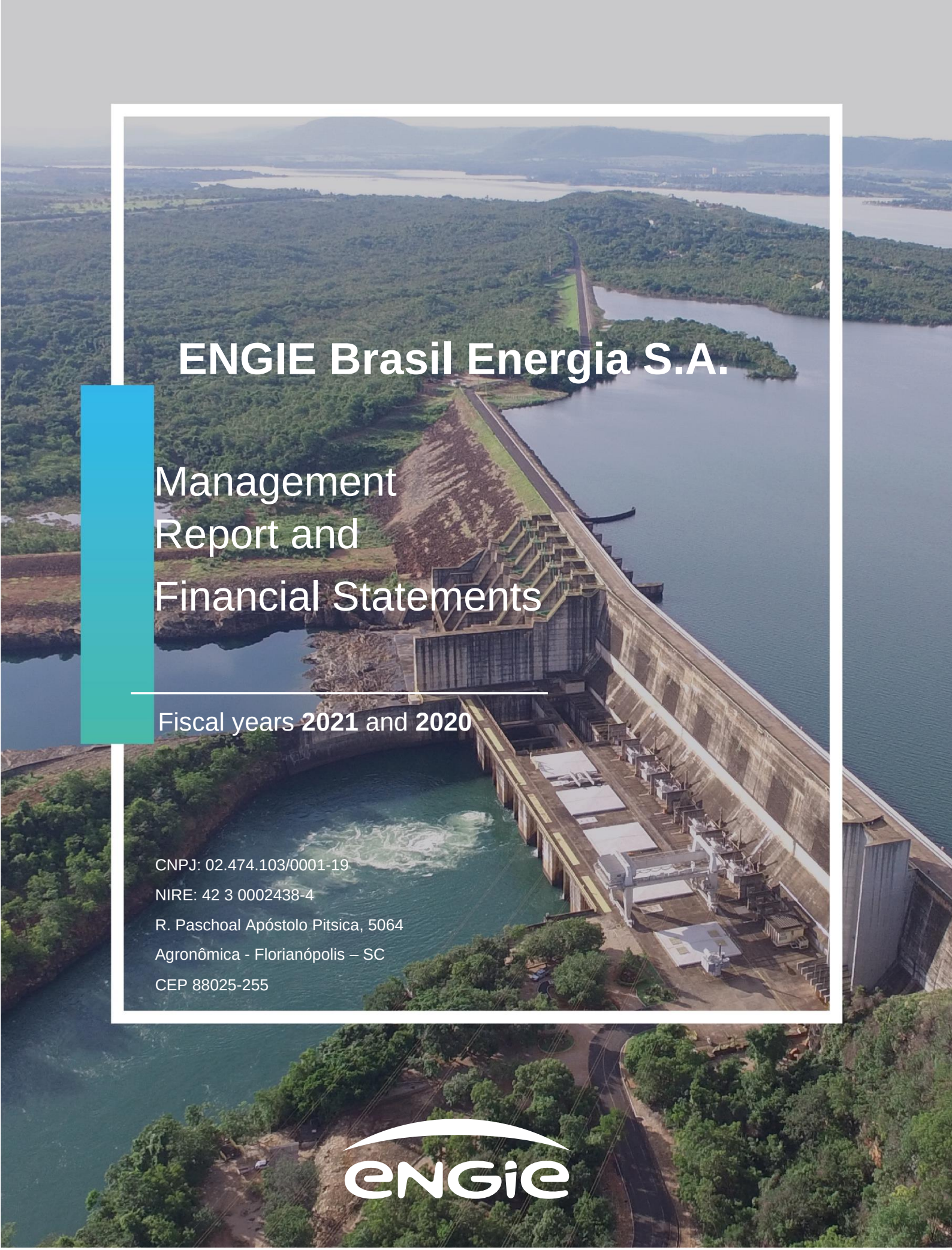


ENGIE Brasil Energia S.A.

Management Report and Financial Statements

Fiscal years **2021** and **2020**

CNPJ: 02.474.103/0001-19

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TROFÉU TRANSPARÊNCIA 25 ANOS

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MANAGEMENT REPORT

Dear Shareholders,

The Management of ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia", "EBE" or "Company") is pleased to submit for your examination the Management Report and the corresponding Financial Statements for fiscal years 2021 and 2020 in accordance with international as well as accounting practices adopted in Brazil. The Management Report is accompanied by the reports of the Independent Auditors, Fiscal Council and Audit Committee for the year ending 12.31.2021. The data shown in the Management Report is stated in millions of Reais and is on a consolidated basis, unless otherwise stated.

This document complies with the requirements of Law 6,404/76, the Brazilian Securities and Exchange Commission (CVM) regulations and the Accounting Manual of the National Electric Energy Agency (Aneel). While the Report is directed primarily at the Company's shareholders, it can be accessed by the public at large from the ENGIE Brasil Energia's, CVM's and B3's (B3 S.A. – Brasil, Bolsa, Balcão) websites. It is also published in the press of the city and the state in which the Company's head offices are located - Santa Catarina - pursuant to Brazilian legislation.

Complementary to the information published in this document, the Company also publishes, at the end of April, its Sustainability Report, with a more comprehensive content, according to the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) frameworks.

MESSAGE FROM THE MANAGEMENT

We live in times where society is subject to rapid, involuntary and profound changes. In these last two years, the words challenge and resilience have dominated the speech, while at the practical level we have come to understand the dimension which is really essential to the planet and to ourselves. Priority agendas emerged during this period, opening up opportunities for us to evolve in terms of humanity, this translating into renovation and a necessary welcoming stage to the future.

Despite the uncertainty surrounding the pandemic, economic recovery was responsible for driving the strengthening in the growth agenda and the intensification of business opportunities. Better still, there was a maturation process in the private sector ensuring that this ambition came to fruition in a more responsible and sustainable manner making way for placing ESG (Environment, Social & Governance) themes at the strategic core of corporate decision making.

Based on this common understanding, we saw an exponential growth in the public commitment for combating climate change, which supports the ENGIE Group's successful strategy of accelerating the transition to a carbon neutral economy and contributing to the decarbonization journey of our clients.

The scenario described above, to introduce our 2021 Management Report, demonstrates how excited we are about what the future holds and, more than that, the dimension of our role as drivers of positive change for Brazil. At the same time that we expand renewable sources in the national electricity matrix and offer the necessary infrastructure for the recovery, we strengthen our historic commitment to socio-environmental action in the communities of which we are a part.

Our operation:

But it was not only the lessons learnt from the pandemic in 2021. The scenario in the electric energy sector became even more complex in the light of the hydrology crisis experienced in Brazil throughout the year – a continuation of below average hydrology that has been a characteristic since 2012 and feeding through to shortfalls in hydroelectric generation in the country as a whole. In the context of the Company, these impacts were partly mitigated through an extraordinary operational effort focused on maintaining a high degree of efficiency and uptime together with active commercial management of the portfolio with an emphasis on an optimized strategy of contracting and sale. When compared to 2020, we faced a year with a Settlement Price for Differences (PLD) 58.0% higher in the Southeast subsystem and a hydrological generation deficit of 27.0%, 7.2 p.p. higher than the previous year.

From the strategic point of view, this situation confirmed the relevance of diversification of our operations through the expansion of other renewable sources, especially wind and solar, as well as entry into new segments such as energy transmission and the transportation of natural gas – an activity performed by Transportadora Associada de Gás – TAG. Combined with our growth plan, this strategy justifies the economic and financial performance recorded by the Company in 2021. Added to this were the positive results arising from the recognition during the year of the effects of 14,052/2020 and 14,182/2021 Laws, permitting the reimbursement of costs relative to renegotiation of hydrological risk to the tune of R$ 1.6 billion.

In this context, adjusted Ebitda reached R$ 7.2 billion, a year-on-year increase of 12.3% even in the face of a challenging hydrological scenario. Net income reported R$ a reduction of 44.1% totaling R$ 1.6 billion, this despite the impairment and the impacts from accelerating inflation reflected in the restatement of concessions payable and other financial expenses. With respect to the latter effect, we would point out that the indexation of energy sales agreements resulted in an increase of 4.9% in average price in the period, thus tending to neutralize inflationary effects on results over the medium-term. Excluding impairment and other non-recurring amounts booked in 2021, adjusted net income reached R$ 2.4 billion, a decrease of 11.8% over the total of 2020.

We are pursuing the future vision of ENGIE Brasil Energia in a responsible way assuring both shareholder remuneration as well as the competitivity necessary for the sustainable expansion of the businesses through the implementation of new generation and infrastructure projects. Among these are the Campo Largo II Wind Complex in the state of Bahia, this going into full commercial operation in August.

As a whole, our wind complexes now offer 1.2 GW of installed capacity, bringing with them local socio-environmental development and greater renewable energy to the National Interconnected System (SIN). To this group of assets will be added Santo Agostinho Wind Complex in the state of Rio Grande do Norte, where construction was begun in 2021. This will be ENGIE's largest wind energy project in Brazil with an installed capacity of 434 MW with investments worth approximately R$ 2.3 billion (baseline month December 2020).

In the infrastructure sphere, in August, we were able to announce the energization of the first lines and substations in the Gralha Azul Transmission System, thus bringing forward by 16 months delivery time stipulated by the National Electric Energy Agency (Aneel). As for Novo Estado – which in December energized its first substation – the challenges are more profound. In 2021, this project reported accidents with nine fatalities among the employees of contracted companies. It is with much regret and profound respect for their tragic loss, that we extend our solidarity to the families of the deceased.

As is demonstrated by our safety track record and culture, for ENGIE Brasil Energia the loss of life in the work environment is unacceptable. Thus, we spare no effort in implementing action and correction plans for ensuring the effective application of our occupational health and safety guidelines and practices by contracted companies for the execution of projects. In this journey, we identified the need to broaden the discussion on the topic in the energy transmission segment and, as a new member of this segment, the Company now shares the responsibility for reversing this scenario. We are certain that this contribution will have a relevant social impact, given the need to accelerate the implementation of these projects in the country.

Our future vision:

ENGIE Brasil Energia continues to be alert to market opportunities, understanding as essential in the context of the energy transition that investments in renewable generation and transmission systems are in step with one another. In this way we contribute to the offtake of clean energy generated by our current and future assets – we have projects at an advanced stage of development which total 2.1 GW of renewable energy.

Considering the current state of the market, with a plethora of projects, we believe that it is the right moment to invest in the expansion of portfolio volume, at the same time always evaluating the macro-economic scenario and balancing out risks against returns – factors critical to our recognized financial discipline and thus to the economic sustainability of the business. An important step in this direction was taken in September 2021 with the acquisition of the Assú Sol Photovoltaic Complex in Rio Grande do Norte with an installed capacity of up to 750MW.

At the end of the year, we recorded 95.8% of renewable sources composing our own generator complex. This represents a historical landmark and the result of the ongoing process in decarbonizing ENGIE's portfolio in Brazil. In October we concluded the sale to FRAM Capital of the Jorge Lacerda Thermoelectric Complex located in Capivari de Baixo (SC). This transaction was conducted in such a way as to ensure a gradual and fair transition in the region's economy – reducing the local socio-environmental impacts that could potentially result from an abrupt termination of these operations. In the same context, we continue to analyze proposals for the sale of Pampa Sul Thermoelectric Plant in Rio Grande do Sul, with a view to having entirely renewable energy generation by the end of 2022.

As to trading, we remain focused on the excellence of delivery to our Free Energy Market clients, to which we offered in 2021 a range of solutions anchored in digitalization. Our digital Energy Place relationship platform brought with it new functionalities in attending free consumers. With an increasingly proactive commercial positioning, the Company has been expanding its reach, prepared to attract and manage customers of different profiles and encourage the development of new businesses, capturing the opportunities expected for the coming years, resulting from the greater opening of the market.

In line with our efforts to support other companies to decarbonize their operations, we have registered significant growth in adherence to contracts with guaranteed origin, renewable energy certificates and carbon credits. In this sense, we continue to monitor the developments necessary for the evolution of the carbon market in the country, based on the important definitions established by COP26 – United Nations Conference on Climate Change.

Our commitments:

Building relations of value, the partnership with our clients goes well beyond the commercial sphere. Evidence of this was the launch of programs such as Parcerias do Bem (Partnerships for Wellbeing) for inviting our clients to engage in our initiatives of social responsibility for fostering sustainable development in different regions of the country, especially in which ENGIE Brasil Energia is inserted. As a result, one of the projects that gained momentum was Mulheres do Nosso Bairro (Women of Our Neighborhood), which, with the support of the Company's clients, had its second public notice launched in October with a focus on promoting training and income generation for more than 100 women in 14 states in the country.

Still on the basis of our commitments to gender equality, we made progress in initiatives to accelerate the careers of women in Operations & Maintenance (O&M). In Umburanas, Bahia, where one of our wind farms is located, we created exclusive scholarships for women in courses for Electrician's Assistant for Wind Turbines and Basic Electrician. Due to the wide interest aroused, the project will also be replicated in Rio Grande do Norte.

Looking to 2021, the exercise of prioritizing the essentials made it possible for the Company, even in the midst of so many challenges, to continue delivering results of value to its most diverse stakeholders – employees, investors, customers and communities, among others, without neglecting the lessons learned along the way.

Consequently, connected one to the other and to the planet on which we live, we continue working on what matters to society, based on constant consultation with the communities and other stakeholders, at the same time as advancing progressively in the direction of a better future including the fair and accessible energy transition without leaving anyone behind.

There is much to be done for generating and transmitting the clean energy necessary for driving the sustainable development of the country. We have no time to lose! Let's go!

Maurício Stolle Bähr
Chairman of the Board of Directors

Eduardo Antonio Gori Sattamini
Chief Executive and Investor Relations Officer

AWARDS AND RECOGNITIONS RECEIVED IN 2021

- Ranked **23rd among the 100 most sustainable companies in the world**, according to the ranking **"Global 100" 2021,** published by the **Corporate Knights** Magazine.
- Component of **2022's Corporate Sustainability Index (ISE**) of B3 – for the 17th consecutive year, since the advent of the ISE.
- **Component of 2022's Carbon Efficient Index (ICO2) of B3** for the second time – since qualification for the assessment, as a participant of the IBRX100.
- **Best Company in Latin America, in the Environment category, at the Sustainability Award 2021,** promoted by the Inter-American Development Bank (IDB), in partnership with Latin Trade magazine.
- **Presence on the Clean 200 list,** composed of publicly traded companies that have a significant part of the revenue generated by products and services directed to solutions for the planet, leading the energy transition. The evaluation is carried out by the magazine Corporate Knights, together with the entity As You Sow.
- **Highlight of the energy sector** in the **Melhores e Maiores 2021**, Exame Magazine classification.
- Winner of the **Transparency Trophy** of the National Association of Finance, Administration and Accounting Executives (Anefac) – category "companies with net revenues up to R$ 8 billion", for the 12th time.
- **First place** in the **Abraconee 2021 Award** (Brazilian Association of Accountants in the Electricity Sector) – **Best Disclosure of Accounting Information** in the "Large Companies" category.
- Ranked by the **Institutional Investor magazine** (Electric & Other Utilities – Latin America), as follows:
    - ENGIE Brasil Energia: 1st winners index overall
    - Best CEO: 1st place overall and sell-side;
    - Best CFO: 2nd place sell-side;
    - Melhor IR Companies: 1st place sell-side;
    - Melhor IR professional: 2nd place overall and 1st buy-side;
    - Best Analyst Day: 1st place sell-side;
    - Best ESG metrics: 3rd place overall, and 1st sell side.

PERFORMANCE EVOLUTION

Indicator	2021	2020	2019	Change 2021 x 2020	Change 2021 x 2019
Operational and commercial					
Operating plants	68	60	60	8	8
Own installed capacity (MW)	9,939.4	10,431.2	10,431.2	-4.7%	-4.7%
Installed operating capacity (MW)	8,218.7	8,710.5	8,710.5	-5.6%	-5.6%
Own installed capacity from renewables source (%)	7,873,7	7,508.5	7,580.5	4.9%	4.9%
Energy sales (GWh)	35,801	37,957	37,925	-5.7%	-5.6%
Energy sales (MWm)	4,087	4,321	4,329	-5.4%	-5.6%
Average net sales price (R$/MWh)	202.9	193.4	189.5	4.9%	7.1%
Number of consumers from free market (ACL)	689	720	621	-4.3%	11.0%
Economic-financial (R$ million)					
Net revenue from sales	12,541	12,259	9,804	2.3%	27.9%
Adjusted Ebitda	7,217	6,427	4,842	12.3%	49.0%
Adjusted Net income	2,369	2,686	2,102	-11.8%	12.8%
Total debt (loans, financing, debentures and RPS)	20,587	16,672	14,437	23.5%	42.6%
Investments	3,407	4,013	4,903	-15.1%	-30.5%
Earnings per share (R$)	2.50	2.47	1.53	1.2%	63.4%
Environmental					
Donation and planting of seedlings (thousands)	475	360	404	31.9%	17.6%
Plant visitors and environmental education program participants (thousands)	133	33	90	303.0%	47.8%
Water input (thousands of megaliters)	488.0	459.3	426.6	6.2%	14.4%
Waste generated (millions of tons)	2.532	2.526	2.064	0.2%	22.7%
Percentage of waste recovered (%)	82.2	82.9	99.9	-0.8%	-17.7%
CO_2 Emissions Intensity ($KgCO_2/MWh$) – Corporate Participation	183.2	211.4	152.4	-13.3%	20.2%
Investments in social responsibility (R$ thousands)					
Investments in social responsibility – non-incentivized resources	7,078	7,504	4,035	-5.7%	75.4%
Investments in social responsibility – incentivized resources (Rouanet, FIA, etc)	11,105	15,130	21,841	-26.6%	-49.2%
Human capital					
Number of employees at (as of December 31)	1,201	1,538	1,398	-21.9%	-14.1%
Percentage of women in the workforce	24.4%	19.9%	19.1%	4.5 p.p	5.3 p.p
Investment in training and professional development (R$ million)	4.6	3.8	5.6	21.1%	-17.9%
Total number of hours of training	60,033	66,064	74,986	-9.1%	-19.9%
Frequency Rate (FR) - operation and maintenance*	0.568	1.203	Not aval.	↓	Not aval.
Severity Rate (SR) - direct employees**	0.000	0.006	Not aval.	↓	Not aval.
Frequency Rate (FR) - construction*	1.649	0.561	Not aval.	↑	Not aval.

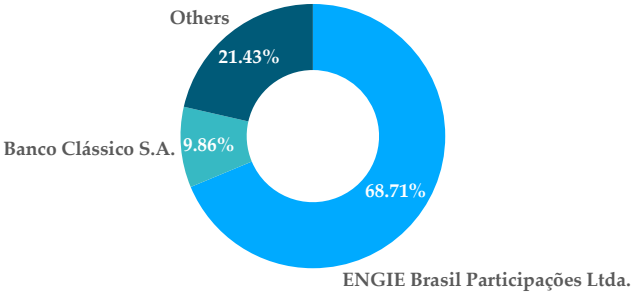
* *FR = number of workplace related accidents for every million hours of exposure to hazards.*

** *SR = number of days lost due to work-related accidents in every thousand hours of exposure to risk.*

THE COMPANY

ENGIE Brasil Energia is an investment platform in energy infrastructure, present in the segments of centralized and distributed generation, commercialization, trading and transmission. To these activities is added the transport of natural gas, carried out by Transportadora Associada de Gás – TAG, in which the Company holds an equity interest. Thus, the operations directly cover 21 Brazilian states.

Shareholder structure



With capital stock totaling R$4,903 million, at the end of 2021, ENGIE Brasil Energia had 815,927,740 common shares listed on B3, under the ticker EGIE3. It is also part of the US over-the-counter market, trading Level I American Depositary Receipts (ADRs), identified as EGIEY – in the ratio of one ADR for each common share.

Operating segments of ENGIE Brasil Energia

TRANSMISSION

- **2** systems under construction, since 2019
- **~ 2.800 km** of transmission lines
- **14** substations

CENTRALIZED GENERATION

- **23** years of performance
- **68** operated plants
- **8,218.7 MW** own installed capacity

TRADING

- Beginning of operations in 2018
- **5,782** GWh of energy sold
- **13.9%** of the total commercialized

DISTRIBUTED SOLAR GENERATION

- **2,637** photovoltaic systems installed since 2016
- **72.4 MWp** of installed capacity

GAS TRANSPORTATION

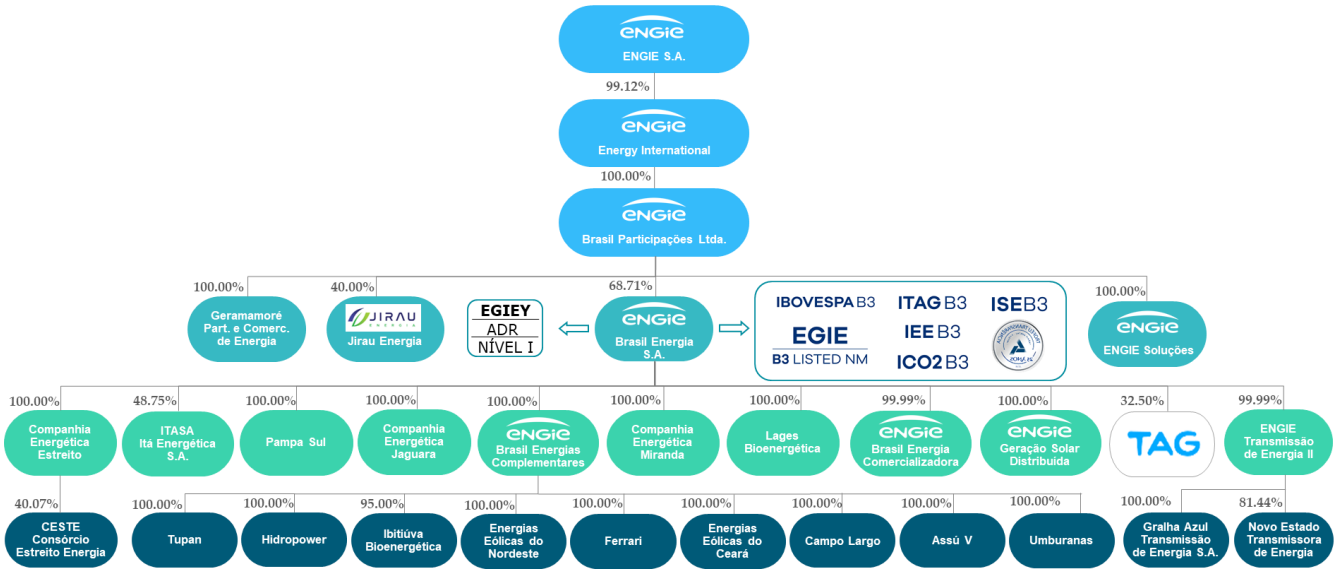
- **32.5%** equity stake in TAG, acquired in 2019
- **4,500 km** of gas pipelines in operation in three regions of Brazil

MISSION: Provide innovative and sustainable solutions in energy.
VISION: Transform people's relationship with energy aiming at a sustainable world.
VALUES: Professionalism, sense of partnership, teamwork, creation of value, respect for the environment. ethics.

Corporate Structure

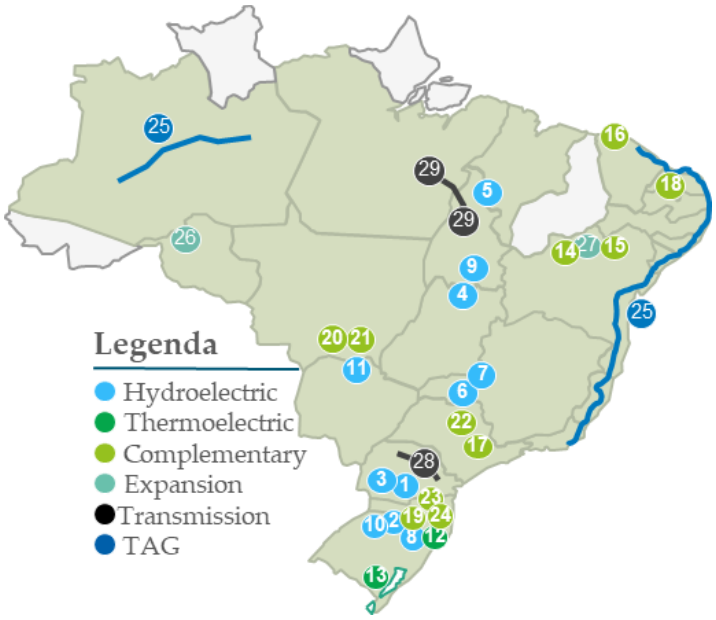
ENGIE Brasil Energia controls subsidiaries and maintains interests in consortia concessionaires of plants that make up its generating complex – as detailed in the following infographic. In 2021, the main change registered in the corporate structure was the sale of the Jorge Lacerda Thermoelectric Complex (Diamante Geração), as a result of the Company's decarbonization strategy, announced more than five years ago.

Corporate Structure* (as at 12.31.2021)



** Simplified structure*

Assets portfolio and location (as at 12.31.2021)



Assets breakdown (as 12.31.2021)

	Hydroelectric power plants	Total installed capacity (MW)	Total physical guarantee (aMW)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (aMW)	Expiration of concession/ authorization[1]
1	Salto Santiago	1,420.0	733.3	100%	1,420.0	733.3	11.20.2030
2	Itá	1,450.0	740.5	69.0%	1,126.9	564.7	12.30.2032
3	Salto Osório	1,078.0	502.6	100%	1,078.0	502.6	04.10.2031
4	Cana Brava	450.0	260.8	100%	450.0	260.8	01.15.2036
5	Estreito	1,087.0	641.1	40.1%	435.6	256.9	01.15.2043
6	Jaguara	424.0	341.0	100%	424.0	341.0	06.22.2048
7	Miranda	408.0	198.2	100%	408.0	198.2	06.24.2048
8	Machadinho	1,140.0	547.1	19.3%	403.9	165.3	10.07.2035
9	São Salvador	243.2	148.2	100%	243.2	148.2	06.01.2040
10	Passo Fundo	226.0	113.1	100%	226.0	113.1	04.10.2031
11	Ponte de Pedra	176.1	133.6	100%	176.1	133.6	03.12.2037
	Total	**8,102.3**	**4,359.5**		**6,391.7**	**3,417.7**	
	Thermoelectric power plants	**Total installed capacity (MW)**	**Total physical guarantee (aMW)**	**Owner-ship**	**Own installed capacity (MW)**	**Own physical guarantee (aMW)**	**Expiration of concession/ authorization**
13	Pampa Sul	345.0	323.5	100%	345.0	323.5	03.30.2050
	Total	**345.0**	**323.5**		**345.0**	**323.5**	
	Complementary power plants	**Total installed capacity (MW)**	**Total physical guarantee (aMW)**	**Owner-ship**	**Own installed capacity (MW)**	**Own physical guarantee (aMW)**	**Expiration of concession/ authorization**
13[2]	Campo Largo II Complex (Wind)	361.2	192.5	100%	361.2	192.5	08.03.2050
14[3]	Umburanas Complex - Phase I (Wind)	360.0	213.3	100%	360.0	213.3	08.03.2050
15[2]	Campo Largo Complex (Wind)	326.7	166.5	100%	326.7	166.5	08.03.2050
16[4]	Trairi Complex (Wind)	212.6	97.2	100%	212.6	97.2	02.04.2045
17	Ferrari (Biomass)	80.5	35.6	100%	80.5	35.6	07.26.2042
18	Assu V (Solar)	34.0	9.2	100%	34.0	9.2	07.06.2051
19	Lages (Biomass)	28.0	13.7	100%	28.0	13.7	10.28.2032
20	Rondonópolis (SHP)	26.6	14.0	100%	26.6	14.0	12.18.2032
21	José G. da Rocha (SHP)	24.4	11.9	100%	24.4	11.9	12.18.2032
22	Ibitiúva (Biomass)	33.0	17.3	69.3%	22.9	13.6	04.05.2030
23	Nova Aurora R&D (Solar)	3.0	0.3	100%	3.0	0.3	not applicable
24	Tubarão R&D (Wind)	2.1	0.3	100%	2.1	0.3	not applicable
	Total	**1,492.1**	**771.8**		**1,482.0**	**768.1**	
	General total	**9,939.4**	**5,454.8**		**8,218.7**	**4,509.3**	

	Gas Pipelines	Size	Owner-ship	Compression stations	Expiration of concession/ authorization
25	Transportadora Associada de Gás (TAG)	4,500 km	32.5%	11	From 2039 to 2041

	Expansion - Generation	Total installed capacity (MW)	Total physical guarantee (aMW)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (aMW)	Expiration of concession/ authorization
26[5]	Jirau (Hidro)	3,750.0	2,211.6	40%	1,500.0	883.2	08.13.2043
27[6]	Santo Agostinho Wind Complex - Phase I (Wind)	434.0	218.0	100%	434.0	218.0	-
28[7]	Paracatu Photovoltaic Complex (Solar)	158.3	34.0	100%	158.3	34.0	06.17.2051
29[8]	Floresta Photovoltaic Complex (Solar)	101.5	25.1	100%	101.5	25.1	06.17.2051

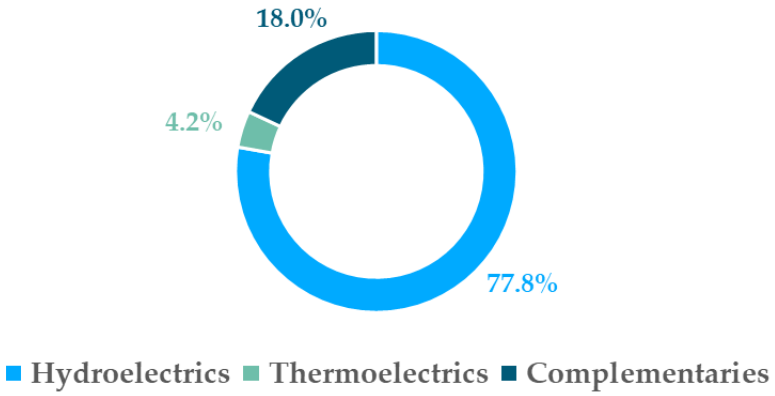
	Expansion - Transmission	Size	Owner-ship	Substation	Expiration of concession/ authorization
30	Gralha Azul	1,000 km	100%	5	03.2048
31	Novo Estado	1,800 km	100%	1	03.2048

(1) Already considers the extension of concessions for the Hydroelectric Power Plants, resulting from the adhesion to the renegotiation of the hydrological risk referred to in Law No. 14,052/2020.
(2) Complex made up of 11 wind plants.
(3) Complex made up of 18 wind plants.
(4) Complex made up of eight wind plants.
(5) The transfer of the 40% stake of ENGIE Brasil Part. in Jirau HPP to the Company should be examined timely.
(6) Complex made up of 14 wind plants.
(7) Complex made up of four photovoltaic plants.
(8) Complex made up of three photovoltaic plants.

Centralized generation

At the end of 2021, ENGIE Brasil Energia's generator complex reported 8,218.7 MW of proprietary installed capacity. Of this total, 95.8% corresponds to energy from renewable sources – of the 68 plants operated by the Company, 11 were hydropower plants and, 49 wind-powered, three biomass-fired plants, two photovoltaic solar plants, two Small Hydroelectric Plants (SHPs) and a conventional thermoelectric plant. With the full control of 64 of these assets, ENGIE Brasil Energia participates in the remainder through consortia which hold the concession or via specific authorizations for operating.

ENGIE Brasil Energia energy matrix – own installed capacity



The significant increase in the percentage of renewable sources – 86.2% in 2020 – is based on two factors. The first was the start of commercial operations in January 2021, at the Campo Largo II Wind Complex located in the state of Bahia, with 361.2 MW of installed capacity. The second, with a greater impact, was the sale of the capital of Diamante Geração de Energia Ltda to Fundo de Investimento Fram. Diamante holds the total assets comprising the Jorge Lacerda Thermoelectric Complex– an asset located in the state of Santa Catarina with an installed capacity of 857 MW - and coal fired.

The sale is in line with the Company's decarbonization strategy, being implemented over the past few years. Worthy of note is that negotiations for divestment were undertaken after a long process of internal analysis and engagement with stakeholders – the community, commercial partners and state and federal authorities. This process was fundamental for an adequate transition of plant ownership from the socio-economic point of view given the relevance of the Complex to the local economy.

Pampa Sul Thermoelectric Plant, the only remaining coal plant in ENGIE Brasil Energia's portfolio, will receive the same treatment. The Company continues to sound out potential purchasers for the sale of the asset, the conclusion of which is planned for no later than the end of 2022.

Extension of the hydropower plant concessions

With the enactment of laws 14.052/2020 and 14.182/2021, new conditions were introduced for the renegotiation of the hydrological risk associated with hydroelectric energy generation; concession holders of the hydroelectric plants, members of the Energy Reallocation Mechanism (MRE) will be compensated for the effects arising from two factors:

(i) restrictions on the offtake of energy due to the delay of entry into operation or startup of operations in unsatisfactory technical conditions of transmission installations; and the
(ii) difference between the physical guarantee granted at the motorization phase and the effective addition of value of each motorized generator unit to the National Interconnected System (SIN).

Pursuant to new legislation, compensation must be effected through an extension of the concession period, limited to seven years and established on the basis of parameters set by Aneel.

Subsequently, Aneel Normative Resolution 895 established the methodology for calculating the compensation, as well as establishing procedures for renegotiation of the hydrological risk. All the Company's hydropower plants are eligible for compensation, the additional concession period being shown in the chart on the right-hand side.

Extension of ENGIE Brasil Energy's hydroelectric plant concession period (as per Ratifying Resolution 2.932/21)

Hydroelectric Plant	Extension period (in days)
Salto Santiago	784
Itá	806
Salto Osório	925
Cana Brava	872
Estreito	1,876
Jaguara	177
Miranda	179
Machadinho	1,180
São Salvador	1,136
Passo Fundo	925
Ponte de Pedra	894

Gas transportation

The largest natural gas transportation operation in Brazil, with an infrastructure of 4,500 km of high pressure gas pipelines extending along the country's southeastern and northeastern seaboards as well as a further section of line between Urucu and Manaus, in the state of Amazonas, crossing 10 Brazilian states and almost 200 municipalities.

The gas pipeline network has several interconnection points, among them, 10 gas distributors, 12 active gas entry points (including three Liquified Natural Gas (LNG) terminals) and a further 91 gas exit points as well as 11 compressor stations for supplying refineries, fertilizer plants and thermoelectric power plants.

Corporate Structure - TAG



ENGIE Brasil Energia's presence into the natural gas segment in Brazil is in line with the Group's global strategy of being a leader in the energy transition. This requires large scale and sophisticated infrastructure such as TAG's gas pipelines, contributing to the diversification and decarbonization of the Brazilian energy mix.

TAG is significantly contracted (~99%) for an average term of approximately 9 years through current agreements with Petróleo Brasileiro S.A. (Petrobras).

The company has been working on the development of solutions for driving expanded access to new agents in the natural gas transportation system, fundamental for the growth of the sector and for attracting more investments along the entire chain in the context of deverticalizing the sector and liberalization of the gas market in Brazil. In January 2021, TAG and Proquigel, a company in the Unigel Group, signed an interruptible gas transmission agreement for supplying two fertilizer plants operated by the petrochemical in the states of Bahia and Sergipe for a period of up to a year. During 2021, 3.3 million cubic meters (MMm³) of gas were delivered daily, representing the first significant agreement for the transportation of gas to be signed with a new agent.

In addition, TAG signed an agreement with Transportadora Brasileira de Gasoduto Brasil-Bolívia (TBG) and Nova Transportadora do Sudeste (NTS) for sharing the Capacity Offer Portal marketplace (POC). The digital platform simplifies access to the Brazilian natural gas transportation system, facilitating the coordination and visibility of capacity offers of the gas transmission companies and introducing greater dynamism to the sector.

It was through the POC marketplace that in December TAG concluded the offer of network capacity for 2022, signing 30 new agreements of the extraordinary service type, to begin in January 2022 and lasting a year. These agreements totaled 11.3 million m³ of transportation capacity, in agreements of the entry-exit model signed with nine companies.

During 2021, TAG was classified with a AAA(bra) risk rating on the Long-Term National Scale, both from Fitch Ratings as well as Moody's. On the international scale, TAG was assigned a BB rating by Fitch and Ba1 by Moody's, one notch above Brazil sovereign risk, this being the maximum possible classification for a Brazilian company with exclusively local activities.

Contracts Breakdown - TAG

Gas pipelines	Size (km)	Contract maturity	Volumes Contracted (MM m³/day)	% Projected net operating revenue*	Readjustment Index
Gasene	1,400	nov-33	30.3	40.7%	46% basket IGP**; 54% US PPI
Malha Nordeste	2,000	dez-25	21.6	23.3%	IGP-M
Pilar-Ipojuca	200	nov-31	15.0	6.3%	IGP-M
Urucu-Manaus	800	nov-30	6.7	29.7%	50% IGP-M; 50% IPCA
Lagoa Parda-Vitória*	100	dez-22	0.7	0.0%	IGP-M
Total	**4,500.0**		**74.3**	**100.0%**	

** Start of billing on 01/01/2022.*

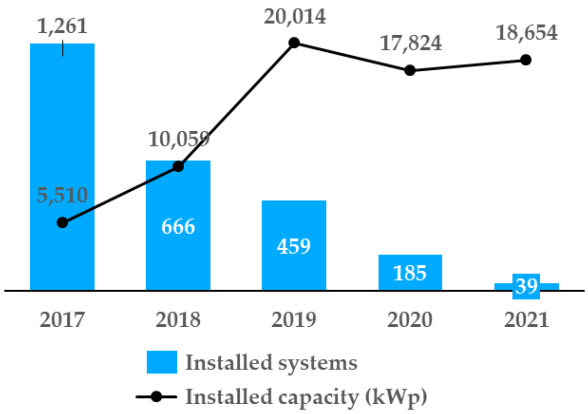
*** 1/3 IGP-M, 1/3 IPA; 1/3 IGP-DI.*

Distributed Solar Generation

The Company has operated in the distributed generation market since 2016 through ENGIE Geração Solar Distribuída S.A. (EGSD), the acquisition of the total capital stock of which being concluded in August 2018.

The year was characterized by work on installations under construction, the year totaling 39 systems installed during 2021 and corresponding to about 18.6 MWp. Since the outset of its operations, the company recorded a total of 2,637 systems installed amounting to an installed capacity of 72.4 MWp.

Number of systems and installed capacity



EGSD is currently focused on developing industrial projects for large consumers using the BOT (Build, Operate and Transfer) model through which in 2021 it signed study and development agreements worth 80 MWp.

CORPORATE GOVERNANCE

A fundamental value in our corporate culture, ethics anchor all actions and relationships developed by ENGIE Brasil Energia, the Company endeavoring to conduct its activities in a transparent manner – together with shareholders and other stakeholders – its initiatives being directed to the sustainable management of risks and opportunities. Based on this commitment, the Company operates in line with the best governance practices, such as those defined in the Brazilian Corporate Governance Code. ENGIE Brasil Energia also integrates B3's Novo Mercado listing segment composed of companies with superior transparent corporate rules and with enhanced minority investor rights.

To improve this structure and related good practices, in 2021, the Company created the Governance, Risks and Controls Unit, its function to coordinate risk management initiatives through the program of internal controls, the Integrated Management System (SIG) and strategic planning. The centralization of these work fronts in a single Organizational Unit makes for stronger value creation, given the opportunities for capturing synergies and complementary characteristics among the mix of activities.

In addition to the new Unit, the Company has the support of an Audit Committee – made up of three members, of which two are independent directors –, an Internal Audit area reporting to the Board of Directors, and a Fiscal Council, exercising a supervisory and control function, accountable directly to the shareholders. Added to this structure, for supporting decision making, there are 14 forums dedicated to specific themes: Financial, Energy, Transmission, Ethics, Risk Management, Tax Governance, Innovation, Human Performance, Processes, Dam Safety, Security in Industrial Control Systems, Insurance, Sustainability and Products.

Responsible for strategic guidance and its effective implementation, the Board of Directors and the Management Board have in this structure the necessary support for running the business, based on the assertive identification and treatment of risks and opportunities with a focus on preventive and corrective actions in the face of the various challenges faced by the Company's activities.

With a view to the continuing evaluation the Company's practices, the Board of Directors regularly analyzes management commitment to the recommendations of the Brazilian Code of Corporate Governance. As a result of this evaluation, ENGIE Brasil Energia publishes an annual report in which it highlights the principles and practices enshrined in the document and applied in its management of the Company – justifying eventually those elements of the Code not adhered to. The report is available in the corporate website: www.engie.com.br/investidores/governanca-corporativa/.

Policies and management guidelines

Approved by the Board of Directors, ENGIE Brasil Energia's corporate guidelines express our intentions and commitments in relation to various aspects involved in management. Applicable to the entire organizational structure, these documents are shared with stakeholders, in particular:

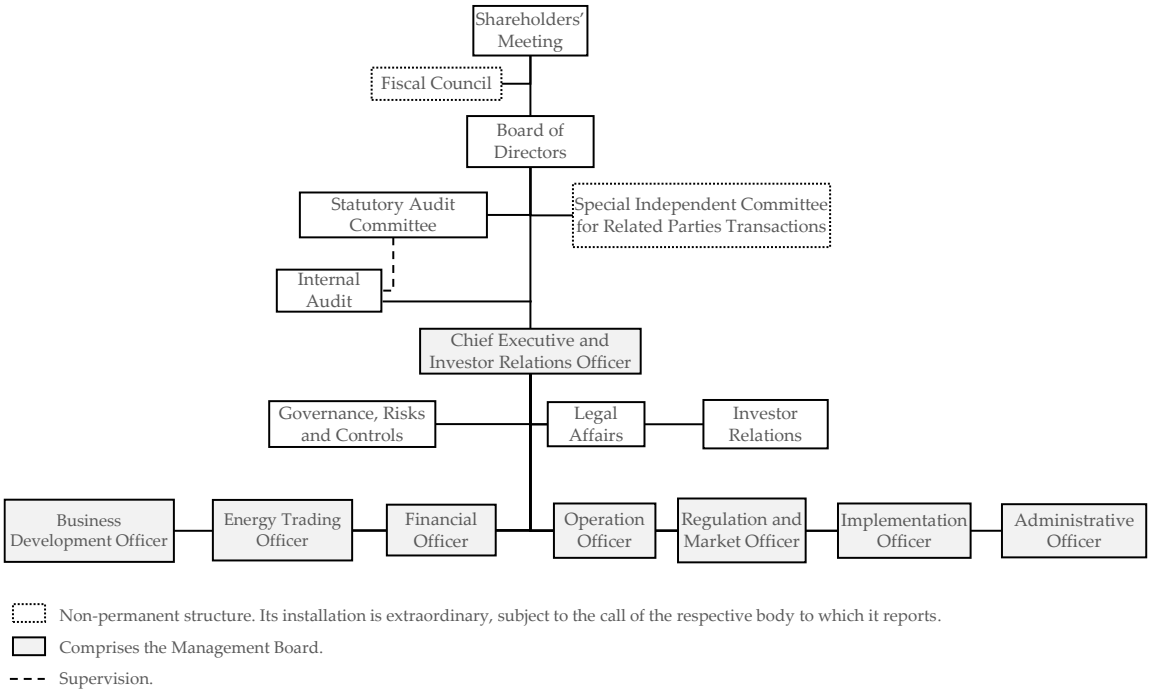
- Ethics Code and Practical Guide to Ethics: a series of fundamental principles to be followed by all who directly or indirectly are involved in actions of responsibility at the Company.
- Policy for Combating Corruption and Bribery: establishes the commitment to comply with all the laws for prevention of corruption and bribery in the conducting of the businesses. Thus, it seeks to ensure the effectiveness of the corporate anti-bribery management system, attested by the ISO 37001 certification, achieved by ENGIE Brasil Energia in 2021.
- Sustainable Management Policy: expresses the Company's guidelines with respect to quality, energy management, environment, climate change, occupational health and safety, social responsibility and stakeholder engagement.
- Human Rights Policy: establishes commitments and guidelines focusing on the Company's projects, operations and value chain.
- Investments and Derivatives Policy: establishes the criteria for investing available resources in the financial market and limits on the use of derivatives.
- Trading and Disclosure Policy: lays down practices for disclosure and the use of corporate information as well as for the trading of securities issued by ENGIE Brasil Energia, such as shares and debentures.
- Risks and Opportunities Management Policy: aims to maintain and enhance the Company's value, reputation and internal motivation, encouraging the taking of legally reasonable risks that are deemed acceptable and economically viable.
- Policies for the Appointment, Compensation and Evaluation of Directors, Officers and Committee Members: aim to add transparency to the Company's top-management activities and procedures.
- Personal Data Privacy and Protection Policy: stablishes principles, standards and responsibilities governing the safe use and storage of individual or corporate information to which the Company may have access based on its interactions.

All the mentioned policies can be accessed through:
https://www.engie.com.br/en/investors/corporate-governance/bylaws-codes-and-polices/.

Management structure

The General Shareholders' Meeting is the most senior deliberative body in ENGIE Brasil Energia's governance structure, followed by the Board of Directors and the Management Board.

Management Organization Chart (as at 12.31.2021)



Board of Directors

Responsible for establishing the corporate strategy and the guidelines for its execution, the Board of Directors evaluates economic, operational, and socio-environmental aspects as well as impacts related to the Company's activities. For this reason, the directors meet ordinarily to analyze performance, supervise policies and practices and provide guidance to the Management Board.

Reflecting ENGIE Brasil Energia's commitment to an integral and diverse corporate governance, the Board does not include among its number members with executive responsibilities. A total of 30% of its composition consists of independent directors and there are two women among its number, thus increasing the female presence in senior management.

Board of Directors (as at 12.31.2021)*

Members	Alternates
Maurício Stolle Bähr *Chairman*	***Gustavo Henrique Labanca Novo***
Paulo Jorge Tavares Almirante *Vice Chairman*	Sylvie Marie Vicente ep. Credot
Adir Flávio Sviderskei *Employee Representative*	Rubens José Nascimento *Employee Representative*
Dirk Achiel Marc Beeuwsaert	Gil de Methodio Maranhão Neto
Karin Koogan Breitman *Independent member*	Manoel Arlindo Zaroni Torres *Independent member*
Manoel Eduardo Lima Lopes *Independent and representative of minority shareholders*	Raquel da Fonseca Cantarino *Independent and representative of minority shareholders*
Paulo de Resende Salgado *Independent member*	Antonio Alberto Gouvêa Vieira *Independent member*
Pierre Jean Bernard Guiollot	Richard Jacques Dumas
Simone Cristina de Paola Barbieri	Andre de Aquino Fontenelle Cangucú

** Inducted on April 28, 2020, for a two-year term.*

Fiscal Council

This collegiate body, totally independent and constituted separately from Management, is installed annually at the behest of the shareholders, according to the norms of the Corporations Law. Representing the shareholders, its principal function is to verify compliance with the legal and statutory duties by the managers.

Thus, the Council's purview includes issuing an opinion on the Management's Annual Report, the Accounting Statements, and the proposals of management bodies to be submitted to the General Meeting and concerned with equity capital changes, the issue of debentures or warrants, investment plans or capital budgets, the distribution of dividends, or corporate transformations, takeovers, mergers or spin-offs.

Fiscal Council (as at 12.31.2021)

Members	Alternates
Waltamir Barreiros	Manuel Eduardo Bouzan de Almeida
Carlos Guerreiro Pinto	Vespasiano Pinto Salerno
Milre Felix Neto ***Representative of minority shareholders***	Anderson Paiva Martins *Representative of minority shareholders*

Audit Committee

Of a permanent nature, it supports the Board of Directors on various fronts related to internal controls, such as evaluating the hiring and removal of the independent audit services; revision of the Financial Statements; and monitoring of the activities of the Internal Audit and internal controls. Complementary to these duties, it analyzes and monitors risk exposure and recommends, whenever pertinent, the revision of corporate policies.

Appointed by the Board, it is made up of at least three members – of which one must be an independent director and the other to have recognized experience in matters of corporate accounting.

Audit Committee (in 12.31.2021)*

Members
Paulo de Resende Salgado ***Independent member of the Board of Directors and e Coordinator of Audit Committee***
Manoel Eduardo Lima Lopes ***Independent member of the Board of Directors***
Carla Carvalho de Carvalho

** Inducted on May 14, 2020, for a two-year term.*

Internal Audit

With a consultative approach and operating independently, the Internal Audit is a component of the governance structure in the form of an Organizational Unit reporting to the Board of Directors, supervised by the Audit Committee. Focused on adding and protecting the value of the Company, it is responsible for preparing the annual work plan, which covers the risks of greatest impact to the business together with the execution of the strategic plan.

Validated by the Board of Directors, this plan encompasses general aspects and specific demands from the Audit and Strategic Committees, the Board of Directors and Fiscal Council and the Management Board – both of ENGIE Brasil Energia as well as its controlled companies.

Management Board

Appointed by the Board of Directors and elected at the Shareholders Meeting, the Executive Board conducts the effective application of the strategy. Coordinated by the Chief Executive Officer, eight Executives acted in a collegiate manner in 2021, with a matrix approach to the topics involved in the business - one of them, Implementation Officer, was created at the beginning of the year, focusing on the construction of assets, under the responsibility of Márcio Daian Neves.

Management Board (as at 12.31.2021)

Name	Position
Eduardo Antonio Gori Sattamini	Chief Executive and Investor Relations Officer
Gabriel Mann dos Santos	Energy Commercialization Officer
Guilherme Slovinski Ferrari	Business Development Officer
José Luiz Jansson Laydner	Operations Officer
Luciana Moura Nabarrete	Administrative Officer
Marcelo Cardoso Malta	Financial Officer
Márcio Daian Neves	Implementation Officer
Marcos Keller Amboni	Regulation and Market Officer

Ethics and Integrity

In order to guide all the activities and its relationships, ENGIE Brasil Energia maintains clear guidelines regarding its integrity positioning.

In addition to the Code of Ethics and the Anti-Corruption and Bribery Policy, shared with all stakeholders, internal documents guide the conduct of directors, officers and administrators in relation to the topic – with emphasis on the Privacy and Personal Data Protection Policy and the Guides to Ethics in Supplier Relations and Relationship with Business Consultants.

Due diligence processes, audits, contractual provisions and a rigorous program of internal controls, have strengthened the culture of compliance and risk management. Together with these initiatives, the Company has intensified training and awareness campaigns on the theme.

In 2021, the Company continued to maintain employees current on the essential ethical principles such as the combat of fraud, corruption, gifts and hospitality, conflict of interests and human rights. In the light of the relevance of the theme, specific training was given on cyber security covering risks related to virtual attacks, critical aspects related to work procedures and preventive measures.

Lectures were also held together with additional discussions on ethics and related themes such as harassment in the workplace as well as internal campaigns on conflict of interests and a special event for commemorating International Anti-Corruption Day on December 9. For all these opportunities for interaction, the availability/use of the Whistleblowing Channel (see below) was emphasized, stimulating the employees to access this platform as well as to consult managers for clarification on doubts as to the application of corporate policies on the theme.

Good Practices in the value chain

In line with the ENGIE's new Due Diligence, it is mandatory for all suppliers to execute an ethical evaluation of materials and services. This evaluation covers in particular, exposure to risks related to Human Rights and Corruption.

Supplier groups considered critical in these themes are subject to an even more rigorous analysis in accordance with the specifics and dimension of the related impacts.

Following this process, identified risks are analysed by the Ethics and Compliance area of the controlling company, ENGIE Brasil, and shared together with pertinent recommendations, with the teams involved in the relationship – which includes in some cases, the Ethics, Compliance and Privacy Department of ENGIE (in France).

In 2021, the Company ratified its adherence to the Business Pact for Integrity Against Corruption, an initiative of the Instituto Ethos in conjunction with the United Nations Global Compact, of which ENGIE Brasil Energia is a signatory. During the year, the Company was certified under the ISO 37001, the Anti-Bribery Management System Standard; ISO 37001 certification previously applied to the controlling company in Brazil although also including the Company's own operations. However, the certification has now been applied specifically to ENGIE Brasil Energia.

Ethics-related doubts or whistleblowing

Dedicated to receiving reports and manifestations related to ethical questions, the Whistleblower Channel - in place since 2019 - may be accessed by stakeholders through the website https://www.canalintegro.com.br/engiebrasil or telephone 0800 580 2586 (free calling).

Managed by a specialized company, the Channel guarantees absolute confidentiality of all manifestations received with the assurance of non-retaliation. Just as with other channels operated by the Company to this end, the verification of complaints is the responsibility of ENGIE Brasil Energia's Ethics Forum.

No cases of corruption were reported among complaints lodged with the Channel during 2021. However, four complaints of discrimination/harassment were deemed well-founded, resulting in the implementation of corrective measures. Out of these, three involved direct employees of ENGIE Brasil Energia, while one was exclusively between employees of an outsourced company – the Company being informed of the fact and corrective measures taken by the service provider itself.

ESTRATEGY

The ENGIE Group is dedicated to building a low carbon energy system, announcing in May 2021, its repositioning in the global environment. Renewable energy, distributed energy infrastructure and renewable gases are at the core of the corporate expansion strategy throughout the world, the focus being on investments and operations which accelerate the energy transition.

In this context, Brazil plays a fundamental role, consolidating ENGIE Brasil Energia's leading position in the country and the world in its response to the challenges and opportunities involved in the decarbonization movement. In exercising its leadership in this field, the Company is structuring its corporate strategy along three fronts for driving its medium and long-term objectives.

Commercial and portfolio-management dynamism

- Proper balance of terms, prices, and market risk management.
- Closeness with customers by means of custom offerings for different demand profiles and consolidating partnerships

Expansion and diversification

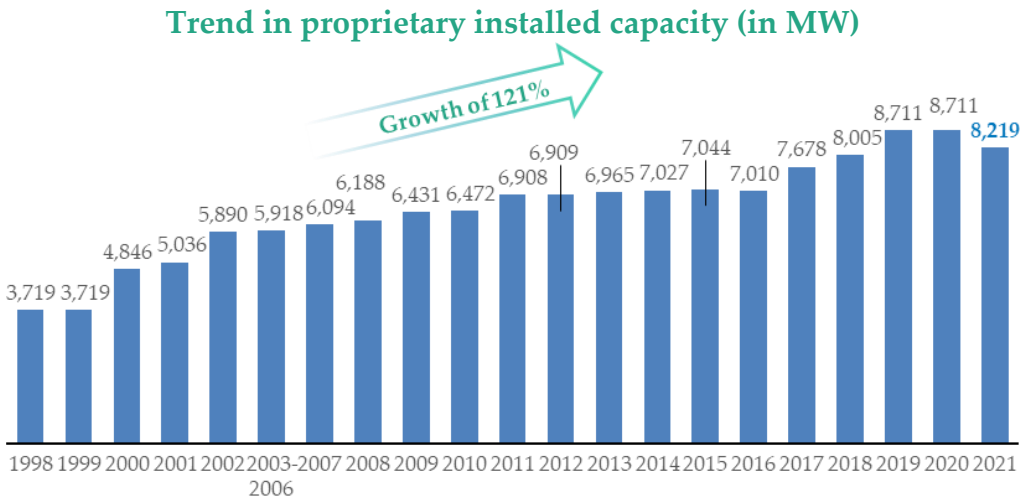
- Growth through acquisitions (capturing opportunities with results in the short run)
- Organic growth (constructivist vision for long-term results)

Innovation and carbon net zero (3Ds)

- Decarbonization
- Decentralization
- Digitalization

Expansion and diversification

In order to grow sustainably, with high rates of return and risks suited to the profile of the business, ENGIE Brasil Energia carefully selects its investments in projects that demonstrate economic, operational and socio-environmental feasibility. Allied to raising funds at competitive costs, the Company's experience in planning and executing the implementation of assets constitutes a pillar of the business expansion strategy, reflected both in the growth of renewable energy generation capacity and in the entry into other segments of the sector in recent years.



Expansion

Paracatu e Floresta Photovoltaic Complexes

ENGIE Brasil Energia's Board of Directors has installed a Special Independent Committee for Transactions with Related Parties (CRP) to evaluate the potential acquisition of Paracatu and Floresta (Paracatu and Floresta) Photovoltaic Complexes. Paracatu and Floresta were contracted at the Second Reserve Energy Auction 2015, held by Aneel (Aneel Auction 009/2015), by the company Solaire Direct, company acquired by the ENGIE Group that year. The total solar energy sold was 59.1 average MW for the term of 20 years. Pursuant to the Regulations, the CRP is composed of members of the Board of Directors, the majority of them Independent Directors, the remainder being drawn from the Company's Officers.

The Paracatu Photovoltaic Complex is located in Paracatu (MG) and has an installed capacity of 158.3 MWp with a sales agreement of 34,0 average MW, in the amount of R$ 364.13/MWh (base Nov/2020) restated according to the IPCA inflation index. Commercial operations began in February of 2019.

The Floresta Photovoltaic Complex is located in the city of Areia Branca (RN) and has an installed capacity of 101.5 MWp, having contracted 25.1 average MW in the amount of R$ 357.78/MWh (base Nov/2020) restated at the IPCA inflation index. Commercial operations began in December of 2017.

In the third quarter of 2021 the Company retained the consultancy firms that supported the process. For legal due diligence and support negotiating the purchase and sale agreement, the Company retained the law firm Machado, Meyer, Sendacz e Opice Advogados. For accounting, financial, tax and labor due diligence, it retained Mazars Cabrera Assessoria, Consultoria e Planejamento Empresarial, and technical due diligence has been entrusted to Intertechne Consultores. Apsis Consultoria Empresarial will draft an opinion on the assets' valuation and value generation (fairness opinion) and Bradesco will serve as Financial Advisor.

Following the due diligence process, evaluation of the assets and negotiations of the terms and conditions of the operation – undertaken with the support of specialized consultancies engaged by the Related Parties Committee, the latter submitted a report with its recommendations to the Board of Directors. The Board approved the acquisition of the Paracatu and Floresta plants at a meeting held on February 14, 2022, at a total acquisition cost of R$ 625 million, with eventual adjustments pursuant to the conditions established in the Share Quota Purchase Agreement.

Jirau Energia

Jirau Energia, new denomination of Energia Sustentável do Brasil (ESBR), is responsible for the maintenance, operation and sale of energy generated by the Jirau Hydroelectric Power Plant, located in the Madeira River, in the city of Porto Velho, state of Rondônia.

Since November 2016, Jirau HPP has 50 generating units in operation, representing a total installed capacity of 3,750 MW. The plant was unveiled on December 16, 2016.

In May 2017, ENGIE Brasil Participações (EBP) announced the engagement of Banco Itaú BBA S.A. to provide financial advisory services for an economic-financial study for the preparation of a proposal for the eventual transfer to ENGIE Brasil Energia (EBE) of EBP's stakes of 40% in ESBR Participações S.A. (ESBRpar) – holder of 100% of the capital stock of Jirau Energia – and the 100% participation in Geramamoré Participações e Comercializadora de Energia Ltda. The transfer assessment has put on hold, awaiting more favorable conditions for the discussions to resume.

In 2021, the Plant generated an average of 1,898.5 MW, 10.2% above the of 1,722.8 average MW in 2020, with an Availability Factor of the National System Operator (FID) of 99.3%.

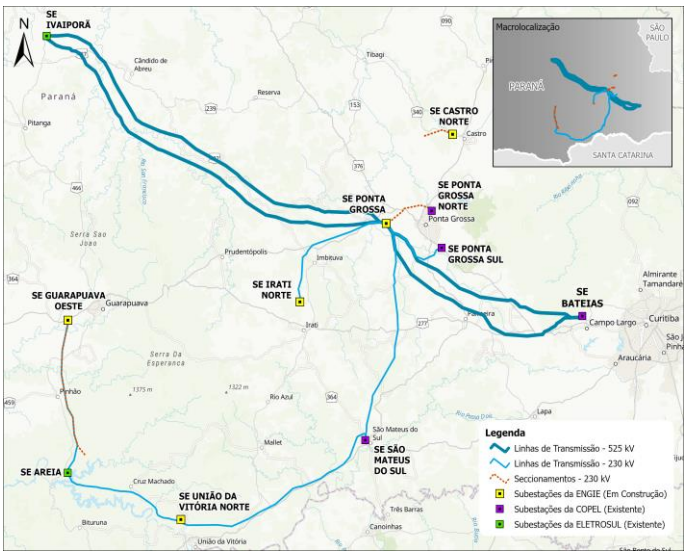
Transmission projects under implementation

Gralha Azul Transmission System

With about 1,000 kilometers in the state of Paraná (PR), the project also includes the installation of five new substations and expansion of another five existing ones. The concession term for the public utility transmission service, including the licensing, the construction, assembly and the operation and maintenance of the transmission line installations is 30 years as from signature date of the concession agreement, with a maximum cut-off date for entry into operation set for March 9, 2023.

By the end of 2021, work on the implementation of the Gralha Azul Transmission System had reached 98.7% overall completion, with just the stringing of the transmission line cables and conclusion of the commissioning process pending, and in compliance with the timeframe established in the federal concession agreement. The first transmission lines were energized in August 21 and, by the end of the year, six transmission lines comprising the project have already been energized, providing a transmission service and generating revenue from the project's commercial operations – equivalent to 6.5% of the Allowed Annual Revenue (RAP) was made.

Gralha Azul Location (Paraná)

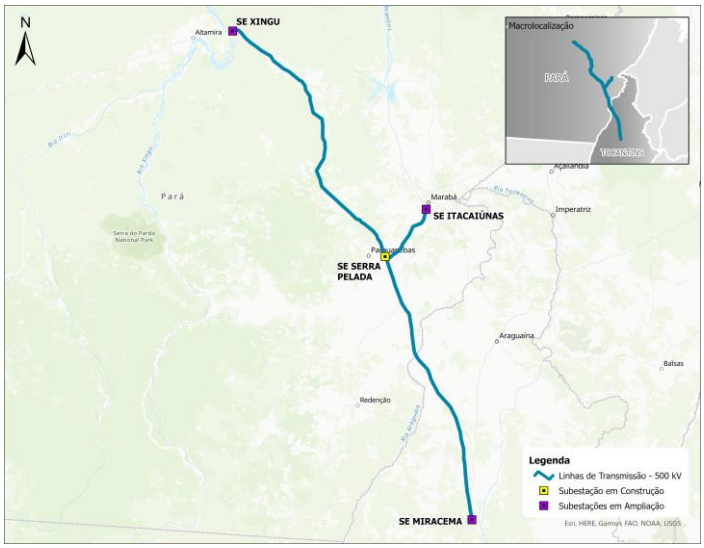


The commercial operations of the joint transmission installations – to generate approximately 95% of the project's RAP – is expected before the end of the first quarter 2022. This will ensure the anticipation planned relative to the timeframe established for the concession agreement and bringing forward a solution for the state of Paraná's energy supplies from Itaipu.

Novo Estado Transmission System

The object of the concession is the construction, operation and maintenance of approximately 1,800 kilometers of transmission lines, a new substation and upgrades to a further three existing substations in the states of Pará and Tocantins, for a term of 30 years. The installation license of the project has been issued by the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama). The cutoff date for the transmission systems to go into operation is March 9, 2023.

Novo Estado Location (Pará e Tocantins)



By the end of 2021, overall completion of the Novo Estado project reached 91.5%. Work in progress on power line tower foundations was reported to be 92% concluded, assembly 79% and with 56% of the stringing of the conductor cables to the transmission lines completed. The commissioning of the Serra Pelada and Itacaiúnas substations and the Serra Pelada – Itacaiúnas transmission line were concluded in December 2021. This set of assets was energized on December 19, thus beginning partial commercial operations and generating 9.2% of the project's RAP.

The Serra Pelada – Miracema transmission line is expected to go into operation in the first quarter of 2022, the expectation for receipt of approximately 50% of the RAP being rescheduled for no later than the end of April 2022.

In the case of the Xingu – Serra Pelada transmission line, the outlook is for startup in operations by the end of the fourth quarter of 2022, so concluding the implementation of the project and ensuring anticipation of commercial activities in relation to the deadline enshrined in the federal concession agreement.

Wind project under implementation

Santo Agostinho Wind Complex – Phase I

With a total installed capacity of 434 MW, which will be reached with the implementation of 70 Siemens Gamesa wind turbines at 6.2 MW, the first phase of the complex will be located in the municipalities of Lajes and Pedro Avelino, about 120 km from the city of Natal, the capital of the state of Rio Grande do Norte. This phase will require R$ 2.3 billion in investment (as of Dec/2020) and generate more than one thousand direct jobs in the region. It was enabled by energy sales to free-market customers.

In June 2016, the Rio Grande do Norte State's environmental authority, the Instituto de Desenvolvimento Sustentável e Meio Ambiente – Idema, issued a preliminary license declaring the project environmentally feasible. By August 2021, all Implementation Licenses had been secured, as well as the relevant consents from heritage authority Instituto do Patrimônio Histórico e Artístico Nacional (IPHAN) for wind farms.

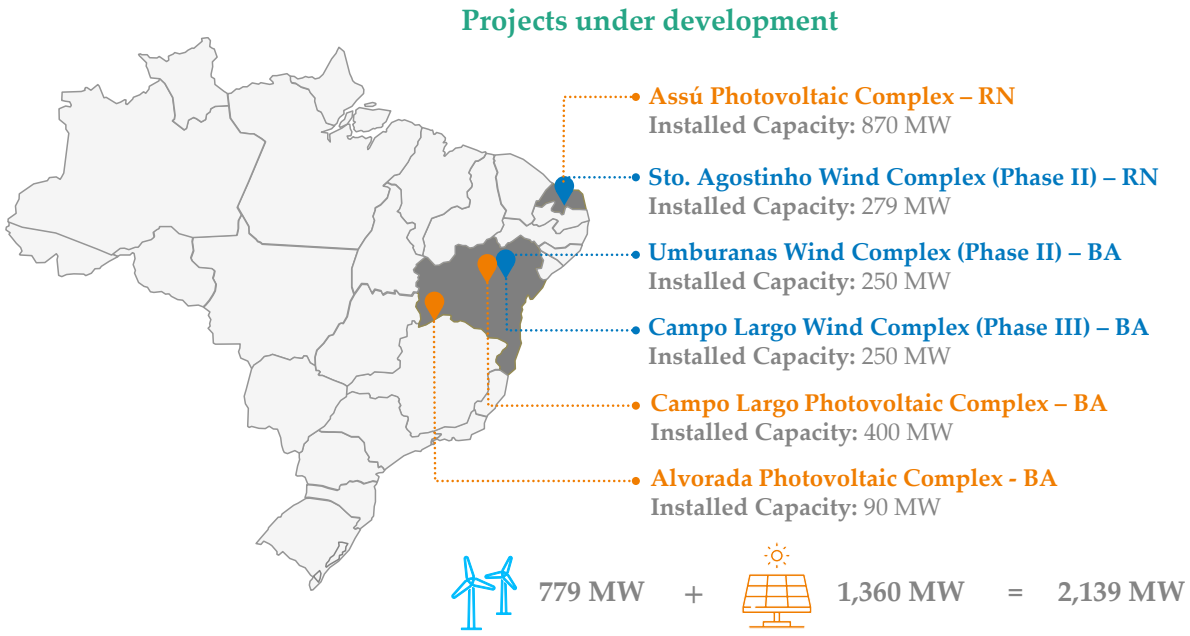
In November 2021, the Preliminary Simplified License was authorized while the Company has filed for the Simplified Installation License in relation to the construction of the transmission line and connection bay at the Monte Verde substation linking the wind complex to the grid. Activities are scheduled to begin in the first quarter of 2022.

