Fiscal years

2022
2021



ENGIE BRASIL ENERGIA S.A.

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

CNPJ 02.474.103/0001-19 NIRE 42 3 0002438-4

R. Paschoal Apóstolo Pisca, 5064 | Agronômica
Florianópolis – SC | CEP 88025-255

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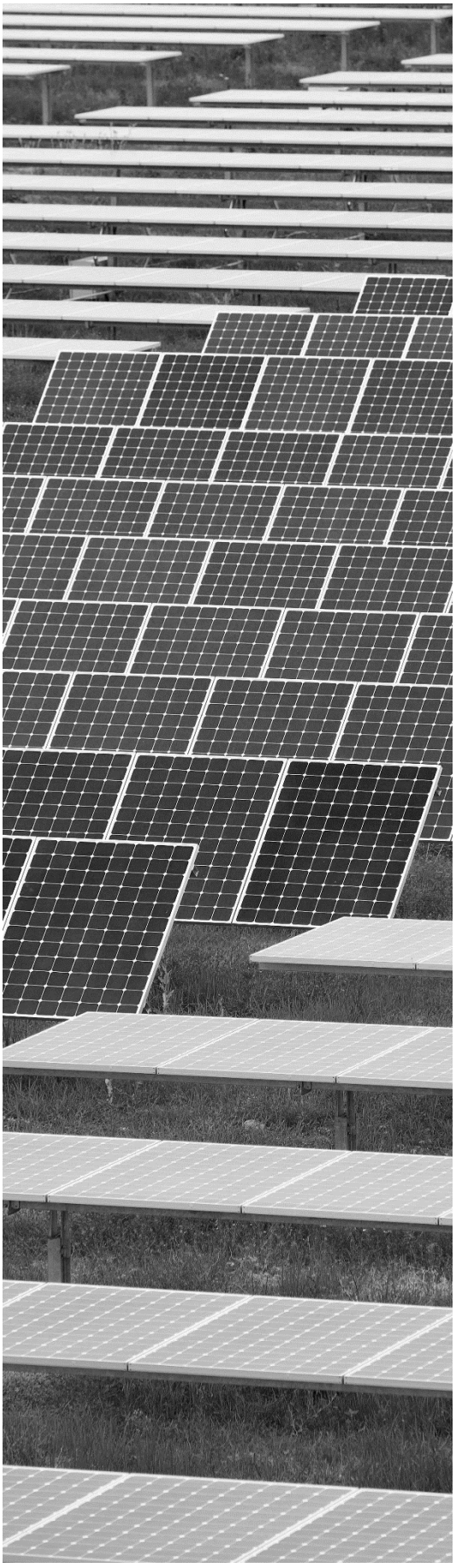
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GLOSSARY

ACL: Free Contracting Environment
ACR: Regulated Contracting Environment
ADR: American Depositary Receipts
ANA: National Water and Basic Sanitation Agency
ASM: Annual Shareholders Meeting
Aneel: National Electric Energy Agency
ANP: National Petroleum, Natural Gas and Biofuel Agency
AUD: Audit
B3: Brasil, Bolsa, Balcão
BASA: Banco da Amazônia
BD: Defined Benefit
BNB: Banco do Nordeste do Brasil
BNDES: Brazilian Development Bank
BNP: Banque Nationale de Paris
Board: Board of Directors
BPD: Deferred Proportional Benefit
BSPS: Proportional Paid Supplementary Benefit Plan
CARF: Administrative Council of Tax Appeals
CCC: Fuel Consumption Account
CCEE: Electricity Trading Chamber
CD: Defined Contribution
CDE: Energy Development Account
CDI: Interbank Deposit Certificate
CFC: Brazilian Federal Accounting Council
COFINS: Contribution to Finance Social Security
CPC: Accounting Pronouncements Committee
CPR: Special Independent Committee for Related-Party Transactions
CSLL: Social Contribution on Net Income
CSRF: Upper Chamber of Tax Appeals
CUSD: Contracts for the Use of Distribution System
CUST: Contracts for the Use of Transmission System
CVM: Brazilian Securities and Exchange Commission
DI: Interbank Deposit
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization
EPE: Energy Research Office
ESG: Environmental, Social and Governance
FGTS: Workers' Severance Fund
GAG: Generation Assets Management
GC: Confidentiality Bonus
GSF: Generation Scaling Factor
HSBC: Hong Kong and Shanghai Banking Corporation
IASB: International Accounting Standards Board
ICMS: State tax on the circulation of goods and transportation and communication services
ICSD: Debt Service Coverage Ratio
IFRS: International Financial Reporting Standards
IGP-M: General Market Price Index
INPC: National Consumer Price Index
INSS: National Social Security Institute
IoE: Interest on Equity
IPCA: Consumer Price Index - Comprehensive
IR: Income Tax
IRPJ: Corporate Income Tax
ISE: Corporate Sustainability Index
ISO: International Organization for Standardization
ISSQN: Tax on Services of Any Nature
KM: Kilometer
LGPD: Brazil's General Data Protection Law
MME: Ministry of Mines and Energy
MRE: Energy Reallocation Mechanism
MUFG: Mitsubishi UFJ Financial Group
MW: Megawatt
MWh: Megawatt-hour
MWa: Average Megawatt
NCAHS: Non-Current Assets Held for Sale
NDF: Non-Deliverable Forward
NIB: Nordic Investment Bank
O&M: Operation and Maintenance
ONS: National Electricity System Operator
OCI: Other Comprehensive Income
R&D: Research and Development Program
SHPP: Small Hydroelectric Power Plant
PDV: Voluntary Redundancy Plan
PEC: Constitutional Amendment Bill
PIS: Social Integration Program
PLD: Differences Settlement Price
PO: Policy
RAG: Annual Generation Revenue
RAP: Allowed Annual Revenue
RBO: Return of Grant Bonus
RI: Investor Relations
SIG: Integrated Management System
SIN: National Interconnected System
SPA: Share Purchase Agreement
SPE: Special Purpose Entity
STF: Supreme Court
TJLP: Long-Term Interest Rate
UBP: Use of Public Asset
HPP: Hydroelectric Power Plant
TPP: Thermal Power Plant



Dear Shareholders,

The Management of ENGIE Brasil Energia S.A. (“ENGIE Brasil Energia” or “Company”) is pleased to submit for your appreciation the Management Report and the corresponding Financial Statements for fiscal years 2022 and 2021, in accordance with international practices and those adopted in Brazil. The Management Report is accompanied by the reports of the Independent Auditors, Fiscal Council and Audit Committee for the year ending 12.31.2022. The data shown in the Management Report is stated in millions of Reais and 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). Even though the Report is directed primarily at the Company's shareholders, it can be accessed by the public on the websites of ENGIE Brasil Energia, CVM and B3 (B3 S.A. – Brasil, Bolsa, Balcão). In compliance with Brazilian legislation, it is also published in the press of the state in which the Company’s head offices are located - Santa Catarina.

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

To act in order **to accelerate**. It is on the basis these two verbs that ENGIE Brasil Energia's purpose drives our work every day. And while the focus of this purpose is the energy transition – ever more necessary to confront the challenges of climate change – our commitment is to ensure that this movement also contributes to the quality of lives of people in a just and truly sustainable society.

In 2022, **we acted**, **accelerated,** and **advanced**, reaping the rewards that reflect the consistency of the strategy, resilience of the business model, efficacy in the management of the Company's risks and solid structure of governance, with roles and responsibilities defined and processes evaluated and audited annually through both internal and independent structures. For the year 2022 as a whole, net operating revenue exceeded BRL 11.9 billion, 5.1% down against the same item reported for 2021. This reflected the reduction in construction revenue from the transmission systems due to the stage reached of work in progress, and lower revenue from trading operations. These effects were attenuated by the increase in energy sales and higher average selling price. Adjusted Ebitda fell 3.8% to reach BRL 6.9 billion in 2022, reflecting the effects already mentioned, in addition to the booking in 2021 of recovery of past costs in the amount of BRL 1.6 billion, relating to the renegotiation of hydrological risks. Excluding this effect, Ebitda would have risen by 23.4%. Finally, ENGIE Brasil Energia posted an increase of BRL 1.1 billion (70.3%) in net income compared to 2021, totaling BRL 2,7 billion for the calendar year of 2022.

Our Purpose:

Act to accelerate the transition to a carbon-neutral society by means of reduced energy consumption and more environmentally friendly solutions.

The favorable hydrological scenario in 2022, different from that reported over the last few years, was very positive for the electric energy sector, allowing hydroelectric generation to continue supporting the growth of wind and solar, as the basis of the National Electric Grid. In parallel, the more favorable energy scenario led to a fall the energy settlement prices in short-term, little affecting the Company's revenues in the light of the high level of contracting of our diversified portfolio in short and medium terms, the larger part of which in the regulated contracting environment and lending stability to the results.

Such condition has permitted the Company to remunerate investors and continue growing in a responsible, disciplined, and competitive manner. As part of this trajectory, the implementation of the Santo Agostinho Wind Complex in Rio Grande do Norte had reached an advanced stage of implementation by the end of 2022. Despite the challenges posed by problems in the global supply chain – caused by imbalances resulting from the pandemic and the conflict in Ukraine -, **we acted** to minimize the effects on the work schedule and ensure gradual entry into operation as from 1Q23. Once fully operational, this asset will add 434 MW to our installed capacity.

Still in the generation segment, growth in renewables was ramped up with the approval of two heavy duty projects in the Northeast of Brazil and expected to be implemented in 2023 and 2024, **accelerating** our growth in renewable generation. One of them is the Serra do Assuruá Wind Complex in Gentio do Ouro (BA) with 846 MW of installed capacity and an investment of the order of BRL 6 billion. The other is the Assú Sol Photovoltaic Complex in Assú (RN) with a 752 MW capacity and located adjacent to photovoltaic plants the Company is already operating in the same municipality.

These two new projects represent the largest wind and photovoltaic projects, respectively, ever to be implemented by the ENGIE Group in Brazil. The dimensions reflect the evolution of our skills and absolute confidence in the capacity of our teams to execute such projects with excellence, combining technical qualification with good socio-environmental practices.

This is the way we conduct the entire Company's operations including our first transmission assets. Operational for about a year now, the Gralha Azul Transmission System has recorded elevated levels of efficiency, reiterating our contribution to the social-economic development of the state of Paraná. In the North, the Novo Estado Transmission System has **advanced** to the final phase of construction and is forecasted to become fully operational in 1Q23, with the complete energization of 1.8 thousand kilometers of power lines and the operation of substations in the states of Tocantins and Pará.

Expansion also reflects our commitment to the decarbonization of the generator complex, which had as its recent development the signature in September 2022 of the agreement for the sale of the Pampa Sul Thermoelectric Power Plant, the only remaining coal-fired operation in our Brazilian power complex. On the conclusion of the transaction in 2023, this movement will elevate ENGIE Brasil Energia to the position of the largest renewable electric energy generator in the country.

Rigorously planned since 2015, our decarbonization journey provides for strategic actions for compensating the loss of fossil sourced capacity. Hence, between 2016 and 2022, more than BRL 20 billion was allocated to the transition – which has translated into an increase of annual investment in this period by a multiple of four compared with previous periods. An undeniable **acceleration** has been made possible thanks to the unconditional support of our Controlling Company, the ENGIE Group, as well as by the solid financial and operational condition of the Company throughout its trajectory.

We have maintained ENGIE Brasil Energia's outstanding position in generation as well as strengthening our footprint in the segments of transmission and gas transportation in the way we always operate with total respect for the environment and people both in and outside the Company. **We acted** intensely in 2022 to strengthen our occupational safety culture among our own employees and also those of our service providers at our installations, recording a year without serious or fatal accidents as well as a significant reduction (-52.5%) in workplace accidents requiring time off work.

To ensure an increasingly safe, attractive, and prosperous workplace environment, we have also taken initiatives for promoting diversity, equity, and inclusion. Continuing the plan of expanding the presence of women in positions of leadership and operating functions, **we advanced** in actions such as measures for filling affirmative vacancies for women engineers and through training programs for women in operations and maintenance.

Aware that gender equality is an essential factor, but it is not enough to create a more just and egalitarian society, we have expanded our actions in favor of diversity, in order to create accessible opportunities for other underrepresented groups. To this end, in 2022, we launched the Diversity and Inclusion Policy, the LGBTQ+ Guide and the Diversity and Inclusion Program, directed towards people with special needs.

In addition to these initiatives, there are several others developed and supported by ENGIE Brasil Energia focused on the sustainable development of the territories of which we are a part. Based on the demands identified in each community, we allocated more than BRL21 million in 2022 to projects - local and corporate - that promote access to culture, education, sports, and health, among other topics relevant to society.

The scale of relevance and urgency of our social actions is based on dialog with local stakeholders. In 2022, we resumed the process of actively listening to the communities, promoting sustainability panels in municipalities which headquarter plants operated by ENGIE Brasil Energia. In these meetings, which brought together around 300 people, we are able to better understand their perceptions on the impacts of our operations, as well as the possibilities for the Company to support local development - strategically directing plans for engagement and social investment.

Among the themes revealed as a result of dialog is the major concern of the communities with the environment, a concern shared by the Company. In addition to ensuring compliance of all our activities with the environmental legislation, we are developing various voluntary initiatives for conservation, with a focus on biodiversity, water, waste, and climate. Climate gained special attention in the year, with the deepening of the studies of our Net Zero Journey, which generated a broad action plan focused on the decarbonization of our activities, with strategy, risk management, review of metrics and establishment of goals that include the engagement of our value chain. Our evolution in the subject can be monitored through the CDP, a platform that provides transparency to the climate performance and commitments of organizations around the world, and to which we made our first report in 2022.

The movement for both a better present and future for people and the planet has won over important allies: our clients. Through the Goodwill Partnerships Program, we propose joint investments and social responsibility initiatives on the part of different organizations, bringing together companies of different sizes and from various sectors and regions of Brazil sharing the desire to expand the positive impact of their businesses. At the end of 2022, more than 20 organizations were active in the Program, comprising a transformational network, intent on leaving a significant legacy to the communities.

For many of our customers, ENGIE Brasil Energia's commitment to the socio-environmental agenda constitutes a decisive competitive differential, which adds to other essentials in a relationship that goes far beyond contracting energy. In readiness for the opportunities expected to arise in a scenario which involves the expansion of the Free Contracting Environment (ACL) – following publication of Ordinance 50/2022 by the Ministry of Mines and Energy (MME) in September – the Company has intensified digitalization initiatives in client service, notably through the Energy Place, an innovative energy acquisition and management platform. In parallel, we have restructured our

commercial teams, formatting a series of solutions for serving with agility and reliability the different profiles of clients qualifying for the Free Energy Market.

We are in no doubt that in addition to this, other regulatory changes anticipated for the modernization of the Brazilian electric energy sector will bring benefits to the economy and society. To cooperate in these **advances**, ENGIE Brasil Energia maintains dialog and cooperation with agents both from the public and private sectors for the strategic guidance of the market, debating themes such as the end to subsidies which prejudice the competitivity of the sector and recognition the essential role hydropower plants play in the insertion of intermittent energy in the National Interconnected System (SIN) – currently, without the attributes of this energy source being adequately rewarded. In this context, we are optimistic as to the outcome of discussions set to occupy space in the regulatory environment of the Brazilian Electric Energy Sector in 2023.

Confident in the capacity of the country to grow, the Company continues attentive to the opportunities for contributing so that the full potential of Brazil can be realized, generating economic development, environmental conservation, and social justice. Our thanks go to those that share this optimism, believe in our commitments, and support our achievements. Together, **we act** and **accelerate** the transition that will lead us to the desired future.

Maurício Stolle Bähr

Chairman of the Board of Directors

Eduardo Antonio Gori Sattamini

Chief Executive and Investor Relations Officer

Awards and recognitions conquered in 2022

Recognized among the Best of ESG Awards 2022, promoted by Exame/Ibmec.

Member of **B3's 2023 Corporate Sustainability Index (ISE)** – for the 18th consecutive year since the advent of the ISE.

Member of **B3's Carbon Efficient Index (ICO2)** Portfolio for the third time – since the qualification for the assessment, as a participant in the IBRX 100.

Best reputation in the country – energy segment – Caliber Reputation Index.

8th place in the **Leading Company in Investor Relations** category and 10th as a **Leading Company in Sustainability** according to the Sustainable Leaders Agenda – ALAS20.

For the 13th time, winner of the **2022 Transparency Trophy** - in the category "Companies with net revenue of BRL 5 up to 20 billion", granted by the National Association of Finance, Administration and Accounting Executives (Anefac).

- Presence in the **Institutional Investor Magazine's Ranking** (Electric & Other Utilities - Latin America), with the following classifications:
- Best CEO: 3rd place overall and 1st sell-side.
- Best CFO: 1st place sell-side
- Best IR Program: 2nd place sell-side
- Best IR Professional: 3rd position overall e 2nd sell-side.
- Best IR Team: 3rd position sell-side
- Best Analyst Day: 2nd position sell-side
- Best ESG Disclosures: 2nd position sell side.

Evolution in performance

Indicators	2022	2021	2020	Change 2022x2021	Change 2022x2020
Operational and commercial					
Plants in operation	76	68	60	8	16
Installed capacity in operation (MW)	10,174.0	9,939.4	10,431.2	2.4%	-2.5%
Proprietary installed capacity (MW)	8,453.3	8,218.7	8,710.5	2.9%	-3.0%
Proprietary installed capacity from renewable sources (%)	95.9	95.8	86.2	0.1 p.p.	9.7 p.p.
Energy sales (GWh)	37,932	36,365	37,957	4.3%	-0.1%
Energy sales (MWm)	4,330	4,151	4,321	4.3%	0.2%
Net average selling price (BRL/MWh)	222.9	199.8	193.4	11.6%	15.3%
Number of clients attended (ACL)	982	877	930	12.0%	5.6%
Economic-financial (BRL million)					
Net operating revenue	11,907	12,541	12,259	-5.1%	-2.9%
Ebitda	6,790	5,941	6,484	14.3%	4.7%
Adjusted Ebitda	6,941	7,217	6,427	-3.8%	8.0%
Net income	2,665	1,565	2,797	70.3%	-4.7%
Adjusted net income	2,764	2,369	2,686	16.7%	2.9%
Total debt (Debt instruments, net of hedge effects)	18,150	20,587	16,672	-11.8%	8.9%
Investments (BRL million)	3,150	3,407	4,013	-7.5%	-21.5%
Adjusted ROE[1] (%)	32.8	29.9	36.1	2.9 p.p.	-3.3 p.p.
Adjusted ROIC[2] (%)	20.8	20.2	22.7	0.6 p.p.	-1.9 p.p.
Earnings per share (BRL)	3.32	2.50	2.47	32.8%	34.4%
Average price per share[3] (BRL)	39.32	36.46	37.78	7.8%	4.1%
Environmental					
Seedlings donated and planted (thousands)	266	475	360	-44.0%	-26.1%
Participants – program of visits and environmental education (thousands)	195	133	33	46.6%	490.9%
Water withdrawal (thousands of megaliters)	6.0	488	459.3	-98.8%	-98.7%
Waste generated (millions of tons)	0.927	2.532	2.526	-63.4%	-63.3%
Intensity of CO_2 ($KgCO_2$/MWh) emissions – Corporate Participation	27.0	183.2	211.4	-85.3%	-87.2%
Investment in social responsibility (BRL 000s)					
Non-incentivized resources	3,499	7,078	7,504	-50.6%	-53.4%
Incentivized resources (Rouanet, FIA, etc)	16,486	11,105	15,130	48.5%	9.0%
Human capital					
Number of employees (as at December 31)	1,215	1,201	1,538	1.2%	-21.0%
Percentage of women in the labor force	26.7%	24.4%	19.9%	2.3 p.p.	6.8 p.p.
Investment in training and development (BRL million)	5.7	4.6	3.8	23.9%	50.0%
Total number of training hours	70,243	59,682	66,064	17.7%	6.3%
Frequency Rate (FR): operation and maintenance[4]	1.320	0.568	1.203	△	△
Frequency Rate (FR): works/implementation[4]	1.010	1.649	0.561	▽	△
Severity Rate (SR) own employees[5]	0.000	0.000	0.006	-	▽

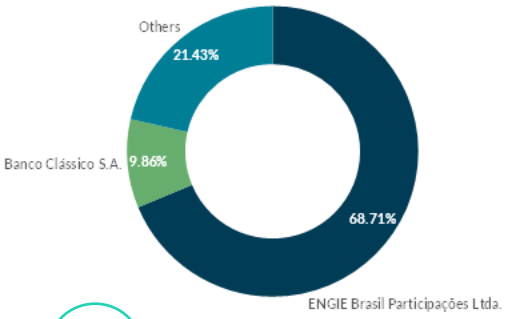
(1) ROE: net income over the last four quarters /shareholders equity.
(2) ROIC: effective rate x EBIT / invested capital (invested capital: debt – cash and cash equivalents – deposits linked to debt service + SE).
(3) Average price of the average daily transactions.
(4) FR = number of accidents in every million hours of exposure to risk.
(5) SR = number of days lost with work related accidents in every thousand hours of exposure to risk.

OUR COMPANY

With operations in the generation, commercialization, trading, and transmission of electricity, ENGIE Brasil Energia is present in all regions of the country. Additionally, since 2019, it has had a shareholding in Transportadora Associada de Gás (TAG).

A publicly held corporation with common shares listed on B3 under the code EGIE3 - at the end of 2022, there were 815,927,740 common shares listed on B3, with share capital totaling BRL 4,903 million. It is also part of the North American Over-the-Counter market, trading Level I American Depositary Receipts (ADRs), identified as EGIEY – at the ratio of one ADR per common share.

Shareholder structure (as at 12.31.2022)



MISSION

Provide innovative and sustainable solutions in energy.

VISION

Transform people's relationship with energy aiming at a sustainable world.

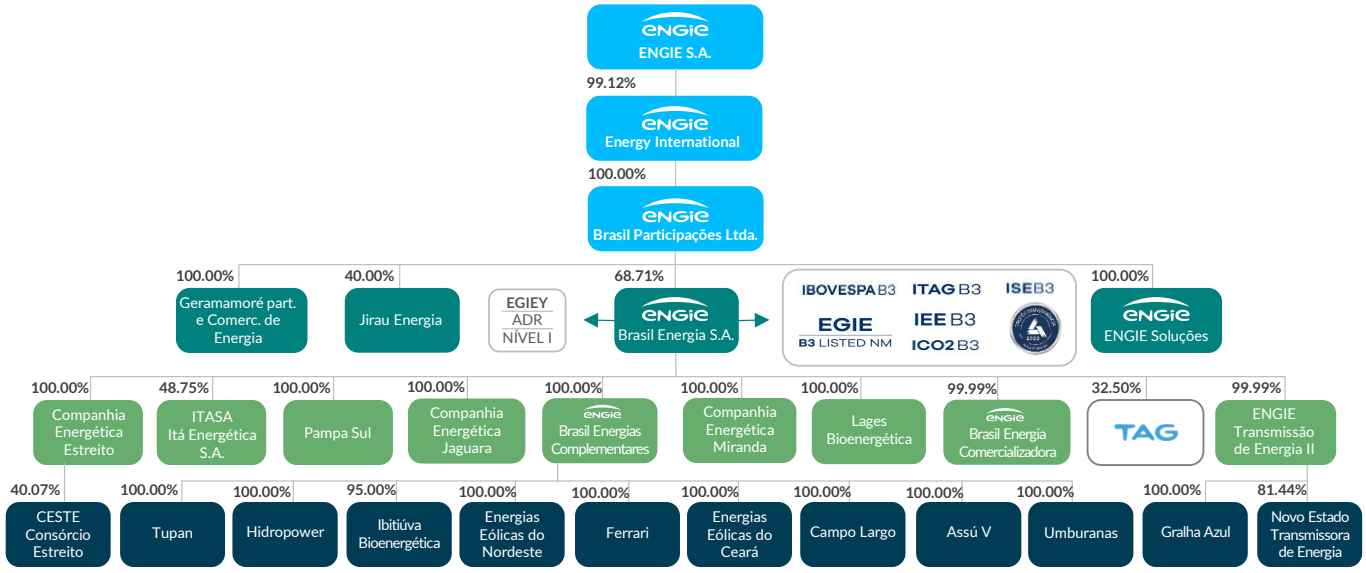
VALUES

Professionalism, sense of partnership, teamwork, creation of value, respect for the environment, ethics.

CORPORATE STRUCTURE

ENGIE Brasil Energia controls subsidiaries and participates in consortium with other entities, and business partnerships, as detailed in the following infographic. In 2022, the most relevant changes in its corporate structure were the sale of ENGIE Geração Solar Distribuida (EGSD), announced in February, and the acquisition of the Paracatu and Floresta photovoltaic complexes, an operation carried out in the following month.

Corporate structure* (as at 12.31.2022)



* Simplified structure

OUR ASSETS

With operations exclusively in Brazil, ENGIE Brasil Energia is headquartered in Florianópolis (SC), and operations cover 21 Federative Units.

Operating segments of ENGIE Brasil Energia

GENERATION

76 operated plants

8,453.3 MV Proprietary installed capacity.

TRADING

3,676 GWh of energy sold.

8.8% of the total commercialized

TRANSMISSION

2 Transmission systems totalling **2,700 km** of lines, being 1,800 in operation and 900 under construction.

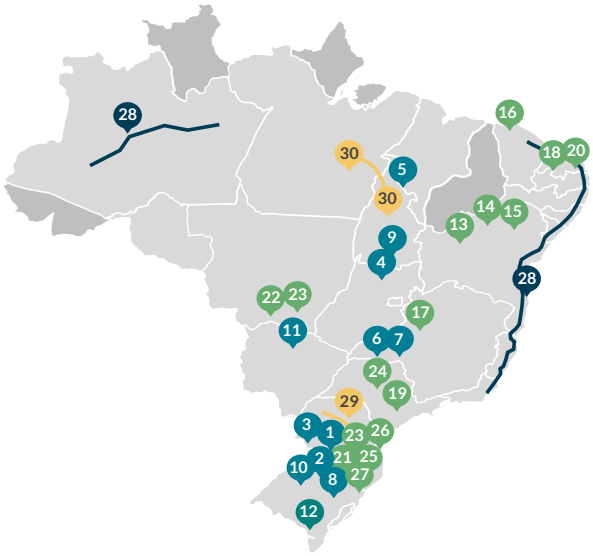
6 proprietary substations

GAS TRANSPORTATION

32.5% equity stake in TAG, acquired in 2019.

4,500 km of gas pipelines in operation in three regions of Brazil

Portfolio and asset's location
(As at 12.31.2022)



Legend

1	Salto Santiago	16	Trairi Complex
2	Itá	17	Paracatu
3	Salto Osório	18	Floresta
4	Cana Brava	19	Ferrari
5	Estreito	20	Assu V
6	Jaguara	21	Lages
7	Miranda	22	Rondonópolis
8	Machadinho	23	José G. da Rocha
9	São Salvador	24	Ibitiúva
10	Passo Fundo	25	Tubarão 2
11	Ponte de Pedra	26	Nova Aurora
12	Pampa Sul	27	Tubarão
13	Campo Largo II Complex	28	Transportadora Associada de Gás (TAG)
14	Umburanas I Complex	29	Gralha Azul
15	Campo Largo I Complex	30	Novo Estado

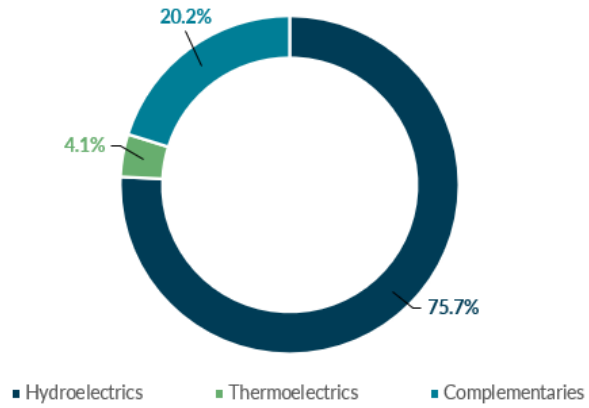
Generation

At the end of 2022, the installed capacity of the generator park operated by the Company totaled 10,174.0 MW, distributed among 76 plants, of which 11 were hydroelectric, one thermoelectric and 64 complementary — biomass plants, small hydroelectric plants (PCHs), wind and photovoltaic solar plants. Of this total, 72 belonged to ENGIE Brasil Energia and 4 are operated on a shared ownership basis with other companies - namely Itá, Machadinho and Estreito hydropower plants, and the Ibitiúva Bioenergética Cogeneration Plant (biomass). Disregarding the participation of partners in these undertakings, the Company's own installed capacity was 8,453.3 MW.

In 2022, own renewable installed capacity was 95.9% of the total, and will reach 100% in 2023 from the effective disposal of Pampa Sul TPP, expected to take place in the first half of 2023.

As a result of its decarbonization strategy, in 2022, the Company reached 95.9% of its proprietary capacity fired from renewable sources as a result of the disposal of fossil fueled assets and the inclusion of additional plants fired from renewable sources in the generation portfolio. The closing of the sale of the Pampa Sul Plant is expected to take place in the first half of 2023, the only asset fired from non-renewable sources still part of the generating complex.

ENGIE Brasil Energia energy matrix - own installed capacity (as at 12.31.2022)



For details on generation assets, such as installed capacity, physical guarantee, and concession period, see "Explanatory Note 1 – Operating Context "in the Financial Statements.

Transmission

At the end of 2022, ENGIE Brasil Energia had two transmission systems in partial operation, together adding up to around 2,700 kilometers of lines and 14 substations – six owned and nine connected to the System and operated by other companies. In Paraná, the Gralha Azul Transmission System expanded its operation in May, with the energization of the Castro Substation – one of the 10 included in the project. Thus, the works under the responsibility of ENGIE Brasil Energia were concluded, leaving only the Irati Substation and its connection to the Ponta Grossa Substation, in addition to its associated lines, to be developed by other companies, with completion scheduled for the first quarter of 2023, when the asset will then be entitled to receive 100% of the Annual Allowed Revenue (RAP).

In the North of the country, the implementation of the Novo Estado Transmission System has entered its final phase, which passes through the states of Pará and Tocantins. With 1,800 kilometers in length, the lines cross 24 municipalities between the Amazon and the *Cerrado*. The project began commercial operations on a partial basis in December 2021 – and by the end of 2022, it was already receiving 49% of the expected RAP. The conclusion of the construction and the energization of the remaining assets are scheduled for the first quarter of 2023.

Transmission assets (as at 12.31.2022)

System	Extension	Owned substations	Ownership	% completion of the work as at 12.31.2022	% of RAP being received as at 12.31.2022
Gralha Azul	909 km	5	100%	99%	94%
Novo Estado	1,800 km	1	100%	99%	49%

Gas transportation

The largest natural gas transportation operation in Brazil, Transportadora Associada de Gás – TAG has 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, in all traversing 10 Brazilian states and almost 200 municipalities.

The gas pipeline network has several interconnection points, with 14 active gas entry points (including three Liquified Natural Gas - LNG terminals), and 91 gas exit points, in addition to 11 compressor stations. It thus serves 10 gas distributors, three refineries, eight thermoelectric plants and two fertilizer units, among other customers. Assets are operated through the Supervision and Control Center (CSC), located at the company's headquarters in the city of Rio de Janeiro (RJ), where it has more than 80,000 historical data recording points and 380 flow computers, controlling around 1,600 instruments.

Corporate structure - TAG



The company is fully contracted. With Petróleo Brasileiro S.A. (Petrobras), the weighted average term of the current contracts is approximately eight years, regulated by the National Agency of Petroleum, Natural Gas and Biofuels (ANP).

In 2022, TAG intensified the development of solutions aimed at expanding access for new agents to the natural gas transportation system, in the context of unbundling the sector and opening the gas market in Brazil. Since December 2021, the signing of the Flexibility Reduction Agreement for the use of the TAG network by Petrobras allowed the company to offer network capacity to further interested agents. As a result, 52 extraordinary contracts were signed during 2022, with 15 shippers – from 11 different economic groups –, in addition to Petrobras, which totaled a volume of 12.8 million m^3 of transportation capacity, in entry and exit contracts, maturing on 12.31.2022. Continuing with this strategic move, in 2023 the company has launched new capacity offers for contracts with maturities ranging from one month to one year and plans to issue a public notice calling for firm long-term contracts.

Among the contracts signed by TAG in 2022, the one signed with Centrais Elétricas de Sergipe S.A (Celse), for linking the interconnection of an LNG storage and regasification terminal to TAG's network is of particular importance. The project represents a milestone in the resumption of investments in expansion of TAG's network and includes the construction of a gas pipeline approximately 25 kilometers long, as well as the implementation of the necessary infrastructure to make this connection viable. The company plans to invest around BRL 340 million in the construction, strengthening the gas pipeline infrastructure in the Northeast region. By connecting a new LNG terminal to TAG's network, the project also generates greater competitiveness, liquidity, and flexibility in the management of agents, incrementing company revenue.

Added to this project are several others that make up TAG's project pipeline, to be carried out over the next five years and exceeding BRL 3 billion in investments. About half of this amount will be allocated to expanding TAG's transportation capacity or expanding its network, in line with the ENGIE Group's positive perspectives for the natural gas industry in Brazil.

At the end of 2022, Gasfor II was under construction in Ceará, an 84-kilometer-long pipeline to optimize the network, expected to start operating in July 2023. Additionally, the interconnection between the Catu-Pilar Gas Pipeline to the Terminal de Sergipe, connecting the Regasification Terminal with the TAG network, with 25 kilometers of extension, was still under construction, with estimated startup set for April 2024. In the state of Bahia, a new delivery point was also under construction to serve the local distribution company, in the northern section of the Southeast-Northeast Integration Gas Pipeline (Gasene), with startup of the operation expected for July 2023. Together, these projects have a forecasted investment of close to BRL 660 million.

In the pipeline of projects under development are the Itajuípe compression station, located on Gasene's northern section with an installed capacity of 20 million m^3/day, and the connection of the Porto do Açu Regasification Terminal to the Cabiúnas-Vitória Gas Pipeline, with 45 kilometers long and 10 million m^3/day of transportation capacity. The commitment term for the conceptual design of the asset was approved at the end of 2022.

Contracts with Petrobras breakdown

Gas pipeline	Extension (km)	Contract maturity[1]	Volumes Contracted (MM m³/day)	% of Net operating revenue	Readjustment index
Gasene	1,400	nov-33	30.3	40.0%	46% basket IGP[4]; 54% US PPI
Malha Nordeste	2,000	dez-25	21.6	23.8%	IGP-M
Pilar-Ipojuca	200	nov-31	15	6.5%	IGP-M
Urucu-Manaus	800	nov-30	6.7	29.4%	50% IGP-M; 50% IPCA
Lagoa Parda-Vitória[3]	100	dez-22	0.7	0.3%	IGP-M
Total	**4,500**		**74.3**	**100%**	

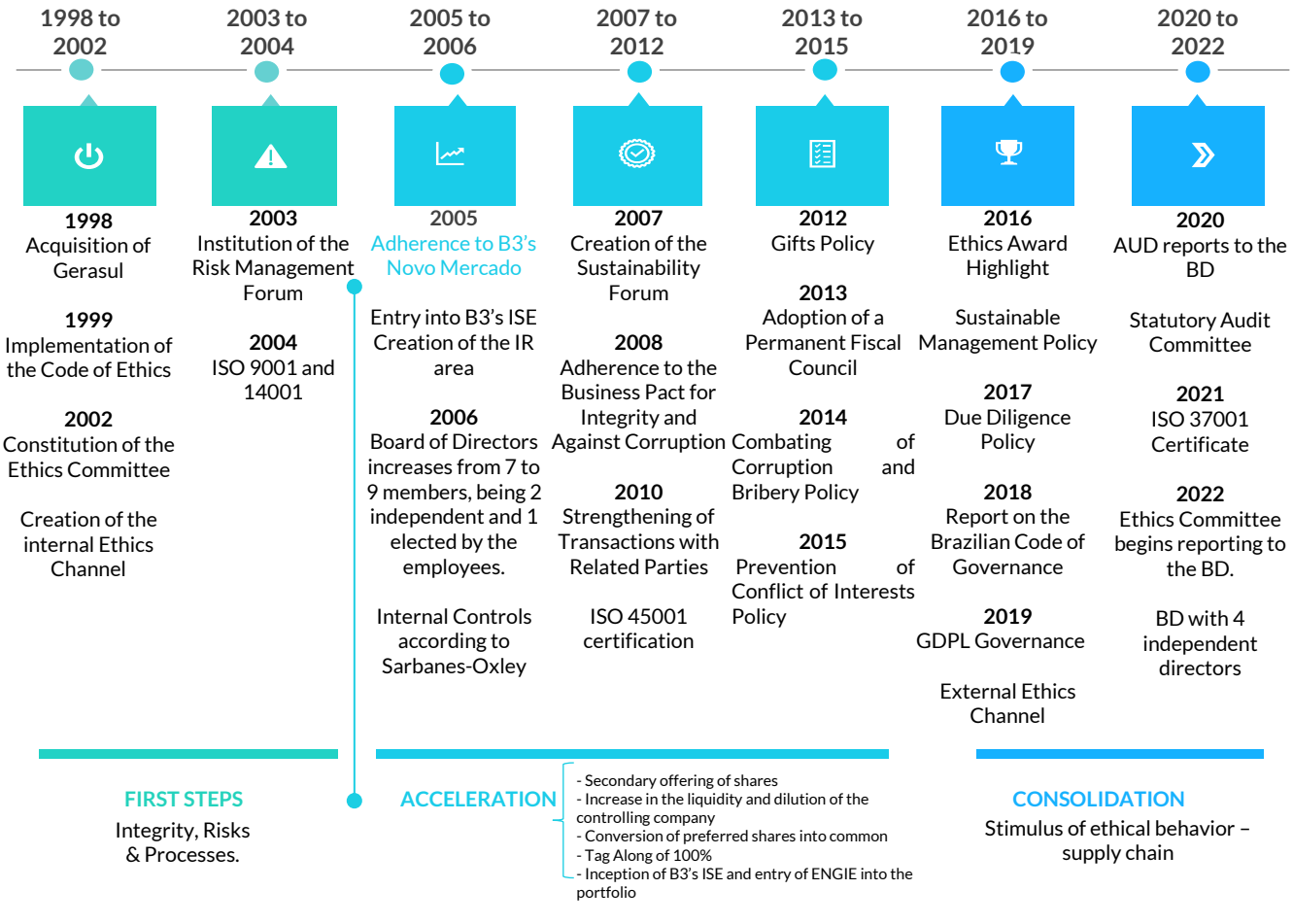
1 - Following the expiry of the agreements, a five-year tariff revision cycle will be triggered, which will decide the revised maximum RAP.
2 - Variations in revenue representativeness between GTAs may occur.
3 - Start of billing on 01/01/2022.
4 - 1/3 IGP-M, 1/3 IPA-DI; 1/3 IGP-DI.

OUR GOVERNANCE

Aware that corporate governance significantly contributes to the sustainable performance of the businesses, in addition to guiding the relationship with the various stakeholders, ENGIE Brasil Energia seeks to maintain its organizational structure, policies and practices in line with market recommendations. Thus, the Company has management, inspection, control, and compliance bodies, to which it provides the necessary resources, independence, and transparency for performance. The functions and responsibilities of each body of the governance structure are defined in the Company's bylaws and guided by the respective Internal Regulations.

A member of the Novo Mercado, the listing segment for companies with the highest level of corporate governance at B3 – São Paulo Stock Exchange, the Company has been, since 2005, among the companies that make up B3's Corporate Sustainability Index (ISE) portfolio and is a member of the Brazilian Institute of Corporate Governance (IBGC). The alignment with the practices recommended by these and other dedicated organizations drives the constant evolution in ENGIE Brasil Energia's corporate governance, based on three pillars: integrated management, risk management and ethics and integrity. The main milestones of this evolution are highlighted in the infographic below.

Corporate Governance evolution



Integrated Management

Engaging with stakeholders and through the in-depth analysis of future drivers and trends, ENGIE Brasil Energia seeks to articulate a corporate purpose that generates value, sustains capital, and guides its operating strategy. In 2021, to ensure the integrated management of corporate governance and related topics, the Company installed the Governance, Risks and Controls Unit.

Among the recommended practices adopted is the use of the Integrated Management System (SIG), a platform that consolidates the Company's information and performance indicators. The standardization of documents, the management of legal requirements and compliance with other mandatory, norms, or voluntarily applied conditions are among the main benefits of this tool.

Thus, the SIG seeks to guarantee the efficiency and continuous improvement of the Quality, Environment and Occupational Health and Safety processes, in accordance with the NBR ISO 9001, 14001, 45001 standards, respectively. In addition, regular audits, carried out by internal teams – ENGIE Brasil Energia employees duly trained for the function – and external teams from hired independent companies - contribute to the continuous improvement of processes.

Solid corporate governance:

- **Statutory Audit Committee.**
- **Internal Audit linked to the Board of Directors.**
- **Risk Management, Internal Controls and Compliance.**
- **High degree of transparency in disclosure and communications to the market and to society in Brazil as a whole.**

Approved by the Board of Directors, the Company's corporate guidelines express the intentions and commitments in relation to various aspects involved in corporate management. Applicable to the entire organizational structure, including controlled companies, these documents are shared by stakeholders with emphasis on:

- Ethics Code and Practical Guide to Ethics
- Policy for Combating Corruption and Bribery
- Sustainable Management Policy
- Human Rights Policy
- Investments and Derivatives Policy
- Trading and Disclosure Policy
- Risk and Opportunity Management Policy
- Policies for the Appointment, Compensation and Evaluation of Directors, Officers, and Committee Members
- Personal Data Privacy and Protection Policy

All these documents are available for public access on the Company's website.

General Shareholders' Meeting

The Shareholders' Meeting is the Company's most senior deliberative body comprising all shareholders, in which strategic issues for the business are examined, discussed, and voted on.

In order to encourage shareholder participation, engaging them in conscious voting, the Company publishes the Call Notice for the Meeting at least 30 days in advance, detailing the agenda, together with the Management Proposal and the Participation Manual. Voting and participation may be in person or electronically (via a dedicated digital platform). The documents relating to the General Meeting are made available to shareholders on the Company's website, as well as on the CVM (www.cvm.gov.br) and B3 (www.b3.com.br) pages.

In 2022, a single Shareholders' Meeting was held, with participation of 86.74% of the share capital with voting rights – which corresponds to 707,726,506 shares. Details on past and future meetings and other information, including participation and voting, are available in the Investors area of the Company's website.

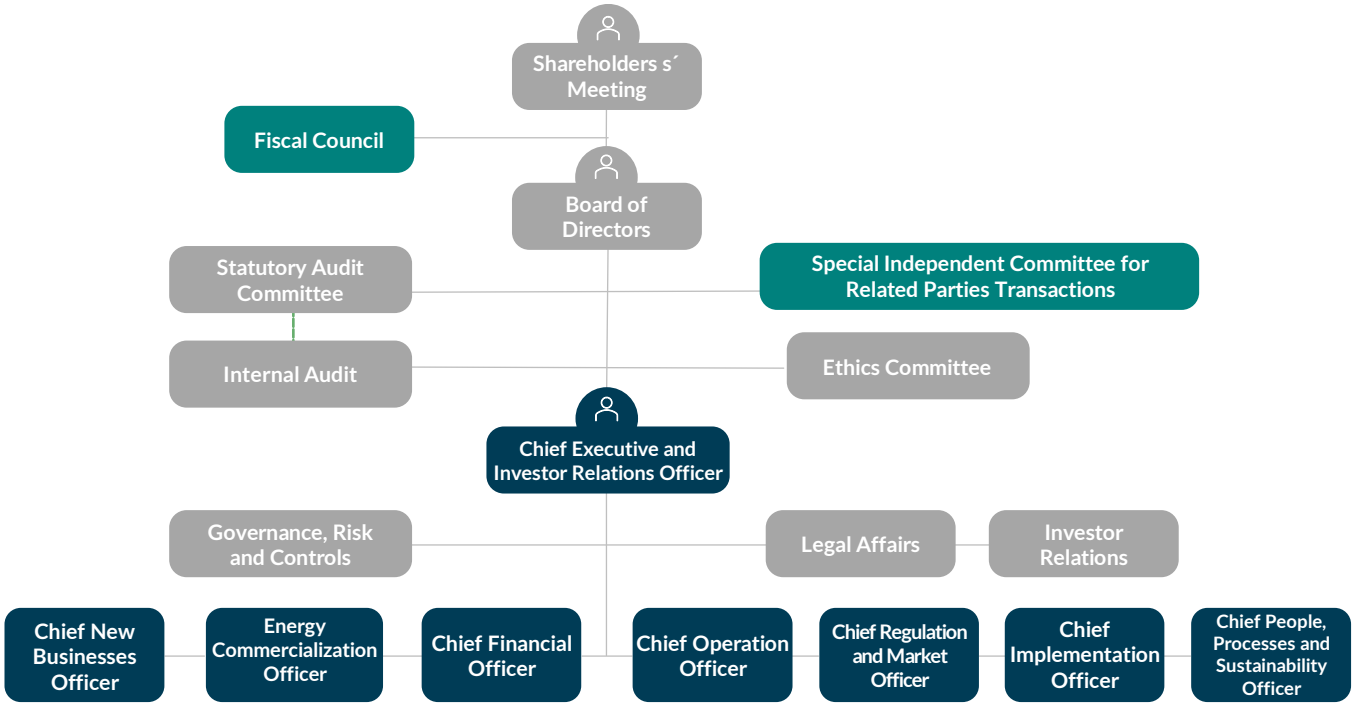
Board of Directors

The Board of Directors is responsible for general business guidance, including competitive strategy and socio-environmental aspects as well as the electing, removing, guiding, evaluating and oversight of members of the Executive Board, among other functions. As contained in the Policy for Appointing Directors, members are chosen based on professional qualification, ethical values and principles of diversity – covering experience, gender and training, in such a way that decision-making processes start out from different points of view so that final decisions are more effective.

The entity comprises nine members and an equal number of alternates: six representatives of the controlling shareholder, two of the minority shareholders (independent members) and one elected by the employees. The position of Chairman of the Board and Chief Executive Officer of the Company may not be accumulated by the same person as established in the Internal Charter of the Board of Directors. Term of office runs for two years with reelection permitted. The Board, effective at the end of 2022, took office on April 28 of the same year. The complete list of members of the Board can be accessed on https://www.engie.com.br/investidores/governanca-corporativa/administracao.

The minutes of all the meetings of the Board are available for consultation on the page of the Brazilian Securities and Exchange Commission (www.cvm.gov.br) and in the Company's website.

Management organizational chart (as at 12.31.2022)



Non-permanent structure. Its installation is on an extraordinary basis, subject to publication of a call notice by the respective body to which it reports.

Comprises the Management Board

--- Supervision

Board characteristics and dynamic

The criteria adopted for consideration of a Director as independent adhere closely to the provisions in B3's Novo Mercado Charter, the final decision being taken by the General Shareholders' Meeting. In 2022, the Board of Directors held 12 meetings, the average frequency of attendance of effective members being approximately 91%. As in the case of previous years, the organ was evaluated on a collegiate basis together with an individual self-assessment by each member. This process conducted annually is set forth in the Board Directors Assessment Policy and is designed to contribute to the effectiveness of the organ as well as improving the Company's governance.

Also, with a focus on the continuous development of management, the directors regularly evaluate the degree of adherence of ENGIE Brasil Energia to the recommendations of the Brazilian Code of Corporate Governance, proposed by the IBGC. An annual report published in the website, shows the results of this evaluation indicating the principles and practices set forth in the document and applied in management, justifying those principles and practices eventually not adopted. The Report is published and can be accessed in https://www.engie.com.br/en/investors/corporate-governance/.

Remuneration of the Board

The remuneration of the Board of Directors is designed to attract and retain professionals aligned to corporate guidelines, to the values and culture of the Company with a focus on the longevity of the businesses and on the creation of value. The amount and form of remuneration are the result of a meticulous analysis, which includes labor market practices, the knowledge required for exercising the function, the complexity of the activities and the expected results.

The General Shareholders Meeting is responsible for approving the maximum value for directors' remuneration, representing the total of the following items:

- Fixed remuneration (pro-labore): comprising 13 monthly installments, the objective of which is direct compensation for services rendered, in line with market practices.

- Variable remuneration: The Chairman of the Board of Directors receives a variable amount calculated on the basis of results achieved by the Company, considering the financial (EBIT, Free Cash Flow and General and Administrative Expenses) and operational indicators – among them, strategic ESG objectives (greenhouse gas emissions, health and occupational safety and gender diversity in the work force). This remuneration is linked directly to collective and individual performance, its aim being to reward the executive for results achieved, aligned to business guidelines, values, and culture of the Company.

Fiscal Council and Committees

For support and oversight of the management, the Company operates with advisory organs which maintain different lines of reporting, rendering support to decision makers in relation to specific areas. Such are:

- **Fiscal Council**: represents the shareholders through the oversight function, ensuring the Company's prosperity and continuity, and compliance with the legal and statutory duties within the principles of ethics, equity, and transparency.

- **Statutory Audit Committee**: statutory organ made up of three members – of which two are independent directors of the Company – their function to advise the Board of Directors, on an autonomous basis, evaluating the actions of the Management and fostering the adoption of best market practices in aspects relating to accounting issues, management of risks, ethical compliance, internal controls, and auditing.

- **Ethics Committee**: made up of members of the Executive Board and Managers, the Committee is responsible for ensuring compliance with corporate guidelines and execution of goals related to ethical conduct, instituting initiatives of sensitivity, awareness and promotion of good professional practices according to the Company's commitments.

- **Special Independent Committee for Valuation of Transactions with Related Parties**: a committee of a non-permanent character, it is made up of between three and five members, in their majority, independent board members, when the analysis of any transaction between parties directly or indirectly related to ENGIE Brasil Energia is required. In this way, the Committee endeavors to guarantee that the transactions analyzed are conducted strictly under arm's length conditions, independently, through a transparent and secure process.

Executive Board

Nominated by the Board of Directors and elected by the General Meeting, the Executive Board is responsible for conducting the effective application of corporate strategy. Coordinated by the Chief Executive Officer, eight executive directors' areas worked on a collegiate basis in 2022, employing a matrix approach to themes involving the businesses. In the month of November, the Chief Administrative Officer's area was renamed the Chief People, Processes and Sustainability Officer's area. The change in nomenclature is designed to reflect more adequately the functions and responsibilities of the area which centralizes the management of people and culture, IT, supplies, social responsibility, communication, and the environment.

The complete list of members of the Executive Board is available in https://www.engie.com.br/en/investors/corporate-governance/management/.

Remuneration – Executive Board

With an annual ceiling approved by the General Shareholders Meeting, remuneration of the members of the Executive Board is distributed as follows:

- Fixed remuneration (pro-labore): Comprises 13.33 monthly installments, representing direct payment for services rendered. As added attractiveness to the package offered – aligned with market practices – in addition to fixed remuneration are benefits such as a health insurance plan (covering physical and mental aspects), food vouchers and life insurance.

- Variable remuneration: with a combined value between bonus and participation in results, variable remuneration can oscillate between 40% and 90% of fixed annual remuneration in accordance with the position of the executive, their challenges and established targets – various of which are related to ESG aspects – see chart below. In this context, the executives are rewarded for the Company's results over the short and medium term. Payment is made in the first half of the year following the close of the preceding fiscal year based on collective and individual results.

- Post-employment benefit: the Company is sponsor of a complementary retirement plan, Defined Contribution model, managed by Previn, in which benefits are supported by contributions from members and the sponsor. Also applicable to the remaining employees of the Company, this benefit offers an attractive long-term incentive.

- Share-based remuneration: the direct controller of the Company, ENGIE Brasil Participações Ltda., offers a Long-Term Incentive Plan (ILP) linked to Phantom Shares and corporate indicators, at the end of four years as well as Performance Shares and to the Group's Stock Option Policy.

Variable remuneration – Executive Board

The methodology applicable to short-term variable remuneration (annual) of the Executive Board, which includes the Chief Executive Officer (CEO), adopts the ENGIE Group methodology:

- **65% financial objectives (EBIT, Free Cash Flow and General and Administrative Expenses);**
- **15% ESG objectives (extra-financial), in 3 themes of equal weighting: climate change, occupational health and safety and gender diversity;**
- **20% individual management targets.**

A penalty of up to 20% may be applied in the event of a:

- **Significant decline in Occupational Health and Safety results;**
- **Non-compliance with the values of the Group with respect to Ethics and Compliance; and/or**
- **Inappropriate managerial behavior.**

Thematic forums

As support for the Executive Board on themes of a transversal character, the Company runs thematic forums made up of multi-disciplinary team which include as well as the officers themselves, middle management, and technical professionals. In 2022, the active forums were:

- Energy Forum
- Risk Management Forum
- Tax Governance Forum
- Innovation Forum
- Human Performance Forum
- Processes Forum
- Products Forum
- Dam Safety Forum
- Industrial Control Systems Safety Forum
- Insurance Forum
- Sustainability Forum
- Energy Transmission Forum
- Financial Forum

Fundamental commitments

Ethics and integrity

A fundamental value of ENGIE Brasil Energia and as part of its ethical commitment, since 2002 the Company has included an Ethics Committee in its organizational structure. Pursuing the best practices of corporate governance and recommendations of the CVM, this Committee reports directly to the Board of Directors, which is made cognizant of the Program's activities as well as incidents registered in the period through quarterly reports – also copied to the Statutory Audit Committee.

In addition, the Company has signed up to various organized movements for ethics such as the Business Pact for Integrity and Against Corruption, an initiative of the Ethos Institute which promotes the compliance of companies with integral market practices. In the same context, ENGIE Brasil Energia is one of the official supporters of the Santa Catarina SDG Movement for contributing to the 2030 Agenda for Sustainable Development and contemplating ethical principles.

Among the main activities of the Ethics Committee in 2022 conducted within the scope of the Integrity Program, highlights were:

a) Special event: In commemoration of the 20 years of the Ethics Committee, an online event for employees from various regions of the country examined the development of the ethical concept and its intersection with themes such as diversity, equity, and inclusion. The high point of the programming was a talk from philosopher and writer Jamila Ribeiro, recognized for combating racial and gender discrimination.

b) Awareness campaigns: Over the year, several communication campaigns were run for internal audiences on moral and sexual harassment, Whistleblowing Channel, gifts, and hospitality, combatting corruption and appropriate conduct during election periods.

c) Ethical training: In addition to ethical integration, held for all employees joining the Company, obligatory modules are provided on the theme in the corporate learning platform – in 2022, involving more than 90% of the workforce. Additionally, for those groups of employees more exposed to ethical risks, specific training sessions were held for a more detailed examination of certain aspects. Worthy of note also is that five members of the Board of Directors also took part in the training – two of them receiving an additional two hours of training on corruption.

d) Revision of policies: In addition to the revision of the Gifts and Hospitality Policy, two new guidelines were approved: the Relationship with Government Officials Policy and Procedure for Handling Complaints. While the first provides guidance to employees as to the recommended conduct for interaction with public sector representatives, the second establishes the flow of treatment of complaints on ethical violations received for solution.

e**) Monitoring of political exposure and compliance:** In order to track political exposure and compliance of the members of Senior Management, the Ethics Committee monitors the integrity statement of the Company's fiscal councilors and Board directors.

f) ISO 37001 vigilance audit: As a consequence of ISO 37001 (Anti-bribery Management Systems) certification, the Company underwent a process of vigilance auditing, no "nonconformities" being identified.

Dedicated Whistleblowing Channel

In 2019, the Company instituted a Whistleblowing Channel, accessible via website or telephone (www.canalintegro.com.br/engiebrasil or 0800-580-2566), to receive reports and manifestations related to ethical questions. Managed by a specialized company, the Channel guarantees absolute confidentiality for all manifestations received with assurances of non-retaliation.

Once registered, all complaints are addressed to the Ethics Committee pursuant to the Policy for Treatment of Complaints, among other related procedures. The Committee is responsible for deciding whether each case should be investigated by an outside or inhouse agent. The principal aim of the investigations is to confirm the veracity and exactness of the facts reported in the body of the complaint as well as identifying other facts and circumstances relevant to the analysis of the case. Upon the conclusion of this stage, the Ethics Committee forwards its recommendations to the Officer of the related organization so that he/she can adopt the necessary measures based on internal standards and legal aspects.

With the termination of investigations, the Ethics Committee updates the complaints system so that the complainant is duly advised on the way the complaint has been handled. All information on the complaint (the registration of the initial manifestation, the report of the investigation, the Committee's minutes, and the conclusive decision) are stored in the system with data confidentiality and protection guaranteed.

Additional details on procedure can be checked from the Ethics Channel site, intensely disseminated by the Company to various stakeholders, ensuring the channel is recognized as a reliable medium to receive and handle complaints. In 2022, 92 complaints were received, of which 47% relate to potential ethical violations – the remaining complaints being deemed as inappropriate, complaints in duplicate or unelated to matters under the Ethics Committee aegis. One of the allegations judged as well-founded involved a case of discrimination and moral harassment - the complaint being handled appropriately. No cases of corruption were confirmed during the year.

Compliance and Internal Controls

The INCOME Program, in place since 2006, systematized the Company's internal controls based on the self-assessment technique. All areas – operational and administrative – have manpower trained to annually evaluate the appropriate processes and controls related to own activities.

Aligned to the ENGIE Group's Internal Controls, in 2022, INCOME covered, 12 processes and 41 sub-processes, which are audited by an independent third party. The annual results of the Program are presented to the Executive Directors, the Audit Committee and to the Board of Directors, these analyzing and validating the activities executed.

Any deviation identified in any of the established controls is quickly handled through action plans managed by the areas involved as well as the internal controls team. In 2022, the Program was certified for the 17th consecutive time with no registration of any notable faults which could incur significant losses to the Company.

ESG Commitment

ENGIE Brasil Energia acts in unison with the ENGIE Group's purpose: to accelerate the transition to a carbon neutral society through reduced consumption of energy and through more sustainable solutions. Shared with employees, shareholders, clients and other stakeholders, this purpose drives the Company's ESG agenda, seeking to reconcile economic development and the positive impact on people and the planet – see the commitments, initiatives, and results in this context below.

