



M&A – Main Transactions

War in Ukraine: balance of four months of conflict. (Jul-22)

The war between in Ukraine completes 4 months. Russia, even with its robust economy, was greatly affected, having turned to a reversion of its economy, whereas Ukraine, had 40% of its infrastructure destroyed.

The conflict added to the increase in global inflation allowed a movement of capital migration to emerging countries such as Brazil.

Actis buys 12% of Omega at US\$ 2,50 per share. (Jun-22)

Actis buys Omega Energia shares, agreeing to pay US\$ 0,19/share more than it intended. The auction reached 12.43% of Omega's capital, or about 70.780 million shares. According to sources, interference from other market participants was minimal. The paper came out at US\$ 2,50 (compared to an initial price of US\$ 2,31), and the operation – via the BTG brokerage – moved US\$ 177,65 million.

Indian Sterlite takes lot 9 of the broadcast auction at a 32.96% discount. (Jun-22)

The Indian company won lot 9 of the energy transmission auction, by offering an annual permitted revenue (RAP) of US\$ 17,24 million, which represents a discount of 32,96% compared to the maximum value of US\$ 25,73 million established by the regulator. Lot 9 comprises transmission lines in Mato Grosso and Pará, totaling 505 kilometers in length, and substations with 850 megavolt-ampere (MVA) of power.

Atlas Renewable Energy debuts in wind power in Brazil with a 378 MWac project in MG. (Jun-22)

Atlas Renewable Energy is entering the wind generation segment in Brazil with the purchase of a project that will be built in Minas Gerais, a state where wind power is still unexplored but could become a competitive option depending on the region. The complex will have 378 MWac of installed capacity and will be the company's first investment in wind energy in Brazil.

Electron buys control of solar plants from Kroma. (May-22)

Elétron Energy has just acquired a majority stake in the four plants of the São Pedro e Paulo project, which are under construction in partnership with the trading company Kroma. The value of the transaction was not disclosed. Now the companies will invest US\$ 66,92 million to put the park on its feet, of which US\$ 42,91 million will be financed by Banco do Nordeste (BNB).

Comerc buys photovoltaic plants from Energea Global and BTG Pactual for US\$ 34,48 million. (May 22)

Comerc Energia signed an agreement with BTG Pactual and Energea Global for the acquisition of all the shares of a special purpose company that will hold the entire share capital of Energea Salinas Geração S.A., Energea Pedrinópolis Ltda., Energea Patrocínio Ltda. and Energea Três Pontas Ltda. The acquisition price for the shares was US\$ 34,48 million (“Shares”, “SPEs”, “Agreement” and “Transaction”, respectively).

Indexes

Energy Price Indexes

	Center-West	South	Southeast	Northeast	North
Jan PLD* (USD/MWh)	12,38	12,39	12,38	11,26	10,97
Jun PLD* (USD/MWh)	10,97	10,97	10,97	10,97	10,97
Hydro Reservoir Level – Jul/22**	65,04%	92,54%	65,04%	90,59%	95,45%

Economic Indices

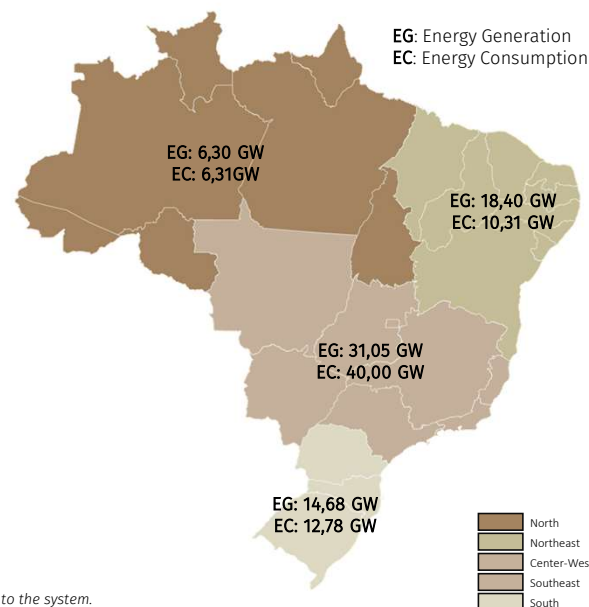
Brazilian Treasury Bonds – NTN2045***	5,89% + IPCA per annum
Brazilian CPI – IPCA – YTD	4,78%
Brazilian CPI – IPCA – 12M	11,73%
Exchange Rate Average 2022 - (USD/BRL) YTD	5,08

* PLD: Average Spot Market Energy price

** Hydro Reservoir Level: used to calculate the PLD and to determine when thermal plants must be turned on to provide security to the system.