By the end of 2021, the progress with Balance of Plant work (excluding the wind turbines) has reached 27.4%. Activities currently in progress at the wind farms' site involve brush clearance, construction of access roads, excavation and concreting of the wind turbine foundations and the installation of medium voltage networks. Work on the building of the Collector Substation is also advancing. Overall work on the project is 7.7% concluded. The entry into operation of the first parks is scheduled for by the end of 2022.

Projects under development

Aware of the commitment to expand generation from renewable sources, in order to accelerate the transition of the Brazilian electricity matrix, ENGIE Brasil Energia maintains several projects in the development phase - that is, with feasibility studies at an advanced stage, which may or may not be implemented. Together, these photovoltaic power plant and wind complex projects can add 2.1 GW to the Company's installed capacity - which evaluates both greenfields (projects yet to be built) and acquisitions of already operational projects.

In this sense, one of the highlights of 2021 was the acquisition of the Assú Sol Photovoltaic Complex project, located in the municipal district of Assú (RN). With about 750 MW of installed capacity, in an area adjacent to the areas of the Assú I, II, III, IV and V projects, of about 150 MW, – located in the municipality of Assú (RN), – the project will have a capacity total installed capacity of approximately 900 MW. The implementation of the Complex seeks synergies with the Assú V Photovoltaic Plant (30 MW), which started commercial operation in December 2017.



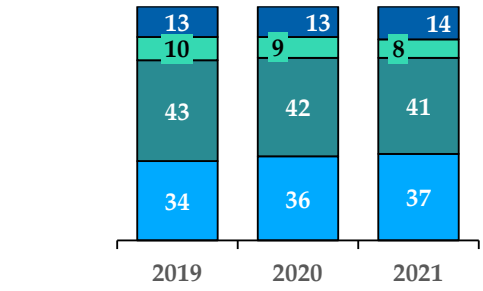
Commercial and portfolio-management dynamism

The ENGIE Brasil Energia commercial activities happens both on the Regulated Contracting Environment (ACR), through Aneel-sponsored auctions, and on the Free Contracting Environment (ACL), entering into contracts directly with business firms or energy traders. In the last, the energy commercialization strategy has two important competitive advantages in relation to other players in the sector: the management of the energy portfolio and the commercial dynamics adopted.

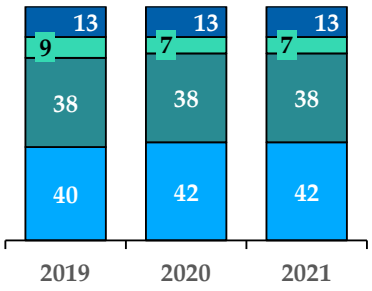
This is because the Company, as one of the largest energy generators in the country, has the weight to offer its customers free, short- and long-term competitive conditions, combined with the agility and dynamics that characterize its position as a private and global agent, connected to market´s opportunities and needs.

In 2021, free consumers (excluding CCEE and other revenues) represented 40.7% of physical sales, decrease of 0.8 p.p., when compared to 2020. They also represented 37.6% of net operating revenues, in line with 2020.

Breakdown of Customers by Physical Sales (%)



Breakdown of Customers in Contracted Sales Comprising Net Operating (%)

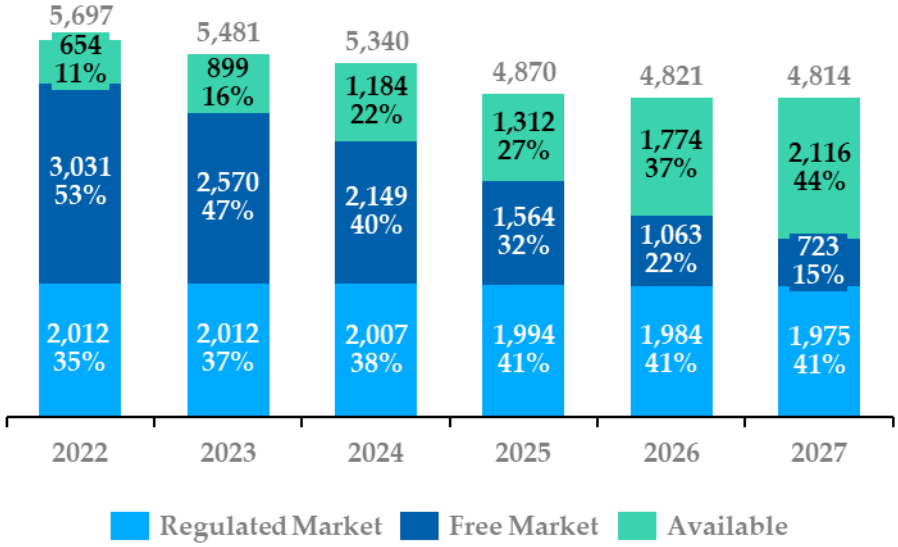


Trading operations | Trading companies | Free consumers | Distribution companies

Based on proprietary selling capacity data and energy sale agreements in force on December 31, 2021, the chart on the right summarizes the Company's energy balance.

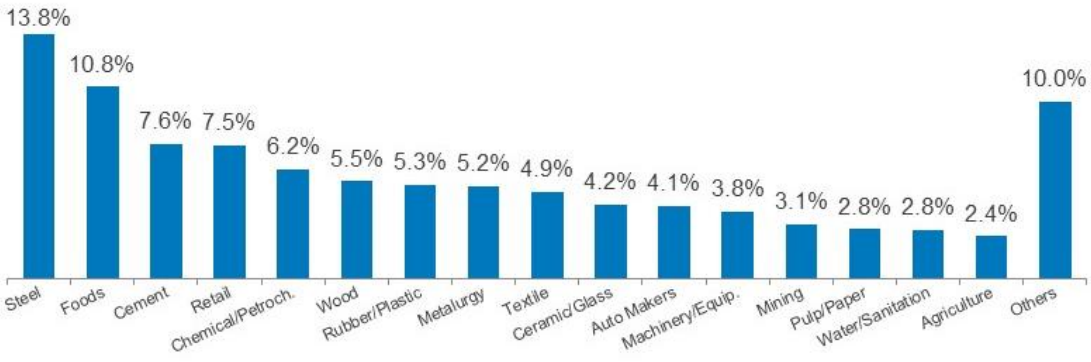
Management of the energy portfolio allows the Company to minimize short-term exposure risk, thereby avoiding payment of high prices when there is a shortage of hydroelectric generation – as has often been the case in recent years.

Energy Balance (% of total; MWa)



Within the context of trading dynamics, we have formed a diverse portfolio of customers made up of companies of different sizes and in different industries, mitigating the potential impacts of negative circumstances for certain segments, reducing the risk of revenue losses.

Diversification of clients portfolio



At the end of 2021, the Company had contracts with 689 free customers, down 4.3% from the 720 registered in the previous year. The number of consumer units grew - from 1,639 in 2020 to 1,758 in 2021, up 7.3%. According to the latest satisfaction survey with free customers and conducted in the last quarter of 2021, 90.0% declared themselves to be satisfied or very satisfied with ENGIE Brasil Energia, 2.5 p.p. lower than in 2020. The Net Promoter Score (NPS) - measuring to what extent the client would recommend ENGIE over other companies - was 69.6%, 2.4 p.p. more than 2020.

As one of the leaders in energy commercialization in the ACL market, ENGIE Brasil Energia follows the evolution of this market, tending to expand in the coming years with the expansion of the spectrum of eligible customers, so creating new contracting and relationship opportunities. Together with energy from renewable sources, the Company also offers complementary solutions with a focus on distributed solar generation and decarbonization – carbon credits, certification of electric energy consumption from renewable sources (I-RECs) or special contracts for guaranteeing emission free electricity (ENGIE-REC), used by clients for reducing or compensating their Greenhouse Gas emissions (GHG).

A highlight among commercial initiatives in 2020, the Energy Place, a digital platform dedicated to relationships with entities in the ACL market (clients and non-clients), was upgraded in 2021 with the launch of new functions. One allows power to be purchased in the long-term market, digitally and with agility – purchasing in the short-term market has been available on the platform since 2020. Another new feature is the possibility of seasonalizing energy purchases, purchasers notifying monthly volumes required in accordance with established minimum and maximum limits, thus enhancing flexibility in the management of client agreements.

Innovation and carbon net zero transition

The transition to a carbon neutral economy requires increasingly more innovative solutions. In addition to offering products and services disruptive to segments in expansion – such as the Free Energy Market – they generate an incremental gain in corporate processes and practices. Aware of this demand, ENGIE Brasil Energia sees in innovation a transversal aspect to the strategy of the businesses, fostering the development of innovative projects with internal audiences as well as other stakeholders.

Internally, the Company encourages an innovative culture through initiatives, policies and tools which stimulate creative participation of the employees in the search for solutions to economic, operational, administrative and socio-environmental questions. Similarly, it shares these challenges with outside partners – from universities to startups, including entities from the third sector – for cooperation in Research & Development, which also on many occasions feeds through to scientific and technological advances.

Based on these and other practices, in 2021, ENGIE Brasil continued among the 150 most innovative companies in Brazil according to the Valor Brazil Innovation award, promoted annually by Valor Econômico newspaper in partnership with Strategy& – a PwC consultancy. With the theme "Innovation in data security: challenges and opportunities", the 2021 edition evaluated innovation practices of companies of different sizes and sectors, operating throughout the country.

The following are highlights of the Company's principal innovation fronts.

Research and Development (R &D)

Aligned to an open innovation culture, the Research and Development Culture operates through partnerships with companies, universities and research institutions. It reflects the provisions of Law 9.991/2000, which requires investment of 1% of annual net operating revenue be made in R&D activities.

In 2021, ENGIE Brasil Energia allocated R$ 72.8 million to the Program with the following distribution:

- R$ 20.6 million to the National Scientific and Technological Fund (FNDCT);

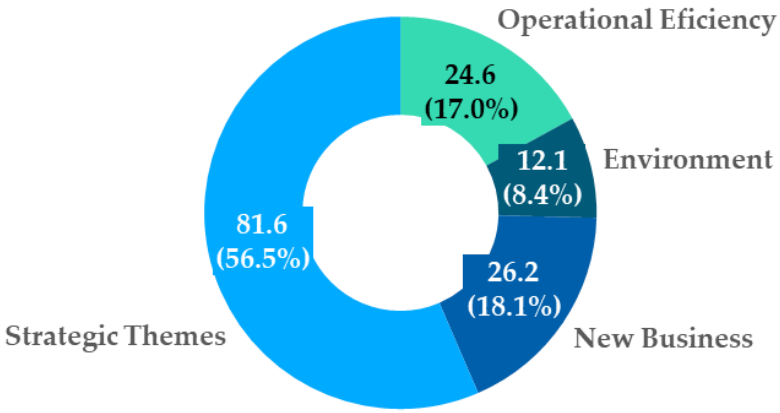
- R$ 10.3 million to the Ministry of Mines and Energy (MME) for contributing to the running costs of Empresa de Pesquisa Energética (EPE);

- R$ 13.1 million to the Energy Development Account (CDE), for supporting tariff modicity (as per Law 14.120 of March 2021);

- R$ 28.8 million in 14 projects composing the portfolio in execution.

Overall, the current portfolio of projects amounts to R$ 144.5 million in investments. The graph on the right hand side shows a general view of contributions made to the Program by research focus area.

R&D ENGIE Brasil Energia: investments in ongoing projects/2021 (R$ million)



Among the projects under development in 2021, of particular note was the continued development of the first large scale domestically manufactured wind turbine with a 4.2 MW capacity, this project being executed jointly with WEG – a Brazilian company specialized in the manufacture of electrical equipment – and Centrais Elétricas de Santa Catarina (Celesc), an electricity distribution company for the state of Santa Catarina.

At year-end, the 4.2 MW prototype was in the final stages of commissioning with tests being conducted in the city of Tubarão (SC) and already linked into the national grid - National Interconnected System (SIN). Once the test phase is completed, the certification phase begins.

In 2019, this strongly innovative project had already become a pioneer in executing the first certification of a heavy duty wind turbine (2.1 MW) in the Southern Hemisphere. For the new wind turbine of 4.2 MW, in addition to certification, the first round of voltage dip trials – the first for a wind generator ever to be performed in Brazil - is planned.

Again at the end of 2021, for the first time in the history of the Company's R&D Program, ENGIE Brasil Energia issued a public call for proposals for financing Research and Development projects with the theme "Impacts of climate change and the use of the land in the Brazilian electricity sector". The eligible initiatives selected to receive resources, approximately R$ 4 million in all, consist of proposals put forward by professionals linked to companies or teaching and research institutions with a focus on impacts (future) for the electricity sector in Brazil and South America.

The Call for Proposals visualized projects distributed in five lines of research (i) paleoclimatology; (ii) future changes in South American atmospheric and oceanic standards (with an impact on renewable energy sources); (iii) quantification of humidity sources for key hydrographic regions in the production of energy; (iv) regional climate modeling with application to the predictability of significant events (droughts); and (v) quantification of the effects of changes in soil coverage in the components of the regional hydrological cycle. The selected proposals must be finalized in 24 months at the most.

LinkLab

So that it can remain in close proximity to startups - elements fundamental to the innovation ecosystem - ENGIE Brasil Energia is a participant in LinkLab, an Associação Catarinense de Tecnologia (ACATE) program for maximizing synergies between small and large companies for the development of innovative projects. In 2021, we linked up directly with three startups for the development of Proof of Concept - POC in the different areas of the Company: Commercial, Environmental and Supplies. The POC were very successful, generating positive results for corporate management.

Inove Program

Focused on the strengthening of the culture of innovation among our employees, "Inove" is the first incentive program for improving processes, especially of an operational nature, resulting in a reduction in costs, an increase in safety and gains in efficiency. In its 2021 edition, the Program has recognized and rewarded 86 participating employees, with 26 approved ideas – which have an estimated financial return of R$ 4.5 million.

RISK AND OPPORTUNITIES MANAGEMENT

Approved by the Board of Directors, the Risk and Opportunity Management Policy guides the internal conduct of the topic, shared between the Board of Directors and other managers, with consequences for activities performed by all employees. To support this management, the Company has a Risk Management Forum, formed by professionals from different areas, working on identifying, understanding and classifying risks according to their probability of occurrence as well as resulting impacts in the financial, strategic, operational and reputational scope.

This assessment is carried out systematically, permeating all activities, based on three core principles:

- Creation and maintenance of value, reputation and internal motivation.
- Encouraging a certain degree of risk taking, deemed reasonable relative to legal, economic and social aspects.
- Assurance of conformity of actions with legal and regulatory obligations as well as with ENGIE Brasil Energia's values, policies and commitments.

The Risk and Business Opportunities Matrix records the results of the analysis conducted internally directing corporative operations. In 2021, the Company strengthened management mechanisms consolidating activities in the second line of defense into a single Organizational Unit known as Governance, Risks and Internal Controls (GRC). This is now responsible, among other duties, for the updating of the Matrix, which classifies the risks as follows:

Tax Risk

Description: adverse developments in the tax legislation, with potential impact on Company´s results.

Mitigation: systematic monitoring of proposals or effective changes in legislation, which may affect the Company's activities. Such monitoring takes place both individually and through representative bodies.

Regulatory Risk

Description: an adverse evolution of the regulations governing the electric energy industry. These regulations, which the Federal Government historically influences, may impact, for example, the modes, terms and conditions of electric energy sale agreements in force, production levels, sectoral charges and the relationships between industry players.

Mitigation: active participation in debates on changes in the sector's regulation, through representative bodies, combined with a strategic process that allows the Company to anticipate eventual changes.

Industrial Safety Risk

Description: damage to the integrity of assets, the environment, society and/or the health and safety of people, as a result of the Company's operating activities.

Mitigation: adopting best Engineering practices from plant construction to operation and maintenance, monitoring civil structures by means of inspections, analyses and preventive maintenance done by a specialized team. Every hydro plant under ENGIE Brasil Energia's responsibility has a Dam Safety Plan that relies on topic-specific methodologies, in line with the laws and standards in force, as well as with the recommended criteria of the International Commission on Large Dams (ICOLD) and the Brazilian Committee on Large Dams (CBGB).

Contingency: all NBR ISO 14001-certified plants have in place Emergency Plans that provide for specific actions under various emergency scenarios, identified according to each project's reality and nature. As concerns dams, all of those that the Company operates are categorized as low-risk according to National Water Agency (ANA) and adopted by Aneel. In addition, we have in place rigorous health and safety practices driven by the Sustainable Management Policy, in addition to Internal Accident Prevention Commissions and 11 NBR ISO 45001 certified plants (Occupational Health and Safety).

Project installation risk

Description: occurrence of events in the development or implementation of projects that may generate delays in the work schedule, additional costs in the implementation, conflicts with stakeholders and inefficiencies in the operation of the enterprise.

Mitigation: management is entrusted to a highly qualified and experienced construction works management team. Contracts with contractors and other suppliers involved are meticulously tracked, including technical, financial, environmental and social aspects, driven in any case by a permanent dialogue with all stakeholders.

Cybersecurity risk

Description: lacking or faulty planning, management or security in connection with resources and services in the areas of Information and Communication Technology (ICT), Automation Technology (AT), and the Internet of Things (IoT), that may have a negative impact on the Company's continued operations and image.

Mitigation: Definition of policies, management processes, controls and employee awareness of the risks that digital technologies pose. This involves the Information and Communication technologies (ICT) and the automation technologies (AT) used in industrial operation, control and supervision activities.

Market risk

Description: the supply of and demand for electricity can deviate from forecast so affecting energy prices and volume.

Mitigation: the use of a proactive commercial strategy and smart portfolio management for the agile capture of price variations, minimizing losses and maximizing gains.

Commercial counterparty risk

Description: failure to comply with the commitments entered into by traders or free customers in the purchase or sale of energy, with an effect on the Company's revenues.

Mitigation: active management of counterparty credit risk in line with our Commercial Counterparty Risk Policy.

Risk of Non-Compliance with the Personal Data Privacy Law (LGPD)

Description: lack or failure of planning, management or security in the treatment of data from the Company's stakeholders (individuals and legal entities), which lead to the improper disclosure of private information, leaving the Company exposed to regulatory and reputational risk.

Mitigation: implementation of controls and monitoring to ensure compliance with the General Data Protection Law (LGPD), even before its entry into force in 2020. This process includes training, creation and review of procedures and new guidelines for supplier relations, among other initiatives.

Operationalization of the strategy risk

Description: adversity in the operationalizing of ENGIE Group's strategic repositioning around four pillars – transition to a carbon neutral economy, accelerated growth in renewables and infrastructure; management of operational performance based on digitalization; operations based on four Global Business Lines (Renewables, Infrastructure, Thermal and Services).

Mitigation: from the external point of view, we seek to participate in the debates with the regulator and civil society on themes such as the opening up of the Free Contracting Environment (ACL), and development in the regulation of distributed generation and the pricing of carbon among others. In these debates, our contributions involve externalizing the Company's points of view and interests Internally, we invest in training, skills upgrading and in structures, both physical as well as IT, so that innovation and connection between areas flow efficiently and compatible with the more dynamic scenario that characterizes the energy transition.

Ethics and compliance risk

Description: non-compliance, internally or with external collusion, with values and the principles of the Code of Ethics can lead to cases of corruption, fraudulent use of the Company's assets, interference in the competitive processes and disrespect for human rights. This characterizes non-compliance with the norms and regulations applicable to the activities of ENGIE Brasil Energia.

Mitigation: in addition to the Ethics Policy Code, to the establishment of the Ethics Committee and to an external whistleblowing channel, we embraced a rigorous internal controls program called Income, that all direct and indirect subsidiaries apply. Income was created in 2005, to meet the US Sarbanes Oxley Act. It covers every operation by means if 12 processes that subdivide into 14 sub-processes.

In addition to internal controls evaluations, the overall environment is analyzed based on the methodology provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The results of the Internal Audit tests and of the analysis of the overall control environment are subject to approval from the CEO and the Chief Financial Officer. Their reviews are subsequently submitted to the Board of Directors.

OPERATIONAL PERFORMANCE

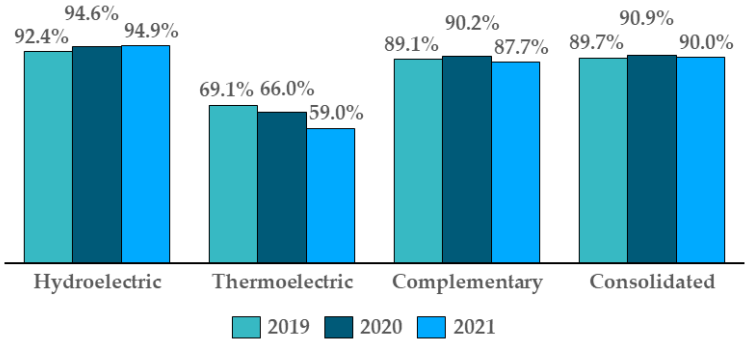
The Integrated Management System (SIG), a platform that consolidates information and performance indicators, supports the performance of operations, defining performance parameters in line with policies, objectives and goals at the corporate level. To these parameters are added compliance with legislation and environmental licensing conditions, as well as the voluntary commitments assumed by the Company, especially certifications.

In 2021, the Jaguara and Miranda Hydroelectric Power Plants, in Minas Gerais, were certified according to the NBR ISO 9001 (Quality Management), NBR ISO 14001 (Environmental Management) and NBR ISO 45001 (Occupational Health and Safety Management) standards. With these achievements, the Company achieved certification for 81.5% of the installed capacity it operates, adding up to 11 plants certified according to these three standards – which ensures standardization and reliability of processes.

Automation is another hallmark of our operational performance. Of the 9,939.4 MW operated by the Company, 58.7% (5,832.8 MW) are operated remotely, from the Generation Operation Center (COG), located at the head office in Florianópolis (SC). In this model, sophisticated technological resources, which allow real-time monitoring, increase the operating efficiency of the generating complex. Altogether, 59 of the 68 plants in the generating complex are operated via COG. The Itá Hydroelectric Power Plant, the largest asset in terms of installed capacity operated by the Company, is undergoing adaptations to enable remote operation at the beginning of the second half of 2022.

In 2021, considering all programmed stoppages at plants operated by ENGIE Brasil Energia the uptime ratio was 90.0%, 94.9% for the hydropower plants, 59.0% at the thermoelectric plants and 87.7% at the plants fired from complementary sources.

Uptime operating considering scheduled shutdowns

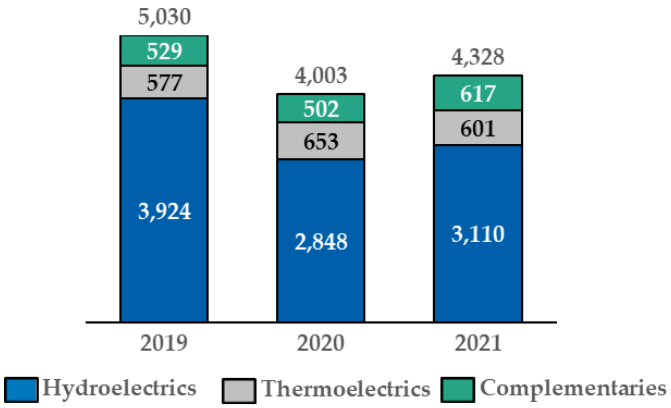


Comparing 2021 with the preceding year, there was a 0.9 p.p. reduction in global uptime and a slight increase of 0.3 p.p. in the hydropower plant up time ratio. At the thermoelectric and complementary plants there was a reduction of 7.0 p.p and 2.5 p.p., respectively.

Uptime reduction at the thermoelectric plants is due largely to programmed maintenance at both Jorge Lacerda C and Pampa Sul Thermal Power Plants, both of which underwent a general revision during the year. Meanwhile at the complementary plants, the reduction was influenced by corrective maintenance at the wind farms.

Meanwhile, the electricity output from plants operated by ENGIE Brasil Energia in 2021 was 37,916 GWh (4,328 average MW), resulting in output 8.1% higher than 2020, when the total was 35,163 GWh (4,003 average MW).

Generation (average MW)

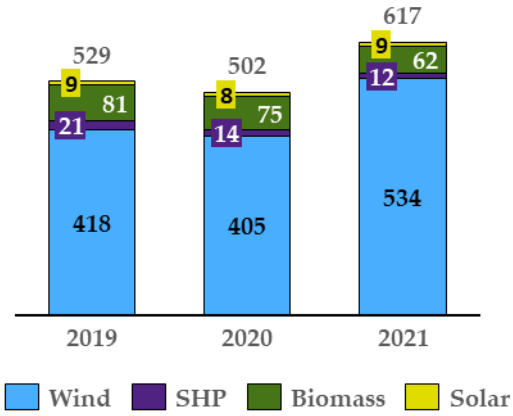


At the hydropower plants, generation in 2021 was 9.2% higher than the preceding year due to the increased generation between January and July 2021, compared with the same period in 2020, which was marked by a critical hydrological shortfall in the Southern subsystem.

Generation from the thermoelectric plants was 8.0% down on 2020, mainly due to overhauling of generator units as well as the sale of the Jorge Lacerda Thermoelectric Complex.

The complementary plants reported an increase of 22.9% in generation reported for 2021, largely due to the entry into commercial operations of the Campo Largo II Wind Complex.

Generation by complementary source (average MW)

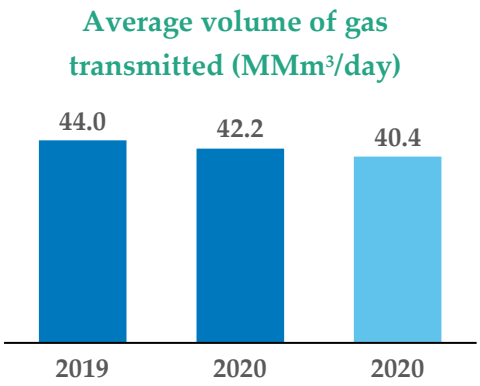


Important to highlight in 2021 that while the global generation at ENGIE Brasil Energia was 8.1% higher compared to 2020, this was still 13.9% down on generation reported for 2019. In addition to the hydrological shortfall in the Southern subsystem in 2020, in general the pandemic triggered a reduction in National Interconnected System energy consumption. This contributed to a reduction of 20.4% in ENGIE's global generation in that year in relation to 2019.

Worthy of note is that the increase in the Company's hydroelectric generation does not necessarily result in an improvement in economic-financial performance. Similarly, a reduction in this type of generation does not automatically mean a deterioration in economic-financial performance. This is due to the Energy Reallocation Mechanism (MRE), which is designed to share the hydrological risks inherent to hydropower generation among its participating members. In addition, relative to the Company's thermoelectric generation, reduction may increase (due to the Company's level of contracting) exposure to the Differences Settlement Price (PLD), the contrary also being the case, all other variables remaining the same.

Related o gas transportation, the Transportadora Associada de Gás (TAG) receives natural gas daily at gathering points along its pipeline network and delivers it to the carriers at entry points known as city gates, in return being remunerated for the transportation service, comprising a portion for the effective transportation of the natural gas molecule and a charge for unutilized capacity (ship-or-pay). All Natural Gas Transport agreements are regulated by the National Petroleum Agency (ANP).

On March 16, 2021, the Lower Chamber of Congress approved the Bill proposing Law 4.476/2020, known as the New Gas Law, amending the regulatory framework for the sector. The text received the presidential sanction without veto on April 8, 2021. The aim of the new law is to increase private investment in the sector, promote competition, reduce costs, and increase natural gas consumption. In addition, the new legislation gives transparency, independence, and isonomy of information to industry agents, legal security to existing contracts and agility in contracting transportation capacity. It also gives more autonomy to the ANP to regulate the industry's activities.



In 2021, transported gas volumes were 40.4 million m3/day (42.2 million m3/day in 2020). In 2021, TAG had transportation agreements with Petrobras and Proquigel, while in 2020, all agreements had Petrobras as carrier.

Modernization

Essential for ensuring operational efficiency, hydroelectric power plant modernization constitutes an investment axis of the Company. In this context in 2021, modernization projects at the Salto Osório, (PR), Jaguara (SP) and Miranda (MG) hydropower plants continued apace. At Salto Osório, a start was made on the project in early 2017. Considered a major overhaul, the project involves the replacement of equipment and systems with modern technology. In addition, this will translate into a gain in efficiency, resulting in increased physical guarantee (estimated at 13.9 average MW). In the second half of 2021, the plant was able to report startup in commercial operations of the first modernized generator unit. The forecast is that the project will be fully concluded in the first quarter of 2024.

In turn, the modernization of the Jaguara Hydroelectric Plant has progressed with the manufacture of a new generator for unit 01, installation and start in operations being due before the end of 2022. In the case of Miranda Hydroelectric Plant, the modernization project involves instrumentation and control systems (including generator speed and voltage regulators in addition to the supervisory system). In 2021, dimensioning and acquisitions of material were undertaken, stages which precede activities in the field - to be started in 2022.

ECONOMIC-FINANCIAL MANAGEMENT

Macroeconomic scenario

The second year of the Covid-19 pandemic in general was marked by a recovery in economic growth in juxtaposition to high inflation – a common trend both in Brazil and elsewhere. Gross Domestic Product (GDP) reported an estimated growth of 4.5% according to the Central Bank's Focus Report and published at the end of December – disclosure of the official figure is expected in March 2022. The increase in GDP practically compensates the decrease of 4.1% posted in 2020.

With mass vaccination against coronavirus and the corresponding resumption in the routine and habits of the majority of the population, Brazilian economic activity entered a recovery phase, albeit slightly below forecast. According to data published by the federal statistics office – Instituto Brasileiro de Geografia e Estatística – IBGE, the industry and services sectors closed the year reporting growth of 3.9% and 10.9%, respectively. In the agricultural sector, the forecast is for a decline of 0.5% in 2021 – partially explained by climatic problems which impacted the year's harvest.

Recording the worst result since 2015, high inflation had an impact on growth with a deterioration in household purchasing power. The IPCA reported a variation of 10.1%, while the INPC posted 10.2% for the accumulated twelve-month period of 2021.

The uncertainties brought about by the pandemic and its consequences also influenced the financial market. The basic rate of interest (Selic) reached 9.2%, an increase of 7.2 p.p. in the year while the US Dollar (Ptax) rose as high as R$ 5.58 – at the end of 2020, the closing rate was R$ 5.19, by comparison.

In the labor market, the effects of the economic recovery also had their impact although still only in a modest fashion. Data published by the IBGE in October 2021, indicated an unemployment rate of 12.1% – in 2020, this rate had ended the year at 14.5%.

Electricity power industry

Empresa de Pesquisa Energética (EPE) data shows net energy consumption in Brazil increasing 5.2% in 2021 to 500,209 GWh – whereas in 2020 there was a decrease of 1.6% due to the impact of the pandemic.

The sector which produced the strongest increase was industry with 9.2% growth in the year, followed by commercial, with 5.5% and residential at 1.8%. Other classes rose 2.6%. As to the breakdown by region, the Northeast recorded the greatest increase in consumption with a 7.0% rise compared to 2020, followed by the North (5.6%), South (5.3%), Southeast (4.9%) and the Central-West region (2.1%).

Maintaining a tendency seen over the past few years, free market consumption rose 6.7% in 2021 – in 2020, the increase had been 13.1%. The captive market reported a decline in consumption of the order of 0.6%, 2021 versus 2020.

Influence of the hydrological scenario

The hydrological year 2021 in Brazil was the worst since records began in 1931: the average Affluent Natural Energy (ENA) was 51.6 GWa – 1.6 GWa below the ENA for 1971, the worst year up to 2021. Water shortages were concentrated mainly in the first nine months of the year.

Predicting this risk, in October 2020, the Electric Energy System Operator (ONS) began a series of negotiations with responsible organs, requesting the dispatch of additional thermal energy beyond thar requested in order of merit as well as flexibilization of rates for minimum outflow at various hydropower plants in the SIN as a means of preserving reservoir levels. The System and Service Charges underlying the corresponding additional thermal dispatch totaled more than R$ 25 billion in expenses for the system during the year.

Despite the efforts of the ONS in the wet season in 2021, reservoir levels in the South-East submarket reported the slowest recovery of the last decade, recording at the peak (May/21), 35.6% of the useful storage capacity (20 p.p. below the peak for 2020).

As a result, prospects of energy rationing and deficits began to surface at the beginning of the second half of 2021, media repercussions alerting to the lowest reservoir levels in the historical series, most notably in August and September.

After recording an average of R$ 201.2/MWh in the first six months of the year, PLD peaked at its ceiling of R$ 583.88/MWh in July and August in the light of the hydrological scenario – closing off the third quarter at an average of R$ 581.76/MWh.

The situation reversed in the final quarter of the year with the fourth best hydrology in the past decade due to an early start to the rainy season. Thus, reservoirs in the South-East submarket, where levels had sunk as low as 16.5% of their useful volume, threatening an energy deficit at the end of September, began refilling ahead of schedule and already in October (normally reservoir levels begin to recover in December). The year ended with levels of 25.6% of useful volume in the region, 6.4 p.p. more than amounts registered for the end of 2020.

As a result, average domestic PLD for the final quarter closed at R$ 134.64/MWh, the average price relative to the accumulated volume for 2021 reporting R$ 276.52/MWh. This corresponded to an increase of 67% compared to 2020, a year of weakening demand due to the pandemic.

Economic-financial performance

	Result by segment – 2021 x 2020 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
2021						
Net operating revenue	8,561	2,836	1,113	31	-	12,541
Operational costs	(2,919)	(2,564)	(1,095)	(51)	-	(6,629)
Gross income (loss)	**5,642**	**272**	**18**	**(20)**	**-**	**5,912**
Selling, general and administrative expenses	(314)	(8)	(4)	(4)	-	(330)
Impairment, net	(998)	-	-	(78)	-	(1,076)
Disposal of subsidiary	(200)	-	-	-	-	(200)
Equity income	-	-	-	-	602	602
Other operating expenses, net	(9)	-	-	-	-	(9)
Income (loss) before financial results and taxes	**4,121**	**264**	**14**	**(102)**	**602**	**4,899**
2020						
Net operating revenue	8,539	2,555	1,084	81	-	12,259
Operational costs	(3,328)	(2,274)	(1,112)	(82)	-	(6,796)
Gross income (loss)	**5,211**	**281**	**(28)**	**(1)**	**-**	**5,463**
Selling, general and administrative expenses	(268)	(1)	(3)	(5)	-	(277)
Impairment	(58)	-	-	(41)	-	(99)
Equity income	-	-	-	-	487	487
Other operating expenses, net	(5)	-	-	-	-	(5)
Income (loss) before financial results and taxes	**4,880**	**280**	**(31)**	**(47)**	**487**	**5,569**
Variation						
Net operating revenue	22	281	29	(50)	-	282
Operational costs	409	(290)	17	31	-	167
Gross income (loss)	**431**	**(9)**	**46**	**(19)**	**-**	**449**
Selling, general and administrative expenses	(46)	(7)	(1)	1	-	(53)
Impairment, net	(940)	-	-	(37)	-	(977)
Disposal of subsidiary	(200)	-	-	-	-	(200)
Equity income	-	-	-	-	115	115
Other operating expenses, net	(4)	-	-	-	-	(4)
Income (loss) before financial results and taxes	**(759)**	**(16)**	**45**	**(55)**	**115**	**(670)**

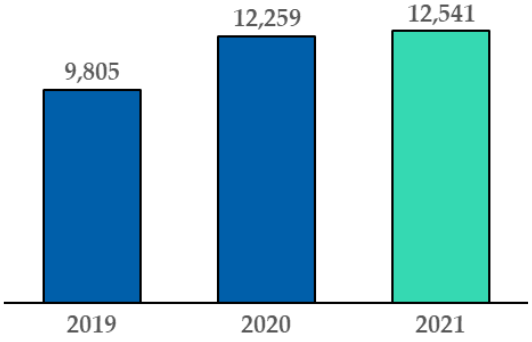
The Company's financial result and taxes are not allocated by segment since Management administers the cash flow on a consolidated and corporate basis.

Net operating revenue

	Operating revenue by segment – 2021 x 2020 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2021					
Distribution companies	3,541	-	-	-	3,541
Free consumers	3,130	-	-	-	3,130
Construction revenue	-	2,155	-	-	2,155
Remuneration of concession financial assets	556	681	-	-	1,237
Energy trading operations	-	-	1,056	-	1,056
Trading companies	595	-	-	-	595
Transactions in the short-term market	565	-	29	-	594
Services rendered revenue	129	-	-	-	129
Unrealized gains on trading operations	-	-	28	-	28
Indemnities	6	-	-	-	6
Other revenues	39	-	-	31	70
Net operating revenue	**8,561**	**2,836**	**1,113**	**31**	**12,541**
2020					
Distribution companies	3,542	-	-	-	3,542
Free consumers	3,161	-	-	-	3,161
Construction revenue	-	2,365	-	-	2,365
Remuneration of concession financial assets	382	190	-	-	572
Energy trading operations	-	-	1,067	-	1,067
Trading companies	609	-	-	-	609
Transactions in the short-term market	535	-	17	-	552
Services rendered revenue	122	-	-	-	122
Indemnities	40	-	-	-	40
Gain of lawsuit	84	-	-	-	84
Energy exports	30	-	-	-	30
Other revenues	34	-	-	81	115
Net operating revenue	**8,539**	**2,555**	**1,084**	**81**	**12,259**
Variation					
Distribution companies	(1)	-	-	-	(1)
Free consumers	(31)	-	-	-	(31)
Construction revenue	-	(210)	-	-	(210)
Remuneration of concession financial assets	174	491	-	-	665
Energy trading operations	-	-	(11)	-	(11)
Trading companies	(14)	-	-	-	(14)
Transactions in the short-term market	30	-	12	-	42
Services rendered revenue	7	-	-	-	7
Unrealized gains on trading operations	-	-	28	-	28
Indemnities	(34)	-	-	-	(34)
Gain of lawsuit	(84)	-	-	-	(84)
Energy exports	(30)	-	-	-	(30)
Other revenues	5	-	-	(50)	(45)
Net operating revenue	**22**	**281**	**29**	**(50)**	**282**

Net operating revenue increased from R$ 12,259 million in 2020 to R$ 12,541 million in 2021, that is a rise of R$ 282 million (2.3%). This variation reflects mainly the following factors:

Net operating revenue (R$ million)



Generation and sales of energy from the portfolio: an increase of R$ 22 million (0.3%), essentially driven by the following positive effects: (i) R$ 174 million in the remuneration of concession financial assets relative to the portion of the payment for the grant of the Jaguara and Miranda hydropower plant concessions with respect to the energy destined to the Regulated Contracting Environment (ACR), due to the increase in average balances and higher inflation between comparative periods; (ii) R$ 30 million from transactions executed in the short-term market, principally on the CCEE. These effects were partially attenuated by decreases of: (iii) a non-recurring R$ 84 million from a tax claw-back in 2020; (iv) R$ 46 million in revenue from energy sales agreements in the regulated and free markets due to a combination of the variations in energy volumes sold and average selling price; (v) R$ 34 million with respect to supplier indemnifications due to claims and collection of contractual fines for downtime, received in the previous year; and (vi) R$ 30 million arising from the export of energy in 2020.

Transmission: an increase of R$ 281 million (11.0%) in the transmission segment. More details are described below in a specific item.

Trading: an increase of R$ 29 million (2.7%) arising principally from the positive result in 2021 from marking to market future sales and higher revenues from transactions in the short-term market, partially attenuated by the decrease in operations realized.

Solar panels: a decrease of R$ 50 million (61.7%) in the sale and installation of solar panels.

Results of the transmission and trading segments are discussed under “Operational result of the energy transmission segment” and “Operational result of the energy trading segment”.

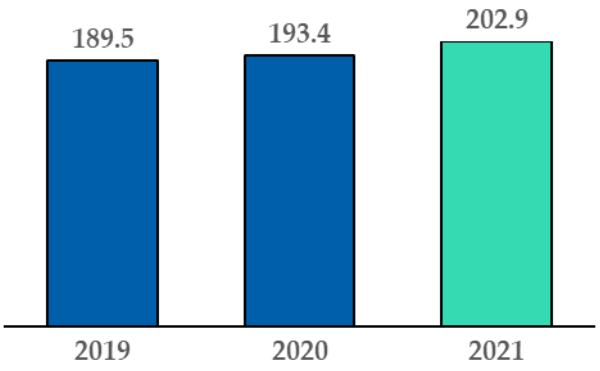
Comments on variation in net operating revenue

➢ Generation and sales of energy from the portfolio

Net Average Selling Price

Average energy selling price, net of charges on revenue, posted R$ 202.94/MWh in 2021, 4.9% greater than in 2020, when it stood at R$ 193.43/MWh. The increase was largely due to monetary restatement, partially mitigates by the valorization of the reimbursements enshrined in the regulated environment agreements involving wind generation, since these reimbursements are measured on the basis of the average annual value of the Differences Settlement Price (PLD).

Net average selling price* (R$/MWh)



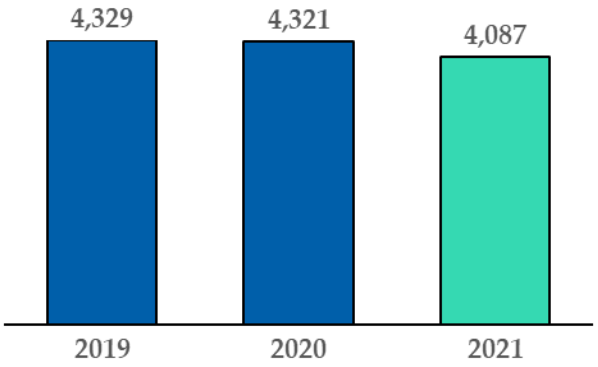
** Net of sale taxes and trading operations.*

Sales volume

In 2021, energy sales volume stood at 35,801 GWh (4,087 average MW) against the 37,957 GWh (4,321 average MW) reported for the calendar year 2020, a decrease of 2,156 GWh (234 average MW) or 5.4%.

The reduction in energy sales volume reflect mainly the reduced availability of energy due to the hydrology crisis, lower purchasing volumes as well as programmed stoppages at UTE Pampa Sul.

Sales volume (average MW)



Revenue from sale of electric energy

- Distribution companies:

In 2021, revenue was reported at R$ 3,541 million, a reduction of R$ 1 million in relation to the fiscal year 2020 when revenues were R$ 3,542 million. This decrease is due to the following: (i) R$ 52 million — a reduction of 232 GWh (22 average MW) in sales volume; and (ii) R$ 51 million — an increase of 1.5% in net average selling price.

The slight reduction in the average net sales price is mainly motivated by the valorization of reimbursements under wind farm agreements in the regulated contracting environment, since such reimbursements are calculated on the basis of the average annual PLD - effect counterbalanced by the monetary restatement of the periods in comparison.

The decrease in sales volume was substantially driven by the scheduled stoppages at the Pampa Sul Thermoelectric Power Plant.

- Free consumers:

In 2021, revenue from free consumers recorded R$ 3,130 million, R$ 31 million (1.0%) down on R$ 3,161 million reported for 2020. This decrease reflects: (i) R$ 219 million — a reduction of 1,259 GWh (137 average MW) in energy sales volume; and (ii) R$ 188 million — an increase of 5.9% in the net average selling price.

The reduction in energy quantities sold was largely due to lower energy availability due to the hydrology situation, reduced purchase volumes and the termination of agreements. The variation in net average selling price year-on-year is mainly the effect of monetary restatement on existing agreements.

- Trading companies:

In 2021, revenue from sales to trading companies was R$ 595 million, R$ 14 million (2.3%) less than revenue posted for 2020 at R$ 609 million. This reduction reflected the combination of the following aspects: (i) R$ 88 million — a decline of 590 GWh (66 average MW) in energy sales volume; and (ii) R$ 74 million — growth of 12.3% in the net average selling price.

Price increases were largely due to new agreements at prices on average higher than prevailing or terminating agreements and to monetary restatement of prevailing agreements. The decrease in volume when comparing the periods under review is again a reflection of reduced energy availability in a scenario of hydrological shortfall and diminished purchase volumes.

- Export:

There were no energy exports in 2021. In 2020, the Company exported energy to Argentina generating a revenue of R$ 30 million, equivalent to a transacted energy volume of 75 GWh (9 average MW).

Remuneration of Concession Financial Assets

The financial assets of concessions represent the present value of future cash flows of the portion of energy allocated to the Regulated Contracting Environment (ACR) of the Jaguara and Miranda hydroelectric power plants, equivalent to 70% of the physical guarantee of these plants. These assets are remunerated at the internal rate of return and according to the variation in the Consumer Price Index - Comprehensive (IPCA).

The remuneration on the concessions' financial assets increased from R$ 382 million in 2020 to R$ 556 million in 2021, an increase of R$ 174 million (45.5%). Growth was driven mainly by the increase in the average balance of the assets and by the variation in IPCA between the years under comparison.

Transactions in the short-term energy market

In 2021 relative to the preceding year, there was an increase of R$ 30 million (5.6%) in revenue from transactions across the short-term market from R$ 535 million in 2020 to R$ 565 million in 2021. Further explanations on these operations and variations can be found in "Details of short-term operations".

Revenue from Services Rendered

Again in respect of the Jaguara and Miranda hydroelectric power plants and their sales in the Regulated Contracting Environment, also as part of the Annual Generation Revenue (RAG), the companies also receive payment with respect to the Generation Assets' Management (GAG), for covering the costs of operation and maintenance, as well as expenditures on improvements and investments during the concession period. The value for the GAG booked to the accounts increased R$ 7 million (5.7%), rising from R$ 122 million in 2020 to R$ 129 million in 2021, largely reflecting monetary restatement.

Legal action ruled in favor of the Company – Claw-back of taxes

On May 18, 2020, the Company received a favorable ruling with no right of further appeal which guaranteed a claw-back – either through compensation or restitution – of federal tax credits, duly restated at the basic rate of interest — Selic. As a result, the Company booked R$ 84 million in 2020. The amount in question was restated monetarily, having an impact of R$ 73 million on the financial result for 2020. In 2021, there were no legal actions of this nature.

Indemnifications

On an annual comparative basis, revenue from supplier indemnifications varied from R$ 40 million in 2020 to R$ 6 million in 2021, that is, a reduction of R$ 34 million (85.0%) between periods. The amounts involved refer principally to indemnification revenues for compensating the negative effects from the interruption of business. This reflected the claim involving the Salto Osório Hydropower plant and the collection of a contractual fine for downtime at the wind farms in the Trairí Wind Complex in 2020 and by a further claim in the name of the Jaragua operation in 2021.

➢ Solar Panels

Revenues from the sale and installation of solar panels decreased R$ 50 million (61.7%), from R$ 81 million in 2020 to R$ 31 million in 2021. The reduction was largely due to the change in sales strategy where the focus has shifted to the development of industrial projects for large consumers with a corresponding deceleration in commercial activities.

Operational Costs

	Costs by segment – 2021 x 2020 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2021					
Construction costs	-	2,564	-	-	2,564
Electric power purchases	1,005	-	1,087	-	2,092
Depreciation and amortization	1,012	-	-	-	1,012
Transactions in the short-term market	628	-	1	-	629
Charges for the use of and connection to the power grid	606	-	-	-	606
Materials and third-party services	396	-	-	12	408
Fuel for generation	335	-	-	-	335
Personnel	302	-	-	4	306
Royalties	95	-	-	-	95
Insurance	74	-	-	-	74
Unrealized losses on trading operations	-	-	7	-	7
Hydrological risk renegotiation	(1,591)	-	-	-	(1,591)
Other operational costs, net	57	-	-	35	92
Operational costs	**2,919**	**2,564**	**1,095**	**51**	**6,629**
2020					
Construction costs	-	2,274	-	-	2,274
Electric power purchases	1,479	-	1,068	-	2,547
Depreciation and amortization	894	-	-	-	894
Transactions in the short-term market	303	-	8	-	311
Charges for the use of and connection to the power grid	560	-	-	-	560
Materials and third-party services	340	-	-	18	358
Fuel for generation	204	-	-	-	204
Personnel	273	-	-	8	281
Royalties	84	-	-	-	84
Insurance	89	-	-	-	89
Unrealized losses on trading operations	-	-	36	-	36
Hydrological risk renegotiation	(968)	-	-	-	(968)
Other operational costs, net	70	-	-	56	126
Operational costs	**3,328**	**2,274**	**1,112**	**82**	**6,796**
Variation					
Construction costs	-	290	-	-	290
Electric power purchases	(474)	-	19	-	(455)
Depreciation and amortization	118	-	-	-	118
Transactions in the short-term market	325	-	(7)	-	318
Charges for the use of and connection to the power grid	46	-	-	-	46
Materials and third-party services	56	-	-	(6)	50
Fuel for generation	131	-	-	-	131
Personnel	29	-	-	(4)	25
Royalties	11	-	-	-	11
Insurance	(15)	-	-	-	(15)
Unrealized losses on trading operations	-	-	(29)	-	(29)
Hydrological risk renegotiation	(623)	-	-	-	(623)
Other operational costs, net	(13)	-	-	(21)	(34)
Operational costs	**(409)**	**290**	**(17)**	**(31)**	**(167)**

In 2021, operational costs reached R$ 6,629 million, R$ 167 million (2.5%) lower than the costs posted in 2020 of R$ 6,796 million. This variation was a reflection of the combination of the following factors: (i) a decrease of R$ 409 million (12.3%) in the generation and sales of energy from the Company's portfolio segment; (ii) a reduction of R$ 31 million (37.8%) in solar panels sales and installation costs; (iii) a reduction of R$ 17 million (1.5%) in the costs of energy trading operations; and (iv) growth of R$ 290 million (12.8%) in the costs of the transmission segment.

Of the variation under item (i), particular note should be made of the recovery in past energy costs following the renegotiation of hydrological risk following the enactment of laws 14.052/2020 and 14.182/2021, which between the two years recorded an increase of R$ 623 million. In addition, part of the values booked in 2021 relates to those hydroelectric plants, the ownership of which is in the hands of companies forming consortia and therefore subject to the unanimous agreement of all participating members as per Aneel Normative Resolution 895/2020. The process of reaching such an agreement only occurred in November 2021.

Such variations resulted essentially from the behavior of the main components below:

Comments on variations in operational costs

➢ Generation and energy sales from the portfolio

- Energy purchases: There was a decrease of R$ 474 million (32.0%) in these operations, in the annual comparison, mainly driven by the following events: (i) R$ 533 million — a decrease of 2,959 GWh (338 average MW) in volumes purchased; and (ii) R$ 59 million — an increase of 6.3% in net average energy purchasing prices.

The variation in net average energy purchasing price analyzed were largely caused by the oscillation in Differences Settlement Prices (PLD). As a consequence, there was a decrease in volumes due to limited purchasing opportunities at attractive prices. This was attenuated to a degree by purchases of energy and a condition of the divestment process of the Diamante Geração de Energia Ltda. ("Diamante") subsidiary.

- Depreciation and amortization: increase of R$ 118 million (13.2%) between the years under analysis. These increases are due largely to the amortization of the values arising from the renegotiation of hydrological risk.

- Transactions in the short-term energy market: on an annual comparison, costs were up by R$ 325 million (107.3%). More details are described below under the specific item.

- Charges for use of electric energy network and connections: increases of R$ 46 million (8.2%) between the compared years. These increase is consequently largely due to the annual readjustment in transmission and distribution tariffs as well as the entry into commercial operations of the Campo Largo II Wind Complex during the course of 2021.

- Material and third-party services: increase of R$ 56 million (16.5%) in annual comparison, due to the main factors: (i) R$ 40 million – an increase in operation and maintenance agreements of the generator complex; (ii) R$ 7 million – an increase in costs with replacement and consumption costs; and (iii) R$ 5 million – higher costs with general IT services.

- Fuels for generation: an increase of R$ 131 million (64.2%) between years, mainly reflecting the increase in consumption of proprietary coal resources and due to the annual readjustment of average prices. The growth in proprietary coal consumption is a reflection of the hydrology crisis during 2021.

- Personnel: An increase of R$ 29 million (10.6%) on a 2020 x 2021 comparison, resulting largely from the annual readjustment in payroll and the booking of expenses involving those employees signing up to the voluntary redundancy program.

- Financial compensation for the use of water resources (royalties): an increase of R$ 11 million (13.1%) due to greater hydropower generation from the Company's plants in 2021.

- Insurance: a reduction of R$ 15 million (16.9%) on an annual comparative basis, substantially due to lower expenditures with franchises and the sale of the Diamante subsidiary.

- Hydrological risk renegotiation: on December 15, 2020, the Company's management authorized approval by the hydropower plant concessionaires for the renegotiation of hydrological risk under the umbrella of Law 14.052/2020, regulated by Aneel normative resolutions 895/2020 and 930/2021. The legislation provides for compensation to the concessionaires, members of the Energy Reallocation Mechanism (MRE), for the effects caused to the generators, denominated structural or large-scale these effects relate to the anticipation of physical guarantee and the restrictions on the entry into operation of transmission installations necessary for energy offtake and, retroactively, for generation outside the order of merit and importation. In addition, in July 2021, Law 14.182 was published covering among other themes, the retroactive effects of the GSF (Generation Scaling Factor) on losses accrued between 2012 and 2015 by the hydropower plants contracted in the regulated market. As compensation under this legislation, generators enjoy the right to extend the concession period of generation grants up to an additional seven years.

In the light of this, for the years 2021 and 2020, the Company booked as intangible assets, corresponding to the right of extension of the concessions against an offsetting item "Hydrological risk renegotiation" in the financial statements with amounts of R$ 1.591 million and R$ 968 million, respectively. Booking was conducted proportional to the Company's stake in the assets. In addition, some of the amounts booked in 2021 relate to hydro concessions whose ownership is exercised by companies in a consortium and where agreement is conditional on adherence of all members of the consortium as per Aneel Normative Resolution 895/2020. This adherence took place in November 2021.

➢ Solar panels

On annual comparison, there was a decrease of R$ 31 million (37.8%), driven mainly by reductions in expenditures for installing panels and materials together with third party services. The reduction is a result of a shift in strategy with the focus now on the development of industrial projects for large consumers and a corresponding deceleration of commercial activities.

Operational result from the energy transmission segment

The Company has primary responsibility for the construction and installation of infrastructure pertaining to the Gralha Azul and Novo Estado transmission systems and is exposed to the risks and benefits of these constructions. Consequently, based on prevailing accounting practices, the Company books revenue over the course of the implementation of the transmission infrastructure for an amount corresponding to the construction costs plus a gross residual margin to cover the construction management. Expenditures incurred in the construction are recognized in the cost of the transmission infrastructure. The Annual Allowed Revenue (RAP) is received once the transmission system goes into commercial operations. Thus, only resources generated from the operational activity are received from then onwards. In 2021, there was a partial entry into commercial operations of both Gralha Azul and Novo Estado, representing about 4% of their total capacity.

Gross result from the transmission segment fell by R$ 9 million (3.2%) in the compared years. These results are largely a combination of the following factors: (i) booking of losses in 2021 in counterbalance to gains recorded in 2020, due largely to the increase in CAPEX forecasted for the implementation of the transmission systems, as well as the postponement of entry into commercial operations of each stage of the projects; and (ii) an increase in revenues on remuneration of concession assets given the increase in the balance of these assets between the compared periods and the increase in inflation rates on an annual comparative basis.

Operational Result of the Energy Trading Segment

The Company operates in the physical energy trading market in order to generate results through price variations, within preestablished limits of risk. Energy trading operations are transacted in an active market and for accounting purposes, are defined as financial instruments according to their fair value. This is principally due to the fact that there is no commitment to match purchase and sale operations, flexibility being permitted to manage the contracts and obtain results through price variations in the market.

The gross result registered an increase of R$ 46 million (164.3%) between years, from a loss of R$ 28 million in 2020 to a profit of R$ 18 million in 2021, in large part due to the positive effects of marking-to-market of R$ 57 million, and transactions in the short-term energy market of R$ 19 million. These effects were partially reduced by the negative impact of realized transactions of R$ 30 million.

Details of Short-Term Operations

Short-term operations are classified as energy purchase or sale operations, the principal objective being the management of exposure on the CCEE. Consequently, the price of these operations is characterized by the linkage with the Differences Settlement Price (PLD). This item also includes the transactions conducted through the CCEE, given their volatile and seasonal nature, therefore, short-term, of the results originating from accounting movement in the CCEE. Additionally, the long and short positions are settled at the PLD, thus, similar to the short-term operations described above.

In relation to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of a Board agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expense item. In this context, it is worth pointing out that due to adjustments in the Company's portfolio management strategy, changes have been taking place in the profile of the mentioned billings. Such fluctuations complicate the direct comparison of the elements comprising each billing for the periods being analyzed - the reason for including this specific topic. The strategy allows us to analyze the fluctuations of the principal elements involved in spite of allocation being either to an income or expenses account according to the credit or debit nature of the billing to which they relate.

Generically, these elements are revenues or expenses arising, for example, (i) from the application of the Energy Reallocation Mechanism (MRE); (ii) from the Generation Scaling Factor (GSF), triggered when generation of plants, part of the MRE, is smaller or greater (Secondary Energy) than the allocated energy; (iii) from the so-called "submarket risk"; (iv) dispatch driven by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) and settled at the PLD.

For the calendar-month year of 2021, a reflection of short-term transactions, net result was negative at R$ 35 million, a decrease of R$ 276 million in relation to the positive result of R$ 241 million in 2020, R$ 295 million of which the reduction in the result for transactions in the generation and sales of energy from the Company's portfolio segment and R$ 19 million from an increase of transactions in energy trading.

This reduction is a reflection largely of the combination of the following events: (i) an increase in the negative impact of the Adjustment Factor of the MRE (GSF) — already net of the effects of the renegotiation of hydrological risk for 2021; and (ii) decrease in the result from thermoelectric generation due to the divestment of the Diamante subsidiary. These events were partially offset by the following factors: (iii) an increase in the financial impact of short-term operations and the long position on the CCEE, reflecting the larger volume of free energy and by the higher PLD in 2021; and (iv) an increase in MRE, given greater hydropower generation in 2021.

In December 2020, Aneel stipulated maximum and minimum PLD limits for 2021 at R$ 583.88/MWh and R$ 49.77/MWh, respectively. The following table shows the average PLD amounts for those submarkets in which the Company operates (in MWh).

Average PLD in R$/MWh	2020	2021	Var. (%)
South	184.42	280.37	52.0%
Southeast/Center-West	177.00	279.61	58.0%
Northeast	134.42	269.58	100.6%

Selling, General and Administrative Expenses

Selling, general and administrative expenses reported an increase of R$ 53 million (19.1%) between years, from R$ 277 million in 2020 to R$ 330 million in 2021. This increase was driven by an increase of R$ 46 million (17.2%) in the generation and sales of energy from the Company's portfolio segment, largely a reflection by the combination of the following effects: (i) R$ 41 million in payroll expenses, principally due to the booking of expenses as result of adherence to the voluntary redundancy program, provision for the PLR and bonus and the annual adjustment in payroll; and (ii) R$ 9 million with depreciation and amortization and increased amortization of software. These effects were partially attenuated by a reduction in contributions and donations following the most critical period of the COVID-19 pandemic in 2020. In addition, there was an increase of R$ 7 million in the other segments in which the Company operates, principally due to the greater outlay with third party services.

Provision for Impairment of Assets

On a 2020 x 2021 comparison, impairment, net of reversals increased by R$ 977 million from R$ 99 million in 2020 to R$ 1,076 million in 2021. This non-recurring effect was driven essentially by: (i) recognition of impairment following the firm intention to divest the Pampa Sul and EGSD subsidiaries, the preliminary evaluation of the sale values being less than book values. The sale of the two subsidiaries is aligned to the guidelines agreed by the Company; and (ii) recognition of impairment in the second and third quarters of 2021 of the Diamante subsidiary due to progress in the sale of the Jorge Lacerda Thermoelectric Complex.

Sale of a subsidiary

In the light of the Company's decarbonization strategy, on October 18, 2021, the divestment of the Diamante subsidiary was concluded. As of this date, the company ceased to be controlled by the Company, also no longer being consolidated. The result of the asset sale, net of selling costs, was a negative R$ 200 million.

Equity Income – Gas Transportation

On July 20, 2020, the Company acquired an additional shareholding stake of 3.25% in TAG out of the total 10% which Petrobras still held, corporate stake in TAG increasing from 29.25% to 32.5%.

TAG's equity income result for 2021 and 2020 is made up of the following items:

Income Statement – in R$ million	2021	2021	2020	2020	2020	2020
	2021	Company's share	2020	01.01 to 07.19.2020 (29.25%)	07.20 to 12.31.2020 (32.5%)	Company's share
Net operational revenue	7,071	2,298	6,004	3,094	2,910	1,851
Costs of services provided	(2,471)	(803)	(2,244)	(1,212)	(1,032)	(690)
Gross income	**4,600**	**1,495**	**3,760**	**1,882**	**1,878**	**1,161**
General and administrative expenses	(169)	(55)	(140)	(80)	(60)	(43)
Income before financial result and taxes	**4,431**	**1,440**	**3,620**	**1,802**	**1,818**	**1,118**
Financial result	(1,620)	(526)	(1,445)	(715)	(730)	(446)
Income before taxes	**2,811**	**914**	**2,175**	**1,087**	**1,088**	**672**
Income tax and social contribution	(959)	(312)	(581)	(129)	(451)	(185)
TAG's net income	**1,852**	**602**	**1,594**	**958**	**637**	**487**
Equity income – TAG	**602**		**487**			

We show the following table for reconciling TAG's net income with its Ebitda:

Ebitda – in R$ million	2021	2020	01.01 to 07.09.2020	07.20 to 12.31.2020
	100%	100%	29.25%	32.5%
Income before financial result and taxes	**4,431**	**3,620**	**1,802**	**1,818**
Depreciation and amortization	669	628	342	286
Amortization of *mais valia*	916	907	496	411
Ebitda	**6,016**	**5,155**	**2,640**	**2,515**

On a 2020 x 2021 comparison, the equity income result increased by R$ 115 million (23.6%) from R$ 487 million in 2020 to R$ 602 million in 2021.

The variation was a consequence of the combination of the following effects: (i) R$ 365 million increase in Ebitda principally due to the restatement of transportation tariffs and FX variation for one of the transportation agreements, partially attenuated by readjustment in operational and maintenance contracts; (ii) R$ 127 million increase in Income Tax and Social Contribution, mainly due to the increase in 2020 x 2021 pre-tax profits; booking of tax credits clawed back from past fiscal years and the non-recurring effect of the booking of extemporary tax incentive credits on profits generated in the Sudene development area (R$ 72 million) in 2020; (iii) an increase in net financial expenses of R$ 80 million, largely driven by the increase in the US Dollar exchange rate on currency denominated loans, which are protected by a hedge – the effects of the exchange variation are compensated by the increase of Ebitda and CDI between the consecutive years covered by this report; and (iv) an increase of R$ 43 million in depreciation and amortization expenses, due to the incorporation of new fixed assets.

Balance Sheet

TAG's principal asset and liability groups as of December 31, 2021 and 2020 were as follows:

Balance Sheet	12.31.2021	12.31.2020
ASSETS		
Current assets	**2,079**	**2,220**
Cash and cash equivalents	439	437
Accounts receivables from clients	1,439	1,556
Restricted deposits	5	1
Unrealized gains on hedging transactions	-	19
Other current assets	196	207
Non-current assets	**31,154**	**32,304**
Accounts receivables from clients	540	49
Restricted deposits	115	203
Unrealized gains on hedging transactions	-	29
Other non-current assets	5	119
Property, plant and equipment	27,742	29,185
Intangible	2,752	2,719
Total	**33,233**	**34,524**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**3,707**	**3,874**
Loans, financing and debentures	3,377	3,250
Unrealized losses on hedging transactions	11	298
Other current liabilities	319	326
Non-current liabilities	**22,778**	**23,723**
Loans, financing and debentures	19,632	21,609
Unrealized losses on hedging transactions	412	910
Deferred income taxes and social contribution	2,075	1,073
Other non-current liabilities	659	131
Shareholders' equity	**6,748**	**6,927**
Total	**33,233**	**34,524**

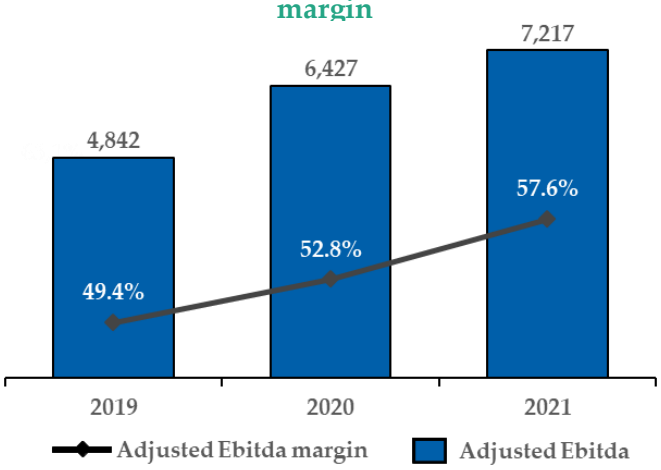
Ebitda and Ebitda Margin

	Ebitda by segment – 2021 x 2020 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
2021						
Income (loss) before financial results and taxes	4,121	264	14	(102)	602	4,899
Depreciation and amortization	1,042	-	-	-	-	1,042
Ebitda	**5,163**	**264**	**14**	**(102)**	**602**	**5,941**
Impairment, net	998	-	-	78	-	1,076
Disposal of subsidiary	200	-	-	-	-	200
Adjusted Ebitda	**6,361**	**264**	**14**	**(24)**	**602**	**7,217**
Adjusted Ebitda Margin	**74.3%**	**9.3%**	**1.3%**	**(77.4%)**	**-**	**57.6%**
2020						
Income (loss) before financial results and taxes	4,880	280	(31)	(47)	487	5,569
Depreciation and amortization	914	-	-	1	-	915
Ebitda	**5,794**	**280**	**(31)**	**(46)**	**487**	**6,484**
Impairment	58	-	-	41	-	99
Disposal of subsidiary	(84)	-	-	-	-	(84)
Extemporary tax incentive credits	-	-	-	-	(72)	(72)
Adjusted Ebitda	**5,768**	**280**	**(31)**	**(5)**	**415**	**6,427**
Adjusted Ebitda Margin	**68.2%**	**11.0%**	**(2.9%)**	**(6.2%)**	**-**	**52.8%**
Variation						
Income (loss) before financial results and taxes	(759)	(16)	45	(55)	115	(670)
Depreciation and amortization	128	-	-	(1)	-	127
Ebitda	**(631)**	**(16)**	**45**	**(56)**	**115**	**(543)**
Impairment, net	940	-	-	37	-	977
Disposal of subsidiary	200	-	-	-	-	200
Gain of lawsuit	84	-	-	-	-	84
Extemporary tax incentive credits	-	-	-	-	72	72
Adjusted Ebitda	**593**	**(16)**	**45**	**(19)**	**187**	**790**
Adjusted Ebitda Margin	**6.1 p.p.**	**(1.7 p.p.)**	**4.2 p.p.**	**(71.2 p.p.)**	**-**	**4.7 p.p.**

On a 2021 x 2020 comparison basis, adjusted Ebitda increased by R$ 790 million (12.3%) from R$ 6,427 million in 2020 to R$ 7,217 million in 2021. This change was a combination of the following positive effects: (i) R$ 593 million (10.3%) from generation and sales of energy from the Company's portfolio segment; (ii) R$ 187 million (45.1%) due to the improved results from the joint corporate stake in TAG; and (iii) R$ 45 million (145.2%) generated from the energy trading segment. These positive impacts were counterbalanced by the following negative effects: (iv) R$ 19 million (380.0%) in the solar panel segment; and (v) R$ 16 million (5.7%) from the energy transmission segment.