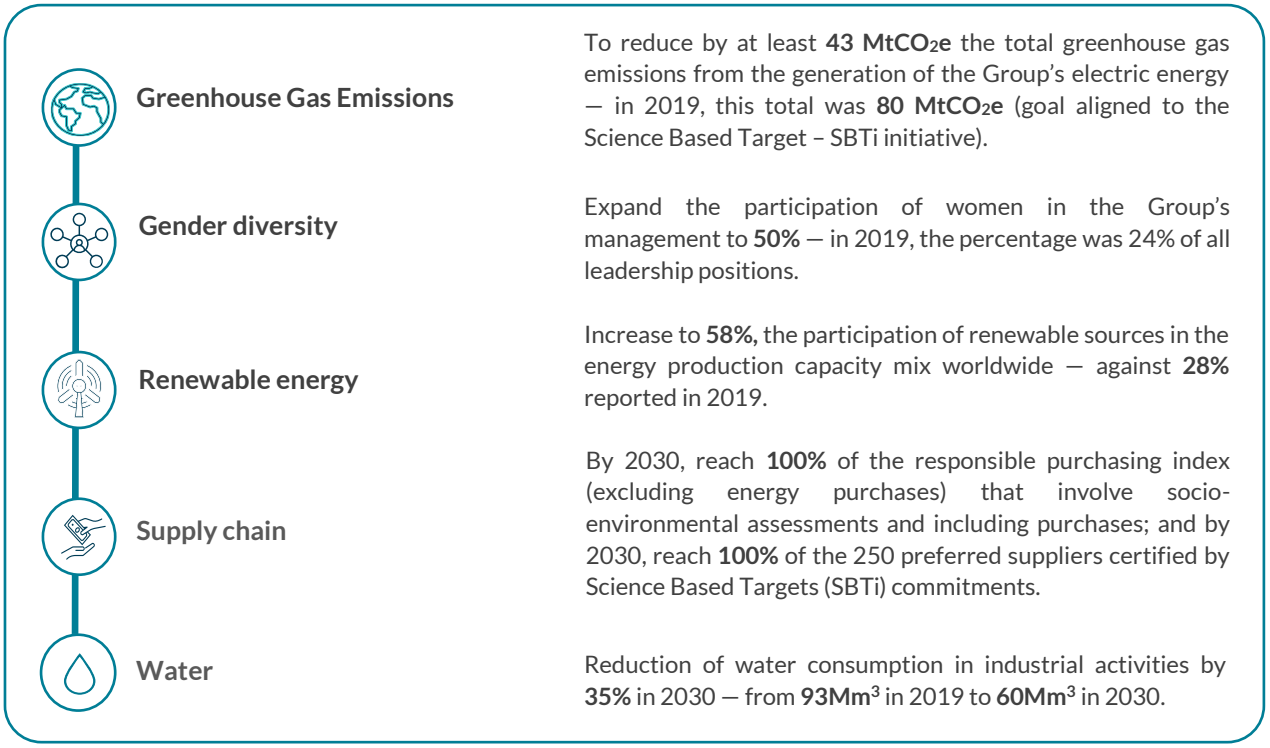
This principle is reflected in the Sustainable Management Policy, updated in 2022, in which ENGIE Brasil Energia proposes to seek a continuous improvement in its performance through an approach which considers the life cycle and circular economy; participation, consultation and engagement of interested parties; and compliance with the legislation and other voluntary commitments adopted.

Principles of the Sustainable Management Policy

- Governance
- Quality
- Environment and Climate Change
- Occupational Health and Safety
- Social Responsibility

The corporate guidelines related to sustainability support the transversal management of the theme divided into non-financial objectives of the ENGIE Group, to be achieved on a global scale by 2030. Adopted publicly in 2020, these objectives include aspects linked especially to the generation of renewable energy, the promotion of gender equity and the tackling of climate change, as shown in the following infographic.

Non-financial goals ENGIE - 2030



To bolster its commitment to tackling climate change, in 2022, the Company signed the Action Declaration on Climate Policy Engagement, which outlines how industry leaders in the movement to decarbonize the economy will support ambitious action to close the say–do gap on countries' emission reductions by:

- Supporting climate action aligned with the Paris Agreement when engaging with policymakers;
- Working with their major industry/trade associations to advance alignment with the Paris Agreement;
- Monitoring and disclosing climate policy alignment for their companies and their major industry/trade associations.

The document was launched on November 8, during the 27th Conference of the Parties to the United Nations Convention on Climate Change (COP 27) held in Egypt. ENGIE was invited to sign the declaration by the Corporate Knights, being one of the components of the Corporate Knights' Global 100 Most Sustainable Companies 2021 – a ranking which encompasses the 100 most sustainable companies in the world.

COMPETITIVE STRATEGY

PUSHING FORWARD WITH THE ENERGY TRANSITION

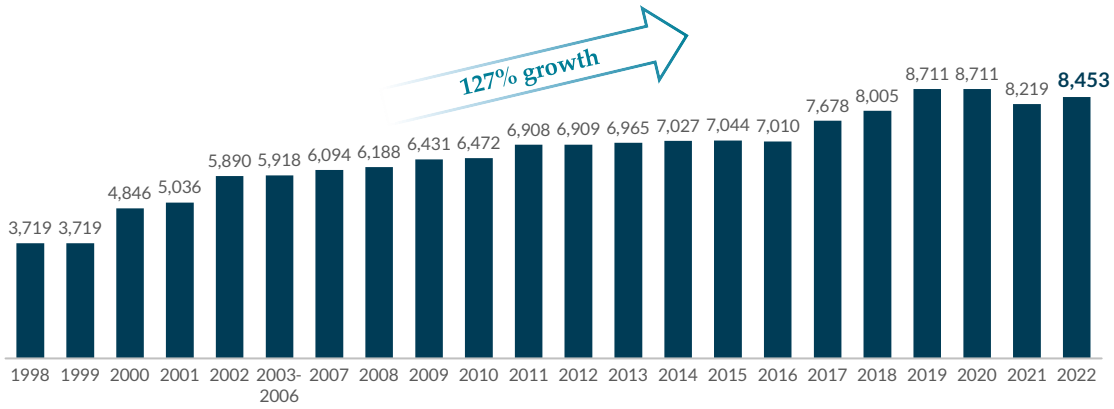
To generate and sell renewable energy, offer the necessary infrastructure for the offtake of this energy, and support the gradual substitution of fossil fuels in the country's energy matrix. Based on these three macro-objectives, ENGIE Brasil Energia's business model contributes to accelerating the energy transition, positioning the Company in different and synergetic segments, in such a way to make it increasingly more resilient to risks and prepared for the capture of opportunities resulting from the global movement towards decarbonization.

In this context, the Company structures its corporate strategy around three fundamental axes: expansion and diversification, commercial dynamism and portfolio management, innovation, and transition to net-zero. Below, we present the coverage of each axis as well as information relative to the evolution of the results in relation to 2022.

SUSTAINABLE EXPANSION

To guarantee the assets are expanded in a sustainable manner with adequate risks and return, ENGIE Brasil Energia uses criteria which are rigorously analyzed in the decision-making process for new investments such as economic, operational and socio-environmental viability. This practice has been instrumental in the Company growing securely and consistently both through an enlarged capacity in renewable energy generation as well as entry into complementary segments as in the case of transmission and the transportation of natural gas.

Trend in proprietary installed capacity (in MW)



Expansion in generation

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 each, 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 BRL 2.3 billion in investment (as of December 2020) and generate more than one thousand direct jobs in the region. Project feasibility was assured by energy sales to free-market customers.

At the end of 2022, overall completion of the work had reached 32.5% while progress in BoP (Balance of Plant, that is, the entire scope of the project excluding the wind turbines) work had reached 98.5%. Together with the issue of the necessary operational licenses, the collector/elevator substation, the 500kV transmission line and the connection bay at the Monte Verde Substation have been concluded and energized.

The wind turbines supplied by Siemens Gamesa continue to be manufactured, 31% of the metallic towers having already been received on site together with 13% of the nacelles. Gradual entry into commercial operations of the generator units is forecast for the end of 1Q23.

Serra do Assuruá Wind Complex

Comprising 24 wind farms, to be installed in a single phase in the municipality of Genito do Ouro, state of Bahia, the project's authorization grant has been issued by Aneel, the complex to have an estimated installed capacity of 846 MW. Energy generated will be entirely directed to the Free Contracting Environment, the wind complex also being able to meet demand from clients in the energy self-production market. The estimated investment is approximately BRL 6 billion (as of May 2022) with the creation of around 3,000 direct and indirect jobs in the region.

The project already has an issued access opinion and the agreement for hook-up to the grid signed, regulatory authorization issued by Aneel, surface usage rights agreements signed, and wind data raised.

The issue of environmental licensing for installation is scheduled for early 2023, allowing a start to be made on construction with gradual entry into commercial operations to begin as from the second half of 2024.

All the necessary agreements for the installation of the project have been signed, including those for the supply and assembly of the wind turbines, civil construction work, substation and internal networks and the transmission line, while an agreement worth BRL 1.5 billion for financing the project has been concluded with the BNDES.

Assú Sol Photovoltaic Complex

The project is located in the municipality of Assú (RN) and is to have an installed capacity of approximately 752 MW and an estimated commercial capacity of 234 average MW. Its energy entirely to be fed into the Free Contracting Environment, the project was acquired in December 2021 at an advanced stage of development, with Preliminary License and land use agreements already signed. At an investment worth approximately BRL 3.3 billion, full operations are expected to start by the second half of 2025. The contract for Use of the Transmission System (CUST) was signed in November 2022. The Company is currently at the phase of contracting the main supplies and services with construction forecasted to begin in the second quarter 2023.

Jirau Energia

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

ENGIE Brasil Participações Ltda., ENGIE Brasil Energia's parent company, is awaiting more favorable conditions to resume the economic-financial study for the preparation of a proposal for the transfer to ENGIE Brasil Energia of ENGIE Brasil Participações' stakes of 40% in Jirau Energia – and the 100% participation in Geramamoré Participações e Comercializadora de Energia Ltda. – a transaction that will be assessed, in due course, by the Special Independent Committee for the Valuation of Transactions with Related Parties.

In 2022, Jirau Energia generated 1,601.4 average MW, 15.6% lower than the 1,898.5 average MW in 2021, with an FID (uptime factor) of 99.1%.

Expansion in transmission

Gavial Real Transmission System

On June 30, 2022, the Company placed the winning bid for Block 7, (later named as Gavial Real Transmission System), of the Aneel Transmission Auction 01/2022. This involves the expansion of the Octacaines Substation with the implementation of two 230/138kV transformers and a new 138kV switchyard for supplying the energy distribution network. Located in the state of Pará, the operation is to be integrated into the Novo Estado Transmission System, thus capturing synergies between projects. The agreement for the transmission public service concession including licensing, construction and operation and maintenance of the installations is for a period of 30 years as from the signature date of the concession agreement, occurred on September 30, 2022. The agreements for the supply of equipment and construction of the project have already been signed with WEG and Abongo, respectively.

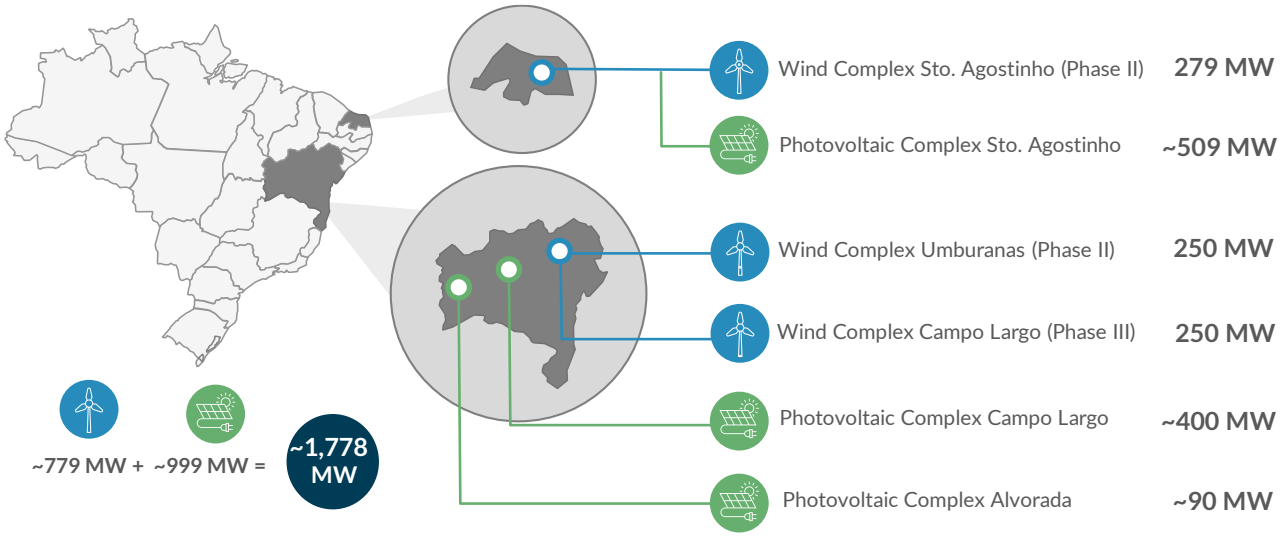
The cut-off date for the transmission line to become operational, is March 30, 2026, although ENGIE visualizes anticipating this term by at least 24 months. The Company also estimates an approximate 30% reduction in capex to Aneel's investment stipulated for the project.

By the end of 2022, good progress had been made in the development and delivery of the transmission system's basic project to Aneel in addition to the definition of the main project equipment characteristics. The request for the installation license was also filed and environmental technical inspections were carried out in readiness to obtain the necessary licenses for project implementation during the first quarter of 2023.

Projects under development

ENGIE Brasil Energia maintains various projects at a development stage where studies are already advanced. Depending on their feasibility, these projects may or may not be implemented over the coming years. In the development pipeline are photovoltaic plants and wind complexes potentially adding nearly 1.8 GW to the generator park –, in addition to energy transmission systems. In this context, the Company evaluates both greenfield projects and also the acquisition of projects already in operation.

Projects under development - generation

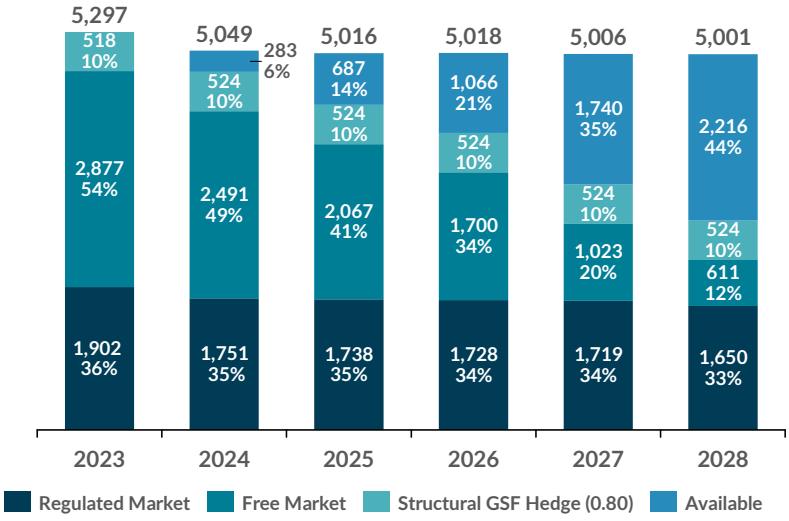


COMMERCIALIZATION AND PORTFOLIO MANAGEMENT

Energy in the Regulated Contracting Environment (ACR) accounts for the larger part of the Company's sales, for attending expected demand of the auctions regularly organized by Aneel. On another front, ENGIE operated in the Free Contracting Environment (ACL), through agreements signed with companies, either consumers or traders. In 2022, this segment was subject to an important landmark decision for expansion of access over the short-term: Normative Ordinance 50 of September 27 granted the right of migration to the ACL of all high voltage electric energy consumers (as from January 1, 2024).

The change will allow an additional group of about 106 thousand consumers to enjoy the advantages of the free contracting environment such as flexibility of contracting, predictability, and reduction of costs. In 2022, the Free Energy Market accounted for 38% of Brazilian electric energy consumption serving nearly 30 thousand consumers. With this market liberalization set for 2024, the ACL could potentially account for as much as 48% of national electric energy consumption according to a study by the Brazilian Energy Traders Association (Araceli).

Energy balance (% of total; average MW)



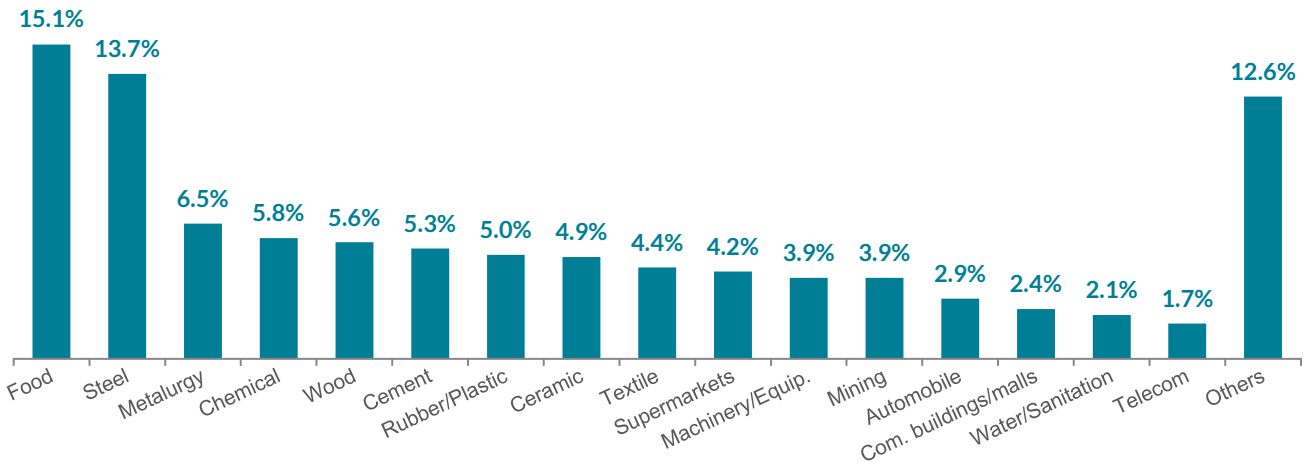
In line with the outlook for expansion in ACL – which has already been reporting growth in consumer numbers in the last few years – for this environment ENGIE Brasil Energia adopts a commercialization strategy which combines portfolio management and commercial dynamism.

Portfolio management is a tool for minimizing the risk of short-term exposure, thus avoiding payment of high prices for energy when there is a deficit in hydropower generation.

In turn, commercial dynamism is the result of the Company's position as one of the largest energy generators in Brazil, permitting the offer of competitive conditions both at short- and long-term. With its differentiated status as a private and global agent, ENGIE Brasil Energia's experience in ACL – where it was one of the pioneers – assures agility in identifying market demands as well as the capture of opportunities.

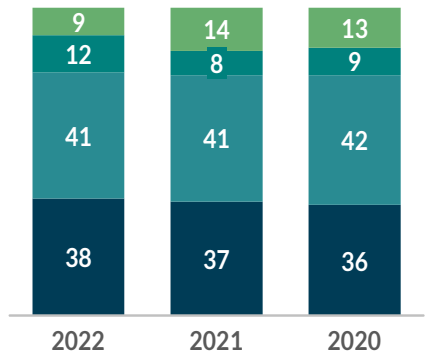
In addition, we have applied a commercial dynamic which is driven by diversification of the portfolio, composed of clients of different sizes and sectors in order to compensate the impacts of negative scenarios in certain segments and in this way reduce the excessive risks of sectorial exposure.

Diversification of the client portfolio

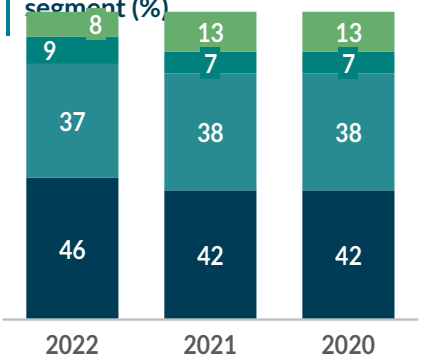


In 2022, the share of free consumers in the Company's portfolio (except for CCEE and other revenues) represented 41.0% of the physical sales, an increase of 0.2 p.p., and 37.4% of net operating revenue, 0.4 p.p. lower than 2021.

Breakdown of Customers by Physical Sales (%)



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





Green products and commercial innovation

Already prepared for scale gains with the opening of the Free Market, in the last few years, the Company has been making consistent investments in its commercial structure focusing on the continuous improvement of the client experience.

In this context, the offer of innovative digital solutions has been a major ally. Particular mention should be made of the Energy Place, a platform for short- and long-term energy purchases extended to all ACL agents on a 100% digital basis as an energy e-commerce. In addition, it acts as a digital and relationship and service channel, enabling direct interaction of the client with the specialists at ENGIE Brasil Energia. The Energy Place provides managers and consumers with relevant information for the management of contracts: track record of consumption, data segmented by consumer units and financial guarantees, among others.

The development of solutions for smaller companies is also part of the Company's preparation to expand in this market. An example is E-condomize, established to facilitate the migration of small and medium size companies (with consumption of up to 1 MWm) from the captive to the free market, providing among other advantages, the acquisition of energy based on renewable sources.

In support of ACL client decarbonization, ENGIE offers complementary solutions such as carbon credits, certificates of electric energy consumption from renewable sources (I-RECs) or special contracts for guaranteeing emission-free electricity (ENGIE-REC) and used to reduce or compensate client emissions or offset Greenhouse Gas emissions (GHG).

INNOVATION

For ENGIE Brasil Energia, innovation represents a critical competitive factor, driving the search for solutions for the challenges inherent to the businesses and to the sustainable development of society. In 2022, the Company updated its strategy on the theme, focusing on the application and development of technology with the focus on the operational performance of the assets as well as the continuous improvement in socio-environmental performance and government.

Internally, the management of innovation is conducted on two fronts:

- Innovation Forum: responsible for the strategic planning of innovation including the definition of the investment priorities in strategic Research, Development, and Innovation projects (RD&I);
- Tactical Nucleus: has the function of approving investments in incremental innovation and monitoring the innovation contexts, including new technologies, market information, potential clients, and regulatory updates.

One of the most important mechanisms for the practice of innovation in the Company is Aneel's Research and Development Program (R&D), executed through partnerships with companies, universities, and research institutions, fostering the open innovation model. The program adheres to the dictates of Law 9.991/2000, whereby 1% of annual net operating revenue must be allocated by companies in the electric energy sector to RD&I activities.

In 2022, we allocated more than BRL 62.6 million to the program as follows:

- BRL 24.7 million to the National Technological and Scientific Development Fund (FNDCT);

- BRL 12.3 million to the Ministry of Mines and Energy for supporting EPE costs;

- BRL 7.4 million to the Energy Development Account (CDE) for supporting tariff modicity;

- BRL 18.2 million to be injected into projects by ENGIE Brasil Energia.

The project portfolio in 2022 totaled 14 projects, with investments that amounted to BRL 111.7 million excluding costs relating to the management of the programs. The following graph gives an overview of investments in the Program according to the focal areas of research.

In 2022, we had:

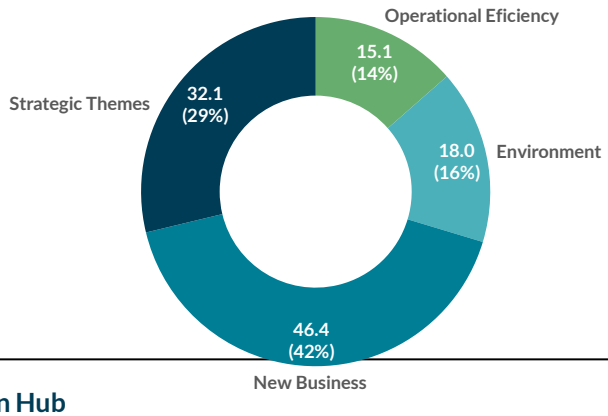
- 6 new research institutions as partners;
- 4 new startup partners; and
- Projects under development in 7 Brazilian states.

Among the projects underway, of particular note are:

- Valorization of hydropower plant services and commercial propositions: This R&D project endeavors to quantify the volume of services rendered by the hydropower plants operated by the Company, valorizing them adequately. Among the aspects researched are safety, stability, and quality of electric power supply.

- **Oil leakage barrier**: reinforcing the commitment to innovation with sustainability and the elimination of the environmental impact of our processes, in 2022, we developed a sustainable protection barrier reinforcing the safety system of our hydropower plants against oil leakage.

Total investments in ongoing projects until 2022 (BRL million; % of total)



Innovative culture

Internally, the Company invests in initiatives of intrapreneurship, with the highlight being Inove, a program which encourages innovative suggestions from employees for operational and processual improvements, including the use of new technologies and the development of projects related to ESG aspects. The culture of innovation was also strengthened through actions which extend to units of several regions of the country – including the training of 140 employees in technical aspects related to the theme.

Innovation Hub

Since the processes of innovation are continuous and transversal, covering all areas of the Company, a virtual space was created dedicated to concentrating information relative to projects, actions, and activities of an innovative nature. As well as disclosing information on the theme in the internal context, the so-called Innovation Hub disseminates extra-Company news and promotes training executed through the RD&I ecosystems.

Inove in numbers – 2022

- 69 employees directly involved
- 107 registered initiatives
- BRL 5.8 million in investments
- BRL 66.5 million of estimated return

Innovation patent

In June 2022, ENGIE Brasil Energia jointly with Power Opticks, obtained a patent for the "Optic Current Transformer with Redundancy Measures and Temperature Compensation and Hybrid Circuit". (TECO-MR). This equipment increases the reliability of transformers in energy substations, also generating economic, and metrological benefits as well as those of safety when compared to conventional analogical models.

Integration to the ecosystem

ENGIE Brasil Energia is part of Link Lab, a Associação Catarinense de Technologic (Acate) program which connects large and small companies, facilitating the timely contracting of services and solutions of the ecosystem startups throughout Brazil. The program permits the implementation of projects of short duration and low cost, developing Proof of Concept – POC – which, if validated, can develop into solutions for application in the businesses.

RISKS AND OPPORTUNITIES

MAPPING AND CONTROL

Risk analysis is a permanent exercise at the Company involving in addition to directors and executive officers, also employees, especially those dedicated to management functions. The Risks Management Forum, transversal and multidiscipline, contributes to the reinforcing of this dynamic. Underlying the analysis is the Opportunities and Risks Management Policy, approved by the Board of Directors, and encompassing the identification and classification of the risks in terms of probability of occurrence and significance relative to financial, strategic, and operational impact as well as mitigatory actions.

This evaluation is undertaken on a systematic basis, permeating all the activities, orientated by three main objectives:

- Creation and maintenance of results and reputation;
- Encouraging a given level of exposure to risk, deemed reasonable in relation to legal, economic, and socio-environmental aspects; and

- Assurance of compliance of the actions with legal and regulatory obligations, as well as in relation to the values of ENGIE Brasil Energia.

The results of this analysis are recorded in the Corporate Opportunities and Risks Matrix, an internal document which provides guidance for the activities of the Company, approved by the Executive Board and monitored by the Board of Directors with the support of the Statutory Audit Committee.

Since 2021, the activities of the second line of defense are concentrated in a single area, the Governance, Risks and Controls Managerial Unit, which among other functions, is now responsible for the preparation of the Matrix.

For every cycle, the Internal Audit Unit uses the results shown in the Risks Matrix as guidance in preparing the Internal Audit's Annual Plan (PAAI), verifying the efficiency and efficacy of the mitigatory plans and other relevant aspects for the continuous improvement of the management.

MONITORED RISKS

Ethical risk and compliance: Non-compliance, internally or through external collusion, with values and principles of the Code of Ethics: corruption, fraudulent use of the Company's property, interference in competitive processes, disrespect for human rights, including labor conditions and relationships in the workplace. Non-compliance with the norms and regulations applicable to the Company's activities.

Impacts in the event that risk should become reality: Potential losses relating to reputation, final results and to the discontinuation of the Company's operations.

Means of mitigation:

- Ethics Committee Actions;

- Structured training program and awareness campaign focusing on questions of ethics and compliance;

- Regular audits and annual compliance tests in the Ethics Principles Compliance Process of the Internal Controls Program (INCOME);

- The presence of an external confidential channel for lodging complaints, available to both internal and external stakeholders, 24 hours a day.

Taxation: Eventual change in the tax legislation which impacts the business plan of projects in development.

Impacts in the event that risk should become reality: Financial impacts due to losses of processes in the judicial or administrative spheres.

Means of mitigation:

- The Company provides an exclusive area dedicated to the systematic monitoring of proposals or effective changes in the tax legislation (potentially affecting its activities), be it on a corporate basis or through representative entities;

- Adoption of a "restoration of economic-financial equilibrium" clause in agreements with clients, permitting the revisiting of prices in the event of a change and increase in tax costs, the result of a legally sanctioned alteration or a new law.

Regulatory and country: Adverse evolution in the regulation of the electric or energy sector.

Impacts in the event that risk should become a reality: Principally due to changes in market design, altering modalities, the terms or conditions of the existing power purchasing agreements, levels of production, sectorial charges or the relationship between sector agents with temporary or permanent financial impacts.

Means of mitigation:

- Reduction in the credit position on the CCEE, mitigating credit risk;

- In relation to regulation of the carbon market in Brazil, the Company operates in a proactive manner in discussions with the entities involved in the construction of a model which expands the opportunities of the electric energy sector, positioning ENGIE Brasil Energia as an important player in the offer of solutions such as carbon credits, I-RECs and ENGIE-RECs.

Market: The offer of and demand for electric energy may react differently from forecast.

Impacts in the event that risk should become a reality: Impact on energy volumes and prices, with a consequent impact on results.

Means of mitigation:

- Permanent control of the portfolio, with maintenance and continuous management of the strategic energy reserve;

- Credit policy;

- Inclusion of flexibility clauses in energy sales agreements.

Commercial counterparty: Linked to the liquidity of the players with which the Company has commercial relations and to market conditions, principally the short-term market (spot), where price volatility can lead to insolvency of some agents, preventing them from honoring their commitments.

Impacts in the event that risk should become a reality: Impacts on the commercial portfolio with consequent exposure to market prices for repurchasing to honor commitments with a direct impact on costs.

Means of mitigation: Daily management of the operations and realizing what is determined in the credit and counterparty policies in relation to exposure and guarantees.

Operationality of the strategy: Difficulty in operationalizing the new strategic positioning of the ENGIE Group (accelerating the transition to a carbon neutral economy; accelerated growth in renewables and infrastructure).

Impacts in the event that risk should become a reality: Reduced competitiveness and negative impact on results and the valuation of the Company.

Means of mitigation:

- Clear communication with respect to the developments in the decarbonization strategy;

- Planning and management of changes;

- Development and improved actions and initiatives for attracting, retention and engagement of professionals;

- Strategic plan for digital transformation projects;

- Strategic Plan for business transformation projects.

Implementation of projects: Occurrence of events in the development or in the implementation of projects which may result in a delay in construction schedule, additional implementation costs, conflicts with stakeholders and inefficiencies in the operation of the project.

Impacts in the event that risk should become a reality: Non-compliance with commercial contracts, exposing the Company to the need to restore gaps in the portfolio (in the case of generation) or payment of a penalty fee in the case of transmission – both with temporary financial impacts.

Means of mitigation:

- Action of teams qualified and experienced in the implementation of projects;

- Management of agreements together with contractors and other suppliers involved, including technical, financial, environmental, and social questions, always on the basis of permanent dialog with all interested parties;

- Maintenance of an optimum level of uncontracted energy in the portfolio to honor eventual commitments, reducing exposure to the short-term energy market.

Industrial safety: Composed of various factors such as the integrity of the assets; personal, patrimonial, and corporate safety; socio-environmental aspects – considering all the possible impacts caused by the Company's operational activities; industrial control systems; occupational health and safety.

Impacts in the event that risk should become a reality: The occurrence of these factors may have an impact on the Company both in the financial and reputational areas.

Means of mitigation:

- Constant monitoring of the Company's operational activities with the adoption of best practices and Integrated Management System (SIG) certification as per NBR ISO 9001 (Quality); 14001 (Environment) and 45000 (Occupational Health and Safety) norms;

- Contracting asset insurance, covering loss on profits, operational risk, energy deficit, civil liability related to damages to third parties and the environment;

- Emergency Attendance Plans covered in the Integrated Management System of each plant, including the realization of periodic simulations of anticipated identified emergency scenarios;

- Dam Safety Plan and permanent action on the part of the Dam Monitoring Committee;

- Application, communication and monitoring of legal obligations and the guidelines of the Company relating to occupational health and safety;

- Normative procedures that determine criteria for assessing supplier performance and adjustment to occupational health and safety at the Company;

- Definition and implementation of the requirements of the Data Security Policy;

- Adoption of an Industrial Control Systems Safety Program.

Cyber Security: Lack or failure of planning, management, monitoring or of the security of Information Technology and Communication (TIC), Automation Technology (TA) and the Internet of Things (IoT).

Impacts in the event that risk should become a reality: Potential loss to the continuity of the operations, negatively impacting the results and image of the Company.

Means of mitigation: Deciding policies, management processes, controls and awareness of the employees on the correct use of digital technologies.

Privacy of Personal Data: Absence or fault in planning, management or security of personal information which could lead to improper disclosure.

Impact in the event that risk should become a reality: In addition to the impact on the reputation of the Company, there may be implications in terms of fines and penalties in the legal sphere.

Means of mitigation: Use of a specific program for management of requirements under the General Data Protection Law (LGPD).

DATA SECURITY

ENGIE Brasil Energia's Data Protection Law covers the main actions, assumptions, and coverage (business assets and industrial systems), as well as the associated governance structure. This governance includes the activities of the Industrial Control Systems Security Forum as well as organs related to the area in ENGIE Brasil Energia and the ENGIE Group, their purpose to maintain alignment of guidelines and practices.

Digital security risks are evaluated periodically through systemic analyses and verification, which generate action plans, an integral part of Enterprise Risk Management (ERM) – periodically monitored and reported to the Board of Directors in addition to corporate goals.

In this way, technical/operational risks are managed through several specialized tools which verify the virtual environment for threats in conjunction with those dedicated to digital security (firewalls, antimalware, and vulnerability scans, among others).

In 2022, ENGIE Brasil Energia also invests in the development and contracting of a local Security Operations Center (SOC) for improving the visibility of technological risks in the digital business environment (IT) and industrial automation/operation (TO), with the acquisition of specific services and systems for the management of technological risks in industrial environments.

As a result of the Company's efforts, in 2022, no cases of data violation were recorded, or complaints received from the regulatory organs on data security issues.

OPERATIONAL SAFETY – AREA OF INFLUENCE OF HYDROPOWER PLANTS

The operational safety activities involve the efficient management of risks and common emergencies relative to natural floods and adverse events. With a view to building a preventionist culture, ENGIE and the Itá, Machadinho and Estreito consortia operate jointly with the Civil Defense areas of the communities where the projects have an influence, operationalizing actions in accordance with the National Protection and Civil Defense Policy– PNPDEC (Law 12.608/2012) and the National Dam Safety Policy (laws 12.334/2010 and 14.066/2020).

In 2021 during the tackling of the Covid-19 pandemic, the strategies, communications plan, contracting of services and institutional coordination with the municipal regional and state Civil Defenses were consolidated. In the same year, aerial surveys covering 20,800 hectares situated in a radius of 10 kilometers downstream from each plant were conducted in order to define areas of risk subject to inundation as well as existing edifices in the Self-rescue Zone and adjacent areas.

In 2022, the Company conducted a populational registration using the geo-processed aerial surveys and identified edifications, executed via application and in partnership with the municipal Civil Defenses, in this way obtaining a total of 8,518 registrations involving 24,010 people.

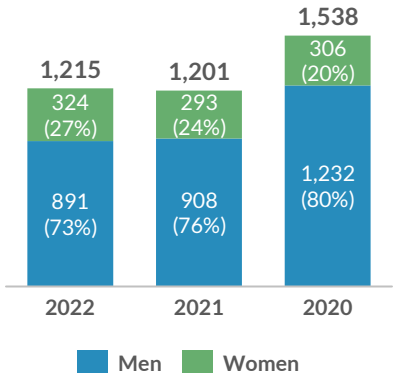
Again, in the final quarter of 2022, work was begun on implementing a system of sirens at the Itá, Machadinho and Passo Fundo hydropower plants. The contracting of a system for remaining assets is scheduled for 2023.

OUR TEAM

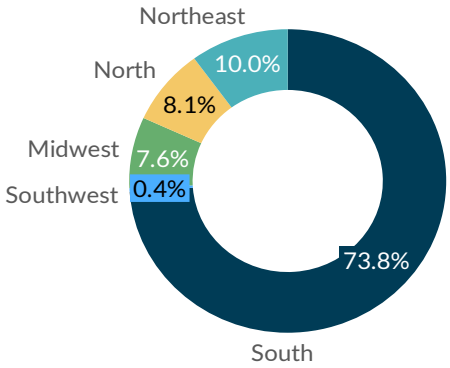
EMPLOYEE PROFILE

Aware that its human capital constitutes the base for the remaining competitive differentials, ENGIE Brasil Energia endeavors to build and maintain a secure, respectful, and inclusive workplace environment, offering to all, opportunities to realize their potential and in this way, prosper. At the end of 2022, the Company's workforce was made up of 1,215 direct employees – virtually stable in relation to 2021 –, the majority allocated to the South Region of the country (see charts below). This data relates to those members of the Company's headcount working in assets in which ENGIE Brasil Energia holds 100% control.

Total employee, by gender

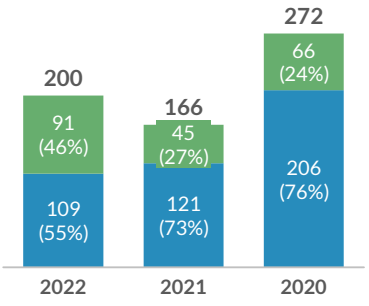


Employee by region

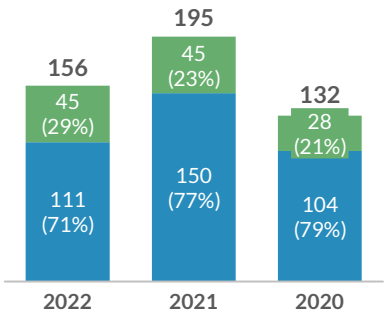


Over the year, there were 200 admissions, 22% more than reported in 2021. In turn, terminations fell 20%, totaling 156 at the end of the period. About 85% of the new hires were made in the South Region, predominantly in the 30 to 50 age group (61.5% of the total). Turnover was 14.6%. Contributing to this result was the execution of the Voluntary Termination Program (PDV), launched in 2021. Of the total number of voluntary terminations reported in 2022, 25% corresponded to employees that adhered to the Program.

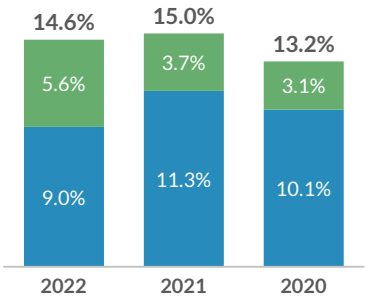
Admissions, by gender



Terminations, by gender



Turnover, by gender





Remuneration and benefits

The Company offers fair remuneration, compatible with salary practices of the segments and regions where it carries on its operations in order to attract and retain professionals. To guarantee greater competitivity in the labor market, ENGIE Brasil Energia offers a package of benefits in addition to those enshrined in the legislation, seeking to provide more security and comfort to employees and their families.

Benefits package

- Medical and Odontological assistance
- Daycare
- Pharmacy Benefit
- Extension of maternity leave (6 months) and paternity leave (28 days)
- Flexible Working Hours and Hybrid Working Regime
- Private Pension Scheme
- Psychological Support Program
- Life Insurance
- Meal and/or food vouchers
- Travel Vouchers

DIVERSITY AND INCLUSION

To foster diversity, equity and inclusion reflects the ENGIE Group's commitment to promoting Human Rights in order to combat discrimination and contribute to the reduction in social inequalities. In addition to the effective social impact, this effort is viewed as essential to the sustainable growth of the Company by bringing to bear in the day-to-day operations, different experiences, and perspectives, stimulating creativity and innovation, among other benefits.

In 2022, the year the Inclusion and Diversity Policy was launched, the Company accelerated its journey through gender equality as well as taking important steps towards the consolidation of a broad-based culture of diversity. To this end, opportunities for learning about the theme were intensified – the Company making the base training in Diversity & Inclusion obligatory for all employees. This training looks at unconscious biases and attitudes as part of the process of making the working environment more inclusive.

In 2022, there was an increase of 2.6% from 24.4% of total headcount in 2021 to 27% in 2022 in the number of women on the payroll. To broaden the positive impact of the initiatives in the direction of gender equality, ENGIE Brasil Energia develops a structured program of actions focused on the internal and external audiences as follows:

Inclusion of People with Disability (PwDs)

On November 16, 2022, the Company's headquarters received the first group in the PwD Training Program, designed to foster the technical and behavioral development of professionals with disabilities. The group is made up of 15 college students, selected from among 305 candidates, with educational backgrounds compatible with the opportunities ENGIE Brasil Energia offers.

Acting in the role of assistants, they were allocated to areas with the greatest affinity, considering their previous knowledge and the Company´s needs. The development path has a duration of 15 months with its focus on career protagonism, actions of self-knowledge and success tools. Also included is a six-month mentoring program.

The Program incorporates various initiatives developed by the Company for inclusion of PwDs. At the end of 2022, 54 employees were included in this group of professionals.

Program for promoting gender equality.

Pillar 1: To increase in a sustainable way the percentage of women in the Company - Strategy 50-50.

Pillar 2: To support the professional development of women in the ENGIE Group and in society.

Pillar 3: To guarantee a culture which promotes respect and wellbeing of the woman in the workplace environment.

As an extension of the first pillar of the Program, in May 2022, the Company launched the Training Program for Female Engineers, an affirmative action for accelerating gender equity, particularly in incentivizing and in the generation of opportunities so that women develop their careers in the Sciences, Technology, and Engineering. Of the 2,858 candidates enrolled, 13 were selected for the Program, which has a duration of 12 months. In this period, the candidates are posted to the Company's assets to receive training in different areas – operations, maintenance, the environment, occupational health and safety and administration.

PROFESSIONAL DEVELOPMENT

In 2022, the Company invested BRL 5.7 million in training and skills upgrading, an increase of 24% in relation to 2021. In all, approximately 66 thousand classroom hours were dedicated to learning, an increase of 11% when compared to 2021. The increase, both of investment and also classroom hours is due especially to the greater number of training events of the immersion type bringing the teams together onsite – an initiative which had not been possible due to sanitary restrictions in place during the Covid-19 pandemic.

With focus on professional development, performance assessment is conducted annually by the Company. In 2022, only temporary (outsourced) employees, apprentices and interns are not included in this process. The assessment considers technical and behavioral skills as analyzed by the employees themselves and in some cases other team members. The result of the process is an indication of opportunities for improvement in performance in the current function as well as pointing to development paths for career progression.

At the end of the assessment cycle, the employee records his/her Individual Development Plan (IDP), validated by their direct manager and subsequently, evaluated by the Culture and People Management area. In the case of various ISPs whenever recurring needs are identified for formation/training, collective formation initiatives are proposed.

In an effort to bolster this process, ENGIE Brasil Energia has created Career Dialogs, an IDP support platform, in which the employee reflects with his manager on the evolution of his professional trajectory and the result of his work during the year. IDP's also give guidance on the formative offers freely available to employees from the educational platform. Complementary development programs are provided through the ENGIE University, the ENGIE Group's corporate university. Additionally, a training program enables employees to receive financial assistance from the Company for postgraduation qualifications and language courses.

Organizational climate

To assess the effectiveness of the programs dedicated to people management, the Company regularly runs organizational climate surveys. In 2022, 92% of the employees took part in the initiative – 7% more than 2021. The key highlights were:

- I believe fully in ENGIE's targets and objectives – 96%
- I would recommend ENGIE as a good place to work – 95%
- I am proud to be associated with ENGIE – 97%
- I firmly believe in ENGIE's capacity to advance in the direction of a carbon neutral economy – 97%
- ENGIE is a socially responsible company – 97%
- I understand how my work contributes to the business objectives of my company – 96%

OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

The priority guidelines on ENGIE Brasil Energia's sustainability agenda are guaranteeing the safety and preserving the health of the people working for the Company (whether direct or outsourced employees). Reflecting this commitment in 2022 no fatal accidents or accidents classified as severe, were recorded involving direct or outsourced employees. In the period, there was an overall decline of 52.5% in all accidents in relation to 2021.

These results strengthen Company's occupational health and safety culture, anchored in shared responsibility and in individual and collective care. Among the factors contributing to the positive performance in 2022, of particular importance are:

• Increase in the number of occupational health and safety professionals working in the field as well as the continuous training of these teams;
• Fostering of the analysis of occurrences in greater depth for identifying root and contributory causes;
• Training, communication campaigns and events dedicated to raising awareness of the internal public, including third parties, on secure processes and behavior;
• Implementation of actions for emotional health with a focus on reducing psycho-social risks, incorporating physical and mental health.

To assure and monitor compliance with Occupational Health and Safety (SST) guidelines, the Company has a management system which is dedicated to the theme, focused on preventing, controlling, eliminating, or reducing risks to employees. In addition, the system establishes guidelines for legal and normative compliance, clearly demarcating the duties and responsibilities in different spheres: Senior Management, Managerial Units, Corporate SST Nucleus, the SST asset and employee teams in general,

The stages of identification and control of hazards and risks are component parts of all the processes managed by the SST Management System, including the preparation of projects and the implementation of new physical and technological installations. A module of the System is dedicated to the identification of hazards and risks, also setting out measures for their elimination and mitigation.

All reports of risk situations and near accidents as well as accidents themselves, are analyzed in an attempt to identify their root cause and decide on a corrective action plan, spelling out measures for preventing and correcting faults and avoiding reoccurrence. The Risks Management Program (PGR) establishes a set of measures and guidelines for continuous, multidisciplinary, and systematized actions on what should be done in relation to exposure of employees to occupational risks in order to manage existing risks in all areas of the Company.

Indicators related to direct employees	2022	2021	2020
Number of hours exposed to risk	2,219,779	2,680,926	2,420,548
Number of work-related and commuting accidents with and without time off work	6	2	5
Number of fatal accidents (deaths)	0	0	0
Number of lost days – work related accidents with time off work	0	0	15
Work-related ill health	0	0	0

Indicators related to contracted companies	2022	2021	2020
Number of hours exposed to risk	13,822,341	33,455,292	17,510,414
Number of work-related and commuting accidents with and without time off work	109	227	102
Number of fatal accidents (deaths)	0	9	0
Number of lost days – work related accidents with time off work	269	959	221

Frequency and severity rates	2022	2021	2020	2022 targets	2023 targets
Frequency Rate (FR) direct employees*	0.00	0.00	0.41	-	-
Frequency Rate (FR) operation and maintenance (direct employees and suppliers) *	1.32	0.568	1.203	≤ 1.40	≤ 1.40
Severity Rate (SR) direct employees**	0	0.000	0.000	≤ 0.02	≤ 0.02
Frequency Rate (FR) – constructions (direct employees and suppliers) *	1.01	1.649	0.561	≤ 2.30	≤ 2.30
Severity Rate (SR) direct and indirect employees**	0.017	0.027	0.012	-	≤ 0.02

* 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.

ENVIRONMENT AND CLIMATE

STRATEGY FOR CONSERVATION

Conservation of the natural resources and the climate of the planet constitute one of the fundamental commitments anchoring ENGIE Brasil Energia's purpose and business model. This is reflected in policies and practices adopted in the segments in which the Company operates – both with operational assets as well as those assets in the process of implementation. Thus, in addition to assuring compliance with the legislation, our environmental management has as its focus, the mitigation of risks and impacts of the operations on the ecosystem, the monitoring of the environmental conditions and stakeholder engagement, in order to maximize the positive impact on the territories where we operate and to generate value based on environmental initiatives.

These drivers underscore our Environmental Conservation Strategy, constructed on the basis of the Sustainable Management Policy and the Environmental Policy – both updated in 2022. Divided into five axes, this strategy incorporates the priority themes, considering the principal impacts – positive and negative – of our activities on the environment: **Biodiversity; Water; Forests; Circular Economy/Waste; and Climate**. Transversal to these topics, as well as others relevant to the operations are aspects related to risk management, to legal compliance, to the relationship with the stakeholders, to innovation, to environmental performance and environmental education.

Together with corporate guidelines and voluntary commitments assumed by the Company, the Strategy of Environmental Conservation orientates management, adapted to the reality of the areas in which the assets are operated. Thus, it is that the development of programs, environmental projects and initiatives stem from detailed studies and diagnosis on local conditions and demands, these initiatives being developed by specialists and shared with various stakeholders.

Among these stakeholders are the environmental authorities to which ENGIE Brasil Energia reports the legal compliance of its activities, including the **compliance with more than 2.4 thousand conditioning factors** established for obtaining and maintenance of the **113 environmental licenses** which it manages. In 2022, eight Operational Licenses (OLs) were renewed. At the end of the year, all operations were in compliance with active OLs.

ENVIRONMENTAL MANAGEMENT

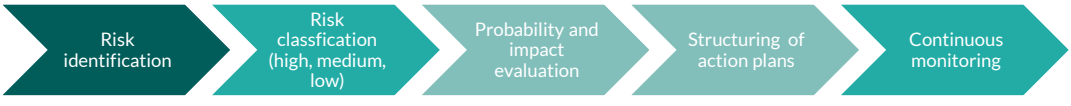
In 2022, the Company invested about BRL 29.5 million for maintaining positive impact initiatives in line with socio-environmental standards determined by the ENGIE Group, as well as meeting the conditioning factors underlying the Operational Licenses of the operating assets.

For the assets in operation, performance indicators are monitored through the Management Integration System (SIG), which is certified in accordance with NBR ISO 14001 – Environmental Management; NBR ISO 9001 – Quality Management; and ISO 45001 – Occupational Health and Safety Management norms. The Company sets out annual targets which cover the most relevant impacts on each of its assets and territories, in this way ensuring a continuous improvement in environmental performance.

Socio-environmental Risks Matrix

The mapping of socio-environmental risks in respect of ENGIE Brasil Energia's aspects has evolved into the corporate structuring of action plans dedicated to prevention and mitigation –in the form of both short-, medium- and long-term initiatives. The execution of these plans is of a multidisciplinary nature, involving teams from various areas of the Company, such as Environment, Operations and Maintenance.

Socio-environmental risk assessment flow



Aligned with ENGIE Group's guidelines, the methodology adopted for socio-environmental risk management assesses the probability and impact of the risks applicable to each business. Thus, the matrix defines eight categories of direct risk as described in the infographic below.

Direct socio-environmental risks

Risk Category	Description
Environmental Licensing	Situations which can impact the licensing process, such as divergences in the context or scope of conditioning factors and major alterations in these same factors in the license renewal process.
Environmental Compensation	Situations arising from the process of environmental compensation linked to the National Conservation Units System (SNUC).
Ichthyofauna	Adverse situations linked principally to periods of drought and/or other environmental conditions potentially prejudicial to fauna (notably fish) in the vicinity of the hydropower plants.
Avifauna	Situations adverse to environmental conditions potentially prejudicial to bird life in the region of the wind farms and transmission systems in operation.
Traditional Communities	Situations linked to the licensing processes such as those related to the traditional communities which have an impact on the region such as indians, riverside dwellers and quilombolas.
Archaeology	Pending archaeological regularization, notably with respect to environmental licensing.
Protected Areas	Situations of impact in conservation areas such as those of permanent preservation.
Environmental Plan for Conservation and Use of the Reservoir Margin (Pacuera)	Situations linked to processes of revision or preparation of Uses Plans.

Synthesis – environmental performance

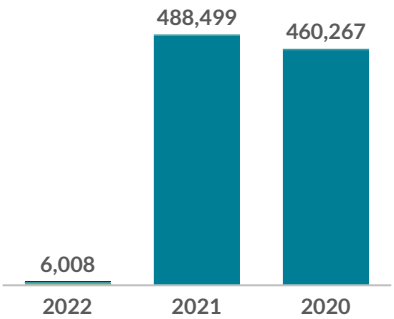
The following lists the principal monitored environmental indicators with synthesized comments on the form of management and the results observed. More information on these and other aspects will be included in the Sustainability Report 2022, to be published in April 2023 in the Company's website.

Water

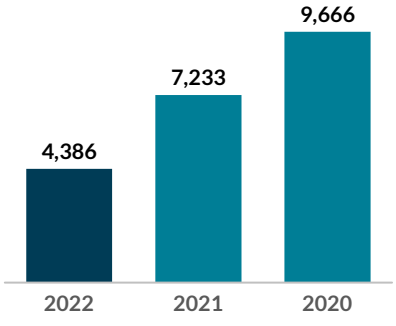
Aware that this is a resource which is essential not only to the continuity of industrial activities, including the production of energy, but also the life of all species, the ENGIE Group has the management of water as one of the pillars of its Environmental Policy. Thus, aligned to the guidelines of the Controlling Company, ENGIE Brasil Energia monitors the hydric footprint of its activities and develops initiatives for reducing consumption at the same time that it identifies opportunities to contribute to water conservation, ensuring both quality and availability.

The demand for water capture in the Company's operations is concentrated on the generation segment. At the hydropower plants, the entire volume captured for the purposes of generation is returned to the water body with the same characteristics as when captured.

Total water withdrawal (in megaliters)



Water consumption (in megaliters)



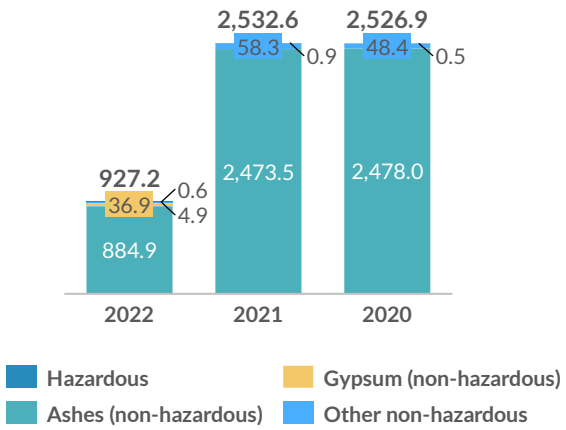
Particular mention should be made that with the disposal of the Jorge Lacerda Thermoelectric Complex from the asset portfolio, the Company's hydric footprint was considerably reduced. In 2022, thermoelectric generation, represented by the Pampa Sul Thermoelectric Plant – the sale of which was announced in September – was responsible for the greater part of the Company's consumption of industrial water. Please note that of water used for generation at this thermoelectric plant, in general about 80% of the captured water – from the purpose-built Jaguarão River reservoir, – is used in the Plant's cooling tower (volume of which almost completely evaporates).

Waste

Guided by the Company's Sustainable Management Policy – and in accordance with the National Solid Waste Policy (Law 12.305/2010) – ENGIE Brasil Energia's waste management adheres to rigorous criteria and guidelines applied to all operational units and designed principally to eliminate or reduce generation to the maximum possible. When not possible, the priority shifts to reuse and recycling, treatment, and eventual final adequate disposal (in that order).

All the business units have a Solid Waste Management Plan (PGRS), compatible with their own activities, duly updated and in accordance with the current legislation. From generation to final disposal, waste control and tracking occur through a digitalized process via integrated software. As part of this process, automatic balances are used in some assets for weighing waste which permits automatic booking of the weighing process to the database, adding greater reliability to registration.

Total waste generated (thousand tons)



Waste under the responsibility of the Company is stored in appropriate conditions, segregated according to physical state, degree of hazardousness and chemical incompatibility, in order to ensure complete compliance with the legislation and good environmental practices. Control continues during transportation through verification of the pertinent documentation and the other applicable legal requirements, so as to mitigate risks related to movement through to suitable disposal.

CLIMATE

Context of the strategy

Engaged in combating climate change – the result of the increase in the concentration of Greenhouse Gases (GHG) in the atmosphere – the ENGIE Group has been fulfilling its purpose of acting to accelerate the transition to a neutral carbon economy. Aligned to the principles of the Paris Agreement, signed in 2015 for nations throughout the world, the Company acts to limit global warming to 1.5°C in comparison with pre-industrial levels.

This commitment is reflected in its Sustainability Management Policy as well as its Environmental Policy and in other corporate guidelines which involve the theme, applicable to all its business units – which includes the ENGIE Group's Non-Financial Goals. These guidelines are orientated by public commitments made by the Controlling Company, which seeks to reach the condition of NetZero in 2045 based on the decarbonization of its own operations and those of the value chain, with set intermediate goals (2025 and 2030) and aligned to science, according to Science Based Targets (SBTi).

Transparency

In 2022, the Company responded for the first time to the CDP (formerly known as the Carbon Disclosure Project) questionnaire on an individual basis in conjunction with the Controlling Company –, detailing policies, practices, and performance indicators on the theme. ENGIE Brasil Energia questionnaire was awarded a "B" classification (third best score).

ENGIE Brasil Energia's climate journey is guided by the key strategic drivers:

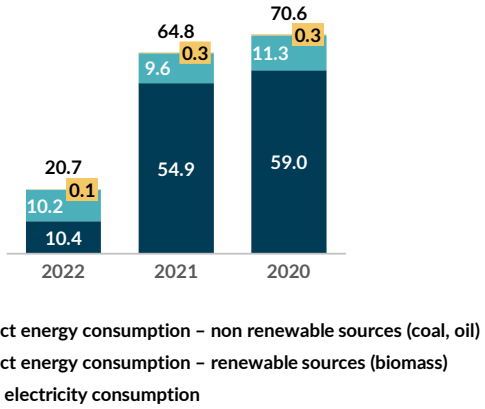
- Decarbonization of the assets
- Expansion in renewable energy
- Constant search for the reduction in carbon footprint
- Engagement of the value chain (clients and suppliers)
- Environmental Conservation and Biodiversity Initiatives
- Compensation of residual emissions

Metrics

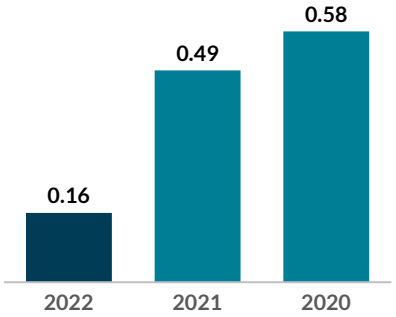
Energy

Energy consumption (direct and indirect) relates to the operations of ENGIE Brasil Energia's assets, notably coal and biomass for electricity generation at the thermoelectric plants. Consequently, the search for efficiency in usage represents a fundamental axis in the decarbonization strategy. In 2022, there was a 68% reduction in total consumption of energy compared with 2021 – related in particular to the exclusion of consumption by the Jorge Lacerda Thermoelectric Plant, an asset which was sold in 2021. The energy intensity which makes a correlation between consumed and produced energy, also evolved in the same direction.

Energy consumption (millions of GJ*)



Energy intensity (GJ consumed/ GJ produced*)



* 1 GJ = 0.2777 MWh

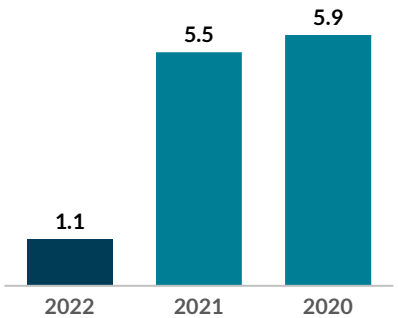
Greenhouse Gas Emissions (GHG)

The Company has maintained rigorous control over its own emissions since 2010, evaluating the carbon footprint of its activities and implementing actions to reduce it. The Corporate GHG inventory is prepared based on concepts, principles and guidelines established using GHG Protocol methodology, disclosed in the Brazilian GHG Protocol (PBGHGP) Program, using its specifications for booking, quantification and publication of Corporate Inventories of Greenhouse Gas Emissions. Equations supplied by the Intergovernmental Panel on Climate Change (IPCC) for calculating the emission from certain sources and carbon sinks are also used.

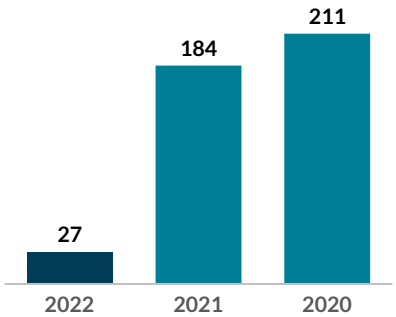
The report's structure adheres to the specifications of the ISO 14064 – Greenhouse Gas Management norm, published by the International Organization for Standardization in 2007. The Company's total GHG emissions were calculated and classified as Scope 1 (direct emissions), Scope 2 (indirect emissions via acquired energy) and Scope 3 (other indirect emissions) and Inventory is verified by an independent outside party, consolidating data based on the two criteria used in the Program: operating control and corporate participation.

