EGIE

B3 LISTED NM

Earnings Release 4Q21 and 2021

For Immediate Release

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Video Conference
On 02/15/2022 at 9:00 a.m. (EDT):
in Portuguese (simultaneous translation into English)

Further details on Upcoming Events section, available on page 39.

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Florianópolis, Brazil, February 14, 2022. ENGIE Brasil Energia S.A. (“ENGIE” or “Company”) – B3: EGIE3, ADR: EGIEY - announces earnings for the Fourth Quarter and twelve-months period ending December 31, 2021 (4Q21, 12M21). The information in this release is shown on a consolidated basis and in accordance with Brazilian accounting principles and practices. The values are expressed in Brazilian Reais (R$), except where otherwise indicated. Rounding effects may cause differences in percentage changes, when comparing the comments on Economic-Financial Performance, presented in R$ million, with the Income Statement (Appendix III), presented in R$ thousand.

In a year marked by the water crisis, ENGIE Brasil Energia proves the importance of the business diversification strategy and expansion in renewables

Company delivered growth in transmission and wind generation, advanced in the decarbonization in addition to mitigate impact on sales volume in a year with a hydroelectric generation deficit of around 27%.

The Board of Directors approved the proposal for complementary and intermediate dividends. Total earnings distribution for 2021 reached R$ 2,038 million (R$ 2.4978/share), a dividend yield of 6.2%.

Highlights

- In 2021, the Company booked **R$ 1,591** million from hydrological risk renegotiations under Laws 14.182/2021 and 14.052/2020.
- The Company reported a non-recurrent effect of impairment of **R$ 1.076** million, in 2021, due to the revaluation of the Jorge Lacerda and Pampa Sul Thermal Power Plants and the subsidiary ENGIE Geração Solar Distribuída.
- The Company posted Adjusted Ebitda[1] of **R$ 7,217** million in 2021, an increase of 12.3% (R$ 790 million) compared to 2020.
- Adjusted net income was **R$ 2,369** million (R$ 2.9023/share) in 2021, 11.8% (R$ 317 million) lower than posted in 2020.
- The average price of the energy sales agreements, net of taxes on revenues and trading operations, was **R$ 202.94/MWh** in 2021, 4.9% higher than registered in 2020.
- Excluding trading operations, the energy sales volume in 2021 was 35,801 GWh (**4,087 average MW**), 5.4% lower than sold in 2020.
- The closing of the sale of the Jorge Lacerda Thermoelectric Complex took place in October allowing the renewable installed capacity of the Company's own generator park to reach 95.8% of the total.
- In December, the Novo Estado Transmission System was authorized by the National System Operator (ONS) to begin commercial operations of the Serra Pelada Substation, its reactors and the Serra Pelada – Itacaiúnas line, this representing the first stage in the project's operations.
- ENGIE Brasil Energia received ISO 37001 – Anti-bribery Management System certification from Euro Compliance.
- The Company's Integrated Management System (SIG) was certified by Bureau Veritas Certification, encompassing the energy generation services at all the hydropower plants and incorporating NBR ISO 9001 (Quality Management), NBR ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management).
- The Board of Directors approved the distribution of Interest on Shareholders' Equity in the amount of **R$ 60** million (R$ 0.0735/share).

Subsequent Events

- The Company is one of three Brazilian companies to be included in the Corporate Knights magazine's Global 100 Most Sustainable Companies out of around 6.9 thousand publicly listed companies worldwide.
- The Board of Directors approved the proposal for the distribution of intermediate dividends in the amount of **R$ 638.7** million (R$ 0.7828/share) and complementary dividends amounting to **R$ 549.8** million (R$ 0.6738/share). Total earnings distribution for 2021 reached R$ 2,038.0 million (R$ 2.4978/share), equivalent to 100% of the adjusted net income of 2021 and retained earnings allocated to the profit reserve in 2020.
- The Board of Directors approved the acquisition of the Paracatu and Floresta Photovoltaic Complexes – which add up 259.8 MWp of installed capacity – for the total amount of **R$ 625** million, according to the purchase recommendation report submitted by the Independent Special Committee for Transactions with Related Parties.

Summary of Financial and Operational Indicators

Consolidated (In millions of R$)	4Q21	4Q20	Chg.	12M21	12M20	Chg.
Net Operating Revenue (NOR)	2,769	3,769	-26.5%	12,541	12,259	2.3%
Results from Operations (EBIT)	750	2,065	-63.7%	4,898	5,570	-12.1%
Ebitda [1]	1,084	2,288	-52.6%	5,941	6,484	-8.4%
Adjusted Ebitda [2]	2,248	2,387	-5.8%	7,217	6,427	12.3%
Ebitda / NOR - (%) [1]	39.1	60.7	-21.6 p.p.	47.4	52.9	-5.5 p.p.
Adjusted Ebitda / NOR - (%) [2]	81.2	63.3	17.9 p.p.	57.6	52.8	4.8 p.p.
Net Income	78	1,030	-92.4%	1,565	2,797	-44.0%
Adjusted Net Income	808	1,095	-26.2%	2,369	2,686	-11.8%
Adjusted Return on Equity (ROE) [3]	29.9	34.7	-4.8 p.p.	29.9	34.7	-4.8 p.p.
Adjusted Return on Invested Capital (ROIC) [4]	22.4	22.5	-0.1 p.p.	20.2	22.5	-2.3 p.p.
Net Debt [5]	14,612	11,786	24.0%	14,612	11,786	24.0%
Gross Power Production (avg MW) [6]	3,930	4,628	-15.1%	4,328	4,003	8.1%
Energy Sold (avg MW) [7]	4,345	4,485	-3.1%	4,087	4,321	-5.4%
Average Net Sales Price (R$/MWh) [8]	185.96	190.87	-2.6%	202.94	193.43	4.9%
Number of Employees - Total	1,237	1,573	-21.4%	1,237	1,573	-21.4%
EBE Employees	1,135	1,444	-21.4%	1,135	1,444	-21.4%
Employees on Under Construction Plants	102	129	-20.9%	102	129	-20.9%

[1] Ebitda: net income + income tax and social contribution + financial result + depreciation and amortization.
[2] Adjusted Ebitda: net income + income tax and social contribution + financial result + depreciation and amortization + impairment + non-recurrent.
[3] ROE: adjusted net equity for the past 4 quarters /shareholders' equity.
[4] ROIC: effective tax rate x adjusted EBIT / invested capital (invested capital: debt - cash and cash equivalents - deposits earmarked for debt servicing + SE).
[5] Adjusted amount, net of gains from hedge operations.
[6] Total gross electricity output from the plants operated by ENGIE Brasil Energia.
[7] Disregarding sales for quota regime (Jaguara and Miranda HPPs).
[8] Net of taxes and trading operations.

MESSAGE FROM THE MANAGEMENT

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

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

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

In parallel, we increased renewable sources in the national electric energy matrix, offering the necessary infrastructure, and maximizing our historic commitment to socio-environmental action in the communities of which we are a part.

Our operation:

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

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

From the strategic point of view, this situation confirmed the relevance of diversification of our operations through the expansion of other renewable sources, especially wind and solar, as well as entry into new segments such as energy transmission and the transportation of natural gas – an activity performed by Transportadora Associada de Gás – TAG.

Added to this were the positive results arising from the recognition during the year of the effects of Law 14.182/21, permitting the reimbursement of costs relative to renegotiation of hydrological risk to the tune of R$ 1.6 billion. In this context, adjusted Ebitda reached R$ 7.2 billion, a year-on-year increase of 12.3% even in the face of a challenging hydrological scenario. Net income reported a reduction of 44.0% totaling R$ 1.6 billion, this despite the impairment and the impacts from accelerating inflation reflected in the restatement of concessions payable and other financial expenses. With respect to the latter effect, we would point out that the indexation of energy sales agreements resulted in an increase of 4.9% in average price in the period, thus tending to neutralize inflationary effects on results over the medium-term. Excluding impairment and other non-recurring amounts booked in 2021, adjusted net income reached R$ 2.4 billion, a decrease of 11.8% over the total of 2020.

We are pursuing the future vision of ENGIE Brasil Energia in a responsible way assuring both shareholder remuneration as well as the competitivity necessary for the sustainable expansion of the businesses through the implementation of new generation and infrastructure projects. Among these are the Campo Largo II Wind Complex in the state of Bahia, this going into full commercial operation in August, and the Santo Agostinho Wind Complex in the state of Rio Grande do Norte, where construction was begun in 2021. This will be ENGIE's largest wind energy project in Brazil with an installed capacity of 434 MW with investments worth approximately R$ 2.3 billion (baseline month December 2020).

As a whole, our wind complexes now offer 1.2 GW of installed capacity, bringing with them local socio-environmental development and greater renewable energy to the National Interconnected System (SIN).

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

As is demonstrated by our safety track record and culture, for ENGIE Brasil Energia the loss of life in the work environment is unacceptable. Thus, we spare no effort in implementing action and correction plans for ensuring the effective application of our occupational health and safety guidelines and practices by contracted companies for the execution of projects.

Our future vision:

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

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

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

As to trading, we remain focused on the excellence of delivery to our Free Energy Market clients, to which we offered in 2021 a range of solutions anchored in digitalization. Our digital Energy Place relationship platform brought with it new functionalities in attending free consumers.

Our commitments:

Building relations of value, the partnership with the most varied of range of stakeholders – employees, investors, clients and communities, among others – goes well beyond the commercial sphere. Evidence of this was the launch of programs such as *Parcerias do Bem* (Partnerships for Wellbeing) for inviting our clients to engage in our initiatives of social responsibility for fostering sustainable development in different regions of the country. Other examples of such initiatives are Women in Our Neighborhood where the focus is on training and generation of income for women and commitments to gender equality and initiatives for accelerating women's careers in Operations and Maintenance (O&M).

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

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



Eduardo Antonio Gori Sattamini
Chief Executive and Investor Relations Officer



Marcelo Cardoso Malta
Chief Financial Officer

BREAKDOWN OF ASSETS

Energy Generation Assets

ENGIE Brasil Energia is part of the largest independent power producer group in the country and, at the end of the 4Q21 had 8,218.7 MW of installed capacity and operates a generating complex with 9,939.4 MW, comprised of 68 plants (11 hydro, one thermal and 56 complementary energy source plants — biomass, SHP, wind powered and solar), 64 of which are wholly-owned by the Company and four (the Itá, Machadinho and Estreito Hydro Power Plants and the biomass-fired Ibitiúva Bioenergética co-generation plant) jointly-owned through consortia with other companies.

On October 18, 2021 occurred the closing of the sale operation for the Jorge Lacerda Thermal Power Complex, in line with the ENGIE Group's decarbonization process.

Generating Complex as of December 31, 2021

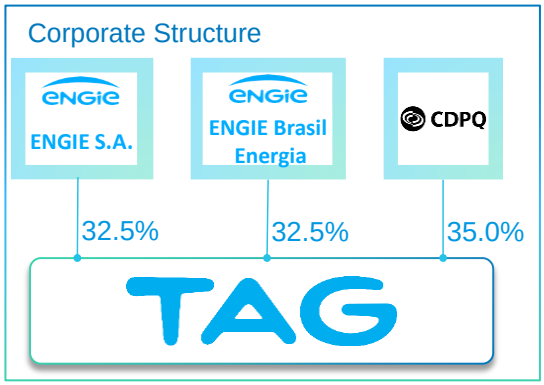
Power Plants	Source	Location	Installed Capacity (MW)		Concession/ Authorization expiration date *	Assured energy (aMW) Company's Share
			Total	Company's Share		
Itá	Hydro	Uruguai River (SC and RS)	1,450.0	1,126.9	Dec/32	564.7
Salto Santiago	Hydro	Iguaçu River (PR)	1,420.0	1,420.0	Nov/30	733.3
Machadinho	Hydro	Uruguai River (SC and RS)	1,140.0	403.9	Oct/35	165.3
Estreito	Hydro	Tocantins River (TO/MA)	1,087.0	435.6	Jan/43	256.9
Salto Osório	Hydro	Iguaçu River (PR)	1,078.0	1,078.0	Apr/31	502.6
Cana Brava	Hydro	Tocantins River (GO)	450.0	450.0	Jan/36	260.8
Jaguara	Hydro	Grande River (MG)	424.0	424.0	Jun/48	341.0
Miranda	Hydro	Araguari River (MG)	408.0	408.0	Jun/48	198.2
São Salvador	Hydro	Tocantins River (TO)	243.2	243.2	Jun/40	148.2
Passo Fundo	Hydro	Passo Fundo River (RS)	226.0	226.0	Apr/31	113.1
Ponte de Pedra	Hydro	Correntes River (MT)	176.1	176.1	Mar/37	133.6
Total - Hydro			**8,102.3**	**6,391.7**		**3,417.7**
Pampa Sul	Thermal	Candiota (RS)	345.0	345.0	Mar/50	323.5
Total - Thermal			**345.0**	**345.0**		**323.5**
Umburanas Complex - Phase I[1]	Wind Farm	Umburanas (BA)	360.0	360.0	Aug/49	213.3
Campo Largo I Complex[2]	Wind Farm	Umburanas (BA)	326.7	326.7	Jul/50	166.5
Campo Largo II Complex[3]	Wind Farm	Umburanas (BA)	361.2	361.2	Dec/54	192.5
Trairi Complex[4]	Wind Farm	Trairi (CE)	212.6	212.6	Sep/41	97.2
Ferrari	Biomass	Pirassununga (SP)	80.5	80.5	Jun/42	35.6
Ibitiúva Bioenergética	Biomass	Pitangueiras (SP)	33.0	22.9	Apr/30	13.6
Assú V	Solar	Assú (RN)	34.0	34.0	Jun/51	9.2
Lages	Biomass	Lages (SC)	28.0	28.0	Oct/32	13.7
Rondonópolis	SHP	Ribeirão Ponte de Pedra (MT)	26.6	26.6	Dec/32	14.0
José Gelazio da Rocha	SHP	Ribeirão Ponte de Pedra (MT)	24.4	24.4	Dec/32	11.9
Nova Aurora	Solar	Tubarão (SC)	3.0	3.0	not applicable[5]	0.3
Tubarão	Wind Farm	Tubarão (SC)	2.1	2.1	not applicable[5]	0.3
Total - Complementary			**1,492.1**	**1,482.0**		**768.1**
Total			**9,939.4**	**8,218.7**		**4,509.3**

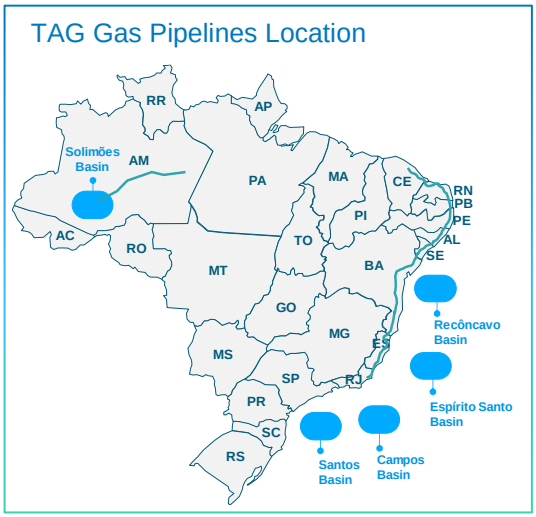
* It does consider the extension of certain power plants concessions, resulting from adherence to the renegotiation of the hydrological risk referred to in Laws 14.052/2020 and 14.182/2021.
[1] Complex comprised of 18 power plants.
[2] Complex comprised of 11 power plants.
[3] Complex comprised of 11 power plants.
[4] Complex comprised of 8 power plants.
[5] For generating plants with installed capacity lower than or equal to 5 MW the legal instrument applicable is the record.

Gas Transportation Assets

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

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





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

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

The company has been working on the development of solutions for driving expanded access to new agents in the natural gas transportation system, fundamental for the growth of the sector and for attracting more investments along the entire chain in the context of deverticalizing the sector and liberalization of the gas market in Brazil. In January 2021, TAG and Proquigel, a company in the Unigel Group, signed an interruptible gas transmission agreement for supplying two fertilizer plants operated by the petrochemical in the states of Bahia and Sergipe for a period of up to a year. During 2021, 3.3 million cubic meters (Mm^3) of gas were delivered daily, representing the first significant agreement for the transportation of gas to be signed with a new agent.

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

It was through the POC marketplace that in December TAG concluded the offer of network capacity for 2022, signing 30 new agreements of the extraordinary service type, to begin in January 2022 and lasting a year. These agreements totaled 11.3 million m^3 of transportation capacity, in agreements of the entry-exit model signed with nine companies.