The generation segment, with a variation shown in item (i) above, reflected the following positive items: (i) R$ 623 million as a result of the renegotiation of hydrological risk; (ii) R$ 474 million in energy purchases; (iii) R$ 174 million in revenue from remuneration and monetary restatement of the Jaguara and Miranda concession assets; and (iv) R$ 15 million in insurance costs. These effects were attenuated by the following decreases: (v) R$ 295 million in transactions from the short-term market; (vi) R$ 131 million with the consumption of proprietary fuel; (vii) R$ 56 million in costs with materials and third party services; (viii) R$ 46 million of charges for network use; (ix) R$ 46 million from the combination of the variations in energy volume sold and net average selling price; (x) R$ 34 million with suppliers indemnifications; (xi) R$ 30 million from energy exports; (xii) R$ 29 million in payroll costs; (xiii) R$ 11 million in royalties; and (xiv) R$ 15 million relative to other revenues, operational and administrative costs and expenses.

Adjusted Ebitda* (R$ million) and adjusted Ebitda margin



** Ebitda: net income + income tax and social contribution + financial results + depreciation and amortization + impairment + non-recurrent effects.*

Generation Adjusted Ebitda Margin

The adjusted Ebitda margin for the generation segment posted an increase of 6.1 p.p. from 68.2% in 2020 to 74.3% in 2021.

Consolidated Adjusted Ebitda Margin

The consolidated adjusted Ebitda margin posted an increase of 4.7 p.p. from 52.8% in 2020 to 57.6% in 2021.

It should be noted that the consolidated Ebitda margin is partially reduced due to the effects of energy trading operations, the booking of revenues and costs relative to the construction of the transmission lines and the operations realized by the EGSD subsidiary where margins are lower than those recorded from the Company's remaining businesses.

The following table reconciles net income with Ebitda:

(In million of R$)	2019	2020	2021	Chg % 2021 x 2020
Net income	2,311	2,797	1,565	-44.0
(+) Income tax and social contribution	777	890	255	-71.3
(+) Net financial result	1,207	1,882	3,079	63.6
(+) Depreciation and amortization	863	915	1,042	13.9
Ebitda	**5,158**	**6,484**	**5,941**	**-8.4**
Non-recurrent effects				
(+) Impairment	5	99	1,076	987.1
(+) Disposal of subsidiary	-	-	200	100.0
(+) Gain in lawsuit	-	(84)	-	-100.0
(+) Revenue from breach of contract - Pampa Sul	(321)	-	-	-
(+) Extemporaneous tax incentive credits	-	(72)	-	-100.0
Adjusted Ebitda	**4,842**	**6,427**	**7,217**	**12.3**

Financial Result

(In R$ million)	2019	2020	2021	Chan 2021 x 2020
Debt:				
Monetary restatement	(121)	(296)	(1,098)	(802)
Interest	(689)	(806)	(1,083)	(277)
Concessions:				-
Monetary restatement	(193)	(616)	(678)	(62)
Interest	(272)	(314)	(372)	(58)
Income from financial investments	116	110	205	95
Interest on lawsuit gain	-	73	-	(73)
Bonds and securities	-	-	31	31
Coal reimbursement monatary restatement	-	29	-	(29)
Other financial expenses, net	(48)	(62)	(84)	(22)
Total	**(1,207)**	**(1,882)**	**(3,079)**	**(1,197)**

- Financial income: financial revenues increased by R$ 26 million (10.2%) from R$ 255 million in 2020 to R$ 281 million in 2021. This variation is essentially explained by the following factors: (i) an increase of R$ 95 million in revenue from financial investments, a function of higher amounts invested and by the variation in interest rates between the compared years; (ii) a gain from the sale of bonds and securities booked in 2021 of R$ 31 million; (iii) booking of non-recurring of interest on taxes and social contributions for R$ 73 million, with respect to the financial restatement on the recovery of taxes arising from a successful legal action in 2020 ruled in favor of the Company; and (iv) booking in 2020 of R$ 29 million, due to the regulator's conclusion as to the effects of the Aneel resolution, which reduces the reimbursement from the Energy Development account (CDE) on coal purchases in the light of the energy efficiency of the generator unit.

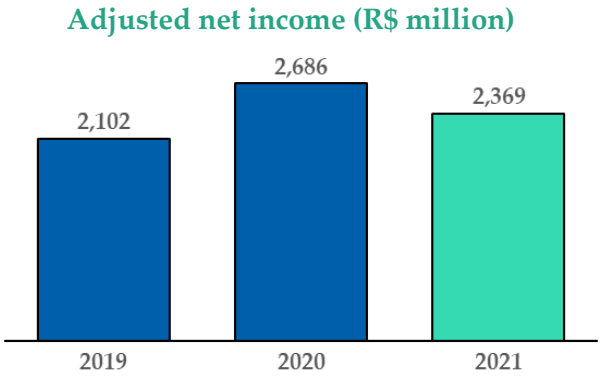
- Financial expenses: expenses increased from R$ 2,137 million in 2020 to R$ 3,360 million in 2021, that is, R$ 1,223 million (57.2%), a result of the combination, mainly of the following effects: (i) increase of R$ 1,079 million on debt between the years analyzed, of which: (i.i) R$ 802 million in monetary restatement due to the variation in inflation; and (i.ii) R$ 277 million of interest and adjustment to fair value, principally due to the issue of debentures and the contracting of loans and financing; and (ii) increase of R$ 120 million on concessions payable 2020 x 2021, of which: (ii.i) R$ 62 million in monetary restatement by virtue largely of the increase in inflation rates; and (ii.ii) R$ 58 million of increased interest.

Income Tax and Social Contribution

Income Tax and Social Contribution fell R$ 635 million (71.3%) from R$ 890 million in 2020 to R$ 255 million in 2021, mainly due to the tax effects on non-recurring items booked in the years under analysis as mentioned previously and also the non-recurring effect of the claw-back of tax credits of R$ 31 million, relative to the non-incidence of Income Tax and Social Contribution on Selic in 2021. Excluding these effects, there was a decrease of R$ 144 million (16.5%), due to: (i) a reduction in profit pre-Income Tax and Social Contribution between the two consecutive years; and (ii) greater use of tax incentives in 2021 compared with 2020. These effects were partially attenuated by the reduction of the interest on shareholders' equity.

Net Income

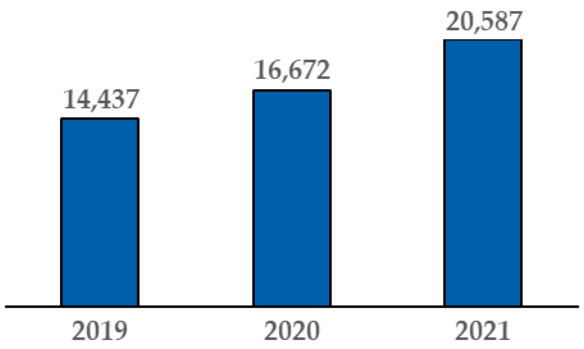
Net income fell from R$ 2,797 million in 2020 to R$ 1,565 million, that is, a decrease of R$ 1,232 million or 44.0%. This negative effect is the result of the following impacts: (i) growth of R$ 790 million in adjusted Ebitda; (ii) increase of R$ 127 million of depreciation and amortization; (iii) increase of R$ 1,124 million of recurring net financial expenses; (iv) decrease of R$ 144 million of Income Tax and Social Contribution on recurring transactions; and (v) booking of non-recurring effects net of Income Tax and Social Contribution with a negative impact of R$ 915 million. Excluding the non-recurring effects, net income was down by R$ 317 million (11.8%) between the compared years.



Debt

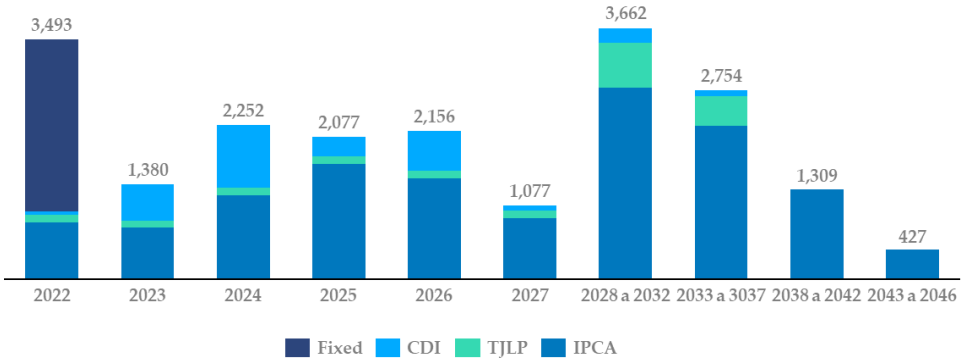
As of December 31, 2021, total consolidated gross debt, representing principally loans, financing, debentures and preferred shares redeemable, net of hedging operations, totaled R$ 20,587 million — an increase of 23.5% (R$ 3,915 million) compared to the position as of December 31, 2020. The average debt maturity at the end of 2021 was 6.9 years.

Total debt (R$ million)

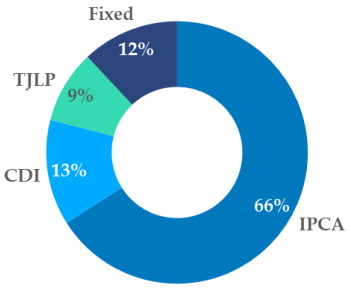


The variation in the Company's debt is related essentially to a combination of the following events during 2021: (i) drawdowns from the Brazilian Development Bank (BNDES) and on-lending banks amounting R$ 2,794 million, largely for the construction of the Novo Estado and Gralha Azul transmission systems and Campo Largo II Wind Complex; (ii) R$ 530 million loan to build the Company's working capital and early repayment of the financing for the São Salvador Hydroelectric Power Plant and indirectly controlled entities forming the Santa Mônica and Trairí Wind Complexes; (iii) R$ 762 million from the 2nd debentures issue of Pampa Sul TPP and emission of ENGIE Brasil Energia; (iv) generation of R$ 2,244 million in charges to be paid and monetary restatement; and (v) R$ 2,415 million in amortizations of loans, financing and debentures.

Maturity term loans (R$ million)



Debt breakdown



The average weighted nominal cost of debt at the end of 2021 was 13.1% — equivalent to IPCA + 2.8% — (7.6% — equivalent to IPCA + 2.9% — at the end of 2020). The increase in relation to the previous year is mainly due to the acceleration of the IPCA index in the period and the new contracts for financing projects under construction linked to this index, which accounts for the indexation of 66% of the total debt.

On December 31, 2021, the Company's net debt (total debt less result of derivatives operations, deposits earmarked to the guarantee of debt servicing and cash and cash equivalents) was R$ 14,612 million, an increase of 24.0% compared with the end of 2020.

Net debt (R$ million)

	12/31/2019	12/31/2020	12/31/2021	Chg. % 2021 x 2020
Gross debt	14,763	17,246	20,645	19.7
Result of derivatives operations	(326)	(574)	(58)	(89.9)
Deposits earmarked for the payment of debt	(375)	(347)	(819)	136.0
Cash and cash equivalents	(3,870)	(4,539)	(5,156)	13.6
Total net debt	**10,192**	**11,786**	**14,612**	**24.0**
Net debt x Ebitda	**2.0X**	**1.8X**	**2.0X**	

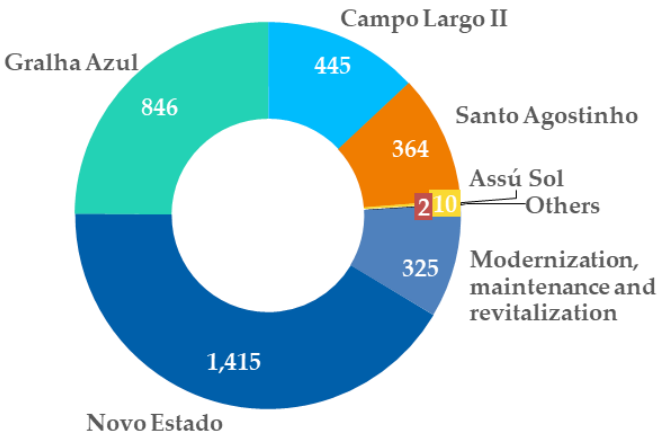
Capital Expenditures

In 2021, the Company invested R$ 3,407 million, of which:

- R$ 10 million for the acquisition of equity interest in Assú Sol Photovoltaic Complex;

- R$ 3,072 million were applied in the construction of new projects as follows: (i) R$ 1,415 million concentrated in the Novo Estado Transmissora de Energia transmission line; (ii) R$ 846 million in the Gralha Azul Transmission System; (iii) R$ 445 million in the Campo Largo II Wind Complex; (iv) R$ 364 million in the Santo Agostinho Wind Complex – Phase I; and (v) R$ 2 million in other projects;

Capital expenditure (R$ million)



- R$ 283 million were allocated to generator complex maintenance, revitalization and modernization projects; and

- R$ 42 million invested in the modernization of the Salto Osório Hydroelectric Power Plant.

Credit of Dividends and Interest on Equity Capital

At the meeting held on August 5, 2021, ENGIE Brasil Energia's Board of Directors approved the proposal of a payout of intermediate dividends based on the first half of 2021 financial statements, worth R$ 790 million (R$ 0.9676321449 per share), completing 100% of the profit for that semester, the payment of which occurred on November 29, 2021.

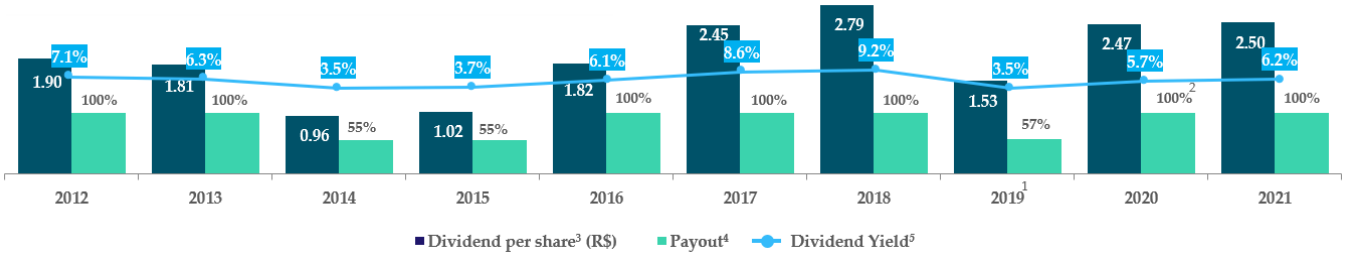
Later on, at a meeting held on December 9, 2021, approval was given for the distribution of interest on shareholders' equity for the fiscal year 2021 amounting to R$ 60 million (R$ 0.0735359237 per share). The ex-date and payment date were set at December 30, 2021 and March 17, 2022, respectively.

In addition, at the meeting of the Board of Directors of February 14, 2022, was approved the distribution of intermediate dividends paid out of the retained profits reserve for 2020 in the amount of R$ 638.7 (R$ 0.7827524080/share). The Company's shares shall be traded ex-intermediate dividends as from February 25, 2022 and payment shall be also take place on March 17, 2022.

Also, at the same meeting, the Board of Directors approved the proposal for complementary dividends for fiscal year 2021, in the amount of R$ 549.8 million (R$ 0.6738313480 per share). The aforementioned proposal will be ratified at the Annual General Meeting, which will be responsible for setting the credit and payment conditions.

Despite the biggest water crisis of the last 91 years and the investments recorded during the course of 2021, the total dividend payout for 2021 totaled R$ 2,038.0 million (R$ 2.4977518245 per share), equivalent to 100% of the adjusted net income and retained earnings allocated to the profit reserve in 2020, with a dividend yield 0.5 p.p. higher than that recorded in the previous year.

History payout distribution



1 - Figures for 2019 were resubmitted in the light of the AGM's decision on the retention of interim dividends for fiscal year 2019.

2 - Payout equivalent to 100% of the distributable adjusted net income (ex-hydrological risk negotiation).

3 - For the purposes of comparability between fiscal years, an adjustment in dividend per share was made in the light of the share bonus approved on December 07, 2018.

4 - Considers the annual adjusted net income.

5 - Based on volume-weighted closing price of ON shares in the period.

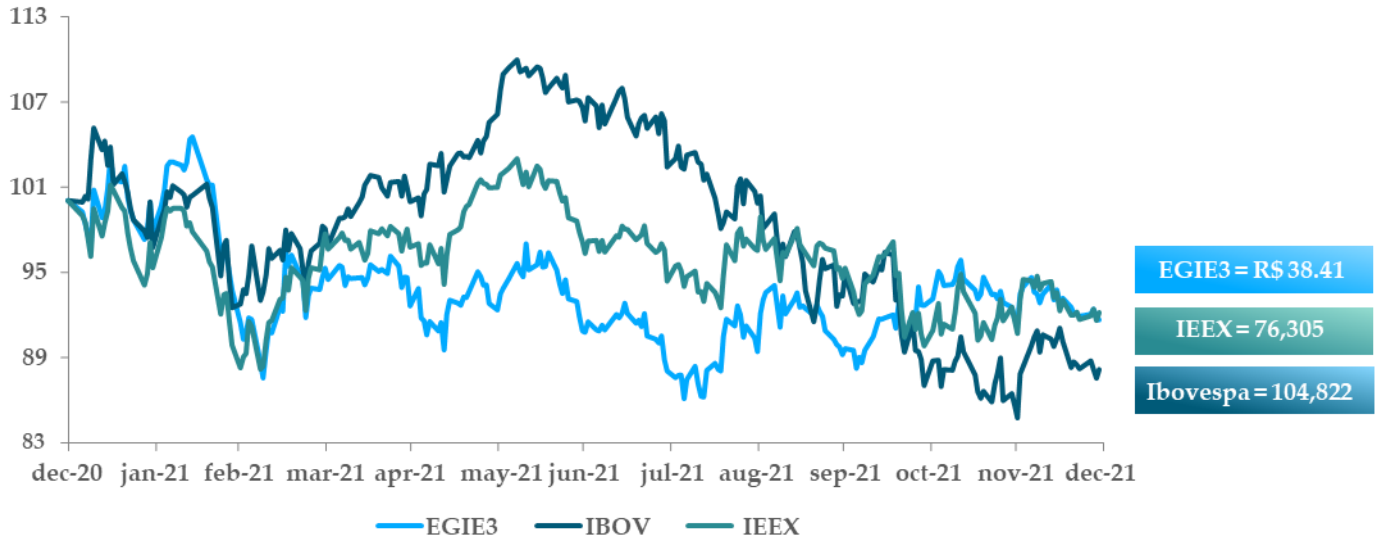
Capital markets and share performance

ENGIE Brasil Energia's shares are traded on the B3 under the EGIE3 symbol. On the United States Over-The-Counter (OTC) market, the Company's Level 1 American Depositary Receipts (ADR) are traded under the EGIEY Code, one ADR being equivalent to one common share.

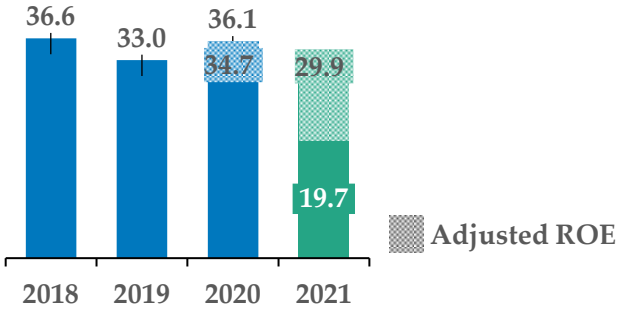
ENGIE Brasil Energia's shares traded on B3 devalued 8.4% in 2021, while the IEEX and the Ibovespa both closed down 7.9% and 11.9%, respectively. The average daily volumes traded were R$ 60.2 million, a decrease of 25.8% compared with 2020 when trading turnover was R$ 81.1 million.

On the last trading day in December 2021, the closing price of the Company's shares was R$ 38.41/share, translating into a market capitalization of R$ 31.3 billion.

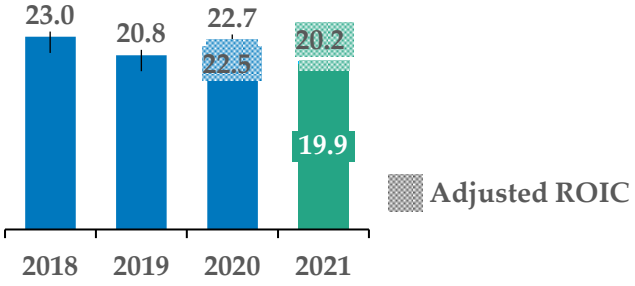
EGIE3 vs. Ibovespa vs. IEEX (Base 100 – 12.31.2020)



ROE* - Return On Equity (%)



ROIC - Return Over Invested Capital (%)**



** ROE: net income of the past 4 quarters / shareholders' equity. Adjusted ROE disregards non-recurring.*
*** ROIC: effective tax rate x EBIT / invested capital (invested capital: debt – cash and cash equivalents – deposits earmarked for debt servicing + SE). Adjusted ROIC disregards non-recurring.*

Ratings

In 2020, Fitch Ratings reaffirmed the Company's National Long-Term Rating at 'AAA(bra)', stable outlook, and its international rating at 'BB' with negative outlook, as a result of the threshold imposed by the sovereign rating, but still one notch above it.

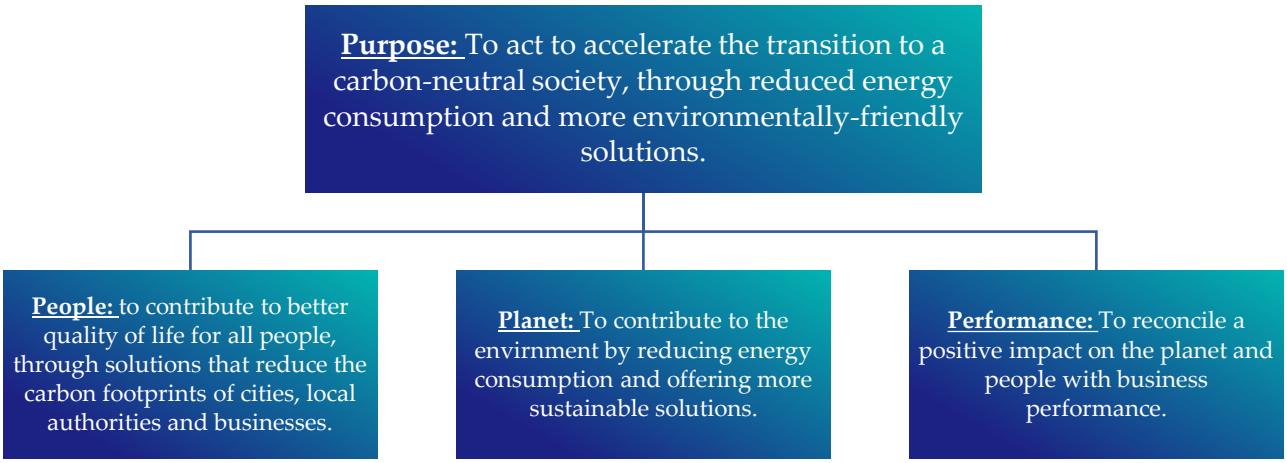
Fitch Ratings Agency	Classification
Domestic Rating	AAA(bra)
International Rating – Issues in Reais	BBB-
International Rating – Foreign Currency issues	BB
6 th debenture issue rating, due 2024	AAA(bra)
7 th debenture issue rating, due 2026	AAA(bra)
9th debenture issue rating, due 2029	AAA(bra)

SOCIO-ENVIRONMENTAL MANAGEMENT

Respect for people and the planet constitutes a publicly held commitment at ENGIE Brasil Energia, the operations of which are directed to equilibrium between economic performance, environmental conservation, and social development. Driven by the purpose of accelerating the energy transition in a just and responsible manner, the Company has sustainability embedded in its corporate strategy and linked to all activities and relations.

Sustainability governance

Published in 2020, after an extensive consultation process with stakeholders around the world, ENGIE's purpose reconciles the positive impact on people and the planet with the economic objectives of the business, as shown in the following infographic.



Internally, an important tool for achieving the purpose is the ENGIE Group's non-financial objectives, which seek to reinforce the Company's contribution to sustainable development, based on initiatives aimed, in particular, at the generation of renewable energy, the promotion of gender equality and combating climate change. Among the main global non-financial goals, targeting the year 2030, the following stand out:

Aspect	Goal
Greenhouse Gas Emissions (GHG)	To reduce by at least 43 MtCO2e the total greenhouse gas emissions from the generation of the Group's electric energy — in 2019, this total was 80 MtCO2e (goal aligned to the Science Based Target – SBTi initiative).
Gender diversity	Expand the participation of women in the Group's management to 50% — in 2019 this percentage was 24% of all leadership positions.
Renewable energy	Increase to 58% the participation of renewable sources in the energy production capacity mix worldwide — against 28% reported in 2019
Supply chain	By 2030, reach 100% of the responsible purchasing index (excluding energy purchases) that involve socio-environmental assessments and inclusive purchases; and by 2030, reach 100% of preferred suppliers certified by Science Based Targets (SBTi) commitments.
Water	Reduction of water consumption in industrial activities by 35% in 2030 — from 93Mm³ in 2019 to 60Mm³ in 2030.

Again, in relation to GHG emissions, the ENGIE Group has established the worldwide goal of reaching carbon neutrality by 2045. ENGIE Brasil Energy is working to establish its own goal in the light of the current movement towards asset decarbonization: if the sale of the Pampa Sul Thermoelectric Plant is closed before the end of 2022, the Company will then have a generation portfolio made up entirely of renewables allowing it to establish a specific goal for its own operations with a much shorter timeframe for reaching carbon neutrality than the Controlling Company.

Worthy of note is that the Company has 10 renewable energy projects registered in the United Nations Clean Development Mechanism (CDM) and eligible to generate carbon credits. In total, all the projects generate about 2.8 million annually in carbon credits - susceptible to commercialization or use by the Company to offset its own emissions.

Environmental management

In developing its activities, whether for the implementation or the operation of assets, ENGIE Brasil Energia maintains its commitment to full compliance with the environmental legislation. At the same time, additional efforts are directed towards voluntary initiatives that surpass legal requirements and contribute effectively to the conservation of the ecosystem.

Overview - Environmental Management ENGIE Brasil Energia

- Present in 5 of the 6 Brazilian biomes
- More than 1,600 km² of reservoir surface area
- More than 6,800 kms inspected and preserved
- 18 Conservation Units supported

All the Company's environmental management initiatives are supported by detailed studies undertaken by specialists and duly validated by the appropriate environmental protection agencies – a preliminary requirement for obtaining and retaining more than 90 environmental licenses under the management of ENGIE Brasil Energia, the licenses amounting to more than 2.3 thousand preconditions.

As a result of this work in 2021, the following operating licenses were renewed:

- Cacimbas Wind Farm in the Trairí Wind Complex;

- Trairí Wind Farm Transmission Line (Faisa Trairí Consortium);

- Passo Fundo Hydroelectric Power Plant;

- Ponte de Pedra Hydroelectric Power Plant;

- Ibitiúva Bioenergética Thermoelectric Plant;

- Tubarão Wind Plant; and

- 230kV Trairí – Pecém Transmission Line.

Environmental initiatives are accompanied by a permanent dialog with stakeholders, especially the regulatory bodies and local communities. In this context, one of the highlights of 2021 was the Public Consultation for updating the Conservation and Usage Plan for the Areas Adjoining the Artificial Reservoir ("PACUERA" in the Brazilian acronym) of the Cana Brava Hydropower Plant in the state of Goiás. The purpose of the Plan is to provide guidance on the management and use of the Reservoir and its margins, disciplining conservation, restoration and the multiple uses, respecting the parameters established in the applicable norms. In the light of the pandemic, the federal environmental protection agency, Ibama, recommended the Consultation be held virtually.

Following the event, the communication channels for additional clarifications were kept open for a further 20 days. With all stages in the process concluded, the Company submitted the final report to Ibama for analysis and subsequent issue of an approval opinion. Again in 2021, a start was made on the revision of the Pacueras for the Salto Santiago and Salto Osório hydropower plants in conjunction with the licensing authority, Instituto Ambiental do Paraná (IAT). This process meet with all the legal provisions, should extend through to 2023.

Environmental compliance and performance indicators are regularly monitored through the Integrated Management System (SIG). These indicators include aspects such as greenhouse gas emissions, management of water resources and effluent, solid waste and fauna and flora stewardship. Annual targets are set for all the assets based on the most significant aspects and impacts for each operation as a means of ensuring continual improvements in environmental performance.

Among the initiatives adopted voluntarily by the Company for environmental conservation, the more important are:

- *Headwaters Conservation Program*: conducted in partnership with governmental organizations and the third sector, this program contributes to the preservation of water resources and improvements in the quality of drinking water for the communities. Since the inception of the program, 2,173 headwater springs have been protected, 133 in 2021 alone, in the area of influence of the plants operated by the Company.

- *Donation and planting of seedlings*: ENGIE Brasil Energia runs eight nursery gardens for growing seedlings, the most recent one of which being established in the state of Bahia, close to the Campo Largo I, II and Umburanas wind complexes. In these locations, seedlings of native species from each region are produced both for donation to the community as well as for planting by the Company itself. In 2021, more than 475 thousand seedlings were either planted or donated. In addition to contributing to the conservation of the biodiversity, the project is of an educative character with some of the donations going to events in schools and other community entities.

- *Biodiversity Matrix Project*: the project has as its leading objectives the allocation of investments in a particular area, the sharing of environmental conditioning factors with priority conservation initiatives, the improvement of the performance indicators and the maximization of the positive impact on threatened environmental features and ecosystemic services. In 2021, the second phase of the project was implemented with environmental attributes being examined in greater depth from the point of view of the biodiversity, at reference generating plants. The results of these studies have enabled a detailing of strategic actions for conservation of the ecosystem in different regions where the Company has its operations.

Social management

ENGIE Brasil Energia has in the communities of which it is a part, a priority audience with which it establishes a relationship based on ethics, dialog and cooperation. In this way, our actions and social responsibility have a focus on strategic areas to sustainable development (see the right hand side).

In projects under implementation, based on the engagement of the local communities and guidance from the licensing bodies, the Company encouraging the activities of skills training and production. In this context, various actions are developed for supporting the improvement in living conditions of the more socially vulnerable groups.

Overview – Social Management at ENGIE Brasil Energia

We support the communities in which we carry on our business in the following priority areas:

- Access to culture and sport;
- Protection of infancy and adolescence;
- Creation of income and social inclusion.

In 2021, R$ 18.2 million was allocated by ENGIE Brasil Energia in community development projects not associated with project implementation. These investments break down into own and incentivized funds, as the next table shows, to enhance the positive impact on communities.

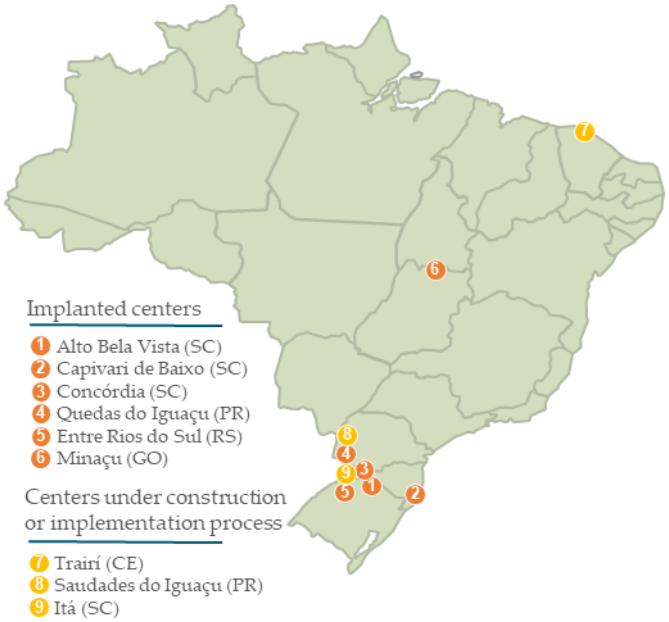
Investments in social responsibility (in thousands of R$)

Source	2019	2020	2021	Change 2021 x 2020
Non-incentivized investments	4,034.6	7,504.2	7,078.0	-5.7%
Investments through the Infancy and Adolescence Fund - FIA	2,609.0	1,868.4	1,262.8	-32.4%
Investments under the Culture Incentive Law – Rouanet Law	9,375.0	7,264.6	5,052.0	-30.5%
Investments under the Sport Incentive Law	2,490.0	1,418.5	1,262.5	-11.0%
Investments under the National Support Program for Oncological Care - PRONON	2,535.0	1,661.0	1,140.5	-31.3%
Investments under the National Care Support Program for People with Special Needs - PRONAS/PCD	2,546.0	1,436.3	1,147.5	-20.1%
Investments through the Municipal Fund for the Elderly	2,286.0	1,480.9	1,239.6	-16.3%
TOTAL	**25,875.6**	**22,633.9**	**18,182.8**	**-19.7%**

Culture and Sustainability Centers

The Culture and Sustainability Centers feature among the main relationship activities with the communities in which we operate. Designed, implemented and maintained since 2011 with the sponsorship of ENGIE Brasil Energia, both through incentivized as well as proprietary funds, these spaces are responsible for driving cultural and educational activities in the regions where the Company's assets are located and expanding access to the theater, music, dance and the cinema in addition to other artistic manifestations. The Centers are managed autonomously and independent of government and the Company, by members of the local communities through a Civil Society Organization of Public Interest (Oscip).

Location - Culture and Sustainability Centers



At the end of 2021, six centers were operating (see map), albeit still with some operational restrictions due to the Covid-19 pandemic. Work on a further two centers in Trairí (CE) and Saudade do Iguaçu (PR) has begun with conclusion expected for 2023 and 2024, respectively. The Center in Itá (SC), in turn, continued at the stage of raising resources.

Visiting Program and Environmental Education

The Visiting Program and Environmental Education is another important tool in community engagement and dissemination of the sustainability culture. In partnership with other entities, the Company structured visiting routines to plants in its generator complex, with explanations on how the operations work together with the presentation of locally mounted socio-environmental projects. Complementary to the Program are presentations in schools and other community environments with the emphasis on Environmental Education.

As a reflection of the lessons learnt during the period of the pandemic, in 2021 the initiative was adapted to the use of digital tools – such as conference calls and virtual tours – to maintain levels of engagement and for the exchange of information. The use of these resources expanded coverage of the activities: about 133 thousand participated during the year in the Program – a larger number than recorded in normal years.

From 2022, both the visits as well as the environmental education initiatives will be restructured with a more institutional approach, this aligned to the Company's strategic drivers. Among the principal objectives of this restructuring are the standardization of the means of execution and the connection between local and global aspects of sustainability on the basis of the Sustainable Development Goals.

Support for volunteering

ENGIE Brasil Energia has since 2018 held the "Energia Voluntária" campaign, which encourages employees to donate from their Income Tax bills to social projects such as culture centers, day-care centers, orphanages, hospitals, or homes for the elderly. The Company provides consultancy support for making donations and stimulating donor engagement in the supported causes. The 2021 campaign enjoyed the participation of 46 employees, generating donations of about R$ 115 thousand, distributed between the Infancy and Adolescence Fund (in which are included donations to the Pequeno Príncipe Hospital in Paraná) and the Fund for the Elderly.

In a similar vein, the Energy Wellbeing Program incentivizes employee donations to entities surrounding the Company's operations which support those most impacted by the Covid-19 pandemic. Some R$ 60 thousand were donated by employees and matched by R$ 81 thousand from the Company. These funds were largely converted into basic baskets of goods, PPEs, items of personal hygiene and cleaning materials and other initiatives of the "Saving Lives", project spearheaded by the National Development Bank - Banco Nacional de Desenvolvimento Econômico e Social (BNDES), which donated a further R$ 100 thousand.

An employee campaign for collecting donations was also run for the acquisition of school kits for care homes for children and public schools. With the participation of 245 donors, this campaign raised R$ 25.7 thousand, plus a matching amount of R$ 30 thousand from ENGIE Brasil Energia – enough to acquire 570 kits, distributed to four institutions.

Facing the pandemic in communities

In the light of the socio-economic impact of the Covid-19 pandemic on communities, ENGIE Brasil Energia continued to provide resources for supporting entities and projects dedicated to confronting these impacts, especially in the case of the more vulnerable social groups. Since the outset of the pandemic, the Company donated approximately R$ 11 million, in particular to the following actions:

- Participation in the Alliance for Life Project in Greater Florianópolis (SC): structuring of a large screening center for patients with suspected Covid-19 infections in order to alleviate pressure on hospital capacity in the region, greatly affected, especially in the first half of the year. ENGIE Brasil Energia contributed R$ 500 thousand to this end.

- Contributing to the viability of an oxygen plant in Ponta Grossa (PR): the Company donated R$ 750 thousand to the construction and operation of an oxygen plant in Ponta Grossa (PR), in the region of the Gralha Azul Transmission System. The BNDES, through the "Saving Lives", donated a matching amount to the initiative.

- Donation of medications for intubation: given the shortage of materials at certain times during the year for patients in ICUs, ENGIE Brasil Energia joined a group of companies for donations to the Health Ministry of 3.7 million in medications used in intubation. This was enough for the management of 500 beds over a six week period. Of an emergency nature, this initiative also enjoyed the support of TAG, Itaú Unibanco, Vale, Klabin, Petrobras, Raízen, BR Distribuidora and Instituto Brasileiro de Petróleo e Gás (IBP). All inputs were delivered to the Ministry, responsible for their distribution to the states through the Sistema Único de Saúde (SUS) ´the Brazilian National Health Service. ENGIE Brasil Energia contributed R$ 1 million to the initiative.

- Adherence to the United by Vaccine movement: movement with the objective of acquiring refrigerators, syringes, gloves, and sanitizer, among other inputs, to avoid bottlenecks in the vaccination process. The Company donated R$ 50 thousand.

- Stimulus SC: the Company in partnership with LIDE Santa Catarina (Business Leaders Group), created the "Stimulus SC" fund for granting easy credit to small and medium businesses. ENGIE Brasil Energia contributed R$ 1 million to the fund, the first in Brazil, of a totally private nature, for supporting entrepreneurs to overcome losses due to the pandemic.

- Donation of PPEs: through the BNDES "Saving Lives" project for ensuring the feasibility of donations of personal protection equipment (PPEs) to four hospitals in the states of Sergipe, Rio de Janeiro, Pará and Rondônia. ENGIE Brasil Energia's contribution was R$ 100 thousand, with a corresponding amount from the Bank.

Wellbeing Partnerships

In September 2021, the Company launched the Wellbeing Partnerships program, inviting its clients – companies of different sizes and from different sectors – to engage in social responsibility initiatives for driving sustainable development in different regions of the country.

Aligned to the Agenda 2030's 17th Sustainable Development Goals (SDG), the Program has in its partnerships with organizations, its principal tool for expanding the positive impact of projects dedicated to education, culture, health, income creation and environmental conservation, among other aspects. During the year, a series of webinars was held by ENGIE Brasil Energia for potential partners, covering private social investment practices, use of fiscal incentive mechanisms, governance, and engagement of private individuals in the support of socio-environmental projects, among other themes.

Women of Our Neighborhood

Since October 2020, women, and girls from the communities where ENGIE Brasil Energia has its operations have the benefit of the Women of the Neighborhood project, an initiative for confronting the effects of the pandemic on women. In unison with the Company's commitment of promoting gender equality, activities include fostering entrepreneurship, training to join the labor market, information on support networks, sensitivity and awareness initiatives for combating domestic violence as well as support for women's health.

The project incorporates more than 100 municipalities in different regions of the country. During its first year of activity, support was given to 28 enterprises led by women in 10 states based on a Call for Projects under which ENGIE Brasil Energia donated R$ 485 thousand to investments in the businesses. At the end of 2021, 15 of these entities already reported average increases of 85% in sales. A periodic survey recorded the happiness index among the women with their businesses at 99.3%.

Continuing these actions, the Company launched a second call for projects, this time in partnership with the Consulado da Mulher, the social action program of Consul – one of the Whirlpool company brands, a manufacturer of domestic appliances.

A total of 352 proposals were received out of which 30 local small projects were selected for acceleration in addition to three Civil Society Organizations (OSC) to act as project multipliers for the project – these institutions to be responsible for training 75 women entrepreneurs. The chosen initiatives are distributed in 27 municipalities in 14 states, where ENGIE Brasil Energia has operations. Together with the second invitation for projects worth R$ 508 thousand, ENGIE's total investment in the project to date has surpassed the R$ 1.2 million mark.

Worthy of note is that the participation of Consulado da Mulher in the Program came about as a result of the Goodwill Partnerships (see above) initiative, bringing together one of ENGIE Brasil Energia's clients (Consul/Whirlpool) and one of the Company's social projects

In parallel with this second round of the project, 40 online professional/entrepreneurial training courses were offered to women. At the end of the year, the platform of products for sale had 274 users in 20 different municipalities. In turn, in the Combating Violence segment, ENGIE Brasil Energia renewed its partnership with the Instituto Maria da Penha, for creation of special content as part of the process of raising awareness on the domestic violence theme.

People management

ENGIE Brasil Energia's employees share the purpose of accelerating the energy transition, contributing to the construction of a more sustainable future and representing an essential source capital in the success of the businesses. In this context, the Company strives to offer an ethical, safe, healthy and inclusive workplace environment which leverages both personal and professional development, generating recognition and satisfaction.

At yearend, ENGIE Brasil Energia's workforce was made up of 1,201 employees – also including the employees of projects where the Company holds a 100% equity stake – broken down as follows:

Direct payroll numbers on 12.31.2021, by gender and functional category

Employees by gender and functional category	men	% of men	women	% of women	total	% of total
Executives	7	1%	1	0%	8	1%
Managerial	224	25%	33	11%	257	21%
Analysts, engineers and specialists	291	32%	155	53%	446	37%
Operators, technicians	393	43%	105	36%	498	41%
Total	**908**	**76%**	**293**	**24%**	**1,201**	

In addition, the Company also had 60 interns and an additional 186 workers were employed at entities jointly owned by the Company – 150 at TAG, 32 at Companhia Energética Estreito and four at Itá Energética.

The payroll saw a significant reduction of 21.9% in relation to 2020 following the divestment of the Jorge Lacerda Thermoelectric Complex. The sale of the Complex did not impact the number of terminations, since employees leaving ENGIE Brasil Energia did so as a result of the spinoff to a new investor.

During the year, the Company implemented a Voluntary Redundancy Plan (PDV), offering special conditions for voluntary termination / early retirement to some employees, a gradual process which should extend through to 2023.

	2021	2020	2019
Admissions	162	272	140
Terminations	159	132	79

The Company adheres to International Labor Organization (ILO) standards with respect to labor union membership, the right of collective bargaining and inhouse employee representation, always based on Collective Agreements with Labor Union Entities representing the employees. There have been no stoppages or strikes at the Company in the past three years.

The Company enjoys relationships with the following labor unions:

INTERSUL

- Electric Energy Industry Workers Union of Florianópolis;
- Electric Energy Industry Workers Union of Lages;
- National Federation of Urban Industries Workers.

INTERSINDICAL

- Greater Florianopolis Bookkeeping Workers Labor Union;
- Economists Labor Union in the State of Santa Catarina;
- Administrators Union of the State of de Santa Catarina;
- National Federation of Industrial Technicians (including the Industrial Technicians Labor Union); and
- National Federation of Engineers (including the Engineers Labor Union).

To determine the adequacy of the programs developed for employees, the Company regularly holds organizational climate surveys. In 2021, 85% of employees completed their questionnaires. Highlights from this survey cycle include:

- 95% recommended ENGIE Brasil Energia as a good place to work;
- 98% feel pride in being associated to the Company;
- 95% fully believe in ENGIE's goals and objectives;
- 99% believe that ENGIE Brasil Energia is an environmentally responsible company;
- 98% believe that the Company is a socially responsible entity;
- 91% believe that management supports diversity and inclusion in ENGIE.

Health and Safety

As set forth in the Sustainable Management Policy, the physical and psychological integrity, professionalism, training and competence of the employees are priorities for ENGIE Brasil Energia. The same care taken with direct employees is also dispensed to the service providers – the latter's agreements include clauses to this effect, also prioritizing the occupational health and safety of subcontractors and outsourced entities. Despite this, nine fatalities were registered with subcontractors during the year, all of them related to work on the Novo Estado Transmission System, a number well above the Company's track record (by comparison, four fatalities, all of them involving subcontractors, had been reported over the last ten years).

In the light of these events, certain actions were taken to strengthen the culture of safety among all involved in construction work in progress. Among these, were the use of awareness talks and forums with specialized consultancies, employing techniques of Coaching, Neurolinguistic Programming (PNL) and Andragogy. This culminated in the signature of a commitment instrument for a further 8 thousand employees to receive training with the strengthening of preventive attitudes in each one. In addition to actions relating to behavioral questions, processes for specialized and multidisciplinary teams were revised for reinforcing existing barriers and reducing the risk of faults.

The following charts show OHS indicators, separating out data for ENGIE Geração Solar Distribuída (EGSD), which is booked separately.

Work related accidents except EGSD

Direct employees	
Number of hours exposed to risk	2,680,926
Number of work-related and commuting accidents with and without time off work	2
Number of lost days – work related accidents with time off work	0
Number of fatal accidents	0
Employees of contracted companies	
Number of hours exposed to risk	33,705,469
Number of work-related and commuting accidents with and without time off work	206
Number of fatal accidents	9

Work related accidents EGSD

Direct employees	
Number of hours exposed to risk	103,706
Number of work-related and commuting accidents with and without time off work	1
Number of lost days – work related accidents with time off work	11
Number of fatal accidents	0
Employees of contracted companies	
Number of hours exposed to risk	64,191
Number of work-related and commuting accidents with and without time off work	0
Number of fatal accidents	0

Occupational Health and Safety Indicators (except EGSD)

Indicator	2019	2020	2021	2021 Goal	2022 Goal
Frequency Rate (FR) operation and maintenance	-	1.203	0.568	**≤ 1.40**	**≤ 1.40**
Severity Rate (SR) direct employees	0.000	0.006	0.000	**≤ 0.02**	**≤ 0.02**
Frequency Rate (FR) – constructions	-	0.561	1.649	**≤ 2.30**	**≤ 2.40**

Occupational Health and Safety Indicators EGSD

Indicator	2019	2020	2021	Meta 2021
Frequency Rate (FR) direct employees	4.650	0.000	0.000	**≤ 3.50**
Severity Rate (SR) direct employees	0.302	0.000	0.000	None

FR = number of occupational accidents in every million hours of exposure to risk.
SR = number of days lost as a result of work-related accidents in every thousand hours of exposure to risk.

Reinforcing the dissemination of the safety culture, ENGIE Brasil Energia sets performance targets for the theme subject to manager compliance – Managerial Safety Visits (MSV) are an example - the practice including field visits for verifying the use of OHS procedures. The manager's responsibility is to check the control measures adopted and multiply guidance on the theme with the employees. In 2021, 1,474 MSV were made, 6.9% up on 2020.

Complementary to this, a dedicated system supports the management of situations of risk and near accident, consolidating records and integrating the indicators of the area to other aspects of corporate management. In 2021, 4,681 events were reported in the system, 20.5% lower than 2020 (5,886) — of which 100 were classified as HIPOs (High Potential Events), a category which receives differentiated treatment, with detailed action plans.

Tackling Covid-19 among employees

In 2021, more especially in the first semester, the Covid-19 pandemic continued to present additional managerial and operational challenges although these were met thanks to the absolute commitment to ensuring physical and mental health of employees and their families.

Home office working for those employees with activities suited to this format continued to be executed with office-based work kept to a minimum. Precautions such as the use of face coverings, regular cleaning of surfaces and temperature checks on entering installations were also continued as in 2020. Tests (of the nasal swab type) were taken weekly for all employees and service providers during most of the year. These ceased to be obligatory for those fully immunized and asymptomatic, although again being fully applied at the end of 2021 with the onset of increased numbers of omicron variant cases.

The healthcare channels, which include both doctors as well as psychologists, continue available for supporting employees and family members – on a confidential basis, free of charge and operating 24 hours a day, seven days a week, by e-mail, video or telephone.

Gender equality

ENGIE Brasil Energia has made a public commitment to promote gender equality and to engage in the combat of any type of discrimination, covering all minority social groupings. Expansion of the female presence in positions of leadership is among the non-financial objectives of the ENGIE Group worldwide, reinforced by the Company's adherence since 2019 to the "Women's Empowerment Principles", a United Nations Organization initiative.

In a sector where there has been predominantly a traditional masculine presence due to cultural factors which range from skills training to insertion in the labor market, ENGIE Brasil Energia is working arduously towards gender equality and inclusion of women in its segments of operations. With the sale of the Jorge Lacerda Thermoelectric Complex, a technically a labor intensive unit, the percentage of women in the Company has increased markedly from 19.9% in 2020 to 24.4% in 2021 — an increase of 4.5 p.p. Actions such as the selection of at least one woman in the final list of all career selection, development and acceleration processes, has also contributed to this result.

Again in this context, in partnership with other organizations, ENGIE Brasil Energia is endeavoring to offer technical training courses for female professionals. In the vicinity of the Campo Largo I, II and Umburanas wind complexes, in the interior of the state of Bahia, free training has been offered for the position of electrician's assistant. In the light of strong demand, subsequently the intake on the course was increased from 20 to 45.

In the state of Rio Grande do Norte, where the Company runs a solar project, already in operation, together with a wind project, under construction, a free course in Wind Generation Technology and Introduction to Photovoltaic Generation was offered with more than 300 enrollments. There were two group courses: one mixed, made up of 50% women and, the other, exclusively for women. While the conclusion of the course is not directly linked to the offer of a job at the Company, it increases the possibilities of establishing a professional relationship with ENGIE or any of the other many energy companies that have a presence in the region.

In addition to collaborating with gender equality, the support of technical training schemes is aligned with one of the pillars of the Company's corporate social responsibility: creation if incomes and social inclusion – which gains still more relevance in the interior regions of the country, where professional opportunities are scarce. Another significant aspect is that by creating professional opportunities on the part of the local community, the Company strengthens ties and potentializes stakeholder management.

Social Balance

1 – Calculation basis	2021 (R$ thousand)				2020 (R$ thousand)			
Net Revenues (NR)	12,540,673				12,259,159			
Operating Income (OI)	1,819,434				3,687,128			
Gross Payroll (GPR)	279,974				206,622			
Total Value Added (TVA)	6,858,327				7,444,141			
2 – Internal social indicators	**R$ thousand**	**% over GPR**	**% over NR**	**% over TVA**	**R$ thousand**	**% over GPR**	**% over NR**	**% over TVA**
Meals	28,576	10.21	0.23	0.42	27,632	13.37	0.23	0.37
Compulsory social charges	87,774	31.35	0.70	1.28	84,860	41.07	0.69	1.14
Private pension	57,952	20.70	0.46	0.84	44,784	21.67	0.37	0.60
Health	26,638	9.51	0.21	0.39	23,992	11.61	0.20	0.32
Occupational health and safety	15,266	5.45	0.12	0.22	15,867	7.68	0.13	0.21
Education	678	0.24	0.01	0.01	435	0.21	0.00	0.01
Culture	12	0.00	0.00	0.00	22	0.01	0.00	0.00
Professional training and development	4,432	1.58	0.04	0.06	2,344	1.13	0.02	0.03
Daycare or daycare assistance	685	0.24	0.01	0.01	409	0.20	0.00	0.01
Sport	487	0.17	0.00	0.01	511	0.25	0.00	0.01
Profit-sharing	75,626	27.01	0.60	1.10	66,511	32.19	0.54	0.89
Transportation	6,433	2.30	0.05	0.09	6,560	3.17	0.05	0.09
Others	1,529	0.55	0.01	0.02	1,452	0.70	0.01	0.02
Total – internal social indicators	**306,088**	**109.33**	**2.44**	**4.46**	**275,379**	**133.28**	**2.25**	**3.70**
3 – External social indicators	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**
Education	658	0.24	0.01	0.01	14	0.01	-	-
Culture	5,924	2.12	0.05	0.09	11,101	5.37	0.09	0.15
Health and sanitation	2,334	0.83	0.02	0.03	4,284	2.07	0.03	0.06
Sports	1,263	0.45	0.01	0.02	1,482	0.72	0.01	0.02
Others	8,004	2.86	0.06	0.12	5,478	2.65	0.04	0.07
Total contributions to society	**18,183**	**6.49**	**0.14**	**0.27**	**22,359**	**10.82**	**0.18**	**0.30**
Taxes (excluding social charges)	1,731,951	618.61	13.81	25.25	2,134,548	1,033.07	17.41	28.67
Total – external social indicators	**1,750,134**	**625.11**	**13.96**	**25.52**	**2,156,907**	**1,043.89**	**17.59**	**28.97**
4 – Environmental indicators	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**
4.1 – Investments related to the production/operation of the company								
Liabilities and environmental contingencies	14,894	5.32	0.12	0.22	13,608	6.59	0.11	0.18
Technological and industrial development program	27,618	9.86	0.22	0.40	27,264	13.20	0.22	0.37
Sector indicator					-	-	-	-
Others	2,442	0.87	0.02	0.04	2,322	1.12	0.02	0.03
Total investment related to the operation/production of the company	**44,954**	**7.47**	**0.36**	**0.66**	**43,194**	**1.17**	**0.35**	**0.58**
4.2 – Investment in external programs and/or projects								
Environmental education projects in communities	1,468	0.24	0.01	0.02	1,330	0.04	0.01	0.02
Preservation and/or revitalization of degraded environments	4,914	0.82	0.04	0.07	4,540	0.12	0.04	0.06
Others	6,453	1.07	0.05	0.09	4,365	0.12	0.04	0.06
Total investments in external programs and/or projects	**12,835**	**2.13**	**0.10**	**0.19**	**10,235**	**0.28**	**0.08**	**0.14**
Total environmental investment (4.1 + 4.2)	**57,789**	**9.60**	**0.46**	**0.84**	**53,429**	**1.45**	**0.44**	**0.72**
Distribution of environmental investment	**R$ thousand**		**% over total**		**R$ thousand**		**% over total**	
Total investment in environmental prevention activities	22,902		39.63		22,862		42.79	
Total investment in environmental maintenance activities	32,732		56.64		28,873		54.04	
Total investment in environmental compensation activities	2,155		3.73		1,694		3.17	
Number of environmental, administrative and legal claims filed against the company:	60				35			
Total fines and indemnifications judicially or administratively determined for environmental matters:	0				9.3			

5 – Workforce indicators	2021 (in units)	2020 (in units)
Number of employees at the end of the period	1,201	1,538
Number of new hires in the period	162	272
Number of dismissals in the period	159	132
Number of interns	60	47
Number of employees by age group:		
Less than 30	198	255
From 30 to 50	862	1066
Over50	141	217
Number and percentage of women working at the Company	293 (24,4%)	306 (19,9%)
Percentage of management positions held by women	12.8%	12.7%
Number and percentage of men working at the Company	908 (75,6%)	1.232 (80,1%)
Percentage of management positions held by men	87.2%	87.3%
Number of blacks working at the company	Not avaliable	Not avaliable
Percentage of management positions held by blacks	Not avaliable	Not avaliable
Number of handicapped or special-needs employees	35	53
Proportion between the highest salary paid by the company and the median salary of the other employees	15%	Not avaliable
Proportion between the highest salary paid by the company and the average salary of the other employees	18%	17%

6 – Relevant corporate citizenship information	2021	2020
Total on-the-job accidents	ENGIE: 2 Service provider: 206	ENGIE: 4 Service provider: 103
The social and environmental projects implemented by the company were decided upon by:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
The risk and security standards in the workplace were decided upon by:	( ) Directors and management	( ) Directors and management
	( ) All staff	( ) All staff
	(X) All staff + CIPA	(X) All staff + CIPA
With regard to labor unions, right for collective bargaining and internal representation of workers, the company:	( ) Does not get involved	( ) Does not get involved
	(X) Follows ILO rules	(X) Follows ILO rules
	( ) Encourages and follows ILO	( ) Encourages and follows ILO
Private pension arrangements contemplate:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
Profit-sharing contemplates:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
Regarding the selection of suppliers, the same ethical and social and environmental responsibility standards adopted by the company:	( ) Are not considered	( ) Are not considered
	( ) Are suggested	( ) Are suggested
	(X) Are required	(X) Are required
Regarding the participation of employees in volunteer activities, the company:	( ) Does not get involved	( ) Does not get involved
	(X) Supports	(X) Supports
	( ) Organizes and encourages	( ) Organizes and encourages
Total number of consumer complaints and criticism:	To the company: 0	To the company: 0
	To Procon: N.A.	To Procon: N.A.

Total value added for distribution (R$ thousand):		6,858,327		7,444,141
Distribution of Value Added:	**R$ thousand**	**% over total**	**R$ thousand**	**% over total**
Government	2,473,851	36.1%	3,024,354	40.6%
Employees	422,236	6.2%	361,756	4.9%
Shareholders	1,490,473	21.7%	2,622,280	35.2%
Third Parties	2,397,270	35.0%	1,260,763	16.9%
Retained	74,497	1.1%	174,988	2.4%

7 – Other information	2020	2019
Water consumption (water withdrawn from the source - water returned)	7.233.621.95 m3	9,871,120.28 m3
Electric energy consumption	278.76 GWh	76.0 GWh
Annual amount of waste produced (evacuated)	1,981,714.68 ton	2,556,216.47 ton
Annual amount of waste recovered	1,980,325.03 ton	2,121,417.59 ton

ADDITIONAL INFORMATION

Sustainability Report

Complementary information and details on the Company's socio-environmental activities as well as issues relating to the creation of value for stakeholders will be included in ENGIE Brasil Energia's Sustainability Report, to be published at the end of April 2022.

Exploitation of children, forced and compulsory labor, and anti-discriminatory policy

ENGIE Brasil Energia does not permit, under any circumstances, the exploitation of children, or forced or compulsory labor, and reserves the right not to engage the services of, or have a commercial relationship with, entities that adopt such practices. The Company is committed to informing the responsible authorities of any cases of which it may become cognizant.

Respect is one of ENGIE Brasil Energia's main ethical principles. On the issue of human rights, the Company is alert to sensitive situations that may compromise the performance of its activities, such as its relationship with the resettled population.

Again, in this context, every one of ENGIE Brasil Energia's employees must ensure that he or she does not practice any discrimination, in words or deeds, particularly with respect to age, gender, ethnic, social or cultural origins, political or labor union-related opinions, personal lifestyle choices, particularities or physical disabilities.

All these principles and the conduct expected from the Company's employees, suppliers and partners are available in ENGIE Brasil Energia's Human Rights Policy and Code of Ethics, made widely available to all stakeholders on its website.

Identification of those responsible for the socio-environmental data and means of contact

The coordinator of the Sustainability Forum is the person responsible for socioenvironmental information and contact can be made by e-mail: forumsustentabilidade.brenergia@engie.com.

Independent Auditors

In accordance with Article 2 of CVM Instruction 381/03, ENGIE Brasil Energia states that in 2021 Touche Tohmatsu Auditores Independentes, the independent auditors of the Company and its subsidiaries, hasn't provided services unrelated to the independent audit.

Statement from the Management Board

The Management Board states that in compliance with Article 25, Paragraph 1, items V and VI of CVM Instruction 480/2009, it has reviewed, discussed and agreed with the Financial Statements contained in this Report, and the opinions expressed in the Independent Auditor's report.

The Management

ENGIE BRASIL ENERGIA S.A.
CNPJ No. 02.474.103/0001-19 | NIRE No. 42 3 0002438-4
BALANCE SHEET AS OF DECEMBER 31, 2021 AND 2020
(In thousands of Reais)

ASSETS					
		Parent Company		Consolidated	
	Note	12.31.2021	12.31.2020	12.31.2021	12.31.2020
CURRENT ASSETS					
Cash and cash equivalents	3	2,559,208	1,924,589	5,156,406	4,538,946
Accounts receivable	4	487,837	692,801	1,114,105	1,723,101
Income tax and social contribution credits	23	163,182	86,218	248,324	140,785
Dividends receivable	36	405,621	362,156	-	32,500
Inventories	5	19,267	17,314	151,146	189,428
Unrealized gains on hedge operations	17	2,561	11,689	42,577	14,475
Unrealized gains on trading operations	17	-	-	206,647	320,309
Marketable securities	6	-	6,830	-	-
Restricted deposits	7	589,898	161,860	638,606	174,048
Risk premium to appropriate - hydrological risk renegotiation	8	13,016	13,016	15,089	15,089
Concession financial asset	10	-	-	333,638	305,626
Contract asset	11	-	-	387,529	-
Other current assets	12	117,394	90,515	219,290	274,413
		4,357,984	**3,366,988**	**8,513,357**	**7,728,720**
Non-current assets held for sale		4,577	4,577	4,577	4,577
		4,362,561	**3,371,565**	**8,517,934**	**7,733,297**
NON-CURRENT ASSETS					
Long-term assets					
Unrealized gains on hedge operations	17	165,442	714,101	184,155	719,380
Unrealized gains on trading operations	17	-	-	100,523	54,385
Marketable securities	6	-	332,389	-	-
Restricted deposits	7	9,106	-	265,432	235,819
Judicial deposits	9	78,182	80,888	79,198	82,539
Risk premium to appropriate - hydrological risk renegotiation	8	64,256	77,273	85,507	100,597
Concession financial asset	10	-	-	2,729,112	2,499,170
Contract asset	11	-	-	4,936,101	2,961,419
Other current assets	12	145,249	38,982	288,954	175,751
		462,235	**1,243,633**	**8,668,982**	**6,829,060**
Investments	**13**	**12,772,597**	**14,355,322**	**2,366,708**	**2,425,062**
Property, plant and equipment	**14**	**3,585,160**	**3,825,549**	**14,378,787**	**15,537,837**
Intangible assets	**15**	**2,407,176**	**1,035,535**	**4,038,156**	**2,513,990**
Right to use lease	**21**	**20,797**	**23,568**	**145,158**	**147,002**
		19,247,965	**20,483,607**	**29,597,791**	**27,452,951**
TOTAL		**23,610,526**	**23,855,172**	**38,115,725**	**35,186,248**

The notes are an integral part of these financial statements.

ENGIE BRASIL ENERGIA S.A.
CNPJ No. 02.474.103/0001-19 | NIRE No. 42 3 0002438-4
BALANCE SHEET AS OF DECEMBER 31, 2021 AND 2020
(In thousands of Reais)

LIABILITIES AND EQUITY

	Note	Parent Company		Consolidated	
		12.31.2021	12.31.2020	12.31.2021	12.31.2020
CURRENT LIABILITIES					
Suppliers	16	183,800	141,257	649,962	861,752
Dividends and interest on equity	31	56,252	1,381,504	56,558	1,385,056
Loans and financing	18	2,536,436	1,117,804	2,848,070	1,375,627
Debentures	19	282,000	227,698	542,864	449,376
Lease payable	21	6,669	5,876	19,568	19,144
Concessions payable	22	267,117	222,474	274,071	228,865
Income tax and social contribution payable	23	13,426	45,618	82,443	198,541
Other tax and regulatory liabilities	24	34,124	40,547	106,555	113,901
Labor obligations	25	155,596	100,980	171,232	130,097
Unrealized losses on trading operations	17	-	-	190,348	321,654
Provisions	26	10,248	3,293	22,060	15,159
Retirement benefits obligations	27	42,064	42,988	42,064	43,067
Other current liabilities	29	150,147	98,662	769,364	238,687
		3,737,879	**3,428,701**	**5,775,159**	**5,380,926**
NON-CURRENT LIABILITIES					
Loans and financing	18	2,337,601	4,165,848	10,749,031	9,825,881
Debentures	19	3,853,360	3,298,115	5,994,752	5,113,171
Redeemable preferred shares	20	-	-	510,160	482,088
Lease payable	21	5,732	8,417	106,816	104,828
Unrealized losses on trading operations	17	-	-	80,414	36,405
Concessions payable	22	4,490,976	3,733,291	4,544,720	3,783,453
Provisions	26	90,647	89,511	370,767	305,845
Retirement benefits obligations	27	421,932	407,056	421,947	407,846
Deferred income tax and social contribution	28	728,083	828,239	1,504,825	1,523,222
Other non-current liabilities	29	15,308	156,465	124,537	480,585
		11,943,639	**12,686,942**	**24,407,969**	**22,063,324**
EQUITY					
Capital stock	30	4,902,648	4,902,648	4,902,648	4,902,648
Profit reserves	30	3,011,399	2,936,902	3,011,399	2,936,902
Additional dividends proposed	31	549,798	609,594	549,798	609,594
Equity valuation adjustments	30	(534,837)	(709,615)	(534,837)	(709,615)
		7,929,008	**7,739,529**	**7,929,008**	**7,739,529**
Non-controlling interest		-	-	3,589	2,469
		7,929,008	**7,739,529**	**7,932,597**	**7,741,998**
TOTAL		**23,610,526**	**23,855,172**	**38,115,725**	**35,186,248**

The notes are an integral part of these financial statements.