At the time of publication of this Report, the inventory for 2022 was in preparation. Thus, the **information relative to 2022 is preliminary** and will undergo refinement and assurance during the month of February 2023. The definitive data will be published in April 2023 in the Sustainability Report 2022. The Inventory in full will also be published in the Company's website.

CO_2 emissions (millions of tons of CO_2e)



Emissions intensity ($KgCO_2e/MWh$)



SUSTAINABLE RELATIONS

COMMUNITIES

Driving sustainable development and combating inequalities is at the center of the strategy of ENGIE Brasil Energia's social actions, which have as their priority, a focus on the communities in which the Company is inserted and where it operates its assets – both at the operational and also the implementation phases. So that it identifies the socio-environmental challenges of each territory as well as its potential for contributing to overcome them, the Company maintains systematic relationship practices. These are conducted in conjunction with active listening – undertaken by local teams during the day-to-day activities – events specially dedicated to dialog with representatives of the communities as well as the continuous exchange with social partners.

These interactions allow the Company to design social responsibility initiatives with a local reach, tailor-made for supporting the demands of specific territories, or conversely, on a nationwide basis – focused on supporting social causes shared by the communities of different regions of Brazil. In this way, resources destined for social responsibility are distributed among structured programs and one-off projects which seek to expand the positive impact of the Company's presence.

In 2022, ENGIE Brasil Energia invested almost BRL 21 million into community development projects. This total includes proprietary and incentivized resources as shown in the table below.

Source	2022	2021	2020
Non-incentivized investments	3,499.5	7,078.0	7,504.2
Investments through the Infancy and Adolescence Fund - FIA	2,352.0	1,262.8	1,868.4
Investments under the Culture Incentive Law – Rouanet Law	9,443.8	5,052.0	7,264.6
Investments under the Sport Incentive Law	2,349.7	1,262.5	1,418.5
Investments under the National Support Program for Oncological Care - PRONON	0*	1,140.5	1,661.0
Investments under the National Care Support Program for People with Special Needs - PRONAS/PCD	0*	1,147.5	1,436.3
Investments under the Municipal Fund for the Elderly	2,341.0	1,239.6	1,480.9
Total	**19,986.0**	**18,182.8**	**22,633.9**

* There were no further investments in the National Oncological Attention Support Program – PRONON and the National Health Attention Support Program for People with Special Needs - PRONAS/PCD in 2022 since the incentive laws expired and were not renewed by the Federal Government.

Below we describe some of the Company's main initiatives with a focus on support for the communities.

Mulheres do Nosso Bairro

Developed since 2020 – as a means of combating the effects of the Covid-19 pandemic – the Mulheres do Nosso Bairro (Women of Our Neighborhood) Program involves initiatives along four major axes critical for the promotion of gender equality: generation of income, education, health and combatting domestic violence.

In 2022, the third edition for the support of enterprises managed by women (both cisgenders and transgenders) was launched. This includes financial incentives, training for businesses and support for physical and mental health. An amount of BRL 500 thousand was distributed among 35 projects selected from three categories: small projects, social businesses, and community kitchens – the latter an appendage to the Program in response to the increase in conditions of food insecurity reported in recent years.

The chosen initiatives are distributed across 25 municipalities in 13 states where ENGIE Brasil Energia has operations. Among the criteria examined for the selection of the winners was economic feasibility – considering the continuity of the business, post investment –, the potential for contributing to improvements in the conditions of the environment, the alignment with the Sustainable Development Goals (SDGs) and possible positive impacts for the development of the communities.

3rd Edition of *Mulheres do Nosso Bairro* in numbers:

- 315 enrolled projects
- 36 selected
  - 25 projects
  - 6 solidarity kitchens
  - 3 social impact businesses
- BRL 500 thousand invested.

To ensure the sustainability of the initiatives over the long-term, the Program invests in the monitoring of the supported projects and in the training of the entrepreneurs together with the assistance of partners with extensive experience in social responsibility. In 2022, 29 leaders of small businesses headed by women concluded qualification courses provided by the Brazilian Service for Support to Micro and Small Companies (Sebrae), while 73 nano-entrepreneurs received instruction from the *Consulado da Mulher* Institute.

As in the two preceding years, the Program's results were positive. A survey of supported entrepreneurs undertaken in August 2022 revealed that:

- The average increase in sales is already higher than 100%;
- 92% is the happiness index of the women with their business;
- 100% of the female entrepreneurs feel more confident and prepared for conducting their businesses;
- 40% of the supported projects represent the main source of household income.

In addition to generation of income, partnerships were maintained with the Maria da Penha Institute for combating violence against women and girls, and with the EduK education platform.

Support for education

The year also saw a strengthening of the Energy to Education Program which awards educative, innovative, and inclusive experiences which benefit Elementary and High School students. Through the intermediary of a call for proposals notice – the second of the Program – the Company selected 30 projects, among the 170 proposals received.

Held in 22 municipalities of 11 states, the selected initiatives have as their focus an improvement in the performance of the students in the instrumental disciplines (Portuguese and mathematics); reinforcement in the use of technologies, creative thinking, and innovation; environmental education or critical social thinking; and the mitigation of school evasion, failure rates, or age/grade distortion.

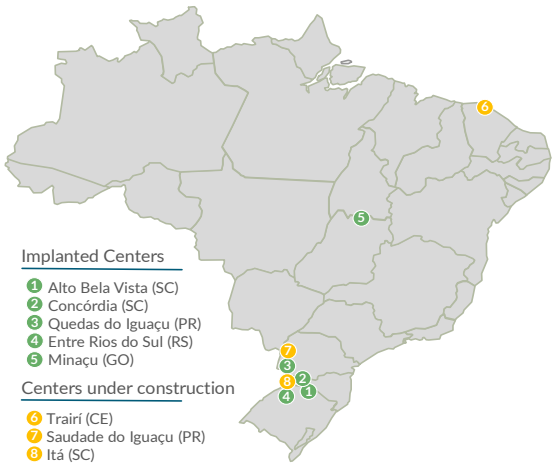
The winners will be monitored for 12 months. On the basis of the two editions in 2021 and 2022, the expectation is that the Program will have an impact on approximately 14.5 thousand children and adolescents.

Sustainability and Culture Centers

Projected, implanted and supported with the sponsorship of ENGIE Brasil Energia since 2011, the Sustainability and Culture Centers promote cultural and educative activities in different regions of the country, increasing the access of the population to a range of different artistic manifestations such as music, theater and cinema. Mostly installed with incentivized resources, the Centers are managed on an autonomous basis - independent of government and the Company - by members of the local communities through a Civil Society Organization in the Public Interest (Oscip).

At year-end 2022, five centers were operating (see map) and a further three were under construction – Trairi (CE) – with rollout forecast for 2023 –, Saudade do Iguaçu (PR), and Itá (SC).

Location - Sustainability and Culture Centers



Energia voluntária

Held for the first time in 2018, the "*Energia Voluntária*" (Voluntary Energy) campaign provides an incentive to ENGIE Brasil Energia's employees to donate part of their Income Tax liability to socio-cultural entities such as daycare centers, orphanages, hospitals or rest homes. The Company provides consultations for making donations and stimulating engagement of donors to the supported causes.

Impact 2022

- 62 donations to Infancy and Adolescence Funds
  - BRL 100.8 thousand
- 27 donations to Funds for the Elderly
  - BRL 55.3 thousand

With the sale in 2021 of the Jorge Lacerda Thermoelectric Complex, as from 2022, the Capivari de Baixo Culture Center ceased to be supported regularly by the Company.

Parcerias do Bem

Launched in 2021, the *Parcerias do Bem* (Good Partnerships) Program invites clients and partners of different sizes and sectors to engage in social responsibility initiatives structured by ENGIE Brasil Energia. The sharing of the Company's experience over more than two decades of activities in social causes is aligned to the 17th of the 2030 Agenda's Sustainable Development Goals (SDGs), which aim to strengthen the means of implementation and to revitalize the global partnership for sustainable development.

Program Numbers

+ than 20 partnerships established;

+ than BRL 1.7 million invested in income generation programs;

+ than BRL 600 thousand invested in educational projects;

+ than BRL 600 thousand invested in culture projects.

In a year of activity, the Program concluded more than 20 partnerships, some of them at the implementation phase – with an impact on the lives of people in 16 Brazilian states. In 2022, 25 projects were executed in partnership with clients and other stakeholders, generating among other results, an increase of 30% in incentivized resources mobilized for partnership projects compared with 2021.

Among the actions of greatest impact developed within the scope of the Program in 2022 was the partnership with EssilorLuxottica, a global leader in ophthalmological lenses for promoting ocular health in the community surrounding the Campo Largo Wind Complex in Bahia. In Umburanas, all 3.2 thousand students in the public-school network received consultations and examinations while in Sento Sé, the 450 residents in the Campo Largo Community were attended by ophthalmologists and, following due screening, 674 needing corrective lenses received eyeglasses.

Dialog with stakeholders

The local communities are key allies of ENGIE Brasil Energia in initiatives for conserving the environment. To maximize the sense of shared responsibility, the Company maintains an open dialog, both transparent and ethical, on the environmental challenges in all the territories of which it is a part. In parallel, it adopts actions for the effective engagement of local stakeholders.

Among these initiatives is the Connection Program, covering community visits to the assets as well as Environmental Education. An important platform for community engagement and dissemination of the sustainability culture, the program offers structured public visitation to the Company's generator park plants in different regions of the country. Presentations are given to participants on plant operations and the socio-environmental projects undertaken by the company in the region.

The Environmental Education Program promotes instruction on the environment through presentations in schools and other community spaces, involving students, rural producers, and educators, among others. School contests are also held for promoting themes relating to sustainable development. Examples are writing contests run by the Machadinho (SC), São Salvador (TO) and Estreito (MA) hydropower plants, as well as TransformAction, a project inspired by Salto Osório and Salto Santiago hydropower plants in Paraná, which encourages initiatives on the part of students and teachers aligned to the goals of the 2030 Agenda as proposed by the United Nations Organization. In its 2022 edition, there was an enrollment of 80 schools.

Over the course of the year, 194,653 people took part in the Connection, more than for 2021, when Covid -19 pandemic restrictions caused the Program to be suspended at various plants.

As for assets in implementation, the Environmental Education Programs also represents an important channel for a closer relationship to the local community. During the year, talks, presentations and awareness campaigns were held on environmental themes with the communities surrounding the Santo Agostinho Wind Complex, together with workshops on sustainable food production based on the valorization of the *caatinga* biome.

In the North Region, the Environmental Education Program monitored all phases of the implementation of the Novo Estado Transmission System. At the end of 2022, 100% of the goals related to the theme had been achieved, of which particular mention should be made of:

- Production and distribution of 3 thousand pocket guides, 3.5 thousand folders and 600 posters for disseminating good environmental practices;
- Realization of courses on environmental themes in eight local communities with the formation of multipliers;
- Involvement of 10,315 participants in Environmental Education initiatives.

Social balance sheet

1 – Calculation basis	2022 (BRL thousand)	2021 (BRL thousand)
Net Revenues (NR)	11,565,101	12,540,673
Operating Income (OI)	3,319,768	1,819,434
Gross Payroll (GPR)	222,149	279,974
Total Value Added (TVA)	8,088,447	6,858,327

2 – Internal social indicators	BRL thousand	% over GPR	% over NR	% over TVA	BRL thousand	% over GPR	% over NR	% over TVA
Meals	27,746	12.49	0.24	0.34	28,576	10.21	0.23	0.42
Compulsory social charges	95,044	42.78	0.82	1.18	87,774	31.35	0.70	1.28
Private pension	56,010	25.21	0.48	0.69	57,952	20.70	0.46	0.84
Health	27,411	12.34	0.24	0.34	26,638	9.51	0.21	0.39
Occupational health and safety	14,002	6.30	0.12	0.17	15,266	5.45	0.12	0.22
Education	56	0.03	0.00	0.00	678	0.24	0.01	0.01
Culture	-	0.00	0.00	0.00	12	0.00	0.00	0.00
Professional training and development	5,585	2.51	0.05	0.07	4,432	1.58	0.04	0.06
Daycare or daycare assistance	684	0.31	0.01	0.01	685	0.24	0.01	0.01
Sport	435	0.20	0.00	0.01	487	0.17	0.00	0.01
Profit-sharing	61,680	27.77	0.53	0.76	75,626	27.01	0.60	1.10
Transportation	6,567	2.96	0.06	0.08	6,433	2.30	0.05	0.09
Others	1,292	0.58	0.01	0.02	1,529	0.55	0.01	0.02
Total – internal social indicators	**296,512**	**133.47**	**2.56**	**3.67**	**306,088**	**109.33**	**2.44**	**4.46**

3 – External social indicators	BRL thousand	% over OI	% over NR	% over TVA	BRL thousand	% over OI	% over NR	% over TVA
Education	288	0.01	0.00	0.00	658	0.24	0.01	0.01
Culture	10,003	0.30	0.09	0.12	5,924	2.12	0.05	0.09
Health and sanitation	90	0.00	0.00	0.00	2,334	0.83	0.02	0.03
Sports	2,350	0.07	0.02	0.03	1,263	0.45	0.01	0.02
Others	7,636	0.23	0.07	0.09	8,004	2.86	0.06	0.12
Total contributions to society	**20,367**	**0.61**	**0.18**	**0.25**	**18,183**	**6.49**	**0.14**	**0.27**
Taxes (excluding social charges)	2,036,775	61.35	17.61	25.18	1,731,951	618.61	13.81	25.25
Total – external social indicators	**2,057,142**	**61.97**	**17.79**	**25.43**	**1,750,134**	**625.11**	**13.96**	**25.52**

4 – Environmental indicators	BRL thousand	% over OI	% over NR	% over TVA	BRL thousand	% over OI	% over NR	% over TVA
4.1 – Investments related to the production/operation of the company								
Liabilities and environmental contingencies	16,347	0.49	0.14	0.20	14,894	5.32	0.12	0.22
Technological and industrial development program	8,629	0.26	0.07	0.11	27,618	9.86	0.22	0.40
Others	3,644	0.11	0.03	0.05	2,442	0.87	0.02	0.04
Total investment related to the operation/production of the company	**28,620**	**0.86**	**0.25**	**0.35**	**44,954**	**7.47**	**0.36**	**0.66**
4.2 – Investment in external programs and/or projects								
Environmental education projects in communities	1,311	0.04	0.01	0.02	1,468	0.24	0.01	0.02
Preservation and/or revitalization of degraded environments	6,269	0.19	0.05	0.08	4,914	0.82	0.04	0.07
Others	6,021	0.18	0.05	0.07	6,453	1.07	0.05	0.09
Total investments in external programs and/or projects	**13,601**	**0.41**	**0.12**	**0.17**	**12,835**	**2.13**	**0.10**	**0.19**
Total environmental investment (4.1 + 4.2)	**42,221**	**1.27**	**0.37**	**0.52**	**57,789**	**9.60**	**0.46**	**0.84**

Distribution of environmental investment	BRL thousand	% over total	BRL thousand	% over total
Total investment in environmental prevention activities	6,488	25.08	22,902	39.63
Total investment in environmental maintenance activities	17,484	67.57	32,732	56.64
Total investment in environmental compensation activities	1,902	7.35	2,155	3.73
Number of environmental, administrative, and legal claims filed against the company:	60		60	
Total fines and indemnifications judicially or administratively determined for environmental matters:	5		-	

5 – Workforce indicators	2022 (in units)	2021 (in units)
Number of employees at the end of the period	1,215	1,201
Number of new hires in the period	200	166
Number of dismissals in the period	156	195
Number of interns	73	60
Number of employees by age group:		
Less than 30	199	198
From 30 to 50	906	862
Over 50	110	141
Number and percentage of women working at the Company	324 (26.6%)	293 (24.4%)
Percentage of management positions held by women	16.6%	12.8%
Number and percentage of men working at the Company	891 (73.3%)	908 (75.6%)
Percentage of management positions held by men	83.4%	87.2%
Number of blacks working at the company	Not avaliable	Not avaliable
Percentage of management positions held by black employee	Not avaliable	Not avaliable
Number of handicapped or special-needs employees	54	35
Proportion between the highest salary paid by the company and the median salary of the other employees	15%	15%
Proportion between the highest salary paid by the company and the average salary of the other employees	12%	18%

6 – Relevant corporate citizenship information	2022	2021
Total on-the-job accidents	ENGIE: 6 Suppliers: 109	ENGIE: 2 Suppliers: 227
The social and environmental projects implemented by the company were decided upon by:	( ) Directors ( ) Directors and management (X) All staff	( ) Directors ( ) Directors and management (X) All staff
The risk and safety standards in the workplace were decided upon by:	( ) Directors and management ( ) All staff (X) All staff + CIPA	( ) Directors and management ( ) All staff (X) All staff + CIPA
Regarding labor unions, right to collective bargaining and internal representation of workers, the company:	( ) Does not get involved (X) Follows ILO rules (x) Encourages and follows ILO	( ) Does not get involved (X) Follows ILO rules (x) Encourages and follows ILO
Private pension arrangements contemplate:	( ) Directors ( ) Directors and management (X) All staff	( ) Directors ( ) Directors and management (X) All staff
Profit-sharing contemplates:	( ) Directors ( ) Directors and management (X) All staff	( ) Directors ( ) Directors and management (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 suggested (X) Are required	( ) Are not considered ( ) Are suggested (X) Are required
Regarding the participation of employees in volunteer activities, the company:	( ) Does not get involved (X) Supports ( ) Organizes and encourages	( ) Does not get involved (X) Supports ( ) Organizes and encourages
Total number of consumer complaints and criticism:	To the company: 0 To Procon: N.A. (0) In justice	To the company: 0 To Procon: N.A. (0) In justice
Total value added for distribution (BRL thousand):	8,088,447	6,858,327

Distribution of Value Added:	BRL thousand		BRL thousand	
Government	2,599,778	32.1%	2,473,851	36.1%
Employees	345,955	4.3%	422,236	6.2%
Shareholders	2,655,615	32.8%	1,490,473	21.7%
Third Parties	2,478,146	30.6%	2,397,270	35.0%
Retained	8,953	0.1%	74,497	1.1%

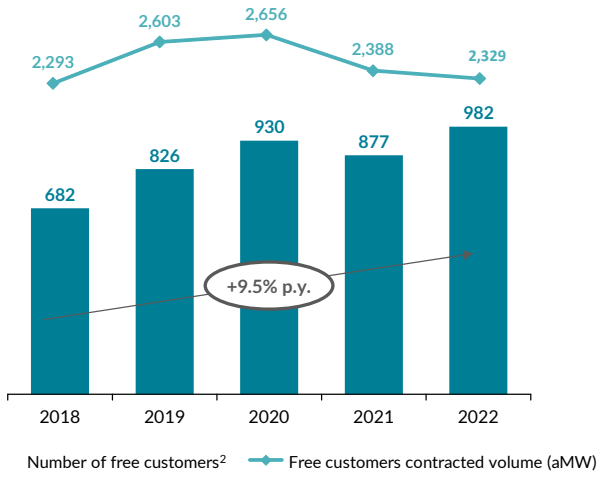
7 - Other information	2022	2021
Water consumption (em ML)	4,364	7,215
Electric energy consumption from grid (in MWh)	29,853	77,717
Annual amount of waste produced (in t)	927,140	2,532,633

CLIENTS

With a commercial portfolio distributed among different sectors of the economy, ENGIE Brasil Energia places great value on the building of long-term partnerships, offering solutions that provide effective gains for the competitivity of the clients. As well as incentivizing the use of renewable energy, the Company accelerates decarbonization through carbon credits, certification of electric energy consumption from renewable sources (I-RECs) or special contracts for guaranteeing emissions-free electricity (ENGIE-REC), used for reducing or compensating its Greenhouse Gas emissions (GHG).

- **982 free clients** attended.
- **12.0%** of growth in relation to 2021
- **2,734 consumer units** attended.
- **9.7%** market share
- **91.0% of satisfied or very satisfied clients**, according to a survey conducted in 2022.
- **216 thousand tCO2 - RCEs** sold in 2022 (Certified Emissions Reduction – carbon credits)
- **2 thousand GWh - CERs** traded in 2022 (Renewable Energy Certificates – I-REC and ENGIE-REC)

Evolution of free customers[1]



1 - Net of trading operations.
2- As from 2022, the number of free customers takes into account the total number of companies attended, the entire historical series having been adjusted accordingly.

SUPPLIERS

The Code of Ethics and the Sustainable Management and Human Rights policies constitute the basis for the Company's relationship with the components of the value chain including the 1,818 active suppliers in 2022 – of these, 339 registered during the course of the year.

The ENGIE Group's Due Diligence policy which the Company adopts provides for effective measures for mitigating risks of corruption as well as impacts on the environment, public health, and human rights. In this context, the Company evaluates suppliers through an automated platform using big data.

2030 non-financial goals: suppliers

Among the commitments established by the ENGIE Group to be reached by 2030, two relate to the supplier chain:

• by 2030, reach 100% in the responsible purchasing index (excluding energy purchases) that involve socio-environmental assessments and including purchases;

• by 2030, reach 100% of the 250 preferred suppliers certified by Science Based Targets (SBTi) commitments.

More demanding requisites are applied in the case of the 50 suppliers to which the Company directs a greater volume of resources, the hiring process covering compliance, operational, financial, reputational, and socio-environmental risks. This analysis is conducted by an outside, independent company, on the basis of the following criteria in relation to the supplier company and its partners:

- Non-compliance with governance standards and regulations;
- Registration in the Brazilian Register of Civil Convictions for an Improper Administrative Act and Ineligibility;
- Association with compulsory labor, analogous to slavery;
- Registration in the National Register of Ineligible and Suspended Companies and/or those in the National Register of Punished Companies (CNEP);
- Existence of legal processes linked to environmental violations;
- Regularity in relation to the environmental organs (when necessary);
- Repercussion in communication vehicles relative to socio-environmental or governance issues.

All long-term service contracts, classified as high risk to the Company, are submitted to specific documentary analysis, to which are added obligatory requisites for the supply or rendering of services deemed critical. Suppliers are advised of the documents for obligatory presentation for provision or supply during the process of negotiation – should this condition not be accepted, the contraction as a supplier does not proceed.

If hired, the supplier is subject to periodic analyses of performance. These can include aspects related to quality, safety, workplace medicine and hygiene; the environment; social responsibility; improvements/innovations applied or suggested during the services and administrative and legal questions. Should the levels agreed in any of these aspects not be reached, conduct adjustment agreements are enshrined in the action plans prepared by the Company in conjunction with the contracted parties. Should it be concluded that the execution of the plan be deemed not effective, contractual rescission may ensue.

Stages in the evaluation of suppliers.

• Preliminary ethical analysis – to be conducted annually throughout the entire supplier base;

• Due Diligence – Level I – focus on the 50 largest suppliers of the Company.

• Due Diligence - Level II – investigation undertaken by an independent third party when effective or potential infringements are detected on the part of a person or the analyzed company that may result in risk for the Company.

In 2022, 100% of the 1,818 registered suppliers were evaluated in relation to social criteria and 71 to environmental criteria – a process which saw the deactivation of 333 commercial partners due to infringement of any rule in the Company's internal procedures. It is incumbent on the Ethics Forum to analyze the cases and issue opinions as to maintenance or rescission of the contracts with suppliers which commit any irregularity.

INVESTORS

At the end of 2022, ENGIE Brasil Energia's shareholder base stood at 273.3 thousand, an increase of 4.0% compared to 2021. With all investors, whether personal or legal entities, the Company seeks to build a relationship of trust and transparency, guaranteeing isonomy in the provision of information on strategy, governance, risks, and business performance.

This information is disclosed on a timely basis through B3 and the CVM as well as the dedicated investor website – this also providing guidance on remote participation by investors in Shareholders Meetings as per CVM Instruction 561, including a specific channel for sending suggestions on matters to be discussed in the Meetings.

In addition, pertinent content is sent by e-mail while meetings with market analysts are held frequently for presenting results, clarifications of doubts and other relevant matters. Among the principal materials disclosed to the investors through different channels of communication are:

Interactions with investors in 2022

308 institutions and analysts attended via conferences (onsite and video) and non-deal roadshows;

Average of **367 participants** via video conference for quarterly results;

Approximately **1500 participants** in Inside ENGIE 2022 (37 of the onsite).

- Material Facts;
- Notices to the Shareholders;
- Announcements to the Market;
- Quarterly reports on performance and presentations of results;
- Management Report and Account Statements;
- Reference Form; and
- Sustainability Report.

One of the principal platforms for interaction with this group of stakeholders, the "Inside ENGIE" event was held on December 7 with investors and analysts at the head offices of the Company in Florianópolis (SC). Coordinated by the Investor Relations area and conducted by the Executive Board, the meeting allowed greater in-depth examination of the market scenario, performance, and business strategy as well as regulatory questions, financial performance, management of risks and socio-environmental aspects and governance. In order to expand its reach, Inside ENGIE was transmitted live via ENGIE Brazil's channel on YouTube and can be accessed through the link https://www.youtube.com/ENGIEBrasil

FINANCIAL AND OPERATIONAL PERFORMANCE

MACROECONOMIC SCENARIO

Global economic activity in 2022 was affected by the persistence of the Covid-19 pandemic, the conflict between Ukraine and Russia, the increase in the cost of living and worsening financial conditions in several countries. Food and energy prices increased due to the reduction in the offer of raw materials originating in the conflict zone; higher interest rates in developed economies such as the United States; and bottlenecks in global supply chains. The International Monetary Fund estimates that world growth decelerated from 6% in 2021 to 3.2% in 2022. The forecast for world inflation is for an increase from 4.7% in 2021 to 8.8% in 2022.

In Brazil, the end to pandemic-related measures and economic stimulus had a positive impact on the economy. The estimated growth in 2022 GDP according to the Focus Report, is approximately 3.0% – release of official data in this respect is expected for March 2023.

On the other hand, inflation in Brazil represented a concern in the period spiking to 12.1% close to the middle of the year, falling back in the latter half and ending the year at 5.8% - 0.8 p.p. above the Central Bank's inflation target. Albeit more controlled, inflationary pressure was instrumental in successive increases in the basic rate of interest (Selic) to 13.75%. The US Dollar (Ptax) closed 2022 at BRL 5.22 – 6.5% lower than reported at the end of 2021.

In the labor market, there was a positive balance with the creation of 2 million new formal jobs according to the General Register of Employed and Unemployed Persons (CAGED). The unemployment rate was one of the lowest in recent years – in November standing at 8.1% according to the government statistics office (IBGE) – data for December will only be published at the end of February.

Scenario in the electric energy sector

The average worldwide demand for energy decelerated in 2022 driven among other factors by the weakening global economy and crises experienced in countries providing security in the supply of energy resources. Resorting to the support of thermal power plants as an emergency measure became a necessity due to increased international costs of natural gas, more particularly in the light of the conflict between Russia and Ukraine. On the other hand, circumstances also stimulated an acceleration in energy transition, many countries optimizing the function of, and investment in, clean energy generation.

In Brazil, the year saw a further liberalization of the Free Energy Market. As from 2023, medium voltage consumers with volumes over 500kW, are already able to migrate and purchase energy from the source most appropriate to their business. In 2024, all consumers hooked up to high voltage electric energy, will be permitted to use this free market option irrespective of volumes consumed. Another highlight in the year were discussions and investments related to renewable energy generation, stimulated by the increase in fossil fuel prices and by a growing awareness of the importance of the energy transition to a more sustainable economy. With the goal of adjusting demand and consumption to a more sustainable future and having a largely clean matrix, Brazil has played a significant role in the carbon market while the country's electric energy sector as a whole has been recognized for its relevance in the decarbonization process.

EPE data shows that net energy consumption rose 1.2% in 2022, recording 508,576 GWh. There was a growth of 2.5% in the free market while the captive market remained largely stable during the year at just 0.1% higher. Commercial sector consumption led the way with an increase of 5.4%, followed by household (1.1%) and industrial (0.4%) consumption. "Other sectors" posted a retraction of 1.3%.

In a breakdown by regions, the increase in consumption was greatest in the North (4.2%), followed by the South (2.3%), Central-West (1.8%), Northeast (1.5%) and Southeast (0.1%).

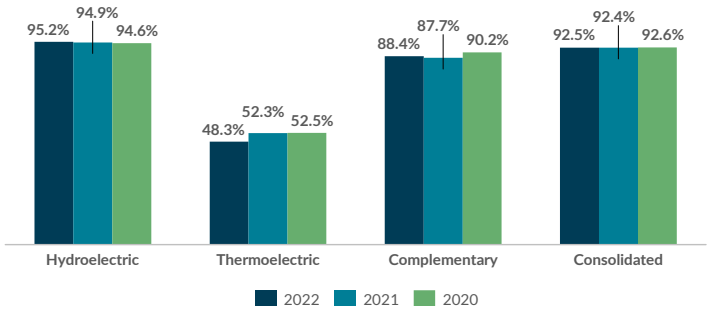
OPERATING PERFORMANCE

Assets uptime

In 2022, considering all programmed and forced stoppages, the plants operated by ENGIE Brasil Energia recorded an uptime ratio of 92.5% of which: 95.2% in the case of the hydropower plants, 88.4% for the complementary sourced plants and 48.3% for the Pampa Sul Thermoelectric Plant.

Compared with 2021, there was a slight increase of 0.1 p.p. in global uptime, reflecting an improvement of 0.3 p.p. in uptime at the hydroelectric plants and 0.8 p.p. at those fired from complementary sources. At Pampa Sul, there was a 4.0 p.p. year-on-year reduction.

Uptime operating (considering scheduled shutdowns) *



* Uptime data for the Thermoelectric Plant has been revised to exclude generation from the Jorge Lacerda Thermoelectric Plant, which is no longer part of the Company's generator park, thereby permitting a comparison.

The increase of uptime at the hydropower (0.3 p.p.) and complementary (0.8 p.p.) plants is largely due to higher ratios at the Jaguara Hydropower Plant and the Lages Co-generation Plant, respectively, both of which were undergoing maintenance during the preceding year.

Conversely, at the Pampa Sul Thermoelectric Plant, the reduction was impacted by downtime recorded for maintenance conducted during a period of low demand for thermal power dispatch at a time of plentiful hydro resources through the grid. Pampa Sul is to cease being part of the portfolio of the Company, which continues to forge ahead with its decarbonization strategy.

In the context of energy transmission, Gralha Azul and Novo Estado transmission lines reported a high standard of operational performance in 2022, with a total uptime ratio of 99.97%. The transmission assets went into commercial operations gradually over the course of 2021 and 2022, and will be completely integrated by early 2023, when the remainder of the transmission lines and substations become operational.

Energy production

In 2022, global generation from the plants operated by ENGIE Brasil Energia was 43,912 GWh (5,013 average MW), 28.3% greater than 2021, when the total was 34,217 GWh (3,906 average MW), excluding generation from the plants in the Jorge Lacerda Thermoelectric Complex in the light of the latter's disposal in October 2021.

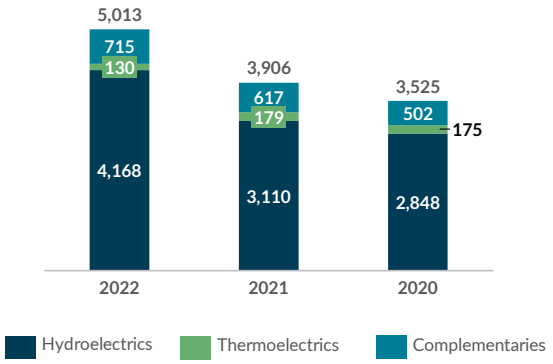
At the hydropower plants, annual production in 2022 was 36,512 GWh (4,168 average MW), 34.0% up on 2021. This was due to greater generation from plants located in the hydrographic basins of the South subsystem compared to the same period in 2021, when plant reservoirs were recovering from a serious drought situation.

In the case of the complementary plants, energy production reported for 2022 was 6,266 GWh (715 average MW), an amount 15.9% up year-on-year. Improved production is due mainly to the entry into full commercial operations of the Campo Largo II Wind Complex, this registering 1,562 GWh (178 average MW), 57% better than 2021. Solar energy also contributed to enhanced output, principally from the Paracatu and Floresta photovoltaic plants, both of which were incorporated in the Company's portfolio at the end of 1Q22.

In parallel, the Pampa Sul Thermoelectric Plant reported generation of 1,134 GWh (130 average MWs), an output 27.5% lower than 2021, influenced by low demand for thermal dispatch. It is worth noting that 2021 was a year characterized by drought conditions, requiring dispatch from the thermoelectric plants outside the order of merit for energy guarantee. This situation was not repeated in 2022 by virtue of a significant improvement in water resources.

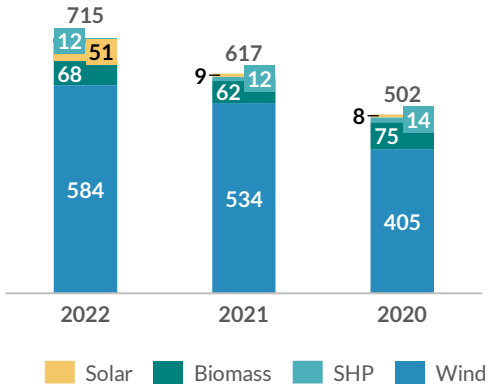
Also worth recalling is that the increase in the Company's hydropower generation does not necessarily improve economic-financial performance. Similarly, a reduction in this type of generation does not necessarily imply a deterioration in economic-financial performance. This is due to the application of the Energy Reallocation Mechanism (MRE), where the inherent hydrological risks of hydropower generation are shared proportionally among MRE participants. In relation to the thermal generation of the Company, its reduction can increase (in the light of the level of the Company's contracting) exposure to the Differences Settlement Price (PLD), the inverse also being true, all other variables remaining the same.

Generation (Average MW)



* Generation data for the Thermoelectrics has been revised to exclude generation from the Jorge Lacerda Thermoelectric Plant, which is no longer part of the Company's generator park, thereby permitting a comparison.

Generation by complementary source (Average MW)



Modernization and predictive maintenance of the hydropower plants

The modernization of the hydropower plants, essential for ensuring operational efficiency, constitutes one of the Company's investment axes. In this context, in 2022, ENGIE Brasil Energia continued its modernization projects at the Salto Osório (PR), Jaguara (SP) and Miranda (MG) hydroelectric plants. In the first, the project, categorized as large scale, was begun in 2017 and includes the replacement of equipment and systems with the most updated technologies. Besides the gain in efficiency, the end result will be an increase of physical guarantee (estimated at 13.9 average MW). In 2022, work on the Plant continued with the modernization of the second generator unit, by December, with the assembly of the new equipment practically concluded and commercial operations expected to begin in the first quarter of 2023. Forecasts are that the project should be fully complete by 2024.

In turn, the modernization of the Jaguara Hydropower Plant, advanced with the manufacture of the new number one generator unit, installation and start-up of operations expected for the first half of 2023. The focus at the Miranda Hydropower Plant is on the modernization of control and instrumentation systems (including generator frequency and voltage regulators as well as a supervisory system). In 2022, manufacture, acquisitions and in-factory testing of the new equipment was undertaken with installation to take place during the course of 2023.

Another focus in the management of the assets is on the increase in the reliability and operational efficiency of the Plants. In order to avoid failures that generate interruptions in operation, to guarantee the safety of operations and to reduce risks and costs, the Company uses predictive maintenance methods for managing the health of the assets.

In addition to tried and tested techniques in the industry such as vibration analysis and thermography, the Company is implementing a system based on machine learning for enhanced detectability of the anomalies which can affect the generation assets.

The artificial intelligence system evaluated a constant flow of data obtained from thousands of sensors installed in the plants and detecting symptoms in real time which potentially indicate future faults enabling early measures to be taken to avoid undesirable incidents feeding through to generation downtime.

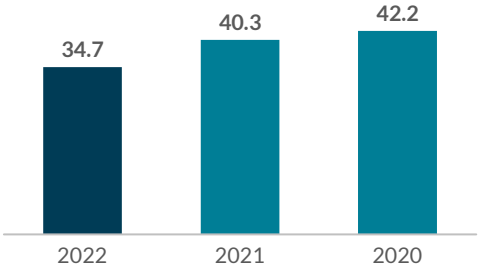
In 2022, with the employment of this new technology, faults in the generation assets were avoided, reducing the costs of maintenance and downtime. The installation of the technology will continue in 2023, increasing the system's coverage for all hydropower plants, more specifically, encompassing all generator units' most critical systems.

Gas transportation

In 2022, TAG transported an average volume of gas of 34.7 million m3/day (40.3 million m3/day in 2021). Volume via extraordinary agreement was 12.8 million m3/day, representing approximately 12% of TAG's total contracted volume, and 18% if only the integrated network (excluding GTA Urucu-Manaus, where Petrobras remains sole carrier) is considered. In 2022, 52 transportation agreements were signed with 15 carriers besides Petrobras (comprising 11 distinct economic groups).

Since the end of the second quarter of 2022, the maintenance operations of TAG's pipeline network have been fully managed by ENGIE Soluções em Manutenção (Esom), an ENGIE Group company in Brazil. At the same time, since the first quarter of 2022, TAG has taken over total remote control of its transportation operations through the Supervision and Control Center (CSC) located at the company's office in the city of Rio de Janeiro. With this, the agreement with Petrobras Transporte S.A. (Transpetro) was rescinded as planned on June 25, 2022.

Average volume of gas transmitted (MM m^3/day)



ECONOMIC-FINANCIAL PERFORMANCE

Result by segment – 2022 X 2021 (in BRL million)

	Electric Energy					
	Generation[1]	Transmission	Trading	Solar panels	Gas transportation	Consolidated
2022						
Net operating revenue	9,512	1,703	685	7	-	11,907
Operational costs	(4,505)	(1,140)	(669)	(3)	-	(6,317)
Gross income	**5,007**	**563**	**16**	**4**	**-**	**5,590**
Selling, general and administrative expenses	(346)	(13)	(5)	(2)	-	(366)
Other operating (expenses) revenues, net	(21)	22	-	-	-	1
Impairment, net	(185)	-	-	118	-	(67)
Disposal of subsidiary	10	-	-	(94)	-	(84)
Equity income	-	-	-	-	727	727
Income before financial results and taxes	**4,465**	**572**	**11**	**26**	**727**	**5,801**
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)
Other operating expenses, net	(9)	-	-	-	-	(9)
Impairment, net	(998)	-	-	(78)	-	(1,076)
Disposal of subsidiary	(200)	-	-	-	-	(200)
Equity income	-	-	-	-	602	602
Income (loss) before financial results and taxes	**4,121**	**264**	**14**	**(102)**	**602**	**4,899**
Change						
Net operating revenue	951	(1,133)	(428)	(24)	-	(634)
Operational costs	(1,586)	1,424	426	48	-	312
Gross income (loss)	**(635)**	**291**	**(2)**	**24**	**-**	**(322)**
Selling, general and administrative expenses	(32)	(5)	(1)	2	-	(36)
Other operating (expenses) revenues, net	(12)	22	-	-	-	10
Impairment, net	813	-	-	196	-	1,009
Disposal of subsidiary	210	-	-	(94)	-	116
Equity income	-	-	-	-	125	125
Income (loss) before financial results and taxes	**344**	**308**	**(3)**	**128**	**125**	**902**

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

Net Operating Revenue

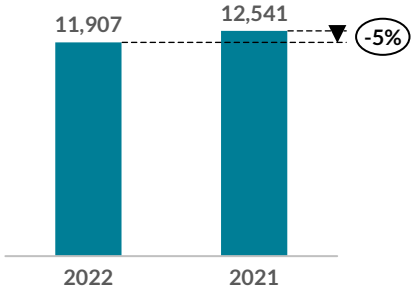
Operating revenue by segment - 2022 X 2021 (in BRL million)

	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2022					
Distribution companies	4,181	-	-	-	4,181
Free consumers	3,412	-	-	-	3,412
Remuneration of concession assets	485	755	-	-	1,240
Construction revenue	-	915	-	-	915
Trading companies	859	-	-	-	859
Energy trading operations	-	-	683	-	683
Services rendered revenue	138	33	-	-	171
Transactions in the short-term market	351	-	1	-	352
Indemnities	43	-	-	-	43
Unrealized gains on trading operations	-	-	1	-	1
Other revenues	43	-	-	7	50
Net operating revenue	**9,512**	**1,703**	**685**	**7**	**11,907**
2021					
Distribution companies	3,481	-	-	-	3,481
Free consumers	3,143	-	-	-	3,143
Remuneration of concession assets	556	681	-	-	1,237
Construction revenue	-	2,155	-	-	2,155
Trading companies	641	-	-	-	641
Energy trading operations	-	-	1,056	-	1,056
Services rendered revenue	129	-	-	-	129
Transactions in the short-term market	565	-	29	-	594
Indemnities	6	-	-	-	6
Unrealized gains on trading operations	-	-	28	-	28
Other revenues	40	-	-	31	71
Net operating revenue	**8,561**	**2,836**	**1,113**	**31**	**12,541**
Change					
Distribution companies	700	-	-	-	700
Free consumers	269	-	-	-	269
Remuneration of concession assets	(71)	74	-	-	3
Construction revenue	-	(1,240)	-	-	(1,240)
Trading companies	218	-	-	-	218
Energy trading operations	-	-	(373)	-	(373)
Services rendered revenue	9	33	-	-	42
Transactions in the short-term market	(214)	-	(28)	-	(242)
Indemnities	37	-	-	-	37
Unrealized gains on trading operations	-	-	(27)	-	(27)
Other revenues	3	-	-	(24)	(21)
Net operating revenue	**951**	**(1,133)**	**(428)**	**(24)**	**(634)**

Net operating revenue decreased from BRL 12,541 million in 2021 to BRL 11,907 million in 2022, a reduction of BRL 634 million (5.1%). This variation was mainly a reflection of the following factors:

Generation and sale of energy from the portfolio: an increase of BRL 951 million (11.1%) due largely to the following positive effects: (i) BRL 1,187 million in revenue with energy sales contracts in the regulated and free environments, the result of the combined variations in the amount of energy sold and net average selling price; and (ii) BRL 37 million in revenue from indemnifications. These positive effects were attenuated by decreases of: (iii) BRL 214 million from transactions in the short-term market, principally across the Electric Energy Trade Board (CCEE), more details of which can be found in "Details of Short Term Operations"; and (iv) BRL 71 million in the remuneration of financial concession assets, corresponding to the payment of the Jaguara and Miranda hydropower plants concessions grant with respect to energy channeled to the Regulated Contracting Environment (ACR), due to lower inflation between the periods under analysis.

Net operating revenue (BRL million)



Transmission: decline of BRL 1,133 million (40.0%) in the transmission segment. More details are described below in the item "Operational Result from the Energy Transmission Segment".

Trading: reduction of BRL 428 million (38.5%) arising principally from reductions of revenue from executed operations. More details described under the following item "Operational Result from the Energy Trading Segment".

Comments on Variation in Net Operating Revenue

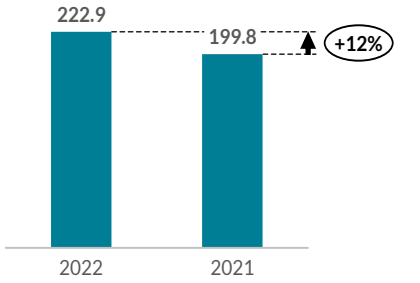
Generation and Sales of Energy from the Portfolio

- *Net Average Selling Price*

Average energy selling price, net of charges on revenue and trading operations, reached BRL 222.85/MWh in 2022, 11.5% higher than the average of BRL 199.79/MWh reported for calendar year 2021.

Price increases were largely driven by restated monetary correction on existing contracts, reduction of reimbursements in accordance with agreements in the regulated contracting environment and by the acquisition of the Floresta and Paracatu photovoltaic complexes, these with contracted prices higher than the remainder of the Company's portfolio. The positive effects were partially attenuated by the reduction in prices of operations executed in the short-term market, principally those with trading companies, in the light of the significant drop in the Differences Settlement Price (PLD) when compared to the preceding periods, a reflection of improved hydrological conditions experienced in 2022.

Net average selling price*



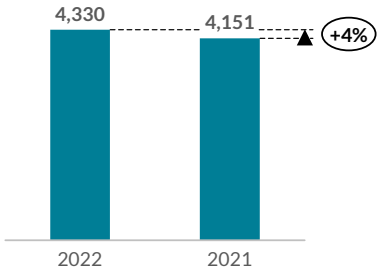
* Net of sale taxes and trading operations.

- *Sales Volume*

Energy sales volume sold under agreements, net of trading operations in 2022 was 37.932 GWh (4,330 average MW), against 36,365 GWh (4,151 average MW) reported for 2021, an increase of 1,567 GWh (179 average MW) or 4.3%.

Increased energy sales volume, both on a quarterly and annual basis, was driven substantially by the greater availability of energy due to a more favorable hydrological situation during 2022 relative to the preceding year, together with an additional contribution from the Floresta and Paracatu photovoltaic plants post-acquisition. Worthy of note is that the sale of the Diamante Geração de Energia Ltda subsidiary ("Diamante" or "Corporation"), on October 18, 2021, did not translate into a significant variation in energy sales volume due to an energy purchase agreement signed between the Company and the Corporation in parallel.

Sales volume (average MW)



- *Revenue from Sale of Electric Energy*
  - *Distribution Companies*

In 2022, revenues were BRL 4,181 million, an increase of BRL 700 million (20.1%) compared with 2021, when revenues were BRL 3,481 million. This growth was the result of the following items: (i) BRL 619 million — an increase of 17.8% in net average selling price; and (ii) BRL 81 million — an increase of 307 GWh (36 average MW) in sales volume.

Increases in net average selling prices between quarters and years under analysis, were driven largely by the following factors: (i) reduction in reimbursements permitted under contracts in the regulated trading environment; (ii) monetary restatement of selling prices in comparative periods; and (iii) the acquisition of the Floresta and Paracatu photovoltaic plants, energy sales prices of which are above those for the remainder of the Company's portfolio.

Growth in sales volumes between compared periods is mainly a consequence of the acquisition of the Floresta and Paracatu assets.

- *Free Consumers*

In 2022, revenue rose to BRL 3,412 million, BRL 269 million (8.6%) higher than BRL 3,143 million reported for 2021. This increase is due to a 9.3% rise in net average selling price (+ BRL 292 million), partially offset by the reduction of 128 GWh (15 average MW) in energy sales volume (-BRL 23 million).

The growth in net average selling price, both for the quarter and the year, was driven mainly by monetary restatement of existing agreements and by the greater share of incentivized energy agreements in the portfolio. Conversely, the variation in energy sales volume, is largely due the expiry of energy supply contracts and the reduced availability of energy for sale to these consumers.

- *Trading Companies*

In the calendar year of 2022, revenues were BRL 859 million, BRL 218 million (34.0%) greater than the revenue reported for 2021, which was BRL 641 million, the result of an increase of 1,388 GWh (158 average MW) in energy sales volume (+ BRL 232 million), partially attenuated by the reduction of 2.2% in net average sales price (- BRL 14 million).

Volume growth between periods is mainly a reflection of new agreements added to the Company's portfolio. The reduction in quarterly and annual prices was basically due to the decline in short-term market prices linked to the Differences Settlement Price (PLD), this substantially lower than recorded for comparative periods, in turn a reflection of improved hydrology during 2022, albeit offset to a small degree by monetary restatement of existing agreements.

- *Transactions in the Short-term Energy Market*

In the calendar year 2022, and relative to the preceding year, there was a decrease of BRL 214 million (37.9%) in transactions from short-term operations, from BRL 565 million in 2021 to BRL 351 million in 2022. Further explanations on these operations and the variation may be found in "Details of short-term operations".

- *Remuneration of Concession Financial Assets*

Concession financial assets represent the present value of future cash flows of the percentage of energy destined for the Regulated Contracting Environment (ACR) from the Jaguara and Miranda hydropower plants, equivalent to 70% of the physical guarantee of these plants. The assets are remunerated at the internal rate of return and the variation in the Consumer Price Index - Comprehensive (IPCA).

The remuneration of concession financial assets rose from BRL 556 million in 2021 to BRL 485 million in 2022, a reduction of BRL 71 million (12.8%). The variation was motivated, substantially, by the reduction of the IPCA between the periods in comparison.

- *Revenue from Services Rendered - Generation Assets Management (GAG)*

Again, in the case of the Jaguara and Miranda hydropower plants, for energy sales in the Regulated Contracting Environment (ACR), also as part of the Annual Generation Revenue (RAG), the companies receive payment with respect to Generation Assets' Management (GAG) for covering the costs of plant Operations and Maintenance (O&M), as well as expenditures for improvements and investments during the concession period.

On an annual comparative basis, there was an increase of BRL 9 million (7.0%) from BRL 129 million in 2021 to BRL 138 million in 2022. All increases mainly reflect monetary restatement.

- *Indemnifications*

A comparison on a calendar year basis shows supplier indemnifications rising from BRL 6 million in 2021 to BRL 43 million in 2022, or an increase of BRL 37 million. The amounts involved relate mainly to contractual fines for plant downtime at the Campo Largo I and Trairi wind complexes.

Operational Costs

Costs by segment - 2022 X 2021 (in BRL million)

	Electric energy				
	Generation	Transmission	Trading	Solar Panels	Consolidated
2022					
Electric power purchases	1,700	-	666	-	2,366
Construction costs	-	1,120	-	-	1,120
Depreciation and amortization	953	-	-	-	953
Charges for the use of power grid and connection	625	-	-	-	625
Materials and third-party services	417	17	-	-	434
Personnel	236	-	-	-	236
Royalties	154	-	-	-	154
Fuel for generation	115	-	-	-	115
Insurance	90	1	-	-	91
Transactions in the short-term market	167	-	-	-	167
Unrealized losses on trading operations	-	-	3	-	3
Other operational costs, net	48	2	-	3	53
Operational costs	**4,505**	**1,140**	**669**	**3**	**6,317**
2021					
Electric power purchases	1,005	-	1,087	-	2,092
Construction costs	-	2,564	-	-	2,564
Depreciation and amortization	1,012	-	-	-	1,012
Charges for the use of power grid and connection	606	-	-	-	606
Materials and third-party services	396	-	-	12	408
Personnel	302	-	-	4	306
Royalties	95	-	-	-	95
Fuel for generation	335	-	-	-	335
Insurance	74	-	-	-	74
Transactions in the short-term market	628	-	1	-	629
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**
Variation					
Electric power purchases	695	-	(421)	-	274
Construction costs	-	(1,444)	-	-	(1,444)
Depreciation and amortization	(59)	-	-	-	(59)
Charges for the use of power grid and connection	19	-	-	-	19
Materials and third-party services	21	17	-	(12)	26
Personnel	(66)	-	-	(4)	(70)
Royalties	59	-	-	-	59
Fuel for generation	(220)	-	-	-	(220)
Insurance	16	1	-	-	17
Transactions in the short-term market	(461)	-	(1)	-	(462)
Unrealized losses on trading operations	-	-	(4)	-	(4)
Hydrological risk renegotiation	1,591	-	-	-	1,591
Other operational costs, net	(9)	2	-	(32)	(39)
Operational costs	**1,586**	**(1,424)**	**(426)**	**(48)**	**(312)**

In 2022, operational costs were BRL 6,317 million, BRL 312 million (4.7%) lower than costs recorded for 2021 of BRL 6,629 million. This variation is a reflection of the following factors: (i) an increase of BRL 1,586 million (54.3%) in energy generation and sale from the portfolio segment; (ii) a decrease of BRL 1,424 million (55.5%) in the costs of the transmission segment; (iii) a reduction of BRL 426 million (38.9%) in the operational costs of energy trading; and (iv) a decrease of BRL 48 million (94.1%) in sale and installation costs of solar panels.

Of the variation in item (i), particular mention should be made of the recovery of past costs arising from the renegotiation of hydrological risk covered by laws 14.052/2020 and 14.182/2021, for which an amount of BRL 1,591 million was booked in 2021.

The above 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:** On an annual comparative basis, there was an increase of BRL 695 million (69.2%) in these operations, largely on the back of the following events: (i) BRL 703 million — a growth of 3,706 GWh (423 average MW) in energy purchase volume; and (ii) BRL 8 million — a decrease of 0.9% in the net average energy purchasing price. The increase in purchasing volume is largely a reflection of the disposal of the Diamante subsidiary with which an energy purchase contract was concluded with the plant's new owners as part of the disposal agreement.

- **Depreciation and amortization**: Reductions of BRL 59 million (5.6%) between the years under review were largely driven by the disposal of the Diamante subsidiary but also the cessation of depreciation of Pampa Sul TPP assets. In addition, the result for depreciation and amortization was inversely impacted by the startup of operations at the Campo Largo II Wind Complex during the course of 2021 and by the acquisition of the Floresta and Paracatu photovoltaic complexes.

- **Personal:** Comparing 2022 and 2021, there was a 66 million (21.9%) reduction, mostly a reflection of the disposal of the Diamante subsidiary, albeit this effect partially attenuated by the extraordinary bonus and annual readjustment in employee remuneration.

- **Financial compensation for the use of water resources (royalties):** an increase of BRL 59 million (62.1%) on an annual comparison basis due basically to increased generation by the hydropower plants during the calendar year 2022 as well as the annual readjustment in royalties.

- **Transactions in the short-term energy market:** the costs with these transactions were lower by BRL 461 million (73.4%) when comparing 2021 x 2022. Further explanations on these operations and with respect to the variation can be found in the "Details of short-term operations" section.

- **Fuels for generation:** decrease of BRL 220 million (65.7%) on an annual comparative basis, due to the disposal of the Diamante subsidiary in October 2021, translating into a reduction of BRL 203 million for the year. Additionally, the decline in fuel consumption also reflects the following: (i) a reduction of BRL 24 million in consumption at Pampa Sul TPP due to maintenance stoppages at the plant during the course of the year; and (ii) an increase of BRL 7 million in consumption at UCLA (Lages Cogeneration Plant).

- - **Materials and third-party services:** an increase of BRL 21 million (5.3%) when the calendar years are compared. The key drivers derive from: (i) growth in maintenance costs and improvements relating to the GAG of the Jaguara and Miranda hydro power plants; (ii) increases in O&M costs following entry into operations of the Campo Largo II Wind Complex over the course of 2021; and (iii) an increase in the transportation of materials and equipment involving Pampa Sul TPP.

- **Insurance:** an increase of BRL 16 million (21.6%) on an annual comparative basis, substantially, the result of an increase in expenditures with deductibles.

- **Renegotiation of hydrological risk:** the Company booked BRL 1,591 million for the year 2021, complementary to the value already registered in the accounts for hydrological risk renegotiation.

The remaining costs of this segment showed no significant variations between years analyzed.

Operational Result from the Energy Transmission Segment

The Company has primary responsibility for the construction and installation of infrastructure pertaining to the Gralha Azul, Novo Estado and Gavião Real 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 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. Up to the end of 2022, the Brazilian Electricity Grid Operator (ONS) had granted authorizations to the Gralha Azul and Novo Estado transmission systems for partial operations, now reflected in 94% and 49% respectively of their assets being in commercial operation.

The gross result of the energy transmission segment was BRL 563 million in 2022, BRL 291 million (107.0%) higher than the result for 2021 of BRL 272 million.

Variations stem mainly from the booking of negative results in 2021 for a larger amount when compared to 2022, the result of the increase in that year of investments for the implementation of transmission systems, but partially attenuated by the increase in transmission infrastructure remuneration revenues in the light of an increase in the balance of these assets compared with the calendar year 2021.

RAP received in 2022, net of PIS and Cofins, was BRL 355 million, BRL 33 million in the form of revenue from services rendered and BRL 322 million in amortization of the asset, booked to the Company's assets. Additionally, other operating costs, selling, general and administrative expenses and other net operating revenues in the accumulated annual result were, respectively, BRL 20 million, BRL 13 million and BRL 22 million.

(In millions of R$)	2022	2021
RAP, net of PIS and Cofins	355	4
Operational costs	(20)	-
Selling, general and administrative expenses	(13)	(8)
Operational revenues, net	22	-
Regulatory transmission Ebitda	**344**	**(4)**

Operational Result of the Energy Trading Segment

The Company operates in the physical energy trading market to generate results through price differences, 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.

On an annual comparative basis, the gross result reported a decrease of BRL 2 million (11.1%), from BRL 18 million in 2021 to BRL 16 million in 2022, largely due to the negative impact of BRL 23 million mark-to-market. This effect was partially reduced by the positive impact of BRL 21 million in executed purchase and sale transactions and the balance of energy settled across the CCEE.

Details of Short-Term Operations

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

In relation to the transactions conducted across the CCEE, the various monthly credit or debit entries to the account of an CCEE agent are summarized in a single billing (receivable or 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 alternation complicates the direct comparison of the elements comprising each billing for the periods being analyzed - the reason for including this specific topic. Hence, it is possible to analyze the oscillations of the principal elements involved in spite of allocation being either to a revenue or expense account according to the credit or debit nature of the billing to which they are linked.

Generically, these elements are revenue or expense items arising, for example, from (i) the application of the Energy Reallocation Mechanism (MRE); (ii) 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) 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 year 2022, the net result, fruit of short-term transactions, was a positive BRL 185 million, an increase of BRL 220 million compared to the negative BRL 35 million in 2021, a BRL 247 million increase in the result for transactions in the energy generation and sale from the portfolio segment and a BRL 27 million reduction in the result of energy trading transactions.

These variations were mainly the result of the following factors: (i) positive impact of the higher MRE Adjustment Factor (GSF) registered in 2022 in the light of the greater volume of energy produced in the MRE, attenuated by the reduced PLD during the year 2022 compared with 2021 and resulting in a positive variation between the periods under analysis; (ii) reduced financial impact of short-term operations in 2022, when compared with 2021, for the same reasons already mentioned in (i); (iii) decrease in the result for thermal generation, due to the sale of the Diamante subsidiary; and (iv) the positive effect of the MRE due to greater hydropower generation.

In December 2021, Aneel established maximum and minimum limits for the PLD for 2022 at BRL 646.58/MWh and BRL 55.70/MWh, respectively. The following table shows average PLD values for the submarkets in which the Company operates, per MWh.

Average PLD in BRL/MWh	2022	2021	Variation (%)
South	58.99	280.37	(79.0%)
Southeast/Center-West	58.99	279.61	(78.9%)
Northeast	58.51	269.58	(78.3%)

Provision for reduction in recoverable value (impairment)

On an annual comparison basis 2021 x 2022, impairment, net of reversals, fell BRL 1,009 million (93.8%), from BRL 1,076 million in 2021 to BRL 67 million in 2022. The variation is explained by the following non-recurring effects in 2021: (i) booking of impairment due to the firm intention of disposing the Pampa Sul TPP and ENGIE Geração Solar Distribuída (EGSD) subsidiaries, the preliminary evaluation of sale value of which was less than book value; partially attenuated by the (ii) reversing of impairment of the Diamante subsidiary, effected in the light of the sale on October 18, 2021 and (iii) an impairment of Diamante, due to the evolution of its sale process. In 2022, the Company complemented the impairment of Pampa Sul TPP in the amount of BRL125 million and reversed BRL 118 million referring to EGSD, following its sale on February 21, 2022.