*** Brazilian Treasury Bonds NTN2045: indexed to IPCA (Brazilian CPI – Central Bank inflation guidance)

Energy Generation and Consumption

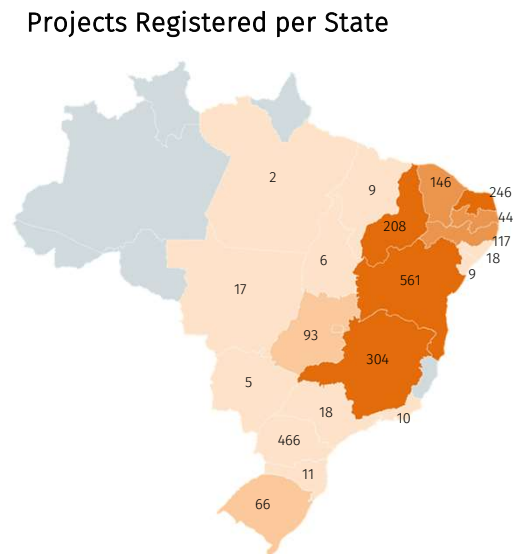
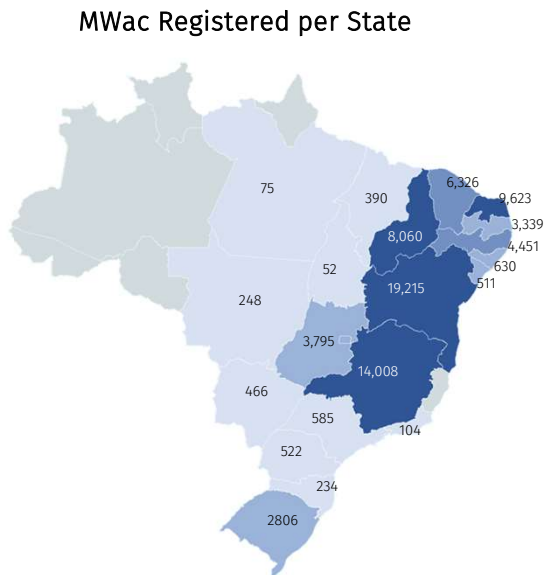
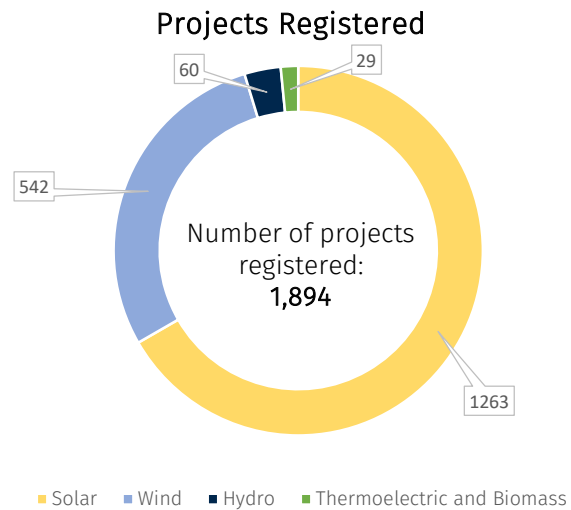
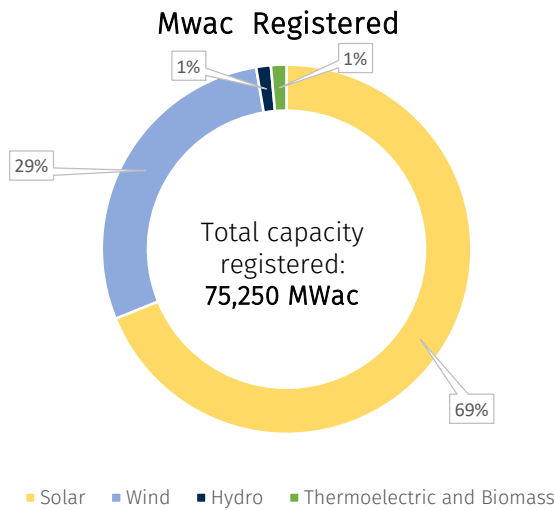


Sources: ANEEL, QNS, EPE, CCEE, Valor, Canal Energia, Reuters, PV Magazine, DCI, UDOP.



Brazilian New Energy Auction A-4 – May 2022

Following the energy auction of the National Interconnected System (SIN) last September, the Ministry of Mines and Energy (MME) scheduled a new energy auction for May 27, 2022. The Energy Research Company (EPE), responsible for the registration of the project, registered 1,894 projects with a total of 75,250 MWac of power. The leading source in capacity recorded was solar with more than 51,824 MWac distributed across 1,263 projects. Wind energy ranks second, with 542 projects representing more than 21,453 MWac of capacity. In third place, Hydro was awarded with 60 projects, accounting for 976 MWac, followed by Thermoelectric and Biomass with 29 projects and a total of 1,018 MWac registered. The main states in number of projects registered were Bahia, Minas Gerais and Rio Grande do Norte, with 19,215 MWac, 14,008 MWac and 9,623MWac, respectively.



Source: EPE.



A-4 Energy Auction Results

This A-4 auction included projects with start of supply on 01/01/2026 under the following terms of the Contract for the Commercialization of Electricity in the Regulated Environment - CCEAR:

- 19-year supply term for hydroelectric projects
- 14-year supply period for wind and solar projects
- 19-year supply term for thermoelectric generation projects.

The National Electric Energy Agency and the Electric Energy Trading Chamber released the results of the sellers as [follows](#):

	Small Hydro	Wind	Solar	Thermoelectric and Biomass
Highest Price (US\$/MWh)	61,68	37,98	37,77	66,59
Average Price (US\$/MWh)	59,44	37,84	37,63	66,47
Lowest Price (US\$/MWh)	56,02	37,76	37,62	66,52
Power (MWac)	190,00	183,00	166,00	409,00
Numer of Projects Sold	18,00	4,00	5,00	2,00

Buyers

In this auction there were only three buyers: the private-public utility company of Rio de Janeiro, Light S.A., the biggest distribution company in Brazil (also one of the biggest in generation), CEMIG from Minas Gerais, and the giant distributor at Bahia, COELBA, subsidiary of the Spanish group Iberdrola.

ITA Capital is your partner on the ground in Brazil to help navigate the local cultural and political landscape and to assist on regulatory and tax issues for renewable energy infrastructure assets at all stages of development. Our team has developed a strong expertise with over 15 years of investment advisory in Brazil and abroad. Please feel free to contact us if you need a local partner or advisor in this unique and complex market.

Sources: CCEE, Aneel, and MME.