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

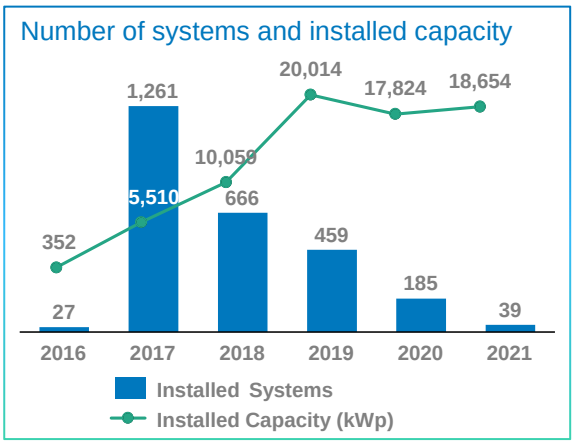
Contracts Breakdown

Gas Pipelines	Size (km)	Contract Maturity	Volumes Contracted (MM m³/day)	% Projected of Net Operating Revenue*	Readjustment index
Gasene	1,400	Nov-33	30.3	40.7%	46% basket IGP**; 54% US PPI
Malha Nordeste	2,000	Dec-25	21.6	23.3%	IGP-M
Pilar-Ipojuca	200	Nov-31	15.0	6.3%	IGP-M
Urucu-Manaus	800	Nov-30	6.7	29.7%	50% IGP-M; 50% IPCA
Lagoa Parda-Vitória*	100	Dec-22	0.7	0.0%	IGP-M
Total	**4,500.0**		**74.3**	**100.0%**	

* Start of billing on 01/01/2022.
** 1/3 IGP-M, 1/3 IPA-DI; 1/3 IGP-DI.

Distributed Solar Generation

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




Photovoltaic system implemented by EGSD.

Expansion

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

Pursuant to the Regulations, the CRP is composed of members of the Board of Directors, the majority of them Independent Directors, the remainder being drawn from the Company's Officers.

In 3Q21, the Company retained the consultancy firms that supported the process. For legal due diligence and support negotiating the purchase and sale agreement, the Company retained the law firm Machado, Meyer, Sendacz e Opice Advogados. For accounting, financial, tax and labor due diligence, it retained Mazars Cabrera Assessoria, Consultoria e Planejamento Empresarial, and technical due diligence has been entrusted to Intertechne Consultores. Apsis Consultoria Empresarial will draft an opinion on the assets' valuation and value generation (fairness opinion), and Bradesco will serve as Financial Advisor.

After the due diligence, assets evaluation and negotiations on the terms and conditions of the transaction, carried out with the support of specialized consultants hired by the CRP, the latter submitted a report with its recommendation to the Company's Board of Directors which approved the acquisition of Paracatu and Floresta at a meeting held on February 14, 2022, for the amount of R$ 625 million with eventual adjustments foreseen in conditions established in the Agreement of Purchase and Sale of Shares and Quotas.

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

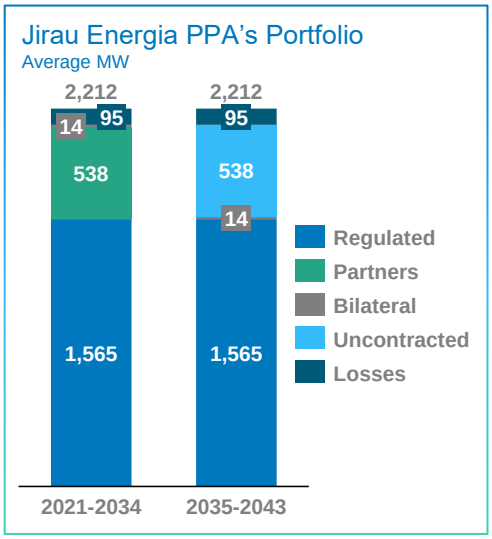

Paracatu Photovoltaic Complex.

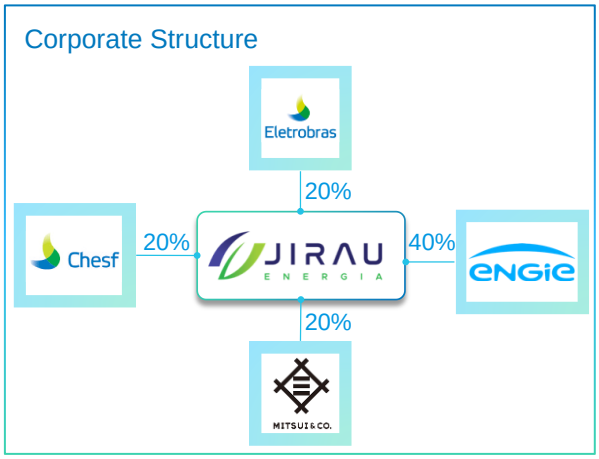
Floresta Photovoltaic Complex: located in the city of Areia Branca, state of Rio Grande do Norte, the plant has an installed capacity of 101.5 MWp, having contracted 25.1 average MW in the amount of R$ 357.78/MWh (base Nov/2020) restated at the IPCA inflation index. Commercial operations began in December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


Floresta Photovoltaic Complex.

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

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





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

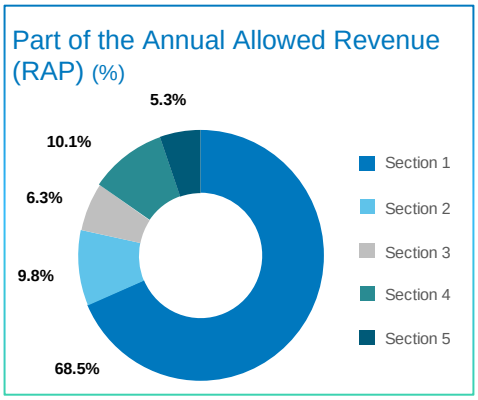
In 4Q21, the plant generated 1,153.9 average MW, 67.2% higher than the 690.2 average MW for 4Q20, while the National Electrical System Operator Uptime Ratio (FID) was 99.2% (data subject to final Electric Energy Trade Board (CCEE) booking). The accumulated recorded generation for the year was 1,898.5 average MW, 10.2% above the 1,722.8 average MW for 2020, with FID (Uptime Factor) of 99.3%.

Transmission Projects under Implementation

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


Ponta Grossa Substation

At the end of 4Q21, work on the implementation of the Gralha Azul Transmission System had reached 98.7% overall completion, with just the stringing of the transmission line cables and conclusion of the commissioning process pending, and in compliance with the timeframe established in the federal concession agreement. Six transmission lines comprising the project have already been energized, providing a transmission service and generating revenue from the project's commercial operations – equivalent to 6.5% of the Allowed Annual Revenue (RAP) was made.



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

Lot	Location	Contracted RAP (R$ million)[1]	Estimated Capex (R$ million)[2]
1	Paraná (PR)	274.6	1,800.0
Total		**274.6**	**1,800.0**

[1] Value as of August 2021.
[2] Value as of December 2021.

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



Special tower assembly – Araguaia River crossing

At the end of 4Q21, overall completion of the Novo Estado project reached 91.5%. Work in progress on power line tower foundations was reported to be 92% concluded, assembly 79% and with 56% of the stringing of the conductor cables to the transmission lines completed. The commissioning of the Serra Pelada and Itacaiúnas substations and the Serra Pelada – Itacaiúnas transmission line were concluded in December 2021. This set of assets was energized on December 19, thus beginning partial commercial operations and generating 9.2% of the project's RAP.

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

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

Lot	Location	Contracted RAP (R$ million)[1]	Estimated Capex (R$ million)[2]
3	Pará (PA) e Tocantins (TO)	370.0	3,200.0
Total		**370.0**	**3,200.0**

[1] Value as of August 2021.
[2] Value as of December 2021, excluding acquisition cost.

Wind Project under Implementation

Power plants	Source	Location	Installed Capacity (MW)		Concession/ Authorization original term expiration date	Assured energy (aMW) Company's Share
			Total	Company's Share		
Santo Agostinho Complex - Phase I	Wind Farm	Lajes and Pedro Avelino (RN)	434.0	434.0	-	218.0
Total			**434.0**	**434.0**		**218.0**

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

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

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



Concreting of the wind turbine tower foundation

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

Projects under Development

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Company's Share
Assú Solar Complex	Solar	Assú (RN)	870.0	870.0
Campo Largo Solar Complex	Solar	Umburanas e Sento Sé (BA)	400.0	400.0
Santo Agostinho Complex - Phase II	Wind Farm	Lajes and Pedro Avelino (RN)	279.0	279.0
Umburanas Complex - Phase II	Wind Farm	Umburanas (BA)	250.0	250.0
Campo Largo III Complex	Wind Farm	Umburanas e Sento Sé (BA)	250.0	250.0
Alvorada	Solar	Bom Jesus da Lapa (BA)	90.0	90.0
Total			**2,139.0**	**2,139.0**

Santo Agostinho Wind Complex – Phase II – Rio Grande do Norte. Located next to the first phase, will capture synergies that will assist in the development and viability, such as: accommodation, external access, substation, transmission line and others. In December 2021, the Instituto de Desenvolvimento Sustentável e Meio Ambiente, the environmental protection agency for the state of Rio Grande do Norte, granted an environmental installation license for the project – its **total installed capacity being 279 MW** – optimizing the wind resources and new technologies available in the market. The project is situated adjacent to Phase I, thus enjoying significant potential synergies and ensuring its feasibility.

Umburanas Wind Complex – Bahia (Phase II). The environmental licensing for the Second Phase is already regularized although this is to be updated during the course of 2021 to reflect the new technologies available in the market and to ensure optimum use of the region's wind resources. In due course, the project is to be developed by the Company adjacent to the Campo Largo and Umburanas – Phase I Wind Complex, in this way capturing synergies during the installation and operational stages such as the substation, site accommodation, accesses, teams and others. The project has all the necessary documentation for participation in energy auctions, although this not obviating the potential viability of the project for the sale of energy to corporate clients in the free market. **The currently installed capacity** planned for the project is approximately **250 MW**, taking advantage of the best wind resources in the region.

Campo Largo III Wind Complex – Bahia. The Company intends to add about **250 MW of installed capacity** to the Campo Largo Wind Complex with the development of its third phase. This project already has all the necessary documentation for participating in energy auctions, although this not obviating the potential viability of the project for the sale of energy to corporate clients in the free market. In March 2021, the Institute for the Environment and Water Resources (Inema), the environmental protection agency for the state of Bahia, issued a Preliminary Environmental license for the project which is located adjacent to Phases I and II of the Campo Largo Wind Complex, the relative synergies being important for ensuring the viability of Phase III.

Assú Photovoltaic Complex. With the acquisition of the Assú Sol project at an estimated 750 MW installed capacity – concluded in December 2021 – to be sited in an area contiguous to the Assú I, II, III, IV and V projects, jointly with about 150 MW of installed capacity, – located in the municipal district of Assú (RN) – the projects together will have a total **installed capacity of about 900 MW**. The complex's implementation will identify and capture synergies arising from Central Fotovoltaica Assú V (30 MW), already in commercial operations since 2017. The application for the projects' concession grant has been filed and regulatory procedures for the issue of the Access Opinion are underway. The projects are already authorized to tap opportunities for participation in both free and regulated markets. The Company intends to proceed with implementation against approval for the investment in line with Group governance.

Alvorada Photovoltaic Complex. ENGIE Brasil Energia has acquired a site in the state of Bahia, – a region with potential for generating solar energy – for the development of three projects comprising the **Alvorada Photovoltaic Complex**. The projects, which **will have a total installed capacity of 90 MW.** The projects are at the development phase and qualify to participate in opportunities in both the free and regulated markets.

Campo Largo Photovoltaic Complex. Situated in the same area as the Campo Largo Wind Complex (Bahia State), the photovoltaic project is to have 12 photovoltaic solar energy plants, these totaling a **potential installation capacity of 400 MW**. The projects are at a development phase and are qualified to participate in opportunities in both free and regulated markets.

Besides the abovementioned projects, the Company is also examining opportunities in areas with hight photovoltaic potential, as well as partnerships which could accelerate the development of this energy source in line with the process of energy transition which is taking place at world level.

OPERATING PERFORMANCE

Energy Generating Park Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **93.7% in 4Q21, if all scheduled shutdowns are taken into account**: 98.6% for the hydroelectric plants, 69.1% for the thermoelectric plants and 86.6% with respect to the plants fired from complementary energy sources, namely SHPs, biomass, wind and photovoltaics. The global uptime ratio for 4Q21 was 3.1 p.p. over that reported for the final quarter 2020.

Uptime at the **hydropower plants** recorded an increase of 5.4 p.p. during the period under review. This ratio was influenced by the increase in uptime operations at the Jaguara Hydroelectric Power Plant, where in the final quarter of 2020, two of the generator units had been shut down for programmed maintenance and for the conclusion of generator unit number five at the Salto Osório Hydroelectric Power Plant, also at a standstill in 4Q20.

As to the **thermoelectric plants**, there was a reduction in uptime ratios of 6.1 p.p. when compared to 4Q20, impacted by the stoppage at the Pampa Sul Thermal Power Plant for scheduled maintenance between September and November 2021.

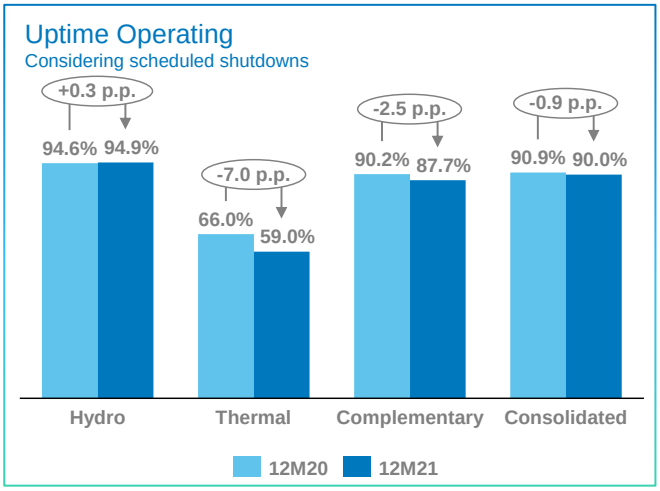
At the **complementary plants**, there was a reduction of 1.6 p.p. in uptime working compared with 4Q20, principally due to maintenance work on wind turbines at the Campo Largo I and Umburanas wind complexes.

For the accumulated 12 month period 2021, considering all programmed stoppages at plants operated by ENGIE Brasil Energia the uptime ratio was 90.0%, 94.9% for the hydropower plants, 59.0% at the thermoelectric plants and 87.7% at the plants fired from complementary sources.

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

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

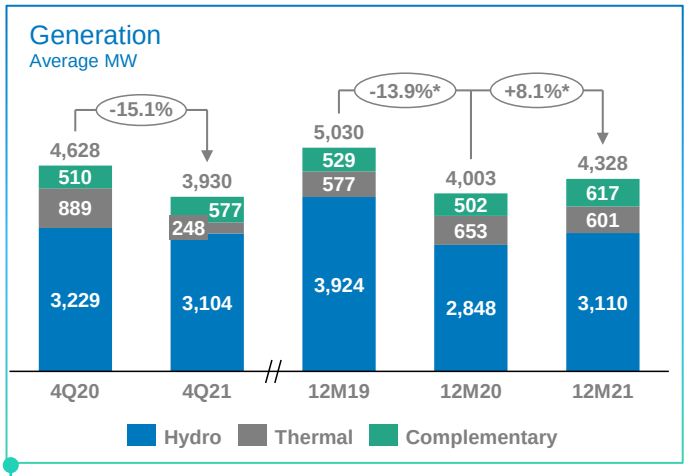
Meanwhile at the complementary plants, the reduction was influenced by corrective maintenance at the wind farms.



Energy Production

Electricity output from plants operated by ENGIE Brasil Energia was 8,678 GWh (3,930 average MW) in 4Q21. This result is **15.1% lower** than production for 4Q20. Total output breaks down as follows: hydroelectric plants 6,855 GWh (3,104 average MW), thermoelectric plants 548 GWh (248 average MW) and the complementary sourced units 1,275 GWh (577 average MW). Results point reductions of 3.9% and 72.1% in the hydroelectric and thermoelectric energy sources, respectively, and increase of 13.1% in complementary energy sources, in relation to 4Q20.

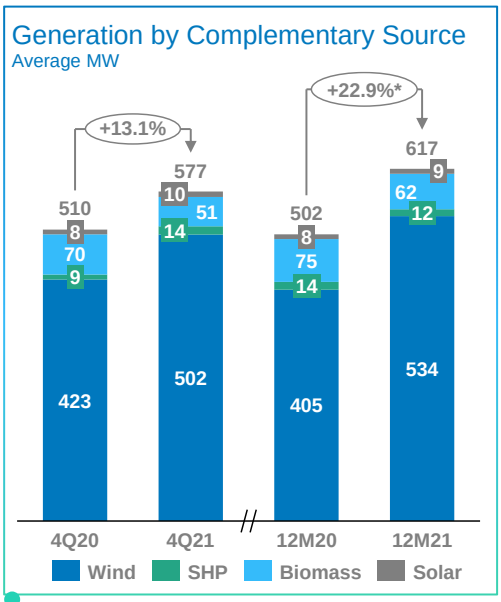
The reduction in total generation from hydroelectric power plants in 4Q21 versus 4Q20 was due to the poor hydrological conditions in the river basins where the Company's plants lie, with higher impact on the Southeast sub-system. It is worth emphasizing that Brazil experienced a hydrological crisis in the second half of 2021 that directly affected hydroelectric power generation.



* The variation between the percentage calculated in GWh and average MW occurs due to 2020 was a leap year.

The reduction at the thermal plants was due to programmed maintenance at the Pampa Sul Thermal Power Plant in 4Q21, in addition to the sale of the Jorge Lacerda Thermoelectric Complex on October 18, 2021.