Disposal of a subsidiary

Pursuant to the Company's decarbonization strategy, the operation for the sale of the Diamante subsidiary was concluded on October 18, 2021. As of the foregoing date, the corporation ceased to be controlled by the Company and was also deconsolidated. The result from the disposal of the asset, net of selling costs, was a negative BRL 200 million.

On February 21 and September 1, 2022, the operations for the sale of stakes held by the Company in the EGSD and Norte Catarinense, respectively, were concluded. On the above dates, the corporations ceased to be controlled by the Company and were deconsolidated. The result from the disposal of EGSD, net of sales costs (BRL 94 million), and reversal of the impairment (BRL 118 million), was positive at BRL 24 million. The result from the divestment of the stake in Norte Catarinense, net of selling costs, was a positive BRL 10 million.

Other Net operational revenues (Expenses)

In 2022, an additional BRL 20 million was booked to the transmission segment with respect to the positive adjustment in the acquisition price of Novo Estado Transmission System. This adjustment was made in the light of a 12-month period for measuring the combination of businesses and booked to the Company's results. In 2022, in addition to the mentioned effect of the transmission segment, a negative BRL 22 million was booked to the generation segment, largely relating to the writing down of Pampa Sul TPP assets with respect to maintenance work undertaken during the year.

Equity Income – Gas Transportation

The Company has a 32.5% direct corporate stake in TAG. The result of equity income from TAG for the compared years is composed of the following items:

	2022		2021	
Income statement – in BRL million	**100%**	**Company's share**	**100%**	**Company's share**
Net operational revenue	8,426	2,738	7,071	2,298
Costs of services provided	(2,722)	(885)	(2,471)	(803)
Gross income	**5,704**	**1,853**	**4,600**	**1,495**
General and administrative expenses	(192)	(62)	(169)	(55)
Income before financial result and taxes	**5,512**	**1,791**	**4,431**	**1,440**
Financial result	(2,102)	(683)	(1,620)	(526)
Income before taxes	**3,410**	**1,108**	**2,811**	**914**
Income tax and social contribution	(1,172)	(381)	(959)	(312)
TAG's net income	**2,238**	**727**	**1,852**	**602**

The reconciliation of TAG' s net profit with Ebitda is shown in the following table:

	2022		2021	
Ebitda – in BRL million	**100%**	**Company's share**	**100%**	**Company's share**
Income before financial result and taxes	**5,512**	**1,791**	**4,431**	**1,440**
Depreciation and amortization	672	218	669	217
Amortization of *mais valia*	914	297	916	298
Ebitda	**7,098**	**2,306**	**6,016**	**1,955**
Ebitda Margin	**84.2%**		**85.1%**	

Between the calendar years under comparison, the equity income result increased by BRL 125 million (20.8%) from BRL 602 million to BRL 727 million, respectively.

The variation was a consequence of the combination of the following effects: (i) a BRL 351 million growth in Ebitda due mainly to the adjustment in transportation tariffs, and the termination of the O&M (Operations & Maintenance) contract with Transpetro, in June 2022, Esom assuming the same O&M responsibilities. These factors were partially attenuated by the foreign exchange translation effect on one of the TAG's transportation agreements; (ii) an increase in net financial expenses of BRL 157 million, largely the result of the year-on-year increase in CDI rates; and (iii) an increase of BRL 69 million in Income Tax and Social Contribution charges, basically due to higher pre-tax profits.

Balance Sheet - TAG

TAG's principal asset and liability groups as of December 31, 2022, and December 31, 2021, were as follows:

Balance Sheet	12.31.2022	12.31.2021
ASSETS		
Current assets	**2,828**	**2,079**
Cash and cash equivalents	688	439
Accounts receivables from clients	1,513	1,439
Derivative financial instruments - hedge	284	-
Other current assets	343	201
Non-current assets	**30,585**	**31,154**
Restricted deposits	217	-
Derivative financial instruments - hedge	284	-
Other non-current assets	624	660
Property, plant, and equipment	26,706	27,742
Intangible	2,754	2,752
Total	**33,413**	**33,233**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**4,341**	**3,707**
Debt instruments	3,974	3,377
Derivative financial instruments - hedge	-	11
Other current liabilities	367	319
Non-current liabilities	**20,356**	**22,778**
Debt instruments	15,584	19,632
Derivative financial instruments - hedge	-	412
Deferred income taxes and social contribution	3,908	2,075
Other non-current liabilities	864	659
Shareholders' equity	**8,716**	**6,748**
Total	**33,413**	**33,233**

Ebitda and Ebitda margin

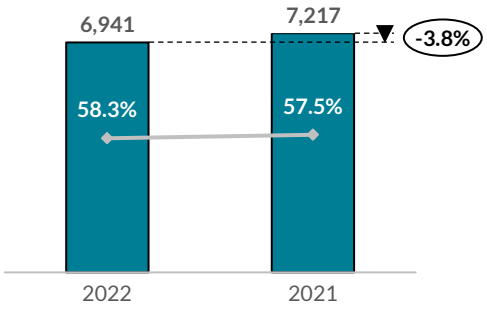
Ebitda by segment (BRL million)

	Electric Energy					
	Generation	Transmission	Trading	Solar Panels	Gas Transportation	Consolidated
2022						
Income before financial results and taxes	4,465	572	11	26	727	5,801
Depreciation and amortization	989	-	-	-	-	989
Ebitda	**5,454**	**572**	**11**	**26**	**727**	**6,790**
Impairment, net	185	-	-	(118)	-	67
Disposable of subsidiary	(10)	-	-	94	-	84
Adjusted Ebitda	**5,629**	**572**	**11**	**2**	**727**	**6,941**
Adjusted Ebitda margin	**59.2%**	**33.6%**	**1.6%**	**28.6%**	**-**	**58.3%**
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
Disposable 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%)**	**-**	**57.5%**
Change						
Income (loss) before financial results and taxes	344	308	(3)	128	125	902
Depreciation and amortization	(53)	-	-	-	-	(53)
Ebitda	**291**	**308**	**(3)**	**128**	**125**	**849**
Impairment, net	(813)	-	-	(196)	-	(1,009)
Disposable of subsidiary	(210)	-	-	94	-	(116)
Adjusted Ebitda	**(732)**	**308**	**(3)**	**26**	**125**	**(276)**
Adjusted Ebitda margin	**(15.1 p.p.)**	**24.3 p.p.**	**0.3 p.p.**	**106.0 p.p.**	**-**	**0.8 p.p.**

Between 2022 and 2021, adjusted Ebitda fell by BRL 276 million (3.8%) from BRL 7,217 million in 2021 to BRL 6,941 million in 2022. This decline was a combination of the following negative effects: (i) BRL 732 million (11.5%) in electric energy generation and sale from the Company's portfolio segment; and (ii) BRL 3 million (21.4%) from the energy trading segment. These negative impacts were partially offset by the following positive effects: (iii) BRL 308 million (116.7%) from the energy transmission segment; (iv) BRL 125 million (20.8%) due to a higher result from a corporate stake in the jointly controlled company, TAG; and (v) BRL 26 million (108.3%) in the solar panel segment which was sold in the first quarter of 2022.

The key variations in the adjusted Ebitda occurred in the electric energy generation and sale segment shown in item (i) the negative effects of which were: (i) BRL 1,591 million with respect to the hydrological risk renegotiation (GFOM) booked during 2021; (ii) BRL 695 million in energy purchases; (iii) BRL 71 million in remuneration revenue and monetary restatement of the Jaguara and Miranda hydropower plant concession assets; (iv) BRL 59 million relative to royalties; (v) BRL 21 million in materials and third party services; and (vi) BRL 16 million in insurance costs.

Adjusted Ebitda (BRL million) **and adjusted Ebitda margin** (%) *



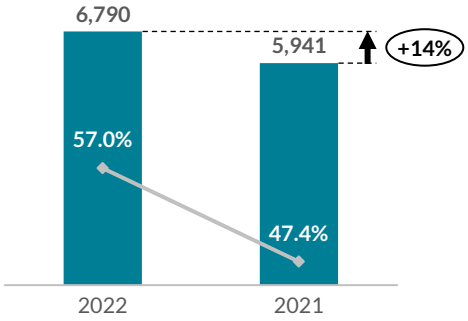
*Adjusted Ebitda: net income + income tax and social contribution + financial results + depreciation and amortization + impairment + non-recurrent effects.

These effects were attenuated by the growth in the following factors: (vii) BRL 1,187 million reflected in a combination of variations in energy sales and the average net selling price; (viii) BRL 247 million in transactions executed in the short-term market; (ix) BRL 220 million in proprietary fuel consumption; (x) BRL 66 million relative to personnel costs; and (xi) BRL 1 million relative to remaining operational and administrative revenues, costs and expenses.

In addition, the transmission segment had a positive impact on Ebitda, the main effects being: (i) BRL 204 million growth in the construction revenue in the light of the evolution of work in progress; (ii) BRL 74 million increase in remuneration revenue on contractual assets; (iii) BRL 20 million from a positive adjustment in the Novo Estado Transmission System acquisition price; and (iv) booking of Annual Allowed Revenue (RAP) of O&M, net of costs of BRL 13 million.

Considering non-recurring items and the effects of hydrological risk renegotiations, Ebitda increased by BRL 849 million (14.3%) between comparative years, from BRL 5,941 million in 2021 to BRL 6,790 million in 2022. Adjusted Ebitda without the effects of the hydrological risk renegotiation, was BRL 6,941 million in 2022, an increase of BRL 1,315 million (23.4%) when compared to the amount of BRL 5,626 million recognized in 2021.

Ebitda (BRL million) **and Ebitda margin** (%) *



*Ebitda: net income + income tax and social contribution + financial results + depreciation and amortization.

Consolidated Adjusted Ebitda Margin

The consolidated adjusted Ebitda margin on an annual comparative basis, increased from 57.5% in 2021 to 58.3% in 2022, an increase of 0.8 p.p.

Important to point out that the consolidated adjusted Ebitda margin is partially reduced by the effects of energy trading operations and the booking of revenue and costs relative to the construction of transmission systems where margins are lower than those reported for the other operations undertaken by the Company.

For the purposes of reconciliation of net income with Ebitda, as well as the impacts of regulatory adjustments of transmitters, we show the following table:

(In millions of BRL)	2022	2021	Var. %
Net income	2,665	1,565	70.3
(+) Income tax and social contribution	621	255	143.5
(+) Net financial result	2,515	3,079	(18.3)
(+) Depreciation and amortization	989	1,042	(5.1)
Ebitda	**6,790**	**5,941**	**14.3**
Non-recurrent effects			
(+) Impairment, net	67	1,076	(93.8)
(+) Disposal of subsidiary	84	200	100.0
Adjusted Ebitda	**6,941**	**7,217**	**(3.8)**
Statutory transmission Ebitda (IFRS)	(572)	(264)	116.7
Regulatory transmission Ebitda (RAP)	344	(4)	8,500.0
Ebitda adjusted by transmission effects	**6,713**	**6,949**	**(3.4)**

Financial result

(In millions of BRL)	2022	2021	Var.
Income from financial investments	518	205	313
Other financial income	67	76	(9)
Total financial income	**585**	**281**	**304**
Debt:			
Interest	(1,433)	(1,083)	(350)
Monetary restatement	(768)	(1,098)	330
Other financial expenses, net	(172)	(129)	(43)
Total financial expenses	**(2,373)**	**(2,310)**	**(63)**
Concessions payable (Use of Public Asset):			
Monetary restatement	(264)	(678)	414
Present value restatement	(463)	(372)	(91)
Total concession payable expenses (Use of Public Asset)	**(727)**	**(1,050)**	**323**
Financial result	**(2,515)**	**(3,079)**	**564**

Financial income: financial revenues rose by BRL 304 million (108.2%) from BRL 281 million in 2021 to BRL 585 million in 2022, mainly by virtue of increased income from financial investments of BRL 313 million. Growth was largely driven by the increase in CDI rates between quarters and the years analyzed.

Financial expenses: financial expenses rose from BRL 2,310 million in 2021 to BRL 2,373 million in 2022, or BRL 63 million (2.7%), the result of the combination of mainly the following effects: (i) a BRL 20 million increase on debt between the two years under the spotlight, of which: (i.i) an increase of BRL 350 million in interest as a result mainly of the issue of debentures and the contracting of loans and financing over the 2021 and 2022 period; (i.ii) a reduction of BRL 330 million in monetary restatement, a reflection of inflation.

Concession expenses payable (Use of a Public Asset): concessions expenses payable were down by BRL 323 million, or 30.8%, from BRL 1,050 million in 2021 to BRL 727 million in 2022, resulting from: (i) a reduction of BRL 414 million in monetary restatement due to the change of inflation index of the Cana Brava Hydropower Plant agreement as from October 2021 to the IPCA in place of the IGP-M, as well as due to the deceleration of the IPCA; and (ii) BRL 91 million increase in the present value of concessions payable.

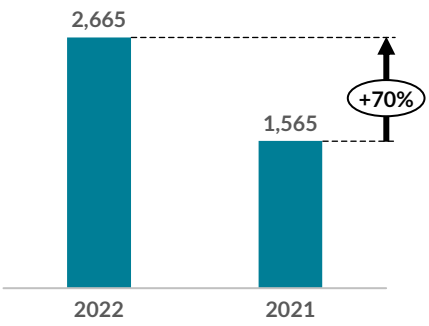
Income Tax and Social Contribution

Annual income tax and social contribution increased by BRL 366 million (143.5%) from BRL 255 million in 2021 to BRL 621 million in 2022. Disregarding non-recurring effects, income tax and social contribution expenses increased by BRL 54 million (7.4%).

Net income

On an annual comparative basis, net income rose from BRL 1,565 million in 2021 to BRL 2,665 million in 2022, that is a growth of BRL 1,100 million or 70.3%. This increase is a consequence of a combination of the following effects: (i) a reduction in non-recurring effects with a net positive impact of BRL 705 million; (ii) a positive impact of BRL 564 million in the net financial result; (iii) a reduction of BRL 276 million in adjusted Ebitda; (iv) a reduction of BRL 53 million in depreciation and amortization; and (v) a reduction of BRL 54 million in income tax and social contribution, taking into account recurring transactions. Excluding non-recurring effects, net income increased BRL 395 million (16.7%) between the years under analysis.

Net income (BRL million)

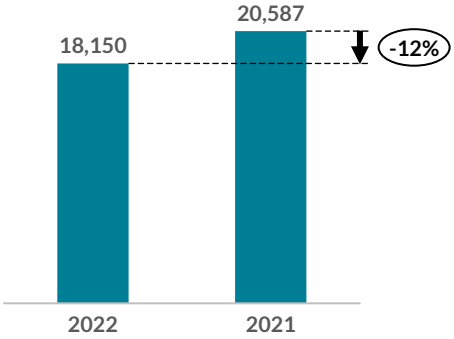


Debt

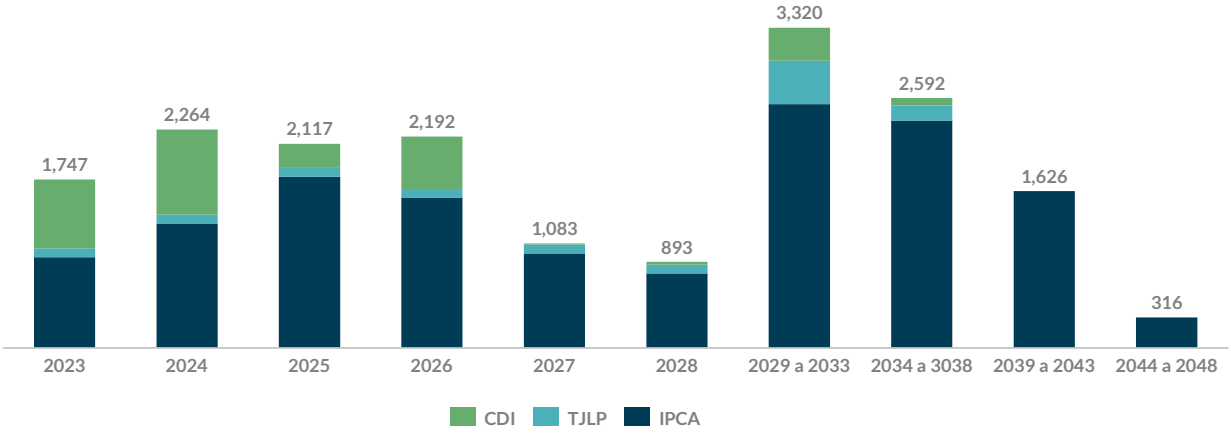
As of December 31, 2022, total consolidated gross debt, representing principally loans, financing, debentures, and preferred shares redeemable net of hedging operations, totaled BRL 18,150 million — a decrease of 11.8% (BRL 2,437 million) compared to the position as of December 31, 2021. The average debt maturity at the end of 2022 was 7.6 years.

The variation in company debt is related principally to a combination of the following factors in 2022: (i) BRL 1,789 million transfer of financing and debentures of subsidiaries reclassified as Asset Held for Sale; (ii) BRL 1,583 million of drawdowns from the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) and repassing banks for the acquisition of subsidiaries and the construction of the Santo Agostinho Wind Complex and Gralha Azul and Novo Estado Transmission Systems; (iii) generation of BRL 2,325 million in charges incurred and to be paid and monetary restatement; and (iv) BRL 4,556 million in amortization of loans, financing and debentures.

Total debt (BRL million)



Maturity term loans (BRL million)



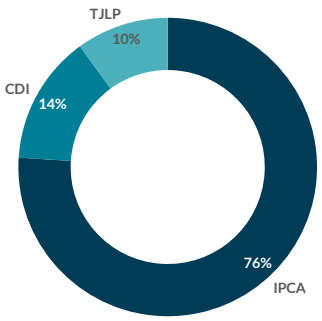
The average weighted nominal cost of debt at the end of 2022 was 11.4% — equivalent to IPCA + 5.3% — (13.1% — equivalent to IPCA + 2.8% — at the end of 2021). The decrease in relation to the same quarter in the previous year is mainly due to the deceleration of the IPCA inflation index in the period.

On December 31, 2022, 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 BRL 15,685 million, an increase of 7.3% compared with the end of 2021.

Net debt (BRL million)

	12.31.2022	12.31.2021	Chg. %
Gross debt	17.941	20.645	(13,1)
Result of derivatives operations	209	(58)	(461,0)
Deposits earmarked for the payment of debt	(229)	(819)	(72,0)
Cash and cash equivalents	(2.236)	(5.156)	(56,6)
Total net debt	**15.685**	**14.612**	**7,3**
Net debt x Ebitda	**2.3X**	**2.0X**	

Debt breakdown



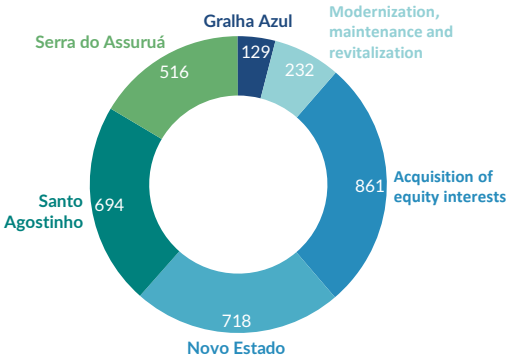
Investments

In 2022, the Company invested BRL 3,150 million, of which: - BRL 861 million were applied in the acquisition of corporate stakes: (i) BRL 656 million in the Floresta and Paracatu photovoltaic plants; (ii) BRL 182 million in the Serra do Assuruá Wind Complex; and (iii) BRL 23 million in the Assú Sol Photovoltaic Complex;

- BRL 2,057 million in the construction of new projects, being: (i) BRL 718 million dedicated to Novo Estado Transmission System; (ii) BRL 694 million in the Santo Agostinho Wind Complex – Phase I; (iii) BRL 516 million in the Serra do Assuruá Wind Complex; and (iv) BRL 129 million in the Gralha Azul Transmission System;

- BRL 232 million were allocated to maintenance and revitalization projects for the generating complex – of these, BRL 46 million were allocated exclusively to the modernization of the Salto Osório Hydroelectric Power Plant.

Investments (BRL million)



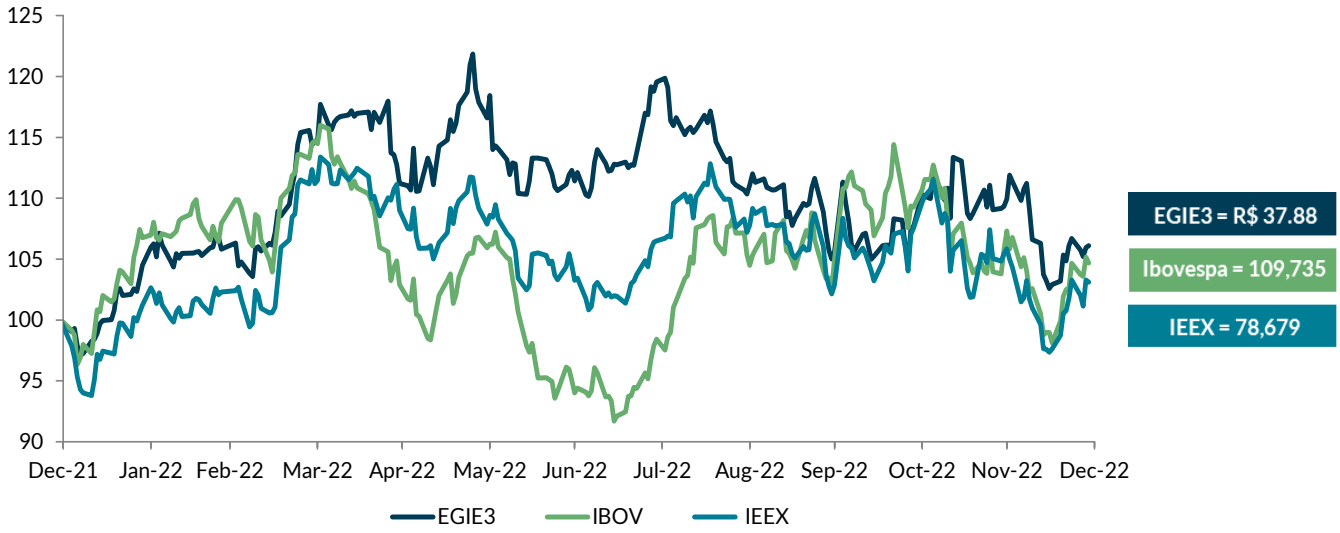
Capital markets

ENGIE Brasil Energia is a component part of more than ten indices in the Brazilian market. Since listing on B3's Novo Mercado, the Company has become a component of the Special Corporate Governance Stock Index (IGC) and the Special Tag Along Stock Index (ITAG), incorporating those companies offering greater protection to minority shareholders in the event of the sale of a controlling stake. The Company's shares are also included in the Corporate Sustainability Stock Index (ISE), comprising companies with a recognized commitment to social and corporate responsibility, as well as the Electric Energy Stock Index (IEE), which is a sector index made up of the more significant listed companies in the industry. The Company's shares are also traded on B3's leading stock index – the Ibovespa – and are traded 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 appreciated by 6.1%, while the Electric Energy Stock Index (IEEX) and the Ibovespa appreciated by 3.1% and 4.7%, respectively. The average daily trading volume was BRL 66.8 million, an increase of 10.9% compared to the year 2021, when trading turnover was BRL 60.2 million.

On the last trading day in December 2022, the closing price of the Company's shares was BRL 37.88/share, translating into a market capitalization of BRL 30.9 billion.

EGIE3 vs. Ibovespa vs. IEEX (Base 100 – 12.31.2021)



Dividends and Interest on Shareholders' Equity

At its meeting of August 2, 2022, ENGIE Brasil Energia's Board of Directors, approved the credit of interim dividends based on the financial statements raised on June 30, 2022, in the amount of BRL 577.9 million (BRL 0.7082542240 per share), representing a payout of 55% of distributable net income for the first half of 2022. Payout took place on December 12, 2022.

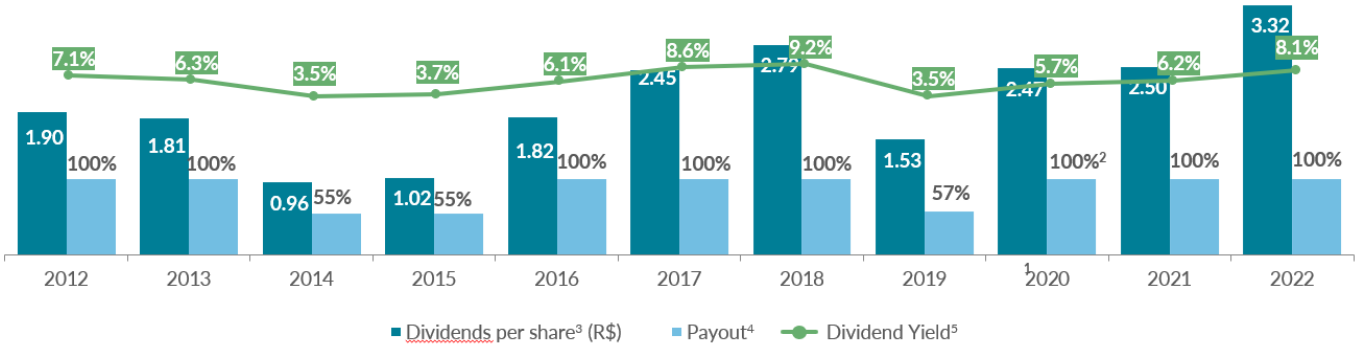
On November 8, 2022, approval was given to the credit of complementary interim dividends based on the financial statements raised as at June 30, 2022 in the amount of BRL 472.8 million (BRL 0.5794807287 per share), representing a complementary payout of 45% of distributable net income for the first half of 2022, reaching 100% payout in the period.

Subsequently, at the Meeting of December 8, 2022, the distribution of interest on shareholders' equity for fiscal year 2022 of BRL 200.0 million (BRL 0.2451197455 per share) was approved. The ex-interest on shareholders' equity date was December 23, 2022, while the date for payout will be decided by the Executive Board in due course.

In addition, the Meeting of February 16, 2023, approved the proposal for distribution of complementary dividends for fiscal year 2022 of BRL 1,455.2 million (BRL 1.7834407362 per share). The proposal mentioned is to be ratified by the Annual General Meeting – on which it is incumbent to decide the conditions for credit and payout.

The total amount proposed for distribution of earnings in 2022 reached BRL 2,705.9 million (BRL 3.3162954344 per share), equivalent to 100% of the net adjusted income, a dividend yield of 8.1%, 1.9 p.p. more than registered in 2021.

Dividends (based on distributable net income)



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 a volume-weighted closing price of ON shares in the period.

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 in April 2023.

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 resettled populations.

Again, in this context, every one of ENGIE Brasil Energia's employees must ensure that they do not practice any discrimination, whether 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 socio-environmental information and contact can be made by e-mail to: forumsustentabilidade.brenergia@engie.com.

INDEPENDENT AUDITORS

Pursuant to Article 2 to CVM Instruction 381/03, ENGIE Brasil Energia informs that Ernst & Young Auditores Independentes, the independent auditor of the Company and its subsidiaries, rendered services unrelated to the independent audit in 2022, during the course of the year, the Company contracting tax consultancy services. The fees for this service totaled BRL 233 thousand and represent 10.7% of the fees relative to the contracted external audit services for 2022. The Company's policies in contracting the services of the independent auditors are designed to ensure that there is no conflict of interest and loss of independence or objectivity and are based on the principles which preserve the independence of the auditor as follows: (i) the auditor should not audit their own work; (ii) the auditor should not exercise managerial functions in the name of their client; and (iii) the auditor shall not promote the interests of their client.

STATEMENT OF THE EXECUTIUVE BOARD

The Executive 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 Executive Board

ENGIE BRASIL ENERGIA S.A.
CNPJ No. 02.474.103/0001-19 | NIRE No. 42 3 0002438-4
BALANCE SHEET AS OF DECEMBER 31, 2022 AND DECEMBER 31, 2021
(In thousands of Reais)

ASSETS

	Note	Parent Company		Consolidated	
		12.31.2022	12.31.2021	12.31.2022	12.31.2021
CURRENT ASSETS					
Cash and cash equivalents	3	321,005	2,559,208	2,235,887	5,156,406
Accounts receivable	4	547,279	487,837	1,143,117	1,114,105
Income tax and social contribution credits	19	131,251	163,182	181,438	248,324
Dividends receivable	26	309,862	405,621	-	-
Derivative financial instruments - hedge	14	-	2,561	-	42,577
Derivative financial instruments - trading	14	-	-	209,928	206,647
Restricted deposits	5	30,877	589,898	34,527	638,606
Concession financial asset	6	-	-	363,802	333,638
Contract asset	7	-	-	558,179	387,529
Other current assets	9	191,273	149,677	318,872	385,525
		1,531,547	**4,357,984**	**5,045,750**	**8,513,357**
Non-current assets held for sale	8	327,107	4,577	2,332,778	4,577
		1,858,654	**4,362,561**	**7,378,528**	**8,517,934**
NON-CURRENT ASSETS					
Long-term assets					
Derivative financial instruments - hedge	14	-	165,442	31,981	184,155
Derivative financial instruments - trading	14	-	-	45,638	100,523
Restricted deposits	5	10,741	9,106	235,970	265,432
Judicial deposits	18	67,898	78,182	71,435	79,198
Concession financial asset	6	-	-	2,856,475	2,729,112
Contract asset	7	-	-	5,895,776	4,936,101
Other non-current assets	9	187,966	209,505	332,623	374,461
		266,605	**462,235**	**9,469,898**	**8,668,982**
Investments	**10**	**14,099,469**	**12,772,597**	**3,006,423**	**2,366,708**
Property, plant and equipment	**11**	**3,397,697**	**3,605,957**	**14,196,959**	**14,523,945**
Intangible assets	**12**	**2,265,850**	**2,407,176**	**4,134,944**	**4,038,156**
		20,029,621	**19,247,965**	**30,808,224**	**29,597,791**
TOTAL ASSETS		**21,888,275**	**23,610,526**	**38,186,752**	**38,115,725**

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, 2022 AND DECEMBER 31, 2021
(In thousands of Reais)

LIABILITIES AND EQUITY

	Note	Parent Company		Consolidated	
		12.31.2022	12.31.2021	12.31.2022	12.31.2021
CURRENT LIABILITIES					
Suppliers	13	150,191	190,469	535,398	669,530
Dividends and interest on equity	22	180,617	56,252	181,104	56,558
Debt instruments	15	830,271	2,818,436	1,652,968	3,390,934
Concessions payable (Use of Public Asset)	16	399,390	267,117	406,871	274,071
Tax and regulatory liabilities	19	88,543	47,550	264,258	188,998
Labor obligations	17	150,208	155,596	153,809	171,232
Derivative financial instruments - trading	14	-	-	189,932	190,348
Provisions	18	4,106	10,248	4,144	22,060
Retirement benefits obligations	17	54,015	42,064	54,015	42,064
Other current liabilities	20	125,516	150,147	442,049	769,364
		1,982,857	**3,737,879**	**3,884,548**	**5,775,159**
Liabilities related to non-current assets held for sale	8	-	-	2,005,671	-
		1,982,857	**3,737,879**	**5,890,219**	**5,775,159**
NON-CURRENT LIABILITIES					
Debt instruments	15	5,427,274	6,190,961	16,288,157	17,253,943
Derivative financial instruments - trading	14	-	-	31,527	80,414
Concessions payable (Use of Public Asset)	16	4,794,057	4,490,976	4,849,081	4,544,720
Provisions	18	207,085	90,647	531,756	370,767
Retirement benefits obligations	17	218,959	421,932	218,959	421,947
Deferred income tax and social contribution	19	694,143	728,083	1,505,352	1,504,825
Other non-current liabilities	20	127,378	21,040	431,529	231,353
		11,468,896	**11,943,639**	**23,856,361**	**24,407,969**
TOTAL LIABILITIES		**13,451,753**	**15,681,518**	**29,746,580**	**30,183,128**
EQUITY					
Capital stock	21	4,902,648	4,902,648	4,902,648	4,902,648
Capital reserves	10	(156,743)	-	(156,743)	-
Profit reserves	21	2,381,683	3,011,399	2,381,683	3,011,399
Additional dividends proposed	22	1,455,160	549,798	1,455,160	549,798
Equity valuation adjustments	21	(146,226)	(534,837)	(146,226)	(534,837)
		8,436,522	**7,929,008**	**8,436,522**	**7,929,008**
Non-controlling interest		-	-	3,650	3,589
TOTAL SHAREHOLDERS' EQUITY		**8,436,522**	**7,929,008**	**8,440,172**	**7,932,597**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**21,888,275**	**23,610,526**	**38,186,752**	**38,115,725**

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, 2022 AND 2021
(n thousands of reais, unless otherwise stated)

		Parent Company		Consolidated	
	Nota	12.31.2022	12.31.2021	12.31.2022	12.31.2021
NET OPERATING REVENUE	23	**4,569,792**	**4,202,747**	**11,906,605**	**12,540,673**
OPERATING COSTS	24	**(1,784,860)**	**(731,021)**	**(6,317,412)**	**(6,629,461)**
GROSS PROFIT		**2,784,932**	**3,471,726**	**5,589,193**	**5,911,212**
Operating income (expenses)					
Selling expenses	24	(20,624)	(21,063)	(27,031)	(28,949)
General and administrative expenses	24	(331,385)	(282,910)	(339,153)	(300,707)
Provision for impairment of assets, net	10/11	(6,824)	(1,156,423)	(66,078)	(1,076,158)
Sale of subsidiary	10	(84,519)	(200,143)	(84,518)	(200,143)
Other operating (expenses) income, net		(711)	(11,875)	1,035	(9,116)
		(444,063)	**(1,672,414)**	**(515,745)**	**(1,615,073)**
Equity income					
Equity	10	1,993,971	1,471,342	727,136	601,985
Goodwill amortization	10	(3,341)	(3,341)	-	-
		1,990,630	**1,468,001**	**727,136**	**601,985**
INCOME BEFORE FINANCIAL RESULT AND TAXES		**4,331,499**	**3,267,313**	**5,800,584**	**4,898,124**
Financial result					
Financial income	25	247,975	180,054	585,191	280,849
Financial expenses	25	(1,019,622)	(905,066)	(2,373,763)	(2,309,634)
Expenses with concessions payable (Use of Public Asset)	25	(717,251)	(1,038,775)	(726,718)	(1,049,905)
		(1,488,898)	**(1,763,787)**	**(2,515,290)**	**(3,078,690)**
INCOME BEFORE INCOME TAXES		**2,842,601**	**1,503,526**	**3,285,294**	**1,819,434**
Income tax and social contribution					
Current	19	(272,284)	(38,675)	(569,224)	(285,345)
Deferred	19	92,762	98,874	(51,502)	30,881
		(179,522)	**60,199**	**(620,726)**	**(254,464)**
NET INCOME FOR THE YEAR		**2,663,079**	**1,563,725**	**2,664,568**	**1,564,970**
NET INCOME ATTRIBUTABLE TO:					
Shareholders of ENGIE Brasil Energia		2,663,079	1,563,725	2,663,079	1,563,725
Non-controlling shareholder		-	-	1,489	1,245
		2,663,079	**1,563,725**	**2,664,568**	**1,564,970**
BASIC AND DILUTED EARNINGS PER SHARE - IN REAIS	**21**	**3.26387**	**1.91650**	**3.26387**	**1.91650**

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, 2022 AND 2021
(In thousands of Reais)

	Note	Parent Company		Consolidated	
		2022	2021	2022	2021
NET INCOME FOR THE YEAR		**2,663,079**	**1,563,725**	**2,664,568**	**1,564,970**
Other comprehensive income that in the future:					
- will not be reclassified to profit or loss					
Retirement benefit					
Remeasurement of retirement obligations	17	196,047	(20,648)	196,039	(20,614)
Deferred income tax and social contribution	19	(66,655)	7,019	(66,652)	7,008
Equity income of the abovementioned effects		(5)	23	-	-
		129,387	**(13,606)**	**129,387**	**(13,606)**
- will be reclassified to profit or loss					
Cash flow hedge					
Unrealized (losses) gains generated in the year	14	(23,039)	16,877	(124,890)	71,202
Deferred income and social contribution	19	7,833	(5,737)	7,833	(5,068)
Equity income of the abovementioned effects		(101,851)	54,994	-	-
Unrealized (losses) gains generated in the year of joint venture	10	416,329	22,161	416,329	22,161
		299,272	**88,295**	**299,272**	**88,295**
COMPREHENSIVE INCOME FOR THE YEAR		**3,091,738**	**1,638,414**	**3,093,227**	**1,639,659**
NET INCOME ATTRIBUTABLE TO:					
Shareholders of ENGIE Brasil Energia		3,091,738	1,638,414	3,091,738	1,638,414
Non-controlling shareholder		-	-	1,489	1,245
		3,091,738	**1,638,414**	**3,093,227**	**1,639,659**

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, 2022 AND 2021
(In thousands of Reais)

				Profit reserves					Equity valuation adjustments				
	Note	Capital stock	Capital reserve	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 12.31.2020		**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	22	-	-	-	-	-	(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	17	-	-	-	-	-	-	-	-	(13,606)	**(13,606)**	-	**(13,606)**
Fair value of cash flow hedge	14	-	-	-	-	-	-	-	-	66,134	**66,134**	-	**66,134**
Interest in joint venture	10	-	-	-	-	-	-	-	-	22,161	**22,161**	-	**22,161**
Dividends and IOE not claimed	22	-	-	-	-	-	-	10,177	-	-	**10,177**	-	**10,177**
Realization of deemed cost		-	-	-	-	-	-	(100,089)	100,089	-	-	-	-
Allocations proposed to the ASM:													
- Legal reserve	21	-	-	43,650	-	-	-	(43,650)	-	-	-	-	-
- Tax incentive reserve	21	-	-	-	30,847	-	-	(30,847)	-	-	-	-	-
- Interim dividends	22	-	-	-	-	-	-	(789,518)	-	-	**(789,518)**	-	**(789,518)**
- Minimum mandatory dividends		-	-	-	-	-	-	-	-	-	-	(125)	**(125)**
- Interest on equity (IOE)	22	-	-	-	-	-	-	(60,000)	-	-	**(60,000)**	-	**(60,000)**
- Additional dividends proposed	22	-	-	-	-	-	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**
Related-party transactions – Acquisition of subsidiary	10	-	(156,743)	-	-	-	-	-	-	-	**(156,743)**	-	**(156,743)**
Interim dividends based on retained earnings reserve of 2020 credited	22	-	-	-	-	(638,669)	-	-	-	-	**(638,669)**	(159)	**(638,828)**
Additional dividends for 2021 credited	22	-	-	-	-	-	(549,798)	-	-	-	**(549,798)**	(1,120)	**(550,918)**
Net income for the year		-	-	-	-	-	-	2,663,079	-	-	**2,663,079**	1,489	**2,664,568**
Remeasurement of retirement obligations	17	-	-	-	-	-	-	-	-	129,387	**129,387**	-	**129,387**
Fair value of cash flow hedge	14	-	-	-	-	-	-	-	-	(117,057)	**(117,057)**	-	**(117,057)**
Interest in joint venture	10	-	-	-	-	-	-	-	-	416,329	**416,329**	-	**416,329**
Dividends and IOE not claimed	22	-	-	-	-	-	-	11,684	-	-	**11,684**	-	**11,684**
Realization of deemed cost		-	-	-	-	-	-	40,048	(40,048)	-	-	-	-
Allocations proposed to the AGO:													
Tax incentive reserve	21	-	-	-	8,953	-	-	(8,953)	-	-	-	-	-
Interim dividends	22	-	-	-	-	-	-	(1,050,698)	-	-	**(1,050,698)**	-	**(1,050,698)**
- Minimum mandatory dividends		-	-	-	-	-	-	-	-	-	-	(149)	**(149)**
- Interest on equity (IOE)	22	-	-	-	-	-	-	(200,000)	-	-	**(200,000)**	-	**(200,000)**
- Additional dividends proposed	22	-	-	-	-	-	1,455,160	(1,455,160)	-	-	-	-	-
Balances on 12.31.2022		**4,902,648**	**(156,743)**	**980,530**	**273,736**	**1,127,417**	**1,455,160**	**-**	**291,022**	**(437,248)**	**8,436,522**	**3,650**	**8,440,172**

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
CASH FLOW STATEMENT (INDIRECT METHOD)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Reais)

		Parent Company		Consolidated	
	Note	2022	2021	2022	2021
Cash flow from operating activities					
Income before income taxes		2,842,601	1,503,526	3,285,294	1,819,434
Reconciliation of net income with cash from operations:					
Equity interest income	10	(1,990,630)	(1,468,001)	(727,136)	(601,985)
Depreciation and amortization	11/12	425,155	423,828	989,800	1,042,417
Provision for impairment of assets, net	10	6,824	1,156,423	66,078	1,076,158
Renegotiation of hydrological risk	24	-	(1,436,362)	-	(1,590,825)
Interest and monetary variation	25	970,576	849,300	2,219,473	2,222,185
Concessions payable expenses (Use of Public Asset)	25	717,251	1,038,775	726,718	1,049,905
Sale of subsidiary	10	84,519	200,143	84,518	200,143
Market value adjustment of marketable securities	25	-	(47,419)	-	(30,931)
Remuneration of concession financial asset	6	-	-	(485,490)	(556,480)
Remuneration of contract asset	7	-	-	(755,119)	(681,063)
Unrealized losses (gains) from trading operations, net	14	-	-	2,301	(19,773)
Transmission infrastructure construction revenue	7	-	-	(914,384)	(2,154,548)
Losses due to inefficiency in construction	7	-	-	217,249	469,489
Other		26,172	(1,023)	15,924	1,232
Profit before adjusted taxes		**3,082,468**	**2,219,190**	**4,725,226**	**2,245,358**
(Increase) decrease in assets					
Trade accounts receivable		(49,357)	217,908	(47,241)	452,845
Income tax and social contribution credit		31,931	(96,173)	26,340	(137,314)
Restricted and judicial deposits		18,242	(22,141)	60,473	(14,001)
Concession financial asset	6	-	-	327,963	298,526
Contract asset	7	-	-	323,022	10,131
Other assets		6,751	26,697	(16,205)	43,523
(Decrease) increase in liabilities					
Trade accounts payable		(22,957)	(34,635)	(127,614)	11,765
Tax and regulatory obligations		23,184	(8,291)	17,714	9,532
Labor obligations		(8,855)	58,084	(9,342)	60,322
Retirement benefits obligations		(41,531)	(36,089)	(41,531)	(36,211)
Other liabilities		(40,416)	(35,231)	(347,409)	231,663
Cash from operations		**2,999,460**	**2,289,319**	**4,891,396**	**3,176,139**
Payment of interest on debts, net of hedge	14/15	(535,702)	(387,049)	(1,065,683)	(808,247)
Payment of income tax and social contribution		(284,610)	(74,200)	(488,220)	(397,075)
Net cash from operating activities		**2,179,148**	**1,828,070**	**3,337,493**	**1,970,817**

To be continued on the next page

		Parent Company		Consolidated	
		2022	2021	2022	2021
Investing activities					
Dividends received from subsidiaries and joint ventures	10	1,681,420	1,271,724	503,750	715,000
Capital increase in subsidiaries	10	(2,067,883)	(884,244)	-	-
Capital decrease in subsidiaries	10	862,135	1,070,969	-	-
Acquisition of subsidiaries	10	-	-	(659,959)	-
Cash and cash equivalents of subsidiary acquired	10	-	-	199,870	-
Investment in property, plant and equipment and intangible assets	11/12	(108,890)	(78,459)	(1,528,874)	(1,229,753)
Sale of subsidiaries		25,318	-	25,319	-
Sale of marketable securities		-	410,984	-	32,439
Payment of obligations linked to acquisition of assets		-	-	(49,912)	(11,361)
Amount received for sale of subsidiary, net of costs of sale		74,640	192,914	74,640	192,914
Cash and cash equivalents of subsidiary in process of sale		-	-	(61,839)	(38,318)
Concessions payable (Use of Public Asset)	16	(281,897)	(236,447)	(289,557)	(243,432)
Other		3,205	-	2,125	26
Net cash from investing activities		**188,048**	**1,747,441**	**(1,784,437)**	**(582,485)**
Financing activities					
New debt instruments	15	-	529,809	788,790	3,324,359
Issue of debt instruments	15	-	385,175	-	762,462
Payment of debt instruments, net of hedge	14/15	(2,879,469)	(660,409)	(3,489,879)	(1,606,710)
Payment of dividends and interest on equity	22	(2,284,784)	(2,789,231)	(2,286,031)	(2,792,602)
Deposits linked to debt service		558,854	(406,236)	513,545	(457,050)
Other		-	-	-	(1,331)
Net cash from financing activities		**(4,605,399)**	**(2,940,892)**	**(4,473,575)**	**(770,872)**
Increase (decrease) in cash and cash equivalents		**(2,238,203)**	**634,619**	**(2,920,519)**	**617,460**
Reconciliation of cash and cash equivalents					
Opening balance	3	2,559,208	1,924,589	5,156,406	4,538,946
Closing balance	3	321,005	2,559,208	2,235,887	5,156,406
(Decrease) increase in cash and cash equivalents		**(2,238,203)**	**634,619**	**(2,920,519)**	**617,460**

Additional information on transactions not affecting cash and cash equivalents is presented in Note 30 - 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, 2022 AND 2021
(In thousands of Reais)

	Parent Company		Consolidated	
	2022	2021	2022	2021
VALUE ADDED GENERATED				
Gross operating revenue	5,061,978	4,656,026	10,750,613	10,095,794
Revenue from construction of transmission infrastructure	-	-	914,384	2,154,548
Revenue from generation construction	-	-	577,744	891,984
Remuneration of contract asset	-	-	755,119	681,063
Remuneration of concession financial asset	-	-	485,490	556,480
Unrealized gains on trading operations	-	-	1,074	26,289
Sale of subsidiary	(84,519)	(200,143)	(84,518)	(200,143)
Other operating (expenses) income, net	(711)	(11,875)	1,035	(9,116)
	4,976,748	**4,444,008**	**13,400,941**	**14,196,899**
(-) Inputs				
Electric power purchases	(493,191)	(788,971)	(2,368,882)	(2,099,447)
Charges for the use of and connection to the power grid	(411,204)	(361,679)	(625,137)	(606,253)
Third-party materials and services	(197,618)	(135,308)	(561,725)	(494,597)
Transactions in the short-term energy market	(45,766)	(273,268)	(166,753)	(628,632)
Fuels for electric energy production	-	-	(115,457)	(334,578)
Insurance	(34,102)	(19,259)	(91,835)	(74,773)
Costs of construction of plants	-	-	(473,482)	(811,825)
Costs of construction of transmission infrastructure	-	-	(1,120,351)	(2,563,993)
Provision for impairment of assets, net	(6,824)	(1,156,423)	(66,078)	(1,076,158)
Renegotiation of hydrological risk	-	1,436,362	-	1,590,825
Other	(54,383)	(33,798)	(45,321)	(79,558)
	(1,243,088)	**(1,332,344)**	**(5,635,021)**	**(7,178,989)**
GROSS ADDED VALUE	**3,733,660**	**3,111,664**	**7,765,920**	**7,017,910**
Depreciation and amortization	(425,155)	(423,828)	(989,800)	(1,042,417)
NET ADDED VALUE GENERATED	**3,308,505**	**2,687,836**	**6,776,120**	**5,975,493**
ADDED VALUE RECEIVED THROUGH TRANSFER				
Financial income	247,975	180,054	585,191	280,849
Equity income	1,990,630	1,468,001	727,136	601,985
ADDED VALUE TO DISTRIBUTE	**5,547,110**	**4,335,891**	**8,088,447**	**6,858,327**

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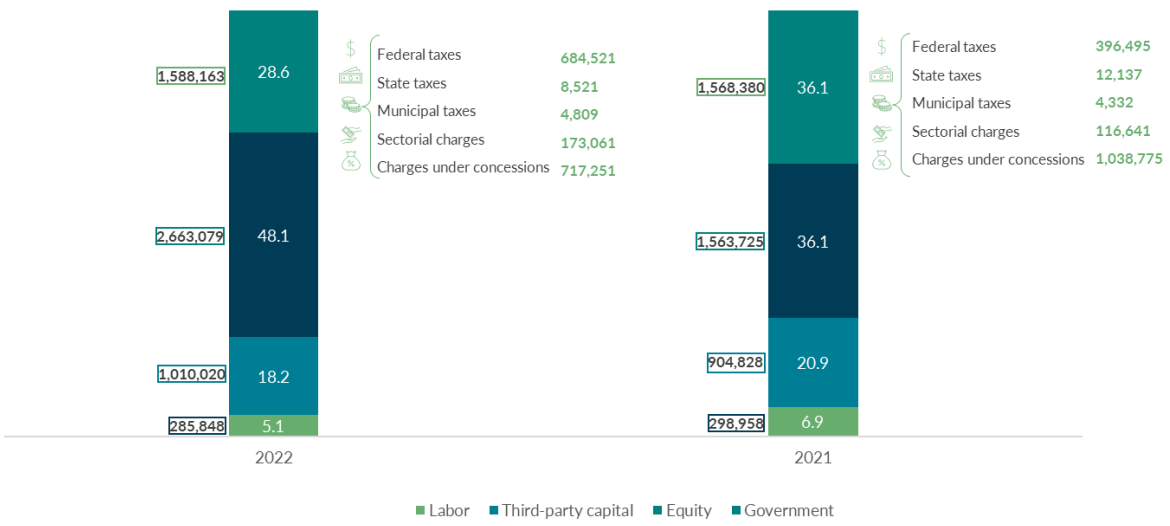
[1]The non-financial information herein, such as MW, average MW, installed power and others has not been audited by the independent auditors.

ADDED VALUE DISTRIBUTED

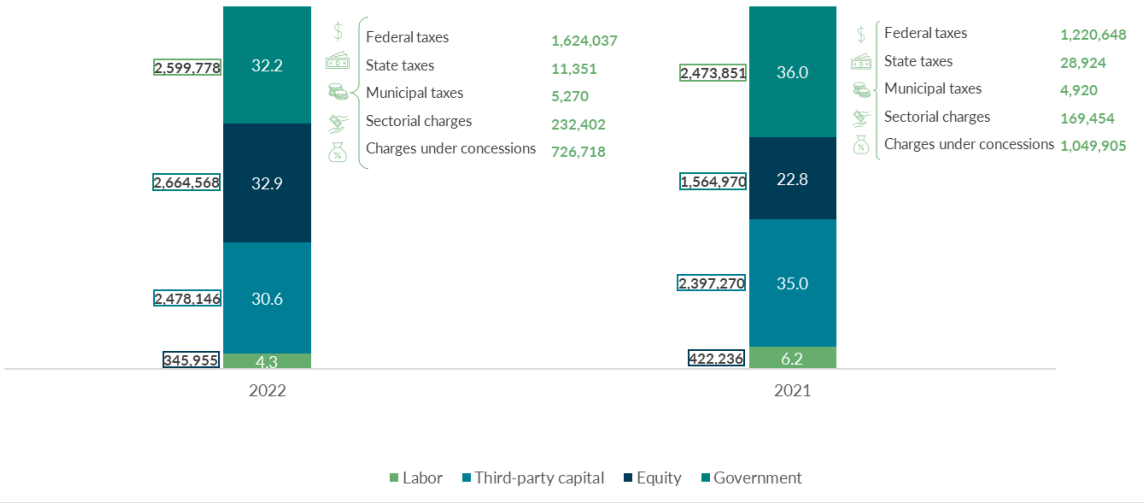
	Parent Company				Consolidated			
	2022	%	2021	%	2022	%	2021	%
Remuneration:								
Labor								
Remuneration and payroll charges	182,327	3.3	201,582	4.6	217,562	2.7	281,611	4.1
Benefits	55,425	1.0	43,745	1.0	69,334	0.9	67,335	1.0
Profit sharing	35,115	0.6	41,720	1.0	43,385	0.5	55,133	0.8
Workers' severance fund (FGTS)	12,981	0.2	11,911	0.3	15,674	0.2	18,157	0.3
	285,848	**5.1**	**298,958**	**6.9**	**345,955**	**4.3**	**422,236**	**6.2**
Government								
Federal taxes	684,521	12.3	396,495	9.1	1,624,037	20.1	1,220,648	17.8
State taxes	8,521	0.2	12,137	0.3	11,351	0.1	28,924	0.4
Municipal taxes	4,809	0.1	4,332	0.1	5,270	0.1	4,920	0.1
Sectorial charges	173,061	3.1	116,641	2.7	232,402	2.9	169,454	2.5
Concessions payable expenses (Use of Public Asset)	717,251	12.9	1,038,775	23.9	726,718	9.0	1,049,905	15.2
	1,588,163	**28.6**	**1,568,380**	**36.1**	**2,599,778**	**32.2**	**2,473,851**	**36.0**
Third-party capital								
Interest and monetary variations	997,377	18.0	887,631	20.5	2,256,622	27.9	2,222,774	32.4
Interest, inflation adjustment and depreciation capitalized	-	-	-	-	104,262	1.3	80,159	1.2
Rentals	603	-	1,988	-	11,087	0.1	10,736	0.2
Other financial expenses	12,040	0.2	15,209	0.4	106,175	1.3	83,601	1.2
	1,010,020	**18.2**	**904,828**	**20.9**	**2,478,146**	**30.6**	**2,397,270**	**35.0**
Equity								
Legal reserve	-	-	43,650	1.0	-	-	43,650	0.6
Tax incentive reserve	8,953	0.2	30,847	0.7	8,953	0.1	30,847	0.4
Dividends	2,505,858	45.2	1,339,316	30.9	2,505,858	31.0	1,339,316	19.5
Interest on equity	200,000	3.6	60,000	1.4	200,000	2.5	60,000	0.9
Realization of deemed cost	(40,048)	(0.7)	100,089	2.3	(40,048)	(0.6)	100,089	1.5
Dividends and IOE not claimed	(11,684)	(0.2)	(10,177)	(0.2)	(11,684)	(0.1)	(10,177)	(0.1)
Non-controlling shareholder	-	-	-	-	1,489	-	1,245	-
	2,663,079	**48.1**	**1,563,725**	**36.1**	**2,664,568**	**32.9**	**1,564,970**	**22.8**
	5,547,110	**100.0**	**4,335,891**	**100.0**	**8,088,447**	**100.0**	**6,858,327**	**100.0**

The notes are an integral part of these financial statements.

Parent Company



Consolidated



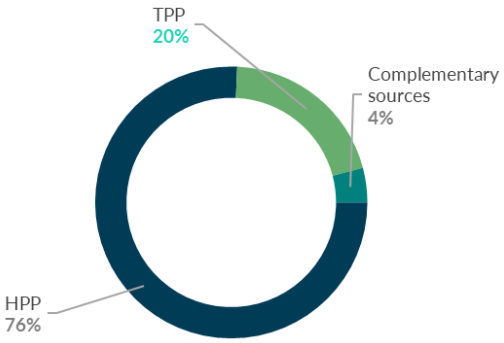
NOTE 1. OPERATIONS

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. ENGIE is a platform for infrastructure investments focused on the centralized generation, sale, trading and transmission of electricity. These activities are regulated by Brazil's National Electricity Regulatory Agency (Aneel). The Company also operates in the gas transportation segment, regulated by Brazil's National Agency of Petroleum, Natural Gas and Biofuels (ANP). Further information is available in Note 27 – 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 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 accounts for approximately 5.5%[1] of the country's installed capacity. At 12.31.2022, its installed capacity, including its stakes in energy generation consortiums, was 453.3 own MW, broken down in the chart below. Physical guarantee for sale averaged was 556.5 average 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 ACR in the Physical Guarantee Quota System.



On 12.31.2022, Company's generating complex in operation was composed of **76 plants**, of which:

11	1	50	3	9	2
HPPs	TPPs	wind farms	biomass plants	photovoltaic solar plants	SHPPs

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

a) Concessions and authorizations

On 12.31.2022, the Company had the following concessions and authorizations:

a.1) Generation concessions

Concessions	Concession holder	Contract model	Installed capacity (MW)	Physical guarantee (avg. MW)	Start of concession	Expiration of concession[2]	Annual adjustment index	Obligations with the termination of the contract	Notes
Salto Santiago HPP	ENGIE	Privatization	1,420	733	09.1998	11.2030	Settled	Return of concession or renewal for consideration	11 and 12
Salto Osório HPP	ENGIE	Privatization	1,090	503	09.1998	04.2031	Settled	Return of concession or renewal for consideration	11 and 12
Passo Fundo HPP	ENGIE	Privatization	226	113	09.1998	04.2031	Settled	Return of concession or renewal for consideration	11 and 12
Itá HPP	ENGIE / Itasa	Privatization	1,450[1]	741[1]	10.1995	12.2032	Settled	Return of concession or renewal for consideration	11 and 12
Machadinho HPP	ENGIE	Privatization	1,140[1]	547[1]	07.1997	10.2035	Settled	Return of concession or renewal for consideration	11 and 12
Cana Brava HPP	ENGIE	UBP for Electricity Generation	450	261	08.1998	12.2035	IGP-M until Sep. 2021 and IPCA starting from Oct. 2021	Return of concession or renewal for consideration	11, 12 and 16
Ponte de Pedra HPP	ENGIE	UBP for Electricity Generation	176	134	10.1999	03.2037	IGP-M	Return of concession or renewal for consideration	11, 12 and 16
São Salvador HPP	ENGIE	UBP for Electricity Generation	243	148	04.2022	06.2040	IGP-M until Jun. 2007 and IPCA starting from Jul. 2007	Return of concession or renewal for consideration	11, 12 and 16
Estreito HPP	CEE	UBP for Electricity Generation	1,087[1]	641[1]	12.2022	02.2043	IGP-M until Oct. 2011 and IPCA starting Nov. 2011	Return of concession or renewal for consideration	11, 12 and 16
Jaguara HPP	Jaguara	Quota System	424	341	12.2007	06.2048	IPCA	Return of concession and subsequent re-auction	6 and 12
Miranda HPP	Miranda	Quota System	408	198	12.2007	06.2048	IPCA	Return of concession and subsequent re-auction	6 and 12

(1) Total amounts, including the amount related to other companies in the consortia.
(2) Considers the extension periods established in Laws 14,052/2020 and 14,182/2021.

a.2) Transmission concessions

Concessions	Concession holder	Contract model	Length	Substations	Start of concession	Expiration of concession	Annual adjustment index	Obligations with the termination of the contract	Notes
Gralha Azul	ETP II	RAP Discount	1,000 km	5	03.2018	03.2048	IPCA	Return of concession and subsequent re-auction	7 and 11
Novo Estado	ETP II	RAP Discount	1,800 km	1	03.2018	03.2048	IPCA	Return of concession and subsequent re-auction	7 and 11
Gavião Real	ETP II	RAP Discount	1 km	Application in substation of third parties	09.2022	09.2052	IPCA	Return of concession and subsequent re-auction	7 and 11

a.3) Participation of ENGIE and subsidiaries in consortia

Consortiums	Installed capacity (MW)	Physical guarantee (avg. MW)
Itá HPP	1,127	565
Machadinho HPP	404	165
Estreito HPP	436	257

For the Machadinho Consortium, during the concession extension period resulting from the renegotiation of hydrological risk, as explained in Note 12 - Intangible assets, the Company has 100% of the physical guarantee of the plant. Further information on the participation of ENGIE and its subsidiaries in consortia is available in Note 11 – Property, plant and equipment.

a.4) Authorizations

Authorizations	Authorization holder	Length (km)	Total contracts	Compression stations	Start of authorization	Expiration of authorization
Gas pipelines						
Transportadora Associada de Gás (TAG)	Transportadora Associada de Gás (TAG)	4,500	5	11[1]	06.2019	Indeterminate

(1) TAG has 11 compression stations, of which six are own and five are contracted.