ENGIE BRASIL ENERGIA S.A.
CNPJ No. 02.474.103/0001-19 | NIRE No. 42 3 0002438-4
INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Reais, unless otherwise indicated)

	Note	Parent Company		Consolidated	
		12.31.2021	12.31.2020	12.31.2021	12.31.2020
NET OPERATING REVENUE	32	**4,202,747**	**3,951,537**	**12,540,673**	**12,259,159**
Operating costs					
Energy purchases	33	(788,971)	(529,351)	(2,099,447)	(2,583,053)
Transactions in the short-term energy market	33	(273,268)	(91,297)	(628,632)	(310,767)
Charges for the use of and connection to the power grid	33	(361,679)	(337,744)	(606,253)	(560,335)
Other operating costs	33	(708,716)	(526,631)	(4,851,205)	(4,279,593)
Renegotiation of hydrological risk	15	1,436,362	967,681	1,590,825	967,681
Cost of services rendered	33	(34,749)	(29,709)	(34,749)	(29,790)
		(731,021)	**(547,051)**	**(6,629,461)**	**(6,795,857)**
GROSS PROFIT		**3,471,726**	**3,404,486**	**5,911,212**	**5,463,302**
Operating (expenses) income					
Selling expenses	33	(21,063)	(16,568)	(28,949)	(25,369)
General and administrative expenses	33	(282,910)	(235,438)	(300,707)	(251,999)
Provision for impairment of assets, net	13/14	(1,156,423)	(40,828)	(1,076,158)	(98,755)
Sale of subsidiary	13	(200,143)	-	(200,143)	-
Other operating expenses, net		(11,875)	(3,947)	(9,116)	(4,667)
		(1,672,414)	**(296,781)**	**(1,615,073)**	**(380,790)**
Equity income					
Equity	13	1,471,342	1,552,344	601,985	487,051
Goodwill amortization	13	(3,341)	(3,341)	-	-
		1,468,001	**1,549,003**	**601,985**	**487,051**
INCOME BEFORE FINANCIAL RESULT AND TAXES		**3,267,313**	**4,656,708**	**4,898,124**	**5,569,563**
Financial result					
Financial expenses	34	(1,943,841)	(1,524,334)	(3,359,539)	(2,137,239)
Financial income	34	180,054	151,940	280,849	254,804
		(1,763,787)	**(1,372,394)**	**(3,078,690)**	**(1,882,435)**
INCOME BEFORE INCOME TAXES		**1,503,526**	**3,284,314**	**1,819,434**	**3,687,128**
Income tax and social contribution					
Current	35	(38,675)	(113,762)	(285,345)	(411,793)
Deferred	35	98,874	(373,461)	30,881	(478,067)
		60,199	**(487,223)**	**(254,464)**	**(889,860)**
NET INCOME FOR THE YEAR		**1,563,725**	**2,797,091**	**1,564,970**	**2,797,268**
NET INCOME ATTRIBUTABLE TO:					
Shareholders of ENGIE Brasil Energia		1,563,725	2,797,091	1,563,725	2,797,091
Non-controlling shareholder		-	-	1,245	177
		1,563,725	**2,797,091**	**1,564,970**	**2,797,268**
BASIC AND DILUTED EARNINGS PER SHARE - IN REAIS	30.f	**1.91650**	**3.42811**	**1.91650**	**3.42811**

The notes are an integral part of these financial statements.

ENGIE BRASIL ENERGIA S.A.
CNPJ No. 02.474.103/0001-19 | NIRE No. 42 3 0002438-4
COMPREHENSIVE INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Reais)

	Note	Parent Company		Consolidated	
		12.31.2021	12.31.2020	12.31.2021	12.31.2020
NET INCOME FOR THE YEAR		**1,563,725**	**2,797,091**	**1,564,970**	**2,797,268**
Other comprehensive income that in the future:					
- will not be reclassified to profit or loss					
Retirement benefit					
Remeasurement of retirement obligations	27	(20,648)	(46,600)	(20,614)	(46,477)
Deferred income tax and social contribution	28	7,019	15,844	7,008	15,802
Equity income of the abovementioned effects		23	81	-	-
		(13,606)	**(30,675)**	**(13,606)**	**(30,675)**
- will be reclassified to profit or loss					
Cash flow hedge					
Unrealized gains generated in the year	17	16,877	6,162	71,202	10,130
Deferred income and social contribution	28	(5,737)	(2,096)	(5,068)	(2,661)
Equity income of the abovementioned effects		54,994	3,403	-	-
		66,134	**7,469**	**66,134**	**7,469**
Interest in joint venture					
Cash flow hedge of joint venture	13	22,161	(626,327)	22,161	(626,327)
		22,161	**(626,327)**	**22,161**	**(626,327)**
COMPREHENSIVE INCOME FOR THE YEAR		**1,638,414**	**2,147,558**	**1,639,659**	**2,147,735**
NET INCOME ATTRIBUTABLE TO:					
Shareholders of ENGIE Brasil Energia		1,638,414	2,147,558	1,638,414	2,147,558
Non-controlling shareholder		-	-	1,245	177
		1,638,414	**2,147,558**	**1,639,659**	**2,147,735**

The notes are an integral part of these financial statements.

ENGIE BRASIL ENERGIA S.A.
CNPJ No. 02.474.103/0001-19 | NIRE No. 42 3 0002438-4
CHANGES IN SHAREHOLDERS' EQUITY STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Reais)

			Profit reserves					Equity valuation adjustments				
	Note	Capital stock	Legal reserve	Tax incentive reserve	Retained earnings reserve	Additional dividends proposes	Retained earnings	Deemed cost	Other comprehensive income	Equity of Company's shareholders	Non-controlling interest	Consolidated equity
Balances on 12.31.2019		**4,902,648**	**797,025**	**198,803**	**177,673**	**949,744**	**-**	**260,324**	**(291,063)**	**6,995,154**	**3,666**	**6,998,820**
Retention of additional dividends for 2019	31	-	-	-	949,744	(949,744)	-	-	-	-	-	**-**
Net income for the year		-	-	-	-	-	2,797,091	-	-	2,797,091	177	**2,797,268**
Remeasurement of retirement obligations	27	-	-	-	-	-	-	-	(30,675)	(30,675)	-	**(30,675)**
Fair value of cash flow hedge	17	-	-	-	-	-	-	-	7,469	7,469	-	**7,469**
Interest in joint venture	13	-	-	-	-	-	-	-	(626,327)	(626,327)	-	**(626,327)**
Dividends and IOE not claimed	31	-	-	-	-	-	3,978	-	-	3,978	-	**3,978**
Realization of deemed cost		-	-	-	-	-	29,343	(29,343)	-	-	-	**-**
Allocations proposed to the ASM:												
- Legal reserve	30	-	139,855	-	-	-	(139,855)	-	-	-	-	**-**
- Tax incentive reserve	30	-	-	35,133	-	-	(35,133)	-	-	-	-	**-**
- Retained earnings reserve	30	-	-	-	638,669	-	(638,669)	-	-	-	-	**-**
- Interim dividends	31	-	-	-	-	-	(1,232,161)	-	-	(1,232,161)	(1,356)	**(1,233,517)**
- Minimum mandatory dividends	31	-	-	-	-	-	-	-	-	-	(18)	**(18)**
- Interest on equity (IOE)	31	-	-	-	-	-	(175,000)	-	-	(175,000)	-	**(175,000)**
- Additional dividends proposed	31	-	-	-	-	609,594	(609,594)	-	-	-	-	**-**
Balances on 12.31.2020		**4,902,648**	**936,880**	**233,936**	**1,766,086**	**609,594**	**-**	**230,981**	**(940,596)**	**7,739,529**	**2,469**	**7,741,998**
Additional dividends for 2020 credited	31	-	-	-	-	(609,594)	-	-	-	(609,594)	-	**(609,594)**
Net income for the year		-	-	-	-	-	1,563,725	-	-	1,563,725	1,245	**1,564,970**
Remeasurement of retirement obligations	27	-	-	-	-	-	-	-	(13,606)	(13,606)	-	**(13,606)**
Fair value of cash flow hedge	17	-	-	-	-	-	-	-	66,134	66,134	-	**66,134**
Interest in joint venture	13	-	-	-	-	-	-	-	22,161	22,161	-	**22,161**
Dividends and IOE not claimed	31	-	-	-	-	-	10,177	-	-	10,177	-	**10,177**
Realization of deemed cost		-	-	-	-	-	(100,089)	100,089	-	-	-	**-**
Allocations proposed to the ASM:												
- Legal reserve	30	-	43,650	-	-	-	(43,650)	-	-	-	-	**-**
- Tax incentive reserve	30	-	-	30,847	-	-	(30,847)	-	-	-	-	**-**
- Interim dividends	31	-	-	-	-	-	(789,518)	-	-	(789,518)	-	**(789,518)**
- Minimum mandatory dividends	31	-	-	-	-	-	-	-	-	-	(125)	**(125)**
- Interest on equity (IOE)	31	-	-	-	-	-	(60,000)	-	-	(60,000)	-	**(60,000)**
- Additional dividends proposed	31	-	-	-	-	549,798	(549,798)	-	-	-	-	**-**
Balances on 12.31.2021		**4,902,648**	**980,530**	**264,783**	**1,766,086**	**549,798**	**-**	**331,070**	**(865,907)**	**7,929,008**	**3,589**	**7,932,597**

The notes are an integral part of these financial statements.

ENGIE BRASIL ENERGIA S.A.
CNPJ N° 02.474.103/0001-19 | NIRE N° 42 3 0002438-4
CASH FLOW STATEMENT (INDIRECT METHOD)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Reais)

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Cash flow from operating activities				
Income before income taxes	1,503,526	3,284,314	1,819,434	3,687,128
Reconciliation of net income with cash from operations:				
Equity interest income	(1,468,001)	(1,549,003)	(601,985)	(487,051)
Depreciation and amortization	423,828	300,491	1,042,417	914,975
Provision for impairment of assets, net	1,156,423	40,828	1,076,158	98,755
Renegotiation of hydrological risk	(1,436,362)	(967,681)	(1,590,825)	(967,681)
Monetary variation	1,047,761	757,253	1,793,133	925,309
Interest	840,314	631,248	1,478,957	1,055,304
Sale of subsidiary	200,143	-	200,143	-
Market value adjustment of marketable securities	(47,419)	16,488	(30,931)	-
Remuneration of concession financial asset	-	-	(556,480)	(381,745)
Remuneration of contract asset	-	-	(681,063)	(189,720)
Unrealized (gains) losses from trading operations, net	-	-	(19,773)	35,882
Other	(1,023)	(18,773)	1,232	8,692
Profit before adjusted taxes	**2,219,190**	**2,495,165**	**3,930,417**	**4,699,848**
(Increase) decrease in assets				
Trade accounts receivable	217,908	(37,479)	452,845	(284,980)
Income tax and social contribution credit	(96,173)	34,099	(137,314)	26,078
Inventories	(1,954)	(1,880)	(48,522)	31,537
Restricted and judicial deposits	(22,141)	23,659	(14,001)	(27,466)
Risk premium to appropriate – renegotiation of hydrological risk	13,017	13,016	15,090	15,089
Concession financial asset	-	-	298,526	285,123
Contract asset	-	-	(1,674,928)	(2,398,290)
Other assets	15,634	(71)	76,955	(16,122)
(Decrease) increase in liabilities				
Trade accounts payable	(28,364)	(7,421)	30,937	(26,261)
Other tax and regulatory obligations	(8,291)	(16,282)	9,532	27,705
Labor obligations	58,084	17,037	60,322	24,092
Retirement benefits obligations	(36,089)	(30,407)	(36,211)	(30,424)
Other liabilities	(35,231)	(60,322)	231,663	(87,703)
Cash from operations	**2,295,590**	**2,429,114**	**3,195,311**	**2,238,226**
Payment of interest on debts, net of hedge	(387,049)	(263,089)	(808,247)	(605,487)
Payment of income tax and social contribution	(74,200)	(25,791)	(397,075)	(290,488)
Net cash from operating activities	**1,834,341**	**2,140,234**	**1,989,989**	**1,342,251**

To be continued on the next page

Continued

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Investing activities				
Dividends received from subsidiaries and joint ventures	1,271,724	1,043,029	715,000	679,250
Capital increase in subsidiaries	(884,244)	(1,421,977)	-	-
Capital decrease in subsidiaries	1,070,969	-	-	-
Acquisition of marketable securities	-	(340,000)	-	-
Sale of marketable securities	410,984	-	32,439	-
Investment in property, plant and equipment and intangible assets	(78,459)	(74,571)	(1,229,753)	(1,020,131)
Acquisition of investment	-	(327,168)	-	(327,168)
Fair value of rights of projects acquired	-	-	-	(328,889)
Payment of obligations linked to acquisition of assets	-	-	(11,361)	-
Amount received for sale of subsidiary, net of costs of sale	192,914	-	192,914	-
Cash and cash equivalents of subsidiary sold	-	-	(38,318)	-
Other	-	-	26	-
Net cash from investing activities	**1,983,888**	**(1,120,687)**	**(339,053)**	**(996,938)**
Financing activities				
New loans and financing	529,809	1,132,476	3,324,359	3,313,779
Issue of debentures	385,175	-	762,462	1,009,284
Preferred shares issued	-	-	-	476,757
Loans and financing paid, net of hedge	(559,514)	(307,946)	(1,258,671)	(1,437,609)
Payment of debentures, net of hedge	(100,895)	(964,993)	(348,039)	(1,671,209)
Payment of concession installments	(236,447)	(147,242)	(243,432)	(153,879)
Payment of dividends and interest on equity	(2,789,231)	(1,241,098)	(2,792,602)	(1,240,918)
Lease payment	(6,271)	(6,217)	(19,172)	(20,362)
Deposits linked to debt service	(406,236)	(150,445)	(457,050)	35,419
Other	-	-	(1,331)	12,110
Net cash from financing activities	**(3,183,610)**	**(1,685,465)**	**(1,033,476)**	**323,372**
Increase (decrease) in cash and cash equivalents	**634,619**	**(665,918)**	**617,460**	**668,685**
Reconciliation of cash and cash equivalents				
Opening balance	1,924,589	2,590,507	4,538,946	3,870,261
Closing balance	2,559,208	1,924,589	5,156,406	4,538,946
Increase (decrease) in cash and cash equivalents	**634,619**	**(665,918)**	**617,460**	**668,685**

Additional information on transactions not affecting cash and cash equivalents is presented in Note 40 - Additional information to the cash flow.

The notes are an integral part of these financial statements.

ENGIE BRASIL ENERGIA S.A.
CNPJ No. 02.474.103/0001-19 | NIRE No. 42 3 0002438-4
VALUE ADDED STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Reais)

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
VALUE ADDED GENERATED				
Gross operating revenue	4,656,026	4,342,326	10,095,794	10,253,752
Revenue from construction of transmission infrastructure	-	-	2,154,548	2,365,578
Revenue from generation construction	-	-	891,984	1,010,930
Remuneration of contract asset	-	-	681,063	189,720
Remuneration of concession financial asset	-	-	556,480	381,745
Unrealized gains on trading operations	-	-	26,289	-
Favorable outcome on lawsuit	-	50,341	-	83,549
Sale of subsidiary	(200,143)	-	(200,143)	-
Other operating expenses, net	(11,875)	(3,947)	(9,116)	(4,667)
	4,444,008	**4,388,720**	**14,196,899**	**14,280,607**
(-) Inputs				
Electric power purchases	(788,971)	(529,351)	(2,099,447)	(2,583,053)
Transactions in the short-term energy market	(273,268)	(91,297)	(628,632)	(310,767)
Charges for the use of and connection to the power grid	(361,679)	(337,744)	(606,253)	(560,335)
Third-party materials and services	(135,308)	(124,157)	(494,597)	(440,317)
Fuels for electric energy production	-	(927)	(334,578)	(204,135)
Insurance	(19,259)	(21,947)	(74,773)	(89,042)
Costs of construction of plants	-	-	(811,825)	(955,273)
Costs of construction of transmission infrastructure	-	-	(2,563,993)	(2,274,223)
Provision for impairment of assets, net	(1,156,423)	(40,828)	(1,076,158)	(98,755)
Renegotiation of hydrological risk	1,436,362	967,681	1,590,825	967,681
Other	(33,798)	(13,553)	(79,558)	(115,127)
	(1,332,344)	**(192,123)**	**(7,178,989)**	**(6,663,346)**
GROSS ADDED VALUE	**3,111,664**	**4,196,597**	**7,017,910**	**7,617,261**
Depreciation and amortization	(423,828)	(300,491)	(1,042,417)	(914,975)
NET ADDED VALUE GENERATED	**2,687,836**	**3,896,106**	**5,975,493**	**6,702,286**
ADDED VALUE RECEIVED THROUGH TRANSFER				
Financial income	180,054	151,940	280,849	254,804
Equity income	1,468,001	1,549,003	601,985	487,051
ADDED VALUE TO DISTRIBUTE	**4,335,891**	**5,597,049**	**6,858,327**	**7,444,141**

To be continued on the next page

ADDED VALUE DISTRIBUTED

	Parent Company				Consolidated			
	12.31.2021	%	12.31.2020	%	12.31.2021	%	12.31.2020	%
Remuneration:								
Labor								
Remuneration and payroll charges	201,582	4.6	146,988	2.6	281,611	4.1	229,016	3.1
Benefits	43,745	1.0	38,674	0.7	67,335	1.0	64,891	0.9
Profit sharing	41,720	1.0	31,966	0.6	55,133	0.8	48,235	0.6
Workers' severance fund (FGTS)	11,911	0.3	10,913	0.2	18,157	0.3	19,614	0.3
	298,958	**6.9**	**228,541**	**4.1**	**422,236**	**6.2**	**361,756**	**4.9**
Government								
Federal taxes	396,495	9.1	918,386	16.5	1,220,648	17.8	1,882,086	25.3
State taxes	12,137	0.3	23,812	0.4	28,924	0.4	44,470	0.6
Municipal taxes	4,332	0.1	4,066	0.1	4,920	0.1	5,034	0.1
Sectorial charges	116,641	2.7	107,507	1.9	169,454	2.5	163,057	2.2
Charges on concessions payable	1,038,775	23.9	921,704	16.5	1,049,905	15.2	929,707	12.5
	1,568,380	**36.1**	**1,975,475**	**35.4**	**2,473,851**	**36.0**	**3,024,354**	**40.7**
Third-party capital								
Interest and monetary variations	887,631	20.5	559,250	10.0	2,222,774	32.4	1,148,486	15.3
Interest, inflation adjustment and depreciation capitalized	-	-	-	-	80,159	1.2	55,657	0.7
Rentals	1,988	-	1,416	-	10,736	0.2	7,496	0.1
Other financial expenses	15,209	0.4	35,276	0.6	83,601	1.2	49,124	0.8
	904,828	**20.9**	**595,942**	**10.6**	**2,397,270**	**35.0**	**1,260,763**	**16.9**
Equity								
Legal reserve	43,650	1.0	139,855	2.5	43,650	0.6	139,855	1.9
Tax incentive reserve	30,847	0.7	35,133	0.6	30,847	0.4	35,133	0.3
Retained earnings reserve	-	-	638,669	11.4	-	-	638,669	8.6
Dividends	1,339,316	30.9	1,841,755	32.9	1,339,316	19.5	1,841,755	24.8
Interest on equity	60,000	1.4	175,000	3.1	60,000	0.9	175,000	2.4
Realization of deemed cost	100,089	2.3	(29,343)	(0.5)	100,089	1.5	(29,343)	(0.4)
Dividends and IOE not claimed	(10,177)	(0.2)	(3,978)	(0.1)	(10,177)	(0.1)	(3,978)	(0.1)
Non-controlling shareholder	-	-	-	-	1,245	-	177	-
	1,563,725	**36.1**	**2,797,091**	**49.9**	**1,564,970**	**22.8**	**2,797,268**	**37.5**
	4,335,891	**100.0**	**5,597,049**	**100.0**	**6,858,327**	**100.0**	**7,444,141**	**100.0**

The notes are an integral part of these financial statements.

NOTE 1 - OPERATIONS

ENGIE Brasil Energia S.A. ("Company" or "ENGIE Brasil Energia" or "ENGIE") is an independent utility concessionaire and a publicly held corporation with its registered headquarters in the municipality of Florianópolis, state of Santa Catarina, Brazil. The core business and main operating activity of the Company and its subsidiaries is the generation and sale of electricity, regulated by the Brazilian Electricity Regulatory Agency (Aneel), which is linked to the Ministry of Mines and Energy (MME). The Company, through its subsidiaries and joint ventures, also operates in the energy transmission, electricity trading, solar panels and gas transportation segments. Further information is available in Note 37 – Segment Information.

The shares of the Company are listed in the New Market segment of B3 S.A. – Brasil, Bolsa, Balcão (B3) under the ticker EGIE3. ENGIE Brasil Energia also trades Level 1 American Depositary Receipts (ADR) in the U.S. Over-the-Counter market under the ticker EGIEY, in the proportion of one ADR for each common share.

The Company is controlled by ENGIE Brasil Participações Ltda. ("ENGIE Participações"), a company established in Brazil and controlled by International Power S.A., headquartered in Belgium. International Power is a subsidiary of International Power Ltd., a company headquartered in the United Kingdom, which is part of the economic group ENGIE group, headquartered in France.

ENGIE Brasil Energia is part of the largest independent energy producer in Brazil, accounting for approximately 5.6%[1] of the country's installed capacity. At 12.31.2021, its installed capacity, including its stakes in energy generation consortiums, was 8,218.7 MW. Out of this total, 77.8% arises from hydroelectric power plants, 4.2% from thermal power plants and 18.0% from complementary energy (wind, solar, biomass and small hydroelectric power plants). Physical guarantee for sale averaged was 4,509.3 MW, of which 377.4 average MW are related to the portion of 70% of physical guarantee of the Jaguara and Miranda Hydroelectric Power Plants, which were allocated to the Regulated Contracting Environment (ACR) in the Physical Guarantee Quota System.

On 12.31.2021, the Company's generation facilities in operation consisted of 68 plants, of which 11 hydroelectric power plants (HPP), one conventional thermal power plants (TPP), 49 wind farms, three biomass plants, two photovoltaic solar power plants and two small hydroelectric power plants (SHPP).

[1] The non-financial information herein, such as MW, average MW, installed power and others has not been audited by the independent auditors.

The main corporate and operational events occurred in 2021 are as follows:

a) Start of implementation of Santo Agostinho – Phase I Wind Power Plant ("CESA") and operational startup of Campo Largo II Wind Power Complex ("CECL II")

On 1.15.2021, the Company informed its shareholders and the market of the agreement to supply wind turbines of CESA, which enabled it to start its first phase, whose installed capacity will be 434 MW and its energy will be fully allocated for contracting in the Free Contracting Environment (ACL). Construction started in June 2021, with estimated initial investment of R$ 2 billion and commercial startup by March 2023.

Additionally, during 2021, Aneel authorized the start of operations of CECL II, composed of 11 wind power plants, whose total installed capacity and physical guarantee is 361.2 MW and 192.5 MW, respectively, and the energy is fully allocated to ACL.

b) Company's ratings

The following table shows the ratings assigned by rating agencies during 2021:

Company	Risk Agency	Rating	Classification	Date
ENGIE Brasil Energia	Fitch Ratings	long-term national rating	'AAA(bra)' with stable outlook	03.08.2021
ENGIE Brasil Energia	Fitch Ratings	long-term international rating in foreign currency	'BB' with stable outlook	03.08.2021
ENGIE Brasil Energia	Fitch Ratings	long-term international rating in domestic currency	'BBB-' with negative outlook	03.08.2021
ENGIE Brasil Energia	Fitch Ratings	long-term national rating – 6th, 7th and 9th issues of debentures	'AAA(bra)' with stable outlook	03.08.2021

c) Renegotiation of hydrological risk

The conditions for the agreement relating to the new renegotiation of hydrological risk were established by Federal Law 14,052, published on 9.9.2020, which was regulated by Aneel Normative Resolutions 895/2020 and 930/2021. The law establishes compensation for owners of hydroelectric power plants included in the Energy Relocation Mechanism (MRE) for effects caused by structuring generation projects, related to the anticipation of physical guarantee and the restrictions and delays in the operational startup of transmission facilities required for energy distribution by these plants, for thermal generation outside the order of merit and import retroactively. As compensation, the generating companies were entitled to extend their concession periods up to seven years.

On 12.15.2020, the Board of Directors approved the adhesion of the Company and its subsidiaries that hold power generation concession to the renegotiation of hydrological risk envisaged in Federal Law 14,052/2020.

On 3.2.2021, the Electricity Trading Chamber (CCEE) published the revised calculation of compensations, which encompassed: (i) the application of a discount rate on the calculation of concession renewals; (ii) the consideration of impacts arising from the lapse of concessions of Abengoa and Isolux in the distribution to Belo Monte HPP; and (iii) the recognition of the right of plants under the quota regime, eligible under Law 13,783/13, to the compensations calculated in accordance with Law 14,052/2020.

In addition, on 7.12.2021, Federal Law 14,182 was enacted, which addresses, among other topics, the retroactive effects of Generation Scaling Factor (GSF), including, for the purposes of hydrological risk renegotiation established in Federal Law 14,052/2020, the losses caused between 2012 and 2014 to hydroelectric power plants contracted in the regulated market, which had already renegotiated the hydrological risk in 2015. Hence, it started to rule explicitly that for the period prior to the start of the period for renegotiating hydrological risk, the entire physical guarantee of the plants will be considered as the portion of energy not renegotiated for the purposes of receipt of reimbursement.

Aneel approved the deadline for extending the concession of the plants pertaining to MRE that did not renegotiate the hydrological risk in 2015 based on the Ratification Resolution 2,919 published on 8.12.2021. This approval covered the following Plants of the Company: Salto Osório, Passo Fundo, Jaguara and Miranda. Moreover, on 9.17.2021, Ratification Resolution 2,932 was published, approving the deadline for extending the concession of hydroelectric power plants in the MRE affected by the new treatment of the period prior to the period when renegotiation of the Paso hydrological risk took effect. This approval covered the following plants of the Company: Salto Santiago, Cana Brava, São Salvador and Ponte de Pedra. The same Resolution covered the Plants whose concession the Company holds in the form of a consortium, namely: Itá, Estreito and Machadinho, for which consent was obtained from all consortium members to renegotiate in November 2021.

On the reporting date, the Company has concluded the process of formalizing its adhesion to the agreement under the conditions established by the abovementioned Ratification Resolutions, as authorized by its Board of Directors on 12.15.2020.

Following is the history of the above-mentioned recognitions:

Events	Legislation	Recognition period	Parent Company	Consolidated
Initial recognition	Federal Law 14,052/2020	December 2020	R$ 968 million	R$ 968 million
Calculation revision by CCEE	Federal Law 14,052/2020	March 2021	R$ 35 million	R$ 52 million
Retroactive effects	Federal Law 14,182/2021	September 2021	R$ 372 million	R$ 372 million
Recognition of consortiums	Federal Laws 14,052/2020 and 14,182/2021	November 2021	R$ 1,029 million	R$ 1,166 million
Balance on 12.31.2021			**R$ 2,404** million	**R$ 2,558** million

d) Status of projects of the Gralha Azul ("Gralha Azul") and Novo Estado ("Novo Estado") Transmission Systems

d.1) Gralha Azul

On 10.15.2020, in a Public-Interest Civil Action filed by three Non-Governmental Organizations (NGOs), the Company was notified by the Federal Courts suspending two environmental licenses for the project and the removal of vegetation of these groups, relating to the 525 Kv line. On 12.9.2020, the Superior Court of Justice (STJ) granted the suspension of injunction and the judgment filed by the Federal Government and the State Government of Paraná, and on 12.10.2020 the STJ granted the suspension of injunction and judgment filed by the Company, thereby suspending the injunction and enabling the resumption and continuity of construction works immediately.

In addition, on 10.16.2020, the Federal Prosecution Office and the State Prosecution Office of Paraná filed a second public-interest civil action which is pending in connection with the above action, in the same Federal Court. In view of this decision, on 3.24.2021, the Federal Government, the State Government of Paraná and Gralha Azul Transmissão de Energia S.A. ("Gralha Azul") filed a request to extend the effects of the suspension of the injunction and judgment to include this second injunction. On the same date, the STJ accepted the requests submitted, suspending the effects of said injunction until a final and unappealable decision is rendered.

On 9.28.2021, the Gralha Azul Transmission System was authorized by the National System Operator (ONS) to start partially operating its transmission lines. Full commercial operation is expected to begin in February 2023.

Moreover, during 2021, due to the ongoing construction of Gralha Azul, there was a need to increase the initially planned investment and postpone the complete startup date. Consequently, a sum of R$ 181 million was recognized (R$ 4 million in 2020) related to losses due to inefficiency in the construction of the Gralha Azul project.

d.2) Novo Estado

On 12.23.2021, the Company informed its investors that Novo Estado obtained authorization from the ONS to start partial commercial operation, which characterizes its initial operational milestone. Full commercial operation is expected in December 2022.

Also, for the same reason as with Gralha Azul, in 2021, a sum of R$ 289 million was recognized related to losses due to inefficiency in the construction of the Novo Estado project (a gain of R$ 39 million was recognized in 2020).

e) Diamante Geração de Energia Ltda ("Diamante")

As a result of the Company's decarbonization strategy, the Company evaluated the sale of Jorge Lacerda Thermal Power Complex ("CTJL"), an asset controlled by Diamante Geração de Energia Ltda. ("Diamante"), whose installed capacity and physical guarantee are 857.0 MW and 649.9 MW average, respectively.

Therefore, on 8.30.2021, a quota purchase agreement ("QPA") was entered into between the Company and ENGIE Brasil Energia Comercializadora Ltda. ("EBC"), the Company's subsidiary, as sellers; Fram Capital Energy II Fundo de Investimento em Participações Multiestratégia ("FRAM") and Diamante, as consenting intervening parties; and Diamante Holding Participacoes Ltda. ("Diamante Holding"), a subsidiary of FRAM, as the buyer, regulating the acquisition, by Diamante Holding, of all the quotas held by the Company and EBC in Diamante.

In 2021, the Company reversed impairment of R$ 58 million booked in 2020 in Diamante after reviewing the shutdown of CTJL's units 1 and 2, mainly due to the concretization of the process of selling the Plant.

On 10.18.2021, after the conditions precedent were fulfilled, the quotas held by the Company and EBC in Diamante were sold. On that date, the company ceased to be a subsidiary of the Company and is also not consolidated in the books. The acquisition price of 100% of ownership interest in Diamante was R$ 321 million, of which R$ 210 million was paid at the time of closing the operation and R$ 111 million is pending, subject to the fulfillment of some conditions established in the QPA. Further information is available in Note 13 – Investments. The result of the sale of the subsidiary was a loss of R$ 200 million, which is shown in the "Sale of subsidiary" line in the income statement.

f) Disposal of subsidiaries in the process of evaluation

Also in line with the strategy of decarbonizing the Company, on 3.17.2021 the Company announced to its investors and the market the resumption of the process to sell all shares held in the subsidiary Pampa Sul Thermal Power Plant ("Pampa Sul"). The Company is also evaluating the sale of its subsidiary ENGIE Geração Solar Distribuída ("EGSD").

Both processes, on the reporting date, are under evaluation by potential buyers. Hence, the Company concluded that, on 12.31.2021, the prerequisites for reclassifying the balances of Pampa Sul and EGSD to non-current asset held for sale were not met.

However, given its firm intention to sell the subsidiaries, the Company recognized on 12.31.2021, impairment of R$ 1,080 million and R$ 78 million in its investments held in Pampa Sul and EGSD, respectively, considering that the preliminary appraisal of the sale value is lower than the book value of the subsidiaries.

g) Contracting of debts

Debts contracted by the Company and its subsidiaries in 2021are shown below.

Company	Contracting date	Debt	Amount contracted	Notes
Parent company:				
ENGIE Brasil Energia	07.06.2021	foreign currency pursuant to Federal Law 4,131/1962, and respective swap to CDI	US$ 102 million	18
ENGIE Brasil Energia	10.18.2021	debentures pursuant to CVM Instruction 476/2009	R$ 400 million	19
Subsidiaries:				
CESA	11.29.2021	BNDES	R$ 1,473 million	18

h) Acquisition of Paracatu and Floresta Photovoltaic Power Plants

In order to gradually replace thermal power with generation from renewable resources, the Board of Directors meeting held on 8.5.2021 approved the establishment of a Special Independent Committee for Related-Party Transactions to evaluate the acquisition of the Solairedirect Holding Brasil S.A. ("Solairedirect"), a company pertaining to the ENGIE Group, holder of Paracatu and Floresta Photovoltaic Complexes, located in Minas Gerais and Rio Grande do Norte, respectively, with installed capacity of 259.8 MWp, and ENGIE Solar Brasil Energia e Consultoria Ltda. The assets were contracted for 20 years through the 2nd Reserve Energy Auction of 2015. The Company expects to conclude the operation in the 1st quarter of 2022.

i) Acquisition of Assú Sol Photovoltaic Power Complex

On 9.28.2021, a share purchase agreement was entered into between the Company's subsidiary, ENGIE Brasil Energias Complementares Participações Ltda. ("ECP"), as the buyer, and Infinito Energy Investimentos e Participações S. A. and Atlântica Solar Power Ltda., as sellers, to acquire the Assú Sol Photovoltaic Complex Project by purchasing all the shares of Assu Sol Geração de Energia SPE S.A. ("Assú Sol"), located in the city of Assú in Rio Grande do Norte. On 12.21.2021, after the fulfillment of conditions precedent, the acquisition was concluded.

The project, with estimated installed capacity of up to 750 MW, will be implemented in the same region where the Company has been operating since 2017: the Assú V Photovoltaic Plant. The total amount of the operation is R$ 44 million (base date: December 2021). Payments will be made as milestones related to the project development schedule are reached and, to the reporting date, R$ 8 million was already paid.

j) Impacts of the new coronavirus pandemic

The years of 2020 and 2021 were marked by the effects of the COVID-19 pandemic, caused by the new coronavirus, which affected, the global economy. Due to the pandemic, restrictive measures were adopted to maintain physical distancing, close down commercial establishments and shutdown industrial plants.

The restrictions imposed by physical distancing had significant effects on activities in diverse sectors, household incomes and investments in Brazil. As the pandemic situation improved and, consequently, restrictions on economic activities were gradually reduced, there were improvements in different regions and business segments.

In 2021, likewise in 2020, the Company did not observe any material impacts of the pandemic on its individual and consolidated financial statements. In addition, provided the pandemic situation does not worsen and the economic activity continues to return to pre-pandemic levels, the Company does not estimate significant effects in its results that could compromise the operational capacity and implementation of its projects. Below are the main items that are being monitored by the Company.

j.1) Demand for electricity

The restrictions on circulation and on commercial and industrial activities and services impact electricity consumption. However, in 2021 the restrictive measures related to the pandemic were slackened and a large portion of the energy consumption expected is established in agreements signed prior to the COVID-19 pandemic. In the Free Contracting Environment (ACL) and the Regulated Contracting Environment (ACR), no contractual clauses have been amended due to the pandemic for negotiations in the 12-month period of 2021.

j.2) Level of default

The Company is monitoring the realization of its balance of trade accounts receivable, as well as the risk associated with each client. The amounts due on the base date of these financial statements are shown in Note 4 - Trade accounts receivable. So far there was no significant increase in the level of Company's defaults.

j.3) Impairment of long-term assets

The Company assessed the indicators of asset depreciation due to the pandemic and concluded there was no evidence that the costs registered are higher than their recovery amounts.

j.4) Standstill

In 2020, the subsidiaries of Energias Eólicas do Ceará and the direct subsidiary Pampa Sul accepted the terms offered by BNDES, which enabled them to temporarily suspend for up to six months in that year the installment payments (principal and interest) of loans borrowed from it (standstill). This adhesion provided additional cash of approximately R$ 78 million in 2020, diluting this amount for the entire remaining period of the loans contracted from BNDES.

NOTE 2 – PRESENTATION OF FINANCIAL STATEMENTS

a) Preparation basis

The consolidated financial statement were prepared and are being presented in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the Brazilian accounting practices, which comprise the rules of the Brazilian Securities and Exchange Commission (CVM) and the pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) and the CVM.

The individual financial statements of the parent Company were prepared in accordance with the accounting practices adopted in Brazil, which are convergent with the IFRS standards, except for the recording of the joint venture Itá Energética S.A. ("Itasa") which, under Brazilian rules, is recognized by the equity method, whereas, according to IFRS, it stipulates that assets, liabilities and profit or loss are recognized in proportion to its share in the joint venture.

Additionally, these financial statements were elaborated considering the historical costs based on value, adjusted to reflect the fair value of certain financial instruments, when applicable. These financial statements provide the relevant information, which is consistent with that used by the Management in its activities.

The Company is presenting one package, containing these individual and consolidated financial statements, which presents comparisons with prior-year information.

b) Functional currency and presentation currency

The Company's functional currency is the Brazilian real, which is the main currency in the Company's business and operational environment. The financial information is stated in thousands of reais, unless otherwise stated.

c) Operational continuity

The Management evaluated the Company's capacity to continue operating normally and concluded that it has the resources to continue its businesses in the future. In addition, it is not aware of any uncertainty that could give rise to doubts about its capacity to continue operating. As such, as per CPC 26 – Presentation of Financial Statements, these parent company and consolidated financial statements were prepared based on the presumption of continuity.

d) Fair value measurement

The Company measures some financial instruments and non-financial assets at their fair value, i.e., at the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market players on the date of measurement.

The fair value is calculated by using assessment techniques appropriate for the circumstances and for which sufficient data is available, in order to minimize the use of non-observable data.

Assets and liabilities whose fair amounts are measured and disclosed in the financial statements are classified according to the fair value hierarchy described below:

- Level 1: Prices quoted (not adjusted) in asset or liability markets identical to those to which the Company may have access on the date of measurement;

- Level 2: Assessment techniques for which the measurement of the fair value is obtained directly or indirectly through information other than the quoted prices (level 1); and

- Level 3: Assessment techniques for which the information used for measuring the fair value is not available in the market (non-observable).

e) Information by segment

A business segment is an identifiable component of the Company aimed at providing an individual product or service or a group of related products or services, and which is subject to risks and benefits that can be differentiated from other business segments.

Currently, the Company's operating activities are concentrated in the following segments: (i) energy generation and sale; (ii) energy trading; (iii) energy transmission; (iv) sale, operation and maintenance of generators and solar panels; and (v) gas transportation.

The Company presents information by segment, consistent with the internal report provided to the principal operational decision-making body - the Board of Executive Officers. Based on the internal report, the Board of Executive Officers evaluates the performance of various segments and decides on the allocation of resources to each business segment identified.

The results by segment include items directly attributable to the segment, as well as those that can be reasonably allocated. The financial result and income tax of the Company are not allocated by segment, since Management manages the Company's cash flow at the corporate level.

f) Net earnings per share – basic and diluted

There is no difference between the net earnings per share – basic and diluted – as there was no issue of shares with diluting effects in the presented years.

g) Consolidation basis

The consolidated financial statements include information of ENGIE Brasil Energia and its subsidiaries and joint operations, all of which headquartered in Brazil, with their accounting practices being consistent with those adopted by the Company. In the individual financial statements, the Company's investments are booked according to the equity method.

The dates of the financial statements for the subsidiaries and joint venture used for consolidation and equity accounting coincide with those of the Company. The companies consolidated with ENGIE Brasil Energia are:

	Investor	Operating segment	Equity interest (%) 12.31.2021	Equity interest (%) 12.31.2020
Direct wholly owned subsidiaries				
ENGIE Brasil Energia Comercializadora Ltda. ("EBC")	ENGIE	Generation	99.99	99.99
ENGIE Comercializadora Varejista de Energia Ltda. ("ECV")	ENGIE	Generation	99.99	99.99
Companhia Energética Estreito ("CEE")[1]	ENGIE	Generation	99.99	99.99
Lages Bioenergética Ltda. ("Lages")	ENGIE	Generation	99.99	99.99
ENGIE Brasil Energias Complementares Participações Ltda. ("ECP")[2]	ENGIE	Generation	99.99	99.99
Companhia Energética Jaguara ("Jaguara")	ENGIE	Generation	99.99	99.99
Companhia Energética Miranda ("Miranda")	ENGIE	Generation	99.99	99.99
Diamante Geração de Energia Ltda. ("Diamante")	ENGIE	Generation	-	99.99
Usina Termelétrica Pampa Sul S.A. ("Pampa Sul")	ENGIE	Generation	99.99	99.99
Usina Termelétrica Norte Catarinense Ltda. ("Norte Catarinense")	ENGIE	Generation	99.99	99.99
ENGIE Geração Solar Distribuída S.A. ("EGSD")	ENGIE	Solar Panels	99,99	99.99
ENGIE Trading Comercializadora de Energia Ltda. ("ENGIE Trading")	ENGIE	Trading	99.99	99.99
ENGIE Transmissão de Energia Participações II S.A. ("ETP II")[2]	ENGIE	Transmission	99.99	99.99
ENGIE Comercializadora de Gás Ltda ("ECG")	ENGIE	Gas	99.90	99.90
Joint ventures				
Itá Energética S.A. ("Itasa")[3]	ENGIE	Generation	48.75	48.75
Indirect subsidiaries				
Tupan Energia Elétrica Ltda. ("Tupan")	ECP	Generation	99.99	99.99
Hidropower Energia S.A. ("Hidropower")	ECP	Generation	99.99	99.99
Ibitiúva Bioenergética S.A. ("Ibitiúva")	ECP	Generation	95.00	95.00
Ferrari Termoelétrica S.A. ("Ferrari")	ECP	Generation	99.99	99.99
Energias Eólicas do Nordeste S.A. ("EEN")[2] and subsidiaries[4 and 7]	ECP	Generation	99.99	99.99
Energias Eólicas do Ceará S.A. ("EEC")[2] and subsidiaries[4 and 7]	ECP	Generation	99.99	99.99
CLWP Brasil Participações S.A. ("CLWP Br")[2] and subsidiaries[4 and 8]	ECP	Generation	99.99	99.99
CLWP Brasil II Participações S.A. ("CLWP Br II")[2] and subsidiaries[4 and 9]	ECP	Generation	99.99	99.99
CLWP Brasil III Participações Ltda.[5] ("CLWP Br III")[2] and subsidiaries[4]	ECP	Generation	99.99	99.99
Umburanas Participações S.A. ("Umburanas")[2] and subsidiaries[4 and 10]	ECP	Generation	99.99	99.99
Umburanas Participações 2 Ltda. ("Umburanas 2")[2] and subsidiaries[4]	ECP	Generation	99.99	-
Santo Agostinho Participações Ltda.[2] and subsidiaries[4 and 11]	ECP	Generation	99.99	99.99
Conjunto Eólico Santo Agostinho - Phase II[4]	ECP	Generation	99.99	99.99
Central Fotovoltaica Assú I, II, III, IV and V ("Assú")[4]	ECP	Generation	99.99	99.99
Alvorada Participações Ltda. ("Alvorada")[2] and subsidiaries[4]	ECP	Generation	99.99	99.99
Campo Largo Solar Participações e Geração de Energia Ltda.	ECP	Generation	99.99	-
Assu Sol Geração de Energia SPE S.A. ("Assu Sol")	ECP	Generation	99.99	-
Gralha Azul Transmissão de Energia S.A.[6] ("Gralha Azul")	ECP	Transmission	-	99.99
Novo Estado Participações S.A. ("NEP")[2] and subsidiary[4]	ETP II	Transmission	99.99	99.99
ENGIE Transmissão de Energia Participações III S.A. ("ETP III")[2] and subsidiary[4]	ETP II	Transmission	99.99	99.99
ENGIE Transmissão de Energia Participações IV S.A. ("ETP IV")[2] and subsidiary[4]	ETP II	Transmission	99.99	99.99

(1) Includes Estreito Consortium.
(2) Holding company.
(3) Includes Itá Consortium.
(4) Further information is available in Note 13 – Investments.
(5) New name of NPW Brasil II Gestão Imobiliária Ltda.
(6) Merged into ENGIE Transmissão de Energia Participações III S.A.
(7) Includes Trairí and Faísa Trairí Consortiums.
(8) Includes Campo Largo Consortium.
(9) Includes Campo Largo II Consortium.
(10) Includes Umburanas Consortium.
(11) Includes Santo Agostinho Consortium.

The consolidation of the balance sheet accounts and income statement occurs with the sum of assets, liabilities, and consolidated income statement, according to their respective accounting natures, adjusted through the elimination of transactions made between the consolidated companies.

Assets, liabilities, revenues and expenses of the joint operation Itasa are recognized in the consolidated financial statements in proportion to the Company's interest. The Company also holds interest in consortia (joint operations in unincorporated entities), which are described in the table above, except Consórcio Machadinho, whose direct interest is held by ENGIE Brasil Energia, for which the assets, liabilities, revenues and expenses are recognized directly in the financial statements of the consortium member based on the respective interests held in the consortia.

The indirect subsidiary Ibitiúva is fully consolidated. The 5% non-controlling interest held in that company is presented separately in the balance sheets and in the consolidated statements of income.

In addition, the Company held 32.5% interest in the joint venture TAG. Further information is available in Note 13 – Investments.

When the Company loses control over a subsidiary, the corresponding assets and liabilities of the subsidiary are written off at their book value on the date when control is lost.

h) Added-Value Statement

The Company prepared the Added-Value Statement (DVA) in accordance with CPC 09 – Statements of Value Added. Under international standards, the presentation of these statements is not mandatory and, consequently, these statements are presented as supplementary information, without prejudice to the financial statements. The purpose of these statements is to provide information on the wealth generated by the Company and how it was distributed.

i) Accounting practices

The main accounting practices of the Company are described in the accompanying notes to the items that they refer to.

j) Application of judgments and critical accounting practices

Critical accounting practices are those important to present the financial conditions and also the results, and require more difficult, subjective or complex judgments made by Management, often as a result of the need of making estimates that have an impact on questions that are inherently uncertain. As the number of variables and assumptions that affect the possible future solution of such uncertainties increases, these judgments become even more subjective and more complex.

In the preparation of financial statements, the Company adopted certain assumptions arising from the historical experience and other factors which are considered reasonable and relevant. Even though these estimates and assumptions are reviewed by the Company in the normal course of business, the statement of its financial conditions and the results of the operations often require the use of judgments in relation to the book value of its assets and liabilities.

Effective results can be different from those estimated due to variables, assumptions or different conditions. In order to provide understanding of how the Company prepares its judgments about future events, including variables and assumptions used in the estimates, comments were included about each critical accounting practice as described below:

j.1) Derivative financial instruments

Derivative financial instruments are recognized at their fair values in the financial statements. Determining the fair value of the Company's derivatives requires the use of valuation methodologies that can be complex and involve the use of future estimates for exchange, inflation, long-term interest rates and energy prices.

The main notes related to this exercise of judgments and critical accounting practices are: Note 17 – Management of risks and financial instruments; Note 18 – Loans and financing; and Note 19 – Debentures.

j.2) Useful life of property, plant and equipment

The Company recognizes the depreciation of its property, plant and equipment, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated useful lives of the assets. The initial investments in generation assets whose power plants hold public service concessions are depreciated based on the useful lives defined by Aneel, limited to the time frame for concession of the power plants. However, the real useful lives may vary based on the technological updates made to the assets of each generation unit. The useful lives of fixed assets also affect the impairment tests of property, plant and equipment, when these are necessary.

The main note related to this exercise of judgments and critical accounting practices is: Note 14 – Property, plant and equipment.

j.3) Long-term assets impairment test

There are specific rules for test the long-term assets impairment, particularly property, plant and equipment, intangible assets and investments. At the end of the year, the Company conducts an analysis to assess if there is any evidence that the total value of the long-lived assets may not be recovered. In uncommon situations, if this evidence is identified, then the Company proceeds to the impairment of these assets. These tests involve a few variables and uncertainties regarding cash flow forecasts for the valuation of assets in use and definition of the market value of assets intended for sale.

The main notes related to this exercise of judgments and critical accounting practices are: Note 13 – Investments; Note 14 – Property, plant and equipment; and Note 15 – Intangible assets.

j.4) Retirement benefits obligations

The Company recognizes its obligations in relation to benefits plans for employees and related costs, net of plan assets, adopting the following practices: (i) the future obligations arising from the pension benefit plans are discounted to present value, based on the interest rates on Federal Government bonds with average duration similar to those expected for the payment of the future forecasted commitments; and (ii) the assets of the pension plans are assessed at fair value on the date of the financial statements.

In actuarial calculations, the actuarial consultants also use subjective factors, such as mortality tables, inflation estimates and forecasts of salary growth, resignation, and staff turnover.

The actuarial assumptions used by the Company may be different from the real results, due to changes in the economic or market conditions, regulatory events, court decisions, or shorter or longer life periods of the participants. However, the Company and its actuaries use assumptions consistent with the internal and external analysis carried out for the definition of the estimates. The sensitivity analysis of discount rates is disclosed in Note 27 - Retirement Benefit Obligations.

j.5) Provisions

- Provisions for civil, tax and labor risks

The Company is a party in various lawsuits and administrative proceedings, for which provisions are constituted when it is likely that funds will be used to settle a contingency and when such funds can be reasonably estimated. The significant contingent liabilities which have been assessed as possible and remote risk are not recorded. When relevant, the proceedings which have been evaluated as possible risk are disclosed in the explanatory note.

The probability of outflow of funds is based on an appraisal and a qualification of the risks. This appraisal is supported by the judgment and experience of the Management, together with its legal advisors, considering cases of jurisprudence, decisions taken at lower and higher levels, and other applicable aspects. Risk assessments and estimated amounts may differ from those effectively incurred by the Company.

- Provision for demobilization of generation assets

Costs with the demobilization of generation assets are recorded in the provision based on estimates and assumptions related to discount rates and the present value of expected costs of demobilization and removal of assets by the end of the term of authorization for the plants and are recognized as a corresponding entry to the costs of the respective asset. The provision is revised annually and any estimate adjustments are recognized as a corresponding entry to the cost of the asset.

The main note related to these exercises of judgments and critical accounting practices is: Note 26 - Provisions.

j.6) Estimated incremental rate of leases

The implicit interest rate of current leases is not readily identifiable, which is why the Company considers the incremental rate on loans to measure lease liabilities. The incremental rate is the interest rate the Company would have to pay to take out loans, for a similar term, to obtain the funds necessary for acquiring assets at amounts similar to the right of use asset in a similar economic scenario. The Company calculates the incremental rate using observable data, when available.

The main note related to this exercise of judgments and critical accounting practices is: Note 21 – Lease operations.

k) New standards, amendments a and interpretations

The International Accounting Standards Board (IASB) and the Accounting Pronouncements Committee (CPC) issued revisions of existing standards, applicable from 1.1.2021. The following table shows the revisions applicable to and adopted by the Company and their respective impacts:

Revision and Standards affected	IASB Correlation	Publication date (Brazil)	Applicable starting	Accounting impacts
Revision of Technical Pronouncements No. 17				
Technical Pronouncements CPC 06 (R2) – Leases, CPC 11 – Insurance contracts, CPC 40 (R1) – Financial instruments: disclosure and CPC 48 – Financial instruments.	IFRS 9, 16 and 17	2.11.2021	1.1.2021	No significant impacts
Revision of Technical Pronouncements No. 18				
Technical Pronouncements CPC 06 (R2) - Leases – Covid-19-related benefits granted to lessees in lease agreements – postponement.	IFRS 16	6.11.2021	Effectiveness established by regulatory agencies approving it.	No significant impacts

l) New standards, amendments and interpretations not yet in force

As of 1.1.2022, the following pronouncements will be in force, which were not adopted in advance by the Company:

Revision and Standards impacted	IASB Correlation	Publication date (Brazil)/ Status	Applicable starting	Accounting impacts
Revision of Technical pronouncements No. 19 Technical Pronouncements CPC 15 (R1) – Business combinations, CPC 25 – Provisions, contingent liabilities and contingent assets, CPC 27 – Property, plant and equipment, CPC 29 – Biological assets and agricultural product, CPC 37 (R1) – First-time adoption of international accounting standards and CPC 48 – Financial instruments.	Annual Improvements to IFRS Standards 2018-2020; Property, Plant and Equipment: Proceeds before Intended Use; Onerous contracts – Costs of Fulfilling a contract; e Reference to the Conceptual Framework	10.1.2021	1.1.2022	No significant impacts
Amendments to IAS 16 (CPC 27) – Property, plant and equipment — Proceeds before intended use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before the item is available for use, that is, proceeds used to bring that asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Consequently, the entity recognizes these proceeds from sale and its corresponding costs in profit or loss.	IAS 16	Issued by IASB	1.1.2022	Revenues from tests will be registered in Company's profit or loss, starting the date of application of the standard, and there are no significant impacts.
Technical Pronouncement CPC 50 This Pronouncement replaces the standard currently in effect addressing Insurance contracts (CPC 11).	IFRS 17	5.7.2021	1.1.2023	Not applicable to the Company
Amendments to IAS 1 IASB issued amendments related to the classification of liabilities as current or non-current.	IAS 1	Issued by IASB	1.1.2023	No significant impacts
Amendments to IAS 8 IASB issued amendments related to the definition of accounting estimates.	IAS 8	Issued by IASB	1.1.2023	No significant impacts
Amendments to IAS 1 and IFRS Practice IASB issued amendments related to the disclosure of accounting policies.	IAS 1 and IFRS Practice Statement 2	Issued by IASB	1.1.2023	No significant impacts

m) Approval of the financial statements

These financial statements were approved at the Board of Directors Meeting held on 2.14.2022.

NOTE 3 – CASH AND CASH EQUIVALENTS

Accounting practice: Consist of cash, bank deposits, and short-term marketable securities with immediate liquidity, without any significant risk of change of value. These financial investments are maintained with the purpose of meeting short-term cash commitments, and measured at the fair value on the financial statements date. The fair value variation is recorded in the profit or loss when obtained.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Cash and bank deposits	**2,529**	**3,201**	**51,915**	**54,948**
Marketable securities:				
Exclusive investment fund				
Repurchase transactions backed by federal bonds	2,556,143	1,921,332	5,071,186	4,450,369
Other marketable securities	536	56	33,305	33,629
	2,556,679	**1,921,388**	**5,104,491**	**4,483,998**
	2,559,208	**1,924,589**	**5,156,406**	**4,538,946**

The Company's financial investments are concentrated in the exclusive fund Energy Renda Fixa Fundo de Investimento Exclusivo (FIE), which is managed by Banco Santander. The fund has a policy of allocating its equity to very-low-risk assets and on 12.31.2021, 100% of its portfolio had assets with the Brazilian Government risk, all with daily liquidity.

The average yield of the Fund in 2021 and 2020 was around 99.0% and 98.7% of the CDI (the reference rate of Interbank Deposit Certificates), respectively.

NOTE 4 – TRADE ACCOUNTS RECEIVABLE

Accounting practice: These are recognized when the receipt of consideration is unconditional, i.e., if only time lapse is required for its receipt. These are initially recorded at fair value of the consideration to be received, and subsequently measured at amortized cost, deducted from expected impairment losses. These expected losses are determined based on the history of impairment losses, adjusted based on recent observable data to reflect current and future effects and conditions, when applicable.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Distributors	292,911	254,929	506,659	482,900
Free Consumers	34,486	33,469	358,583	405,317
Transactions within the CCEE	6,180	291,692	109,943	586,290
Trading operations	-	-	86,100	105,220
Traders	160,440	118,891	57,197	75,858
Others	-	-	19,877	88,854
Allowance for expected losses	(6,180)	(6,180)	(24,254)	(21,338)
Current assets	**487,837**	**692,801**	**1,114,105**	**1,723,101**
Free Consumers	1,454	1,454	9,243	15,405
Distributors	748	748	748	761
Non-current assets[1]	**2,202**	**2,202**	**9,991**	**16,166**
	490,039	**695,003**	**1,124,096**	**1,739,267**

(1) The amounts refer to trade accounts receivable in the long term are presented as part of "Other non-current assets."

The average term for receiving amounts relative to electricity sold through agreements is approximately 30 days, as from the first day of month subsequent to the sale, whereas the term of amounts settled within the Electricity Trading Chamber (CCEE) is approximately 45 days. Despite the defaults at CCEE due to the legal imbroglio surrounding the Generating Scaling Factor (GSF) since 2015, the Company has been constantly managing its portfolio in order to mitigate this situation. This default is being balanced out due to the renegotiation of hydrological risk, established by Federal Laws 14,052/2020 and 14,182/2021.

The breakdown of overdue accounts receivable recorded under current assets is as follows:

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Overdue up to 30 days	1,486	-	5,242	1,701
Overdue more than 30 days				
With expected losses recognized	6,180	6,180	24,254	21,338
Other	8	8	3,205	6,562
	7,674	**6,188**	**32,701**	**29,601**

In 2021 and 2020, no trade accounts receivable were written off on account of losses verified. The change in balances, related to expected losses, is as follows:

	Parent Company	Consolidated
Balances at 12.31.2019	**(6,180)**	**(6,197)**
Provision	-	(15,141)
Balances at 12.31.2020	**(6,180)**	**(21,338)**
Provision	-	(2,916)
Balances at 12.31.2021	**(6,180)**	**(24,254)**

In addition to the aforementioned amounts receivable, the Company also has amounts to be received for transactions carried out in the Wholesale Electricity Market (MAE), currently referred to as CCEE, between the years 2000 and 2002, the amounts of which are fully hedged by the provision for expected losses.

The nature and amounts of these transactions are:

(i) R$ 110,598 – corresponds to credits from transactions made within the MAE between September 2000 and September 2002, which were not received due to lawsuits filed by certain debtor agents that disagree with the interpretation given by that organization, in relation to the provisions of the General Agreement of the Electrical Segment. The estimated losses were recognized due to uncertainty in relation to the receipt of the values regarding the aforementioned transactions.

(ii) R$ 12,388 – refers, substantially, to debts by defaulting agents in the first financial settlement made by MAE, on 12.30.2002, regarding the transactions made within the scope of that market. Such amounts are being the objects of bilateral negotiations for a long time. However, due to uncertainties regarding payment, the Company has set some cash aside for expected losses, regardless of any legal action applicable to the case.

In 2020, the Company renegotiated R$ 7 million from the provision through agreement with the client. As of 12.31.2021, other amounts remained pending.

NOTE 5 – INVENTORIES

Accounting practice: These are assessed at the lower value between the average weighted cost of acquisition and the net realization value and include the transfer of gains and losses from cash flow hedge recorded under net equity that qualify as inventory acquisition.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Supplies	17,583	16,077	72,668	97,972
Advances to suppliers	568	723	41,574	57,163
Inputs for energy production	-	-	16,062	26,231
Other	1,116	514	20,842	8,062
	19,267	**17,314**	**151,146**	**189,428**

The subsidiary Pampa Sul advanced R$ 190,320 to a coal supplier due to compliance with the contractual commitment of acquisition of a minimum monthly quota of 106,000 tons. The balance of these advances on 12.31.2021 was R$ 39,215 (R$ 47,723 on 12.31.2020), to be realized when the purchase of coal exceeds the minimum monthly quota. The Company expects to fully pay the advance by June 2022.

NOTE 6 – MARKETABLE SECURITIES

Accounting practice: These include investments in debentures and are initially and subsequently recognized at fair value through profit or loss. Gains or losses resulting from variations in their fair value are recognized in the Company's results.

Changes in marketable securities

	Parent Company		
	Current	Non-current	Total
Acquisition	-	340,000	340,000
Interest [1]	5,144	1,304	6,448
Inflation adjustment[1]	145	9,114	9,259
Transfer	2,558	(2,558)	-
Fair value adjustment[1]	(1,017)	(15,471)	(16,488)
Balance at 12.31. 2020	**6,830**	**332,389**	**339,219**
Interest [1]	8,718	-	8,718
Inflation adjustment[1]	1,576	12,544	14,120
Transfer	360,404	(360,404)	-
Fair value adjustment[1]	33,456	15,471	48,927
Amounts received	(410,984)	-	(410,984)
Balance at 12.31. 2020	**-**	**-**	**-**

(1) The information presented includes PIS and Cofins.

- Receipts of marketable securities

During 2021, the Company traded all debentures acquired in 2020, pursuant to CVM Instruction 476/2009, of its direct subsidiary Pampa Sul, in the secondary market. The amounts involved in the sale totaled R$ 410,984, of which R$ 378,545 refer to principal and interest, and R$ 32,439 (R$ 30,931, net of PIS and Cofins) to gains from the sales of debentures.

NOTE 7 – RESTRICTED DEPOSITS

Accounting practice: These are maintained to comply with legal and contractual requirements. These are initially booked at the amount deposited and subsequently at amortized cost.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Financing guarantees	559,487	161,052	559,487	161,052
Contractual commitment guarantees	-	-	45,360	-
Guarantees for negative balance at CCEE	27,945	1	29,349	12,189
Reinvestment deposits	2,466	807	4,410	807
Current assets	**589,898**	**161,860**	**638,606**	**174,048**
Financing guarantees	9,106	-	259,164	185,801
Contractual commitment guarantees	-	-	-	43,778
Others	-	-	6,268	6,240
Non-current assets	**9,106**	**-**	**265,432**	**235,819**
	599,004	**161,860**	**904,038**	**409,867**

- Financing guarantees

The financing guarantees shown under current assets on 12.31.2021 and 12.31.2020 are related to gains on swap settlement operations. In order to hedge all future payments in foreign currency resulting from overseas loans whose related swaps were settled, the Company contracted Non-Deliverable Forwards (NDF) and deposited the amount resulting from settlements as guarantee. For more information on this settlement, see Note 17 – Management of risks and financial instruments.

In addition, the financing guarantees registered under non-current assets are aimed at paying the creditor the debt owed to BNDES, BNB and debentures, issued by its subsidiaries, as well as for operation and maintenance, in case of default by the beneficiaries, as established in the agreements. They are mostly constituted for the amount equivalent to three months of debt service and three months of contractual operating and maintenance expenses.

- Contractual commitment guarantees

Deposits in the amount of R$ 45,360 (R$ 43,778 at 12.31.2020) were recognized as consolidated non-current assets, which were made to guarantee compliance with certain contractual commitments undertaken by the seller of Novo Estado. In August 2021, this guarantee was reclassified to current assets due to expectations of settlement in the short term, given that the conditions are mainly linked to the commercial startup of the Novo Estado Transmission System.

NOTE 8 – RISK PREMIUM TO APPROPRIATE – HYDROLOGICAL RISK RENEGOTIATION

In December 2015, Aneel approved the renegotiation of hydrological risk relating to the Company's plants whose energy was being sold in the ACR. As a condition for adhering to said agreement, the Company formally withdrew from any legal dispute with Aneel that prevented the direct application of mechanism to reduce the physical guarantee, called Generation Scaling Factor (GSF)

The renegotiation rules established options to choose the hydrological risk level to be assumed by generators who, in turn, assumed the commitment to pay a risk premium defined by Aneel during the term of the energy sale agreement within ACR. Based on the new risk level defined in the renegotiation, GSF for 2015 was recalculated, which resulted in an overpayment in relation to the calculated amount, which is being offset by "risk premiums" due by the Company and calculated at present value.

a) Breakdown

	Amortization period	Parent Company		Consolidated	
		12.31.2021	12.31.2020	12.31.2021	12.31.2020
Itá HPP	2029	29,408	33,464	29,408	33,464
Estreito HPP	2033	-	-	23,324	25,397
Cana Brava HPP	2029	22,902	26,061	22,902	26,061
São Salvador HPP	2033	13,414	14,606	13,414	14,606
Machadinho HPP	2029	7,356	8,370	7,356	8,370
Ponte de Pedra HPP	2023	4,192	7,788	4,192	7,788
		77,272	**90,289**	**100,596**	**115,686**
Classification in the balance sheet					
Current assets		13,016	13,016	15,089	15,089
Non-current assets		64,256	77,273	85,507	100,597
		77,272	**90,289**	**100,596**	**115,686**

b) Change in the risk premium to be appropriated – renegotiation of hydrological risk

	Parent Company	Consolidated
Balances at 12.31.2019	**103,305**	**130,775**
Amortization of the "risk premium"	(13,016)	(15,089)
Balances at 12.31.2020	**90,289**	**115,686**
Amortization of the "risk premium"	(13,017)	(15,090)
Balances at 12.31.2021	**77,272**	**100,596**

c) Expected realization of non-current assets

	Parent Company	Consolidated
2023	10,021	12,094
2024	9,422	11,495
2025	9,422	11,495
2026	9,422	11,495
2027	9,422	11,495
2028 to 2031	15,057	23,350
2032 to 2033	1,490	4,083
	64,256	**85,507**

NOTE 9 – JUDICIAL DEPOSITS

Accounting practice: Judicial deposits are initially registered at the total amount deposited, plus any interest obtained until the date of the financial statements, which are recognized in the financial result.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Tax and social security	49,876	50,816	50,238	51,409
Civil	19,040	23,982	19,434	24,948
Labor	9,266	6,090	9,526	6,182
	78,182	**80,888**	**79,198**	**82,539**

Of the total amount of judicial deposits, R$ 24,192 (R$ 26,540 at 12.31.2020), in the parent company and consolidated, are directly related to probable-risk contingencies recognized as provision in the Company's liabilities.

NOTE 10 – CONCESSION FINANCIAL ASSET

Accounting practice: Corresponds to the unconditional right to receive cash through the Return of the Grant Bonus (RBO), in order to recover the investment made to acquire concessions for hydroelectric power plants granted by the Federal Government. Initially recorded at the present value of guaranteed future cash flows and, subsequently, at amortized cost based on the rate used to calculate present value. Financial assets of concessions are remunerated at the internal rate of return and the variation in the IPCA index.

On 9.27.2017, the Company won the Auction for Non-Extended Concessions for the concession of the Jaguara and Miranda Hydroelectric Power Plants for approximately 30 years starting 11.10.2017. The bonus for the concession grant was paid in a single installment on 11.30.2017.

As part of the Auction process, the Government guarantees the Company's right to sell 70% of the physical guarantee of its plants in the Physical Guarantee Quota System, thus ensuring the unconditional right to receive cash during the concession period with no demand, market and hydrological risks. As such, the amount paid for the concession grant corresponding to the present value of future cash flows, calculated based on the reference discount rate on the date of initial recognition (6.9%), to be received for the sale of energy in the ACR, was recognized as financial asset.