Greater output from the complementary plants basically reflects the entry into operations of the Campo Largo II Wind Complex.



* The variation between the percentage calculated in GWh and average MW occurs due to 2020 was a leap year.

For the accumulated 12-month period in 2021, global generation from plants operated by ENGIE was 37,916 GWh (4,328 average MW), resulting in output 8.1% higher than 2020, when the total was 35,163 GWh (4,003 average MW).

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

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

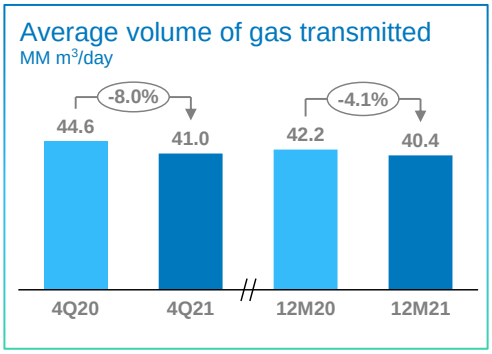
The **complementary plants** reported an increase of 22.9% in generation reported for 2021, largely due to the entry into commercial operations of the Campo Largo II Wind Complex.

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

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

Gas Transportation

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

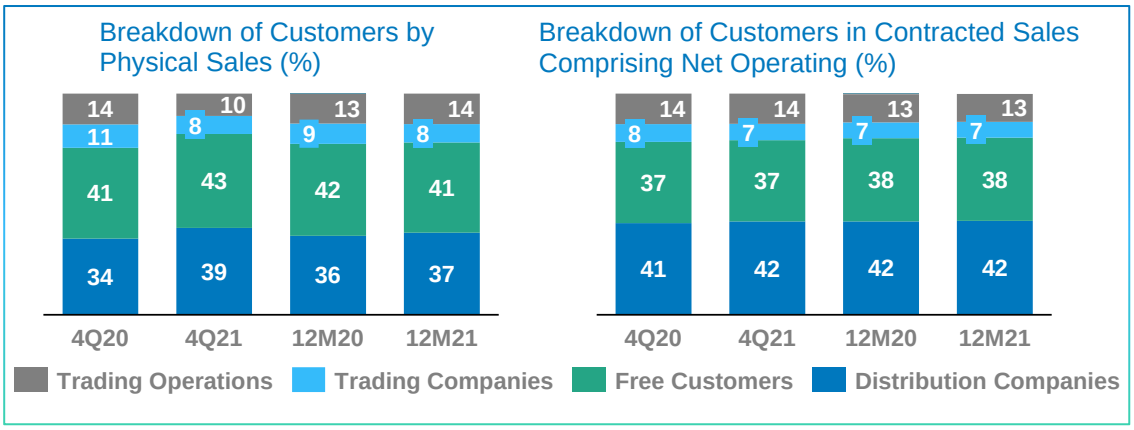


On March 16, 2021, the Lower Chamber of Congress approved the Bill proposing Law 4.476/2020, known as the New Gas Law, amending the regulatory framework for the sector. The text received the presidential sanction without veto on April 8, 2021. The aim of the new law is to increase private investment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

In 4Q21, TAG transported an average volume of gas of 41.0 million m^3/day (44.6 million m^3/day in the 4Q20). For the year as a whole, transported gas volumes were 40.4 million m3/day (42.2 million m3/day in 2020). In 2021, TAG had transportation agreements with Petrobras and Proquigel, while in 2020, all agreements had Petrobras as carrier.

Electric Energy Sales Portfolio

In 4Q21, the free consumer share of the Company's portfolio (except CCEE and other revenues) was 42.5% of total physical sales, an increase of 1.5 p.p. comparing to the 4Q20, and 36.7% of the total net operating revenue, in line with the 4T20. In 12M21, free consumers (excluding CCEE and other revenues) represented 40.7% of physical sales, decrease of 0.8 p.p., and 37.6% of net operating revenues, in line with 2020.



Commercialization Strategy of Electric Energy

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of mitigating the risk of exposure to spot prices (Price for Settlement of Differences — PLD) for that particular year. Electric energy sales are made during windows of opportunity that open when the market shows a greater buying propensity. ENGIE Brasil Energia's energy balance based on proprietary commercial capacity and power purchasing agreements outstanding as of **December 31, 2021** is as follows:

Energy Balance

(Average MW)

	2022	2023	2024	2025	2026	2027	**Auction Gross** Price (R$/MWh)	Reference Date	**Gross** Price Adjusted (R$/MWh)	**Net** Price of PIS/COFINS/P&D (R$/MWh)
Own Resources	4,333	4,480	4,547	4,537	4,534	4,534				
+ Purchases for Resale	1,364	1,001	793	333	287	280				
= Total Resources (A)	**5,697**	**5,481**	**5,340**	**4,870**	**4,821**	**4,814**				
Government Auction Sales[1]	2,012	2,012	2,007	1,994	1,984	1,975				
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	261.8	235.2
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	287.6	258.4
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	299.8	269.3
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	270.5	243.0
Proinfa	19	19	19	19	19	10	147.8	Jun-04	418.4	403.1
1st Reserve Energy Auction	14	14	14	2	-	-	158.1	Aug-08	311.5	300.1
Auction Mix (New Energy / Reserve)	14	14	9	8	-	-	-	-	307.7	296.5
2014-NE-2019-25	295	295	295	295	295	295	183.5	Mar-14	270.0	242.6
2014-NE-2019-25	10	10	10	10	10	10	206.2	Nov-14	283.8	273.4
2014-NE-2019-20	82	82	82	82	82	82	139.3	Nov-14	192.3	174.5
2015-NE-2018-20	46	46	46	46	46	46	188.5	Aug-15	241.1	218.8
8th Reserve Energy Auction	9	9	9	9	9	9	303.0	Nov-15	409.7	371.8
2017-EN-2019-20	48	48	48	48	48	48	136.4	Nov-14	192.6	174.8
Government Auction - Quotas regime										
2018 - Quotas (UHJA) - 2018-30	239	239	239	239	239	239	-	Jul-17	166.6	158.9
2018 - Quotas (UHMI) - 2018-30	139	139	139	139	139	139	-	Jul-17	193.2	184.3
+ Bilateral Sales	3,031	2,570	2,149	1,564	1,063	723				
= Total Sales (B)	**5,043**	**4,582**	**4,156**	**3,558**	**3,047**	**2,698**				
Balance (A - B)	**654**	**899**	**1,184**	**1,312**	**1,774**	**2,116**				
Sales average **net** price (R$/MWh) [2, 3]:	220.4	218.2	214.3							
Purchases average **net** price (R$/MWh) [4]:	190.5	171.8	154.3							

[1] XXXX-YY-WWW-ZZ, where:
XXXX ➔ year of auction
YY ➔ EE = existing energy or NE = new energy
WWWW ➔ year of delivery start
ZZ ➔ supply contract duration (in years)

[2] Sales price, including trading operations, is net of ICMS and taxes over revenue (PIS/Cofins, R&D), i.e. future inflation is not considered.

[3] Desconsidering sales for quota regime (Jaguara and Miranda HPPs).

[4] Purchase net prices, considering trading operations and benefits from PIS/Cofins credits, i.e. future inflation is not considered.

Notes:
- The balance refers to the settlement point (net of losses of internal consumption of the plant).
- The average prices are considered simply estimates and are based on financial planning revisions, not capturing volume changes, which are updated quarterly.

ECONOMIC-FINANCIAL PERFORMANCE

	Result by segment – 4Q21 x 4Q20 (in R$ million)					
	Electric energy					
	Generation[1]	Transmission	Trading	Solar panels	Gas transportation	Consolidated
4Q21						
Net operating revenue	2,139	332	286	12	-	2,769
Operational costs	(54)	(527)	(276)	(25)	-	(882)
Gross income (loss)	**2,085**	**(195)**	**10**	**(13)**	**-**	**1,887**
Selling, general and administrative expenses	(88)	(2)	(1)	(1)	-	(92)
Impairment, net	(886)	-	-	(78)	-	(964)
Disposal of subsidiary	(200)	-	-	-	-	(200)
Equity income	-	-	-	-	128	128
Other operating expenses, net	(9)	-	-	-	-	(9)
Income (loss) before financial results and taxes	**902**	**(197)**	**9**	**(92)**	**128**	**750**
4Q20						
Net operating revenue	2,234	1,179	311	45	-	3,769
Operational costs	(256)	(987)	(353)	(38)	-	(1,634)
Gross income (loss)	**1,978**	**192**	**(42)**	**7**	**-**	**2,135**
Selling, general and administrative expenses	(84)	-	(1)	(1)	-	(86)
Impairment	(58)	-	-	(41)	-	(99)
Equity income	-	-	-	-	120	120
Other operating expenses, net	(5)	-	-	-	-	(5)
Income (loss) before financial results and taxes	**1,831**	**192**	**(43)**	**(35)**	**120**	**2,065**
Variation						
Net operating revenue	(95)	(847)	(25)	(33)	-	(1,000)
Operational costs	202	460	77	13	-	752
Gross income (loss)	**107**	**(387)**	**52**	**(20)**	**-**	**(248)**
Selling, general and administrative expenses	(4)	(2)	-	-	-	(6)
Impairment, net	(828)	-	-	(37)	-	(865)
Disposal of subsidiary	(200)	-	-	-	-	(200)
Equity income	-	-	-	-	8	8
Other operating expenses, net	(4)	-	-	-	-	(4)
Income (loss) before financial results and taxes	**(929)**	**(389)**	**52**	**(57)**	**8**	**(1,315)**

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

[1] Generation and sale of electric energy from the Company's portfolio ("Generation").

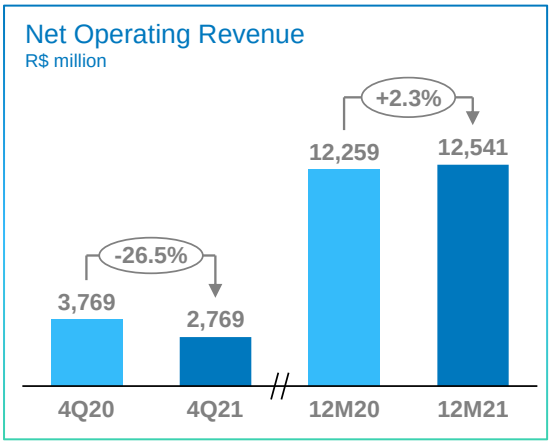
	Result by segment – 12M21 x 12M20 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
12M21						
Net operating revenue	8,561	2,836	1,113	31	-	12,541
Operational costs	(2,919)	(2,564)	(1,095)	(51)	-	(6,629)
Gross income (loss)	**5,642**	**272**	**18**	**(20)**	**-**	**5,912**
Selling, general and administrative expenses	(314)	(8)	(4)	(4)	-	(330)
Impairment, net	(998)	-	-	(78)	-	(1,076)
Disposal of subsidiary	(200)	-	-	-	-	(200)
Equity income	-	-	-	-	602	602
Other operating expenses, net	(9)	-	-	-	-	(9)
Income (loss) before financial results and taxes	**4,121**	**264**	**14**	**(102)**	**602**	**4,899**
12M20						
Net operating revenue	8,539	2,555	1,084	81	-	12,259
Operational costs	(3,328)	(2,274)	(1,112)	(82)	-	(6,796)
Gross income (loss)	**5,211**	**281**	**(28)**	**(1)**	**-**	**5,463**
Selling, general and administrative expenses	(268)	(1)	(3)	(5)	-	(277)
Impairment	(58)	-	-	(41)	-	(99)
Equity income	-	-	-	-	487	487
Other operating expenses, net	(5)	-	-	-	-	(5)
Income (loss) before financial results and taxes	**4,880**	**280**	**(31)**	**(47)**	**487**	**5,569**
Variation						
Net operating revenue	22	281	29	(50)	-	282
Operational costs	409	(290)	17	31	-	167
Gross income (loss)	**431**	**(9)**	**46**	**(19)**	**-**	**449**
Selling, general and administrative expenses	(46)	(7)	(1)	1	-	(53)
Impairment, net	(940)	-	-	(37)	-	(977)
Disposal of subsidiary	(200)	-	-	-	-	(200)
Equity income	-	-	-	-	115	115
Other operating expenses, net	(4)	-	-	-	-	(4)
Income (loss) before financial results and taxes	**(759)**	**(16)**	**45**	**(55)**	**115**	**(670)**

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

Net Operating Revenue

	Operating revenue by segment – 4Q21 x 4Q20 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
4Q21					
Distribution companies	872	-	-	-	872
Free consumers	759	-	-	-	759
Construction revenue	-	159	-	-	159
Remuneration of concession financial assets	158	173	-	-	331
Energy trading operations	-	-	283	-	283
Trading companies	153	-	-	-	153
Transactions in the short-term market	154	-	9	-	163
Services rendered revenue	34	-	-	-	34
Unrealized gains on trading operations[2]	-	-	(6)	-	(6)
Other revenues	9	-	-	12	21
Net operating revenue	**2,139**	**332**	**286**	**12**	**2,769**
4Q20					
Distribution companies	910	-	-	-	910
Free consumers	805	-	-	-	805
Construction revenue	-	1,047	-	-	1,047
Remuneration of concession financial assets	146	132	-	-	278
Energy trading operations	-	-	306	-	306
Trading companies	175	-	-	-	175
Transactions in the short-term market	154	-	9	-	163
Services rendered revenue	31	-	-	-	31
Unrealized gains on trading operations[2]	-	-	(4)	-	(4)
Other revenues	13	-	-	45	58
Net operating revenue	**2,234**	**1,179**	**311**	**45**	**3,769**
Variation					
Distribution companies	(38)	-	-	-	(38)
Free consumers	(46)	-	-	-	(46)
Construction revenue	-	(888)	-	-	(888)
Remuneration of concession financial assets	12	41	-	-	53
Energy trading operations	-	-	(23)	-	(23)
Trading companies	(22)	-	-	-	(22)
Transactions in the short-term market	-	-	-	-	-
Services rendered revenue	3	-	-	-	3
Unrealized gains on trading operations	-	-	(2)	-	(2)
Other revenues	(4)	-	-	(33)	(37)
Net operating revenue	**(95)**	**(847)**	**(25)**	**(33)**	**(1,000)**

In 4Q21, net operating revenue fell by 26.5% (R$ 1,000 million) compared with 4Q20 from R$ 3,769 million to **R$ 2,769 million**. This variation reflects the following factors:



Generation and sales of energy from the portfolio: reduction of R$ 95 million (4.3%), driven largely by the decrease of R$ 106 million in revenue from energy sales agreements in the regulated and free contracting environments, in turn the result of a combination of variations in energy volume sold and net average selling price. This effect was partially offset by the increase of R$ 12 million in remuneration of the concession financial assets relative to the portion of the payment for the Jaguara and Miranda plants concession grants destined for energy allocated to the Regulated Contracting Environment (ACR).

Transmission: decrease of R$ 847 million (71.8%) in the transmission segment. More details are described below in a specific item.

Trading: reduction of R$ 25 million (8.0%) mainly due to lower revenue from trading operations as such and a negative result from marking-to-market of future sales.

Solar panels: reduction of R$ 33 million (73.3%) on the sale and installation of solar panels.

[2] In the quarters at hand, the Company saw a decrease in unrealized gains from trading operations in the light of the compared results in 2021 and 2020.