TAG operates its gas pipeline structures under the authorization system, whose expiry from 2039 to 2041 was ratified by Federal Law 14,134/2021 (“New Gas Law”). The Gas Law ceased to establish specific duration of authorizations, and the hypotheses for revocation provided in said law apply. In addition, assets and facilities allocated for gas transportation are no longer linked to the respective authorization and hence, there is no longer an obligation to return them to the Federal Government or decommission them after the end of authorization, revocation or extinction. Further information on authorization of TAG is available in Note 10 – Investments.

Authorizations	Authorization holder	Installed capacity (MW)	Physical guarantee (avg. MW)	Start of authorization	Expiration of authorization	Obligations with termination of agreement	Notes
Cogeneration plants							
Ibitiúva Bioenergética	Andrade Consortium[1]	33	20	04.2000	04.2030[4]	Transfer to partner[4]	11 and 12
Lages	Lages	28	2	10.2002	10.2032	Demobilization	11 and 12
Ferrari	Ferrari Termoelétrica	80	27	07.2007	07.2042[4]	Transfer to partner[4]	11 and 12
SHPP							
Rondonópolis	Tupan	27	14	12.2002	12.2032	Return of the asset	11 and 12
Engenheiro José Gelazio da Rocha	Hydropower	24	12	12.2002	12.2032	Return of the asset	11 and 12
WPPs							
Trairí Wind Power Complex	Complex's SPEs	213	97	09.2011 and 01.2015[2]	09.2041, 01 and 02.2045[2]	Demobilization	11 and 12
Campo Largo III, IV, VI and VII	CLWP WPPs	119	60	07.2015	07.2050	Demobilization	11 and 12
Campo Largo V e XXI	CLWP WPPs	59	29	08.2015	08.2050	Demobilization	11 and 12
Campo Largo I, II, XV, XVI and XVIII	CLWP WPPs	148	77	05.2017	05.2052	Demobilization	11 and 12
Campo Largo VIII-XIV, XVII, XIX, XX, XXII	CLWP WPPs	361	192	12.2019	12.2054	Demobilization	11 and 12
Tubarão P&D	ENGIE Brasil Energia	2	0,3	05.2015	Non-operational	Non-operational	11 and 12
Tubarão 2 P&D	ENGIE Brasil Energia	4	-	02.2021	Non-operational	Non-operational	11 and 12
Umburanas 1-3,5-6,9-11, 13, 15-16,18	Umburanas WPPs	234	142	08.2014	08.2049	Demobilization	11 and 12
Umburanas 8	Umburanas WPPs	25	15	10.2014	10.2049	Demobilization	11 and 12
Umburanas 17	Umburanas WPPs	22	13	07.2015	07.2050	Demobilization	11 and 12
Umburanas 19, 21, 23 and 25	Umburanas WPPs	80	44	08.2015	08.2050	Demobilization	11 and 12
WPPs – Under construction							
Santo Agostinho 1-6,13,14,17,18,21,25-27	Complex's SPEs	434	218	05.2021	05.2056	Demobilization	11 and 12
Serra do Assuruá I to XXIV	Maracanã	846	406	11.2021	11.2056	Demobilization	11 and 12
Photovoltaic power plants							
Central Fotovoltaica Assú V	Assú V	34	9	06.2016	06.2051	Demobilization	11 and 12
Nova Aurora	ENGIE Brasil Energia	3	0,3	04.2014	Non-operational	Non-operational	11 and 12
Paracatu Photovoltaic Complex	Complex's SPEs	132	34	06.2016	04.2051 and 06.2051[3]	Demobilization	11 and 12
Floresta Photovoltaic Complex	Complex's SPEs	86	25	06.2016	06.2051	Demobilization	11 and 12
Photovoltaic solar plants – Under development							
Assu Sol 1 to 16 Photovoltaic Complex	Complex's SPEs	752	-	02.2022	02.2057	Under development	11 and 12

(1) Consortia are Ibitiúva Bioenergética S.A. (72.9%) and Tereos Açúcar e Energia Brasil S.A. (27.1%).
(2) Trairí Wind Power Complex is composed of two holding companies that hold SPEs with different operational start and end dates. Further information is available in Note 10 – Investments.
(3) Paracatu Photovoltaic Complex is composed of four SPEs with different operation start and end dates. Further information is available in Note 10 – Investments.
(4) At the end of termination of authorization, the assets will be transferred to partners through assignment without consideration and the consortia will be terminated. Regarding Ibitiúva, initially, the transfer of assets, including the authorization, to partners will occur in 02.2025, which can be extended as per contractual clauses. Regarding Ferrari, the transfer of assets, including the authorization, to the partner will occur in 02.2033, without the possibility of extension.

In September 2022, after execution of the SPA, the Company started recording Pampa Sul's assets and liabilities in the "NCAHS" and "Liabilities related to NCAHS" groups, respectively.

The Company has 22.9 MWa and 10.3 MWa of installed capacity and physical guarantee, respectively, at the Ibitiúva Bioenergética Cogeneration Plant, which corresponds to its share as shareholder and consortium member.

a.5) Contractual obligations as conditions for the concessions

The Company, as concessionaire, has obligations towards the Concession Authority and Aneel. Except for the particularities of each plant, general obligations for all concessions include the responsibility for damages arising from the operation of plants, as well as actions of companies subcontracted for one or more services related to construction, assembling, operation and maintenance, especially arising from expansions and improvements.

The concessionaire must always maintain, through appropriate an operational and conservation structure, the equipment and facilities of concessions in perfect working conditions, as well as inventory of spare parts, maintain its own or outsourced technical team, legally authorized and trained and in a number compatible with operations, in order to ensure the continuity, regularity, efficiency and safety of concessions. It must meet all tax, labor and social security obligations, as well as the charges established by law and the regulatory standards established by the Concession Authority and Aneel.

The concessionaire is responsible for making the necessary investments to ensure the quality, timeliness of production and transmission of electricity, which includes modern techniques, equipment and facilities, and their conservation, improvements and expansion. Other obligations are preparing, maintaining and performing periodical inspections, monitoring, emergency actions and safety evaluation of the structures of concessions, as well as maintaining updated the analysis and interpretation of such data, which must remain available for inspection of Aneel.

Moreover, obligations related to concessions include managing and protecting documents and files, organizing and keeping updated records and inventories of assets linked to the concession and publishing the financial and regulatory statements annually. Contracting and keeping during the duration of the concession, insurance policies for appropriate coverage of equipment that is indispensable for the continuity of services, with the concessionaire being responsible for defining the assets and facilities to be insured.
Complying with environmental and water laws, installing, operating and keeping, in accordance with the Joint Resolution of Aneel and ANA, hydrometric facilities and notes. Respecting the maximum and minimum limits of flows, variation rates of downward flows, maximum and minimum operational levels, observing the conditions of reservoir operation defined by ANA jointly with ONS. The concessionaire is responsible for managing reservoirs of hydroelectric power plants and their respective protection areas.

Regarding contracts, the concessionaire is responsible for entering into contracts for use of and connection to transmission and distribution systems and pay the respective charges, rendering accounts to Aneel annually, for the management of generation concession, through reports informing the technical and operational performance of facilities under its responsibility, as well as for constant communication with Aneel on corporate changes and related-party transactions.

a.6) Unavailability of assets

The assets and facilities used in production, transmission and sale of electricity are linked to these services and cannot be removed, sold, assigned or given in mortgage guarantee without prior and express authorization of the Regulatory Agency. Aneel regulates the release of concessions' assets from the Public Electricity Service, granting prior authorization for the release of unserviceable assets for the concession, when destined for sale, determining that the product of sales be deposited in restricted bank account to be used in the concession.

The main corporate and operational events occurred in 2022 are as follows:


Company's ratings


Status of Gralha Azul and Novo Estado projects


Disposal of subsidiaries


Acquisition of Serra do Assuruá Wind Power Complex


Subsidiary under disposal process


Aneel's transmission auction 01/2022 – Gavião Real


Acquisition of Paracatu and Floresta Photovoltaic Power Complexes


Impacts of the war in Ukraine

a) Company's ratings

The following table shows the ratings reaffirmed by rating agencies during 2022:

Company	Risk Agency	Rating	Classification	Date
ENGIE Brasil Energia	Fitch Ratings	Long-term national rating	'AAA(bra)' with stable outlook	02.25.2022
ENGIE Brasil Energia	Fitch Ratings	Long-term national rating – 6th, 7th, 9th and 10th issues of debentures	'AAA(bra)' with stable outlook	02.25.2022
ENGIE Brasil Energia	Fitch Ratings	Long-term international rating in foreign currency	'BB' with stable outlook	07.18.2022
ENGIE Brasil Energia	Fitch Ratings	Long-term international rating in domestic currency	'BBB-', with stable outlook	07.18.2022

b) Disposal of subsidiaries

On 02.21.2022 and 09.01.2022, after the conditions precedent were fulfilled, the equity interest held by the Company in the subsidiaries ENGIE Geração Solar Distribuída S.A. ("EGSD") and Norte Catarinense Ltda. ("Norte Catarinense") was sold for R$ 14 million. On those dates, the companies ceased to be subsidiaries of the Company and are also not consolidated in the books. For more information see Note 10 – Investments.

c) Subsidiary in the process of divestment

In line with the Company's decarbonization strategy, on 09.15.2022, the Company and ENGIE Brasil Energia Comercializadora Ltda. ("EBC") signed a SPA with the buyers Grafito Fundo de Investimento em Participações Multiestratégia ("Grafito") and Perfin Space X Fundo de Investimento em Participações em Infraestrutura ("Space X"). The SPA rules the acquisition, by the buyers, of all the shares held by the sellers in Usina Termelétrica Pampa Sul S.A. ("Pampa Sul"), which holds all the assets and rights of the Pampa Sul Thermal Power Plant ("Pampa Sul TPP" or "Plant").

The Pampa Sul TPP, located in Candiota, Rio Grande do Sul, uses charcoal as the source of energy. The Plant, with installed capacity of 345.0 MW and gross physical guarantee of 323.5 MWa, sold 294.5 MWa under a 25-year agreement at the 20th New Energy Auction (A-5/2014) and started commercial operations on 06.28.2019.

With the sale, the Company will receive in cash up to R$ 450 million expected in 2023, and the assumption of debt of Pampa Sul will be consummated by the buyers in the amount of around R$ 1.8 billion. The buyers will also obtain full release of the corporate guarantee provided by ENGIE for said debt. The execution of the SPA by the Company was approved at the Board of Directors Meeting held on 09.15.2022.

On 09.30.2022, since the requirements of CPC 31 – "*Ativo não circulante mantido para venda e operações descontinuadas*" were met, the Company started recording the assets and liabilities of Pampa Sul in the "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale" groups, respectively.

Since the sale value, net of costs, is lower than the book value of the subsidiary's net assets, a provision for the impairment of assets of R$ 191 million was booked under investments in the consolidated in 2022, with R$ 168 million under the parent company. However, with the execution of the SPA for sale of the Plant, in 09.30.2022, the Company reversed the impairment recognized, in the amount of R$ 27 million and R$ 43 million, respectively, in the consolidated and the parent company.

For further information, see Note 8 – Non-current assets held for sale.

d) Acquisition of Paracatu and Floresta Photovoltaic Power Plants

In March 2022, the Company acquired 100% of the shares of Solairedirect Holding Brasil S.A. ("Solairedirect"), owner of the Paracatu and Floresta Photovoltaic Complexes, and ENGIE Solar Brasil Energia e Consultoria Ltda. ("ENGIE Solar"), both belonging to the ENGIE Group. The Board of Directors of ENGIE Brasil Energia set up a Special Independent CPR to evaluate the acquisition. The CPR also hired the following independent consultants to aid in the process: (i) legal due diligence and support in negotiating the purchase and sale agreement; (ii) accounting, financial, tax and labor due diligence; (iii) technical due diligence; and (iv) consulting services for issuing fairness opinion on the valuation and value generation of assets.

After the conclusion of due diligence, asset valuations and negotiations of the terms and conditions of the transaction with support from specialized consultants hired by it, the CPR submitted a report with its recommendation to the Board of Directors, which approved the acquisition of the companies at a meeting held on 02.14.2022. The transaction was concluded after the conditions precedent established in the contract were met, on 03.16.2022, for R$ 656 million.

The Paracatu Photovoltaic Complex, located in Paracatu, Minas Gerais, has an installed capacity of 132 MW, with an agreement to sell 34.0 MW average for 20 years, ending 10.31.2038, at R$ 429.07/MWh (base December 2022), adjusted by the IPCA index, and began commercial operations in February 2019.

The Floresta Photovoltaic Complex, located in Areia Branca, Rio Grande do Norte, has an installed capacity of 86 MW and has contracted, for 20 years, ending 10.31.2038, 25.1 MW average at R$ 421,58/MWh (base December 2022), adjusted by the IPCA, and started commercial operations in December 2017.

For more information see Note 10 – Investments.

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

In 2022, the Gralha Azul and Novo Estado Transmission Systems obtained fresh authorizations from the ONS for partial commercial operation of their transmission lines. Gralha Azul and Novo Estado reached, respectively, about 94% and 49% of the monthly RAP in 12.2022 and of the assets in commercial operation on 12.31.2022. Gralha Azul and Novo Estado are expected to start full commercial operations in March 2023 and April 2023, respectively.

f) Acquisition of the Serra do Assuruá Wind Power Complex ("Serra do Assuruá")

On 06.21.2022, after the fulfillment of conditions precedent set forth in the asset purchase agreement and other covenants, the company concluded the acquisition of rights for developing the Serra do Assuruá Project with PEC Energia S.A. ("PEC") by ENGIE Brasil Energias Complementares Participações Ltda. ("ECP"), a direct subsidiary of the Company. Further information is available in Note 12 – Intangible assets.

Moreover, on 09.30.2022, the Company announced to the market that it entered into an agreement with Vestas do Brasil Energia Eólica Ltda. for the supply of up to 188 wind turbines, thus starting the implementation of Serra do Assuruá, which is expected to start commercial operations in the 2nd half of 2024.

In addition, on 12.22.2022, the Company informed the market of the execution of financing agreement with BNDES for the construction of Serra do Assuruá in the amount of R$ 1.5 billion with amortization period of 252 months, with the first instalment maturing in December 2025. Further information is available in Note 15 – Debt instrument.

g) Aneel transmission auction No. 01/2022 – Gavião Real Transmissora de Energia Ltda. ("Gavião Real")

On 06.30.2022, the Company won lot 7 at Aneel's transmission auction No. 01/2022, in a consortium with its wholly-owned subsidiary ENGIE Transmissão de Energia II ("ETP II"), to expand an additional substation in the Novo Estado project and a sectioning stretch of a distribution line. The table below shows information on the auction:

Lot	Maximum RAP	Contracted RAP	Discount	Investment projected by Aneel
7	R$ 16 million	R$ 6 million	59.9%	R$ 110 million

The term of concession of the public transmission service, including licensing, construction, operation and maintenance of transmission facilities, will be 30 years from the date of execution of the concession agreement, which occurred on 09.30.2022. The start of construction and full commercial operations are expected for May 2023 and February 2024, respectively. Further information is available in Note 7 – Contract asset.

h) Impacts of the war in Ukraine

After four months of crisis with the West, Russia decided to attack Ukraine on 02.24.2022, sparking the most serious military conflict in Europe since World War II.

This has drawn economic sanctions on Russia, such as: (i) sanctions on the financial services sector; (ii) restrictions against the energy sector; (iii) geographic restrictions; (iv) restrictions on doing business in Russia; (v) controls and exports; and (vi) similar restrictions against Belarus.

The main impact is the increase in the prices of oil, natural gas, grains and other commodities, since the sudden decline in the supply of these products has raised prices on the international market. Depending on the magnitude and duration of the war, the impact on the economy can be severe, which could reduce prospects for economic growth.

In 2022, the Company did not observe any impacts of the war at Ukraine on its individual and consolidated financial statements. The Company does not have contracts with any of the parties involved in the conflict. In addition, provided the war does not worsen, the Company does not estimate significant effects in its results that could compromise the operational capacity and implementation of its projects.

NOTE 2. PRESENTATION OF FINANCIAL STATEMENTS

a) Preparation basis

The consolidated financial statement were prepared and are being presented in compliance with the IFRS, issued by the IASB and the Brazilian accounting practices, which comprise the rules of the CVM and the pronouncements, interpretations and guidelines issued by the CPC and approved by the CFC and the CVM.

The Brazilian accounting standards are convergent with the IFRS standards, except for the recording in the parent company's balance sheet (i) of the joint ventures which, under Brazilian rules, are recognized by the equity method, whereas, according to IFRS and its rules applicable to joint ventures, it stipulates that assets, liabilities and profit or loss are recognized in proportion to its share in the joint venture; and (ii) capitalization of interest on loans in the parent company whose qualifying asset is in a subsidiary, which in the parent company's accounting statements impact the investment pursuant to Brazilian accounting standards, while there is no provision for this accounting in the individual accounting statements as per IFRS.

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 (R1) – Presentation of Financial Statements, these parent company and consolidated financial statements were prepared based on the presumption of continuity.

d) 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 (%) 12,31,2022	Equity interest (%) 12,31,2021
Direct wholly owned subsidiaries				
Companhia Energética Estreito ("CEE")[1]	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
ENGIE Brasil Energia Comercializadora Ltda. ("EBC")	ENGIE	Generation	99.99	99.99
ENGIE Brasil Energias Complementares Participações Ltda. ("ECP")[2]	ENGIE	Generation	99.99	99.99
ENGIE Comercializadora Varejista de Energia Ltda. ("ECV")	ENGIE	Generation	99.99	99.99
Lages Bioenergética Ltda. ("Lages")	ENGIE	Generation	99.99	99.99
Usina Termelétrica Pampa Sul S.A. ("Pampa Sul")	ENGIE	Generation	99.99	99.99
Usina Termelétrica Norte Catarinense Ltda. ("Norte Catarinense")[3]	ENGIE	Generation	-	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")	ENGIE	Transmission	99.99	99.99
Gavião Real Transmissora de Energia S.A. ("Gavião Real")	ENGIE	Transmission	99.99	-
Safira Transmissão de Energia Participações S.A. ("Safira")	ENGIE	Transmission	99.99	-
ENGIE Comercializadora de Gás Ltda ("ECG")	ENGIE	Gas	99.90	99.90
ENGIE Geração Solar Distribuída S.A. ("EGSD")[3]	ENGIE	Solar Panels	-	99.99
Joint ventures				
Itá Energética S.A. ("Itasa")[4]	ENGIE	Generation	48.75	48.75
Indirect subsidiaries				
Alvorada Participações Ltda. ("Alvorada")[2] and subsidiaries[3]	ECP	Generation	99.99	99.99
Assu Sol Solar Participações e Geração de Energia SPE S.A,[5] ("Assu Sol") and subsidiaries[3]	ECP	Generation	99.99	99.99
Campo Largo Solar Participações e Geração de Energia Ltda.	ECP	Generation	99.99	99.99
Central Fotovoltaica Assú I, II, III, IV e V ("Assú")[3]	ECP	Generation	99.99	99.99
CLWP Brasil Participações S.A. ("CLWP Br")[2] and subsidiaries[3 and 6]	ECP	Generation	99.99	99.99
CLWP Brasil II Participações S.A. ("CLWP Br II")[2] and subsidiaries[3 and 7]	ECP	Generation	99.99	99.99
CLWP Brasil III Participações Ltda. ("CLWP Br III")[2] and subsidiaries[3]	ECP	Generation	99.99	99.99
Conjunto Eólico Santo Agostinho - Fase II[3]	ECP	Generation	99.99	99.99
Energias Eólicas do Ceará Ltda. ("EEC")[2] and subsidiaries [3 and 8]	ECP	Generation	99.99	99.99
Energias Eólicas do Nordeste Ltda. ("EEN")[2] and subsidiaries[3 and 8]	ECP	Generation	99.99	99.99
ENGIE Solar Brasil Energia e Consultoria Ltda. ("ENGIE Solar")	ECP	Generation	99.99	-
Ferrari Termoelétrica S.A. ("Ferrari")	ECP	Generation	99.99	99.99
Ibitiúva Bioenergética S.A. ("Ibitiúva")	ECP	Generation	95.00	95.00
Hidropower Energia S.A. ("Hidropower")	ECP	Generation	99.99	99.99
Maracanã Geração de Energia e Participações S.A. and subsidiaries[3]	ECP	Generation	99.99	-
Santo Agostinho Participações S.A,[2] and subsidiaries[3 and 9]	ECP	Generation	99.99	99.99
Solairedirect Holding Brasil S.A. ("Solairedirect")[2] and subsidiaries[3]	ECP	Generation	99.99	-
Tupan Energia Elétrica Ltda. ("Tupan")	ECP	Generation	99.99	99.99
Umburanas Participações S.A. ("Umburanas")[2] and subsidiaries[3 and 10]	ECP	Generation	99.99	99.99
Umburanas Participações 2 Ltda. ("Umburanas 2")[2] and subsidiarie[3]	ECP	Generation	99.99	99.99
ENGIE Transmissão de Energia Participações IV S.A. ("ETP IV")[2]	ETP II	Transmission	99.99	99.99
Gralha Azul Participações S.A.[11] ("GAP")[2] and subsidiaries[3]	ETP II	Transmission	99.99	99.99
Novo Estado Participações S.A. ("NEP")[2] and subsidiary[3]	ETP II	Transmission	99.99	99.99

(1) Includes Estreito Consortium.
(2) Holding company.
(3) Further information is available in Note 10 – Investments.
(4) Includes Itá Consortium.
(5) New name of Assu Sol Geração de Energia SPE S.A.
(6) Includes Campo Largo Consortium.
(7) Includes Campo Largo II Consortium.
(8) Includes Trairi and Faísa Trairi Consortiuns.
(9) Includes Santo Agostinho Consortium.
(10) Includes Umburanas Consortium.
(11) New name of ENGIE Transmissão de Energia Participações III S.A.

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 10 – 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.

e) Accounting practices

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

f) 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.

The main notes linked to the application of critical judgments and accounting practices are:

Estimate	Note
Determination of fair values of derivative financial instruments	14 and 15
Determination of useful life of property, plant and equipment and intangible assets	11 and 12
Impairment test of long-term assets	10, 11 and 12
Measurement at fair value of non-current assets held for sale	8
Recoverability of deferred income tax and social contribution	19
Discount rate on retirement benefits obligations	17
Electricity purchases and sales in the short-term market	23 and 24
Provision for tax, civil and labor risks	18
Provision for demobilization of generation assets	18

f.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.

f.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.

f.3) Long-term assets impairment test

There are specific rules for impairment test of long-term and indefinite useful life assets, 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 and indefinite useful life of 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.

f.4) Measurement at fair value of non-current assets held for sale

The measurement of fair value of assets classified as held for sale was based on the sale amount, net of costs, established in the share purchase and sale agreement of the subsidiary Pampa Sul executed on 09.15.2022, between the Company and EBC, as sellers, and Grafito and Space X, as buyers.

f.5) Recoverability of deferred income tax and social contribution

The estimated realization of deferred tax credits registered in non-current assets and liabilities, arising from temporary differences, is based on the period of realization of each item included in deferred assets and liabilities, income tax losses and social contribution loss carryforwards, based on projections of future results.

The criteria used for the realization of each item are related to the predictability of realization of principal amount that originated the temporary difference. When the expectation of realization of the item is hard to predict, mainly because it is beyond the Company's control, such as provisions for litigation, the Company adopts past records of realization to project its future realization. The realization of amounts of tax losses and social contribution tax loss carryforwards follow the possibilities of compensation considering future profit and the limit established in law.

f.6) 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.

f.7) Electricity purchases and sales in the short-term market

Records of electricity purchase and sale transactions in the short-term market are recognized using the accrual method based on data disclosed by CCEE, which are calculated by multiplying the surplus or deficit energy registered in a certain month by the corresponding PLD, or, when this information is not available on a timely basis, by an estimate prepared by the Company.

f.8) 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.

g) New standards, amendments and interpretations

The IASB and the CPC issued revisions of existing standards, applicable from 01.01.2022. 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. 19				
Technical Pronouncements CPC 15 (R1) – *Combinação de negócios*, CPC 25 – *Provisões, passivos contingentes e ativos contingentes*, CPC 27 – *Ativo imobilizado*, CPC 29 – *Ativo biológico e produto agrícola*, CPC 37 (R1) – *Adoção inicial das normas internacionais de contabilidade* and CPC 38 – *Instrumentos financeiros*.	Annual Improvements to IFRS Standards 2018-2020; Property, Plant and Equipment: Proceeds before Intended Use; Onerous contracts – Costs of Fulfilling a contract; and Reference to the Conceptual Framework	10.01.2021	01.01.2022	No significant impacts. With the changes in Proceeds before Intended Use, revenues from tests were registered in Company's profit or loss, starting the date of application of the standard, and there are no significant impacts.

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

As of 01.01.2023, 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
Technical Pronouncement CPC 50				
This Pronouncement replaces the standard currently in effect addressing Insurance contracts (CPC 11).	IFRS 17	05.07.2021	01.01.2023	Not applicable to the Company
Revision of Technical pronouncements No. 20				
Technical Pronoucements CPC 11 – *Contratos de seguro*; CPC 15 (R1) – *Combinação de negócios*; CPC 21 (R1) – *Demonstração intermediária*; CPC 23 – *Políticas contábeis, mudança de estimativa e retificação de erro*; CPC 26 (R1) – *Apresentação das demonstrações contábeis*; CPC 27 – *Ativo imobilizado*; CPC 32 – *Tributos sobre o lucro*; CPC 37 (R1) – *Adoção inicial das normas internacionais de contabilidade*; CPC 30 (R1) – *Instrumentos financeiros: evidenciação*; CPC 37 – *Receita de contrato com cliente*; and CPC 39 – *Contabilização e relatório contábil de planos de benefício de aposentadora.*	Classification of Liabilities as Current or Non-current; Extension of the Temporary Exemption from applying IFRS 9; Definition of Accounting Estimates; Disclosure of Accounting Policies; and Deferred Tax related to Assets and Liabilities arising from a Single Transaction	03.01.2022	01.01.2023 (adjustment to CPC 37, in effect immediately)	No significant impacts
Revision of Technical pronouncements No. 21				
Technical Pronouncements CPC 01 (R1) – *Redução ao valor recuperável de ativos*; CPC 03 (R2) – *Demonstração dos fluxos de caixa*; CPC 03 (R1) – *Ativo intangível*; CPC 15 (R1) – *Combinação de negócios; CPC 18 (R2) – Investimento em coligada, em controlada e empreendimento controlado em conjunto*; CPC 25 – *Provisões, passivos contingentes e ativos contingentes*; CPC 26 (R1) – *Apresentação das demonstrações contábeis*; CPC 27 – *Ativo imobilizado*; CPC 28 – *Propriedade para investimento*; CPC 31 – *Ativo não circulante mantido para venda e operação descontinuada*; CPC 33 (R1) – *Benefícios a empregados*; CPC 37 (R1) – *Adoção inicial das normas internacionais de contabilidade*; CPC 39 – *Instrumentos financeiros: apresentação*; CPC 30 (R1) – *Instrumentos financeiros: evidenciação*; CPC 37 – *Receita de contrato com cliente*; CPC 38 – *Instrumentos financeiros*; and CPC 50 – *Contratos de seguro*.	IFRS 9 and IFRS 17	11.03.2022	01.01.2023	Not applicable to the Company
Amendment to IFRS 16				
IASB issued amendments related to lease agreements in sale and leaseback transactions.	IFRS 16	Issued by IASB	01.01.2023	Not applicable to the Company

i) Approval of the financial statements

These financial statements were approved at the Board of Directors Meeting held on 02.16.2023.

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	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Cash and bank deposits	**10,778**	**2,529**	**89,742**	**51,915**
Marketable securities				
Exclusive investment fund				
Repurchase transactions backed by federal bonds	309,757	2,556,143	2,105,510	5,071,186
Other marketable securities	470	536	40,635	33,305
	310,227	**2,556,679**	**2,146,145**	**5,104,491**
	321,005	**2,559,208**	**2,235,887**	**5,156,406**

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 12.31.2022, 100% of its portfolio had assets with the Brazilian Government risk, all with daily liquidity.

The average yield of the Fund in 2022 and 2021 was around 99.7% and 99.0% of the CDI (reference rate), respectively.

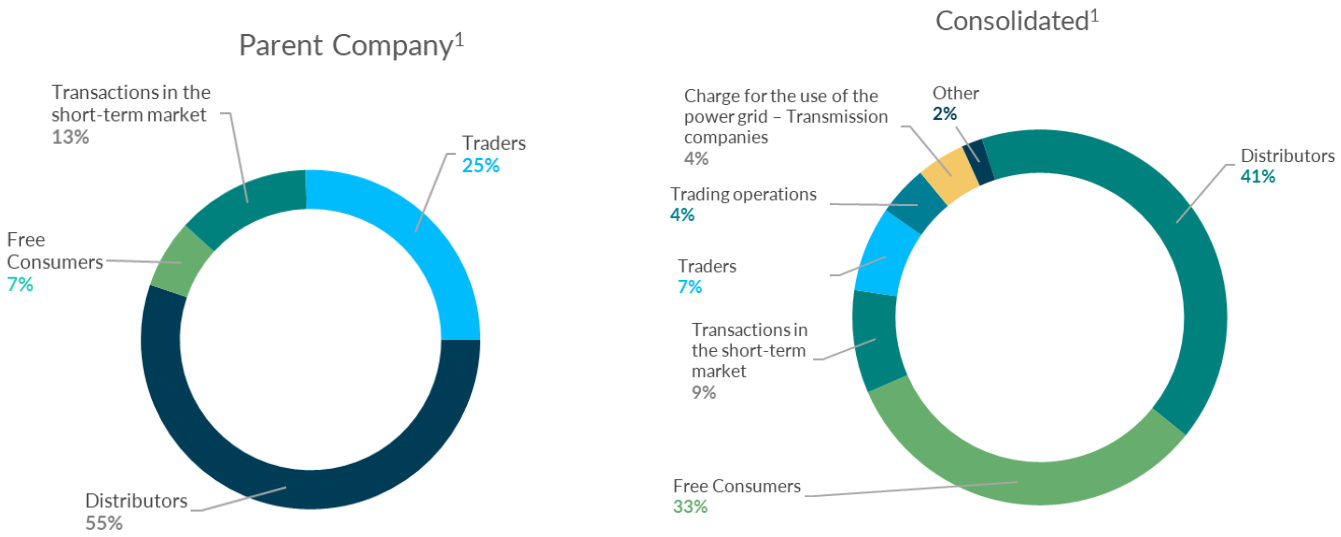
NOTE 4. TRADE ACCOUNTS RECEIVABLE

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	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Distributors	305,762	292,911	470,087	506,659
Free Consumers	36,095	34,486	376,507	356,009
Transactions in the short-term market	70,658	6,180	102,078	109,943
Traders	140,944	160,440	84,422	57,197
Trading operations	-	-	50,086	86,100
Charge for the use of the power grid – Transmission companies	-	-	48,197	2,574
Others	-	-	20,853	19,877
Allowance for expected losses	(6,180)	(6,180)	(9,113)	(24,254)
Current assets	**547,279**	**487,837**	**1,143,117**	**1,114,105**
Free Consumers	-	1,454	5,402	9,243
Distributors	748	748	748	748
Non-current assets[1]	**748**	**2,202**	**6,150**	**9,991**
	548,027	**490,039**	**1,149,267**	**1,124,096**

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



(1) the amounts related to allowance for credit loss represent 1% of total amount of the parent company and consolidated.

The average term of receipt for the energy transmission activity is approximately 25 days. The term of energy trading activity through agreements is approximately 22 days, as from the first day of month subsequent to the sale, whereas the term of amounts settled within the CCEE is approximately 45 days.

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

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Overdue up to 30 days	-	1,486	6,691	5,242
Overdue more than 30 days				
With estimated losses recognized	6,180	6,180	9,113	24,254
Other	50	8	11,556	3,205
	6,230	**7,674**	**27,360**	**32,701**

In 2022, the Company reversed R$ 15 million of credit losses expected as a result of an agreement with a client, having received the outstanding balances. The change in balances, related to expected losses, was as follows:

	Parent Company	Consolidated
Balances at 12.31.2020	**(6,180)**	**(21,338)**
Provision	-	(2,916)
Balances at 12.31.2021	**(6,180)**	**(24,254)**
Reversal	-	15,141
Balances at 12.31.2022	**(6,180)**	**(9,113)**

NOTE 5. 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	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Guarantees for negative balance at CCEE	30,877	27,945	32,575	29,349
Reinvestment deposits	-	2,466	1,944	4,410
Financing guarantees	-	559,487	8	559,487
Contractual commitment guarantees	-	-	-	45,360
Current assets	**30,877**	**589,898**	**34,527**	**638,606**
Financing guarantees	10,741	9,106	229,090	259,164
Others	-	-	6,880	6,268
Non-current assets	**10,741**	**9,106**	**235,970**	**265,432**
	41,618	**599,004**	**270,497**	**904,038**

a) Financing guarantees

The financing guarantees are aimed at paying the creditor the debt owed to BNDES, BNB, BASA 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. On 11.09.2022, the Company settled the debt with Scotiabank and redeemed the total balance amount given as guarantee.

b) Contractual commitment guarantees

Deposits were recognized to guarantee compliance with certain contractual commitments undertaken by the seller of Novo Estado. In December 2022, the Company redeemed the total balance amount deposited, terminating the commitments assumed.

NOTE 6. CONCESSION FINANCIAL ASSET

Accounting practice:

Corresponds to the unconditional right to receive cash through the 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 09.27.2017, 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 (10.5%), 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 12 – Intangible assets, by approximately 6 months did not generate additional rights to receive RBO.

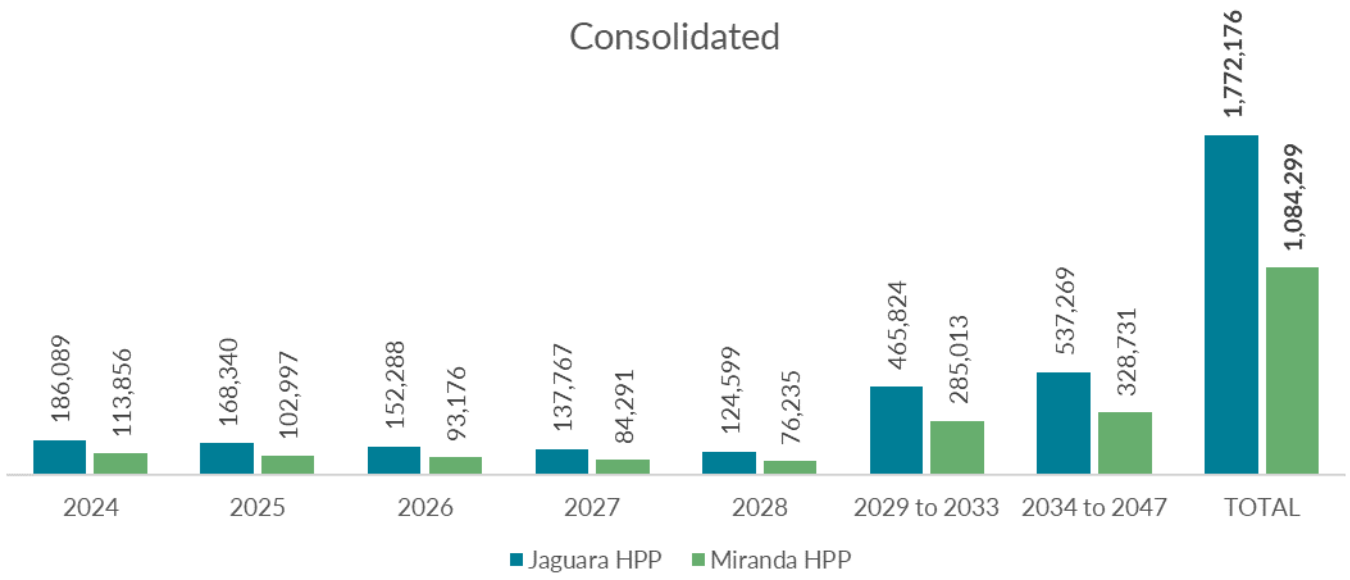
a) Breakdown

	Consolidated					
	12.31.2022			12.31.2021		
	Current	Non-current	Total	Current	Non-current	Total
Jaguara HPP	225,704	1,772,176	1,997,880	206,990	1,693,159	1,900,149
Miranda HPP	138,098	1,084,299	1,222,397	126,648	1,035,953	1,162,601
	363,802	**2,856,475**	**3,220,277**	**333,638**	**2,729,112**	**3,062,750**

b) Changes in concession financial assets

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
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**
Amounts received	(203,467)	(124,496)	(327,963)
Interest	150,329	91,976	242,305
Inflation adjustment	150,869	92,316	243,185
Balances at 12.31.2022	**1,997,880**	**1,222,397**	**3,220,277**

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



NOTE 7. CONTRACT ASSET

Accounting practice:

Concession agreements define the public energy transmission service as the service provided upon construction (implementation of infrastructure) and O&M of transmission facilities. Based on that, the performance obligations in these concession agreements were defined: (i) construction and improvements; and (ii) O&M. Accordingly, the Company allocates revenue from these agreements 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 system. 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.

a) Breakdown

	Consolidated					
	12.31.2022			12.31.2021		
	Current	Non-current	Total	Current	Non-current	Total
Novo Estado	301,006	3,623,647	3,924,653	170,154	2,906,591	3,076,745
Gralha Azul	257,173	2,271,934	2,529,107	217,375	2,029,510	2,246,885
Gavião Real	-	195	195	-	-	-
	558,179	**5,895,776**	**6,453,955**	**387,529**	**4,936,101**	**5,323,630**

b) Changes in contract asset

	Consolidated			
	Novo Estado	Gralha Azul	Gavião Real	Total
Balances at 12.31.20220	**1,593,863**	**1,367,556**	**-**	**2,961,419**
Transmission infrastructure construction revenue	1,415,712	738,836	-	2,154,548
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**
Transmission infrastructure construction revenue	772,289	141,902	193	914,384
Losses (gains) due to inefficiency (efficiency) in construction	(187,896)	(29,354)	1	(217,249)
Interest rates	200,481	186,089	1	386,571
Inflation adjustment	194,510	174,038	-	368,548
RAP amounts received in construction	(131,476)	(190,453)	-	(321,929)
Balances at 12.31.2022	**3,924,653**	**2,529,107**	**195**	**6,453,955**
Classification under balance sheets				
Current assets	301,006	257,173	-	558,179
Non-current assets	3,623,647	2,271,934	195	5,895,776
	3,924,653	**2,529,107**	**195**	**6,453,955**

In 2022, the Novo Estado and Gralha Azul Transmission Systems obtained additional authorizations from the ONS for partial commercial operation, which represented, on 12.2022, 49% and 94% of their monthly RAP, respectively.

c) Losses (gains) due to inefficiency (efficiency) 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.

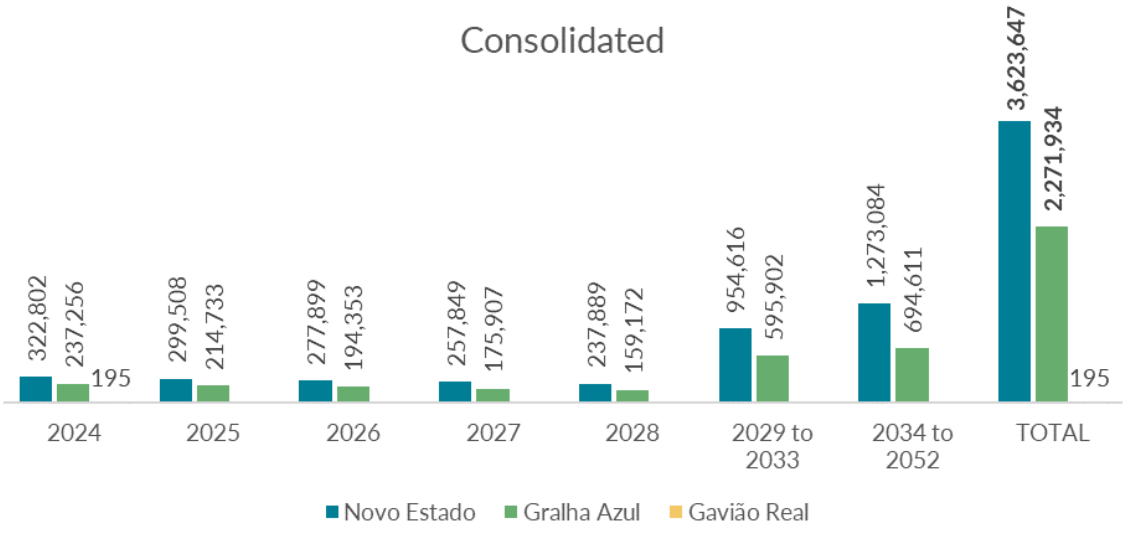
In the current year, the Company recognized net loss of R$ 217,249 due to inefficiency in the construction of transmission infrastructure (in 2021, a net loss of R$ 469,489 was booked). The loss was recognized mainly due to the increase in the Capex estimated for constructing the Transmission Systems and the postponement of the commercial startup of each stage of the projects.

d) Assumptions made and other significant information

Assumptions made and other significant information	Novo Estado[1]	Gralha Azul	Gavião Real
Construction margin	2.24%	2.66%	2.66%
Operation and maintenance margin	55.55%	37.39%	20.08%
Remuneration rate	7.79%	10.49%	6.67%
Annual RAP, net of charges (nominal value)	313,100	231,725	6,485
Annual RAP – Construction (nominal value)	270,416	207,222	6,278
Estimated nominal CAPEX of the project on 12.31.2022	3.3 billion	1.8 billion	77.8 million
Adjustment index of contracts	IPCA	IPCA	IPCA
Construction cost incurred until 12.31.2022	3,557,177	2,084,291	188
Estimated full commercial startup	04,2023	03,2023	02,2024
Date of next Periodic Tariff Review	07,2023	07,2023	07,2028
Concession period	30 years	30 years	30 years
Date of execution of concession agreement	08,03,2018	08,03,2018	30,09,2022
Duration of the concession contract	03,2048	03,2048	09,2052
Auction	002/2017	002/2017	01/2022
Lot acquired	Lot 3	Lot 1	Lot 7
Discount in relation to the maximum revenue determined by Aneel	35.7%	34.8%	59.9%
Number of substations	1	5	n/a[2]
Length of transmission line	1,800 km	1,000 km	1 km

(1) On 05.18.2021, through Authorizing Resolution 9,996, Aneel authorized Novo Estado to implement reinforcements in the transmission installation under its responsibility.
(2) Application in third-party substation.

e) Realization profile of contract asset presented under non-current assets



NOTE 8. NON-CURRENT ASSETS HELD FOR SALE

Accounting practice:

The asset is classified as held-for-sale when its carrying amount is recoverable particularly through its sale and not through its continuous use. This condition is met only when an asset (or group of assets) is available for immediate sale on an "as is" basis and the sale is deemed highly probable. This asset is measured by the lowest between its carrying value and its fair value, net of selling expenses, and is presented separately in the balance sheet.

The main categories of assets and liabilities held for sale are:

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Property, plant and equipment held for sale	4,577	4,577	4,577	4,577
Investments held for sale				
Assets	322,530	-	2,328,201	-
Liabilities related to assets	-	-	(2,005,671)	-
Net assets	**322,530**	**-**	**322,530**	**-**
	327,107	**4,577**	**327,107**	**4,577**
Classification under balance sheets				
Assets	327,107	4,577	2,332,778	4,577
Liabilities[1]	-	-	(2,005,671)	-
	327,107	**4,577**	**327,107**	**4,577**

(1) Shown under "Liabilities related to non-current assets held for sale".

a) Property, plant and equipment held for sale

Refers to assets of the non-operational thermal power project Jacuí, which had been provided as guarantee and were received as a result of the favorable outcome for the Company in 2014 of a lawsuit filed for collecting the amounts receivable from the sale of said plant. The Company is in the process of selling the assets.

b) Investments held for sale

In line with the strategy to decarbonize the Company, on 09.15.2022, a share purchase and sale agreement related to the shares of the subsidiary Pampa Sul was entered into between the Company and EBC, as sellers; and Grafito and Space X as buyers. With this, the requirements to classify the subsidiary as held for sale were met.

The price for the sale of 100% of the shares in Pampa Sul will be up to R$ 449,500, of which R$ 50,000 will be paid upon the closing of the transaction and the balance is subject to the fulfillment of conditions precedent established in the purchase and sale agreement.

On 12.31.2022, the estimated sale amount, net of costs, was R$ 422,530, which is lower than the book value of the subsidiary. As such, the assets held for sale are measured at fair value, net of selling costs, to be realized in future periods. Until 12.31.2022, the Company booked R$ 1,205,158 as provision for impairment of the group of assets held for sale, related to the difference between their book value and fair value. This amount was booked in profit or loss as "Provision for impairment of assets."

	12.31.2022
Shareholders' equity at book value	1,268,447
Interest on debt	259,241
Provision for impairment of assets	(1,205,158)
Net assets	**322,530**
Capital increase to realize until closing	100,000
Fair value	**422,530**

b.1) Assets and liabilities held for sale

The main assets and liabilities of the subsidiary Pampa Sul classified as held for sale on 09.30.2022 are shown below:

	12.31.2022			12.31.2022	
	Book value	Fair value		Book value	Fair value
CURRENT ASSETS			**CURRENT LIABILITIES**		
Cash and cash equivalents	61,839	61,839	Trade accounts payable	57,614	57,614
Trade accounts receivable	51,971	51,971	Debt instruments	71,372	71,372
Inventories	126,300	126,300	Deferred income tax and social contribution[1]	-	133,549
Other current assets	67,062	67,062	Other current liabilities	25,821	25,821
	307,172	**307,172**		**154,807**	**288,356**
NON-CURRENT ASSETS			**NON-CURRENT LIABILITIES**		
Long-term assets			Debt instruments	1,717,157	1,717,157
Restricted deposits	111,331	111,331	Other non-current liabilities	158	158
Deferred income tax and social contribution	33,798	33,798		**1,717,315**	**1,717,315**
Other non-current assets	4,997	4,997			
	150,126	**150,126**			
Property, plant and equipment	**2,678,315**	**1,865,947**			
Intangible assets	**4,956**	**4,956**			
	2,833,397	**2,021,029**			
Total assets	**3,140,569**	**2,328,201**	**Total liabilities related to the assets**	**1,872,122**	**2,005,671**

(1) The amount refers to deferred taxes calculated on interest on debt booked in the parent company and, hence, are not presented net of deferred taxes recorded by the subsidiary Pampa Sul.

The main balances transferred to assets and liabilities held for sale are presented below:

b.1.1) Property, plant and equipment

b.1.1.1) Breakdown

	12.31.2022		
	Cost	Accumulated depreciation	Net amount
In use			
Machinery and equipment	2,572,980	(355,203)	2,217,777
Buildings and improvements	281,134	(22,637)	258,497
Reservoirs, dams and ducts	197,299	(12,370)	184,929
Furniture and fixtures	1,168	(191)	977
Vehicles	18	(8)	10
Right of use of leases	155	(73)	82
	3,052,754	**(390,482)**	**2,662,272**
In progress			
Machinery and equipment	7,514	-	7,514
Buildings and improvements	8,509	-	8,509
Acquisitions to be apportioned	20	-	20
	16,043	**-**	**16,043**
	3,068,797	**(390,482)**	**2,678,315**

b.1.1.2) Fair value adjustment

	12.31.2022
Provision for impairment of assets	1,205,158
Interest on debt	(259,241)
Adjusted provision for impairment of assets	**945,917**
Fair value adjustment – Property, plant and equipment	812,368
Fair value adjustment – Deferred income tax and social contribution	133,549
Fair value adjustment	**945,917**

b.1.2) Debt instrument

b.1.2.1) Breakdown

	12.31.2022		
	Current	Non-current	Total
Loans and financing			
BNDES	32,091	726,520	758,611
Charges	2,800	-	2,800
	34,891	**726,520**	**761,411**
Debentures			
Debentures – 1st issue	10,003	386,918	396,921
Debentures – 2nd issue	13,315	603,719	617,034
Charges	13,163	-	13,163
	36,481	**990,637**	**1,027,118**
	71,372	**1,717,157**	**1,788,529**

b.1.2.2) Conditions contracted

			Payment Conditions			
	Quantity[1]	Remuneration	Charges	Principal	Maturity	Balances at 12.31.2022
Loans and financing						
BNDES	-	TJLP + 3.09% a.a.[2]	Monthly	Monthly	01.2036	761,411
Debentures						
1st Issue – Series 1	102,000	IPCA + 6.25% a.a.	Semiannually starting 10.2021	Semiannually starting 10.2021	04.2028	113,765
1st Issue – Series 2	238,000	IPCA + 7.50% a.a.	Semiannually starting 10.2021	Semiannually starting 10.2028	10.2036	288,878
2nd Issue - Series 1	150,000	IPCA + 4.50% a.a.	Semiannually starting 10.2021	14 semiannual installments as of 10.2021	04.2028	158,136
2nd Issue - Series 2	432,000	IPCA + 5.75% a.a.	Semiannually starting 10.2021	17 semiannual installments as of 10.2028	10.2036	466,339

(1) Only applicable to debentures.
(2) The amount corresponding to the portion of TJLP that exceeds 6% p.a. is added to the principal.

NOTE 9. OTHER ASSETS

Accounting practice

Other assets are recorded at acquisition cost, and are subsequently measured at amortized cost, deducted from the impairment provision, when applicable, or the lowest between the average weighted costs and its realizable net amount, as in the case of Inventories.

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Right to reimbursement of ICMS on sale of electricity[1]	106,097	-	106,097	-
Risk premium to be appropriated – renegotiation of hydrological risk	64,256	77,272	85,507	100,596
Tax credits recoverable[2]	1,066	2,398	72,183	123,448
Inventories	20,431	19,267	59,313	151,146
Disposal of subsidiary	52,287	114,233	52,287	114,233
Deferred income tax and social contribution [2]	-	-	50,579	61,135
Prepaid expenses	25,705	18,141	43,740	38,302
Income tax and social contribution credit[2]	19,209	19,209	32,803	34,787
Divestments and services in course	33,773	35,494	29,539	32,135
Trade accounts receivables[3]	748	2,202	6,150	9,991
Advances to employees	5,414	2,966	5,667	3,609
Other amounts receivable	50,253	68,000	107,630	90,604
	379,239	**359,182**	**651,495**	**759,986**
Classification in balance sheet				
Current assets	191,273	149,677	318,872	385,525
Non-current assets	187,966	209,505	332,623	374,461
	379,239	**359,182**	**651,495**	**759,986**

(1) Further information is available in Note 18 – Provisions and judicial deposits.
(2) Further information is available in Note 19 – Taxes and other regulatory obligations.
(3) Further information is available in Note 4 – Trade accounts receivable.

a) Risk premium to be appropriated – renegotiation of hydrological risk

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 any lawsuit against Aneel that hampers the direct application of GSF mechanism.

The renegotiation rules established options to choose the hydrological risk level to be assumed by generators who, in turn, assume 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 that has been offset by risk premiums calculated at the present value due by the Company.

b) Sale of subsidiary

Corresponds to the second part of the amount receivable for the sale of the subsidiary Diamante, which will be received in five installments adjusted for inflation monthly by the IPCA rate. Until 12.31.2022, the Company received R$ 74,640, equivalent to 3 installments, and the balance will be received by February 2023.

NOTE 10. 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 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

The Company has intberest in a joint venture related to the shared control of TAG. The investment in joint venture is initially recorded at cost value and subsequently recognized by the equity method. 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	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Interest on subsidiaries				
Measured at the equity method				
Equity value of investment	13,875,691	13,702,984	2,832,769	2,193,054
Impairment of equity value of investment	-	(1,157,506)	-	-
	13,875,691	**12,545,478**	**2,832,769**	**2,193,054**
Goodwill from investment acquisition	50,124	53,465	-	-
Goodwill from expected future profitability	173,654	173,654	173,654	173,654
	14,099,469	**12,772,597**	**3,006,423**	**2,366,708**

b) Changes in investments evaluated through the equity method

	Parent Company									
	Balance at 12.31.2020	**Capital increase**	**Capital decrease**	**Acquisition / Disposal of subsidiary**	**Impairment, net**	**Equity in earnings of subsidiaries**	Dividends	**OCI and Capital reserve[1]**	**Transfer to NCAHS[2]**	Balances at 12.31.2022
Subsidiaries										
ECP	**4,339,999**	1,512,296	(274,635)	-	-	496,931	(634,216)	(258,594)	-	**5,181,781**
Jaguara	**1,323,204**	-	-	-	-	212,265	(29,309)	-	-	**1,506,160**
ETP II	**1,120,148**	451,217	(200,000)	-	-	32,575	-	-	-	**1,403,940**
CEE	**1,667,660**	-	(380,000)	-	-	324,243	(247,951)	-	-	**1,363,952**
Miranda	**881,448**	-	-	-	-	135,154	(60,039)	-	-	**956,563**
EBC	**408,461**	-	-	-	-	36,734	(100,000)	-	-	**345,195**
Pampa Sul	**325,022**	104,100	-	-	(125,186)	18,599	-	(5)	(322,530)	**-**
Other	**99,532**	270	(7,500)	(71,393)	77,534	6,456	(10,000)	-	-	**94,899**
Under shared control										
Itasa	**186,950**	-	-	-	-	3,878	(396)	-	-	**190,432**
Joint venture										
TAG	**2,193,054**	-	-	-	-	727,136	(503,750)	416,329	-	**2,832,769**
	12,545,478	**2,067,883**	**(862,135)**	**(71,393)**	**(47,652)**	**1,993,971**	**(1,585,661)**	**157,730**	**(322,530)**	**13,875,691**

(1) Equity income of other comprehensive income (loss) and capital reserve.
(2) Further information is available in Note 8 – Non-current assets held for sale.

	Parent company								
	Balances at 12.31.2020	Capital increase	Capital reduction	Equity in earnings of subsidiaries	Dividends	Other comprehensive income	Disposal of subsidiary	Impairment	Balances at 12.31.2021
Subsidiaries									
ECP	**4,060,695**	682,439	(598,442)	138,196	-	57,111	-	-	**4,339,999**
Jaguara	**1,132,463**	-	-	210,763	(20,022)	-	-	-	**1,323,204**
ETP II	**490,016**	781,747	-	(151,615)	-	-	-	-	**1,120,148**
CEE	**1,735,564**	-	-	389,159	(457,063)	-	-	-	**1,667,660**
Miranda	**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**
Diamante	**565,276**	-	(77,500)	146,581	(130,404)	-	(503,953)	-	**-**
Other	**159,218**	18,500	-	5,080	(3,615)	(2,117)	-	(77,534)	**99,532**
Under shared control									
Itasa	**251,083**	-	(78,000)	22,994	(9,127)	-	-	-	**186,950**
Joint venture									
TAG	**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**

b.1) Information on main subsidiaries

Key information about the subsidiaries is shown below:

	12.31.2022						
	Capital	Assets	Liabilities	Adjusted shareholders' equity	Net revenue	Adjusted net income (loss)	Interest (%)
ECP	4,184,541	11,044,013	6,060,945	5,185,431	1,509,147	498,420	**99.99**
Jaguara	854,409	2,607,218	1,101,058	1,506,160	526,141	212,265	**99.99**
ETP II	1,455,348	7,122,259	5,731,132	1,403,940	1,702,692	32,575	**99.99**
CEE	989,380	1,911,665	547,713	1,363,952	578,343	324,243	**99.99**
Miranda	582,663	1,641,489	684,926	956,563	327,026	135,154	**99.99**
EBC	10,038	768,880	423,685	345,195	4,755,981	36,734	**99.99**
Pampa Sul	1,180,792	3,196,569	1,928,122	1,527,688	672,264	18,599	**99.99**

	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**
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**
CEE	1,369,380	2,236,209	568,549	1,667,660	633,916	389,159	**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	1,076,692	3,362,152	2,225,913	1,404,994	587,311	(129,549)	**99.99**

b.1.1) Non-controlling shareholder

The non-controlling interest of Ibitiúva at 12.31.2022 in the shareholders' equity and the net income of ECP presented above was R$ 3,650 and R$ 1,489 (R$ 3,589 and R$ 1,245 at 12.31.2021), respectively.

b.1.2) 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, financing 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.

The effects of these items are shown below:

	Cost of capitalized debt, net of amortization			
	Shareholders' equity		Net income (loss)	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
ECP	202,363	170,167	32,196	7,151
Pampa Sul[1]	259,241	268,755	(9,514)	(9,514)

(1) The shareholders' equity was transferred to non-current assets held for sale. Further information is available in Note 8 – Non-current assets held for sale.

Redeemable preferred shares

In 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 12.31.2022, the total amount capitalized was R$ 12,813. The amortization amount recognized in 2022 was R$ 1,083 (R$ 13,896 and R$ 1,083, respectively, in 2021).

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.

d) Goodwill on expected future profitability

In 2022 and 2021, the amount of R$ 173,648 corresponds to goodwill on expected future profitability in the acquisition of its joint venture TAG.

e) Information on subsidiaries

e.1) Subsidiaries

e.1.1) 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 acquisition of companies Solairedirect and ENGIE Solar. Also, in 2022, the Company recognized R$ 101,851 in "Other comprehensive income" and R$ 156,743 in "Capital reserve", totaling R$ 258,594 (R$ 57,111 in 2021).

The following table presents financial information for the most significant subsidiaries of ECP for the year ended 12.31.2022.

	Capital	Assets	Liabilities	Shareholders' equity	Net Revenue	Net Income (loss)	Interest (%)
CECL	1,272,997	4,030,942	2,577,473	1,453,469	658,899	184,994	99.99
CETR	565,865	862,170	213,756	648,414	214,007	116,785	99.99
CESA	536,386	1,158,633	660,783	497,850	-	(10,458)	99.99
Maracanã	519,722	553,690	7,845	545,845	-	(99)	99.99
Solairedirect	502,785	1,392,806	877,534	515,272	147,174	27,127	99.99
CEUR	297,345	1,826,109	1,449,452	376,657	305,602	49,113	99.99
Assú	125,988	253,275	158,249	95,026	32,087	10,647	99.99
Ferrari	39,440	128,364	56,196	72,168	66,854	44,981	99.99
Tupan	31,879	51,407	16,972	34,435	22,013	16,620	99.99
Ibitiúva	38,501	87,361	14,348	73,013	41,697	29,788	95.00
Hidropower	22,994	41,278	14,863	26,415	20,814	15,657	99.99
Other	122	21	-	21	-	-	99.99

Further details on installed capacity and physical guarantee are included in Note 1 – Operations.

At 12.31.2022, 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 total R$ 326,443 (R$ 358,975 at 12.31.2021).

- 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 the Santo Agostinho II Wind Power Complex, composed of ten SPEs under study phase and one holding company (Santo Agostinho Participações Ltda.). At the end of 2022, the general physical progress of works was 32.5% and the commercial startup is expected to occur gradually starting from the first quarter of 2023.

- Maracanã

Maracanã is formed by wind power projects with total installed capacity of 882 MW. It is composed of one holding company (Maracanã Geração de Energia e Participações S.A.), located in the municipality of Gentio do Ouro, which concentrates 24 SPEs that will be implemented in a single phase. The start of construction is pending the environmental license, which should be obtained in early 2023. The commercial startup is expected to occur gradually from the second half of 2024.

