity income in the consolidated financial statements of the Company.
2. **Wind Power Generation:** Segment consisting of the Ventos do Piauí I, II and III and Ventos de Araripe III wind power complexes.
3. **Trading:** Segment comprising the trading companies Votener and CESP Comercializadora.
4. **Holding and Pipeline:** Segment includes the structural expenses of the Company and other projects in the structuring and construction phase, such as the Híbrido and Jaíba V Projects.

[Clique here](#) to download the data in Excel.

## INTERCOMPANY OPERATIONS

Intercompany operations involving companies of the Auren group are essentially concentrated between the hydroelectric generation (largely at CESP Geradora) and wind power generation segments (plants in the Ventos do Piauí I and Ventos do Araripe III complexes) with the Trading segment (Votener and CESP Comercializadora), and refer to contracts for the purchase and sale of a portion of energy generated by these companies for sale in the free market.

Also, specifically for cases involving CESP Geradora and CESP Comercializadora, purchase and sale transactions are carried out to manage the energy balance of the hydroelectric asset in order to mitigate the effects of the GSF on the Company's results.

These operations are eliminated (vide "Eliminations" column) in order to consolidate the results of Auren Energia.

Note that the Company, after the conclusion of corporate restructuring, is going through several operational integration processes and so the corporate structure and intercompany transactions shown here may be revised. Auren will keep the market informed of these changes in a transparent manner to enable the best understanding of the results.

## EQUITY INCOME

The results that are included in the Company's results through the equity method come from its indirect interest in hydroelectric assets and in Way2.

In addition to the intercompany operations mentioned in the previous section, the eliminations shown in consolidated results include the results of each of the companies in which Auren holds interest and which are consolidated for the purposes of the financial statements, such as CESP, Votener, as well as companies of the Ventos do Piauí I, II and III and Ventos do Araripe III and Jaíba V wind power complexes.

The non-controlling interest held by Auren in CBA Energia, Pollarix and Pinheiro Machado, and Votener's interest in Way2 are not eliminated for accounting purposes as they do not meet the criteria for consolidating their interests.