	Operating revenue by segment – 12M21 x 12M20 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
12M21					
Distribution companies	3,541	-	-	-	3,541
Free consumers	3,130	-	-	-	3,130
Construction revenue	-	2,155	-	-	2,155
Remuneration of concession financial assets	556	681	-	-	1,237
Energy trading operations	-	-	1,056	-	1,056
Trading companies	595	-	-	-	595
Transactions in the short-term market	565	-	29	-	594
Services rendered revenue	129	-	-	-	129
Unrealized gains on trading operations	-	-	28	-	28
Indemnities	6	-	-	-	6
Other revenues	39	-	-	31	70
Net operating revenue	**8,561**	**2,836**	**1,113**	**31**	**12,541**
12M20					
Distribution companies	3,542	-	-	-	3,542
Free consumers	3,161	-	-	-	3,161
Construction revenue	-	2,365	-	-	2,365
Remuneration of concession financial assets	382	190	-	-	572
Energy trading operations	-	-	1,067	-	1,067
Trading companies	609	-	-	-	609
Transactions in the short-term market	535	-	17	-	552
Services rendered revenue	122	-	-	-	122
Indemnities	40	-	-	-	40
Gain of lawsuit	84	-	-	-	84
Energy exports	30	-	-	-	30
Other revenues	34	-	-	81	115
Net operating revenue	**8,539**	**2,555**	**1,084**	**81**	**12,259**
Variation					
Distribution companies	(1)	-	-	-	(1)
Free consumers	(31)	-	-	-	(31)
Construction revenue	-	(210)	-	-	(210)
Remuneration of concession financial assets	174	491	-	-	665
Energy trading operations	-	-	(11)	-	(11)
Trading companies	(14)	-	-	-	(14)
Transactions in the short-term market	30	-	12	-	42
Services rendered revenue	7	-	-	-	7
Unrealized gains on trading operations	-	-	28	-	28
Indemnities	(34)	-	-	-	(34)
Gain of lawsuit	(84)	-	-	-	(84)
Energy exports	(30)	-	-	-	(30)
Other revenues	5	-	-	(50)	(45)
Net operating revenue	**22**	**281**	**29**	**(50)**	**282**

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

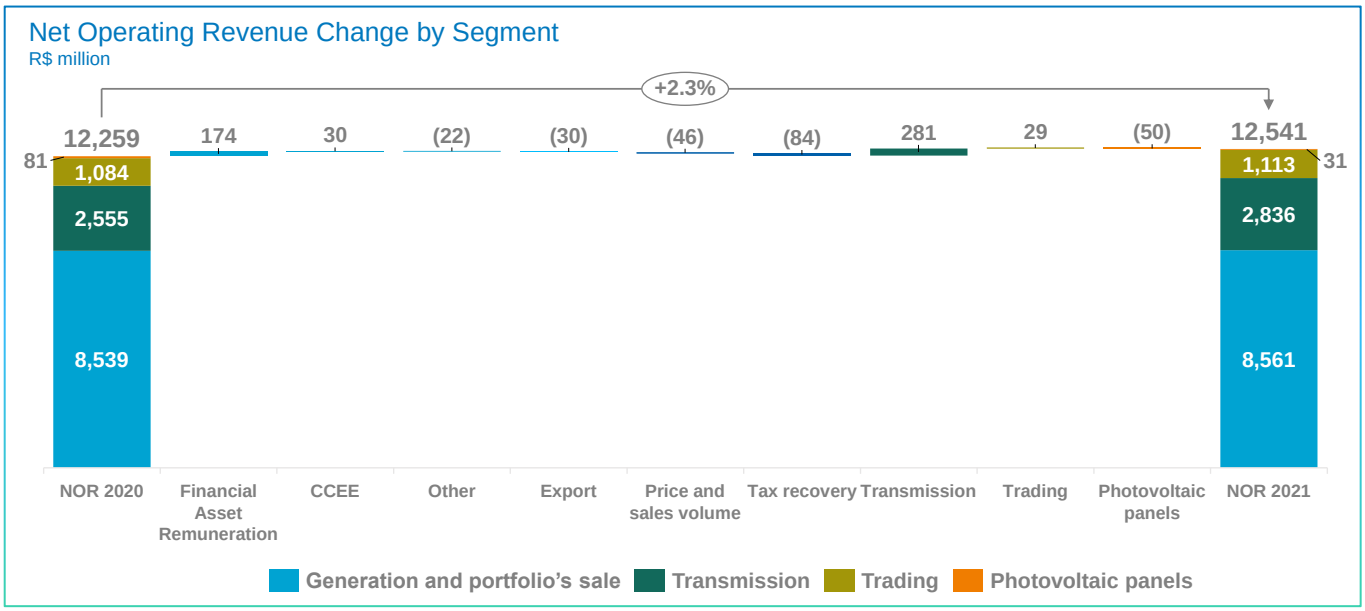
Generation and sales of energy from the portfolio: an increase of R$ 22 million (0.3%), essentially driven by the following positive effects: (i) R$ 174 million in the remuneration of concession financial assets relative to the portion of the payment for the grant of the Jaguara and Miranda hydropower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

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

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

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

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



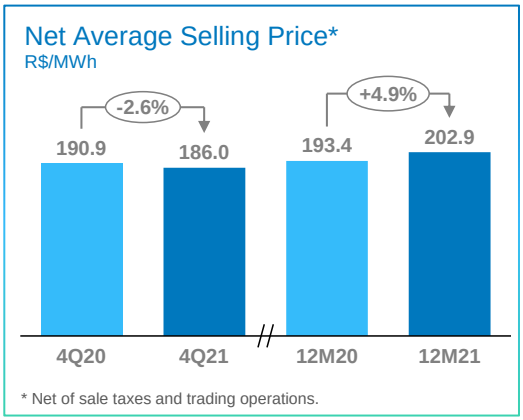
Comments on Variation in Net Operating Revenue

➢ Generation and Sales of Energy from the Portfolio

➢ Net Average Selling Price

Average energy selling price, net of charges on revenue, posted **R$ 185.96/MWh in 4Q21, 2.6% lower** than 4Q20, when the price averaged R$ 190.87/MWh. For the full **12 months of 2021**, this price was **R$ 202.94/MWh, 4.9% greater** than in 2020, when it stood at R$ 193.43/MWh.

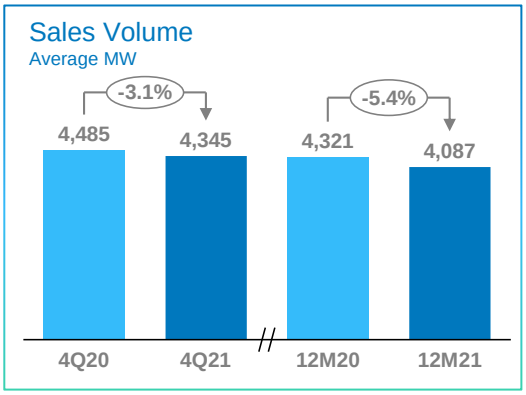
The net average price reduction between the fourth quarters of the two years under review was largely due to the valorization of the reimbursements enshrined in the regulated environment agreements involving wind generation, since these reimbursements are measured on the basis of the average annual value of the Differences Settlement Price (PLD). The reduction also reflects the prices of new, compared with existing, agreements with free consumers. The effects were in part offset by monetary restatement of existing contracts. Conversely, when comparing the full calendar years, there was an increase in net selling price due to monetary restatement, partially attenuated by the valorization of reimbursements mentioned above.



➢ Sales Volume

Energy sales agreements fell from 9,903 GWh (4,485 average MW) in 4Q20 to **9,593 GWh (4,345 average MW) in 4Q21**, a reduction of 310 GWh (140 average MW), or 3.1% year-on-year. **In 2021**, energy sales volume stood at **35,801 GWh (4,087 average MW)** against the 37,957 GWh (4,321 average MW) reported for the calendar year 2020, a decrease of 2,156 GWh (234 average MW) or 5.4%.

The reduction in energy sales volume, both on a quarterly and annual basis, reflected mainly the reduced availability of energy due to the hydrology crisis, lower purchasing volumes as well as programmed stoppages at UTE Pampa Sul.



- Revenue from Sale of Electric Energy

  - Distribution Companies:

Revenue from sales to distribution companies reached R$ 872 million in 4Q21, R$ 38 million (4.2%) down on the R$ 910 million posted in 4Q20. The variation was a reflection of the following effects: (i) R$ 85 million — a decrease of 9.4% in net average selling price; and (ii) R$ 47 million — an increase of 227 GWh (102 average MW) in sales volume.

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

The reduction in net average selling price when comparing quarters was driven largely by the valorization of reimbursements under wind farm agreements in the regulated contracting environment, since such reimbursements are calculated on the basis of the average annual PLD. However, on an annual comparative basis, this reducing factor was counterbalanced by monetary restatement for the successive 12-month periods under review.

Growth in sales volumes in the compared quarters reflects mainly the effects of seasonal weightings of contracted volumes. On an annual basis, the decrease was mainly due to programmed shutdowns at UTE Pampa Sul.

  - Free Consumers:

Revenue from sales to free consumers fell by R$ 46 million (5.7%) between the comparative quarters from R$ 805 million in 4Q20 to **R$ 759 million in 4Q21**. The factors driving this variation were: (i) R$ 32 million — a decrease of 184 GWh (82 average MW) in energy sales volume; and (ii) R$ 14 million — a reduction of 1.9% in net average selling price.

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

The reduction in energy quantities sold both quarterly and annually was largely due to lower energy availability due to the hydrology situation, reduced purchase volumes and the termination of agreements.

In the case of quarterly volumes, the decline in net average selling prices was largely due to new agreements at net average selling prices lower than for existing agreements. The variation in net average selling price year-on-year is mainly the effect of monetary restatement on existing agreements.

  - Trading Companies:

In 4Q21, revenue from sales to trading companies was R$ 153 million, R$ 22 million (12.6%) less than revenue reported for 4Q20, when sales were R$ 175 million. This reduction resulted in the combination of the following aspects: (i) R$ 51 million — reduction of 353 GWh (160 average MW) in energy sales volume; and (ii) R$ 29 million — growth of 16.4% in net average selling price.

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

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

  - Export:

There were no energy exports in the fourth quarter of each of the compared years. In the July to August period of 2020, the Company exported energy to Argentina generating a revenue of R$ 30 million, equivalent to a transacted energy volume of 75 GWh (9 average MW).

- Remuneration of Concession Financial Assets

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

The remuneration on the concessions' financial assets increased from R$ 146 million in 4Q20 to R$ 158 million **in 4Q21, an increase of R$ 12 million (8.2%)**. **On an annual comparative basis, growth was R$ 174 million (45.5%)**, rising from R$ 382 million in 2020 to R$ 556 million in 2021. Between the comparable quarters, growth was driven mainly by the increase in the average balance of the assets. On a 2020 x 2021 comparative basis, in addition to this factor, growth in remuneration was boosted by the variation in IPCA.

Transactions in the Short-term Energy Market

In 4Q21 and 4Q20, revenues generated in the short-term market were R$ 154 million and thus reporting stability year-on-year. **In the full 12-month period 2021** relative to the preceding year, **there was an increase of R$ 30 million (5.6%)** in revenue from transactions across the short-term market from R$ 535 million in 2020 to R$ 565 million in 2021. Further explanations on these operations and variations can be found in "Details of short-term operations".

Revenue from Services Rendered

Again in respect of the Jaguara and Miranda hydroelectric power plants and their sales in the Regulated Contracting Environment, also as part of the Annual Generation Revenue (RAG), the companies also receive payment with respect to the Generation Assets' Management (GAG), for covering the costs of operation and maintenance, as well as expenditures on improvements and investments during the concession period. The value for the GAG booked to the accounts in **4Q21 was R$ 34 million**, higher than the R$ 3 million (9.7%) in the amount recognized in the accounts for 4Q20 of R$ 31 million. **On an annual basis, there was an increase of R$ 7 million (5.7%)**, rising from R$ 122 million in 2020 to R$ 129 million in 2021, largely reflecting monetary restatement.

Legal Action ruled in favor of the Company – Claw-back of Taxes

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

Indemnifications

In the final quarters of both years, no indemnities were booked to the accounts. On an annual comparative basis, revenue from supplier indemnifications varied from R$ 40 million in 2020 to R$ 6 million in 2021, that is, **a reduction of R$ 34 million (85.0%) between periods**. The amounts involved refer principally to indemnification revenues for compensating the negative effects from the interruption of business. This reflected the claim involving the Salto Osório Hydropower plant and the collection of a contractual fine for downtime at the wind farms in the Trairi Wind Complex in 2020 and by a further claim in the name of the Jaragua operation in 2021.

Solar Panels

Revenues from the sale and installation of solar panels in the quarters **were down by R$ 33 million (73.3%)** from R$ 45 million in 4Q20 to **R$ 12 million in 4Q21**. On an annualized basis, there was a **decrease of R$ 50 million (61.7%)** from R$ 81 million in 2020 to **R$ 31 million in 2021**. On the basis of both a quarterly and annual comparison, the reduction was largely due to the change in sales strategy where the focus has shifted to the development of industrial projects for large consumers with a corresponding deceleration in commercial activities.

Operational Costs

	Costs by segment – 4Q21 x 4Q20 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
4Q21					
Construction costs	-	527	-	-	527
Electric power purchases	374	-	291	-	665
Depreciation and amortization	325	-	-	-	325
Transactions in the short-term market	101	-	-	-	101
Charges for the use of and connection to the power grid	153	-	-	-	153
Materials and third-party services	95	-	-	7	102
Fuel for generation	50	-	-	-	50
Personnel	74	-	-	-	74
Royalties	24	-	-	-	24
Insurance	6	-	-	-	6
Unrealized losses on trading operations	-	-	(15)	-	(15)
Hydrological risk renegotiation	(1,167)	-	-	-	(1,167)
Other operational costs, net	19	-	-	18	37
Operational costs	**54**	**527**	**276**	**25**	**882**
4Q20					
Construction costs	-	987	-	-	987
Electric power purchases	396	-	328	-	724
Depreciation and amortization	218	-	-	-	218
Transactions in the short-term market	113	-	-	-	113
Charges for the use of and connection to the power grid	142	-	-	-	142
Materials and third-party services	103	-	-	8	111
Fuel for generation	74	-	-	-	74
Personnel	74	-	-	1	75
Royalties	27	-	-	-	27
Insurance	28	-	-	-	28
Unrealized losses on trading operations[3]	-	-	25	-	25
Hydrological risk renegotiation	(968)	-	-	-	(968)
Other operational costs, net	49	-	-	29	78
Operational costs	**256**	**987**	**353**	**38**	**1,634**
Variation					
Construction costs	-	(460)	-	-	(460)
Electric power purchases	(22)	-	(37)	-	(59)
Depreciation and amortization	107	-	-	-	107
Transactions in the short-term market	(12)	-	-	-	(12)
Charges for the use of and connection to the power grid	11	-	-	-	11
Materials and third-party services	(8)	-	-	(1)	(9)
Fuel for generation	(24)	-	-	-	(24)
Personnel	-	-	-	(1)	(1)
Royalties	(3)	-	-	-	(3)
Insurance	(22)	-	-	-	(22)
Unrealized losses on trading operations	-	-	(40)	-	(40)
Hydrological risk renegotiation	(199)	-	-	-	(199)
Other operational costs, net	(30)	-	-	(11)	(41)
Operational costs	**(202)**	**(460)**	**(77)**	**(13)**	**(752)**

Operational costs fell R$ 752 million (46.0%) year-on-year from R$ 1,634 million in 4Q20 to **R$ 882 million in 4Q21**. This variation is a reflection of the following decreases: (i) R$ 460 million (46.6%) in transmission segment costs; (ii) R$ 202 million (78.9%) in the generation and sales of energy from the Company's portfolio segment; (iii) R$ 77 million (21.8%) in the costs of energy trading operations; and (iv) R$ 13 million (34.2%) in the sale and installation of solar panels.

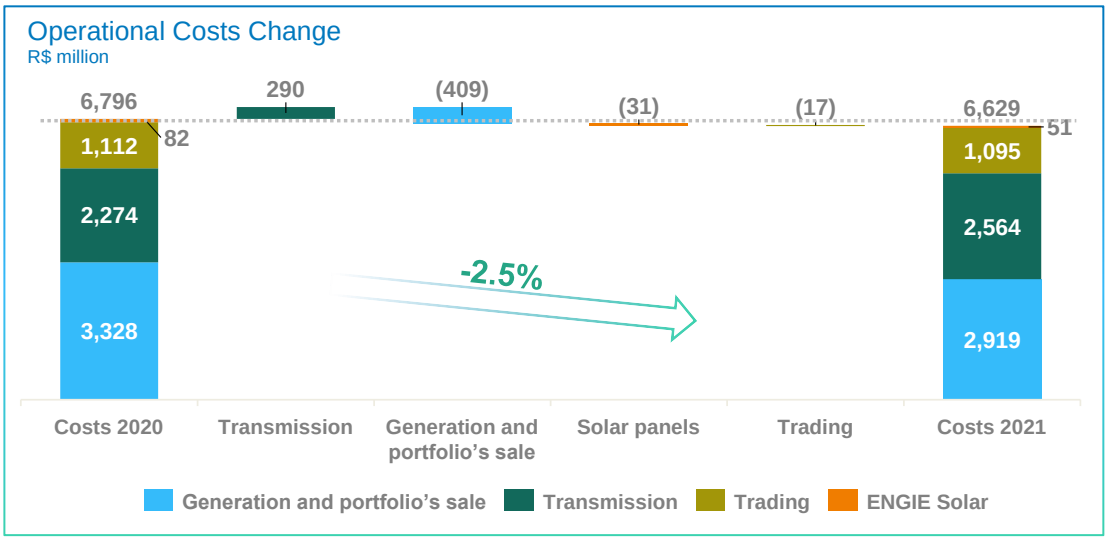
Of the variation in item (ii), worthy of mention is the impact from the indemnification for past energy costs due to the renegotiation of hydrology risk in the light of laws 14.052/2020 and 14.182/2021 and reflected in an increase of R$ 199 million between compared quarters. In addition, the amount recorded in 4Q21 relates to those concessions of hydroelectric plants, the ownership of which is in the hands of companies forming consortia and therefore subject to unanimous agreement by all members of the consortium, as per ANEEL Normative Resolution 895/2020. The process of reaching such an agreement only occurred in November 2021.

[3] In the 4T20, the Company booked reduced unrealized losses from trading operations.