- Solairedirect Holding ("Solairedirect")

Solairedirect is formed by a set of photovoltaic generation projects with total installed capacity of 222 MW. It is composed of two complexes formed by two holding companies, Floresta and Paracatu, located in the municipalities Areia Branca (RN) and Paracatu (MG), which concentrate 3 and 4 SPEs, respectively.

On 02.14.2022, the Board of Directors of the Company approved the acquisition by ENGIE Brasil Energias Complementares Participações Ltda. ("ECP"), a direct subsidiary of the Company, of all the shares of Solairedirect, which owns the Paracatu and Floresta Photovoltaic Complexes, and of ENGIE Solar, which were subsidiaries of ENGIE Solar S.A. Solairedirect Investment Management S.A. and Drankensberg Capital 1 S.A., both belonging to the ENGIE Group. On 02.15.2022, the purchase agreement was signed and, after the conditions precedent were met, the acquisition was concluded on 03.16.2022.

The acquisition price was R$ 656,157, as follows: (i) R$ 499,414 – related to the book value of the net assets acquired; and R$ 156,743 – resulting from the difference between the consideration transferred and the book value of the assets, booked under "Capital reserve" in shareholders' equity.

(a) **Adjusted base purchase price:** on the closing date of the transaction, the seller was paid R$ 656,157, broken down as: R$ 625,000 related to the base purchase price and R$ 31,157 corresponding to the result of closing adjustments established in the agreement.

(b) ***Contingent portion – generation performance of photovoltaic complexes:*** The purchase agreement established an additional payment linked to the generation of the photovoltaic complexes in 2022. The agreement envisaged the payment of an additional R$ 3.5/MWh (base October 2021), adjusted by the CDI and 3.5% p.a., limited to R$ 50,000. At the end of 2022, the performance clause was not met. Therefore, the Company adjusted the transaction amounts reversing a part of the capital reserve that had been recorded, as a corresponding entry to the write-off of conditional obligation.

	Book value – 03.16.2022		
Balance Sheet	**Solairedirect**	**ENGIE Solar**	**Total**
ASSETS			
Current assets	**218,663**	**11,762**	**230,425**
Cash and cash equivalents	188,609	11,261	199,870
Other current assets	30,054	501	30,555
Non-current assets	**1,139,191**	**357**	**1,139,548**
Other non-current assets	28,771	83	28,854
Property, plant and equipment	1,082,428	267	1,082,695
Intangible assets	27,992	7	27,999
Total	**1,357,854**	**12,119**	**1,369,973**
LIABILITIES			
Current liabilities	**95,314**	**852**	**96,166**
Trade accounts payable	19,389	153	19,542
Debt instruments	49,989	-	49,989
Other current liabilities	25,936	699	26,635
Non-current liabilities	**774,393**	**-**	**774,393**
Debt instruments	743,736	-	743,736
Other non-current liabilities	30,657	-	30,657
Total	**869,707**	**852**	**870,559**
Net assets	**488,147**	**11,267**	**499,414**

	Solairedirect	**ENGIE Solar**	**Total**
Consideration transferred	**640,869**	**15,288**	**656,157**
Net assets	488,147	11,267	499,414
Capital reserve	152,722	4,021	156,743

- 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. 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. In 2022, the other projects acquired were transferred to the direct subsidiary Assu Sol Geração de Energia SPE S.A. ("Assu Sol"), which was acquired at the end of 2021. The transaction was also conducted by the direct subsidiary ECP. The Photovoltaic Complex is composed of 20 SPEs and is located in the municipality of Assú, state of Rio Grande do Norte, with total estimated installed capacity of up to 750 MW.

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

Jaguara is the owner of the Jaguara Hydroelectric Power Plant, located in the municipality of Rifaina, São Paulo, with installed capacity of 424.0 MW. Further information is available in Note 6 – 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.

Below is some financial information on the most important subsidiaries of ETP II for the year ended 12.31.2022.

	Capital	Assets	Liabilities	Shareholders' equity	Net income	Net loss	Interest (%)
GAP	581,346	2,703,561	2,031,599	671,962	523,506	127,423	99.99
NEP	870,373	4,418,650	3,711,352	707,298	1,179,187	(93,726)	99.99

(1) Parent company of Gralha Azul Transmissão de Energia S.A. Further information is available in Note 7 – Contract asset.
(2) Parent company of Novo Estado Transmissora de Energia S.A. Further information is available in Note 7 – Contract asset.

e.1.4) 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.

e.1.5) 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 6 – Concession financial assets.

e.1.6) 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.1.7) 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.

In 2022, the Company recognized an additional R$ 125,186 to the impairment recorded in 2021, recognizing total impairment of R$ 1,205,158 (R$ 1,079,972 on 12.31.2021), after periodical tests conducted by the Company. Capital was increased in the subsidiary to meet short-term obligations.

As from the 3rd quarter of 2022, with the execution of the agreement to sell all the shares of Pampa Sul, the Company started recording its assets and liabilities under "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale," respectively. Further information is available in Note 8 – Non-current assets held for sale.

e.1.8) 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.

On 02.21.2022, after the conditions precedent established in the share purchase agreement were met, the Company sold its total interest in EGSD. On that date, the company ceased to be a subsidiary of the Company and is also not consolidated in the books. The sale price for 100% of the equity interest was estimated at R$ 14,202, and consisted of two installments: (i) R$ 3,300 – received while closing the operation; R$ 8,517 – received in December 2022; and (ii) up to R$ 2,385 – related to supervening assets and liabilities, which will be received by EGSD and transferred to the Company at future dates, and adjustment to the price on the closing date, net of estimated provisions for technical assistance under the responsibility of ENGIE. The amount related to item (ii) is pending receipt and is shown under "Other non-current assets."

The impairment constituted in previous years was reversed together with the recognition of the receipt from sale and the cost of investment. The impairment reversed was R$ 118,362. These effects, together with the recognition of receipt from the sale (R$ 14,202), resulted in a gain of R$ 23,931 recognized in profit or loss. The changes relating to write-off of investment are presented in "Others" line in the statement of changes in equity.

e.1.9) Usina Termelétrica Norte Catarinense Ltda. ("Norte Catarinense")

The purpose of Norte Catarinense is to generate electricity by implementing and operating a project developed by itself of a thermal power plant fueled by natural gas, in a combined cycle, in the municipality of Garuva, state of Santa Catarina, with installed capacity of 600 MW.

On 09.01.2022, the conditions precedent established in the share sale agreements were met. On that date, the company ceased to be a subsidiary of the Company and is also not consolidated in the books. The price for the sale of 100% of the shares was R$ 13,501, fully received at the closing of the business, and the book value written off was R$ 3,589. With these transactions, the Company recognized a gain of R$ 9,912 in profit or loss.

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	12.31.2022	12.31.2021
ASSETS		
Current assets	**80,220**	**63,455**
Cash and cash equivalents	46,945	42,501
Other current assets	33,275	20,954
Non-current assets	**344,928**	**377,843**
Long-term assets	19,007	19,578
Property, plant and equipment	325,916	358,260
Intangible assets	5	5
TOTAL	**425,148**	**441,298**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	28,697	54,135
Non-current liabilities	5,822	3,676
Shareholders' equity	390,629	383,487
TOTAL	**425,148**	**441,298**

Statement of income	12.31.2022	12.31.2021
Net operating revenue	188,026	221,025
Costs of energy sold	(171,924)	(148,599)
GROSS PROFIT	**16,102**	**72,426**
Operating expenses		
Administrative and general expenses	(6,276)	(2,143)
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES	**9,826**	**70,283**
Financial result	**2,537**	**1,275**
INCOME BEFORE INCOME TAXES	**12,363**	**71,558**
Income tax and social contribution	(4,408)	(24,390)
NET INCOME FOR THE YEAR	**7,955**	**47,168**

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

In 2019, the ENGIE Group, in partnership with CDPQ, entered into a purchase agreement between Aliança and Petrobrás, to acquire the control of TAG. After meeting all the conditions precedent envisaged in the contract, the operation was concluded at an approximate amount of R$ 35 billion. Subsequently, in order to meet the requirements of the financing agreement held by Aliança, the managements of Aliança and TAG conducted a reverse merger of Aliança by TAG.

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

The main asset and liability groups of TAG on 12.31.2022 and 12.31.2021 were:

Balance Sheet	12.31.2022	12.31.2021
ASSETS		
Current assets	**2,828,323**	**2,078,666**
Cash and cash equivalents	687,711	438,756
Trade accounts receivable	1,512,626	1,438,717
Derivative financial instruments - hedge	284,172	-
Other current assets	343,814	201,193
Non-current assets	**30,585,101**	**31,154,609**
Restricted deposits	217,407	115,062
Derivative financial instruments - hedge	283,528	-
Other long-term assets	623,731	545,019
Property, plant and equipment	26,706,311	27,742,350
Intangible assets	2,754,124	2,752,178
Total	**33,413,424**	**33,233,275**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**4,341,416**	**3,707,266**
Debt instruments	3,973,976	3,377,487
Derivative financial instruments - hedge	-	10,781
Other current liabilities	367,440	318,998
Non-current liabilities	**20,355,796**	**22,778,150**
Debt instruments	15,583,937	19,631,769
Derivative financial instruments - hedge	-	412,051
Deferred income tax and social contribution	3,908,026	2,074,655
Other non-current liabilities	863,833	659,675
Shareholders' equity	**8,716,212**	**6,747,859**
Total	**33,413,424**	**33,233,275**
Company's interest in shareholders' equity	**2,832,769**	**2,193,054**

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

	2022		2021	
	12M22	*Company's interest*	12M21	*Company's interest*
Net operating income	8,426,186	2,738,510	7,070,792	2,298,007
Cost of services rendered	(2,722,087)	(884,678)	(2,470,304)	(802,849)
Gross income	**5,704,099**	**1,853,832**	**4,600,488**	**1,495,158**
General, administrative and other expenses	(193,230)	(62,800)	(169,395)	(55,053)
Profit before financial result and taxes	**5,510,869**	**1,791,032**	**4,431,093**	**1,440,105**
Financial result	(2,101,550)	(683,004)	(1,620,187)	(526,561)
Profit before taxes	**3,409,319**	**1,108,028**	**2,810,906**	**913,544**
Income tax and social contribution	(1,171,976)	(380,892)	(958,642)	(311,559)
Net income of TAG	**2,237,343**	**727,136**	**1,852,264**	**601,985**
Impact on ENGIE's equity income		**727,136**		**601,985**

NOTE 11. 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 debt instruments 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 01.01.2009, 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.

Right 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.

PROPERTY, PLANT AND EQUIPMENT

	Average depreciation rate			Average depreciation rate	
	Parent Company	Consolidated		Parent Company	Consolidated
Machinery and equipment	3.5%	3.7%	Furniture and fixtures	6.3%	6.3%
Reservoirs, dams and ducts	2.7%	2.8%	Vehicles	14.3%	14.3%
Buildings and improvements	3.2%	3.4%	Special obligations	4.6%	4.6%
Right of use of leases	14.8%	3.6%			

a) Breakdown

	Parent Company					
	12.31.2022			12.31.2021		
	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
In service						
Machinery and equipment	4,231,372	(2,778,303)	1,453,069	4,225,096	(2,670,299)	1,554,797
Reservoirs, dams and ducts	5,128,148	(3,683,489)	1,444,659	5,125,655	(3,563,538)	1,562,117
Buildings and improvements	1,285,953	(930,116)	355,837	1,285,705	(895,499)	390,206
Right of use of leases	37,087	(20,512)	16,575	35,649	(14,852)	20,797
Furniture and fixtures	9,038	(5,352)	3,686	8,848	(4,955)	3,893
Vehicles	1,402	(1,193)	209	2,242	(1,967)	275
Special obligations	(43,122)	12,054	(31,068)	(43,122)	10,179	(32,943)
	10,649,878	**(7,406,911)**	**3,242,967**	**10,640,073**	**(7,140,931)**	**3,499,142**
In progress						
Machinery and equipment	83,150	-	83,150	57,031	-	57,031
Advances to suppliers	48,694	-	48,694	28,587	-	28,587
Acquisitions to be apportioned	21,674	-	21,674	17,656	-	17,656
Reservoirs, dams and ducts	1,211	-	1,211	3,363	-	3,363
Buildings and improvements	1	-	1	178	-	178
	154,730	**-**	**154,730**	**106,815**	**-**	**106,815**
	10,804,608	**(7,406,911)**	**3,397,697**	**10,746,888**	**(7,140,931)**	**3,605,957**

	Consolidated					
	12.31.2022			12.31.2021		
	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
In service						
Machinery and equipment	13,837,775	(4,845,163)	8,992,612	14,477,081	(4,547,079)	9,930,002
Reservoirs, dams and ducts	7,108,635	(4,546,177)	2,562,458	7,302,708	(4,376,635)	2,926,073
Buildings and improvements	1,782,051	(1,120,308)	661,743	2,063,775	(1,084,261)	979,514
Right of use of leases	209,730	(38,247)	171,483	172,998	(27,840)	145,158
Furniture and fixtures	11,617	(6,099)	5,518	12,625	(5,954)	6,671
Vehicles	4,050	(3,308)	742	4,540	(3,531)	1,009
Special obligations	(43,247)	12,054	(31,193)	(43,247)	10,179	(33,068)
	22,910,611	**(10,547,248)**	**12,363,363**	**23,990,480**	**(10,035,121)**	**13,955,359**
In progress						
Machinery and equipment	330,287	-	330,287	200,473	-	200,473
Reservoirs, dams and ducts	2,120	-	2,120	7,308	-	7,308
Buildings and improvements	95,373	-	95,373	44,184	-	44,184
Advances to suppliers	1,089,817	-	1,089,817	255,177	-	255,177
Acquisitions to be apportioned	315,999	-	315,999	61,444	-	61,444
	1,833,596	**-**	**1,833,596**	**568,586**	**-**	**568,586**
	24,744,207	**(10,547,248)**	**14,196,959**	**24,559,066**	**(10,035,121)**	**14,523,945**

b) Changes in property, plant and equipment

	Parent Company							
	Machinery and equipment	Reservoirs, dams and ducts	Buildings and improvements	Right of use of leases	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2020	**1,611,984**	**1,685,413**	**428,910**	**23,568**	**4,529**	**136,066**	**(41,353)**	**3,849,117**
Additions	-	-	-	-	-	55,243	-	55,243
Reversal of impairment	1,072	-	11	-	-	-	-	1,083
Remeasurement	-	-	-	2,339	-	-	-	2,339
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)	(5,110)	(419)	-	1,877	(298,221)
Balance at 12.31.2021	**1,554,797**	**1,562,117**	**390,206**	**20,797**	**4,168**	**106,815**	**(32,943)**	**3,605,957**
Additions	-	-	-	-	-	64,261	-	64,261
Remeasurement	-	-	-	1,437	-	-	-	1,437
Transfers	14,880	673	(281)	-	1,074	(16,346)	-	-
Write-offs	(1,296)	(21)	-	-	(846)	-	-	(2,163)
Depreciation	(115,312)	(118,110)	(34,088)	(5,659)	(501)	-	1,875	(271,795)
Balance at 12.31.2022	**1,453,069**	**1,444,659**	**355,837**	**16,575**	**3,895**	**154,730**	**(31,068)**	**3,397,697**

	Consolidated							
	Machinery and equipment	Reservoirs, dams and ducts	Buildings and improvements	Right of use of leases	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2020	**9,960,357**	**3,123,866**	**980,114**	**147,002**	**9,624**	**1,505,547**	**(41,671)**	**15,684,839**
Additions	-	-	-	34	-	1,004,300	-	1,004,334
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	(1,030)	223	-	-	(1,009,117)
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)
Remeasurement	-	-	-	8,351	-	-	-	8,351
Write-offs	(11,566)	-	(8)	-	(2)	-	6,714	(4,862)
Depreciation	(584,915)	(213,109)	(64,970)	(9,199)	(1,273)	-	1,705	(871,761)
Balance at 12.31.2021	**9,930,002**	**2,926,073**	**979,514**	**145,158**	**7,680**	**568,586**	**(33,068)**	**14,523,945**
Additions	-	-	-	1,958	-	1,326,742	-	1,328,700
Additions – Provision for divestment	-	-	-	-	-	25,881	-	25,881
Acquisition of subsidiaries	1,042,096	-	6	29,112	340	11,141	-	1,082,695
Remeasurement	-	-	-	5,258	-	-	-	5,258
Sale of subsidiary	(10,243)	(3,588)	-	-	(9)	-	-	(13,840)
Reversal of estimates[1]	-	-	-	-	-	(3,000)	-	(3,000)
Capitalized interest, inflation adjustment and depreciation	-	-	-	-	-	104,262	-	104,262
Impairment[2]	(169,633)	-	(5,344)	-	-	-	-	(174,977)
Transfers	169,171	5,825	4,564	-	1,648	(181,208)	-	-
Transfer to NCAHS [3]	(1,402,596)	(184,929)	(258,590)	(42)	(982)	(18,808)	-	(1,865,947)
Write-offs	(24,579)	(21)	-	-	(862)	-	-	(25,462)
Depreciation	(541,606)	(180,902)	(58,407)	(9,961)	(1,555)	-	1,875	(790,556)
Balance at 12.31.2022	**8,992,612**	**2,562,458**	**661,743**	**171,483**	**6,260**	**1,833,596**	**(31,193)**	**14,196,959**

(1) Reversal of estimates of future disbursement in the construction of CLWP Phase 2 Wind Power Complex.
(2) Impairment for Pampa Sul and Lages was recorded, and impairment of Pampa Sul and EGSD was reversed. Further details are provided in specific table in this Note.
(3) NCAHS. Further information is available in Note 8 – Non-current assets held for sale.

b.1) Breakdown of property, plant and equipment in service, by type of generation plants and transmission lines

PROPERTY, PLANT AND EQUIPMENT IN SERVICE

	Average depreciation rate			Average depreciation rate	
	Parent Company	Consolidated		Parent Company	Consolidated
WPP	Not applicable	3.8%	Biomass Plant	Not applicable	5.7%
HPP	2.9%	3.2%	Transmission	Not applicable	12.1%
Solar Plant	Not applicable	3.8%	TPP	Not applicable	4.1%
SHPP	Not applicable	4.0%	Other	5.3%	8.9%

	Parent Company			
	12.31.2022			12.31.2021
	Cost	Accumulated depreciation	Net amount	Net amount
Hydroelectric Power Plants	10,550,452	(7,343,219)	3,207,233	3,463,600
Other	99,426	(63,692)	35,734	35,542
	10,649,878	**(7,406,911)**	**3,242,967**	**3,499,142**

	Consolidated			
	12.31.2022			12.31.2021
	Cost	Accumulated depreciation	Net amount	Net amount
Wind power plants	6,738,721	(1,004,057)	5,734,664	5,976,278
Hydroelectric power plants	13,715,445	(8,766,174)	4,949,271	5,379,768
Solar power plants	1,485,275	(217,558)	1,267,717	217,137
SHPP	348,865	(203,477)	145,388	159,034
Biomass power plants	353,965	(218,610)	135,355	167,817
Transmission lines[1]	401	(49)	352	20
Thermal power plants	-	-	-	1,994,540
Other	267,939	(137,323)	130,616	60,765
	22,910,611	**(10,547,248)**	**12,363,363**	**13,955,359**

(1) Only administrative assets related to the transmission segment are recorded as property, plant and equipment. Further information is available in Note 7 – Contract Asset.

c) 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)
Generators	Machinery and equipment	3.3	30
Boilers	Machinery and equipment	4.0	25
Hydraulic Turbines	Machinery and equipment	2.5	40
Wind Turbines (aerogenerators)	Machinery and equipment	5.0	20
Reservoirs and dams	Reservoirs, dams and water mains	2.0	50
Buildings and improvements	Buildings and improvements	3.3	30
Engine Rooms	Buildings and improvements	2.0	50
General Equipment	Machinery and equipment / Furniture and fixtures /Vehicles	6.3	16

The amounts of fully depreciated items, which make up the value of the cost and depreciation, at 12.31.2022 and 12.31.2021, were as follows:

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Machinery and equipment	911,916	797,020	942,545	804,147
Reservoirs, dams and pipelines	721,965	713,327	721,965	715,783
Buildings and improvements	254,812	59,398	254,953	59,689
Furniture and fixtures	2,222	2,075	2,327	2,197
Vehicles	975	1,741	2,044	2,414
	1,891,890	**1,573,561**	**1,923,834**	**1,584,230**

c.1) 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.

d) Fair value adjustment of property, plant and equipment

In compliance with the guidelines of accounting pronouncements, on 01.01.2009, date of the adoption of the 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.

d.1) Changes in fair value adjustment

	Consolidated
	Fair value adjustment
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**
Write-off of assets due to replacement	(2,410)
Depreciation	(61,621)
Balance at 12.31.2022	**440,942**

e) 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.

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.

The balance of concessions to use public assets for power generation, in Property, Plant and Equipment, on 12.31.2022 was R$ 447,030 (R$ 480,619 at 12.31.2021) at the parent company, and R$ 521,658 (R$ 559,849 at 12.31.2021) in the consolidated.

f) Appropriation of financial charges

Financial charges linked to debt instruments 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. The capitalization rate used to determine the costs of debt instruments eligible for capitalization was between 12.3% and 15.8%.

g) Impairment

At least once a year, the Company evaluates the need to establish a provision for impairment. Following are the impairment amounts booked in 2022 and 2021:

	Consolidated	
	2022	2021
Recording of impairment of property, plant and equipment	**(227,718)**	**(1,089,435)**
Pampa Sul	(206,862)	(1,079,972)
Lages	(20,856)	-
EGSD	-	(9,463)
Reversal of impairment of property, plant and equipment	**52,741**	**81,348**
Pampa Sul	43,278	-
EGSD	9,463	-
Diamante	-	57,927
Lages	-	22,338
Outros	-	1,083
Impairment of property, plant and equipment, net	**(174,977)**	**(1,008,087)**
Reversal (recording) of impairment of other assets	**108,899**	**(68,071)**
EGSD	108,899	(68,071)
Total impairment	**(66,078)**	**(1,076,158)**

Constitution of impairment: (i) R$ 206,862 due to the negotiations to sell the subsidiary Pampa Sul; and (ii) R$ 20,856 relating to the increase in raw material supply costs. Further information on Pampa Sul is available in Note 10 – Investments.

Reversal of impairment: (i) R$ 118,362 relating to the sale of EGSD, of which R$ 9,463 refers to property, plant and equipment and R$ 108,899 refers to other assets; and (i) R$ 43,278 due to the progress of negotiations to sell the subsidiary Pampa Sul. Further information is available in Note 10 – Investments.

h) Demobilization provision

The Company continues to recognize, as a corresponding entry to its property, plant and equipment, the provision of costs arising from the demobilization of its wind and solar 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			
			12.31.2022			12.31.2021
	Discount rate (p.a.)	Amortization period	Cost	Accumulated depreciation	Net amount	Net amount
Umburanas Wind Power Complex	3.59%	2049 e 2050	73,504	(4,702)	68,802	70,371
Campo Largo Wind Power Complex	3.59%	2050 e 2052	56,962	(2,554)	54,408	55,258
Trairí Wind Power Complex	3.59%	2041 e 2045	56,849	(3,133)	53,716	54,762
Campo Largo II Wind Power Complex	3.59%	2054	33,453	(610)	32,843	33,238
Paracatu Photovoltaic Complex	6.05%	2051	10,438	(72)	10,366	-
Lages Cogeneration Unit	5.80%	2032	8,845	(424)	8,421	-
Floresta Photovoltaic Complex	6.05%	2051	6,598	(46)	6,552	-
Assú V	3.61%	2051	3,308	(138)	3,170	3,240
			249,957	**(11,679)**	**238,278**	**216,869**

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 12. 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 in 2020 and 2021 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.

INTANGIBLE ASSETS PARENT COMPANY

Right to extend the concession **until 2040**

Right to use assets **until 2027**

INTANGIBLE ASSETS CONSOLIDATED

Right to extend the concession	until 2048	Project rights - Solar plant in operation	until 2051
Grant bonus Plants holding shares	until 2048	Right to use assets	until 2027
Project rights - WPP in operation	until 2054	Right to purchase energy	until 2023

a) Breakdown

	Parent Company					
	12.31.2022			12.31.2021		
	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Right to extend the concession[1]	2,397,705	(232,118)	2,165,587	2,404,041	(105,795)	2,298,246
Right to use assets	191,992	(91,729)	100,263	174,139	(65,209)	108,930
	2,589,697	**(323,847)**	**2,265,850**	**2,578,180**	**(171,004)**	**2,407,176**

(1) The right to extend concession arising from consortia will be amortized in the extension period to reflect the standard of consumption of future economic benefits.

	Consolidated					
	12.31.2022			12.31.2021		
	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Right to extend the concession [1]	2,552,169	(233,186)	2,318,983	2,558,505	(106,254)	2,452,251
Grant bonus - Plants holding shares						
Jaguara	620,327	(106,581)	513,746	620,327	(85,952)	534,375
Miranda	411,223	(70,654)	340,569	411,223	(56,979)	354,244
	1,031,550	**(177,235)**	**854,315**	**1,031,550**	**(142,931)**	**888,619**
Project rights – under operation						
WPPs in operation	110,793	(15,432)	95,361	110,793	(11,807)	98,986
SPP in operation	29,538	(4,556)	24,982	3,039	(523)	2,516
	140,331	**(19,988)**	**120,343**	**113,832**	**(12,330)**	**101,502**
Project rights – under development						
Novo Estado transmission system	236,021	-	236,021	236,021	-	236,021
WPPs under construction/development	353,258	-	353,258	76,376	-	76,376
SPP under construction/development	39,897	-	39,897	56,163	-	56,163
	629,176	**-**	**629,176**	**368,560**	**-**	**368,560**
	769,507	**(19,988)**	**749,519**	**482,392**	**(12,330)**	**470,062**
Right to use assets	326,663	(118,942)	207,721	308,654	(91,852)	216,802
Right to purchase energy	64,561	(60,155)	4,406	64,561	(54,139)	10,422
	4,744,450	**(609,506)**	**4,134,944**	**4,445,662**	**(407,506)**	**4,038,156**

(1) The right to extend concession arising from consortia will be amortized in the extension period to reflect the standard of consumption of future economic benefits.

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.

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, and on 12.15.2020, after the meeting of the Board of Directors approved the Company's adhesion to said renegotiation of hydrological risk.

On 3.2.2021, CCEE published the revised calculation of compensations, resulting in the addition of extension days for some of the Company's plants. Ratification Resolutions 2,919/2021 and 2,932/2021 approved the deadline for extending the concession of plants.

In 2021, the Company concluded the formalization process for adhering to the agreement under the conditions set by the above Ratification Resolutions, including for Plants in which it participates through consortia, for which it obtained the consent of all consortium members at the end of 2021.

In 2022, there were no significant changes in balances relating to renegotiation of hydrological risk of electricity generation, except for the amortization in the year, which has been conducted on a straight-line basis until the end of the extension period.

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

Plants	Intangible assets	Accumulated amortization	Balances at 12.31.2022	Concession extension (years)
Salto Santiago	550,400	(106,216)	444,184	2.1
Salto Osório	429,433	(83,138)	346,295	2.5
Cana Brava	151,971	(13,335)	138,636	2.4
Passo Fundo	96,472	(18,677)	77,795	2.5
São Salvador	76,571	(5,111)	71,460	3.1
Ponte de Pedra	69,851	(5,641)	64,210	2.4
Consortium				
Itá	540,862	-	540,862	2.2
Machadinho	482,145	-	482,145	3.2
Parent company	**2,397,705**	**(232,118)**	**2,165,587**	**20**
Estreito	137,846	-	137,182	5.1
Jaguara	10,329	(664)	10,329	0.5
Miranda	6,289	(404)	5,885	0.5
Consolidated	**2,552,169**	**(233,186)**	**2,318,983**	

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 6 – 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 Concession right – Novo Estado

In 2019, the acquisition of all the shares of Sterlite Novo Estado Energia S.A., current Novo Estado, by NEP, Company's indirect subsidiary, was approved.

The Company assessed concession right due to the recognition of deferred tax liability of R$ 80,247. The effects of surplus value and concession right identified are presented in "Project rights – under development – Novo Estado transmission system" and "Right of use of assets" in the table in this Note.

b) Changes in intangible assets

	Parent company		
	Right to extend concession	Right to use assets	Total
Balances at 12.31.2020	**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**
Addition	-	18,882	18,882
Write-offs	(6,336)	-	(6,336)
Amortization	(126,323)	(27,549)	(153,872)
Balances at 12.31.2022	**2,165,587**	**100,263**	**2,265,850**

	Right to extend concession	Grant bonus	Project rights	Right to use assets	Energy purchase rights	Total
Balances at 12.31.2020	**967,681**	**922,922**	**440,081**	**166,869**	**16,437**	**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 at 12.31.2021	**2,452,251**	**888,619**	**470,062**	**216,802**	**10,422**	**4,038,156**
Addition[1]	-	-	276,882	19,935	-	296,817
Write-offs	(6,336)	-	-	(511)	-	(6,847)
Acquisition of subsidiaries	-	-	23,302	4,697	-	27,999
Reversal of contractual additional installment[2]	-	-	(16,266)	-	-	(16,266)
Transfer to NCAHS[3]	-	-	-	(4,956)	-	(4,956)
Amortization	(126,932)	(34,304)	(4,461)	(28,246)	(6,016)	(199,959)
Balances at 12.31.2022	**2,318,983**	**854,315**	**749,519**	**207,721**	**4,406**	**4,134,944**

(1) Additions mainly refer to: (i) R$ 276,882 to the acquisition of rights for developing Serra do Assuruá Project; and (ii) R$ 3,802 to the acquisition of shares issued by Maracanã Geração de Energia e Participações S.A. Further information is available in item b.1 of this Note.
(2) Reversal of payment of contractual obligations (earn-out), due to noncompliance with the same, arising from the acquisition of the Assú Sol Photovoltaic Complex.
(3) Further information is available in Note 8 – Non-current assets held for sale.

b.1) Acquisition of development rights of Serra do Assuruá Wind Power Project

On 6.21.2022, after the fulfillment of conditions precedent, the acquisition of development rights of Serra do Assuruá Wind Power Project from PEC by ECP was concluded. The acquisition includes all the shares issued by Maracanã Geração de Energia e Participações S.A., a subsidiary of PEC, and the rights related to the operation of the wind power project located in the city of Gentio do Ouro in Bahia, with total installed capacity already granted of 882 MW. The Company plans to implement 846 MW.

On the date the acquisition was concluded, the price, including the estimated payment of conditional installments, was calculated at approximately R$ 281 million, of which R$ 25 million was paid on the same date. The remaining payments will be made as the milestones in the project development schedule are reached, with payment estimated during fiscal year 2023.

c) Asset impairment

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

On 12.31.2022 and 12.31.2021, no evidence was found of intangible assets with reported costs higher than their recovery values.

NOTE 13. SUPPLIERS

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Suppliers of property, plant and equipment and intangible assets	14,867	40,614	156,636	204,422
Electricity purchased for resale	48,165	38,845	129,650	187,840
Suppliers of materials and services	37,060	28,184	106,767	85,633
Charges for the use of the power grid	41,570	37,188	63,470	63,592
Trading operations	-	-	53,296	59,090
Leases payable	8,529	6,669	23,990	19,568
Transactions in the short-term market	-	38,969	1,203	39,288
Fossil fuels and biomass	-	-	386	10,097
Current liabilities	**150,191**	**190,469**	**535,398**	**669,530**
Leases payable	815	5,732	131,708	106,816
Suppliers of property, plant and equipment and intangible assets	7,471	7,471	15,221	14,625
Suppliers of materials and services	-	-	6,880	6,268
Non-current liabilities [1]	**8,286**	**13,203**	**153,809**	**127,709**
	158,477	**203,672**	**689,207**	**797,239**

(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."

a) Lease operations

Accounting practice

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.

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.

a.1) Changes

	Parent Company	Consolidated
Balances at 12.31.2020	**14,293**	**123,972**
New	-	34
Remeasurement	2,339	8,351
Interest	2,040	13,199
Advances	-	(582)
Amortizations	(6,271)	(18,590)
Balances at 12.31.2021	**12,401**	**126,384**
New	-	1,958
Remeasurement	1,437	5,258
Interest[1]	2,071	13,909
Capitalized interest	-	280
Acquisition of subsidiaries	-	30,494
Amortizations	(6,565)	(22,529)
Transfer to liabilities related to NCAHS [2]	-	(56)
Balances at 12.31.2022	**9,344**	**155,698**
Current liabilities	**8,529**	**23,990**
Non-current liabilities	**815**	**131,708**

(1) Gross PIS and Cofins amounts.
(2) Further information is available in Note 8 – Non-current assets held for sale.

Leases payable were measured at present value of future payment flows. The average discount rates used to calculate the present value were 9.0% and 10.2% for the headquarters building and the land in which the wind farms and solar facilities are established or will be built, respectively, and represent the incremental financing rate.

a.2) Recoverable PIS and Cofins

The rental agreements of ENGIE's headquarters and lease of lands of the Campo Largo II and Assú V Wind Complexes and are subject to PIS and Cofins recovery in 2022 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.

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			
	12.31.2022		12.31.2021		12.31.2022		12.31.2021	
	Interest	Depreciation	Interest	Depreciation	Interest	Depreciation	Interest	Depreciation
Gross amounts	2,071	5,658	2,040	5,110	14,189	9,517	13,199	9,199
PIS and Cofins credited	(132)	(512)	(80)	(707)	(340)	(567)	(307)	(524)
Capitalized amounts	-	-	-	-	(280)	(148)	(601)	(200)
Net amounts in profit or loss	**1,939**	**5,146**	**1,960**	**4,403**	**13,569**	**8,802**	**12,291**	**8,475**

a.3) 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
2024	2,910	(2,095)	815	20,315	(2,274)	18,041
2025	-	-	-	17,401	(3,834)	13,567
2026	-	-	-	17,062	(5,091)	11,971
2027	-	-	-	17,062	(6,258)	10,804
2028	-	-	-	17,062	(7,316)	9,746
2029 to 2033	-	-	-	83,297	(48,030)	35,267
2034 to 2038	-	-	-	79,209	(59,816)	19,393
After 2039	-	-	-	279,315	(266,396)	12,919
Leases payable	**2,910**	**(2,095)**	**815**	**530,723**	**(399,015)**	**131,708**

a.4) Payment for leases of variable rentals, low-value individual and short-term assets

In 2022, the Company recognized the amount of R$ 603 (R$ 1,988 in 2021) and R$ 11,087 (R$ 10,736 in 2021), 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.

a.5) Analysis of inflation impact on lease agreements

The Company, 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.

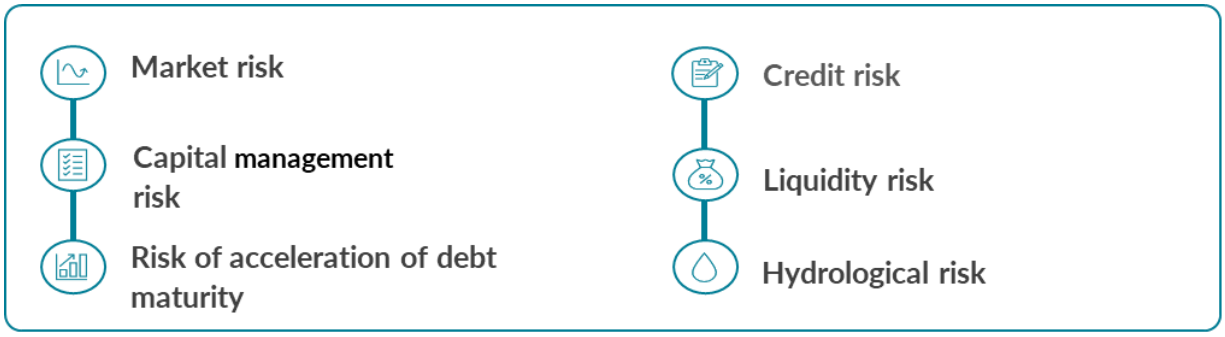
As such, in order to comply with CVM instructions, the comparative balances of lease liabilities, right to use of leases, financial expenses and depreciation expenses for 2022 are presented.

	Parent Company	Consolidated
Lease liability – closing balance		
As presented under IFRS 16	9,344	155,698
With effect from inflation	9,655	165,796
	3.33%	**6.49%**
Right of use of leases, net – closing balance		
As presented under IFRS 16	16,576	171,483
With effect from inflation	16,804	188,836
	1.38%	**10.12%**
Financial expenses		
As presented under IFRS 16	2,071	14,189
With effect from inflation	2,183	14,954
	5.39%	**5.39%**
Depreciation expenses		
As presented under IFRS 16	5,658	10,702
With effect from inflation	5,741	11,271
	1.47%	**5.32%**

NOTE 14. 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 and financial indices applied to its liabilities, resulting in effects on its financial expenses.

The Company and its subsidiaries are exposed to interest rate and floating indices related to variations in TJLP, DI rate, IGP-M and IPCA.

Regarding the risk of accelerated inflation, all energy sale agreements in force have a clause for inflation adjustment based on IGP-M or IPCA, which represents a natural long-term hedge for debts and obligations indexed to inflation indices and/or linked to inflation, in case of debts linked to CDI.

With regard to risk related to floating interest rates, a portion of the debt is linked to TJLP, which tends to follow the variations in interest rates and inflation effects. Therefore, debts linked to TJLP are hedged by the energy contracts mentioned earlier. Note that, in agreements executed until 12.31.2018, the amount corresponding to the TJLP portion that exceeds 6% p.a. is included in the principal amount of the debt, which mitigates the immediate impact on the Company's cash flow by an acceleration of TJLP. As of 01.01.2019, the Company did not enter into any agreement indexed to 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.

On 12.31.2022, the Company held no financial commitment denominated in foreign currencies whose exchange variation was not fully hedged against.

Derivative financial instruments and hedge operations are the following:

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Derivative financial instruments - hedge				
Current assets				
Cash flow hedge – borrowings	-	2,561	-	2,561
Cash flow hedge - obligations	-	-	-	40,016
	-	**2,561**	**-**	**42,577**
Non-current assets				
Fair value hedge – loans and debentures	-	165,442	-	165,442
Cash flow hedge - obligations	-	-	31,981	18,713
	-	**165,442**	**31,981**	**184,155**
Long positions	**-**	**168,003**	**31,981**	**226,732**
Current liabilities				
Fair value hedge – loans and debentures	(73,369)	(51,401)	(94,625)	(98,993)
Cash flow hedge - obligations	-	-	(31,288)	-
Cash flow hedge - borrowings	-	(5,231)	-	(5,231)
	(73,369)	**(56,632)**	**(125,913)**	**(104,224)**
Non-current liabilities				
Fair value hedge – loans and debentures	(114,725)	-	(114,725)	(5,786)
Cash flow hedge – obligations	-	-	(43,815)	-
	(114,725)	**-**	**(158,540)**	**(5,786)**
Short positions	**(188,094)**	**(56,632)**	**(284,453)**	**(110,010)**
Net positions	**(188,094)**	**111,371**	**(252,472)**	**116,722**
Fair value hedge – loans and debentures	(188,094)	114,041	(209,350)	60,663
Cash flow hedge – borrowings	-	(2,670)	-	(2,670)
	(188,094)	**111,371**	**(209,350)**	**57,993**
Cash flow hedge - obligations	**-**	**-**	**(43,122)**	**58,729**
Net positions	**(188,094)**	**111,371**	**(252,472)**	**116,722**

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

On 12.31.2022, 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:							
BNP Paribas IV	US$ 100,000	04.2023	Semiannual	2.73% p.a.	524,856	(2,993)	521,863
Swap (HVJ)	R$518,240	04.2023	Semiannual	CDI + 1.33% p.a.	(533,885)	760	(533,125)
BNP Paribas III	US$ 125,000	03.2024	Semiannual	2.54% p.a.	656,447	(21,852)	634,595
Swap (HVJ)	R$632,490	03.2024	Semiannual	CDI + 1.70% p.a.	(655,484)	804	(654,680)
MUFG V	US$ 94,518	10.2025	Semiannual	1.8914% p.a. until 10.2021 and 2.0057% p.a. until 10,2025	495,557	(56,399)	439,158
Swap (HVJ)	R$500,000	10.2025	Semiannual	CDI + 1.32% p.a.	(516,790)	4,953	(511,837)
Scotiabank IV	US$ 102,465	07.2026	Semiannual	2.002% p.a.	539,359	(60,709)	478,650
Swap (HVJ)	R$530,000	07.2026	Semiannual	CDI + 1.35% p.a.	(563,685)	967	(562,718)
Subtotal					**(53,625)**	**(134,469)**	**(188,094)**
Subsidiaries:							
Jaguara							
Itaú BBA	R$483,000	06.2023	Semiannual	107.0% of CDI	52,845	198	53,043
Swap (HVJ)	R$483,000	06.2023	Semiannual	IPCA + 4.47% p.a.	(66,991)	819	(66,172)
Miranda							
Itaú BBA	R$299,000	06.2023	Semiannual	107.0% of CDI	32,687	122	32,809
Swap (HVJ)	R$299,000	06.2023	Semiannual	IPCA + 4.47% p.a.	(41,444)	508	(40,936)
Subtotal					**(22,903)**	**1,647**	**(21,256)**
Position at 12.31.2022					**(76,528)**	**(132,822)**	**(209,350)**

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

Currently, the Company has contracted derivative instruments with top-tier banks to convert its exposure to exchange variation to debt indexed to the CDI with annual maturities through 2026. These instruments were designated as fair value hedges.

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
Assets at 12.31.2020, net	**609,492**	**573,910**
Interest and inflation adjustments	(108,741)	(157,104)
Exchange variation	358,174	358,174
Fair value adjustment through profit or loss	(121,613)	(122,599)
Fair value adjustment through other comprehensive income	16,877	16,877
Payment of principal	(618,889)	(591,104)
Repayment of interest	(23,929)	(20,161)
Assets at 12.31.2021, net	**111,371**	**57,993**
Interest and inflation adjustments	(369,107)	(371,544)
Exchange variation	(313,555)	(313,555)
Fair value adjustment through profit or loss	(112,461)	(108,314)
Fair value adjustment through other comprehensive income	(23,039)	(23,039)
Payment of principal	314,386	359,755
Repayment of interest	204,311	189,354
(Liabilities) at 12.31.2022, net	**(188,094)**	**(209,350)**

The change in the fair value adjustment is presented in the table above:

	Parent Company	Consolidated
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)**
Fair value adjustment recognized in profit or loss	(112,461)	(108,314)
Fair value adjustment recognized in other comprehensive income	(23,039)	(23,039)
Balances at 12.31.2022	**(134,469)**	**(132,822)**

Unrealized gains (losses) on cash flow hedge operations

Unrealized losses and gains in cash flow hedge operations originated in the period presented in the "Statement of comprehensive income" are:

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Cash flow hedge – loans	(23,039)	16,877	(23,039)	16,877
Cash flow hedge – obligations	-	-	(101,851)	57,111
Cash flow hedge – inventories	-	-	-	(2,786)
Unrealized (losses) gains from cash flow hedge operations originated in the period	**(23,039)**	**16,877**	**(124,890)**	**71,202**

(ii) Cash flow hedge operations on obligations

The Company maintains on 12.31.2022 a 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 12.31.2022 was US$ 26,739, € 10,353 and Hong Kong renminbi (CN¥) 73,859, entered into with BNP Paribas and Itaú, with maturities between January and April 2023.

Moreover, the Company maintained on 12.31.2022, NDF contracted to hedge all of its future foreign currency payments resulting from contractual commitments in the construction agreements of the Serra do Assuruá Wind Power Complex. NDF were contracted on 09.21.2022 and the notional value on 12.31.2022 was US$ 145,827 thousand, € 81,425 thousand, INR (Indian rupee) 992,493 thousand and CN¥ (Hong Kong renminbi) 650,511 thousand, from HSBC, BNP Paribas, Itaú, XP Investimentos and Bank of America, and mature between February and November 2024.

Moreover, the Company maintained on 12.31.2022, Non-Deliverable Forwards (NDF) contracted to hedge all of its future foreign currency payments resulting from contractual commitments in the construction agreements of the Assú Sol Photovoltaic Complex. The NDFs were contracted on 11.12.2022 and the notional value on 12.31.2022 was US$ 251,832 thousand, from Bradesco, HSBC and Itaú, and mature between January 2023 and June 2025.

On 12.31.2022, unrealized gains of NDF totaled a long position, net of R$ 43,122 (R$ 58,729 long position, net on 12.31.2021). The corresponding entry is directly recognized in shareholders' equity under "Other comprehensive income". The companies in the Santo Agostinho Wind Power Complex and Serra do Assuruá Photovoltaic 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 12.31.2022	Probable Scenario 12.31.2023	Sensitivity		
			Probable	Δ + 25% (1)	Management
TJLP	7.2%	7.4%	0.2 p.p.	1.9 p.p.	0.3 p.p.
CDI	13.7%	12.2%	-1.5 p.p.	3.1 p.p.	-0.3 p.p.
IPCA	5.8%	5.3%	-0.5 p.p.	1.3 p.p.	-1.4 p.p.
IGP-M	5.5%	4.6%	-0.9 p.p.	1.2 p.p.	-0.5 p.p.

(1) Variations on probable scenario for 2022.

The probable sensitivity was calculated based on the variation of indices in the last 12 months, observed on 12.31.2022, and those expected for the next 12 months, ending on 12.31.2023, and showed any additional impacts in the Company's consolidated profit or loss. 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 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, are the following:

	Balances at 12.31.2022	Sensitivity		
		Probable	Δ + 25%	Management
Risk of increase (liability)				
Loans and financing				
IPCA	8,675,511	36,966	(99,923)	107,840
U.S. dollar – with swap to CDI rate	2,074,266	24,318	(52,608)	4,716
TJLP	1,160,515	(3,150)	(34,318)	(5,989)
Debentures				
IPCA	5,360,693	30,881	(83,484)	90,097
CDI – with swap to IPCA rate	85,852	223	(602)	650
Redeemable preferred shares				
CDI	584,066	8,220	(17,829)	1,591
Concessions payable (Use of Public Asset)				
IPCA	3,603,412	16,921	(45,072)	40,172
IGP-M	1,652,540	11,331	(15,877)	11,904
Risk of decrease (asset)				
Concession financial asset				
IPCA	3,220,277	(15,787)	(61,649)	(59,993)

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.

a.4.1) 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 prices of the market-to-market adjustments in the contract.

The mark-to-market adjustment is primarily based on the trading prices of forward energy products in over-the-counter market. Since there is no significant liquidity in this market, we use techniques that consider in our calculations the prices established by specialized entities for the forward energy products. The discount rate used to calculate the fair value on 12.31.2022 and 12.31.2021 was 7.1%.

The balance sheets for outstanding trading transactions are presented below:

	Consolidated					
	12.31.2022			12.31.2021		
	Assets	Liabilities	Net gain	Assets	Liabilities	Net gain
Classification in balance sheet						
Current	209,928	(189,932)	19,996	206,647	(190,348)	16,299
Non-current	45,638	(31,527)	14,111	100,523	(80,414)	20,109
	255,566	**(221,459)**	**34,107**	**307,170**	**(270,762)**	**36,408**

The variation in the balances for outstanding trading transactions is follows:

	Consolidated
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**
Unrealized gain recognized for the year	1,074
Unrealized loss recognized for the year	(3,375)
Balances at 12.31.2022	**34,107**

a.4.2) Sensitivity analysis regarding trading operations

The main risk factor impacting prices in trading operations is the exposure 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% lower prices observed, respectively.

The sensitivity analyses considering this methodology are shown below:

	Consolidated		
	12.31.2022	P25 Scenario	P75 Scenario
Derivative financial instruments - trading	34,107	34,025	34,179

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	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Debt instrument	6,257,545	9,009,397	17,941,125	20,644,877
Hedge effects	188,094	(111,371)	209,350	(57,993)
(-)Deposits pegged to debt service	(10,741)	(568,593)	(229,098)	(818,651)
(-)Cash and cash equivalents	(321,005)	(2,559,208)	(2,235,887)	(5,156,406)
Net debt	**6,113,893**	**5,770,225**	**15,685,490**	**14,611,827**
Shareholders' equity	**8,436,522**	**7,929,008**	**8,440,172**	**7,932,597**
Total debt/Shareholders' equity	**0.7**	**0.7**	**1.9**	**1.8**

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 15 – Debt instruments.

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 in the agreements, which involve receivables from its clients and are managed by a financial institution defined in advance.

To minimize the credit risk in agreements for the sale of electricity in ACL to free consumers, sellers and generators, the Company requires a standard guarantee in the form of bank guarantees and performance bonds. 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 12.31.2022, 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 12.31.2022. 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	150,514	10,381	-	-	160,895
Concessions payable (Use of Public Asset)	422,761	1,564,894	1,564,894	5,043,875	8,596,424
Floating interest rates:					
Loans and financing[1]	799,123	1,441,130	607,673	-	2,847,926
Debentures	416,146	2,023,713	1,419,320	1,320,872	5,180,051
Fixed interest rates:					
Loans and financing	217	8	-	-	225
	1,788,761	**5,040,126**	**3,591,887**	**6,364,747**	**16,785,521**

	Consolidated				
	Up to 1 year	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	537,430	59,817	34,124	458,883	1,090,254
Concessions payable (Use of Public Asset)	430,602	1,580,514	1,580,514	5,122,624	8,714,254
Floating interest rates:					
Loans and financing[1]	1,672,799	3,488,619	2,562,091	10,523,396	18,246,905
Debentures	873,186	2,903,405	2,099,291	2,459,033	8,334,915
Redeemable preferred shares	180,663	152,634	168,436	787,846	1,289,579
Fixed interest rates:					
Loans and financing	217	8	-	-	225
	3,694,897	**8,184,997**	**6,444,456**	**19,351,782**	**37,676,132**

(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, which could affect the volume of water available for generation.

However, almost all of the Company's hydroelectric generation capacity is included in the MRE, which functions as a "condominium" in which the hydrological risk is shared among all the plants participating in it.

In order to further protect itself from this hydrological risk, in December 2015, the Company joined the agreement for renegotiating the hydrological risk relating to the Company's plants, whose energy was sold in the Regulated Contracting Environment (ACR).

On 12.31.2022, the physical guarantee of the Company's hydroelectric 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 Plants allocated to the Physical Guarantee quotas - 377.4 average MW – is guaranteed by contractual clauses established by the Concession Authority and is also hedged against this risk. See Note 6 - Concession financial asset.

Regarding the impacts of non-hydrological reasons on the MRE in the past, the generators will be entitled to an extension of the concession period for generation in order to compensate for perceived losses, pursuant to Laws 14,052/2020 and 14,182/2021. More details are presented in Note 12 – 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). 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.

The wet period in 2022 received abundant rainfall, which filled the reservoirs and brought greater operational comfort to the ONS.

g) Category of financial instruments

	Hierarchy	Parent Company		Consolidated	
		12.31.2022	12.31.2021	12.31.2022	12.31.2021
Financial assets					
Fair value through profit or loss					
Financial investments	Level 1	310,227	2,556,679	2,146,145	5,104,491
Derivative financial instruments – fair value hedge	Level 2	-	165,442	-	165,442
Derivative financial instruments – trading	Level 2	-	-	255,566	307,170
Amortized cost					
Cash and bank deposits	N.A.	10,778	2,529	89,742	51,915
Trade accounts receivable	N.A.	548,027	490,039	1,149,267	1,124,096
Restricted deposits	N.A.	41,618	599,004	270,497	904,038
Concession financial asset	N.A.	-	-	3,220,277	3,062,750
Fair value through other comprehensive income					
Derivative financial instruments – cash flow hedge	Level 2	-	2,561	31,981	61,290
		910,650	**3,816,254**	**7,163,475**	**10,781,192**
Financial liabilities					
Fair value through profit or loss					
Loans in foreign currency	Level 2	2,074,266	2,876,759	2,074,266	2,876,759
Debentures	Level 2	-	-	85,852	257,852
Derivative financial instruments – fair value hedge	Level 2	188,094	51,401	209,350	104,779
Derivative financial instruments – trading	Level 2	-	-	221,459	270,762
Amortized cost					
Suppliers	N.A.	158,477	203,672	689,207	797,239
Loans in local currency	N.A.	222	35,189	9,836,248	8,758,253
Loans in foreign currency	N.A.	-	1,962,089	-	1,962,089
Redeemable preferred shares	N.A.	-	-	584,066	510,160
Debentures	N.A.	4,183,057	4,135,360	5,360,693	6,279,764
Concessions payable (Use of public asset)	N.A.	5,193,447	4,758,093	5,255,952	4,818,791
Liabilities linked to investment acquisition[1]	N.A.	-	-	109,050	84,403
Reimbursement to distributors[1]	N.A.	-	-	199,604	471,094
Fair value through other comprehensive income					
Derivative financial instruments – cash flow hedge	Level 2	-	5,231	75,103	5,231
		11,797,563	**14,027,794**	**24,700,850**	**27,197,176**

(1) Presented under "Other current liabilities" and "Other non-current liabilities."

g.1) 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).

h) Market value of financial instruments

In operations involving financial instruments, significant 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			
	12.31.2022		12.31.2021	
	Book	Market	Book	Market
Loans and financing in local currency	222	223	35,189	30,105
Loans in foreign currency	2,074,266	2,074,264	4,838,848	4,844,101
Debentures	4,183,057	3,927,180	4,135,360	4,114,931
Concessions payable (Use of Public Asset)	5,193,447	4,760,066	4,758,093	4,004,534
	11,450,992	**10,761,733**	**13,767,490**	**12,993,671**

	Consolidated			
	12.31.2022		12.31.2021	
	Book	Market	Book	Market
Assets				
Concession financial asset	3,220,277	3,188,126	3,062,750	2,953,958
	3,220,277	**3,188,126**	**3,062,750**	**2,953,958**
Liabilities				
Loans and financing in local currency	9,836,248	9,925,470	8,758,253	8,865,558
Loans in foreign currency	2,074,266	2,074,264	4,838,848	4,844,101
Redeemable preferred shares	584,066	604,648	510,160	532,482
Debentures	5,446,545	5,177,200	6,537,616	6,626,378
Concessions payable (Use of Public Asset)	5,255,952	4,818,325	4,818,791	4,056,697
	23,197,077	**22,599,907**	**25,463,668**	**24,925,216**

NOTE 15. DEBT INSTRUMENTS

Accounting practice:

Loans, financing and debentures 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.

Redeemable preferred shares are 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.

Debt instruments consist of the balance of loans and financing, debentures and redeemable preferred shares.

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Loans and financing	2,074,488	4,874,037	11,910,514	13,597,101
Debentures	4,183,057	4,135,360	5,446,545	6,537,616
Redeemable preferred shares	-	-	584,066	510,160
TOTAL	**6,257,545**	**9,009,397**	**17,941,125**	**20,644,877**
Current liabilities	**830,271**	**2,818,436**	**1,652,968**	**3,390,934**
Non-current liabilities	**5,427,274**	**6,190,961**	**16,288,157**	**17,253,943**

a) Breakdown

	Parent Company					
	12.31.2022			12.31.2021		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Measured at amortized cost						
Loans and financing						
BNDES onlendings (Banks)[1]	214	8	222	1,533	222	1,755
NIB	-	-	-	33,199	-	33,199
Charges	-	-	-	235	-	235
	214	**8**	**222**	**34,967**	**222**	**35,189**
Debentures						
ENGIE – 5th issue	91,892	83,778	175,670	90,077	158,904	248,981
ENGIE – 6th issue	112,331	482,036	594,367	111,479	555,003	666,482
ENGIE – 7th issue	-	945,706	945,706	-	890,827	890,827
ENGIE – 9th issue	-	1,964,675	1,964,675	-	1,853,388	1,853,388
ENGIE – 10th issue	9,643	410,022	419,665	-	395,238	395,238
Charges	82,974	-	82,974	80,444	-	80,444
	296,840	**3,886,217**	**4,183,057**	**282,000**	**3,853,360**	**4,135,360**
Loans, financing and debentures	**297,054**	**3,886,225**	**4,183,279**	**316,967**	**3,853,582**	**4,170,549**

	Parent Company					
	12.31.2022			12.31.2021		
	Current	Non-current	Total	Current	Non-current	Total
Local currency – with hedge						
Measured at amortized cost						
Loans and financing						
Scotiabank	-	-	-	1,674,128	-	1,674,128
BNP Paribas	-	-	-	279,025	-	279,025
Charges	-	-	-	8,936	-	8,936
	-	**-**	**-**	**1,962,089**	**-**	**1,962,089**
Measured at fair value						
Loans and financing						
BNP Paribas	518,779	630,360	1,149,139	-	1,276,919	1,276,919
HSBC	-	-	-	519,069	-	519,069
Scotiabank	-	473,922	473,922	-	561,809	561,809
MUFG[2]	-	436,767	436,767	-	498,651	498,651
Charges	14,438	-	14,438	20,311	-	20,311
	533,217	**1,541,049**	**2,074,266**	**539,380**	**2,337,379**	**2,876,759**
Loans, financing and debentures	**830,271**	**5,427,274**	**6,257,545**	**2,818,436**	**6,190,961**	**9,009,397**

(1) Banks responsible for analyzing and approving the financing and which assume the credit risk in the indirect operations with BNDES.
(2) MUFG Bank LTD. Is the new name of Bank of Tokyo.

The balances of debt instruments in the parent company, net of hedge effects, are detailed below:

	Parent Company					
	12.31.2022			12.31.2021		
	Current	Non-current	Total	Current	Non-current	Total
Loans, financing and debentures	**830,271**	**5,427,274**	**6,257,545**	**2,818,436**	**6,190,961**	**9,009,397**
Fair value hedge (swap) effects						
Long position	-	-	-	-	(165,442)	(165,442)
Short position[1]	73,369	114,725	188,094	51,401	-	51,401
Cash flow hedge (swap) effects						
Long position	-	-	-	(2,561)	-	(2,561)
Short position[1]	-	-	-	5,231	-	5,231
Loans, financing and debentures, net of hedge effects	**903,640**	**5,541,999**	**6,445,639**	**2,872,507**	**6,025,519**	**8,898,026**

(1) Hedge short positions are presented as part of "Other current liabilities" and "Other non-current liabilities."