The right to extend the concession term on account of the renegotiation of hydrological risk, described in Note 15 – Intangible assets, by approximately 6 months did not generate additional rights to receive RBO.

a) Breakdown

	Consolidated					
	12.31.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Jaguara HPP	206,990	1,693,159	1,900,149	189,612	1,550,501	1,740,113
Miranda HPP	126,648	1,035,953	1,162,601	116,014	948,669	1,064,683
	333,638	**2,729,112**	**3,062,750**	**305,626**	**2,499,170**	**2,804,796**

b) Changes in concession financial assets

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
Balances at 12.31.2019	**1,680,168**	**1,028,006**	**2,708,174**
Amounts received	(176,889)	(108,234)	(285,123)
Interest	153,085	93,663	246,748
Inflation adjustment	83,749	51,248	134,997
Balances at 12.31.2020	**1,740,113**	**1,064,683**	**2,804,796**
Amounts received	(185,205)	(113,321)	(298,526)
Interest	151,559	92,729	244,288
Inflation adjustment	193,682	118,510	312,192
Balances at 12.31.2021	**1,900,149**	**1,162,601**	**3,062,750**

c) Realization profile of the concession financial asset presented under non-current assets

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
2023	176,131	107,764	283,895
2024	159,296	97,464	256,760
2025	144,103	88,168	232,271
2026	130,362	79,761	210,123
2027	117,932	72,156	190,088
2028 to 2032	440,812	269,710	710,522
2033 to 2047	524,523	320,930	845,453
	1,693,159	**1,035,953**	**2,729,112**

NOTE 11 – CONTRACT ASSET

Accounting practice: Concession agreements define the public energy transmission service as the service provided upon construction (implementation of infrastructure) and operation & maintenance (O&M) of transmission facilities. Based on that, the performance obligations in these concession agreements were defined: (i) construction and improvements; and (ii) operation and maintenance (O&M). Accordingly, the Company allocates revenue from these agreements – Annual Permitted Revenue (RAP) – to each of these performance obligations, considering the estimated costs for each of them plus a profitability margin.

The transmission contract asset corresponds to the consideration of the revenue for construction of the transmission infrastructure during the course of installation of the transmission line. The consideration associated with the contract asset is received through the RAP allocated to the performance obligation related to the construction and improvements and depends on the conclusion of such installation and subsequent operation and maintenance of said infrastructure. Contract assets are remunerated at the remuneration rate and the IPCA variation.

The recognition of revenue from construction of transmission infrastructure considers the costs effectively incurred in the works, plus the construction margin calculated for the project, with gains or losses (construction efficiencies or inefficiencies) identified during the construction phase promptly booked when incurred, under the cost line.

The construction margin is measured by the proportion estimated for the "management and/or monitoring of the construction" in relation to the "Capex of the Project," both defined in the respective business plans. The proposed margins, which are net of applicable charges, are sufficient to cover the costs of managing the construction.

Additionally, upon initial measurement of the contract asset, the Company estimates, where applicable, the use of mechanism named "Variable Portion" on the RAP to be received. This mechanism allows RAP to be increased or reduced depending on the performance of the transmission system.

The indirect subsidiaries Gralha Azul Transmissão de Energia S.A. ("Gralha Azul") and Novo Estado Transmissora de Energia S. A. ("Novo Estado") are primary responsible for the construction and installation of infrastructure related to the transmission concession of Gralha Azul and Novo Estado Transmission Systems, respectively. The term of these public transmission service concessions, including construction, assembly, operation and maintenance of transmission facilities, is 30 years from the date of signing of the concession agreement (3.8.2018), and the deadline for commercial startup is 3.9.2023.

a) Gralha Azul

On December 15, 2017, the Company, through its indirect subsidiary Gralha Azul, won Lot 1 of Transmission Auction 002/2017 held by Aneel, located in Paraná state, which totals approximately 1,000 km of transmission lines. The RAP submitted by the Company was R$ 231,725, a discount of 34.8% from the maximum revenue determined by Aneel, of R$ 355,407. The project's estimated nominal Capex at 12.31.2021 is R$ 1.8 billion.

b) Novo Estado

In March 2020, the Company acquired 100% of the shares of Novo Estado, which holds the concession of Lot 3 won at Transmission Auction 002/2017, located in Pará and Tocantins states, totaling approximately 1,800 km of transmission lines. The RAP of this concession is R$ 313,100, a discount of 35.7% from the maximum revenue determined by Aneel, of R$ 488,145. The project's estimated nominal Capex at 12.31.2021 was R$ 3.2 billion.

c) Gain (loss) due to efficiency (inefficiency) in the installation of transmission infrastructure.

During the construction works and energization of the project, positive or negative impacts are expected due to events such as: (i) delays and additional costs due to environmental issues; (ii) change in costs of commodities, since cables and structures are acquired directly by the Company; (iii) Additional costs of land easements and negotiations; (iv) unexpected earthmoving works; and (v) anticipation of energization terms. Changes in the project that affect its productivity must be recognized directly in profit or loss.

In the current year, the Company recognized net loss of R$ 469,489 due to inefficiency in the construction of transmission infrastructure (in 2020, a net gain of R$ 35,231 was booked). The loss was recognized mainly due to the increase in the Capex estimated for constructing the Transmission Systems and the postponement of the commercial startup of each stage of the projects.

d) Assumptions made

Assumptions	Novo Estado	Gralha Azul
Construction margin	2.24%	2.66%
Operation and maintenance margin	55.55%	37.39%
Remuneration rate	7.79%	10.49%
Annual RAP, net of charges (nominal value)	313,100	231,725
Annual RAP – Construction (nominal value)	270,416	207,222
Adjustment index of contracts	IPCA	IPCA
Construction cost incurred until 12.31.2021	2,792,484	1,946,070
Estimated full commercial startup	12.2022	03.2023
Date of next Periodic Tariff Review	03.2023	03.2023
Duration of the concession contract	03.2048	03.2048

e) Changes in contract asset

	Consolidated		
	Novo Estado	Gralha Azul	Total
Balance at 12.31.2019	**-**	**217,611**	**217,611**
Acquisition of subsidiary	153,279	-	153,279
Transmission infrastructure construction cost	1,279,753	1,029,701	2,309,454
Transmission infrastructure construction margin	28,703	27,421	56,124
Gain (loss) due to efficiency (inefficiency) in construction	38,740	(3,509)	35,231
Interest	31,817	49,774	81,591
Inflation adjustment	61,571	46,558	108,129
Balances at 12.31.20220	**1,593,863**	**1,367,556**	**2,961,419**
Transmission infrastructure construction cost	1,374,833	719,671	2,094,504
Transmission infrastructure construction margin	40,879	19,165	60,044
Losses due to construction inefficiency	(288,659)	(180,830)	(469,489)
Interest rates	160,732	153,726	314,458
Inflation adjustment	195,917	170,688	366,605
RAP amounts received in construction	(820)	(3,091)	(3,911)
Balances at 12.31.2021	**3,076,745**	**2,246,885**	**5,323,630**
Classification under balance sheets			
Current assets	170,154	217,375	387,529
Non-current assets	2,906,591	2,029,510	4,936,101
	3,076,745	**2,246,885**	**5,323,630**

In 2021, the Gralha Azul and Novo Estado Transmission Systems obtained authorization from the ONS for partial commercial operation, which represented approximately 4% of their total capacities.

NOTE 12 – OTHER ASSETS

Accounting practice: Other assets are recorded at acquisition cost, deducted from the impairment provision, when applicable.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Tax credits recoverable	2,398	36,039	123,448	179,286
Sale of subsidiary[1]	114,233	-	114,233	-
Deferred tax asset[2]	-	-	61,135	47,642
Prepaid expenses	18,141	11,298	38,302	39,258
Recoverable income tax and social contribution	19,209	-	34,787	5,104
Divestments and services in course	35,494	26,452	32,135	29,827
Trade accounts receivables[3]	2,202	2,202	9,991	16,166
Advances to employees	2,966	3,173	3,609	5,769
Fuels to reimburse	-	-	-	58,462
Other amounts receivable	68,000	50,333	90,604	68,650
	262,643	**129,497**	**508,244**	**450,164**
Classification in balance sheet				
Current assets	117,394	90,515	219,290	274,413
Non-current assets	145,249	38,982	288,954	175,751
	262,643	**129,497**	**508,244**	**450,164**

(1) Further information is available in Note 13 – Investments.
(2) Further information is available in Note 28 – Deferred income tax and social contribution.
(3) Further information is available in Note 4 – Trade accounts receivable.

a) Tax credits recoverable

Mainly correspond to PIS and Cofins dues stemming from (i) the acquisition of machinery and equipment and expenses with construction of Plants; and (ii) the recognition of federal credits due to favorable outcome in a lawsuit in 2020 filed by the Company and its subsidiary EBC. ENGIE's credit, totaling R$ 97,155, were fully offset, while EBC has on 12.31.2021 the recoverable amount of R$ 49,448, having offset R$ 16,617 during 2021.

b) Income and social contribution taxes recoverable

These substantially refer to the amounts recognized of the updated Selic rates on the repetition of undue tax payments. On 09.24.2021, the Supreme Court (STF), while judging the merits of case no. 1,063,187, established the thesis of Subject No. 962 in the sense that levying IRPJ and CSLL on the amounts related to the Selic rate received due to the repetition of undue tax payment is unconstitutional. According to the unanimous decision on the merits and in terms of overall repercussion, the Selic is merely compensation for the delayed payment of debt and does not represent an increase in wealth for triggering the IRPJ and CSLL taxes. As such, on 12.31.2021, the Company recognized R$ 19,055 and R$ 30,624 in the parent company and consolidated, respectively, related to this matter.

c) Fuel to be reimbursed

Referred to amounts receivable from the reimbursement of fuel consumed for thermal power generation at the CTJL, which are reimbursed by CCEE, responsible for managing the Energy Development Account (CDE). The amounts eligible for reimbursement corresponded to the limit of 2,400,000 tons per annum, discounting the percentage indicated every year by the regulatory body regarding the Plant's availability and efficiency indices. The reduction in this line is due to the sale of Diamante in 2021.

NOTE 13 – INVESTMENTS

Accounting practice:

Investments in directly or indirect subsidiaries

Investments in subsidiaries are those in which the Company is exposed to or has rights to the variable returns resulting from its involvement with the entity and is capable of interfering in these returns through its power over such entity.

These investments are evaluated using the equity method in the Parent company financial statements, and fully consolidated for purposes of presentation of the consolidated financial statements.

Investments in joint arrangements

Joint arrangements are those in which the Company and one or more investors hold shared control over operating and financial activities of the entity. These may be classified as joint operations or joint ventures, depending on the contractual rights and obligations of investors.

Joint operations

The Company holds joint operations in Itasa and in consortiums. The investment in joint operations in entities with their own legal personality, as occurs in Itasa, is recognized through the equity method in the parent company. In the consolidated statements, assets, liabilities, revenues and expenses of said joint operation are recognized in proportion to the interest in the business. Regarding interest in consortia (entities without their own legal personality), assets, liabilities, revenues and expenses are recognized directly in the financial statements of the consortium member, based on the respective interest held in the consortium.

Joint ventures

Investments in joint ventures are initially booked at cost and subsequently recognized through the equity method. The Company has interest in a joint venture related to the shared control of TAG. The results of joint ventures are recognized under "Equity" in the individual and consolidated income statements, while changes in other comprehensive income are presented as part of other comprehensive income of the Company.

The Company is currently assessing whether there is objective evidence that the investment in the joint venture suffered impairment loss, which is the difference between the recoverable amount of the joint venture and its book value. The premium related to joint ventures is included in the book value of the investment and hence is not amortized or separately tested for impairment loss of assets.

Business combination in investment acquisition

In the parent company, the difference between the amount paid and the book value of the shareholders' equity of acquired companies is recognized in the investment as (i) surplus, when the economic ground is substantially related to the fair value of net assets from the acquired subsidiary; and (ii) goodwill, when the amount paid exceeds the fair value of net assets and this difference represents the expected future value creation.

Business combination is a method used for recognizing acquisitions of control in the consolidated statements. This method requires identifiable assets acquired and liabilities assumed to be measured at their fair values. Goodwill from the business combination, which is registered under intangible assets, is tested for impairment every year.

a) Breakdown

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Interest on subsidiaries:				
Measured at the equity method				
Equity in earnings of subsidiaries, net of impairment	12,545,478	14,124,862	2,193,054	2,251,408
Goodwill from investment acquisition	53,465	56,806	-	-
Goodwill from expected future profitability	173,654	173,654	173,654	173,654
	12,772,597	**14,355,322**	**2,366,708**	**2,425,062**

b) Changes in investments evaluated through the equity method

	Balance at 12.31.2020	Capital increase	Capital decrease	Equity in earnings of subsidiaries	Dividends	Other comprehensive income	Sale of subsidiary	Impairment	Balances at 12.31.2021
Subsidiaries									
ECP	**4,060,695**	682,439	(598,442)	138,196	-	57,111	-	-	**4,339,999**
CEE[1]	**1,735,564**	-	-	389,159	(457,063)	-	-	-	**1,667,660**
Jaguara[2]	**1,132,463**	-	-	210,763	(20,022)	-	-	-	**1,323,204**
ETP II[3]	**490,016**	781,747	-	(151,615)	-	-	-	-	**1,120,148**
Miranda[4]	**762,769**	-	-	131,137	(12,458)	-	-	-	**881,448**
EBC	**301,850**	-	-	106,611	-	-	-	-	**408,461**
Pampa Sul	**2,414,520**	-	(880,000)	(129,549)	-	23	-	(1,079,972)	**325,022**
ENGIE Trading[5]	**25,676**	-	-	20,750	-	-	-	-	**46,426**
Lages[6]	**26,364**	-	-	7,781	(3,615)	-	-	-	**30,530**
ECV[7]	**20,994**	-	-	(662)	-	-	-	-	**20,332**
Diamante	**565,276**	-	(77,500)	146,581	(130,404)	-	(503,953)	-	**-**
Other	**86,184**	18,500	-	(22,789)	-	(2,117)	-	(77,534)	**2,244**
Under shared control									
Itasa	**251,083**	-	(78,000)	22,994	(9,127)	-	-	-	**186,950**
Joint venture									
TAG[8]	**2,251,408**	-	-	601,985	(682,500)	22,161	-	-	**2,193,054**
	14,124,862	**1,482,686**	**(1,633,942)**	**1,471,342**	**(1,315,189)**	**77,178**	**(503,953)**	**(1,157,506)**	**12,545,478**

(1) Companhia Energética Estreito
(2) Companhia Energética Jaguara
(3) ENGIE Transmissão de Energia Participações II S.A
(4) Companhia Energética Miranda
(5) ENGIE Trading Comercializadora de Energia Ltda.
(6) Lages Bioenergética Ltda.
(7) ENGIE Comercializadora Varejista de Energia Ltda.
(8) Transportadora Associada de Gás, joint venture, therefore it is not consolidated by the Company.

	Balances at 12.31.2019	Capital increase / acquisition of investment	Allocation of goodwill	Capital decrease	Equity in earnings of subsidiaries	Dividends	Other comprehensive income	Balances at 12.31.2020
Subsidiaries								
ECP	**3,363,152**	502,407	-	-	282,035	(88,517)	1,618	**4,060,695**
CEE	**1,136,237**	449,000	-	-	184,452	(34,125)	-	**1,735,564**
Jaguara	**1,008,227**	-	-	-	137,277	(13,041)	-	**1,132,463**
ETP II	**-**	422,384	-	-	84,033	(16,401)	-	**490,016**
Miranda	**670,909**	-	-	-	101,503	(9,643)	-	**762,769**
EBC	**296,194**	-	-	-	90,656	(85,000)	-	**301,850**
Pampa Sul	**2,393,128**	-	-	-	23,504	(2,105)	(7)	**2,414,520**
ENGIE Trading	**22,175**	31,000	-	-	(27,499)	-	-	**25,676**
Lages	**30,530**	-	-	-	(4,166)	-	-	**26,364**
ECV	**24,948**	-	-	-	(3,954)	-	-	**20,994**
Diamante	**515,644**	-	-	-	190,866	(141,322)	88	**565,276**
NEP[1]	**1**	163,705	-	(167,219)	3,513	-	-	**-**
Other	**70,543**	20,700	-	-	(6,844)	-	1,785	**86,184**
Under shared control								
Itasa	**243,521**	-	-	-	9,917	(2,355)	-	**251,083**
Joint venture								
TAG	**2,874,727**	327,168	(99,461)	-	487,051	(711,750)	(626,327)	**2,251,408**
	12,649,936	**1,916,364**	**(99,461)**	**(167,219)**	**1,552,344**	**(1,104,259)**	**(622,843)**	**14,124,862**

(1) Novo Estado Participações S.A.

b.1) Information on main subsidiaries

Key information about the subsidiaries, which also have their fiscal year ended on December 31, is shown below:

	12.31.2021						
	Capital	Assets	Liabilities	Adjusted shareholders' equity	Net revenue	Adjusted net income (loss)	Interest (%)
ECP	2,946,880	8,548,794	4,375,373	4,343,588	1,175,521	139,441	**99.99**
CEE	1,369,380	2,236,209	568,549	1,667,660	633,916	389,159	**99.99**
Jaguara	854,409	2,546,663	1,223,459	1,323,204	652,367	210,763	**99.99**
ETP II	1,204,131	6,160,956	5,054,704	1,120,148	2,743,935	(151,615)	**99.99**
Miranda	582,663	1,597,326	715,878	881,448	381,511	131,137	**99.99**
EBC	10,038	916,513	508,052	408,461	4,528,040	106,611	**99.99**
Pampa Sul[1]	1,076,692	3,362,152	2,225,913	1,404,994	587,311	(129,549)	**99.99**
ENGIE Trading	36,000	344,816	298,390	46,426	870,817	20,750	**99.99**
Lages	30,530	65,133	34,603	30,530	59,573	7,781	**99.99**
ECV	23,970	91,646	71,314	20,332	697,297	(662)	**99.99**
EGSD[12]	98,190	91,670	15,481	76,189	31,233	(22,789)	**99.99**

(1) In 2021, impairment was recognized of investments held in these subsidiaries.
(2) The amounts of subsidiary EGSD in the table "Changes in investments valued using the equity method" are presented in "Others"

	12.31.2020						
	Capital	Assets	Liabilities	Adjusted shareholders' equity	Net revenue	Adjusted net income (loss)	Interest (%)
ECP	2,862,883	8,918,840	5,018,692	4,063,164	2,021,701	282,212	**99.99**
CEE	1,369,380	1,989,842	254,278	1,735,564	515,104	184,452	**99.99**
Jaguara	854,409	2,426,885	1,294,422	1,132,463	486,027	137,277	**99.99**
ETP II	422,384	2,006,358	1,531,321	490,016	1,101,579	84,033	**99.99**
Miranda	582,663	1,516,335	753,566	762,769	289,354	101,503	**99.99**
EBC	10,038	874,148	572,298	301,850	4,551,392	90,656	**99.99**
Pampa Sul	1,956,692	4,130,744	2,005,375	2,414,520	618,309	23,504	**99.99**
ENGIE Trading	36,000	379,826	354,150	25,676	402,761	(27,499)	**99.99**
Lages	30,530	34,001	7,637	26,364	42,089	(4,166)	**99.99**
ECV	23,970	69,814	48,820	20,994	366,070	(3,954)	**99.99**
EGSD[1]	58,990	135,045	52,450	82,595	80,908	(6,844)	**99.99**
Diamante	638,940	845,885	280,609	565,276	868,685	190,866	**99.99**

(1) The amounts of subsidiary EGSD in the table "Changes in investments valued using the equity method" are presented in "Others".

Non-controlling shareholder

The non-controlling interest of Ibitiúva at 12.31.2021 in the shareholders' equity and the net income of ECP presented above was R$ 3,589 and R$ 1,245 (R$ 2,469 and R$ 177 at 12.31.2020), respectively.

Capitalized amounts

In the table "Information on main subsidiaries", the amounts under "Adjusted shareholders' equity" and "Adjusted net income (loss)" include the items described below.

- Loans and debentures

ENGIE Brasil Energia took out loans and debentures to finance the construction of the Campo Largo, Umburanas Phase I, Campo Largo II and Santo Agostinho Phase I Wind Power Complexes and the Assú V Photovoltaic Power Plant, investments that are part of ECP, and of Pampa Sul. The interest on these debts is capitalized during the construction period of the Plants in the consolidated financial statements and recognized using the equity method in the parent company's financial statements. After the commercial startup, the amounts capitalized are amortized in the period corresponding to the amortization of property, plant and equipment.

Moreover, in 2020, Pampa Sul, the Company's direct subsidiary, issued simple debentures, which were acquired by ENGIE and were measured at fair value in the parent company and at amortized cost in the subsidiary. For consolidation purposes, this operation, until its settlement in 2021, was fully eliminated, and the difference between the fair value and amortized cost is recognized as equity income in the parent company.

The effects of these items are shown below:

	Cost of capitalized debt, net of depreciation				Fair value adjustment		
	Shareholders' equity		Net income (loss)		Shareholders' equity	Net income (loss)	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020	12.31.2020	12.31.2021	12.31.2020
ECP	170,167	163,016	7,151	9,502	-	-	-
Pampa Sul	268,755	278,269	(9,514)	(9,513)	10,882	(10,882)	10,882

- Redeemable preferred shares

In September 2020, ETP II issued redeemable preferred shares and the cost of this issue was paid by its parent company ENGIE Brasil Energia, in the amount of R$ 15,250. This cost was capitalized in the consolidated financial statements and recognized in equity income (loss) in the parent company financial statements and is being amortized on a straight line basis until the redemption of shares. On 12.31.2021, the amount capitalized was R$ 13,896, of which amortization of R$ 1,083 was recognized in 2021 (R$ 271 in 2020).

c) Goodwill from investment acquisition

This item records goodwill (concession rights) paid in the acquisition of the direct subsidiary CEE, whose economic grounds are the rights over the concession granted by Aneel for the use of public assets in the generation of electricity. The "goodwill" is amortized through the straight-line method over the duration of the concession of the Plant, since the economic benefits will occur over the course of this period. In 2021 and 2020, the amortized amount was R$ 3,341.

In 2020, based on the present value of the cash flow projections obtained through economic and financial evaluations, the Company recognized impairment of the goodwill paid for the acquisition of the direct subsidiary EGSD, in the amount of R$ 22,306.

d) Goodwill on expected future profitability

In 2021 and 2020, the amount of R$ 173,648 corresponds to goodwill on expected future profitability in the acquisition of its joint venture TAG.

Additionally, in 2020 the Company recognized the impairment of goodwill in the direct subsidiary EGSD, in the amount of R$ 18,522, due to the non-expectation of future profitability in view of the present value of cash flow projections of the subsidiary.

e) Information on subsidiaries

e.1)Subsidiaries

e.1.1) Companhia Energética Estreito ("CEE")

CEE has a 40.07% share in the Estreito Energia Consortium (Ceste) and leads the consortium, which was created for the implementation and exploitation of the Estreito Hydroelectric Power Plant, situated on the Tocantins River, between the Brazilian states of Tocantins and Maranhão. The Company's share of the Plant's installed capacity is 435.6 MW.

In 2020, a capital increase of R$ 449,000 was approved by the parent company ENGIE Brasil Energia for the purpose of repaying the subsidiary's loan to BNDES.

e.1.2) Companhia Energética Jaguara ("Jaguara")

Jaguara is the owner of the Jaguara Hydroelectric Power Plant, located in the city of Rifaina, São Paulo, with installed capacity of 424.0 MW. Further information is available in Note 10 – Concession financial asset.

e.1.3) ENGIE Transmissão de Energia Participações II S.A. ("ETP II")

ETP II is a holding company whose corporate purpose is to hold interest in other companies, focusing its investments on projects in the transmission segment.

In 2021, there was a restructuring of the transmission companies to turn the companies in this segment into subsidiaries (direct or indirect) of ETP II. Hence, the capital increase in ETP II in 2021 refers to the transfer of interest from transmission companies. Moreover, there were capital increases to fund investments in the Gralha Azul and Novo Estado Transmission Systems.

Below is some financial information on the most important subsidiaries of ETP II for the year ended 12.31.2021.

	Capital	Assets	Liabilities	Shareholders' equity	Net income	Net loss	Interest (%)
ETP III[1]	781,281	2,464,607	1,691,906	772,701	971,493	(8,585)	99.99
NEP[2]	419,277	3,696,320	3,346,397	349,923	1,772,442	(141,914)	99.99

(1) Parent company of Gralha Azul Transmissão de Energia S.A. Further information is available in Note 11 – Contract asset.
(2) Parent company of Novo Estado Transmissora de Energia S.A. Further information is available in Note 11 – Contract asset.

e.1.4) Companhia Energética Miranda ("Miranda")

Miranda is the owner of the Miranda Hydroelectric Power Plant, located in the city of Indianópolis, Minas Gerais, with installed capacity of 408.0 MW. Further information is available in Note 10 – Concession financial assets.

e.1.5) ENGIE Brasil Energia Comercializadora Ltda. ("EBC")

EBC's main purpose is electricity trading, which includes the purchase, sale, import and export of electricity, as well as the intermediation of any of these operations, and all measures and execution of commercial agreements arising from such activities.

e.1.6) Usina Termelétrica Pampa Sul S.A. ("Pampa Sul")

Pampa Sul holds the Pampa Sul Thermal Power Plant, located in the municipality of Candiota, state of Rio Grande do Sul, with installed capacity of 345.0 MW. In November 2014, Pampa Sul sold, in an auction held by Aneel, 294.5 average MW for a period of 25 years.

Capital reduction in the subsidiary Pampa Sul registered in 2021 was due to the issue of debentures in Pampa Sul in November 2020.

Also, in 2021, the Company recognized impairment of R$ 1,079,972, due to the firm intention to sell the subsidiary, whose preliminary appraisal of the sale value, net of estimated costs of sale, is lower than its book value. This impairment was allocated, for purposes of consolidated financial statements, to property, plant and equipment.

e.1.7) ENGIE Trading Comercializadora de Energia Ltda. ("ENGIE Trading")

ENGIE Trading's corporate purpose is trading of electricity, both wholesale and retail, including the purchase, sale, import and export of electricity, as well as intermediating any of such operations and the performance and execution of commercial actions arising from these activities. The subsidiary was established in 2019 and is the main agent of trading operations, designed to deliver results through the variation in electricity prices, within pre-established risk limits.

e.1.8) Lages Bioenergética Ltda. ("Lages")

Lages is a thermal power plant located in the municipality of Lages, state of Santa Catarina, which makes use of a 28.0 MW steam turbogenerator powered by wood residue.

e.1.9) ENGIE Comercializadora Varejista de Energia Ltda. ("ENGIE Varejista")

The corporate purpose of ENGIE Varejista is the retail sale of electricity, including the purchase, wholesale or retail, and the retail sale and import of electricity.

e.1.10) ENGIE Geração Solar Distribuída S.A. ("EGSD")

The corporate purpose of EGSD is to develop, sell in retail or wholesale, operate and maintain photovoltaic solar generators and panels with installed capacity below 5.0 MW.

In 2021, the Company recognized impairment of R$ 77,534, due to the firm intention to sell the subsidiary, whose preliminary appraisal of the sale value, net of estimated costs of sale, is lower than its book value. For purposes of consolidated financial statements, this impairment was allocated to property, plant and equipment.

	Amount
Trade accounts receivable	25,380
Income tax and social contribution credits	1,348
Inventories	25,484
Other current and non-current assets	14,829
Property, plant and equipment	9,463
Right to use leases	1,030
	77,534

e.1.11) ENGIE Brasil Energias Complementares Participações Ltda. ("ECP")

ECP is a holding company with the objective of participating in the capital of other companies and also concentrating the investments in projects related to complementary energy of the Company.

The capital increase in the subsidiary ECP was mainly allocated to investments in Umburanas – Phase I and Santo Agostinho Wind Power Complexes. The capital reduction results from the corporate restructuring at the companies in the transmission segment to improve the administrative and corporate organization.

The following table presents financial information for the most significant subsidiaries of ECP for the year ended 12.31.2021.

	Capital	Assets	Liabilities	Shareholders' equity	Net Revenue	Net Income (loss)	Interest (%)
CECL[1]	1,547,566	4,243,356	2,560,355	1,683,001	459,773	52,945	99.99
CETR[2]	716,865	1,034,564	163,276	871,288	202,990	66,316	99.99
CESA[3]	365,156	431,894	11,305	420,589	-	(2,179)	99.99
CEUR[4]	297,345	1,769,398	1,430,189	339,209	284,999	(33,528)	99.99
Assú[5]	126,947	237,720	107,925	129,795	26,496	(2,512)	99.99
Tupan	58,879	92,762	15,379	77,383	(32)	(7,468)	99.99
Ferrari	54,440	131,439	51,685	79,754	71,482	48,249	99.99
Ibitiúva	38,501	133,254	61,468	71,786	37,107	24,907	95.00
Hidropower	33,393	72,130	20,189	51,941	624	(4,522)	99.99

(1) Campo Largo and Conjunto Eólico Campo Largo II Wind Power Complexes.
(2) Trairí Wind Power Complex.
(3) Santo Agostinho Wind Power Complex.
(4) Umburanas Wind Power Complex – Phase I.
(5) Assú Photovoltaic Complex.
Further details on installed capacity and physical guarantee are included in Note 14 – Property, plant and equipment.

At 12.31.2021, the effects on ECP's consolidated assets deriving from the allocation of the fair value of the rights linked to authorizations and other rights acquired in the business combination total R$ 358,975 (R$ 330,446 at 12.31.2020).

- Campo Largo and Campo Largo II Wind Power Complexes ("CECL")

CECL is formed by a set of wind power projects, all of which located in the cities of Umburanas and Sento Sé, Bahia, with total installed capacity of 687.9 MW. CECL is composed of two wind power complexes formed by two holding companies, Campo Largo and Campo Largo II, to hold interest in 11 SPEs each.

- Trairí Wind Power Complex ("CETR")

CETR is formed by a set of wind power projects with total installed capacity of 216.6 MW, all located in the city of Trairí, Ceará. The complex is formed by two holding companies established to focus the investments on four SPEs each.

- Santo Agostinho and Santo Agostinho II Wind Power Complexes ("CESA")

CESA is formed by two wind power projects with total installed capacity of 600.0 MW, all located in the cities of Lajes and Pedro Avelino, Rio Grande do Norte. The complexes house one holding company (Santo Agostinho Participações Ltda.) formed to concentrate the investments in 14 SPEs, whose construction started in 2021, and the Santo Agostinho II Wind Power Complex, composed of 10 SPEs, in the study phase.

- Umburanas Wind Complex – Phase I ("CEUR")

The Umburanas Wind Complex located in the city of Umburanas, Bahia, has installed capacity of 360.0 MW and started operations in early 2019. The complex consists of a holding company set up to focus the investments on 18 SPEs.

- Assú Photovoltaic Power Complex ("Assú")

In 2015 and 2016, the direct subsidiary ECP acquired projects to implement five photovoltaic plants in the city of Assú, Rio Grande do Norte. Until 12.31.2021, ECP, through its direct subsidiary Assú V, executed one of the projects acquired, the Assú V Photovoltaic Plant, whose installed capacity is 30 MW and commercial start-up occurred in December 2017.

e.2)Joint Operation - Itá Energética S.A. ("Itasa")

ENGIE Brasil Energia has joint control over Itasa, with a 48.75% share in the voting and paid-up capital of the company. The Company and Itasa own the exploration rights over the Itá Hydroelectric Power Plant, situated on the Uruguay River, on the border of the Brazilian States of Rio Grande do Sul and Santa Catarina, by means of a consortium in which Itasa has a 60.5% share and ENGIE Brasil Energia has 39.5%.

The main groups, of assets, liabilities and income statement of Itasa, as shown below, are consolidated in ENGIE Brasil Energia's consolidated financial statements proportionally to its equity interest in the capital of this Company, since that Company has its legal personality.

Balance Sheet	12.31.2021	12.31.2020
ASSETS		
Current assets	**63,455**	**82,519**
Cash and cash equivalents	42,501	65,793
Other current assets	20,954	16,726
Non-current assets	**377,843**	**450,764**
Long-term assets	19,578	24,361
Property, plant and equipment	358,260	426,396
Intangible assets	5	7
TOTAL	**441,298**	**533,283**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	54,135	25,763
Non-current liabilities	3,676	7,989
Shareholders' equity	383,487	499,531
TOTAL	**441,298**	**533,283**

Statement of Income	12.31.2021	12.31.2020
Net operating revenue	221,025	163,048
Costs of energy sold	(148,599)	(142,480)
GROSS PROFIT	**72,426**	**20,568**
Operating expenses		
Administrative and general expenses	(2,143)	(3,307)
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES	**70,283**	**17,261**
Financial result	**1,275**	**1,183**
INCOME BEFORE INCOME TAXES	**71,558**	**18,444**
Income tax and social contribution	(24,390)	(6,147)
NET INCOME FOR THE YEAR	**47,168**	**12,297**

e.3)Joint Venture – Transportadora Associada de Gás ("TAG")

TAG has an infrastructure of gas pipelines spanning approximately 4,500 km, 12 gas compression facilities (six own and six subcontracted) and 91 delivery points.

On 7.20.2020, the acquisition agreement was signed for additional ownership interest of 3.25% in TAG, of the 10% still held by Petrobras, for R$ 327,168, of which R$ 227,707 corresponds to capital increase and R$ 99,461 corresponds to goodwill on expected future profitability.

The main asset and liability groups of TAG on 12.31.2021 and 12.31.2020 were:

Balance Sheet	12.31.2021	12.31.2020
ASSETS		
Current assets	**2,078,666**	**2,220,358**
Cash and cash equivalents	438,756	436,623
Trade accounts receivable	1,438,717	1,556,009
Unrealized gains from hedge operations	-	18,621
Other current assets	201,193	209,105
Non-current assets	**31,154,609**	**32,304,110**
Restricted deposits	115,062	202,596
Unrealized gains from hedge operations	-	29,114
Other long-term assets	545,019	168,641
Property, plant and equipment	27,742,350	29,184,762
Intangible assets	2,752,178	2,718,997
Total	**33,233,275**	**34,524,468**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**3,707,266**	**3,874,276**
Borrowings, financing and debentures	3,377,487	3,249,964
Unrealized losses from hedge operations	10,781	298,041
Other current liabilities	318,998	326,271
Non-current liabilities	**22,778,150**	**23,722,784**
Borrowings, financing and debentures	19,631,769	21,608,889
Unrealized losses from hedge operations	412,051	910,232.00
Deferred income tax and social contribution	2,074,655	1,072,837
Other non-current liabilities	659,675	130,826
Shareholders' equity	**6,747,859**	**6,927,408**
Total	**33,233,275**	**34,524,468**
Company's interest in shareholders' equity	**2,193,054**	**2,251,408**

Equity income (loss) of the Company was composed of the following items:

	2021	
	12M21	*Company's interest*
TAG		
Net operating income	7,070,792	2,298,007
Cost of services rendered	(2,470,304)	(802,849)
Gross income	**4,600,488**	**1,495,158**
General, administrative and other expenses	(169,395)	(55,053)
Profit before financial result and taxes	**4,431,093**	**1,440,105**
Financial result	(1,620,187)	(526,561)
Profit before taxes	**2,810,906**	**913,544**
Income tax and social contribution	(958,642)	(311,559)
Net income of TAG	**1,852,264**	**601,985**
Impact on ENGIE's equity income		**601,985**

	2020			
	12M20	1.1 to 7.19 (29.25%)	7.20 to 12.31 (32.5%)	*Company's interest*
TAG				
Net operating income	6,003,841	3,094,043	2,909,798	1,850,692
Cost of services rendered	(2,243,513)	(1,211,693)	(1,031,820)	(689,762)
Gross income	**3,760,328**	**1,882,350**	**1,877,978**	**1,160,930**
General, administrative and other expenses	(140,103)	(80,534)	(59,569)	(42,916)
Profit before financial result, interest and taxes	**3,620,225**	**1,801,816**	**1,818,409**	**1,118,014**
Financial result	(1,445,038)	(714,682)	(730,356)	(446,410)
Profit before taxes	**2,175,187**	**1,087,134**	**1,088,053**	**671,604**
Income tax and social contribution	(580,774)	(129,188)	(451,586)	(184,553)
Net income of TAG	**1,594,413**	**957,946**	**636,467**	**487,051**
Impact on EBE's equity income				**487,051**

e.4)Sale of subsidiary – Diamante

On 10.18.2021, after the conditions precedent established in QPA were fulfilled, the shares held by the Company and EBC in Diamante were sold. On that date, the company ceased to be a subsidiary of the Company and is also not consolidated in the books. The acquisition price for 100% of the shares in Diamante will be up to R$ 325,000, payable in two installments: (i) R$ 210,000 – received while closing the operation; and (ii) up to R$ 115,000, subject to the achievement of an operating margin from revenues other than the energy agreement signed between EBC and Diamante. As such, on 10.18.2021, the Company booked R$ 320,896 as revenue from the sale of the subsidiary, of which R$ 110,896 corresponds to the estimated amount receivable related to item (ii) above and will be received in the future, adjusted by the IPCA. On 12.31.2021, the amount receivable was R$ 114,233 and is shown under "Other non-current assets".

Following is the reconciliation of the amounts shown in the line "Sale of subsidiary":

	Amount
Revenue from sale of subsidiary	320,896
(-) Cost of sale	(17,086)
	303,810
Net assets of the subsidiary	(503,953)
Result from sale	**(200,143)**

The main assets and liabilities of Diamante sold on 10.18.2021 are shown below:

	Book value		Book value
CURRENT ASSETS		**CURRENT LIABILITIES**	
Cash and cash equivalents	38,318	Trade accounts payable	79,053
Trade accounts receivable	159,957	Labor obligations	15,719
Inventories	61,320	Fuels payable to CDE	23,933
Fuels to reimburse	161	Income tax and social contribution payable	27,468
Other current assets	14,188	Other current assets	19,630
	273,944		**165,803**
NON-CURRENT ASSETS		**NON-CURRENT ASSETS**	
Long-term assets		Fuels payable to CDE	6,782
Deferred tax assets	931	Other non-current assets	949
Other non-current assets	741		**7,731**
	1,672		
Property, plant and equipment	**401,778**		
Intangible assets	**93**		
	403,543		
Total assets	**677,487**	**Total liabilities related to the assets**	**173,534**

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

Accounting practice:

Measurement

The assets that compound the property, plant and equipment are recorded at acquisition or construction cost. The interests and other financial charges arising from loans, financing and debentures related to the constructions in progress are calculated as the cost of the respective fixed asset, likewise the gains and losses from cash flow hedge recorded as equity, which qualify as property, plant and equipment. The present value of the cost expected for demobilization of an asset after its use, when applicable, is included in the cost of the respective asset.

The costs of property, plant and equipment are deducted from accumulated depreciations and provisions for asset impairment, when applicable.

The assets, or set of assets, that had accounting values significantly different from their fair values on the date of adoption of new accounting practices in Brazil, on 1.1.2009, started to have their fair value taken as deemed cost in assets.

The components of certain assets that are regularly replaced during the economic useful life of the asset are recognized as separate assets and then depreciated for the expected period for the substitution. The costs incurred in small regular maintenance activities and also routine activities are recognized in the profit or loss, when incurred.

In the consolidated statements, the Company recognizes the fair values of intangible assets arising from the concession of or authorization to use public assets, acquired in a business combination, as a single asset in the group of property, plant and equipment. This procedure was adopted in view of the impossibility of these fixed and intangible assets to be sold or transferred separately and to the similar durations of said rights and useful lives of the assets.

Depreciation

Depreciation of fully operating assets is calculated by the straight-line method, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated useful life of the assets, except for the initial investments in generation assets, whose plants have public utility concession. These investments are depreciated based on the useful lives defined by Aneel, limited to the period of concession of the power plants.

The residual value and useful life of the assets and the depreciation methods are reviewed at the end of each fiscal year and adjusted prospectively, as applicable.

Appraisal of recoverable value of asset – Impairment

The Company assesses, at least annually, the property, plant and equipment to identify evidence that could lead to impairment of the respective cash-generating units, or when events or significant changes indicate that their book values may not be recoverable. If it is identified that the book value of the asset exceeds its recoverable value, this provision for impairment is recognized in profit or loss for the year.

The recoverable amount of an asset is the highest of its value in use and its fair sale value, net of costs required to carry out the sale. Value in use corresponds to discounted cash flows, before taxes, generated by using the asset during its useful life.

a) Breakdown

		Parent Company					
		12.31.2021			12.31.2020		
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
In service							
Machinery and equipment	3.5%	4,225,096	(2,670,299)	1,554,797	4,229,755	(2,617,771)	1,611,984
Reservoirs, dams and ducts	3.0%	5,125,655	(3,563,538)	1,562,117	5,110,695	(3,425,282)	1,685,413
Buildings and improvements	3.3%	1,285,705	(895,499)	390,206	1,283,888	(854,978)	428,910
Furniture and fixtures	6.3%	8,848	(4,955)	3,893	8,775	(4,546)	4,229
Vehicles	14.3%	2,242	(1,967)	275	2,233	(1,933)	300
Special obligations		(43,122)	10,179	(32,943)	(49,655)	8,302	(41,353)
		10,604,424	**(7,126,079)**	**3,478,345**	**10,585,691**	**(6,896,208)**	**3,689,483**
In progress							
Reservoirs, dams and ducts		3,363	-	3,363	1,809	-	1,809
Machinery and equipment		57,031	-	57,031	82,577	-	82,577
Buildings and improvements		178	-	178	1,035	-	1,035
Advances to suppliers		28,587	-	28,587	29,666	-	29,666
Acquisitions to be apportioned		17,656	-	17,656	20,979	-	20,979
		106,815	**-**	**106,815**	**136,066**	**-**	**136,066**
		10,711,239	**(7,126,079)**	**3,585,160**	**10,721,757**	**(6,896,208)**	**3,825,549**

		Consolidated					
		12.31.2021			12.31.2020		
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
In service							
Machinery and equipment	5.0%	14,477,081	(4,547,079)	9,930,002	16,255,557	(6,295,200)	9,960,357
Reservoirs, dams and ducts	3.2%	7,302,708	(4,376,635)	2,926,073	7,287,590	(4,163,724)	3,123,866
Buildings and improvements	3.5%	2,063,775	(1,084,261)	979,514	2,187,460	(1,207,346)	980,114
Furniture and fixtures	6.3%	12,625	(5,954)	6,671	15,185	(7,200)	7,985
Vehicles	14.3%	4,540	(3,531)	1,009	5,869	(4,230)	1,639
Special obligations		(43,247)	10,179	(33,068)	(50,146)	8,475	(41,671)
		23,817,482	**(10,007,281)**	**13,810,201**	**25,701,515**	**(11,669,225)**	**14,032,290**
In progress							
Machinery and equipment		200,473	-	200,473	565,396	-	565,396
Reservoirs, dams and ducts		7,308	-	7,308	14,848	-	14,848
Buildings and improvements		44,184	-	44,184	68,312	-	68,312
Advances to suppliers		255,177	-	255,177	737,400	-	737,400
Acquisitions to be apportioned		61,444	-	61,444	119,591	-	119,591
		568,586	**-**	**568,586**	**1,505,547**	**-**	**1,505,547**
		24,386,068	**(10,007,281)**	**14,378,787**	**27,207,062**	**(11,669,225)**	**15,537,837**

b) Changes in property, plant and equipment

	Parent Company						
	Machinery and equipment	Reservoirs, dams and ducts	Buildings and improvements	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2019	**1,716,815**	**1,817,907**	**468,566**	**4,628**	**107,450**	**(43,227)**	**4,072,139**
Additions	-	-	-	-	44,053	-	44,053
Transfers	15,523	(999)	272	641	(15,437)	-	-
Write-offs	(6,096)	-	-	(165)	-	-	(6,261)
Depreciation	(114,258)	(131,495)	(39,928)	(575)	-	1,874	(284,382)
Balance at 12.31.2020	**1,611,984**	**1,685,413**	**428,910**	**4,529**	**136,066**	**(41,353)**	**3,825,549**
Additions	-	-	-	-	55,243	-	55,243
Reversal of impairment	1,072	-	11	-	-	-	1,083
Transfers	72,231	10,692	1,512	59	(84,494)	-	-
Write-offs	(10,128)	-	(8)	(1)	-	6,533	(3,604)
Depreciation	(120,362)	(133,988)	(40,219)	(419)	-	1,877	(293,111)
Balance at 12.31.2021	**1,554,797**	**1,562,117**	**390,206**	**4,168**	**106,815**	**(32,943)**	**3,585,160**

	Consolidated						
	Machinery and equipment	Reservoirs, dams and ducts	Buildings and improvements	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2019	**10,571,648**	**3,325,334**	**1,044,663**	**9,725**	**422,399**	**(43,558)**	**15,330,211**
Additions	-	-	-	-	1,094,465	-	1,094,465
Additions – Provision for divestment	-	-	-	-	2,981	-	2,981
PIS and Cofins credits	(29,413)	-	-	-	-	-	(29,413)
Capitalized interest, inflation adjustment and depreciation	-	-	-	-	55,657	-	55,657
Impairment	(57,927)	-	-	-	-	-	(57,927)
Transfers	57,566	9,848	1,045	1,496	(69,955)	-	-
Write-offs	(7,196)	-	-	(151)	-	-	(7,347)
Depreciation	(574,321)	(211,316)	(65,594)	(1,446)	-	1,887	(850,790)
Balance at 12.31.2020	**9,960,357**	**3,123,866**	**980,114**	**9,624**	**1,505,547**	**(41,671)**	**15,537,837**
Additions	-	-	-	-	1,004,300	-	1,004,300
Additions – Provision for divestment	-	-	-	-	33,780	-	33,780
Capitalized interest, inflation adjustment and depreciation	-	-	-	-	80,159	-	80,159
Impairment, net	(1,014,165)	-	5,855	223	-	-	(1,008,087)
Transfers	1,852,099	18,189	74,826	342	(1,945,456)	-	-
Write-offs due to sale of subsidiary	(271,808)	(2,873)	(16,303)	(1,234)	(109,744)	184	(401,778)
Write-offs	(11,566)	-	(8)	(2)	-	6,714	(4,862)
Depreciation	(584,915)	(213,109)	(64,970)	(1,273)	-	1,705	(862,562)
Balance at 12.31.2021	**9,930,002**	**2,926,073**	**979,514**	**7,680**	**568,586**	**(33,068)**	**14,378,787**

c) Breakdown of property, plant and equipment in consolidated services, by type of generation plants and transmission lines

	Parent Company				
	12.31.2021				12.31.2020
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Net amount
Hydroelectric Power Plants	3.2%	10,604,424	(7,126,079)	3,478,345	3,689,483
		10,604,424	**(7,126,079)**	**3,478,345**	**3,689,483**

	Consolidated				
	12.31.2021				12.31.2020
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Net amount
Hydroelectric power plants	4.4%	14,823,798	(8,687,831)	6,135,967	6,475,858
Wind power plants	2.7%	6,325,708	(706,865)	5,618,843	4,135,726
Thermal power plants	4.1%	1,873,713	(286,379)	1,587,334	2,979,361
Solar power plants	3.6%	235,060	(32,394)	202,666	192,852
Biomass power plants	4.7%	366,699	(198,881)	167,818	162,280
SHPP	4.0%	174,768	(94,931)	79,837	86,213
Transmission lines[1]	5.0%	17,736	-	17,736	-
		23,817,482	**(10,007,281)**	**13,810,201**	**14,032,290**

(1) Only administrative assets related to the transmission segment are recorded as property, plant and equipment. Further information is available in Note 11 – Contract Asset.

d) Depreciation

The useful lives set by Aneel, which correspond to the estimated useful life of assets, for the main groups of assets which make up the generator parks of the Company, are the following:

	Correlation with "a" table	Depreciation (% p.a.)	Average useful life (years)
Reservoirs and dams	Reservoirs, dams and water mains	2.0	50
Buildings and improvements	Buildings and improvements	3.3	30
Generators	Machinery and equipment	3.3	30
Boilers	Machinery and equipment	4.0	25
Hydraulic Turbines	Machinery and equipment	2.5	40
Engine Rooms	Buildings and improvements	2.0	50
Wind Turbines (aerogenerators)	Machinery and equipment	5.0	20
General Equipment	Machinery and equipment / Furniture and fixtures /Vehicles	6.3	16

Note that initial investments in generation assets, whose plants hold a public service concession, are depreciated based on the useful lives defined by Aneel and limited to the concession period of the plants.

The amounts of fully depreciated items, which make up the value of the cost and depreciation, at 12.31.2021 and 12.31.2020, were as follows:

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Machinery and equipment	797,020	940,569	2,892,458	2,544,028
Reservoirs, dams and pipelines	713,327	713,316	715,783	713,316
Buildings and improvements	59,398	37,892	188,701	69,322
Vehicles	1,741	873	3,550	2,313
Furniture and fixtures	2,075	1,786	3,101	2,595
	1,573,561	**1,694,436**	**3,803,593**	**3,331,574**

Depreciation of assets comprising the Original Project of the Hydroelectric Power Plants under concession

The Management of the Company, solely based on the interpretation of Law 8,987/95 and Decree 2,003/96, considers that there is no guarantee of restitution by the Granting Power of the residual value of the Original Project of the hydroelectric projects at the end of the concession and authorization terms.

Therefore, these assets are depreciated based on the rates determined by Aneel, limited to the concession term, even though the agreements and the law provide the possibility of renewing said concessions and authorizations.

e) Fair value adjustment of property, plant and equipment

In compliance with the guidelines of accounting pronouncements, on 1.1.2009, date of the adoption of the international financial reporting standards (IFRS) and the standards provided by CPC, the Company adopted the fair value as the deemed cost of property, plant and equipment of its plants whose book values differed substantially from their fair value.

The adjustment to the fair value of property, plant and equipment, net of deferred income tax and social contribution was offset by the 'Asset Valuation Adjustments' account under Shareholders' Equity. Depreciation and write-off of said adjustment to assets will not produce any effects on the income tax and social contribution calculation base or on the dividend distribution base.

Changes in fair value adjustment

	Consolidated
	Fair value adjustment
Balance at 12.31.2019	**481,448**
Depreciation	(53,831)
Balance at 12.31.2020	**427,617**
Write-off due to sale of subsidiary	143,205
Depreciation	(65,849)
Balance at 12.31.2021	**504,973**

f) Record of the onerous concessions contracted or acquired in a business combination

The Company, for the purpose of preparing the consolidated information, considered as reference to record the onerous concessions and authorizations granted by the Federal Government for the use of public assets to generate electricity, contracted or acquired in a business combination, the IFRS 3 - Business Combination Application Guide, which enables the recognition of the fair value for the concession and the property, plant and equipment as the single asset in the financial statements, when these assets can no longer be sold or transferred separately.

In accordance with this pronouncement, the Company recognized the onerous concession and the authorizations contracted or acquired in a business combination as a single asset in the property, plant and equipment group, broken-down by the nature of the assets proportionally to their cost of acquisition. This procedure has already been adopted by the Company before the adoption of IFRS and CPC became compulsory, in 1.1.2009, and was maintained for transactions after that date in order to maintain the consistency of procedures.

The balance of concessions to use public assets for power generation, in Property, Plant and Equipment, on 12.31.2021 was R$ 480,619 (R$ 515,307at 12.31.2020) at the parent company, and R$ 559,849 (R$ 599,633 at 12.31.2020) in the consolidated.

g) Appropriation of financial charges

Financial charges linked to loans, financings, debentures and concession payables, as well as finance charges and depreciation linked to lease agreements, are capitalized in property, plant and equipment assets in progress during the construction of the power plants and, after the conclusion of construction, transferred to the property, plant and equipment assets in operation.

h) Impairment

At least once a year, the Company evaluates the need to establish a provision for impairment. Following are the impairment amounts booked in 2021 and 2020:

	Consolidated	
	2021	2020
Recording of impairment of property, plant and equipment	**(1,089,435)**	**(57,927)**
Diamante	-	(57,927)
Pampa Sul	(1,079,972)	-
EGSD	(9,463)	-
Reversal of impairment of property, plant and equipment	**81,348**	**-**
Diamante	57,927	-
Lages	22,338	-
Other	1,083	-
Impairment of property, plant and equipment	**(1,008,087)**	**(57,927)**
Recording of impairment of intangible assets	**-**	**(40,828)**
EGSD	-	(40,828)
Recording of impairment of other assets	**(68,071)**	**-**
EGSD	(68,071)	-
Total impairment	**(1,076,158)**	**(98,755)**

Constitution of impairment: (i) R$ 1,079,972 due to the firm intention to sell Pampa Sul; and (ii) R$ 9,463 related to the intention to sell EGSD. For more information see Note 13 – Investments.

Reversal of impairment: (i) R$ 57,927, due to the review of the shutdown of Jorge Lacerda Thermal Power Complex units 1 and 2, mainly due to the progress made in the process of selling Diamante; and (ii) R$ 22,338, due to the operational startup of Lages Thermal Power Plant and the consequent expectation of future cash generation, given the higher dispatch from thermal power plants as a result of the water crisis.

i) Regulatory agency concessions and authorizations

i.1) Concessions of hydroelectric power plants

Concessions	Concession holder	Installed capacity (MW)[2]	Physical guarantee (avg. MW)[2]	Date of minutes	Expiration
Salto Santiago HPP	ENGIE Brasil Energia	1,420	733	09.1998	11.2030
Salto Osório HPP	ENGIE Brasil Energia	1,078	503	09.1998	04.2031
Passo Fundo HPP	ENGIE Brasil Energia	226	113	09.1998	04.2031
Itá HPP	ENGIE Brasil Energia /Itasa	1,450	741	12.1995	12.2032
Machadinho HPP	ENGIE Brasil Energia	1,140	547	07.1997	10.2035
Cana Brava HPP	ENGIE Brasil Energia	450	261	08.1998	12.2035
Ponte de Pedra HPP	ENGIE Brasil Energia	176	134	10.1999	03.2037
São Salvador HPP	ENGIE Brasil Energia	243	148	04.2002	06.2040
Estreito HPP	CEE	1,087	641	12.2002	02.2043
Jaguara HPP[1]	Jaguara	424	341	12.2017	06.2048
Miranda HPP[1]	Miranda	408	198	12.2017	06.2048

(1) For more details, see Note 11 - Concession financial asset. Only the amounts related to administrative assets are booked under Property, plant and equipment.
(2) Total amounts, including the amount related to other companies in the consortia.
(3) Considers the extension periods established in Laws 14,052/2020 and 14,182/2021.

Participation of ENGIE Brasil Energia and subsidiaries in consortia

Consortiums	Installed capacity (MW)	Physical guarantee (MW average)
Itá HPP	1,127	565
Machadinho HPP	404	165
Estreito HPP	434	257

For the Itá and Machadinho consortia, during the concession extension period resulting from the renegotiation of hydrological risk, as explained in Note 15 - Intangible assets, the Company has 100% of the physical guarantee of the plants.

i.2) Authorizations for thermal, small hydroelectric and wind power plants

Authorizations	Authorization holder	Installed capacity (MW)[1]	Physical guarantee (avg. MW)[1]	Date of minutes	Expiration
Thermal Power Plants (TPP)					
Pampa Sul TPP	Pampa Sul	345	324	03,2015	03,2050
Ibitiúva Bioenergética TPP	Andrade Consortium[2]	33	14	04,2000	04,2030
Lages Cogeneration Unit	Lages	33	14	10,2002	10,2032
Ferrari TPP	Ferrari TPP	80	36	07,2007	07,2042
Small Hydroelectric Power Plants (SHPP)					
Rondonópolis SHPP	Tupan	27	14	12,2002	12,2032
Engenheiro José Gelazio da Rocha SHPP	Hidropower	24	12	12,2002	12,2032
Wind Power Plants (WPP)					
Trairí Wind Power Complex	Complex's SPEs	213	98	09,2011 e 01,2015	09,2041, 01 e 02,2045
Campo Largo WPP III, IV, VI and VII	CLWP Eólicas	119	60	07,2015	07,2050
Campo Largo WPP V and XXI	CLWP Eólicas	59	29	08,2015	08,2050
Campo Largo WPP I, II, XV, XVI and XVIII	CLWP Eólicas	148	77	05,2017	05,2052
Campo Largo WPP VIII-XIV, XVII, XIX, XX, XXII	CLWP Eólicas	361	192	12,2019	12,2054
Tubarão P&D WPP	ENGIE Brasil Energia	2	0.3	05,2015	N.A.
Umburanas WPP 1-3.5-6.9-11.13.15-16.18	Umburanas Eólicas	234	142	08,2014	08,2049
Umburanas WPP 8	Umburanas Eólicas	25	15	10,2014	10,2049
Umburanas WPP 17	Umburanas Eólicas	22	13	07,2015	07,2050
Umburanas WPP 19, 21, 23 e 25	Umburanas Eólicas	80	44	08,2015	08,2050
WPP – Under construction					
Santo Agostinho WPP 1-6.13.14.17.18.21.25-27	Eólicas Santo Agostinho	434	-	05,2021	05,2056
Photovoltaic solar power plants					
Assú V Photovoltaic Complex	Assú V	34	9	06,2016	06,2051
Nova Aurora	ENGIE Brasil Energia	3	0.3	04,2014	N.A.

(1) For generating plants with capacity equal to or lower than 5 MW, the applicable legal instrument is registration.
(2) Consortium members are: Ibitiúva Bioenergética S.A. (72.9%) and Andrade Açúcar e Álcool S.A. (27.1%).

The Company has 22.9 average MW and 12.0 average MW of the installed capacity and physical guarantee of Ibitiúva Bioenergética Power Plant, respectively, which corresponds to its interest as shareholders or consortium member.

Alegrete Thermal Power Plant had its authorization revoked in February 2014, and there is an ongoing process to return the Plant to the Federal Government.

i.3) Unavailability of assets

The assets and facilities used in the production, transmission, distribution and sale of electricity are linked to those services and cannot be removed, sold, assigned or pledged in mortgage guarantee without the previous and express authorization of the Regulatory Agency. Aneel regulates the release of assets from the concessions of the Public Electricity Service, granting prior authorization to release the property and other fixed assets not usable by the concession when they are destined for sale, and also determining that the sales proceeds less respective charges be deposited in a restricted bank account to be invested in the concession.

j) Demobilization provision

The Company continues to recognize in its property, plant and equipment the provision of costs arising from the demobilization of its wind farms, based on the present value of expected cash flows for meeting the obligation to withdraw the assets related to those farms and to restore the site at the end of the authorization periods.

			Consolidated			
			12.31.2021			12.31.2020
	Discount rate	Amortization period	Cost	Accumulated depreciation	Net amount	Net amount
Campo Largo Wind Power Complex	3.59%	2050 and 2054	90,415	(1,919)	88,496	56,110
Umburanas Wind Power Complex	3.59%	2049 and 2050	73,504	(3,133)	70,371	71,937
Trairí Wind Power Complex	3.59%	2041 and 2045	56,849	(2,087)	54,762	55,805
Assú V	3.61%	2051	3,307	(67)	3,240	2,981
			224,075	**(7,206)**	**216,869**	**186,833**

The real discount rate used to calculate the present value was based on the rates of public securities with maturity similar to the end of authorizations.

NOTE 15 – INTANGIBLE ASSETS

Accounting Practice: Are registered at acquisition cost or at the fair value of the intangible assets acquired in a business combination.

In addition, the Company recognized intangible assets arising from the right to extend the concession, in view of the adhesion to the renegotiation of hydrological risk to compensate the Company for costs incurred in the past, as provided for in Federal Laws 14,052/2020 and 14,182/2021, at fair value, which is usually equivalent to the amount defined and made available by Aneel. This right was recognized when it became virtually certain, as a corresponding entry to "Operating costs – Renegotiation of hydrological risk."

Intangible assets with definite life are amortized at the straight-line method, based on commercial contracts or contracts of concession and authorization. Intangible assets with undefined useful life are not amortized, but tested annually for any impairment loss.

Appraisal of recoverable value of intangible asset - Impairment

The Company assesses, at least annually, the property, plant and equipment to identify evidence that could lead to impairment of the respective cash-generating units or intangible assets, or when events or significant changes indicate that their book values may not be recoverable. If it is identified that the book value of the asset exceeds its recoverable value, this provision for impairment is recognized in profit or loss for the year.

The recoverable amount of an asset is the highest of its value in use and its fair sale value, net of costs required to carry out the sale. Value in use corresponds to discounted cash flows, before taxes, generated by using the asset during its useful life.

a) Breakdown

		Parent Company					
		12.31.2021			12.31.2020		
	Amortization period	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Right to extend the concession	Until 2040	2,404,041	(105,795)	2,298,246	967,681	-	967,681
Right to use	Until 2027	174,139	(65,209)	108,930	139,271	(71,417)	67,854
		2,578,180	**(171,004)**	**2,407,176**	**1,106,952**	**(71,417)**	**1,035,535**

		Consolidated					
		12.31.2021			12.31.2020		
	Amortization period	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Right to extend the concession	Until 2048	2,558,505	(106,254)	2,452,251	967,681	-	967,681
Grant bonus							
Jaguara	Until 2048	620,327	(85,952)	534,375	620,327	(65,324)	555,003
Miranda	Until 2048	411,223	(56,979)	354,244	411,223	(43,304)	367,919
		1,031,550	**(142,931)**	**888,619**	**1,031,550**	**(108,628)**	**922,922**
Project rights – under operation							
WPPs in operation	Until 2054	110,793	(11,807)	98,986	74,153	(9,644)	64,509
SPP in operation	Until 2051	3,039	(523)	2,516	3,039	(401)	2,638
		113,832	**(12,330)**	**101,502**	**77,192**	**(10,045)**	**67,147**
Project rights – under development							
WPPs under construction/development		76,376	-	76,376	124,758	-	124,758
SPP under construction/development		56,163	-	56,163	12,155	-	12,155
Novo Estado transmission system		236,021	-	236,021	236,021	-	236,021
		368,560	**-**	**368,560**	**372,934**	**-**	**372,934**
		482,392	**(12,330)**	**470,062**	**450,126**	**(10,045)**	**440,081**
Right to use assets	Until 2027	228,407	(91,852)	136,555	162,746	(76,124)	86,622
Energy purchase right	Until 2023	64,561	(54,139)	10,422	64,561	(48,124)	16,437
Premium – Novo Estado		80,247	-	80,247	80,247	-	80,247
		4,445,662	**(407,506)**	**4,038,156**	**2,756,911**	**(242,921)**	**2,513,990**

a.1) Right to extend the concession –renegotiation of hydrological risk

On 9.8.2020, Federal Law 14,052 came into effect, which partially amended Federal Law 13,023 of 2015, and established new conditions for renegotiation of hydrological risk of energy generation. Federal Law 14,052 determined that the owners of hydroelectric power plants participating in the MRE may be compensated for effects arising from (i) restrictions to energy distribution due to delay in the operational startup or operational startup under unsatisfactory technical condition of energy transmission facilities dedicated to distribution; and (ii) the difference between the physical guarantee granted in the motorization phase and the effective aggregation amounts of each motorized generating unit on the National Interconnected System (SIN), and that said compensation will be made through an extension of the concession period, limited to 7 years, calculated based on the parameters applied by Aneel.

On 12.1.2020, Aneel issued Normative Resolution 895, which established the methodology to calculate the compensation and the procedures for renegotiating the hydrological risk.

To be eligible for the compensations set forth in Federal Law 14,052/2020, the owners of hydroelectric power plants participating in the MRE must: (i) withdraw any lawsuits claiming exemption or mitigation of hydrological risks related to MRE; (ii) waive any allegation and/or new lawsuits related to the exemption or mitigation of hydrological risks related to MRE; and (iii) not have renegotiated the hydrological risk.

At a meeting held on 12.15.2020, the Board of Directors approved the adhesion of the Company to said hydrological risk renegotiation.

On 3.2.2021, CCEE published the revised calculation of compensations, which encompassed: (i) the application of discount rate on the calculation of concession renewals; (ii) the consideration of impacts arising from the lapse of concessions of Abengoa and Isolux in the distribution to Belo Monte HPP; and (iii) the recognition of the right of plants under the quota regime, eligible under Law 13,783/13, to the compensations calculated in accordance with Law 14,052/20. This revision resulted in the addition of extension days for some of the Company's plants.

In July 2021, Federal Law 14,182 was enacted, which addresses the privatization of Eletrobras and the retroactive effects of the Generation Scaling Factor (GSF), expressly ruling that for the period prior to the start of the period for renegotiating hydrological risk, the entire physical guarantee of the plants will be considered as the portion of energy not renegotiated for the purposes of receiving reimbursement.

Ratification Resolutions 2,919/2021 and 2,932/2021 approved the deadline for extending the concession of plants, with the second resolution related to the plants that were affected by the new treatment of the period prior to the start of the period for renegotiating hydrological risk.

On 12.31.2021, the Company had concluded the formalization process for adhering to the agreement under the conditions set by the above Ratification Resolutions, as authorized by its Board of Directors on 12.15.2020, including for Plants in which it participates through consortia, for which it obtained the consent of all consortium members at the end of 2021.

The extension of concession periods and the amounts by plant are:

Plants	Recognition events/ period					Concession extension
	Initial recognition	Revision of calculation by CCEE	Retroactive effects	Recognition of consortiums	Total recognized until 12.31.2021	
	December 2020	March 2021	September 2021	November 2021		(years)
Salto Santiago	459,796	16,382	74,222	-	550,400	2.1
Salto Osório	414,338	15,095	-	-	429,433	2.5
Cana Brava	31	-	151,940	-	151,971	2.4
Passo Fundo	92,606	3,866	-	-	96,472	2.5
São Salvador	22	-	76,549	-	76,571	3.1
Ponte de Pedra	888	-	68,963	-	69,851	2.4
Consortium						
Itá	-	-	-	547,198	547,198	2.2
Machadinho	-	-	-	482,145	482,145	3.2
Parent company	**967,681**	**35,343**	**371,674**	**1,029,343**	**2,404,041**	
Jaguara	-	10,329	-	-	10,329	0.5
Miranda	-	6,289	-	-	6,289	0.5
Consortium						
Estreito	-	-	-	137,846	137,846	5.1
Consolidated	**967,681**	**51,961**	**371,674**	**1,167,189**	**2,558,505**	

a.2) Grant bonus

The difference between the amount paid as bonus for the grant and the amount recorded as concession financial asset, as mentioned in Note 10 – Concession financial asset, represents the right to use the infrastructure of the Jaguara and Miranda Hydroelectric Power Plants to generate and sell energy in ACL. This amount was recognized under intangible assets and is being amortized using the straight-line method over the term of the concession of the Plants.

a.3) Right over projects

Rights over the projects in the table above arise from the fair value of the basic environmental projects, the certification of power generation, wind measurements, preliminary environmental licenses, studies on solar incidence and radiation and leasing agreements acquired jointly with the companies, on the acquisition date. The amortization of these rights will start after the wind farms start to operate commercially and will be recognized through the straight-line method over the term of the authorization for use of the assets.

a.4) Novo Estado Transmission System and Goodwill – Novo Estado

The Board of Directors of the Company, at a meeting held on 12.23.2019, approved the acquisition of all the shares of Sterlite Novo Estado Energia S.A. ("Novo Estado"), current Novo Estado Transmissora de Energia S.A. ("Novo Estado"), by Novo Estado Participações S.A. ("NEP"), Company's indirect subsidiary. On that date, NEP, as buyer, Sterlite Brazil Participações S.A. ("Sterlite Participações") as seller, and Novo Estado, as the consenting-intervening party, signed the stock purchase agreement.