	Costs by segment – 12M21 x 12M20 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
12M21					
Construction costs	-	2,564	-	-	2,564
Electric power purchases	1,005	-	1,087	-	2,092
Depreciation and amortization	1,012	-	-	-	1,012
Transactions in the short-term market	628	-	1	-	629
Charges for the use of and connection to the power grid	606	-	-	-	606
Materials and third-party services	396	-	-	12	408
Fuel for generation	335	-	-	-	335
Personnel	302	-	-	4	306
Royalties	95	-	-	-	95
Insurance	74	-	-	-	74
Unrealized losses on trading operations	-	-	7	-	7
Hydrological risk renegotiation	(1,591)	-	-	-	(1,591)
Other operational costs, net	57	-	-	35	92
Operational costs	**2,919**	**2,564**	**1,095**	**51**	**6,629**
12M20					
Construction costs	-	2,274	-	-	2,274
Electric power purchases	1,479	-	1,068	-	2,547
Depreciation and amortization	894	-	-	-	894
Transactions in the short-term market	303	-	8	-	311
Charges for the use of and connection to the power grid	560	-	-	-	560
Materials and third-party services	340	-	-	18	358
Fuel for generation	204	-	-	-	204
Personnel	273	-	-	8	281
Royalties	84	-	-	-	84
Insurance	89	-	-	-	89
Unrealized losses on trading operations	-	-	36	-	36
Hydrological risk renegotiation	(968)	-	-	-	(968)
Other operational costs, net	70	-	-	56	126
Operational costs	**3,328**	**2,274**	**1,112**	**82**	**6,796**
Variation					
Construction costs	-	290	-	-	290
Electric power purchases	(474)	-	19	-	(455)
Depreciation and amortization	118	-	-	-	118
Transactions in the short-term market	325	-	(7)	-	318
Charges for the use of and connection to the power grid	46	-	-	-	46
Materials and third-party services	56	-	-	(6)	50
Fuel for generation	131	-	-	-	131
Personnel	29	-	-	(4)	25
Royalties	11	-	-	-	11
Insurance	(15)	-	-	-	(15)
Unrealized losses on trading operations	-	-	(29)	-	(29)
Hydrological risk renegotiation	(623)	-	-	-	(623)
Other operational costs, net	(13)	-	-	(21)	(34)
Operational costs	**(409)**	**290**	**(17)**	**(31)**	**(167)**

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

Of the variation under item (i), particular note should be made of the recovery in past energy costs following the renegotiation of hydrological risk following the enactment of laws14.052/2020 and 14.182/2021, which between the two years recorded an increase of R$ 623 million. In addition, part of the values booked in 2021 relates to those hydroelectric plants, the ownership of which is in the hands of companies forming consortia and therefore subject to the unanimous agreement of all participating members as per ANEEL Normative Resolution 895/2020. The process of reaching such an agreement only occurred in November 2021.



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

Comments on Variations in Operational Costs

➢ Generation and Energy Sales from the Portfolio

» **Energy purchases:** between 4Q20 and 4Q21, there was a reduction of R$ 22 million (5.6%) in energy purchases for portfolio management purposes due to: (i) R$ 14 million — a decrease of 3.6% in net average purchasing price; and (ii) R$ 8 million — reduction of 48 GWh (22 average MW) in purchase volume. On an annual comparative basis, there was a decrease of R$ 474 million (32.0%) in these operations, mainly driven by the following events: (i) R$ 533 million — a decrease of 2,959 GWh (338 average MW) in volumes purchased; and (ii) R$ 59 million — an increase of 6.3% in net average energy purchasing prices.

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

» **Depreciation and amortization:** increases of R$ 107 million (49.1%) and R$ 118 million (13.2%) between the quarters and years under analysis, respectively. These increases are due largely to the amortization of the values arising from the renegotiation of hydrological risk, total annual amount booked in 4Q21. The variation between consecutive fourth quarters was also attenuated by the sale of Diamante.

» **Transactions in the short-term energy market:** between the quarters, costs with these transactions were R$ 12 million (10.6%) lower. On an annual comparison, costs were up by R$ 325 million (107.3%). More details are described below under the specific item.

» **Charges for use of electric energy network and connections:** increases of R$ 11 million (7.7%) and R$ 46 million (8.2%) between the compared quarters and years, respectively. These increases are consequently largely due to the annual readjustment in transmission and distribution tariffs as well as the entry into commercial operations of the Campo Largo II Wind Complex during the course of 2021. In the quarter, these effects were partially mitigated by the sale of the Diamante subsidiary.

» **Material and third-party services:** reduction of R$ 8 million (7.8%) in 4Q21, in relation to the same quarter in 2020, and an increase of R$ 56 million (16.5%) when the comparison is an annual one. In relation to the quarterly comparison, there was a decrease in the costs of materials for replacement and consumption, mainly due to the sale of the Diamante subsidiary. In the case of the annual comparison, the main factors were: (i) R$ 40 million – an increase in operation and maintenance agreements of the generator complex; (ii) R$ 7 million – an increase in costs with replacement and consumption costs; and (iii) R$ 5 million – higher costs with general IT services.

» **Fuels for generation:** decrease of R$ 24 million (32.4%) based on a 4Q20 x 4Q21 comparison due largely to the divestment of the Diamante subsidiary in October 2021. In terms of a 2020 x 2021 comparison, there was an increase of R$ 131 million (64.2%) mainly reflecting the increase in consumption of proprietary coal resources and due to the annual readjustment of average prices. The growth in proprietary coal consumption is a reflection of the hydrology crisis during 2021.

» **Personnel:** An increase of R$ 29 million (10.6%) on a 2020 x 2021 comparison, resulting largely from the annual readjustment in payroll and the booking of expenses involving those employees signing up to the voluntary redundancy program. There was zero variation on a quarterly comparison basis since the annual hike in payroll costs was counterbalanced by the reduction in payroll costs at the Diamante subsidiary with its sale.

» **Financial compensation for the use of water resources (royalties):** a reduction of R$ 3 million (11.1%) in the compared quarters due principally to reduced generation in the part of the hydropower plants, albeit partially offset by the annual readjustment. On an annual basis, there was an increase of R$ 11 million (13.1%) due to greater hydropower generation from the Company's plants in 2021.

» **Insurance:** a reduction of R$ 22 million (78.6%) in compared quarters and R$ 15 million (16.9%) on an annual comparative basis, substantially due to lower expenditures with franchises and the sale of the Diamante subsidiary.

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

In the light of this, in 4Q21 and 4Q20, the Company booked as intangible assets, corresponding to the right of extension of the concessions against an offsetting item "Hydrological risk renegotiation" in the financial statements with amounts of R$ 1,167 million and R$ 968 million, respectively. For the years 2021 and 2020, R$ 1.591 million and R$ 968 million, respectively were booked to the accounts. Booking was conducted proportional to the Company's stake in the assets. In addition, some of the amounts booked in 2021 relate to hydro concessions whose ownership is exercised by companies in a consortium and where agreement is conditional on adherence of all members of the consortium as per Aneel Normative Resolution 895/2020. This adherence took place in November 2021.

➢ Solar Panels

On both the basis of quarterly and annual comparisons, there was a decrease of R$ 13 million (34.2%) and R$ 31 million (37.8%), respectively, driven mainly by reductions in expenditures for installing panels and materials together with third party services. The reduction is a result of a shift in strategy with the focus now on the development of industrial projects for large consumers and a corresponding deceleration of commercial activities.

Operational Result from the Energy Transmission Segment

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

Gross result from the transmission segment fell by R$ 387 million (201.6%) in 4Q21 compared to the same quarter in 2020, and by R$ 9 million (3.2%) when compared annually, these results are largely a combination of the following factors: (i) booking of losses in 2021 in counterbalance to gains recorded in 2020, due largely to the increase in CAPEX forecasted for the implementation of the transmission systems, as well as the postponement of entry into commercial operations of each stage of the projects; and (ii) an increase in revenues on remuneration of concession assets given the increase in the balance of these assets between the compared periods and the increase in inflation rates on an annual comparative basis.

Operational Result of the Energy Trading Segment

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

Gross result between the quarters increased by R$ 52 million (123.8%), increasing from a loss of R$ 42 million in 4Q20 to a profit of R$ 10 million in 4Q21. This result mainly reflects the following events: (i) a positive R$ 38 million impact from marking-to-market — the difference between contracted and market prices — of the net contracted operations open on December 31 2021 and 2020; and (ii) R$ 14 million due to an increase in gross result from energy buying and selling transactions realized.

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

Details of Short-Term Operations

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

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

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

In 4Q21 and in 4Q20, **net results** (the difference between revenue and costs — less tax) from short-term transactions — especially those conducted across the CCEE — **were positive at R$ 62 million** and R$ 50 million, respectively. The amount represents an **increase of R$ 12 million between the compared periods.** This growth was produced entirely from transactions in the generation and sales of energy from the Company's portfolio segment since the trading segment saw no variation between the compared quarters.

This variation reflects the following key factors: (i) the reduced negative impact of the MRE Adjustment Factor (GSF) — already deducted for the effects of the renegotiation of hydrological risk, mainly due to the lower PLD in 4Q21 compared with 4Q20; and (ii) the positive impact in the MRE. These effects were partially offset by the combination of the following events: (iii) reduction of the financial impact of short-term operations and the long position on the CCEE, driven by lower free energy volume and a lower PLD in 4Q21, compared with 4Q20; and (iv) a decrease in the result from thermal generation due to the sale of the Diamante subsidiary.

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

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

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

Average PLD in R$/MWh	4Q21	4Q20	Chg. 4Q (%)	12M21	12M20	Chg. 12M (%)
South	134.71	352.94	(61.8%)	280.37	184.42	52.0%
Southeast/Center-West	134.71	352.94	(61.8%)	279.61	177.00	58.0%
Northeast	134.50	229.88	(41.5%)	269.58	134.42	100.6%

Selling, General and Administrative Expenses

Selling, general and administrative expenses reported an increase of R$ 6 million (7.0%) in the quarters under analysis, increasing from R$ 86 million in 4Q20 to R$ 92 million in 4Q21, due to the combination of the following items: (i) increase of R$ 4 million (4.8%) in the generation and sales of energy from the Company's portfolio segment, driven largely by an increase in payroll expenses due to the booking of the annual salary adjustment and amortization and depreciation, the latter largely a reflection of an increase in the amortization of software. These effects were offset by the decrease in expenses with material and third-party services, due to the sale of the Diamante subsidiary. In addition, there was an increase of R$ 2 million in the transmission segment.

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

Provision for Impairment of Assets

In 4Q21, the Company booked R$ 964 million in impairment, net of reversals, R$ 865 million higher than the R$ 99 million booked in the same quarter 2020. This non-recurring effect was driven essentially by the booking of impairment given the now firm intention of selling the Pampa Sul TPP and EGSD subsidiaries, the preliminary sale values of which being lower than their book values. The sale values are in line with the Company's guidelines.

On an 2020 x 2021 comparison, impairment, net of reversals increased by R$ 977 million from R$ 99 million in 2020 to R$ 1,076 million in 2021, in addition to the reasons in the preceding paragraph there was the booking of impairment values in 2Q21 and 3Q21 of the Diamante subsidiary in the light of developments in the selling process.

Sale of a subsidiary

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

Equity Income – Gas Transportation

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

The equity income result for TAG in the quarters under analysis incorporates the following items:

Income Statement – in R$ million	4Q21		4Q20	
	100%	Company's share	100%	Company's share
Net operational revenue	1,859	604	1,632	530
Costs of services provided	(689)	(224)	(573)	(186)
Gross income	**1,170**	**380**	**1,059**	**344**
General and administrative expenses	(41)	(13)	(35)	(11)
Income before financial result and taxes	**1,129**	**367**	**1,024**	**333**
Financial result	(536)	(174)	(384)	(125)
Income before taxes	**593**	**193**	**640**	**208**
Income tax and social contribution	(198)	(65)	(270)	(88)
TAG's net income	**395**	**128**	**370**	**120**
Equity income – TAG	**128**		**120**	

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

Ebitda – in R$ million	4Q21	4Q20
	100%	100%
Income before financial result and taxes	**1,129**	**1,024**
Depreciation and amortization	162	159
Amortization of *mais valia*	228	226
Ebitda	**1,519**	**1,409**

Between 4Q21 and 4Q20, the equity income result increased by R$ 8 million (6.7%) from R$ 120 million in 4Q20 to R$ 128 million in 4Q21.

The variation was a reflection of the combination of the following effects: (i) R$ 36 million of growth in Ebitda due to the restating of transportation tariffs and FX variation on one of the transportation agreements, partially attenuated by readjustments in operation and maintenance contracts; (ii) a decrease of R$ 23 million in Income Tax and Social Contribution, largely due to the booking of past tax credits in 4Q20; (iii) an increase in net financial expenses of R$ 49 million, mainly the effect of the stronger dollar on currency denominated debt which is protected by a hedge and has its effects compensated in the "Net operating revenue" item, and by the increase in CDI between the compared quarters; and (iv) an increase of R$ 2 million in depreciation and amortization expenses.

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

Income Statement – in R$ million	2021		2020			
	12M21	Company's share	12M20	01/01 to 07/19/2020 (29.25%)	07/20 to 12/31/2020 (32.5%)	Company's share
Net operational revenue	7,071	2,298	6,004	3,094	2,910	1,851
Costs of services provided	(2,471)	(803)	(2,244)	(1,212)	(1,032)	(690)
Gross income	**4,600**	**1,495**	**3,760**	**1,882**	**1,878**	**1,161**
General and administrative expenses	(169)	(55)	(140)	(80)	(60)	(43)
Income before financial result and taxes	**4,431**	**1,440**	**3,620**	**1,802**	**1,818**	**1,118**
Financial result	(1,620)	(526)	(1,445)	(715)	(730)	(446)
Income before taxes	**2,811**	**914**	**2,175**	**1,087**	**1,088**	**672**
Income tax and social contribution	(959)	(312)	(581)	(129)	(451)	(185)
TAG's net income	**1,852**	**602**	**1,594**	**958**	**637**	**487**
Equity income – TAG	**602**		**487**			

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

Ebitda – in R$ million	12M21	12M20	01/01 to 07/09/2020	07/20 to 12/31/2020
	100%	100%	29.25%	32.5%
Income before financial result and taxes	**4,431**	**3,620**	**1,802**	**1,818**
Depreciation and amortization	669	628	342	286
Amortization of *mais valia*	916	907	496	411
Ebitda	**6,016**	**5,155**	**2,640**	**2,515**

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

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

Balance Sheet

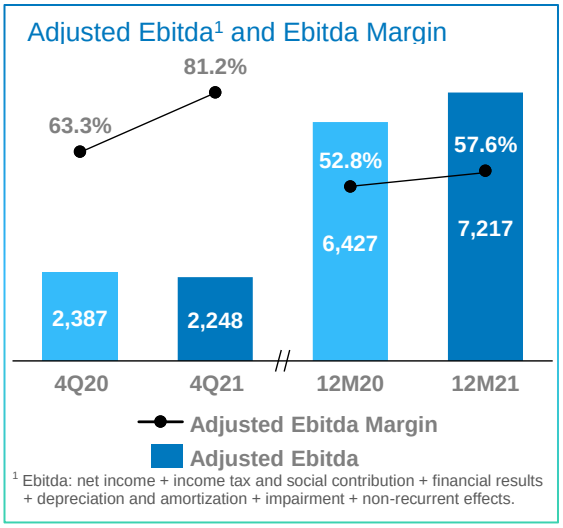
TAG's principal asset and liability groups as of December 31, 2021 and 2020 were as follows:

Balance Sheet	12/31/2021	12/31/2020
ASSETS		
Current assets	**2,079**	**2,220**
Cash and cash equivalents	439	437
Accounts receivables from clients	1,439	1,556
Restricted deposits	5	1
Unrealized gains on hedging transactions	-	19
Other current assets	196	207
Non-current assets	**31,154**	**32,304**
Accounts receivables from clients	540	49
Restricted deposits	115	203
Unrealized gains on hedging transactions	-	29
Other non-current assets	5	119
Property, plant and equipment	27,742	29,185
Intangible	2,752	2,719
Total	**33,233**	**34,524**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**3,707**	**3,874**
Loans, financing and debentures	3,377	3,250
Unrealized losses on hedging transactions	11	298
Other current liabilities	319	326
Non-current liabilities	**22,778**	**23,723**
Loans, financing and debentures	19,632	21,609
Unrealized losses on hedging transactions	412	910
Deferred income taxes and social contribution	2,075	1,073
Other non-current liabilities	659	131
Shareholders' equity	**6,748**	**6,927**
Total	**33,233**	**34,524**

Ebitda and Ebitda Margin

	Ebitda by segment – 4Q21 x 4Q20 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
4Q21						
Income (loss) before financial results and taxes	902	(197)	9	(92)	128	750
Depreciation and amortization	334	-	-	-	-	334
Ebitda	**1,236**	**(197)**	**9**	**(92)**	**128**	**1,084**
Impairment, net	886	-	-	78	-	964
Disposal of subsidiary	200	-	-	-	-	200
Adjusted Ebitda	**2,322**	**(197)**	**9**	**(14)**	**128**	**2,248**
Adjusted Ebitda Margin	**108.6%**	**(59.3%)**	**3.1%**	**(116.7%)**	**-**	**81.2%**
4Q20						
Income (loss) before financial results and taxes	1,831	192	(43)	(35)	120	2,065
Depreciation and amortization	223	-	-	-	-	223
Ebitda	**2,054**	**192**	**(43)**	**(35)**	**120**	**2,288**
Impairment	58	-	-	41	-	99
Adjusted Ebitda	**2,112**	**192**	**(43)**	**6**	**120**	**2,387**
Adjusted Ebitda Margin	**94.5%**	**16.3%**	**(13.8%)**	**13.3%**	**-**	**63.3%**
Variation						
Income (loss) before financial results and taxes	(929)	(389)	52	(57)	8	(1,315)
Depreciation and amortization	111	-	-	-	-	111
Ebitda	**(818)**	**(389)**	**52**	**(57)**	**8**	**(1,204)**
Impairment, net	828	-	-	37	-	865
Disposal of subsidiary	200	-	-	-	-	200
Adjusted Ebitda	**210**	**(389)**	**52**	**(20)**	**8**	**(139)**
Adjusted Ebitda Margin	**14.1 p.p.**	**(75.6 p.p.)**	**16.9 p.p.**	**(130.0 p.p.)**	**-**	**17.9 p.p.**

Between 4Q21 and 4Q20, adjusted Ebitda fell by R$ 139 million (5.8%) from R$ 2,387 million in 4Q20 to R$ 2,248 million in 4Q21. The variation reflects the combination of the following **negative effects**: (i) R$ 389 million (202.6%) originating from the energy transmission segment; and (ii) R$ 20 million (333.3%) in the solar panel segment. The negative effects were counterbalanced by the following **positive effects**: (iii) R$ 210 million (9.9%) in the generation and sales of energy from the Company's portfolio segment; (iv) R$ 52 million (120.9%) from the energy trading segment; and (v) R$ 8 million (6.7%) due to the stronger result from the corporate stake in the jointly controlled company – TAG.