	Consolidated					
	12.31.2022			12.31.2021		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Measured at amortized cost						
Loans and financing						
BNDES	384,307	8,537,720	8,922,027	267,461	7,600,450	7,867,911
BNDES onlendings (Banks)[1]	214	8	222	1,533	222	1,755
BASA	38,557	758,378	796,935	5,570	724,048	729,618
BNB	2,427	93,497	95,924	-	86,932	86,932
NIB	-	-	-	33,199	-	33,199
Charges	21,140	-	21,140	38,838	-	38,838
	446,645	**9,389,603**	**9,836,248**	**346,601**	**8,411,652**	**8,758,253**
Debentures						
ENGIE – 5th issue	91,892	83,778	175,670	90,077	158,904	248,981
ENGIE – 6th issue	112,331	482,036	594,367	111,479	555,003	666,482
ENGIE – 7th issue	-	945,706	945,706	-	890,827	890,827
ENGIE – 9th issue	-	1,964,675	1,964,675	-	1,853,388	1,853,388
ENGIE – 10th issue	9,643	410,022	419,665	-	395,238	395,238
Jaguara – 1st issue	115,800	599,886	715,686	40,123	673,389	713,512
Miranda – 1st issue	64,201	394,484	458,685	17,237	432,097	449,334
Pampa Sul - 1st issue	-	-	-	6,644	374,520	381,164
Pampa Sul – 2nd issue	-	-	-	9,643	574,367	584,010
Charges	86,239	-	86,239	96,828	-	96,828
	480,106	**4,880,587**	**5,360,693**	**372,031**	**5,907,733**	**6,279,764**
Redeemable preferred shares	**107,148**	**476,918**	**584,066**	**-**	**510,160**	**510,160**
	1,033,899	**14,747,108**	**15,781,007**	**718,632**	**14,829,545**	**15,548,177**
Local currency – with hedge						
Measured at amortized cost						
Loans and financing						
Scotiabank	-	-	-	1,674,128	-	1,674,128
BNP Paribas	-	-	-	279,025	-	279,025
Charges	-	-	-	8,936	-	8,936
	-	**-**	**-**	**1,962,089**	**-**	**1,962,089**
Measured at fair value						
Loans and financing						
BNP Paribas	518,779	630,360	1,149,139	-	1,276,919	1,276,919
HSBC	-	-	-	519,069	-	519,069
Scotiabank	-	473,922	473,922	-	561,809	561,809
MUFG[2]	-	436,767	436,767	-	498,651	498,651
Charges	14,438	-	14,438	20,311	-	20,311
	533,217	**1,541,049**	**2,074,266**	**539,380**	**2,337,379**	**2,876,759**
Debentures						
Jaguara – 1st issue	52,721	-	52,721	104,830	53,761	158,591
Miranda – 1st issue	32,610	-	32,610	64,838	33,258	98,096
Charges	521	-	521	1,165	-	1,165
	85,852	**-**	**85,852**	**170,833**	**87,019**	**257,852**
	619,069	**1,541,049**	**2,160,118**	**710,213**	**2,424,398**	**3,134,611**
Loans, financing and debentures and redeemable preferred shares	**1,652,968**	**16,288,157**	**17,941,125**	**3,390,934**	**17,253,943**	**20,644,877**

(1) Banks responsible for analyzing and approving the financing and which assume the credit risk in the indirect operations with BNDES.
(2) MUFG Bank LTD. Is the new name of Bank of Tokyo.

The balances of debt instruments in the consolidated accounts, net of hedge effects, are detailed below:

	Consolidated					
	12.31.2022			12.31.2021		
	Current	Non-current	Total	Current	Non-current	Total
Loans, financing and debentures and redeemable preferred shares	**1,652,968**	**16,288,157**	**17,941,125**	**3,390,934**	**17,253,943**	**20,644,877**
Fair value hedge (swap) effects						
Long position	-	-	-	-	(165,442)	(165,442)
Short position[1]	94,625	114,725	209,350	98,993	5,786	104,779
Cash flow hedge (NDF) effects						
Long position	-	-	-	(2,561)	-	(2,561)
Short position[1]	-	-	-	5,231	-	5,231
Loans, financing and debentures and redeemable preferred shares	**1,747,593**	**16,402,882**	**18,150,475**	**3,492,597**	**17,094,287**	**20,586,884**

(1) Hedge short positions are presented as part of "Other current liabilities" and "Other non-current liabilities."

b) Breakdown

	Parent Company	Consolidated
Balances at 12.31.2020	**8,809,465**	**17,246,143**
Additions	914,984	4,086,821
Issue cost	-	(1,331)
Interest	355,210	927,907
Inflation adjustments	384,392	1,097,840
Capitalized interest and inflation adjustments	-	79,358
Exchange variations	358,174	358,174
Fair value adjustment	(122,552)	(123,813)
Payment of principal	(1,279,298)	(2,197,814)
Repayment of interest	(410,978)	(828,408)
Balances at 12.31.2021	**9,009,397**	**20,644,877**
Additions	-	788,790
Additions due to acquisition of subsidiaries[1]	-	793,725
Interest	328,793	1,061,480
Inflation adjustments	239,391	768,427
Capitalized interest and inflation adjustments	-	103,834
Exchange variations	(313,555)	(313,555)
Fair value adjustment	(110,007)	(111,471)
Transfer to liabilities related to NCAHS [2]	-	(1,788,529)
Payment of principal	(2,565,083)	(3,130,124)
Repayment of interest	(331,391)	(876,329)
Balances at 12.31.2022	**6,257,545**	**17,941,125**

(1) Further information is available in Note 10 – Investments.
(2) Further information is available in Note 8 – Non-current assets held for sale.

b.1) Main transactions in 2022

b.1.1) Financing in domestic currency

b.1.1.1) New financing

In December 2022, the Company contracted financing from BNDES in the total amount of R$ 1,500,000. The total amount will be released in August 2025. The funds will be used to finance the construction of Assuruá Project.

The first tranche of R$ 500,000 will be released in March 2023.

		Payment conditions	
Company	Interest	Maturity	Principal and interest
EBE	IPCA + 6.7032% p.a.	12,2046	Monthly, starting 01.2026

b.1.1.2) Release of financing

In 2022, a sum of R$ 114,913 had been released to the indirect subsidiary Novo Estado. Of this amount, R$ 70,372, released in June, refers to the financing from BASA contracted in 2020 and R$ 44,541, released in August, refers to the financing from the BNDES contracted in 2020. The funds were used to finance the construction of transmission systems.

In April 2022, a sum of R$ 78,827 (R$ 77,348, net of funding costs) was released, related to the financing from BNDES contracted by the indirect parent company Gralha Azul in 2020. The funds were allocated to the construction of the Project's transmission systems.

Lastly, also in April 2022, a sum of R$ 606,453 (R$ 587,566, net of funding costs) had been released, related to the financing from BNDES contracted in 2021 by the indirect subsidiaries making up the Santo Agostinho Wind Power Complex. The funds were used to finance the construction of wind power generation plants at the complex.

b.1.1.3) Addition due to acquisition of subsidiaries

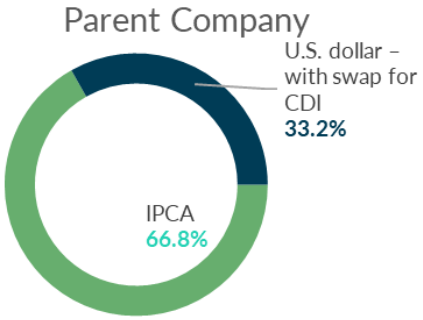
In March 2022, the Company acquired the Floresta and Paracatu Photovoltaic Complexes. These Complexes have financing agreements with BNDES for which the main contracted conditions were:

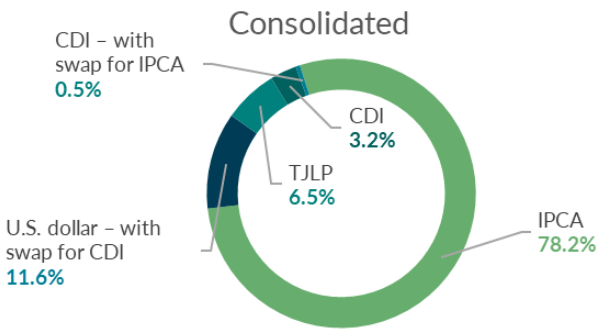
		Payment conditions			
Company	Interest	Maturity	Principal and interest	Covenants	*Addition*
Floresta	TJLP + 2.15% p.a.	10,2036	Monthly	ICSD[1] ≥ 1.3	273,593
Paracatu	IPCA + 4.98% p.a.	10,2038	Monthly	ICSD ≥ 1.3	520,132

(1) Debt service coverage rate: Activity cash generation/ Debt service.

c) Breakdown of debts by index and currency

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Loans and financing				
Domestic currency				
TJLP	-	-	1,160,515	1,750,129
IPCA	-	33,431	8,675,511	7,006,366
Not indexed (fixed rate)	222	1,758	222	1,758
Foreign currency – with hedge				
U.S. dollar – with swap for fixed rate	-	523,875	-	523,875
U.S. dollar – with swap for CDI	2,074,266	2,352,883	2,074,266	2,352,883
U.S. dollar – with NDF for fixed U.S. dollar rate	-	1,962,090	-	1,962,090
	2,074,488	**4,874,037**	**11,910,514**	**13,597,101**
Debentures				
IPCA	4,183,057	4,135,360	5,360,693	6,279,764
CDI – with swap for IPCA	-	-	85,852	257,852
	4,183,057	**4,135,360**	**5,446,545**	**6,537,616**
Redeemable preferred shares				
CDI	-	-	584,066	510,160
	6,257,545	**9,009,397**	**17,941,125**	**20,644,877**

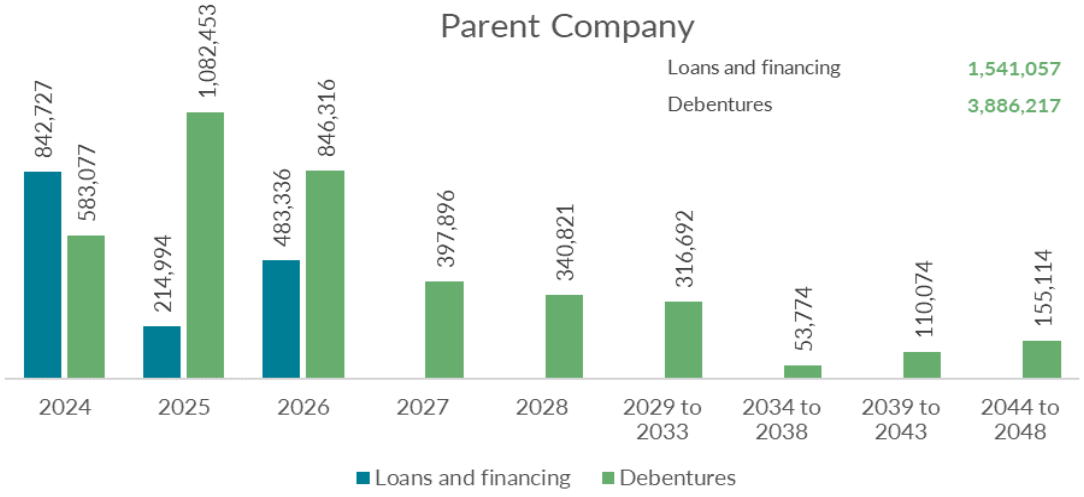


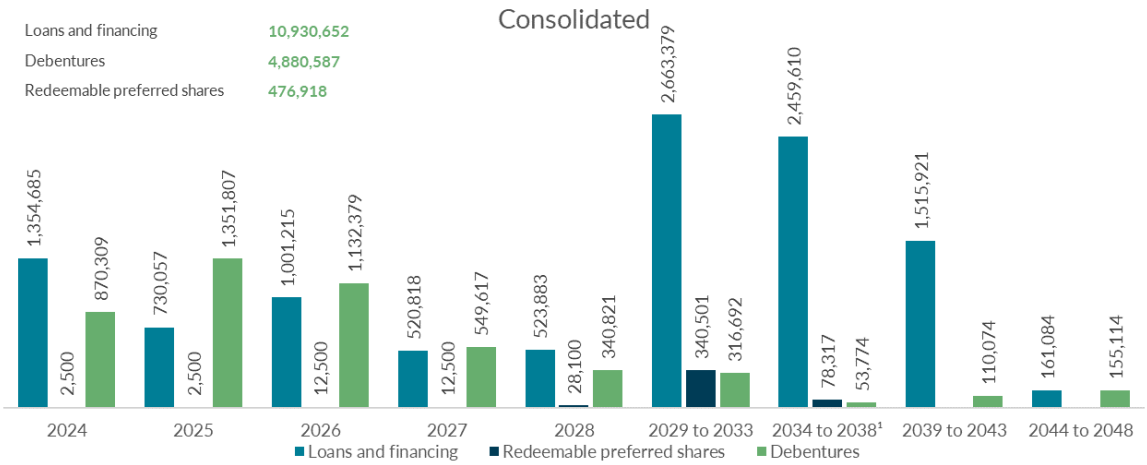


d) Interest rates and foreign currency variation

	2022	2021
TJLP	7.2%	5.3%
CDI	13.7%	9.2%
IPCA	5.8%	10.1%
U.S. dollar	-6.5%	7.4%

e) Maturity of loans, financing and debentures and redeemable preferred shares under non-current liabilities





(1) The final maturity of Redeemable Preferred Shares is 2034.

f) Main contracted loan conditions

			Payment Conditions			
	Amount[1]	Interest	Charges	Principal	Maturity	Balances at 12.31.2022
Parent Company						
Loans and financing						
Local currency						
BNDES onlendings (Banks) [(3)]	-	3.68% p.a.	Monthly	Monthly	11,2024	222
Foreign currency (USD)						
BNP Paribas IV	-	2.7300% p.a. with swap to CDI + 1.33% p.a.	Semiannually	04,2023	04,2023	521,863
BNP Paribas III	-	2.5400% p.a. with swap to CDI + 1.70% p.a.	Semiannually	03,2024	03,2024	634,595
MUFG V	-	1.8914% p.a. until 10.2021 and 2.0057% p.a. until 10.2025, both with swap for CDI + 1.32% p.a.	Semiannually	50% in 10.2024 and 50% in 10.2025	10,2025	439,158
Scotiabank IV	-	2.002% p.a. with swap for CDI + 1.35% p.a.	Semiannually	07.2026	07,2026	478,650
Debentures						
Local currency						
5th issue – Single series	165,000	IPCA + 6.3% p.a.	Annually in December	3 annual installments starting 12.2022	12,2024	176,140
6th issue – Series 1	246,600	IPCA + 6.2621% p.a.	Annually in July	3 annual installments starting 07.2021	07,2023	115,530
6th issue – Series 2	353,400	IPCA + 6.2515% p.a.	Annually in July	3 annual installments starting 07.2024	07,2026	495,766
7th issue - Series 1	515,353	IPCA + 5.6579% p.a.	Annually starting 07.2019	2 annual installments starting 07.2024	07,2025	670,444
7th issue - Series 2	231,257	IPCA + 5.9033% p.a.	Annually starting 07.2019	3 annual installments starting 07.2026	07,2028	300,061
9th issue – Series 1	576,095	IPCA + 3.7000% p.a.	Annually starting 07.2021	2 annual installments starting 07.2025	07,2026	719,856
9th issue – Series 2	539,678	IPCA + 3.9000% p.a.	Annually starting 07.2021	3 annual installments starting 07.2027	07,2029	673,904
9th issue – Series 3	378,827	IPCA + 3.6000% p.a.	Semiannually starting 07.2021	2 annual installments starting 07.2025	07,2026	473,150
9th issue – Series 4	105,400	IPCA + 3.7000% p.a.	Semiannually starting 07.2021	3 annual installments starting 07.2027	07,2029	131,497
10th issue – Single series	400,000	IPCA + 5.7158% p.a.	Annually starting 09.2022	Annually starting 09.2023	09,2046	426,709

To be continued on the next page

	Amount[1]	Interest	Payment Conditions		Maturity	Balances at 12.31.2022
			Charges	Principal		
Subsidiaries						
Loans and financing						
Ferrari						
BNDES Expansion	-	TJLP + 1.76% p.a. [2]	Monthly	Monthly	07.2032	45,468
Assú V						
BNB	-	IPCA + 1.7624% p.a.	Quarterly starting 07.2023; Monthly starting 08.2023	Monthly starting 08.2023	07,2038	87,723
BNB	-	12-month average IPCA + 4.4108% p.a.	Quarterly starting 05.2022; Monthly starting 09.2024	Monthly starting 09.2024	08,2039	9,088
Campo Largo Wind Power Complex						
BNDES	-	TJLP + 2.52% p.a. [2]	Monthly	Monthly	06,2035	394,684
BNDES	-	TJLP + 1.82% p.a. [2]	Monthly	Monthly	06,2035	459,667
Umburanas - Phase I Wind Power Plant						
BNDES	-	IPCA + 3.91% p.a.	Monthly	Monthly	12,2038	1,275,029
Gralha Azul						
BNDES	-	IPCA + 3.83% p.a.	Monthly, starting October 2023	Monthly, starting October 2023	03,2044	1,816,772
Campo Largo II Wind Power Plant						
BNDES	-	IPCA + 4.23% p.a.	Monthly, starting September 2021	Monthly, starting September 2021	12,2039	1,385,949
Novo Estado						
BNDES	-	IPCA + 4.67% p.a.	Monthly, starting November 2022	Monthly, starting November 2022	05,2044	2,154,968
BASA	-	IPCA + 1.4452% p.a.	Monthly, starting November 2022	Monthly, starting November 2022	08,2044	799,074
Santo Agostinho						
BNDES	-	IPCA + 6.16% p.a.	Monthly	Monthly	11,2045	630,372
Floresta and Paracatu						
BNDES	-	TJLP + 2.15% p.a.	Monthly	Monthly	10,2036	260,696
BNDES	-	IPCA + 4.98% p.a.	Monthly	Monthly	10,2038	516,536

To be continued on the next page

	Amount[1]	Interest	Payment Conditions		Maturity	Balances at 12.31.2022
			Charges	Principal		
Subsidiaries						
Debentures						
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 starting 06.2019	06,2023	53,043
1st Issue - Series 2	634,000	IPCA + 6.4962% p.a.	Semiannually starting 12.2018	15 semiannual installments starting 06,2020	06,2027	717,676
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 starting 06.2019	06,2023	32,809
1st Issue - Series 2	386,000	IPCA + 6.4962% p.a.	Semiannually starting 12.2018	15 semiannual installments starting 06.2020	06,2027	459,960
Redeemable preferred shares						
Novo Estado						
APR Itaú	-	CDI + 1.05% p.a.	Semiannual installments starting 10.2023	annual installments starting 10.2023	10,2034	584,066

(1) Applicable only to debentures.
(2) The amount corresponding to the TJLP installment that exceeds 6% p.a. is incorporated into the principal.
(3) The banks are the following: Itaú Unibanco, Itaú BBA, Bradesco, Santander and Votorantim.

In 2022 and 2021, the Company did not contract forfaiting operations from financial institutions.

For more information on hedge instruments, see Note 14 – Management of risks and financial instruments.

g) Guarantees

Guarantees are described below, except for foreign currency loans and redeemable preferred shares that do not have any.

g.1) BNDES, BNDES Onlendings (Banks) and BASA

- **Financing of Wind Farm Projects:** (a) assignment of rights arising from authorization; (b) assignment of credit rights; (c) pledge of total shares representing subsidiaries' capital; (d) pledge of machinery and equipment related to the projects; (e) reserve account in an amount equivalent to three months of debt service; (f) reserve account in an amount equivalent to three months of operating and maintenance contract expenses; and (g) corporate surety of ENGIE Brasil Energia or ECP.

- **Financing of transmission project:** (a) assignment of rights resulting from concession; (b) assignment of credit rights; (c) pledge of total shares representing subsidiaries' capital; (d) reserve account in an amount equivalent to three months of debt service; and (e) corporate surety of ENGIE Brasil Energia or bank surety.

g.2) Banco do Nordeste do Brasil (BNB)

- **Financing of photovoltaic solar project:** (a) corporate surety of ECP or bank surety; and (b) reserve account with minimum amount equivalent to 4.09% of the total outstanding balance of the loan.

g.3) Debentures

- **Debentures of the subsidiaries Jaguara and Miranda**: (a) assignment of rights resulting from authorization; (b) assignment of credit rights; (c) pledge of all the shares; (d) corporate surety.

h) Contract commitments (covenants)

Debt	Covenants	Measurement on 12.31.2022
Consolidated		
Loans and financing		
Scotiabank, MUFG and BNP Paribas	(i) EBITDA/financial expenses ≥ 2.0 (ii) Gross debt /EBITDA ≤ 4.5	(i) 2.92 (ii) 2.87
BNDES Ferrari Expansion (Obligation of the Intervening Party)	Gross debt /EBITDA ≤ 3.5	2.49
Debentures		
5th, 6th, 7th and 9th Issues	(i) EBITDA/ financial expenses ≥ 2.0 (ii) Gross debt /EBITDA ≤ 4.5	(i) 2.92[1] (ii) 2.87[1]
Subsidiaries		
Loans and financing		
BNDES, BNB e BASA	Debt service coverage ratio (ICSD[1]) ≥ 1.1 or ≥ 1.2 or ≥ 1.25 or ≥ 1.3 depending on the subsidiary	No covenant caused nonperformance in the respective agreements.
Debentures		
Jaguara – 1st Issue	Individual: ICSD[2] ≥ 1.10	1.24
Miranda – 1st Issue	Individual: ICSD[2] ≥ 1.10	1.53

(1) Trustees have different calculation methodologies, hence there are two different measurements for ICSD.
(2) Debt service coverage rate: Activity cash generation/ Debt service

The financial covenants established in the loan, financing and debenture agreements are being fulfilled by the Company and its subsidiaries.

Covenants are calculated annually, as established in these agreements, except for those of the parent company, which are calculated on a quarterly basis.

NOTE 16. CONCESSIONS PAYABLE (Use of Public Asset)

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	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Cana Brava Hydroelectric Power Plant	2,915,891	2,513,052	2,915,891	2,513,052
Ponte de Pedra Hydroelectric Power Plant	1,652,540	1,637,292	1,652,540	1,637,292
São Salvador Hydroelectric Power Plant	625,016	607,749	625,016	607,749
Estreito Hydroelectric Power Plant	-	-	62,505	60,698
	5,193,447	**4,758,093**	**5,255,952**	**4,818,791**
Classification in the balance sheet				
Current liabilities	399,390	267,117	406,871	274,071
Non-current liabilities	4,794,057	4,490,976	4,849,081	4,544,720
	5,193,447	**4,758,093**	**5,255,952**	**4,818,791**

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 liability assumed refers to the operating period of the concession, according to the payment flow of each agreement, and these amounts are the UBP totals assumed until the end of each agreement. 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

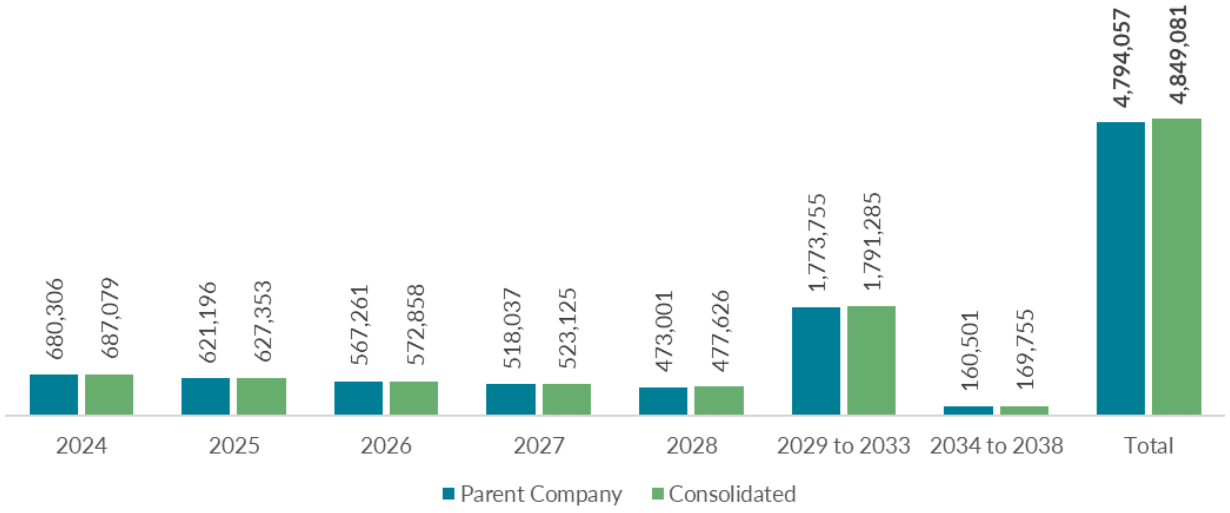
Original amount, adjusted at annual IGP-M (Ponte de Pedra) and IPCA (Cana Brava, Estreito and São Salvador) variation are paid in monthly installments equivalent to 1/12 of respective annual amount, as follows:

	Original value		Restated amount	
Plants and payment years	**Annual Payment**	**Total payment**	**Annual Payment**	**Total payment**
Cana Brava Hydroelectric Power Plant				
Until 09.30.2023	510	510	4,021	4,021
From 10.01.2023 to 09.30.2033	61,280	612,800	487,186	4,871,865
		613,310		**4,875,886**
Ponte de Pedra Hydroelectric Power Plant				
Until 11.30.2034	31,109	**370,720**	217,174	**2,565,631**
São Salvador Hydroelectric Power Plant				
Until 04.30.2037	20,000	**288,333**	79,769	**1,154,907**
Estreito Hydroelectric Power Plant				
Until 12.31.2037	1,960	**30,057**	5,889	**117,830**

c) Changes in concessions payable

	Parent Company	Consolidated
Balances at 12.31.2020	**3,955,765**	**4,012,318**
Present value adjustment	366,581	372,192
Inflation adjustments	672,194	677,713
Amortizations	(236,447)	(243,432)
Balances at 12.31.2021	**4,758,093**	**4,818,791**
Present value adjustment	457,138	463,113
Inflation adjustments	260,113	263,605
Amortizations	(281,897)	(289,557)
Balances at 12.31.2022	**5,193,447**	**5,255,952**

d) Maturities of concessions payable disclosed in non-current liabilities



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.

NOTE 17. BENEFITS TO EMPLOYEES

a) Labor liabilities

Accounting practice:

These correspond to short-term benefits for employees, such as: (i) 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	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Provision for profit sharing and bonuses	87,576	88,457	87,599	97,794
Vacation payable	31,867	31,622	34,600	35,990
Provision for voluntary termination expenses	21,248	28,852	21,248	29,244
Payroll	9,517	6,665	10,362	8,204
	150,208	**155,596**	**153,809**	**171,232**

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. The plan was fully recognized in 2021, in the estimated amount of R$34,557, based on the number of vacancies and the compensation of employees eligible to join the plan. Employees who joined the PDV will be entitled to a financial benefit paid as compensation. The terms and conditions of the 2021 PDV remain in force in 2022 and will continue so until the end of the current plan in December 2024.

b) Retirement benefit 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. The benefit plans managed by PREVIG are CD and 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.

Moreover, as a result of the Company's decarbonization strategy, on 09.15.2022, the SPA was signed, which regulates the sale of all the assets and rights of the Pampa Sul Thermoelectric Plant. After compliance with CPC 31 – "*Ativo não circulante mantido para venda e operações descontinuadas*" was confirmed, the Company started recording the assets and liabilities of Pampa Sul in the groups "NCAHS" and "Liabilities related to NCAHS".

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:

b.1) 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.2) 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.

b.3) Number of participants

	Consolidated					
	ELOS BD		PREVIG BD		PREVIG BSPS	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Active employees	1	1	3	5	4	5
Retired employees	1,288	1,331	346	352	72	71
Pension holders	693	677	83	74	9	10
	1,982	**2,009**	**432**	**431**	**85**	**86**

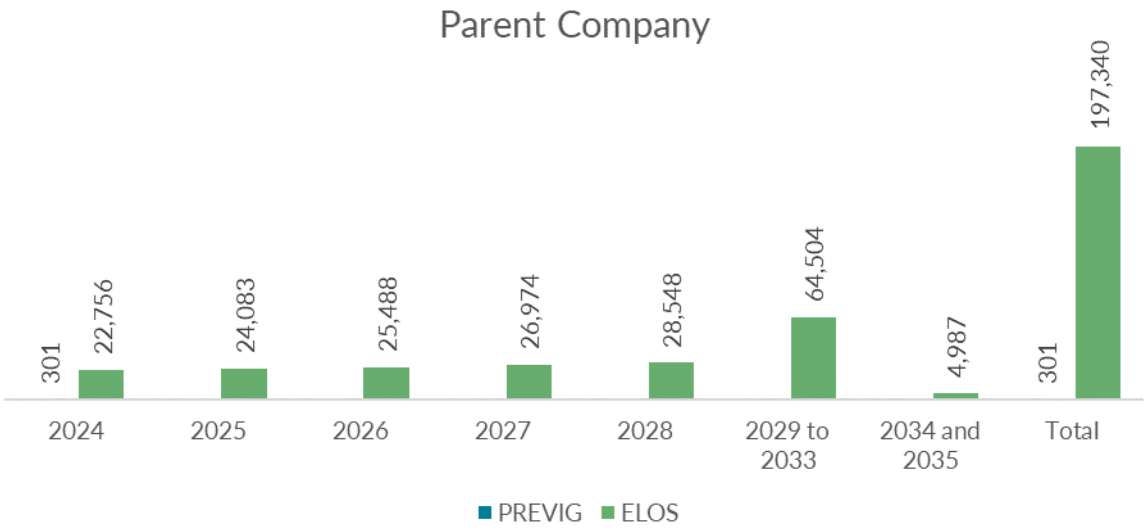
b.4) Breakdown of obligations with retirement benefits

	Consolidated					
	12.31.2022			12.31.2021		
	Current	Non-current	Total	Current	Non-current	Total
Contracted obligations	28,883	197,641	226,524	24,762	177,775	202,537
Current contributions and service costs	46	-	46	72	-	72
Uncontracted deficit	25,086	21,318	46,404	17,230	244,172	261,402
Recorded actuarial liability	**54,015**	**218,959**	**272,974**	**42,064**	**421,947**	**464,011**

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 2.28.2021, the Company signed the debt re-structuring plan with ELOS Foundation to pay the portion of deficit under its responsibility for fiscal year 2020. The amount contracted was R$ 31,507, which will be paid in 156 monthly installments, adjusted by the INPC and interest of 5.69% p.a.

Contracted amounts presented in non-current liabilities are expected to be settled as follows:



b.5) Statement of retirement benefit obligations, net

	Plans			GC	Total
	ELOS BD	PREVIG BD	PREVIG BSPS		
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**
12.31.2022					
Present value of obligations	1,254,395	363,909	68,137	2,385	1,688,826
Fair value of assets	(986,067)	(367,043)	(86,192)	-	(1,439,302)
Actuarial Evaluation	**268,328**	**(3,134)**	**(18,055)**	**2,385**	**249,524**
Surplus of contracted obligations	-	5,395	18,055	-	23,450
Liabilities recorded at 12.31.2022	**268,328**	**2,261**	**-**	**2,385**	**272.974**

b.6) Breakdown of plan assets per investment nature, as of 12.31.2022

	Plans		
	ELOS BD	PREVIG BD	PREVIG BSPS
Fixed income	74.1%	98.6%	99.5%
Loans	1.9%	1.4%	-
Real estate	2.6%	-	-
Other	21.4%	-	0.5%
	100.0%	**100.0%**	**100.0%**
Change in assets' market value	15.1%	12.1%	11.6%

Fixed income assets are mainly comprised of Federal Public Securities, substantially, National Treasury Notes (NTN).

b.7) Changes in retirement benefit liabilities

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
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**
Current contribution and cost of service	228	(851)	850	(686)	(459)
Payment of contracted obligations	(37,283)	(1,992)	(986)	-	(40,261)
Interest on actuarial liabilities/assets, net	42,950	2,520	(6)	272	45,736
Losses (Gains) from remeasuring liabilities, net:					
Adjustment by demographic experience	51,229	10,143	2,021	24	63,417
Changes in financial assumptions	(83,348)	(26,598)	(5,198)	(147)	(115,291)
Return on asset higher than the rate of discount	(104,839)	(12,942)	(765)	-	(118,546)
Changes to the limits of surplus and deficit	-	5,395	3,954	-	9,349
Risk Sharing – Balancing of deficit plan	(34,968)	-	-	-	(34,968)
	(171,926)	**(24,002)**	**12**	**(123)**	**(196,039)**
Transfer to liabilities related to non-current assets held for sale [1]	-	-	-	(14)	(14)
Liabilities recorded at 12.31.2022	**268,328**	**2,261**	**-**	**2,385**	**272,974**

(1) Further information is available in Note 8 – Non-current assets held for sale.

b.8) Net expenses to be recognized as profit or loss over the course of 2022

	Plans			
	ELOS BD	PREVIG BD	GC	Total
Interest on liabilities, net of assets	27,902	91	251	28,244
Current cost of service	-	-	114	114
Net expenses	**27,902**	**91**	**365**	**28,358**

b.9) Actuarial assumptions adopted

Assumptions	12.31.2022	12.31.2021
Rate of discount and of implicit return (p.a.)		
ELOS BD Plan	11.3%	10.3%
PREVIG BD Plan	11.3%	10.3%
PREVIG BSPS Plan	11.3%	10.3%
GC	11.3%	10.3%
Duration, in years		
ELOS BD Plan	8.27	8.87
PREVIG BD Plan	9.19	10.16
PREVIG BSPS Plan	9.80	10.89
GC	7.60	7.00
Inflation	4.9%	4.8%
Future salary growth (p.a.)	4.9%	4.8%
Benefit growth (p.a.)	4.9%	4.8%
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	12.31.2022 and 12.31.2021
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 4 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 BPD plan and may already choose to receive the benefit.

b.10) 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	(9,300)	(2,986)	(597)	(16)
Reduction of 0.1 p.p. in the discount rate	9,427	3,031	606	16

b.11) Confidentiality Bonus benefit

Refers to the payment of remuneration to manager-level employees upon the termination of their employment.

b.12) 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 12.31.2022 amounted to R$1,039,237 (R$ 963,602 at 12.31.2021). In 2022, the Company made contributions to the plan in the amount of R$ 14,716 (R$ 13,694 in 2021).

NOTE 18. PROVISIONS AND JUDICIAL DEPOSITS

Accounting practice:

Provisions are recognized by the Company as a result of a past event in amounts considered sufficient to settle the respective liabilities, when according to the legal counsels and Management, they involve probable risk of future disbursement.

Judicial deposits are initially booked at the amount deposited plus income earned up to the date of the financial statements, which are recognized under Financial Result.

a) Provisions

a.1) Breakdown of provisions

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Civil				
Expropriations and administrative easement	48,643	46,841	62,710	59,409
Environmental	16,482	14,894	16,482	14,894
Retirement benefits	3,240	2,928	3,240	2,928
Sundry lawsuits	11,112	11,105	21,606	31,645
	79,477	**75,768**	**104,038**	**108,876**
Tax				
ICMS on electricity sale	106,097	-	106,097	-
Sundry lawsuits	4,781	4,379	4,892	4,478
	110,878	**4,379**	**110,989**	**4,478**
Labor	**20,836**	**20,748**	**21,804**	**21,744**
Divestment of generation assets	-	-	**299,069**	**257,729**
	211,191	**100,895**	**535,900**	**392,827**
Classification in the balance sheet				
Current liabilities	4,106	10,248	4,144	22,060
Non-current liabilities	207,085	90,647	531,756	370,767
	211,191	**100,895**	**535,900**	**392,827**

a.1.1) 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.1.2) ICMS tax on interstate sale of electricity

The client, while purchasing electricity from the Company in 2002 for use in its production process at its establishment located in Rio Grande do Sul, understood that ICMS should not be levied on the operation since item "b" of item X of paragraph 2 of article 155 of the Brazilian Constitution and articles 2, paragraph 1, item III, and 3, item III, of Complementary Law 87/1996 applied to the issue and expressed its intention to challenge said tax.

In November 2005, the client and the Company, as the substitute taxpayer, signed a liability and reimbursement agreement by which the client expressly ratified and declared that it was solely responsible for all and any payments, dues and liabilities, including surcharges, penalties or other charges related to the ICMS levied on the interstate purchase of energy by the Company, undertaking to reimburse the Company and indemnified of any amount borne by it.

After the client and the Company consulted the Treasury Department of the State of Rio Grande do Sul, the latter issued an assessment notice constituting the tax liability. After the appropriate appeals were filed at the administrative level, the assessment notice was upheld.

Consequently, in November 2007, a lawsuit was filed to claim the Company's exemption from ICMS on interstate energy transactions with the client. After another lawsuit was filed in October 2007 seeking a preliminary injunction in order to obtain a Certificate of Suspended Tax Liability from the Treasury Department, offering, for this purpose, goods as collateral in an amount sufficient to guarantee the tax liability, and also requesting the non-inclusion of the company in the state's tax defaulter (CADIN/RS) records.

As guarantee for the tax liability referred to in the lawsuit, properties located in the client's production unit in Rio Grande do Sul, including the buildings, improvements, machinery and equipment, were offered as collateral in the action for provisional measure, which were evaluated and accepted by the Court.

Subsequently, in 2012, the State of Rio Grande do Sul filed a tax collection action and the court allowed the conversion of the guarantee specified in the records of the aforementioned provisional measure into attachment. Thus, the tax collection action was suspended until the final judgment of the lawsuit.

After unfavorable decisions in previous courts, the Special Appeal filed at the Superior Court of Justice (STJ) was turned by a single judge. A Special Appeal was filed (1,580,456/RS), which is pending at the court. However, in light of a recent decision by the STJ in 2022, reversal of the decision on the inadmissibility of the appeal became more difficult and hence the lawyers, the Company and the client considered it appropriate to reclassify the risk of the lawsuit to probable.

In light of the liability and reimbursement agreement mentioned above and since the client's properties have been pledged as collateral, the Company believes that in case of a final adverse court decision, the tax liability will be fully borne by the client. Hence, the provision and the right to reimbursement, recorded under "Right to reimbursement of ICMS on electricity sales" were recognized simultaneously and the net amount was presented in the result.

a.1.3) Demobilization of generation assets

Encompass the present value of estimated costs regarding the demobilization of wind and solar generation assets. Further information is available in Note 11 - Property, Plant and Equipment.

a.2)Change in provisions

	Parent Company			
	Civil	Tax	Labor	Total
Balance at 12.31.2020	**74,716**	**5,103**	**12,985**	**92,804**
Additions[1]	-	668	10,581	11,249
Restatements	9,968	113	1,180	11,261
Reversal due to payment[2]	(5,552)	(5)	(144)	(5,701)
Reversal due to revision	(3,364)	(1,500)	(3,854)	(8,718)
Balance at 12.31.2021	**75,768**	**4,379**	**20,748**	**100,895**
Additions[1]	2,030	107,264	3,825	113,119
Restatements	9,180	626	2,019	11,825
Reversal due to payment[2]	(2,796)	-	(2,254)	(5,050)
Reversal due to revision	(4,705)	(1,391)	(3,502)	(9,598)
Balance at 12.31.2022	**79,477**	**110,878**	**20,836**	**211,191**

(1) Additions were recorded according to the nature of the expenses.
(2) The final expense was recorded directly in the result according to the nature of the expense.

	Consolidated				
	Civil	Tax	Labor	Expropriation	Total
Balances at 12.31.2020	**101,235**	**5,667**	**14,026**	**200,076**	**321,004**
Additions[1]	8,760	676	10,773	33,780	53,989
Restatements	10,984	115	1,199	23,873	36,171
Reversal due to payment[2]	(5,876)	(98)	(166)	-	(6,140)
Reversal due to revision	(6,227)	(1,882)	(3,854)	-	(11,963)
Write-off due to sale of subsidiary	-	-	(234)	-	(234)
Balances at 12.31.2021	**108,876**	**4,478**	**21,744**	**257,729**	**392,827**
Additions[1]	7,917	107,271	3,825	25,881	144,894
Restatements	9,662	630	2,030	15,459	27,781
Reversal due to payment[2]	(2,879)	-	(2,294)	-	(5,173)
Reversal due to revision	(19,538)	(1,390)	(3,501)	-	(24,429)
Balances at 12.31.2022	**104,038**	**110,989**	**21,804**	**299,069**	**535,900**

(1) Additions were recorded according to the nature of the expenses.
(2) The final expense was recorded directly in the result according to the nature of the expense.

a.3) Possible and remote risks

The Company is 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.

a.3.1) Possible risks

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Tax and social security	**703,403**	**674,819**	**706,060**	**675,423**
PIS/Cofins on fuel reimbursement	576,650	529,335	576,650	529,335
Voluntary confession	45,444	43,686	45,444	43,686
Compensation of tax loss carryforwards in the succession	-	29,216	-	29,216
Other	81,309	72,582	83,966	73,186
Civil	**7,234**	**14,294**	**28,142**	**55,974**
Labor	**11,339**	**12,372**	**20,329**	**13,069**
	721,976	**701,485**	**754,531**	**744,466**

a.3.1.1) 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 CDE to promote competitiveness among plants using coal as fuel, therefore limiting the scope of the erstwhile 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. Subsequently, the Company filed a Motion for Clarification against the adverse decision by CARF. On 11.21.2022, the Company filed a special appeal at CSRF, which was rejected on 12.29.2022. Consequently, the company filed on 01.09.2023, an appeal at the CSRF, which is awaiting judgement. However, in the Company's opinion, the procedures adopted are in accordance with the accounting rules and tax laws.

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 favorable decision was ratified by CARF.

The action was in its final course at CSRF, with the National Treasury Office filing a Special Appeal addressing only the issue of spontaneous confession, representing its successful argument regarding the use of the negative calculation base, which corresponds to almost the entire amount in dispute.

In light of the unchangeable administrative decision, thus understood as final in the administrative sphere, the Company decided to reclassify the risk of the proceeding to remote.

a.3.2) Remote risks

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Tax and social security	334,699	330,964	404,973	384,051
Civil	137,790	134,515	138,273	134,913
Labor	67,158	65,797	90,175	90,271
	539,647	**531,276**	**633,421**	**609,235**

b) Judicial deposits

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Tax and social security	39,606	49,876	42,483	50,238
Civil	20,941	19,040	21,345	19,434
Labor	7,351	9,266	7,607	9,526
	67,898	**78,182**	**71,435**	**79,198**

Of the total amount of judicial deposits, R$24,130 (R$24,192 on 12.31.2021) in the parent company and consolidated are directly related to contingencies with probable risk, recognized as a provision in the Company's liabilities.

NOTE 19. TAXES AND OTHER REGULATORY LIABILITIES

a) Income tax and social contribution credit

On 12.31.2022, the Company's current assets amounted to R$ 131,251 and R$ 181,438 (R$ 163,182 and R$ 248,324 on 12.31.2021), respectively, in the parent company and consolidated, related to recoverable income tax and social contribution, which is expected to be recovered in 2023. Also, the Company's balance of PIS, Cofins and ICMS tax credits on 12.31.2022 was R$ 1,066 and R$ 72,183 (R$ 2,398 and R$ 123,448 on 12.31.2021), respectively, in the parent company and consolidated.

The Company has recorded R$ 19,209 and R$ 32,803 under non-current assets (R$ 19,209 and R$ 34,787 in 2021) in the parent company and consolidated, respectively, relating to amounts recognized for updating the Selic rate on the repetition of undue tax payment. 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, which is a taxable event for triggering the IRPJ and CSLL taxes.

b) Tax and regulatory liabilities

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Income tax and social contribution payable	29,030	13,426	143,288	82,443
Other tax and regulatory liabilities	59,513	34,124	120,970	106,555
	88,543	**47,550**	**264,258**	**188,998**

b.1) Income tax and social contribution payable

Accounting practice:

These are calculated individually by the entity according to the tax bases and rates in force on the date of presentation of the financial statements and are shown as net amounts in the balance sheet, when the taxes correspond to the same tax authorities and will be paid at the net amount.

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Income tax	27,501	9,162	92,253	45,509
Social contribution	1,529	4,264	51,035	36,934
	29,030	**13,426**	**143,288**	**82,443**

b.2) Other tax and regulatory liabilities

Accounting practice:

These are booked at the known amounts plus, whenever applicable, the corresponding interest and inflation adjustment.

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
PIS and Cofins	27,002	17,219	48,820	30,957
Royalties	26,271	11,808	34,238	17,081
ICMS	2,358	56	23,428	35,731
INSS	2,356	1,731	7,556	7,644
ISSQN	487	466	4,651	11,382
Inspection rate	1,249	1,207	2,379	2,066
Other	4,122	2,674	4,345	3,095
	63,845	**35,161**	**125,417**	**107,956**
(-)Federal and state rates to offset	(4,332)	(1,037)	(4,447)	(1,401)
	59,513	**34,124**	**120,970**	**106,555**

c) 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:

c.1) Breakdown

	Parent Company				
	12.31.2022				12.31.2021
Description	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Hydrological risk renegotiation	2,165,587	541,397	194,903	736,300	781,403
Accelerated depreciation	949,424	237,356	85,448	322,804	316,084
Property, plant and equipment deemed cost (fair value)	459,988	114,997	41,399	156,396	178,114
Unrealized gains on hedge operations	104,268	26,067	9,384	35,451	58,745
ICMS tax on sale of electricity	106,097	26,524	9,549	36,073	-
Unrealized sale at MAE (currently CCEE)	100,308	25,077	9,028	34,105	34,105
Capitalized financial charges	54,859	13,715	4,937	18,652	19,443
Other	131,103	32,776	11,799	44,575	17,806
		1,017,909	**366,447**	**1,384,356**	**1,405,700**
Assets:					
Provision for asset impairment	1,254,053	313,513	112,865	426,378	424,057
Unrealized losses on hedge operations	150,409	37,602	13,537	51,139	10,018
Estimated losses with doubtful accounts	145,421	36,355	13,088	49,443	41,486
Fair value adjustment in business combinations	124,724	31,181	11,225	42,406	44,759
Right to reimbursement of ICMS on electricity sales	106,097	26,524	9,549	36,073	-
Civil, tax and labor provisions	97,218	24,305	8,750	33,055	31,627
Retirement benefits obligations	46,041	11,510	4,144	15,654	88,872
Other	106,074	26,518	9,547	36,065	36,798
		507,508	**182,705**	**690,213**	**677,617**
Net total		**510,401**	**183,742**	**694,143**	**728,083**

Description	Consolidated				
	12.31.2022				12.31.2021
	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Revenue from installation of transmission infrastructure	6,769,893	1,692,473	609,290	2,301,763	1,652,099
Interest on concession financial asset	2,708,906	677,227	243,802	921,029	886,728
Hydrological risk renegotiation	2,318,983	579,746	208,708	788,454	833,766
Accelerated depreciation	1,317,912	329,478	118,612	448,090	548,412
Appropriation of financial charges	628,561	157,140	56,571	213,711	252,295
Property, plant and equipment deemed cost (fair value)	459,988	114,997	41,399	156,396	178,114
Intangible asset on the bonus paid for grant	429,443	107,361	38,650	146,011	117,750
Fair value of rights of project acquired	236,021	59,005	21,242	80,247	80,247
Unrealized gains on hedge operations	138,376	34,594	12,454	47,048	71,125
ICMS tax on sale of electricity	106,097	26,524	9,549	36,073	-
Unrealized sale at MAE (currently CCEE)	100,308	25,077	9,028	34,105	34,105
Other	153,882	38,471	13,849	52,320	25,078
		3,842,093	**1,383,154**	**5,225,247**	**4,679,719**
Assets:					
Construction costs of transmission infrastructure	6,463,533	1,615,883	581,718	2,197,601	1,758,756
RBO	1,506,079	376,520	135,547	512,067	399,398
Provision for asset impairment	1,254,053	313,513	112,865	426,378	424,057
Income Tax Loss and Negative Social Contribution Base	929,587	232,397	83,663	316,060	327,447
Unrealized losses on *hedge* operations	171,985	42,996	15,479	58,475	28,774
Estimated losses with doubtful accounts	150,203	37,551	13,518	51,069	47,816
Fair value adjustment in business combinations	124,724	31,181	11,225	42,406	44,759
Tax, civil and labor provisions	108,665	27,166	9,780	36,946	38,929
Right to reimbursement of ICMS on electricity sales	106,097	26,524	9,549	36,073	-
Retirement benefits obligations	46,041	11,510	4,144	15,654	88,873
Other	228,665	57,166	20,579	77,745	77,220
		2,772,407	**998,067**	**3,770,474**	**3,236,029**
Net amount		**1,069,686**	**385,087**	**1,454,773**	**1,443,690**
Classification in the balance sheet					
Liabilities		1,105,334	400,018	1,505,352	1,504,825
Assets[1]		(35,648)	(14,931)	(50,579)	(61,135)
Total		**1,069,686**	**385,087**	**1,454,773**	**1,443,690**

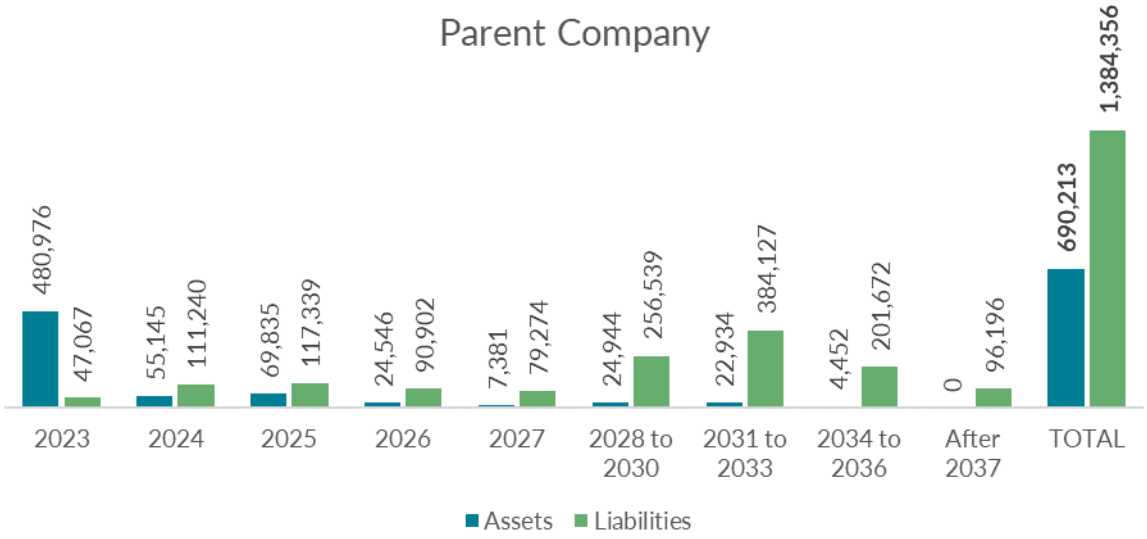
(1) Amount presented under "Other non-current assets".

c.2) Change in deferred income tax and social contribution, net

	Parent Company	Consolidated
Balances 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**
Deferred taxes of acquired company	-	513
Taxes deferred in profit or loss	(92,762)	51,502
Taxes deferred in other comprehensive income	58,822	58,819
Transfer to liabilities related to NCAHS [1]	-	(99,751)
Balance at 12.31.2022	**694,143**	**1,454,773**

(1) Further information is available in Note 8 – Non-current assets held for sale.

c.3) Expected realization and required payments





d) Reconciliation of taxes in profit or loss

	Parent Company					
	12.31.2022			12.31.2021		
	IR	CSLL	Total	IR	CSLL	Total
Income before taxes	**2,842,601**	**2,842,601**	**2,842,601**	**1,503,526**	**1,503,526**	**1,503,526**
Standard rate	25%	9%	34%	25%	9%	34%
Tax expenses at standard rates	**(710,650)**	**(255,834)**	**(966,484)**	**(375,882)**	**(135,317)**	**(511,199)**
Permanent differences						
Equity income	498,493	179,457	677,950	367,836	132,421	500,257
Interest on equity	50,000	18,000	68,000	15,000	5,400	20,400
Selic on repetition of undue tax payment	23,834	1,282	25,116	14,011	5,044	19,055
Tax incentives[1]	10,838	-	10,838	32,446	-	32,446
Other	4,423	635	5,058	(885)	125	(760)
	(123,062)	**(56,460)**	**(179,522)**	**52,526**	**7,673**	**60,199**
Breakdown of taxes in the income statement						
Current	(191,076)	(81,208)	(272,284)	(19,982)	(18,693)	(38,675)
Deferred	68,014	24,748	92,762	72,508	26,366	98,874
	(123,062)	**(56,460)**	**(179,522)**	**52,526**	**7,673**	**60,199**
Effective rate	**4.3%**	**2.0%**	**6.3%**	**-3.5%**	**-0.5%**	**-4.0%**

(1) The tax incentive in the form of reduced income tax, for projects in incentivized regions is recognized as a reduction in the income tax expense and transferred from "Retained earnings" to "Tax incentive reserve" in Shareholders' Equity.

	Consolidated					
	12.31.2022			12.31.2021		
	IR	CSLL	Total	IR	CSLL	Total
Income before taxes	**3,285,294**	**3,285,294**	**3,285,294**	**1,819,434**	**1,819,434**	**1,819,434**
Standard rate	25%	9%	34%	25%	9%	34%
Tax expenses at standard rates	**(821,324)**	**(295,676)**	**(1,117,000)**	**(454,859)**	**(163,749)**	**(618,608)**
Permanent differences						
Equity income	181,784	65,442	247,226	150,496	54,179	204,675
Tax incentives[1]	88,593	7,135	95,728	106,703	-	106,703
Interest on equity	50,000	18,000	68,000	15,000	5,400	20,400
Variation between the calculation base of taxable and presumptive profit tax regimes	35,986	10,156	46,142	2,157	(2,849)	(692)
Selic on repetition of undue tax payment	24,038	1,356	25,394	22,518	8,106	30,624
Other	14,931	(1,147)	13,784	1,475	959	2,434
	(425,992)	**(194,734)**	**(620,726)**	**(156,510)**	**(97,954)**	**(254,464)**
Breakdown of taxes in the income statement						
Current	(387,932)	(181,292)	(569,224)	(178,921)	(106,424)	(285,345)
Deferred	(38,060)	(13,442)	(51,502)	22,411	8,470	30,881
	(425,992)	**(194,734)**	**(620,726)**	**(156,510)**	**(97,954)**	**(254,464)**
Effective rate	**13.0%**	**5.9%**	**18.9%**	**8.6%**	**5.4%**	**14.0%**

(1) The tax incentive in the form of reduced income tax, for projects in incentivized regions is recognized as a reduction in the income tax expense and transferred from "Retained earnings" to "Tax incentive reserve" in Shareholders' Equity.

NOTE 20. OTHER LIABILITIES

Accounting practice:

Other liabilities are recorded at the known or calculable values with the addition, when applicable, of the corresponding interest and inflation adjustments incurred.

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Derivative financial instruments – hedge[1]	188,094	56,632	284,453	110,010
Reimbursement to distributors	-	-	199,604	471,094
Suppliers[2]	8,286	13,203	153,809	127,709
Liabilities linked to acquisition of assets	-	-	109,050	84,403
Advances from clients	-	462	10,653	18,999
Other accounts payable	56,514	100,890	116,009	188,502
	252,894	**171,187**	**873,578**	**1,000,717**
Classification in balance sheet				
Current liabilities	125,516	150,147	442,049	769,364
Non-current liabilities	127,378	21,040	431,529	231,353
	252,894	**171,187**	**873,578**	**1,000,717**

(1) Further information is available in Note 14 – Risk management and financial instruments; item a.2.
(2) Further information is available in Note 13 – Suppliers.

a) Reimbursement to distributors

The Company has liabilities related to the reimbursement mechanism envisaged in the electricity agreements signed in the ACR of plants of the Trairí, Campo Largo and Umburanas - Phase I Wind Power Complexes, Assú V, Paracatu and Floresta Photovoltaic Power Complexes, 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
Trairí, Campo Largo and Umburanas – Phase I Wind Power Complexes	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.	175,582	113,056
Paracatu and Floresta Photovoltaic Power Complexes	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.	24,022	-
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:** The biggest portion of the amount was paid in 2022, leaving a balance of R$ 56,000, which is being disputed, on the immunity of Pampa Sul related to unavailability of connection. The amount was reclassified to assets since there is a balance available in Accounts receivable from distributors. Also the asset and liability balances of Pampa Sul were reclassified to NCAHS. For more information see Note 8 – Non-current assets held for sale. As of 2022, any differences between generation and maximum contractual availability will be settled monthly at CCEE.	-	355,276
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
				199,604	**471,094**

Of this amount, R$ 268,177, net of PIS and Cofins, was recognized in 2022 (R$ 246,912, recognized in 2021), with the revenues earned by the distributors as a corresponding entry.

b) Obligations linked to the acquisition of assets

On 12.31.2022, the Company, through its subsidiaries, held R$ 94,459 and R$ 11,486, related to the acquisition of development rights of Serra do Assuruá Wind Power Project and Assú Sol Photovoltaic Power Complex, respectively.

The Company wrote off the entire outstanding balance related to the acquisition of Solairedirect, due to noncompliance with contractual milestones, in the amount of R$38,760, of which R$35,706 was against Capital reserves in Shareholders' equity and R$ 3,054 against Financial result.

In December 2022, the Company redeemed a portion of the restricted deposits, due to noncompliance with contractual milestones related to the acquisition of Transmissora Novo Estado, and subsequently settled the conditional obligations amounting to R$ 46,042. It also reversed a part of the obligation for price adjustment after the period for measurement of the business combination, in the amount of R$ 20,090. For more information see Note 5 – Restricted deposits.

NOTE 21. 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 12.31.2022 and 12.31.2021.

b) Subscribed and paid-in capital

At 12.31.2022 and 12.31.2021, 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 12.31.2022, is R$ 10.37 (R$ 9.72 for each share at 12.31.2021).

The Company's ownership structure at 12.31.2022 and 12.31.2021 was as follows:

	12.31.2022		12.31.2021	
Shareholders	**Tranche of common shares**	**% of capital**	**Tranche of common shares**	**% of capital**
ENGIE Brasil Participações Ltda.	560,640,791	68.71%	560,640,791	68.71%
Banco Clássico S.A.	80,425,026	9.86%	80,464,085	9.86%
Other shareholders	174,861,923	21.43%	174,822,864	21.43%
	815,927,740	**100.00%**	**815,927,740**	**100.00%**

As of 12.31.2022, the Board of Directors, the Board of Executive Officers and the Audit Board held 56,088 shares issued by the Company (78,488 at 12.31.2021).

c) Profit reserves

The item Profit reserves is broken down as follows:

	Parent Company / Consolidated	
	12.31.2022	**12.31.2021**
Legal reserve	980,530	980,530
Tax incentive reserve	273,736	264,783
Retained earnings reserve	1,127,417	1,766,086
	2,381,683	**3,011,399**

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, no amount was allocated to legal reserve in 2022.

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:

	12.31.2022	12.31.2021
Exploration profit	**47,943**	**247,882**
Nominal income tax (15%)	7,191	37,182
Additional of income tax	4,746	3,947
Income tax calculated	**11,937**	**41,129**
Tax incentive (%)	75%	75%
Tax incentive	**8,953**	**30,847**

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 12.31.2022 and 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 deemed costs.

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 01.01.2009. 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, Santo Agostinho and Serra do Assuruá Wind Power Complexes and the Assú Sol Photovoltaic Power Complex, indirect subsidiaries; (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.

The following table shows the accumulated effects of other comprehensive income:

		Parent Company		Consolidated	
	Note	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Other comprehensive income that in the future:					
- will not be reclassified to profit or loss					
Retirement benefit					
Remeasurement of retirement obligations	17	67,693	(128,354)	67,840	(128,199)
Deferred income tax and social contribution	19	(23,016)	43,639	(23,066)	43,586
Equity income of the abovementioned effects		97	102	-	-
		44,774	**(84,613)**	**44,774**	**(84,613)**
- will be reclassified to profit or loss					
Cash flow hedges					
Unrealized (losses) gains originated in the year	14	-	23,039	(43,122)	81,768
Deferred income tax and social contribution	19	-	(7,833)	-	(7,833)
Equity income of the abovementioned effects		(43,122)	58,729	-	-
Unrealized gains originated in the year of joint venture	10	(339,670)	(755,999)	(339,670)	(755,999)
Change in ownership interest in joint venture		(99,230)	(99,230)	(99,230)	(99,230)
		(482,022)	**(781,294)**	**(482,022)**	**(781,294)**
		(437,248)	**(865,907)**	**(437,248)**	**(865,907)**

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

The following table shows the result and shares used to calculate the earnings per share.