The closing of the transaction was subject to the fulfillment of certain conditions precedent, which include approval of the sale by Aneel, which were fully met on 3.3.2020.

The Company assessed the acquisition and concluded that the assets acquired and liabilities assumed constitute a business, as defined by CPC 15 (R1) – Business Combinations. The price for acquiring 100% of Novo Estado's shares was up to R$ 410 million, considering the following criteria:

(a) ***Base purchase price:*** on the closing date of the transaction, the base purchase price of R$ 360 million was paid to the seller after deducting the amount deposited in the escrow account (R$ 43 million). More details on this deposit are presented in Note 6 – Restricted Deposits.

(b) ***Adjustment of purchase price:*** corresponds to the result of adjustments resulting from: (i) qualified expenses of the project in the period between the date of signing of the agreement and the closing of the transaction; and (ii) bonus of up to R$ 25 million, associated with hedge operations related to the acquisition of aluminum wire, for protection against exchange variation and aluminum prices. The adjustment was R$ 12 million, which was paid on 6.15.2020; and

(c) ***Bonus - BNDES:*** payment of up to R$ 25 million in the following events: (i) Novo Estado borrows a loan from BNDES at interest within the margin established in the share purchase agreement; or (ii) no financing is contracted until 12.31.2020. The indirect subsidiary Novo Estado signed a financing agreement with BNDES on 6.22.2020, and the financing conditions do not include payment of this bonus.

Considering the transaction closing date and the criteria mentioned above, the purchase price came to R$ 372 million.

The Company engaged an external valuation firm to ascertain the fair value of the assets acquired and liabilities assumed to set the acquisition price. Accordingly, the amount registered in the Company's intangible assets is as follows:

Balance Sheet – Novo Estado	Book value	Present value adjustment	Fair value
Current assets	**1,367**	**-**	**1,367**
Cash and cash equivalents	24	-	24
Deferred insurance expenses	1,234	-	1,234
Other current assets	109	-	109
Non-current assets	**159,521**	**236,021**	**395,542**
Long-term receivables	159,521	-	159,521
Contract asset	*153,279*	-	*153,279*
Other non-current assets	*6,242*	-	*6,242*
Intangible	-	236,021	236,021
Current liabilities	**(19,566)**	**-**	**(19,566)**
Non-current liabilities	**(5,229)**	**(80,247)**	**(85,476)**
Deferred income tax and social contribution[2]	(5,229)	(80,247)	(85,476)
Net assets	**136,093**	**155,774**	**291,867**

(1) The Company recognized R$ 80,247 as deferred income tax and social contribution on fair value adjustment of assets (surplus value).

Additionally, the Company calculated technical goodwill due to the recognition of deferred tax liability of R$ 80,247, as follows:

	Novo Estado
Consideration transferred	372,114
Book value of net assets	(136,093)
Fair value adjustment of net assets	(155,774)
Goodwill	**80,247**

The effects of surplus value and goodwill identified are presented in "Project rights – under development – Novo Estado transmission system" and "Goodwill – Novo Estado" in the table in this Note.

b) Changes in intangible assets

	Parent company		
	Right to extend concession	Right to use assets	Total
Balances at 12.31.2019	**-**	**49,717**	**49,717**
Addition	967,681	29,833	997,514
Amortization	-	(11,696)	(11,696)
Balances at 12.31.2020	**967,681**	**67,854**	**1,035,535**
Addition	1,436,360	66,125	1,502,485
Write-offs	-	(4,532)	(4,532)
Amortization	(105,795)	(20,517)	(126,312)
Balances at 12.31.2021	**2,298,246**	**108,930**	**2,407,176**

	Consolidated						
	Right to extend concession	Grant bonus	Project rights	Right to use assets	Energy purchase rights	Other	Total
Balances on 12.31.2019	**-**	**957,226**	**207,064**	**69,199**	**22,452**	**40,828**	**1,296,769**
Addition	967,681	-	-	29,820	-	-	997,501
Fair value of acquired project rights	-	-	236,021	-	-	-	236,021
Premium on acquired company	-	-	-	-	-	80,247	80,247
Recording of impairment	-	-	-	-	-	(40,828)	(40,828)
Amortization	-	(34,304)	(3,004)	(12,397)	(6,015)	-	(55,720)
Balances on 12.31.2020	**967,681**	**922,922**	**440,081**	**86,622**	**16,437**	**80,247**	**2,513,990**
Addition	1,590,825	-	44,008	65,338	-	-	1,700,171
Transfer	-	-	(10,720)	10,720	-	-	-
Write-offs	-	-	-	(4,532)	-	-	(4,532)
Write-off due to sale of subsidiary	-	-	-	(93)	-	-	(93)
Amortization	(106,255)	(34,303)	(3,307)	(21,500)	(6,015)	-	(171,380)
Balances on 12.31.2021	**2,452,251**	**888,619**	**470,062**	**136,555**	**10,422**	**80,247**	**4,038,156**

c) Asset impairment

At least once a year, the Company evaluates the need to establish a provision for impairment.

On 12.31.2021, no evidence was found of intangible assets with reported costs higher than their recovery values. On 12.31.2020, the Company recognized impairment of goodwill and surplus from the direct subsidiary EGSD in the amounts of R$ 18,522 and R$ 22,306, respectively. Further information is available in Note 13 – Investments and Note 14 – Property, plant and equipment.

NOTE 16 – SUPPLIERS

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Suppliers of property, plant and equipment and intangible assets	40,614	5,176	204,422	368,359
Electricity purchased for resale	38,845	78,572	187,840	140,958
Suppliers of materials and services	28,184	25,480	85,633	80,341
Charges for the use of the power grid	37,188	32,029	63,592	59,117
Trading operations	-	-	59,090	128,939
Transactions in the short-term market	38,969	-	39,288	12
Fossil fuels and biomass	-	-	10,097	84,026
Current liabilities	**183,800**	**141,257**	**649,962**	**861,752**
Suppliers of property, plant and equipment and intangible assets	7,471	-	14,625	11,088
Suppliers of materials and services	-	-	6,268	6,240
Non-current liabilities [1]	**7,471**	**-**	**20,893**	**17,328**
	191,271	**141,257**	**670,855**	**879,080**

(1) The amounts related to trade accounts payable in the long term are presented as part of "Other non-current liabilities."

The Company's average payment term is approximately 30 days, and no interest is charged on the balances, except for estimated future disbursements of property, plant and equipment, shown under the items "Suppliers property, plant and equipment and intangible assets", whose expected payment reflects the difference between current and non-current liabilities."

NOTE 17 – RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In order to conduct more efficiently risk evaluation and monitoring process in its business, the Company has the Risk Management Forum, which is responsible for: (i) analyzing and proposing inputs to the draft Risks and Opportunities Matrix; (ii) helping to identify of other business risks and opportunities; and (iii) approving the proposed Risks and Opportunities Matrix to be sent for approval by the Board of Executive Officers.

The Company's business, the financial conditions and the results of operations may be adversely affected by any of the following risk factors:

a) Market risk

The Company and its subsidiaries use financial instruments with the objective of hedging assets and liabilities, minimizing exposure to market risks, mainly in connection with fluctuations in interest rates, price indices and currencies and energy prices in operations resulting in the Company's exposure.

These risks are monitored by the Financial Forum that periodically evaluates the Company's exposure and propose operating strategies, control system and position and credit limits with other market partners. The Company does not perform financial operations in derivatives or any other instruments on a speculative basis, except for energy trading operations, described in item "a.4" below.

The main market risks to which the Company is exposed are as follows:

a.1) Risk related to debts and concessions with floating interest rates

This risk is related to the possibility of the Company incurring losses as a result of fluctuations in interest rates applied to its liabilities, affecting its financial expenses. The Company and its subsidiaries are exposed to floating interest rates linked to TJLP, DI rate, IGP-M and IPCA variations.

With respect to the risk of inflation acceleration, all prevailing electricity sale contracts, have an inflation adjustment clause for the application of IGP-M or IPCA, which represents a natural long-term hedge for debts and obligations indexed at inflation rates and/or linked to the variation in inflation, which is the case of debts linked to CDI.

Regarding the risk of floating interest rates, part of the Company's debt is linked to the TJLP, which usually follows the fluctuation in interest and inflation rates. Therefore, debt pegged to TJLP is usually hedged by the aforementioned adjustments to energy contracts. Note that, for agreements entered into by 12.31.2018, any amount corresponding to the portion of TJLP that exceeds 6% p.a. is added to the principal of the debt, which mitigates the immediate impact on the Company's cash flow, in case of an increase in the TJLP. As of 01.01.2019, the Company has not signed any agreement pegged to the TJLP.

a.2) Risk related to liabilities denominated in foreign currency

The exchange rate risk is associated with the possibility of variation in foreign exchange rates, which affects the financial result and the balances denominated in foreign currencies. The Company's policy to hedge against exchange rate variation risks seeks to achieve a low level of exposure for its liabilities and obligations denominated in foreign currency, which are permanently monitored by the Company's Financial Forum. At 12.31.2021, the Company held no financial obligation denominated in foreign currencies whose exchange variation was not fully hedged against.

Unrealized gains (losses) with hedge operations are as follows:

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Unrealized gains from hedge operations				
Current assets				
Fair value hedge – loans and debentures	-	6,631	-	6,631
Cash flow hedge – borrowings	2,561	5,058	2,561	5,058
Cash flow hedge - obligations	-	-	40,016	-
Cash flow hedge - inventories	-	-	-	2,786
	2,561	**11,689**	**42,577**	**14,475**
Non-current assets				
Fair value hedge – loans and debentures	165,442	711,998	165,442	711,998
Cash flow hedge – borrowings	-	2,103	-	2,103
Cash flow hedge - obligations	-	-	18,713	5,279
	165,442	**714,101**	**184,155**	**719,380**
Long positions	**168,003**	**725,790**	**226,732**	**733,855**
Unrealized losses from hedge operations				
Current liabilities				
Fair value hedge – loans and debentures	(51,401)	(4,902)	(98,993)	(19,569)
Cash flow hedge - borrowings	(5,231)	-	(5,231)	-
	(56,632)	**(4,902)**	**(104,224)**	**(19,569)**
Non-current liabilities				
Fair value hedge – loans and debentures	-	(111,396)	(5,786)	(132,311)
Cash flow hedge – obligations	-	-	-	(3,661)
	-	**(111,396)**	**(5,786)**	**(135,972)**
Short positions	**(56,632)**	**(116,298)**	**(110,010)**	**(155,541)**
Net positions	**111,371**	**609,492**	**116,722**	**578,314**
Fair value hedge – loans and debentures	114,041	602,331	60,663	566,749
Cash flow hedge – borrowings	(2,670)	7,161	(2,670)	7,161
	111,371	**609,492**	**57,993**	**573,910**
Cash flow hedge - obligations	**-**	**-**	**58,729**	**1,618**
Cash flow hedge - inventories	**-**	**-**	**-**	**2,786**
Net positions	**111,371**	**609,492**	**116,722**	**578,314**

Accounting practice: Derivative financial instruments are identified when: (i) their values are affected by rate or price fluctuations; (ii) there is no initial investment; and (iii) settlement is on a future date.

Derivative financial instruments held by the Company correspond to hedging operations against exposure to risks related to exchange variation and interest rates of debts and future commitments, which are recognized in accordance with the standards applicable to hedge accounting, as mentioned below. Moreover, the Company carries out energy trading operations to capitalize on price variations in the market.

Derivative financial instruments are recognized as asset and/or liability in the balance sheet and measured at fair value. Gains or losses resulting from changes in their fair value are recognized as financial income (loss), except when the derivative qualifies for and is designated for hedge accounting.

Hedge accounting

At the start of the hedge operation, the Company prepares a formal documentation describing the objectives and strategies of the risk hedging and the relationship between the underlying hedge transaction and the hedge instrument used to provide the expected protection.

The following hedge operations of the Company qualify for hedge accounting:

Fair value hedge (FVH)

Hedge operations to protect the Company's loans and debentures from foreign exchange and interest rate variations result from short positions tied to the IPCA or CDI rate variation, i.e. non-fixed components, therefore designated as "fair value hedge." In these transactions, any gains or losses arising from fair value measurement variations of loans and debentures and hedge operations are recognized as financial income (loss).

Cash flow hedge (CFH)

The Company designated as cash flow hedges: (i) hedge against exposure to foreign currencies of financial commitments for acquisition of assets and loans; and (ii) hedge against exposure to the loans abroad and fair value hedge, changing the short position for fixed components (fixed rate). In these transactions, for the highly effective portion of the hedge, gains and losses arising from changes in the instrument's fair value are recognized as shareholders' equity, under "Other comprehensive income (loss)", and transferred to profit or loss or assets when the hedged object is finally realized. The ineffective portion of the hedge instrument, if any, is recorded as profit or loss for the period.

(i) Hedge operations on loans and debentures

Breakdown of hedges on loans and debentures

At 12.31.2021, the amounts of loans, debentures and derivatives valued at cost amortized and at fair value are:

Financial instrument	Notional value	Principal maturity	Interest payments	Interest rates[1]	Amortized cost	Fair value adjustment	Book balance
Parent Company:							
HSBC	US$ 135,000	05.2022	Semiannual	7.3706% p.a.	538,326	(14,451)	523,875
Swap *(HFC)*	R$ 533,520	05.2022	Semiannual	3.3900% p.a.	(535,783)	376	(535,407)
Scotiabank III	US$ 100,000	05.2022	Semiannual	3.3600% p.a.	560,342	-	560,342
NDF *(HFC)*	R$ 595,696	05.2022	Semiannual	Fixed U.S. dollar rate of R$ 5.8580	(568,381)	7,480	(560,901)
BNP Paribas II	US$ 50,000	05.2022	Semiannual	3.5476% p.a.	280,235	-	280,235
NDF *(HFC)*	R$ 297,978	05.2022	Semiannual	Fixed U.S. dollar rate of R$ 5.8551	(284,207)	3,601	(280,606)
Scotiabank I	US$ 200,000	11.2022	Semiannual	3.3710% p.a.	1,121,513	-	1,121,513
NDF *(HFC)*	R$ 1,271,686	11.2022	Semiannual	Fixed U.S. dollar rate of R$ 5.8358 (05,2022) and R$ 6.1535 (11,2022)	(1,138,531)	12,719	(1,125,812)
BNP Paribas IV	US$ 100,000	04.2023	Semiannual	2.73% p.a.	561,351	4,570	565,921
Swap *(HVJ)*	R$ 518,240	04.2023	Semiannual	CDI + 1.33% p.a.	(528,154)	2,472	(525,682)
BNP Paribas III	US$ 125,000	03.2024	Semiannual	2.54% p.a.	702,090	16,737	718,827
Swap *(HVJ)*	R$ 632,490	03.2024	Semiannual	CDI + 1.70% p.a.	(646,869)	856	(646,013)
MUFG V	US$ 94,518	10.2025	Semiannual	1.8914% p.a. until 10.2021 and 2.0057% p.a. until 10.2025	530,014	(28,807)	501,207
Swap *(HVJ)*	R$ 500,000	10.2025	Semiannual	CDI + 1.32% p.a.	(510,438)	4,675	(505,763)
Scotiabank IV	US$ 102,465	07.2026	Semiannual	2.002% p.a.	576,925	(9,997)	566,928
Swap *(HVJ)*	R$ 530,000	07.2026	Semiannual	CDI + 1.35% p.a.	(548,093)	800	(547,293)
Subtotal					**110,340**	**1,031**	**111,371**
Subsidiaries:							
Jaguara							
Itaú BBA	R$ 483,000	06.2023	Semiannual	107.0% of CDI	161,648	(2,337)	159,311
Swap *(HVJ)*	R$ 483,000	06.2023	Semiannual	IPCA + 4.47% p.a.	(193,073)	793	(192,280)
Miranda							
Itaú BBA	R$ 299,000	06.2023	Semiannual	107.0% of CDI	100,068	(1,527)	98,541
Swap *(HVJ)*	R$ 299,000	06.2023	Semiannual	IPCA + 4.47% p.a.	(119,521)	571	(118,950)
Subtotal					**(50,878)**	**(2,500)**	**(53,378)**
Position at 12.31.2021					**59,462**	**(1,469)**	**57,993**

(1) Interest rates include the income tax rate of 15% on remittances abroad.

On 12.14.2021, the Company early settled the swap operations linked to loans borrowed from BNP and Scotiabank (fair value hedges), as well as Itaú and Santander (cash flow hedges), with maturities in May and November 2022. The Company contracted Non-Deliverable Forwards from BNP and Scotiabank to hedge all future payments in foreign currency arising from international loans whose swap contracts were settled. These new hedge instruments were designated as cash flow hedge.

Moreover, on 12.22.2020 and 12.28.2020, the Company early settled swap operations linked to loans borrowed from MUFG and Scotiabank, maturing in April 2021. In order to protect all future payments in foreign currency arising from international loans whose swap contracts were settled, the Company contracted Non-Deliverable Forwards (NDF) from MUFG and Scotiabank. These new hedge instruments were designated as cash flow hedge and were settled in 2021 on the same date as the foreign currency loans.

Currently, the Company has contracted derivative instruments with prime banks, converting to fixed rates the amount of R$ 533,520 in debts pegged to CDI maturing in 2022. These instruments were designated as cash flow hedges to hedge against the exposure arising from the combination of loans in U.S. dollar, as well as foreign exchange and interest rate swap operations.

In addition, on 9.17.2020, derivative instruments were contracted with prime banks, converting to fixed rates the amount of R$ 1,839,275 in debts pegged to CDI maturing in 2021 and 2022. These instruments were designated as cash flow hedges to hedge against the exposure arising from the combination of loans in U.S. dollar, as well as foreign exchange and interest rate swap operations.

Due to the characteristics of financial instruments, the Company applied the rules of fair value and cash flow hedge accounting to record them, as applicable, based on accounting policies.

Net changes in hedge operations on loans and debentures

	Parent Company			Consolidated		
	Current	Non-Current	Total	Current	Non-Current	Total
Assets at 12.31.2019, net	**111,617**	**234,645**	**346,262**	**105,934**	**220,408**	**326,342**
Interest	67,675	(30,331)	37,344	50,766	(46,681)	4,085
Exchange variation	490,467	409,504	899,971	490,467	409,504	899,971
Fair value adjustment through profit or loss	(18,628)	95,281	76,653	(19,355)	94,515	75,160
Fair value adjustment through other comprehensive income	4,059	2,103	6,162	4,059	2,103	6,162
Transfers	108,497	(108,497)	-	98,059	(98,059)	-
Payment of principal	(678,291)	-	(678,291)	(667,830)	-	(667,830)
Repayment of interest	(78,609)	-	(78,609)	(69,980)	-	(69,980)
Assets (Liabilities) at 12.31.2020, net	**6,787**	**602,705**	**609,492**	**(7,880)**	**581,790**	**573,910**
Interest	(108,741)	-	(108,741)	(146,629)	(10,475)	(157,104)
Exchange variation	193,737	164,437	358,174	193,737	164,437	358,174
Fair value adjustment through profit or loss	(90,468)	(31,145)	(121,613)	(91,057)	(31,542)	(122,599)
Fair value adjustment through other comprehensive income	16,877	-	16,877	16,877	-	16,877
Transfers	570,555	(570,555)	-	544,554	(544,554)	-
Payment of principal	(618,889)	-	(618,889)	(591,104)	-	(591,104)
Repayment of interest	(23,929)	-	(23,929)	(20,161)	-	(20,161)
(Liabilities) Assets at 12.31.2021, net	**(54,071)**	**165,442**	**111,371**	**(101,663)**	**159,656**	**57,993**

The change in the fair value adjustment is presented in the table above:

	Parent Company	Consolidated
Balances at 12.31.2019	**22,952**	**22,931**
Fair value adjustment recognized in profit or loss	76,653	75,160
Fair value adjustment recognized in other comprehensive income	6,162	6,162
Balances at 12.31.2020	**105,767**	**104,253**
Fair value adjustment recognized in profit or loss	(121,613)	(122,599)
Fair value adjustment recognized in other comprehensive income	16,877	16,877
Balances at 12.31.2021	**1,031**	**(1,469)**

Unrealized gains on cash flow hedge operations

Unrealized gains in cash flow hedge operations originated in the period presented in the "Statement of comprehensive income" are:

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Cash flow hedge – loans	16,877	6,162	16,877	6,162
Cash flow hedge – obligations	-	-	57,111	1,618
Cash flow hedge – inventories	-	-	(2,786)	2,350
Unrealized gains from cash flow hedge operations originated in the period	**16,877**	**6,162**	**71,202**	**10,130**

(ii) Cash flow hedge operations on obligations

The Company maintains on 12.31.2021 a Non-Deliverable Forward (NDF) to hedge all of its future foreign currency payments resulting from contractual commitments in the construction contracts of the first phase of the Santo Agostinho Wind Power Complex. The NDF was contracted on 12.29.2020 and the notional amount on 12.31.2021 was US$ 66,863, € 25,889 and Hong Kong renminbi (CN¥) 184,695, entered into with BNP Paribas and Itaú, with maturities between August 2022 and April 2023.

On 12.31.2021, unrealized gains of NDF totaled a long position, net of R$ 57,111 (R$ 1,618 long position, net on 12.31.2020). The corresponding entry is directly recognized in shareholders' equity under "Other comprehensive income". The companies in the Santo Agostinho Wind Power Complex follow the presumptive tax regime. Therefore, the Company does not constitute deferred income taxes on the effects of this operation.

a.3) Sensitivity analysis of the exposure to risks related to interest rates and floating rates and foreign currency quotation variation

The Company presents a sensitivity analysis on its financial instruments exposed to interest rate variation risks and floating rate risks. The probable basic scenario for 12.31.2021 was defined using the following assumptions available in the market (Source: Central Bank of Brazil Market Readout):

Risk of variation in interest rates and indices:	Change 12 months 12.31.2021	Probable Scenario 12.31.2022	Sensitivity Probable	Δ + 25% (*)	Management
TJLP	5.3%	6.1%	0.8% p.p.	1.5% p.p.	0.0% p.p.
CDI	9.2%	11.5%	2.3% p.p.	2.9% p.p.	-0.3% p.p.
IPCA	10.1%	5.0%	-5.1% p.p.	1.3% p.p.	-0.8% p.p.
IGP-M	17.8%	5.5%	-12.3% p.p.	1.4% p.p.	0.1% p.p.

(*)Variations on probable scenario for 2022.

The probable sensitivity was calculated based on the variation of indices in the last 12 months, observed on 12.31.2021, and those expected for the next 12 months, ending on 12.31.2022, and showed any additional impacts in the Company's consolidated profit or loss. The other sensitivities shown were calculated based on (i) the variation of 25%; and (ii) Management's estimates of the projected scenario, which correspond to the Managements evaluation of reasonably possible change in interest rates and floating indexes for the following 12 months. Variations that could impact the consolidated result, and consequently the shareholders' equity in the following 12 months compared to the last 12 months, if the scenarios materialize are the following:

	Balances at	Sensitivity		
	12.31.2021	Probable	Δ + 25%	Management
Risk of increase (liability)				
Loans and financing				
IPCA	7,006,366	349,888	(90,842)	55,485
U.S. dollar – with swap to CDI rate	2,352,883	(43,412)	(55,969)	5,410
TJLP	1,750,129	(12,417)	(26,433)	-
Debentures				
IPCA	6,279,764	326,590	(81,674)	49,886
CDI – with swap to IPCA rate	257,852	(4,979)	(6,436)	621
Redeemable preferred shares				
CDI	510,160	(12,536)	(16,402)	1,573
Concessions payable				
IPCA	3,181,499	166,665	(40,794)	5,138
IGP-M	1,637,292	186,263	(20,772)	(1,513)
Risk of decrease (asset)				
Concession financial asset				
IPCA	3,062,750	(161,451)	(48,645)	(8,806)

a.4) Risk related to energy prices in trading operations

The Company operates in the trading market to capitalize on variations in energy prices, within the market risk limits and offsets pre-established by Management, albeit in insignificant amounts as a percentage of total results.

Equity position and unrealized gains (losses) from energy trading operations

Trading operations take place in the active market and are recognized at fair value through profit or loss, based on the difference between the contracted price and the market price of outstanding contracts on the balance sheet date.

This fair value is mainly estimated in the prices used in the active over-the-counter market, to the extent that such observable market data exist and, to a lesser degree, using the valuation techniques that consider the prices established in the purchase and sale operations and market prices projected by specialist entities, in the period when this information is available. The discount rate used to calculate fair value on 12.31.2021 and 12.31.2020 was 7.1%.

The balance sheets for outstanding trading transactions are presented below.

	Consolidated					
	12.31.2021			12.31.2020		
	Assets	Liabilities	Net gain	Assets	Liabilities	Net gain
Classification in balance sheet						
Current	206,647	(190,348)	16,299	320,309	(321,654)	(1,345)
Non-current	100,523	(80,414)	20,109	54,385	(36,405)	17,980
	307,170	**(270,762)**	**36,408**	**374,694**	**(358,059)**	**16,635**

The variation in the balances for outstanding trading transactions is follows:

	Consolidated
Balances at 12.31.2019	**52,517**
Unrealized loss recognized for the year	(35,882)
Balances at 12.31.2020	**16,635**
Unrealized gain recognized for the year	26,289
Unrealized loss recognized for the year	(6,516)
Balances at 12.31.2021	**36,408**

Sensitivity analysis regarding trading operations

The main risk factor impacting prices in trading operations is the exposure not hedged calculated according to energy market prices.

In the decision-making process related to trading activities, the Company management uses sensitivity analysis considering the percentiles of historical volatility of energy prices for the product.

Percentiles are measures that divide the sample, by ascending order of data, in 100 parts, each one with an approximately equal percentage, considering, in this case the historical price volatility of each energy product. Therefore, the 25th percentile (P25) and the 75th percentile (P75) determine the extreme 25% and 75% prices observed, respectively.

The sensitivity analyses considering this methodology are shown below:

	Consolidated		
	12.31.2021	P25 Scenario	P75 Scenario
Unrealized gains (losses) on trading operations	36,408	(189)	252

The variation in the discount rate does not significantly impact the fair value determined, given the short duration of the outstanding trading portfolio, which is why no sensitivity analysis was presented.

b) Capital management risk

The Company manages its capital in order to maximize return to investors by optimizing the debt and equity balances, seeking to structure capital and maintaining indebtedness and debt coverage ratios that provide the return to investors.

The Company's capital structure is formed by net indebtedness (loans and debentures – net of hedging effects, financing, redeemable preferred shares, less cash, cash equivalents and escrow deposits linked to debt) and shareholders' equity, which includes capital reserves and profit reserves. The ratio of net debt to shareholders' equity is as follows:

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Debt[1]	8,898,026	8,199,973	20,586,884	16,672,233
(-)Deposits pegged to debt service	(568,593)	(161,052)	(818,651)	(346,853)
(-)Cash and cash equivalents	(2,559,208)	(1,924,589)	(5,156,406)	(4,538,946)
Net debt	**5,770,225**	**6,114,332**	**14,611,827**	**11,786,434**
Shareholders' equity	**7,929,008**	**7,739,529**	**7,932,597**	**7,741,998**
Total debt/Shareholders' equity	**0.7**	**0.8**	**1.8**	**1.5**

(1) Composed of loans and debentures – net of hedge impacts, financing and redeemable preferred shares.

ENGIE Brasil Energia and its subsidiaries have debts that stipulate a maximum limit of the Company's gross debt, calculated based on EBITDA. The most restrictive limit is the one that limits debts to 3.5 times the net debt on EBITDA.

Also, with regard to gross debt, the highest restriction stipulated in debt agreements is 4.5 times EBITDA.

c) Risk of acceleration of debt maturity

The Company has agreements for loans, financing and debentures with covenants, usually applicable to operations of this nature, related to the achievement of financial performance indicators. If the Company fails to comply with any of these clauses, the maturities of its debts may be accelerated. Further information is available in Note 18 - Loans and Financing and Note 19 - Debentures.

d) Credit risk

The transactions that are relevant to the Company's business in which there exists credit risk are energy sales, financial investments and hedge operations. The Company's history of losses resulting from difficulties of banks and customers to honor their commitments is practically zero. The Company is the guarantor of certain financing agreements for its subsidiaries to guarantee compliance with the commitments assumed.

d.1) Risks related to energy sale

In long-term agreements entered into with distributors, the Company minimizes its credit risk through a mechanism for the establishment of guarantees involving customers' receivables.

In order to minimize credit risk in the agreements to sell electricity to free consumers, sellers and generating companies, the Company requires bank guarantee and secured CDB. For counterparties that wish to present another type of guarantee, the Company, through its credit area, analyzes and establishes, in accordance with its Credit Policy, guarantees that should be required from these counterparties.

Credits of all customers are annually revised and its exposure to several economy factors is periodically assessed, so as to maintain the diversification of its portfolio and reduce its exposure to the specific sector risk.

d.2) Risks related to marketable securities

The Company and its subsidiaries' financial investments follow the rule of allocating a minimum of 90% of funds to Federal Public Securities – as final purchase and/or repurchase and resale commitments – and a maximum of 10% of funds to Private Securities – acquisition of CDBs from eligible banks and repurchase and resale commitments backed by debentures issued by lease companies controlled by eligible banks.

The Company uses Fitch Ratings (Fitch), Moody's or Standard & Poor's (S&P) ratings to identify banks eligible to receive funds. They should comply with the following parameters: (i) shareholders' equity of at least R$ 1 billion; and (ii) minimum rating equivalent to AA- (S&P and Fitch) or Aa3 (Moody's) in the domestic ambit.

The Company's available resources are allocated to a Fixed Income Exclusive Investment Fund whose policy is to allocate its equity to very low-risk assets. As of 12.31.2021, this fund had 100% of its portfolio in Brazilian Government credit-risk assets, all of them with floating rates and daily liquidity, linked to Selic variation.

Following the Company's financial planning, this fund will be used in the short-term, substantially reducing the risk of any significant effects on earnings as a result of possible reduction in Brazilian economy's basic interest rate.

d.3) Risks related to hedge operations

The "Investment and Derivatives Policy" imposes strong restrictions to the realization of derivative transactions and determines that exposures be continuously monitored in case this type of transaction is contracted.

As already mentioned previously, the main hedge operations contracted by the Company were swap and NDF operations to hedge against exchange and CDI variation of the payment of principal and interest of U.S. dollar-denominated loans and the 1st series debentures of Jaguara and Miranda adjusted for CDI rate, and payables to suppliers, as described in item a.2 – Risk related to liabilities denominated in foreign currency.

e) Liquidity risk

The management of the Company's liquidity risk is under the responsibility of the Financial Forum, which manages fund raising requirements and short-, medium- and long-term liquidity by permanently monitoring forecasted and actual cash flows.

The Company, in order to ensure the capacity to pay its obligations, uses a minimum cash policy that is annually reviewed based on cash projections and monthly monitored in the Financial Forum meetings. The management of marketable securities focuses on short-term instruments, especially with daily maturities, in order to provide maximum liquidity and to cover disbursements.

The Company's cash generating feature and the low volatility in receipts and payment obligations throughout the months guarantee to the Company the stability of its flows, reducing its liquidity risk.

The following statement presents the estimated settlement profile for the Company's main financial liabilities recorded at 12.31.2021. Amounts were determined based on the estimated undiscounted cash flows, considering estimates of principal amortization and future interest payment, when applicable. For debts with floating interest rates, the amount was obtained based on interest curve at year end.

	Parent Company				
	Up to 1 year	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	183,800	7,471	-	-	191,271
Post-fixed interest rates:					
Loans and financing[1]	33,517	-	-	-	33,517
Debentures	282,000	750,721	1,834,488	1,314,613	4,181,822
Fixed interest rates:					
Loans and financing	2,556,016	1,400,962	780,000	-	4,736,978
Concessions payable	279,459	1,139,498	1,481,413	5,515,665	8,416,035
	3,334,792	**3,298,652**	**4,095,901**	**6,830,278**	**17,559,623**

	Consolidated				
	Up to 1 year	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	649,962	20,893	-	-	670,855
Post-fixed interest rates:					
Loans and financing [1]	348,302	873,454	948,369	6,698,844	8,868,969
Debentures[1]	595,827	1,349,314	2,457,040	2,318,208	6,720,389
Redeemable preferred shares	32,481	83,333	83,333	333,333	532,480
Fixed interest rates:					
Loans and financing	2,556,016	1,400,962	780,000	-	4,736,978
Concessions payable	286,753	1,154,278	1,496,193	5,597,572	8,534,796
	4,469,341	**4,882,234**	**5,764,935**	**14,947,957**	**30,064,467**

(1) Net of hedge effects.

The concession financial asset of the Jaguara and Miranda HPPs is not subject to liquidity risk, since it is related to the portion of energy allocated to the ACR, in the Physical Guarantee Quota System, whose payment is guaranteed by the Concession Authority.

f) Hydrological risk

Most of energy of the National Interconnected System (SIN) is generated by hydroelectric power plants. Since SIN operates in a dispatch system optimized and centralized by ONS, each hydroelectric power plant, including the Company's plants, is subject to changes in hydrological conditions in both the conditions in the regions where the plant operates and in other regions across Brazil.

Adverse hydrological conditions, combined with the obligation to deliver physical guarantee, may result in an exposure of the Company to the short-term energy market, which may affect its future financial results. However, most of the Company's hydroelectric generation capacity is included in the MRE, which distributes the hydrological risk across all the plants linked to MRE.

In order to reduce this risk, in December 2015, the Company joined the renegotiation of hydrological risk relating to the Company's plants, whose energy was sold in the ACR. Further information is available in Note 8 – Risk premiums to appropriate – Renegotiation of hydrological risk.

At 12.31.2021, the physical guarantee of the Company's hydroelectric power plants totaled 3,417.7 average MW. The aforementioned agreement renegotiated 1,344.5 average MW, of which 1,243.7 average MW, approximately 92.5%, are hedged against hydrological risk. The portion of the Jaguara and Miranda Hydroelectric Power Plants allocated to the Physical Guarantee Quotas - 377.4 average MW – is guaranteed by the contractual rules established by the Concession Authority and is also hedged against this risk. See Note 10 - Concession financial asset.

Regarding the impacts caused in MRE due to non-hydrological reasons, the generating companies are entitled to extend the generation concession periods for up to seven years, in accordance with Federal Laws 14,052/2020 and 14,182/2021. More details are presented in Note 15 – Intangible assets

To reduce the exposure to short-term market fluctuations, ENGIE Brasil Energia maintains a large part of its energy portfolio contracted in the long term. In the free market, the Company gradually sells the available energy at attractive prices and also to minimize the risk of exposure to spot prices (PLD). Therefore, the sale is concluded as the market appears to be more inclined to purchases. Additionally, due to the constant deficit of hydroelectric generation in recent years, the Company chose to leave most of its commercial capacity not contracted in the spot market and, when necessary or attractive, to acquire energy from third parties to replenish its own resources.

g) Category and fair value of financial instruments

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Financial assets				
Fair value through profit or loss				
Financial investments	2,556,679	1,921,388	5,104,491	4,483,998
Marketable securities	-	339,219	-	-
Unrealized gains on fair value hedge operations	165,442	718,629	165,442	718,629
Unrealized gains on trading operations	-	-	307,170	374,694
Amortized cost				
Cash and bank deposits	2,529	3,201	51,915	54,948
Trade accounts receivable	490,039	695,003	1,124,096	1,739,267
Restricted deposits	599,004	161,860	904,038	409,867
Fuel reimbursable[1]	-	-	-	58,462
Concession financial asset	-	-	3,062,750	2,804,796
Fair value through other comprehensive income				
Unrealized gains on cash flow hedge operations	2,561	7,161	61,290	15,226
	3,816,254	**3,846,461**	**10,781,192**	**10,659,887**
Financial liabilities				
Fair value through profit or loss				
Foreign currency	2,876,759	4,126,373	2,876,759	4,126,373
Debentures	-	-	257,852	428,266
Unrealized losses on fair value hedge operations [2]	51,401	116,298	104,779	151,880
Unrealized losses on trading operations	-	-	270,762	358,059
Amortized cost				
Suppliers	191,271	141,257	670,855	879,080
Loans in local currency	35,189	110,744	8,758,253	6,028,600
Loans in foreign currency	1,962,089	1,046,535	1,962,089	1,046,535
Redeemable preferred shares	-	-	510,160	482,088
Debentures	4,135,360	3,525,813	6,279,764	5,134,281
Concessions payable	4,758,093	3,955,765	4,818,791	4,012,318
Liabilities linked to investment acquisition[2]	-	-	84,403	51,756
Fuel payable to CDE [2]	-	-	-	45,206
Reimbursement to distributors[2]	-	-	471,094	203,106
Fair value through other comprehensive income				
Unrealized losses on cash flow hedge operations [2]	5,231	-	5,231	3,661
	14,015,393	**13,022,785**	**27,070,792**	**22,951,209**

(1) Presented under "Other current assets."
(2) Presented under "Other current liabilities" and "Other non-current liabilities."

Financial assets and liabilities measured at fair value through profit or loss are assessed based on observable data (Level 2), except for marketable securities, which are assessed based on the market prices in active markets (Level 1).

h) Market value of financial instruments

In operations involving financial instruments, differences were identified only between amounts presented in the balance sheet and their market values in the financial instruments presented below. These differences occurred mainly because these instruments have long-term settlements and different costs in relation to interest rates currently used for similar contracts.

The market values were determined based on future cash flows discounted to present value at rates considered as adequate for operations with similar characteristics.

	Parent Company			
	12.31.2021		12.31.2020	
	Book	Market	Book	Market
Loans and financing in local currency	35,189	30,105	110,744	107,966
Loans in foreign currency	4,838,848	4,727,500	5,172,908	5,173,420
Debentures	4,135,360	4,114,931	3,525,813	3,842,068
Concessions payable	4,758,093	4,004,534	3,955,765	4,301,579
	13,767,490	**12,877,070**	**12,765,230**	**13,425,033**

	Consolidated			
	12.31.2021		12.31.2020	
	Book	Market	Book	Market
Assets				
Concession financial asset	3,062,750	2,953,958	2,804,796	2,778,272
	3,062,750	**2,953,958**	**2,804,796**	**2,778,272**
Liabilities				
Loans and financing in local currency	8,758,253	8,865,558	6,028,600	6,736,194
Loans in foreign currency	4,838,848	4,727,500	5,172,908	5,173,420
Redeemable preferred shares	510,160	532,482	482,088	504,784
Debentures	6,537,616	6,626,378	5,562,547	5,860,290
Concessions payable	4,818,791	4,056,697	4,012,318	4,365,227
	25,463,668	**24,808,615**	**21,258,461**	**22,639,915**

NOTE 18 – LOANS AND FINANCING

Accounting practice: These are initially accounted for at fair value, net of any transaction costs incurred, and subsequently measured at the amortized cost using the effective interest rate method, except loans and debentures to which the Company applied fair value hedge accounting rules, which are subsequently measured at fair value through profit or loss.

a) Breakdown

	Parent Company					
	12.31.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Measured at amortized cost						
BNDES	-	-	-	16,633	30,493	47,126
BNDES onlendings (Banks)[1]	1,533	222	1,755	1,533	1,755	3,288
NIB[2]	33,199	-	33,199	29,873	29,890	59,763
Charges	235	-	235	567	-	567
	34,967	**222**	**35,189**	**48,606**	**62,138**	**110,744**
Foreign currency – with hedge						
Measured at amortized cost						
Scotiabank	1,674,128	-	1,674,128	519,373	-	519,373
BNP Paribas	279,025	-	279,025	-	-	-
MUFG[3]	-	-	-	519,617	-	519,617
Charges	8,936	-	8,936	7,545	-	7,545
	1,962,089	**-**	**1,962,089**	**1,046,535**	**-**	**1,046,535**
Measured at fair value						
Scotiabank	-	561,809	561,809	-	1,627,693	1,627,693
BNP Paribas	-	1,276,919	1,276,919	-	1,475,679	1,475,679
MUFG	-	498,651	498,651	-	465,102	465,102
HSBC	519,069	-	519,069	-	535,236	535,236
Charges	20,311	-	20,311	22,663	-	22,663
	539,380	**2,337,379**	**2,876,759**	**22,663**	**4,103,710**	**4,126,373**
Loans and financing	**2,536,436**	**2,337,601**	**4,874,037**	**1,117,804**	**4,165,848**	**5,283,652**

(1) Banks responsible for analyzing and approving the financing and which assume the credit risk in the indirect operations with BNDES.

(2) Nordic Investment Bank.

(3) MUFG Bank LTD.

Balances of loans and financing in the parent company, net of hedge effects, are:

	Parent Company					
	31,12,2021			31,12,2020		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**2,536,436**	**2,337,601**	**4,874,037**	**1,117,804**	**4,165,848**	**5,283,652**
Fair value hedge (swap) effects						
Long position	-	(165,442)	(165,442)	(6,631)	(711,998)	(718,629)
Short position [1]	51,401	-	51,401	4,902	111,396	116,298
Cash flow hedge (swap) effects						
Long position	(2,561)	-	(2,561)	(5,058)	(2,103)	(7,161)
Short position[1]	5,231	-	5,231	-	-	-
Loans and financing, net of hedge effects	**2,590,507**	**2,172,159**	**4,762,666**	**1,111,017**	**3,563,143**	**4,674,160**

(1) Hedge short positions are presented as part of "Other current liabilities" and "Other non-current liabilities."
(2) Non-Deliverable Forward (Forward currency contract without physical delivery).

	Consolidated					
	12.31.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Measured at amortized cost						
BNDES	267,461	7,600,450	7,867,911	251,194	5,606,575	5,857,769
BNDES onlendings (Banks)	1,533	222	1,755	1,533	1,755	3,288
BASA[1]	5,570	724,048	729,618	-	-	-
BNB[2]	-	86,932	86,932	-	83,951	83,951
NIB	33,199	-	33,199	29,873	29,890	59,763
Charges	38,838	-	38,838	23,829	-	23,829
	346,601	**8,411,652**	**8,758,253**	**306,429**	**5,722,171**	**6,028,600**
Foreign currency – with hedge						
Measured at amortized cost						
Scotiabank	1,674,128	-	1,674,128	519,373	-	519,373
BNP Paribas	279,025	-	279,025	-	-	-
MUFG	-	-	-	519,617	-	519,617
Charges	8,936	-	8,936	7,545	-	7,545
	1,962,089	**-**	**1,962,089**	**1,046,535**	**-**	**1,046,535**
Measured at fair value						
Scotiabank	-	561,809	561,809	-	1,627,693	1,627,693
BNP Paribas	-	1,276,919	1,276,919	-	1,475,679	1,475,679
MUFG	-	498,651	498,651	-	465,102	465,102
HSBC	519,069	-	519,069	-	535,236	535,236
Charges	20,311	-	20,311	22,663	-	22,663
	539,380	**2,337,379**	**2,876,759**	**22,663**	**4,103,710**	**4,126,373**
Loans and financing	**2,848,070**	**10,749,031**	**13,597,101**	**1,375,627**	**9,825,881**	**11,201,508**

(1) Banco da Amazônia S.A.
(2) Banco do Nordeste do Brasil S.A.

Balances of loans and financing in the consolidated, net of hedge effects, are:

	Consolidated					
	12.31.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**2,848,070**	**10,749,031**	**13,597,101**	**1,375,627**	**9,825,881**	**11,201,508**
Fair value hedge (swap) effects						
Long position	-	(165,442)	(165,442)	(6,631)	(711,998)	(718,629)
Short position [1]	51,401	-	51,401	4,902	111,396	116,298
Cash flow hedge (NDF) effects						
Long position	(2,561)	-	(2,561)	(5,058)	(2,103)	(7,161)
Short position[1]	5,231	-	5,231	-	-	-
Loans and financing, net of hedge effects	**2,902,141**	**10,583,589**	**13,485,730**	**1,368,840**	**9,223,176**	**10,592,016**

(1) Hedge short positions are presented as part of the items "Other current liabilities" and "Other non-current liabilities."

b) Changes in loans and financing

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2019	**1,263,400**	**2,882,714**	**4,146,114**	**1,637,691**	**7,181,363**	**8,819,054**
Additions	-	1,132,476	1,132,476	9,273	3,304,506	3,313,779
Interest	210,876	-	210,876	499,185	-	499,185
Inflation adjustments	1,256	1,713	2,969	(10,347)	102,037	91,690
Capitalized interest and inflation adjustments	-	-	-	53,976	-	53,976
Exchange variations	208,487	691,484	899,971	208,487	691,484	899,971
Fair value adjustment	(16,206)	87,314	71,108	(16,206)	87,314	71,108
Transfers	629,853	(629,853)	-	1,540,823	(1,540,823)	-
Payment of principal	(986,237)	-	(986,237)	(2,115,900)	-	(2,115,900)
Repayment of interest	(193,625)	-	(193,625)	(431,355)	-	(431,355)
Balances at 12.31.2020	**1,117,804**	**4,165,848**	**5,283,652**	**1,375,627**	**9,825,881**	**11,201,508**
Additions	-	529,809	529,809	-	3,324,359	3,324,359
Interest	169,328	-	169,328	559,717	-	559,717
Inflation adjustments	3,336	1,371	4,707	(14,879)	526,820	511,941
Capitalized interest and inflation adjustments	-	-	-	79,358	-	79,358
Exchange variations	193,737	164,437	358,174	193,737	164,437	358,174
Fair value adjustment	(93,571)	(28,981)	(122,552)	(93,571)	(28,981)	(122,552)
Transfers	2,494,883	(2,494,883)	-	3,063,485	(3,063,485)	-
Payment of principal	(1,178,403)	-	(1,178,403)	(1,877,560)	-	(1,877,560)
Repayment of interest	(170,678)	-	(170,678)	(437,844)	-	(437,844)
Balances at 12.31.2021	**2,536,436**	**2,337,601**	**4,874,037**	**2,848,070**	**10,749,031**	**13,597,101**

c) Main transactions in 2021

c.1) Financing in domestic currency

- New financing

In November 2021, the Company, through the indirect subsidiaries making up the Santo Agostinho Wind Complex, contracted financing from the BNDES in the total amount of R$ 1,473,316; however, no amount was released until 12.31.2021. The funds will be used to finance the construction of wind generating plants at the complex.

The main contracting conditions were:

		Payment conditions	
Bank	**Interest**	**Maturity**	**Principal and interest**
BNDES – Santo Agostinho	IPCA + 6.16% p.a.	11.2045	Monthly

- Release of financing

Until 12.31.2021, R$ 368,856 had been released, related to the financing from BNDES, borrowed during 2020 by the indirect subsidiaries making up the Campo Largo II Wind Power Complex. The funds were used to finance the construction of wind generating plants at the complex.

Also in 2021, the first tranches of financing of the indirect subsidiary Novo Estado from Banco da Amazônia S.A. were released, which were contracted during 2020, but were not released that year, in the amount of R$ 729,628 (R$ 729,572 net of funding costs). Until 12.31.2021, R$ 910,459 of the indirect subsidiary Novo Estado from BNDES was also released. The funds were used to finance the construction of transmission lines.

Additionally, until 12.31.2021, a sum of R$ 800,000 (R$ 784,988 net of funding costs) was released, related to the financing from BNDES, contracted in 2020, by the indirect subsidiary Gralha Azul. The funds were allocated to the construction of the Project's transmission lines and substations.

- Prepayment of financings

In July 2021, the Company prepaid the financing from BNDES, related to the São Salvador Plant, in the total amount of R$ 37,659, of which R$ 37,423 referred to the principal and R$ 236 to interest and commissions. The original maturity was October 2023.

Also in July 2021, the indirect subsidiaries making up the Trairí Wind Power Complex prepaid the loan obtained from BNDES in the total amount of R$ 477,684, of which R$ 469,719 was related to the principal and R$ 7,965 to interest and commissions. The original maturities were May 2023 and July 2029.

c.2) Loans in foreign currency with hedge

- New loans in foreign currency

On 7.6.2021, the Company borrowed a loan from Scotiabank, an overseas financial institution, in the amount of US$ 102 million, equivalent to R$ 530,000 (R$ 529,809 net of funding costs), which was disbursed after the conditions were met. Concomitantly, on 7.23.2021, the Company signed a swap agreement with the Brazilian subsidiary of the same financial institution for hedging all future cash flows. The proceeds from this loan were used for the working capital needs of the Company, as well as for the prepayment of loans of the São Salvador Plant and the indirect subsidiaries making up the Trairí Wind Power Complex.

- Early settlement of swaps linked to loans in foreign currency and contracting of Non-Deliverable Forwards (NDF)

On 12.14.2021, the Company early settled swap operations linked to loans taken from BNP Paribas and Scotiabank (fair value hedges), and Itaú and Santander (cash flow hedges), maturing on May and November 2022. Additionally, the Company contracted Non-Deliverable Forwards from BNP Paribas and Scotiabank to protect all future payments in foreign currency arising from international loans whose swap contracts were settled. These new instruments were designated as cash flow hedge and hence the loans were measured at amortized cost.

d) Breakdown of borrowings and financing by index and currency

	Parent Company				Consolidated			
	12.31.2021	%	12.31.2020	%	12.31.2021	%	12.31.2020	%
Local currency								
TJLP	-	-	47,272	0.9	1,750,129	12.9	2,390,392	21.3
IPCA	33,431	0.7	60,180	1.1	7,006,366	51.5	3,634,916	32.5
Not indexed (fixed rate)	1,758	-	3,292	0.1	1,758	-	3,292	-
	35,189	**0.7**	**110,744**	**2.1**	**8,758,253**	**64.4**	**6,028,600**	**53.8**
Foreign currency – with hedge								
U.S. dollar – with swap for fixed rate	523,875	10.7	1,350,902	25.6	523,875	3.9	1,350,902	12.1
U.S. dollar – with swap for CDI	2,352,883	48.3	1,681,458	31.8	2,352,883	17.3	1,681,458	15.0
U.S. dollar – with swap for IPCA	-	-	1,094,013	20.7	-	-	1,094,013	9.8
U.S. dollar – with NDF[1] for fixed U.S. dollar rate	1,962,090	40.3	1,046,535	19.8	1,962,090	14.4	1,046,535	9.3
	4,838,848	**99.3**	**5,172,908**	**97.9**	**4,838,848**	**35.6**	**5,172,908**	**46.2**
Loans and financing	**4,874,037**	**100.0**	**5,283,652**	**100.0**	**13,597,101**	**100.0**	**11,201,508**	**100.0**

e) Interest rates and foreign currency variation

	2021	2020
TJLP	5.3%	4.6%
CDI	9.2%	1.9%
IPCA	10.1%	4.5%
U.S. dollar	7.4%	28.9%

f) Maturity of loans and financing under non-current liabilities

	Parent Company	Consolidated
2023	537,684	936,940
2024	947,680	1,411,804
2025	282,411	719,189
2026	569,826	1,040,747
2027	-	505,386
2028 to 2032	-	2,443,400
2033 to 2037	-	2,215,284
2038 to 2042	-	1,229,962
2043 to 2044	-	246,319
Loans and financing	**2,337,601**	**10,749,031**

g) Main contracted loan conditions

Company/Bank	Interest	Payment Conditions		Balances at 12.31.2021
		Maturity	Principal and interest	
Parent Company:				
Local currency				
NIB	IPCA + 3.55% p.a.	10.2022	Principal: Monthly. Interest: Quarterly	33,431
BNDES onlending (Banks) [b]	3.68% p.a.	11.2024	Monthly	1,758
Foreign currency (USD)				
HSBC	7.3706% p.a. with swap to 3.3977% p.a.	05.2022	Principal: 05.2022 Interest: Semiannually	523,875
Scotiabank III	3.3600% p.a. with NDF of fixed U.S. dollar of R$ 5.8580	05.2022	Principal: 05.2022 Interest: Semiannually	560,342
BNP Paribas II	3.9515% p.a. with NDF of fixed U.S. dollar of R$ 5.8551	05.2022	Principal: 05.2022 Interest: Semiannually	280,235
Scotiabank I	3.3710% p.a. with NDF of fixed U.S. dollar of R$ 6.1535	11.2022	Principal: 11.2022 Interest: Semiannually	1,121,513
BNP Paribas IV	2.7300% p.a. with swap to CDI + 1.33% p.a.	04.2023	Principal: 04.2023 Interest: Semiannually	565,921
BNP Paribas III	2.5400% p.a. with swap to CDI + 1.70% p.a.	03.2024	Principal: 03.2024 Interest: Semiannually	718,827
MUFG V	1.8914% p.a. until 10.2021 and 2.0057% p.a. until 10.2025 both with swap to CDI +1.32% p.a.	10.2025	Principal: 50% in 10.2024 and 50% in 10.2025 Interest: Semiannually	501,207
Scotiabank IV	2.002% p.a. with swap to CDI + 1.35% p.a.	07.2026	Principal: 07.2026 Interest: Semiannually	566,928
Subsidiaries:				
Ferrari				
BNDES Expansion	TJLP + 1.76% p.a. [a]	07.2032	Monthly	49,783
Campo Largo Wind Power Complex				
BNDES	TJLP + 2.52% p.a. [a]	06.2035	Monthly	422,987
BNDES	TJLP + 1.82% p.a. [a]	06.2035	Monthly	492,630
Pampa Sul				
BNDES	TJLP + 3.09% p.a. [a]	01.2036	Monthly	784,729
Assú V				
BNB	IPCA + 1.7624% p.a.	07.2038	Principal: Monthly starting 08.2023 Interest: Quarterly until 07.2023; Monthly starting 08.2023.	89,825
Umburanas Wind Power Complex – Phase I				
BNDES	IPCA + 3.91% p.a.	12.2038	Monthly	1,274,549
Campo Largo Wind Power Complex II				
BNDES	IPCA + 4.23% p.a.	12.2039	Monthly, starting September 2021	1,381,924
Gralha Azul				
BNDES	IPCA + 3.83% p.a.	03.2044	Monthly, starting October 2023	1,569,370
Novo Estado				
BNDES	IPCA + 4.67% p.a.	05.2044	Monthly, starting November 2022	1,923,600
BASA	IPCA + 1.4452% p.a.	08.2044	Monthly, starting November 2022	733,667

[a] The amount corresponding to the TJLP installment that exceeds 6% p.a. is incorporated into the principal.
[b] The banks are the following: Itaú Unibanco, Itaú BBA, Bradesco, Santander and Votorantim.

For more information on hedge instruments, see Note 17 – Management of risks and financial instruments.

h) Guarantees

Guarantees are described below, except for foreign currency loans that do not have any.

h.1) BNDES and BNDES onlending (Banks) and BASA

- **Financing of thermal power projects:** (a) assignment of rights arising from authorization; (b) assignment of credit rights arising from electricity purchase and sale agreements; (c) pledge of all shares; (d) pledge of machinery and equipment related to the project; (e) mortgage of urban land it owns for implementation of project; (f) reserve account in an amount equivalent to three months of debt service; and (g) reserve account in an amount equivalent to three months of operating and maintenance contract expenses.

- **Financing of Wind Farm Projects:** (a) pledge of assets and equipment related to projects, (b) pledge of total shares representing subsidiaries' capital; (c) receivables and reserve accounts; (d) assignment of rights resulting from authorization; and (e) corporate surety of ENGIE Brasil Energia or the ECP.

- **Financing of transmission project:** (a) pledge of total shares of the subsidiaries; (b) receivables and reserve accounts; (c) assignment of rights resulting from concession; and (d) corporate surety of ENGIE Brasil Energia or bank surety.

h.2) Banco do Nordeste do Brasil (BNB)

- Financing of photovoltaic solar project: (a) bank surety; and (b) reserve account with minimum amount equivalent to 4.09% of the total outstanding balance of the loan.

h.3) Nordic Investment Bank (NIB)

The Company contracted a guarantee in U.S. dollar in the amount of R$ 32,478, maturing in 2022. This obligation to deliver guarantee began in February 2018, when Fitch Rating downgraded Brazil's sovereign rating, thus impacting the Company's long-term foreign currency rating. This loan from NIB was contracted in December 2012 to finance the construction of the Trairí Wind Complex.

i) Contract commitments (covenants)

Debt	Covenants	Measurement on 12.31.2021
Parent company:		
NIB	(i) Parent company and Consolidated: Total debt /EBITDA ≤ 4.5 (ii) Parent company and Consolidated: EBITDA /financial expenses ≥ 2.0	(i) 1.76 and 2.85 (ii) 2.60 and 2.15
HSBC, Scotiabank, MUFG and BNP Paribas	(i) Consolidated: EBITDA / financial expenses ≥ 2.0 (ii) Consolidated: Gross debt /EBITDA ≤ 4.5	(i) 2.15 (ii) 2.85
BNDES Ferrari Expansion (Obligation of the Intervening Party)	Net debt/EBITDA ≤ 3.5	2.02
Subsidiaries:		
BNDES, BNB and BASA	(i) Debt service coverage ratio[1] ≥ 1.1 or ≥ 1.2 or ≥ 1.3 or ≥ 1.43 depending on the subsidiary	No covenant caused nonperformance in the respective agreements.

(1) Debt service coverage rate: Activity cash generation/ Debt service.

The financial commitments established in the loan and financing agreements are being fulfilled by the Company and its subsidiaries, except the Campo Largo Wind Power Complex and Pampa Sul, which did not attain the respective minimum debt service coverage limits established in their agreements with BNDES, in the year ended 12.31.2021. However, in 2021, BNDES formally informed that the above non-fulfillment would not lead to early maturity of the debts.

Covenants are calculated annually, as established in these contracts.

NOTE 19 – DEBENTURES

Accounting practice: These are initially recognized at fair value net of funding costs and, subsequently, are measured at amortized cost using the effective interest rate method, except for debentures for which the Company applied the fair value hedge accounting rules, which are later measured at fair value through profit or loss.

a) Breakdown

	Parent Company					
	12.31.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Measured at amortized cost						
ENGIE – 5th issue	90,077	158,904	248,981	-	224,744	224,744
ENGIE – 6th issue	111,479	555,003	666,482	96,385	600,320	696,705
ENGIE – 7th issue	-	890,827	890,827	-	801,775	801,775
ENGIE – 9th issue	-	1,853,388	1,853,388	-	1,671,276	1,671,276
ENGIE – 10th issue	-	395,238	395,238	-	-	-
Charges	80,444	-	80,444	131,313	-	131,313
Debentures	**282,000**	**3,853,360**	**4,135,360**	**227,698**	**3,298,115**	**3,525,813**

	Consolidated					
	12.31.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Measured at amortized cost						
ENGIE – 5th issue	90,077	158,904	248,981	-	224,744	224,744
ENGIE – 6th issue	111,479	555,003	666,482	96,385	600,320	696,705
ENGIE – 7th issue	-	890,827	890,827	-	801,775	801,775
ENGIE – 9th issue	-	1,853,388	1,853,388	-	1,671,276	1,671,276
ENGIE – 10th issue	-	395,238	395,238	-	-	-
Jaguara – 1st issue	40,123	673,389	713,512	27,035	644,094	671,129
Miranda – 1st issue	17,237	432,097	449,334	6,061	405,629	411,690
Pampa Sul – 1st issue	6,644	374,520	381,164	-	-	-
Pampa Sul – 2nd issue	9,643	574,367	584,010	10,871	507,778	518,649
Charges	96,828	-	96,828	138,313	-	138,313
	372,031	**5,907,733**	**6,279,764**	**278,665**	**4,855,616**	**5,134,281**
Measured at fair value						
Jaguara – 1st issue	104,830	53,761	158,591	105,239	159,125	264,364
Miranda – 1st issue	64,838	33,258	98,096	65,091	98,430	163,521
Charges	1,165	-	1,165	381	-	381
	170,833	**87,019**	**257,852**	**170,711**	**257,555**	**428,266**
Debentures	**542,864**	**5,994,752**	**6,537,616**	**449,376**	**5,113,171**	**5,562,547**
Hedge (swap) effects						
Short position [1]	47,592	5,786	53,378	14,667	20,915	35,582
Debentures, net of hedge effects	**590,456**	**6,000,538**	**6,590,994**	**464,043**	**5,134,086**	**5,598,129**

(1) Hedge short positions are presented as part of the items "Other current liabilities" and "Other non-current liabilities."

b) Changes in debentures

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2019	**1,018,177**	**3,267,237**	**4,285,414**	**1,204,469**	**4,739,535**	**5,944,004**
Issue of debentures	-	-	-	509,824	499,460	1,009,284
Interest rates	172,250	32,464	204,714	279,120	32,466	311,586
Inflation adjustments	7,469	141,282	148,751	9,508	194,779	204,287
Fair value adjustment	-	-	-	6,545	(8,299)	(1,754)
Transfers	142,868	(142,868)	-	344,770	(344,770)	-
Payment of principal	(964,993)	-	(964,993)	(1,660,748)	-	(1,660,748)
Repayment of interest	(148,073)	-	(148,073)	(244,112)	-	(244,112)
Balances at 12.31.2020	**227,698**	**3,298,115**	**3,525,813**	**449,376**	**5,113,171**	**5,562,547**
Issue of debentures	-	385,175	385,175	19,016	743,446	762,462
Interest rates	185,882	-	185,882	338,787	-	338,787
Inflation adjustments	32,954	346,731	379,685	28,315	557,584	585,899
Fair value adjustment	-	-	-	(618)	(643)	(1,261)
Transfers	176,661	(176,661)	-	418,806	(418,806)	-
Payment of principal	(100,895)	-	(100,895)	(320,254)	-	(320,254)
Repayment of interest	(240,300)	-	(240,300)	(390,564)	-	(390,564)
Balances at 12.31.2021	**282,000**	**3,853,360**	**4,135,360**	**542,864**	**5,994,752**	**6,537,616**

c) Main transactions in 2021

c.1) 10th issue of debentures of the Company

On 10.18.2021, the Company settled the 10th issue of unsecured, non-convertible debentures of the parent company in a single series, in accordance with CVM Instruction 476/2009, totaling R$ 400,000 (R$ 385,175, net of issue costs).

c.2) 1st issue of debentures of the subsidiary Pampa Sul

In the consolidated statement of changes, the additional amount of the issue of debentures disclosed refers to debentures of the direct subsidiary Pampa Sul traded by the parent company ENGIE in the secondary market, which were under the control of ENGIE. More information is presented in Note 6 – Marketable securities.

d) Breakdown of debentures by index

	Parent Company				Consolidated			
	12.31.2021	%	12.31.2020	%	12.31.2021	%	12.31.2020	%
IPCA	4,135,360	100.0	3,525,813	100.0	6,279,764	96.1	5,134,281	92.3
CDI – with swap for IPCA	-	-	-	-	257,852	3.9	428,266	7.7
Debentures	**4,135,360**	**100.0**	**3,525,813**	**100.0**	**6,537,616**	**100.0**	**5,562,547**	**100.0**

e) Maturities of debentures recorded under non-current liabilities

	Parent Company	Consolidated
2023	185,052	449,834
2024	553,416	864,670
2025	1,024,554	1,318,531
2026	800,469	1,112,979
2027	343,089	528,847
2028 to 2032	633,227	1,005,744
2033 to 2037	52,937	453,531
2038 to 2042	79,523	79,523
2043 to 2046	181,093	181,093
Debentures	**3,853,360**	**5,994,752**

f) Main conditions contracted

			Payment Conditions				
	Quantity	Remuneration	Charges	Principal	Maturity	Guarantee	Balances at 12.31.2021
Parent Company:							
5th Issue – Single series	165,000	IPCA + 6.3% p.a.	Annually in December	3 annual installments as of 12.2022	12.2024	Without guarantee	249,708
6th Issue – Series 1	246,600	IPCA + 6.2621% p.a.	Annually in July	3 annual installments as of 07.2021	07.2023	Without guarantee	218,022
6th Issue – Series 2	353,400	IPCA + 6.2515% p.a.	Annually in July	3 annual installments as of 07.2024	07.2026	Without guarantee	467,648
7th Issue – Series 1	515,353	IPCA + 5.6579% p.a.	Annually starting 07.2019	2 annual installments as of 07.2024	07.2025	Without guarantee	631,598
7th Issue – Series 2	231,257	IPCA + 5.9033% p.a.	Annually starting 07.2019	3 annual installments as of 07.2026	07.2028	Without guarantee	282,871
9th Issue – Series 1	576,095	IPCA + 3.7000% p.a.	Annually starting 07.2021	2 annual installments as of 07.2025	07.2026	Without guarantee	679,090
9th Issue – Series 2	539,678	IPCA + 3.9000% p.a.	Annually starting 07.2021	3 annual installments as of 07.2027	07.2029	Without guarantee	636,002
9th Issue – Series 3	378,827	IPCA + 3.6000% p.a.	Semiannually starting 07.2021	2 annual installments as of 07.2025	07.2026	Without guarantee	446,353
9th Issue – Series 4	105,400	IPCA + 3.7000% p.a.	Semiannually starting 07.2021	3 annual installments as of 07.2027	07.2029	Without guarantee	124,100
10th Issue – Single series	400,000	IPCA + 5.7158% p.a.	Annually starting 09.2022	Annually starting 09.2023	09.2046	Without guarantee	399,968
Subsidiaries:							
Jaguara							
1st Issue – Series 1	483,000	107% p.a. on Δ DI rate with swap for IPCA + 4.47% p.a.	Semiannually starting 12.2018	9 semiannual installments as of 06.2019	06.2023	Security interest	159,311
1st Issue – Series 2	634,000	IPCA + 6.4962% p.a.	Semiannually starting 12.2018	15 semiannual installments as of 06.2020	06.2027	Security interest	715,682
Miranda							
1st Issue – Series 1	299,000	107% p.a. on Δ DI rate with swap for IPCA + 4.47% p.a.	Semiannually starting 12.2018	9 semiannual installments as of 06.2019	06.2023	Security interest	98,541
1st Issue – Series 2	386,000	IPCA + 6.4962% p.a.	Semiannually starting 12.2018	15 semiannual installments as of 06.2020	06.2027	Security interest	450,700
Pampa Sul							
1st Issue – Series 1	102,000	IPCA + 6.25% p.a.	Semiannually starting 10.2021	14 semiannual installments as of 10.2021	04,2028	Security interest	113,861
1st Issue – Series 2	238,000	IPCA + 7.50% p.a.	Semiannually starting 10.2021	17 semiannual installments as of 10,2028	10,2036	Security interest	272,897
2nd Issue – Series 1	150,000	IPCA + 4.50% p.a.	Semiannually starting 10.2021	14 semiannual installments as of 10.2021	04.2028	Security interest	157,061
2nd Issue – Series 2	432,000	IPCA + 5.75% p.a.	Semiannually starting 10.2021	17 semiannual installments as of 10.2028	10.2036	Security interest	434,203

g) Contractual covenants

Debt	Covenants	Measured on 12.31.2021
Parent Company:		
5th, 6th, 7th and 9th Issues	(i) Consolidated: EBITDA/ financial expenses ≥ 2.0 (ii) Consolidated: Gross debt/EBITDA ≤ 4.5	(i) 2.17 and 2.15[1] (ii) 2.82 and 2.85[1]
Subsidiaries:		
Jaguara – 1st Issue	Individual: ICSD[2] ≥ 1.10	1.20
Miranda – 1st Issue	Individual: ICSD[2] ≥ 1.10	1.27
Pampa Sul – 1st and 2nd Issues	Individual: ICSD ≥ 1.10[3]	1.10

(1) Trustees have different calculation methodologies, hence there are two different measurements for ICSD.
(2) Debt Service Coverage Ratio.
(3) Greater or equal to 1.1 for early maturity and greater or equal to 1.2 for distribution of any funds to shareholders, except minimum statutory dividends.