The Company's principal business segment, in the electricity sector, is the generation and sales of energy from the Company's portfolio segment, with the variation shown in item (iii) above, the key positive effects being: (i) R$ 199 million from renegotiation of hydrological risk; (ii) R$ 24 million with the consumption of proprietary fuel; (iii) R$ 22 million in insurance costs; (iv) R$ 22 million in energy purchases; (v) R$ 12 million from remuneration revenue and monetary restatement of concession assets of the Jaguara and Miranda plants; (vi) R$ 12 million in transactions executed across the short-term market; (vii) R$ 8 million in material and third party costs; and (viii) R$ 17 million relative to other revenues, operational and administrative costs and expenses. These effects were attenuated by the decrease of R$ 106 million from a combination of variation in energy volume sold and net average selling prices.

Generation Adjusted Ebitda Margin

The adjusted Ebitda margin for the generation segment posted an increase of 14.1 p.p. rising from 94.5% in 4Q20 to 108.6% in 4Q21, mainly due to the effects of the hydrological risk renegotiation recognized in the compared quarters.

Consolidated Adjusted Ebitda Margin

The consolidated adjusted Ebitda margin reported an increase of 17.9 p.p. from 63.3% in 4Q20 to 81.2% in 4Q21.

It should be noted that the consolidated adjusted Ebitda margin is partially reduced due to the effects of the energy trading operations, the booking of the revenue and costs relative to the construction of the transmission lines and operations transacted by the EGSD subsidiary, these commanding margins which are lower than other operations undertaken by the Company.

	Ebitda by segment – 12M21 x 12M20 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
12M21						
Income (loss) before financial results and taxes	4,121	264	14	(102)	602	4,899
Depreciation and amortization	1,042	-	-	-	-	1,042
Ebitda	**5,163**	**264**	**14**	**(102)**	**602**	**5,941**
Impairment, net	998	-	-	78	-	1,076
Disposal of subsidiary	200	-	-	-	-	200
Adjusted Ebitda	**6,361**	**264**	**14**	**(24)**	**602**	**7,217**
Adjusted Ebitda Margin	**74.3%**	**9.3%**	**1.3%**	**(77.4%)**	**-**	**57.6%**
12M20						
Income (loss) before financial results and taxes	4,880	280	(31)	(47)	487	5,569
Depreciation and amortization	914	-	-	1	-	915
Ebitda	**5,794**	**280**	**(31)**	**(46)**	**487**	**6,484**
Impairment	58	-	-	41	-	99
Disposal of subsidiary	(84)	-	-	-	-	(84)
Extemporary tax incentive credits	-	-	-	-	(72)	(72)
Adjusted Ebitda	**5,768**	**280**	**(31)**	**(5)**	**415**	**6,427**
Adjusted Ebitda Margin	**68.2%**	**11.0%**	**(2.9%)**	**(6.2%)**	**-**	**52.8%**
Variation						
Income (loss) before financial results and taxes	(759)	(16)	45	(55)	115	(670)
Depreciation and amortization	128	-	-	(1)	-	127
Ebitda	**(631)**	**(16)**	**45**	**(56)**	**115**	**(543)**
Impairment, net	940	-	-	37	-	977
Disposal of subsidiary	200	-	-	-	-	200
Gain of lawsuit	84	-	-	-	-	84
Extemporary tax incentive credits	-	-	-	-	72	72
Adjusted Ebitda	**593**	**(16)**	**45**	**(19)**	**187**	**790**
Adjusted Ebitda Margin	**6.1 p.p.**	**(1.7 p.p.)**	**4.2 p.p.**	**(71.2 p.p.)**	**-**	**4.7 p.p.**

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

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

Generation Adjusted Ebitda Margin

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

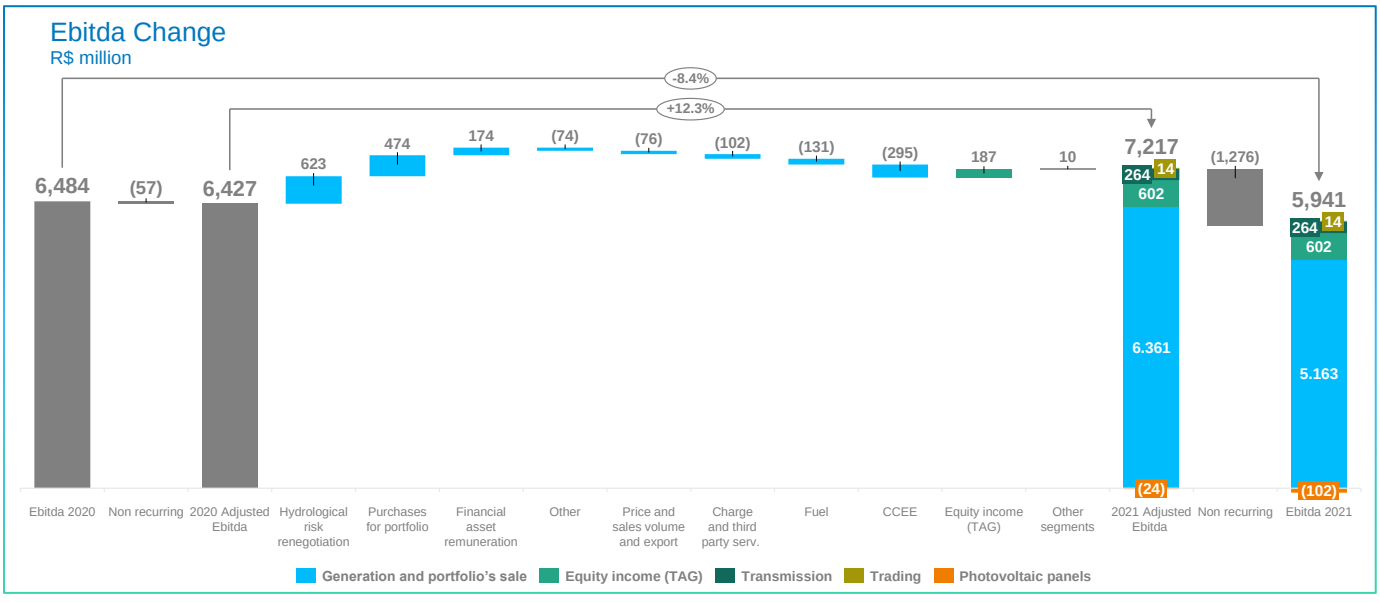
Consolidated Adjusted Ebitda Margin

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

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

The following table reconciles net income with Ebitda:

(In millions of R$)	4Q21	4Q20	Chg. %	12M21	12M20	Chg. %
Net income	78	1,030	-92.4	1,565	2,797	-44.0
(+) Income tax and social contribution	(149)	312	-147.8	255	890	-71.3
(+) Net financial result	821	723	13.6	3,079	1,882	63.6
(+) Depreciation and amortization	334	223	49.8	1,042	915	13.9
Ebitda	**1,084**	**2,288**	**-52.6**	**5,941**	**6,484**	**-8.4**
Non-recurrent effects						
(+) Impairment	964	99	875.7	1,076	99	987.1
(+) Disposal of subsidiary	200	-	100.0	200	-	100.0
(+) Gain in lawsuit	-	-	-	-	(84)	-100.0
(+) Extemporaneous tax incentive credits	-	-	-	-	(72)	-100.0
Adjusted Ebitda	**2,248**	**2,387**	**-5.8**	**7,217**	**6,427**	**12.3**



Financial Result

(In millions of R$)	4Q21	4Q20	Chg.	12M21	12M20	Chg.
Debt:						
Monetary restatement	(407)	(184)	(223)	(1,098)	(296)	(802)
Interest	(307)	(210)	(97)	(1,083)	(806)	(277)
Concessions:						
Monetary restatement	(109)	(237)	128	(678)	(616)	(62)
Interest	(71)	(88)	17	(372)	(314)	(58)
Income from financial investments	97	20	77	205	110	95
Interest on lawsuit gain	-	-	-	-	73	(73)
Bonds and Securities	-	-	-	31	-	31
Coal reimbursement monetary restatement	-	-	-	-	29	(29)
Other financial expenses, net	(24)	(24)	-	(84)	(62)	(22)
Total	**(821)**	**(723)**	**(98)**	**(3,079)**	**(1,882)**	**(1,197)**

Financial income: in 4Q21, financial revenues amounted to R$ 109 million, R$ 73 million or 202.8% more than the R$ 36 million reported in the same quarter 2020, largely a reflection of the increase of R$ 77 million in revenue from financial investments, in turn due to higher amounts invested between quarters.

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

Financial expenses: expenses in 4Q21 were R$ 930 million, that is, R$ 171 million or 22.5% above the R$ 759 million reported in the same quarter of the preceding year. The principal factors at play here were: (i) an increase of R$ 320 million in debt between the quarters under review of which: (i.i) R$ 223 million in the form of monetary restatement reflecting variation in inflation rates; and (i.ii) R$ 97 million of interest and adjustment in fair value mainly in the light of the issue of debentures and the contracting of loans and financing. This effect was partially offset: (ii) by the reduction of R$ 145 million in concessions payable between the quarters, of which: (ii.i) R$ 128 million in monetary restatement by virtue mainly of the decrease in inflation rates; and (ii.ii) R$ 17 million decrease in interest.

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

Income Tax and Social Contribution

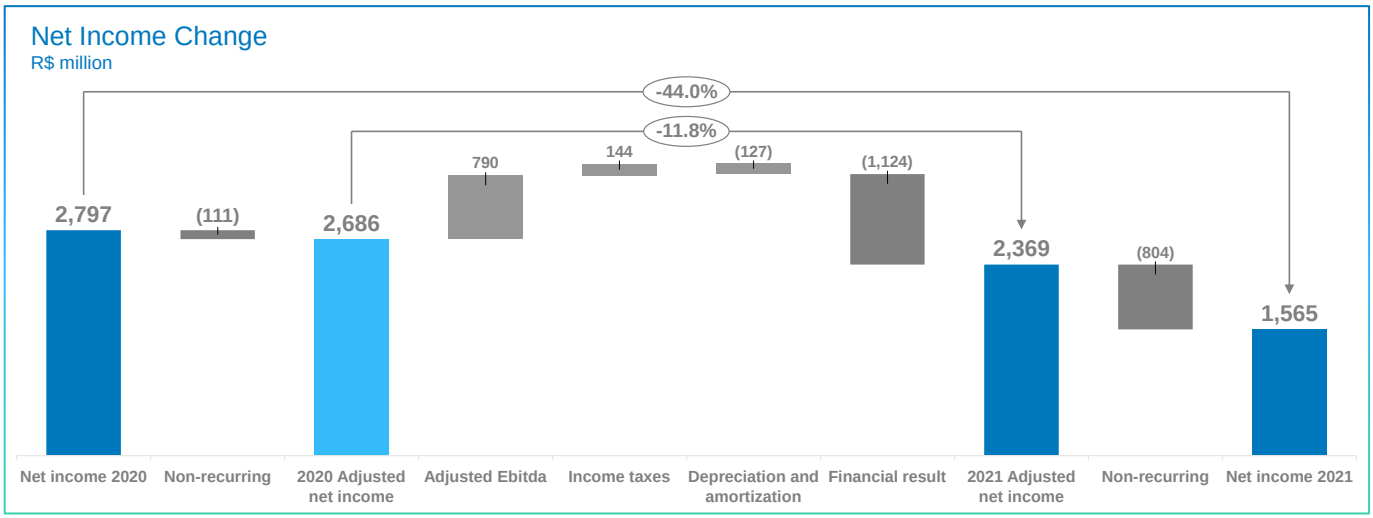
Income Tax and Social Contribution in 4Q21 was a positive R$ 149 million, a variation of R$ 461 million (147.8%) when compared to the same quarter 2020, when these items reported a negative R$ 312 million. This was due largely to the tax effect on non-recurring items booked in the quarters under analysis as mentioned previously and also the non-recurring effect of the claw-back of tax credits of R$ 31 million, relative to the absence of Income Tax and Social Contribution charges on the income accruing at the basic Selic rate in 4Q21. Excluding these effects, there was a decrease of R$ 54 million (16.3%), due to: (i) reduced profit excluding non-recurring items, before Income Tax and Social Contribution between the periods; and (ii) greater use of tax incentives in 4Q21 compared with 4Q20. These effects were partially attenuated by the reduction of interest on shareholders equity.

For the calendar year, these expenses fell R$ 635 million (71.3%) from R$ 890 million in 2020 to R$ 255 million in 2021. This was largely due to the tax effect on non-recurring items booked in 2020 and 2021 as mentioned above and due to non-recurring effect of the claw-back of tax credits for R$ 31 million, relative to the absence of Income Tax and Social Contribution on income accruing at the Selic rate in 2021. Excluding these effects, there was a decrease of R$ 144 million (16.5%), due to: (i) a reduction in profit pre-Income Tax and Social Contribution between the two consecutive years and (ii) greater use of tax incentives in 2021 compared with 2020. These effects were partially attenuated by the reduction of the interest on shareholders' equity.

Net Income

Net income in 4Q21 was R$ 78 million, R$ 952 million or 92.4% lower than the R$ 1.030 million reported for the same quarter in 2020. This decrease is a reflection of the following effects: (i) reduction of R$ 139 million in adjusted Ebitda; (ii) increase of R$ 111 million of depreciation and amortization; (iii) increase of R$ 98 million in net financial expenses; (iv) decrease of R$ 68 million in Income Tax and Social Contribution on recurring transactions; and (v) booking of the non-recurring effects with a negative impact of R$ 672 million. Excluding the non-recurring effects, net income fell by R$ 280 million (25.6%) between the compared quarters.