# Appendices

## SEGMENTED INCOME STATEMENT AND ADJUSTED EBITDA

R\$ thousands	Consolidated			Hydroelectric Generation			Wind Power Generation			Trading			Holding			Eliminations		
	1T21	1T22	Ch. %	1T21	1T22	Ch. %	1T21	1T22	Ch. %	1T21	1T22	Ch. %	1T21	1T22	Ch. %	1T21	1T22	Ch. %
Gross revenue	1,590,014	1,555,587	-2%	463,363	497,150	7%	107,628	119,636	11%	1,126,439	1,137,154	1%	-	-	-	(107,416)	(198,353)	85%
<b>Net Revenue</b>	<b>1,410,333</b>	<b>1,384,187</b>	<b>-2%</b>	<b>402,872</b>	<b>434,560</b>	<b>8%</b>	<b>102,617</b>	<b>114,439</b>	<b>12%</b>	<b>1,002,324</b>	<b>1,015,193</b>	<b>1%</b>	-	-	-	<b>(97,480)</b>	<b>(180,005)</b>	<b>85%</b>
Purchased energy costs	(968,384)	(921,336)	-5%	(108,230)	(98,650)	-9%	(8,283)	(10,540)	27%	(949,351)	(992,151)	5%	-	-	-	97,480	180,005	85%
Operating costs	(156,599)	(170,550)	9%	(106,290)	(116,697)	10%	(50,255)	(53,853)	7%	(54)	-	-100%	-	-	-	-	-	-
<b>Gross profit (loss)</b>	<b>285,350</b>	<b>292,301</b>	<b>2%</b>	<b>188,352</b>	<b>219,213</b>	<b>16%</b>	<b>44,079</b>	<b>50,046</b>	<b>14%</b>	<b>52,919</b>	<b>23,042</b>	<b>-56%</b>	-	-	-	<b>0</b>	<b>-</b>	<b>-100%</b>
Operating revenues (expenses)	78,829	(161,321)	-305%	139,258	(71,315)	-151%	(1,902)	(1,598)	-16%	(32,324)	(31,570)	-2%	(26,203)	(56,838)	117%	-	-	-
Equity income	45,786	64,699	41%	59,140	67,882	15%	-	-	-	-	(45)	-	53,932	(16,529)	-131%	(67,286)	13,391	-120%
Financial result	(211,037)	(166,449)	-21%	(168,071)	(148,866)	-11%	(42,007)	(42,732)	2%	(1,420)	(5,579)	293%	461	30,728	6566%	-	-	-
<b>Net income (loss) before income tax and social contribution</b>	<b>198,928</b>	<b>29,230</b>	<b>-85%</b>	<b>218,679</b>	<b>66,914</b>	<b>-69%</b>	<b>170</b>	<b>5,716</b>	<b>3262%</b>	<b>19,175</b>	<b>(14,152)</b>	<b>-174%</b>	<b>28,190</b>	<b>(42,639)</b>	<b>-251%</b>	<b>(67,286)</b>	<b>13,391</b>	<b>-120%</b>
Income tax and social contribution	(63,024)	(11,439)	-82%	(57,095)	(2,284)	-96%	(3,755)	(9,873)	163%	(7,370)	4,779	-165%	5,196	(4,061)	-178%	-	-	-
<b>Net income (loss)</b>	<b>135,904</b>	<b>17,791</b>	<b>-87%</b>	<b>161,584</b>	<b>64,630</b>	<b>-60%</b>	<b>(3,585)</b>	<b>(4,157)</b>	<b>16%</b>	<b>11,805</b>	<b>(9,373)</b>	<b>-179%</b>	<b>33,386</b>	<b>(46,700)</b>	<b>-240%</b>	<b>(67,286)</b>	<b>13,391</b>	<b>-120%</b>
Net income (loss)	135,904	17,791	-87%	161,584	64,630	-60%	(3,585)	(4,157)	16%	11,805	(9,373)	-179%	33,386	(46,700)	-240%	(67,286)	13,391	-120%
Income tax and social contribution	63,024	11,439	-82%	57,095	2,284	-96%	3,755	9,873	163%	7,370	(4,779)	-165%	(5,196)	4,061	-178%	-	-	-
<b>Net income (loss) before income tax and social contribution</b>	<b>198,928</b>	<b>29,230</b>	<b>-85%</b>	<b>218,679</b>	<b>66,914</b>	<b>-69%</b>	<b>170</b>	<b>5,716</b>	<b>3262%</b>	<b>19,175</b>	<b>(14,152)</b>	<b>-174%</b>	<b>28,190</b>	<b>(42,639)</b>	<b>-251%</b>	<b>(67,286)</b>	<b>13,391</b>	<b>-120%</b>
Equity income	(45,786)	(64,699)	41%	(59,140)	(67,882)	15%	-	-	-	-	45	-	(53,932)	16,529	-131%	67,286	(13,391)	-120%
Financial result	211,037	166,449	-21%	168,071	148,866	-11%	42,007	42,732	2%	1,420	5,579	293%	-461	-30,728	6566%	-	-	-
Depreciation and amortization	155,042	163,220	5%	97,855	107,623	10%	33,534	33,596	0%	928	389	-58%	22,725	21,612	-5%	-	-	-
<b>EBITDA</b>	<b>519,221</b>	<b>294,200</b>	<b>-43%</b>	<b>425,465</b>	<b>255,521</b>	<b>-40%</b>	<b>75,711</b>	<b>82,044</b>	<b>8%</b>	<b>21,523</b>	<b>(8,139)</b>	<b>-138%</b>	<b>(3,478)</b>	<b>(35,226)</b>	<b>913%</b>	<b>0</b>	<b>-</b>	<b>-100%</b>
Reversal of provision for litigation	(202,872)	45,391	-122%	(202,872)	45,391	-122%	-	-	-	-	-	-	-	-	-	-	-	-
Judicial deposits write-off	39,781	771	-98%	39,781	771	-98%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>356,130</b>	<b>340,362</b>	<b>-4%</b>	<b>262,374</b>	<b>301,683</b>	<b>15%</b>	<b>75,711</b>	<b>82,044</b>	<b>8%</b>	<b>21,523</b>	<b>(8,139)</b>	<b>-138%</b>	<b>(3,478)</b>	<b>(35,226)</b>	<b>913%</b>	<b>0</b>	<b>-</b>	<b>-100%</b>
Adjusted EBITDA Margin	25%	25%	-0.7 p.p.	65%	69%	4.3 p.p.	74%	72%	-2.1 p.p.	2%	-1%	-2.9 p.p.	-	-	-	0%	0%	0.0 p.p.

## DEBT

	Gross Debt (R\$ million)	Index	Spread	Amortization	Maturity
<b>Ventos do Piauí I</b>	<b>785.9</b>				
BNDES	651.6	TJLP	2.16%	16 years	Jun 2034
1 <sup>st</sup> Debenture	134.3	IPCA	5.47%	Spot	Jun 2024
<b>Ventos do Piauí II e III</b>	<b>644.8</b>				
BNDES	644.8	TLP	4.56%	22 years	Mar 2045
<b>Ventos do Araripe III</b>	<b>1,062.4</b>				
Repass	427.9	TJLP	3.15%	12 years	Dec 2029
BNDES	452.9	TJLP	2.49%	16 years	Jun 2035
1 <sup>st</sup> Debenture	181.6	IPCA	6.99%	14 years	Jul 2032
<b>VTRM - Holding</b>	<b>308.2</b>				
1 <sup>st</sup> Debenture	308.2	CDI	1.48%	Spot	Dec 2024
<b>CESP</b>	<b>2,027.1</b>				
11 <sup>st</sup> Debenture	307.8	CDI	1.64%	7 years	Dec 2025
12 <sup>st</sup> Debenture	1,719.3	IPCA	4.30%	10 years	Ago 2030
<b>Subtotal</b>	<b>4,828.3</b>				
Leasing	6.8				
<b>Total</b>	<b>4,835.1</b>				