The covenants are being fully met by the Company and its subsidiaries.

NOTE 20 - REDEEMABLE PREFERRED SHARES

Accounting practice: Refer to redeemable preferred shares classified as financial liabilities in accordance with the nature and characteristics of these shares, which determine the payment of priority and cumulative dividends and the scheduled or mandatory redemption of shares at the discretion of their holders. They are initially recognized at fair value, net of costs incurred in issues, and later are measured at amortized cost using the effective interest method.

a) Changes in redeemable preferred shares

	Consolidated – Non-current
New	476,757
Interest	5,331
Balance at 12.31.2020	**482,088**
Issue cost	(1,331)
Interest	29,403
Balance at 12.31.2021	**510,160**

b) Maturities of redeemable preferred shares registered under non-current liabilities

	Consolidated
2023	42,513
2024	42,513
2025	42,513
2026	42,513
2027	42,513
2028 a 2032	212,567
2033 a 2034	85,028
Redeemable preferred shares	**510,160**

NOTE 21 – LEASE OPERATIONS

Accounting practice: The Company assesses, on the start date of each agreement, if such agreement is or contains a lease and whether the single approach of recognition and measurement, except for short-term leases and assets of low individual value.

Rights of use of leases The rights of use of leases, initially, comprise lease liabilities plus advance payments. These assets are depreciated based on the term of the lease agreements and assessed in terms of impairment loss. In addition, they are adjusted by any new remeasurement of lease assets.

Leases payable

Leases payable are initially measured at present value of future payment flows, discounted by the incremental financing rate, since the implicit interest rate of the lease cannot be easily determined. The flow of future payments comprises variable payments that depend on an index or rate.

Subsequently, the lease liability is measured at amortized cost using the effective interest method and remeasured (with corresponding adjustment in related right of use) when there is any change, modification in the lease term, change in future payments triggered, for example, by monetary adjustments, or change in the assessment of a call option of the underlying asset.

The variable lease payments that do not depend on an index or rate are recognized as expenses in the period in which they are made. In addition, the Company applies exemption from short-term lease recognition, that is, leases of assets whose lease term is 12 months or less at the start date, and assets of low individual value, which are recognized as expense throughout the lease duration.

a) Right of use of leases

		Parent Company					
		12.31.2021			12.31.2020		
	Depreciation period	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings							
Headquarters - ENGIE Brasil Energia	Until 2025	35,589	(14,819)	20,770	33,250	(9,715)	23,535
Other	-	60	(33)	27	60	(27)	33
		35,649	**(14,852)**	**20,797**	**33,310**	**(9,742)**	**23,568**

		Consolidated					
		12.31.2021			12.31.2020		
	Depreciation period	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings							
Headquarters - ENGIE Brasil Energia	Until 2025	35,589	(14,819)	20,770	33,250	(9,715)	23,535
Headquarters - EGSD	Until 2025	1,759	(1,759)	-	1,759	(442)	1,317
Land							
Campo Largo Wind Power Complexes	Until 2063	64,148	(3,389)	60,759	53,169	(2,332)	50,837
Trairí Wind Power Complex	Until 2047	27,147	(4,233)	22,914	26,596	(2,821)	23,775
Santo Agostinho Wind Power Complex	Until 2040	6,669	(476)	6,193	5,144	(278)	4,866
Umburanas Wind Power Complex	Until 2057	31,705	(2,104)	29,601	38,524	(1,329)	37,195
Assú Photovoltaic Complex	Until 2043	5,191	(621)	4,570	5,393	(400)	4,993
Other	-	790	(439)	351	778	(294)	484
		172,998	**(27,840)**	**145,158**	**164,613**	**(17,611)**	**147,002**

The change in right of use is presented below:

	Parent Company	Consolidated
Balances at 12.31.2019	**28,281**	**161,866**
New	-	2,522
Remeasurement	105	(8,002)
Depreciation	(4,818)	(9,384)
Balances at 12.31.2020	**23,568**	**147,002**
New	-	34
Remeasurement	2,339	8,351
Depreciation	(5,110)	(9,199)
Impairment of EGSD	-	(1,030)
Balances at 12.31.2021	**20,797**	**145,158**

b) Leases payable

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2019	**6,222**	**11,853**	**18,075**	**19,824**	**114,483**	**134,307**
New	-	-	-	269	2,253	2,522
Remeasurement	(564)	669	105	(1,357)	(6,645)	(8,002)
Interest	2,330	-	2,330	15,507	-	15,507
Transfers	4,105	(4,105)	-	5,263	(5,263)	-
Amortizations	(6,217)	-	(6,217)	(20,362)	-	(20,362)
Balances at 12.31.2020	**5,876**	**8,417**	**14,293**	**19,144**	**104,828**	**123,972**
New	-	-	-	9	25	34
Remeasurement	808	1,531	2,339	1,217	7,134	8,351
Interest	2,040	-	2,040	13,199	-	13,199
Transfers	4,216	(4,216)	-	5,075	(5,075)	-
Advances	-	-	-	(486)	(96)	(582)
Amortizations	(6,271)	-	(6,271)	(18,590)	-	(18,590)
Balances at 12.31.2021	**6,669**	**5,732**	**12,401**	**19,568**	**106,816**	**126,384**

Leases payable were measured at present value of future payment flows. The average discount rates used to calculate the present value were 8.2% and 10.2% for the headquarters building and the land in which the wind farms and photovoltaic solar facilities are established or will be built, respectively, and represent the incremental financing rate.

c) Recoverable PIS and Cofins

The rental agreements of ENGIE's headquarters and lease of lands of the Campo Largo, Campo Largo II, Umburanas – Phase I and Assú V Wind Complexes and are subject to PIS and Cofins recovery in 2021 and, therefore, have a potential right of recoverable PIS and Cofins embedded in the payment of leases, in accordance with the terms set forth for payment in which the taxable income method is established for these companies. For the coming years, rental agreements of the Headquarters – ENGIE and lease agreements of Campo Largo II Wind Power Complex may have PIS and Cofins recoverable in the amounts of R$ 1,146 and R$ 1,440, respectively.

The recognition of PIS and Cofins to be recovered was booked as an offset to depreciation on the right to use leases and interest expense of lease liabilities, in the results for the period. The following table shows the reconciliation of amounts recognized in these items:

	Parent Company				Consolidated			
	12.31.2021		12.31.2020		12.31.2021		12.31.2020	
	Interest	Depreciation	Interest	Depreciation	Interest	Depreciation	Interest	Depreciation
Gross amounts	2,040	5,110	2,330	4,818	13,199	9,199	15,507	9,384
PIS and Cofins credited	(80)	(707)	(91)	(415)	(307)	(524)	(791)	(594)
Capitalized amounts	-	-	-	-	(601)	(200)	(1,356)	(325)
Net amounts in profit or loss	**1,960**	**4,403**	**2,239**	**4,403**	**12,291**	**8,475**	**13,360**	**8,465**

d) Maturities of leases payable recorded under non-current liabilities

	Parent Company			Consolidated		
	Amounts not discounted	Embedded interest	Balance of lease liability	Amounts not discounted	Embedded interest	Balance of lease liability
2023	6,235	(503)	5,732	18,756	(2,885)	15,871
2024	-	-	-	15,166	(4,598)	10,568
2025	-	-	-	14,985	(5,622)	9,363
2026	-	-	-	12,987	(5,145)	7,842
2027	-	-	-	13,125	(6,015)	7,110
2028 to 2032	-	-	-	66,276	(39,847)	26,429
2033 to 2037	-	-	-	61,335	(46,917)	14,418
After 2038	-	-	-	728,421	(713,206)	15,215
Leases payable	**6,235**	**(503)**	**5,732**	**931,051**	**(824,235)**	**106,816**

e) Payment for leases of variable rentals, low-value individual and short-term assets

In the twelve-month period ended 12.31.2021, the Company recognized the amount of R$ 1,988 (R$ 1,416 at 12.31.2020) and R$ 10,736 (R$ 7,496 at 12.31.2020), in the parent company and consolidated, respectively, related to costs and expenses related to the payments of short-term and variable rentals and assets with low individual value, as exemption applied by the Company.

f) Analysis of inflation impact on lease agreements

The Company, pursuant to CPC 06 (R2), when measuring and remeasuring its lease liabilities and the right to use of leases, used the discounted cash flow technique without considering projected inflation in the flows to be discounted, in view of the barrier imposed by the accounting standard.

As such, in order to comply with CVM instructions, the comparative balances of lease liabilities, right to use of leases, financial expenses and depreciation expenses for 2021 are presented.

	Parent Company	Consolidated
Lease liability – closing balance		
As presented under IFRS 16	12,401	126,384
With effect from inflation	15,126	146,196
	21.97%	**15.68%**
Right of use of leases, net – closing balance		
As presented under IFRS 16	20,797	145,158
With effect from inflation	24,025	169,664
	15.52%	**16.88%**
Financial expenses		
As presented under IFRS 16	2,040	13,199
With effect from inflation	2,245	14,527
	10.05%	**10.06%**
Depreciation expenses		
As presented under IFRS 16	5,110	9,199
With effect from inflation	5,624	10,793
	10.06%	**17.33%**

NOTE 22 – CONCESSIONS PAYABLE

Accounting practice: Correspond to the contractual financial obligations of payments for the grants for consideration of concessions of hydroelectric power plants. These were initially recorded at the present value of concession installments payable over the term of the concession, and subsequently at the amortized cost based on the interest rate used for calculating the present value.

In order to accurately reflect in shareholders' equity the granted concession and the related obligation, amounts corresponding to concessions were recorded in property, plant and equipment with a corresponding entry in liabilities.

a) Breakdown

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Cana Brava Hydroelectric Power Plant	2,513,052	1,947,523	2,513,052	1,947,523
Ponte de Pedra Hydroelectric Power Plant	1,637,292	1,441,006	1,637,292	1,441,006
São Salvador Hydroelectric Power Plant	607,749	567,236	607,749	567,236
Estreito Hydroelectric Power Plant	-	-	60,698	56,553
	4,758,093	**3,955,765**	**4,818,791**	**4,012,318**
Classification in the balance sheet				
Current liabilities	267,117	222,474	274,071	228,865
Non-current liabilities	4,490,976	3,733,291	4,544,720	3,783,453
	4,758,093	**3,955,765**	**4,818,791**	**4,012,318**

The Company has onerous concession agreements with the Federal Government to Use the Public Asset (UBP) to generate electricity in the power plants listed in the table above. The features of the businesses and the agreements show the condition and the intention of the parties to execute them in full.

Considering that contractual amounts are stated at future prices, the Company adjusted them to present value based on reference discount rates on the date the obligation assumed, namely: Cana Brava, São Salvador and Estreito – 10% p.a. and Ponte de Pedra – 8.3% p.a.

b) Original contracted amounts

Original amount, adjusted at annual General Market Price Index (IGP-M) (Ponte de Pedra) and IPCA (Cana Brava, Estreito and São Salvador) variation are paid in monthly installments equivalent to 1/12 of respective annual amount, as follows:

Plants and payment years	Original value		Restated amount	
	Annual Payment	Total payment	Annual Payment	Total payment
Cana Brava Hydroelectric Power Plant				
Until 07.31.2023	680	1,190	4,932	8,769
De 08.01.2023 a 09.30.2033	61,280	612,800	461,002	4,610,022
		613,990		**4,618,791**
Ponte de Pedra Hydroelectric Power Plant				
Until 11.30.2034	31,109	**401,829**	201,048	**2,630,584**
São Salvador Hydroelectric Power Plant				
Until 05.31.2037	20,000	**308,333**	73,479	**1,166,660**
Estreito Hydroelectric Power Plant				
Until 01.31.2038	1,960	**31,527**	7,294	**118,761**

Starting from October 2021, the value of the Use of Public Asset (UBP) of the Cana Brava Hydroelectric Power Plant was adjusted by IPCA in place of IGP-M due to the signing of the amendment to the concession agreement on 10.29.2021.

c) Changes in concessions payable

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2019	**139,008**	**3,042,295**	**3,181,303**	**145,136**	**3,091,354**	**3,236,490**
Interest	-	309,146	309,146	-	314,462	314,462
Inflation adjustments	-	612,558	612,558	-	615,245	615,245
Transfers	230,708	(230,708)	-	237,608	(237,608)	-
Amortizations	(147,242)	-	(147,242)	(153,879)	-	(153,879)
Balances at 12.31.2020	**222,474**	**3,733,291**	**3,955,765**	**228,865**	**3,783,453**	**4,012,318**
Interest	-	366,581	366,581	-	372,192	372,192
Inflation adjustments	-	672,194	672,194	-	677,713	677,713
Transfers	281,090	(281,090)	-	288,638	(288,638)	-
Amortizations	(236,447)	-	(236,447)	(243,432)	-	(243,432)
Balances at 12.31.2021	**267,117**	**4,490,976**	**4,758,093**	**274,071**	**4,544,720**	**4,818,791**

d) Maturities of concessions payable disclosed in non-current liabilities

	Parent Company	Consolidated
2023	345,299	351,709
2024	588,078	593,905
2025	537,011	542,307
2026	490,413	495,228
2027	447,881	452,258
2028 to 2032	1,719,992	1,736,580
2033 to 2037	362,302	372,599
2038	-	134
Concessions payable	**4,490,976**	**4,544,720**

The payments of concessions payable indexed to IGP-M and IPCA are covered by sale agreements with the same indexes, at amounts higher than the balance of concessions payable. Accordingly, the strong inflation oscillation during the year will be recovered with revenues.

NOTE 23 – INCOME TAX AND SOCIAL CONTRIBUTION PAYABLE

Accounting practice: Are individually calculated by each entity according to the tax bases and rates in force in the financial statement period and recorded at the net amount in the balance sheet, when the taxes correspond to the same tax entities and will be paid at the net amount.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Income tax	9,162	25,847	45,509	132,757
Social contribution	4,264	19,771	36,934	65,784
	13,426	**45,618**	**82,443**	**198,541**

On 12.31.2021, the Company presents the amounts of R$ 163,182 and R$ 248,324 (R$ 86,218 and R$ 140,785 at 12.31.2020) for the parent company and consolidated, respectively, related to income tax and social contribution recoverable, expected to be recovered in 2022. For more information on non-current amounts of income tax and social contribution recoverable, see Note 12 – Other assets.

NOTE 24 – OTHER TAX AND REGULATORY OBLIGATIONS

Accounting practice: These are booked at the known amounts plus, whenever applicable, the corresponding interest and inflation adjustment.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
ICMS[1]	56	1,463	35,731	35,205
PIS[2] and Cofins[3]	17,219	23,113	30,957	41,331
Royalties[4]	11,808	12,709	17,081	18,795
ISSQN[5]	466	421	11,382	8,139
INSS[6]	1,731	1,124	7,644	6,623
Inspection rate	1,207	1,118	2,066	2,316
Other	2,674	2,360	3,095	3,684
	35,161	**42,308**	**107,956**	**116,093**
(-) Federal and state rates to offset	(1,037)	(1,761)	(1,401)	(2,192)
	34,124	**40,547**	**106,555**	**113,901**

(1) Tax on the Circulation of Goods and Services.
(2) National Integration Program.
(3) Contribution to Finance Social Security.
(4) Financial compensation for the use of water resources (Royalties).
(5) Taxes on Services of Any Nature.
(6) National Social Security Institute.

NOTE 25 – LABOR LIABILITIES

Accounting practice: These correspond to short-term benefits for employees, such as: (i) wages, salaries and social security contributions; (ii) paid annual leave and paid sick leave; (iii) profit-sharing and bonuses; and (iv) non-monetary benefits. These are recorded when services are provided to the Company and correspond to the amount not deducted from short-term employee benefits, which are expected to be paid in exchange for these services.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Provision for profit sharing and bonuses	88,457	66,422	97,794	88,284
Provision for vacation	31,622	27,848	35,990	32,244
Provision for voluntary termination expenses	28,852	-	29,244	-
Payroll	6,665	6,710	8,204	9,569
	155,596	**100,980**	**171,232**	**130,097**

To supplement fixed salary payment, the Company maintains a variable remuneration system, of annual periodicity, comprised of two programs: (i) Profit Sharing Program – applicable to all employees of the Company and linked to results obtained; and (ii) Manager Bonus Program – applicable to all employees classified as managers and linked to the results in their areas and individual performance.

In 2021, the Company offered its employees a Voluntary Termination Plan (PDV), limited to 99 slots. The PDV was open to all employees except those with fixed-term contracts. The targeted and priority employees were retired or employees retiring in the coming years, by 12.15.2024. The termination date was agreed upon between the employee and their manager according to the needs of the functions. Employees who joined the PDV will be entitled to a financial benefit paid as compensation.

NOTE 26 – PROVISIONS

Accounting practice: Are recognized when there is a present, court-ordered or not formalized obligation resulting from a past event, in which there shall probably be an outflow of resources for the settlement and that this obligation can be reasonable estimated. The updating of the provision through time is recognized in the item of financial expenses.

Provisions are recognized by the Company in amounts considered sufficient to settle the respective liabilities, when according to the legal counsels and Management, they involve probable risk of future disbursement.

a) Breakdown

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Civil				
Expropriations and administrative easement	46,841	46,962	59,409	52,900
Environmental	14,894	13,608	14,894	13,608
Retirement benefits	2,928	2,550	2,928	2,550
Sundry lawsuits	11,105	11,596	31,645	32,177
	75,768	**74,716**	**108,876**	**101,235**
Tax	**4,379**	**5,103**	**4,478**	**5,667**
Labor	**20,748**	**12,985**	**21,744**	**14,026**
Divestment of generation assets	**-**	**-**	**257,729**	**200,076**
	100,895	**92,804**	**392,827**	**321,004**
Classification in the balance sheet				
Current liabilities	10,248	3,293	22,060	15,159
Non-current liabilities	90,647	89,511	370,767	305,845
	100,895	**92,804**	**392,827**	**321,004**

a.1) Expropriations and administrative easements

The Company is defendant in lawsuits filed by individuals and legal persons regarding expropriation processes of areas that are necessary for the formation of the reservoirs of some plants and establishment of administrative services of properties where connection and transmission lines and projects will be constructed.

a.2) Demobilization of generation assets

Encompass the present value of estimated costs regarding the demobilization of generation assets. Further information is available in Note 14 - Property, Plant and Equipment.

b) Change in provisions

	Parent Company			
	Civil	Tax	Labor	Total
Balance at 12.31.2020	**74,455**	**6,767**	**14,979**	**96,201**
Additions	1,700	646	2,937	5,283
Restatements	6,738	107	1,166	8,011
Payments	(2,903)	(2,323)	(1)	(5,227)
Reversals from revision	(5,274)	(94)	(6,096)	(11,464)
Balance at 12.31.2021	**74,716**	**5,103**	**12,985**	**92,804**
Additions	-	668	10,581	11,249
Restatements	9,968	113	1,180	11,261
Payments	(5,552)	(5)	(144)	(5,701)
Reversals from revision	(3,364)	(1,500)	(3,854)	(8,718)
Balance at 12.31.2021	**75,768**	**4,379**	**20,748**	**100,895**

	Consolidated				
	Civil	Tax	Labor	Divestment	Total
Balance at 12.31.2021	**87,090**	**7,100**	**15,376**	**187,314**	**296,880**
Additions	16,597	951	3,573	2,981	24,102
Restatements	8,316	108	1,175	9,781	19,380
Payments	(3,614)	(2,323)	(2)	-	(5,939)
Reversals from revision	(7,154)	(169)	(6,096)	-	(13,419)
Balance at 12.31.2021	**101,235**	**5,667**	**14,026**	**200,076**	**321,004**
Additions	8,760	676	10,773	33,780	53,989
Restatements	10,984	115	1,199	23,873	36,171
Payments	(5,876)	(98)	(166)	-	(6,140)
Reversals from revision	(6,227)	(1,882)	(3,854)	-	(11,963)
Write-of due to sale of subsidiary	-	-	(234)	-	(234)
Balance at 12.31.2021	**108,876**	**4,478**	**21,744**	**257,729**	**392,827**

c) Possible and remote risks

The Company is also a party to lawsuits that, in the opinion of the legal counsels and its Management, do not represent a probable risk of future disbursement, for which reason the amounts related to those lawsuits are not provisioned for.

c.1) Possible risks

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Tax and social security	**674,819**	**674,021**	**675,423**	**674,761**
PIS/Cofins on fuel reimbursement	529,335	514,732	529,335	514,732
Voluntary confession	43,686	46,361	43,686	46,361
Compensation of tax loss carryforwards in the succession	29,216	28,925	29,216	28,925
Recovery of PIS and Cofins taxes	32,673	27,339	32,673	27,339
Use of the Income Tax Loss and the Negative Social Contribution Base	18,777	18,473	18,777	18,473
Other	21,132	38,191	21,736	38,931
Civil	**14,294**	**22,927**	**55,974**	**41,098**
Labor	**12,372**	**15,195**	**13,069**	**16,756**
	701,485	**712,143**	**744,466**	**732,615**

c.1.1) Tax risks

The main tax-related risks evaluated by the Company and its legal counsel as having a possible risk are the following:

- PIS/Cofins on fuel reimbursements

On 12.14.2018, a Notice of Deficiency was issued against the Company for the non-payment of PIS and Cofins taxes should apply to the amounts transferred by Eletrobras as reimbursement for fuels used in energy generation operations at the Company's thermal power plants between January 2014 and December 2016, based on the principal argument that the funds received from Eletrobras are essentially revenue in order to subsidize costs. Said reimbursements are based on the government's incentive to purchasing fossil fuels used in thermal power plants.

In accordance with Federal Law no. 10,438/02, the federal government created a public fund called Energy Development Account (CDE) to promote competitiveness among plants using coal as fuel, therefore limiting the scope of the erstwhile Fuel Consumption Account (CCC) public fund to isolated systems.

The CDE public fund mentioned in the notice of deficiency is formed as follows: (i) in its bills, the distribution company charges end consumers for the amounts related to electricity consumption, which are subject to PIS and Cofins taxes, and transfers these amounts to the agency responsible for the management of CDE; (ii) generation companies using fossil fuels acquire such fuels and store the physical inventories on behalf of the agency responsible for the management, the legal owner of these assets; and (iii) the agency responsible for the management reimburses generation companies for the amounts related to the fuel consumed.

Based on the CDE mechanism, on 1.15.2019 the Company filed a Voluntary Appeal to the notice of deficiency through its external advisors, arguing that: (i) the Company is not the legal owner of the fuels; (ii) the reimbursement does not have characteristics of subsidy for costs, since it is financed by energy end consumers, not the government; and (iii) the reimbursed amount does not increase the Company's revenue, and there is jurisprudence in superior courts determining that PIS and Cofins taxes should only be levied on inflows that effectively increase wealth. As such, the Company understands that the reimbursements addressed in the notice of deficiency are not subject to PIS and Cofins.

On 01.24.2020, the Company was informed of the unfavorable decision on the Appeal filed with the Administrative Council of Tax Appeals (CARF). However, in the Company's opinion, the procedures adopted are in accordance with the accounting rules and tax laws and hence it filed a motion for clarification against the decision with CARF.

Lastly, the position of the Company and its lawyers is that the progress of the case at CARF, even if the outcome is unfavorable in the administrative sphere, does not alter the assessment of favorable success, i.e., the Company's opinion is that it has solid arguments to extinguish this improper surcharge of PIS and Cofins at higher spheres.

This case remains with the Company after the sale of Diamante, since during the period in question the Jorge Lacerda Thermal Power Complex still belonged to the generation complex of the parent company.

- Voluntary confession

The mechanism called "voluntary confession" allows the payment of overdue taxes without the application of a late payment penalty, provided it is made before any administrative procedure or inspection measure. Once the RFB accepts the payments after the deadline without the corresponding late payment penalty, the Company submits administrative, and when necessary, legal challenges.

- Compensation of tax loss carryforwards in the succession

The Company used CSLL tax loss carryforwards arising from the merger of a company on 4.29.1998, or after the amendment to the tax legislation introduced in 2001, prohibiting the use of tax loss carryforwards from mergers, consolidations or spin-offs of companies.

As the merger took place before said Provisional Measure (MP) prohibited the use of taxes, when it was still possible to use the social contribution tax loss carryforwards from the former company, the Company understands that the new rule does not apply to the merger brought in effect. The amounts were added to its equity, as the successor company, ensuring the right to use said amounts.

In June 2008, the Company obtained a favorable decision of the Judgment Office of Florianópolis, regarding the portion of the tax deficiency notice regarding the use of the social contribution tax loss carryforwards in the calendar year 2003, originated from a merger.

The lawsuit is pending decision of the CARF, issued by the Brazilian Federal Revenue Service, and with voluntary appeal from the Company exclusively focusing on the non-levy of interest in arrears.

- Recovery of PIS and Cofins taxes

In 1998, Law no 9,718 was published, extending the PIS and Cofins calculation basis that, so far, only levied on the companies' gross revenues. The Company challenged in court the constitutionality of said Law, obtaining a favorable decision on 9.1.2006, which enabled its settling the contributions, calculated on several revenues resulting from the gross revenues for the period assessed from February of 1999 to November of 2002, for PIS, and February of 1999 to January of 2004, for Cofins.

The main amount included in the calculation base of PIS and Cofins regards the accounting caption named Fuel Consumption Account (CCC), which accounted for the reimbursement of the consumption of fossil fuel acquired for thermal energy generation with funds from CCC. In 2016, Aneel amended the Electricity Sector Accounting Manual (MCSE) to reflect the offset in a rectifying account of operating costs and no longer as revenue.

As a result of the recognition, by Aneel, that the accounting procedure adopted until then was inadequate, the Company also offset the amounts of taxes overpaid in 2004 and 2005.

In relation to the period from February 2004 to December 2005, the RFB issued 44 tax deficiency notices, which correspond to a portion of the offset amount, claiming that the consumption of fossil fuel under the CCC is considered as revenue by nature. The Company submitted a statement of discontentment with all proceedings, which was deemed invalid by the respective authorities. Consequently, the Company filed a voluntary appeal against the decisions.

Of the 44 proceedings submitted to the CARF, only one was favorable for the Company. Of the 43 proceedings remaining at CARF and with the Upper Chamber of Tax Appeals (CSRF), 11 were decided, with an unfavorable ruling against the Company. After this decision, the Management of ENGIE Brasil Energia filed a request for analysis of Special Appeal at CSRF, which was also denied. As a result, the risk of these claims was classified as possible.

Due to the final and unappealable denial of the Special Appeals in the administrative sphere, on 11.18.2015 the Company filed a suit for the declaration of non-existence of tax–legal relationship against the National Treasury, relating to the 11 tax liabilities constituted by the Federal Revenue Service (RFB), as a result of the non-ratification of offset of PIS and Cofins taxes paid in excess.

In 2020, CARF recognized the nullity of the non-ratified rulings on decisions of part of the offset proceedings issued by the RFB against the Company. The National Treasury, however, filed a Motion for Clarification against CARF's decisions, which is awaiting the decision of the Council.

- Use of the Income Tax Loss and the Negative Social Contribution Base above the 30% limit in the calculation basis for the Merger of Companhia Energética São Salvador (CESS)

On 10.27.2017, the Company was notified in a proceeding related to the use, above the 30% limit, of the income tax loss and negative social contribution based accrued in calendar year 2013 in the CESS merger process.

Federal tax authorities issued a notice of deficiency for considering that ENGIE Brasil Energia is responsible by succession, as envisaged in Article 2017, Item III and 209 of the Income Tax Regulation (RIR).

The Company understands that, in the event of termination of activities, the limit imposed on the use of income tax loss and negative base ceases to exist. Furthermore, within the 30% limit, as required by tax authorities, taxation would be more onerous and would impact the company's equity and not equity addition.

On 11.27.2017, the Company filed an objection demonstrating the nullity of the notices of deficiency, since serious errors were made by the Federal Tax Authorities in calculating the Income Tax and Social Contribution amounts, thus invalidating the tax entries.

However, the Federal Revenue Trial Office (DRJ) of Florianópolis analyzed the objection and maintained the notice (decision received on 4.18.2018). After receiving the DRJ decision, the Company filed a Voluntary Appeal with CARF on 5.10.2018. The appeal is pending judgment.

c.1.2) Civil risks

The main civil risk assessed by the Company and its legal counsel as possible is the following:

- Indemnification

The objects of indemnification lawsuits are divided as: (i) pecuniary damages and pain and suffering resulting from death due to electrocution caused by clandestine electrical wiring between the river banks of a plant; (ii) pecuniary damages and loss of profits caused by floods, allegedly worsened by the operation of plants; and (iii) requests for additional indemnity on account of expropriations.

c.2) Remote risks

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Tax and social security	330,964	367,666	384,051	478,700
Civil	134,515	95,003	134,913	95,153
Labor	65,797	144,950	90,271	153,536
	531,276	**607,619**	**609,235**	**727,389**

NOTE 27 – RETIREMENT BENEFITS OBLIGATIONS

Accounting practice: Actuarial commitments to defined retirement benefit plans are recognized at the present value of the estimated liabilities, net of the amount of assets guaranteeing the plan.

The present value of the commitments is calculated based on an actuarial appraisal elaborated annually by independent actuarial, based on the Projected Unit Credit Method. The method considers each period of employment as a generator of an additional benefit unit, and the units are accumulated to build up the final obligation. Net assets are substantially composed of investments comprising the benefits plan portfolio, which are valued at their fair value.

Changes in the net defined benefit are recognized when incurred as follows: (i) cost of service and net interest, in profit or loss for the year; and (ii) annual remeasurements of retirement benefit obligations, net of the assets of the plans, under "Other comprehensive income".

The Company also maintains defined contribution plans, whose contributions are recognized in profit or loss when incurred.

The Company and its subsidiaries offer complementary pension plans for its employees through PREVIG - Sociedade de Previdência Complementar. The foundation is a nonprofit closed pension entity, sponsored by the Company, as its Founder, and by other ENGIE companies in Brazil and Diamante. The benefit plans managed by PREVIG are: Defined Contribution (CD) and Defined Benefit (BD), the latter closed for new adhesions.

In 2019, employees of the parent company were transferred to Pampa Sul and Diamante. However, the amounts of their retirement benefits obligations are not significant and hence only the consolidated changes and balances are presented herein. Moreover, on 10.18.2021, after fulfillment of the conditions precedent established in the QPA, all the shares held by the Company in Diamante were sold, and all employees and obligations related to these were transferred.

The Company sponsors the BD plan of ELOS, also closed for new adhesions. The participants in this plan are mainly retirees that were entitled to benefits until 12.23.1997, the date of spin-off of Eletrosul, and creation of Gerasul, current ENGIE Brasil Energia, as well as participants that opted for the proportional benefit deferred until that date, who did not migrate to PREVIG. The plans managed by the Company have the following main characteristics:

a) Defined Benefit Plan (BD)

BD plan uses the financial system for capitalization of retirements, pension plans and aid benefits. The Plan's costs are covered by contributions made by members and sponsor, and the Company's contribution is twice the contribution of its participants. Benefits provided for in the Plan are as follows: (i) retirement per length of work, disability and age supplement; (ii) special retirement and former combatant retirement supplement; (iii) pension supplement; (iv) inmate pension supplement; (v) annual bonus; and (vi) funeral allowance.

b) Settled Proportional Supplementary Benefit Plan (BSPS)

The Company and its subsidiaries also maintain a defined contribution plan (CD) at PREVIG, denominated "Prevflex", created in 2005. ENGIE Brasil Energia employees, on the date of creation, could choose to remain in the defined benefit (BD) plan or to transfer to Prevflex (CD).

However, members that comply with some pre-conditions established upon Prevflex creation had the option of maintaining existing reserves in the BD Plan up to that date and, from then on, making direct contributions to the CD Plan. This plan was called "BSPS", and is closed for new membership. However, in case they chose to transfer their reserves directly to the CD Plan, they were entitled to a special contribution, which was accepted by 94% of members.

c) Number of participants

	Consolidated					
	ELOS BD		PREVIG BD		PREVIG BSPS	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Active employees	1	1	5	7	5	11
Retired employees	1,331	1,387	352	362	71	73
Pension holders	677	648	74	65	10	7
	2,009	**2,036**	**431**	**434**	**86**	**91**

d) Breakdown of obligations with retirement benefits

	Consolidated					
	12.31.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Contracted obligations	24,762	177,775	202,537	23,232	165,481	188,713
Current contributions and service costs	72	-	72	21	-	21
Uncontracted deficit	17,230	244,172	261,402	19,814	242,365	262,179
Recorded actuarial liability	**42,064**	**421,947**	**464,011**	**43,067**	**407,846**	**450,913**

Retirement benefits obligations recognized in the balance sheet are partially covered by contracted obligations and/or obligations acknowledged through an instrument for the acknowledgment of debt and agreement entered into by the Company with respective Foundations.

On 4.13.2021, the Company signed an agreement with ELOS Foundation to pay the portion of deficit under its responsibility for fiscal year 2019. The amount contracted was R$ 13,761, which will be paid in 154 monthly installments, adjusted by the National Consumer Price Index (INPC) and interest of 6.04% p.a.

Contracted amounts presented in non-current liabilities are expected to be settled as follows:

	Consolidated		
	ELOS	PREVIG	Total
2023	22,861	1,827	24,688
2024	19,200	284	19,484
2025	20,336	-	20,336
2026	21,539	-	21,539
2027	22,813	-	22,813
2028 to 2032	66,865	-	66,865
2033 to 2034	2,050	-	2,050
	175,664	**2,111**	**177,775**

e) Statement of retirement benefit obligations, net

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC[1]	Total
12.31.2020					
Present value of obligations	1,512,131	398,652	75,886	3,668	1,990,337
Fair value of assets	(1,087,371)	(376,616)	(89,337)	-	(1,553,324)
Actuarial Evaluation	**424,760**	**22,036**	**(13,451)**	**3,668**	**437,013**
Surplus of contracted obligations	-	-	13,900	-	13,900
Liabilities recorded at 12.31.2020	**424,760**	**22,036**	**449**	**3,668**	**450,913**
12.31.2021					
Present value of obligations	1,334,875	376,014	69,794	2,936	1,783,619
Fair value of assets	(900,516)	(349,428)	(82,445)	-	(1,332,389)
Actuarial Evaluation	**434,359**	**26,586**	**(12,651)**	**2,936**	**451,230**
Surplus of contracted obligations	-	-	12,781	-	12,781
Liabilities recorded at 12.31.2021	**434,359**	**26,586**	**130**	**2,936**	**464,011**

(*) Confidentiality bonus.

f) Breakdown of plan assets per investment nature, as of 12.31.2021

	Plans		
	ELOS BD	PREVIG BD	PREVIG BSPS
Fixed income	79.7%	98.6%	99.6%
Loans	2.3%	1.4%	-
Real estate	2.8%	-	-
Other	15.2%	-	0.4%
	100.0%	**100.0%**	**100.0%**
Change in assets' market value	11.5%	16.2%	14.0%

Fixed income assets are mainly comprised of Federal Public Securities, substantially, National Treasury Notes (NTN).

g) Changes in retirement benefit liabilities

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Liabilities recorded at 12.31.2019	**376,264**	**26,815**	**744**	**3,339**	**407,162**
Current contribution and cost of service	74	(2,119)	2,190	208	353
Payment of contracted obligations	(25,743)	(1,669)	(2,538)	-	(29,950)
Interest on actuarial liabilities/assets, net	24,917	1,725	39	190	26,871
Losses (Gains) from remeasuring liabilities, net					
Adjustment by demographic experience	26,342	(1,239)	(948)	(237)	23,918
Change in salary increase assumption	-	-	-	415	415
Changes in financial assumptions	(64,077)	(40,383)	(8,186)	(247)	(112,893)
Return on asset lower than the rate of discount	95,610	38,906	7,851	-	142,367
Changes to the limits of surplus and deficit	-	-	1,297	-	1,297
Risk Sharing – Balancing of deficit plan	(8,627)	-	-	-	(8,627)
	49,248	**(2,716)**	**14**	**(69)**	**46,477**
Liabilities recorded at 12.31.2020	**424,760**	**22,036**	**449**	**3,668**	**450,913**
Current contribution and cost of service	180	(2,346)	2,379	(1,116)	(903)
Payment of contracted obligations	(30,276)	(1,811)	(2,756)	-	(34,843)
Interest on actuarial liabilities/assets, net	27,255	1,512	21	224	29,012
Losses (Gains) from remeasuring liabilities, net:					
Adjustment by demographic experience	21,152	24,624	3,943	1,104	50,823
Changes in financial assumptions	(156,225)	(42,196)	(7,831)	(412)	(206,664)
Return on asset higher than the rate of discount	166,265	25,017	5,558	-	196,840
Changes to the limits of surplus and deficit	-	-	(1,633)	-	(1,633)
Risk Sharing – Balancing of deficit plan	(18,752)	-	-	-	(18,752)
	12,440	**7,445**	**37**	**692**	**20,614**
(-) Write-off due to sale of subsidiary	-	(250)	-	(532)	(782)
Liabilities recorded at 12.31.2021	**434,359**	**26,586**	**130**	**2,936**	**464,011**

h) Net expenses to be recognized as profit or loss over the course of 2022

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Interest on liabilities, net of assets	42,950	2,520	(7)	270	45,733
Current cost of service	-	-	-	195	195
Net expenses	**42,950**	**2,520**	**(7)**	**465**	**45,928**

i) Actuarial assumptions adopted

Assumptions	12.31.2021	12.31.2020
Rate of discount and of implicit return (p.a.)		
Plan ELOS BD	10.3%	7.4%
Plan PREVIG BD	10.3%	7.6%
Plan PREVIG BSPS	10.3%	7.7%
GC	10.3%	7.2%
Duration, in years		
Plan ELOS BD	8.87	9.54
Plan PREVIG BD	10.16	11.06
Plan PREVIG BSPS	10.89	12.02
GC	7.00	8.37
Inflation	4.8%	3.4%
Future salary growth (p.a.)	4.8%	3.4%
Benefit growth (p.a.)	4.8%	3.4%
Capacity factor on ELOS BD, PREVIG BSPS and PREVIG BD benefits	98.0%	98.0%
Capacity factor (on wages and ELOS BD, PREVIG BSPS and PREVIG BD benefits)	100.0%	100.0%
Capacity factor (wages and salaries) GC	100.0%	100.0%

Hypothesis	12.31.2021 and 12.31.2020
Mortality Table (assets)	
BD ELOS Plan	AT 2000 Basic (basic, segregated by gender)
BD and BSPS PREVIG Plan and GC	AT-2000 (men, at 10%)
Mortality Table of Disabled	AT-1983 (IAM) Men
Table of Start of Disability	Light Average
Turnover Table	Null
% of active employees married at the time of retirement	
BD and BSPS PREVIG Plan	85
Age of Retirement	First date to comply with all requirements
Age difference between participant and spouse	
BSPS PREVIG Plan	Wives are 5 years younger than husbands
BD PREVIG Plan	Wives are 5 years younger than husbands

The assumption of household composition ("Average Household") is adopted specifically for projections related to active participants, whereas projects related to participants assisted by the plan (retirees and pension holders) consider information in the record base ("Actual Household").

The assumption of household composition was not adopted for the ELOS BD Plan, since all commitments with participants were considered the information in the record base ("Actual Household"), including for the two active participants, who are members of the Deferred Proportional Benefit (BPD) plan and may already choose to receive the benefit.

j) Sensitivity analysis

	Plans			
	ELOS BD	PREVIG BD	PREVIG BSPS	GC
Effect in the present value of obligations				
Increase of 0.1 p.p. in the discount rate	(10,600)	(3,335)	(661)	(18)
Reduction of 0.1 p.p. in the discount rate	10,753	3,388	672	18

k) Confidentiality Bonus benefit

Refers to the payment of remuneration to manager-level employees upon the termination of their employment.

l) Defined Contribution Plan (CD)

In addition to the BD and BSPS Plan, PREVIG manages the CD Plan whose benefits are supported by contributions of participants and the sponsoring entity. The Company's contribution corresponds to the same amount of its employees' basic contribution, limited to a limit, in accordance with the plan's regulations. The net worth of the CD Plan on 12.31.2021 amounted to R$ 963,602 (R$ 952,520 at 12.31.2020). In 2021, the Company made contributions to the plan in the amount of R$ 13,694 (R$ 13,232 in 2020).

NOTE 28 – DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Accounting practice: Are calculated with the application of the effective rates forecasted for the years in which there is an expectation of realizing or demanding temporary differences - differences between the book value of liabilities and assets and their tax base – or offsetting tax losses, and social contribution tax loss carryforwards, when applicable. These deferred taxes are fully presented in the non-current group, on a net basis, regardless of the expectations of realization and enforceability of the amounts that give rise to them.

Deferred income tax and social contribution are recognized in accordance with the transaction that gave rise to the deferred tax, whether in profit or loss, in comprehensive income or directly in net equity.

Deferred income tax and social contribution assets and liabilities, are presented net, as follows:

a) **Breakdown**

	Parent Company				
		12.31.2021			12.31.2020
Description of credits	**Calculation basis**	**IR**	**CSLL**	**Total**	**Total**
Liabilities:					
Hydrological risk renegotiation	2,298,246	574,561	206,842	781,403	329,011
Accelerated depreciation	929,659	232,415	83,669	316,084	313,049
Property, plant and equipment deemed cost (fair value)	523,862	130,966	47,148	178,114	201,253
Unrealized gains on hedge operations	172,779	43,195	15,550	58,745	231,382
Unrealized sale at MAE (currently CCEE)	100,309	25,077	9,028	34,105	34,105
Capitalized financial charges	57,185	14,296	5,147	19,443	20,233
Other	52,369	13,093	4,713	17,806	14,622
		1,033,603	**372,097**	**1,405,700**	**1,143,655**
Assets:					
Provision for asset impairment	1,247,226	311,807	112,250	424,057	30,898
Retirement benefits obligations	261,388	65,347	23,525	88,872	88,853
Fair value adjustment in business combinations	131,644	32,911	11,848	44,759	41,832
Estimated losses with doubtful accounts	122,017	30,504	10,982	41,486	41,486
Civil, tax and labor provisions	93,018	23,255	8,372	31,627	29,535
Unrealized losses on hedge operations	29,465	7,366	2,652	10,018	54,960
Other	115,500	28,875	7,923	36,798	27,852
		500,065	**177,552**	**677,617**	**315,416**
Net total		**533,538**	**194,545**	**728,083**	**828,239**

Description of credits	Consolidated				
	12.31.2021				12.31.2020
	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Revenue from installation of transmission infrastructure	4,859,115	1,214,779	437,320	1,652,099	920,891
Interest on concession financial asset	2,608,025	652,006	234,722	886,728	465,963
Hydrological risk renegotiation	2,452,251	613,063	220,703	833,766	329,011
Accelerated depreciation	1,612,974	403,244	145,168	548,412	483,594
Capitalized financial charges	742,044	185,511	66,784	252,295	268,367
Property, plant and equipment deemed cost (fair value)	523,862	130,966	47,148	178,114	201,253
Intangible asset on the bonus paid for grant	346,325	86,581	31,169	117,750	89,491
Fair value of rights of project acquired	236,021	59,005	21,242	80,247	80,247
Unrealized gains on hedge operations	209,191	52,298	18,827	71,125	233,938
Unrealized sale at MAE (currently CCEE)	100,309	25,077	9,028	34,105	34,105
Other	73,759	18,440	6,638	25,078	26,781
		3,440,970	**1,238,749**	**4,679,719**	**3,133,641**
Assets:					
Construction costs of transmission infrastructure	5,172,812	1,293,203	465,553	1,758,756	894,564
Provision for asset impairment	1,247,226	311,807	112,250	424,057	50,593
Revenue from Return of Grant Bonus (RBO)	1,174,701	293,675	105,723	399,398	297,148
Income Tax Loss and Negative Social Contribution Base	963,081	240,770	86,677	327,447	76,206
Retirement benefits obligations	261,390	65,348	23,525	88,873	89,148
Estimated losses with doubtful accounts	140,636	35,159	12,657	47,816	46,640
Fair value adjustment in business combinations	131,644	32,911	11,848	44,759	41,832
Civil, tax and labor provisions	114,495	28,624	10,305	38,929	37,337
Unrealized losses on hedge operations	84,628	21,157	7,617	28,774	67,058
Other	233,664	58,416	18,804	77,220	57,535
		2,381,070	**854,959**	**3,236,029**	**1,658,061**
Net amount		**1,059,900**	**383,790**	**1,443,690**	**1,475,580**
Classification in the balance sheet					
Liabilities		1,104,760	400,065	1,504,825	1,523,222
Assets		(44,860)	(16,275)	(61,135)	(47,642)
Total		**1,059,900**	**383,790**	**1,443,690**	**1,475,580**

b) Change in deferred income tax and social contribution, net

	Parent Company	Consolidated
Balance at 12.31.2020	**468,526**	**927,925**
Taxes deferred in profit or loss	373,461	478,067
Deferred taxes on surplus of acquired company	-	80,247
Deferred taxes of acquired company	-	2,482
Taxes deferred in other comprehensive income	(13,748)	(13,141)
Balance at 12.31.2020	**828,239**	**1,475,580**
Taxes deferred in profit or loss	(98,874)	(30,881)
Taxes deferred in other comprehensive income	(1,282)	(1,940)
Write-off due to sale of subsidiary	-	931
Balance at 12.31.2021	**728,083**	**1,443,690**

c) Expected realization and required payments

The Company's Management prepares a forecast of future taxable income, considering its discounts at present value, demonstrating its capacity to realize tax credits in the fiscal years specified. Based on the technical study of taxable income forecasts, the Company expects to recover tax credits in the following fiscal years:

	Parent Company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
2022	445,695	95,545	566,200	224,021
2023	15,769	112,308	212,454	293,960
2024	60,299	172,835	226,623	315,074
2025	18,694	116,416	184,350	253,263
2026	19,561	130,421	116,990	260,543
2027 to 2029	62,649	347,198	337,419	735,467
2030 to 2032	26,252	249,516	308,305	612,759
2033 to 2035	14,817	140,447	305,240	492,157
After 2036	13,881	41,014	978,448	1,492,475
	677,617	**1,405,700**	**3,236,029**	**4,679,719**

NOTE 29 – OTHER LIABILITIES

Accounting practice: Other obligations are recorded at the known or calculable values with the addition, when applicable, of the corresponding interest and monetary readjustments incurred.

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Reimbursement to distributors	-	-	471,094	203,106
Unrealized losses in hedge operations[1]	56,632	116,298	110,010	155,541
Liabilities linked to acquisition of assets	-	-	84,403	51,756
Fuels –Aneel Resolution 801/2017	39,130	78,348	39,130	78,348
Trade accounts payable[2]	7,471	-	20,893	17,328
Advances from clients	462	4,175	18,999	32,663
Fuel payable to CDE[3]	-	-	-	45,206
Other accounts payable	61,760	56,306	149,372	135,324
	165,455	**255,127**	**893,901**	**719,272**
Classification in balance sheet				
Current liabilities	150,147	98,662	769,364	238,687
Non-current liabilities	15,308	156,465	124,537	480,585
	165,455	**255,127**	**893,901**	**719,272**

(1) Further information is available in Note 17 – Risk management and financial instruments.
(2) Further information is available in Note 16 – Suppliers.
(3) Energy Development Account.

a) Reimbursement to distributors

The Company has liabilities related to the reimbursement mechanism envisaged in the electricity agreements signed in the Regulated Contracting Environment (ACR) of plants of the Trairí, Campo Largo and Umburanas - Phase I Wind Complexes, Assú V and Pampa Sul. These agreements establish the payment by distributors of a fixed revenue regardless of the generation in each month and subsequent reimbursement by the Company.

The main recognition criteria are shown below:

Company	Auction	Type	Recognition criteria	2021	2020
Pampa Sul	20th New Energy Auction	Availability	**Calculation:** difference between verified scheduled unavailability and unavailability declared for calculating physical guarantee. **Valuation:** based on the Cost-Benefit Index (ICB) of the agreement, adjusted by the IPCA (calculation until 2021). **Payment:** In 2022. As of 2022, any differences between generation and maximum contractual availability will be settled monthly at CCEE.	355,276	139,329
Trairí, Campo Largo and Umburanas Wind Power Complexes – Phase I	20th New Energy Auction / 22nd New Energy Auction	Availability	**Calculation:** (i) annual reimbursement: 10% flexibility due to variable wind conditions and general factors of energy market Delivers below 90% of energy contracted are measured annually; and (ii) quadrennial reimbursement: flexibilization in the four-year scenario due to the seasonal nature of winds. As such, each calculation forgiven in the annual reimbursement is considered for the four-year period, as well as in the energy delivered above 100% in each year. **Valuation:** difference measured with the highest between the sale price fixed in the auction and the PLD of the reference period. **Payment:** is made in the year subsequent to measurement through a deduction in sales revenue.	113,056	61,403
Assú V	8th Reserve Energy Auction	Quantity	**Calculation:** Difference between energy contracted and energy generated. **Valuation:** Difference multiplied by contract price. **Payment:** 12 equal installments directly in the contract accounting for the CCEE in the subsequent year.	2,762	2,374
				471,094	**203,106**

Of this amount, R$ 246,912, net of PIS and Cofins, was recognized in 2021 (R$ 71,016, recognized in 2020), with the revenues earned by the distributors as a corresponding entry.

b) Fuels – Aneel Resolution no. 801/2017

Corresponds mainly to the amounts payable because of the application of Aneel Resolution 801/2017, which revoked Aneel resolution 500/2012, in 2016. Such resolution envisages a reduction in the reimbursement of mineral coal acquired with funds from the CDE due to the energy efficiency of the generating unit.

c) Fuel payable to CDE

On 12.19.2017, Aneel issued a Normative Resolution, in effect from 1.1.2018, which established rules for the reimbursement of the fuel costs for domestic coal thermal power generation, intermediated by CDE.

The resolution determined the mandatory acquisition, on 1.1.2018, of charcoal belonging to CDE under the management of the Jorge Lacerda Thermal Power Complex on the base date of 12.31.2016 for payment in five years from the acquisition. However, due to the Technical Note 143/2020 issued by Aneel on 8.19.2020, the quantity of charcoal to be acquired by the Company will be lower than that established in 2017. The changes for 2020 and 2021 are shown below:

	Consolidated
Balances at 12.31.2019	**144,767**
Payment	(48,887)
Inflation adjustment by IPCA	4,467
Adjustment Technical Note 143/2020	(11,260)
Net asset presentation	(43,881)
Balances at 12.31.2020	**45,206**
Payment	(36,224)
Inflation adjustment by IPCA	3,241
Adjustment of coal price	6,924
Net asset presentation	11,568
Write-off due to sale of subsidiary	(30,715)
Balances at 12.31.2021	**-**

NOTE 30 – SHAREHOLDERS' EQUITY

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 7,000,000, by resolution of Board of Directors, regardless of any amendment to its bylaws. Under the B3's New Market listing regulations, the Company cannot issue preferred shares or founder shares.

The Company has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance in the years ended 12.31.2021 and 12.31.2020.

b) Subscribed and paid-in capital

At 12.31.2021 and 12.31.2020, the Company's fully subscribed and paid-in capital was R$ 4,902,648, represented by 815,927,740 registered common shares without par value.

The book value of the share in Reais, at 12.31.2021, is R$ 9.72 (R$ 9.49 for each share at 12.31.2020).

The Company's ownership structure at 12.31.2021 and 12.31.2020 was as follows:

Shareholders	Tranche of common shares	% of capital
ENGIE Brasil Participações Ltda.	560,640,791	68.71%
Banco Clássico S.A.	80,464,085	9.86%
Other shareholders	174,822,864	21.43%
	815,927,740	**100.00%**

As of 12.31.2021 and 12.31.2020, the Board of Directors, the Board of Executive Officers and the Audit Board held 78,488 and 53,870 shares issued by the Company, respectively.

c) Profit reserves

The item Profit reserves is broken down as follows:

	Parent Company / Consolidated	
	12.31.2021	12.31.2020
Legal reserve	560,640,791	68.71%
Tax incentive reserve	80,464,085	9.86%
Retained earnings reserve	174,822,864	21.43%
	815,927,740	**100.00%**

c.1) Legal reserve

Of net income for the year, 5% are allocated, before any other destination, to establish the legal reserve, which will not exceed 20% of the Company's capital. Said reserve is intended to ensure capital integrity and may only be used to offset losses or increase capital.

In 2021, the Company reached the limit of 20% of the capital stock and, hence, the amount allocated to legal reserve was limited to R$ 43,650, equivalent to 2.8% of the net income from the year.

c.2) Tax incentive reserves

This reserve is established by allocating the portion of net income that is equivalent to tax benefit granted by Amazon Region Development Authority (Sudam) and by the Northeast Development Superintendence (Sudene). This benefit corresponds to a 75% reduction in income tax calculated on earnings from exploration of activities developed by the plants entitled to the benefit – Ponte de Pedra and São Salvador Plants, based on Article 626 of Decree no. 9,580/2018, as shown below:

	12.31.2021	12.31.2020
Exploration profit	**247,882**	**256,567**
Nominal income tax (15%)	37,182	38,485
Additional of income tax	3,947	8,359
Income tax calculated	**41,129**	**46,844**
Tax incentive (%)	75%	75%
Tax incentive	**30,847**	**35,133**

c.3) Retained earnings reserve

This reserve was established based on capital budget and was intended to finance the implementation of new plants, maintenance of production plants and possible acquisition of interest in other companies. On 12.31.2021, the Management decided against allocating any amount to the retained earnings reserve, and the balance remaining after the constitution of legal and tax incentive reserves was used to propose dividend payments and realize the costs attributed. On 12.31.2020, the Company's Management allocated R$ 638,669 from the net income to the reserve.

d) Asset valuation adjustments

d.1) Deemed cost

As provided for in accounting practices, the Company recognized the adjustment to fair value of property, plant and equipment on the date of first-time adoption of CPCs in 1.1.2009. Contra entry to said adjustment, net of deferred income tax and social contribution, was recognized under caption "Equity evaluation adjustments", in shareholders' equity. Realization of this reserve is recorded as a contra entry to account "Accumulated earnings" to the extent that depreciation or write-off of property, plant and equipment fair value adjustment are recognized in the Company's profit or loss.

d.2) Other comprehensive income

The account records variations of the fair value, net of deferred income tax and social contribution, of the following transactions: (i) obligations with the retirement benefits of defined benefit plans sponsored by the Company; and (ii) cash flow hedges of future commitments in foreign currency signed by the joint venture TAG and Santo Agostinho Wind Power Complex, indirect subsidiary; (iii) cash flow hedge on loans in foreign currency and combined exposure; and (iv) the effects from change in interest due to the merger of Aliança with the joint venture TAG.

e) Non-controlling interest

Refers to the equivalent of 5% shareholding held by third parties in the capital of indirect subsidiary Ibitiúva.

f) Basic and diluted earnings per share

	Parent Company and Consolidated	
	12.31.2021	**12.31.2020**
Net income in the year	1,563,725	2,797,091
Number of common shares	815,927,740	815,927,740
Basic and diluted earnings per share – in R$	**1.91650**	**3.42811**

The Company does not have shares with dilution effects in the fiscal years presented, for which reason there is no difference between the basic and diluted earnings per share.

NOTE 31 – DIVIDENDS AND INTEREST ON EQUITY

Accounting practice: Are recognized as liabilities in the following moments: (i) interim dividends – when approved by the Board of Directors; (ii) interest on equity – on the date when credit is paid to the shareholders; and (iii) additional dividends as proposed at the end of the year – on approval at a General Meeting (AGO).

a) Calculation

	12.31.2021	12.31.2020
Adjusted dividend calculation basis		
Net income for the year attributable to controlling shareholders	1,563,725	2,797,091
Legal reserve	(43,650)	(139,855)
Tax incentive reserve	(30,847)	(35,133)
Retained earnings reserve	-	(638,669)
Realization of deemed cost of property, plant and equipment	(100,089)	29,343
Dividends and interest on equity not claimed	10,177	3,978
Net income for the year adjusted for dividends and interest on equity purposes	**1,399,316**	**2,016,755**
Proposed dividends / interest on equity		
Interim dividends for the first half of the year	789,518	1,232,161
Interest on equity, net of withholding income tax	51,287	149,343
Additional dividends proposed	549,798	609,594
Subtotal	**1,390,603**	**1,991,098**
Withholding income tax on interest on equity	8,713	25,657
Total annual dividends and interest on equity	**1,399,316**	**2,016,755**

In addition, the Company submitted for approval by the Board of Directors meeting held on 02.14.2022, the proposal for the payment of interim dividends based on the retained earnings reserve, in the amount of R$ 638,669 (R$ 0.7827524080 per share), which will be ex-interim dividends as of 02.25.2022 and will be paid on 03.17.2022. Thus, considering the allocation of 2021 results and the allocation of the retained earnings reserve, the dividends paid will be R$ 2,037,985 (R$ 2.4977518245 per share)

b) Changes in dividends and interest on equity payable[2]

	Parent Company	Consolidated
Balance at 12.31.2019	**1,247,400**	**1,249,399**
Dividends and interest on equity approved	1,407,161	1,408,534
Dividends and interest on equity paid	(1,241,098)	(1,240,918)
Transfer of unclaimed dividends and interest on equity	(6,302)	(6,302)
Balance at 12.31.2020	**1,407,161**	**1,410,713**
Dividends and interest on equity approved	1,459,112	1,459,237
Dividends and interest on equity paid	(2,789,231)	(2,792,602)
Transfer of unclaimed dividends and interest on equity	(12,077)	(12,077)
Balance at 12.31.2021	**64,965**	**65,271**

[2] The amounts include income withholding income tax on interest on equity, which are reported in line "Income Tax and Social Contribution Payable".

c) Dividend policy

The dividends policy established in the Company's Bylaws provides for a minimum mandatory dividend of 30% of net income for the year, adjusted pursuant to the terms of the Brazilian Corporation Law, and establishes the intention of paying, at every calendar year, dividends and/or Interest on equity at an amount not lower than the equivalent of 55% of adjusted net income, in half-annual installments.

d) Dividends and interest on equity for fiscal year 2020

On 1.29.2021, the Company paid interim dividends related to the 1st half of 2020, in the amounts of R$ 677,688 million, corresponding to R$ 0.8305737385 per share, and R$ 554,473 million, corresponding to R$ 0.6795603315 per share. On 4.5.2021, interest on equity for the period from 1.1.2020 to 12.31.2020 was paid in the gross amount of R$ 175,000 million, corresponding to R$ 0.2144797773 per share.

Also related to 2020, on 4.28.2021, the Annual Shareholders Meeting approved the proposal for payment of additional dividends on net income, in the amount of R$ 609,594 million (R$ 0.7471177357 per share). On that date, the Company recognized the payment obligation in its balance sheet. The Company's shares were traded ex-dividends as of 5.12.2021, and the dividends were paid on 7.12.2021.

e) Distributions made and proposal related to net income from fiscal year 2021

e.1) Interim dividends for the first half of the year

At the meeting held on 8.5.2021, the Board of Directors approved the distribution of interim dividends in the amount of R$ 789,518 million, corresponding to R$ 0.9676321449 per share, equivalent to 100% of the adjusted net income in the 1st half of 2021. The Company's shares were traded ex-interim dividends as of 8.17.2021 and the payment was made on 11.29.2021.

e.2) Interest on equity

On 12.09.2021, the Board of Directors approved crediting the interest on equity for the period from 01.01.2021 to 12.31.2021, and authorized the Board of Executive Officers to define the amount to be credited and other conditions. On 12.23.2021, the Company announced through a Notice to Shareholders the approval of interest on equity to be credited in the gross amount of R$ 60,000, corresponding to R$ 0.0735359237 per share. Credits of the Company's interest on equity were recognized from 12.31.2021 based on the shareholding position on 12.31.2021. The Company's shares were negotiated ex-Interest on equity beginning as of 12.30.2021, which will be paid on 3.17.2022.

e.3) Proposed additional dividends

The Company submitted to the Board of Directors, for approval in the meeting held on 2.14.2022, the proposal for payment of additional dividends on net income for fiscal year 2021, in the amount of R$ 549,798 (R$ 0.6738313480 per share).

The amount of dividends that is higher than minimum mandatory value established by the law or other legal instrument, and that is not yet approved by Shareholders Meeting, is presented and segregated in shareholders' equity. Thus, these dividends are presented in the shareholders' equity account denominated "Proposed additional dividends" until approval by the Annual Shareholders Meeting (AGO).

NOTE 32 – RECONCILIATION OF NET OPERATING REVENUE

Accounting practice: Revenue is measured based on the consideration established in contracts with customers, at the fair value of consideration received or to be received, less all applicable taxes.

Revenue is recognized in accordance with the following stages: (i) identification of the rights and commitments established in the customer contract; (ii) identification of the contracted performance obligations; (iii) definition of the transaction price; (iv) pricing of the performance obligations; and (v) recognition when (or to the extent that) performance obligations are met. Revenue is only recognized when there is no significant uncertainty regarding its realization.

Revenue is recognized in accordance with the contracts signed, the performance obligation of which is met on a monthly basis, given that the customer simultaneously receives and consumes the benefits supplied by the Company and, consequently, the consideration amount reflects the fair value receivable when the energy is effectively delivered to the customer.

Information regarding the nature and time of compliance with the performance obligations established in contracts with customers is provided below, including significant payment conditions and related revenue recognition policies.

Electricity supply, provision and export

The Company recognizes revenue from electricity supply, provision and export at the fair value of consideration, through the delivery of electricity during a certain period. The energy volume delivered to the buyer is determined on a monthly basis. Customers obtain control of electricity the moment they consume it. The bills are issued on a monthly basis and usually paid within 30 days from their issue date.

Revenue is recognized based on the sold energy, with prices established in the supply and provision contracts. The Company can sell the energy produced in two environments: (i) the Free Contracting Environment (ACL), where electricity is traded based on free negotiation of prices and conditions between the parties, through bilateral contracts; and (ii) the Regulated Contracting Environment (ACR), where electricity is sold to distributors.

Trading operations

Energy trading operations take place in the active market, and for the purposes of accounting measurement, comply with the definition of financial instruments at fair value.

The Company recognizes revenue upon delivery of energy to the customer, at the fair value of the consideration. Unrealized net gains from the mark-to-market (difference between contracted and market prices) of outstanding net contracted operations on the date of the financial statements are also recognized as revenue.

Transactions in the short-term market

The Company recognizes revenue at the fair value of consideration receivable at the time when the short-term market transactions occur. Energy price in these transactions is linked to the Differences Settlement Price (PLD).

Service revenue

For energy sold in the ACR, HEPs Jaguara and Miranda receive, as part of the Annual Generation Revenue (RAG), the portion related to the Management of Generation Assets (GAG), which is allocated for remunerating Plant operation and maintenance services and aims to shutdowns. The Company recognizes revenue at the fair value of the consideration to be received every month, to the extent that the performance obligation to keep the Plant in operation is met.

Revenue from construction of transmission infrastructure

Revenue from construction of transmission infrastructure is recognized in accordance with ICPC 01 (R1) - Service Concession Arrangements (IFRIC 12) and CPC 47, to the extent that all performance obligations are met over time. This revenue corresponds to construction costs plus residual gross margin to cover construction management costs. This construction spending is recognized at cost.

The following table presents the reconciliation between gross operating income and net operating revenue reported in the income statement.

	Parent Company		Consolidated	
	2021	2020	2021	2020
Gross operating income				
Electricity distributors	2,630,477	2,344,965	3,918,762	3,927,735
Free consumers	398,246	377,803	3,460,547	3,510,039
Trading operations	-	-	1,196,229	1,194,395
Electricity traders	1,508,587	1,276,385	663,291	682,260
Transactions in the short-term market	43,407	243,569	618,679	593,857
Services rendered	74,220	67,264	173,416	162,417
Energy exports	-	-	-	30,759
Other revenues	1,089	32,340	64,870	152,290
	4,656,026	**4,342,326**	**10,095,794**	**10,253,752**
Deductions from operating income				
PIS and Cofins	(411,084)	(386,077)	(894,279)	(918,746)
Research and development	(27,791)	(31,687)	(49,443)	(53,175)
ICMS	(10,684)	(19,971)	(25,715)	(39,733)
ISSQN	(3,720)	(3,395)	(3,728)	(3,429)
IPI	-	-	(336)	(102)
	(453,279)	**(441,130)**	**(973,501)**	**(1,015,185)**
Other				
Transmission infrastructure construction revenue	-	-	2,154,548	2,365,578
Remuneration from contract asset	-	-	681,063	189,720
Interest on concession financial asset	-	-	556,480	381,745
Favorable outcome in lawsuit	-	50,341	-	83,549
Unrealized gains on trading operations	-	-	26,289	-
	-	**50,341**	**3,418,380**	**3,020,592**
Net operating revenue	**4,202,747**	**3,951,537**	**12,540,673**	**12,259,159**

As of 12.31.2021 and 12.31.2020, the Company did not have any client individually accounting for more than 5% of its consolidated net operating revenue.