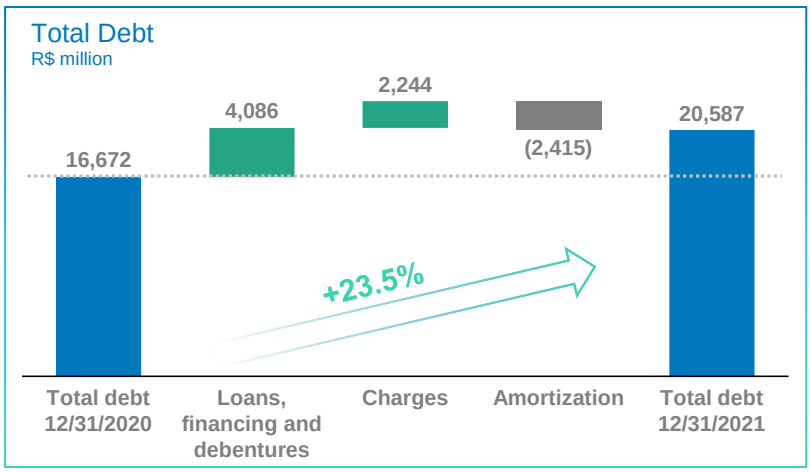
On an annual comparative basis, net income fell from R$ 2,797 million in 2020 to R$ 1,565 million, that is a decrease of R$ 1,232 million or 44.0%. This negative effect is the result of the following impacts: (i) growth of R$ 790 million in adjusted Ebitda; (ii) increase of R$ 127 million of depreciation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

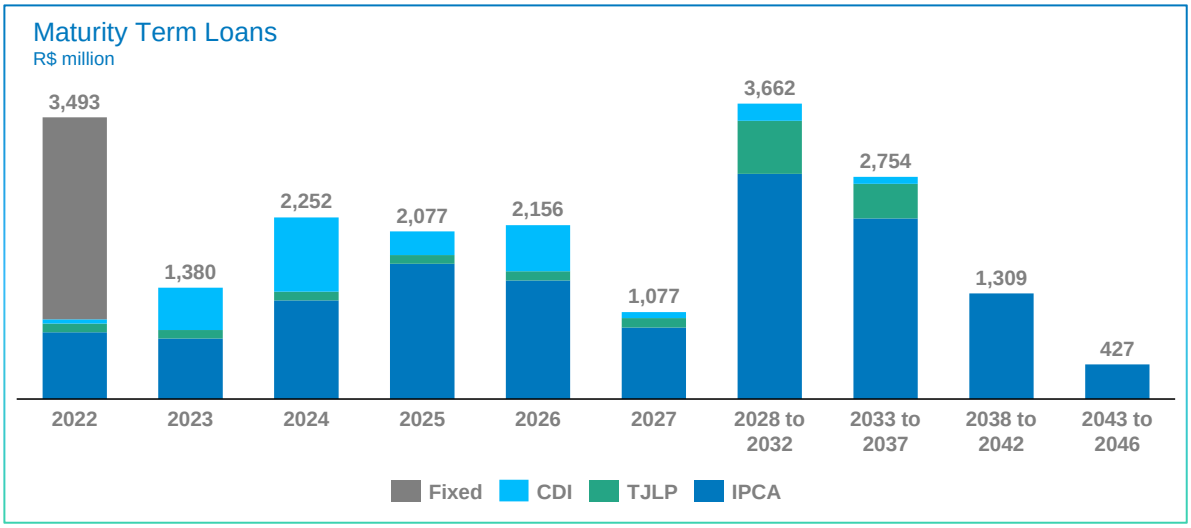


Debt

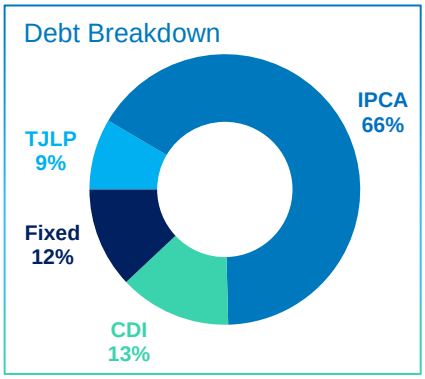
As of December 31, 2021, **total consolidated gross debt,** representing principally loans, financing, debentures and preferred shares redeemable, net of hedging operations, **totaled R$ 20,587 million — an increase of 23.5%** (R$ 3,915 million) compared to the position as of December 31, 2020. The average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

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





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



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

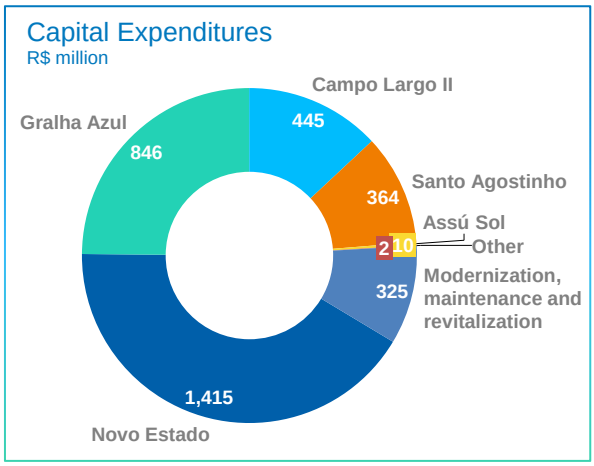
Net Debt

R$ million

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

Capital Expenditures

Total investments at ENGIE Brasil Energia in 4Q21 were R$ 649 million, of which (i) R$ 10 million for the acquisition of equity interest in Assú Sol Photovoltaic Complex; (ii) R$ 530 million was invested in the construction of the new projects, being: (ii.i) R$ 199 million concentrated in the Gralha Azul Transmission System; (ii.ii) R$ 184 million in the Novo Estado Transmissora de Energia transmission line; (ii.iii) R$ 130 million in the Santo Agostinho Wind Complex – Phase I; (ii.iv) R$ 17 million in the Campo Largo II Wind Complex; (iii) R$ 86 million dedicated to maintenance and revitalization projects in the generator complex; and (iv) R$ 23 million destinated for the modernization of Salto Osório Hydroelectric Power Plant.



In 2021, the Company invested R$ 3,407 million, of which (i) R$ 10 million for the acquisition of equity interest in Assú Sol Photovoltaic Complex; (ii) R$ 3,072 million were applied in the construction of new projects as follows: (ii.i) R$ 1,415 million concentrated in the Novo Estado Transmissora de Energia transmission line; (ii.ii) R$ 846 million in the Gralha Azul Transmission System; (ii.iii) R$ 445 million in the Campo Largo II Wind Complex; (ii.iv) R$ 364 million in the Santo Agostinho Wind Complex – Phase I; and (ii.v) R$ 2 million in other projects; (iii) R$ 283 million were allocated to generator complex maintenance, revitalization and modernization projects; and (iv) R$ 42 million invested in the modernization of the Salto Osório Hydroelectric Power Plant.

Credit of Dividends and Interest on Equity Capital

At the meeting held on August 5, 2021, ENGIE Brasil Energia's Board of Directors approved the proposal of a payout of **intermediate dividends** based on the first half of 2021 financial statements, worth **R$ 789.5 million (R$ 0.9676321449 per share)**, completing 100% of the profit for that semester, the payment of which occurred on November 29, 2021.

Later on, at a meeting held on December 9, 2021, approval was given for the distribution of **interest on shareholders' equity** for the fiscal year 2021 amounting to **R$ 60.0 million (R$ 0.0735359237 per share)**. The ex-date and payment date were set at December 30, 2021 and March 17, 2022, respectively.

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

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

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

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Sustainable Management

ENGIE's ambition is to spearhead the carbon-neutral transition process worldwide, supporting our clients in their journey of reducing emissions and associated to differentiated socio-environmental offers, thereby encouraging sustainable development with positive impacts both locally and globally. Through our medium term Strategic ESG Goals, we endeavor to address the trinomial of "People, Planet and Performance", with a focus on the commitment for reducing CO_2 emissions by 46% between 2019 and 2030 which is a Science Based Target, and achieving neutrality of emissions by 2045.

All plants under the Company's responsibility adhere to ENGIE Brasil Energia Sustainable Management Policy, which covers the areas of Quality, Energy Management, Environment, Climate Change, Occupational Health and Safety, Social Responsibility and Engagement of Related Parties. On December 31, 2021, out of the 68 plants installed in 13 states of Brazil's five regions, 11 are certified in accordance with NBR ISO 9001 (for Quality), NBR ISO 14001 (for the Environment) and NBR ISO 45001 (for Occupational Health and Safety) standards, with an aggregate capacity of 81.5% of the total operated by the Company.

In addition to the Sustainable Management Policy mentioned above, other commitments to sustainable development can be accessed from Company's website, covering such themes as Human Rights and Ethics. The Sustainability Reports are published annually according to the recommendations of the Global Reporting Initiative (GRI), Sustainability Accounting Standard Board (SASB) and the framework of International Integrated Reporting Council (IIRC).

Sustainability Forum

ENGIE Brasil Energia Sustainability Forum was set up in 2007 and is currently made up of 12 members drawn from different areas, more especially those related most closely to stakeholders, such as shareholders, clients, suppliers, employees, the media and communities. Coordination is the responsibility of the Administrative Director's Office while one of the Committee members is the Board employees' representative. Among others, the Forum has as its objectives to:

- Contribute towards maintaining the balance of interests of the different stakeholders in relation to the Company;
- Develop awareness programs to propagate concepts and practices of sustainability among both internal and external audiences;
- Contribute to the use of best corporate governance practices; and
- Propose, obtain approval from the Management Board and work on a coordinated basis with the organizational units to achieve the annual corporate sustainability goals ("ENGIE Brasil Energia Sustainability Goals"). These goals are based on four Programs — Cultural Development, Environmental Improvement, Social Inclusion and Education for Sustainability —, with initiatives linked to indicators and weightings so permitting an evaluation at the end of each year.

Highlights of the Quarter

- The Jaguara and Miranda hydropower plants received NBR ISO 9001 (Quality), NBR ISO 14001 (Environment) and NBR ISO 45001 (Occupational Health and Safety) management norm certification lending greater standardization and operational reliability to the operations. The percentage of certified operated installed capacity reached 81.5%.
- ENGIE Brasil Energia continues to be a component of the Corporate Sustainability Index (ISE), of which it has been part since inception, and also the Carbon Efficient Index (ICO2), both B3 indices. These represent important recognition of our sustainable practices and which also serve as benchmarking for the adoption of best practices.
- As a key axis in our Social Responsibility programs, more specifically related to gender equality and income creation and social inclusion in the communities in which we operate, the second public notice calling for proposals under the Women in our Neighborhood project was published with the aim of incentivizing female entrepreneurs. A total of 352 proposals was received, resulting in the selection of 33 projects from 27 municipalities in 14 states. ENGIE Brasil Energia has invested a total of R$ 508 thousand in the project. Please find more information in https://mulheresdonossobairro.com.br/.
- With respect to a further component of the Social Responsibility axis – that of infancy and youth protection – and considering the major impact the pandemic has had on education nationwide, ENGIE Brasil Energia published the first edition of the Social Responsibility Energy to Education Notice which will select up to 30 projects to be submitted by associations, schools, teachers and students. The projects must focus on reducing chronic absenteeism/truancy from school or on the development of new competencies and skills for teachers and/or students. Up to R$ 30 million will be received by the winners for putting their proposals into practice.
- The results of the study and public consultation on the Conservation and Usage Plan for the Areas Adjoining the Artificial Reservoir ("PACUERA" in the Brazilian acronym) of the Cana Brava Hydroelectric Power Plant, in the state of Goiás was submitted to the Instituto Brasileiro do Meio Ambiente (Ibama) the federal environmental protection agency. The purpose of the plan is to provide guidance on the use of plant's reservoir and margins, providing a disciplinary framework for its conservation, restoration and multiple uses, respecting the parameters established in the applicable rules. The Consultation was conducted virtually given the pandemic and based on recommendations from Ibama.
- ENGIE Brasil Energia received ISO 37001 – Anti-bribery Management System certification. Hitherto, the certified organization in the Group was ENGIE Brasil, our controlling company. While the management procedures and processes of the controlled company had already been evaluated, now certification has been applied exclusively to its own operations.

Sustainability Indices

Since 2012, it has been standard practice of the Company to include the principal sustainability indicators for each period in its quarterly and annually results presentations. The following table shows the indicators for 4Q21 X 4Q20, associating each indicator with GRI Standards recommendations.

Sustainability Indices[1]

Item	Dimension[2]	Index	Material themes	GRI disclosure[3]	4Q21	4Q20	Change	12M21	12M20	Change
1	Quality	Operating plants	- Prioritization of renewable sources for energy generation - Emissions Management	102-7, EU1	68	60	8	68	60	8
2		Installed capacity		102-7, EU1	9,939	10,431	-4.7%	9,939	10,431	-4.7%
3		Proprietary capacity		102-7, EU1	8,219	8,711	-5.6%	8,219	8,711	-5.6%
4		Number of certified plants		102-16, EU6	11	12	-1	11	12	-1
5		Certified installed capacity (MW)		102-16, EU6	8,102	8,127	-0.3%	8,102	8,127	-0.3%
6		Certified installed capacity in relation to the total		102-16, EU6	81.5%	77.9%	3.6 p.p.	81.5%	77.9%	3.6 p.p.
7		Installed capacity from renewable sources		102-7, EU1	9,594	9,229	4.0%	9,594	9,229	4.0%
8		Installed capacity from renewable sources in relation to the total		102-7, EU1	96.5%	88.5%	8.1 p.p.	96.5%	88.5%	8.1 p.p.
9		Energy generation (GWh)		EU2	8,678	10,220	-15.1%	37,916	35,163	7.8%
10		Certified energy generation		102-16, EU6	7,166	7,424	-3.5%	29,019	25,499	13.8%
11		Certified energy generation in relation to the total		102-16, EU6	82.6%	72.6%	9.9 p.p.	76.5%	72.5%	4.0 p.p.
12		Energy generation from renewable sources (GWh)		EU2	8,129	8,257	-1.5%	32,652	29,430	11.0%
13		Energy generation from renewable sources in relation to the total		EU2	93.7%	80.8%	12.9 p.p.	86.1%	83.7%	2.4 p.p.
14		Total uptime ratio of generating complex		EU30	93.7%	90.6%	3.1 p.p.	90.0%	90.9%	-0.8 p.p.
15	Environment and climate change	Saplings donated and planted (sum-total of planted and donated saplings)	- Emissions Management - Boost of prosperity on local communities - Biodiversity	304-2, 413-1	145,523	93,754	55.2%	475,525	366,553	29.7%
16		Number of visitors at the plants and environmental education		413-1	37,042	10,935	238.7%	133,241	33,039	303.3%
17		CO2 Emissions (fossil fuel plants) (t/MWh)		D305-1, D305-2, D305-3	1.160	0.924	25.5%	1.100	0.966	13.9%
18		CO2 Emissions from ENGIE Brasil Energia's generation complex(t/MWh)		D305-1, D305-2, D305-3	0.070	0.177	-60.6%	0.140	0.158	-11.1%
19	Occupational Heath and Safety (OH&S)	Frequency Rate (FR) operation and maintenance [4]	- Teams and community safety - Foster good social and environmental practices between suppliers and customers.	403-2	1.560	0.664	▲	0.568	1.203	▼
20		Severity Rate (SR)) own employees[5]		403-2	0.000	0.000	-	0.000	0.006	▼
21		Frequency Rate (FR) construction[4]		403-2	1.860	0.795	▲	1.649	0.561	▲
22		Managerial Safety Visits - VGS		403-2	254	415	Not applic.	1,474	1,379	6.9%
23		Registry of Risky and Near Accident Situation		403-2	1,024	1,702	Not applic.	4,681	5,886	-20.5%
24	Social Responsibility[6]	Non-incentivized investments	- Generation of economic result and value sharing with society - Boost of prosperity on local communities	203-2, 413-1	3,028.4	1,244.5	143.4%	7,078.0	7,504.2	-5.7%
25		Investments through the Infancy and Adolescence Fund (FIA)		203-2, 413-1	587.7	949.0	-38.1%	1,262.8	1,868.4	-32.4%
26		Investments through the Culture Incentive Law (Rouanet)		203-2, 413-1	2,035.2	2,427.7	-16.2%	5,052.0	7,264.6	-30.5%
27		Investments through the Sport Incentive Law		203-2, 413-1	850.0	888.0	-4.3%	1,262.5	1,418.5	-11.0%
28		Investments through National Program of Support to Oncology Care (Pronon)		203-2, 413-1	1,140.0	1,661.0	-31.4%	1,140.5	1,661.0	-31.3%
29		Investments through the National Care Support Program for People with Special Needs (Pronas/PCD)		203-2, 413-1	1,147.5	1,436.3	-20.1%	1,147.5	1,436.3	-20.1%
30		Investments through the Municipal Fund for the Elderly		203-2, 413-1	1,179.6	835.0	41.3%	1,239.6	1,480.9	-16.3%

Notes:
[1] Additional information regarding the sustainability at the Company are available at Sustainability Report (www.engie.com.br/en/investors/financial-information).
[2] Reference: ENGIE Sustainable Management Policy.
[3] GRI: Global Reporting Initiative, Standards version and sector supplement version G4.
[4] TF = number of occupational accidents for every million hours of exposure to hazards.
[5] TG = number of days lost due to occupational accidents for every thousand hours of exposure to hazards.
[6] Amounts in thousands of reais.

CORPORATE GOVERNANCE

The Company seeks to regularly improve its management mechanisms, with optimization of control procedures, compliance and transparency. It is a component of the Novo Mercado, the listing segment for companies with the highest level of corporate governance trading their shares on the Stock Exchange. The Company has an Audit Committee composed of three members, two of whom are independent members of the Board of Directors. The aim of the Committee is to advise the Board of Directors on the financial statement's evaluation, ethical matters, internal controls, the internal and external audit and risk management. On another related front, the management of corporate compliance procedures was improved, implementing three policies to give greater transparency to the activities and procedures of senior management: Nomination, Remuneration and Evaluation.

Additionally, the Company is a component of the Stock Exchange Sustainability Index (ISE). ENGIE Brasil Energia's Board of Directors comprises nine effective members, one representing the employees while three are independent directors. None of the Board members hold executive positions in the Company and consequently the Chairman of the Board does not occupy the position of Chief Executive Officer. With the exception of the member chosen by the employees, all are elected by the shareholders at the Annual General Meeting.

A Code of Ethics provides the basis of conduct at the Company: a public document available from its website. The Company also has an Ethics Forum responsible for constantly updating the Code and for evaluating ethical issues. **In 2021, ENGIE Brasil Energia signed up to the Brazilian Business Pact for Integrity and against Corruption:** an initiative of the Ethos Institute, in association with the United Nations Global Compact, of which ENGIE Brasil Energia has been a signatory since launch. In 2020, ENGIE Brasil's ISO 37001 certification was ratified, this evaluating the requirements and providing guidance in order to establish, implement, maintain, revise, and improve the corporate antibribery management system.

ENGIE Brasil Energia's dividend policy establishes a minimum mandatory dividend of 30% of net income for the fiscal year, adjusted pursuant to Law 6,404/76. In addition, the Company policy determines the intention of paying in each calendar year dividends and/or interest on shareholders' equity for a value of not less than 55% of adjusted net income in the form of semi-annual payouts.