	Parent Company and Consolidated	
	12.31.2022	12.31.2021
Net income in the year	2,663,079	1,563,725
Number of common shares	815,927,740	815,927,740
Basic and diluted earnings per share – in R$	**3.26387**	**1.91650**

The calculation is made by dividing net income from the year attributed to the common shareholders of the parent company, by the weighted average of common shares available during the year. 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 22. 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 an ASM.

a) Calculation

	12.31.2022	12.31.2021
Adjusted dividend calculation basis		
Net income for the year attributable to controlling shareholders	2,663,079	1,563,725
Legal reserve	-	(43,650)
Tax incentive reserve	(8,953)	(30,847)
Realization of deemed cost of property, plant and equipment	40,048	(100,089)
Dividends and interest on equity not claimed	11,684	10,177
Net income for the year adjusted for dividends and interest on equity purposes	**2,705,858**	**1,399,316**
Proposed dividends / interest on equity		
Interim dividends for the first half of the year	1,050,698	789,518
Interest on equity, net of withholding income tax	170,579	51,287
Additional dividends proposed	1,455,160	549,798
Subtotal	**2,676,437**	**1,390,603**
Withholding income tax on interest on equity	29,421	8,713
Total annual dividends and interest on equity	**2,705,858**	**1,399,316**

b) Changes in dividends and interest on equity payable

	Parent Company	Consolidated
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**
Dividends and interest on equity approved	2,439,165	2,440,593
Dividends and interest on equity paid	(2,284,784)	(2,286,031)
Transfer of unclaimed dividends and interest on equity	(9,308)	(9,308)
Balance at 12.31.2022	**210,038**	**210,525**

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 2021

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.

On 03.17.2022, the company paid interest on equity for the period from 01.01.2021 to 12.31.2021, in the gross amount of R$ 60,000, corresponding to R$ 0.0735359237 per share. On the same date, the company also paid interim dividends based on the retained earnings reserve, in the amount of R$639,669, corresponding to R$ 0.0.7827524080 per share, which were approved at the Board of Directors Meeting held on 02.14.2022.

Still related to fiscal year 2021, on 04.28.2022, the Annual Shareholders Meeting approved the proposal for the distribution of additional dividends on net income, in the amount of R$ 549,798, corresponding to R$0.6738313480 per share. On the same date, the Company recognized the payment obligation in its balance sheet. The Company's shares were traded ex-dividends as of 12.13.2021 and the dividends were paid on 07.12.2022.

e) Distributions made and proposal related to net income from fiscal year 2022

e.1) Interim dividends for the first half of the year

At the meeting held on 08.02.2022, the Board of Directors approved the distribution of interim dividends in the amount of R$577,884, corresponding to R$0.7082542240 per share, equivalent to 55% of distributable net income in the 1st half of 2022. The Company's shares were traded ex-interim dividends as of 08.17.2022 and the dividends were paid on 12.12.2022.

Moreover, the Board of Directors meeting held on 11.08.2022 approved the distribution of additional interim dividends based on the quarterly information as on 06.30.2022, in the amount of R$ 472,815, corresponding to R$0.5794807287 per share, equivalent to 45% of adjusted distributable net income in the 1st half of 2022. The Company's shares were traded ex-interim dividends as of 11.22.2022 and the dividends were paid on 12.12.2022.

e.2) Interest on equity

On 12.16.2022, the Board of Directors approved crediting the interest on equity for the period from 01.01.2022 to 12.31.2022 in the gross amount of R$ 200,000, corresponding to R$ 0.2451197455 per share. Credits of the Company's interest on equity were recognized from 12.31.2022 based on the shareholding position on 12.22.2022. The Company's shares were negotiated ex-Interest on equity beginning as of 12.23.2023, which will be paid subsequently, as defined by the Board of Executive Officers and informed through a Notice to Shareholders.

e.3) Proposed additional dividends

The Company submitted to the Board of Directors, for approval in the meeting held on 2.16.2023, the proposal for payment of additional dividends on net income for fiscal year 2022, in the amount of R$ 1,455,160 (R$ 1.7834407362 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 ASM.

Hence, considering the 2022 result allocated, the dividends paid will be R$ 2,705,858 (R$ 3.3162954344 per share).

NOTE 23. 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.

Supply and provision

The Company recognizes revenue from electricity supply and provision 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. The control of electricity is obtained when the Company transfers electricity to the client. 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 ACL, where electricity is traded based on free negotiation of prices and conditions between the parties, through bilateral contracts; and (ii) the 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 PLD.

Service revenue

For energy sold in the ACR, HEPs Jaguara and Miranda receive, as part of the RAG, the portion related to the 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 the installation of infrastructure to provide electricity transmission services under the concession agreement is recognized as expenses are incurred, adding the estimated margin for each project. Revenues from operation and maintenance services are recognized when the services are actually provided by the Company.

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.

Margin is estimated by considering the projected budget of construction costs and its possible efficiencies, considering the regulatory deadline for delivering the works. Any revenue arising from the early termination of the Transmission System is recognized in the year's result from the effective commercial advancement authorized by Aneel.

The following table presents the reconciliation between gross operating income and net operating revenue reported in the income statement.

	Parent Company		Consolidated	
	2022	2021	2022	2021
Gross operating income				
Electricity distributors	2,670,178	2,630,477	4,589,402	3,918,762
Free consumers	401,447	398,246	3,772,026	3,460,547
Electricity traders	1,737,889	1,508,587	954,305	663,291
Trading operations	-	-	752,195	1,196,229
Transactions in the short-term market	162,412	43,407	388,080	618,679
Services rendered	82,750	74,220	192,917	173,416
Other revenues	7,302	1,089	101,688	64,870
	5,061,978	**4,656,026**	**10,750,613**	**10,095,794**
Deductions from operating income				
PIS and Cofins	(445,396)	(411,084)	(934,996)	(894,279)
Research and development	(34,658)	(27,791)	(52,433)	(49,443)
ICMS	(7,994)	(10,684)	(8,483)	(25,715)
ISSQN	(4,138)	(3,720)	(4,163)	(4,064)
	(492,186)	**(453,279)**	**(1,000,075)**	**(973,501)**
Other				
Transmission infrastructure construction revenue	-	-	914,384	2,154,548
Remuneration from contract asset	-	-	755,119	681,063
Interest on concession financial asset	-	-	485,490	556,480
Unrealized gains on trading operations	-	-	1,074	26,289
	-	**-**	**2,156,067**	**3,418,380**
Net operating revenue	**4,569,792**	**4,202,747**	**11,906,605**	**12,540,673**

NOTE 24. DETAIL OF OPERATING EXPENSES BY NATURE

a) Operating costs

	Parent Company				Consolidated			
	Energy costs		Services rendered		Energy costs		Services rendered	
	2022	2021	2022	2021	2022	2021	2022	2021
Energy purchases[1]	493,191	788,971	-	-	2,368,882	2,099,447	-	-
Transmission infrastructure construction cost	-	-	-	-	1,120,351	2,563,993	-	-
Depreciation and amortization	389,126	394,710	-	-	953,346	1,012,205	-	-
Charges for the use of and connection to the power grid	411,204	361,679	-	-	625,137	606,253	-	-
Third party materials and services	66,966	56,583	6,605	5,728	427,522	401,975	6,605	5,728
Personnel	140,183	137,875	25,705	26,398	209,888	279,728	25,706	26,398
Transactions in the short-term energy market[1]	45,766	273,268	-	-	166,753	628,632	-	-
Royalties	124,568	74,370	-	-	154,069	94,568	-	-
Fuels	-	-	-	-	115,457	334,578	-	-
Insurance	30,106	16,135	3,026	2,451	87,815	71,646	3,026	2,451
Hydrological risk renegotiation	-	(1,436,362)	-	-	-	(1,590,825)	-	-
Other	48,107	29,043	307	172	52,549	92,512	306	172
	1,749,217	**696,272**	**35,643**	**34,749**	**6,281,769**	**6,594,712**	**35,643**	**34,749**

(1) For more information, see item "a.1" below.

a.1) Energy purchases

	Parent Company	Consolidated

	2022	2021	2022	2021
Energy purchases				
Energy purchase for portfolio management	493,191	788,971	1,699,654	1,006,254
Trading operations	-	-	665,853	1,086,677
Unrealized losses on trading operations	-	-	3,375	6,516
	493,191	**788,971**	**2,368,882**	**2,099,447**
Transactions in the short-term energy market				
Purchases in the short-term market	45,766	273,268	166,498	627,959
Trading operations	-	-	255	673
	45,766	**273,268**	**166,753**	**628,632**

b) Selling, general and administrative expenses

	Parent Company				Consolidated			
	Selling		General and administrative		Selling		General and administrative	
	2022	2021	2022	2021	2022	2021	2022	2021
Personnel and management	15,218	13,989	152,156	162,950	15,218	13,989	152,715	166,604
Third party materials and services	1,757	1,671	122,290	71,326	3,618	4,690	123,980	82,204
Depreciation and amortization	72	90	35,957	29,028	96	114	36,358	30,098
Insurance	10	7	960	666	10	7	984	669
Other	3,567	5,306	20,022	18,940	8,089	10,149	25,116	21,132
	20,624	**21,063**	**331,385**	**282,910**	**27,031**	**28,949**	**339,153**	**300,707**

NOTE 25. FINANCIAL RESULT

	Parent Company		Consolidated	
	2022	2021	2022	2021
Financial income				
Income from marketable securities	197,024	84,097	478,962	189,238
Income from restricted deposits	4,242	1,740	38,745	15,243
Interest and Inflation adjustment on:				
Accounts receivable	16,283	17,132	32,781	30,893
Sale of subsidiary	12,132	3,337	12,132	3,337
Judicial deposits	5,184	4,322	5,310	4,537
Marketable securities	-	21,777	-	-
Fuels	-	-	-	3,416
Market value adjustment and marketable securities	-	47,419	-	30,931
Other financial income	13,110	230	17,261	3,254
	247,975	**180,054**	**585,191**	**280,849**
Financial expenses				
Interest and Inflation adjustment on:				
Debt instruments	568,184	739,602	1,829,907	2,025,747
Hedge on debt instruments	369,107	108,741	371,544	157,104
Retirement benefit obligations	45,734	28,966	45,736	29,012
Provisions	11,825	11,261	27,781	36,171
Other	13,567	9,038	33,473	31,577
Exchange variation on:				
Debt instruments	(313,555)	358,174	(313,555)	358,174
Hedge on debt instruments	313,555	(358,174)	313,555	(358,174)
Fair value adjustment	2,454	(939)	(3,157)	(1,214)
Other financial expenses	8,751	8,397	68,479	31,237
	1,019,622	**905,066**	**2,373,763**	**2,309,634**
Expenses with concessions payable (Use of Public Asset)	**717,251**	**1,038,775**	**726,718**	**1,049,905**
Financial expenses, net	**1,488,898**	**1,763,787**	**2,515,290**	**3,078,690**

NOTE 26. 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

a.1) Parent Company

	ASSETS			LIABILITIES		
	Accounts receivable		Dividends	Supplier		IOE / dividends
	Energy	Services and other		Energy	Other	
12.31.2022						
EBC	134,443	41	-	3,532	-	-
Pampa Sul	2,687	2,500	-	-	12	-
Jaguara	750	1,037	20,165	12,765	-	-
Miranda	500	1,401	12,840	7,077	-	-
ECP and subsidiaries	-	10,588	17,340	-	-	-
CEE	-	802	233,117	-	-	-
ETP II and subsidiaries	-	487	16,400	-	-	-
Lages	-	467	-	-	1,389	-
ENGIE Participações	-	176	-	-	1,439	116,811
Itasa	-	-	-	26,172	-	-
Other	6,501	12,609	10,000	3,430	330	-
Total	**144,881**	**30,108**	**309,862**	**52,976**	**3,170**	**116,811**
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	-	-	-
Other	10,000	3,571	-	1,277	520	-
Total	**181,270**	**20,862**	**405,621**	**37,348**	**727**	**35,043**

a.2) Consolidated

	ASSETS	LIABILITIES
	Accounts receivable	Supplier
	Services and other assets	Other
12.31.2022		
Cofely	4,645	-
Engie Serviços	595	1
Engie Soluções	338	6
Engie Gerenciamento	336	-
Energia Sustentável	-	1,841
Tractebel Engineering	-	212
Engie Facilities	-	119
Other	265	-
Total	**6,179**	**2,179**
12.31.2021		
Cofely	692	-
Engie Serviços	595	155
Engie Soluções	338	18
Engie Gerenciamento	336	-
Energia Sustentável	-	1,253
Engie Facilities	-	253
Tractebel Engineering	-	144
Other	265	-
Total	**2,226**	**1,823**

b) Amounts recognized in the income statement

b.1) Parent Company

	Revenue			Financial income	Cost	Cost and Expenses
	Sale of energy	O&M Services	Management services		Energy purchase	Third-party services
12.31.2022						
EBC	1,537,949	-	496	-	45,648	-
ECV	33,434	-	165	-	17,644	-
Pampa Sul	30,168	-	4,518	-	-	-
CEE	14,741	10,257	496	-	-	-
Jaguara	13,568	-	479	-	139,342	-
Miranda	6,307	-	479	-	77,362	-
ENGIE Trading	5,752	-	496	-	31,395	-
Itasa	-	30,018	-	-	182,481	-
Other	190	15,344	8,475	-	17,319	5,357
Total	**1,642,109**	**55,619**	**15,604**	**-**	**511,191**	**5,357**
12.31.2021						
EBC	1,330,850	-	450	-	16,428	-
Jaguara	78,045	-	435	-	212,885	-
Diamante	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	-	-	-
Jirau	-	-	-	-	15,738	-
Other	-	-	450	-	17,847	5,670
Total	**1,625,604**	**48,772**	**20,100**	**22,839**	**796,994**	**5,670**

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.

b.2) Consolidated

	Cost	Cost and Expenses
	Energy purchase	Third-party services
12.31.2022		
Energia Sustentável	17,320	-
Engie Facilities	-	5,533
Tractebel Engineering	-	3,499
Engie Serviços	-	1,326
Other	-	16
Total	**17,320**	**10,374**
12.31.2021		
Energia Sustentável	15,737	-
Engie Facilities	-	5,414
Tractebel Engineering	-	2,771
Engie Serviços	-	1,702
Total	**15,737**	**9,887**

c) Future commitments

c.1) Purchase and sale of electricity

Seller	Buyer	Maturity	Annual adjustment index	Adjustment base date	Future commitment Base 12.31.2022
CECL	ECV	2036 and 2039	IPCA	January and September	12,770,470
ECV	EBC	2025, 2036 and 2039	IPCA	January, March and September	11,410,040
CESA	ECV	2045	IPCA	June, August and October	9,079,528
CEUR	ECV	2036	IPCA	January	2,370,789
CETR	EBC	2032 and 2037	IPCA	January and December	1,391,026
Jaguara	ENGIE	2028	IPCA	January	939,427
Itasa	ENGIE	2030	Δ USD + Inflation in USA	October	789,478
ENGIE Trading	EBC	2023 to 2026	-[1]	-[1]	626,154
Miranda	ENGIE	2028	IPCA	January	526,314
EBC	CEE	2041	IPCA	October	462,588
Itasa	ENGIE	2030	IGP-M	January	399,689
CEUR	EBC	2038	IPCA	January and December	252,062
EBC	ENGIE Trading	2022 to 2026	IPCA	Diverse[2]	223,860
CECL	EBC	2038	IPCA	January and December	184,707
Ferrari	EBC	2029	IPCA	July	60,129
EBC	CECL	2038	IPCA	January	35,879
EBC	CETR	2037	IPCA	January and February	34,535
ENGIE Trading	ENGIE	2023 and 2025	IPCA	July, May, August and October	23,750
EBC	CEUR	2038	IPCA	January	20,975
CECL[3]	CECL[3]	2038	IPCA	December	10,312
Lages	EBC	2023	IPCA	August	8,492
ENGIE Trading	ECV	2023 and 2024	IPCA	December	1,957
EBC	ENGIE	2025	IGP-M	February	897
EBC	Assú V	2025	IPCA	January	293

(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 12.31.2022
Itasa	16,10,2030	IGP-M	305,228
Ceste	01,05,2025	INPC (80%) and IPCA (20%)	97,318

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$ 14,723 (R$ 20,101at 12.31.2021).

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 12.31.2022
BNDES and BASA	Pledge of all the shares held by the Company's direct and indirect subsidiary (ENGIE Brasil Energias Complementares Participações Ltda) issued by the following companies: 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), 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) and Solairedirect Holding Brasil (Holding company of Engie Solar Floresta Geração Centralizada Holding (Holding company of Floresta I, Floresta II and Floresta III) and Engie Solar Paracatu Geração Centralizada Holding (Holding company of Paracatu I, Paracatu II, Paracatu III and Paracatu IV)).	4,995,657
BNDES and Debentures	Pledge of all the shares held by the Company's subsidiary (Novo Estado Participações S.A.) issued by Novo Estado Transmissora.	2,942,266
	Pledge of all the shares held by the Company's subsidiary (Gralha Azul Participações S.A.) issued by Gralha Azul.	1,784,613
	Pledge of all the shares held by the Company issued by Pampa Sul, Jaguara e Miranda.	2,964,253

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, with the inclusion of Ferrari.

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 the Campo Largo Wind Power Complex.

e) Sureties and guarantees

e.1) Construction of projects

The Company is guarantor to the construction of the Santo Agostinho Wind Power Complex, Maracanã, Novo Estado and Gavião Real projects. On 12.31.2022, these guarantees totaled R$ 511,324.

Following are the scheduled maturities of guarantees: R$ 326,665 in 2023, R$ 93,600 in 2024, R$ 82,800 in 2025 and R$ 8,259 in 2026.

e.2) Energy purchase

The Company is the guarantor of and jointly liable for energy purchase transactions of certain subsidiaries, in the amount of R$ 190,497 at 12.31.2022. The guarantees' maturities are scheduled as follows: R$ 65,580 in 2023, R$ 58,216 in 2024, R$ 17,870 in 2025, R$4,518 in 2026, R$ 2,510 in 2027, R$ 1,389 in 2028, R$ 25,869 in 2029, R$ 4,510 in 2032 and R$ 10,035 in 2036.

e.3) 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$ 83,278. The amount of R$ 59,315 will mature in 2023 and the amount of R$ 23,963 is conditioned on the termination of the agreement, which is indefinite.

e.4) Loans

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 12.31.2022, the amount of guarantees was R$ 884,431, of which R$ 814,059 will mature in 2023 and R$ 70,372 in 2024.

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

Annual remunerations of 2022 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, will be approved at the ASM to be held on 04.26.2023, while the remunerations of 2021 were approved at the ASM held on 4.28.2022. The amounts recognized in the years were:

	2022	2021
Fixed compensation	14,511	13,793
Variable compensation	9,289	9,711
Payroll charges	5,156	4,588
Other	2,029	1,686
	30,985	**29,778**

The Management does not receive share-based compensation from ENGIE Brasil Energia.

NOTE 27. 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. 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, Novo Estado and Gavião Real 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 EGSD, subsidiary sold on 02.21.2022.
- 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 is presenting information by segment, in alignment 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 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. 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 2022 and 2021 and is presented in a consolidated manner in the tables below:

	2022					
	Electric energy					
	Generation	Transmission	Trading	Solar panels[1]	Gas transportation	Consolidated
NET OPERATING INCOME	**9,511,950**	**1,702,886**	**684,815**	**6,954**	**-**	**11,906,605**
Operating costs	(4,504,494)	(1,140,405)	(669,483)	(3,030)	-	(6,317,412)
GROSS PROFIT	**5,007,456**	**562,481**	**15,332**	**3,924**	**-**	**5,589,193**
Operating income (expenses)						
Selling, general and administrative expenses	(345,672)	(12,979)	(5,172)	(2,361)	-	(366,184)
Other operating (expenses) income, net	(20,486)	21,521	-	-	-	1,035
Impairment, net	(184,439)	-	-	118,361	-	(66,078)
Sale of subsidiary	9,912	-	-	(94,430)	-	(84,518)
	(540,685)	**8,542**	**(5,172)**	**21,570**	**-**	**(515,745)**
Equity income	**-**	**-**	**-**	**-**	**727,136**	**727,136**
PROFIT BEFORE FINANCIAL AND TAX RESULTS	**4,466,771**	**571,023**	**10,160**	**25,494**	**727,136**	**5,800,584**

(1) On 2.21.2022, the shares held by the Company in the subsidiary EGSD were sold. On that date, the company ceased to be a subsidiary of the Company and is also not consolidated in the books.

	2021					
	Electric energy					
	Generation	Transmission	Trading	Solar panels[1]	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 income (expenses)						
Selling, general and administrative expenses	(314,013)	(8,251)	(3,877)	(3,515)	-	(329,656)
Other operating (expenses) income, net	(9,370)	213	-	41	-	(9,116)
Impairment, net	(998,624)	-	-	(77,534)	-	(1,076,158)
Sale of subsidiary	(200,143)	-	-	-	-	(200,143)
	(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**

NOTE 28. 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 5.31.2023 and the risk coverage amount is R$ 20,814,871 in the parent company and R$ 45,284,737 in the consolidated statements, namely:

	Parent Company		Consolidated	
Type of plant	Material damages	Loss of profit	Material damages	Loss of profit
Hydroelectric power plants	17,819,558	2,882,518	25,863,752	3,348,584
Thermal power plant[1]	-	-	2,515,764	535,604
Complementary plants (wind, solar, biomass and SHPP)	112,041	754	10,366,287	1,666,001
Transmission Systems	-	-	681,960	306,785
	17,931,599	**2,883,272**	**39,427,763**	**5,856,974**

(1) Further information is available in Note 8 – Non-current assets held for sale.

The maximum combined limit of indemnification for material damages and loss of profits is R$ 3,747,120 per event.

On 03.10.2022, consequent to the acquisition of the Paracatu and Floresta Photovoltaic Complexes, the assets were included in ENGIE's corporate insurance program.

However, coverage for Novo Estado and its substations is restricted to material damages.

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, terrorism and cyber-attacks extended to its subsidiaries, as well as group life insurance for its employees and officers.

NOTE 29. LONG-TERM COMMITMENTS

The Company has the following long-term commitments that are considered relevant:

	Parent Company						
	2023	2024	2025	2026	2027	2028 and later	Total
CUST	435,002	435,002	435,002	435,002	435,002	1,061,273	3,236,283
Contracts for connection	11,999	11,999	11,999	11,999	11,999	59,401	119,396
Hydrological risk renegotiation	-	6,671	8,006	4,670	-	82,684	102,031
Modernization of UHSO	62,397	26,930	1,645	-	-	-	90,972
O&M contracts	254	254	-	-	-	-	508
Balances at 12.31.2022	**509,652**	**480,856**	**456,652**	**451,671**	**447,001**	**1,203,358**	**3,549,190**

	Consolidated						
	2023	2024	2025	2026	2027	2028 and later	Total
CUST	692,950	692,950	692,950	692,950	931,383	4,374,513	8,077,696
Serra do Assuruá Wind Power Complex	1,442,140	3,498,155	127,965	-	-	-	5,068,260
O&M contracts	258,722	242,588	240,907	221,125	202,658	989,201	2,155,201
Santo Agostinho Wind Power Complex	1,228,641	403,335	-	-	-	-	1,631,976
CUSD	46,531	46,531	46,531	46,531	46,531	891,788	1,124,443
Hydrological risk renegotiation	-	6,671	8,006	4,670	-	115,029	134,376
Contracts for connection	12,236	12,236	12,236	12,236	12,236	62,072	123,252
Modernization of Salto Osório	62,397	26,930	1,645	-	-	-	90,972
Transmission System – Novo Estado	89,934	-	-	-	-	-	89,934
Transmission System – Gavião Real	56,988	10,861	-	-	-	-	67,849
Transmission System – Gralha Azul	50,537	131	-	-	-	-	50,668
Modernization of Miranda HPP	28,568	383	1,352	513	-	-	30,816
Modernization of Jaguara HPP	29,032	-	-	-	-	-	29,032
Assú Sol Photovoltaic Power Complex	670	2,630	100	-	-	-	3,400
Balances at 12.31.2022	**3,999,346**	**4,943,401**	**1,131,692**	**978,025**	**1,192,808**	**6,432,603**	**18,677,875**

a) CUST

For the use of the transmission system and basic network, the Company and its subsidiaries CEE, Itasa, Jaguara, the Trairí Wind Power Complex, the Campo Largo Wind Power Complex, the Campo Largo Wind Power Complex I, the Umburanas – Phase I Wind Power Complex and the Santo Agostinho Wind Power Complex maintain contracts with ONS. Contracts are valid up to the termination of power plants concessions or authorizations.

b) Serra do Assuruá Wind Power Complex

On 09.30.2022, the Company signed agreements for the supply of wind turbines for the construction of the Serra do Assuruá Wind Power Complex in the state of Bahia, with installed capacity of 846 MW. The operational startup of the plant is scheduled for the second half of 2024.

c) O&M Agreements

The Company, its subsidiaries CEE, Floresta, Paracatu, Ferrari, Jaguara, Miranda and the Trairí, Campo Largo, Campo Largo II, Umburanas – Phase I and Itasa wind power complexes have operation and maintenance (O&M) agreements with third parties.

d) Santo Agostinho Wind Power Complex

The Company signed an agreement with suppliers of wind turbines for construction of the Santo Agostinho Wind Power Complex in the state of Rio Grande do Norte, with installed capacity of 434 MW. The operational startup of the plant is scheduled for the first half of 2023.

e) 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.

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 and the Trairí and Assú V Wind Power Complexes 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 Salto Osório

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 physical guarantee of the Plant by 13.9 average MW.

i) 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.

j) Transmission System – Gavião Real

The Company, through its indirect subsidiary Gavião Real, has construction agreements for expansion of a complementary substation to the Novo Estado project, and a section of approximately 1 km of a distribution line.

k) 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.

l) Modernization of Miranda HPP

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.

m) Modernization of Jaguara HPP

The Company has agreements for modernizing the generator at UHJA's generating unit 1 and modernizing bridges and operational gates. This modernization, combined with the modernization of turbine scheduled for the coming years, will enable the Plant to ramp up capacity.

n) Assú Sol Photovoltaic Power Complex

The Company signed an agreement with suppliers of photovoltaic modules for construction of the Assú Sol Photovoltaic Power Complex in the state of Rio Grande do Norte, with installed capacity of 752 MW. The operational startup of the plant is scheduled for the second half of 2025.

o) 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					
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
Own funds	4,085	4,226	4,674	4,722	4,722	4,722
Purchases	1,212	823	342	296	284	279
Total availability	5,297	5,049	5,016	5,018	5,006	5,001
Contracted availability	4,779	4,242	3,805	3,428	2,742	2,261
Distributors	*29.6%*	*31.7%*	*33.5%*	*36.1%*	*41.7%*	*49.1%*
Traders	*32.5%*	*29.4%*	*32.9%*	*33.0%*	*35.0%*	*38.5%*
Free clients	*37.9%*	*38.9%*	*33.6%*	*30.9%*	*23.3%*	*12.4%*
Contracted %	**90.22%**	**84.02%**	**75.86%**	**68.31%**	**54.77%**	**45.21%**

NOTE 30. ADDITIONAL CASH FLOW INFORMATION

The following complementary cash low transactions were as follows:

	Parent Company		Consolidated	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Dividends from subsidiaries and joint ventures	1,585,661	1,315,189	503,750	682,500
Interim dividends, IOE and additional dividends credited	2,439,165	1,459,112	2,440,593	1,459,112
Dividends and interest on equity not claimed	11,684	10,177	11,684	10,177
Transfer of ownership interest due to corporate restructuring	-	598,442	-	-
ICMS on sale of electricity[1]	106,097	-	106,097	-
Obligations linked to the acquisition of assets	-	-	101,983	44,008
Remeasurement of obligations with retirement benefits	(196,047)	20,648	(196,039)	20,614
Income tax and social contribution credit	2,515	6,731	(47,459)	3,616
Suppliers of property, plant and equipment and intangible assets[2]	(25,747)	42,909	(7,298)	(160,115)
Capital decrease in investees with compensation of suppliers	-	35,469	-	-
Write-off of investment due to sale of subsidiary	(71,393)	503,953	-	-
Net assets of subsidiary transferred to NCAHS	-	-	260,691	-
Net assets of subsidiaries acquired	-	-	499,414	-
Recording of capital reserve	156,743	-	156,743	-
Provisions for expropriations in construction of transmission lines	-	-	1,093	6,220

(1) Further information is available in Note 18 – Provisions and judicial deposits.
(2) The amount of R$ 7,298 is composed of: (i) the R$39,892 increase related to the suppliers of property plant and equipment of NCAHS, due to the execution of the SPA of Pampa Sul; and (ii) the R$ 47,190 decrease related to suppliers of property, plant and equipment and intangible assets shown in Note 13 – Suppliers.

NOTE 31. SUBSEQUENT EVENTS

a) Proposed additional dividends

At a meeting held on 2.16.2023, the Company's Board of Directors submitted to ASM the proposal for payment of additional dividends on adjusted income from the fiscal year ended 12.31.2022, in the amount of R$ 1,455,160, or R$ 1.7834407362 per share. The proposal shall be ratified by the ASM, which will also set the dividend payment terms.

b) Revision of concession period of Estreito Hydroelectric Power Plant ("Estreito HPP")

In 2016, due to the recognition of immunity events at the Estreito HPP that delayed the start of commercial operations, the Company requested an extension of the concession period. On 01.31.2023, pursuant to Law 13,360/2016 and concession agreement 094/2002, and through Technical Note 877/2022–SCG/SFG/Aneel, the Board of Aneel unanimously approved extending the concession period for Estreito HPP by 852 days.

c) Supreme Court decision on "*res judicata*" on tax issue

On 02.08.2023, the Plenary Session of the Supreme Court finalized the judgment on Themes 881 and 885, unanimously deciding that a final decision, the so-called "*res judicata*", on taxes levied on a continuous basis, automatically loses the effects of final and unappealable decisions if there is a decision to the contrary on concentrated control of constitutionality or under the general repercussion regime. The Company evaluated the reflex effects of this decision and did not identify any lawsuits impacted by said decision of the Supreme Court, as there are no court decisions resulting in the elimination of its taxes, which were subsequently overturned by the Supreme Court, in an action on concentrated control or under the general repercussion regime. Moreover, the Company understands that the decision does not apply directly or has any effect on ENGIE Brasil Energia or its subsidiaries for the baseline date of 12.31.2022 and continues to monitor the developments on the matter.

COMMENTS ON BUSINESS PROJECTIONS

Identification of projections

a) Purpose of projection

Investments in equity interest, construction of new transmission systems and maintenance, 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 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 related to the acquisition of ownership interest in the Assú Sol Photovoltaic Complex project.

d.2. Year of 2022

Investments made in 2022:

Description	Actual 2022
Financed with debt	814
Financed with own capital	2,336
Total	**3,150**

In 2022, the Company invested R$ 3,150 million, as follows: (i) R$ 2,057 million was invested in the construction of new projects, of which: R$ 718 million in Novo Estado Transmission System, R$ 694 million in Santo Agostinho Wind Power Complex, R$ 516 million in Serra do Assuruá Wind Power Complex and R$ 129 million in Gralha Azul Transmission System; (ii) R$ 861 million was invested to acquire ownership interest, of which: R$ 656 million in the Floresta and Paracatu Photovoltaic Complexes, R$ 182 million in the Serra do Assuruá Wind Power Plant and R$ 23 million in the Assú Sol Photovoltaic Complex; R$ 186 million was allocated to maintenance and renovation projects of the generation facilities; and (iii) R$ 46 million was allocated to the modernization of Salto Osório Hydroelectric Power Plant.

Summary of changes between estimated and actual investments in 2022:

The variations between the estimated investments for 2022 disclosed at the end of 2021 and the investments made in the year, in the amount of R$ 667 million, are mainly due to (i) the acquisition of Floresta and Paracatu Photovoltaic Complexes; (ii) the acquisition and construction of Serra do Assuruá Wind Power Complex; and (iii) the postponement of financial schedule of Santo Agostinho Wind Power Complex.

Estimate for the years 2023, 2024 and 2025:

Description \ Projection period	2023	2024	2025
Financed with debt	6,409	2,140	124
Financed with own capital	(1,186)	4,206	210
Total	**5,223**	**6,346**	**334**

Summary of changes in estimates for 2023 and 2024:

The changes in estimates for 2023 and 2024, in the amount of R$ 10,578 million, were mainly due to the combination of the following events: (i) construction of Serra do Assuruá Wind Power Complex, Assú Sol Photovoltaic Complex and Gavião Real Transmission System, projects approved by the Company during 2022; (ii) postponement and increase in estimated costs with Santo Agostinho Wind Power Complex, Novo Estado Transmission System and modernization of Salto Osório Hydroelectric Power Plant; (iii) decrease in estimated costs with the maintenance of generation facilities.

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 6 – Concession financial asset.

Transmission Companies – Adjustments related to transmission companies Gralha Azul, Novo Estado and Gavião Real related to the concession agreements for the provision of public energy transmission system. Further information is available in Note 7 – Contract asset.

ASSETS

	Note	12.31.2022 Statutory	12.31.2022 HPP Concessions Quotas	12.31.2022 Transmission companies	12.31.2022 Adjusted	12.31.2021 Statutory	12.31.2021 HPP Concessions Quotas	12.31.2021 Transmission companies	12.31.2021 Adjusted
CURRENT ASSETS									
Cash and cash equivalents		2,235,887	-	-	2,235,887	5,156,406	-	-	5,156,406
Trade accounts receivable	(ii)	1,143,117	32,136	-	1,175,253	1,114,105	28,723	-	1,142,828
Income tax and social contribution credits		181,438	-	-	181,438	248,324	-	-	248,324
Derivative financial instruments - hedge		-	-	-	-	42,577	-	-	42,577
Derivative financial instruments - trading		209,928	-	-	209,928	206,647	-	-	206,647
Restricted deposits		34,527	-	-	34,527	638,606	-	-	638,606
Concession financial asset	(ii)	363,802	(363,802)	-	-	333,638	(333,638)	-	-
Contract asset	(i)	558,179	-	(558,179)	-	387,529	-	(387,529)	-
Other current assets		318,872	-	-	318,872	385,525	-	-	385,525
		5,045,750	**(331,666)**	**(558,179)**	**4,155,905**	**8,513,357**	**(304,915)**	**(387,529)**	**7,820,913**
Non-current assets held for sale		2,332,778	-	-	2,332,778	4,577	-	-	4,577
		7,378,528	**(331,666)**	**(558,179)**	**6,488,683**	**8,517,934**	**(304,915)**	**(387,529)**	**7,825,490**
NON-CURRENT ASSETS									
Long-term assets									
Derivative financial instruments - hedge		31,981	-	-	31,981	184,155	-	-	184,155
Derivative financial instruments - trading		45,638	-	-	45,638	100,523	-	-	100,523
Restricted deposits		235,970	-	-	235,970	265,432	-	-	265,432
Judicial deposits		71,435	-	-	71,435	79,198	-	-	79,198
Concession financial asset	(ii)	2,856,475	(2,856,475)	-	-	2,729,112	(2,729,112)	-	-
Contract asset	(i)	5,895,776	-	(5,895,776)	-	4,936,101	-	(4,936,101)	-
Other non-current assets[1]	(iii)	332,623	2,820	20,367	355,810	374,461	17,809	3,649	395,919
		9,469,898	**(2,853,655)**	**(5,875,409)**	**740,834**	**8,668,982**	**(2,711,303)**	**(4,932,452)**	**1,025,227**
Investments		**3,006,423**	-	-	**3,006,423**	**2,366,708**	**-**	**-**	**2,366,708**
Property, plant and equipment	(i)	**14,196,959**	**95,642**	**6,154,800**	**20,447,401**	**14,523,945**	**48,473**	**5,115,674**	**19,688,092**
Intangible assets	(i)/(ii)	**4,134,944**	**2,070,171**	**160,836**	**6,365,951**	**4,038,156**	**2,153,370**	**119,091**	**6,310,617**
		30,808,224	**(687,842)**	**440,227**	**30,560,609**	**29,597,791**	**(509,460)**	**302,313**	**29,390,644**
TOTAL		**38,186,752**	**(1,019,508)**	**(117,952)**	**37,049,292**	**38,115,725**	**(814,375)**	**(85,216)**	**37,216,134**

(1) Refers to adjustments in deferred income tax assets.

LIABILITIES AND EQUITY

	Note	12.31.2022 Statutory	HPP Concessions Quotas	Transmission companies	Adjusted	12.31.2021 Statutory	HPP Concessions Quotas	Transmission companies	Adjusted
CURRENT LIABILITIES									
Suppliers		535,398	-	-	535,398	669,530	-	-	669,530
Dividends and interest on equity		181,104	-	-	181,104	56,558	-	-	56,558
Debt instruments		1,652,968	-	-	1,652,968	3,390,934	-	-	3,390,934
Concessions payable (Use of Public Asset)		406,871	-	-	406,871	274,071	-	-	274,071
Tax and regulatory liabilities		264,258	-	-	264,258	188,998	-	-	188,998
Labor obligations		153,809	-	-	153,809	171,232	-	-	171,232
Derivative financial instruments - trading		189,932	-	-	189,932	190,348	-	-	190,348
Provisions		4,144	-	-	4,144	22,060	-	-	22,060
Retirement benefits obligations		54,015	-	-	54,015	42,064	-	-	42,064
Other current liabilities		442,049	-	-	442,049	769,364	-	-	769,364
		3,884,548	**-**	**-**	**3,884,548**	**5,775,159**	**-**	**-**	**5,775,159**
Liabilities related to non-current assets held for sale		2,005,671	-	-	2,005,671	-	-	-	-
		5,890,219	**-**	**-**	**5,890,219**	**5,775,159**	**-**	**-**	**5,775,159**
NON-CURRENT LIABILITIES									
Debt instruments		16,288,157	-	-	16,288,157	17,253,943	-	-	17,253,943
Derivative financial instruments - trading		31,527	-	-	31,527	80,414	-	-	80,414
Concessions payable (Use of Public Asset)		4,849,081	-	-	4,849,081	4,544,720	-	-	4,544,720
Provisions		531,756	-	-	531,756	370,767	-	-	370,767
Retirement benefits obligations		218,959	-	-	218,959	421,947	-	-	421,947
Deferred income tax and social contribution	(iii)	1,505,352	(344,771)	(100,307)	1,060,274	1,504,825	(265,133)	(38,061)	1,201,631
Other non-current liabilities		431,529	-	-	431,529	231,353	-	-	231,353
		23,856,361	**(344,771)**	**(100,307)**	**23,411,283**	**24,407,969**	**(265,133)**	**(38,061)**	**24,104,775**
EQUITY		**8,440,172**	**(674,737)**	**(17,645)**	**7,747,790**	**7,932,597**	**(549,242)**	**(47,155)**	**7,336,200**
TOTAL		**38,186,752**	**(1,019,508)**	**(117,952)**	**37,049,292**	**38,115,725**	**(814,375)**	**(85,216)**	**37,216,134**

	Note	INCOME STATEMENT Consolidated 2022 Statutory	HPP Concessions Quotas	Transmission companies	Adjusted	Consolidated 2021 Statutory	HPP Concessions Quotas	Transmission companies	Adjusted
Net operating revenue		11,906,605	(76,735)	(1,347,577)	10,482,293	12,540,673	(185,369)	(2,831,699)	9,523,605
Operating costs		(6,317,412)	(113,407)	1,024,224	(5,406,595)	(6,629,461)	(132,274)	2,562,664	(4,199,071)
GROSS PROFIT	(i)/(ii)	**5,589,193**	**(190,142)**	**(323,353)**	**5,075,698**	**5,911,212**	**(317,643)**	**(269,035)**	**5,324,534**
Operating expenses, net		(515,745)	-	-	(515,745)	(1,615,073)	-	-	(1,615,073)
Equity income		727,136	-	-	727,136	601,985	-	-	601,985
INCOME BEFORE FINANCIAL RESULT AND TAXES		**5,800,584**	**(190,142)**	**(323,353)**	**5,287,089**	**4,898,124**	**(317,643)**	**(269,035)**	**4,311,446**
Financial result	(i)	(2,515,290)	-	309,979	(2,205,311)	(3,078,690)	-	438,325	(2,640,365)
INCOME BEFORE INCOME TAXES		**3,285,294**	**(190,142)**	**(13,374)**	**3,081,778**	**1,819,434**	**(317,643)**	**169,290**	**1,671,081**
Income tax and social contribution	(iii)	(620,726)	64,649	78,966	(477,111)	(254,464)	108,000	(46,063)	(192,527)
NET INCOME FOR THE YEAR		**2,664,568**	**(125,493)**	**65,592**	**2,604,667**	**1,564,970**	**(209,643)**	**123,227**	**1,478,554**
NET INCOME ATTRIBUTABLE TO:									
Shareholders of ENGIE Brasil Energia		2,663,079	(125,493)	65,592	2,603,178	1,563,725	(209,643)	123,227	1,477,309
Non-controlling shareholder		1,489	-	-	1,489	1,245	-	-	1,245
		2,664,568	**(125,493)**	**65,592**	**2,604,667**	**1,564,970**	**(209,643)**	**123,227**	**1,478,554**

(i) Contract asset, property, plant and equipment, revenue and cost of implementation of infrastructure and remuneration of contract asset

In corporate accounting, the portion corresponding to construction costs, plus a gross residual margin that covers the costs of construction management, is recognized as a contract asset, with a corresponding revenue from the implementation of infrastructure. Expenses with construction of the transmission line are recognized directly in the profit or loss from the year under the "Cost of implementation of infrastructure" line. On the other hand, for regulatory purposes, these costs are recognized under property, plant and equipment and there is no recognition of revenue from implementation of infrastructure.

In corporate accounting, the portion corresponding to construction RAP is recognized under contract asset as a corresponding entry to revenue from the implementation of infrastructure. In regulatory accounting, this amount is recognized as revenue from electricity transmission operations. In addition, both in regulatory and corporate accounting, O&M revenue is recognized as a corresponding entry to profit or loss, not generating differences between the accounting methods.

Moreover, the interest related to the financing from BNDES is capitalized in regulatory accounting, due to the construction of the transmission system that started in 2020.

(iii) Concession financial asset and intangible assets

In corporate accounting, the portion of bonus for the grant that gives unconditional right to receive a cash flow without market and hydrological risks was recognized as a concession financial asset. The difference between the total bonus amount for the grant and the amount allocated as concession financial asset was recognized under intangible assets. The portion recognized in concession financial asset is remunerated at the internal rate of return and adjusted by the IPCA and these effects are presented in "Remuneration from concession financial asset." The realization of this concession financial asset is done through RBO receipts. Other items making up the RAG are recognized in specific lines in profit or loss, as follows: (i) GAG – recognized in "GAG revenue – operation and maintenance;" (ii) connection charges, charges for use of transmission or distribution systems, portion of adjustment for unavailability and other charges – recognized as recovery of related costs. Intangible assets are amortized on a straight-line basis over the duration of the concession agreement.

For regulatory purposes, the total amount of bonus for the grant was recognized under intangible assets, which is also amortized on a straight-line basis over the duration of the concession agreement. In addition, revenues billed monthly to distribution companies, related to RAG, are recognized under "Supply of electricity".

The effects mentioned above result in differences in PIS and Cofins calculation.

(iii) Deferred income tax and social contribution

The effects of differences shown above generate deferred income and social contribution taxes in the corporate statements. For regulatory purposes, these effects are not considered, as mentioned in the previous item.

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, ERNST & YOUNG 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 New Business Officer

José Luiz Jansson Laydner
Chief Operation Officer

Marcos Keller Amboni
Chief Regulation and Market Officer

Luciana Moura Nabarrete
Chief People, Processes and Sustainability Officer

Márcio Daian Neves
Chief Implementation Officer

Florianópolis, February 16, 2023.

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

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Chief Regulation and Market Officer

Luciana Moura Nabarrete
Chief People, Processes and Sustainability 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



Independent Auditor's Report on the Individual and Consolidated Financial Statements

To the management and shareholders of
ENGIE Brasil Energia S.A.
Florianópolis/SC

Opinion

We have examined the individual and consolidated financial statements of Engie Brasil Energia S.A. ("Company"), identified as parent company and consolidated, respectively, which comprise the statement of financial position as at December 31, 2022 and the respective income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, including the summary of the main accounting policies.

Opinion on individual financial statements

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, its financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on consolidated financial statements

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and the 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 (ISAs). 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 ethical requirements that are relevant to our audit of the individual and consolidated financial statements as set forth in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. 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 we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed it, including any comments on the results of our procedures, is presented in the context of the financial statements taken together.

We performed the responsibilities described in the section entitled “Auditor’s responsibilities for the audit of the individual and consolidated financial statements,” including those related to these key audit matters. Thus, our audit included the procedures planned to respond to our evaluation of risks regarding significant distortions in the financial statements. The results of our procedures, including those performed to address the matters below, serve as the basis of our audit opinion on the financial statements of the Company.

Recognition of revenues and costs with energy purchase

In the fiscal year ended December 31, 2022, the Company recognized operating revenues from supply of energy in the amount of R$ 4,971,926 thousand in the parent company and R$ 9,703,813 thousand in the consolidated, as disclosed in Note 24, and costs with energy purchase in the amount of R$ 538,957 in the parent company and R$1,866,152 in the consolidated, as disclosed in Note 25 (a.1).

Revenues mainly come from the supply of electricity to free consumers, as well as distribution, generation and trading companies. Revenue and costs with energy purchases is recognized when the control of assets or services is transferred to the client for an amount that reflects the consideration to which the Company expects to be entitled to in exchange for such assets or services. Revenue is an important indicator of performance of the Company and its management, which could create an incentive to recognize revenue before the obligation of performance is met or to postpone the recognition of cost, especially in the period before the close of the year.

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent auditor's report on individual and consolidated financial statements

To the shareholders and Management of:
ENGIE Brasil Energia S.A.
Florianópolis / SC

Opinion

We have audited the individual and consolidated financial statements of Engie Brasil Energia S.A ("the "Company"), identified as individual and consolidated, respectively, which comprise the statements of financial position as of December 31, 2022, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion on the individual financial statements

In our opinion, the individual financial statements present fairly, in all material respects, the individual and consolidated financial position of Engie Brasil Energia S.A. as of December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Engie Brasil Energia S.A. as of December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the 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 principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (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 opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements, and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition and costs with energy purchase

In the year ended December 31, 2022, the Company had operating revenues from energy supply and supply in the amount of R$ 4,971,926 thousand (parent) and R$ 9,703,813 thousand (consolidated), as disclosed in note 24, and costs with energy purchase in the amount of R$ 538,957 thousand (parent) and R$ 1,866,152 thousand (consolidated), as disclosed in note 25 (a.1).

Revenues are mainly from the supply of electricity to free consumers, electricity distributors, generators, and traders. The recognition of energy revenues and purchase costs is carried out when the control of the goods or services is transferred to the client for a value that reflects the compensation to which the Company expects to be entitled in exchange for these goods or services. Revenue is an important indicator of the performance of the Company and its Administration, which can create an incentive to recognize revenue before the fulfilment of the performance obligation, or postponement of cost recognition, especially in the period preceding the end of the year.

The monitoring of this subject was considered significant for our audit, considering the risks that a revenue or cost will be recognized in a period different from that in which the transfer of risks and benefits to the client occurred and consequent fulfilment of the performance obligation, in addition to the volume and specificity in the measurement of the revenue and cost cut-off at the end of each reporting period.

How our audit addressed this matter

Our audit procedures included, but are not limited to:

(i) Evaluation of the adequacy of accounting policies adopted by the Company, and understanding of internal controls related to the recognition of revenues and costs of supply of electricity;
(ii) Evaluation of the reasonableness of the accounting estimates of energy revenue and cost, recognized at the end of the year;
(iii) Analysis of a sample of contracts, to conference the data used in the measurement of the estimate;

(iv) Evaluation of the subsequent liquidation report issued by the Electric Energy Trading Chamber-CCEE, with the purpose of corroborating the volume of energy purchased and sold by the Company;
(v) Testing of receipt and subsequent payment of invoices, by sampling; and
(vi) Assessment of the adequacy of disclosures made by the Company on revenues and costs, included in notes 24 and 25 (a.1) to individual and consolidated financial statements.

Based on the result of the audit procedures carried out on the recognition of revenues and costs, which is consistent with the Company's assessment, we consider that the criteria and assumptions used are acceptable, as well as the respective disclosures, in the context of the individual and consolidated financial statements taken as a whole.

Measurement and integrity of futures contracts for the purchase and sale of energy classified as financial instruments

In the year ended December 31, 2022, the impact related to the mark-to-market of energy forward contracts resulted in an unrealized net loss recognized in the year of R$ 2,301 thousand. Additionally, the Company carries a net mark-to-market asset from these contracts in the amount of R$ 34,107 thousand. These matters are disclosed in note s 14.a.4, 24 and 25 to the financial statements.

Energy forward contracts have characteristics and are classified as financial instruments, according to IFRS 09/CPC 48. Additionally, the measurement of to the fair value of energy forward contracts is an accounting estimate that demands judgment from the Company.

The monitoring of this subject was considered significant for our audit, considering the volume of data involved, the specificity in the measurement of the fair value of future energy trading contracts and the processes that support its recognition as their respective internal controls.

How our audit addressed this matter

Our audit procedures included, but are not limited to:

(i) Evaluation of the adequacy of accounting policies adopted by the Company, and understanding of internal controls related to the classification of forward contracts for the purchase and sale of energy as financial instruments and the measurement of the fair value of these contracts;
(ii) Analysis of a sample of contracts, for the conference of the data used in the measurement of market values, as well as the completeness of the contract base used in the calculation;
(iii) With the assistance of our specialists in the measurement of derivative financial instruments, recalculation of the mark-to-market of energy futures contracts, discussing the assumptions used by the Company, confronting the external market information;
(iv) Assessment of the adequacy of the disclosures made by the Company on the revenues, costs and fair value, included in notes 14.a.4, 24 and 25 to the individual and consolidated financial statements.

Based on the result of the audit procedures carried out on the measurement and integrity of forward contracts, which is consistent with the Company's assessment, we consider that the criteria and assumptions used are acceptable, as well as the respective disclosures, in the context of the individual and consolidated financial statements taken as a whole.

Provision for civil, tax and labor risks

As of December 31, 2022, the Company has carries provisions for civil, fiscal and labour risks in the amount of R$ 211,191 thousand (parent) and R$ 535,900 thousand (consolidated). Also, the Company has civil, fiscal and labour proceedings considered with a prognosis of possible and remote loss in the amounts of R$ 721,976,000 and R$ 539,647 thousand, respectively (parent), and R$ 754,531 thousand and R$ 633,421 thousand (consolidated), for which no provisions were recorded, as disclosed in note 18.

This matter was considered relevant to our audit, since, in determining the amounts to be accounted for to face these risks, as well as the amounts of possible and remote risks disclosed in the individual and consolidated financial statements, the Company, advised by its legal advisors, applies judgment that requires the use of technical and historical knowledge, the analysis of jurisprudence and the individualised analysis of the cases.

How our audit addressed this matter

Our audit procedures included, among other:

(i) Testing of the integrity and accuracy of the database used by the Company to develop estimates on the prognosis of losing cases;
(ii) Independent confirmation with external legal advisors and patrons of the proceedings regarding the classification of the risk of loss, the procedural phase and the amount involved;
(iii) Challenge to the assumptions and judgments used by the Company in the development of these estimates, considering the involvement of experts in the evaluation of lawsuits; and
(iv) Evaluation of the adequacy of disclosures made by the Company on the provisions of disputes and processes considered with a possible and probable prognosis, according to note 18 to the individual and consolidated financial statements.

Based on the result of the audit procedures carried out on the Provision for civil, tax and labor risks, which is consistent with the Company's assessment, we consider that the criteria and assumptions used are acceptable, as well as the respective disclosures, in the context of the individual and consolidated financial statements taken together.

Building a better working world

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2022, prepared under the responsibility of Company management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and whether their form and content comply with the criteria defined in accounting pronouncement NBC TG 09 – Statements of Value Added. In our opinion, these statements of value added were accordingly prepared, in all material respects, in accordance with the criteria defined in above mentioned accounting pronouncement and are consistent with the overall individual and consolidated financial statements.

Audit of the corresponding values

The Company's financial statements for the year ended December 31, 2021, presented for comparison purposes, were audited by another independent auditor who issued a report on February 14, 2022, with an unmodified opinion on these financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which 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 assurance conclusion thereon.

In connection with our audit of the 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 of 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 and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of 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 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 the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements are free of 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 conducted in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained 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 Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded 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 substantial doubt on the Company's ability to continue as a going concern. If we conclude that 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 up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated 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 events in a manner that achieves fair presentation. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined 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.

Blumenau (SC), February 16, 2023.

ERNST & YOUNG
Auditores Independentes S.S. Ltda.
CRC SC-000048/F-0

Adilvo França Junior
Accountant CRC - 1BA021419/O

Summary Annual Report of the Statutory Audit Committee
ENGIE Brasil Energia S/A – Fiscal Year 2022

1. Presentation

The Statutory Audit Committee ("SAC") was created as an integral part of ENGIE's corporate governance, in compliance with the amendment to Engie's Bylaws (33rd EGM - item 1.1), which adapted ENGIE to the rules of the Novo Mercado B3 Regulation in regarding the installation of the Statutory Audit Committee (Art. 22).

The 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, on May 14, 2020, in which the SAC members were appointed.

The SAC is a permanent statutory body, linked directly to the Board of Directors of ENGIE Brasil Energia S/A ("ENGIE"), governed by the rules provided for in Brazilian legislation and provisions contained in its Internal Regulations. The SAC reports the matters dealt with in its meetings, as well as its manifestations, to ENGIE's Board of Directors, according to the minutes of the meetings filed at the Company.

The members of ENGIE's Board of Executive Officers are invited to participate in SAC meetings that involve topics related to them or matters submitted by them for consideration by the SAC and indicate, as the case may be, the participation of the managers of the areas responsible for the matters to be dealt with. Managers appointed by ENGIE are also invited to attend all SAC meetings.

Considering the provisions of Comissão de Valores Mobiliários – CVM ("securities Commission") Instruction 509/11, at the meeting held on 02/08/22, the SAC recommended to the Board of Directors the hiring of the External Audit firm Ernst & Young (EY) for the External Audit services in the years 2022 to 2024, having the Board of Directors, in the meeting of February 14, 2022, approved the contracting of the referred company, being the same responsible for the examination and issuance of the report of the independent auditors on the financial statements and for the issuance of the special reports on the quarterly reviews (ITR's) of the ENGIE Conglomerate in the period of this report

The SAC is currently made up of ENGIE's Board Members, Economist Paulo de Resende Salgado, SAC Coordinator, and Accountant Manoel Eduardo Lima Lopes, and Lawyer Carla Carvalho de Carvalho, all meeting the independence criteria

established by current legislation and, also, according to the criteria of the Brazilian Institute of Corporate Governance (IBGC).

2. Summary of activities in 2022

From January 1, 2022 to December 31, 2022, the SAC held 34 (thirty-four) meetings (of which 5 (five) in person meetings at the Company's headquarters), and), and 4 (four) meetings in the year 2023 (until the date of assessment of the financial statements for the year 2022), 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. Also in 2022, the SAC also held 4 (four) meetings with the Board of Directors to report on the development of its activities, and the content addressed was recorded in the minutes of the said Board.

Among the activities carried out during the year, we highlight the following:

1. Discussion and evaluation of the independence policies of the independent auditors, covering in particular the following matters: (i) the planning and execution of audit work on the quarterly financial statements for the 2022 fiscal year of the ENGIE Conglomerate; (ii) know the nature and extent of the main audit procedures selected and the materiality concepts adopted; (iii) risk analyzes of audits carried out by them; (iv) the conclusions of the audits, having become aware of the content of the independent auditors' report on the examinations of the financial statements for the year ended December 31, 2022, being satisfied with the information and clarifications provided. Information was also obtained to ensure the independence of the auditors and the absence of conflicts of interest in work other than auditing the financial statements.

2. Monitoring the process of preparing the financial statements and quarterly information, through meetings with the administrators and independent auditors, addressing the main accounting practices adopted, the accounting estimates made, as well as the presentations of the equity and financial situations, financial results, cash flows of cash and value added and the explanatory notes to the financial statements.

3. Supervision of the Annual Internal Audit Plan, its execution, reports issued, knowledge of the points raised and recommendations, as well as the measures taken by Management.

4. Monitoring of the Internal Controls Program and the Risk Matrix.

5. Knowledge of the decisions of the ENGIE Conglomerate 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 the ENGIE Conglomerate's ethical complaints channel.

9. Discussion and evaluation of the 2021 Sustainability Report.

10. Structure, activities, attributions and main GCO (Accounting Management) Processes.

11. Governance: Company Policies.

12. Adequacy of the Company's energy trading structure and processes for opening up the energy market.

13. Embargo Policies and Policy for Relationships with Public Sector Entities.

OPINION OF THE STATUTORY AUDIT COMMITTEE - SAC
ENGIE Brasil Energia S/A

In accordance with current legislation, SAC members, in the exercise of their attributions and legal responsibilities, as provided for in CVM rules, Novo Mercado Regulations and in the Committee's Internal Regulations, proceeded to the analysis of the individual and consolidated financial statements, accompanied of the independent auditors' report and the management report for the year ended December 31, 2022 and considering the information provided by the Company's Management and EY professionals, unanimously decide to recommend its approval by the Board of Directors and the its submission to the Ordinary General Meeting – ASM for deliberation by the shareholders.

This Report, after being read and found to be complying, will be signed by the members of the Statutory Audit Committee, through DocuSign.

Rio de Janeiro, February 16, 2023.

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Paulo de Resende Salgado
Statutory Audit Committee Coordinator

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Carla Carvalho de Carvalho
Member of Statutory Audit Committee

_____

Manoel Eduardo Lima Lopes
Member of Statutory Audit Committee

ENGIE Brasil Energia S.A.
CNPJ 02.474.103\0001-19 – NIRE 4230002438-4
Publicly Held Company – CVM Register 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, 2022 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 following proposal for the allocation of net income from the year: a) Tax Incentive Reserve – R$ 8,953,525.53; b) Distribution of Dividends and Interest on Equity in the total amount of R$ 2,705,857,438.99, broken down as follows: (i) Interim Dividends for the first half of the year, announced at the 233rd Board meeting held on 08.02.2022, in the amount of R$ 577,884,268.33, and at the 236th Board meeting held on 11.08.2022, in the amount of R$ 472,814,401.36; (ii) Interest on Equity approved at the 238th Board meeting held on 12.09.2022, in the gross amount of R$ 200,000,000.00; and (iii) Additional Dividends – R$ 1,455,158,769.30. There was no allocation of profit to legal reserve, since the Company had already reached in 2021 the limit of 20% of capital stock, pursuant to article 193 of Federal Law 6,404/76. Based on the examinations made and considering the unqualified report of independent auditors, ERNST & YOUNG Auditores Independentes S.S. Ltda., issued on February 16, 2023, 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, 2023 meet the conditions to be approved by the shareholders at the next Annual Shareholders Meeting of the Company

Florianópolis, February 16, 2023.

Waltamir Barreiros
Chairman of Fiscal Council

Carlos Guerreiro Pinto
Member of Fiscal Council

Milre Felix Neto
Member of Fiscal Council