NOTE 33 – DETAIL OF OPERATING EXPENSES BY NATURE

a) Energy purchase

	Parent Company		Consolidated	
	2021	2020	2021	2020
Energy purchases				
Energy purchase for portfolio management	788,971	529,351	1,006,254	1,478,829
Trading operations	-	-	1,086,677	1,068,342
Unrealized losses on trading operations	-	-	6,516	35,882
	788,971	**529,351**	**2,099,447**	**2,583,053**
Transactions in the short-term energy market				
Purchases in the short-term market	273,268	91,297	627,959	303,474
Trading operations	-	-	673	7,293
	273,268	**91,297**	**628,632**	**310,767**

b) Charges for the use of and connection to the power grid

	Parent Company		Consolidated	
	2021	2020	2021	2020
Transmission system use charges (CUST)	354,978	328,453	566,477	515,751
Connection charges	6,460	9,146	23,940	30,635
Distribution system use charges (CUSD)	173	70	15,768	13,730
Other	68	75	68	219
	361,679	**337,744**	**606,253**	**560,335**

c) Other operating costs and costs of services rendered:

	Parent Company				Consolidated			
	Operating costs		Services		Operating costs		Services	
	2021	2020	2021	2020	2021	2020	2021	2020
Transmission line construction cost	-	-	-	-	2,563,993	2,274,223	-	-
Depreciation and amortization	394,710	280,530	-	-	1,012,205	893,821	-	-
Third party materials and services	56,583	49,378	5,728	4,164	401,975	353,514	5,728	4,164
Personnel	137,875	106,363	26,398	22,557	279,728	258,840	26,398	22,638
Fuels	-	927	-	-	334,578	204,135	-	-
Insurance	16,135	19,129	2,451	2,723	71,646	86,227	2,451	2,723
Royalties	74,370	62,404	-	-	94,568	84,488	-	-
Costs of sale of solar panels	-	-	-	-	31,020	54,410	-	-
(Reversal) Recording of operating provisions	(4,011)	(17,668)	-	-	(1,432)	7,699	-	-
Other	33,054	25,568	172	265	62,924	62,236	172	265
	708,716	**526,631**	**34,749**	**29,709**	**4,851,205**	**4,279,593**	**34,749**	**29,790**

d) Selling, general and administrative expenses

	Parent Company				Consolidated			
	Selling		General and administrative		Selling		General and administrative	
	2021	2020	2021	2020	2021	2020	2021	2020
Personnel and management	13,989	11,964	162,950	124,053	13,989	11,964	166,604	128,632
Third party materials and services	1,671	845	71,326	69,770	4,690	4,548	82,204	78,091
Depreciation and amortization	90	71	29,028	19,890	114	95	30,098	21,059
Pension funds	-	-	6,839	6,933	-	-	6,839	6,933
Contributions and donations	2,460	2,626	2,610	7,796	6,934	6,787	3,168	8,688
Rentals	79	149	700	48	79	149	729	112
Reversal of operating provisions, net	-	-	(455)	(2,067)	-	-	(1,214)	(1,531)
Other	2,774	913	9,912	9,015	3,143	1,826	12,279	10,015
	21,063	**16,568**	**282,910**	**235,438**	**28,949**	**25,369**	**300,707**	**251,999**

Share-based payment

ENGIE Brasil Energia does not have a specific share-based payment program. However, its indirect parent company ENGIE, headquartered in France, offers its management the Long-Tern Incentive Plan ("LTI") based on phantom shares. The purpose of LTI is to motivate and reward key executives of the Company for achieving results in the medium and long term and ensuring that the overall rewards package is competitive.

LTI establishes that the duration of the plan is four years and their values are related to the achievement of certain financial indicators of the ENGIE group. Due to global economic background, throughout the years, a reduction occurred in market value of these stock options and performance shares, which will possibly influence the exercise of options and the possibility of obtaining the benefit of performance shares on maturities.

These programs' costs are irrelevant and fully paid by the ENGIE group, and ENGIE Brasil Energia is not responsible for any disbursement related to them.

NOTE 34 – FINANCIAL RESULT

	Parent Company		Consolidated	
	2021	2020	2021	2020
Financial expenses				
Interest and Inflation adjustment on:				
Concessions payable	1,038,775	921,704	1,049,905	929,707
Debentures	565,567	353,465	924,686	515,873
Loans and financing	174,035	213,845	1,071,658	590,875
Hedge on loans and debentures	108,741	(37,344)	157,104	(4,085)
Retirement benefit obligations	28,966	26,818	29,012	26,871
Provisions	11,261	8,011	36,171	19,380
Leases	1,960	2,239	12,291	13,360
Redeemable preferred shares	-	-	29,403	5,331
Other	7,078	9,545	19,286	32,535
Exchange variation on:				
Loans	358,174	899,971	358,174	899,971
Hedge on loans	(358,174)	(899,971)	(358,174)	(899,971)
Fair value adjustment	(939)	(5,545)	(1,214)	(5,806)
Other financial expenses	8,397	31,596	31,237	13,198
	1,943,841	**1,524,334**	**3,359,539**	**2,137,239**
Financial income				
Income from marketable securities	84,097	57,069	189,238	102,124
Income from restricted deposits	1,740	222	15,243	7,683
Interest and Inflation adjustment on:				
Marketable securities	21,777	14,976	-	-
Accounts receivable	17,132	15,641	30,893	22,132
Court deposits	4,322	3,681	4,537	3,875
Sale of subsidiary	3,337	-	3,337	-
Favorable outcome in lawsuit	-	46,089	-	76,378
Fuels	-	29,173	3,416	39,166
Market value adjustment and marketable securities	47,419	(16,488)	30,931	-
Other financial income	230	1,577	3,254	3,446
	180,054	**151,940**	**280,849**	**254,804**
Financial expenses, net	**1,763,787**	**1,372,394**	**3,078,690**	**1,882,435**

NOTE 35 – INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

Accounting practice:

Current income tax and social contribution

These are calculated individually by the entity according to the tax bases and rates in effect on the date of presentation of the financial statements.

The tax benefit of reduction of income tax for projects built in a tax-incentive region, is recognized as an offsetting account of income tax and transferred from the "Retained earnings" account to the "Tax incentive reserve", in shareholders' equity.

Deferred income tax and social contribution

These are calculated by applying the effective rates defined for the fiscal years in which temporary differences are expected to be realized or required (these are the differences between the book value of assets and liabilities and their tax base) or to offset tax losses and negative social contribution bases, when applicable.

Deferred income tax and social contribution are recognized in accordance with the transaction that gave rise to the deferred tax, whether in profit or loss, in comprehensive income or directly in net equity.

	Parent Company					
	12.31.2021			12.31.2020		
	IR	CSLL	Total	IR	CSLL	Total
Income before taxes	**1,503,526**	**1,503,526**	**1,503,526**	**3,284,314**	**3,284,314**	**3,284,314**
Standard rates	25%	9%	34%	25%	9%	34%
Tax expense at standard rates	**(375,882)**	**(135,317)**	**(511,199)**	**(821,079)**	**(295,588)**	**(1,116,667)**
Permanent differences						
Equity in net income of subsidiaries	367,836	132,421	500,257	388,086	139,711	527,797
Tax incentives	32,446	-	32,446	37,807	-	37,807
Interest on equity	15,000	5,400	20,400	43,750	15,750	59,500
Selic on repetition of tax undue payment[1]	14,011	5,044	19,055	-	-	-
Other	(885)	125	(760)	4,166	174	4,340
	52,526	**7,673**	**60,199**	**(347,270)**	**(139,953)**	**(487,223)**
Breakdown of taxes in the income statement						
Current	(19,982)	(18,693)	(38,675)	(72,472)	(41,290)	(113,762)
Deferred	72,508	26,366	98,874	(274,798)	(98,663)	(373,461)
	52,526	**7,673**	**60,199**	**(347,270)**	**(139,953)**	**(487,223)**
Effective rate	**-3.5%**	**-0.5%**	**-4.0%**	**10.6%**	**4.3%**	**14.8%**

(1) Further information is available in Note 12 – Other assets

	Consolidated					
	12.31.2021			12.31.2020		
	IR	CSLL	Total	IR	CSLL	Total
Income before taxes	**1,819,434**	**1,819,434**	**1,819,434**	**3,687,128**	**3,687,128**	**3,687,128**
Standard rates	25%	9%	34%	25%	9%	34%
Tax expense at standard rates	**(454,859)**	**(163,749)**	**(618,608)**	**(921,782)**	**(331,842)**	**(1,253,624)**
Permanent differences						
Equity in net income of subsidiaries	150,496	54,179	204,675	121,763	43,835	165,598
Tax incentives	106,703	-	106,703	76,154	-	76,154
Interest on equity	15,000	5,400	20,400	43,750	15,750	59,500
Variation between the calculation base of taxable and presumptive profit tax regimes	2,157	(2,849)	(692)	36,158	11,384	47,542
Selic on repetition of tax undue payment[1]	22,518	8,106	30,624	-	-	-
Other	1,475	959	2,434	12,482	2,488	14,970
	(156,510)	**(97,954)**	**(254,464)**	**(631,475)**	**(258,385)**	**(889,860)**
Breakdown of taxes in the income statement						
Current	(178,921)	(106,424)	(285,345)	(279,742)	(132,051)	(411,793)
Deferred	22,411	8,470	30,881	(351,733)	(126,334)	(478,067)
	(156,510)	**(97,954)**	**(254,464)**	**(631,475)**	**(258,385)**	**(889,860)**
Effective rate	**8.6%**	**5.4%**	**14.0%**	**17.1%**	**7.0%**	**24.1%**

(1) Further information is available in Note 12 – Other assets

NOTE 36 – TRANSACTIONS WITH RELATED PARTIES

Accounting practice: Transactions for the purchase and sale of energy, services and issue and purchase of financial instruments are carried out under conditions and durations agreed between the parties and registered according to contractual terms and conditions, which are restated at their contractual charges.

a) Amounts recognized in balance sheet accounts – Parent Company

	ASSETS				LIABILITIES		
	Accounts receivable		Marketable securities	Dividends	Supplier		IOE[1] /
	Energy	Services and other		Energy	dividends	Other	dividends
12.31.2021							
EBC	150,440	-	-	-	3,199	-	-
Lages	15,000	520	-	8,611	-	-	-
Pampa Sul	2,030	-	-	-	-	12	-
Jaguara	2,000	648	-	80,856	12,506	-	-
Miranda	1,800	602	-	12,801	8,017	-	-
ETP II and subsidiaries	-	5,618	-	16,401	-	-	-
ENGIE Participações	-	3,617	-	-	-	195	35,043
ECP and subsidiaries	-	3,549	-	-	-	-	-
Itasa	-	2,184	-	5,065	12,349	-	-
CEE	-	553	-	281,887	-	-	-
TAG	-	62	-	-	-	-	-
Other	10,000	3,509	-	-	1,277	520	-
Total	**181,270**	**20,862**	**-**	**405,621**	**37,348**	**727**	**35,043**
12.31.2020							
EBC	118,891	-	-	42,500	3,123	-	-
Lages	-	873	-	4,996	-	-	-
Pampa Sul	5,864	113	355,707	2,103	-	-	-
Jaguara	-	1,189	-	140,833	15,926	-	-
Miranda	-	838	-	56,343	8,918	-	-
Diamante	-	864	-	30,000	-	-	-
ETP II and subsidiaries	-	-	-	16,401	-	-	-
ENGIE Participações	-	1,305	-	-	-	139	948,852
ECP and subsidiaries	-	947	-	-	-	-	-
TAG	-	71	-	32,500	-	-	-
Itasa	-	1,822	-	2,355	47,690	-	-
CEE	-	-	-	34,125	-	-	-
Other	-	5,860	-	-	1,293	387	-
12.31.2020	**124,755**	**13,882**	**355,707**	**362,156**	**76,950**	**526**	**948,852**

(1) Interest on equity.

b) Amounts recognized in the income statement – Parent Company

	Revenue			Financial income	Cost	Cost and Expenses[1]
	Sale of energy	O&M Services	Energy purchase		Energy purchase	
12.31.2021						
EBC	1,330,850	-	450	-	16,428	-
Jaguara	78,045	-	435	-	212,885	-
Diamante[2]	60,151	-	9,681	-	95,543	-
Pampa Sul	57,684	-	450	22,839	-	-
Miranda	30,583	-	435	-	104,719	-
Lages	30,099	-	263	-	11,756	-
ECV	24,203	-	149	-	174,576	-
ENGIE Trading	13,989	-	450	-	16,573	-
Itasa	-	25,672	-	-	130,929	-
Ceste	-	23,100	-	-	-	-
ECP and subsidiaries	-	-	7,337	-	-	-
ESBR[3]	-	-	-	-	15,738	-
Other	-	-	450	-	17,847	5,670
Total	**1,625,604**	**48,772**	**20,100**	**22,839**	**796,994**	**5,670**
12.31.2020						
EBC	1,115,509	-	427	-	39,604	36
Jaguara	5,444	-	413	-	149,328	-
Diamante	27,923	-	9,761	-	81,827	-
Pampa Sul	108,142	-	427	15,706	-	-
Miranda	460	-	413	-	77,897	-
Lages	-	-	249	-	-	-
ECV	26,593	-	142	-	-	-
ENGIE Trading	16,218	-	427	-	38,646	-
Itasa	-	20,172	-	-	113,792	-
Ceste	-	21,836	-	-	-	-
ECP and subsidiaries	-	-	5,665	-	-	-
ESBR	-	-	-	-	15,189	-
Other	-	-	2,877	-	-	7,124
Total	**1,300,289**	**42,008**	**20,801**	**15,706**	**516,283**	**7,160**

(1) Amounts related to "Third-Party Services" and "Charges for use of electrical network and connection."

(2) Amounts related to the period from 01.01.2021 to 10.18.2021, when Diamante was a subsidiary of the Company.

(3) Energia Sustentável do Brasil.

The transactions with related parties include mainly: (i) energy purchase and sale; (ii) operation and maintenance services of power plants; (iii) rendering of administrative services; and (iv) guarantees granted to third parties.

c) Future commitments

Long-term agreements executed between related parties are presented in the following table, under market conditions, and whose recognition in the income statement will occur in future accrual periods over contract periods.

c.1) Purchase and sale of electricity

Seller	Buyer	Maturity	Annual adjustment index	Adjustment base date	Future commitment Base 12.31.2021
CECL	ECV	2036 and 2039	IPCA	January and September	11,353,389
ECV	EBC	2036 and 2039	IPCA	January, March and September	9,818,677
CEUR	ECV	2036	IPCA	January	2,163,285
CETR	EBC	2032 and 2037	IPCA	January and December	1,388,432
Jaguara	ENGIE	2028	IPCA	January	784,780
ENGIE Trading	EBC	2022 to 2026	n/a[1]	n/a[1]	780,478
Itasa	ENGIE	2030	Dollar variation + U.S. Inflation	October	593,488
EBC	ESBR	2038	IPCA	September	585,546
Miranda	ENGIE	2028	IPCA	January	458,886
Itasa	ENGIE	2030	IGP-M	January	450,949
ESBR	ENGIE	2042	IPCA	September	310,411
EBC	ENGIE Trading	2022 to 2026	IPCA	Diverse[2]	236,025
EBC	CEE	2041	IPCA	October	214,276
CEUR	EBC	2038	IPCA	January and December	180,438
CECL	EBC	2038	IPCA	January and December	136,285
Ferrari	EBC	2029	IPCA	July	65,055
ENGIE Trading	ENGIE	2022 to 2025	IPCA	July, May, August and October	35,672
Lages	EBC	2023	IPCA	August	33,980
EBC	CETR	2037	IPCA	January and February	31,998
EBC	CECL	2038	IPCA	January	31,769
EBC	CEUR	2038	IPCA	January	18,572
CECL[3]	CECL[3]	2038	IPCA	December	7,212
ENGIE Trading	ECV	2024	IPCA	December	1,163
EBC	ENGIE	2025	IGP-M	February	1,040

(1) 12-month supply agreement.

(2) January, March, April, June, August, September, October and November.

(3) CLWP Eólica Parque III S.A. is a seller in agreements signed with CLWP Eólica Parque V S.A. and CLWP Eólica Parque VI S.A., all belonging to the Campo Largo Wind Power Complex.

In accordance with the Company's commercial policy, sales to free consumers are carried out preferably through direct subsidiaries EBC and ECV.

c.2) Operation and maintenance

The Company conducts operation and maintenance activities at its subsidiaries' plants whenever they do not outsource these services. The negotiated prices are based on the Company's costs with personnel directly involved in the execution of these activities.

Related party	Maturity	Annual adjustment index	Future commitment Base 12.31.2021
Itasa	10.16.2030	IGP-M	304,878
Ceste	5.1.2025	INPC (80%) and IPCA (20%)	120,778

c.3) Administrative and financial services

ENGIE Brasil Energia provides those services necessary to the administrative and financial activities of the direct and indirect subsidiaries. The contracted values are defined based on the last billing of subsidiaries and annually adjusted at INPC. The amount annually contracted from its subsidiaries is R$ 20,101 (R$ 18,346 at 12.31.2020).

d) Guarantees

The Company intermediates financial and debenture agreements entered into by its direct and indirect subsidiaries. The main guarantees are the following:

Bank	Type of guarantee	Amount of debt at 12.31.2021
BNDES and BASA	Pledge of all the shares held by the Company's subsidiary (ENGIE Brasil Energias Complementares Participações Ltda) issued by the following companies: Energias Eólicas do Ceará (holding company of Cacimbas, Estrela, Ouro Verde and Santa Mônica), CLWP Brasil Participações (holding company of CLWP I, CLWP II, CLWP III, CLWP IV, CLWP V, CLWP VI, CLWP VII, CLWP XV, CLWP XVI, CLWP XVIII and CLWP XXI), CLWP Brasil II Participações (holding company of CLWP VIII, CLWP IX, CLWP X, CLWP XI, CLWP XII, CLWP XIII, CLWP XIV, CLWP XVII, CLWP XIX, CLWP XX and CLWP XXII), Umburanas Participações (holding company of Umburanas 1, Umburanas 2, Umburanas 3, Umburanas 5, Umburanas 6, Umburanas 8, Umburanas 9, Umburanas 10, Umburanas 11, Umburanas 13, Umburanas 15, Umburanas 16, Umburanas 18, Umburanas 17, Umburanas 19, Umburanas 21, Umburanas 23 and Umburanas 25) and Santo Agostinho Participações (holding company of Santo Agostinho 1, Santo Agostinho 2, Santo Agostinho 3, Santo Agostinho 4, Santo Agostinho 5, Santo Agostinho 6, Santo Agostinho 13, Santo Agostinho 14, Santo Agostinho 17, Santo Agostinho 18, Santo Agostinho 21, Santo Agostinho 25, Santo Agostinho 26 and Santo Agostinho 27).	3,625,179
	Pledge of all the shares held by the Company's subsidiary (Novo Estado Participações S.A.) issued by Novo Estado Transmissora.	2,669,592
	Pledge of all the shares held by the Company's subsidiary (ENGIE Transmissão de Energia Participações III S.A.) issued by Gralha Azul Transmissora.	1,601,540
BNDES and Debentures	Pledge of all the shares held by the Company issued by Pampa Sul, Jaguara e Miranda.	3,287,491

In addition to share pledge, the Company is guarantor of obligations assumed in the financing agreements until the financial completion of operations contracted by the abovementioned companies, except for contracts signed by the companies composing the Umburanas Wind Power Complex – Phase I. Moreover, the Company assigned credit rights of the Energy Trading Agreements in the Regulated Market (CCEAR) entered into in the Aneel Generation Auction 002/2006, within the scope of financing for Campo Largo Wind Power Complex.

e) Sureties and guarantees

- Construction of projects

The Company is guarantor to the construction of the Santo Agostinho Wind Power Complex, Gralha Azul and Novo Estado projects. On 12.31.2021, these guarantees totaled R$ 326,665, maturing in 2023.

- Energy purchase

The Company is the guarantor of and jointly liable for energy purchase transactions of certain subsidiaries, in the amount of R$ 154,694 at 12.31.2021. The guarantees' maturities are scheduled as follows: R$ 58,556 in 2022, R$ 17,084 in 2023, R$ 51,796 in 2024, R$ 1,389 in 2028 and R$ 25,869 in 2029.

- Charges for the use of and connection to the power grid and O&M

The Company is guarantor of the issue of guarantees related to the electricity network and connection charges (CUST, CCT and CUSD) and O&M contracts, totaling R$ 85,336. The amount of R$ 61,373 will mature in 2022 and the amount of R$ 23,963 is conditioned on the termination of the agreement, which is indefinite.

- Loans

The Company has a guarantee in foreign currency at an amount equivalent to R$ 32,478, with maturity in 2022, in compliance with the loan agreement with Nordic Investment Banking (NIB). Said obligation of delivering the guarantee started in February 2018, when Fitch Rating downgraded Brazil's sovereign rating, which affected the Company's long-term rating in foreign currency. This loan from NIB was contracted in December 2012 for constructing the Trairí Wind Complex.

Moreover, the Company has contracted bank guarantees for obligations in the financing agreements related to the construction of the Assú V Photovoltaic Plant and the Novo Estado project. On 12.31.2021, the amount of guarantees was R$ 814,059, of which R$ 84,431 will mature in 2022 and R$ 729,628 in 2023.

Also, the Company and other parent companies of the joint venture TAG have a corporate guarantee for the debt amounts. This guarantee has a maximum limit, which is sufficient to cover six months of debt service.

f) Remuneration of key management personnel

The remuneration of key Management personnel, composed of the Board of Executive Officers established by the Bylaws, Board of Directors, Audit Committee established by the Bylaws and Audit Board, was approved at the ASM and AESM held on 4.28.2021 and 4.28.2020, respectively, and is presented below:

	2021	2020
Fixed compensation	13,793	11,653
Variable compensation	9,711	2,393
Payroll charges	4,588	2,903
Other	1,686	1,534
	29,778	**18,483**

The Management does not receive share-based compensation from ENGIE Brasil Energia.

NOTE 37 – INFORMATION BY SEGMENT

The Company's operating segments reflect its management and organizational structure and monitoring of results, summarized as follows:

- Generation: it is the Company's core business and includes generation and sale of the electricity in the portfolio.
- Transmission: the Company has primary responsibility for the construction and installation of infrastructure related to the transmission concession of Gralha Azul and Novo Estado Transmission Systems, and is exposed to the risks and benefits of this construction. This segment has started operating partially and the construction work has not been completed yet.
- Trading: this segment delivers results through variation in energy prices, within previously established risk limits. The activities of this segment are conducted by ENGIE Trading and EBC.
- Solar panels: manufacture, wholesale and retail sale, and operation and maintenance of solar panels conducted by the subsidiary EGSD.
- Gas transportation: The Company also operates in the gas markets through its joint venture TAG.

The amounts reported by each business segment result from the combination of subsidiaries, allocation of transactions by segment, and business units defined within each segment, as well as the annulment of transactions between segments.

The Company's financial result is not allocated by segment because Management manages cash flows at the corporate level. The Board of Executive Officers is responsible for managing operations and does not use balance sheet by segments to take decisions and analyze the results of each segment. For this reason, the balance sheet is not presented by segment.

The Company reviews regularly information related to the joint venture TAG, based on its proportional share in revenue, profits, assets and liabilities, to take decisions regarding the resources to be allocated to the segment and to evaluate its performance. However, as required by CPC 19 (R2), the Company's interest in the joint venture is recorded in the individual and consolidated financial statements using the equity method of accounting.

The information by segment refers to 2021 and 2020 and is presented in a consolidated manner in the tables below:

	12.31.2021					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**8,560,665**	**2,836,017**	**1,112,758**	**31,233**	**-**	**12,540,673**
Operating costs	(2,920,253)	(2,564,831)	(1,093,865)	(50,512)	-	(6,629,461)
GROSS PROFIT (LOSS)	**5,640,412**	**271,186**	**18,893**	**(19,279)**	**-**	**5,911,212**
Operating expenses						
Selling, general and administrative expenses	(314,013)	(8,251)	(3,877)	(3,515)	-	(329,656)
Impairment, net	(998,624)	-	-	(77,534)	-	(1,076,158)
Sale of subsidiary	(200,143)	-	-	-	-	(200,143)
Other operating (expenses) income, net	(9,370)	213	-	41	-	(9,116)
	(1,522,150)	**(8,038)**	**(3,877)**	**(81,008)**	**-**	**(1,615,073)**
Equity income	**-**	**-**	**-**	**-**	**601,985**	**601,985**
PROFIT (LOSS) BEFORE FINANCIAL AND TAX RESULTS	**4,118,262**	**263,148**	**15,016**	**(100,287)**	**601,985**	**4,898,124**

	12.31.2021					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**8,539,040**	**2,555,298**	**1,083,913**	**80,908**	**-**	**12,259,159**
Operating costs	(3,328,472)	(2,274,335)	(1,111,517)	(81,533)	-	(6,795,857)
GROSS PROFIT (LOSS)	**5,210,568**	**280,963**	**(27,604)**	**(625)**	**-**	**5,463,302**
Operating income (expenses)						
Selling, general and administrative expenses	(267,761)	(1,109)	(3,084)	(5,414)	-	(277,368)
Impairment	(57,927)	-	-	(40,828)	-	(98,755)
Other operating income, net	(4,667)	-	-	-	-	(4,667)
	(330,355)	**(1,109)**	**(3,084)**	**(46,242)**	**-**	**(380,790)**
Equity income	**-**	**-**	**-**	**-**	**487,051**	**487,051**
PROFIT (LOSS) BEFORE FINANCIAL AND TAX RESULTS	**4,880,213**	**279,854**	**(30,688)**	**(46,867)**	**487,051**	**5,569,563**

NOTE 38 – INSURANCE

a) Operating and lost profit risks

The Company is covered by the international insurance policy for Property Damage and Business Interruption (PDBI) of the corporate insurance program of its parent company ENGIE. The PDBI policy is valid until 5.31.2022 and the risk coverage amount is R$ 13,567,654 in the parent company and R$ 28,050,253 in the consolidated statements, namely:

	Parent Company		Consolidated	
Type of plant	Material damages	Loss of profit	Material damages	Loss of profit
Hydroelectric power plants	10,196,817	3,320,815	14,773,163	3,848,438
Thermal power plants	-	-	1,912,959	1,106,828
Complementary plants (wind, solar, biomass and SHPP)	49,291	731	5,358,200	1,050,665
	10,246,108	**3,321,546**	**22,044,322**	**6,005,931**

The maximum combined limit of indemnification for material damages and loss of profits is R$ 3,747,120 per event.

In 2021, due to the operational startup of the complexes, an exclusive operating risk insurance policy was contracted for the Campo Largo II Wind Power Complex, covering pecuniary damages and loss of profits in the amounts of R$ 1,393,181 and R$ 397,012, respectively, totaling R$ 1,790,193. The validity of the policy ends on 3.19.2022.

In addition, also in 2021, due to the request for approval from Aneel for the operational startup of operations of Gralha Azul and Novo Estado Transmission Systems, exclusive operating risk insurance policies were contracted for their substations, covering pecuniary damages and loss of profits, in the total amounts of R$ 103,147 and R$ 169,763, respectively. The policies expire on 8.21.2022 and 12.19.2022, respectively.

b) Engineering risks

The Company has insurance policies for Santo Agostinho Wind Power Plant and Gralha Azul and Novo Estado Transmission Systems, whose caps for pecuniary damages are R$ 350,000, R$ 1,000,000 and R$ 500,000, respectively.

c) Other coverages

The Company has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, political violence and terrorism extended to its subsidiaries, as well as group life insurance for its employees and officers.

d) Insurance indemnifications

In May 2019, there was an accident at a generation unit of the Jaguara Hydroelectric Power Plant and the unit remained unavailable until February 2020. The Company and the insurer concluded the negotiations during 2021 and all amounts due were received by the direct subsidiary Jaguara. Moreover, in 2020 and 2021, accidents occurred in some subsidiaries of Campo Largo Wind Power Complex and Lages Bioenergética, resulting in exposure to loss of profits and pecuniary damages. The Company and the insurers are currently negotiating the coverages of these accidents.

NOTE 39 – LONG-TERM COMMITMENTS

The Company has the following long-term commitments that are considered relevant:

	Parent Company						
	2022	2023	2024	2025	2026	2027 and later	Total
Contracts for the Use of the Transmission System	389,837	389,837	389,837	389,837	389,837	1,340,926	3,290,111
Contracts for connection	11,233	11,233	11,233	11,233	11,233	61,300	117,465
Hydrological risk renegotiation	-	6,306	7,567	4,414	-	78,160	96,447
Modernization of UHSO[1]	59,519	15,454	76	-	-	-	75,049
Operation and maintenance contracts	924	-	-	-	-	-	924
Balances at 12.31.2021	**461,513**	**422,830**	**408,713**	**405,484**	**401,070**	**1,480,386**	**3,579,996**

	Consolidated						
	2022	2023	2024	2025	2026	2027 and later	Total
Contracts for the Use of the Transmission System	605,471	605,471	605,471	605,471	605,471	5,274,197	8,301,552
Purchase of coal at Pampa Sul	152,836	152,836	166,999	154,804	152,836	631,470	1,411,781
Contracts for the Usage of Distribution System	46,025	46,025	46,025	46,025	46,025	910,564	1,140,689
Operation and maintenance contracts	110,166	107,458	107,296	107,296	107,296	531,758	1,071,270
Transmission System – Novo Estado	592,990	-	-	-	-	-	592,990
Hydrological risk renegotiation	-	6,306	7,567	4,414	-	108,735	127,022
Contracts for connection	14,128	11,297	11,297	11,297	11,297	62,151	121,467
Modernization of UHSO[1]	59,519	15,454	76	-	-	-	75,049
Transmission System – Gralha Azul	64,847	-	-	-	-	-	64,847
Modernization of Miranda HPP	15,309	12,935	1,403	1,205	458	-	31,310
Modernization of Jaguara HPP	20,529	-	-	-	-	-	20,529
Balances at 12.31.2021	**1,681,820**	**957,782**	**946,134**	**930,512**	**923,383**	**7,518,875**	**12,958,506**

(1) UHSO – Salto Osório Hydroelectric Power Plant

a) Contracts for the Use of the Transmission System (CUST)

For the use of the transmission system and basic network, the Company and its subsidiaries CEE, Itasa, Jaguara and Pampa Sul and the Trairí Wind Power Complex, the Campo Largo Wind Power Complex, the Campo Largo Wind Power Complex I and the Umburanas Wind Power Complex – Phase I maintain contracts with ONS. Contracts are valid up to the termination of power plants concessions or authorizations.

b) Purchase of coal at Pampa Sul

The Company, through its subsidiary Pampa Sul, has coal purchase agreements effective until 2029 and which can be renewed for 15 years, until 2044, and until 2027, respectively.

c) Contracts for the Use of Distribution System (CUSD)

For plants that are not directly connected to the basic network, contracts for the use of the distribution system are maintained with electricity distributors of the regions where these plants are installed. Contracts are normally valid up to the Company's power plants concessions or authorizations termination dates.

d) Operation and maintenance contracts

The Company, its subsidiaries Ferrari, Jaguara, Miranda and the Wind Power Complexes of Trairí, Campo Largo, Campo Largo II and Umburanas – Phase I have contracts for operation and maintenance with third parties.

e) Transmission System – Novo Estado

The Company, through its indirect subsidiary Novo Estado, has construction agreements for the Novo Estado Transmission System, located in the states of Pará and Tocantins, with transmission lines spanning approximately 1,800 km.

f) Hydrological risk renegotiation

In December 2015, the Company joined the renegotiation of hydrological risk of plants whose energy was sold in regulated market. This renegotiation was made through the transfer of hydrological risk to the consumer, with the payment of risk premium by the Company.

Based on the risk level defined in the renegotiation, GSF for 2015 was recalculated, which resulted in an overpayment that is being offset by risk premiums due by the Company, calculated at present value. After said compensation, the Company will start making the payment.

g) Contracts for connection

The Company and its subsidiaries CEE, Diamante, Pampa and the Trairí Wind Power Complex have contracts for connection with transmission companies. The contracts are valid up to termination of the concessions and authorization of the Company's power plants linked to these contracts.

h) Modernization of the Salto Osório Hydroelectric Power Plant (UHSO)

The Company maintains contracts with suppliers for the modernization of the Salto Osório Hydroelectric Power Plant. The Agreement was signed on 11.20.2017 and will result in an increase in the commercial capacity of the Plant by 13.9 average MW.

i) Transmission System – Gralha Azul

The Company, through its indirect subsidiary Gralha Azul, has construction agreements for the Gralha Azul Transmission System, located in the state of Paraná, with transmission lines spanning approximately 1,000 km.

j) Modernization of Miranda Hydroelectric Power Plant (Miranda)

On 04.29.2021, the Company signed an agreement for modernizing the digital supervision and control system, common systems and the protection and oscillography system for the three generation units and common systems of the Plant.

k) Modernization of Jaguara Hydroelectric Power Plant (Jaguara)

On 12.21.2020, the Company signed an agreement for modernizing the generator at UHJA's generating unit 1. This modernization, combined with the modernization of turbine scheduled for the coming years, will enable the Plant to ramp up capacity.

l) Bilateral contracts for purchase and sale of electricity

According to data on physical guarantee and prevailing purchase and sale contracts, the Company's energy balance shows that current capacity has the following contracting levels for the next six years:

	Average MW					
	2022	**2023**	**2024**	**2025**	**2026**	**2027**
Own funds	4,333	4,480	4,547	4,537	4,534	4,534
Purchases	1,364	1,001	793	333	287	280
Total availability	5,697	5,481	5,340	4,870	4,821	4,814
Contracted availability	5,043	4,582	4,156	3,558	3,047	2,698
Distributors	*42.0%*	*46.4%*	*52.9%*	*67.8%*	*82.3%*	*95.7%*
Traders	*11.0%*	*8.5%*	*5.8%*	*4.4%*	*3.2%*	*0.8%*
Free clients	*47.0%*	*45.1%*	*41.3%*	*27.8%*	*14.5%*	*3.5%*
Contracted %	**88.52%**	**83.60%**	**77.83%**	**73.06%**	**63.20%**	**56.04%**

NOTE 40 – ADDITIONAL CASH FLOW INFORMATION

The following complementary cash low transactions were as follows:

	Parent Company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Dividends from subsidiaries and joint ventures	1,315,189	1,104,259	682,500	711,750
Interim dividends, IOE and additional dividends credited	1,459,112	1,407,161	1,459,112	1,407,161
Dividends and interest on equity not claimed	10,177	3,978	10,177	3,978
Transfer of ownership interest due to corporate restructuring[1]	598,442	167,219	-	167,219
Write-off of investment due to sale of subsidiary[1]	503,953	-	-	-
Capital decrease in investees with compensation of suppliers	35,469	-	-	-
Remeasurement of obligations with retirement benefits	20,648	46,600	20,614	46,477
Income tax and social contribution credit	6,731	(72,427)	3,616	(76,282)
Suppliers of property, plant and equipment and intangible assets	42,909	(683)	(160,115)	104,154
Capitalized interest, inflation adjustment and depreciation	-	-	80,159	55,657
PIS and Cofins credit on property, plant and equipment	-	-	-	(29,413)
Fair value of rights on project acquired	-	-	44,008	236,021
Goodwill on company acquired	-	-	-	80,247
Net assets of subsidiaries acquired	-	-	-	136,093
Provisions for divestment	-	-	33,780	2,981
Provisions for expropriations in construction of transmission lines	-	-	6,220	2,519

(1) Further information is available in Note 13 – Investments.

NOTE 41 – SUBSEQUENT EVENTS

a) Proposed additional and interim dividends

At a meeting held on 2.14.2022, the Company's Board of Directors submitted to ASM the proposal for payment of additional dividends on adjusted income from the fiscal year ended 12.31.2021, in the amount of R$ 549,798, or R$ 0.6738313480 per share. The proposal shall be ratified by the Annual Shareholders Meeting, which will also set the dividend payment terms.

Also, on the same date, the Board of Directors approved the distribution of interim dividends based on the balance in the retained earnings reserve for the year ended 12.31.2021, in the amount of R$ 638,669 (or R$ 0.7827524080 per share), which will be ex-interim dividends as of 02.25.2022 and will be paid on 03.17.2022.

b) Acquisition of Paracatu and Floresta Photovoltaic Complexes

As mentioned in Note 1 – Operations, the Company set up a Special Independent Committee for Related-Party Transactions to evaluate the acquisition of Solairedirect, a company belonging to the ENGIE Group, which owns the Paracatu and Floresta Photovoltaic Complexes, and ENGIE Solar Brasil Energia e Consultoria Ltda.

The Paracatu Photovoltaic Complex, located in Paracatu, Minas Gerais, has an installed capacity of 158.3 MWp, with an agreement to sell 34.0 MW average for 20 years at R$ 364.13/MWh (base November 2020), adjusted by the IPCA, and began commercial operations in February 2019.

The Floresta Photovoltaic Complex, located in Areia Branca, Rio Grande do Norte, has an installed capacity of 101.5 MWp and has contracted, for 20 years, 25.1 MW average at R$ 357.78/MWh (base November 2020), adjusted by the IPCA, and started commercial operations in December 2017.

After due appraisals, due diligence and negotiations of the terms and conditions of the operation, which were held with the support of specialized independent consultants hired by the Independent Committee, the latter sent a report with its recommendation to acquire the assets to the Board of Directors.

On 02.14.2022, the Board of Directors of the Company approved the proposed acquisition. The acquisition price for 100% of the shares of Solairedirect and ENGIE Solar will be R$ 625 million, subject to adjustments until the closing date of the transaction. The agreement will be signed on a later date and the closing of the transaction is linked to the fulfillment of certain conditions precedent

COMMENTS ON BUSINESS PROJECTIONS

Identification of projections

a. Purpose of projection

Investments in equity interest, maintenance, construction of new transmission lines and revitalization and expansion of the generation facilities.

The Company's investment statements segregate values in two groups:

- Investments financed with own capital, including acquisitions, and
- Investments financed with debts, including debts assumed in the acquisitions.

Both projection models are included in item "d" below.

The projections made are estimates deemed reasonable by the Company, which usually depend on future events, thus cannot be regarded as a promise to perform by the Company and its managers.

b. Period projected and projection term

ENGIE Brasil Energia quarterly discloses to the market its investment projections for the current year and the two subsequent years, valid until its realization or replacement by another projection.

c. Prospect assumptions, indicating which ones can be influenced by the Company's management

The Company's projections for investment are mainly based on the following assumptions:

- Schedule for maintenance of the generating units;
- Diagnosis of equipment;
- Regulatory obligations; and
- Strategic initiatives.

The amounts informed, projected and actual, do not consider interest on construction (interest on loan capital).

The Management can influence all assumptions, except for the regulatory obligations that are beyond its control.

In case of a significant change in the foregoing assumptions, the projections can be reviewed.

d. Value of the indicators that are the subject matter of the projection

The estimated and actual amounts for the last two fiscal years are presented in the tables below. These amounts are expressed in millions of Brazilian real and do not include interest on financing that were capitalized during the construction of the plants.

d.1 Year of 2020

Investments made in 2020:

Description	Actual 2020
Financed with debt	3,641
Financed with own capital	372
Total	**4,013**

In 2020, the Company invested R$ 4,013 million, of which (i) R$ 656 million to acquire ownership interest: R$ 329 million for 100% ownership interest in Novo Estado Transmissora de Energia S.A., a project being implemented in Pará and Tocantins, and R$ 327 million for 3.25% ownership interest in Transportadora Associada de Gás S.A. ("TAG"); (ii) R$ 3,214 million was invested in the construction of new projects, of which: R$ 1,229 million in the Novo Estado Transmission System, R$ 973 million in Campo Largo II Wind Power Complex, R$ 860 million in the Gralha Azul Transmission System, R$ 136 million in Pampa Sul Thermal Power Plant and R$ 16 million in other investments; (iii) R$ 133 million was allocated to maintenance and renovation projects in the generation facilities; and (iv) R$ 10 million was allocated for modernizing the Salto Osório Hydroelectric Power Plant.

Summary of changes between estimated and actual investments in 2020:

The variations between the estimated investments for 2020 disclosed at the end of 2019 and the investments made in the year, in the amount of R$ 1,552 million, are mainly due to the combination of the following events: (i) acquisition of ownership interest in Novo Estado Transmissora de Energia S.A. and TAG; (ii) payments for the development of the Novo Estado Transmission System; (ii) postponement of financial schedule of Campo Largo II Wind Power Complex, Gralha Azul Transmission System and modernization of the Salto Osório Hydroelectric Power Plant; and (iv) costs lower than estimated for the maintenance of generation facilities.

Estimate for the years 2021, 2022 and 2023 (disclosed at the end of 2020):

Description \ Projection period	2021	2022	2023
Financed with debt	3,271	935	397
Financed with own capital	245	633	357
Total	**3,516**	**1,568**	**754**

Summary of changes in estimates for 2021 and 2022:

The changes in estimates for 2021 and 2022, in the amount of R$ 3,707 million, were mainly due to the combination of the following events: (i) construction costs of the Novo Estado Transmission System and the Santo Agostinho Wind Complex, not envisaged in the projection for 2019; (ii) postponement of financial schedule of Campo Largo II Wind Power Complex, Gralha Azul Transmission System and modernization of Salto Osório Hydroelectric Power Plant; and (ii) increase in estimated costs with the maintenance of generation facilities.

d.2. Year of 2021

Investments made in 2021:

Description	Actual 2021
Financed with debt	2,809
Financed with own capital	598
Total	**3,407**

In 2021, the Company invested R$ 3,407 million, as follows: (i) R$ 3,072 million was invested in the construction of new projects, of which: R$ 1,415 million in Novo Estado Transmission System, R$ 846 million in Gralha Azul Transmission System, R$ 445 million in Campo Largo II Wind Power Complex, R$ 364 million in Santo Agostinho Wind Power Complex and R$ 2 million in other projects; (ii) R$ 283 million was allocated to maintenance and renovation projects of the generation facilities; (iii) R$ 42 million was allocated to the modernization of Salto Osório Hydroelectric Power Plant; and (iv) R$ 10 million was allocated to the acquisition of ownership interest in the Assú Sol Photovoltaic Complex.

Summary of changes between estimated and actual investments in 2021:

The changes in relation to estimates disclosed for 2021 at the end of 2020 and the investments made this year, in the amount of R$ 109 million, were mainly due to: (i) postponement of the financial schedule of Novo Estado Transmission System; (ii) higher costs with the construction of the Gralha Azul Transmission System and Campo Largo II Wind Power Complex; and (iii) higher costs than expected with the maintenance of generation facilities.

Estimates for 2022, 2023 and 2024:

Description \ Projection period	2022	2023	2024
Financed with debt	1,671	-	-
Financed with own capital	812	843	148
Total	**2,483**	**843**	**148**

Summary of changes in estimates for 2020 and 2021:

The changes in projections for 2022 and 2023, in the amount of R$ 1,004 million, were mainly due to the combination of the following events: (i) increase in estimated costs with Novo Estado Transmission System and Santo Agostinho Wind Power Complex; (ii) postponement of financial schedule of modernization of Salto Osório Hydroelectric Power Plant; (iii) increase in estimated costs with maintenance of the generation facilities; and (iv) payment of balance related to the acquisition of ownership interest in the Assú Sol Photovoltaic Complex project.

OTHER RELEVANT INFORMATION

BALANCE SHEET AND INCOME STATEMENT ADJUSTED FOR REGULATORY EFFECTS

HPP Concession Quotas – Adjustments related to Jaguara and Miranda regulated by the Provisional Presidential Decree 579/2012 (signed into Federal Law 12,783/2013). Further information is available in Note 10 – Concession financial asset.

Transmission Companies – Adjustments related to transmission companies Gralha Azul and Novo Estado related to the concession agreements for the provision of public energy transmission system. Further information is available in Note 11 – Contract asset.

ASSETS

	12.31.2021				12.31.2020			
	Statutory	HPP Concessions Quotas	Transmission companies	Adjusted	Statutory	HPP Concessions Quotas	Transmission companies	Adjusted
CURRENT ASSETS								
Cash and cash equivalents	5,156,406	-	-	5,156,406	4,538,946	-	-	4,538,946
Trade accounts receivable	1,114,105	28,723	-	1,142,828	1,723,101	26,509	-	1,749,610
Income tax and social contribution credits	248,324	-	-	248,324	140,785	-	-	140,785
Dividends receivable	-	-	-	-	32,500	-	-	32,500
Inventories	151,146	-	-	151,146	189,428	-	-	189,428
Unrealized gains on hedge operations	42,577	-	-	42,577	14,475	-	-	14,475
Unrealized gains on trading operations	206,647	-	-	206,647	320,309	-	-	320,309
Restricted deposits	638,606	-	-	638,606	174,048	-	-	174,048
Risk premium to appropriate - hydrological risk renegotiation	15,089	-	-	15,089	15,089	-	-	15,089
Concession financial asset	333,638	(333,638)	-	-	305,626	(305,626)	-	-
Contract asset	387,529	-	(387,529)	-	-	-	-	-
Other current assets	219,290	-	-	219,290	274,413	-	-	274,413
	8,513,357	**(304,915)**	**(387,529)**	**7,820,913**	**7,728,720**	**(279,117)**	**-**	**7,449,603**
Non-current assets held for sale	4,577	-	-	4,577	4,577	-	-	4,577
	8,517,934	**(304,915)**	**(387,529)**	**7,825,490**	**7,733,297**	**(279,117)**	**-**	**7,454,180**
NON-CURRENT ASSETS								
Long-term assets								
Unrealized gains on hedge operations	184,155	-	-	184,155	719,380	-	-	719,380
Unrealized gains on trading operations	100,523	-	-	100,523	54,385	-	-	54,385
Restricted deposits	265,432	-	-	265,432	235,819	-	-	235,819
Judicial deposits	79,198	-	-	79,198	82,539	-	-	82,539
Risk premium to appropriate - hydrological risk renegotiation	85,507	-	-	85,507	100,597	-	-	100,597
Concession financial asset	2,729,112	(2,729,112)	-	-	2,499,170	(2,499,170)	-	-
Contract asset	4,936,101	-	(4,936,101)	-	2,961,419	-	(2,961,419)	-
Other non-current assets [1]	288,954	17,809	3,649	310,412	175,751	17,469	3,236	196,456
Investments	**2,366,708**	**-**	**-**	**2,366,708**	**2,425,062**	**-**	**-**	**2,425,062**
Property, plant and equipment	**14,378,787**	**48,473**	**5,079,739**	**19,506,999**	**15,537,837**	**27,176**	**2,596,025**	**18,161,038**
Intangible assets	**4,038,156**	**2,153,370**	**118,942**	**6,310,468**	**2,513,990**	**2,236,572**	**107,239**	**4,857,801**
Right to use lease	**145,158**	**-**	**-**	**145,158**	**147,002**	**-**	**-**	**147,002**
	29,597,791	**(509,460)**	**266,229**	**29,354,560**	**27,452,951**	**(217,953)**	**(254,919)**	**26,980,079**
TOTAL	**38,115,725**	**(814,375)**	**(121,300)**	**37,180,050**	**35,186,248**	**(497,070)**	**(254,919)**	**34.434.259**

(1) Refers to adjustments in deferred income tax assets

LIABILITIES AND EQUITY								
	12.31.2021				12.31.2020			
	Statutory	HPP Concessions Quotas	Transmission companies	Adjusted	Statutory	HPP Concessions Quotas	Transmission companies	Adjusted
CURRENT LIABILITIES								
Suppliers	649,962	-	-	649,962	861,752	-	-	861,752
Dividends and interest on equity	56,558	-	-	56,558	1,385,056	-	-	1,385,056
Loans and financing	2,848,070	-	-	2,848,070	1,375,627	-	-	1,375,627
Debentures	542,864	-	-	542,864	449,376	-	-	449,376
Lease payable	19,568	-	-	19,568	19,144	-	-	19,144
Concessions payable	274,071	-	-	274,071	228,865	-	-	228,865
Income tax and social contribution payable	82,443	-	-	82,443	198,541	-	-	198,541
Other tax and regulatory liabilities	106,555	-	-	106,555	113,901	-	-	113,901
Labor obligations	171,232	-	-	171,232	130,097	-	-	130,097
Unrealized losses on trading operations	190,348	-	-	190,348	321,654	-	-	321,654
Provisions	22,060	-	-	22,060	15,159	-	-	15,159
Retirement benefits obligations	42,064	-	-	42,064	43,067	-	-	43,067
Other current liabilities	769,364	-	-	769,364	238,687	-	-	238,687
	5,775,159	**-**	**-**	**5,775,159**	**5,380,926**	**-**	**-**	**5,380,926**
NON-CURRENT LIABILITIES								
Loans and financing	10,749,031	-	-	10,749,031	9,825,881	-	-	9,825,881
Debentures	5,994,752	-	-	5,994,752	5,113,171	-	-	5,113,171
Redeemable preferred shares	510,160	-	-	510,160	482,088	-	-	482,088
Lease payable	106,816	-	-	106,816	104,828	-	-	104,828
Unrealized losses on trading operations	80,414	-	-	80,414	36,405	-	-	36,405
Concessions payable	4,544,720	-	-	4,544,720	3,783,453	-	-	3,783,453
Provisions	370,767	-	-	370,767	305,845	-	-	305,845
Retirement benefits obligations	421,947	-	-	421,947	407,846	-	-	407,846
Deferred income tax and social contribution	1,504,825	(265,133)	(38,062)	1,201,630	1,523,222	(157,475)	(84,537)	1,281,210
Other non-current liabilities	124,537	-	-	124,537	480,585	-	-	480,585
	24,407,969	**(265,133)**	**(38,062)**	**24,104,774**	**22,063,324**	**(157,475)**	**(84,537)**	**21,821,312**
EQUITY	**7,932,597**	**(549,242)**	**(83,238)**	**7,300,117**	**7,741,998**	**(339,595)**	**(170,382)**	**7,232,021**
TOTAL	**38,115,725**	**(814,375)**	**(121,300)**	**37,180,050**	**35,186,248**	**(497,070)**	**(254,919)**	**34,434,259**

	INCOME STATEMENT							
	12.31.2021				12.31.2020			
	Statutory	HPP Concessions Quotas	Transmission companies	Adjusted	Statutory	HPP Concessions Quotas	Transmission companies	Adjusted
Net operating revenue	12,540,673	(185,369)	(2,831,699)	9,523,605	12,259,159	(29,943)	(2,563,024)	9,666,192
Operating costs	(6,629,461)	(132,274)	2,562,664	(4,199,071)	(6,795,857)	(135,717)	2,279,348	(4,652,226)
GROSS PROFIT	**5,911,212**	**(317,643)**	**(269,035)**	**5,324,534**	**5,463,302**	**(165,660)**	**(283,676)**	**5,013,966**
Operating expenses, net	(1,615,073)	-	-	(1,615,073)	(380,790)	-	-	(380,790)
Equity income	601,985	-	-	601,985	487,051	-	-	487,051
INCOME BEFORE FINANCIAL RESULT AND TAXES	**4,898,124**	**(317,643)**	**(269,035)**	**4,311,446**	**5,569,563**	**(165,660)**	**(283,676)**	**5,120,227**
Financial result	(3,078,690)	-	402,243	(2,676,447)	(1,882,435)	-	59,213	(1,823,222)
INCOME BEFORE INCOME TAXES	**1,819,434**	**(317,643)**	**133,208**	**1,634,999**	**3,687,128**	**(165,660)**	**(224,463)**	**3,297,005**
Income tax and social contribution	(254,464)	108,000	(46,063)	(192,527)	(889,860)	56,325	76,379	(757,156)
NET INCOME FOR THE YEAR	**1,564,970**	**(209,643)**	**87,145**	**1,442,472**	**2,797,268**	**(109,335)**	**(148,084)**	**2,539,849**
NET INCOME ATTRIBUTABLE TO:								
Shareholders of ENGIE Brasil Energia	1,563,725	(209,643)	87,145	1,441,227	2,797,091	(109,335)	(148,084)	2,539,672
Non-controlling shareholder	1,245	-	-	1,245	177	-	-	177
	1,564,970	**(209,643)**	**87,145**	**1,442,472**	**2,797,268**	**(109,335)**	**(148,084)**	**2,539,849**

STATEMENT OF COMPANY'S EXECUTIVE OFFICERS

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Financial Statements (parent company and consolidated) and, also agrees with the opinion of the independent auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes as presented in the Report of the Independent Auditors.

Eduardo Antonio Gori Sattamini
Chief Executive and Investor Relations Officer

Marcelo Cardoso Malta
Chief Financial Officer

Gabriel Mann dos Santos
Chief Energy Commercialization Officer

Guilherme Slovinski Ferrari
Chief Business Development, Strategy and Innovation Officer

José Luiz Jansson Laydner
Chief Operation Officer

Marcos Keller Amboni
Chief Regulation and Market Officer

Luciana Moura Nabarrete
Chief Administrative Officer

Márcio Daian Neves
Chief Implementation Officer

Florianópolis, February 14, 2022.

BOARD OF DIRECTORS

Maurício Stolle Bähr
Chairman

Paulo Jorge Tavares Almirante
Vice-Chairman

Dirk Achiel Marc Beeuwsaert
Director

Karin Koogan Breitman
Director

Pierre Jean Bernard Guiollot
Director

Simone Cristina de Paola Barbieri
Director

Paulo de Resende Salgado
Director

Manoel Eduardo Lima Lopes
Director

Adir Flávio Sviderskei
Director

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Chief Operation Officer

Marcos Keller Amboni
Chief Regulation and Market Officer

Luciana Moura Nabarrete
Chief Administrative Officer

Márcio Daian Neves
Chief Implementation Officer

ACCOUNTING DEPARTMENT

Paulo Roberto Keller de Negreiros

Accounting Department Manager

Accounting - CRC RS-068193/O-2 T-SC

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE
INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Directors and Management of

Engie Brasil Energia S.A.

Opinion

We have audited the individual and consolidated financial statements of Engie Brasil Energia S.A. and subsidiaries ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2021, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

Opinion on individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Engie Brasil Energia S.A. as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Engie Brasil Energia S.A. and subsidiaries as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" Section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements set out in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters (KAMs)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

Revenue recognition

As detailed in note 32 to the individual and consolidated financial statements, the Company's revenue derives substantially from the supply and sale of electricity.

This matter was considered a key audit matter in our audit, due to the volume and specific characteristics of power supply contracts, processes supporting their recognition, dependance on systems and respective internal controls.

Our audit procedures on revenue recognition included, without limitation: (i) assessing the design, implementation and operational effectiveness of the Company's internal control activities related to Management's process to measure the revenue from the supply and sale of electricity to be recognized according to accounting requirements and contractual conditions; (ii) involving our Information Technology specialists to assess the systems and the automated environment used to record these amounts; (iii) testing electricity supply and sale contracts, on a sampling basis, considering their specific characteristics and accounting recognition; (iv) testing subsequent receipt of invoices, on a sampling basis; (v) testing unbilled revenues, assessing Management's estimation process; and (vi) assessing whether disclosures made by the Management in the individual and consolidated financial statements are appropriate.

Based on the audit procedures described above and the audit evidence obtained, we consider that the processing, recording and recognition of revenue made by the Company, as well as their related disclosures, are adequate in the context of the individual and consolidated financial statements taken as a whole.

Right to extend the concession – Renegotiation of hydrological risk

As described in note 15 to the individual and consolidated financial statements, Federal Law 14,052 came into effect in September 2020, establishing new conditions for renegotiating the hydrological risk of energy generation in order to compensate the owners of hydroelectric power plants participating in the Mechanism of Energy Reallocation (MRE) for effects arising from external factors that aggravated the Generation Scaling Factor (GSF) in recent years. The compensation will be made through an extension of the concession period and is contingent on the withdrawal of lawsuits and waiver of any allegation claiming any right related to the exemption or mitigation of hydrological risks related to MRE.

This matter was considered a key audit matter in our audit, as: (i) the amount recorded in the year related to the renegotiation of the hydrological risk was material for the audit; (ii) the measurement of the fair value of the asset involves the application of significant valuation methodologies and assumptions, which are complex and require a high level of judgment by Management and its specialists, such as discount rates, projections of sale prices, projections of future cost of plant operations, among other assumptions; and (iii) the matter required intense and frequent involvement of experienced members of the audit team and its technical specialists, the Company's Management, as well as several players from the energy industry.

Our main audit procedures included, without limitation: (i) assessing the accounting policies used by the Company to recognize and measure the right to extend the concession; (ii) assessing Federal Laws 14,052/2020 and 14,182/2021, Normative Resolutions 895/2020 and 930/2021 and Ratification Resolutions 2,919/2021 and 2,932/2021 issued by the regulatory agency, which formalize the right and regulation of the right to extend the concession and analysis of the documentation supporting the transaction; (iii) assessing the key assumptions and methodologies used by the Company to properly measure and recognize the fair value of the asset of right to extend the concession recognized; and (d) assessing whether the disclosures made by Management in the financial statements are appropriate.

Based on the audit procedures performed while testing the recognition of the fair value of the right to extend the concession, we considered that the recognition of the intangible asset related to the renegotiation of the hydrological risk, as well as the related disclosures, are adequate in the context of the individual and consolidated financial statements taken as a whole.

Process of sale of investees

As described in notes 1.e, 1.f and 13 to the individual and consolidated financial statements, as a result the Engie Group's decarbonization strategy, the Company restarted the processes for selling the investees Diamante Geração de Energia Ltda. ("Diamante") and Pampa Sul Thermal Power Plant ("Pampa Sul") in 2020 and 2021, respectively. On August 30, 2021, the share purchase agreement ("SPA") was signed, which governs the sale of all the shares held by the Company in subsidiary Diamante. On that date, Management understood that the criteria determined by technical pronouncement CPC 31- IFRS 5 to classify the asset as held for sale were met. Subsequently, on October 18, 2021, the sale of Diamante was

concluded. Regarding Pampa Sul, the sales process is being assessed by potential buyers and the Company concluded that the prerequisites to reclassify the balances to non-current assets held for sale have not been met yet. Moreover, as at December 31, 2021, the Company recognized estimated impairment loses in the investment held in Pampa Sul, given that the preliminary sales price was lower than the carrying amount of the investee.

This matter was considered a key audit matter due to: (i) the amounts involved; (ii) the high degree of judgment adopted by Management to analyze when when the criteria for assets and liabilities held for sale/discontinued operation were met, which requires the use of technical knowledge and interpretation of the context applicable to the matter; and (iii) the high degree of judgment adopted by Management to measure the allowance for losses, which requires the use of technical knowledge and the history of sales made by the Company and its subsidiaries.

To answer this key audit matter, our procedures included, without limitation: (a) assessing the criteria used by Management to identify when the criteria to classify assets and liabilities held for sale/discontinued operation and measure the amounts presented in the financial statements were met; (b) assessing the criteria used to identify and measure the recoverable value of investees and assessing the key assumptions used in measurement; and (c) assessing the disclosures made by Management in the individual and consolidated financial statements.

Based on the audit procedures described above and the audit evidence obtained, we consider that the classification, measurement and presentation of investees Diamante and Pampa Sul made by Management, as well as the related disclosures, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added ("DVAs") for the year ended December 31, 2021, prepared under the responsibility of the Company's management and presented as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the other financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 – Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

Management is responsible for such other information. The other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs") issued by the IASB, and for such internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve the collusion, forgery, intentional omissions misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that there a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained until the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and the events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance the Group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance a statement that we have complied with te relevant ethical requirements, including independence requirements, and communicate all relationships or matters that could considerably affect our independence, including, when applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Joinville, February 14, 2022

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Fernando de Souza Leite
Engagement Partner

1. Introduction

The Statutory Audit Committee ("SAC") was created as an integral part of ENGIE's corporate governance, in view of the amendment to Engie's Bylaws (33rd EGM - item 1.1), which adapted ENGIE to the rules of the Novo Mercado B3 Regulation regarding the installation of the Statutory Audit Committee (Art. 22).

SAC was constituted at the Company's Board of Directors' Meeting number 193, held on December 6, 2019, in which its Internal Regulations were approved, and at the Company's Board of Directors' Meeting number 202, of May 14, 2020, in which the members of the SAC were appointed.

SAC is a permanent statutory body, directly linked to the Board of Directors of ENGIE Brasil Energia S/A ("ENGIE") and is governed by the rules of Brazilian legislation and provisions contained in its Internal Regulations. SAC reports the matters discussed at its meetings, as well as its manifestations, to the Board of Directors of ENGIE, according to the minutes of the meetings filed with the Company.

The members of ENGIE's Board of Executive Officers are invited to participate in SAC's meetings that involve topics related to them or matters submitted by them for consideration, and indicate, as the case may be, the participation of the managers of the areas responsible for the matters to be addressed. Managers designated by ENGIE are also invited to attend all SAC meetings.

Deloitte Touche Tohmatsu Auditores Independentes (DTT) is the firm responsible for examining and issuing the independent auditors' report on the financial statements and for issuing special reports on the quarterly reviews (ITR's) of the ENGIE Conglomerate in the period covered by this report.

SAC is currently composed of ENGIE's Board Members, Economist Paulo de Resende Salgado, Coordinator of the SAC, and Accountant Manoel Eduardo Lima Lopes, as well as Lawyer Carla Carvalho de Carvalho, all of whom comply with the independence criteria established by the legislation in force, and also, according to the criteria of the Brazilian Institute of Corporate Governance (IBGC).

2. Summary of 2021 activities

From January 1st, 2021, to December 31st, 2021, SAC held 18 (eighteen) meetings, and 4 (four) meetings in 2022 (by the date of the financial statements evaluation for 2021), involving the Executive Directors, Internal Auditors and Independent Auditors of the ENGIE Conglomerate, as well as the Managers of the Organizational Units of Governance, Risks & Controls, Accounting, Tax, Legal, Ethics and Compliance. SAC also held 6 (six) meetings with the Board of Directors

Among the activities carried out during the year, we highlight the following:

1. Discussion and evaluation of the independent auditors' independence policies, covering, in particular, the following matters: (i) planning and execution of the ENGIE Conglomerate's quarterly financial statements audits for the fiscal year 2021; (ii) the nature and extent of the main audit procedures selected and the materiality concepts adopted; (iii) risk analysis of audits performed by the external auditor; (iv) conclusions of the audits, acknowledging the content of the independent auditors' report on the examinations of the financial statements for the year ended December 31, 2021, being satisfied with the information and clarifications provided. Information was also obtained to ensure the auditors' independence and the absence of conflicts of interest in work other than auditing the financial statements.

2. Monitoring the financial statements and quarterly information preparing process, through meetings with the managers and independent auditors, addressing the main accounting practices adopted, the accounting estimates made, as well as the presentation of the equity and financial situations, the financial results, cash flows, added values and explanatory notes to the financial statements

3. Supervision of the Internal Audit Annual Plan, its execution, reports issued, knowledge of the findings and recommendations, as well as the measures taken by the Administration.

4. Internal Controls Program and the Risk Matrix monitoring

5. Acknowledgement of the ENGIE Conglomerate's decisions in relation to the General Data Protection Law.

6. Monitoring of events developed by the corporate tax area.

7. Monitoring of judicial and administrative proceedings involving assets and liabilities in progress.

8. Monitoring of ENGIE Conglomerate's ethical whistleblower channel.

9. Discussion and evaluation of the Energy Trading Policy - Trading Process.

10. Discussion and evaluation of the 2020 Sustainability Report.

11. Discussion and evaluation of the Information Security Program of ENGIE Brasil Energia S.A.

12. Discussion and evaluation of Renewable Energy Investments.

13. The members of the Statutory Audit Committee took notice of ADE-831-0001, of 09/27/2021, deliberating, among other matters, on the creation of the Governance, Risks & Controls Organizational Unit (GRC), with the appointment of the Mr. Antonio Carlos Corrêa Benavides, as manager of the respective area; removal of Mr. Antonio Carlos Corrêa Benavides from the position of Internal Audit Organizational Unit manager; and appointment of Ms. Taisa Machado Sena as manager of the Internal Audit Organizational Unit. In addition, the Statutory Audit Committee registered that it was not aware of any fact or evidence that prevents the appointment by the Board of Directors of Ms. Taisa Machado Sena as manager of the Company's Internal Audit Organizational Unit.

STATUTORY AUDIT COMMITTEE OPINION – CAE
ENGIE Brasil Energia S/A

According to the current legislation, the members of the SAC, in the exercise of their duties and legal responsibilities, as foreseen in the CVM rules, Novo Mercado Regulations and the Committee's Internal Regulations, analyzed the individual and consolidated financial statements, accompanied by the independent auditors' report and the management report for the year ended in December 31, 2021 and considering the information provided by the Company's Management and by the professionals of Deloitte Touche Tohmatsu Auditores Independentes, unanimously decide to recommend its approval by the Board of Directors and forwarding it to the Ordinary General Meeting – ORM for deliberation by the shareholders.

This Opinion, after being read and compliant, will be signed by the members of the Statutory Audit Committee, through DocuSign.

Rio de Janeiro, February 14th 2022.

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Paulo de Resende Salgado
Statutory Audit Committee Coordinator

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Carla Carvalho de Carvalho
Statutory Audit Committee Member

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Manoel Eduardo Lima Lopes
Statutory Audit Committee Member

ENGIE Brasil Energia S.A.

CNPJ 02.474.103/0001-19 – NIRE 4230002438-4
Publicly Held Company - CVM Registry 1732-9

FISCAL COUNCIL OPINION

The undersigned members of the Fiscal Council of ENGIE Brasil Energia S.A., in compliance with legal and statutory provisions, examined the Annual Management Report and the Financial Statements consisting of the balance sheet as of December 31, 2021 and the statements of income, comprehensive income, changes in shareholders' equity, cash flows, and value added for the fiscal year ended that date, the respective notes to the financial statements, as well as the proposal for the allocation of net income from the year to legal reserve, tax incentive reserve, dividends and interest on equity.

Based on the examinations made and considering the unqualified report of independent auditors, Deloitte Touche Tohmatsu, issued on February 14, 2022, as well as the information and clarifications received from management's representatives during the year, the members of the Fiscal Council expressly believe that the documents analyzed, as well as the proposal for the allocation of net income from the year presented by the Board of Directors on February 14, 2022 meet the conditions to be approved by the shareholders at the next Annual Shareholders Meeting of the Company.

Florianópolis, February 14, 2022.

Waltamir Barreiros
Chairman of Fiscal Council

Carlos Guerreiro Pinto
Member of Fiscal Council

Milre Felix Neto
Member of Fiscal Council