With respect to the asset transfer model and other transactions with related parties, ENGIE Brasil Energia and its controlling shareholder understand that its existing corporate governance standards should be raised even further. Among the initiatives implemented stands out the creation, by means of adaptation to the Company's Bylaw, of the Special Independent **Committee for Valuation of Transactions with Related Parties**, a non-permanent body, which, when called, will be composed in its majority by independent directors of the ENGIE Brasil Energia's Board. This Committee was instrumental in the acquisition of the stake in Transportadora Associada de Gás (TAG).

CAPITAL MARKETS

Since its listing on B3's Novo Mercado, ENGIE Brasil Energia 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' shares are also traded on B3's leading stock index – the Ibovespa and on Euronext-Vigeo EM 70 — a stock index made up of companies with a premium performance in corporate responsibility in developing countries. Vigeo is the leading constituent agent for ratings of corporate social responsibility and analyzes approximately 330 indicators.

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

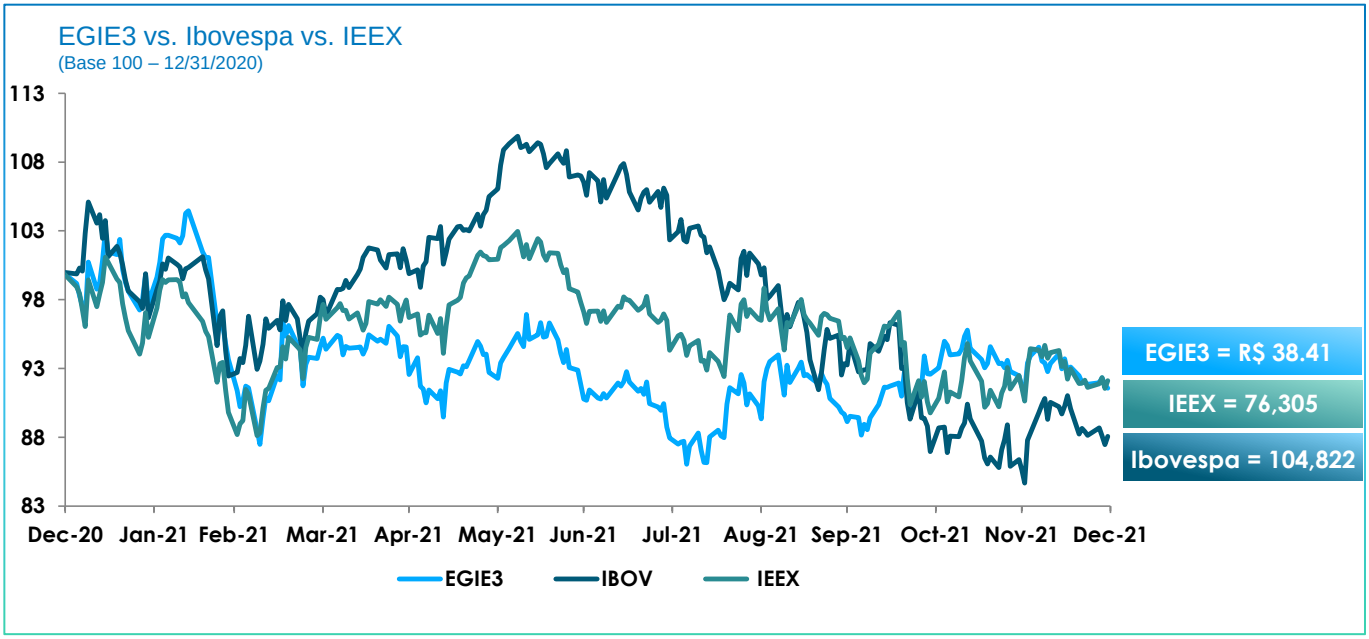
Share Performance – EGIE3

Despite some good news at the close of the 2021 such as a public sector surplus in Brazil and a reduction in unemployment insurance claims in the United States, helping the Ibovespa — the leading Brazilian stock market index — to close December 2021 on a high note, high inflation, the increase in the basic rate of interest, the hydrology crisis, investor concern with government expenditure and new coronavirus variants dispelled any optimism in the first half of the year resulting in the fourth quarter 2021 ending on a down note. Meanwhile the US stock market closed the year accumulating record highs.

ENGIE Brasil Energia's shares appreciated 2.7% in the fourth quarter 2021, while the Ibovespa closed 5.6% down at 105 thousand points and the Electric Energy Stock index (IEEX) fell 2.5%, in the same period. For the calendar year 2021, the Company's shares devalued 8.4%, while the IEEX and the Ibovespa both closed down 7.9% and 11.9%, respectively.

EGIE3 recorded an average daily trading volume of R$ 52.8 million in the 4Q21, 29.1% lower than in 4Q20, when the volume was R$ 74.5 million. For the fiscal year 2021, average daily volumes traded were R$ 60.2 million, a decrease of 25.8% compared with 2020 when trading turnover was R$ 81.1 million.

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



Upcoming Events

ENGIE Brasil Energia will be holding the following events to discuss the earnings results:

Earnings Release Video Conference
(In Portuguese — simultaneous translation into English)

Date: February 15, 2022
Time: 9:00 a.m. (EDT) / 11:00 a.m. (BRT)
Link to the connection: **https://tenmeetings.com.br/call-de-resultados/portal/#/home?webinar=96675800356**

Important

This release contains information and opinions on future events subject to risks and uncertainties, which are based on current forecasts, projections and tendencies in relation to the Company´s businesses. Innumerous factors can affect the estimates and assumptions on which these opinions are based. For this reason, the estimates and forward looking statements in this release may not become a reality. In the light of these restrictions, shareholders and investors should not adopt any decisions based on estimates, projections and forward looking statements contained in this release.

ATTACHMENT I
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET — ASSETS

(In thousands of R$)	12/31/2021	12/31/2020
Current Assets	**8,517,934**	**7,733,297**
Cash and cash equivalents	5,156,406	4,538,946
Accounts receivables from clients	1,114,105	1,723,101
Credit of income tax and social contribution	248,324	140,785
Dividends receivable	-	32,500
Inventory	151,146	189,428
Unrealized gains on hedging transactions	42,577	14,475
Unrealized gains on trading transactions	206,647	320,309
Restricted deposits	638,606	174,048
Risk premium to appropriate - Hydrological risk renegotiation	15,089	15,089
Concession financial assets	333,638	305,626
Contractual assets	387,529	-
Other current assets	219,290	274,413
Non current asset held for sale	4,577	4,577
Non Current Assets	**29,597,791**	**27,452,951**
Long Term Assets	**8,668,982**	**6,829,060**
Unrealized gains on hedging transactions	184,155	719,380
Unrealized gains on trading transactions	100,523	54,385
Restricted deposits	265,432	235,819
Deposits in court	79,198	82,539
Risk premium to appropriate - Hydrological risk renegotiation	85,507	100,597
Concession financial assets	2,729,112	2,499,170
Contractual assets	4,936,101	2,961,419
Other non current assets	288,954	175,751
Investments	**2,366,708**	**2,425,062**
Property, Plant and Equipment	**14,378,787**	**15,537,837**
Intangible	**4,038,156**	**2,513,990**
Right of use of leases	**145,158**	**147,002**
Total	**38,115,725**	**35,186,248**

ATTACHMENT II
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET — LIABILITIES

(In thousands of R$)	12/31/2021	12/31/2020
Current Liabilities	**5,775,159**	**5,380,926**
Suppliers	649,962	861,752
Dividends and interest on shareholder´s equity	56,558	1,385,056
Loans and financing	2,848,070	1,375,627
Debentures	542,864	449,376
Lease liabilities	19,568	19,144
Concessions payable	274,071	228,865
Tax and social contribution obligations payable	82,443	198,541
Other fiscal and regulatory obligations	106,555	113,901
Labor obligations	171,232	130,097
Unrealized losses on trading transactions	190,348	321,654
Provision	22,060	15,159
Obligations related to retirement benefits	42,064	43,067
Other current liabilities	769,364	238,687
Non Current Liabilities	**24,407,969**	**22,063,324**
Loans and financing	10,749,031	9,825,881
Debentures	5,994,752	5,113,171
Redeemable preferred shares	510,160	482,088
Lease liabilities	106,816	104,828
Concessions payable	4,544,720	3,783,453
Unrealized losses on trading transactions	80,414	36,405
Provision	370,767	305,845
Obligations related to retirement benefits	421,947	407,846
Deferred income taxes and social contribution	1,504,825	1,523,222
Other non current liabilities	124,537	480,585
Shareholders' Equity	**7,932,597**	**7,741,998**
Share capital	4,902,648	4,902,648
Net income reserves	2,695,290	3,546,496
Adjustment on fixed asset	331,070	(709,615)
Non controlling interests	3,589	2,469
Total	**38,115,725**	**35,186,248**

ATTACHMENT III
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED INCOME STATEMENT

(In thousands of R$)	4Q21	4Q20	Chg. %	12M21	12M20	Chg. %
Net Operational Revenue	**2,768,822**	**3,769,234**	**-26.5**	**12,540,673**	**12,259,159**	**2.3**
Operational Costs	**(882,011)**	**(1,634,156)**	**-46.0**	**(6,629,461)**	**(6,795,857)**	**-2.4**
Electric power purchases	(649,621)	(748,793)	-13.2	(2,099,447)	(2,583,053)	-18.7
Transactions in the short term energy market	(101,002)	(112,657)	-10.3	(628,632)	(310,767)	102.3
Charges for the use of and connection to the electricity grid	(153,196)	(142,006)	7.9	(606,253)	(560,335)	8.2
Fuel expenses	(49,571)	(73,645)	-32.7	(334,578)	(204,135)	63.9
Financial compensation for use of hydro resources (royalties)	(24,387)	(26,674)	-8.6	(94,568)	(84,488)	11.9
Personnel	(73,682)	(75,411)	-2.3	(306,126)	(281,478)	8.8
Materials and third-party services	(101,728)	(110,655)	-8.1	(407,703)	(357,678)	14.0
Depreciation and amortization	(325,418)	(217,759)	49.4	(1,012,205)	(893,821)	13.2
Insurance	(6,255)	(28,436)	-78.0	(74,097)	(88,950)	-16.7
(Constitution) Reversals of operating provisions, net	(2,262)	(25,387)	-91.1	1,432	(7,699)	-118.6
Cost of implementing transmission infrastructure	(526,756)	(987,138)	-46.6	(2,563,993)	(2,274,223)	12.7
Cost of selling photovoltaic solar panels	(15,201)	(28,981)	-47.5	(31,020)	(54,410)	-43.0
Hydrological risk renegotiation	1,167,153	967,681	20.6	1,590,825	967,681	64.4
Others	(20,085)	(24,295)	-17.3	(63,096)	(62,501)	1.0
Gross Income	**1,886,811**	**2,135,078**	**-11.6**	**5,911,212**	**5,463,302**	**8.2**
Operating Income (Expenses)	**(1,265,355)**	**(190,433)**	**564.5**	**(1,615,073)**	**(380,790)**	**324.1**
Selling, general and administrative expenses	(92,103)	(87,087)	5.8	(329,656)	(277,368)	18.9
Reversal (Constitution) of impairment	(964,046)	(98,755)	876.2	(1,076,158)	(98,755)	989.7
Disposal of subsidiary	(200,143)	-	100.0	(200,143)	-	100.0
Other operating (expenses) revenues, net	(9,063)	(4,591)	97.4	(9,116)	(4,667)	95.3
Result of corporate participations	**128,462**	**120,315**	**6.8**	**601,985**	**487,051**	**23.6**
Equity income	128,462	120,315	6.8	601,985	487,051	23.6
Income Before Financial Result and Taxes	**749,918**	**2,064,960**	**-63.7**	**4,898,124**	**5,569,563**	**-12.1**
Net Financial Result	**(820,582)**	**(722,720)**	**13.5**	**(3,078,690)**	**(1,882,435)**	**63.5**
Financial income	109,775	36,314	202.3	280,849	254,804	10.2
Financial expenses	(930,357)	(759,034)	22.6	(3,359,539)	(2,137,239)	57.2
Income Before Taxes	**(70,664)**	**1,342,240**	**-105.3**	**1,819,434**	**3,687,128**	**-50.7**
Income tax	123,558	(219,603)	-156.3	(156,510)	(631,475)	-75.2
Social contribution	24,886	(93,160)	-126.7	(97,954)	(258,385)	-62.1
Net Income for the Period	**77,780**	**1,029,477**	**-92.4**	**1,564,970**	**2,797,268**	**-44.1**
Income allocated to:						
ENGIE Brasil Energia's shareholders	77,436	1,030,116	-92.5	1,563,725	2,797,091	-44.1
Non-controlling shareholder of Ibitiúva Bioenergética S.A.	344	(639)	-153.8	1,245	177	603.4
Number of Ordinary Shares	**815,927,740**	**815,927,740**		**815,927,740**	**815,927,740**	
Net Income per Share	**0.0949**	**1.2625**	**-92.5**	**1.9165**	**3.4281**	**-44.1**

ATTACHMENT IV
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED STATEMENT OF CASH FLOW

(In thousands of R$)	12M21	12M20
Cash Flow from Operating Activities		
Income before taxes on income	1,819,434	3,687,128
Reconciliation of net income with operating cash flow:		
Equity loss	(601,985)	(487,051)
Depreciation and amortization	1,042,417	914,975
Impairment	1,076,158	98,755
Renegotiation of hydrological risk	(1,590,825)	(967,681)
Monetary variation	1,793,133	925,309
Interests	1,478,957	1,055,304
Subsidiary sale	200,143	
Adjustments to market value of securities	(30,931)	-
Remuneration of financial concession asset	(556,480)	(381,745)
Contract asset remuneration	(681,063)	(189,720)
Unrealized losses (gains) on trading operations, net	(19,773)	35,882
Others	1,232	8,692
Adjusted Net Income	**3,930,417**	**4,699,848**
(Increase) reduction in assets		
Accounts receivables from clients	452,845	(284,980)
Tax credits recoverable	(137,314)	26,078
Inventory	(48,522)	31,537
Deposits in court and restricted deposits	(14,001)	(27,466)
Renegotiation of hydrological risk to appropriate	15,090	15,089
Financial concession asset	298,526	285,123
Contract assets	(1,674,928)	(2,398,290)
Other assets	76,955	(16,122)
(Reduction) increase in liabilities		
Suppliers	30,937	(26,261)
Other fiscal and regulatory obligations	9,532	27,705
Labor obligations	60,322	24,092
Obligations related to retirement benefits	(36,211)	(30,424)
Other liabilities	231,663	(87,703)
Cash Generated from Operating Activities	**3,195,311**	**2,238,226**
Payment of interests on debt, net of hedge	(808,247)	(605,487)
Payment of income tax and social contribution	(397,075)	(290,488)
Net Cash from Operating Activities	**1,989,989**	**1,342,251**
Investments Activities	**(339,053)**	**(996,938)**
Dividends received from joint ventures	715,000	679,250
Sales of marketable securities	32,439	-
Used in fixed assets and intangibles	(1,229,753)	(1,020,131)
Capital increase at joint ventures	-	(327,168)
Fair value of project rights acquired	-	(328,889)
Payment of liabilities linked to acquisition of assets	(11,361)	
Receipt for sale of subsidiary, net of selling costs	192,914	
Cash and cash equivalents from divested subsidiaries	(38,318)	-
Others	26	-
Financing Activities	**(1,033,476)**	**323,372**
Loans and financing contracted	3,324,359	3,313,779
Debentures contracted	762,462	1,009,284
Preferred shares issued	-	476,757
Payment of loans and financing, net of hedge	(1,258,671)	(1,437,609)
Payment of debentures, net of hedge	(348,039)	(1,671,209)
Payments of concessions payable	(243,432)	(153,879)
Payments of dividends and interest on shareholders' equity	(2,792,602)	(1,240,918)
Payments of leases	(19,172)	(20,362)
Debt servicing deposits	(457,050)	35,419
Others	(1,331)	12,110
Increase in Cash and Cash Equivalents	**617,460**	**668,685**
Reconciliation of Cash and Cash Equivalents		
Opening balance	4,538,946	3,870,261
Closing balance	5,156,406	4,538,946
Increase in Cash and Cash Equivalents	**617,460**	**668,685**
Transactions that do Not Affect Cash and Cash Equivalents		
Dividends intended by subsidiaries and joint venture	682,500	711,750
Interin dividends, interest on equity and additional dividends credited	1,459,112	1,407,161
Unclaimed dividends and interest on equity	10,177	3,978
Transfer of interest due to corporate restructuring	-	167,219
Measurement of obligations with retirement benefits	20,614	46,477
Credit of income tax and social contribution	3,616	(76,282)
Supplier's of fixed assets and intangibles	(160,115)	104,154
Capitalized interest, monetary variation and depreciation	80,159	55,657
Fixed assets credit of PIS and COFINS	-	(29,413)
Fair value of acquired project rights	44,008	236,021
Goodwill	-	80,247
Net assets of subsidiaries acquired	-	136,093
Provision for divestment without cash in assets and intangibles	33,780	2,981
Provisions for expropriations without cash effect in construction of transmission	6,220	2,519